



Development on the Move: Measuring and Optimising the Economic and Social Impacts of Migration in the Republic of Macedonia

Skopje, Macedonia
October 2009

Foreword

This report is one of the main outputs produced by the project 'Development on the Move: Measuring and Optimising Migration's Economic and Social Impacts'. Development on the Move is a joint project of the Global Development Network (GDN), an international organisation headquartered in Delhi, India and dedicated to promoting development research; and the Institute for Public Policy Research (ippr), one of the UK's leading think tanks.

Development on the Move is a ground-breaking global research project gathering new qualitative and quantitative data about migration's development impacts. The project aims to comprehensively assess how migration affects development in a number of different countries around the world, and how policy can maximise migration's development benefits and minimise its costs.

We believe the project is unique in terms of scope, depth and focus. We have conducted comparable research in seven countries, each on a different continent, speaking to hundreds of thousands of people and gathering in-depth data from more than 10,000 households. The project examines a wide range of migration's development impacts, thinking about how migration *as a whole* affects development *as a whole*. And it is uniquely policy focused, with policymaker inputs at various stages of the research and fresh, workable policy ideas one of the key project goals.

This report into migration's development impacts in Macedonia is a fascinating study, illuminating patterns of migration, as well as examining remittances and the other interactions which take place between Macedonian migrants and the households and communities they have left behind. The research provides important insights into a range of the impacts that migration appears to be having on development, and provides a discussion of current policies in this area, as well as some thoughts on how to improve migration's developmental impacts.

Macedonia is a particularly fascinating case study for this project to examine, given its long migration history, and its endemic development,

particularly employment-related challenges. It is also interesting because of its status as a potential future EU member, which challenges the country in many areas of policymaking, including migration management, but which also offers the potential for greatly expanded opportunities for legal movement within the EU in future. All these factors clearly shape the way migration is viewed in Macedonia, and the way migrants, their households, and policymakers approach it.

All the in-depth country reports are authored by research teams primarily composed of researchers living and working in the country of study, with this no exception. This, we hope, ensures that our research is shaped by and references the local context, making the analysis and resulting policy recommendations as relevant as possible. We would like to thank Zoran Nikolovski and the rest of the Macedonian research team for the hard work they put into this report. They were dedicated, thoughtful researchers throughout, and we believe it shows in this readable and interesting report.

The project would also not have been possible without the generous support provided by an international group of donors, comprising the Australian Agency for International Development, the Austrian Ministry of Finance, the Finnish Ministry of Foreign Affairs, the Luxembourg Ministry of Finance, the Norwegian Agency for Development Cooperation, the Spanish Ministry of Foreign Affairs, and the UK Department for International Development. However, the views in this paper do not necessarily represent those of any of the project funders.

If you are interested in the project more widely it has also produced a diverse range of additional outputs including workshops, a working paper series, a short film, a number of comparative reports, a publicly available household dataset, and the other in-depth country studies (which examine Colombia, Fiji, Georgia, Ghana, Jamaica and Vietnam). Other outputs can be obtained from GDN and ippr's websites www.gdnet.org and www.ippr.org.

Please contact ippr and GDN with any ques-

tions or comments you have on reading this report. Development on the Move has been a collaborative endeavour between partners from all over the world hoping to learn from one an-

other while adding to the global stock of knowledge. We would be delighted to further broaden that dialogue.

Ramona Angelescu

Laura Chappell

Alex Glennie

George Mavrotas

Dhananjayan Sriskandarajah

Project Management Team

Table of Contents

About the Authors	6
Acknowledgements	7
Executive Summary	9
Section 1: Introduction	13
Section 2: Patterns of Macedonian migration	17
2.1. The history of Macedonian migration	17
2.2. The current migration profile of Macedonia	19
Section 3: Remittances and Other Interactions	33
3.1. Remittances	33
3.2. Transnational communities	43
Section 4: Impact analysis of Macedonian migration	45
4.1. Material poverty of households with migrants/those receiving remittances	45
<i>Impact 1: Short-term household income</i>	45
<i>Impact 2: Remittances and inequality</i>	47
<i>Impact 3: Long-term household income</i>	49
4.2. Labour markets	52
4.3. Educational attainment of migrant household members	53
4.4. Gender roles within households with a migrant	55
4.5. Cultural and other social values acquired through migration	57
4.6. Impact of migration upon governance in Macedonia	59
Section 5: Policy review and recommendations	61
5.1. Migration related policies in Macedonia	61
5.2. Policy recommendations	64
References	69
Appendix A: Household Survey Information and Sampling Methodology	71
Appendix B: Stakeholder interviews summary report	75

About the authors

Educon Research is driven by two important concepts – being a service oriented partner, and taking a think-thank approach. In both aspects Educon benefits from its extensive international and national networks. We have worked with different international organisations and have developed significant experience in conducting large scale projects and surveys across Macedonia. We have more than 7 years experience working on different projects in the country on important social issues, many of which are closely linked with migration, including education, labour market and health. In our work, we include a wide range of policy makers from different levels. Most of the projects have been financed by the World Bank, European Union, International Organization for Migration, UNDP, UNESCO, and the Government of Republic of Macedonia.

Educon mobilised a multi-disciplinary team with a range of experiences related to migration, as well as those with experience of conducting nation-wide surveys.

Mr. Zoran Nikolovski acted as a Leader of the Macedonia Country Team. He was responsible for all aspects of the research, including planning and implementation of the household survey and data analyses. He holds MSc in Information Systems from the University of Sheffield, and in his professional career he has focused on the development and implementation of large scale advanced Management Information Systems, as support to decision making in Government and International Institutions. He worked for the World Bank and the International Finance Corporation.

Mr. Vanco Uzunov acted as a Lead researcher in preparation of the country report. He holds a PhD in economics from the University in Skopje and has experience as a university professor and in various consulting, advisory, training and public administration assignments. In the last 10 years he is engaged at the School of Law University Ss. "Kiril and Metodij" in Skopje, teaching courses on Applied Economics (economic system and economic policy of Macedonia), International Economics and Law and Econom-

ics. As a consultant he was involved in the assistance to the Government in the response to the European Commission Questionnaire, prepared prior to Macedonia receiving the candidate country status in 2005. He was also leading the advisory teams and or participating in the preparation of some of the most important documents in the EU integration process of Macedonia, such as: Strategy for European Integration, Questionnaire for the EU accession, National Programme for Adoption of Acquis, National Development Plan, Pre-Accession Program, etc. Vanco Uzunov has been Advisor of the President of the Republic of Macedonia Branko Crvenkovski on European Integration Issues (June 2003 – November 2005) and is a member of the National Entrepreneurship and Competitiveness Council of Macedonia.

Ms. Maja Micevska Scharf was the researcher on the project in charge of the econometrics analyses. She holds a PhD degree in Economics from the Claremont Graduate University, USA. She is currently a research fellow at the Netherlands Interdisciplinary Demographic Institute (NIDI). As a professor and researcher, she has been affiliated with universities in Germany, Austria, and Belgium. She has been involved in several large-scale research projects funded by the EU and GDN.

Ms. Suncica Sazdovska acted as field coordinator of the household survey, and was responsible for the stakeholder interviews. Her specialisation is in the area of sustainable development, democratisation and civil society.

Acknowledgments

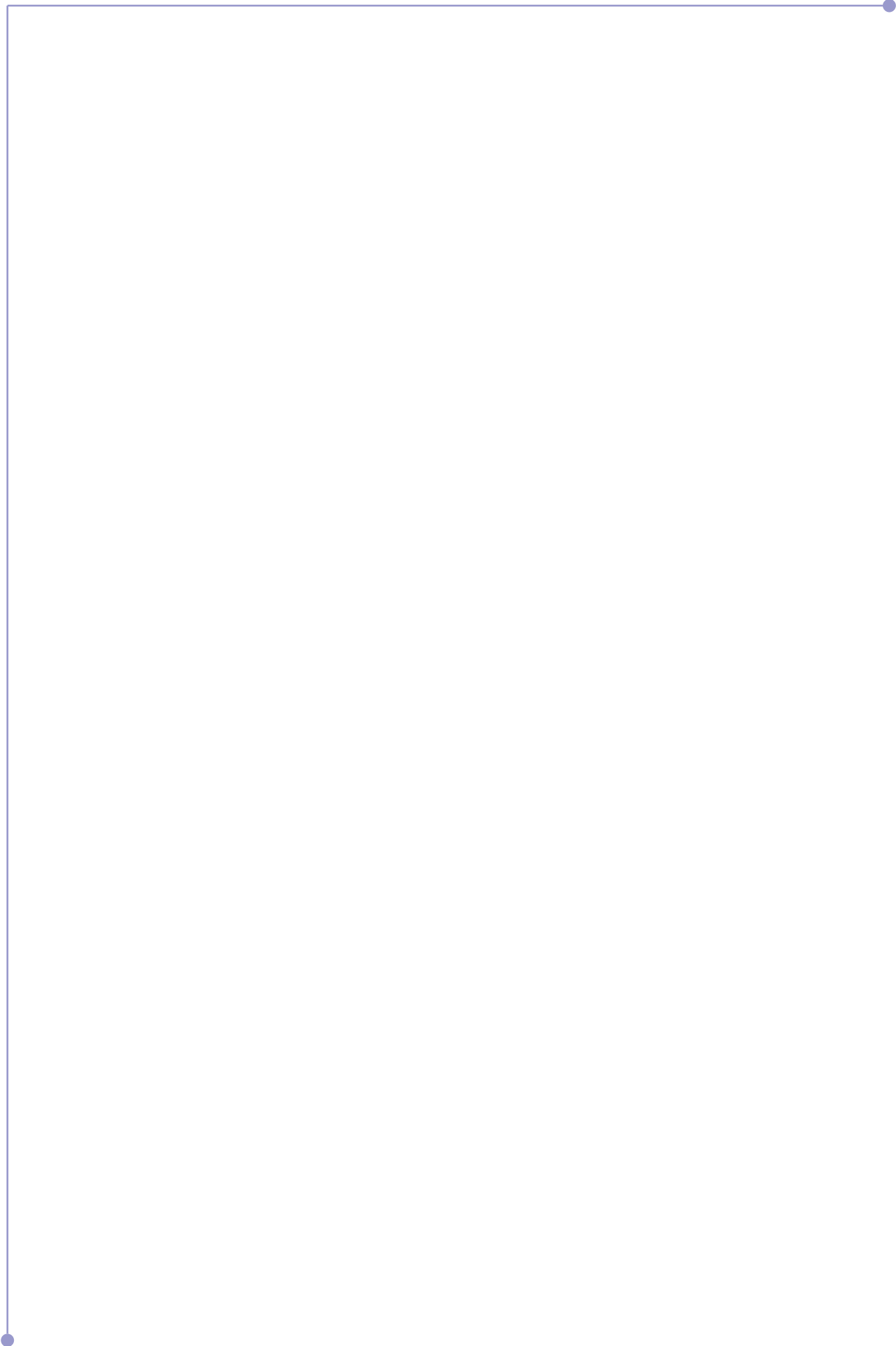
One of the most challenging tasks of the project was the household survey. Its smooth operation was only possible with full engagement of a number of collaborators. We would like to thank to all 29 interviewers deployed across Macedonia, the operators working on data entering, and to all other supporting staff. We are particularly grateful to Mr. Slavco Sazdovski who was in charge of conducting the stakeholder interviews and has provided the training for the interviewers; Mr. Antoni Minevski who has supported the entire operations of the project team; and Ms. Marija Joksimovska for her support in the financial matters.

We would like to express our gratitude to Mr. Michael Landesmann and Mr. Vladimir Gligorov from the Vienna Institute for Economic Research, for taking the role of mentors of the Macedonian team. Their input and suggestions on preparation of the country report, as well as their overall support during the project were of great value for the Macedonian team.

Important input has been provided from the National Statistical Office of Macedonia on the issue of sampling, which proved to be quite challenging task, given the fact that the most recently available census data were from 2001.

The findings presented in the report would also not have been possible without the readiness to take part in the interviewing process of the policy makers, representatives from different Government Institutions, academics, international organisations and civil society.

Finally, Educon is grateful to the entire Project Management Team from GDN and ippr, for their continuous support during the lifetime of the project. Without their dedication and commitment the successful implementation of the survey and the preparation of the country report would not have been possible.



Executive Summary

This report on migration in the Republic of Macedonia forms part of 'Development on the Move: Measuring and Optimising Migration's Economic and Social Impacts': a multi-year, innovative and policy-focused research project jointly run by the Global Development Network (GDN) and the Institute for Public Policy Research (ippr) in London. *Development on the Move* is a ground-breaking global project that has gathered new qualitative and quantitative data about the impacts of migration on development. By drawing on comparable evidence from a number of countries around the world, the project has sought to comprehensively assess how migration affects development and to improve understanding of how policy can maximise migration's development benefits and minimise its costs.

Although Macedonia has a long history of migration, relatively little is known about the number of migrants who move, their experiences abroad, and the impact of their absence on te families and communities they leave behind. It is also unclear how return migration affects development in Macedonia. The aim of this report is therefore to fill some of these gaps in the evidence base. Our findings incorporate a review of the most relevant existing literature on this subject, but are drawn primarily from new primary research carried out in 2008 and 2009, including interviews with key stakeholders and data derived from a new and nationally representative household survey.

Key survey findings from Macedonia

1. Building on earlier estimates about the scale of migration from Macedonia, our research suggests that the current level of Macedonian migration is somewhere between 400,000 and 500,000 people (representing 20 to 25 per cent of the population living in the country). Although these migrants are scattered in 35 countries around the world, most are concentrated in just a few, with the four most frequented destinations (Italy, USA, Switzerland and Germany) hosting 51 per cent of absent migrants.
2. Macedonian migrants tend to depart as young working age adults and remain abroad for long periods of time (often between 5 and 10 years or more). Returned migrants are often young married males who depart from their families temporarily to earn money abroad, while absent migrants tend to be young unmarried males who go abroad to acquire additional skills and education or to find employment.
3. There is a very slight rural bias in the group of absent migrants, while all ethnic groups experience migration (with a very slight bias in the cases of Albanian, Roma and Turkish ethnic groups).
4. The majority of both absent and returned Macedonian migrants have either low or medium levels of education at the time of departure, while a smaller proportion are highly educated. This is not dissimilar to the general standards of education among Macedonia's non-migrant population, although the share of very highly educated (above university level) individuals among Macedonian migrants is much higher than the corresponding share of individuals among non-migrants.
5. 33 per cent of absent migrants and 45 per cent of returned migrants had income from employment or occupational activities before migration (as compared to 60 per cent of the non-migrant population) but almost 65 per cent of the returned migrants have income from employment or occupational activities after returning, suggesting that migration can have an impact on employment prospects.
6. Remittances have become an increasingly important source of finance in Macedonia. Between 1993 and 2008, the amount of all private transfers (the sum of remittances, other private transfers and foreign exchange operations) from abroad rose by an enormous amount, increasing more than 23 times over - from USD \$57.8 to \$1,376 million. On average for the period 2003-2008, those funds amounted to over 10 per cent of GDP and covered 50 per cent of the trade

deficit. Meanwhile, the stock of private transfers from abroad for the same period is almost 3 times bigger than levels of FDI. This has had a strongly positive impact on the macro-economic stability of Macedonia, and on the health of the country's foreign exchange reserves.

7. In terms of remittance patterns, it appears that only around a third of all Macedonian migrants send money home. Females remit less than males, while older migrants, migrants who have been abroad longer and migrants who have frequent contact (at least once a week) with the family they leave behind remit more. The majority of remitters send amounts up to USD \$5,000, with less than 8 per cent having reported sending larger amounts. Most remitters send money fairly regularly (on a monthly basis, every couple of months or twice a year). Only 56 per cent of remitters use formal channels (money transfer agencies, banks and post offices).
8. Remittances are not only sent from migrants to the households they left, however. Seven per cent of households across Macedonia receive remittances from 'non-member remitters' – people who weren't members of their households before migration. It has also been suggested that migrants remit to organisations, such as schools or community development organisations. Our evidence suggests that very few do, however.
9. It is still unclear what effect remittances have on inequality in Macedonia. The data collected for this project suggests that remittances reduce inequality slightly, though other data suggests that the bulk of remittances and foreign pensions are concentrated in the highest three decile groups of households. There is potential for further research here to determine what is behind this difference in results.
10. A key research question relates to the impact of migration on entrepreneurship in Macedonia. It appears that the proportion of families reporting having ever owned a business is higher among migrant households. However, migrant households are also more likely to have started a business which is now closed, though these businesses tend to have lasted longer than failed businesses operated by households without migrants.
11. For the first three months after returning, emigrants do not appear to have significantly different employment chances compared to other residents of similar age and gender, although those who have been home between 3 and 12 months are far less likely to be working for others for pay. However, a year or more after return there is an increased chance of self-employment. This indicates that it takes longer for return migrants to utilise the skills they may have acquired while abroad.
12. The data suggest that migration has a mixed impact on the employment of those left behind: departure is associated with greater employment, but if the migrants remit then this tends to diminish employment among those who remain at home. This implies that the overall effect on household members' likelihood of being in work will depend on the proportion of its members who migrate, and the amounts of remittances they send back.
13. In terms of education outcomes, the findings suggest that younger children have higher school attendance rates in families where no remittances are received. This gap is even more pronounced among the older age-group of children. This suggests that receiving remittances may reduce the incentive for families to send their children to school, particularly older children.
14. Negative correlation is also observed between the number of absent migrants and school attendance of children, but having an absent parent has a large and statistically significant effect in increasing school attendance among older children. One possible explanation for this is that where children see a parent migrate, often to increase the family's income, they feel that a sacrifice has been made at least partially on their behalf, and they are more motivated to attend school. It may also be that parental absence is specifically related to acquiring the necessary financial assets for their children's education.

15. In assessing the gender roles within households with migrants, it appears that there are no significant differences in the gender distribution of household tasks between non-migrant households and households with returned migrants, as might be expected if migrants brought back some of the values of the countries they have been living in. Moreover, the proportions of females engaged in traditional household activities are higher in households with members currently abroad. This indicates that either Macedonian migrants tend to come from households with more traditional views about gender roles, or that migration of a household member requires females to spend a higher proportion of their time engaging in household activities.

Policy responses

Our research has demonstrated that the existing policy framework in Macedonia is in need of considerable reform. This report identifies four key areas where changes could help to maximise the developmental outcomes of migration:

1. **Focus on the implementation of policy reforms required by Macedonia's EU accession process.** If Macedonia succeeds in its application to become a full member of the EU, around 70 per cent of Macedonia's emigrant population will be resident in countries among which the freedom of movement of people is at present, or soon will be, a full reality. Passing the reforms required for membership must therefore be the government's priority, since migrant workers will then be granted the rights of domestic workers in all EU member states, the transfer of remittances will be facilitated, the country will become a more attractive place for investment by migrants, and it is to be hoped that other positive impacts from migration will start to occur.
2. **Efforts should be made to increase Macedonia's attractiveness to its citizens.** Given that migration from Macedonia is primarily driven by the desire for personal advancement, the government should focus on improving the country's attractiveness as a place to live and work. This would involve a sustained effort to improve living standards,

foster political stability, and strengthen the rule of law and security. Specific proposals for how this might be achieved include: preparing a long-term strategy for intensive and balanced development of the country; developing policies to increase employment (working particularly with the private sector to make it capable of generating new jobs) and tackling problems with educational system in Macedonia, which is currently unable to prepare students for life and work in a globalised economy. This approach would also recognise that the government needs to do more to make migration a positive choice for Macedonians who wish to live and work abroad, rather than something they feel they need to do to meet their life goals.

3. **A strategic approach to improving the impacts of migration is required.** This should specifically focus on the facilitating the transfer of remittances from abroad, providing more support to returning migrants in terms of their economic and social reintegration, and improving the documentation and registration of migrants. This last recommendation is particularly important, for without a good sense of the scale and scope of Macedonian migration, it is impossible to design effective policies.
4. **Priority should be given to involving the diaspora in Macedonia's development.** Our research has shown that attempts to engage the diaspora in the development of Macedonia have not been very successful to date. The government will need to do much more here if it is to make the most of the new skills, values and financial resources that migrants acquire while they are living abroad.



Section 1: Introduction

'Development on the Move: Measuring and optimising migration's economic and social impacts' is an innovative and policy-focused research project aiming to examine the impacts of migration on development. It is run jointly by the Global Development Network, based in Delhi, and the Institute for Public Policy Research, based in London.

The methodology for the Macedonia case study was devised in accordance with the guidelines of the overall Development on the Move project (and uses the same definitions of migration as used in the rest of the project, see box 1 on the following page). However, it takes into account the specific characteristics of migration in Macedonia. This country report is designed to present the findings of our research, and in doing so, will contribute to improving the understanding of migration's impact on development in Macedonia. The underlying approach has been to analyse key issues and challenges and to make policy recommendations for how to maximise the benefits of migration. Key questions that the report will focus on include:

- What is the relationship between poverty and migration?
- What is the influence of migration on the labour force and labour market?
- What is the educational attainment of migrant household members?
- What is the gender impact within the households with migrants?
- What are the cultural and other social values acquired through migration?
- What is the impact of migration on the policies and governance in Macedonia?

The outcomes of the research are drawn from a range of methodological tools, including examination of existing literature and data, stakeholder interviews, and a large, nationally representative, in-depth household survey. It has also been designed to be policy-focused, ensuring that the report presents and assesses evidence to date on the impacts of migration on

development in Macedonia. A combination of qualitative and quantitative methods was used.

Box 1: Definition of Migration

Development on the Move uses the following definitions:

1 Migrant: Someone who has spent three months or more living continuously in a country other than that of their birth.

Within this, the project examines three different kinds of migrants:

2 Immigrant: A person who was born in another country but has come to live in the country of our study.

3 Absent migrant: A person who was born in the country of our study but who, within the last 10 years, left to go and live in another. Absent migrants are still living abroad. We only examine people who went to live abroad in the last 10 years in order to try to minimise 'recall errors' when respondents discuss them, so anyone who left more than 10 years ago is not included in this category.

4 Returned migrant: A person who was born in the country of our study and who lives there now but who at some point has lived in another country for three months or more.

A three month definition of migration differs from the usual definition used in official data sources, which only includes people who moved for a year or more. We feel our definition is more useful as it allows us to capture short-term, irregular and seasonal movement, as well as more permanent emigration. The differences in definition must be borne in mind when comparing between the data we have gathered and other data sources, as each is likely to be referring to a slightly different phenomenon.

Methodology

Policy focused workshops and stakeholder interviews

An interactive workshop was held in Macedonia at the launch of the research, to which key stakeholders were invited. The launch workshop helped to prioritise the key issues of analysis, and ensured that the research was based on a current understanding of migration and development in Macedonia.

A series of stakeholder interviews were also conducted to collect information and analysis in advance of the preparation of the household survey. In total, 18 interviews were undertaken in Macedonia with people with different perspectives on migration and development – academics, representatives of government and local government, international organisations and civil society (see Appendix B for a summary of these interviews).

Both the workshop and the stakeholder interviews were focused on policy issues currently facing the country in terms of migration and its impact on development. This approach provided a clearer insight of the coherence of the Government's policy objectives, compared with the challenges that have been identified as priorities in the area of migration. The stakeholder interviews were designed to obtain factual information that isn't already available in the public domain (like details of policies current in development), as well as expert opinion, which can be important in tackling questions where there is a lack of data. They were also used to provide a narrative to explain some of the quantitative findings to address some of the misconceptions and dilemmas around migration that need to be addressed by researchers and policymakers, and to generate a sense of priorities and ideas. The same set of issues was covered in each interview, though with some variation relating to the specific area of interest of the stakeholder.

Household survey

A new household survey was designed for use in this project. The purpose of the survey is to generate reliable data on the prevalence of migration in Macedonia, and to assess some of the impacts that it has on development. Two

types of survey questionnaire were used; a screening questionnaire and the main household survey questionnaire. Both were proposed and developed in cooperation with GDN and ippr, with adjustments specific to the country. The full set was translated into Macedonian and Albanian languages to facilitate the interview process.

A total of 1211 households, distributed on the whole territory of Macedonia, were interviewed. The distribution of households was based on the sampling received from the State Statistical Office of Macedonia, and the data obtained from the screening questionnaires conducted on more than 3500 households. Finally, weighting of the data was performed to ensure that nationally representative data was available.

The survey took place from July to September 2008, carried out by interviewers selected from different parts of the country where the targeted households were located. The questionnaire gathered a wide range of information about the individuals within the households (including demographic and socio-economic information, as well as data on their migration histories) and about the household as a whole. It also gathered information on opinions about migration.

To maximise the reliability and validity of the data, different methods were used. At the beginning pilot interviews were conducted to accommodate the interviewing process of the interviewers, and to test the wording of the questions. Two field coordinators were engaged to monitor the field survey, each one supervising the work of approximately half of the interviewers. Finally, for each interviewer a telephone check was conducted on randomly selected households.

In the phase of data processing, the data was coded, entered into a database and cleaned of errors. For this purpose, a custom-made software by Educon was used, which allowed fast data entry and error checking to be performed. Finally, the data was exported to be used for analysis with Excel, SPSS and STATA.

Structure of the report

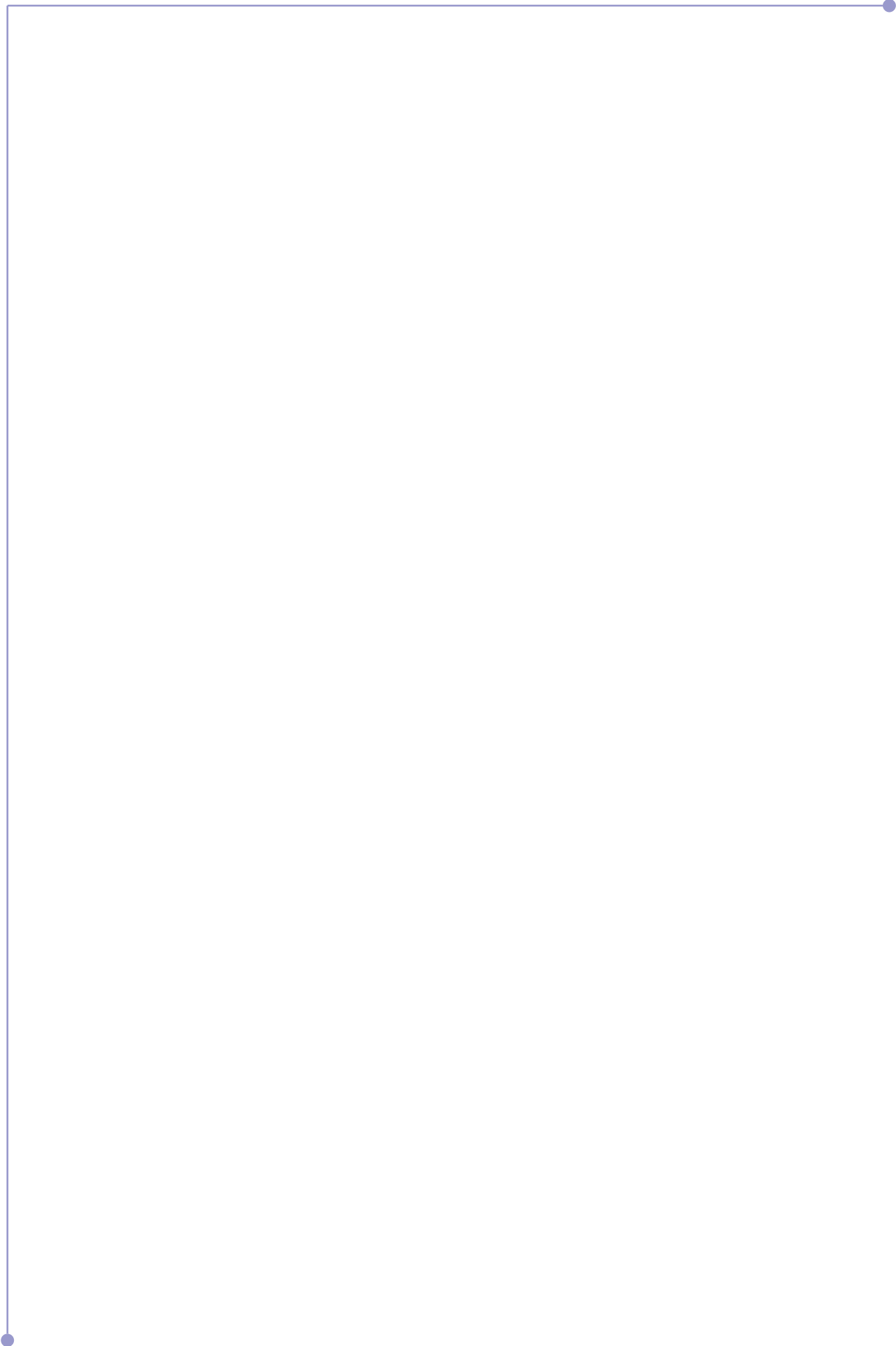
Section 2 provides a descriptive analysis of migration in Macedonia, setting out its history, current scale and characteristics.

Section 3 describes some of the outcomes of migration in Macedonia, with a particular focus on remittances and transnational communities.

Section 4 analyses the specific impacts of migration on development. Specifically, it consid-

ers its impacts across economic, educational, health, gender, governance and other social aspects of development.

Finally, section 5 provides an review of the current policy framework in Macedonia and makes some recommendations for how it might be changed to increase migration's developmental benefits and reduce its costs.



Section 2: Patterns of Macedonian migration

Migration has had a profound effect upon the development of Macedonia. In this section, we briefly describe the historical pattern of migration trends, before assessing the current migration profile of the country.

2.1. The history of Macedonian migration

Modern era migration from Macedonia¹ started in the last decades of the 19th century, when poor living conditions forced young unskilled men of working age to go abroad in order to earn additional income: a type of labour migration known as “pechalbarstvo”. “Pechalbari”² were exclusively male, while women stayed at home to take care of the children and households. At the turn of the 20th century, migration flows from Macedonia were boosted by the harsh socio-economic circumstances, compounded by political turmoil. Huge waves of migration from Macedonia occurred at this time: some estimates (Gaber and Jovevska 2004: 100) suggest that 30,000 people fled abroad, mostly to Bulgaria, although some went as far as the USA, Canada and Australia (see van Selm 2007).

Later, the Balkan Wars and the separation of Macedonian territory between Greece, Serbia and Bulgaria with the Bucharest Treaty of 1913 also resulted in the forced migration of thousands of people. The Bulgarian government then estimated that 111,560 refugees fled to Bulgaria, with about 50,000 of them coming from Macedonia (International Commission on the Balkans 1996: 151-154). Another source

states that the number of Macedonian, Turkish, Bulgarian and Greek migrants was 1,150,000 people (Sorre 1955: 36).

After World War I the authorities of the (then existing) Balkan states initiated policies of so-called ‘voluntary exchanging of people’ which initiated a new wave of migration³. In the period between World War I and II the Macedonian population perpetuated the ‘pechalbarstvo-experience’, while much of the Turkish population in Macedonia migrated to Turkey, either voluntarily or through forced exile. There was also some immigration at this time, as Serbs settled in the annexed Macedonian province of Vardar Banovina.

The end of the World War II and the establishment of the (then Socialist) Republic of Macedonia as one of the six federal members (republics) of the Socialist Federation of Yugoslavia with a socialist political and socio-economic regime, temporarily changed migration incentives. While the living conditions of the population did not radically improve, an official policy shift towards the redistribution of wealth for social equity caused unemployment to fall, and the need to migrate for socio-economic reasons became less pressing. This situation persisted during the first two decades after the war, even though some migration continued to take place, notably during the late 1940s and 1950s as Macedonians returned from Greece after being expelled during the 1947-1949 Civil War there.

Two decades after the establishment of the (Socialist) Republic of Macedonia within the

¹ The Republic of Macedonia as it is known today was established after the World War II, firstly as a part of the former SFR Yugoslavia, and as of September 1991 as an independent sovereign state. The presentation here of Macedonian migration flows prior to 1945, when Macedonia was dominated by the Ottoman Empire (all until the end of the Balkan Wars in 1912-1913), or a part of the territory of a neighbouring country (after the Balkan Wars until the end of WWII), concerns the migration of the people who lived on the geographical territory classified as Macedonia, regardless of their national, ethnic or religious background. For a description of the geographical area now described as Macedonia, see CRPM 2007: 1.

² A direct translation of ‘pechalbar’ is ‘money-earner’, but in this context, it is a person who has gone abroad with the sole purpose of earning money and sending remittances to support his family back at home, as well as to save some money for living after his eventual return. The notion of ‘pechalbarstvo’ from that time became very deeply intertwined in the traditions, mentality and culture of the local population, a kind of a specific ‘life style’; to an extent it is considered as such even today.

³ In 1919 Greece and Bulgaria signed a convention for ‘exchange of people’ and around 60,000 (Slavic) Macedonians ‘voluntarily’ left Greece and settled in Bulgaria. Following the 1923 exchange of population between Greece and Turkey 354,647 Muslims left Greece and 339,094 Greeks from Anatolia arrived in Aegean Macedonia (CRPM 2007: 3)

Socialist Federation of Yugoslavia the socio-economic conditions changed. A 'quasi-market' type of economic system had emerged after World War II as a result of economic reforms, and by the mid-1960s rising unemployment was again leading to increased migration flows, with the US, Australia, and Canada again becoming preferred migration destinations. A distinctive feature of this migration is that those emigrants who moved to Canada and Australia and their descendants tended to be citizens of those countries (estimates suggest 92% of people of Macedonian origin in Australia are Australian citizens) (van Selm 2007).

Migration from Macedonia to European countries (mostly Germany, Switzerland, Sweden) also increased during the late 1960s and early 1970s, although this later slowed down due to the imposition of more restrictive migration policies by these receiving countries. Unlike migration to Australia and Canada, those who migrated within Europe tended not to become citizens of these countries (only 4 per cent of people of Macedonian origin in Switzerland are Swiss citizens). The initial migration from Macedonia to European countries was as a result of the demand for cheap labour in Western European economies; hence until the mid-1970s the average qualifications of the migrants were relatively low. Over time, the qualification profile of the migrants gradually changed and more qualified and highly-educated individuals started to migrate (Gaber and Jovevska 2004)⁴.

Departure from Macedonia between the late 1940s and the late 1980s took place primarily from the southeast region of the country, where emigration levels amounted to more than 30 per cent of the total number of people: an extremely high rate of exodus (Gaber and Jovevska 2004). The second area of significant migration abroad was the western part of Macedonia, which was (and is also today) mostly populated by Albanians⁵.

Apart from emigration abroad, the 1960s to the mid 1980s in the (Socialist) Republic of Macedonia was a period of huge internal migration from rural to urban centres, driven mostly by the structural changes which occurred in the Macedonian economy. Many of those people (and/or their descendants) who moved from the rural to the urban centres at that time, later on (after 1991) during the transition to a market economy (when many 'socialist factories' were closed) started to migrate abroad.

In 1991, the Republic of Macedonia became an independent sovereign country, following a process of change within both the political and economic systems. With EU integration as the ultimate goal, all reform processes initiated and implemented in the last two decades have gradually shaped the political and economic systems of Macedonia that exist today. However, the migration flows in this period have not halted. On the contrary, they have been amplified, though somewhat changed, as will be shown in section 2.2. It is also true that not all regions of the country are equally affected by emigration.

Macedonia has not traditionally been perceived as an attractive destination for immigrants, and has never experienced high levels of immigration, although it has seen a modest but constant inflow of migrants from Kosovo over the past few decades. It has also taken in refugees from recent crises and wars in the Balkans, including from Bosnia and Herzegovina, Albania and Kosovo. Few of these immigrants have remained in the country though. In recent years Macedonia has also been subject to an increasing flow of people using the country as a corridor for onward travel to Western Europe. The officially recorded figure for migrants illegally entering Macedonia in 2001 was around 12,100, but the actual figure is likely to be much higher (CRPM 2007).

⁴ Similar to the notion of 'pechalbari', a particular name for all Balkan emigrants to Germany in that period was 'gast-arbiter' ('guest-worker'). Another more officially used term for those emigrants in former Yugoslavia was 'people on a temporary stay abroad'.

⁵ This population was and still is characterised by a very high birth rate, which has resulted in an 'employment strain' and has given an additional boost to perpetuated migration throughout generations in families.

2.2. The current migration profile of Macedonia

Relatively little is known and even less has been written about the exact number of current migrants from Macedonia. A number of factors account for this, including:

- the long history of emigration from Macedonia - in some families perpetuated for several generations - which has led to an absence of reliable data about how many of the 'old' migrants and their descendants have returned home or are still abroad on a shorter or long-term stay;
- the small number of citizens who officially report their stay abroad;
- the difficulty of collecting and calculating the exact number of Macedonian migrants from destination countries' statistics. These do not always report such data accurately, and often fail to account for Macedonian emigrants without legally established stay.

As a result, there are diverging estimates of the current total number of emigrants from Macedonia. The official numbers collected by the State Statistical Office of reported Macedonian emigrants and immigrants (Table 1 below) show that in the period 1998 to 2005, Macedonia had 3,318 emigrants and 11,980 immigrants. However, few Macedonian citizens who intend to stay abroad for a period longer than 3 months report their absence to the Ministry of Interior (although this is required by law). The data on immigrants to Macedonia are also likely to be underestimated (although reporting is more regular here).

According to IMF data, the number of Macedo-

nians who lived abroad as of 2006 was around 20 to 25 per cent of the entire Macedonian population living in the country (Hadzimustafa 2009) – which makes a figure of around 400,000 to 500,000 people while according to World Bank data, as of 2005 Macedonia had 370,826 emigrants (World Bank Development Prospects Group 2005). The situation is also confused when the scale of current migration from Macedonia is assessed by official government institutions. Allowing for under representation of ethnic Macedonians born in geographic locations beyond the borders of the present-day territory of the Republic of Macedonia, officials dealing with diaspora relations suggest that there are between 350,000 and 700,000 emigrants (van Selm 2007). By the same token, Macedonian representative groups which are active out of the country, suspecting underrepresentation in census data, promote numbers of Macedonian emigrants which are relatively high⁶.

In assessing the size of Macedonian emigration the authors of the CRPM's Report (CRPM 2007: 14-15) consider data from two sources: the 2002 Macedonian Census data and the voters' lists prepared for the Parliamentary elections in 2006. According to the 2002 Census data, there were around 22,000 people who had stayed abroad up to one year, while another 12,128

⁶ In a recent interview for a daily newspaper Mr. Kjosevski, a representative of the Macedonian Embassy in Australia, states that according to the Australian Bureau of Statistics, 83,978 people have declared of Macedonian origin on the 2006 census, while 67,833 besides English also speak the Macedonian language; however, he also declares that this number is not exact; since people of Macedonian origin have emigrated to Australia for many generations, as well as those who are in 'mixed marriages', the number of Macedonians in Australia is around 200,000 people. Source: *Utrinski vesnik* 10 July 2009.

Table 1: Official data on international migration to and from Macedonia 1998-2005

	1998	1999	2000	2001	2002	2003	2004	2005	Total
Immigrants	1057	1118	1199	1185	1257	1145	1381	3638	11980
- Citizens of Macedonia	595	658	639	458	723	567	534	524	4698
Emigrants	248	141	172	503	141	144	669	1300	3318
- Citizens of Macedonia	241	127	165	312	81	112	656	1282	2976
Net migration	809	977	1027	682	1116	1001	712	2338	8662
Net migration of citizens	354	531	474	146	642	455	-122	-758	1722

Source: State Statistical Office of the Republic of Macedonia

were staying longer. Corrected with the data from the voters' list, the authors estimate that the number of Macedonian emigrants in 2006 was around 60,000 people.

Referring to estimations of Macedonian emigration stock, Markiewicz (2006) corrects the 2002 census figure with data from other sources, namely the OECD database on people born in Macedonia living in OECD countries based on the latest available population censuses, which reveals a total of 193,940 persons. But since this dataset is missing statistics on emigrants in Germany the number is further corrected with data from its Federal Statistical Office, which states that the number of Macedonian emigrants in Germany is above 50,000. The number is further increased by inclusion of Macedonians living in former Yugoslav countries (Bosnia, Croatia, Slovenia and Serbia, but without data for Kosovo) plus Bulgaria and Albania, and the estimation ends up with a number of about 300,000 emigrants from Macedonia in 2006, or around 15 per cent of the population and 34 per cent of the labour force.

In contrast to those estimations, when weighted for all characteristics of the surveyed people in comparison to the characteristics of the entire population, the data from our household survey gives a rough estimation of around 163,000 people currently absent from Macedonia, which is around 8 per cent of the population living in the country. This is a significant difference in comparison to the previous estimations, but the reasons for that can perhaps be linked to the facts that the survey captures only emigrants who left in the last ten years, while the evidence suggests that relatively large numbers of Macedonian migrants have been out of the country for longer than 10 years. The survey is also less able to identify whole households who have departed in their entirety.

In order to create a comprehensive assessment of the number of emigrants from Macedonia, Table 2 compares the data from three sources: (i) the OECD database on people born in Macedonia and living in OECD countries; (ii) data on Macedonian emigrants from the official records of different host countries (census data where available); and (iii) data from the official website of the Ministry of Foreign Affairs (MFA) of

the Republic of Macedonia, which incorporates the most recently available records on Macedonian emigrants from official records of different host countries as well as the MFA's own estimations.

Bearing in mind that the data from the OECD database is relatively outdated, while the estimations of the Macedonian MFA are speculation, the figures from columns 3 and 5 of Table 2 set the size of the current Macedonian emigration as somewhere between 400,000 and 500,000 people; or 20 to 25 per cent of the Macedonian population. Although slightly higher than the World Bank estimate for 2006, this magnitude is in the range of the IMF estimations. It is our opinion that this number can be considered a roughly correct estimation of the current size of Macedonian emigration. The following analysis will attempt to reveal its distinctive characteristics.

Destination countries and length of stay of Macedonian emigration

Macedonian emigrants are scattered in 35 countries around the world, although as the table 2 show, the majority are concentrated in just a few places, with the 10 most attractive destinations (all countries which host over 2 per cent of Macedonian migrants) accounting for almost 80 per cent of the total emigrant population. Furthermore, the two most popular destinations – Italy and the USA – account for over one third of the current Macedonian emigration.

The data also show that there is a clear tendency for Macedonian migrants to remain abroad for relatively long periods of time (as revealed in Table 4). The share of all returned migrants that stayed abroad for more than 5 years is 90 per cent, while of the migrants returned from Italy, Germany, Switzerland and the USA – 83, 96, 95 and 70 per cent respectively had stayed in those countries for over 5 years. This tendency of long-term absences seems even more striking when it is observed that 48 per cent of all returned migrants stayed abroad for over 10 years, while only 1 per cent stayed abroad less than 6 months, 2 per cent stayed abroad less than one year and 8 per cent stayed abroad less than two years.

Table 4 also reveals that the shares of returned

Table 2: Estimates of the numbers of Macedonian migrants abroad

	OECD Database		Other official statistical sources		MoFA Database From other official sources		Own estimatio ns
	Number	Census year	Number	Source & year	Number	Source & year	Number
	1	2	3	4	5	6	7
Overseas Countries							
Australia	43527	2001	81898	Australian statistical bureau 2001	83983	Australian statistical bureau 2006	200-250000
Canada	7330	2001	31265	Canadian Census 2001	37050	Canadian statistics 2006	150000
Japan	15	2000	15	OECD database	15	2000 Census	
Mexico	2	2000	2	OECD database	2	2000 Census	
New Zealand	591	2001	621	NZ Statistical Bureau 2001	807	2006 Census	15000
USA	18995	2000	43783	US Census Bureau 2000	51955	2002 Census	200000
Total overseas	70460		157584		173812		565-600000
European Countries							
Austria	13948	2001	13948	OECD database	13696	Austrian statistics 2002	12500
Belgium	46	2001	3288	MOI of Belgium 2005	2535	2007 Census	12000
Czech Republic	533	2001	533	OECD database	533	2001 Census	
Denmark	1607	2002	1607	OECD database	3147	Macedonian statistics 1994	12000
Finland	23	2000	23	OECD database	23	2000 Census	
France	2560	1999	2560	OECD database	2300	Estimations of French diplomacy	12000
Greece	936	2001	936	OECD database	936	2001 Census	
Germany	58250	2002	42550	German Central Statistical Office 2005	62295	German statistics 2006	80000
Hungary	73	2001	73	OECD database	73	2001 Census	
Ireland	35	2002	35	OECD database	35	2002 Census	
Italy	24873	2001	34550	in 2004	78090	ISTAT - Italian institute of statistics 2007	100000
Luxembourg	254	2001	254	OECD database	254	2001 Census	
Netherlands	23	1995-2000	12500	Netherlands organization for cooperation with emigrants LIZE	12500	Netherlands organization for cooperation with emigrants LIZE	12500
Norway	715	2003	715	OECD database	715	2002 Census	
Poland	204	2001	204	OECD database	204	2001 Census	
Portugal	12	2001	12	OECD database	12	2001 Census	
Slovak Republic	156	2001	156	OECD database	156	2002 Census	
Spain	205	2001	205	OECD database	205	2003 Census	
Sweden	2971	2003	4144	Swedish statistical bureau 2004	3669	Swedish statistics 2006	13500
Switzerland	41506	2000	61455	Union Institute for Standards of Swiss Confederation	61304	Swiss statistics 2005	63000
Turkey	31515	2000	31515	OECD database	31515	2000 Census	
UK	1285	2001	1285	OECD database	1285	2001 Census	9500
Other*							8000
Total European	181730		212548		275482		335000
Neighbouring countries							
Bosnia	2278	2005	2278	2005	2278	2005	
Serbia	25847	2002	25847	2002	25847	2002	
Croatia	4270	2001	4270	2001	4270	2001	
Slovenia	3972	2002	3972	2002	3972	2002	
Bulgaria	5071	2001	5071	2001	5071	2001	
Albania	4697	1989	4697	1989	4697	1989	
Total Neighbouring	46135		46135		46135		
Total	298325		416267		495429		900000

* Norway, Czech Republic and Poland 2,000 each, Russia 1,000, Luxembourg 356, Iceland, Finland and Spain around 200 each

Sources: The data in columns 1 & 2 is from: Markiewicz: "Migration and Remittances in Macedonia", Annex 1, CEA 200 the data in columns 3 & 4 is from: OIM: the former Yugoslav Republic of Macedonia Migration Profile, 2007, pp.16; the data in columns 5, 6 & 7 is from: MoFA Database from: [www.http://www.mfa.gov.mk/Upload/ContentManagement/Files/Odgovor%20na%20MARRI](http://www.mfa.gov.mk/Upload/ContentManagement/Files/Odgovor%20na%20MARRI)

Chart 1: Age profiles: Non-Migrants, Returned and Absent Migrants (Percentage in each age category)

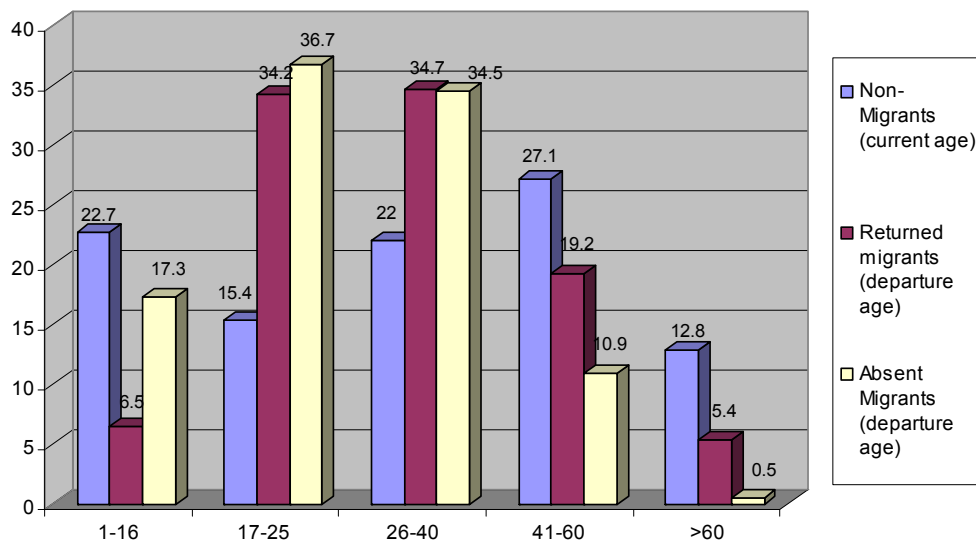
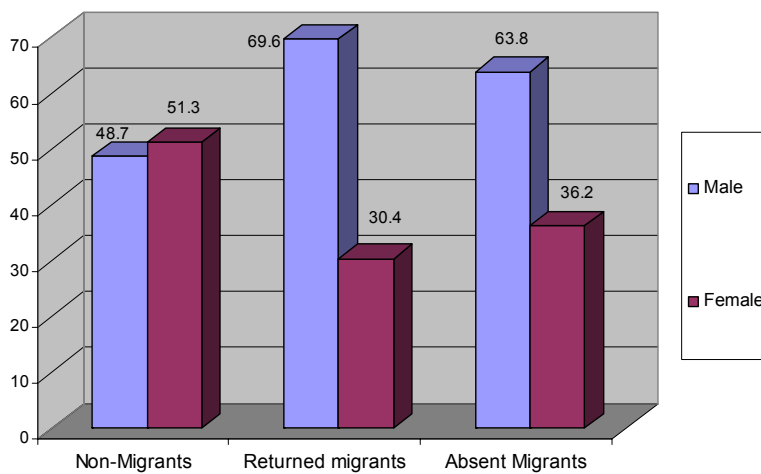


Chart 2: Gender profiles: Non-Migrants, Returned and Absent Migrants (Percentage in each gender category)



comparison to the gender structure of the non-migrant population.

Almost 70 per cent of the returned and 64 per cent of absent migrants are male; while within the non-migrant Macedonian population this share is much lower (our survey reveals a 48.7 per cent share of males in the non-migrant population). This indicates that the traditional Macedonian habit of male individuals in families going abroad to earn money while female individuals stay at home and take care of the household and younger children is still present.

And this is confirmed when the gender structure of Macedonian migrants is compared with their marital status (Table 5).

The data shows that nearly 80 per cent of the returned migrants are married, while the same is true for 57 per cent of absent migrants. In this context, returned migrants are more often than not young married male individuals who depart from their families (households) temporarily to earn money abroad and then return back, while absent migrants are often young unmarried men who go abroad and get married there (this might

Table 5: Marital Status, Urban/Rural: Non-Migrants, Absent and Returned Migrants (percentages)

	Household Residents		Absent Migrants (status before leaving)
	Non-Migrants	Returned migrants	
Marital status (age 21 or more)			
Married/With partner	73.4	77.9	57.4
Single/Divorced/Widowed	26.6	22.1	42.6
Urban/Rural			
Urban	72.9	72.5	62.5
Rural	27.1	27.5	37.5

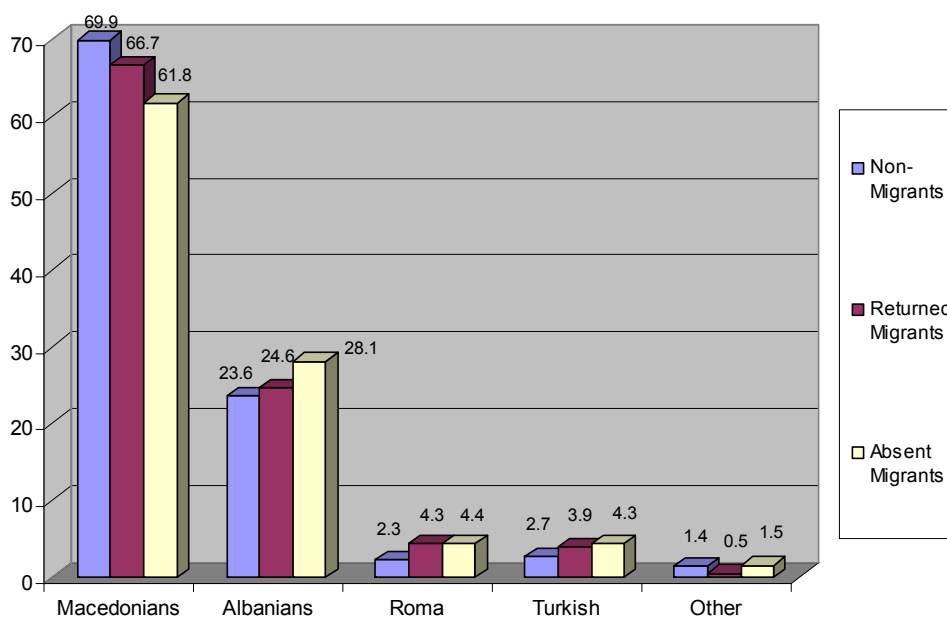
be one explanation for why some of the absent migrants remain absent). The last inference is supported by the answers to a group of questions in our household survey related to this issue. 77.5 per cent of the absent migrants' family members declare that their migrants do not currently have a husband, wife or long-term partner in the home country, but that 47 per cent of them do have a partner in the country where they now live. Furthermore, 50 per cent of absent migrants have children, whereas in 60 per cent of the cases those children live with the absent migrant abroad and in 37 per cent of the cases the children live in the absent migrant's home country household.

As Table 5 above shows, it seems that there is a very slight rural bias in the origin of absent migrants. Slightly more people from rural areas tend to go abroad and remain there (which is

expected, given that poverty in Macedonia is more prevalent in rural areas). On returning, migrants also tend to settle in the same type of place they used to live.

The ethnic affiliation of migrants is a contentious topic in Macedonia in the sense that some ethnic groups are seen to be considerably more affected by migration than others. However, the data from our household survey reveals that this is not the case, since all ethnic groups experience migration, and there is only a very slight bias in the cases of Albanian, Roma and Turkish ethnic groups. This may well be linked to the fact that these ethnic groups tend to experience higher levels of poverty, and have lower levels of education, on average.

Chart 3: Ethnic Affiliation: Non-Migrants, Returned and Absent Migrants (percentage within each ethnic group)



Educational characteristics of Macedonian migrants

It is a common perception in Macedonia that emigrants tend to be well educated, and that their departure has had a clear 'brain drain' effect on the country (although this assumption is frequently based on conjecture rather than fact) Our household survey data (which is presented below in Table 6 and Chart 4) suggests this perception is not based on evidence.

As the figures show, there is no huge mismatch in the educational levels obtained by the migrant and the non-migrant populations (as it would have been expected had the brain-drain hypothesis held true), yet some differences exist. The first important finding is that the majority of both absent and returned Macedonian migrants have either medium or low levels of education at the time of their departure, while a smaller proportion are highly educated⁸, suggesting that in Macedonia migration does not equal a 'brain drain' – the majority of migrants are not highly skilled. The data also indicate that highly educated migrants are more likely to have returned than absent migrants.

Saying this, however, it is also necessary to add that the share of *very highly* (above university

level) educated individuals among the migrants⁹ is much higher than the corresponding share of individuals among the non-migrants – over 4.5 times in the case of returned and 1.6 times in the case of absent migrants. When this consideration is combined with the fact that Macedonian migrants, on average, tend to stay abroad for long periods of time, it should be noted that, while migration does not equal a brain drain' in Macedonia, some parts of it do involve the loss of highly skilled people for significant periods. It remains unclear, however, as to whether this has a negative net effect on development in Macedonia.

Chart 4 presents the data on the educational achievement of Macedonian migrants in a different form. It demonstrates that the largest share of Macedonian migrants have attained a medium level of education, particularly in the case of absent migrants. Combined with the evidence about the age distribution of the migrants (where the share of the age group below 17 is relatively low), it appears that the average Macedonian migrant is educated at home¹⁰ and then decides to migrate abroad. We would suggest that, putting the evidence from this section together, they tend to be individuals with technical skills who leave because they are unable to

Table 6: Educational profiles: Non-Migrants, Absent and Returned Migrants (percentages)

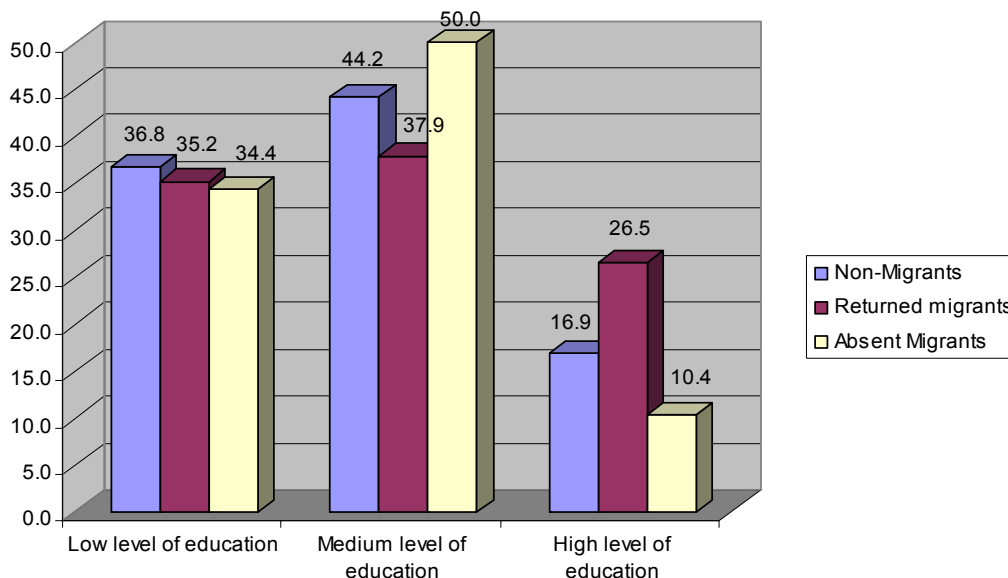
Education	Household Residents		Absent Migrants (at departure)
	Non-Migrants	Returned migrants	
No education	1.1	1.3	2.7
Incomplete primary	13.9	5.6	6.3
Primary education	18.4	26.3	22.5
Incomplete secondary	3.4	2.0	2.9
3 years of secondary education	3.7	5.1	5.8
4 years of secondary education	40.5	32.8	44.2
Higher education	3.0	3.9	2.5
University level education	13.4	20.3	7.1
Post degree qualification (Ms/PhD)	0.5	2.3	0.8
No answer	2.1	0.4	5.2
Total	100.0	100.0	100.0

⁸ The groups of low, medium and highly educated migrants, which are also presented on Chart 4 are defined in the following way: those who have no education, incomplete primary education, primary education and incomplete secondary education are considered as having a low level of education; those who have 3 or 4 years of secondary education are considered as having a medium level of education; and those who have higher education, university level education and post degree qualification (MSc/PhD) are considered as having a high level of education.

⁹ This group is not presented separately on Chart 4 but as part of the group of migrants with high level of education.

¹⁰ In Macedonia adolescents usually graduate from 3 or 4 years of secondary education at the age of 18.

Chart 4: Educational levels: Non-Migrants, Returned and Absent Migrants (percentages within each group)



secure well-paying jobs in the country's industrial or service sectors (a trend which has become especially pronounced in the transition phase during the last two decades since independence).

Meanwhile, the second largest share of Macedonian migrants (35 per cent of the returned and 34.4 per cent of the absent) have low levels of education or none at all. As the evidence to be presented in the next section suggests, this group frequently migrates as a result of unemployment (at least in the formal sector of the economy), and poverty.

When cross-tabulating between the educational levels of migrants and other characteristics, it seems that female absent and returned migrants tend to have lower education levels than male migrants. And when comparing educational levels with the ethnic background of migrants, it appears that most Roma and Turkish absent and returned migrants have low levels of education, while very few have secondary level of education or any higher education. Macedonians and Albanians are more likely to be present among the groups of migrants with medium and high levels of education.

Looking at the educational levels of migrants and the qualifications gained while they are (or were, in the case of returned migrants) abroad also reveals some interesting results. From our

household survey data it appears that 52 per cent of absent migrants have not obtained any additional qualifications or education while abroad. Of those that have gained new qualifications, for around 65 per cent it is a job-related qualification (supplementary to any technical qualifications gained at home), for 8 per cent it is either primary or secondary education and only for 13 per cent (which is only 5 per cent of the total absent migrant population) is it a university degree.

A similar pattern is evident among returned migrants, since a great number of them did not obtain any additional qualifications or education while abroad. However, the returned migrants who did obtain additional qualifications while abroad appear to have been more ambitious, since for 55 per cent it was a job-related qualification, for only 1 per cent it was a primary level education, for 7.4 per cent it was a secondary education level, and for 30 per cent (which is 8 per cent of the total returned migrant population) it was an university degree.

There are three possible interpretations of these findings:

- For some migrants, it is unnecessary to seek further education while abroad because qualifications gained in Macedonia are acceptable within foreign labour force markets, especially combined with certain

job-related experience;

- Most Macedonian migrants, keen to gain employment quickly in order to earn income, are less interested in obtaining higher qualifications; and
- A small but still important proportion of returned migrants moved temporarily to obtain higher education abroad.

Employment status of Macedonian migrants

This section explores the employment status and occupational activities of migrants before they depart, while they are away, and after they return (in the case of returned migrants), and compares this to the employment status and occupational activities of the non-migrant population. The data from our household survey is presented on Table 7 below and indicates the following: 60 per cent of the non-migrant population have income from employment or occupational activities¹¹, only 33 per cent of absent migrants had income from employment or occupational activities before migration, 45 per cent of the returned migrants had income from employment or occupational activities before migration and almost 65 per cent of returned migrants have income from employment or occupational activities after returning.

Since income from employment or from other occupational activities decisively determines the welfare of most of the households¹², these fig-

ures indicate that the average welfare of absent migrants' households prior to their departure abroad is lower than the average welfare of returned migrants' households and even more so than the average welfare of non-migrants' households, while the average welfare of the returned migrants is higher than all other groups.

It is also interesting to look at the quality of the jobs performed by the different population groups, which determines the levels of income obtained¹³. Apart from being the group with the smallest share of employment, before departure 31 per cent of the absent migrants had jobs which required elementary education or qualifications, 22 per cent had simple jobs involving the operation of machinery and plant processes and 7.5 per cent had administrative or secretarial jobs. Only 12 per cent of absent migrants had jobs in trading and 1 per cent had managerial or senior employment positions. Compara-

¹¹ Individuals who have income from employment or occupational activities are considered those who are doing paid work for an employer, those working for themselves and retired persons.

¹² In the case of Macedonia this holds true since very few individuals or households can depend solely on income from renting property or from savings and financial capital.

¹³ This analysis is performed from the responses of migrants' household members on some questions of our household survey. In this particular case the responses have to be taken cautiously since 67 per cent of the respondents did not provide an answer.

Table 7: Employment/activity status: Non-Migrants, Absent and Returned Migrants (percentages)

Employment status (age 21 to 60)	Household Residents			Absent Migrants (status before leaving)
	Non-Migrants (current status)	Returned migrants (status before leaving)	Returned migrants (current status)	
Attending school or other education or training	5.1	14.7	2.7	8.0
Doing paid work for an employer	44.8	31.5	37.3	26.1
Working for themselves	11.1	12.8	21.5	6.6
Unemployed and trying to find work	16.3	23.0	15.2	37.6
Unemployed and not looking for paid work	5.9	4.0	5.6	3.4
Doing unpaid work for the family or household	11.2	10.8	10.4	16.9
Retired/no longer able to work	3.9	0.7	5.8	0.2
Other	1.8	2.6	1.5	1.2
Total	100.0	100.0	100.0	100.0

tively, around 17 per cent of the returned migrants had jobs which required elementary skills, 20 per cent had simple jobs of operating certain machinery and plant processes and 3.7 per cent had administrative or secretarial jobs; but 23 per cent of the returned migrants had jobs in trading and over 5 per cent had managerial or senior employment positions.

The final issue in the context of migrant employment is their situation while they are abroad. While 67 per cent of the absent migrants did not have a steady job before they left, once abroad the situation is different – for 42 per cent of them their families left at home claimed that they had managed to find jobs. However, in addition, over 37 per cent of respondents abstained from answering this question, which probably means the absent migrants have jobs which are not officially registered¹⁴. The situation for returned migrants while abroad appears fairly similar, since 55 per cent of them had paid employment while abroad. Also, 82 per cent of returned migrants claimed that there were no periods for them while abroad when they wanted paid jobs but they were not able find them. More returned migrants found their jobs with the help of friends who had already been in the same destination country, than as a result of help from employment agencies, advertisements, government programmes etc, providing evidence of the importance of social networks in supporting Macedonian migrants while abroad.

Reasons for the emigration of Macedonian migrants

Considering the reasons for emigration of Macedonian migrants, the responses to the survey

question about 'why [they] went to live in another country' offers a notable insight (see Table 8). For absent migrants, the most important reason by far for leaving was to improve their economic welfare, followed by personal reasons, such as to be with family. A smaller percentage expressed a desire to acquire additional education and skills, and very few cited political or security reasons as being an important factor in their decision¹⁵.

For returned migrants, the desire to acquire additional education and skills and to improve their economic welfare were equally important, with political and other personal reasons much less so.

These findings seem to tally with other characteristics of Macedonian migrants described above. On average, absent migrants before departure are the worst-off group in terms of living standards¹⁶: hence they emigrate as younger adults in order to secure jobs abroad. If they eventually succeed in finding employment (as most appear to do), they may remain abroad indefinitely if they judge that they will not be able to find stable employment at home, either bringing their families over to join them, or marrying and settling in the host country. This focus on obtaining a job may explain why they are less inclined to move in order to acquire additional education and qualifications. Returned migrants tend to have a higher standard of living than absent migrants before departure, which may account for the fact that attaining additional education or qualifications is an equally important motivating factor for the decision to leave as securing a job. Since they move temporarily, their families do not often

¹⁴ The justification for this statement is the fact that over 80 per cent of absent migrants claim to have improved their living standard while living abroad (See Chart 5). This could not easily be achieved if they did not have jobs.

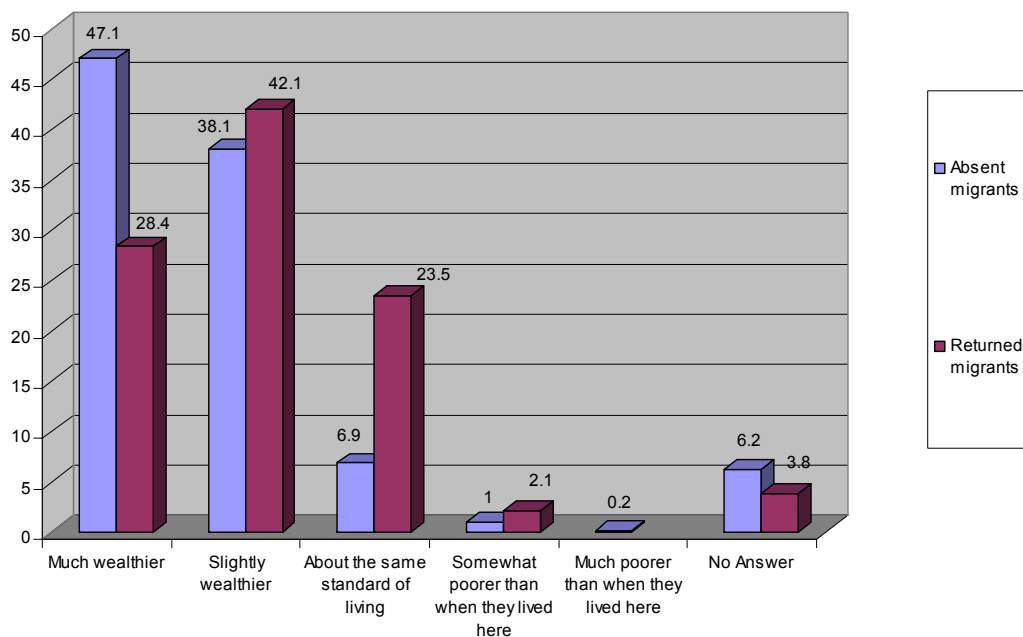
¹⁵ It is interesting to note in this context that during the drafting of this report, the lead researcher had an opportunity to meet and talk to several Macedonian migrants in London, who were not highly educated and had stayed there for over 10 years; they all responded that they had migrated solely for securing employment abroad, and that they would be ready to depart back home that very afternoon if they felt confident of finding a decent job in Macedonia.

¹⁶ In this context, unsatisfactory living standards refer more to income levels than to housing conditions. This is confirmed with a set of answers and responses in our survey which pertain to the housing conditions of migrants before migration (they are not presented separately in the report), which show very slight differences in the housing conditions of absent and/or returned migrants compared to nonmigrants. There are two key factors that may explain this: either the (now) absent migrants have dwellings of average quality since they were built in the period of the former Yugoslavia when there were relatively small differences in the wellbeing of most of the citizens; or the dwellings of absent and returned migrants are of sound quality in terms of construction materials etc. just as are the dwellings of non-migrants, but on average they may be utilised by more family members (many people living in one household).

Table 8: Reasons for emigration: Absent and Returned Migrants (percentages)

Reasons for emigration	Improved living standards (to earn more money)	Personal reasons (to get married, to live with members of the family...)	Additional education and skills	Political and/or security reasons (to have more freedom, felt discriminated against...)
Absent migrants	58	22	16	2.5
Returned migrant	40	4	41	10

Chart 5: Living standards of migrants during migration compared to before migration (percentages)



migrate with them.

Since almost 60 per cent of the absent and 40 per cent of the returned migrants state that they went abroad because of unsatisfactory living standards at home, it is also interesting to observe whether they do succeed in improving their position through migration. This can be found through analysis of responses to our household survey.

Notably, 47 per cent of the families of absent migrants state that the individual in question is much wealthier after migration, 38 per cent are considered to be slightly wealthier, 7 per cent have about the same standard of living, while only 1 per cent are seen as worse-off. The situation is not quite the same with returned migrants, since 28 per cent report that they are

much wealthier, 42 per cent are slightly wealthier, 23.5 per cent have about the same standard of living, while 2 per cent are worse-off after migration. Nonetheless, the data provide powerful evidence that migration is an effective way of improving the living standards of almost all Macedonian migrants who make the decision to move – those currently absent as well as those who have returned.

Reasons for returning to Macedonia

Survey responses to the question of why returned migrants came back home are presented on Table 9. Most respondents came back for family-related reasons, while a number did so for certain 'patriotic' reasons or because their activity abroad (such as their education or a job) had ceased, and here it is important to point out

that very few (2 per cent) of the returned migrants said that they came back to set up a new business or start a new job. Linked to this is the very small proportion of returned migrants (0.4 per cent) who stated that they came back because (new) government schemes made it attractive to do so. This has a lot to do with the policies in Macedonia related to migration.

Finally, 77.5 per cent of returned migrants in Macedonia report that they are pleased that they went to live in another country for a period of time, while 20.3 per cent are disappointed.

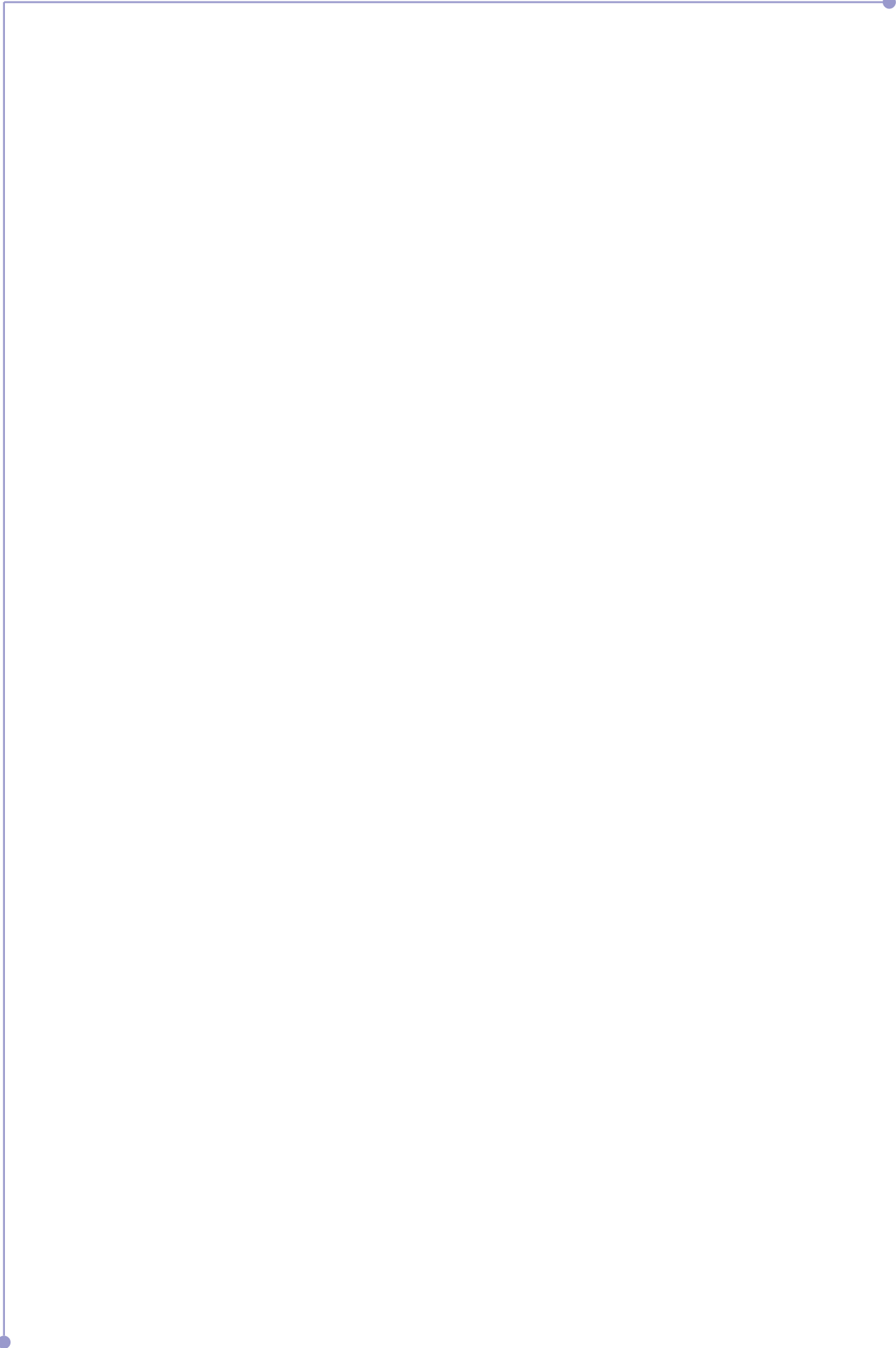
In concluding this section of the report, Table 10 offers a summary of the characteristics which apply to the average Macedonian migrant.

Table 9: Reasons for migrants to return to Macedonia

Reasons for returning	%
I came back to be with my family here	14.6%
I went to try to earn a certain amount of money and I managed to, so I came back	12.1%
I came back because I was bonded to come back	9.7%
I came back because someone in my family needed me to be here	8.4%
Other	8.4%
I came back because this is my country and I feel I belong here	8.1%
I came back because I missed the way of life in this country	6.3%
I went to do a particular contract/job and I always intended to come home after I had finished it	5.9%
I came back because the person I went to live with in the other country also came home	5.8%
I went to study abroad, and the course finished	4.9%
I came back voluntarily because I wasn't legally allowed to stay in the country	4.4%
I came back because my life wasn't as I hoped it would be in the other country	3.8%
I came back because I was deported	2.3%
I came back to retire	2.0%
I came back to set up a new business or to start a new job	2.0%
My relationship in the destination country ended so I came back	0.9%
I came back because of government schemes that made it attractive to come back	0.4%
Total	100%

Table 10: Main Characteristics of the Average Macedonian Migrant.

Characteristics	The average Macedonian migrant is a person who	
	Absent migrants	Returned migrants
Migration destination	Is ready to depart to many countries; most attractive destinations are: Italy (25 per cent), USA (10.5 per cent), Germany (8 per cent), and Switzerland (9 per cent)	Is ready to depart to many countries; most attractive destinations are: Germany (24.6 per cent), Australia (9.4 per cent), USA (8.5 per cent), Switzerland (6.6 per cent), and Italy (6.4 per cent)
Average length of stay	Prefers a stay abroad (over 5 years)	Prefers a longer stay abroad (over 5 or 10 years)
Average age at departure	Departs as a young working age adult (17 to 40 years)	Departs as a young working age adult (17 to 40 years)
Gender	Is male	Is male
Marital status	Is married (and spouses live in the host country)	Is married (and in many cases the spouses are left back at home)
Urban/rural background	In slightly more cases comes from rural areas	In slightly more cases comes from rural areas
Ethnic affiliation	Comes from any ethnic group in the country	Comes from any ethnic group in the country
Education profile before departure	Is most likely to have medium education level (50 per cent); than low education (34 per cent); least have high education (10 per cent)	Is most likely to have medium education level (38 per cent); than low education (34 per cent); least but significant part have high education (26.5 per cent).
Education after departure (while abroad)	Is not very keen to educate or qualify additionally while abroad	About half are keen to acquire additional education or qualifications while abroad (with a bias towards higher education). Only some succeed, however.
Employment / occupational activity before departure	Is most likely to be unemployed or inactive	In almost half of the cases has employment or paid occupational activity, though still less likely to have employment or self-employment than the average non migrant.
Job quality before departure	If employed is likely to have lower paid job	If employed in half of the cases is likely to have better paid job
Employment / activity while abroad	Is likely to be employed	In more than half of the cases has employment
Employment upon returning		Is likely to be employed or has paid occupational activity
Reasons for leaving the country	Mostly related to improving their living standards, then for other personal reasons	Primarily to acquire additional education or other qualifications, or to improve their living standards



Section 3: Remittances and Other Interactions

A major aim of this report is to assess the impacts of migration on development, but before doing that, we need to consider the ways in which those impacts are channelled. This section will focus on some of these channels, looking primarily at remittances but also discussing the diasporas and the transnational communities created by migration from Macedonia.

3.1. Remittances

In analysing how remittances affect development in Macedonia, it is important to consider their impacts at both the macro-level (i.e. the consequences of remittances for the entire economy), and the micro-level (i.e. the consequences of remittances for the migrants and their households).

Analysis of remittances at national level

Over the past two decades, there has been increasing recognition of the importance of remittances to Macedonia's development. However, it has been difficult to comprehensively assess the impact of these remittance flows due

to gaps and discrepancies in the official statistics.

In part, this is because different statistical sources – notably the National Bank of Republic of Macedonia (NBRM) and the World Bank (WB) – use different definitions of remittances. The WB definition is much broader since it is a sum of three components: workers remittances, compensation of employees and migrant transfers. The NBRM does not include migrant transfers in the definition and it is incorporated in the foreign exchange operations item (see Box 2). This difference is even more complex when considering other sources, such as IMF data, since according to the IMF definition, remittances comprise the sum of compensation of employees, worker's remittances and other current transfers in other sectors.

A second problem in the analysis of remittances in Macedonia relates to how far the official data succeeds in capturing the total amount of funds (money) remitted to Macedonia. The above mentioned three components of private trans-

Box 2. Methodology for calculation of private funds from abroad of the National Bank of Macedonia

According to the National Bank of Republic of Macedonia, the current account of the balance of payments comprises three components of private transfers: (i) remittances to and from abroad; (ii) other private transfers; and (iii) foreign exchange operations (bought and sold foreign exchange on the domestic foreign exchange market). The first component (remittances to and from abroad) undoubtedly is part of the flow and stock of remittances; however, it would be a considerable underestimation if this is the only amount considered as remittances. As for the second component (other private transfers), which comprises rents, pensions and disability allowances paid to domestic citizens from abroad – the basic source of data for the NBRM are banks' payments to and from abroad, and it is assumed that net inflows from foreign exchange operations transmitted through the banking sector in large portion relate to private cash transfers – it is also correct to include this component into the amount of remittances. And as for the third component (foreign exchange operations), the NBRM asserts (see: NBRM Quarterly Report April 2009) that it should be part of the balance of payments' capital account. However, since most of those funds come from collection of proceeds by domestic from non-domestic residents for goods and services sold ('grey economy'), as well as from private transfers received in foreign currencies, this transactions are recorded as private transfers in the balance of payments current account (for a better understanding and recording of foreign exchange inflows in 2007, NBRM prepared a survey on migrants). However, since cash exchange operations also include proceeds from unrecorded trade and services, it is an overestimation to include the whole amount of the foreign exchange operations component into the amount of remittances. The actual amount of remittances in Macedonia is somewhat smaller than the entire amount of private transfers recorded within the current account of the balance of payments.

fers recorded by NBRM represent only the officially recorded private transfers. But this is a significant underestimation of their real magnitude, since it is well known in Macedonia that large portion of private transfers from abroad are sent through informal channels, and they remain not reported to the central bank. Analysis from the World Bank (see Markiewicz 2006: 5) suggests that remittances sent through informal channels could add at least 50 per cent to the official estimation of remittances to Macedonia, and our household survey also supports this assessment.

As the data in Chart 6 shows, between 1993 and 2008, the amount of all private transfers (the sum of the remittances, other private transfers and foreign exchange operations) sent to Macedonia from abroad has increased almost 24 fold, from USD\$57.8 to \$1,376 million.

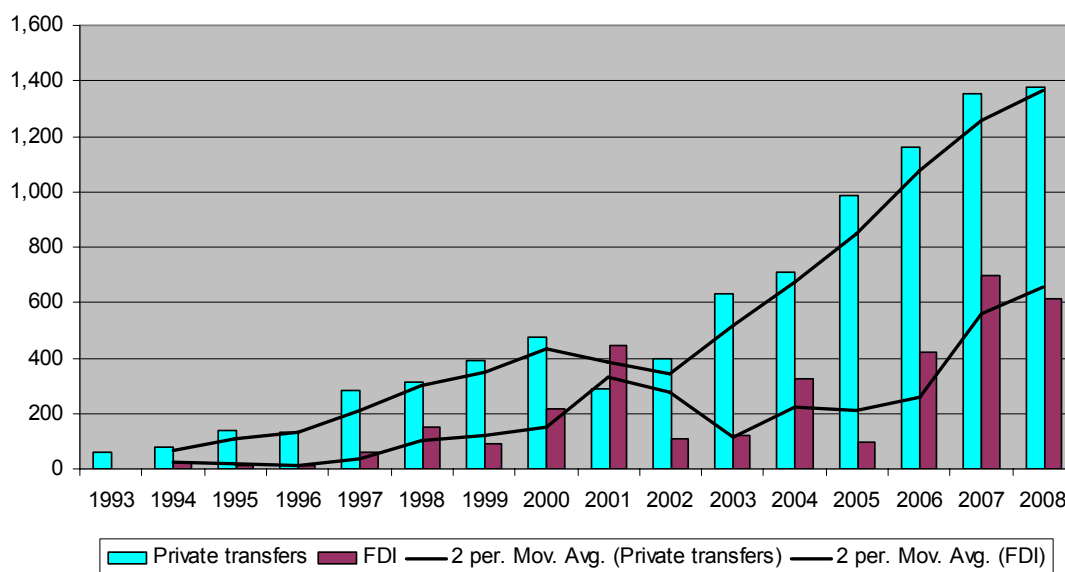
For comparison, the chart also depicts the trend of FDI inflow to Macedonia. This suggests policymakers are overly focusing on FDI as a source of economic growth when remittances represent a much larger flow of funds into the country on an annual basis (with the only exception being 2001)¹⁷.

In terms of the macro-economic impact of remittances and total private transfers from abroad to the Macedonian economy, Table 11 illustrates further important considerations. On average for the period 2003-2008, officially recorded remittances amounted to 2.7 per cent of GDP, over 13 per cent of the trade deficit and over 70 per cent of the inward FDI. These amounts are significant for the economy as a whole, although as some analyses point out, the size of remittances transmitted by Macedonians is relatively small in comparison to other countries, especially considering the number of emigrants from Macedonia.

However, as mentioned above, officially recorded figures are likely to be a huge underestimation of remittance flows to Macedonia. Our analysis therefore also takes into account also the other private transfers from abroad and a proportion (half) of the foreign exchange opera-

¹⁷ In terms of inflow of FDI just prior to the internal military conflict in 2001, the privatisation of the Macedonian Telecom was performed, hence that year has a record amount of inward FDI compared to all years except 2007 and 2008; it is also notable from Chart 6 that, contrary to the continuously growing trend of inflow of remittances, the trend of FDI inflow in Macedonia has a highly variable character from year to year.

Chart 6: Private transfers and FDI in Macedonia 1993-2008 (million USD)



Source: NBRM 2009b

Table 11: Ratios of Remittances to GDP, Trade Deficit and FDI in Macedonia 2003-2008

	2003	2004	2005	2006	2007	2008	Average 2003-2008
Remittances/GDP	2.8	2.7	2.7	2.8	2.7	2.5	2.7
Remittances/Trade deficit	15.3	12.9	14.6	14.2	13.5	9.3	13.3
Remittances/FDI	114.8	45.2	162.3	42.0	31.2	38.3	72.3
Remittances+OPT/GDP	5.1	5.2	5.4	5.4	5.1	4.6	5.1
Remittances+OPT/Trade Deficit	27.9	24.8	29.5	26.8	24.9	17.3	25.2
Remittances+OPT/FDI	209.0	87.0	327.7	79.4	57.8	71.2	138.7
Remittances + OPT+FEO/GDP	13.6	13.2	17.1	18.2	17.1	14.3	15.6
Remittances + OPT + FEO/Trade Deficit	73.9	62.6	93.2	90.5	84.1	53.6	76.3
Remittances+OPT+FEO/FDI	554.6	219.7	1036.3	267.7	195.3	220.6	415.7
Remittances + OPT + 1/2 of FEO/GDP	9.3	9.2	11.2	11.8	11.1	9.5	10.4
Remittances + OPT + 1/2 of FEO/Trade Deficit	50.9	43.7	61.3	58.6	54.5	35.5	50.8
Remittances + OPT + 1/2 of FEO/FDI	381.8	153.3	682.0	173.5	126.6	145.9	277.2

Notes: OPT = Other Private Transfers; FEO = Foreign Exchange Operations, GDP from: www.stat.gov.mk (in current prices in million denars, converted into EUR with the exchange rate at the end of year) Source: NBRM 2009a

tions¹⁸. Calculated in this way, remittances amount to slightly over 11 per cent of GDP in 2007 and 9.5 per cent in 2008. Over the 2003-2008 period remittances averaged out at more than 10 per cent of GDP. They cover 50 per cent of the trade deficit, while in relation to FDI, on average for the same period, the stock of private transfers from abroad is almost 3 times bigger¹⁹.

The major significance of the private transfers from abroad in terms of sustaining the macro-economic stability of Macedonia concerns the balance of payments deficit. Of all items on the current account the only net-positive item are current transfers, of which private transfers (remittances) account for more than 95 per cent, while official transfers are almost negligible. The private transfers from abroad counter-

balanced over 90 per cent of the trade deficit in 2005 and 2006, but afterwards, despite their growth in absolute terms²⁰, their ratio to the trade deficit fell to 84 per cent in 2007 and to 53.6 per cent in 2008. On average for the 2003-2008 period, the private transfers counterbalanced over 76 per cent of the trade deficit.

This has had a strongly positive impact on the macro-economic stability of Macedonia, and on the health of the country's foreign exchange reserves. However, since the last quarter of 2008, the number and value of private transfers sent from abroad to Macedonia has started to decline, possibly as a result of the global economic crisis²¹. This decline is mostly due to the decreased supply (by private persons and entities) of foreign exchange to the foreign exchange market, which in turn has led the central

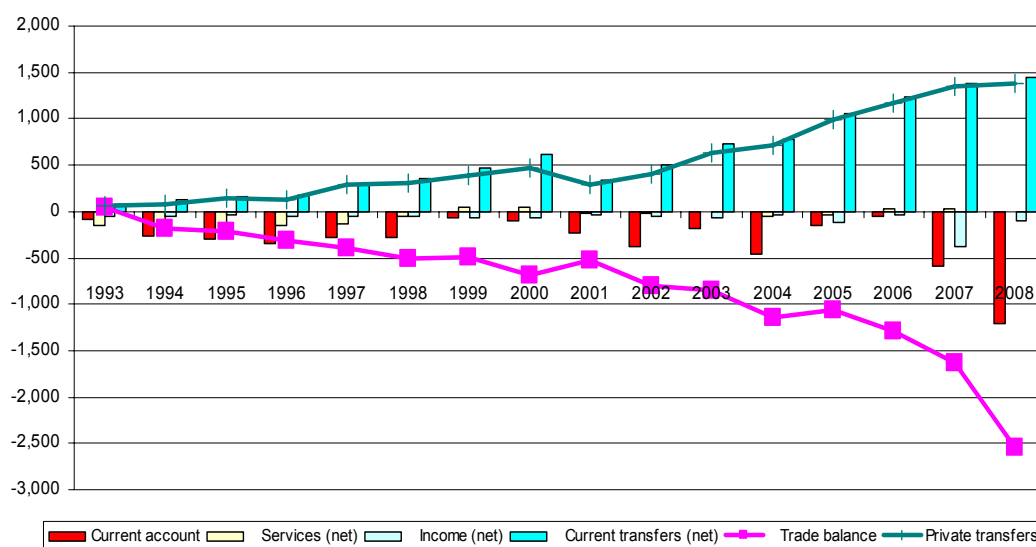
¹⁸ As mentioned in Box 2, since cash exchange operations include proceeds from unrecorded trade and services, it would be an overestimation to include the whole amount of the foreign exchange operations component into the amount of remittances; hence, the analysis here considers one half of them. It should however be once again noted that the share of one half is not an exactly calculated figure, but an assumption in order to make the overall calculation more realistic.

¹⁹ In 2005 private transfers were almost seven times bigger than the inflow of FDI.

²⁰ The annual rate of growth of remittances in 2007 compared to 2006 was 16.3 per cent, while the annual rate of growth of remittances in 2008 compared to 2007 was just 1.7 per cent.

²¹ In the last quarter of 2008 the only item of the current account which had positive rate of growth are the current transfers, but this is due to the growth of the official transfers (which was higher than in the last quarter of 2007), whereas the private transfers, which amount to 96.2 per cent of the current transfers, had lower net increase (for 4.7 per cent on an annual basis) (NBRM 2009a).

Chart 7: Components of the current account 1993-2008 (million USD)



Source: NBRM 2009a (in current prices in million denars, converted into EUR with the exchange rate at the end of each year)

bank to intervene by supplying foreign exchange from the foreign exchange reserves in order to preserve the stability of the exchange rate²².

Given how important private transfers are in terms of sustaining the macro-economic stability of Macedonia²³, this decline in remittances poses a challenge for policymakers looking to facilitate further flows of remittances to Macedonia, especially through official channels. Below, our analysis suggests some ideas as to how this might be achieved.

Analysis of remittances at the level of migrants and households

Information gathered from our household survey allows us to analyse a selection of issues pertaining to remittances from the point of view of migrants and their households. This is important because it shows what remittances really mean for the people who receive them, as well as the

contributions they make, as described above, to all Macedonian residents' lives through assisting macroeconomic stability.

Absent migrants

In the case of absent migrants, our data shows that just over a third (36 per cent) of this group send remittances while 57 per cent do not. The number of remitters seems low in light of the total amount of remittances sent to Macedonia described above, but this might be accounted for by the fact that the survey captures only those migrants who left in the last ten years; the actual number of remitters is likely to be greater. In addition, the survey captures only the amounts of money sent by migrants to their households, but does not include 'other private transfers' (such as rents, pensions and disability allowances paid to domestic citizens from abroad).

Our survey shows that 90 per cent of absent

²² In December 2008 the NBRM intervened by selling an amount of almost 53 million EUR on the foreign exchange market, which is a record monthly amount since 2003. The same was the case during the first few months of 2009. Hence the stability of the denar/EUR exchange rate was sustained during the first half of 2009 at the expense of a huge decline of the foreign exchange reserves of Macedonia. But in the long run this poses the question of the sustainability of this policy (NBRM 2009a).

²³ The foreign trade deficit of Macedonia is continuing to increase in 2009. According to the latest data from the State Statistical Office, the foreign trade deficit for the period January – April 2009 reached USD\$837.7 million, which is mostly a result of the decreased demand for Macedonian export products and services. Source: Dnevnik, daily newspaper, 9 June 2009

migrant remitters send money to entire households, while only 10 per cent support a specific household member. In terms of the average amount of remittances sent (in the 12 months prior to the survey being conducted), figures indicate that 52 per cent of the remitters sent amounts up to USD\$2,000, 13 per cent sent between \$2,000 and \$5,000, while few sent very large amounts²⁴.

Furthermore, the frequency of remitting (Chart 9) shows that most remitters send money regularly – on a monthly basis, every couple of

months or twice a year – while a much smaller number send money only occasionally.

Cross tabulation between the frequency of remittances and the ethnic background of migrants shows that Macedonians are more likely than other ethnic groups to remit often (weekly

²⁴ For comparison, the average net wage paid in Macedonia in July 2009 was equivalent to around USD\$450 (State Statistical Office, News Release No. 4.1.9.66 from 25.09.2009). For a comparison with the annual average household income in Macedonia please refer to Table 16 further on.

Chart 8: Amounts remitted in groups of values (in USD)

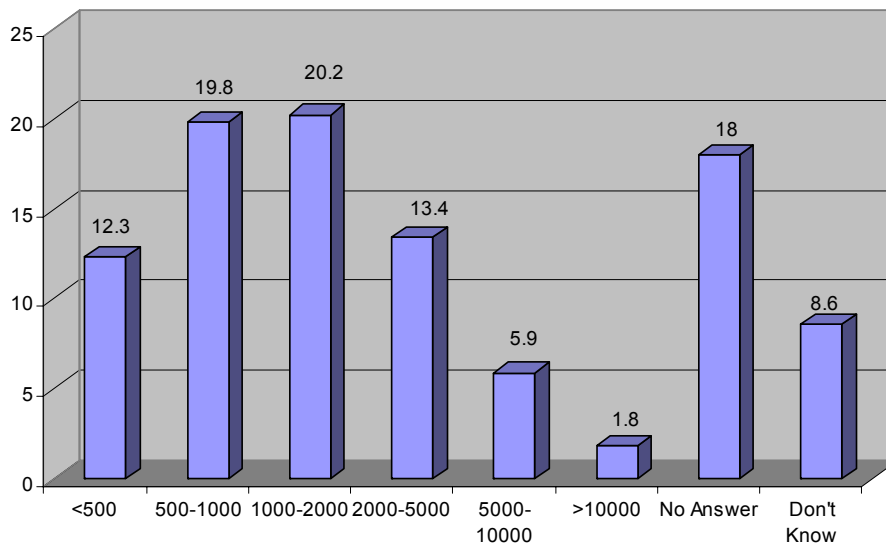


Chart 9: Frequency of remitting (percentages)

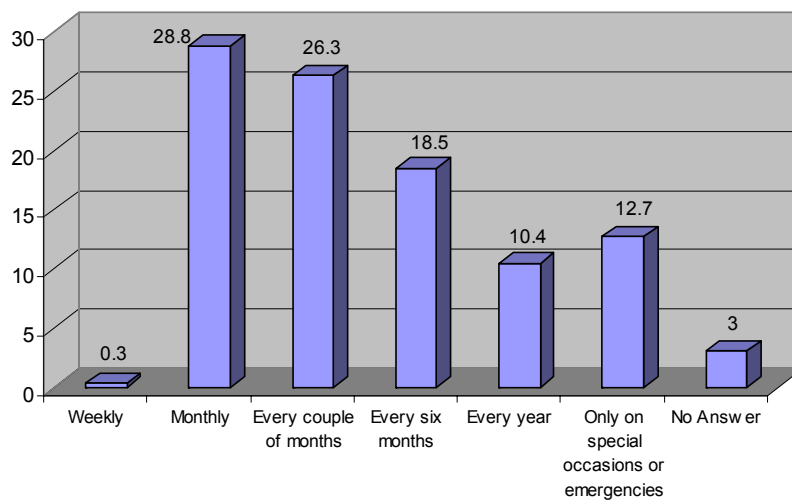


Table 12: Frequency of remitting and ethnic background of migrants (in per cent)

	Weekly	Monthly	Every couple of months	Every six months	Every year	Only on special occasions or emergencies	No Answer	Total
Macedonian	100	80.8	48.8	54.7	46.7	61.9	100	62.2
Albanian	0	13.8	30.3	35.9	20.0	38.1	0	25.5
Roma	0	1.9	2.1	2.8	5.3	0	0	2.2
Turkish	0	0	4.1	0	4.9	0	0	1.6
Other	0	3.5	14.7	6.6	23.1	0	0	8.5
Total	100	100	100	100	100	100	100	100

or monthly). 62% of remitters are ethnic Macedonians, but they make up 100% of the weekly remitters and 81% of the monthly remitters, for example.

Chart 10 depicts the responses of households with absent migrants to a question about the methods used to send remittances home. It appears that while 56 per cent of them use formal channels (money transfer agencies, banks and post offices), more than 42 per cent use informal channels. This finding provides evidence for the previously mentioned assumption that up to half of the funds remitted by absent migrants may not be recorded in the official statistics.

It is also important to look at how the money from remittances is spent. We gathered indicative evidence about this by asking households

themselves whether they believe they spend remittances differently to income they obtain in other ways, such as through wages. It is notable that 80 per cent of those who responded to this question stated that they do not spend the money from remittances any differently than the money they get from other sources. This supports the idea that most of the households perceive migration as a normal way of searching for employment.

If we want to analyse empirically whether remittances tend to be spent differently to other forms of income, we need to divide household spending up into categories, and then examine whether expenditure patterns between these items in line with households' receipt of remittances. The key dependent variables of interest for this empirical analysis are the annualised budget shares for nine broad categories of ex-

Chart 10: Methods of Remitting

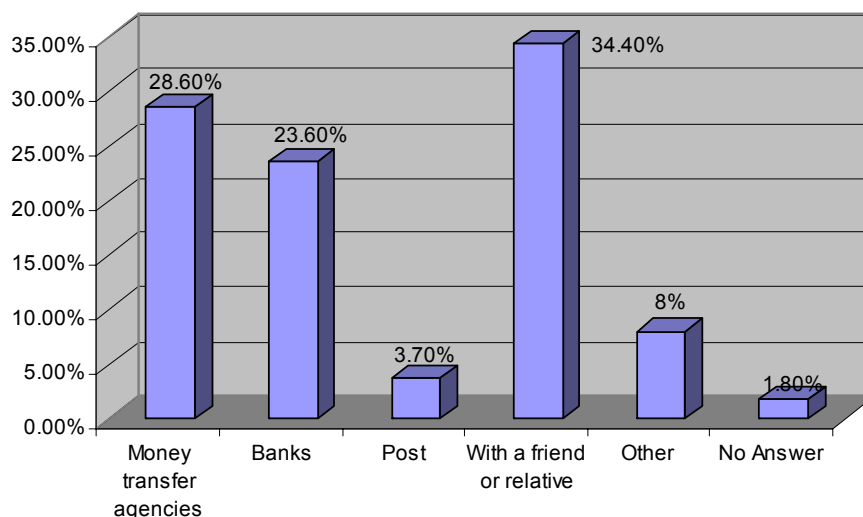


Table 13: Description of the expenditure categories used in the analysis

Category	Category description
Food	Purchased food products
Non-food	Travel expenses Religious causes House supplies (e.g. washing powder, toilet paper) Personal services (e.g. haircuts, shaving manicures) Toiletries and cosmetics (e.g. soap, toothpaste, make-up) Clothes and shoes Kitchen items (e.g. pans, plates) Holidays Leisure items (e.g. books, sport equipment) Leisure activities (e.g. going to the cinema or sporting events)
Utilities	Water Electricity Heating
Durables	Electrical items (e.g. radio, television) Furniture and large household items Purchase and repair of vehicles
Housing	Rent/mortgage payments Home repairs/improvements
Health	Medicines and health services
Education	School fees Other school costs (e.g. uniforms, stationary, books) Costs for education of other household members (e.g. university fees)
Savings	Money put to savings Payment of debts Money borrowed to other households
Special occasions	E.g. weddings, funerals

penditure items: food, non-food, utilities, durables, housing, health, education, savings, and special occasions (Table 13 above).

Since we are dealing with budget shares, a Tobit model provides an appropriate estimation procedure. As shown in Table 14, the estimated coefficient corresponding to the variable capturing the receipt of remittances is not statistically significant at a conventional level in any of the budget share equations. We can conclude that the consumption patterns for households in receipt of remittances are not statistically different from those that do not receive such transfers. The econometric results thus confirm the reported lack of changes in consumption by the households themselves. In other words, remittances are used like any other form of income.

Apart from cash remittances, some absent migrants also send remittances in-kind (i.e. non-monetary remittances). From the survey responses it appears that fewer than 18 per cent of absent migrants send 'in-kind' remittances of goods. Respondents claim that the cash-equivalents of those remittances are rather low, with most being around USD\$100, and in very few cases up to \$500 or \$1,000.

These appear to be gifts, as in-kind remittances need not be repaid back. It should also be noted that 95 per cent of households do not send money or goods to the absent migrants abroad. Remittances in Macedonia thus have a one-way direction – from abroad to the household left in the home country. This is to be expected given the results presented in the previous section showing that migration has tended to improve migrants' living standards, in many cases dramatically.

Other findings from the survey include the fact that just fewer than 7 per cent of households

in Macedonia receive remittances from 'non-member remitters' i.e. from migrants who lived in a different household before they left Macedonia. In 40 per cent of those cases the remitters were relatives but not immediate relatives (e.g. cousins etc), 25 per cent were brothers or sisters of the head of the household, in 19 per cent they were their children, 10 per cent were friends, and in a very small number of cases the remitters were spouses or parents of the head of the household. In 72 per cent of these cases the assistance was sent for the entire household and in 28 per cent it was for a specific household member, meaning that these remittances are more likely to be sent to specific individuals than remittances from a household's own absent members who very predominantly

Table 14: Spending patterns

Dependent variables: Budget shares of spending categories									
Estimation method: Tobit									
	Food	Non-food	Utilities	Durables	Housing	Health	Education	Savings	Special occasions
<i>Household characteristics</i>									
If HH receives remittances	-0.013	-0.017	-0.012	0.019	0.01	0.004	0.013	0.026	0.027
	0.014	0.012	0.007	0.014	0.016	0.004	0.014	0.028	0.043
Household size	-0.005	0.007*	-0.009***	0.012**	0.002	-0.006***	0.032***	0.002	-0.047***
	0.004	0.003	0.002	0.004	0.004	0.001	0.004	0.008	0.011
If rural HH	-0.084***	0.020*	0	0.058***	0.060***	-0.003	0.012	0.032	0.043
	0.012	0.01	0.006	0.012	0.014	0.003	0.011	0.024	0.037
<i>Household head characteristics</i>									
Age (~100)	0.002	-0.006	0.001	0.001	0.003	0.000	0.001	0.005	-0.019
	0.006	0.005	0.003	0.006	0.006	0.002	0.006	0.012	0.019
Female	0.016	-0.01	-0.002	-0.02	-0.001	-0.002	0.025**	-0.035	0.051
	0.01	0.008	0.005	0.01	0.012	0.003	0.01	0.021	0.031
No education	-0.002	0.123**	0.005	-0.046	-0.148	0.026*	-0.115*	-0.041	-0.019
	0.051	0.04	0.023	0.056	0.087	0.012	0.058	0.114	0.14
At least sec. education	-0.032**	0.033***	-0.028***	0.045***	0.054***	-0.018***	0.033**	0.011	0.086*
	0.012	0.01	0.006	0.013	0.014	0.003	0.011	0.025	0.037
<i>Regional effects</i>									
Skopje	-0.014	0.008	-0.012	-0.019	0.021	0.014**	-0.035*	-0.065*	0.061
	0.018	0.015	0.008	0.018	0.02	0.005	0.016	0.03	0.054
Pelagonija	0.186***	-0.131***	-0.018	-0.105***	-0.080**	0.021***	-0.022	-0.245***	0.137*
	0.02	0.017	0.01	0.023	0.026	0.006	0.019	0.052	0.064
Vardar	0.042	-0.019	0.002	-0.042	0.038	-0.008	-0.017	-0.055	0.159*
	0.025	0.021	0.012	0.026	0.028	0.007	0.023	0.044	0.073
South_West	0.113***	-0.044**	-0.038***	-0.031	-0.013	0.016**	-0.048*	-0.235***	0.146*
	0.02	0.017	0.01	0.021	0.023	0.006	0.019	0.048	0.062
Polog	0.067***	-0.013	-0.060***	0.015	0.026	0.004	-0.011	-0.156***	-0.043
	0.02	0.016	0.009	0.019	0.022	0.006	0.018	0.038	0.061
South_East	0.143***	-0.014	-0.046***	-0.055*	0.005	-0.011	-0.014	-0.156**	0.234**
	0.025	0.021	0.012	0.025	0.029	0.007	0.023	0.049	0.072
East	0.039	-0.03	0.005	0.012	-0.058*	0.005	-0.035	-0.001	0.078
	0.022	0.018	0.01	0.022	0.026	0.006	0.02	0.035	0.065
Intercept	0.445***	0.239***	0.197***	-0.068**	-0.100***	0.040***	-0.128***	-0.146**	-0.04
	0.024	0.02	0.011	0.025	0.029	0.007	0.023	0.048	0.074
Sigma	0.159***	0.133***	0.076***	0.148***	0.162***	0.042***	0.138***	0.207***	0.416***

Notes: * p<0.05, ** p<0.01, *** p<0.001; North-East is the excluded region.

support the household as a whole, as set out previously.

Remittances from non-household member remitters tended to be low, and in most cases amounted to less than USD \$500. In considerably fewer cases amounts range from \$500 to \$1,000 or from \$1,000 to \$2,000. Amounts were very rarely larger than this. In terms of the frequency of these remittances, in 40 per cent of the cases it was on special occasions or emergencies (making these remittances much less reliable than those sent by absent household members), in 18 per cent it was once a year, in 17 per cent every six months, in less than 7 per cent it was either every couple of months or monthly, while frequent (monthly or weekly) remitting by non-members of households was very rare.

Most of the non-household member remitters reside in the countries which have hosted most of Macedonian migrants for a number of years: almost 22 per cent of them reside in Germany, 17.5 per cent in the USA, 15.4 per cent in Australia, 10 per cent in Italy, 5 per cent in Sweden and so on. In terms of the methods used for remitting by households' non-member remitters the situation is not much different than in the case of 'traditional' remitters, with around 50 per cent of the funds being sent through informal channels (usually relatives and friends). The case is also similar in terms of the items on which money from households' non-member remitters are spent: in 88 per cent of the cases households reported spending remittances on the same things as the money earned in other ways²⁵.

We now turn to a different type of analysis of remittances and recipient households, examining how the characteristics of migrants and their

households appear to affect remittance patterns. Table 15 looks in greater detail at the remittances (in cash and in kind) reported received from household members absent abroad. We begin the estimation by using OLS and weighted least squares (WLS)²⁶. Since a high proportion of migrants (57 per cent) do not remit, we also use Tobit estimations.

With other factors being held equal, we observe a significant gender bias in the amounts remitted, with females remitting less than males. A possible reason for this is that the earnings of female migrants are lower than those of men. Perhaps surprisingly, we find that the lower the total household consumption spending, per household member, the larger the amount of remittances sent²⁷. This conclusion holds also when we use 'non remittance consumption' - the amount of consumption the household would have been able to afford without remittances - as an independent variable. This could point to altruistic motives for remitting, as it seems that migrants send more money to poorer households. We tested the linearity of the consumption effect by introducing a quadratic term. According to both Wald and likelihood ratio tests, the quadratic term appeared insignificant.

The most important destination countries of Macedonian migrants are Italy (22 per cent), USA (11 per cent), Switzerland (9 per cent), and Germany (8 per cent). Therefore, in the regressions we include dummy variables for the migrants who live in these countries. The amounts remitted from migrants in Italy are larger than from other host destinations. The reasons for this are not immediately clear. Although it has been gradually tightening its policies on migration, Italy is still known as one of the most flexible countries in Europe when it comes to

²⁵ Where households reported spending it differently, in 29 per cent of the cases it was on purchasing household goods, in 15.5 per cent on education, in 11 per cent each on wedding supplies and savings, in 8.7 per cent on medical purposes, 7 per cent for land/agricultural activities, in 5 per cent on business activities, 4.6 per cent on buying property, 3.6 per cent for payment of debts, and 2 per cent for child support.

²⁶ Since the dependent variable is in logarithmic form and many migrants do not remit at all, we added 0.01 to the amount remitted.

²⁷ This is unexpected as it is opposite to the findings of other studies, such as the Jamaican Development on the Move case study, where the greater the total household consumption spending, per household member, the larger the remittances (ippr and GDN 2009). This is also unexpected since, if we were picking up any reverse causality, we might expect that it would work in the opposite direction too...

Table 15. Remittance Patterns²⁸

Dependent variable: Log of Amount Remitted						
	OLS 1	OLS 2	WLS 1	WLS 2	Tobit 1	Tobit 2
If female	-3.109***	-3.064***	-2.958***	-2.923***	-9.860***	-9.574***
	0.583	0.572	0.623	0.61	1.776	1.734
HH consumption spending per member ('000)	-0.179***		-0.181***		-0.541**	
	0.051		0.049		0.178	
HH consumption spending, minus remittance receipts, per member ('000)		-0.234***		-0.234***		-0.580***
		0.045		0.047		0.141
Migrant in Italy	1.773*	1.772**	1.704*	1.699*	3.946*	3.623*
	0.686	0.668	0.73	0.713	1.774	1.716
Migrant in USA	-0.296	-0.276	0.005	0.004	-0.632	-0.68
	0.818	0.802	0.843	0.831	2.277	2.223
Migrant in Switzerland	0.351	0.522	0.531	0.696	0.69	0.821
	0.95	0.928	1.108	1.077	2.65	2.567
Migrant in Germany	1.661	1.51	1.535	1.376	4.624	4.152
	1.035	1.016	1.198	1.161	2.701	2.638
Close relative	1.395*	1.327*	1.355*	1.298*	3.960*	3.614*
	0.588	0.576	0.606	0.593	1.646	1.607
Migrant has nuclear family with them abroad	-1.699**	-1.625**	-1.891**	-1.800**	-2.99	-2.627
	0.619	0.605	0.686	0.672	1.601	1.553
Age	0.076**	0.069*	0.075*	0.068*	0.143	0.12
	0.028	0.028	0.03	0.029	0.073	0.072
No education	-3.519	-3.435	-3.252**	-3.201**	-75.983	-73.728
	1.798	1.762	1.237	1.18	(.)	(.)
At least second. education	-0.179	-0.232	0.273	0.208	0.002	-0.18
	0.603	0.592	0.637	0.625	1.604	1.565
Duration of migration	0.010*	0.011**	0.011*	0.011**	0.028**	0.028**
	0.004	0.004	0.004	0.004	0.011	0.01
Migrant has a weekly contact with the family back home	2.816***	2.814***	2.738***	2.705***	7.594***	7.261***
	0.647	0.632	0.69	0.682	1.878	1.822
Migrant had a secured job abroad before leaving	2.017***	1.854**	1.957**	1.794**	4.724**	4.169**
	0.598	0.587	0.674	0.661	1.523	1.488
Intercept	-4.724***	-4.357***	-4.874***	-4.485***	-18.019***	-16.610***
	1.278	1.256	1.291	1.263	3.667	3.578
Sigma					10.512***	10.252***
					0.75	0.731
R-squared	0.294	0.322	0.287	0.315		
F-statistic	10.605	12.087	13.157	15.146		

Notes: Number of observations = 372; * p<0.05, ** p<0.01, *** p<0.001

²⁸ The findings presented in Table 14 stood up well to robustness checks involving alternative outcome measures and statistical techniques. We replaced the log of amount remitted with a binary variable indicating if the migrant remits. Re-estimations using probit models yielded little change in the statistical significance of the coefficients. The results were also robust to the inclusion of regional dummy variables.

(illegal) aliens. Investigation of our data reveals that, compared to migrants who went to other countries, migrants in Italy seem to have migrated more recently and to be less educated. Importantly, they were much more likely to leave Macedonia with intentions of sending money back home. This is quite different from, for example, migrants in the USA who have also migrated more recently compared to the average migrant, but who were much more likely to migrate with intentions to study or to gain qualifications.

As expected, close relatives are estimated to remit more²⁹. However, where a spouse or the migrant's children are with the absent member abroad, the migrant tends to remit less. Such findings raise critical questions though about the desirability of family reunification from the perspective of citizens left at home.

Older migrants tend to remit more, while we find weak evidence to suggest that migrants with no education remit less. A possible reason for the fact that uneducated migrants remit less is that their earnings are less than educated migrants. On the other hand, we find no evidence that migrants with at least secondary education.

Migrants who have been abroad longer remit more than other migrants. This is a surprising result as it shows that long-term migration does not necessarily cause ties with the family back home to diminish. We also find that migrants who have a very frequent contact (at least once a week) with the family they leave behind remit relatively more. Obviously, frequent contacts and remittances are complementary activities in the case of Macedonian migrants. As expected, migrants who had secured a job abroad before leaving Macedonia also tend to remit more.

Return migrants

Having analysed the absent migrants, we now turn briefly to some of the characteristics of returned migrants in terms of remittances, where a number of similarities are observed to absent migrant remittance patterns. For example, the

same percentage of returned and absent migrants are remitters (36.5). Likewise, few (11 per cent) of the returned migrants have sent money to other households, and in those few cases most of the migrants (85 per cent) have sent money to one or two other households.

Very few (3.6 per cent) of the returned migrants have ever sent money to organisations or projects by their own initiative. Moreover, only 7 per cent of the returned migrants belonged to an association of Macedonian citizens abroad, making it unsurprising that less than 3 per cent of them had sent money for organisations or projects through a Macedonian association abroad. In the very few cases of money being sent to an organisation, the clear majority (more than three quarters) were for a religious organisation.

64 per cent of returned migrants has brought money home with them and almost 90 per cent do not hold a bank account in the country to which they migrated. This suggests that their return is likely to be permanent.

3.2. Transnational communities

Migrant remittances are the most visible consequence of migration, but other impacts are also important. One such impact is the personal relationships that migrants retain with their families and friends at home, since these 'transnational communities' can be the conduit for many different sorts of transfers (new ideas or knowledge, for example). In order to examine whether such communities exist, we use our survey data to look at the frequency and nature of contacts between migrants and the households they left behind.

Although only 36 per cent of Macedonia's absent migrants remit, 90 per cent of all absent migrants have contacts with their relatives at least once a month, and half of them have contacts more than once a week (Chart 11). This shows that there are strong relationships between Macedonian absent migrants and the households they have left.

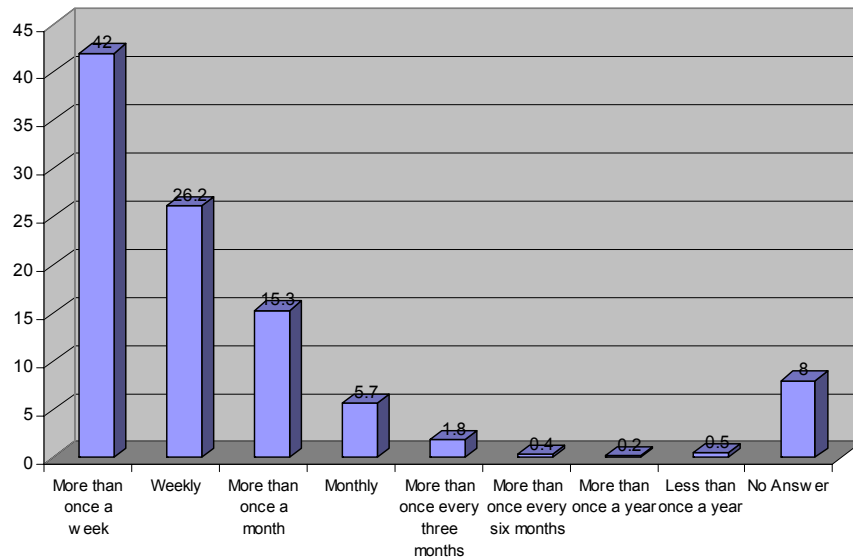
Since we are only examining migrants who left in the last 10 years, it seems likely that those who left longer ago may not retain such frequent contacts. However, on the other hand, the

²⁹ Close relative is measured as a dummy variable which takes a value of one if the migrant is a spouse, child or grandchild of the household representative person.

lack of tail-off in remittance sending over time suggests that ties between Macedonian emigrants and their families are strong. Moreover, the very high frequency of contacts between

migrants who departed within the last 10 years and their families suggests that many of those who left longer ago probably also do retain ties with their families back home.

Chart 11: Frequency of absent migrants contacts with households (percentages)



Section 4: Impact analysis of Macedonian migration

This section of the report deals with the impact analysis of Macedonian migration. Among the many potential areas of impacts, six particular ones have been selected as being of special interest in the case of Macedonia. Section (4.1.) assesses the issue of material poverty of households with migrants or those households which receive remittances; section (4.2.) deals with the issue of labour markets (with unemployment a key concern in Macedonia, and a major driver of emigration, as set out previously); section (4.3.) looks at the issue of educational attainment of migrant household members or of the recipients of remittances; section (4.4) considers the issue of gender roles within households with a migrant; section (4.5.) identifies the cultural and other social values that may be acquired through migration; and section (4.6.) addresses the issue of impact of migration upon the governance in Macedonia.

4.1. Material poverty of households with migrants/those receiving remittances

Regarding the issue of material poverty of households with migrants or those households which receive remittances, we have analysed three closely related types of impacts: (i) the impact of remittances upon household incomes in the short term; (ii) the impact of remittances upon the inequality in the domestic society (or the redistributive effect of remittances), and (iii) the impact of remittances upon household incomes over the long term.

Impact 1: Short-term household income

When their members migrate households lose any income they had been earning in Macedonia, but they may instead receive remittances from abroad. The main research question here then is about the overall effect – does migration improve the living standards of households with migrants? In Table 16 we start with a simple OLS in which the living standard of households is regressed on migration variables and lagged living standard. Then we apply instrumental variable (IV) estimation.

We use an index of living standards as the dependent variable since recall of consumption spending several years ago would be unreliable. In contrast, recall of major assets owned tends to be more reliable. In our survey, respondents were asked about ownership of a home, land and business both today and five years ago. We created an index of living standards by looking at the correlation between ownership of these assets today and current consumption spending per household member. These associations were then used to ‘predict’ living standards five years ago, based on the assets then owned. In the regressions reported in Table 17 the dependent variable is then an index of current living standard, predicted on today’s asset ownership. A comparable index for living standards five years ago appears as an explanatory term.

According to the OLS estimation shown in Table 16, families with returned migrants have enjoyed a larger rise in their living standards over the previous five years than non-migrant families. However, it is difficult to assess the direction of causality, since it is unclear whether emigrants have returned to families because their living standards have risen more rapidly, or if remittances, skills and other resources provided by these migrants have enabled this more rapid rise in living standards.

Since (return) migration is endogenously shaped by many of the same characteristics that determine the living standard, correct identification of the model would depend on finding instrumental variables that affect living standards solely through their impact on migration choices. Following Woodruff and Zenteno (2007) and McKenzie and Rapoport (2007), we have tried to use historic migration networks formed when Macedonia was still a part of the former Yugoslavia as instrumental variables. This instrument, however, had low predicting power for return migration. Following Mendola (2008), we therefore use a ‘family chain migration’ variable, that is, the presence of more than one migrant in the household as an instrument³⁰. As shown in the results of the IV estimation in Table 16, the return migrant variable is

Table 16: Change in Living Standards

Dependent variable: Log Index of Current Living Standards				
	OLS 1	OLS 2	IV 1	IV 2
<i>Household characteristics</i>				
If HH has absent members	-0.001	0	-0.003	-0.001
	0.004	0.004	0.005	0.005
If HH contains returned migrant	0.009*	0.010*	0.016	0.026
	0.004	0.004	0.024	0.024
Household size	0.003	0.003*	0.003	0.003*
	0.001	0.001	0.001	0.001
If rural HH	0.004	0.003	0.004	0.002
	0.004	0.004	0.004	0.005
Log index of HH living standard five years ago	0.777***	0.772***	0.774***	0.766***
	0.021	0.022	0.023	0.023
<i>Household head characteristics</i>				
Age	0.000	0.000	0.000	0.000
	0.000	0.000	0.000	0.000
Female	0.005	0.008*	0.005	0.008*
	0.004	0.004	0.004	0.004
No education	-0.005	-0.003	-0.005	-0.003
	0.018	0.018	0.018	0.018
At least secondary education	0.013**	0.016***	0.013**	0.015***
	0.004	0.004	0.004	0.004
<i>Regional effects</i>				
Skopje		0.014*		0.013*
		0.006		0.006
Pelagonija		0.020**		0.020**
		0.008		0.008
Vardar		0.025**		0.024**
		0.008		0.008
South_West		0.026***		0.026***
		0.007		0.008
Polog		0.017*		0.018*
		0.007		0.007
South_East		0.034***		0.033***
		0.009		0.009
East		0.007		0.007
		0.008		0.008
Intercept	7.826***	7.805***	7.825***	7.802***
	0.007	0.009	0.01	0.012
R-squared	0.545	0.554	0.544	0.552
F-statistic	154.514	89.545	153.542	88.922

Notes: Number of observations = 1170; * p<0.05, ** p<0.01, *** p<0.001; North-East is the excluded region; In the IV regression the variable "If HH contains returned migrant" is instrumented by a "family chain migration variable".

planatory variables: the index of living standard five years ago and the dummy variable for rural households.

³¹ We have performed the Durbin and Wu-Hausman tests after the IV estimations to determine whether the return migrant variable is in fact exogenous. The test statistics indicated that this variable should be treated as endogenous. We have also performed the Sargan's and Basman's chi-squared tests of overidentifying restrictions. The tests statistics were statistically insignificant, indicating that the instrument was valid.

no longer statistically significant. Therefore we cannot claim that families with returned migrants have enjoyed a significantly faster growth in their living standards³¹.

In addition to the migration variables, we include household characteristics, households head characteristics, and regional effects in the regressions. We find that larger household size is associated with a higher index of living standards. There is no difference in the expansion of living standards between rural and urban households. As expected, higher education slightly increases living standards: households in which the head has completed at least secondary education are estimated to have experienced a rise in living standards of about 1.5 per cent higher than households whose head has completed only primary education (the excluded category). However, completion of primary education does not have a statistically significant effect on living standards compared to those households where the head has

³⁰ In the first-stage regression, the return migration variable is regressed on the family chain migration variable and the presumably exogenous ex-

no education at all. Interestingly, we find that households headed by women have higher living standards than households headed by men³².

As for the regional effects, households located in regions other than the North-East region (the excluded category) have experienced a faster rise in their living standards. This is not surprising as the North-East region is the poorest region in Macedonia. Since the impact of migration could be heavily concentrated in certain regions, we also estimated separate regressions for the regional subsamples. For most of the regions, the results were qualitatively similar to those shown in Table 16.

Impact 2: Remittances and inequality

To quantify the impact of remittances upon inequality in Macedonian society (the redistributive effect of remittances), we have calculated Gini coefficients before and after remittances. We use two different measures of inequality, which are explained in Box 3 below. The results of this exercise are shown in Chart 12.

The solid curve illustrates the distribution of per capita consumption without remittances, our baseline income distribution. The estimated Gini coefficient without remittances (twice the area between the solid curve and the diagonal) has a magnitude of 0.422.

³² The DotM report for Vietnam reports a similar gender effect.

Box 3: Understanding the effect of remittances on inequality

There are two ways of thinking about the effect remittances have on inequality. We present both, and it is important to distinguish between them.

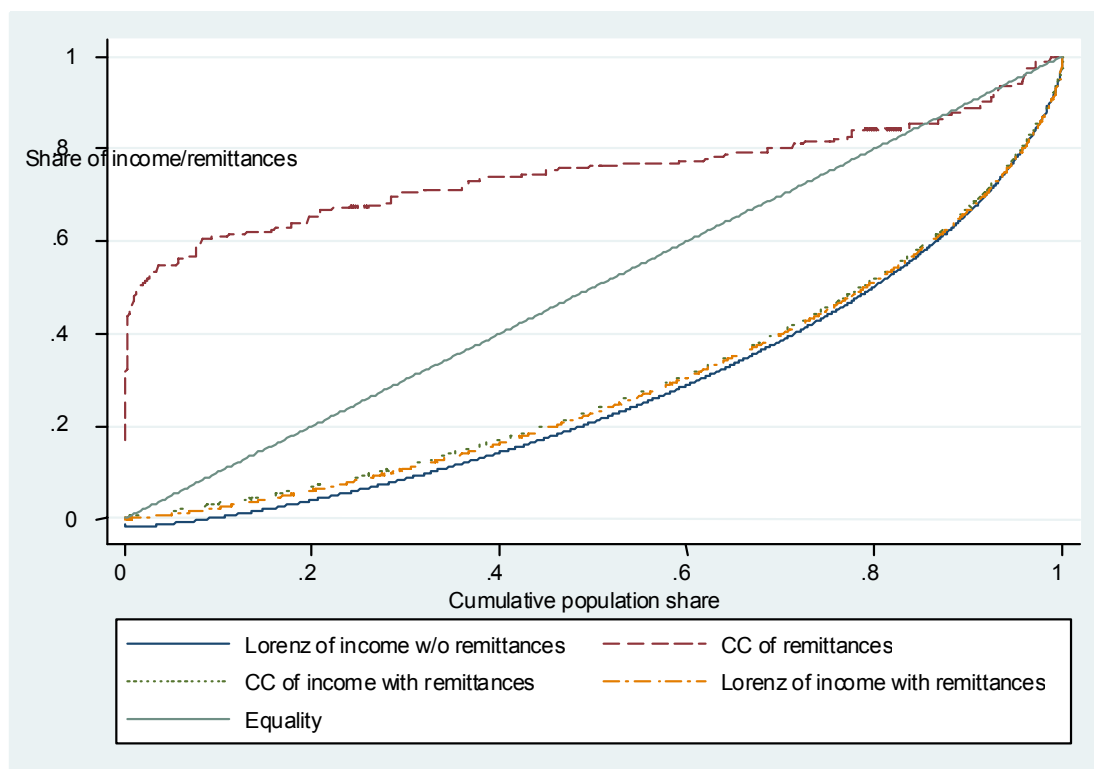
The first way of thinking about the effect that remittances have on inequality is to consider the incomes households would have if they didn't have remittances - which we calculate simply by removing the amount of remittances each household receives from their household budgets. Once we have all households' non-remittance incomes we can look at the distribution of remittances on top of this. If more remittances are sent to households who are in the bottom half of the income distribution without remittances than to those in the top half, then we can say that remittances reduce inequality.

The other way of thinking about remittances and inequality is to examine the extent of inequality in a society, and see whether remittances diminish or add to this level of inequality. So for example, it is possible that, as in the example set out above, more remittances are sent to households who without remittance income would be found towards the bottom of the income spectrum. In one sense this reduces inequality. However, if these households then move up the income spectrum, toward the middle or even the top, the poor households who don't receive any remittances at all are left behind. Therefore, looking at the overall level of inequality, the differences between all households in the income spectrum, it is possible that while some poorer people gain through remittances, overall inequality rises.

We measure both kinds of inequality using the same tools - the Lorenz curve and the Gini coefficient. The basic idea behind the Lorenz curve is to show graphically how far a particular income distribution is from being equal. The curve charts a country's population from poorest to richest on one axis, and national income on the other. If income were distributed equally across a country, the Lorenz curve would be diagonal - because 20% of the population gains 20% of the nation's income, 80% gains 80% and so on. The further a country is from having an equal distribution of income, the further the graph of income distribution will be from the diagonal line. The Gini coefficient is simply a mathematical expression of how far the actual distribution of income is from a completely equitable distribution.

The distinction between these two kinds of inequality is found in how we set them out on the Lorenz curve. We measure the effect of remittances on the first kind of inequality by maintaining the original ordering of the households (from the poorest to the richest, excluding remittance income) when we add remittances to their non-remittance income and calculate the Gini coefficient. We measure the second after re-ordering the households, to reflect their new positions on the income spectrum, including remittances.

Chart 12: Distribution of remittances and their effect on income distribution



The dashed curve shows which households receive remittances, and the proportion they receive (the households continue to be ordered according to their per capita consumption without remittances). The curve shows that poorer households receive a great proportion of the remittances - the poorest 20 per cent of households receive more than 60 per cent of total remittances - which is a striking finding. At the top 20 per cent of the income distribution curve, remittances seem to be distributed relatively equally.

Once we add these remittances to the households' non-remittance budgets (and maintain the order of households as above), we get the dotted curve. This curve is a little bit closer to the diagonal, which illustrates the small decrease in inequality which results from the fact that most households who receive remittances would be in the poorest group in society without them.

We then re-order the households according to their 'real' per capita consumption, with remittances, and get the dash-dotted curve. This curve, which illustrates the final distribution of

income, almost coincides with the dotted curve, and similarly is a bit closer to the diagonal than the original distribution of income, set out using the solid curve. This illustrates that, on both measures, remittances result in small reductions in inequality. This is reflected in the newly calculated Gini coefficient of 0.419, which is slightly smaller than the initial Gini coefficient. This indicates that remittances very moderately reduce inequality in Macedonia.

However, in order to determine the redistributive impact of remittances in Macedonia we also carried out another type of analysis, based on data from other sources. In order to determine the spending pattern of Macedonian households, the State Statistical Office (SSO) of Macedonia prepared a 'Household Consumption Survey in the Republic of Macedonia' in 2007. The report from that survey contains systematic data of the Macedonian households' available funds clustered in decile groups by different socio-economic status. The households' available funds are presented according to all potential sources of income, among which the item of revenues from household members who work

abroad and foreign pensions is also included. The Survey gives data on the share of revenues from household members who work abroad and foreign pensions in the households' total available funds, at the same time observing separately both the average household and household within each decile (Table 17 below).

The average share of revenues from household members who work abroad and from foreign pensions in the total households' available funds is 4.8 per cent, but there are significant differences among the decile groups. Those shares are much lower than the average for all decile groups but the last three, meaning that the bulk of the funds – both in absolute terms and as shares in the total amount – obtained on the basis of remittances from members who work abroad and foreign pensions is concentrated in the highest three decile groups of households. This is in contrast with our previous findings (also with the findings we presented in Section 3 suggesting that the lower the total household consumption spending, per household member, the larger the amount of remittances), and it actually leads to a conclusion that, although the revenues from household members who work abroad and foreign pensions (remittances) do have an influence on poverty reduction in Macedonian households in general, the influence of those revenues has also contributed to widening the gap between wealthier and poorer households.

In accounting for the apparent contradiction between the results obtained from our household survey and the SSO's Household Consumption Survey regarding the influence of remittances upon inequality, it is worth pointing

out that: (i) the analysis based on our survey takes into account only the remittances (funds) from absent migrants not remittances from all sources; (ii) the analysis based on our survey takes into account only the remittances (funds) sent directly from the migrants to the households, whereas the analysis based on SSO's data also takes into account the funds from abroad from pensions and other sources; and (iii) the analysis based on SSO's data does not separate the influence of other factors upon households' income levels (it may be the case that the highest three decile groups in the analysis based on the SSO's data have higher incomes from abroad because their migrants are more often male, or because are higher educated migrants). This being the case, although we are aware that results obtained from regression analyses are considered more relevant than results obtained from descriptive analyses, it is our opinion that the results of neither of the two analyses can be fully discarded. It would be worthwhile to conduct further research in this particular area to get to the heart of the difference in findings.

Impact 3: Long-term household income

Migration might not just affect living standards over a short time period, as examined in the previous two sub-sections. It is also possible that it could have an effect in the long run through affecting a household's potential to earn income. The main research question here is: does migration lead to more entrepreneurship?

In Table 18 we start with a cross tabulation of data to examine family businesses across migrant and non-migrant households. About a fifth

Table 17: Available funds to households in Macedonia by type of income 2007 (Annual average per household)

	Deciles groups of households by available funds										
	Total	1st	2nd	3rd	4th	5th	6th	7th	8th	9th	10th
Available funds (in USD)	5842	1247	2064	2832	3629	4419	5193	6278	7653	9624	15369
Revenues from HH members who work abroad, and foreign pensions (in USD)	310	25	29	79	92	146	199	110	503	675	1234
Share of revenues from HH members who work abroad and foreign pensions in the total available fund (in %)	4.8	1.9	1.3	2.6	2.4	3.1	3.6	1.6	6.2	6.6	6.6

Source: State Statistical Office (2007)

Table 18: Family Businesses

	Household Resident Ever Abroad	
	No	Yes
<i>Percent of households</i>		
Ever had business	17.7	20.4
Still have business	15.2	16.8
Had business but closed	3.8	4.7
<i>If still in business</i>		
Mean number employees	2.7	2.5
Family employees (%)	56	59.5
Wage employees (%)	91.9	94.1
<i>If closed</i>		
Mean years in business	3.7	4.7

of Macedonian households report ever having owned a business, regardless of whether there is someone present in the family who ever lived abroad. The proportion of families who report having owned a business is higher among migrant households compared to households without migrants. Migrant households are also more likely, however, to have started a business which is now closed. Saying that, however, of the businesses that have closed down, the average number of years from starting to closing is larger among families with migrants. It appears therefore that there is no simple relationship between migration and entrepreneurship.

Family businesses in Macedonia tend to be very small. Of those still in operation, the average number of workers (including unpaid family workers and wage workers) is about 2.6, although businesses operated by families without migrants are slightly larger. Family businesses

having both at least one wage worker employed and at least one family employee are reported more frequently in the case of migrant households.

In Table 19 we use probit estimations to examine if migration-related variables have an effect on whether a household opens a family business. Families with returned migrants seem to be more likely to report ever having owned a business. As discussed previously, return migration is a plausibly endogenous variable and therefore we also apply IV estimation in which the return migration variable is instrumented by the family chain migration variable. The correlation seems clear: households with returned migrants do have a higher propensity to start a business. Regarding the effect of other variables, larger households are more likely and rural households are less likely to start a family business. As expected, households with educated households head are more likely to be

Chart 13: Total number of family businesses created in rural areas

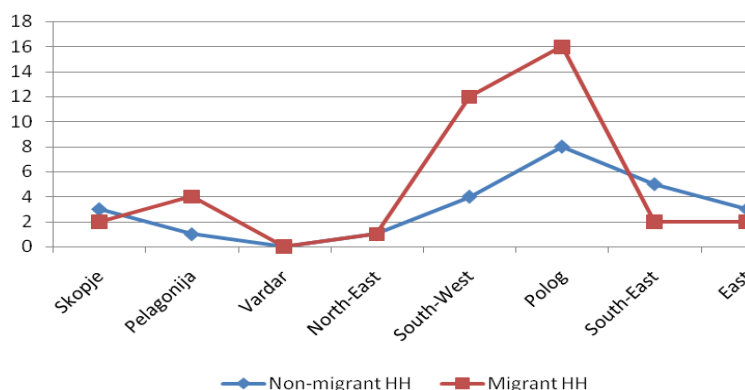


Chart 14: Total number of family businesses created in urban areas

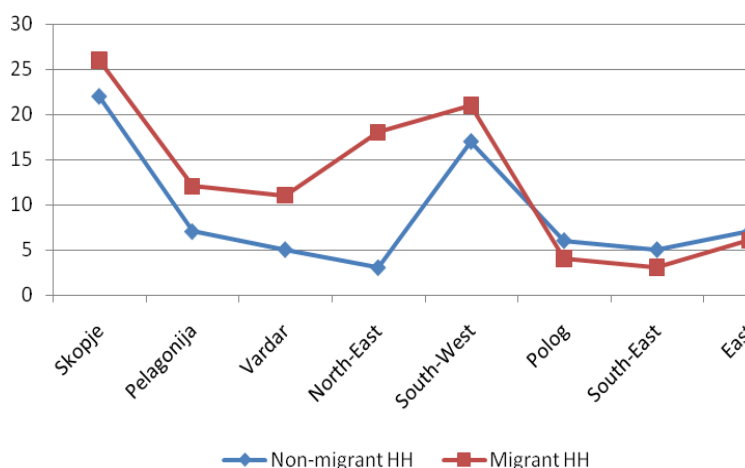


Table 19. Entrepreneurialism

Dependent variable: Ever had business					
	Probit 1	Probit 2	IV probit 1	IV probit 2	Propensity score matching
<i>Household characteristics</i>					
If HH has absent members	0.032	0.015	0.441***	0.464***	-0.539
	0.115	0.118	0.122	0.127	1.002
If HH contains returned migrant	0.285**	0.308**	8.811***	9.255***	2.293*
	0.1	0.101	0.977	0.991	1.078
Household size	0.137***	0.147***	0.138***	0.141***	
	0.034	0.034	0.037	0.038	
If rural HH	0.072	0.046	-0.22	-0.280*	
	0.102	0.112	0.116	0.127	
<i>Household head characteristics</i>					
Age	-0.001	-0.001	0	-0.001	
	0.001	0.001	0.001	0.001	
Female	0.165	0.222*	0.127	0.167	
	0.088	0.093	0.094	0.1	
At least secondary education	0.358**	0.418***	0.307*	0.359**	
	0.112	0.115	0.122	0.126	
<i>Regional effects</i>					
Skopje		-0.095		-0.043	
		0.164		0.176	
Pelagonija		0.039		0.189	
		0.192		0.207	
Vardar		-0.018		0.124	
		0.215		0.228	
South_West		0.614***		0.876***	
		0.178		0.193	
Polog		-0.091		0.119	
		0.185		0.199	
South_East		0.363		0.4	
		0.231		0.246	
East		-0.079		-0.039	
		0.206		0.222	
Constant	-1.789***	-1.958***	-4.205***	-4.568***	
	0.186	0.241	0.334	0.378	
Log-likelihood	-557.9	-541.1	-484.5	-462.4	
Pseudo R-squared	0.036	0.066	0.133	0.173	
Prob> chi-squared	0.000	0.000	0.000	0.000	
N	1179	1179	1160	1160	

Notes: * p<0.05, ** p<0.01, *** p<0.001; North-East is the excluded region;

In the IV regression the variable "If HH contains returned migrant" is instrumented by a "family chain migration variable".

entrepreneurs. Households in the South-West region seem to have better entrepreneurial skills relative to households in the North-East region.

In the last column of Table 19 we present propensity score matching (PSM) estimates of the migration variables on entrepreneurialism. Again, the likelihood that a household with return migrants starts a family business is higher

than for nonmigrant households, and this difference is statistically significant. Taken together, our findings offer support to policy initiatives aimed at enhancing the role of returned migrants as entrepreneurs.

Finally, we also look at some indicative evidence around the multiplier effects of migration, by summarising the total number of family busi-

nesses created in various regions by migrant and non-migrant households. Charts 13 and 14 show a positive relationship between the number of enterprises created by migrant and non-migrant households in both rural and urban areas. While only preliminary, this result at least supports the idea that business creation by migrant households may interact with business creation by non-migrant households, potentially creating multiplier effects.

4.2. Labour markets

The impact of migration on labour markets is multifaceted and often ambiguous. On the one hand, migration may reduce labour supply available for income earning or non-income earning tasks. On the other hand, return migrants may increase labour supply and potentially add skills to a labour market, as suggested by our findings in section 2. Also, migration may reduce unemployment if unemployment levels are high, or may heighten labour shortages, especially in specific sectors or of specific skills. There are a multitude of research questions that could be investigated in relation to the impact of migration on labour markets. Some of the more interesting questions in the Macedonian case include: What role do returned migrants play in the labour market - for example, do they have better employment chances? And are there differences in labour market participation and unemployment rates between migrant and non-migrant households?

We begin with a comparison of the labour market status of household resident members across different categories of households. As demonstrated in Table 20 below, doing paid work for an employer is more prevalent among non-migrant households, while doing unpaid

work for family is less common for this category of households than for their migrant counterparts. As expected, households with returned migrants seem to be more involved in working for themselves, which could reflect their entrepreneurial mindset. The fraction of unemployed – especially unemployed and not looking for work - is slightly higher in the case of migrant households.

To further examine the impact of migration on labour markets, in Table 21 we present the results of a binomial logit estimation in which the dependent variable is a simple dichotomy, indicating whether each adult (ages 18 through 60) worked or not in the week prior to the survey. Here, working includes both self-employment and working for others for pay. We then perform multinomial logit estimation in which we distinguish between these two types of employment³³.

Many of the results are as expected - on average, women are significantly less likely to be working than men. The likelihood of being employed at first rises with age then declines. The value of education in the Macedonian labour market is clear: having at least secondary education significantly increases the chances of employment.

Regarding the impact of migration-related variables, we first look at the role of returned migrants in the labour market, differentiating between the returned migrants based on the date of their return. Emigrants who had returned to Macedonia within the last three months do not

³³ Both Hausman and Small-Hsiao tests of the assumption of the independence of irrelevant alternatives rejected the hypothesis that categories can be collapsed.

Table 20: Labour Market Status of Resident HH Members (percentages)

	Non-migrant HH	HH with absent members	HH with returned migrants	HH with absent and returned migrants
Doing paid work for an employer	34	27.5	28	27
Working for themselves	9.7	8.7	12.1	13.5
Unemployed and trying to find work	13.2	12.8	14.9	8.7
Unemployed and not looking for paid work	6.2	8.6	7.5	10.3
Doing unpaid work for the family or household	19.8	26.5	24.4	23

Table 21: Employment of Resident Adults

Sample: Household residents ages 18 through 60			
	Binomial logit	Multinomial logit	
	Employed	Employee	Self-employed
Female	-1.081***	-0.899***	-1.652***
	(0.09)	(0.095)	(0.136)
Age	0.516***	0.505***	0.549***
	(0.028)	(0.03)	(0.043)
Age squared	-0.006***	-0.006***	-0.007***
	(0)	(0)	(0.001)
At least secondary education	1.469***	1.972***	0.572***
	(0.109)	(0.132)	(0.144)
If emigrant who returned within last 3 months	-0.625	-1.05	0.175
	(0.461)	(0.558)	(0.571)
If emigrant who returned within last 3-12 months	-0.908*	-1.395**	-0.13
	(0.384)	(0.475)	(0.457)
If emigrant who returned more than 12 months ago	0.125	-0.047	0.407*
	(0.144)	(0.156)	(0.182)
Number absent migrants per HH member	0.25	0.341*	0.23
	(0.153)	(0.165)	(0.216)
Total remittance receipts per HH member	0	-0.000**	0
	(0)	(0)	(0)
Intercept	-10.217***	-10.784***	-11.416***
	(0.53)	(0.571)	(0.841)
Log likelihood	-1602.5	-2385.1	
Pseudo R-squared	0.188	0.159	
Prob>chi-squared	0.000	0.000	
N	2854	2871	

Notes: * p<0.05, ** p<0.01, *** p<0.001. The dependent variable in the binomial probit is a simple dichotomy, indicating whether each adult worked or not in the week prior to the survey. In the multinomial logit, we differentiate between self-employment and working for others for pay.

have significantly different employment chances compared to other residents of similar age and gender. However, those who have been home between 3 and 12 months are far less likely to be employed. In particular, they are much less likely to be working for others for pay. A year or more after return, there is an increased chance of self-employment. This could indicate that it takes a longer time (at least a year) for return migrants to realise their potential in terms of job creation by starting a family business. In further work it may be important to investigate this issue in more detail. In particular, it is important to identify any obstacles that return migrants might

face in opening family businesses soon after their return.

Adults in families receiving more remittances are less likely to work as employees. Yet adults in families where there has been substantial departure of emigrants, relative to the household size, are substantially more likely to be working for wages. These results suggest a mixed effect of migration upon employment of those left behind: departure is associated with greater employment but if the migrants remit then this tends to diminish employment among those remaining at home.

Table 22: Children Attending School (percentages)

	Children Ages			
	7-18		19-22	
	Attendance rate	Category percent	Attendance rate	Category percent
No HH remittance	95.3	86.1	64.2	88.7
HH remittance	90.7	13.9	44.4	11.3
Parent absent	94.2	8.4	63.2	6
Not parent absent	94.7	91.6	61.9	94

4.3. Educational attainment of migrant household members

Migration has the potential to affect educational outcomes in a variety of ways. One way could be the impact on the level of education of next generations. Table 22 presents the school attendance rate of children resident in Macedonia in two age groups, 7-18 and 19-22. These age ranges were chosen in the Macedonian context because many children discontinue their education after age 18, when they are supposed to enter university.

Of the younger children, 86 per cent are in households where no remittance inflows are reported from any source, leaving 14 per cent in households with remittance receipts. These younger children have higher school attendance rates in families where no remittances are received, compared to those that receive remittances. This gap is even larger among the older age-group of children. Apparently, remittance receipts do not seem to be associated with university attendance. This could actually reflect the lower level of education among migrant families compared to their nonmigrant counterparts. While it seems unlikely that remittances per se are the cause of this result, it could be that remittances are a proxy for exposure to migration. Other studies (see McKenzie and Rapoport 2006) have found that where a household sees low skilled migration as an option to improve living standards (as those exposed to remittances and by association migration might), then they have less incentive to invest in education.

Having a parent reported absent abroad is quite rare, amounting to only 8.4 and 6.0 per cent in the two age ranges of youngsters respectively.

Parental absence does not seem to be associated with differential school attendance rates of younger children. Somewhat surprisingly, for the older age-group of children the attendance rate is slightly higher where a parent is absent.

The relationship between school attendance and migration is explored in more detail in Table 23, and the results support the conclusions we have drawn from the descriptive evidence. The first set of regressions looks at all children present at home, ages 7 through 22. The remaining regressions distinguish between those under and over the age of 18. Overall, no significant gender difference is found in the school attendance levels of young people. However, young people in rural areas are less likely to attend school compared to their counterparts in urban areas. While this difference is weak among the younger children the gap is quite large among those over age 18. This is not surprising since attending university is associated with significant financial costs, particularly for children coming from rural areas far away from the cities.

Negative correlation is observed between the number of absent migrants and school attendance of children, particularly of older children. Having an absent parent has a large and statistically significant effect in increasing school attendance among older children, but has no discernible effect on whether younger children go to school. The results suggest that parental absence might be related to ensuring the necessary financial assets for their children to attend university. It may also be the result of the extra commitment that children may have to education when it is their parents who have migrated, often to be able to earn more, remit home, and improve their families' living stan-

Table 23: School Attendance of Children

Dependent variable: Currently Attending School or Not						
Estimation Method: Binomial Logit						
Sample: Children ages 7 through 22						
	Ages 7-22		Ages 7-18		Ages 19-22	
If child age 16 or less	3.452**	2.915***				
	(1.155)	(0.431)				
Female	0.521	-0.033	-0.191	-0.544	0.854	0.133
	(0.664)	(0.189)	(0.896)	(0.378)	(1.212)	(0.242)
If rural area	-1.2	-0.759***	0.102	-0.415	-3.035*	-0.830***
	(0.705)	(0.193)	(0.891)	(0.374)	(1.46)	(0.249)
Number absent migrants	0.203	-0.258**	0.477	-0.042	0.322	-0.250*
	(0.312)	(0.091)	(0.383)	(0.1730)	(0.595)	(0.126)
If either of child's parents absent	2.509**	0.289	1.345	0.276	3.368*	0.029
	(0.8)	(0.406)	(0.982)	(0.776)	(1.504)	(0.524)
Log of total remittance receipts per HH member	-0.145		0.348		0.338	
	(0.268)		(0.397)		(0.481)	
Log HH consumption spending per member		0.263*		0.358		0.279
		(0.125)		(0.247)		(0.158)
Intercept	0.214	-0.49	-1.379	0.623	-3.626	-1.332
	(1.765)	(0.955)	(2.612)	(1.87)	(3.399)	(1.222)
Log likelihood	-31.7	-351.9	-19.3	-122	-10.9	-198.9
Pseudo R-squared	0.332	0.144	0.097	0.023	0.415	0.046
Prob>chi-squared	0.000	0.000	0.529	0.330	0.008	0.002
N	85	912	58	599	27	313

Notes: * p<0.05, ** p<0.01, *** p<0.001

dards. Interesting extensions to this analysis might include looking at whether parental out-migration is indeed associated with an increased chance that their children acquire university degrees. If this effect is confirmed, it could be taken as evidence of some brain gain associated with Macedonian out-migration.

There is no association with the magnitude of remittance inflows and school attendance. Yet it should be recognised that remittances enter the family differently from other income sources and may be controlled by different family members. The second regressions within each age group look at the association between living standards and school attendance. Overall, the household consumption per household member at home is positively associated with school attendance. This effect is confirmed to continu-

ing with education after age 18. Again, this should not come as a surprise given the cost of university education.

4.4. Gender roles within households with a migrant

Migration could impact upon gender roles in a number of ways. For example, it might have an effect on the gender division of labour in a household, if the departure of someone who usually undertakes a particular role means tasks have to be reallocated, or if migration introduces new norms into a family. In Macedonia, the greatest gender disparity between tasks is found in cooking, cleaning, and repairing the home. In 2008 females were more than ten times as likely to report cooking and cleaning as important household activities which take

up a great deal of their time; whilst males were more than ten times likely to mention repairing the home.

Charts 15-17 show the households in our sample which do not contain migrants, households with members currently abroad, and those containing returned migrants. Each shows the percentage of females within those households reporting cooking, cleaning and repairing the home as a major use of their time, in both 2003 and 2008.

In addition, Table 24 shows the results of t-tests of differences in the mean number of females citing certain tasks as a major use of their time between the different types of households and between the years 2003 and 2008. As the figures and the table show, the proportions of females citing the traditionally female tasks of cooking and cleaning as important vary little between the non-migrant households and the households with returned migrants.

However, the proportion of females who say they spend significant amount of their time cooking are higher in households with members currently abroad. This indicates that either Macedonian migrants mainly come from households with more traditional views about gender roles, or that migration is associated with a more traditional division of labour among the household members left behind.

The t-tests of difference in means between years 2003 and 2008 show an increasing proportion over time of women citing cooking and cleaning as their major tasks in households with members currently abroad and in households with returned migrants. However, while interesting, since the ability to accurately remember major household tasks five years ago could be questionable, this result should not necessarily

Chart 15: Proportion of women in households without migrants citing gender specific household tasks as absorbing significant amounts of their time

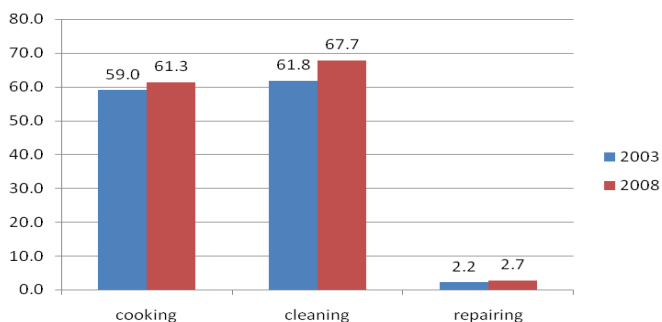


Chart 16: Proportion of women in households with absent members citing gender specific household tasks as absorbing significant amounts of their time

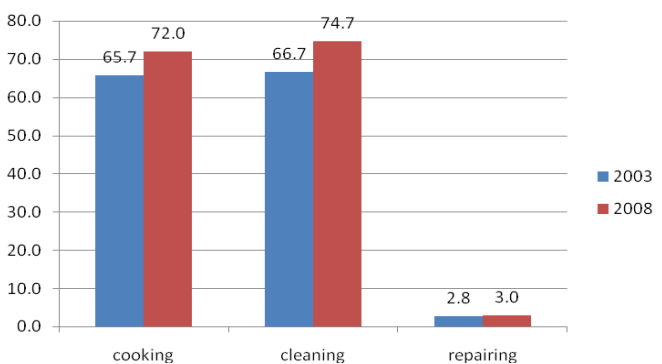
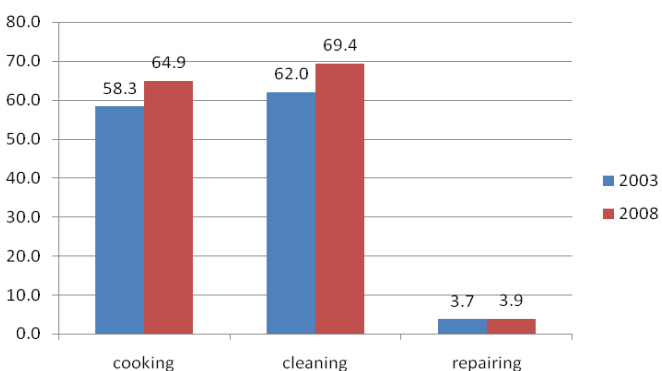


Chart 17: The proportion of women in households with returned migrants citing gender specific household tasks as absorbing significant amounts of their time



be taken as evidence that migration reinforces more traditional gender roles.

Table 24: T-tests of difference in means regarding gender roles

	Ck08	Cl08	Rep8	Ck03	Cl03	Rep03
NM vs. M	R	R	A	R	A	A
Ret vs. NM	A	A	A	A	A	A
NM vs. Ret	R	A	A	R	A	A
	NM	M	Ret			
Ck08 vs. Ck03	A	R	R			
Cl08 vs. Cl03	R	R	R			
Rep08 vs. Rep03	A	A	A			

Notes: T-tests of differences in the average number of females reporting cooking, cleaning and repairing the home as a major use of their time at the 95% confidence levels. The tests are performed between different types of household (households without migrants, households with absent members, and households with returned migrants) and between two years (2008 and 2003). The null hypothesis is that the difference in means equals zero.

Ck08 = cooking in 2008; Cl08 = cleaning in 2008; Rep08 = repairing in 2008; Ck03 = cooking in 2003; Cl03 = cleaning in 2003; Rep03 = repairing in 2003; NM = households without migrants; M = households with absent members; Ret = households with returned migrants; A = accept the null hypothesis; R = reject the null hypothesis.

4.5. Cultural and other social values acquired through migration

Cultural and other social values acquired through the experience of migration may change the values and attitudes of migrants, which can lead to modification of the way they perceive traditional culture and norms on their return. Migration also has an impact on traditional social networks and can change family structures, either for better or worse. Based on the findings of our survey, this section explores issues around traditional culture and norms, family structures and social networks and the confidence in governance in the case of Macedonia.

The opinion of household members left at home about the way emigration affects their life is mixed. That is to say, only 7 per cent of the households' members left at home are of the opinion that emigration has had a strongly positive impact on life in the home country, and another 27 per cent think that it makes life a bit better. However, 14.5 per cent are of the opinion that emigration makes life in the home country much worse and another 29 per cent believe that it makes life a bit worse than if there was no emigration; around 20 per cent of the households' members left at home are indifferent about this issue.

The question of how emigration affects the overall quality of life in Macedonia was also assessed through our interviews with stakeholders, with the results again being fairly ambiguous. Only 3.3 per cent of interviewees considered emigration to have made life in Macedonia much better, while 33 per cent of them thought that emigration had made life in Mace-

donia a bit better; 23 per cent observed no change, but 23 per cent considered emigration to have made life in Macedonia a bit worse and 13 per cent thought that emigration had made life in Macedonia much worse. Macedonian culture places a high value on keeping the whole family together within a single household and preventing family breakdown, which may account for the relatively large number of those who feel that emigration makes their life worse. There is also a fairly widespread sense that emigration has not benefited Macedonia economically, with a number of survey respondents stating their belief that emigration has created a skills deficit, or that it had been a waste of state expenditure on education. However, many others believe that migration has a beneficial impact on society: 8 per cent of household members left at home think that emigration leads to reduced unemployment, 15 per cent think that emigrants send money which would otherwise not enter the country, and 10 per cent think that emigration helps in reducing poverty.

Another issue on which the opinions of household members left at home are divided is the influence of remittances on their work motivation: 24 per cent strongly agree and another 22 per cent somewhat agree with the notion that remittances make household members left at home 'lazy' (less willing to work); but 25 per cent strongly and 12 per cent somewhat disagree with the same opinion. It is interesting to

reflect that the evidence presented in the previous section shows that remittances do have a negative, though moderate impact on labour market participation, so the balance of opinion appears broadly correct.

Interestingly, although our survey determined that over 97 per cent of returned migrants had never sent money for community organisations or projects, not even through Macedonian associations abroad (in which they seldom obtain membership), a significant number of respondents (almost 40 per cent) left at home either

strongly or somewhat agreed with the opinion that Macedonian citizens who live abroad provide important support to the community (for example, by giving money for schools or religious facilities), with about the same percentage either strongly or somewhat disagreeing with the same opinion. Even though these are only opinions, they do affect the relationships between the households left at home and the diaspora, and may make for a more positive and open interaction.

Table 25: Migration and opinions on traditions

Dependent variable: Opinion on the need to protect traditional ways of life							
	Probit	IV probit	Ordered probit		Probit	IV probit	Ordered probit
<i>Household characteristics</i>				<i>Regional effects</i>			
If HH has absent members	-0.097	-0.078	-0.013	Skopje	-0.338	-0.324	-0.299*
	0.112	0.118	0.089		0.175	0.176	0.137
If HH contains returned migrant	-0.197	-0.769	-0.091	Pelagonija	0.33	0.321	0.203
	0.102	0.591	0.082		0.236	0.237	0.169
Household size	0.048	0.045	-0.006	Vardar	-0.388	-0.384	-0.389*
	0.036	0.036	0.027		0.219	0.22	0.173
If rural HH	-0.256*	-0.263*	-0.254**	South-West	-0.095	-0.092	-0.08
	0.106	0.108	0.085		0.205	0.206	0.159
<i>Household head characteristics</i>				Polog	-1.042***	-1.030***	-0.947***
Age	0.000	0.000	0.000		0.185	0.188	0.147
	0.000	0.000	0.000	South-East	-0.927***	-0.855***	-0.737***
Female	0.039	0.053	0.079		0.225	0.227	0.185
	0.092	0.093	0.073	East	-0.416*	-0.388	-0.488**
No education	0.391	0.384	0.665		0.209	0.211	0.164
	0.62	0.604	0.453	Intercept	1.380***	1.484***	
At least secondary education	-0.255*	-0.213	-0.057		0.239	0.282	
	0.112	0.113	0.085	cut1			2.160***
Notes: * p<0.05, ** p<0.01, *** p<0.001; North-East is the excluded region. In the IV probit regression the variable "If HH contains returned migrant" is instrumented by a "family chain migration variable".				cut2			-1.775***
				cut3			-1.319***
				cut4			-0.670***
				Pseudo R-squared	0.099	0.095	0.051
				Prob>chi-squared	0	0	0
				N	1194	1175	1194

Our survey also noted that emigration had an impact on the domestic community via a 'demonstration effect'. That is, 51 per cent of surveyed household members strongly agreed and another 30 per cent somewhat agreed with the statement that 'when people here see others migrating, many of them want to leave themselves'. The share of those who strongly or somewhat disagree with that opinion is much smaller. Even more significantly, 83 per cent of the interviewed stakeholders agreed with the statement that when people see skilled people migrating they are keener to study, because they think that higher levels of education will help them to migrate. This implies that migration may perpetuate itself, and that given the numbers of people currently migrating from Macedonia, it is a trend which is unlikely to be stopped, even by the most determined policy-makers.

One other way in which emigration can significantly influence life in the domestic community relates to the new skills which emigrants gain while abroad, as well as the broader comprehension about social values and norms of other cultures which they bring back with them when they return. 42 per cent of the returned migrants interviewed for the survey stated that they had gained new ideas or skills while living abroad. Of those returned migrants who did acquire new ideas or skills abroad, 42 per cent say that they learned a new language, 31 per cent improved their professional skills, 14 per cent have learned or improved their life skills (for example, they learned how to drive or how to cook), and 10 per cent have learned about a new social issue (such as the importance of protecting the environment). This shows a significant broadening of skills and ideas which has resulted from their migration.

Connected to this is the issue of the influence of immigrants on Macedonia, but opinions here are not particularly positive. Fewer than 7 per cent of the interviewed stakeholders strongly agree with the idea that people who move to Macedonia from other countries do important jobs which otherwise would not be done, though almost 47 per cent slightly agree with the same notion. Few (7 per cent slightly and 17 per cent strongly) disagree with that opinion.

Household heads were asked a variety of questions relating to their opinions about migration. One of the most revealing was about the need to protect traditional ways of life in Macedonia. A vast majority (78 per cent) of the household heads strongly agreed or somewhat agreed with the statement that there is a need to protect traditional values, while only about 11 per cent strongly or somewhat disagreed.

To explore whether the experience of migration affects these opinions, we have first carried out a probit regression in which the dependent variable is a binary variable indicating whether or not the household head agrees (strongly or somewhat) that there is a need to protect traditional ways of life. As shown in Table 25, rural household heads and household heads with at least secondary education consider it less important to protect traditions. Also, in most of the regions household heads are less likely to believe that traditional ways of life need to be protected relative to the North-East region.

Heads of households with return migrants seem to be less likely to defend traditional norms, though this coefficient is only marginally significant at the 10 per cent level. Since return migration is endogenous, we have also estimated an IV probit in which the return migration variable is instrumented by a 'family chain migration' variable. The coefficient on this variable is not statistically significant, however, so we cannot claim that there is a significant difference in opinions among household heads based on their migration experiences.

We have also estimated an ordered probit in which the dependent variable is ordered from 1 to 5, with 1 corresponding to a strong disagreement with the need to protect traditional ways of life and 5 corresponding to strong agreement. Again, we cannot find any difference in opinions of household heads based on their migration experiences. Of the other explanatory variables, only being located in rural areas and the regional effects are statistically significant.

4.6. Impact of migration upon governance in Macedonia

Despite the expectation that returned migrants might exert a significant influence on life in the domestic community, having gained both new

skills and a broader comprehension of social values and norms of other cultures while abroad, this does not really seem to be the case in Macedonia. Namely, when asked if returned migrants help the country by getting more involved in political and social issues, only 11 per cent of the surveyed household members strongly agree with that statement, and another 19 per cent agree to a certain extent. But 29 per cent of them strongly disagree, another 13 per cent somewhat disagree and 23 per cent are indifferent. On the other hand, 17 per cent of the interviewed stakeholders strongly agree with that notion and another 40 per cent agree slightly; 20 per cent of them strongly disagree, another 10 per cent somewhat disagree about such an idea.

In trying to understand these findings, it is worth noting that associations of returned migrants do not exist in Macedonia: hence there are neither organised vehicles for lobbying or for transferring experiences from other countries into domestic policies, nor are there institutionalised ways of affecting the social life in local communities by returned migrants.

The current government of Macedonia (which has been in office since mid-2006) has tried to change this situation by appointing initially four,

and as of 2008 two, cabinet ministers with responsibilities for Macedonian diaspora affairs. However, they do not really deal with diaspora relations: instead, one is responsible for attracting FDI and the other for development of Macedonia as an information society. It is therefore fair to conclude that although this is an attempt to include Macedonian migrants and diaspora representatives in the governing structures, until now this effort has not resulted in any noticeable effects.

It is interesting that 39 per cent of returned migrants (after their stay abroad) feel positive about the way the country is governed, 43 per cent think the opposite, while 16 per cent are indifferent. This may be a result of the fact that returned migrants have different expectations about what the government has to do to affect their return positively.

The figures presented in Table 26 show what migrants think the government should do to improve the impacts of migration on Macedonia. In accord with the findings presented in section 2 of the report showing that most migrants go abroad for the sake of securing jobs and additional income, 50 per cent of the interviewed household representatives think that the best thing the government can do to ensure that migration has a better impact on life in Macedonia

is to create more and better paid jobs at home. Only 11 per cent of the interviewees consider crime and lack of security to be an important issue for the government to address, while less than 10 per cent think that the government should make it easier for people to start businesses.

In addition, very few believe that the government should help to facilitate work contracts or labour exchange programmes abroad for the country's citizens. It is also significant to observe that only 5 per cent of the interviewed people consider the option of encouraging Macedonian citizens abroad to invest more in the country as being worth undertaking, even though this is where the government has focused its efforts in recent years.

Table 26: What can the government do for migrants?

What the government could do, to make sure that migration has a better impact on life in Macedonia?	Percentage
Create more jobs	25.8
Create better paid jobs	24.4
Reduce crime and make the country a safer place to live	11.3
Make it easier for people to set up a business here	9.5
Create a more liberal migration policy, to make it easier for people to enter and leave the country	6.0
Encourage Macedonian citizens abroad to invest more in Macedonia	5.3
Encourage immigrants to invest more in Macedonia	5.2
I don't think the government can do anything	3.1
Facilitate labour exchange programmes with other countries	3.0
Try to facilitate work contracts abroad for the country's citizens	2.4
Other	2.3
Create a stronger immigration policy to limit immigration	1.7
Total	100

Section 5: Policy review and recommendations

The final section of this report explores current migration-related policies in Macedonia, and then makes policy recommendations for the future.

5.1. Migration related policies in Macedonia

Most of the interviewed stakeholders stated that since 1991 (when the country became an independent sovereign state) the policy approach towards migration in Republic of Macedonia has not been particularly strategic. Some programmes for diaspora relations and investment do exist, but due to the frequent changes of government and of the staff engaged in the implementation of those programs, the results have been disappointing.

Legal and institutional set-up for migration-related policies

Macedonia regulates migration through several legal acts. Under the Macedonian Constitution (Article 49) it is affirmed that 'the state takes care for the status and rights of the Macedonian people in neighbouring countries, as well as Macedonian expatriates, assists their cultural development and promotes links with them. The state takes care for the cultural, economic and social rights of the citizens abroad'. Meanwhile, the Law for Foreign Affairs (Article 8) stipulates that the Ministry of Foreign Affairs (MFA) protects '...the interests, rights and the property of the state, its citizens and legal entities abroad; takes care for the position and the rights of the Macedonian citizens abroad; takes care for the protection of the human rights of the representatives of the ethnic communities and the citizens of the Republic of Macedonia abroad; it takes care for the position and the human rights of the Macedonian citizens who are temporary

or permanently residing abroad, as well as of the emigrants...'³⁴.

A number of reforms that relate to the country's diaspora³⁵ have been undertaken in Macedonia in relation to its EU candidacy status (IOM 2007). For example, the changes made to the Macedonian Law on Elections in November 2008 gave Macedonian emigrants the right to vote on future presidential and parliamentary elections as of September 2009. This means that all people from Macedonia who reside abroad and are registered in the voters' lists will have the right to vote in presidential elections for any registered candidate, while in parliamentary elections they can vote for the election of three new members of the Macedonian Parliament that will act as diaspora representatives. According to some Macedonian election experts, these diaspora votes might prove significant in shaping Macedonia's political system in the future³⁶.

In terms of the institutional set-up for the implementation of diaspora-related policies, the Ministry of Foreign Affairs has the lead role. To enhance transparency, the MFA has set up several databases, including the Address-Book of Macedonian Clubs and Associations Abroad, a Review of the Number of Macedonians Abroad (estimates and statistical data), the MARRI Questionnaire (explanation of operative procedures); and a Compilation of regulations (domestic provisions, ratified international treaties, international-standards-non-binding documents and not ratified international treaties) (MFA 2007). In addition, a series of measures consisting of legal and material assistance to a number of national NGOs dealing with the diaspora have been undertaken. In 2007, the Government of the Republic of Macedonia, within the MFA, created an Emigration Coordination Body (ECB). The ECB's goal is to define the

³⁴ Article 8, Law on Foreign Affairs of the Republic of Macedonia, Official Gazette no 46/2006

³⁵ The Macedonian Ministry of Foreign Affairs defines the diaspora as 'a concept that involves the Macedonian National Minority and emigrants (former nationals of the Republic of Macedonia), as well as all nationals of the Republic of Macedonia staying and working abroad regardless of the duration of their stay, and ethnic Macedonians that have never had Macedonian nationality' (MFA 2009)

³⁶ According to an article printed in the daily newspaper 'Utrinski vesnik' on September 2nd 2009.

priorities in relation to implementing a policy according to the needs of the diaspora and the national interests of the Republic of Macedonia. The ECB's activities are approved by the government, and it also manages a rather modest fund, which in 2007 amounted to 7 million denars (EUR 113,000).

Since 1951 Macedonia has also had a special institution in charge of emigration matters, currently called the Agency for Emigrants. Its objectives include involving Macedonian emigrants in the public and economic life of Macedonia and assisting them to return. The Agency cooperates closely with the MFA, and works on the attainment of status and rights for emigrants from Macedonia and provides assistance for their cultural development. It also assists in uniting the Macedonian diaspora and in raising awareness of current Macedonian issues within the different communities worldwide. The Agency primarily provides books, textbooks, posters and flags on Macedonian language to emigrants or diaspora organisations which apply for assistance. These materials are available to all people from Macedonia as well as all ethnic Macedonians. Recently it has started to produce its own promotional materials, focusing on children and on the potential investment community. The government, seeking foreign investment and targeting the diaspora as potential investors, has asked the agency to survey regions and cities in Macedonia with industries and products that could be attractive to investors or for export.

Finally, the Migration, Asylum, Refugees Regional Initiative (MARRI) deals with the issues of migration management in the Western Balkans by promoting closer regional cooperation and a comprehensive, integrated, and coherent approach to the issues of migration, asylum, border management, visa policies and consular cooperation, refugee return and settlement in order to meet international and European standards.

Policies which affect migration in Macedonia

As of 2006, some attempts to make Macedonian policies more 'emigrant-friendly' have been observed. Besides the need to comply with the EU Acquis, the government's new interest in

diaspora relations is also likely to be motivated by the need to secure additional votes in future elections in Macedonia (since due to recent changes in the electoral laws, the diaspora will also have the right to vote).

However, these policy shifts have also been driven by recognition of the role that the diaspora might play in attracting foreign direct investment to Macedonia. The government recently started to employ people responsible for establishing links with foreign businesses and diaspora representatives in Macedonian diplomatic or consular offices abroad in order to attract emigrants to invest in the country, or to start other types of business relations with Macedonian businesses. Although these policies are too new to evaluate, early results suggest that they have not been as successful as anticipated.

One positive example of cooperation with the diaspora which was pointed out by the interviewed stakeholders is the Forum of the Diaspora held in January 2008, which was initiated by the government of the Republic of Macedonia and organised by the Ministry of Economy. At this Forum, businessmen from the country and the diaspora shared their experiences and initiated joint projects. Businessmen who had worked abroad but come back to invest in Macedonia were also invited to share their views regarding the business climate in Macedonia.

The government intends to make this Forum a regular event and to use it as tool to motivate the businessmen from the diaspora to return and invest in their home country. However, most of the interviewed stakeholders emphasised that there is currently too much bureaucracy around investment procedures in Macedonia, and concluded that the government should introduce measures to facilitate administrative procedures for investing in Macedonia. What is also done in the country on a regular (annual) basis in this respect are the so-called 'meetings of the diaspora', which are actually one or two day events during the summer months when Macedonian migrants come home for vacation.

The IOM's office in Skopje and its regional office in Budapest carry out various return related

projects (such as travel or reintegration assistance) for those Macedonian migrants that wish to return home (see IOM 2009). However, this has not been matched by policies at the national level. A recent CRPM study claims that Macedonia does not have a coherent policy to attract returning migrants back home, and that it does not offer any type of 'real' return assistance (CRPM 2007: 29-31). The government has even created some obstacles for potential returnees, namely, requiring the payment of customs fees for all belongings returning migrants bring home.

As pointed out earlier in the report, there are no specific policies for the facilitation of remittances. Although it is well known that many migrants send money home via informal channels, very little has been done to incentivise them to use the formal channels³⁷. The country also has no special policy to assist migrants who want to invest in Macedonia and create SMEs, although a lot has been done recently with regard to the creation of a 'market-friendly' environment in Macedonia³⁸, and this ranks high on the government agenda.

Although the government is continuously undertaking reforms of Macedonia's educational system, not enough has been done to offer qualifications recognised by employers abroad (particularly in the social sciences). Being a signatory to the new European Commission 'Bologna Process' that aims to reform higher education in Europe, Macedonia is also committed to changing its system of higher (university) education. However, the international mobility of students during their studies in Macedonia remains low³⁹; even though lately there has been an increasing trend of young university gradu-

ates continuing their postgraduate studies at universities abroad, which is supported by some governmental schemes for financial support.

As this report has indicated, employment issues are critically important in Macedonia. According to official figures, Macedonia's unemployment rates have consistently been among the highest in Europe in the last two decades, even though the actual figures are likely to be lower because of the country's large 'grey economy'. However, it is the structural characteristics of Macedonian employment – rather than just the numbers involved – that make this such a worrying issue, since many of the unemployed tend to be younger people, people with lower education and people living in (or around) the urban centres. Furthermore, unemployed people tend to stay unemployed for very long time.

Many public opinion surveys have revealed that the citizens of Macedonia consider unemployment to be the biggest problem facing the country. Therefore, tackling unemployment has been one of the highest priorities of all governments over the past two decades. Several strategies have been devised, and sets of active employment measures have been implemented. They have ranged from granting subsidies to companies who engage new employees to measures aimed at improving the employability of the unemployed (such as providing additional qualifications). In recent years, Macedonia has also signed bilateral labour agreements with Albania, Bulgaria, Belgium, Slovenia and Germany and Readmission Agreements with the EU member states: Italy, Slovenia, France, Slovakia, Bulgaria, Germany, Romania, Hungary, Poland, Spain, Austria, Governments of BENELUX, Denmark and Sweden, as well as with the

³⁷ We anticipate two types of advantage from greater use of formal channels for remitting in Macedonia: (i) it will allow the Government (the National Bank) to have real information about the amounts of private funds infused in the domestic economy from abroad, hence to make more appropriate decisions concerning the policy of sustaining macroeconomic stability; and (ii) it will give the remitters a more secure way of transferring their money to their families.

³⁸ In 2007 Macedonia was listed among the 10 top reforming countries in the world by the Doing Business ranking of the World Bank. The Doing Business ranking system analyses countries according to the quality of their business environment in a number of areas. In this context, the progress of Macedonia was achieved by far mostly in relation to the conditions for starting a business (the improvement achieved by Macedonia in that area was really significant), but not as much in the other 9 areas.

³⁹ Students from Macedonia either study at universities abroad (if they have secured financial means from their parents), or study at domestic universities and occasionally go abroad for temporary work; but there is almost no partial studying at universities abroad and at domestic universities.

Swiss Confederation, Croatia, Albania and Norway.

It is beyond the scope of this paper to analyse these policy measures, but it is, however, important to note that little sustainable progress has been made on this front, which in turn confirms that unemployment is the key driver of Macedonian migration.

Future policy plans

Future reforms to Macedonia's migration policies to bring them into line with the EU Acquis are stipulated in the National Programme for Adoption of the Acquis (NPAA). The short-term priorities in the field of the legal framework envision changes of the Law on Foreigners, as well as enactment of an Action Plan for the implementation of the Strategy for Integration of Refugees and Foreigners. The Assembly is expected to adopt a Resolution on the Migration Policy of the country, while the relevant ministries will prepare programmes for facilitating the reintegration of people returning to Macedonia under the readmission agreements. The signing of readmission agreements with Montenegro, Serbia, Iceland and Ukraine is envisaged.

As for the medium-term perspective, the legal framework will be further aligned with the EU Directive on the status of third countries' persons with non-temporary stay and with the Council Directive on conditions of third countries for free studying, exchange, volunteers and training, while the measures and activities stipulated in the Resolution on the Migration Policy will be continuously implemented. The transposing of other EU Directives is foreseen after Macedonia becomes a fully-fledged EU member state. It is also anticipated that a centralised data-base for foreigners will be created which will encompass all issues concerning asylum, migration and visas.

Immigration-related policies in Macedonia

In contrast to its emigration policies, Macedonia's immigration-related policies are much broader, in large part because of the requirements of the EU Acquis Communautaire, though reflecting on the size of immigration flows versus emigration flows does raise questions as to whether the balance is entirely cor-

rect. In this context Macedonia is fully committed to applying a comprehensive, systematic and effective immigration policy and to undertake proper actions in implementing the relevant legislation. The government has made a concerted effort to define and implement consistent policies and programmes in the areas of rights and duties of foreign citizens residing in the country. The following laws specifically regulate the free access to the Macedonian labour market: (i) Law on Foreigners; (ii) Law on Establishment of Employment Relations with Foreign Persons; (iii) Law on Asylum and Temporary Protection; (iv) Law on Civil Servants; and (v) Law on Labour Relations.

5.2. Policy recommendations

The existing Macedonian policy framework around migration is in need of considerable improvement. In the remaining part of this section of the report, we put forward some ideas for how this can be achieved. In addition to our own analysis, these recommendations also rely upon the ideas and propositions of the interviewed stakeholders, as well as on the case studies of other countries.

The first and most important aspect which has to be highlighted in the context of future migration policies for Macedonia is the need for a changed mindset and attitude towards migration on the part of both of the people in the country in general and policymakers in particular. In terms of the general public, this means that migration has to be accepted not just as a necessary evil (which, despite the long migration history of the country, many people regard it now), but as a natural and in some ways beneficial movement of people in search of better opportunities within a globalised labour market. A shift is required from seeing migration as unalterable but problematic; to natural but subject to policy influence in order to improve its benefits and minimize its costs.

It is difficult to imagine how such a shift in opinions is to be encouraged, but decision and opinion-makers have a role to play in trying to facilitate this. As discussed earlier in this section, this will also require a shift in the attitudes of policymakers so that they perceive migration as more than just an expedient way of generating funds and reducing unemployment and consider

it more as an opportunity for promoting sustainable development.

Turning to more specific reforms that could be made to improve Macedonia's migration policy framework, we focus on four in particular:

- Pursuing the reforms necessary for the EU accession of Macedonia
- Improving the attractiveness of the country as a place to invest and to live
- Improving migration's impacts
- Engaging the diaspora more

Pursuing the reforms necessary for the EU accession of Macedonia

In the first instance, Macedonian policymakers must continue to drive forward the reforms that relate to the country's accession to the EU⁴⁰. Based on data from the sample of our survey, over 56 per cent of Macedonian emigrants now reside in EU (27) member states, while an additional 17 per cent reside in countries which have social systems compatible to the EU framework (such as Switzerland), countries which already have EU candidacy status (Croatia and Turkey), or countries which will relatively soon be granted such status (Serbia, Montenegro). Overall, this adds up to slightly over 70 per cent of the entire Macedonian migrant stock.

The freedom of movement and the ability to take advantage of the Single Market that come along with accession to the EU will likely be

transformative for the Macedonian economy. Migrant workers will be granted the rights of domestic workers in all EU member states, the transfer of remittances will be facilitated, the country will become a more attractive place for investment by migrants, and numerous other positive impacts from migration should start to occur.

The Republic of Macedonia submitted its application for EU membership in early 2004 and, after completing the process of scrutiny, was granted the candidate country status in December 2005. But afterwards the process of approximation to the rules and criteria for EU membership was slowed down (between 2005 and 2008, Macedonia did not receive a positive Progress Report by the EC with a recommendation for starting the accession negotiations, which is the next phase in the EU accession process⁴¹). The implementation of the reforms needed for a swift accession into the EU will decisively improve the situation regarding Macedonian migration and its consequences for the country⁴².

Improving the attractiveness of the country as a place to invest and to live

Improving the country's attractiveness, both to people who might be thinking of leaving and to those who might consider returning, is a policy area which requires attention. This would acknowledge the fact that migration is driven by the desire for personal advancement, and seek to make the country better able to fulfill those desires.

⁴⁰ The evolution of EU-Macedonia relationship since 1990 can be divided into four very different periods. The first one, between 1990 and 1995, was characterised with a complete absence of diplomatic relations caused primarily by tensions associated with the country's name. Later on, between 1995 and 2001 the relationship with EU normalised and Macedonia became eligible for the use of PHARE and CARDS support programmes. The third period followed the 2001 internal military conflict in Macedonia, it started with the signature of the Stabilisation and Association Agreement (SAA) in the same year, which was then followed by a few years period of steady implementation of the reforms needed for the EU candidacy status, and it ended at the very end of 2005 when Macedonia was granted the status EU candidate country. The fourth period started since 2006 until now and is characterised with a drawn out lack of sufficient implementation of the reforms needed for the start of the membership negotiations with EU, as well as with long-lasting tensions with one EU member state associated with the country's name.

⁴¹ The 2009 Progress Report of the EC for Macedonia contains a recommendation for starting accession negotiations. However, Macedonia has still certain obligations to fulfill, and since the drafting of this Report was completed by October 2009, it is still uncertain whether the Council will adopt a decision for starting the accession negotiations with Macedonia at its session in December 2009.

⁴² This policy proposition is occasionally challenged in Macedonia, the same being the case with some of the interviewed stakeholders, claiming that the EU accession will result in greater emigration and a brain-drain effect.

Improving the country's attractiveness would firstly involve promoting the development of high living standards, political stability, the rule of law and security. As our analysis clearly shows all those issues are deeply related with the migration phenomenon in Macedonia. As is frequently noted in the literature and also demonstrated by practical examples⁴³, the reforms which can positively shape the overall development of a transition country and the reforms needed for accession into the EU are very closely interrelated. Hence, by gradual implementation of the reforms needed for EU accession, it is likely the the country will steadily become an attractive destination both for investing and for living.

More specific propositions how to make Macedonia a more attractive country can also be made, some of which are taken from the opinions of the stakeholders interviewed for this research. Firstly, a long-term strategy for intensive and balanced development of the country should be prepared. In this context, policy should not be targeted at supporting and creating favourable conditions exclusively in the capital city (Skopje⁴⁴), but they should also be directed towards the smaller towns and villages, where emigrants are more likely to come from. The government should also pursue more vigorous policies for increasing employment, and especially for making the private sector more capable of generating new jobs. This has a lot to do with improving the domestic business environment, but also with improving the skills of domestic managers and entrepreneurs, in line with improving the qualifications and skills of the unemployed.

Educational policies in Macedonia should also be focused on motivating the population to attain higher levels of education, and should create support, scholarships and opportunities for employment soon after the completion of university education. It is also very important to note the need for upgrading the quality of education in Macedonia, which is much more ur-

gent than improving the quantity of education and achieving higher rates of inclusion of children in education.

Improving migration's impacts

The set of policies under this heading are devised with a view to making migration, when it does occur, contribute more effectively to the development of Macedonia than it is currently doing. We identify three areas of intervention, relating to the:

- facilitation of remittances
- creation of conditions for the social and economic reintegration of returning migrants
- documentation and registration of migrants

Facilitation of remittances

As this report has demonstrated, although remittances are an important source of funds that help to sustain macroeconomic stability in Macedonia, not very many migrants (slightly over one third of them) remit. This indicates a clear need for more effective policy interventions.

The government of the Republic of Macedonia should engage in improving the financial infrastructure in the country. These reforms should include making the financial infrastructure more responsive to the needs of remitters and remittances recipients, giving special attention to rural and poor communities in terms of developing better outreach, providing better information to the diaspora about domestic financial services, fostering the trust of remitters in the domestic financial system and services and improving the reporting and measurement of remittance flows.

Although it was not a separate issue in our survey research, having migrants scattered in many countries means that a significant portion of Macedonian migrants remain 'unbanked'. This prevents them from accessing a range of services offered by the domestic financial sys-

⁴³ An often cited case in Macedonia of a country which superbly balanced its transition and development policies with the reforms needed for EU accession is the Republic of Slovenia.

⁴⁴ The overall conditions for living and doing business in Macedonia are much more favourable in the capital city than in the other cities and particularly in rural areas.

tem. One of the major challenges is therefore to encourage domestic financial institutions and other financial service providers to integrate unbanked senders and receivers into the financial system through better outreach, new technologies and more cost efficient and transparent services. A number of approaches can be suggested, including prepaid account options, expanded and more flexible card-based services for recipients of remittances and increased access to modern payment systems.

In terms of improving the financial regulatory framework in Macedonia, policy should encourage increased use of the formal financial sector and creation of better and more cost-effective products for remitters. This can be achieved through the implementation of sounder supervisory policies, by enhancing access to the financial system (so that undocumented migrants might participate in it), by strengthening the payment system and by securing appropriate and transparent disclosure of exchange rates and fees charged, as well as setting up a complaints mechanism for remitters.

The government of Macedonia has already done a lot to strengthen the country's investment climate, but this has not yet encouraged the diaspora to invest in the country more. Further improvement of the investment climate should involve the creation of additional incentives for migrants. Some of the options here include requiring micro credit and savings institutions to design remittance-related products and services, supporting agricultural and credit co-operatives, as well as the microfinance organisations for joint ventures and considering the provision of matching fund schemes to remittance-supported investments.

Creation of conditions for the social and economic reintegration of returning migrants

Our finding that returned migrants are more likely to have started small businesses but also that they close their businesses more often than non-migrants, suggests that the conditions which determine the ease of starting a business in Macedonia are not as important as the conditions which determine their survival and growth (such as being able to access credit, employ workers and acquire licenses). This shows

where further reforms of the quality of the business environment in Macedonia are required.

The social reintegration of returning migrants should also be prioritised. At the moment, there are no policies or programmes to help people resettle in Macedonia after a period of time abroad, but as our analysis has shown, returned migrants have more difficulties in terms of finding jobs or setting up their own businesses, and they seldom participate actively in the social life of the country. This situation can be improved by placing more emphasis on identifying how to facilitate deeper involvement and participation of returned migrants in the local social and political setting.

Documentation and registration of migrants

The final area of intervention needed to improve the outcomes of migration for Macedonia is around the documentation and registration of migrants. Good quality statistics are a crucial precondition for the implementation of any policy and as our analysis has shown, Macedonia has very poor records in relation to the number and characteristics of migrants. Improving this situation will require capacity building of the institutions in Macedonia which deal with migration issues. Cooperation of the public and the government with civil society institutions (NGOs) that deal with migration-related issues can be very helpful in this respect.

Engaging the diaspora more

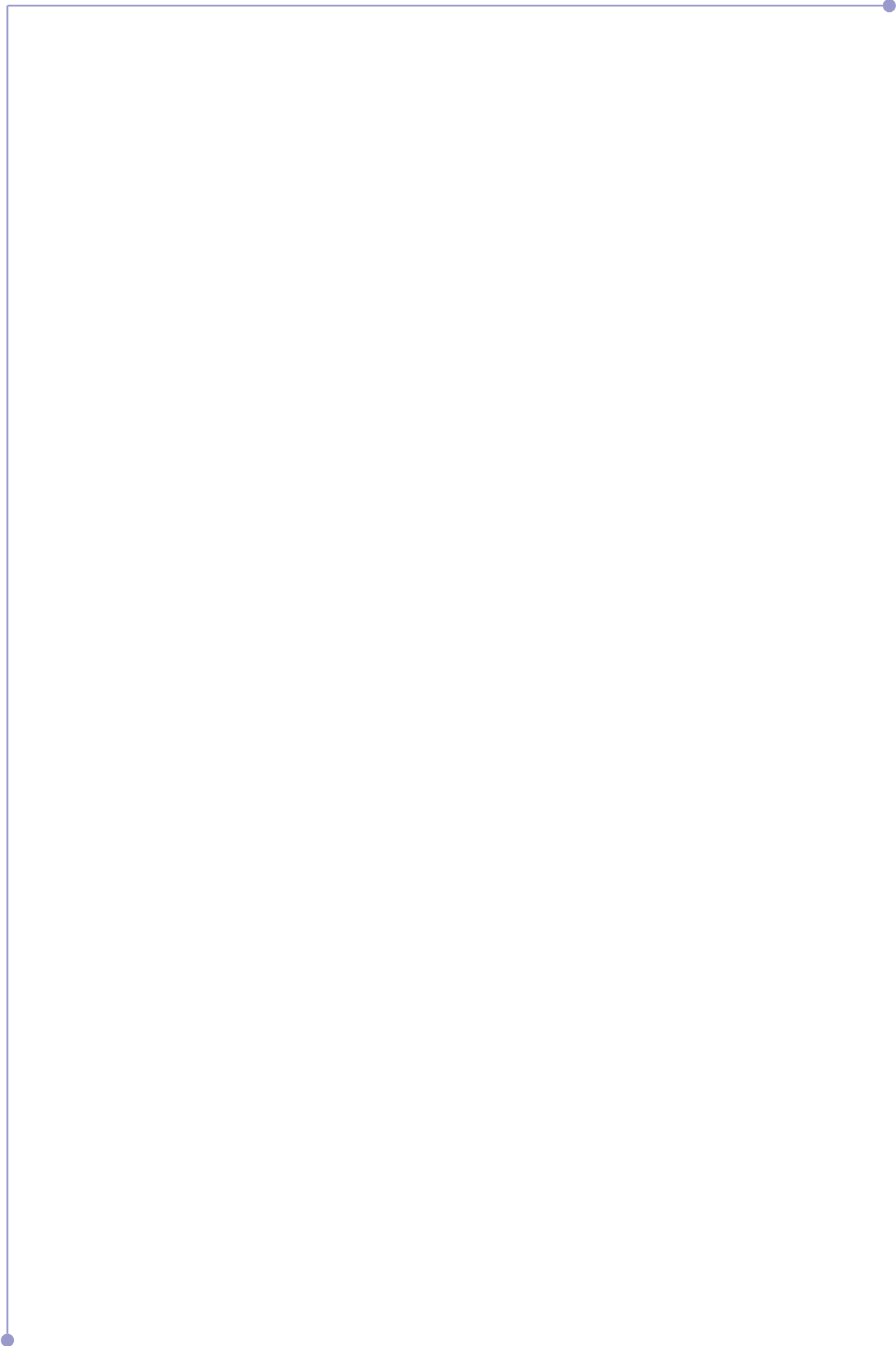
Our research has shown that although the government has attempted to engage the diaspora in helping to shape development in Macedonia, those efforts have not been very successful to date. Hence, despite the frequency of contacts between migrants and their relatives and other people, Macedonian migrants generally remain excluded from meaningful participation in the country's political, economic and social life. In this context, the government could try harder to gain diaspora support for some development initiatives, for example by funding projects for urban or rural revitalisation, by upgrading infrastructure and by creating new opportunities for education and training. These are just a few examples and many more can be devised, but they also have to be very carefully planned. Another issue which has to be considered is the

fact that any engagement of the diaspora will only be successful if there are benefits for both the domestic and the migrant community. This

has not been the case in most efforts of this kind until now.

Selected references

- Center for Research and Policymaking (CRPM) (2007) *Strengthening Cross-Border Cooperation in the Western Balkan Regarding Migration Management – Macedonia*, Occasional Paper No. 12, Skopje: Center for Research and Policy-making
- European Commission (2009) *The Former Yugoslav Republic of Macedonia 2009 Progress Report*, SEC (2009) 1335/3, October 14, available at: https://webgate.ec.europa.eu/olacrf/20091014Elarg/MK_Rapport_to_press_13_10.pdf
- Gaber N and Jovevska A (2004) 'Macedonian Census Results - Controversy or Reality?', *South-East Europe Review*, 1
- Hadzimustafa S (2008) 'Some aspects of the private transfers and their impact on the Macedonian economy', *Good Governance* e-bulletin, OSI-Skopje, March
- International Commission on the Balkans (1996) *Unfinished Peace: Report of the International Commission on the Balkans*, Washington D.C.: Carnegie Endowment for International Peace
- International Organisation for Migration (IOM) (2007) *The Former Yugoslav Republic of Macedonia: Migration Profile*, September, available at: http://www.iom.hu/PDFs/the%20former%20Yugoslav%20Republic%20of%20Macedonia_Migration%20Profile.pdf
- ippr and GDN (2009) *Development on the Move: Measuring and Optimising Migration's Economic and Social Impacts. A Study of Migration's Impacts on Development in Jamaica and how Policy Might Respond*, June, London: Institute for Public Policy Research
- Markiewicz M (2006) *Migration and Remittances in Macedonia*, CEA, October
- McKenzie D and Rapoport H (2006) *Can migration reduce educational attainment?*, World Bank Policy Research Working Paper 3952, June
- Ministry of Foreign Affairs of The Republic of Macedonia (MFA) (2006) 'Article 8', Law on Foreign Affairs of the Republic of Macedonia, Official Gazette no 46/2006
- Ministry of Foreign Affairs of The Republic of Macedonia (MFA) (2007) 'Diaspora', available at: <http://www.mfa.gov.mk/default1.aspx?ItemID=340>.
- National Bank of The Republic of Macedonia (NBRM) (2009a) *Quarterly Report*, April, available at: http://www.nbrm.gov.mk/WBStorage/Files/Quarterly_Report_April_2009.pdf
- National Bank of The Republic of Macedonia (NBRM) (2009b) Balance of payments statistics, available at: <http://www.nbrm.gov.mk/defaulten.asp?ItemID=16C5679A8986CE4391D1F76413410999>
- Sorre M (1955) *Les Migrations des Peuples*, Paris: Flammarion
- State Statistical Office of the Republic of Macedonia (2007) *Household Consumption Survey in the Republic of Macedonia*, Statistical Review No. 4.4.8.01
- van Selm J (2007) 'Macedonia: At a Quiet Crossroads', *Migration Information Source*, June, available at: <http://www.migrationinformation.org/Profiles/display.cfm?ID=608>
- World Bank Development Prospects Group (2005) *Migration and Remittances Factbook*, available at: <http://siteresources.worldbank.org/INTPROSPECTS/Resources/334934-1181678518183/Macedonia.pdf>



Appendix A: Household Survey Information and Sampling Methodology

Information on conducted field work

After the adaptation of the questionnaire based on the template provided from the Jamaican pilot survey, a set of documents were prepared for conducting the survey and the training program. Beside the main questionnaire and the screening questionnaire, show cards in normal and reversed order were prepared, and a question booklet with guidelines for using the questionnaires. The full set was translated into Macedonian and Albanian languages, because it was expected that a significant number of households targeted for the survey will be of Albanian nationality.

Recruitment of interviewers started in the end of June and beginning of July 2008. The State Statistical Office was asked to provide a list of interviewers from different parts of the country that have experience in conducting surveys, but also some organisations were contacted who conducted polls and surveys as part of their activities. Finally, recommendations from people who cooperate with Educon were also taken into consideration. In total, 70 interviewers were short listed for interview. The interviews with the interviewers from the Skopje region (where Educon is located) were mainly conducted in the office, and for the others a telephone interview was used. Each interviewer was asked to provide their CVs. Finally, 30 interviewers from different regions in Macedonia were selected, and were grouped into 5 groups for attending the training.

The first training took place in the Educon office on 12 and 13 July with 5 trainees. This training was considered as a pilot session where the training methodology was checked. Additionally, after the training the first group of interviewers were asked to conduct pilot interviews in households where they live (to make the first approach as easy as possible) after which a meeting with the interviewers was organised. The detected unclear questions or wording, misunderstood approach in some parts of the questionnaire, the attitude of the respondents, and

other issues of importance for conducting a successful survey was discussed. Appropriate changes in the text (wording) or clarifications to the interviewers were provided.

The remaining trainings were conducted on 19-20 July in the premises of Educon (second group for Skopje region), 26-27 in Kichevo (western part of Macedonia), 29-30 July in project office (interviewers from close proximity to Skopje), 31 July and 1 August in Shtip (eastern part of Macedonia). Several candidates withdrew from the training (either before the training or after the first day of the training), but they were replaced with interviewees from the reserved list.

The training was conducted by the two field coordinators, covering: general information about the company and the project itself, key concepts and definitions, types of questions and approach to each, review of the main questionnaire, handling the interviewing process, logistics and organisational issues, practical work (mock interviewing in pairs). Finally a total of 29 interviewers were trained who conducted the survey.

The survey took place in the months of July to September. The interviewers were not pushed to do the survey in a short run, rather than they were free to plan (in cooperation with the field coordinators) the survey plan according to the local circumstances. In first place, we wanted to give the interviewers freedom not to hurry and thus make mistakes in the interviewing process, but also, to find the right time when most of the migrants are coming back to their homeland for the summer holidays. This proved to be very successful because in number of occasions the interviewers could approach households (families) who are completely migrated (all members of the household), but were back in the country for the summer holiday.

Our approach in conducting the survey was a combination of using the addresses provided by the SSO and, where data was not available, to screen the area. To save time, we did the

screening and main questionnaire at the same time, which means, wherever the interviewer found a HH during the screening process which was willing to participate in the survey, the interview was done immediately. Therefore, the HHs who appeared to be completely moved out from the country were 'found' on the spot, and were not pre-selected by the screening. We did not plan to have such households in our survey, but it was interesting to analyse their responses (especially where the opinions are) separately, to see if there is any difference in the attitude between fully migrated HHs and HHs who have only some members out of the country.

The quality control was managed by the two field coordinators (each supervising the work of approximately half of the interviewers). The interviewers were advised to conduct a smaller number of interviews in the first round and to report the results to the coordinators. After the initial small sample of questionnaires was checked and suggestions for improvement were provided, more questionnaire forms were provided to continue the field work. Interviewers from close proximity to Skopje (the capital) usually were having direct meeting with the coordinators where the mistakes and potential errors in filling the questionnaires were discussed. The interviewers from the more distant places were sending the questionnaires to the office (either our support person was collecting the questionnaires, or they have been sent by other means), and after the provided feedback they could continue with the survey. This approach proved to be very efficient because it improved the quality of the next questionnaires. All questionnaires with detected errors and/or missing answers were returned back to the interviewers for correction.

To check the actual fieldwork, i.e. if the interviewers were operating in the areas as instructed, and to check whether they have really visited the households, telephone checks were conducted on randomly selected households. For each interviewer two randomly selected questionnaires from different areas were selected and where possible the interviewed person was contacted. Besides checking the correctness of some crucial questions, the coordinators asked about the approach of the interviewers and their professionalism in conducting

the interview. In all cases very positive feedback was received from the interviewing process.

Sampling Methodology

As originally planned, the sampling of the households was outsourced to the State Statistical Office. On June 26, 2008, a request for obtaining representative samples of households according to the needs of the DotM project was submitted to the Statistics Office. To overcome the problem with restriction on providing personal data, according to the Macedonian Law on Data Protection, the request has to be re-phrased several times in order to obtain the data needed from the SSO. Finally, on July 10 a table with the sample was received. Because the sample was not accompanied by a detailed explanation of the sampling procedure, the SSO was asked to provide explanation on the methodology used in obtaining the sample. Unfortunately, the SSO did not provide the required explanation until September 17. The explanation received is given in the box.

Since the initially targeted number of households of various types (with absent and returned migrants) was not met with the provided sample, and in some regions were provided very limited data, the Macedonian research team decided to modify the sample as follows:

- The basic sampling obtained from the SSO was maintained. Namely, Macedonia is divided into 8 statistical regions, and the enumeration areas presented in the sample by the SSO are representative selection by either size of areas, urban vs. rural, density of migration.
- List (and maps) of Enumeration districts (official primary sampling units) for the selected municipalities were not provided by the SSO, which was the reason to consider municipalities as (basic) sampling units. Although municipalities differ significantly by the size of the population, during the field work special care was taken to cover representative sample within each municipality. This was done by selection in advance certain areas (neighbourhoods, streets, or parts of bigger places) where interviewers were obliged to conduct the survey.

- Using the provided sample, and based on the knowledge of other migrant places not covered with the selection, to favour the migrant yielded household, some 15 additional municipalities/places were added to the original list.
- The quota for the selected places/municipalities was updated based on the total population and the known density of migration.
- Since the initial sampling was provided by the SSO, with no precise answer on the methodology for obtaining the sample, a screening process was conducted in the selected areas. In total 3776 screening questionnaires were collected.
- There is no precise data about the refusal rate of the respondents. The reason for this is the misunderstanding of the screening question "Accepted Interview?". However, from the information obtained from the interviewers, the acceptance rate in the small places (villages and small towns) was very high with very few refusals. On contrary in the big urban places, especially in the centre of the capital Skopje, the refusal rate is very high. In many cases individuals even refused to answer the short screening questionnaire. The refusal rate to participate on the survey can be calculated from the screening questionnaires (for individuals for the centre of Skopje and absent migrants it was about 50%).
- Bearing in mind that the total population of Macedonia is about 2 million, with approximately 500,000 households, the targeted sample of 1200 questionnaires is assumed to be highly representative for the country.
- In total 1211 questionnaires were completed.

Distributions of the frame by regions and by type of settlement

	Total			Immigrated			Emigrated		
	Total	Urban	Other	Total	Urban	Other	Total	Urban	Other
Total	2345	2031	314	867	806	61	1478	1225	253
East	397	393	4	30	29	1	367	364	3
Southeast	425	190	235	18	15	3	407	175	232
Southwest	564	554	10	64	62	2	500	492	8
Pelagonia	73	70	3	61	58	3	12	12	.
Polog	46	46	.	46	46
Northeast	203	201	2	83	83	.	120	118	2
Skopje	597	542	55	540	492	48	57	50	7
Vardar	40	35	5	25	21	4	15	14	1

Distributions of the sample by regions and by type of settlement

	Total			Immigrated			Emigrated			Households		
	Total	Urban	Other	Total	Urban	Other	Total	Urban	Other	Total	Urban	Other
Total	1600	1295	305	470	409	61	689	564	125	441	322	119
East	200	196	4	30	29	1	170	167	3	0	0	0
Southeast	200	93	107	18	15	3	182	78	104	0	0	0
Southwest	200	190	10	64	62	2	136	128	8	0	0	0
Pelagonia	200	178	22	61	58	3	12	12	0	127	108	19
Polog	200	135	65	46	46	0	0	0	0	154	89	65
Northeast	200	198	2	83	83	0	117	115	2	0	0	0
Skopje	200	145	55	143	95	48	57	50	7	0	0	0
Vardar	200	160	40	25	21	4	15	14	1	160	125	35

Explanation on sampling provided by the State Statistical Office (SSO)

In relation to the received request from your research team EDUCON, for preparation of a representative sample of 1200 (1600) households selected by regions and urban and rural areas, we provide the following explanation:

The State Statistical Office collects the data on migration movements from two sources: Censuses of Population and the regular statistical surveys on migrations. Having in mind the fact that the last Census of Population, Households and dwellings was conducted in 2002, and having in mind the emigration and immigration changes that have occurred in the years after the Census period, the sample selection is based mainly on the statistical survey on migrations, which is with an annual periodicity. Data source for movement of the population (population migrations) are the reports on emigrated-immigrated persons, which are received filled-in by the registration offices in the local branches of the Ministry of Interior of the Republic of Macedonia (the Law on Reporting the Place of Citizen's Residence and Stay). Through the survey are monitored the internal, as well as the external migrations (which include the Macedonian citizens and the foreigners).

The scope and quality of the statistical data on migrations depend on the source, and their registration is in the Ministry of Interior, and it depends on the citizens i.e. on the level of respecting the legal obligations. The problem that occurs when following the external migrations especially refers to the incomplete scope of the Macedonian citizens who go abroad for a period longer than 3 months. Although the reporting of such cases is legal obligation, it is not duly respected by the citizens.

According to the Law on State Statistics and the Law on Personal Data Protection, the State Statistical Office submitted the sample in June with addresses of the households where there are emigrated and immigrated persons (one or more). When selecting the sample according to the request, the following was done:

- *Firstly, the frame was selected on the basis of the regular statistical survey on migrations, from where the allocation was done (households' addresses)*
- *Frame for selection is the data base of registered emigrated and immigrated persons in the period 2004-2007, from where the persons without addresses were removed, because addresses-based sample was requested*
- *From the regular survey on migrations were selected addresses where there is an occurrence of 200 persons who have emigrated or immigrated (Skopje Region, Northeast Region, Southwest Region, Southeast Region and East Region)*
- *In the regions where there is no occurrence of exactly 200 persons who have emigrated or immigrated, households from the Census of Population 2002 were selected.*
- *From the sample that was delivered to you, it can be clearly seen that in the Polog Region there are no registered emigrated persons, and in the Southwest Region, which includes Debar, only 10 have emigrated, of which 2 are without addresses, which means that only 8 have been selected.*

It is reasonable to accept the above statement by the SSO that a number of households do not report their migration status to the Ministry of

Interior, given that there are no administrative records in some regions, although these regions do have migration.

Appendix B: Stakeholder interviews summary report

Overview of the opinions on the impacts of migration

The main benefits that migration brings to the country

Most of the interviewed stakeholders thought that migration had brought few benefits to Macedonia, and believed that emigrants who had assets abroad did not want to invest in the country. However, they identified some positive impacts of migration, including:

- A reduction in unemployment and progress towards poverty reduction.
- Remittances sent by emigrants can support their families and are spent primarily in the home country. Houses that are built with funds sent from abroad can also contribute to development of local communities.
- The labour force that emigrates is of a high quality and works in different sectors, which promotes Macedonia abroad and could lead to the introduction of new technologies and a transfer of knowledge and IT technologies to the country.
- Those migrants that return home are good for Macedonia, since they bring some funds and new experiences, habits and business ideas that may be utilised in the country.

The most significant problems caused by migration

Stakeholders consider the most significant problem resulting from migration to be the loss of human capital that accompanies the mass departure of a highly educated labour force, especially since state resources have been invested in the education of these people. They also expressed concern that the government does not have a clear picture of the migration flows and as a consequence is not able to control these processes. Other negative impacts include:

- Changes in the demography of the country. Migration leads to empty villages, and whole settlements are left only with older individuals.

- Some of the stakeholders say that if the pace of present migration flows continues, Macedonia's birth rate will be negatively affected. They believe that when someone leaves they rarely return, and these people usually have influence on the others in the community by setting an example and motivating them to leave also.
- Some stakeholders mentioned other social and political problems resulting from emigration, such as the division of families, declining connections with the home community, and a weakening of the feeling of national belonging and identity.
- Immigration also has a negative effect, according to the interviewed. The perception is that immigrants coming to Macedonia are uneducated, cannot find employment and are unable to make a significant contribution to the country - rather, they need help and support.

How have impacts emerged and changed over time?

Looking for a better life has always been a driver of outwards migration from Macedonia, but according to some of the stakeholders, migration flows have changed over the time. In 1960s and 1970s emigration took place primarily as a result of economic necessity, while today there are more examples of emigration being undertaken to access professional development opportunities. In other words, people used to leave in order to earn money and then return, but now people are looking for an improvement in their quality of life and so are less likely to come back.

Migration has been selective during different period of time and concerned different categories of people and different regions. There are changes in the structure of migrants in relation to their age and education as well as change of countries of their destination. Lately there are more intensive migration flows towards former Yugoslav republics, as well as other Eastern countries. It is also believed that more highly educated people are leaving than in the past.

Stakeholders think that migration has increased in general globally as a result of the new IT technologies. This is reflected also in Macedonia since communication and transportation are now much easier.

Responses to the challenges posed by migration

Stakeholders mentioned the need to build the capacity of governmental and nongovernmental institutions that have responsibilities or remits related to migration in Macedonia. Some of these institutions include:

- The Government of Republic of Macedonia, which established a Ministry for Immigration in 1999 (that was later transformed into the Agency for Immigration). This Agency is responsible for the rights and position of the diaspora and supports their reintegration in the country.
- Faculties for natural sciences that observe migration from the perspective of demography.
- The Ministry for the Interior, which has fulfilled its obligations related with the EU accession by promulgating new laws and other regulations that affect the movement of the foreigners and readmission. Since the regulation is in place, institutional building is now necessary.
- The Migration, Asylum, Refugees Regional Initiative (MARRI), which deals with migration management in the Western Balkans by promoting closer regional cooperation and a comprehensive, integrated, and coherent approach to the issues of migration, asylum, border management, visa policies and consular cooperation, refugee return and settlement in order to meet international and European standards.

Current policies relating to migration and its impacts

Most of the interviewed stakeholders claimed that policymakers do not pay enough attention to the issue of migration. According to some of the interviewed, despite the existence of some migration-related programmes, due to the fre-

quent changes of the Government and staff engaged in this work, these policies are not usually implemented. Expertise and permanent capacity are necessary to address the phenomenon. Stakeholders believed that a comprehensive migration strategy should be designed.

Crucial policies influencing migration, according to most of the interviewed stakeholders, are those that concern economic development, education, employment, as well as rural and regional development. Policies concerning demography were also emphasised as being important.

Some of the stakeholders consider recent educational policies to have had some positive effects, since students from Macedonia no longer need to go abroad to gain a high quality education. Higher and university education is seen as having improved, with young people showing a greater willingness to educate themselves in Macedonia. However, there is also a recognition that these highly educated people cannot find adequate employment in their home country and they are forced to go abroad after graduating in order to work.

At the local and municipal levels, economic conditions and infrastructure are seen as crucial. Interviewed representatives of local-self governments (LSGs) think that there are not enough active policy measures to promote employment, especially in the small municipalities, and that since the infrastructure is weak, people leave rural areas and schools close. They think that by improving the conditions for employment, building new infrastructure (roads, water supply systems, schools) and improving the quality of life there, migration flows could be reduced. Some say that those people that are migrating for education and professional development will leave in the future too, but conditions should be created for them to return back. Some of the interviewed have opinion that local-self governments do not have enough political power to influence migration processes. They therefore believe that decentralisation should be one of the government's priorities in order to strengthen the role and power of the LSGs.

Most of the stakeholders emphasised that cooperation with the diaspora is a very important

issue, and that more incentives are needed to increase the flows of returning migrants. According to them, Macedonia does not make the most of the expertise of the diaspora, especially those individuals that work in developed international institutions and who may be able to support the development of the country.

One positive example of this kind of cooperation identified by stakeholders was the Forum of the Diaspora held in January 2008 that was initiated by the Government of the Republic of Macedonia and organised by the Ministry of Economy. At this Forum, businessmen from Macedonia and from the diaspora shared their experiences and initiated joint projects. Businessmen that had worked abroad and then come back to invest in Macedonia were also invited to share their views regarding the business climate in Macedonia.

The Government of the Republic of Macedonia and The Ministry of Economy intend to make this Forum a regular occurrence, and to use it as tool to motivate businessmen from the diaspora to return and invest in their home country. However, most of the stakeholders emphasised that there is lot of bureaucracy, which is not motivating for the diaspora, and Government should introduce measures to make the administrative procedures for investing in Macedonia easier.

Other policies that influence how migration affects the country

Interviewed stakeholders believe that regional policies have significant impact on the processes of emigration and immigration. Political stability in the country also has an influence. In their view, a stable political situation causes a reduction in migration flows, which in turn might make Macedonia an attractive destination for people from other countries.

There are divided opinions about the likely outcomes of the forthcoming integration of Macedonian into the EU and NATO. Some believe that these processes will reduce emigration, since EU integration will open new perspectives for people and make more funds available, which in turn will increase the demand for new labour in Macedonia. As a consequence, the economy will grow and quality of life will im-

prove. However, some claim that there will be a demand for labour in other EU countries which will attract highly educated people from Macedonia. Visa liberalisation is supportive of the migration of high profile professionals.

EU integration and NATO membership will also have an impact on immigration, since Macedonia will become a destination of interest for people from the Eastern and African countries. With the EU accession process, legislation will be required to regulate immigration. In these circumstances, Macedonia needs a much more coherent immigration policy.

Suggested improvements

Stakeholders suggested that a long-term strategy for the development of the country is required, covering smaller towns and rural areas as well as the capital city. They recommend that the government should implement policies to increase employment (especially in rural areas), and to create the conditions for a satisfying and productive life. According to those interviewed, economic growth of Macedonia and more foreign direct investments are crucial. In their view educational policy should focus on supporting students through scholarships, and by increasing employment opportunities for the period immediately after completion of the university education.

It was suggested that in order to improve the way in which migration policies are formulated, more attention should be paid to the documentation and registration of the migrants, including the collection of data on the number of migrants and their defining characteristics (age, gender etc). Better data should enable more thorough analysis and research of trends in Macedonian migration by competent experts and institutions, which in turn need to have their capacity developed.

More debates that involve all relevant stakeholders and more cooperation between the Government and civil society organisations that deal with migration are recommended.

Finally, most stakeholders view the issue of migration as strategic and believe it should be treated as such in terms of the resources (and budget) given to it. A strong economy, political

stability, the rule of law, and security are all issues that affect the scale and the scope of migration flows, and should be looked at through a migration and development lens. In the view of

the stakeholders, policies should be focused on the reduction of emigration levels, while incentives for return and employment of the migrants are needed.