

# THE ROLE OF REMITTANCES FROM ALBANIAN EMIGRANTS AND THEIR INFLUENCE IN THE COUNTRY'S ECONOMY

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## Introduction

Emigrants' remittances undoubtedly represent the most positive aspect of emigration in Albania. During the period from 1991-2000, emigrant remittances, mainly arriving from Greece and Italy, have been increasing progressively. According to the evaluations of the Bank of Albania, they actually total about 530 million USD annually, or about 18% of the GDP. That's why the remittances have been a fundamental factor in determining one of the characteristics of Albania is transition, extroversion of the economy (*extroversion*<sup>1</sup>), i.e. that the local consumption is higher than the GDP, while the difference is compensated for from the remittances of emigration and foreign aid. Whereas, from the viewpoint of the importation of finance, if comparison is drawn with the economies of other East and Central European countries still in transition, Albania is the only country that bears some resemblance with East Germany. The problem arising is that with a lack of microeconomic restructuring, this money from emigrants introduced into the Albanian economy has not stimulated local production to the appropriate extent, but instead, it has been used for the import of consumable goods, thus deepening the extroversion of the economy. The first risk resulting from this situation is that a part of the new generation joining the labour market is obliged to practise emigration. Emigration in this case stimulates emigration. In the long run, if these tendencies continue to exist, the quantity of remittances will shrink. A few surveys carried out in other countries show that the pattern of the remittances has the shape of a curved line, reaching a peak after 10 - 14 years and thereafter, decreasing drastically<sup>2</sup>. Even the remittances of Albanian emigration are approaching this threshold. There is no doubt that the social-economic consequences in this case will be grave, but they cannot, however, be avoided or alleviated through economic policies.

## Methodology

Within the project on social assessment of poverty, several interviews with emigrants were carried out in order to clearly realise the role of Albanian emigration remittances on poverty alleviation. Their aim was:

- to analyse emigrants' behaviour with regard to the remittances and reveal other characteristics;
- to show other trends in the remittances' curve likely to occur in the middle or long run, and their role on poverty alleviation.

For this purpose, in November-December 2000, surveys and interviews were organised with about 350 Albanian emigrants, most of them living in Greece, Italy, France, USA, Canada etc. The surveys and interviews were conducted in the border areas of Albania (Durrësi Harbour, Kakavija), at the time when people were moving towards Italy or Greece; otherwise, they were handled through electronic-mail (especially when emigrants were living in USA and Canada etc). This way of surveying by questionnaires had its positive effect, since it secured a proportional distribution of the surveyed emigrants all over the country. On the other hand, it also had a shortcoming, for it excluded the illegal

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<sup>1</sup> Samson I., Albania experience among transition trajectories, Working Paper, Grenoble 1996.

<sup>2</sup> Reyneri, La catena migratoria, 1979.

emigrants. The seasonal emigrants were also excluded from the surveying scheme, especially those that usually emigrate to Greece during the harvest time (autumn or springtime) or during the tourist season (summertime).

The main aim of the survey was to analyse the relationships between age, civil status, education, sex, emigration time, emigration place, employment, etc., and the incomes, savings and remittances. Only after an analysis of this relationship, can we determine the typology of the *remittance behaviour and its evolution*. The questionnaire also aimed at estimating the production, amount, types of transfers, consumption structure and the longevity in the short or middle term of the remittances, the will to invest the emigrants' savings in the Albanian economy, etc.

## Remittance Flow

Relying on the classification of S. Eähba<sup>3</sup>, who makes reference to Giudici<sup>4</sup> (1998), we can distinguish four types of remittance:

1. Potential remittances, which represent the total savings of the emigrant. This can be calculated by subtracting the personal necessary expenditures incurred in the country of emigration from the incomes.
2. Constant remittances, which imply the minimum income that the emigrant sends to his family in the country of birth, intended to cover the cost of daily necessities.
3. Additional remittances, which represent extra income over the regular amount. sent by the emigrant. This is not used to meet the most accute needs of the family, but for investments in factual or financial undertakings.
4. The spared remittances, representing the amount of savings that the emigrant doesn't intend to make as a remittance, but prefers to invest in the country of emigration.

Having marked with:

Y = the income of the emigrant in the country of emigration

C = the indispensable consumption of the emigrant

c = the daily necessities of the emigrant's family

S = emigrant's savings

We can write:  $Y = C + c + S$

We can sum up the different types of remittance as follows:

$$R = c + aS + (1 - a)S = c + S$$

R = potential remittances

c = constant remittances

a = emigrant's tendency to send the savings

aS = additional remittances

(c +aS) = dispatched remittances , and (1 - a)S = spared remittances

The amount of dispatched remittances from the emigrants to the country of origin, is determined by a group of factors like:

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<sup>3</sup> Wahba S., What determines workers remittances? *Finance & Development*, December 1991, volume 28, Number 4.

<sup>4</sup> Giudici C., Les effets économiques des migrations: les remises, Paper presented in the workshop "Agriculture, migrations and rural development in Albania, Bulgaria and FYR of Macedonia", PHARE ACE Programme, P96-6070-R, Athens, October, 1998.

1. Number of employees that have emigrated and are working abroad. This is considered as one of the key factors, which depends on the supply-demand ratio in the international labour markets.

2. The structure of emigrants according to age, civil status and family unification, scale of qualification, neighbourhood with the country of emigration, legalisation, etc.

3. The different types of emigration have a strong influence on the remittances. It's a known fact that the refugees, due to low-level earnings and other encountered obstacles, send very little money to their country of birth. Quite the contrary happens with economic emigration. This latter can be classified into short-term or temporary, long-term and permanent. In the first case, the emigrants bring to their country of birth all their savings (potential remittances), whereas in the second and third case, they send only a part (constant and additional remittances). Besides, the remittances of permanent emigrants are likely to shrink in the long run, as a result of family unification and the weakening of links with other family members.

4. labour conditions. The key elements that exert influence in this case are the level of salary, which changes according to the country of emigration, type of work, opportunities to take the family to the country of emigration, the facilities created by the local employers for the emigrants, etc.

5. the amount of remittance depends also on the security, speed and ease of transfer to the homeland regarding the money concerned.

6. political, economic and social changes occurring in the country of origin and destination. Vis-à-vis these changes, the emigrants may or may not transfer money, and may or may not invest in the homeland.

## **Results of the Survey**

### *General characteristics of the surveyed emigrants*

The social-demographic characteristics of the surveyed emigrants show that most of them are of young age (53 % of the emigrants are below 35 years old), and of male sex (75.4%). They also reveal that they are educated (58.7% with secondary education and 24.3 % with higher education), while the majority of them (66.7%) emigrated before 1997. Most of those surveyed are married (69.6 %) and emigrated together with their family (70.8 %), mainly to Greece (54.1%) and Italy (41%). Most of the surveyed emigrants are legitimated in the country of emigration (81.6%) and 70.5% of them pay social insurance contributions. The majority of emigrants are working in the service sector (48.2%), in industry (32.6 %), construction (9.4%) and agriculture (3.9 %). They live in rented apartments (84.5%) and only a small contingent (9.6 %) has managed to purchase a house.

The difficult economic and social situation of their home country, and its immediate disclosure from the beginnings of the transition period, are the main factors that have pushed the Albanians to emigrate. A report of the United Nations Organisation for the period 1991 – 1992, based on the emigration practice from South to North Europe during the '60s, estimates that the gap between the per capita incomes, the unemployment rate and the vision of the people about the future, represent the crucial factors that explain the tendency to emigrate<sup>5</sup>. Actually, the income per capita in Albania is at least 1/10 of that available in Greece and Italy, the two main countries where massive Albanian emigration is concentrated. This gap appears bigger than the one between Greece, Turkey, Italy, Portugal and Spain, on one hand, and West Germany on the other, by the end of 60's. The official unemployment rate during these years, was indeed rather lower than the real one. It has never gone below 12%. Whereas from the viewpoint of the projection for the future, the questionnaire on potential emigration is quite explicit; 47% of those surveyed in the universities and scientific institutions of the country, most of them youngsters, wish to practice long-term or permanent emigration<sup>6</sup>.

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<sup>5</sup> UNO, Economic Survey of Europe in 1991 – 1992, Geneve, 1992

<sup>6</sup> Pyetësori mbi emigrimin potencial intelektual, QSES, mars 2000

According to the survey, the major reasons for emigration are unemployment (38.6 %), insufficient incomes (19.8 %) and the desire for a better future for their children (15.5 %). Secondary reasons may be considered: the low salaries (37 %), economic and political insecurity (25.7 %) and a lack of perspective (13.9 %).

*Table 1. The reasons for emigration from Albania*

Nr.	Emigration reasons	Number of answers		
		Answer I	Answer II	Answer III
1.	I was unemployed and I didn't have money	38.6	6.3	5.3
2.	I had a job but the income was not sufficient to earn the living	19.8	7.9	9.3
3.	It was difficult to find a well-paid job	5.0	37.0	12.0
4.	Political and economic insecurity	11.9	25.7	25.3
5.	There was no prospect of improving the economic situation in the homeland	6.3	13.9	23.3
6.	To provide a better future for the children	15.5	6.3	19.3
7.	Other	3.0	3.0	5.3
	Total	100.0	100.0	100.0

Source : Survey on the foreign currency remittances from emigration, November 2000

Actually, the majority of Albanian emigrants seem not to have made up their mind whether they are going to return to Albania. As the survey indicates, only 30.5 % of the emigrants acknowledge an intention to return to their homeland one day, whereas 23.2 % say that they won't and 46.4% have no idea yet.

*Table 2. Do you think to return to Albania?*

Nr.	Do you think you will return to Albania?	Number of answers(in %)
1.	Yes	30.5
2.	No	23.2
3.	I don't know	46.4
4.	Total	100.0

Source: Survey on foreign currency emigration remittances, November 2000

### **Remittances**

It is quite difficult to make an accurate and realistic assessment of the remittances' flow from the point of view of quantity, since most do not move via the banking system. Besides, a part of the remittances - according to some surveys, up to 1/6 of the total - is converted into kind<sup>7</sup> (mainly long-term consumables and electronic equipment). The surveys show that the monetary transfers that move outside the banking system are enormous; 43.8% of those surveyed say that they bring the money by hand in person, 36.7 % send it by courier through their friends or certain persons and pay a fee<sup>8</sup>, 0.5% in other ways<sup>9</sup> and only 19 % of the emigrants dispatch it via the banking system. Consequential to the fact that the survey has not included the illegal emigrants, the real percentage of emigrants that dispatch money via the banking system, is assumed to be lower. This method of money transfer to Albania, may be explained by at least two groups of factors.

<sup>7</sup> MISJA V., International emigration in Albania during the transition period, Publishing House "Marin Barleti", Tiranë 1998

<sup>8</sup> Korovilas J. P., The Albanian economy in Transition: the Role of Remittances and Pyramid Investment Schemes, *Post-Communist Economies*, Vol. 11, No. 3, 1999

<sup>9</sup> According to an interview with an emigrant from Volos - Greece, he supported his parents in a village of Saranda in an original way. He had given them a mobile phone, which was used against a certain fee, by the other inhabitants of the village. The migrant paid the invoice in Greece. Hence, there was no need to send money through his friends or via the banking system.

Table 3. The form of remittances to Albania

No	The form of remittances	Number of persons
1.	Delivered by hand in person	43.8
2.	Via banking system	19.0
3.	Delivered by courier (e.g. friends)	36.7
4.	Other	0.5
5.	Total	100.0

Source: The survey on foreign currency emigration remittances, November 2000

The first group of factors comprises the low quality of the Albanian banking services, lack of a comprehensive banking system throughout the country, higher exchange rates in the informal market, restricted knowledge about the functioning of the banking system, both among the emigrants and their families or relatives living in the country of origin, the preference of a group of emigrants to remain anonymous with regard to the significant remittances they transfer to Albania<sup>10</sup>, etc.

A second restrictive factor is that a sector of emigrants, especially those living in Greece and Italy, are illegal and as such they cannot have access to banking services. In view of these circumstances, the Savings Bank has entered into an agreement with the commercial banks in Greece, thus making it possible to overcome the legal obstacles<sup>11</sup>. In addition, the increase in the number of foreign banks in Albania, the functioning of international agencies like Eastern Union and Money Gram, as well as a better understanding of the Albanian Mail System, facilitate the transfer of the Albanian emigrants' remittances to their homeland.

From the quantitative point of view, as the data of the Bank of Albania indicate, the remittances of the Albanian emigrants transferred to their country of origin via the banking system have been progressively increasing, and in 1998 they represented 25.1% of the total amount of remittances<sup>12</sup>. From an analysis of the data (Table 4), it is apparent that in the period from 1995 – 1999, they peak in two years, precisely in 1997 with 31.3% and in 1999 with 75.7% of the total amount of remittances. This is explained by a combination of two factors. Firstly, the political and social chaos that prevailed during 1997, after the collapse of the pyramid schemes and the Kosovo crisis of 1999, which rendered difficult the visits of emigrants, since the situation was dangerous. Secondly, the decrease in consumption by 1997 led to the decrease of emigration remittances. Whereas in 1999, the remittance flow from Kosovo emigration plus the aid of international organisations, made the increase of remittances from Albanian emigration unnecessary. Under these circumstances, the years 1997 and 1999 must be excluded from the natural growing tendency of remittance flow via the banking system..

Table 4. Banking system and emigrants' remittances

Index	1995	1996	1997	1998	1999
Remittances	384.6	499.6	266.9	452.3	368.1
Transferred remittances via bank channels (per million USD)	59.5	60.0	83.6	113.7	278.7
In % against the total of remittances	15.5	12.0	31.3	25.1	75.7

Source: Baleta T., Tanku A., "Is the increase of cost rational for the absorption of emigrants' remittances?", (paper)

The biggest proportion of the surveyed emigrants send the money to "the parents" (65.6%) and only a small to proportion their "brothers and sisters". While on the other hand, emigrants that did not take "the wife and children" with them, send the money to the latter (24.9%). The survey ascertains that the amounts of remittances addressed to "the wife and children" are much bigger than those addressed to "the parents" or "brothers and sisters". In view of these figures, we can conclude that the tendency

<sup>10</sup> This strata comprises mainly emigrants that engage in illegal activities, like drug traffic, prostitution, etc.

<sup>11</sup> Baleta T., Tanku A., Is it rational the increase of cost for the absorption of the emigrants' remittances. The paper was presented at the seminar that was organised by the German Public Foundation "Friedrich Ebert" in cooperation with the Centre for Social and Economic Studies (CSES) "Role of Albanian emigration remittances and their impact on the national economy", Tirana, November 10, 2000.

<sup>12</sup> Baleta T., Tanku A., Reference to the same source.

to realise the unification of the family in the country of emigration, will lead to the shrinkage of the remittances' flow.

*Table 5. To whom do you send the money?*

No	To whom do you send the money	Number of persons
1.	Wife and children	24.9
2.	Parents	65.6
3.	Brothers and sisters	9.6
4.	Total	100.0

Source : Survey on the foreign currency emigration remittances , November 2000

About 50% of the emigrants send their savings to their country of birth because of the constant demand from their families or relatives, due to the economic obstacles that emerged during the transition period.

*Table 6. For what for do you send money to Albania?*

Nr.	I send the money because	Number of persons
1.	I wish to	50.2
2.	I have demands from the family	49.8
3.	Total	100.0

Source: Survey on the emigration foreign currency remittances, November 2000

The majority of the emigrants (71.6%) send the money to their country of origin, to fulfill “the immediate needs of their families” and this is the case with regular remittances, which are used entirely for consumption. Additional remittance is used for the “refurbishment of the house” (8.5 %), investments in the country of origin (10.9%) and “the purchase or construction of a house” (3.8 %).

*Table 7. The object of remittances*

No	The object of remittances	Number of persons
1.	To meet the immediate necessities of the family	71.6
2.	To refurbish the house	8.5
3.	Undertake investments in the homeland	10.9
4.	Bank deposits	2.4
5.	To buy or build a house	3.8
6.	Other	2.8
7.	Total	100.0

Source : Survey on foreign currency emigration remittances, November 2000

As the survey reveals, only 68.1% of the emigrants dispatch money to their country of origin, in amounts ranging from a minimum of 50 USD up to 8600 USD. The emigrants that do not make remittances are mainly those who have managed to take their families to the country of emigration (77 %). The survey shows that emigrants send on average about 1,269 USD annually or 106 USD every month. The emigrants that have emigrated with their families, send on average 883 USD annually or about 68 USD every month , whereas those that are alone send about 1,625 USD every year or about 135 USD in one month . The group with the biggest remittances is that of the emigrants that have left “their wives and children in the country of origin”, who send on average 2,128 USD annually or 177 USD in one month. In view of these figures, we can suppose that the main flows of remittances are coming from illegal emigrants, mainly seasonal ones. In this case, they send to Albania all the savings they have managed to put aside in the country of emigration, or what is called potential remittance.

Compared to previous years, in 1999 only 18.1% of the surveyed sent more money than before to Albania, 43.5% dispatching the same amount and 38.4% having less. The emigrants with more remittances are those who have “their wives and children” or “parents” in Albania .

*Table 8. In comparison to previous years, during 1999, you have send to Albania*

No	In comparison to previous years, during 1999, you have send to Albania:	In %
1.	More remittances	18.1
2.	The same amount	43.5
3.	Less remittances	38.4
	Total	100.0

Source: The survey on foreign currency emigration remittances, November 2000

In the current year, if comparison is drawn with 1999, only 15.5% of the emigrants have made more remittances, 52.5% have sent the same amount and 32% have sent less.

*Table 9. What about this year, if comparison is drawn with 1999?*

No	In comparison with year 1999, during this year you have sent :	In %
1.	More remittances	15.5
2.	The same amount	52.5
3.	Less remittances	32.0
	Total	100.0

Source: The survey on foreign currency emigration remittances, November 2000

In the middle run, only 8.1 percent are planning to make more remittances, 19.1% the same amount, 8.1% less and 4.5% do not intend to send any. Whereas 60.2% of the surveyed emigrants answer that they “don’t know”.

*Table 10. What are your intentions for the 2-3 coming years? Are going to send money?*

No	What are your intentions for the 2-3 coming years?	In %
1.	More than before	8.1
2.	The same amount	19.1
3.	Less than before	8.1
4.	Not at all	4.5
5.	I have no idea	60.2
	Total	100.0

Source: Survey on the foreign currency emigration remittances, November 2000

From these results, we may conclude that in the middle term, the trend of remittances arriving in Albania is likely to remain with no marked increase. The main factor determining this is the unification of the families in the country of emigration together with the weakening of links with relatives in Albania.

The savings of Albanian emigrants (potential remittances) in the countries of emigration, mainly in Greece and Italy, must have reached some billion USD. In 1992, or two years after the massive emigration emerged, the Albanian emigrants in Greece had deposited into the Greek banks about 80 million USD<sup>13</sup>. The English scholar James Korovilas, in one of his articles published in the Post-Communist Economies’ magazine, in 1999, estimates that each Albanian emigrant working in Greece, spends at least 2,333 USD annually. This estimation is also supported by the studies of the Greek scholars Lianos, Sarris and Katseli (1997), according to whom the average daily pay of an emigrant is 30 USD and about 1/3 of that is put aside<sup>14</sup>. Thus, they estimate that the annual savings of an Albanian emigrant are calculated from the number of working days in Greece during one year, multiplied by the daily savings (234 working days X 10 USD daily savings = 2340 USD annually).

The interviews ascertain that the average income of an emigrant’s family during 1999 reached about 1,145 USD per month. From these incomes, 26.5 % of the emigrants put aside from 16 to 30 %,

<sup>13</sup> Wallden A.S., *Les relations gréco-albanaises : politique et économie, Le Courrier des Pays de l’Est, N° 315, janvier 1994*

<sup>14</sup> Lianos P., Sarris A., Katseli L., *Illegal Immigration and Local Labour Markets: The Case of Northern Greece, International Migration, 34, 1997*

whereas 27% of them save some 31 to 50%. Most of the Albanian emigrants keep their savings in the bank (66.1 %), 23.6% at home, 6.4% entrust them to their friends, whereas 3.8% invest them somewhere.

*Table 11. What portion ( in %) of earned money have you saved during 1999?*

No	What portion (in %) of the earned money have you saved during 1999?	In %
1.	0–15%	29.9
2.	16 - 30 %	26.5
3.	31- 50 %	27.0
4.	51- 70%	6.6
	Total	100.0

Source: Survey of foreign currency emigration remittances, November 2000

The Albanian emigrants may invest part of these savings in the Albanian economy. The survey reveals that about 40 % of the emigrants are willing to invest their savings in certain sectors of the Albanian economy like construction, commerce, services, etc. That category of emigrants not willing to invest, includes those who are lacking the desire to return to their homeland, due to lack of security, money scarcity, lack of information , etc.

*Table 12. Do you expect to invest your savings in Albania?*

No	Do you expect to invest your savings in Albania?	In %
1.	Yes	40.3
2.	No	59.7
	Total	100.0

Source: Survey on foreign currency emigration remittances, November 2000

Meanwhile, there exists a negative experience with the depositing of money in Albania, the negative repercussion of which is still present to date. In particular, during 1996, more than 50% of the emigrants deposited money in the pyramid schemes, being attracted by the high interest rates offered.

*Table 13. Did you invest money in the pyramid schemes?*

No	Did you invest money in the pyramid schemes?	In %
1.	Yes	56.0
2.	No	44.0
	Total	100.0

Source: Survey on foreign currency emigration remittances, November 2000

The Bank of Albania considers the remittances from Albanian emigration as the difference between the foreign currency entries (export of goods and services, loans, foreign investments) and foreign currency expenditures (import of goods and services, foreign currency expenditures from the banking system and the parallel market of foreign currency for purposes of arbitration). According to this methodology, the remittances of Albanian emigration counted about 530 million USD in the year 2000, against 150 million available in 1992<sup>15</sup>.

The International Monetary Fund, in its publication of 1994, estimates Albanian emigration remittances at 200 million USD, or about 20 % of the GDP, or 40-55 USD per emigrant monthly<sup>16</sup>. By contrast, other authors give optimistic figures varying from 400<sup>17</sup> to 500 million USD<sup>18</sup> annually, and even up to 700 million USD<sup>19</sup> annually.

<sup>15</sup> Bank of Albania , October, 2000

<sup>16</sup> International Monetary Fund, *IMF Economic Reviews 1994*, IMF, Washington

<sup>17</sup> FT, Country Survey: Albania, *Financial Times*, 19 February, 1997

<sup>18</sup> Wortman M., Update: The private sector in Albania. Prepared for International Finance Corporation, Washington, 1995.

<sup>19</sup> Korovilas J., The Albanian Economy in Transition: the Role of Remittances and Pyramid Investment Schemes, *Post-Communist Economies*, Vol. 11, No. 3, 1999

One of the ways to find out the importance of the remittances is by analysing their relationship with the export of goods and the indicator of remittances per capita. By 1999, the remittances' index represented about 134 % of exports, whereas the second counted about 109 USD per capita. Compared to the other transition economies of Central and Eastern Europe, and some mediterranean countries still in development, which are characterised by big migratory flows, the first index is much higher in Albania, whereas the second is low. In 1994, the remittances' index per capita in New Zealand was 411 USD, whereas in Portugal it was 407 USD <sup>20</sup>.

Another indicator is the ratio of remittances to the number of emigrants, which displays the quality and scale of maturity for the migratory flows. This indicator is lower for Albanian emigrants, if compared to other ratios available in mediterranean countries. In 1991, the amount of an Albanian emigrant's remittance was 1/10 of those transferred from emigrants to Portugal and Yugoslavia and ½ of the remittances transferred to Tunisia. By 1993, the foreign currency remittances of the Albanian emigrants were 3.6 times smaller than the Yugoslavian ones<sup>21</sup>. This can be explained by the low pay of the Albanian emigrants as compared to the emigrants of other nationalities, especially in the first years of the migratory process.

Table 14. The amount of remittances made during 1992 - 2000

No	Year	The amount of remittances (per million USD)	In % against GDP	In % against the export	In % against the commercial deficit	The amount of remittances per capita
1.	1992	150	-	-	-	47.0
2.	1993	274.8	22.3	224.5	92.1	86.7
3.	1994	377.9	19.4	267.4	92.8	118.0
4.	1995	384.6	15.5	190.7	85.8	118.3
5.	1996	499.6	18.6	237.3	71.5	152.1
6.	1997	266.9	11.6	188.8	55.7	80.2
7.	1998	452.3	14.8	219.0	76.8	134.8
8.	1999	368.1	10.0	133.6	58.9	109.1
9.	2000	530.8	-	-	-	-

Source: Bank of Albania , 2000

Table 14 shows that remittances from Albanian emigration notably increased in the first years of transition period; to begin with 150 million USD in 1992, up to 274.8 million in 1993 and 378 million in 1994. The remittance flow appears to be proportional to the number of employees abroad, the level of their income and their tendency to transfer their savings to their country of origin. This latter is determined by strong kinship links and the economic and political obstacles Albania is actually encountering, etc. According to the survey of the Dutch scholar Van der Pol, from March, 1991 until March, 1992, about 210,000 persons had emigrated, or on average approximately 14,500 persons in one month. Considering that this tendency was on-going, the number of emigrant Albanians by July 1992 reached some 28,000 persons and in October, 1992, about 300,000 persons <sup>22</sup>. This intensity, is rather strong, if comparison is made with other transition economies in Central and Eastern Europe. It shows that Albania made a rapid and explosive entrance into the international labour market.<sup>23</sup>

During 1995, we can observe a relative shrinkage of the remittances, vis-à-vis the decrease of the emigration rates, due to reasons related to family unification and the relative improvement of living standards in Albania. If reference is made to the data coming from the Bank of Albania, in 1996, the

<sup>20</sup> Taylor E. J., The New Economics of Labour Migration and the role of Remittances in the Migration Process, *International Migration*, Vol. 37, No. 1, 1999

<sup>21</sup> Rutili R., The emigration of the Albanian population on an international and regional scale. A case study: Albanians in Italy. Paper presented in the workshop "Agriculture, migrations and rural development in Albania, Bulgaria and FYR of Macedonia", PHARE ACE Programme, P96-6070-R, Athens, October, 1998

<sup>22</sup> Van der Pol, Analysis of Migrations, *Raport Studimi*, Tiranë 1992

<sup>23</sup> Misja V., Emigracioni ndërkombehtar në Shqipëri gjatë periudhës së tranzicionit, Shtëpia Botuese "Marin Barleti", Tiranë 1998

remittances count 499.6 million USD, a figure that undoubtedly represents the highest peak reached during the '90s. This is explained by the flourishing of informal financial societies<sup>24</sup>, which based their activity on the pyramid schemes and money laundering. The majority of Albanian emigrants, or 55.1% of them, as pointed out in the questionnaires, particularly during 1996, deposited their savings into informal financial companies. At the end of 1997, these schemes had absorbed about 1.2 billion USD. Part of this money, mainly in the form of interests from the deposits, was used by the population to import consumables<sup>25</sup>.

*Table 15. Did you deposit money in the pyramid schemes?*

No	Did you deposited money in the pyramid schemes?	Number of persons (in %)
1.	Yes	55.1
2.	No	42.6
3.	No answer	2.3
4.	Total	100.0

Source: Survey on foreign currency emigration remittances, November 2000

In the short term, we forecast that the remittances of the Albanian emigration are going to increase due to the combination of a series of economic, political and social factors, which act in different directions. The group of factors that influence the increase of the remittances' flow include: an increase in the number of emigrants, their legalisation, a rise in the income curve, and the disposability and motivation of emigrants to share money with the family in their country of origin, duration of stay in the country of emigration, etc. The first factor is determined by the high emigratory potential of the Albanian population and the international labour market conditions. Albania does not feature in the last publication of the IOM (International Organisation of Migration), which estimates the emigratory potential of the economies in transition in East and Central Europe<sup>26</sup>. However, the survey on the potential emigration of the intellectual elite, carried out in February, 2000, though referring to a small group of the population, may serve as an approximative index. It revealed that this emigratory potential in Albania is rather high and is calculated at about 47%<sup>27</sup>. Whereas the increase of emigrants' incomes and their mobility is determined by the social-economic characteristics, legal status, duration of emigration, etc. The social-economic characteristics of the Albanian emigrants in Greece and Italy, which are a prerequisite of their economic success, show that over 50% of them have secondary and higher education, 34% are youngsters under 30 years of age, etc<sup>28</sup>.

The group of factors that influence the decrease of the remittance flow relates mainly to the unification of families in the country of emigration and, of course, the attitude of emigrants towards remittances. According to the surveys, the emigrants that have realised the unification of their families, send to Albania on average 20 % of their savings, compared to 40% of remittances made before the unification.

The factor related to the duration of emigration will also exert a positive influence in the middle-term. According to a study performed by Reyneri (1976), the remittances are a parabolic function of the prolongation of the migratory cycle, reaching the peak between 10 and 14 years after emigration, whereas, in the case of both shorter or longer periods, they are smaller. The trajectory is grounded on the reasoning that during the first years of emigration, settlement expenditures prevent the remittances, which thereafter begin to increase progressively with the passing of time. But after 10–14 years, an

<sup>24</sup> Jarvis Ch., The Rise and Fall of Albania's Pyramid Schemes, *Finance & Development*, March, 2000, Volume 37, Number 1

<sup>25</sup> Korovilas J., The Albanian Economy in Transition: the Role of Remittances and Pyramid Investment Schemes, *Post-Communist Economies*, Vol. 11, No. 3, 1999

<sup>26</sup> The survey on the Albanian emigration, CSES, 2000

<sup>27</sup> Gedeshi I., Mara H., Dhimitri R., Krisafi K., Emigration of the intellectual elite during the transition period, Publishing house "Luarasi", Tirana 1999.

<sup>28</sup> Misja V., Misja A., International emigration and the local labour market, *Economy and transition*, October – December, 1998.

important change occurs since it's during this period that emigrants determine whether they are returning to their country of origin or will definitely remain in the country of arrival. In both cases, the remittance flows are bound to dry up<sup>29</sup>. The kinship links are likely to weaken with the passing of time.

## **Short-term Emigration**

Short-term emigration is the social amortisateur of poverty in Albania, it's mainly the emigration of the poor, rural and illegal emigration. Its organisation is based on social capital. But it has limits, too, such as the demand for labour in the Greek economy, the lack of a visa and the role of the "mopping-up operations" of the police in the recipient country, the exchange rate, the extraordinarily difficult living conditions, etc. Short-term emigration is mainly an emigration that produces remittances for consumption.

Besides middle-term and long-term emigration, short-term emigration also exists and is widespread all over Albanian territory. In general, it has a seasonal character and is linked with the seasonal work in agriculture of the neighbouring countries (Greece, Italy, Macedonia), construction or service sectors. It is especially predominant in the countryside and therefore it has all the features of a rural emigration. The interviews and FGs handled with hundreds of people from various zones of Albania, draw out the conclusion that the intensity of seasonal or short-term emigration oscillates proportionally with the obstacles that the family encounters<sup>30</sup>. It represents the short-term way of resolving the economic problems and obstacles of the family. But emigration is often one of the indicators that distinguishes a poor family from a non-poor one<sup>31</sup>.

Short-term emigration is conditioned by a series of factors, like: the family structure, the age of emigrants, their economic and education level, the density of the social capital, etc.

Short-term emigration is mainly practised by the male youngsters, from 14 years of age upwards. In most of the surveyed villages, we find children of 14-15 years of age that abandon school and emigrate illegally to Greece. Whereas persons over 40 years of age cannot cope with the hard conditions of the journey, labour and living in the country of emigration<sup>32</sup>. Short-term emigration also requires some other conditions.

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<sup>29</sup> Reyneri, *La catena migratoria*, 1979.

<sup>30</sup> One of the interviews with an inhabitant of the village Cingar i Sipërm Gramshi district, explicitly indicates : "In the company of other village companions, I initially emigrated by 1993. It was winter time and it was snowing . My friends advised me not to depart because we were going to die on the road, from cold. But the economic situation of our families was so critical, that we didn't care about the bad weather ."

<sup>31</sup> The interviewees in many of the villages of Albania link the concept of poverty with the opportunity to emigrate. "A poor family is considered one which does not have a member who might emigrate abroad, the family that doesn't have a relative who may give it a hand. Not everybody may have the possibility to emigrate, since some of them are obliged to stay in the country of origin and look after the wife and kids." In another interview conducted in one of the villages of Gramshi, the person answers: "I have 11 dylims of land and my family is composed of 7 persons. I work on the roads, whereas my son is in Greece. My family is considered a "rich one" and you can ascertain my living conditions. But, you must be aware of the fact that more than 60% of the annual income comes from emigration remittances."

<sup>32</sup> "We formed a group of villagers and departed on foot. We walked for 6 days in succession. We took a sleep wherever a possibility was offered, avoiding places with snow and frost. Hardly could we sleep more than two hours a day for we were afraid of freezing. We had a little guy with ourselves who almost froze to death. Upon arrival in Greece, we managed to find a job in agriculture. The employer had set up some thatched roofs and we slept there. Initially, were paid some 3-4 thousand drachmas daily. We stayed only three months. The costs were minimal. We bought only soap and bread. From that time I started to practise this form of emigration every year. I go to Greece by March-April and return by August. (...) As far as the living conditions are concerned, it's difficult to manage your living in emigration. There is no place to sleep. I have been obliged to sleep all the time outdoors, for I couldn't afford the rent of the house". Another interviewee tells: "There are plenty of families that have a member in emigration. About 30 families have their members in emigration. Those not practising

Temporary emigration requires the existence of a certain family structure. Somebody must be available to look after the wife and kids, during the period the male spouse is in emigration<sup>33</sup>. In view of these conditions, the prevalence of big families and kin structure facilitate seasonal or short-term emigration.

Another factor is the economic and cultural level of the emigrant. It's expensive to secure a short-term visa for Greece, Italy, Belgium or England. Whereas illegal emigration requires less money to make the trip to the recipient country, it often results in failure<sup>34</sup>. Some other money is needed to cover the expenditure of the family until the return of the family member from emigration<sup>35</sup>. Also the level of education facilitates the adaptation and orientation in the recipient country, and as well as, the employment opportunities of the emigrant, etc.<sup>36</sup>.

Due to several difficulties in travelling, illegal emigration towards Greece is practised only by groups of youngsters, either having blood links with each other, or being close village/school companions, all departing together<sup>37</sup>. They often work in the same village or zone of the recipient country.

The forms of short-term emigration practised by other ethnic groups of population living in Albania, are multifarious. As the interviews with the Romany community of Elbasani indicate, the emigration of this group of the population is a well-organised and collective movement, which includes men, women and children. This organisation is explained by the illegal character of Romany community emigration. They elect 2-3 persons who act as the team leaders by guiding the other members to the

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emigration, are either physically disabled or they are of such an age that can not cope with the long and exhausting trip to Greece”.

<sup>33</sup> According to an interview in the village of Rrethi i Epërm in Mirdita: “When the husband fails to entrust his family to the custody of someone else, he withdraws from the idea of emigration. When it's the case of a newly married couple, they leave together. There are other alternatives, too. For example, I left for Greece alone, but only after leaving my wife in the custody of my father. If I hadn't had a family relative, I would never have departed”.

<sup>34</sup> As stated by one of the interviewees: “I have left for Greece seven times. I have been caught, maltreated by police until finally driven back to Albania. When we decide to leave, we form a group of 3 to 6 persons. Last time, we were caught in the vicinity of the village where we were going to work. We were beaten almost to death. To travel from here to Greece, you have to pay 12 thousand leks. In addition, you must have some extra money to buy food. We are well guided about the route. Each time we depart, we have at least one person that knows the route and all the others follow him. It's from the moment of departure that we appoint the team leader. We are all gathered in a certain place to ask for job, but it often happens that we fall into the hands of police. Having nothing to do in Albania, we set off towards the neighbouring countries. I will make another try, for I have nothing to engage in, here”. Another interviewee tells: “We have some foodstuff with ourselves. Mainly eggs, cheese and vegetables. We take also bottles of water. We have a long route ahead, therefore some foodstuff is needed”.

<sup>35</sup> One interviewee said: “I have been in emigration. Once I walked on foot. Neither of us knew the route. I was in the company of some friends of mine. We were caught by the Greek police, who maltreated us severely. Thereafter, we were driven back by force. But I tried again and I was for the second time caught from the police and locked in jail for five days. Upon release from jail, we were again forced to return to our country. I tried for the third time and finally I succeeded. I worked for some months for a Greek employer as an electrician and received 6 thousand drachmas of daily pay. I worked all the days of the week, Saturdays and Sundays included. I was sleeping in a barrack. I couldn't stay longer, for I had to provide the family with some money. During the time I was in Greece, my family had borrowed some money. Thus when I returned to the village, I had to settle all the debts.

<sup>36</sup> The Romany community that lives in the vicinity of Shkodra city, is composed of about 50-60 families. It lives in absolute poverty and has a very low education level. No member of the community has emigrated.

<sup>37</sup> An interviewee from the villages of Gramshi tells: “Nowadays, all are willing to emigrate. We are all friends in the village and as such, we take decisions unanimously. When leaving for Greece, we need a lot of money. First, we make up our mind who will depart and thereafter we ask our sons in Greece to sponsor the trip costs. We pay about 50-60 thousand drachmas. There is a team that deals with the illegal border crossing of Albanian emigrants for Greece. They guide you to Greece and then we have to walk on foot. When we go to Greece, it's the time to find a job in agriculture”.

final destination. Because it is an illegal and hard emigration, and as such it must avoid the Greek police control, the discipline of the team is rather rigid. The heads of the team decide on the departure time, the route, resting-places, etc<sup>38</sup>. Upon arrival in the country of destination, some days after an exhausting trip on foot, the team is dissolved and each family acts in an autonomous way. For the return trip, they don't maintain the initial organisation, since there are no more obstacles from the Greek police. Each of the family members is engaged in a certain job in the country of emigration. The males, in cooperation with members of the Romany population in Greece, collect metal things and sell them, whereas the females collect worn out clothes from the Greek families to later sell them in Albania. Some of the children practise begging together with their mothers in the streets of big cities. This allocation of work within the Romany family reveals why they emigrate either with the whole family or a part of it.

The Romany community of Gjirokastra and Delvina (including elderly people and children) illegally emigrates to Larissa-Greece, especially during the period May-October, when agriculture is in need of a seasonal labour force<sup>39</sup>. They are engaged in all the stages of tomato production, onion planting, etc and are paid on a family basis. During wintertime, they prefer to stay in Albania.

The money that the Romany Community earns in the country of emigration is used to settle debts, cover expenditure for foodstuff during a certain period of the year, and even to purchase domestic equipment<sup>40</sup>. It is the only source of income in their country of residence. When these earnings get used up, some months after, they are obliged to resume emigration.

Concerning the Macedonian ethnic population living in the villages close by the Prespa Lake, it usually practices short-term emigration mainly to Macedonia<sup>41</sup>. This is an illegal, individual or small-grouped emigration. Quite the contrary happens with the Montenegro ethnic population, living in the village of Vraka, close to Shkodra<sup>42</sup>.

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<sup>38</sup> One of the interviewed team leaders says: "We walk on foot carrying few possessions on our back. When I see people tired, I tell them to sit on the ground and have a one hour break. We cannot stay longer, for the road is long and it's cold by wintertime. We walk along the mountains, in order to escape the watch and maltreatment of the Greek police. It also happens that we fall into the ambush of Albanians, who, in cooperation with the Greeks, rob us of all the money we have in our pockets. If somebody refuses and doesn't obey the leader, he is ordered to drive back. When we leave together with the family, each of us stays by his own family and looks after it. When discovered by the police, we disperse wherever we can, and those caught by the police are forced to return to their country."

<sup>39</sup> The surveys and interviews handled in the cities of Gjirokastra and Delvina show that the Romany community leave only a few elderly people in the country of origin that watch the houses.

<sup>40</sup> According to another interviewee: "If we stay three months, we can even spare some 100 thousand leks. But, we have to repay the debts in the country of origin and the remainder is used to buy some foodstuff. We can not survive unless we practise emigration."

<sup>41</sup> From another interview with the alderman of the village of Liqenas-Korça: "We are 9 villages with Macedonian minority population. Compared to the past, some new developments have occurred, but still we are far away from current standards. All the farmers go to work in Macedonia or Greece. First of all, it's necessary to offer people some employment opportunities in the state sector. Actually, the only contingent employed in the state sector is that of teachers, whereas the sectors of fishing, greening and foresting are already closed down. Thus, emigration makes up the only alternative for the population. They walk back and forth. In wintertime they stay at home. We either go to Macedonia or Greece. In Greece, the earnings are higher, for the standard is higher too. But, we prefer to go to Macedonia, for it's there that our mother tongue is spoken ..."

<sup>42</sup> Once upon a time, the Montenegro ethnic minority in Albania counted some 1,500 inhabitants and actually only 1,000 of them are living in Montenegro. These latter emigrated massively in 1991, but after six months, some of them returned, for they were given the ultimatum: either get placed in Kosovo or return to Albania. Some of them were injured and some even killed, during the war in Kosovo. In total, there may be 5 victims. We left Albania for we were stirred by the blood link we had with the people of that country as well as by the situation that had emerged in Albania by 1991. When we set foot there, the men got isolated from the women. My father and I, have been living in one camp, my mother in another one, the wife and children somewhere else. This was claimed to have been practised for health reasons, for women and children were deported to North, where it was rather cold and consequently, they may escape any probable infection and perhaps, it would be a good chance to compel them to move to Kosovo. In 1991, we sold all the domestic equipment we had and there

The earnings from short-term emigration can hardly be calculated with accuracy, for several reasons. First of all, there is no information about the scale or duration of stay. Apart from this, these earnings do not move via the banking system. But, in the case of short-term emigration, the emigrant brings all his savings to his country of origin. This is the case with potential remittances, the amount of which is determined from the daily pay, the number of working days and the expenditure incurred during the stay.

Based on the interviews with emigrants all over the surveyed areas, the daily pay of an agricultural worker, depending on experience, previous links with the country of emigration, etc., oscillates between 4.000 and 7.000 drachmas daily, whereas, in the service or construction sector, it varies from 5.000 to 8.000 drachmas. The daily expenditure of an emigrant is much lower and varies from 1.000 to 3.000 drachmas daily<sup>43</sup>. Thus, the monthly savings of an emigrant vary from 60,000 to 120,000 drachmas monthly<sup>44</sup>.

This flow of remittances, which is injected every year into the Albanian economy from short-term emigration, changes in accordance with: the number of emigrants crossing the border legally or illegally; the ratio between demand and supply in the recipient country; the exchange rate between the foreign currency and lek; the duration of the period of emigration etc. The interviewing process shows that the procedure to get a short-term entrance visa for Greece has become complicated. Plenty of people say that to obtain a visa, they have to pay amounts equal to 1 to 2 months' earnings in the country of emigration. In addition, as a result of the strengthening of the value of the lek against the drachma, the amount of remittance is further diminished. By the end of 1998 x drachmas were converted by y lek, whereas at the end of 2000, x drachmas were exchanged with y lek.

All these factors negatively influence the remittances of short-term emigration and they establish new balances among the sources of income. These sources relate to the incomes from the work in agriculture, pensions and social assistance as well as occasional jobs in the cities. When these alternative sources remain unchanged, while the remittances are shrunk, retail purchases on credit increase, and the deadlines for the settlement of debts are postponed.

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remained only the walls. People were astonished at the movements of this group of population. In my personal opinion, they are wrong, for had Vrakë been free to move back and forth, we would have had a better standard, and even the profit would have been invested here.

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