

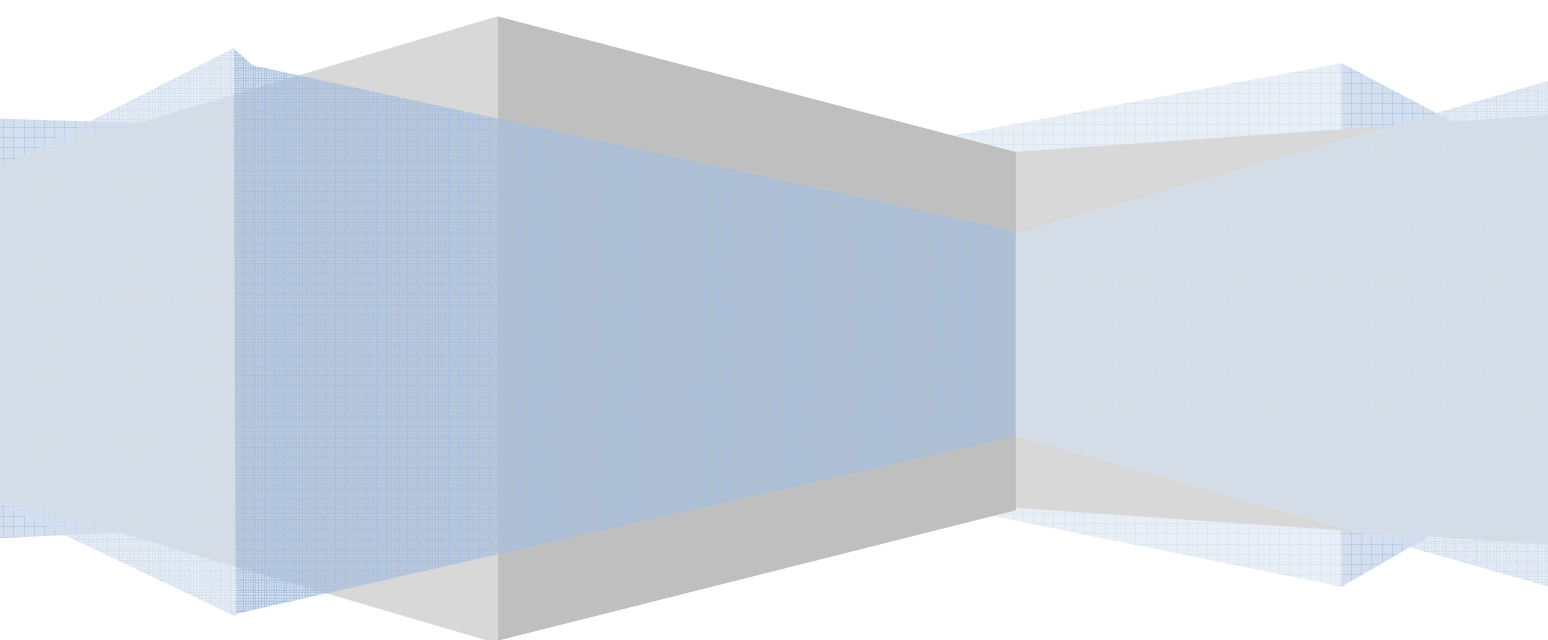
***Report Based on the Study of Remittances and Living Standard  
Measurement Survey (TLSMS conducted in August 2008)***

**ECONOMIC DYNAMICS OF LABOUR MIGRANTS' REMITTANCES IN  
TAJIKISTAN**

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**IOM/TAJIKISTAN**



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## FOREWORD

Tajikistan's political and economic transition, its recent history, low wages, and demographic changes have impacted negatively, almost destructively, the internal labour market and have motivated significant labour migration. This environment works against the development of the Tajikistan's economic sector which is unable to supply adequate employment. It is estimated that more than 600,000 migrants leave the country each year for seasonal work, mostly to Russia, to provide for their families back home. In 2008, remittances from these migrants channelled through official banking systems comprised an estimated half of the national GDP, but the real percentage could be even much higher.

On the positive side, remittances have alleviated poverty (where GDP per capita in Tajikistan between 1995 and 2005 grew almost three times) and provided better lives for those who receive them in good quantities and consistently. However, remittances have also had a negative impact on the development of national production because the influx of foreign currency remitted strengthens the national currency making production less competitive. While during the first five months of 2009 remittances of Tajik labour migrants decreased by 30-35% compared to the same period of the previous year, labour migration and remittances still remain strong social and economic elements in Tajikistan and will remain so in the longer term. Therefore, the study on "The Economic Dynamics of Labour Migrants' Remittances in Tajikistan" that IOM has undergone in 2008 analyzes a contemporary problem that will remain real for the foreseeable future. This study does not include an in-depth analysis of the impact of the global financial crisis on remittances. However, it does provide an outlook on its possible impacts that are already being seen and trends in remittances that will be useful in developing related research.

This study is based on a survey of migrant households from a representative sampling of the country's households in rural areas. It is important not only because it estimates the positive and negative aspects of labour migration and remittances, the impact on the macro and micro levels, but also because it highlights the demographic impact on labour migration, the internal labour market, and environmental degradation. Consequently, labour migration will continue to be one of the main priorities of the Tajik government and other concerned stake holders involved in the regulation of labour migration processes and developmental issues. It is also a key policy issue since labour migration can contribute to positive development by incorporating labour migration into the national development strategy.

The objective of this study is to establish the degree of labour migrant remittances' impact at the individual, micro and macro levels, and on environmental degradation in Tajikistan's rural areas. It will serve as a useful, subject matter source of information for the Government of Tajikistan, international organizations, and all concerned in designing new policies and economic development.

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## LIST OF ABBREVIATIONS

ADB	Asian Development Bank
BoP	Balance of Payment
CPI	Consumer Price Index
CIS	Commonwealth of Independent States
CISSTAT	Commonwealth of Independent States Statistical Agency
DRS	Districts Republican Subordination
DLS	Decent Living Standard
EACH-FOR	Environmental Change and Forced Migration
EC	European Commission
EU	European Union
EUROSTAT	European Statistic Agency
FDI	Foreign Direct Investment
FSU	Former Soviet Union
GDP	Gross Domestic Product
HDI	Human Development Index
HD	Human Development
HEPS	Hydro Electric Power Station
IADB	Inter American Development Bank
IRCLM	Information Resource Centre for Labour Migrants
IDPs	Internally Displaced Persons
ILO	International Labour Organization
IOM	International Organization for Migration
IMF	International Monetary Fund
IUS	Initial Units of Sampling

JRCs	Jamoat Resource Centres
LF	Labour Force
LSMS	Living Standards Measurement Survey
KLSMS	Khatlon Living Standards Measurement Survey
MBAR	Mountainous Badakhshan Autonomous Region
MFI	Micro Finance Institutions
MHA	Migrant Household Associations
MICS	Multi Indicator Cluster Survey
MLF	Micro Loan Fund
MTO	Money Transfer Operators
NBT	National Bank of Tajikistan
NDS	National Development Strategy
ODA	Official Development Assistance
PPP	Parity Purchase Power
PRSP	Poverty Reduction Strategy Paper
RF	Russian Federation
TFR	Total Fertility Rate
TLSMS	Tajik Living Standards Measurement Survey
UK	United Kingdom
USA	United States of America
USD	United States Dollar
USSR	Union of Soviet Socialist Republic
WB	World Bank

## EXECUTIVE SUMMARY

The transition from planned to market economy, changing of political systems, independence, civil war, along with various other factors impacted the age-sex structure of the population and the degree of labour migration. Political, socio-economic, cultural and spiritual crises ambiguously affected the demographic processes (fertility and mortality levels, the volume and intensity of internal and external migration) of the country in a short period of time.

Difficulties faced during the transitional period after the Civil War, heavy socio-economic conditions, limited state budget, the collapse of the Soviet Union integrated economy, and population growth during the subsequent economic downturn served as the main factors which resulted in poor employment potential for Tajikistan. Labor migrants are motivated mainly by low wages and high levels of unemployment (particularly among young people), poverty, collapse of the Soviet planned economic system, the transition to a market one, and the large gap between the rich and poor.

The change of the political and economic systems, beginning with the Tajik Civil War in the early 1990s, gave rise to new migration patterns.

Because of the Civil War, people became refugees and internally displaced (IDP). The spread of IDPs and refugees to other regions inspired the migration of people in the regions to which the IDPs and refugees fled. During the Civil War, 60,000 people were killed. Many of those killed were men, who were between 40 and 50 years old. In 1996, 697,000 refugees fled their homes. Due to measures taken by the Government of Tajikistan, international organizations, and other political movements, 682,800 people returned to their original place of residence. As of September 1, 1997 the number of refugees who did not return to their homes was 14,800<sup>1</sup>.

For the last 17 years, the population increased by almost 27% and GDP per capita decreased by 38.9% in 2005 compared to 1991. Both the growth (decline) of the population and the GDP per capita growth (slowdown) can have an impact on the economic situation and standard of living of the population of the country as a whole. However, it is necessary to mention that the deterioration of the economic situation was mostly connected with the political tensions of the country until 1997 where economic recession was observed with a sustainable population growth that deepened the economic slowdown and level of poverty in the country.

The end of the Civil War (1997) became a turning point that led to the stabilization of Tajikistan's political, social and economic situation. Even the GDP began to increase annually. From 1997 to 2005, Tajikistan went through a period of stabilization. During this period, the GDP increased 89.4%, and the population grew by 20.1%. The relationship between the population growth and the GDP rise in this period allowed for sustainable economic development. If one compares Tajikistan's GDP per capita between 1996 and 2005, Tajikistan's GDP per capita levels increased almost twice. If one compares Tajikistan's GDP per capita between 1995 and 2005, Tajikistan's, the GDP per capita grew almost three times.

Unlike many other developing countries, between 1979 and 2000 Tajikistan experienced a process of de-urbanization, in which the urban population actually decreased by 10%. Such a process can be explained by looking at the migration changes in Tajikistan with respect to other former USSR states. The urbanization and de-urbanization processes in Tajikistan are connected with external migration of the population to other former USSR republics. Until 1976, Tajikistan had a positive net migration rate with other former USSR republics, especially with Russia. Immigrants who came to Tajikistan settled predominantly in urban areas. These immigrants

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<sup>3</sup> Islamov F.S., Migration and its problems in the transitional economy of Tajikistan. PhD theses in economy, 1998

created a dramatic increase in the urban population. Until 1976, many of these immigrants came to Tajikistan to train the local Tajik population in professional specialties.

A high birth rate and rapid population growth during the Soviet period created a large Tajik labor market. Unfortunately, there are not enough employment opportunities to satisfy the employment needs of such a large labour market, which motivate job-seekers to search for work abroad.

During the previous 17 years, Tajikistan's average annual rate of population growth was 2.1%, varying from 2.7% in rural to 0.2% in urban areas. The emigration of Tajiks to other countries, beginning with the Civil War and continuing to this day, is partly responsible for the de-urbanization in Tajikistan. Although in some years the rate is far lower than that explained by the emigration processes of those years that affected the population growth.

From 1913 to 2007, the size of Tajikistan's population increased seven times. From 1897 to 2005, the size of Tajikistan's urban and rural population increased by 20 and 5 times respectively.

Although the total fertility rate (TFR) decreased to 3.3 children per woman in 2003, compared with 5.9 children per woman in 1989<sup>2</sup>, population growth still remains high. Approximately 36% of the population is under the age of 15 which puts demographic pressure on the population structure<sup>3</sup>.

The demographic potential of the country remains significantly high, although recently reduced fertility will further continue to negatively affect the economic development of the country. Even in case of equilibrium between the labour forces supply and demand in the internal labour market, labour supply will still be higher than the actual demand in some districts, cities and regions. Hence, huge labour potential in internal labour market result in an increased level of unemployment that is partly compensated by internal and external labour migration.

At the present time, when the country is still a huge source of labour force, labour migration remains strong; it is necessary to estimate positive and negative aspects of labour migration, as far as to show how the recent growth of many sectors of the economy is predominantly and closely associated with labour migration and migrant remittances. Further population growth will also impact the internal labour market, where the labour force supply will continue to exceed the actual demand; therefore labour migration remains urgent in the medium-term perspective. Consequently, labour migration today continues to be critical. The main concern of the Tajik government should be the regulation of labour migration processes into developmental issue.

Labour migration is not a new phenomenon for Tajikistan. In the recent past, when Tajikistan was part of the former USSR, a large percentage of the country was actively involved in labour migration. Currently, socio-economic and political causes have dramatically increased the number of labour migrants, making labour migration the main type of migration. Nevertheless, labour migration in the past is radically different from the current labour migration; the later is labour migration from one country to another, while the former was within the border of one country, state supported, and part of a Soviet development program.

Labour migration plays an important role in the development processes of any landlocked country with a labour surplus, as it becomes vital for the country's economic system. There will be no effective economic policy without taking into account labour migration. Labour migration became an important part of contemporary life in Tajikistan; in fact, there is no area where labour migration has not left its impact.

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<sup>2</sup> 1989 - 2000 population census data of the RT State Committee for Statistics

<sup>3</sup> Statistic yearbook of the State Statistic Committee of the RT, 2007

Labour migration remains an important element of Tajikistan's economy, absorbing the majority of laborers as well as serving as an important part of Tajikistan's economic functioning<sup>4</sup>.

For many developing countries that transitioned from the planned to market economy and that are experiencing rapid or negative population growth, labour migrants' remittances has become one of the main sources of foreign exchange. For instance, in 2008, Tajikistan was top on the list of remittance recipient countries with 49% of its GDP due to remittances (according to our estimation).

Many studies have been done on different aspects of labour migration as well as on the role and importance of migrant remittances and their impact on the micro (individual, household and community) and macro levels.

Labour migration and migrant remittances' impact on the household economic condition, level of employment, level of labour migration income; yet the impact of labour migration on poverty reduction on the individual, micro and macro levels remain poorly investigated in Tajikistan. Recently, research conducted by the World Bank (WB)<sup>5</sup> and Asian Development Bank (ADB)<sup>6</sup>, Umarov Kh. and Ulmasov R. (2006)<sup>7</sup> in which labour migration issues and the impact of remittances on the social-economic and political life was considered. In 2005 IOM Tajikistan became involved in the study of labour migration and remittances.

A recent study done by IOM Tajikistan in 2005<sup>8</sup>, considered the impact of remittances on the macro and micro levels. It is difficult to summarize the obtained conclusions from this study for the whole country (so far as the study covered just one region – the Khatlon region of Tajikistan) because of difference that exist among the regions on: households size; educational level; marital status; proportion of male and female labour migrants; area of economic activity of labour migrants; and the intensity of involvement in labour migration. However, this study showed the importance of labour migrant remittances and their impact on the living standard of labour migrants' households.

A new project, "Enhancing Development Impact of Remittances and Promoting Legal Migration" was realized by IOM Tajikistan between 2007 and 2008. It was financially supported by the European Commission (EC) and covered 15 target Jamoats in the Southern and Northern part of Khatlon region and Rasht valley of the DRS region. This project had seven main components, one of which was the "Research on the Economic Dynamics of the Remittances in Tajikistan". The suggested study is the logical continuation of the aforementioned previous IOM Tajikistan study and was done within the IOM Tajikistan project, "Enhancing Development Impact of Remittances and Promoting Legal Migration". This study makes a significant contribution to fill the gap in this field. One of the significant distinctions of this study from the previous one is that rural settlements throughout the perimeter of the country were covered and the regional differences in migration intensity (taking into account their impact on the living standard of labour migrants and their households) are considered. Studies at a national level enable to have a general understanding of the economic dynamics of migrant remittances and their role in poverty reduction, at least, among the households with labour migrants. Another important point of the study is the determination of factors affecting the population migration activity and regional comparisons. It allows understanding why the migration intensity is high in some regions as compared to others and which factors is the key.

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<sup>4</sup> Mahmadbekov M. Sh., Khakimov P. Sh., Social protection of Tajik Labour Migrants in the host country., Materials of scientific-practical conference, November 2005, p -88.

<sup>5</sup> [http://siteresources.worldbank.org/INTECA/Resources/257896-1167856389505/Migration\\_Full\\_Report.pdf](http://siteresources.worldbank.org/INTECA/Resources/257896-1167856389505/Migration_Full_Report.pdf).

<sup>6</sup> [http://www.untj.org/files/reports/Remittances\\_FinancialSector\\_TAJ\\_19-Nov-2007.pdf](http://www.untj.org/files/reports/Remittances_FinancialSector_TAJ_19-Nov-2007.pdf)

<sup>7</sup> For more details see: Umarov Kh., Ulmasov R., External labour Migration in Tajikistan, Dushanbe 2006, pp. 88-89

<sup>8</sup> [http://www.untj.org/files/reports/Remittances\\_Report\\_IOM\\_2007.pdf](http://www.untj.org/files/reports/Remittances_Report_IOM_2007.pdf)

The main objective of the present study is to determine the degree of labour migrant remittances' impact at the individual, micro and macro levels in Tajikistan's rural areas.

Specific objectives of the study:

- ⊕ Determination of the relationship between remittances and poverty;
- ⊕ Determination of the role of remittances on education and health of household's members;
- ⊕ Determination of the socio-economic situation in the regions and their impact on labour migration;
- ⊕ Impact of the environmental and socio-economic factors on the volume of labour migration;
- ⊕ Determination of the impact of remittances on individual and community development;
- ⊕ Determination of the role of migration on the demographic behavior of labour migrants' households;
- ⊕ Determination of the ratio between legal and illegal labour migration.
- ⊕ Determination of socio-demographic characteristics of migrants' remitters.

This report accentuates the importance of labour migration and migrant remittances as one of main sources of households' income in rural areas in Tajikistan.

## MAIN FINDINGS

- ✚ **Percentage of households with labour migrants in Tajikistan according to the sample (main strata).** More than 60% of households in 2007 and 74% in an 8 month period had labour migrants. Of the households with migrants, 37% had one labour migrant, 14% and 5% households had two and three labour migrants accordingly. Just 1 % of household had 4 and 5 labour migrants each.
- ✚ **Average number of households with labour migrants.** In 2008 the number of labour migrants per household was 1.2, which was three times higher than in 2003. The number of labour migrants among such households increased by approximately 20 times in Khatlon region, by 7 times in Sughd region, by more than 6 times in DRS; with no changes for MBAR.
- ✚ **Regional differentiation among households with labour migrants.** In MBAR,  $\frac{3}{4}$  households have labour migrants. In Sughd and Khatlon regions and DRS the average age is 56, 67, and 63, respectively.
- ✚ **Migrant sex.** Labour migrants are predominantly male (93.5%), however there are regional variations. For instance, in Sughd region (11%) and MBAR (10%) there are more female labour migrants than in Khatlon region and DRS. In Khatlon there are 3.2% female labour migrants.
- ✚ **Age of labour migrants.** The median age of labour migrants is 32.4 years. Approximately 24% of labour migrants are under the age of 25.
- ✚ **Marital status of labour migrants.** Among labour migrants the percentage of those married is 68% and singles is approximately 28%. Married and single male compile more than 95%, while among the female labour migrants the number of divorced is 3 times higher than among males.
- ✚ **Educational level of labour migrants.** The educational level of labour migrants is very low. Although 73% of labour migrants have secondary education, 10% and 8.2% have only technical secondary and/or higher educational levels respectively.
- ✚ **Labour migrants' area of activity.** Due to the low educational level of labour migrants, migrants predominantly occupy low-paid jobs that require minimum skills. More than half of labour migrants work in construction, where only 7.3% have higher professional qualifications. The remaining labour migrants are employed in the service sector (26%). Labour migrants with university and technical secondary degrees that have their own businesses and who are employers themselves make up 17.7%, while the figure for unemployed labour migrants is 3%.
- ✚ **Household size.** The median household's size in the countryside is 7.65. In Sughd region the median size of households is 4.8 lower than the sample. The household sizes in DRS (8.9), MBAR (8.1) and Khatlon region (8.8) are larger than the sample.
- ✚ **Percentage of labour migrants by regional division.** Last two years have seen a dramatic increase in the number of labour migrants from Khatlon (57%) and Sughd (38%) regions; which has become the reason for the significant increase in the absolute number of labour migrants in 2007-08; these two regions are heavily populated; consequently there is an expected increase in volume of labour migration from these regions. On the other hand, the low level of migration activity from DRS and MBAR shows that these two regions had become active earlier, since 2000.
- ✚ **Recipient countries of labour migrants.** The main recipient country of labour migrants in 2008 was Russia (98%).

- ✚ **Labour migrants stay duration in the host country.** On average, 26% of labour migrants stay more than one year; the average duration of labour migrants stay in the destination country is 8 months (it includes those migrants who stay in the respective host country for lesser than a year). There is also significant regional distinctions on the duration of labour migrants' stay in the host country.
- ✚ **Reasons for Migration.** The main reasons for labour migration are: the search for a job and start of a new job (90%).
- ✚ **Median income of labour migrants before migration.** Median income of the unemployed and employed population before becoming labour migrants was 29.6 somoni (USD 8). The median income of those who remained employed (excluding the number of the unemployed) before labour migration was 108.6 somoni (USD 31).
- ✚ **Median income of labour migrants.** The median monthly income of labour migrants is 1319.7 somoni (USD 387); which has increased by 12 times in comparison to their income before labour migration.
- ✚ **Median amount of remittances per labour migrant.** The median amount remitted per labour migrant in 2007-08 was 3608.2 somoni (USD 1080). The volume of remittances in the Sughd region was 18% higher, and the volume of remittances in MBAR was 30% lower compared to the country level.
- ✚ **Median amount of goods sent back home.** More than 20% of labour migrants sent home a variety of goods, and the value of the goods sent make up 2251 somoni per migrant (for 100% of labour migrants the amount would have been 552 somoni per migrant).
- ✚ **Amount of cash brought in by labour migrants personally.** The median amount of cash brought compiles 2144 somoni (USD 629) (for those who brought by themselves).
- ✚ **Labour migration travel cost:** 2008 statistics vary dramatically from those of 2007. The median amount of labour migrants' travel expenses in 2007-2008 was 1416 somoni (USD 412). Labour migrants' travel expenses in 2008 were between 1600 and 3000 somoni; which was 2 times higher than 2007.
- ✚ **Actual usage of remittances and their initial purposes:** The actual usage of labour migrants' remittances differs from their initial purposes. The primary reason for remittances (90%) was to cover personal consumption; however, actuality only 43% of the money was used for that purpose.
- ✚ **Migradollars expenditure decision-making:** The decision of spending the migradollars is made by the migrants' parents; but if there are no parents the decisions are usually made by the spouses.
- ✚ **Transfer Channels for Remittances.** The highest percentage of remittances transfers is made through official channels (via bank 82%); by friends and relatives (12%); and by other means (6%).
- ✚ **Employment status before labour migration.** Approximately 47% of labour migrants did not work and 30% of them were hired on a temporarily basis. Nearly 14% of labour migrants worked unpaid in family businesses. A high percentage of those who did not work before migration came from MBAR (79.2%) and Sughd region (56.4%), while the highest percentage of workers hired on a temporary basis were from the Khatlon region (34.2%).
- ✚ **Source financing labour migrants' travel.** Main sources to cover labour migrants' travel are earnings from household members and the migrants themselves (76%).

Financial support coming from friends constitutes 13.7% and credits from banks and/or micro credit organization makes up 7.2%.

- ⊕ **Legal status of labour migrants.** The number of legally employed labour migrants (i.e. have permission to work) is 60%. Nearly 10% of labour migrants encountered problems with the law and had to face sentences. While 4% were harassed and approximately the same percentage were deported from the host country.
- ⊕ **Positive aspects of labour migration.** Family financial support and increased income (57%), job-skills and language acquisition (13.5%), real estate purchases (4.3%), and paying off debts (5.4%) are among the positive aspects of labour migration.
- ⊕ **Negative aspects of labour migration.** The main negative aspects of labour migration can be divided into two parts. One group of people does not see negative aspects (44.5%). Another group cites family separation feelings, inability to raise children and not being able to make household-related decisions (39%). Moreover, another negative aspect of labour migration is the break up of the family unit 9.3%.
- ⊕ **Main reason for the return of labour migrants.** Most pressing reasons for labour migrants to come back home were: family care, feeling of loneliness and suffering from family separation (72.5%). Other factors affecting labour migrants decision for return are: low income and lack of adequate jobs (15.1%); health status 6.3%; earning just enough money to be with the family (3.8%).
- ⊕ **Intention to start own businesses.** Those who intended (45% of returned labour migrants) to start their own businesses were mainly interested in the following areas: agricultural (42%), construction and service 12%, trade and transport 12%, and production sectors 6%.
- ⊕ **Stay Duration and share of remittances.** With the increase in labour migrants stay duration in host country, the share of remittances of migrants decreases.
- ⊕ **Impact of remittances.** The impact of remittances on small households is stronger compared to larger households (with households with equal number of labour migrants).
- ⊕ **Remittances and labour migrants' income.** The size of remittances also depends on labour migrants' income, while their income depends on their skill level and full-time employment.
- ⊕ **Relationship between duration of labour migrants' stay in host country and sexual disproportion in labour migrants' donor country.** With the increase duration of labour migrants stay in the host country (among those who are not married) sex disproportion exist in the age of marriage group (especially important in the case of MBAR), and also increasing duration of labour migrants stay in the host country becomes the reason for the inability to raise their children, and in some cases, reason for the disintegration of families (for instance, Khatlon region and DRS).

## CHAPTER I. STATE OF THE ART OF MIGRATION PROCESSES AND PREREQUISITES FOR LABOUR MIGRATION IN TAJIKISTAN

### 1.1 Historical Background of Labour Migration

Labour migration is not a new phenomenon for Tajikistan. In the near past when Tajikistan was part of the former USSR, the population of the country was also actively involved in labour migration. However, presently socio-economic and political causes have dramatically increased the number of labour migrants, making labour migration the main type of migration. Nevertheless, labour migration in the past radically differs from current labour migration; as the later was labour migration and the migration during the Soviet period was within the border of one country, the state supported it, and migration was part of the state development program for the Soviet republics.

During the Soviet period, and within the state programme, many households from Tajikistan were resettled to develop and populate parts of Russia, such as Nechernozemye, Khabarovsk and other Far East territories. Tajiks were also resettled to populate Kazakhstan's virgin regions; build new cities' and railroads (Baikal-Amur railroad) and other infrastructures. In the USSR, young people from Tajikistan went through training schools to enhance their professional and technical capacity<sup>9</sup>.

The main difference between the Soviet-era labour migration and the current migration is that current labour migrants have the right to choose their place of destination, the sphere of activity and can independently make decisions with their families (during the USSR such decisions were made by the state). Moreover, labour migration takes place from one independent state to another; and labour migration-related problems are addressed at an intergovernmental level.

Russia, as the main destination for Tajik labour migrants, has its own reasons for attracting labor migrants: there is no language barrier, and the socio-economic development of Russia meets the Tajik labour migrants' requirements.

Many researchers suggest the idea that if country A has a direct political and socio-economic influence on country B, it gives the impetus for labour migration development; making country A a receiving side and country B a sending one. Migration of Algerians to France but not to Germany support that argument, as Algeria was previously colonized by France. Another example is Turks' migration to Germany, whereas Germany massively attracted labour forces from Turkey in the beginning of 1970s.<sup>10</sup>

The migration of Tajiks to Russia follows the same pattern. The pattern started in 1865, with the colonization of Central Asia by Russian Tsars, and was later strengthened with the creation of Tajikistan within the former USSR; and continued to be solidified by the present political and socio-economic influence of the Russian Federation on Tajikistan.<sup>11</sup>

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<sup>9</sup> Bosc I., Olimova S., Labour Migration from Tajikistan, Dushanbe, 2003., p-12.

<sup>10</sup> Steven Castle & and Mark J. Miller, 1991. "The age of migration", International Population Movements in the Modern World. P-21.

<sup>11</sup> Khakimov P., Mahmadbekov M. – Stages of migration ties between Tajikistan and Russia and further aspects of development. Round table material: "Labour Migration: Information and Analyze of Migration processes in Tajikistan", 16-17 May, 2007, Dushanbe Tajikistan, p-72.

Present statistics show that labour migrants who come from rural areas are predominantly males. According to different estimations, the size of labour migration fluctuates between 550,000 – 1,200,000 per year. The wide range on estimation of the volume of labour migration can be explained by: source of the data; season and year of estimation (since labour migration has a seasonal character).

## **1.2 Demographic and Socio-economic Factors of the Population Migration Activity**

The republic of Tajikistan was rapidly growing in population while belonging to the USSR, at a time when having many children was welcomed, encouraged and subsidized by the government.

Yet, now, it is more important to take into account the qualitative and quantitative change of the population structure of developing countries as well as in transitional countries, like Tajikistan. As the population and development are inversely related, great importance is attached to the size of Tajikistan's population.

The high birth rate and rapid population growth (before the USSR collapsed) caused great labour potential in Tajikistan. Although the total fertility rate (TFR) decreased to 3.3 children per woman in 2003 compared to 5.9 children per woman in 1989<sup>12</sup>, the population growth still remains rather high. Approximately 36% of the population is under the age of 15, which creates demographic pressure on the overall structure of the population<sup>13</sup>.

There is an inverse relationship between the economic and population growth. GDP per capita is an indicator of the economic situation of any country. Besides, considering GDP per capita and the development of the population itself it allows to get an accurate answer about how much these two categories have a close inverse relation.

The population growth annual rate is on average 2.1%, varying from 2.7% in rural and 0.2% in urban areas of the country within the last 17 years (Fig. 1.2.1).

Although in some years the rate is far lower, it is explained by the emigration processes of those years. During the 1991-2005 the Tajik population increased by almost 27% and GDP per capita decreased by 38.9%. Both the growth (decline) of the population and growth (slowdown) of the GDP per capita can have an impact on the economic situation and the standard of living of the population of the country as a whole. However, it is necessary to mention that the deterioration of the economic situation was mostly connected with the political tensions of the country up-to 1997, where the economic recession was observed; and the economic recession and sustainable population growth of those years aggravated the economic condition of the country and deepened the level of poverty.

After the prolonged economic recession, and the decline in social conditions caused by the Civil War, 1997 (the end of the Civil War) became the turning point for the stabilization of the political, social and economic situation, and the GDP began to increase annually. Within this period of stabilization, from 1997 till 2005, the GDP increased to 89.4%, and the population grew by 20.1%. Such a correlation of GDP growth ensured a sustainable economic growth by keeping the population rate growing. Having compared the 2005 data with the 1996 data, it is

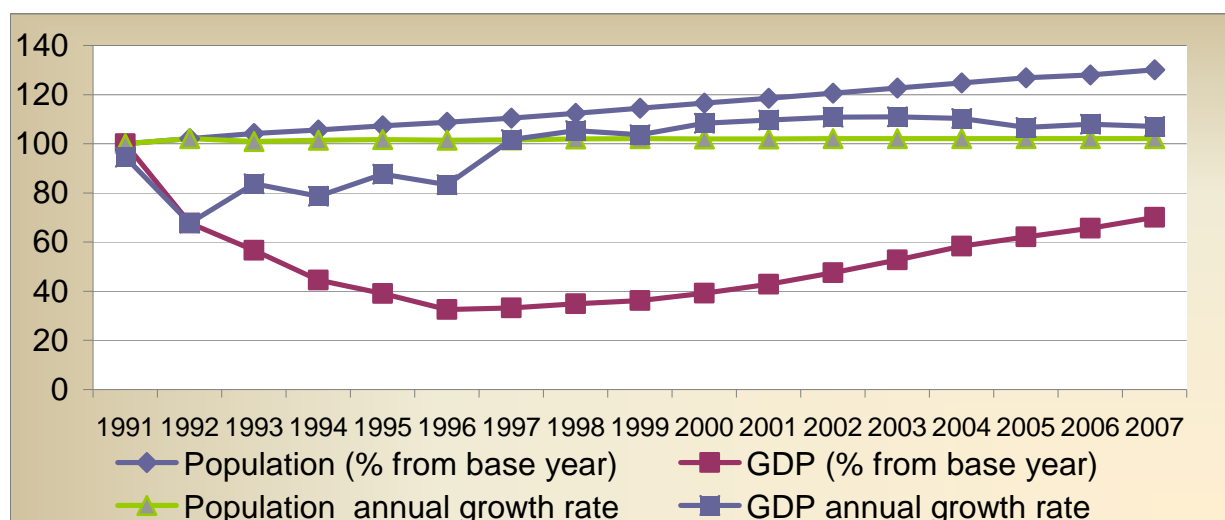
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<sup>12</sup> 1989 - 2000 population census data of the RT State Committee for Statistics

<sup>13</sup> Statistic yearbook of the State Statistic Committee RT, 2007

possible to see that GDP per capita increased almost twice, and as compared to 1995, GDP grew approximately 3 times (Fig.1.2.1).

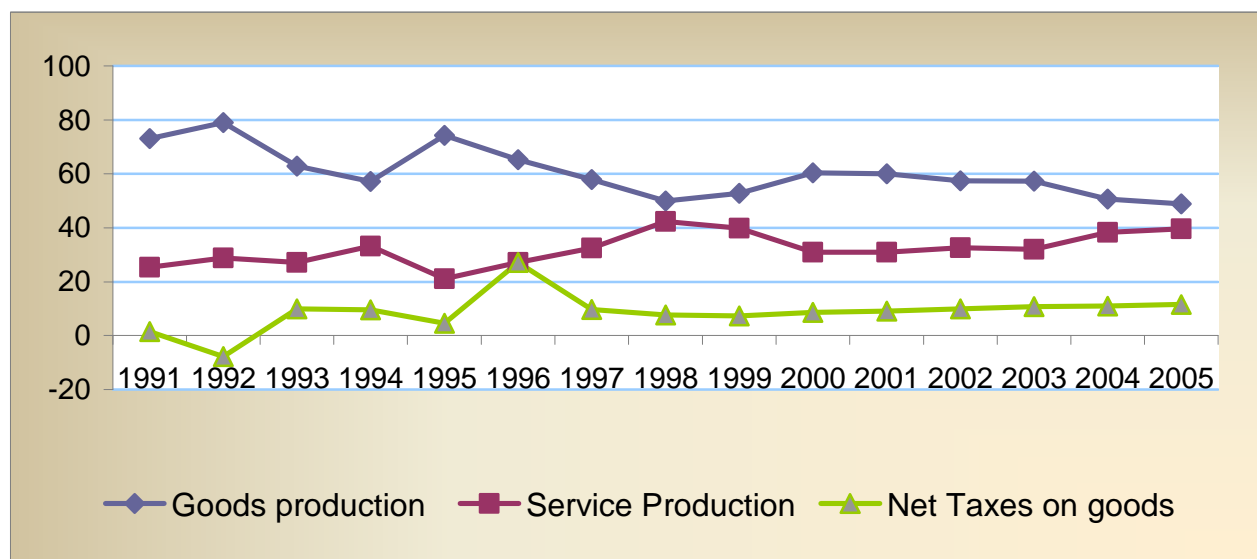
**Figure 1.2.1**  
**Dynamics of Population Growth and GDP per capita in Tajikistan, 1991-2007**



Source: Own calculation based on data from the State Statistic Committee of the Republic of Tajikistan, 1991-2007

However, the GDP structure according to sectors of the Tajik economy clearly shows that against the background of an increase share of trade and service sectors in GDP structure, the share of the production sectors decreases. (Fig. 1.2.2)

**Figure 1.2.2**  
**Tajikistan GDP Structure, 1991-2005**



Source: Own calculation based on the data from the State Statistic Committee of the Republic of Tajikistan, 1991-2005

In general, this indicator is not able to show what is happening, when we look closely at how the income is distributed among all strata of society. This indicator is average and high level of income per capita does not mean that the majority of the population corresponds to this level. It is likely that a big polarization in society exists where more than half of the GDP goes to the minority (the rich) and the majority (the poor) live on the other half at its multiplicity. As is well-

known, younger and elder people are the poorest and most vulnerable than the economically active population.

### 1.3 Migration Activity Political and Ethnic Factors

Changes made in the socio-political life of a country are reflected in the ethnic aspect of migration and have an impact on the ethnic structure of the country. The ethnic aspect of migration is further associated with the outflow of the non-indigenous population from Tajikistan. The international (external) migration has radically influenced the ethnic structure of the population, and was mostly associated with the political events that took place in the early 1990's (see Table 1.3.1).

**Table 1.3.1**

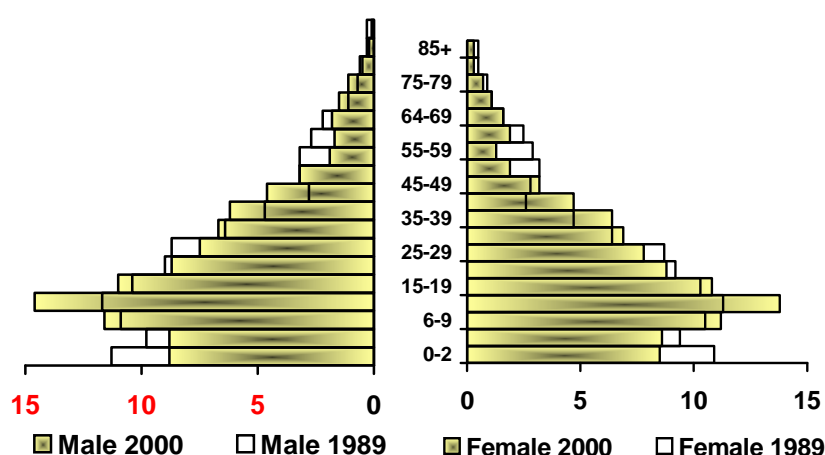
**Migration outflow from Tajikistan belonging to ethnicity, 1989-1999 (intercensal period)<sup>14</sup>**

Nationality	Immigrants		Emigrants		Net migration	
	Number	(%)	Number	(%)	Number	(%)
Russians	35483	33.1	268755	50.1	-233272	51.2
Tajiks	26204	24.4	64973	12.1	-38769	8.5
Uzbeks	19888	18.5	74248	13.9	-54360	11.9
Tatars	7374	6.9	56521	10.5	-49147	10.8
Ukrainians	4057	3.8	27373	5.1	-23316	5.1
Kyrgyz's	3410	3.2	10242	1.9	6832	-1.5
Germans	1372	1.3	41152	7.7	-39780	8.7
Kazakhs	854	0.8	6401	1.2	-5547	1.2
Belarusians	664	0.6	5150	1.0	-4486	1.0
Jews	576	0.5	21556	4.0	-20980	4.6
Azerbaijanis	387	0.4	1582	0.3	-1195	0.3
Total	107331	100.0	536084	100.0	-455753	100.0

The transition from a planned to market economy, the political system change, independence, the Civil War, and many other factors had an impact on the age-sex structure of the population. Political, socio-economic, and cultural-religious crises in society ambiguously influenced the demographic processes (the levels of fertility and mortality, the volume and intensity of both external and internal migration) of the country in a short period of time.

As a result of the non-indigenous population's migration, the median age of which was more than the median age of the native people, caused a decrease in the part of the population age 60 and above, i.e. the part of the population aged 60 and over decreased from 6.1% in 1989 to 5.2% in 2000, a period between the two last population censuses. It is necessary to mention that all those who left the country permanently (in the early 1990s) were mainly married couples, and their outflow did not cause age-sex disproportion of all the population. All factors mentioned above affected the age-sex structure of the population (see Fig.1.3.1 and Table 1.3.2).

<sup>14</sup> Own calculation from: the Monograph and Atlas of the Republic of Tajikistan based on the 2000 Population Census issued by the State Statistic Committee.

**Figure 1.3.1****Percentage Distribution of the Tajik Population by age and sex in 1989 and 2000**

**Source:** Own calculation based on the data from the State Statistic Committee of the Republic of Tajikistan “Population aged group”, Dushanbe - 2000, p -29

As a result of the Civil War, refugees and internally displaced people (IDPs) appeared, and outflows of native and non-indigenous people from the conflict zones, within and outside the country, caused the migration of people of various regions and nationalities.

**Table 1.3.2****Population by age group, Tajikistan, 1989-2007**

Years	Abs. No	Age group							Median age
		0-14	15-59	60+	60-74	75-89	90+	65+	
		In thousand							
<b>1989</b>	5091,0	2186,6	2593,1	311,4	234,0	72,0	5,4	191,9	23,1
<b>2000</b>	6127,5	2616,8	3173,3	337,4	275,2	57,6	4,6	223,9	22,9
<b>2006</b>	6920,3	2566,9	3984,4	369,0	255,9	107,2	5,8	296,2	24,5
<b>2007</b>	7063,8	2572,8	4122,1	368,9	253,3	109,9	5,7	298,3	24,7
		Percentage from total population							
<b>1989</b>	100	43.0	50.9	6.1	4.6	1.4	0.1	3.8	X
<b>2000</b>	100	42.7	51.8	5.5	4.5	0.9	0.1	3.7	X
<b>2006</b>	100	37.1	57.6	5.3	3.7	1.5	0.1	4.3	X
<b>2007</b>	100	36.4	58.4	5.2	3.6	1.6	0.1	4.2	X

During the Civil War 60,000 people were killed, and that affected the male age 40-55 population structure. In 1996 the number of refugees who left their homes was 697,600. Thanks to intensive measures taken by international organizations, the Government of Tajikistan, and other political movements, 682.800 people returned to their permanent residence. As of September 01, 1997 the number of those who did not return was 14.800 <sup>15</sup>.

<sup>4</sup> Islamov, F.S.. Migration and its problems in the transitional economy of Tajikistan. PhD theses in economy, 1998

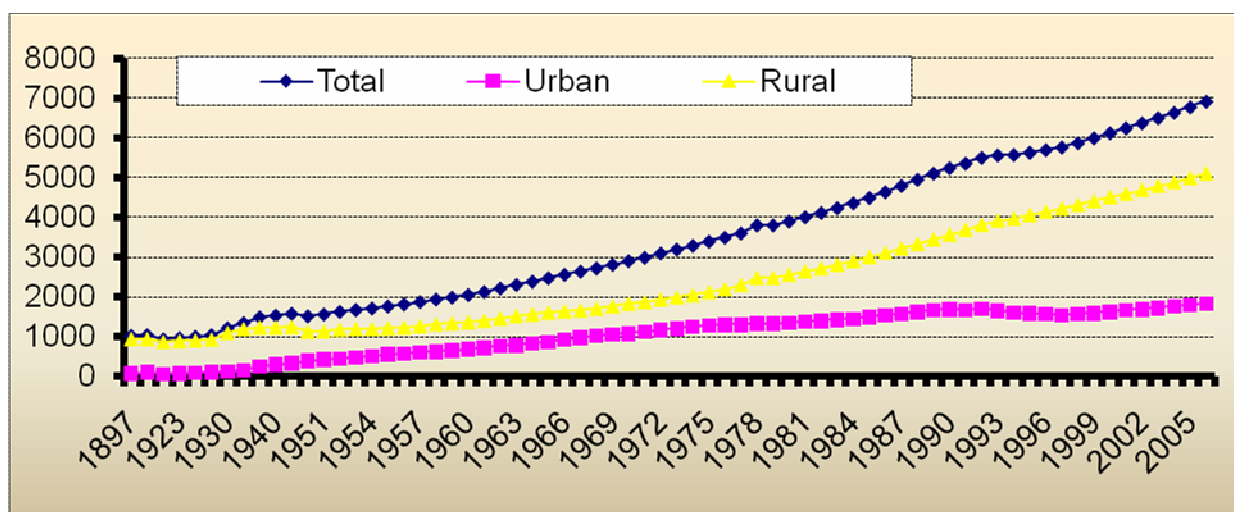
Thus, political and ethnic factors, including competition among regional groups in the early 1990s affected the migration activity of the population. Nowadays the intensity of migration remains higher, compare to the 1980's which is associated with the transition period.

#### 1.4 Urbanization Processes and International Migration

Urbanization processes in the country, took place either increasing or decreasing the urban population and such a process is not seen, probably, in any other country of the world where the de-urbanization process replaced the urbanization process. But such a process can be explained by looking at the migration change of the Tajik population with other former USSR republics, especially with the Russian Federation. The absolute size of the Tajik population increased seven times. The absolute size of urban and rural population in 2005 compared to 1897 increased by 20 and 5 times respectively (Fig. 1.4.1 and 1.4.2).

**Figure 1.4.1**

**Population Growth in Tajikistan, 1897-2005 (in thousands)**

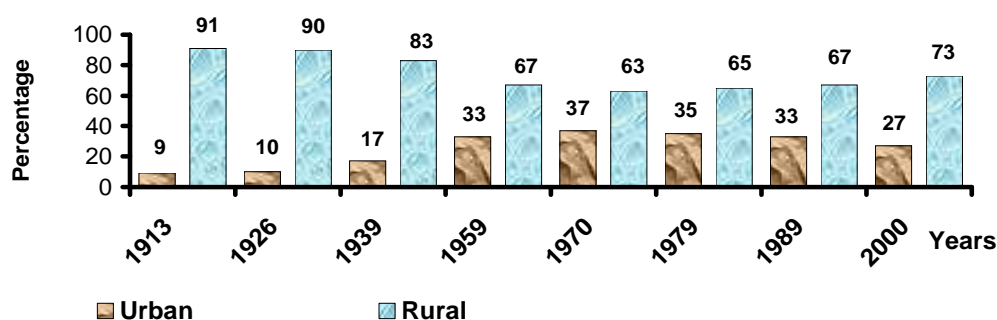


**Source:** Own calculation based on data from the Statistic Committee, Republic of Tajikistan

The urban and rural population has undergone great changes in terms of percentages within the observed period. For instance, at the beginning of the observed period, i.e. in 1913, the percentage of the urban population was only 9% of the total population, while in 2000 it was 27%, i.e. it grew three times. However, the urbanization peak between two population censuses (1970-1979) was up to 37% of the total population; and in 2000 the urban population fell by 10% as compared to 1979.

As mentioned earlier, the urbanization and de-urbanization processes in Tajikistan are connected to external migration of the population to other former USSR republics. Until 1976, Tajikistan had a positive net migration with other former USSR republics, especially with the Russian Federation, which was associated with the development of the country and the shortage of highly skilled specialists among the local population at that time. Besides the high birthrates of the period, the main cause of urban population growth was caused by external migration. The migration growth of the urban population of the country was a consequence of the non-indigenous population that came to Tajikistan to train the Tajik population in professional specialties.

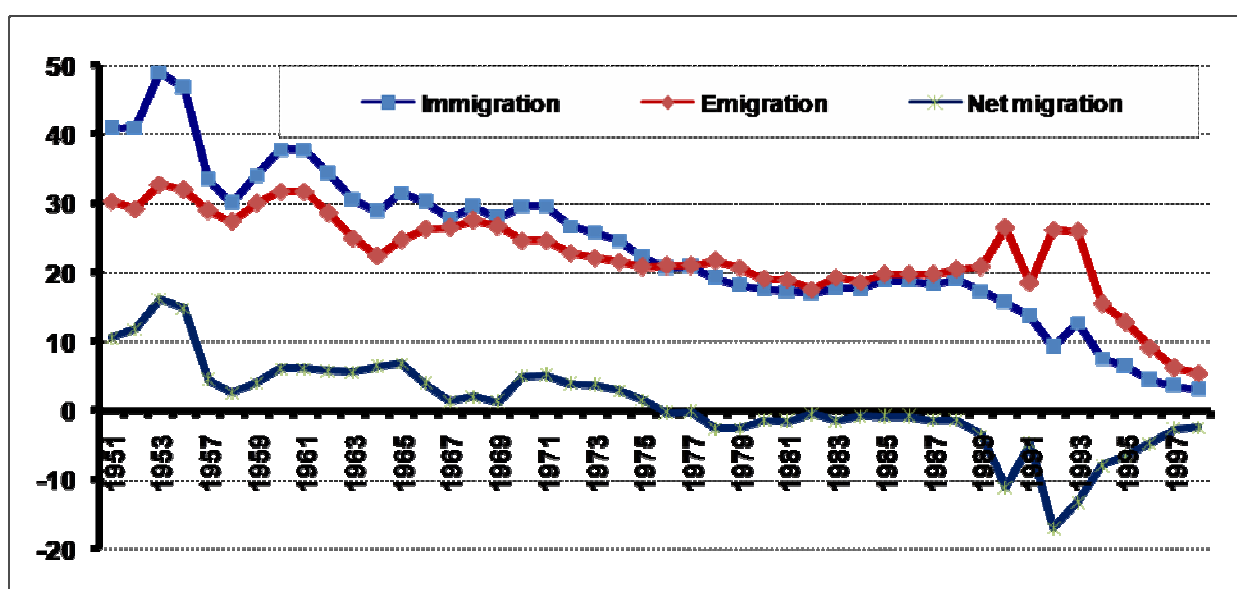
**Figure 1.4.2**  
Population Change in Tajikistan, 1913-2000, Intercensal period (in %)



**Source:** Own calculation based on data from the State Statistic Committee of the Republic of Tajikistan, "Population in Tajikistan in 2000" (2000 population census data)

The emigration process started in 1977 when the training of national specialists began to replace those who came from other USSR republics. For a long period of time Tajikistan had a negative net migration exchange with other republics of the Former Soviet Union (FSU). Hence, one can state that the de-urbanization processes in the country began in the late 1970's and accelerated in the late 1980's and early 1990's, and it is associated with well-known events (i.e. the Civil War) which served as accelerators for the migration outflow of not only the non-indigenous population, but also highly skilled native people from urban areas.

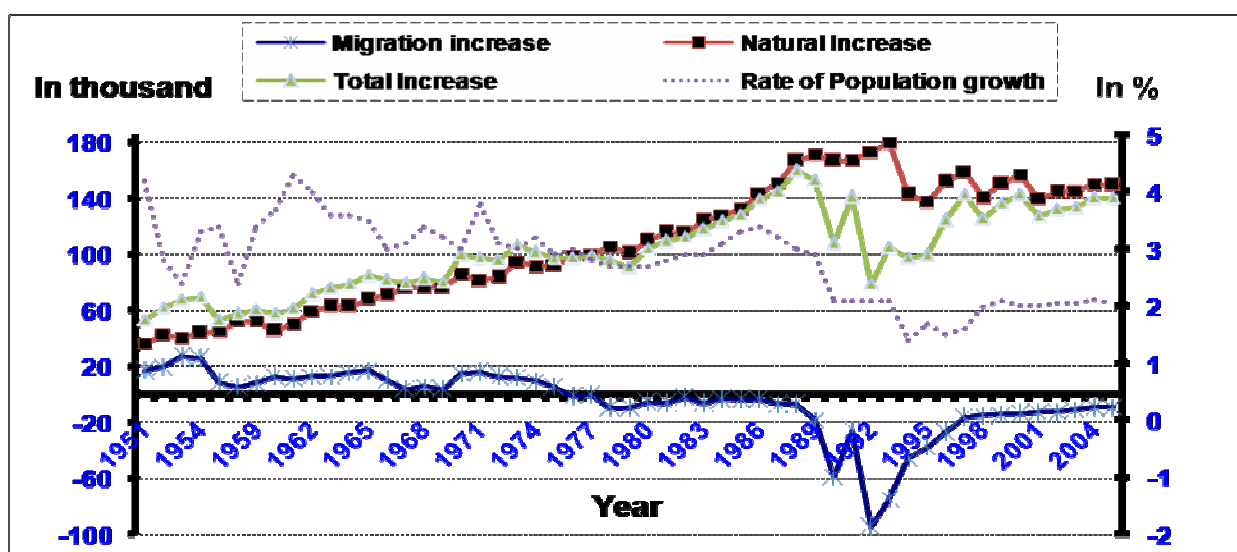
**Figure 1.4.3**  
Impact of International Migration on Urbanization Processes and Population Size in Tajikistan (per thousand)



**Source:** Own calculation based on data from the State Statistic Committee, Republic of Tajikistan. Data of current statistics, 1951-1998

The migration inflow from other FSU republics was the main factor for an increased size of the country population, and had a major impact on the urbanization process, and because of it the outflow of the urban population began to fall (Fig. 1.4.3 and 1.4.4).

**Figure 1.4.4**  
**Growth and Rate Component of Population Growth in Tajikistan, 1951-2005**



**Source:** Own calculation based on data from the State Statistic Committee, Republic of Tajikistan. Data of current statistics, 1951-2005

The changes of the urban population occurred due to external migration, and the high fertility rate caused an increase in the size of the rural population. The demographic potential of the country with a young age structure of population is still high, and migration is an inevitable process caused by the country's economy inability to provide jobs for the economically active population. Even if it were possible for the government to provide people with jobs, due to low wages, people will still be more inclined to seek work abroad.

### **1.5 Labour Potential and Labour Market - Internal versus International Labour Market**

Rapid population growth becomes the reason for increasing the size of the economically active population. Further population growth also impact the internal labour market, where the labour force supply will still exceed the actual demand; therefore labour migration remains urgent in the medium-term perspective.

The rapid population growth has increased the size of the labour force; most of whom could not find work and were forced into labour migration.

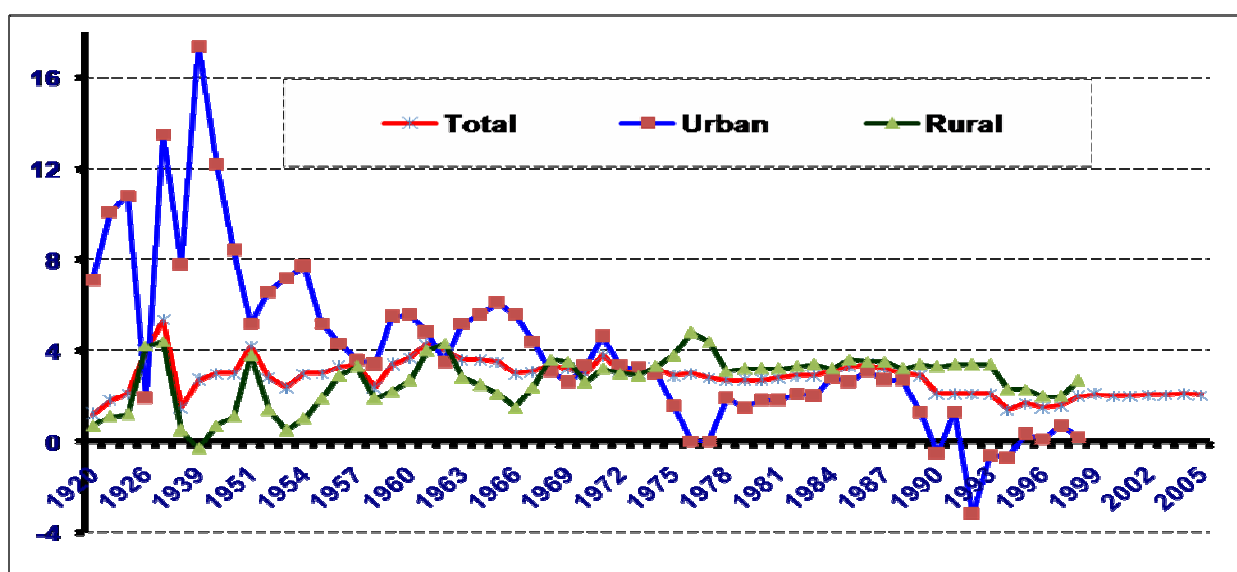
Difficulties faced during the transitional period after the Civil War, heavy socio-economic conditions, limited state budget, collapse of the USSR economy, stable population growth during the economic slowdown were the main reasons for inoperative labour generation potential. The key reasons for forcing people into labour migration are: low wage and high level of unemployment, particularly among the young people; poverty; collapse of previous, Soviet planned economy system and transitioning to a market one; social stratification in society (significant polarization between the rich and the poor ) and more. The change of the political and economic systems, beginning with the Civil War in the early 1990s, Tajikistan's independence, and others, gave rise to new migration patterns.

Labour migration remains an important part of Tajikistan's economy, absorbing the lion's share of the labour potential of the country as well as serving as an important element for the internal labour market functioning<sup>16</sup>.

The country demographic potential remains significantly high, although a recent reduction in fertility negatively affects the economic development of the country. Even in the case of an equilibrium between supply and demand of the labour force in the internal labour market, labour supply will still exceed the actual of demand in some districts, cities and regions. Hence, huge labour potential in the internal labour market results in an increasing level of unemployment, which is partly compensated by labour migration internally and externally. (See Figure 1.5.1).

**Figure 1.5.1**

**Rate of Population Growth by Urban and Rural Division in Tajikistan, 1920-2005, (in %)**



**Source:** Own calculation based on data from the State Statistic Committee, Republic of Tajikistan. Data of current statistics, 1920-2005

Unemployment in any form (registered, unregistered, hidden) is threatening to society, because of its influence on the socio-economic and political situation of a country. From a long-term perspective, reducing fertility and slowing population growth became the reason that in time and significantly increased the size of the economically active population; and which, one time in history, opens the 'demographic window' of a country because of transition from high (rapid population growth) to low fertility (slow population growth rate). In this case, the structure of the population will undergo a significantly shift because of a decreasing demographic pressure where the population under age 15 and the population age 64 and older will reduce considerably. In other words, the share of the population between ages 15-64 several times exceeds the share of population under age 15 and above 64. The shift of the median age of the population is due to reduction in fertility; gradually begin the ageing process due to the reduced share of population under age 15 compare to the economically active population. In this case, the vector of demographic pressure changes from down to up the population age-sex structure.

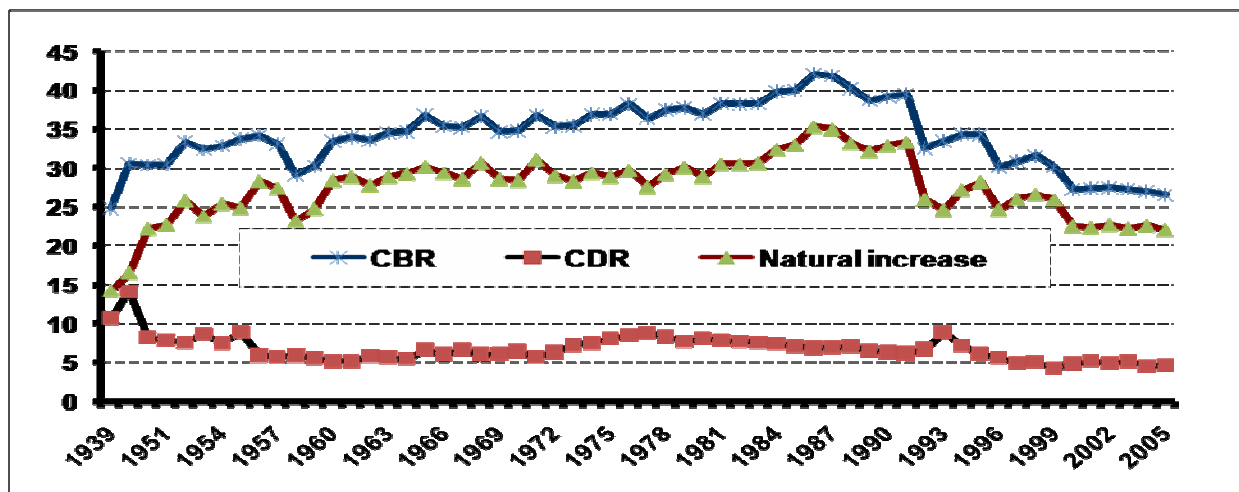
In a short and medium term perspectives reducing fertility (see Figure 1.5.2) can increase the absolute size of labour force by including predominantly women who were traditionally involved in childbearing and childrearing processes, in the labour force as it was done in South Korea. If

<sup>16</sup> Mahmadbekov M. Sh., Khakimov P. Sh., Social protection of Tajik Labour Migrants in the host country. Materials from conference, November 2005, p -88.

this happens, development of the industrial sector and an economic boom is expected. However, this did not realized in Tajikistan because of the traditional and religious characteristics of Tajikistan, characteristics which South Korea did not have.

**Figure 1.5.2**

**Crude Birth and Crude Death Rates in Tajikistan, 1939-2005**



**Source:** Own calculation based on data from the State Statistic Committee, Republic of Tajikistan. Data of current statistics, 1920-2005

The effectiveness of exporting a labour force, several times exceeds the effectiveness of the export of goods. It is necessary to mention that labour migration is vitally important for labour migrants and their households. The most significant contribution to the economy on the micro level comes from the inflow of foreign exchange from remittances.

Labour migration plays an important role in the development processes in any landlocked and country with a labour surplus, as it forms the country's economic system. Therefore, there would be no effective economic policy without taking into account labour migration. Labour migration became an important phenomenon in the contemporary socio-economic life of Tajikistan; in fact, there is no area where labour migration has not left its impact.

The increase in labour potential and urbanization process in a country shows that, economic development and population growth are in close inverse relationship, and in the future, however the population may expand, thus affecting the labour market.

At the present time, when the country remains a huge source of labour force, labour migration stay actual and it is necessary to estimate positive and negative aspects of labour migration, as far as to show recent growth of many sectors of the economy that predominantly and closely are associated with labour migration and migrant remittances. Consequently, labour migration nowadays remains urgent and indisputable, and the main task of the Tajik government should be the regulation of labour migration processes.

## CHAPTER II. MACRO AND MICRO ECONOMIC CONSEQUENCES OF LABOUR MIGRATION AND MIGRANT REMITTANCES

### 2.1 Migrant Remittances and Economic Development

Both, theoretically and empirically, remittances are an important link between migration and the economy. Many empirical studies show that remittances became the reason for an increased level of consumption, investments and savings, and reduced poverty among the households that have one or more labour migrants.

The theoretical and empirical aspects of migrants' remittances can be found in many studies; such as Chami et al. (2003, 2005). These studies touch upon the issues of the macroeconomic consequences of remittances and mechanisms using remittances<sup>17</sup>. The main conclusions can be summarized as: (1) largely money is used for consumption; (2) the other critical (but smaller) amount of remittances are used for saving and investments (in houses, lands and other expenditure, such as house reconstruction) and (3), savings and investments are not always considered productive; as by investing in houses and lands nothing is being produced. Similar conclusions can also be found in this study.

Increases in remittances leads to the decline of labour supply in labour exporting countries and an increase in private consumption, making private consumption a non-tradable good. The increase in demand for non-tradable goods, coupled with higher production costs, results in an increase in the relative price of non-tradable goods, which further causes the real exchange rate to appreciate. The higher non-tradable prices signal higher profitability, resulting in further investment in that sector, culminating in reallocation of labour away from the tradable sector. This resource reallocation effect, eventually causes a contraction of the tradable sector<sup>18</sup>. Moreover, labour migration become the reason for reduction of the labour force supply in the internal labour market in the country of origin of labour migrants; and with less competition in the internal labour market there is an increase in wages.

The important interrelation between migration and development was pointed out by Orozco M. (2005), where the author shows the five main sectors of the economy which undergo development under the impact of migration; having named the 5T, they are: *transfers, tourism, transport, telecommunication and trade*<sup>19</sup>.

Growth in a particular sector (even if it is in the consumption sector) creates forward and backward linkages and may stimulates investment in that sector; which acts as a supply to the consumption sector and others, that serve to distribute the output of the consumption sector. The indirect contribution to the transportation and telecommunication sectors is likely to be very large<sup>20</sup>.

In order to grow economically, people must save and invest; however savings depends on having income. If migrants have low incomes, savings will also be low. Labour migrants with low income, according to the Dual Gap Theory,<sup>21</sup> save and invest less. Labour migration holds poor workers in a vicious cycle.

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<sup>17</sup> Chami et al. 2003, 2005

<sup>18</sup> Acosta et al (2007)

<sup>19</sup> Orozco M., Understanding the remittance economy in Haiti, IA Dialogue - Report. World Bank: Washington, 2006 - isim.georgetown.edu

<sup>20</sup> Hirschman (1977)

<sup>21</sup> Chenery. "Dual Gap theory" (1966)

Remittances tend to increase trade and investment ties between the sending and receiving countries and, as such, stimulate growth indirectly<sup>22</sup>. In other words, remittances from labour migrants – do not just serve as a link between labour migrants and their households, but also build a bridge between the sending and the receiving country.

The “New Economics of Labour Migration” (NELM) argues that decisions pertaining to migration and remittances are not made at the individual but at the household level; where members through collective decision-making processes decide how to overcome liquidity and credit constraints. This is especially true with households that live in countries with great labour surplus, such as Tajikistan; where nearly  $\frac{3}{4}$  of the population resides in the countryside. The households living in those areas have traditional structures and when it comes to making decision in regards to labour migration, they are usually made collectively, taking into account all opinions of the household members.

In recent years several studies recognized remittances to be a stable, counter-cyclical, a countervailing source of foreign capital than volatile and disruptive one, and private capital flows such as portfolio investment (IADB 2004; Orozco 2004a; IMF 2005, WB, 2006a, Schrooten, 2006)<sup>23</sup>.

Recently, in the majority of developing countries, migrant remittances are more than FDI and ODA in terms of size. According to CIS statistical agency data, for 9 months of 2008, Tajikistan was the highest among CIS countries by investments in the national economy, compared to the same period in 2007. The total investments was 77.5%, 70% of which is FDI. Just to compare, Azerbaijan, which is the second one on the list, is behind more than twice (38%)<sup>24</sup>. However, these investments are less than labour migrants’ remittances. For instance, remittances as a part of GDP made up 45.5% in 2007, hence Tajikistan was at the top of the list of countries with such an index<sup>25</sup> (Table 2.1.1).

**Table 2.1.1**

**Workers' remittances, compensation of employees, and migrant transfers, credit (US\$ million)**<sup>26</sup>

	2002	2003	2004	2005	2006	2007	2008e	<i>Remittances as a share of GDP in 2007 (%)</i>
Tajikistan	79	146	252	467	1,019	1,691	1,750	45.5%
Moldova	324	487	705	920	1,182	1,498	1,550	38.3%
Lesotho	194	287	355	327	361	443	443	28.7%
Honduras	718	867	1,175	1,821	2,391	2,625	2,820	24.5%
Lebanon	2,544	4,743	5,591	4,924	5,202	5,769	6,000	24.4%
Guyana	51	99	153	201	218	278	278	23.5%
Jordan	2,135	2,201	2,330	2,500	2,883	3,434	3,434	22.7%
Haiti	676	811	932	985	1,063	1,222	1,300	20.0%
Kyrgyzstan	37	78	189	322	481	715	715	19.0%
Armenia	131	686	813	940	1,175	1,273	1,300	13.5%

*Source: World Bank estimates based on the International Monetary Fund's Balance of Statistics Yearbook 2008.*

<sup>22</sup> Mughal, 2007, IOM study, “Khatlon Living Standard Measurement Survey and Migrant Remittances”.

<sup>23</sup> Cited on Mugal A., IOM,(2007) “Khatlon Living Standard Measurement Survey and Migrant Remittances”.

<sup>24</sup> <http://www.centrasia.ru/newsA.php?st=1226559780>

<sup>25</sup> Source: Ratha et.al. (2007)

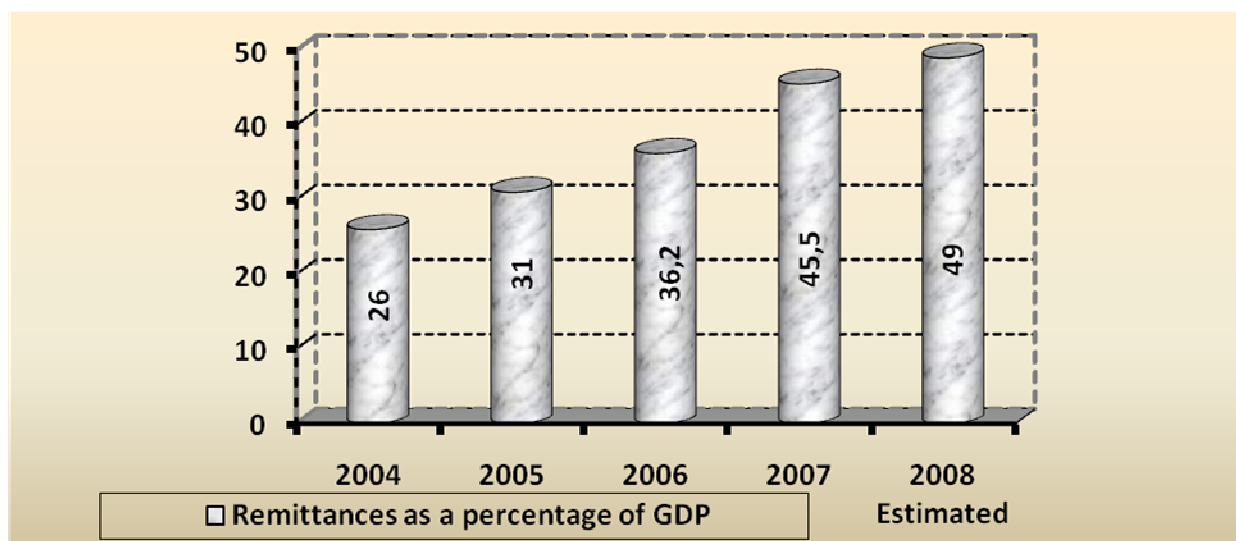
<sup>26</sup> Sum of remittances divided by sum of GDP when remittances data are available. For a discussion on the definition of remittances, see Dilip Ratha, 2003, Global Development Finance 2003, World Bank. "Workers' Remittances: An Important and Stable Source of External Development Finance".

Remittance flows to some smaller and poorer countries, where remittances are a relatively large share of GDP (see box figure 1), are likely to be affected significantly. The rate of growth of remittance inflows to Tajikistan and Moldova (and also the Kyrgyz Republic) is expected to decline in 2009-10; however these flows will remain positive as the remittances-source countries in the region are expected to experience a more modest slowdown compared to the U.S and Europe<sup>27</sup>.

According to World Bank data, emigrants constitute 12% of the total population of Tajikistan and the country was ranked 25<sup>th</sup> among the countries in terms of share of migrants in total population and remained significantly behind Jamaica, which ranked first (39% of population was emigrants). Due to the low educational level of Tajik labour migrants, Tajikistan is not included in the list of countries where the educational level of labour migrants was higher than the average educational level of the population. But for the last three years, Tajikistan ranked highest among countries in terms of remittances' contribution to the GDP (36, 2% in 2006, 45.5% in 2007<sup>28</sup>, and approximately 49% by our estimation in 2008) (Fig.2.1.1).

**Figure 2.1.1**

**Remittances as a percentage of GDP in Tajikistan (2004- 2008)**



**Source:** adopted from Mughal 2007, for our 2008 estimation.

Labour migrants' remittances in absolute terms in 2008 were two and four times as much compared to the money transferred in 2006 and 2004 respectively. The National Bank of Tajikistan's data shows that the size of remittances in 2008 is USD 2.66 billion. However, it is necessary to mention here the two key parts where the amount increases and the money inflow is affected. First, money transferred via formal channels (banks and MTO – money transfer operators) increased. It was possible because of the development of these systems, and low interests rate for remittances, systems that are safe. Second, as the data from our survey shows, the number of labour migrants increases every year, which affects the amount of money transferred. Remittance flows may decline in 2009, which is associated with the economic slowdown and the reduction of jobs in the host countries.

As the current survey results show, 18% of remittances take place via couriers or are brought by migrants themselves. If the money transferred via the mentioned channels is taken into account, the amount of money transferred will be considerably high, but it should be kept in mind that labour migrants have travel and living (where they work) expenses, and in 2008 each migrant

<sup>27</sup> Dilip Ratha, Sanket Mohapatra and Zhimei Xu, November 11, 2008 Migration and Remittances Team Development Prospects Group, The World Bank p-11 .

<sup>28</sup> Migration and Remittances: Top 10, 2005, The World Bank.

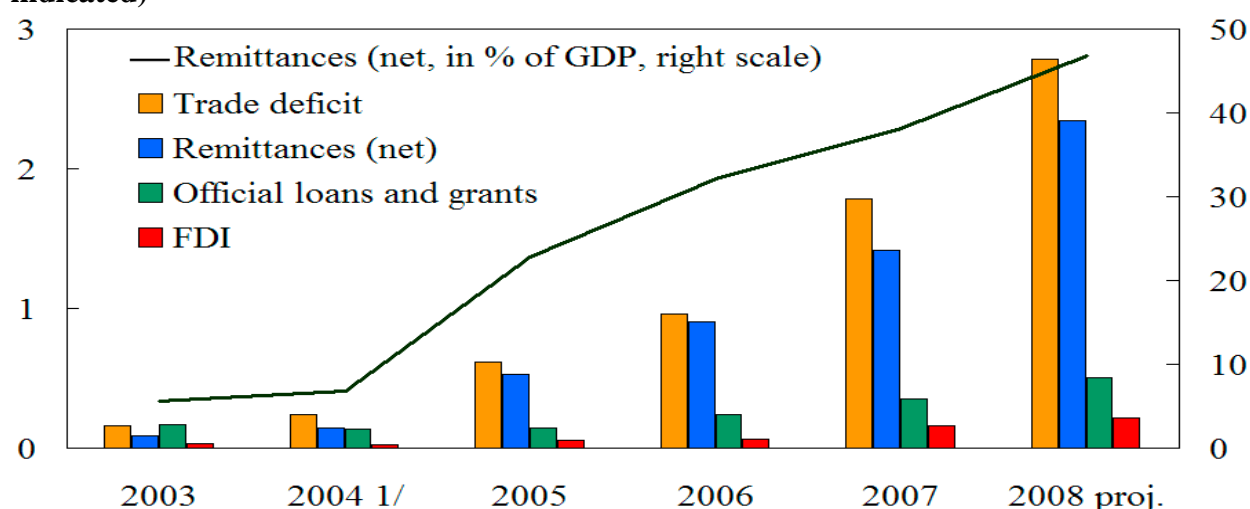
spent on average USD 1000 to return home. Based on the data above, and taking into account average household expenses, it is possible to estimate (4.5 persons in urban; 6.5 persons in rural; and 5.8 persons for the total country population) that the amount remitted by labour migrants was on average USD 285 per capita at the country level. Of course, not all labour migrants from every household and not all households have labour migrants, and due to a lack of more accurate data from urban and rural areas, it is only possible to get a rough average estimation for the total population.

Remittances to Tajikistan through official channels increased during the last few years (2004-07), and it was 1.75 times more in 2007, its contribution to GDP of the country also increased compared to 2004<sup>29</sup>.

Remittances are more stable than export earnings and less “evaporable” than foreign direct investments (FDI)<sup>30</sup>. For the last five years (2003-08) remittances increased 10 times and made up 49% of GDP of the country, according to our 2008 estimation, but it is notable that, according to the present study data, remittances via official channels made up 82%, while in 2003 a considerable part of remittances were made through unofficial channels. In the beginning of the century, in most literature, migrant remittances are second in terms of income from foreign sources, after direct investments and official financial assistance and grants. While nowadays, for most developing countries, the volume of remittances exceeded FDI and Overseas Development Assistance (ODA) received from donors. For instance, in 2008 in the Republic of Tajikistan, remittances were 10 and 5 times more than FDI and ODA (see Fig. 2.1.2).

**Figure 2.1.2**

**Remittances and Trade Deficit, 2003-2008 (in billions USD, unless otherwise indicated)**



Sources: National authorities; and staff estimates.

1/ Data net of \$250 mln. of debt-equity swap with Russia.

**Adopted from:** IMF Country Report No. 08/382, December 2008, Republic of Tajikistan: First Assessment under the 2008 Staff-Monitored Program.

Issues estimating remittances flows according to the BoP (balance of payment) terms is extremely important, since the estimate mentioned above is an assessment and a methodological analysis of the consequences of labour migrants' remittances impact on the country's economy. Without a reliable estimation of remittances' volume, authorities fail to objectively assess the

<sup>29</sup> Mughal A., IOM, (2007) “Khatlon Living Standard Measurement Survey and Migrant Remittances”, for our 2008 estimation.

<sup>30</sup> Mughal A., IOM (2007) “Khatlon Living Standard Measurement Survey and Migrant Remittances”.

efficiency of measures being taken on the stimulation of remittances into the official financial sector and use of migrant remittances for structural changes in the economy.

Labour migrants form an essential portion of the GDP in host countries. “According to an expert’s estimation, 6-8% of GDP of the Russian Federation (RF) is made by labour migrants”, says A. Kuznetsov, deputy director of the RF Federal Migration Service<sup>31</sup>. On the other hand, World Bank’s estimations, based on IMF data, show that the amount of remitted means, considering the Russian Federation (RF), in 2007 made up only 1.4% of GDP, which is 4-5 times lower than the contribution of labour migrants to the RF economy (Table 2.1.2). Hence, this is one of the grounded reasons to state that migrants’ recipient countries benefit significantly from labour migration. Moreover, Russia is currently faced with an ageing population problem and scarcity in their labour force, therefore labour migration remains urgent as well, which partly compensates for the scarcity of their labour force due to labour migration of Russians to other countries. Additionally, labour migrants make considerable contributions to the social security of the Russian population such as, employment tax-deductions paid by those registered labour migrants, whether or not they are citizens. In other words, they contribute to the Russian social security system which is based on the Pay-as-You-Go system.

**Table 2.1.2**

**Workers’ remittances, compensation of employees, and migrant transfers, debit (USD million)**

	2002	2003	2004	2005	2006	2007	<i>Remittances as a share of GDP, 2007 (%)</i>
Luxembourg	4,011	5,077	6,000	6,627	7,561	9,281	<i>19.6%</i>
Lebanon	2521	4081	4,233	4,012	3,498	2,845	<i>12.0%</i>
Sierra Leone	3	3	3	2	35	136	<i>8.6%</i>
Bahrain	872	1,082	1,120	1,223	1,531	1,483	<i>6.6%</i>
Kyrgyzstan	57	55	82	122	145	220	<i>5.8%</i>
Oman	1,602	1,672	1,826	2,257	2,788	3,670	<i>5.8%</i>
Saudi Arabia	15,854	14,783	13,555	13,996	15,611	16,068	<i>4.3%</i>
Switzerland	9,223	11,411	12,921	13,324	14,377	16,273	<i>3.4%</i>
Russia	2,226	3,233	5,188	6,989	11,438	17,716	<i>1.4%</i>
United States	36,126	36,545	39,347	40,635	43,922	45,643	<i>0.3%</i>

**Source:** World Bank staff estimates based on the International Monetary Fund's Balance of Statistics Yearbook 2008.

The sum of remittances divided by the sum of GDP, when remittances data is available. For a discussion on the definition of remittances, see Dilip Ratha, 2003, Global Development Finance 2003, World Bank. "Workers' Remittances: An Important and Stable Source of External Development Finance".

On the other hand, there is no unanimity among researchers on the positive correlation between migrant remittances and economic development in the labour exporting country.

The first group of scholars state that there is no correlation between these two variables (for instance see, IMF, 2005).

<sup>31</sup> <http://www.centrasia.ru/newsA.php?st=1225967160>

The second group of scholars discusses the negative correlations between these two variables. For instance, Chami et al (2003), by using panel data from 113 countries for the last three decades, has revealed negative correlations between remittances and economic growth, i.e. those who receive remittances are not motivated to work.

There are many researchers who find positive correlations between migrant remittances and economic growth including Solimano (2003), Giuliano and Ruiz-Arranz (2005), Mundaca (2005), Umarov Kh. and Ulmasov R. (2006), Sultanov Z (2008)<sup>32</sup>. According to Umarov Kh. and Ulmasov R. (2006), remittances sent to Tajikistan exceeded the budget spending on the social sphere by 3.4 times. Such remittances play multiple functions compared to the budget means to solve social problems, since only 47% of the state budget is spent for social needs. This is the only way to explain how contributions from labour migrants exceed the contribution made by the government to support all kinds of social enterprises and institutions<sup>33</sup>. Studies by Giuliano and Ruiz-Arranz (2005), and Mundaca (2005), show that, the impact of remittances on economic growth can depend on the level of financial development in the labor migrants' country of origin. Using a panel data of more than 100 countries for the period of 1975-2003, Giuliano and Ruiz-Arranz (2005) show that remittances help promote growth in developed countries. They argue that this evidence compensates for the lack of development of local financial markets, as remittances are not used to ease liquidity constraints or to channel resources towards productive uses that foster economic growth.

The disagreement among scholars on estimating the impact of migrants' remittances on economic development has an explanation. Scholars adherent negative correlation between these two variables is probably right (but this may be a unique case) if considering the impact of remittances on the micro-level (households and communities), hence it is not necessary to take into account their conclusion as appropriate before testing in other studies. On the other hand, scholars' adherent positive correlation between migrant remittances and economic development is completely right on the macro-level. Hence, migrant remittances positively impact at least the following economic sectors (namely 5T): *transfers; tourism, transport; telecommunication and trade*<sup>34</sup>. Although the positive impact of migrants' remittances are significant in other sectors of the economy such as construction, service, small business, education, health sectors and others. However, remittances negatively impact industrial and agricultural sectors (at least become obstacles for the development of these sectors) of labour migrant exporting countries.

## 2.2 Macro-economic Consequences of Labour Migration and Remittances

After several years of strong growth, remittance flows to developing countries began to slowdown in the third quarter of 2008. This slowdown is expected to deepen further in 2009 in response to the global financial crisis, although the exact magnitude of the slowdown (or complete decline in some cases) is hard to predict given the uncertainties of global growth, commodity prices, and exchange rates. The first wave of the financial crisis negatively influenced the migrants' streams to host countries. For instance, in the UK, immigration from Poland in the summer of 2008 was at its lowest level since 2004 – down 36 per cent from 2007 – and brought an overall decline in immigration to the UK<sup>35</sup>. The second wave of the financial crisis is connected with the first one, where remittances went down. In nominal dollar terms, officially recorded remittances' flows developing countries are estimated to reach USD283 billion in 2008, up 6.7% from USD 265 billion in 2007; but in

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<sup>32</sup> Sultanov Z., Macroeconomic consequences of Migrant Remittances in the Republic of Tajikistan., Institute of Demography Academy of Sciences (unpublished report 2008).

<sup>33</sup> For more details see: Umarov Kh., Ulmasov R., External labour Migration in Tajikistan, Dushanbe 2006, pp. 88-89

<sup>34</sup> Orozco (2005)

<sup>35</sup> DRC on Migration, Globalization and Poverty, February 2009 No.17 "Migration and the Financial Crisis: How will the Economic Downturn Affect Migrants?"

real terms, remittances are expected to fall from 2% of GDP in 2007 to 1.8% in 2008. This decline, however, is smaller than private or official capital flows, implying that remittances are expected to remain resilient in relation to many other categories of resource flows to developing countries. In 2009, remittances are expected to fall by 0.9% (or in the worst case, no more than 6%)<sup>36</sup>.

As mentioned in an IMF report based on the data provided by the Government of Tajikistan, economic developments in 2008 are generally favorable, despite a severe winter and difficult crop season. Real GDP growth is likely to reach 8% in 2008 (revised upward from 5% from the initial estimation), mainly driven by remittance-financed demand in the services and construction sectors, and non-cotton agricultural production. Inflation has receded from its August peak, and is projected to decline to 16% annually in December 2008, helped by the recent cutbacks in international food and fuel prices. The balance of payments showed a surplus through September 2008, largely because of an increase in remittances by 70% over the same period in 2007. As in IMF staff projects, real GDP growth will slow to 5% at best in 2009, but with risks to the outlook being largely on the downside. In particular, remittances could be affected more severely than what was predicted with decline in absolute terms. Inflation is projected to slow in 2009, following the expected decline in international commodity prices<sup>37</sup>.

Further we discuss the positive and negative aspects of the impact of labour migration and migrant remittances on some sectors of the Tajik economy.

### **2.2.1 Impact of Migrant Remittances on the Consumer's Market**

Migrants' remittances have both a negative and a positive impact on the economy of Tajikistan. The negative impact of remittances on the national economy can be seen on internal producers. The goods they produce are competitive neither in external nor in internal markets that was caused by the dollarization of the economy and strengthening of the national currency against foreign exchange. Because of the decline in migration flows caused by the global financial and economic crisis, low amounts of remittances were received which were the cause for the development of national production against the depreciation of the national currency (caused by the scarcity of foreign exchange in the internal market due to low level of remittances inflow as well as low prices and demand in the world market for the essential goods exported by the country, such as cotton and aluminum).

An important aspect of migrant remittances is the depreciation of foreign currencies in the internal migrants' remittances recipient country market. In other words, the appreciation of the national currency against the foreign exchange in turn, causes high prices in the internal market (expensive life) due to high prices of consumer goods which also can be seen in Tajikistan. According to the CIS States Statistical Agency (CISSTAT) 2007 data, in Tajikistan the CPI rose by 21.5% as compared to 2006. For 9 months in 2008, the CPI rose by 30.8% as compared with the same period in 2007 which was higher than in any other CIS countries. The CPI increase for foods and nonfood items as well as services made up respectively 14.5%; 4.4%; 21.2% in 2008 (see Table 2.2.1).

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<sup>36</sup> Dilip Ratha, Sanket Mohapatra and Zhimei Xu, November 11, 2008 Migration and Remittances Team Development Prospects Group, The World Bank.

<sup>37</sup> IMF Country Report No. 08/382, December 2008, Republic of Tajikistan: First Assessment under the 2008 Staff-Monitored Program.

**Table 2.2.1**  
**Main Macroeconomic Indicators of Tajikistan (1995-2007)**

	as % of the previous year												
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Gross domestic product</b>	87.6	83.3	101.7	105.3	103.7	108.3	109.6	110.8	111.0	110.3	106.7	107.0	107.8
<b>Industrial production</b>	86	76	98	108	106	110	115	108	110	115	110	105	109.9
<b>Agricultural production</b>	84	91	100.2	106	103	113	107	117	109	111	102	106	106.5
<b>Capital investments</b>	...	...	...	...	...	...	...	...	...	150	112	170	203.6
<b>Freight carried</b>	74	71	105	126	89	105	100.8	99.3	121	117	115	110	116.7
<b>Retail trade turnover</b>	77	94	109	109	104	79	102	118	125	123	110	111	105.2
<b>Industrial producers price index</b>	376	355	178	130	144	144	127	109	115	117	99.0	122	118.4
<b>Consumer price indices</b>	543	370	172	143	126	124	137	110	117	107	108	112	121.5
<b>Export to CIS countries</b>	272	132	82	74	155	119	57	89	74	115	112	105	123.0
<b>Export to other countries</b>	124	88	108	83	95	110	107	125	120	115	97	166	102.2
<b>Import from CIS countries</b>	205	80	126	93	115	109	96	102	109	129	112	127	138.1
<b>Import from other countries</b>	106	86	94	99	56	78	130	116	163	148	112	134	149.7
... data missing (not presented).													

Source: CISSTAT

In our opinion, one of the main reasons for the increasing volume of labour migration during the last few years is associated with the increasing CPI in internal market. This was an outcome of the purchasing-power parity (PPP) of the population that decreased against of increased CPI among those households that did not have labour migrants. Consequently, it served as an accelerator for labour migration. In other words, the living standard households' falls against the increased CPI and, as a result, some members of these households are included into labour migration. In this case, if access to labour migration is not equal among people with different educational backgrounds, the poverty gap widens between households with labour migrants and those without them. In the case of Tajikistan, the equal access to labor migration is evident because most labour migrants have just secondary education and visa-free regime availability for the destination country (Russian Federation), therefore labour migration does not become a reason for inequality, and does not deepen poverty among households without labour migrants.

## 2.2.2 Impact of Labour Migration to Development of Transportation Sector

The growth of the construction, aviation, and services sectors (the sectors that have most contributed to the growth of the economy as a whole) cannot be dissociated from migration of workers and the massive inflow of remittances<sup>38</sup>. The confirmation of the aforementioned statement that can be seen in the number of passengers transported in 2007 in Tajikistan by 2.7 times compare to 2000<sup>39</sup> (see Table 2.2.2).

**Table 2.2.2**

**Volume indices of Passenger Transportation by Transport Enterprises (2001-2007)**

	2001	2002	2003	2004	2005	2006	2007
	<i>As Percentage of the previous year</i>						
Azerbaijan	103	99.9	103	104	105	106	108
Armenia	114	103	111	107	110	113	102
Belarus	102	96	91	96	99	98	103
Georgia	99.4	102	101	101	102	...	...
Kazakhstan	129	108	98	106	106	107	105
Kyrgyzstan	100.8	93	102	103	98	102	104
Moldova	65	133	106	104	103	100.5	100
Russia	97	94	95	99	76	88	89
Tajikistan	115	120	131	133	117	99	111
Ukraine	98	100.7	100	104	103	100.5	99.7
CIS average	<b>99</b>	<b>96</b>	<b>96</b>	<b>101</b>	<b>88</b>	<b>95</b>	<b>96</b>
	<i>As percentage of 2000</i>						
Azerbaijan	103	102	106	109	115	122	132
Armenia	114	118	131	140	154	185	190
Belarus	102	97	88	85	84	82	85
Georgia	99.4	102	103	104	107	...	...
Kazakhstan	129	140	138	145	153	164	173
Kyrgyzstan	100.8	93	95	98	96	98	102
Moldova	65	86	91	94	97	97	97
Russia	97	92	87	86	66	58	52
Tajikistan	115	138	180	240	281	278	310
Ukraine	98	99	99	102	105	105	105
CIS average	<b>99</b>	<b>95</b>	<b>91</b>	<b>92</b>	<b>81</b>	<b>77</b>	<b>74</b>

Source: CISSTAT

## 2.2.3 Impact of migrant remittances on the industrial sector

The increase in volume of foreign exchange due to Tajik labour migrants' remittances makes it possible to strengthen the national currency and stabilize the exchange rate. The negative impact of remittances on the national economy can be seen with internal producers. The strengthening of the national currency has a negative impact on the development of the national production

<sup>38</sup> Mughal, 2007, IOM study, "Khatlon Living Standard Measurement Survey and Migrant Remittances".

<sup>39</sup> CISSTAT, Volume indices of Passenger Transportation by Transport Enterprises, Tajikistan (2001-2007)

sectors, since the produced goods become uncompetitive both in the external and internal markets. This is a result of the appreciation of the national against the foreign exchange under the influence of migrant remittances. However, the decline in migration flow in response to the global financial and economic crisis expected in 2009 and, as a consequence, the decreasing amount of remittances, may become the reason for the development of national production (if some measures are taken by the government) against the background of the weakening national currency caused by the scarcity of foreign currency in the internal market. This was a consequence of the low level of remittances inflow as well as low prices and demand in the world market for the essential goods exported by the country, such as cotton and aluminum. The impact of the world financial crisis on Tajikistan's economy is significant, since the receipt of currency means the country's budget decreases at the expense of labour force export and that has a negative effect on the BoP of the country, most likely in 2009.

Therefore, export may increase and that means a positive difference in the country's balance of payment. These factors positively affect the labour market, and the goods and services produced by the new subjects of the economic activity contribute to the satiation of the market with all positive consequences. The state, in turn, may increase the real social expenditure from the budget by not decreasing the social expense items, but enhancing their effectiveness.

Undoubtedly, the huge and stable remittance flows (as in many other recipient countries of remittances) become the cause of strengthening the national against foreign exchange for the last few years (see Fig.2.2.3). Does the strengthening of the national currency become the reason for the Dutch Disease<sup>40</sup> due to the huge and stable remittance flow and what will happen with labour migration and migrant remittances with today's world financial crisis? What is behind the recession of industrial sectors in Tajikistan and how the stable remittance flows influence the downswing in the country?

As it was mentioned earlier, the main causes of downswing in Tajikistan are, first of all, connected with the transition from one economic system to another, the breakdown of economic ties between the united enterprises of the Former Soviet Union (FSU), the Civil War, non-competitiveness of the enterprises, and so forth. Stable remittances, most likely, are not the cause for deindustrialization due to the simple reason that the recession of the industry began in the early 90's of the last century, while labour migration and inflow of migrants' remittances started in 2000 and increases annually. Thus, great amount of remittances do not cause the deindustrialization process in the country, but serve as an obstacle for the revival of local production sectors by strengthening the national currency. This aspect of labour migration may be considered as one of the negative sides of huge remittances inflow to the labour exporting country. In other words, great and stable amount of remittances inflow of foreign currency becomes the reason for the appreciation of the national currency against the foreign exchange, and goods produced in the country become uncompetitive in terms of prices, since the national currency strengthens and becomes a restriction to the export of goods produced in the country.

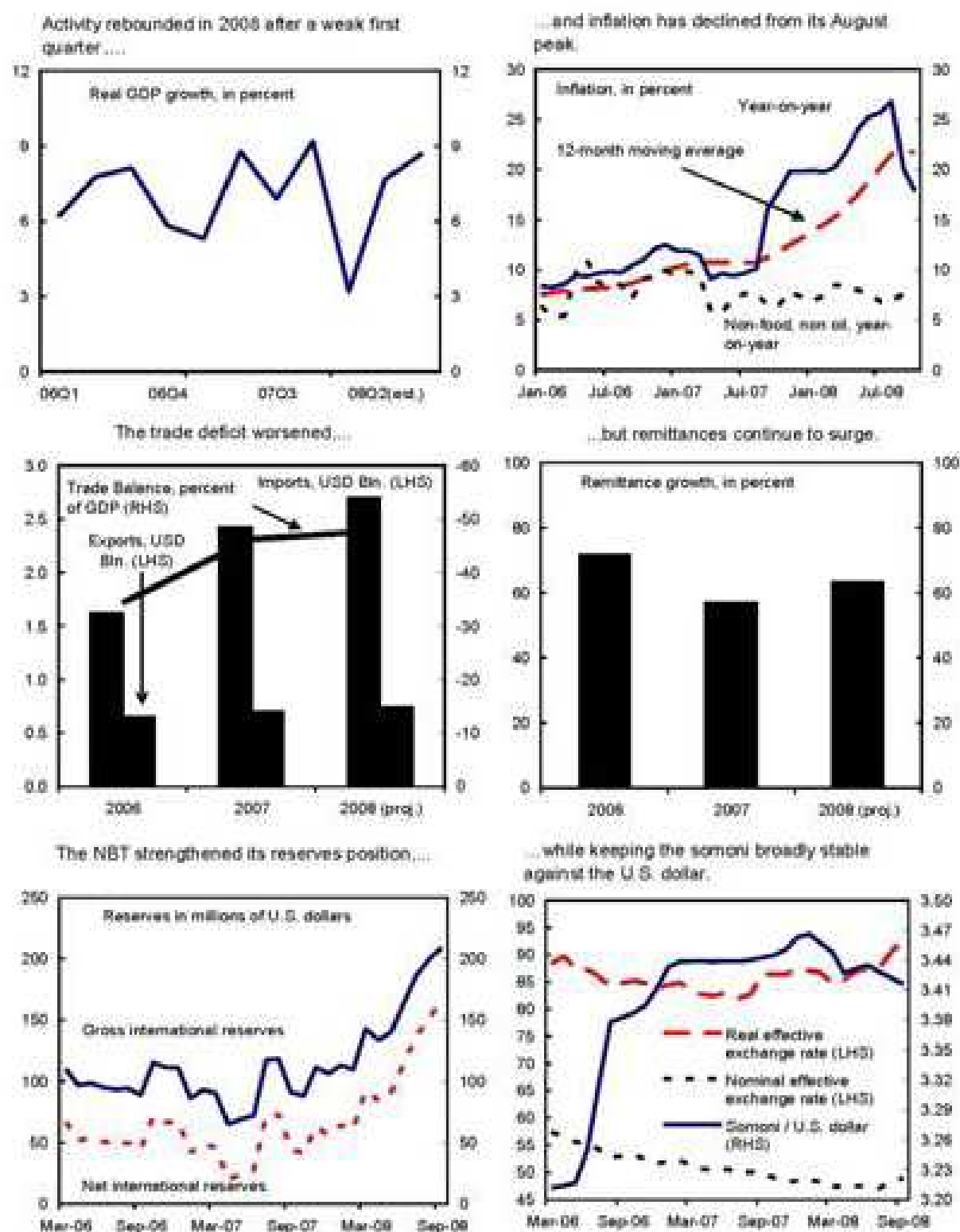
One can conclude based on the above that labour migration and migrant remittances on one hand and the world financial crisis on the other have their positive and negative aspects. Therefore, the financial crisis should not always be considered as detrimental, since in the long run, it serves as a mean for sanitation of the economy. As for Tajikistan, this is a good opportunity to provide the

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<sup>40</sup> The origin of the term is attributed to the London Economist (1977). In the 1960s, with fixed exchange rates under the Bretton Woods system, the Netherlands discovered off-shore natural gas. As natural gas was extracted, it increased domestic income and spending. Investment was redirected toward the natural gas sector. Dutch wages and prices began to rise gradually. The Dutch guilder became overvalued in real terms, their industrial products became uncompetitive, and the manufacturing sector shrunk. This phenomenon of de-industrialization under rich natural resources was called the Dutch disease. They got natural gas but lost manufacturing. For a survey of the literature, see Paul Stevens (2003), Resource Impact - Curse or Blessing? A Literature Survey, Centre for Energy, Petroleum and Mineral Law and Policy.

country with first priority goods and ensure food security by means of developing the domestic production.

**Figure 2.3.1**  
**Main Economic Development Indicators of Tajikistan, 2006-08**



Source: Tajikistan authorities; and Fund staff calculations.

**Source:** IMF Country Report No. 08/382, December 2008, Republic of Tajikistan: First Assessment under the 2008 Staff-Monitored Program.

## 2.2 4 Impact of migrant remittances on the agricultural sector

As the quantitative research of Kayes region of Mali shows, households receiving remittances receive less agricultural products than households not receiving remittances<sup>41</sup>. Probably, in Tajikistan (based on our own observations and opinion) there is a negative correlation between external labour migration and migrant remittances as well. Other factors such as land degradation, salinity, high level of subsoil water, water shortage, desertification, and others also causes recession in agricultural products. The relationship between labour migration and agricultural productivity is a separate subject of research which needs further studies. This aspect requires more detailed examination and explanation in the future about the existence of such correlation (positive or negative). Hence, the link between labour migration and agricultural productivity is a detached topic.

As the EACH-FOR study in Tajikistan shows that there are a lot of causes for the recession of agricultural productivity during the last decade. Among them in some cases, are the non-existing rotation of crops, soil degradation, soil salinity, increasing level of subsoil water, and desertification, and others.<sup>42</sup> The study was qualitative and semi-structural, and a structural open-ended questionnaire was used that allowed for gathering the opinions of those who live in environmental degraded areas. After a series of questions on which of the members of the household are and why they are in labour migration, the following question was asked: if your place of residence was not degraded, would there be labour migrants in your household? The answer was “yes”. This was explained by the fact that there is enough labour force in the household and another source of income such that from external labour migration would, most likely, help strengthen the household’s budget. The following question was also asked: Did the involvement in labour migration process of your neighbouring households (which resulted in improved living standard of those labour migrants households) affect your decision to send one of your household members to labour migration as well? The answer was “yes”. Consequently, this qualitative research allows us to state that poverty is not always the only reason for labour migration alongside with the lack of jobs. However, one of the restrictions that does not absolutely allow to state the improvement of the household living standards that can be used for other categories, is the use of the snowball method which was used in the previous research when the target group were households located in degraded areas. On the other hand, data received in the current quantitative study shows that almost 14% of labour migrants were engaged in unpaid family business before migration (for more details see table 4.8.1, chapter 4 of this report). Therefore, it is necessary to mention that the increase in the number of labour migrants for the last few years was connected not only with poverty, but also with the availability of labour migrants in neighboring households as well as the availability of “free hands” (i.e. people engaged in unpaid family business) which served as an accelerator for labour migration during the last few years.

The above-mentioned reasons of agricultural productivity recession can likely serve as an accelerator for labour migration. Agricultural productivity is most likely to increase in 2009 compared to previous years if the country does not face various external factors such as natural disasters. The main reason for predicting an increase in agricultural productivity relates to the decision of the Ministry of Agriculture to stop producing cotton in those farms where productivity during the last few years was less than 25 quintal per hectares, therefore allowing for other crops to be cultivated.

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<sup>41</sup> Azam and Gubert 2002.

<sup>42</sup> For more details see: [www.each-for.eu](http://www.each-for.eu) EACH-FOR Project. Khakimov P., Mahmadbekov M., “Environmental Change and Forced Migration Scenario in Tajikistan ”

## 2.3 Impact of Migrant Remittances on the Micro Level

There is agreement among researches on the positive impact of remittances on the micro level (household and community). It is theoretically and empirically proved that migration of people with low educational level has a positive impact on the internal labour market by reducing the competition and enhancing income for those remaining home, as well as significantly contributing to poverty reduction overall.

Studies on the impact of remittances on poverty reduction from data on household surveys show that remittances reduce the level of poverty at least among those households that have labour migrants.

The impact of remittances in economic growth is particularly important in countries with a strong impact on national income, particularly where remittances represent more than 5 % of a country's Gross Domestic Product, or 30 % of the total exports<sup>43</sup>.

Adams R. shows that when remittances increase by 10 %, the share of those in poverty declines by 3.5 %. As R. G. Zamora demonstrates, remittances have an enormous potential to contribute to poverty reduction and economic development, if invested in infrastructure and employment activities.

Based on data from 74 less and medium-developing countries, Adams and Page (2003) found that remittances have a statistically significant impact on poverty reduction. This result is also corroborated in a separate analysis for 101 countries over the period 1970-2003, reported in the IMF's 2005 World Economic Outlook.

Studies by the Inter American Development Bank (IADB) show that remittances will have an enormous effect on poverty reduction and economic growth if invested in infrastructure and job creation. The main summary results of these studies are as follows: in Central America approximately 90% of remittances are spent on basic family needs, including education and healthcare. The remaining 10 % is saved or invested. The poorest regions of Mexico are not the main regions sending migrants or receiving remittances.

The priorities for reducing the poverty level and the level of extreme poverty by 12% and 7% accordingly by 2009 are indicated in the Poverty Reduction Strategy Paper-2 (PRSP-2) in Tajikistan (Table 2.3.1). But the document does not clearly show the role of labour migration. A recent survey conducted jointly by the World Bank and UNICEF (TLSMS-2007) shows that the poverty level was 53.5% in 2007<sup>44</sup>. However, various methods of determining the poverty criteria were used in this and other previous surveys (TLSMS-2003) when estimating the poverty level which makes it difficult to compare the results.

**Table 2.3.1**

**Dynamic of poverty shift and forecasting of poverty reduction in Tajikistan, (%)<sup>45</sup>**

	1999	2005	2009 projection
Level of Poverty USD 2.15 PPP	83	64	52
Level of Extremely Poverty USD 1.08 PPP	36	18	10

<sup>43</sup> [www.thedialogue.org](http://www.thedialogue.org) - Manuel Orozco Remittances and Rural Development Program, Inter- American Dialogue, 1211 Connecticut Av. NW, Suite 510, Washington, DC, 20036 USA morozco@thedialogue.org

<sup>44</sup> In the TLSMS 2007, 2250 calorie/per person/per day was used for the estimation on the level of poverty

<sup>45</sup> Poverty Reduction Strategy Paper -2, 2007-09 period.

The impact of remittances varies according to both the overall level of development and the nature of local migration dynamics. If there are mechanisms that exclude the poorest strata of the population from taking part in migration, remittances are likely to exacerbate existing inequalities. If migrants are wealthier to start with, remittances are more likely to be used for productive investments rather than household consumption, and this could have positive community-wide effects<sup>46</sup>. However, the knowledge about the role of remittances in households and communities is much more restricted than the knowledge about their impact on national economies. More details on the impact of migrant remittances in Tajikistan will be discussed in chapter 4 of this report.

## 2.4 Decent Living Standard and their Linkage to Migrant Remittances

According to the first Human Development Report (HDR) issued in 1990, Human Development (HD) is the process of enlarging people's choice and the level of their achieved well-being. The objective of the development is to create an enabling environment for people to enjoy long, healthy, and creative lives<sup>47</sup>. HD is a broader concept than the Human Development Index (HDI). HD includes: HDI, Gender-related Development Index (GDI), Gender Empowerment Measure (GEM) and Human Poverty Index (HPI). HDI is a broader concept than GDP per capita on national level. HDI understands three dimensions, namely, *long and healthy life*, *knowledge*, and *decent standard of living*. According to HDR 2007-08 HDI in Tajikistan was 0.673 which significantly remains behind other neighboring Central Asian States and the Russian Federation mainly due to lesser GDP per capita (table 2.4.1).

**Table 2.4.1**

**Human Development Index, GDP per capita, Life expectancy and adult literacy rate in Central Asian Countries**

	HDI rank*	HDI	GDP per capita (PPP USD, 2005)	Life expectancy at birth (years, 2005)	Adult literacy rate (percentage 15 and older, 2005)
Kazakhstan	73	0.794	7,857	65.9	99.5
Turkmenistan	109	0.713	3,838	62.6	98.8
Uzbekistan	113	0.702	2,063	66.8	n/a
Kyrgyzstan	116	0.696	1,927	65.6	98.7
Tajikistan	122	0.673	1,356	66.3	99.5
Russian Federation	67	0.802	10,845	65	99.4

Source: UNDP 2007/2008

\*Note: Out of 177 countries

During the last few years the living standards of the population of Tajikistan comparatively improved where the role of labour migration and migrant remittances is indisputable. As far as the more vulnerable part of society involved in labour migration, who live predominantly in the countryside, and mainly labour migrants with low educational level, the impact of labour migration and migrant remittances has a considerable role in improving the living standard of people as mentioned beforehand.

<sup>46</sup> Jorgen Carling, Migrant remittances and development cooperation, PRIO Report 1/2005, p-30

<sup>47</sup> Haq Mahbub ul, 2003. "The Human Development Paradigm", Readings in Human Development, New Delhi, Oxford University Press, pp.17-18

The indicator for the dimension DSL is GDP per capita (PPP). It is necessary to mention that the needed resources for DSL (more broadly a concept than simply a measure) include access to land, to income, and resources. However, it is essential to note that again, as mentioned earlier, GDP per capita is an average indicator that does not show wide polarization in all strata of society and does not allow for estimating inequalities. In this case, the struggle with social inequalities and social security of the most vulnerable part of society should be the government's priority.

## CHAPTER III. METHODOLOGY OF THE STUDY

### 3.1 Justification of the Study

Positive essential changes occurred in the life of the country in the last few years. Most probably, they played a crucial role in reducing the poverty level in the country where a considerable role also belongs to labour migration and labour migrants remittances.

Household size, number of children, age and sex of the household members has a significant impact on poverty, and sometimes they are determinant demographic indicators in estimating poverty<sup>48</sup> from those countries socio-economic developments to which they entirely depends.

There are two parts in an equation: one part is remittance and the other is labor migration. Poverty makes individuals actively participate (or part of the reason for) in external labour migration and, consequently, migrant remittances are the labour migration's outcome which, in turn, affects poverty reduction in rural areas of the country. Therefore, some suggestions of this study are:

- ✚ Migrant Remittances are the link between labour migration and poverty, the higher the poverty level, the more intensive the participation of the population in labour migration. In other words, poverty and labour migration are interdependent and at the same time both have an inverse relation with migrant remittances.
- ✚ The poverty level slowly decreases in big households with equal number of labour migrants than in medium-size households.
- ✚ In households where the education level of migrants and family members is high, the effect of remittances is significant than in other migration categories in terms of poverty reduction and ensuring family prosperity.
- ✚ There is no significant difference between those who came from environmental degraded areas and those who came from non-degraded areas, since both have enough people engaged in family unpaid business (so called “free hands”). But factors determining migration activity in these areas are quite different.
- ✚ Households receiving remittances get lower income from subsidiary plots than the households without labour migrants.
- ✚ Stable remittances flow is an obstacle for the production sector to grow. The appreciation of the national currency against the foreign currency becomes the cause for CPI to rise as a result of migrant remittances in the country where the production sector is going into decline. Hence, a high CPI is an accelerator of labour migration, since PPP of households having no labour migrants worsens.

Alongside with economic rehabilitation, achievement of stability at the macro level and increasing contribution of migrant remittances for the last few years become the decisive factor for reducing poverty in the country which was reduced from 81% in 1999 to 64% in 2003, and to 54% in 2007. The level of interregional differences in terms of poverty has also reduced. In the poorest regions major reductions were seen, although the poverty level differences of the regions still remain high and makes up 84% in MBAR, and 45% in the districts subordinated to the central government (DRS). Thus, the available data (taking into account the total absolute poverty level on the income level and extreme poverty based on \$2.15 and \$1.08 PPP per day) shows that beginning from 1999 poverty reduced from 83% to 64% in 2003, and according to some estimation data, to 57% in 2004<sup>49</sup>. However, regional differences still remain. For instance, as of 2003, the poverty level as per the regions was as follows: MBAR (71%), Khatlon region

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<sup>48</sup> National Development Strategy, 2007-2015.

<sup>49</sup> Poverty Reduction Strategy Paper, the Republic of Tajikistan, period of 2007-09.

(65%), Sughd region (49%), Dushanbe (37%) and DRS (19%). If one considers the poverty level according to the cities and districts of the country, one can also see considerable differences within the regions, but due to lack of data on the cities and districts estimation at this level is not possible.

The main reason to choose rural areas for study is because this population category is the most vulnerable and the majority of the poor live in those areas.

### **3.2 Necessity of a Nationwide Survey on Labour Migration and Migrant Remittances**

Migration is an important phenomenon that affects the contemporary world and, at the same time, is being affected by different processes. Presently, migration is a more actual subject than ever, as it concerns politics and economies of the regions and countries that experience it.

Many studies have been conducted on different aspects of external labour migration as well as on the role and importance of migrant remittances and their impact at the individual, micro and macro levels. However, there are still significant gaps in researching this phenomenon at the national level. In recent years some researches were conducted by the World Bank (WB)<sup>50</sup> and the Asian Development Bank (ADB)<sup>51</sup> where labour migration issues and the impact of remittances on the social-economic and political life of the country were partly considered. One of the recent researches was done by IOM mission in Tajikistan on “Khatlon Living Standard Measurement Survey and Migrant Remittances” in 2005<sup>52</sup>, where the impact of remittances on the macro and micro levels was considered in details. However, the research included only Khatlon province and did not enable to summarize the obtained conclusions on all the regions of the country. This research underlined the importance of researching the dynamics of remittances and their impact on the living standards of labour migrants’ families.

This study is the logical continuation of the previous IOM Tajikistan’s study and the research makes significant contribution to fill the gaps in this field. One of the significant distinctions of this research from the previous one is that, the rural settlements throughout the perimeter of the country were covered, and the regional differences in population migration activity and its impact on the living standards of labour migrants and their families are considered. A research at the national level enabled to have a general view on the economic dynamics of migrant remittances and their role in poverty reduction, at least, among those households who have labour migrants. Another important point of the research is the determination of factors affecting the population migration activity and regional comparison. It enabled to understand why migration intensity is high in some regions as compared to others, and which factors is the key.

Another important task of the research is to determine the cause-and-effect relations between remittances and their impact on education, health, poverty reduction, and more.

### **3.3 Overall Objective of the Study**

The object of this research is rural households in the country districts, the population that is actively involved in labour migration. The subject of this research is to determine the economic dynamic of migrant remittances and their influence at the individual, micro and macro levels in the Republic of Tajikistan.

The main objective of the study is to determine the degree of impact of migrant remittances at the individual, micro and macro levels.

Consideration at the individual level clearly shows the impact of remittances on poverty reduction and improvement of families’ financial standing.

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<sup>50</sup> [http://siteresources.worldbank.org/INTECA/Resources/257896-1167856389505/Migration\\_Full\\_Report.pdf](http://siteresources.worldbank.org/INTECA/Resources/257896-1167856389505/Migration_Full_Report.pdf) .

<sup>51</sup> [http://www.untj.org/files/reports/Remittances\\_FinancialSector\\_TAJ\\_19-Nov-2007.pdf](http://www.untj.org/files/reports/Remittances_FinancialSector_TAJ_19-Nov-2007.pdf)

<sup>52</sup> [http://www.untj.org/files/reports/Remittances\\_Report\\_IOM\\_2007.pdf](http://www.untj.org/files/reports/Remittances_Report_IOM_2007.pdf)

Consideration at a microeconomic level can show the impact of remittances on the development of small and medium-sized businesses.

Consideration at the macroeconomic level – remittances is a crucial source of external finance that mostly exceeds foreign direct investments and/or official development assistance. It also enables to estimate the size of remittances made by migrants, since it is one of the main sources of foreign exchange which is impossible to finance from internal sources.

The specific objectives of the study are:

- ⊕ Determination of existing relationship between remittances and poverty;
- ⊕ Determination of the role of remittances on education and health of the household members;
- ⊕ Determination of the socio-economic situation in the regions and their impact on labour migration;
- ⊕ Impact of the environmental and socio-economic factors on the volume of labour migration;
- ⊕ Determination of the impact of remittances on the individual and local development;
- ⊕ Determination of the migration role on demographic behavior of the labour migrants' households;
- ⊕ Determination of the socio-demographic characteristics of migrant remitters, and others;
- ⊕ Determination of the ratio between legal and illegal labour migrants.

### 3.4 Methodology of the Study

The report is mainly based on theoretical and empirical aspects of migrant remittances. This research addressed three kinds of questions: descriptive, interdependent, cause-and-affect. A quantitative approach was also used.

The data from face-to-face interviews served as an informational base. Moreover, in this report other secondary sources of information were utilized: TLSMS - 2003, 2007, KLSMS-2005, and MICS-2005. Source of information including the State Statistic Committee of the Republic of Tajikistan, statistics committee of CIS countries, the World Bank, IMF, and others served as secondary sources.

Database design, data tabulation and data processing were done with SPSS statistical software program.

The **second strata** was created to ensure comparability between those who were interviewed by IOM in 2005, a research conducted in Khatlon province. In the second strata, each eighth household interviewed in 2005 (92 households) was interviewed again.

The **third strata** was created for households who received credits from the IOM Tajikistan (15 Jamoats of Khatlon province and DRS) for various types of business income-generating activities. From 25 households, each 5 households (75 households) were selected in each 15 Jamoats.

In general, sampling for the main strata (**strata 1**) was created to represent the rural population of Tajikistan that covered four regions (4 administrative territorial divisions, i.e. at the regional levels – Sughd, Khatlon, MBAR, and DRS).

Sampling was done in two stages. At the first stage, the number of territorial units (points) was selected separately (initial units of sampling (IUS)) for each region; the rural population was also selected from some villages in each Jamoat (with the number of population and households considered territorial unit of sampling).

The **first stage of sampling** consisted in the development of the sampling base and the number of the population of the country based in districts, Jamoats, and villages in Jamoat in each region where the rural population is represented. Selected units are called initial units of sampling (IUS).

Initial units of sampling are the territorial units. Units of the second stage sampling are the households consisting of the number of households per IUS that is 20 households. It was necessary to select 25 population units. Due to budgetary constraints, the size of the sample was too small which did not represent all rural districts of the country<sup>53</sup>.

The revised modified version of the same questionnaire, utilized in a previous IOM's study on KLSMS-2005 for Khatlon province (which was based on the TLSS-1999 questionnaire), was used. Some new questions were added in the KLSMS-2005 research questionnaire. Some additional questions (consider environmental degradation due to natural and made-made disasters and their impact on migration activity of the population) were added in the Migration Module. The main purpose for using the previous questionnaire, as mentioned above, is to provide comparability of data concerning those who were questioned in 2005 by IOM and those who were included in the second strata and were questioned again in this research.

As this questionnaire had already been tested in the previous study, there was no need to conduct a preliminary pilot testing.

### **3.5 Terms and Definitions used in the Study**

In order to ensure comparability of the data with the data from Khatlon province districts in which research was done (KLSMS -2005), the same definitions and concepts were used in the present study. Migrants, as in the previous research, will be divided into two groups:

1. Seasonal labour migrants – those who are outside the country during the year and returned home annually;
2. Permanent migrants – those who work under long-term contracts and are members of the Tajik Diaspora and stay longer than one year but returned home periodically.

There are three different items in the balance of payments that relate to migrants' transfer of value across international boundaries. Hence, in the report under migrant remittances it is understood as follows:

1. compensation of employees, are wages, salaries and other benefits paid to non-resident workers;
2. workers' remittances, which are transfers made by migrants who are considered residents in the country where they are employed;
3. migrants' transfers, are assets or liabilities that migrants take with them when they move from one country to another.

### **3.6 Methods of Data Collection**

The primary data was gathered by means of face-to-face interviews. The secondary data was gathered from different sources in the course of drafting the report.

### **3.7 Limitation of the Study**

As the project budget was limited, the size of data selection was not large and did not cover all the districts of the country, making it difficult to summarize the conclusions concerning the rural areas of the country as a whole.

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<sup>53</sup> For more details on strata 1 see Annex 1

## CHAPTER IV. ANALYSIS OF DATA OBTAINED AND DISCUSSION

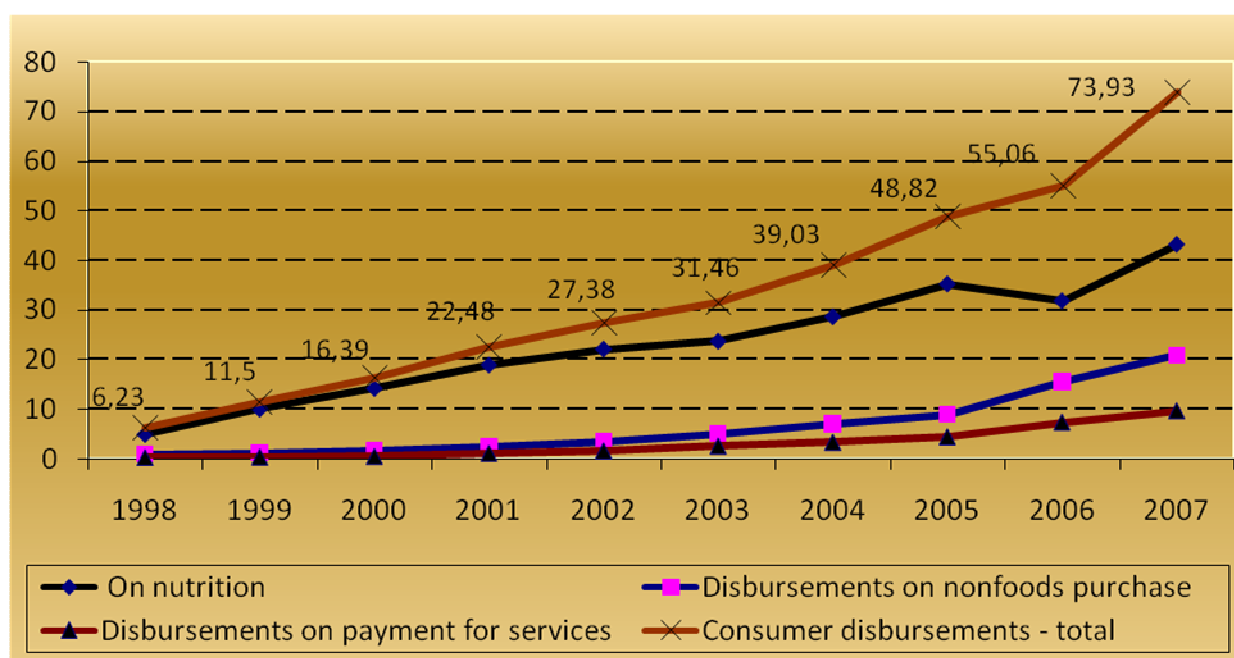
### 4.1 Aggregate Income of the Population and Structure Household Consumer Disbursement

Data on the role of remittances improving household's conditions in Tajikistan is limited as well. Therefore, too draw some conclusions and give some suggestions on the impact of remittances on improving households' conditions, we further analyzed and discussed data based on other data on sampling observations of households on aggregate population income and disbursement structure (from surveys conducted by the State Statistic Committee of the Republic of Tajikistan in the period 1998-2007).

The aggregate income and structure consumer disbursement of households are the basic indicators of the households' economic condition.

**Figure 4.1.1**

**Structure of Consumer Disbursements of Households in Tajikistan, 1998-2007<sup>54</sup> (in somoni)**



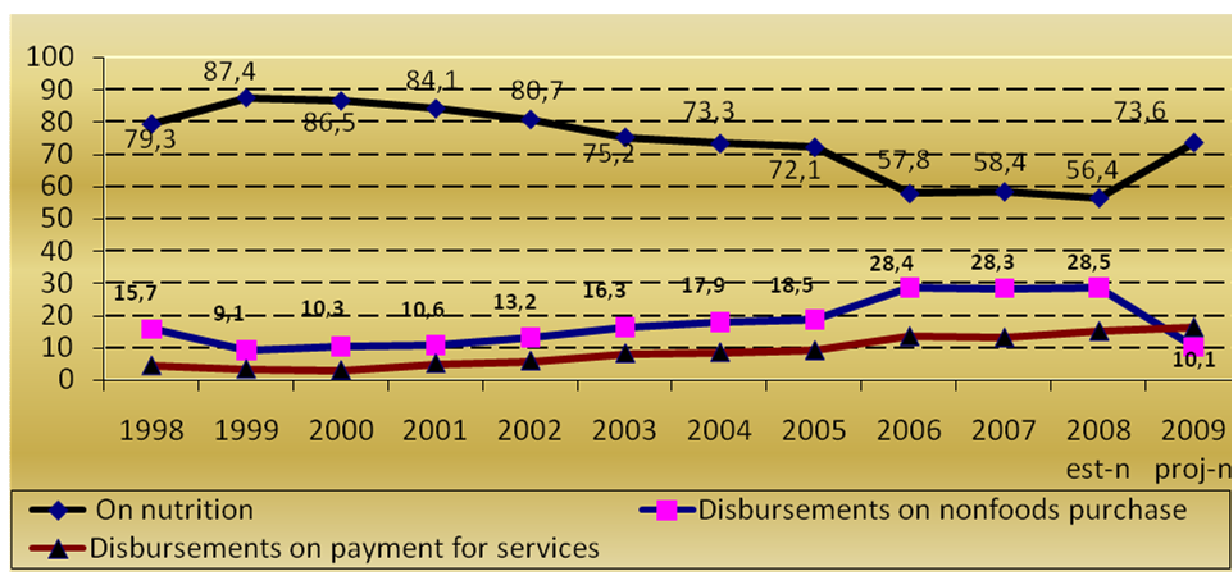
Source: own calculation based on data State Statistic Committee Republic of Tajikistan (data based on sampling observation of households; per one member of household in month)

The population's consumer disbursement rose by 11.9 times in 2007, as compared to 1998. The population consumer expenditure structure shows that as the income increases, the expenses of the population on food decreases and at the same time the expenses on nonfood items and the expenses associated with service rendering go up<sup>55</sup>. However, the rapid change of the expenditure structure of the households connected with the financial crisis favors an increase in the consumer expenditure within 2009 (See Fig. 4.1.1 & 4.1.2).

<sup>54</sup> For more details see: [www.stat.tj](http://www.stat.tj), Structure of consumer disbursements of households, 1998-2007.

<sup>55</sup> Here confirm **Engel's law** which predict: increased income of budget proportion spent on food tends to decrease, and on non-food items tends to increase.

**Figure 4.1.2**  
**Structure of Consumer Disbursements of Households in Tajikistan, 1998-2007<sup>56</sup> (%)**



Source: own calculation based on Data State Statistics Committee Republic of Tajikistan (data based on sampling observation of households; per one member of household in month)

The per capita income showed significant growth for the whole period observed. Consideration based on the income sources shows that other incomes of the population (including income from trade and independent professional activity) increased almost 1.2 times per capita. Whereas the per capita income structures (labor incomes) grew 1.4 times. On the contrary, incomes from personal subsidiary plots were only 54% of incomes received by the households for the per capita in 2007, compared to 2008. Income from other sources tended to increase in the period in question (see Tables 4.1.1 & 4.1.2). The quantitative analysis of the Kayes region of Mali showed that, households receiving remittances have less agricultural products than those who do not receive remittances<sup>57</sup>. The increase in number of labour migrants and, as a result, increase in remittances (higher participation in the household budget), as mentioned earlier, it probably became one of the reasons for the decline in the income from subsidiary plots by almost twice as much in Tajikistan. The scarcity of qualified labor force (even children labour) became the other cause for recession in the field of agriculture, as for different kinds of land degradation, and in some cases, lack of crops rotation may also bring recession. It is necessary to mention, however, that the recession is seen in the whole country; i.e. for all households, while not all the households have labour migrants, and could even be that recession in the households with labour migrants is more substantial than among the households that do not have labour migrants.

The other cause of decreasing household income from personal subsidiary plot perhaps was related to different kinds of soil degradation and in some cases lack of crop rotation. However, it is necessary also to state that productivity slowdown in agricultural sectors was observed across the country (according to data on sampling observations of households from the State Statistic Committee), yet, not all the households have labour migrants. Hence, we can just suggest that in households with labour migrants the slowdown productivity is significant (due to soil degradation and usage of unskilled child labour), while less productivity in households without labour migrants, soil degradation is the single cause. Special attention should be paid to these aspects of labour migration and should be considered for further studies to shed light on the

<sup>56</sup> For more details see: [www.stat.tj](http://www.stat.tj), Structure of consumer disbursements of households, 1998-2007.

<sup>57</sup> Azam and Gubert 2002.

presence or absence of similar factors of interaction in degree of correlation among labour migration, usage of child labour, and agricultural recession.

**Table 4.1.1**

**Aggregate income of the population, 1998-2007(in somoni)**

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Total ( <i>decipher</i> ):	7.25	11.3	16.9	24.3	29.7	35.4	43.4	55.5	75.9	100.5
wage and salary income	2.17	3.18	5.7	9.92	12.8	16.3	19.3	25.3	32.9	42.5
pensions, benefits, scholarships	0.1	0.17	0.2	0.3	0.5	0.75	0.97	1.7	2.68	3.1
compensatory payments including beneficent aid	0.04	0.3	0.05	0.06	1.1	0.93	0.93	2.17	0.53	0.7
property income	0.01	0.01	0.01	0.01	0.02	0.01	0.05	0.02	0.07	0.02
income from real estate sale	0.06	0.02	0.04	0.09	0.1	0.09	0.02	0.12	0.21	
income from personal subsidiary plot	2.94	6.49	8.47	11.3	12.6	12.4	13.6	16.0	19.6	22.2
other cash receipts (including trading income and income from independent professional activity)	1.93	1.13	2.43	2.65	2.57	4.88	8.62	10.2	19.9	32.1

**Source:** State Statistics Committee Republic of Tajikistan (data based on sampling observation of households; per one member of household in a month)

A number of questions concerning the environmental degradation and land degradation were included in the present study that provides answers to the questions included in questionnaire.

**Table 4.1.2**

**Aggregate income of population, 1998-2007 (%)**

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
wage and salary income	29.9	32.5	33.7	40.8	43.2	46.1	44.3	45.5	43.4	42.3
pensions, benefits, scholarships	1.4	1.5	1.2	1.2	1.7	2.1	2.2	3.1	3.5	3.1
compensatory payments including beneficent aid	0,6	0.3	0.3	0.2	3.7	2.6	2.2	3.9	0.7	0.7
property income	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.1	.0
income from real estate sale	0.8	0.2	0.2	0.4	0.3	0.3	0.2	0.2	0.3	.0
income from personal subsidiary plot	40.5	55.8	50.2	46.4	42.4	35.1	31.3	28.9	25.8	22
income from independent professional activity	26.6	9.6	14.3	10.9	8.6	13.8	19.8	18.3	26.2	31.9
Total ( <i>decipher</i> ):	100	100	100	100	100	100	100	100	100	100

**Source:** State Statistic Committee Republic of Tajikistan (data based on sampling observation of households; per one member of household in month)

Considering the population's consumer disbursement structure and its aggregate income, it shows that with an increase in population's income there is an increase in expenditure of households in favor of nonfoods items and services. Hence, remittances also had a considerable impact on the increase income that is not indicated as an income source. As these surveys are conducted by the State Statistics Committee of the Republic of Tajikistan periodically, it would be useful to include the income source of remittances from internal and external labour migrants as a version of answers.

## 4.2 Tajik Labour Migrants Median Income before and during Labour Migration

### 4.2.1 Labour Migrants Income before Migration

The median income of those who were employed (excluding the number of unemployed) before labour migration was 108.6 somoni (USD 31). The median income of the unemployed and employed population before becoming labour migrants was 29.6 somoni (USD 8). However, the income of labour migrants' before labour migration was low in MBAR and Sughd region mainly because labour migrants did not work (92% and 80% of labour migrants from MBAR and Sughd accordingly). (See Table 4.1.1)

**Table 4.1.3**  
**Income Before Labour Migration**

	Sughd	Khatlon	DRS	MBAR	Total
Didn't worked before the labour migration	80.2	61.8	69.5	91.7	66.6
10-40 somoni	5.0	14.5	8.4	4.2	10.0
50-90 somoni	5.0	9.2	9.5	4.2	7.0
100-150 somoni	5.9	6.6	6.3	0.0	8.4
200-300 somoni	3.0	4.6	6.3	0.0	3.8
450-900 somoni	1.0	3.3	0	0.0	4.3
TOTAL	100.0	100.0	100.0	100.0	100.0
Median income before labour migration (for all labour migrants – employed & unemployed before migration)	27.0	53.2	34.0	4.0	29.6
Median income of those that work before migration	136.3	139.3	111.4	47.5	108.6

### 4.2.2 Income of Tajik Labour Migrants'

Development economists have pointed to three different types of motivation for sending remittances. First, altruism, meaning that, migrants remit money simply because they care about the well-being of the receivers. Second, migrants can remit out of self-interest when this makes them eligible for inheritance or other resources in the community of origin. Third, remittances

can be motivated by informal contracts of insurance whereby family members in different locations reduce risks by sharing a portion of their income<sup>58</sup>.

The latter motivation has been emphasized in the so-called New Economics of Labour Migration (NELM). This line of research argues that labour migration is a risk-reducing as much as an income-maximizing strategy, and that correcting failures in local capital and insurance markets is a more efficient strategy for reducing migration than intervening in the labour market<sup>59</sup>.

Fixed monthly remittances depend on permanent income and permanent jobs of labour migrants in host countries. However, remittances are not the stable source of households' income so far as labour migration is seasonally and migrant monthly earning patterns differ due to lack of permanent jobs, therefore the frequency of remittances are unstable. The main beneficiaries of migrant remittances are labour migrants family and their parents.

The median monthly income of labour migrants is 1319.7 somoni (USD 387); which has increased by 12 times in comparison to their income before labour migration (among those who worked before labour migration). However, labour migrants income from MBAR was higher by 45% than labour migrants' income from the other regions of the country. Duration consideration of labour migrants stay in the host country and the size of remitted money per labour migrant are the two main indicators showing that, not always more earning of labour migrants equals to more remittances from these labour migrants. More details on such relationship are discussed further in this report while paying attention to the duration of labour migrants stay in the host country. There is also a huge difference in income of migrants before and during labour migration at the regional level. Such differences are explainable if one considers the employment status of labour migrants before migration at regional level. (table 4.2.1)

**Table 4.2.1**  
**Median Monthly Income of Labour Migrants and Regional Income Differentiation**

	Sughd	Khatlon	DRS	MBAR	Total
Median income during migration (somon)	1533.7	1198.3	1134.3	1922.9	1319.7
Difference between income of those who work (in times)	11.2	8.6	10.2	40.5	12.2
Difference between the income for all migrants (in times)	56.8	22.5	33.6	480	44.5

The median amount remitted per labour migrant per year was 3608.2 somoni (USD 1080). Remittances to Sughd region were 18% higher, and remittances to MBAR were 30% lower compared to the country level. According to a the number of studies, variation in remittances depends on labour migrants' duration of the stay in the host country; the longer the labour migrant stay in the host country the lesser he/she sends money back home and vice-versa. For instance, migrants from MBAR who tend to stay longer remitted lesser amount back home; whereas migrants' experience in Sughd is identically the opposite (see Table 4.2.2).

<sup>58</sup> Jorgen Carling, Migrant remittances and development cooperation, PRIO Report 1/2005, p-15.

<sup>59</sup> Taylor, Arango, Hugo, Kouaouci, Massey and Pellegrino 1996.

**Table 4.2.2**  
**Median Size of Remittances in 2007-08**

	Sughd	Khatlon	DRS	MBAR	Total
Median amount of money remitted by migrants during 2007-2008	4273.8	3832.8	3551.2	2775.0	3608.2

More than 20% of labour migrants send or bring a variety of goods, and the total median value of the goods sent is 2251 somoni per migrant (the total amount considering all migrants, would have been 552 somoni per migrant). The amount of goods sent by labour migrants varies from 100-500 somoni (USD 30-150) to 3000-5000 somoni (USD 850-1500). The variety of goods labour migrants from DRS bring compare to the others, constitute 40% (see Table 4.2.3).

**Table 4.2.3**  
**Median amount of goods brought by labour migrants**

	Sughd	Khatlon	DRS	MBAR	Total
Median amount of goods sent and/or brought by labour migrants (for those labour migrants who came back in 2007-2008)	2430	2376	1948.7	No one send goods due to long stay in labour migration	2251.2
Median amount of goods brought by all migrants (for all labour migrants in 2007-2008)	312.7	656.5	779.5	0	552
Percentage of labour migrants who brought and/or sent goods from the total number of labour migrants	12.9	27.6	40	0	20.1

42% of returned labour migrants brought cash with themselves; the amount varies from 200-500 somoni (USD 60-150) to 6800-8600 (USD 2000-2500). The median amount of cash brought is 2144 somoni (USD 629) (see Table 4.2.4).

**Table 4.2.4**  
**Median amount of cash brought by labour migrants**

	Sughd	Khatlon	DRS	MBAR	Total
Median amount of cash brought by labour migrants (for those who returned back home) (in somoni)	2272.1	2376.9	1702.8	6000	2143.9
Percentage of the migrant who returned from the total number of labour migrants within the region (%)	33.7%	44.0%	56.8%	4.2%	41.9%

Migration is a costly business even as the cost of migration has been falling worldwide. Survey results confirm the widely accepted fact in literature that, migration could be very costly. Depending on the assumption about the cost of extortion/bribery, the cost of migration could range from 37% to 51% of the total gross earnings of a typical migrant<sup>60</sup>.

**Table 4.2.5**  
**Cost of Migration in USD<sup>61</sup>**

<b>Gross earnings</b>	<b>2,700</b>	
<b>Cost</b>	<b>Low Extortion Cost</b>	<b>High Extortion Cost</b>
Fixed expenses	410	410
Transportation	330	330
Border crossing	30	30
Other	50	50
Police	135	530.22
Other	45	45
Total cost of Migration	1000	1395.22
<b>Migration cost to Earnings ratio</b>	<b>0.37</b>	<b>0.52</b>

Statistics of 2008 vary dramatically from those in 2007. The median amount of labour migrants' travel cost in 2007-2008 was 1416 somoni (USD 412). Labour migrants travel expenses in 2008 were between 1600 and 3000 somoni; which was 2 times higher compared to 2007. Expenditure in 2008 varied between 1600-3000 somoni that was twice higher compared with the same expenditures in 2007. The increasing travel costs could prone migrants to travel less and stay longer in their host countries, and/or discourage labour migration as a whole (see Table 4.2.6).

**Table 4.2.6**  
**Tajik Labour Migrants' Cost of Migration 2007-08, (%)**

500-1000 somoni	26.3
1100-150 somoni	31.6
1600-2000 somoni	35.8
2100-3000 somoni	6.3
Total	100.0

More than 60% of households in 2007 and 74% in the first 8 months of 2008 had labour migrants. From the 60% of the households with migrants 37% households had only one labour migrant, 14% and 5% had two and three labour migrants accordingly. Just 1% of migrants' households had 4 and 5 labour migrants each. Number of migrants in average increased by 3 times in 2008 compared to 2003. Increase in the number of labour migrants during the last few years occurred due to the active involvement of Sughd and Khatlon regions; both are the most populated regions in the country.

In the beginning of 2000 the population of MBAR and DRS regions was actively involved in labour migration, while the population in the other regions was less involved in labour migration at that time. According to the main sampling (strata 1) in 2008 the median household had 0.74 labour migrant, while such indicator in 2003 was less by three times. Also there is considerable differentiation on the number of labour migrants per household; if in Sughd region there was 0.63 labour migrant per household, in MBAR such figure was approximately twice higher.

<sup>60</sup> Mughal, 2007, IOM study, "Khatlon Living Standard Measurement Survey and Migrant Remittances", p-102.

<sup>61</sup> Adopted from Unpublished World Bank survey; high extortion cost from *League of Tajiks*, cited in Mughal, 2007.

#### ***4.2.3 Discussion on Labour Migrants Income and their Remittances***

Data on what percentage of their incomes migrants actually send home is sketchy<sup>62</sup>. One of the main problems is the estimation of migrant remittances on individual cases. In average labour migrants remit 20-50% of their earnings (Orozco, 2005). Amounts vary subject to a myriad of factors such as the migrant's profile, salary level, cost of living in the host country, the volatility of the home currency, and differentials in interest on savings between the host and the home country.<sup>63</sup> A study on remittances in Bangladesh found that international migrants remitted more than 40% of their income.<sup>64</sup> For Latin American migrants in the US, studies indicate that permanent migrants send about 15% of their salary home, whereas temporary migrants remit 50%.<sup>65</sup> In exceptional cases, the full income stays in the home country, such as for Korean and Chinese workers on infrastructure projects whose salaries are often paid into an account in their home countries; their essential needs while they are working away from home, including accommodations, are taken care of by their employing company.<sup>66</sup>

The influence of labour migrants' remittances on the household and each separated member of the household depend on:

- ⊕ the household size;
- ⊕ the number of labour migrants per household;
- ⊕ the duration labour migrants stay in the host country;
- ⊕ the labour migrants income;
- ⊕ Percentage of labour migrants' incomes actually sent home, etc.

There is direct dependence between the duration of the stay on the one hand, and the monthly average income of labour migrants and the total earned amount by labour migrants on the other, i.e., with the increasing duration of being in migration, the contribution of the remittances will be reduced and vice versa.

The monthly average income of 387 USD that Tajik labour migrants have made, has essential regional distinctions. Hence, this parameter for labour migrants for MBAR and Sughd regions was 1.6 and 1.2 times above average accordingly, whereas labour migrants income was 10% in Khatlon region and 14% in DRS which is less than average. On the basis of this interrelation the general earned amount by labour migrants from MBAR and Sughd regions was 1.7 and 1.3 times above average respectively, whereas the general earned amount by labour migrants from DRS and Khatlon regions was 14 and 20 % below average accordingly.

As large size of households has, as a result, higher numbers of labour migrants, remittances from them will be accordingly more than in small households. There are distinctions in remittances per labour migrant at the regional level. Remittances per migrant were 18% and of 6% above average in Sughd and Khatlon regions accordingly, and was 22.5% below average in MBAR and of 1.5% in DRS regions. There is no essential regional distinction in the amount of labour migrants' remittances – the bigger the household the greater the number of migrants.

However, if the general earned amount of labour migrants is above average, it does not mean automatically that labour migrants should remit consequently a greater amount and vice versa. As it is known both the duration of the stay and the monthly average income of labour migrants

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<sup>62</sup> Migrant Remittances to Developing Countries, A scoping study: Overview and introduction to issues for pro-poor financial services, Cerstin Sander, Bannock Consulting, June 2003, p-8.

<sup>63</sup> Nyberg Sorensen, 2002.

<sup>64</sup> Siddiqui et al., 2001.

<sup>65</sup> USAID, 2002.

<sup>66</sup> Nyberg Sorensen, 2002.

will affect the remitted amount by migrants. Here, it is unequivocally possible to support, that with the increase in duration of stay the share of transferred means of labour migrants will be reduced, which also find its consent in other studies carried out in a number of countries around the world, and in the present survey. The earned amount of labour migrants from MBAR was above the earned amount of labour migrants from Sughd region (not to mention the earned means of labour migrants from DRS and Khatlon regions, which are more). However remitted amounts of labour migrants from Sughd region in percentage value was 2 times more than the remitted amount by labour migrants from MBAR. On the other hand, the remitted amount of labour migrants from Khatlon and DRS regions though was below the sum remitted by labour migrants from Sughd region (but was more than the amount remitted by labour migrants from MBAR). Yet the percentage of labour migrants' remittances from Khatlon and DRS regions constituted 45.7% and 39.6% of their earnings accordingly, while the remitted amount of labour migrants from Sughd region and MBAR made up 32% and 15.9% accordingly from the total earning of labour migrants.

If considering the labour migrants' duration of the stay in the host country, for a term of more than one year, it may fully explains the low level of remitted amount of labour migrants' earnings from MBAR; i.e. almost 42% migrants from this region are in migration for the term of more than one year, whereas only 10.8% of labour migrants from Khatlon region were for a term of more than one year in the host country.

Greater households have more number of labour migrants and vice-versa. The average size of a household in Khatlon region is 1.8 times more than in Sughd region, but the number of migrants per household is almost identical.

One of our statements empirically proved that, the equal quantity of labour migrants and the equality of migrants' incomes (as income of labour migrants from Sughd region is more than the labour migrants' income in Khatlon region) increase the income per member of the household. Consequently, it will greatly decrease the poverty level among small households, than that among greater households. For example, transferred money per member of the household in Sughd region was 300 USD, was twice that in Khatlon region and DRS, and was also 1.8 times more than that in MBAR (for more details see Table 4.2.7).

**Table 4.2.7**  
**Labour Migrants' Income and Remittances**

	Median monthly incomes of labour migrants (USD)	Median duration of stay in the host country (months)	Labor migrant stay in the host country for more than one year (%)	Total amount earned per labour migrant (USD)	Total amount sent home per labour migrant (USD)	Share of amount sent back home from total of labour migrants' income (%)	Households size of (individual)	Households with labour migrants (%)	Number of migrants per household within sampling	Number of labour migrants per household for household with labour migrants	Total amount migrant remittances * by number of labour migrants per household with labour migrants (USD)	Remittances per capita (USD)
Sughd	450	8.7	32.3	3915	1275	32.0	4.8	56	0.63	1.13	1440.8	300
Khatlon	351	7	10.8	2457	1146	45.7	8.8	67	0.8	1.14	1306.4	149
MBAR	564	9.1	41.7	5132	836	15.9	8.1	75	1.2	1.6	1337.6	165
DRS	335	7.9	33.8	2647	1063	39.6	8.9	63	0.8	1.25	1328.8	149
Total	387	8.0	25.9	3096	1080	34.2	7.7	62.6	0.74	1.2	1296	168

Consequently, it is possible to make the following basic conclusions:

- ✦ With the increase duration of labour migrants stay in the host country the share of remittances of migrants decreases;
- ✦ The impact of remittances on small households is stronger compared to larger households (with households with equal number of labour migrants);
- ✦ The size of remittances also depends on the income of labour migrants and their income depends on their skill level and full time employment;
- ✦ With the increase duration of labour migrants stay in the host country (among those who are not married) sex disproportion exist in the age of marriage group (especially important in the case of MBAR), and also increasing duration of labour migrants stay in the host country becomes the reason for the inability to raise their children, and in some cases, reason for the disintegration of families (for instance, Khatlon region and DRS).

Here, it is necessary to note, that the amount of goods brought and/or sent by labour migrants, and the amount of goods brought personally by labour migrants has not been mentioned.

#### **4.3 Structure of Using Labour Migrant Remittances - Nutrition, Investment and Saving**

Labour migrants remittances are used on nutrition, investments, and on saving. Part of the remittances households used on re/-construction, building small hydro power station, building infrastructures in communities (such as road, water pipeline, building bridges, creating small trade sectors and providing them with goods, organizing family businesses, transport, services and, more)<sup>67</sup>.

Labour migrants' remittances can be divided into three major groups by structure of expenditure: nutrition, investment, and savings.

Actual usage of labour migrants' remittances completely differs from their initial purposes. The primary reason for remittances (90%) was to cover personal consumption; however, actually only 43% of the money was used for that purpose.

The secondary purpose for remittances sent (more than 43%) was for construction; although the actual number shows that only 17% of that money was used on re/-construction of houses. Moreover, the rest was spent on educational (17.1%) and health related (14.8%) fees, weddings, circumcision and funeral ceremonies' expenses (7.5%), long-term usage goods (8.1%) and more. A significant part of remittances was used on education, health, weddings, funerals and other ceremonies; as well as to cover debt.

Remittances have also been shown to promote entrepreneurship (Massey and Parrado, 1998; Woodruff and Zenteno, 2001; Maimbo and Ratha, 2005; Yang, 2005). Migrants' income is not enough to invest in their own business and/or savings. Hence the smallest percentage of the planned expenditures on starting own businesses and savings were not used as planned initially. The labour migrants extremely low capacity for business knowledge and lack of adequate skills, stands as an obstacle for the proper redistribution of the migrants' remittances; not solely for personal consumption, but for other purposes as well (including, future investments, and savings) (see Table 4.3.1).

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<sup>67</sup> Sultanov Z., Macroeconomic consequences of Migrant Remittances in the Republic of Tajikistan., Institute of Demography, Academy of Sciences (unpublished report 2008).

**Table 4.3.1****Comparison of Migrant Remittances Expenditures Structure and Actual Usage of Remittances, (%)**

	First most important use	Second most important use	Third most important use	Actual use
Purchase of food and basic necessities	90.2	3.2	2.5	43.2
House construction/repair	4.9	43.2	3.2	17.1
Purchase of durable goods	0.5	8.1	9.5	3.3
Educational expenses	0.9	17.1	11.3	7.4
Medical expenses	0.7	14.8	17.3	11.7
Expenditure for wedding, circumcision and funeral ceremonies	1.2	7.5	22.5	6.7
Payoff debts	0.7	2.6	13.0	4.7
Other aims (savings used for farm equipment and land improvement)	0.9	3.5	20.7	5.9
Total	100.0	100.0	100.0	100.0

In the absence of labour migrants the decision on spending the migradollars are made by migrants' parents; but if there are no parents, decisions are usually made by migrants' spouses.

A more detailed structure of expenditures of remittances and comparison among the three strata is done in chapter 5 of this report.

#### **4.4 Socio-Economic and Demographic Characteristics of Labour Migrants and Reasons for Migration**

##### ***4.4.1 Socio-Economic Characteristic of Labour Migrants***

Among labour migrants the percentage of those married is 68% and those single is approximately 28%. Married and single male compile more than 95%, while among female labour migrants the number of divorced is higher by 3 times than among male. Also, there is a regional differentiation amongst the households by marital status. The number of single migrants in MBAR is two times more and the number of married labour migrants that is two times less as suggested by the sample. The figure for the married labour migrants in Sughd region is 6% higher in comparing to the country level. Divorced level within labour migrants is greater among the DRS migrants (67% from the total divorce level in the country), while the number of widows among labour migrants is more in Khatlon region (50% from the total number of widowed on country level) (see Table 4.4.1).

The education level of migrants differs amongst countries. Just 4% of Mexico migrants have tertiary education which is 3% less than those from the Central American region, 8% in the Caribbean region, 20% less in the Andean region, and 26% in the Latin American states. On the contrary as an example in India, China, Philippine, Egypt, Iran, Indonesia, Pakistan, and Malaysia 70% of migrant have tertiary education<sup>68</sup>.

<sup>68</sup> Pablo Fajnzylber., J. Humberto Lopez., Close to Home. The Development Impact of Remittances in Latin America, ©2007 The International Bank for Reconstruction and Development / The World Bank, p-10.

**Table 4.4.1.**  
**Marital Status of Labour Migrants by Regional Division**

REGIONS	MARITAL STATUS ( %)					Total
	Married	Divorced	Live separately but not divorced	Widowed	Single	
Sughd	73.44	0.78	0.00	1.56	24.22	100.0
	29.01	11.11	0.00	33.33	23.48	19.4
Khatlon	68.91	1.04	0.52	1.55	27.98	100.0
	41.05	22.22	25.00	50.00	40.91	35.8
DRS	68.55	4.84	2.42	0.00	24.19	100.0
	26.23	66.67	75.00	0.00	22.73	38.1
MBAR	40.0	0.00	0.00	3.33	56.67	100.0
	3.70	0.00	0.00	16.67	12.88	6.6
Total	67.80	2.50	0.80	1.30	27.60	100.0
	100.0	100.0	100.0	100.0	100.0	100.0

Studies that analyze the impact of remittances on education such as Cox and Ureta (2003), for the case of El Salvador, Yang (2005), for the case of Philippines, and Hanson and Woodruff (2003) and Lopez-Cordova (2005), for Mexico, find that by helping to relax household constraints, remittances are associated with improved schooling outcomes for children. Actual expenditures of households in our studies show that nearly 8% of remittances are invested on child education.

The educational level of Tajik labour migrants is very low. Although 73% of labour migrants have secondary education, 10% and 8.2% have only technical secondary and/or higher educational levels respectively. According to the sample's findings the educational level of labour migrants from MBAR is higher while the educational level of labour migrants from Khatlon region is lower. For instance, in MBAR, 34% of labour migrants have university degree, and 50% and 16% of them have secondary and/or technical secondary education. In Khatlon, only 4% (two times less than the country level) of labour migrants have university degrees and the number of migrants with secondary education is higher by 8%. Migrants with incomplete secondary education are more among labour migrants from DRS. (see table 4.4.2)

**Table 4.4.2**  
**Educational Level of Labour Migrants by Regional Division, (%)**

	EDUCATIONAL LEVEL						Total
	Primary	Incomplete secondary	Secondary	Technical Secondary	Special Secondary	Tertiary	
Sughd	0.78	6.2	71.3	10.9	4.7	6.2	100.0
	20.0	21.1	26.8	46.7	27.3	21.6	27.2
Khatlon	1.0	5.2	81.3	4.2	3.6	4.7	100.0
	40.0	26.32	45.48	26.67	31.82	24.32	32.43
DRS	1.61	16.13	64.52	4.84	4.84	8.06	100.0
	40.0	52.63	23.32	20.0	27.27	27.03	31.71
MBAR	0.0	0.0	50.0	6.67	10.0	33.33	100.0
	0.0	0.0	4.37	6.67	13.64	27.03	8.62
Total	1.50	4.60	61.10	6.90	12.20	13.00	100.0
	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Low educational level of labour migrants has positive and negative side. The low educational level of labour migrants indicates an equal access to labour migration and does not deteriorate the income distribution among households with or without labour migrant. Hence, equal access to labour migration impacts poverty reduction, so far as most of the vulnerable part of society is poor with low educational level and low income. However, the other side of the same argument exists. The low educational level and low qualification of labour migrants indicates a low level of their earnings.

#### **4.4.2 Demographic Characteristic of Labour Migrants**

Labour migrants are predominantly male (93.5%), however, there are regional variations. For instance, in Sughd region (11%) and MBAR (10%) female labour migrants are predominant than in Khatlon region and DRS. In Khatlon region there are (3.2%) female labour migrants; two times less than female labour migrants statistics for the whole country. (see Table 4.4.3)

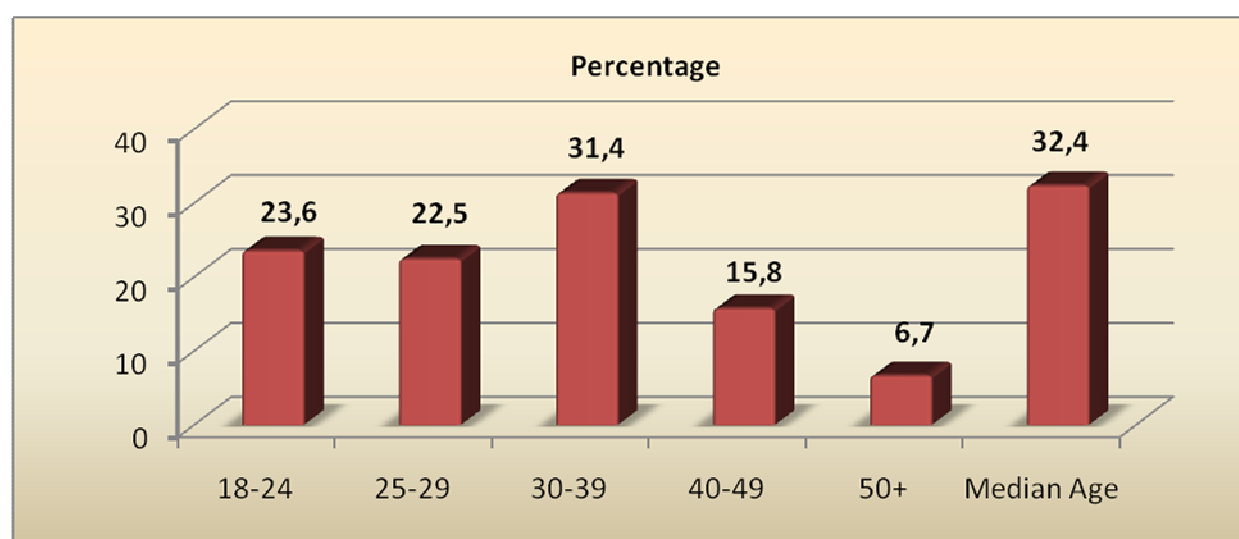
**Table 4.4.3**  
**Migrant Sex by Regional Division, (%)**

Regions	Sex		Total
	Male	Female	
Sughd	89.06	10.94	100.0
	25.68	45.16	36.6
Khatlon	96.89	3.11	100.0
	42.12	19.35	41.2
DRS	93.55	6.45	100.0
	26.13	25.81	19.1
MBAR	90.0	10.00	100.0
	6,08	9.68	3.1
Total	92.4	7.6	100.0
	100.0	100.0	100.0

The median age of labour migrants is 32.4 years. Approximately 24% of labour migrants are under the age of 25, and 75% under the age of 40 (see Figure 4.4.4).

**Figure 4.4.4**

#### **Labour Migrants' Age**



However, the sample surveyed 73.5% Tajik households and the percentage of households with labour migrants (76.2%) was higher than among other nationality; it indicates a high intensity of involvement in labour migration among Tajiks compared to Uzbeks and Kyrgyz's. (see Table 4.4.5)

**Table 4.4.5**

**Labour Migrants' Nationality**

	Household with migrant (%)	Household within sampling (%)
Tajik	76.2	73.5
Uzbek	22.9	25.2
Kyrgyz	0.8	1.3
Total	100.0	100.0

The main reasons of labour migration are: the search for a job and start a new job (90%). (see figure 4.4.6)

**Table 4.4.6**

**Causes of Migration (%)**

Start new job	13.7
Search for a new job	75.2
Study	1.3
State of health	0.8
Low fertile soil	1.1
Land scarcity	4.2
Migrated with family	2.9
Become married	0.8
Total	100.0

The median household's size in the countryside is 7.65. In Sughd region the median size of households was lower by 1.6 times than the country level. However, in DRS (8.9), MBAR (8.1) and Khatlon region (8.8) the household size is higher than the country level.

Households' size and labour migrants number per household are directly related, i.e. by increasing the size of the household, the number of migrants per household goes up. Khatlon region, DRS and MBAR household's size as mentioned earlier, were larger than in Sughd region, hence households with more than two labour migrants per household are more common that in Sughd region. (See Table 4.4.7)

**Table 4.4.7**

**Household Size in Rural Areas According to the 2000 Population Census and 2008 Sampling**

	Household size (census 2000)	Household size in sampling (2008)
Sughd	5.5	4.8
Khatlon	7.3	8.8
DRS	6.8	8.9
MBAR	6.7	8.1
Total	6.6	7.65

## 4.5 Environmental Factors for Migration Activity of Population

In the survey questionnaire during the present study some questions related to the environmental degradation and their impact on the migration population's activity were included. The main objective of the included questions were related to environmental degradation and was meant to define the impact of environmental degradation from natural and man-made disasters to the intensity of migration, especially to labour migration.

As mentioned earlier, in June, 2008 a qualitative survey in Tajikistan dedicated to Environmental Degradation and Forced Migration Scenario within EACH-FOR project<sup>69</sup> was conducted. As this study was qualitative where a semi-structural and structural (open ended) questionnaires were used, it allowed for gathering the opinions of those who live in degraded areas (environmental degradation due to natural and man-made disaster) and those who abandon places. The results of this qualitative study permitted to state that the worsening economic situation within the household is not always the only cause for increasing the labour migration volume because of the lack of jobs and low income of the population. In this study, a snowball method (non-random sampling) was used, and the households covered predominantly lived in degraded areas or went away from such places. This type of sampling however is one of the main limitations of this study because it does not allow to completely confirm such relationship. Hence, in a future quantitative study we plan to include some questions related to environmental degradation. In the current IOM's Tajikistan studies on labour migration and migrant remittances we included such questions that allow evaluating the impact of environmental degradation on the population migration activity at the country level.

According to the survey data, common types of disaster the population face across the country are: soil salinity and soil erosion, high level of subsoil water, landslides, mudflow, flooding and earthquakes. As it is clear from the above listed types of environmental degradation most of them relates to water as far as 60% of water in Central Asia located within the territory of Tajikistan. Earthquake is actually specific for all regions of the country. Lack of drinking water, is especially peculiar in Sughd and Khatlon regions. As the data analysis from EACH-FOR study and the current study show, it is not necessary to look for differentiation on the type of disaster specific to one region and not present in others. However, another type of classification by valley and high mountainous regions could be possible. Such classification clearly shows that the main types of disasters in the valley areas of the country are: soil erosion and soil salinity, lack of drinking water, high level of subsoil water and flooding (especially in Khatlon region), climate change (increasing air temperature), and landslides. While in mountainous regions the main types of disasters are landslides and mudflows (for more details see Table 4.5.1).

**Table 4.5.1.**  
**Type of Environmental Degradation by Regional Division**

	Regions (%)				Total
	Sughd	Khatlon	DRS	MBAR	
<b>Soil salinity</b>	<b>36.2</b>	<b>56.7</b>	<b>7.1</b>	<b>.0</b>	<b>100</b>
	20.6	24.0	6.9	.0	18.6
<b>Soil erosion</b>	<b>28.8</b>	<b>39.0</b>	<b>32.2</b>	<b>.0</b>	<b>100.0</b>
	7.6	7.7	14.5	.0	8.6
<b>Salinity of drinking water</b>	<b>57.1</b>	<b>42.9</b>	<b>.0</b>	<b>.0</b>	<b>100.0</b>
	1.8	1	.0	.0	1.0
<b>Lack of drinkable water</b>	<b>36.2</b>	<b>62.3</b>	<b>1.4</b>	<b>.0</b>	<b>100.0</b>
	11.2	14.3	0.8	.0	10.1

<sup>69</sup> For more details see: [www.each-for.eu](http://www.each-for.eu) EACH-FOR Project. Khakimov P., Mahmadbekov M., "Environmental Change and Forced Migration Scenario in Tajikistan "

Continued from table 4.5.1					
<b>High level of subsoil water</b>	<b>20.8</b>	<b>79.2</b>	<b>.0</b>	<b>.0</b>	<b>100.0</b>
	4.5	12.7	.0	.0	7.0
<b>Landslides</b>	<b>.0</b>	<b>33.3</b>	<b>66.7</b>	<b>.0</b>	<b>100</b>
	.0	0.3	1.5	.0	0.4
<b>Midstream</b>	<b>34.8</b>	<b>15.7</b>	<b>36.5</b>	<b>13.0</b>	<b>100.0</b>
	17.9	6	32.1	50	16.8
<b>Earthquake</b>	<b>31.1</b>	<b>28.1</b>	<b>29.6</b>	<b>11.1</b>	<b>100.0</b>
	18.8	12.7	30.5	50	19.7
<b>Flooding</b>	<b>36.4</b>	<b>27.3</b>	<b>36.4</b>	<b>.0</b>	<b>100.0</b>
	3.6	2.0	6.1	.0	3.2
<b>Desertification</b>	<b>.0</b>	<b>100</b>	<b>.0</b>	<b>.0</b>	<b>100</b>
	.0	2	.0	.0	0.9
<b>Deforestation</b>	<b>14.3</b>	<b>85.7</b>	<b>.0</b>	<b>.0</b>	<b>100.0</b>
	0.4	2.0	.0	.0	1.0
<b>Increasing air temperature</b>	<b>34.9</b>	<b>53.5</b>	<b>11.6</b>	<b>.0</b>	<b>100.0</b>
	13.5	15.3	7.6	.0	12.6
<b>Total</b>	<b>27.6</b>	<b>52.0</b>	<b>18.5</b>	<b>2.0</b>	<b>100.0</b>
	100.0	100.0	100.0	100	100.0

Ninety percent of respondents said that none of the listed below disasters was the reason for migration. Soil salinity in Khatlon region (2.2%) and DRS (1.3%), lack of drinking water in Sughd region (4.2%) and DRS (1.3%), mudflow in Sughd (4.2%) and Khatlon (5.1%) regions, flood in DRS (1.3%) and climate change in Sughd and Khatlon regions and DRS (1.1; 0.7; 1.3 respectively) were the reasons for migration for some individuals from households, or in some cases, for all households members (in the case their homes were destroyed). It is clear from the table that desertification and deforestation were not reasons for migration at all. (see Table 4.5.2)

**Table 4.5.2**

**Natural and Man-made Disasters - Reasons for Migration**

	Regions (%)				Total
	Sughd	Khatlon	DRS	MBAR	
<b>No one from the below mentioned reason</b>	28.6	41.8	24.5	5.1	100.0
	88.4	89.1	94.7	100	90.7
<b>Soil salinity</b>	.0	75	25	.0	100
	.0	2.2	1.3	.0	1.2
<b>Salinity of drinking water</b>	100	.0	.0	.0	100
	2.1	.0	.0	.0	2.1
<b>Lack of drinking water</b>	80	.0	20	.0	100.0
	4.2	.0	1.3	.0	5.5
<b>High level of subsoil water</b>	.0	100	0	.0	100
	.0	2.2	0	.0	2.2
<b>Mud stream</b>	36.4	63.6	0	.0	100.0
	4.2	5.1	0	.0	9.3
<b>Earthquake</b>	.0	100	0	.0	100
	.0	0.7	0	.0	0.7
<b>Flooding</b>	.0	.0	100	.0	100.0
	.0	.0	1.3	.0	1.3
<b>Increasing air temperature</b>	33.3	33.3	33.3	.0	100.0
	1.1	0.7	1.3	.0	3.1
<b>Total</b>	29.3	42.6	23.5	4.6	100
	100	100	100	100	100

With regard to the existence of different kind of environmental degradation, the population continues to live in such places. The main reasons for not changing the place of residence are: lack of other sources of income and labour migration as the main source of income (approximately 55%), unwillingness to leave the native land (34.2%) on the one hand, and the lack of financial ability to leave degraded areas (8.6%) and households that are ready to abandon such degraded places (1.3) on the other.

It should be noted that there are huge differences between the financial ability and readiness to leave such places by households even when good opportunities are present. The lack of willingness to leave the native land is particularly strong among households in DRS and Khatlon region than in Sughd which is the evidence of the existing traditional family structure among the first two regions.

A higher percentage of households in Sughd region reported labour migration as a source of income (nearly 62%), while in Khatlon region and DRS similar figures were 43.6% and 46.1% respectively. In the case of MBAR it should be noted that most migrants are permanent labour migrants (they stay in the host country for more than one year and some of them rarely return to the country of origin) and 100% of the households reported that labour migration is a source of income. For more details on regional distinction see Table 4.5.3.

**Table 4.5.3**  
**Reasons for staying in place of Residence due to Environmental Degradation**

	Regions (%)				Total
	Sughd	Khatlon	DRS	MBAR	
Unwillingness to leave ancestral land	22.4	47.7	29.9	.0	100.0
	27.0	38.3	42.1	.0	34.2
Household have other sources of income	25.0	58.3	16.7	.0	100.0
	3.4	5.3	2.6	.0	3.8
Labour migration as a source of income	33.7	35.6	21.5	9.2	100.0
	61.8	43.6	46.1	100.0	52.1
Household disabled to change one's own place of residence	14.8	59.3	25.9	.0	100.0
	4.5	12.0	9.2	.0	8.6
If any support from the Government we are changed place of residence	75.0	25.0	.0	.0	100.0
	3.4	.8	.0	.0	1.3
Total	28.4	42.5	24.3	4.8	100.0
	100.0	100.0	100.0	100.0	100.0

One of the last questions that were given to the respondents related to the reasons for migration of the whole household in the past. The main aim of including the given question was to define the factors which affected migration of all the family members, and define the degree of environmental impact to the population's migration activity in the past. Overall, 90% of households did not leave their native places. Main reasons for migration of those households that migrated during the recent past were related to environmental disaster and worsening economic conditions of the households (2.9% each), voluntary resettlement of households from the places being under the impact of exogenous processes and family creation (1% each), head of the household change workplace and other reasons (0.9%). There are also regional differentiations for migration of households in the past (see Table 4.5.4).

**Table 4.5.4**  
**Reasons for Migration of Households in the Past**

	Regions (%)				Total
	Sughd	Khatlon	DRS	MBAR	
No migration experiences for the entire household members	30.1	40.6	24.1	5.2	100.0
	96.6	87.2	90.8	100.0	91.4
Voluntary resettlement by the government	.0	100.0	.0	.0	100.0
	.0	2.3	.0	.0	1.0
Resettled due to natural disaster	.0	88.9	11.1	.0	100.0
	.0	6.0	1.3	.0	2.9
Family creation	.0	33.3	66.7	.0	100.0
	.0	.8	2.6	.0	1.0
Worsening economic condition of the household	33.3	33.3	33.3	.0	100.0
	3.4	2.3	3.9	.0	2.9
Change of employment location	.0	.0	100.0	.0	100.0
	.0	.0	1.3	.0	.3
Other reasons	.0	100.0	.0	.0	100.0
	.0	1.5	.0	.0	.6
Total	28.4	42.5	24.3	4.8	100.0
	100.0	100.0	100.0	100.0	100.0

Conclusions from the qualitative survey (EACH-FOR project)<sup>70</sup> were also included in the present quantitative survey where the attachment to the native residence, the inability to leave the native land, and the existence of other sources of income are the main obstacles in degraded areas. And in degraded areas, the last two mentioned reasons are the stronger obstacles along with the lack of willingness to leave the native places. Moreover, as it was described in EACH-FOR reports, the population continues to live in degraded areas because of the reasons above until the full devastation of their houses forces them to leave their ancestors' land.

Results from the present quantitative survey show that, approximately 14% of labour migrants worked in non-paid family business before migration<sup>71</sup>, and that the increasing size of labour migrants was from this population group. Consequently, it should be noted that the increasing volume of labour migration during the last few years was not only related to poverty, but had a relation to environmental degradation as well, and the availability of labour migrants in neighbouring households and free hands (those who work in unpaid family businesses) serve as an accelerator for labour migration.

#### **4.6 Regional Dimension of Labour Migration and Duration of the Stay**

Econometric analysis relating remittances to migrants' stock living abroad indicates the following: (i) the ratio of remittances to GDP increases with the stock of migrants, but the stock of migrants reduces the amount of remittances sent per migrant, rendering ambiguous the impact on remittances received per capita; (ii) increases in the overall education levels of migrants tend to reduce remittances sent; (iii) the share of female migrants does not have a significant effect on remittances' flow; (iv) economic growth in the recipient country tends to increase remittance

<sup>70</sup> For more details see: Khakimov P., Mahmadbekov M. Environmental Change and Forced Migration Scenarios in Tajikistan on [www.each-for.eu](http://www.each-for.eu).

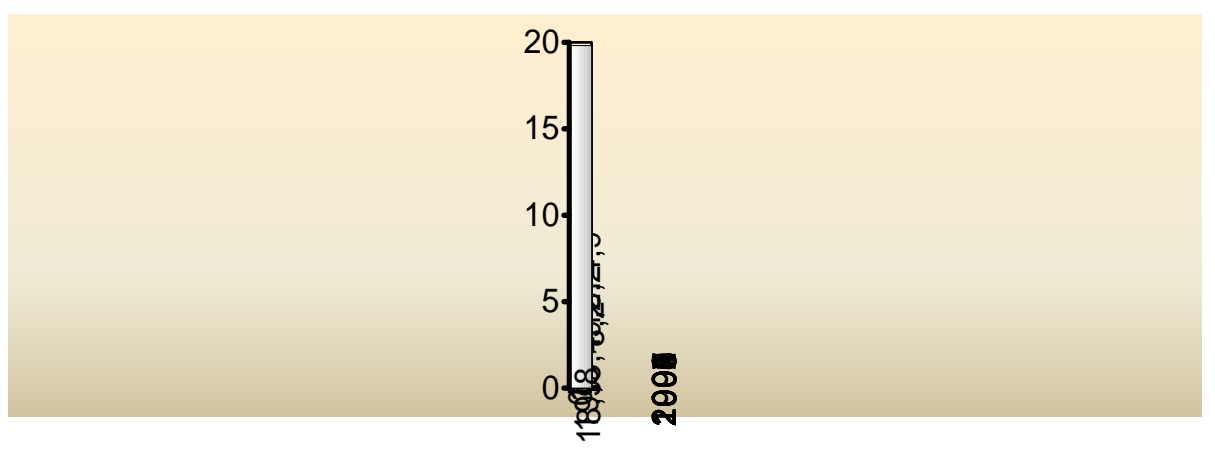
<sup>71</sup> For more details refer to Table 4.8.1 in chapter 4.

levels; and (v) remittances sent by migrants increase with the financial development level of their home countries<sup>72</sup>.

During the last several years the number of labour migrants increased significantly and that could be explained by the economic growth in labour migrants' recipient countries as well as by the demographic structure of the population in Tajikistan (the huge number of labour force, high level of unemployment, low level of wages and so forth). For instance, the number of migrants in 2008 increased by 20 times compared to 1998; and 2 times compared to 2005 (see Figure 4.6.1). However, with the current ongoing world financial crisis the number of labour migrants will most likely significantly decrease in 2009.

**Figure 4.6.1**

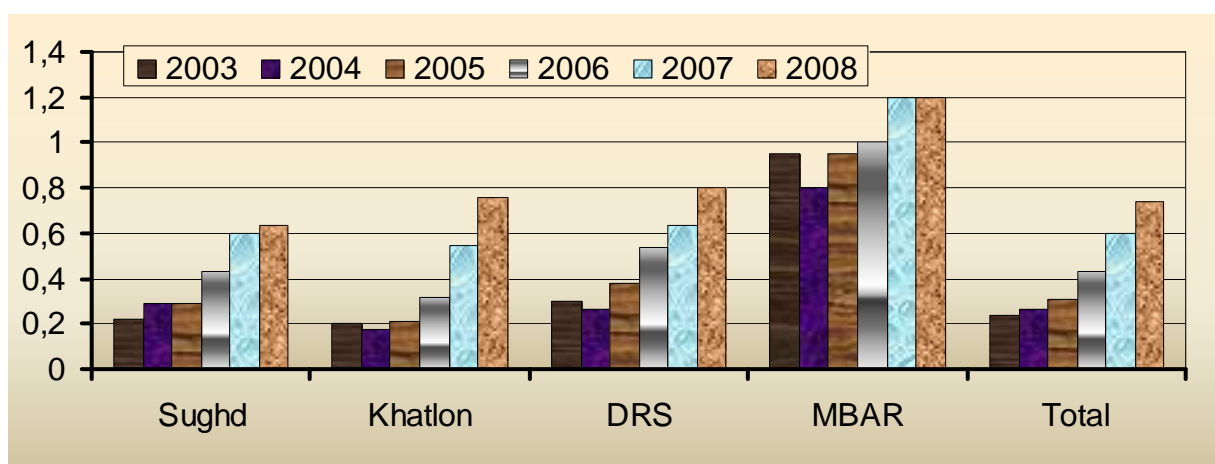
**Percentage of Labour Migrants by year of Involvement in Labour Migration**



The last two years have been witnessing a dramatic increase of labour migrants from Khatlon (57%) and Sughd (38%) regions; which has become the reason for the significant increase in absolute number of labour migrants at the country level. These two regions are the most populated; consequently an increase of the labour migrants' number from those regions is expected. On the other hand, low level of involvement in labour migration activity from DRS and MBAR shows that these two regions have become active earlier, since 2000. (see Figure 4.6.2)

**Figure 4.6.2**

**Number of Migrants per Household within Sampling (by regional division)**

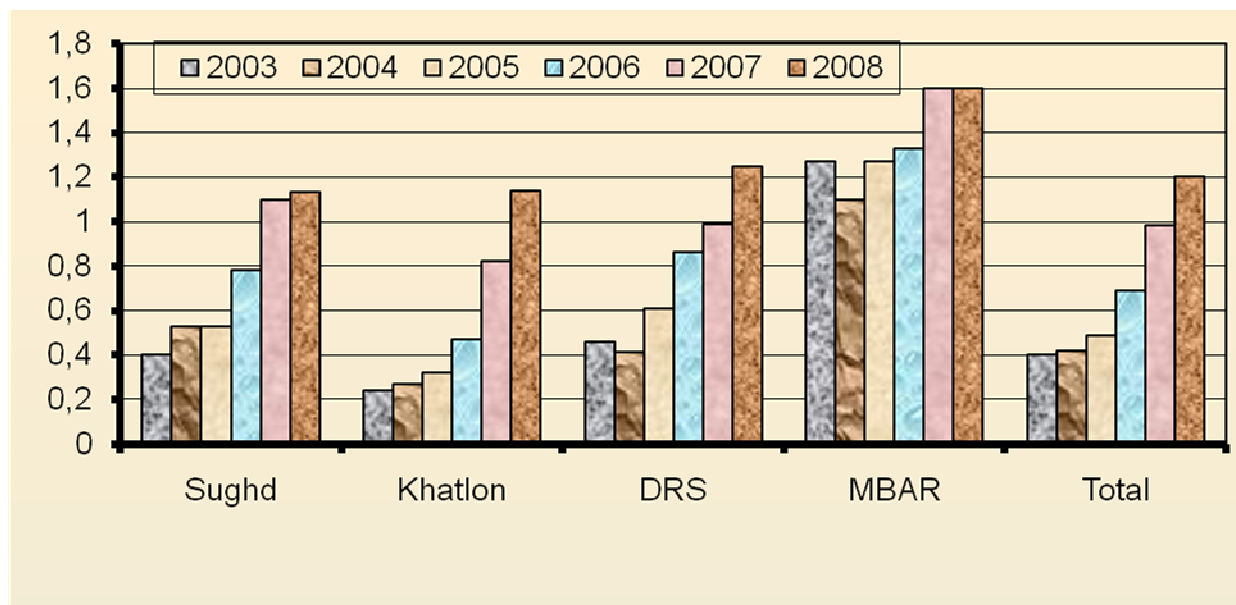


<sup>72</sup> Pablo Fajnzylber., J. Humberto Lopez., Close to Home. The Development Impact of Remittances in Latin America, ©2007 The International Bank for Reconstruction and Development / The World Bank, p-12.

In MBAR ¾ of the households have labour migrants. In Sughd and Khatlon regions and DRS the percentage is 56, 67, and 63 respectively (see Figure 4.6.3).

**Figure 4.6.3**

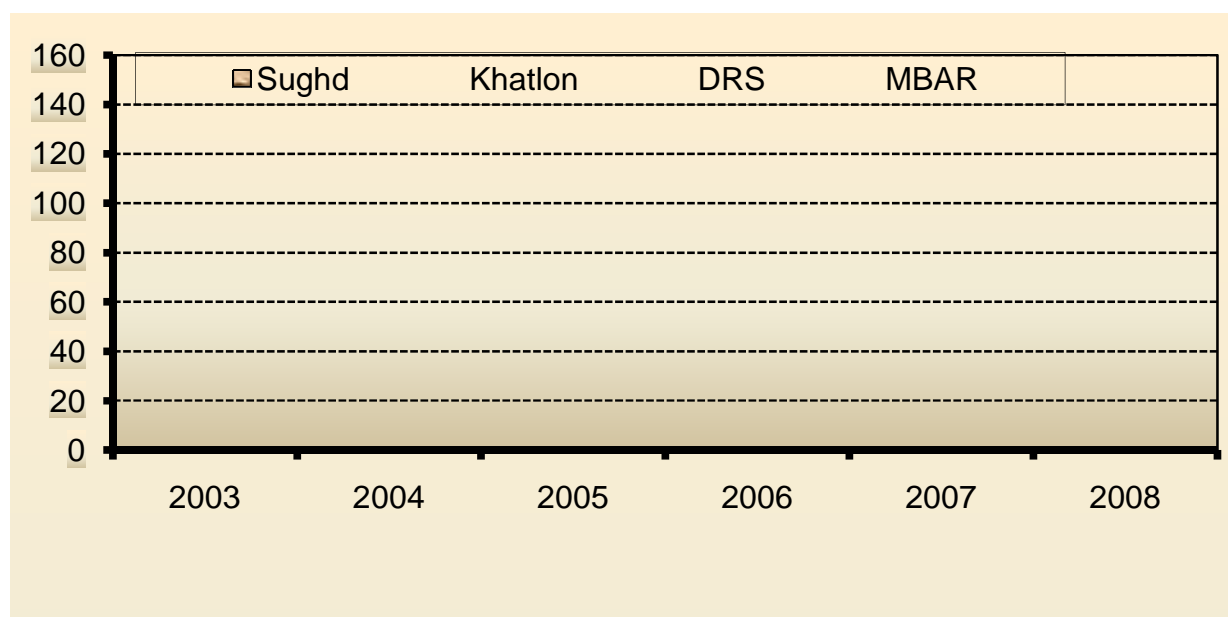
**Number of Migrant per Household within Households that have Labour Migrants (by regional division)**



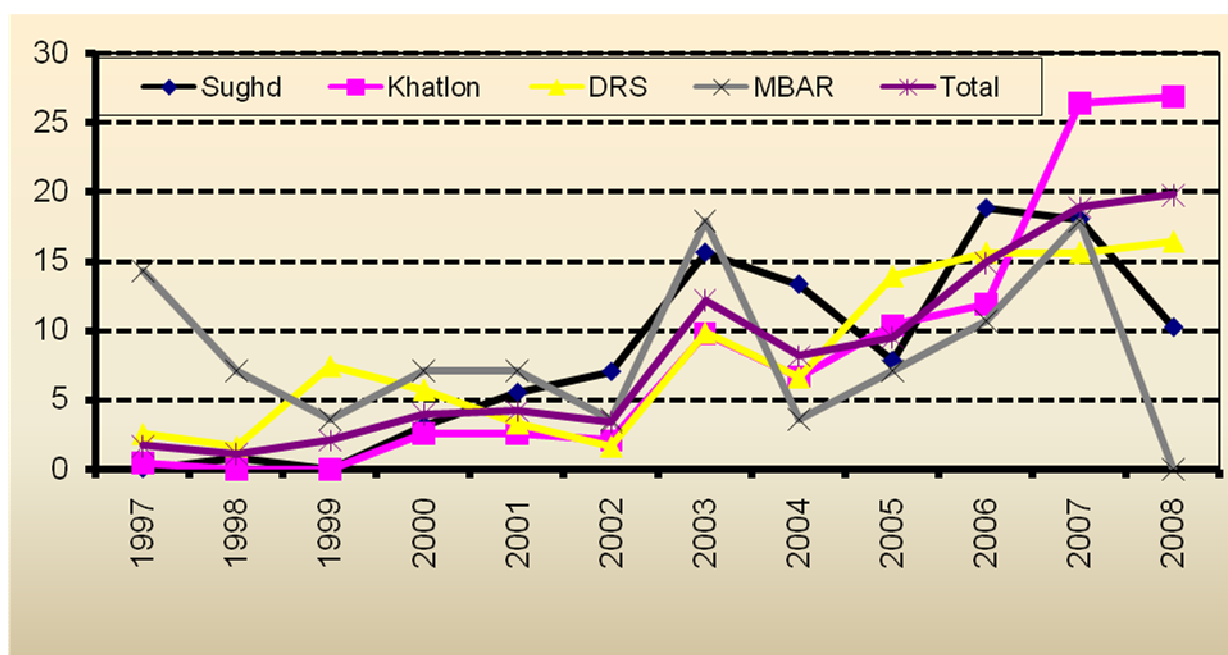
In 2008, the number of labour migrants per household was 1.2; that was three times higher than in 2003. The number of labour migrants among these households increased approximately by 20 times in Khatlon region, by 7 times in Sughd region, by more than 6 times in DRS; with no changes in MBAR. (see Figure 4.6.4 and figure 4.6.5)

**Figure 4.6.4**

**Absolute Number of Migrants (by regional division)**

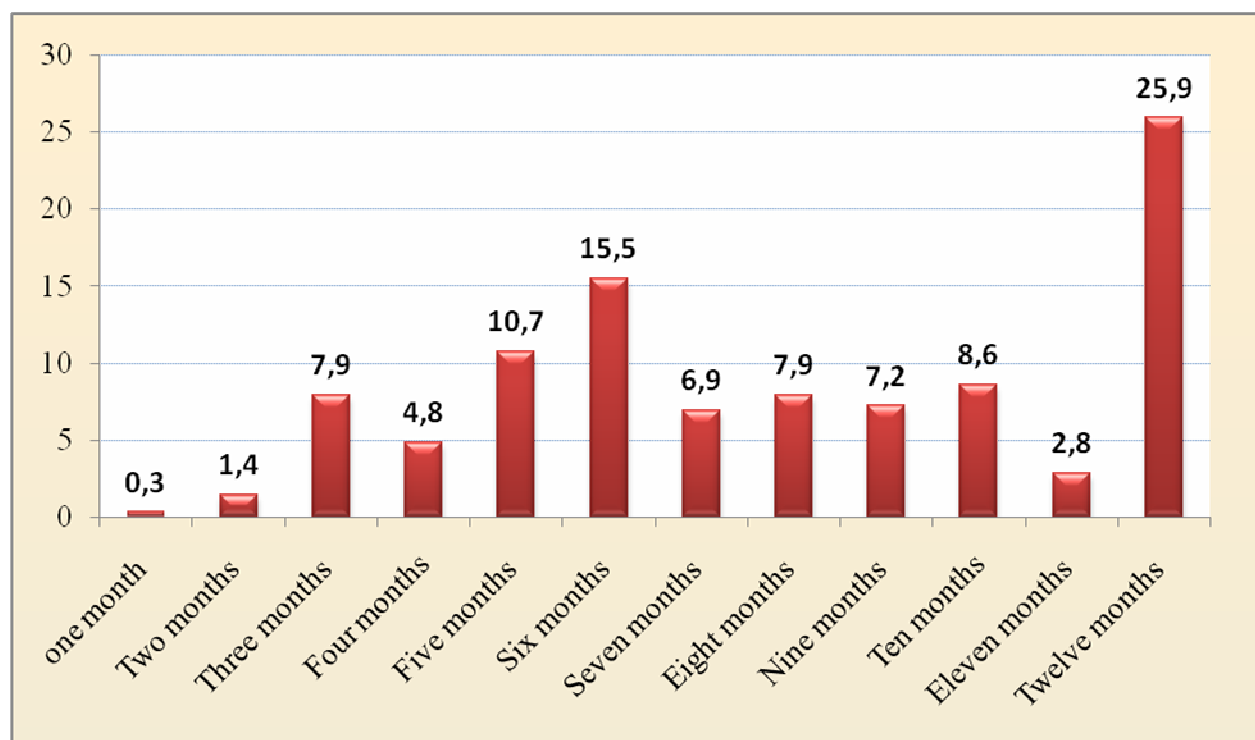


**Figure 4.6.5**  
**Percentage of Migrants by Year of Involvement in Migration (by Regional Division)**



On average, 26% of labour migrants have more than one year experience; the average duration of labour migration duration is 8.0 months for those who stay in their respective host countries less than a year; the main recipient country of labour migrants in 2008 was Russia (98%) (see Figure 4.6.6).

**Figure 4.6.6**  
**Duration Stay of Labour Migrant in Host Country, 2003-2007**



There are also regional distinctions on labour migrants' duration of stay in the host country. (for more details please refer to Table 4.6.1)

**Table 4.6.1.**

**Labour Migrants' Regional Distinctions on Duration of the Stay in the Host Country**

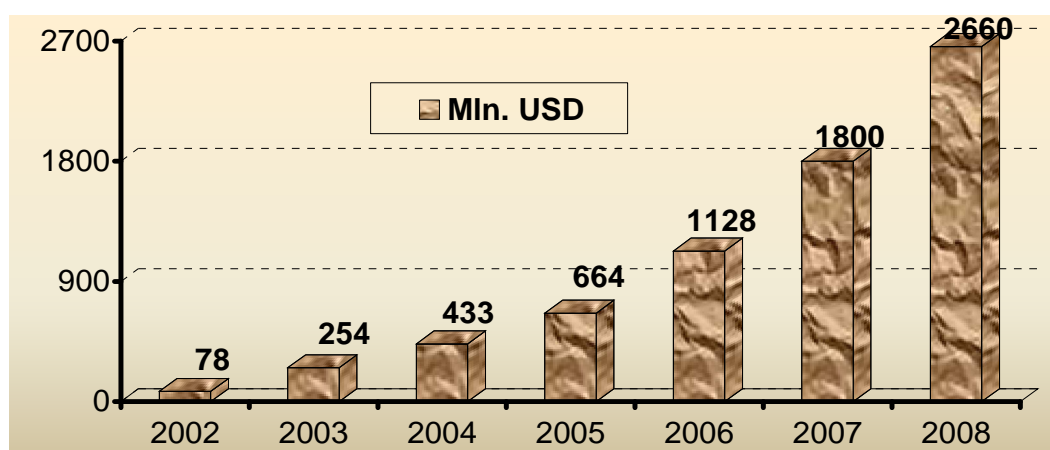
	Regions				Total
	Sughd	Khatlon	DRS	MBAR	
One month	1.1	0	0	0	0.3
Two months	1.1	2.0	1.4	0	1.4
Three months	4.3	10.8	8.5	8.3	7.9
Four months	2.2	6.9	5.6	4.2	4.8
Five months	5.4	12.7	18.3	0	10.7
Six months	16.1	18.6	8.5	20.8	15.5
Seven months	5.4	8.8	8.5	0	6.9
Eight months	6.5	10.8	8.5	0	7.9
Nine months	14.0	2.0	5.6	8.3	7.2
Ten months	7.5	13.7	1.4	12.5	8.6
Eleven months	4.3	2.9	0	4.2	2.8
Twelve months	32.3	10.8	33.8	41.7	25.9
Total	100.0	100.0	100.0	100.0	100.0
Median of Duration of the Stay	8.7	7.0	7.9	9.1	8.0

#### 4.7 Formal and Informal Channels to Transfer Remittances

During the last few years remittances through official channel increased significantly. For instance, in 2007 remittances through official channels increased by 23 times compared to 2002. Here it is necessary to mention two main reasons for an increase in remittances via official channels. The first one is the volume of labour migration that increased during the last few years, which is proved in this study. The second reason is that the higher remittances volume via official channels are reducing the size of commissions for remittances and developing the banking systems, by competition between MTO and Banks (see figure 4.7.1).

**Figure 4.7.1**

**Remittances through Banking Systems and MTO in Tajikistan (2002-2008)**



Source: NBT Tajikistan, adopted from Mughal 2007, for our 2008 estimation.

The highest percentage of remittances' transfers is made through official channels (via bank 82%); by friends and relatives (12%); and by other means (6%). (Table 4.7.1)

**Table 4.7.1**

**Channels for Remitting Migrant Earnings (%)**

Bank transfer with code	73.6
Bank transfer without code	8.6
Bring with themselves	2.2
Agent/Courier	2.5
Through friends and relatives	11.7
Transfer via post	0.2
Other	1.2
Total	100.0

#### **4.8 Economic Status of Individuals Before and During Labour Migration, and Area of Activities**

Approximately 47% of labour migrants did not work and 30% of them were hired on a temporary basis. Nearly 14% of labour migrants worked in family unpaid businesses. A high percentage of those who did not work before migration is from MBAR (79.2%) and Sughd region (56.4%), while the highest percentage of workers hired temporarily were from Khatlon region (34.2) (see Table 4.7.1).

**Table 4.8.1**

**Economic Status of Labour Migrants before Labour Migration**

Hired worker	20.8	34.2	18.9	8.3	25.0
Employer	2.0	1.3	5.3	.0	2.4
Businessman	6.9	3.9	13.7	8.3	7.5
Businessman on small scale production	1.0	4.6	1.1	.0	2.4
Family unpaid business	12.9	11.8	18.9	4.2	13.4
Unemployed	56.4	44.1	42.1	79.2	49.2
Total	100.0	100.0	100.0	100.0	100.0

Just 73% of labour migrants found jobs immediately after reaching the host country (see Table 4.8.2). The main sources of information for finding jobs were: friends (45.1%), household members (26.5), and migrants themselves (21.9).

**Table 4.8.2**

**Economic Status of Labour Migrants after Arriving in the Host Country (%)**

Yes	73.2
No	26.8
Total	100.0

Due to the low educational level of labour migrants, migrants predominantly occupy low-paid jobs that require minimum skills. More than half labour migrants are engaged in construction, where only 7.3% have higher professional qualifications. The other lion share of labour migrants

are engaged in the service sector (26%). Labour migrants with university and technical secondary degrees who have their own businesses, and who are employers themselves made up 17.7%; while the figure for unemployed labour migrants is 3% .(Table 4.8.3)

**Table 4.8.3**

**Labour Migrants Area of Activity, (%)**

Service sector	25.9
Construction sector (unskilled worker)	43.4
Construction sector (skilled worker)	7.3
Production sector (unskilled worker)	10.1
Production sector (skilled worker)	1.2
Education sector	0.3
Business sector (including employer)	8.9
Not work at all	2.9
Total	100

The number of legally working (i.e. have work permission) labour migrants is 60%. Nearly 10% of labour migrants encountered problems with law enforcement and had to face sentences. While 4% were harassed, and approximately the same percentage of labour migrants were deported from the host country (see Table 4.8.4).

**Table 4.8.4**

**Legal Status of Labour Migrants or Possession of Work Permission, (%)**

Yes	60.0
No	30.5
Not sure	9.5
Total	100.0

Main sources for labour migrants to cover travel expenditures are household members and migrants themselves (76%). Financial support coming from friends makes 13.7% and credits from banks and/or micro credit organizations makes up 7.2%. (see Table 4.8.5)

**Table 4.8.5**

**Sources of Financing Labour Migration, (%)**

Family	59.4
Friends	13.7
Neighbors	3.4
Myself	16.3
Credit (bank and/or micro credit funds)	7.2
Total	100.0

#### 4.9 Positive and Negative Aspects of Labour Migration and Reasons for Returning Labour Migrants

Family financial support and increased income (57%), job-skills and language acquisition (13.5%), real estate purchase (4.3%), and paying off debts (5.4%) are among the positive aspects of labour migration. (see Table 4.9.1)

**Table 4.9.1**  
**Positive Aspects of Labour Migration (%)**

To find highly paid jobs to financially support family	37.8
Learn language and experience	13.5
More income	18.9
Enjoy Travel	5.4
Gather money for the future	5.4
Pay off own debts	5.4
Buying a house	4.3
Buying new household's equipment	2.7
Household main bread-winner	2.2
Become more independent and make decision for all household	1.6
Gather money for child education	1.6
Don't know	1.1
Land Rent	0.0
Total	100,0

The main negative aspects of labour migration can be divided into two parts. On one hand those who cannot point out the negative aspects (44.5%) and on the other, feeling the separation from the family, lack of opportunities to raise children and the inability to make household related decisions (39%). Moreover, the other negative aspect of labour migration is the break up of the family units 9.3%, as mentioned by returned labour migrants. (see table 4.9.2)

**Table 4.9.2**  
**Negative Aspects of Labour Migration (%)**

No any negative impact	35.2
Feel far away from home	18.5
More decision in household level made without my participation	12.0
Divorce	9.3
Don't know	9.3
Do not have an opportunity for raising my child	8.3
I feel I could not find a job in my country with a sufficient wage	4.6
Implementing work outside the country which was below my qualification and become the reason of my degradation	2.8
Total	100.0

More than 50% of returned labour migrants report that they return forever, while the other half responded the other way or did not make a comment at all. It is necessary to mention that during the survey just 17% of labour migrants were back in their homes (see table 4.9.3).

**Table 4.9.3****Return of Labour Migrants (%)**

Yes	50.8
No	25.4
Don't know	23.8
Total	<b>100.0</b>

The most pursuing reasons for labour migrants to come back home were: family care, the feeling of loneliness and suffering from family separation (72.5%). The other factors affecting the decision of labour migrants are: low incomes and lack of adequate jobs (15.1%); health status (6.3%); and labour migrants earning enough money to be with their family (3.8%). (Table 4.9.4)

Moreover, decision labour migrants' return is also related to xenophobia against labour migrants. For instance, a review of recent years press articles and especially last six months in 2008, points to an increase number of Tajik migrants victims and xenophobia against labour migrants in Russia <sup>73</sup>.

**Table 4.9.4****Main Reasons for Labour Migrants Return, (%)**

Family care	47.5
Family suffering from separation	15.0
Didn't earn enough money during labour migration	11.3
Was lonely and missed my family	10.0
Health issues	6.3
Earned enough money for living with my family	3.8
Couldn't find worthy job	3.8
Could not adjust myself to local inhabitants' mode of life	2.5
Total	<b>100</b>

**4.10 Economic Activity of Returned Labour Migrants**

Those who intended (45% of returned labour migrants) to start their own businesses were mainly interested in the following sectors: agricultural (44%), construction and service 12% each, trade and transport 12% each, and production sector 6%. (see table 4.10.1)

**Table 4.10.1****Desire to Begin Own Business, (%)**

Yes	45.3
No	18.7
Don't know	36.0
Total	100.0

Approximately 61% of returned labour migrants could not state the needed amount of money to begin their own businesses. Just 18% of them stated that figures varied from 5000 to 10000 somoni, while the 8% stated that 5000 somoni would be enough to start a business.

<sup>73</sup> For example, see website: [www.centrasia.ru](http://www.centrasia.ru)

The main sources of information for starting a business were: other labour migrants who provided information during interaction with other people (43%); and different outlets of mass media (57%).

Not enough amount saved from labour migration (64.7%); lack of knowledge on how to start a business (9.8%); high rate of interest when applying for bank credits (13.7); and high taxes (11.8%) were some of the other responses.

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## CHAPTER V. IOM PROJECT: “ENHANCING DEVELOPMENT IMPACT OF REMITTANCES AND PROMOTING LEGAL MIGRATION”

### 5.1.1 Background, Objectives, and Project Activities

IOM Tajikistan initiated the project “*Enhancing Development Impact of Remittances and Promoting legal Migration*” with the financial support of the EU for two years (01/01/2007-31/12/2008) within the AENEAS programme.

#### Target beneficiaries and/or target groups<sup>74</sup>

Migrant Households, returning labour migrants, and Jamoat Resource Centres (JRCs) in fifteen Jamoats (Rural Communities) in Khatlon and Rasht regions.

#### *Project Objectives*

##### **Specific Objective:**

The specific objective of this project is to enhance the development impact of labour migration and remittances in migrant sending areas through remittance-linked education and investment initiatives as well as promoting legal migration through information dissemination and training of community based entities on reality of labour migration.

##### **Overall objectives:**

- To provide financial education to migrant households to improve their capacity to effectively manage, save and invest their income to meet their household needs;
- To maximize the impact of labour migration on the enhancement of livelihoods of migrant sending communities by providing remittance investment incentives;
- To build capacity of local community actors and community based entities to promote legal migration through trainings and consulting;
- To facilitate and enhance the investment of migrant remittances in viable individual and/or collective economic livelihood activities through the provision of micro credit grant funds;
- To enhance the capacity of local actors to support the development of micro-entrepreneurship and cooperative development initiatives as well as improving the potential of local agricultural sector through provision of advisory services, training and financing for rural cooperative enterprises;
- To provide information on labour migration, the dangers of labour exploitation and trafficking as well as creating a local capacity to advocate on these issues;
- To enhance the communities’ understanding of the need to make choices for improving their living standards and economic prospects;
- To create Migrant Household Associations (MHA) in fifteen Jamoats (Rural Communities) to help facilitate collective investment of migrant remittances for development projects.

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<sup>74</sup> The target groups are the people who will ultimately benefit from the project activities. The beneficiaries are the people who will participate directly in the project. Many times these will be the same people, but not always. For example, in a programme to raise the awareness of judges and politicians about the rights of indigenous peoples, the beneficiaries of the activities will be judges and politicians, but the target groups will be the indigenous peoples about whose rights the beneficiaries are being made more aware.

### 5.1.2 Borrower Households

As it was mentioned in the methodology of this survey this report has been mainly developed from the **main strata (strata 1)**. However, **strata 2** (those households, which were under the 2005 IOM study, where every 1/8 of households again were included in the survey in August 2008); and **strata 3**, (IOM borrower households under the above-mentioned project, where every 1/5 households were covered by the survey), were used as a base for description for chapter 5. The same questionnaire was used for all strata.

The specific objectives of this project was: to enhance the development impact of labour migration and remittances in migrant sending areas through remittance-linked education and investment initiatives as well as promoting legal migration through information dissemination and training of community based entities on the reality of labour migration, and more. Hence, the survey data related to the specific objectives and overall objective of this project further analyzed and discussed in this paper, thus far has not found any differences in the socio-economic and demographic characteristics of labour migrants during the collection and processing data.

Moreover, in this part of the report we mainly analyzed data from strata 3 and from strata 2 and compared them with the data from the main strata to observe the behavior of borrower households: to examine migration activity among borrower households; to examine their capacity to effectively manage, save and invest their income; to examine the impact of labour migration on the enhancement of the livelihoods of migrant sending communities by providing remittance investment incentives; to examine the impact of different training courses for borrower households; and to understanding the issue of legal migration and more.

First, it is notable that the percentage of labour migrants during the past two years increased by ascending in all strata. As for borrower households covered in Khatlon region and DRS, it would be preferable to compare the same regions' data from strata 1 (Khatlon region and DRS) and strata 2 (Khatlon region). Hence, such comparison shows that the percentage of labour migrants during the last two years decreased (although not significantly) among the borrower households (strata 3), while in the other two strata in the same region, it continues to increase by ascending. (for more detailed see Table 5.2.1)

**Table 5.2.1**

**Percentage of Labour Migrants by year of involvement into labour migration in all strata**

	Strata 2	Borrower households (Strata 3)	Strata 1				Total
			Sughd	Khatlon	DRS	MBAR	
1997	.0	.0	.0	0.5	2.5	14.3	1.7
1998	.0	.0	0.8	0.0	1.6	7.1	1.1
1999	.0	1.8	0.0	0.0	7.4	3.6	2.1
2000	5.3	1.8	3.1	2.6	5.7	7.1	4.0
2001	2.7	1.8	5.5	2.6	3.3	7.1	4.2
2002	9.3	1.8	7.0	2.1	1.6	3.6	3.4
2003	4.0	12.7	15.6	9.8	9.8	17.9	12.2
2004	8.0	12.5	13.3	6.7	6.6	3.6	8.2
2005	10.7	18.5	7.8	10.4	13.9	7.1	9.5
2006	12.0	17.6	18.8	11.9	15.6	10.7	14.9
2007	21.3	16.6	18.0	26.4	15.6	17.9	18.9
2008	26.7	14.8	10.2	26.9	16.4	.0	19.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Data comparison on the actual expenditure of migradollars between strata's show that the borrower households' expenditures on nutrition products and essential goods, for weddings, circumcisions, and funeral ceremonies are lower, and expenditures on education, house building and reconstruction, and the purchase of durable goods is higher. This shows that the financial education of borrower households on managing migrants remittances is better than other households (strata 1 and 2). Moreover, investments in the agricultural sector (purchase of agricultural machinery), improving soil, land rent, savings, and starting own business, was the actual field of investments for borrower households, while in the first strata the investments for such sectors was not mentioned at all, and in strata 2 it shows in small percentages. (for more details see Table 5.2.2)

**Table 5.2.2.**  
**Actual Use of Labour Migrant Remittances, (%)**

	<b>Strata 1 - Main strata</b>	<b>Strata 2</b>	<b>Strata 3 – Borrower households</b>
Nutrition products and essential commodities	<b>43.2</b>	42.6	<b>35.8</b>
House building and reconstruction	<b>17.1</b>	15.8	<b>19.5</b>
Purchase of durable goods	<b>3.3</b>	7.4	<b>8.8</b>
Expenditures for education	<b>7.4</b>	6.9	<b>11.3</b>
Expenditures for health	<b>11.7</b>	6.9	<b>3.1</b>
Expenditures for wedding, circumcision, and funeral ceremonies	<b>6.7</b>	5.9	<b>5.0</b>
Paying off debts	<b>4.7</b>	4.5	<b>1.3</b>
Other aims	<b>5.9</b>	1.0	<b>2.5</b>
Starting own business	<b>0.0</b>	0.0	<b>0.6</b>
Savings	<b>0.0</b>	1.5	<b>2.5</b>
Land Rent	<b>0.0</b>	0.5	<b>0.6</b>
Improving soil	<b>0.0</b>	2.0	<b>1.3</b>
Purchase of agricultural machines	<b>0.0</b>	5.0	<b>7.7</b>
Total	<b>100.0</b>	100.0	<b>100.0</b>

There is no significant difference between strata on channels for transferring remittances. Predominantly, labour migrants used official channels to transfer remittances, however migrants from borrower households transferred 94% of their remittances through banks; this figure in strata 1 (main strata) and strata 2 was 82.2% and 88.7% respectively. (see Table 5.2.3)

**Table 5.2.3**  
**Channels for Transferring Remittances**

<b>Channels / percentage</b>	<b>Strata 1</b>	<b>Strata 2</b>	<b>Strata 3</b>
Bank transfer with code	<b>73.6</b>	87.6	89.3
Bank transfer without code	<b>8.6</b>	1.1	4.7
Bring with themselves	<b>2.2</b>	.0	3.1
Agent/Courier	<b>2.5</b>	.0	1.1
Through friends and relatives	<b>11.7</b>	5.6	0.3
Transfer via post	<b>0.2</b>	5.6	1.6
Other	<b>1.2</b>	.0	.0
Total	<b>100.0</b>	100.0	100.0

Also the higher percentage of those who planned to start their own businesses is among migrants from borrower households than among labour migrants from the strata 1 and 2, 1.8 and 1.4 times respectively.

**Table 5.2.4**

**Percentage of those who planned to start own business (%)**

	<b>Strata 1</b>	<b>Strata 2</b>	<b>Strata 3</b>
YES	45.3	58.8	82.4
NO	18.7	28.2	5.9
Don't know	36.0	12.9	11.8
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

The percentage is higher of those reporting to return permanently from labour migration among labour migrants from the borrower households.

**Table 5.2.5**

**Labour migrants returning permanently, (%)**

	<b>Strata 1</b>	<b>Strata 2</b>	<b>Strata 3</b>
YES	50.8	13.3	56.3
NO	25.4	46.7	25.0
Don't know	23.8	40.0	18.8
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

As analysis of some of the data for borrower households and their comparison with the data from two other strata show that the main objectives of the IOM project was achieved; financial education and capacity to effectively manage migrant remittances was higher amongst labour migrants from borrower households; as well as spending on education; higher was also the percentage of legally working labour migrants compared to labour migrants from other two strata, and they were less vulnerable than others.

This comparison in research-based conclusion shows that the realization of the project for “*Enhancing Development Impact of Remittances and Promoting legal Migration*” is a good experience and example for the regulation of labour migration processes, as well as promoting the idea of maximizing the benefits from labour migration on investments at the micro level (for individuals and in community development), and savings alongside with spending migradollars for nutrition.

## CONCLUDING REMARKS

The general conclusions of researchers in the field have shifted from a largely negative view on remittances a couple of decades ago, to a more positive position today. It is possible to construct long lists of plausible negative and positive consequences of remittance inflows, but it is extremely problematic - and perhaps not very constructive - to attempt to estimate their overall effect on development processes<sup>75</sup>.

### Concluding Remarks on the Economic, Population and Labour Migration Development Processes Future

- ✦ The internal labour market in the present stage is not able to provide jobs for all labour force. Consequently, this economically active population being not able to find jobs to realize their potential in the internal labour market will turn to international labour markets. The other main reason for the increased volume of labour migration is the low wages in the internal labour market compared with the international labour market, as stated in the report.
- ✦ Labour migration and migrant remittances are especially urgent at the present, because it concerns many aspects of society life, both at the macro and micro levels. Labour migration is primarily associated with the increasing volume of the economically active population due to the high level birth rates, and consequently the rapid growth share of the economically active population during the last three decades.
- ✦ The population rate growth remains high, although it significantly reduced in the last couple of decades, consequently the country demographic potential remains high as well in the medium-term perspective.
- ✦ Demographic change due to permanent migration remains regular under the stable socio-economic and political condition of a country.
- ✦ Permanent migration in long-term perspective probably has an impact on the population age-sex structure as well as nowadays, by the prevailing males who are more involved than female, therefore becomes the reason for the sex ratio disproportion in reproductive age.
- ✦ Nowadays the traditional structure of the family is a deterrent factor which is against the transformation of labour migration to permanent migration. Among other deterrent factors, larger household size and economic possibility to permanently change residence appear to be strong. Moreover, the migration-related decision-making process in traditional types of family is determined at the household level instead of at individual; therefore this reason becomes an obstacle for labour migration transformation into permanent migration.
- ✦ Main problems of diversification in the direction of labour migration flows are the presence of language barriers and lack of inter-state agreements for the international labour markets in the West and Asia. Presently, there are some inter-state agreements, but migration flows are insignificant in these countries.
- ✦ Labour migrants' remittances remain the main source of income in labour migrants households' budget; however, for labour migrants and their households', remittances are not a permanent source of income due to the seasonal or temporary character of labour migration.

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<sup>75</sup> Carling 1996.

- ✦ Economic development from labour migration and migrant remittances serve as an additional tool for poverty reduction among the most vulnerable and poor part of population in the country, although more crucial in rural areas, where poor and labour migrants predominantly live.
- ✦ Economic development remains unstable due to expenditure structure of remittances. Expenditures structure is mainly directed to consumption, for migrants' children education, their health, savings, and others. Until now, labour migration had a cyclical character, which does not become the reason for reducing labour migration flows.
- ✦ Due to low labour migrants' income, their income is mostly expended to consumption rather than to savings and future investments. As a result, labour migration is like a vicious circle, because it does not become the reason for reducing labour migration volumes in the nearest future, while the rate of the population growth remains high and the size and potential of the economically active population remains high as well in the nearest future.
- ✦ The main reason for the increase in labour migration volume during the last 2 years, is first associated with the increasing country CPI, which promoted the rise in volume of migration flows outside the country. The analysis of the households' income structure shows that, households' income from subsidiary plot a tendency to decline, most likely due to four main reasons: first, increase income from trade and other professional activities; second, because of the attractiveness of labour migration comparatively high wages; third, probable decline of the agricultural sectors associated with labour migration; finally, different kinds of land degradation. Probably, all of these reasons simultaneously and recently have become the reason for the population labour migration activity.
- ✦ Nowadays, labour migration is the most actual macro and micro economic development element in Tajikistan, but should not be the main element of economic development in the long-term perspective. The urgency of labour migration is undisputable, but as the experience of the last few years shows, it has positive and negative aspects. It is well known, that the labour migration vector to Russia (which points even more to the need for a diversification of labour migration flows) during the recent years became the cause for economic and political pressure to Tajikistan; and most decisions were made in favour of the donor country. As already mentioned by the authors<sup>76</sup>, Mughal in 2007 and many others, it is necessary for the government of the country to promote and assist in searching new international labour markets for minimizing external pressure. The main problems of diversification directions of labour migration streams are the language barrier and lack of inter-state agreements for the international labour markets in the West and Asia. Presently, there are some inter-state agreements, yet emigration streams are insignificant in these countries.
- ✦ In the long term perspective, the population growth is still too high. But, in the short and medium term perspectives, labour migration should remain strong. However in the long term perspective, the country should move through a selected strategy, where the main sectors of development, according to the defined priority of the government, should be hydropower and tourism. Moreover, it is necessary to further develop small and medium entrepreneurship, which is considered a dynamically developing and flexible field and able to react to the change in internal and external markets, and more importantly, to the increase in share of population's self-occupation. As the analysis of the structure of

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<sup>76</sup> Mahmadbekov M., Khakimov P. "Stage of Migration ties between Russian Federation and Tajikistan and further aspects of their development". Materials from round-table on: Labour Migration – providing information & analysis on migration processes. 16-17, May, 2007, Dushanbe, Tajikistan, IOM/Tajikistan.

aggregate incomes data of population showed – incomes from individual activities consist of nearly one third of household's incomes. Hence, developing the small and medium entrepreneurship (most important create jobs and consequently reduce labour migration volume) in the future may cover a significant share of the households income. Consequently, tax proceeds to the state budget, can be directed for social welfare benefits for the more vulnerable part of society.

- ✦ Considering the households' disbursement structure and their aggregated income, it indicates that with the increase in households' income there is an increase in households' expenditure on non-foods items and services. Hence, remittances also had considerable impact on the increase of income that is not indicated as an income source. As these surveys is periodically conducted by the State Statistics Committee of the Republic of Tajikistan, it would be useful to include it in the survey questionnaire option, in the income source such as migrant remittances from internal and external labour migration.

### **Concluding Remarks on the Relationship Between the Revival of the National Industry and Labour Migration**

- ✦ The main cause for the decline in production is the increasing level of unemployment and consequently increasing volumes of migration. First, all are related to the transition from one economic system to the market economy, severance of economic relations between enterprises of former USSR unique cycle, the Civil War, the non-competitiveness of enterprises, and more.
- ✦ Stable remittances are not the reason for deindustrialization, because of the very simple reason that the process of production decline began in the early 1990's, while labour migration and consequently labour migrant remittances started in 2000 (that each year increase along with the number of labour migrants). Therefore, the huge size of remittances is not the cause for the deindustrialization process in Tajikistan, but serves as an obstacle for the development of the internal production by strengthening the national currency. This is one of the main negative aspects of remittances at the macro-level. In other words, the huge and stable flow of foreign exchange from labour migrants remittances became the reason for the appreciation of the national currency, and goods produced in the country became non-competitive (because of the stable national currency from remittances, limited opportunities to export goods as the cost of production in the country will be higher).
- ✦ On the other end, the effects of the world financial crisis on the country economy is critical, because the volume of remittances and source of foreign currency from the export of labour force is reduced, which will negatively impact the country balance of payments in the 2009. However, the financial crisis has also a positive side. The financial crisis creates an opportunity for the revival of the production sectors of the economy at least for essential goods, and will make the national economy less vulnerable from external factors. Moreover, the revival of domestic production ensures food security in the country and creates jobs in the internal labour market, which becomes the reason for reducing the level of unemployment and declining labour migrants share.
- ✦ Based on the above-mentioned points we can conclude that, labour migration and labour migrants remittances, and the world financial crisis, both have positive and negative aspects. At the same time, it is not good to look at the financial crisis as destructive, as any crisis can serve for the rehabilitation of the economy, and in the case of Tajikistan – it is a superb opportunity to revive domestic production, to ensure food security (if the government immediately takes some measures to respond to it).

## **Concluding Remarks on the Impact of Environmental Degradation on Labour Migration and Reasons for Labour Migration**

- ✦ The survey conducted in June, 2008 in Tajikistan in the EACH-FOR project showed that poverty is not always the reason for labour migration<sup>77</sup>.
- ✦ Conclusions from the qualitative survey (EACH-FOR project)<sup>78</sup> were also considered in the present quantitative survey where, the attachment to the ancestors' land, the inability to leave the native residence, and the existence of other sources of income are the main obstacles in the degraded areas. The last two mentioned reasons are stronger obstacles along with the unwillingness to abandon the native residence. Moreover, as it was mentioned in the EACH-FOR report, the population continue to live in degraded areas until their houses are fully destroyed and as a result, forcing them to abandon the native residence.
- ✦ Results from the present quantitative survey show that approximately 14% of labour migrants worked in unpaid family businesses before migration and that the increasing size of labour migration was partly due to this population group. Consequently, it should be noted that the increasing volume of labour migration during the last few years did not only relate to poverty, but also related to environmental degradation, availability of labour migration in neighbouring households, and availability of free hands (those who work in unpaid family businesses) which served as an accelerator for labour migration.
- ✦ One of the determinant factors that in the future could affects the size of labour migration is environmental degradation (natural or manmade disasters).

## **Concluding remarks related to the IOM project**

- ✦ The project “**Enhancing Development Impact of Remittances and Promoting Legal Migration**” financial supported by the EC and implemented by IOM Tajikistan in 2007-08, was the preeminent example of the impact of remittances on developmental issues. The specific objective of this project was to enhance the development impact of labour migration and remittances in migrant sending areas through remittance-linked education and investment initiatives as well as, promoting legal migration through information dissemination and training of community-based entities on the reality of labour migration.
- ✦ The analysis of the data for borrower households and their comparison with two other strata show that, the main objective of the IOM project was achieved; financial education and the capacity to effectively manage migrant remittances was higher among labour migrants from borrower households; spending on education was higher; higher was the percentage of labour migrants who work legally; and they were less vulnerable compared to labour migrants from the other two strata. Results from the present study shows that the awareness of borrower households about managing labour migrant remittances, and in organizing their own business is higher than the awareness of households from the other two strata. Lower migration activity from borrower households was observed for the past two years.

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<sup>77</sup>For more details see: [www.each-for.eu](http://www.each-for.eu) EACH-FOR Project. Article: “Environmental Change and Forced Migration Scenario in Tajikistan ”

<sup>78</sup> For more details see: Khakimov P., Mahmadbekov M. Environmental Change and Forced Migration Scenarios in Tajikistan on [www.each-for.eu](http://www.each-for.eu)

## RECOMMENDATIONS

- ✦ The main task of the government at the present stage is to encourage and advocate for legal migration with possible diversification of migration streams and destination countries.
- ✦ It is necessary for the government to take measures to develop the economy production sectors which would indirectly impact and reduce the volume of labour migration. Based on the experience of the last few years', labour migration and migrant remittances unequivocally impact the macro and micro levels.
- ✦ The financial crisis has also positive side. The financial crisis creates an opportunity for the revival of the economy production sectors at least for essential goods, and makes the national economy less vulnerable to external factors. Moreover, revival of the domestic production ensures food security of the country and creates job in the internal labour market which become the reason for the reduced level of unemployment and declining share of labour migrants. Hence, the main task of the government is to use this opportunity that would help to reduce the volume of labour migration by indirect measures.
- ✦ The population's disbursement structure and its aggregate income show that, the population's higher income is spent in favor of nonfoods items and services. Hence, remittances also had considerable impact on increasing the total household's income that was not indicated as an income source. As these surveys are conducted by the State Statistics Committee of the Republic of Tajikistan periodically, it would be useful to include the income source of remittances from internal and external labour migration as part of the answers in their questionnaire.
- ✦ It is necessary to further develop small and medium size business, which is a dynamically developing and flexible field, and able to react to the changes in internal and external markets, and more importantly help increase the share of the population self-occupation. As the analysis on household's aggregate income showed – the income from individual activity constitutes nearly one third of households' income. Development of small and medium size business could become the lion share of the population's income and taxes collected from the process could be invested in the social spheres (including education and health) to provide protection for the more vulnerable population. For this reason, the main task of the government is to create the corresponding business environment for developing the aforementioned sector.
- ✦ Concerned ministries and agencies should take measures to protect the environment since the vulnerability of the environment further becomes the vulnerability of the people who live in degraded areas and impact the intensity of migration.
- ✦ It's necessary to widen IOM activities in these regions and possibly cover all districts. Furthermore, crucially important is to develop mechanisms (by involving all stakeholders – government, national and international NGOs, international organization, communities, migrant hometown association) to widen IOM project activities at the country level in this field, and disseminate the experience by increasing the number of borrower households, and the size of loans per household that would allow to redirect migrant remittances into developmental issues. The project “**Enhancing Development Impact of Remittances and Promoting Legal Migration**” is a good experience and example on the regulation of labour migration processes and promoting the idea of maximizing the benefit from labour migration in investments at the micro level (individual and community development), and savings with spending migradollars on nutrition.

## **POSSIBLE EXTENTION AND FURTHER RESEARCH**

This report has presented a basis for making decisions on whether, how, and where to proceed with initiatives in the field of enhancing remittances on developmental issues. Additional research is needed in four main areas:

- ⊕ Linkage between labour migration and migrant remittances, and child education and child labour.
- ⊕ Labour migration gender dimension
- ⊕ Relationship between labour migration, agricultural recession and soil degradation
- ⊕ Linkage between labour migration, migrant remittances, revival of the national industry, economic and food security of the country.

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2. The World Bank Research Programme on International Migration and Development  
<http://econ.worldbank.org/programs/migration>
3. International Labour Migration [www.ilo.org/public/english/protection/migrant](http://www.ilo.org/public/english/protection/migrant)
4. The Global Development Research Centre [www.gdrc.org](http://www.gdrc.org)
5. USAID Remittances and Transfers [www.microlinks.org/en.php?ID=5192](http://www.microlinks.org/en.php?ID=5192)
6. International Organization for Migration [www.iom.int](http://www.iom.int)
7. Migration Policy Institute [www.migrationpolicy.org](http://www.migrationpolicy.org)
8. Migration Information Source [www.migrationinformation.org](http://www.migrationinformation.org)
9. UN INSTRAW Research on Remittances [www.un-instraw.org/en/index.php?option=content](http://www.un-instraw.org/en/index.php?option=content)
10. Inter-American Development Bank [www.iadb.org/mif/remittances](http://www.iadb.org/mif/remittances)
11. Sending Money Home [www.sendmoneyhome.org](http://www.sendmoneyhome.org)
12. Nextbillion.net [www.nextbillion.net/blogs/topic/remittances](http://www.nextbillion.net/blogs/topic/remittances)
13. World Bank [www.worldbank.org](http://www.worldbank.org)
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### Details of the Survey Methodology

As mentioned in this study, the survey was to be conducted in rural places. According to the 2000 population census data, the percentage of rural population compile 27.0% with regional differentiation on the share of rural population (see Table 1a and 1b).

**Table 1a. Share of Urban-Rural Population in country level**

Region	Urban	Rural	Share of the region population in total country population
Percentages			
MBAR	12	88	3.0
Sughd	28	72	31.0
DRS	13	87	23.0
Khatlon	19	81	34.0
Dushanbe	100	-	9.0
Tajikistan	27.0	73.0	100.0

**Table 1b. Share of rural population by regional division at the regional level and sampling unit**

Region	Total Rural Population size	Sample size		
	Percentage	Absolute number	Percentage	Initial Unit of Sampling
MBAR	3.8	20	4.0	1
Sughd	30.1	160	32.0	8
DRS	26.2	120	24.0	6
Khatlon	39.9	200	40.0	10
Dushanbe	-	-	-	-
Tajikistan	100	500	100.0	25

For this study three strata were created. Strata one (main strata 500 household throughout the country) was compiled based on a two-stage random sampling.

Strata two was created for those households (92 household) who were respondents in a previous 2005 study commissioned by IOM Tajikistan and were studied again in 2008<sup>79</sup>. Strata three (75 households) was created for borrower households of IOM Tajikistan<sup>80</sup>. Every fifth (in every Jamoat 25 households were borrowers) borrower household was chosen as a respondent.

The following describes the details of the main strata (strata 1) and the methodology of the strata sampling that refers to the previous IOM Tajikistan's study.

In general, the sampling for the main strata of the 'Economic Dynamics of Migrant Remittances' study provides a conditional<sup>81</sup> representation of the rural population of Tajikistan that covered

<sup>79</sup> For more details on the previous IOM Tajikistan study see: A. Mughal, 2005, IOM Tajikistan study.

<sup>80</sup> For details on the IOM "Enhancing Development Impact of Remittances and Promoting Legal Migration" project see next annex in this report.

<sup>81</sup> Conditional - because the number of sampling was too small and therefore did not represented all rural districts of country.

four regions (4 administrative territorial division, i.e. at regional levels – Sughd, Khatlon, MBAR, and DRS regions).

Sampling was done in two stages. At the first stage, the number of territorial units (points) was selected as initial units of sampling (IUS) in each region separately for the rural population in each Jamoat village where the population number and household was considered the territorial unit of sampling.

The **first stage of sampling** consisted of developing a sampling basis and number of the country population based in districts, Jamoats, and Jamoat villages in each region where the rural population was represent. Selected units are called initial units of sampling (IUS). See details on Table 2.

Initial units of sampling are the territorial units. Units of the **second stage sampling** are households consisting of the number of households per IUS that is 20 households. It was necessary to select 25 population units. Due to budgetary constraints, the size of the sample was too small and it did not represent all rural districts of the country.

The following points have been taken into account for the final sample allocation: for some regional levels, the estimates with the slightly higher relative error were considered acceptable so that a reasonable compromise between the need for such estimates on the national level and budgetary constraints could be reached.

**Table 2. Selected Initial Unit of Sampling within region**

# of PP	Regions	Districts	Jamoats	Villages	HH
1	MBAR	Vanj	Tekharv	Udob	20
2	Sughd	Isfara	Kulkand	Kulkand	20
3		Konibodom	Sharipova	Niyozbek	20
4		Konibodom	Artikova	Shurkurgon	20
5		Asht	Qamishkurgon	Qurgoncha	20
6		Panjakent	Loiq Sherali	Gusar	20
7		Panjakent	Rudaki	Artuch	20
8		Istaravshan	Leninobod	Nayman	20
9		Istaravshan	Frunze	Rugund	20
10	Khatlon	Bokhtar	Zargar	8-Mart	20
11		Jillikul	Garauti	Achisel	20
12		Kumsangir	Panj	Oktyabr	20
13		Panj	Arab	Selga	20
14		Hamadoni	Mehnatobod	Gulobod	20
15		Vose'	Guliston	Qurbonshahid	20
16		Kulob	Zarbdor	Kuhnashahr	20
17		Shahrituz	Sayyod	Sayyod	20
18		Jomi	Aral	Navdi	20
19	DRS	Khuroson	Hiloli	Kiikmazor	20
20		Rudaki	Qushtepa	Falakon	20
21		Shahrinav	Shahrinav	Cheptura	20
22		Vahdat	Abdulvosiev	Navobod	20
23		Nurobod	Khumdon	Obilurd	20
24		Rasht	Qalanak	Qalanak	20
25		Jirgatal	Jirgatal	Karchin	20
<b>TOTAL</b>					<b>500</b>

Lists were made separately for each region and for rural areas in accordance with the selected population points or IUS. The total cumulative population number was calculated and further divided in accordance with the selected population points which determine the sampling interval. The sampling interval was then calculated and the selection of the population point or IUS was made; the same approach was applied to all separate regions and rural areas. For instance, in Vanj district (Udob village) from 120 households was necessary to select 24 households (main households list consisting of 20 selected households and reserve households list of up to 4 households selected in case of replacement), hence the total number of households was divided into 24 (number of households that was necessary to selected out of 120) for identifying the sampling interval. For this reason sampling interval for IUS is 5.

## Survey Tools

One questionnaire was used to collect data for all three mentioned strata in the 2008 IOM study. This questionnaire was based on the 2005 IOM study, whereas the questionnaire for the 2005 IOM study was adopted from the WB Tajik LSMS-1999 study, but a significant Module 2 (migration module) was developed and new questions added. The main reason to use the previous questionnaire – was to ensure data comparison among those households who were respondents in the previous 2005 study and again examined in 2008 within strata 2. In the present study some questions about environmental degradation in the Migration Module were added.

Below Table 3 describe the contents of questionnaire that used in this study.

**Table 3. Questionnaire Structure**

Section	Level	Description
<b>HOUSEHOLD QUESTIONNAIRE</b>		
1. Household Roster	Individual	This module contains the roster of individuals living in the household, their relationship to the household, gender, birth year, age, and marital status. It also allows for the identification of spouses, and parents of household members.
2. Migration	Individual on age 14+	This module collects information on Labour migration; reason for migration (economic, social, environmental etc.); migration trends between 2003-2008; duration of migrants stay in host country; returning migrants; labour migration for the first time; size of remittances per labour migrants during 2007-2008; amount of goods sent by labour migrants; amount of goods brought by labour migrants; channels of remittances; negative and positive aspects of labour migration, etc.
3. Education	Individuals above age 6	The education module collects information in two parts. Part A, collects information on children under 6 years of age who are attending (or not) preschool. Part B, collects information on the education level of all respondents, 6 years old and older.
4. Health	Individual	The health module collects information on the general health status

<b>Section</b>	<b>Level</b>	<b>Description</b>
5. Labour Market	Individuals aged 14+	The labour market module collects information on the participation in the labour market during the past 14 days (Part A), jobs done during the last 14 days (Part B), main and secondary jobs done the last 14 days, (Part C), and activities over the last 12 months (Part D).
6. Dwelling, Utilities, and Durable Goods	Household	Standard information on the description of the dwelling and use of utilities is collected. An expanded section on water and sanitation was included. Ownership and current value of durable goods was also collected.
7. Transfers and Social Assistance	Household	Part A collects information on transfers received from the other households or institutions. Part B collects information on transfers made to other households or institutions. Part C collects information on social assistance received by members of the household.
8. Subjective Poverty and Food Security	Household	This module collects information about food security and information needed to generate the Household Food Insecurity Access Scale (HFIAS). Part B collects information on who makes decisions within the household regarding household chores and activities such as purchases, marriage, school attendance, etc.
9. Consumption and expenditures on Food for the Last 7 Days	Household	This module asks what food items were consumed in the last 7 days, and method used to acquire these items, purchase, and home production, received as a gift, humanitarian aid, received as part of a salary, or taken from stocks. Information is also collected on the prices of goods purchased.
10. Expenditures on Non-Food Items	Household	Part A collects information on non-food items purchased during the past 30 days, Part B collects information on non-food items purchased during the past 6 months, and Part C collects information about non-food items purchased during the last 12 months.
11. Agriculture	Household	This module collects information about agricultural holdings of the household including land used, machinery owned, crops grown, inputs used, livestock owned, and livestock products.
12. Small business and entrepreneurship	Household	This module collects information about developing small business and entrepreneurship
13. Other Income	Household	This module collects information on income from sources such as rental income, revenue from the sale of assets, and other incomes.
14. Loan	Head of Household	This module collects information about loan during the last 12 months
15. Communication	Individual	Use of mobile phones by individuals

## Organisations Working on Remittances

1. **ACCION International** - fights poverty through micro lending
2. **Asian Development Bank (ADB)** - is a multilateral development finance institution dedicated to reducing poverty in Asia and the Pacific
3. **Asian Migrant Centre (AMC)** - focuses on Asian migrant workers' concerns. Three main programme areas: Information, Migrant Empowerment, Public Education and Advocacy
4. **Consumers International (CI)** - defends the rights of consumers through empowerment and campaigning
5. **ERCOF** - aims to advance Philippine progress by advocating the sustainable development of rural economies
6. **Ford Foundation** - strives to strengthen democratic values, reduce poverty and injustice, promote international cooperation and advance human achievement
7. **International Centre for Migration Policy Development (ICMPD)** - aims to promote sustainable migration policies and to act as a service exchange for governments and organisations
8. **International Fund for Agricultural Development (IFAD)** - mobilizes resources for programmes that alleviate rural poverty and improve nutrition
9. **Institute for the Study of International Migration** - the Role of Remittances in crisis.
10. **Institute of Islamic Banking and Insurance** - dedicated to the promotion and implementation of Islamic finance
11. **International Labour Organization (ILO)** - seeks the promotion of social justice and internationally recognised human and labour rights
12. **Inter-American Dialogue** - engages leaders from across the Americas in efforts to develop and mobilize support for cooperative responses to key hemispheric problems and opportunities
13. **International Organisation for Migration (IOM)** - It Is the principal intergovernmental organization in the field of migration. IOM is dedicated to promoting humane and orderly migration for the benefit of all. It does so by providing services and advice to governments and migrants.
14. **Migration Policy and Research Programme (MPRP)** - has been set up to take a stronger leadership role in the intellectual debate and provision of policy guidance on migration issues, and to promote co-operation and co-ordination efforts in the field of international migration
15. **Kabayan Migrants Services Foundation** – the goal is to prepare migrant workers for their return to their countries and help create small enterprises at home
16. **Migrants Rights International** – is an independent global monitoring body focusing on the human rights of migrants
17. **Overseas Development Institute** - the Role of Remittances in Crises.
18. **Oxfam** - finds lasting solutions to poverty, suffering and injustice

19. **OECD** -helps governments tackle the economic, social and governance challenges of a globalize economy
20. **Opportunity International** - is committed to solving poverty by providing loans and basic training in business practices for the poor
21. **Remesas** - focus on remittances to Latin America, Maghreb, and Spain
22. **UNDP** - advocates for change and connects countries to knowledge, experience and resources to help people build a better life
23. **World Council of Credit Unions** -introduced International Remittance Network (IRNet) that provide union members an electronic funds transfer service
24. **World Health Organisation** - objective is the attainment by all peoples of the highest possible level of health
25. **World Savings Bank Institute (WSBI)** -disseminates information, organises training and exchanges of experience and encourages savings banks to participate in development projects launched by international financial institutions