

## *Context analysis: migration and remittances and their impact in Albania and Macedonia*

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Jovanka Joshevska  
Isilda Mara  
Edlira Narazani  
Nizam Saban  
Ana Stojilovska  
Islam Yusufi  
Sonja Zuber<sup>1</sup>

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### **Abstract**

Migration from poor to rich countries has increased dramatically in recent years, including the region of Southeast Europe, a trend which is predicted to gain strength in the foreseeable future. This large increase in the number of international migrants worldwide has triggered considerable attention in policy circles and has led to renewed research attention on the development impacts of migration and of remittances. This context analysis paper seeks to provide assessment of the context of the migration, remittances, education and healthcare in Albania and Macedonia. The context is that of the Albanian and Macedonian emigration and remittances. Almost every fifth household in both Albania and Macedonia has at least one member with international migration experience, so the impacts of migration and remittances on the current generation of children are potentially very large.

**Key words:** *context analysis, migration, remittances, education, health, Albania, Macedonia*

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## **Introduction**

Every population in the world has experienced or is still undergoing migration. As a consequence of the push factors from origin countries and pull factors from destination countries, the 20<sup>th</sup> and 21<sup>st</sup> centuries have been the centuries of unprecedented migration and the end of migration is not in sight. It continues unabated, including among the populations of the Southeast European countries of Albania and Macedonia. What is the scale of migration and the volume of remittances in these two countries? What is the current status and achievements in the fields of education and health in both Albania and Macedonia? Providing proper answers to these questions will facilitate a better understanding of the context of migration and remittances and their impact on schooling and health of family members left behind in the countries of Albania and Macedonia, which is the theme of the project in the framework of which this context analysis is produced.<sup>2</sup> The “migration”, “remittances”, “education” and “health”, as specific variables call for special review and evaluation of the context within which these four concepts function. This paper is thus meant to provide context to these four variables.

The paper is structured along the following main sections: Section 1 provides general and regional context of migration and remittances, education and health in Southeast Europe, including in Albania and Macedonia. Sections 2 and 3 look to trends and highlight issues that are of specific context for Albania and Macedonia, respectively. The final section provides concluding remarks.

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## **I. The general and regional context**

There has been growing convergence of migration dynamics across Southeast Europe. Although until recently there has been great migration diversity where some countries experienced steady migration growth, whilst others faced decline, increasingly there is similarity in migration trends in the region of Southeast Europe; currently, it is one of the most rapidly migrating European regions.

Emigration is reshaping the countries of Southeast Europe, including Albania and Macedonia, affecting local politics, economies and priorities, including education and health. Continuous migration is radically altering the composition of the populations leading to depopulation, increased urbanization and old-age dependency ratios, and to changes in the overall expenditures made to education and health and to other socio-economic services.

As regards the effect of remittances on education and health outcomes, the focus on Albania and Macedonia is crucial. On one side the minor levels of government expenditure on education and on health and on the other side the relatively high share of remittances to the GDP makes evident a noticeable contrast between these two. 3.8% (2009) and 4.4% (2012) of GDP is allocated respectively by Albanian and Macedonian governments to education, 6.5% (2010) and 7.1% (2010) of GDP is allocated respectively by Albanian and Macedonian governments to health, while the share of remittances on GDP amount to some 11% (2010) in Albania and 4% (2010) in Macedonia (World Bank, 2012). These contrasts between remittances received and expenditures made in the field of education and health, have been best reflected in low schooling and in low health outputs as well as in low levels of educational and health achievements in both countries. The education might be publicly provided, but many families cannot afford the education of their members due to several expenses related to the school attendance such as transport, textbooks, other supplies, or other implicit costs such as losses in family member with the migration.

Remittances in volumes are high, estimated at \$1.221 and \$435 million (2011) respectively in Albania and Macedonia, and have become a rising source of external funding for developing countries (Mohapatra et al, 2009, World Bank, 2012). In addition, remittances are the second largest source of foreign capital in many developing countries, including in Albania and Macedonia, next to foreign direct investment or exports, and they are generally higher than development aid. Remittances have become an increasing source of household income. Furthermore, remittances shares in income level have increased sharply. A significant fraction of these remittances are sent to low income families. A very interesting and still open question is whether this increasing source of income has an impact on human capital accumulation decisions, including on schooling and healthcare.

The context is that international migration has become an important component of labour market dynamics in the countries of Southeast Europe, in which real wages have fallen, unemployment is high, migrants tend to be more skilled than non-migrants, and remittances have become an important source of foreign exchange and household income. More importantly, remittances have become the second largest source of foreign exchange. Also, remittances are a significant source of income for households that receive them.

Many migrant sending families receive considerable (financial) transfers from their family members living and working abroad. A number of studies have argued that the inflow of remittances in various forms – ranging from bank transfers to gifts in kind – play an important

role for poverty reduction and economic development (World Bank, 2006). Among other factors such as education, income level, intention to invest or to insure the family at home against risks, the motivation of migrants to remit depends on the duration of stay. Temporary migrants seem to be much more concerned in sending remittances home than permanent migrants. Remittances help the population in migrant sending countries to cope with the distress of poverty, the inefficiencies of local labour markets and the break-down of the social security system. It is highlighted that remittances support families to survive in providing them with the means to buy food and other resources, to invest in the healthcare and education of their children and to improve the housing situation. The money transferred by migrants to their native town or villages or spent and invested there during their short visits are of utmost importance for post-transition economies such as Albania and Macedonia.

Albania and Macedonia are interesting case studies for various reasons. Firstly, they are countries that have experienced extensive emigration. Large number of Macedonia's and Albania's population has emigrated. Secondly, Southeast Europe is the region that receives one of the highest amount of remittances in Europe and wider. Albania and Macedonia, as small Southeast European economies, have been receiving a growing amount of remittances. There is high percentage of remittance-receiving households (RRHs) at a national level in both Albania and Macedonia. Remittance receipts in Albania and Macedonia account for about 11% (2010) and 4% (2010) of the country's GDP, respectively. Thirdly, children's school attendance rates and literacy rates as well as health status are relatively low, leaving significant room for improvements in educational attainment and healthcare.

## **II. Albania's Context**

### **II.1. Albania's development**

As a Southeast European country of around 3.2 million people (2010), Albania has a great potential for rapid economic growth as it is endowed with geographic prominence, natural mineral resources, and fertile and arable agricultural land. Its demography, although possessing a low fertility rate, continues to grow, adding to its economic and human potential. The collapse of communism in 1990 gave the opportunity for the country to gain a hard won freedom. It was the only Balkan country to avoid civil war following the fall of communism. The historical change of 1990, however, did not immediately offer new prospects for progress. Instead, a very difficult period followed, in both the economic and political arenas that resulted in a long period of transition. With macro-economic stability emerging in 1998, Albania's economy has grown significantly and transitioned to rapid economic recovery. Political stability as a whole increased however, political cleavages remain a persistent problem. Albania is struggling to overcome disparities in income levels across the country, improve the regulatory environment and tackle corruption. It also faces challenges in implementing reforms towards a market oriented economy, building democratic institutions and strengthening the legal system. Its development potential has been hindered by long years of inadequate communication and transport infrastructure (Yusufi, 2011a).

During the period, 1991-1997, Albania experienced a post-communist transition that led the country to become one of the poorest, if not the poorest and the least developed economy in Europe. The underlying strengths of the Albanian economy led to recovery in 1998 with robust GDP growth of 12.7 percent that year. The economy grew by over 80 percent over the thirteen-year period of 1998-2010, one of the highest sustained rates of growth in Europe. Once labelled as the continent's poorest country, Albania has been one of the fastest-growing economies in Europe. Today, Albania is a lower middle-income country, and graduated from the World Bank's IDA lending for only-poor countries in 2008. The country has also experienced rapid social change, including internal migration from rural to urban areas and mass emigration of economically active citizens who are a source of substantial remittances (ranging from 11-14 percent of GDP annually). Albania's development achievements have been substantial, but continued efforts across a range of areas will be required to ensure that the country lives up to mean European standards, including improved living standards for all through inclusive growth, improved health and education services and strengthened social protection. These circumstances provide Albania with an historic opportunity, by continuing its strong economic policies, to achieve sustained high income growth and better lives and better education and health for the Albanian people (Yusufi, 2011a).

### **II.2. Albania's migration**

Migration is the defining political, social and economic phenomenon in post-communist Albania. The significant percentage of households in Albania has one or more members working overseas at any one time. Following the fall of communism in 1990, Albania, particularly its rural areas, experienced massive out-migration of unprecedented proportions both towards urban areas and abroad (Carletto et al, 2006). By 2002, more than one half of all Albanian households had at least one member who had emigrated abroad; with more than a third of households reported receiving remittances in 2002 (Azzarri et al, 2006; Carletto et al, 2005). Migration has been seen by most Albanians as the only avenue out of poverty, particularly in the impoverished rural areas of the northern mountain regions. However, it remains debatable whether it can provide or it has provided a sustainable solution to education and healthcare for those remaining.

Since 1990 at least one-fifth of the total population has left the country and is living abroad, and Albania has experienced large-scale movements of population from rural to urban areas. Between 1989 and 2001, the total population fell by 4% and the rural population by 15%. Migration, whether rural to urban or international, has been most common livelihood coping strategy in the country, and serves as an important escape valve for unemployment and other economic difficulties brought on by the transition to a market economy. During the communist government (1944–1990), migration had come to a virtual halt, with migration officially prohibited. The fall of the government, the end of controls on internal and external migration and the unravelling of the centrally planned economy following 1990, unleashed a demographic shift at an unprecedented pace, as individuals and entire households started migrating to the cities or leaving the country. Besides the two big ‘push’ migration spikes in 1991 and 1997, persistent poverty and high unemployment and underemployment levels, particularly in rural areas, served as push factors for migration. Pull factors have also been important in fomenting migration. Significant wage and wealth differentials between Albania and its European Union neighbours were obvious attractions (Carletto et al., 2006).

From various calculations, between 1990 and 2005, 57% of Albanian families residing in the country have at least one member who has previously engaged in international migration. Over a third of Albanian families are believed to have at least one household member living abroad (Carletto et al, 2005).

Albania’s migration, which has been so widespread that all classes and categories of the population have been involved, both urban and rural households have been equally affected by migration of one or more of their members and migrants have come from all walks of life. Male migrants have outnumbered females. Most are young or early middle aged (up to mid-40s) and married; females are slightly more likely to come from urban areas, and less likely to be single. The higher the level of education the greater the chance has been considering migration and the unemployed have been much more likely to have considered emigration than the employed and farmers have been the least migration-prone (King, 2005).

Estimates of the total number of Albanians living abroad vary, but the number is most likely in the range of 800,000 to 1 million, the vast majority of which are in Greece and Italy (King, 2005). The most recent statistics confirm that the stock of migrants abroad in 2011 is more than 1.4 million, half of the population that is currently living in Albania and 85% of them reside in the EU (World Bank, 2012). Also, important for this topic is that Albania has strong (extended) family ties than the rest of the countries in the region of Southeast Europe.

### **II.3. Remittances sent to Albania**

Remittances are an essential element of the Albanian economy as the country is among the largest receiver of remittances in the region of Southeast Europe. They are an important source of income, particularly for poor households. Remittance transfers are estimated to have reached US\$ 1.156 million in 2010, constituting 11% of GDP (2010). The large migration flows have contributed to the growing importance of remittances as a major source of income for many Albanian households and for the national economy.

Albanians are ‘successful’ remitters, sending home, on average, more than comparable immigrant groups. Remittances have functioned as the main mechanism for the alleviation of

poverty in Albania and for increasing household income above extremely low levels. There is a strong tendency for Albanian emigration to evolve and consolidate as semi-permanent settlement abroad, and the increasing family reunion will depress remittances, which will be spent on supporting the family abroad rather than back in the home country. In Albania remittances and returnees' saved capital are ploughed into quality of life improvements such as new or refurbished housing and consumer goods, with only a minority of the money being invested in productive enterprises (King, 2005).

#### **II.4. Albania's progress in meeting the Millennium Development Goals (MDGs)**

Along with 188 other countries, Albania pledged to achieve the MDGs and the nation seems well-placed to meet most, if not all millennium targets by 2015. Albania's strong economic growth has been a major contributing factor towards the achievement of MDG targets, which also relate to education and health. Albania is on track to achieve its MDGs, including on child and maternal mortality. For example, infant mortality fell from 15.1 per 1,000 live births in 2004 to 10.3 by 2009. The maternal mortality rate in 2008, at 10 per 100,000 was down by half from the 2001 level (Yusufi, 2011a). Although there have been notable improvements in Albania's social indicators, for instance, enrolment increases in all levels of education, the nation remains an outlier on the goals on achieving universal primary education (Yusufi, 2011a).

#### **II.5. Education in Albania**

While migration and the remittances generated have undoubtedly had an impact on the living conditions of migrant households in Albania, its impact on education of family members left behind remains less straightforward and under-researched. The initial effect of the migration has been the brain and skill drain. A study has estimated that half of all the country's university teachers, scientists and intellectuals have left the country (King, 2005).

In Albania, children normally start attending school at the age of 6, first primary school (9 years), then secondary school (3-4 years). Elementary education is compulsory (grades 1-9), but most students continue at least until a secondary education (UNESCO, 2011). Most schools are public and financed through the government, but recently several private schools of various levels have been opened. There are about 5000 schools throughout the country.

Albania's government has pledged to achieve "Education for All" by 2015, and has committed increased funding to attain specific goals. As Albania entered a transition period, basic education was free of charge and access levels were very high as were participation rates as well. This was reflected by high literacy and enrolment rates across all education levels, including basic education. For example, the literacy rate for the people of age 15 and above in 2008 was at 96%. Despite the high literacy rate, the average number of years of schooling is, at 11.2 years, below those of European and other Balkan countries. In some indicators, there are significant disparities between rural and urban areas, and across regions, with rural remote areas and suburbs facing the greatest challenges. Furthermore, indicators in basic education show disparities and limited access on the part of disadvantaged social groups and minorities. The overall trend suggests that the targets for universal enrolment in basic education will not be met by 2015 (UNDP, 2010).

With respect to the financial crisis, partial surveys show that the economic slowdown has had some effect on education indicators. A survey conducted in Durrës by UNICEF in 2009 revealed that the drop-out rate had increased by 10%, though this is seen as somewhat of an isolated case and not reflective of the national trend (UNICEF and Save the Children, 2007). An earlier survey

conducted in Kukës in 2007 also revealed a high drop-out rate (Regional Education Directorate of Kukës and UNICEF, 2007). However, the transmission channels of economic crisis shocks to education might yet be seen in the cuts of public spending on education, which would add to the intensity of coping strategies, e.g. families taking children out of school and putting them to work. All this may result in reduced school enrolment and completion rates.

With respect to increased spending on basic education, there has been reasonable improvement. Government expenditures on education increased to 3.8% of GDP in 2009, up from 2.9% in 2002. Nonetheless, the proportion of expenditures on education is low when compared to an average of 5% of GDP spent by EU countries in 2005 (ranging from a low of 3.95% for Greece to a high of 8.28% for the Nordic countries) (UNDP, 2010).

## **II.6. Healthcare in Albania**

In addition to the enhancement of education performance, the importance of remittances for the migrant sending countries is measured also by the well-being of their recipients in terms of improved health status in particular the health of the children. The importance of remittances on health status in the Balkan countries is accentuated by the low government expenses on health and the corruption of the public health system. In Albania total health care expenditures are very low: public and private spending amounted to only 6.5% of GDP in 2010. Spending on health in Albania is low compared to EU member states. For example, Romania's expenditure on health in 2005 was slightly more than 5 %, Bulgaria's 7.5 % and Germany's slightly more than 10 %.

The infant and child mortality as well as maternal mortality rates are considered to be the basic indicators for determining the degree of progress a country has in the areas of social and economic development. According to different statistical sources, Albania had very high child and infant mortality rates in the early 1990s compared to its Balkan neighbours. These rates have decreased rapidly in subsequent years. Their declining trends may mask an indirect effect of migration and remittances as it happens in other remittance-dependent countries.

The rates of child mortality were found to correlate closely with the level of mother education (higher child mortality for lower education) and wealth (higher mortality for poorer families). The decline in child mortality rates is due in part to the government's child immunization programme. The level of fully immunized children in Albania has been very high, about 99%, since 2010, a higher rate than in other countries of the same income level. It is significant to note that a high immunization rate is universal in mountainous areas and in Tirana, but somewhat lower in coastal and central areas. Still, Albania seems to have a worse performance in child mortality rates compared to its Balkan neighbours. Greater attention is given to the ways fostering reduction of infant mortality. No significant impact is expected in terms of health indicators associated with the global financial crisis, except for stagnation of child and infant mortality as a result of stagnation in poverty and related nutrition problems. With respect to reducing the under-five child mortality rate, the most recent Demographic and Health Survey 2008–2009 revealed that mortality rates remained relatively high, despite the fact that there has been a steady reduction in both child mortality (under five years old) and infant mortality (up to one year old) rates. The 2010 child mortality rate was 18 per 1,000 live births, down from 39 per 1,000 births in 2000. Over that period, infant mortality fell to 16 per 1,000 births from 35 per 1,000 births.



The need for better maternal health is treated as a top priority as evidenced by increased access to better quality antenatal, natal and post-natal services, seen as important factors in efforts to prevent maternal mortality. The funding frameworks have produced significant results in reducing maternal mortality rates. With respect to the goal to reduce maternal mortality, the mortality rate in 2010 at 27 per 100,000 is down by half from the 2001 level. This is due in large part to Albania's well-developed health care system featuring an extensive infrastructure of facilities that provide maternal care services. Overall, levels of antenatal care (ANC) and delivery assistance are high. Almost all pregnant women (97%) in Albania receive antenatal care from a skilled provider at least once during their pregnancy. ANC is universal in Tirana, almost universal in coastal area (99%), very high in central Albania (97%) and somewhat lower in Mountainous areas (92%). 97% of deliveries occur in a health facility and only 3% at home (UNDP, 2010).

The overall success in combating certain health-related issues in Albania is somewhat mixed. The success in reducing maternal mortality rates has been due to a strong health policy framework, expanded services and higher overall budgets, while the reduction in child mortality rates are a function in large part of the attendance of skilled personnel at a high proportion of births. One of the main challenges to effective health service delivery lies in the general low quality of health services on the one hand and the difficulty of good access to the health services on the other. System-wide capacities in health administration remain weak, further impeding a cost-effective delivery of health services, especially in rural and mountainous areas. Lack of some key reforms in the health sector has resulted in the continued practice of often bribing health professionals (UNDP, 2010).

### **III. Macedonia's Context**

#### **III.1. Macedonia's development**

As a landlocked and ethnically diverse country of 2 million people (2011), Macedonia's development achievements have been substantial, but continued effort across a range of areas will be required to have the country to live up to average European standards, including improving living standards for all through inclusive growth for all of its ethnic communities, improving health and education service and strengthening social protection. Currently, EU accession is highly popular and remains the anchor of reform in nearly every area of government and public services. Production continues to rely heavily on agriculture which is feared to be negatively affected by climate change. More than 40 % of the population lives in rural areas, home to two thirds of its poor people. Most rural households depend largely on crop and livestock production for their income making them vulnerable to external economic shocks. 28.7 % of the whole population lives below poverty line. Unemployment—at one-third of the workforce—remains perhaps the most critical economic problem. The country's marginal groups, including Roma community have the lowest incomes and the highest mortality rate. This unpromising scenario is complemented by the unpromising demographic of an aging population, owing to a sharp decrease in the fertility rate and to an increase in life expectancy, including among the country's non-majority communities (Yusufi, 2011b).

The economy weathered the worst of the crisis in 2009 with a decline of 0.9 % in real GDP growth, and economic performance in 2010 has been improving gradually, rising to 0.7 %. A relatively low standard of living, high unemployment rate, and modest economic growth rate are the central economic problems. Nevertheless, it is an open economy, highly integrated into international trade, with a total trade-to-GDP ratio of 81.6% at the end of 2009. It has undertaken significant reforms in many aspects of its economy over the past few years, including introduction of competitive flat tax rates, improving the business environment through real estate cadastre reforms and through reduction of burden of regulation on businesses, improving transport and energy infrastructure, and supporting the decentralization process. However, significant levels of corruption and weak property rights are a substantial drag on economic activity. Macedonia still has a large informal economy, and judicial procedures remain slow (Yusufi, 2011b).

The post-communist politics in Macedonia has been marked by two major events, which represent critical junctures for the country. The first of these was secession from Yugoslavia and declaration of independence by plebiscite in September 1991 – marking the beginning of post-communist politics and sovereign statehood for Macedonia. Second, the ethnic conflict between Macedonian armed forces and ethnic Albanian armed groups in 2001, while brief, had a profound impact on the concepts of statehood and democracy in Macedonia as well as on the ethnic demographic context (Koneska, 2011). Macedonia has gone through radical socio-economic and political transformations since its independence in 1991. These have affected and still influence migration processes, particularly net migration of the population. Unemployment— at one-third of the workforce—has been perhaps the most critical economic problem. This unpromising macroeconomic scenario has been complemented by migration, owing to a sharp decrease in the economic conditions (Fornero et al., 2007).

#### **III.2. Macedonia's migration**

A convergence is witnessed among different regions of Macedonia that formerly tended to have huge migration differences: with some regions sending out more migrants than others. The

migratory trends in Macedonia have begun to converge among the regions of the country in recent years. All eight statistical regions of the country have become to be characterized by growing migration. More villages have disappeared and there have been emergence of large cities, with the capital Skopje leading in this field. Migration is result of various sources that have influenced the demographic changes in the country. These sources include economic and social transition undergone since 1991 changes, specific features of political governance, gender composition of regions, demographic patterns of ethnic groups, and regional inequalities in accessing education and health care (Yusufi, 2012).

Migration has been a major determinant of demographic change in Macedonia, featuring inter-regional (within country) migration and emigration. Macedonia has the character of migration area distinctively characterized both by intense internal movements of population, and a continuous process of eviction of the population to other countries, mainly to EU area. Emigration flows have had different intensities in different time periods and in principle towards Western European countries. The most intense wave of this type of migration occurred during 1960s and 1970s. It is believed that during this period, hundreds of thousands of people have left their areas to seek their livelihoods in western European countries. As consequence of this rural exodus, it is registered a high number of abandoned villages, i.e. 85 villages without a single resident, and even 450 villages with 1 to 50 residents (Government, 2010). According to the age structure of population in these villages the old population dominates and it leads to the conclusion that in very short time many of them will become villages without a single resident. Participation of the urban population in the total population is 56.7% (2002). Around half of municipalities (41 out of total 84) have only rural population. City of Skopje remains the only urban place with more than 100.000 residents. More than a third of the population (36.2%) of the urban population lives in Skopje. In this context, it is witnessed continuous depopulation of the small rural municipalities. There are significant tendency in terms of emigration. The majority of emigration goes to large European and North American centres. Regions have faced a significant outward migration of young people. Young educated people tend to seek jobs in other countries, in view of the increased job opportunities offered. Outward migration of young people has left elderly people isolated in sub-urban, peripheral or rural areas (Yusufi, 2012).

During the reign of Tito and communism (1945-1991) in Macedonia, foreign travel was relax. Emigration to the Western Europe and northern America from Macedonia involved tens of thousands of Macedonians over the communist years. The end of communism and start of difficult transition years, with high social and political tensions, contributed toward demand for emigrating. The subsequent not-improvement of the situation prompted a large exodus of the population – a trend that persists to this date. By the conclusion of the 20<sup>th</sup> century, it was commonly quoted that over one-quarter of Macedonia's population had emigrated.

Indications show that in the last decade in the greater number of municipalities, emigration abroad has continued with very high intensity (Parliament, 2009). Many, if not all, Macedonia's regions experience significant emigration, in particular to EU member states. Annual net migration outflows reached 620 people in 2010 (under-reported due to fear of implications of emigration, such as loss of residence and other benefits). Macedonia as a matter of fact is emigration area. By some estimates the total number Macedonian citizens residing abroad is very large and it is estimated that more than 300,000 people migrated from Macedonia in the last 50 years, representing 15% of the total population of Macedonia (Government, 2010). According to IMF data of 2006 roughly half million Macedonians live abroad, which makes 20-25% of

population. More recent statistics confirm that the current stock of migrants abroad is 447.139 and 70% percent of them live in EU Member States (Uzunov, 2011, World Bank, 2012). These migrants are distributed in 35 countries around the world of which Italy, USA, Switzerland and Germany are the most frequent destinations. Recent economic emigration has also included flows of working age population to destinations such as Afghanistan and Iraq, where they are employed in services providing logistics to international armed forces (Yusufi, 2012).

Macedonian migrants usually leave as young working age adults and remain for a long period of time (5-10 years). The emigrants are often young married males who depart for the purpose of earning money abroad. Regarding the level of education, the majority of emigrants have low or medium level of education in the time of departure. There has also been a very slight rural bias among emigrants – slightly more people from Macedonian rural areas tend to go abroad and remain. All ethnic groups experience emigration, and there is a very slight bias in the cases of Albanian, Roma and Turkish ethnic groups. This may well be an effect from the poverty which is also slightly unfavourably biased in those ethnic groups (as is, on average, lower level of education as well) (Uzunov, 2011).

The widespread growth of migration in the later part of the past century eventually yielded a dramatic increase in the flow of remittances to Macedonia. Remittances have represented considerable percentage of Macedonia's GDP over the past two decades.

### **III.3. Remittances sent to Macedonia**

There is high percentage of remittance receiving households (RRHs) at national level. In fact, remittances became an increasing source of household income in the 1990s and in the beginning of 2000s.

Their important role as a source of finance in Macedonia has had a strong impact on the country's macro-stability and on the health of the foreign exchange reserves. The World Bank data of 2010 estimated that remittances were \$388 million, which is equal to 4% of the GDP. These figures make remittances much higher than the amount of FDI or more than twice the level of the official foreign assistance. In addition, reported remittances represent 15% of exports. This data clearly shows that without these transfers, the current account deficit would deteriorate and the accumulation of foreign reserves would slow down (Markiewicz, 2006). Remittances also have additional positive effect as they save the country from recession and reduce the risk of social unrest (Stankovic, 2010).

Regarding the identified patterns of remittances, around a third of all Macedonian migrants send money home. Females remit less, while older migrants, migrants who have been abroad longer and migrants with frequent contacts (at least once a week) with the family left behind remit more. The most remitters send up to 5000 USD. Only 56% of the remitters use formal channels as money transfer agencies, banks and post offices (Micevska-Scharf et al., 2009). Limited research in Macedonia suggests that remittances are predominantly spent for consumption, thus most likely supporting poor households (Dietz, 2010).

### **III.4. Macedonia's progress in meeting the Millennium Development Goals (MDGs)**

Along with 188 other countries, Macedonia pledged to reach the Millennium Development Goals by 2015. The country is on track to achieve some of its MDG, including achieving universal primary education, reducing infant and child mortality and improving maternal health. Infant

mortality rates have dropped significantly to 8.5 deaths per 1,000 live births. But this is still an high rate comparing with the EU average of five. The pattern is similar for education outcomes with gains over the last decade in primary and secondary enrolments, but lags behind in educational attainments.

### **III.5. Education in Macedonia**

The importance of the emigrants on the life of their families back in Macedonia is huge as emigration is one of the factors that help diminish poverty in the country. Education services are provided for all. Primary and secondary education is compulsory and free of charge. It is provided through a developed network of schools in all urban and rural areas in the mother tongue of all ethnic groups living in Macedonia. The budget for education as a share in GDP has varied from year to year and between 2000 and 2012, ranging between 3.4 and 4.4%.

Remittance recipients are believed to use a portion of those receipts to pay for daily expenses, on education and the rest for other products and services. However, reports on the educational attainment in Macedonia are not promising. In addition, the latest census conducted in 2002 states that around 50% of the population is with or without primary education. Also, grade repetition is considered common. Concerning the state of migrant children, about three quarters of students belonging to migrant families attend public schools, while the other quarter attends private schools..

Children affected by exclusion are very likely to be grouped among the well known vulnerable and marginalized population groups. It is important to stress that in fact children from socially disadvantaged families, children with special needs, children in rural areas and children belonging to some of the ethnic communities especially Roma children are considered the most vulnerable groups in Macedonia. . Moreover, traditional constraints and fear from education, particularly related to girls from the Roma, Turkish and Albanian communities, also leads to exclusion from education of these children (especially after primary education). As illustration, data analysis on the enrolment of pupils in primary education over the ten-year period shows that not all children who are supposed to be included in education actually are, but also that there is a downward trend in the enrolment rates, with gross enrolment ratio in primary education falling from 93% (2007) to 89% (2009). Downward trend has been also seen in the completion rates of primary education (World Bank, 2012).

After analysing the situation of secondary education of children in Macedonia, there is data that more pupils opt for schools offering vocational education (particularly the four-year programs) rather than for general education (high schools). If poverty was identified as the main reason for low enrolment in primary education, it has an even greater effect in the secondary education enrolment. Although secondary education is free in public schools, it still entails significant expenses arising from the limited network of schools.

The picture of children finishing school is however not that promising. In fact, the vertical progress of a generation of pupils from their enrolment in grade 1 in primary education to completion of secondary education indicates that over 30% of pupils are lost along the way: 11% drop-out by the end of primary education, an additional 11% at the enrolment in secondary education and a further 9% by the end of secondary education. Some drop-outs in primary education can be attributed to demographic changes (migration of young families abroad) and some of the drop-outs in secondary education may result from the opportunities of completing

secondary education abroad. Still, a significant number of pupils fail to complete primary education and yet more fail to complete secondary education.

Over the last ten years, the number of students who graduated increased significantly in all ethnic communities, which can be largely attributed to the increased opportunities offered at the private universities and the universities teaching in Albanian language.

Not only that the drop-outs are worrying, it is also the literacy level and the overall quality of education. According to the last Census of 2002, the literacy rate in Macedonia was 96.4%. This indicates that 3.6% of the population aged 15 and above is illiterate and compared to the data of the 1994 census this represents an improvement of 2.6%. The indicator for genuine literacy is the degree to which students aged 15 can read and comprehend, which has been measured through the Programme for International Student Assessment Tests (PISA) of the OECD. The PISA test results in 2000, measured in forty-one countries throughout the world, ranked Macedonia in 38<sup>th</sup> position. The results indicated that 34.5% of the pupils who had completed or were about to complete primary education had not achieved the first level of proficiency (out of five levels), while an additional 28.1% had only reached the first proficiency level (UNDP, 2009).

### **III.5. Healthcare in Macedonia**

In addition to the enhancement of education performance, the importance of remittances for the sending countries is measured also by the well-being of their recipients in terms of improved health status in particular for children. In Macedonia total health care expenditures are very low: public and private spending amounted to only 7.1% of GDP in 2010.

Health care in Macedonia is delivered through a system of health care institutions. It is organized at the three levels: primary, secondary and tertiary care. The implementation of the functional divide between the three is however outstanding. In the last years there has been a substantial growth of the private sector. Most dentistry practices have been privatized, a process later expanded to the pharmacies. Most of the Macedonian citizens are health insured. In fact, all employed, retired and students are health insured through the employer, while those not working are again health insured through the social healthcare system.

Most child health indicators show positive trends. The under-five mortality rate has dropped from 33,3 in 1990 to 11 per 1,000 live births in 2010. Similar trends have been noted with the infant mortality rate which decreased from 31.6 in 1990, to 10 per 1,000 live births in 2010 (World Bank, 2012). However, despite the achievements and the downward trends, these indicators remain far below the EU average. The infant and under-five mortality rates differ in various geographic areas, regions and municipalities and there are differences between urban and rural areas, as well as among the various socio-economic groups (UNDP, 2009).

Child mortality in rural and outlying settlements is higher than in the urban ones, mainly owing to the low socio-economic status. For example, Roma children are exposed to higher risks due to malnutrition, poor health and higher infant mortality rates. The prevalence of anaemia is significantly higher among children in rural areas. The nutritive status is an indicator of the children's health condition, the households' socio-economic status and to some degree the access to primary healthcare. Malnutrition is not a serious problem among children in Macedonia but 2% of children under five are moderately underweight and 0.5% are seriously underweight. Children whose mothers have no education are exposed to a higher risk of malnutrition.

Although breastfeeding provides children with the best basis for cognitive development, being an ideal source of nutrition and protection against infections, only 17.5% of the infants are exclusively breastfed between the ages of 0 and 6 months, while a large portion of them are fed with milk formulae combined with breastfeeding (UNDP, 2009).

The leading causes of death among infants in 2007 were prenatal complications, accounting for 61.5% of the deaths, followed by congenital malformations (accounting for 20.9%), and symptoms, signs or other abnormal clinical findings (10.3%). A positive trend has been observed in the group of infectious diseases, whose share in the causes of death among infants dropped from 16.4% in 1990 to 5.9% in 2003 and to 3.4% in 2007. The most common diseases among children under five are respiratory infections, anaemia and acute diarrhoeal diseases, the prevalence of anaemia being higher among children in rural areas. There has been a significant drop in measles incidence in Macedonia from 64.2 in 1990 to 1.33 per 100,000 in 2001, that is, to a single reported case in 2007, which is lower than the incidence rate in the EU. The main reason for this trend is the high level of immunisation against measles, which has mostly been above the recommended 95% throughout the entire analyzed period and reached 95.8% in 2007. The low coverage of children in the Republic of Macedonia with immunisation against measles in 1992, amounting to a mere 52.9%, resulted in a rise in the measles incidence rate in 1993 to 135 per 100,000, which is a rate dramatically higher than the rates in 1992 and 1994 (10 per 100,000) (UNDP, 2009).

## **Conclusion**

Over the past years, Albania and Macedonia have experienced a turbulent transition from a centrally planned economy, characterized among other things by a rapid privatization which ignited a radical transformation of society. At the centre of this transformation has been the emigration phenomenon of immense proportion, with well over one quarter of Macedonia and Albanian households having experienced some form of international migration. Despite the potential relevance of migration and remittances in fostering or hindering, very little is known about this economic transformation's impact on schooling and health of family members left behind. This paper has attempted to contribute to a better understanding the context of the role that international migration and remittances have played in the re-allocation of resources in education and healthcare among migrant families in Albania and Macedonia. The importance of this question goes well beyond the specific cases of Albania and Macedonia given the increasing importance of remittances to countries of the developing world. The evidence from previous studies of migration suggests that in some cases remittances serve primarily to increase consumption as opposed to facilitating productive investments. Sustaining current consumption may also have positive implications on household income-generating potential and future welfare, as well as economic growth through increasing demand for local goods and services. The increasing frequency and volume of remittances have raised hopes that these inflows may indeed foster productive spending in sectors including in education and healthcare where market failures may be more manifest and the consequences of liquidity shortages are most felt.



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