Decoding Debt:

A Look at Migrant Debt and Potential Solutions in Asia and the Pacific

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Abbreviations

IOM- The International Organization for Migration

VSLA- Village Savings and Loan Association

ROSCA- Rotational Savings and Credit Association

SHG- Self-Help Group

NZF- The National Zakat Foundation

CARE- Cooperative for Assistance and Relief Everywhere

IRC- The International Rescue Committee

AVRR- Assisted Voluntary Return and Reintegration

MEASURE- The Mediterranean Sustainable Reintegration Project

MFI- Microfinance Institution

CMLF- Community-Managed Loan Fund

MYRADA- Mysore Resettlement and Development Agency

NABARD- National Bank for Agriculture and Rural Development

EA$E- Economic and Social Empowerment

LHD- Labor and Human Development

Executive Summary

Debt is understood to be a challenge for many migrants, often through the lens of debt bondage. However, it can also impact the ability for migrants to establish livelihoods in their countries of origin upon return. Yet, this issue stands as an area of return and reintegration assistance that is unaddressed. Thus, the following report seeks to provide an outlook on migrant debt and its effects on sustainable return and reintegration in efforts to aid The International Organization for Migration in providing more comprehensive assistance for migrants upon return.

Key Highlights:

- The Asia and Pacific region is highly saturated with Microfinance Institutions where migrants utilize loans to fund migration
- Debt was reported to be one of the main concerns for migrants upon return
- Group lending mechanisms have been successful both informally and formally in aiding individuals in savings and accessing credit

From the literature review and analysis of the organization's current programming, the following recommendations are provided for consideration:

- Incorporation of a Debt Screening
- Regional Debt Study
- Group Lending and Savings Program
- Mediation
- Hackathon

Project Rationale

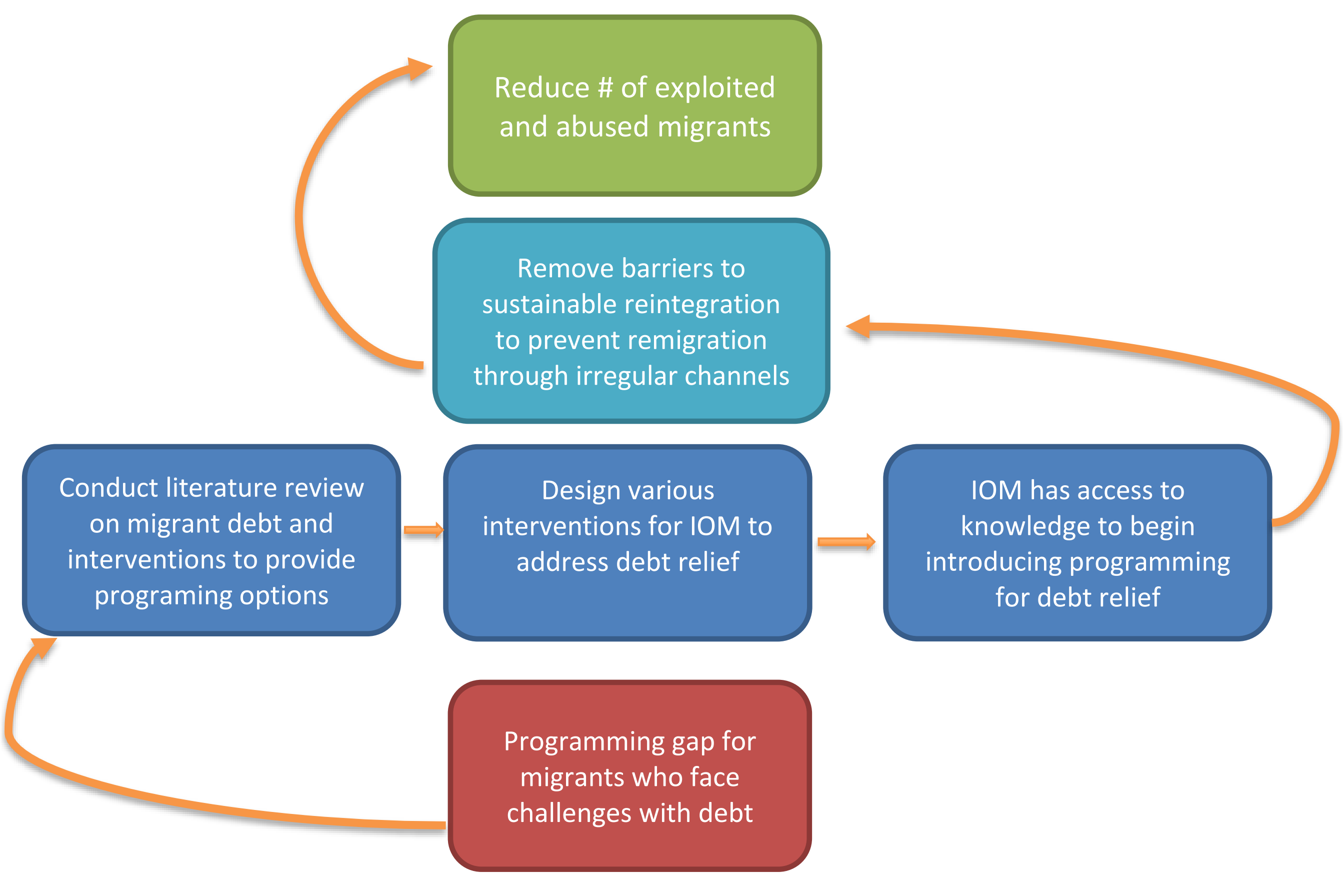
Problem: *Debt has become an increasingly popular topic in the field of migration due to its ability to be a push factor contributing to irregular migration, bring danger to the borrower and use as a means of coercions to keep migrants in inhumane situations. The financial hardship, physical threat and emotional stress associated with it poses a significant barrier to the sustainable reintegration of returned individuals trying to re-establish their livelihoods upon return. However, a current lack of data and gap in programming leaves the issue unaddressed, posing the threat of risky decision making including debt motivated re-migration through dangerous, exploitative irregular channels.*

The International Organization for Migration (IOM) is the world's most notable organization working to assist and protect migrants globally through its efforts to contribute to humane and orderly migration. IOM works to address the many challenges migrants face throughout their journey, including exploitation, abuse and trafficking. The Migrant Protection and Assistance Unit housed under the Migrant Assistance Division, is focused on counter-trafficking and reintegration efforts to ensure a more positive livelihood for individuals. One of the unit's most active programs is the Assisted Voluntary Return and Reintegration (AVRR) program, helping migrants who are unable or unwilling to remain in their host or transit country, to return to their country of origin with pre and post arrival assistance. The AVRR program aims to support sustainable reintegration guided by three main dimensions of assistance: economic, social and psychosocial. Return and reintegration assistance can include cash grants, skills training and counselling among other options. Although these assistance packages do currently provide some economic support, a major gray area remains; assistance with debt. Financial literacy trainings are provided in some cases, yet they focus on the prevention of debt or money management as opposed to ways to alleviate debt.

To improve efforts to support humane and orderly migration, an emphasis needs to be placed on the prevalence of debt among migrants to support sustainable reintegration and ultimately reduce the occurrence of debt motivated migration, particularly in a region home to some of the most indebted migrants in the world; Asia and the Pacific. Through informal conversations with various staff members in the organization, it has become evident that the organization should consider ways to start creating initiatives to tackle the issue. One country mission has begun the process of conducting a debt study and an additional has proposed a project for debt mediation. However, these are ad-hoc initiatives for a regional issue; a more institutionalized approach is needed. Thus, programming targeting debt is a natural progression in the organization's mission in supporting safe, orderly and humane migration.

Theory of Change

The project intends to aid IOM in laying the groundwork of debt relief programming, in hopes that the organization will eventually incorporate such initiatives into its migrant assistance programming. Through creating this new area of assistance, the organization will be able to offer more comprehensive support, ultimately combatting drivers of remigration to reduce the number of exploited and abused migrants.



Research Questions

To create a deeper understanding of debt among migrants and possible programmatic approaches to addressing the issue, the following questions were used to guide the literature review:

Key Research Question: *In what ways are returned migrants burdened by debt and what steps can the organization (IOM) take to start addressing the issue?*

Sub Questions:

How is the organization currently supporting migrants financially?

What is the cause of debt among return migrants?

Who are important actors?

What are examples of current initiatives that address this issue?

Who are the most vulnerable groups?

What are current barriers preventing the organization from addressing debt?

What benefits do migrants see in utilizing loans?

What are pressures leading migrants to seek loans?

For what purposes are migrants borrowing money?

Who are migrants borrowing from? A look at Lenders

Formal Lenders

As most migrants do not use traditional formal institutions such as banks, the main formal source of credit come from microfinance institutions. Microfinance institutions (MFIs) are intended to provide communities with the financial resources to produce income generating activities. The inspiration for modern day MFIs date back to the 18th century with the help of Jonathan Swift. The novelist used 500 euros of his own money to lend tradesmen small amounts of five or ten pounds to be repaid weekly, without interest.[1] Formally, micro-finance can be defined as the provision of financial services to

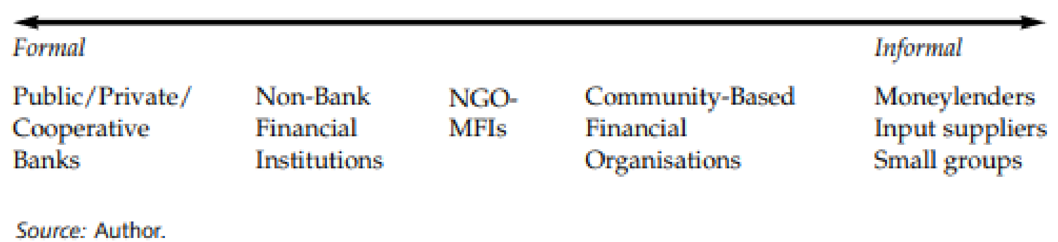
[1] See The Russia Microfinance Project
http://depts.washington.edu/mfinance/eng/curriculum/docs/53_LendingMethodology.pdf

the poor who are otherwise considered un-bankable or credit unworthy, utilizing the idea that a group of individuals are more "bankable" than a single individual.[2] The concept used by Swift manifested into the institutions we know today, with the first of its kind being The Grameen Bank. Founded by Muhammad Yunus, the bank was created to be a community development bank to the rural poor without the requirement of collateral.[3] Yunus believed loans are better than charity by providing people the autonomy to create their own opportunities in business or agriculture, ultimately aiding in poverty alleviation. He turned his theory into reality through conducting research in villages near the University of Chittagong (Bangladesh) and with the growing success of the program, it eventually gained authorization to become an independent bank. Today, the bank has over two thousand branches and nine million borrowers and has inspired others to create similar models.

Although the loans received from an MFI are intended for use in the resident country of the borrower, studies have shown these loans are frequently being used to finance migration. In her field research on migration and microfinance in Cambodia, Maryann Bylander found interesting trends about the use of migration and microfinance.[4] Cambodia holds a seat in the top five countries with the highest numbers of borrowers as a percentage of the population.[5] Many individuals intending to migrate to other countries from Cambodia use these loans for their journey, increasing the prevalence of "debt financed migration". Bylander identified the following types of loans related to migration:

- **Migra-Loans**: loans used in combination with strategies of international migration
- **Remittance-Led Migra-Loans**: used to pay for non-productive expenses that individuals would not be able to pay back through livelihood strategies, instead through another individual's migration
- **Distress Migra-Loan**s: direct response to over-indebtedness from MFI loans

Formally, MFI policies prohibit the use of loans for migration, however many loan officers are aware that it does occur. In fact, some understand migration enables them to meet their growth targets, raising concerns about the integrity of the model.[6] Although access to credit has proven to aid in poverty reduction for some, there are many concerns about what is going on in the background. Some have argued that the pressure to repay these loans forces individuals to sell important assets such as land or property, while others argue the economic environment in the borrower's home country may not be ideal to start opportunities at home in the first place.



**Source: World Bank*

[2] See Comparative Analysis of SHG-Bank Linkage Models
http://apmas.org/pdf/Comparative%20Analysis%20of%20SHG-Bank%20Linkage%20Models.pdf
[3] "History of Grameen Bank"
http://grameenresearch.org/history-of-grameen-bank/
[4] See "Borrowing Across Borders: Migration and Microcredit in Rural Cambodia"
https://onlinelibrary.wiley.com/doi/abs/10.1111/dech.12080
[5] See" Migra-Loans: Migration and Microfinance in Cambodia
https://onlinelibrary.wiley.com/doi/pdf/10.1111/dech.12080
[6] "Borrowing Across Borders" as above

Informal Lenders

"While formal institutions are always preferred and recommended over informal sources, the truth of the matter is that there exists a small yet unbridgeable gap in terms of convenience and expedience between the two which necessitates the existence of such an informal sector in even the most developed nations". - George and Sarah John P

Although loans from MFIs are utilized, it is widely known that just as many, if not more, individuals use informal lenders; yet specific data is scarce. These lenders can include friends, relatives, loan sharks and community lending systems (to be explored later in the report). [7] The powerful aspect in the informal lending network is the influence of relationships. In cultures where kinship is highly valued, the "relational value" of informal lenders is seen as more important than the overall financial terms of the loan. Johan Mathew expressed that "sustaining a relationship was often more important to long term economic health of a trading concern than a good price on any particular transaction. This was an investment in relational value, which could yield returns for a buyer or seller in future transactions"[8] The potential to sustain a relationship with an informal lender is viewed as a greater investment in the long term than the formal sector's ability to provide more security financially. In addition, in societies where relationships are highly valued, money owed to a personal lender carries greater obligation for repayment than to an outside lender. Funds received from external sources such as governments or donors can be perceived as "cold money"; treated with less respect because there is no direct impact on the other individuals in the recipients' community.[9]

On the other hand, smugglers play an important role as they tend to be well connected and help facilitate the journey. Although migrants do not directly borrow from them, they become indebted to these persons, sometimes called "dalals", if they have not paid upfront or they start to demand more money than originally requested. When this happens, the smuggler begins to pressure the migrant and their family to pay large amounts of money, resulting in the family members selling assets or taking loans for the release of their loved ones.

[7] UNODC Toolkit to Combat Smuggling of Migrants
https://www.un.org/ruleoflaw/files/SOM_Toolkit_E-book_english_Combined.pdf
[8] Mentioned in "Financial Journey of Refugees"
https://sites.tufts.edu/ihs/financial-journey-of-refugees/
[9] See "Community-Managed Loan Funds"
https://www.cgap.org/sites/default/files/CGAP-Focus-Note-Community-Managed-Loan%20Funds-Which-Ones-Work-May-2006.pdf

MIGRANT STORIES: A LOOK AT HOW DEBT'S IMPACT

There are countless accounts of migrants expressing the burden of debt on their lives. We often hear these stories as they relate to debt bondage experienced by labor migrants, or from the family members of migrants held captive and pressured to pay large ransoms, only made possible through taking out more loans. It is important to look at migrant's experiences to understand how debt has impacted them. The following stories shed a light on the different roles debt can play in a migrant's experience.

Andaman Sea Crisis

IOM conducted a report on the needs of returned migrants affected by the Andaman Sea Crisis.[10] The report concluded the following:

- Debt was the most commonly reported issue that migrants are seeking assistance with upon return
- Financial hardship was the most commonly described difficulty with most returned migrants facing high-levels of debt upon return
- Many sold assets during the crisis to pay excessive fees extorted by smugglers during their journey
- Some were experiencing threats from lenders in their communities
- Those who sought protection from police were met with counterclaims accusing the victims of being smugglers of traffickers.
- For many of the respondents, debt was the first thing on their minds, and the anxiety from it was leading to risky, desperate decisions making.

The above clearly represents the financial pressures returnees were feeling due to money they owed upon return, their stories are below:

1. *"My family sold our house to the middleman, the owner of the ship. Now we have to move out. We are now trying to gather money to buy land. We also sold the CNG we owned. My parents had to pay 3,182 (2 lakh, 50,000 taka) to the dalal to get me back from Thailand."* (18-year-old male, Cox's Bazar)"

2. *"I am facing financial pressure because I cannot pay the loans back. I have loans from three banks, plus loans from other providers totaling USD 2,800 (2 lakh, 20,000 taka). My wife took loans out against my ID card while I was away."* (42-year-old male, Cox's Bazar)

3. One returnee explained that during his eighteen months in Oman he managed to send one lakh, 50,000 taka (1,910 USD) to his family which did not cover the cost of his migration. His unanticipated return to Bangladesh pushed him into debt with a micro finance provider. There were zero pre-departure or

[10] See "Needs of Returned Migrants following the Andaman Sea Crisis" https://publications.iom.int/system/files/pdf/community_study_andaman_sea_crisis.pdf

investment costs required and no processing time, which were critical factors leading Zahir to make the decision to go abroad again, this time through an irregular maritime route.

Returnees in Bangladesh

In May 2017, IOM helped 43 Bangladeshi migrants to return home who were working in Libya when their bosses left them stranded. One of the returnees expressed:

"I came back to Bangladesh after 9 months, penniless, jobless and up to my eyeballs in debt. I'm now afraid for my life. My broker is after me for the money that his associate tried to extort from me in Libya"

In addition, an evaluation of AVRR programming in Bangladesh reflected the burden of debt among returnees. The evaluation used in-person interviews and a questionnaire to understand the current situation of 25 Bangladeshi returnees who received return and reintegration assistance from IOM. When asked what the main challenges are faced upon return, debt was reported as the **2nd** most common problem facing returnees. The majority of respondents were experiencing severe levels of debt with **84 percent** reporting increased levels of debt upon return. In order to repay their debt, many resulted to selling their homes, land or businesses. However, these attempts are not helping returnees repay their debt in full. Of the 25 respondents, only 1 reported paying off his debt completely, and nearly 25 percent reported not beginning to repay. Unfortunately, high levels of debt were also associated with threats from money-lenders. Multiple respondents reported living in fear of physical violence or having experienced harm from money lenders.

Additional Examples

From 2006 to 2008 more than sixty-five camps and transitional shelters hosted over 150,000 IDPs, however camps closures exposed an important challenge for many inhabitants; debt. Individuals who lived in the camps utilized credit from kiosk owners to buy the basics for survival. Once camps closed, kiosk owners began demanding their money owed, thus many IDPs hoped their return assistance provided by the government could be used to help settle these debts.[11] In addition, the documentary *Pakistan: No Place Like Home* follows Sharif, a young Pakistani male whose debt financed migration leads to his village selling the only car they have and losing his family's property. Lastly, in a report on Afghan returnees, Catherine Gladwell noted the difficulty young Afghans were experiencing in re-connecting with their familial networks due to debt. The returnees feared going back empty handed as their families paid on average $10,000 to facilitate their migration.[12] One Afghan professional expressed that when families decide to sell assets such as their homes, which are

[11] See IDP Camp Closure and Gender Inequality in Timor-Leste
http://www.fmreview.org/urban-displacement/furguson.html
[12] See No longer a child- Catherine Gladwell
http://www.fmreview.org/detention/gladwell.html

traditionally handed down to the sons, the family will be angry that they are not getting a return on their investment:

"I know one Afghan boy who arrived in the UK as a minor, who got returned. Before he left his father sold the house so he could leave, and now he comes back with nothing. It's important to understand how this works in Afghanistan. In my country if a father has a house and he dies, they split the house between the sons. So, when this father sold the house all because of one son, so he can go to London, the other brothers and sisters have been waiting for the money to come back from London for their marriages etc. If he comes back with nothing, they will be so angry that he has done nothing for his family."

EFFECTS ON SUSTAINABLE REINTEGRATION

IOM's approach to sustainable reintegration includes 3 dimensions: Economic, Psychosocial and Social.[13] The economic dimension forms the basis for self-sufficiency; the psychosocial ensure good mental health to cope with push factors and the social provides support and aids in accessing social services. The organization implements programming around the idea that without the inclusion of each dimension, sustainable reintegration will not be achieved. There are two outcomes that can define a sustainable reintegration:

- Successful reintegration in the country of origin and the capacity of the individual to cope with push factors, both old and new, on the same level as the local population
- Eventual legal remigration made possible by skills acquired during the reintegration process

However, debt creates a barrier to achieving the above outcomes through the following negative impacts:

There are multiple ways the negative impacts of debt can affect an individual's reintegration based on his or her unique circumstance. Yet, it is important to note these dimensions are interdependent and a negative impact on one can easily lead to struggles in the others. For example, a study from the Royal College of Psychiatrists found that many adults with debt issues had a consistent feeling of anxiety and low moods.[14] The constant feelings of anxiety can have effects on one's sleep, eventually leading to mental and physical health problems.

[13] See "Towards and Integrated Approach to Reintegration in the context of return"
https://www.iom.int/sites/default/files/our_work/DMM/AVRR/Towards-an-Integrated-Approach-to-Reintegration.pdf

[14] See "Debt and Mental Health"
" https://www.mentalhealth.org.uk/a-to-z/d/debt-and-mental-health

EXPLORING ECONOMIC INTERVENTIONS: GROUP SAVINGS AND LENDING STRUCTURES

As programs for economic empowerment and poverty reduction are typically taken on by development organizations or informally within the community, interventions by these actors were examined to gain a better idea of possible solutions. A common theme was found; group savings and lending structures.

Informal

"Kinship Finance" describes funding mechanisms established by community members who make regular cyclical contributions and distribute lump sums to alternating members of the groups. There are multiple forms including the 'bisi' (Pakistan), 'cheetus' (Sri Lanka), 'kuttu' (Malaysia), 'arisan' (Indonesia) and 'consorcio' (Brazil).[15] These systems even appear in times of crisis. In a study of the financial journey of refugees in Greece, Jordan and Turkey, rotational savings and credit associations (ROSCAs) were a common theme.[16] Examples of these community savings and lending structures are detailed below:

Hui /Kye/Tanomoshi System

The system Hui (Vietnamese), Kye (Korean) and Tanomoshi (Japanese) is an informal group-based savings and loan mechanism found in many Asian countries. The general structure involves a group of individuals who make regular fixed payments into a common fund at monthly meetings. The hui system utilizes a market-driven interest rate approach through requiring members to contribute an interest amount(bid) they are essentially willing to pay each member of the group to take the pot for the month. At the end of the monthly meeting, the member with the highest bid wins the pot, but the other donations are reduced by the winner's bid (working as interest paid to the others). For example, if the fixed contribution is $400 and the winner bids $20, then each member contribution to the pot is ultimately $380. A member can only when once a year.[17] Every 6 in 10 households in Viet Nam participate in this "game" and are able to use the concept to generate increased savings. A housekeeper shared that she only makes $125 monthly and can save about $50 a month through the system. Ultimately the member who waits the longest before winning the pot will save the most through earning interest from other members every month.[18]

Zakat

"Zakat" is the Islamic concept of growth, blessing, purification and development through annual obligatory contributions of 2.5% of wealth. The distribution of the Zakat has three core principles: pool, focus and balance. [19] "Pool" related to the idea of bringing together funds. "Focus" refers to the idea that you should distribute

[15] See "Sharing the Risk of Being Poor"
http://sollyangel.com/wp-content/uploads/2013/10/1978-Sharing-the-Risk-of-Being-Poor.pdf
[16] See "Financial Journey of Refugees"
https://sites.tufts.edu/ihs/files/2018/02/Financial-Journeys-of-Refugees.pdf
[17] See "Global Lessons for Better Savings Habits"
https://www.marketwatch.com/story/global-lessons-for-better-savings-habits-1321295811862
[18] See above
[19] National Zakat Foundation
http://nzf.org.au/receiving-zakat/

the Zakat where the needs and culture are known best and where we are most accountable to god. "Balance" refers to the use of zakat to empower the poor and invest in community development. The recipients of "zakat" are clearly detailed in the Qur'an and they are as follows:

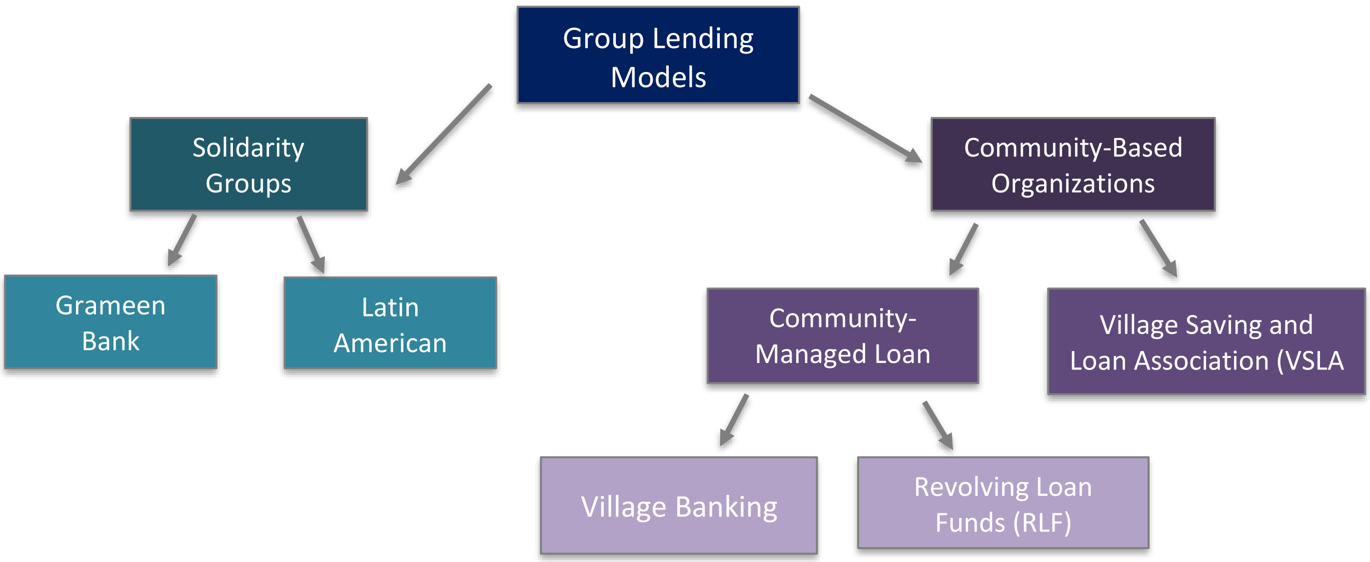
1. **Al-Fuqara:** The Poor
2. **Al-Masakin:** The Needy
3. **Al-Amilina Alayha:** Administrators of Zakat
4. **Al-Mu'allafate-Qulubuhum:** Reconciliation of Heart: people who have embraced Islam or who are inclined to it
5. **Fir-Riqab**: For those in Bondage
6. **Al**-**Gharimin**: Those in Debt
7. **Fi**-**Sabilillah:** In the Cause of Allah
8. **Ibnas-Sabil**: The stranded traveler

The National Zakat Foundation (NZF) is an organization that collects zakat and supports projects to help the community. In the UK, the organization receives case referrals from mosques, hospitals, police and various charities. By April 2018, NZF in the UK has helped almost 9000 individuals in poverty, distributed EUR 8.7 million and coordinated the Grenfell Muslim Response Unit for survivors.[20] To aid individuals in need, two areas of support are offered: poverty relief to help cover the necessities and economic empowerment. In Singapore, zakat has helped Muslim workers who are indebted by recruitment fees. In an article discussing the use of zakat for Muslim workers in Singapore, Shirin Chua, a lawyer, expressed "Muslim migrant workers fall into several categories of people eligible to receive zakat under Muslim law. They are of limited means", they are also vulnerable strangers in a foreign land". [21]. In addition, The Guardian also discussed the potential for zakat to play a major role in poverty alleviation, with large funds and overlooked possibilities by development organizations. The article expressed that 22% of the world's population is Muslim and Islamic finance is expected to surpass 3 trillion by 2020 with between $200 billion and 1 trillion being zakat contributions. However, only a quarter of contributions are through formal channels.

The traditional, informal saving and lending mechanisms found throughout the world show the collective power of economically disadvantaged communities to save and create growth and are the basis for many formalized structures outlined in the following section.

[20] See above
[21] Straits Times
https://www.straitstimes.com/singapore/duo-raised-more-than-58000-to-help-migrant-workers-in-need

Formal



Community debt relief is not uncommon, and the target of many development programs. In particular, micro-lending is used to help populations financially. The concept can take on two general approaches; individual and group or peer lending. Individual lending tends to work in conjunction with, commercial banks and caters to urban clientele. Under this approach, the individual receives loans alongside other support services. Although this approach should not be completely ruled out, in the IOM context, group or peer lending programs will be focused on for the purposes of this report. The following section will outline the various structures utilized and examples of projects to help groups financially.

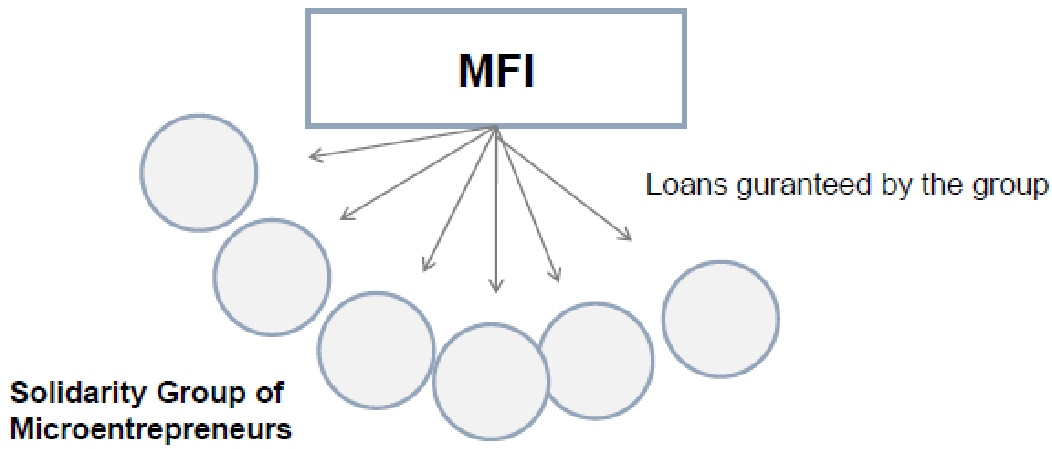
Group lending can be broken down into two types: community-based organizations (CBOs) and solidarity groups. The main difference between the two are the long-term relationship between the lenders and the borrowers.

Solidarity Groups

For solidarity-based approaches, eventual independence from the lender is not the goal as it is for CBOs. Borrowers are treated as long-term clients, where it is anticipated that they will continue the lender-borrower relationship for an extended period of time. The Grameen Bank is one example of an institution with this type of model. Groups of up to 8 members are formed and then trained on the rules and procedures of participating in the program. Once properly trained, each member has a savings and loan account with the bank. Groups act as financial intermediaries through the following actions[22]:

[22] See "Grameen Bank Groups and Self-Help Groups" https://www.researchgate.net/publication/242540390_Grameen_bank_groups_and_self-help_groups_What_are_the_differences

- Holding regular meetings to maintain records and make payments to the MFI worker
- Organizing contributions to group savings funds
- Guaranteeing loans to group members
- Reviewing loan application and ensuring members are maintaining regular payments and savings contributions



*Source Pan Net Finance [23]

Community-Based Organizations (CBOs)

The community-based approach focuses on building the capacity of the group to eventually allow the group to manage themselves in the long-run. There are two types of models: Community-Managed Loan Funds (CMLFs) and Saving and Loans Association (SLA). The difference between the two models stems from the type of funding the models utilize. CMLFs receive a loan or grant from an external lender while SLAs generate all funds internally with no external funding.

There are two models that classify as CMLFs: Village Banking and Community-Managed Revolving Loan Funds. Village banking is the more common choice and was developed by the U.S. based NGO the Foundation for International Community Assistance (FINCA). In this model, the bank is initially funded through an external lender and member savings grow enough to not require external funding any longer. Members are required to save prior to the loan and through the loan cycle, making savings mobilization a point of focus in this model. To implement a Village Bank, the following steps are typically taken:

1. The lending institution research and visits potential areas for bank development
2. Bank members then negotiate the initial loan amount and terms with each request needing the approval of other members

[23] See "Microfinance Lending Technologies" https://elearning8.unibg.it/moodle25/pluginfile.php/5019/mod_forum/attachment/3748/Credit%20Products%20and%20Lending%20Technology.pdf

3. The external funds from the lender are place into an external account, which are then disbursed to members.

Community-Managed Revolving Loan funds operate in a similar manner with a few distinct differences. First, the initial amount granted or loaned to the group is a multiple of the initial savings and the repayment period is usually at least 2 years.[24] After the initial external funding, there is no additional funding provided. The group, as with village banks, can have varying individual loan repayment terms within the group.

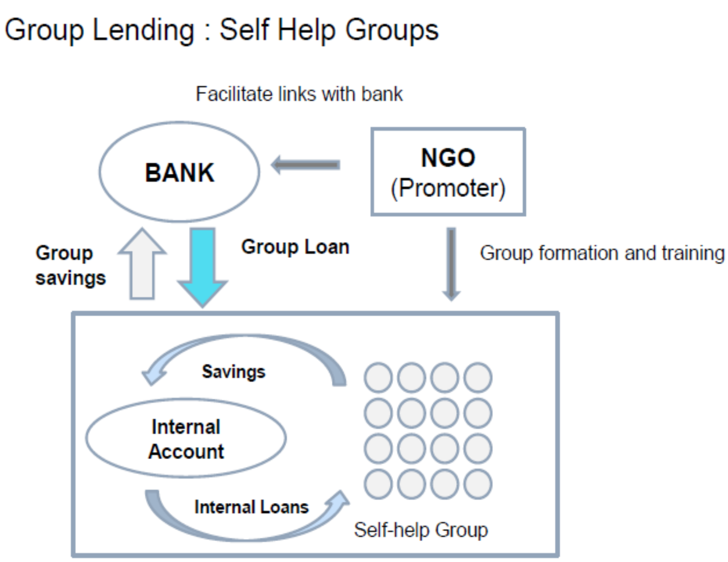
Community-based organizations also take on the form of Savings and Loan Associations (SLA) or Village Savings and Loans Associations (VSLA) as it is referred to today.[25] The nature of this type of funding mechanism is similar to CMLFs with a single distinction; all **funding is generated internally by group members**.[26] One of the most common types of VSLAs are Rotating Savings and Credit Associations (ROSCA). In the ROSCA model, group members meet regularly during a cycle where contributions are made. Every member gets the opportunity to take the sum of all contributions at each meeting, leaving no money to be taken care of in between meetings. ROSCAs are not meant to be maintained for multiple cycles, once each member has received their allocation, the group no longer exists.[27]

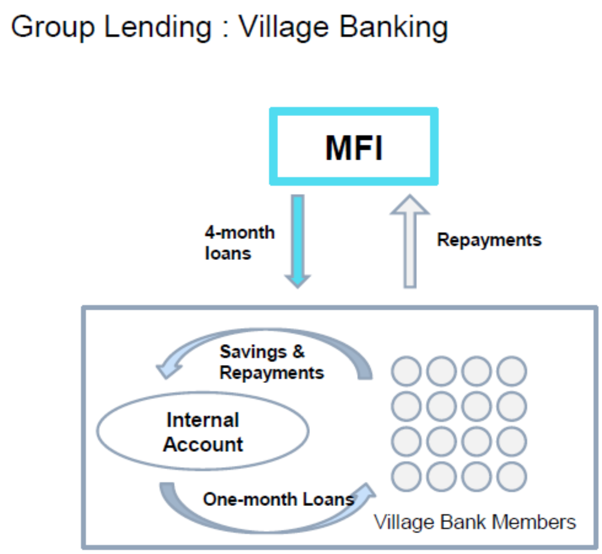
Unique Village Banking in India: Self-Help Groups (SHG)/ SHG-Bank Linkage (SBL)

The SHG model involves groups of about twenty members who can be created with the help of formal institutions such as NGOs and MFIs or self-identify. Eventually, the group forms a "linkage" with an MFI or bank over a period of time. The general process is reflected below:

1. Members begin making regular contributions to group savings, maintained by an elected head (Building Social Capital)
2. Members are able to borrow from the SHG on terms agreed on by group members (Building Financial Capital)
3. A savings account is opened in the group's name with a bank or MFI to qualify for a loan (Financial Intermediation)
4. The group borrows from the bank or MFI in the group's name to supplement its internal lending to members (Bank Linkage)

[24] See "The Russia Microfinance Project" http://depts.washington.edu/mfinance/eng/curriculum/docs/53_LendingMethodology.pdf
[25] See "Difference in Lending Methodologies in Microfinance" https://www.marketlinks.org/learning-marketplace/blogs/differences-lending-methodologies-microfinance
[26] See "Grameen Bank Groups and Self-Help Groups" https://www.researchgate.net/publication/242540390_Grameen_bank_groups_and_self-help_groups_What_are_the_differences
[27] See "Community-Managed Loan Funds" https://www.cgap.org/sites/default/files/CGAP-Focus-Note-Community-Managed-Loan%20Funds-Which-Ones-Work-May-2006.pdf





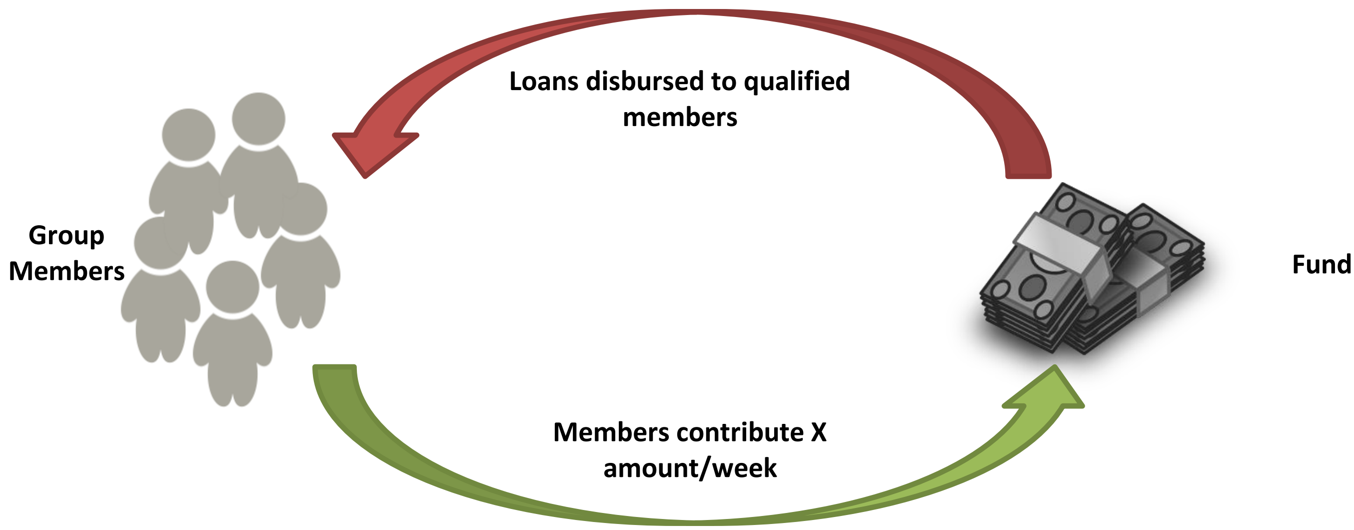
The difference between SHGs and solidarity models such as the Grameen bank lies within the account holder. Group members of SHGs have accounts with the SHG itself; not the MFI or bank. The SHG is the account holder as opposed to an individual. This system is mainly found in India and Indonesia and is considered a modified approach to tradition CMLFs. However, the model was first designed by the Indian NGO Mysore Resettlement and Development Agency (MYRADA) in 1980s and picked up by the National Bank for Agricultural and Rural Development (NABARD) who had similar experiences in Thailand and Indonesia. [28] In 1996, NABARD initiated a nation-wide project to link existing SHGs with formal financial institutions. Groups are typically made up of up to 15 members who are similar in economic or social class, with the goal of finding solutions to common problems. The use of groups lies in the assumption that shortcoming and weaknesses of an individual can be overcame by the collective responsibility and security of a group.

Village Savings and Loans Associations **(VSLA)**

Village Savings and Loans Associations are the most similar to informal savings groups found in many developing countries. The Cooperative for Assistance and Relief Everywhere (CARE), was the first to formalize these community saving systems with the implementation of its first VSLA in Niger in 1991. The organization's principal idea was to create a mechanism where participating members of a village pool their savings by buying shares in the group on a weekly basis. Eventually, the participants will be able to qualify for a loan for small enterprises or financial emergencies.[29]

[28] Grameen Bank Groups and Self-Help Groups

[29] The Cooperative for Assistance and Relief Everywhere (CARE) http://www.care.org/newsroom/press/press-releases/care-village-savings-and-loan-associations-surpass-4-million-members



COMPARISONS

Individual vs. Group Lending

There are many opinions about what model works best to help individuals who need financial assistance, with the answer lying in the goal and context of the population. Each model presents its own challenges, strengths and characteristics that make it beneficial for some groups and not others. For individual approaches**,** loan officers hold the primary responsibility for loan decisions; screening, monitoring and enforcing repayment. This model uses collateral, co-signers and guarantors as incentives and strict contracts to encourage repayment. Some strengths of the model include preventing the borrower from being held responsible for others failures' to repay, more privacy due to not being part of a group and there is less of a time commitment. For the group approach, the loan officer plays more of a support role to provide structure, train and facilitate. Instead of collateral or co-signers, reputation and relationships are used to encourage repayment as group members know each other and the success of the group depends on everyone upholding their obligations. Some strengths of the model include opportunities to build relationships, create a sustainable way to have a long-lasting impact and provide autonomy to members. However, if social ties are weak, the model could struggle. In an experiment in Mongolia to compare individual and group lending found the following[30]:

- No difference in repayment behavior between both programs
- Group loans had a positive impact on female entrepreneurship
- Increase in consumption of healthier foods in villages who used the group-based approach

[30] See "Group Lending or Individual Lending"
https://www.ebrd.com/documents/comms-and-bis/pdf-group-lending-or-individual-lending.pdf

Externally Funded vs. Savings-Based CMLFs

In a performance review of Community-Managed Loan Funds conducted by the Consultative Group to Assist the Poor (CGAP), two factors seemed to have a strong influence on the success of a project: source of funding and quality of external support. Externally funded projects appeared to have lower rates of success as compared to savings-based and SHG models. Primarily, savings-based groups seemed to have experienced the most success while self-help groups had mixed outcomes. The loan repayment rate for externally and savings-based CMLFs can be seen in the following table:

Table 2 Illustrative loan repayment rates in externally funded and savings-based CMLFs

Country	Loan Repayment Rate (%)
Externally funded CMLFs	
Albania	99
Indonesia	45
Indonesia	77
Indonesia	50
Kyrgyz Republic	85
Lao PDR	16–60
Lao PDR	68
Malawi	40
Mexico	80
Rwanda	55–83
Zanzibar	50
Savings-based CMLFs	
Nepal	96–100
Niger	100
Mexico	100
Syria	99.7
Uganda	95–98

Group-Lending in Reality- Lessons from Development

Pact's Worth Model

The international development organization, PACT has had notable success with its WORTH model, establish a unique approach to group lending. Since its inception in the 1990s, over 550,000 women in 15 countries in Africa and Asia have been reached. The WORTH concept originates from PACT's Women's Empowerment Program in Nepal, a model funded by USAID and adapted from traditional village banking and local savings mechanisms.[31] The program took a new approach where decentralization was key and local control the goal. PACT partnered with 240 local NGOs, cooperatives and MFIs to provide training and support to groups. The organization provided the structure, curriculum advanced training, funding and guidance for local partners. The successful program increased literacy of participants from 36% to 85%; increased savings by over 1 million and helped launch grassroots campaigns covering topics including, trafficking and domestic violence. At the time of implementation (1998-2001) it costs less than USD $42 per women including development, external technical assistance and start-up costs.[32] In light of success of the Women's Empowerment Program, PACT decided to continue with this model, becoming what we know today as WORTH. An innovative aspect of the WORTH model lies in the incorporation of dial income streams from membership.[33] The group not only retains interest, they also periodically distribute dividends from the group fund. The income from these streams contribute to a larger loan fund and provides economic security for financially challenged households.

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[31] See "Impact Evaluation of Pacts Women's Empowerment Program"
https://www.microfinancegateway.org/sites/default/files/mfg-en-paper-impact-evaluation-of-pacts-womens-empowerment-program-in-nepal-a-savings-and-literacy-led-alternative-to-financial-institution-building-oct-2001.pdf
[32] See "Savings-Led Microfinance in Cambodia"
http://www.pactcambodia.org/Publications/WORTH_Education/Savings-led_Microfinance_in_Cambodia.pdf
[33] See "Pacts Worth Model"
https://www.microfinancegateway.org/sites/default/files/mfg-en-paper-pacts-worth-model-a-savings-led-approach-to-economic-security-and-combating-hivaids-dec-2004.pdf

The program has been used in multiple countries including those in post-conflict situations including the Democratic Republic of the Congo, Liberian refugee camps in Guinea and victims of trafficking in Cambodia. The WORTH implementation model involves five steps, depicted below:

The Worth Implementation Cycle

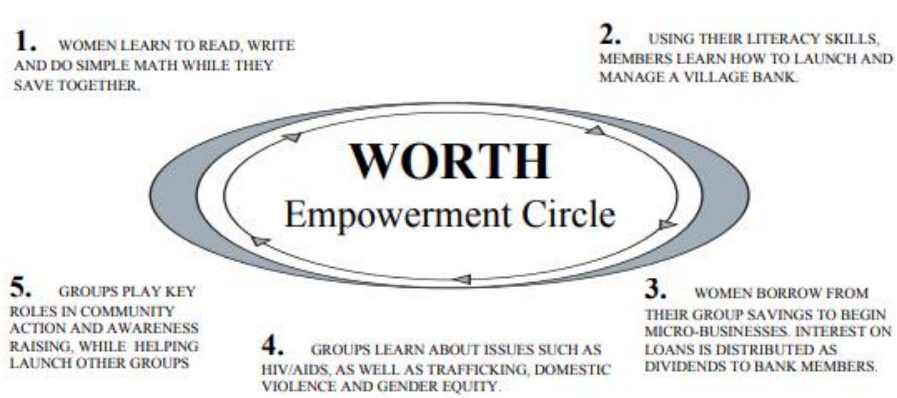
*Source: Microfinance Gateway

1. Pact utilizes existing relationships to partner with local NGOs who are strong in community mobilization. Once a partnership has been solidified, partner receives a sub-grant
2. Encouragement of group formation begins in local communities
3. Group members begin to self-train through reading *Women in Business* and *Road to Wealth to* develop technical skills
4. Pact builds linkages knowledge sharing between groups immediately after groups start saving
5. Pact solidifies linkages and exits area to seek new area for implementation

Key Characteristics:

- Sub-grants to partners are often given on a performance-based system
- Groups are typically comprised of 15 to 25 members
- Groups govern themselves, setting their own rules and electing their own leaders
- Each group elects a management committee to be trained in bookkeeping and financial management
- The amount for member contributions can be as big or little as the group decides; groups typically start saving within a few months of their inception
- Groups are separated into "empowerment" clusters and linked with one or two employees from local NGOs who monitor the group through visits 2x a month

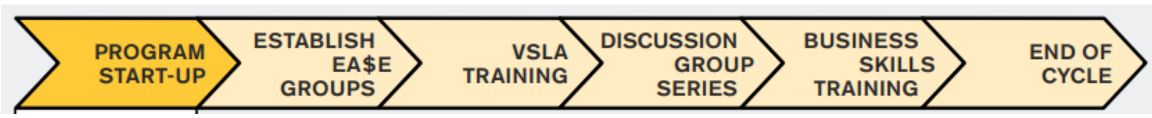
Figure 4: WORTH Empowerment Circle



**Source Microfinance Gateway*

Donors: Chevron, Shell, Let There Be Light Myanmar, The Coca-Cola Foundation, Microsoft, Qualcomm, GE, Boeing, Google, Internal Tin Association, Conrad N. Hilton Foundation, USAID,

International Rescue Committee (IRC)- Village Savings and Loan Associations



*Source: International Rescue Committee

As a part of its Economic Recovery and Development (ERD) unit, IRC works to ensure individuals affected by crisis have the resources to meet their basic needs and can take steps towards self-sufficiency. The Economic and Social Empowerment (EA$E) program uses the VSLA model to empower women through financial savings and loan services to support income generation and promote more equitable gender dynamics.[34] As the model is a group-lending methodology, it has similarities as the WORTH model, with the absence of an MFI. For the EA$E program, groups of between 15-30 individuals form and contribute weekly to a common fund that members can in turn borrow money from and pay back with a low interest rate. Eventually, group members pick a pay-out date, where each member will receive the group's savings. IRC also conducted Gender Dialogue Groups, simultaneously to address household gender equities. An evaluation of the program in Burundi and Cote d'Ivoire found participants had a reduction in intimate partner violence (IPV) and an increase in decision-making authority for women. In addition, evidence has shown that VSLA members families' also benefit with the increase in income being able to send their children to school and make significant contributions to their local economy.[35]

The Livelihoods and Food Security Trust Fund (LIFT) -Myanmar

The UNOPS - managed LIFT project was established in 2009 to contribute to the reduction of poverty and hunger for individuals in rural Myanmar. [36] Since 2011, the project utilized the Village Revolving Fund model to aid in sustainability and facilitate access to savings and loans. The project uses two types of groups: interests and self-help groups. The SHGs are composed of women from poor households who make regular contributions to the group's savings. The interest groups such as farmers and livestock groups allowed members to managed resources and create a common fund. Since the beginning of this project, it was found that LIFT began supporting the MFI VisionFund in creating loan products to help garment factory workers, with one specifically tailored to debt. Sandar Aung, Rural Finance and Private Sector Partnership Officer expressed the organization created the service in response to challenges people encounter when moving to the city for a new job, including

[34] See "Economic Recovery and Development"
https://www.rescue.org/resource/economic-recovery-and-development-international-rescue-committee-womens-economic
[35] See "EAE Implementation Guide"
https://www.fsnnetwork.org/sites/default/files/001_EAE_Implementation-Guide_English%20%281%29.pdf
[36] See "Village Revolving Fund Study"
https://www.lift-fund.org/sites/lift-fund.org/files/uploads/Publications/LIFT%20Village%20Revolving%20Fund%20Study%20Updated%2015122015%28web%29.pdf

debt and high interest rates.[37] The goal is to provide a service to aid workers in supporting extra sources of income, payoff bad debt and cope with emergencies. Borrowers are eligible for loans of up to USD 370 at an interest rate of 2.5% per month.

Donors: Australia, Denmark, the European Union, France, Ireland, Italy, Luxembourg, the Netherlands, New Zealand, Sweden, Switzerland, the United Kingdom, the United States of America and the Mitsubishi Corporation

Migration Insurance, An Alternative Solution

Travel insurance is a frequent item on the checklist for individuals who want protection during their journeys. For the everyday traveler, insurance can cover hotel stay for delayed or missed flights, missing baggage and other incidents that would cause the traveler to be affected financially. In fact, the purchase of travel insurance is often thought to be the responsible choice for the "just-in-case" situations, however some have thought, what about this option for migrants? In some areas in the world, such as Southeast Asia where labor migration is a way of life, it could make sense to offer protection for those who end up returning home without achieving their goals. The concept of "migration insurance" is new yet not unexplored, there is one example of an organization that explored this service for migrants. Migration cover is a company that offers insurance packages for permanent residents and temporary work visa holders in Australia and New Zealand. The company is designed to take the risk out of migrating for skilled migrants who are between the ages of 18 and 59.[38] Please see below for the packages offered:

Visa Insurance Package Options	
Temporary or Permanent Repatriation	1.Temporary Repatriation includes roundtrip airfare, temporary accommodation and claims support services 2. Permanent Return Services include one-way airfare to country of origin, temporary accommodation, removal to country of origin, range of cancellation costs, tax and financial planning services and pet relocation services
Involuntary Job Loss + Permanent Repatriation	Involuntary Job loss includes migration agent costs, employment advocate costs, skills assessment consultation, relation costs, recruitment agent cost and support services
Complete Migration Protection	Incorporated Temporary and/ Or Permanent Return Package or Involuntary Unemployment Package with Annual Multi-trip Travel Insurance

[37] See "Visionfund Myanmar Launches Loan Scheme"
http://www.mizzima.com/business-domestic/visionfund-myanmar-launches-loan-scheme-factory-workers
[38] Migration Cover
https://migrationcover.leaddyno.com/

Although this concept is innovative, it does not seem to cater to migrants such as those IOM traditionally assist, the product caters to established individuals who are deciding to uproot their lives and seek new opportunities in Australia and New Zealand with the intention of settling their, and have the primary means to do so.

Recommendations

Please note, many of the following recommendations can be utilized outside the context of return to serve other migrant populations.

Data Collection

The following tools should be utilized to help collect information about migrant debt to help the case manager make the most informed decisions and provide the organization with information to base future programming.

1. Debt Screening

The main recommendation is for the institution to begin using the accompanying survey to gage debt's potential influence on the returnee's return and reintegration. The survey is intended to give a powerful glimpse into the financial situation of the returnee to better inform what assistance is needed. The tool can be used prior to the migrant departing the host country or immediately upon return to the country of origin. In addition, the data collected will contribute to the organization's strengthened data collection efforts implemented under the MEASURE framework. As a part of the framework, 5 surveys we designed for AVRR projects to monitor programming and returnees. Currently, the MEASURE framework includes the following questions related to debt:

1. Are you able to borrow money if you need it?
2. Do you borrow money frequently?
3. On average, which is bigger: your spending every month, or your debt?
4. Do you have increased debt as a result of migration?
5. Have you repaid it?

These questions will only inform the case manager if the migrant does indeed have money to pay back, however there are more factors that needs to be evaluated with protection being among the most important. The proposed survey asks the following questions regarding protection:

1. Are you currently worried about the safety of yourself because you owe money?
2. Are you currently worried about the safety of your family because of debt?

In addition, the survey will help the case manager determine if debt should be a priority when creating the reintegration plan. It is suggested to pay close attention to the questions number 5, 7,9,10,11, 15 These questions could indicate immediate concern**.**

Has someone in your family borrowed money on your behalf?

If the participant answers yes to this question, there could be a strain on the family dynamics if he or she did not meet the expectations of the family members who borrowed on their behalf. This strain could affect the social and psychosocial dynamics of reintegration.

Are your lenders present in your community now?

This question will be important if the participant expresses concerns about their safety in questions 10 and 11.

If yes, how worried are you?

If the participant answers very or extremely worried, it could indicate financial pressure which may lead to desperate decisions. First, the participant may be hindered from establishing a sustainable livelihood including affording sufficient nutrition, and housing because they are using their money to pay off debt. Also, they could make decisions that could result in exploitative conditions or further debt.

Are you currently worried about your safety because of debt? / Are you currently worried about the safety of your family because of debt?

Further protection considerations may be required

Are you considering migrating again to help pay back debt?

If the participant answers yes, it will be important to ensure they understand the risks and try to help them find solutions or access the pathway to safe and orderly routes.

Please see full survey in Annex 1

2. Regional Debt Study

IOM would greatly benefit from a regional study on migrant debt in Asia and the Pacific. Although some data is available, there are gaps that are needed to inform future programming. When speaking with MaryAnne Bylander, researcher who focuses on debt, she expressed information gaps such as the intended use behind debt. The survey entitled "Regional Debt Survey" examines areas such as debt motivated migration, borrowing trends, the use of documentation, and informal lenders to fill in these information gaps for the organization. I

Programming

Group-Based Savings and Lending Pilot Project

As outlined previously, group-based savings and lending interventions can take many forms. For the purposes of reintegration, the overall intent is to implement a community-managed fund to create opportunities for returnees to use loans or savings to pay off outstanding debts, reduce the financial burden and be more equipped to establish a sustainable livelihood. The creation of this type of intervention would not only create a new area of financial assistance, it will aid in ensuring the returnee has greater ties to the community of return, strengthening the social and psychosocial aspects of sustainable reintegration as well. Therefore, it is recommended that the organization consider conducting a pilot in a community of high return. The following models are suggested and further outlined in Annex 2

- Community-Managed Loan and Savings Fund with external funding
- Savings-based Community-Managed Loan and Savings Fund

- Revolving Loan fund managed by IOM

It is important to consider such a project to be an opportunity to partner with a development organization. As the nexus between migration and development becomes a growing field of interest, partnering with a development organization that has experience in these types of interventions, would be an ideal opportunity to support the global efforts to leverage migration for development. In a partnership, IOM can play the role of a facilitator, providing access to migrant communities and providing expertise in tailoring the existing model for this specific population. After, the development organization such as PACT, could take the lead in project implementation with IOM providing support such as monitoring in addition to traditional return and reintegration assistance. There is also the potential for IOM to partner with an organization such as the National Zakat Foundation in a similar manner.

On the other hand, there is potential to encourage partnerships with actors in the private sector. Companies who thrive off migrant labor (especially in this region) could be a potential partner for a revolving loan fund. For companies to see the value in supporting such an initiative, it would be important to express this as a means of risk mitigation. Through providing a means for migrants to access regular channels, it will aid in the prevention of exploitation during the journey, where migrants accumulate debt. Apple Inc., Patagonia, and HP Inc. are examples of companies who have implemented policies for the reimbursement of recruitment fees to their employees.[39] If they are going to depend on migrant labor, such a fund would help their employees arrive in a much more safe, orderly and dignified manner.

The best use of each of the proposed models would be highly informed by data collected through the regional debt study. If IOM wants to pilot a program that would require less mobilization efforts and a potentially shorter set-up time, the revolving loan fund managed by IOM would be the best fit. This option would likely work better in areas where return is not as high, or even as a project managed under the regional office, where CM from various country offices could apply to the fund as they currently do to IOM's Global Assistance Fund. In regard to the two community models, these would be ideal in areas of high return where the migrant network is strong. The use of external funding would be best determined by the amount provided by the donor; however, it would be interesting to pilot both models and see which has the more favorable results.

An example proposal in IOM's template for the revolving loan fund has been provided, please see Annex 3.

Mediation

Mediation is the practice of helping two parties who have a conflict or dispute, to find a way to move forward. The technique can be used in many situations and has the potential to aid in settling debts, restructuring payment terms and protecting migrants from physical threats. According to the Andaman Sea report, two Bangladeshi NGOs have been using mediation to relieve tension between returnees and their creditors, resulting in complete eradication of their debt. In communities where the tension is prevalent, it is suggested that IOM seek opportunities to learn from these NGOs and collaborate to grow mediation efforts to protect vulnerable returnees.

[39] See " Responsible Recruitment: Remediating Worker-Paid Recruitment Fees"
https://www.ihrb.org/uploads/reports/IHRB%2C_Remediating_Worker-Paid_Recruitment_Fees%2C_Nov._2017.pdf

Hackathon

Since debt relief is a new area of programming for the organization, information sharing and innovation will be important. The concept traditionally used by the tech industry to aid software development could be a creative approach to gather, the local government and civil society organizations to brainstorm solutions. MPA and LHD could team up to bring together a diverse community with expertise in finance, economic interventions, and migration to explore innovative solutions. Not to mention, Bangkok is saturated with many influential individuals and impactful organizations who could collaborate for a common cause, also diversifying the donor base. A simple yet power tool for hackathons are the use of keywords to help participants stay focused on the goal. For this issue, it is suggested the following words be considered:

- Sustainability
- Debt
- Innovation
- Collaboration

A hackathon also presents an opportunity to work with students through an open call for graduate students to create proposal ideas to combat debt from institutions across the world. The charity, Global Action on Poverty, paired up with the Imperial College London to conduct an entrepreneurship competition in 2015 to pitch ideas for combatting global poverty. The winning teams included a project for rural an app to, technology for African farmers to access information to pricing, suppliers and competitors.[40] If IOM were to utilize this option, the winning application could be granted an internship or, as IOM now has the ability for individuals to do pro-bono work, an unpaid consultancy where the team learns about project development and implementation.

[40] See" Students Fight Global Poverty Through Entrepreneurship"
https://www.imperial.ac.uk/news/169429/students-fight-global-poverty-through-entrepreneurship/

ANNEX 1

Debt Screening Survey

Interview Instructions

This survey should be completed by staff during a structured interview with the returnee shortly after arrival to the country of origin, ideally during the first meeting.

Information to be completed prior to interview:
Name:
Country of Origin:
Age:
Employment Status:
Gender:

The information gathered from this 16-question survey will be used to aid your caseworker in providing more comprehensive assistance during your reintegration process. Your cooperation and honesty are greatly appreciated. If you do not wish to answer any of the following questions, please let me know. Your personal information will remain confidential. I will first ask one question to determine if you need to participate in this survey:

Do you currently owe money to a family member, community member or local financial institution?

a. Yes
b. No

If yes, please begin the survey, if no please explain that the survey is intended for returnees who are currently in debt.

1. About how much do you owe?

2. Did you borrow money to finance your journey?
    a. Yes
    b. No

3. If yes, for what purposes? (Please select all that apply)
    a. Recruitment Fees
    b. Documentation (permits, visa, passport etc.)
    c. Smuggler
    d. Transportation
    e. Other

If other, please elaborate ________________________

4. Did you have loans before migrating?
    a. Yes
    b. No

5. Has someone in your family borrowed money on your behalf?
    a. Yes
    b. No
    c. Not sure

6. Did you sign any paperwork for the money you borrowed?
    a. Yes
    b. no

7. Are your lenders present in your community now?
    a. Yes
    b. No

8. Are you currently worried about repaying your debt?
    a. Yes
    b. No

9. If yes, how worried are you?
    a. Not worried
    b. A little worried
    c. Very worried

d. Extremely worried

10. Are you currently worried about your safety because of debt?

a. Yes

b. No

11. Are you currently worried about the safety of your family because of debt?

a. Yes

b. No

12. Have you or your family sold any of the following assets to finance your debt? (Can choose multiple)

a. Land

b. House

c. Transportation

d. Valuables (jewelry, etc.)

e. Other

If other, please elaborate ________________________

13. Do you or your family plan on selling any of the following assets to help pay off your debt? (Can choose multiple)

a. Land

b. House

c. Transportation

d. Valuables (jewelry etc.)

e. Other

If other, please elaborate ________________________

14. Are you considering taking out more loans?

a. Yes

b. No

c. Not Sure

15. Are you considering migrating again to help pay back debt?

a. Yes

b. No

c. Not Sure

16. Do you have any concerns or comments you would like to share?

Regional Debt Survey

Interview Instructions

This survey should be completed by staff during a structured interview with the individual

Information to be completed prior to interview:
Name:
Country of Origin:
Age:
Employment Status:
Gender:
Country interview took place:

This survey containing 28 questions is designed to gain a greater understanding of the prevalence of debt among migrants in Asia and the Pacific. The information gathered will be used to aid the organization in providing more comprehensive assistance to migrants when they return from abroad . Your cooperation and honesty are greatly appreciated. If you do not wish to answer one of the following questions, please do not hesitate to let me know. Your personal information will remain confidential. Please know if you are currently receiving assistance, this will not be affected by your responses to this survey. This survey is intended for individuals who have borrowed money and migrated abroad or are planning to. I will now ask you a couple questions before proceeding with the survey.
Have you ever migrated abroad?

a. Yes
b. No

Have you ever borrowed money?

a. Yes
b. No

(If yes, please proceed with the survey, if no please thank them for their time and ask if they may know someone who would be able to participate in the survey)

The first set of questions will help me understand your current financial situation

1. How would you describe your current financial situation?
    a. Comfortable
    b. Okay
    c. Difficult
    d. Extremely Difficult

    Could you please elaborate on why you describe your financial situation this way?
    ____

2. How many times have you borrowed money?
    a. once
    b. twice
    c. three
    d. More than three times

3. Has someone in your family ever borrowed money on your behalf?
    a. Yes
    b. No
    c. Not sure
4. Do you still owe money?
    a. Yes
    b. No

Please skip questions 5 and 6 if answered "no" to 4

5. If yes, about how much do you owe?

6. Are you currently making consistent payments?
    a. Yes
    b. No
    c. Sometimes

The next 3 questions will help me understand if/how borrowed money was used to help pay for your migration journey

7. Did you use any amount of the money borrowed to pay for your journey?
    a. Yes
    b. No

8. If yes, for what purposes? (Please select all that apply)
    a. Recruitment Fees(money paid to secure a job)
    b. Documentation (permits, visa, passport, etc.)

c. Transportation
d. Other

If other, please elaborate _______________________________

9. What part of your migration journey cost/will cost the most?
   a. Recruitment Fees
   b. Documentation
   c. Transportation (can include smuggling)
   d. Other

If other, please elaborate __________________________________

The next set of questions will give a better understanding of where you borrowed money from and the arrangement of your loan

10. Did you borrow from a formal institution such as a bank or from an informal lender such as a friend or family member?
    a. Formal
    b. Informal
    c. Both
    d. Not sure

11. How do you learn about the person/institution you borrowed money from?
    a. Family member
    b. Friend
    c. Community Member
    d. Referred by someone

12. Why did you choose to borrow from that lender? (May choose multiple)
    a. No other option
    b. Easy
    c. Recommended by others
    d. Fast
    e. Safe
    f. Other

If other, please elaborate ________________________

13. Did you agree on a plan for repayment with your lender?
    a. Yes
    b. No

14. If yes, what is/was the arrangement?

15. Does/did repayment involve other aspects besides cash? (exchange of goods, land etc.)
    a. Yes
    b. No

16. Did you sign paperwork for the money borrowed?
    a. Yes
    b. No

17. Are you currently worried about repaying debt for someone else such as a family member?
    a. Yes
    b. No

If yes, please explain ____

18. If yes how worried are you?
    a. Not worried
    b. A little worried
    c. Very worried
    d. Extremely worried

19. Are you currently worried about the safety of yourself because you owe money?
    a. Yes
    b. No

20. Are you currently worried about the safety of your family because of debt?
    a. Yes
    b. No

21. Are other people in your community worried about debt?
    a. Yes
    b. No

22. Have you sought protection from money lenders?
    a. Yes
    b. No

23. If yes, from who?

    a. Local police
    b. Friends
    c. Family members
    d. Other

24. Have you or anyone in your family sold any of the following assets to finance your debt?

    a. Land
    b. House
    c. Transportation
    d. Valuables (jewelry, etc.)
    e. Other

25. Have you received help to pay back your loans?

    a. Yes
    b. No

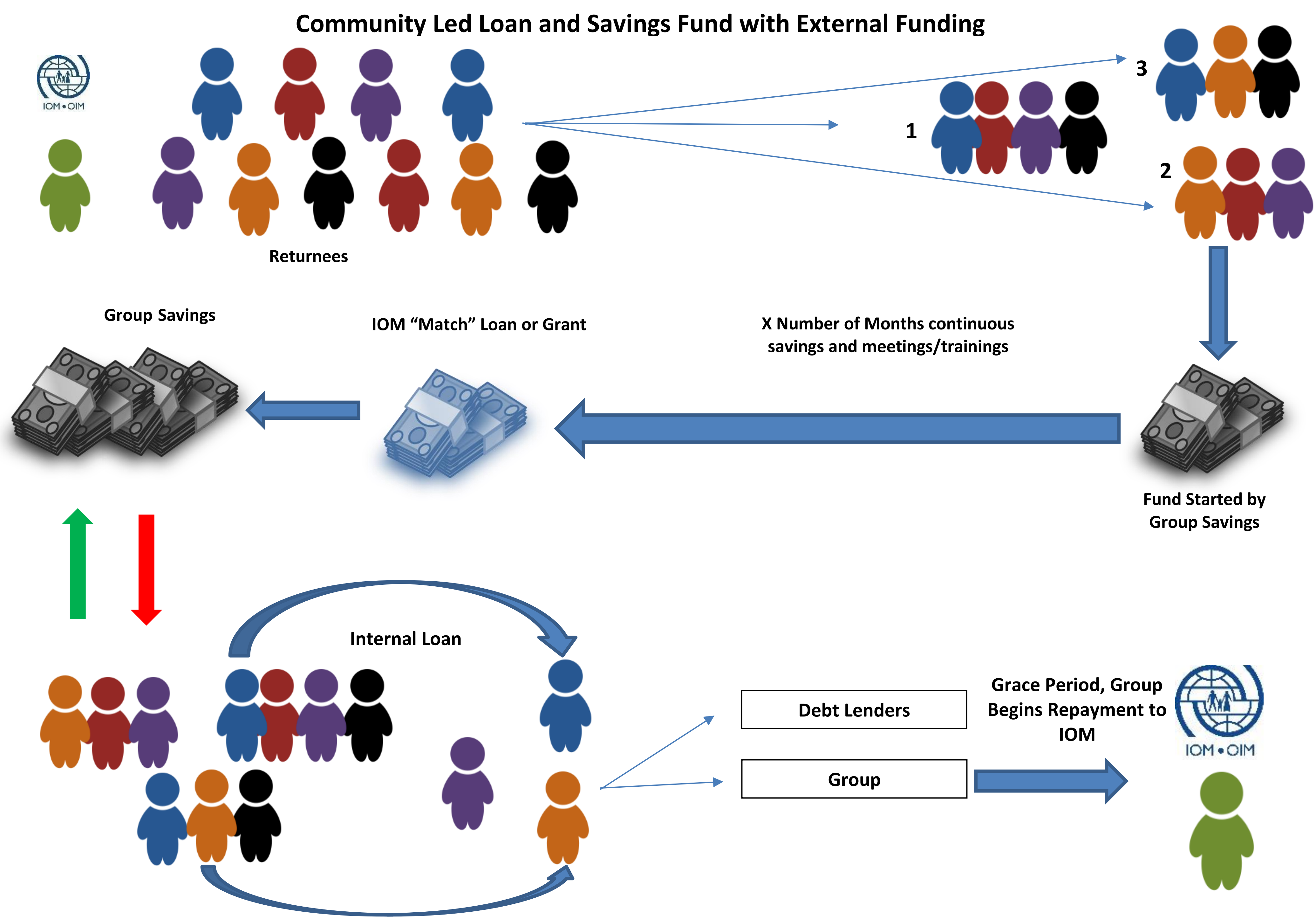
26. If yes, what help did you receive?

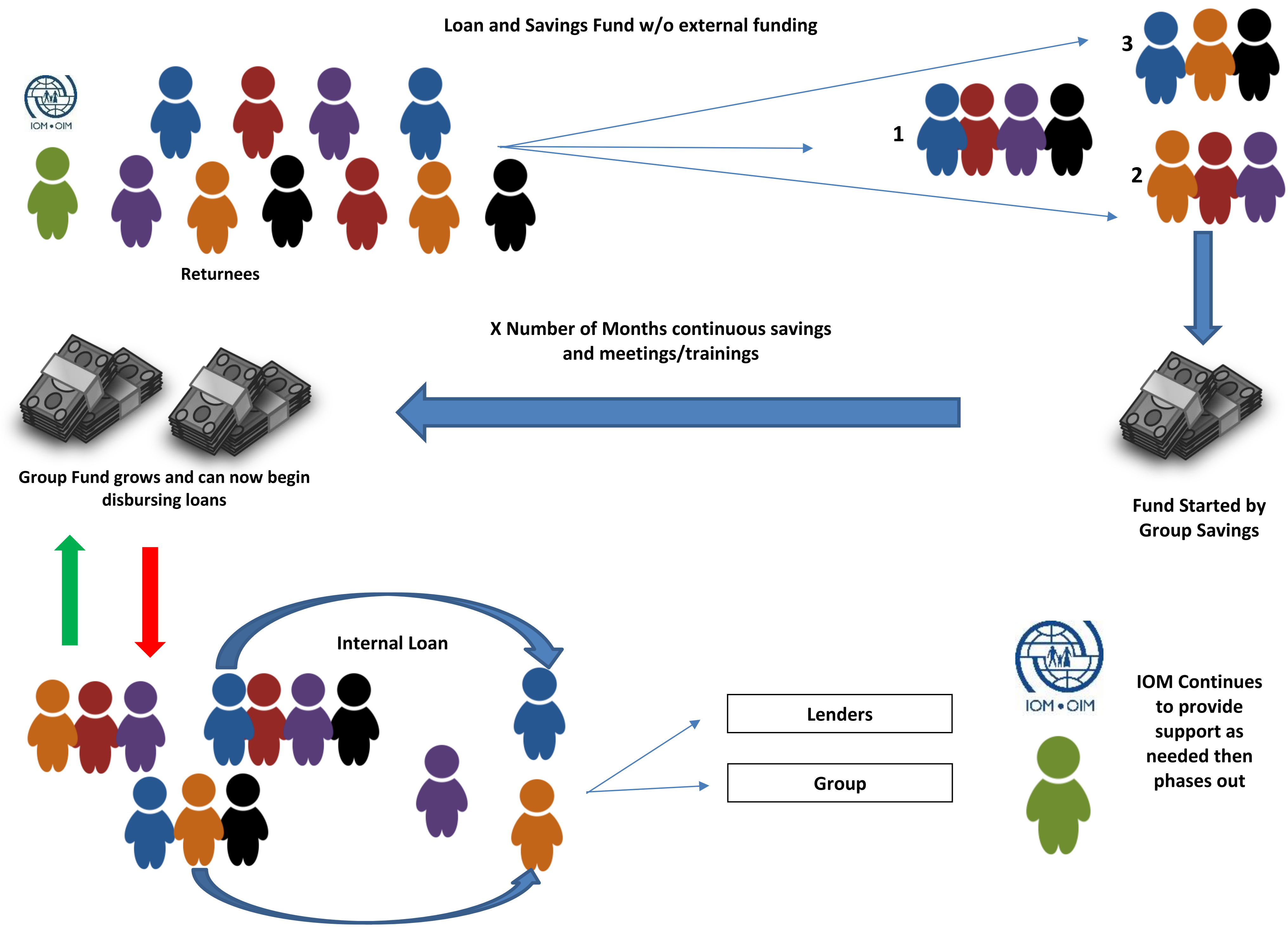
27. Do you plan to migrate again due to debt?

    a. Yes
    b. No
    c. Possibly

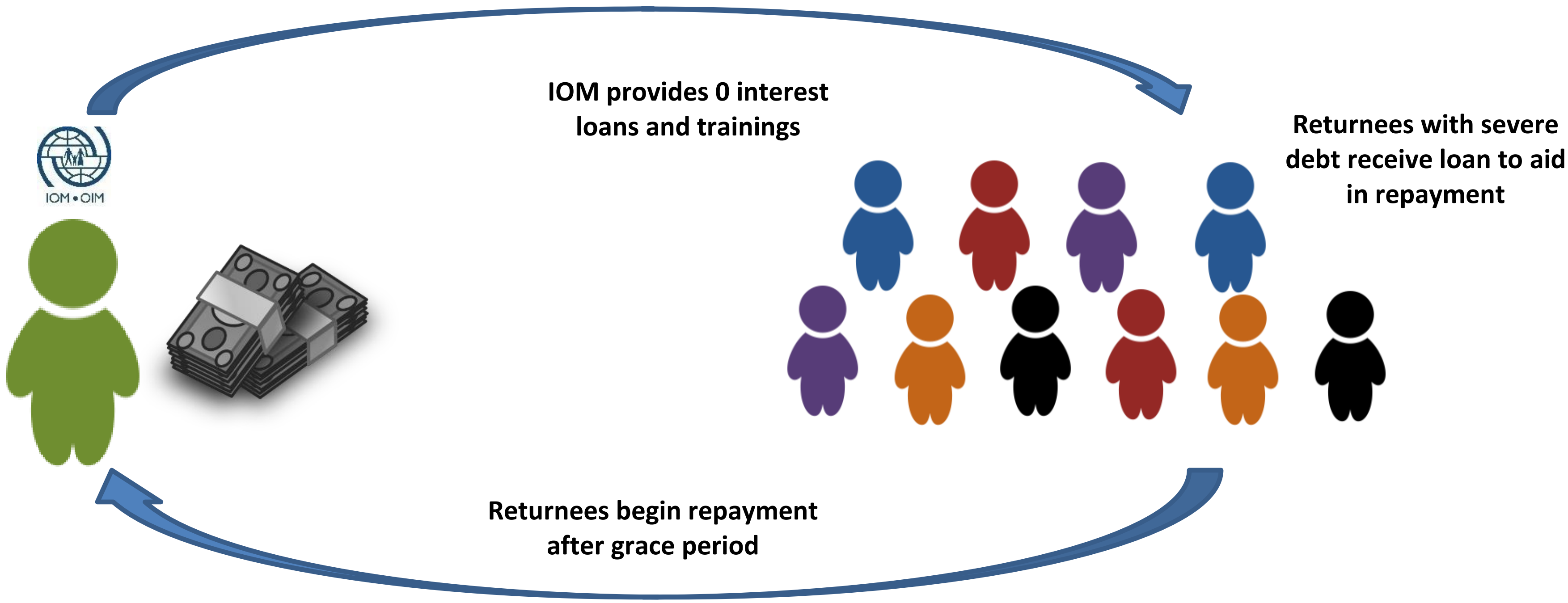
28. Are there additional concerns or comments you have?

ANNEX 2- POTENTIAL GROUP LENDING MODELS


Community Led Loan and Savings Fund with External Funding
IOM • OIM
Returnees
1
2
3
Group Savings
IOM "Match" Loan or Grant
X Number of Months continuous savings and meetings/trainings
Fund Started by Group Savings
Internal Loan
Debt Lenders
Group
Grace Period, Group Begins Repayment to IOM
IOM • OIM


Loan and Savings Fund w/o external funding
IOM • OIM
3
1
2
Returnees
X Number of Months continuous savings and meetings/trainings
Group Fund grows and can now begin disbursing loans
Fund Started by Group Savings
Internal Loan
Lenders
Group
IOM • OIM
IOM Continues to provide support as needed then phases out

Revolving Loan Fund



General Implementation Outline for Lending and Savings Models

Community-Led Loan and Savings Fund with External Funding

Step 1: In collaboration with IOM, returnees who are interested in participating form into three groups

Step 2: Once formed, groups agree on terms of contribution including amount, frequency and meeting schedule

Step 3: Contributions begin, group continues meetings and IOM trainings

Step 4: After months of consistent contributions, groups are eligible to receive IOM loan or grant that matches amount saved

Step 5. Groups are able to distribute internal loans to individual members, and continue savings

Step 6: Loan recipient uses funds received to pay off debt

Step 7: After grace period, recipient begins paying group back

Step 8 (optional): Group begins repayment to IOM; IOM is able to continue disbursing loans and providing trainings to multiple groups

IOM continuously provides support

Community-Led Loan and Savings Fund without external funding

Step 1: In collaboration with IOM, returnees who are interested in participating form into three groups

Step 2: Once formed, groups agree on terms of contribution including amount, frequency and meeting schedule

Step 3: Contributions begin, group continues meetings and IOM trainings

Step 4. Groups are able to distribute internal loans to individual members, and continue savings

Step 6: Loan recipient uses funds received to pay off debt

Step 7: After grace period, recipient begins paying group back

IOM continuously provides support

Revolving Loan Fund

Step 1: Returnee applies for funding

Step 2: If accepted, receives funds to pay off debt, begins attending trainings

Step 3: After grace period, recipient begins paying IOM back

IOM continuously provides support

ANNEX 3

International Organization for Migration (IOM)
The UN Migration Agency

[Debt Relief for Returned Migrants]

Project type:	RT
Secondary project type:	
Geographical Coverage:	Asia and the Pacific
Executing agency:	International Organization for Migration (IOM)
Beneficiaries:	Returned migrants in xx country to be determined by study ,
Partner(s):	To Be Determined
Management site:	IOM Thailand
Duration:	24 Months
Budget:	$100,000

Summary (350 words maximum)

The International Organization for Migration has institutionalized an "integrated approach" to reintegration to ensure the sustainable return of migrants to their countries of origin. The three dimensions (economic, social and psychosocial) each must be addressed to support the returned migrant upon return. However, it is often understood that economic reintegration is crucial to a successful reintegration process. Although the organization currently offers economic assistance, a significant barrier to sustainable return remains unaddressed; debt. Sarat Dash (IOM Chief of Mission Bangladesh) expressed the important role of debt in his statement *" We place a lot of emphasis on their economic reintegration when they return to minimize the likelihood that they will try to migrate again, perhaps under even more dangerous circumstances, in order to pay off their often considerable debts"*- Debt plays a major role in the returnees ability to establish a stable economic livelihood, prompting many to seek ways to pay back lenders , experience physical insecurity and lead to dangerous journeys abroad where they are exposed to exploitative conditions. As debt is also known to cause mental stress, it has the ability to effect each dimension of sustainable reintegration. However, minimal information on debt among returned migrant currently exists, giving little guidance for programming.

Thus, this project aims to contribute to the sustainable return of migrants through removing financial barriers to economic self-sufficiency upon return. Through conducting a regional debt study, creating and implementing a revolving loan fund and providing financial literacy training, the project hopes to produce reliable data on debt among returned migrants in the region and provide much needed help to debt burdened returnees. Through these results, the project intends to provide the organization with key information to guide future institutional programming and provide access to resources for debt management and relief for returnees.

1. Rationale (400 words maximum)

Debt motivated migration is a major factor in circular migration, unfortunately leading to inhumane journeys that seldom have the ideal outcome. Due to high financial demands from smugglers, large recruitment fees and lower salaries than promised, migrants incur massive debt throughout their journey and often return buried in it. A recent survey by Amnesty International found that the majority of the Nepali migrant workers who participated borrowed over half of their recruitment fees from local moneylenders and received lower wages than promised[41]. Unable to withstand the exploitative conditions, they resorted to asking their families to take out loans for their plane ticket home. A study of the needs of returned migrants in Bangladesh found that debt was the 2nd most common problem facing returnees and only 1 participant had paid his debt off fully. Furthermore, in a study of returned migrants affected by the Andaman Sea Crisis, many participants expressed financial pressure and protection issues due to money lenders "My family sold our house to the middleman, the owner of the ship. Now we have to move out. We are now trying to gather money to buy land. We also sold the CNG we owned. My parents had to pay 3,182 (2 lakh, 50,000 taka) to the dalal to get me back from Thailand." (18 year old male, Cox's Bazar)" These few examples reflect the reality for many migrants.

Debt has an effect on all dimensions of sustainable reintegration, creating a gap in IOM's current programming. In the economic dimension, debt presents itself in the most obvious manner. However, in a study from the Royal College of Psychiatrists found that many adults with debt issues had a consistent feeling of anxiety and low moods.[42] The constant feelings of anxiety can have effects on one's sleep, eventually leading to mental and physical health problems. Furthermore, a sense of belonging, support and network are key for successful reintegration allowing the returnee to access important social services, community activities and reestablish the connection to their country of origin. However, these connections can be tainted if the returnee is too stressed to create meaningful relationships upon return. To aid in the organization's mission to orderly and human management of migration and search for practical solutions to migration problems, debt relief is a natural progression.

2. Project Description (600 words maximum)

The project intends to support a more comprehensive approach to reintegration for returned migrants in Asia and the Pacific through conducting a regional research study on debt and returned migrants and piloting a revolving loan fund to aid returnees with debt relief. The proposed response supports the organization's new endeavors in creating more comprehensive AVRR programming through data collection and expanding current reintegration assistance. IOM's extensive experience in assisting migrants throughout their return and reintegration process and strong relationship with stakeholders across the region make it more than capable to undertake this issue.

[41] See https://www.amnesty.org/en/latest/news/2017/12/nepal-migrant-workers-failed-by-government-exploited-by-businesses/

[42] See "Debt and Mental Health
" https://www.mentalhealth.org.uk/a-to-z/d/debt-and-mental-health

The project will produce the following outcomes:

1. **The organization has access to reliable data on debt in the region and incorporates debt relief into institutional programing**
2. **Returnees have access to resources for debt management and relief**

Output 1.1: *Data on debt among returning migrants in the region is available*

Regional Research Study (Baseline Study)

The study will not only inform the guidelines for implementation of the revolving loan fund, but it will also fill in the gaps on current information regarding the financial situation of returnees upon return. Themes to be covered in the study include protection, types of lenders, relationships between lenders and borrowers, reasons for loan needs, borrowing terms and repayment plans. Data will be collected through in-person structured interviews. The information gathered from this study will also provide evidence of the need of debt related assistance in return and reintegration to relative donors and stakeholders.

Output 2.1 *Returnees are able to utilize loan disbursements and financial management skills to reduce debt burden*

Revolving Loan Fund

The specific parameters of the revolving loan fund and pilot community will be informed by the baseline study. However, ideally, the loan recipient will receive an interest free loan to pay off immediate, outstanding debts that are threatening their path to economic self-sufficiency. After a grace period, the recipient will then begin repayment, which will flow back into the fund, making it self-sustaining over time. The fund can then be utilized by community members in the future to aid in mechanisms to facilitate safe, regular migration such as securing legal documentation or supporting livelihood opportunities within the community.

Output 2.2 *Returnees demonstrate increased knowledge in financial management*

Financial Literacy Training

Financial literacy trainings will be a crucial element of the loan fund. In order for recipients to receive their funds, participation in a financial literacy training will be mandatory. The training will be tailored to focus on debt management including understanding loan terms and savings mechanisms.

3. Partnerships and Coordination (350 words maximum)

IOM will be the primary organization for implementation and management of the project. IOM staff members in target countries in the region will administer the survey and coordinate with local CSOs and NGOs if needed. Once a pilot community is selected for the revolving loan fund, IOM will collaborate with local CSOs to aid in outreach.

4. Monitoring (350 words maximum)

Monitoring will be incorporated throughout the project by IOM staff. Monitoring will occur alongside current AVRR program monitoring, as suggested by the MEASURE framework. In order to collect data on the project indicators, caseworkers will utilize a debt screening survey to track progress on the returnee's situation. In addition, financial literacy trainings will provide an opportunity to monitor program participant's progression.

5. Evaluation (350 words maximum)

An internal evaluation will be conducted after the conclusion of the pilot to determine how effective the project is and what changes the project made in the returnee's lives. Results from this evaluation can be used to advocate for continuation after the pilot and room for improvements. In order to obtain data, information gathered throughout the project through surveys and interviews will be utilized in addition to a final survey to be created.

6. Results Matrix

See Module 2 (Step 9: Preparing the Results Matrix)

	Indicators	Data Source and Collection Method	Baseline	Target	Assumptions
Objective: **To contribute to the sustainable return of migrants in Asia and the Pacific through removing financial barriers to economic self-sufficiency.**	% of returnees who receive a sustainability score of .5 or above	AVRR Sustainability Survey & Scoring System	N/A	At least 60% of returnees who receive assistance have .5 or above score	
Outcome 1.0: **The organization is more informed on debt's role on migrant's lives in the region and incorporates debt relief into institutional programing**	% of IOM staff who report having access to debt data	Survey	N/A		The organization sees debt relief as a beneficial programming option for returned migrants The organization has the capacity to address debt through its programming
Output 1.1: Data on debt among returning migrants in region is available	# of reports published	report	0	1 report published	
Activities that lead to Output 1.1: • Activity 1.1.1 Conduct desk review of existing literature to determine needed data • Activity 1.1.2 Create regional debt survey • Activity 1.1.3 Conduct field research through interviews (IOM staff member) • Activity 1.1.4 Analyze findings • Activity 1.1.5 Disseminate findings within the organization and relative donors					Study is able to reach members of the target population who are willing to participate

Outcome 2.0 Returnees are able to utilize loan disbursements and financial management skills to reduce debt burden	% of returnees who report decreased debt	Survey	N/A	At least 60% of program participants	Returnees use the assistance to pay back debts owed
Output 2.1 Returnees have access to loan fund for help with debt repayment	# of applications to loan program	Loan applications	N/A	30	Returnees are aware of available options
Activities that lead to Output 2.1: • Activity 2.1.1 Utilize study findings to create parameters for loan eligibility, repayment terms and amount • Activity 2.1.2 Select target community • Activity 2.1.3 Conduct outreach to inform community of opportunity • Activity 2.1.4 Screen and select applicants for approval • Activity 2.1.5 Conduct disbursements to recipients					Study is able to produce needed information
Output 2.2 Returnees are able to participate in financial literacy trainings	# of participants % of returnees who show an increase in knowledge of financial management skills % of returnees who **report feeling more capable of handling their financial situation**	Pre- and post -survey for financial literacy training		All loan recipients participate in financial literacy trainings **60%** show an increase in knowledge **75%** feel more capable of handling their financial situation	Returnees are able and willing to attend trainings
Activities that lead to Output 2.2 • Activity 2.2.1 Create tailored financial literacy training to focus on credit, loans and debt management • Activity 2.2.2 Provide training to X amount of participants					

Activity	**Party Responsible**	**Time Frame**																							
		1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**18**	**19**	**20**	**21**	**22**	**23**	**24**
Activity 1.1.1 Conduct desk review of existing literature to determine needed data	IOM																								
Activity 1.1.2 Create regional debt survey	IOM																								
Activity 1.1.3 Conduct field research through interviews (IOM staff member)	IOM/ Partners																								
Activity 1.1.4 Analyze findings	IOM																								
Activity 1.1.5 Disseminate findings within the organization and relative donors	IOM																								
Activity 2.1.1 Utilize survey findings to create parameters for loan eligibility, repayment terms and amount	IOM																								
Activity 2.1.2 Select target community	IOM																								
Activity 2.1.3 Conduct outreach to inform migrants of opportunity	IOM/ Partners																								

Activity 2.1.4 Screen applicants for approval	IOM																								
Activity 2.2.1 Create tailored financial literacy training to focus on credit, loans and debt management	IOM/ Partners																								
Activity 2.2.2 Provide training to X amount of participants	IOM/ Partners																								
Activity 2.2.3 Begin Disbursements	IOM																								

Annex 1: Risk Assessment Plan

The Risk Assessment Plan is an internal document and will not be submitted to the donor, unless requested.

See Module 2 Proposal Development (Step 12 Analyzing Risks and Developing the Risk Assessment Plan).

Risk Factor	Consequence	Likelihood and Timeline	Risk Treatment Plan	
Donors may view debt relief as paying off smugglers and other informal actors directly	2- Limit donor interest	C	Changing the likelihood of the risk	Ensure potential donors understand debt relief is a means of ensuring stable economic livelihoods, helping to combat the very reasons individuals find themselves in exploitative situations
Loan recipients do not repay at all/ not full amount	3- Sustainability is threatened	B	Avoid the risk	Reinforce the importance of the fund for community members and a means of savings for the future, through establishing this connection, recipients will fill more obligated to repay as a member of their community

Loan Fund TOC

Addressing Debt for Returned Migrants in Asia and the Pacific

Problem: Debt is a significant barrier preventing sustainable reintegration upon return for migrants

Inputs

- Regional Debt Survey
- Seed money from x funder
- Existing relationship with local NGOs
- Financial literacy training tailored for returning migrants in the region

Activities

- Conduct Research Study
- Create and implement revolving loan fund
- Conduct financial Literacy trainings

Outputs

- Significant data on debt among migrants in region is available
- X amount is available every month to help community members
- X number of participants receive skills training for financial management

Outcomes

- The organization has access to reliable data on debt in the region and have the knowledge to begin addressing debt into institutional programming
- Returnees have access to resources for debt management and relief

Objectives

- To contribute to the sustainable return of migrants in Asia and the Pacific through removing financial barriers to economic self-sufficiency upon return

Goal

- Decrease in debt motivated remigration

Assumptions

- Study can reach individuals with debt for significant information
- Community members are interested and will apply for revolving loan program
- Community members are interested and will apply for revolving loan program
- Study can reach individuals with debt who are willing to participate
- The organization has the capacity to address the issue
- Returnees are aware of options for debt management and relief
- There are opportunities in the community for income generation
- Returnees do not acquire additional debt/ financial issues requiring remigration