MANAGING MIGRATION SHOCKS IN TIMES OF CRISIS: LESSONS FROM INTERNATIONAL EXPERIENCE FOR UZBEKISTAN'S INDUSTRIAL ECONOMY

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Abstract. *This article systematizes international experience in crisis management of major migration shocks as applied to the context of Uzbekistan. Based on a case study of several countries, typical errors in institutional responses are identified, and elements of crisis management policy are formulated.*

Keywords: *migration shocks, crisis management, reintegration of labor migrants, remittances, industrial economy, Uzbekistan, international experience, PARE 1+1, Specustawa, Aufbau Ost.*

Introduction

Uzbekistan remains one of the largest sources of migrant workers in the post-Soviet space, with the majority of the outflow concentrated in Russia. The number of Uzbek citizens employed in the Russian Federation ranges from 2.0 to 2.5 million people, according to various estimates, and remittances have exceeded 15% of GDP in some years. Such structural dependence creates a set of risks whose consequences extend far beyond the balance of payments and primarily affect the industrial sector.

A potential 30% drop in remittances (historical precedent: the 2008–2009 financial crisis) implies the return of approximately 560,000 migrant workers, and approximately 1.0 million and 1.44 million in the event of a 50% and 70% drop, respectively. Undoubtedly, these potential return shocks far exceed the formal sector's annual job creation capacity, which is estimated at 350,000–450,000 jobs per year. The structural mismatch is evident—passive absorption through the labor market is not feasible. What remains?

Lessons from international experience—a set of institutional solutions that have been tested in countries that have undergone large-scale migration shocks.

Materials and Methods

This study employs a comparative case analysis focusing on the operational parameters of anti-crisis programs. The sources of quantitative data include: World Bank statistics (Migration and Remittances Factbook), reports from the International Organization for Migration, data from national statistical offices (INSTAT, GUS, Destatis), annual reports from central banks (NBM, Bank of Albania, NBP, Bundesbank), and official publications from relevant ministries and agencies (ODIMM, SHKP, Treuhandanstalt, Bundesagentur für Arbeit). Regulatory acts have been verified against national legal frameworks, and budget parameters are presented in euros at 2024 prices for ease of comparison.

Three dimensions of comparison are used:

- the fiscal intensity of the anti-crisis program relative to the country's GDP;
- operational architecture;

- effectiveness;

Results

The comparative parameters of the cases under consideration are presented in Table 1.

Table 1

Comparative Parameters of Case Studies on Crisis Management of Migration Shocks

Parameter	Moldova 2014–2015	Poland 2022	Germany 1990–1995
Type of shock	External (banking crisis, ruble devaluation, sanctions)	External (mass influx of refugees)	Internal (reunification, collapse of the socialist economy)
Scale of the flow	≈100,000 returnees from the Russian Federation	1.5 million refugees	≈16.5 million GDR residents
Share of the working-age population	≈8%	≈5%	≈25% (для ФРГ)
Deployment period	12–18 months	3 months	18 months
Key program	PARE 1+1; DAR 1+1	Specustawa 12.03.2022	Aufbau Ost; Solidarpakt I, II
Total budget	≈€30 million + EU co-financing	≈€8 billion in the first year	≈€1.6–2 trillion over 25 years
Budget/GDP	≈0.4% over the period	≈1.2% of GDP in the first year	≈4–5% of GDP annually

The Moldovan Case: The PARE 1+1 and DAR 1+1 Programs. Over the course of 11 years, Moldova has experienced three migration shocks, making it a unique real-world experiment. Moldova's institutional response to the first migration shock was minimal; however, the experience of that year served as the basis for the launch in December 2010 of the PARE 1+1 program, implemented by the Organization for the Development of SMEs (ODIMM) [2]. The program's architecture is based on a matching principle: for every Moldovan leu a migrant invests in starting a business, the state adds one leu in the form of a grant. The maximum grant is approximately 200,000–250,000 lei (12,000–15,000 euros). It consists of four consecutive stages: 35–40 hours of entrepreneurship training, a competitive selection process, grant allocation, and a two-year monitoring period with the right of revocation.

The total budget for the PARE 1+1 program from 2010 to 2018 was approximately €12 million (≈800 enterprises). In 2018, the program was restructured into the DAR 1+1 ("Diaspora Acasă Reușește"), expanding the circle of beneficiaries to include members of the diaspora abroad, increasing the grant to 350,000 lei, and providing priority support to technology-intensive sectors

through a 1:1.5 matching ratio. By 2024, DAR 1+1 funding had exceeded 18 million euros, supporting over 600 enterprises and creating approximately 4,500 jobs. At the same time, during the 2014–2015 crisis, the NBM implemented aggressive interventions: the sale of approximately $600 million from reserves, as well as an increase in the base rate from 3.5% to 19.5% over the course of a year and restrictions on cash currency withdrawals. The aggregate fiscal impact was approximately 13% of GDP [3].

A critical assessment of Moldova's experience reveals three limitations. The programs' reach is quite modest: 1,400 supported enterprises over 14 years—that is 1–2% of total migration flows. Startup survival rates are problematic: 25–30% of PARE 1+1 enterprises ceased operations within three years. And perhaps most importantly, the programs lack a systematic anti-crisis component: in 2014–2015, when 100,000 migrants returned, PARE 1+1 operated as usual, covering only about 200 projects over two years.

The Polish Case: The 2022 Rapid Absorption Model. The arrival of 1.5 million Ukrainian refugees marked the largest migration shock in the history of the EU. The legislative response was unprecedented in its speed: the Specustawa law was submitted to the Sejm on March 5, adopted on March 9, and signed by the President on March 12, 2022—just 16 days after the crisis began [8]. The law's framework included six components: identification via a special PESEL UKR number (1.6 million issued by the end of 2022); an unconditional right to work without a separate permit; direct financial support (a one-time payment of 300 zlotys, 800+ zlotys monthly for families with children, 40 zlotys per day for host households); education for children (200,000 students were enrolled in Polish schools); free medical care for 90 days; the "Solidarni z Ukrainą" partnership—more than 500 major employers.

As a result, 65–70% of able-bodied refugees were employed within 18 months, a record figure in international refugee reception practices. The budget amounted to approximately 1.2% of the country's GDP in the first year, which was largely financed by European instruments (CARE, RRF). At the same time, the National Bank of Poland implemented an aggressive cycle of monetary tightening (raising the interest rate from 2.75% to 6.75%), which served not so much to integrate refugees as to control inflation, which had risen from 7.8% to 18.4%.

The German Case: The Reintegration of the Former GDR. The reunification of Germany on October 3, 1990, represents the largest instance of rapid integration between fundamentally different economic systems in modern European history. The population of the GDR was approximately 16.5 million people, about a quarter of that of reunified Germany; GDP per capita was 30–40% of the West German level; and the technological lag of key assets was 15–25 years. The institutional core of the transformation was the Treuhandanstalt, which oversaw the privatization of 8,500 large and approximately 35,000 small enterprises employing about 4 million people. By 1994, 14,000 enterprises had been sold, generating 65 billion marks in revenue; 3,700 were liquidated; 6,000 were transferred to municipalities. The net fiscal loss was approximately 230 billion marks. A significant side effect was the decline in industrial employment from 4 million to 1 million people over five years (−75%) [9].

At the same time, the Aufbau Ost program was in effect, funded through the Solidarity Pact I (€94.5 billion from 1995 to 2004) and the Solidarity Pact II (€156 billion from 2005 to 2019), as well as the Solidarity Surcharge—a solidarity surcharge on income and corporate taxes. Total transfers from west to east for 1990–2014 amounted to €1.3–2.0 trillion, or 4–5% of Germany's GDP annually over 25 years. The Federal Employment Agency (Bundesagentur für Arbeit) launched an

unemployment management program: ABM subsidized jobs (covering up to 400,000 people annually in 1993–1996), FuU vocational retraining, and the Eigenkapitalhilfe-Programm, which provided low-interest loans for self-employment. Unemployment in the eastern states peaked at 18.7% in 2003–2005 and did not level off with the western states until 2019—a process that took 30 years [10].

Discussion

A comparison of the three cases allows us to identify six institutional decisions that have proven to be ineffective or counterproductive—a list of what Uzbekistan's anti-crisis policies should avoid.

Lesson 1. Grant support without intensive training predictably leads to widespread bankruptcies. The Moldovan PARE 1+1 experience, with a similar intensity, resulted in 25–30% bankruptcies over three years. The minimum duration of mandatory training should be 80–120 hours, with 6–12 months of mentoring support.

Lesson 2. Reactive legislation during a crisis leads to administrative collapse. The Polish experience of 2022 (16 days from submission to signing of the law) compared to the Moldovan experience of 2009 (lack of specialized legislation at the time of the shock) demonstrates the critical importance of having draft legislation prepared before a crisis arises.

Lesson 3. Isolated monetary policy without fiscal coordination yields uneven results. The Moldovan case of 2014–2015, where the NBM bore the main burden of crisis response amid limited fiscal capacity, resulted in a loss of 13% of GDP. The Polish case in 2022, with a division of responsibilities (NBP—inflation, Ministry of Finance—refugee integration), demonstrated greater resilience.

Lesson 4. Programs without a scaling mechanism miss out on opportunities arising from crises. Moldova's PARE 1+1 and DAR 1+1 programs support 100–150 projects per year—that is 1–2% of annual migration flows. During the 2014–2015 crisis, the program operated as usual while handling an order of magnitude more returning migrants.

Lesson 5. Shock structural restructuring carries the risk of deindustrialization. The East German experience, with industrial employment falling by 75% over five years, illustrates the scale of the risk. Even the temporary preservation of jobs in moderately unprofitable industries through subsidies may be preferable to their immediate elimination.

Applicable elements of international experience can be grouped into four categories:

- exchange rate and monetary policy;
- reintegration based on the PARE 1+1 model;
- rapid response to shocks;
- structural policy with a 15–25-year horizon;

Conclusion

International experience shows that effective crisis management of migration shocks requires not a reaction, but preparedness—a set of coordinated regulatory measures, reserved resources, and well-established procedures. A realistic budget range for Uzbekistan implies 0.5–1.5% of GDP over the period of the shock's unfolding; the institutional architecture should include 80–120 hours of training, 6–12 months of mentoring, and mechanisms for 5–10-fold scaling with a planning horizon of 15–25 years.

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