

CROSS-BORDER MIGRATION AND REMITTANCES  
IN A POST-COMMUNIST SOCIETY:  
RETURN FLOWS OF MONEY AND GOODS  
IN THE KORÇË DISTRICT, ALBANIA

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**Abstract**

Since the early 1990s, at least 600,000 Albanians have availed themselves of the option of temporarily or permanently emigrating. Although there is no denying that the consequences of large-scale emigration and the related return flow of money do have an impact on Albanian society, the question is, how? Drawing on the returns to a survey conducted in a border district in south-eastern Albania in late 2002, including a sample of 1,315 households, this paper assesses some of the basic features of remittances – recipients, channels, frequency, forms and use – in a society that has recently become a source of substantial flows of out-migration.

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## 1. Introduction

The Muslim Maliqi family consists of five family members, Adli, Entela and their three sons of 15, 13 and 11 years old. Adli, the father, is 43 years old and has completed ten years of schooling, and his wife Entela, who is 39 years old, has completed eight years of schooling. When Adli, who is the main breadwinner in the household, could not find employment in Albania in 1994, he migrated illegally to Greece for the first time. In Greece he worked in agriculture and was paid per day. He stayed in Greece for three months and when he did not find any further employment he returned to Albania. The family's house, for which they pay rent, has two rooms, a separate kitchen, piped in-house water, a dry outside toilet and electricity. The house is built only with the most expensive materials, with the roof made out of tile, the floor of cement or brick and the exterior walls of brick or stone. Concerning the material standard of the household, they own an iron, TV set, fridge, radio, and a clock; even so, it should be noted that they do not have a phone, washing machine, stove, sewing machine or a car. The only source of income for the Maliqi family is the small amount of welfare benefit of 800 lëke per month and the remittances they occasionally receive from abroad. The remittances are primarily used for daily needs and the last time they received remittances was 12 months ago. At that time they received the money personally and in total they got 130,000 lëke.

The Mema family consists of Mark and Inez and their two children. They have one son who is 25 years old and one daughter who is 22 years old; neither of the children is currently attending school. Mark, the father, completed secondary school and now works on the family farm. This is the only source of income for the family. His wife, who was born in the nearby town of Pogradec, never completed primary school. Today they live in a one-family dwelling. They get their water from an open well and they do not have a washing machine; they do have a flushing inside toilet. In terms of material standards they have an iron, TV, radio and fridge but they do not have a stove, sewing machine, a phone or a car. None of the family members have ever tried to migrate. They remain in Albania because family and relatives are there and they do not have a specific plan to leave or even a reason for doing so.

Two families from Pirg commune, which is located about 20 km north of the regional centre of south-eastern Albania, the town of Korçë, contributed the above information during a series of interviews done in late 2002 (names have been changed). As such they may not be representative in a strict statistical sense, but are quite illustrative examples of two families, where one receives remittances and the other does not, that can be collected throughout much of the country (e.g. King *et al.* 2003). At a time when economic hardships are experienced across wide segments of society, the case histories illustrate the importance of remittances received from

family members abroad. Not every household is able to draw on this potential resource and one may also assume that the relative importance of such incomes is marginal or un-important to other parts of the population.

It is this differentiation with respect to the access and use of remittances across the social landscape of Albania which this paper addresses. As is the case in several other formerly socialist economies of Europe, notably Moldova, work abroad and the opportunities for sending money home to close family and other kin has assumed substantial proportions. In Albania alone, the return flow of money was estimated to correspond to 12.9 per cent of GDP in 2003 (Bank of Albania 2004: 48; for earlier data, see, e.g., Uruçi and Gëdeshi 2003: 4-5). That is almost twice the income from exports and about four times bigger than inward foreign direct investment; it also exceeds by a respectable margin total foreign aid granted to Albania. Even if we disregard the unfortunate experience with the pyramid schemes in the mid-90s, fuelled to a considerable degree by money sent home (Korovilas 1999), the flow of remittances is likely to have a pronounced impact not only on individual families but on society as a whole. For instance, as far as the national accounts are concerned, remittances help fill a gap in the current account, which - because of a considerable shortfall in the balance of trade and service - habitually presents a deficit the size of about 5 per cent of GDP or more. As such, remittances can be expected to have a macro-economic impact of some magnitude, in particular as regards the exchange rate (Muço *et al.* 1999: 548-550) and inflation (Haderi *et al.* 1999: 133-135).

Important as this is – aggregate demand increases, but by strengthening the lekë it makes exports more expensive and imports less so<sup>1</sup> – our objective is to sort out the incidence, size and uses of remittances in a border region supplying temporary and permanent emigrants at a rate above the national average. The rationale for this focus is the relative lack of sound micro-level data, which - unlike current account statistics - can be linked to the behaviour of sub-groups or individuals in Albanian society. It is evident that emigrants are making a big difference to their immediate families and communities in their country of origin, remittances being one of the main means by which an impact is made (Ramamurthy 2003: 28-29). The question is, how?

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1. An immediate negative consequence of which is that Albanian exporters are crowded out, another that local producers targeting the national or local market are likely to face higher levels of import competition than would otherwise have been the case. On the plus side, it may create increased local demand, in particular in non-tradable services and goods, such as some building materials, that is, industries where locally procured goods are protected by high trade costs (transport, transaction costs and trade barriers, as the case might be).

## 2. Previous research

Remittances have long attracted the attention of migration researchers. However, it is probably fair to say that they now hold a more central position in both migration and development research than has been the case for quite some time (e.g., Adams and Page 2003, Gammeltoft 2002, Glytsos 2002, Jones 1998, Kapur 2004, Massey and Taylor 2004, Neyapti 2004, Sørensen 2004). Traditionally, remittances have been seen as a temporary adjunct to emigration, typically decreasing as the cross-border migrant becomes more firmly established in his country of destination. While there is some evidence that the propensity to remit money home is indeed related to the time spent abroad (e.g., King 1986), the essentially pessimistic view that remittances are more likely to create dependency and apathy at the receiving end than provide a means for an improved livelihood has increasingly been challenged. Without denying the possibility of remittances pushing up the reservation wage, the so called “new economics of labour migration” has emphasised the potential of money sent home to lessen production and investment constraints (Stark and Levhari 1982, Stark and Bloom 1985, Stark 1991; for reviews see, e.g., Massey *et al.* 1993, Taylor 1999). In particular, rather than at best representing a compensation for prior investment by parents in the human capital of migrant off-spring (as in Sjaastad 1962), remittances may expand the scope of income-generating activities, not to speak of their potential to compensate for a lack of insurance and forward financial markets.

Irrespective of the underlying motives for remitting money home, Albanian migrants have availed themselves of this opportunity to raise money for the benefit of those left behind. As has already been noted, the aggregate volume as revealed by the (admittedly rather inexact) national account statistics is substantial. It goes without saying that such an important phenomenon has not escaped attention from researchers or policy makers. Indeed, the donor community has also taken a keen interest in the availability and use of money sent home. As is the case with previous experiences with emigration and remittances in Albania (on which see, e.g., Tirta 1999: 163-165), we still know little about the exact amount remitted and how this fits into the receiving household's income and expenditure patterns. Available data suggest that remittances account for 13 per cent of the average household's disposable income. The share is higher among urban dwellers (16 per cent) compared with rural (11 per cent) (Carletto *et al.* 2004: 12). What is more, not all families receive remittances and as a consequence those that do will on average enjoy the privilege to a higher degree than the above figure of about one-tenth of the disposable income suggests. Indeed, averages are likely to conceal considerable variation across a number of other dimensions as well. For instance, since migration rates differ across Albania, the potential number of households that might receive money or goods from kin

earning an income abroad will differ by region. A region such as the south-east, which by virtue of its proximity to Greece has seen a substantial flow of people across the border, is likely to receive more than the national average.

Recognising that most households depend on multiple streams of income for a living, a survey conducted in the countryside of the Korçë area suggested that more than 60 per cent of all farmer households earn over more than half of their income from non-farm related activities, including remittances (Manoku 2000: 28-30). This could be considered to form a generously defined upper bound of the maximum contribution to most families, which of course is not to suggest that no household receives as much or more in the form of remittances from kin abroad. Other research from the same region points in the direction of remittances making up a more modest proportion of total income. Thus, a study of six communes in the Korçë region shows that remittances from migration represent approximately 18.6 per cent of the total income of the 306 families surveyed and that they are the main alternative source of income after employment in the agricultural sector (Gëdeshi *et al.* 2003a: 44). The same study shows that 69.1 per cent of the migrants send remittances in the form of money, 3.6 per cent in the form of goods, 16.4 per cent send both money and goods and only 10.9 per cent do not remit anything. On the national level 50 per cent of the remittances are believed to be transferred through the banking system (Bank of Albania 2003: 62), or are at least thought to be fast approaching that percentage (Uruçi and Gëdeshi 2003: 7-8), which stands in rather stark contrast to findings in Korçë where it has been estimated that a mere 11 per cent of the sums transferred pass through formal channels such as the banking system or money transfer companies (Gëdeshi *et al.* 2003a: 45).

A critical issue in order to determine the impact of migration on the source country is how the remittances are used. Previous research concludes that remittances in Albania are mostly used purchasing food and clothes to meet the family's basic needs. The second priority for the use of remittances is to improve living conditions, which is likely to imply the building of a new house or improving on the old one, acquisition of domestic appliances and so forth (INSTAT 2003: 17, Gëdeshi 2002: 59, De Soto *et al.* 2002: 46, King *et al.* 2003: 3). This is also consonant with the results of research carried out in the Korçë district, where the households list their first use of remittances as follows: 70 per cent buy goods for daily consumption, 16.7 per cent improve living conditions and 10 per cent build or renovate their houses. Secondary priorities are to improve living conditions (31.9 %), buy domestic appliances and finance investments in agriculture (12.8%) as well as family ceremonies (12.8%). As a third choice, or so the survey by Gëdeshi and associates (2003a: 45-46) suggests, 20 per cent of the households save the remittances in a bank account.

While the above pattern appears clear enough, save for the actual size of the contribution that remittances make, opinions diverge on whether or not the inflow of remittances generates economic development. On the one hand, much research, including that carried out in Korçë district and reported above, stresses that remittances are mainly used for consumption of imported goods. In addition, the poor state of infrastructure and lack of political security effectively act as a barrier to remittances being invested in business activities and improvements in the agricultural sector (Maroukis 2004). Indeed, as the focus groups providing substantial input to Kosta Barjaba's Albanian migration model suggest, such factors act both as a reason for leaving and a deterrent to remitting money home or returning (Barjaba 2003: Chapter 4). As in Albania in general (Piperno forthcoming), the high cost and limited reach of formal channels for remitting money further adds to this perceived lopsidedness. As a consequence, and along the lines of the pessimistic view referred to at the beginning of this section, it has been suggested that remittances contribute only to a small extent to sustainable economic development (Gëdeshi *et al.* 2003a: 50). Rather, remittances create dependency and encourage further migration. On the other hand, many researchers point to instances where remittances do contribute to economic development. It has thus been noted that increased access to food itself is a contribution to development since well-fed people are likely to be more productive (Martin *et al.* 2002: 112). Moreover, it is said that remittances have promoted a great deal of construction, which is likely to provide local job opportunities both in building materials, related transport and construction *per se* (Nicholson 2004). A study conducted on the national level in 1998, with a sample of 1,500 individuals and 200 firms, shows for instance that only about 50 per cent of the remittances had been used for consumption and that the remainder was either saved or invested in a variety of sources, including real estate and financial institutions (Kule *et al.* 2002: 6-7). In fact, the same survey goes on to suggest that 17 per cent of the investments in small and medium size enterprises came from money accumulated while abroad. Other sources claim that almost 30 per cent of investments in Albanian small and middle sized enterprises were primarily financed by remittances from family members working abroad (INSTAT 2003: 17).

It is commonly asserted that access to money sent home to family members and other relatives is often the dividing line between being poor and relatively prosperous (De Soto *et al.* 2002: 40, Gëdeshi 2002: 53, King *et al.* 2003: 98). At the same time it has been concluded that it is costly to migrate, costly both in monetary terms and in terms of physical and emotional strain. Estimates show that migrants must pay an amount equal to the earnings of one to two months of work in Greece in order to get legal documents. Additionally, big families are more able to send migrants than small

and poor families (De Soto *et al.* 2002: 42-43). This is so, Gëdeshi (2002: 66) argues, since somebody must be available to look after the wife and children during the period a family member is abroad. Equally important, one would assume, the need for labour back home, in particular on the family farm, might act as an obstacle for potential migrants (e.g., Germezi and Swinnen 2003, referring to rural Albania). Be this as it may, all these factors together imply that not every household is able to send someone abroad and, as a result, become the potential target of money remitted to those staying behind.

Noting that remittances are important, both nationally and to a large number of households, and that they are typically used to meet consumption needs or to improve the family residence, does not take us very far. This is particularly so as aggregate level data is likely to hide wide variation across regions and families; not all families, after all, or even a majority are at the receiving end of the incoming cross-border flow of money and goods remitted to those back home. What is more, unlike its macro-level equivalent, there is little in the way of micro-level data, and micro-level data as available is hostage both to the limited geographical coverage – important in view of the regional variation that exists – and to the lack of statistically sound sample frames.

While this report cannot do much to address the former concern – perhaps the returns to the Living Standards Measurement Survey can – the non-existence of proper sampling frames that all of the above quoted studies (except Arrehag *et al.* 2004) are hostage to can now be rectified. Thanks to the existence of a database comprising the returns to a sample survey carried out in the district of Korçë at the end of 2002, the present report may contribute towards redressing that particular problem; this is so as it used the census of 2001 as its base sampling frame. Using this opportunity, as a prelude to a more analytic use of the database, descriptive statistics are drawn from the survey returns with a view to providing better grounded figures on the extent to which Korçarean families have access to remittances, the size of remittances as received and the form they take. The report particularly emphasises existing differences between rural and urban areas. After a review of the basic features of remittances and remitting behaviour, the use and impact of remittances at the household level is scrutinised. In doing so, we strive to set previous research, in particular as regards the Korçë area, in perspective. Critically, our analysis ends with an attempt to answer the crucial, yet vexing, question whether remittances serve to differentiate the non-poor from the poor. The possibility of addressing an issue such as the latter rests with the quality and nature of the data. Therefore, the next section sets out to describe the survey and the resulting data set.

### 3. The survey

As with parallel work of the authors (Arrehag *et al.* 2004), this study is made possible thanks to survey data collected in late 2002. Financed by the Swedish International Development Co-operation Agency (Sida), the survey was implemented by the Centre for Refugee and Migration Studies (CRMS) of the International Catholic Migration Commission, the purpose primarily being to cater to the need for basic inputs to regional planning – the main task of the *qark* (or region) under the new law on local administration adopted at the turn of the millennium. The intended recipient was thus the Regional Council of Korçë, but for a variety of reasons it was only to cover the former district of Korçë, that is, only the largest amongst the four former districts that make up the *qarku i Korçës*. Local students from the Fan Noli University of Korçë served as enumerators, their work being monitored by Prof. Elfrida Zefi of the Faculty of Economics. Prof. Brendan Mullan, Michigan State University and the University of the Aegean, served as academic consultant to the original survey.

The resulting data set comprises information collected from 1,315 households, in turn covering 5,301 individuals, from 12 communes and two municipalities in the Korçë district. According to national experts in statistics the data collected are representative and reliable for the Korçë district (Dimitri Tollia, interview, Nov. 2003). In addition to the household survey, CRMS also collected supplementary aggregate data on the commune/municipality level on the levels of migration in the community, employment, education, income sources and other issues of topical concern. While considered of high quality, the fact that this database was not primarily intended for the objectives of this study should be recognised. For instance, for reasons of voids or qualitative deficiencies on issues such as incomes or the rationale for setting out for neighbouring countries, the data at hand do not allow the analyst to systematically test, at least not in a straightforward manner, hypotheses that would enable us to discriminate between, say, neo-classical migration theory of the type long favoured in development studies and the new economics of labour migration.

The sample was at first randomly selected to ensure that every sample unit had equal probability of being included in the sample. The outcome of such a procedure turned out to exclude the four communes from the western part of the Korçë district, that is, Gore, Lekas, Moglicë and Vithkuq. These communes are known to have experienced a high rate of emigration and depopulation and were therefore of particular interest. In order to capture the special characteristics of the western-most part of Korçë and to obtain a balanced geographical coverage, sampling units from the above four communes were later included in the sample. Given the few sample units found there as a result of intense depopulation, the four communes were merged into one group called Western Korçë. Such a procedure might in turn cause problems in esti-

mating the reliability of the data at the commune level in this particular area. The database also contains substantially more respondents from the rural areas compared to the urban areas – but only slightly more than absolute numbers would warrant – whereas the number of female and male respondents is quite equal.

The questionnaires had four different focus areas: household characteristics, characteristics of the migrants, remittances and potential migration, the third of which is obviously the one of particular importance here. The respondent primarily targeted in each household was the household head, that is, typically the eldest male breadwinner,<sup>2</sup> who responded on behalf of the other family members (including absent migrants). If the household head was not present any other member of the family responded to the questions. As has been pointed out also in research on Albanian emigration (e.g., Lianos and Cavounidis 2004), results might differ depending on whether it is the remitting migrant or recipients back home who supply the information. Therefore, care should be exercised in the interpretation of the results (cross-checking and triangulation being possible remedies). In general, the response rate in the sample was high since the substitution method, that is, the principle of approaching the household next door to that originally drawn, was applied when none of the intended respondents was present.

An important characteristic of the sample is that it contains both migrant and non-migrant households, a migrant being defined as a person who was abroad during the time of the collection of the household data and had been living and working abroad for more than six months. As a result, most temporary – or rather non-seasonal temporary – and permanent migration has a chance of being picked up, unless of course the entire family has left and no near kin remained in the area at the time of the survey.

A further problem arises from the manner in which the questionnaire was constructed. The enumerators conducted scheduled, structured interviews containing both open-ended and close-ended questions. While generally most satisfactory in practice, the open-ended character of many questions and the fact that many categories used in both types of questions were not explicitly (pre-)defined sometimes led to difficulties in interpreting the results. For this and other reasons, a follow-up was conducted in Korçë in November and December 2003. At that point, the authors of the present paper conducted interviews with local officials and inhabitants of

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2. The definition of household head was not specified in the dataset. However, it is widely noted that Albanian society is shaped by patriarchal values (e.g., Bonifazi and Sabatino 2003) and for this reason it is plausible to assume that by household head the designers of the dataset refer to the eldest male breadwinner in the household.

some of the communities originally surveyed with a view to putting interpretations on firmer ground. Similarly, the designers of the questionnaire and the resulting database were approached to establish intentions and the assumptions made. However, one of the most important issues, namely total income, to which remittances contribute and need to be related, proved a major headache. Not only did relatively few respondents care to answer questions of this sort, the manner in which those few did respond resulted in answers which yielded little in the way of reliable and consistent information. In addition to the common reluctance to disclose such information, the manner in which the questionnaire was constructed militated against straightforward interpretation. As for the quality and extent of information on the size, regularity and use of remittances, however, problems are far less challenging.

#### **4. The basic features of remittances in Korçë district**

In order to assess the importance of remittances to the surveyed population, we need to establish the extent to which such resources are available. This section sets out to identify the basic features of the flows of money that absent or returning family members generate thanks to their activities abroad.

##### *4.1 Access to and magnitude of remittances*

In total, 370 households out of 1,315, or 28.1 per cent of the sample, receive remittances from abroad, with a higher percentage of 32 per cent (294) in the rural areas compared to 19.1 per cent (76) in the urban areas. The higher incidence of remittance in rural areas reflects the fact that rural households are slightly over-represented amongst those providing migrants, but might also be indicative of rural households being particularly dependent on incomes sent from international migrants. The reason for leaving may also have an impact, as a larger proportion of urban migrants claimed that they left for reasons of studies rather than primarily raising money (Arrehag *et al.* 2004). Whatever the reason, however, it should be noted that there is no one-to-one relationship between having an emigrant in the family and receiving remittances: 66.9 per cent of the migrant households report that they receive remittances, thereby suggesting that almost one-third does not. This is substantially lower than found by previous research in this particular region (Gëdeshi *et al.* 2003a), but on the other hand tallies with some surveys conducted in the country of destination (e.g., Cavounidis 2004: 52-53). Nevertheless, 4.8 per cent of non-migrant households claim that they do receive such transfers. The occasional “gift” from daughters married into other families to their parents and siblings (see, e.g., King *et al.* 2003: 56) could be a source of such transfers, but the database does not provide any information against which such a presumption could be checked.

The dataset contains information regarding the budget of the households, however, and originally it was thought that such data might be used to determine the share of remittances in the disposable income. Unfortunately, the response rate regarding these matters was very low which, in turn, hampers any attempt to fully evaluate the pecuniary importance of remittances to receiving households. The relevant statistics are given in Table 1 below.

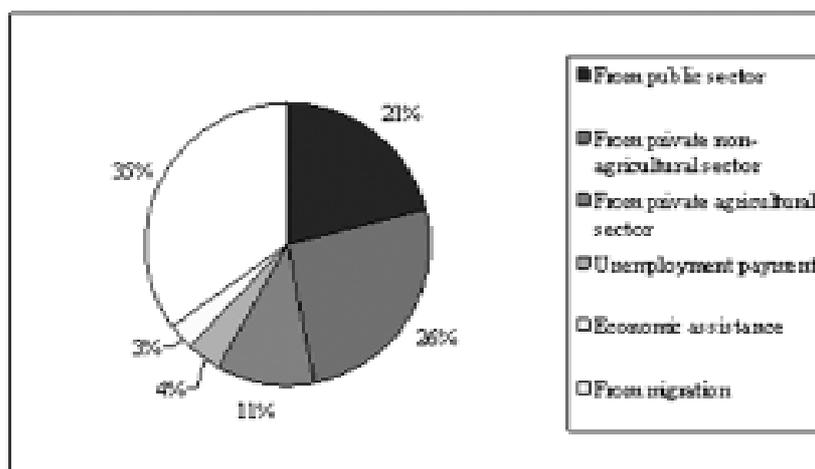
**Table 1.** The household budget: number of respondents to the questions regarding sources of income (other than remittances)

	Number	Per cent of total sample (%)
Welfare benefits	67	5
Unemployment benefits	25	2
Pension/rent income	556	42
Bank interest	50	4
Farm animals	2	0
Equipment	2	0
Property	15	1
Other sources	48	4

*NB total sample size: 1,315*

*Source: Database*

In general, it is difficult to obtain trustworthy income data in monetary terms on the household level, which might explain the low number of respondents. One way to overcome this problem is through collection of information on household expenditure, but such data are missing in the survey. What is included, though, are aggregate data on the commune level that were provided by the heads of the communes or municipalities. Before presenting the result of the commune data it is worth mentioning that these data have their own peculiar weaknesses. To be more specific, the data show that the communes of Moglicë, Gorë, Voskopojë and Voskop receive a higher share of total income from the private non-agricultural sector in comparison with the municipality of Korçë. These numbers seem unlikely since the city of Korçë is commercially more developed than the communes just mentioned and suggest that the data provided by the heads of the communes or municipalities in this district should be treated with caution.

**Figure 1.** Sources of incomes as a percentage of total monthly household earnings

Source: Database

Nevertheless, the aggregate data show that on average 35 per cent of the total income comes from migration (remittances), typically in the form of cash (*Figure 1*). This is substantially higher than the 18.6 per cent that has been mentioned in previous research in the Korçë region. Comparing rural and urban areas (*Table 2*), the sources of income do not differ substantially; a slightly higher percentage of the incomes earned in rural areas is derived from migration.

**Table 2.** Sources of income as a percentage of total monthly household earnings by areas

	From public sector	From private non-agricultural sector	From private agricultural sector	Unemployment payment	Economic assistance	From migration	Total Income
Urban	24	22	12	4	5	33	100
Rural	20	26	11	4	3	36	100

Source: Database

Data for 2001 show that 14 per cent of all families in the Korçë region receive social assistance (INSTAT 2002: 19), which is not in accordance with the total of 4 per cent of economic assistance detected in the commune data. In yet another case,

previous research as already mentioned concluded that more than 60 per cent of the farmers receive over half of their income from non-farm related activities in the Korçë region (Manoku 2000: 28-30). This statement seems to be supported by the data provided by the heads of the communes or municipalities. Nevertheless, for reasons mentioned earlier it is likely that the information given by the heads of the communes may not be accurate.<sup>3</sup>

#### 4.2 Types of remittances

Even if we leave “social remittances” (Levitt 1998) aside, remittances do not necessarily have to be in cash. Remittances can also be in the form of goods, though the majority of the families both in urban (88.2%, or 67 cases) and rural (95.2%, 280) areas only receive money. In urban areas 10.5 per cent (8) of the households receive both money and goods as compared to rural areas where the equivalent number is 4.8 per cent (14). Only one single respondent in urban areas (equivalent to 1.3%) claimed to exclusively receive remittances in the form of goods, whereas in rural areas no respondents receive goods only. These figures are slightly different from those previously reported for this particular part of Albania (e.g., in Gëdeshi *et al.* 2003a). One may speculate as to why remittances in kind are relatively uncommon. Lack of suitable means of transportation, which would be necessary for many consumer durables or building material (both of which are important end uses of remittances received in cash),<sup>4</sup> could be an explanation, as could the difficulty of getting goods to their destination unless the migrant returns home personally. At earlier stages of the transition, when the more widespread lack of access to proper papers (Arrehag *et al.* 2004) made border crossings particularly risky, goods of almost any type would be an obstacle to the smooth return of the emigrant. As the market has developed in Albania, there is no lack of goods at home and prices need not be much higher than across the border. Although quite uncommon both in rural and urban

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3. In particular, commune and municipality level population registers are likely to result in exaggerated population numbers while the availability of various forms of social assistance may well be under-estimated. This is so as, unofficially, local officials tend to try to stretch the money received through budgetary transfers – which are based on population numbers pure and simple – by effectively diluting the sums made available to those eligible, thereby being able to distribute support to a larger number of households (the true number of which they might be reluctant to disclose). This is not to imply that money does not primarily go to those most in need, only that official levels of support are seldom available to recipients.

4. In rural areas, only 12.4% (114) of the surveyed population own a car or a jeep, rising to 17.1% (68) in urban areas.

areas, the higher incidence of remittances in kind in the latter may additionally be the result of the still more impractical transport to rural areas – and perhaps also the greater ease with which imported goods can be sold in local stores in urban areas. However, judging by the responses given in the survey, it appears that the goods received are used for the closest family, and no respondents stated that they gave away the goods as gifts.

#### *4.3 Recipients of the remittances*

Previous research indicates that remittances are mainly received (or at least controlled) by men (e.g., in King *et al.* 2003). Assuming that the interpretation of the term household head as referred to previously is correct, the same pattern is found in the Korçë region - at least in urban areas. In 38.2 per cent (29) of the cases the first recipient<sup>5</sup> of remittances is the head of the household. This number is higher in urban than in rural areas. In the latter case the equivalent number is 24.8 per cent (73). In rural areas it is more common, in 28.6 per cent (84) of the cases, that the father/mother of the head of the household is the first recipient. The second recipient in both areas is the spouse of the household head and the third recipient in urban areas is the father/mother of the household (23.7%, 18). The recipient of remittances also depends on who has stayed behind and therefore the above numbers do not necessarily indicate that the family structure is more patriarchal in urban areas. As found in parallel work, in which the age structure of the migrants was considered, it is likely that there are more household heads in migration in rural as compared to urban areas (Arrehag *et al.* 2004) and accordingly rural household heads cannot receive the money. From these results another conclusion can be drawn, that only the closest family get a share of the remittances (the household head, the spouse or the father/mother of the household head), and that is true irrespective of the form remittances take. The fact that households do not use goods as presents for family or friends or send money/goods to a local organisation confirms the observation that remittances are used only for the immediate family, a result that has not received great attention in previous research.

#### *4.4 Frequency of remitting*

On average, emigrants send back money to their dependents for the first time 39 weeks after departure. As a matter of fact, migrants originating from urban areas on

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5. According to the dataset first, second and third recipients refer to the household members who received the remittances at first, second and third hand.

average wait longer, 56 weeks (i.e. approximately a year), before they send back money. This can be compared to the migrants originating from rural areas who usually start to send after 35 weeks. These results are indicative of migration of a relatively short duration being more common in rural areas. Other explanatory factors for the difference between rural and urban areas in this respect could be the ease of transferring funds, the income level of the households of origin and the distance from the source country to the destination country. Moreover, it is shown that in a great majority, 88.3 per cent (323) of the cases, the migrants send money back on an irregular basis. This applies both to urban and rural areas, even if the regularity of transfers is slightly higher in urban areas. The reason for this most probably lies in the uncertain nature of remittances, that in turn depend on various factors, both with respect to start-up costs and earnings. For example, the working conditions of the migrants, the level of received wages and legal status during the migration could all result in incomes varying over time. The uncertainty related to inflow of remittances was also expressed at various points in the follow-up interviews conducted in 2003. Receiving families said that the remittances were looked upon as a gift and that it was not a long-term solution to their economic distress.<sup>6</sup>

#### *4.5 Channels for transfers of remittances*

The insecurity concerning the transfers of remittances is also related to the means of remitting money. A clear pattern is that the most frequent method used is to carry the money across the border personally, as recounted by both urban (51.3%, 39) and rural (53.4%, 157) respondents. The second most common method of sending back money is through friends or relatives. This is true for 41.2 per cent (121) of the rural respondents and for 36.8 per cent (28) in urban areas. The friends and relatives in question are often migrants from the same village or who share some other common denominator upon which to build trust. Previous research on the national level stresses that migrants often interact in networks and that this facilitates the migration process (De Soto *et al.* 2002: 43), which seems to be borne out by our survey data. Similarly, while the proportions may differ, other work such as that summarised by Piperno (forthcoming) for Albanians in Italy by and large confirms this strong preference for privately organised and hence informal transfers of money.

Transfers through formal institutions are less frequent. In urban areas 11.8 per cent (9) receive remittances through bank transfers as compared to the still lower proportion of 4.4 per cent (13) in rural areas. Adding to bank transfers other con-

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6. As was indicated, e.g., in interviews with farmers in Qendër commune, 18 December 2003.

ceivable formal routes, such as postal transfer or money orders through non-bank formal institutions, another 9.2 per cent (7) of the urban households and a paltry 1.7 per cent (5) of rural households is added to the overall figures for transferring remittances by other means than personally or by way of members of one's personal network. These figures are lower than previous research at the national level should have led us to believe. Access to collection points, be it banks catering to retail needs or the offices of Western Union and its likes, may explain the difference between urban and rural areas, but the overwhelming impression is of course that the official system falls short of migrant expectations on costs and/or trustworthiness. Yet, low as these figures are, they are higher than in previously reported research in the area (e.g., in Gëdeshi *et al.* 2003a: 45).

There are many reasons for the high number of informal transactions. Previous research has, for example, highlighted the shortcomings and limited geographical coverage of the Albanian retail bank system, the more favourable exchange rate in the informal market, lack of knowledge of the functioning of the banking system among migrants and migrants' families, and various legal obstacles (Gëdeshi 2002: 55). In addition, a study conducted in Italy stresses that few Italian banks have products especially targeting the immigrant clients (Piperno forthcoming). Another important factor is the considerable lack of trust in the financial system, including the banks, as a consequence of the collapse of the pyramid schemes in 1997.

### **5. Use and impact of remittances**

Two different questions intended to find out how remittances are used were included in the questionnaires. Firstly, the respondents were asked for what purpose, in order of importance, the money received in the past 12 months had been used. Secondly, the interviewees were asked if the remittances had enabled them or any other household member to buy different specified objects such as food or clothing, household goods, and so on.

The first question was an open-ended question. However, it is not entirely clear whether "in order of importance" refers to importance in terms of amount of money allocated for a certain purpose, or the preference order of the fields of applications. Follow-up interviews with persons involved in making the survey did not yield any conclusive answer. The second question, on the other hand, had three pre-specified alternatives; "yes", "no" and "don't know". While seemingly unambiguous, it is similarly unclear whether the "don't know" alternative means that the interviewer or the interviewees did not know. Given the lack of information regarding the questionnaires in these matters the "don't know" answers have been considered as missing values and have therefore been eliminated.

In the following sub-section, as a first approach to the issue, the primary, secondary and tertiary use of the remittances as given by respondents will be detailed. Subsequently, based on the result from the second question, which can be considered as a control question, a more detailed analysis will be performed. The consistency in the answers will also be commented upon.

### *5.1 First, second and third use of remittances*

In 86.3 per cent (63) of the cases in urban areas and 90.6 per cent (252) in rural areas the first use of remittances is for food and clothing. Thus, the majority of the households allocate the remittances to satisfy their essential needs and only a small number of households use remittances received for other purposes prior to attending to basic consumption needs. Only 5.4 per cent (19) of the respondents buy household goods and 2.6 per cent (9) build or repair their house as a first use of the remittances. There are slightly more urban than rural households which use the money for purposes other than food and clothing, perhaps because poverty is more severe in the rural areas.

However, it is not self-evident that, for instance, a household with low rates of consumption of clothes and food and higher expenditure for other purposes is necessarily better off than a household with a high rate of consumption of basic necessities. This is because it is conceivable that different consumption patterns are hidden within the consumption category. A non-poor family might, for instance, choose to buy expensive ready-to-wear clothing or imported goods from Greece but would still appear as a family with a high rate of consumption of basic necessities.

As regards the second major use of remittances, it can be seen in both urban and rural areas, though to a greater extent in the latter, that it is common to allocate the resources for improvement of the house. The clear majority (in total 68.1%, 233) choose to spend the money on household goods, while only 6.7 per cent (23) use it to build or repair their house. In addition, 9.4 per cent (32) use the money to pay off debt. Other observers have suggested that in many cases investment in the living quarters of the family, whether built anew or renovated, is not merely or even primarily done out of necessity. Building a house also makes manifest that the family is hoping that the migrant will come back to live in Albania or, indeed, serves as a proof of wealth and successful migration (King *et al.* 2003: 80).

Dwellings are important and a further 42.9 per cent (141) of the respondents indicate that their third major use of remittances is for building or repairing the house, more so in rural (44.4%, 116) than in urban (36.8%, 25) areas. This choice is followed, amongst the urban respondents, by the alternative of reducing debts (17.6%, 12), while in the rural areas there is a preference for improving the land (9.2%, 24).

Moving further down the list of the third most important priority, an interesting difference can be noted between the two areas. While people in urban areas tend to make fees and other costs for educational purposes a priority (as in 10.3%, or 7, of the cases), inhabitants in rural areas would rather pay off debts (8.4%, 22) or save or invest money to an equal extent of (together yielding another 8.4%, 22). Incidentally, as for the latter type of use, the urban figure at 8.8 per cent (but a mere 6 cases), is very similar.

Whether the higher emphasis put on education in urban areas results in or merely reflects an existing level of educational attainment cannot be deduced, but as a matter of fact the number of people who have completed secondary school or hold a university degree is higher in urban than rural areas. As for investments outside education and agriculture, in rural areas this most probably refers to cafés and small shops, such as the grocery stores commonly called “mini-markets”, which are a regular sight in many villages. Local inquiries confirm that in many cases these are financed by money earned abroad.<sup>7</sup> However, the small number of respondents makes it difficult to draw any statistically reliable conclusions regarding these matters.

The reported uses are consonant with previous research in the Korçë region, though the number of respondents for each area varies. For instance, the results show a slightly higher proportion of respondents using remittances for daily needs as a first hand choice. The same is true of the second major use, where our data is indicative of a somewhat higher percentage allocating the money received for housing-related purposes than observed in previous work. Regarding the third choice there are surprisingly few households that save or invest the money. Yet, given the emphasis put on remittances being used for investments – whether on normative or positive grounds – this type of use deserves further analysis.

Similarly, in most cases the answers to the first question (concerning priority uses of remittances), on which we have focused in the above few paragraphs, and the second question relating to the use of remittances (concerning what the remittances had enabled the households to do) are consistent. However, with regard to some types of utilisation inconsistencies can be observed. Also on this ground, a more detailed analysis based on the answers to the control question, is warranted.

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7. As was revealed, for instance, in an interview with owner of a mini-market in Libonik, 4 December 2003.

### 5.2 *Alternative investments*

Specifically, as regards the category of daily needs (clothing and food), the survey returned inconsistent answers. Thus, a larger share of the respondents claim that they use remittances for daily needs than the proportion that answered that the remittances have enabled them to buy clothes and food (82%, 264). This is particularly so in rural areas, where 90.6 per cent (252) claimed that they gave priority to these items, as compared to 79.4 per cent (201) who actually did so. The corresponding numbers for urban areas are 91.3 per cent (63) and 86.3 per cent (63), respectively.

The same pattern can be observed regarding the purchases of household goods, though only in rural areas. One interpretation of these results is that people, especially in rural areas, state that they will use the money in one way but end up using the remittances for other purposes. The logic behind this pattern might be that the families have other means to cover basic necessities such as food, clothing and purchases of household goods, which makes other uses of remittances a feasible proposition. Alternatively, people may say or believe that they are worse off than they actually are or quite simply, like most of us, are not particularly good at forecasting future expenses over and above long term fixed costs. Another explanation why the same pattern prevails for household goods in rural areas could be that the migrants in some cases eventually bring consumer durables back to their families from abroad. Consequently the households do not need to purchase the goods and spend money on other kind of investments; however, as was previously shown, remittances in kind are not particularly common.

As also mentioned above, the answers returned to the control question confirm that it is more common, percentage wise, in urban areas to use the remitted money to pay for educational purposes (22% as compared to 15.6% in rural areas). This said, in both rural and urban areas a pronounced majority of the respondents do not use these incomes for educational purposes at all. This result in all likelihood reflects the fact that schooling in Albania is free and that the families that do pay for it most likely either have their sons or daughters in one of the few existing private schools in Korçë town, in other parts of the country or even abroad.

As was also noted above, it is more common to use the remittance money to pay off debts in urban areas (33.3%, 20) than it is in rural areas (19.9%, 38). However, considering that less than a quarter (23%, 58) of all the respondents irrespective of domicile mention this option, remittances appear to be used for this particular purpose to a relatively small extent. As noted in previous research, these debts are likely to be traced back to the usage of "the list", which is a well-known and frequently used phenomenon found in grocery stores across the country (Gëdeshi *et al.* 2003a: 54). Its function is simple: the buyer purchases the products he/she needs and puts the

items on a list that is to be paid for later. Such a list can be looked upon as a form of social assistance, since the shop owner typically does not charge any interest rate and the transaction is simply based on trust. Especially in rural areas it appears to be quite common that poor families make use of this option while waiting for money to arrive from a family member abroad.

Rural migrants are inclined to carry out seasonal migration to a higher extent than urban migrants (Arrehag *et al.* 2004: 10). One may suspect that these migrants collect money to be used throughout the whole year, which means that the most critical period for their families is the time before the migrant returns. It is the time when the families so to speak are at the end of the financial year and cash is running low. During such periods it is especially common to use the list (Laura Juriato, interview, 18 Nov. 2003). Moreover, a further conclusion that can be drawn from the fact that only a small number of households use the remittances to pay back debts is that people do not incur debt in order to pay for the cost of migration. At least, remittances do not pay for such a migration debt, even though it is conceivable that the debt is paid in the country of destination.<sup>8</sup> The formal cost to obtain a Schengen visa, as suggested by previous research, on average corresponds to two months' payment in Greece. However, it is likely that the cost for falsified documents is substantially higher since they are sold on the black market. For instance, one source suggest that during the 1996-1997 period the price to cross the border to Greece illegally (through smugglers - who in many cases had contacts with corrupt police or other state officials) often amounted to 200-300 euro (Hatziprokopiou 2003: 1049). In addition, the migrant needs to cover other costs such as transportation. The fact that remittances are not used to pay back migration debts indicates that the people who do not have the amount of money required for migration are most likely unable to migrate and they are the ones who remain in Albania with small chances of improving their conditions of living.<sup>9</sup> On the other hand, given the fact that Korçë is located on the Greek border and networks of migrants are well established, the cost of moving across the border is probably lower here than elsewhere in Albania, the main cost possibly being the one associated with sustenance before a job is secured and the first wage payment is made.

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8. It should be noted, though, that we have failed to track down any such instances.

9. With respect to travel for other reasons (visiting relatives, medical care, etc.), it is only to a very small extent, 3.5 per cent (8) in total, that the respondents use the money for paying for a visit abroad. This is most likely due to the generally low levels of income and the often high costs of going abroad as well as the difficulties of obtaining a foreign visa.

The control question also revealed that more households use the remittances to pay for ceremonies, life cycle events and the like than was indicated in responses to the first question. This is true for both rural and urban areas, but is particularly so for urban areas. It has been argued that poor people in Albania define poverty as not being able to continue traditions such as baptisms, weddings, funerals, and so forth (De Soto *et al.* 2002: 7). In light of this observation, it is an encouraging sign that people actually use the remittances for such expenses, even though the total number of households investigated that put remittances to this particular use, at 14.9 per cent (36), is small. It is also worth mentioning, though, that this number is higher than the 12.8 per cent that has been stated in previous research conducted in Korçë (Gëdeshi 2003a: 46).

Considering investments outside the agricultural sector, the great majority in both urban (95.1%, 58) and rural (95.3%, 161) areas do not use the money from remittances to invest in non-farm business. To the extent that it happens, it appears that the urban population is more willing or able than the rural segment of the sample to set remittances aside for investment purposes. This might be due to it being easier to come across an investment opportunity in urban areas; the market, after all, is bigger and more developed there. In addition, the majority of people in rural areas devote their time to agriculture and since it might be hard to switch from traditional agricultural to non-farm activities this would explain why the number of non-farm investments is smaller in rural areas. The fact that the rural population suffers from poverty to a higher extent than does the urban population also implies that rural residents are likely to be inclined to avoid high-risk investments. Especially in Albania this seems to be a rational strategy given the political and economic turbulence after the collapse of the communist regime. To the extent that rural dwellers are confined to, indeed trapped in, subsistence agriculture, opportunities for specialisation are few and hence the return on investments is likely to be less rewarding than would otherwise be the case.

It is also possible that these results show that people from the rural areas have less faith in economic development outside the agricultural sector. It should also be kept in mind, though, that the sample for this particular question is very small and it is doubtful if any general conclusions can be drawn with any measure of confidence. Nevertheless, even though remittances generate few investments in the non-agricultural sector it is conceivable that the knowledge and new skills that the migrants accumulate while abroad contribute to creating of new ventures (provided that they return to Korçë to start with). This is confirmed by the fact that approximately 11 per cent of the members of the Chamber of Commerce in Korçë who are owners of small businesses are former migrants to Greece (Pandi Furxhi, interview,

12 Dec. 2003). Even so, in an overwhelming majority of the cases, neither urban nor rural respondents did save or invest the money received in the form of remittances – in total only 15.1% (35) of the households did, the percentages being somewhat higher in urban than rural areas.

### 5.3 *Agricultural investments*

Despite the fact that this alternative does not stand out, quantitatively or otherwise, the answers to the control question indicate that people in both areas, and especially rural ones, to some extent invest in land. Although only 16.9 per cent (43) appear to use remittance for this purpose, this is a percentage large enough to warrant some consideration. The fact that it is mainly rural households that invest in land is of course a logical result since the people who live in the rural areas more frequently work in the agricultural sector and therefore they are also in greater need of land and land improvement. It was also observed that there are some variations between the communes regarding the propensity to invest in land. It appears that communes with fairly good agricultural conditions may induce inhabitants to put money into the improvement and expansion of agricultural land while areas with less favourable conditions receive less or nothing.

Today agricultural holdings reflect the fact that, following the collapse of communism and communist era co-operatives, agricultural land was distributed according to the principle of justice, that is, rural dwellers were entitled to a share of the land held by the co-operative of which they used to be a member. To the extent that current rural dwellers do not have access to land – and statistics suggest that in Korçë district, with a rural population of about 84,000, a few hundred households lack access to land of their own (Ministry of Agriculture 2002) – they are likely to be newcomers, either in the form of in-migrants from other parts of the country (or possibly outlying areas of the region) or sub-urbanising city dwellers. The consequence of the almost universal access to land is that, while underemployment might (and is indeed likely to) be pronounced, few are fully excluded from this potential source of income in cash or kind. However, land is in short supply, the average holding being about one hectare in size.<sup>10</sup>

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10. In the district as a whole, while the average amount of arable land is about 1 ha/family farm (INSTAT 2000), Manoku (2000: 35-36) reports that 37 per cent of all holdings are less than one hectare in size. Statistics for individual communes are not available. However, data collected by Sida and SNV (2001: 5) in Pîrg for early 2001 record 62 families (out of a total of 2,343) with less than a dym (i.e., 1000m<sup>2</sup>) per household member.

In the complementary interviews, as has also been noted in previous literature on the area (e.g., Sampson 2001, Hedlund and Sjöberg 2003), it became clear that rural families co-operate to a very small extent, whether in agricultural work or otherwise. The most frequent explanation of this phenomenon is that farmers in Albania worked together in the co-operative farms during the communist regime and as a counter reaction to this they choose not to co-operate today.<sup>11</sup> A consequence of this mentality, together with the small pieces of land that each family owns, is that neither economies of scale nor the gains from specialisation in production are achieved. To invest in more land might be a way for a farmer to earn more money and benefit from the land he already owns. If the land investments are such that they increase the efficiency in agriculture, remittances would decidedly be used in a productive way.

Finally, as an alternative strategy, the renting or leasing of land could be seen as a worthwhile option. However, the control question showed that very few households (4 - all from rural areas) have actually been able to rent land for the remitted money. The overall impression, therefore, is that the great majority, or 92.7 per cent (217), have not used remittances to improve their access to land. To this should be added that the number of households that use such money for improvements of land already in their possession is small; in the rural zones, where it is slightly higher than in urban areas, a mere 8 per cent (14) do. Liqenas, a mainly Slavic speaking area on Lake Prespa, is the commune where most people have invested their remittances in improvement of land. Similarly, in the rural part of the sample 8.7 per cent (15) have used remittances to purchase farm equipment, the equivalent number in urban areas, not surprisingly, being very low indeed (1.7%, 1).

#### *5.4 Investments in housing*

While the acquisition and improvement of agricultural land is infrequent, the control question showed that 33.2 per cent (83) of the respondents have used the remittances to build or repair their house. This result deviates from the returns to the question on first, second and third order priorities in the use of remittances. A larger number uses the remittances for this purpose in urban (37.1%, 23) than in rural areas (31.9%, 60). On the commune level Voskop, a relatively favoured rural area immediately west of Korçë town, is in the lead in terms of using remittances for building a new residence or repairing an existing house.

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11. This was the outcome of interviews conducted in Qendër commune, 8 Dec. 2003, but is clearly not restricted to this particular area or the circumstances it represents.

In a pronounced majority of cases – and this is true both in urban and rural areas – the respondents did not use the money to buy a house in their commune 92.2 % (213); repairs and expansion seem to be the preferred options. However, there are more households in rural areas (8.2%, 14) in comparison with urban areas (6.6%, 4) which state that the remittances have enabled them to buy a new house. Although casual observation suggests otherwise, there is no information in the survey returns that directly supports the assumption that investments in new residences (or land for that matter) is targeting Korçë town and its immediate surroundings rather than more peripheral home areas within the district; this would otherwise be something to be expected, since both nationally (King *et al.* 2003: 68-69, de Waal 2004: 43) and locally (Zefi 2001) focused research note such instances. Yet, the fact that people invest in Albania could possibly mean that they see a future in their country of birth and it could also point towards a tendency for international migrants to return to Albania, or at least indicate that their family members wish that they would return. Against this should be set the equally distinct possibility of such investment being an expression of transnationalism, that is, as ‘a kind of social formation spanning borders’ as Vertovec (1999:449) puts it, rather than a sign of the intention to return for good. Either way, the result from the control question that only a small number of families invest in a new house could either be seen as a sign of low expectations of future development in the district of interest or an inclination to view one’s place of origin as undesirable.

### *5.5 Remittances – the difference between being poor and non-poor*

The arguably most interesting issue, however, is the question whether remittances serve to differentiate the poor from the non-poor. The starting point is the hypothesis that recipient households are better off than non-recipient households; as such it represents a change of focus from previous work on this data set which has emphasised household characteristics of migrant versus non-migrant families (Arrehag *et al.* 2004). Employing a comparative analysis, and in the absence of trustworthy income data, we do so by looking at the household characteristics of recipients and non-recipient households. Firstly, the exterior characteristics of the dwellings will be discussed, following which the interior features of respondents’ homes and finally the material standard of the households will be scrutinised. Percentage numbers used in this section are an indicator of how many more of the recipient households have a certain characteristic, for instance electricity, compared to the non-recipient households that have the same characteristic.

According to *Table 3*, the difference between recipient and non-recipient households as regards ownership of a one-family house is 5.3 percentage units. Non-

recipient households, on the other hand, tend to live in apartment buildings or share detached housing to a higher extent than do recipient households. As regards the basic characteristics of the dwelling only the most expensive materials available in the Albanian market for roof, floor and exterior walls (based on interview with Alma Sulstarova, 17 Nov. 2003) have been considered in order to find out if the percentage number of recipient households using these materials is bigger than the non-recipient households. Tile as a roofing material is found to a higher extent (11.9%) in recipient households and the same pattern is true for the floor material cement/brick, though only with 7.9 percentage units' difference. This is also true for the exterior wall material (bricks) though the percentage difference between the two households groups is very small (0.4%).

**Table 3.** Household characteristics

Household Characteristics	Recipient Household		Non-recipient Household		
	Number	%	Number	%	Difference*
Single dwelling	298	80.5	711	75.2	5.3**
Roofing material (tile)	310	83.8	679	71.9	11.9**
Floor material (cement/bricks)	112	30.3	211	22.4	7.9**
Exterior wall material (brick stones)	365	98.6	928	98.2	0.4
Flushing toilet inside house	191	51.6	575	60.8	-9.2**
Piped water inside house	242	65.4	660	69.8	-4.4
Separate kitchen	296	80.0	731	77.4	2.6
Electricity	364	98.4	923	97.7	0.7
Value of dwelling (lekë)	1 526 686	-	1 655 094	-	-128 408
Separate rooms (no. in dwelling)	3	-	3.15	-	-0.15

\* This column shows the percentage difference between recipient and non-recipient households. A negative number signifies that non-recipient households have a higher percentage than recipient households.

\*\* Significant difference at 5% level.

Source: Database

Furthermore, if we consider only the interior standard of the dwelling it is extremely hard to claim that recipient households are better off than non-recipient households. For instance, more non-recipient households have the most expensive type of toilets (flushing, in-house) and water sources (piped, in-house). In addition, the fact that the dwellings of non-recipient households are on average estimated to be worth more than those of recipient households is another indicator that remit-

tances do not mark the difference between being poor and non-poor. Yet, this result should be treated with care since the monetary sums recorded in the questionnaires are subjective information, that is, based on estimates made by the respondents. It was also shown that non-recipient households on average have 0.15 more rooms than recipient households, which might be due to the fact that more non-recipient households are found in rural areas, where the cost per square meter is less than in urban areas. Therefore, non-recipient households can possibly afford bigger houses. Indicators that point towards recipient families being better off, at least as regards the interior standard of residences, include the extent to which they have a separate kitchen (2.6%) and electricity (0.7%).

**Table 4.** Material standard of the household

Items owned by the household	Recipient Household		Non-recipient Household		
	Number	%	Number	%	Difference*
Fan	64	17.3	197	20.8	-3.5
Iron	349	94.3	835	88.4	5.9**
Television	367	99.2	932	98.6	0.6
Refrigerator	353	95.4	848	89.7	5.7**
Washing machine	180	48.6	529	56.0	-7.4**
Stove (gas/electric)	208	56.2	566	59.9	-3.7
Computer	15	4.1	34	3.6	0.5
Radio	355	95.9	836	88.5	7.4**
Clock	359	97.0	921	97.5	-0.5
Sewing machine	77	20.8	237	25.1	-4.3***
Bicycle	111	30.0	257	27.2	2.8
Vehicle (car, jeep, truck)	55	14.9	127	13.4	1.5
Motor cycle	7	1.9	24	2.5	-0.6
Landline telephone	57	15.4	229	24.2	-8.8**
Cellular phone	150	40.5	362	38.3	2.2

\* This column shows the percentage difference between recipient and non-recipient households. A negative number indicates that non-recipient households have a higher incidence of this particular consumer durable than do recipient households.

\*\* Significant difference at 5% level.

\*\*\* Significant difference at 10% level.

Source: Database

Regarding the material standard of the households, *Table 4* shows on the one hand that non-recipient households own items such as a washing machine, a sewing machine and landline telephone to a greater extent than do households that receive

remittances. Recipient households, on the other hand, own items such as iron, refrigerator, radio, computer, vehicle and a cellular phone to a higher extent than non-recipient households. However, it is difficult to classify these items as signs of wealth. One interpretation of the results is that the recipient households can afford more valuable and modern consumer durables in comparison with non-receiving households. It was surprising, though, that there are more non-receiving households that own a washing machine than receiving households; there was a difference of 7.4 percentage units. Moreover, there are more non-recipient households that have land-line phones (8.8 percentage units higher). This might be due to the fact that recipient households own cellular phones to a higher extent (2.2 percentage units) than non-recipient households or that, simply, urban areas which are likely to be better served in this respect have a higher share of non-recipient households to begin with. However, it is also plausible that cellular phones are more frequent in recipient households as they are used as a means for communication with the migrants.

To conclude, in the absence of reliable income and expenditure data, it is not possible to use dwelling characteristics to verify the hypothesis that remittances make the difference between being poor and not poor. Only the exterior characteristics of the dwelling would seem to provide a measure of support for the hypothesis. Rather, once attention is turned to other indicators of material well-being, the opposite result prevails. An explanation for such a conclusion is to be found in the use of remittances. Remittances are only a secondary choice used for improvement of the housing standard. Accordingly, household characteristics might not be the most robust correlate of poor and non-poor households. A different approach to the problem at hand might be desirable (e.g., as in Arrehag *et al.* 2004: 20 or in the form of multivariate analysis). Such an analysis, though, requires both more qualitative and quantitative data than is included in the data used in this study; in particular household income data would be required.

First of all, household wealth is not merely a function of access to remittances and, even if it were, as we have seen priorities across families may differ. Additionally, the determinants for sending remittances may be important. It has for instance been suggested that poor families receive remittances to a lesser extent than do those relatively less deprived. This is due to the fact that the former prefer to bring their family members to the country of destination since they find it impossible to improve the family's situation in Albania by means of remittances (Lianos and Cavounidis 2004: 16-17). It is easy to forget, after all, that behind aggregated statistics and numbers there are real individuals, and at this point it is therefore worthwhile to again refer to the case histories at the beginning of this paper. Furthermore, it is likely that the possession of certain household characteristics is not solely determined by the wealth

of the family but rather by the overall standard of living in the commune and the actions of the communes. For instance, a family living in the commune Lekas (where not a single family has access to a landline telephone) will not be able to get a phone no matter whether the family receives remittances or not. In this case phone ownership is rather dependent on actions at the commune level, since one household cannot possibly proceed with such an investment independently.

## 6. Conclusion

Remittances can be looked upon as the payment that the source country receives in exchange for lending its human resources. However, the relationship between economic development and inflow of remittances is ambiguous and research in this field has pointed out that remittance flows can have both a positive and a negative impact on the recipient country (Ramamurthy 2003: 63). Nevertheless, those working in this area of research suggest that remittances clearly do raise income levels and recognise their role in alleviating poverty. Macro-data indicate that remittances are indeed critical to Albania, but as is almost invariably the case, national account statistics are difficult to link to micro level patterns and behaviour.

It has been pointed out in previous research that recipients of remittances are often men. Based on the result from this study, and given that the assumption that the household head is male holds, this finding is confirmed. In urban areas the household head receives remittances to a higher extent than in rural areas, which is probably because there are more rural than urban household heads who have themselves left for work abroad. Only the immediate family gets a share of the remittances. In general families receiving remittances in urban areas wait longer than their rural counterparts before the first transfer of money which can be due to seasonal migration being more common in rural areas. Remittances are to a considerable extent sent on an irregular basis. In the majority of cases remittances are sent back through informal channels. The small number of transfers through formal channels is principally made on behalf of urban citizens.

Remittances are in the first place used for daily needs. The second priority of the families is generally housing while the third highest priority use of remittances, other than investments in building or repairing the house, differs across urban and rural households: the former invest in schooling while rural households reduce debt or save or invest their remittances. It was further shown that interviewees in rural areas claim that they use the remittances in the first place for daily needs, but since relatively few answered that the remittances have enabled them to buy clothes and food there are reasons to believe that the priority rankings may not stand up to scrutiny if checked against actual behaviour.

The fact that remittances are used only to a relatively small extent to pay off debts indicates that people do not incur debt in order to pay for the cost of migration. Conversely, this implies that families who cannot afford the costs of migration are likely to stay in Albania. The respondents' answer to the control question shows that remittances to some extent, especially in rural areas, are used for investments in agriculture which may lead to higher productivity in the agricultural sector. As regards housing investments, there are more recipients who use the remittances to repair or build a house than use the money to buy a house.

As assessed by household characteristics, it is difficult to distinguish between remittance-receiving and non-receiving households. Thus, while the exterior condition of a dwelling may well serve to distinguish the receiving household from the non-receiving one, thereby indicating that remittances are associated with those better off, the opposite result received in analysing interior standard and access to consumer durables suggests that an association between access to remittances and material well-being is ambiguous at best. Put differently, the data do not fully support the hypothesis that remittances would help to establish the dividing line between poor and non-poor households.

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### **Interviews**

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