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POLICY BRIEFING

Relocation of people from Russia and Belarus to Armenia and Georgia: comparison of results of 2nd survey

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Executive summary (1/2)

Relocation of people from RUS to ARM and from RUS and BLR to GEO

- » Stock of relocated people estimated at **approx. 55,000 in ARM and 100,000 in GEO**
- » Significant increase right after the start of mobilisation in RUS in Sep-22

Comparison of surveys conducted by CRRC-Armenia/CRRC-Georgia on behalf of GET

- » Comparison of survey results and economic impact of relocated people in ARM and GEO
- » Samples of 500 people with RUS citizenship (ARM) and 528 people with RUS or BLR citizenship (GEO) who came to Armenia/Georgia after 24 Feb 2022; **more than half of respondents (57%) came after the start of mobilisation in RUS**
- » **Demographics and living conditions roughly similar**
- » Regarding employment, the **IT sector is strongest in both countries**, but relocated people in ARM tend to work more often for local companies
- » **Average incomes in ARM are higher** (USD 3,088 vs. USD 2,274). Expenditures are also higher, but the difference is smaller (USD 1,622 vs. USD 1,503)
- » People in ARM tended to come more often due to being **ethnic Armenians** and/or established relations (family, friends)
- » **People in ARM tend to have a longer-term perspective** (45% stating they plan to stay one year or longer), whereas people in GEO often do not know yet (46% of sample)

Executive summary (2/2)

Structural relevance of relocation

Structural relevance	2022*		2023**	
	ARM	GEO	ARM	GEO
Stock of relocated persons from RUS and BLR***, average	40,940	64,200	54,740	100,000
<i>as % share of GEO population</i>	<i>1.4%</i>	<i>1.7%</i>	<i>1.8%</i>	<i>2.7%</i>
Stock of relocated households, average ¹	20,470	32,100	27,370	50,000
Consumption of relocated households, USD m ²	372.2	498.3	532.7	864.6
<i>as % of GDP of corresponding year ³</i>	<i>2.0%</i>	<i>2.0%</i>	<i>2.6%</i>	<i>3.2%</i>

Sources: Armstat, MIA, GET calculations; * Estimated weighted period average; ** Based on most recent available data, assuming that stock remains constant; *** BLR just for GEO (1) Assumption: two people per household (2) Assumption: average expenditures of USD 1,823 (ARM) / USD 1,552 (GEO) for Mar-Dec 2022 and USD 1,622 (ARM) / USD 1,552 (USD) for 2023 based on current survey results; (3) GDP based on IMF estimates from Dec-22; (4) as relocated HH already consumed in 2022, their additional consumption in 2023 (and thus the impact of GDP) will be lower

- » 2022: additional consumption due to relocation relatively similar relative to GDP
- » 2023: higher downside risk in case of reversal of migration flows for Georgia due to higher number of people

Policy implications

- » High economic relevance for both countries
- » Short to medium term development of economy closely linked to development of migration flows
- » Chances/risks slightly higher for GEO due to higher number of relocated people

Outline

1. Influx of people from RUS/BLR: descriptive analysis
 - I. Motivation
 - II. Descriptive analysis
2. Comparison of results of surveys conducted by CRRC-Armenia and CRRC-Georgia
 - I. Methodology
 - II. Demographic profile
 - III. Employment
 - IV. Living and housing conditions
 - V. Income and expenditures
 - VI. Integration and future plans
3. Estimation of the economic impact
 - I. Methodology and assumptions
 - II. Estimation of total expenditures in ARM/GEO of migrants from RUS and BLR

1. Influx of people from RUS/BLR: descriptive analysis

1.1. Motivation

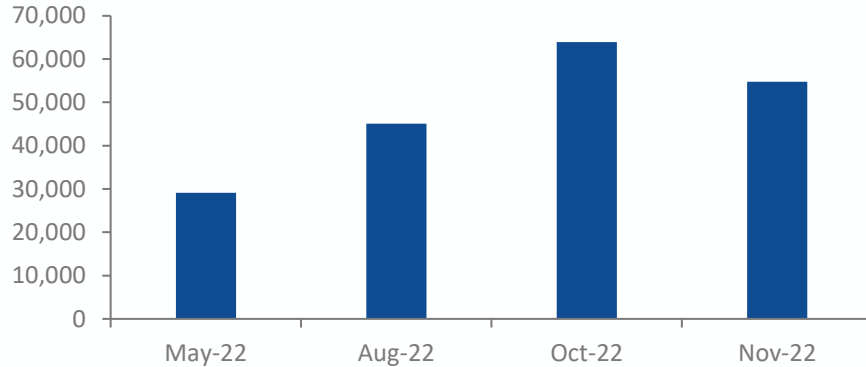
- » The war in UKR and the worsened living conditions in RUS and BLR have caused a significant relocation of people to ARM/GEO
- » This influx has certainly had a positive effect on the economy of ARM/GEO
- » But: very limited data available on socio-economic background; GET/CRRC surveys from Jun-22 (1st survey in GEO), Sep-22 (1st survey in ARM) and Dec-22 (2nd survey in ARM and GEO) are among the only comprehensive studies
- » The policy studies [GET/ARM/PS/02/2023](#) and [GET/GEO/PS/01/2023](#) provide an overview of the results of the 2nd survey
- » However: so far, no comparison of results between these two countries
- **Key question: how do relocated people differ between ARM and GEO?**

Structure/goals of this Policy Briefing

- i. Comparison of survey results
- ii. Comparison of economic impact

1.2. Descriptive analysis

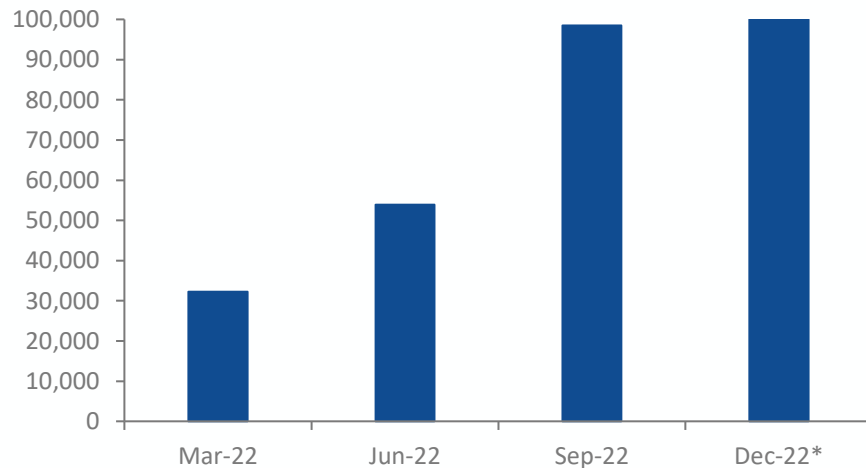
Stock of relocated people from RUS in ARM after start of the war



Sources: Armstat, GET calculations

Note: Stock of visitors calculated as the difference between incoming and outgoing visitors, excluding visitors in Jan-22 and Feb-22; end of month

Stock of relocated people from RUS/BLR in GEO after start of war



Sources: Ministry of Internal Affairs, NBG, TBC Capital, GET calculations

Note: Stock of visitors calculated as the difference between the respective month and 24 February 2022; values for end of month; *) limited data availability

Stock of relocated people

- » Strong influx of RUS and BLR citizens immediately after start of the war
- » Increase continued in following months
- » Challenge: no differentiation in data between regular (short-term) tourists and relocated persons due to war
- » Best data sources: border crossings by citizenship (ARM) and stock of visitors (GEO)
- » General development roughly similar
- » Sep-22: 2nd wave of migration due to partial mobilisation in RUS
- » Overall, since start of war in UKR:
 - ARM (Nov-22): approx. 55,000 (1.8% of total population)
 - GEO (Dec-22): approx. 100,000 (2.7% of total population)
- » Higher number of relocated people in GEO, both in absolute and relative terms

2. Comparison of results of surveys conducted by CRRC-Armenia and CRRC-Georgia

2.1. Methodology

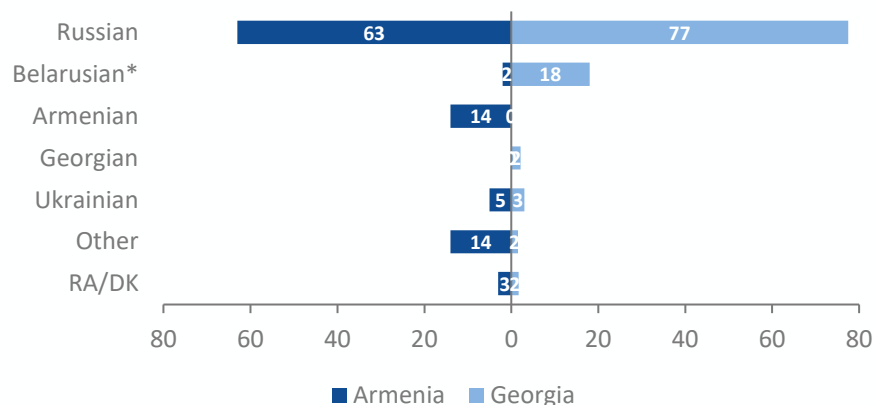
	Armenia	Georgia
Sample size	500	528
Arrival date	On or after 24 Feb 2022	On or after 24 Feb 2022
Nationalities included	RUS	RUS and BLR
Interview method	Mostly face-to-face, but also via phone	Only face-to-face

- » Convenience and haphazard sampling approaches were used (quasi-randomness)
 - Thus: limited representativeness, since the sample is not fully random
 - However: as characteristics of the population of relocated people in ARM and GEO not known (and still changing), it is impossible to do random sampling of respondents
- » Due to the nature of the sample, **results cannot be generalized to the complete population of RUS and BLR migrants in ARM/GEO**
- » Values for income and expenditure are imputed: if respondents were unable to reply with an exact value, then they were offered to name a range within which their incomes/expenditures fell. During the data cleaning, cases with such categories were assigned a middle value of the corresponding category
 - If a respondent earned between USD 201 and 400, then such an individual was assigned a value of USD 300 and so forth. In cases, where the respondent has indicated an income below USD 200, a value of USD 100 was assigned

2.2 Demographic profile

Which ethnic group do you belong to?

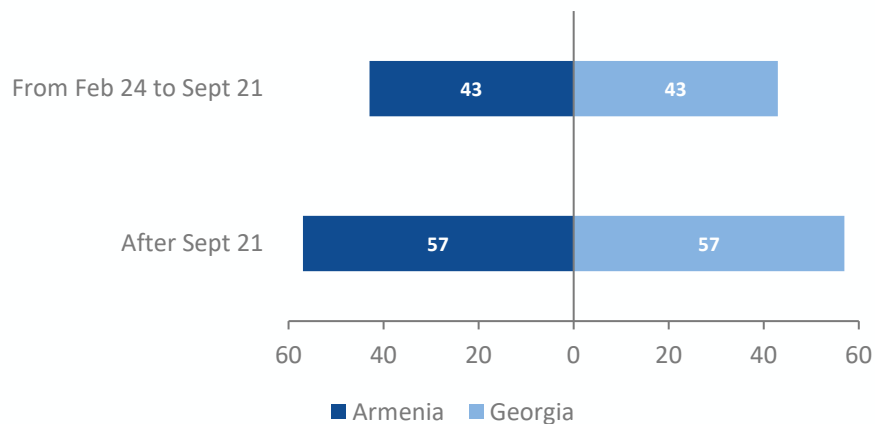
(% of sample)



Note: N=500 for Armenia, N=528 for Georgia; *people from BLR were only included in GEO

When did you arrive in Armenia/Georgia?

(% of sample)



Note: N=500 for Armenia, N=528 for Georgia

Citizenship and ethnicity

- » By methodology: more Belarusians in GEO sample
- » Close link between ethnicity and citizenship for GEO
- » Relatively high number of ethnic Armenians in ARM sample

Demographics

- » More males in ARM sample (66% vs. GEO: 54%)
- » Age and education very similar

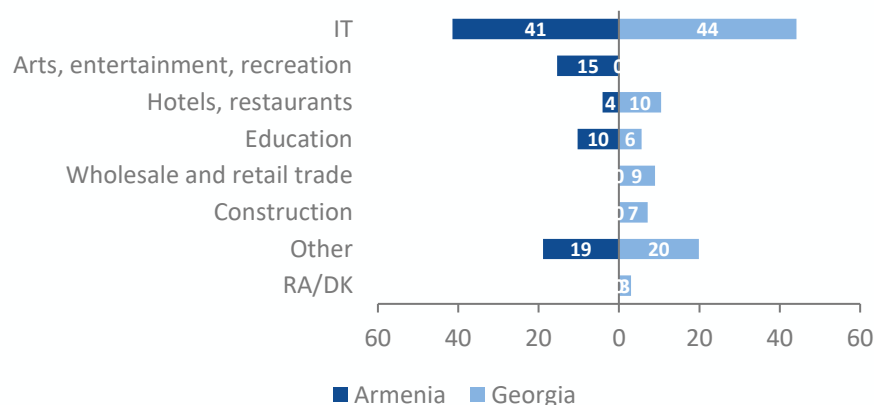
Arrival and residency

- » Majority (57%) of sample has arrived after mobilisation on 21 Sep 2022
- » More concentration towards capital in ARM (Yerevan: 91%, Tbilisi: 71%)
- » Higher share of own ethnic group in ARM sample

2.3 Employment

In which sector is your primary job?

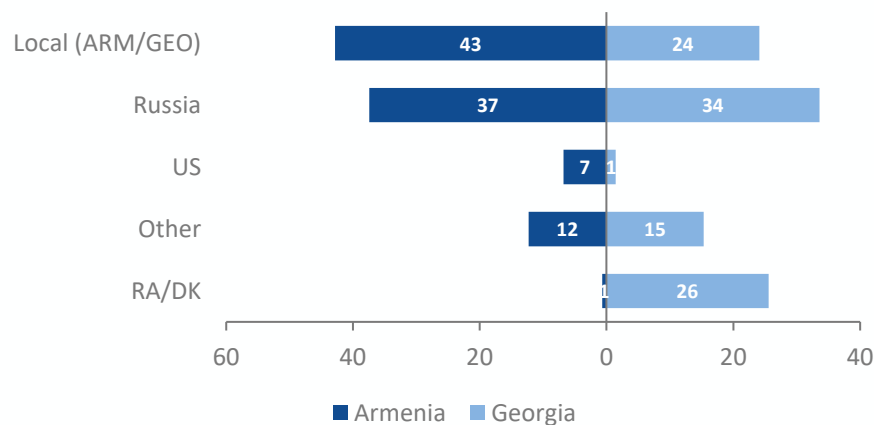
(% of employed respondents)



Note: N=435 for Armenia, N=267 for Georgia

Resident country of employer

(% of employed respondents)



Note: N= 278 for Armenia, N=137 for Georgia

Employment profiles

- » Employment in ARM higher (78% vs. GEO: 51%), possibly explained by sampling design
- » Main sector for both countries: IT (slightly above 40%)

Resident country of employer

- » Higher share of people working for company in ARM (71% vs. GEO: 52%)
- » Stronger prevalence of working for a local company in ARM (43% vs. GEO: 24%)

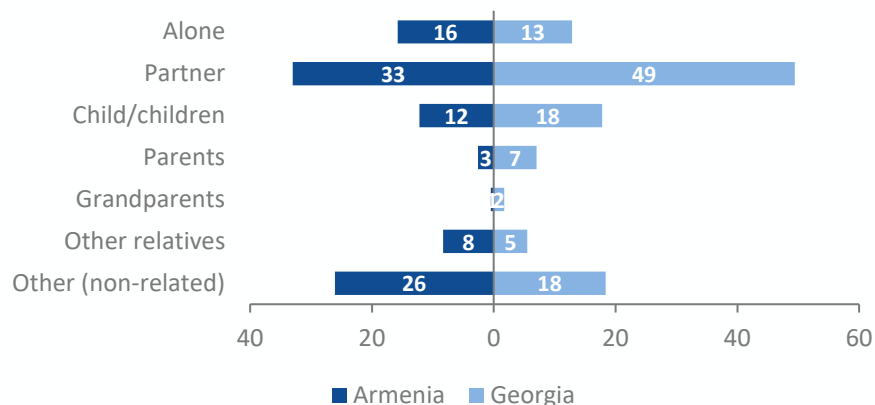
Taxes

- » In both ARM (49%) and GEO (58%), most people say that they do not pay income taxes
- Dominance of IT sector in employment
- Higher share of local employers in ARM

2.4 Living and housing conditions

With whom do you live?

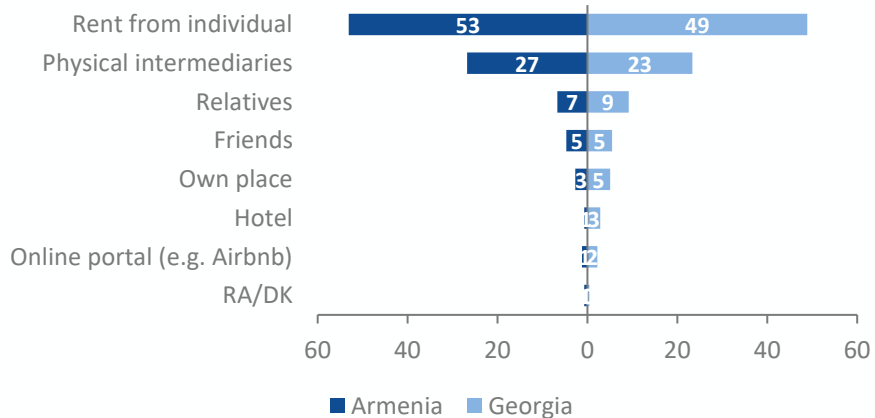
(%, multiple choice)



Note: N=615 for Armenia, N=528 for Georgia

Type of housing accommodation

(%, single choice)



Note: N=403 for Armenia, N=458 for Georgia

Household composition

- » Slightly more people came with a partner in GEO (49% vs. ARM: 33%)
- » Other characteristics generally similar
- » Household size in GEO and ARM very similar
 - Median: 2 (both GEO and ARM)
 - Average: 2.6 (GEO), 2.7 (ARM)

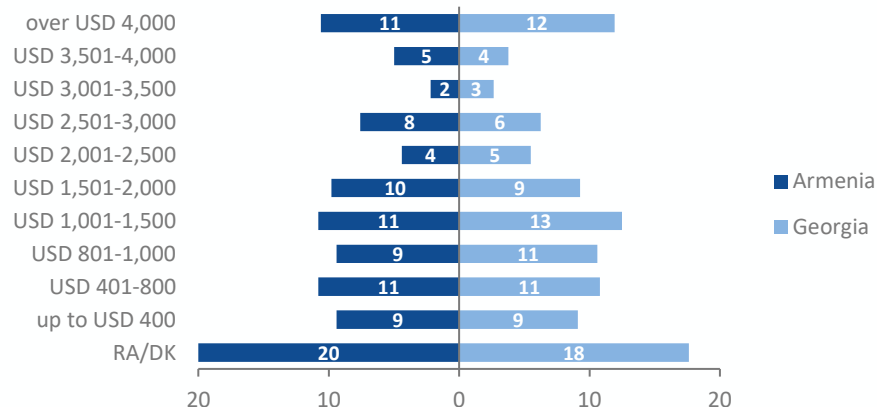
Type of housing accommodation

- » Very similar distribution
- » Around half of people rent directly from an individual, a quarter through physical intermediaries
- Similar living conditions for both samples
- In general: data suggests high mobility of relocated people in both countries

2.5 Income and expenditures

Average monthly household income

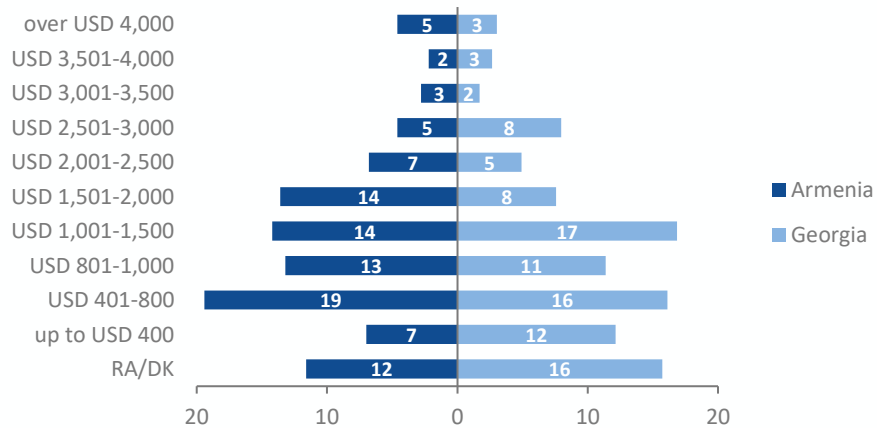
(% of households)



Note: N=500 for Armenia, N=528 for Georgia

Average monthly household expenditures

(% of households)



Note: N= 500 for Armenia, N=528 for Georgia

Income sources

- » High reliance on own or partner's earned income (approx. 70-80%)

Household income distribution

- » Higher avg. mth. incomes in ARM:
 - Armenia: USD 3,088
 - Georgia: USD 2,274
- » Same median value:
 - Armenia/Georgia: USD 1,500

Household expenditures distribution

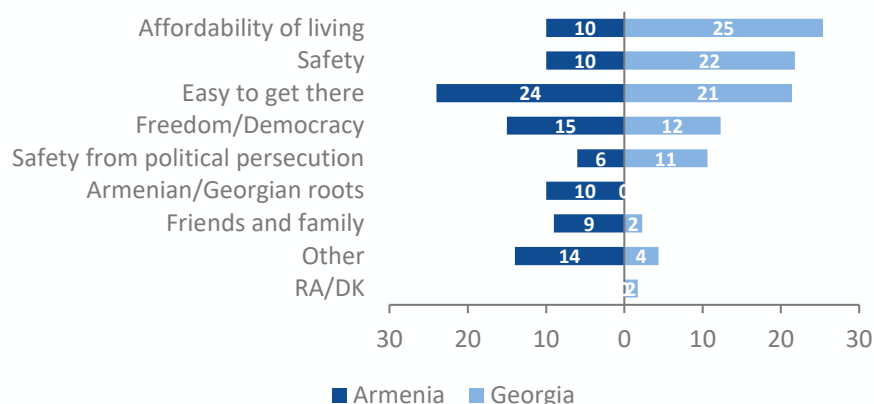
- » Similar monthly expenditures:
 - Armenia: USD 1,622
 - Georgia: USD 1,503
- » Similar median value:
 - Armenia: USD 1,200
 - Georgia: USD 1,000

- Higher incomes in ARM

2.6 Integration and future plans (1/3)

Main reason for choosing Armenia/Georgia as a destination

(%, single choice)



Note: N=500 for Armenia, N=528 for Georgia

Have specific factors contributed to choosing Armenia/Georgia?

(% of respondents answering yes)

	Armenia	Georgia
Obtaining the right to reside in ARM/ GEO so that it will become easier to move to Europe in the future	21	9
Attractive tax system	16	21
Employer moved to ARM/ GEO	15	2

Note: N=500 for Armenia, N=528 for Georgia for all questions

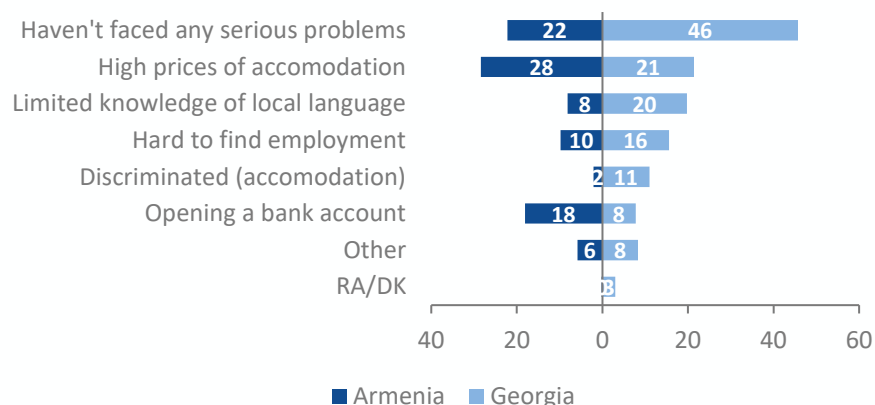
Reasons for relocation

- » In general: similar reasons for choosing ARM/ GEO, esp. ease of getting there
- » Safety and political factors were important in both countries
- » Noteworthy: Armenian roots (10%) and friends/family (9%) important factors only in ARM
- » Specific factors played only a minor role
 - Attractive tax system important for 16% (ARM) and 21% (GEO)
 - Residency in order to move elsewhere slightly more relevant in ARM
 - More work-related relocation in ARM
- Ethnicity and established relations in ARM more important
- More work-related relocation in ARM

2.6 Integration and future plans (2/3)

Have you experienced any problems in Armenia/Georgia?

(%, multiple choice)



Note: N=810 for Armenia, N=699 for Georgia

Satisfaction with specific services in Armenia/Georgia

(% of respondents saying they are completely or partly satisfied)

	Armenia	Georgia
Transportation	57	88
Banking	48	78
Healthcare	41	61
Real estate	31	54
Education*	20	38

Note: N=500 for Armenia, N=527 for Georgia; *Note: high rate of respondents saying "don't know"

Living in Armenia/Georgia

- » More people (46%) have not experienced any major problems in GEO (ARM: 22%)
- » Encountered difficulties roughly similar

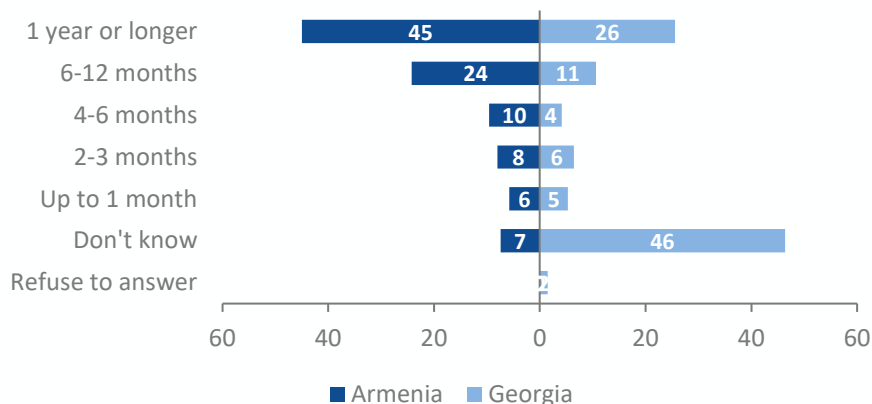
Satisfaction with services

- » In general: high satisfaction rates in both countries
- » But: overall satisfaction higher in GEO
- » Higher dissatisfaction rates in ARM (e.g. real estate 49% vs. GEO: 16%)
- Similar experiences living in ARM/GEO
- Satisfaction rates with services higher in GEO

2.6 Integration and future plans (3/3)

How long do you plan to stay in Armenia/Georgia?

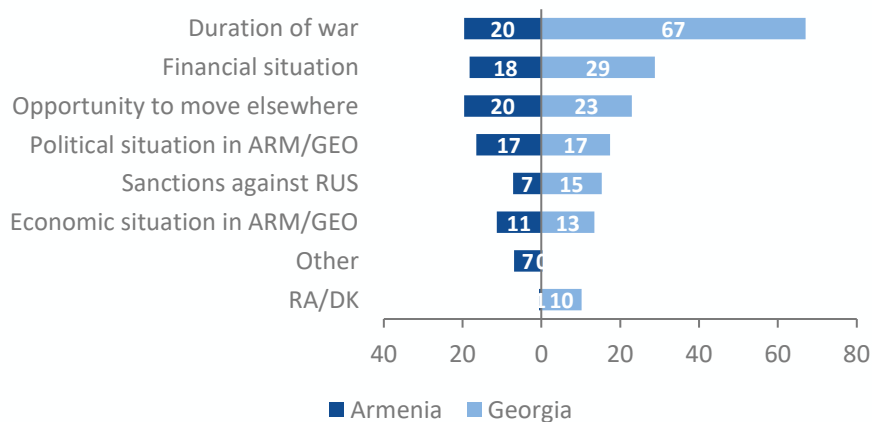
(%, single choice)



Note: N=500 for Armenia, N=528 for Georgia

Factors influencing length of stay

(%, multiple choice)



Note: N=1,257 for Armenia, N=927 for Georgia

Length of stay

- » Much higher uncertainty in Georgia (46%, ARM: 7%)
- » People in ARM say they want to stay longer compared to GEO
 - 1 year or longer: 45% vs. 26%
 - 6-12 months: 24% vs. 11%
- » Duration of war (67%) very dominant factor in GEO; range of factors in ARM more broad

Opportunity to move

- » In ARM, more people do not want to return to RUS when the war ends (34% vs. GEO: 19%)
- » Similar number of people would not move anywhere in ARM/GEO (around 30%)
- Longer term perspective in ARM

3. Estimation of economic impact

3.1. Methodology and assumptions

Calculation of total consumption of relocated persons

- » Combining the data on the inflow of people from RUS (and BLR) with insights obtained in the updated survey allows to estimate the total consumption of relocated persons
- » Assumptions:
 - 2022: increase in the visitor stock from 24 Feb onwards is mainly attributable to relocation of people from RUS (and BLR) to ARM and GEO*
 - 2023: stock of relocated people is constant: approx. 55,000 (ARM) / 100,000 (GEO)
 - Average household (HH) size: two people per HH (based on survey results)
- » As such, total consumption can then be calculated as follows:

$$\text{Total consumption} = [\text{Number of households}] \times [\text{Consumption per household}] \times [\text{Respective time period}]$$

* Assumption on the stock of visitors:

- » The assumption does not imply that there was no vacation tourism from RUS/BLR during the time period, but rather that these tourists did not (materially) affect the stock, as they have already returned home
- » Moreover: spring/autumn is not the typical vacation season and the overall propensity to spend on vacation likely declined after the start of the war in Ukraine. For the summer vacation period, an approximation was applied
- » Thus: risk of overestimation, but the effect is likely to be neglectable

3.2. Estimation of consumption in GEO

Structural relevance	2022*		2023**	
	ARM	GEO	ARM	GEO
Stock of relocated persons from RUS and BLR***, average	40,940	64,200	54,740	100,000
<i>as % share of ARM/GEO population</i>	<i>1.4%</i>	<i>1.7%</i>	<i>1.8%</i>	<i>2.7%</i>
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Impact on the business cycle	2022*		2023**	
	ARM	GEO	ARM	GEO
Change in consumption due to relocation (to previous year) ⁴	USD 372 m	USD 498 m	USD 160 m	USD 366 m
<i>as % of GDP</i>	<i>2.0%</i>	<i>2.0%</i>	<i>0.8%</i>	<i>1.4%</i>

Sources: Armstat, MIA, GET calculations; * Estimated weighted period average; ** Based on most recent available data, assuming that stock remains constant; *** BLR just for GEO (1) Assumption: two people per household (2) Assumption: average expenditures of USD 1,823 (ARM) / USD 1,552 (GEO) for Mar-Dec 2022 and USD 1,622 (ARM) / USD 1,552 for 2023 based on current survey results; (3) GDP based on IMF estimates from Dec-22; (4) as relocated HH already consumed in 2022, their additional consumption in 2023 (and thus the impact of GDP) will be lower

- » 2022: additional consumption due to relocation relatively similar relative to GDP
- » 2023: higher downside risk in case of reversal of migration flows for Georgia due to higher number of people, but also stronger potential positive impact on business cycle
- Similar overall macroeconomic effects
- Slightly higher impact for 2023 to be expected in GEO

About the German Economic Team

Financed by the Federal Ministry for Economic Affairs and Climate Action, the German Economic Team (GET) advises the governments of Ukraine, Belarus*, Moldova, Kosovo, Armenia, Georgia and Uzbekistan on economic policy matters. Berlin Economics has been commissioned with the implementation of the consultancy.

**Advisory activities in Belarus are currently suspended.*

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