



Research

Emigration and the Effect of Remittances on the Georgian Economy (2013-2022)





Georgia is considered a country of emigration¹. Since the mid-1990s, emigration from the country has been largely defined as labor migration, with Georgian citizens seeking better prospects abroad to ease persistent socio-economic challenges at home, including high unemployment, widespread poverty, and low wages.

A distinctive feature of this trend is that a significant proportion of Georgian labor emigrants choose to reside and work illegally in their host countries². Meanwhile, for Georgians who opt to emigrate, their primary motivation for doing so is to earn enough to support their families back in Georgia to whom they send remittances to alleviate economic hardships³.

This bulletin discusses Georgia's emigration trends and the role of remittances in the Georgian economy at macro and micro levels over the last decade.

1. [Interrelations between Public Policies, Migration and Development in Georgia | OECD Development Pathways | OECD iLibrary \(oecd-ilibrary.org\)](#).
2. [migration.commission.ge/files/ms_2021-2030_eng_08.02.21.pdf](#)
3. [ms_2021-2030_eng_08.02.21.pdf \(commission.ge\)](#).



- Overall for Georgia, over the past decade, its average annual emigration flow amounted to 97 thousand with net migration of 300. However, when excluding force majeure situations like the COVID-19 pandemic and the war in Ukraine, the average net migration figure for this period is -7 thousand.
- From 2010 to 2020, Georgia's emigrant stock decreased by 17% and amounted to 669 thousand. Notably, Georgia's emigrant stock for 2020 constituted 18% of the country's population that year.
- From 2010 to 2020, the share of Georgia's emigrant stock residing in post-Soviet countries declined from 75% to 64%. In contrast, the share living in the EU and the UK increased from 20% to 27%, and the proportion in North American countries rose from 3% to 7%.
- From 2013 to 2022, remittance inflows to Georgia increased from USD 1.48 billion to USD 4.4 billion, representing 196% growth.
- The highest year-on-year increase in remittance inflows to Georgia was recorded from 2021 to 2022 (86%), which was largely attributable to a meteoric rise in remittance inflows from Russia (from USD 0.41 billion in 2021 to USD 2.1 billion in 2022).
- Over the last decade Georgia's economic dependence on remittances increased notably. From 2013 to 2022, the percentage of remittance inflows as a share of GDP has grown from 11% to 16%.

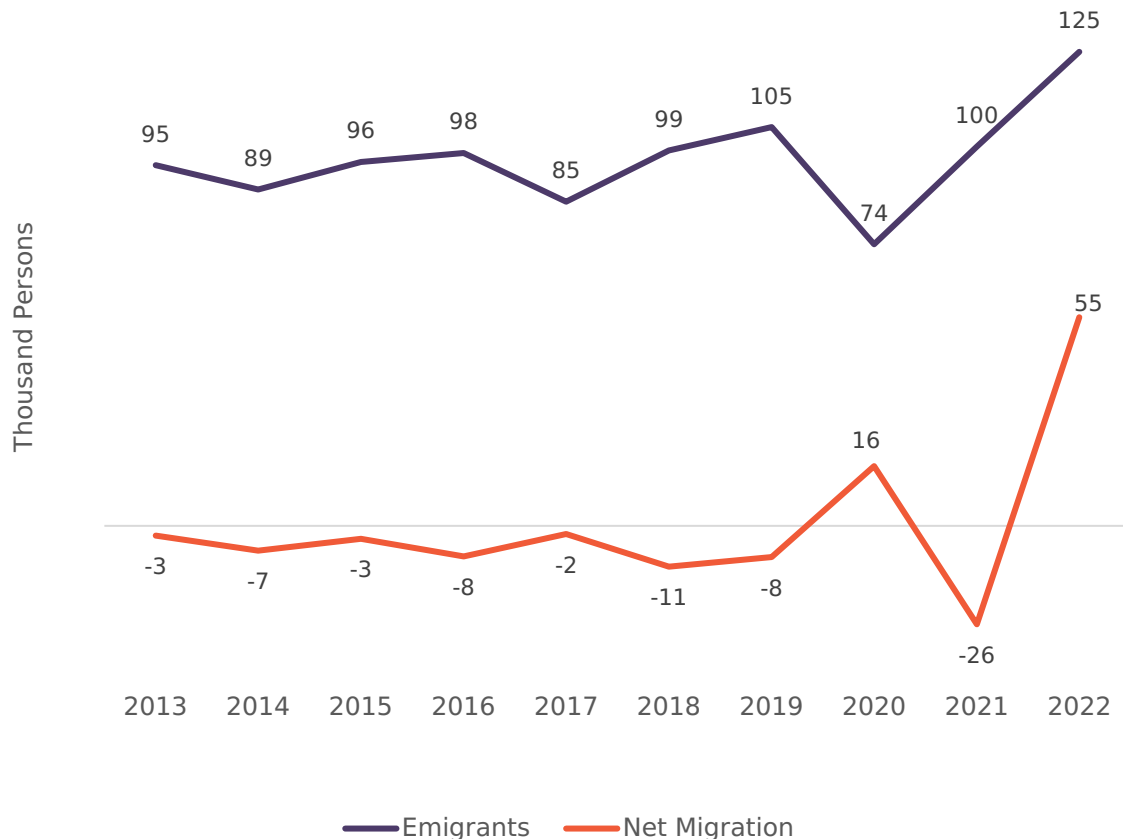


- ✎ Since 2020, revenues from remittance inflows has become the second-largest source of foreign currency entering Georgia after exports.
- ✎ From 2013 to 2022, monthly remittances per remittance-receiving household averaged GEL 573, constituting 41% of their total monthly income. In 2022, despite an 86% increase in remittance inflows, the average monthly remittance for recipient households only rose by 6%.
- ✎ Over the past decade, remittance-receiving households had an average monthly income of GEL 1,398, which was 28% higher than households not receiving remittances.
- ✎ Over the last decade, 14 percentage points less remittance-receiving households had income from hired employment compared to those that do not receive remittances. Rising question on the negative effect of remittances on the motivation to start work for remittance-receiving household members. Alternatively, it could indicate that individuals in these households who are capable of working are engaged in emigration.
- ✎ Over the past decade, remittance-receiving households allocated 4% less of their consumption to basic needs, while dedicating 5% more of their expenditure to savings, lending, and property acquisition compared to those not receiving remittances. This suggests that remittances contribute to recipient households having a surplus of income, enabling them to purchase assets and increase their financial security.



EMIGRATION FLOW AND NET MIGRATION

Emigration flow and net migration



Sources: Geostat, PMC RC calculation

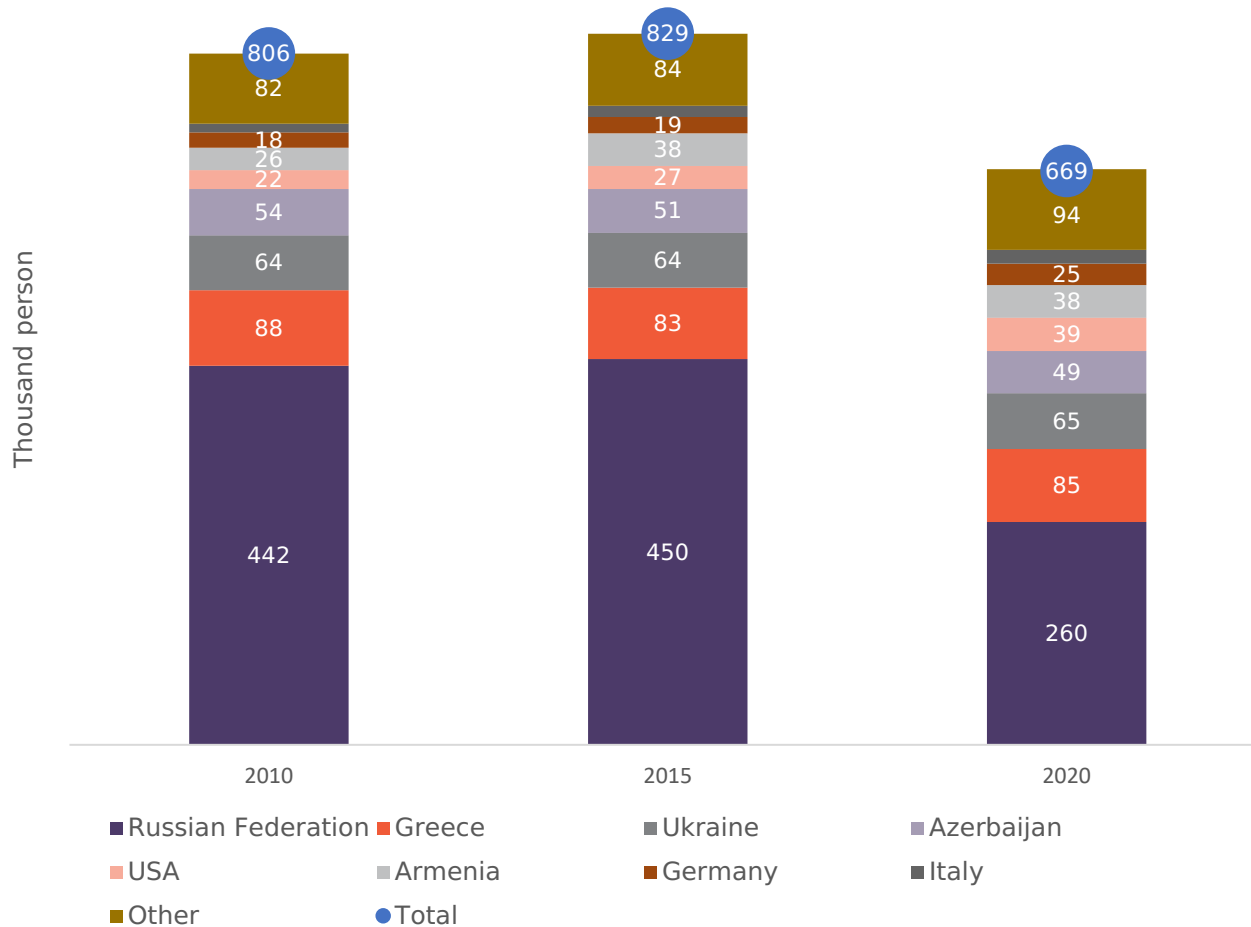
- 👤 In 2017, the emigration flow⁴ from Georgia amounted to 85 thousand persons, marking a 6% drop compared to 2013. Over this period, the average annual net migration⁴ was -7 thousand.
- 👤 However, from 2018 onwards, the emigration flow started to grow and in 2019 it reached 105 thousand. Among the factors contributing to this increase was the visa liberalization agreement reached between the EU and Georgia in 2017.
- 👤 In 2020, due to the COVID-19 pandemic and subsequent travel restrictions, the emigration flow decreased to 74 thousand, with positive net migration (16 thousand). However, in 2021, it rebounded again up to 100 thousand persons, leading to the lowest annual net migration figure for the analyzed period (-26 thousand).
- 👤 In 2022, the emigration flow continued to grow, hitting 125 thousand, which is the highest number in the past decade. At the same time, net migration also increased significantly, soaring to 55 thousand. That substantial rise in net migration in 2022 can be largely attributed to Russia's war on Ukraine, with Russians, Belarussians, and Ukrainians, as well as Georgian citizens residing in Russia and Ukraine, deciding to move or return to Georgia.
- 👤 Overall, over the past decade, the average annual emigration flow from Georgia amounted to 97 thousand with net migration of 300. However, when excluding force majeure situations like the COVID-19 pandemic and the war in Ukraine, the average annual net migration figure amounts to -7 thousand.

4. Net Migration is defined as the number of immigrants minus the number of emigrants, including citizens and noncitizens. <https://databank.worldbank.org/metadataglossary/population-estimates-and-projections/series/SM.POP.NETM>.



STOCK MIGRANTS FROM GEORGIA

Emigrants from Georgia, by main countries of residence



- Geostat's data do not tell the whole story about emigration as they do not provide details on the total emigrant stock or the countries of destination for Georgian emigrants. A general, but incomplete, picture of the total number of emigrants from Georgia residing abroad can be obtained from the estimates of the UN DESA whose calculations include a foreign-born population category⁵. In addition, for more accurate estimation, the data on stock emigrants in Russia for 2020 has been taken from the Federal Statistics Service of Russia⁶.
- The analysis illustrates that, from 2010 to 2020, Georgia's emigrant stock decreased by 17% (from 806 thousand to 669 thousand). Notably, its emigrant stock in 2020 constituted 16% of the country's population that year.
- Despite a sharp decrease of 42% from 2010 to 2020, Russia remains the primary destination country for Georgian emigrants, with a total of 258 thousand. The other main destination countries for Georgian emigrants are Greece (85 thousand), Ukraine (65 thousand), and Azerbaijan (49 thousand).
- The most significant increases in the number of Georgian emigrants in leading destination countries over the analyzed period were observed in the USA (77%), Italy (60%), and Armenia (47%).
- Of note, from 2010 to 2020, the share of Georgian emigrants residing in post-Soviet countries declined from 75% to 64%. In contrast, the proportion of emigrants living in the EU and the UK increased from 20% to 27%, and the share of North American countries rose from 3% to 7%. In addition, in post-Soviet countries, a sufficient proportion of emigrants from Georgia are ethnic minorities, who left the country after the collapse of the Soviet Union.

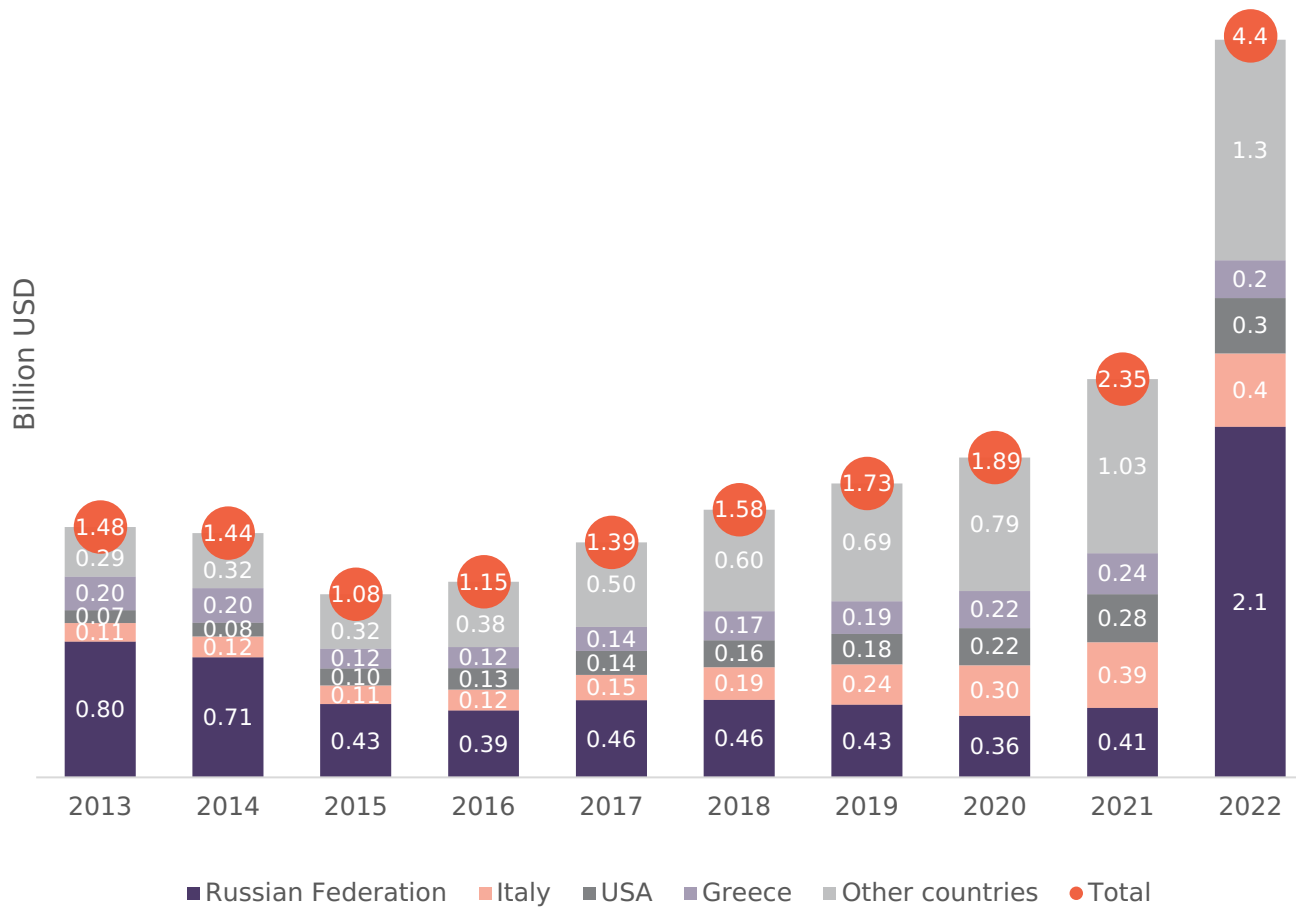
Sources: UN DESA, Federal State Statistics Service of Russia, PMC RC calculation

5. <https://www.migrationdataportal.org/themes/international-migrant-stocks>.
 6. https://rosstat.gov.ru/vpn_popul?fbclid=IwAR0dhNHpuzqR9bzBKkh7_4gZg1NNdDKPcmJFqkhjaffT8ITAVdqWz-10CXg.



REMITTANCE INFLOWS

Remittance inflows by countries



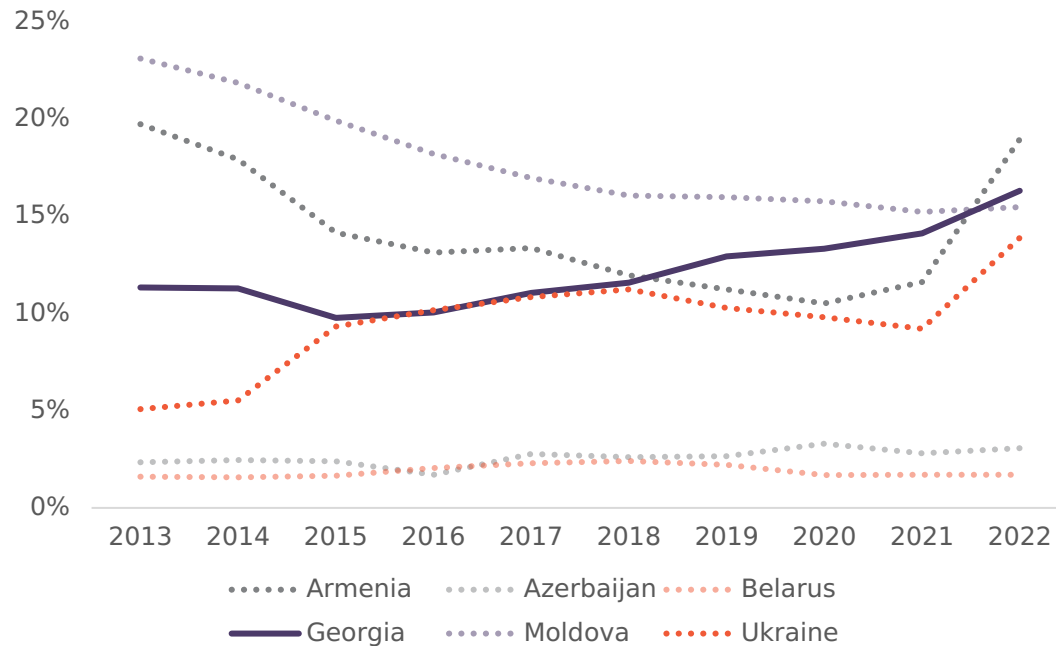
- From 2013 to 2022, remittance inflows in Georgia increased from USD 1.48 billion to USD 4.4 billion, representing 196% growth.
- The highest year-on-year increase of 86% was recorded in 2022, which was largely attributed to massive growth in remittance inflows from Russia (from USD 0.41 billion to USD 2.1 billion).
- The substantial rise in remittances from Russia was mainly attributed to the ongoing war in Ukraine and the vast influx of Russian migrants into Georgia.
- From 2013 to 2021, the share of EU member states in total remittance inflows into Georgia increased from 26% to 41%. The increase in remittance inflows from the EU, over this period might be determined by the visa liberalization agreement reached between the EU and Georgia in 2017 and the consequent increase in the number of emigrants in EU countries from Georgia.
- However, due to the rapid growth in remittance inflows from Russia in 2022, the EU's share dropped in total remittance inflows to 24%.

Sources: National Bank of Georgia, PMC RC calculation



THE EFFECT OF REMITTANCE INFLOWS ON THE GEORGIAN ECONOMY AT MACRO LEVEL

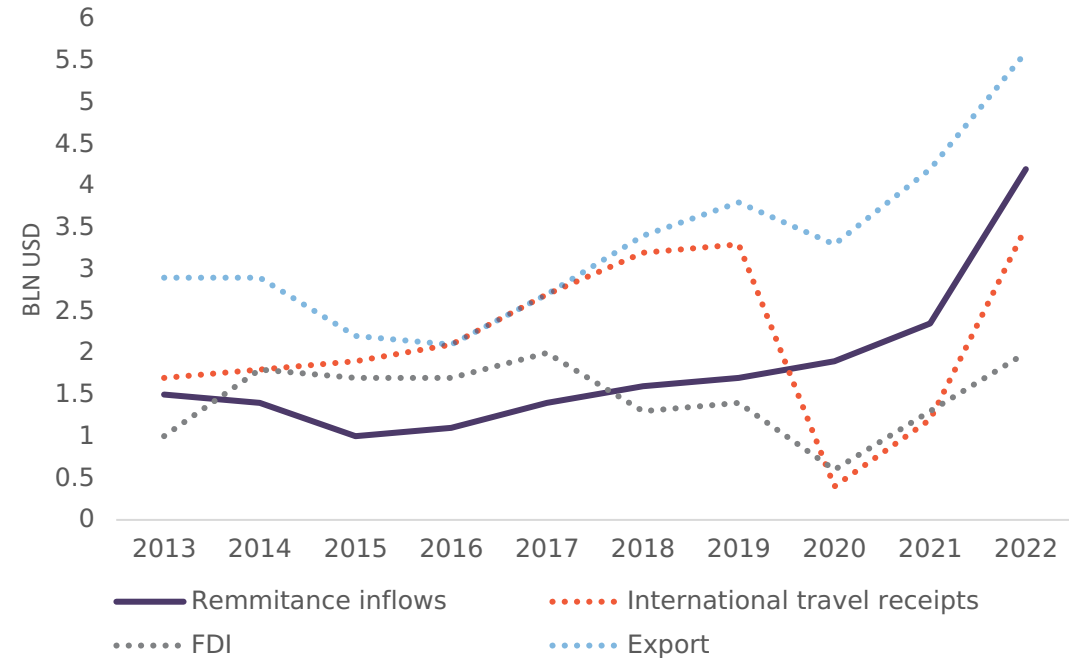
Remittance inflows as a percentage of GDP in Eastern Partnership Countries



- 👤 The rate of emigration from Georgia is relatively high, and the country's economy continues to rely heavily on remittance inflows. Indeed, from 2013 to 2022, the contribution of remittance inflows to GDP increased from 11% to 16%.
- 👤 In 2022, for share of remittance inflows in GDP, Georgia (at 16%) ranked 24th worldwide, and second among EaP countries behind only Armenia.

Sources: World Bank, PMC RC calculation

Revenues from remittance inflows, international travel, FDI and export



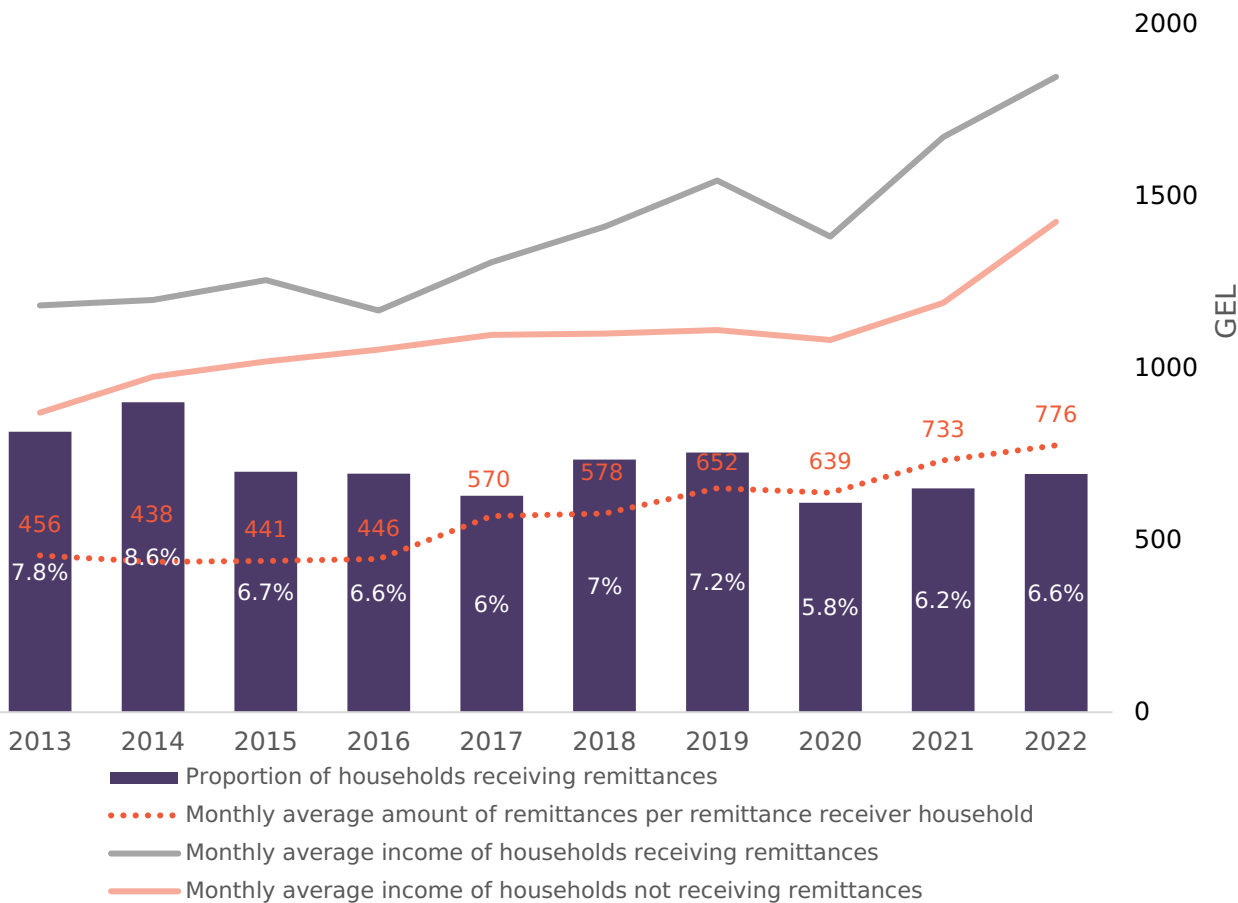
- 👤 Comparing remittance inflows to other foreign currency sources (namely exports, FDI, and international travel) over the last decade, on average remittance inflows were 23% higher compared to FDI, but 17% lower compared to revenues from international travel and 45% lower compared to exports.
- 👤 Since 2020, due in part to the COVID-19 pandemic and a significant decrease in FDI and revenues from international travel, remittance inflows has become the second-largest source of foreign currency after exports, underscoring the Georgian economy's dependence on remittances.

Sources: Geostat, PMC RC calculation



THE EFFECT OF REMITTANCE INFLOWS ON THE GEORGIAN ECONOMY AT MICRO LEVEL

Proportion of households receiving remittances, average amount of remittances, total income of households receiving and not receiving remittances



Sources: Geostat, PMC RC calculation

To assess the effect of emigration and remittance inflows on the Georgian economy, we examined the household income and expenditure survey conducted by Geostat, informing a comparison of the economic conditions of households that receive remittances and those that do not.

From 2013 to 2019, the proportion of households receiving remittances fluctuated. However, since 2020 an increasing trend was observable, from 5.8% in 2020 to 6.6% in 2022.

Regarding the monthly average amount of remittances per remittance-receiving household revealed two prominent trends: fluctuation from 2013 to 2016, and strong growth from 2017 to 2022. The latter may be attributable to the depreciation of the Georgian Lari (GEL) over this period. From 2013 to 2022, the average monthly income from remittances in USD decreased from USD 274 to USD 266.

On average, from 2013 to 2022, monthly remittances per remittance-receiving household amounted to GEL 573, representing 41% of such households' average total monthly income.

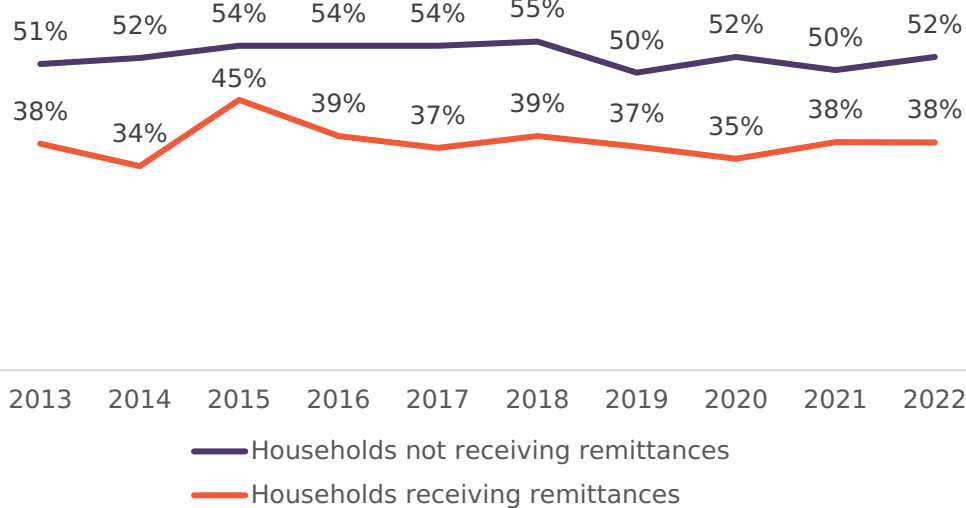
Despite a significant year-on-year increase of 86% in remittance inflows in 2022, the average monthly remittance for remittance-receiving households increased only by 6%.

On average, over the past decade, remittance-receiving households had an income of 1,398 GEL, which was 28% higher compared to those not receiving remittances.



THE EFFECT OF REMITTANCE INFLOWS ON THE GEORGIAN ECONOMY AT MICRO LEVEL

Share of households receiving income from hired employment

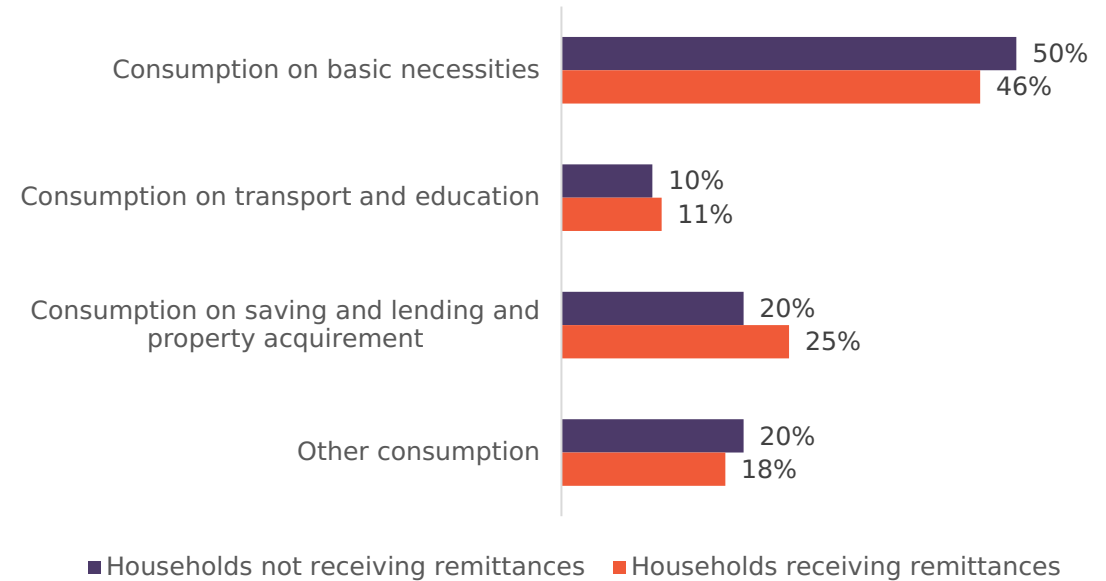


Sources: Geostat, PMC RC calculation

Despite having a higher average household income, 14 percentage points less remittance-receiving households had income from hired employment compared to those that do not receive remittances over the past decade.

It could be concluded that remittances negatively affect the motivation of members of an emigrant's household back home to seek employment. Alternatively, it could indicate that individuals in these households who are capable of working are pursuing emigration.

Average monthly household expenditures (2013-2022)



Sources: Geostat, PMC RC calculation

Comparing the average monthly household expenditures⁷ over the past decade between households receiving remittances and those that do not reveals that remittance-receiving households allocated 4% less of their consumption to basic needs⁷ compared to households not receiving remittances. In contrast, households receiving remittances allocated 5% more of their expenditure to saving, lending, and property acquisition.

Remittances thus appear to afford receiving households a surplus of income, enabling them to save money, acquire property, and tighten their financial security.

7. Consumption on basic necessities comprises the following categories: Food, beverages and tobacco; clothes and footwear; household goods; healthcare; housing, water and electricity.



Basic Economic Indicators

Basic Economic Indicators	2019	2020	2021	2022	2023 Q1	2023 Q2	2023 Q3
Nominal GDP (mln USD)	17 470.7	15 842.9	18 629.4	24 610.2	6 247.1	7 686.4	-
GDP per Capita (USD)	4 696.2	4 255.7	5 023.2	6 671.9	1 672.0	2 070.4	-
GDP Real Growth (%)	5.0%	-6.8%	10.5%	10.1%	8%	7.8%	-
Inflation	4.9%	5.2%	11.8%	11.9%	7.6%	1.6%	0.6%
FDI (mln USD)	1 335.8	589.0	1 241.8	2 097.9	566	506	-
Unemployment Rate (%)	17.6%	18.5%	20.6%	17.3%	18%	16.7%	15.6%
External Debt (mln USD)	5 741	7 535	8 205	7 635	8 039	8 096	8 042
Poverty Rate (relative)	20.1%	19.7%	18.9%	19.9%	-	-	-

Source: Geostat



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