



FINANCIAL LITERACY FOR MIGRANTS: MAPPING AND NEEDS ASSESSMENT



RESEARCH REPORT

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FINANCIAL LITERACY FOR MIGRANTS: MAPPING AND NEEDS ASSESSMENT

Research Report

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ABBREVIATIONS

MLSA	Ministry of Labor and Social Affairs
SEA	State Employment Agency
CBA	Central Bank of Armenia
CRRC	Caucasus Research Resource Center - Armenia
RA(S)U	Russian-Armenian (Slavonic) University
RF	Russian Federation
TOR	Terms of reference
HH	Household
HLCISS	Household Living Conditions Integrated Sample Survey
FGD	Focus group discussion
RA SC	Statistical Committee of the Republic of Armenia

ABSTRACT

The *Financial Literacy for Migrants: Mapping and Needs Assessment* Research was commissioned to CRRC-Armenia by the Savings Banks Foundation for International Cooperation within "Responsible Finance in the Caucasus, Ukraine and Iran" Project carried out in 2018-2021 with the financial support of the German Federal Ministry for Economic Cooperation and Development.

The Research has been executed on behalf of the Central Bank of Armenia (CBA) to contribute to the CBA National Financial Education Strategy 2020-2024.

The Research aims to specify and map the key target groups involved in the migration processes in Armenia, assess their financial literacy needs and develop recommendations to meet those needs.

Term ‘migrant’: definition

The ever-increasing rates and significance of the international migration call for creating and improving comparable and high-quality information on migration flows. In this regard, while it is essential to have one universal definition of migration, there is currently no universally accepted single definition. For the purposes of the Research, the definition below of the term ‘migrant’ as provided by the United Nations and commonly used by the RA SC and research organizations was applied: ***a migrant is a person who has moved from his country of permanent residence to another country for 3 and more months for permanent residence, work, study, security of person or family circumstances.***

Methodology

The Research was conducted from September 2019 to March 2020 and identified the main information sources concerning the available data on migration flows, data gaps and strategic partners engaged with migration issues, the content of financial knowledge/education and education/communication channels. Also, an action plan was mapped out, with the estimated budget required for the first year of taking such measures (the action plan and the estimated budget for its implementation are not subject to publication and are intended for official use only).

To achieve the Research aim, the Research Team studied the available literature, data and other available resources on the topic and collected and analyzed primary data through round-table discussions with key stakeholders, meetings and discussions with representatives of relevant governmental and non-governmental organizations and focus group discussions with representatives of the target migrant groups.

The research fieldwork was carried out in November-December 2019 and covered as follows:

- 1 round-table discussion with representatives of governmental and non-governmental organizations engaged with migration issues;
- 5 focus group discussions with the following target migrant groups:
 - 3 discussions with **migrant workers** and their family members in Gyumri, Vanadzor and Gavar cities;
 - 1 discussion with **refugees and persons in refugee-like situation, particularly Syrian Armenians** in Yerevan;
 - 1 discussion in Yerevan with **Armenian citizens who have voluntarily returned from abroad and/or have been deported from other countries.**

To gain an insight into the migration flows and individual target migrant groups in the RA, the information sources below were studied:

1. Content published by administrative sources;
2. Household Living Conditions Integrated Sample Survey (HLCISS) conducted by the Statistical Committee of the Republic of Armenia;
3. Various published surveys on migration, particularly the RA(S)U sample survey series.

It is noteworthy that migration statistics from different sources is sometimes incompatible due to both the differences in the basic concepts serving as a basis for the applied methodologies and surveys, and sample comparability rate and development approaches.

RA migration flows

According to the findings of the RA SC 2018 Household Living Conditions Integrated Survey,¹ the share of households with members involved in external and internal migration processes made about 9% of all households and migrant members therein made about 11% or 227,000.

The largest group involved in migration processes are *migrant workers* with their number estimated to be around 99,000 or 54% of those involved in interstate migration processes. The next largest group of migrants comprises *refugees* and persons in refugee-like situation totaling about 18,000, including about 15,000 Syrian-Armenians. The third group identified in the Research comprises Armenian citizens voluntarily returned/deported from other countries who have *returned* to Armenia. In 2018, the number of readmission requests totaled 2077.

Remittances

According to the Migration Snapshot of the Republic of Armenia – 2017 Survey published by the RA SC, in 2016, 241.5 thousand people out of the permanent population of the Republic of Armenia received remittances. Most of remittances to Armenia (80.6%) were transferred from Russia. The transfer inflow was fairly stable: 44.9% were received monthly, 31.7% - quarterly and 23.4% annually. 95% of transfers were received through banks.

While migrant workers make the largest group involved in interstate migration flows, according to the assessment based on respondents' feedback, their remittances were quite modest averaging between 1.8-2.3 billion AMD monthly or an average of 23,000 AMD per household. Consequently, the opportunities for making any savings from incomes of the households involved in migration processes are very limited, too. According to the most recent Assessing Armenia's External Migration Report, 67.8% of the 1295 respondents surveyed in 2019 stated that their household had no savings, 6.9% stated that their household had little savings and 3.7% stated that their household had some savings, while

¹ Statistical Committee of the Republic of Armenia, Social Snapshot and Poverty in Armenia, 2019, pp. 24-29, <https://www.armstat.am/en/?nid=81&id=2217>

21.2% stated having debts.² Most households channel the amounts received from abroad to pay for their food, clothes, utility bills, healthcare expenses and debts/loans.

Financial training: content and channels

The findings of the studies and round-table and focus group discussions on the available external migration content laid basis for mapping out and introducing recommendations on both the channels and content of financial training for migrants, and the action plan and the budget required for taking such actions.

While classroom training is the preferred way to gain knowledge for the overwhelming majority of FG discussion participants, they also highlighted the possibility to get reliable information through social networks or other online resources.

Regardless of the preferred way for gaining knowledge, we suggest providing knowledge/information in a small and easily comprehensible portions; this will help avoid information overload and thereby make it more likely that consumers would take steps to obtain further knowledge.

The content and topics of the financial education for migrants and their HH members are generally the same for the 3 target groups:

1. How much does it cost to leave for work abroad (migrant work) or how to quickly and easily integrate into the financial system of the Republic of Armenia (refugees and persons in refugee-like situation as well as Armenian citizens voluntarily returned/deported from other countries who have returned to Armenia)?
2. Loan liabilities and risk management;
3. Savings and management thereof;
4. Remittances;
5. Smart budgeting;
6. Protecting the interests of financial service consumers;
7. Making informed financial decisions and choice of services.

² Russian-Armenian University, research report, Project Leader: Ruben Yeganyan, Assessing Armenia's External Migration, 2019, (<http://science.rau.am/rus/8/3592>) pp. 54 -58.

INTRODUCTION

Remittances and particularly remittances from migrant workers play an essential role in the social and economic life of the country. Nevertheless, individual migrants and their family members oftentimes find themselves in the most vulnerable social groups and face obstacles in accessing relevant financial products.

With the financial support of the German Federal Ministry for Economic Cooperation and Development (BMZ), in 2018-2021 the Savings Banks Foundation for International Cooperation (SBFIC) carries out the "Responsible Finance in the Caucasus, Ukraine and Iran" Project. In Armenia, the Project aims to assist the key partners (Central Bank of Armenia, Union of Credit Organizations of RA, Union of Banks of Armenia and a number of civil society organizations) in achieving their common goal, i.e. higher financial involvement rate among certain target groups, in this case migrants, by improving their financial literacy.

Within the above Project, the CRRC-Armenia Foundation was commissioned to carry out the *Financial Literacy for Migrants: Mapping and Needs Assessment* Research. The Research aims to map and identify the key target groups involved in migration processes and thereafter to assess the financial literacy needs of such target groups and based on the findings of such assessment develop recommendations on the content of the financial knowledge to be provided as well as channels for sharing such knowledge/communicating with individual target migrant groups and on mapping out an action plan.

1. RESEARCH METHODOLOGY

1.1 RESEARCH AIM

The Research aims to map the main groups of migrants in the Republic of Armenia and assess the financial literacy needs of individual target groups.

The research aim set out in the Terms of Reference (TOR) covers a number of actions, including:

- target group mapping;
- identifying the knowledge and information gaps related to financial services among migrants and their family members and based on such data, specifying the need for financial knowledge to be provided to them;
- specifying the main communication channels with the target groups;
- specifying the key strategic partners in financial education for migrants;
- developing recommendations on the action plan of financial education for target groups and relevant budget.

Within the Research, a Coordination Board was set up, with the Central Bank of Armenia, Savings Banks Foundation for International Cooperation and CRRC-Armenia among its members. The Board was set to exchange information through regular meetings, receive/provide consulting support and discuss and address the challenges faced during conducting the Research.

The Research was conducted in the timeframe of September 2019 - March 2020.

1.2 MIGRATION: DEFINITION

The ever-increasing rates and significance of the international migration call for creating and improving comparable and high-quality information on migration flows. In this regard, it is essential to have one universal definition of migration; however, this is quite a difficult task and in fact, there is no universally accepted single definition.

In the international practice, the definitions below are used:

1. For its own purposes, the International Organization for Migration has developed and applies the following definition of the term ‘migrant’:³ a migrant is a person who moves away from his or her place of usual residence, whether within a country or across an international border, temporarily or permanently, and for a variety of reasons.
2. Pursuant to United Nations International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families,⁴ a migrant shall include any person who made their own decision to emigrate due to their “personal convenience, without the impact/interference of any external factors.”
3. According to the Special Report of the UN Human Rights Commission, migrants include:⁵
 - persons who are outside the territory of the state of which they are nationals or citizens, are not subject to the legal protection of the state of their actual stay;
 - persons who do not enjoy the legal recognition of rights, which is inherent in the granting by the host state of the status of refugee, naturalized person or similar status;
 - persons who do not enjoy either general legal protection of their fundamental rights by virtue of diplomatic agreements, visas or other agreements.

³ International Organization for Migration, Glossary on migration, IML Series No. 34, 2019; p. 144 (130); https://publications.iom.int/system/files/pdf/iml_34_glossary.pdf

⁴ <https://www.ohchr.org/EN/ProfessionalInterest/Pages/CMW.aspx>,

⁵ <https://wayback.archive-it.org/10611/20171126022441/http://www.unesco.org/new/en/social-and-human-sciences/themes/international-migration/glossary/migrant/>

4. In a broader sense, migrants are persons who have crossed the political or administrative border for a particular minimum term, at least 12 months,⁶ i.e. refugees, displaced persons, economic migrants. The main types of migration are defined by motive (economic, family reunification, refugee) or legal status (irregular migration, controlled emigration/immigration, free emigration/immigration).
5. The migration surveys of the RA Statistical Committee are entirely based on the UN definitions and methodology of international migration.⁷ Accordingly:
 - ***A long-term migrant*** should be defined as a person who moves to a country other than that of his or her usual residence for a period of at least a year (12 months), so that the country of destination effectively becomes his or her new country of usual residence. From the perspective of the country of departure the person will be a long-term emigrant and from that of the country of arrival the person will be a long-term immigrant
 - ***A short-term migrant*** should be defined as a person who moves to a country other than that of his or her usual residence for a period of at least 3 months but less than a year (12 months) except in cases where the movement to that country is for purposes of recreation, holiday, visits to friends and relatives, business, medical treatment or religious pilgrimage. For purposes of international migration statistics, the country of usual residence of short-term migrants is considered to be the country of destination during the period they spend in it

For the purposes of the Research, the concept ‘migrant’ has been defined based on the definition below provided by the United Nations and used by the RA SC and research organizations:

⁶ At international level, no universally accepted definition for ‘migrant’ exists, but the UN recommendations for statistics on international migration and on population censuses specifies at least one year as the criterion for change of country of usual residence to define this change as ‘migration’ (https://www.emn.at/wp-content/uploads/2018/06/emn-glossary-6-0_en.pdf, p. 252)

⁷ “Recommendations on Statistics of International Migration” Revision 1, UN, New York, 1998, p. 10 <http://www.armstat.am/file/doc/99475948.pdf>

A migrant is a person who has moved from his or her country of permanent residence to another country for 3 and more months for permanent residence, work, study, security of person or family circumstances.

1.3 INFORMATION COLLECTION METHODS

To ensure specification of the main migration flows in the Republic of Armenia, mapping of target groups as well as financial literacy needs assessment among migrants and identification of the most efficient channels for providing such knowledge/communication, a round-table discussion of key stakeholders was held and attended by representatives of both governmental agencies (State Employment Agency of the RA MLSA, Migration Service, Statistical Committee) and international and non-governmental organizations (International Organization for Migration, Armenian Caritas, Armenian Red Cross Society). The round-table discussion specified for the participants what migrant groups should government agencies and non-governmental organizations work with and how they should work and what challenges they might face in identifying such groups and organizing and holding any workshops/trainings, including those related to financial literacy.

In addition to the round-table discussion, the CRRC-Armenia team held a number of meetings and discussions with representatives of governmental and non-governmental organizations, particularly Ms Irina Davtyan, Deputy Head of the RA Migration Service; Ms Amalia Yenokyan, Leading Specialist at the Labor Migration Unit of the State Employment Service of the RA MLSA; Ms Anush Khanoyan, Consultant, European Return and Reintegration Network (ERRIN) Project implemented by the International Centre for Migration Policy Development (ICMPD) Armenia Office; Mr. Sarkis Balkhian, Manager of External Relations and Consulting Unit of Aleppo Compatriotic Charitable NGO (Aleppo - NGO).

In parallel, a secondary analysis of the available research and analytical content on migration processes in Armenia and the population involved therein was carried out.

And finally, five focus group discussions were planned and held to assess the financial literacy needs of the target migrant groups and identify ways of communicating with such groups.

Fieldwork: organizing and conducting focus group discussions

To assess the financial knowledge needs of the target migrant groups and develop recommendations on the content of the knowledge to be provided and the channels for providing such knowledge, five focus group discussions were conducted. Below is the composition and geography of such discussions:

- **3 discussions with migrant workers and their family members in Gyumri, Vanadzor and Gavar cities** (one discussion in each city): discussions with this target group were organized with hard efforts of the staff of the State Employment Agency regional centers in Gyumri, Vanadzor and Gavar;
- **1 discussion with refugees and persons in refugee-like situation, particularly Syrian Armenians, in Yerevan:** to organize discussion with this group, the CRRC-Armenia partnered with Aleppo-NGO and Refugee Voice Advocacy and Rights Protection NGO;
- **1 discussion in Yerevan with Armenian citizens who have voluntarily returned/have been deported from other countries and returned to Armenia;** to identify participants of this target group, CRRC-Armenia partnered with the European Return and Reintegration Network (ERRIN) team.

When selecting regions (marzes) for focus group discussion, the Research Team first examined the data for several years published by the RA SC on the break-down of household members in Yerevan/RA regions by their involvement in migration processes (see Table 1).

Table 1. Break-down of household members in Yerevan/RA regions by their involvement in migration processes, %⁸

	2012-2015	2013-2016	2014-2017	2017-2018
Yerevan	21.3	22.5	20.9	17.2
Aragatsotn	4.4	4.6	8.0	9.3
Ararat	8.4	9.2	8.6	7.7
Armavir	4.8	4.4	6.7	7.8
Gegharkunik	11.3	10.0	8.7	9.7
Lori	14.4	12.1	13.3	13.6
Kotayk	10.9	11.6	9.0	6.9
Shirak	15.0	14.9	13.9	17.8
Syunik	1.5	2.7	1.9	1.4
Vayots Dzor	2.6	1.8	2.9	1.4
Tavush	5.4	6.2	6.1	7.4

The Research TOR and methodology recommended for realization thereof provided for 5 FG discussions that were conducted: 2 in Yerevan (with Syrian-Armenians and returnees), 1 in Lori, Shirak and Gegharkunik regions (with migrant workers and/or their family members). Though, the Research Team might also have selected Aragatsotn region where the share of migrants and their household members makes about 23.6% of the general rate of the relevant age-group population, whereas in Shirak, Lori and Gegharkunik such share makes about 24.4%, 20.2% and 13.7%, respectively. Gegharkunik region was selected due to its Employment Regional Center’s willingness to assist in organizing the discussion at the fieldwork stage (second half of December 2019).

⁸ RA SC, Social Snapshot and Poverty in Armenia Report 2016-2019, p. 25, <https://www.armstat.am/en/?nid=81&pthid=pov&year=2019&submit=Search>

According to the information provided by Aleppo NGO and the previous surveys by CRRC-Armenia, Syrian-Armenians are mostly concentrated in Yerevan city.

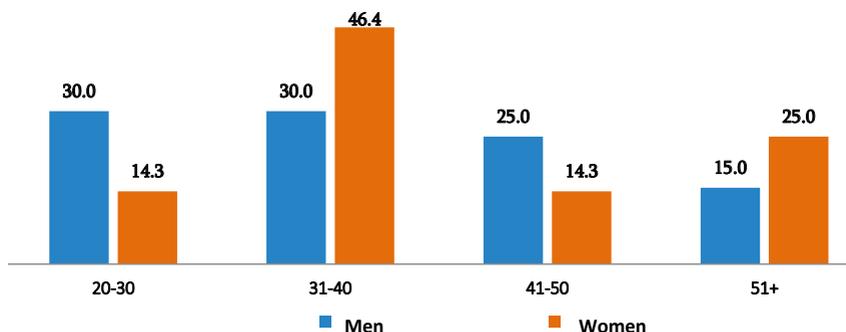
The participants of the discussions were selected by a pre-defined selection matrix by ensuring to the extent possible equal participation of men and women in groups and representation of different age groups. The discussions were attended by 48 participants, including 20 men and 28 women (Table 2).

Table 2. Number of focus group discussions participants, by groups

Groups of participants	FGD venue	Number of participants, people	Of whom:	
			Men	Women
Armenian citizens who have voluntarily returned to Armenia/ have been deported from other countries	Yerevan	8	5	3
Syrian Armenians/Refugees	Yerevan	13	5	8
Migrant workers and their family members	Gyumri	9	2	7
Migrant workers and their family members	Vanadzor	9	4	5
Migrant workers and their family members	Gavar	9	4	5
Total		48	20	28

About 21% of the FGD participants were aged 20-30, 40% - 31-40, 19% - 41-50 and 21% - 51 and over. The age and gender breakdown of the participants is shown in Figure 1.

Figure 1. Age and gender breakdown of FG discussion participants, (%)



Almost half of the focus group discussions participants (48%) had incomplete secondary or secondary education, 15% had incomplete vocational or incomplete higher education, 12% had vocational education and 25% had higher education.

1.4 MAIN SOURCES OF STATISTICAL INFORMATION

The information on migration from different sources is sometimes incompatible due to both the differences in the basic concepts serving as a basis for the applied methodologies and surveys, and sample comparability development methods and rates. Therefore, the estimates resulting from this Research are approximate but still give a general picture of the migrants targeted thereby.

Starting from the early 1990s, the official statistics on migration for a number of reasons ceased to reflect the real situation in the country.⁹ In the early 90-s of the past century, the overwhelming majority of the migration flows among the population were caused by the outflow of the population from the country for an indefinite period with a prospect of potential return. For this reason, the overwhelming majority of migrants

⁹ According to the estimate recalculated by the RANSS (presently: Statistical Committee) based on the RA 2001 Census data, in 1990-2001 the negative balance of interstate migration was 631.4 thousand people, about 14 times more than the value resulting from current migration records for the years in question.

evaded deregistration with the regional passport services of the RA Police.

The information source on migration in Armenia is the State Population Register of the Republic of Armenia, which is currently at its completion stage but does not include complete information on population movements due to the fact that most people do not report their movements to the Passport and Visa Department of the RA Police and therefore, remain out of view of administrative statistics of migration.

Another essential source of administrative information on migration is the RA Electronic Border Management Information System operated in Armenia since 2010 that provides access to the data on administrative records on border crossings and the number of the participants thereof but does not make it possible to process such data and obtain information on migrants in compliance with the UN definitions.

Finally, the official source of information on migration in Armenia is the Household Living Conditions Integrated Sample Survey (HLCISS) carried out by the RA Statistical Committee. In fact, HLCISS is the only source of official statistical information on the whereabouts of household members aged 15 and over currently involved in migration processes and their reasons for leaving.

Individual sample surveys are another source of data on migration and migration flows.

Again, it is noteworthy that the information on migration from the various sources listed above is sometimes incompatible both due to differences in the basic concepts serving as a basis for the applied methodologies and surveys, and sample comparability development methods and rates. And despite these limitations, the study of the available information sources makes it possible to gain some insight into the population involved in the migration processes, i.e. the three target groups identified in the Research.

2. RA MIGRATION FLOWS

2.1 HISTORICAL REVIEW

For various historical reasons, Armenia has been characterized by active migration processes. Experts present the migration process caused by the events in Armenia in the period from the late 1980s to 2008 by the 4 stages below:¹⁰

- Destabilization stage (1988-1991: phase of Armenian refugees return from Azerbaijan, earthquake, social and political events);
- Mass outflow stage (1992-1994): economic collapse, widespread unemployment, domestic issues. According to experts, in that stage 1 out of 5 residents left the country irrevocably;
- Stage of outflow rate reduction and stabilization (1995-2001) due to improved social and economic situation and weakened impact of emergency factors;
- Stage of return to evolutionary developments (2002-2007). According to Research content and expert estimates, in those years, about 750,000 people left the country and nearly 600,000 arrived, predominantly return of emigrants.

At the moment, there are no available comprehensive estimates as to whether the most recent, i.e. the 4th stage of the migration developments is currently in progress or whether there are any new developments. However, according to separate surveys,¹¹ in 2007-2012 the outflow of the population from Armenia has increased by about 20%, as compared to that in 2002-2006. At the same time, there has been some change in the outflow structure: unlike 2002-2006, when about 60% of the negative balance in the external migration from Armenia were made up by

¹⁰ Russian-Armenian (Slavonic) University, *Assessing Migration Situation in RA by Sample Survey* 2013, pp. 6-10; <http://files4.webydo.com/45/452723/UploadedFiles/7926b382-53f6-4128-8dbb-cacc8e6a8ff9.pdf> and R. Yeganyan and K. Kuyumjyan, *Social and Demographic Challenges of Post-Soviet Armenia*, 2004.

¹¹ Russian-Armenian (Slavonic) University, *Assessing Migration Situation in RA by Sample Survey* 2013, p. 31; <http://files4.webydo.com/45/452723/UploadedFiles/7926b382-53f6-4128-8dbb-cacc8e6a8ff9.pdf>

temporary, mostly migrant workers gathering abroad, in 2007-2012 they made about 50% of the negative balance in external migration. According to another assessment of the migration situation in Armenia by a sample survey,¹² there is every ground to conclude that the gathering of RA migrant workers abroad is still in progress.

2.2 RA MIGRATION FLOWS: CURRENT SITUATION

This section presents information on migration flows in the Republic of Armenia from various sources (official statistics, administrative sources, sample surveys) serving basis for attempts to estimate the number of individual migrant groups.

Summary on the population aged 15 and over involved in migration processes in 2016-2018

1. Annually, an average of 10.7% of the population or 225-270 thousand people were involved in migration processes, both internal and interstate.
2. Annually, 150–180 thousand people were involved in interstate migration processes, including:
 - ✓ persons who left abroad and have not returned: 100-140 thousand people, including 67-91 thousand people who left for work and have not returned;
 - ✓ persons who left abroad and returned: 86–102 thousand people, including 14-39 thousand people who left for work and returned.
3. More than half of those involved in interstate migration processes, 50-52% made remittances to their family members, mostly from the Russian Federation.

According to the RA Statistical Committee ***2018 Household Living Conditions Integrated Survey***¹³ findings, the share of the households with members involved in external and internal migration processes totaled 8.9% of all the households and migrant members in those households totaled 10.9% of all the members aged 15+.

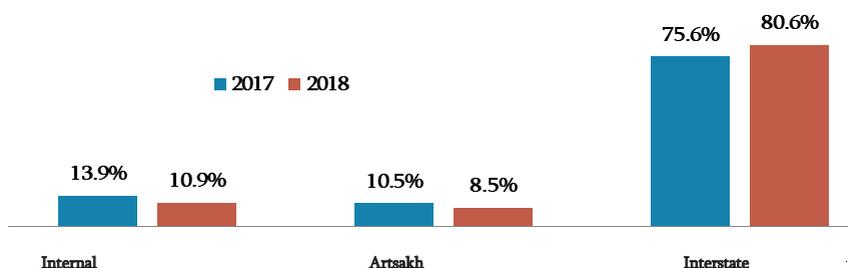
¹² Russian-Armenian (Slavonic) University, *Assessing Migration Situation in RA by Sample Survey*, 2019, p. 6.

¹³ RA Statistical Committee, *Social Snapshot and Poverty in Armenia*, 2019, pp. 24-29, <https://www.armstat.am/en/?nid=81&id=2217>

As of 2018, the movements of 10.9% of the household members aged 15+ involved in external and internal migration movements in 2017-2018 were internal in nature, i.e. between Yerevan city/RA regions, 8.5% - to Artsakh Republic and the remaining 80.6% - interstate, with the majority of movements, i.e. 86.2% to the Russian Federation.

Figure 2 shows the breakdown of household members aged 15 and over involved in internal and external migration processes in 2017 and 2018, by their movement nature.

Figure 2. Breakdown of household members aged 15 and over involved in internal and external migration processes, by their movement nature, (%)¹⁴

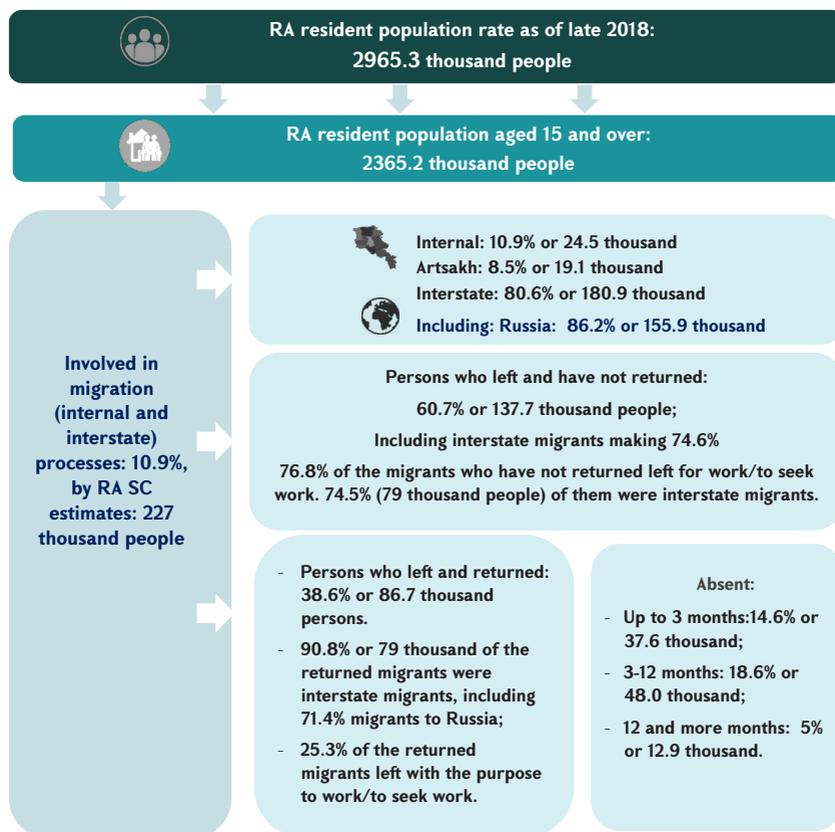


60.7% of the population involved in migration processes in 2017-2018 left the country and did not return, 14.6% returned after an absence of up to three months, 18.6% - after 3-12 months and 5% - after 12 and more months. At that, 77.1% of the population involved in migration processes, who left and have not returned yet, left for work/to seek work and 25.3% of the migrants who left and returned left for work/to seek work.

Hence, the largest group of Armenian population involved in migration processes is that of migrant workers. Figure 3 shows the picture of Armenian population's involvement in migration processes in 2018.

¹⁴ RA Statistical Committee, Social Snapshot and Poverty in Armenia, Reports 2018 (p. 26) and 2019 (p. 27); https://www.armstat.am/file/article/poverty_2018_a_2.pdf and https://www.armstat.am/file/article/poverty_2019_a_2.pdf

Figure 3. Armenian population's involvement in migration processes ¹⁵



- In 2016, the Armenian Mission of the International Organization for Migration initiated the RA migration snapshot preparation works based on the HLCISS microdata library. Similar works were also carried out for 2017. Hence, the *Migration Snapshot of the Republic of Armenia, 2016 and 2017 Reports* are an additional source of information on the latest developments in the migration flow in the Republic of Armenia. The Reports were prepared based on the

¹⁵ RA Statistical Committee, Social Snapshot and Poverty in Armenia, 2019, pp. 27-28 (https://www.armstat.am/file/article/poverty_2019_a_2.pdf); The Demographic Handbook of Armenia 2019, pp. 38 and 45 (https://www.armstat.am/file/article/demog_2019_2.pdf); own estimates.

HLCISS weighted findings. According to this source, below are the migration developments in Armenia in 2013-2016 and 2016-2017:

Table 3. Involvement of Armenian population aged 15 and over in migration processes¹⁶

	2013-16	2016-17	2017-18*	2013-16	2016-17	2017-18
	Thousand people			%		
Population aged 15+ involved in migration movements ¹⁷	266	228	227	100	100	100
Including: <i>Persons who left and have not returned</i>	155	137	138	58.3	60.1	61.4
Including: internal	19	22	18	7.1	14.3	15.6
Interstate, Including: Artsakh Republic	136 21	104 18	103 17	51.1	45.7	45.7
<i>Persons who left and returned</i>	102	86	87	38.3	37.7	38.6
Including: internal	7.5	6	5	10.3	9.7	3.7
Interstate, Including: Artsakh Republic	94.5 9	80 5	82 3	28.0	28.1	34.9
Population aged 15+ involved in migration processes for work						
<i>Persons who left and have not returned</i>	103	88	106	38.8	38.8	47.3
Including: interstate	91	67	79	34.1	29.5	35.2
<i>Persons who left and returned</i>	54	18	22	20.2	8.0	9.8
Including: interstate	39	14	20	14.8	6.0	8.8

* Data for 2018 are taken from the RA Statistical Committee 2019 Report Social Snapshot and Poverty in Armenia.

It is noteworthy that according to the Migration Snapshot of the Republic of Armenia 2017 Report, almost two-third of the migrants who left and one in five (21.3%) of the returned migrants cited work as the main motive for their recent migration.

¹⁶ RA SC, Migration Snapshot of the Republic of Armenia, 2016 and 2017 Reports, pp. 4-10; and <https://www.armstat.am/am/?nid=82&id=2199>

¹⁷ Including persons who arrived in a particular settlement for the first time in 2013-2016: 9 thousand, in 2016-2017: 5 thousand and in 2017-2018: 2 thousand people.

- The summary results of the Assessing Armenia’s External Migration¹⁸ Sample Survey carried out in 2019 with the financial support of the EU International Center for Migration Policy Development also come to show that the majority of migration flows or trips still remains of work nature; 8 out of every 10 persons leaves for work, and 3 out of 4 returned persons return from work abroad.

According to this information source,¹⁹ 12.3% of the population aged 15 and over surveyed were involved in interstate/international migration processes in 2017-2018; the persons who left the country and have not returned yet also make a large share: 67.7%.

➤ *Emigrants*

It is noteworthy that the term “emigrant” is not used either in the official statistics of RA, or in any sample surveys of relevant organizations. Instead, the terms below are circulated: “person involved in migration flows”, “person who left and has not returned yet”, “person who left and returned” or “first arrivee”.

As a rule, due to the lack of any universal definition, countries themselves determine who they consider to be emigrants; some countries take as a basis absence of 12 and more months and another group of countries - absence for 3 and more months.

Instead, the Statistical Committee of the Republic of Armenia publishes information on administrative records of population movements. Hence, interstate movements registered in administrative records in 2016-2018 are broken down as follows:

¹⁸ Russian-Armenian University, *Assessing Migration Situation in RA by Survey*, 2019.

¹⁹ Secondary analysis of the survey database mentioned above.

Table 4. General Characteristics of Administrative Registration of Population Movements²⁰

	2016		2017		2018	
	Registered	Deregistered	Registered	Deregistered	Registered	Deregistered
Total	42,114	36,474	47,152	40,615	42,080	35,767
Internal	33,954	33,954	37,768	37,768	32,551	32,551
Interstate	2,427	2,520	3,133	2,847	3,696	3,216
Not stated	5,733	-	6,251	-	5,833	-
Interstate movement breakdown	100%	100%	100%	100%	100%	100%
Russia	14.9%	25.7%	19.1%	25.8%	21.6%	28.0%
USA	4.4%	10.3%	4.1%	12.2%	4.9%	11.3%
Ukraine	3.5%	7.1%	4.3%	4.1%	3.4%	4.1%
Syria	19.1%	0.4%	14.7%	0.4%	13.2%	0.5%
Artsakh Republic	32.3%	16.2%	24.0%	16.2%	20.4%	13.5%
Georgia	9.5%	3.7%	15.2%	5.7%	14.2%	8.3%
Other	16.3%	36.6%	18.6%	35.6%	22.3%	34.3%

It should be borne in mind that actually, migration flows are much larger and are not always registered in the administrative databases.

According to another source of information on the number of the persons who left Armenia, i.e. the data of the Main Directorate for Migration, Ministry of Internal Affairs of the Russian Federation,²¹ in 2018, 641.6 thousand Armenian citizens were registered in the Russian Federation, including 324.7 thousand people registered for the first time, with 64.1% or 207.9 thousand of them registered for work (Table 5).

²⁰ RA SC, The Demographic Handbook of Armenia, 2019, pp. 130-131; https://www.armstat.am/file/article/demog_2019_7.pdf

²¹ RA SC, The Demographic Handbook of Armenia, 2019, pp. 130-131; https://www.armstat.am/file/article/demog_2019_7.pdf

Table 5. Armenian citizens registered in the Russian Federation, thousand people²²

Persons involved in migration processes	January - December, 2018
Registered under migration registration	641.6
including: for the first time	324.7
including, by purpose:	
tourism	6.9
education	9.8
work	207.9
private visit	87.5
other	12.6

➤ *Refugees/Immigrants*

Parallel to the regular emigration from Armenia, starting from 2014, immigration has been observed mostly due to the Syrian conflict and war. According to the data of the former Ministry of Diaspora, since the beginning of the conflict in Syria until mid-2015, approximately 22,000 Syrian Armenians²³ immigrated to Armenia, of whom, by various estimates, 6-8 thousand people have remained in Armenia as of today.

In Armenia, migration is mostly related to the country's economic situation and the lack of well-paid jobs. The Syrian Armenians who fled the conflict in Syria and got Armenian residency find themselves in particularly difficult conditions. On the one hand, they lost most of their investments and possessions in Syria, on the other hand, they face a lot of difficulties to adapt to the new culture and the rules and regulations,

²² Main Directorate for Migration, Ministry of Internal Affairs of the Russian Federation, https://мвд.рф/mvd/structure1/Glavnie_upravlenija/guvm

²³ UNHCR & IOM, *Study on Migration Related Considerations of Displaced Syrian Population: Assessment Report, December 2015*; page 4; http://www.un.am/up/library/Study_migration_syrians-2015.pdf

including the financial ones, acting in Armenia, as well as language differences.²⁴

Table 6 shows the dynamics in the number of immigrants in 2016-2018.

Table 6. Number of immigrants, by separate groups, people²⁵

Status	2016	2017	2018
Refugees and persons in refugee-like situations, people	17 886	17 972	17 956
Including: Syrian Armenians	14 626	14 680	14 701
Asylum-seekers (including pending cases)	80	71	105
Stateless persons	512	773	848
Foreigners with a valid residence permit	5 949	6 042	7 145
Total	18 478	18 816	26 054

The findings of the United Nations High Commissioner for Refugees Armenian Office and International Organization for Migration joint sample survey carried out in 2015 come to show that most, 68.3%, of the Syrian Armenians surveyed are working outside Armenia for up to one year, 30.0% - 1-3 years and 1.7% - for a period longer than 3 years.²⁶ The survey participants cited seasonal labor migration as the main reason for working abroad. According to the Study, the migration geography of Syrian-Armenians is quite broad: 45% worked in Syria, 17% in Europe and 17% in Gulf States, and 13% in Russia. Moreover, according to the Study, Syrian-Armenian migrant workers make remittances to support their families living in Armenia but evade bank transfers to avoid the international sanctions on Syrians and due to restrictions on employment in other countries.

²⁴ Language difference (between Western Armenian and Eastern Armenian, the official working language in the RoA) is one of the most vital issues the Syrian Armenians are facing today in job hunting in Armenia (Source: UNHCR & IOM, *Study on Migration Related Considerations of Displaced Syrian Population: Assessment Report, December 2015*; page 24).

²⁵ Source: UNHCR Population Statistics, http://popstats.unhcr.org/en/persons_of_concern; RA Statistical Committee.

²⁶ Source: UNHCR & IOM, *Study on Migration Related Considerations of Displaced Syrian Population: Assessment Report, December 2015*; page 9; http://www.un.am/up/library/Study_migration_syrians-2015.pdf

➤ *Armenian citizens voluntarily returned/deported from other countries who have returned to Armenia*²⁷

Another group involved in the migration processes and posing interest in terms of the objective of the Project is the group of Armenian citizens voluntarily returned/deported from other countries who have returned to Armenia.

Back in 2013, the EU and Armenia signed the Readmission Agreement that took effect in 2014. Below is the dynamics of readmission requests in 2014-2018: in 2014 the number of requests from EU countries concerned 208 persons, in 2015 – 281 persons, in 2016 – 469 persons, in 2017 – 1753 persons and in 2018 - 2077 persons.²⁸ While in 2018 only 400 persons received support within the European Return and Reintegration Network (ERRIN) Project carried out by the International Center for Migration Policy Development (ICMPD) Armenia Office, the Project experts still expect higher numbers.

It is noteworthy that the Armenian citizens voluntarily returned/deported from other countries who have returned to Armenia are not registered whatsoever either in entry points to Armenia, or inside the country. Therefore, there is a gap in reliable statistical information concerning this target group, i.e. this migration flow. Therefore, the information above concerns only the Armenian citizens voluntarily returned/deported from other countries who have returned to Armenia.

To ensure sustainable reintegration of this group of returned migrants, it is essential to provide them with systematic support, i.e. provide them with information and awareness of the legal, employment, entrepreneurship/private business, financial and other sectors.

²⁷ The term “repatriants” is also not circulated by official statistics as well as by researchers. There is no definition of the term “repatriate” in terms of providing statistical information or describing that group.

²⁸ Source: Interview with Armen Ghazaryan, Head of the Migration Service of the Ministry of Territorial Administration and Infrastructures of the Republic of Armenia, <https://blognews.am/arm/news/644541/germanian-95-tokos-depquerum-merzhum-e-hh-qaxaqacineri-apastan-stanalu-dimunnery.html>

2.3 REMITTANCES

**Summary on the monetary income received from abroad
(by the RA SC HLCISS)**

1. In 2018, 53.5% of the persons involved in the interstate migration processes or about 97,000 people made remittances to Armenia.
2. The average monthly amount of the remittances from abroad made about 5000 AMD or about 8% of the average monthly monetary income per capita. Since the average number of HH members is 3.6 people, it can be stated that the average monthly remittances per HH made about 18000 AMD.

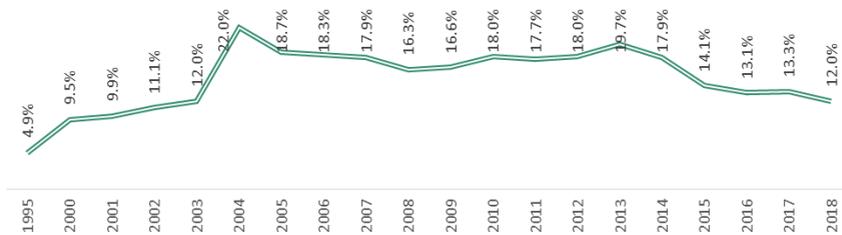
NOTE: According to the RA(S)U 2019 Survey, the average number of members of HH with migrants is 4.5 people and the average monthly remittances per HH - about 23,000 AMD.

The share of remittances through bank transfers has an increasing tendency: in 2015 it made 26.1% of transfers and in 2017 - 46.4% (or 10-13 billion AMD annually as estimated).

3. More than 90% of remittances are spent on HH daily expenses.
4. The possibilities for HH to make savings from incomes are extremely low; 67.8% of the respondents stated that their HH had no savings, 10.6% had some savings and 21.2% had debts (Assessing Armenia’s External Migration 2019).

Remittances and particularly those of migrant workers, play an important social and economic role in Armenia. While as compared with the 1st decade of the 2000s, the remittances/GDP ratio has declined substantially (Figure 4), for many households they still remain the major source of income and a way to escape poverty.

Figure 4. Personal remittances, received (% of GDP)²⁹



²⁹ The WB, Personal remittances, received (% of GDP) <https://data.worldbank.org/indicator/BX.TRF.PWKR.DT.GD.ZS?locations=AM>

According to the HLCISS findings, within 12 months prior to the Survey, 53.5% of HH migrant members aged 15 and over sent some money and/or goods to their families and/or friends/relatives.³⁰

According to the data published by the RA Statistical Committee, in 2018 the RA household income, monetary income made 95.1%, including remittances from abroad with their average monthly share per capita making 7.9% of monetary income³¹ or about 5050 AMD. In 2016-2018, the remittances from abroad were mostly channeled to meet urgent needs.

Table 7. Average monthly remittances from abroad per capita, by decile groups, 2016-2018³²

Decile groups	2016		2017		2018	
	AMD	within all the monetary income	AMD	within all the monetary income	AMD	within all the monetary income
I	387	4.1%	384	3.8%	650	5.4%
II	1073	5.8%	1151	5.5%	1538	7.1%
III	1602	6.3%	1888	6.6%	1948	6.7%
IV	2142	6.6%	2189	6.2%	3582	9.9%
V	2385	6.0%	2562	6.1%	3019	6.8%
VI	3932	8.3%	3943	8.0%	4458	8.6%
VII	5422	9.6%	4746	8.1%	5490	8.8%
VIII	8774	11.9%	7313	10.0%	6236	8.4%
IX	7733	7.8%	8879	9.3%	8650	9.2%
X	10785	6.6%	16985	9.9%	14975	8.1%
Total	4415	7.4%	4992	8.1%	5051	7.9%

³⁰ RA Statistical Committee, The Demographic Handbook of Armenia, 2019, p. 124; https://www.armstat.am/file/article/demog_2018_7.pdf

³¹ RA Statistical Committee, Social Snapshot and Poverty in Armenia 2019 Report, p. 115; https://www.armstat.am/file/article/poverty_2019_a_3.pdf

³² RA Statistical Committee, Social Snapshot and Poverty in Armenia, 2018, p. 123 and 2019, pp. 115-120.

- For the purposes of the Migration Snapshot of the Republic of Armenia Survey published by the RA SC in 2017, remittances were defined as cash or in-kind products transferred during the 12 months preceding the survey (i.e. in 2016). According to the survey findings, in 2016 241.5 thousand people from resident population received remittances. Most of them (80.6%) were transferred to Armenia from Russia. The transfer inflows were fairly stable: 44.9% were received monthly, 31.7% quarterly and 23.4% annually. Interestingly, 95% of remittances were received through bank transfers (95.5% in 2015). According to the above report, 98.4% of remittances are channeled to cover the daily expenses of the households (99.4% in 2015), and the rest - to own construction or acquisition of real estate/movable estate and acquisition of real estate for the person who made the remittance.
- According to Assessing Armenia’s External Migration 2019 Report,³³ within the income of households with migrant workers among their members, the HH member’s income received from their temporary work abroad made up 31.4% of the basic HH income or, as estimated, about 1 million AMD annually. As for the opportunities for such HHs to make savings from their income, 67.8% of the respondents said that their households had no savings, 10.6% had some savings and 21.2% had debts. According to the said report, 70.9% households with migrant workers received remittances from abroad through bank transfers, 4.5% - through other specialized entities, 20.7% brought the funds in person, and 3.9% passed them with persons leaving for Armenia.

As for the cost structure, most HHs with migrant workers channel the amounts received from abroad to meet the so-called inevitable/mandatory expenses: food/clothes, utility bills/heating, debts/loan repayments, and healthcare needs.

³³ Russian-Armenian University, research report, Project Leader: Ruben Yeganyan, Assessment of External Migration in Armenia, 2019, pp. 54 -58.

3. RECOMMENDED COMMUNICATION AND FINANCIAL EDUCATION CHANNELS

3.1 TARGET MIGRANT GROUPS

The secondary study of the available surveys and databases as well as meetings and discussions with the key shareholders resulted in identifying the following target groups of the population involved in migration processes and afterwards, focus group discussions were organized and held with the representatives of such groups:

- **Migrant workers:** this group of migrants is the largest and the remittances made by them are essential for both poverty reduction and well-being of their families. However, the low level of financial literacy or lack of such literacy among migrants and their family members often prevents poverty reduction and improved financial well-being of these households (see also Annex 1).
- **Refugees and persons in refugee-like situation:** Syrian Armenians: this group of migrants has been targeted as it is the next largest group of migrants and is expected to be linked to Armenia in the long-term future.
- **Armenian citizens who have voluntarily returned/have been deported from other countries and returned to Armenia:** as a rule, the reintegration of returning migrants poses a number of difficulties: awareness, employment, accommodation, social and economic security, psychological, educational and cultural, etc. It is therefore essential to cover this group in this Project.

3.2 FINANCIAL TRAINING CHANNELS

The focus group discussions made it possible to identify the preferred channels for sharing knowledge, by individual groups:

The overwhelming majority of *migrant workers and their family members* prefer classroom training as a channel for sharing financial knowledge. The FGD participants stated that after classes they would like to receive brochures (reliable information resource) that they could read at home. Some participants mentioned social

networks as an effective way of sharing information, however, provided that the reliability and credibility of information was ensured and there were links to the primary sources.

The Syrian Armenians and refugees also prefer receiving financial knowledge from specialists through face-to-face communication. The online information sharing method is also acceptable for this group and they mentioned that in that case the information provided should be clear and comprehensible. The participants mentioned that online provision of information might cause an issue of trust to the information source.

Syrian-Armenians highlighted the importance of the language in which information is provided and particularly stated that information would be more comprehensible for them if provided in Western Armenian. They also found it difficult to understand the banking terms used.

Armenian citizens who have voluntarily returned/have been deported from other countries and returned to Armenia are generally not willing to attend any financial literacy trainings. During the FGD, representatives of this group stated that they had sufficient knowledge of this field and that was not a priority issue for them.

We recommend applying for all the target groups the so-called mix of knowledge/information delivery channels, including the use of the mass media to get across the messages on the importance of the financial literacy in responsible financial decision-making and the attitude to application of knowledge and change of behavior addressed to individual target groups or the public at large.

Regardless of whether financial knowledge will be provided through classroom training or online platforms, we recommend providing it in a small and easily comprehensible portions; this will help avoid information overload and thereby make it more likely that the consumer would aim to obtain further knowledge.

To encourage the target social groups to improve their financial literacy in one way or another, we recommend combining delivery of such knowledge with projects carried out by the potential strategic partners listed above that directly or indirectly require a certain level of financial literacy. For instance, when holding financial literacy training through the RAMLSASEA regional authorities, the staff may target representatives of the households with migrants covered by any target group of employment projects who take part in state programs supporting employment, i.e. business (e.g. "Providing persons uncompetitive in the labor market with support to engage with small entrepreneurship and animal husbandry" Program).

It is also essential to understand whether the costs channeled to raising financial literacy level are justified in terms of the expected outcome, i.e. raised literacy level and behavioral changes that will make it possible for the target groups to make savings and investments, in other words, whether the planned measures will result among the target groups of migrants in positive changes in terms of financial literacy and change of financial behavior. For this reason, it is also essential to develop and introduce outcome evaluation mechanisms. Particularly, the so-called tracer study, a research tool for evaluating educational and training programs, may be applied.

4. FINANCIAL KNOWLEDGE INTENDED FOR INDIVIDUAL TARGET MIGRANT GROUPS

4.1 KEY OUTCOMES OF FG DISCUSSIONS

Financial literacy

The focus group discussion participants generally have an understanding of financial literacy. It was identified with knowledge and skills such as ability to make sound financial investments, skills to properly manage HH incomes and avoid extra costs, knowledge to properly evaluate loan offers and skills to manage loan liabilities, ability to assess risks and ability and behavior to take on responsible financial liabilities.

Financial institutions/transactions

The discussion participants mostly use the financial services provided by banks and credit organizations. The services of such entities, i.e. obtaining loans, credit requests, utility payments, making/receiving remittances are especially actively used by migrant workers and their family members.

Remarkably, the group of migrant workers and their family members often pointed that they had loan liabilities to several banks and used the funds received from one bank to repay their liabilities to another.

The participants representing Syrian-Armenians and refugee group mostly use banking services such as receiving their pensions or salaries through cards, remittances (mostly as recipients).

The participants representing the group of Armenian citizens who have voluntarily returned/have been deported from other countries and returned to Armenia mostly use banking services to receive remittances and generally prefer not to use credit products due to high interest rates.

Application of financial knowledge

The participants mostly have an idea of what to focus on when using their preferred services but, as a rule, do not apply such knowledge.

The group of Syrian Armenians stands out in application of their knowledge. They are more prudent in striking loan transactions. They stated that it was essential to study all the terms of loan provision and not to be deceived by ads. The participants from this group show the most

responsible approach to loaning and stated that they would request a loan only in extreme need.

The overwhelming majority of the participants had no idea which entities to turn to if their interests were violated while making financial transactions. On the other hand, those aware of this issue often do not show any sufficiently consistent approach and frequently do not turn to any entities engaged with rights protection if their rights are violated. One of the reasons is that the disputed amount is not large.

The discussion participants assure that they try to do financial planning and have some long-term goals, but the income they receive is not sufficient to achieve them.

The overwhelming majority of the participants make savings mostly to cover costs related to education of their children, but many of them do not have enough income to cover their minimum costs and therefore are unable to make any long-term plans. Generally, the discussion participants and their families face the income stability issue.

Funds from migration: how are they managed?

The remittances from abroad are mostly spent on daily expenses: food, utility bills, debt and loan repayment, purchase of seasonal clothing if possible and costs related to education of their children. Some of the income is channeled to healthcare expenses.

The participants generally state that they cannot channel the remittances they receive to entrepreneurship as such income is not large and is only sufficient to meet their daily expenses.

The participants also stated that they lacked business knowledge and particularly tax knowledge.

Consumption of services and sources of knowledge

The participants mentioned the Internet as their source of financial knowledge and information but had some reservations as to reliability of the information received this way.

For more in-depth and specialized knowledge, they seek help with specialists and their acquaintances and family who are aware of the issue. The Syrian-Armenians emphasized the language in which information is

shared; they also found it difficult to understand the banking terms in use. All the discussion participants expressed their concern as to the language in which information on the financial institutions and offered products was provided. All the groups taking part in the discussion raised the issue of comprehensibility of the information provided by financial institutions; such information is complicated and difficult to comprehend.

“Let’s say you borrow an amount of 100,000 AMD, they print and give you a ‘book’. And you read it but you perceive only what they told you.”

FG discussion male participant

The participants, particularly Syrian-Armenians and Armenian citizens voluntarily returned/deported from other countries who have returned to Armenia are particularly interested in trainings that will also be accompanied by provision of tax and business planning knowledge and business start-up/development grants.

The financial knowledge delivery channel preferred by the discussion participants is participation in classroom trainings through face-to-face teaching.

The participants expressed no particular interest in TV coverage of the issue.

4.2 RECOMMENDATIONS ON SUBSTANTIAL DIRECTIONS OF FINANCIAL LITERACY, CHANNELS FOR PROVIDING SUCH LITERACY AND STRATEGIC PARTNERS

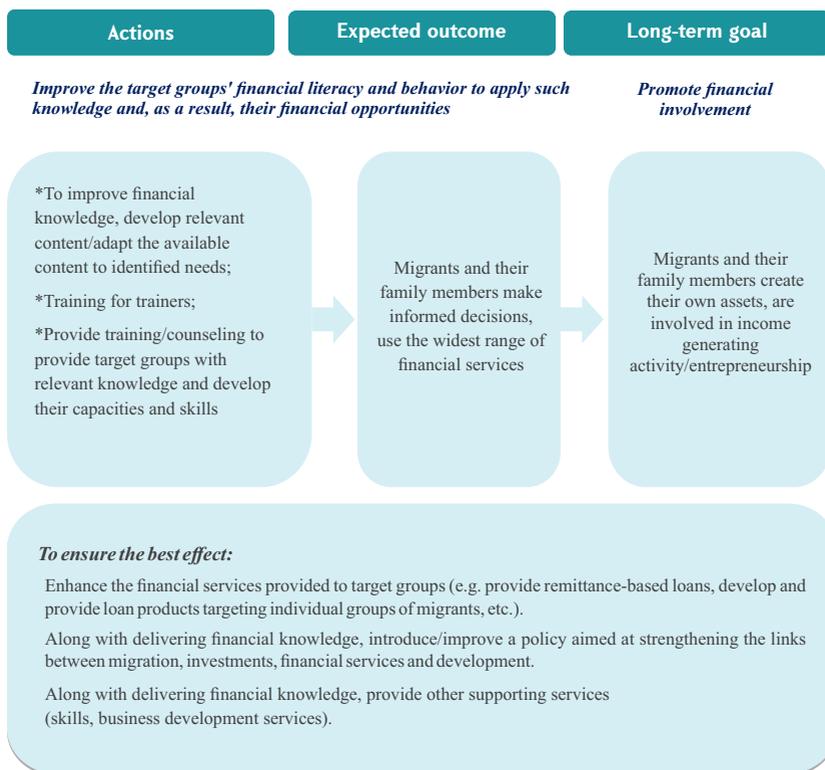
Access to finance is certainly a fundamental precondition for poverty reduction, job creation, income generation and social protection. From this perspective, finance cover loans, savings, money transfers and other financial products that make it possible for people to create certain assets, engage in revenue generation processes and protect against certain risks they might face in their life.

However, access to finance cannot in itself be of social and economic benefit if, in this case, representatives of the target migrant groups we identified have no sufficient knowledge and skill to make informed

choices, e.g. when to borrow loans and when not, what is the best way to make savings, what to pay special attention to when using products offered by financial institutions, etc.

For the purposes of the Research, financial literacy was considered an intervention to respond to improved financial opportunities of the financial services users (potential users) with the approach presented in Figure 5:

Figure 5. Model for financial knowledge provision



The financial knowledge delivery process should be organized with the view that financial education or knowledge may improve the financial literacy of the selected target groups and, more importantly, positively change the financial behavior of such groups.

Hence, while the financial knowledge need of the identified target groups does not drastically differ from those of the public at large, a specific contextual approach is recommended for individual migrant groups.

Migrant workers

According to the findings of the focus group discussions, the financial knowledge of most migrant workers and their family members is limited to the scope of loan services provided by banks or credit organizations. The findings of the focus group discussions show that some of the participants have loan liabilities to several banks and use the funds received from one bank to cover their liabilities to another.

- Of course, sometimes we do use banking system services for credit [credit requests].
- We have to use too often [loan products].
- We take loans in extreme cases, e.g. student loan.
- In short, we take a loan from one bank to repay our loan to another one and so on.

FG discussion participants

Migrant workers take loans to buy their air tickets expecting to repay their loan by the income they gain from their work abroad. Persons leaving for work abroad take loans mostly during their stay in Armenia when they have no job for a certain period and no funds for leaving to work abroad.

While the discussion participants have an idea of financial knowledge and issues to pay a particular attention to when making transactions (loan interest rates, service charges, less often actual interest rates), they often sign their loan contract without getting familiar with its details (gap in financial behavior) either out of their need or inability to manage their cash inflows and expenses or failure to apply their knowledge and thereby take on financial liabilities with terms unacceptable to them.

“[We should pay attention to] the interest rate, but we often just sign the contract and only after reaching home, we see that it is written 24% but we were first told it was 14%. But we signed four papers without knowing about it or just out of need.”

FG discussion female participant

Based on the results of the discussion in this group of migrants, we suggest providing financial knowledge in the substantial directions below:

1. ***How much does it cost to leave for work abroad?*** As mentioned above, persons leaving for work abroad often take a loan to cover their travel expenses as they mostly think only about the benefits of such work, without discussing/reckoning on the costs of working and living abroad, poor working conditions, discrimination, etc.
2. ***Loan liabilities and risk management:*** generally, due to insufficient financial risk management skills, migrant workers/ their family members assume loan liabilities based on their expectations rather than real opportunities. Therefore, provision of financial risk management knowledge should be closely linked to provision of smart budgeting knowledge.
3. ***Savings.*** The knowledge of savings provided to migrant workers/ their family members may cover the topics below: how to start saving or increase savings, how to spend by needs rather than by wants, how to set goals and achieve them.
4. ***Remittances:*** advantages of formal remittances: quick, secure, money tracking, etc.
5. ***Smart budgeting:*** complex management of cash inflows and expenses both in Armenia and in the host country may make it possible to accumulate certain assets and involve them in income-generating activities in Armenia. This is essential as most of the discussion participants point out that they are unable to use the income received from abroad for any business

activities as such income is not high and is used to cover their daily expenses. The participants also mentioned that they lacked business and tax knowledge.

- 6. *How and where to protect the interests of financial service consumers?*** The discussion participants mentioned the Human Rights Defender's Office, NGOs and the Financial Ombudsman's Office as examples of entities to whom the participants might turn in case of violation of their rights in financial transactions. The participants mention that in case of any violation of their rights, very often they do not turn to any entity engaged with rights protection.

- 7. *How to make informed choices?***

Syrian-Armenians and persons with refugee status

For this target group, it is essential to provide financial knowledge in parallel with integration into the Armenian financial environment. Apart from the numerous obstacles to widely access financial services, representatives of this target group use banking services (receiving pensions or salaries by cards, remittances, mostly recipients) but still often encounter language difficulties, are not well familiar with the current financial system and sometimes have limited possibility to access banking services, especially loan products as they have no citizenship, no property or no permanent employment.

“Banks do not give loans. One must have property or be an Armenian citizen and employed. My brother is a civil servant, he works as a rescuer. Only after seeing him, the bank manager agreed and gave us a loan. They say “Actually, you’re a resident, you own no property.”

FG discussion male participant

In response to the question "What do you mean by financial literacy?" the participant (Syrian-Armenian FGD male participant) answers, “First, I know the monetary one. I cannot comprehend financial literacy.”

For this group of migrants, we suggest providing financial knowledge in the substantial directions suggested for migrant workers, except for the first direction. We suggest replacing it as follows:

1. ***How to quickly and easily integrate into the RA financial system?*** The findings of discussions with Syrian-Armenians show that the main challenge for this target group is their distinct cultural and social attitude to financial institutions and provided services as well as a certain information gap and ignorance of the Armenian financial system; this leads to lack or weakened confidence in the Armenian system. Here, it is also essential to draw the attention of financial service providers to the fact that there are also some linguistic differences making it difficult for Syrian-Armenians to comprehend the information provided.
2. ***For persons with refugee status,*** we suggest along the directions intended for migrant workers, providing also an information guidance that will clearly and comprehensibly summarize the financial services that refugees or persons in refugee-like situation may use.

Armenian citizens voluntarily returned/deported from other countries who have returned to Armenia

This target group needs reintegration in both the socio-economic and financial sectors. Therefore, for this group we suggest combining the directions suggested for the two groups above:

1. How to quickly and easily integrate into the RA financial system?
2. Loan liabilities and risk management;
3. Savings;
4. Remittances;
5. Smart budgeting;
6. How and where to protect the interests of financial service consumer?
7. How to make informed choices?

ANNEX 1. ASSESSING COMBINED TARGETS OF FINANCIAL LITERACY FOR MIGRANTS PROGRAM BY RA(S)U 2019 RESEARCH FINDINGS

According to the data of the AR(S)U 2019 Sample Survey (see Table 1), 257.3 thousand permanent residents of Armenia aged 15 and above can be involved as target participants of this training program due to the fact that in the retrospective observation time (staring from early 2016 till the end of April 2019) they made at least one external migration departure or arrival/return, i.e. were migrants, involved in external migration.

The matter is that judging by this ongoing survey data, at any given point in time, more than half of these people (132.5 thousand people as of April 2019, or 51.5% of those involved in migration processes) can really be involved in the program only after returning from abroad.

Therefore, if being a migrant is a principal condition for a beneficiary to be involved in the program, taking into account both the possibility that some of the persons staying abroad might return and that some of the returned migrants might leave in another migration direction, the total number of beneficiaries during the program might be estimated to make at least 125,000 and at most 150,000 people. It is noteworthy that in this case the overwhelming majority of beneficiaries will be men as women make up only 22.3% of returned migrants and only 13.5% of those who stay abroad.

Table 1. Breakdown of external migrant population of Armenia by age groups (RA(S)U 2019 sample survey data, people)

	Total	Including by age groups						
		15-19	20-24	25-34	35-44	45-54	55-64	65+
Total	257310	2901	15987	75537	59322	46091	42625	14847
Including:								
Persons who returned	124810	2322	3747	40155	22001	16142	28419	12024
Persons staying abroad	132500	579	12240	35382	37321	29949	14206	2823

On the other hand, if we take into account that the program will involve only the migrants who acknowledge the importance of financial literacy and admit their lack of such knowledge and skills and therefore would like to become a program beneficiary, it can be assumed that the number of the beneficiaries would be much lower. It is noteworthy that only 0.7% of the respondents considered their knowledge and awareness level to be an obstacle to business investment and absolutely none of the respondents considered the “lack of necessary knowledge” as an obstacle to business investment.

The next approach to identifying the program targets may consist in involving one adult member from each household of returned migrants and those staying abroad. In this case, the target audience will total about 260,000 people whose gender distribution would be relatively more proportionate.

The third approach to program targeting may consider involving as potential beneficiaries the returning migrants and one adult member of their households and one adult member of the households of migrants who stay abroad. In this case, the number of beneficiaries will be 380 thousand people and more proportionate in terms of gender distribution.

Another option for target population program may be involving one or two adult members of households involved in migration processes, regardless of whether they are migrants or not. Taking into account the fact that based on the survey data such households make up 26% of Armenian households, it can be estimated that in this case, the maximum target audience of the program will be 210,000 people if one member is involved and 420,000 people if the two members are involved.

All these approaches are about the maximum possible values of target population. To involve them in the financial education program, it will be necessary to organize and continuously carry out a wide public campaign by developing and applying certain participation incentives. In particular, taking into account that as early as in 2020 the EU intends to launch in Armenia a three-year solid program for co-financing business initiatives of the migrant households, we suggest that one of the mandatory requirements for joining this program may be that one of the applicant households should have participated in the financial literacy program.

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Notes

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