STUDY ON PREDICTIVE MODELLING: MIGRATION IMPACT ON THE ALBANIAN WORKFORCE AND SKILLS DEVELOPMENT NEEDS FROM A GENDER PERSPECTIVE IN ALBANIA

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INTRODUCTION

As recognized in the National Strategy on Migration 2019-2022, labour migration of Albanian citizens is likely to remain a major factor influencing the country's development. For this reason, planning, designing and monitoring of future employment policies need to take into account the impact of migration of Albanian citizens and foreigners on the national labour market. The impact of the COVID-19 pandemic outbreak on the economy is another important aspect to be assessed and taken into account when designing and implementing economic development and labour market policies, particularly considering the high rates of return migration many countries of origin have seen.

The project "Strengthening labour migration framework in Albania", funded by the IOM Development Fund (IDF) and implemented by IOM Albania, in cooperation with the Ministry of Finance and Economy, Ministry of Interior, Institute of Statistics, National Agency for Employment and Skills and Albanian School of Public Administration, aims to address this need through: building the capacity of relevant government institutions in Albania to collect and analyse data on labour migration whilst making use of migration forecasts to develop labour migration policies; assess the needs in the main countries of destination of Albanian migrants, including the impact of COVID-19 to labour migration dynamics, given the importance and the likelihood to shape migration dynamics to and from Albania in the near future; and conduct a study of the impact of migration on the available labour resources and the volume and structure of the national labour force. It includes labour market needs in sectors experiencing highest outflow of professionals and need for labour force training as well.

While currently assessments of migration impact on the labour market do not take place, this information is vital for addressing potential challenges to the national labour market, such as depletion of human resources in certain professions and sectors, and to ensure the sustainability of the social security system. Regular assessments of the current and future impact of migration flows on the volume and structure of the national labour force are needed to develop evidence-based labour migration policies and define the needs of Albania's migrant labour workforce. The study predictive modelling: migration impact on the Albanian workforce and skills development needs from a gender perspective in Albania is conducted in close cooperation with INSTAT.

This study has two main goals: to provide a comprehensive assessment of the impact of current migration trends in Albania and to forecast their long-term impact in the labour force of the country. The study is built on a comprehensive labour market assessment aimed to review trends of the working age population, of employment, unemployment and of the non-labour force. Demographic projections, supported by migration scenarios, provide indications for the evolutions of the working age population and, therefore, on issues such as sustainability of the Albanian labour supply and that of the social security system. The national forecast of the Albanian population development for the period 2020-2050, serve as a framework for derived forecasts. They are presented as an integral part of the report and their implications are analysed, together with labour market and migration considerations.

The study process includes:

- Population projections related to future demographic change in the country as a contributing factor to develop public policies that contribute to sustainable development in the new context of ageing population and low fertility. Projections and modelling over the period and identification of the drivers of changes in working-age population and active population in Albania and in particular, the role of migration flows, from a gender perspective.

- An analysis on the current labour market (focusing on the occupation or sectors of economic activities) as well as current trends in Albania, and how it has been impacted by emigration (at least a series of 5-years).
- The current and future impact of migration flows on the labour force volume and structure from the labour market needs in main countries of destination.
- The COVID – 19 effects on labour migration from and to Albania.

The Study is divided in three Parts:

Part I – Labour Market Trends and Migration Analysis

Part II – Population Forecast of Albania for the Period 2021-2050

Part III – Policy Recommendations

Tackling the above issues will enable the government to better assess and respond to future labour market needs in Albania and in the main destination countries in order to adequately inform development of new policies on migration government and development.
This process will contribute to Government of Albania compliance with GCM implementation and the SDGs (particularly on data disaggregation by migratory status).

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ACRONYMS

AEA	Albanian Employment Agency
CAGR	Compound Annual Growth Rare
COVID-19	Coronavirus disease 2019
DHS	Demographic and Health Surveys
EU	European Union
EUROSTAT	Statistical office of the European Union
FDI	Foreign Direct Investments
FES	Friedrich Ebert Foundation
GDP	Gross Domestic Product
GMDAC	Global Migration Data Analysis Centre
HEI	Higher Education Institution
IDF	IOM Development Fund
IFAD	International Fund for Agricultural Development
INSTAT	National Institute of Statistics
IOM	International Organization for Migration
LSS	Labour Skills Survey
MASR	Ministry of Education and Sports
MEFA	Ministry for Europa And Foreign Affairs
MFE	Ministry of Finances and Economy
NAES	National Agency for Employment and Skills
NCM	Numerical Control Machine
NHMS	National Household Migration Survey
OECD	Organisation for Economic Cooperation and Development
TFR	Total Fertility Rate
TVET	Technical And Vocational Education And Training
UK	United Kingdom
UNDESA	United Nations Department of Economic and Social Affairs
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNICEF	United Nations International Children's Emergency Fund
WIPO	World Intellectual Property Organization

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EXECUTIVE SUMMARY

This study has two main goals. First, to provide a comprehensive assessment of the impact of current migration trends in Albania and, second, to forecast their long-term impact in the labour force of the country.
The study is built on a comprehensive labour market assessment aimed to review trends of the working age population, of employment, of unemployment and of the non-labour force. Demographic projections, supported by migration scenarios, provide indications for the evolutions of the working age population and hence on issues such as sustainability of the Albanian labour supply and that of the social security system.
This diagnostic report provides a comprehensive assessment of the impact of current migration trends in Albania and aims to forecast their long-term impact on the labour force of the country. Demographic projections, supported by migration scenarios, provide indications on the evolutions of the working age population and, as a result, on issues such as sustainability of the Albanian labour supply and that of the social security system.

Part 1 – Labour market trends and Migration Analysis

1. Methodology

Migration data analysis is supporting the labour market assessment in distilling long-term trends, while demographic projection inform trends of the working age population that signal possible labour shortages and, therefore, potential in-migration in Albania.
To address the research questions covered in this report, the research team extensively reviewed the primary data, complemented by desk analysis and a review of secondary data produced by various national and international institutions. To ensure higher validity and reliability of the findings, the research team has used data triangulation, including triangulation of sources. That means that every important preliminary finding is cross-checked by using data from a wide variety of independent sources, including official national and international datasets, such as INSTAT, EUROSTAT and UNESCO.

2. Composition of migration in Albania

The great bulk of outward migrants is young, between 20 to 39 years of age which has remained constant. It is important to note that this age group is seen as the most productive, in economic terms.
There has been a growing trend of men being more likely to emigrate than women. Data might show a tendency of men, who often bear the responsibilities of the breadwinner in Albanian society, to seek temporary employment abroad, as a way of helping the family they have left behind. The number of women migrants plummeted in the period 2016 – 2017, which might have been influenced by or related to migration crisis of 2015. Similarly, fluctuations of women migrants in 2019 – 2020 might have been influenced by the COVID-19 pandemic.
Also, data might indicate a higher migration tendency of a less qualified workforce. Integration in the labour force of the host country is more difficult for college educated female migrants. Women who work in the services sector and those engaged in elementary occupations are more likely than men to emigrate. Also, there is a higher emigration tendency among men engaged in agriculture, craftsmanship and factories.

✓ Composition of inbound migration to Albania
Albania has a negative net migration balance, which means that more migrants are leaving the country than the migrants coming in. The composition of inward migrants in Albania is 64% men and 36% women (36%), the same for international migrants as for returnees. Over one-third of the permit holders are approaching pension age, or are already over the age of pension, meaning that the longer-term contribution of current residence permit holders to the Albanian labour market may be even more limited than the absolute numbers suggest. The share of Europeans among residence permit holders declined to 56.8% in 2020 compared to 66.4% in 2019. This retrenchment is likely to be linked to return movements, as well as limited new applications for residence permits due to travel and mobility restrictions imposed following the outbreak of the COVID-19 pandemic.

3. Labour force trends in Albania.

The Albanian economy has shown a stable increase in GDP during the period 2011-2021, with the exception of the years 2015 and 2019. This growth trend, also in terms of employment, will offer young people entering the labour market in the next 15 years the opportunity to be absorbed by the local economy as well as by the labour market in Western Europe that is characterized by net shortages in all sectors of the economy. If the economic forecasts are confirmed, the economy will likely continue to demand more people to sustain production and its growth.
Of particular interest is the agriculture sector. Employment opportunities in the Western part of Europe are likely to leave the sector unattended, creating a potential for in-migration. On the one hand, the demand for untrained labour often risks creating incentives for irregular migration. On the other hand, domestic vacancies for skilled agricultural labour may represent an opportunity for better income for the Albanian unemployed or for regular migrants from the East.
The regular in-migration system of Albania has started to attract workers from countries, such as the Philippines, and from other countries of South Asia, especially in the employment-intensive manufacturing sector that has seen a second wind with the re-shoring of garment activities from East Asia in the past 5 years. The potential of in-migration can be cross-fertilized not only to the service sector, but also to the agriculture sector.

✓ Gender trends of employment and unemployment
Albania is still characterized by traditional family structures in which men are more inclined to migrate; therefore, the difference is likely to be mirrored by a higher propensity of young men to migrate. However, the employment rate of women and men aged 15 to 29 has increased from the years of the recovery of the Global Financial and Economic crisis (2012 onwards). This signals a dire reactivity of employment for the age groups that were more exposed to out-migration to Western Europe and the USA in previous decades. The trend is more pronounced for women if compared to men. Furthermore, the jobs created in the service sector may have been more attractive to women if compared to men. The ratio between the unemployed and total working age population has decreased for males of all age cohorts in the last 10 years
The unemployment trends reveal gender differences: while the decrease in unemployment rates is common to all cohorts of men for the entire period under consideration, the labour market of women reveals a mixed picture for the past decade. Women in the prime age (30-44 years old) have been those whose trend is most similar to that of men. The situation is instead different for young women, who witnessed fluctuating trends of variation of the unemployment rate.
Gender-sensitive employment policies may facilitate the out-migration of women, as well as more stable prospects for those who wish to remain in, or return to Albania.

✓ Employment – Sectoral trends and prospects
With more than a generation of delay when compared with other European countries, Albania continues to witness inter-sectoral movements from agriculture to non-agriculture activities. The trend applies to both women and men. The families leaving agriculture activities will continue to increase the army of reserve in the urban agglomerations, as literature shows that people from rural areas are more prone to migrate internally. For this reason, it is likely that mechanization of agriculture activities will not keep up with the pace of people leaving for urban areas. This will require Albanian policymakers to consider instruments to allow entry of labour migrants willing to perform agriculture jobs. If viable migration policy options are not in place, this may lead to an increase in staple and other agricultural goods prices for a country still heavily relying on domestic production.
Sectoral studies continue to report labour shortages in agriculture, as well as in construction and in employment-intensive manufacturing, for several years. Inter-sectoral movements from the service sector to the industrial sector are reported for the male employed population. Official data reports the opposite trend for women. These movements are concentrated in the manufacturing sector, as the employment in construction is not only mainly dominated by men, but its share over the total of non-agriculture activities decreased in the past economic cycle. Men in employment also show movements from mining and quarrying and non-market services to market services.

Official data report partly different trends for women, whose reduction in industrial activities can be explained either by a higher incidence of their contribution to activities where informality is high, or/and by movements

in sectors characterized by a skilled and educated labour force, namely market services or higher productivity manufacturing. All in all, sectoral trends show a modernization of the Albanian economy paired with economic activities requiring more skilled labour if compared to what happened in the past.

Women are over-represented in services if compared to their male counterparts, who instead represent the majority of the workforce in manufacturing and other sub-sectors of industry. This trend continued to polarize women and men in different sectors, with even more women engaged in services. The latter represents a threat for the protection of women in the labour market, as service workers are more exposed to low wage and low protection employment in economic activities often more vulnerable to informal contractual arrangements.
An Albanian labour force, especially that of women, more prone to be engaged in skilled workers is likely to be more attractive not only to domestic activities, but also to the sectors with shortages in Western Europe, requiring mainly skilled labour. In addition, this feature should warn Albanian policymakers on the need to create in-migration pathways not only for unskilled workers, but also for occupations, especially in the health sector, where the presence of qualified Albanian candidates is likely to shrink in the years to come.

All in all, the Albanian demand for migrant workers is likely to mirror that of countries entering for the first time the league of countries of destination. Some sectors will mainly require female labour in semi and high-skilled jobs. Male workers will be demanded in low-skilled sectors such as construction, mining and agriculture, whereas vacancies unmet in low-productivity manufacturing will likely attract women and men alike. The magnitude of jobs demanded in these industrial activities depends on the re-shoring trends of industrial activities from Asia, whose costs have increased in the past decade.

✓ Evolution of the working age population by gender
Gender considerations are important, especially for a country that made out-migration a central socio-economic strategy of the past three decades. Men in the age groups 15-19, 20-24, 45-49, and 50-54 are less numerous as they are over-represented among those who have out-migrated.
Mirroring demographic developments in the male working age population, there is a clear negative trend among females, for age classes 15-19, 35-39, 40-44, 45-49, and 55-59, whereas it is possible to notice a positive trend for age classes of 60-64, and 65+.

4. Current migration trends and the implications in the education system in Albania.

Beyond kinship networks, finding employment and attaining education are considered driving motivational factors. The motivation for leaving Albania in almost two-thirds of cases is economic, linked to the desire to improve living standards and find a job. By contrast, financing children's education was the reported main motivation for only 8% of Albanian emigrants. However, educational considerations increased in importance.

✓ Restrictive immigration policies in countries of destination
All three key countries of destination (Greece, Italy and Germany) have imposed certain restrictive immigration policies on Albanian migrants intending to limit the duration of stay to temporary migration.

✓ Country specific pull factors and skills need assessment
Along with immigration policies, actual labour market needs and wage floors in destination countries are factored into the economic considerations of prospective migrants and, as such, should be taken into account to understand and anticipate migration trends.

✓ Outlook and caveats on future labour out-migration scenarios
Sluggish economic growth in Italy and Greece, combined with the expansion of skilled migration corridors by German and UK policymakers, may favour a scenario in which future Albanian migrants shy away from the 'traditional' countries of destination Italy and Greece, opting instead for countries such as Germany and UK, with higher wage floors, better working and living conditions and better overall integration prospects.
However, the analysis of labour market needs in countries of destination always needs to be contextualized by other uncertain factors: for instance, the scope and stringency of future labour migration regulations; potential restrictive regulations due to another COVID-19 wave or economic and labour market consequences from the conflict in Ukraine.

5. Migration and education choices.

Many developed European countries have laid out policies to attract highly qualified graduates from less developed countries. On the other hand, the majority of Albanian young people aspire to emigrate to other EU countries. While only 7% claim education to be the main reason to emigrate, the bulk of these potential outward migrants, (44% of them), are students.
Prospective migrants choose to study abroad as a step towards long-term migration to a host country.

6. Push and pull factors of the core-periphery migration corridor.

Many developed countries have deliberately invested in becoming more attractive to a certain type of migrants, which is young and qualified workers from all over the world. A set of pull factors include promoting certain financial incentives, as well as removing political and legal obstacles to migration. Developed core European countries have increased their Soft Power, which is the attractiveness of their political and cultural model. Moreover, these push factors act as a deterrent to return migration, discouraging many qualified workers to return to their home country, even if they would prefer to do so. The majority of young people, when asked about the main reason why they want to emigrate, 69% of them, mention better standards of living.
Another push factor, preventing young people from returning to Albania, is the fact that the domestic labour market cannot return their financial investment on education.

7. Impact of immigration and return immigration on Albania labour market during the COVID-19.

The COVID-19 pandemic affected migration trends from and to Albania following the mobility restrictions imposed by Albania and key countries of destination, but also due to imminent impacts on the Albanian labour market, which witnessed large-scale layoffs, growing underemployment and rising informality. Following the COVID-19 outbreak, many Albanian migrants were forced to return, as they lost their jobs - permanently or temporarily - in their countries of destination or faced wage cuts.
A second indirect impact of COVID-19 on the Albanian labour market is that unemployment and wage cuts among Albanian migrant workers abroad are likely to have contributed to a reduction in remittances received by Albanian households. A recent EBRD report assumes that remittances dropped by almost 20% in 2020. Almost a quarter of Albanian households entirely rely on remittances as their source of income. This means that the loss of income due to a migrant family member becoming unemployed directly ruptures the economic lifeline of a significant share of Albanian households.
Inflows of international migrants plummeted substantially following the outbreak of the COVID-19 pandemic. However, there is currently no robust data source on the economic activities of international migrant workers in Albania.

Part II – Population forecast of Albania for the period 2021-2050

1. Methodological approach

Population or demographic development (dynamics) represents the process of change in the size and age-sex structure of the given population. Direct determinants of this change are the initial population size and age-sex structure and partial processes (components) of population reproduction – fertility (natality), mortality, immigration, and emigration.
In the case of Albania and its population, any descriptive, analytical, and consequently also prognostic efforts were supported by complete sets of population data provided by the INSTAT. Only the official statistics were used as the source of information. Provided stock and flow data allowed elaborating representative population analysis and a full-fledged forecast for Albania.
When working with the results of any forecast, it is necessary to remember that prognostic conclusions are a specific type of qualified estimate. As such, they have a probabilistic character and are burdened with a greater or lesser degree of uncertainty. It is also necessary to remember that the reliability of the results decreases significantly as the time horizon recedes. Population forecasts must be regularly updated by the basic rules of forecasting and accepted international recommendations to retain their original utility value.

2. Recent population reproduction and components.

During the second half of the 20th century, population reproduction in Albania underwent a substantial part of its transition from the traditional (extensive) to the modern (intensive) way of reproduction.
The past ten years (2011-2020), for which detailed and complete official statistics were available, have been marked by a decline in the total population size of Albania. During this relatively short period, the population size of the country decreased by about 78 thousand inhabitants, i.e., almost 2.7 percent. The number of males decreased by approximately 46 thousand (3.1%) and females by 32 thousand (2.2%).
Another characteristic and, at the same time, a specific feature of the recent population development of Albania is changing sex structure of the population. The processes of migration and population aging, together with natural mortality differentials between sexes, has first resulted in a significant decrease in the proportion of females in the Albanian population from 49.9% to 49.3% between 2010 and 2015, and consequently, the increase of this characteristic value back to 50.2% in 2020.

The proportion of children and adolescents (0–19 years) decreased by more than eight percentage points, from 31.4% to 23.2%. The elderly increased their proportion by more than four percentage points, from 11.0% to 15.2%. Consequently, the population of productive age (15-64 years) increased its representation in the country's population. The so-called demographic window of opportunity was open maximally in Albania very recently. However, it likely started to close since the highest percentage of the productive age population was probably reached in 2020.
The overall fertility of Albanian females was at the average European level (between 1.6 and 1.7 live births per female. However, the general fertility after 2014 dropped to nearly 1.3 live births. They appeared in the zone of "lowest-low fertility".

The observed changes in the age distribution of fertility in Albania correspond with the changes experienced by many other countries, namely European ones, earlier and mostly at higher levels of overall fertility.
Over the ten years of observation, average life expectancy first increased in the case of males from 75.3 to 77.4 years and in females from 79.9 to 80.9 years. Still, the mortality consequences of the COVID-19 pandemic returned the empirical values of life expectancy at birth for both sexes below their values for 2011.

Besides increase of life expectancy at birth, a significant decline in male excess mortality (difference in life expectancy between females and males) was observed. This gap has narrowed from 4.6 years in 2011 to less than 3.2 years in 2017 to return to the original difference of 4.6 years during the first year of the COVID-19 pandemic.
Migration is currently the most significant component of Albania's population development, which determines the resulting nature of overall reproduction.

3. Current perspectives of population development

The official national population statistics indicate several significant changes. First, the level and age-sex structure of mortality substantially changed in 2020. Secondly, the unprecedented restrictions on the international movement of people, introduced due to the epidemic, principally affected migration flows across the state borders. Only fertility in 2020 continued in its decline established already in 2014, and no extraordinary changes were observed. Continuing the COVID-19 pandemic, its far-reaching consequences, and the new security situation in Europe after the outbreak of war in Ukraine in February 2022 created new forecasting conditions. All of these resulted in higher uncertainty of the current vision of the Albania population's future.

✓ Overview of basic assumptions
When estimating future developments in fertility, mortality, and migration parameters, we followed recent trends identified within the detailed analysis of the official national population statistics data.
The overall fertility level in Albania will stabilize approximately at the level reached in 2019 and 2020, i.e., at about 1.3 live births per female.
The long-term decline in mortality rates is over, but likely only temporarily. We assume a similar development in the case of migration, especially in its emigration component.

4. Forecast analysis

The forecast results indicate that Albania's total number of inhabitants will likely decline almost linearly in the next three decades. Assuming the country's population amounted to 2.83 million persons at the end of 2020, its total number should reach the mark of about 2.34 million within a realistic range defined by 2.06 and 2.64 million inhabitants by 2050. The reasons for such a drop are clear enough – low and decreasing natality due to a shrinking number of potential mothers and low fertility; a relatively high and increasing number of deaths caused by the increase of the number of older people and more dynamic than the decrease of mortality intensities; plus, high-loss migration exchange during at least the first third of the forecast period.

✓ Expected changes in population age structure

The decline in population size will be accompanied by continuing population aging, primarily determined by the initial age structure of the population. We expect the population mean age to increase from its initial value of 39.4 years to 49 years in 2050, according to the medium variant of the forecast.

The female population of Albania should be, on average, about 50 years old. The male population is expected to be almost two years younger than the female one at the end of the forecast period.

This difference in the mean age between males and females is logical. It results from two facts – a naturally higher proportion of boys among newly born children and excess mortality of males of all ages, causing females' surplus at higher ages.

✓ Development of selected age categories

The economically productive age (20-64 years) segment population size reached approximately to 1.74 million people at the end of 2020. The highest absolute decrease will likely occur in the 2030s.

The size of the entire contingent of children and adolescents at age of up to 23 years should decrease by about 47 per cent. At the level of individual sub-groups, the relative decrease is expected in the range of 44% - 50% between 2020 and 2050.

Among the categories of senior citizens, the centre of mass will shift from younger to older seniors in the coming decades. The increase in the number of seniors will cause a significant rise in entitlements to pension insurance and health care covered within public budgets.

5. Conclusions

The population reproduction analysis of Albania based on the theoretical knowledge allows us to state the following:

The overall fertility displays low values belonging to the zone labelled in demography as lowest-low fertility.

Mortality intensity decreased during the past twenty years until the outbreak of the COVID-19 pandemic. Afterward, the decrease in mortality should continue in line with the pre-COVID trend, and the average length of life of females and males should grow accordingly. This life expectancy growth at birth should remain significant but, at the same time, should slowly lose its dynamics.

The volumes of migration across the borders of Albania will very probably decrease due to the decline in population size and aging, mainly because of less and less numerous younger cohorts – the core of potential migrants.

The further significant outflow of young people in the first third of the forecast period will decree the population and the aging of Albania's population.

Considering these findings and expectations, it is evident that the most likely changes in the size and age-sex structure of the population of Albania should have far-reaching consequences affecting virtually every aspect of society's life. These changes will undoubtedly affect the essential public interest areas such as for example public finance, social security and assistance, the public health system, and the labour market. Moreover, the impacts of demographic development on these sectors are interconnected.

Rapid population aging is raising the question of the current pension system's sustainability. It will be one of the critical issues to settle within the context of assumed population development.

The productive age population representing the potential labour force will, beyond doubt, dynamically decline and age simultaneously during the forecast period. These changes will weaken the demand for jobs and the labour potential of the population, thus raising public concerns over the future population development of Albania.

It is essential to start acting accordingly and to study the demographic future and its contexts systematically and in deeper detail when developing policies. The population forecasts and model projection results should play a core role in designing, adopting, and monitoring such policies.

Part III - Policy Recommendations

This part of the report presents a range of issues to be considered by policymakers over the next programming cycles. Specifically, they touch upon the model of growth, its dependency on migratory dynamics, and policy options to either reduce these dependencies or to manage them in a safe and orderly manner.

1. Public policy options available to address foreseen demographic changes ensuring sufficient labour supply to the Albanian labour market taking into account gender-sensitive policy outlook and the rights and protection of (migrant) workers.

Albania is facing a situation characterized by an economy that not only grows but also creates jobs. However, the socio-economic model of Albania was and still is highly rooted in out-migration and its payoffs - remittances, the release of unemployment pressures, circular returns of high-skilled migrants. This means that Albanian employers already face, and will continue for the foreseeable future, serious challenges in attracting low- and semi-skilled labour to fill rising labour shortages.

What are the policy options to address and counter this imbalance?
First, to increase productivity for the economy as a whole to demand fewer workers for the same output level.
Second, to link productivity to wages, making its labour market attractive.
Third, to improve overall migration management system, duly factoring outmigration and its (potential) compensation by return and in-migration, as powerful variables impacting labour market and structure of the labour force, domestic and foreign, in Albania.
Finally, to move towards the longer time horizon, Albanian policymakers should explore demographic and social policy options providing incentives for families with children, while ensuring channels for women to re-enter the labour market after fertility spells. The latter maintains positive gender and employment outcomes already in the short term.

2. Lessons that can be learned from the experience of countries similar to Albania, in dealing with brain-drain and encouraging brain circulation.

Lessons learned from the experience of countries similar to Albania, i.e. witnessing sustained negative net migration, suggest that brain drain considerations need to be identified - and appropriate strategies such as brain circulation schemes designed accordingly - at the sub-sectoral or even occupational levels.
In terms of brain circulation schemes, the mobility incentives of Albania need to be coupled with industrial policy in such a way that reshoring manufacturing processes to continental Europe meets the skills acquired by prospective returnees who worked in skilled manufacturing occupations abroad.

PART I - LABOUR MARKET TRENDS AND MIGRATION ANALYSIS

1.1 Methodology

This diagnostic report provides a comprehensive assessment of the impact of current migration trends in Albania and aims to forecast their long-term impact on the labour force of the country. The report is built on a comprehensive labour market assessment that reviews trends of the working age population, employment, unemployment and of the non-labour force. Demographic projections, supported by migration scenarios, provide indications for the evolutions of the working age population and hence on issues such as sustainability of the Albanian labour supply and that of the social security system. The projections of the Albanian population development over the period 2020-2050 - developed by (Kucera 2022) - serve as a basis for derived forecasts, the implications of which are analysed in this report alongside labour market and migration considerations.
To address the research questions covered in this report, the research team extensively reviewed primary data, complemented by documentary analysis and review of secondary data produced by various national and international institutions. The research team complemented publicly available data published by INSTAT and other sources provided by the Government of Albania with ad-hoc data requests to relevant government institutions. The team would like to acknowledge the generous support of the INSTAT staff, whose numerous ad-hoc tabulations provided a crucial source of information for this report.

Quantitative forecasting exercises are developed from key tabulations in which demographic, labour force participation and employment variables are assessed and projected so as to appraise scenarios of sectoral developments with the ultimate aim of distilling implications for those policies that will directly and indirectly affect migration in the next 10 years. Migration data analysis is supporting the labour market assessment in distilling long-term trends, while demographic projection informs trends of the working age population that signal possible labour shortages and hence potentials for in-migration in Albania. Together with sectoral trends, the latter may be helpful to orient possible shortages of skills in sectors such as construction, agriculture, manufacturing, or care economy. Finally, a systematic review of the existing body of literature was conducted to inform the policy recommendations provided in this report.

To address the research questions of this report, the research team has been constrained to rely primarily on secondary data sources. To that end, documentary analysis is used, by making use of documents and secondary data produced by various national and international institutions, including but not limited to: The National Institute of Statistics (INSTAT) and its Labour Skills Survey (LSS), EUROSTAT, IOM, UNESCO, UNICEF, Friedrich Ebert Foundation (FES), Ministry of Education and Sports (MASR), Ministry of Finances and Economy (MFE), National Agency for Employment and Skills (NAES) and other national think tanks like IDRA and IDM. Moreover, a series of laws, bylaws and policy documents (e.g. strategies, decisions and orders) were obtained and analysed by the research team. In addition to that, a systematic review of the existing body of literature was conducted to place the findings of this study into a broader, social and economic context.
First, the research team compiled a list of data required for the study, which included demographic and labour market data, and then a preliminary screening of potential sources of data was organised. Next, the research team contacted INSTAT, and other relevant institutions mentioned above, to acquire the necessary data. Finally, the research team visited official websites, and other publicly available sources (e.g. official gazette) in order to obtain the data required for this study.

- **Data analysis, validity and reliability of findings**

The desk research has entailed a comprehensive analysis of the relevant policy frameworks in terms of protection, social protection and regional or international cooperation. In assessing the current situation of the labour market force, the research team has analysed the data through a reiterative process of data reduction. A special emphasis has been placed to analyse data and interpret them through a gender-sensitive perspective, which was made possible by obtaining and organizing statistical data by gender.

Furthermore, concepts of critical hermeneutics and auxiliary outcome tests were used to increase the validity and reliability of the findings. That means that in analysing the documents, (Philips & Brown's, 1993) model of 'critical hermeneutics' is used to analyse the text in a broader of social and economic context. To illustrate, to gauge the impact of potential migration on the economy of Albania, we have analysed statistical data in context with other information that we have about the economic structure of Albania, the recent developments and the long-term social phenomena that have accompanied the Albanian society. Similarly, the auxiliary test is used to test preliminary findings of this study, by collecting additional data confirming or disconfirming our findings. For instance, the preliminary findings that showed a very high desire to emigrate abroad among students in Albania, has been confronted with statistical data on actual student outward migration rates, as well as real efforts they have done to study in another country, such as the number of applications submitted to study abroad.

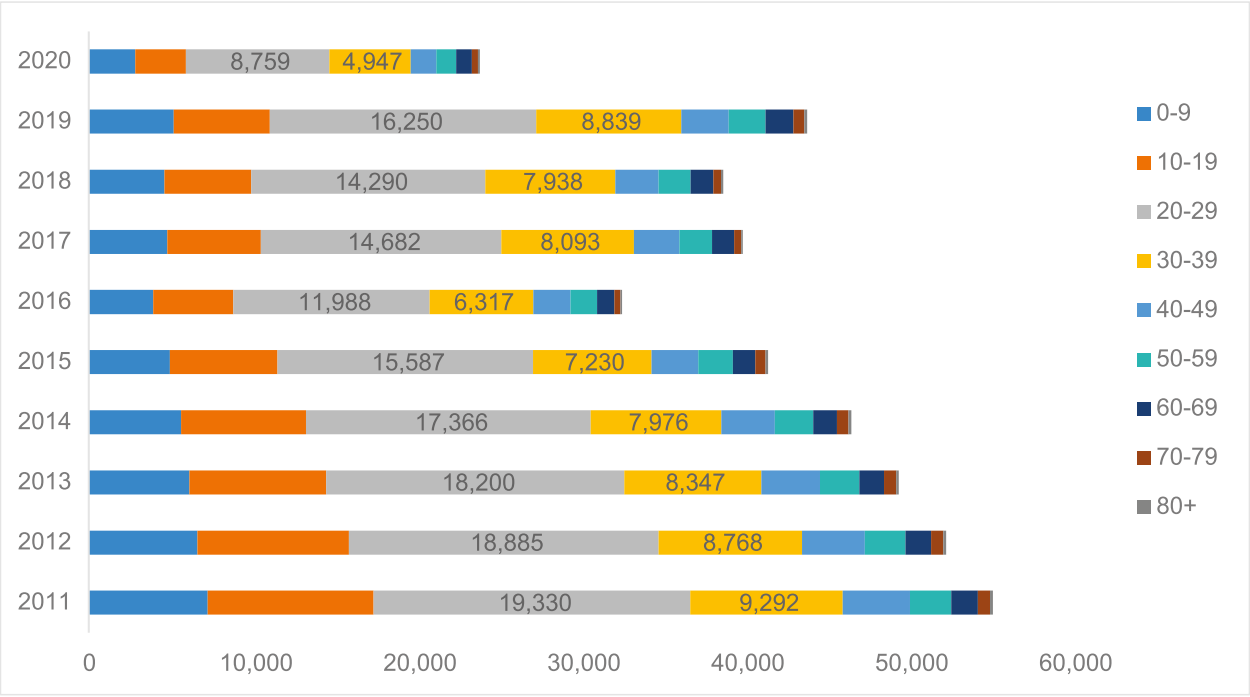
To ensure higher validity and reliability of the findings, the research team has used data triangulation, including triangulation of sources. That means that every important preliminary finding is cross-checked by using data from a wide variety of independent sources. For instance, several datasets are used to gauge outward migration trends, as well as the desire to migrate abroad, including official national and international datasets, such as INSTAT, EUROSTAT and UNESCO.

As can be seen from the references list, various sources are used to answer the research questions. Moreover, feedback validation is used, to confirm findings, which include confirming our preliminary findings with various informants. On top of that, feedback validation is ensured through the validation workshop organized by IOM with public institutions representatives.

1.2 Composition of migration in Albania

This section deals with the composition of outward migration. INSTAT's (2022) data show that the great bulk of outward migrants is young, between 20 to 39 years of age (see Chart No. 1, below). While the overall number of outward migrants has fluctuated over the years, the share of this age group remains constant. It is important to emphasise that this age group is seen as the most productive, in economic terms (Grosse et.al, 2009). Furthermore, given that this age group is more likely to give birth to children, their migration flows might have further long-term implications for the population size of the sending country (i.e. Albania).

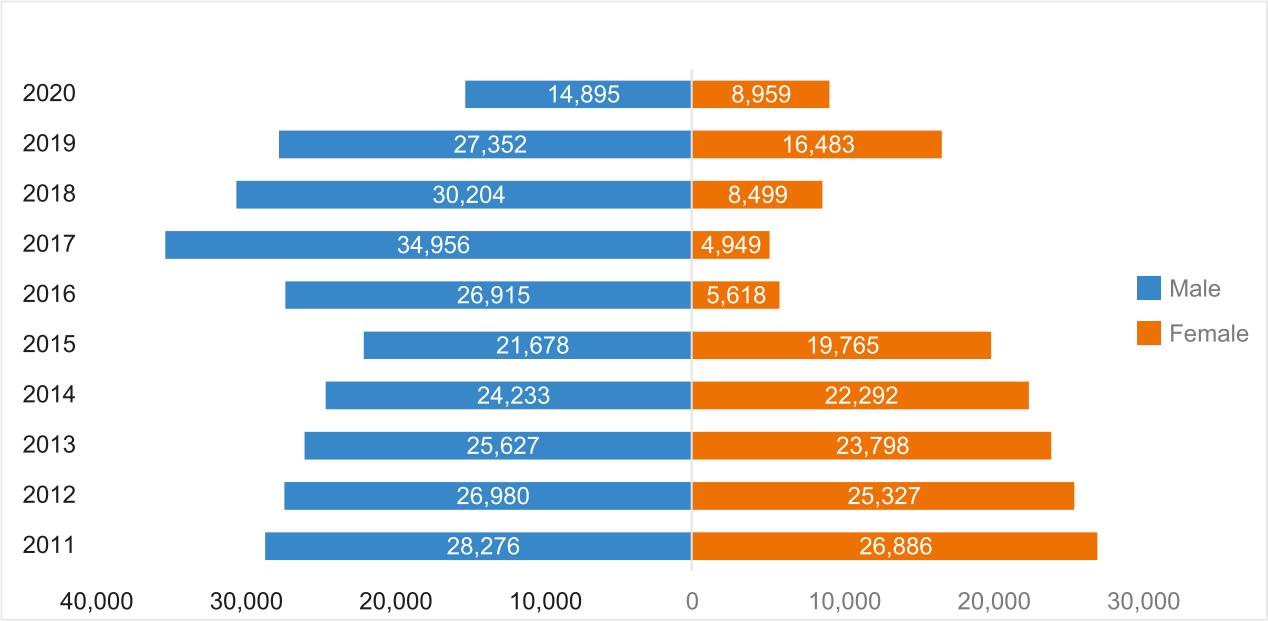
Chart-1. Emmigration by Age



In terms of gender, Chart No. 2. (below) shows that over the years there has been a growing trend of men being more likely to emigrate than women. These data might show a tendency of men, who often bear the responsibilities of the breadwinner in Albanian society, to seek temporary employment abroad, as a way to help the family they have left behind. For example, it is seen that in 2016 – 2017 the number of women migrants

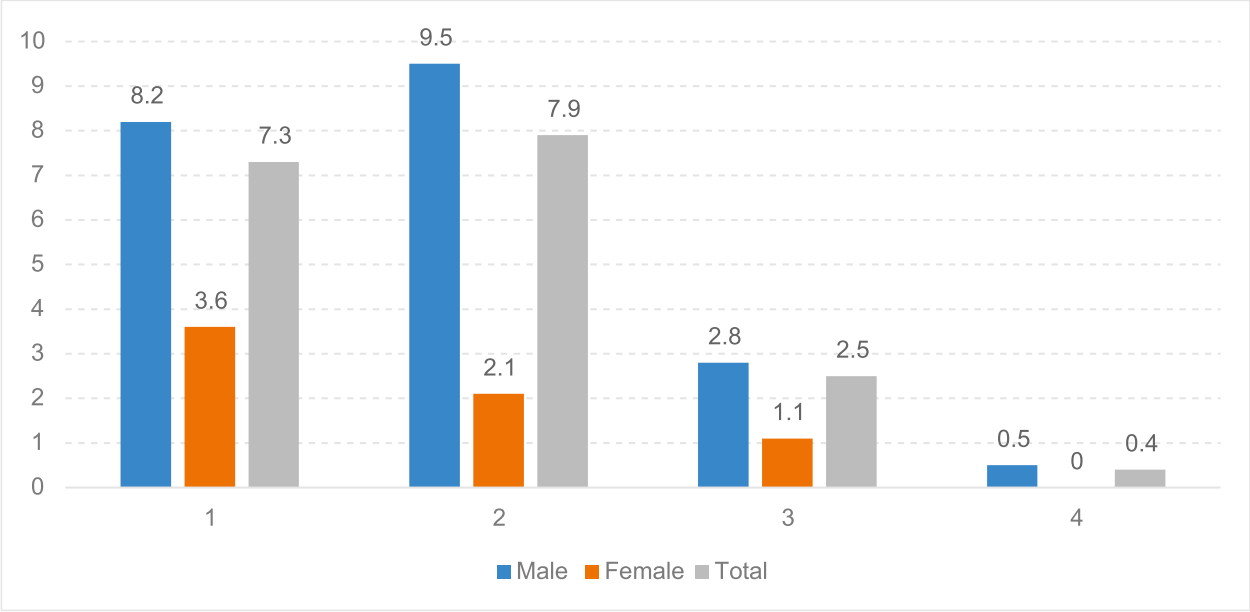
plummeted to around one-fourth of what it was one year before, which might have been influenced by or related to migration crisis of 2015. On the other hand, fluctuations in the number of women migrants in 2019 – 2020 might have been influenced by the covid-19 pandemic and the travel restrictions that followed it.

Chart-2. Emigration by age



Congruent to that, IOM's (2022) data, displayed in Chart No. 3 (below), show that women are less likely to become outward migrants.

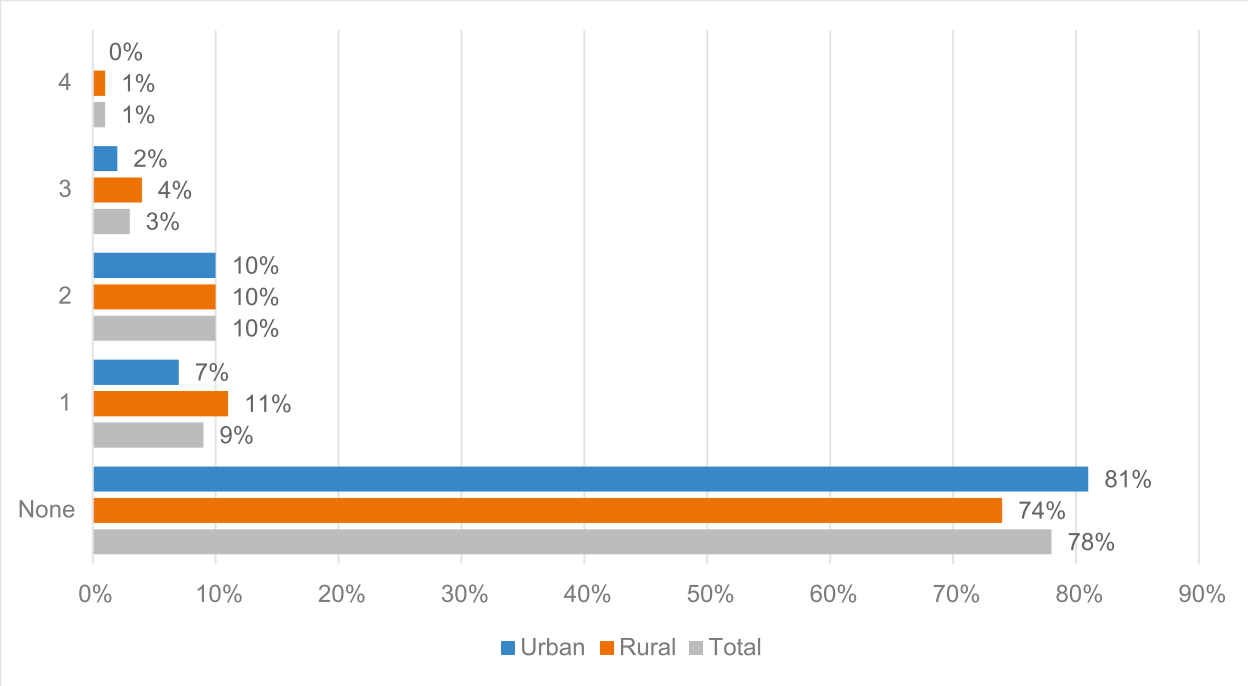
Chart-3. Gender of outward migrants



However, fluctuations in the chart might also indicate a higher tendency of young men to take risks and be the first to emigrate in the hope to bring in their partners later. Chart No. 4 (below), shows that while 78% of outward migrants are reported of having no children, only a few (4%) of them have more than three children. Congruently, we might argue that having children may act as a deterrent for people to emigrate. Nevertheless, it might also show a tendency of the prospective migrants to not have children until they have managed to go to a host country. That said, there are many factors that might influence these results, such as migrants' age, prospective career in the host country and life plans, which influence their decision to migrate. In terms of the

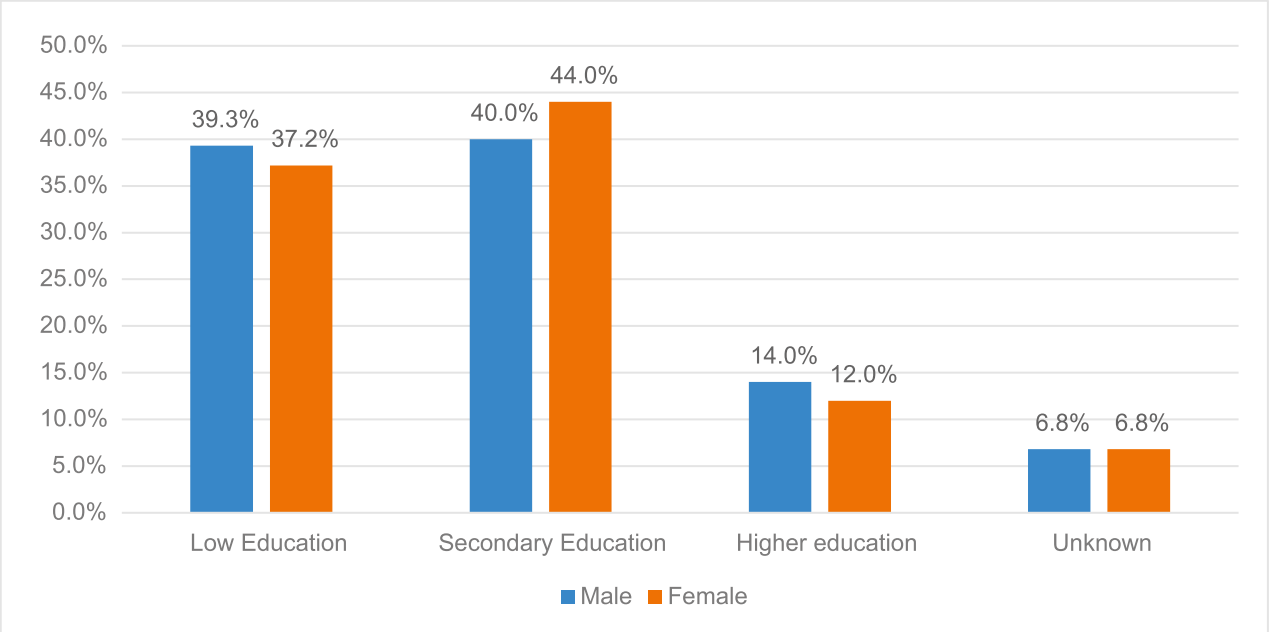
variance between rural and urban areas, there is a slightly higher tendency of rural outward migrants to emigrate if they have children.

Chart-4. Origin of outward migrants



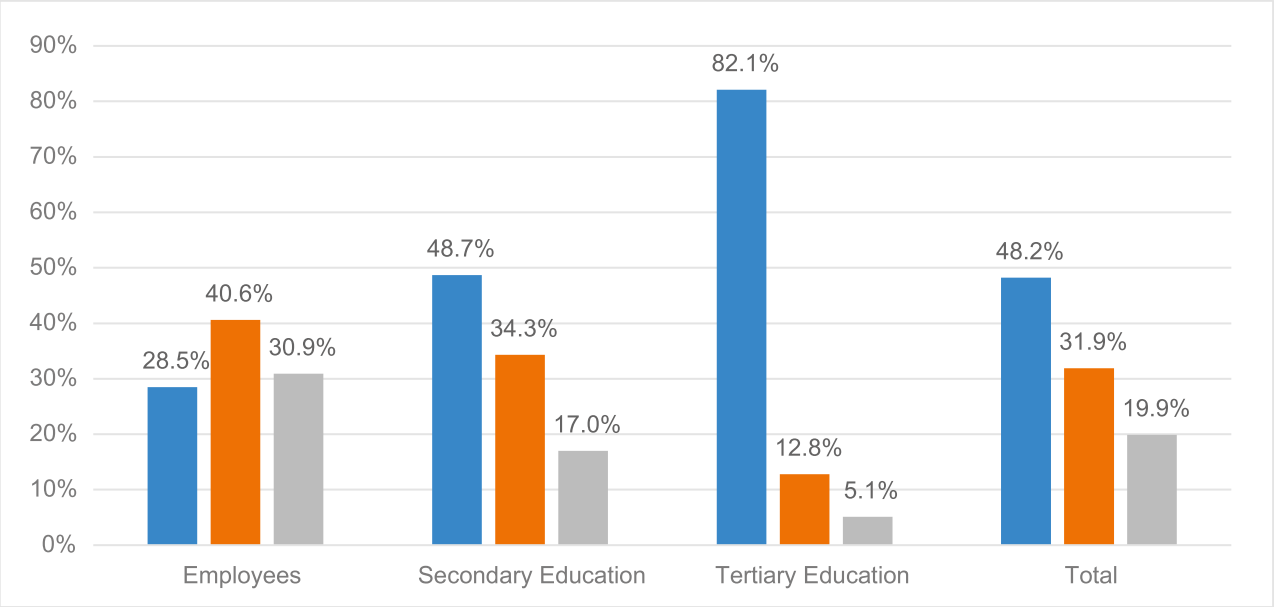
In terms of educational attainment, as shown in Chart No. 5 (below) only a fraction, 13%, of outward migrants have completed higher education in Albania (IOM, 2022). These data might indicate a higher migration tendency of a less qualified workforce, but that would not be congruent with data displayed in Chart No. 5 (below). Indeed, selective policies in the host countries regarding migration, are often designed with a reference to a qualified workforce. Various researchers, supported by data have shown that in recent decades a combination of selective immigration policies has allowed developed countries to attract the 'best and the brightest' (Lucas, 2005; Teferra, 2005; Faini, 2003; Cervantes & Guellec, 2002).
Alternatively, these data might indicate a bias in INSTAT's data, towards collecting data primarily on asylum seekers who might show a tendency to have lower educational attainment.

Chart-5. Education of outward migrants



IOM (2022) statistics, displayed in Chart No. 6 (below) shows that men with a university degree are much more likely to be employed than are women with a tertiary degree, or men with a secondary degree. Considering that there is no significant variance between men and women regarding the education of the outward migrants (see Chart 7, below) we can deduce that integration in the labour force of the host country is more difficult for college educated female migrants. That might be due to a preference for low-skills labour jobs in the host country, but it might also be related to their migration history. For instance, Shabani (2020) has found that core EU countries have implemented migration policies that enable tertiary educated inward migrants to bring their family members with them in the host country. Thus, tertiary educated male migrants might be in a position to bring their female tertiary-educated-partners in the host country where they have migrated in pursuit of a job offer.

Chart-6. Employment status of outward migrants



Moreover, while Chart No. 8 (below) shows that women working in the services sector and those engaged in elementary occupations are more likely than men to emigrate, it also shows a higher emigration tendency among men engaged in agriculture, craftsmanship and factory work. These trends might be related to the pull factors and, therefore, they show a variance in preferences for these professional occupations in the host countries. But, they might also be related to push factors, and, therefore, indicate a higher preference among people engaged in these professions to emigrate due to the current conditions in the sending country (i.e. Albania). Furthermore, they might reflect social norms in the sending country, which set different expectations for young people based on their gender, regarding professional and life choices that they make

Chart-7. Education and gender of outward migrants

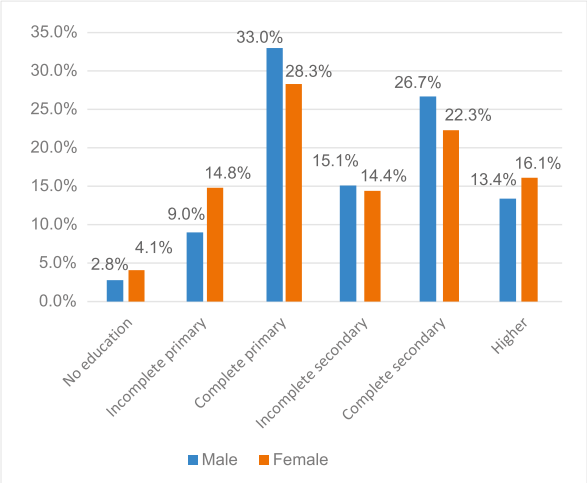
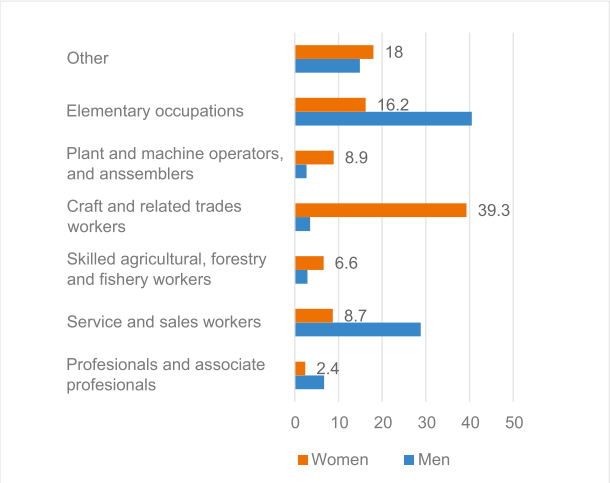


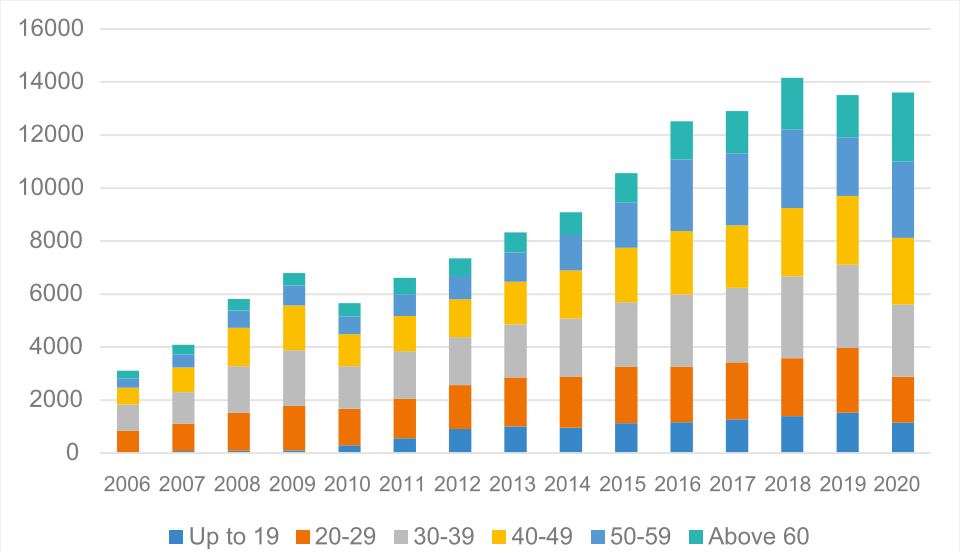
Chart-8. Employment sector and gender of outward migrants



Composition of inbound migration to Albania

Data on international labour migrants in Albania principally comes from two sources: first, administrative data from the Department for Border and Migration on residence permits, which captures information on the number and characteristics of applications and eventual decisions on residence permit cases and, second, data on international migration. For the data on international migration, INSTAT relies on estimates of migration flows based on migration module data of the labour force survey combined with population projection rates. Drawing on administrative data on residence permits, it becomes clear that while the foreign population in Albania has increased in the last two decades, it remains very small in terms of absolute numbers. The overall population of foreign migrants with residence permits in Albania remains marginal, although it grew from 2,400 in 2005 to 14,921 in 2021 (see Figure 1).

Figure-1. Foreigners with residence permits by age cohort (2005-2021)



Source: Foreigners in Albania 2021 (INSTAT)

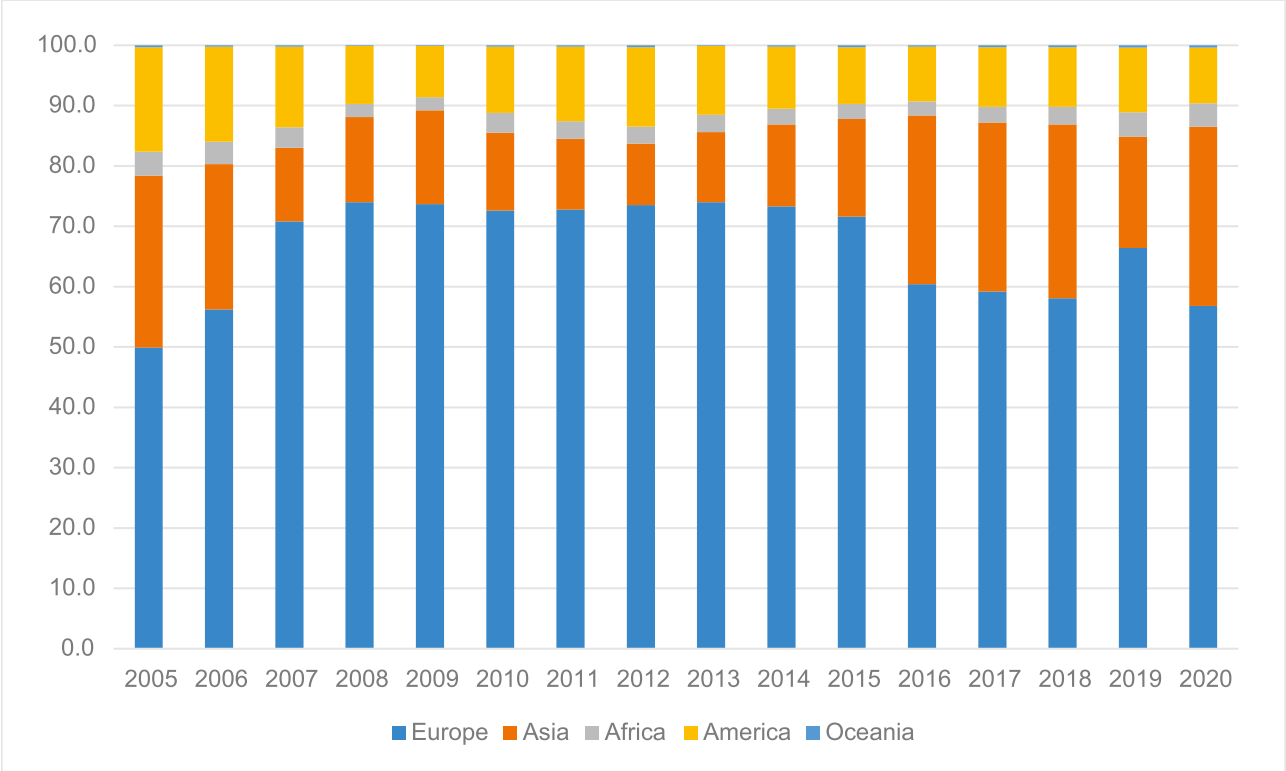
As discussed elsewhere in this report, it is the net balance of migration, rather than merely outward migration numbers, that shows the attractive power of an economy. In that line of reasoning, Albania has a negative net migration balance, which means that more migrants are leaving the country than migrants are coming in (IOM, 2022).

The composition of inward migrants in Albania is 64% men and 36% women (36%) is the same for international migrants as for returnees. The demographic composition of the international migrant population in Albania is relatively evenly distributed across the 10 year age cohorts (see Figure 1). In 2021, 20.4% of residence permit holders were aged between 30-39, followed closely by the 19.7% for the 50-59 cohort and 18.5% for the 40-49 cohort. Notably, 38.3% of permit holders are 50 years of age or older, representing a comparatively right-skewed distribution of the demographic composition of foreign residents. With the Albanian pension age set at 65, the fact that over one-third of the permit holders are approaching pension age, or already over the age of pension, means that the longer-term contribution of current residence permit holders to the Albanian labour market may be even more limited than the absolute numbers suggest.

The number of international migrants applying for a resident permit was 7,661 in 2020. 45% of the applicants were Iraqis and Italians. Among all applications 72.4% were requesting a stay of 12 months or less, 23.2% for a stay of 24 months and 1.4% for a stay of 5 years. Only 3% of the applicants requested a permanent stay in Albania. Over the past 5 years the shares of European, Asian, American, African and Oceanian immigrants have been more or less stable as shown in figure 2. However, the share of Europeans among residence permit

holders declined to 56.8% in 2020 compared to 66.4% in 2019. This retrenchment is likely to be linked to return movements, as well as limited new applications for residence permits due to travel and mobility restrictions imposed following the outbreak of the COVID-19 pandemic.

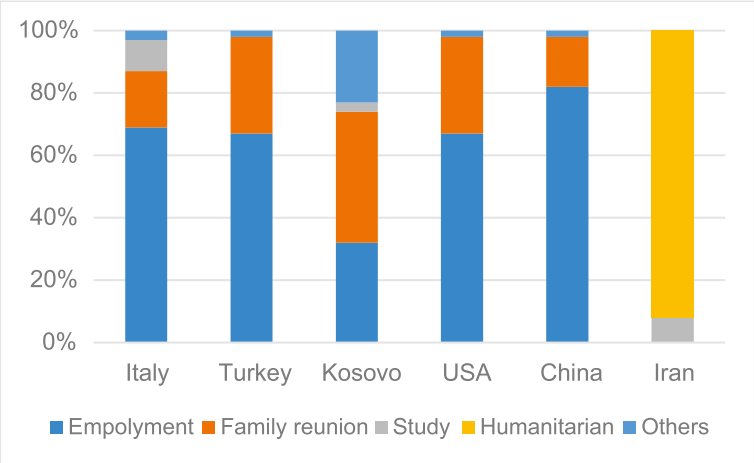
Figure-2. Foreign residence permit holders by region of origin, 2005-2020



Source: Foreigners in Albania 2020 (INSTAT)

International migrants' stated reasons for residence applications vary depending on their country of origin, as depicted by figure 3. While Iranians immigrated almost exclusively for humanitarian reasons, the dominant driver for applicants of other countries of origin is employment (47.7%). Family reunification is the second most important driver of inbound migration in Albania and more pronounced for Kosovo (41.7%) than for Turkey (32.3%) and Italy (18.3%). Only 2% of international migrants apply for a resident permit to study in Albania.

Figure-3. Residence permit holders according to country of origin and purpose of application, 2020



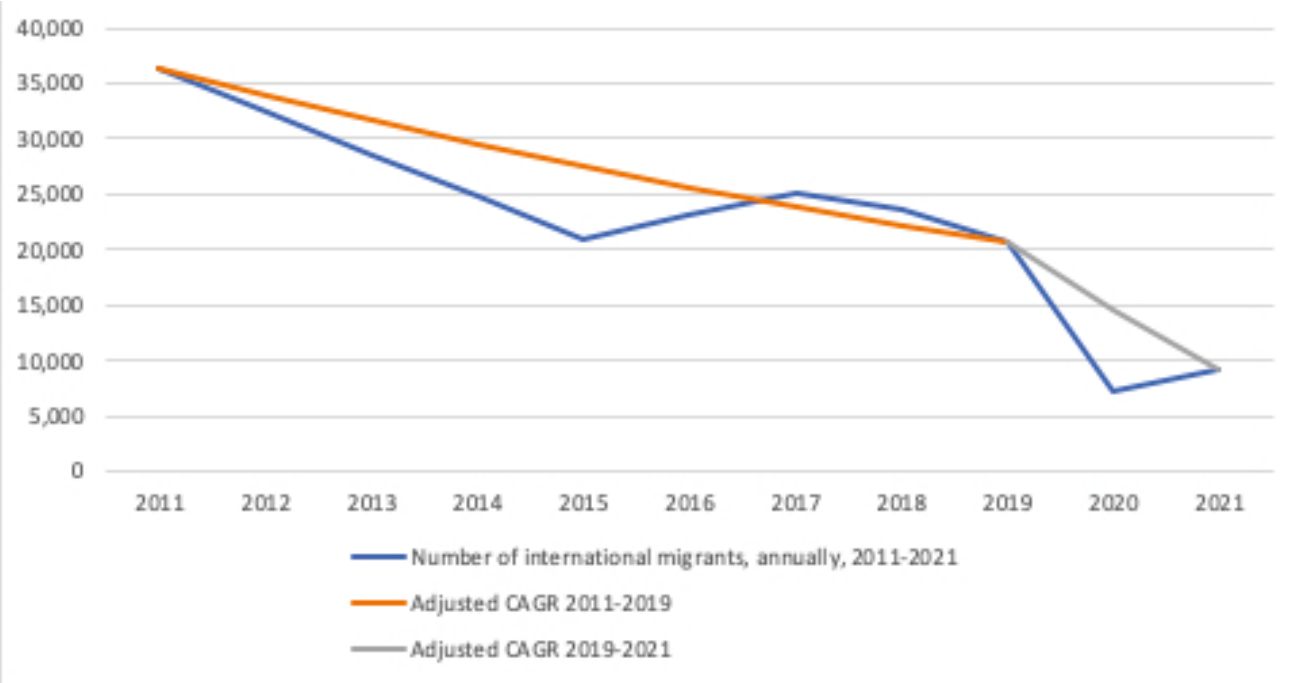
Source: Foreigners in Albania 2020 (INSTAT)

Beyond the administrative data on residence permits, INSTAT prepares migration flow estimates based on the data collected from the migration module of the labour force survey combined with population projection rates for 2011-3031. Turning our attention to this second source of data on international migration, a different picture emerges. It is interesting to note the discrepancy between the estimates from sample surveys and those from administrative data. A critical appraisal of the sources would revert back to their increased consistency.

While Albania hosted an estimated 36,397 international migrants in 2011, this number reduced to 20,753 in 2019. For 2020, INSTAT estimates only capture 7,170 international migrants in Albania, with a slight rebound to 9,195 in 2021 following the easing of COVID-19 related travel restrictions. Excluding the 'outliers' of 2020 and 2021, INSTAT estimates indicate that Albania witnessed a negative compound annual growth rate (CAGR) of -6.8% in international immigration between 2011 and 2019 (see figure 4). During the two years of observations of the COVID-19 pandemic (2019-2021), the negative CAGR was as steep as -33.4%. Combining this insight with data on out-migration trends in recent years - which slowed at a lower rate than international immigration rates- it becomes clear that ceteris paribfives international immigration will not be able to offset out-migration in the near future.

Whereas the existing administrative data on residence permits, including tabulations by country of origin, reason for application, as well as gender and age disaggregation, represent a solid point of departure, it is important to note that a multitude of data is missing that would be crucial to better understand the labour market impact of international migrants in Albania.

Figure-4. Number of international migrants in Albania and CAGR, 2011-2021



More particularly, data is missing on:

- ✓General education and technical and vocational education and training (TVET) backgrounds of residence permit holders
- ✓ Economic sector (ISIC 2digit level) and occupation (ISCO 2digit level) of residence permit holders.

1.3 Labour force trends in Albania

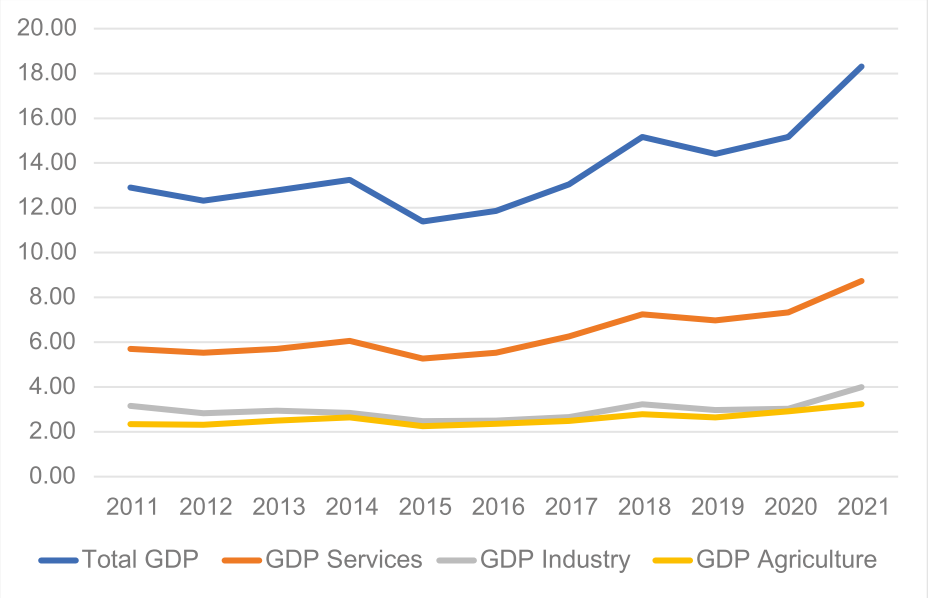
The Albanian economy has shown a stable increase in GDP during the period 2011-2021, with the exception of the years 2015 and 2019. Furthermore, the forecasts for the next programming period 2022-2027 suggests the persistence of growth for the economy as a whole, as well as for each of the three main sectors. This trend is paired with that on employment, which also increased during the period 2011-2021.[2] The economy not only grows in terms of products, but also creates employment. This consideration is particularly important for the socio-economic system of Albania, so heavily characterised by out-migration since the collapse of the Communist regime in 1989. If the economic forecasts are confirmed, the economy will likely continue to demand more people to sustain production and its growth.

Supported by high fertility rates in the 1990s – higher than any country not only of South-Eastern Europe but of Europe as a whole, Albanian entries in the working age population contributed both to the net increase of employment aggregates in the national economy and to the number of young people looking for better employment prospects in Europe. In other words, the young people entering the labour market in the next 15 years will be absorbed either by an economy that not only grows ,but also creates jobs, as well as by the labour market in Western Europe that is characterized by net shortages in all sectors of the economy, as well as by the boost and diversification of in-migration pathways for both students and labour migrants.

- Sectoral composition of the Gross Domestic Product (GDP)

Figure 5 shows the trend of Albanian GDP between 2011 and 2021. The GDP slightly decreased between 2011 and 2012 and again between 2014 and 2015. From 2016 onwards, the GDP has developed positively, apart from a slight downturn between 2018 and 2019.

Figure-5. Evolution of GDP in Albania between 2011 and 2021 by macroeconomic sector (in billion US$)



The above-mentioned trends for the economy as a whole are mirrored by that of the agriculture sector, which witnessed a mechanization of production during the last decade similar to what has happened in other South-Eastern European countries, such as Bulgaria[3] and Romania[4]. Employment opportunities in the Western part of Europe are likely to leave the sector unattended, creating a potential for in-migration.

2. See INSTAT (2022), National Accounts and Labour Force Surveys, available at www.instat.gov.al.
3. Harizanova-Bartos, H., & Terziyska, R. (2019). Innovations and diversifications toward sustainable Bulgarian agriculture. Zagadnienia Ekonomiki Rolnej/ Problems of Agricultural Economics, (2).
4. Tudor, V. C., Dinu, T. A., Vladu, M., Smedescu, D., Vlad, I. M., Dumitru, E. A., ... & Costuleanu, C. L. (2022). Labour Implications on Agricultural Production in Romania. Sustainability, 14(14), 8549.

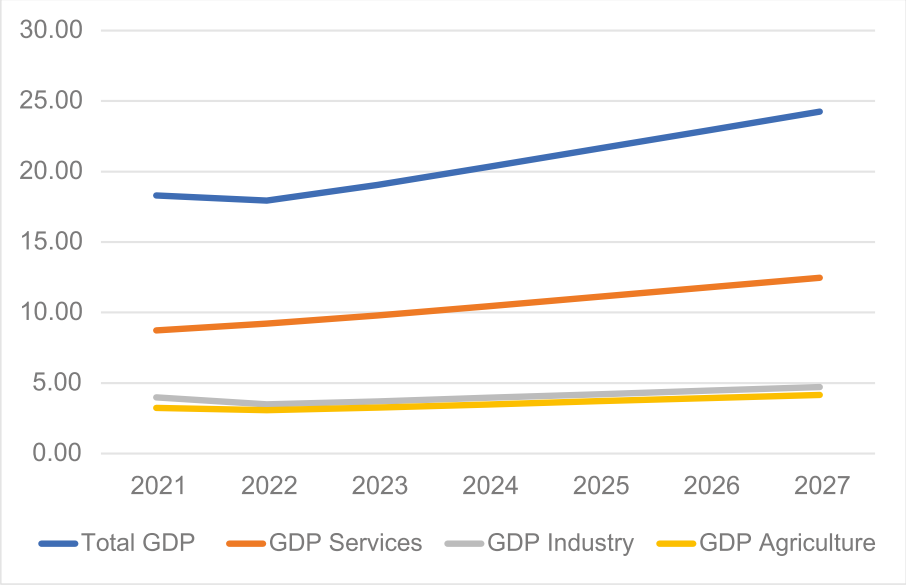
The extent to which the sector will demand skilled agricultural workers versus untrained labour force is likely to provide insights to the in-migration options for Albanian policymakers. On the one hand, the demand for untrained labour often risks creating incentives for irregular migration in a country that is at the crossroads of the Balkan route of migration. On the other hand, domestic vacancies for skilled agricultural labour may represent an opportunity for better income for the Albanian unemployed or for regular migrants from the East.

The regular in-migration system of Albania has started to attract workers from countries such as the Philippines and from other countries of South Asia, especially in the employment-intensive manufacturing sector that has seen a second wind with the re-shoring of garment activities from East Asia in the past 5 years.[5] The potential of in-migration can be cross-fertilized not only to the service sector, but also to the agriculture sector. It is not possible to draw forecasts on the balance of migrants and nationals that will be absorbed by each sector, as this will be determined by the extent to which countries such as Germany and Italy, but also Austria and other EU member states will attract Albanian workers better paid and better protected labour markets.

The service sector has gained in terms of share of total GDP (from 44,3% in 2011 to 47,7% in 2021), in line with the wider Western Balkan regions. By contrast, the industry sector lost shares (from 24,5% in 2011 to 21,8% in 2021). These data highlight that the recent boom of the garment sector did not offset the movement of economic activities from agriculture and low-paid manufacturing to a service sector that has seen the creation of service centres of multinational enterprises from abroad. Whereas the latter usually require a full correspondence in formal GDP and employment, the increase of low-productivity manufacturing is often at risk of falling under the nets of the informal economy. For this reason, the increase of GDP in manufacturing may be underestimated. The industrial activities in Albania, especially looking at geopolitical trends witnessing a re-organization of production in the near Eastern borders of the European Union, remains an important potential for labour market and migration trends. Sectoral analyses conducted in Albania, in fact, reported that employers in the garment sector requested policy measures to increase the workforce by a factor of 30% of the employed population at pre-COVID levels. This outset by far the increase of GDP registered by manufacturing and suggest both an incidence of informality in the sector and a strong potential for vacancies that are not attractive to Albanians, apart from a shrinking cohort of low-skilled female jobseekers. To address the issues outlined above, policies to empower women in the labour market and society could be paired with those for labour inclusion of refugees and proactive liberal migration regimes from non-European countries.

According to Figure 6, GDP projections for Albania are positive (excluding a slight contraction between 2021 and 2022 in the industry sector perhaps attributable to the pandemic). GDP will reach about 25 billion dollars in 2027, with the services sector gaining importance.

Figure-6. Projections of the evolution of GDP in Albania until 2027 by macroeconomic sector (data in billion US$)



5. Hila, E. (2021, July 20). Asian migrants fill jobs that picky Albanians now Spurn. Balkan Insight. Retrieved October 12, 2022, from https://balkaninsight.com/2021/07/20/asian-migrants-fill-jobs-that-picky-albanians-now-spurn/.

- Gender trends of employment and unemployment

Table 1 shows a clear positive trend for employment rates among males in Albania, but for the last two years of observation (overall among the youngest age classes), during which period the Albanian economy contracted due to the restrictions imposed following the outbreak of the COVID-19 pandemic. However, positive trends of employment rates have been decreasing slowly since 2014 for all age classes. This development is mirrored by employment rate trends among women in Albania (see Table 2).

Over the past decade, also as a result of buoyant GDP growth, the labour market of youth has managed to rein in the outflow of young workers experienced during the 1990s and the 2000s. Apart from the variations witnessed during COVID-19 years (2020 and 2021), the employment rate of women and men aged 15 to 29 increased in the same rate as in the years of the recovery of the Global Financial and Economic crisis (2012 onwards). This signals a dire reactivity of employment for the age groups that were more exposed to out-migration to Western Europe and the USA in previous decades. The trend is more pronounced for women than men. Albania is still characterized by traditional family structures in which men are more inclined to migrate; therefore, the difference is likely to be mirrored by a higher propensity to migrate of young men. Furthermore, the jobs created in the service sector may have been more attractive to women if compared to men.

Table-1. Male employment rate trends by age (2012-2021)[6]

	15-29yo	30-44yo	45-59yo
1y	99.2%	99.3%	102.1%
2y	99.9%	97.2%	101.3%
3y	104.0%	99.3%	100.8%
4y	120.8%	100.2%	104.2%
5y	128.1%	103.7%	107.8%
6y	130.2%	104.6%	107.6%
7y	141.1%	107.8%	111.1%
8y	136.8%	112.7%	110.2%
9y	120.1%	106.6%	104.9%
Mean	120.0%	103.5%	105.5%

Table-2. Female employment rate trends by age (2012-2021)[7]

	15-29yo	30-44yo	45-59yo
1y	103.1%	100.2%	99.0%
2y	101.9%	95.9%	98.1%
3y	113.9%	97.3%	100.9%
4y	128.7%	102.3%	106.8%
5y	130.0%	103.3%	107.4%
6y	157.5%	108.4%	110.6%
7y	156.4%	115.3%	117.0%
8y	157.1%	118.3%	114.6%
9y	123.7%	106.7%	112.1%
Mean	130.3%	105.3%	107.4%

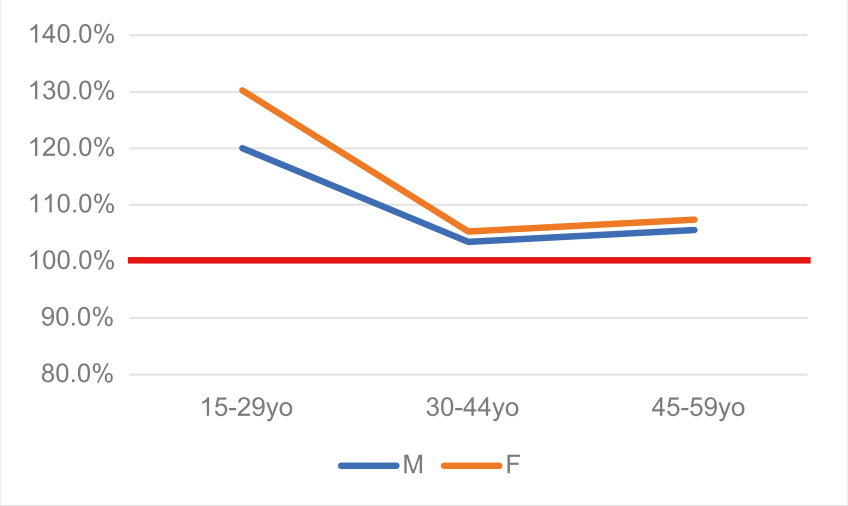
Note: "1y" refers to trends of the male employment rate trends in 2021, as compared to 2020, "2y" refers to trends in 2021 as compared to 2019, etc.

Employment booms in 2011-2019 was featured not only in Albania, but in the majority of national labour markets worldwide in the years of recovery after the downturn following the global financial crisis of 2009. Rebounding labour markets positively impacted not only Albanian youths, but also prime age and older workers. However, the trend for these latter cohorts is less pronounced if compared to that registered for the age group 15-29. If these trends are read together with the economic forecasts, the analysis discloses not only an economy that grows and creates jobs, but also a reactivity of the national labour force to join and support the Albanian economy.
The cohort of young Albanians, more educated and more demanding also considering the opportunities in the West will be however less inclined to join low productivity manufacturing such as a garment or to remain in the countryside in employment for subsistence activity. From the point of view of migration, if policymakers want to rely upon less the in-migration lever, it is important that policies to promote productivity and technology are deployed in a country where the Albanian labour force not only is more educated but will also face incentives to migrate as skilled jobs are offered in Western Europe.

Chart 9 - represents in a graphical format the difference between increase in employment rates for those aged 15-29 vis-à-vis prime age and older workers.

6. Based on data provided by INSTAT.
7. Based on data provided by INSTAT.

Chart-9. Means of the employment rates trends by age and gender (2012-2021).



The ratio between unemployed and total working age population has decreased for males of all age cohorts in the last 10 years, as shown in Table 3. Unemployment rates have been shrinking persistently among the period under consideration. With still a limited inflow of labour migrants into Albania, Table 3 demonstrates that the labour market became tighter during the last 10 years, a further proof that the Albanian economy is becoming attractive for the national labour force, jointly with easier out-migration pathways towards the Western end of Europe. Table 4 shows that the ratio between unemployed and total working age population has not a clear pattern for females, especially for the age class 45-59 years old.

Table-3. Trends of the ratio between male unemployed and male working age population by age (2012-2021)

	15-29yo	30-44yo	45-59yo
1y	97.4%	92.4%	85.0%
2y	95.3%	91.8%	97.0%
3y	89.3%	84.6%	96.4%
4y	84.2%	72.8%	72.6%
5y	78.3%	71.0%	66.9%
6y	70.5%	71.6%	63.3%
7y	65.9%	60.4%	59.6%
8y	86.4%	54.4%	60.6%
9y	78.3%	64.8%	94.3%
Mean	82.8%	73.8%	77.3%

Table-4. Trends of the ratio between female unemployed and female working age population by age (2012-2021)

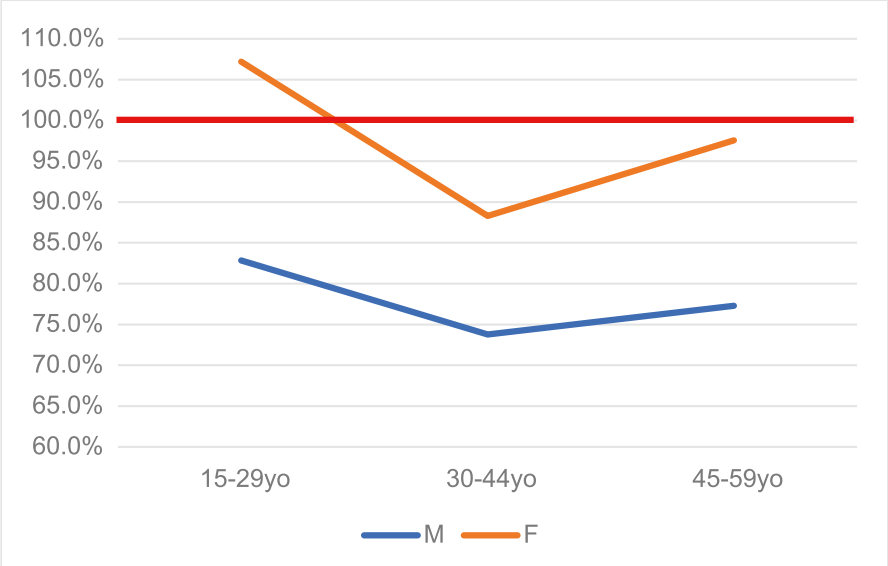
	15-29yo	30-44yo	45-59yo
1y	104.6%	81.9%	108.5%
2y	100.0%	104.8%	104.8%
3y	103.2%	98.4%	101.1%
4y	110.6%	94.6%	93.2%
5y	91.8%	79.2%	89.0%
6y	80.5%	69.4%	83.0%
7y	112.8%	77.6%	92.7%
8y	142.3%	91.7%	95.1%
9y	118.9%	97.0%	110.6%
Mean	107.2%	88.3%	97.6%

Note: "1y" refers to trends in 2021, as compared to 2020, "2y" refers to trends in 2021 as compared to 2019, etc.

The unemployment trends reveal gender differences: while the decrease in unemployment rates is common to all cohorts of men for the entire period being considered, the labour market of women reveals a mixed picture for the past decade. Women in the prime age (30-44 years old) have been those whose trend is most similar to that of men. Apart from the outlier of the year 2012, the unemployment rate has seen a structural reduction across the past decade, including the observations relating to the years of COVID-19; similar considerations can be drawn for older female workers. The situation is instead different for young women, who witnessed fluctuating trends

of variation of the unemployment rate. The trend discloses some hypotheses: gender differences may restrain women from out-migration, especially in a context characterized by traditional family structures. Second, women are often employed in occupational families and more exposed to frequent exits and entries in employment, such as jobs in the service sector. Gender-sensitive employment policies may facilitate the out-migration of women, as well as more stable prospects for those who wish to remain in, or return to Albania. Chart 10 shows that young women are the only group with an average over-representation of years in which their unemployment are increased.

Chart-10. Means of the ratio between unemployed and working age population trends by age and gender (2012-2021)



• Employment – Sectoral trends and prospects

With more than a generation of delay when compared with other European countries, Albania continues to witness inter-sectoral movements from agriculture to non-agriculture activities. The trend applies to both women and men. Some implications emerge for future prospects of labour and migration. The families leaving agriculture activities will continue to increase the army of reserve in the urban agglomerations, as the literature shows that people from rural areas are more prone to migrate internally, rather than engaging in international out-migration. For this reason, it is likely that mechanization of agriculture activities will not keep up with the pace of people leaving for urban areas. This will require Albanian policymakers to consider instruments to allow entry of labour migrants willing to perform agriculture jobs. In this, Albania competes with almost all countries in Europe seeking the agricultural workforce. If viable migration policy options are not in place, this may lead to an increase in staple and other agricultural goods prices for a country still heavily relying on domestic production.

Sectoral studies continue to report labour shortages in agriculture, as well as in construction and in employment-intensive manufacturing, for several years. For a country like Albania, geographically integrated into the European continent, the reservation utility of leaving the countryside is not only constituted by the non-agriculture sector alone but also of all the jobs that are made available to Albanians in the EU, whose number increased. It is likely to increase with the policy of the EU Migration Pacts.

Chart-11. Male 2021 versus 2017 by macroeconomic sector[8]

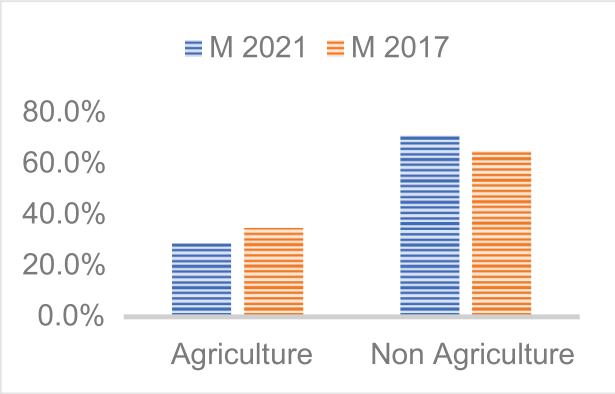


Chart 11, shows that the share of males employed in the agricultural sector has decreased in the last 4 years. By contrast, the share of males employed in the non-agricultural sector has reached more than 70%.

Chart-12. Female 2021 versus 2017 by macroeconomic sector[9]

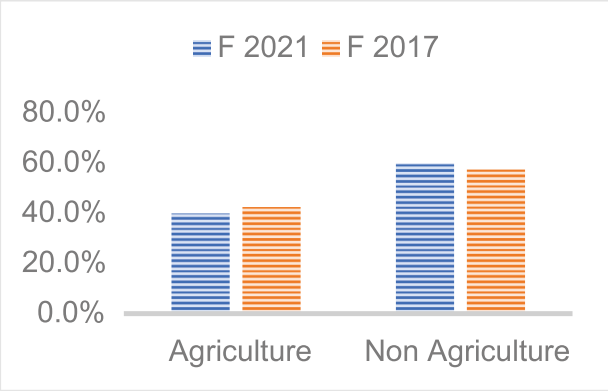


Chart 12 shows that the share of females employed in the agricultural sector has decreased in the last 4 years, even if it has decreased at a lower rate compared to males. On the other side, the share of females employed in the non-agricultural sector increased from 57% in 2017 to 60% in 2021.

A new trend common not only to the Western Balkans countries, but also to all the EU neighbouring countries of the Near East, is represented by the increase of the share of workers engaged in industrial activities. In the case of Albania, inter-sectoral movements from the service sector to the industrial sector are reported for the male employed population. Official data reports the opposite trend for women.

A more granular observation confirms that these movements are concentrated in the manufacturing sector, as the employment in construction is not only mainly dominated by men, but its share over the total of non-agriculture activities decreased in the past economic cycle. Men in employment also show movements from mining and quarrying and non-market services to market services.

Official data reports partly different trends for women, whose reduction in industrial activities can be explained either by an higher incidence of their contribution to the boost of activities where informality is high, or/and by movements in sectors characterized by skilled and educated labour, namely market services or higher productivity manufacturing. All in all, sectoral trends show a modernization of the Albanian economy paired with economic activities requiring more skilled labour if compared to what happened in the past.

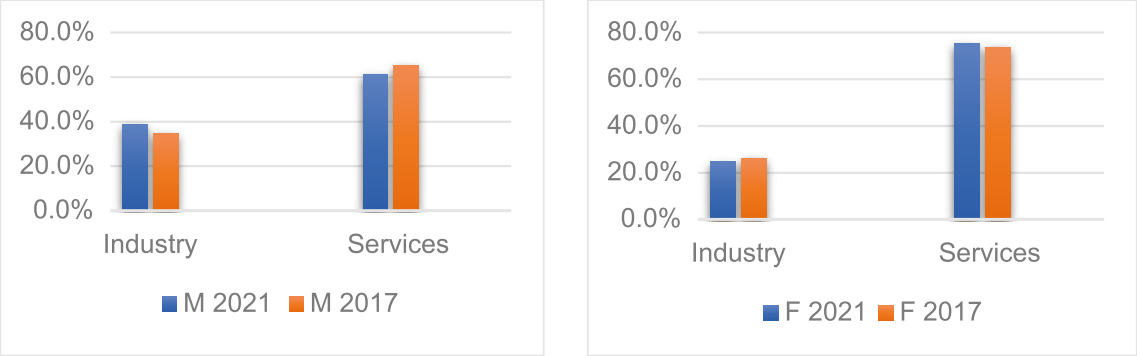
The implications for migration trends in the next years are numerous. An Albanian labour force, especially that of women, more prone to be engaged in skilled workers is likely to be more attractive not only the domestic activities, but also for the sectors in shortages in Western Europe, requiring mainly skilled labour. In addition, it should warn Albanian policymakers on the need to create in-migration pathways not only for unskilled workers

8. Calculations based on data provided by INSTAT.
9. Calculations based on data provided by INSTAT.

but also for occupations, especially in the health sector, where the presence of qualified Albanian candidates are likely to shrink in the years to come. The trends depicted by the situation of the past five years are structured. They are likely to persist even in the gloomy scenario of a recession brought about by shrinking demand from the West and linked, at the time of preparation of this study, to the Ukrainian crisis. Labour shortages reported by employers in agriculture and construction may extend to other sectors of the economy, such as quarrying.

All in all, the Albanian demand for migrant workers is likely to mirror that of countries entering for the first time the league of countries of destination. Some sectors will mainly require female labour in semi and high-skilled jobs. Male workers will be demanded in low-skilled sectors such as construction, mining and agriculture, whereas vacancies unmet in low-productivity manufacturing will likely attract women and men alike. The magnitude of jobs demanded in these industrial activities depends on the re-shoring trends of industrial activities from Asia, whose costs have increased in the past decade

Chart-13. Male and Female employed in 2021 versus 2017 by non-agriculture sectors[10]



Women are over-represented in services if compared to their male counterparts, who are instead representing the majority of the workforce in manufacturing and other sub-sectors of industry (See Chart 13) This trend continued to polarize women and men in different sectors, with even more women engaged in services. The latter represents a threat for the protection of women in the labour market, as service workers are more exposed to low wage and low protection employment in economic activities often more vulnerable to informal contractual arrangements.

Chart-14. Female variation between 2017 and 2021 compared to male by macroeconomic sectors and by Albanian labour market as a whole[11]

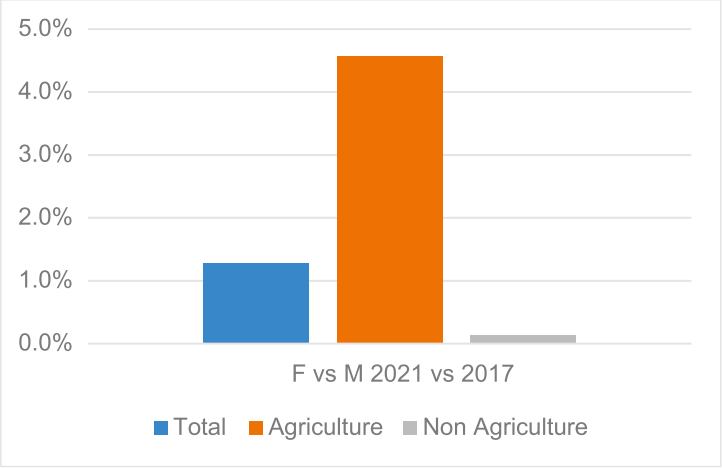


Chart 14, shows that the Albanian labour market is becoming more gender equal, at least in number of employed per sector. In fact, the ratio between females and males employed in the labour market has become more positive between 2017 and 2021. This is true especially for the agricultural sector, but also for non-agricultural sectors, even if to a lesser degree.

10. Calculations based on data provided by INSTAT.
11. Calculations based on data provided by INSTAT.

- **Population forecasts**

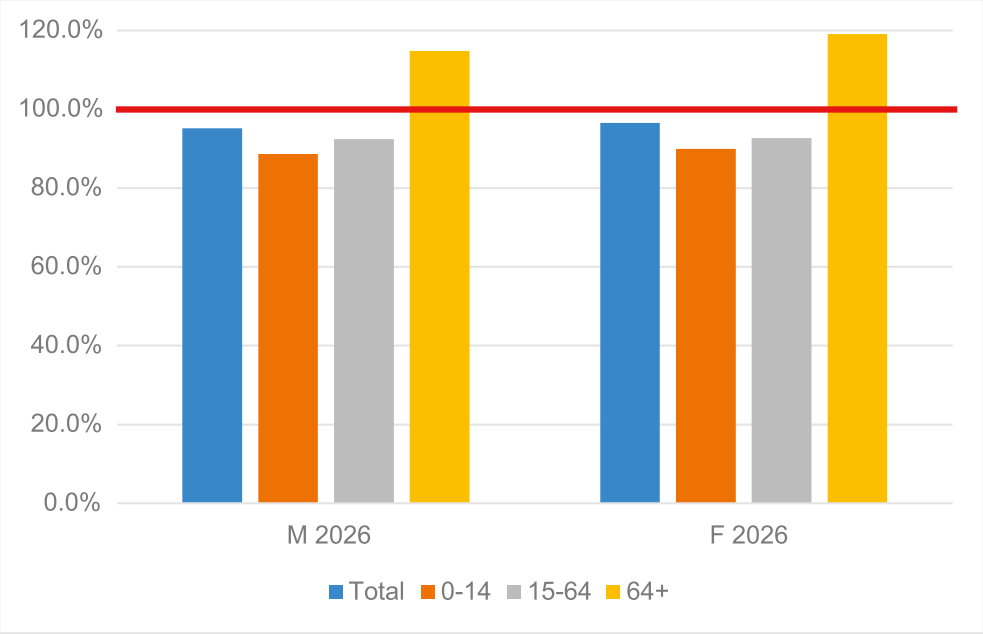
The population aged 0-64 in Albania will progressively decrease from 2021 until 2036. In particular, the working age population evaluated for the age group of 15-64 represents in 2021 68% of the total population in Albania, a figure that has to be considered high if compared to that of the EU (64%). The same aggregate is forecasted to drop to 62% of the population only in the year 2036. It follows that the working-age population will remain high, implying less prominent ageing population challenges, if compared to any country of the EU region. The data already includes factors such as net migration flows and mortality rates. In other words, the share of the retired population will increase, but later if compared to Albania's neighbours and the share of the working-age population, it will decrease, but starting from values that remain high.

Table-5. Population composition projections in 2021, 2026 and 2036 by age and gender[12]

Age	M 2021	F 2021	M 2026	F 2026	M 2036	F 2036
Total	1,392,701	1,412,189	1,325,498	1,363,387	1,263,127	1,298,325
0-14	233,319	224,507	206,854	201,811	166,059	159,068
15-64	948,993	956,660	877,166	886,415	809,555	794,087
64+	210,390	231,022	241,477	275,161	287,513	345,170

The only age group that will increase is that of people aged 64 and above, creating pressing needs for both the sustainability of the social security, as well as of the care economy systems. In pair, the decrease of fertility rates is resulting in a shrink of the cohort of people aged 0-14, leading to a shortage of youth entries into the labour market. This shortage couples with that of a country that has witnessed a massive out-migration in the past 30 years and poses a question on the system of policy mix that make it possible to sustain national income supported by out-migration and remittances and to maintain the functioning of the Albanian national economy through a sufficient inflow of labour replacing those exiting the working age (See Chart 15).

Chart-15. Projections of the evolution of the population by age and gender in the next 5 years (2021 versus 2026)



12. Kucera, 2022.

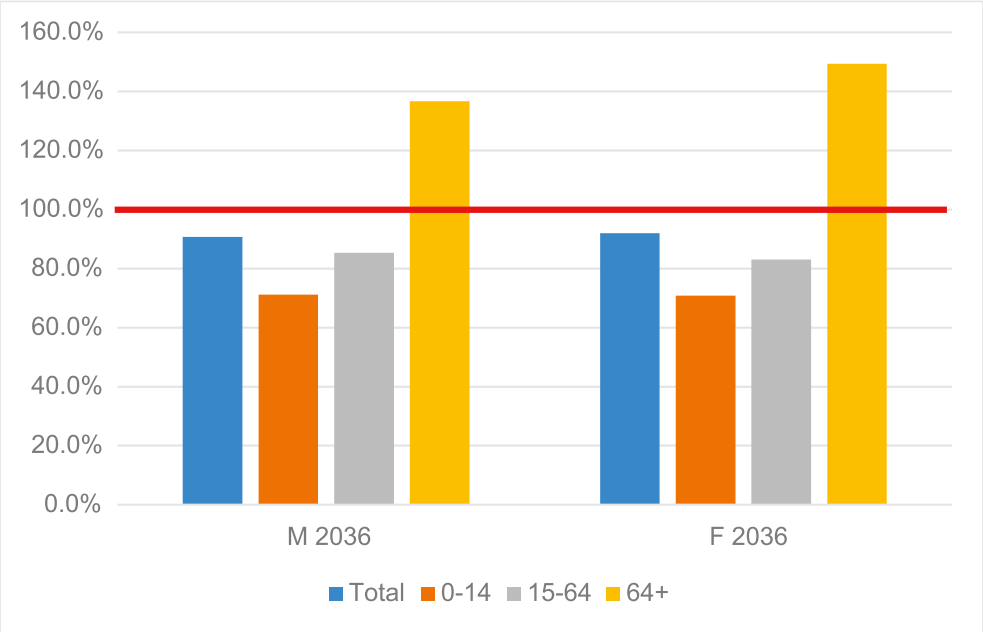
At the absolute level, the new labour market entrants will not be enough to replace exits from the working age population. Framing quantitatively the imbalance, the population aged 0-14 in 2036 will be about the 70% of the population in the same age class in 2021 for both males and females. At the absolute level, the new labour market entrants will not be enough to replace exits from the working age population. Framing the imbalance quantitatively, the population aged 0-14 in 2036 will be about the 70% of the population in the same age class in 2021 for both males and females; on the other hand, the population aged 64+ will increase by about 40% for males and about 45% for females (See Chart 16).

How will Albania, as a socio-economic system, address this imbalance from the policy point of view? As a late comer to this phase of the demographic transition, Albania can learn from the experience of the majority of countries that faced this challenge in the past decades.

The policy options are known and the recipe to cope with aging is necessarily a mix of the following actions:

i. increasing labour in-migration planning for replacement measures sector by sector;
ii. increasing productivity for an economy that requires fewer workers for the same value of GDP;
iii. offshoring parts of the economy to territories where labour is still in surplus.

Chart-16. Projections of the evolution of the population by age and gender in the next 15 years (2021 versus 2036)



- **Evolution of the working age population**

Zooming in to the evolution of the working age population, we can notice how gender considerations become important, especially for a country that made out-migration a central socio-economic strategy of the past three decades. People are missing, and specifically men in the age groups 15-19, 20-24, 45-49, and 50-54 are less numerous as they are over-represented among those who have out-migrated (See Table 6).

Table-6. Trends of the male working age population by age (2012-2021)[13]

	15-19yo	20-24yo	25-29yo	30-34yo	35-39yo	40-44yo	45-49yo	50-54yo	55-59yo	60-64yo	65+
1y	100.3%	91.7%	101.1%	106.1%	102.5%	102.4%	97.4%	93.2%	101.4%	99.4%	101.8%
2y	95.1%	88.5%	100.2%	97.8%	113.4%	105.6%	94.5%	91.8%	97.7%	102.4%	107.1%
3y	85.5%	84.5%	103.3%	101.7%	114.7%	103.9%	93.3%	87.3%	101.8%	106.4%	110.7%
4y	76.6%	92.0%	115.0%	96.2%	101.0%	91.1%	83.1%	81.3%	101.6%	114.7%	116.8%
5y	75.2%	96.4%	112.2%	104.8%	104.0%	92.5%	83.2%	81.6%	94.2%	110.6%	115.5%
6y	73.4%	86.8%	112.6%	140.8%	130.9%	94.7%	83.5%	78.4%	90.1%	103.8%	120.6%
7y	78.1%	83.8%	111.7%	127.8%	117.1%	100.9%	86.3%	77.8%	97.3%	124.5%	125.5%
8y	74.6%	90.7%	139.1%	164.8%	140.0%	98.1%	82.2%	76.1%	108.5%	138.3%	128.2%
9y	65.4%	89.1%	145.2%	168.0%	145.5%	89.6%	70.6%	67.7%	101.5%	113.2%	130.2%
Mean	80.5%	89.3%	115.6%	123.1%	118.8%	97.6%	86.0%	81.7%	99.3%	112.6%	117.4%

15-19yo	20-24yo	25-29yo	30-34yo	35-39yo	40-44yo	45-49yo	50-54yo	55-59yo	60-64yo	65+

Legend: The table shows the variations of the magnitude of each male cohort to the previous year (1y), i.e. the variation between 2021 and 2020, to the year 2019 (2y), to the year 2018 (3y) and so on.
Mirroring demographic developments in the male working age population, there is a clear negative trend among females, for age classes 15-19, 35-39, 40-44, 45-49, and 55-59, whereas it is possible to notice a positive trend for age classes 60-64, and 65+ (see Table 7). For age cohorts 20-24, 25-29, 30-34, and 50-54 the result is uncertain, even if there is a propensity for the positive

Table-7. Trends of the female working age population by age (2012-2021)

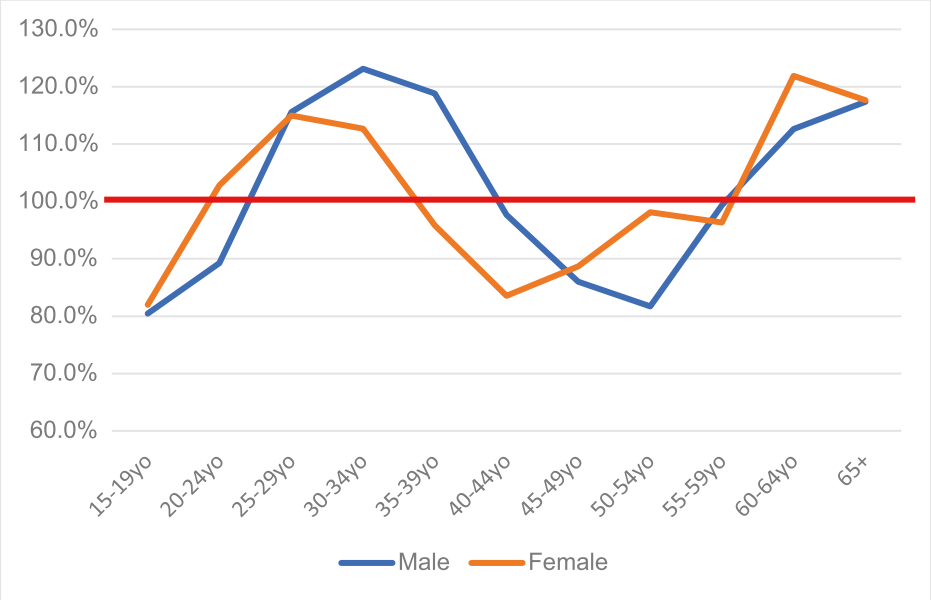
	15-19yo	20-24yo	25-29yo	30-34yo	35-39yo	40-44yo	45-49yo	50-54yo	55-59yo	60-64yo	65+
1y	91.4%	101.8%	96.8%	100.8%	100.5%	96.6%	98.3%	104.5%	94.3%	104.0%	103.6%
2y	87.5%	96.2%	97.9%	114.7%	96.9%	92.1%	95.9%	103.4%	94.5%	107.7%	106.9%
3y	91.0%	92.7%	97.5%	113.4%	100.6%	90.7%	93.2%	104.0%	93.1%	111.2%	111.0%
4y	86.1%	120.9%	109.9%	93.9%	90.6%	81.0%	88.0%	100.1%	92.8%	127.8%	115.8%
5y	87.8%	110.4%	116.5%	97.8%	93.2%	83.7%	84.8%	96.4%	92.3%	122.8%	117.7%
6y	82.1%	95.2%	117.0%	127.4%	97.7%	83.5%	83.9%	90.7%	91.1%	119.8%	119.0%
7y	77.0%	90.3%	113.1%	107.9%	97.5%	75.0%	91.0%	97.3%	97.8%	127.4%	122.6%
8y	60.8%	103.1%	130.5%	126.1%	98.3%	80.2%	80.5%	98.7%	106.7%	141.9%	134.8%
9y	74.1%	114.6%	155.8%	132.2%	87.1%	69.1%	82.6%	88.1%	104.4%	134.4%	127.3%
Mean	82.0%	102.8%	115.0%	112.7%	95.8%	83.5%	88.7%	98.1%	96.3%	121.9%	117.6%

15-19yo	20-24yo	25-29yo	30-34yo	35-39yo	40-44yo	45-49yo	50-54yo	55-59yo	60-64yo	65+

Legend: The table shows the variations of the magnitude of each female cohort to the previous year (1y), i.e. the variation between 2021 and 2020, to the year 2019 (2y), to the year 2018 (3y) and so on.
Chart 17 shows that the mean of the trends of working age population in the last 10 years is similar between males and females. The main difference concerns the right shift of the male curve. Both male and female working-age populations reveal a positive trend for age groups between 25 and 34 years of age because Albania witnessed exceptionally high birth rates in the 1990s, constituting an outlier among its regional peers.

13. Calculations based on data provided by INSTAT.

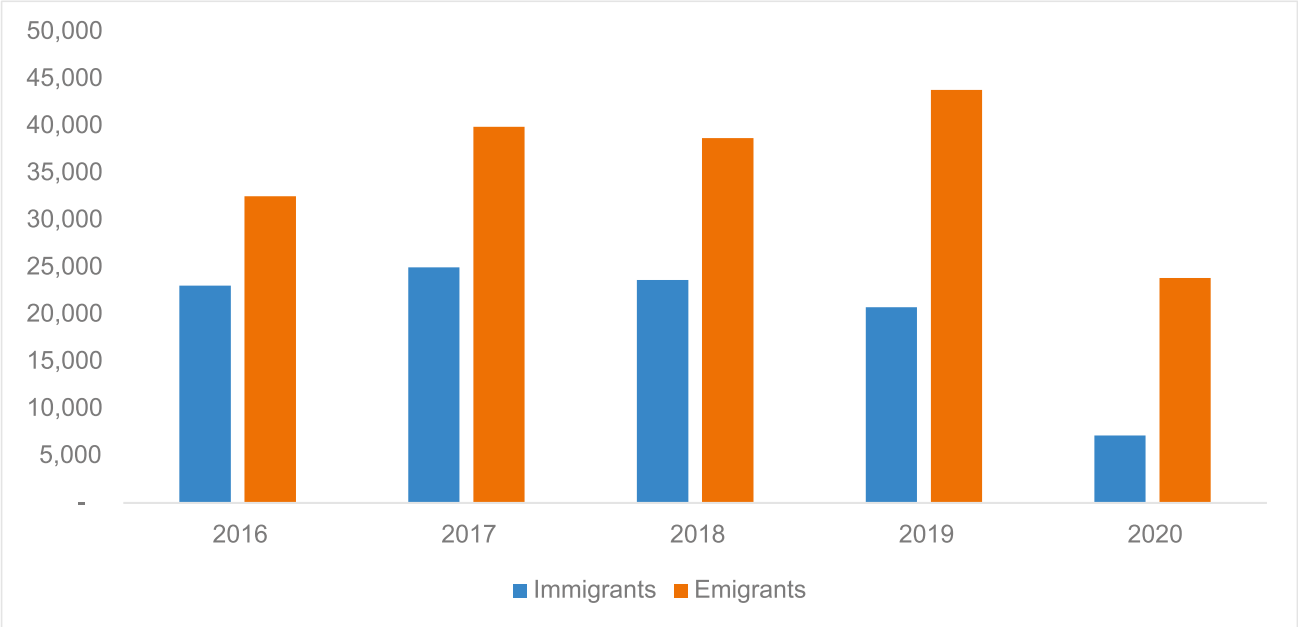
Chart-17. Means of the trends of working age population by age and gender (2012-2021)



1.4 Sector and occupational profiles affected by migration

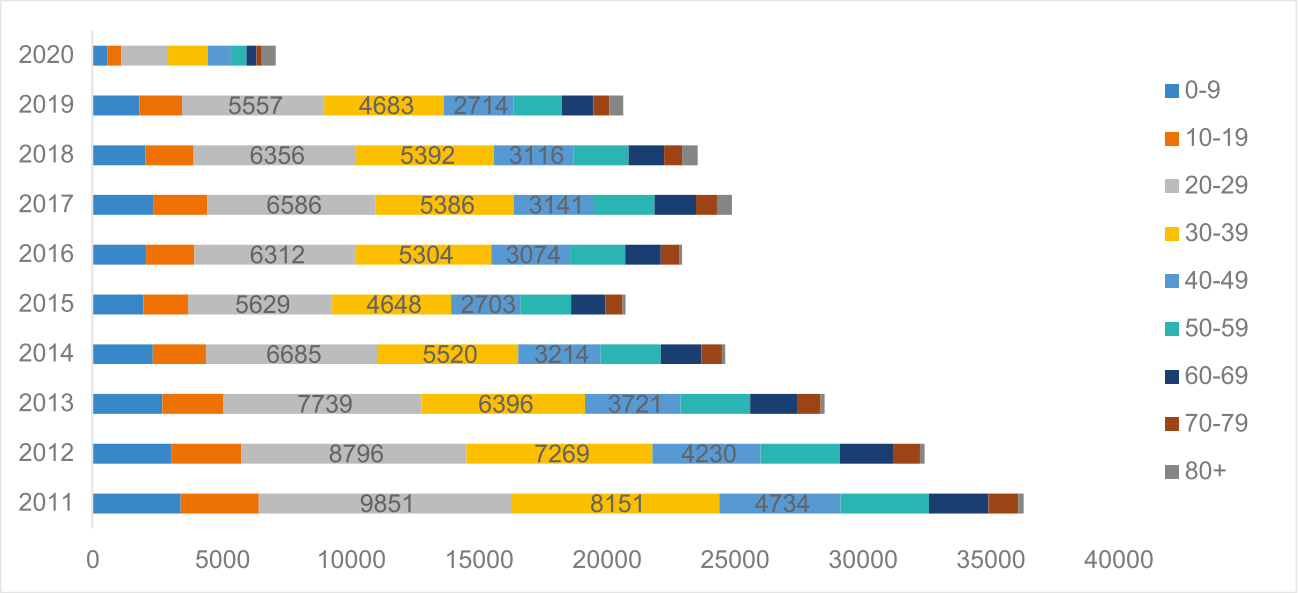
The impact of outward migration on the economy is better understood when we look at net migration, which is to subtract the number of inbound migrants from the outward migration number. Chart No. 18 (above) shows that in absolute numbers immigration in Albania cannot substitute what is lost through outward migration. It also shows that while the number of outbound migrants is steadily increasing (except for 2020, when borders were closed), there is a falling trend in the number of immigrants coming to Albania. Thus, Albania has a negative migration net balance.

Chart-18. Number of emigrants versus immigrants



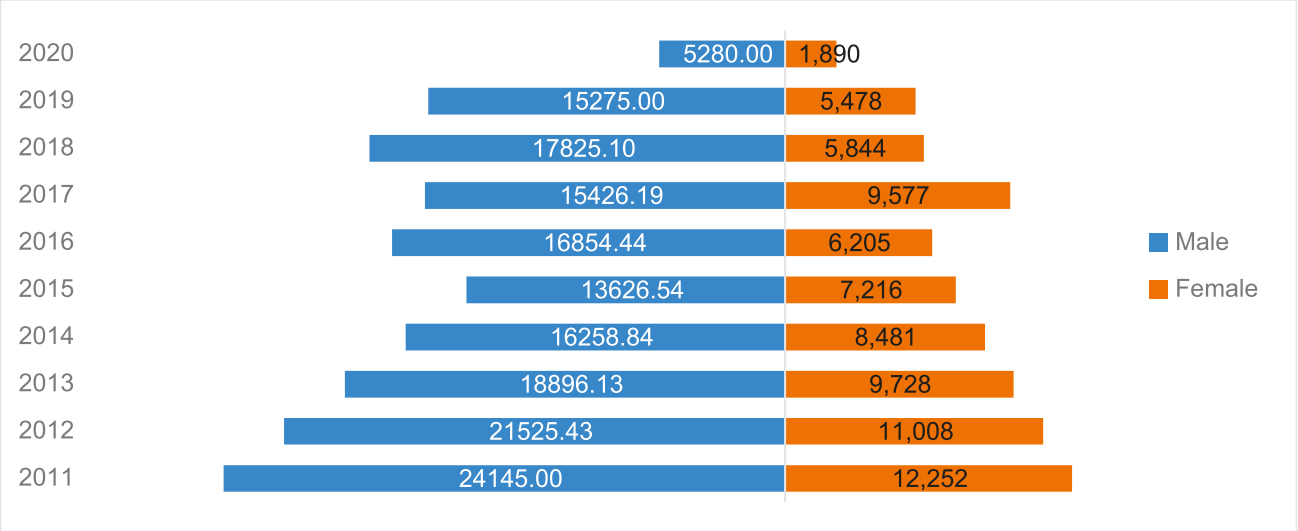
However, it is important to note that young people, 20 to 39 years old, represent the bulk of inward migrants coming to Albania (see Chart No. 19). Following what was discussed of this report, these figures show that although there is a negative net balance in migration, the young age of immigrants might represent a potential to substitute, even partly, what is lost from high outward migration trends among the youngest age group of the Albanian society.

Chart-19. Immigration by Age Group



Similar to the gender composition of the outward migration, we can see from Chart No. 20 (below) that there are more male inbound migrants in Albania than there are female immigrants. That might reinforce the arguments discussed about the tendency of men to be more prone to migrate.

Chart-20. Immigration by gender over years

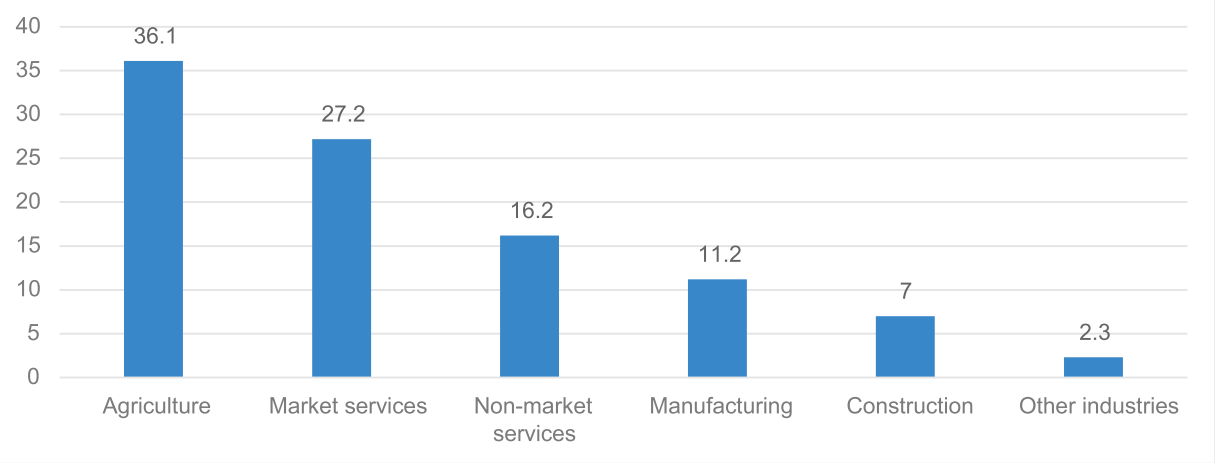


Furthermore, the composition of the outward migration, and its net balance, will depend on several push and pull factors operating in both the sending and the host country. To illustrate, a change in labour demands in developed EU countries will have a direct impact on the composition of outward migrants who leave Albania and therefore impact its economic sectors.

To assess the impact of outward migration on the depletion of human capital in Albania, we need to look at the sectors where most outward migrants, as well as potential migrants, are currently working.

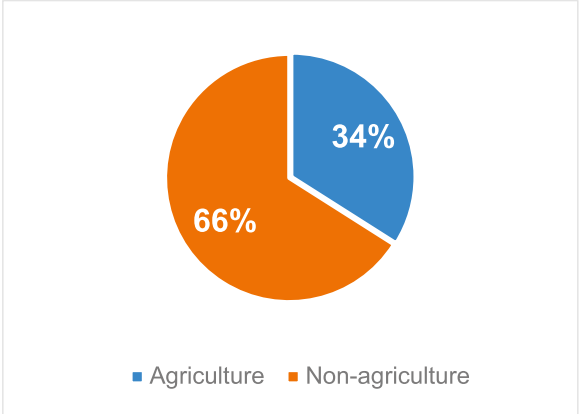
In this vein, IOM (2022) statistics displayed in Chart No. 21 (below) show that more than one in three outward migrants, 36.1% of them, come from the agriculture sector, making it the most exposed sector of the economy to be influenced by the high outward migration numbers.

Chart-21. Employment sector of outward migrants



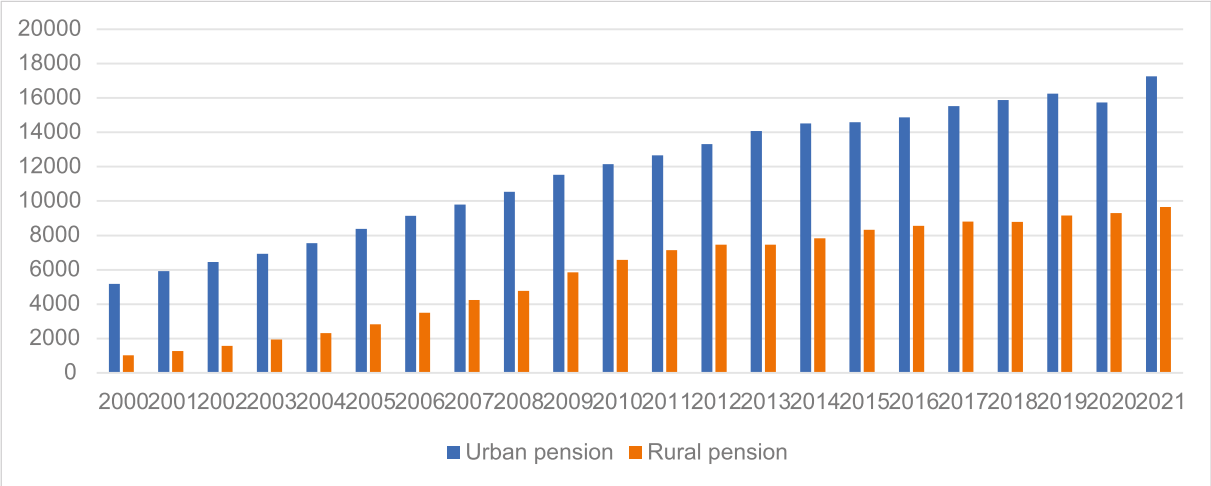
This high tendency to migrate among the labour force engaged in the agricultural sector becomes even more significant, considering that only one-third of the labour force works in that sector, as shown in Chart No. 22 (below).

Chart-22. Labour force in agriculture sector



But, it can also be influenced by the push factors in the sending country (i.e. Albania), which might be related to the financial hardship of people living in villages. To illustrate this point, we can mention that, according to INSTAT, average pensions given to retirees living in rural areas are significantly lower than those of their counterparts in urban areas (see Chart No. 23, below).

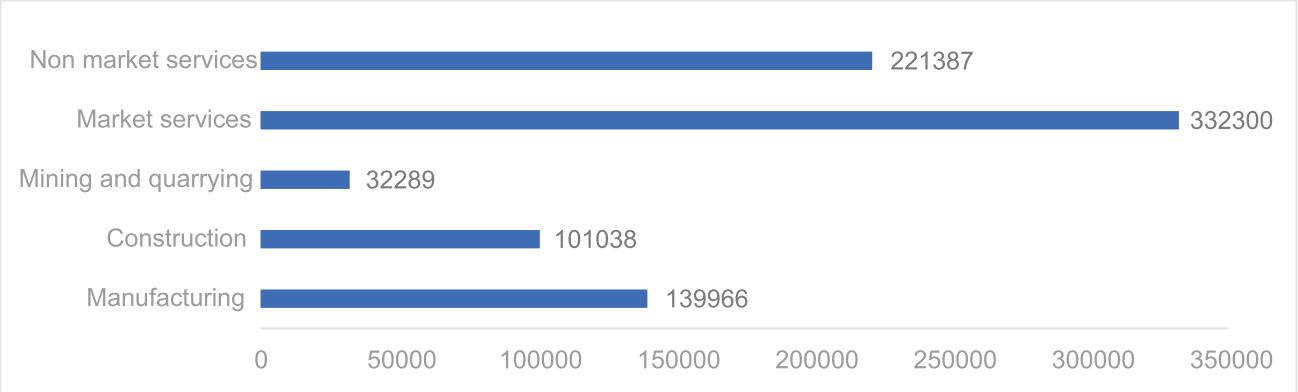
Chart 23 - Average pension



Furthermore, the second largest group of outward migrants are those who are employed in market services (27.2%), whereas 18.2% of them come from manufacturing (see Chart No. 21, above). To put these numbers in perspective, Chart No. 24 (below) shows that 40% of the Albanian labour force is working in market services, 27% in non-market services, 17% in manufacturing and 12% in the construction sector (INSTAT, 2022). Thus, these data might indicate that the services sector is less prone to be exposed to the depletion of human resources. However, given the importance of the services sector (both market and non-market services) to the economy of Albania, the loss of human capital from this sector might have greater economic ramifications for the entire economy.

In summary, our data show that the agricultural sector is more exposed to the depletion of human resources due to outward migration trends. Having said that, it is important to emphasise that while outward migration harms some sectors and educational profiles more than others, the depletion of human resources poses a high risk to the economy as a whole.

Chart-24. Employment by sector



1.5 Current migration trends and the implications in the education system in Albania.

Migration flows are shaped by external factors as well as migrants' personal decisions, based on their aspirations, skills and capabilities. This chapter aims to assess the effect of pull factors emanating from destination countries on the out-migration trends of Albanian migrant workers. To do so, the first part will shed light on the stocks and flows of Albanian outmigration and on the typical characteristics of Albanian migrant workers. In the next step, the reasons for emigration will be analysed to identify relevant country-specific pull factors that are likely to shape the direction of out-migration trends in Albania.

As a caveat, it is important to note that the COVID-19 pandemic heavily impacted the economies of all traditional destination countries and created considerable uncertainties for their future labour market needs and skills shortages. Furthermore, the war in Ukraine affected destination countries in various ways, for instance by temporarily supplying large numbers of working-age Ukrainians with temporary protection status to their labour markets. As the duration of the conflict in Ukraine, its impact on economic growth in the EU, and the duration of stay of Ukrainian migrants is entirely uncertain, it is not possible to fully assess the implications on labour migration prospects and payoffs for future Albanian migrant workers. In this section the labour market needs of Greece, Italy and Germany will be summarised, alongside those of another key country of destination, the United Kingdom.

Data on out-migration flows of Albanian migrants is currently limited to INSTAT estimates, as Albania does not yet have a population registry. The number of Albanian emigrants is estimated based on data reported by countries of destination, estimates about the development of the Albanian population and information taken from the labour force survey. As noted in Section 2.1, both immigration and emigration declined over the past decade, a trend intensifying with the onset of the COVID-19 pandemic. In the long run out-migration decreased from more than 55,000 people in 2011 to less than 24,000 by 2020, followed by a rebound to over 42,000 out-migrants in 2021.

The trend for immigration is similar so absolute net migration remained negative for the entire period under consideration.

When it comes to choosing a country of destination, one should consider that for 35% of Albanian migrants the principal consideration is the presence of a network of social contacts in the prospective country of destination[14]. A personal network is a way to ease adaptational pressures during the post-arrival stage and mitigate financial constraints, since family members or friends who already work abroad can provide in-kind support and accommodation or provide starting capital to start a new life abroad. Since the main countries of destination historically as well as contemporarily are Greece, Italy and Germany, the analysis in this Chapter will focus on these countries.

A World Bank report from 2010 shows that 44% of Albanians intended to migrate, with almost one-quarter of Albanians noting that they aim to emigrate within the next 2 years.[15] While the 2010 report cannot provide insights into the recent development, it may serve as a starting point for investigating push factors and country-specific pull factors. The report notability identifies language skills and bureaucratic effort to attain necessary documents as two key considerations of prospective migrants, as well as feedback effects of positive migration experiences that motivate returnees to migrate again or can influence others to migrate for the first time.
Beyond kinship networks, finding employment and attaining education are considered driving motivational factors. Descriptive survey data from the World Bank report indicate that the motivation for leaving Albania in almost two-thirds of cases is economic, linked to the desire to improve living standards and find a job. By contrast, financing children's education was the reported main motivation for only 8% of Albanian emigrants.[16]

More recent data from the National Household Migration Survey supports these findings and provides some deeper insights. Two-thirds of screened households answered that economic reasons, such as better living standards, were the main drivers of emigration. Historically, these factors were even stronger, 'financial reasons' and 'Looking for better standards of work and living' being mentioned by more than 85% of emigrants. These numbers declined over the past 30 years and complementary 'family reasons' became more important – here we can observe an increase from 10% to more than 24%. Also, educational considerations increase in importance, from 3.5% during the 1990s up to 7.4% in the past decade, according to the NHMS. In contrast to these findings, Eurostat statistics find a different order of migration sources, indicating family reasons are most important, followed by education reasons and economic activities. Eurostat relies on statistics obtained by receiving countries while NHMS surveyed family members who stayed in Albania. Therefore, it is likely that NHMS also captures irregular migration. However, economic reasons seem to be the main drivers as well as family and educational factors. Taking gender into account, Eurostat statistics show that migration linked to financial motivations and seeking better working and living conditions is much more widespread among men (42.3% and 36.6% respectively) than among women (17% and 25.4%). On the contrary, women's migration happens more often due to family reasons (43.9%) than men's (11.9%). This may indicate that women migrants follow their male spouses, who initially migrated primarily based on economic considerations.

The NHMS data also indicate that migrants' economic status before migration influences the out-migration decisions. Economic considerations are most widespread among working-age Albanians, while educational reasons and health reasons are predominant causes to migrate for students and, respectively, disabled people. Pursuing education abroad is emerging as an increasingly important motivational factor for out-migration. With the Italian and German higher education systems remaining highly competitive among their EU-27 peers, both countries are likely to attract a growing number of Albanian education migrants. [17]

- Restrictive immigration policies in countries of destination

All three key countries of destination (Greece, Italy and Germany) have imposed certain restrictive immigration policies on Albanian migrants intending to limit the duration of stay to temporary migration spells. Still, crossing the Albanian border to neighbouring Greece is possible without having a visa since 2010.

14. http://icm-westernbalkans.com/wp-content/uploads/2015/04/536420PUB0Migr101Official0Use0Only1.pdf.
15. Ibid.
16. Ibid.
17. Organization for Economic Co-operation and Development, 2019. Country note, Albania.. [Online]
Available at: https://www.oecd.org/pisa/publications/PISA2018_CN_ALB.pdf.

Following the refugee crisis of 2015, Germany declared Albania, Kosovo and Montenegro safe countries of origin in an attempt to streamline asylum procedures to admit eligible applicants, particularly from Syria and Iraq, while restricting humanitarian migration options for non-eligible migrants from the Western Balkans. In 2016, Germany passed a second asylum law facilitating returns of Western Balkan migrants back to their home countries in case their asylum claim was rejected.

Italy has imposed restrictive migration policies on Albanian migrants since the late 1990s. The Italian government introduced immigration quotas for Albanians and established bilateral agreements to tackle illegal migration from Western Balkan countries. Bilateral agreements were signed successively in 2008 and 2009 to promote regular labour migration, e.g. through traineeship and internship programs and ensuring support for resident communities. However, problems persist, for example in the case of Italian employers not accepting foreign diplomas of Albanian nurses trained in Italy.

Since the 1990s Albanian migration to Greece was mainly characterized by temporary and seasonal labour mobility. However, as a result, permanent settlement also increased. In order to rein in irregular migration, Greece introduced a law facilitating deportations in 1991 and a decade later, in 2001, facilitated access to temporary resident permits for Albanian citizens. Later in 2005, Greece expanded incentives for low-skilled and high-skilled workers to immigrate temporarily. While this was a pull factor for Albanian jobseekers, the cumbersome Greek immigration system made it difficult to extend or re-apply for longer visa durations. The number of irregular migrants decreased after the visa agreement concluded with the EU in 2010.[18] In addition, bilateral sectoral agreements were concluded to set seasonal quotas, but their effect on promoting regular seasonal migration of Albanian workers was very limited.

- Country specific pull factors and skills need assessment

Along with immigration policies, actual labour market needs and wage floors in destination countries are factored into the economic considerations of prospective migrants and, thus, should be taken into account to understand and anticipate migration trends. However, as noted before, these factors do not operate in isolation, but interweave with non-material considerations such as existing diaspora networks, kinship ties, integration perspectives and geographic proximity. Nonetheless, economic considerations play a crucial role in decision making processes of prospective migrant workers. This section provides an overview of relevant labour market variables at play in the key destination countries.

First of all, since 2012 the total per capita GDP of Albania fluctuated between 30 and 40% of the EU27 average. The three main destination countries recorded significantly higher per capita GDP levels, with Greece standing at 65%, Italy at 95% and Germany at 119% respectively.[19] As for Greece, which has been experiencing a decline in comparative per capita GDP, outmigration of Albanians reduced significantly over the past decade. Despite a similar comparative economic development in Italy, out-migration trends to Italy remained constantly high.
Next to overall economic development, salary expectations serve as an important pull factor. As is true for GDP per capita, Albania lags behind other Western Balkan peers, let alone EU Member States, in terms of average wages. While salaries in Greece are well-above those of Albania, they remain comparatively low if compared to the EU-27 average, with estimated hourly labour costs in 2021 standing at 17 EUR. Italy (28 EUR) and Germany (37 EUR) perform above average in this statistic. This might be a contributing factor explaining why migrant flows gradually shifted from Greece to Italy and Germany in past years.

Italy

After experiencing large-scale out-migration throughout the 20th century, Italy has now become one of the prime labour migration destinations in Europe hosting a large migrant population. This is partially due to its geographical position within the Mediterranean region, but also due to the demand on the labour market.
There will be an estimated 13,750,000 job openings in Italy between 2018-2030, driven primarily by replacement demand. In the past decades, migrant workers mostly responded to the replacement needs in low-skilled occupations that local workers could not or did not want to accept (mostly in the sectors of agriculture,

18. Agreement between the European Community and the Republic of Albania on the facilitation of the issuance of visas, available at https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX%3A22007A1219%2805%29.
19. https://ec.europa.eu/eurostat/statistics-explained/index.php?title=GDP_per_capita,_consumption_per_capita_and_price_level_indices.

construction and personal care).[20] Informal work is also widespread in Italy, with heavy reliance on a large number of undocumented migrant workers.

However, due to the continuing upskilling tendencies and the sheer size of the labour market, there will likely be growing demand for targeted migration of semi-skilled and skilled workers. This is especially due to the fact that Italian labour market suffers from skills mismatches as well as significant skills shortages, especially in the Southern regions[21](partially caused by continuing outmigration of highly skilled Italians to the North of Italy/to other EU countries). Under-skilling is particularly felt in skilled blue-collar positions such as construction workers and workers in related trades, opening up possible routes for migrants with vocational training and higher education[22]. In addition to that, demographic developments suggest that there will be continuing demand for migrant labour to not only replace the local workers, but also to respond to growing demand for positions associated with ageing population such as domestic helpers and health-related workers (nursing staff).

The labour market is organised at a sectoral level, with a centralised system of collective bargaining in place. In effect, this ensures that workers with permanent work contracts enjoy good labour security and conditions yet limits flexibility on the labour market. There are significant regional differences with lower unemployment and higher wages in the North of the country; wage estimates for Italy as such are therefore cursory only.
Geographically, Italy's south is attractive to Albanian migrants. Another pull factor here is the need for temporary employment in the agricultural sector. Specifying Italy's employment needs numbers from ISTAT indicate that from 2020 to 2021 job openings were dominated by the health sector (223-241,000), public and private services (145-170,000) and the sector training and culture (152-169,000). The main professions in need of employees were skilled workers (107,020), staff in sales & services (87,120), managers & highly specialised professions (68,050) and unskilled occupations (43,480).

Germany

The German labour market generates continued high demand of foreign skilled workers. Following the arrival of over 1 million asylum seekers in 2015 and 2016, most of whom of working age, German labour migration policies shifted to reduce admission of low-skilled migration from outside the EU and instead focussing on attracting skilled and high-skilled migrant workers.

Labour shortages in the country are significant and it is estimated that more than 6 million vacancies might become available over the next five years.[23] The most sought-after occupations in the future will require at least medium-level qualifications and include business and administration associate professionals, personal care workers, sales workers and clerks and skilled construction workers. The reasons for the shortages include skills mismatches, low wages as well as challenging working conditions in some of the sectors, causing reluctance of the local population to take up the positions. Additionally, similarly to other countries in the EU, the demographic trends in Germany suggest that targeted labour migration will be necessary in order to fill the vacancies in the market in both the short term and long-term perspectives.

Employers in Germany tend to put great emphasis on language skills. An OECD-DIHK-BMAS survey showed that for low skilled jobs, 50 % of employers required good language skills, with the number increasing to 90% for semi-skilled jobs.[24] The approach is supported by the German government which boosted integration programs and funding for migrants and considers German language skills a crucial prerequisite for issuing certain visa types. Education-to-employment pathways in terms of language preparation and other training should therefore be established to improve Albanian's chances of finding employment in Germany. Informal employment is limited and not a feasible option for job seekers.

20. https://ec.europa.eu/migrant-integration/librarydoc/migration-in-italy-the-current-situation-and-perspectives.
21. https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52020SC0511.
22. http://www.igier.unibocconi.it/files/PolicyBrief2_DEFINITIVA-Monti_(1).pdf
23. Authors' calculations based on the CEDEFOP Skills Forecast tool, accessed on https://www.cedefop.europa.eu/en/publications-and-resources/data-visualisations/skills-forecast.
24. https://www.oecd.org/els/mig/Finding-their-Way-Germany.pdf.

Germany is a federation with 16 federal states (Bundesländer). In the context of labour policies, the Federal Government sets out the larger legal framework and policy directions. In contrast, the federal states are in charge of implementing and devising their own regional policies.

In addition to that, some municipalities and employer organizations/chambers also step in with their own initiatives. This leads to some regional discrepancies both in terms of policies and labour needs – e.g. former Eastern Germany suffers from significantly larger shortages than the Western part of the country.[25]

Greece

In Greece, the most relevant sectors for seasonal Albanian labour migrants, are declining since 2014 and were especially vulnerable to the COVID-19 pandemic. Namely, these are the sectors of unskilled workers, such as agriculture, livestock farming and fishing. Similar unemployment trends are observed for occupations of manual workers. For non-manual occupations a rising trend of employment can be observed. The economic collapse was especially hard for employment in the construction sector and hit unskilled workers and technicians. Also, employment in the field of office workers, personal service workers, shop assistants and cleaners declined. On the other hand, increasing employment was observed in processing, transport, storage, tourism, public administration, defence and education.

United Kingdom

The UK is facing a significant labour shortage, mostly due to two distinct effects. First, after Brexit labour supply decreased massively, especially EU-workers with low qualifications were excluded from the labour market. Secondly, the post-lockdown economic upturn has led to a situation of rapid expansion demand, exacerbated by the lack of EU workers (including seasonal workers) that previously had free access to the UK labour market.

With approximately 1.1 million vacancies in July-September 2021 period alone[26], labour shortages in the UK are imminent and spanning across sectors. Agriculture, food processing, transport and logistics and hospitality are just some of the sectors experiencing acute shortages. Currently, the conservative UK government resists calls to open up the labour market to non-EU migrants. At the same time, pressures from the business community are growing and will likely lead to policy changes, as announced by the at the time PM Liz Truss in mid-September 2022.[27] Some of the shortages are a result of poor pay and working conditions, disincentivizing the local population from taking up the vacancies Wages in several professions recently rose considerably, as employers had to step up their attractiveness on the labour market; some trade union leaders expressed their hope that concessions to workers will continue.

The most sought-after skilled professions that could be attractive for Albanian migrants include personal care and personal service workers as well as drivers and mobile plant operators. While the demand on the labour market will certainly grow in the next five to ten years, there are currently no UK work visas available for low-skilled jobs for non-EU nationals outside the agricultural sector. Low-skilled openings are located in the food preparation and farming sector, mining, construction, manufacturing and transport and finally, among the cleaners and helpers. Formal recruitment is predominant. According to some estimates, the informal sector generates up to 20% of the UK's GDP[28], with unregulated professions mostly occupied by migrant workers. However, informal jobs are highly precarious and do not provide workers with the possibility to legally stay in the UK and are therefore not advisable as a migration pathway for new migrants.

- Outlook and caveats on future labour out-migration scenarios

Sluggish economic growth in Italy and Greece, combined with the expansion of skilled migration corridors by German and UK policymakers, may favour a scenario in which future Albanian migrants shy away from the 'traditional' countries of destination Italy and Greece, opting instead for countries such as Germany and UK, with higher wage floors, better working and living conditions and better overall integration prospects.

25.https://www.kfw.de/PDF/Download-Center/Konzernthemen/Research/PDF-Dokumente-KfW-ifo-Fachkr%C3%A4ftebarometer/KfW-ifo-Fachkraeftebarometer_2021-01_EN.pdf.
26. https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/timeseries/jp9z/unem.
27. See for instance: https://www.theguardian.com/uk-news/2022/sep/24/liz-truss-plans-to-loosen-immigration-rules-to-boost-uk-economy.
28. Williams C (2014) Out of the shadows: A classification of economies by the size and character of their informal sector. Work, Employment and Society 28(5): 735–754.

This is all the more the case since falling transport costs and social media reduce the importance of geographic proximity as a decisive factor. However, the analysis of labour market needs in countries of destination always needs to be contextualized by other mediating factors that are intrinsically shrouded in uncertainty: for instance, the scope and stringency of future labour migration regulations of key (which may become more or less restrictive than the recent ones), potential restrictive regulations due to another COVID-19 wave or economic and labour market consequences from the conflict in Ukraine.

1.6 Migration and education choices

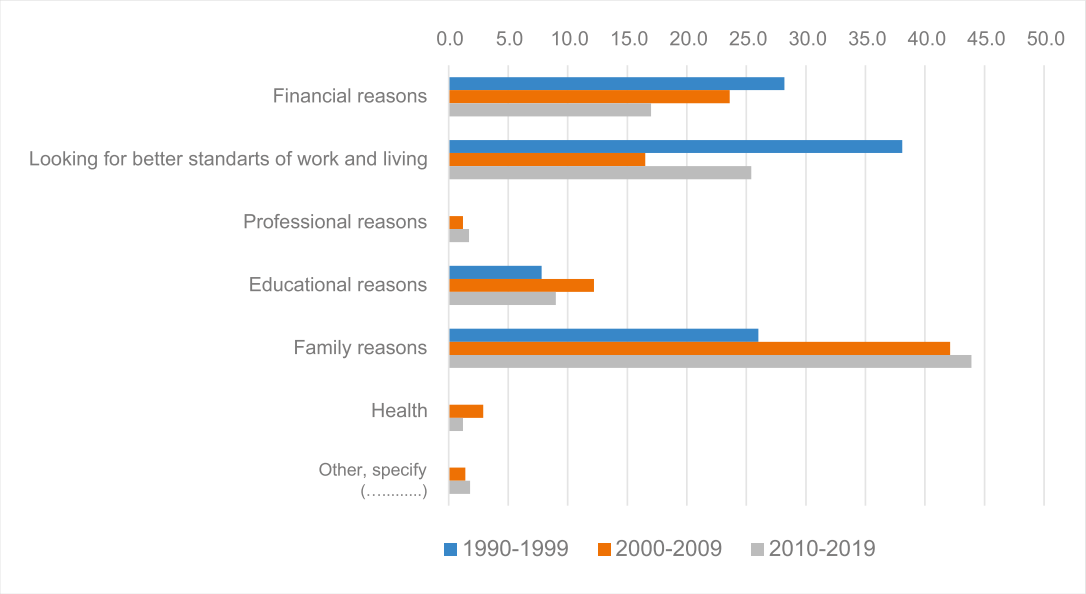
As discussed above in this report, many developed European countries have laid out policies to attract highly qualified graduates from less developed countries and have provided them with a path to long-term migration, as a strategy to recruit a highly skilled labour force in the near future (OECD, 2012; OECD & UNDESA, 2013). On the other hand, a study published by the Friedrich Ebert Foundation in Tirana has shown that the majority of Albanian young people aspire to emigrate to other EU countries.

Figure -7. Reasons to emigrate

	Employment (full/part time)	Unemployed	Pupil, student, further training	Retired	Disability	Housewife	Other inactive person	Total
Financial Reasons	47.9	38.9	8.1	3.3	24.1	11.6	10.0	35.0
Looking for better standarts of work and living	34.7	36.0	28.1	7.7	0.0	31.4	20.3	33.9
Professional reasons	3.2	0.9	4.1	0.0	0.0	0.0	3.9	1.8
Educational reasons	0.8	2.0	43.5	1.5	0.0	0.0	5.2	7.2
Family reasons	12.9	20.7	14.7	83.0	20.8	50.7	55.6	20.5
Health	0.2	0.8	0.5	4.5	55.1	0.6	0.0	0.8
Other, specify (.....)	0.3	0.6	1.0	0.0	0.0	5.7	5.0	0.8

While only 7% of the respondents (IOM, 2022) claim education to be the main reason to emigrate (see Figure 7, below), the bulk of these potential outward migrants, 44% of them, are students. This trend seems to be consistent over the past three decades, ranging from 7.8% to 12.2% (Chart No. 25).

Chart-25. The main reasons to emigrate



A rich body of literature covers the impact of prospective migration plans on educational choices students make. Some authors argue that the prospect of emigration increases the demand for tertiary education in the sending country (Mayr & Peri, 2009; Commander et al., 2004; Stark et al., 1997). However, official statistics from INSTAT show that the number of students in Albania is steadily falling at a steady 15% rate. On the other hand, several authors have used statistical evidence to show that prospective migrants choose to study abroad as a step towards long-term migration to a host country (Faini, 2003; Carrington & Detragiache, 1999). Various studies have shown that Albanian students fear that their educational attainment at home might damage their employability abroad (King & Gadeshi, 2005). For instance, Euro student (2017) has shown that only 11 % of students in Eastern European countries believe that education provided by HEIs in their home country prepares them well for the international labour market.

This line of reasoning might be consistent with the data discussed, which shows that the majority of outward migrants have not completed tertiary education before leaving Albania.

Figure-8. The main reason to emigrate – by working status

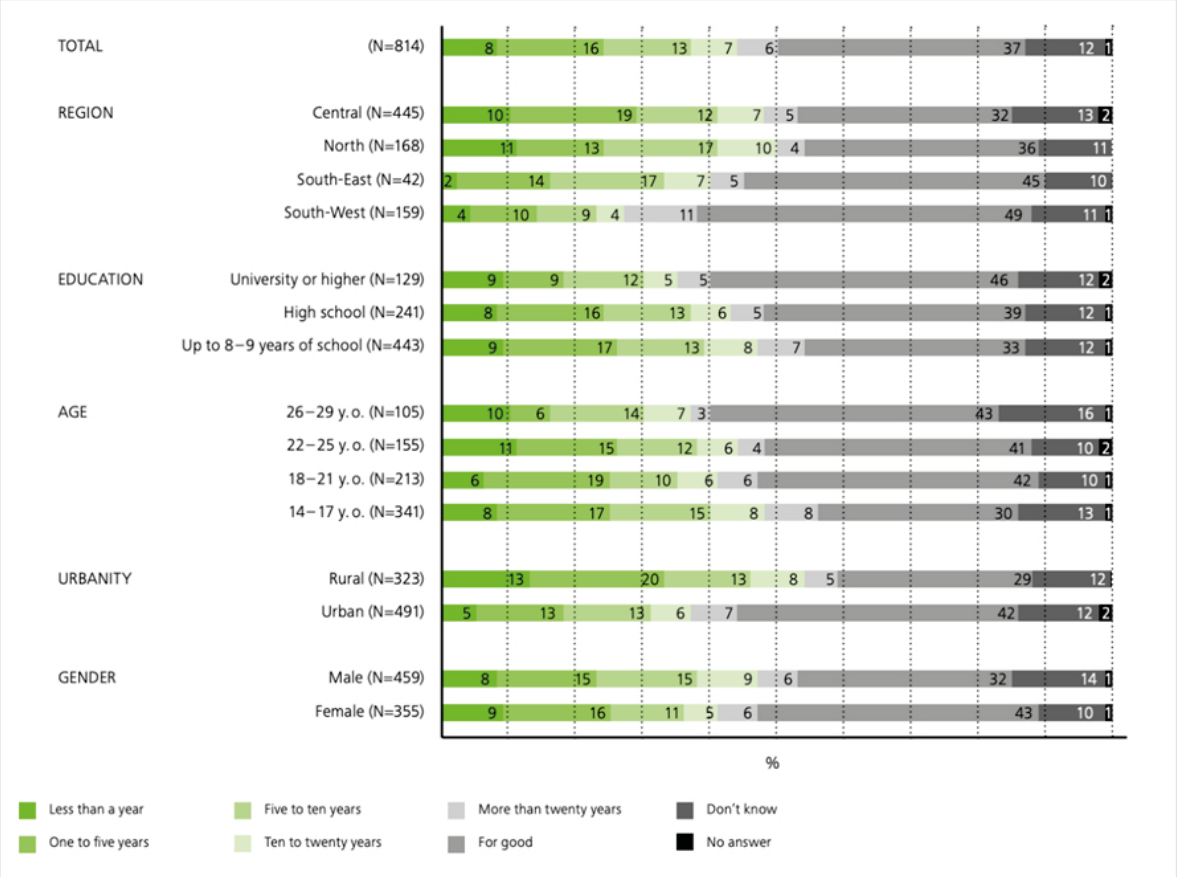
1.7 Push and pull factors of the core-periphery migration corridor

Many developed countries have deliberately invested in becoming more attractive to a certain type of migrants, which is young and qualified workers from all over the world. In a quest to help governments become attractive, the OECD and other international organisations have identified a set of pull factors, which include promoting certain financial incentives, as well as removing political and legal obstacles to migration. Moreover, they have identified barriers to the free movement of labour, and have undertaken several initiatives to remove them (Shabani, 2020). On top of that, developed core European countries have increased their Soft Power, which is the attractiveness of their political and cultural model.

As discussed elsewhere in this report, the majority of young people, when asked about the main reason why they want to emigrate, 69% of them, mention better standards of living. Chart No. 25 (above) shows that this tendency is higher for people who are already employed, from which can be deduced that a combination of push and pull factors are at play in shaping the decision to emigrate.

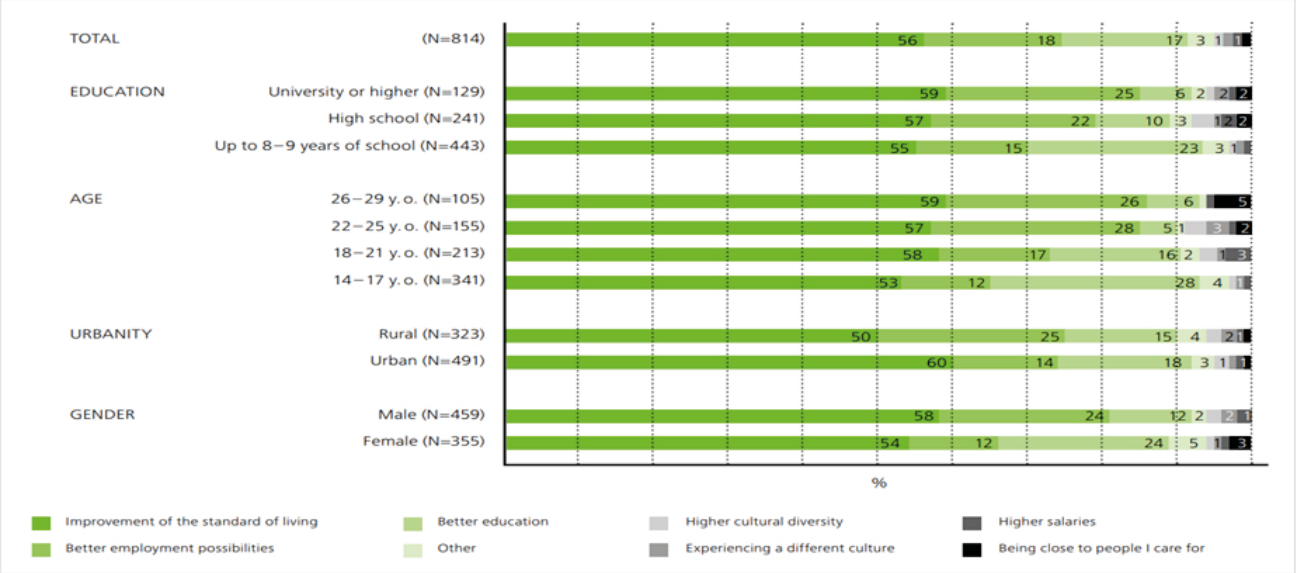
The one-directional migration flow discussed above is encouraged by two main factors: first, there is a very low desire to return home among outward Albanian migrants. Figure 9 (below) show that only one in four young people, 24% of them, plan to emigrate for less than five years (Kamberi & Cela, 2019). Most of them want to emigrate for a long time or even not return. Similarly, other surveys have shown only 5% of Albanian students abroad plan to return home upon graduation (King & Gedeshi, 2020).

Figure-9. For how long would you like to stay abroad?



Moreover, these push factors act as a deterrent to return migration, discouraging many qualified workers to return to their home country, even if they would prefer to do so. Bratsberg (1995) has found that the economic and political situation in the sending country is a good predictor of the desire to emigrate, as well as the desire to return.

Figure-10. What is the main reason you would move to another country?

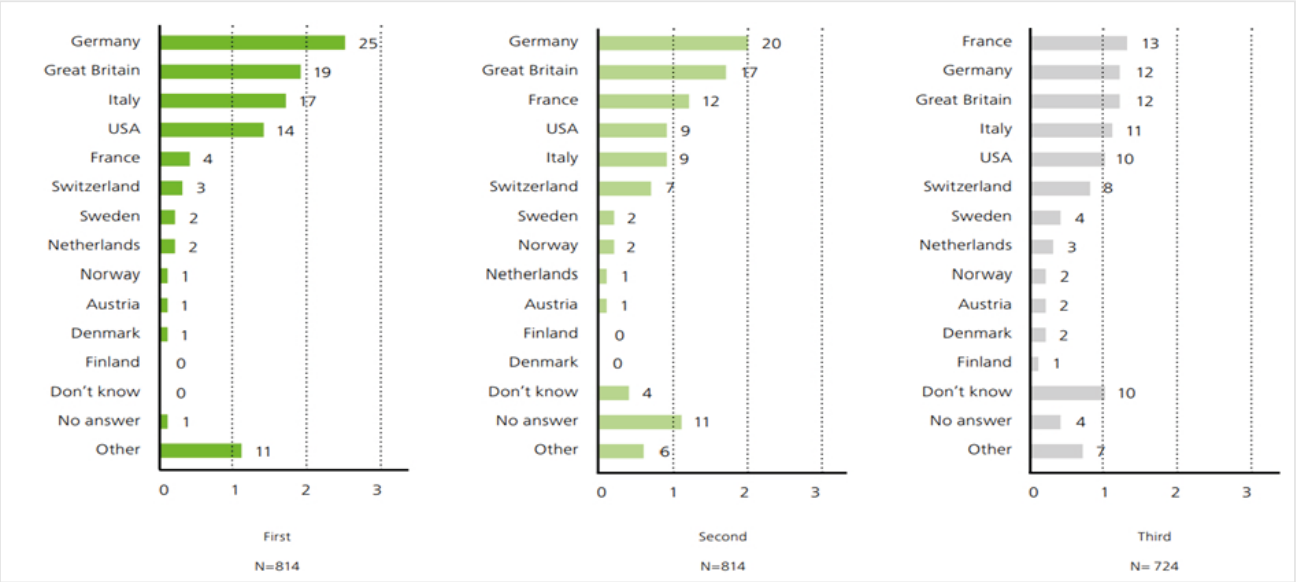


Another push factor, prevent young people from returning to Albania, is the fact that the domestic labour market cannot return their financial investment in education. Some studies (Saxenian, 2002) have shown that Eastern European students educated abroad have even fewer incentives to return to their home country since the domestic labour market cannot return their financial investment in education. Congruently, empirical studies (Nedeljkovic, 2014; Borjas, 1992), have found that the return to sending countries will be determined by the extent to which the returnees' skills are valued in their home country. And if they are less valued there than in the host country, the most skilled migrants will not return.

Moreover, outward migration levels are related to the capacity of the country to innovate and compete internationally through its research and development capacities (Collier, 2013). In another study, Shabani (2020) found that high outward migration rates, have hindered Albania's capacity to retain its talent in science, and therefore harm its global position in the Global Innovation Index, produced by the World Intellectual Property Organisation (WIPO). Consequently, Albanian academic institutions have been unable to benefit from competitive international research grants, which in turn would have helped the country to improve research and harness innovation.

As a corollary of these concerted efforts of core EU countries to increase their attractive power, an incremental number of highly educated people across the periphery of Europe aspire to live and work in these countries. Figure 11 (below) shows that Albania is not an exception, with the majority of young people choosing to emigrate to Germany, the UK and Italy. Similarly, UNESCO statistics show that the top destination countries for Albanian students are Italy, Germany and France (UIS, 2017).

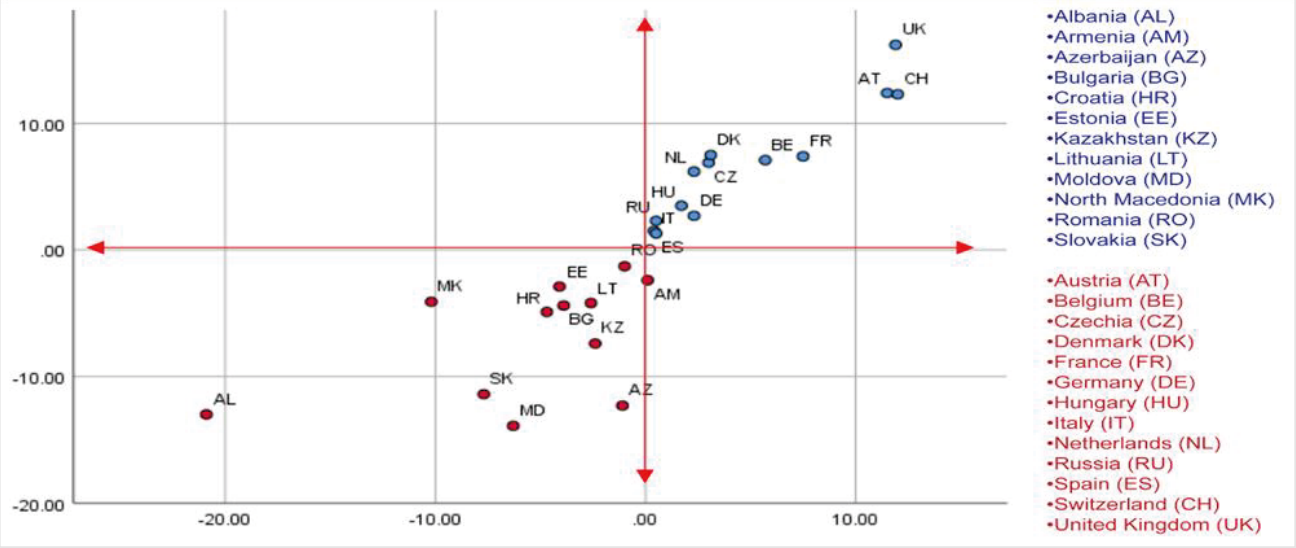
Figure-11. Where would you prefer to move to? Rank up to three countries you favour the most



Furthermore, the participation of these countries in international agreements facilitating the free movement of labour has made it easier for the labour force to migrate and hence the establishment of East-West migration corridors (Shabani, 2020). To illustrate, figure 12 (below) shows that after joining a process that facilitates the free movement of academics, students and graduates (i.e. the Bologna process) these migration trends have consolidated even further.

On the other hand, as discussed elsewhere in this report, situations in the developing countries of the periphery act as push factors for outward migrants, that the main reason why the majority of young people, 56% of them, choose to emigrate is to improve their standards of living.

Figure-12. Free movement of academics, students and graduates (Bologna process)



Note: Countries are grouped based on their average student mobility numbers as a percentage of all domestic students between 2000 and 2017 Source: UIS, 2017.

1.8 Impact of immigration and return immigration on Albania labour market during the COVID-19

The COVID-19 pandemic was the third international crisis that has affected the Albanian economy in the last 14 years.[29] The COVID-19 pandemic affected migration trends from and to Albania following the mobility restrictions imposed by Albania and key countries of destination, but also due to imminent impacts on the Albanian labour market, which witnessed large-scale layoffs, growing underemployment and rising informality. [30]

As reported by the Albanian Ministry for Europa and Foreign Affairs (MEFA), restrictions imposed due to the pandemic limited public services dedicated to administering various forms of migration, including labour migration. Before the pandemic, the over 1 million Albanians living abroad helped reduce domestic labour market pressures. However, following the COVID-19 outbreak many Albanian migrants were forced to return, as they lost their jobs - permanently or temporarily - in their countries of destination or faced wage cuts. For instance, in the summer months of 2020, Greece imposed severe travel restrictions on Albanians, limiting the overall number of Albanians admitted to 750 people daily, requesting negative COVID-19 tests and imposing one week of quarantine on all admitted Albanians. This severely affected the employment prospects of the thousands of Albanian migrant workers who usually work in the Greek agricultural and tourism sectors. [31]

While return flows of working-age citizens can in some circumstances lead to increased per-capita GDP – if successfully supported by public investments - the mass return movements of Albanians in a time of economic contraction meant that unemployment increased, with the unemployment rate increasing from 11.5 % in 2019 to 13.3 % in 2020.[31] However, due to the large size of the informal economy in Albania, it is likely that the actual impact of COVID-19 on the Albanian labour market was significantly more severe.

Although labour shortages continued to persist in certain sectors of the Albanian economy throughout the pandemic, these were largely limited to low- and semi-skilled vacancies in the agricultural and garment sectors. However, Albanian return migrants have - on average - higher skills levels[33]- and as a consequence - tend to have aspirations for higher-skilled and higher-paid jobs upon their return. Although the assumption is not verifiable with quantitative data, it is likely to assume that the share of Albanian return migrants entering occupations characterized by shortages was very limited.

A second indirect impact of COVID-19 on the Albanian labour market is that unemployment and wage cuts among Albanian migrant workers abroad are likely to have contributed to a reduction in remittances received by Albanian households. Different sources estimate that remittances account for 14-23% (Albania Household Wealth Survey, 2019; Bank of Albania, 2018) of household income. More importantly, almost a quarter of Albanian households entirely rely on remittances as their source of income. This means that the loss of income due to a migrant family member becoming unemployed directly ruptures the economic lifeline of a significant share of Albanian households.

While the effects of the COVID-19 crisis on remittance are not yet reliably assessable, a recent EBRD report assumes that remittances dropped by almost 20% in 2020.[34] However, as a substantial share of remittances are still transferred through informal channels, the actual drop in private foreign transfers may be significantly higher. As the high incidence of informal transfers means that a substantial share of remittance flows remains 'below the radar' of the Bank of Albania, it is currently not possible to quantify the impact of COVID-19 on remittance volumes in 2020 and 2021. Indeed, it is key to promote the initiative to regularise remittance flows to Albania, both by reducing transfer costs and by incentivizing the usage of formal channels. At the same time, efforts should be made to measure the flow of remittances through informal channels compared to formal remittances, in order to capture the scale of the phenomenon.

29. The financial crisis in 2008 forced many Albanian emigrants to return from their destination countries, with the principal host countries Greece and Italy being particularly hit by the crisis. More than 130.000 Albanians left these countries between 2009 and 2013 and returned to Albania. During the 2015 refugee crisis in Europe, some Albanian attempted to apply for asylum in EU countries. However, after many Albanians saw their asylum claims rejected by EU member states, they experienced, on average, worse living conditions after they were rejected. Vathi Z. & Zajmi I,, 2017. Children and Migration in Albania: Latest trends and protection measures available. USAID, Austrian Development Cooperation, Terre des Hommes.
30. https://www.ilo.org/budapest/countries-covered/albania/WCMS_461305/lang--en/index.htm.
31. https://www.infomigrants.net/fr/post/26683/coronavirus-albanian-migrant-workers-blocked-at-greek-border.
32. IOM report p. 106-107.
33. Gëdeshi, I., 2021. How migration, human capital and the labour market interact in Albania, S. l.: European Training Foundation.
34. https://www.ebrd.com/where-we-are/albania/overview.html.

This would provide a better understanding of how, and to which degree, remittances bolster resilience during regional macroeconomic shocks, or - instead - whether the high dependence on remittances of many Albanian households indeed exacerbate the impact of such shocks, as households simultaneously faced rising living costs, a retrenching domestic labour market as well as reduced foreign transfers from family members.
Inflows of international migrants (see Figure 20) plummeted substantially following the outbreak of the COVID-19 pandemic. However, as noted in chapter 2.1, there is currently no robust data source on the economic activities of international migrant workers in Albania, let alone on the coping strategies deployed by migrant workers in Albania following labour market retrenchment witnessed particularly during the second and third quarters of 2020.

However, taking as an analytical point of departure the low baseline of inflows of international migrant workers at the onset of the COVID-19 pandemic (20,753), it is safe to assume that the reduction in inflows witnessed in 2020 and 2021 (-11,558 compared to 2019) did not greatly impact the Albanian labour market, as the latter simultaneously witnessed a contraction associated with net job loss. Indeed, the Albanian labour market has still not recovered from the impact of the pandemic: in 2021 the total number of working hours was still 3.5% lower compared to 2019, corresponding to the loss of approximately 45,000 full-time jobs. However, this is an improvement compared to 2020, for which a year-on-year loss in working hours of 9% (or 120,000 full-time jobs) was observed.

Following the recession of 2020, the Albanian economy rebounded strongly following the initial phase of the COVID-19 pandemic, with an estimated GDP growth rate of 8.5% in 2021, following a -3.5% contraction in the previous year.[35] The overall labour force participation rate also indicates solid economic recovery. Prior to the pandemic the total participation rate as well as participation of both men and women was increasing steadily, with the participation gender gap decreasing in this period (see also chapter 1).[36] As the Albanian economy continues to recover from the recent macroeconomic shock, the underlying issues of net emigration, youth unemployment and youth inactivity remain present.[37] To arrive at a more detailed understanding of the impacts of return movements and international migration would require systematically expanding the migration module of the quarterly Labour Force Survey to include questions on international labour immigration. This is key to take stock of the emerging reality of Albania as a country of destination, in addition to its traditional position as source country of labour migrant

35. https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=AL.
36. https://www.ilo.org/budapest/countries-covered/albania/WCMS_461305/lang--en/index.htm.
37. https://www.oecd-ilibrary.org/sites/933637d0-en/index.html?itemId=/content/component/933637d0-en.

PART II – POPULATION FORECAST OF ALBANIA FOR THE PERIOD 2021-2050

2.1 Methodology

Population or demographic development (dynamics) represents the process of change in the size and age-sex structure of the given population. It results from population reproduction, a permanent and continuous replacement of generations. Direct determinants of this change are the initial population size and age-sex structure and partial processes (components) of population reproduction – fertility (natality), mortality, immigration, and emigration.

In the case of Albania and its population, any descriptive, analytical, and consequently also prognostic efforts were supported by complete sets of population data provided by the INSTAT. At the contracting authority's request, only the official statistics were used as the source of information. Most partial data sets covered almost the entire last intercensal period (2011-2020). The data's initial inspection has confirmed its logical consistency. Provided stock and flow data allowed elaborating representative population analysis and a full-fledged forecast for Albania.

The elaboration of this forecast aligns with the internationally accepted methodological principles. The cohort component approach, the corresponding projection method, and expert extrapolation of the observed trends have become the core of applied methodology.
The cohort component approach allowed considering the process of demographic reproduction as a comprehensive process consisting of relatively autonomous partial reproduction processes and separate forecasting of their developments. The results of the analyses of these components and above mentioned theoretical and empirical knowledge of the authors applied through the principle of analogy led to the formulation of partial forecast assumptions. Then these assumptions were transformed into the parameters' values of the cohort-component projection model. The final results were obtained by the repeated use of the projection model. The fertility, mortality, and emigration intensities, as well as the numbers of immigrants by sex and age, were applied in a one-year projection step to the corresponding age-sex structure of the population within the projection model application. Thus, the numbers of living males and females divided into one-year age groups were gradually acquired at the end of each calendar year of the projection period.

Within the analytical works, customized MS Excel spreadsheets for the calculations and graphic object design were used. Exception represented calculation of mortality tables when the DeRaS software application was used. The most probable population development simulations within Albania were performed using the PoFoS application. The DeRaS and PoFoS are the original tools developed by the study's authors at Charles University, Prague.

The entire process of forecasting was carried out in six stages, starting with the definition of the reproductive system, and finishing with the presentation of the forecast results. The Albanian population's size and available data allowed standard delimitation of the reproductive system for accomplishing the assignment. All the works connected with the forecast elaboration thus took exclusively place on the national population disaggregated by sex and age.
In the second stage, the development of population size, age, sex structure, and individual reproduction processes (fertility, mortality, immigration, and emigration) become the subject of the detailed description. The analytical objects (tables and graphs) were designed and utilized in the analysis. Within this stage of the forecasting, the content validation of the data was also successfully performed.

Further, the classical cohort component projection model was formally selected to estimate the impact of forecasted reproduction parameters on the Albanian population's initial size and age-sex structure.
Predicting model parameter values is a fourth, pivotal stage of the forecasting process. It is de facto the only stage when forecasters can formulate their prognostic visions. Following internationally accepted population forecasting methodology, the assessment of the projection model parameters was anchored in the prognostic

assumptions developed at three levels – general, aggregate, and elementary. General assumptions concerned the future developments in the significant surroundings of the reproduction system, in particular, in the economic and social venue of population reproduction, including Albania's position in the international division of labour. Aggregate and elementary assumptions were formulated directly in terms of population reproduction. The former specifically in the aggregate characteristics of the reproduction components, the latter in the terms of parameters of the projection model, or the indicators from which these parameters can be directly derived. Formulated assumptions became the primary information sources for prognostic extrapolations. Mutual consistency and indisputability of the prognostic assumptions became the important requirement in the process of their formulation. The results of partial forecasts were finally organized into the batteries of the projection model's parameters, unique for every single step of the model application.

The cohort component projection model was repeatedly applied at the following stage of producing the forecast. The forecast results were generated using the software application PoFoS. At the same time, tables and graphs containing the detailed and aggregated results were compiled. There are not only the expected population stocks but also the expected numbers of events (flows) and selected indicators' values at the outputs of PoFoS.

At the beginning of the last stage of forecasting, additional tables and graphs were created based on the obtained results. These objects enabled further checks of the results and an illustrative mediation of the main forecast results through the following text and personal presentation. The dissemination of the results throughout the text of the report, working tables, and oral presentation, including eventual defence of the results by the forecasting team, generally closes each prognostic cycle. In this specific case, the personal presentation will conclude the process of creating the population forecast of Albania until 2050.

The uncertainty of the forecast results is presented through three variants of future development: medium, high, and low. The medium variant represents its most likely future trajectory. The high and low variants then define realistic frameworks of future development for the uncertainty level of results given by the middle variant. These frameworks should not be further exceeded during the relevant period, or their exceeding can occur only with a relatively low probability. The medium variant distance and position between the marginal variants characterize the uncertainty, extent, and distribution. The more significant the difference between the corresponding marginal variants values, the greater the uncertainty extent of the results given by the medium variant. The probability density distribution is symmetrical if there is an equal distance between the medium and both marginal, i.e., low and high variants. It means that reaching equidistant values from the medium variant in the given time cross-section is equally likely.

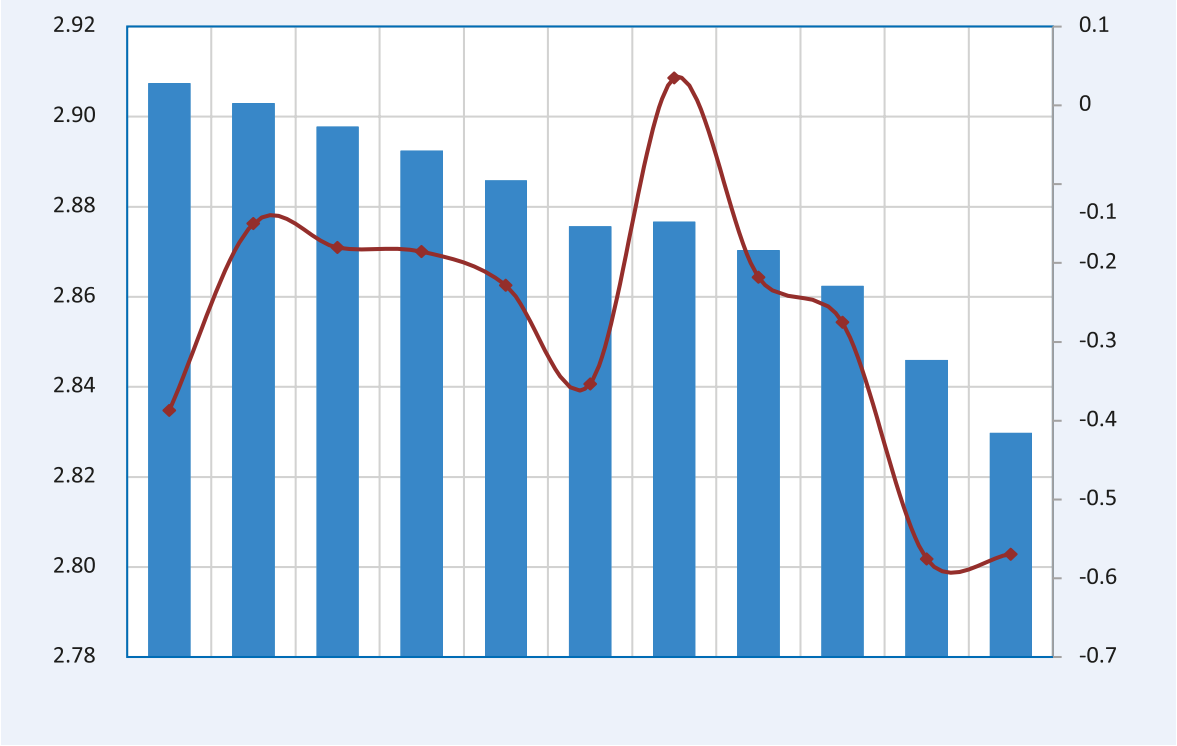
When working with the results of any forecast, it is necessary to remember that prognostic conclusions are a specific type of qualified estimate. As such, they have a probabilistic character and are burdened with a greater or lesser degree of uncertainty. It is also necessary to remember that the reliability of the results decreases significantly as the time horizon recedes. This fact is clearly illustrated by the variants dropping down towards the future. In addition, a forecast is an estimate of the most likely development at the time of its elaboration and cannot be more reliable at any moment of their validity than the statistical data and knowledge from which they are based. This is also why population forecasts must be regularly updated by the basic rules of forecasting and accepted international recommendations to retain their original utility value.

2.2 Recent population reproduction and components

During the second half of the 20th century, population reproduction in Albania underwent a substantial part of its transition from the traditional (extensive) to the modern (intensive) way of reproduction. A historical decrease in annual death rates below the mark of ten per 1,000 inhabitants was completed during the 1950s. Meanwhile, the analogous reduction of birth and fertility rates continued until the beginning of the 2010s, when the crude birth rate reached approximately ten births per 1,000 inhabitants annually. The total fertility rate (TFR) reached the replacement level (about 2.1 live births per female during her entire reproductive period) in the early 2000s. Since then, it has been possible to talk about the completed demographic transition (demographic revolution) and the domination of the modern forms of population reproduction in Albania.

The past ten years (2011-2020) for which detailed and complete official statistics were available have been marked by the decline in the total population size of Albania. During this relatively short period, the population size of the country decreased by about 78 thousand inhabitants, i.e., almost 2.7 percent (Fig. 13). The number of males decreased by approximately 46 thousand (3.1%) and females by 32 thousand (2.2%).

Figure-13. Total population and its dynamics, 2010-2020 (population as of Dec. 31), Albania



However, the population decline in Albania is not a matter of the last decade, but of the entire period since 1991, when the new stage of political, economic, and population development started. Until then, the country's population was growing dynamically. During the first census a hundred years ago (1923), only about 0.8 million inhabitants lived in Albania. This number increased to over 1.0 million in the interwar period. In the post-war development, the number of inhabitants increased from approximately 1.1 million (1945 population enumeration) to almost 3.3 million at the beginning of 1991. The balance estimate at the beginning of 2021 speaks of more than 2.8 million inhabitants. So, the decrease in the number of inhabitants in 30 years amounts to approximately 0.5 million (15%) inhabitants.

The last ten years of development have meant rapid population decrease and significant changes in population age structure. The most numerous generations (birth cohorts) formed between the mid-1950s and mid-2000s moved to higher ages, principally contributing to the rapid aging of the Albanian population. Moreover, the oldest generations have recently begun to scratch the age limit dividing the population into productive and post-productive. In the entire upper half of the life span, more numerous generations are replaced by substantially fewer ones born until the first half of the 1950s (Fig. 14).

Another characteristic and, at the same time, a specific feature of the recent population development of Albania is changing sex structure of the population. The processes of migration and population aging, together with natural mortality differentials between sexes, has first resulted in a significant decrease in the proportion of females in the Albanian population from 49.9% to 49.3% between 2010 and 2015, and consequently, the increase of this characteristic value back to 50.2% in 2020. Figure 15-shows the resulting ratio of males and females by age at the end of 2020 – natural dominance of males until about 40 and females mainly in the second half of the observed life span.

Figure-14. Population age-sex structure, 2010 and 2020 (as of Dec. 31), Albania

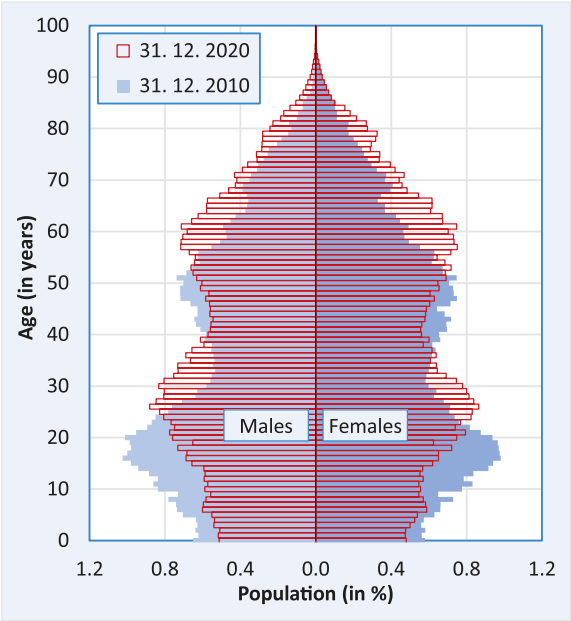
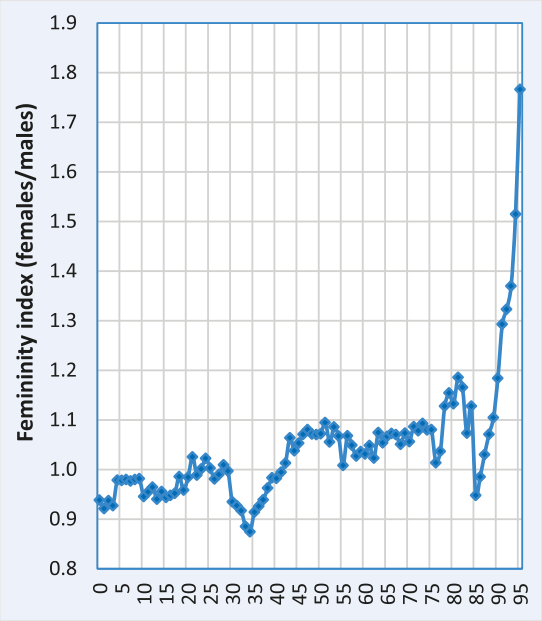


Figure-15. Population age-sex structure, 2010 and 2020 (as of Dec. 31), Albania



The observed ten years of the population age-sex structure development were marked by dynamic population aging. The mean age of the population stable grew (Fig. 16) throughout the period under review. Between the end of 2012 and 2020, the mean age of the country´s relatively young population grew by 4.2 years and reached 39.4 years at the end of 2020. The difference in mean age between male and female parts of the population is relatively stable and represents about 1.0 years. It is another manifestation of the aging population structure, the mortality differentials, and a higher proportion of males in younger birth cohorts. The following tangible manifestation of population aging faced by Albania is the observed change in the share of the main population categories (Fig. 17). The proportion of children and adolescents (0–19 years) decreased by more than eight percentage points, from 31.4% to 23.2%. The elderly increased their proportion by more than four percentage points, from 11.0% to 15.2%. Consequently, the population of productive age (15-64 years) increased its representation in the country's population by four percentage points, from 57.6% to 61.6%. The so-called demographic window of opportunity was open maximally in Albania very recently. However, it likely started to close since the highest percentage of the productive age population was probably reached in 2020.

Figure-16. Mean age of population by sex, 2010-2020 (as of Dec. 31), Albania

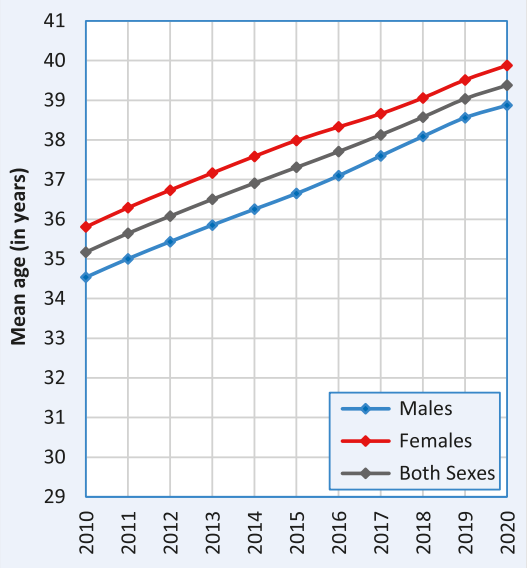
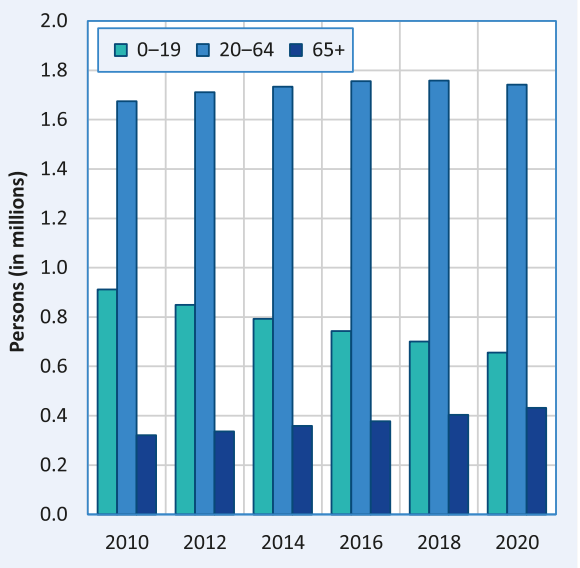


Figure-17. Proportions of major age categories, 2010-2020, selected years (as of Dec. 31), Albania



The aging dynamics of Albania's population are considerably high, even though we are not too far from the beginning of this unavoidable long-term process. The observed changes are entirely in line with the theory of demographic transition. It figuratively represents a tax on the modernization of the reproductive behaviour of the country's population in the relatively recent past, in the post-war period.
The population's relatively younger age structure, with relatively high but decreasing number of potential mothers, was insufficient to significantly reduce the balance losses in Albania during 2011-2020. These deficits originate in a highly negative migration balance (Fig. 18). The number of births was significantly higher than the number of deaths due to the relatively low proportion of the elderly. Still, the difference between them reduced almost the entire period (Fig. 19). It was primarily a consequence of low natality, i.e., the joint effect of low fertility and the declining number of females of reproductive age.

Figure-18. Balance of total change, 2011-2020, Albania

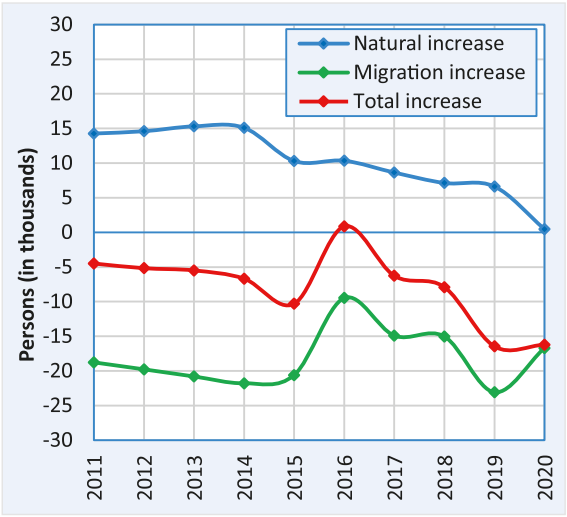
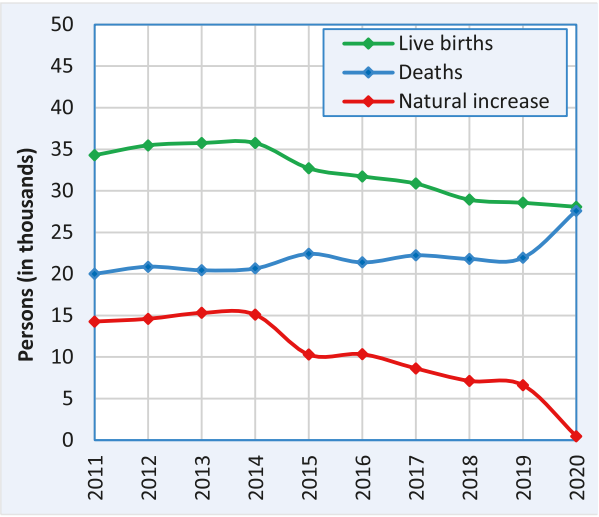


Figure-19. Balance of natural change, 2011-2020, Albania



The overall fertility of Albanian females was at the average European level (between 1.6 and 1.7 live births per female. However, the general fertility after 2014 dropped to nearly 1.3 live births. In such a way, the observed values of the TFR stayed deeply below the replacement level during the entire period of observation. Finally, they appeared in the zone of "lowest-low fertility" (Fig. 20).

The insignificant fluctuations of the TFR were accompanied by a significant smooth increase in the mean age of mothers at childbearing (Fig. 21). The intensifying postponement of delivery mainly observed after 2014 also partially affected the recent decline in the overall fertility.

Figure-20. Mean age of mother at childbearing, 2011-2020,Albania

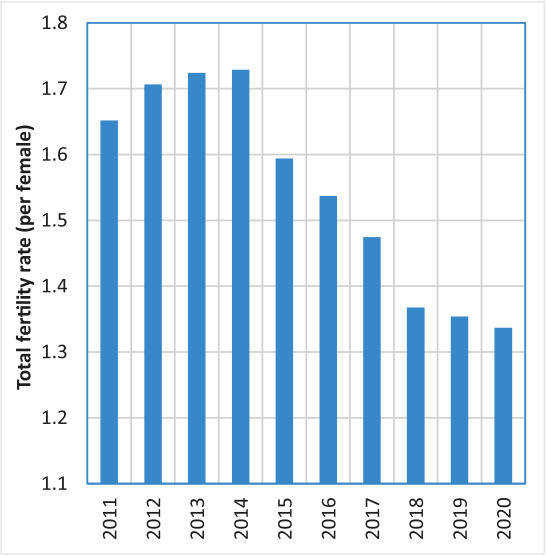
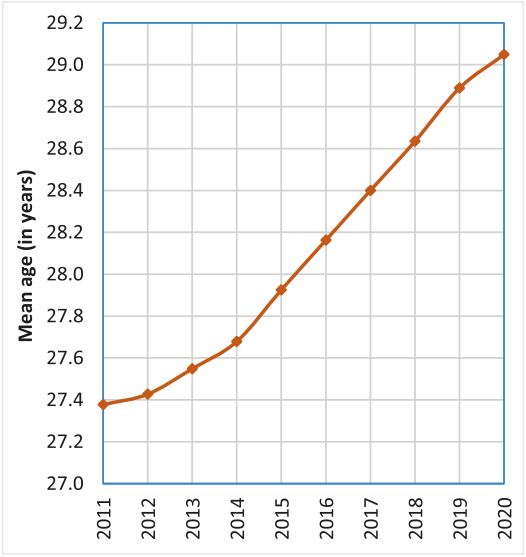


Figure-21. Total fertility rate, 2011-2020, Albania



The positively asymmetric distribution of fertility by single-year age groups of parents increased its symmetricity when the modal age (the age of the highest intensity of reproduction) of less than 25 years in 2011 increased to about 29 years in 2020 (Fig. 22). Resulting in frequency curve to be practically symmetric since the mean and median ages (mean age of mother at birth of a child and the age when half of the overall fertility is completed, respectively) showed almost the same values as the modus did in 2020.

The graph in Fig. 23 illustrates this process vividly. The comparison of fertility levels in standard five-year age groups in the single years of 2013-2020 clearly shows a gradual decline with a particular oscillation in the first three age groups and increases in fertility in the others.

Figure-22. Fertility distribution by age, 2011-2020, one-year age groups, Albania fertility distribution by age, 2011–2020, 5-year age groups, Albania

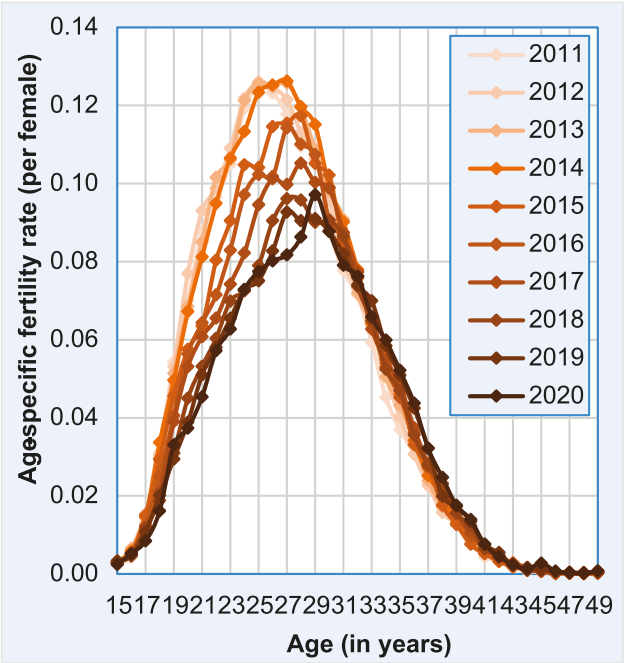
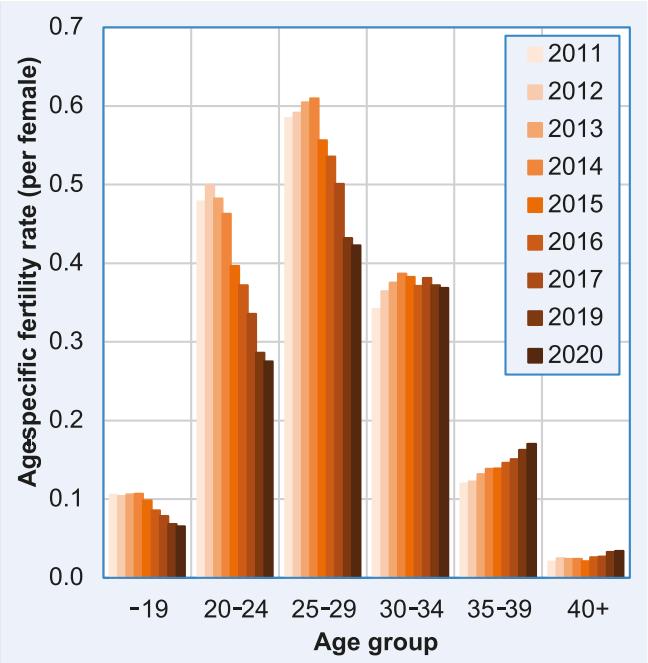


Figure-23. Fertility distribution by age, 2011-2020, 5-year age groups, Albania



The changes observed in the age distribution of fertility in Albania correspond with the changes experienced by many other countries, namely European ones, earlier and mostly at higher levels of overall fertility. We can understand them as a manifestation of modernity, but a partial role likely also plays other factors like the country's economic and social situation.

Similarly, pronounced developmental tendencies like fertility are inherent to mortality, the second component of natural change. Over the ten years of observation, average life expectancy first increased in the case of males from 75.3 to 77.4 years and in females from 79.9 to 80.9 years. Still, the mortality consequences of the COVID-19 pandemic returned the empirical values of life expectancy at birth for both sexes below their values for 2011. The males´ mortality downturn caused by COVID-19 was more pronounced than for females. Compared to the highest value achieved, their life expectancy dropped by 2.3 years, while for females, it decreased by 1.1 years, reaching 75.1 and 79.7 years, respectively (Fig. 24).

Besides the growth of life expectancy at birth, a significant decline in male excess mortality (difference in life expectancy between females and males) was observed. This gap has narrowed from 4.6 years in 2011 to less than 3.2 years in 2017 to return to the original difference of 4.6 years during the first year of the COVID-19 pandemic. The initial decrease was another positive feature of the past mortality developments in Albania before the pandemic (Fig. 25). Observed trend was quite clear, with small random fluctuations of the values until COVID-19 erupted.

Figure-24. Life expectancy at birth by sex, 2011-2020, Albania

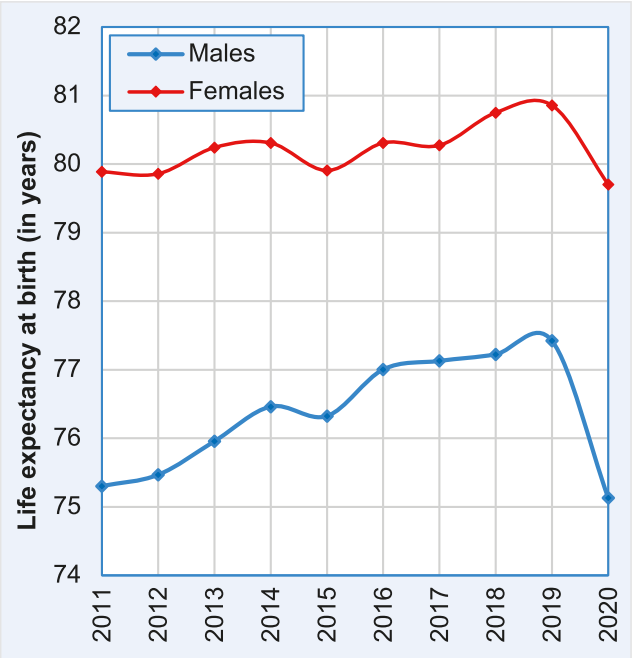
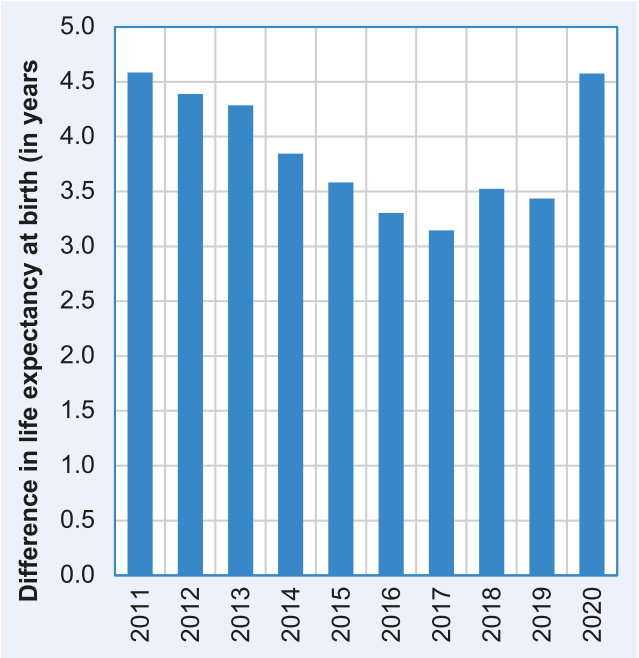


Figure-25. Difference between female and male life expectancy at birth, 201-2020, Albania



Regardless of the significant increase in life expectancy at birth, i.e., the decrease in overall mortality intensity, registered deaths grew by almost 10% between 2011 and 2019. Thus, the actual increase in deaths is due to the aging population, i.e., the rise in the number of older people. As already presented, about 320 thousand inhabitants aged 65 and over lived in Albania at the beginning of 2011. In 2020, they already represented about 432 thousand inhabitants. This fact explains the opposite development of mortality intensity and the number of registered deaths. COVID-19 caused directly and indirectly about five thousand (25%) extra deaths in Albania during the first year of the pandemic.

Migration is currently the most significant component of Albania's population development, which determines the resulting nature of the overall reproduction Fig. 18. The net migration (difference between the numbers of immigrants and emigrants) represented the loss of about 18 thousand inhabitants on average annually during 2011-2020. Its size was relatively unstable during this period varying between 9 thousand and 23 thousand, both with the negative sign (Fig. 26).

At the same time, the other aggregate component of population reproduction – the natural increase represented the average annual gain of about 10 thousand inhabitants, oscillating roughly between zero and 15 thousand persons. The impact of migration is not only about inhabitants´ exchange with foreign countries but also the indirect effect of migration on natural reproduction, namely on the birth rate. Its scale is, however, challenging to estimate.

Figure-26. Migration balance, 2011-2020, Albania

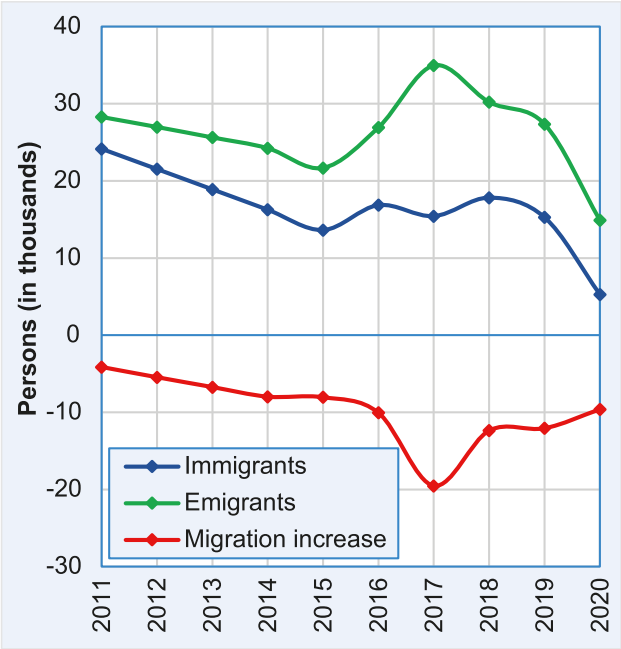
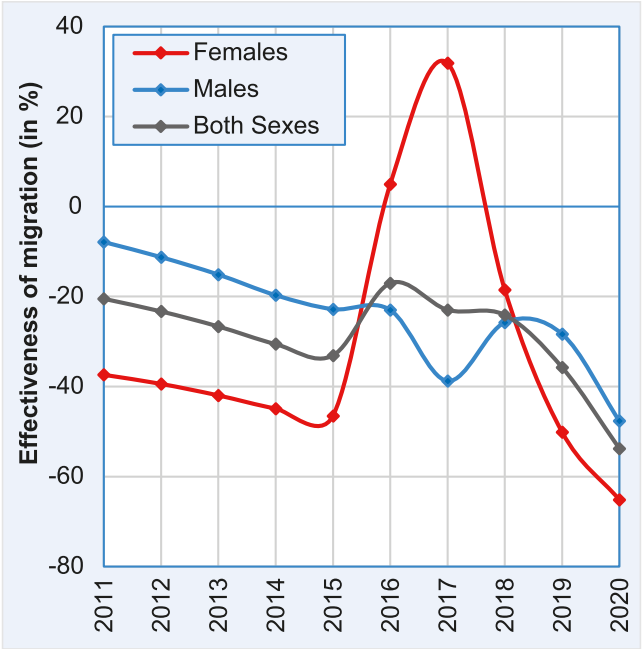


Figure-27. Effectiveness of migration, 2011-2020, Albania



Although the participation of males and females in migration flows from and especially to Albania differs significantly, the resulting balance is very similar. The natural sex structure of the population is thus not seriously disturbed. Females migrate across the state borders substantially less often than males, but the effectiveness of their migration is, on average, more than double that of males (Fig. 27).

2.3 Current perspectives of population development

In 2020, the general conditions for forecasting population development changed fundamentally. This situation arose from the COVID-19 pandemic's unpredictable outcome in the number of deaths, immigrations and emigrations for 2020. However, the reflection of the pandemic in this data was only partial because there needed to be more time for its full manifestation in all the components of population reproduction.
The official national population statistics indicated several significant changes. First, the level and age-sex structure of mortality substantially changed in 2020. Secondly, the unprecedented restrictions on the international movement of people, introduced due to the epidemic, principally affected migration flows across the state borders. Only fertility in 2020 continued in its decline established already in 2014, and no extraordinary changes were observed since the consequences of the pandemic did not have enough time to manifest themselves in fertility.

Additional complications were related to the formulation of general assumptions. These assumptions are describing the expected development of the so-called population system's substantial neighbourhood – national economy, social sphere, natural environment, country's as well as the regional and global security situation, etc. Continuing the COVID-19 pandemic, its far-reaching consequences, and the new security situation in Europe after the outbreak of war in Ukraine in February 2022 created new forecasting conditions. All of these resulted in higher uncertainty of the current vision of the Albania population's future. This uncertainty is expressed through the variants of the submitted forecast.

- **Overview of basic assumptions**

When estimating future developments in fertility, mortality, and migration parameters, we followed recent trends identified within the detailed analysis of the official national population statistics data. Collected empirical information was confronted with theoretical knowledge and actual developments in the countries where demographic transition also began after World War II.

Specific findings were drawn from the development of individual reproduction processes in countries with a similar history and a comparable degree of social and economic development. Formulated assumptions were modified by intuitive assessment of further developments related to the European epidemic and security situations and their wider consequences.

As a result, we have concluded that the overall fertility level in Albania will stabilize approximately at the level reached in 2019 and 2020, i.e., at about 1.3 live births per female. Slowing down the increase of the mean age of the mother at the birth of a child should contribute to this stability. The most probable scenario assumes very slow but visible fertility aging. The intensity of childbearing up to the age of 26 should further decrease, and at the age of 28 and higher, slowly grow during the entire forecast period. The long-term decline in mortality rates is over, but likely only temporarily. An increase in mortality in 2020 resulted in a profound decrease in the life expectancy of males and females, but to a lesser extent than in the case of males. The dominant factor of this change, COVID-19, and its direct and indirect consequences should affect mortality for the following several years. It is expected that the life expectancy value will further decrease in 2021, and only then will mortality conditions again improve.

We assume a similar development in the case of migration, especially in its emigration component. Some ongoing restrictions on visa policy and international travel introduced during the pandemic are likely to keep the intensity of emigration somewhat lower than in previous years. However, the intensification of migration mobility may come earlier than the expected return of mortality to its position before 2020.

The expected values of aggregated indicators presented in Table 8 provide an overview of resulting "aggregated" expectations on the development of population reproduction components in Albania.

Table-8. Expected developments of population reproduction components, 2021-2050, selected years, Albania, all variants

Year	Fertility (Total fertility rate)			Mortality (Life expectancy at birth)						Migration (Migration increase)		
				males			females					
	low	medium	high	low	medium	high	low	medium	high	low	medium	high
2021	1.32	1.33	1.33	73.60	73.97	74.34	78.77	79.10	79.44	-28 798	-23 768	-18 738
2025	1.22	1.28	1.32	75.54	76.15	76.78	80.19	80.75	81.25	-26 239	-18 438	-10 387
2030	1.19	1.28	1.37	76.80	77.77	78.69	81.07	81.87	82.56	-13 751	-7 454	-675
2040	1.16	1.30	1.43	78.34	79.89	81.13	82.02	83.34	84.33	-6 787	-1 586	4 472
2050	1.16	1.31	1.47	79.59	81.56	82.94	82.86	84.66	85.82	-4 243	432	6 546

- **Fertility prospects**

In concordance with the accepted general assumptions and the long-term development of age-specific and aggregated fertility indicators values, we assume that overall fertility will most likely move around 1.3 children per female during the forecast period (Fig. 28). There is no apparent reason why fertility in Albania should be significantly lower or higher during a more extended period.
The postponement of parenthood into higher ages should moderately continue during the entire period of the forecast (Fig. 29). As the gravity point of the fertility distribution by age is moving ahead, the dynamics of this shift will very likely principally diminish. The mean age of a parent at childbearing should grow by approximately 1.3 years during the next almost 30 years. It is roughly one-fifth less than the growth of this parameter (1.7 years) between 2011 and 2020.

Figure-28. Expected total fertility rate, 2021-2050, Albania, all variants

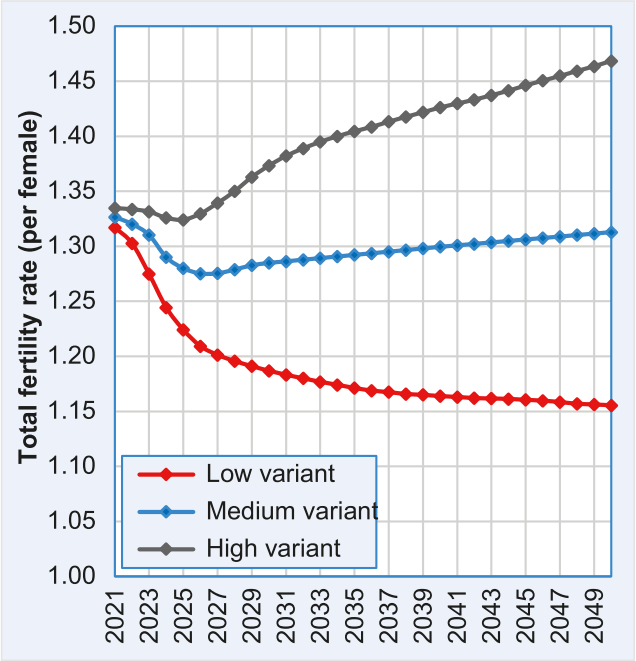
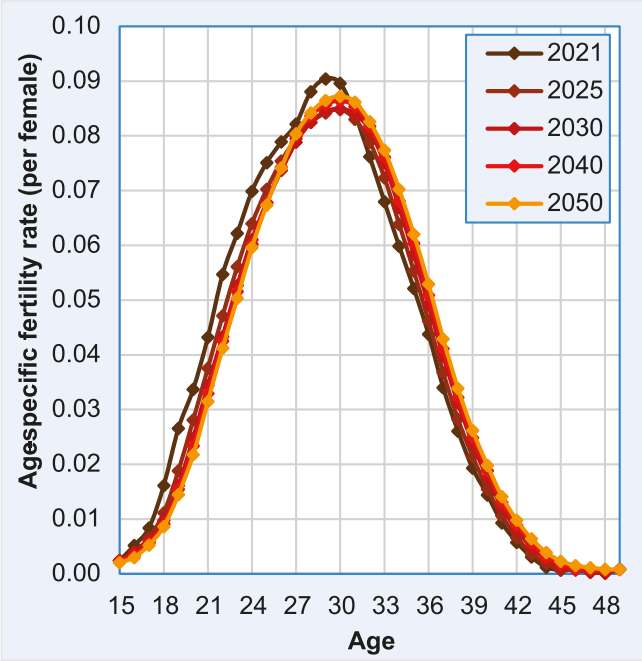


Figure-29. Expected distribution of fertility by the age of mother, 2021-2050, selected years, Albania, medium variant



The development of mortality will, first, reflect the recent mortality crisis caused by COVID-19. The long-term series of growing life expectancy values at birth representing the average length of male/female life in the given population and period will be interrupted by values for 2020 and 2021. Only in the following years a gradual increase can be realistically expected. According to our assumptions, the life expectancy levels at birth in 2019 should be reached earlier by females than males, probably around 2028 or 2029. It can also last thirteen or fourteen years as in the case of low variants or minimally six or seven years according to the high variant of mortality forecast (Fig. 30). However, all these numbers are only indicative. We still need more information about the disease mentioned above, especially its direct and indirect health consequences. According to the most probable scenario, the value of life expectancy at birth could be almost 85 years for females and 82 years for males in 2050.

In the case of males, the increase of life expectancy at birth should be more intensive than among females due to their higher reserves in reducing mortality and a more profound drop of its value for males during the COVID-19 pandemic. In general, a faster decline in males' mortality than in females´ should lead to convergence of the level of life expectancy among sexes. We expect the estimated difference in 2021 (5.1 years) to decrease by about two years to about three years in 2050 (Fig. 31).

The contributions of broadly defined age groups to the overall change in life expectancy at birth measured towards the forecast's initial year (2021) estimate have a different structure by sex (Fig. 32 and 33). This structure reflects more significant differences in general and cause-of-death specific mortality between males and females. The expected increase in life expectancy at birth for both sexes should be predominantly affected by the decrease in mortality in the age group of 60-79 years. Its share of total change could be between 35% and 40%. Roughly one-quarter of the reduction in the overall male mortality should result from the decrease in mortality in the age group of 80 and more years. For females, the exact contribution as the age group 60-79 (more than 35%) should also be contingent on the oldest females (80 and more). The contribution of other age groups will likely be significantly lower but not negligible during the forecast period.

Figure-30. Expected life expectancy at birth by sex, 2021-2050, Albania, all variants

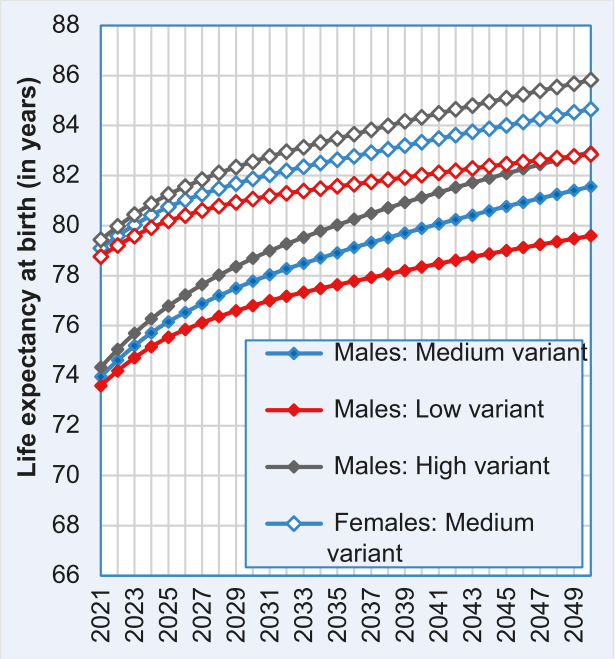


Figure-31. Expected difference in life expectancy at birth between males and females, 2021-2050, Albania, all variants

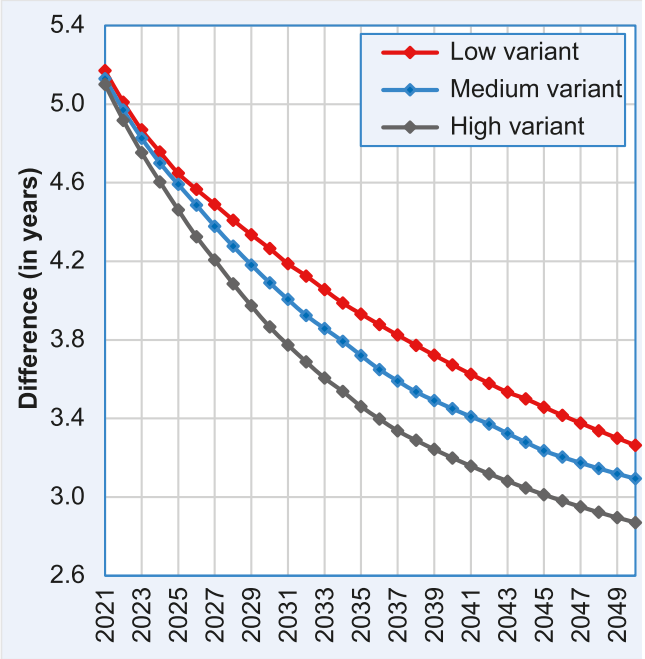


Figure-32. Expected contribution of age groups to the total change of life expectancy at birth between 2021-2050, males, Albania, medium variant

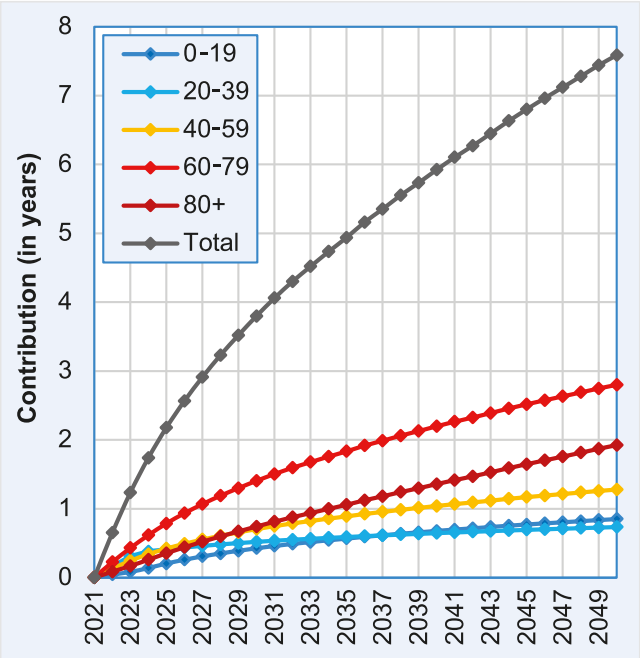
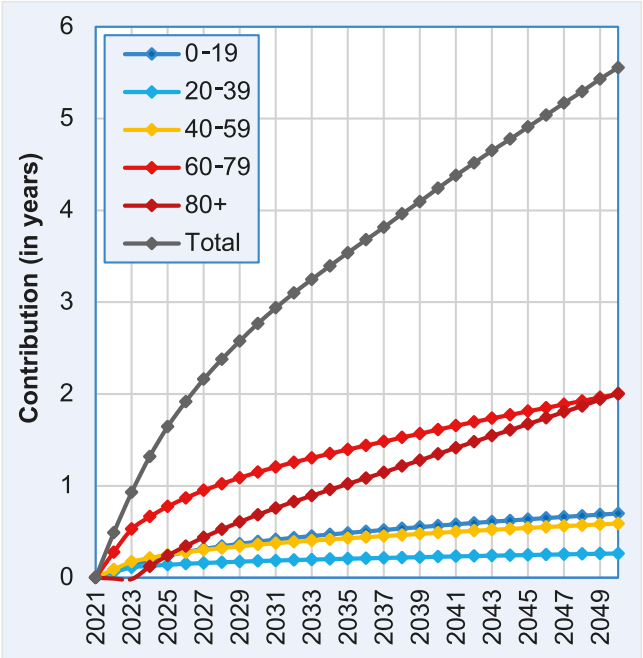


Figure-33. Expected contribution of age groups to the total change of life expectancy at birth between 2021-2050, females, Albania, medium variant



- **Scenarios of future migration**

The most complicated part of each population forecast is estimating future migration. The highly complex causality of this process leads to its high instability in time and space. Estimating migration even a year ahead represents a challenging task since the direction, volume, and structure of migration flows (especially in international migration)

often depend on a single administrative decision. Therefore, migration forecasts are usually speculative. This statement is more valid than ever in the world's current epidemic and security situation.
Estimates of the future development of migration are usually based on analytical findings and relevant theoretical knowledge. Nevertheless, the real forecasting effort must end by setting fixed values of migration indicators. Then, intermediate values, those between initial and fixed ones, are, as usual, interpolated. The migration parameters partial forecasts presented here were elaborated using partially, in the case of immigration, a different approach – scenario writing. The first ten to twelve years are marked by the non-linear convergence of prospective values of selected migration indicators to the forecasted "target" values and then fixed. As a result of this forecasting procedure, we obtained a set of scenarios that refers to the possible alternatives for economic and social development, the permeability of international borders, and the aging of the preceding contingent of past emigrants from Albania.

We assume that during the first six or seven years, Albania will face higher emigration of its inhabitants, partially as compensation for "frozen migration" during 2020-2021 and partially as a solution to the expected worsening of the social situation. After the compensatory wave of emigration, which we hope to culminate within three or four years of the forecast period, has subsided, the number of emigrants should decrease dynamically, even with unchanged emigration intensities. The reason is that substantially less numerous birth cohorts already enter the age of the highest migration activity (20-30 years). This process will almost certainly continue during the entire forecast period due to the long-term diminishing number of newly born children. As a result, the potential migration population and the number of emigrants will correspondingly decrease.

The basic scenario of immigration to Albania in the coming years and decades is related to the numerous Albanian diasporas. Its members belong mainly to the post-1990 emigrants, and their oldest contingent is at the pension threshold today. The scenario assumes that many of its members will be interested in returning to their original homeland after finishing a working career. Even partial implementation of such intentions and plans should keep the immigration flows to the country strong when emigration flows will significantly diminish.

Due to the minimal length of comparable time series, we could not appropriately identify the relevant trends in the age regularities development. Therefore, we applied empirical profiles corresponding to average distribution curves based on data covering the last three calendar years (2017-2019). In the case of immigration flows, the applied variables were the absolute numbers and relative structure (proportions) of immigrants by sex and age. In the case of emigration, we worked with age-specific emigration rates separately for males and females.

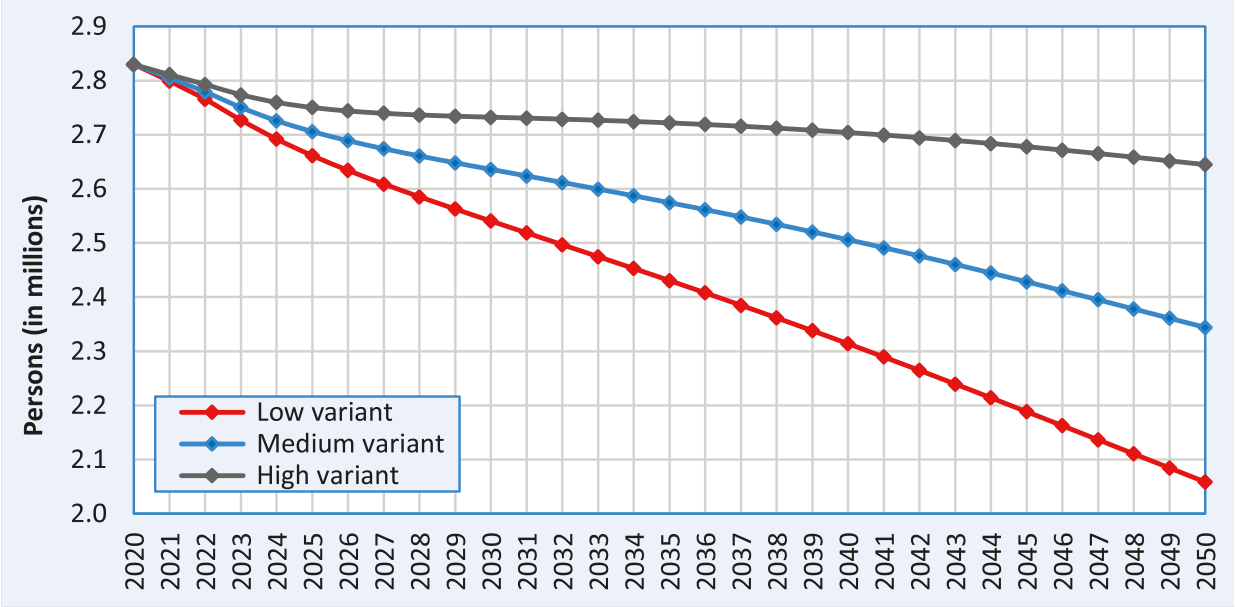
2.4 Forecast analysis

Except for the expected population balance, the following forecast results cover only stock numbers, i.e., numbers of the forecasted population's size and structure. The forecasted population for the presentation is exclusively understood as the set of all inhabitants of Albania in the sense of their statistical definition.
Any prognostic information is laden with a greater or lesser degree of uncertainty. The mutual position of the forecast variants illustrates its level regarding the corresponding medium variant´s results. In the following text, however, we mostly present and discuss only those results corresponding to the forecast's medium variant to maintain its clarity and brevity. The complete results by variant are available in the same detail as the medium variant in separate tables. These tables contain detailed and aggregated results plus all the values of selected population structure indicators sorted by variant, sex, and age.

- **Population size development**

The forecast results indicate that Albania's total number of inhabitants will likely decline almost linearly in the next three decades. Assuming the country's population amounted to 2.83 million persons at the end of 2020. Its total number should reach the mark of about 2.34 million within a realistic range defined by 2.06 and 2.64 million inhabitants by 2050 (Fig. 34). The reasons for such a drop are clear enough – low and decreasing natality due to a shrinking number of potential mothers and low fertility; a relatively high and increasing number of deaths caused by the growth of the number of older people and more dynamic than the decrease of mortality intensities; plus, high-loss migration exchange during at least the first third of the forecast period.

Figure-34. Initial and expected total population size, 2020-2050 (as of Dec. 31), Albania



The expected change represents the total population's decline by about 17% with expected uncertainty illustrated by the marginal variants' values 7% and 27% for the end of the 30-year period covered by the forecast (Fig. 35). In absolute terms, the population will likely shrink by 33-45 thousand persons annually during 2021-2050 (Fig. 36).

Figure-35. Expected relative change of total population, 2020-2050 (as of Dec. 31), Albania, all variants

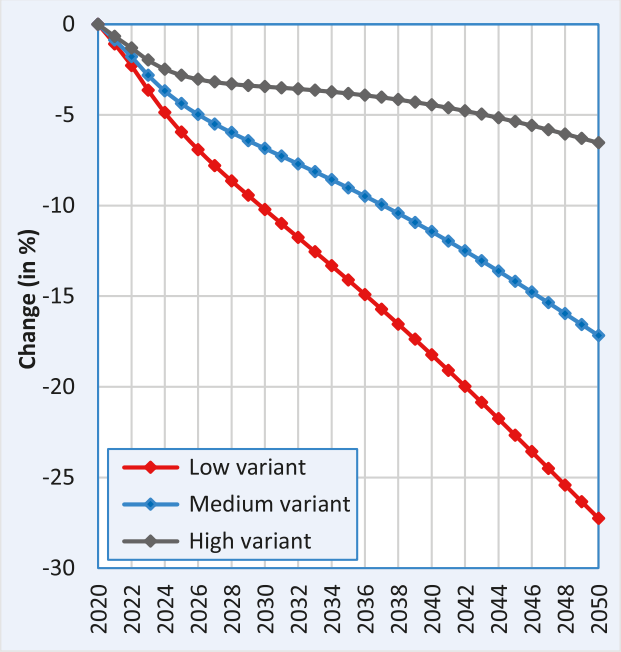
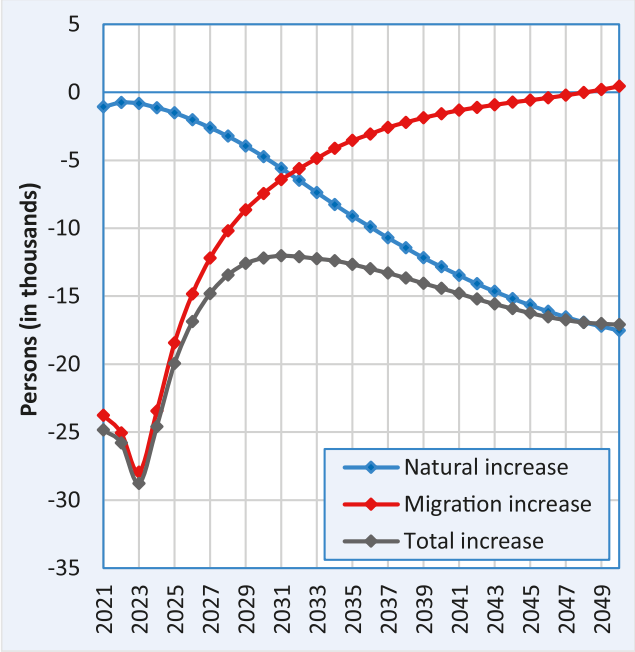


Figure-36. Expected population balance, 2021-2050, Albania, all variants



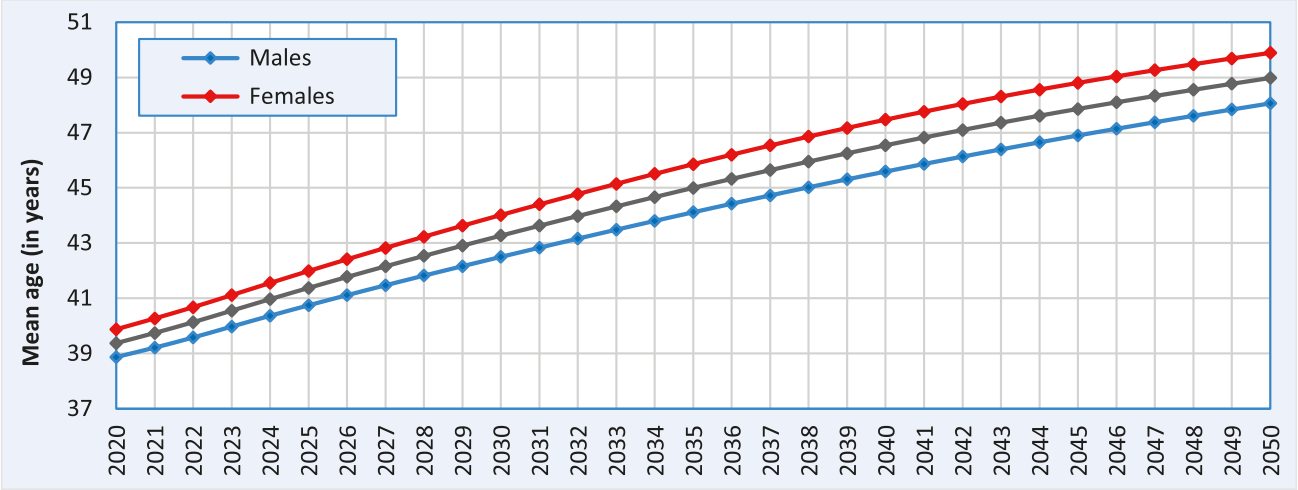
At the same time, trends in the development of aggregate components will be different. The natural change loss should increase, and migration loss should decrease over time. In the first case, it will primarily result from the declining reproductive potential of the population of Albania. In the latter case, it will be a consequence of the parallel development of the migration potential. Both these potentials have a common denominator the number or proportion of young people in the population, the driving force of reproduction and migration.

The expected size of the contingents of young females and males most exposed to both elementary processes (20-30, resp. 20-35 years of age) should fall even more dynamically than the total population itself (for about 51%, resp. 48%).

- **Expected changes in population age structure**

The decline in population size will be accompanied by continuing population aging, primarily determined by the initial age structure of the population. We expect the population mean age to increase from its initial value of 39.4 years to unprecedented 49 years in 2050, according to the medium variant of the forecast. The female population of Albania should be, on average, about 50 years old. The male population is expected to be almost two years younger than the female one at the end of the forecast period (Fig. 37). This difference in the mean age between males and females has its logic. It results from two facts – a naturally higher proportion of boys among newly born children and excess mortality of males of all ages, causing a surplus of females at higher ages.

Figure-37. Initial and expected mean age of population by sex, 2020-2050 (as of Dec. 31), Albania



The complex transformation of population age-sex structure is illustrated by a series of age pyramids in Fig. 38-41. They demonstrate the two-sided successive aging process – almost certainly multiplying the number of people at the top of the age pyramid and likely shrinking the base, i.e., fewer and fewer children at the bottom. Aging from the top will result from the generational shift when numerous generations of males and females formed between the mid-1950s and the mid-1980s will move into seniority.

Figure-38. Expected change of population age-sex structure between 2020 and 2025 (as of Dec. 31), Albania, medium variant

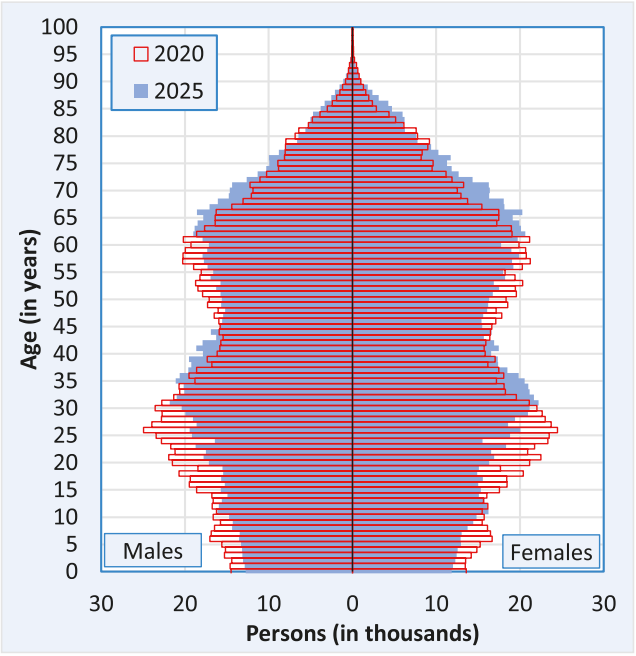


Figure-39. Expected change of population age-sex structure between 2020 and 2030 (as of Dec. 31), Albania, medium variant

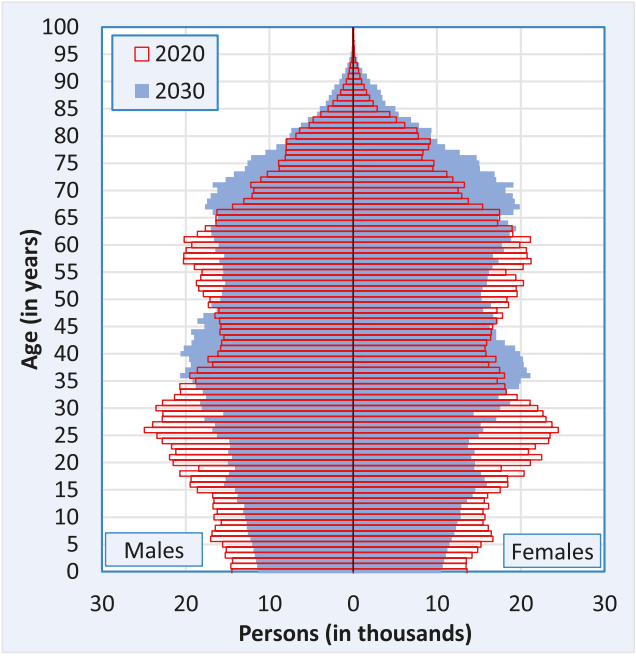


Figure-40. Expected change of population age-sex structure between 2020 and 2040 (as of Dec. 31), Albania, medium variant

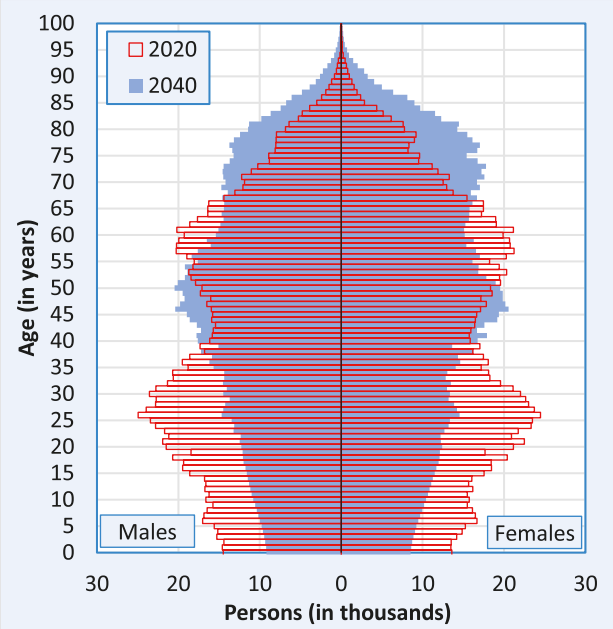
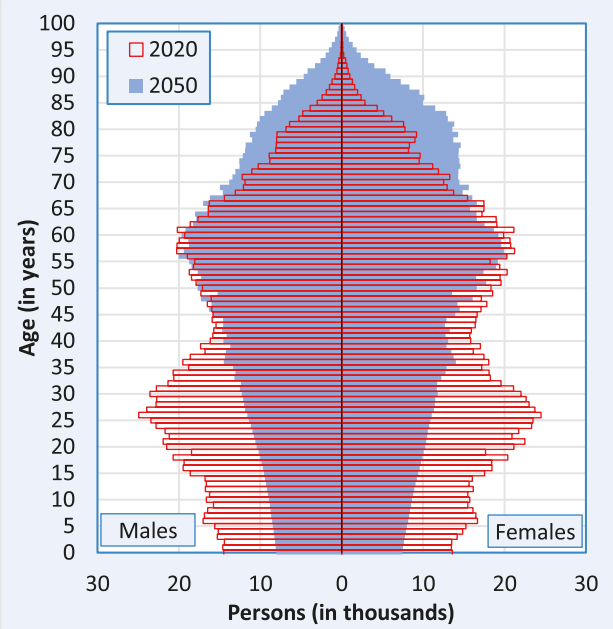


Figure-41. Expected change of population age-sex structure between 2020 and 2050 (as of Dec. 31), Albania, medium variant



- **Development of selected age categories**

If we accept the standard European definition of economically productive age (20-64 years), we can state that this population segment size achieved approximately 1.74 million people at the end of 2020. After 30 years, by the end of the year 2050, this age category size should shrink to about 1.32 million inhabitants. i.e., approximately three-quarters of its original size (Fig. 42). The highest absolute decrease will likely occur in the 2030s, when Albania should lose, mainly through migration and demographic aging, almost 200 thousand persons in productive age. The proportion of the population at productive age was 61.6% at the end of 2020, which should reach slightly less than 57% in 2050.

Figure-42. Initial and expected size of main age categories, 2020-2050 (as of Dec. 31), selected years, Albania, medium variant

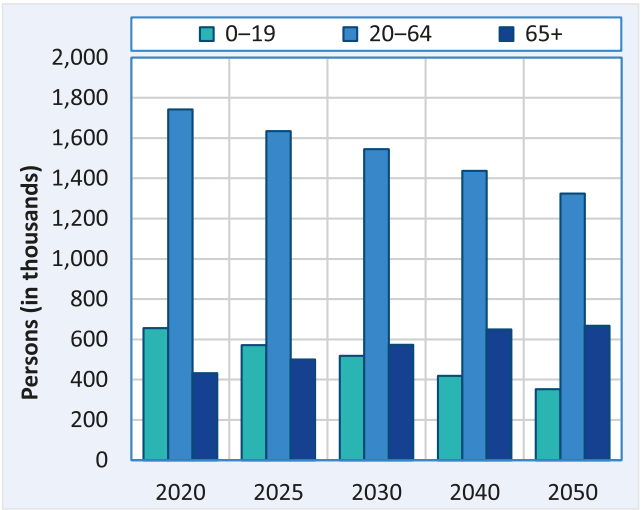
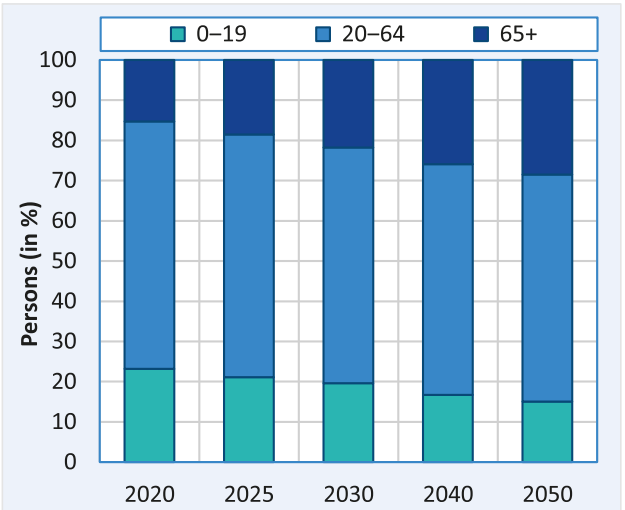


Figure-43. Initial and expected proportion of the main age categories, 2020-2050 (as of Dec. 31), selected years, Albania, medium variant



The changes like those just described are also expected in the case of the pre-productive component of the population (0-19 years). The number of children and adolescents will likely drop from 656 thousand in 2020 to about 350 thousand after 30 years.

The expected relative decrease should be about 22% during the first decade and 19% and 16% in the following two decades. The proportion of this age category to the total population should diminish by eight percentage points, from the recent 23.2% to 15% in the middle of this century.

If the numbers of the total population, children, adolescents, and working-aged people, rapidly decrease, the number of elderly persons will probably increase. This growth will be rather intensive during the first two decades. A slightly less than 430 thousand-strong contingents of older people in 2020 should grow to about 670 thousand persons at age 65 and more by 2050. Its share of the total population will likely grow continuously from 15.2% at the end of 2020 to almost 29% in 2050. It is approximate the proportion of the elderly in Japan today. Such development will be a real challenge for the entire social system of the country and its sustainability.

Since all the persons being or expected to be in post-productive age during the forecast period are already born and reached adulthood, we can forecast their numbers with much higher reliability than any other population parameters. It means that the conclusions regarding this main parameter of population aging can be pronounced with relatively high certainty, especially in the first thirty years of the forecast period. The reason is that all the future elderly persons (65 years and older) are 35 and more now. Participation of these persons in international migration and the probability of (permanent) emigration is already meagre.

- **Development of selected age categories**

The population's division into three basic age categories is rougher regarding economic and social development management. Therefore, more detailed insight is required for some "functional" age groups, especially in segments demanding more attention from society, such as children plus adolescents and the elderly. The following charts illustrate analogous development of the numbers of children and young people divided into special age groups referring to different levels and stages of education, preparation for employment, and/or the initial years in the labour market and their own family life (Fig. 44). The numbers of seniors in the overlapping age groups should also undergo similar changes but opposite orientation (Fig. 45).

Figure-44. Initial and expected numbers of children and young people by specific age groups, 2020-2050 (as of Dec. 31), Albania, medium variant

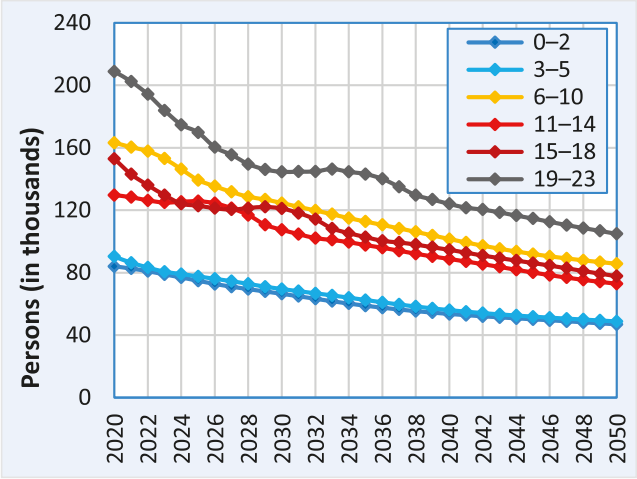
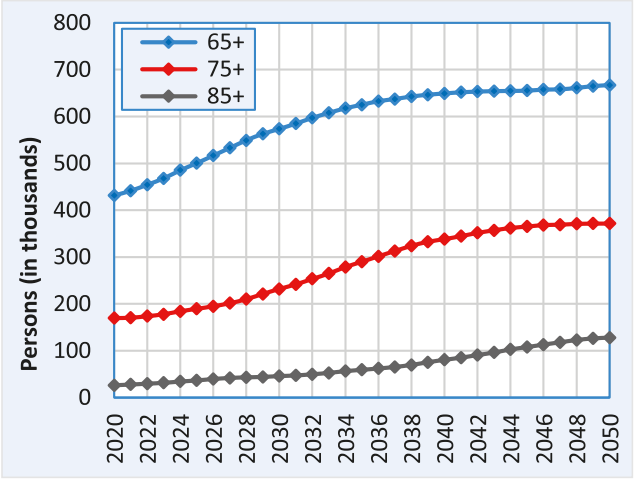


Figure-45. Initial and expected numbers of the elderly by specific age groups, 2020-2050 (as of Dec. 31), Albania, medium variant



In the case of the contingent of children and young people at the age of preparation for employment and their sub-categories, we expect a univocal decrease in the order of dozens of percent. The size of the entire contingent of children and adolescents at age up to 23 years should decrease from recent 829 thousand to less than 437 thousand persons in 2050, i.e., by about 47 per cent At the level of individual sub-groups, the relative decrease is expected in the range of 44% - 50% between 2020 and 2050.

Among the categories of senior citizens, the centre of mass will shift from younger to older seniors in the coming decades. The share of the oldest-old (85 and over) among the elderly represented approximately 15% at the beginning of the forecast period than in 2020. After 30 years, it should increase to about 35%. A similar proportion of middle-aged seniors (75-84 years) should grow from an initial 23% to 29% around 2038 and then return to 21% in 2050. The share of young seniors (65-74 years) is expected to decrease from 61% in 2020 to 44% in 2050. Such development should be the result of unequal dynamics of their sub-groups. The number of the oldest-old is expected to grow to five times the initial value, middle-aged seniors to 2.2 times, and the young elderly to 1.5 times by 2050.

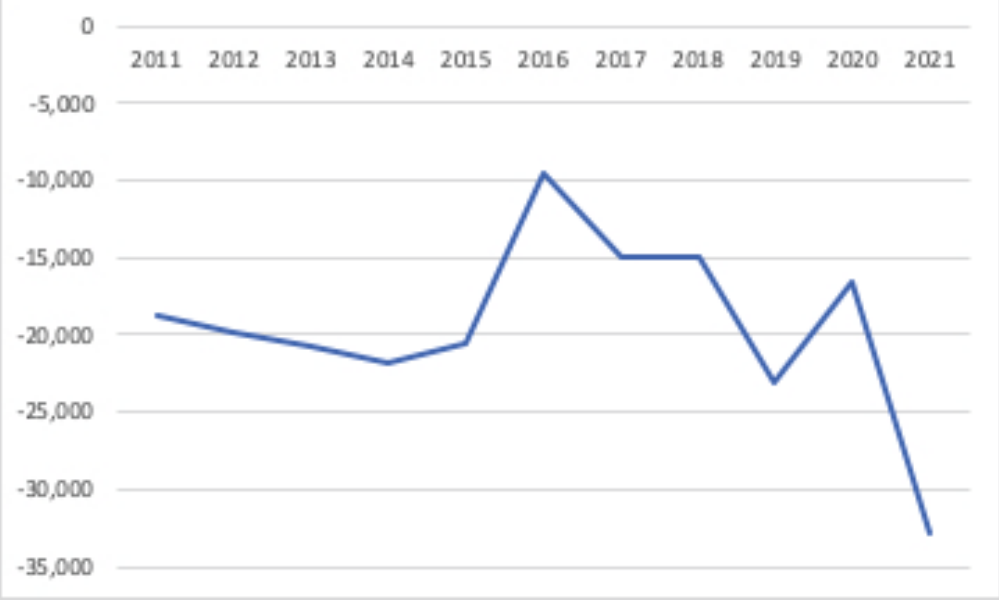
However, it will not be only the whole population or the elderly who will age. The working-age population is also most likely to age. In 30 years, its average age should increase from 41.7 to 46 years.

The development of the sub-populations in the pre-productive and working age will probably not enforce an additional social expenditure. It will, however, by no means apply to expected changes at the other end of the age pyramid. The increase in the number of seniors will cause a significant rise in entitlements to pension insurance and health care covered within public budgets.

2.5 Potential of inbound migration and return migration to balance the net migration trend in Albania

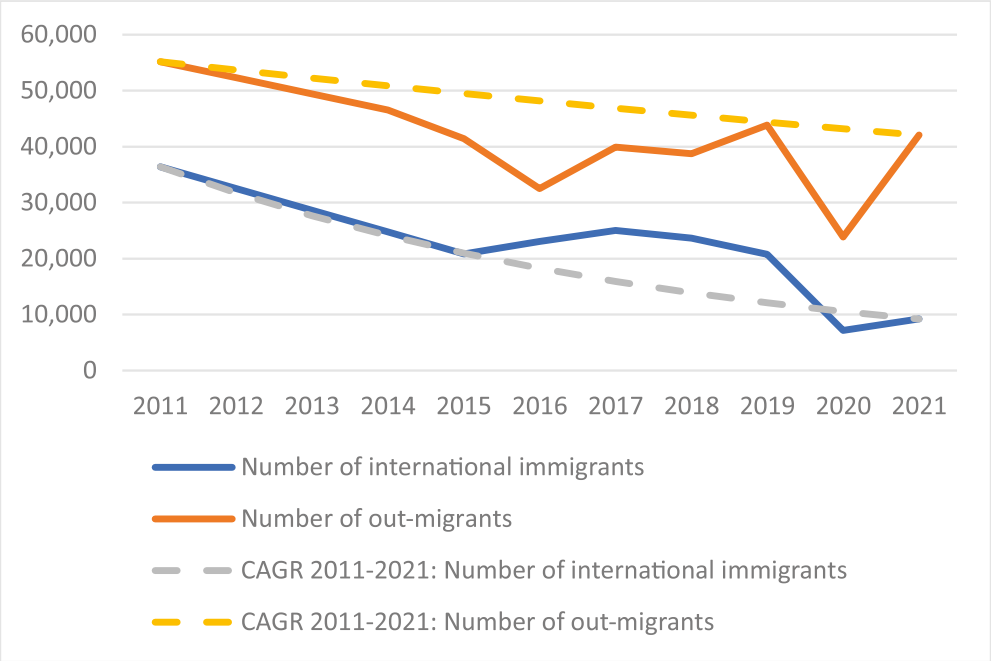
While a significant reduction of outmigration at the peak of the COVID-19 crisis in 2020 meant that net migration temporarily reduced to -16,700 individuals, out-migration rebounded much quicker in 2021 than immigration, leading to an estimated net migration rate of almost 33,000 people leaving Albania in 2021 (see Figure 46).

Figure-46. Net migration, number of migrants per year, 2011-2021



Annual out-migration during the period 2011-2021 also slowed down, albeit at a more moderate rate than immigration flows (see Chart 26). Between 2014 and 2019 the difference between the number of migrants and the number of immigrants produced a negative migration rate of -70,000.

Chart-26. Number of international immigration and out-migrants, by year, and compound annual growth rate-adjusted trends, 2011-2021



An overwhelming majority of immigrants in Albania are return migrants, as is typical for a country experiencing sustained net out-migration. The estimated share of returnees among immigrants is 98.2 per cent as elicited by the National Household Migration Survey (NHMS) published in 2020.[38] Some returnees stayed abroad for only a short time (e.g. contract workers and students) and may re-emigrate in the medium term. Other Albanian migrants, however, tend to stay abroad for longer time periods before they return to their home country (e.g. long-term migrants with permanent employment contracts, retirees). Most return migrants return from Greece, Italy and Germany, representing the key countries of destination of former cohorts of Albanian out-migrants. Mirroring past out-migration trends, over two-thirds (64%) of returnees are male and between 20 and 60 years of age, with most returnees being in the 25-44 years age cohort.[39]

Return migration remains a variable that is difficult to model according to path-dependent principles. On the one hand, the incentives to return depend on Albanian policies: industrial policy that in a free market economy contribute to determining the attractiveness of wages and wage premiums; mechanisms and schemes of skills recognition for returnees to assess their likelihood to be integrated or re-integrated in the Albanian economy; incentives for brain circulation.

On the other hand, return migration is influenced by factors that lie outside the control of Albanian policymakers and thus depend on circumstances in the country of destination. Key factors are immigration policies (long versus short-term visa schemes), integration prospects of Albanian out-migrants, changes in wage differentials between the Albanian labour market and those of key CODs.

A model that factors in the Albanian context and that of the rest of the world is not only technically difficult to imagine but most probably of limited use. In fact, best practices from countries of origin such as India suggest that policies to attract or disincentivize returns are most effective at the bi-lateral corridor level. The system of incentive to promote return is often promoted first between countries and more often also for the occupational profiles for which skills recognition is not only feasible but also profitable for the parties, in the case of Albania for the country of origin.

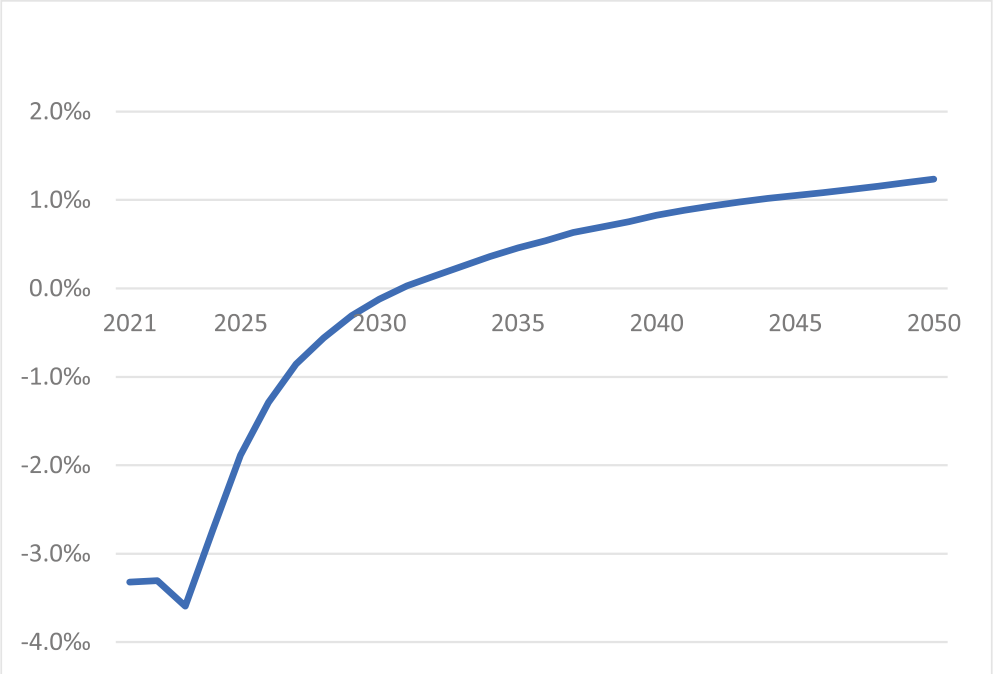
Turning our attention to international migration, we rely on path-dependent projections such as those developed by Kucera (2022). Projected migration flows suggest that net migration may become neutral as early as 2031, followed by a gradual increase in positive net immigration (Chart 27).

38. https://albania.iom.int/resources/national-household-migration-survey-albania-0.
39. IOM Report.

Return migration and in-migration of foreigners into Albania will not offset the reduction brought about by outbound migration any time soon. If it is true that migration flows are hardly path dependent, the projected values quantitatively balancing future net migration trends in Kucera (2022) is unlikely to mirror a clearing equilibrium in a labour market that remains highly segmented, characterized by phenomena of joblessness of people in the working age, as well as by skills mismatches reported both by national and foreign employers.

While most international migrants, being labour migrants actively engage in the Albanian labour market, this is not true for the much larger population of return migrants. Indeed, between 50% and 60% of return migrants find themselves unemployed after returning to Albania and thereby driving up the unemployment rate.[40]

Chart-27. Projections of crude net migration rate (until 2050)



While unemployment amongst return migrants reduces over time as individuals are gradually exiting the working age or re-migrating, the unemployment rate among returnees nonetheless remains higher than that of the population that did not out-migrate.

2.6 Conclusions

The forecast presented above does not result from our first-hand study of Albania's population development. Nevertheless, there is still a relatively small amount of accumulated country-specific knowledge on different aspects of population development. Moreover, detailed and systematic cognition of the entire population reproduction in the country, in general, is only at its beginning.
The data of demographic statistics provided by INSTAT supported us in coming up with the present report. Data analyses have not discovered any principal disturbances in structural and developmental regularities.
The results of analyses of the population reproduction of Albania based on theoretical knowledge shows as follows:

- The overall fertility displays low values belonging to the zone labelled in demography as lowest-low fertility. They are rather oscillating than showing any clear trend during the past years. This situation partially reflects the relatively dynamic postponement of parenthood, resulting in the so-called fertility aging during the past years. Aging of fertility has probably not yet reached its peak at the forecast threshold, but the mean age of mothers at birth was already relatively high and should stop or significantly slow down soon. The overall level of fertility shouldn't change substantially. At least, we did not find any relevant reason for such development.

40. IOM (forthcoming). Strengthening Labour Migration Framework in Albania. Assessment of Labour Mobility Frameworks and their Impact on the Mobility of Albanian Labour Migrants.

- Mortality intensity decreased during the past twenty years until the outbreak of the COVID- 19 pandemic. A dramatic increase in mortality was observed in 2020 and is justifiably also expected in 2021. The pandemics will likely be a random but distinctive episode in the long-term mortality developments, expressed in a pronounced drop in life expectancy. Compensation for this profound decline will probably be a medium-term process lasting even about a decade, depending on the scale and structure of the secondary consequences of COVID-19 on population health. Afterward, the decrease in mortality should continue in line with the pre-COVID trend, and the average length of life of females and males should grow accordingly. This life expectancy growth at birth should remain significant but, at the same time, should slowly lose its dynamics.

- The volumes of migration across the borders of Albania will very probably decrease due to the decline in population size and aging, mainly because of less and less numerous younger cohorts – the core of potential migrants. The country's economic and social development, especially related to the expected redefinition of the territorial production relations of developed European countries, could play a positive role in this respect. The demographic impact of migration which is currently more significant than the influence of natural change, at least in terms of the development of total population size, will undoubtedly wane. The reason is not only the mentioned successive reduction of migration volumes but also bud significantly increasing deficit of natural change (the excess of deaths compared to births). In sum, migration has a chance to remain in the position of the most significant component only during the first few years of the forecast period. Sooner or later, approximately within ten years, the natural change balance should outnumber the migration balance and become the leading component of reproduction.

- The further significant outflow of young people in the first third of the forecast period will decree the population and the aging of Albania's population.

Considering these findings and expectations, it is evident that the most likely changes in the size and age-sex structure of the population of Albania should have far-reaching consequences affecting virtually every aspect of society's life. These changes will undoubtedly affect the essential public interest areas such as for example public finance, social security and assistance, the public health system, and the labour market. Moreover, the impacts of demographic development on these sectors are interconnected. Usually, the situation in one area significantly influences the condition of others and vice versa.

Rapid population aging is raising the question of the current pension system's sustainability. It will be one of the critical issues to settle within the context of assumed population development. Almost doubled the proportion of the elderly in the population within the next three decades and more frequent survival to high ages will also result in high demand for health and social services. These two factors will exert pressure on the growth of public health expenditures, change the internal age-sex structure of pensioners, the size of households and families, and the volume and structure of their spending.
The productive age population representing the potential labour force will, beyond doubt, dynamically decline and age simultaneously during the forecast period. These changes will weaken the demand for jobs and the labour potential of the population, thus raising public concerns over the future population development of Albania.

Summarizing the main findings of this study, one can conclude that it is essential to start acting accordingly and to study the demographic future and its contexts systematically and in deeper detail when developing policies. Solely through such a detailed and systematic study, it is possible to fully identify and assess the population perspectives, potential consequences of population development, and the possibility of averting or mitigating the unfavourable ones. Only practical and efficient policy measures based on evidence-based sectoral policies can bring significant results. In this context, it is relevant to recall the argumentation in this report's introductory part and remember that the population forecasts and model projection results should play a core role in designing, adopting, and monitoring such policies.

PART III - POLICY RECOMMENDATIONS

This part of the report presents a range of issues to be considered by policymakers over the next programming cycles. More specifically, they touch upon the model of growth, its dependency on migratory dynamics, and policy options to either reduce these dependencies or to manage them in a safe and orderly manner. It follows a series of policy implications specifically targeting ministries in charge of employment, labour and social affairs issues, tackling supply and demand barriers to employment that could reduce the migratory inflows required to replace - keeping other things constant - expected Albanian out-migrant flows over the next 15 years.

3.1 Public policy options available to address foreseen demographic changes ensuring sufficient labour supply to the Albanian labour market taking into account gender-sensitive policy outlook and the rights and protection of (migrant) workers

Albania is facing a situation characterized by an economy that not only grows, but also creates jobs. The entries in the labour market that sustained both domestic employment and outmigration will be receding in terms of contraction of the labour force as compared to a decade ago.

This situation was faced by most countries that entered this phase of the demographic transition, a phase of economic development that required an increased and better-skilled labour force.
Differently from other countries faced this contingency, the socio-economic model of Albania was and still is highly rooted in out-migration and its payoffs - remittances, the release of unemployment pressures, circular returns of high-skilled migrants. On the other hand, domestic employment increased in the past decade along with a reduction of unemployment, showing signs that Albanians not only look for better prospects abroad, but they also sustain with their labour the internal economic expansion.

Another aspect that differentiates Albania is a lack of competitiveness of its wages in a context of geographical proximity to EU labour markets with high wages, good coverage of labour market institutions, high demand for international migrant workers and emerging policies that effectively support international recruitment. In essence, this means that Albanian employers already face, and will continue for the foreseeable future, serious challenges in attracting low- and semi-skilled labour to fill rising labour shortages.

What are the policy options to address and counter this imbalance? First, to increase productivity for the economy as a whole to demand fewer workers for the same output level. Second, to link productivity to wages in such a way that work pays in Albania making its labour market attractive; this measure should make the promotion of return migration effective and reduce incentives for the out-migration more responsible for brain drain. Third, to improve overall migration management system, duly factoring outmigration and its (potential) compensation by return and in-migration, as powerful variables impacting labour market and structure of the labour force, domestic and foreign, in Albania.

Moving towards policy options that pay off over the span of two decades and beyond, it is important to also mention demographic and social policies that enhance fertility.
The economic growth model ultimately determines the jobs that the Albanian economic system will make available in the future. Against the growing divide between workers required by the economy and the available labour force, *Albanian policymakers should set up incentives to move away from employment-intensive manufacturing and agriculture - which are correlated with lower productivity and hence lower wages and skills requirements - and more in general towards high-productivity activities.*

Industrial policies that increase productivity shall be declined at the sectoral level. For the agriculture sector, ***the strategic thrust should be to incentivise the capital-intensive mechanisation of agricultural activities. In parallel, measures to orient the service sector from the local economy to international services may be an ingredient of a policy mix to increase value added to the tertiary sector.***

The second pillar of policies reverts back to linking productivity to wages. This requires actions ***to extend the coverage of employment protection legislation through incentives for economic activities that are more likely to entail formal employment arrangements.*** Wage-fixing mechanisms at the sectoral level should contribute to retaining skilled workers and eventually attracting them from the international recruitment market.

Productivity policies mentioned in the first and second pillars are a precondition for the effectiveness of the in-migration system reform. First, ***a labour and migration labour market information system should inform policymakers about the qualifications and skills of current in-migrants in the Albanian labour market. Second, a diversification of the same system should allow sectoral councils and associations to plan and recruit different segments of in-migrants based on vacancy notifications and possibly labour market tests to avoid competition with domestic unemployed. The system could and should be complemented with bilateral labour agreements embedding skills development considerations informed by Albanian employers.***

Finally, moving towards the longer time horizon, Albanian policymakers should explore d***emographic and social policy options providing incentives for families with children while ensuring channels for women to re-enter the labour market after fertility spells.*** The latter maintains positive gender and employment outcomes already in the short term.

3.2 Impact of migration on the sustainability of the social security system given scenarios proposed

The prospected population scenarios (Kucera, 2022) appraised jointly with the insights from the evolution of the labour market presented in this study provide insights for managing the social security system.
The first policy option available revolves around the trade-off between the extension of the pension age primarily affecting public sector employment and the degree to which the same extension will slow down entries of young workers. On the one hand, retaining older workers in the labour market will lighten the pension bill to be paid by the government in any given year. On the other hand, despite the decreasing magnitude of the youth cohorts, a delay in replacing workers usually has negative implications for productivity.

Migration policy enters the equation by sustaining the aggregate contribution of current workers to the social security system. As Albania newly entered the tier of countries of destination for labour migration, this contribution is still marginal. In the most optimistic scenario, only 20,000 foreign workers currently engage in the Albanian economy. This count should be adjusted for the incidence of those not covered by formal employment arrangement and hence not paying social security contributions.

As also pointed out by Kucera, it is difficult to provide quantitative forecasts for a variable - stock of in-migrants to Albania - which is by definition not path dependent and varies based on the prospective capacity of the labour market to attract migrants and of the changes set out by the state for the immigration system (2022). The peak of 23,900 in-migrants forecasted for 2026 is not sufficient to play a role in compensating the imbalances between generational exits that will increase more than proportionally if compared to entries.

There are three other levers that the Albanian government can and shall use to keep social security balances in control. Both are related to productivity increases and expansions of sectors more prone to promote formal employment. The first one is the attraction of returnees of working age gaining employment in the national labour market and likely to bring back contributions made possible by portability agreements with the countries of destination. The second one relates to the rise of new economic activities in sectors where employers are too big to fall out of employment protection legislation operating outside the formal sector. The third lever consists of negotiating and signing new social security contribution agreements with key countries of destination, as in 2017 these were limited to four countries only marginally accounting for the massive stock of Albanian out-migrants: Belgium, Czech Republic, Romania, and Turkey.

3.3 Lessons that can be learned from the experience of countries similar to Albania in dealing with brain-drain and encouraging brain circulation

Lessons learnt from the experience of countries similar to Albania, i.e. witnessing sustained negative net migration, suggest that brain drain considerations need to be identified - and appropriate strategies such as brain circulation schemes designed accordingly - at the sub-sectoral or even occupational levels.
A country of destination which may appear highly promising considering criteria such as wages, working conditions and living conditions may ultimately not be a strategically suited corridor, as its vacancies concentrate on certain sectors or occupations that the Government of Albania may not wish to promote. ***For instance, from Albania's perspective, occupational bans may prohibit out-migration to certain destinations or for specific occupations deemed unsuitable or not strategic.*** An example widely quoted in the literature is the domestic workers ban issued by the Philippines, which aims to deter out-migration in a sector – domestic work – not deemed strategic anymore. Emergency situations may cause other reasons to apply occupational bans.

The world under COVID-19 may create scenarios where countries of origin wish to ***establish specific temporary bans.*** For example, skills to produce certain goods, such as ventilators for Intensive Care Units, which were previously available in the international market, may be considered essential for reasons of national public health, hence incentivizing governments to create a temporary or permanent ban on the out-migration of individuals who are equipped with the skills required to manufacture them. Occupational bans are generally difficult to implement, especially in the European region, where free movement principles are incompatible with exit visa schemes that are in place with the countries that implemented bans.

In terms of brain circulation schemes, the mobility incentives of Albania need to be coupled with industrial policy in such a way that reshoring manufacturing processes to continental Europe meets the skills acquired by prospective returnees who worked in skilled manufacturing occupations abroad. ***This calls for policy coherence approaches where the pattern of skills brought back by returnees meet policies to attract foreign direct investments and public investments including green jobs.*** A case in point is made by the example of Italy. The National Recovery and Resilience Plan is animated by the idea of modernizing the fabric of the economy and society according to green economy principles. The public investment makes use of retrained unemployed along with returnees attracted by jobs in the green economy. The latter mobility component is a key pillar of a public-private partnership launched by ENEA Tech (a foundation established by ENI) to enact technology transfers in innovative sectors using brain circulation incentives. Brain circulation incentives include competitive wages, as well as waivers of income tax and social security contributions to be paid by the returnee. ***A similar scheme can be adopted by Albanian policymakers combined with an outreach campaign among diaspora communities in countries of destination at the technological and green economy frontier.***

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GLOSSARY

- **Age-sex structure** The composition of a population as determined by the number of males and females in each age category or its share of the total population (not males or females separately). The age-sex structure of a population is the cumulative result of past trends in fertility, mortality, and migration. Information on age-sex composition is essential for the description and analysis of many other types of demographic data. See also the population pyramid.

- **Age-specific emigration rate** The number of emigrations among men or women in a particular age group, divided by the mid-year/average number of men or women respectively in that age group.

- **Age-specific fertility rate** The number of births to women in a particular age group, divided by the mid-year/average number of women in that age group.

- **Age-specific mortality rate** The number of deaths among men or women in a particular age group, divided by the mid-year/average number of men or women respectively in that age group.

- **Ageing of population** A process in which the proportions of adults and the elderly increase in a population, while the proportions of children and adolescents decrease. This process usually results in a rise in the median/mean age of the population. Ageing generally occurs when fertility rates decline while life expectancy remains constant or improves at older generations.

- **Birth rate** (or Crude birth rate) The number of births per 1,000 mid-year/average population in a given year. In English, the term "natality" is frequently replaced by the term "birth rate".

- **Childbearing age** The reproductive age span of women assumed for statistical purposes to be usually the age interval of 15-49 years of age.

- **Cohort** A group of people sharing a common temporal demographic experience who are observed through time. For example, the birth cohort of 1900 is the people born in that year. There are also marriage cohorts, school class cohorts, and so forth.

- **Death rate** (or Crude death rate) The number of deaths per 1,000 mid-year/average population in a given year.

- **Demographic transition** The historical transition from extensive to an intensive form of human reproduction, the shift of birth and death rates from high to low levels in a population. The mortality decline usually precedes the fertility decline, resulting in rapid population growth during the transition period.

- **Effectiveness of migration** Resulting net migration per 1000 migratory movements.

- **Emigration** The process of leaving one territory to take up permanent or semi-permanent residence in another one.

- **Emigration rate** The number of emigrations from the territory per 1,000 mid-year/average population in that area.

- **Fertility** The process of childbearing, one of the components of natural change and population reproduction

- **Forecast** The statement of the most probable future development of given phenomena based on scientific cognition.
- **Growth rate** (or Annual growth rate) the increase or decrease of the total population during a given calendar year expressed as a percentage of the total population at the beginning of the year.
- **Immigration** The process of moving into a territory from another one to take up permanent or semi-permanent residence.
- **Infant mortality rate** The number of deaths among infants under age 1 per 1,000 live births during the same year.
- **Life expectancy** The average number of additional years a person at a particular exact age could expect to live if current mortality trends were to continue for the rest of that person's life. Most commonly cited as Life Expectancy at Birth.
- **Mean age** The average age of given population members.
- **Mean age of mother at the birth of child** The average age of mothers at childbearing calculated based on the values of Age-Specific Fertility Rates over the entire childbearing age.
- **Migration** The process of movement of people across a specified administrative boundary for the purpose of establishing a new place of permanent or semi-permanent residence, a component of population change.
- **Model projection** The statement on the future development of given phenomena under predefined conditions which does not aspire to provide a picture of the most probable future development.
- **Mortality** The process of dying out of generations, a component of population change.
- **Natality** The result of the childbearing process, a component of population change.
- **Natural change** The resulting process of the interaction of natality and mortality.
- **Net migration** The result of migration balance, the difference between the number of immigrations and emigrations.
- **Parity** The birth order of a child.
- **Population reproduction (or Demographic reproduction)** – the process of permanent replacement of generations through the partial processes of natural change and migration (natality, mortality, immigration and emigration)
- **Population balance** The result of the population change. The population size by sex and age reduced by the numbers of deaths and emigrations by sex and age and increased by the corresponding numbers of births and immigration.
- **Population change** The resulting process of natality, mortality, immigration and emigration.
- **Population pyramid** A double bar chart arranged vertically that shows the distribution of a population by age and sex. By convention, the younger generations are at the bottom, with males on the left-hand side and females on the right-hand side from the reader's position.

- **Population size** The total number of inhabitants of a given territorial unit or category of communities on assigned territory.

- **Post-productive population (or population in the post-productive age)** The inhabitants at age 65 and older.

- **Pre-productive population (or population in the pre-productive age)** Children in the population. A part of the population younger than 15 years.

- **Productive population (or population in the productive age)** The population at the age 15-64 years.

- **Replacement fertility** The level of fertility at which every woman is replaced by a girl who survives to the same age as is maternal age at the time of delivery (and become a mother again as assumed by this concept).

- **Total fertility rate** The average number of children born alive to a woman during her life throughout her childbearing years conforming to age-specific fertility rates of a given calendar year or another period.

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