COVID-19 and Migration Uncertainty in Kyrgyzstan: To Leave or Stay and Earn?

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EXECUTIVE SUMMARY

Kyrgyzstan is one of the most remittance-dependent countries in the world. Remittance inflows to this low-income country have remained a key contributor to the country’s GDP over the past decade. Migration labor outflows continue to play a significant role in sustaining the Kyrgyz domestic economy. Due to the fact that Russia and the Central Asian region share a common history, cultural links, and lingua franca, the Russian market remains a popular destination for CA migrants. In 2019, almost 98% of Kyrgyz intra-family financial transfers came from the Russian Federation. However, the global coronavirus disease (COVID-19) pandemic has severely affected remittance flows to low and middle-income countries (LMICs) generally, and remittance-dependent economies such as Kyrgyzstan have found themselves deeply vulnerable during different international events, including the financial crisis of 2008 and the current pandemic. To become more resilient, the Kyrgyzstan economy needs thorough reform that can improve the domestic job market and create more effective economic incentives that can decrease dependence on remittances and migration labor outflows, particularly in rural Kyrgyzstan.

Remittances as a Backbone of the Kyrgyz Economy

Remittances remain the main fuel of the Kyrgyz economy. Over the past decade, private financial transfers from abroad greatly contributed to the country’s GDP. Migrant transfers accounted for almost 30% of the Kyrgyz GDP in 2019.

Remittance as a Share of GDP in 2019 (%)

Since 2010, remittances as a share of gross domestic product in Kyrgyzstan have consistently been over 25%, placing the country in the global top remittance-dependent nations. In 2019, Kyrgyzstan was the fourth most dependent country on remittances after Tonga, Haiti, and South Sudan.

Top 10 remittance dependent nations in 2019

<table>
<thead>
<tr>
<th>Country</th>
<th>Remittance as Share of GDP (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tonga</td>
<td>37.6</td>
</tr>
<tr>
<td>Haiti</td>
<td>37.1</td>
</tr>
<tr>
<td>South Sudan</td>
<td>34.4</td>
</tr>
<tr>
<td>Kyrgyz Republic</td>
<td>29.2</td>
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<tr>
<td>Tajikistan</td>
<td>28.2</td>
</tr>
<tr>
<td>Nepal</td>
<td>27.3</td>
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<tr>
<td>Montenegro</td>
<td>25.4</td>
</tr>
<tr>
<td>Honduras</td>
<td>22.0</td>
</tr>
<tr>
<td>Lesotho</td>
<td>21.3</td>
</tr>
<tr>
<td>El Salvador</td>
<td>21.0</td>
</tr>
</tbody>
</table>

Source: World Bank

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3 Tatjana Kudryavtseva, “Remittances to Kyrgyzstan decrease by $ 242.1 mln over the year,” 24kg, December 12, 2019, https://24.kg/english/137648_remittances_to_kyrgyzstan_decrease_by__2421_mln_over_the_year/.
Russia remains the prime source of remittances for Kyrgyz migrants, reaching US$2,410 million in 2019 out of which US$2,358 came from migrants working in Russia.\(^5\)

In 2018 it was estimated that without these intra-family financial transfers, 31.5% of the Kyrgyz population would dive into serious poverty; and reliance in southern regions of the country was even greater, with almost 60% of residents considered impoverished if not for migrant transfers from abroad in some locations.\(^6\) One of the prevailing challenges of this situation is the culture of dependency on remittances that can hinder economic


\(^5\) Tatyana Kudryavtseva, “Remittances to Kyrgyzstan decrease by $ 242.1 mln over the year,” 24kg, December 12, 2019, https://24.kg/english/137648_Remittances_to_Kyrgyzstan_decrease_by__2421_mln_over_the_year/.

development\textsuperscript{7} and that remains one of the major contemporary policy challenges for the economy. As a predominantly agricultural country, almost two-thirds of the population live in rural areas of Kyrgyzstan.\textsuperscript{8} The agricultural sector employs around 40% of the total labor force yet accounts for only 20% of national GDP.\textsuperscript{9} In many rural areas, the majority of the local population lives below the poverty line. High unemployment and the lack of job opportunities drive many Kyrgyz people to search for work abroad and help their families through remittances.\textsuperscript{10}

**Impact of COVID-19 on Kyrgyz Remittance Flows**

A World Bank report in 2020 predicted that remittance flows to LMICs would fall by around 20 percent globally in 2020. This would be the sharpest decline in recent history caused by a drop in wages and the decrease in employment of migrant workers in host countries, mainly a result of the current pandemic.\textsuperscript{11} This would affect Central Asia severely since the region depends substantially on migrant labor outflows and remittance inflows. Data provided by the Central Bank of Russia show that out of US$14.84 billion in personal remittances that were sent from Russia to other members of the Commonwealth of Independent States (CIS), US$9.75 billion, or 65.7 percent, went solely to Uzbekistan, Kyrgyzstan, and Tajikistan.

![Graph showing remittances from Russia to CIS countries 2019](image)

The COVID-19 crisis and a fall in the price of oil have already affected the Russian economy and subsequently reduced significantly the remittance flows to Central Asian receiving countries.\textsuperscript{12} Kyrgyzstan has experienced a drop of around US$50 million (some 9% of

\textsuperscript{12} Ibid, p.7.
the total) in received personal remittances from Russia in the first quarter of 2020 compared to the same period in 2019. Moreover, comparing the two-second quarters of 2019 and 2020, the drop is even more striking with a decrease of some 19% in received remittances from Russia.

**Personal Remittances from Russia to Kyrgyzstan (First Quaters of 2019 and 2020, compared)**

![Graph showing remittances](image1)

**Personal Remittances from Russia to Kyrgyzstan (Second Quaters of 2019 and 2020, compared)**

![Graph showing remittances](image2)

Moreover, the weakening of the ruble against the dollar by 16% in 2020 has additionally decreased the value of remittances from Russia.\(^{13}\)

The already precarious lives of Kyrgyz migrants have been further hardened by the contemporary global economic crisis caused primarily by COVID-19. Uncertainties surrounding the recent outbreak in Russia forced many migrants to return to their homeland. Since the beginning of the crisis, many Kyrgyz migrants have lost their jobs in Russia and some of them are trying to return home, yet due to closures many remain stranded on the Russian-Kazakh border in the Orenburg region. To date, the Kyrgyz government has managed to bring back home over 2,000 citizens who were stuck at the border.\(^{14}\)

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Creating Economic Incentives in Rural Kyrgyzstan

In policy terms, this complex and problematic impact of COVID-19 on migration to Russia has shed new light on the need for more sustainable economic strategies at home to boost the domestic job market and reform the agrarian sector. While Russia is trying to recover, Kyrgyzstan, as one of the most remittance-dependent countries, can exert sustained efforts towards alleviating dependency on remittances and, instead, regenerate the agricultural sector using its resources to strengthen the local economy.

Improved agrarian policies and investment in rural Kyrgyzstan can help reduce high emigration and widespread poverty. Reforms could support a more favorable environment for locals and returnees who wished to stay in the Kyrgyzstan jobs market. Better rural conditions could also attract emigrants to return home and help recover the local economy, bringing new skills. Smallholder farmers who are the backbone of Kyrgyz agriculture depend on livestock, a major source of food security in rural communities. However, sector development is hindered by low livestock and agricultural productivity. Since pasture is the major land resource accounting for 40% of the country’s territory and covering almost 85% of all agricultural land, there is an urgent need to improve this important land asset. Even though arable lands account for only 21.1% of Kyrgyzstan’s agricultural land, further development of this sub-sector could also support greater overall food security and local sustainability.

Agricultural Land Structure in 2018

To raise agricultural productivity, financial support is necessary, as are reforms to livestock development and the modernization of pasture systems. Investments will be needed to repair decrepit or missing infrastructure such as roads, bridges, and water sources.

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to enhance the mobility of livestock and enable the utilization of remote pastures.\textsuperscript{16} Improvement of livestock support services through the establishment of an effective private veterinary system and exchange of knowledge and ideas between experts on livestock farming and health can also bring positive changes and reduce poverty in rural Kyrgyzstan.\textsuperscript{17}

Agricultural education and advisory services provided through a range of projects could help small-farmer businesses to increase much-needed quantity and quality of produce, and support enhanced income. With modernized pasture management, better livestock services, and more educated farmers on trade and agribusiness methods, rural people can build more sustainable livelihoods, alleviate rural outmigration, and even reintegrate economically the returning migrants into rural communities.

Even though Kyrgyzstan has favorable demographics, with a high level of the working-age population,\textsuperscript{18} the level of education in the agricultural sector is low and there is a lack of professionally trained and educated farmers. Data from 2009 show that only 7\% of rural employees have a degree in agriculture, while 45\% have a degree in fields completely unrelated to agriculture, such as education (33\%) or medicine.\textsuperscript{19} The situation regarding agricultural education has not been significantly improved over the years. A study from 2014 shows that only 17.1 \% of all people employed in the agriculture sector had some—but not exclusively—agricultural professional education. This means that many agricultural workers do not have proper farming knowledge or expertise to respond effectively to the contemporary agricultural business environment.\textsuperscript{20}

Agricultural training and exposure to best international best practices would be important features of any future reform agenda.

Reduction of Gender Inequality with Agricultural Reforms

There are also key gender aspects to the current situation. Even though women migrants contribute to the household income of sending families, they are still more discriminated against and have a harder time upon returning to their country of origin. A peculiarity about Kyrgyz migration patterns is that compared to the other two highly labor-exporting Central Asian countries, Uzbekistan and Tajikistan, which usually send young, uneducated men to work abroad, Kyrgyzstan’s emigrants include a relatively high proportion of women.\textsuperscript{21} In 2016, almost 40\% of Kyrgyz migrants in Russia were women, while the
percentage of female migrants from Tajikistan and Uzbekistan was significantly lower – less than 20% of the total number of migrants from each country.\textsuperscript{22} The feminization of Kyrgyz migration started to increase from 2011 onwards.\textsuperscript{23} This has also brought some negative trends, including the intimidation of women migrants through social media or the forming of the so-called “Patriots” group that consist of Kyrgyz male migrants who harass and threaten women migrants from Kyrgyzstan. Many women returnees experience stigma, especially unmarried and younger women who may be perceived as having stepped outside of accepted societal norms and values.\textsuperscript{25}

Migration outflows also greatly affect left-behind women. A study shows that the majority of left-behind women in Kyrgyzstan choose unpaid household work and work more hours in this occupation.\textsuperscript{26} In most cases, women who live in sending households experience increased unpaid working hours at home and have less time for leisure, education, and personal care that can negatively affect the households. Moreover, the majority of the left-behind women live in rural Kyrgyzstan where the probability of women becoming unpaid family workers increases by over 30 percent.\textsuperscript{27} Better economic conditions that can reduce migration rates may help alleviate this vicious cycle of unpaid work and poverty of the left-behind women in Kyrgyzstan.

The current crisis caused by the COVID-19 pandemic forced Kyrgyz migrants, among them many women, to return home. Many locals now are left without options and cannot leave for abroad to earn more and help their families. A set of agricultural reforms and additional funding that target vulnerable households such as those of recent returning migrants, women-headed and livestock producer households, and poor farming families will help address this situation. When it comes to a broader strategy on gender, empowerment of households headed by women through special funding could reduce gender inequality, bring more productivity, and contribute to the country’s overall wealth.

\textbf{Conclusion}

It is evident that Kyrgyzstan requires extended reforms to build the rural economy and support greater food security and rural sustainability. While personal remittances remain an important contributor to gross domestic product and household income in the Kyrgyz Republic, from being simply an additional source of income contributing to agricultural household incomes, remittances have become the main source of income for the majority of Kyrgyz, especially in rural areas. Although intra-family financial transfers from abroad help to send households and developing economies to maintain a sustainable level


\textsuperscript{24} Ibid.


\textsuperscript{27} Ibid, p.11.
of living, residual over-dependence on remittances can instill greater economic vulnerability in economies where any major financial crisis or sudden rupture in migration can jeopardize household livelihood security.

The current COVID-19 crisis exemplifies this vulnerability. The Russian labor market is expected to suffer gravely due to the coronavirus pandemic, reducing wage levels for migrant laborers and reducing overall demand for labor. This will severely affect remittance flows to Central Asian countries, including Kyrgyzstan.

Already many Kyrgyz migrants have lost their jobs in Russia, and some have left the country. The situation is critical but also sheds light on new possibilities – and necessities. These include Kyrgyz authorities beginning to implement effective reforms that target rural areas and the agrarian sector, helping to reduce push factors and creating more pull factors for migrants abroad. Since current economic conditions dictate the outflow of labor from rural Kyrgyzstan, it is of key importance that reforms target crucial areas of the rural economy and support an increase in the overall wellbeing of the entire country.

References


Kudryavtseva, Tatyana. “Remittances to Kyrgyzstan decreased by $242.1 mln over the year.” 24kg, December 12, 2019, https://24.kg/english/137648 Remittances to Kyrgyzstan decrease by __2421 mln over the year/.


AGRUMIG Policy Brief Series

This policy brief is one in a series of briefs produced as part of the AGRUMIG project.

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AGRUMIG Project

The project titled AGRUMIG ‘Leaving something behind’ - Migration governance and agricultural & rural change in ‘home’ communities: Comparative experience from Europe, Asia and Africa proposes an integrated approach to migration governance to address the two-way relationship between labor mobility and changes in agriculture and the rural sector. Migration creates challenges for rural ‘sending’ communities in low- and middle-income countries, yet it can also be transformative. The project engages in a comparative analysis of seven countries (China, Ethiopia, Kyrgyzstan, Moldova, Morocco, Nepal and Thailand) to identify the economic, institutional, cultural and agroecological factors which shape these relationships. It will identify the range of governance interventions that can harness migration to stimulate sustainable, gender equitable growth in agriculture, and reduce the distress associated with migration.

Donor: European Union (EU) Horizon 2020 Framework Programme (H2020) under grant agreement number 822730

(Call: Towards forward-looking migration governance: Addressing the challenges, assessing capacities and designing future strategies)

Project website: http://agrumig.iwmi.org

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This project is part of the MARIS (Migration, Agriculture and Resilience: Initiative for Sustainability) network (http://maris.iwmi.org).