

PEP impact brief

Kyrgyzstan

Impact of remittances on youth labor in Kyrgyzstan

2014-2015

Project Milestones

Spring 2014	Preliminary consultation between research team and development organization representatives
May 2014	Selection of project for PEP support under the PAGE initiative
Summer 2014	Consultation with the National Institute of Strategic Studies to discuss how findings may feed policymaking
March 2015	Present initial findings and recommendations at the 18 th Grand Public Council, attended by government and civil representatives
May 2015	Team attends meeting between academics and the government to help prepare the National Strategic Plan
July 2015	Present results to Deputy Minister of Youth, Labor and Migration and representative of the National Statistical Committee
Spring 2016	Team leader discusses implementation of policy recommendations with Minister of Labor and Social Policy
Sept 2016	Team organizes PEP national policy conference in Bishkek

Context

The Kyrgyz Republic is one of the poorest countries in Eastern Europe and Central Asia (ECA), with half the population living on less than \$2.50 (PPP) per day.

Since the dissolution of the USSR in 1991, the country has suffered economic crises and a lack of investment that have caused mass labor migration, mostly to Russia and Kazakhstan. According to official data, almost 10% of the active population migrates to Russia annually, either for seasonal work or on a permanent basis. Other studies suggest the migration rate could be as high as 20%.

This is not surprising when almost half the population between the ages of 15 and 29 is unemployed. This age group represents 30% of the country's population.

Such a young population requires dynamic economic performance to generate employment opportunities, but this is yet to happen. Those who migrate send remittances to help their family members left behind in Kyrgyzstan.



Local research team

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Razliakhan Abdieva - KTMU

PEP mentor

Jorge Davalos

PEP publications

Working paper 2016-05
Policy brief 130

Producing a reliable evidence base to inform policy debates

Remittances from Kyrgyz migrant workers are not put to productive use at home



Previously, studies on remittances in Kyrgyzstan focused on household welfare and agricultural productivity, which is why a team of local PEP researchers set out to investigate the effects of remittances from international migration on the employment of the left-behind youth.

Key findings...

Results of the analysis indicate that remittances from a family member working abroad increase the likelihood that a young person becomes a “family contributing worker”, meaning that young people who have difficulty finding a job are more inclined to contribute to the household through domestic chores or agricultural work.

The team also found that youth with basic, secondary and/or technical education are more likely to become self-employed compared to university-educated youth.

The results also indicate gender differences influence occupational choices:

- Young men are more likely than women to work as an employee or be self-employed
- Young men are less likely to be unemployed
- Young women are more likely to choose “family contributing work”; in this case they are likely to work longer hours.

While remittances were not found to promote unemployment nor generate dependency amongst the left-behind youth, they do tend to be used for general household expenditures rather than to fund entrepreneurial activities.



The team analyzed cross-sectional data from the 2011 “Life in the Kyrgyz Republic” survey for 1633 youth (aged 15 to 28) using the instrumental variable approach.

The researchers looked specifically at two measures of labor supply: the impact of remittances on the occupational choice of youth, and the number of working hours of youth in a given occupation.

...and conclusions

From these findings, the research team concludes that migration contributes to decreasing social tensions by providing employment opportunities for young people. However, there is no evidence that migration has a positive effect on the Kyrgyzstan economy.

Based on these findings, the researchers believe that policies supporting the productive use of remittances (e.g. to start a business) should be implemented throughout the country.

Secondly, the research team recommends reforms to the education system to better meet the (domestic and international) labor market requirements in terms of demand and skill, and to provide specific training to encourage entrepreneurship.



Strengthening and promoting local expertise for policy analysis in Kyrgyzstan

Prior to producing such high quality research and findings, the research team underwent training in cutting-edge statistical and econometric modeling techniques as well as data analysis techniques specific to the methodology of the study.

The lead researcher, Kamalbek Karymshakov, benefitted from this training during his participation at the 2014 PEP Annual Conference in Bolivia. He then ensured that his team members were afforded the same opportunity by providing a training workshop at the Kyrgyzstan-Turkey Manas University. Burulcha Sulaimanova benefitted from additional training during a three-week PEP-organized study visit to Laval University in Canada.

A significant career-promoting experience

The expertise that the team developed during this project led to multiple invitations to both share their knowledge and to undertake further research using the same methods. These included three team members participating in the International Conference on Eurasian Economies held in Kazan, Russia. They presented a paper on the impact of microfinance on entrepreneurship that uses micro-econometric estimation skills and methods acquired during the PEP project.

"Policymakers in Kyrgyzstan are looking for rigorous empirical quantitative evidence that can really analyze and inform policy going forward. Our team provided exactly this for a number of policy areas: youth, migration, agriculture and education."

- Kamalbek Karymshakov

In addition to funding, all PEP-supported research project teams benefit from intensive training activities (at the onset of the project), access to related resources (recommended readings, training materials, software tools, etc.), a unique international peer-review experience, as well as ongoing mentoring and technical support provided by PEP mentors (world leading experts in relevant research methods/areas) throughout the project lifecycle.

Karymshakov and Sulaimanova were also invited to conduct research on the impact of the economic crisis in Russia on migration from Kyrgyzstan for the National Institute of Strategic Studies. The primary objective of this research is to forecast migration and remittances for the coming two to three years.

Karymshakov and Sulaimanova's paper on the impact of migration on labor participation and time-use of left-behind women, using the estimation techniques developed during the PEP project, was selected for funding from UNU-WIDER.

Furthermore, the team's collaboration with various organizations led to their recognition both nationally and internationally. Sulaimanova was recruited as a policy analyst by the National Institute of Strategic Studies while Karymshakov received the Progressive Initiative Foundation's National Young Scholar Award, highlighting his work as having a significant importance for the Kyrgyzstan economy. He was also invited by the European Commission to join a team of experts developing a program budgeting approach for the Ministry of Social Development of Kyrgyzstan.

Engaging with key policymakers, advisors and stakeholders

PEP findings used as evidence base to assess the efficiency of Kyrgyzstan's migration policy

From the outset, the research team developed a highly effective policy outreach strategy targeting three key stakeholder groups they would need to consult and work with: government organizations, non-governmental organizations, and international donor organizations. They held preliminary meetings with the main stakeholders to help inform the project proposal.

Following the project's selection, the team met with representatives of the Ministry of Labor, Migration and Youth as well as the Deputy Director of the National Institute for Strategic Studies of the Kyrgyz Republic (NISI KR), an advisory organization.

The Minister of Labor, Migration and Youth expressed particular interest in this project, noting that government organizations responsible for developing effective migration and youth policies need empirical analysis, something that is rare in Kyrgyzstan. The Deputy Director of NISI KR stated that the team's findings would be used as one of the main sources of evidence for a NISI KR report assessing the efficiency of the national migration policy.

The team's dissemination strategy was equally effective, reaching key stakeholders and policy actors both nationally and internationally. The team presented their results to the Chair of the Civic Council of the Ministry of Labor, Youth and Migration, who stated she would discuss the policy implications of the research at the Civic Council meeting with a view to incorporating the recommendations into Ministry activities. Based on their work, the team was invited to attend numerous national meetings and conferences. The team's achievements in terms of consultation and dissemination were celebrated during the 2015 PEP Best Practice Awards, where they were awarded first place.

In September 2016, the team organized their national policy conference in Bishkek. The event attracted key stakeholders from the state and national governments, as well as from other national and international organizations including NGOs. Government representatives agreed with the recommendation to reform education and training programs to reduce the probability that youth become unpaid family workers. It was also suggested that current programs should be expanded to cover a larger geographical area.

A number of journalists from regional and national newspapers, television channels, radio stations and current affairs websites reported from the event. The findings and research implications will also feed future national television reports discussing economic and social issues in Kyrgyzstan.

Following the conference, several research institutes and consulting companies approached the PEP team leader, Kamalbek Karymshakov, about possible future collaborations. In particular, AVEP Public Fund staff expressed an interest in collaborating with the PEP team on an AVEP project to assess its education programs for youth employment.



Spring – Fall 2014
Consultation meetings
between research team
and policy actors



May 2015
Team meets with
government
representatives to help
NISI prepare National
Strategic Plan



July 2015
Team presents findings to
key government
representatives and
organizations



September 2016
Team organizes a national
policy conference in
Bishkek