



# Statistical issues in estimating remittances in the CIS Countries – example of Kyrgyz Republic

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# Overview

- Definition
- Overview and statistics
- Problems with measuring remittances
- Future developments



## Definition – BPM5

- Workers remittances
- Compensation of employees
- Migrants' transfers



## Extended Definition - background

- The United Nations Technical Subgroup on Movement of Persons at its meeting in New York 2006 adopted a conceptual definition of remittances
- The definition builds on Balance of Payments components and is aligned with the SNA93



## Definition – extended definition

- **Personal transfers:**
  - “all current transfers in cash or kind made or received by resident households to or from other non-resident households”
- **Personal remittances:**
  - **personal transfers** + (compensation of employees of nonresidents – taxes, social contributions etc.) + capital transfers between countries
- **Total remittances:**
  - **personal remittances** + social benefits
- **Total remittances and transfers to non-profit institutions serving households** (e.g. charity groups)



## Statistics – issues

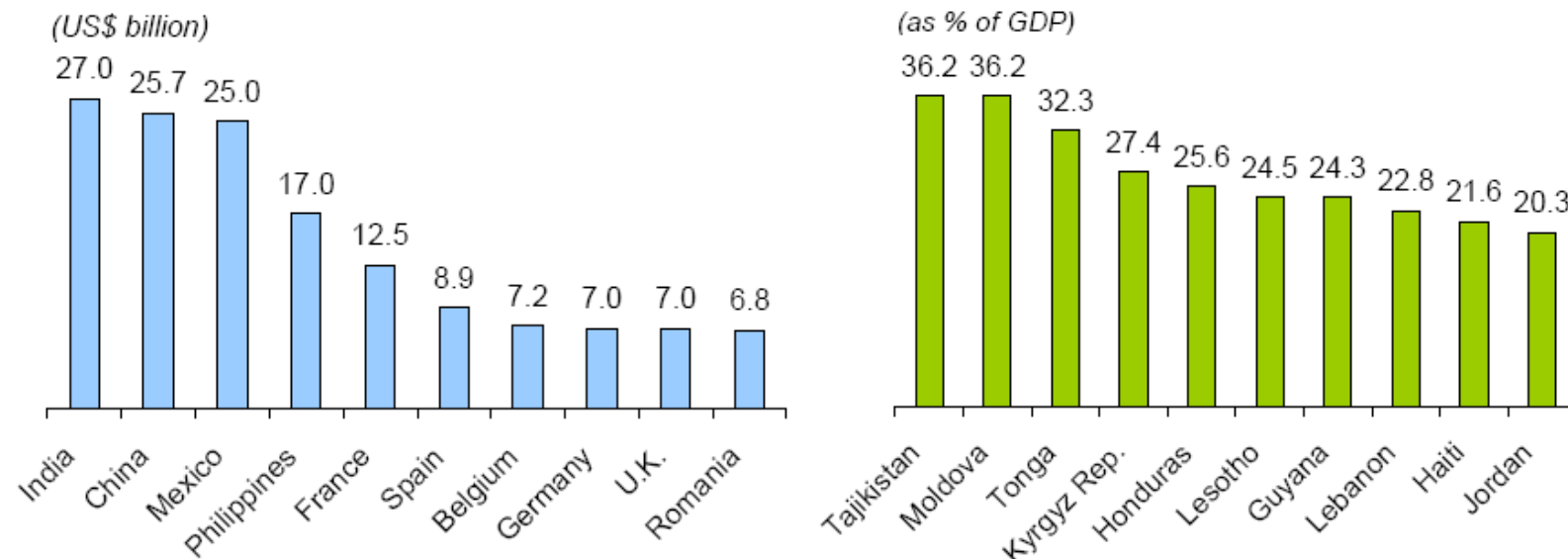
- Remittances are difficult to measure
- Not all CIS countries publish remittances statistics
- The available statistics often do not reflect the real flows
- The different sources provide different pictures



# Statistics – global overview

(BOP basis)

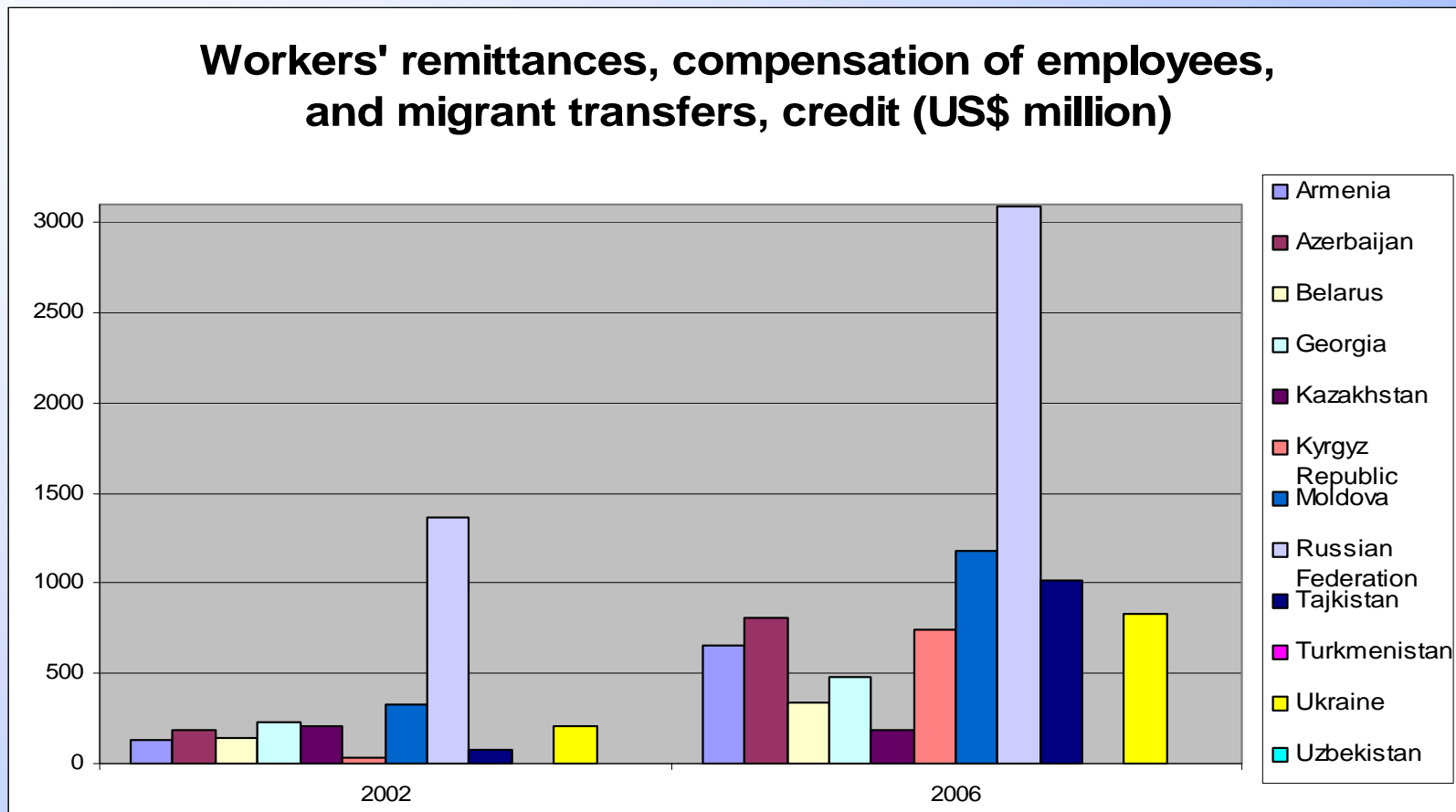
**Figure 2: Top remittance-recipient countries**



Copied from World Bank's Remittance Trends 2007. Sources: Data through 2006 are World Bank's calculation based on data from *IMF Balance of Payments Statistics Yearbook 2007*. Data for 2007 are estimates based on this source and data releases from central banks, national statistical agencies, and World Bank country desks.



# Statistics – CIS countries overview



Source: World Bank Remittances Database



# Remittances – Kyrgyz Republic

- NBKR publishes the value of remittances in the BOP account
- NBKR produces its estimate of remittances using:
  - Commercial banks' data on cross-border monetary transfers
  - Information of large companies on foreign employees salaries
  - NSO's data on the number of permanent migrants and estimates of average value of the property they move



# Remittances published by NBKR

**Table I.1: Balance of Payments of the Kyrgyz Republic, millions of US dollars**

Period	2003	2004	2005	2006
Current transfers				
Other sectors				
Workers' remittances	107.5	270	448.7	686.7
<b>Inflow</b>	<b>112.7</b>	<b>285.4</b>	<b>481.5</b>	<b>730.6</b>
Outflow	-5.2	-15.4	-32.8	-43.9
Capital transfers				
Other sectors				
Transfers related to migration*	-29	-43.8	-63.5	-73.6
<b>Inflow</b>	<b>7.8</b>	<b>9.6</b>	<b>8.7</b>	<b>8.1</b>
Outflow	-36.8	-53.4	-72.2	-81.7

Source: Balance of Payments of the Kyrgyz Republic



# Remittances published by NBKR – key facts

- Three formal channels of sending remittances:
  - MTOs (95%)
  - Bank accounts
  - Transfers via the Kyrgyz Post
- Main sources of remittances:
  - Russian Federation (86%)
  - USA (11%)
  - Kazakhstan and United Kingdom (together 1%)
- Transaction details (2005):
  - Large transactions (\$10,000-50,000) 22% of the total value of remittances via MTOs
  - Very large (over \$50,000) 72%

Source: Country Report on Remittances of International Migrants and the Financial Sector in the Kyrgyz Republic;  
Center for Social and Economic Research Kyrgyzstan



# Issues with the remittances published by NBKR

- NBKR uses number of assumptions:
  - All MTOs to/from Kyrgyz Republic sent by individuals and the postal system are considered workers' remittances (The most important assumption)
    - Shuttle trade
  - All money transfers sent via banking accounts equal or under \$3000 are counted as workers' remittances
  - All remittances are transferred through official channels (lack of capacity to account for informal transfers)
  - Estimated average value of the property migrants move across

Source: Country Report on Remittances of International Migrants and the Financial Sector in the Kyrgyz Republic;  
Center for Social and Economic Research Kyrgyzstan



# Remittances - Household Survey

- During 2006-2007 Asian Development Bank initiated regional research studies on remittances and poverty. Countries included in the project: Kyrgyz Republic, Armenia, Tajikistan and Azerbaijan
- In Kyrgyz Republic 4200 households were surveyed
- The primary objective of this study was to determine the impact of remittances on household welfare

Source: Country Report : Remittances from international migrants and poverty in the Kyrgyz Republic; Shamsia Ibragimova, Center for Social and Economic Research Kyrgyzstan



# Remittances - Household Survey

- Key findings of the survey:
  - **Aggregate remittances inflows to the Kyrgyz Republic in 2006 amounted to \$253m including \$248m in cash (NBKR reported \$731m for the same period)**
  - 16% of all surveyed households received remittances
  - 78% of surveyed households preferred banks and official systems of money transfers
  - Most migrants moved to Russia 83%, followed by Kazakhstan 12%; Turkey 12%; USA 0.5% and Germany 0.1%
  - The average remittances from Russia were \$1710; Kazakhstan \$1461, and Turkey \$3233

Source: Country Report : Remittances from international migrants and poverty in the Kyrgyz Republic; Shamsia Ibragimova, Center for Social and Economic Research Kyrgyzstan



## Issues with the remittances from the Household Survey

- Very poor response from the richest households (very likely to receive remittances)
- Sample size of 4200 households
- In some household surveys in Kyrgyz Republic respondents receive payments for completing the questionnaire (not certain whether this has been the case with this survey)



## Kyrgyz Republic – Remittances for 2006

- NBKR
  - **\$731m**
- ADB Household Survey
  - **\$253m**



## Methodological and conceptual differences between BOP remittances and Household Survey remittances

- There are significant conceptual differences between Household Survey “remittances” and BOP “remittances”
  - Definitions of residents and non-residents
    - For example: long-term students
  - Differences in the coverage of “remittances” –
    - For example: household surveys - personal remittances



# Remittances from the Bank of Russia

<b>Total Cross-Border Payments from Russia through Postal Offices or Money Transfer (2006; Millions of U.S. Dollars)</b>	
	<b>2006</b>
Armenia	604
Azerbaijan	440
Belarus	43
Georgia	344
Kazakhstan	86
<b>Kyrgyz Republic</b>	<b>438</b>
Moldova	525
Tajikistan	957
Turkmenistan	18
Ukraine	927
Uzbekistan	1000
	5382

Source: Russian Central Bank



## What is the real value of remittances inflows for Kyrgyz Republic?

- **We do not know!**
- Best guess – “*in my opinion*” for 2006 it is somewhere between the NBKR estimate of \$731m and the survey estimate of 253m



# What are we doing to improve the situation?

- **Luxembourg Group** is working on a compilation guide i.e. how to collect good quality data on remittances. The first draft is already available.
- **Suitland Task Force's** objectives:
  - advance the methodological work on household surveys to measure migration and remittances
  - develop international recommendations on how to best design and implement household surveys to measure migration and remittances
  - develop a survey module or modules on migration and remittances to be included, where relevant, in existing international and national survey programs
  - harmonize methods and concepts



- Questions?
- **THANK YOU**