

DRAFT RAPPORTEUR'S REPORT

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The Thirteenth Meeting of the OSCE Economic Forum

Session II: Improving economic prospects in countries of emigration

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At the beginning of the session **Mr. Andreas Halbach**, Regional Representative, IOM Vienna mentioned that there are approximately 170 million migrants in the world. Only 10% of them are forced migrants. The rest are economic migrants. Migration is a very complex process and in the OSCE context it has political, economic and human dimension aspects. Migration is the second best solution to economic wellbeing for states after actual economic development.

Mr. Fernard Pillonel, Head of Office, European Bank for Reconstruction and Development, Tajikistan, stressed that labour migration has a direct impact on Tajik society. Large migration from Tajikistan started after the collapse of Soviet Union in 1991 and particularly increased after the start of the civil war in 1992.

According to Mr. Pillonel the country has several types of migration flows: "brawn drain" (exodus of the semi-skilled labour force for a limited time), the brain drain, the shuttle traders and the replacement migrants. All migrants fall into the following categories: seasonal migrants, migrants under employment contracts, temporary migrants, shuttled migrants and shuttle migrants (traders) and settled migrants (migrants who in many cases crease a new family in their country of destination). In many cases migrants could have irregular or illegal status. Most Tajik migrants have irregular status, because they have a right to stay for example in Russia, but they don't have proper employment contracts. Most of them are also temporary migrants.

Mr. Pillonel added that 85 % percent of Tajik migrants are men and only 15 % are women who are mainly involved as shuttle traders. More than half of Tajik migrants don't have a profession before they leave Tajikistan.

Since the use of remittances from labour migration remains a problem in Tajikistan the EBRD supports activities related to business advisory services.

Mr. John Fitzgerald, FINCA Samara, Russia Country Director, mentioned that micro credit and Small and Medium Size Enterprise lending can be useful tools to promote job stability in transition economies. Through a combination of these two broad product categories, they help not only to secure the jobs and livelihoods of entrepreneurs to whom the loans are made and their families, but also can increase local employment opportunities as these successful businesses expand and hire new workers.

Mr. Fitzgerald mentioned that this type of lending, especially micro-crediting, reaches the poorer levels of society. People at these levels generally do not have access to regular banking services and credit, so without microfinance, most would not have the

opportunity to develop their businesses as effectively. In many cases, with proper funding and management, microfinance programs can be self-sustaining, that is, able to fund all their operational and financial needs without reliance on donors after the start-up phase.

But since micro-finance and SME lending can be such a strong driver of local economic expansion, it is worth exploring how its power might be leveraged to address the specific problem of youth unemployment. One approach could be to design a program combining micro-finance and/or SME loans with a connected grant program to provide incentives for SME and entrepreneurs to hire and train younger workers. This has been done in the Ferghana region covering three countries – Uzbekistan, Tajikistan and Kyrgyzstan.

Mr. Roman Mogilevsky, Center for Social and Economic Research (CASE-Kyrgyzstan), stressed that one of the important preconditions of sustainable economic growth is the creation of a conducive institutional environment and the accumulation of human potential adequate for solving problems of development in market economy conditions. The task of building the required institutional and human capacity of the governments and societies of the region is a multifaceted one. Two components of this task are: (i) creation of proper education systems meeting market demand for a skilled labour force, and (ii) establishment of institutions which support the decision-making process on the government or company level and supply evidence on interests of different stakeholders and rigorous, fact-based analysis on social and economic development issues.

Mr. Mogilevsky underlined that from a migration perspective, education systems are of particular importance. On one side, education systems should provide youth with adequate skills, which increase their opportunities for employment in their countries of origin. On the other side, educational establishments have a role in providing potential labour migrants with knowledge (language, profession in demand, information on their rights), which is necessary for them to successfully enter the labour markets of destination countries and avoid marginalisation.

Participants of the discussion supported the importance of education and even suggested to include entrepreneurial education in the curriculum of the secondary schools. It was also suggested to have more training and educational programmes and training for national minorities, especially in the context of ethnic migration.

Participants also stressed the importance of cross border co-operation between countries with different economic development. It was mentioned that it is important for more advanced countries to invest in their neighboring regions which are less developed. It will create more sustainable overall economic development and will be a better solution for different social problems

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It was also mentioned that the majority of CIS countries can not afford maintaining these educational systems in previous form and scale. Deterioration of quality of education is widespread. Large reforms in education are unavoidable

Migration opportunities support demand for higher quality education in the countries of origin and therefore help to sustain education systems; this offsets partially the “brain drain” effect of migration

Extensive efforts in analytical capacity building in CIS countries and in Central Asia in particular are needed and already undertaken by some international organizations including OSCE. For example the OSCE Academy in Bishkek could become a source for exchange of information or develop research programmes for young people

Follow-up suggestions by participants

Capacity building in education and research is a high priority task in the majority of the countries with transition economies and it requires strong support from the international community including the OSCE. Possible niches for OSCE in this process could be:

1. support to the components of education systems most relevant to OSCE agenda, such as education for minorities, migrants and other vulnerable groups;
2. development of applied analytical capacity in interdisciplinary studies focusing on political, economic, social and environmental problems of the region;
3. information exchange and knowledge dissemination.

The OSCE should support the creation and implementation of integration programmes which are specially targeted at minorities and women and which apart from education should include face to face consulting, community work and implementation of government incentives.

Micro-finance and SME lending can be strong drivers of local economic expansion and it is worth exploring how its power might be leveraged to address the specific problem of youth unemployment. The OSCE could support the designing of programmes combining micro-finance and/or SME loans with a connected grant programme to provide incentives for SME and entrepreneurs to hire and train younger workers. Entrepreneurial education could be included in the curriculum in secondary education.

The OSCE should promote cross border co-operation between countries with different levels of economic development. It is important to encourage more advanced countries to invest in

less developed neighbouring regions. This will create more sustainable overall economic development and will be better address the different social problems.