

*DRAFT*

*NATIONAL ACTION PLAN  
ON REMITTANCES*

*JUNE 2007*

**Albanian National Action Plan on Remittances**  
***Enhancing the development impact of remittances***

Final Draft, 14 June 2007

Measures	Background	Recommended Actions	Responsible/ Supporting authority
<p><b><u>Measure 1:</u></b>  <b>Expand and improve remittance data collection practices, research, analysis, policies and procedures.</b></p>	<p>The Bank of Albania (BoA) calculates total remittance flows as part of Albania's Balance of Payments equation. The large volume of remittance flows sent through informal channels (outside banks and MTOs) to Albania makes measurement more difficult. Estimates of informal flows are based on residual calculations. For overall remittance flow estimates, BoA uses a model based on the supply and demand for foreign exchange and a matrix of currency flows. The difference between given outflows and the known part of infows is what BoA considers to be remittances from immigrants. Apart from this "residual" calculation, remittance flow estimates also include transfers made via banks and MTOs as well as the transfer of goods. Remittance flows to Albania are also separately estimated by INSTAT using different methodologies. The LSMS (Living Standards Measurement Survey) and the HBS (Household Budget Survey). The HBS, in the module of household income and savings, includes a question about the value of transfers and other income from abroad received through formal and informal channels. Additionally, a survey by INSTAT is currently underway with funding support from the World Bank and technical assistance from the Italian Institute of Statistics with preliminary results due by the end of 2007. If funding is available, the study will be repeated in 2009. The LSMS will be run in interim years to provide for systematic and continuous provision of data. To date, remittance estimates by INSTAT using LSMS and HBS have been lower than</p>	<ol style="list-style-type: none"> <li>(1) Continue to improve the reliability of statistics and studies on remittance flows, placing a special focus on generating more accurate estimations of informal flows.</li> <li>(2) Continue to build the capacity of institutions responsible for data collection to accurately and systematically track data and to ensure better harmonization of different methodologies used.</li> <li>(3) Expand available research data to include: (a) characteristics of individual household flows and patterns of use, (b) links between remittance patterns and migration patterns, (c) impact of remittances on savings, physical capital accumulation, education, labour supply, and income inequality.</li> <li>(4) Link Albanian data collection practices to international remittance management standards and initiatives.</li> </ol>	<p><b>1- 4 National Bank of Albania</b>  <i>World Bank</i>  <i>INSTAT</i></p>

	estimates by the BoA. To harmonize methodologies, improve the accuracy of estimations, and bring Albania's methodology closer to international standards, the IMF is currently providing technical assistance to the BoA and closer cooperation with partner agencies in Greece and Italy is being sought.		
<b><i>Measure 2:</i></b> <b>Expand Albanian banking services linked to remittances.</b>	Albanian banks are currently present in Albania's main industrial and business centres. All 17 operating banks have offices in Tirana. Other big cities are well served by second level banks. Rural areas and small towns however are not well served and banks currently have little incentive to expand services to these areas because of limited profitability which is due to factors such as: (1) households in rural areas tend to be more economically modest, (2) people from rural areas tend to be less informed about banking services and therefore, less inclined to use banks for savings or other financial management tasks, and (3) physical infrastructure in rural areas (roads, electricity, etc.) is poor, making physical presence of banks difficult. Nevertheless, banks operating in Albania have established networks of corresponding banks and provide money transfer services in both foreign and local currency. They often work with money transfer organizations (MTOs) to receive non-bank based transfers from abroad. Some banks have special "express" transfer services from Italy and Greece. Some banks offer special loan products for migrants abroad and special banking service packages. For remittance recipients, some banks waive incoming transfer fees, while others offer bank cards to remittance recipients to facilitate easier access to transferred funds. Additional banking products offered by some Albanian banks	<ol style="list-style-type: none"> <li>(1) Increase demand for and use of banking services via banking education and promotional campaigns targeting migrants and remittance recipients who are not aware of or who distrust banks for money transfer services, savings and investment.</li> <li>(2) Promote government investment in physical, rural infrastructure.</li> <li>(3) Encourage participation of Albanian banks in a new SWIFT initiative in which banks can collaboratively build services on SWIFT's brand-neutral, shared platform, making remittance transfers faster as well as more efficient, transparent and affordable.</li> <li>(4) Promote best practices among banks through the sharing of information.</li> <li>(5) In order to expand banking services to rural areas, pursue alternatives to commercial banks, such as: (a) License rural banks<sup>1</sup>, (b) create appropriate conditions and legislation for the establishment of a "development bank", and (c) support the expansion of Albanian Post and/or MFIs services to these rural areas.</li> <li>(6) Expand savings and investment opportunities for migrants and remittance recipients, providing incentives for them to become and/or stay linked to Albanian banks, via: <ol style="list-style-type: none"> <li>a. Investment opportunities in treasury as well as in short term and long term government bonds;</li> <li>b. market analysis information &amp; business investment counselling;</li> <li>c. business loans linked to savings;</li> </ol> </li> </ol>	<ol style="list-style-type: none"> <li><b>1. Albanian Association of Banks</b> <i>Bank of Albania</i></li> <li><b>2. In line ministries including (Ministry of Finance, Ministry of Public Works, Transport and Telecommunication)</b></li> <li><b>3. Private Banking Sector in Albania</b> <i>Bank of Albania</i></li> <li><b>4. Albanian Association of Banks</b> <i>Bank of Albania</i></li> <li><b>5. Government of Albania</b> (as the responsible authority for opening development banks), <i>Bank of Albania, Posta Shqiptare</i></li> <li>6. <b>a. Government of Albania</b> <i>Posta Shqiptare, and second level banks</i></li> <li><b>b. Bank of Albania</b></li> </ol>

<sup>1</sup> Undertake a feasibility study on the licensing of rural banks and establishment of a development bank

	<p>include: leasing, long term loans, bank guarantees, credit and debit cards, commercial loans, and internet banking. Only one Albanian bank has operations abroad (Greece) due to strict licensing requirements by central banks in these countries.</p>	<ul style="list-style-type: none"> <li>d. mortgage and/or SME loans secured by remittances;</li> <li>e. improved/expanded online banking services;</li> <li>f. eased credit policies,</li> <li>g. a loan guarantee scheme for investments in small and medium enterprise (SME) start ups (including the creation of appropriate conditions to activate guarantors for this purpose);</li> <li>h. savings products;</li> <li>i. prepaid cards, debit cards and other technology tools to facilitate easier, cheaper transactions;</li> <li>j. assistance/support to migrant groups interested in pooled transfers for investment or philanthropic projects.</li> </ul> <p>(7) Provide special outreach to returned migrants with newly acquired skills and capital, to help link them to Albanian financial institutions, products and services, and encourage investments in productive activities such as small and medium enterprises. Multilateral reintegration programs can provide support here.</p>	<p><b>“Leda” Agencies</b> <i>Albanian Chambers of Commerce and Industry</i></p> <p><b>c. Private Banking Sector in Albania</b></p> <p><b>d. Private Banking sector in Albania</b></p> <p><b>e-f. Private Banking Sector in Albania</b></p> <p><b>g. Ministry of Economy, Trade and Energy,</b> <i>Ministry of Finance, Micro Finance Institutions</i> “Leda Agencies”</p> <p><b>h-j Private Banking Sector in Albania</b> <i>Micro Finance Institutions</i> “Leda Agencies”</p> <p><b>7. Ministry of Labour, Social Affairs and Equal Opportunities</b> (National Employment Service)</p>
<p><b><u>Measure 3:</u></b> <b>Encourage Albanian and corresponding banks in migrant host countries (particularly Greece and Italy) to improve remittance-related services for Albanians abroad.</b></p>	<p>Albanian migrants living legally in Greece and Italy have full access to local banking services such as deposit, transfer, checks, debit and credit cards, time deposits, and in some cases, lending (ex: housing loans). In some cases, Italian or Greek banks have special arrangements with Albanian banks to facilitate cross border transactions, such as low or zero-fee remittance transfers.</p> <p>Following the initiative of the World Bank and the “<i>Convergence Programme</i>” (sponsored by</p>	<ul style="list-style-type: none"> <li>(1) Expand/improve on-line/internet banking services for Albanians abroad, making sure to address logistical issues, security, employee training and user training.</li> <li>(2) Expand access to loan products taking remittances into account as collateral, particularly for housing and small business investments.</li> <li>(3) Expand access/use of bank, debit, rechargeable and/or prepaid cards for migrant clients and their remittance recipients for this purpose.</li> <li>(4) Simplify forms and transactions for cross border transfers, improve speed, reduce fees and improve</li> </ul>	<p><b>1-4. Private Banking Sector in Albania</b></p> <p><b>5. Ministry of Finance</b> (General Directorate of Money Laundering Prevention)</p> <p><b>6. Ministry of Economy, Trade and Energy</b> <i>ALBINVEST Agency</i> <i>Ministry of Foreign Affairs</i></p>

	<p>World Bank) for the development of Italy-Albania Remittance Corridor, the Albanian Association of Banks (AAB) and Italian Banking Association (ABI) started, in 2006, to work together to expand cooperation between Albanian and Italian banks in order to encourage greater use of banking channels for remittances. The same model could be applied in case of Greece as the main destination country for Albanian migrants.</p>	<p>overall transparency of costs and procedures. Expanded inter-banking agreements between Albanian banks and foreign banks could help streamline these practices and procedures.</p> <p>(5) Address regulation issues - Anti Money Laundering (AML) and related Know your Customer (KYC) requirements are the main concerns. Measures need to be standardized and symmetrically enforced on all relevant parties and subjects.</p> <p>(6) Implement multi-country information campaigns targeting migrants to build awareness and trust in transnational banking services, including details of transfer, savings and investment services/opportunities. (based on a needs assessment for information among migrant communities).</p>	
<p><b><u>Measure 4:</u></b> <b>Strengthen the capacity of Albanian microfinance institutions (MFIs) to provide remittance transfer services.</b></p>	<p>Although there are a large number of MFIs in Albania, unless operating as a regulated financial institution, they are not currently active or licensed to operate in the money transfer market. Banks, money transfer operators and the Albanian Post are the current formal money transfer providers. MFIs are focused on offering micro-loan products. In a few cases, these loans can be linked to remittance flows from BKT, Tirana Bank and Reiffeisen Bank. There is no law forbidding MFIs from entering the money transfer market, they just have not done so up to this point, for reasons such as: competition from banks, MTOs and the postal service, lack of licensing as financial service providers, limited institutional and system capabilities, limited capital reserves, limited networks of service outlets and limited links to international networks.</p>	<p>(1) Strengthen and complete the legal framework and government policies to involve MFIs in the remittance market.</p> <p>(2) Help MFIs obtain needed physical infrastructure, technology and financial capital to become more involved in the remittance transfer market.</p> <p>(3) Encourage MFIs to partner with banks; MTOs and the Albanian Post to provide clients with micro-loan services linked to banked savings and remittance flows, especially for SMEs. a. Conduct a market study to explore the feasibility of this option.</p>	<p><b>1-3. Ministry of Economy, Trade and Energy Ministry of Finance</b></p> <p><i>3. Posta Shqiptare</i></p>

<p><b><u>Measure 5:</u></b>  <b>Strengthen the capacity of Posta Shqiptare to provide expanded remittance-transfer services.</b></p>	<p>Posta Shqiptare as a Non-Bank Financial Institution provides financial services through its network of 531 post offices located nationwide, including most remote rural areas. This extended network of financial services in Albania facilitates and enables, besides different cashing in and payments of all kinds of financial obligations, also the money transfer procedures in Money Order Paper Based and electronically through the Eurogiro network. The services provided are 'cash to cash' and 'cash to bank account'.</p> <p>The withdrawal of money sent by the emigrants in the counters of Posta Shqiptare is free of charge, while the service fees for sending money are very cheap.</p> <p>Recently Posta Shqiptare, besides the license of insurance and customs agent, has acquired the licence to trade on treasury bills, that enables the investment of the remittance transfers into treasury bonds in every post office.</p> <p>The 2006 has been the year of deep transformation of Posta Shqiptare in function of regaining image and presenting a new appearance to its clients and partners. The Government's projects foresee the elaboration and drafting in 2007 the programme of transforming Posta Shqiptare to PostBank.</p>	<p>(1) Take advantage of Posta Shqiptare's large physical network to fill service gaps in rural areas. Expanded agreements/collaborations with banks and other transfer institutions can help facilitate and support their expanded role in this market.</p> <ul style="list-style-type: none"> <li>- Consider implementation of a pilot project where the viability of joint transfer services, involving Posta Shqiptare and one or more partner institutions, can be tested.</li> </ul> <p>(2) Expand the existing electronic payment system for remittance services in conjunction with an enhanced marketing strategy to expand Posta Shqiptare's market share and improve its reputation. (Agreements/collaborations with international postal remittance transfer systems in migrant receiving countries can provide further support).</p> <p>(3) Improve required infrastructure and technology to help create a functional and secure electronic system, as well as invest in human and institutional capacity building. (An improved National Address Register can also help to improve delivery processes to beneficiaries).</p>	<p><b>1-4 Ministry of Economy, Trade and Energy</b></p> <p><b>Posta Shqiptare</b></p> <p><b>Ministry of Public Works, Transport and Telecommunication</b></p>
<p><b><u>Measure 6:</u></b>  <b>Support regularization processes<sup>2</sup> and expand legal work opportunities for Albanian migrants</b></p>	<p>Historically, there have been three existing labour agreements benefiting Albanian workers: (1) 1991 agreement with Germany on employment of workers for improvement of vocational and linguistic skills, (2) 1996 agreement with Greece, and (3) 1997 agreement with Italy for seasonal employment. The agreements with Greece and Italy granted</p>	<p>(1) Renew pre-existing and pursue new labour agreements, facilitating legal, overseas work opportunities, remittance flows, and vocational training opportunities in different sectors such as tourism, agriculture, agro-processing, construction, and various services. Agreements should comply with standards set by international organizations.</p> <p>(2) Improve bi-national institutional cooperation in</p>	<p><b>1. Ministry of Foreign Affairs, Ministry of Labour, Social Affairs and Equal Opportunities</b>  (National Employment Service)  <i>Ministry of Foreign Affairs</i></p>

<sup>2</sup> Regularisation of status of stay of the Albanian citizens in the host countries

<p><b>in Greece and Italy to facilitate higher incomes as well as access/use of banking institutions</b></p>	<p>priority to Albania in yearly immigration quota planning and facilitated the processing of work visas for work contracts obtained individually. Currently these agreements are not functioning and need to be renewed, as foreseen in the Action Plan of the Strategy on Migration, both to help families earn more revenue and migrants to send remittances, and to help them acquire new vocational knowledge. The main obstacles for implementing new labour agreements include: (1) Insufficient systems to document the available Albanian workforce and their relevant vocational skills, experience and training; (2) Lack of regular information exchange between concerned institutions in Albania and migrant host countries regarding the assets and needs of the Albanian workforce and current labour market opportunities abroad; (3) Lack of information exchange and cooperation between Albanian institutions and host country institutions to explore new labour market opportunities which could be well matched with the available Albanian labour force and provide the basis for new bilateral labour exchange agreements; (4) Exclusion of the private sector and social partners in drafting and implementation of bilateral and/or multilateral labour agreements; (5) Need for updated curriculum in public and private job training centres to comply with European labour market standards; (6) Large percentage of non-returnees among temporary workers after the period of seasonal employment has elapsed, making host countries reluctant to implement further agreements; and (7) Lack of systems to identify potential labour migrant returnees.</p>	<p>identifying labour sector needs in recipient countries and then matching available skills (vocational, seasonal, professional, etc.) in the Albanian labour force.</p> <ul style="list-style-type: none"> <li>(3) Improve implementation, monitoring and enforcement of agreement conditions, particularly in the case of seasonal migrants, to ensure return after the contracted period. Domestic policies supporting the revitalization of the Albanian agricultural sector can also help encourage return.</li> <li>(4) Remedy difficulties in certifying and documenting workers' skills, training and experience, and in officially recognizing these assets in host countries.</li> <li>(5) Create functional and sustainable mechanisms to document available labour migrants with specific skills, experience and training to more effectively and efficiently match them with new job opportunities overseas as they arise.</li> <li>(6) Improve training and update curriculum offered in Albanian Vocational Training Centres to comply and respond better to EU labour market standards.</li> </ul>	<p><b>2-6. Ministry of Labour, Social Affairs and Equal Opportunities</b></p>
<p><b><i>Measure 7:</i></b> <b>Enhance migrants' knowledge of (and access to) remittance transfer</b></p>	<p>There is currently no information provided to migrants as part of pre or post departure training for migrants related to remittance transfers, financial management, savings and investment, etc. Caritas and Coopì, following</p>	<ul style="list-style-type: none"> <li>(1) Design and offer a pre-departure training curriculum which includes information on available remittance transfer channels, relevant aspects of financial/remittances management (budgeting, savings, investment, etc.) and introductory</li> </ul>	<p><b>1. Ministry of Labour, Social Affairs and Equal Opportunities</b> (National Employment Service)</p>

<p><b>options, savings and investment opportunities at the time of departure abroad, in their host countries and upon return.</b></p>	<p>the Aeneas guidelines of the EU, are implementing some projects for returned migrants - training courses and/or small grants to develop economic activities, drafting a business plan, etc. although contact with returnees is informal and unsystematic. Additionally, from 1995-1997, German Development Cooperation (GTZ) organized and funded business training for emigrants returning from Germany. Business projects/plans were drafted with the assistance of consultants. However, these limited initiatives have never treated remittances impact in the same projects.</p> <p>Similarly, Albanian embassies and consulates abroad provide daily services to a large number of Albanians, but these services do not include any information provision or assistance regarding remittance transfer options or financial services (savings and investment opportunities), due mainly to serious limitations in financial and human resources within these embassies and consulates.</p>	<p>information on business planning and start-up. Offer training through the Employment Offices in Albania.</p> <p>(2) Provide migrants with information on remittance transfer options, costs, and linked financial services via other channels, such as: (a) written materials, (b) Albanian TVs, (c) Seasonal information campaigns which coincide with seasonal migration flows, (d) electronic formats such as the existing website (<a href="http://www.migrantinfo.net">www.migrantinfo.net</a>).</p> <p>(3) For migrants interested in business investment and/or start up, offer special short courses/seminars in Albania. <i>(Involve institutions specialized in these services, such as ICE in Italy, EOMEX in Greece, Chambers of Commerce, and/or the National Networks of the Regional Business Agencies in Albania, and build on past models (Caritas, Coop, GTZ).</i></p> <p>(4) Introduce basic "financial" or "business" education curriculum in Albanian schools. <i>(Draw on successful European curriculum models, particularly those aimed at building enterprising skills ex: DESIRE program in Norway).</i></p> <p>(5) Strengthen the capacity of the Albanian Diplomatic Representation abroad for enhanced outreach and support to the Albanian migrant communities to encourage formal remittance transfers, savings and investment. Specific steps include:</p> <p>a) Conduct a survey of key migrant communities to identify their knowledge, needs and interests in terms of information on transfer services, savings and investment.</p> <p>b) Provide Albanian Diplomatic Representation abroad with written informational materials to be displayed in their facilities, including information about relevant costs and procedures for different money transfer options, information about different financial institutions (banks, MFIs, etc.) and their products, and/or copies of the "Albinvest" investment guide. Make use of the</p>	<p><i>Albanian Association of Banks</i></p> <p><b>2. Ministry of Labour, Social Affairs and Equal Opportunities</b> <i>Other ministries of line, responsible for the implementation of the National Strategy on Migration</i></p> <p><b>3. Ministry of Labour, Social Affairs and Equal Opportunities</b> <i>ALBINVEST Agency at the Ministry of Economy, Trade and Energy</i> <i>"Leda Agencies"</i> <i>Albanian Chambers of Commerce and Industry</i></p> <p><b>4. Ministry of Education and Science</b> <b>Ministry of Economy, Trade and Energy</b> <i>Bank of Albania</i></p> <p><b>5. Ministry of Foreign Affairs, Ministry of Economy, Trade and Energy</b> a. Bank of Albania / <i>Albanian Diplomatic Representation and National Institute of Diaspora within the Ministry of Foreign Affairs</i></p> <p><b>b. Albanian Association</b></p>
---	--	--	---

		<p>internet/web to further disseminate information. Keep sites current. Website could also have links to related services/agencies such as "ALBIVEST," the Albanian Agency on Business and Investments. Make use of Albanian associations and organized groups abroad as points of contact and information dissemination.</p> <p>c) Provide support to Albanian Diplomatic Representation abroad to enable them to:</p> <ul style="list-style-type: none"> <li>- Organize and host informational sessions where remittances and investment opportunities can be discussed.</li> <li>- Arrange special meetings with Albanian Diaspora leaders, business leaders and other individuals well positioned to provide/facilitate larger-scale investments and/or donations to discuss details and partnerships with banking experts, business advisors and/or government representatives.</li> </ul> <p>d) Provide training/capacity building to Diplomatic Representation staff to help them play a more effective intermediary role and more financial resources to support this work.</p> <p>e) Create a new staff position in the Albanian Diplomatic Representation abroad dedicated to economic issues to take a leadership role in this outreach and educational work.</p>	<p><b>of Banks</b>  <b>ALBIVEST Agency- Ministry of Economy, Trade and Energy</b>  <i>Albanian Diplomatic Representation and National Institute of Diaspora within the Ministry of Foreign Affairs, Private Banking Sector</i></p> <p><b>c. Albanian Association of Banks</b>  <i>ALBIVEST Agency- Ministry of Economy, Trade and Energy Albanian Chambers of Commerce</i></p> <p><b>d-e. Ministry of Foreign Affairs</b></p>
<p><b><u>Measure 8:</u></b>  <b>Enhance the capacity of Albanian Government, and Albanian migrant/ New Diaspora organizations in host countries to</b></p>	<p>In Greece, Italy and the UK, Albanians are organized in migrant/ New Diaspora associations, many of which are engaged in cultural and social activities, however, these activities and their level of organization varies widely. In terms of transnational economic (development) activities, Albanian Diaspora groups are not generally engaged in this kind of work, except during the conflict in Kosovo when Albanians abroad did send some humanitarian</p>	<p>(1) Improve the frequency and methods of formal, direct and indirect communication between the Albanian government departments and New Diaspora groups abroad. Strengthen the National Institute of Diaspora at the Ministry of Foreign Affairs in order to do so.</p> <p>(2) Identify projects/initiatives favoured by New Diaspora groups and provide necessary government support for implementation<sup>3</sup>.</p> <p>(3) Support pilot initiatives (like IOM's MIDA) to</p>	<p><b>1. Government of Albania /Albanian Ministry of Foreign Affairs</b>  (National Institute of Diaspora)</p> <p><b>2. Ministry of Foreign of Affairs</b>  (National Institute of</p>

<sup>3</sup> The undertaking of a survey of key migrant communities to identify their knowledge, needs and interests in terms of information on transfer services, savings and investment as suggested in measure 7 (5a), would be useful for this recommendation as well.

<p><b>collaborate on transnational development initiatives</b></p>	<p>support for Kosovo-Albanian refugees. In terms of organization, some groups are formal and have an official chairperson, but in reality exist only on paper, have no activities and the number of real members is hard to determine. Other groups are very active when they first form, but then split apart or disappear over time. Other groups are well established, with active, long lasting participation and serious commitment by members. Albanian student associations are some of the most stable and well-organized groups. The Albanian National Institute of Diaspora has gathered contact information for these associations via embassies and consulates abroad and via direct meeting with association chairpersons. However communication between New Diaspora groups, migrant associations and the Albanian government is only informal. Even the National Institute of Diaspora have no regular communication/links with these groups. Lack of cooperation and communication is due partly to lack of investment, time and energy in creating these links, and indifference/disinterest by the Diaspora/Migrant community who do not have legal rights such as voting abroad, which could motivate them to stay involved in Albanian life.</p>	<p>document and mobilize skills, experience, know-how, etc. of members of the Diaspora in support of national or local level development initiatives, etc.</p>	<p>Diaspora and Albanian Diplomatic Representation abroad)</p> <p><b>3. Government of Albania</b></p>
--	---	--	---