



# Development on the Move:

Measuring and optimising the economic and social impacts of migration in the Republic of Macedonia

## SUMMARY

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GDN is the world's largest network of researchers and policy institutions dedicated to promoting policy-relevant research for the purposes of development. GDN has significant experience working on migration issues through designing and implementing global research projects that emphasize developing country perspectives on migration.

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## 'Development on the Move'

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 GDN and ippr. Development on the Move is a ground-breaking 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, the project has sought to assess how migration affects development and to improve understanding of how policy can maximise migration's development benefits and minimise its costs.

The project would not have been possible without the generous support provided by 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.

Other project outputs can be obtained from GDN's and ippr's websites (see above).

**The full report**, *Development on the Move: Measuring and optimising the economic and social impacts of migration in the Republic of Macedonia*, is available to download for free from [www.ippr.org/publicationsandreports](http://www.ippr.org/publicationsandreports)

## Summary

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 the 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 five 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. Thirty-three 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 US\$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 three 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

of up to US\$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 socioeconomic 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 three 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 either that 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 process of accession to the European Union.** 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 the 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 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.