



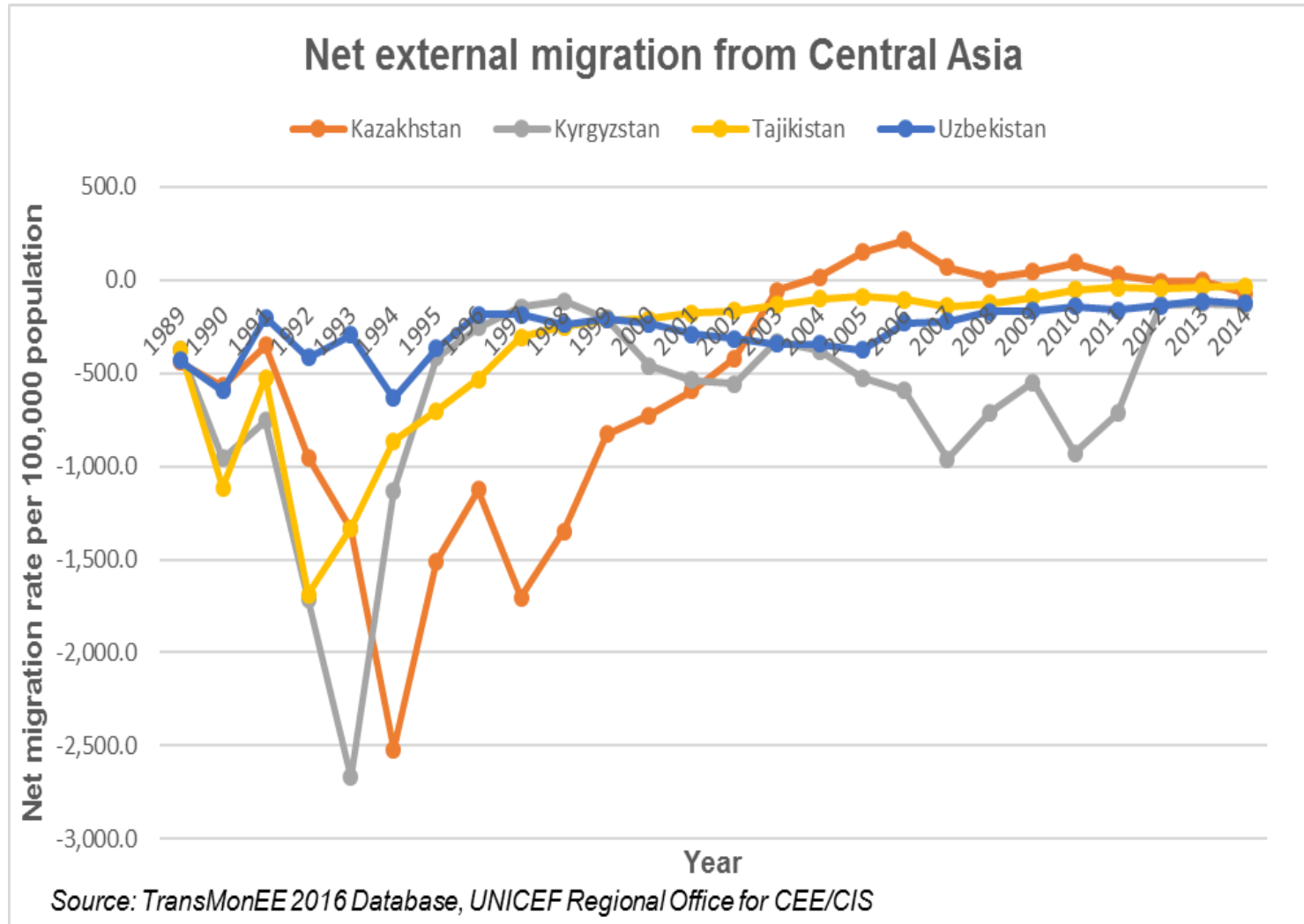
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INTERNATIONAL UNIVERSITY IN TASHKENT

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# **Migration, Employment, and Food Security in Central Asia: the case of Uzbekistan**

Bakhrom Mirkasimov  
(Westminster International University in Tashkent)

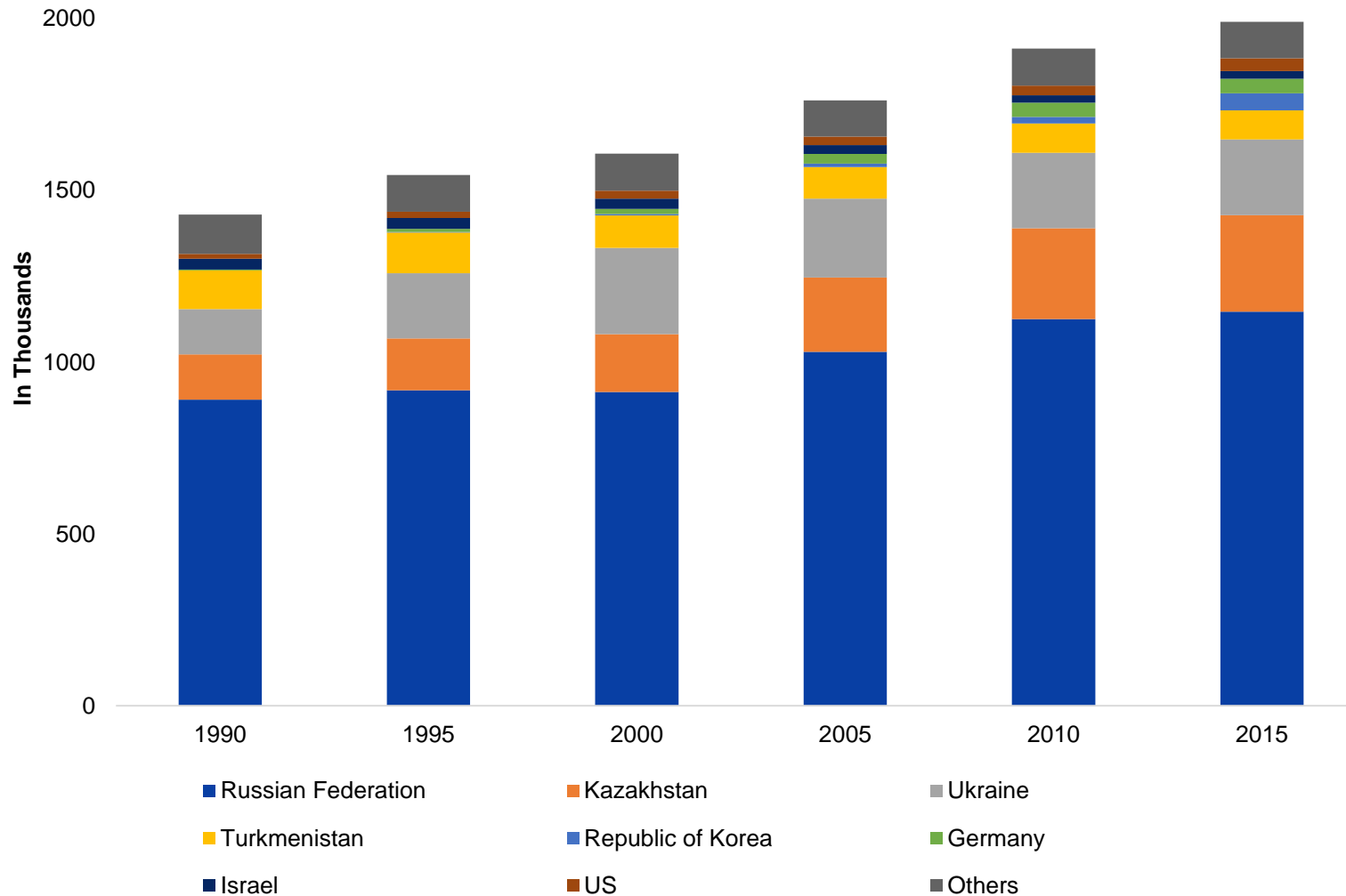


All four countries experienced significant outmigration until 2004

Kazakhstan imported more labor from abroad than it sent to other countries

Outmigration from Kyrgyzstan, Tajikistan and Uzbekistan intensified after 2004

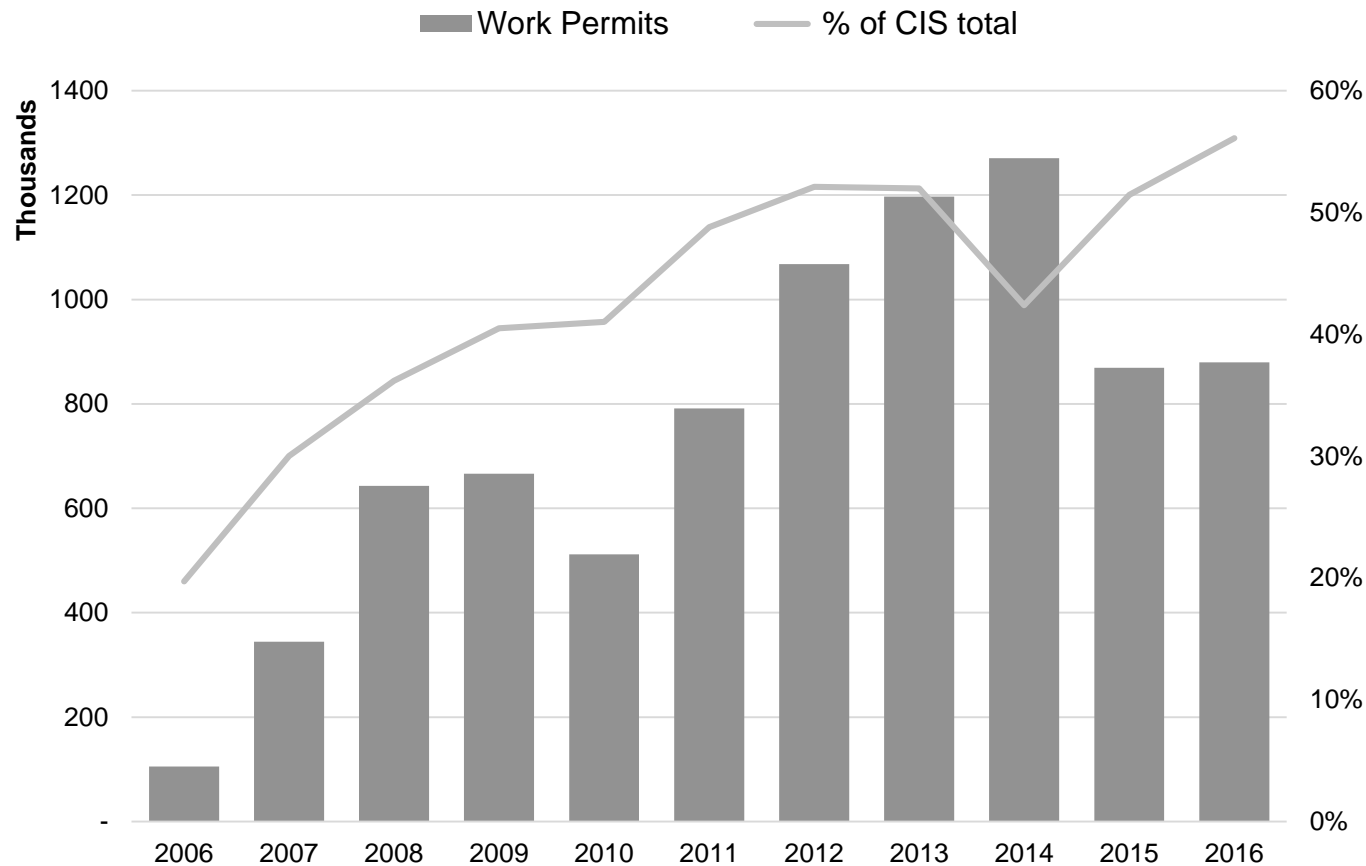
Countries with the largest number of Uzbeks living abroad,  
1990- 2015



Around two million  
Uzbeks living outside the  
country in 2015

Uzbeks move abroad –  
primarily to Russia – to  
seek work opportunities  
and earn better wages

Source: UNDESA, Trends in International Migrant Stock  
Database, 2017



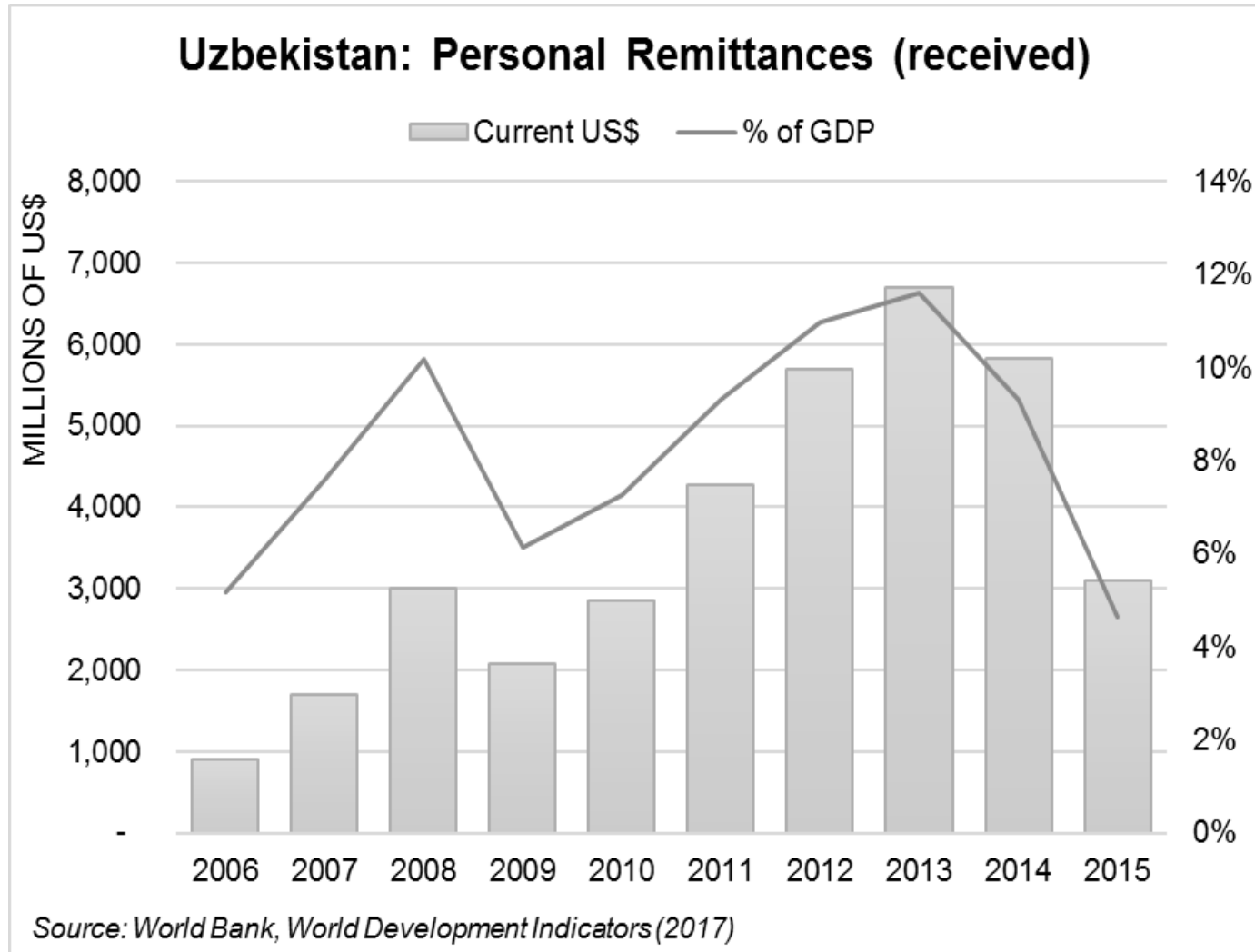
There are over 1.2 million work permits granted to citizens of Uzbekistan in Russia

This trend started growing dramatically after 2010

By 2013, Uzbek citizens obtained the majority of work permits as a share of total permits issued to labor migrants from the CIS

Starting from 2014 labor migration began to decline

Source: ROSSTAT. Federal State Statistics Service of the Russian Federation, 2017



Personal remittances have reached an all-time high of \$6.7 billion USD in 2013

This amount accounted for 12% of GDP, an increase from 7.3% in 2010

In 2015, figures were at a meager \$3.1 billion (4.7% of GDP), more than a half decrease from 2013

In 2016, remittances declined to \$2.7 billion, about 40% of 2013 level

## Positive outcomes

- Remittances sent back home stimulate consumption, spending on health, weddings and home improvements
- Remittances may improve household welfare, human capital of family members left behind (language) and reduce poverty
- Remittances may improve household food security and nutrition (especially, for poor households)
- Migrant workers may learn new skills
- Migrant workers in host countries spur economic growth by addressing labour shortages
- Migration may ease the burden on public transfer programs

## Negative outcomes

- Loss of labour force in home country (e.g., negative effect on crop income)
- Socio-psychological problems (e.g., deterioration of the family, depression, broken families, etc.)
- Abuse (forced labour, low wage compared to locals) and lack of access to social security measures and free medical services
- Exposure to sexually transmitted infections and other diseases
- Remittances may delay economic and institutional reforms
- Large swings in remittance inflows may bring macroeconomic volatility
- Migration may not improve the human capital of children left behind

*Malyuchenko, 2015; Somach & Rubin, 2010, Smolak et al., 2015; UNAIDS, 2016; Ahunov et. al, 2016.*

The year of 2017 was declared as the “*Year of Dialogue with People and Human Interests*”. The five priorities include:

1. Priority areas for the improvement of the system of state and public administration
2. Priority areas to ensure the rule of law and further reform of the judicial system
3. Priority areas of development and liberalization of the economy
4. Priority directions of the social sphere development
5. Priority areas in the sphere of security, inter-ethnic harmony and religious tolerance





The Program identifies the following strategies towards achieving its goals:

- Establishment of small industrial zones;
- Allocation of micro credits to organize businesses;
- Use of modern information technologies and programs for job search ([www.mehnat.uz](http://www.mehnat.uz)); and
- Conduct of at least 1,000 job fairs in different cities and districts together with potential employers, businesses and organizations.

# ACCESS TO BASIC INFRASTRUCTURE

Utility		National	Rural area	Urban area (excluding Tashkent city)	Tashkent city
Tap water	percentage with access	66.6	37.9	92.4	100.0
	degree of satisfaction	84.0	84.4	82.3	88.2
Electricity	percentage with access	100.0	100.0	100.0	100.0
	degree of satisfaction	76.8	70.7	81.7	85.4
Fixed telephone line	percentage with access	39.5	17.3	52.3	87.5
	degree of satisfaction	93.4	89.1	94.8	94.2
Central heating	percentage with access	30.2	14.8	32.4	84.2
	degree of satisfaction	87.1	85.0	90.2	84.8
Pipeline gas	percentage with access	63.6	51.9	66.9	100.0
	degree of satisfaction	81.2	74.1	83.0	92.1

The share of households with access to tap water and pipeline gas suggest there are large regional disparities with access to basic utilities

Source: European Bank for Reconstruction and Development, *Life in Transition survey III 2016*

# MEAN NOMINAL MONTHLY EARNINGS, 2015

<b>Economic activity</b>	<b>Uzbekistan (in Soums)</b>	<b>Uzbekistan (in USD)</b>
<b>Manufacturing</b>	2,456,100	305
<b>Construction</b>	2,217,500	275
<b>Transport and communications</b>	2,034,500	252
<b>Wholesale and retail trade</b>	1,950,700	242
<b>Education</b>	1,220,500	151
<b>Health</b>	1,100,000	136

WAGES ARE VERY LOW, BUT LIFE SATISFACTION IS NOW THE HIGHEST IN THE TRANSITION REGION (EBRD, 2016)

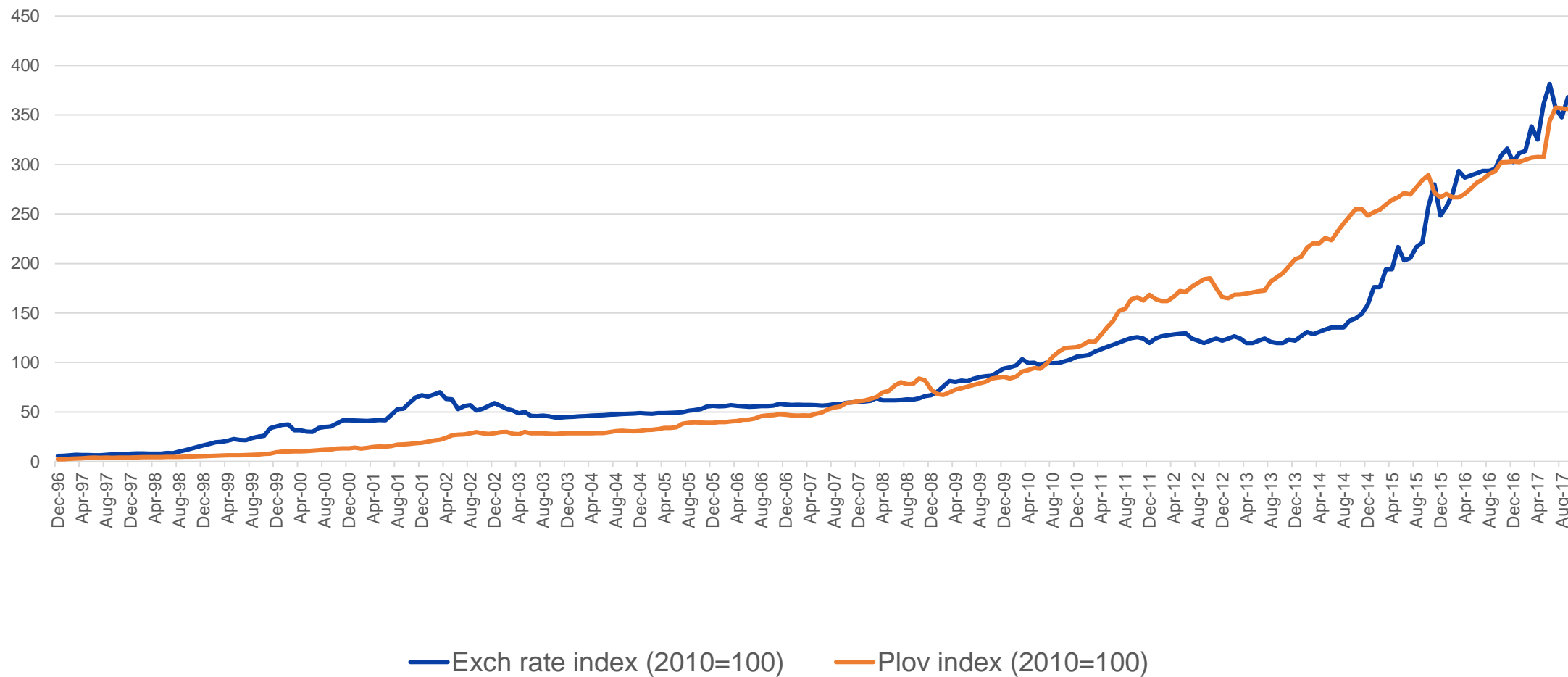
2017 official exchange rate for Uzbekistan, October 3: Soums per USD = 8,060.80

Inflation rate for Uzbekistan in 2015 is 5.6%; food price inflation is around 20%

No information collected on agricultural wages

*Sources: State Statistics Committee of the Republic of Uzbekistan, the Central Bank of Uzbekistan, 2017*

Market exchange rate and Plov indices , 1996-2017



- We use a nationally representative household and individual survey data on migration, remittances and cognitive skills (CALISS) conducted in Uzbekistan by the World Bank/German Society for International Cooperation (GIZ) in 2013.
- This *Uzbekistan Jobs, Skills and Migration* survey is one of three identical household surveys conducted in Central Asia – the two other countries are Kyrgyzstan and Tajikistan.
- The data encompass a variety of socioeconomic indicators, including living conditions, consumption and health expenditure, education, migration, and employment details, remittances, use of financial services, subjective poverty and well-being measures, and cognitive and non-cognitive skills tests.
- The sample size of the core questionnaire includes 1,500 randomly selected households with a total of 8,622 individuals. The second skills questionnaire consists of 1,500 individuals.

**Table 1**

Characteristics of migrants. *Source:* Authors' illustration based on 2013 CALISS data.

Variables	Mean/Proportion
Age	30.84
Male (%)	89.8
Married (%)	62.9
Uzbek (%)	85
Basic education or below (%)	9.8
Secondary education (%)	85
University degree (%)	5.2
In Russia (%)	85.3
In Kazakhstan (%)	12.6
Comes from rural area (%)	74.6
<i>N</i>	645

*Note:* Only migrants aged 15 and above are considered.

The average age of a migrant is 31 years old

Nearly 90% are male and have completed at least secondary education

Most of them come from rural areas

They mainly go to Russia and Kazakhstan

**Table 2.2: Uzbekistan - Sectoral distribution by gender, aged 25-55, 2013 CALISS**

Industry groups	Men (%)	Women (%)
Agriculture and fishing	18.17	19.42
Mining	1.14	0.29
Manufacturing	5.31	1.44
Energy and water	1.54	0.40
Construction	25.71	0.58
Trade and repair	8.97	3.17
Hotels and restaurants	0.46	0.46
Transport and communications	10.00	0.46
Finance	1.83	0.52
Public administration	4.11	1.10
Education	4.11	12.10
Health and social work	1.54	6.63
Utilities, social and personal services	5.83	5.36
Private households with employed persons	0.91	0.17
Extra-territorial organizations (e.g. embassies, UN)	0.11	0.17
Don't know / missing	10.23	47.72
<i>Number of observations</i>	<i>1750</i>	<i>1735</i>

The largest sectoral employment is found in agriculture and fishing

In the education and health sectors, women are three times more represented than men

The construction sector is the dominant employer for men

**Table 3.3: Probit estimates and marginal effect: aged 25-55, 2013 CALISS**

Variables	Probit estimates	Marginal effects
<i>female</i>	-0.960*** (0.120)	-0.322*** (0.0364)
<i>migrant_hh</i>	-0.235** (0.104)	-0.0787** (0.0345)
<i>rural</i>	0.458*** (0.0985)	0.153*** (0.0320)
<i>MemoryRaw</i>	0.0715*** (0.0234)	0.0240*** (0.00773)
<i>LiteracyRaw</i>	-0.0401 (0.0291)	-0.0134 (0.00972)
<i>NumeracyRaw</i>	0.0270 (0.0348)	0.00903 (0.0117)
<i>DweekScore</i>	-0.0313 (0.0531)	-0.0105 (0.0178)
<i>age30_34</i>	-0.0370 (0.147)	-0.0124 (0.0494)
<i>age35_39</i>	0.110 (0.171)	0.0367 (0.0574)
<i>age40_44</i>	0.350** (0.178)	0.117** (0.0592)
<i>age45_49</i>	0.380** (0.172)	0.127** (0.0571)
<i>age50_55</i>	0.115 (0.170)	0.0386 (0.0570)
<i>hh_head</i>	0.0289 (0.142)	0.00968 (0.0475)
<i>hh_child6</i>	0.129* (0.0749)	0.0433* (0.0250)
<i>hh_child6_18</i>	0.0830 (0.0563)	0.0278 (0.0188)
<i>hh_elderly65</i>	0.0171 (0.0792)	0.00573 (0.0265)
<i>hhsiz</i>	-0.0559 (0.0340)	-0.0187* (0.0114)
<i>divorced</i>	-0.473*** (0.162)	-0.158*** (0.0536)
<i>widow</i>	-0.110 (0.245)	-0.0368 (0.0820)
<i>uzbek</i>	0.359*** (0.138)	0.120*** (0.0459)
<i>FerghanaValley</i>	-0.333*** (0.123)	-0.112*** (0.0408)
<i>CentralRegion</i>	-0.838*** (0.144)	-0.281*** (0.0458)
<i>SouthRegion</i>	-0.0305 (0.131)	-0.0102 (0.0437)
<b>Observations</b>	<b>965</b>	<b>965</b>

\*\*\* p<0.01, \*\* p<0.05, \* p<0.1.

Notes: Dependent variable: Worked in last 14 days, *LFP*; standard errors in parentheses.

Analysis validates being female is negatively associated with probability of being in the labor force

So does being divorced and having a migrant relative at home

Remittances therefore play an important role for food security and nutritional intake

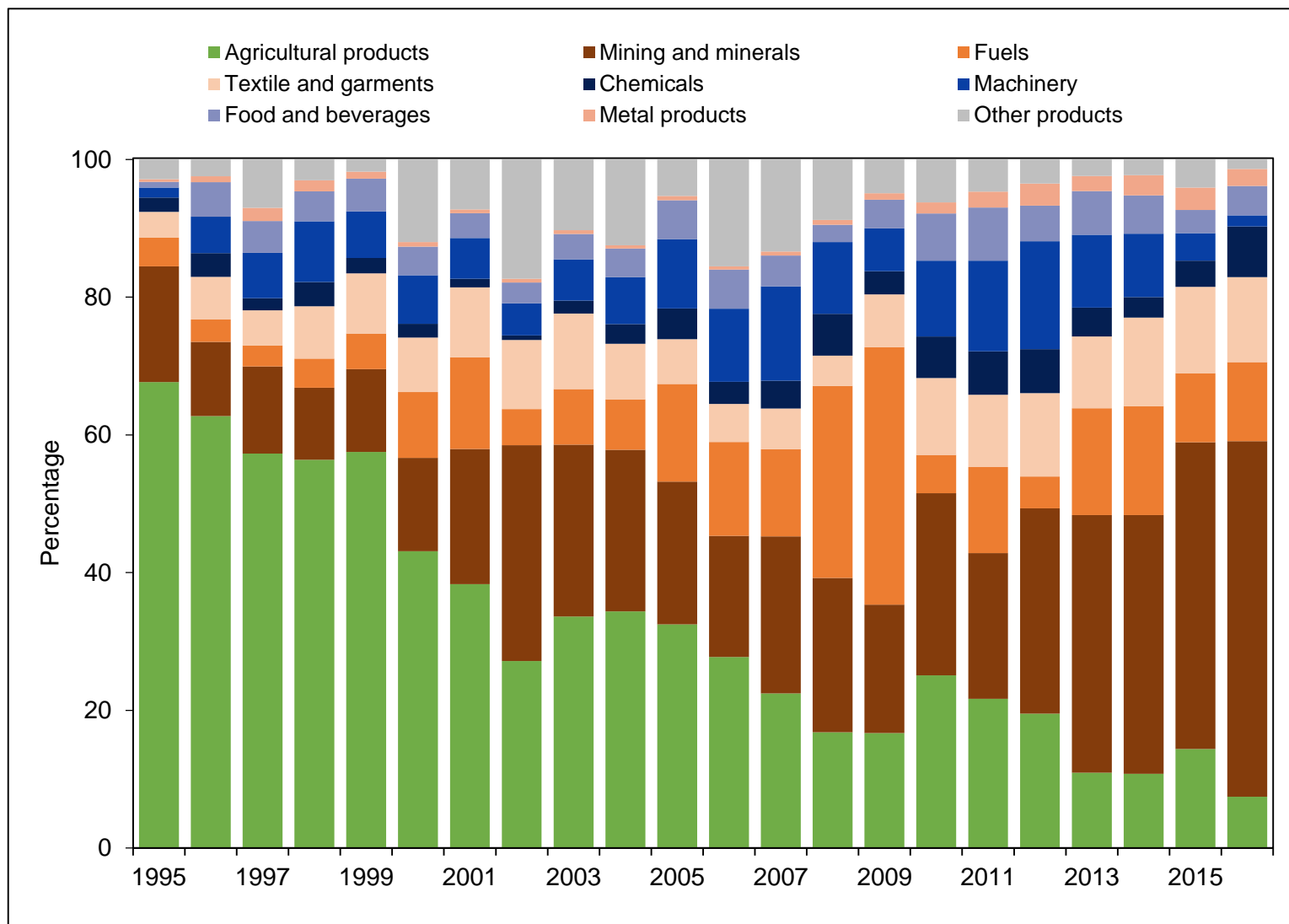


- Evidence suggests that malnutrition has long-lasting effects on cognitive development of children
- There is also a strong link between malnutrition and cognitive skills decline in adults (GNR 2014, 2015 and 2016)
- The relationship between nutritional status and employment may lead to a vicious cycle
- Remittances may have a role in breaking this vicious cycle
- The Action Strategy for 2017-2021, if implemented well, plays an important role to increase the level of income and the quality of life of each person
- The role of the private sector is essential for generating wealth (security) by creating new opportunities for men and women

**THANK YOU FOR YOUR TIME!**

**QUESTIONS OR COMMENTS?**

# EXPORT STRUCTURE, 1995-2016 (%)



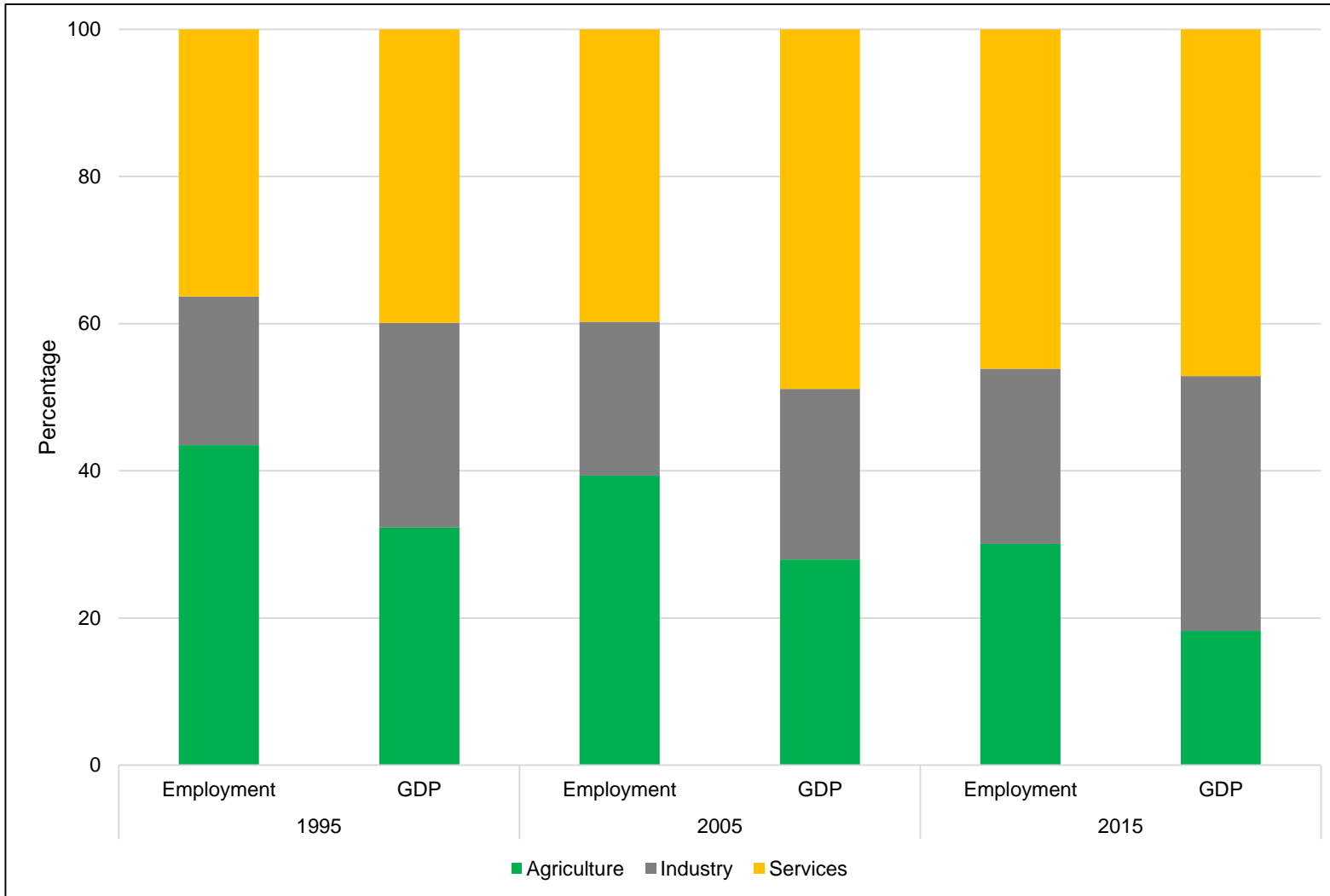
Source: Estimates based on UN Commodity Trade Statistics database

The structure of exports has also shifted dramatically and confirms this structural transformation

The share of agricultural exports has fallen from about 68% to about 11% over the last two decades, while exports of fuels and chemicals have largely replaced the share of agriculture

The share of non-commodity exports (for example, cars, trucks, fertilizers, plastics, and foodstuffs) has also increased by 21% over this period

# Sector contribution to GDP and Employment, 1991-2015



Source: Contribution to GDP from World Bank, World Development Indicators, 2017; employment shares from ILO Key Indicators of the Labour Market (KILM), March 2017.

Focus on industrialization and modernization policies since this sector has higher output per worker than other sectors

However, most of the labor force still remains concentrated in the agricultural sector

Agricultural employment is a livelihood strategy to majority of population living in rural areas

Three empirical issues associated with measuring the impact of labor migration on human capital supply are accounting for:

- (i) Possible bias due to unobserved heterogeneity (selection bias)
- (ii) Migrants' forgone domestic income
- (iii) Simultaneity bias

Possible solution:

- (i) Implementation of instrumental variables approach by using variations in wages across provinces in a host country (Russia)
- (ii) Propensity score matching approach which allows to match households based on their socio-economic characteristics