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Development on the Move:

Measuring and optimising the economic and social impacts of migration in Georgia

SUMMARY

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'Development on the Move'

This report on migration in Georgia forms part of 'Development on the Move: Measuring and Optimising Migration's Economic and Social Impacts': a multi-year, innovative and policy-focused research project jointly run by the GDN and ippr. Development on the Move is a ground-breaking project that has gathered new qualitative and quantitative data about the impacts of migration on development. By drawing on comparable evidence from a number of countries, the project has sought to assess how migration affects development and to improve understanding of how policy can maximise migration's development benefits and minimise its costs.

The project would not have been possible without the generous support provided by the Australian Agency for International Development, the Austrian Ministry of Finance, the Finnish Ministry of Foreign Affairs, the Luxembourg Ministry of Finance, the Norwegian Agency for Development Cooperation, the Spanish Ministry of Foreign Affairs, and the UK Department for International Development. However, the views in this paper do not necessarily represent those of any of the project funders.

Other project outputs can be obtained from GDN's and ippr's websites (see above).

The full report, *Development on the Move: Measuring and optimising the economic and social impacts of migration in Georgia*, is available to download for free from www.ippr.org/publicationsandreports

Summary

Migration – both forced and voluntary – has dramatically affected the former Soviet republic of Georgia in recent decades. Correspondingly, interest in the question of how migration affects the country is increasing. However, most of the migration studies about Georgia produced in the last few years have been descriptive only, focusing on the structural characteristics and the causes of migration rather than its developmental consequences. This report aims to fill in some of the gaps in the evidence base by providing the first comprehensive dataset on migration and development in Georgia, and by using rigorous propensity score matching methodologies to assess a range of the impacts that migration appears to be having on the development of individuals and households in the country. It then interprets these findings to draw out some key recommendations for policymakers.

Key findings

1. According to our data, 7.4 per cent of Georgia's current population has experienced some kind of migration: that is, they are either absent migrants or they have migrated and returned, with a roughly equal number in each group. Based on the size of the sample, the number of migrants currently abroad is estimated to be around 140,000. Another 138,000 are estimated to be returned migrants.
2. Men are more likely to migrate from Georgia than women: while the share of men among non-migrants is 48.4 per cent, among migrants (both absent and returned) men constitute just over 60 per cent. Males also start migrating earlier, with our survey indicating that 14.6 per cent of male migrants are aged 18-24, whereas only 5.1 per cent of female migrants fall in this age range.
3. Russia has traditionally been the most important destination for Georgian migrants, and our survey indicates that the number of migrants currently in Russia who left in the last ten years is somewhere around 49,000. However, our evidence also suggests that migration patterns seem to be changing. The countries of Western Europe, particularly Greece, now have a higher share of currently absent Georgian migrants at 40.4 per cent, while 36.5 per cent are currently in Russia. This contrasts with the destination choices of returned migrants (more than 57.3 per cent of returned migrants in our sample had come back from Russia, but just 17.8 from Western Europe).
4. Economic factors dominate in people's reasons for migrating: 73 per cent of currently absent migrants and 60.8 per cent of returned migrants left in the hope of acquiring a stable job and/or earning more money. Meanwhile, 40.6 per cent of currently absent migrants and 21.8 per cent of returned migrants left to study, to learn a language or to acquire other skills. Finally, 36 per cent of absent migrants and 11.2 per cent of returned migrants left for family reasons, including to get married or to reunite with or follow other family members.
5. Remittances are a significant source of income for the Georgian economy, both in absolute and relative terms. Inflows rose tenfold between 2002 and 2008, and now constitute more than a billion US dollars, or 7.8 per cent of GDP. Russia is the most important source of bank transfers into Georgia, accounting for 63.3 per cent of total inflows in 2008 (some US\$630 million). Inflows from Russia are more than six times larger than inflows from the second largest source country (Ukraine, which accounts only for 7 per cent of total inflows). Thus while Russia is increasingly unpopular as a destination for migrants, it is still vital as a source of remittances.
6. From our survey, it appears that around 70 per cent of absent migrant groups remit to their households in Georgia, with most of these remitting fairly regularly. 58 per cent of migrant groups send remittances every year or more often, while approximately 10 per cent remit only on special occasions or in emergencies.
7. The average amount remitted per year is the equivalent of US\$1,470 (compared to an average annual income in Georgia of US\$3,665), but there is considerable variation around

this figure, with a minimum reported amount of US\$67 and a maximum of US\$8,065. It is rare for remitters to send extremely large amounts, with 75 per cent of households having received US\$1,680 or less in remittances during the year preceding the survey.

8. Around 10 per cent of the households in our sample reported receiving remittances from migrants who they do not consider to be members of their household. The amounts sent by non-member remitters vary. 75 per cent of households reporting this kind of remittance receive around US\$670 or less, although the maximum reported amount was approximately US\$13,450. In 37 per cent of cases, remittances from non-members are sent to a specific household member, rather than the household as a whole (compared to only 14 per cent in the case of remittances from household members). It seems as if these funds are mostly sent to help households in emergency situations and with unexpected expenses, rather than as regular budget support.

9. A number of factors affect an absent migrant's propensity to remit, including the length of their absence from Georgia, the destination country they have moved to and their employment status while abroad. Unsurprisingly, the migrants most likely to remit are those who have moved to richer European countries, those who had a confirmed job in their destination country before departing and those working on a full-time (or almost full-time) basis. Our survey found that migrants tend to remit most in their third year away from home, after they have established themselves financially. But after this, the amounts remitted start to decrease.

10. Household characteristics also play a part in determining the level of remittances sent by absent migrants. As expected, migrants are more likely to remit back home if they have left their children in Georgia, if their households are located in rural areas (which tend to be poorer) and if they have frequent contact with families left behind.

11. Overall, 34.5 per cent of survey respondents stated that they spend remittances from migrants absent from their own households differently than they do other sources of household income. 44.4 per cent of households that receive remittances from non-members said this. The most common uses of remittances that are not simply added to household budgets are for healthcare costs, household goods, paying off debts, child support and special occasions, such as funerals and weddings. Few households reported using remittances for direct savings or investments in business and property. Note, however, that reported use of remittances may not tally with actual use – if remittances are spent on healthcare, for example, this might mean that other sources of income do not need to be spent there, and are reallocated.

12. Migration appears to have a mixed impact on certain development indicators in Georgia (as do remittances), though on the whole the effects are positive. For example, our survey suggests that while households in rural areas that receive remittances are less likely to have members in poor health, in the capital Tbilisi the effect is the opposite. Meanwhile, remittances do not seem to have a significant impact on unemployment and the rate of labour force participation, while migration itself has a positive impact on employment rates. So having a migrant depart from your household means you are more likely to be in work, as does having a returned migrant in your home.

13. Migration does not appear to have significantly changed gender roles in Georgia, which remains a very traditional society. However, there is some evidence to suggest that returned females are more likely to perform traditionally male tasks (9 per cent more than the average), while return males are less likely to engage in female tasks. When asked whether more effort is needed to ensure that men and women are treated equally in Georgia, the majority of female respondents agreed or strongly agreed that it was, with return migrant females being particularly supportive (86 per cent of them agreed or strongly agreed, compared with 72 per cent of non-migrant females). Returned females do stand out as the most supportive group when it comes to ensuring gender equality in Georgia, suggesting that their experience of migration might have an impact on their opinions and values.

Policy responses

The literature review, stakeholder interviews and surveys carried out in support of this study have revealed substantial gaps in Georgia's policy framework around issues of migration and development. We therefore make the following three recommendations about where policymakers should focus their attention.

1. Domestic labour market policies

Although the government has succeeded in strengthening the Georgian business environment in recent years, much more needs to be done in terms of creating sustainable employment opportunities. This would reduce the need for high levels of outward migration from Georgia, which our data suggests is driven primarily by the demand for employment and for higher wages. It would also support the reintegration of returned migrants. Some policy innovations to make Georgia more competitive might be to establish vocational schools and training programmes, and to promote the adoption of internationally recognised business ideas and practices.

2. Policies to improve information and assistance for migrants

The Georgian government should improve its collection and dissemination of information on legal migration routes, and should help to organise pre-migration assistance. That could involve the creation of support centres that would gather information on migration programmes and opportunities in destination countries. Preparation is important for a number of reasons, among them the fact that where Georgian migrants have employment arranged in advance they are more likely to remit. Basic language training could also be provided by these centres, as the significant language barriers that exist for many Georgians abroad seem likely to prevent migrants from utilising their skills and education most effectively. Such centres could employ returned migrants who possess the right language skills and the knowledge of such programmes and other aspects of residing abroad (legal, social, cultural and so on).

3. Policies to maximise the benefits of remittances

Given the size of remittance flows entering Georgia, it is vital that policymakers understand what drives these transfers and how families use them. The fact that remittances are mostly spent on basic needs suggests that those who send them from abroad do not feel able to invest them in local businesses. It might therefore be fruitful for policymakers to investigate whether there is scope for the encouragement of pooling and joint investment of assets in community development projects, though careful planning would be required to ensure these projects were attractive to remittance senders and recipients. The government could also help with facilitating remittance transfers. Although the monetary costs of remitting to Georgia are relatively low, there is scope for reducing inconvenience costs, for example by developing technology to transfer remittances electronically rather than requiring recipients to travel to collect them from banks.