



Technical Assistance Report

Project Number: 40038
April 2006

Remittances and Poverty in Central Asia and South Caucasus (Cofinanced by the Poverty Reduction Cooperation Fund)

Asian Development Bank

ABBREVIATIONS

ADB	–	Asian Development Bank
ECRD	–	East and Central Asia Department
GDP	–	gross domestic product
PSOD	–	Private Sector Operations Department
TA	–	technical assistance

TECHNICAL ASSISTANCE CLASSIFICATION

Targeting Classification	–	General intervention
Sectors	–	Multisector (law, economic management, and public policy; finance)
Subsectors	–	Economic management, financial sector development
Themes	–	Sustainable economic growth, governance, private sector development
Subthemes	–	Promoting economic efficiency and enabling markets; improving financial and economic governance; recommending policy, institutional, legal, and regulatory reforms

NOTE

In this report, "\$" refers to US dollars.

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Team members	C. Espina, Economics Officer, ECRD J. Klein, Structured Finance Specialist, PSOD

I. INTRODUCTION

1. During country program discussions in 2005, governments of several Central Asian and South Caucasian countries raised the issue of the lack of information on remittances and their impact on poverty, despite indications that remittance inflows are large and increasing. In response, the Asian Development Bank (ADB) proposed a regional technical assistance (TA) on remittances and poverty in Central Asia and South Caucasus to finance a regional study.¹ In December 2005, ADB missions visited Armenia, Azerbaijan, Kyrgyz Republic, Tajikistan, and Uzbekistan to discuss key features of the proposed regional TA with the governments and other stakeholders. In early 2006, the governments of Armenia, Azerbaijan, Kyrgyz Republic, and Tajikistan sent letters to ADB, confirming their interest in the TA and agreement with its key features, including the impact, outcome, outputs, activities, inputs, costs estimates, and financing plan. The TA framework is given in Appendix 1.

II. ISSUES

2. Remittances— funds sent by migrant workers to their relatives in home countries—are an increasingly important source of external finance for developing countries. Formal inflows of remittances to developing countries in 2005 are estimated at \$167 billion, twice as much as the amount of official development aid. Many experts believe that informal flows of remittances are as large as formal flows.

3. The migration process is very old. For millennia, people have moved around the world in search of better economic opportunities, and money has moved with them. In modern times, migrants travel to other countries in search of better livelihoods and income to support their families. Migration is sometimes seasonal and sometimes permanent, but the process of sending money home persists, sometimes across generations living in the new country. Money is sent through a wide variety of methods both formal and informal, with varying degrees of cost and reliability. The funds can mean the difference between poverty and prosperity to the receiving household, and to the entire country in the case of small developing countries. The literature demonstrates a growing debate over the sending systems and uses of remittances. However, all sources cite significant gaps in basic data on remittances, making both market improvements and policy changes more problematic.²

4. While studies of migration have been more detailed and focus primarily on effects in host countries, links with former colonies, or known diasporas; research on remittances per se is more limited in scope. Much of the research on remittances has been completed in the United States and Latin America, where migration between the South and the North has been going on for over a century and is increasingly well documented. Studies also focus on countries that supply larger numbers of migrants, such as Bangladesh and the Philippines. Increasingly, data on west and northern Africa joins existing work on Eastern Europe and the Pacific. These studies focus primarily on quantifying fund flows and showing how funds are transmitted, as well as identifying institutional arrangements. Research on social and economic effects of remittances is a newer and more contentious area of the literature. Both macroeconomic impacts and household effects of remittances are currently of keen interest for the concerned

¹ ADB Management approved the TA concept paper on 24 November 2005. The TA first appeared in *ADB Business Opportunities* on 24 January 2006.

² See, for example, World Bank. 2006. *Global Economic Prospects: Economic Implications of Remittances and Migration*. Washington, DC.

countries and development institutions. The results may provide keys to mechanisms for reinforcing positive impacts of remittances on economic development and poverty reduction.

5. The results of earlier research demonstrate that remittances can have significant positive effects on financial sector development and poverty reduction. In Guatemala, poverty incidence may have declined as much as 20% due to remittances.³ Evidence suggests that households receiving remittances invest more in family education, health, and nutrition. Investments in housing and microenterprises are also common. Debates in the literature also focus on whether remittances have a more consumption or savings effect on households. In developing countries, the literature suggests that remittance flows improve both understanding and access to financial institutions by more households, and encourage competition. Countries with large remittance flows can improve access to international capital markets by securitizing remittances and improving accounting for them in balance of payments accounts and assessments of creditworthiness. Improved data on remittance flows has stimulated a good deal of interest by financial institutions in developing competitive products for remittance transmission and savings and investment for households, lowering costs, and improving financial intermediation.

6. In Central Asia and South Caucasus, the emergence of newly independent states in 1991 after the breakup of the former Soviet Union dramatically increased the movement of people across new borders. The economic circumstances of households generally declined in the early 1990s as the transition processes began, with widely varying conditions from Kazakhstan's oil-driven wealth to Tajikistan's significant poverty. This disparity along with the ease of movement of citizens across member countries of the Commonwealth of Independent States stimulated labor migration in search of better opportunities from poorer Central Asian and South Caucasian countries. Migrants have gone to the Russian Federation and, increasingly, Kazakhstan. Fewer people have moved to Europe and North America.

7. Official central bank statistics show significant amounts of formal sector funds being transferred into countries—up to 27% of GDP in the Kyrgyz Republic⁴ and 20–50% of GDP in the case of Tajikistan.⁵ However, very little is known about the structure of remittance flows in the region in terms of channels of remittance transfers and, perhaps more importantly, effects of remittances on poverty. This lack of information prevents both governments and financial institutions from responding with policy changes and new products to increase remittance inflows and their positive effects on financial sector development and poverty reduction. Additionally, local capacity to conduct applied research on remittances on an ongoing basis does not yet exist. Finally, regional institutions working on regional integration issues have not yet had sufficient information to consider regional options to improve remittance flows. To address these concerns, ADB's East and Central Asia Department and Private Sector Operations Department have jointly developed this regional TA on remittances and poverty in Central Asia and South Caucasus, and initiated research collaboration with the European Bank for Reconstruction and Development, International Monetary Fund, and the World Bank.⁶

³ Adams, Richard. 2004. *Remittances and Poverty in Guatemala*. World Bank Policy Research Paper 3418. Washington, DC.

⁴ Economic Policy Institute of the Kyrgyz Republic. 2004. *Assessment of Workers Remittances from Abroad*. Bishkek.

⁵ Kireyev, Alexei. 2006. *Macroeconomics of Remittances: A Case Study of Tajikistan*. International Monetary Fund Working Paper 02/06. Washington, DC.

⁶ The TA was designed in consultation with European Bank for Reconstruction and Development, which is planning to undertake a regional study on remittances covering Georgia, Moldova, and Tajikistan as recipient countries and the Russian Federation as an origin country. Leading researchers of the International Monetary Fund and World Bank focusing on remittances have expressed interest in participating in some of the TA activities.

III. THE TECHNICAL ASSISTANCE

A. Impact and Outcome

8. The TA is intended to increase the positive effects of remittances on poverty in Central Asia and South Caucasus. The expected outcome is improved knowledge of remittance flows and understanding of their effects on poverty in individual Central Asian and South Caucasian countries covered by the TA, and the region as a whole.⁷ To achieve this outcome, the TA will produce the following outputs:

- (i) a regional report on the financial sector and remittances in Central Asia and South Caucasus (the annotated outline of the report is in Appendix 2), and
- (ii) a regional report on remittances and poverty in Central Asia and South Caucasus (the annotated outline of the report is in Appendix 2).

9. The reports will inform policy makers in Central Asia and South Caucasus, and help ADB develop public and private sector projects aimed at facilitating formal remittance inflows to the region, directing them to productive investments, and increasing their positive effects on financial sector development and poverty reduction.

B. Methodology and Key Activities

10. The following activities will be undertaken to produce the TA outputs and achieve its expected outcome:

- (i) Draft analytical frameworks for country reports on the financial sector and remittances, and on remittances and poverty; and questionnaires for financial sector and household surveys on remittances. The frameworks will specify what data and analysis need to be included in the country reports, how the data is to be collected, and how the analysis is to be done. The frameworks will be the same for all countries covered by the TA.
- (ii) Hold the first working meeting to discuss the draft analytical frameworks and questionnaires. The questionnaires will be designed to provide the data needed for preparation of the country reports on the financial sector and remittances, and on remittances and poverty. The questionnaires will be the same for all countries covered by the TA.
- (iii) Revise and finalize the draft analytical frameworks and questionnaires, taking into account discussions at the first working meeting.
- (iv) Conduct a financial sector survey on remittances in all countries covered by the TA and process survey results.
- (v) Prepare the preliminary draft of the country reports on the financial sector and remittances (excluding sections to be based on household survey results).

⁷ The TA will cover Armenia, Azerbaijan, Kyrgyz Republic, and Tajikistan. Uzbekistan will be included if its Government expresses interest in the TA before implementation starts.

- (vi) Conduct a pilot household survey on remittances in all countries covered by the TA, revise the survey questionnaire as needed, and prepare interviewers for a full-fledged survey.
- (vii) Conduct a household survey on remittances in all countries covered by the TA and process survey results.
- (viii) Prepare the first draft of the country reports on the financial sector and remittances (including the sections to be based on household survey results).
- (ix) Prepare the first draft of the country reports on remittances and poverty.
- (x) Discuss the first draft of the country reports with key stakeholders in the countries concerned.
- (xi) Prepare the second draft of the country reports, taking into account discussions with stakeholders.
- (xii) Prepare the first draft of the regional reports on the financial sector and remittances, and on remittances and poverty using country reports.
- (xiii) Hold the second working meeting to discuss the first draft of the regional reports.
- (xiv) Prepare the second draft of the regional reports, taking into account discussions held at the second working meeting.
- (xv) Have the second draft of the regional reports reviewed by key stakeholders and peer reviewers.
- (xvi) Prepare the third draft of the regional reports, taking into account comments made by stakeholders and peer reviewers.
- (xvii) Publish and start disseminating the regional reports.

11. Most of these activities will be undertaken in collaboration with local research institutions from the countries covered by the TA. The TA will, therefore, help build local capacity for applied research on remittances and strengthen links between research institutions from various countries of Central Asia and South Caucasus.

C. Cost and Financing

12. The total cost of the TA is estimated at \$1,300,000.⁸ The TA will be financed on a grant basis by the Poverty Reduction Cooperation Fund administered by ADB (\$1,000,000) and ADB's TA funding program (\$300,000). Detailed cost estimates are given in Appendix 3.

D. Implementation Arrangements

13. ADB will be the Executing Agency for the TA. The East and Central Asia Department and the Private Sector Operations Department will jointly implement the TA; an implementation

⁸ The cost estimates and implementation arrangements are based on the assumption that the TA will cover Uzbekistan.

team will be set up comprising staff members of both departments and international and domestic consultants. The TA will be implemented over 22 months, from May 2006 to March 2008. TA implementation will be closely coordinated with the European Bank for Reconstruction and Development to avoid duplication and achieve synergy with its study on remittances.

14. The services of 2 international consultants for a total of 17 person-months and of 11 domestic consultants for a total of 127 person-months will be required. An international expert in finance and remittances (8 person-months) will develop an analytical framework for country reports on the financial sector and remittances, design a questionnaire for a financial sector survey on remittances, and draft the regional report on the financial sector and remittances. An international expert in remittances and poverty (9 person-months) will develop an analytical framework for country reports on remittances and poverty, design a questionnaire for a household survey on remittances, and draft the regional report on remittances and poverty. One domestic expert in finance and remittances (9 person-months) will be engaged in each of the countries covered by the TA to conduct a financial sector survey on remittances and prepare a country report on the financial sector and remittances. One domestic expert in remittances and poverty (12 person-months) will be engaged in each country to conduct a household survey on remittances and prepare a country report on remittances and poverty. One domestic consultant will be engaged at ADB headquarters to serve as research assistant (22 person-months). The outline terms of reference for the consultants are given in Appendix 4.

15. ADB will engage the consultants in accordance with the *Guidelines on the Use of Consultants by the Asian Development Bank and Its Borrowers* and other arrangements satisfactory to ADB for the engagement of domestic consultants. The international consultants will be engaged as individuals. In countries covered by the TA that have local research institutions with a good track record of implementing similar projects, one of these institutions will be engaged in each country, using the consultants' qualification selection procedure to provide domestic consulting services. In the other countries covered by the TA and at ADB headquarters, the domestic consultants will be engaged as individuals.

16. The TA outputs will be widely disseminated. In particular, the regional reports on the financial sector and remittances in Central Asia and South Caucasus, and remittances and poverty in Central Asia and South Caucasus will be featured in ADB's web site. They will also be presented to key stakeholders at seminars and conferences, printed, and widely distributed.

IV. THE PRESIDENT'S DECISION

17. The President, acting under the authority delegated by the Board, has approved (i) ADB administering a portion of technical assistance not exceeding the equivalent of \$1,000,000 to be financed on a grant basis by the Poverty Reduction Cooperation Fund, and (ii) ADB providing the balance not exceeding the equivalent of \$300,000 on a grant basis, for Remittances and Poverty in Central Asia and South Caucasus, and hereby reports this action to the Board.

DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
<p>Impact Greater positive effects of remittances on poverty in Central Asia and South Caucasus</p>	<p>Increased inflows of remittances to the Central Asian and South Caucasian countries through formal channels</p> <p>Increased use of remittances by recipient households for productive investments, such as investment in health, education, and small businesses</p>	<p>Data on remittance inflows collected by central banks of the Central Asian and South Caucasian countries</p> <p>Household surveys conducted by state statistics services of the Central Asian and South Caucasian countries</p>	<p>Assumptions Policy makers and financial institutions in Central Asia and South Caucasus will use the knowledge generated by the TA to facilitate remittance transfers through formal channels.</p> <p>Policy makers in Central Asia and South Caucasus will use the knowledge generated by the TA to take measures that will help direct more remittances into productive investment.</p>
<p>Outcome Better knowledge of remittance flows and their effects on poverty in individual Central Asian and South Caucasian countries and the region as a whole, leading to better decision making by governments and private sectors in this area</p>	<p>Estimates of remittance flows in individual Central Asian and South Caucasian countries by origin countries, transfer channels, and recipient household groups</p> <p>Detailed information on main channels of remittance transfers to Central Asia and South Caucasus</p> <p>An in-depth analysis of the effects of remittances on poverty in individual recipient countries and the region as a whole</p> <p>Policy and project recommendations to enhance positive effects of remittances on poverty in Central Asia and South Caucasus</p>	<p>Regional reports produced under the TA</p>	<p>Assumption Measures taken during the design and conduct of financial sector and household surveys will be enough to obtain complete and truthful answers from most respondents.</p>
<p>Outputs 1. A regional report on the financial sector and remittances in Central Asia and South Caucasus</p> <p>2. A regional report on remittances and poverty in Central Asia and South Caucasus</p>	<p>The reports will be positively assessed by peer reviewers, endorsed for publication by ADB Management, and released to the public by end-July 2007.</p> <p>The report will be positively assessed by peer reviewers, endorsed for publication by ADB Management, and released to the public by end-January 2008.</p>	<p>Written assessments of the reports provided by peer reviewers</p> <p>Requests for publication of the reports endorsed by ADB Management</p> <p>Electronic copies of the reports posted in ADB's web site</p> <p>Printed hard copies of the reports</p>	<p>Assumptions</p> <ul style="list-style-type: none"> • During November 2006–January 2007, accessibility of remote areas will not worsen to the extent that will make a full-fledged household survey impossible to conduct in most countries covered by the report. • No other unforeseen developments beyond the control of project management will interrupt or delay TA activities.

Activities with Milestones	Inputs
<ol style="list-style-type: none"> 1. Draft analytical frameworks for country reports on the financial sector and remittances, and on remittances and poverty; and questionnaire for financial sector and household surveys on remittances by mid-June 2006. 2. Hold the first working meeting to discuss the draft analytical frameworks and questionnaires in the first half of July 2006. 3. Revise the draft analytical frameworks and questionnaires by end-July 2006, taking into account discussions held at the first working meeting. 4. Conduct a financial sector survey on remittances in all countries covered by the TA and process survey results in August 2006. 5. Prepare the preliminary draft of the country reports on the financial sector and remittances (excluding sections to be based on household survey results) by end-October 2006. 6. Conduct a pilot household survey on remittances in all countries covered by the TA, revise the survey questionnaire as needed, and prepare interviewers for a full-fledged survey by September–October 2006. 7. Conduct a household survey on remittances in all countries covered by the TA and process survey results during November 2006–January 2007. 8. Prepare the first draft of the country reports on the financial sector and remittances (including the sections to be based on household survey results) by end-February 2007. 9. Prepare the first draft of country reports on remittances and poverty by end-April 2007. 10. Discuss the first draft of the country reports with key stakeholders in the countries concerned during May–June 2007. 11. Prepare the second draft of the country reports by end-July 2007, taking into account discussions with stakeholders. 12. Prepare the first draft of the regional reports on the financial sector and remittances, and on remittances and poverty by end-September 2007, using the country reports. 13. Hold the second working meeting to discuss the first draft of the regional reports in October 2007. 14. Prepare the second draft of the regional reports by end-November 2007, taking into account the discussion held at the second working meeting. 15. Have the second draft of the regional reports reviewed by key stakeholders and peer reviewers in December 2007. 16. Prepare the third draft of the regional reports by mid-January 2008, taking into account comments made by stakeholders and peer reviewers. 17. Publish and start disseminating the regional reports by mid-March 2008. 	<p>ADB administered Poverty Reduction Cooperation Fund: \$1,000,000 (including 9 person-months of international consulting and 105 person-months of domestic consulting)</p> <p>ADB's TA funding program: \$300,000 (including 8 person-months of international consulting and 22 person-months of domestic consulting)</p> <p>ADB staff resources: 14 person-months (including 8 person-months of East and Central Asia Department staff resources and 6 person-months of Private Sector Operations Department staff resources)</p> <p>Governments: Background information and official statistics on remittances, financial sector, and poverty</p>

ADB = Asian Development Bank, TA = technical assistance.

ANNOTATED OUTLINE OF REGIONAL REPORTS

A. FINANCIAL SECTOR AND REMITTANCES IN CENTRAL ASIA AND SOUTH CAUCASUS

1. Introduction

1. Explain the rationale for preparing the report, specify the purpose and scope of the report, and introduce its chapters.

2. Chapter 1: Overview of the Financial Sector

2. Provide an overview of the financial sector in Central Asia and South Caucasus. Describe the structure, density, and ownership of the financial sector in general and the banking system in particular, focusing on the relationship between private and state-owned financial institutions. Provide information on the level of financial intermediation, degree of concentration in various segments of the financial sector, and soundness of financial institutions.

3. Chapter 2: Overview of Remittance Flows

3. Provide an overview of remittance flows in Central Asia and South Caucasus. In particular, (i) describe the main formal and informal channels of remittance flows, (ii) explain how remittance transfers through these channels are made, (iii) discuss to what extent they are reflected in official statistics, and (iv) compare costs of remittance transfers through different channels. Provide estimates of remittance flows through various channels over the last 3–5 years and projections of remittance flows over the next 3–5 years.

4. Chapter 3: Legal and Regulatory Framework for Remittances

4. Assess the legal and regulatory frameworks for remittances currently in place in Central Asia and South Caucasus. Specifically, review the existing legislation and regulations concerning (i) taxation of remittances; (ii) remittance transfers (including regulations on cross-border financial transactions, foreign exchange regulations, and anti-money-laundering regulations); (iii) and remittance-related financial products and instruments (such as saving and investment products and securitization by financial institutions of future income from intermediation of remittance transfers). Describe how financial institutions in sending and receiving countries generally settle transactions relating to remittance transfers and to what extent government agencies facilitate such transfers.

5. Chapter 4: Key Players in the Market for Remittance Transfers

5. Provide detailed information on key players in the market for remittance transfer services and remittance-related financial products. Include (i) a brief history of the institution, (ii) ownership structure, (iii) sources of funding, (iv) number of branches and clients, (v) key performance indicators for the last 3–5 years, (vi) amount of remittance transfers intermediated over the last 3–5 years and income earned from such intermediation, (vii) seasonal and cyclical fluctuations in remittance transfers, (viii) countries and currencies involved, (ix) institutional arrangements and technologies used to make remittance transfers, (x) costs of remittance transfers for customers, (xi) range and costs of remittance-related products offered to customers, (xii) sales of such products over the last 3–5 years and income earned, (xiii) projections of remittance transfers and sales of remittance-related products for the next 3–5 years and income

they are expected to generate, (xiv) willingness to develop new remittance-related products, (xv) past experience with securitization, and (xvi) need and appetite for additional liquidity that could be created through securitization of future income from intermediation of remittance transfers.

6. Chapter 5: Opportunities, Constraints, and Recommendations

6. Identify opportunities for the private sector operations of the Asian Development Bank (ADB) that would help financial institutions expand intermediation of remittance transfers, develop and market new remittance-related products, and securitize future income from intermediation of remittance transfers. Specify the existing legal, regulatory, and other obstacles to such private sector operations and discuss how these obstacles could be removed, possibly, through ADB's public sector operations. Finally, recommend any policy reforms or other steps that governments may take to lower the cost of remittance flows and improve the environment for formal financial sector engagement in remittance transmission and provision of innovative remittance-related financial products and services.

B. REGIONAL REPORT ON REMITTANCES AND POVERTY IN CENTRAL ASIA AND SOUTH CAUCASUS

1. Introduction

1. Explain the rationale for preparing the report, specify the purpose and scope of the report, and introduce its chapters.

2. Chapter 1: Poverty and Labor Migration

2. Provide an overview of poverty in Central Asia and South Caucasus and discuss to what extent it causes international labor migration out of the region. Describe the profile of migrant workers from Central Asia and South Caucasus in terms of age, sex, education, skills, living conditions in the destination country, and share of income sent to the home country.

3. Chapter 2: Size and Channels of Remittance Inflows

3. Provide estimates of aggregate inflows of remittances to Central Asia and South Caucasus, identify primary origin countries, describe the main formal and informal channels of remittance inflows, and compare costs of remittance transfers through different channels.

4. Chapter 3: Direct Effects of Remittances on Poverty

4. Analyze the short- and long-term direct effects of remittances on poverty in Central Asia and South Caucasus through (i) effects on income and expenditure of recipient households; (ii) consumption and investment decisions; and (iii) access to education, health care, clean drinking water, and other basic services. Describe the profile of recipient households and assess the impact of remittances on income inequality in Central Asia and South Caucasus.

5. Chapter 4: Indirect Effects of Remittances on Poverty

5. Analyze the indirect effects of remittances on poverty in Central Asia and South Caucasus through its effects on national and local economic development. Assess the impact of

remittances on the exchange rate and competitiveness of the national economy and on the development of micro, small- and medium-sized businesses at the local level.

6. Chapter 5: Policy Implications

6. Discuss how the governments of Central Asian and South Caucasian countries could enhance the positive effects of remittances on poverty through local and national policy and institutional reforms and through regional cooperation in social protection of migrant workers and facilitation of remittance transfers.

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Total Cost
A. Poverty Reduction Cooperation Fund Financing^a	
1. Consultants	
a. Remuneration and Per Diem	
i. International Consultants	176.0
ii. Domestic Consultants	219.0
b. International and Local Travel	60.0
c. Reports and Communications	80.0
2. Training, Seminars, and Conferences	120.0
3. Surveys	200.0
4. Miscellaneous Administration and Support Costs	45.0
5. Contingencies	100.0
Subtotal (A)	1,000.0
B. Asian Development Bank Financing^b	
1. Consultants	
a. Remuneration and Per Diem	
i. International Consultants	162.6
ii. Domestic Consultants	42.6
b. International and Local Travel	35.0
c. Reports and Communications	20.0
2. Miscellaneous Administration and Support Costs	9.8
3. Contingencies	30.0
Subtotal (B)	300.0
Total	1,300.0

^a Administered by the Asian Development Bank (ADB).

^b Financed by ADB's technical assistance funding program.

Source: ADB estimates.

OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

A. International Expert in Finance and Remittances (8.0 person-months)

1. An international expert in finance and remittances will be engaged for 8.0 person-months, 2.5 of which will be for field services. Working intermittently from May 2006 to January 2008, the expert will carry out the following tasks:

- (i) Draft an analytical framework for country reports on the financial sector and remittances, and a questionnaire for a financial sector survey on remittances in recipient Central Asian and South Caucasian countries by mid-June 2006.
- (ii) Provide inputs to the questionnaire for a household survey on remittances in recipient Central Asian and South Caucasian countries by mid-June 2006.
- (iii) Participate in the first working meeting in the first half of July 2006.
- (iv) Revise the draft analytical framework for country reports on the financial sector and remittances, the draft questionnaire for a financial sector survey on remittances, and the inputs to the questionnaire for a household survey on remittances by end-July 2006, taking into account discussions held at the first working meeting.
- (v) As needed, assist domestic experts in finance and remittances in conducting a financial sector survey on remittances in August 2006, possibly through participation in selected interviews.
- (vi) As needed, assist domestic experts in finance and remittances in preparing the preliminary draft of the country reports on the financial sector and remittances (excluding the sections to be based on household survey results) during September–October 2006.
- (vii) As needed, assist domestic experts in finance and remittances in preparing the first draft of the country reports on the financial sector and remittances (including the sections to be based on household survey results) in February 2007.
- (viii) Participate in the discussions of the first draft of the country reports on the financial sector and remittances with key stakeholders in the countries concerned during May–June 2007.
- (ix) As needed, assist domestic experts in finance and remittances in preparing the second draft of the country reports on the financial sector and remittances in July 2007.
- (x) Prepare the first draft of the regional report on the financial sector and remittances in Central Asia and South Caucasus by end-September 2007, using the country reports and following the outline given in Appendix 2.
- (xi) Participate in the second working meeting in October 2007.

- (xii) Prepare the second draft of the regional report on the financial sector and remittances by end-November 2007, taking into account discussions held at the second working meeting.
- (xiii) Prepare the third draft of the regional report on the financial sector and remittances by mid-January 2008, taking into account the comments made by stakeholders and peer reviewers.

2. The expert will have demonstrated ability to perform tasks similar to those listed in para. 1, especially the ability to (i) develop an analytical framework for country reports on the financial sector and remittances, (ii) design a questionnaire for a financial sector survey on remittances, and (iii) write a quality regional report on the financial sector and remittances (given the quality of the country reports). The ability to identify opportunities for remittance-related public and private sector operations of the Asian Development Bank (ADB) will be essential. Familiarity with Central Asia and South Caucasus will be an advantage.

B. International Expert in Remittances and Poverty (9.0 person-months)

3. An international expert in remittances and poverty will be engaged for 9.0 person-months, 1.5 of which will be for field services. Working intermittently from May 2006 to January 2008, the expert will carry out the following tasks:

- (i) Draft an analytical framework for country reports on remittances and poverty, and a questionnaire for a household survey on remittances in recipient Central Asian and South Caucasian countries by mid-June 2006.
- (ii) Participate in the first working meeting in the first half of July 2006.
- (iii) Revise the draft analytical framework for country reports on remittances and poverty, and the draft questionnaire for a household survey on remittances by end-July 2006, taking into account discussions held at the first working meeting.
- (iv) As needed, assist domestic experts in remittances and poverty in conducting a pilot household survey on remittances, revising the survey questionnaire, and preparing interviewers for a full-fledged survey during September–October 2006.
- (v) As needed, assist domestic experts in remittances and poverty in conducting a household survey on remittances.
- (vi) As needed, assist domestic experts in remittances and poverty in preparing the first draft of the country reports on remittances and poverty during February–April 2007.
- (vii) Participate in the discussions of the first draft of the country reports on remittances and poverty with key stakeholders in the countries concerned during May–June 2007.
- (viii) As needed, assist domestic experts in remittances and poverty in preparing the second draft of the country reports on remittances and poverty in July 2007.

- (ix) Prepare the first draft of the regional report on remittances and poverty in Central Asia and South Caucasus by end-September 2007, using the country reports and following the outline given in Appendix 2.
- (x) Participate in the second working meeting in October 2007.
- (xi) Prepare the second draft of the regional report on remittances and poverty by end-November 2007, taking into account discussions held at the second working meeting.
- (xii) Prepare the third draft of the regional report on remittances and poverty by mid-January 2008, taking into account comments made by stakeholders and peer reviewers.

4. The expert will have demonstrated ability to perform tasks similar to those listed in para. 3, especially the ability to (i) develop an analytical framework for country reports on remittances and poverty, (ii) design a questionnaire for a household survey on remittances, and (iii) write a quality regional report on remittances and poverty (given the quality of the country reports). Good command of quantitative tools used in examining the relationship between remittances and poverty will be essential. Familiarity with Central Asia and South Caucasus will be an advantage.

C. Domestic Experts in Finance and Remittances (45.0 person-months)

5. A domestic expert in finance and remittances will be engaged for 9.0 person-months in each of the countries covered by the technical assistance (TA). Working intermittently from June 2006 to January 2008, the experts will carry out the following tasks:

- (i) Participate in the first working meeting in the first half of July 2006.
- (ii) Conduct a financial sector survey on remittances, using a questionnaire provided by ADB, and process survey results in August 2006.
- (iii) Prepare the preliminary draft of the country report on the financial sector and remittances (excluding sections to be based on household survey results) by end-October 2006, using the analytical framework provided by ADB.
- (iv) Prepare the first draft of the country report on the financial sector and remittances (including the sections to be based on household survey results) by end-February 2007.
- (v) Discuss the first draft of the country report on the financial sector and remittances with key stakeholders in the country concerned during May–June 2007.
- (vi) Prepare the second draft of the country report on the financial sector and remittances by end-July 2007, taking into account discussions with stakeholders.
- (vii) As needed, assist the international expert in finance and remittances in preparing the first draft of the regional report on finance and remittances in Central Asia and South Caucasus during August–September 2007.

- (viii) Participate in the second working meeting in October 2007.
- (ix) As needed, assist the international expert in finance and remittances in preparing the second draft of the regional report on finance and remittances in November 2007.
- (x) As needed, assist the international expert in finance and remittances in preparing the third draft of the regional report on finance and remittances in the first half of January 2008.

6. The expert will have a demonstrated ability to perform tasks similar to those listed in para. 5, especially the ability to conduct a financial sector survey and prepare a quality country report on the financial sector and remittances. The ability to identify opportunities for remittance-related public and private sector operations by ADB will be essential. The expert will be allowed to use services of a local research assistant who will help (i) conduct a financial sector survey, (ii) process survey results, and (iii) prepare a country report on the financial sector and remittances.

D. Domestic Experts in Remittances and Poverty (60.0 person-months)

7. A domestic expert in remittances and poverty will be engaged for 12.0 person-months in each of the countries covered by the TA. Working intermittently from June 2006 to January 2008, the experts will carry out the following tasks:

- (i) Participate in the first working meeting in the first half of July 2006.
- (ii) Conduct a pilot household survey on remittances using the questionnaire provided by ADB; revise the survey questionnaire in consultation with ADB, as needed; and prepare interviewers for a full-fledged survey during September–October 2006.
- (iii) Conduct a household survey on remittances and process survey results during November 2006–January 2007.
- (iv) Prepare the first draft of the country report on remittances and poverty by end-February 2007, using the analytical framework provided by ADB.
- (v) Discuss the first draft of the country report on remittances and poverty with key stakeholders in the country concerned during May–June 2007.
- (vi) Prepare the second draft of the country report on remittances and poverty by end-July 2007, taking into account discussions with stakeholders.
- (vii) As needed, assist the international expert in remittances and poverty in preparing the first draft of the regional report on remittances and poverty in Central Asia and South Caucasus during August–September 2007.
- (viii) Participate in the second working meeting in October 2007.

- (ix) As needed, assist the international expert in remittances and poverty in preparing the second draft of the regional report on finance and remittances in November 2007.
- (x) As needed, assist the international expert in remittances and poverty in preparing the third draft of the regional report on remittances and poverty in the first half of January 2008.

8. The expert will have a demonstrated ability to perform tasks similar to those listed (para. 7), especially the ability to conduct a household survey and prepare a quality country report on remittances and poverty. Familiarity with quantitative tools used in examining the relationship between remittances and poverty will be an advantage. The expert will be allowed to use the services of (i) a local administrative assistant to help administer a household survey on remittances, (ii) local interviewers to help conduct a household survey, and (iii) local research assistants to help with processing survey results and preparing a country report on remittances and poverty.

E. Domestic Research Assistant (22.0 person-months)

9. A domestic research assistant will be engaged for 22.0 person-months at ADB headquarters to provide analytical, statistical, and administrative support in implementing the TA. Working full time from May 2006 to February 2008, the assistant will carry out the following tasks:

- (i) Compile and maintain a bibliography of literature on remittances.
- (ii) Compile and maintain a database on remittances in Central Asia and South Caucasus.
- (iii) Provide research assistance in the preparation of the regional reports on the financial sector and remittances, and on remittances and poverty in Central Asia and South Caucasus.
- (iv) Help prepare the regional reports on the financial sector and remittances, and on remittances and poverty in Central Asia and South Caucasus for publication.
- (v) Assist the team leader in coordinating the work of other team members.
- (vi) Assist the ADB project officer in administering the TA.
- (vii) Help organize working meetings under the TA.
- (viii) Perform other tasks assigned by the ADB project officer.

10. The research assistant will have strong quantitative, analytical, and communication skills. Familiarity with Central Asia and South Caucasus and prior involvement in studies on remittances will be an advantage.