

STUDY ON REMITTANCE IN KOSOVO

2013



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MINISTRY FOR FOREIGN
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AGJENCIA E STATISTIKAVE TË KOSOVËS
AGENCIJA ZA STATISTIKE KOSOVA
KOSOVO AGENCY OF STATISTICS

STUDY ON REMITTANCE IN KOSOVO – 2013

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Kosovo Agency of Statistics
Department of Social Statistics
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* This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo Declaration of Independence

LIST OF ABBREVIATIONS

WFS	Workforce Survey
KRS	Kosovo Remittance study
KAS	Kosovo Agency of Statistics
GDP	Gross Domestic Product
CBK	Central Bank of Kosovo
DSS	Department of Social Statistics
IMF	International Monetary Fund
IOM	International Organization for Migration
KRS 2010	Kosovo Remittance Study 2010
KRS 2012	Kosovo Remittance Study 2012
LSMS	Living Standard Measurement Survey
FPL	Food Poverty Line
NGO	Non-Governmental Organizations
LCE	Local Center for Employment
RAE	Roma, Ashkali and Egyptian
UNDP	United Nations Development Programme

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PREFACE

Kosovo Remittance study (KRS), implemented by the Kosovo Agency for Statistics with financial and technical support by the UNDP intends to provide statistical data on the flow and use of remittances, and to measure their effect on the well being of recipient households and on the economy of Kosovo in general. Jointly with two surveys from the previous years by UNDP, the findings of this survey represent an important input on drafting policies and strategies by decision making institutions.

Data generated from surveys with households in Kosovo verify that remittances sent by Kosovo immigrants continue to play a very important role in the wellbeing of a large number of citizens in Kosovo and for the economy of the country in general. Remittances sent in 2012 noted an annual increase of 23.1% compared to 2011. The total figure of remittances sent is calculated at € 457 million, or 9.3% of Gross Domestic Product in Kosovo. In 2012, a total of 22.4% of Kosovo families received remittances from their family members in Diaspora.

Data collection from households was made during December 2012 and January 2013, an optimal period of time when the majority of those who send remittances visit Kosovo to meet their families. The survey was designed based on the sample of the Census, households and apartments for 2011. The survey sample was 8000 households – same as the household sample is “Remittance Study 2012” published by UNDP. The sample covered 600 Registration Communities (RCs) over the entire territory of the Republic of Kosovo. The sample was selected randomly.

Remittance surveys should be conducted continuously in order to have updated data on the flow and influence of remittances on the economic development of Kosovo. Frequent and accurate information on remittances – one of the main sources of economy finances – are not only useful but also necessary.

EXECUTIVE SUMMARY

The report “Results on Remittances in Kosovo 2013” comprises of four chapters that deal with various aspects of remittances beginning with the demographic features of the immigrants and recipient households, to the effect of remittances on their income and expenses.

Chapter 1 of this report (“Main trends: Remittances and Migration”) deals with the main trends of remittances sent, including the amounts sent compared between years, the percentage of recipient households, and the plans of breadwinners to migrate in the near future. The main findings presented in this chapter is that the percentage of households that received remittances in 2012 decreased compared to 2011 by 2.6 percent but the average amount of material gain of recipient families was much higher thus resulting in a total of remittances sent from outside of Kosovo to being 23.1% higher.

Chapter 2 (“Senders of remittances: demographic features, income and remittances”) initially attempts to create a comprehensive profile of the base of Kosovo immigrants including migration, gender composition, age, employment, level of education and origin (urban/rural). This chapter also analyzes the sources of immigrant income and the percentage of their income sent to Kosovo as remittances or investment and savings. The main finding of this chapter is that in 2012 immigrant households sent the largest percentage of their income to Kosovo compared to 2011, either as remittances or investment, which is in compliance with the finding that this year the total number of remittances to Kosovo increased.

Chapter 3 (“Remittance recipients: demographic features and effect of remittances”) attempts to create a demographic profile of households that re remittance recipients in Kosovo comparing to households that are not recipients. Also, this chapter explores the effect of remittances on the income and expenses of households in Kosovo and analyzes the effects of remittances in the participation of their recipients in the labor market. The main findings of this chapter are that households recipient of remittances have breadwinners who are averagely more elderly and less educated than non-recipient households, while the breadwinners and adult members of their families have lower level of employment and participation in the labor market compared to non-recipient ones.

Chapter 4 (“Brief analysis: Remittances and increase of food price”) explores the causes for the continuation of the need of a large number of Kosovo citizens for remittances a need that has been confirmed by the increase of percentage of recipient families in 2011 and the total of money sent in 2012. The argument presented in this chapter is based on empirical data from studies in the last three years and is that the biggest increase of food items prices noted since 2009, especially of bread and cereals (an increase by 50 points in the price index), has increased the need of recipient families for financial assistance from the immigrants, since the expenses for food are the main category in the consumption basket of Kosovo families.



CHAPTER 1

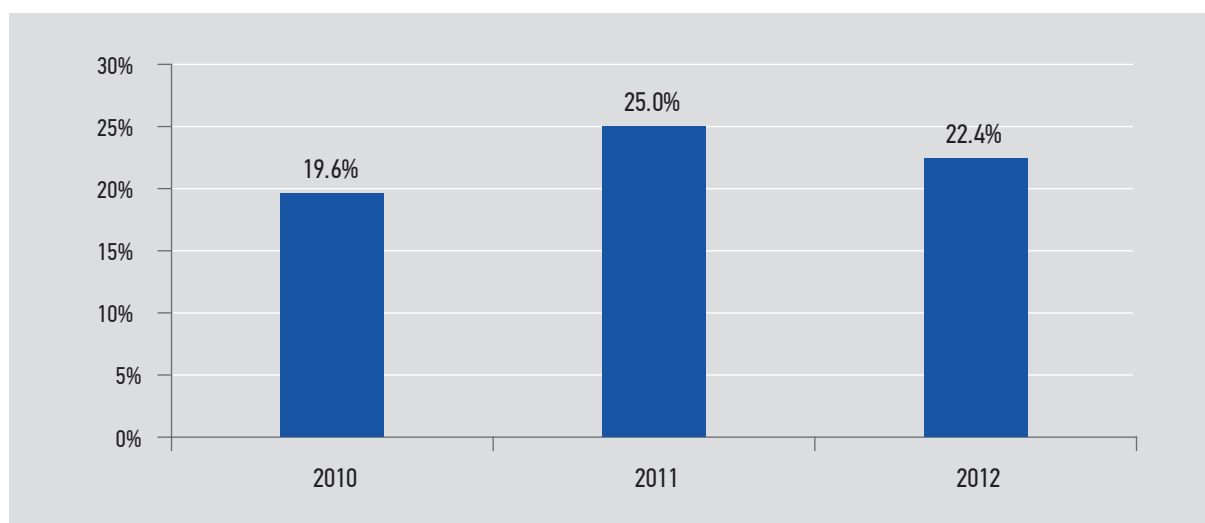
MAIN TRENDS

REMITTANCES AND MIGRATION

1.1. REMITTANCES: SUPPORTING PILLAR OF HOUSEHOLDS

As with the surveys of the two previous years by UNDP¹, the data of Kosovo Remittance study (KRS) in Kosovo 2013 confirm that remittances continue to play an important role in the improvement of the wellbeing of many citizens in Kosovo and in the financing of the economy through stimulating consumption and private investment. Survey data indicate that 43% of Kosovo citizens have family members who live abroad, while 22.4% of Kosovo families have received remittances from their family members during 2012. As illustrated by the chart below (Figure 1.1), this is a decrease by 2.6 percent from 2011, when 25% of households received remittances. However, the percentage of recipient households is higher than in 2010, when it was calculated at 19.6%.

¹ Important note: The above-mentioned UNDP studies are: “Study on Remittances 2010” and “Study on Remittances 2012”. The explanations and charts of this report present the data from UNDP Report “Study on Remittances 2012” with the year when the study was realized, i.e. in 2011 (field survey realized in July/August 2011). The field survey for HRS 2013 was realized in December 2012 / January 2013, while the explanations and graphics of this report present the data in 2012.

Figure 1.1: Percentage of households receiving remittances through the year.

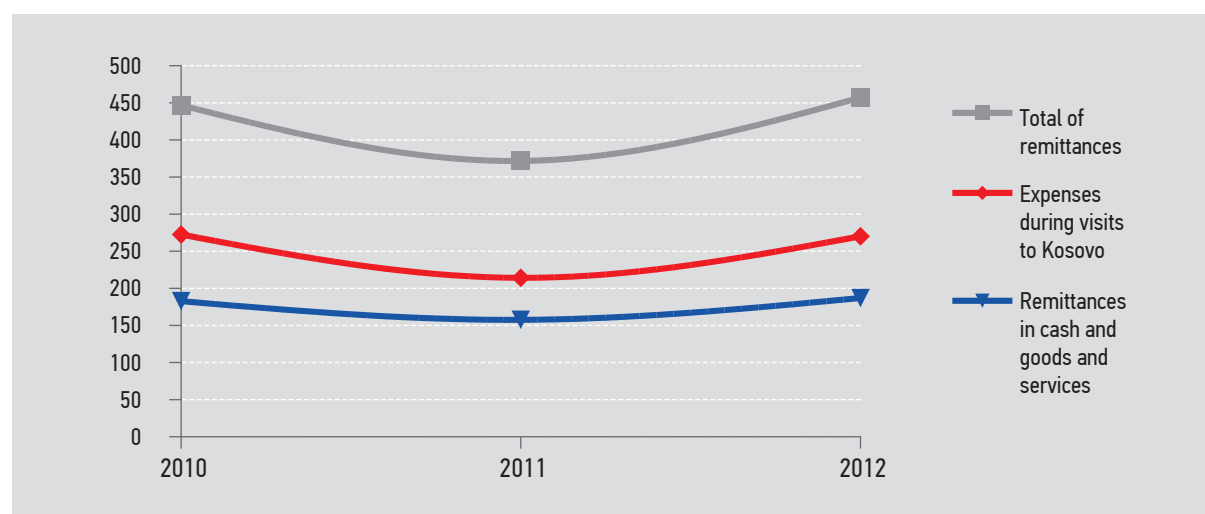
Households in Kosovo receive two types of remittances: a) remittances sent by immigrants as cash and; b) remittances sent as goods and services (i.e. cars and clothes). A third type of remittances for the economy of the country are the expenses immigrants make in person while visiting Kosovo. The methodology of calculating the amount of remittances sent by the Diaspora in 2012 considers all three types of remittances jointly (see Table 1.1). The amounts are calculated as an average of responses given by recipient households and surveyed immigrants. These three types of remittances are calculated with the same methodology as in 2010 and 2011, which enables comparative analysis.

In spite of the fact that the percentage of families that received remittances decreased a little in 2012, the total amount of remittances that the Diaspora sent to Kosovo has noted an increase. This is because of the fact that those household which used to receive remittances have received amounts significantly larger than in the previous year (see Table 1.1), while the average of expenses by the immigrants during their visits in Kosovo has increased. While the average amount of annual remittances received by households in Kosovo in 2011 was € 2.135, in 2012 this amount reached up to € 2.826. On the other hand, annual expenses of immigrants while visiting Kosovo increased from € 2.352 in 2011, to € 2.715 in 2012. Due to the increase of the amount of remittances sent averagely for each recipient family, the total amount of remittances noted an annual increase of 23.1%, increasing from € 371,6 million in 2011, to € 457 million in 2012. The increase noted in 2012 overruled the trend of 2011, when the remittance decreased by 16.8% compared to the report of the previous year 2010. The increase of amounts sent in 2012 indicates that the decrease established in 2011 may have been caused by cyclical factors (i.e. unemployment in host countries) and is not representative of any long term trend of decreased money sent.

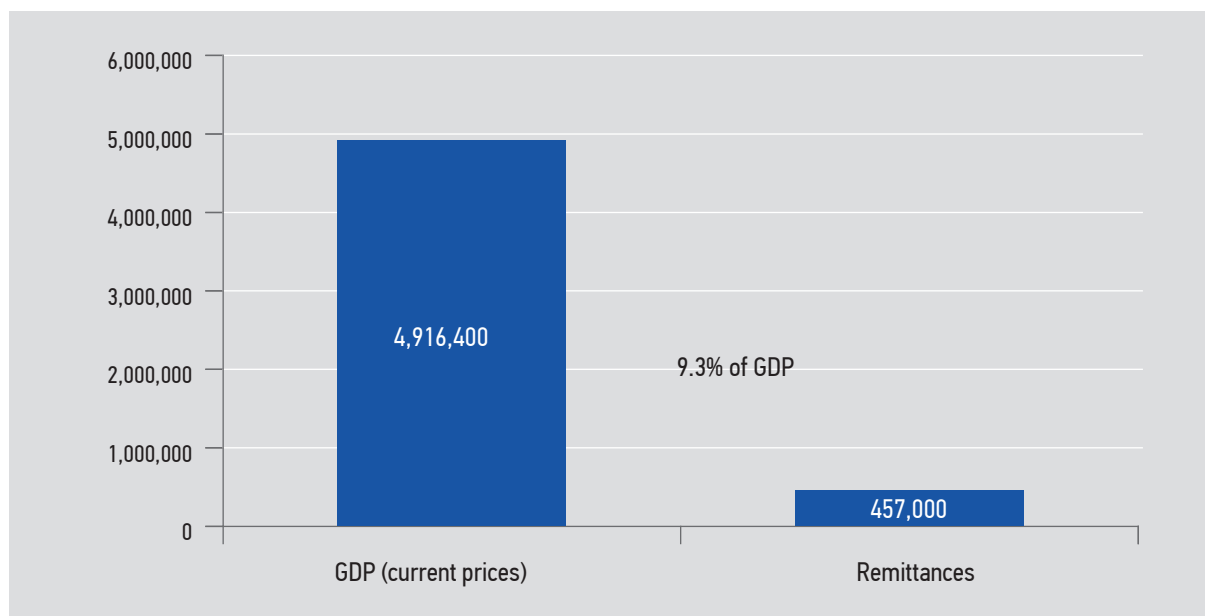
Table 1.1 Remittance income in Kosovo through the years

Year	Average of remittances in cash and goods and services	Average of immigrant expenses	Total annual remittances in cash and goods and services	Total annual immigrants expenses	Total of annual remittance incomes
2010	€ 3.331	€ 2.757	€ 174.3 milion	€ 272.4 milion	€ 446.7 milion
2011	€ 2.136	€ 2.352	€ 157.5 milion	€ 214.1 milion	€ 371.6 milion
2012	€ 2.829	€ 2.715	€186.9 milion	€ 270.1 milion	€ 457 milion

Figure 1.2 illustrates how in the last three years the decrease of the total amount of remittances sent to Kosovo was in parallel with the decrease of two categories of remittances: what the households receive in cash and goods and services, and expenses during their visits to Kosovo. On the other hand, Figure 1.3 illustrates the great weight remittances continue to have in the economy of the country. In 2012 the total amount of the remittances (€ 470 million) is calculated to have been composed of 9.3% of Gross National Product (€ 4,916 billion).²

Figure 1.2: Remittance income in Kosovo, 2010, 2011 and 2012 (in million EUR)

² Source for GDP is the ratio of ASK "Gross Domestic Product by expenditure approach (2004-2012)".

Figure 1.3: Gross Domestic Product (GDP) and remittances in 2012 (in million EUR)

1.2. KOSOVO HEAD OF HOUSEHOLD PLANS TO MIGRATE

Data from the survey indicate that a large number of citizens continue to regard migrations as the best way to ensure economic wellbeing. As illustrated in Table 1.2, the percentage of Kosovo breadwinners who plan to migrate in a near future is 16%. The largest part of breadwinners, namely 86%, mention economic motives as the main causes for immigration, which has increased from the previous year, when economic conditions were mentioned as cause by only 70% of the respondents. On the other hand, 3% plan to migrate with the goal to get married or join their families, and only 2% plan to migrate to continue education.

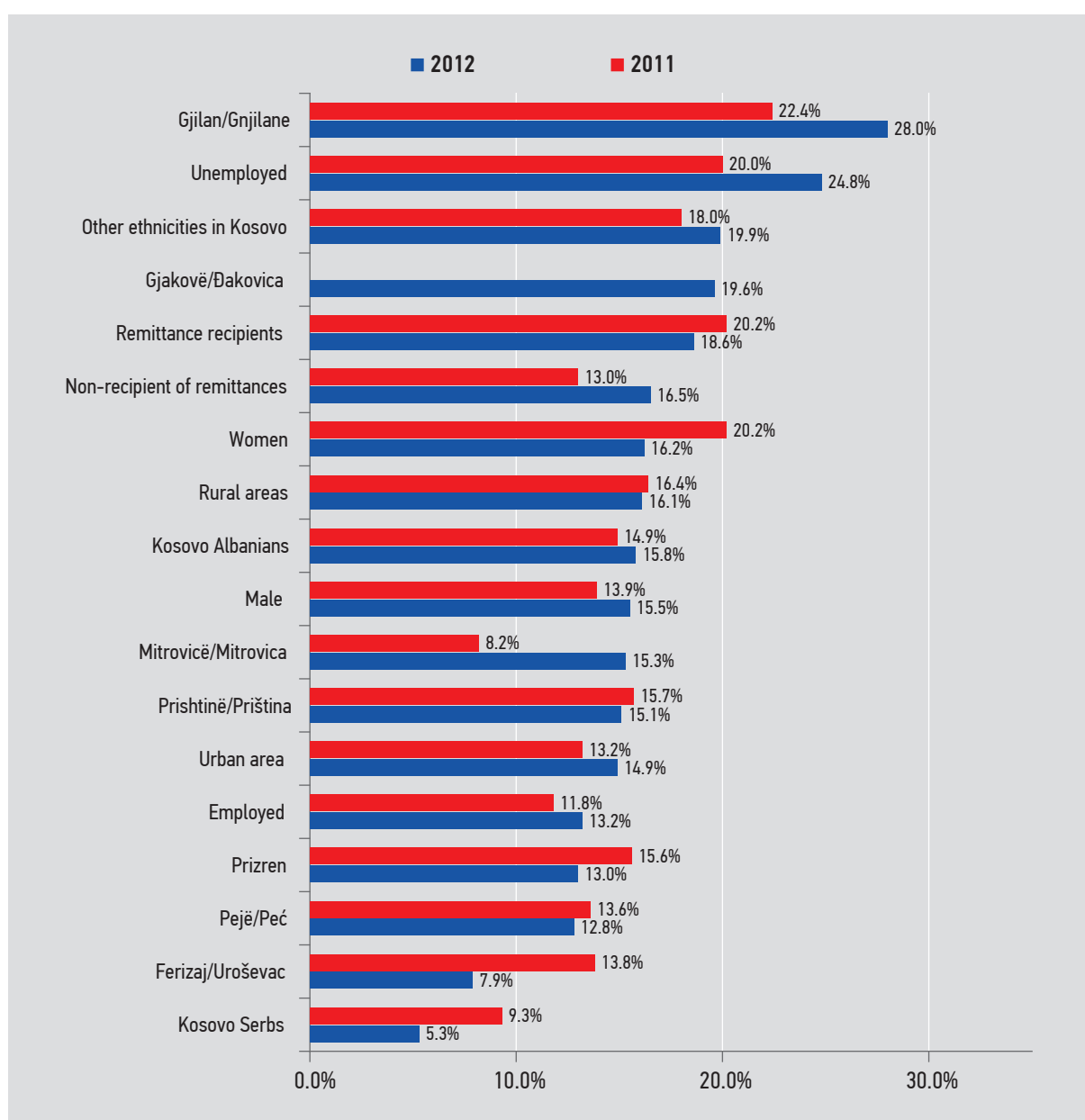
Table 1.2: Breadwinners with migration plans and motives for migration (2011 and 2012)

Year	% household heads with migration plans	<i>Economic reasons</i>	<i>Family reunification</i>	<i>School</i>
KRHS (2011)	15%	70%	10%	2%
AREF (2012)	16%	86%	3%	2%

There exist some differences between breadwinners planning to migrate based on their demographic features. Figure 1.3 illustrates that in 2012 the largest percentage of the country with regards to the desire to leave the country is among the unemployed breadwinners (25%), while a high percentage is encountered among breadwinners from other ethnicities (20%) and remittance recipients (18.6%). With regards to the regions, according to HRS findings, the highest percentage than the country average is from the regions of Gjilan (28%) and Gjakova (19.6%).

As illustrated by the chart, compared to 2011, the tendency to migrate has increased among the unemployed (4.5 percent) and remittance recipients (1.5 percent), and has decreased among female breadwinners (4 percent) and Serbian breadwinners (4 percent). On the other hand, with regards to the regions, a pronounced increase was noted among the inhabitants of the region of Mitrovicë/Mitrovica (7.1 percent) and Gjilan/Gnjilane (5.6 percent). A small decrease of interest for migration was noted in Prishtinë/Priština, Prizren and Pejë/Peć, but this decrease is most pronounced in Ferizaj/Uroševac (5.9 percent).

Figure 1.4: Percentage of the respondents with migration plans by gender, ethnicity, place of residence, region and remittance receipt (2011 and 2012).



CHAPTER 2

SENDERS OF REMITTANCES

DEMOGRAPHIC FEATURES, INCOME AND DELIVERIES

2.1: DEMOGRAPHIC FEATURES OF THE IMMIGRANTS

HRS 2013 data indicate that the largest number of immigrants have left the country after 1999. A total of 52% of immigrants have left Kosovo after the end of the conflict (see Table 2.1), while the second largest wave of immigration is between 1989-1997, when 32.9% of those who currently live abroad left the country. A smaller percentage of the immigrants are the ones who left the country before 1989 (7.1%) or during the conflict 1998-1999 (7.9%).

Table 2.1: Distribution of immigrants by years of immigration

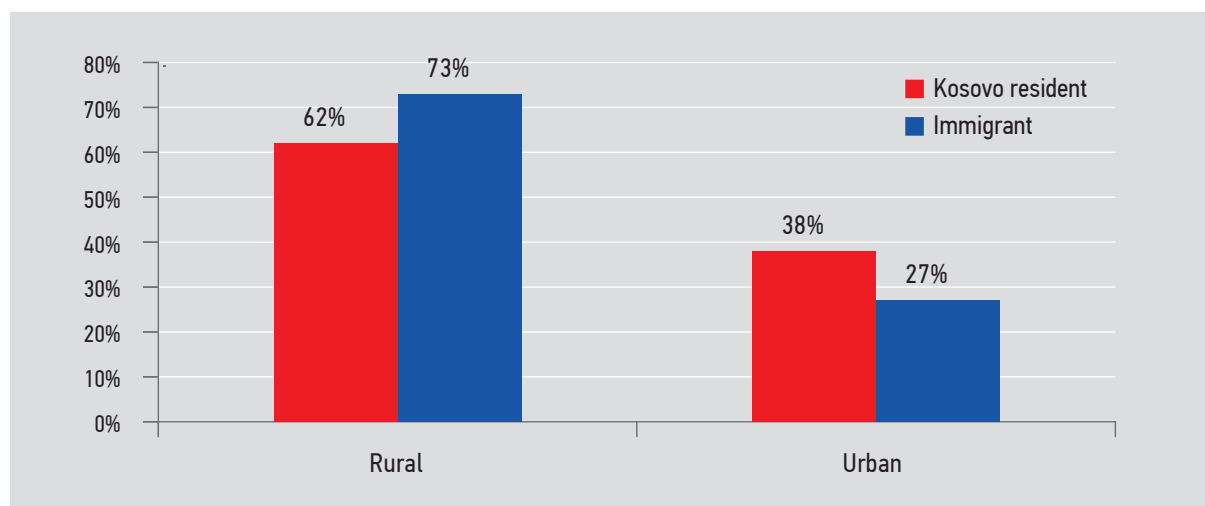
Immigration wave	% of immigrants
I.Para 1989	7.1%
II.1989 -1997	32.9%
III.1998 -1999	7.9%
IV.Pas 1999	52.1%

The largest part of the immigrants reside in Germany and Switzerland, while among other more popular destinations are Slovenia, Italy, Austria and the US. In order to have a clearer picture of geographic dimension of Kosovo immigration, Table 2.2 gives the average of surveys conducted in the last three years by the UNDP and Kosovo Agency of Statistics (KRS 2010, KRS 2012 and HRS 2013).

Table 2.2: Distribution of immigrants by host country (* no country>1%)

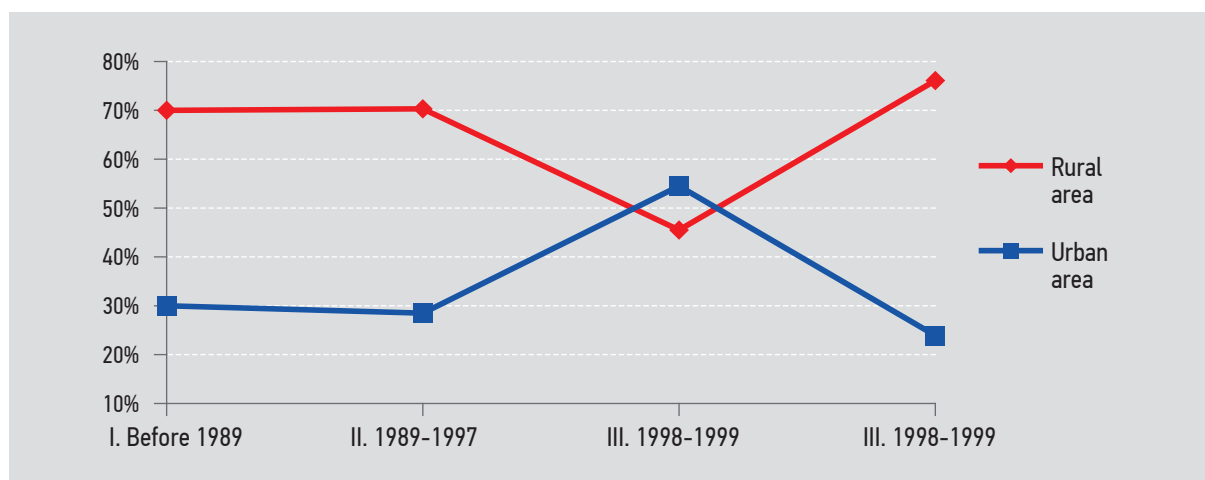
Germany	32.8%
Switzerland	24.8%
Italy	7.6%
Slovenia	6.1%
Austria	5.9%
USA	4.3%
Sweden	2.9%
France	2.9%
UK	2.5%
Belgium	2.2%
Norway	1.5%

HRS data show that the structure of Kosovo immigration is dominated by immigrants of rural origin. The rural/urban misbalance is larger among immigrants than among Kosovo residents. While data from the census indicated that a much larger number of Kosovo residents live in rural areas versus urban areas – namely 62% in rural areas and 36% in urban areas – among immigrants the distinction is larger, since 72.9% of those in immigration have left the rural areas and 28.5% the urban areas (see Figure 2.1).

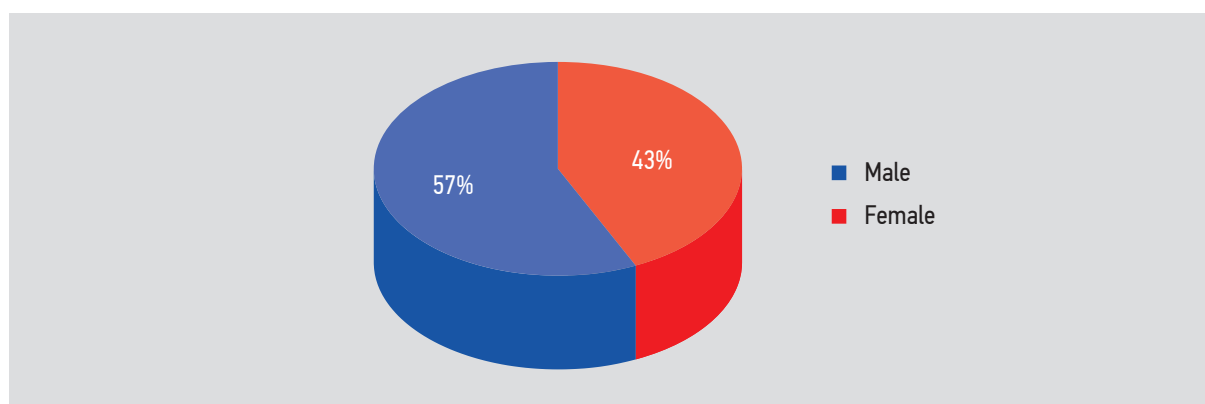
Figure 2.1: Origin of immigrants and places of residence of population in Kosovo.³

Immigration from rural areas has been visibly higher than the one from urban areas in all waves of immigration, with the exception of the conflict period 1998-1999, when the urban immigration (54.5%) was slightly higher than the rural one (45.5%). Trends illustrated in Figure 2.2.

³ Percentage of Kosovo residents extracted by the Census 2011 (REKOS 2011).

Figure 2.2: Places of residents of immigrants by immigration waves

Gender structure of immigrants also has a more pronounced misbalance in favor of men than the gender structure of Kosovo residents. As illustrated by the chart below (Figure 2.3), 56.7% of immigrants are male and 43.3% female, while in Kosovo the residents are 50.3% male and 49.7% female⁴.

Figure 2.3: Gender structure of immigrants

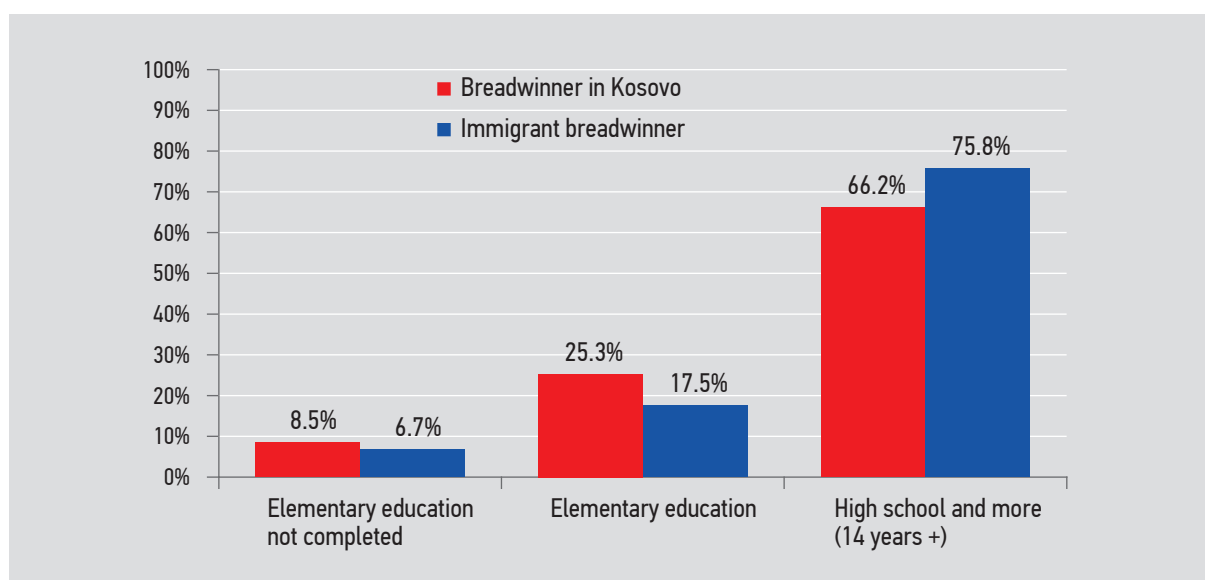
Immigrant breadwinners are also 11.9 years younger than breadwinners in Kosovo. Table 2.3 illustrates that the average age of the immigrant breadwinners is 41 years old, while that of breadwinners in Kosovo is 52.9 years.

⁴ Based on Census 2011 (REKOS 2011).

Table 2.3: Average age of breadwinners in immigration and in Kosovo

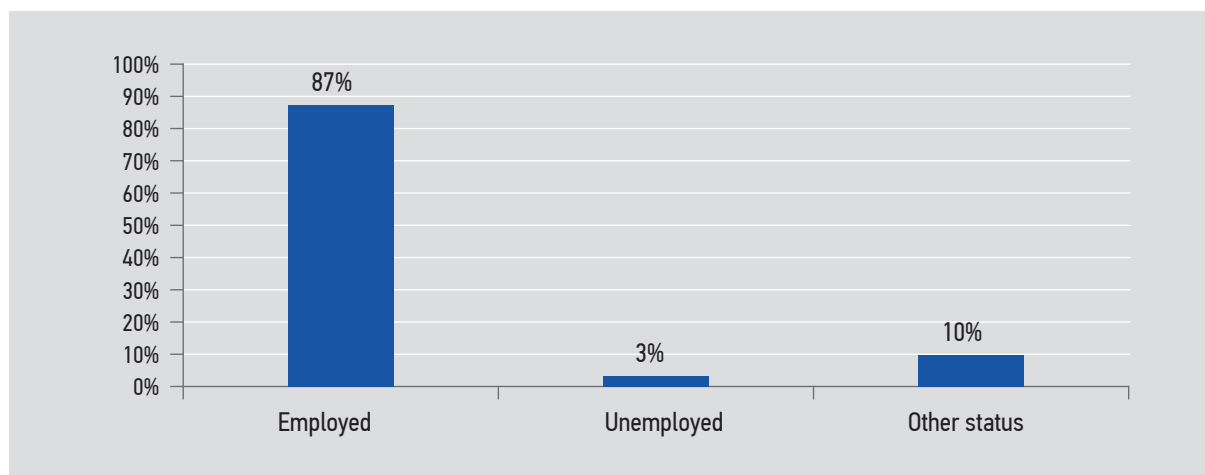
Head of household	Immigrant	Kosovo Residents
Average age	41.0	52.9

Immigrant breadwinners also have a slightly higher education level than those living in Kosovo. Figure 2.4 indicates that 75.7% of breadwinners in immigration have completed high school of higher education (14 or more years of education), while only 66.2% of those living in Kosovo have completed the same level of education. Among breadwinners in Kosovo most have completed elementary education or did not complete any education at all. The slightly higher level of education of the immigrant breadwinners is illustrated by the fact that they have completed an average of 11.04 years of education, compared to 10.79 years completed by breadwinners living in Kosovo.

Figure 2.4: Education of immigrant breadwinners and those living in Kosovo

2.2. IMMIGRANT INCOME AND THEIR DELIVERIES TO KOSOVO

Most of breadwinners have jobs in their host countries. Figure 2.5 indicates that 87.2% of immigrant breadwinners are employed, while 3.1% are unemployed. The other part of 9.7% stated that their economic status is part of the “other” category.

Figure 2.5: Status of employment of immigrant breadwinners

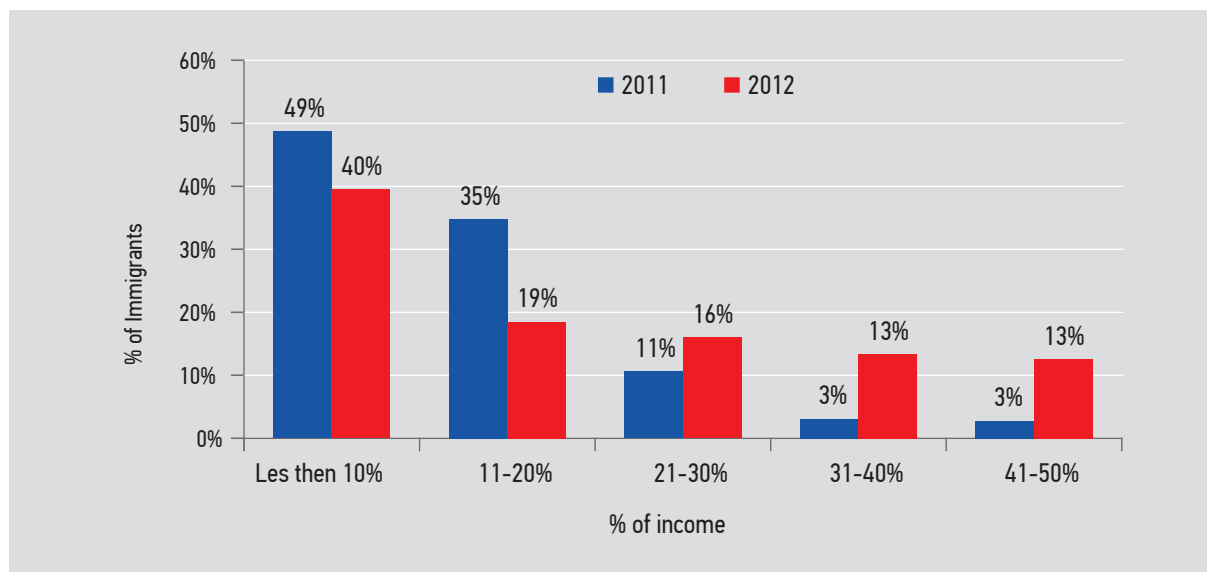
On the other hand, as illustrated by data in Table 2.4, most households generate monthly income of over € 2,000 a month. The largest part of immigrant families (30%) have monthly income of € 2,000 - € 4,000, while almost a quarter of immigrant families (24.2%), also the richest among them, have monthly income of € 4,000 and more.

Table 2.4: Average income of households that send remittances

Average household income	% of remitting households
Less than €500	1.67%
€(501-1,000)	18.09%
€(1,001-1500)	13.78%
€(1501-2000)	12.04%
€(2,000-4,000)	30.02%
€4,001 or more	24.20%

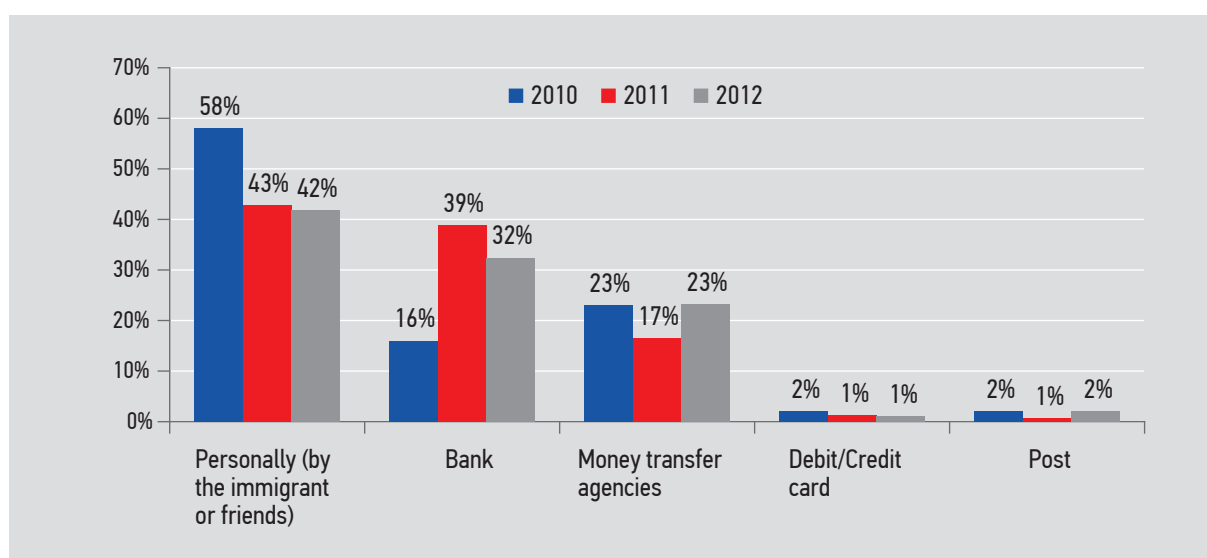
HRS 2013 data indicate that Kosovo immigrants send a considerable part of their income to their homeland, while 81.6% stated that they remittances several times per year. The chart below (Figure 2.6) indicates that in 2012 the largest part of immigrants (40%) have sent less than 10% of their income to Kosovo, while the second largest group (19%) have sent among 10-20% of their income. On the other extreme, a considerable part of immigrants (13%) have sent almost half of their income (41-50%) to their homeland. The chart also shows that in 2012 immigrant families have sent a larger percentage of their income to Kosovo in 2011, which compliance logically with the finding that the total amount of remittances sent in 2012 has increased compared to 2011. In 2012 we note a significant decrease of remittances sent less than 10% or 10-20% of their income, while the percentage of those who send 21-30%, 31-40% or 41-50% of their income has increased.

Figure: 2.6 Percentage of immigrant income sent to Kosovo



As in other years, in 2012 the largest part of the immigrants (40%) sent their remittances through personal/informal channels – i.e. during their visits to the homeland of their friends. Other preferred channels were the banks (32%) and specialized money transfer agencies (23%). Based on the trend analysis 2010-2012, presented visually in Figure 2.7, we note that the use of personal channels is constantly decreasing and that this amount was smaller between 2011-2012 (only 1%). On the other hand, between 2011-2012 the percentage of those who used the banks decreased (from 39% to 32%), and the percentage of those who used the money transfer agencies has increased (from 17% to 23%).

Figure 2.7: Channels of remittance transfer through the years



2.3. VISITS, EXPENSES, SAVINGS AND INVESTMENTS IN KOSOVO

Immigrants are extremely linked with Kosovo, and this is verified not only by the money they sent to their homeland, but also by the frequency of their visits. Although the majority of immigrant families live with their close families, they still have other close family members in Kosovo. 23% of the immigrant breadwinners said their mother lived in Kosovo, while 20% said they have a brother, 16% their father and 9% their sister. With regards to the members of the nucleus, only 7% of immigrant breadwinners said in Kosovo they have their son, and 6% had wives and daughters.

The presence of close family members in Kosovo makes the immigrants to visit Kosovo on regular basis. As illustrated by data in Table 2.5, the largest part of immigrants (63.86%) visit Kosovo three to four times a year, while 19.9% visit once a year and 4.28% once a year. Most immigrants (90.2%) stay in Kosovo for a period of two weeks to a month. With regards to how they travel to Kosovo their favorite means of transportation are cars (42%) and planes (41%), while the other part (17%) use buses. Meanwhile, according to survey calculations, each immigrant family has spent an average of € 2,715 during their visits to Kosovo in 2012, i.e. in total € 270 million.

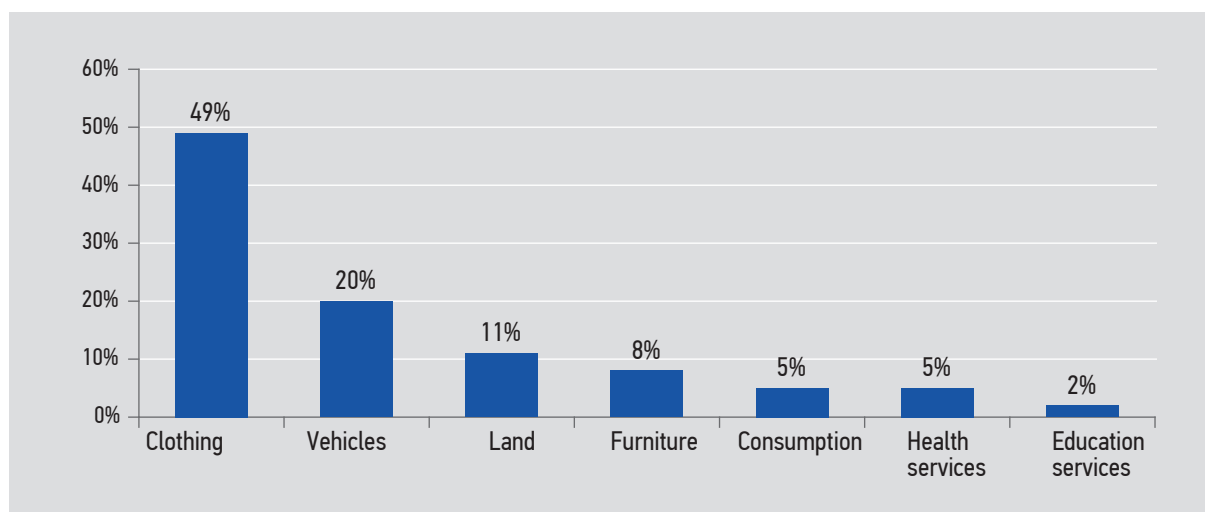
Table 2.5: Frequency of immigrant visits to Kosovo

Frequency of visits in Kosovo	% of immigrants
Once a year	19.9%
Twice a year	4.3%
Three to four times a year	63.9%
Several times a year	11.9%

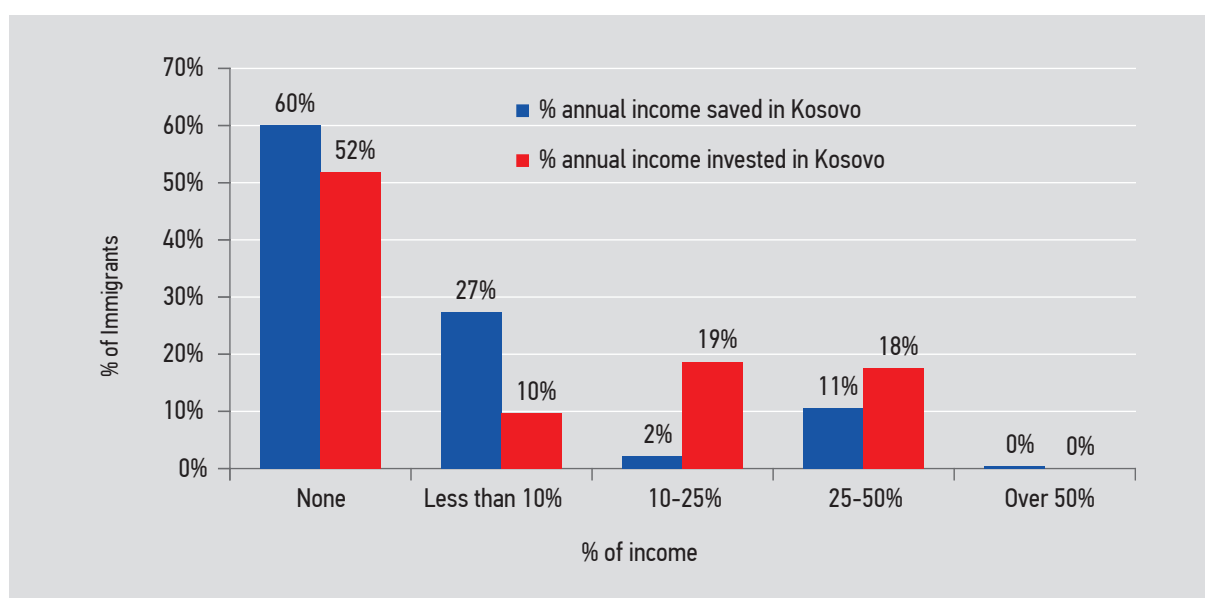
Table 2.6: Type of transportation of immigrants to Kosovo

Type of transport	% of immigrants
Car	41.9%
Airplane	40.7%
Bus	17.5%

A considerable part of deliveries by immigrants to their families in Kosovo comes as goods and services. As illustrated by the chart below (Figure 2.8), shows the listing of the category of clothing (49%), followed by cars (20%), land purchase (11%) and furniture (8%).

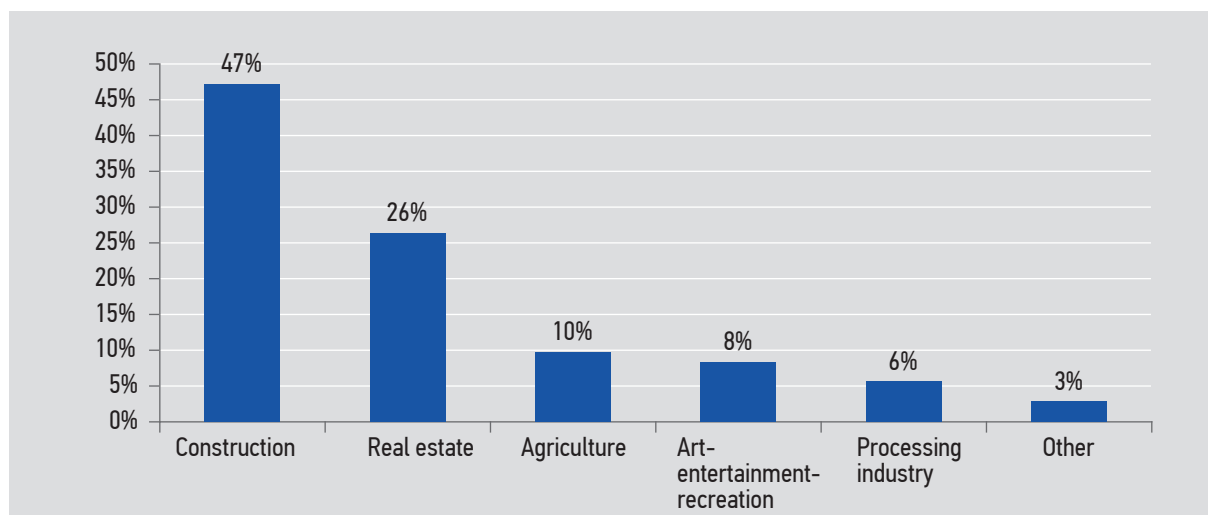
Figure 2.8: Distribution of remittances in goods and services by type

Immigrants send a good part of their annual income to Kosovo as savings or investment. However, a part of the income sent for these purposes is smaller than the ones sent to their families during the year as cash or goods and services. The chart below (Figure 2.9) indicates that the largest part of their immigrants do not use any part of their annual income to save or invest in Kosovo – namely, 60% do not save and 52% do not invest. However, according to survey data, a large part of the immigrants (18%) invest around 25-50% of their income in Kosovo, while another part (18%) invest 10-25% of their income. Considering the level of immigrant income, these amounts of investment are considerable.

Figure 2.9: Percentage of annual income saved and invested in Kosovo

As illustrated by Figure 2.10, the majority of immigrant investment are made in construction (47%) and real property purchase (26%), while in smaller parts the investments are in agriculture (10%), art, entertainment and recreation (8%) and processing industry (6%).

Figure 2.10: Main areas of investments from immigrants in Kosovo





CHAPTER 3

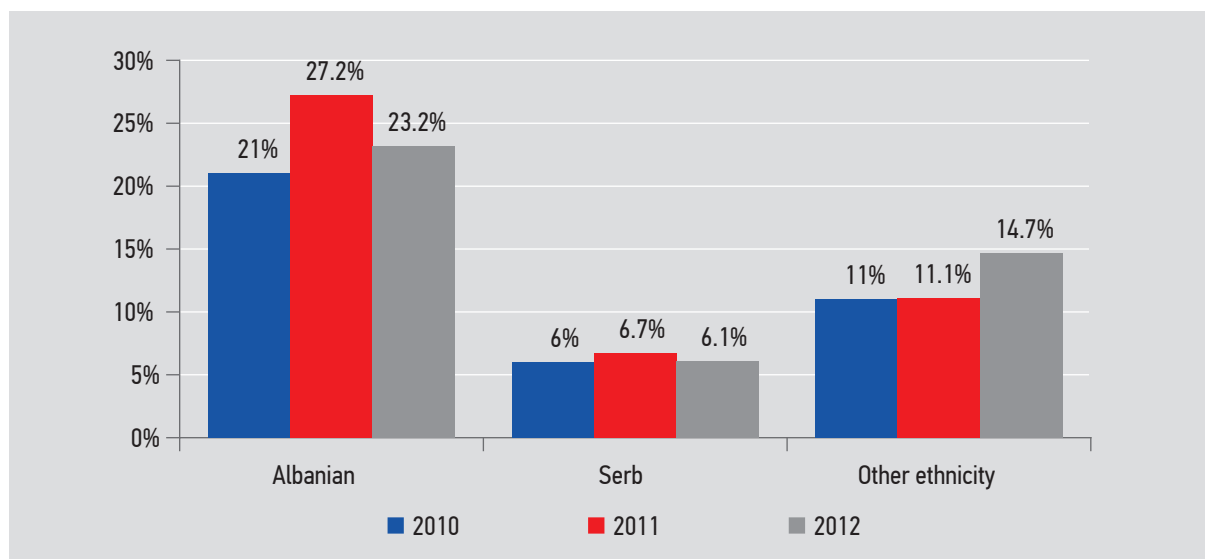
REMITTANCE RECIPIENTS

DEMOGRAPHIC FEATURES AND EFFECTS OF REMITTANCES

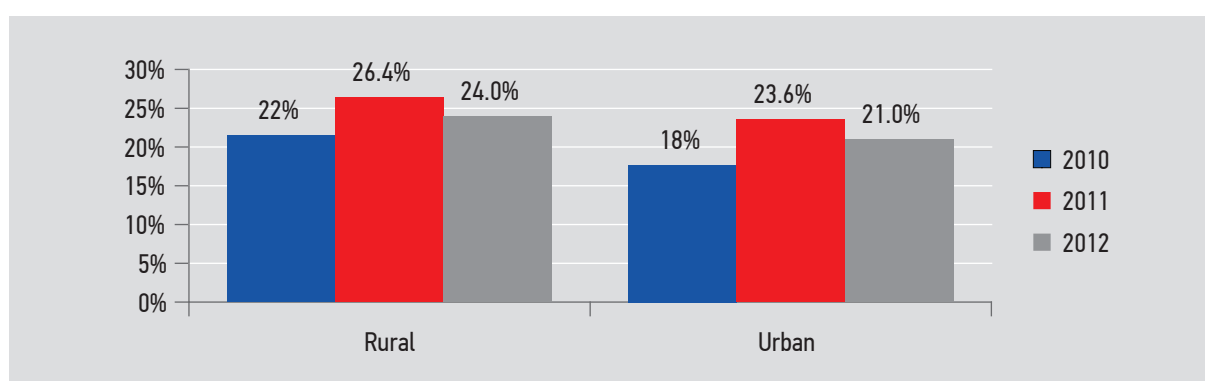
3.1: DEMOGRAPHIC FEATURES OF REMITTANCE RECIPIENTS

According to HRS 2013 data Albanians receive remittances from the Diaspora more than other ethnic communities in Kosovo. A total of 23.2% of Kosovo Albanians received remittances in 2012, compared to 6.1% of Serbs and 14.7% of members from other ethnicities.⁵ Figure 3.1 presents the annual trends of households that receive remittances according to their ethnicity. The percentage of Albanian families that received remittances in 2012 noted a decrease compared to the previous year, falling 4 points of percentage (from 27.2% to 23.2%). Meanwhile, since the percentage of Serbian families that received remittances remained the same and in 2012 the percentage of families of other ethnicities that received remittances from abroad increased.

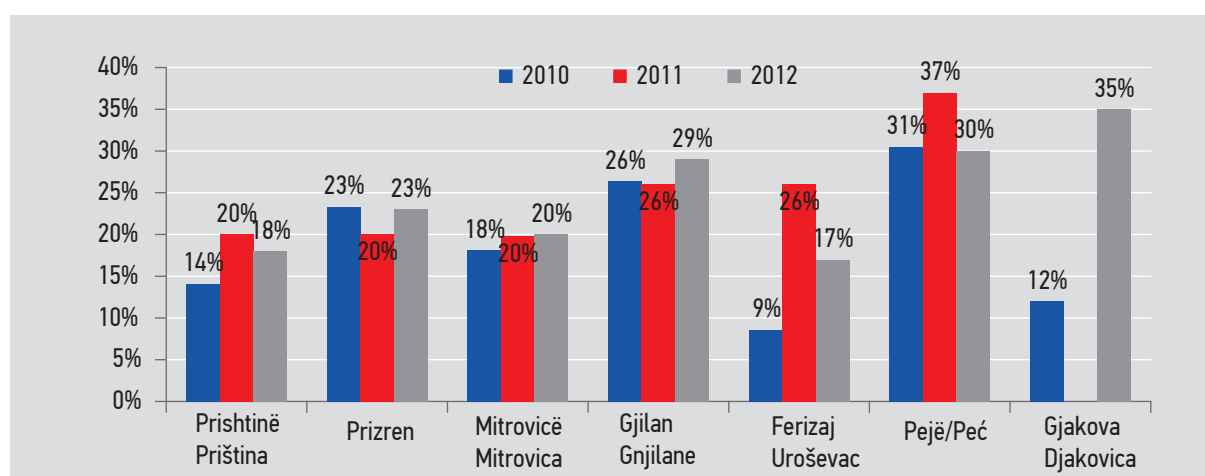
⁵ “Other ethnicities in Kosovo” in this report refers to Bosniacs, Gorani, Turkish, Roma, Ashkali, Egyptians and other ethnicities in Kosovo.

Figure 3.1: Percentage of family households that receive remittances through the years by ethnicity.

Percentage of households that receive remittances is higher in rural than urban areas. According to HRS 24% of households in rural areas received remittances in 2012, while for the rural areas this amount is 21%. As illustrated by Figure 3.2, the rural/urban ratio was consistent through the recent three years while the changes were in compliance with the general national trends.

Figure 3.2: Receipt of remittances according to residence and through the years

Some regions have a higher percentage of recipient households than the average in Kosovo. As indicated by Figure 3.3, the highest percentages of recipient families are in the regions of Gjakova (35%), Peja (30%), Gjilan (29%) and Prizren (23%). In the majority of the regions the percentages have changed slightly throughout the recent years, in compliance with the general national trends. However, pronounced changes are noted in the regions of Gjakova, where there is a significant increase of recipient households, and in Ferizaj, where the immigration trends and deliveries have another nature and are related to short term missions to military bases in Afghanistan and Iraq.

Figure 3.3: Distribution in % of recipient families by region (2010-2012).

HRS 2013 data show that the breadwinners that receive remittances are on average more elderly than those who do not receive remittances. Recipient breadwinners also have less years of education than non-recipient breadwinners. As illustrated in Table 3.1, recipient breadwinners are on average 3.4 years older than the non-recipient and have 0.6 of education less than non-recipients.

Table 3.1: Age and education of breadwinners by remittances receipt

Head of household	Recipient	Non-recipient
Age of head of household	55.5	52.1
Average years of schooling	10.3	10.9

3.2. EFFECT OF REMITTANCES ON THE INCOME OF HOUSEHOLD ECONOMY

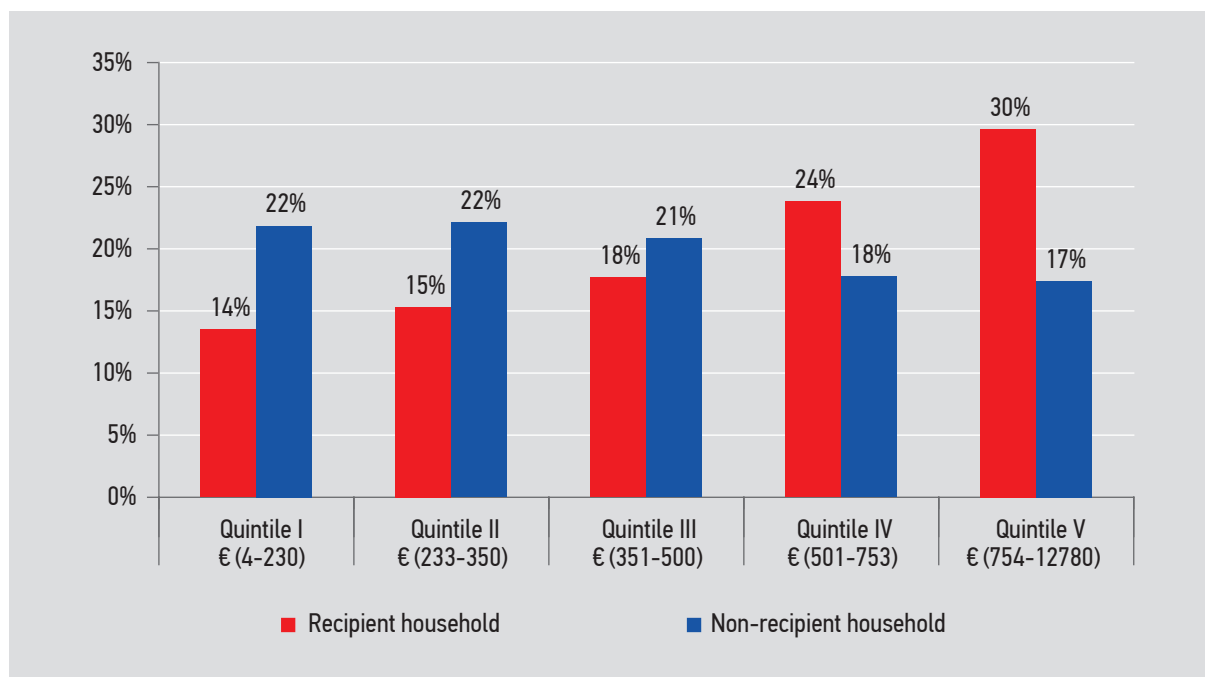
One interesting finding of last year's study by UNDP (KRS 2012) was that remittance recipient households had average monthly incomes higher than non-recipient households even if their budget did not include the remittances. This finding is confirmed by HRS survey for 2013. As can be seen in Table 3.2, without including the remittances, the recipient households have monthly income of € 526, while the non-recipient ones have monthly income of € 523. When the recipient households add the monthly remittances of € 198, their monthly income amounts to € 724.

Table 3.2: Average of income with or without remittances

Type of household	Average monthly income, excluding remittances	Average monthly income, including remittances
Recipient households	€ 526	€ 724
Non-recipient households	€ 523	€ 523
All households	€ 524	€ 564

The fact that the remittances do not alleviate but on the contrary aggravate misbalance of income between households is verified by the analysis of categories in Figures 3.4 and 3.5. The categories group households in five equal parts (each composed of 20% of the total households) by level of income they have declared.

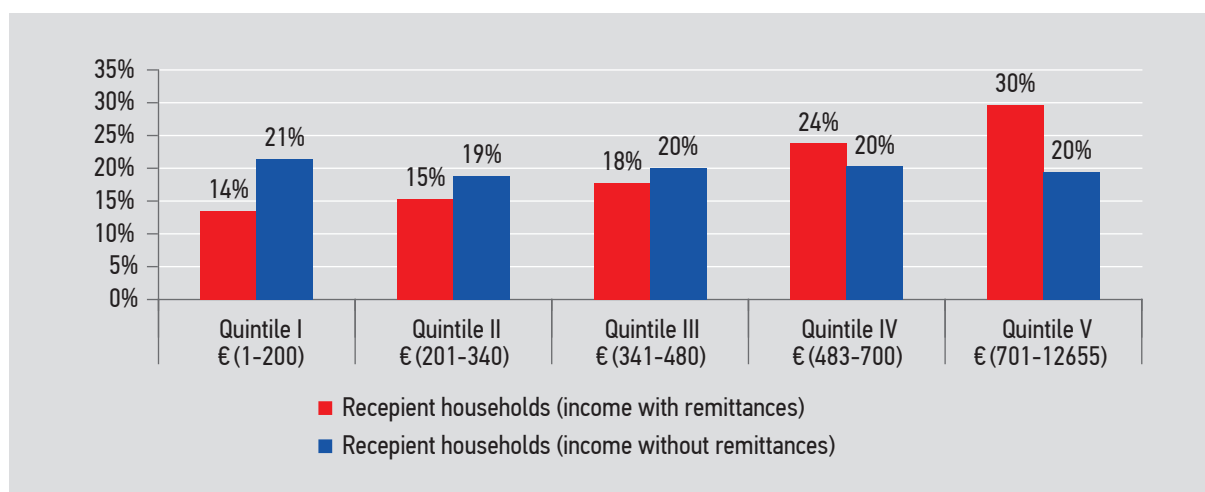
The illustrated chart in Figure 3.4 indicates that recipient households have a notably higher frequency than non-recipient households (and that all households together) in two higher categories (IV and V). The monthly income of € 754 and above have 30% of those who receive remittances, while 24% others have monthly income of € 501- €753. Those who receive remittances have smaller participation that non-recipient households in three other categories of smaller income (I, II and III). On the other hand, non-recipient households have an almost equal distribution in all categories but due to smaller income and non-receipt of remittances have a larger presence that the average of all households in categories I, II and III.

Figure 3.4: Distribution of households by categories of income by plan of remittances

Although remittances influence on the increase of misbalance of income between households, they nevertheless influence on alleviating poverty for a considerable part of recipient house-

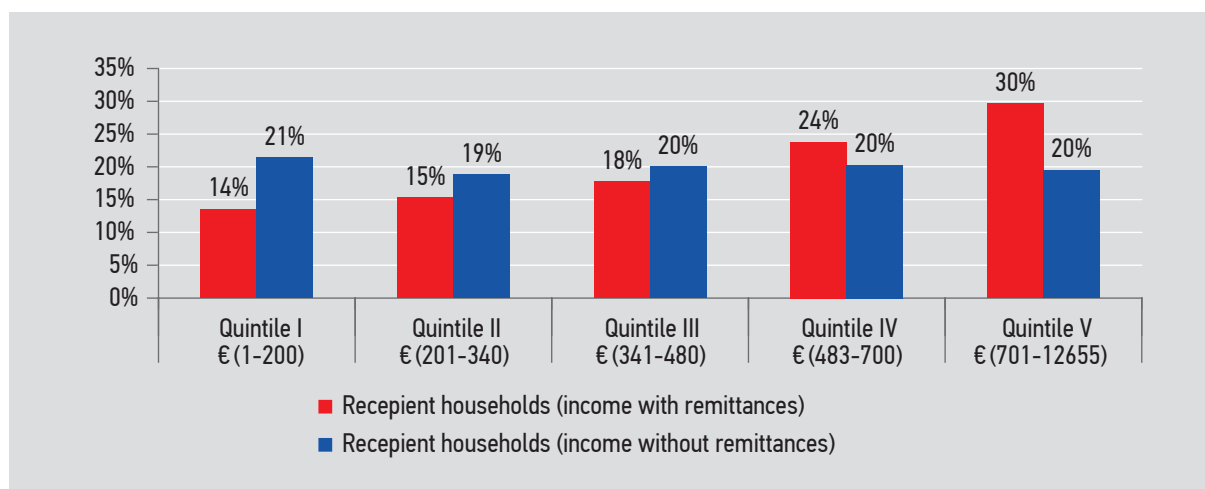
holds. This is proved by Figure 3.5, which compares income of recipient households with or without remittance income. What is clear from the chart is that remittances remove a considerable part of households from the first three categories - €(1-200), €(201-340), €(341-480) – and lead them towards the two higher categories. In other words, remittances result in a large number of recipient families (13%) have a level of income of € 483 and more.

Figure 3.5: Distribution of recipient households by category of income (with or without remittances)



Recipient and non-recipient households differ from the manner in which they acquire additional family budget income (i.e income without remittances). If the income sources are analyzed without remittances it results that non-recipient households acquire the largest part of the budget from employment compared to the recipient ones.

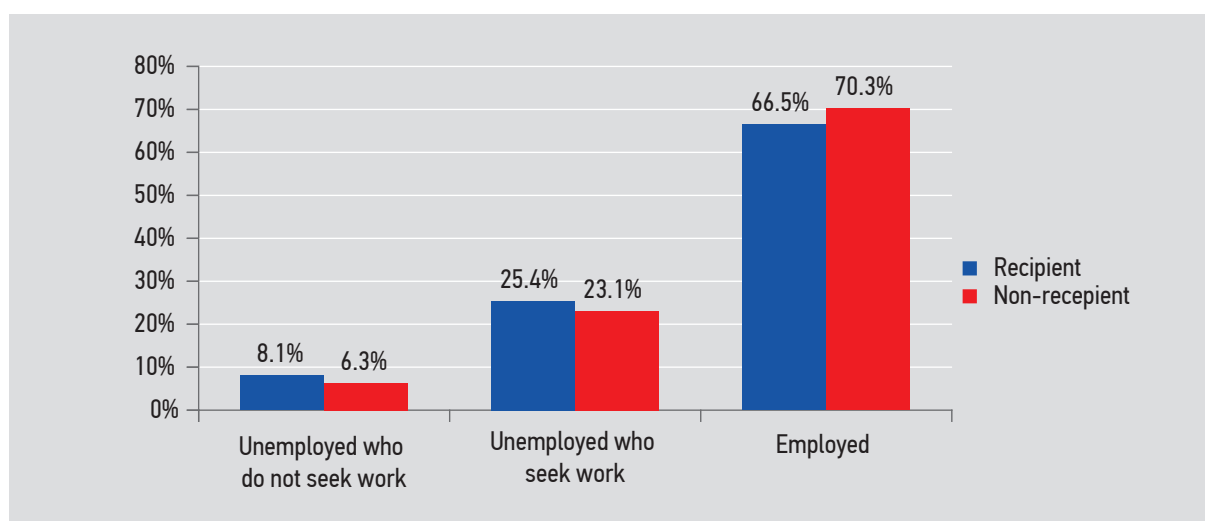
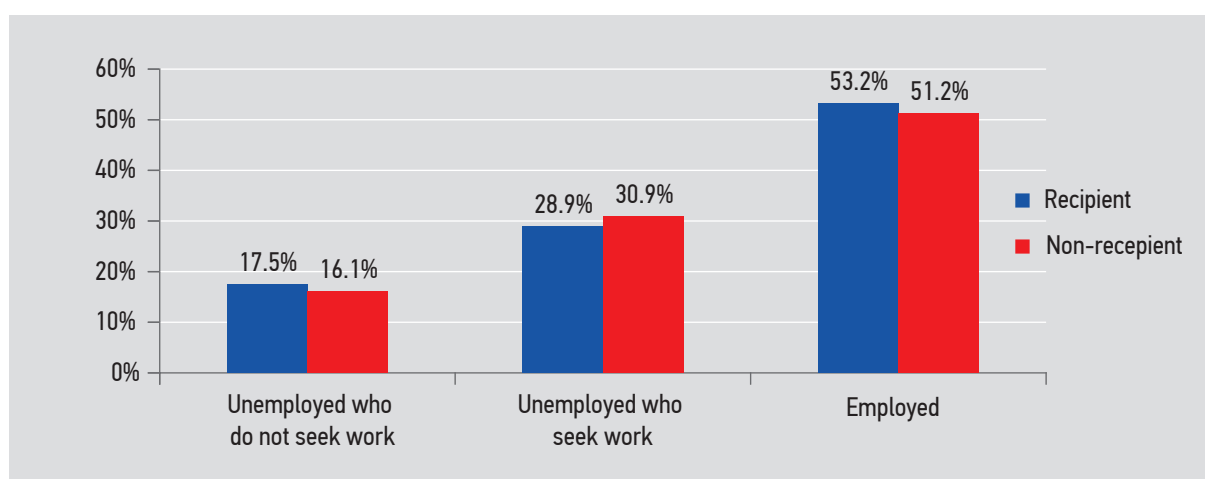
The chart below (Figure 3.6) illustrates that non-recipient households acquire 82% of their income from some type of employment (permanent, temporary, self-employment, seasonal employment), while recipient households acquire 68% from these activities. At first glance, one may be under the impression that recipient households are less motivated to work than the non-recipient ones (due to remittances). However, the correlation between two indicators does not imply that one is the cause of the other. Recipient households simply may have less opportunities to be employed and this is the reason why they need remittances. This argument is supported by demographic data presented above which show that recipient household breadwinners are elderly and less educated than those of non-recipient households.

Figure 3.6: Distribution in percentage of main sources of income for recipient and non-recipient households

3.3: REMITTANCE EFFECT ON THE LABOR MARKET

HRS data provide an opportunity to review the issue presented by the last chart, i.e. the dilemma whether there is any connection between receipt of remittances and participation of recipients in the labor market in Kosovo. Data illustrated in Figures 3.7, 3.8, 3.9 and 4.0 show that participation of breadwinners and adult members of recipient families in the labor market is lower than that of non-recipient families.

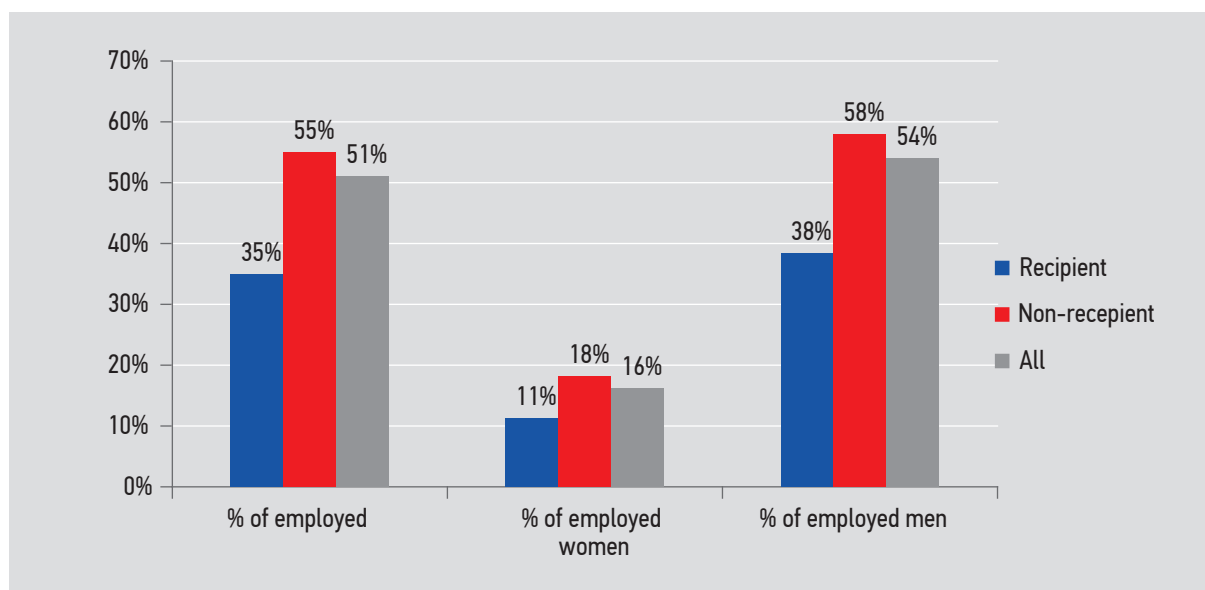
As shown by the chart (Figure 3.7) male breadwinners from non-recipient households have higher percentage of employment (70.3%) than male breadwinner from recipient households (66.5%). On the other hand, non-recipient male breadwinners have a higher percentage that non-recipient male breadwinners among those not in the labor market, i.e. among the unemployed who are not jobseekers. As illustrated by the chart in Figure 3.7, 8.1% of recipient male breadwinners are unemployed and do not seek jobs, while for non-recipient male breadwinners this figure is 6.1%. Among females (Figure 3.8) the trends are the same, with the exception of employment figures, where recipient female breadwinners have a higher percentage than the non-recipient ones.

Figure 3.7: Status of employment of male breadwinners by remittances receipt**Figure 3.8: Status of employment of female breadwinners by remittances receipt**

The relation between receipt of remittance and participation in the labor market is illustrated more by the percentage of employment of other adult members of the family. Figure 3.9 illustrates that 33% of adults in recipient households are employed, while this figure is much higher among adults of non-recipient families (55%). The percentage of employed females is much lower (16%) in both categories of the families but even lower for recipient households (11%) than the non-recipient ones (18%). Employment of adult males is much higher (54%), but a lot lower than among males of recipient households (38%) than among males of non-recipient ones (58%).

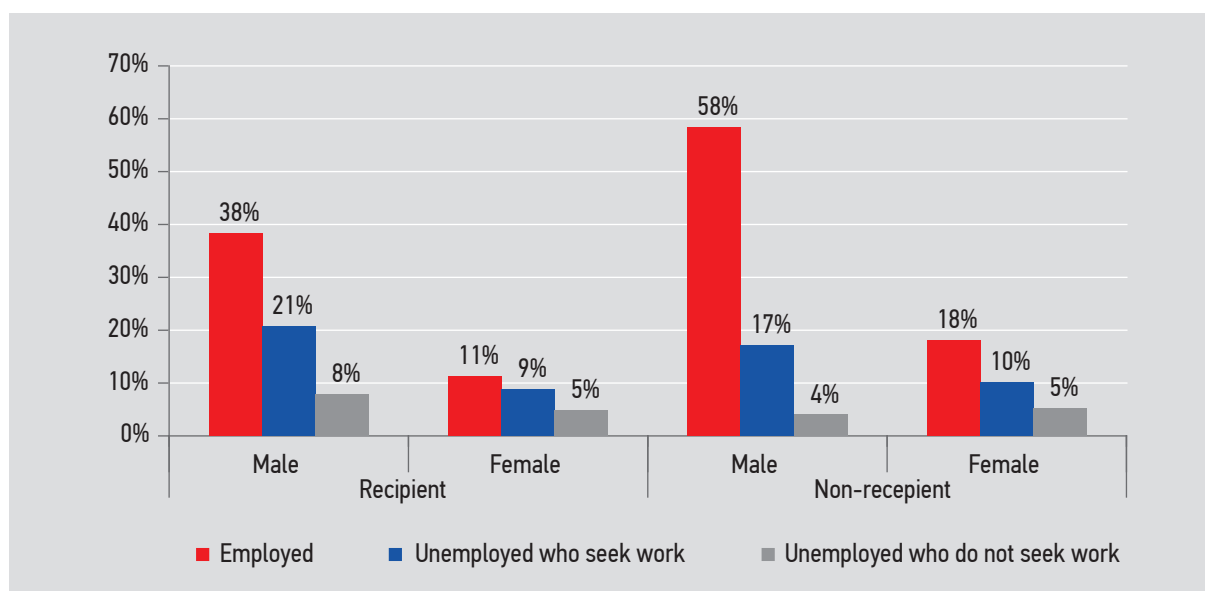
A large percentage of members from both types of households are employed in the public sector: 35.9% of recipients and 36.3% of non-recipients. However, a larger part of non-recipients work for the private sector (34%) compared to the recipient (29.5). The third largest category of non-recipient employees comprises of the self-employed with 13.1%, while among the non-recipients this figure is 11.4%.

Figure 3.9: Percentage of adult employed household members by gender and remittances receipt



Even with other adult members of households, as with breadwinners, the unemployed who do not seek jobs (economically inactive) are more numerous among recipient than non-recipient households. As illustrated by the chart below (Figure 3.10), 8% of unemployed males from recipient households do not seek jobs, compared to 4% of males from non-recipient households.

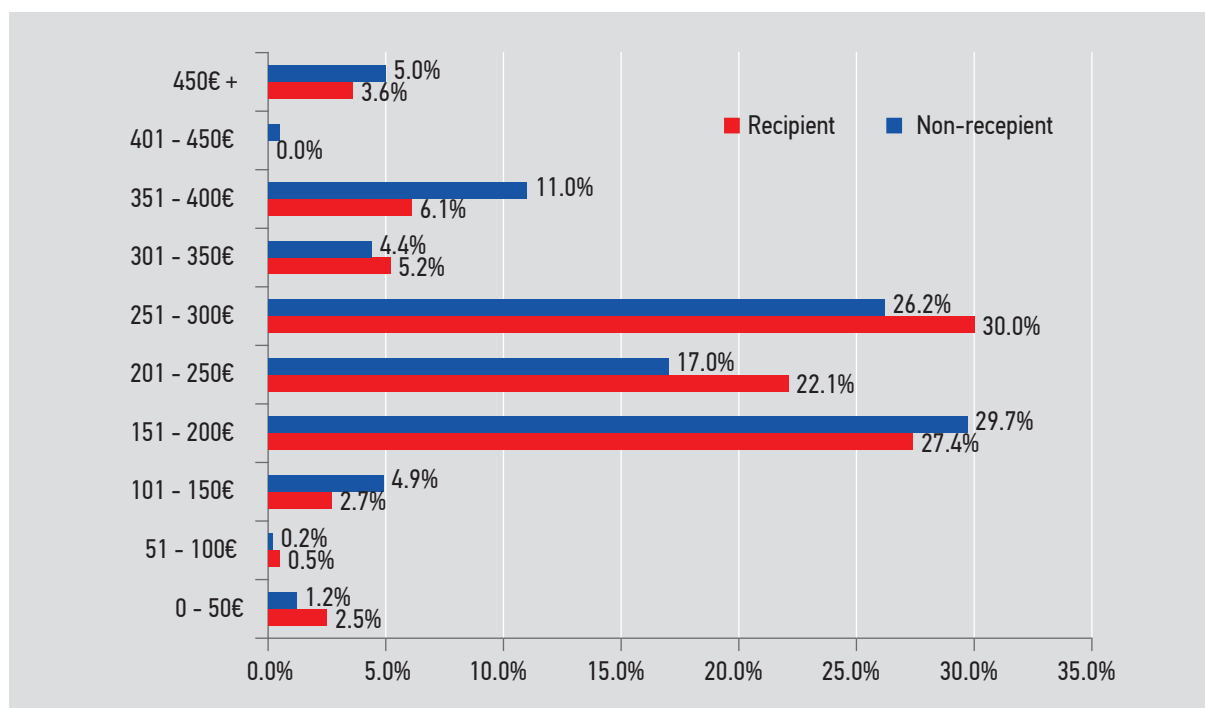
Figure 3.10: Employment of adult household members by gender and receipt of remittances



The effect of remittances on the labor market may be noted by the fact that the minimum wage for which remittance recipient are willing to work is higher than the minimum wage of the non-recipients, especially with the lower wages. As illustrated by the chart below (Figure

3.11), the recipients are less ready than the non-recipients to accept salaries that are less than 200 per month.

Figure 3.11: Minimum acceptable wage by remittance receipt



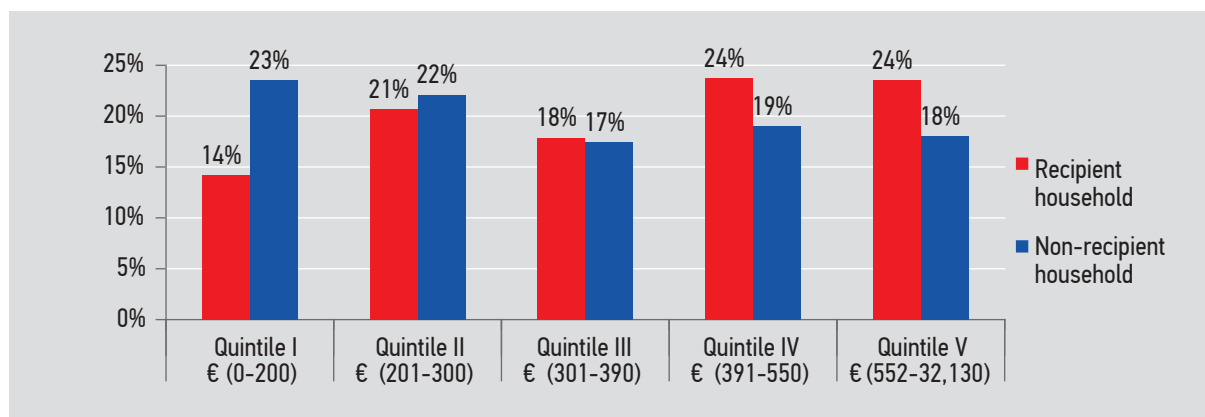
3.4 EFFECT OF REMITTANCES ON HOUSEHOLD EXPENSES

According to HRS data for 2013, illustrated in Table 3.3, households that receive remittances spend € 66 more per month than those that do not. However, the difference in expenses between these two types of households is smaller (in percentage) than the difference in income. Trends between the income and expenses are similar if the recipient households and non-recipient households are compared by category. In this aspect, Figure 3.11 below is similar to Figure 3.4, since the recipient households have a higher percentage in both categories with higher expenses (IV and V) and smaller in three categories with smaller expenses.

Table 3.3: Average expenses of households by remittances receipt

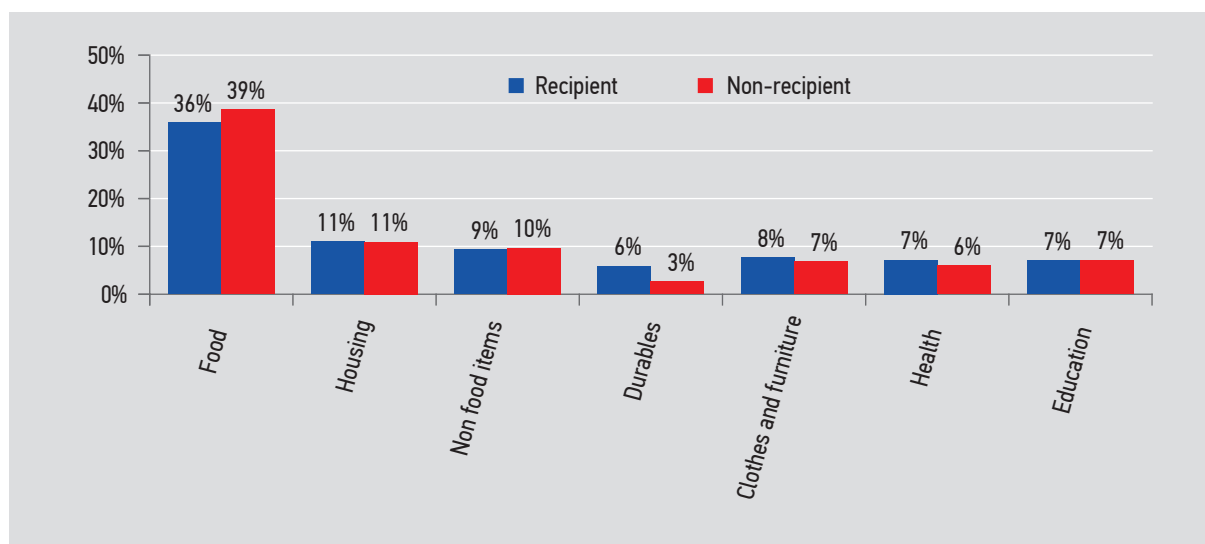
Type of household	Monthly expenses
Recipient household	€ 485.0
Non-recipient household	€ 419.0
All households	€ 434.0

Figure 3.12. Distribution of households by category of expenses, by remittances receipt



Receipt of remittances does not seem to influence much the allocation/percentages of households for various products/services categories. As illustrated by the charts of Figure 3.12, the only slightly pronounced difference is that in the budget of non-recipient households food expenses have a slightly larger amount (39%) than among recipient households (36%). Due to better finances, recipient households spend most of their budget in durables (e.g. cars) and semi-durables (e.g. clothes, mobile phones) compared to non-recipient households.

Figure 3.13: Expenses of recipient and non-recipient households by category





CHAPTER 4

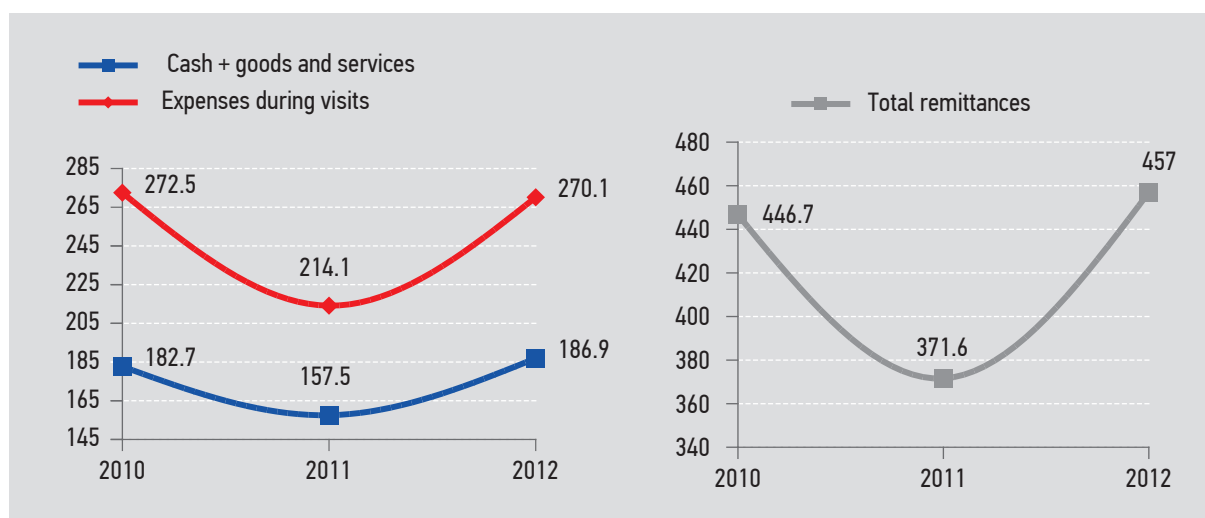
BRIEF ANALYSIS

REMITTANCES AND FOOD PRICE INCREASE

The existence of data on Diaspora remittances at three different moments in time fails to provide sufficient evidence for observation in order to reach to accurate scientific conclusions on the trends and that are statistically supported, but nevertheless is creates an opportunity to point out some important tendencies and dynamics and to comment on their possible causes. One of the dynamics that may be commented upon is the annual shift of total annual remittances sent and the percentages of families recipient of remittances.

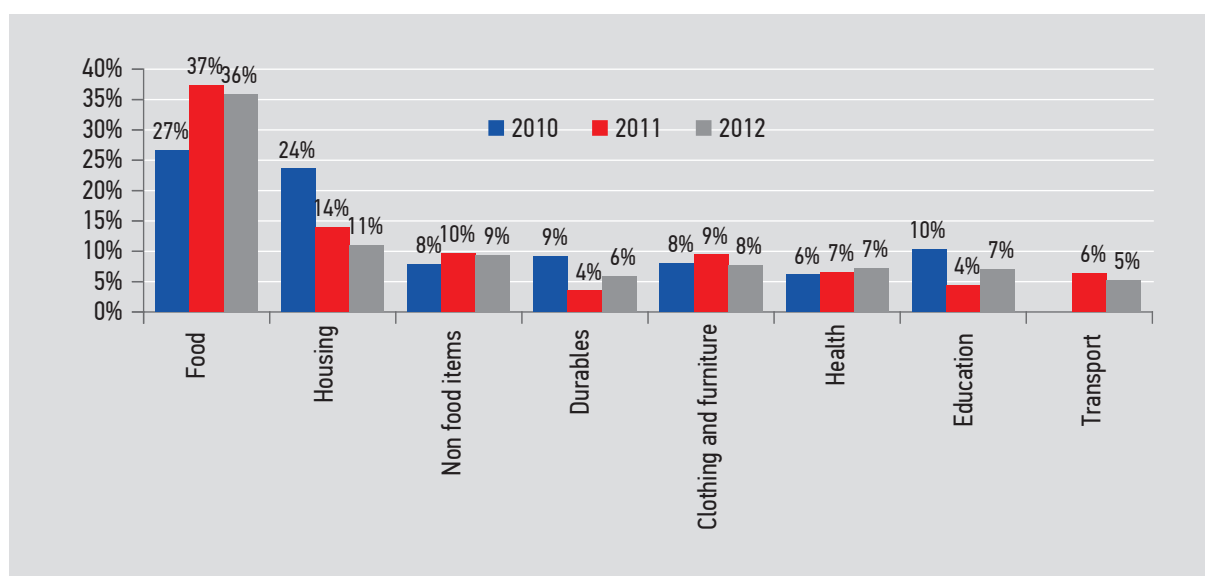
In 2011, according to the responses of the households surveyed, the total amount of the sent remittances noted a decrease of 16.8% (figure 4.1 a). What should be noted though is that the largest part of this decrease of 75.1 million fell under the category of expenses Diaspora made while in Kosovo (Figure 4.1 b). This kind of remittances noted a more pronounced decrease of 21.4 % (€ 58.4 million), while the decrease of remittances sent as cash and goods and services was much smaller, namely 9.6% (€ 16.8 million). The fact that the most pronounced decrease was noted in the expenses during their visits may be seen as a sign that the decrease of remittances in 2011 was more a result of the less opportunities for immigrants rather than a cause of the need for help by families in Kosovo. Immigrants continued to send significant amounts of money for the needs of the family and saved on personal expenses.

Figure 4.1: Total of remittances and remittances by category (2010, 2011, 2012)

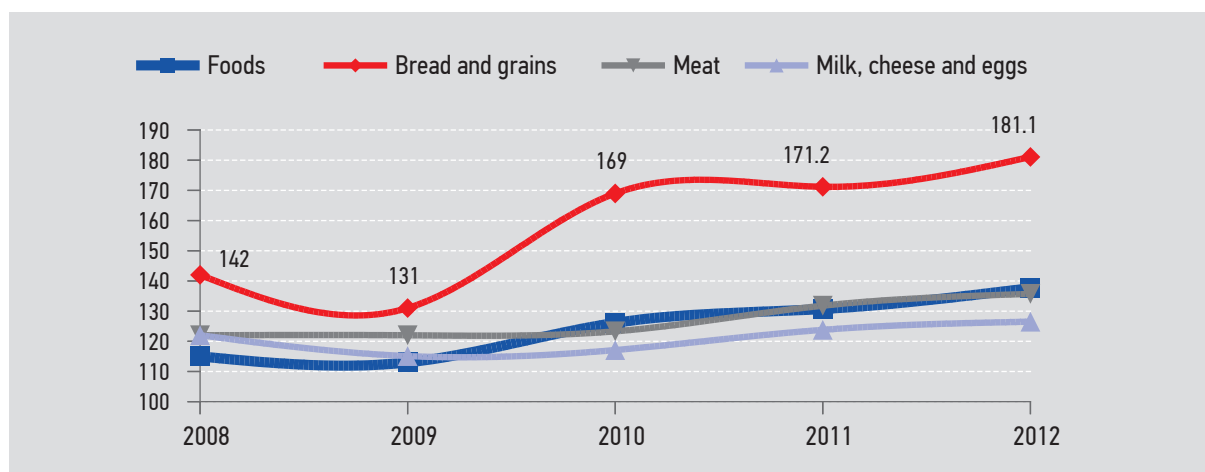


The argument that the decrease of remittances in 2011 was not caused by smaller need of recipient families is verified by the fact that this year the number of families recipient of remittances increased by 5.4 percentage points (Figure 1.1). this increase is maybe explained by the increase of food items, which comprise of the main item in the Kosovo household expenses. Figure 4.3 e illustrates the index of prices for some food items where in the period of 2009-2012 we note a dramatic increase of prices for bread and cereals – jumping 50 points in the index. The high increase of food prices and particularly of one basic food item – bread, cause huge budget restrictions in many households. This is verified by data illustrated in Figures 4.4 and 4.5, that represent the main categories of household expenses through the years.

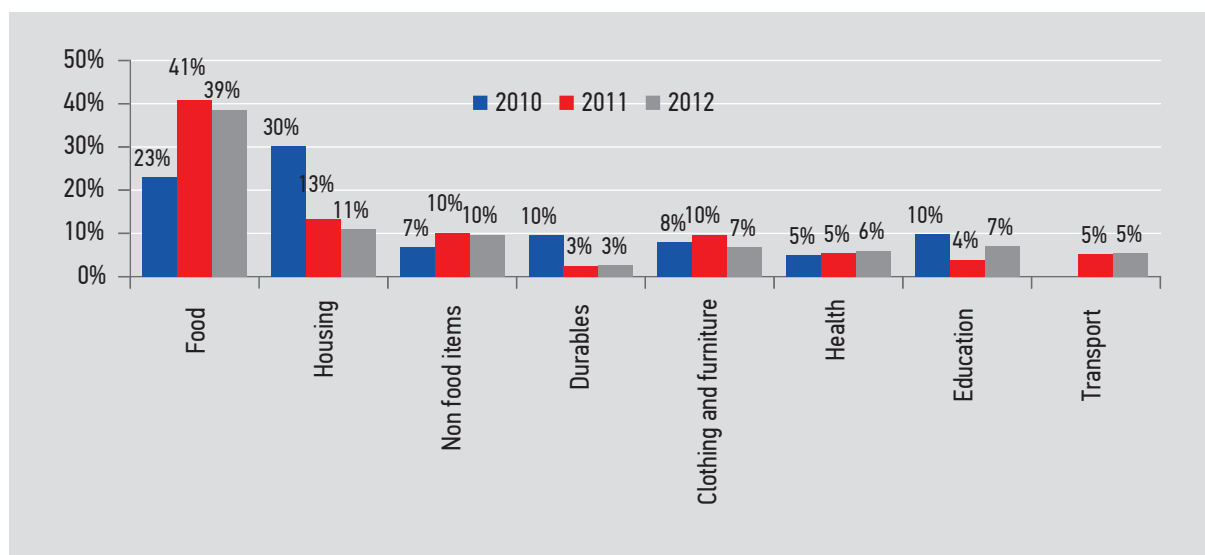
Figure 4.2: Price index for some food products (base year 2002)⁶



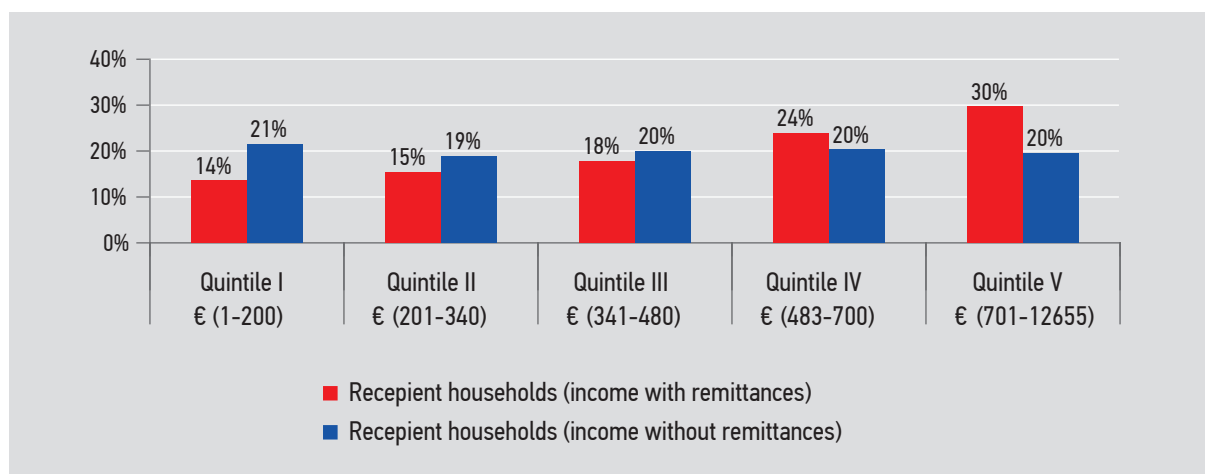
⁶ Source: Kosovo Agency of Statistics, Consumer Price Index 2008, 2009, 2010, 2011, 2012.

Figure 4.3: Main categories of expenses of recipient households through the years.

What is clear in Figure 4.4 is that from 2011 and in 2012, a larger percentage of the budget of recipient households was spent on food (an annual increase of 10% between 2010-2011), while a continuous decrease in these years was noted in expenses for durables (5%) and education services (6%), expenses that usually are cut down in times of crisis by the poorer. An identical trend between the years is noted in non-recipient households (Figure 4.5), where due to more restricted financial possibilities food takes a larger percentage of the budget.

Figure 4.4: Main categories of non-recipient household expenses through the years (2010, 2011 and 2012).

Data from HRS on the categories of recipient household income illustrate that remittances continue to be a strong shield for many families in affording expenses to survive. As indicated by Figure 4.6, remittances result in 13% of recipient households to exceed the levels of income in the first three categories (I, II and II) and to afford with more ease the big oscillations of basic products prices.

Figure 4.5: Distribution of recipient households by income category (including remittances or not).

The decrease of the number of families that received remittances in 2012 (2.6 percent) was smaller than the increase of the previous year (5.4 percent), and one of the causes may be the continued high food prices. In 2012 food consumption continued to require 36% of the recipient household budget and 39% of non-recipient households. Also, any other factor that may have made immigrants to send and spend less money than in 2011 (e.g. economic insecurity in their host countries) seems to have been reduced in 2012 because this year not only the remittances increased as cash and goods and services (annual increase of 18.6%), but the amount of money spent during visits in Kosovo (annual growth 26.1%), thus getting back to the levels of 2010. Maybe the money sent may be one of the reasons why in 2012 the recipient households (Figure 4.4) increased the consumption of durables (by 2%) and education services (by 3%), while such an increase was not noted in the non-recipient households (Figure 4.5).



METHODOLOGY OF THE SURVEY

1. OVERVIEW AND OBJECTIVES

The Kosovo Remittance Study 2012 is funded by UNDP, and was implemented by the Kosovo Agency of Statistics. It indicates that the remittances play an important role to support Kosovo's economy. The study presents a detailed analysis of the role of remittances as a source of financial support for Kosovo people, by analyzing the data collected from 8.000 households part of the survey. The study explores the profile of recipients and those who do not receive money from abroad, their income and status of expenses. The report also provides a brief description of the flow and channels of remittances, their use and the effect of remittances in the recipient households.

The annual survey increases the level of information on the flow and use of remittances and provide a database that enables the analysis of remittances in a time space. The Kosovo Kosovo Remittance study 2013 was conducted in the period of December - January 2012/2013 on the eve of end of year holidays, which is the best time to meet with immigrants. Through the survey 8.000 households in Kosovo and 443 immigrants who send remittances in cash and goods and services to Kosovo were interviewed.

2. SAMPLE SELECTION AND THE QUESTIONNAIRE

The research is based on a representative sample of Albanians, Serbs and other ethnicities in Kosovo. The selected sample includes 8.000 households. The expansion of the participant sample is based on ethnicity (Albanians, Serbs and other communities), and place of residence (urban/rural area). The selection of households to be interviewed within the framework of the selected sample was done by random method and 600 communities were selected, and 16 regular household and 4 substitute households in each. The sample was designed in such way as to include Kosovo Albanians, Serbs and other ethnicities living in Kosovo.

3. MONITORING AND PROFESSIONAL INSPECTION

The purpose of the monitoring is to ensure that the level of data is of a high standard. Monitoring and inspection of the work in the field is performed by the inspectors and supervisors and by the project team leader, and project manager. They have verified the field work at several households. At least 15% of households selected for this survey have been inspected. It should be mentioned that the impressions of the monitors and inspectors were good. The last stage of realizing this project in the field is directly linked with cyber work (in the office). Statistical researchers, data processors, project team leader and project manager were involved.

The questionnaires were checked by the statistical researchers, data processors, project team leader and project manager. The logical or professional control was conducted every day when the questionnaires were brought back in the office and each questionnaire underwent logical check up. The questionnaires were checked for each question and response given. This was done with the purpose of ensuring that the questionnaires were filled out properly and to see whether there were any errors that are inadmissible and directly affect the results of the investigation. Mainly, the flow of questions and answers was checked, whether any contradictory response or eventual anomalies were identified. No significant omissions were noted during the inspection and almost all questionnaires were filled out professionally.

