

2016

State
Commission on
Migration Issues

BRIEF MIGRATION PROFILE REMITTANCES

Tbilisi, Georgia.

Introduction

In December 2015 the State Commission on Migration Issues (SCMI) adopted a [Medium Migration Profile \(MMP\)](#)¹. MMP was elaborated with active participation of all its member state agencies and the support of the EU-funded project on “Enhancing Migration Management in Georgia (ENIGMMA), implemented by International Centre for Migration Policy Development (ICMPD). The goal of MMP is to foster evidence-based policy-making in the country and it covers all major aspects of migratory processes as well as its impact on Georgia’s demography, economy and social cohesion. Since then, MMP proved to serve as a valuable source of migration related data and analysis both for local and international institutions and researchers.

To further improve migration policy development and management in the country, in May 2016 SCMI elaborated [guidelines for the development of Medium and Brief Migration Profiles](#)² that provide advice on how to structure the working process as well as data sources, structure and content of the migration profiles.

Brief Migration Profile (BMP) is a logical extension of MMP, but unlike MMP, is devoted to exploration of only one migration-related aspect using data visualizations and info-graphics. Present BMP is devoted to the analysis of incoming remittances volume during the last 6 years (2010-2015) - how they are utilized by remittance receiving households and provides a set of recommendations aimed at both: improving remittance-related research and maximization of remittance impact on local and national levels.

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¹ 2015 Migration Profile of Georgia, 2015. State Commission on Migration Issues. Accessed: November, 14, 2016. http://migration.commission.ge/files/migration_profile_2015_30.11.15.pdf
² Development Guidelines: Medium Migration Profile and Brief Migration Profile, 2016. State Commission on Migration Issues. Accessed: November, 14, 2016. http://migration.commission.ge/files/mp_guidelines_01_06_16.pdf

REMITTANCE³ STATISTICS

When discussing impact of international migration on the societies and economies, it is often remittances that scholars refer to. For many remittances receiving countries, they constitute a rather stable source of foreign exchange, sometimes being more reliable than Foreign Direct Investments⁴. Although there is no definite answer to the question as to what extent remittances contribute to economic growth, on a household level for many remittance receiving households they could be crucial in improving their access to capital, education or healthcare.

Since the early 1990s when more Georgians started to migrate abroad, volume of remittances started to increase as well. Despite the fact that Georgia cannot be considered as over-dependent on them, remittances continue to play an important role in poverty reduction and ensuring economic stability of remittance receiving households. Even during the economic crisis they proved to have the ability to rebound quickly, although 2014-2015 economic crisis in Russia seems to be having more profound impact on remittance dynamics. In 2015 volume of remittances decreased by almost a quarter from 1.440.754.000 USD (in 2014) to 1.079.952.000 USD, practically reaching 2010 volume (1.052.227.000 USD) (Illustration 1).

Illustration 1. Remittances per year (USD)

2010	2011	2012	2013	2014	2015
\$1,052,227,000	\$1,268,127,000	\$1,334,174,000	\$1,477,020,000	\$1,440,754,000	\$1,079,952,000

Source: National Bank of Georgia

As a rule, the volume of remittances transferred in January is the lowest in size – while the highest amount is sent in December – presumably in anticipation of the New Year and Christmas holidays. Only in December 2014, the monthly volume of remittances was relatively lower, which could be explained by the already started downward trend that resulted in the decrease in the volume of remittances in 2015 (Illustration 2).

Illustration 2. Remittances per month/year (USD)

	2010	2011	2012	2013	2014	2015
January	65,282,100	74,423,500	84,423,800	94,160,700	98,401,300	75,450,500
February	71,125,700	82,456,300	96,052,300	103,636,600	104,688,000	81,986,500
March	92,985,100	102,711,200	108,095,900	112,721,100	120,501,900	91,953,600
April	84,503,500	105,848,700	112,633,200	122,355,600	126,438,100	91,090,500
May	83,103,500	109,543,300	116,678,600	114,742,800	126,778,800	97,709,500
June	87,296,200	113,895,200	107,696,700	121,424,000	126,778,800	100,448,300
July	89,189,200	112,615,400	117,145,100	136,411,500	136,931,900	91,256,200
August	90,103,900	114,486,700	115,964,900	128,954,000	130,112,800	84,437,400
September	92,193,400	114,118,700	115,038,300	131,110,000	132,092,800	88,585,800

³ Present BMP discusses only monetary remittances as defined by National Bank of Georgia as: Funds transferred through the fast money transfer systems in addition to transactions between residents and non-resident include transactions between residents and residents and non-residents and non-residents, however does not include transactions between physical persons through bank accounts and also cash transactions.

⁴ Zurabishvili, T. and Zurabishvili, T. 2013. Remittances in Provincial Georgia: The Case of Daba Tianeti. *Migrant Marginality: A Transnational Perspective*. Edited by: Philip Kretsedemas, Jorge Capetillo-Ponce and Glenn Jacobs. Routledge: 148-164.

October	95,532,100	108,966,500	115,813,500	132,548,600	123,896,500	89,924,600
November	92,353,600	104,160,900	110,468,600	124,411,200	104,287,800	85,194,200
December	108,558,400	124,901,500	134,163,100	154,543,400	116,075,100	101,915,200

Source: National Bank of Georgia

Among the major remittance sending countries, the biggest decrease is attributed to remittances sent from Russia and Greece. While the downward trend in Russia started already in 2014 – 709.238.000 USD compared to 801.428.400 USD in 2013, Greece demonstrated a moderate increase from 197.970.400 USD in 2013 to 204.781.900 in 2014 to fall to 117,750,700 USD in 2015. In both cases the major drops occurred in 2015, when remittances from Russia and Greece decreased by slightly more than 40% each compared to 2014. (Illustration 3).

Illustration 3. Remittances by major sending countries (2010-2015, USD)

Country	2010	2011	2012	2013	2014	2015
Russian Federation	555,567,100	655,216,800	747,449,100	801,428,400	709,238,000	432,687,900
Greece	103,800,800	144,643,900	159,617,300	197,970,400	204,781,900	117,750,700
Italy	76,724,900	109,187,800	102,871,900	110,184,200	121,469,600	109,077,700
USA	75,303,700	75,348,500	74,038,500	74,855,400	82,062,900	100,037,100
Turkey	33,628,400	27,642,700	29,979,700	41,736,100	64,336,900	68,945,500
Israel	12,093,600	14,415,300	15,968,100	19,732,900	23,626,700	32,878,700
Spain	27,309,600	30,957,000	27,813,700	25,372,500	28,048,500	26,771,900
Germany	14,740,500	12,962,100	13,215,000	17,800,800	24,217,700	26,661,900
Ukraine	58,982,500	52,413,700	47,420,900	45,573,200	30,800,600	20,850,200
UK	13,460,300	14,852,100	19,715,100	18,635,600	15,059,700	15,964,800
Azerbaijan	5,117,400	6,973,800	10,351,800	14,964,200	17,789,800	15,507,000
Kazakhstan	9,868,500	26,194,400	12,622,100	16,076,500	17,581,100	14,656,300
France	5,018,000	9,660,600	9,823,800	11,587,500	11,638,000	10,856,200
Canada	4,247,500	5,499,300	5,731,600	6,650,500	6,906,300	7,204,000
Armenia	6,053,300	4,455,500	5,571,600	7,285,300	7,813,600	6,487,800
Total	1,052,227,000	1,268,127,000	1,334,174,000	1,477,020,000	1,440,754,000	1,079,952,000

Source: National Bank of Georgia

Among the major remittance sending countries, amount of remittances in 2015 slightly increased from the USA, Turkey, and Israel – countries, which either already recovered from the economic crisis, or were not hit hard by it.

While Russia continues to be the biggest remittance-sending country, its share has been gradually decreasing reaching its lowest in 2015 – 40% of all remittances sent to Georgia. On the other hand, despite the decrease in the absolute terms – mostly due to decrease from Greece - share of remittances sent from the EU (cumulative of 28 EU member states) has been slightly increasing in 2010-2015 (Illustration 4).

Illustration 4. Share of remittances sent from major remitter countries/regions (%)

	2010	2011	2012	2013	2014	2015
Russia	53%	52%	56%	54%	49%	40%
EU	26%	28%	27%	28%	30%	31%
USA	7%	6%	5%	5%	6%	5%
Turkey	3%	2%	2%	3%	4%	6%
Israel	1%	1%	1%	1%	2%	3%
Other	10%	11%	9%	9%	9%	15%
Total	100%	100%	100%	100%	100%	100%

Source: National Bank of Georgia

Decrease of the volume of remittances from Russia is rather striking also in absolute terms (Illustration 5).

Illustration 5. Volume of remittances sent from major remittance-sending countries and regions (USD)

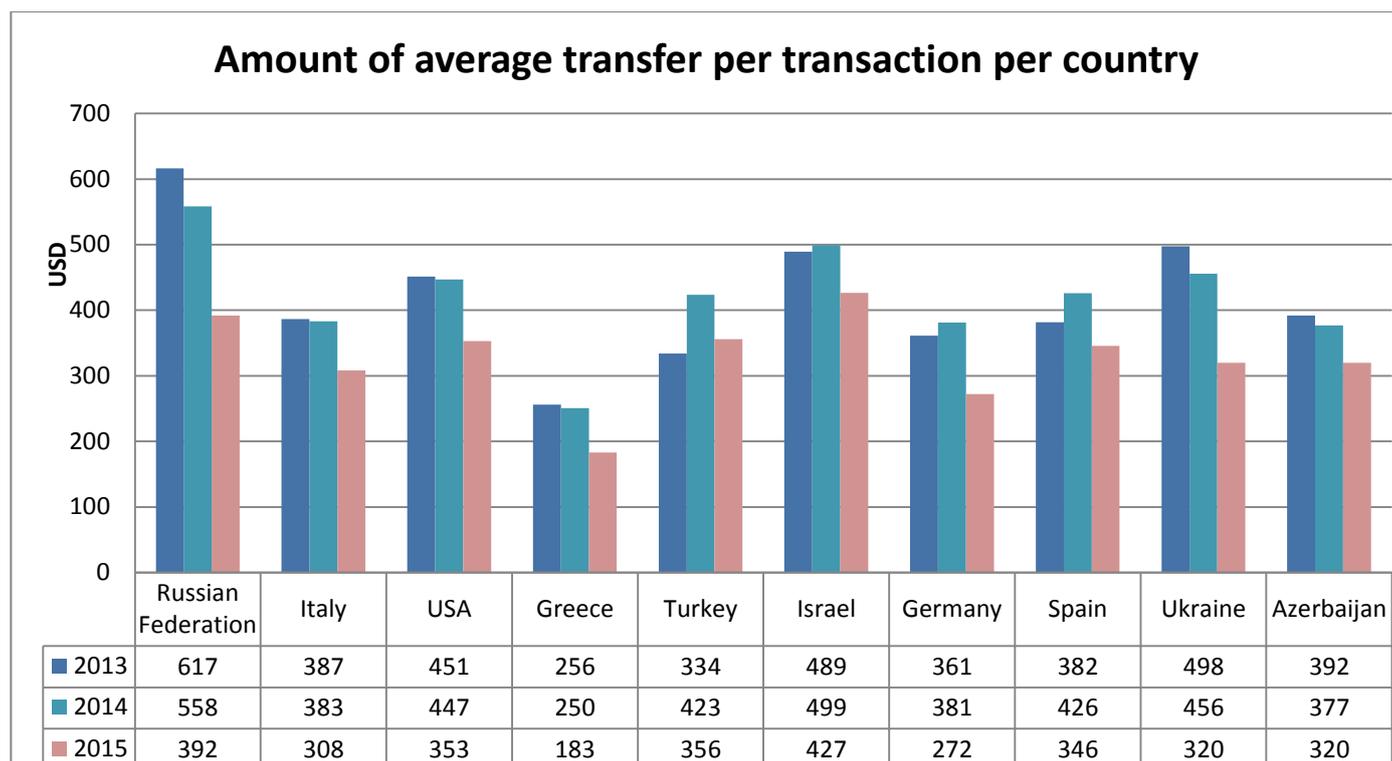
	2010	2011	2012	2013	2014	2015
EU	270,382,000	352,998,000	358,890,000	409,557,000	435,658,000	336,386,000
Russia	555,567,100	655,216,800	747,449,100	801,428,000	709,238,000	432,687,000
USA	75,303,700	75,348,500	74,038,500	74,855,400	82,062,900	100,037,100
Turkey	33,628,400	27,642,700	29,979,700	41,736,100	64,336,900	68,945,500
Israel	12,093,600	14,415,300	15,968,100	19,732,900	23,626,700	32,878,700
Total	1,052,227,000	1,268,127,000	1,334,174,000	1,477,020,000	1,440,754,000	1,079,952,000

Source: National Bank of Georgia

National Bank of Georgia data allows to calculate average volume of a transfer per transaction for 2013-2015⁵. While the average volume decreases in case of all major countries, the decrease again is more pronounced in case of Russia and Ukraine (Illustration 6).

⁵ For 2013-2015 NBG provides data on the total number of transactions and total volume of remittances disaggregated by country that allow calculation of a mean volume of remittances per transaction.

Illustration 6. Amount of an average transfer per transaction by countries with highest average amount remitted in 2013-2015 (USD)



Source: National Bank of Georgia

The decrease of share of remittances in GDP is further confirmed by the World Bank analysis, which shows that in 2015 remittances constitute 10% of Georgia's GDP, down from 12% in 2013 and 2014 years.

Illustration 7. Remittances as share of GDP and GDP volume

Years	2010	2011	2012	2013	2014	2015
Remittances (% of GDP)	10,173	10,719	11,17	12,053	12,032	10,445
GDP (Billion US\$)	11,639	14,435	15,846	16,14	16,509	13,965

Source: World Bank

IMPACT OF REMITTANCES: HOUSEHODL LEVEL

The most recent nationwide public opinion poll on migration issues (2016) conducted by ACT-Georgia for the SCMI provides data on the utilization of remittances by remittance-receiving households. Among 324 households with at least one returned or current migrant family member, most (239) households reported receiving remittances.

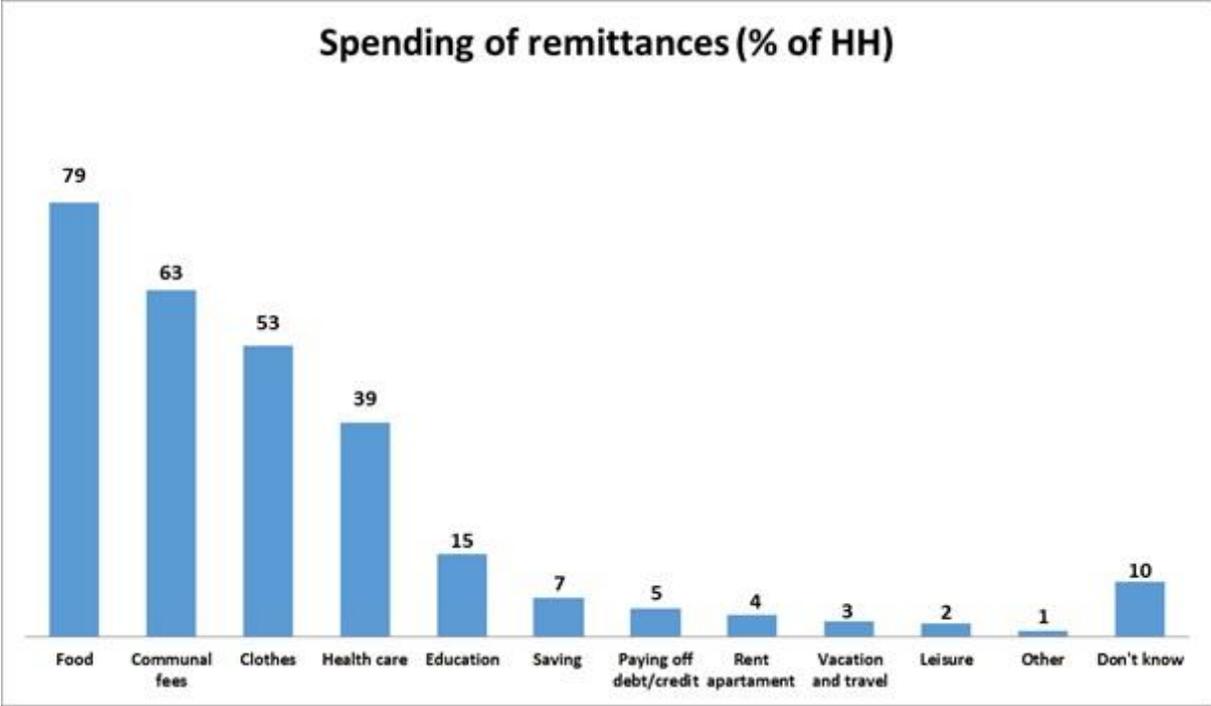
According to ACT survey, out of 215 emigrants who lived and worked abroad during the fieldwork, 71% sent remittances to their families. Importantly, remittances sent by every second

emigrant constitute half or ¾ of the family budget and in case of 15% of emigrants remittances sent home constituted the only source of income for their families.

When comparing remittance receiving and non-receiving households in terms of their perceived economic wellbeing, share of households reporting not having enough money for food was considerably higher (55%) in households not receiving remittances than in remittance-receiving households (26%). These findings confirm findings of earlier [studies](#)⁶, indicating that remittances continue to contribute to decreasing poverty in Georgia.

The survey data also showed that Georgia is not an exception to the global trend of remittance utilization and as in many remittance-receiving countries, in Georgia too, more remittances are spent on consumables rather than investment in businesses. Georgian remittance-receiving households reported spending remittances on basic necessities such as food, communal fees and clothes, followed by health and education expenditures. Only 7% reported saving remittances for purchasing an apartment, car or starting a business.

Illustration 8. Spending of remittances of remittance-receiving households



Data collected by “Development on the Move” study (2008)⁷ provides a more in-depth understanding of in which ways remittances are spent differently than other income received by households. Out of 141 remittance-receiving households who reported spending remittances differently than other household income, the bigger share – 40% - reported to spend remittances

⁶ Tianeti Household Census 2008 & Tianeti Emigrants to Greece 2008 - March-October, 2009. IOM. Accessed: November, 14, 2016.

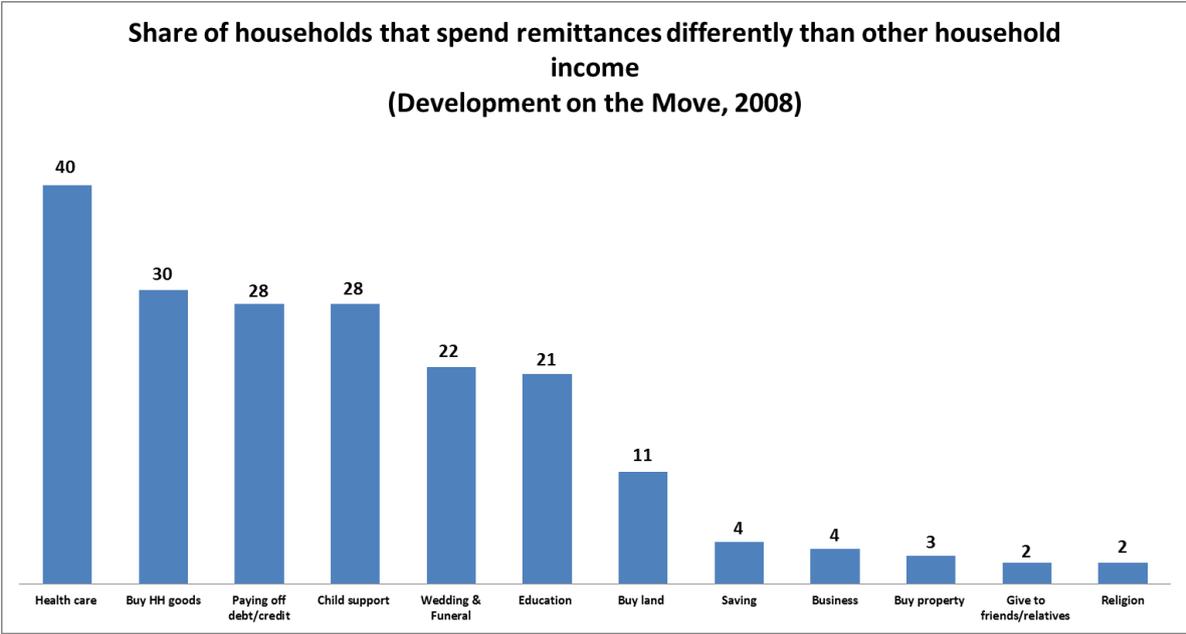
<http://iom.ge/1/tianeti-household-census-2008-tianeti-emigrants-greece-2008-march-october-2009>

⁷ Development on the Move: Measuring and Optimising Migration’s Economic and Social Impacts in Geogia. 2009. Accessed: November, 14, 2016.

[http://www.ippr.org/files/uploadedFiles/_research_teams_2009/Projects/Global_Change/Georgia%20FINAL%20\(April%202010\).pdf?noredirect=1](http://www.ippr.org/files/uploadedFiles/_research_teams_2009/Projects/Global_Change/Georgia%20FINAL%20(April%202010).pdf?noredirect=1)

on healthcare, yet another third of the households - on buying household goods, paying off debts and child support. At the same time, using remittances for special occasions such as funerals and weddings and education seems to be a common practice as well.

Illustration 9.



Note: This question was asked only to 141 respondents, who reported that they spend remittances differently than other household income

When combining findings of both studies, the results show that after covering everyday expenses remittances are primarily used as an investment in human capital (healthcare and education), while fewer remittance receiving households manage to make savings or utilize them for starting businesses.

It should be noted that none of these studies are representative for remittance-receiving households in Georgia and these results cannot be generalized on the whole population of remittance-receiving households. However, these findings provide a snapshot of how remittances are utilized, and the role that remittances play in improving [economic well-being](#)⁸ of remittance receiving households, who tend to have less debts and higher income than households not receiving remittances.

Existing evidence suggests that in most cases remittances are used for consumption rather than investment in businesses, although health and education expenditures could be considered as investments in human capital. Importantly, financial potential of remittances is underutilized, since rather few remittance-receiving households report making savings. Thus, improving financial literacy of remittance-receiving household members as well as migrants themselves on how to better utilize existing financial instruments and banking services could strengthen positive impact of remittances both on household and national levels.

⁸ Gerber, T. and Torosyan, K. 2013. Remittances in the Republic of Georgia: correlates, economic impact, and social capital formation. *Demography*; 50(4):1279-301. doi: 10.1007/s13524-013-0195-3. Accessed: November, 14, 2016. <https://www.ncbi.nlm.nih.gov/pubmed/23404646>

Still, more data is needed to better understand the impact of remittances on Georgian economy on a macro level in order to better utilize its potential to foster economic development. Targeted studies of migrant households, remittance-receiving households, households with return migrants (qualitative, quantitative and mixed methods) on the utilization of remittances, their impact on improving social and economic well-being of households, as well as analysis of the impact of remittances on various socio-economic areas of the country (for instance, links between the remittances and development of agriculture, construction business, education, or healthcare) is needed.