



**SOCIAL PROTECTION**

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## **Improving Social Insurance for Migrants**

**Lessons from Albania**

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## Abbreviations and Acronyms

AFSA	Albanian Financial Supervisory Authority
ALL	Albanian Lek (currency)
BSSAs	Bilateral Social Security Agreements
CFE	Caisse des Français de l'Étranger (Social Security Fund for Nationals Abroad, France)
CMIS	Central Management Information System (ISSH's electronic data system)
CPP	Canada Pension Plan
DB	Defined Benefit (pension)
DC	Defined Contribution (pension)
EU	European Union
GCC	Gulf Cooperation Council
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (German development agency)
HII	Health Insurance Institute (Albania)
INPS	Istituto Nazionale della Previdenza Sociale (Italian Social Security Institute)
INSTAT	Instituti i Statistikave (Albania's Statistical Office)
IOM	International Organization for Migration
ISSH	Instituti i Sigurimeve Shoqërore të Shqipërisë (Albanian Social Insurance Institute)
JKN-KIS	Indonesia's national health insurance program for informal workers
LFS	Labor Force Survey
MSA	Mobility Savings Account
NAES	National Agency for Employment and Skills (Albania)
NARUs	Needs Assessment and Case Referral Units (Albania)
NDC	National Defined Contribution
NEST	National Employment Savings Trust (UK)
NHS	National Health Service (UK)
NSSF	National Social Security Fund (Uganda)
OECD	Organisation for Economic Co-operation and Development
OSS	Overseas Social Security (Belgium)
OWWA	Overseas Workers Welfare Administration (Philippines)
PAYG	Pay-As-You-Go (pension system)
PSUs	Primary Sampling Units
ROSCAs	Rotating Savings and Credit Associations
SFRY	Socialist Federal Republic of Yugoslavia
SI	Social Insurance
SSN	Servizio Sanitario Nazionale (Italian National Health Service)

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## Executive Summary

**As global mobility increases, social insurance coverage for migrant workers emerges as a policy priority alongside traditional pension system sustainability concerns.** This is particularly relevant for Albania, as nearly 44% of its population works abroad, primarily in EU countries. While residents of a country and formal workers are more likely to be insured from vulnerabilities, migrants may face specific vulnerabilities stemming from unstable employment conditions, restricted availability of formal social protection mechanisms, and difficulties in transferring accrued benefits when moving between countries. When migrants lack proper social insurance coverage, they become exposed to various risks including sudden health problems, job loss, and insufficient income during retirement. These vulnerabilities may diminish the potential economic benefits that migration could otherwise generate for both the host and destination countries.

**This report focuses on improving retirement security for global migrant workers, with social insurance coverage of Albanian migrants used as a case study.** Retirement security, via pensions, presents distinct challenges compared to other social risks due to its long-term nature and cross-border complexities. The myopia and present bias of individuals result in under-saving for old age, a challenge more acute for migrants given their distinct characteristics. Albania currently employs several mechanisms to extend pension coverage to its diverse migrant worker population, each with distinct advantages and limitations. One of the ways Albania ensures pension coverage is through Bilateral Social Security Agreements (BSSAs) with destination countries. The benefit of such an agreement includes measures like pension portability, contribution totalization, and equal treatment provisions. However, these agreements exclude the large shares of Albanian migrants working informally. Moreover, since it is administratively harder to cover benefits like health insurance for migrants, even Albanians working formally lack comprehensive social insurance. The state administered voluntary pension scheme in Albania offers an option for migrants working informally to accumulate pension rights in their home country, but it suffers from low participation rates due to multiple barriers. The requirement for minimum contributions equivalent to 21.6% of Albania's minimum wage creates affordability challenges, while the lack of short-term benefits and mandatory in-person enrollment further discourages uptake among mobile migrant workers. Private insurance products in Albania present a third option, but market penetration is poor, and coverage of risks is concentrated on life and accident products, with minimal offerings for health or unemployment.

**Migrants working informally suffer additional barriers from securing adequate pension protection.** Many migrants are employed in informal or non-standard employment that are not subject to social security contributions or where enforcement of the mandate is weak. For instance, in host countries, many Albanian migrants work informally, with an estimated 30-40% in Greece and Italy, where employer contributions are not always consistently enforced. Even when employers do make contributions, migrants often lack awareness of their entitlements, leaving benefits unclaimed. Portability remains another challenge—while migrants may contribute to host-country systems, their benefits frequently cannot be transferred across borders, resulting in lost entitlements upon return and gaps in coverage. Compounding these structural issues, migrants sometimes distrust social security institutions due to inadequate predeparture information or negative past experiences, leading them to rely on informal savings and community networks.

**Informal networks and savings have become the first line of defense for these migrants, but they are not always fully reliable and could increase risk exposure.** Migrants face two key types

of shocks that threaten their welfare: covariate shocks like pandemics or natural disasters that affect entire communities and are difficult to insure against, and idiosyncratic shocks like job loss or illness that could be managed through social insurance but often are not due to access barriers. When formal social protection is unavailable, migrants, including those from Albania, resort to informal mechanisms—remittances, community savings groups (ROSCAs), and ethnic networks—which provide flexible support. Albanian migrants, for instance, depend on these informal systems for emergency loans, job referrals, and even basic healthcare through diaspora clinics or traditional healers, particularly when undocumented. However, these solutions carry significant risks: nearly 70% of migrants relying on informal health networks receive incomplete care, while informal lending exposes them to fraud that average €2,000 in losses per scam. Informal mechanisms are particularly unable to provide steady and reliable income as needed in old age when the capacity to earn income is usually lower. Non-contributory benefits financed through general revenues can also exclude migrant returnees because of residency requirements. In Albania, 72% of elderly returnees for example were ineligible for social pensions despite need. The result is a protection gap where migrants remain vulnerable across their entire migration cycle.

**Successful examples of social protection programs targeting migrants and other vulnerable groups (like the informal sector), offer lessons for designing SI schemes for migrants in Albania and beyond.** The geographically mobile nature of migrant jobs, the irregularity of their incomes and need for short term access to savings are unique characteristics which poses challenges for countries to protect and promote welfare of migrants and their families. These characteristics of migrants, are also shared, at least partially with other vulnerable groups of workers gig workers, agricultural workers, contract workers, youth/women etc. Promising approaches include targeting those that have more stable incomes and providing monetary and non-monetary incentives to those who are above the poverty line but vulnerable. Leveraging digital technology can also help countries design schemes that better meet the needs of migrants. Initiatives like the Overseas Workers Welfare Administration (OWWA) in the Philippines is a promising example for providing social security coverage to migrant workers through a mandatory membership contribution every two years. OWWA operates through welfare officers based in regional and field offices across 27 countries, offering a comprehensive range of benefits including disability coverage for injuries sustained while working abroad, death and burial benefits, education and training, welfare assistance, psycho-social counselling, conciliation, airport assistance, legal assistance, repatriation and reintegration programs, and various loan options. These funds ensure that migrants receive essential support and maintain their social security rights while working overseas. A key lesson from OWWA's effectiveness is the bundling of a range of interventions, suggesting that any interventions to promote retirement security must consider the attractiveness of the scheme. Digital solutions like Kenya's M-Pesa platform prove that mobile technology can make it easy, accessible and cost effective to collect contributions, query about scheme benefits, and disburse benefits, making it easier for migrants to join and contribute to schemes from anywhere, anytime.

**To address existing coverage gaps, Albania should consider prioritizing four key policy actions.** First, modernizing the voluntary pension scheme and making adaptations such that it enables an uptake of the scheme by migrants. The voluntary scheme is generous from an actuarial standpoint whereby those who do contribute to the scheme at the minimum wage level, receive a higher lifetime benefit than their lifetime contributions, considering that the scheme provides an indexed guaranteed benefit in a context where people are living longer on average. Despite this implicit subsidy in the scheme, take-up is low. This could be because of limited understanding of

scheme benefits, present bias that migrants face, limited trust in the social security institution or low value placed on the subsidy provided by the scheme. Policymakers would benefit from an understanding of migrant attributes, awareness, needs, and preferences. Accordingly, adaptations should be made, such that the voluntary scheme addresses short-term migrant needs alongside the long-term, provides explicit subsidies to improve accessibility for the lowest income migrant population, makes changes that improve long run sustainability, integrates digitization in its payment and contribution processes, incorporates behavior nudges to incentivize participation, promotes the appealing features of the scheme and undertakes targeted outreach efforts so that migrants are incentivized to participate. Second, fast tracking technical discussions on BSSAs with key destination countries like Greece could be considered, while incorporating health insurance components with other destination countries. Third, administrative improvements such as interoperable data-sharing systems and multilingual grievance portals would streamline processes for migrants and can avoid delays in coverage and access. Finally, awareness around labor rights, employer provided benefits etc. should be prioritized for migrants and carried out in a proactive manner for all migrants. Announcements around these benefits and programs should be mandatory across border control offices, visa processing centers, Ministry websites, and any other touchpoints migrants are likely to cross on their journey from home to destination country.

**These pension-specific reforms would create a foundation for broader social protection improvements.** By addressing the complex challenges of pension portability and informal workers' coverage, Albania can transform its diaspora from a population at risk of old-age poverty into a community with durable retirement security—this model could also benefit migrant workers globally.

## 1. Background and Context

**Europe has a highly mobile population, with a diversity of people who have historically decided to start new lives in foreign countries.** As documented in Bossavie et al. (2024), Europe is the region that attracts more migrants globally. Europe makes up 13 percent of the world's population but attracts one-third of the global migrants' stock. Most of these migrants originate from within the region itself, with emigration rates being notably high in the Western Balkans, Armenia, and Moldova. Albania, Bosnia and Herzegovina, and Kosovo have emigration rates over 30 percent and, along with North Macedonia, are among the countries with highest emigration rates in the world. The COVID-19 pandemic and Russia's invasion of Ukraine significantly impacted migration in the region, initially causing a decline but ultimately leading to a surge. Migration in Europe is diverse, encompassing economic migrants and refugees, varying education levels, temporary and permanent movements, and formal and informal arrangements. Drivers include conflict, income disparities, quality of services, and demographic changes. Studying migration trends and designing appropriate policy interventions to extend social protection coverage to migrants is critical not only for welfare of migrants but also since large inflows/outflows of young working age adults have impacts on financial sustainability of social security (pensions, health care, long term care costs) in a rapidly aging Europe.

**Some migrants in Europe face a range of vulnerabilities that are exacerbated by their legal status, precarious employment, limited access to social protection systems, and barriers to financial inclusion.** Low-skilled migrants are often more exposed to economic shocks and are not

always covered by adequate social protection programs. Many of these migrants rely on informal arrangements and inaccurate information before departure, leaving them unprepared for the challenges they face abroad.<sup>1</sup> Once at their destination, many hold temporary or seasonal jobs, increasing their risk of being laid off during economic downturns, such as those experienced during the COVID-19 pandemic.<sup>2</sup> This lack of job security is compounded by limited access to social protection programs that comprise of social assistance, social insurance, and labor market support, even within the European Union, where migrants generally have less access compared to native-born individuals.<sup>3</sup> Migrants with irregular legal status face additional restrictions, including limited access to healthcare and social services, which heighten their vulnerability<sup>4</sup> and can lead to deportation. Migrants also face barriers in accessing and managing bank savings in host countries. A European Migration Network study found that third-country nationals, including Albanians, struggle to open accounts due to strict documentation rules and non-standardized ID requirements. Data shows that merely 18%<sup>5</sup> of Albanian migrants in Greece had savings accounts, and, as per the 2019 OECD survey, less than a third among those in Italy felt confident navigating the banking system—limiting their ability to save securely and leverage funds in times of need.

**Access to social insurance provides coverage against lifecycle risks and can be helpful for migrants who lack support networks abroad, and who might face exclusion barriers to social assistance benefits.** Social insurance schemes serve as a critical and cost-efficient support for workers, providing access to benefits in the face of events such as old age, disability, death, unemployment, or health issues. These schemes are often government administered and centralized, given the cost efficiency associated with risk pooling at a national level. They are commonly mandatory by design and have clearly defined eligibility conditions to avoid adverse selection<sup>6</sup> and moral hazard<sup>7</sup> issues. At an individual level, having social insurance coverage against a wide range of lifecycle risks improves one’s productivity at work, protects them from resorting to harmful coping strategies, such as reducing food consumption or taking children out of school when faced with economic hardships, and improves overall well-being. For migrant workers, particularly those in low-skilled jobs, the risks are amplified due to the nature of their work and their often-vulnerable position in host countries. Evidence shows that migrants often have weaker social networks in host countries compared to local residents, leaving them less resilient in the face of unexpected shocks.<sup>8</sup>

**Contributory social insurance schemes provide more reliable coverage vis-à-vis noncontributory benefits, as long as eligibility conditions are met.** Social insurance schemes are primarily financed through payroll contributions i.e. contributions based on individual wages. Workers and employers are often mandated by law to contribute to these schemes, or they could contribute voluntarily if a voluntary scheme exists<sup>9</sup>. Redistributive design elements like minimum

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<sup>1</sup> (Bossavie, Garrote Sánchez, and Makovec, 2024)

<sup>2</sup> (Testaverde and Pavilon , 2020)

<sup>3</sup> (ILO, 2024)

<sup>4</sup> Ibid

<sup>5</sup> (Niankara & Traoret., 2021)

<sup>6</sup> Adverse selection refers to the risk where only those who expect to need benefits would enroll. A risk with voluntary social insurance is that healthier or wealthier individuals might opt out and this would undermine the financial sustainability of the system.

<sup>7</sup> Moral hazard in this context refers to the possibility that individuals may engage in riskier behavior or fail to take necessary precautions because they know they are protected by social insurance benefits. This can lead to inefficiencies and increased costs for the system.

<sup>8</sup> (OECD, 2019)

<sup>9</sup> Schemes that do allow voluntary contributions still have a minimum and maximum monthly contribution limit to ensure that schemes provide a base level of protection on one hand and are not used as a haven for ‘parking funds’ by high income workers.

pensions or ceilings for benefits allow them to provide a minimum level of protection for those most vulnerable while the risk-pooling feature of these schemes makes them more cost effective than self-insurance (own savings, savings of friends or family, credit etc.). Defined benefit schemes often require a minimum number of years of contribution (vesting period), upon meeting which individuals are entitled to the benefit as stipulated in the law. Since they are financed through individual contributions, they can be more reliable than social assistance benefits that are usually more modest, targeted and subject to government resources. In countries where migrants are a sizeable share of the working age individuals, allowing migrants to contribute to national contributory SI schemes can also boost scheme revenues<sup>10</sup>.

**Despite progress, social protection access gaps for migrants persist.** Globally, with only 23% of migrants having access to at least one social protection benefit i.e., healthcare, unemployment, or pensions,<sup>11</sup> nearly 4 in 5 migrants globally are without any social protection coverage. This protection gap stems from multiple barriers: fiscal constraints, stringent residency requirements, and the informal or precarious nature of work restrict eligibility of migrants from social assistance programs.<sup>12</sup> Additionally, administrative barriers, lack of awareness, and restrictive labor policies further limit their access to unemployment benefits and active labor market support.<sup>13</sup> At an individual level financial constraint, language proficiency, cultural disparities, and the transferability of credentials further restrict migrants access to essential services.<sup>14</sup> The challenge with extending social insurance to migrant workers is exacerbated by the inability of governments to ‘observe’ migrants given the geographically mobile nature of their jobs. This lack of observability translates to the inability to enforce contributions and certifying eligibility conditions.

**For migrants in the informal sector verifying income to collect contributions can also be challenging.** These challenges are not unique to migrants. They are also faced by informal sector workers. There has been a rise in interventions, including subsidies, matching contributions, social pensions, to help expand pension coverage to informal sector workers. These interventions do not extend to migrants, likely because migrants choose to work and pay direct or indirect taxes outside the country, reducing the argument of in-country revenues to be spent on expanding their coverage. However, with return migration on the rise, sustainable solutions to provide benefits to returnees, notably in old age, is gaining policy traction. The COVID-19 pandemic highlighted vulnerabilities for both informal sector and migrants, prompting some countries to implement temporary measures to regularize migrants and ensure their access to healthcare and social security. These efforts often fall short due to various de facto barriers, underscoring the need for more comprehensive policies to support migrant integration and resilience.<sup>15</sup>

**Expanding coverage of social insurance to include low-income migrants can also improve the relevance of the scheme for the informal sector in the country.** Enhancing the portability, accessibility, coverage, and effectiveness of social insurance schemes (mandatory or voluntary) does not only better meet the needs of migrants, but it can also improve take-up of social insurance by other vulnerable and marginalized populations facing similar challenges. Among these potential beneficiaries are workers operating within the informal economy or in part-time work who frequently find themselves excluded from mandatory social insurance protections due to the precarious nature of their employment. Similarly, individuals employed in low-wage sectors risk limited access to social insurance protections, due to limited awareness of rights, non-compliance

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<sup>10</sup> If the national scheme has actuarial parameters that are insufficient though, adding more individuals (migrants or otherwise) only improves contribution revenues in the short run, at the expense of larger deficits in the long run.

<sup>11</sup> (ILO, 2021a)

<sup>12</sup> (OECD, 2019)

<sup>13</sup> (World Bank, 2023)

<sup>14</sup> (Bossavie et al., 2024)

<sup>15</sup> (Testaverde et al., 2020)

with firms or the benefit package being misaligned with their needs, exacerbating their vulnerability to financial risks and uncertainties. Furthermore, women, predominantly engaged in unpaid care work such as caregiving responsibilities within the household, often lack formal employment and, consequently, access to social insurance benefits. Additionally, members of marginalized and minority communities, including ethnic minorities and indigenous populations, confront systemic barriers that impede their access to essential social insurance protections. Social insurance schemes that are better adapted to the needs of migrants would better serve the needs of multiple other groups, making migrants the ‘canary in the coal mine.’

**The design of social insurance schemes for migrants must consider the state’s fiscal and administrative capacity, incentive-compatibility of the scheme design vis-à-vis other social protection programs; and risk of abuse:** Should migrants be given the right to contribute to the mandatory national schemes, and if so under what conditions? Can the scheme provide coverage against short-term benefits (e.g. sickness, health insurance, unemployment) through early access to funds or through lump-sum benefits? How will eligibility be verified and fraud/abuse kept in check for short term benefit access? What should be the government’s role in expanding SI coverage to include migrants – should it focus solely on bilateral agreements with other countries, or should it serve as a regulator of insurance products offered to migrants by the private sector? Or should the government develop specific voluntary schemes for migrants with targeted incentives given the unmet needs of migrants? These questions are critical for policymaking as choices can have fiscal and behavioral consequences. For example, if migrants are allowed to contribute to the national scheme, one could see a rise in contributor coverage and higher revenues in the short run. However, sustainability in the long run can worsen if the national scheme (health or pensions) is actuarially unfair, i.e. the present value of promised benefits is more than the present value of contributions. Similarly, coverage in unemployment or a basic package of health insurance can be costly if most migrants are working informally, and verification of employment status is not possible or unattractive if subsidized health insurance is only provided to residents.

**Having social insurance coverage benefits migrants, home countries, as well as destination economies who seek to gain if immigrants are ‘financially resilient’ workers.** When migrants are adequately protected against risks, they are less likely to rely on social assistance programs and more likely to be productive in their jobs, resulting in savings for the destination countries, the firms who hire them, and taxpayers. Membership in social insurance schemes also makes these individuals ‘observable’ to governments, thereby reducing risks of informal work by migrants and improving the government’s ability to reach these workers in case of shocks. Social insurance schemes that offer portability can also encourage migrants to maintain a strong link with the home country during their working life and return at the time of retirement, reducing potential strains on destination countries’ social systems. Lastly, if the destination country is aging rapidly, then allowing migrants to contribute to social insurance schemes can improve cashflows in social security schemes and promote social cohesion.<sup>16</sup> From a migrants’ perspective, destination countries which allow their access to risk mitigation instruments through flexible enrollment rules, bilateral agreements, or through voluntary schemes can be more attractive than ones where individuals must rely on their own savings in case of idiosyncratic shocks. This can be especially true when destination countries aim to attract skilled migrants.<sup>17</sup>

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<sup>16</sup><https://bipartisanpolicy.org/download/?file=/wp-content/uploads/2019/03/Immigrations-Effect-on-the-Social-Security-System.pdf>.  
<https://www.marketplace.org/2019/01/28/undocumented-immigrants-quietly-pay-billions-social-security-and-receive-no/>

<sup>17</sup> For example, the introduction of Mobility Savings accounts for migrant workers in Saudi Arabia was prompted by a deliberate effort to modernize its labor market, enhance social protection for foreign workers, and align with broader

**This report documents the barriers migrants face to adequate financial protection against shocks and explores the different ways social insurance (SI) coverage, notably pensions, are currently provided to migrants, using Albania as a case study.** Migrants often lack sufficient financial protection against unexpected events. While acknowledging the role of informal safety nets and short-term social assistance, for risk protection, they have limitations. This report begins with documenting the systemic barriers migrants typically face in accessing risk protection with a deep dive in understanding existing barriers and potential improvements to SI schemes in Albania – a country with a history of high emigration in EU<sup>18</sup>(See Box 02 for more info on Albanian migration). The report also pulls some important data points from the World Bank’s recent Albania Migration Survey (2024) (See Box 01) to bring to light realities reported by current migrants in destination countries and returnees. Through this documentation, the report aims to advance the discourse on SI for migrants by suggesting topics for further research and future pilots. Specifically, the report covers three SI pathways that migrants have at their disposal when they face shocks that cause a temporary or permanent loss of income: (a) coverage via compulsory social insurance schemes in home country or destination country or both, based on bilateral social security arrangements (BSSAs); (b) coverage through membership in private sector insurance products; or (c) coverage through membership in state-run voluntary contributory schemes. While the report discusses examples of health and other short-term risks, the focus is on pensions given that these schemes have traditionally been the focus of the most cooperation in terms of BSSA across countries. The rest of the report evaluates the effectiveness of these SI pathways, with a particular focus on pension portability challenges in BSSAs and coverage for informal workers against the risks using private sector products and through reliance on state-run voluntary schemes. Towards the end, the report proposes actionable reforms, drawing on international best practices adapted to Albania’s context and are also applicable to countries that aim to provide SI coverage to its migrant populations.

***Box 01: Albania Migration Survey 2024 conducted by the World Bank in collaboration with INSTAT (Albania’s Statistical Office)***

The Albania Migration Survey 2024 is a nationally representative survey that contains information of 3,804 migrant households and 1,198 non-migrant households across all regions of Albania. Migrant households are defined as households where at least one member resided abroad at the time of the survey (current migrant) or who resided abroad in the past and is back in Albania (returned migrant).

The Survey fills existing data gaps, and it complements previous existing datasets on labor markets and international migration in Albania – such as the Census 2011 and 2023, the Labor Force Survey, the Living Standards Measurement Survey, the Return Migration Survey of 2013, the Household Migration Survey 2019– as it focuses on the life cycle of the migration process. The goal of the survey is to better understand the demographic and socio-economic profile of migrants, gap in expectations, vulnerabilities faced by migrants in destination countries and upon return, differences in the economic benefits of migration, as well as the reintegration of returned migrants into the home labor markets, and entrepreneurship opportunities.

The sampling methodology for the Albania Migration Survey 2024 is based on a two-stage sample selection consisting of selecting Primary Sampling Units (PSUs), selecting households, and selecting respondents. 200 PSUs were selected based on the number of migrant households in each stratum defined by the Enumeration Area and prefecture level.

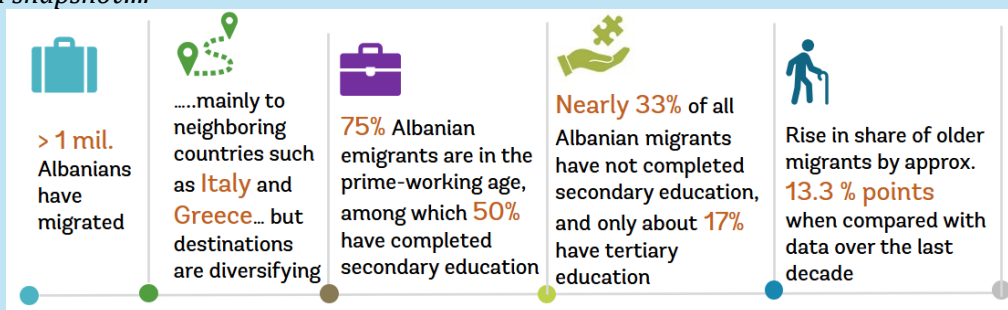
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economic goals of the country. <https://blogs.worldbank.org/en/peoplemove/saudi-arabia-announces-major-reforms-its-migrant-workers>

<sup>18</sup> While this report emphasizes the significance of contributory social insurance schemes, due to its specific focus, the issue of health insurance will remain outside its scope although it is part of comprehensive social protection for migrants.

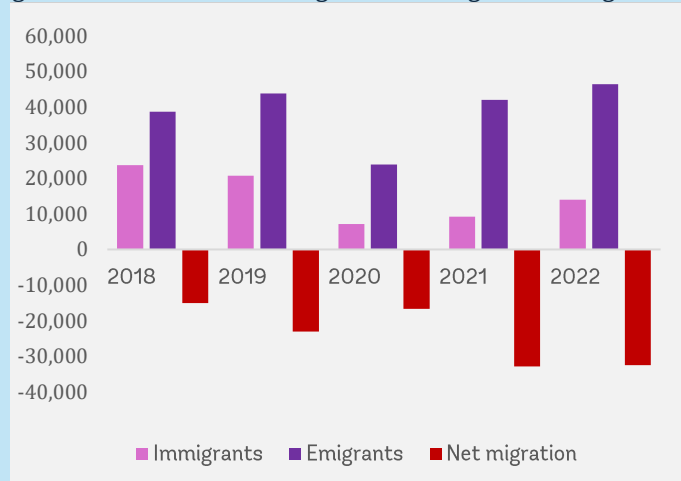
## Box 2: Albanian Migrant Profiles and Evolving Patterns in their Migration

In a snapshot....



Albania has high emigration rates, with 44 percent<sup>19</sup> or over 1.2 million<sup>20</sup> of its population living abroad. Albania ranks among the top 15 countries globally in terms of emigration rate. Despite increasing economic opportunities, nearly 466,000 Albanians, or roughly 16 percent of the average total population, departed the country between 2010 and 2021, with negative net migration continuing to rise, as per latest data (see Figure 01).<sup>21</sup> In fact, outmigration has been extensive since the early 1990s. This exodus has resulted in substantial Albanian communities across Europe, Canada, and the United States.

Figure 01: Albania's net migration is negative and growing.



Source: INSTAT database (2018-2022)

Albanian migrants are predominantly low-skilled, working-age, with a generally balanced gender distribution, though specific sectors are male-dominated. The demographic profile of Albanian migrants has been consistent since the 1990s which reveals that approximately 75 percent of migrants are of working-age (aged between 25 and 54 years).<sup>22</sup> A substantial segment, approximately 50 percent, possess moderate educational attainment, having completed secondary education. A relatively small fraction, slightly exceeding 10 percent, are categorized as high-skilled, with a female majority.<sup>23</sup> The gender

<sup>19</sup> According to INSTAT, as of January 1, 2021, the total population of Albania was 2,829,741 inhabitants.

<sup>20</sup> (World Bank, 2024a)

<sup>21</sup> Number of emigrants, immigrants and net migration by Type and Year, available at:

<http://www.instat.gov.al/en/themes/demography-and-social-indicators/migration-and-migrantintegration/#tab2>

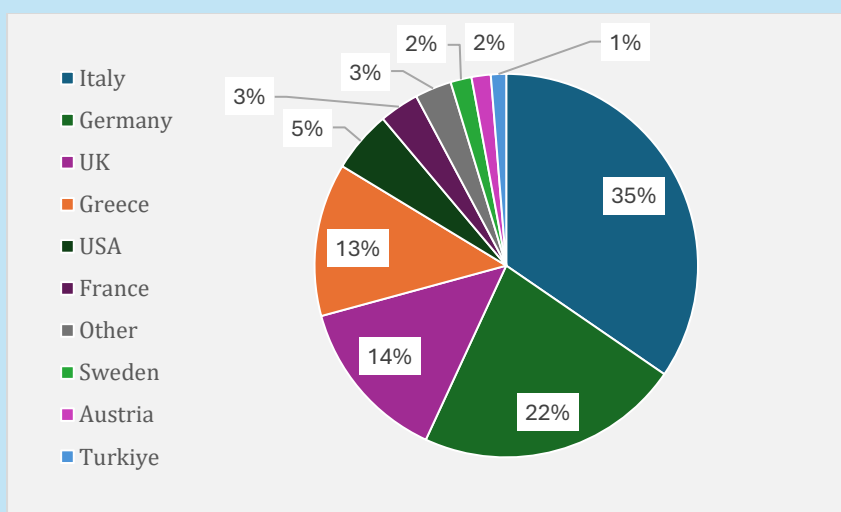
<sup>22</sup> (OECD, 2022a)

<sup>23</sup> (Bossavie et al., 2024)

distribution among long-term migrants is balanced,<sup>24</sup> and family reunification is cited as an important driver for it<sup>25</sup>; however, short-term and seasonal migration are male-dominated. Consequently, a considerable number of migrants are employed in low-skilled sectors with high levels of informality, as evidenced by their concentration in elementary occupations in Greece and manual labor in Italy.<sup>26</sup>

**Young and working-age Albanians are increasingly choosing to migrate, with those with tertiary education wanting to move to farther destinations.** Recent studies show that around 40 percent of Albanian emigrants between 2012 and 2019,<sup>27</sup> had a university degree, and nearly half of those aged 18 to 40 have a desire to emigrate to farther locations.<sup>28</sup> The latter finding is also corroborated by data from the recent migration survey where current Albanian migrants in the similar age group are expanding their destinations and spread across multiple countries (see Figure 2). In the past, most people migrated to escape poverty, but today’s reasons are more complex, which include better educational opportunities for children, better healthcare, and social services. These shifts are also changing where people go, with higher education and skilled migrants are more inclined to migrate to farther destinations, while less-educated and low-skilled individuals often choose nearby destinations, such as Greece and Italy.

Figure 02: Top 10 preferred destinations by young and working-age Albanian migrants.



Source: Albania Household Migration Survey (2024)

**Return migration is just as significant as outmigration, with an increasing share of older<sup>29</sup> migrants choosing to return.** Nearly 250,000 migrants returned to Albania since

<sup>24</sup> (World Bank, 2024a)

<sup>25</sup> Ibid

<sup>26</sup> (IOM, 2020)

<sup>27</sup> (Leitner, 2021)

<sup>28</sup> (World Bank, 2024a)

<sup>29</sup> Older refer to category of individuals aged 65 and above.

2000.<sup>30,31</sup> This estimate of returnees includes migrants who spent at least 12 months abroad—which is also the duration required to formally qualify as a returning migrant. This composition of returnees has changed in recent years where the share of older returning migrants has risen nearly threefold in a decade – from 6.6% (for those who returned between 2010 and 2014) to 19.9% (in between 2020 and 2024). This evolving demographic suggests that factors, such as retirement plans, familial reunification, or a desire to reconnect with cultural roots are likely influencing return migration in Albania.

## 1.1. Risks faced by migrants

**Economic risks for migrants include a range of financial vulnerabilities that can permeate their entire migration cycle<sup>32</sup>—from planning and departure to their experiences in destination countries and potential return.** These challenges include difficulties in securing stable employment and fair wages, and high migration-related costs. Limited access to financial resources and social protection systems in destination countries exacerbate these challenges.<sup>33</sup> Additionally, labor market exploitation and discrimination—particularly during crises such as the COVID-19 pandemic<sup>34</sup>—can undermine financial stability and diminish the expected benefits of migration.

**Migrants face wage gaps, job informality, and skill underutilization due to legal barriers, discrimination, and poor predeparture information, among several other factors.** Migrants often earn less than native-born workers for the same jobs due to labor market segmentation and discrimination.<sup>35</sup> This is also the case for Albanian migrants (see Figure 03) in different destinations. Legal constraints<sup>36</sup> on employment duration and sectoral access further compound these challenges, pushing undocumented migrants into informal, lower-paying jobs with limited upward mobility.<sup>37</sup> Furthermore, the non-recognition of qualifications and skills acquired in origin countries could limit their earning potential, and may push migrants into occupational downgrading—nearly a third of tertiary educated Albanian migrants have been in jobs that do not require tertiary education level (Albania Migration Survey, 2024). This skill underutilization is exacerbated by inadequate pre-departure information on destination labor market conditions, regulatory environment, and skills required<sup>38</sup> which may cause skill mismatches and mismatched earning expectations. In the case of Albania (as shown in Figure 04) there is a larger mismatch between wage expectations and actual earnings for Albanian migrants in Italy and Greece. One potential reason for this mismatch could be the accuracy of information migrants have pre-departure and can be correlated with formal migration pathways that provide support pre-departure.

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<sup>30</sup> Based on data from the 2011 Census and the Household Migration Survey conducted by INSTAT and IOM in 2020.

<sup>31</sup> It is crucial to note that there are no official estimates, and these figures are based on surveys, interviews, and focused group discussions. These statistics of returnees in Albania are usually an undercount as the registration of returning migrants is based on self-declaration at the border and most returnees prefer to remain undeclared.

<sup>32</sup> (World Bank, 2023)

<sup>33</sup> (Testaverde et al., 2020)

<sup>34</sup> Ibid; (Bossavie, Garrote Sánchez, and Makovec, 2024)

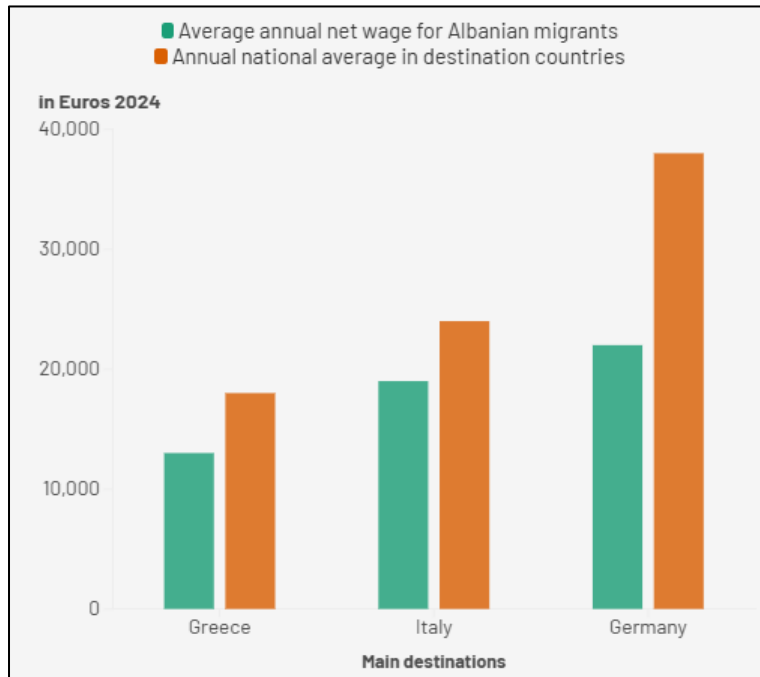
<sup>35</sup> (World Bank, 2023); (World Bank, 2024b)

<sup>36</sup> These legal constraints could encompass a range of factors, such as the policies and regulations of destination countries, migrant legal status, exclusion of specific occupations or sectors from national social security laws which could make it challenging for migrants either to secure or retain employment in host countries (ILO, 2024).

<sup>37</sup> (World Bank, 2024b)

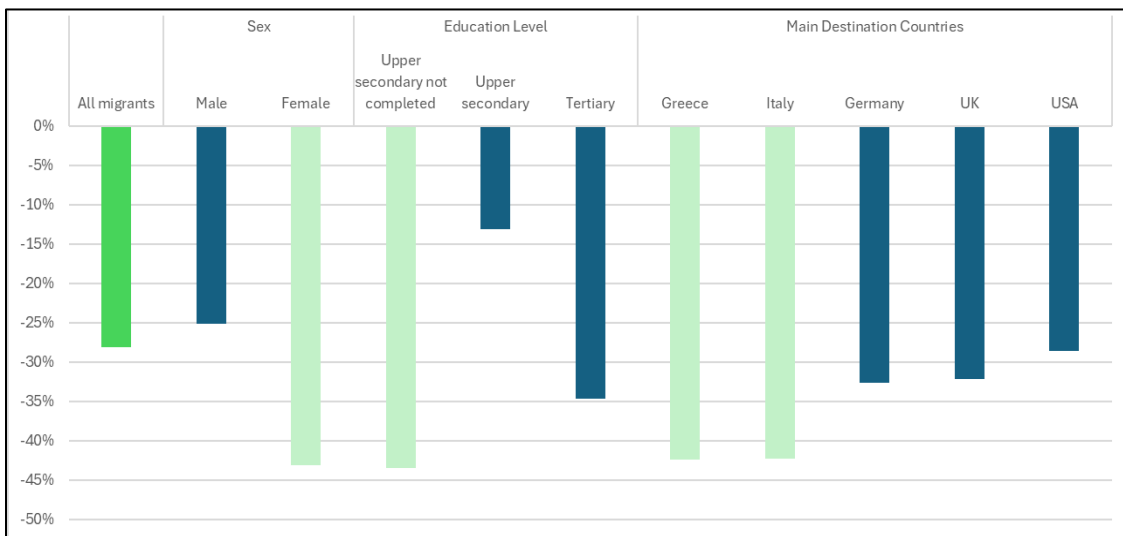
<sup>38</sup> (Devillanova, Franco, & Spada, 2024); (Pekkala Ker, Kerr, & Özden, 2017)

Figure 03: Wages for Albanian migrants are lower when compared to national averages in key destination countries.



Source: Data on wages for Albanian migrants are from the Albania Household Migration Survey (2024). Data on average net wages in destination countries are based on single earners with no children from Eurostat (earn\_nt\_net).

Figure 04: Gap between actual and expected wages abroad (as percentage of expected wages)



Source: Albanian Migration Survey (2024)

**Migrants, notably low-income and less educated ones can be exposed to various health and safety risks, increasing their economic precarity in the face of financial constraints and legal barriers.** Specific health risks can arise from factors such as overcrowded housing and hazardous working conditions, exposure to trauma and stress, precarious employment and legal status, and limited access to healthcare systems which are amplified during periods of crises.<sup>39</sup> High migration-related expenses, including legal fees, medical tests, training and travel expenses, limited access to formal financial services,<sup>40</sup> and potentially taking on substantial high-interest debt could strain the migrants' financial resources.<sup>41</sup> Further, when faced with high healthcare costs<sup>42</sup> and insufficient social support, some migrants may resort to negative coping mechanisms like delaying or forgoing treatment, work multiple jobs, reduce essential consumption,<sup>43</sup> or even push children into the workforce,<sup>44</sup> which harms long-term health, well-being and productivity.<sup>45</sup> Compounding these risks, the lack of safety training, healthcare access, and legal safeguards could increase occupational injury risks, further impacting their well-being and economic security.<sup>46</sup> For Albanian migrants, this pattern holds true—nearly a third of Albanians in Italy work in construction, and in Greece, the most common occupations include home builder and crop farm laborer.<sup>47</sup> The physically demanding nature of these jobs and frequent exposure to occupational hazards, lead to poor health outcomes for migrants, more workplace injuries, and even occupational fatalities.<sup>48</sup> Language barriers further escalate risks as Albanian migrants, particularly from ethnic minorities struggle with local language may misinterpret safety protocols and instructions, increasing the likelihood of accidents.<sup>49</sup> In sectors such as construction and manufacturing, even minor misinterpretation of safety instructions can have severe or fatal consequences.

**Limited awareness of mandatory employer obligations, and compliance issues are key barriers to the coverage challenge with differences based on the education and income level of migrants along with the destination country they are in.** Low income and less educated migrants may work in 3-D jobs (dirty, dangerous, and demanding) where in some cases they experience poor working conditions, wage theft, and no legal recourse or social security benefits.<sup>50</sup> Albanian migrants who have not completed upper secondary education (which is the equivalent of grade 10 to 12/13 as per international educational level) are more likely to be working in such jobs<sup>51</sup>. Survey data points to two problems: first the overall share of written contracts is lower, and there is a lack of enforcement on employer contributions along with lack of awareness among migrants about these employer benefits. Among migrants with less than upper secondary education, about 14% reported that their employers did not contribute to social security, and 21% were unaware of whether such contributions were being made (see Fig 05). 15% of those reporting non-compliance and 34% of those unaware held written contracts—pointing to enforcement

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<sup>39</sup> (Testaverde et al, 2020)

<sup>40</sup> These include banking and credit facilities which migrants may be denied due to a lack of established credit history or collateral (World Bank, 2023).

<sup>41</sup> (Testaverde et al, 2020)

<sup>42</sup> This could include high co-payments despite being covered by employer insurance.

<sup>43</sup> (World Bank, 2023); (Testaverde et al, 2020)

<sup>44</sup> (PICUM, 2021)

<sup>45</sup> (Bossavie et al, 2024)

<sup>46</sup> Ibid

<sup>47</sup> (Moyce & Schenker, 2018)

<sup>48</sup> (Brian, 2021)

<sup>49</sup> <https://www.masulacompliance.com.au/language-barriers-a-safety-risk/#:~:text=In%20workplaces%20with%20linguistically%20diverse%20workforces%2C%20language.safe%20work%20practices%20they%20need%20to%20follow;>

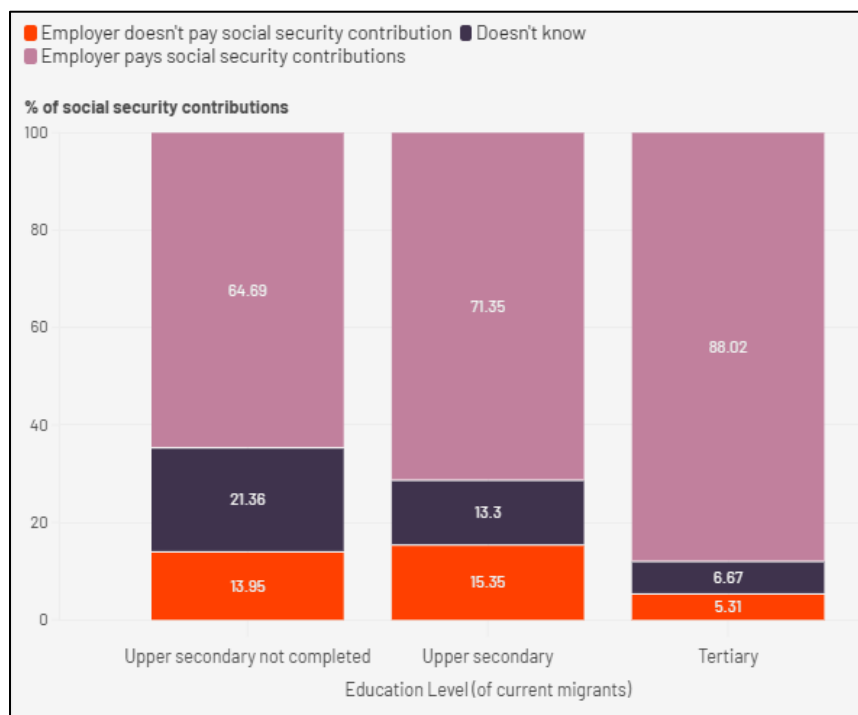
<https://www.ohchr.org/sites/default/files/Documents/Issues/Minorities/UNDPMarginalisedMinorities.pdf>

<sup>50</sup> (Bossavie et al, 2024)

<sup>51</sup> INSTAT Migration Survey (2022)

failures and awareness gaps respectively. These vulnerabilities could expose migrants to serious risks during shocks such as job loss, wage theft, or injury. Compliance issues are more common in Italy, while lack of awareness is more prevalent in Greece, especially among the least educated migrants. Notably, even in high-income countries like Germany, awareness gaps persist.

Figure 05: Status of employer-paid social security contributions (in %) for current Albanian migrants



Source: Albanian Migration Survey (2024). Respondents were asked whether their employers paid social security contributions.

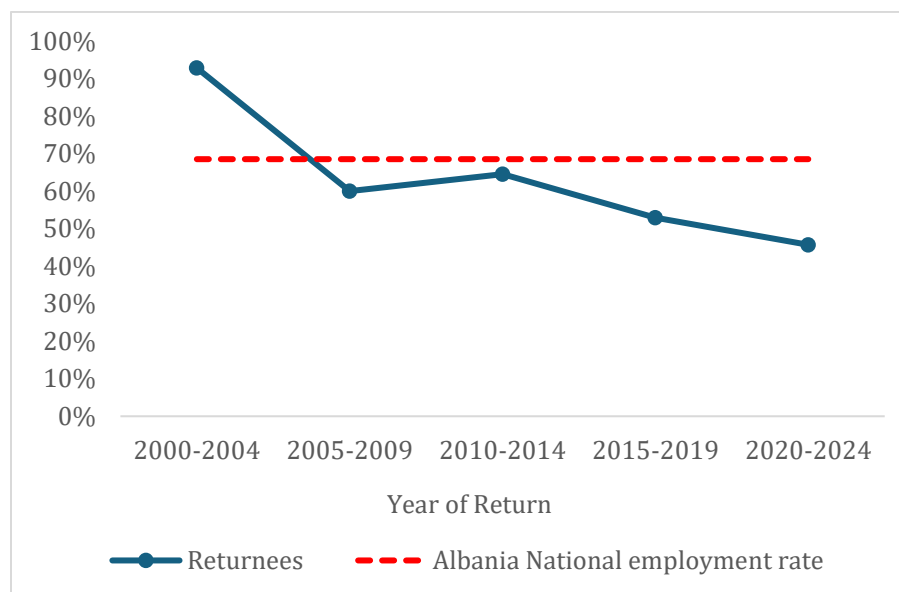
**Return migrants may find themselves vulnerable even in their home country because of reintegration challenges, disrupted links with homeland, and limited social protection programs to fall back on.** Economically, migrants could face reintegration challenges such as the loss of established social and professional networks abroad<sup>52</sup> and the non-recognition of qualifications acquired abroad,<sup>53</sup> potentially hindering their labor market re-entry in host countries. Albania-specific evidence reveals that it could take returnees several years to reach employment rates that are at par or greater than the national average (see Fig 06). While Albanian returnees from vulnerable households qualify for economic aid and housing assistance, they have to meet the documentation requirements, which could be cumbersome.<sup>54</sup> If these migrants do not have a digital or financial footprint in home country, or no social security schemes that might provide income security or early access to savings in case of emergencies, they are likely to be vulnerable on return to their homeland.

<sup>52</sup> (ILO, 2021b); (Bossavie et al., 2024)

<sup>53</sup> (Dustmann & Görlach, 2016); (Wahba, 2015)

<sup>54</sup> (World Bank, 2024a)

Figure 06: Employment rate for returnees has been declining.



Source: Employment rate for returnees is from the Albania Household Migration Survey 2024. The national employment rate is based on LFS survey data from INSTAT for Q1-Q4, 2024.

## 1.2 Risk mitigation via informal mechanisms

**Individuals face two key types of shocks that can impact their productivity and welfare.** First are shocks such as war, pandemics, large scale floods that impact many individuals in the same region or geography and are uncertain in nature. Such risks can be difficult to insure, and self-insurance or targeted government support are the most effective policy solutions. Second are idiosyncratic shocks or lifecycle risks that are less likely to hit all contributing individuals at the same time and can be mitigated affordably through risk pooling mechanisms that social insurance offers.

**Regardless of the type of shock, informal mechanisms maybe be the first and only source of risk mitigation for migrants due to social insurance access barriers.** Self-insurance or use of informal mechanisms, i.e., savings or loans from immediate family or friends might be the only feasible option for migrants, if SI coverage is infeasible or premiums are unaffordable. Undocumented or temporary migrants might need to depend entirely on community networks, such as rotating savings and credit associations (ROSCAs) and community-based microfinance.<sup>55</sup> Albania-specific evidence also demonstrates that some migrants participate in ROSCAs to accumulate funds for emergencies or investments,<sup>56</sup> rely on informal lending from friends and family,<sup>57</sup> and mutual aid networks within migrant communities for temporary financial relief during events of sudden job loss, or unexpected expenses.<sup>58</sup> Globally, migrants, particularly those in informal employment, may seek support from community-based associations, trusted intermediaries, or ethnic organizations when faced with legal issues related to employment

<sup>55</sup> (Castles, 2014)

<sup>56</sup> (Imami, Rama, & Polese, 2020)

<sup>57</sup> World Bank (2021)

<sup>58</sup> (Kasimis, Papadopoulos, & Zografakis, 2015)

contracts or working conditions<sup>59</sup>. Albanian migrants, such as the youth, also turn to diaspora groups and religious institutions for advice on immigration rules, residency issues, or employment rights.<sup>60</sup> These informal mechanisms thrive on social capital, meaning that they depend on trust, reciprocity, and shared identity rather than legal frameworks or state-backed institutions. Their decentralized nature allows flexible and ad-hoc assistance, but dependence on voluntary participation and interpersonal ties makes this support uneven and unpredictable. Further, informal connections have also helped Albanian migrants in securing employment that provides with legal work status.<sup>61</sup>

**Some migrants may also rely on informal health networks in times of need.** Barriers such as language differences, legal status related insurance limitations, and cultural unfamiliarity could limit some migrants' access to standard health services, leaving undocumented migrants particularly vulnerable. In response, such migrants rely on informal networks that include community health mediators, traditional healers, and volunteer-run clinics that provide both culturally sensitive care, mental health support, preventative care, and health education.<sup>62</sup> According to a study by the National Institutes of Health, substantial proportion of undocumented Albanian migrants in Italy rely on medical advice and treatment through ethnic community clinics, faith-based organizations, or volunteer doctors. In some cases, they rely on traditional medicine or self-medication due to cost barriers and limited access to public healthcare systems.<sup>63</sup> In various settings—from Europe and North America to Asia and Latin America—community-based initiatives have effectively disseminated vital health information, coordinated localized responses during outbreaks such as COVID-19, and mitigated the adverse effects of systemic health inequities. Further, returning migrants could also benefit from these informal health networks that could help them navigate reintegration complexities that relate to discontinuity in healthcare services or increased mental health challenges in countries of origin. (IOM, 2018)

**Informal mechanisms offer flexible, community-based support through trust-driven networks, but these solutions have some limitations.** First, these mechanisms lack standardized procedures, institutional oversight, and scalability, delivering inconsistent protections.<sup>64</sup> Second, their ad-hoc nature and reliance on voluntary contributions, which may dwindle during crises, could further perpetuate inequities for vulnerable migrants.<sup>65</sup> The absence of legal safeguards exposes migrants to risks in informal lending systems.<sup>66</sup> There is evidence that Albanian migrants lost €2,000 on average in informal lending scams.<sup>67</sup> Healthcare access through informal channels reveals undocumented migrants that relied on informal health networks received incomplete treatments.<sup>68</sup> Such fragmented access or substandard healthcare could further exacerbate chronic conditions and impact migrants who face legal barriers to formal healthcare systems. Finally, they

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<sup>59</sup> (Castles, 2014);

[https://www.ilo.org/sites/default/files/wcmsp5/groups/public/@ed\\_protect/@protrav/@migrant/documents/publication/wcms\\_869766.pdf](https://www.ilo.org/sites/default/files/wcmsp5/groups/public/@ed_protect/@protrav/@migrant/documents/publication/wcms_869766.pdf)

<sup>60</sup> (Çali, 2024)

<sup>61</sup> (Kuschminder, 2017)

<sup>62</sup> <https://iris.who.int/bitstream/handle/10665/366326/9789240067110-eng.pdf>; (Rast et al, 2025)

<sup>63</sup> (Quave & Pieroni, 2007)

<sup>64</sup> [https://www.ilo.org/sites/default/files/wcmsp5/groups/public/@ed\\_protect/@protrav/@migrant/documents/publication/wcms\\_869766.pdf#:~:text=%E2%96%B6%20Migration%20status%20%E2%80%93%20Migrants%20in%20an.benefits.%20Their%20residence%20status%2C%20duration%20of%20stay%2C](https://www.ilo.org/sites/default/files/wcmsp5/groups/public/@ed_protect/@protrav/@migrant/documents/publication/wcms_869766.pdf#:~:text=%E2%96%B6%20Migration%20status%20%E2%80%93%20Migrants%20in%20an.benefits.%20Their%20residence%20status%2C%20duration%20of%20stay%2C)

<sup>65</sup> <https://www.unwomen.org/en/news/in-focus/csw61/women-in-informal-economy#:~:text=From%20street%20vendors%20and%20domestic.and%20they%20face%20distinct%20challenges.>

<sup>66</sup> (IOM, 2019)

<sup>67</sup> [https://www.oecd.org/content/dam/oecd/en/publications/reports/2005/11/migration-remittances-and-development\\_g1gh5e4a/9789264013896-en.pdf](https://www.oecd.org/content/dam/oecd/en/publications/reports/2005/11/migration-remittances-and-development_g1gh5e4a/9789264013896-en.pdf)

<sup>68</sup> (Suphanchaimat, 2015)

are unable to provide regular and predictable long-term benefits like the need for a steady source of income in old age.

### 1.3 Risk mitigation via non-contributory benefits

**Non-contributory benefits can provide essential income and medical assistance; however, migrants may face access challenges.** General revenue financed social assistance benefits like social pensions and primary healthcare are publicly funded welfare programs that are also a form of risk pooling and hence a social risk management tool. Individuals of a country contribute to finance these schemes through direct and indirect taxes and are covered under them if they reside in the country but typically lose that coverage once they move to another country. The features of non-contributory schemes often include eligibility based on residency, age, or economic need, with some systems employing universal access (e.g., New Zealand's pension) while others use means-testing (e.g., Germany's Grundsicherung). Social pensions typically provide modest but regular cash transfers to qualifying elderly residents, while healthcare provisions range from fully subsidized services (UK's NHS) to subsidized insurance (Netherlands' Medicaid-equivalent). These programs prioritize social equity by covering informal workers, caregivers, and others excluded from contributory systems, though benefit levels often remain near subsistence standards. Migrants—including emigrants and returnees—may face exclusions in access as eligibility for non-contributory benefits is often residency-linked and restricted by national borders. In several EU countries, accessing these benefits requires a waiting period of up to five years or registration with local health and social security systems (see Annex 3 for country-specific requirements), creating a coverage gap in healthcare access and potentially worsening health conditions. During this transition period, migrants without pre-existing health insurance from their origin country may be forced to bear high out-of-pocket expenses in destination countries.

**Returnees may also face barriers in accessing non-contributory benefits when going back to their home countries, leaving them exposed to economic vulnerability.** For example, Albania's non-contributory social pension (8,000 – 10,000 ALL or €70–€90 monthly) under Law No. 121/2016 excludes many returnees. A World Bank study estimated that nearly 72% of returning migrants over 70 years were ineligible due to strict criteria (e.g., disqualification for foreign pension receipt). Further, a GIZ study noted that 60% of applicants from returning migrants lacked residency paperwork due to fragmented municipal records. Although designed to protect vulnerable groups like rural elderly and informal workers, the non-contributory social insurance scheme does not accommodate returnees' complex circumstances, leaving many without economic support despite their economic vulnerabilities. The non-contributory benefits, even when available are modest; for e.g., social pension<sup>69</sup> in Albania is approximately 36% of the national at-risk-of-poverty threshold<sup>70</sup>. These benefits are meant to provide extreme poverty prevention and can therefore be inadequate for migrant workers, who are likely not to have other assets like land, or rental income in home country to complement their income in old age.

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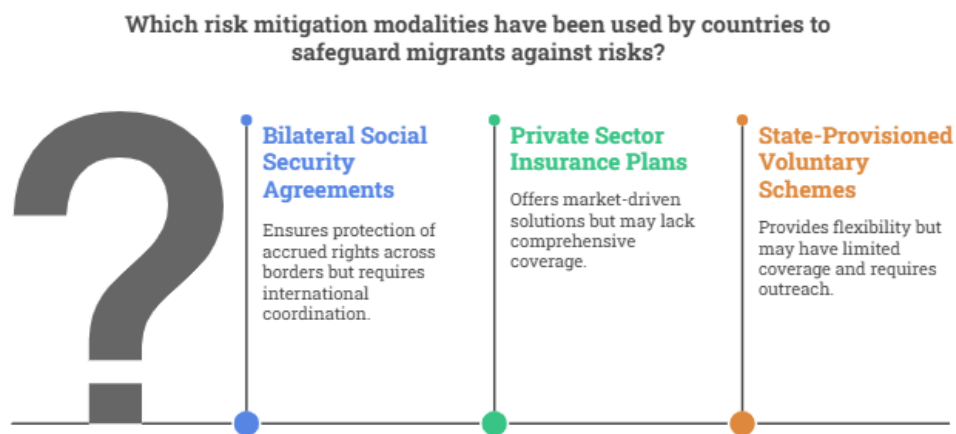
<sup>69</sup> Albania's social pension also known as the basic state pension is for individuals who haven't contributed to its social security system but meet age (70 or older) or disability (severe disabilities or cannot work) criteria and have been permanent residents in Albania for the past five years alongside not being eligible for any other pensions. The basic state pension is set at ALL 9,710 in 2024 monthly, as per data from the INPS.

<sup>70</sup> Albania's at-risk-of-poverty threshold for a one-person household, was 324,336 ALL/year or 27,028 ALL/month in 2024. Source: <https://www.instat.gov.al/media/gsf15zlg/silc-2024.pdf> and it varies slightly each year, based on INSTAT estimates.

## 2. Modalities for Insurance provision to migrants

**A social insurance scheme offers migrants reliable and cost-effective coverage that informal mechanisms or private plans cannot guarantee.** A significant advantage of national social insurance programs is the risk pooling across diverse groups, including different ages, genders, incomes, and occupations, all mandated to contribute. This ensures benefits are reliably provided for generations, financed through modest contributions, making social insurance a desirable tool for risk mitigation. These schemes can cover multiple lifecycle risks, such as maternity benefits, sickness, occupational hazards, health insurance, unemployment, pensions, disability, and survivor benefits. However, challenges like inability to enforce contributions, fiscal sustainability, legacy debts in post-Soviet economies, and rapid aging exacerbated by young individuals migrating persist. Alternatives to compulsory social insurance include voluntary schemes offered by the government or private insurance options. While these two are based on the principles of contributions financing benefits, they are unlikely to enjoy the risk pooling that mandatory schemes benefit from.

**This section presents the three modalities that countries commonly use to provide risk mitigation options to migrants via insurance.** First are bilateral social security agreements (BSSAs). These are treaties between two countries designed to coordinate their mandatory social security systems and protect the accrued rights of migrant workers when moving across borders. Second are private sector insurance plans. Lastly, there are state-provisioned voluntary schemes, which offer more flexibility than compulsory social insurance schemes, but risk coverage is limited and requires significant outreach efforts, although they could leverage the infrastructure of the mandatory social security schemes, and the trust that comes with government offered schemes.



Source: Authors' depiction

### 2.1. Bilateral Social Security Agreements

**Compulsory social insurance schemes can protect formally employed migrants, but without cross-border portability migrants face coverage gaps, even after having contributed to host-country systems.** These mandatory schemes can be implemented nationally by origin or destination countries or transnationally through bilateral agreements (see Figure 7 below). While compulsory social insurance schemes provide migrants with a pathway to accumulate social security rights, their effectiveness is often constrained by cross-border realities e.g., laws preventing portability or exportability (terms explained further below) of benefits to destination countries. Albania has provisions that restrict benefit portability and exportability for its migrant population in the absence of bilateral agreements (see Box 3). As a result, even formally employed

migrant workers, although covered by mandatory social security schemes of host countries may face adequacy gaps and barriers in accessing their accrued entitlements.

**Portability allows migrants to preserve, maintain, and transfer their acquired social security rights—especially accrued entitlements—as they cross borders, independent of their nationality and country of residence.** This means that migrants can withdraw or carry over the benefits of their accumulated contributions when they move between countries, thus preventing the loss of benefits they have already earned. Without portability, migrants’ risk financial losses upon relocation or return to their home country, which exacerbates their economic, and health vulnerabilities.<sup>71</sup> Portability gaps reduce migrant pension coverage by 30–50% in corridors lacking bilateral agreements, based on ILO estimates.

**Portability is particularly critical for long-term benefits that involve pre-saving elements, such as pensions and healthcare.** For instance, a migrant contributing to an old-age pension scheme in the host country may forfeit part of their contributions and benefits upon returning home if their benefits cannot be transferred seamlessly. Similarly, migrants who have invested in health insurance may find themselves without coverage when moving back to their country of origin. This lack of coverage can create significant challenges, particularly for individuals nearing retirement who may face challenges to secure affordable health insurance after their return.

**Exportability, distinct from portability, refers to the ability of a migrant worker to continually receive benefit payments regardless of location.** While portability helps build contributions and entitlement to be eligible for benefits in destination countries, exportability ensures the actual payment of benefits abroad. The exportability of social security benefits is solely determined by the laws of the country in which the benefits were earned (see Box 3 on Albania's non-exportability provisions). If a benefit is exportable but not portable, its value diminishes because contributions from different countries cannot be combined.

***Box 3: Albanian provisions restricting benefit portability and exportability***

The decision of whether a benefit can be transferred rests within the laws of the country where the benefit was earned. The Albanian legislation imposes limitations on the exportability of pensions and excludes health insurance contributions from portability altogether, creating barriers for migrants:

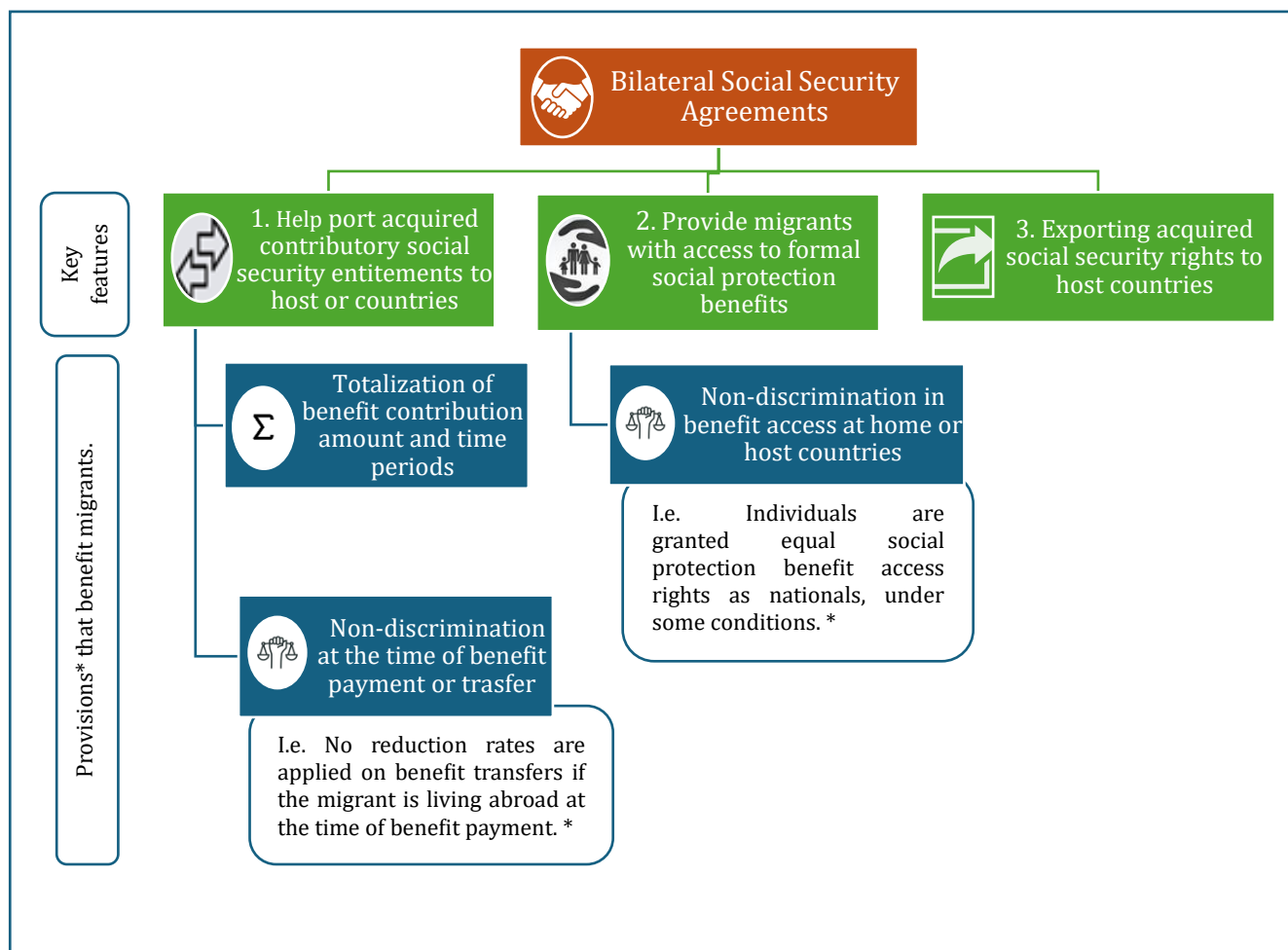
- Pension exportability restrictions imposed under Law No. 7703 (1993). Article 14(3) mandates that old-age pensions can only be paid within Albania unless a bilateral agreement exists with the host country. As a result, retirees living outside Albania must physically return to Albania to claim these pensions unless a bilateral agreement exists that would permit cross-border pension payments.
- Health insurance exclusion imposed under Law No. 121/2016 and FSDK regulations. Albania’s social health insurance system doesn’t recognize foreign health contributions and requires mandatory re-enrollment for returnees. This Law does not count or credit foreign health insurance payments towards Albanian social health insurance system. Returnees must restart contributions in Albania’s system, even if they paid into a social health insurance system abroad for years.

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<sup>71</sup> (Holzmann, Koettl, & Chernetsky, Portability regimes of pension and healthcare benefits for international migrants: an analysis of issues and good practices, 2005)

**A modality for providing cross border SI coverage to migrants employed in the formal sector is through the signing of Bilateral Social Security Agreements (BSSAs).** BSSAs are designed to coordinate across social security systems and protect the accrued rights of migrant workers when moving across borders. These agreements help establish reciprocal rules to protect pension rights, healthcare access, and other social security entitlements so that migrants can receive continuous protection. By harmonizing the different social security systems, BSSAs reduce administrative barriers for both workers and governments.

Figure 07: Bilateral Social Security Agreements in a snapshot



Source: Authors' depiction. \*These provisions are applicable across several BSSAs; however, there could be exceptions to benefit eligibility rules and calculation approaches, based on bilateral negotiations.

**BSSAs can address the challenges posed to benefit transfer through totalization, portability, exportability, administrative simplification, and non-discriminate access.** Benefit totalization allows migrant workers to combine contribution periods from multiple countries, ensuring eligibility for benefits that might otherwise be denied due to insufficient vesting periods in a single nation (see Box 4).<sup>72</sup> Furthermore, BSSAs are international treaties that override or modify the purely national determination of exportability between the signatory countries. If a BSSA exists, the

<sup>72</sup> Holzmann, Koettl and Chernetsky (2005)

rules for exporting benefits between those countries are governed by the terms of the agreement, even if national laws might have been more restrictive otherwise.<sup>73</sup> BSSAs also streamline administrative processes by establishing standardized procedures and documentation requirements, reducing the bureaucratic burden on migrants and simplifying benefit access.<sup>74</sup> Moreover, these agreements promote equal treatment, guaranteeing migrants equitable access to social security benefits and offering them the same protection as nationals of the host countries.<sup>75</sup>

#### **Box 4: Illustration of how benefit totalization and exportability work in practice in the presence of a bilateral agreement**

Consider a citizen of Mexico, Maria, who has worked in Spain for 7 years, contributing to the Spanish social security system. She then returned to Mexico and worked for another 20 years, contributing to the Mexican social security system. Mexico and Spain have a BSSA, that includes provisions for both totalization and exportability across borders.

**Totalization in Action:** Without the agreement, Maria would not have enough years of contributions in Spain to meet vesting, and her time in Spain wouldn't automatically count towards her Mexican pension eligibility. However, due to the portability clauses in the Mexico-Spain agreement, her 7 years of contributions in Spain can be combined with her 20 years of contributions in Mexico to help her meet the minimum requirements for a pension in both countries. Each country would then pay a benefit amount proportional to the contributions she made within their respective systems.<sup>76</sup>

**Exportability in Action:** In a scenario where Maria retires and chooses to live in Mexico, she can still receive her pension payments earned in Spain directly in her bank account in Mexico because of the exportability provision. The Spanish social security administration will process and send these payments to her in Mexico. Similarly, if a Spanish citizen had worked in Mexico and retired to Spain, they could receive their Mexican pension payments in Spain. This ensures that individuals who have built social security entitlements in both Mexico and Spain can access those benefits regardless of their country of residence during retirement, facilitated by the coordination established through their bilateral agreement.

**Further, the non-discrimination provision in BSSAs ensures that migrant workers receive benefits with the same rules as applied to nationals.** For example, if a host country allows its own nationals to receive full pensions abroad, bilateral agreements require that foreign workers from partner countries can do the same. In the absence of such agreements, migrants may face benefit reductions (see Box 5 that exemplifies its impact on migrants) simply for residing in their country of origin. This creates an inequitable system and may result in financial losses for the migrant and unfair cost-saving for the host country's social security system.

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<sup>73</sup> Ibid

<sup>74</sup> Ibid

<sup>75</sup> Ibid

<sup>76</sup> Not all BSSAs adopt the method of proportional benefit calculation. Some use lump-sum payments, full-pensions based on eligibility, or hybrid models, which involves partial proportionality, depending on bilateral negotiations undertaken by countries.

**Box 5: How the non-discrimination provision of BSSAs safeguards migrants from facing reduction rates at the time of receiving benefits.**

The German case illustrates this well: without a bilateral agreement, a non-EU national such as an Algerian could face a 30% reduction in their pension when residing outside Germany, while a Moroccan migrant, protected under a BSSA with Germany, would receive their full pension when residing in Morocco. Notably, exceptions exist for Turkish and Tunisian nationals; under specific agreements, they receive full benefits only if residing within the EU, Turkey, Tunisia, or another country with an existing agreement with Germany, while residence elsewhere results in a 30% reduction in benefits. (Holzmann, Koettl, & Chernetsky, 2005).

**Global implementation of BSSAs shows their effectiveness through landmark agreements across multiple migration corridors, and while they have traditionally focused on pensions, a growing number of BSSAs now include health care portability.** The Canada-Mexico<sup>77</sup> agreement establishes full portability, enabling workers to access accrued pensions and social protections after returning home.<sup>78,79</sup> In Europe, Moldova's agreement with 13 EU countries<sup>80</sup> and Türkiye guarantees pension payments while also covering health, unemployment, and family benefits.<sup>81</sup> The Germany-Türkiye agreement extends protections to work injury benefits, while Austria-Turkey's pact allows only pension totalization. The France-Morocco agreement is particularly strong in its pension exportability provisions (see Annex 2 for description on features of some of these BSSAs). When it comes to health care benefits, BSSAs are less common and significantly more complex to implement. This complexity stems from the nature of health systems, many of which are residence-based and funded through general taxation,<sup>82</sup> unlike contributory pension schemes. Despite that, some countries in the EU have managed to negotiate agreements that allow migrants—both active workers and retirees—to retain access to health care services in their country of origin, while continuing to be covered by the insurance system of the host country, though their reimbursement models and coverage vary (see Box 6 that presents examples of some successful BSSAs with health care portability for retired migrants).

**Box 6: Successful BSSA models with healthcare portability**

**The tripartite BSSA originally between Austria, Germany, and the former Socialist Federal Republic of Yugoslavia (SFRY) set the historical precedent for provisions for health care benefits, which were crucial in ensuring continuity of health coverage for active migrant workers across these countries.** These agreements facilitated the transfer of health care rights, allowing workers to maintain continuous health insurance coverage as they moved between the member countries. Key features included: totalization of health benefits, which mirrored pension totalization, ensured that health care rights accumulated in one country were recognized in another; effective administrative coordination between health authorities that streamlined the process, enhancing the efficiency of benefit transfers and reducing bureaucratic barriers,<sup>83</sup> along with seamless health coverage for returnees.

<sup>77</sup> This came into effect in 1996.

<sup>78</sup> (ILO, 2021)

<sup>79</sup> The full text of the agreement can be found at: <https://laws-lois.justice.gc.ca/eng/regulations/SI-96-32/page-2.html>

<sup>80</sup> Austria, Belgium, Bulgaria, the Czech Republic, Estonia, Germany, Hungary, Lithuania, Luxembourg, Poland, Portugal, and Romania.






<sup>81</sup> (ILO, 2021)

<sup>82</sup> Except for Belgium, Luxembourg, Türkiye, France, Germany that have social health insurance systems, which are funded by payroll or employer and employee contributions.

<sup>83</sup> (Holzmann et al., 2005)

Some recent BSSAs have adopted variations in health care coverage and reimbursement models of health expenses. These include:

- **The Austria–Turkey BSSA stands out for its comprehensive health care coverage and portability**, allowing Austrian pensioners in Turkey to access routine and non-emergency services, such as dental care, with Austria directly reimbursing the Turkish health system.<sup>84</sup> In contrast, the Germany–Turkey BSSA provides a similar reimbursement mechanism but is more limited in scope, primarily covering only urgent or necessary treatments.<sup>85</sup>
- **The Belgium–Morocco BSSA employs a dual reimbursement model to balance administrative efficiency with financial flexibility.** Belgium provides lump-sum payments<sup>86</sup> for predictable services (like care for families or individuals with disabilities) and quarterly reimbursements for emergencies, covering both active workers and retirees. This model reduces bureaucratic delays while ensuring financial predictability for both countries.<sup>87</sup>
- **Meanwhile, the France–Morocco agreement uses an actual-cost reimbursement approach**, where France repays Morocco the exact amount for health services used by French retirees. While this ensures fiscal accuracy, it involves more complex administration.<sup>88</sup> The complexity of this model makes it most suitable for countries with aligned digital health infrastructure and strong cross-border governance frameworks.

Characteristic	Austria-Turkey	Belgium-Morocco	France-Morocco
 Healthcare Coverage	Comprehensive	Predictable services and emergencies	Exact cost
 Reimbursement Model	Direct reimbursement	Dual reimbursement	Actual-cost reimbursement
 Beneficiaries	Austrian pensioners in Turkey	Active workers and retirees	French retirees
 Administrative Efficiency	Efficient	Balanced	Complex
 Financial Flexibility	High	High	Low

Source: Authors' depiction

<sup>84</sup> (Fuchs, Holzmann et al., 2016)

<sup>85</sup> Ibid

<sup>86</sup> Lump-sum payments in the case for healthcare are pre-determined fixed amounts calculated based on average healthcare expenses for specific groups, such as family members or individuals with disabilities. Rather than reimbursing healthcare costs on an item-by-item basis, a total, predictable amount is transferred annually. This method helps to streamline administrative work by reducing the need for detailed billing and claim verification. The amount is calculated by taking the average healthcare cost per family in the resident country and applying a 20 percent reduction to account for potential variances in actual healthcare utilization.

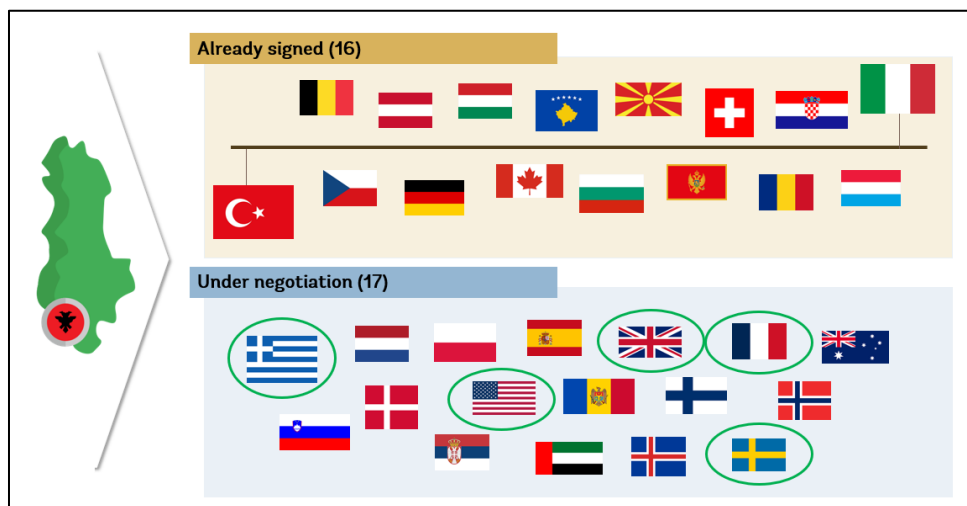
<sup>87</sup> (Holzmann, Wels, & Dale, 2016)

<sup>88</sup> Ibid

### 2.1.1. BSSAs in the context of Albania

**Albania has expanded social protection for its migrants through 16 ratified BSSAs, with negotiations currently underway for 17 additional agreements (as illustrated in Figure 08).** This progress reflects the objectives of Albania’s 2018–2024 Diaspora and Migration Strategy, which prioritized BSSAs as a mechanism to address critical gaps in coverage—particularly important given that 40% of Albanian migrants reside in key destination countries, such as Greece, United States, France, United Kingdom, Sweden etc. with whom Albanian still lacks such agreements. According to ISSH data, most of the existing BSSAs enable the totalization of work periods (aggregating foreign and domestic contributions to qualify for benefits) but do not involve cross-country reimbursement of paid benefits. These agreements treat foreign contributions as equivalent to domestic ones for benefit calculations, preventing loss of accrued rights. For instance, the Albania-Italy BSSA that was signed in 2018 and effective 2025, exemplify this model (more details provided below and in Box 7), aligning with standard EU practices where BSSAs typically follow the ‘pro-rata’ model, where each country pays pensions based solely on contributions made within its system and there are no financial transfers (European Commission, 2021). The rare exceptions like Austria-Turkey’s healthcare reimbursement model or unemployment benefits portability are unique and limited in scope, and Albania currently lacks such provisions in its BSSAs.

*Figure 08: Albania has 16 ratified BSSAs, with negotiations underway for an additional 17.*



*Source: Authors’ depiction*

**The newly ratified Albania-Italy BSSA (effective July 2025)<sup>89</sup> represents a major advancement in protecting migrant workers’ rights.** Under this agreement, an estimated 500,000 Albanian formal sector workers in Italy will gain access to pension benefits (old-age, disability, and survivor) and unemployment coverage, with contributions from both countries combined to meet minimum eligibility requirements while improving benefit amounts through recognized additional contribution years. Additionally, the agreement guarantees equal treatment for migrant workers in both Italy and Albania, fostering fairness and equity. However, this agreement excludes long-term care, occupational diseases, and workplace accident benefits; it has administrative cost-sharing for health expenses and is applicable to formally employed workers,

<sup>89</sup> <https://euronews.al/en/pension-agreement-with-italy-comes-into-effect-e7-6-million-allocated-for-first-year/>

with only emergency care for informal sector migrants.<sup>90</sup> The health insurance contributions made in Italy will not count towards eligibility for the Albanian social health insurance (see Box 7 for details). The unemployment benefits in both Italy and Albania are paid for a periodic payment and not as a lump sum. For both countries, eligibility typically requires involuntary job loss, minimum contributions, with exceptions for situations like voluntary resignation for just cause (more details included in the Box below).

***Box 7: What is included in the BSSA between Albania and Italy***

If Albanian migrants make social security contributions in Italy's INPS system, each payroll deduction automatically converts to pension credits, unemployment eligibility, and healthcare access, as described below.

- **Pension credits:** Under the BSSA, all formal-sector Albanian workers in Italy are mandated to make contributions to the INPS system (Italian Legislative Decree 34/2020). These contributions generate pension credits calculated through the 'Retributivo' formula, which accrues 1.33-2% of their annual salary toward future pension benefits (INPS Circular No. 166/2023). The total contribution rate is 33% of gross salary which is split as 23.81% for employer and 9.19% of employee (INPS Contribution tables 2024). The retributive formula applies to workers who entered Italy's labor market before 1996. Post 1996 workers fall under the Contributivo system (1.55-1.8% accrual). However, the BSSA permits totalization across both systems (INPS Circular 166/2023).
- **Unemployment eligibility:** For Albanian workers contributing to Italy's system, the agreement extends unemployment coverage. Individuals must meet the standard requirement of 13+ weeks of contributions (Italian Legislative Decree 148/2015). The benefit is capped at €1,300; it is calculated as an equivalent of 75% of the individual's last monthly salary for the first six months of involuntary unemployment, and thereafter reduced to 60%, with duration further scaling by contribution history. However, short-term or seasonal workers i.e., those on contracts under three months remain excluded, as INPS classifies them under separate agricultural or temporary schemes (INPS Operational Guide, 2024).
- **Healthcare benefits:** For seasonal or temporary workers with short-term stays, Albania requires migrants to pay out-of-pocket for healthcare in Italy and later submit reimbursement claims to Albania's Health Insurance Institute (HII). This process requires original receipts, treatment records, and proof of active Albanian insurance coverage, but only applies to emergency care, whereas non-emergency treatments need prior HII approval. According to Italy's INPS guidelines, for long-term residents who are registered with Italy's INPS, gain full access to Italy's National Health Service (SSN), eliminating upfront payments for contributory workers and extending coverage to pensioners or their family members, upon being certified by Albania's HII. Further, as per an HII Directive, for pensioners retiring in Albania, Italy's INPS reimburses healthcare costs incurred in Albania, but only up to Italian NHS tariff rates, with claims processed through Albania's HII.

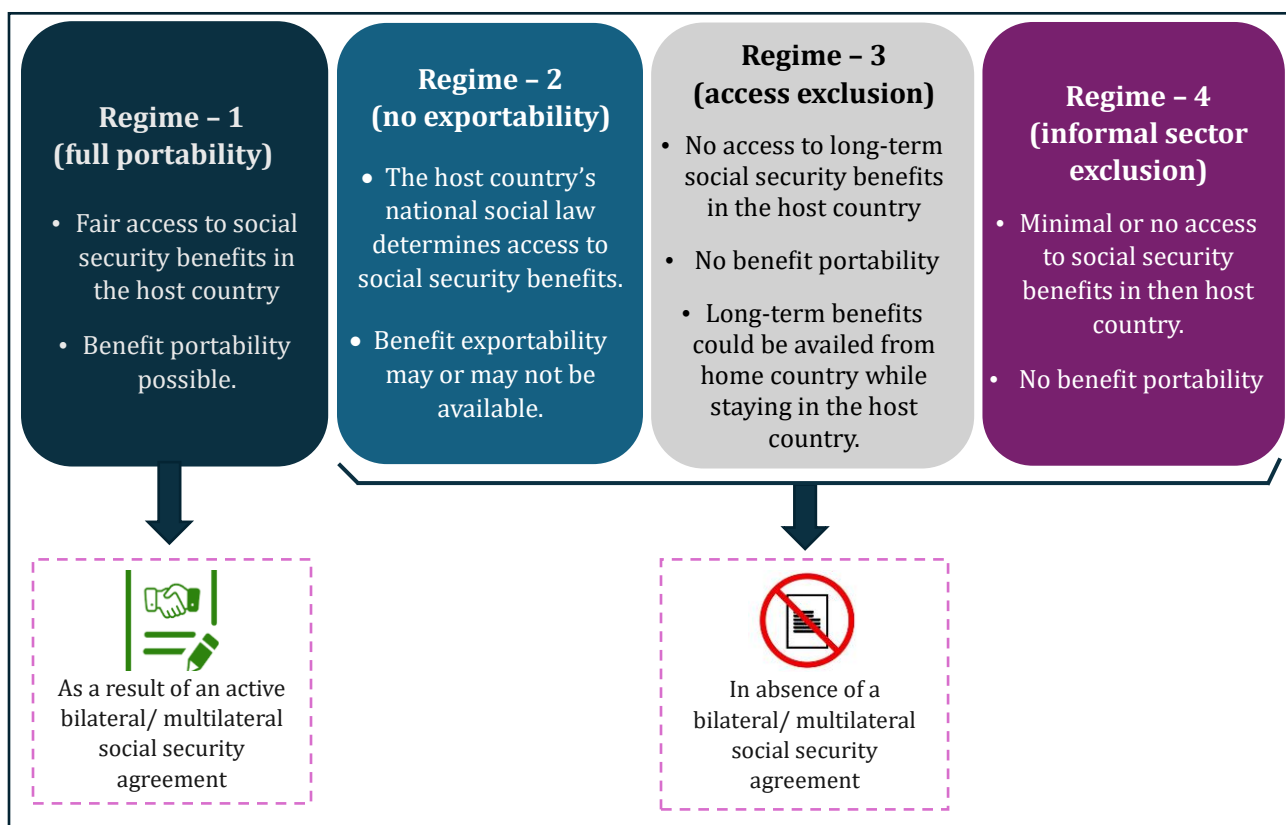
**Albanian's migrants have varying levels of protection across destination countries which can be categorized using four-tier classification of cross-border security agreements (as**

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<sup>90</sup> <https://jbc.al/albania-italy-agreement-on-social-security/>

**illustrated in Figure 09).** This classification framework, adapted from Holzmann and Koettl's (2015) typology of benefit portability, ranges from Tier 1 (full portability under comprehensive BSSAs) to Tier 4 (minimal or no protection), revealing coverage disparities. For instance, formal-sector workers in countries with robust BSSAs like Albania-Italy (Tier 1) enjoy full benefit portability, while those in non-BSSA countries face different outcomes: for instance, Albanian migrants in Greece (Tier 2) lose accrued benefits upon return, whereas those in Sweden—despite lacking a BSSA with Albania—may qualify for Swedish pension benefits if they meet Sweden's national eligibility requirements (typically minimum contribution periods). The rarely applicable Tier 3 includes GCC countries with employer-specific schemes, while Tier 4 encompasses excluded informal workers (e.g., Albanian workers in Spain's agricultural sector). This stratification highlights how both bilateral agreements and host-country domestic policies shape migrant protections.

*Figure 09: Four regimes of migrant workers, based on social security benefits' portability and access.*



*Source: Author's depiction*

### 2.1.2. Limitations of BSSAs

**While BSSAs provide protection for migrant workers, their design and implementation require careful attention to legal, technical, and operational factors<sup>91</sup> to ensure effectiveness.** These include:

<sup>91</sup> (Holzmann & Koettl, 2015)

- **Harmonization of varying national social security regulations and scheme design across countries could be challenging and may prolong negotiations.** Every national scheme can have different eligibility criteria, vesting periods, indexation rules or even design (e.g. DB pension in one country and a flat basic pension plus DC in another). This disparity between origin and destination countries can restrict the signing of bilateral agreements and may disrupt benefit continuity for migrants.<sup>92,93</sup> This is one of the key reasons why negotiating BSSAs across countries, especially between those that have significant cross-border migration is a long process. At least 40% of Albania’s migrants reside in countries outside of BSSAs, such as Greece and Germany, leaving coverage gaps.
- **Administrative coordination between countries introduces some operational complexities.** Cross-border benefit administration requires synchronization of different IT systems, documentation procedures, and verification processes. For instance, proof-of-life requirements often involve mandatory in-person verification, which disproportionately affects elderly migrants. Additionally, contribution reconciliation failures, such as those observed in the France-Algeria BSSA, highlight how mismatches between social security identification systems in destination and origin countries cause delays; 42% of claims in this case were delayed or in the Morocco-Belgium BSSA, where excessive legalization requirements led to a Moroccan worker in Belgium waiting 14 months for pension transfer. Such administrative barriers can disadvantage elderly migrants or those with intermittent contribution histories, as reported by Albanian returnees during consultations—one individual, aged 79, is awaiting pension benefits despite having moved to Italy in 1991, worked there for 15 years and having made contributions for 11 years.
- **Fiscal sustainability considerations emerge from historical precedents where retroactive payments in some EU countries created actuarial imbalances when benefits outpaced contributions.** In the 2000s and 2010s several EU countries allowed buyback of service periods and retroactive payment of contributions that migrants could also make use of. Low contribution rates and cheap retroactive payments allowed individuals to exploit the system, claiming high benefits after minimal payments. This actuarial unfairness shifted costs to taxpayers, exposing the risks of unconditionally opening pay-as-you-go (PAYG) solidarity systems to voluntary participation.
- **Benefit adequacy further compounds to some of these challenges, as pension values may fluctuate depending on the indexation methods.** Migrants retiring in high-cost destinations often find pensions accrued in less generous systems insufficient to maintain their standard of living.<sup>94</sup> While some countries adjust pensions to wage growth, there are countries that alternatively use inflation benchmarks, which could create unpredictability in purchasing power for mobile workers.<sup>95</sup> Wealthier countries might provide more comprehensive healthcare coverage or higher unemployment benefits compared to developing countries. This disparity makes it difficult to ensure that when benefits are ported, they maintain their intended value and support level.

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<sup>92</sup> (UN, 2019)

<sup>93</sup> (IOM, 2020)

<sup>94</sup> (EC, 2020)

<sup>95</sup> (ILO, 2021a)

- **Coverage limitations persist in most BSSAs, which cover only formal sector employees, leaving informal workers,<sup>96</sup> and offer limited healthcare portability.** Even in countries with comprehensive BSSAs, coverage is typically restricted to documented workers who contribute to the social security systems. This leaves most agricultural laborers, domestic workers, and other informal employees without social security protection. Healthcare portability remains particularly constrained, with most agreements covering only emergency care rather than comprehensive services. This limits the practical utility of health portability, especially for retirees seeking comprehensive care in countries of origin, and rarely extends to family members or dependents, leaving women and children particularly vulnerable. Most Albania’s BSSAs—excluding the recent Albania-Italy BSSA only provide portability exclusively for pensions, leaving health insurance protections non-transferable. The complexities of different health systems, treatment costs’ calculations, varying reimbursement models, quality of care etc. create barriers to health portability.
- **These disparities, combined with less transparent benefit calculation methodologies can create mismatched expectations.** Returning Albanian migrants have first-hand expressed concerns about pension benefit adequacy, discriminatory treatment, and some additional challenges. In consultations,<sup>97</sup> returnees expressed dissatisfaction with adequacy of pension benefits received from both Italy and Albania. Participants recognized that Albanian rule changes in 2014 and multiple pension reforms in Italy likely affected their pension adequacy but the lack of clarity on the impact it could have on their pension benefit led to them feeling that they ‘contributed a lot more than they received in return’. There were also perceptions of inequity among participants because some participants mentioned being treated and affected differently than others: e.g., one person migrated in 1996, worked for five years and was able to take a pension, while another who migrated in 1991 had worked for many more years (<20) but didn’t get anything.’ Since pension amounts for migrants are dictated by their contribution history and agreements outlined in the BSSAs, mechanisms that allow migrants to be aware of expected benefits while they are working, is important to avoid mismatched expectations in old age. Allowing migrants to check their contributory history and use pension calculators to estimate benefits based on years of contributions in each country, can be a solution to consider.

## 2.2 Plans offered by the Private sector

**Innovative products and easy enrollment options offered by the private sector may be an attractive insurance alternative for some risks.** Governments typically provide social security due to their ability to mandate universal coverage, which facilitates efficient risk pooling, redistribution, and economies of scale. Nevertheless, innovation and customization of insurance plans, proactive outreach, independent governance boards, higher quality of service, and more customer centric business processes are all reasons why private sector plans might be more attractive insurance providers for some migrants. The accessibility and coverage of private

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<sup>96</sup> (ILO, 2023)

<sup>97</sup> On March 6, 2024, the World Bank team met for a consultation with twelve returned migrants from Italy, aged 60-80. Most of the participants had spent 15+ years abroad, and while some of them had permanently relocated to Albania, a few still travelled back and forth between Italy and Albania. The majority worked in the formal sector although some had spent a few years working in the informal sector as well. On average, the participants reported being ‘well-off’ and ‘well-educated’ and had at some point received support from INAS Albania, a branch of the Italian labor union INAS CISL, which provides support services to workers, retirees, and their families in Albania.

insurance plans hinge on the maturity of the domestic insurance market and the extent to which their product offerings align with migrants' needs and affordability.

**Albania's private insurance market<sup>98</sup> remains small and at a nascent development stage despite recent growth and expansion.** Established in 2006 and regulated by the Albanian Financial Supervisory Authority (AFSA), the market is dominated by non-life insurance, which makes up 92% of all written premiums while life insurance holds a modest 7.4 percent share. There are twelve registered insurance companies operating in Albania as of 2021—eight of which are non-life and four are life insurance providers, with Sigal Uniqa Group Austria leading in terms of market share. Although a wide range of products is available—including health, property, and transport insurance, the portfolios of life insurance companies offering products with savings components remain limited in scale, valued at under EUR 60 million, and have minimal impact on long-term savings. Low consumer awareness, limited product innovation, and a preference for traditional savings methods such as bank deposits have constrained the sector's expansion. According to the Global Findex database 2021, only 10% of Albanians who save do so using a financial institution, and just 44% of those over 15 hold an account.

**Additionally, Albania's public health insurance system and private health sector offerings face some limitations.** Albania legally mandates contributions to its public health insurance system for all economically active and inactive residents,<sup>99</sup> but many remain uninsured—particularly in remote regions—due to high premium costs and out-of-pocket expenses, limited outreach, and a large informal sector in Albania. Although plans cover routine care, emergencies, and pregnancy, many migrants may find these products unaffordable or inapplicable to their mobility. In the case of the country's private health insurance sector, its product options are available and potentially accessible to all, but their poor alignment with the needs of migrant workers limits their relevance and accessibility. Akin to the public health insurance system, the cost of private premiums can be expensive with high co-payments.<sup>100</sup> Further, travel insurance and expatriate-specific products are increasingly offered, which could hold potential for migrants, particularly those frequently moving across borders.

**Life insurance offerings are limited in scale and uptake, making them largely inaccessible for migrant populations.** As of 2017, only four companies have provided life insurance in Albania, reflecting significantly lower market penetration compared to similar countries, with life insurance premiums standing at just 9.8 USD (in 2017), which is a fraction of regional averages, indicating limited accessibility or uptake rather than affordability alone<sup>101</sup> Apart from credit life insurance, all life policies offer coverage on an annual basis, with high commission rates, varying by product type and ranging from 10 to 20%. While they offer security in the event of death or illness, their low market presence and lack of targeting toward migrants reduce their usefulness as a protection tool.

**Private pensions remain underutilized and narrowly invested, offering limited value for long-term financial planning.** Although private pension schemes in Albania offer access to retirement accounts invested in government securities, participation remains very low—only 2.7% of employees and 4.2% of those contributing to the mandatory state scheme are enrolled. Many individuals prefer investment funds instead, valuing the greater liquidity and flexibility they offer.

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<sup>98</sup> Demand and supply side factors that impact Albania's insurance market are briefly mentioned under Annex 1.

<sup>99</sup> <https://fsdksh.gov.al/project/ligji-i-fondit/>. This also includes individuals who are seeking residence permits.

<sup>100</sup> (WHO, 2020)

<sup>101</sup> <https://documents1.worldbank.org/curated/en/437431577710173970/pdf/Albania-Insurance-Market-Development.pdf>

Limited awareness and understanding of the long-term benefits of private pensions—such as compounding returns—further reduce their appeal, especially among migrant workers and the broader population.

## 2.3 Government administered voluntary schemes

**Voluntary social insurance schemes are increasingly gaining importance as traditional employee-employer based systems do not provide coverage to today’s evolving labor market that includes migrants, gig workers, and informal laborers.** An employer-employee relationship has been the bedrock of social insurance because it allows for contribution cost sharing and gives governments the ability to enforce contributions, simplify administration, and verify eligibility for short term benefits. Originally set up in the 20<sup>th</sup> century across Europe primarily as an instrument for high income workers to accumulate additional benefits, voluntary schemes now serve a more inclusive role. Voluntary schemes are designed to provide protection to workers who don’t have a stable employer-employee relationship; and whose income and benefit eligibility status is not easily verifiable by the state. Self-employed, part-time, gig workers, caregivers, and even migrants all fit this description. Governments and social security systems now are adapting by offering subsidized voluntary coverage, particularly for pensions, disability, survivor and even health, unemployment in some cases. They are prioritizing pensions, disability coverage, and health insurance as these long-term benefits present fewer administrative challenges in eligibility verification compared to short-term needs like unemployment or sickness benefits. For instance, Rwanda’s community-based health insurance system slows voluntary enrollment for informal workers at nearly 80%, with full premium subsidies for the poorest 40% of the population.<sup>102</sup> Similarly, Indonesia’s JKN-KIS program extends subsidized voluntary coverage to 92.4 million informal workers,<sup>103</sup> while Vietnam’s health insurance scheme offers government-funded premiums for the near poor alongside voluntary enrollment options for self-employed and migrant workers<sup>104</sup>. Innovative adaptations have emerged globally, with Colombia providing lump-sum unemployment benefits to part-time workers, Indonesia offering subsidized injury and death coverage to non-salaried workers, and Vietnam permitting pension withdrawals during extended unemployment periods. Malaysia and Singapore’s Provident Funds similarly allow early access for critical needs like healthcare and housing.

### 2.3.1 Albania’s Voluntary Insurance Scheme

**Albania’s Voluntary Insurance Scheme offers a pathway for migrants and individuals in formal employment and informal employment to accumulate pension rights.** The Voluntary Scheme, managed by the Institute of Social Insurance (ISSH), has been a key part of the country’s social security system<sup>105</sup> since 1993 (see Figure 10 which offers a snapshot of insurance schemes under ISSH). It was originally designed to help workers outside formal employment, including migrants, gig workers, and stay at home caregivers, by allowing them to voluntarily contribute

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<sup>102</sup> (Pathé Diop & Butera, 2005)

<sup>103</sup> <https://www.ilo.org/meetings-and-events/examining-indonesian-national-health-insurance>

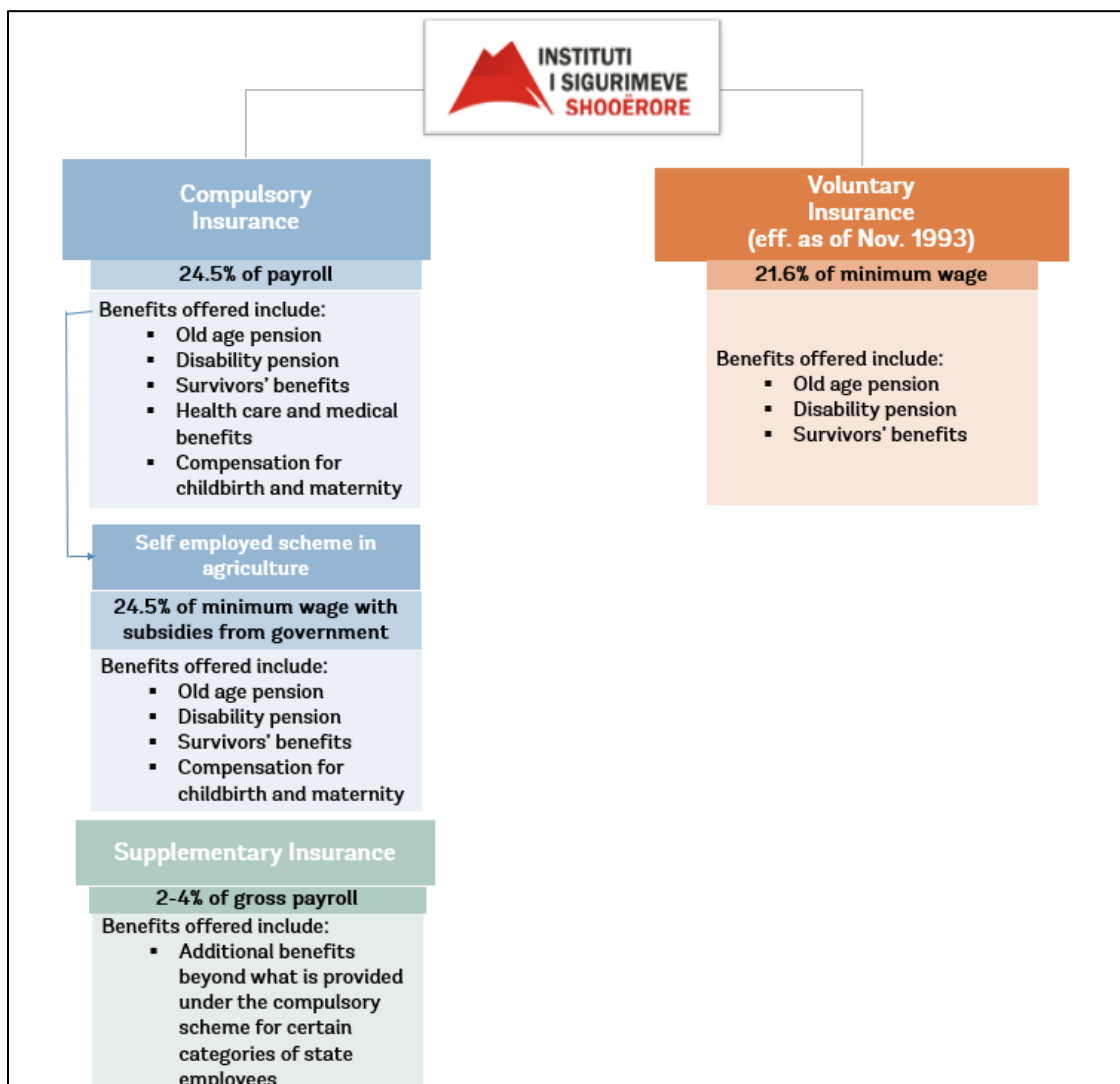
<sup>104</sup> <https://academic.oup.com/heapol/article/10/2/154/606615>

<sup>105</sup> The country’s social protection system along with the Voluntary System includes two pillars: (i) the *compulsory scheme*, which covers all formal workers and self-employed individuals, and (ii) the *supplementary scheme*, which provides enhanced benefits for select state employees. There are 690,000 active contributors to Albania’s pension system as of 2023, as per data from the SII. Among these, 42% are working age contributors and the contributor to pensioner ratio is at 1.2 workers per retiree, straining Albania’s social security systems. Pensions consume 6.2% of the GDP (as of 2023).

towards their pensions. The Schemes' design is like that of the compulsory scheme, i.e. the same defined benefit formula, retirement age, and indexation apply for participants in both schemes, but it does not cover any short-term benefits.

**Participants in the Voluntary Scheme are required to contribute a minimum of 21.6% of Albania's minimum wage and this can differ based on their declared income.** Participants are eligible for old age, disability, and survivor benefits; and these benefits are calculated based on a prescribed formula. The scheme does not cover the short-term risks of health care, childbirth and maternity, covered by the compulsory scheme. It does however allow Albanians to contribute to the scheme regardless of where they reside. For those who previously contributed to the compulsory scheme but fell short of the 15-year vesting can also contribute to the Voluntary Scheme to meet the vesting shortfall. Enrollment is straightforward – with applications processed through ISSH offices or online platforms, though it lacks the digital convenience seen in more advanced European countries.

Figure 10: Insurance options provided by Albania's Institute of Social Insurance (ISSH)

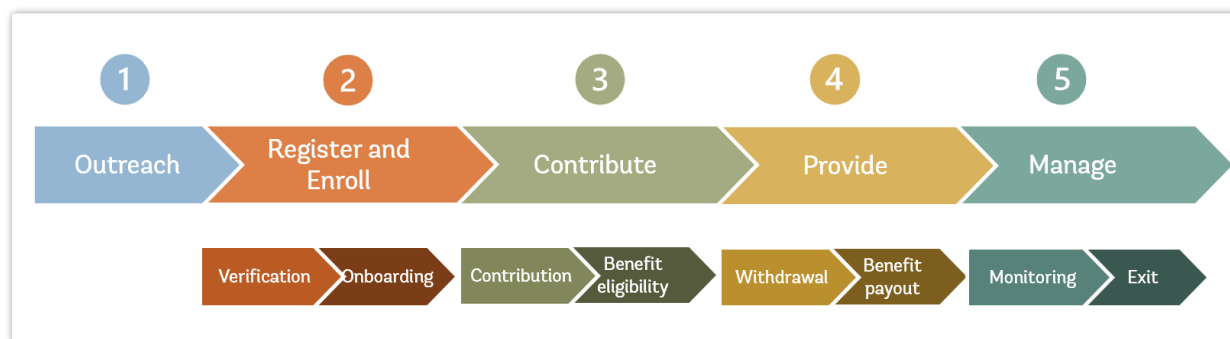


Source: Authors' depiction

Disaggregated statistics show that Albanian migrants account for a substantial share of the contributors to the Voluntary Scheme which makes it useful to assess its effectiveness in meeting the needs of this group. Nearly 50% of the contributors to this Scheme are Albanian migrants.<sup>106</sup> Further, among total set of contributors, nearly 71% of individuals are aged above 50<sup>107</sup> which means they start contributing closer to the retirement age. Women contributors constitute 65% of the share when compared with their male counterparts.<sup>108</sup> While it is not possible to identify migrants in the administrative data the overall low enrollment numbers in the Voluntary Scheme (6,904 contributors in 2022) indicate significant potential for improvement. The World Bank team partnered with ISSH to assess the effectiveness of Albania’s Voluntary Scheme in meeting the needs of Albanian migrant workers. Beginning in November 2023, the Bank staff collected data through a detailed questionnaire filled out by ISSH staff.

The assessment follows the World Bank's Delivery Chain Framework, adapted from Lindert et al. (2020), to examine the scheme's effectiveness in attracting migrant contributors. This was undertaken in March 2024, when the team carried out consultations in Tirana with migrants, trade unions, and private providers. The delivery chain comprises five stages and eight substages, as outlined in Figure 11. A summary of the findings from the assessment is presented in Table 1.

Figure 11: The delivery chain of the voluntary scheme for migrants.



Source: Author's depiction. Adapted from Lindert et al (2020).

Table 1.: Summary table with main observations from the assessment organized by step of the delivery chain

Delivery Chain	Main Observations
Outreach	No specific targeting or tailoring of communication for migrants
	Various channels used but effectiveness not studied e.g. no documentation on frequency, reach and responses from outreach and no data collected at time of registration on 'where you heard about this scheme'
	TV, especially local TV, reported by ISSH being the most effective outlet, but this does not guarantee outreach to migrants
	Limited spending on communications, relative to international benchmarks.

<sup>106</sup> SII (2023)

<sup>107</sup> Ibid

<sup>108</sup> Ibid

	Lack of material (pamphlets, videos, billboards) from ISSH on Voluntary Scheme benefits, how to enroll, and benefits offered.
	Limited network of partners (public agencies or private or civil society) to assist ISSH with mobilization efforts
	Prior use of agents in destination countries discontinued
<b>Register and enroll</b>	Albanian migrants above the age of 18 allowed to apply to scheme
	Physical registration required at the premises of the ISSH in a sector/office of the voluntary insurance – No digital registration available
	Interested individuals (migrants) can authorize a family member to apply on their behalf but process is cumbersome.
	Simplified registration (albeit in person) requires only 3 documents (ID, application form and declaration of previously insured periods)
	ISSH database interoperable with the civil registry and the tax authority system, allowing real time verification and activation of enrollment upon payment of first contribution.
	Upon registration, contribution information and data are accessible online real-time via the portal e-Albania
	Flexibility in the number of contributions with a ‘nudge’ to maximize benefits through use of ISSH staff during in-person registration to develop a contribution plan and select ‘desired’ insurance period upfront.
	ISSH ‘reports’ providing notifications (via text) to contributors to encourage payments
	Minimum and maximum contribution linked to wages, providing an automatic indexation to contributions paid
	A guaranteed benefit (based on a formula) at time of retirement or disability or death, on meeting the vesting period.
<b>Contribute</b>	Voluntary Contributions need to be made in-person (by first obtaining payment order at ISSH’s regional counters and then pay contributions at ISSH-affiliated banks or post office)
	New payment order needs to be issued if conditions change or if the person misses scheduled contribution
	3 discount options available for prepaying contributions
	Possibility to transfer ‘excess’ (over minimum) contributions to cover unpaid periods, or withdraw them within 5 years
	Online and real-time monitoring of contribution payments through e-Albania
	Migrants ‘reportedly’ account for one third of all contributors
	Most contributors opt for the minimum payment, indicating a preference for affordability or financial constraints. The ad-hoc and substantial increase in minimum wages in Albania <sup>109</sup> , makes it harder for individuals to join or continue participating in the scheme.

<sup>109</sup> The Govt of Albania has been increasing minimum wages on average at 10-20% since 2022 in an effort to retain younger workers, but these increases are not tied to productivity growth making them an exogenous variable, and not in tune with purchasing power.

<b>Provide</b>	Reaching retirement age (65 for males, 61.3 for females as of 2022 and going up to 67 for both by 2056) and having met the 15 years of contribution rule, is most common reason for withdrawal
	If retirement age is reached but 15 years not met, then all contributions till date are forfeited.
	Besides old age pensions, payouts available if individual becomes disabled or dies before or after reaching retirement age
	No partnership with private insurance companies or banks to provide innovative design add-ons for Voluntary Scheme participants.
	Lack of any government incentives (via targeted subsidies) to make the scheme more affordable for certain categories of individuals to contribute to.
	Withdrawals of contribution can occur under specific circumstances i.e., when there is duplication of contribution periods.
<b>Manage</b>	Basic information on Voluntary Scheme available on ISSH's website, in offices, mail, over phone but no specific hotline or online form to submit feedback/comments.
	No survey to get feedback on scheme or reports on the commonly asked questions/number of calls/emails/text inquiring about scheme.
	No live dashboard monitoring subscribers (count, or age/gender profile, occupation, where they enrolled from, where they heard of scheme) that can be used to provide real time updates to the management and recognize/provide incentives for district offices who enroll more individuals.
	Beneficiaries exit the scheme upon their retirement or passing.
	No analysis of data on dormant beneficiaries (those who stopped contributing to the Scheme)
	Limited information on profile on participants in Voluntary Scheme (e.g., occupation unknown, status – domestic or migrant unknown) which limits understanding of who contributes to this scheme.

## Stage 1: Outreach

**The ISSH reports using a variety of tools and communication channels in its outreach efforts for the Voluntary Scheme, but total spending is low and lacks a clear and sustained strategy in improving migrants' awareness of the scheme, and how to contribute.** Outreach efforts appear to be directed to the general audiences in Albania and do not explicitly differentiate between the compulsory and Voluntary Scheme. The ISSH reports that the tools and channels used include its website, social media networks, print media, national and local TV, and printed materials such as posters and leaflets. The web page of the ISSH includes a link for the Voluntary Scheme,<sup>110</sup> but migrants might need specific information e.g. can they and how to register/contribute if not residing in the country which is currently missing information. The Voluntary Scheme is also not 'marketed' to migrants and does not 'speak to their needs.' The ISSH reports that in 2022, it produced 8,000 leaflets and 1,000 posters for a total cost to 60,000 Albanian Lek (approximately 600 USD); and targeted cities with large shares of emigrants. The printed materials were distributed to all regional directorates (12 in total) of the ISSH, with a direct phone contact of ISSH counters for the Voluntary Scheme included. However, there was no tracking of which regional directorates were successful in increasing registration or explicit regional coverage targets or incentives to better

<sup>110</sup> [https://www.iss.gov.al/?page\\_id=564](https://www.iss.gov.al/?page_id=564)

perform regional directorates<sup>111</sup>. Outreach through national or local TV is considered 'very effective' by ISSH. The regional directorates, in total, spent 75,000 ALL (approximately 750 USD) in 2022 on local television advertisements of the voluntary insurance scheme. However, TV channels as a mode of communication are unlikely to effectively reach migrants who are already abroad. Overall, the spending on communication is extremely low, and general in its approach. Migrants are not targeted as a specific group for whom the Voluntary Scheme is the only option for receiving a guaranteed pension for life.

**There are instances where ISSH has targeted migrants using agents, partners, and regional staff, but efforts need to be persistent and complemented with digital modes of communication to reduce costs.** In order to reach migrants, the ISSH reports mobilization efforts specifically in border cities. Interviews with ISSH suggest that teams of two to three employees are placed with stands in main city streets or at customs checkpoints. The employees in these stands distribute leaflets and provide information regarding the Voluntary Scheme. Between 2005 and 2010, the ISSH tried to involve insurance agents both within and outside Albania – particularly in main destination countries Italy and Greece - to attract Albanian migrants, but there is a lack of data on the number of agents that were engaged, and the compensation provided to them. The ISSH also reports to work with a network of partners (INAC-ALBANIA, INAS-CISL-ABANIA, ACLI-ALBANIA) who provide migrants with information and guidance regarding enrollment in the voluntary insurance scheme and social insurance-related matters in general. The lack of data or documentation on these practices limits our knowledge of their frequency or the relevance of the information provided, from a migrant's perspective. The focus of past efforts seems to be on in-person mobilization, which has a distinct advantage<sup>112</sup> especially in years where scheme awareness is low. But by complementing in-person mobilization with digital efforts (or a 'tech with touch' model of communication) outreach efforts could be sustained over a longer period.

**Consultations suggest that migrants' key questions relate to understanding how much they need to contribute, for how long, and the amount of benefits they will receive in return.** Interviews with ISSH staff provided insights into the recurring questions posed by migrants, when approached to register in the scheme. The top three frequently asked questions are as follows: firstly, they inquire about the number of years of insurance period required to qualify for benefits. Secondly, they seek information regarding the amount of pension they can expect to receive after a specific number of years. Finally, they inquire about the 'rate of return' or 'benefit in excess of contributions collected' they can expect to get from their scheme and how soon they will recoup this investment. The questions posed by migrants suggest that they are not only interested in the schemes' rules but want to gauge the 'financial value' of contributing to the scheme. These are rational questions but one that is not straightforward<sup>113</sup> to answer for a defined benefit scheme. It is much easier to comment on the average rate of return if the pension design is a defined contribution (DC) e.g. the mobility saving accounts in the Gulf countries. In reality, though defined benefit pensions provide a higher 'net value' than DC schemes simply because they are more

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<sup>111</sup> International experience (Güven & Jain et al.) suggests that targets for local offices can be successful in motivating staff to seek new subscribers and retaining existing subscribers. On meeting these targets countries have provided explicit monetary incentives to individuals (e.g., a bonus to those who registered most individuals in a year) or recognition as a star performer in the institution.

<sup>112</sup> International experience on voluntary schemes suggests that in-person mobilization has unique advantages notably the ability to establish trust, which is critical in the early stages, but this mode of mobilization is costly and therefore tends to be a one-time effort. Successful schemes depend on in-person in early stages of scheme launch to boost take-up numbers and complement these efforts using digital means to ensure persistence in communications at an affordable rate. For e.g. digital means like radio shows, podcast ads, social media like FB, Instagram, WhatsApp, or influencer groups, can be used to complement mobilization efforts.

<sup>113</sup> The 'value' of a defined benefit can be estimated by calculating the present value of overall benefits and comparing it against the present value of contributions but doing this mathematical calculation involves making and understanding assumptions around wage growth, discount rate, life expectancy, annuity factors etc.

generously indexed and guaranteed benefits are paid for life. Policymakers in countries with large informal sector or migrant population like that of Albania must grapple with the question of whether they want to choose a scheme design that is simpler to communicate vis-à-vis extending the design that already exists for those in the compulsory scheme<sup>114</sup>. This question also has implications for sustainability and equity given defined benefits in Europe & Central Asia are already in deficits, requiring government transfers.

**The outreach efforts for the Voluntary Scheme can be better structured considering migrants as a target group, involving a wider range of partners, mobilizing ISSH staff with clear roles and responsibilities, and articulating the value add of contributing to scheme. In the medium-long run, policymakers can consider the pros/cons of a defined benefit scheme with simpler benefit formula or a fully funded defined contribution scheme that will be easier to communicate to migrants, informal sector workers and even those who want to supplement their benefits from compulsory scheme.**

## **Stage 2: Register and Enroll**

**The eligibility criteria for enrollment in the voluntary insurance scheme are defined in regulation No. 4/25.05.2009 of “Voluntary Insurance”.** The voluntary insurance scheme is available to all Albanian citizens who are: (i) aged 18 and above, including full-time students who cannot benefit from the compulsory insurance scheme, (ii) enrolled in the compulsory insurance scheme who seek to augment their income via the voluntary insurance scheme, (iii) do not participate in the compulsory scheme or self-employed scheme in agriculture. Former Albanian citizens can also enroll in the voluntary insurance scheme from January 1, 1994, until their date of citizenship renunciation.

**Interested individuals or their authorized family members can register in person at the offices of the voluntary insurance sector/office located within the ISSH regional directorates of their residing area.** There are 12 counters for the voluntary insurance scheme in Albania, one in each regional directorate. The in-person requirement for enrollment constrains migrants, especially those who decide to join the scheme after they migrated, however allowing authorized family members to apply on behalf of the applicant provides an option for these migrants. The authorization can be granted via a power of attorney issued at a notary. ISSH reports that the majority of applications are done in-person (for instance by migrants themselves), suggesting that while the option of authorizing a family member is designed to provide flexibility to contributors like migrants, it is not used in practice.

**The in-person registration requires only a few documents and lasts between 15-30 minutes.** The required documents include:

1. A means of identification (Albanian identification card or a copy of it)
2. A declaration of previous periods of paid contributions if the individual has any (evidenced by workbook),
3. The application form.

The ISSH reports that the application process also includes an interview with the applicant to confirm previous periods of paid contributions and to determine the desired contributing periods in the future. The process is finalized with a signed agreement between the applying individual (or those on the individual's behalf) and the Institute of Social Security. The number of documents needed for registration are few. Still, the digital data recording systems of ISSH, and the unique ID

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<sup>114</sup> While some countries have opted for defined contribution voluntary schemes, others (India, China, Vietnam) still offer DB plans for voluntary participants with design contribution/benefit schedules or pension calculators (see Jain et.al 2022) to aid communication.

in Albania should allow ISSH to retrieve past contributions for any individual who started contributing after the year 2000<sup>115</sup>, reducing the documents needed. This streamlining can further improve ease of registration and eventually move to digital registration by the individual themselves.

**The verification process of the declared periods of paid contributions by the applicant is done through the electronic database administered by ISSH.** The unique identifier in the personal identification card of the individual is used to verify in the database the period of paid contributions declared by the applicants. The electronic data system of the ISSH is interoperable with the civil registry and the tax authority system, which allows access to data and information regarding the citizenship and migration status of the individual and their individual contributory history. Instead of a two-step process of accessing records of past contributions from the workbook first and then verifying those contributions ISSH could consider real time access of past records, especially for younger/new entrants.

**As part of the onboarding process, applicants discuss in-person at the time of registration with voluntary insurance specialists to determine their desired contribution plan.** Contributors can select the period they wish to be insured for, considering their contribution history. This is not a binding agreement for individuals but a ‘nudge’ for individuals to commit to contribute longer term. The minimum period required to receive benefits is 15 years and 38 years of contributions are needed to qualify for a full pension (gradually rising to 40 years). The annual minimum and maximum contribution levels are based on the national minimum and maximum wage in that year.<sup>116</sup> The minimum contribution is 21.6 percent of the national minimum wage and increases in absolute terms each year as the minimum wage grows. There also exists a maximum contribution to ensure that contributions and therefore pension benefits are capped.

**The electronic data system (CMIS) of the ISSH distinguishes the data for those registered in the mandatory scheme and those contributing to the voluntary insurance scheme.** The registration process in the CMIS takes only a few minutes and individuals contributing to the voluntary insurance scheme may access their data from the government portal e-Albania. They can view their contribution history in real time and download it with an electronic signature. Personal data and insured periods are updated any time there are reported changes and are reflected in real time in the electronic data system (CMIS).

**Official enrollment in the voluntary insurance scheme takes place after the first contribution payment.** The process from the moment of registration to the moment of the first contribution into the scheme must be completed within one month. Upon making the payment into the voluntary insurance scheme, the data is immediately recorded in the electronic data system (CMIS), and it is displayed in real time in the e-Albania portal.

**The ISSH reports that contact is maintained between enrolled individuals and staff in regional directorates managing the scheme.** Employees from the regional directorates contact contributors through text messages or phone calls to provide ongoing guidance and maintain their participation in the scheme. Reminder notifications are usually sent monthly to prompt contributions, but it is not clear if this applies to migrants who live abroad and don’t have an active Albanian phone number.

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<sup>115</sup> Prior to 2000, records of individuals were kept as paper records, which were digitized following a WB financed project to support the implementation of an MIS system to record all new contributions digitally.

<sup>116</sup> The maximum wage is set by the government for the basis of contribution calculations. As of the most recent adjustment in March 2023, the minimum wage was set at ALL 40,000 (EUR 397.57) while the maximum wage was set at ALL 176,416 (EUR 1753,43).

**The in-person registration allows for a one-on-one discussion with prospective contributors to explain how the scheme works, the 'value' of contributing into the scheme, and troubleshooting at the time of registration. However, it is inconvenient for migrants who are geographically mobile and would prefer the option to register digitally with call-in support or an agent to help if needed.**

### **Stage 3: Contribute**

**Contributions into the voluntary insurance scheme can be made after the finalization of all registration procedures, including agreement (non-binding) on the covered periods, level of contribution, and the provision of an action order.** Payment orders, including the period and amount, are issued by the Voluntary Scheme and can be obtained at the regional ISSH office counters. Contributions must be made within the same month of registration, either through the banks with which ISSH has an agreement at the post office, or through an individual account at the regional directorate where registration took place. The in-person requirement to obtain the action order and pay through the Albanian banking system or post office may be a barrier to access for migrants. Even when they have a designated family member to act on their behalf this may be time consuming for the family and unsustainable for recurrent contributions. Contributors have access to real-time data in the e-Albania platform, where they can view their complete contribution history, but they cannot pay contributions digitally. A new action order is required if the payment is not completed within the required month, or in the case of changes such as minimum wage adjustments, alterations to the contribution level, or modifications to prepayment discounts. Contributions are collected in the ISSH account and managed under the same administrative rules as the compulsory scheme, though records are kept separate.

**Special arrangements are available, including a discount scheme for prepayments and the transfer of overlapping contributions.** If payment of voluntary contributions for the full year is made at the beginning of the year, a discount of 6 percent is applied. A discount of 3 percent is applied for a prepayment of 6 months, and a 1.5 percent discount is applied for a prepayment of 3 months. January is usually the busiest month for contributions due to the discount applied for yearly payments at the beginning of the year. Additionally, overlapping or excess contributions (over the minimum) made beyond one year can be transferred to cover other unpaid periods or to increase the level of contributions. The 'excess' contributions can also be withdrawn within five years of payment.

**The voluntary insurance scheme offers beneficiaries, residing within or outside Albania, regardless of employment status, the opportunity to receive an old-age pension, disability pension, and family pension.** For the old-age pension, individuals can qualify with a minimum of 15 years of contributions, either mandatory or voluntary, up to a maximum of 38 years of contributions. There's also an option for a reduced (early) old-age pension with 35 years of contribution. Disability pension eligibility is determined by the number of years contributed, which is typically half the years since turning 20 years old for full benefits, while reduced benefits are calculated based on the ratio of years contributed to the required years, provided that the person is medically certified as being unable to work. Family pension benefits are available for family members who were dependent on the deceased and unable to work. However, if individuals do not meet the 15-year vesting, they are not eligible for an old age pension or refund of contributions till date. The scheme also does not offer any early access to contributions, use of contributions as collateral loans, or coverage against short-term risks.

**The lack of contribution subsidies and ad-hoc increases to minimum contribution can impact affordability for some migrants who don't have an employer to share contribution costs.** Formal sector workers have employers to shoulder part of the contribution burden and self-

employed workers receive contribution subsidies from the government, but migrants and other uncovered workers who join the Voluntary Scheme must bear the full burden of making contributions. From an administrative and fiscal standpoint this is understandable as it can be particularly hard for the Government to identify migrants that have low incomes and target subsidies to them. The recent ad-hoc and high increase of minimum wages in Albania and the link of minimum contributions in the Voluntary Scheme to minimum wages can make it less affordable for migrants and breed uncertainty.

**The total number of contributors to the Voluntary Scheme is very low – only 7,362 in 2023, which represents 0.9 percent of all contributors in the ISSH.** This number has stagnated at around 7,000 contributors between 2019 (7,973) and 2023. Migrants accounted for 31.2 percent of all Voluntary Scheme contributors in 2023, marking a significant representation within the scheme. In terms of other demographic indicators, women constitute a majority (65 percent) of contributors and the majority (67.6 percent) are also over 50 years old. The majority of the contributors opt for the minimum payment, which is set at 21.63 percent of the national minimum wage, amounting to 8,640 ALL per month (approximately 86 EUR per month), indicating a preference for affordability or financial constraints.<sup>117</sup>

**The in-person contribution collection each year is inconvenient for all contributors in the Voluntary Scheme, notably migrant workers. The lack of any fiscal subsidies (currently offered to the self-employed) while minimum contributions are increased annually in an ad-hoc fashion, further reduces the affordability & attractiveness of the schemes.**

#### Stage 4: Provide

**Payouts in the Scheme occur upon retirement, disability, or death in accordance with Scheme rules, and other withdrawals are allowed under limited circumstances.** Payout and withdrawal requests of contributions and benefits are processed by the benefit payment department of the voluntary insurance scheme. If contribution periods are duplicated in a year, or an individual pays more than the maximum contributions permitted in a year then it is possible to either adjust against contributions for other years or withdraw ‘excess’ contributions before retirement, within a five-year timeframe from the initial payment. This condition remained applicable during the COVID-19 period as well. However, given that most contribute at the minimum level, it is unlikely that there would be cases of individuals paying in ‘excess’ contributions. The defined benefit design of the scheme also limits the ability to allow withdrawals in case of extreme financial stress or medical emergencies.

**Pension benefit payouts are calculated using the same defined benefit formula as the compulsory scheme, taking into account the earnings on which contributions were made and the number of years of contribution.** The scheme is called a ‘defined benefit’ scheme as the formula is specified in the law/regulations. Following the 2014 pension reform, the formula was revised for individuals who pay higher contributions and for longer periods receive higher pension benefits, for life. This move to ensure a tighter link between contributions paid and benefits received was motivated by the desire to reduce the extent of redistribution in the system and promote incentives for individuals to contribute higher amounts for longer periods. The formula for old age pension benefits is:

$$((\text{Years paid}/\text{years required for a full pension}^{118}) * (\text{social pension})) + (1\% * (\text{years of contribution}) * (\text{average valorized earnings}))$$

<sup>117</sup> Albanian Institute of Social Security. (2025). “Social Security Statistics.”, available at: [https://www.iss.gov.al/wp-content/uploads/2024/04/STATISTIKA\\_2023.pdf](https://www.iss.gov.al/wp-content/uploads/2024/04/STATISTIKA_2023.pdf)

<sup>118</sup> The years required for a full pension is 38 currently but going up to 40 as per Article 92.

Social pensions are declared annually by the Government. Individuals who claim old age pensions before reaching retirement age are subject to a 0.6% reduction per month. Therefore, an individual who chooses to retire 2 years prior to the retirement age will receive a 14.4% lower pension relative to if he/she retired at the mandatory retirement age.

**Contributors to the voluntary insurance scheme are beneficiaries of three types of pensions.** They are beneficiaries of an old-age pension when they become eligible for the benefit, which is when they have contributed a minimum of 15 years and reach the pension eligibility age. For men, this age is set at 65 years, gradually rising by one month per year from 2033 to 2056 to reach the age of 67. For women, the retirement age is set at 60 years and 8 months, increasing by two months per year until 2056 to reach the age of 67. Contributors to the scheme can also qualify to receive a disability pension if they are certified by the medical assessment protocols as being unable to work. The voluntary contributor needs to be insured under the scheme before being identified as disabled. The contributor's nominated beneficiaries will also be eligible for a family pension if the contributor passes away before or after retirement. The benefit is provided to the children (under age 18) or the widow/widower, nominated by the contributor when they were alive.

**Beneficiaries 'change status' or 'exit' from the voluntary insurance scheme upon their retirement, the death of a beneficiary, and death of survivor.** The change of status results in a change in benefits. Additionally, administrative procedures may be initiated to update records and remove the deceased beneficiary from the scheme's database or mark them as deceased, so they are no longer counted among beneficiaries. According to the ISSH, there are no statistical data on occurrences related to subscribers or migrants in the Voluntary Scheme who retired or passed away in the past three years. Ideally, the ISSH database would be interoperable with the civil/death registry so that any individual reported to have deceased is flagged in the ISSH system. This would reduce the number of 'ghost pensioners' who continue to collect benefits after their death. For pension beneficiaries, particularly migrants, traveling to the ISSH office or affiliated Banks each year to submit 'proof of life' can be cumbersome, and alternative ways can be considered to verify the status of the beneficiary.

**The DB nature of the scheme prevents it from allowing withdrawals under emergency situations, and unlike the compulsory scheme, there does not exist a provision to provide short-term benefits, thereby limiting the Voluntary Scheme's ability to meet the needs of migrants beyond pensions. The guaranteed nature of long-term defined benefits is however a positive feature, provided migrants value them and trust they would receive the 'promised' benefit in the long run.**

#### **Stage 5: Manage**

**The voluntary insurance scheme has traditional methods for offering information and addressing inquiries, but there are significant gaps in monitoring and feedback mechanisms.** According to interviews, voluntary insurance sector employees are responsible for providing information, keeping in contact with the contributors, responding to questions, and more. Furthermore, questions regarding the voluntary insurance scheme can be posed either on ISSH's official website and social media platforms, or via walk-in visits to regional offices, emails, and phone calls. However, a dedicated hotline or an AI virtual assistant/intelligent chatbots to answer questions is not available. The ISSH also doesn't use Customer Relationship Management (CRM) software to document and analyze the inquiries. The management of ISSH lacks a live dashboard to monitor contribution patterns or changes in the number of existing subscribers. In the case of the compulsory scheme while one might not anticipate big increases or drops overnight, there could be jumps in coverage of Voluntary Scheme following a successful outreach campaign. As more efforts go into expanding coverage of Voluntary Scheme to include migrants, monitoring and evaluating progress will become more important.

**Individuals can contact ISSH with grievances and the ISSH is legally bound to issue a time-bound response, but interviews with migrant groups suggest that unresolved grievances remain.** Individuals are able to contact the corresponding directorates at the ISSH as all contacts are available on the website. The website<sup>119</sup> of ISSH also displays a register of requests and responses. Another available recourse is to write to the institution formally by sending a registered letter, which should be responded to within the established legal timeframes. Should an individual consider that their grievances are not resolved, they can appeal to the courts as a last resort solution. The availability of these channels is commendable but interviews with migrant groups suggest that there is limited awareness of these channels existing in the first place. A more proactive approach to seeking feedback might be helpful, given that the number of contributors is relatively low and awareness through word of mouth is limited.

**The 'manage' stage in the delivery chain is an often-overlooked aspect but can play a crucial role in evaluating progress and building trust among contributors, especially in schemes with a longer-term benefit horizon that can be improved through testimonials and a member-centric image.**

### 2.3.2. Strengths and Gaps of Albania's Voluntary Scheme

**The analysis of Albania's Voluntary Scheme reveals a system with notable strengths in inclusivity and long-term security but also gaps that can limit migrant participation.** On one hand, the scheme offers inclusive coverage for non-traditional workers, guaranteed long-term benefits, and flexible contribution—features that could empower migrants to build pension security despite irregular incomes or work histories. On the other hand, challenges such as lack of digital enrollment mechanisms, weak short-term incentives, low awareness among diaspora communities, and affordability barriers hinder migrant engagement.

#### **Strengths of the Albanian Voluntary Social Insurance Scheme:**

1. **Inclusive coverage for non-traditional workers:** The Scheme allows contributions from a range of adults e.g. migrants, informal workers, stay-at-home women who are all excluded from compulsory pensions. By allowing voluntary enrollment to a DB system, the Scheme provides a risk mitigation instrument against death, disability, and old age even to those with irregular work histories—a common phenomenon among migrant populations.
2. **Guaranteed long-term benefits:** The Scheme provides guaranteed inflation-adjusted old-age, disability, and survivor benefits, offering predictable support that is not feasible in DC or private pension plans. The downside of this guarantee is that deficits in the scheme, if any, will need to be financed by the government. These deficits can rise if the promised benefits (that include the minimum pensions) become too generous vis-à-vis contributions collected.
3. **Flexible contribution options:** Recognizing that migrants, such as temporary and informal workers, could have an unpredictable and volatile income, the Scheme allows monthly, quarterly, or annually payments—with annual discounts up to 6% for prepayment—plus options to reallocate excess payments to future periods or receive refunds within five years.
4. **Transparent access:** The integrated digital system enables real-time contribution tracking via the e-Albania portal. Further, for emigrants, the Scheme permits their family members to enroll, make contributions, and complete the required paperwork on their behalf.

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<sup>119</sup> [https://www.issh.gov.al/?page\\_id=11114](https://www.issh.gov.al/?page_id=11114)

## Areas of improvements to increase migrants' participation:

1. **Absence of digital mechanisms:** There is in-person registration required, and payments can be made either in Albania's ISSH-affiliated banks or through the post office. Moreover, the absence of an online form, automated grievance mechanism, and pension calculator to estimate benefits through online channels makes migrants hesitant to set aside contributions for a long period.
2. **Weak short-term incentives to participate:** 15-year long vesting period with no short run benefits or subsidies could further discourage participation from migrants. Self-employed and agricultural workers in Albania at least receive some short-term benefits, such as childbirth and maternity benefits though these workers too not have access to health insurance via ISSH.
3. **Insufficient outreach and awareness:** Current awareness campaigns are domestic-focused (e.g., local TV) which fail to reach overseas populations. Further, many early emigrants lack pension awareness at a young age and may not prioritize or consider pension contributions during their initial migration period, even though starting to contribute early is what provides higher pension benefits. Moreover, the extended periods spent abroad result in a lack of bureaucratic knowledge necessary to navigate the institutions in Albania effectively.
4. **Affordability constraints:** Minimum monthly contribution is set at 21.6% of Albania's national minimum wage (8,640 ALL or approximately EUR 86<sup>120</sup>), if fully out-of-pocket. As per data from Albania Migration Survey 2024, on an average current migrants earn US \$1858 monthly<sup>121</sup> and about 10% of them do not save any money, which could be financially unaffordable for these migrants abroad to make contributions to the scheme. Compounding the problem, the frequent, ad-hoc and high minimum wage hikes in Albania—not tied to economic productivity unpredictably raise contribution levels, making sustained participation for those with fluctuating incomes difficult and leading to dropouts.

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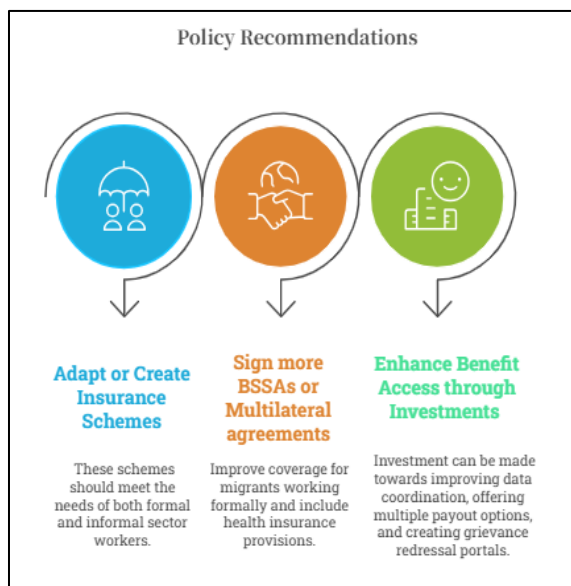
<sup>120</sup> Based on recent exchange rate conversions.

<sup>121</sup> This is a winsorized average computed to exclude outliers.

### 3 Policy Recommendations

There are multifaceted economic and health risks that migrants can encounter on their migration journeys, and while there are mechanisms—both informal and formal—that can offer protection, coverage gaps persist. Informal mechanisms are often the first line of defense, lack legal enforceability, scalability, and long-term security as they are rooted in interpersonal relationships. Formal mechanisms, including contribution to national social insurance programs and recognition of accrued social insurance rights through BSSAs, provide structured, reliable and legally binding protections, but do not fully cater to the diverse needs and circumstances of all migrants. Three key gaps emerge from the report as it relates to social insurance coverage for migrants: (1) exclusion or significant access barriers for migrants working in informal sector, (2) need for expansion of bilateral or regional agreements on social security, and inclusion of health insurance in those agreements and (3) bureaucratic barriers for returning migrants. These systemic limitations can leave migrant workers exposed during their most vulnerable periods, undermining the potential benefits of migration for both origin and destination countries.

**Provision of social security for migrants can be challenging, but adaptations to existing mechanisms, regional cooperation, and innovations to current systems or existing models can help minimize migrants’ risk exposure.** The geographically mobile nature of the migration population, limited benefit portability across borders, administrative delays affecting legal status, absence of interoperable systems to uniquely identify migrants in host or destination countries create unique challenges for social insurance inclusion. These barriers make mandates or risk pooling difficult to implement, leaving migrants without coverage. Globally, success thus far has been focused on securing bilateral agreements that allow migrants in stable formal sector roles to accrue social insurance rights. Extending coverage to include all migrants and providing protection against both short- and long-term risks will require innovative solutions that leverage technology, utilize robust systems, partner with private sector and civil society, and build on regional cooperation. The recommendations in this section (illustrated below), are ones which apply to countries globally with migrant populations and are also tailored to the Albanian context. Towards the end, the report also compiles the research gaps that appear to exist in the field of social insurance for migrants.



Source: Author's depiction

## **Recommendation 1: Improve coverage for migrants in the formal sector by signing more BSSAs or multilateral agreements and including health insurance provisions**

**BSSAs effectively address the challenges faced by migrants that pertain to cross-border benefit access and create a safety net that transcends the ad hoc, fragmented protections of standalone innovations.** By ensuring pension portability, healthcare access, and social security protections for migrant workers, BSSAs enable cross-border accessibility of benefits. These agreements foster labor mobility, prevent benefit loss due to migration, and streamline bureaucratic processes, as demonstrated by agreements like Canada-Mexico, EU-Moldova, and Germany-Turkey and several such BSSAs. Overall, BSSAs can help create a fairer and more efficient global social security framework. While traditionally focused on pensions, some BSSAs now include healthcare provisions, though implementation varies.

**Given that Albanian migrants spend an average of 10 years abroad—often qualifying for pensions or social security benefits in multiple countries—strengthening portability is essential.** One way to address the portability related risks that Albanian migrants face and result in benefit losses is by extending bilateral agreements to cover important destination countries. While already under negotiation, an agreement with Greece would significantly increase the number of migrants covered under bilateral agreements, given that recent UN DESA data suggest it is a destination for 36 percent of Albanian migrants. Additional agreements could focus on meeting changing migration trends and target growing destinations such as countries in Western Europe and Scandinavia. However, it remains essential to consider the nature of social security systems of these destination countries while undertaking bilateral negotiations (see Box 8). Bilateral agreements could also be designed to include social health insurance in addition to the common focus on old-age pensions, following the example of agreements between the successor states of the Former Yugoslavia with Austria and Germany.

**However, an important caveat to consider is that prior to entering into BSSAs, countries need to evaluate the impact that portability rules can have on short run cashflows for both the sending and receiving countries.** There is a risk that countries could face imbalances in their social insurance funds if large numbers of beneficiaries move in or out. For example, if a significant number of high contributors to a pension fund emigrate and take their pensions with them, the fund's revenues in the short run would go down. Conversely, an influx of beneficiaries who have not contributed equivalently could strain the receiving country's social systems.

### ***Box 8. The nature of pension systems in destination countries can impact the potential for bilateral agreements.***

#### *Italy*

**The recently signed bilateral social security agreement with Italy ensures cooperation with Italy's pension system that is based on a mandatory public scheme, covering the whole resident population.** The basis of Italy's scheme is a Notional Defined Contribution (NDC) pension that is calculated as a product of total lifetime contributions, based on number of contribution periods and age. In order to be entitled to old-age benefits, 20 years of accrued contributions are required. Italy's system also includes a legacy Defined Benefit (DB) regime that closed to new enrollees in 1996. Under that scheme, pension is calculated as a percentage of reference wages. For those in Italy who have contributions under both plans, a hybrid *pro rata* payout system is utilized. Italy also has an old-age social allowance for those who don't qualify for an NDC or social insurance pension and have resided in Italy for at least 10 consecutive years. Through the signing of the bilateral agreement, both countries will recognize benefit rights for old-age, disability, and family

pensions, as well as unemployment benefits. For Albanian migrants who have paid into Italian pension schemes, the agreement allows for the totalization of contribution periods so that migrants can meet eligibility criteria without reaching minimum periods in both countries independently.<sup>122</sup>

### *Greece*

**A bilateral agreement with Greece may be more complicated given the nature of its pension system.** The old-age pension system in Greece is based on a main pension, auxiliary pension, and a means-tested pension for those without enough years of contribution. The main pension is a mandatory system for salaried and self-employed people, which consists of two components. The first is a national flat-rate pension,<sup>123</sup> which is financed by the state. The second component is a contributory pension for those that contributed to it prior to the introduction into force of the flat-rate pension. The auxiliary pension was a Defined Benefit system prior to 2014 and was reformed to become a pay-as-you-go (PAYG) Notional Defined Contribution scheme. For those who were insured before 2014, the new system is implemented *pro rata*, and their pension will be a combination of the DB arrangement for years worked prior to 1/1/2015 and the NDC arrangement for years worked after 1/1/2015. However, recent reforms mean that the NDC system is gradually transitioned to a Funded Defined Contributions system, which is mandatory for new labor market entrants after 1/1/2022. Under the new system, contributions and returns are credited to individual accounts but individuals will not have access or ownership until they meet the retirement provisions. Eligibility for the Greek pension system is determined by retirement age, minimum contribution periods, as well as 15 years of residency, which is a barrier for migrants, regardless of potential portability. Further complicating the potential for a bilateral agreement is the requirement of continued residency to be able to receive benefits, which precludes the possibility of portability. A bilateral agreement with Greece would be an important step toward expanding coverage for Albanian migrants but the alignment of the pension systems creates additional challenges.<sup>124</sup>

### *Scandinavia*

**Increasing migration to destinations in Scandinavia raises the potential coverage impact of bilateral agreements with those countries.** One potential benefit is that several countries have similar pension systems with the existing potential for portability. Sweden's national public pension includes an NDC pay-as-you-go component, as well as a fully funded Defined Contribution component. Both are based on earnings and eligibility is determined by minimum retirement age but can be paid out in other countries. In addition to the national public pension, there is a guaranteed pension that is based on years of residency and only paid out in Sweden. Most employees in both the public and private sector have semi-mandatory occupational pension schemes as well that are based on collective agreements between unions and employers.<sup>125</sup> In Norway, the pension system is similar and includes a minimum income guarantee and an earnings-related benefit, which is a Notional Defined Contribution system. These are also supplemented by occupational pension schemes.<sup>126</sup> Finland also has a pension system with two statutory schemes:

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<sup>122</sup> (<file:///C:/Users/wb582597/Downloads/missoc-ssg-IT-2024-en.pdf>); [https://economy-finance.ec.europa.eu/document/download/82b762d7-21ce-4992-aa97-888fd2c66205\\_en?filename=2024-ageing-report-country-fiche-Italy.pdf](https://economy-finance.ec.europa.eu/document/download/82b762d7-21ce-4992-aa97-888fd2c66205_en?filename=2024-ageing-report-country-fiche-Italy.pdf);

<sup>123</sup> The flat rate includes reductions for years under 20 years of contribution, years of residence under 40 years, and months younger than the required retirement age.

<sup>124</sup> [https://economy-finance.ec.europa.eu/document/download/2704c5dc-e3ae-485e-9244-e32978a31b7e\\_en?filename=2024-ageing-report-country-fiche-Greece.pdf](https://economy-finance.ec.europa.eu/document/download/2704c5dc-e3ae-485e-9244-e32978a31b7e_en?filename=2024-ageing-report-country-fiche-Greece.pdf);  
<file:///C:/Users/wb582597/Downloads/missoc-ssg-EL-2024-en.pdf>

<sup>125</sup> <https://economy-finance.ec.europa.eu/system/files/2021-05/se-ar-2021-final-pension-fiche.pdf>

<sup>126</sup> [https://economy-finance.ec.europa.eu/document/download/eeb2526c-c26d-4c3a-91be-979c06934a56\\_en?filename=2024-ageing-report-country-fiche-Norway.pdf](https://economy-finance.ec.europa.eu/document/download/eeb2526c-c26d-4c3a-91be-979c06934a56_en?filename=2024-ageing-report-country-fiche-Norway.pdf)

an employment-based earnings-related scheme that is a combination of a funded and a pay-as-you-go scheme, and the national pension scheme that guarantees a minimum pension to residents (and is not paid if the employment-based pension is above the minimum). Eligibility is determined by reaching retirement age and while residence is required for the guaranteed pension, the earnings-based pension can be paid abroad.<sup>127</sup> These three countries all have similar schemes that include a guaranteed income, which must be paid out inside the country, as well as a defined contribution scheme with entitlements that accrue with years of residency and allow for portability.

**While extending protection to workers in temporary or irregular employment is challenging in the context of BSSAs, Albania's BSSA with North Macedonia breaks new ground for measures to better protect formal seasonal agricultural laborers.** By enabling totalization of fragmented work histories, the agreement helps secure old-age, disability, and survivor benefits that would otherwise be inaccessible. Its healthcare provisions cover urgent and necessary medical treatment in the host country, though long-term or non-emergency care remains tied to residency rules. A key innovation is that the BSSA allows workers to aggregate short-term work periods across both countries to meet pension eligibility thresholds, meaning even a few months of seasonal labor per year can cumulatively count toward minimum contribution requirements.<sup>128,129</sup> The agreement simplifies documentation for temporary workers, accepts pro-rated contributions, and waives minimum continuous employment rules that typically disadvantage seasonal laborers.

**Albania could also explore the possibility of multilateral social security agreements to more quickly extend portability to a broader section of migrants.** One option could be to pursue a multilateral agreement with the European Union as a whole. While the trend has been for member states of the EU to negotiate their own bilateral agreements, there is legal justification for the EU to do so as one.<sup>130</sup> Social security coordination has been an important topic within the EU and there are incentives for countries to adopt a multilateral approach. First, bilateral negotiation is time-consuming and labor-intensive, and a multilateral agreement could be more efficiently negotiated. Bilateral agreements also can lead to patchy systems and competition between EU states protecting their own interests, which can lead to challenges especially considering agreements within the EU and the view of some origin countries that EU countries represent a singular destination. While a multilateral agreement may still require individual arrangements with each destination country, there is the potential for Albania to negotiate an overarching agreement with the EU. It would give migrants legal recourse at the European Court of Justice. Another option would be to pursue a multilateral agreement as part of a broader coalition of Western Balkan accession countries, including as part of the accession process. Multilateral agreements have an advantage in that they set common standards and rules, which can avoid complications and ensure uniformity of procedures, forms, and other details of the process. At the same time, as per an ILO report, they risk being more time-intensive than any single bilateral agreement and more complex to negotiate. The Ibero-American Multilateral Convention on Social Security offers an international example of such a multilateral agreement. In 2007, Spain, Portugal, and 13 Latin American countries signed the agreement to establish cooperation between social security systems. The agreement covers old age,

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<sup>127</sup> [https://economy-finance.ec.europa.eu/document/download/fe985a8e-0424-4feb-bb71-b323c9a9e263\\_en?filename=fi-ar-2021-final-pension-fiche.pdf&prefLang=de](https://economy-finance.ec.europa.eu/document/download/fe985a8e-0424-4feb-bb71-b323c9a9e263_en?filename=fi-ar-2021-final-pension-fiche.pdf&prefLang=de)

<sup>128</sup> North Macedonia Social Security Agency (2023). "Implementation Guidelines for Seasonal Worker Protections."

<sup>129</sup> Albanian Ministry of Finance and Economy (2024). "Bilateral Agreement with North Macedonia on Social Security."

<sup>130</sup> The primary legal justification for the EU to enter into international agreements is from Article 216 of the treaty on the Functioning of the European Union. A study was commissioned by the European Economic and Social Committee to look at the potential for legal coordination of social security schemes between the EU and other states. Cite:

<https://www.eesc.europa.eu/sites/default/files/resources/docs/qe-02-16-992-en-n.pdf>

employment injury, death, and invalidity, and provides for the equality of treatment between countries as well as the maintenance of acquired rights and rights in the course of acquisition.<sup>131</sup>

## **Recommendation 2: Adapt or create insurance schemes that meet the needs of migrants both in the formal and informal sector.**

**Globally, migrants working in the informal sector face limited exposure to risk mitigation instruments, so it remains important for policy makers to develop solutions to cover these migrants.** Relative to those in stable jobs with labor contracts in destination countries, non-traditional laborers and informal workers are more vulnerable to shocks and risks. Formalization of migrant workers should remain a priority, to afford them adequate protection against these risks via compulsory social insurance. However, given the reality that 1 to 2 in 5 migrants in Europe and Central Asia<sup>132</sup> are engaged in low-paying or informal roles, and although rates vary by subregions and countries, it remains a challenge. As such, there is a need for policymakers to consider schemes and solutions that allow these migrants to access affordable insurance through voluntary schemes, private plans or hybrid options. In designing voluntary schemes that meet the needs of migrants and other vulnerable groups, care should be taken to calibrate incentives, eligibility criteria and design parameters such that it does not encourage formal workers to evade paying mandatory contributions and instead benefit from state financed incentives to the voluntary scheme. Objective targeting criteria (e.g. social registries used in Rwanda for determining the level of government matching an individual would be eligible for in the voluntary Ejo Heza scheme), could be used to restrict incentives in voluntary schemes only to the most vulnerable.

**There are innovative approaches and models which could be adopted and facilitate protection of migrant populations, including those in the informal sector.** Mobility Savings Accounts, diaspora-linked matching contribution schemes and innovative healthcare provision models are all tools (see Box 8) that demonstrate that effective solutions must be flexible, portable, and technology-enabled, prioritizing cross-border accessibility, comprehensive benefit packages, and robust trust-building measures. Depending on the specific country's context and conditions, these models can be leveraged to provide protection for migrants.

### ***Box 9. Features and lessons from globally adopted innovative models for formal and informal migrants' protections against risks.***

**Mobility Savings Account (MSA): MSA is a portable and voluntary financial tool specifically designed to address the needs of migrant workers, particularly those in informal employment.** Unlike traditional savings programs tied to employers or fixed contribution schedules, MSAs empower workers to contribute according to their irregular incomes—through remittances, mobile money, or ad hoc deposits—and flexibly withdraw funds for emergencies, education, housing, or entrepreneurship in either their host or home country. Eligibility for opening such accounts usually requires having a valid ID, such as passport or national ID, registration via digital platforms, with cross-border portability ensured through interoperable systems that link host and home country financial networks. Successful MSA implementations include:

<sup>131</sup> <https://www.issa.int/analysis/international-social-security-agreements-europe>

<sup>132</sup> <https://www.ilo.org/sites/default/files/2025-02/Europe%20and%20central%20asia%20Informality%20Regional%20statistical%20profile.pdf>; <https://www.ilo.org/topics-and-sectors/labour-migration>

- **Ghana’s remittance-linked MSA model innovatively combines insurance protection with remittance flows to address financial vulnerabilities for migrants and their families.** By partnering with providers like Zeepay and PayAngel, the scheme offers tiered incentives—such as free microinsurance coverage for remittances exceeding £100/month—effectively bundling financial services with familiar transactions.<sup>133</sup> This approach leverages Ghana’s robust mobile money ecosystem, enabling instant transfers to linked wallets while providing critical coverage for health emergencies, disability, or death.<sup>134</sup> However, the model remains limited by withdrawal restrictions, as benefits are only accessible within Ghana, excluding direct host-country access. Supported by public-private partnerships and behavioral nudges, the initiative demonstrates strong replicability for other remittance-dependent economies.
- **Kenya’s M-Pesa is mobile money platform that provides informal workers and rural communities with access to banking products without a traditional bank account and provides partial cross-border portability.** Launched in Kenya in 2007, M-Pesa has revolutionized financial inclusion by enabling users to deposit, transfer, and withdraw funds via basic mobile phones. Operated by Safaricom, it provides unbanked populations—especially informal workers and rural communities—access to digital payments, microloans, and savings products without requiring traditional bank accounts.<sup>135</sup> M-Pesa’s has over 66 million active users<sup>136</sup> across Africa because of its accessibility, low transaction costs, and widespread agent network. M-Pesa enables transfers between 7 African countries (Kenya, Tanzania, DRC, Lesotho, Ghana, Mozambique, and Ethiopia as of 2024); however, it is not fully global, has some currency limitations, and regulatory barriers that limit its full cross-border portability.

**Diaspora-linked scheme: Mexico’s 3×1 Program offer innovative protection against unemployment risks by incentivizing collective savings and investment.** Under this model, migrants’ contributions to community projects (e.g., infrastructure, small businesses) through remittances which are matched by federal, state, and municipal governments—tripling every dollar sent.<sup>137</sup> While not a direct unemployment insurance tool, the program indirectly mitigates joblessness by funding local enterprises that create employment in migrants’ home regions.<sup>138</sup>

**Blockchain health clinics: Through this model, in Ghana’s Bitland pilot, individuals can earn digital tokens, akin to health credits, upon receiving remittances.** These tokens are then redeemable for healthcare services at a network of partner clinics, effectively directing remittances towards crucial health expenditures and formalizing access to care.<sup>139</sup> This approach leverages the transparency and security of blockchain to create a verifiable record of these health credits, potentially improving accountability and ensuring that remittance funds are utilized for their intended purpose – to enhance the well-being of the recipient families. Unlike third-party financial intermediaries with potentially high fees and long

<sup>133</sup> [https://www.iom.int/sites/g/files/tmzbd1486/files/country/docs/ghana/iom\\_ghana\\_remittances\\_review\\_final.pdf](https://www.iom.int/sites/g/files/tmzbd1486/files/country/docs/ghana/iom_ghana_remittances_review_final.pdf)

<sup>134</sup> Ibid.

<sup>135</sup> <https://www.vodafone.com/about-vodafone/what-we-do/m-pesa>

<sup>136</sup> <https://www.usfunds.com/resource/how-m-pesa-is-leading-a-financial-revolution-across-africa/>

<sup>137</sup> [https://micicinitiative.iom.int/program-3x1-migrants-1#:~:text=The%20Program%203x1%20\(%E2%80%9CPrograma%203x1,will%20invest%20other%203%20dollars.](https://micicinitiative.iom.int/program-3x1-migrants-1#:~:text=The%20Program%203x1%20(%E2%80%9CPrograma%203x1,will%20invest%20other%203%20dollars.)

<sup>138</sup> <https://www.bakerinstitute.org/research/how-remittances-impact-economies-mexican-states-and-municipalities#:~:text=Mexico's%203x1%20Program%2C%20for%20example,for%20developing%20countries%20like%20Mexico.>

<sup>139</sup> [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=4424646#:~:text=The%20Blockchain%2Dbased%20structure%20prioritizes,Blockchain%20along%20with%20their%20identities.](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4424646#:~:text=The%20Blockchain%2Dbased%20structure%20prioritizes,Blockchain%20along%20with%20their%20identities.)

processing delays, cryptocurrencies offer faster payments, remittances with minimal transaction cost and increased verifiability that money arrives where it is sent.<sup>140</sup>

**Pay-per-use mobile health clinics: Using this model, Philippines' Overseas Workers Welfare Administration (OWWA), offer targeted healthcare access for migrants in diaspora hubs through prepaid health cards.** These portable units—deployed in high-density migrant areas such as Riyadh or Dubai—provide on-demand primary care, diagnostics, and emergency services, funded via affordable prepaid credits purchased by workers or their employers. For example, OWWA's *Alagang OFW* program allows Filipino workers in the GCC to prepay for bundled services, such as three consultations with lab tests for \$50, with subsidies for low-income enrollees. Early data shows a 30% increase in preventive care uptake among users<sup>141</sup>, though challenges persist in scaling due to host-country regulatory barriers and limited chronic disease coverage.

**Voluntary schemes bridge some of the gaps of these innovative models by offering portable, comprehensive coverage (health/pensions) regardless of migrants' employment status, and safeguard migrants against risks.** Until the 2000's, much of the Europe and Central Asia region viewed voluntary schemes as largely a vehicle for formal sector workers or the few uncovered individuals to supplement their retirement security, excluding the growing informal workforce. However, the popularity of voluntary schemes has been growing and countries, such as Indonesia, Rwanda, Vietnam, Colombia, Philippines use it to also provide protections to informal workers. For Albania, the modernization of its Voluntary Scheme with diaspora-tailored outreach, digital contribution platforms, and bundled benefits (e.g., health and unemployment) could be a potential solution for safeguarding migrants in informal sector against risks.

**But it is essential that for these voluntary schemes to expand coverage and grow, they must consider the attributes of migrants and their needs.** Most voluntary schemes have limited reach and instead of adapting to migrants' needs, these schemes adopt the same rigid structure used in compulsory schemes. They also conduct limited outreach efforts, which is one of the predominant reasons why voluntary schemes globally struggle to attract contributors in an environment where the nature of work is changing (Güven et.al 2022). Some of the typical attributes of migrants include vulnerability to short-term shocks, reliance on informal saving mechanisms, irregular income and savings patterns, limited financial awareness, irregular employment and observability which could create challenges for migrants in benefitting from and contributing to social insurance schemes. Therefore, in addressing the challenges faced by migrant workers, the following should be considered:

1. **Cross border accessibility:** Enable seamless registration, contributions, and benefit access across borders.
2. **Coverage of short and long-term benefits:** Include immediate benefits (e.g., travel insurance, credit access) alongside long-term security (e.g., pensions).
3. **Technology-driven efficiency:** Minimize administrative costs through digital platforms for contributions, balance checks, and claims. Adopt a member-first culture to improve efficiency.
4. **Flexible contribution models:** Allowing flexibility in paying contributions (e.g., seasonal or project-based) and providing reminders in case of missed payments.
5. **Targeted outreach:** Investing in targeted (e.g., at the start of the migration cycle/visa offices) and tailored outreach and communication efforts to raise awareness, provide

<sup>140</sup> <https://gh.bmj.com/content/2/4/e000570>

<sup>141</sup> [https://transparency.owwa.gov.ph/files/2022-01-19\\_2022%20Approved%20Budget.pdf](https://transparency.owwa.gov.ph/files/2022-01-19_2022%20Approved%20Budget.pdf)

details on how to contribute, showcase the financial value of benefits, promote participation, and encourage savings.

6. **Trust-building mechanisms:** Partner with credible institutions to ensure transparency in funds management and grievance redressal.
7. **Fiscal incentives:** Include time-bound fiscal incentives to increase the uptake of the scheme and increase contributions.

While the above design elements are applicable to most voluntary social insurance schemes, they hold particular significance in fostering trust and motivating contributions from migrant workers, who often face additional obstacles to saving.

**Specifically for Albania, expanding social insurance coverage for migrants in informal sector could entail modernizing the voluntary insurance scheme administered by SII.** The following actions could be considered by ISSH and its stakeholders, to guide the modernization of the voluntary scheme.

### ***1.1 Consider design options that would address short-term needs***

**Albania's voluntary defined benefit (DB) scheme offers unique advantages, including guaranteed lifelong pensions with inflation protection—benefits unmatched by private sector alternatives.** However, this long-term focus fails to address the immediate financial pressures faced by migrants which include job insecurity, health emergencies, or education costs. The schemes' complex benefit formula also makes it value difficult to understand, reducing its appeal to a population needing transparent and accessible solutions. The inherent rigidity of DB schemes presents further challenges. Designed for stability over flexibility, they prohibit withdrawals to maintain actuarial balance. While this protects the schemes' integrity, it leaves migrants without crucial liquidity in times of need.

**There are two options that could be considered to better serve migrants' needs which include:** First, Albania could modify its existing DB structure by adopting a simpler and less generous DB formula for the voluntary scheme and allocating part of the current 21.6% contribution rate to fund lump-sum salient short-term risks, which may include emergency health payouts, or provide maternity and health benefits like in France (Box 9)<sup>142</sup>. Colombia's model demonstrates how private sector partnerships can effectively deliver such bundled benefits (see Box 4). Indonesia's model subsidizes premiums for its informal sector workers and contribution structure scaled to migrants' income level and Belgium's OSS model enables migrant protection against health risks alongside pensions and disability benefits.

**Second, it could introduce a voluntary Defined contribution (DC) scheme that offers much more flexibility than a DB scheme.** In a DC scheme participants have transparent individual accounts, the contributions are invested, returns and fund balance are clearly visible, and conditional early withdrawal options under certain circumstances. Albania does have nascent DC voluntary schemes managed by private pension funds, with AFSA as the regulator. While it was introduced with high income earners in mind, one could consider partnerships between SII and private pension funds to evaluate if the scheme could also meet the needs of migrant workers, and what if any changes to the regulation or monetary/non-monetary incentives are likely to be needed

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<sup>142</sup> Some other examples of providing short term benefits while limiting moral hazard issues include linking benefit payout to confirmation from independent sources e.g. proof of prenatal appointments or delivery certificate to provide maternity benefits; use of experience rating (common in auto insurance) where a payout leads to a temporary increase in contributions.

to attract migrants. The UK's NEST sidecar model is a good example of how DC schemes can provide flexibility and some stability. They allocate 40% of individual contributions at any point to an accessible savings pot with the rest locked in retirement.

***Box 10: International examples of Social Insurance Instruments tailored to migrants' needs***

**In France, the Social Security Fund for Nationals Abroad (CFE) enables migrants to maintain their social security benefits accrued in France while living abroad.** Membership is voluntary and can be done individually or through an employer, ensuring continued access to benefits such as old-age pensions managed by the national pension fund, as well as coverage for sickness, maternity, disability, and employment injuries or diseases.<sup>143</sup> This system guarantees continuity of entitlements without any waiting periods or lost contributions.

**Similarly, the Overseas Workers Welfare Administration (OWWA) in the Philippines manages migrant workers who join through a mandatory membership contribution every two years.** OWWA operates through welfare officers based in regional and field offices across 27 countries, offering a comprehensive range of benefits including disability coverage for injuries sustained while working abroad, death and burial benefits, education and training, welfare assistance, psycho-social counselling, conciliation, airport assistance, legal assistance, repatriation and reintegration programs, and various loan options. These funds ensure that migrants receive essential support and maintain their social security rights while working overseas.

**Indonesia's BPJS Ketenagakerjaan (Workers Social Security Program) provides a flexible model for extending social insurance to informal workers through voluntary enrollment and subsidized premiums.** The program covers four key benefits: work accident insurance, death compensation, old-age savings, and pensions.<sup>144</sup> Informal workers—including street vendors, domestic workers, and self-employed migrants—can enroll voluntarily by paying affordable premiums per month for basic coverage, with partial subsidies for low-income participants. The scheme uses digital platforms (e.g., BPJSTK mobile app) to simplify registration and contributions, while partnerships with community banks (Bank BRI) and cooperatives improve accessibility in rural areas. By 2023, over 37.4 million workers—among which 6.35 million informal workers and wage earners benefitted<sup>145</sup>—and the program's success is attributed to its progressive contribution structure that is scaled to income and cross border portability.

**Belgium's OSS is an innovative model of state-backed portable social protection model that enables Belgian citizens and legal residents working outside the EU to maintain pension, health insurance, and disability benefits across borders.** It offers global coverage to 40,000+ pension beneficiaries, with €313 million paid annually in benefits that are inflation adjusted and exportable internationally. To enroll, eligible workers must demonstrate proof of

<sup>143</sup> <https://americas.msh-intl.com/en/cfe-limits.html#:~:text=If%20you're%20a%20French,French%20Social%20Security%20pension%20plan>)

<sup>144</sup>

[https://ijmra.in/v8i6/Doc/1.pdf#:~:text=The%20Indonesian%20government%2C%20through%20BPJamsostek%2C%20covering%20formal,and%20Job%20Loss%20Insurance%20\(IKP\)%20\(BPJamsostek%2C%202023\).](https://ijmra.in/v8i6/Doc/1.pdf#:~:text=The%20Indonesian%20government%2C%20through%20BPJamsostek%2C%20covering%20formal,and%20Job%20Loss%20Insurance%20(IKP)%20(BPJamsostek%2C%202023).)

<sup>145</sup> <https://www.kompas.id/baca/english/2023/09/05/en-hingga-juli-2023-cakupan-peserta-baru-sentuh-374-juta-orang-penduduk-bekerja>

employment abroad and commit to a flexible monthly contribution plan ranging from €200 to €800 based on income, with the option to make retroactive payments. The model's most lucrative features include: complete portability of benefits globally, digital platform for making contributions that is accessible globally, inflation-adjusted pension payouts, and seamless reintegration in the Belgium's domestic social security system upon return. Unlike purely private schemes, OSS provides government-guaranteed security while maintaining the accessibility of voluntary enrollment.

### ***1.2 Provide targeted or time-bound fiscal subsidies to the most vulnerable migrant workers***

The Voluntary Scheme doesn't offer any contribution subsidies for migrants, unlike the subsidies given to self-employed agricultural workers in the compulsory scheme. This leaves migrants in low-wage and high-risk jobs, such as mining or construction to bear the full cost of contributions. To improve affordability without straining fiscal resources, Albania could implement time-bound or targeted subsidies, such as Indonesia's BJPS that partially subsidizes payments for its low-income participants. Voluntary schemes which target domestic workers use social registries and provide below or near poverty households with the highest subsidies. Unlike domestic workers though identifying categories of migrant workers who are most vulnerable can be challenging. One potential approach to target vulnerable migrants could be to focus on those in hazardous occupations and therefore less likely to continue working in those jobs for longer careers, and in need of pension savings once they retire. Another option is to provide time bound incentives e.g., for first 10 years of contribution as in case of Vietnam's voluntary scheme or a 50% contribution subsidy for all those who join in first year of scheme launch. Targeted approaches can help direct limited fiscal resources to those who need them most.

### ***1.3 Carry out an 'ability to save' analysis to assess if key design parameters of the scheme are a barrier to take-up from migrants***

Under the Voluntary Scheme's current design, migrants cannot join the scheme unless they can meet the minimum contribution level of 21.6% of the minimum wage. They risk forfeiting all their contributions and not receiving any pension benefit if they have contributed for 15 years. Most voluntary scheme contributors opt for the minimum payment which increases every time minimum wage in the economy goes up. The high and ad-hoc increases to minimum wages in the last few years in Albania makes it unaffordable for migrants with unstable or irregular income, to continue contributing. In such a scenario, an 'ability to save' or 'willingness to contribute' analysis can help understand if changes to the current minimum contribution or vesting policies of the voluntary scheme would help improve take-up of migrants, but also similar vulnerable groups in the society.

### ***1.4 Design digital systems/procedures to make contributions and benefit payments easy and seamless cross-border***

The mandatory in-person contribution process—requiring annual visits to ISSH offices and affiliated banks—creates unnecessary bureaucratic hurdles for migrants, even though family proxy options exist. Despite cross-border transactions occurring seamlessly, the outdated requirement of showing up to an ISSH office annually with an action order and submitting payments in person to an affiliated Bank, can be inconvenient at best and give rise to negative perceptions of bureaucratic hassle associated with the scheme (see Box 10 for example of other countries using digital

contributions for migrants). These digital reforms could help enhance participation: first, full digital enrollment via the e-Albania portal or mobile app, can help in eliminating in-person registration and payment requirements. Next, expanding cross-border payment options by partnering with banks, including those in key destination countries would enable remote contributions while addressing migrant concerns about benefit portability.

***Box 11: Allow social security contributions from abroad: the case of Uganda***

In Uganda, the NSSF Diaspora Connect program, managed by the National Social Security Fund (NSSF), enables Ugandans living abroad to make social security contributions and save for retirement. This service primarily targets Ugandans who were previously registered with NSSF and wish to resume their retirement savings. Many Ugandans abroad lack retirement savings plans due to their temporary residence status in host countries and limited trust in local investment options. NSSF Diaspora Connect allows members living abroad to reactivate their NSSF accounts as voluntary members and contribute to their retirement savings. Contributions can be made using internationally accepted cards such as VISA, Mastercard, or American Express, and the service operates 24/7 to accommodate different time zones. Additionally, contributions can be made in any foreign currency from anywhere in the world, offering flexibility for members to contribute at their convenience and as frequently as they wish.

**Replacing in-person verification checks of proof of life with digital measures can also assist with benefit payouts across borders and safeguard against fraud.** The ISSH currently does not allow payment of pension benefits outside of Albania as it needs to authenticate that beneficiaries are alive. Proof of life is needed for social security agencies to avoid having ghost pensioners, but digital means and innovative strategies can be adopted to reduce the inconvenience which in-person verification presents for pensioners in old age. Digital verification methods such as biometric authentication via facial recognition or fingerprint scanning, conducted through online platforms or mobile apps, offer a convenient and secure means of verification. Telephone verification and home visits, especially for the elderly and disabled, can be employed to confirm the continued existence of beneficiaries. Companies also use the e-Witness Option where retirees can nominate an active contributor in the ISSH schemes to be their e-Witness. By simply typing in a name, a phone number or a registered email address –an email can be sent to the nominated e-Witness. From the email is a link to the Life Certificate, an access code which the active contributor can use to certify and create an e-signature that makes the process of confirming proof of life simple, digital, fast and secure.

**By incorporating digital mechanisms, the Voluntary Scheme can evolve into an accessible and user-friendly scheme.** To facilitate access and participation, it is imperative to streamline institutional processes, as exemplified by the Caisse des Français de l'Étranger (CFE) in France. The CFE simplifies access through a unified access point, contributions automated via direct debit, bank transfers, or bank payments, with options for monthly or quarterly schedules, and simplified benefit accrual with transparent tracking for citizens abroad, covering four key benefits (health, pensions, disability and survivor), thereby ensuring ease of access to social security protections for migrant workers. Administrative processes in Albania's Voluntary Scheme can be streamlined by sending the action order via email or doing auto deductions from a Bank account once the individual has provided consent at time of registration. The development of an online pension calculator can help migrants make informed decisions about their enrollment, track contributions till date, and estimate benefits if they contribute consistently. An online form for lodging grievances and tracking inquiries can be established to enhance accountability and transparency, ensuring

timely resolution of issues and addressing concerns raised by migrants and other contributors to the Voluntary Scheme.

### ***1.5 Incorporate behavioral nudges to encourage take-up and consistent participation***

**Migrant workers face four key participation barriers and incorporating lessons from behavioral economics could reduce some of the barriers.** First, migrants lack initial awareness and trust; next, is the complex enrollment process; third is the affordability concerns for first contributions, and lastly, maintaining payments due to irregular incomes (Given et.al, 2022). Behavioral economics brings proven solutions for barriers on enrollment and consistent contributions: auto-enrollment, a successful policy first introduced in UK, has proven to be a successful way to reduce the hurdles individuals face with deciding to continue contributing each month/year and simplifies the administrative process of making contributions. The ‘Save more tomorrow’ strategy (from US 401(k)) is another example of behavioral nudge which allows gradual contribution increases tied to income growth. Voluntary schemes have different dynamics but can adapt the lessons from financial inclusion and mandatory pension space. For example, Albania’s US\$1.7 billion.<sup>146</sup> annual remittances which accounts for 9.9% of GDP, present a unique opportunity as a source of income for building individual resilience. Once the consent of the migrant is obtained to join the scheme, partnering with transfer services could allow for automatic diversion of a small portion of remittances to social insurance. At the household level, approximately 23-26% of Albanian households receive remittances, with an average annual inflow of about 2,000 euros per household. Remittances represent the second-largest source of household income, making up 14-23% of total income. Retirement savings schemes or social insurance plans could target remittance earners to invest a portion of their earnings into social insurance. The behavioral nudges can increase take-up by simplifying decisions, leveraging existing financial flows, and creating commitment mechanisms that align with migrants’ irregular income patterns while respecting their need for flexibility.

### ***1.6 Promote features of the scheme that are likely to be attractive to migrants***

**To effectively increase awareness and appeal of the voluntary scheme among migrant workers, strategic communication about its features that are unique to the scheme should be promoted clearly in all outreach efforts:** first, catch-up contributions that allow migrants to fill gaps in their payment vesting period (similar to Canada, Australia, and the UK), and the second being prepayment discounts of 3-6% for those who pay annually. By permitting retroactive payments for missed contribution periods, the Voluntary Scheme provides migrants with the opportunity to make up for lost contributions and ensure continuous coverage and eligibility for benefits. – a feature also found in select DB schemes internationally (see Box 11). Prepayment discounts are particularly important for migrants with irregular employment patterns yet remain poorly understood due to their current presentation in complex documentation and obscure website locations; finally, the guaranteed benefits, for the beneficiaries’ life and then for their eligible survivors, are also a unique feature of DB schemes and unlike what private plans would offer. The benefits can be translated into lifetime pension wealth and expressed as a percentage of wage to give migrants a better understanding of how much they might receive. Despite the advantages of these features, their awareness remains relatively low among migrants. As part of an improved and more comprehensive outreach and communication strategy conducted by ISSH, both domestically and in host countries, these features can be promoted. Administrators of the scheme should however be watchful for any systematic abuse that could happen if well-off migrants contribute large sums in later years under catch-up contributions, to get benefits for life.

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<sup>146</sup> [www.knomad.org/data/remittances](http://www.knomad.org/data/remittances)

***Box 12: Voluntary contributions to fill in contribution gaps: examples from Canada, Australia, and the UK***

The Canada Pension Plan (CPP) allows individuals who have lived or worked outside of Canada to make voluntary contributions to fill gaps in their contribution history. These contributions can help increase their pension benefits upon retirement in Canada.

Australia's pension system allows individuals to make voluntary contributions to their pension accounts to make up for missed contributions or periods of non-employment, including periods spent overseas.

The UK allows individuals to buy back "missing years" to build up additional rights to the state pension. These voluntary contributions should generally be made within six years. These contributions do not prevent participation in the social security system of the host country.

***1.7 Develop an outreach strategy with four key elements***

**ISSH needs a comprehensive, consistent, migrant-focused strategy that addresses both informational gaps and behavioral barriers to boost participation in the voluntary pension scheme.** The foundation of this strategy should focus on four key pillars, each requiring careful implementation (see Figure 12). First, ISSH must set clear, measurable objectives (for example, increasing migrant enrollment by 30% within three years) while recognizing the diverse needs within the migrant population. This requires segmenting the audience into distinct groups: pre-departure youth who need basic financial literacy about long-term savings, established workers abroad who would benefit from understanding catch-up contribution options, and returning migrants who need information on consolidating their pension rights. Each segment requires tailored messaging and engagement approaches.

**For communication channels (the second pillar), ISSH should create a multi-platform approach that acknowledges migrants' digital habits and information-seeking behaviors.** This should include developing a user-friendly mobile app with features like contribution calculators and multilingual guides, complemented by active social media campaigns on platforms like Facebook, Whatsapp, and Tiktok to reach younger demographics. Traditional methods remain important too - particularly workshops in high-migration regions during holiday periods when returnees visit family. The third pillar focuses on message development, where ISSH should transform complex pension formulas into relatable content. This involves creating a recognizable brand identity for the scheme (like "Pensioni Im"), incorporating real-life testimonials from beneficiaries, and developing visual aids that clearly show contribution-to-benefit relationships. These materials should highlight the scheme's flexibility, particularly the ability to make retroactive payments - a crucial feature for migrants with irregular work histories.

**The third pillar emphasizes partnerships and monitoring. ISSH should expand its network of diaspora contacts, collaborating with Albanian embassies, migrant associations, and even employers abroad who hire Albanian workers.** Performance tracking through CRM systems will help refine approaches over time. A pilot program in major destination countries like Italy and Greece would allow for testing and improvement before nationwide rollout. Through implementation, ISSH should leverage trusted intermediaries, including successful returnees, community leaders, and migrants' family members, to enhance credibility and personal connection

to the scheme. Government agencies such as the Ministry of Interior and particularly the Border and Migration Department under the State Police, the National Agency for Employment and Skills (NAES), the Needs Assessment and Case Referral Units (NARUs), the National Diaspora Agency, Albanian embassies worldwide, remittance service providers, the private sector in the destination countries as well as families in Albania are all strategic partners whose interests are likely to align with ISSH and who could help disseminate information of the scheme to migrants living abroad.

**Finally, it should convey clear, consistent and relevant information to migrants.** Determining the content of an outreach strategy and developing the relevant material involves selecting information that is useful and also making sure it is comprehensive, accurate, accessible, appealing, and straightforward. During a focus group discussion which included five middle aged highly qualified<sup>147</sup> return migrants from Germany, they noted that finding information on social security schemes in Albania required ‘significant personal effort, sometimes through courts.’ Even if they go to ISSH offices they could get ‘conflicting’ or ‘inadequate’ information. Among the key challenges with the Voluntary Scheme, as noted by one of the return migrants who contributed to the scheme was *‘lack of clarity, bureaucratic processes, and absence of structured information.’*

**The ISSH outreach strategy should be supported by dedicated personnel, advanced IT tools, and strong monitoring and evaluation systems.** A dynamic core team is essential to implement the strategy and relaunch the Voluntary Scheme. This team will work with ISSH's regional offices and local leaders, who have grassroots connections in Albanian communities. Setting targets and providing incentives, whether monetary or through recognition, can significantly boost team motivation and foster innovative communication strategies. Evaluation methods should assess the impact and outcomes of activities, including cost-effectiveness.

### **Recommendation 3: Enhance access to social security benefits by improving data coordination between countries, offering multiple payout options, and creating grievance redressal portals for returning migrants.**

**Return migrants face challenges in accessing social security benefits due to fragmented systems and bureaucratic barriers.** A major obstacle is the lack of data coordination between Albania and host countries, making it difficult to verify work histories and contributions abroad. Many returnees struggle with lengthy administrative procedures to prove eligibility, particularly seasonal and informal workers whose employment records may be incomplete. Rigid payout systems compound these issues, offering limited withdrawal options that fail to accommodate urgent financial needs or transnational lifestyles. Additionally, the absence of dedicated grievance mechanisms leaves migrants without recourse when facing payment delays or claim rejections which could erode trust in social protection systems. These barriers disproportionately impact vulnerable groups, forcing many to rely on informal networks or abandon benefits altogether.

**To address these challenges, there are some solutions that countries must adopt: first, Albania should consider establishing interoperable data-sharing systems and platforms with key destination countries,** like Italy and Greece, allowing for real-time verification of work histories and contributions while eliminating paperwork that is both time-intensive and inefficient. This digital infrastructure if integrated with Albania’s social security, tax, and border control systems can automatically update records of migrants upon their return.

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<sup>147</sup> These 5 migrants (3 women, and 2 men) had returned to Albania as part of the Returning Experts Program of GIZ and had advanced degrees.

**Further, offering migrants multiple payment withdrawal options through flexible payout mechanisms can help during emergencies and save time.** Multiple payout options include local bank transfers, diaspora-friendly euro accounts, and mobile money solutions through the e-Albania platforms, with the choice between lump-sum emergency access and structured pension annuities.

**Lastly, a dedicated grievance redressal system should be created** featuring a multilingual digital portal for claims tracking, prioritized processing for urgent cases like medical or unemployment benefits, and trained diaspora support officers in embassies to assist with complex situations.

**Through implementation of these changes, Albania can transform return migration from a period of vulnerability to a smoother transition,** where migrants experience minimal delays in accessing their entitled benefits, strengthening confidence in the social protection system and encouraging continued participation even during overseas employment. The system would particularly help seasonal workers and informal sector migrants who currently face the greatest administrative hurdles when attempting to claim benefits after returning home.

## 4 Conclusion

**This paper shows that investing in national and transnational social protection instruments is a win-win for workers and nations alike.** For some migrants, these measures mean the difference between vulnerability and security, ensuring that they can access pension, healthcare and essential benefits across borders without losing their rights. For governments in origin or destination countries, these measures can translate into more stable labor markets, increased tax revenues with formalization, reduced burdens to handle irregular migration flows, and stronger diaspora ties that help fuel economic development. Albania's progress and global evidence on innovative solutions prove that practical solutions exist which can help bridge gaps in protection.

**Based on this, this paper suggests the following actions to expand SI coverage to Albanian migrants:**

- Negotiate bilateral agreements with more countries, or an agreement with all of the EU or a regional agreement with all Western Balkan accession countries and the EU. Given the varying benefit formulas and need for technical discussions to identify 'fair' share of benefits, assistance from international institutions on modeling can help speed up discussions.
- Push for including social health insurance coverage in the bilateral agreements, aiming to replicate the Austria-Germany agreement with the countries of the former Yugoslavia.
- Validate challenges with the voluntary schemes as outlined in this report with a larger, more representative group of migrants and informal sector workers, and then fine-tune recommendations of this report to address the challenges.
- Propose a DC design or MSAs to the main destination countries that Albanian workers emigrate to, so that they have the added flexibility for withdrawals.

**As the barriers faced by Albanian migrants are common among migrants across the world, investing in solutions and schemes to extend social protection coverage to migrants is increasingly becoming a priority worldwide.** By prioritizing flexible national schemes with features such as digital payment platforms, remittance-linked incentives, and by accelerating transnational agreements, many countries such as Albania can turn migration into a powerful driver of shared prosperity. The cost of inaction is lost benefits and missed economic opportunities for all, both of which may outweigh the investment needed to implement the proposed reforms.

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## Annex

### 1. Demand and Supply Factors Affecting Insurance Provision to Albanian Migrants

**Demand for private insurance is limited due to a lack of relevant options that meet migrants' unique needs.** Though private insurance options are available in Albania, migrants don't see them as viable options for covering insurance gaps. More broadly, Albanian consumers exhibit limited interest in insurance investments due to a lack of awareness and the underdeveloped state of life insurance firms compared to traditional banking and investment avenues. As a result, many prefer conventional savings methods such as bank deposits.<sup>148,149</sup> According to the global Findex, 32 percent of Albanians over 15 have saved some money, but only 10 percent have saved using a financial institution. This is in line with the general levels of financial inclusion in the country, where only 44 percent of the population over 15 has an account. Migrants also have unique risks and needs compared to the broader population and general products may not offer the flexibility they require. Also, private insurance options in Albania may not provide adequate benefits for migrants while they are in destination countries.

**Several factors associated with migrants' mobility also impede the supply of formal insurance mechanisms.** The first challenge for insurers is to be able to accurately identify and count potential migrants to include in a targeted scheme. Observability is a challenge for destination country governments to be able to include migrants who have an irregular status or informal employment arrangement in social insurance schemes. For origin countries, a lack of precise data on migrants impedes targeted awareness-raising strategies and an understanding of how to tailor a scheme to meet their needs. Being unable to identify all potential migrant beneficiaries abroad also impedes private insurers from estimating the scale of a potential market that could incentivize them to offer targeted insurance products. Current products offered in Albania target higher-income individuals who do not match the profile of the typical migrant. Another challenge that impedes insurers' participation is difficulty in determining eligibility for short-term benefits like unemployment insurance, sickness, and occupational injuries, which is especially difficult when migrants are overseas. This challenge is exacerbated by issues related to documentation and verification that are made more difficult by international mobility. Migrants overseas, especially those who are not covered under destination social insurance schemes, may not have the stable employment relationship that makes it simple to offer insurance to cover the common risks they may face.

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<sup>148</sup> World Bank Report, Albania Insurance Market Development. Examples of World Bank Projects (2019), available at: <https://openknowledge.worldbank.org/server/api/core/bitstreams/fbae4a1e-39d4-53d2-9243-aa0aef3b569d/content>

<sup>149</sup> Korsita, Elisa and Meka, Elvin, The Insurance Market in Albania, the Degree of Concentration, and Consequences on the Economy, 2022, ECONOMICUS 22 ISSN 2223-6295, Available at SSRN: <https://ssrn.com/abstract=4342649>

## 2. Bilateral Agreements: Global Evidence

### *Evidence from Austria and Turkey*

**The Austria-Turkey agreement represents one of the most comprehensive BSSA frameworks, particularly in its treatment of pension rights and healthcare access.** The pension provisions incorporate two groundbreaking mechanisms: totalization and exportability. The totalization clause allows migrant workers to combine their contribution periods from both countries to meet minimum eligibility. The agreement's exportability provisions ensure full pension portability, enabling Austrian pensioners residing in Turkey to receive their complete benefits without reductions or currency conversion penalties—this is useful given Turkey's popularity as a retirement destination for Austrian citizens. The pro-rata temporis calculation method further enhances fairness, distributing pension amounts proportionally based on actual contributions in each country's system. In healthcare, the Austria-Turkey BSSA applies the territoriality principle, assigning primary coverage responsibility to the country of residence. This means Austrian pensioners living in Turkey access services through the Turkish healthcare system, with Austria reimbursing costs through bilateral arrangements. The agreement also includes provisions for emergency care during temporary stays, creating a safety net for short-term mobility. This arrangement eliminates the need for additional coverage and supports long-term migrants' health security. The agreement also ensures that in-kind medical services are available in the resident country's healthcare system, with the pension-paying country covering costs through a reimbursement arrangement. Pre-approval is required for planned medical procedures in the non-resident country to control costs and manage potential healthcare tourism. Emergency medical care during temporary stays in either Austria or Turkey is covered through a cost-reimbursement mechanism, allowing for either real-cost or lump-sum<sup>7</sup> reimbursements, as per agreements between the two countries' health agencies.

### *Evidence from Germany and Turkey*

**The Germany-Turkey BSSA follows a similar framework as of Austria-Turkey in its pension architecture, employing identical totalization and pro-rata temporis principles.** However, its implementation has revealed important nuances. German authorities report that approximately 28% of Turkish-origin retirees in Germany utilize the totalization provision to qualify for pensions, highlighting its practical significance. The agreement has been particularly impactful for Gastarbeiter (guest workers) who split their careers between Germany and Turkey, ensuring their contributions in both countries are recognized for pension eligibility.

### *Evidence from Belgium and Morocco*

**The Belgium-Morocco BSSA is unique as it introduced innovative healthcare coverage and reimbursement systems.** Initially constrained by Morocco's lack of a comprehensive health insurance system, the BSSA evolved to incorporate innovative reimbursement mechanisms. It employs two reimbursement models: an annual lump-sum payment for predictable healthcare services for defined groups and a quarterly actual-cost reimbursement for unexpected or emergency healthcare needs. This hybrid model has reduced administrative burdens while ensuring coverage for vulnerable groups. Initially, the agreement did not cover comprehensive healthcare, as Morocco lacked a mandatory health insurance system at the time. However, the BSSA adapted over time to accommodate healthcare needs by creating mechanisms that support family members of Moroccans residing in Belgium, as well as Belgians staying temporarily in Morocco. It facilitates access to healthcare benefits across borders, particularly for family members, temporary

visitors, and specific groups, such as individuals with disabilities. The BSSA specifies that family members, such as spouses and dependents of insured individuals residing in Morocco, are eligible for healthcare through the agreement's lump-sum arrangement. Additionally, persons with disabilities—individuals with long-term impairments affecting physical, mental, or sensory functions—are eligible for healthcare coverage under the same arrangement. This method ensures these groups receive basic healthcare without the complexity of direct cost reimbursement, helping to provide consistent, accessible healthcare for those who may otherwise face financial and logistical barriers.

*Evidence from France and Morocco*

**Finally, similar to the aforementioned BSSAs, the France-Morocco BSSA also incorporates totalization and pro-rata temporis for pensions, facilitating fair benefit distribution based on contributions in each country.**

**The France-Morocco BSSA takes a different approach to healthcare, opting for full actual-cost reimbursement rather than lump-sum payments.** This system, while more administratively complex, provides French retirees in Morocco with access to a wider range of medical services. The agreement also features progressive provisions for family reunification, allowing Moroccan workers in France to extend coverage to dependents in their home country. Contributions are deducted per the rules of the country of employment, maintaining consistent access to healthcare benefits across both nations and ensuring retirees receive adequate healthcare without an additional financial burden.

### 3. Non-contributory health insurance programs in EU Countries

Country	Healthcare System	Coverage	Eligibility	Residency process for migrants
United Kingdom	NHS	GP visits, hospital care, long-term healthcare, prescriptions, dental care (partial), eye care, emergency care included.	All UK residents based on residence status.	Migrants can apply for residency status through visas or settlement routes depending on their circumstances. Proof of residence required.
Sweden	Swedish Healthcare	Primary care, hospital care, prescriptions, dental care for children, adult dental care (co-payments), emergency care included.	All registered residents. Registration with local civil system required.	Migrants must register with the Swedish Tax Agency to obtain a personal identity number, necessary for accessing healthcare.
Spain	Spanish Healthcare	General medical care, specialist consultations, hospitalization, emergency services included, some dental services, prescriptions (co-payments vary).	All residents, covers unemployed and those never worked.	Non-EU nationals must apply for and obtain a Foreigner Identity Number (NIE) and register with the local municipality.
Italy	SSN (Italian Healthcare)	Primary care, inpatient care, outpatient specialist treatments, pharmaceuticals, nominal co-payments for some services, emergency care included.	All residents registered with SSN, linked to residence not employment.	Migrants must obtain a stay permit and register with the National Health Service through the local health authority.
Norway	Norwegian Healthcare	Primary health care, hospital treatment, certain dental care costs for children, co-payments for some services, emergency care included.	All residents, registration with a general practitioner required.	Migrants must be legally registered in Norway and typically need to have been resident for at least six months to be eligible for health services.

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## ABSTRACT

This paper examines migrant access to social insurance across borders, using Albania as a case study. It assesses three modalities: Bilateral Social Security Agreements, private insurance, and government-administered voluntary schemes. Using mixed methods, the study highlights that bilateral social security agreements secure long-term benefits for formally employed migrants, while coverage is limited for those in informal work and health benefits face implementation challenges. Private insurance markets show low depth and limited alignment with migrant needs. Albania's voluntary pension scheme has low uptake due to cost, limited near-term benefits, and procedural requirements such as in-person enrollment. These conditions increase risks related to old-age income security and exposure to health shocks. The paper proposes actions including digitizing enrollment and payments, targeted subsidies, bundling benefits, advancing agreements with key destinations to include health coverage, and expanded diaspora outreach. The Albanian experience provides lessons for designing social insurance systems with portability and inclusion features suited to migration contexts.

## JEL CODES

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## KEYWORDS

Migration, social insurance, protection, portability

