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DISCUSSION PAPER

Leibniz Institute of Agricultural Development in Central and Eastern Europe

A SOCIO-ECONOMIC PICTURE OF KOSOVAR MIGRANTS AND THEIR ORIGIN FARM HOUSEHOLDS

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SUMMARY

Kosovo's small economy substantially relies on money from abroad: an extraordinarily high number of migrants contribute to foreign capital inflow through remittances; remittances represented around 13% of gross domestic product (GDP) in 2009. This means that the well-being of many Kosovar families financially depends on their migrated family members (UNDP 2010). The most important destination of Kosovar migrants, Germany, alone hosts an estimated number of around 300,000 Albanian migrants from Kosovo. This is about half of all migrated Kosovar Albanians. However, reliable information on the specific situation of the migrants and their origin households is scarce.

Adding to recent efforts to gain more knowledge about Kosovo and its remittances sending migrants, e.g. the UNDP's 2010 Kosovo Remittance Study, this discussion paper puts a specific focus on rural Kosovo, where many migrants come from and more than half of the Kosovar population and two thirds of the poor live (World Bank and SOK 2011).

Our study aims at shedding light on the socio-economic situation of Kosovar farm households with migrants in Germany. We present data on both sides of migration: the migrant household in the destination country as well as the remittances receiving household in Kosovo. In our analysis of migrant households, we present results on socio-economic features of three migration waves. Individual demographic characteristics of the migrant are analysed as well as economic features including the income situation and the remitting behaviour. We furthermore discuss the nature of migration – if it is planned as a temporary or permanent move – and the return prospects of the migrants. For the corresponding farm households in Kosovo we present results on their socio-economic situation and specifically look at poverty and inequality indicators and discuss possible development impacts in the recipient households.

We analyse an original sample of 226 Albanian migrants from Kosovo who have been interviewed by means of a structured questionnaire in 2009/10 in Germany as well as the corresponding sample of their origin farm households in rural Kosovo. For a comparison of recipient with non-recipient households we draw from an additional set of 55 non-recipient Kosovar households.

JEL: F22, F24, O15

Keywords: Migration, remittances, Kosovo, rural households

ZUSAMMENFASSUNG

SOZIOÖKONOMISCHE EINSICHTEN IN KOSOVARISCHE MIGRANTENHAUSHALTE IN DEUTSCHLAND UND IN IHRE LÄNDLICHEN URSPRUNGSHAUSHALTE IM KOSOVO

Die kosovarische Wirtschaft hängt stark von Geldflüssen aus dem Ausland ab. Eine hohe Zahl von Migranten tragen mit sogenannten Rücksendungen zu diesem Auslandskapital bei. Die Rücksendungen machen etwa 11% des Bruttoinlandsprodukts des Kosovo im Jahr 2009 aus. Das bedeutet, dass viele kosovarische Familien finanziell von ihren migrierten Familienmitgliedern abhängen. Das Hauptzielland von Migranten aus dem Kosovo ist Deutschland, wo allein geschätzte 300 000 albanische Migranten aus dem Kosovo zu verzeichnen sind, und somit in etwa die Hälfte aller albanischen Migranten aus dem Kosovo. Genaue und belastbare Angaben über die Situation dieser Migranten und über die Situation ihrer Heimathaushalte sind bis heute nur schwer zu erlangen.

Dieses Diskussionspapier stellt einige neue, empirisch basierte Erkenntnisse vor, indem es mit einem Fokus auf den ländlichen Raum des Kosovo einige wichtige Facetten ergänzt, die auch in anderen aktuellen Studien, beispielsweise die 2010 Kosovo Remittance Study der UNDP, angesprochen werden. Der ländliche Raum ist deshalb so wichtig, weil viele Migranten von hier stammen und etwa die Hälfte der Bevölkerung des Kosovo und zwei Drittel der armen Bevölkerung hier leben. Unsere Ergebnisse befassen sich mit der speziellen Situation kleinbäuerlicher Haushalte im Kosovo sowie der zu diesen Haushalten gehörigen Arbeitsmigranten in Deutschland. Es werden hierbei beide Seiten der Migration ins Auge gefasst, also sowohl die Migranten selbst als auch die Ursprungshaushalte aus dem ländlichen Kosovo, die von Rücksendungen profitieren. Im Bezug auf die Migranten präsentieren wir Ergebnisse im Hinblick auf drei Migrationswellen. Wir betrachten individuelle und haushaltsbasierte Migrationsmotive und geben Einblick in die soziökonomische Situation der Migranten. Wir gehen dabei auch auf die Dauer der Migration und die Rückkehrwahrscheinlichkeit ein. Die Ursprungshaushalte werden ebenfalls im Hinblick auf sozioökonomische Variablen hin analysiert. Wir diskutieren hier speziell die Wirkungen der Geldsendungen auf Armut, Ungleichheit und mögliche Entwicklungseffekte.

Die Datenbasis unserer Analyse ergibt sich aus einem Sample von 226 albanischen Migrantenhaushalten aus dem Kosovo, die im Winter 2009/10 in Deutschland interviewt wurden. Ebenfalls Teil der Erhebung sind die dazugehörigen Ursprungshaushalte, die im Anschluss im Kosovo interviewt wurden. Für einen Vergleich von Geldsendungsempfängern und Haushalten die keine Geldsendungen erhalten, stützen wir uns auf einen ergänzenden Datensatz von 55 Nicht-Geldsendungsempfängern.

JEL: F22, F24, O15

Keywords: Migration, Rücksendungen, Kosovo, Ländliche Haushalte

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1 INTRODUCTION

In Kosovo a saying goes that a family needs '*one child for the family, who stays at home, one for the mother country, and one for migration, who works abroad'*. Although the motivation for migration and related socio-economic features change over time, there is still some truth in this saying. In Kosovo labour migration has a long history and is an important livelihood strategy for around one fifth of all households and even slightly more in rural areas (UNDP 2010). Although reliable data are scarce, three main Kosovar immigration waves can be distinguished in Germany (Xhema et al. 2009).[1] First, so-called guest workers ('*Gastarbeiter*') left the country in the 1960-1970s. They were mostly little educated people from rural origins. Starting in the 1980s, a second, more politically motivated migration wave started. Ethnic Albanians suffered from increasing reprisals: about 125,000 employees lost their jobs and many of them fled into migration because they feared more suppression, economic still stand, and the threat of military conflict. Between 1998 and 1999, war refugees added to this wave of emigrants. The third phase started in 2000 and is still ongoing. In this phase economically motivated labour migration is fully back on the agenda. At the same time, considerable numbers of war refugees return to Kosovo.

Unlike for migration from Albania, which has been in the focus of research for quite some time, the current motivation and situation of Kosovar migrants and their origin households is not very well researched (Vathi and Black 2007). Among the few recent Kosovo studies available are Mustafa et al. (2007), Vathi and Black (2007), Haxhikadrija (2009), Meyer et al. (2012), Meyer et al. (2010), Möllers et al. (2010), and Havolli (2011). The World Bank (2007) published a 'Poverty Assessment' based on 2002-2005 Household Budget Survey data; this document was updated by a recent publication on consumption poverty in the Republic of Kosovo in 2009 by the World Bank and the Statistical Office of Kosovo (World Bank and SOK 2011). The most recent insights are offered by the 'Kosovo Remittance Study' (KRS) of the United Nations Development Programme (UNDP 2010 and 2011). One recent study based on the large KRS dataset is for example Möllers and Meyer (2011). Research gaps still exist with regard to the socio-economic situation of migrants in the destination countries. The focus on farm households that this study takes is also underresearched.

It is estimated that currently about 1.8 million inhabitants reside in Kosovo. Albanians account for 92% of the population (ASK 2011). Haxhikadrija (2009) states that up to 800,000 Albanians from Kosovo live abroad. Others such as Mustafa et al. (2007) or ESI (2006) give a figure of between 315,000 and 500,000 Kosovar migrants. It is estimated that every third household in Kosovo has migrated family members (Haxhikadrija 2009). One of the drivers of Kosovo's high migration rate is the fact that about two thirds of the population are younger than 30 years. Beside, further labour migration is pushed by an extreme unemployment rate of 40% (in 2009). It seems safe to assume that the real percentage is even higher as particularly many rural job-seekers do not register as unemployed. An estimated number of 200,000 young people will search for jobs within the coming five years. Thus the pressure to migrate will increase and indeed 50% of the young generation say they would emigrate if they could (Haxhikadrija 2009).

Remittances are the economic link between migrants and their country of origin. In Kosovo remittances contribute significantly to the massive capital inflows from abroad to Kosovo. Thus remittances can be seen as a large and resilient income source (World Bank 2011). As a

[1] The Kosovar migration waves are also mentioned for instance in Haxhikadhrija (2009), ESI (2006) and UNDP (2012).

large share of the money is transferred informally, there are only estimates of the remitted sums available (World Bank 2010). According to the UNDP (2010), the remittances in 2009 amounted to € 443 million or 13% of GDP. With regard to the migrants' destination countries, there is hardly any reliable statistical data available. Yet, the largest group of Albanian Kosovar migrants, about 50%, are believed to live in Germany. The majority of migrants remit to their home country. The share of the population which receives remittances in Kosovo is with around 20% higher than the fraction that receives social assistance (about 13%); especially rural areas enjoy high amounts of remittances (UNDP 2010, World Bank 2007, Haxhikadrija 2009, Möllers and Meyer 2011).

Against this background, this paper sheds light on the socio-economic characteristics and remitting behaviour of Kosovar migrants. It focuses particularly on the situation of migrants from farm households in Kosovo. Based on a recent and rich dataset we are able to present insights of both sides of the coin: the Kosovar migrants residing in the destination country Germany as well as their sending origin households in rural Kosovo.

2 DATA AND OBJECTIVES

This paper draws on the dataset of the research project, 'Labour migration from Kosovo to Germany – Motivation and Impacts on Remittee Farm Households'.[2] The project team aims at addressing the migration-cum-remittances strategies of farm households in Kosovo. The project takes a rural development perspective and is thus mainly interested in the remittance-sending behaviour and the impact of migration on the origin farm households in Kosovo. Furthermore, the motivation behind the migration decision is a key issue.

We analyse an original sample of 226 Albanian migrants from Kosovo who have been interviewed by means of a structured questionnaire in Germany as well as the corresponding sample of their origin farm households in Kosovo in 2009/10.

The sample is derived from the more than 300,000 Kosovar migrants who currently live in Germany and have left Kosovo due to economic considerations (labour migrants). The sampling process in the project involved two consecutive phases which resulted in data from these three sub-groups: (1) rural emigrants from Kosovo in Germany and (2) their sending farm households in Kosovo. The sample is complemented by (3) a smaller set of matching non-migrant households in Kosovo. In the first phase, current migrants from Kosovo, who are residing in Germany, have been identified and interviewed. The origin of the targeted migrants (temporary and longer-term) is a farm household in Kosovo. The interviews were done face-to-face in Germany. The identification of the current migrants has been a key issue to avoid a possible sample selection bias. The sample is drawn from locations in Germany, where the relative share of Kosovar migrants as compared to other locations is comparatively high according to the German Registration of Persons Act. Migrants were identified with the help of their registration and, if necessary, with the assistance of local special interest groups for foreigners (for instance church groups, sport clubs and alike). By contacting these special interest groups, the chance to identify migrants of our target group (stemming from Kosovar farms) who are willing to take part in the interview and to include also informal migrants in the sample rose substantially. The interviewed migrants reside in 14 different cities (and surrounding areas) in Germany[3].

In the second empirical phase, the remittee households in the country of the migrants' origin were visited and interviewed. A considerably high number of origin households could be contacted and interviewed based on the contact details given by the migrants. All in all, 226 matching origin households were interviewed. The matching households were identified within the survey of the remittee households. A specific question helped to identify households in the vicinity with a similar demographic and wealth structure but no migrant activities. Thus the sample could be complemented by 55 non-migrant households from rural Kosovo.

The survey design can be seen as innovative as it explicitly includes both sides of migration: the origin and the destination. We see some advantages in our approach not only because we can draw on detailed information of both the migrant and the (remittances receiving) family back in Kosovo, but also because we expect a better data quality for instance due to the fact that the migrants felt more open in answering in their destination home with their origin family not being around.

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[2] Buchenrieder, Möllers and Meyer (2010).

[3] Migrants live in the following cities and surrounding regions: Stuttgart, Heilbronn, Mannheim, München, Augsburg, Nürnberg, Köln, Bonn, Neuss, Dortmund, Essen, Duisburg, Düsseldorf, Oberhausen.

Beside data directly derived from the questionnaire, we also draw on a number of qualitative insights of the interviewers, especially from Sherif Xhema, during the survey phase. For comparison with a representative sample of Kosovar households of the same reference year (2009) we refer to the above mentioned Kosovo Remittance Study database of the UNDP (2010). The particular strength of this dataset is its large sample of 4,000 households. However, it does not allow to separate farm households; there is also no set of matching migrants available.

At the core of this paper is an overview of the socio-economic situation of Kosovar migrants in Germany and their corresponding farm households in Kosovo. In our analysis of migrant households, we present results on three migration waves, individual and household related migration motives, and the current livelihood situation of Albanian migrants from Kosovo in Germany. Individual demographic characteristics of the migrant are analysed as well as economic features including the income situation and the remitting behaviour. We will give more details on the nature of migration – if it is planned as a temporary or permanent move – and the return prospects of the migrants. We will also discuss the remitting behaviour which can be seen as the main link to the origin households. For the migrant sending farm households and the non-migrant households in Kosovo, we will present socio-economic variables and make a comparison of recipient and non-recipient households. We show how remittances contribute to rural income portfolios and discuss their impact on poverty and inequality reduction. Finally we look at the use of remittances. Our analysis is mainly based on detailed explanatory statistics and reflects the wealth of our empirical database. The results form the descriptive core for the umbrella research project, in which the link between the information on migrants in destination country and the matching farm household survey in Kosovo is further deepened.

3 THE RURAL MIGRANTS' SIDE OF THE COIN

This chapter provides in-depth insights into the socio-economic features of 226 Kosovar migrants and their households in Germany. We look at migration triggers and constraints, take a detailed look on the livelihood situation of migrant families and explore the intention to return or to stay. As the main link to the origin households, which will be presented in Chapter 4, are remittances, the remitting behaviour of Kosovar migrants will be discussed in the last section of this chapter.

3.1 Kosovar rural migrants in Germany– who are they? A brief overview along three migration waves

Various scholars (Sjastaad 1962, Todaro 1980) early on realised that migrants are not a random sample of the overall population, a phenomenon that is called self-selection. Taylor and Martin (2001) state for instance that migration is driven by factors such as the educational level, professional skills, age, etc. There seems to be only one universal feature that is described in the literature: A typical migrant is a single male in his twenties.

Indeed, with one exception all migrants interviewed were male. At the time when they came to Germany, most of them in the 1980-1990s, their average age was 24 years (Table 1). The majority was single, no children. Today, the average household size of the 226 Kosovar migrant households is 3.7 members.[4] This number already indicates that family ties are no longer more or less exclusive with the family back in Kosovo, but instead many migrants live with their nuclear families in Germany. The majority of interviewed migrants, 84%, stay with a spouse (and sometimes children) in Germany. Both, the main migrant and his spouse are on average 43 years old.

While certainly most migrants came with the intention to only stay temporarily, the average duration of 19 years in Germany underlines that at least for some, migration has become permanent (see also Section 3.4). On average, the wives have stayed in Germany 4.6 years less than their spouses.

The educational level is comparatively high. Both, the majority of migrants and their spouses attended school between eight and twelve years. There are significant differences in terms of education between the migration waves shown in Table 1. The first wave has a clearly lower schooling level than the later waves. Yet, it is known that migrants often can not make full use of their educational background and skills in the destination country (Nikas and King 2005, Labrianidis and Sykas 2009). Indeed, this 'brain waste' phenomenon can be observed: Almost 20% feel that they are overqualified for their current work. Only around one fifth of the migrants work in the profession they were originally trained in. However, most migrants (77%) were either doing farm work or were unemployed before migration. Therefore it is not too surprising that the majority works as unskilled labourers in the destination country; almost 15% were unemployed in Germany in 2009.

Typical jobs of Kosovar migrants in Germany are in the construction sector (about one quarter of all reported migrant activities), in transport (8%), in restaurants and catering services (11%) and other service jobs such as cleaning, health care, security, car repair etc. Only very few migrants are employed in typical white collar or academic jobs such as for example as teacher, manager, or agronomist. More than two thirds of the migrants are full-

[4] These households comprise 825 family members.

time employed, mostly in a waged employment. Seventeen percent are self-employed. Only 6% report to be working part-time or not on a regular basis.

Table 1: Migrants' socio-economic characteristics along three migration waves (2009)

	Wave 1 before 1986	Wave 2 1986-99	Wave 3 after 1999	Total	Test statistics $\chi 2$	P
Number of migrants of this wave in sample	40	162	24	226		
Age (years)	60	41	32	43	104.888	0.000
Migration age (years)	25	24	25	24	3.318	0.190
Household size in DE	3.23	3.96	2.29	3.65	26.050	0.000
School attendance (years)	7.85	11.25	11.42	10.68	59.998	0.000
Unmarried at time of migration (%)	62.50	70.00	75.00	69.20	1.264	0.532
Immigration was illegal (%)	12.82	79.19	66.67	65.57	60.045	0.000
Migration duration (years)	35	17	7	19	141.988	0.000
Months until migrant found work in DE						
Less than 1 month	41.18	17.42	15.00	19.27	5.789	0.055
Between 2 and 3 months	29.41	32.26	20.00	30.73	1.259	0.533
Between 3 and 6 months	0.00	11.61	25.00	11.98	5.520	0.063
More than 6 months	29.41	38.71	40.00	38.02	0.596	0.742
Temporary work permit only (%)	2.50	10.63.8	58.33	14.29	44.118	0.000

Source: Own data.

Note: N = 226 (less for some variables due to missing data); DE = Germany
The test statistics for group differences refer to a Kruskal-Wallis-Test.

The majority of the first wave of migrants, who have arrived in the 1960-1970s and who then made up an estimated (unofficial) number of 32,000 Kosovars in Germany (Blaku, 1996), has already returned. Therefore, the migrants of this wave in our sample are most probably not characteristic as they – untypically – stayed in Germany. Their migration history is usually smooth and straightforward: The majority found work in Germany within a short time, only very few came illegally, and nowadays they rely on permanent work permits or are even German citizens (Table 1). Migrants in this wave show a high propensity to stay in Germany after having lived in the country since decades (see also Section 3.5).

Yet, considering that most migrants of this wave have already left, the general picture looks somewhat different from what our quantitative data suggests. From qualitative insights we may add that for the first wave of migrants the old saying was certainly true: one family member - always a man, usually a young and unmarried man - had to go and earn money abroad. The whole family decided who should leave. Criteria for the selection of the migrant were the personal characteristics and the ability of that person to deal with the difficulties to be expected. Trust and reliability also played a role. The strong patriarchal family structures made it possible that migrants were ordered back and exchanged by another family member if they failed to regularly remit. Thus, most of the money earned was saved and sent back. The migrants lived a modest live in Germany and understood their migration as a sacrifice that they had to make for the family. The remittances were often invested in houses and farmland at the (rural) origin. Another target of remitted money was the education of the younger family members. Most of the migrants of this migration wave returned as soon as they could or when they retired at the latest.

The second wave of migrants, which makes up the main part of our sample, was mainly driven out of Kosovo by a situation without prospects – both economically and politically.

For them the dream of a better life in the West, which became all the more desirable when the economic environment in Kosovo deteriorated, motivated migration to a large degree. Although not in our sample, this wave included also a number of women[5].

The migrants of the second wave were better educated than those of the first wave (Table 1). Further, their move was a more individual response to economic and political pressure that they were confronted with in Kosovo. Thus, in opposite to the first group, they typically made their migration decision on their own. Seventy-seven percent of the migrants in the sample decided on their own whether or not to migrate. This share is the highest in the second wave (79%), but also the other two waves, more than 70% have made individual migration decisions. Family decisions were made in 18% of all cases. This share is with 25% high for the first, but also for the last wave. Four migrants stated that they were 'the only one who could possibly migrate', but no one declared that he was not sufficiently involved in the decision.

When this second wave started to remit money in the 1990s, they were, above all, aware of the unfortunate and worsening situation of those who stayed back. We assume that the willingness to remit in this wave is clearly influenced by the feeling that the family at home was in a critical situation in terms of security and economy. Their own status in Germany was, on the one hand, safe. Due to the escalation of the situation in Kosovo, at that time even illegal immigrants were not deported to Kosovo. But on the other hand, their situation was insecure, because work permits were usually only issued for a period of six months. Nowadays only a minority of the migrants who are still in the country from this wave have only limited work permits (11%). It was also much more difficult than for the first wave to find a job at all after the arrival in Germany (Table 1).

Many of the migrants of the third wave were abroad before, but were deported back to Kosovo after the war ended. Now they use their existing networks and experience and find their way (legally or often illegally – see Table 1) to Germany. The main motivation for leaving Kosovo (again) was the still bad economic (and political) situation. With no perspectives in Kosovo, these migrants are looking for a better future for themselves and their children abroad. Also typical for this wave is the return of migrants who, after they were in Germany before, have difficulties to adapt to Kosovo again after a longer-term stay in Germany:

> *Besa S. (28) came to Germany for the first time when she was only ten years old. Her parents, refugees from Kosovo, had brought her to Germany where they were allowed to stay for the next couple of years on the basis of an 'exceptional leave to remain'. The young girl went to school in Germany and lived a normal live – she was fully adapted to the German environment, had her friends here, and was well integrated into sports clubs, etc. After she was forced to return to her home country at the age of 20, she always wanted to return to Germany. Indeed, she managed to come back in 2002 and stayed on the basis of a fictitious marriage. After her divorce she now works as a nurse and lives with her Albanian husband and their two small children in Germany. Her husband is also a migrant from Kosovo who has been living in Germany for more than 10 years.*

[5] It is very probable, however, that some of the migrants' wives in our sample have their own migration background (see for example the case of Besa S. in the lower part of this section).

We expected that migrants of the most recent wave mainly support the nuclear family who is often already residing in Germany. However, as we will show in Section 3.3, the amount of remittances sent by each migrant household is in fact not lower for this group and the frequency of remitting is even higher (Table 3). Another interesting fact is that in this group there are more migrants with professional training, but at the same time the share of construction workers is very high. This points at a high potential of 'brain waste' (see above) in this wave.

3.2 Migration triggers and constraints

We look at a sample of migrants who explicitly left their country in search of labour (labour migration, see Section 2). Indeed, from the beginning of research on migration, the economic nature of migration motivation was stressed (Ravenstein 1885 and 1889, Todaro 1969). Nonetheless, different factors might play a role and the picture of migration triggers is complex. Migration may, for instance, be motivated by risk reduction or family strategies or by market failures or a combination of factors. Transnational networks and a 'migration culture' are further known triggers of migration (Boyd 1989, Carletto et al. 2004). In Kosovo is a combination of all these aspects is at work.

Generally spoken, Germany is an especially desirable destination for Kosovar migrants for two reasons: (1) the work and income opportunities are known as particularly attractive and (2) for a long time (until 1998), there existed an easy access to the country due to an 'exceptional leave to remain' ('*Duldung*') for refugees. Thus, economic triggers, social networks and comparatively low entrance barriers made and make migration to Germany an attractive choice for Kosovar migrants.

Migration and remittances are closely interlinked. The (altruistic or otherwise motivated) wish to send remittances and the expectation of the origin household to receive remittances are strong migration triggers by themselves. Empirical evidence for the importance of remitting and the cultural norms that push remitting is given in Table 6 in Section 3.5.

There are further hints that migration is pushed by certain cultural aspects: 96% of the respondents interviewed in Kosovo stress that migrants act as 'role models'. Most of the household heads of origin households have a positive (30%) or even very positive (33%) attitude toward migration. Statements indicating a negative or very negative attitude are made by only 22% of the household heads. Yet, even those with negative attitudes widely agree that young men are expected to migrate. Migration also seems to push the reputation of a family at the origin: the share of households who see their own reputation within the village as 'above average' increases from 13% in the before migration situation to 30% in the after migration situation. More than one quarter of the interviewed migrant sending households state that their reputation has increased after the family became involved in migration activities.

This rise in reputation might partly be correlated to the increase in income. However, this argument is not straight forward. Although almost 90% of the origin households declare that insufficient income was an important trigger for them to get involved in migration, by far not all migrant households report an increase in income for the recall period of five years. Almost half of the households could not increase their income during this five year period. About 30% even report a lower income and only slightly above 20% state that their income has increased compared to the situation before. Still, there is no doubt that remittances play an important role in stabilizing income levels. The view of the migrants themselves, who compare the income situation of their origin household before and after their migration in

relation to the village standard, reveals a higher share of households with relatively improved incomes (37%). The migrants believe that negative developments have hardly happened (4%), but that many origin households could just maintain their income compared to the village standard (59%) (see Table 2).

Table 2: Origin households' income situation before and after migration of the reference migrant (2009)

Assessment of income level of origin household in relation to the village average by reference migrants	Before migration	After migration
	Answers in this category in %	Answers in this category in %
Considerably lower than village standard	3.21	0.00
Lower than village standard	10.55	0.92
Equal to village standard	73.39	64.22
Higher than village standard	11.47	28.44
Considerably higher than village standard	1.38	6.42

Source: Own data.

Note: N = 218

Lacking employment opportunities (which are, of course one of the reasons for low household incomes) play a fundamental role when young men decide to leave Kosovo: for 70% missing opportunities in the local economy are an important reason for their decision to migrate.

Among the constraints for migration, transaction costs are of outstanding importance. Migration usually requires some seed money, which may often be a hindrance to migration especially for poor households. The initial transaction costs are reflected in the cost that are directly connected with the move, but also the duration until the migrant finds work can be a considerable cost factor. In our sample the median of the direct costs of the move were reported as being 1,565 Euros (no inflation correction was applied). However, the average time until a migrant found work is quite long (and thus costly). Half of the migrants needed three or more months to find work; almost 40% needed more than six months. This time was – at least for the second wave of migrants – usually bypassed with the help of the German state, which provided social assistance to persons with an 'exceptional leave to remain' und thus helped to keep the migration costs low.

Social capital, respectively its underlying social ties/network is seen as one decisive trigger and door opener for migrants. It lowers transaction costs by facilitated movement from the origin to the host country and starting conditions in the host country. It results in what is called chain-migration in migration theory (McDonald and McDonald 1964). One would expect that social networks allow better informed and prepared migration decisions, thus lowering the transaction costs. Connections to fellow-countrymen and through them to potential employers should facilitate the move and job search and accelerate financial independence of the migrants. Yet, we find that only a small share of migrants came with a concrete job offer to Germany (13%). Most of the migrants had not even a valid visa (66%). Interestingly, also the efforts in terms of information collection about the destination country Germany was at a rather low level. Two thirds of the migrants went to Germany without collecting information on the destination beforehand. Still, as was expected as a result of Kosovo's long migration history, networks existed in most cases: only 13% of the interviewed migrants did not know anyone in Germany before the move. Sixty-two percent

had relatives (including nuclear family) in Germany, and many (40%) knew people from their home village who had moved before.

Indeed, social networks seem to play a major role before and after the arrival of the migrant in Germany. The move itself was supported in almost 50% of the cases by the parents of the migrant. The second most important source of financial help were siblings (for 23% of all migrants). Only 20% state to have not received any financial support. After the arrival in Germany, almost all migrants received assistance in one or the other way; mostly from relatives and friends who were living in Germany (38%). An even larger share (43%) was able to make use of financial support by the German social system - another hint that social networks, which facilitate such access by offering information and help with the administrative system, were at play. Support flowing from Kosovo to Germany is not common in this phase of migration. Yet, some migrants (11%) state that they received support from their employer. While credit is rather not used, some migrants (10%) relied on savings to bridge the first difficult phase after their migration.

3.3 Migrants' livelihoods and income

It cannot be taken for granted that migrants' lives in Germany are carefree or easy. Finding adequate work is also in Germany not an easy task, and even if the income is reasonable, almost all migrants choose to send remittances and share their income with relatives at the origin. At a personal level it might be difficult to adapt to a foreign culture and environment and/or to live far away from the nuclear family.

On the positive side, the majority of interviewed migrants state to be content with their life in Germany: on average they give a score of 3.9 out of a maximum of 5 for their level of general contentedness. Overall, almost 80% of the migrants feel content or even absolutely content. The share of severely discontent people is very low with less than 2% with ratings of 1 or 2.

Table 3 gives some more insights in how the migrants feel. In summary, they are rather happy, they feel safe and not even strongly disadvantaged in Germany. Still, there are also clear indications that the integration of Kosovar migrants is far from completed. Many migrants state that they feel homeless often or even very often (53%). And the large majority (91%) feels homesick often or very often. This is despite the fact that, as mentioned above, usually the nuclear family is in Germany.

Table 3: How do Kosovar migrants feel in Germany? Ratings of 1-5 of the frequency of feelings in terms of their living conditions in Germany (2009)

How often did you have the following fee-lings when thinking about your living conditions in Germany?	**Very seldom**	**Seldom**	**Sometimes**	**Often**	**Very often**
Frequency of feeling …	Answers in this category in %				
… happy	1.34	10.27	41.96	34.38	12.05
… unprotected	86.55	5.83	4.48	1.79	1.35
… homeless	22.52	6.76	17.57	25.23	27.93
… disadvantaged	69.96	12.11	11.66	4.93	1.35
… homesick	1.36	0.90	7.69	10.41	79.64

Source: Own data.

The knowledge of the language spoken in the immigration country should be a key factor for feeling comfortable. Given the relatively long time that most migrants have lived in Germany, it is no surprise that most of them state that they speak German well or very well. Those who are capable of speaking the language of the destination country have made the most important step to successfully adapt. Yet, for most migrants, Albanian is still their main language used (Table 4). This is especially true for the first migration wave and the youngest migration wave (both at 63%). A lack of German language skills is particularly observed for those in the most recent wave, who arrived after 1999: 38% feel that they have deficits here. In the other two waves mainly writing skills are lacking while most migrants rate their speaking skills as sufficient. The language skills are also mirrored in the use of media (Table 4). One third of all migrants read mainly Kosovar newspapers and almost one quarter watches mainly Kosovar TV channels. The shares for the use of German media as main information source are significantly lower.

Table 4: Living conditions and indicators of integration for three migration waves (2009)

	Wave 1	**Wave 2**	**Wave 3**	**Total**	**Test statistics**	
	before 1986	1986-99	after 1999		$\chi 2$	P
Total number of migrants of this wave in sample	40	162	24	226		
Contentedness						
Content with general situation in Germany (%)*	73.0	78.4	79.2	77.6	0.546	0.761
Living conditions						
Most frequent income class (monthly HH income in €)	500-1,000	2,001-2,500	1,501-2,000	1,501-2,500**		
Migrant is waged employed (%)	47.5	70.4	91.7	68.6	14.364	0.001
Migrant is self-employed (%)	5.0	22.2	4.2	17.3	9.842	0.007
Migrant is unemployed (%)	0.0	7.4	4.2	5.8	3.356	0.187
Living space per family member in m^2	25	25	29	26	5.195	0.074
Cannot afford one week of holiday per year (%)	25.6	13.0	29.4	16.8	5.577	0.062
Owns real estate in Germany (%)	25.0	27.4	4.2	24.4	6.061	0.048
Owns real estate in Kosovo (%)	97.5	88.9	79.2	89.4	5.433	0.066
Household has savings (%)	87.5	70.1	45.8	70.6	12.558	0.002
Household has debts (%)	22.5	19.1	25.0	20.4	0.581	0.748
Indicators of integration						
Main language used is German (%)	2.5	13.6	12.5	11.5	3.877	0.144
Main language used is Albanian (%)	62.5	40.1	62.5	46.5	9.194	0.010
Lack of German language skills (speaking)*** (%)	2.6	4.3	37.5	7.6	34.474	0.000
Lack of German language skills (writing)*** (%)	42.1	31.7	62.5	36.8	9.054	0.011
Reads mainly German newspapers (%)	15.8	15.0	0.0	13.5	4.202	0.122
Reads mainly Kosovar newspapers (%)	42.1	27.5	41.7	33.3	10.468	0.005
Watches mainly German TV channels (%)	5.1	14.9	8.3	12.5	3.157	0.206
Watches mainly Kosovar TV channels (%)	35.9	19.9	33.3	24.1	5.630	0.060
Feel very often homesick (%)	76.9	80.4	79.2	79.4	0.233	0.890

Source: Own data.

Note: * Rating from 1-5. Share of answers in the categories (4) content or (5) absolutely content.
** Income class 4 (1,501-2,000) and income class 5 (2,001-2,500) both reach a share of 27%. Therefore we show the income range of both classes here.

*** Rating from 1-5. Share of answers in the categories (1) no or (2) bad German language skills
The test statistics for group differences refer to a Kruskal-Wallis-Test.

Despite this there are other indicators that show that migrants integrate at work and elsewhere: for instance, none of the migrants states that his relationship to German colleagues is bad. An overwhelming majority has a good or very good relationship to their German colleagues. Almost half of all migrants (48%) are member of a club in Germany, most of them in sports clubs. Other important memberships are in political parties or in an Albanian society (which points at the fact that some memberships, but by far not all, are connected to the ethnic origin and thus not necessarily signs of integration).

Beside the level of integration into the host society, the income situation should be one of the factors that influence the contentedness of the migrants. Income data is presented in Table 4 in the form of income classes. Most migrant households earn between 1500 and 2500 € per month (net income). In many cases the wives work too and contribute to this household income (22%).

Hence, the typical income of an average Kosovar migrant in Germany seems to be in the range of the equivalised median income (1,772 € in 2008 according to Statistisches Bundesamt, destatis.de). The majority is in waged employment (69%), but there is also a considerable number of self-employed (17%). The number of unemployed is rather low (6%).

Most of the households state that they have savings. The average amount that can be saved is around € 300 per month (standard deviation: € 494). This includes the money that is available for remitting. Only about one fifth has debts.

Other indicators of living standard presented in Table 4 underline that the majority of households do indeed comparatively well: on average they live on 26 m^2 per family member, and only 9.5% of the interviewed households state that they cannot afford a one week holiday to a different destination than Kosovo due to financial restrictions.

3.4 Migration duration: will they stay or will they go?

In a next step, we proceed - based on the results with regard to the livelihood situation, contentedness and integration of the migrants - with the question of whether migrants do intend to stay or to return?

We have already seen that the living conditions are at a satisfying level. Despite this, in terms of integration into the host country, there is no clear picture. Although migrants seem to be content in many regards, they stay closely connected to Kosovo and their families at home. Indeed, the ties that exist to Kosovo are clearly stronger than those to Germany. This is depicted in Table 5. Two thirds give higher ratings on a scale from one to five for their tie to their origin compared to Germany. When comparing the waves, the trend is that this share is decreasing with the length of the stay Germany. Only 1.3% of the migrants state that their connection to the home country is weak (rating 1 or 2), whereas this is the case for 8.6% of migrants with regard to Germany.

As we have seen, most migrants stay not only for a short term. Thus, it can be expected that also for the younger waves, the tie to Germany will become stronger over time. Interestingly, Table 5 shows for the third wave that their connection to both Kosovo and Germany is more often weak compared to the other groups. A considerable share of the ‘guest workers’ of the first wave also have weak ties to Germany, showing that their efforts to integrate were - in line with their initial return intention - comparatively low. The second wave has the smallest

share of migrants with only weak ties to Germany. Yet, the differences between groups are not statistically significant.

Table 5: Migrants' return plans and ties to the origin along three migration waves (2009)

	Wave 1	Wave 2	Wave 3	Total	Test statistics	
	before 1986	1986-99	after 1999		$\chi 2$	P
Tie to KS is stronger than tie to Germany	63.2	65.6	70.8	65.8	0.388	0.824
Tie to DE is weak (%)	15.8	5.6	16.7	8.6	1.962	0.375
Tie to KS is weak (%)	2.6	0.6	4.2	1.3	1.836	0.399
Plans to stay in DE (%)	23.7	36.0	25.0	19.3	32.300	0.000
Plans to return to KS (%)	50.0	14.3	4.2	32.7	26.822	0.000
No decision about returning (don't know) (%)	26.3	49.7	70.8	48.0	13.532	0.001

Source: Own data.

Note: N = 222
The test statistics for group differences refer to a Kruskal-Wallis-Test.

The tie to a location is certainly connected with existing family links. It is therefore important to learn about the main family ties that still exist at the place of origin. While most migrants live together with their nuclear family in Germany, more than half of the interviewed migrants have a mother and/or father in Kosovo. The strength of these familial relationships is, not surprisingly, high. Most interviewees state that they are in contact with their parents at least once per week. No contact or contact less than once in two weeks is the exception. If there is a spouse and/or children at home, contact frequency is, of course, also high. This is, however, only the case for 27 migrants in the sample. But even for brothers and sisters less than 3% state that their contact frequency is below once per month. Similarly, the number of visits to the place of origin shows that the tie to Kosovo is indeed stable. Typically, migrants visit Kosovo 1-2 times per year. The average duration of a visit is three weeks, a typical summer holiday period. Three or more visits per year are reported by 20% of the migrants, but only one migrant stated that he never visited Kosovo since he left. Most migrants say they can adapt easily when they go back to Kosovo.

Another link to a location - be it Germany or Kosovo - is established through real estate ownership. Most migrants have rented their flats or houses in Germany: only about one quarter owns real estate there. Possession of real estate in Kosovo is more common. Almost 90% have some kind of real estate back home.

In line with these persisting links to the origin country, only a minority of migrants in the sample (19.3%) state that they have the intention to stay in Germany permanently (Table 5). In fact, most migrants, 48.0%, have no clear-cut opinion. About one third plan to return to Kosovo. We would expect that there is a difference between the three waves of migrants, similarly to the results with regards to the ties to Kosovo and Germany. Table 5 indeed shows that the first wave of migrants most often state that they intend to return. Especially in this first wave those with return intentions often plan to go back after their retirement. The migrants in the most recent wave have not yet made up their mind. Our qualitative results indicate that there is a tendency to consider a permanent stay if the circumstances allow it. We observed – and there are cases in all three waves - that some of the families plan their retirement in Germany. This is especially the case when the children grew up in Germany and are no longer interested in returning. Instead, education, retirement provisions, and a better living standard for the nuclear family in Germany gain importance. Even the elder generation, who came with clear plans of returning, realise in a more or less painful process that some of

their hopes about Kosovo's future will not be fulfilled. This is particularly true for the second wave of migrants, where the number of those with plans to stay is significantly higher than the number of potential returnees.

The intention to stay in Germany might be influenced by the status of the migrant in the host country. Most of the migrants have a relatively secure status in Germany: only 14% have no permanent work permit. Yet, the third wave of migrants is in an unfavourable situation in this regard. Here, 58% of the migrants are in Germany on a basis of a temporary permit only. This might also explain the high level of undecidedness in terms of their return plans. Some further implications of this are discussed in the next section in more detail.

We conclude that on the one hand the duration of the stay has an influence. This becomes evident when comparing the second and third wave. The migrants of the second wave have the highest share of migrants who plan to stay in Germany permanently; the third wave is highly undecided at this stage. The first wave, however, despite their long stay, relative high level of security and long opportunity to integrate, still show the highest share of migrants with return intention. We believe that here the different migration circumstances, 'guest workers' in the first wave versus migrants leaving a country that is in a desperate economic condition after the Kosovo wars, influences the livelihood strategies of migrants. While the 'guest workers' never really had the intention or felt pressure to integrate, the later waves see their return options as less and less attractive and consider staying in Germany as one sensible option from the beginning on.

3.5 Remitting: the economic link to the origin farm household

The persisting ties to Kosovo materialise in remittances. Remittances are considered the major economic link between the migrants and their families at home (Taylor 1999). We understand the remitting behaviour of Kosovar migrants as part of a 'migration culture' in which remitting is a common household strategy. Thus, the migrants' move can be seen as strategic behaviour of families. The main aim of migration and remitting is then to support the nuclear family (parents, a wife and children, and possibly siblings). The significant proportion of households in Kosovo directly benefiting from remittances underlines that migration and remitting has become part of the Kosovar culture: it is estimated to be between around 20% (KRS database) and 30% (latest LSMS data according to Haxhikadrija 2009).

Table 6 shows that remitting is an important objective for more than 39% of the migrants; one quarter even give the highest rating which means that for them remitting is the most important objective of their move to Germany.

Indeed, the vast majority of the migrants remits; less than 3% of the migrants state to have not remitted in the past 12 months. Yearly remittances vary from € 500 or less (around 6%) to more than € 10,500 (8%). They averaged € 4,726 per year and migrant household (median = € 4,000, standard deviation = € 3,575) (Table 7).[6] Taking into account that many migrants have their wife and children in Germany, which should lower the pressure and willingness to remit to the wider family at home, this seems a considerable amount. It represents more than a typical monthly income of the main migrant. Nonetheless, it is clear that remitting is expected by the families at home and is seen as a life long duty, even by those who have different priorities in the meantime and who have their nuclear family in Germany. The strength of this

[6] This average is more than double than the average per capita income in Kosovo in 2009 as reported by OECD with USD 3,240 (€ 2,260) (http://www.oecd.org/dac/effectiveness/Kosovo%203.pdf).

norm is shown in the share of 61% of migrants who give the highest rating to the family's expectation to receive remittances. Complying with these expectations is the norm: not sending remittances is extremely uncommon among the Albanian community in Germany - even if there is a certain group of migrants who, from their personal point of view, would have no high interest in remitting (see Table 6). So until today, for a Kosovar rural family, migrants – a son in Germany, an uncle in the US or an aunt in France – are indeed an important asset:

Family Gashi from Drenica region in central Kosovo, awaits an important guest: the family's son, a lawyer, is a migrant in Germany and has sent money through another relative who arrived by plane on the very same morning. The money is urgently needed as the mother of the family is ill. Although the son has been away for 18 years – he left Kosovo after losing his job when the reprisal of the Serb government increased -, the family Gashi knows that they can still rely on regular remittances. In fact, ever since he left, the family, who owns a small farm, stayed dependent on him as an important or even main breadwinner.

Table 6: Importance of remitting from the perspective of the migrants, % of answers (2009)

	Rating							
	-3	**-2**	**-1**	**0**	**1**	**2**	**3**	
*Remitting to my relatives is for me….**								
Absolutely unimportant	10.1	2.3	5.7	43.3	7.8	7.8	24.9	The main objective of migration
*My relatives expect to receive remittances from me.***								
Not true at all	12.4	2.3	3.7	6.0	6.9	7.8	61.0	Absolutely true
*Most Albanians I know send remittances to their relatives at home.***								
Not true at all	1.4	0.5	0.0	3.7	2.3	7.3	84.9	Absolutely true

Source: Own data.

Note: *N = 217, **N=218

Interestingly, it seems that the first wave of migrants remits less than the second and third wave (Table 7). However, this might result from the traits of the migrants of the first wave, who are (1) probably those who have brought their nuclear families to Germany and have finally settled here and who are (2) older than the other migrants and might have a lower income when they are already retired and their wives are usually not working. Indeed, we also find that migrants who were already married when coming to Germany, remit less. More than 80% of them live with their nuclear family in Germany, which can be seen as one reason why they remit less.

Overall, migrants sent money or goods five times per year. Cash transfers are more common than in-kind transfers. They occur on average 3.8 times per year (the transfer frequency for cash varies between 0 and 20 times). In-kind transfers on average happen only 1.5 times per year; goods are often taken along with the migrant during a summer holiday. The preference for cash transfer can be explained by the easier transferability and versatile usability. Indeed, in recent years the net of transfer agencies has developed a lot. Still, many migrants keep making use of private, personal transfers through carriers, who are contacted for instance at

airports, and who then take the money with them and deliver it to the remitee. This transfer is free of charge and explains why the costs of transferring money are low. Around two thirds of the senders do not pay any charges and only 17% pay more than 2% fees on the remitted amount.

Table 7: Migrants' remittance behaviour along three migration waves (2009)

	Migration waves					
	1	2	3	Total	Test statistics	
	60-70ies	80-90ies	after 2000		$\chi 2$	$\chi 2$
Number of migrants of this wave in sample	40	162	24	226		
Remittances (average in Euro per year)	4,081	4,814	5,210	4,726	3.386	0.184
Up to € 500 per year (%)	10.0	4.9	4.2	5.8	1.633	0.442
€ 501 - € 2500 per year (%)	25.0	16.1	16.7	17.7	1.776	0.411
€ 2501 - € 4500 per year (%)	30.0	37.0	33.3	35.4	0.741	0.690
€ 4501 - € 6500 per year (%)	12.5	16.7	25.0	16.8	1.677	0.432
€ 6501 - € 8500 per year (%)	5.0	11.1	0.0	8.9	4.074	0.130
€ 8501 - € 10500 per year (%)	5.0	4.9	4.2	4.9	0.029	0.986
More than €10500 per year (%)	7.5	6.8	16.7	8.0	2.784	0.249
Estimated share in beneficiaries' income >50% (%)	40.0	29.6	33.3	31.8	1.443	0.486
Estimated share in beneficiaries' income <10% (%)	20.0	9.9	4.2	10.9	4.251	0.119
Number of beneficiaries (direct and indirect)	9.0	9.6	7.3	9.3	3.794	0.150
Frequency of remitting cash and in-kind (per year)	5.0	5.2	5.7	5.2	0.465	0.793

Source: Own data.

Note: N = 226
The test statistics for group differences refer to a Kruskal-Wallis-Test.

The third wave is remitting with a higher frequency and also sends the highest average amount of remittances per year. However, the number of (direct or indirect) beneficiaries is on average only seven for the last wave compared with an average between nine and ten people supported by the first and second wave. Thus, it seems that with the duration of the stay, the number of recipients increases. Generally, these figures show that a considerable number of people are supported by each migrant. The maximum of beneficiaries of one migrant household was 42 persons, but typically (in more than 70% of all cases) between four and ten persons are supported.

There is no clear evidence that wealthier migrants remit significantly more in absolute terms (Table 8). Thus, although the financial possibilities certainly play a role for the level of remittances sent, they do not seem to make the decisive difference. Real estate in Kosovo and business activities influence the level of remittances positively.

It further seems that the migrants respond to the needs of their origin household. Remittances are an important source for the livelihoods of the recipient households. They make up a considerable share in the income of the receiving households: frequently, remittances represent between 30% and 50% of the recipient family's income. Slightly more than 40% of the migrants believe that their relatives depend heavily or very heavily on remittances. The absolute amount remitted increases with an increased expectation of dependency on remittances.

The financial crisis in 2008/09 had a negative impact on the remittances' amounts. Overall, it is estimated by the Central Bank of Kosovo that remittances went down by 8% (Toçi 2009).

From our data set we can say that a majority of migrants states that the volume of remittances to their family at the origin has decreased in the course of the crisis.

Table 8 Wealth level of migrant household according to three groups of remittance level (2009)

	All	Remittances terciles			Test-statistics	
		T1 (n=69)	T2 (n=86)	T3 (n=71)	χ^2	P
Household's income class with the highest frequency (monthly income in €)	1,501-2,500**	1,501-2,000	2,001-2,500	1,501-2,000		
Migrant has real estate in DE (%)	24.4	19.1	23.3	31.3	2.825	0.244
Migrant has real estate in KS (%)	89.4	81.2	93.0	93.0	7.041	0.030
Migrant has savings (%)	70.6	64.7	72.1	74.6	1.746	0.418
Migrant has debts (%)	20.4	27.9	14.0	20.9	4.578	0.101
Migrant has own business (%)	17.3	8.7	16.3	26.8	8.055	0.018

Source: Own calculation.

Note: N=226; less for some variable due to missing data.
T1: lowest tercile of total remittances (less than €3,000). T2: middle tercile of total remittances (€3000-€5000). T3: upper tercile of total remittances (more than €5000).
DE = Germany
** Income class 4 (1,501-2,000) and income class 5 (2,001-2,500) both reach a share of 27%. Therefore we show the income range of both classes here.
The test statistics for group differences refer to a Kruskal-Wallis-Test.

Beside the influence of the crisis, another relevant indicator in this respect is the status of the migrant in the destination country. In the literature we find indications that the inclination to remit declines with the integration in the receiving country (see for instance Holst and Schrooten 2006a and 2006b, Meyer et al. 2010). As mentioned above, few migrants have only temporary work permits (12%), while the majority has a permanent residence permit status (73%) or – in the meantime – German citizenship (15%). However, insecurity, which is much higher in the third wave (see Table 1), will always lead to a higher willingness to transfer money and invest money back home, while a long-term status might trigger a change in priorities. This might explain why we do not find the expected reluctance in the remitting behaviour of the third wave. Although they might generally not be so interested in returning to Kosovo, their status is currently insecure. Being less settled in the destination country, triggers the higher willingness to remit.

4 MIGRANT SENDING FARM HOUSEHOLDS: SOCIO-ECONOMIC FEATURES AND IMPACT OF REMITTANCES

This chapter deals with the features of the migrant sending farm households. We mainly refer to the matching set of 226 origin households of the migrants described in Chapter 3. In addition we compare recipient households (all matching origin households receive remittances) with a control group of 55 non-recipient farm households. The overall sample used in Chapter 4 therefore refers to 281 farm households.

As we are dealing with farm households, we will first take a brief look at the families and their farms, their employment structure and migration activities (Section 4.1). We will then present differences between recipient and non-recipient households (Section 4.2) before we discuss how remittances affect incomes (Section 4.3). Finally we present results on the use of remittances and discuss if remittances open up development opportunities (Section 4.4).

4.1 Kosovar rural remittances recipients – key characteristics of the matching set of farm households

The migrants described in Chapter 3 stem from typical Kosovar farm households. The rural families are comparatively big: our sample has an average household size of between five and six persons. The maximum number of family members is twelve. The dependency ratio, which describes the ratio of family members in working age and dependent persons, is rather high: there is slightly more than one dependent household member per person of active age. On average, the migrants' families have two to three children and support 1.4 elderly persons above the age of 64. The average age of the household head is 52 years.

The educational level is surprisingly high. The average number of years in schooling is around ten years for the household head. When we look at the highest level of education in the household we find that in more than 90% of the origin households there is at least one person who has finished higher education (meaning that this person has spent twelve or more years in education). The educational level has to be put into perspective of the difficult situation of the Kosovar educational system before, during and after the violent conflicts. Since the early 1990s the former Yugoslav education system was replaced single-handedly by the ethnic Albanian population with a parallel education system for their people.[7] The quality of education can certainly not be compared with EU standards.

Table 9 gives an overview of important farm characteristics. The farms are on average smaller than three hectares. Therefore it is not surprising that they are subsistence oriented to a high degree. Indeed, the major share of households (63%) sells 10% or less of their farm produce. Only 6% sell more than half of their produce and could thus be termed market orientated farmers.[8] Still, we find that the attitude towards farming is rather positive. More than 40% of household heads give the highest rate for a positive attitude. Only 13% indicate a negative or very negative attitude.

The major share of farm land is arable, around one third is grassland. The typical stock of animals underlines once more the general subsistence character of the farming activities: farm households keep on average one to two milking cows, and very few other animals such as

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[7] This self-organised school system offered education from primary school until university. The teaching took place at private houses and was mainly financed by an informal levy collected by the Kosovo-Albanian diaspora worldwide (Hockenos 2003).

[8] Note, only 218 households answered this question.

sheep, pigs, poultry or other cattle. The levels of mechanisation and production intensity are generally low.

Table 9 Farm characteristics along farm size classes

	Farm size classes				All farms
	> 0.1 ha <= 0.5 ha	**> 0.5 ha <= 2 ha**	**> 2 ha <= 3 ha**	**> 3 ha**	
National distribution over farm size classes (%)*	21.9	58.6	10.8	8.7	100.0
Sample farm characteristics	N=37	N=137	N=35	N=55	N=264
Distribution over farm size classes (%)	14.0	51.9	13.3	20.8	100.0
Average farm size (ha)	0.4	0.9	2.9	5.1	2.2
Farmland					
Arable land (%)	59.1	60.3	50.7	54.5	54.5
Grassland (%)	35.8	32.9	43.4	36.8	36.4
Permanent cultures (%)	4.4	4.7	3.3	5.0	4.1
Other (%)	0.7	2.1	2.6	3.7	5.0
Forest land (ha)	--	--	--	--	1.6

Note * Ministry of Agriculture, Forestry and Rural Development (2010).
N= 264 recipient and non-recipient households with ongoing farm activities

Although Kosovo is a country with a well-known and extraordinary agro-ecological potential, most households rely to a relatively low degree on farm incomes. Only around 6% of Kosovar households indicate farm incomes as their major income source and the contribution to overall individual incomes is only 1% on the national level (SOK 2010). Also for the rural sample analysed here, the contribution of farm incomes to total incomes is rather low. Mixed incomes are the rule, but there are households with no farm income at all[9] and households which rely to 100% on farming. Indeed, as we will show later on, farm incomes make up only a relatively small share in the typical mixed income portfolio of our sample farmers.

Beside farming, rural households are engaged in waged and self-employed non-farm activities. Clearly, additional incomes are necessary to ensure the families' livelihoods due to the small farm sizes and subsistence character of the farms. Another reason for taking up non-farm employment is that remuneration is normally higher outside the farming sector. The farm family members of active working age (between 16 and 64 years) were asked for their main current type of work. Slightly above one third of them work mainly on the farm. Almost 30% have a waged job. Around 5% work in a non-farm family business. Typical fields for non-farm employment are in trade or construction sector, but also in academic professions such as teaching (each more than 20 mentions). Other important areas of employment are restaurants, car repair, security services, public and social services and vending.

As we will show in the next section, the share of non-farm income in overall incomes depends largely on whether a household receives remittances or not. However, non-farm incomes are without doubt an important income source. Furthermore, it must be stressed, that a considerable number of individuals are unemployed (more than 30% of all individuals have

[9] All households in the sample used to be farm households, but a few have given up this activity in the meantime.

no work). This high rate of unemployment (and probably underemployment too) can be seen as one important driver of migration activities.

The level of income is in general relatively low. According to the representative KRS database, Kosovar yearly rural incomes are at only € 5,250, the per capita equivalised income[10] is around € 2,000 (Möllers and Meyer 2011). In our sample the per capita incomes (equivalised) are on average € 3,200 and thus higher compared to the KRS survey. This higher income level may be explained by a higher share of recipient households, i.e. better access to additional income in form of remittances, in our data. This underlines the importance of migration and remittances which will be discussed in more detail in the next section.

4.2 A comparison of remittances recipients and non-recipients

In the following, we will present some information on the migration activities and discuss differences in socio-economic characteristics and particularly income data of recipient and non-recipient farm households.

On the national level, around 17% of rural households receive remittances while the majority does not. All remittances receiving households have reported at least one migrant in the family (on average there are 2.25 migrants in these households). Among the non-receiving households there are 13% with reported migrants (the average number of migrants is 0.39), but no reported remittances (Möllers and Meyer 2011, based on KRS data)[11].

The number of migrants is lower for the remittances receiving households in our study: on average there are 1.16 migrants, including the reference migrant residing in Germany. Due to our interest in the impact of remittances and the survey structure, our full sample of 281 households is somewhat biased in the sense that it concentrates on recipient households – the origin households of our migrants' dataset. Remittances receiving households therefore make up a share of 80%. This means they are overrepresented compared to the overall population.

Beside Germany, the destination country of our reference migrants and also of the majority of other migrants, the following countries where mentioned as migration destinations: Austria (3), Switzerland (3), Italy, Poland, Russia (each 1). As already mentioned, all households with migrants receive remittances. The amount of remittances varies over time. The recipient households reported that in most cases (67%) they experienced a drop in the amount of remittances received over time. Only 14% have seen an increase in remittances. Increases are mainly connected with changes in the migrants' incomes. Negative developments might as well origin from (negative) changes in the migrants' incomes, but are mostly seen in connection with the global financial crisis (which, of course, in many cases may have had impact on migrants' incomes).

The share of remittances in the total household expenditures is estimated as being between 40% and 80% by more than two thirds of all recipient households (Table 10). Thus, the

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[10] Equivalised income takes account of the differences in a household's size and composition, and thus is equivalised or made equivalent for all household sizes and compositions. It is defined as the household total income divided by the equivalised size of the household (Eurostat Glossary). The so-called modified equivalence scale of the Organisation for Economic Cooperation and Development (OECD) gives a weight of 1.0 to the first adult, 0.5 to any other household member aged 14 years and over, and 0.3 to each child.

[11] Over the whole KRS sample the share of remittances receiving households in rural areas is 19.2%, in urban households 16.4% recipients are found.

importance of remittances must be emphasized as substantial. Differences between households that receive remittances and those who do not are to be expected. This comparison will be the focus of the remainder of this sub-section.

Table 10 Estimated share of remittances in household expenditures

The estimated share of remittances in household expenditures is…	
… less than 20%	in 10.27 % of all households
…between 21% and 40%	in 16.07 % of all households
…between 41 and 60%	in 39.29 % of all households
…between 61 and 80%	in 29.91 % of all households
… more than 80%	in 4.46 % of all households

Source: Own calculation.

Note: N=224

Table 11 presents the comparative view on recipient and non-recipient households. While the age of the household head is 52 years on average for both groups, and the family size does not differ much, the dependency ratio is significantly smaller with only 0.33 in households without remittances. This means that households with more dependents tend to be more involved in migration - possibly due to the higher necessity to open up additional income sources to support the dependent family members.

The educational level is high in both groups. Households without access to remittances have a significantly better educational attainment with regard to university education (Table 5). This is in line with national data that imply that higher educated households are less dependent on remittances than others (SOK 2010). It seems that a comparatively high level of education facilitates access to local employment and thus reduces the motivation to migrate. Recipient households have one to two migrants, while non-recipient households report no migrants at all.

In our full sample, the average annual farm household income is around € 9,250 (Table 5). Both household and per capita incomes are significantly higher for recipient households. Per capita incomes are on average around € 3,200. They are calculated based on equivalised household sizes (see above). The low median in the group without remittances indicates that the income gap is bigger within this group.

Table 5 further shows that the income portfolios are mainly determined by non-farm incomes (38%) and remittances (42%). Obviously, there are differences between the two groups mainly caused by the availability or lack of remittances. In recipient households, this income type makes up more than 50% of total income[12]. Another considerable share is derived from local non-farm employment (31%). In our sample, households without remittances rely even more on non-farm employment (64%), but have another relatively important income source in farming (22%). Farming generally plays a surprisingly small role; its share in the income portfolio is even lower for recipient households (13%). Often, remittances have been brought forward as capital source for farm investments. If this has taken place in the farm households with migrants, then it does not yet show. More likely, farming is not seen as an attractive option for future employment. From the farm characteristics only the subsistence orientation

[12] The national average of remittance income in total household income is given with 12% by the SOK (2010). UNDP (2010) finds that remittances contribute approximately 40% to recipient household income.

shows significant differences: non-recipient households are more market-oriented than recipient households. This has probably to be seen in relation with their higher dependency on farm incomes in general.

Both groups have relatively low income shares from other income sources, which are mainly pensions or social payments; the overall average share is 7%. On the national level, social welfare benefits account for 2% of individual incomes, pensions from Kosovo for 6% and pensions from abroad for 4% of the incomes (SOK 2010).

Table 11 Socio-economic characteristics of households with and without remittances, 2009

	All households	With remittances=1		Test statistics
		1	0	χ^2 / p
Number of HH	281.00	226.00	55.00	--
HH size	5.43	5.44	5.36	0.081 / 0.776
Dependency ratio	0.93	1,07	0.33	49.403 / 0.000
Age of HH head	52.25	51,84	53,95	1.141 / 0.285
Number of migrants	0.93	1.16	0.00	194.097 / 0.000
Highest level of education in HH				
- Primary School (up to 4 years) or lower	0.36	0.00	1.82	4.109 / 0.043
- Secondary General School (~ 8 years)	6.05	5.75	7.27	0.179 / 0.672
- Vocational or Grammar School (~12 years)	66.55	70.35	50.91	7.486 / 0.005
- University degree	27.05	23.89	40.00	5.795 / 0.016
Farm land (ha)	2.21	2.25	2.02	2.139 / 0.144
Number of cattle	1.64	1.52	2.11	0.394 / 0.530
Share of subsistence > 50%	93.58	94.89	88.10	2.590 / 0.108
Household income (€)	9,261	9,915	6,575	18.995 / 0.000
PC income, equivalised (€)	3,204	3,458	2,160	24.985 / 0.000
Median of PC income, equivalised (€)	2,778	2,870	1,787	
Income shares (%)				
- Farm income	13.28	11.04	22.47	5.936 / 0.015
- Non-farm income	37.80	31.41	64.05	41.614 / 0.000
- Remittances	41.88	52.07	0.00	133.233 / 0.000
- Other (unearned) income	7.05	5.48	13.47	1.256 / 0.262

Source: Own calculation

Note: N=281 rural households; HH=household, PC = per capita

The test statistics for group differences refer to a Kruskal-Wallis-Test.

With view on the recipient households, we found that within the last five years, their income structure has changed only little. Changes occurred in the farm sector, where the respondents indicated an average decrease in income shares of about 1.5%, and in remittances, which increased by around 1.5%.

4.3 The impact of international remittances on farm household income

The impact of remittances on the income situation of our full sample of rural households (N=281) is analysed in three ways. First we compare relevant variables across different income groups. We then look at poverty indicators. The impact of remittances on poverty is shown by a computation which excludes remittances flows. Finally we discuss the effect of remittances on income (in)equality.

Table 12 offers information on socio-economic characteristics in three income classes (terciles), where the first tercile is the income class with the lowest per capita income and the third tercile is the richest group. Household sizes and the dependency ratios do not differ significantly. The best educated households are found in the richest tercile. The poorer income classes have a higher share especially in vocational education and grammar school education. If education is the reason for or the result of successful migration is an open question. Recent World Bank (2007) results show no evidence that remittances are used to invest in education. Therefore, our results probably underline the importance of education as the basis for reaching higher incomes – be it locally or outside the country.

Income differences between the three groups are considerable. The income of the middle tercile is almost double that of the first, while the richest group earns more than three times as much as the first income tercile. Differences in per capita incomes are similar. Indeed, the richest income group earns 56% of all incomes, while the share of the poorest tercile in all household incomes is only 15%. This can be interpreted as a sign of the existence of considerable income inequality. One of the reasons for this result might be seen in the different income portfolio structures between the three groups.

Poor households, according to the results in Table 12, rely significantly more on farm incomes than wealthier households. Their share in farm incomes (18%) is almost twice as high as in the richest group. Differences in unearned incomes from pensions and other transfer payments are visible, but not statistically significant. The poorest tercile has a share of 11% compared to only around 4% in the third tercile. Non-farm incomes (35%) and remittances (36%), on the other hand, are still extremely important for poor households, but the shares are lower, especially for remittances, than in the other terciles. The better-off households rely mainly on two incomes sources: local non-farm employment (43%) and remittances (43%). Remittances are found to be most important in the middle income group (46%). The share of households without access to remittances is falling from the poorest (33%) to the richest tercile (10%).

Table 13 presents three common poverty indicators based on three different poverty lines. Following international standards, we have selected two absolute poverty lines, and one relative poverty line (Table 13). Clearly, poverty levels of recipient farm households look different depending on the choice of the poverty line. The very low poverty line of € 1.55 per day in 2009 prices that is used by the World Bank and SOK (2011) seems from our point of view very low. In our sample, according to that poverty line, less than 1% of our recipient farm population would be considered poor. A rating done by our enumerators showed that they also only considered 3% of the visited households as visibly poor. Nonetheless, this poverty line focuses on the poorest households: is only slightly above the social assistance level that a person is eligible to in Kosovo (€ 40 per month according to SOK (2010)), an amount, which is, according to what we saw, hard to live by in the country. Furthermore it is also far below the current average expenditure level of rural households which is given as around € 130 per month per person by Möllers and Meyer (2011) based on the UNDP's KRS database.

We further present an absolute poverty line reflecting USD 4.30 PPP, and the relative poverty line of 60% of the median of the equivalised per capita income (based on OECD concept) of the rural Kosovar population according to KRS data. The USD 4.30 PPP per day is used by the World Bank, usually to reflect the different conditions in EU applicant countries. According to these two measures the poverty incidence is 9% or even 16% in the case of the relative line. The poverty deficit, defined as the average distance of the poor to the relative poverty line, is 2% or 3%. The measure of poverty severity considers income differences by giving more weight to the poorest. In other words, greater weight is given to households that are further away from the poverty line. This indicator shows low figures for the sample households, meaning that the inequality in income distribution amongst the poor is fairly low.

Table 12 Socio-economic characteristics according to income classes (2009)

	All households	Income class (tercile)			Test statistics
		1	2	3	χ^2 / p
Number of HH	281.00	94.00	93.00	94.00	
Share of HH without remittances	19.57	32.98	16.13	9.57	
HH size	5.43	5.46	5.56	5.27	0.851 / 0.653
Dependency ratio	0.93	0.81	0.93	1.05	3.618 / 0.164
Highest level of education in HH					
- Primary School (up to 4 years) or lower	0.36	1.06	0.00	0.00	2.022 / 0.364
- Secondary General School (~ 8 years)	6.05	9.57	4.30	4.26	3.208 / 0.201
- Vocational or Grammar School (~12 years)	66.55	72.34	69.89	57.45	5.733 / 0.057
- University degree	27.05	17.02	25.81	38.30	11.091 / 0.004
Farm land (ha)	2.21	1.88	1.92	2.82	10.025 / 0.007
Household income (€)	9,261	4,316	8,279	15,177	204.319 / 0.000
PC income, equivalised (€)	3,204	1,482	2,753	5,371	248.883 / 0.000
Median of PC income, equivalised (€)	2,778	1,597	2,778	4,426	
Share in all household incomes (%)	100.00	15.47	28.44	56.09	
Income shares (%)					
- Farm income	13.28	17.82	12.10	9.89	11.023 / 0.004
- Non-farm income	37.80	34.94	35.77	42.68	3.986 / 0.136
- Remittances	41.88	36.42	46.12	43.13	6.323 / 0.042
- Unearned income	7.05	10.82	6.01	4.30	1.647 / 0.439

Source: Own calculation Brussels WB KS-2009 N=281 Data cleaning Judith, qry 0100 brussels descriptives

Note: N=281 farm households; PC = per capita ; HH = household
Tercile 1 = Income class with the lowest per capita income etc.
The test statistics for group differences refer to a Kruskal-Wallis-Test

The impact of remittances on poverty is depicted in the last column of Table 13. Again, results vary with regard to the chosen poverty line. However, it is evident that remittances are a decisive income source and that poverty levels would rise substantially if households were not supported by their migrated family members. Almost 18% would fall even below the 1.55 €/day line. The relative indicator would rise to almost 70% and the USD 4.30 PPP line yields a headcount index of almost 57%. However, it has to be noted that poverty reduction is

overestimated here because absent migrants can be expected to earn some income if they had not migrated, even if the income opportunities in country like Kosovo are limited.[13]

Table 13 Poverty in Kosovar recipient farm households (2009)

	Yearly income (€)	Headcount -index	Poverty deficit	Poverty severity	Headcount index without considering remittances
Absolute poverty line					
USD 4.30 PPP per day line	1,453	0.086	0.020	0.018	0.567
€ 1.55 per day line in 2009 prices*	566	0.005	0.002	0.001	0.180
Relative poverty line 60% of median**	1,062	0.156	0.034	0.013	0.679

Source: Own calculation.

N=1,230 members from remittances receiving farm households; the poverty measures are calculated based on equivalent per capita incomes

*Absolute poverty line used by the World Bank and SOK (2011) for Kosovo on the basis of a "cost of basic needs" approach for 2009.

**This poverty line corresponds to 60% of the median equivalised per capita income of rural households in the KRS 2009 database.

Finally, we raise the question, if remittances also play a role with regard to income inequality. Table 14 depicts results for Gini coefficients. The income distribution was calculated for total equivalised per capita incomes of recipient farm households and for incomes excluding remittances. The national Gini coefficient for the most recent year for which data is available, 2005, was about 0.30 (World Bank 2007). This relatively modest value is similarly reflected in a coefficient of 0.31 for the sample of recipient households. The Gini coefficient, which was calculated without considering remittances displays a notable increase to 0.45. This implies that remittances generally contribute to a more equal income distribution among recipient households. The Gini calculation for the representative set of rural households of the KRS database, however, leads to different results. When recipient households become a rather privileged minority within the whole rural population, a slight negative effect of remittances on the income distribution arises (Möllers and Meyer 2011).

The examination of partial coefficients calculated on the basis of decomposed Gini coefficients confirms the equalising effect for the recipient farming population in our sample (lower part of Table 14). It is local non-farm income that influences their income distribution negatively, while international remittances have a positive effect on income equality. The elasticity for non-farm income is positive (0.109) and negative for remittances (-0.074), farm incomes (-0.006) and other incomes (-0.029). A negative elasticity indicates a positive impact on income distribution, i.e., the Gini coefficient will decrease when the respective income increases. In the sample, a 1% increase in remittances would lead to a decrease in income inequality of 7%.

[13] Acosta *et al.* (2008) confirm this on an empirical basis for a number of Latin American countries. They point out that when no imputations are made for the income of remittance senders, countries where recipients are concentrated at the bottom of the distribution of non-remittance income exhibit much higher reductions in poverty headcounts attributable to remittances. Nonetheless, it is clear that effects of remittances are far from negligible.

Table 14 Income distribution and remittances in recipient farm households (2009)

Gini coefficient	
▪ on the basis of equivalised per capita incomes	0.31
▪ remittances excluded	0.45
Decomposed Gini coefficients (elasticity in brackets)	
▪ on the basis of farm incomes	0.29 (-0.006)
▪ on the basis of non-farm incomes	0.41 (0.109)
▪ on the basis of remittances	0.26 (-0.074)
▪ on the basis of other (unearned) incomes	0.12 (-0.029)

Source: Own calculation.

Note: N=1,230 members of recipient farm households

4.4 The use of remittances – does it open development opportunities?

There is growing interest amongst policy-makers, donor agencies, development specialists and the wider informed public about the role that the Kosovar migrants play in developing Kosovo. There is certainly some potential which arises from remittances, but also from ideas and other inputs that migrants bring back. But, as Haxhikadrija (2009) rightly argues this is not a straightforward process and the scope of the potential to contribute to Kosovo's development can be questioned. Nonetheless, we discuss some relevant issues in terms of the use of remittances and possible impacts on development.

A longer term impact of remittances directly depends on the use of remittances. While consumptive use might ease everyday life and prevent rural families from acute poverty, longer term positive economic development is only to be expected if remittances are at least partly (and successfully) invested in income creating activities.

We start with a short look at the general expenditure structure (Table 15). Food makes the biggest share of all expenditures. Almost 50% of all incomes are spent for food items.[14] Non-food items and housing are the next important expenditure categories. The share of education expenditures is low with less than 2%. Also health expenditures are small with around 3% of all expenditures. Clearly, this expenditure structure shows that most of the incomes are consumed and there is only limited room for investments at all. Most of the reported investments refer to investments into housing, such as repairs, a flat in town, a bathroom, or devices that are used in the house. A few households have bought a car or invested in farm equipment or land. Investments into other businesses such as a bakery or a small shop are the exception.

Remittances are part of the disposable income and thus contribute to covering expenditures (see Table 10). Some of the expenditures rely to a higher degree on remittances than others: the respondents were asked to indicate what kind of expenditures would have been impossible or delayed without the transfers received. Three quarters of all recipient households agree that their purchase of basic household consumption depends on remittances. Almost 40% indicated that they used remittances for repaying consumption credits. The same number of households reports to have used remittances for the purchase of electrical devices such as TVs or microwave ovens for private use. Around 46% spent remittances for health expenditures which otherwise would have been difficult to pay for. Other important areas for the use of remittances are festivities such as weddings or funerals (in 34% of the households) and

[14] The value of own food production that is consumed in the household is included here.

vacations (31% of the households). Thus, already at this point one can see that consumption plays also a major role for the use of remittances.

Table 15 Consumption patterns in rural farm households (2009)

Household spending per month in %		Food	Non-food	Education	Housing	Health	Total in €	Per capita in €
All rural households		47.30	31.30	1.68	16.70	3.02	**612.49**	**121.11**
Remittances receivers		48.38	30.58	1.77	16.20	3.08	**618.92**	**121.62**
Non-receivers		42.88	34.24	1.30	18.76	2.81	**586.08**	**119.00**
Test statistics	χ^2	8.492	4.218	2.835	4.188	0.107		
	p	0.004	0.040	0.092	0.041	0.744		
Tercile 1 (poor)		48.81	29.59	1.46	17.50	2.64	**549.12**	**105.48**
Tercile 2 (medium)		46.57	32.07	1.87	16.16	3.33	**618.72**	**118.92**
Tercile 3 (rich)		46.53	32.24	1.70	16.43	3.11	**669.70**	**138.90**
Test statistics	χ^2	1.858	3.520	1.083	0.230	4.244		
	p	0.395	0.172	0.582	0.891	0.120		

Source: Own calculation.
N=281
The test statistics for group differences refer to a Kruskal-Wallis-Test.

Investments with positive expected impacts on future income streams could be for instance in business activities - be it on farm or off-farm - or in education. Less direct development relevant impacts are to be expected for instance from investments in housing.

Education expenditures are the main area of investment activities for which remittances are used. Around 45% of the households report that they used remittances for education purposes which otherwise could not have been financed. Only few households report such use of remittances for agricultural investments: land purchases (8%), purchase of livestock (4%), investment in irrigation and soil measures (3%), agricultural machines (1%). Non-farm investments are done with the help of remittances by only 10% of the households. Housing plays a small role with only around 4% mentions with regard to the use of remittances.

The foundation of non-farm family businesses is of particular interest in terms of development. It opens up an income source for the family where maybe no other or no attractive employment alternatives are available. Further, in case of success, it can be expected that at least a small number of jobs are created also for non-family members. In our study, out of 226 recipient households 27 reported to work self-employed in a non-farm family business. Not surprisingly, a substantial part of the seed money came from remittances: on average 52%. Indeed, the large majority of respondents states that families with migrants have a better chance to establish a business in Kosovo. Around 27% of the seed money was contributed by own savings. Other sources of capital were bank loans (15%) or credits from friends (6%), family members (4%) or money lenders (3%).

Beside seed money there are further important features how migration or the migrant influence the foundation of a business. When asked to indicate the key relation between the migration activities and the foundation of a business in the households, one third state that the migrant brought the idea for the business from abroad. Around 30% see the key link in the seed money that the migrant offered. Only 4% report that the migrant brought the skills that were important for the business. One third of the households see no important relationship between migration and their business foundation.

Difficult access to credit is often a key constraint for rural households who wish to start a business (Möllers 2006). Indeed rural credit markets often fail to provide potential entrepreneurs with the financial services they need. Furthermore, rural people are often reluctant to go into debt. Remittances can therefore be an important substitute for bank loans. Although people tend to see a connection between their possibilities to get access to a local bank loan and migration, it is not that clear what the actual impact is. Only about one quarter of the respondents say that their access to credits has improved in the last five years. For around one third it has become more difficult. Respondents in Kosovo deny that the financial crisis had an impact on their access to credits (95% of answers).

Interestingly, many households report that they increased their savings based on the transfers during the reference year 2009 (39%). Over a timeframe of five years this number is lower, though. Over the last five years, just 14% of the remittances recipients have increased their savings. The financial crisis is seen as a major factor of a decrease in savings by 31% of the respondents. Incomes have changed to the positive for around 23%, but to the negative for 29%. The large majority of households sees changes in income and savings as a result of the household's migration activities and remittances. But also difficulties in finding jobs due to the financial crisis might have played a role (45% think that the financial crisis caused such difficulties for them).

5 CONCLUSIONS

This paper gives new insights into the socio-economic features of Kosovar migrants in Germany, their remitting behaviour and the situation of the recipient households in the origin country. We make use of an own 2009/10 dataset on Kosovar migrants in Germany and the matching set of rural origin households.

As the majority of migrants worldwide, most Kosovar migrants arrived in Germany as young single men. Among the key migration motives is the wish to earn enough income in the destination country to send remittances home. For many, sending remittances is a key objective of the migrants' move to Germany. Thus, migration is still to a large degree motivated by the needs and expectations of the family at home. In that sense, migrants' motivation could be labelled as 'distress-push' triggered: there are no comparable earning opportunities in Kosovo and migrants leave – often uninformed and illegally – with the aim to soon earn enough money to remit.

Migration and remitting have a long tradition in Kosovo. Therefore there is a 'migration culture' pushing young men to work abroad and support their families. Migrants act as 'role models' and the reputation of a family depends to a certain degree on having migrants who remit. The social networks that evolved from decades of migration act as a door opener for new migrants. They play a role before and after the arrival of the migrants in Germany. In recent times, the tremendous economic problems in Kosovo, low household incomes and high unemployment rates are further pushing migration.

Although many come with clear return intentions, we find differences between the three main migration waves. The majority of the first wave of migrants (the so called *Gastarbeiter* who came in the 1960s and 1970s) has already returned, and those who are still in Germany keep showing a high willingness to return. Migrants of the two following migration waves, those who came in the 1980s and 1990s and those who arrived after 2000, are more undecided with regard to their future plans. The second wave is the one showing the highest intention to stay in Germany; probably because they have already integrated to a high degree and have children who grew up in Germany. The youngest wave is widely undecided. They have still very strong ties to their home country, but are also most aware of the hopelessness of the current economic situation there which makes staying in Germany an important option for them.

The decision to stay is certainly positively influenced by the fact that overall Germany's Kosovar migrants are content with their lives in many regards. The incomes and other indicators of wealth show that indeed they do comparatively well. Nonetheless, the ties to the rural origins in Kosovo are still strong. This is for example reflected in the contact frequency with relatives at home, but above all in the continuing remittances flows, which are the main economic link of the migrants and their place of origin.

Indeed, the support that they give to their families is considerable. On average, the migrants send remittances five times per year and remittances add up to more than a typical monthly income of the migrant per year. However, we can also show that the current financial crisis has a negative impact on the remittances volume. As shown in more detail by Meyer et al. (2010), a loosening tie to the origin country has also negative implications on the willingness to remit.

For the origin household, the recipients of the remittances, their migrants are key supporters of their livelihoods. Although it is difficult to decide if remittances are a pathway out of poverty, our results clearly indicate that they are important in overcoming acute poverty in

Kosovar farm households by supporting important expenditures such as daily consumption, schooling or healthcare.

First of all, we can show that the share of remittances in the income of recipient households is very high (almost 50%). In fact, remittances play a much bigger role in the income portfolio than for example social transfer payments. Second, a simple comparison of income with and without remittances shows that a large number of families are lifted above the poverty line due to their access to remittances. This means that remittances contribute to protect families from ad-hoc poverty. Third, we can confirm that remittances contribute to a more equal income distribution based on decomposed Gini indices.

The best-off households derive their incomes mainly from local non-farm employment and remittances (each 43%). Although the sample consists of farm households, the farm income share in total incomes is often low. Agricultural production is widely subsistence oriented and the majority of households relies on mixed incomes. Farm income shares are especially low in remittances receiving households and they are highest in the poorest households (who have less access to remittances than the wealthier income groups). Thus it seems that farm activities decrease when other income sources become available.

Most of the incomes and also most of the remittances flows are consumed. There is only limited room for investments and thus for longer term development effects. However, education is for instance one important field, in which remittances flow in (45% of all households). Further, we find that remittances do play a role when business start-ups are done: usually a substantial part, on average 52%, of the seed-money comes from remittances. Often also the business idea is imported by the migrant.

In summary we find that migration and remittances form a livelihood strategy which closely links migrants to their origin households in rural Kosovo. The wish (and the social pressure) to remit is one key trigger of migration. Although the ties keep being strong even after a long absence of the migrant, there are indications that over time, remittances flows slowly decrease. For the recipient households, who strongly depend on remittances, this means that it is all the more important to try opening up alternative local income sources. Here the non-farm sector is most promising and should be in the focus of the families, but also of all official development efforts in the country.

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