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# Italy – Albania

## The Migrant as a Bridge Between Two Homelands: The Role of Remittances

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### Abstract

After eighteen years of mass migration of the Albanian population, primarily to Greece and Italy, a question arises. May migrants become potential agents of socio-economic development in their country of origin? This paper focuses on the role and the importance of remittances and their use in Albania through a survey of 400 Albanian immigrants, legally residing in the Marche and Apulia regions in Italy, conducted in the period May - September 2007. Simultaneously, we carried out family surveys of 200 households that had at least one member working abroad. This survey was conducted in rural and urban areas of the Vlorë region in Albania. We build on the theory of “New Economics of Labour Migration” which considers remittances as the core of migrants’ strategy and a link between the socio-economic context in the country of origin and that in the host country. Our findings show that remittances are related, on the one hand, to the family links in the country of origin (but for relatively small amounts, usually decreasing in time). On the other hand, remittances are strongly related to investments in Albania. There emerges the image of a migrant “suspended between two shores”, who, independently from any future migratory project, would like to maintain links with both Albania and Italy, becoming a factor of Albania’s development thanks to their investments and human and social capital.

**Key words:** migration, survey, remittance, investment, development

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# 1 Introduction

Migrant remittances represent the largest direct positive impact of migration on the country of origin, together with the social and human capital acquired by emigrants during their migratory experience.

Worldwide remittances are estimated to have risen from 70 billion dollars in 2004 to 318 billion in 2007. It is common knowledge that the volume of formal remittances only accounts for a part of this complex phenomenon.

With US\$ 4.7 billion, Italy is among the 10 largest remittance providers in the world and the third largest provider of remittances in Europe after Spain and U.K. Among the corridors originating in Italy, Albania ranks in the top ten destination countries in terms of value of formal remittance transfers (Hernandez-Coss et al. 2006). Remittance flows have a very important impact on individual households, as well as on the Albanian society as a whole.

According to Bank of Albania estimates, remittance flows amounted to 950 million Euros in 2007, representing the 12.3% of Albanian GDP. They represented twice the Foreign Direct Investments and more than twice the amount of the Foreign Economic Aid for development received by Albania (BOA 2008). These transfers are therefore vital for the country.

Different sources affirm that by the end of 2007, more than 25% of Albanian citizens were living abroad, first of all in Greece, the source of 60% of remittance flows, and in Italy from where 30% of remittances come. As a result, remittances from Italy during 2007 amounted to 285 million Euros: 60% of them were in cash and passed through informal channels, whereas only 40% were remitted through money transfer operators (80% by Western Union) and a few banks.

According to a recent survey of the Bank of Albania (2008), about 26% of households in Albania has been receiving foreign currency in the form of remittances from emigrants. The geographic distribution of the households shows that 59% of them reside in rural areas and the rest in urban areas, receiving respectively about 66% and 34% of the total remittances. Remittances constitute the main component in the monthly income of rural families representing about 40% of it. During the first quarter of 2008 the main part of remittances (74%), was spent in non productive activities. Indeed, about 48% of remittances was used for consumption goods (food, clothing, house furniture and refurbishing, etc). About 16% was used for building or renewing houses, and another 10% was used for medical care and education. Among productive uses, about 19% of remittances was invested or deposited in bank savings accounts, a fact that clearly underlines the economic impact of remittances in Albania.

After eighteen years of mass migration of the Albanian population, primarily to Greece and Italy, a question arises: may migrants become potential agents of socio-economic development in their country of origin?

We build on the theory of “New Economics of Labour Migration” (NELM) according to which migration decisions take place within the family context and are influenced by families’ efforts to diversify the economic risk<sup>2</sup>. NELM considers remittances as the core of the migrant’s strategy and

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<sup>2</sup> International migration is often explained by a basic push-and-pull model: economic conditions, demographic pressure, and unemployment (“push factors”) in the sending country work in coordination with higher wages, demand for labour, and family reunification (“pull factors”) in the migration receiving country (Smith 1997).

a link between the socio-economic context in the country of origin and that in the host country. Remittances are sent home when the household experiences a shock or in order to enable the household to invest in new technologies. At the same time, also the household supports the migrant, e.g. by paying the cost of migration or during spells of unemployment. Remittances consequently increase when the household's income decreases or a shock occurs, but also when the risk level of the migrant increases. The level of development of the household community plays an important role. While poor economic conditions (e.g. high unemployment) may be a cause of migration, the local community must have a certain level of development for the investment by the household to be effective. Consequently, it is possible that fewer remittances are sent to underdeveloped communities (see Stark 1991; Stark and Bloom 1985; Taylor 2000).

The present work focuses on the role and the importance of remittances from Italy and their use in Albania using first-hand data from a double survey conducted simultaneously in both countries. Field work was carried out in the period May - September 2007.

In Italy we interviewed 400 Albanian emigrants legally residing in the Marche and Apulia regions (200 in each region). The questionnaire consisted of 105 questions, covering several aspects like demographic and family characteristics, housing situation, employment and economic conditions, human capital, amount of remittances, investments and relations with both countries.

In Albania we used both quantitative and qualitative approaches: interviews to a sample of 200 families in the urban and rural area of the Vlorë region, which have at least one member abroad<sup>3</sup>; and two focus groups in the same areas to reinforce the knowledge of those more markedly qualitative aspects that often defy questionnaire surveys.

The aim of the research was, on the one hand, the analysis of the economic behaviour of Albanian immigrants in the Marche and Apulia regions. We tried to go over the main characteristics of those immigrants that send remittances in order to better understand how the amount of remittances is influenced by their project and migratory experience. On the other hand, we wanted to understand the effects and uses of remittances in the Albanian context by analyzing the local dynamics of utilization.

The methodology we used is face-to-face individual interviews. First, we individuated community leaders (associations of migrants, representatives i.e. aggregation centres) then the migrants themselves. No further stratification was used, therefore samples are not random, but, rather, they are samples drawn from social networks with snowball sampling techniques.

Our findings show that remittances are related, on the one hand, to family links in the country of origin (but for relatively small and tendentially decreasing amounts). On the other hand, remittances are strongly related to investments in Albania. There emerges the image of a migrant "suspended between two shores", who, independently from any future migratory project, would like to maintain links both with Albania and Italy, becoming a factor of Albania's development thanks to investments and human and social capital.

As for the remainder of the present paper, Section 2 gives an overview of the Albanian migration in Italy with a focus on the Marche and Apulia regions. Section 3 and Section 4 present the main

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<sup>3</sup> At first we meant to interview the families of the immigrants that we had already interviewed in Italy, but this was not possible mainly owing to their unwillingness to give us information about their families in Albania. Thus a sample of families was chosen that have at least one member abroad and receive remittances.

findings of the research in Italy and Albania respectively, whereas Section 5 concentrates on the focus group discussions in Albania. Section 6 concludes offering a few policy recommendations.

## 2 An overview of Albanian migration in Italy (The Marche and Apulia).

Albania has experienced emigration throughout its history, but mostly since the fall of the communist regime in the early 1990s. At present Albania is one of the countries with the highest migratory rate in the world. In fact, about 25% of the Albanian population is presently living abroad. The most important destinations are Greece and Italy, which host together 87% of the total migrants, due to their geographical vicinity and cultural similarity (De Zvager et al 2005).

Since 1998 a phase of socio economic reconstruction in Albania has marked the end of large scale mass emigration waves. Furthermore, the Albanian government has taken several measures to combat illegal migration and trafficking. Yet, emigration has continued with moderate but constant outflows.

Looking at the historical sequence (Fig. 1), three sharp increases of the Albanian presence can be noticed starting from 1995. This phenomenon is connected with the regularization campaigns undertaken by the Italian government since the early 1990s<sup>4</sup>. These campaigns brought to light a high percentage of Albanian clandestines in Italy, allowing them to be registered and legalize their presence. Moreover, the growth of the Albanian presence is a consequence of the stabilization of Albanian immigration in Italy mainly due to family reunifications. In fact, a tendency to permanent settlements in Italy is confirmed by the high and increasing number of Albanian women, who represented more than 44.3% of Albanian immigrants in 2007 (Fig. 1).

Fig. 1: Albanian presence in Italy according to the permits of stay.



Source: our elaboration on ISTAT data

<sup>4</sup> Dini Decree of 1995, Turco-Napolitano Act 40 of 1998, Bossi-Fini Act 189 of 2002

The number of foreigners living in Italy (by permits of stay) has increased rapidly in the last sixteen years. While in 1992 the number totalled 648,935, at the 1<sup>st</sup> January 2007 the population of foreigners in Italy amounted to 2,414,972.

At the 1<sup>st</sup> January 2007 the Albanians legally present in Italy amounted to 282,650<sup>5</sup>, thus representing the main immigrant nationality, followed by Romanians (278,582 legal presences) and Moroccans (258,571 legal presences).

Tab. 1: Permits of residence at 1st Jan. 2007

Country of origin	1992		1997		2002		2007	
	Abs. Val.	%	Abs. val.	%	Abs. Val	%	Abs. Val	%
Albania	24,886	3.8	66,608	6.7	157,646	10.8	282,650	11.7
Romania	8,250	1.2	26,894	2.7	82,555	5.7	278,582	11.5
Morocco	83,292	12.8	115,026	11.6	167,334	11.5	258,571	10.7
...	...	...	...	...	...	...	...	...
Total	648,935	100.0	986,020	100.0	1,448,392	100.0	2,414,972	100.0

Source: our elaboration on ISTAT data

One of the main characteristics of Albanian migration in Italy is its wide distribution throughout the whole national territory, including many rural areas and small towns.

Albanians have become the first most numerous foreign ethnic group in nine regions (Trentino-Alto-Adige, Friuli-Venezia-Giulia, Tuscany, the Marche, Umbria, Abruzzi, Molise, Basilicata, Apulia), and the second one in other four regions (Valle D'Aosta, Lombardy, Liguria, Emilia-Romagna).

Tab. 2: Albanian population resident in Italy at 1<sup>st</sup> Jan. 2007

Regions	Abs. val.			%		
	Total	Males	Females	Total	Males	Females
Piedmont	36,034	19,517	16,517	9.6	9.3	9.9
Valle d'Aosta	655	375	280	0.2	0.2	0.2
Lombardy	76,448	42,828	33,620	20.3	20.5	20.2
Trentino – Alto Adige	9,350	5,336	4,014	2.5	2.6	2.4
Veneto	35,654	19,641	16,013	9.5	9.4	9.6
Friuli-V. Giulia	10,877	5,799	5,078	2.9	2.8	3.0
Liguria	14,456	8,224	6,232	3.8	3.9	3.7
Emilia-Romagna	44,218	24,937	19,281	11.8	11.9	11.6
Tuscany	51,479	29,099	22,380	13.7	13.9	13.4
Umbria	13,367	7,409	5,958	3.6	3.5	3.6
<b>Marche</b>	<b>18,183</b>	<b>9,880</b>	<b>8,303</b>	<b>4.8</b>	<b>4.7</b>	<b>5.0</b>
Lazio	18,389	10,116	8,273	4.9	4.8	5.0
Abruzzi	10,854	5,856	4,998	2.9	2.8	3.0
Molise	795	428	367	0.2	0.2	0.2
Campania	6,055	3,770	2,285	1.6	1.8	1.4
<b>Apulia</b>	<b>19,140</b>	<b>10,344</b>	<b>8,796</b>	<b>5.1</b>	<b>4.9</b>	<b>5.3</b>
Basilicata	1,461	840	621	0.4	0.4	0.4
Calabria	2,493	1,353	1,140	0.7	0.6	0.7
Sicily	5,635	3,225	2,410	1.5	1.5	1.4
Sardinia	404	232	172	0.1	0.1	0.1
Total	375,947	209,209	166,738	100.0	100.0	100.0

Source: our elaboration on ISTAT data

<sup>5</sup> According to sources of the Italian Ministry of the Interior, revised by ISTAT

The Apulia region has become an important gateway for Albanian migration due to its proximity to Albania. Once in Apulia, Albanians spread throughout Italy with higher concentrations in the northern regions such as Lombardy (20.5%), Tuscany (13.7%), Emilia-Romagna (11.8%) and so on.

The Apulia region ranks the sixth in terms of absolute number of Albanians living in Italy, but in relative terms, Albanians are the most important foreign group in the region and represent 37.4% of the total foreigners.

Albanians settled in the Marche region only later, thanks to migratory networks. Currently Albanians are the most numerous foreign group (with 18,183 presences), representing 18.3% of the total foreigners<sup>6</sup>.

Tab. 3: Foreign population resident in Marche and Puglia by sex and citizenship  
(1<sup>st</sup> Jan. 2007)

Country of origin	Abs. val.			% on total of foreigners			% by sex		
	Total	Males	Females	Total	Males	Females	Total	Males	Females
<b>MARCHE</b>									
Foreigners	99,285	49,823	49,462	100.0	100.0	100.0	100.0	50.2	49.8
Albanians	18,183	9,880	8,303	<b>18.3</b>	19.8	16.8	100.0	54.3	45.7
<b>APULIA</b>									
Foreigners	51,242	26,151	25,091	100.0	100.0	100.0	100.0	51.0	49.0
Albanians	19,140	10,344	8,796	<b>37.4</b>	39.6	35.1	100.0	54.0	46.0

Source: our elaboration on ISTAT data

After more than sixteen years of migration experience, the Albanian community in Italy seems to have reached a high degree of economic and family stability. Albanians have lower rates of unemployment than other immigrant nationalities and are employed in a variety of sectors. They have achieved a deeper inclusion in the labour market and after obtaining satisfactory jobs in Italy they have reunified their families in the host country. In fact, as we can see from Tab. 4, 53.8% of them are married.

Tab. 4: Main features of the Albanian population resident in Italy, the Marche and Apulia  
(1<sup>st</sup> Jan. 2007, permits of stay)

Gender	Average age	Duration	Marital status			Reason of permit		
			Unmarried	Married	Other condition	Labour	Family	Other condition
<b>Italy</b>								
Males	34.4	8.0	45.6	53.8	0.6	78.5	16.9	4.6
Females	34.8	6.4	22.4	72.7	4.8	18.5	75.8	5.7
Total	34.6	7.3	35.5	62.0	2.5	52.4	42.5	5.1
<b>Marche</b>								
Males	35.2	7.9	43.7	55.6	0.7	76.2	19.2	4.6
Females	35.9	6.5	20.6	74.1	5.3	18.3	77.4	4.3
Total	35.5	7.3	33.2	64.0	2.8	50.0	45.5	4.5
<b>Apulia</b>								
Males	35.0	8.0	41.7	57.6	0.7	74.8	19.4	5.8
Females	36.1	7.2	24.8	68.6	6.6	23.9	69.0	7.1
Total	35.5	7.7	34.0	62.6	3.4	51.6	42.0	6.4

Source: our elaboration on ISTAT data

<sup>6</sup> See Çela (2008) for an analysis of the Albanian migration in the Marche.

According to Bonifazi and Sabatino (2003), the tendency to the stabilisation of Albanian emigrants in Italy does not seem to be necessarily accompanied by a real integration process. Albanians work in all sectors of the Italian economy, but the specialization of male workers is mainly in the construction sector, followed by industry (in the Northern and Central regions) and agriculture (in Southern Italy), whereas women are engaged mainly in domestic work and elder care. Employment in these sectors does not necessarily mean integration or emancipation, because it reduces the chances of improving one's professional qualifications and familiarization with modern skills and technologies.

### **3 Profile of remittance sending households in the Marche and Apulia regions**

#### **3.1 Overview of the sample**

The sample is heavily biased towards males (67.8% of the interviewees). This was mainly due to the fact that males are the head of the household in most of the cases. In all cases when women declared to be aware of the financial/economic situation of the family we decided to interview them.

The interviewees are relatively young, the average age being 37.2 years. Almost 93% of the interviewees is younger than 50 years. The most represented age group is 31-40 (35% of the sample).

In the Marche region, 58% of the sample are married and live with their partner and children in Italy (average number of children 1.9). Only 4% of the sample are married and the partner lives in Albania. In Apulia the situation is different: Only 47% are married and live with their partner, whereas 30% of the sample are married to a partner living in Albania. Among those who declare to have their partner in Albania, the majority (59%) have their children living in Italy.

As a conclusion we can say that in Marche immigrants are more integrated because their familiar situation is more stable, while in Apulia families are divided between the two countries. This is one of the reasons why Albanians in Apulia remit on average more than those living in the Marche.<sup>7</sup>

In the Marche 44.5% of the sample have a permanent permit of residence<sup>8</sup> versus 35% of Apulia, while the number of those with temporary permits of residence is evenly distributed (52.4% and 50.5% respectively). It is to be noticed that in Apulia there are the double of Albanians with Italian citizenship (6% vs. 3%) and the triple of irregulars (7% vs. 2%). These data reinforce the image of Apulia as a border region.

Albanians in Apulia have the same average period of permanence in Italy and in that region (9.7 years), while the Albanians interviewed in the Marche have on average a period of permanence of 9 years in Italy and of 7.5 years in the Marche region. Since Apulia (thanks to its geographic position) is the main entrance gate of Albanians, this means that immigrants living there at the moment have always been living there. On the contrary, immigrants residing in the Marche have been living in other regions before coming to the Marche.

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<sup>7</sup> The Marche 2.458 Euros/year, Apulia 3.531 Euros/year

<sup>8</sup> "Permesso di Soggiorno CE per soggiornanti di lungo periodo".



The group in the Marche region seems to be better educated than that in Apulia. In fact, 58% of the Marche Albanians have Higher school diplomas (compared to 39% of those in Apulia) and 30% have completed their compulsory education (7% in Apulia). It is very interesting to notice that one out of three Albanians in Apulia has only completed the elementary education level (4 years). But Apulia hosts a higher percentage of graduates (16% vs. 10%).

An important fact is that 38% of the sample declare that their jobs are not adequate to their education level. This group of people is composed of well educated persons (mostly graduate or even post-graduate ) whose diplomas have no legal recognition in Italy. Actually, only 2% of the sample in the Marche declared they had an Albanian university degree recognized in Italy, while this figure is higher (5%) in Apulia.

As for the immigrants' future migratory projects (Tab. 5), it is interesting to observe that 12.5% of respondents in Apulia would like to move to another region. This fact confirms Apulia as a first step in the migratory strategy of the Albanians. Moreover, 35.4% of the Albanians in Apulia have decided to return to Albania compared to 28% of the Marche Albanians. The situation is different for those who are still “in two minds”. The percentage in the Marche is twice that in Apulia (44.5% vs. 22.9%).

Tab. 5: Projects for the future (in %)

	Marche	Apulia
Definitely settle in Italy, in this region	27.5	29.2
Definitely settle in Italy, but in another region	0	12.5
Return to Albania	28	35.4
Have not decided yet (they are “in two minds”)	44.5	22.9
Total	100	100

Source: our survey data (year 2007)

Among the reasons why respondents will return or would like to return to Albania the most important is to reach their families there (Tab. 6). They account for *circa* 40% of the total<sup>9</sup>. We could call them the *homesick*. The second group is composed of people that will (or would like to) return to Albania because their migratory project reached its goal (the first four rows in Tab. 6). We could call them the *winners*. They account for 44% (Marche) and 33.4% (Apulia) of the total. Lastly, there is a third group of interviewees who would like to return to Albania because of the “*failure*” of their migratory project.<sup>10</sup>

Tab. 6: Reasons why you will return or would like to return to Albania (%)

	The Marche	Apulia
I saved enough money	11.9	11.4
I acquired enough professional skills and gained experience	3.6	4.2
I will open a productive/commercial business in Albania	22.3	17.8
I was offered a position in Albania	6.2	0
My family cannot reach me here	1.6	0.9
I want to reach my family in Albania	38.9	39.4
I did not find what I was looking for in Italy	13.9	21.7
My permit of residence expired	1.6	1,0
Total	100	100

Source: our survey data (year 2007)

<sup>9</sup> We added together “I want to reach my family in Albania” and “My family cannot reach me here”

<sup>10</sup> There is some subjectivism in the answer “I did not find what I was looking for in Italy” since what could be considered a failure by someone may not be considered as such by someone else.

The majority of the respondents are employed in permanent positions, which, first of all, means a stable economic condition. This figure is higher for the Marche region compared to the Apulia region (60.5% and 44.8% respectively). Those in an unstable position are only 20% in the Marche but *circa* 32% in Apulia.<sup>11</sup> We will discuss the reasons why this happens further ahead (see Tab. 8). Interestingly enough, the second typology of employment is self-employment (*circa* 14% in both regions) which could be interpreted as a signal of the dynamism of Albanian emigrants in these regions. It is to be mentioned the very low unemployment rate in both regions. In the Marche region the percentage is almost zero.

Tab. 7: Distribution of the sample according to present work status (%)

	<b>Apulia</b>	<b>Marche</b>
Unemployed	3.0	0.5
Student	0.5	0.0
Housewife	1.5	0.0
Employed in temporary position	<b>14.8</b>	<b>10.0</b>
Employed in permanent position	<b>44.8</b>	<b>60.5</b>
Employed irregularly but in a stable position	6.9	5.5
Employed irregularly and in an unstable position	4.9	6.0
Employed as collaborator (atypical contract)	3.0	3.0
Self employed (regularly)	<b>11.3</b>	<b>12.0</b>
Self employed (irregularly)	0.5	0.0
Businessman	3.0	2.0
Other condition	5.9	0.5
Total	100.0	100.0

Source: our survey data (year 2007)

In Apulia males are employed mostly in agriculture (30.8%) and construction (20%), whereas females are employed mostly as domestics (53%) and clerks (secretary, translator 16.3%). The seasonality of employment in agriculture is probably the main explanation for the high rate of unstable employment among Albanians in Apulia (Tab. 8).

A different picture emerges from the Marche data. In this region Albanians are mostly employed in construction (25%) and in industry (21%). Males follow the same regional pattern (construction 37%, industry 20%), while females are employed as domestics (40%) and in industry (22%) (Tab. 8). In the Marche 41.2% of the sample has a second job, while in Apulia only 25%.

<sup>11</sup> We considered the following ones as unstable situations: Unemployed, Employed in temporary jobs, Employed irregularly and in temporary jobs, Employed as collaborators (normally with temporary contracts), Self-employed, but irregularly and Other conditions.

Tab. 8: Typology of employment (%)

	Marche		Apulia	
	M	F	M	F
Industry (generic)	<b>19.8</b>	<b>22.4</b>	0.09	0.0
Industry (specialized)	3.6	0.0	3.7	0.0
Tertiary – services (generic)	2.7	5.2	3.7	0.0
Construction	<b>36.9</b>	1.7	<b>20.5</b>	0.0
Agriculture	2.7	1.7	<b>30.8</b>	<b>7.00</b>
Fishery	0.9	0.0	2.8	0.0
Clerk, executive	0.9	5.2	0.0	<b>16.3</b>
Sales and services	0.0	5.2	0.0	2.3
Restaurants	9.0	8.6	11.2	0.0
Handicraft	11.7	5.2	12.1	2.3
Transportation	3.7	0.0	1.9	0.0
Medic and paramedic	0.9	1.7	0.9	0.0
Intellectual	1.8	1.7	0.9	0.0
Domestic (full time)	0.0	1.7	0.0	<b>14.00</b>
Domestic (part time)	0.0	<b>27.6</b>	0.0	<b>23.25</b>
Aid to the elder	0.0	<b>12.1</b>	0.0	<b>7.00</b>
Social assistant	0.9	0.0	0.0	0.0
Other	4.5	0.0	10.3	0.0
No answer		15.5		25.0
Total	100.0	100.0	100.0	100.0

Source: our survey data (year 2007)

A more stable economic condition of immigrants in the Marche can be inferred from the time passed since the moment they got a regular job. The majority of the interviewees in the Marche have had a regular job for at least 3 years (77%), whereas only 12% of Albanians have had a regular job for at most two years. In Apulia the picture is different: only 47% have had a regular job for at least 3 years and 42.5% have had a regular job for at most two years.

Tab. 9: Classes of personal income (%)

	M	F	Total
< 800 Euros	6.30	40.90	17.30
801 – 1,100 Euros	10.30	29.90	16.50
1,101 – 1,400 Euros	37.50	15.00	30.30
1,401 – 1,700 Euros	17.60	7.90	14.50
> 1,700 Euros	28.30	6.30	21.30
Total	100	100	100

Source: our survey data (year 2007)

The average monthly personal and household incomes are very similar in both regions.<sup>12</sup>

There are differences according to gender: women dominate in the lower income classes (Tab. 9). If we consider the household income, 41% of the total sample has an income up to 1,600 Euros. About 48% is in the class 1,601-3,200 and only 11% have a monthly income higher than 3,200 Euros.

<sup>12</sup> The average monthly personal and household incomes are 1,468 and 2,188 Euros respectively. This is quite surprising considering not only the fact that 41,2% of the sample in the Marche has a second job vs., 25% in Apulia, but also that many Albanians in Apulia work in agriculture and have irregular and temporary jobs.

### 3.2 Remittances

There are two different questions concerning remittances. Each of them aims at capturing one of the facets of this phenomenon. The first question focuses on the monthly expenses of immigrants for the needs of their families in Albania. We consider this kind of expenses as habitual remittances. These are usually small amounts of money (around 100 Euros).

The second question is very specific. We asked our interviewees: “How much did you send to Albania last year (i.e. 2006) ?”. These amounts are higher because the majority of the interviewees declared they had sent money for investment purposes during this period. We will deal with this kind of remittances in the following passages.

On average, Albanians in Apulia remit more than those in the Marche. In fact, in the year prior to the interview immigrants in Apulia had remitted on average 3,460 Euros compared to 3,120 Euros remitted by the Albanians in the Marche. In both regions, the majority of the answers ranks in the first two lower classes (Tab. 10).

Tab. 10: Classes of Remittances in %.

Classes in Euro	Apulia	Marche
up to 1,200	35.4	32.0
1,201 - 2,500	24.6	32.0
2,501 - 4,500	13.8	17.0
4,501 - 6,000	13.1	13.0
over 6,000	13.1	6.0

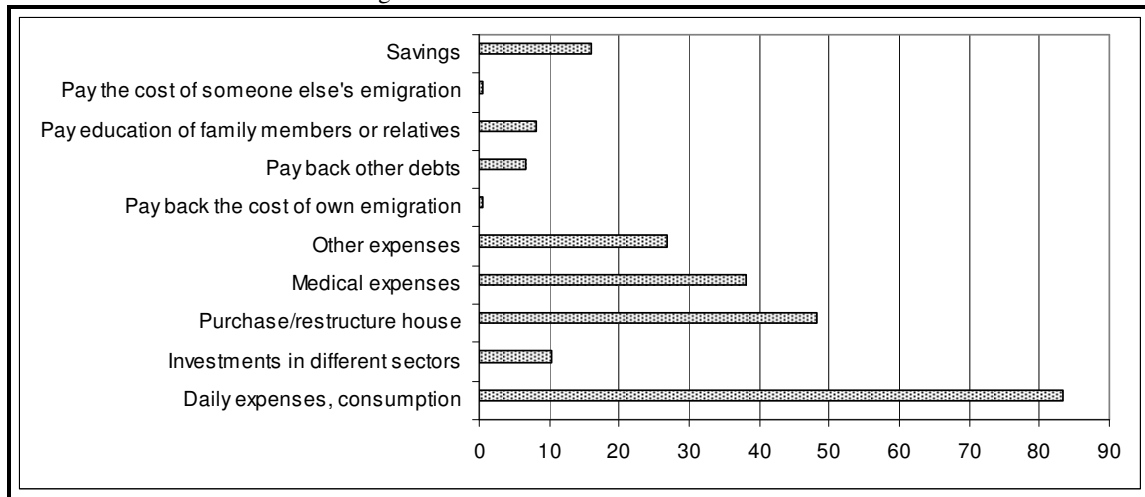
Source: our survey data (year 2007)

The frequency of remittances is similar among the two regions. More than half of the respondents send money at least once a year, 36% send money quarterly and less than 10% remit monthly.

Informal channels dominate. The majority of respondents sent money through friends and relatives (more than 54%) or personally (88%). Other important channels are MTOs (40.3%) whose number has strongly increased in Albania.

Remittances cover mainly daily expenses and consumption. More than 80% of the respondents declared that their families use part of the money for the satisfaction of their basic needs. The second destination of remittances is the purchase or the refurbishing of houses/apartments (nearly 50%). Other important items are medical and other expenses. Very few declare that their remittances are invested in different sectors or deposited in savings accounts (Fig. 2).

Fig. 2: Destination of remittances in Albania



Source: our survey data (year 2007)

Apart from remittances in cash, in kind goods are still an important way of remitting. Nearly 80% declared they send clothing to their families at home. Other goods are Hi-tech and household appliances (more than 40% in both regions), medicines, cosmetics and food (mostly from Apulia).

Tab. 11: Economic behaviour by birthplace

Birth place	Abs. val.	Have sent remittances	Mean	Migratory Project	Abs. val.	Have sent remittances	Mean
<b>Rural</b>	110	107	3055	Italy	35	33	2775
				Albania	35	34	3613
				Uncertain	40	40	3164
<b>Urban</b>	290	267	2494	Italy	104	90	2237
				Albania	91	86	3091
				Uncertain	95	91	2540
<b>Total</b>	<b>400</b>	<b>374</b>	<b>2655</b>		<b>400</b>	<b>374</b>	<b>2655</b>

cont....

Birth place	Migratory Project	Income Mean	Savings mean	Investments Italy (abs. val.)	Mean Investment Italy	Investment Albania (abs. val.)	Mean Investment Albania
<b>Rural</b>	Italy	2068	376	12	112265	19	36519
	Albania	2048	286	7	26647	17	51923
	Uncertain	1906	396	11	97328	28	33467
<b>Urban</b>	Italy	2146	358	35	130051	34	35919
	Albania	2313	410	18	107122	40	50418
	Uncertain	1865	298	19	119762	44	29110
<b>Total</b>		<b>2036</b>	<b>337</b>	<b>102</b>	<b>106864</b>	<b>183</b>	<b>38723</b>

Source: elaboration on our survey data (year 2007)

We checked the immigrants' economic situation, their behaviour and their future projects dividing the sample according to birthplace, into rural - urban. The intuition behind this choice is that the birthplace could be considered a proxy of the economic mentality and attitude to save and invest due to a more or less practical approach to work and to different life conditions in rural and urban areas before the migration experience. Our data seem to support this thesis. In fact, migrants born in

rural areas have a higher tendency to save - and they do save more on average - in spite of the fact that they earn less than urban born immigrants. Moreover, on average, rural born immigrants remit to and invest in Albania more than the urban born ones.<sup>13</sup>

As for the average amount of remittances (Tab. 12), family characteristics play a key role in determining the behaviour of remitters. In fact, those who are married and have their partner and children in Albania remit more than the others.

The available income is the fundamental factor that determines the migrants' remittance strategies . As we can see from Tab. 12, the amount of remittances changes considerably when passing from a monthly household income class to a higher one. A higher average amount of remittances corresponds to a higher income class. An exception is the shift from the first to the second household income class: those who have a household income up to 1,600 Euros are mostly unmarried single persons, whereas in the second class there are mostly families with children. Therefore in this case an even higher increase in the current monthly expenses corresponds to an increase of the family income.

Let's now consider the monthly savings of the households. Since we are considering the total amount of remittances of each family in the year prior to the interview, these amounts might also include the savings of several years. For this reason we checked out the saving capacity of the households. A higher capacity of remittances corresponds to a higher class of monthly savings. Those who declare that they do not save, actually send remittances, and in this case the remittances are habitual ones.<sup>14</sup>

In our opinion investments in Albania or Italy are to be considered as a proxy of the immigrants' ties with these countries. The higher the amount invested in a country the stronger the ties with that country. As we can see from the data in Tab. 12, a decrease in remittances corresponds to an increase in the amounts invested in Italy. On the other hand, more substantial investments in Albania increase the ties with the homeland and, as a consequence, the amount of remittances, through a process of positive feedback.

The analysis of the migratory project is very important in order to understand the immigrants' behaviour in relation to remittances and to investment plans in the home country. Those who declare they will return to Albania remit more than those who have decided to settle in Italy, while the uncertain have an intermediate behaviour.

Last but not least, we checked out the connection between permanence in Italy and remittances. The data in the above mentioned table indicate that remittances grow as a consequence of a longer permanence in the host country up to a certain point in time (around 10 years). Thereafter they decrease.

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<sup>13</sup> **Rural born**: monthly income mean 1,882 Euros; monthly savings mean 360 Euros; mean investment in Italy 88,310 Euros; mean investment in Albania 50,301 Euros. **Urban born** monthly income mean 2,056 Euros; monthly savings mean 329 Euros; mean investment in Italy 118,815 Euros; mean investment in Albania 41,060 Euros.

<sup>14</sup> Since habitual remittances are listed among monthly expenses, savings are net of these monthly sums.

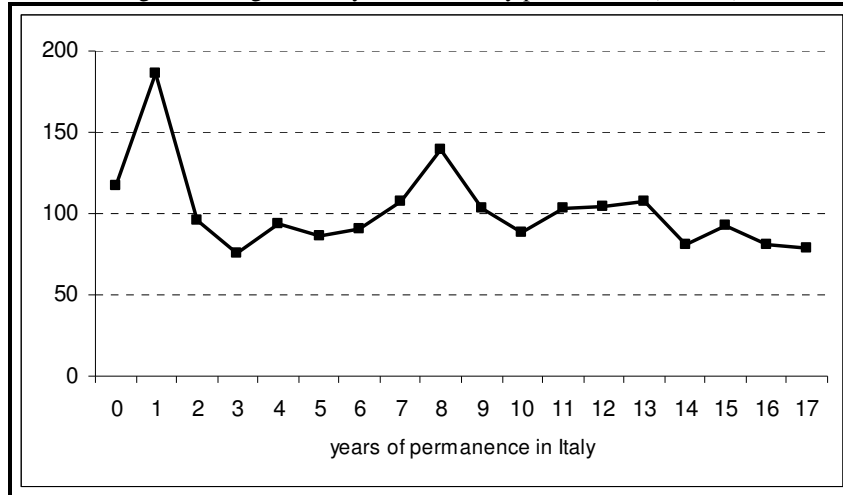
Tab. 12: Average values of remittances by some of their determinants

	<b>Modality</b>	<b>Abs. val.</b>	<b>Trimmed Mean</b>
Marital Status	unmarried	105	2746
	married with partner in Italy	195	2337
	married with partner in Albania	67	3720
Children in Italy	1	67	3053
	2	107	1951
	> 2	38	2154
Children in Albania	1	11	3920
	2	13	3980
	> 2	11	8750
Permanence in Italy	< 5 years	67	2388
	5 - 10 years	174	2765
	> 10 years	135	2697
Monthly household income classes	up to 1,600 Euros	147	2539
	1,601-2,400 Euros	105	1981
	2,401-3,200 Euros	82	2704
	> 3,200 Euros	41	6188
Monthly savings classes	do not save	53	1660
	< 400 Euros	181	2133
	400 - 600 Euros	66	3141
	> 600 Euros	68	5292
Future projects	stay in Italy	127	2267
	return back to Albania	119	3240
	on the fence	129	2688
Classes of investments in Italy	< 70,000 Euros	41	3096
	70,001-140,000 Euros	21	4281
	> 140,000 Euros	43	1929
Classes of investments in Albania	< 25,000 Euros	69	3170
	25,000 - 70,000 Euros	86	4027
	> 70,000	25	6575
Birth municipality	rural	107	3055
	urban	269	2494

Source: elaboration on our survey data (year 2007)

In order to better understand this relation we will now consider the two definitions of remittances (monthly, habitual remittances and remittances sent in the year prior to the interview). In the following diagrams (Fig. 3 and Fig. 4), the average amount of yearly remittances and of monthly remittances are taken into consideration

Fig. 3: Average monthly remittances by permanence (in Euro).

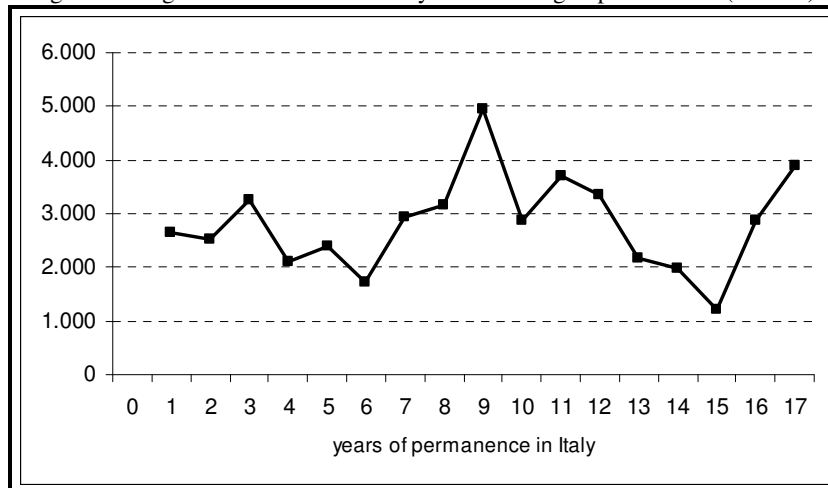


Source: elaboration on our survey data (year 2007)

If we consider the average monthly remittances (Fig. 3), their trend is in line with theoretical literature according to which remittances follow a down sloping trend after a certain duration of permanence in the host country (between 8 and 12 years). In our case this peak is reached in the year 8.<sup>15</sup>

More controversial there appears to be the case of remittances sent in the year prior to the interview. The trend is similar to the one previously mentioned if we consider people that have been living in Italy for up to 15 years. The behaviour of the other group (those with a longer permanence) is quite counter theoretical and does not actually correspond to theoretical expectations. Despite their long permanence in Italy this group of immigrants does not seem to have lost their ties with the homeland.<sup>16</sup> What can be said is that in this case there is not a well defined trend of remittances towards Albania.

Fig. 4: Average remittances in the last year according to permanence (in Euro).



Source: elaboration on our survey data (year 2007)

<sup>15</sup> Many of the long term migrants that we interviewed declared that they would remit less in the following years.

<sup>16</sup> The group consists of 45 people. The majority (57%) have decided to stay in Italy, 16% want to go back to Albania and 27% are still uncertain. Almost all of them have invested either in Albania or in Italy or in both countries. Investments are mainly concentrated in the housing sector and in commercial or productive sectors. All of them had remitted in the previous year and a few of them had remitted very large sums.

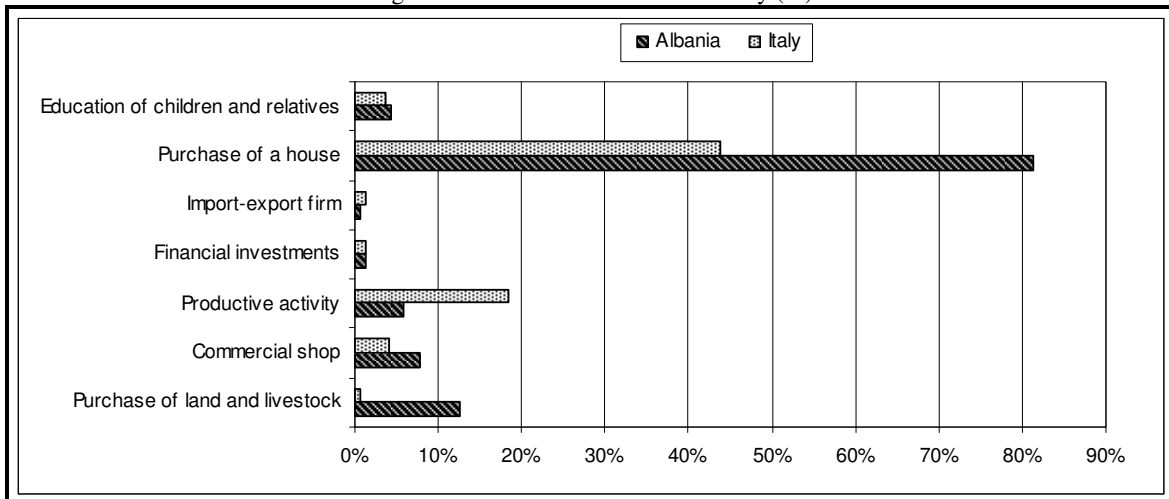


### 3.3 Investments

A large part of the remittances consists in money sent to Albania for investments. The majority of the Albanians in the Marche and Apulia (61% of the respondents) declared they had done investments (alone or with others) and 4% has planned to invest.

Let us take a closer look at the typologies of investment in Italy and in Albania (Fig. 5). What strikes the attention most is the item: purchase of a house. More than 80% of the respondents have invested in the house market in Albania and 44% have invested in the Italian house market. Housing is considered one of the safest investments especially in Albania. The second important investment category are productive and commercial activities (mainly in the construction sector and shops). 22.6% of the respondents has invested in these sectors in Italy, while only 13.6% has invested in Albania. Another important category is the purchase of land and livestock (12.5% of those who have invested in Albania). On average, Albanians have invested 114,000 Euros (inclusive of bank loans) in Italy and 47,000 Euros in Albania.

Fig. 5: Investments in Albania and Italy (%)

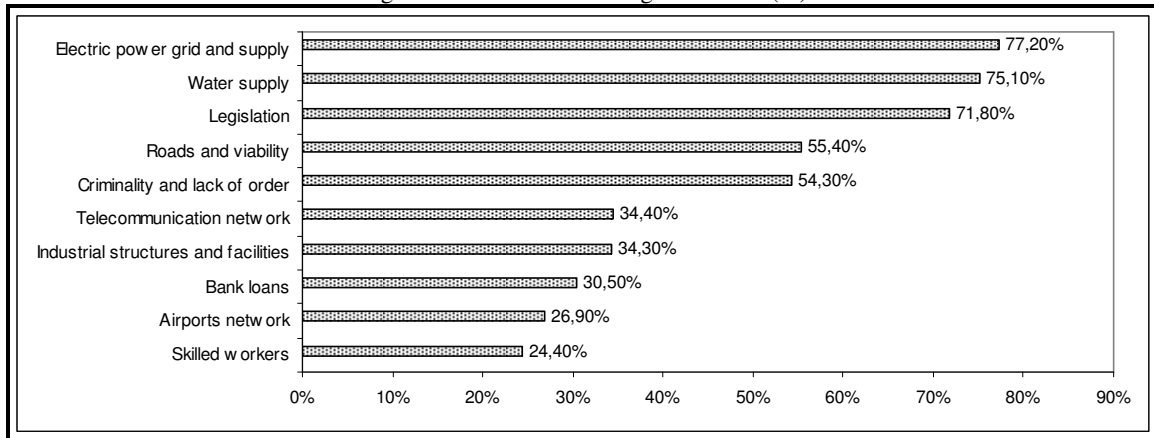


Source: elaboration on our survey data (year 2007)

The overwhelming majority of funding comes from private institutions (banks). Our interviewees declared they obtained bank loans in Italy in 47.5% of the cases, whereas only 6.5% obtained a loan in Albania. Despite the availability of public loans to the ethnic entrepreneurship only 6.8% of the respondents declared they were aware of such funding possibilities.

As for the problems of investing in Albania, the main difficulties are the poor conditions of the water and electric power supply networks (more than 75% of the respondents). “Legislation” is also considered an obstacle by 72% of the respondents. Other difficulties are the bad conditions of roads (55.4%) and the lack of “rule of law” (54.3%).

Fig. 6: Obstacles to investing in Albania (%)



Source: elaboration on our survey data (year 2007)

Albanian immigrants invest more in Albania independently from their migratory project (Tab. 13). The most important consequence is that those who have not decided yet where to live invest in Albania more than all the others. Albanian policymakers should stimulate and promote the return of this category of migrants effectively, so as to make it possible for them to invest in Albania not only their money but also their human and social capital.

Tab. 13. Nr. of persons who have invested in Italy or in Albania according to the migratory project

Migratory Project	in Italy	in Albania
Settle in Italy	53	54
Return to Albania	27	57
Uncertain (they are in two minds)	29	74
Total	109	185

Source: elaboration on our survey data (year 2007)

At the end of the interviews we asked our interviewees to mention **only one** country where they would invest an imaginary lump-sum of 250,000 Euros. This was done for two reasons: firstly, we wanted to alleviate the tension caused by the high number of personal questions and secondly, we wanted to see the projections of their dreams. 28% answered they would choose to invest in Italy, the country that allowed them to have a better life, but two out of three answered, without any hesitation, that they would invest in their homeland.<sup>17</sup>

## 4 Profile of migrant sending households in the Vlorë region

In this section we will describe in greater detail the characteristics of the Vlorë sample<sup>18</sup>. The sample was relatively young. Almost 30 % was in the 20-30 age group. 56% of the sample was younger than 40 years and 80% was younger than 50 years of age.

The majority (61%) of the respondents were men since the respondent was in most cases the head of the household.

<sup>17</sup> only 6% chose a country which is neither Albania nor Italy.

<sup>18</sup> See also Novelli et al. 2008 for a study on this sample with a sociological approach.

Our sample was characterized by a high number of married (68.5%) and well educated people. In fact, 39% of the sample had a university degree (third level qualifications) and 46% had completed their secondary education.

Education data are reflected by profession typology: 25% professionals, 18.5% public servants and 20% businessmen or merchants/shopkeepers. The unemployed were 7.5%. Work was the primary source of income for 77.6% of the respondents, retirement pensions or other forms of income for the remainder of the sample. Only 52% of the respondents declared they were satisfied with their living standards.

36% of the respondents declared they had from one to three emigrated relatives. Half of them declared they had more than three emigrated relatives. Only 14% of the respondents declared they had no emigrated relatives.

The top two countries of destination are Italy and Greece. Almost 77% of the interviewees declared they had at least one friend or relative in Italy, while at least one friend or relative had emigrated to Greece in 52.5% of the cases. Also other countries have been the target of the migration dynamics of the interviewees' networks of friends and relatives. These countries are those of the second wave of Albanian migration: United Kingdom (18%), USA (11.5%), Canada (6.6%) and Germany (6.6%).

Only 51% of the respondents declared they receive remittances from abroad regularly. Therefore, in the following passages our analysis will be focused on this sub-sample. Even though Albanian emigration appears to have reached its maturity, the channels through which remittances flow into the country do not seem to have changed significantly. In fact, only 44.4% declare they receive remittances through formal channels, mostly specialized MTOs (Western Union above all) and banks. The rest (55.6%) receive remittances through informal channels like relatives and friends.

It is interesting to notice that only 6.4% declare to receive remittances monthly. The majority receives them once a year (40%) while the rest of the respondents receive remittances every 3-6 months. This clearly signals that the scope of remittances is shifting from consumption and satisfaction of primary needs (food, clothing and housing) which require a constant influx of money, to forms of investment in material and immaterial goods (second house, education, and other forms of investment).

As shown in Tab. 14 more than 51% of the respondents declared they receive from 1,000 to 5,000 Euros per year and 5% declared they receive even more than 5,000 Euros. Besides the satisfaction of basic needs of the families left in Albania, such amounts go to the financing of productive investments such as handicraft activities, commercial shops and apartments and houses that in many cases are rented to tourists.

Tab. 14: Distribution of remittance receivers by remittance classes

	<b>Abs. Val.</b>	<b>%</b>
< 1,000	46	44
1,000 – 3,000	41	39
3,000 - 5,000	12	12
> 5,000	5	5
Total	104	100
Non receiving	96	
Total	200	

Source: our survey data (year 2007)

Tab. 15 shows the percentage of people that used remittances (partially or fully) for some of the above mentioned purposes in two different periods of time: 10-15 years ago, i.e. at the beginning of the Albanian emigration, and at present, i.e. the period of maturity of such emigration. It clearly shows a negative trend in the use of remittances for consumption, housing and savings, which allows for more investments in luxury goods (a second house) and education.

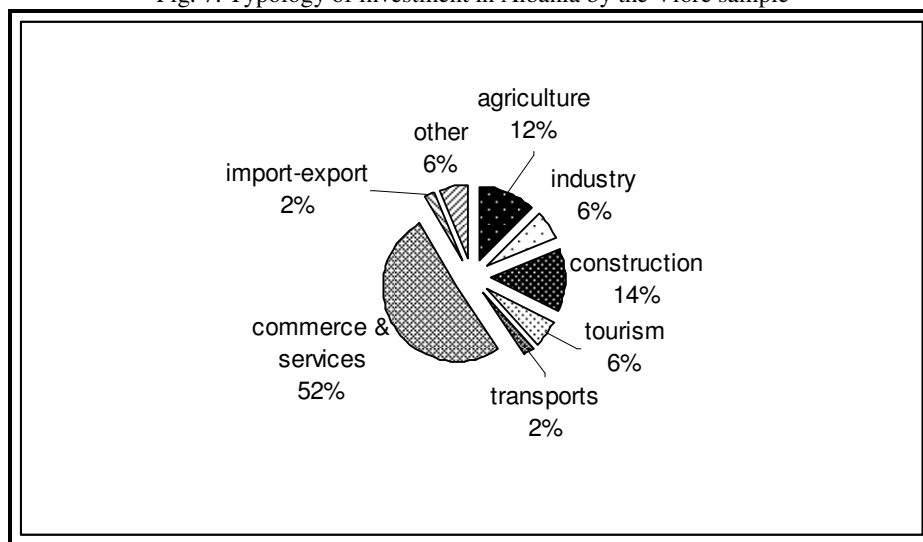
Tab. 15: Use of remittances 10-15 years ago and at present (%).

	10 - 15 years ago	At present	Variation
Consumption	92.1	51.9	-
Education	4.7	22.2	+
Dwelling house	43.1	4.7	-
Second house	1.6	10.3	+
Investments	14.5	31.8	+
Savings	52.1	42.7	-

Source: elaboration on our survey data (year 2007)

More than 56% of remittance receivers in Albania invested (alone or jointly with relatives) in the last 5 years, 33% did not invest and 10% intend to invest in the near future. Those who invest in productive activities usually prefer commerce and services (Fig. 7).

Fig. 7: Typology of investment in Albania by the Vlorë sample



Source: elaboration on our survey data (year 2007)

Emigration has a strong impact on the relationships with family, relatives and friends. On the one hand, only 2.8% of the interviewees declared they very often meet their emigrated relatives. On the other hand, 78% declared they very seldom meet their relatives or they had not met them at all for several years.

Nevertheless, only 25.2% consider emigration negative for their own family.<sup>19</sup> Nearly 60% admit that emigration has had a positive impact since it improved their living standards (28.1%), they built a new house (23.4%), or started a new business (8.2%). Only 15.2% think that emigration has not had any significant impact on their lives.

<sup>19</sup> The main reasons are: relatives feel like foreigners rather than Albanian (12,3%); lack of integration in the host country (7,6%) and disintegration of families (5,3%).

## 5 Focus Group Discussions in the Vlorë region

Apart from the questionnaires, two focus groups were selected in order to obtain points of view and information that could not be effectively collected through quantitative methods. The subject of such discussions was wide but centred on the impact of remittances on the behaviour of recipient households. We aimed at having insights on the administration of remittances, the families' welfare, educational attainment, expenditures, savings and investments, and on the role of return migrants.

The selected individuals were representatives of several professional classes i.e. representatives of Commune Councils and Public Administration, representatives of banking, construction and tourism sectors, entrepreneurs, teachers, doctors and nurses of public hospitals. Focus group discussions were held in two different areas: one in the city of Vlorë and the other one in a tourist rural area near the village of Nartë.

During these discussions there emerged some disagreement between the participants with reference to the development of the migration cycle in their specific area. Moreover, discussions brought to light different perceptions of the actual needs to migrate or to stay in the country as well as of the job market in Albania. Unemployment is the main cause of migration and this was emphasised particularly by the focus group in Nartë. Concern was expressed on the change of behaviour and of mentality of the returnees as for the agricultural development of the area. The returnees and/or their relatives are mostly attracted by commercial activities like new shops or coffee bars and restaurants rather than agricultural activities in spite of the potentiality for development of area.

There were rather animated comments about the local government and its lack of assistance and support for the agricultural sector. This results in no job opportunities and as a consequence the younger part of the population wishes to go abroad for better opportunities. Concern was expressed on the loss of rural traditions.

Remittances have a positive effect on the household income since they represent a stable resource of living for many families, particularly in rural areas. The amounts received are related to the number of family members abroad as well as to the host country.

Yet, the number of households that receive remittances is decreasing, since the earlier migrants supported their families financially in order to help them reach acceptable living standards. As a consequence, the households receive at present a different kind of assistance such as education abroad for their relatives and health assistance. Moreover, a considerable number of migrants have created families abroad. Many of them have reunited with their parents abroad and others are still on the process of reunion. This means less assistance for the other relatives left in the home country.

An important case is that of earlier migrants who have returned home. They are engaged in a process of transfer of the know-how they acquired abroad. They are exploiting the financial capital gained abroad and other financial resources (bank loans) to start their own business activities, doing investments of various types as shops, restaurants, hotels, food processing, clothing etc.. Many educated migrants have only found unskilled jobs in labour markets abroad, so they intend to return to their home country.

Migrants remit smaller amounts and less frequently according to the needs of poor households needs. Households which have unemployed, disabled persons and elderly people receive small monthly amounts (50-100 Euros) to cover their expenditures for food, consumption and non-durable goods. These families hardly manage to save part of what they receive. Remittances of this

type go mostly to rural areas where the living standards are lower, whereas more substantial remittances are used for investments (the purchase of a house is still considered a safe investment).

The small monthly remittance transactions have evolved from the physical transmission to a market dominated by cash-to-cash wire transfers through MTOs which currently dominate the Albanian remittances market. Meanwhile, bigger amounts still continue to be transmitted physically and only a few transactions take place through bank accounts.

Migration in the region has slowed its pace, but remains a significant force, helping to reshape lives and whole economies throughout the region. Remittances primarily help poor families to deal with economic shocks in different living areas - urban or rural. As a discussant of the rural focus group said: "Families with members abroad feel economically safe and confident on the future of their members."

## **6 Concluding remarks**

Remittances have a direct impact on the receiving households as they improve people's economic situation. Remittances of Albanian emigrants are mostly used for imported consumer goods, services, and for the purchase or construction of houses. A small share is saved or invested in businesses, mainly in construction and agriculture.

A fundamental issue of the migration management in Albania is the creation of a synergy between the financial, social and human capital of Albanians living abroad and, consequently, a synergy between migration and development.

Formalizing the inflow of remittances is very important towards this aim. More than half of remittances enter the country through informal channels. Our survey points out that remittances to Albania are channelled through unofficial channels: physically brought by the emigrants (88%), friends and relatives (54 %). Geographical vicinity between the two countries combined with close family ties and the regular visits home of the immigrants make formal channels unattractive. This high flow of remittances through unofficial channels asks for action to improve banking infrastructure and make official channels more attractive in terms of efficiency, safety, cost and trust.

Formalization is a necessary step, but does not ensure the role of remittances as a development tool. The most important challenge is to channel workers' remittances towards the country's development needs, for instance linking workers' remittances with investments in small infrastructures.

Albanian emigrants could become potential agents of the socio-economic development of their country of origin thanks to remittances, investments and the human and social capital they acquired abroad during their migration experience. The migration policies of the Albanian Government are mainly focused on promoting, through incentives, the voluntary return of successful immigrants. This is the aim of the Government's initiative that offers emigrants the opportunity to return and invest in their country by enjoying a three year profit and personal income tax exemption. We believe this is not enough.

In fact, "[i]t is difficult to convert successful migrant workers/savers with no prior business experience into dynamic entrepreneurs. It could be argued that it is more realistic to introduce

financial intermediaries that capture migrant remittances as deposits and channel them to existing small and micro-businesses, rather than transforming migrants directly into entrepreneurs” (Puri and Ritzema, 1999).

In other words, rather than focussing on “migrant-specific” investment programmes, policymakers might induce micro-finance institutions to capture remittances. The basic idea would be to design policies to transfer the migrant workers’ funds to entrepreneurs. Thus a synergy between migration and development could become possible and remittances would become a source of development.

The best way for policy makers to encourage productive investment is not to attempt to change migrants’ behaviour (at a micro-level), but to pursue policies (at a macro-level) that yield a stable and favourable investment climate and to improve infrastructures, so as to make investments an attractive and profitable proposition.

The Albanian emigration cycle and remittance flows seem to have entered a stage of maturity. Theory states that the longer the duration of migrant status, the lower the probability of large flows of remittances. Our survey does not confirm this trend entirely. Albanian immigrants in Italy have reunified their family and, as a consequence of this integration process, habitual remittances to their relatives in Albania have decreased year after year. Yet Albanians continue to remit mainly through investments (84% of sample).

After a period of stay abroad, Albanian migrants are at a crossroad: to settle in Italy or return back to Albania. The decision will certainly depend not only on the level of integration of immigrants in the host country, but also on the economic and social situation in Albania and on the possibilities of integration they could find in their homeland. However, the choice to return should not be considered as definitive but rather as a reversible one.

Albanian immigrants are “in between” the two coasts and regardless of any future migratory project they would like to keep contacts both with Albania and Italy. They invest both in Albania and Italy and they could invest more in the future.

The possibility of moving freely from one country to another is certainly a key element in the process of investment of migrants capital in the homeland. But the strict visa policy discourages this process and emigrants, especially those who had a short-term migration project, with an aim at the accumulation of financial capital to invest in their homeland, ultimately give up the idea of returning home for fear of being unable to obtain a work permit in case of need.

A policy that intends to promote the investment of the human, financial and social capital accumulated by Albanians abroad in Albania, will be successful if the Albanians are given the opportunity and freedom to move across the national borders. Paradoxically, the real possibility of mobility liberalization would encourage them to return.

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