Executive summary

The view of policy makers on the role migration plays in development has changed remarkably over the past 20 years. Today, migration has a firm place amongst the Sustainable Development Goals (SDGs), and officials from countries worldwide meet annually to discuss policies that best leverage migration for development at the Global Forum on Migration and Development.

Georgia has led this evolution in many ways. Following the dissolution of the Soviet Union in 1991, migration flows from Georgia undertook a dramatic shift. Many people left the country in the early years of independence, and emigration increased from around 13% in 1980 to 26% in 2000 as a percentage of the population, and has remained near that level ever since. Remittances followed by growing more than 500% between 2004 and 2014. The creation of the State Commission on Migration Issues (SCMI) in 2010, charged with integrating migration more into Georgia's development strategy, was an important step in increasing the contribution of migration to the country's development.

Adequate data, however, continue to be an issue in ensuring that policy responses are coherent and well informed. The Interrelations between Public Policies, Migration and Development (IPPMD) project in Georgia – managed by the OECD Development Centre and co-financed by the European Union – was conceived to enable decision-making in Georgia, in collaboration with the Caucasus Research Resource Center-Georgia (CRRC-Georgia) and the SCMI. The IPPMD project in Georgia explores in particular:

- how migration, in its multiple dimensions, affects a variety of key sectors for development, including the labour market, agriculture, education, and investment and financial services;
- how public policies in these sectors enhance, or undermine, the development impact of migration.

This report summarises the findings of the empirical research, conducted between 2013 and 2017 in Georgia – and presents the policy recommendations.

A project with empirical grounding

The OECD Development Centre launched the IPPMD project, co-funded by the EU Thematic Programme on Migration and Asylum, on January 2013. The project – carried out in 10 low and middle-income countries between 2013 and 2017 – sought to provide policy makers with comparative evidence of the importance of integrating migration into development strategies and fostering coherence across sectoral policies. A balanced mix of developing countries was chosen to participate in the project: Armenia, Burkina Faso, Cambodia, Costa Rica, Côte d'Ivoire, the Dominican Republic, Georgia, Haiti, Morocco and the Philippines. In addition to a comparative report, highlighting findings from all ten countries, a specific country report was drafted for each partner country.

The OECD designed a conceptual framework that explores the links between three dimensions of migration (emigration, remittances, return migration) and four key policy sectors in Georgia: the labour market, agriculture, education, and investment and financial services. It also looked at how the policies in these four sectors influence a range of migration outcomes, including the decision to emigrate or return home, the amount of remittances sent and how they are spent.

The project is grounded in empirical evidence. Data were gathered from a survey of more than 2 260 households, interviews with 71 local authorities and community leaders, and 27 in-depth stakeholder interviews across Georgia. Empirical analysis, accounting for the Georgian political, economic and social contexts, measured the relationship between the three migration dimensions and the four key sectors.

The policy context is critical for how migration affects development in Georgia

Georgia provides a unique setting since international migration has been possible only since the country obtained independence in 1991. The research provides evidence of some links between migration and a range of key development indicators in Georgia. It also finds that public policies that improve market efficiency, relieve financial constraints, develop skills and reduce risk influence individual and household-level decisions to emigrate, return home or send remittances.

Emigration can relieve underemployment, provide an incentive for skills upgrading and boost women's economic and social autonomy in the countries of origin. Despite these opportunities, the contribution of emigration to Georgia's development remains limited. According to the data collected in Georgia, for instance, highly educated people are more likely to emigrate. Better job matches help curb emigration rates, as the research suggests that unemployed workers are more likely to plan to emigrate. Financial aid can also foster emigration, as households benefiting from agricultural vouchers in Georgia are more likely to have had a member emigrate. Insurance mechanisms may be contributing towards more emigration too. Evidence points to the fact that agricultural-land owning households in Georgia, that have their land title certificates thus enforcing their factual right over it, are more likely to have a member planning to emigrate.

Remittances can help build financial and human capital in origin countries. In the right policy environment, they relieve credit constraints and enable households to invest in businesses and other productive activities. This is indeed true in Georgia as households receiving remittances are more likely to own real estate as well as spend on agricultural assets. However, despite a high share of households with bank accounts, very few households have participated in financial training, which constitute a missed opportunity in channelling remittances into more productive uses. Georgia's land reform, which began in the 1990s, also is linked with the receipt of remittances as households that gained land through distribution programmes are less likely to receive remittances. This implies that acquiring productive assets may lower the incentive for emigrants to remit.

Return migration is a largely underexploited resource – although this is slowly changing. With the right incentives, return migrants can invest financial capital in business start-ups and self-employment, and have the potential to transfer the skills and knowledge acquired abroad. In Georgia, evidence shows that return migrants are more likely to own a business and spend on agricultural assets. Providing insurance mechanisms may not be enough to attract migrants back to their home country. Migrant households that benefited from or were covered by agricultural insurance mechanisms, such as crop insurance, governmental farming contracts and cash-for-work programmes, were less likely to have had a return migrant.

The links between migration and the four sectors under study are particularly strong in Georgia compared to the other countries in the IPPMD project. For instance, Georgia has the strongest link between return migration in agricultural households and investment in non-agricultural businesses, amongst the ten partner countries. It is also the only country with a link between real estate ownership and the amount of remittances sent. There are good reasons for this. The first is that Georgia has strong institutional capacity in migration and development. Second, while emigration is slowing down, the stock of emigrants remains amongst the highest across IPPMD partner countries. Moreover, most Georgian emigrants live in high-income countries. Therefore, the potential for remittances to continue flowing to Georgia remains high. In fact, the growth in remittances has been particularly fast in Georgia, second only to Armenia out of the IPPMD countries since 2004. Third, the cost of remitting to

Georgia has fallen remarkably, the lowest amongst IPPMD countries and below the 3% target set by target c in Sustainable Development Goal 10 (on reducing inequality within and among countries).

Integrating migration into sectoral strategies will enhance migration's role in development

Georgia already has a government body in the SCMI to help ensure policy coherence across its migration objectives. While the country's migration strategy includes discussing development, sectoral strategies often do not discuss migration. Ministries and local authorities in charge of these sectors are often unaware of the effects of their policies on different migration outcomes. Though authorities aim to make the agricultural sector more productive and competitive by providing vouchers, their aims may fall short if such vouchers enable workers to emigrate to another country. Authorities in the financial sector may be unaware that the limited financial inclusion in the country may be translating into a lower investment rate from remittances.

Therefore, greater awareness through data and analysis, and a more coherent policy framework across ministries and at different levels of government would get the most out of migration. Such a framework should be designed to better integrate migration into development strategies by considering migration in the design, implementation, monitoring and evaluation of relevant sectoral development policies. This could be done within the context of the SCMI by instituting the review of sectoral strategies from each relevant ministry. More concretely, the SCMI itself should participate in ongoing discussions to design Georgia's strategies on, for instance, agricultural development as well as vocational education and training that inform the current national development strategy – "Georgia 2020" – and future versions.

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