



United Nations
Development Programme
Барномаи Рушди Созмони Милал



IOM International Organization for Migration
СБМ Созмони Баиналмилалии Мухочират
МОМ Международная Организация по Миграции

INTERNATIONAL CONFERENCE “ECONOMIC DYNAMICS OF LABOUR MIGRANT REMITTANCES IN TAJIKISTAN”

**25-26 JANUARY 2006
DUSHANBE, TAJIKISTAN**

**INTERNATIONAL CONFERENCE “ECONOMIC DYNAMICS OF LABOUR MIGRANT
REMITTANCES IN TAJIKISTAN”, 25-26 JANUARY 2006, DUSHANBE, TAJIKISTAN**

CONTENTS

CONFERENCE AGENDA
 CONFERENCE OBJECTIVES
 EXECUTIVE SUMMARY
 CONFERENCE RECOMMENDATIONS
 CONFERENCE PROCEEDINGS
 OPENING SESSION
 SESSION 1: OVERVIEW
 SESSION 2: IMPROVING REMITTANCES SERVICES
 SESSION 3: ENHANCING DEVELOPMENT IMPACT
 SESSION 4: CURRENT STATE OF AFFAIRS IN TAJIKISTAN
 CLOSING SESSION

ANNEX
 LIST OF PARTICIPANTS AND GUESTS

**INTERNATIONAL CONFERENCE “ECONOMIC DYNAMICS
OF LABOUR MIGRANT REMITTANCES IN TAJIKISTAN”
AGENDA**

January 25, 2006	
08:30 – 09:00	REGISTRATION
09:00 – 09:30	Welcome Statements <ul style="list-style-type: none"> • MAHMOUD NADERI, CHIEF OF MISSION, INTERNATIONAL ORGANIZATION FOR MIGRATION IN THE REPUBLIC OF TAJIKISTAN • KHOLBOBOEV FAYZULLO, STATE ADVISOR OF THE PRESIDENT OF THE REPUBLIC OF TAJIKISTAN ON ECONOMIC POLICY • ZOKIRJON VAZIROV, MINISTER OF LABOUR AND SOCIAL PROTECTION OF THE REPUBLIC OF TAJIKISTAN • NILIM BARUAH, HEAD, LABOUR MIGRATION DEPARTMENT, IOM GENEVA
I: OVERVIEW	
09:30 – 10:00	NILIM BARUAH , HEAD, LABOUR MIGRATION DEPARTMENT, IOM GENEVA <ul style="list-style-type: none"> • Analytical overview of migrant remittances
10:00 – 11:00	KHOJAMUHAMMAD UMAROV , INSTITUTE OF ECONOMIC RESEARCH <ul style="list-style-type: none"> • Remittances to Tajikistan MARC-ANTOINE DESY , PROGRAMME DEVELOPMENT COORDINATOR, UNDP TAJIKISTAN

**INTERNATIONAL CONFERENCE “ECONOMIC DYNAMICS OF LABOUR MIGRANT
REMITTANCES IN TAJIKISTAN”, 25-26 JANUARY 2006, DUSHANBE, TAJIKISTAN**

	<ul style="list-style-type: none"> • UNDP’s perspective on leveraging remittances for development in Tajikistan <p>ELMUROD TURSUNOV, CHIEF SPECIALIST OF THE DEPARTMENT OF LABOUR AND SOCIAL PROTECTION, ADMINISTRATION OF THE PRESIDENT OF THE REPUBLIC OF TAJIKISTAN</p> <ul style="list-style-type: none"> • Policies and practices governing the flow and use of remittances
11:00 – 11:20	COFFEE-BREAK
11:20 – 11:40	KHOJAMUHAMMAD UMAROV , INSTITUTE OF ECONOMIC RESEARCH <ul style="list-style-type: none"> • The impact of remittances to poverty
11:40 – 12:00	RUSSLAVBANK, RUSSIAN FEDERATION
12:00 – 13:00	DISCUSSION
13:00 – 14:00	LUNCH
II: IMPROVING REMITTANCES SERVICES	
14:00 – 15:00	NILIM BARUAH , HEAD, LABOUR MIGRATION DEPARTMENT, IOM GENEVA JAMSHED YUSUPOV , HEAD OF MONETARY POLICY DEPARTMENT, NATIONAL BANK OF TAJIKISTAN <ul style="list-style-type: none"> • Core principles and strategies for improving services
15:00 – 15:20	ZEBO FATHIDDINOVA , HEAD OF CURRENCY OPERATIONS DEPARTMENT, NATIONAL BANK OF TAJIKISTAN <ul style="list-style-type: none"> • Lowering costs and expanding financial services/products – partnerships with private sector
15:20 – 15:40	MARIA REGINA GALAIS , COMMISSION ON FILIPINOS OVERSEAS, OFFICE OF THE PRESIDENT OF THE PHILIPPINES <ul style="list-style-type: none"> • Ideas from LINKAPIL program
15:40 – 16:00	COFFEE-BREAK
16:00 – 16:20	MUSLEH-UDDIN AHMED , ST. ALBANS, UK <ul style="list-style-type: none"> • MFI and migrant remittances; benefits, problems, pitfalls and success
16:20 – 17:00	DISCUSSION
January 26, 2006	
III: ENHANCING THE DEVELOPMENT IMPACT	
09:00 – 09:30	ROSARIO L. CANETE , DEPUTY DIRECTOR, UNLAD KABAYAN MIGRANT SERVICES FOUNDATION INC., PHILIPPINES <ul style="list-style-type: none"> • Role of Migrant Associations, NGOs and financial institutions
09:30 – 10:00	NILIM BARUAH , HEAD, LABOUR MIGRATION DEPARTMENT, IOM GENEVA <ul style="list-style-type: none"> • Leveraging remittances – Role of the State

**INTERNATIONAL CONFERENCE “ECONOMIC DYNAMICS OF LABOUR MIGRANT
REMITTANCES IN TAJIKISTAN”, 25-26 JANUARY 2006, DUSHANBE, TAJIKISTAN**

10:00 – 11:00	<p>MAHMOUD NADERI, IOM TAJIKISTAN CHIEF OF MISSION</p> <ul style="list-style-type: none"> • A glance to the results of pilot project “Enhancing the development impact of migrant remittances” <p>ABDUGHANI KURBONOV, MIGRANTS HOUSEHOLD INITIATIVE GROUP IN JAMOAT SAYYOD, SHAARTUZ</p> <p>RAHIMJON NAZAROV, MIGRANTS HOUSEHOLD INITIATIVE GROUP IN JAMOAT TELMAN, KUMSANGIR</p> <ul style="list-style-type: none"> • Local development through labour migrants contributions
11:00 – 11:20	COFFEE-BREAK
11:20 – 11:40	<p>MIRZO SHODIEV, HEAD OF ORGANIZATIONAL-LEGAL PROVISION DEPARTMENT, MINISTRY OF LABOUR AND SOCIAL PROTECTION</p> <ul style="list-style-type: none"> • Experience of the Philippines on remittance-based development
11:40 – 13:00	DISCUSSION
13:00 – 14:00	LUNCH
IV: CURRENT STATE OF AFFAIRS IN TAJIKISTAN	
14:00 – 15:30	<p>ZEBO FATHIDDINOVA, HEAD OF CURRENCY OPERATIONS DEPARTMENT, NATIONAL BANK OF TAJIKISTAN</p> <p>GRANATA AKHMEDOVA, HEAD OF REMITTANCES DEPARTMENT, ORIYONBANK</p> <p>LATOFAT ASHUROVA, HEAD OF REMITTANCES DEPARTMENT, AGROINVESTBANK</p> <p>SHUHRAT QAHRAMONZODA, HEAD OF REMITTANCES DEPARTMENT, AMONATBANK</p> <p>ASKAR NURALIEV, HEAD OF FINANCE AND CREDIT RELATIONS DEPARTMENT, MINISTRY OF ECONOMY AND TRADE</p> <ul style="list-style-type: none"> • Past, present, future activities and trends in Tajikistan to improve remittances services and enhance the development impacts of remittances <p>PANEL MEMBERS:</p> <p>KHOJAMUHAMMAD UMAROV, INSTITUTE OF ECONOMIC RESEARCH</p> <p>AMONULLO HASANOV, MINISTRY OF LABOUR AND SOCIAL PROTECTION</p> <p>MINISTRY OF FINANCE</p> <ul style="list-style-type: none"> • Panel Discussion: Regulatory and Supervisory Framework for Remittance Services
15:30 – 15:50	COFFEE-BREAK
15:50 – 17:00	<p>WORKING GROUPS</p> <ul style="list-style-type: none"> • Discussion, suggestions, recommendations
17:00 – 17:30	<p>SUMMING UP OF KEY POINTS AND CLOSE</p> <ul style="list-style-type: none"> • NILIM BARUAH, HEAD OF LABOUR MIGRATION DEPARTMENT, IOM GENEVA • MAHMOUD NADERI, CHIEF OF MISSION, IOM TAJIKISTAN • KHOLBOBOEV FAYZULLO, STATE ADVISOR OF THE PRESIDENT OF THE REPUBLIC OF TAJIKISTAN ON ECONOMIC POLICY
17:30	BANQUET

CONFERENCE OBJECTIVES

- ✓ Produce a compilation of information and best practices on different aspects of remittances.
- ✓ Bring together stakeholders and experts in several aspects of remittances, with the goals of promoting dialogue, exchanging perspectives, and sharing key learning experiences.
- ✓ Identify benchmarks and parameters for specific initiatives to improve remittance policies and procedures with the aim of maximizing positive developmental impact.
- ✓ Establish opportunities for networking and collaborative efforts between and among public and private organizations and stakeholders.

EXECUTIVE SUMMARY

The International Organisation for Migrations and the United Nations Development Programme organized an international conference on the economic dynamics of labour migration remittances in Tajikistan on the 25-26 January 2006. IOM defines remittances as monetary transfers made by migrants to the country of origin. Although they can also be in-kind, this conference focused on money remittances.

Remittance flows to developing countries is constantly on the rise, and this trend is verified in Tajikistan. Officially recorded remittance receipts have increased from 146 million US dollars in 2003 to 260 million dollars in 2004, representing 12% of Tajik Gross National Product. These flows tend to be underestimated since official data does not take informal transfers into account. Most participants called for a better data collection mechanism to assess the reality of money transfers to Tajikistan. Formal remittances channels must be strengthened and banks should attract more migrants by providing cost-effective, reliable, quick and safe services.

After a brief overview of the main remittance-related issues, the conference was organized around three sessions. The first session focused on improving remittances services. The question of transfer costs was raised and international evidence shows that competition between services providers tends to lower commission rates. Tajik mass labour migration is quite a new phenomenon, therefore stakeholders lack experience in attracting these resources. A Filipino expert shared her country's long experience in labour migration management and presented the various measures intended at attracting wider flows as well as channelling these resources for development projects. Other successful measures implemented by major labour-exporting countries were reviewed.

The second session was devoted to the enhancement of development impact of remittances. Usually, this money is used to meet basic family expenses – food, accomodation, and health care – or spent on ceremonies such as weddings, circumcisions or funerals. Although private means, remittances could be invested in productive activities. Participants were acquainted with the results of a pilot project implemented jointly by IOM and UNDP in two jamoats of Tajikistan. The project used remittances to create businesses or to finance community projects. Tajik officials also discussed the information received during a study trip to Philippines.

**INTERNATIONAL CONFERENCE “ECONOMIC DYNAMICS OF LABOUR MIGRANT
REMITTANCES IN TAJIKISTAN”, 25-26 JANUARY 2006, DUSHANBE, TAJIKISTAN**

The third session of the conference aimed at reviewing the current state of affairs in Tajikistan. Representatives of Tajik major banks presented their banks' practices concerning remittances and their plans to improve services. The representative of the National Bank of Tajikistan gave the main characteristics of remittance transfers in Central Asia. It appears national legislations are quite similar and do not hamper money flows.

The conference ended with a set of recommendations to be realised in order to maximize the positive effects of remittances in Tajikistan.

CONFERENCE RECOMMENDATIONS

1. On the part of banks – to increase saving deposits of labour migrants and launch large-scale information campaigns about bank services for migrants.
2. On the part of micro-finance institutions – to attract remittances of labour migrants to deliver loans to meet community needs as well as to encourage migrants to develop their own business.
3. On the part of international organizations – to mobilize remittance-sending migrants to support initiative communities (ratio 1 to 3), to support migrant organizations and initiatives.
4. On the part of communities and NGOs – to develop cooperation with international organizations.
5. On the part of the Government – to develop a set of tax and customs incentives to invest labour migrants' remittances into the national economy, to simplify registration procedures for small and medium businesses and reduce the number of inspections of the latter.

CONFERENCE PROCEEDINGS

Opening session

Mr. Mahmoud Naderi, Chief of Mission of the International Organization for Migration Tajikistan, opened the conference and welcomed participants of the conference. He stressed the importance of the issues to be discussed for the development of the Republic of Tajikistan and presented some of the participants.

Mr. Nilim Baruah, Head of the Labour Migration Service Department of IOM in Geneva, highlighted the importance of remittances in the Tajik economy. According to World Bank figures, remittances constitute 12 percent of GDP in Tajikistan and recorded remittances amounted to USD 260 million in 2004. The main challenges were to improve remittance services to senders and recipients and enhance the development impact.

Mr. Faizullo Kholboboev, State Adviser to the President of the Republic of Tajikistan on economic policy, continued and said that we must recognize that development in households under the influence of remittances, particularly in the field of education, is already visible. And that he looked forward to discuss incentives for savings and learn from experiences from the Philippines.

Mr. Zokirjon Vazirov, the Minister of Labour and Social Protection of the Population of the Republic of Tajikistan said that analysis of the structure of labour migrants of the Republic of Tajikistan shows that 84% of labour migrants are outside the country on temporary works. 496000 labour migrants are in the Russian Federation. They go to the Russian Federation early in March and come back home upon completion of seasonal works. Up to now, the Government jointly with the Government of the Russian Federation has legalized 10% of the total number of labour migrants, but the remaining 90% are in the state of informal labour relations.

He further referred to other measures taken by the President and the Government of the Republic of Tajikistan, i.e. signing of agreements between the Republic of Tajikistan and the Russian Federation. The President of the Russian Federation supported remittances on the legal basis for their further legalization. The Government has also carried out sociological survey among 300 000 citizens on utilization of remittances from labour migrants and 246 000 of them answered that they mostly spend remittances for personal needs such as purchasing of food and school accessories, or for ceremonies, such as marriages and funerals. Mr. Vazirov hoped the conference would help the government in its work on improving living standards and reducing poverty through migrants' remittances.

The Government of the Republic of Tajikistan has undertaken 5 obligations, one of which being to issue 500000 foreign passports to labour migrants currently in the Russian Federation. The aim is to improve conditions of labour migrants, who have to show identification documents in order to transfer money legally. Because they lack such documents, labour migrants often resort to illegal channels, e.g. third persons. That is why there are no official accounts on remittances.

At present, there is data about every labour migrant in Tajikistan, about their region of origin, the type of job they have, etc. For instance, 46% of Tajik labour migrants work in the construction sphere.

INTERNATIONAL CONFERENCE “ECONOMIC DYNAMICS OF LABOUR MIGRANT REMITTANCES IN TAJIKISTAN”, 25-26 JANUARY 2006, DUSHANBE, TAJIKISTAN

Today, the average salary of labour migrants is US\$ 325. The Government is trying to ensure that citizens of Tajikistan would be granted the same terms and conditions as citizens of the host country. The Ministry of labour and social protection undertakes concrete measures regarding labour migrant's issues and tries to establish good contact with labour migrants. At the moment, monitoring is being conducted all over the Russian Federation, and the President Administration office of the Russian Federation helps solve problems concerning labour migration.

Mr. Vazirov also mentioned that incomes of labour migrants were tax-free. He stressed the importance of this issue since labour migrants have difficulty in getting retirement pensions because they do not have records of their labour activities. 15 pension funds have been established in Kazakhstan where labour migrants themselves pay money in order to have a pension. There are no such funds in Tajikistan or any other social guarantee, except for the state fund.

Mr. Vazirov looked forward to learning about experience of other countries, especially the Philippines. And pointed out that in comparison with the Philippines, which has a 30-years experience in labour migration, Tajikistan has more or less controlled labour migrant's market only for the past 5-6 years.

Mr. Alisher Mirzoev, the representative of the International Monetary Fund delivered a speech on behalf of Mr. Sarmad Khawaja, IMF Resident Representative, pointing out that remittances in 2005 (unadjusted for small-scale exports) were over US\$600 million (US\$450 million in first 9 months) up from US\$433.5 million in 2004. The volume exceeds by a large margin the official development aid to Tajikistan. Remittances have boosted consumption, sustained high growth rates and contributed to poverty alleviation. They could play a role in stimulating productive investment thereby further spurring economic and social development. However, Mr. Mirzoev insisted there was no substitute for sound macroeconomic policies, good governance and an outward-oriented trade and FDI strategy; and it was important that governments should not impose channels or restrictions on uses of remittances.

International experience shows that remittance initiatives may be categorized into four main groups:

1. One focuses on development aspects and issues exploring links between remittances and poverty reduction programs; and to stimulate financial development in rural areas and among low-income groups, e.g. through micro finance institutions;
2. Second comprises efforts to lower transaction costs, increase transparency and improve the operations in the formal sector;
3. Third focuses on improving the infrastructure through which remittance transactions flow, with the aim of improving the functioning of the formal sector through the use and extension of existing payment systems;
4. Fourth seeks to improve remittance data and information to support and strengthen the analysis of the economic behind remittances and its macroeconomic implications.

His understanding was that substantial work needed to be done in Tajikistan in all these areas. The purpose of this work would be to:

INTERNATIONAL CONFERENCE “ECONOMIC DYNAMICS OF LABOUR MIGRANT REMITTANCES IN TAJIKISTAN”, 25-26 JANUARY 2006, DUSHANBE, TAJIKISTAN

1. Support migrants who wish to engage in entrepreneurial activities. If special incentives are set up, they should be designed for everybody and be open to migrants and non-migrants alike;
2. Reduce the cost of transactions, especially transfer and other fees associated with remitting money. Greater competition between banking and other money transfer and saving intermediaries, combined with the use of electronic transfers, could contribute to reducing the formal fees and to quickening the process of remittances;
3. Increase the volume of remittances sent through formal channels by ensuring access to basic banking services in migrant communities. Develop the regulatory framework including Anti Money Laundering requirements consisting of minimum customer identification, record keeping and reporting of suspicious activity;
4. Provide more reliable information and widely disseminate information on remittance channels and opportunities for investment.

Session 1: Overview

Mr. Nilim Baruah – Head of labour migration Department, IOM Geneva

In his presentation “Migrant remittances – Introduction, measures to improve transfer services and enhancing development impact” Mr. Baruah focused on the definition of remittances, their scale and importance, about stakeholders in this case touching upon the main issues on remittances.

Data on remittances comes from the statistics of the International Organization on Migration and from other international organizations, including data of Central Banks. IOM defines remittances as monetary transfers made by migrants to the country of origin. This can include personal transfers, funds invested, deposited or donated. Although this definition can also include non-cash and other types of transfers, the conference will focus on money remittances.

After drawing the attention on the enormous remittance flows annually received by developing countries, he cited World Bank figures related to Tajikistan. In 2003 remittances in Tajikistan totalled USD 146 million representing 11% of the Gross Domestic Product for 2003.

Remittances bring positive results in terms of reduced poverty levels and more stable exchange rates, since remittances are a source of foreign currency. But remittance flows create a dependance on labour migrants, which can be a problem. Remittances are private funds, which are used to meet basic family expenses – food, education, and accomodation.

Labour migration and remittances are interconnected. Workers migrate because they cannot earn a living in their own country. On the other hand, countries receiving migrants try to regulate the flow of labour migrants to ensure the percentage of migrants in the total population remains tolerable. Mr. Baruah noted that even though the number of migrants has doubled during the last 35 years, the percentage of migrants in the total population has remained constant.

INTERNATIONAL CONFERENCE “ECONOMIC DYNAMICS OF LABOUR MIGRANT REMITTANCES IN TAJIKISTAN”, 25-26 JANUARY 2006, DUSHANBE, TAJIKISTAN

The main stakeholders include senders and recipients, but also other actors such as governments, institutions engaged in the remittances business, organizations enhancing the development impact of remittances, and others.

Mr. Baruah highlighted three general issues. First, remittances services must be more cost-effective, accessible even in remote areas, reliable, quick and safe. Non-formal money transfers constitute a substantial share of total remittances and need regulation. Second, the development impact of remittances should be enhanced. Third, data collection needs improvement, especially concerning unofficial channels. Official records only take registered remittances into account, therefore underestimating the real flow. Mr. Baruah recommended several measures in this direction.

Mr. Marc-Antoine Desy – Programme Development Coordinator, UNDP Tajikistan

He presented the “UNDP Perspectives on leveraging remittances for development in Tajikistan”. According to a survey undertaken together with IOM, remittances are an important part of the country economy and constitute the main component of rural development. They provide much needed resources for cash-strapped local economies and have a *horizontal poverty alleviation* effect.

Mr. Desy explained that the UNDP country plan for the period of 2005-2009 shifted from a need-based approach to a resource-based approach, broke from traditional post-conflict activities, and emphasized the government’s involvement in development efforts.

He mentioned the strong experience of UNDP in promoting community-linked development and a large network of self-sustaining CBOs and microfinance service providers. He underlined as well IOM’s unique mandate and experience in dealing with labour migrants. IOM and UNDP jointly implemented a pilot project on remittances during which small and medium businesses were established using migrants’ remittances. This strong financial involvement of migrants helped foster a sense of ownership in local development.

Mr. Desy reported that migrants were willing to make small donations for altruistic motives. It represents a real shift from the widely shared opinion that rural communities are unable to mobilize financial resources for their own development.

He concluded by presenting the UNDP’s Global strategy that includes mapping remittance flows and mobilizing remittances to meet households and communities needs among others.

Mr. Elmurod Tursunov – senior specialist of the employment and social protection department of the Administrative Office of the President, Republic of Tajikistan

In his presentation “The policy and control over entry and use of remittances”, he stated that the sustainable economic growth of the last several years has been facilitated by large flows of remittances. Over years, remittances have become the most important source of external financing and have helped reduce poverty in Tajikistan. Indeed labour migrants usually earn more money than their national workers. Consequently, expanding labour migration will facilitate the growth of national savings and thus will serve as an important source of investments to the country’s economy. However, some circumstances such as quick undervaluation of a currency can prevent

INTERNATIONAL CONFERENCE “ECONOMIC DYNAMICS OF LABOUR MIGRANT REMITTANCES IN TAJIKISTAN”, 25-26 JANUARY 2006, DUSHANBE, TAJIKISTAN

this virtuous circle to take place, since the population would rather possess less vulnerable assets such as real estate than save money.

Mr. Tursunov spoke about the measures taken by the Government of the Republic of Tajikistan to improve remittance mechanisms for labour migrants. Countries have experimented various incentives such as allowing migrants to open hard currency accounts or offering high interest rates for long-term currency deposits. He further affirmed that competition between local as well as foreign banks contributed to improve the banking services for migrants.

Mr. Khojamuhamad Umarov – representative of the Institute of economic researches, Tajikistan

Mr. Umarov started his presentation “Impact of remittances on poverty reduction” by recalling that Tajikistan had witnessed wide-scale labour migration, especially towards Russia (80%) and Kazakhstan. He reported that remittances officially transferred via banks – US \$600 million according to estimations of the National Bank – represent only 60% of the total sum of remittances. The potential growth of these money transfers is still huge. Mr. Khojamuhamad underlined the necessity to regulate remittances transfers inside the country, as well as outside the country in order to attract wider flows.

He reviewed the current uses of remittances – weddings, funeral repasts, and so on – that could be invested in projects benefiting the entire community such as building roads or buying school equipment. In his view, these issues need to be regulated in the Republic of Tajikistan, although the interference of the Government can be wrongly interpreted. Non-governmental public organizations, political parties, clan communities, and school committees are more legitimate to settle this matter.

Finally, Mr. Umarov stressed the issue of the social protection of labour migrants, which should enable them to receive a pension, to get a land site upon their return, and to legally register the earned money.

Mr. Nikolay Oskarovich Gusman – Chairman of Board of “RUSSLAVBANK”, Russian Federation

Mr Gusman started with a brief overview of the bank’s history. He then explained that Russlavlbank established a network of banks respondents in Russia, even though it faced resistance from forces that derived income from illegal money transfers. It also had to struggle against the monopoly position of Western Union across the Russian Federation.

Legalizing the money transfer process, he said, requires overall changes. Banks, which are handling considerable money flows, must make some efforts, but part of the problem arises from violations from employees of the Ministry of Interior. These violations must be punished in order to maintain a good level of trust, which is the basic principle of the banking system.

Mr Gusman highlighted the deep changes undergone by the economic structure of the CIS countries since the collapse of the Soviet Union, especially the transition from equal income levels to different income levels. Remittances are partly based on this economic disproportion, and partly on the demographic trends of the region.

INTERNATIONAL CONFERENCE “ECONOMIC DYNAMICS OF LABOUR MIGRANT REMITTANCES IN TAJIKISTAN”, 25-26 JANUARY 2006, DUSHANBE, TAJIKISTAN

Seasonal migration is characterized by a peak time – third quarter of the year – and a slack season – the first. Therefore, seasonal migrants’ transfers are specific. He remarked that the tendencies do not change much and that confidence is built over time.

Mr. Gusman gave some figures about remittances in Russlavlbank. In 2005, US \$232 billion were transferred via the system “Contact” from the Russian Federation, that is to say an average of US \$22 per capita. Russlavlbank possesses a 17% share of the market and operate in 80 countries through the system “Conctact”.

Mr Gusman then presented the insurance system of “Russlavlbank” and its perspectives. He suggested establishing a network for banks of different countries since major transactions all over the world are processed in rubles, US \$ and in Euro. Russlavlbank has already established a uniform system in the CIS countries. Indeed, the system “Contact” is successfully developing an international system of transfers and payments. Its members get new sources of profit from the new class of consumers.

Mr. Gusman informed the participants that the fourth conference on remittances system of “CONTACT” would take place in April this year. He underlined the necessity to mark out the remittances into an independent significant sector of the market, as they can make sociological and economic processes more transparent, especially concerning criminality and illegal turnover of remittances.

The development in labour migration in the future will spur the demand for quality transfer services. The growing number of qualified workers will increase the volume of transactions. The building confidence and trust in the system, the withdrawal of transfer operators from the “grey” zone and the bigger volumes engendered by these processes will decrease the average sum of transfers.

Questions and Answers:

- A participant asked Mr. Gusman whether the Savings Bank of Russia was making transfers of monetary insurances.

He answered that the Savings Bank of the Russian Federation entered the system of monetary insurances after the collapse of the USSR. 64% of labour migrants trust their remittances to this bank. He added that detailed statistics allowed to track money flows and the way they are distributed in the different regions of Tajikistan.

- The representative of republican fund Indem asked why many Tajik citizens working abroad could not vote on elections.

Mister Zokirdzhon Vazirov, the Mininster of labour, answered that the Government of Tajikistan has been doing much, especially in the legislative sphere. Labour migrants and other citizens of the Republic of Tajikistan residing abroad have the opportunity to vote. Official data indicate no complaints from Tajik citizens about their inability to participate in elections. Moreover, elections are usually held in February, when labour migrants come back home. He added that this conference was not about politics, but if some participants had any question, he would answer them in private.

INTERNATIONAL CONFERENCE “ECONOMIC DYNAMICS OF LABOUR MIGRANT REMITTANCES IN TAJIKISTAN”, 25-26 JANUARY 2006, DUSHANBE, TAJIKISTAN

- The representative of the National bank of the Republic of Tajikistan was asked what was done for the population of remote districts to receive their money in due time and to be notified when their account was credited. ?

In GBAO (Badakhsdhan), labour migrants were advised to transfer their remittances through the "Amonatbank" since this bank is able to deliver money in this remote area. In the Russian Federation a cheap mobile network has been created, and representatives of Russian banks have reduced the payment for mobile communication so that addressees could inform senders when they received money.

- A participant asked whether labour migrants could get a specific loan prior to departure, since according to their survey, 89 % of labour migrants borrow money to pay for the first expenses.

Although this question does not concern remittances, the representative of the National Bank mentioned a special system created for labour migrants. They can get a certificate, learn Russian and study laws of the Russian Federation to know about their rights. Micro credit is also developed, giving 100-150 US dollars interest-free credits. Furthermore, the President of the Republic of Tajikistan has decided to open a credit account for 3 million somoni where return of the credit will make 100%.

- Many labour migrants still lack proper identification documents, even though efforts have been made to improve the situation. It was asked what do banks of the Russian Federation do to attract clients who use informal channels.

Mr. Umarov answered that, although 92% of Tajik labour migrants work in the Russian Federation, he had not heard about problems concerning remittances from the Russian Federation. However, he heard that non-official service providers heavily charge transfers.

- A participant wondered if it would be possible to teach labour migrants some notions in Russian since it is widely known their poor knowledge of the language is a recognized difficulty. The same participant also asked why Tajik labour migrants were fraudulently sent back from Krasnodar on December 28, 2005, after signing the cooperation agreement in the field of labour migration.

Mister Zokorjon Vazirov answered that these data should be registered in the MFA of the Republic of Tajikistan. About 11 thousand of Tajik migrants work on the Cherkizov market and although they have lived in Russia for 5-6 years the majority do not know Russian. Mr. Davlatov, Boboev and Vazirov established a training system on the basis of vocational school. Migrants can ameliorate their knowledge of Russian as well as acquire professional skills.

Mr. Vazirov further explained that an agreement on labour migration existed under which transport expenses and registration costs were covered by the employer, a minimum salary was guaranteed, and job offers are provided by reliable contacts. But labour migrants often decide to work in another area according to their belonging to different regional Diasporas – Garm, Khojent, and GBAO. A survey also showed that the level of teaching in secondary schools is low, whereas job offers usually require skilled workers.

INTERNATIONAL CONFERENCE “ECONOMIC DYNAMICS OF LABOUR MIGRANT REMITTANCES IN TAJIKISTAN”, 25-26 JANUARY 2006, DUSHANBE, TAJIKISTAN

- Mr. Mahmoud Naderi asked Mr. Gusman if his bank required any identification documents to process money transfer, and if so, how did they attract people who lack these documents.

Mr. Gusman mentioned in his answer that Russlavlbank meets requirements of international institutions and bank institutions. And even though he understands that common human interests must be considered as well, identity documents are compulsory to transfer money. However, banks are forbidden to disclose any information about illegal remittances. Mr Gusman concluded by saying it was very difficult to attract illegal labour migrants since there was no comprehensive data about it.

Session 2: Improving Remittances Services

The second part of the conference was devoted to the theme “Improvement of services on money remittances”

Mr. Nilim Baruah – Head of labour migration Department, IOM Geneva

In his presentation Mr. Baruah focused on channels of remittances, on services, and how to improve them. Remittances go through different formal and informal transfer agents: MTOs, Banks, Post offices, Hawala dealers and hand-carriers. Leading players earn large profits, e.g. «Western Union» earned USD 1.23 billion in operating profits in 2003. Armenian banks have a big experience in this area, charging their services from 1 up to 1,5% while «Western Union» takes from 6% up to 11% of the transferred sum.

Mr. Baruah remarked that when there is enough remittances volume or competition, there is no reason why formal remittances channels should not be low cost, efficient and accessible. Remittance transfer is very simple and can be informal. Every individual can transfer his means. The person receives the code in the country of reception and his relative or friend can receive money after telling the code. Transportation of remittances is not difficult and presents minimal risk.

The Government of the Republic of Tajikistan is aware of the necessity to provide assistance to labour migrants working abroad in order to prevent their exploitation. Migration is connected closely with national development.

Mr Baruah then gave examples of remittances policies abroad. In South Africa, labour migrants from Lesotho transferred 60% of their means through previously determined banks. Citizens of India residing abroad can have an account in India. In Pakistan, passports are given out more quickly and houses are allotted to labour migrants who transfer remittances. Another policy and practice that turned out to be very successful is the simplification of transfer procedures and the extension of financial network in rural areas. Bilateral agreement can be signed concerning irregular and seasonal migrants who have limited access to official channels. Such an agreement was signed between the USA and Mexico.

Both legal and illegal users use informal systems, which are often flexible, quick and reliable. But informal channels can also be used to finance terrorism and narco-traffic. Mr Baruah noted that the best policy is not to prohibit these channels, but to make them accountable and formal. Indeed,

**INTERNATIONAL CONFERENCE “ECONOMIC DYNAMICS OF LABOUR MIGRANT
REMITTANCES IN TAJIKISTAN”, 25-26 JANUARY 2006, DUSHANBE, TAJIKISTAN**

informal transfer systems sometimes render good services even though their safety is not entirely guaranteed. Researches showed that banks usually provided cheaper services. Opening a bank account gives the right to get plastic cards or pre-paid cards. Many systems have been established through mobile communication. Micro-finance institutions have good connections but lack financial ‘know-how’.

Mr. Baruah concluded by stating that the cost of remittances can be regulated by governmental measures.

Mr. Jamshed Yusupov – chief of Monetary Policy Department of the National Bank of Tajikistan

Mr. Yusupov affirmed that that labour migration and accompanying remittances are inherent to countries in the period of transition to market relations. It is especially peculiar for republics of the former Soviet Union. He then provided information about the situation of remittances through the bank systems of the RT, which became possible in Tajikistan only in 2001, when the 30% duty for remittances servicing was cancelled. Before that date, remittances were transferred through informal channels.

He remarked that commercial banks in the Republic of Tajikistan were actively involved in remittance transfers. Special departments and subsidiaries were established throughout the country. Commission rates, which used to be quite high because of the monopoly situation of “Western Union”, have now decreased from 5% to 3%. Risks have also been curbed thanks to the improvement in services: transfers can be made in 15 minutes, whereas it required 2 to 3 days with ancient systems. Mr. Yusupov indicated that the number of bank users has more than doubled during the last couple of years, and that they are overall satisfied with the quality of the service provided.

Mr. Yusupov finally spoke about the influence of the macro-economic process on the country’s economy.

Ms. Maria Regina Galais – Representative of the Commission of Philipinos Overseas, office of the President of the Philippines, Philippines

Her presentation «Ideas from LINKAPIL programme» gave an overview of the measures taken by the Filipino government to enhance the remittances impact on local development. LINKAPIL, which stands for “Link for Philippine Development”, is the program operated by the Commission on Filipinos Overseas (CFO) to harness the resources and capabilities of overseas Filipinos to meet the needs of weaker sectors of the Philippine population.

Remittances and the LINKAPIL Program

While a substantial amount of the resources that go into the LINKAPIL program also come in the form of cash transfers or “remittances”, from overseas citizens, transfers to LINKAPIL have a different purpose. They are intended to initiate or support social development projects or activities to benefit communities, associations, cooperatives or certain categories of beneficiaries. They may come from individuals or associations of citizens or even non-citizens overseas. Some contributions

INTERNATIONAL CONFERENCE “ECONOMIC DYNAMICS OF LABOUR MIGRANT REMITTANCES IN TAJIKISTAN”, 25-26 JANUARY 2006, DUSHANBE, TAJIKISTAN

consist of grants or donations in kind, or professional services performed at home by individuals who live or work overseas.

LINKAPIL projects involve a formal partnership among the benefactor, the beneficiary and the Commission on Filipinos Overseas. All programs or projects are covered by a specific deed or formal agreement among the parties, which defines the purpose of the grant or assistance, the kind and amount of support, and the responsibilities or obligations of each party. Each and every project therefore, whether an individual scholarship, or a water supply system, carries with it certain accountabilities and assurances of administrative and other support to ensure success of the project.

The Commission on Filipinos Overseas provides the organizational structure for program development, resource transfer and project evaluation and monitoring. In support of the program, it maintains an active profile of local development needs in all 13 regions of the country. At the same time, it maintains active linkages and contact with Filipino communities and associations overseas, which today number more than 3,000 organizations representing more than 8 million Filipinos in over 160 countries.

LINKAPIL Program Content

Conceived in 1990, LINKAPIL addresses five important development needs. These are (1) livelihood projects, (2) education, (3) health and welfare, (4) small infrastructure, and (5) technology and skills transfer. The program's main target beneficiaries are less developed communities, socio-economic organizations, disadvantaged groups, and deserving individuals. The program has benefited an estimated 12 million people in 75 provinces.

The livelihood component of LINKAPIL enables overseas Filipinos to help improve countryside socio-economic activities by encouraging the establishment of small-scale or alternative income generating activities, and fostering the concept of self-help among community members. Participation in this component may take the form of cash capitalization or contribution of equipment to start or sustain livelihood projects, or to improve productivity and incomes. Specific projects could include extension of financial assistance through low-interest loans to local borrowers, which may be used as start up or additional operating capital for micro-enterprises.

The education component of LINKAPIL enables associations and individuals abroad to establish scholarship grants for needy and deserving Filipino students. Through this, students are given the opportunity to complete a college degree or technical / vocational course in a suitable school, or state college or university in the Philippines. Support for the scholarship may take the form of an endowment fund, or a lump sum or yearly grant to cover the cost of school fees, book allowances, and other stipends. Overseas benefactors through the LINKAPIL program also provide books, scientific and audio-visual equipment, computers and other educational materials to needy schools.

The health and welfare component of LINKAPIL aims at promoting basic health care and nutrition among Filipinos particularly in rural and economically disadvantaged areas. The CFO assists medical groups abroad to enable the conduct of medical missions and other health-related services by facilitating the necessary permits and clearances from national and local government agencies and medical counterparts. Overseas associations also depend on the CFO to ensure that designated beneficiaries receive their donations of medical equipment, supplies and medicines. Institutional feeding programs are also among the regular activities within this component.

INTERNATIONAL CONFERENCE “ECONOMIC DYNAMICS OF LABOUR MIGRANT REMITTANCES IN TAJIKISTAN”, 25-26 JANUARY 2006, DUSHANBE, TAJIKISTAN

The infrastructure component of the LINKAPIL Program is designed to be in the form of funding for the construction of classrooms, water systems, sanitary facilities, rural health centers, and other small infrastructure in a specific area identified by the donor. The CFO has effectively encouraged Filipino associations overseas to support the construction of classrooms in priority areas identified by the Department of Education. Small infrastructure has been a choice for individuals or associations who favor designating their own hometowns or provinces as their beneficiaries.

The CFO is also able to tap the expertise of overseas-based Filipino professionals for skills transfer. Overseas Filipinos with specific skills and expertise in science and technology, education, agriculture, environmental protection, special education, and other specialized fields volunteer their services in the Philippines on a continuing basis through LINKAPIL. The transfer of technology is undertaken through lectures, workshops, demonstrations, and consulting services aimed at providing their local counterparts with the opportunity to learn and adopt new technologies from abroad, with local academic institutions, government agencies and private enterprise as beneficiaries as well.

Sustainability and Growth

Concerning the sustainability of the donation flows, the Commission on Filipinos Overseas takes an effort in maintaining its ties with overseas Filipinos. Migrants leaving the country are individually registered, undergo country-specific pre-departure orientation, and are provided with information and materials useful to settle in their destination countries. The Commission works in coordination with Philippine Foreign Service Posts, as well as with overseas organizations by sharing information about the arrival of Filipino immigrants within certain jurisdictions.

The Commission on Filipinos Overseas maintains a database of all emigrants and all Filipino community organizations overseas, including associations of migrant workers or temporary residents overseas. It maintains contact and communication with individuals and associations through correspondence, periodic newsletters, visits by CFO officials, and through the CFO website.

Together with the Philippine Foreign Service Posts, the Commission on Filipinos Overseas actively supports programs of Filipino community organizations abroad, and are actively involved in fostering spirit of community with overseas countrymen. The CFO encourages individuals to form or join Filipino associations, and whenever possible, Philippine officials participate in major overseas community activities. The CFO is also actively behind efforts to provide for the educational needs of dependents of overseas Filipinos through Philippine Schools Overseas and Filipino Language Programs to contribute to a sense of culture and community.

The Commission on Filipinos Overseas maintains a competent and transparent administrative machinery and infrastructure to support the LINKAPIL operation. Very often, donors or benefactors desire quick results, effective monitoring and accurate feedbacks across continents on matters connected with the turnover of their valuable resources.

The Government of the Philippines has institutionalized a prestigious award and recognition system for overseas Filipino individuals and associations, as well as non-Filipino benefactors, through a biennial Presidential Award for their exceptional effort or contribution to the national development effort.

New Program Initiatives

INTERNATIONAL CONFERENCE “ECONOMIC DYNAMICS OF LABOUR MIGRANT REMITTANCES IN TAJIKISTAN”, 25-26 JANUARY 2006, DUSHANBE, TAJIKISTAN

The enactment of Republic Act 9225 otherwise known as the Citizenship and Reacquisition Act in 2003 has provided a new window of opportunity for many overseas Filipinos to become involved in economic activities in the Philippines. This is particularly true for former Filipino citizens, estimated to represent 75% of our permanent emigrant population, who can now reacquire their Filipino citizenship and once again enjoy full economic rights in the country. Among these are Filipinos who left for the United States in the mid 1960s, became naturalized in their host country and who are known to have accumulated considerable savings and disposable income on account of their long residence abroad. Many of them have also become successful entrepreneurs overseas, and as dual citizens, can own unlimited real property, have the right to exploit natural resources in the Philippines, as well as engage in activities which are presently restricted to Filipino citizens. There are also expectations of retirement in the Philippines that could bring in their savings, especially for those who maintained ownership of property here even while abroad.

It is in view of this that the Commission on Filipinos Overseas has taken new initiatives to reach permanent residents overseas. Specifically, a two-part compendium provides information to help assess prospects for investing and doing business, particularly in small to medium enterprises. It also provides information about requirements for doing business from the standpoint of regulatory agencies including local government units. The information drive was started in the last quarter of 2004, and we are closely monitoring the response to this initiative.

In conclusion, Ms. Galais pointed out the clear desire from Filipino overseas communities to maintain their ties with the home country and contribute to various development initiatives. Efforts to draw support from them have delivered encouraging results.

Mr. Muslehuddin Ahmed – Saint Albans University, Great Britain

In his presentation «MFI and migrant remittances: benefits, problems, pitfalls and success» he identified the traps, problems and successes connected with remittances.

Mr Ahmed first explained that money transfer mechanism includes three elements: providers, institutions directly engaged in transfer of money resources, and the mechanism of delivery of remittances. In Tajikistan, 27 million dollars were transferred at various speeds, from 15 minutes up to 24 hours in rural areas.

He reviewed different approaches to enhance remittance flows. For instance, an organization in Haiti has established a link between labour migrants in the USA, and their relatives in Haiti. Then a family day is arranged during which migrants' households are offered a free 5-minute call to the migrant working in the USA. Countries such as Philippines and Cameroon use mobile phone technology to move funds. When money is credited to the account, these organizations send a short message to the mobile phone.

Generally speaking, mobile networks are successful in the Philippines. Plastic cards, visa-cards are widely used and can be used both for sending and for receiving money, which is very convenient. In India, funds are sent through bank systems and can be received in one of 2000 kiosks established in rural areas. Internet-café's can open a kiosk providing phone calls, advisory and remittance services.

Mr. Ahmed enumerated the positive aspects of remittances, which can help reduce the level of poverty and have an influence on rural development. These money resources are also useful to

INTERNATIONAL CONFERENCE “ECONOMIC DYNAMICS OF LABOUR MIGRANT REMITTANCES IN TAJIKISTAN”, 25-26 JANUARY 2006, DUSHANBE, TAJIKISTAN

build schools, hospitals, improve living standards. They represent an important additional source of income. Micro-finance institutions not only promote the development of remittances, but also raise their potential.

However, downsides of remittances include the coexistence of foreign currency alongside local currency, the detrimental effect on the inflation rate, the increase in inequalities between households, and the development of a dependence culture. Some organizations can also engage illegally in money transfers, due to the lack of legislation of many countries in the field of remittances. Illegal operations jeopardize micro-institutions and consequently need to be carefully handled. He recalled that remittance business requires professionalism in order to avoid the numerous traps related to transfer of monetary funds.

Even though Mr. Ahmed noted that figures are often contradictory, remittance receipts in Tajikistan increased in 2003. He also suggested that micro-finance institutions cooperate with banks concerning remittances, so as to serve the well being of people.

Finally, Mr Ahmed mentioned the limited number of remittance channels. Other countries have found solution in this regard. He further stated that lawmakers should decide whether these solutions could be adapted to Tajikistan.

Questions and Answers:

- The initiative group of Kumsangir district asked how the kiosks in India were regulated and whether they were based on interest rates.

Mr. Ahmed answered that these kiosks are part of micro-finance institutions, and are financed by banks or by NGOs. They are run by businessmen as a private property and can make a profit. Banks, not the government, supervise the activities of the kiosks.

He added that the pilot-project implemented by the International Organization for Migration and local jamoats provides an interesting experience in which labour migrants had to invest their money. Labour migrants are ready to offer their remittances and to make all efforts providing they are assisted and supported by the government and international organizations.

The representative of "Russlavbank" – Mr. Gusman explained that if the first aspect is only technological, i.e. how to come to the service of the community, then only the legislator determines this question. In a number of countries only banks render such services. Lately, the preference has been given to remitting companies. Now in Russia, according to Russian legislation, the priority has been to give out micro-credits.

The second aspect concerns the way of measuring remittances volumes. Are they calculated on the basis of payments or of receipts of remittances? Even if the situation could be properly assessed, one important issue would be not to create a monopoly, especially since the Russian Federation is a major source of money transfers.

The third aspect concerns the influence of remittances. The National bank has a monetary policy that prevents inflation. Remittances settle in commercial banks, in the form of credit rates. According to Mr. Gusman, this is a positive situation.

INTERNATIONAL CONFERENCE “ECONOMIC DYNAMICS OF LABOUR MIGRANT REMITTANCES IN TAJIKISTAN”, 25-26 JANUARY 2006, DUSHANBE, TAJIKISTAN

- Mr. Nilim Baruah raised the question whether labour migrants should make contribution to pension funds.

Labour migrant should have legal status. Therefore pension funds should be created with mechanisms enabling the transfer of money resources from the Russian Federation to the Republic of Tajikistan upon return of labour migrants. A system of tax should also be set up.

Once again, data is badly needed because most of the time, the issue is not about cost but about access in rural areas. Migrants' households should have access to remitting points in their districts, instead of coming to Dushanbe. Data on informal channels would also help make them formal.

Session 3: Enhancing the Development Impact

Ms. Rosario Canete - deputy director of the NGO Unlad Kabayan, Philippines

Unlad Kabayan is a migration foundation, an active NGO engaged in issues of labour migrants. Ms Canete started her presentation «The role of Association of migrants, NGO-s and financial institutions» by giving figures on migrations in the Philippines. 73% of the 8 to 10 million Filipino labour migrants are women. In 2002, 891,908 people out-migrated, and this figure is assumed to reach one million in 2005. Between 2003 and 2005, labour migrants remitted 7,5 milliard US dollars, outweighing Foreign Direct Investments in the country.

Although remittances can play an important role in developing the national economy, only 5% of remittances are used for investments. The purpose of Unlad Kabayan is to increase that share to 55%. The history of Filipino labour migration dates back to 1946, when village farmers were contracted in other countries. Unemployment and low wages pushed Filipinos to search for better-paid jobs in Europe and USA.

The objective of Unlad Kabayan is to foster culture and to improve living standards through labour migrants' remittances. The NGO has assisted migrants in creating firms. Trainings in entrepreneurship, management and business planning are organised for labour migrants. Filipino labour migrants themselves are involved in the development of new programs that would enable their families to invest remittances into local enterprises. Unlad Kabayan also grant labour migrants loans. The Committee Forum was created to work out development plans for migrants and has established development centers in different regions of the Philippines.

In addition, educational trainings are provided to labour migrants' families on the importance of saving money to create firms and therefore not depend on remittance-sending migrants. There is no saving culture in the Philippines. Part of the work is to explain them that savings are a source of income. In this regard, a financial literacy module has been developed, during which reintegration issues are discussed with migrant workers, so that they can start planning their return and develop savings.

Ms Canete noted that, because of the NGO's limited resources, the Filipino government must get involved in financing local development. She enumerated other problems, including a gap in course implementation by labour migrants and difficulties in mobilizing local cultures.

INTERNATIONAL CONFERENCE “ECONOMIC DYNAMICS OF LABOUR MIGRANT REMITTANCES IN TAJIKISTAN”, 25-26 JANUARY 2006, DUSHANBE, TAJIKISTAN

Mr. Naderi explained that some countries have large experience in managing labour migrant remittances. Tajikistan is willing to learn from it, and therefore has contacts with countries such as Philippines, India or Mexico.

Mr. Nilim Baruah – Head of labour migration Department, IOM Geneva

During his presentation «Leveraging remittances - role of the state», he raised the question of how to increase the development impact of remittances and encourage labour migrants to invest at the local level. Families spend remittances on basic family welfare such as food, education, and health care. These transfers also represent a major source of foreign currency for Tajikistan.

Mr Baruah insisted on the necessity to set up incentives to draw this money into development projects. States have started creating incentives in this regard. For example, proposing attractive interest rates in order to increase deposits in foreign currency, or granting privileges to foreigners. It is also possible to issue bonds, which will be used to achieve development goals. Investments can be directed towards specific projects, such as infrastructure.

More developed countries have adopted similar strategies. Brazil and Turkey are already using remittances as a way of granting preferential access to the capital market. For instance, in Brazil, private banks receiving remittances give out loans under preferential interest rates. Some countries offer business-training programs on favourable terms for returning labour migrants, and provide loan access.

Another way is bank remittances: labour migrants must be convinced to leave their savings on their accounts, so that they can be used for the local development. Financial intermediaries can attract migrants' savings for onward lending. This practice is realized in Guatemala. Interest-free loans are offered to returning labour migrants for housing. The Spanish banks work with labour migrants from Ecuador and offer loans to build a house both in the sending and in the receiving country. i.e.

Money transfers can be invested in micro-finance projects at the local level. Associations of labour migrants can be organized and engage in charitable activities for development of their home communities. For example, in the USA, it was agreed that every dollar contributed by a local community would be matched by a 3-dollars contribution by federal, state and municipal organs. This money is used for development projects such as regulate the water supply system, or build roads.

While it is possible to develop stimulus for attracting remittances, Mr Baruah remarked that it is necessary to take into account the overall economic situation. A stable macro-economic atmosphere is necessary to attract all kind of capitals and remittances. The safety of money deposits must also be guaranteed. Institutional frameworks and sound macro-economic policies are of great importance. These measures go along with the implementation of general development activities for country. This financial stability is the result of a long process. In the mean time, it is necessary to take measures to attract money resources.

He added that it would be possible to reduce the cost of remittances. Improving data collection and knowledge base would help make transfers cheaper, safer and more accessible. Some countries reduce tax dues to attract remittances. It is a good incentive for labour migrants. Another way to attract remittances would be through donations from associations of labour migrants. Mr. Baruah

INTERNATIONAL CONFERENCE “ECONOMIC DYNAMICS OF LABOUR MIGRANT REMITTANCES IN TAJIKISTAN”, 25-26 JANUARY 2006, DUSHANBE, TAJIKISTAN

regretted that associations of labour migrants in other countries were not analyzed. He concluded by emphasising the need to recognize the positive role of remittances as a source of a foreign currency, as a potential for development and as an income source for many poor households.

Mr. Mahmoud Naderi – Chief of Mission, IOM Tajikistan

He briefly acquainted participants of the conference with results of the pilot project «Enhancing of the impact of labour migrant remittances» which was financed by UNDP jointly with the International Organization for Migration and implemented in October 2004. The project aimed at enhancing the impact of remittances on the economic development of labour migrants and their communities in two jamoats of Khatlon region.

Residents of the jamoat were invited to different modules, among which «Start and improve your business», and accompanied throughout the project. After the trainings, some participants decided to breed cattle, or to start agricultural activities. All decided the kind of activities they wanted to start and submitted their business plans. Then, small trainings were conducted on questions of veterinary medicine, marketing, cultivation of vegetables, but also on micro finance, labour migration and related risks.

Participants have been taught basic knowledge about combating human trafficking, about cooperative associations, how to plan a family budget. Remittances accounted for 50% of the funds, the rest being provided by IOM through reimbursable loans. The average sum of the loans was 200-300 dollars.

The pilot project was successful: 152 families opened their businesses and the living standards of the whole community improved. Three cooperative organizations have been created and eight community projects were implemented, including construction of a bridge, mending of electric transformers, schools or hospitals.

Remittances help families improve their living conditions, solve their personal problems. Cooperative business is the best way to solve the economic problems of the whole community. Other jamoats were involved in the schools on the district level. Mr. Naderi hoped that the representatives of these agencies would show residents how to effectively use both remittances and their savings.

Kurbon Nazarov – operational assistant, IOM Tajikistan

Mr. Nazarov shared his own experience as a participant in the implementation of this project. He explained that before this pilot project, people thought that repairing school or glassing school windows was an obligation of the state. Labour migrants have been acquainted with the situation in the Philippines where such associations are very developed.

The initiative groups always stay in contact with us. They are the link between labour migrants, local communities and Tajik Diasporas abroad. They can help migrants to solve some of their problems and are useful to involve the population in the project. Heads of these public organizations continue their work in this direction in the Republic of Tajikistan with the help of UNDP.

**INTERNATIONAL CONFERENCE “ECONOMIC DYNAMICS OF LABOUR MIGRANT
REMITTANCES IN TAJIKISTAN”, 25-26 JANUARY 2006, DUSHANBE, TAJIKISTAN**

Mr. Elmurod Tursunov added that a similar project would be implemented in 10 districts of the country in the course of 2006.

Abdughani Kurbonov – representative of the initiative group of labour migrants of jamoat Sayod of Shaartuz district

He told the participants that the initiative group is permanently in contact with labour migrants originating from jamoat Sayod who work in the Russian Federation. About 65% of labour migrants work as construction workers, 20% work in trade, and 10% work in the sphere of services. Although most of them complain about continuous violation of their rights, they still go to Russia to find the jobs they cannot find in Tajikistan. The major reason of violation of their rights is their poor knowledge of Russian language and culture.

He also emphasized the importance of labour migration for the life of their community, as 90% of their remittances are used to improve living conditions. Many of them feel their living conditions have improved very much compared to 1991-2001. In addition, labour migrants have expressed their readiness to invest part of this money in socially important projects that benefit the whole population.

Rahimjon Nazarov – representative of the initiative group of labour migrants of jamoat Telman of Kumsangir district

He started by noting that the action of the government assisted by IOM had had significant results on the living standards of the population, especially in rural areas. Raising awareness about labour migration from Tajikistan has helped improve conditions of registration, increase protection of labour migrants' rights, and provide better jobs. Remittance transfers through the National bank, Oryonbank, Amonatbank and other branches have been facilitated. The support Center of labour migrants' initiative group was created in 2005, and has already achieved positive results in improving living conditions.

With the support of the International Organization for Migration, families of labour migrants have been able to improve their economic and social conditions. In 2005, 19400 US dollars in short-term micro-credits were distributed to 76 migrant households and, matched with remittances, were used to set up small and medium business.

With IOM support, the initiative group conducted educational seminars in every village of their jamoat, gathering more than 600 participants. The themes developed included: small business development, market studies, combating HIV/AIDS and trafficking, prevention of animal diseases, and basic questions about labour migration. Some of these seminars, which were conducted on holidays, gave positive results in the work of local government organs and of jamoats. The initiative group takes into account the particularities of every village when developing mini-projects funded jointly by IOM and labour migrants.

Mr. Nazarov hoped that the future cooperation with Tajik Diasporas in the Russian Federation would yield positive results.

Mirzo Shodiev – head of the department on organizational-legal provision, Tajikistan

INTERNATIONAL CONFERENCE “ECONOMIC DYNAMICS OF LABOUR MIGRANT REMITTANCES IN TAJIKISTAN”, 25-26 JANUARY 2006, DUSHANBE, TAJIKISTAN

Mr. Shodiev talked about the experience of Philippines in using migrants' remittances for development. According to experts labour migrants working abroad earn up to 2 000 dollars a year, though it depends on qualification of the worker. The system of hiring, rendering support to migrants abroad, transferring remittances, and protecting the rights of labour migrants has been well organized in the Philippines.

Mr. Shodiev emphasized the positive role of the Philippines experience for the CIS countries and especially Tajikistan. Last August, a 5-day trip to Philippines was organized to study this country's experience in managing labour migration. The delegation visited agencies specialised in remittance transfers, which have expanded their formal and informal networks over the years.

75% of labour migrants' money transfers are spent on supporting family members, 5% are invested and 2 to 7% are put into bank accounts. The centers providing migrants with services implement a number of projects on the effective use of remittances. Business foundations give loans ranging from 600 up to 2000 dollars, which allow migrants to support their families and raise their living standard. Since 2000, remittances flows have increased from 2 billion up to 8 billion 55 million dollars in 2004.

He concluded with an overview of the activities of the National Bank of the Philippines, which is the bank of 25% of labour migrants. On average, migrants send 73% of their wages to the families, keeping the remaining 27% for their personal expenses. He pointed out that labour migrants working on sea crafts usually remit 80% of their salary. The National bank implements projects aiming at increasing the level of knowledge among migrants, organizing small and medium businesses, and using money resources effectively. Implementation of such projects had a large influence on the national economy and on raising the living standards of the population.

Questions and Answers:

- A participant asked Mr. Nazarov if his jamoat had repaired only schools. He also asked if additional workers had been hired.

Mr. Nazarov answered that the mending activities took place during national holidays in cooperation with local authorities, as subbotniks (voluntary civic work). 11 of 26 families of migrants invested money in different quantities for the implementation of these activities.

Mr. Tursunov added that such projects had helped reducing poverty level, which, according to official data, has decreased by 22% in 2005. He also highlighted the significant contribution of International Organizations to the improvement of living standards in Tajikistan, expressed his gratitude to IOM Tajikistan and hoped that their joint activities would continue further.

Mr. Baruah also noted that the project implemented in Khatlon oblast was an example of the increasing use of remittances as a development tool. Associations of migrants have mobilized their funds for their own development. He emphasized the successful implementation of this project and thanked IOM mission in Tajikistan for achieving such good results. He hoped similar projects will be expanded in the near future and include participation of local authorities.

Mr. Baruah expressed his confidence that development of private means and small financial projects could help the country move from a humanitarian approach to a self-help approach.

INTERNATIONAL CONFERENCE “ECONOMIC DYNAMICS OF LABOUR MIGRANT REMITTANCES IN TAJIKISTAN”, 25-26 JANUARY 2006, DUSHANBE, TAJIKISTAN

- A participant asked if the 80% share of remittances from labour migrants working on sea crafts was a compulsory measure.

Mr. Nilim Baruah answered that these remittance transfers were not compulsory any more, even though they remained a common practice. There is usually an agreement between the owner of a vessel and the migrant to send automatically 80% of earnings to their families.

Mr Baruah further stated that there is no national policy and agreement on remittances between pension funds and organs of social security. But migrants have to pay 25 US dollars every other year to the trade unions of labour migrants, in order to benefit from medical services. The government interferes only when there is an abuse from trade unions, generally through a commission that supervises activities of insurance companies dealing with labour migrants.

Mr. Tursunov reminded the participants that Tajik labour migration was a recent phenomenon compared to the century-old experience of the Philippines in dealing with labour migrations. He also recalled that such a conference was organized for the first time in Central Asia and hoped that in the future, Tajikistan will share its experience with others.

- The initiative group of Shaartuz district suggested that a system similar to the Philippines pre-departure fee could be implemented in Tajikistan. A ten-dollar fee per migrant could be used to teach Russian language to migrants or organize short-term courses.

Mr. Tursunov welcomed the idea but reckoned this initiative should come from the civil society, not from the Ministry of Labour and Social Protection of the population.

Mr. Nilim Baruah believes it would be possible to establish a security fund that would take over the departure process, as in Bangladesh or Southeast Asia. In these countries, the Ministry of labour checks the contracts of these labour migrants and makes sure they meet the requirements of the receiving country. Then labour migrants – or the employer – should pay 20-25 dollars for all procedures. This sum also includes an insurance granting labour migrants some benefits and privileges. Then a migrant has to undertake a 1-day training. If a labour migrant wants to go back home, his social fund will send him. There are also some support funds in host countries to help those who face problems.

Mr. Hasanov added that a working group would be set up in the nearest future, then a labour exchange. Laws and other normative acts have already been issued in CIS countries. He remarked that there had been proposals to establish different funds, in particular for the repatriation of the bodies of labour migrants who die abroad. The government has taken measures in this direction.

Jamshed Kuddusov – Programme Manager, ILO – pointed that migrants always tried to avoid dealing with the government even though the experience gained by the International Organization for Migration in working with communities and creating initiative groups was a good starting point. Another step has been taken when Russian Federation changed the medical insurance system, obliging labour migrants to pay an insurance fee prior to departure, which allows them to benefit from medical services when they are in Russia.

Mr. Tursunov informed the participants that a trilateral agreement on insurance for labour migrants had been signed on 28 December 2005 between the Russian Federation and Trade union of the

INTERNATIONAL CONFERENCE “ECONOMIC DYNAMICS OF LABOUR MIGRANT REMITTANCES IN TAJIKISTAN”, 25-26 JANUARY 2006, DUSHANBE, TAJIKISTAN

Republic of Tajikistan and the Government of the Republic of Tajikistan. The government of Tajikistan in 2006 should adopt the Resolution following this agreement.

Mr. Tursunov further remarked that labour migrants bring their cultural values and traditions to Russia. They use their resources to build mosques. He recalled it was not the role of the government to provide such services, but the task of Tajik communities abroad.

Mr. Gusman concluded by saying that professionals on remittances have a better knowledge of the environment and they will accordingly improve their services and informational campaigns so as to solve some of the problems raised during the conference.

Session 4: Current State of Affairs in Tajikistan

In the last part of the conference the present situation in Tajikistan was discussed:

Latofat Ashurova – chief of the remittances department of the "Agroinvestbank" Limited Liability Company (LLC)

Ms Ashurova presented the experience of her bank in transferring remittances. Massive labour migration to CIS countries began in 2001, as well as the first remittance transfers through "Agroinvestbank". The organization of this business required efforts to establish the contractual-legal base, to improve the existing procedures on accounting-cash operations, to establish contacts with foreign banks, to launch advertisement campaign and, most important, to gain the trust of the population by convincing them that the services were safe. Informational campaigns were carried out in this direction.

As a result, the bank experienced a steady growth in remittance flows. These achievements are not sufficient and new priorities emerge. Today, clients want to have the opportunity to transfer money from any place, to receive remittances in the shortest terms. They want the lowest possible commission rate, additional conveniences, etc. All this requires constant improvement of the remittance industry, by introducing new technologies or solving arising questions.

Today, remittances of "Agroinvestbank" limited liability Company are effectuated through various systems. "Agroinvestbank" has direct correspondent accounts with banks of the Russian Federation, and other foreign banks. New systems are disadvantaged compared to recognized leaders such as "Western Union", because of their lack of popularity in the world. However their main asset is their low tariffs that are an essential factor in all the post Soviet space. As a matter of fact, these new systems of remittances work effectively enough and are quite competitive, especially "Contact" and "Anelik". She pointed out that safety and reliability of remittances are important elements, but the primary factor remains the cost of remittances.

As any other bank dealing with remittances, the activities of "Agroinvestbank" depend on a variety of factors such as the particularities of the systems of remittances, the quality of the staff, the availability of conveniences for customers (e.g. waiting room), etc. "Agroinvestbank" provides different services for clients, such as family plastic cards that allow members of the family to use one account. One family member can fill up the account, while the other members can receive cash or pay for goods, no matter where they are. This system also speeds up remittance transfers. In

INTERNATIONAL CONFERENCE “ECONOMIC DYNAMICS OF LABOUR MIGRANT REMITTANCES IN TAJIKISTAN”, 25-26 JANUARY 2006, DUSHANBE, TAJIKISTAN

addition, cash machines and point of sale terminals have been installed in every region of Tajikistan.

Questions and Answers:

- A participant asked about the time needed to deliver remittances, especially to remote districts.

Ms. Ashurova answered that "Agroinvestbank" has informed the population that there were 57 branches throughout the country. But in spite of these advertisements, people still come to the head office to receive their remittances. She affirmed that all branches give out remittances on time, and transfers are processed within one day.

- To a question about whether the commission rates on remittances would be lowered, it was answered that “Agroinvestbank” was constantly trying to convince its partners to lower their interest rates on remittances.
- To the question whether there was any agreement between the bank’s head office and branches, Ms. Ashurova answered that banks were part of the banks, therefore there was no agreements.
- A participant asked how long did it take to deliver money from the head office to a branch office.

According to the contract remittances are transferred within 24 hours. Some transfers don’t require the sender to give the address of the recipient (Western Union type of transfers). It takes one day to transfer remittances from Dushanbe to the branch office.

- Another question concerned the transfers in "Russlavbank”.

Mr. Gusman explained that clients go to a sending-point and make the transfer. In few minutes, the transferred money will be in Dushanbe, whether in the head office or in local branches. It is the system of prompt transfer. Contrary to the system that sends cover funds later, everything is done online.

- A participant asked Ms. Ashurova if “Agroinvestbank” was providing additional electric power to the branches located in electric-limited districts.

She answered that the limitation on electricity supply in district branches was a real concern.

- To the question whether “Agroinvestbank” was planning to open branches in districts currently not serviced, it was answered that the issue was being considered.
- A participant asked if “Agroinvestbank” would borrow from the Indian experience of informing senders about the delivery of their remittances.

The representative answered that she would forward this suggestion to the bank administration

- Muhammad Alijon from the NGO "Varorud” asked Ms Ashurova about the terms of the credits given out by her bank.

INTERNATIONAL CONFERENCE “ECONOMIC DYNAMICS OF LABOUR MIGRANT REMITTANCES IN TAJIKISTAN”, 25-26 JANUARY 2006, DUSHANBE, TAJIKISTAN

"Agroinvestbank" gives out micro-credits for urgent needs up to 3 thousand dollars, that in a percentage ratio makes up 25%. It is not specifically designed to help migrants go abroad, but migrants' family members can get a credit.

Granata Akhmedova – chief of the remittances department of "Orionbank", Republic of Tajikistan

Ms. Akhmedova informed the participants that reliable economic models were not yet available for "Orionbank" because the department of physical persons' remittances did not have data on a long enough period. However, the tendencies reveal that remittances made by physical persons have increase more than 50% per year from 2002-2005, and 61% for 2005.

There is no exact data on structure of remittances but it seems that labour migrants earnings constitute the basic share of the receipts. Some specialists explain the growth of remittance flows by the increase of a number of labour migrants. Others connect it with the growth of qualification of labour migrants and accordingly with the rise of their wages. It can also be correlated with the building trust of labour migrants in bank systems. Indeed, labour migrants were already sending money in the past, but through illegal channels.

According to Ms Akhmedova, 97% of remittances come from Russia, the remaining share originating from Kazakhstan, Kyrgyzstan and Ukraine. 2005 data show that over 55% of payments are made by the head bank and branches in Dushanbe city and areas of republican subordination, 29% - in Sogd oblast, 15% - in Khatlon oblast. Payments on Rasht branch made up less than 1%.

She highlighted the regularities in remittance dynamics. Researches have shown that the minimal volume of remittances fell in February, the maximal volume occurred in August. In between, there is a steady growth and then a smooth decrease.

In her view, such a growth of remittances volume is not sustainable. Receipts from labour migrants will most likely stabilize in the process of legalization of transfer channels. Even if the number of labour migrants increased, remittances transfers would be constrained by new factors of demographic character: creation of "second" families, permanent settlement in the host country, or emigration of the migrant's household. In all these cases, labour migrants are likely to keep the basic part of their earnings in the receiving country. The only changes in dynamics of money transfers will occur between banks as a result of interbank competition.

Within-year dynamics are also likely to change in the near future. On the one hand, labour migrants' activities have a seasonal character - earthworks and construction works. On the other hand, the largest volume of remittances falls on those months when the population spends the most - preparation for new school year in August and wedding ceremonies.

Orionbank policy is to expand the system of remittances and provide clients with maximal comfort. During three years six systems have been introduced, covering almost all possible geographical sources of remittances. Clients can choose the most suitable plan according to their priority – ratio between speed and tariff.

Over the last years, the department of remittances of physical persons of the head bank has regularly borrowed the first places among «Top 500 Teams» in the world on the «Western Union»

INTERNATIONAL CONFERENCE “ECONOMIC DYNAMICS OF LABOUR MIGRANT REMITTANCES IN TAJIKISTAN”, 25-26 JANUARY 2006, DUSHANBE, TAJIKISTAN

system. In December 2005, the remittance system "Migom" won the national competition in system efficiency. These results can be primarily explained by the increase in trust from labour migrants.

Questions and Answers:

- A participant asked about the sum that was left by migrants' households on bank accounts, as deposits or contributions.

It was answered that addressees withdraw all their money from the account, although they could get profit through interest rates.

- Another participant asked whether “Oryonbank” had special services and products for labour migrants?

Such services do not exist now, but the issue is being considered. Some people planning to leave need money for transport and accommodation in the host country at first. In the bank, a Migrants Assistance Center is organized and migrants are provided with some assistance when they register. A contract is concluded, indicating the job location and the salary of the migrant. The bank is also engaged in employment issues.

- One of participants put a question to Mr. Baruah and to Mr. Ahmed concerning special services in banks for using remittances

Mr. Baruah explained that some mechanisms already existed to encourage deposits in foreign currency. Labour migrants can transfer money to these bank accounts and take it out any time. They can put their personal deposits when they come back. He cited the example of Pakistan, Bangladesh and India where migrants can deposit their money to bank accounts with a 7% interest rate.

Mr. Ahmed added that savings are the same, whether they come from migrants or from citizens. Tajik citizens can use banks to put their savings, or keep money under the mattress. He further noted that after the collapse of the USSR, trust in bank structures was low, and deterred people from placing their savings on accounts. It is thus necessary to develop financial tools to attract a larger number of clients. Mr. Ahmed suggested studying the experience of Bangladesh, India, and Pakistan in this area.

Shuhrat Kahramonzoda – chief of the remittances department of "Amonatbank", Republic of Tajikistan

Mr. Kahramonzoda recalled that with 5 branches and 69 departments, the State Savings Bank of Tajikistan "Amonatbank" is the largest bank in terms of branching and the only state bank of the Republic of Tajikistan.

In 1999 "Amonatbank" opened its first foreign correspondent account with the Savings Bank of Russia. This was the basis for further development of bilateral interbank relations between "Amonatbank" and Banks of the Russian Federation, resulting in its integration within the Russian bank community. Today, "Amonatbank" has multicurrency correspondent accounts in the Savings Bank of Russia, through which payments of different character – interbank payments, client

INTERNATIONAL CONFERENCE “ECONOMIC DYNAMICS OF LABOUR MIGRANT REMITTANCES IN TAJIKISTAN”, 25-26 JANUARY 2006, DUSHANBE, TAJIKISTAN

transfers and payments without opening the account, conversion payments, on servicing bills of credit opened by clients of banks – can be made.

In order to facilitate labour migrants' money transfers to Tajikistan, “Amonatbank” has lately established relations with other Russian banks, in particular with «Anelik ru» and set up the remittance system “Anelik”. Correspondent relations have been established in 2006 with the commercial bank «European Trust Bank». The network is expanding through signature of bilateral relations with Russian banks and linkages with remittances systems. In 2004 "Amonatbank" became a member of SWIFT (the international payment system).

Every year remittances entering Tajikistan and passing through the system "Amonatbank" are increasing. Up to now, 72 remittance points have been set-up. "Amonatbank" started to work with «Western Union» in 2002, with “Fast mail” in 2003, “Anelik” in 2004, and signed an agreement with “Eurotrustbank” in 2005. Amonatbank is currently negotiating with "Russlavlbank", "Interkoopbank" and “Country Express” to reach an agreement on new kinds of remittance systems.

Questions and Answers:

- Mr. Nilim Baruah asked a question on savings and loans, what was the volume received by banks, how they dealt with it, how they mobilized labour migrants' remittances and what kind of monetary products they could offer.

Mr. Kahramonzoda regretted the fact that labour migrants households withdraw remittances immediately. “Amonatbank” explained migrants that keeping money in a bank generates interests, while it does not prevent them from withdrawing it whenever they need it. The bank carried out such explanatory work among migrants in different regions of the Russian Federation.

The representative of “Agroinvestbank” added that banks have learned a lot during the last five years. The bank has opened points in large cities of the Russian Federation to inform labour migrants on the local level. The volume of transferred money is not very large, starting from 30 dollars. Some depositary currency accounts offer an 18% interest rate, while interest rates plastic cards make up to 6%. The major task now it to gain migrants trust and convince them to put their savings in banks.

The representative of the "Oriyonbank" said the following:

1. Regarding financial support to migrants - this question concerns not only labour migrants. In Oriyonbank, a kind of lottery was introduced in 2005 and was repeated several times. The bank therefore got money stemming from available assets – remittances and deposits – but also from additional means – lottery gains. The remittances part will be invested into projects aiming at providing assistance to labour migrants.

2. Autocredits. Many migrants go abroad to earn money to buy purchasing a motor vehicle. Driving a vehicle from abroad is both expensive and difficult because of complicated customs procedures. Orionbank introduced the autocredit, which gives a credit to labour migrants – or clients – who do not have the sum required.

3. Deposits. Orionbank proposes deposits both in national and foreign currencies. The interest rates of these deposits can be an additional source of income.

INTERNATIONAL CONFERENCE “ECONOMIC DYNAMICS OF LABOUR MIGRANT REMITTANCES IN TAJIKISTAN”, 25-26 JANUARY 2006, DUSHANBE, TAJIKISTAN

- Mr. Baruah asked if it was possible to transfer savings of labour migrants outside the country, for example, back to the Russian Federation?

It was answered that money could be transferred to any country, without any restrictions.

Zebo Fathiddinova – Head of department of currency transactions of the National bank of the Republic of Tajikistan

She described the characteristics of remittances transfers in Central Asia. The joint work carried out by the National bank of Tajikistan with national banks of Russia, Kazakhstan and Kyrgyzstan, and the results of survey of commercial banks engaged in remittances business, helped determining these characteristics.

1. National legislations of the above-mentioned countries concerning remittances of citizens (residents and non-residents), not connected with investment, enterprise activities or purchase of the real estate, are similar in many respects and do not have any principal distinctions.
2. None of the above-mentioned countries' currency legislation hampers remittance transfers. Bank remittances can be processed in any currency, both with and without opening an account, taking into consideration national legislations. Remittances of non-residents temporarily living abroad are usually carried out without opening a bank account or through various systems of remittances. On the whole, tariffs and terms are similar.
3. In all countries, transfer order must mention a minimum of details including identity, sum and purpose of the remittance, date and signature of the sender/addressee. However, requirements to realise bank remittances differ from one country to the other. In Kazakhstan, the number of the tax-payer should be specified if the sender/addressee of the remittance is a tax-payer in the Republic of Kazakhstan. In the Kirghiz Republic, physical person-residents have to specify their place of residence and date of birth. In the Kirghiz Republic and in the Republic of Tajikistan, contrary to other CIS member states, a number of commercial banks collect a commission when physical persons open an account.
4. National restrictions on the maximum amount of remittances of physical persons are also different in countries.

In the Kirghiz Republic there are no restrictions on transfers amounts for physical persons, whether residents or non-residents. In the Republic of Kazakhstan physical persons can transfer up to 10,000 US dollars (or the equivalent) without opening an account or presenting any kind of justifications, as long as this money is not related to entrepreneurial activities, investments, or purchase of real estate.

From the Russian Federation, residents can transfer up to 5000 US dollars (or the equivalent) without opening a bank account. Money transfers from bank accounts are not limited in value. Non-resident physical persons are allowed to effectuate remittances in foreign currency without restrictions.

In the Republic of Tajikistan physical persons can carry out transboundary transfer of foreign currency without restrictions. From the Republic of Tajikistan, residents and non-residents have the right to transfer up to the equivalent of USD 10,000 in foreign currency.

INTERNATIONAL CONFERENCE “ECONOMIC DYNAMICS OF LABOUR MIGRANT REMITTANCES IN TAJIKISTAN”, 25-26 JANUARY 2006, DUSHANBE, TAJIKISTAN

Because of the increasing competition, transfer system providers tend to raise the quality of services and reduce tariffs. Specialized international remittance systems establish unified tariffs depending on the sum of the transfers. Tariffs of commercial banks are approximately identical and usually make up 1,5 - 3% of the transferred sum.

The present legal base regulating money transfers by physical persons between CIS countries provide normal conditions for processing these operations. Development of a competitive environment in this sector results in reducing remittances costs. Thus conditions are created for labour migrants to use legal and reliable transfer channels, and to legalise "shadow" monetary flows. However, the further growth of remittances through interbank channels is restrained by social and cultural factors: existing traditions and habits, insufficient – or inexistent – experience of some categories of the population with commercial banks, lack of communication from the banks, insufficient awareness of citizens about the rules of transboundary transfers and so on. Information campaigns are needed in this area.

Questions and Answers:

- Representative of the initiative group of Kumsangir district Mr. Rakhimov agreed and added that, among the 400 thousand remittance-sending migrants, a number of them have difficulty in transferring money because they cannot freely move in the host country. They also need some advice on how to transfer money.
- The representative of Kumsangir district asked Zebo Fathiddinovna if there were restrictions on remittance transfers to non-CIS countries.

He answered that there were no barriers outside the CIS. Non-residents can send any quantity of remittances.

- The representative of Shaartuz district proposed to help convey the much-needed information to the population of his district by distributing brochures on remittances:

Mr. Hasanov – deputy Minister of Labour, Republic of Tajikistan

He started the last presentation of the conference by highlighting the need for a sufficient socio-economic policy in Tajikistan. He believed that the conference helped promote the development of a state policy in the field of labour migration abroad, which takes into account the history, traditions, and peculiarities of the Republic of Tajikistan.

It is also important to improve the money transfer system in the nearest future. This implies to find solutions to existing problems on the national level.

He then provided figures about labour migration. 85% of Tajik migrants work in the Russian Federation, most of them aged from 18 to 30 years old. 40% of female labour migrants work in the sector of construction, industry, trade, services and private business. The intellectual sector only employs 4-5 % of migrant women.

INTERNATIONAL CONFERENCE “ECONOMIC DYNAMICS OF LABOUR MIGRANT REMITTANCES IN TAJIKISTAN”, 25-26 JANUARY 2006, DUSHANBE, TAJIKISTAN

Up to now, the law on migration and several resolutions of the government aimed at protecting labour migrants have been adopted, some of them in the Russian Federation. A working group was formed as well. The government is analysing the labour markets of receiving states. Courses are organized to train mechanics and sanitary technicians which are usually demanded in those countries. In Belarus for instance, experts, turners, mechanics are needed to work in large factories. Problems arise from language barrier, i.e. from the lack of knowledge of Russian or English languages.

The Republic of Tajikistan is the largest labour-exporting country in Central Asia. Returning labour migrants bring money resources that have helped reducing poverty by 22%. And with the help of international organizations Tajikistan will find its place in the world market.

*The final part of the conference
Summary of the conference*

Nilim Baruah summarized the conference.

Mr. Kholboboev Faizullo - the state councillor of the President of The Republic of Tajikistan on economic policy, Zokirjon Vazirov - the Minister of Labour and Social Protection of the population of the Republic of Tajikistan, Hojamuhammad Umarov - from the institute of economic researches highlighted the importance of remittances for the Republic of Tajikistan, and the contribution of labour migrants to the economy. The minister of labour, Zokirjon Vazirov raised a question about payment of pensions to labour migrants, i.e. whether they can receive pension after coming back home. Themes considered also included issues on remittances, improvement of services, and improvement of development impact of remittances.

Mr. Mark Antoine Desy spoke about perspectives, and IOM-UNDP joint pilot project. Mr. Gusman ("Russlavbank") presented the review of the "Contact" remittance system. Discussions were carried out on how to improve the reliability of remittance transfer systems.

Representatives of the Philippines have shared their experience, how labour migrants can make deposits at home. Mr. Muslehuiddin Ahmed from the University Santa Albana, Great Britain discussed the role of micro financing and remittances in the development of the country. He also underlined the advantage and the downsides of remittances.

In the Republic of Tajikistan good institutions on micro finance operate, and he specified, that micro-finance institutions were not only banks. Speaking about remittances, it is also necessary to attract micro-finance institutions to make them closer to their clients.

Cost of remittances is not high, 1,5-3% of the transferred sum being the usual norm. However, improvements are required in the delivery of remittances in rural areas. The government should also consider disseminating information and providing services prior to departure.

Other recommendations have been given concerning the improvement of remittances, especially the development of partnership communities, NGO-s, micro-finance institutions, banks and branches of institutions available in the countryside so as to provide the greatest coverage of receivers. This issue is connected to improving data gathering. Measures are already been taken in this direction.

INTERNATIONAL CONFERENCE “ECONOMIC DYNAMICS OF LABOUR MIGRANT REMITTANCES IN TAJIKISTAN”, 25-26 JANUARY 2006, DUSHANBE, TAJIKISTAN

Representatives of community groups spoke about their experience in using labour migrant remittances for community projects. Bank representatives highlighted the lack of knowledge of labour migrants concerning systems designed for them. Awareness-raising policies and advertisements are necessary to fill that gap.

In the end Mr. Elmurod Tursunov considered that this two-days conference has been very useful both for bank structures and state structures dealing with labour migration. On the behalf of the Government of the Republic of Tajikistan, he then thanked Mr Naderi – Chief of Mission, IOM Tajikistan –, Mr Baruah – Head of Department on labour migration, IOM Geneva –, Mr. Marc Antoine Desy – Programme Development Coordinator, UNDP Tajikistan – who organized this conference. He also thanked representatives of other organizations participating in the conference.

He underlined that the Tajik Government had been engaged in labour migration issues only for the last 7-8 years and therefore did not have such a wide experience as the Philippines, Mexico, Turkey, India, or Bangladesh.

Mr Baruah believed that the Republic of Tajikistan is on the right way. Necessary measures to improve the management of labour migration are being taken, and Tajikistan is studying other countries' experience. He stressed the fruitful cooperation that is taking place, including with the International Organization for Migration. He further noted that these conferences were necessary to create better conditions for labour migrants, and hoped that such event will take place again in the future.

Mr. Mahmoud Naderi concluded the conference by thanking all participants.

Annex

LIST OF PARTICIPANTS AND GUESTS

MINISTRIES, GOVERNMENT AND STATE ENTITIES

1. Fayzullo Kholboboev, State advisor of the President of RT on economic policy
2. Zokirjon Vazirov, Minister, Ministry of labour and social protection of population
3. Elmurod Tursunov, Chief specialist of the Department of labour and social protection, Administration of the President of the Republic of Tajikistan
4. Amonullo Hasanov, Deputy Minister, Ministry of labour and social protection of population
5. A. Askarov, Ministry of labour and social protection of population
6. Mirzo Shodiev, Ministry of labour and social protection of population
7. Fayzov Nurali, Ministry of labour and social protection
8. Kudratullo Kurbonov, Head of international relations department, Ministry of labour and social protection of population
9. Usmonali Saidaliev, Deputy Chief of the Strategic analyses department, the Ministry of Foreign Affairs
10. Askar Nuraliev, Head of finance and credit relations department, Ministry of Economy and trade
11. Fayzov Shomahmad, Ministry of economy and trade
12. Nuriddinov Bahodur, Ministry of state income and taxes of the Republic of Tajikistan
13. Muminov A.M., Ministry of Agriculture
14. Nabiev Husniddin, Ministry of industry of the Republic of Tajikistan

**INTERNATIONAL CONFERENCE “ECONOMIC DYNAMICS OF LABOUR MIGRANT
REMITTANCES IN TAJIKISTAN”, 25-26 JANUARY 2006, DUSHANBE, TAJIKISTAN**

15. Nabotova Shahri, Social Department, the Ministry of finances
16. Anvar Boboev, Director, State Migration Service
17. Mulloev Dilovar, National Social Investment Fund of Tajikistan
18. Davlatov Sharif, Director, State Service of population employment
19. Sohibnazarov Askarali, Economic Committee, Hukumat of Khatlon Oblast
20. Barotov Mahamadsoleh, Deputy Chief of the Hukumat of Shaartuz district
21. Maqsudov Davlatsho, Hukumat of Kumsangir region
22. Khojamuhammad Umarov, Head of department, Institute of Economic research
23. Halimjon Rahimov, Director, Tajikkkhorijakor
24. Pulatova Nurinisso, Chief of the department of finances and statistics, State Committee of statistics of the Republic of Tajikistan
25. Kulov Abduvali, State Committee of statistics

EMBASSIES

26. Muhibullo Zuvaidulloev, Officer on political issues, Embassy of Great Britain
27. Hiroyuki Fujii, Second secretary of the Embassy of Japan
28. Novikov Yuriy Alexandrovich, Representative of Federal Migration Service, Embassy of the Russian Federation
29. Mukhtarov Shukurkhon, Press attaché, Embassy of Uzbekistan
30. Tarik Karim, the 3rd Secretary, Embassy of Pakistan
31. Zhent Wei, 2nd Secretary, Embassy of China
32. Ghulamrasul Yusufi, Embassy of Afghanistan
33. Uyen Tang, Political and economic Officer, Embassy of the United States of America

INTERNATIONAL ORGANIZATIONS

34. Marc-Antoine Desy, Programme Development Coordinator, UNDP
35. Nilim Baruah, Head of labour migration Department, IOM Geneva
36. Mahmoud Naderi, Chief of mission, IOM Tajikistan
37. Muzaffar Zarirov, Director, IOM Information Resource Center for labour migrants
38. Ahad Mahmudov, Manager, UNDP Communities Programme
39. Mubin Rustamov, Senior economic adviser, UNDP Communities Programme
40. Bahriddin Shermatov, Assistant to the Economic Officer, OSCE
41. Peter Argo, Country Programme Officer
42. Maria Melbing, Programme Officer, SIDA
43. Tairov Ravshan, Programme Assistant, GTZ
44. Utkir Umarov, Macro-economist, World Bank
45. Davlatsulton Dorgabekova, Research Analyst, AKDN
51. Nabisher Juraev, Eurasia Foundation
52. Fernand Pillonel, Head of office, European Bank for Reconstruction and Development
53. Alisher Mirzoev, Economist, IMF (International Monetary Fund)
54. Mickey Torreano, Country Representative of Enterprise Development Project, Pragma Corporation/Enterprise Development Project (EDP)
55. Daniel Zuest, Head of Office, Swiss Cooperation Office in Tajikistan
56. Sobir Kurbanov, Swiss Cooperation Office in Tajikistan
57. Stanley Currier, Political affairs officer, UNTOP
58. Jamshed Kuddusov, Specialist, ILO

BANKS

59. Yusupov Jamshed, Head of monetary policy department, National Bank of Tajikistan
60. Fathiddinova Zebo, Head of currency operations department, National Bank of Tajikistan
61. Nu'mon Hamzaev, Deputy head of retail services and marketing department, Agroinvestbank

**INTERNATIONAL CONFERENCE “ECONOMIC DYNAMICS OF LABOUR MIGRANT
REMITTANCES IN TAJIKISTAN”, 25-26 JANUARY 2006, DUSHANBE, TAJIKISTAN**

62. Latofat Ashurova, Head of remittances department, Agroinvestbank
63. Shuhrat Qahramonzoda, Head of remittances department, Amonatbank
64. Nozim Aminov, Head of Treasury's operational department, Orionbank
65. Granata Akhmedova, Head of remittances department, Orionbank
66. Najmiddinov Fazliddin, Tojiksodirobank

MASS MEDIA

67. Asia plus
68. Tajikistan TV
69. BBC in Tajikistan
70. TV Safina
71. Information Agency “Avesto”

INTERNATIONAL EXPERTS

72. Musleh-uddin Ahmed, St. Albans, UK
73. Maria Regina Galais, Commission on Filipinos Overseas, Office of the President of the Philippines
74. Rosario L. Kanete, NGO “Unlad Kabayan” from Philippines
75. Thomas Achocoso, International Expert, Philippines

OTHERS

76. Kimmatov Khairullo, Director of the Jamoat Resource Center “Sayyod”, Shaartuz region
77. Kululova Gulshan, Director of the Jamoat Resource Center “Telman”, Kumsangir region
78. Abdughani Kurbonov, Migrants Household Initiative group, Jamoat “Sayyod”, Shaartuz region
79. Rahimjon Nazarov, Migrants Household Initiative group, Jamoat “Telman”, Kumsangir region
80. Boboev Mirzo, Jamoat Resource Center “Dehi Baland”, Muminabad region
81. Saodat Olimova, “Sharq” Research Center
82. Usmanova Sharifa – Chief of the department on combating illegal migration, Ministry of internal affairs
83. Gusman Nikolay Oskarovich - Russlavbank, Russian Federation
84. Filipova Marina Russlavbank, Russian Federation
85. Boboyev Shamsiddin Russlavbank, Russian Federation
86. Qodirov Abdurakib, NGO “Civilization”
87. Dustov Saymiddin, Republican Fund “Indem”
88. Muhammad Alijon, Varorud