



Republic of Albania
Ministry of Social Welfare and Youth

Employment and Skills Strategy

2014-2020

“Higher skills and better jobs for all women and men”

February 2014

(working draft)

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INTRODUCTION

I dashur lexues,

Papunësia është problemi më i madh me të cilin jemi përballur ne shqiptarët gjatë këtyre dy dekadave të fundit. Duke qenë se shifrat e larta të papunësisë janë burim i problemeve të shumta ekonomike e sociale - qoftë përsa i përket individit e qoftë përsa i përket shoqërisë në tërësi - nevoja për të ndërhyrë është urgjente. Prandaj programi i qeverisë e ka vënë fokusin te punësimi dhe zhvillimi cilësor i forcës së punës, në përputhje me vizionin dhe direktivat e Bashkimit Europian, Strategjisë Europiane të Punësimit 2020, si edhe kërkesave për integrimin europian të Shqipërisë. Strategjia e Punësimit dhe Aftësive 2014-2020, që po paraqitet sot, synon t'iu përgjigjet më së miri këtyre prioritetëve të qeverisë dhe synon të vendosë zhvillimin e pershpjtuar ekonomik në funksion të punësimit, duke e konsideruar punësimin si kolonën kryesore të sistemit të mirëqenies sociale.

Ky dokument ka për qëllim të integrojë politikat ekonomike, arsimore, formuese dhe sipërmarrëse, duke prodhuar një plan veprimi, i cili synon ta nxjerrë shoqërinë shqiptare nga ngërçi i papunësisë. Nëpërmjet kësaj strategjie synohet të permiresohen rrenjesisht të gjitha shërbimet që shteti i ofron punëkërkuësve dhe të nxitet rritja e shpejte e nivelit të punësimit, duke bërë të mundur një kalim gradual prej politikave pasive të papunësisë në ato aktive stimuluese të punësimit. Veçoria që e dallon këtë dokument është qasja e unifikuar punësim - formim dhe karakteri i tij realist, në përputhje me situatën në vend dhe kapacitetet zhvillimore të tregut shqiptar të punës.

Objektivi kryesor i kësaj strategjie është identifikimi dhe skicimi i politikave të duhura promovuese të aftësimin profesional të forcës së punës, si dhe nxitja e punësimit në vend me qëllim që të promovojë vende pune cilësore dhe mundësi për aftësi gjatë ciklit të jetës. Strategjia ka në qendër të saj rritjen e mundësive për punë të denjë nëpërmjet politikave efikase të tregut të punës, ofrimin e arsimit dhe formimit profesional cilësor për të rinjtë dhe të rriturit, promovimin e përfshirjes dhe kohezionit social, si dhe fuqizimin e tregut të punës dhe të sistemit të kualifikimeve. Në përputhje me vizionin qeverisës, kjo strategji i shikon formimin profesional dhe punësimin si dy gjymtyrë të të njëjtit trup, duke synuar që shërbimet e arsimit dhe formimit profesional të jetë ngushtësisht të lidhura dhe plotësisht në shërbim të punësimit. Qëllimi është pra që t'u japim mundësi punëkërkuësve të formohen profesionalisht dhe këto njohuri të shërbejnë për tu punësuar.

Strategjia synon të përmirësojë ndjeshëm sistemin e shërbimeve për punëkërkuësit si dhe sistemin e arsimit e formimit profesional. Kjo do të realizohet nëpërmjet formimit të një sistemi të unifikuar të shërbimeve të punësimit në mbarë vendin, sipas modelit tëri të shërbimit ndaj qytetarit, bazuar në përvajt me të mira europiane. Pjesë e rëndësishme e këtij sistemi do të jetë dhe ndërtimi i një partneriteti solid dhe fluid me të gjithë aktorët e tregut të punës. Do të ishte e pamundur të aplikohet drejt kjo

strategji pa përfshirjen e sektorit privat, qe, gjithnje e me teper, po perben edhe bazen kryesore te punesimit. Së fundi, por jo si më pak e rëndësishme, ne strategji trajtohet edhe reforma strukturore e sistemit të arsimit dhe formimit profesional.

Kjo strategji, tashmë bazohet mbi një sistem ku shkollat profesionale dhe qendrat e formimit profesional, së bashku dhe nën drejtimin e Ministrisë së Mirëqenies Sociale dhe Rinisë, do të formojnë një sistem te njësuar të Arsimit dhe Formimit Profesional, te aftë për të kontribuar në zhvillimin e aftësimin cilësor profesional të forcës se punes, duke u fokusuar tek të rinjtë, gratë dhe grupet në nevojë. Kjo, për t'iu përgjigjur sa më mirë kërkesa të tregut të punës dhe, pse jo, për të pasur në një të nesërme të afërt një forcë punëtore konkurruese në tregun rajonal e Europian.

Ministria e Mirëqenies Sociale dhe Rinisë e ka hartuar këtë dokument strategjik në bashkëpunim me Ministrinë e Zhvillimit Ekonomik dhe Sipërmarrjes, Ministrinë e Financave, Ministrinë e Bujqësisë, Ministrinë e Zhvillimit Urban dhe Turizmit, Ministrinë e Energjisë dhe Industrisë, Ministrinë e Transportit dhe Infrastrukturës dhe Ministrinë për Inovacionin dhe Administratën Publike, të cilët, jo vetem kanë qenë pjesë e procesit te pergatitjes se ketij dokumenti, por edhe kane percaktuar orientimet politike te sektoreve perkates per krijimin e vendeve te reja te punes, per ti shnderruar me tej ne plane te detajuara veprimi per secilin prej ketyre sektoreve. Perfitoj nga ky rast per t'i falenderuar perfaqesuesit e ketyre Ministrive për përgjegjesine dhe angazhimin e marrë në hartimin dhe zbatimin e ketij dokumenti. Gjithashtu, falenderoj partnerët tanë ndërkombëtarë si Delegacionin e Bashkimit Evropian, ILO, ETF, Bankën Botërore, UNDP, UN WOMEN, Kooperacionin gjerman, ADA, IOM, SDC, GiZ, AADF, DACH+Group, Swisscontact, Albvet, Kulturcontact etj., për mbështetjen e plote qe i kane dhene një procesi të tillë dhe per kontributet konkrete me komente mjaft te vlefshme. Nje falenderim i madh shkon edhe për partnerët socialë, OJF dhe përfaqësuesit e biznesit, të cilët kanë qenë pjesë aktive e konsultimeve të kësaj strategjie.

Në veçanti, me duhet te falenderoj ekspertet e projektit ILO-IPA 2010 për kontributin e madh në koordinimin e të gjithë inuteve të dhëna nga të gjithë partnerët dhe asistencen shume profesionale dhe origjinale në hartimin e kësaj strategjie.

Hartimi dhe miratimi i ketij dokumenti s'eshte vecse hapi i pare drejt permbushjes se angazhimeve te Qeverise. Ai do te pasohet shume shpejt nga planet e veprimit te Ministrive perkatese dhe nga puna gjithperfshirese e te gjitha institucioneve per ta kthyer këtë dokument në vepra konkrete.

CHAPTER 1

REVIEW OF THE ECONOMIC AND SOCIAL CONTEXT AND PUBLIC POLICIES

1.1. Macroeconomic trends and sectoral policies

In the last years, Albania still has been one of the growing economies in Europe. Growth has been the result of a structural transformation, based largely on the movement of labour from low productivity agricultural occupations to services, construction, and – to a lesser extent – manufacturing. In the period 2001-2011, Gross Domestic Product (GDP) per capita increased twofold (to US\$4,555) to reach 31 per cent of the European Union average.¹ This economic growth was accompanied by stable macroeconomic and fiscal policies, structural reforms to improve the business environment and investment in infrastructure, technology and human resources. As a result, labour productivity increased by an average of 6.4 per cent on an annual basis.

However, economic activity started to decelerate in 2009 (3.3 per cent per year), due to exhaustion in factors of growth combined with the global economic and financial crisis (Table 1). In 2012, output growth was positive, albeit below potential (1.2 per cent on an annual basis), and during 2013 the growth was further decreased. The slower growth characterized almost all economic sectors, but this was more evident in services, processing industry and construction sector. Currently, there is a high stock of bad loans in the banks' portfolios, which is an important obstacle in the efficient capital intermediation. The latest fiscal projections for the upcoming years reveal a challenging environment for the Albanian economic growth.

Table 1. Key macroeconomic indicators, Albania (2007-2013), including 2014 projections

	2007	2008	2009	2010	2011	2012	2013	2014
Real GDP growth	5.9	7.5	3.3	3.8	3.1	1.2	0.7	2.1
Inflation (% change, end of period)	2.9	3.4	2.3	3.6	3.5	2.0	1.9	2.7
Gross fixed capital formation (% GDP)	5.5	9.5	0.9	-6.2	2.6	-2.3	--	--
Total revenues	26.0	26.7	26.0	26.6	25.8	24.9	24.0	25.7
Total expenditures	29.5	32.3	33.1	29.7	29.3	28.4	30.1	32.2
Overall fiscal balance (% GDP)	-3.5	-5.5	-7.0	-3.1	-3.6	-3.5	-6.1	-6.5
Overall debt (% GDP)	53.4	51.3	55.5	54.8	56.5	58.4	61.3	65.1
Exports (% GDP)	10.0	10.3	8.6	13.2	15.4	16.0	17.8	19.1
Imports (% GDP)	38.9	37.7	35.0	36.7	40.0	36.9	34.8	35.9
Foreign Direct Investment, net (% GDP)	5.8	9.6	11.1	9.2	10.6	5.8	--	--
Current account balance (% GDP)	-10.6	-15.6	-15.2	-11.5	-12.4	-10.9	--	--
Workers' remittances	12.2	9.4	9.0	7.8	7.4	4.9	--	--

Source: Ministry of Finance of Albania, *Macroeconomic indicators*, at http://www.minfin.gov.al/minfin/Macroeconomics_Indicators_in_the_Years_58_2.php; Bank of Albania, *External sector statistics*, at http://www.bankofalbania.org/web/Time_series_22_2.php; Ministry of Finance of Albania, 2013 data.

¹ INSTAT, *Gross Domestic Product in the Republic of Albania*, August 2012 at http://www.instat.gov.al/media/101280/llogarite_rajonale_4faqeshi_ang_.pdf; World Bank, *World development indicators*, 2001-2010, at <http://data.worldbank.org/data-catalog>; EUROSTAT, *News release 97/2012*, at http://epp.eurostat.ec.europa.eu/cache/ITY_PUBLIC/2-20062012-AP/EN/2-20062012-AP-EN.PDF.

The expansionary fiscal policy deployed in 2008-2009 to mitigate the impact of the crisis increased the fiscal deficit to 7 per cent. As a result, public debt increased to 55.5 per cent of GDP, in 2009, and continued to grow from 2011 onwards. The gradual withdrawal of the stimulus package, with public spending declining by over 4 percentage points between 2010 and 2011, brought the fiscal deficit back to its 2007 level (3.5 per cent of GDP), in 2012. Lower economic activity, however, also caused a decline in tax revenues (by 2 percentage points). In the same period exports increased more than imports (22.7 per cent and 18.3 per cent of GDP, respectively). In 2012, remittances fell to 4.9 per cent of GDP (from 12.2 per cent recorded in 2007), reflecting the worsening economic situation in Europe. Throughout 2009-2012 inflation remained within the target set by the Central Bank (i.e. 2-4 per cent per year) after two years slightly above (2010-2011). As shown in Table 1, the macroeconomic situation of the country has worsened significantly last year, with an increase of the public overall debt which has for the first time went above the 60% ceiling (61.3%). Also the overall fiscal balance is now more than 6% which demands fiscal policies and austerity measures to refrain its increasing.

The previous decade was characterized by relevant changes in the structure of economic output. In 2012 construction and services accounted for over 60 per cent of GDP, while industry comprised roughly 10 per cent and agriculture just over 18 per cent (from over 23.5 per cent in 2001). Agriculture is still the largest provider of employment, albeit on a decreasing trend compared to 2000. In 2012, the agricultural sector accounted for 47.4 per cent of total employment, especially so for women (58.4 per cent of employed women were working in agriculture compared to 43.1 per cent of men). Employment in the service sector represented 36.1 per cent of total employment, while industry employed 16.5 per cent of all workers, with men more than twice more likely to be working in industry compared to women.²

The private sector is dominated by micro and small- enterprises. In 2011, 91 per cent of active enterprises employed up to 4 workers, with an overall contribution to employment of 37 per cent, primarily in the service sector. Enterprises employing 20 workers or more represent only two per cent of the total active enterprises, but account for 47 per cent of total employment. Enterprises engaged in the production of goods (namely industry, agriculture and construction) represent 17 per cent of all active enterprises, while nearly 46 per cent operate in the trade, hotel and restaurant sectors. In 2011, the rate of enterprise creation was 11.8 per cent, down from 16 per cent recorded one year earlier.³

Macro-economic and sectoral policies

The fiscal reform introduced in 2007 eliminated progressive tax rates and introduced a flat 10 per cent income tax. Similarly, the profit tax was reduced in 2008 from 20 to 10 per cent (flat rate), taxation on small business was halved and social insurance contribution rates decreased by 30 per cent. Since 2007, the tax wedge in Albania has been 29 per cent, considerably lower than the average recorded in the Western Balkans (over 36 per cent), in OECD countries (37.3 per cent) and in the EU15 (42.1 per cent). Notwithstanding decreasing rates, public revenues increased from 24.8 per

² INSTAT, *Labour Market 2011-2012*.

³ INSTAT, *Results of the annual structural survey of enterprises, 2011* at http://www.instat.gov.al/media/178154/rezultatet_e_asn_2011.pdf

cent in 2005 to nearly 27 per cent in 2008 as a result of improved tax collection, but afterward the budget revenues fall year by year during the period 2009-2013 reaching at a level of 24% of GDP in 2013, which is the lowest recorded level of budget revenue collection during last decade.

Figure 1: Tax revenues (% on total), 2012

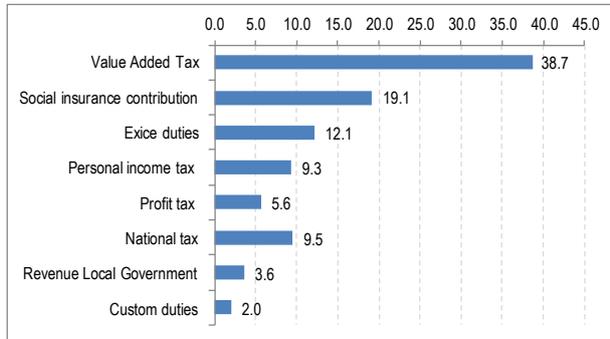
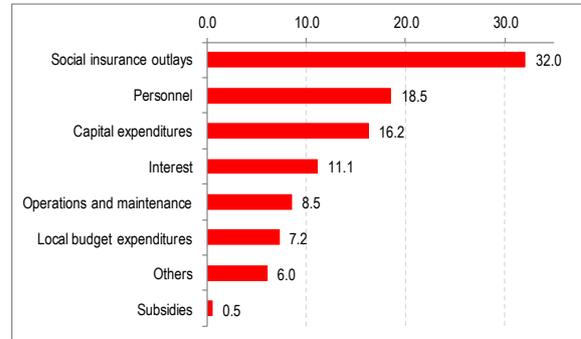


Figure 2: Public expenditures (% on total), 2012



Source: Ministry of Finance, *Fiscal statistics*, 2012

As Figure 1 shows, the Albanian tax system relies mostly on indirect taxation (VAT and excise duties). In 2012, revenues coming from social security contributions represented 19.1 per cent of the total. The largest spending item in the country (Figure 2) is for social insurance outlays, followed by spending for personnel and capital expenditures (18.5 and 16.2 per cent of total expenditures, respectively).

The increase of total investment from 24.6 per cent in 2000 to 29 per cent in 2009 was one of the major drivers of growth. The structure of investment, however, has been skewed towards the construction sector, which relies predominantly on male labour, with little room for other areas of production.

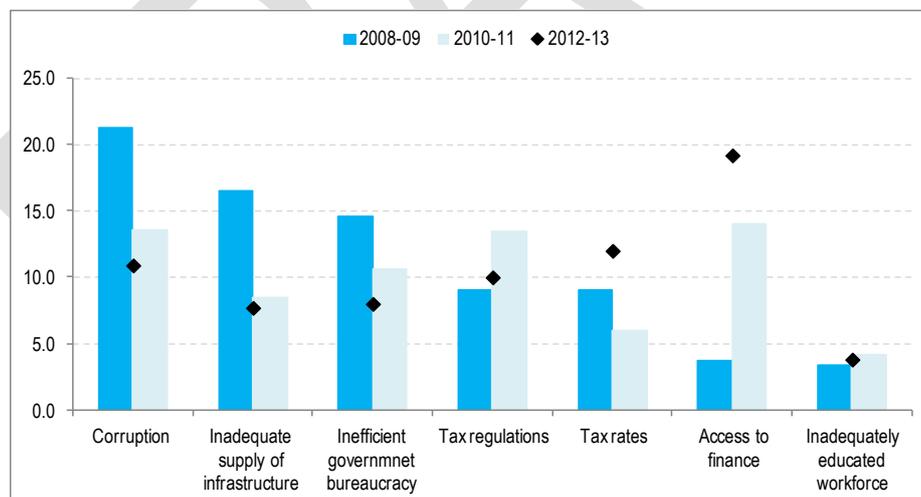
Strong growth and fiscal consolidation reduced the level of public debt from 62 to 53 per cent of GDP between 2003 and 2008. Such trend was reversed in 2008 with the deployment of expansionary policies to mitigate the impact of the crisis. Such policies sustained aggregate demand through an increase of investment, but they also caused an increase of the fiscal deficit and of public debt. Fiscal consolidation measures will be required in the next period to decrease the debt, especially in light of the uncertain recovery across Europe and the effect this may have on the inflow of workers' remittances, exports of tradable goods and FDIs.

Since 2007, inroads have been made in transforming agriculture from subsistence-oriented production into a more modern, commercial and competitive sector. Between 2007 and 2011 land utilization was raised by 6 per cent; average farm size increased slightly by more than 10 per cent; and the value of agricultural production and labour productivity expanded by about 28 per cent. Agro-processing increased, with raising labour productivity (by 7.5 per cent) and employment (by 9.7 per cent). Such improvements of the agricultural sector are also reflected in increasing exports (by over 60 per cent). However, the 20-year reform of the agricultural sector has yet left us with a very small structure of the agricultural economy, with less than 1.5 hectares/farm. The farm productivity is very low due to very low level of mechanization of the agricultural processes, high prices of input, etc. Currently, only 30% of the agricultural land is under irrigation. The ownership titles over the land are to a large extent unclear undermining the grounds for encouraging investments in agriculture. Albania remains a net agricultural importer, with imports exceeding seven

times the export rate and that has made it difficult for of the domestic agricultural and food sector to increase its competition.

Albania has seen also improvements in its investment climate in recent years. The strategic framework for small and medium size enterprises (SMEs) development was set in 2007, with the adoption of the Business and Investment Development Strategy (2007-2013) and a medium-term programme for the SME development. Reforms included the introduction of a flat rate tax on businesses and the improvement of tax administration; the simplification of procedures for establishing a business and registering land; the introduction of new procurement, bankruptcy and company laws; the modernization of the custom system and the establishment of a public credit registry. The impact of the above-mentioned reforms is reflected in the improved ranking of Albania in the Global Competitiveness Index (from 108th place in 2008-09 to 78th place in 2012-13). At the same time, these essential reforms did not translate into a concomitant increase in female entrepreneurship, start-up, land registration, or credit issuance, pointing to key barriers preventing women from accessing productive resources and participating in economic development and growth at an equal footing with men.⁴ However, women's entrepreneurship can no longer be defined simply in terms of social inclusion. Rather, the disruption of the global economy is prompting a more strategic reconsideration of women's economic engagement. Women's entrepreneurship needs to be raised on the wider development agenda as a pre-condition for improved employment and a growth-oriented, competitive national economy. Towards this end, steps have to be taken to generate a greater understanding, and result in improvement, of the conditions determining women's entrepreneurship.⁵

Figure 3: Most problematic factors for doing business (%)



Source: World Economic Forum, *Global competitiveness report*, 2008-2012

Figure 3 shows that in the period 2008-2012 enterprises reported progress in reducing corruption, easing tax regulations, improving infrastructure and government bureaucracy, while tax burden and access to finance worsened – in part due to the

⁴ “National Report on the Status of Women and Gender Equality in Albania 2011”, sections on Entrepreneurship and Property Rights. Tirana: MoLSAEO & UN Women.

⁵ OECD, et al. (2012). SME Policy Index: Western Balkans and Turkey 2012: Progress in the Implementation of the Small Business Act for Europe, OECD Publishing, Section on Albania.

effects of the economic crisis, but also to the arrears accumulated by the public administration. The skill of the workforce is considered a limited constraint for enterprises at present, but there was no measurable improvement in the period under consideration. Nevertheless, between 2010 and 2012 the detailed indicators on higher education and training show improving ranking in the quality of the education system (from 54th to 45th place), quality of math and science education (from 62th to 42th place) and staff training (from 55th to 32th place).

The figures on competitiveness, however, suggest that there is still room for improvement, especially as regards the efficiency of the legal framework and its enforcement, attracting FDIs, increasing the access of national enterprises to foreign markets and diversifying the export base.

The measures taken to reduce the incidence of the informal economy to date focused mainly on: i) improving the capacity to identify enterprises operating in the informal economy, and ii) reducing the tax and administrative costs for business start-up and expansion. In 2009 the law on taxation procedures was amended, whereby the registration, payment and write off of social security contributions for self-employed workers were assigned to the tax authority. The fines for failure to register new employees were increased for all classes of enterprises. Tax compliance has been simplified and a number of taxes and contributions can now be paid electronically (VAT, annual profit tax, social and health insurance, tax on employment income, monthly instalments of profit tax and annual tax on personal income). Such measures, however, seem to have had a little impact on reducing informal employment arrangements. Hence, it will be necessary to address the issue of non-competitive enterprises – e.g. low profitability firms that owe their continued existence to low wages and poor working conditions– as well as enterprise efficiency, capacity to innovate and productivity. In addition, the systemic barriers that prevent the female population from effectively engaging in the economy, including discrimination regarding land ownership and co-registration, and access to credit, information and business support services require responses in respective sectors and policy areas.

1.2. Demographic outlook

The age structure of the Albanian population has changed significantly in the last two decades. In the period 2001-2011 the population decreased by 8 per cent, with an estimated half a million individuals migrating abroad.⁶ However latest trends show increased return migration especially from Greece, related to the Greek financial crisis. Census 2011 data show that there have been a total of 139,827 return migrants since 2001. Return migration is important in skill formation, since many return migrants have formed different skills through their experience in the host countries. These skills may be beneficial when they return home in terms of labour as well as entrepreneurial initiatives. Return migrant may also bring additional financial resources such as their savings contributing to the Albanian economy. On the other hand, increased rates of return migrants need to be dealt with in a way that responds to the specific characteristics and needs of female and male returnees as to

⁶ In 2010, the stock of Albanian citizens abroad was estimated at 1.4 million individuals.

accommodate them in the labour market and avoid increased levels of unemployment.⁷

Table 2: Population estimates and projections, 2001-2050 (%)

	2001	2006	2013	2020	2050
0-14	29.3	25.7	20.0	18.4	13.8
15-24	17.2	19.1	17.8	15.4	11.6
15-64	63.2	65.1	68.3	68.5	62.3
65+	7.5	9.2	11.8	13.1	23.9
Old age dependency ratio (*)	11.9	14.1	17.2	19.1	38.3

(*) Share of the population 65 and over on the total population aged 15 to 64 years old.

Source: INSTAT, Population by age-groups (2001-2013); Population Division, UN Department of Economic and Social Affairs, *World Population Prospects: The 2012 Revision*, <http://esa.un.org/unpd/wpp/index.htm>

The share of children below 15 years of age declined from over 29 per cent in 2001 to 20 per cent in 2013, while the share of individuals aged 65 years old and over increased from 7.5 per cent to 11.8 per cent (Table 2). The working age population (15-64), conversely, increased from 63.2 per cent to 68.3 per cent of the total population, with youth 15-24 years old comprising 17.8 per cent of the total. The share of the working age population is projected to increase until 2020, to then start declining.

The old age dependency ratio increased from slightly less than 12 per cent in 2001 to 17.2 per cent in 2013, and aging of the population will accelerate significantly in the next decades. Obviously, a smaller number of people will have to provide for the increasingly larger dependency groups, posing a number of education, labour market and social policy challenges. Increasing the labour force in the formal sector by making use of the potential of the female work force would be one of the clear options in response to current demographic challenges.

1.3. Poverty and social exclusion

Sustained economic growth until 2008 reduced poverty (from 25.4 per cent in 2002 to 12.4 per cent in 2008), especially in rural areas. In the period 2008-2012 the deceleration of economic activity and worsening labour market outlook pushed poverty upward (to 14.3 per cent) and especially in urban areas. Whereas the share of the rural population living in poverty declined by about 12 per cent between 2008 and 2012, the share of the urban poor increased by about 37 per cent. Such increases in poverty in urban areas, compared to rural areas, is likely due to the continuous internal migration of the population from rural to urban areas⁸. Available data indicate that the population groups facing higher risk of poverty are the unemployed, the less educated, people living in rural areas and those engaged in own account farming.

Comparisons between the working poor and non-poor show clear differences, which may affect their position and vulnerability in the labour market. The share of working poor is about 59% compared to nearly 78% for the non-poor. In addition, within the

⁷ Data on returnees disaggregated by sex is currently unavailable as are studies on the gendered dimension of return migration and its impact on future labour market dynamics.

⁸ INSTAT, (2013), *Albania: Trends in Poverty (2002-2012)*, Tirana.

working poor, about 76% of them are in paid employment compared to about 85% of the non-poor. Another difference is education, which is very important in the labour market. The level of education signals potential productivity to employers. Higher level of education is associated with higher chances of finding employment as well as higher rewards in the labour market. Lack of education is usually associated with low skill jobs, which provide lower wages as well as lower job security. As a result, less educated individuals are at a higher risk of exclusion from the labour market. When lack of education is associated with absolute poverty the vulnerability increases even further. Table 3 shows that the working poor have less years of education than the working non-poor. On average, the working poor have about 9.6 years of education compared to 11.5 years for the non-poor.

The working poor and non-poor also differ in terms of household composition. Individuals from households with more dependent members are at higher risk for poverty, since its members cannot productively contribute to household income. In addition, females from households with more dependent members are at higher risk of not participating in the labour market due to the dependency burden of the household members for which they need to provide care. The working poor share these characteristics. They live in larger households of about 6 people with more children between the ages of zero and five years.

The working poor have lower average monthly wages, earning about 17% less than the working non-poor. Given lower educational attainment, working poor may join the labour market earlier than the non-poor. Consequently they both average about 24 years of work experience. A striking difference exists in terms of social security entitlements pointing to higher informality for the working poor. On the other hand, lack of social security will affect old age pensions and wellbeing of the working poor. On average, about 44% of the working poor report to be entitled to social security benefits compared to about 72% of the working non-poor.

Regional differences show that the working poor are mainly located in the urban areas, and the coastal region. This complies with the changes in poverty patterns shifting towards urban areas. This is different from 2008, where the poor were mainly located in rural areas and the mountain region. The continuous shifts of population towards urban areas may have started to saturate employment and opportunities in urban areas. On the other hand it should be noted, that higher concentration of working poor in urban areas may also indicate potential higher concentration of non-working poor in rural areas.

Table 3: Differences between the absolute poor and the non-poor⁹

Variables	Working poor	Working non-poor	Total
Individual Characteristics			
Monthly wage (old ALL)	285292	333676	328741.90
Social security entitlement	43.90%	71.74%	68.90%
Work experience ¹⁰	24.41	24.62	24.60
Education	9.62	11.52	11.33

⁹ This table looks at differences between the absolute poor and the non-poor by comparing the average values for the specified variables in order to shed light how they may differ in terms of individual characteristics, household composition and regional differences. All differences have been tested for statistical significance and results are discussed accordingly. The same applies to all other tables of this sort.

¹⁰ Variable is calculated as a proxy for work experience: age-education-6.

Household Composition			
Household size	6.10	4.68	4.83
Household male labour	1.58	1.44	1.45
Household female labour	1.35	1.30	1.31
Number of children 0 to 5 years	0.65	0.32	0.36
Regions			
Coastal	43.22%	30.86%	32.12%
Central	29.73%	40.65%	39.54%
Mountain	3.72%	5.49%	5.31%
Tirana	23.32%	22.99%	23.03%
Urban	61.32%	60.60%	60.67%
Rural	38.68%	39.40%	39.33%

Source: Living Standard Measurement Survey, 2012.

The working poor are mainly concentrated in low skill occupations that provide less job security. Compared to the working non-poor, about half of occupations are as agriculture workers (about 22%) and elementary occupations (about 20%). They are almost inexistent as legislators and professionals. The rest of the occupations are mainly concentrated as crafts and trade workers, service workers and plant and machinery operators.

Table 4: Participation in occupations (%)¹¹

Variables	Working poor	Working non-poor	Total
Legislators	0.56%	2.78%	2.55%
Professionals	3.80%	16.29%	15.01%
Technicians	4.76%	6.99%	6.76%
Clerks	1.17%	2.41%	2.28%
Service workers	18.33%	17.55%	17.63%
Agriculture	21.61%	16.84%	17.33%
Crafts/ trade workers	18.72%	18.12%	18.18%
Plant/ machinery operators	10.70%	9.32%	9.46%
Elementary occupations	20.06%	8.15%	9.36%

Source: Living Standard Measurement Survey, 2012.

Persons with disabilities, children and youth at risk, particular groups of women and Roma and Egyptian minorities as more at risk of socially exclusion than other population groups.¹²

Children of national minorities, living in poor households, those with disabilities, working children and those who are abused and/or trafficked lack access to early childhood care and education and risk exclusion at a later age. Children of Roma population groups and children with disabilities have the lowest school enrolment ratios.

¹¹ All differences have been tested for statistical significance and results are discussed accordingly. The same applies to all other tables of this sort.

¹² Government of Albania, *Strategy on Social Inclusion 2007-2013*, forthcoming.

Women who belong to Roma population groups, who are abused, trafficked, have a higher probability to live in poverty, due, among other factors, to low educational attainment and detachment from the labour market.

The Roma and Egyptian minorities are also at risk of social exclusion. The data shows only 1.3 per cent of Roma and 4.8 per cent of Egyptians between 7 and 20 years old have secondary education, while 0.3 per cent and 0.2 per cent of the same groups attain higher education.¹³ The Roma live in very poor conditions and are invisible in the labour market. Those Roma who report to work, are mainly involved in trading of second hand clothing and collection of can or metal. They do not have a work contract and they do not receive any social benefits or pay social security.¹⁴ To date, the main initiatives addressing the challenges faced by Roma population groups revolve around civil registration, provision of basic needs (housing, health care, education). Roma are weakly represented among the beneficiaries of employment services and vocational training programmes, and common services are ill-matched with their particular circumstances, skills, potential and needs.

The Albanian social protection system is composed of multiple programmes that provide coverage against the risks of poverty, old-age, disability, unemployment, short term illness and maternity. The social insurance coverage reported by the Social Insurance Institute is 266954 men and 287148 women respectively.

Participation in the formal labour market is a key precondition for accessing old-age, unemployment, short term illness and maternity benefits. According to estimates, a higher percentage of women compared to men works in the informal sector, resulting in women's weak coverage by the system. Therefore, proactive training and employment programmes specifically targeting women and girls are required in order to increasing their low rates of coverage by social insurance and protect them and their children from vulnerability, exclusion, and poverty.

With the exception of social assistance transfers provided by the social assistance programme (*Ndihma Ekonomike*), all social protection benefits are financed through payroll contributions of both employers and employees. The amendments to the 2005 law on *Social Assistance and Services* expanded the eligibility criteria of the main social assistance programme (to include victims of trafficking and of domestic violence, orphans and women heads of household) and decentralized residential care services to local government units. In 2010, spending for the social assistance programme accounted for 1.4 per cent of GDP, with an increase in the overall allocation of roughly 50 per cent compared to 2007. The number of households benefitting from the social assistance benefit declined in the period 2005-2009 by approximately 17 per cent. Beneficiary households, however, increased again in 2010, to then stabilize at approximately 99,700 families.

1.4. Education and Training: trends and policies

There is strong and positive relationship between individuals' education and skills level and labour market outcomes. This is well recognized in Albania and it is reflected in the wide-ranging primary and secondary education reforms initiated in the

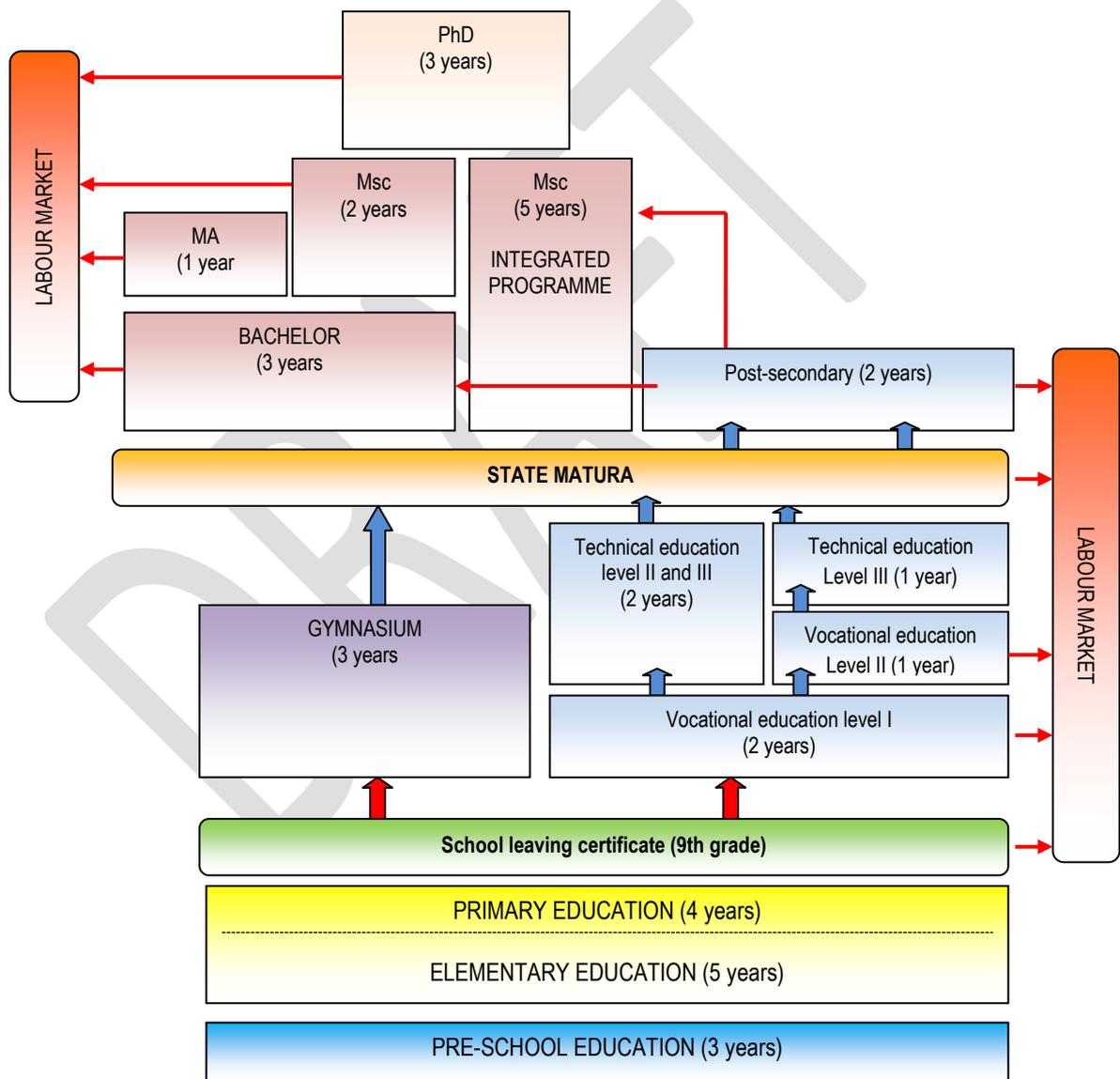
¹³ World Bank, (2013) *Albania: Policy briefs*, World Bank, Washington D.C., July 2013. Data on Roma disaggregated by sex is currently unavailable.

¹⁴ UNDP, (2012), *Needs Assessment Study on Roma and Egyptian Communities in Albania*, Albania, February, 2012.

last decade. These reforms encompassed curricula reforms; enhanced teacher training; more equitable distribution of resources across regions; improvement of learning conditions (less crowded classrooms and less need for multiple shifts in schools); increases in teachers' average salaries; and the revision of the content and administration of the exam at the end of secondary education. In higher education the focus has been on the adoption of the Bologna process, the expansion of students' enrolment and the introduction of short-cycle, sub-degree programmes in regional universities.

A snapshot of the current education system in Albania is provided in Figure 4.

Figure 4: Education system in Albania, 2011



Since 2008, compulsory education starts at the age of 6 and continues up to the age of 15. It comprises 9 years of basic general education divided into primary (5 grades) and lower secondary education (4 grades). Upper-secondary education lasts up to four years and is divided into (i) general education stream that prepares students for higher

education, (ii) vocational stream that prepares pupils both for the labour market and higher education, and (iii) art, sport, foreign language and pedagogical school.

Since the academic year 2009/10, initial vocational education has been offered at three levels to provide students with general and vocational (theoretical and practical) education, preparing them for work and further education. The two-year programmes at the first level are for the training of semi-skilled workers and lead to a basic vocational training certificate. The second level, one-year programmes train technicians and lead to the award of a certificate of professional training and the completion of technical-vocational programmes at the third level, lasting one additional year, gives access to higher education. At the end of this level student sit the *State Matura* exam and the professional practice exam.

The tertiary education system in Albania is aligned to the Bologna Declaration and comprises a four-year bachelor degree followed by a 1-2-year master's degree and three years doctoral studies.

Progress has been made in the last few years in increasing the educational attainment of the population. The literacy rate of adults 15 years old and over is 96 per cent, and among youth 15 to 24 years old the literacy rate is 99 per cent (equally distributed between the sexes).

The net enrolment ratio in basic education is 85 per cent (86 per cent for boys and 84 per cent for girls)¹⁵. General education has the largest number of graduates, since it is also the largest host of upper secondary education. In the academic year 2011-2012, there were 40,927 students graduated in upper secondary education, from which just over half, 20,801 were females (Table 5). Vocational schools graduates are much lower in numbers, graduating 2,844 students, from which 877 were females. Overall trends show that graduation from upper secondary has kept increasing from 31,122 students in the academic year 2007-2008 to an additional 9,805 students in the academic year 2011-2012. More than half of those graduates are females. The same trend is also visible for general schools, where graduated students have gone from 26,255 in the academic year 2007-2008 to an additional 11,828 in the academic year 2011-2012.

Unlike general education, vocational education shows a decreasing trend. The number of students enrolling in vocational education declined in the period 2006-2011 by over 38 per cent to recover somewhat in the last academic year. This is partly due to demographic factors (the number of students attending primary and secondary education decreased by approximately 10 per cent in the period 2001-2010), but mainly due to low performance of VE system decreasing attractiveness of this education stream among students and their families. Graduates of vocational education in this academic year were 2,844 compared to 4,801 in the previous year, while the females' graduates are twice less. Vocational education graduates are predominantly male especially in the later years, which indicates that vocational education is mainly taken up by men. The underlying reasons for this highly gendered phenomenon are various. On the supply side, factors discouraging girls (and their parents) from choosing vocational education include deeply gender-stereotyped profiles and courses, the location of VET schools, lack of transportation, unsafe

¹⁵ UNICEF, Statistics by country, at http://www.unicef.org/infobycountry/albania_statistics.html

dormitories, and the overall social climate in VET schools.¹⁶ On the demand side, professional training enables boys to come up to general expectations to earn an income and enter the labour market at a relatively young age. While this in turn results in boys' overall lower educational attainment, it also provides them with a competitive advantage on the labour market compared to their female peers.

Table 5: Students graduated in Upper Secondary Education

School Year	Upper Secondary		Secondary General		Upper Vocational school	
	Total	Female	Total	Female	Total	Female
2007 - 08	31122	16971	26255	14426	4867	2545
2008 - 09	34289	18698	29460	16268	4829	2430
2009 - 10	34823	18727	29984	16450	4839	2277
2010 - 11	40354	20094	35553	18236	4801	1858
2011 - 12	40927	20801	38083	19924	2844	877

Source: INSTAT; Education Statistics

Despite the relatively good enrolment rates in the three levels of education, the analysis indicates that approximately 35% of the birth cohorts do or did not receive any upper secondary education in Albania¹⁷. In 2012, the share of early school leavers in Albania (e.g. youth 18-24 years old with at most lower secondary education), was nearly twice the rate recorded in the EU27 (31.6 per cent and 17 per cent, respectively). Also, the enrolments rates at all levels are still lower than the average recorded in Eastern European countries (Table 6).

Table 6: Gross enrolment ratios in Eastern Europe, ca 2011 (%)

	Pre-primary (ISCED 0)	Primary (ISCED 1)	Secondary (ISCED 2-3)	Tertiary (ISCED 5-6)
Albania	57.5	85.9	90.9	43.9
Bosnia and Herzegovina	17.3	90.4	89.3	38.1
Bulgaria	79.4	102.5	88.8	56.9
Croatia	61.3	93.0	95.7	54.1
Czech Republic	108.4	105.7	90.3	63.5
Macedonia (FYR)	25.4	90.0	83.7	38.6
Montenegro	40.2	118.8	96.7	47.6
Poland	71.1	98.6	97.0	72.3
Romania	79.0	95.9	97.1	58.8
Serbia	53.1	94.8	91.4	50.7
Slovak Republic	91.0	101.0	90.3	54.8
Slovenia	89.7	98.4	97.3	89.6
Average Eastern Europe	65.1	99.0	92.5	56.8

Source: World Bank, *Socio-Economic indicators*, at <http://data.worldbank.org/>

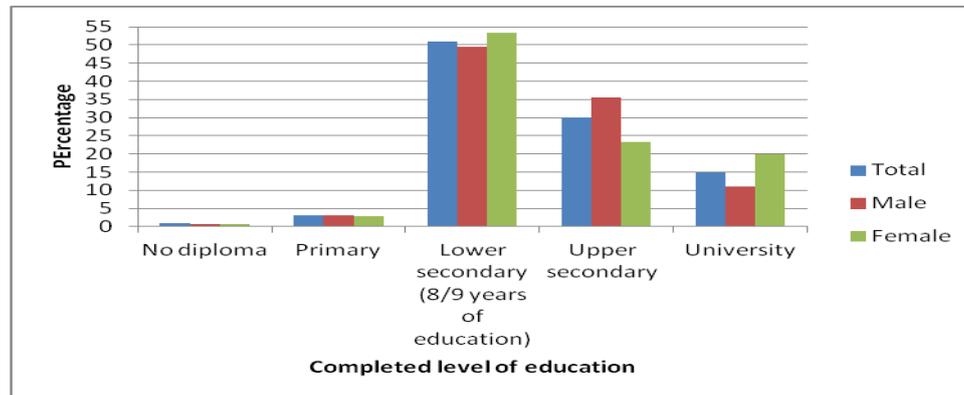
The educational attainment of youth (15-29 year old) should also be further increased. Data from the 2011 Census show that 51% of youth who are not attending education

¹⁶ Gender Analysis of the GIZ Human Resource Development Programme and the VET Sector in Albania, 2011.

¹⁷ INSTAT and MoES data, 2009 year of graduation.

have 8 to 9 years of schooling as their highest level of completed education (Figure 5). The rest have completed upper secondary general education (30%) and university (about 15%). The most noted difference between young males and females is university attainment. Among young females that are not currently attended education there is a higher percentage who have attained an university degree (19.8%) compared to young males of the same category (11.2%).

Figure 5: Educational Attainment of Youth (%)



Source: INSTAT; 2011 Census

Individuals with a low level of education are more likely to be unemployed than individuals with secondary (and especially vocational) and tertiary educational attainment. According to the 2012 Labour Force Survey (LFS), employment rate of individuals with lower secondary education was 53.5% compared to 57.4% of those with upper secondary education and 66.9% for those with university and above. Gender gaps in labour force participation and employment also tend to decrease at higher levels of education. Data from the 2012 Living Standard Measurement Survey (LSMS) show that on average individuals with lower secondary education earn about 24% more than people with primary education. Those with upper secondary education earn about 22% more than those with lower secondary education, and tertiary education has a wage premium of about 32% from upper secondary education.

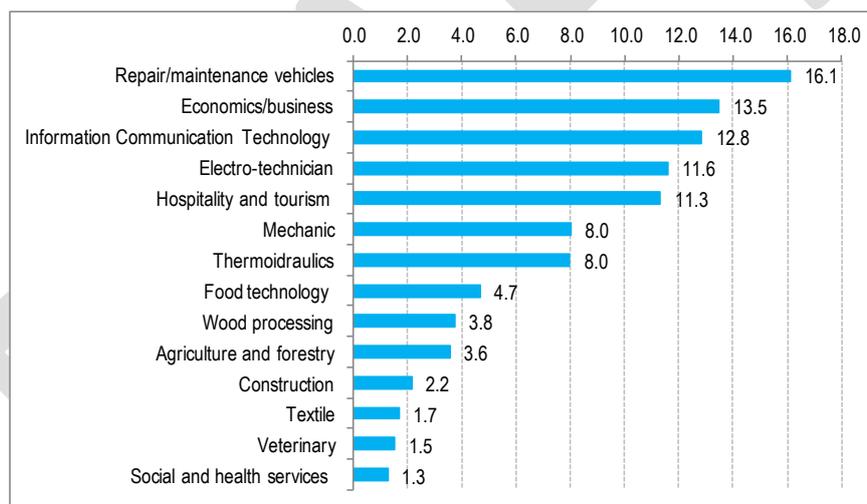
However, the correlation between education level and returns on wages does not hold for women. Although women start off with higher education levels and maintain that advantage throughout the age cohorts, in terms of wages, this positive aspect and advantage is outweighed as clearly illustrated by the gender wage gap. Highly educated women continue to find employment primarily in the social state service sector (as specialists, regular workers and clerks in the education, health care and public administration sectors), whereas in general, men predominantly occupy positions in law-making, high-level offices, and in management. As a result of occupational segregation, wage differentials are created, by putting downward pressure on wages for occupations with a surplus of women seeking work. Second, the lack of support and limited provision of state care makes women the primary caregivers of children, the sick, and the elderly. Due to women's child-bearing and caring responsibilities, and weak policies on child care provision, the female labour force is therefore characterised by discontinuity of employment, especially during the child-bearing ages, resulting, on average, in five years less experience over the course of working life, when compared to men. This additionally and negatively effects on women's position on the labour market. An additional factor that impacts women's

low level of remuneration is their low involvement in self-employed private business.¹⁸

Albania still spends less on education as proportion of GDP (3 per cent in 2011), than other countries in the region (4.4 per cent on average) and EU countries (5.4 per cent). Spending per student at primary and secondary levels remains among the lowest in the region. Primary education commands most of education expenditures (61 per cent), while vocational education the lowest (5.9 per cent). Secondary general education accounts for 13.3 per cent of total spending on education and university 16.1 per cent.

Technical-vocational education and training¹⁹ is offered in 53 schools (44 public including the branches in the secondary comprehensive schools and 9 private) almost all located in urban areas. Most schools offer two to four profiles, with only a quarter of all schools offering more than eight occupational choices. The average number of students per school is 300, with less than a quarter of all schools covering 500 students and more. In the academic year 2009-2010, boys represent 69 per cent of all vocational students, with the share of girls on a decreasing trend. Most girls use vocational education as a pathway to higher education (over 79 per cent of girls graduating from vocational education enrol into university compared to 39.2 per cent of boys), whereas boys predominantly enter the labour market upon graduation.

Figure 6: Upper secondary education, main areas of qualification (2011)



Source: Ministry of Education and Science, *Enrolment in upper secondary education*, 2011

The content of vocational education has shifted from manufacturing towards service occupations (economics, management, hotel, tourism, and ICT). Since the introduction of the new vocational education system, the option 2+1+1 has gained the most preference, shifting from 19 per cent of total enrolment in 2009 to 51 per cent in 2011. However, while the shift towards the “new” occupations/profiles in the service sector would be expected to equally attract boys and girls, and possibly even favour girls’ involvement, the share of girls attending VE has decreased. In order to result in positive labour market outcomes for women, underlying reasons for this trend need to

¹⁸ Miluka, J. (2011). *Gender Wage Gap in Albania*. Tirana: MoLSAEO & UN Women. National Report on the Status of Women and Gender Equality in Albania 2011. Tirana: MoLSAEO & UN Women.

¹⁹ The VET system is regulated by the Law on VET No. 8872, date 29.03.2002 improved in 2008 and 2011 and Law No. 7995, date 20.09.1995 modified in 2002 and 2006.

be addressed, particularly in sectors that are prospected to drive Albania's economy and growth in the coming years.

There is not in place a tracer system for vocational education, which could help to identify the career path of female and male the graduates including both their employment or/and further post secondary or tertiary studies. However, the figures on education and occupation mismatch (14 per cent of all workers, see the shaded area of Table 7) show that such mismatch is mostly accounted for by tertiary graduates working as skilled agricultural workers, craft and sales and clerical workers and secondary educated individuals working in elementary occupations.

Table 7: Education and occupation mismatch as a function of ISCO and ISCED, 2012

ISCO-08 Major Groups	ISCED-97 Educational attainment						
	0	1	2	3	4	5	6
Managers, professionals, technicians			3,988		39,832		11,648
Clerical, service and sales workers			48,672		107,980		22,080
Skilled agricultural, craft and related trades			221,953		112,433		7,462
Plant and machine operators and assemblers			23,903		27,697		1,786
Elementary occupations			2,381		13,547		890
Armed forces occupations			199		2,249		1,968

Source: INSTAT Labour Force survey, 2012 Q2 to 2013 Q1. Reprocessed data according to the international standards adopted by the 19th International Conference of Labour Statisticians, Geneva, 2013.

The current framework on vocational education and training and higher education envisages the possibility of introducing post-secondary programmes. Such programmes target: i) gymnasium graduates not enrolling into university and with no labour market qualifications, and ii) vocational school graduates wishing to obtain an advanced vocational qualification.

The introduction of post-secondary VET programmes started in 2007, but is still in an initial phase. There is no “fully-fledged” post-secondary VET programme established as part of the VET sector, yet. However, there is one functioning model, whereby the “Beqir Çela” vocational school in Durres provides the practical part (50%) of post-secondary VET in the field of applied informatics, while the theoretical part (50%) is provided by the Professional College of the University of Durres.

Post-secondary VET programmes have until lately been developed primarily as part of the higher education sector. The most advanced example of post-secondary VET implementation was the Faculty of Integrated Studies with Practice (FASTIP) at the University of Durres (attended by approximately 700 students), which combines theoretical learning at the Faculty with practical learning in companies.

In addition, the Agricultural University of Tirana in cooperation with the Agricultural University of Lushnje offers a two-year Professional Diploma (non-University) in veterinary management. The University of Elbasan offers a two-year Professional Diploma (non-University) Programme for laboratory technicians. The private Professional College “New Generation” and the private Construction Academy offer two post-secondary VET programmes each. The Polytechnic University of Tirana offers a training course of post-secondary level for vocational teachers / instructors at

secondary education schools as well as employees of textile companies²⁰. Other post-secondary VET programmes are prepared and ready to operate such as a two-year post-secondary programme for nursing in the School for Professional Studies at the University of Durres, a part-time post-secondary VET programme by the private POLIS University, etc.

The VET Amendment Law 2011 created the legal ground for the establishment of multifunctional VET Centres (MFC), which will be the entry gate to the labour market, and also an important hub linking VET clients (youth, students, adults) and potential employers and businesses, through internships and practical work in the premises of such local businesses. The comparative advantage of multifunctional VET Centres vis à vis vocational education and training institutions is that the multifunctional VET Centres, by virtue of their multi-functional and comprehensive nature, operate as a one-stop shop, responding contemporaneously to the needs of many beneficiaries and to the cross-cutting needs of the local community and market labour. A MFC is established in Kamza in 2012, based on a 5 years plan of transformation, but its activity is still in the very first step. Recently a feasibility study is carried out regarding the transformation into MFC of the current public vocational education and training institutions in 3 Albanian regions²¹.

There is a common position of the VET stakeholders that despite some progress made and existing 'islands' of good practice, the VET system faces a number of shortcomings. Currently the VET system is not orientated towards labour market demand. No systematic labour market analysis is undertaken to assess which are the demanded qualifications and how the courses could be adapted and planned in the future. Very few businesses cooperate with the schools for organizing the practical hours of the students. In almost all the cases these were modestly developed businesses in terms of size and technology. Their motivation to cooperate was only related to personal contacts with school directors. The schools' Directors in all the cases declare that the boards are very formal bodies in the way they are created and operate, which includes business representatives who do not play a major role in the decision-making processes. The distant position of businesses towards VE schools and vice versa is one of the major problem in the system and all the measures introduced to address it until now have mostly failed to succeed.

Presently, VET providers are highly centralized and the overall system is fragmented into two different networks - the Vocational Education Schools and the Vocational Training Centres, which makes it almost impossible to orient individual providers toward local labour market demand. Without greater autonomy and an open minded management system of schools and VTCs – or MFCs for that matter - it will be impossible to address the many bottlenecks that have paralyzed the current VET system in Albania.

The names of the schools are mostly those inherited from the communist regime and often irrelevant to the current profiles they offer. This can misguide potential VET students when they make their choices on what education stream to follow. The management and teaching method and culture are also far from those in advanced vocational education systems.

²⁰ Werner Heitmann et al. (2013), *Expansion of post-secondary VET in Albania - Feasibility Study Final Report*, ILO-EU IPA 210 HRD project, Tirana, Albania.

²¹ ETF, (2014), *Feasibility Study for the Establishment of the MFCs in Albania*, forthcoming.

Most of the students who get enrolled in vocational schools are those with very low school results. Many of them think that it is easier to pass the classes in VE schools. The school managers confess that more than 50% of the graduated students in VET apply for university studies and many of them register in private universities, even in profiles that have nothing to do with the profiles they attended.

The schools' workshop facilities are outdated and in many cases located in highly depreciated premises. It is a known fact that the state budget lacked the funds to invest in workshops/ laboratories to guarantee the development of adequate practical skills of VET learners.

The most problematic issue throughout the VET delivery system is related to the situation of teachers: the high average age of technical teachers - most of whom being close to retirement age, the low qualification of teachers in terms of knowledge and competence to teach the curricula. Many even have an improper educational background: they teach completely different subjects compared to what they graduated in or they did not graduate from a university at all. They lack of pre service and in service training etc. One reason behind this situation is the low teachers' salary, which de-motivates specialists and good technicians to work in education.

Vocational education has been severely underfunded for a number of years, although the funding allocation in 2012 increased by over 28 per cent. More than two thirds (77.8 per cent) of the annual allocation goes to cover staff costs, leaving very limited resources for the upgrading of equipment, modernization of workshops and curricula development²².

The adult training provision is realised through a network of ten public vocational training centres (one is a mobile training centre), under the aegis of the Ministry of Social Welfare and Youth (MoSWY). In addition there are over 340 private licensed subjects, 30 of which are VTCs. They award certificates recognized by the MoSWY, but no monitoring system is in place on the standards of training they provide and the quality of knowledge they deliver. The major training provider in Albania for adults is enterprises through on-job trainings and specific courses of duration from 1 to 3 months. Medium and large enterprises are most active in training provision and the larger training is provided in trade, car repair, extraction, and energy and processing industry²³.

²² MoES, Budget VE allocations 2012.

²³ NES, Skills Needs Survey Report, 2012, unpublished.

The geographical distribution of vocational schools and adult training centres (Figure 8) shows that most of the public vocational institutions are concentrated in central Albanian, where the concentration of population is higher. Rural areas are totally uncovered by public education and training services.

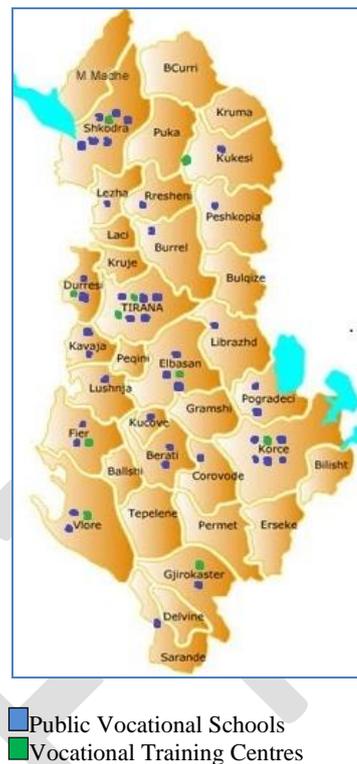
In 2012, the number of individuals attending courses in the public training centres was 25 per cent higher than in 2009, mostly concentrated in the area of Tirana, Durres and Elbasan (58 per cent of all trainees). Approximately 54.5 per cent of participants were young people less than 25 years of age and over 53 per cent were women. 37.7 per cent of training beneficiaries had secondary education, 30.4 per cent had primary education, 4.6 per cent were vocational school graduates and 27.2 per cent were university graduates.

The public vocational training centres offer both short (4-6 weeks) and long courses (up to seven months). These courses target mainly unemployed individuals (either registered with the National Employment Service or not), but courses are open also to workers and students based on their qualification needs.

In 2012, the number of individuals attending courses in the public training centres was 25 per cent higher than in 2009, mostly concentrated in the area of Tirana, Durres and Elbasan (58 per cent of all trainees). The vast majority of trainees were women and young people. Approximately 54.5 per cent of participants were young people less than 25 years of age and over 53 per cent were women. With regard the level of education at enrolment, 37.7 per cent of training beneficiaries had secondary education, 30.4 per cent had primary education, 4.6 per cent were vocational school graduates and 27.2 per cent were university graduates²⁴. Regarding the employment status, approximately 46 per cent of enrolled were unemployed, 17 per cent were workers and 28 per cent were students. Attendance is subject to the payment of a fee – reduced for individuals referred to training by the National Employment Service and for groups at risk in the labour market (such as Roma population groups, trafficked women, orphans, returning migrants, ex-prisoners and disabled persons).

The distribution of training graduates shows that the overwhelming majority attend foreign languages and computer courses (which are available in all the training centres), while less than 39 per cent actually attend a programme leading to the acquisition of occupational skills (Figure 7).

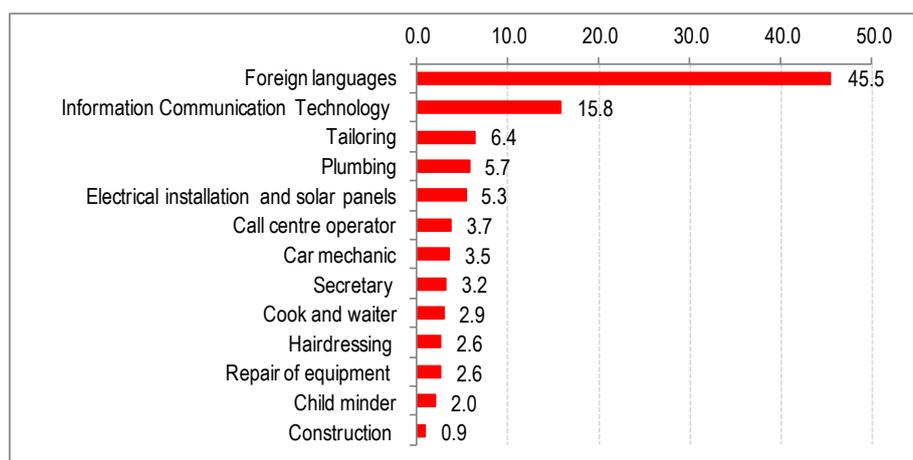
Figure 8: Distribution of vocational school and training centres



Source: Ministry of Education data, 2012

²⁴ NES, Statistical Bulletin, 2011.

Figure 7: Distribution of training centres' graduates (2011), %



Source: National Employment Service, *Annual Report 2011*

The percentage of participants finding a job after training (estimated at 42 per cent in 2010) remain below EU standards. The vocational training centres are currently piloting a tracer methodology that will allow tracking participants over time to measure the outcomes of training in the labour market.

Several assessments up to now prove that the public VTCs are inefficient and far from fulfilling their mission. Thus the training offer is poor both in terms of type and number of courses, the curricula for the courses are outdated and in some cases not guided by frame curricula, lack of teaching materials, lack of funds for development of the new curricula, no role of NAVETQ in Vocational Training curricula, lack of system for the recognition of prior learning, courses are too short, and the quality of training instructors is very low. Services are not marketed. No relations exist between the VTCs and businesses and no system is in place that would track the labour market integration of graduates. There is no any existing cooperation between the vocational schools and the VTCs²⁵.

The above described picture regarding public vocational education and training system including post secondary education and lifelong learning is certainly reflected in the quality of labour force in terms of qualifications and skills. Several surveys have analysed the situation with knowledge and skills in the economy and clearly recognise that there are many problems businesses have. Thus under the 2008 Business Environment and Enterprise Performance Survey (BEEPS) more than half of surveyed firms reported lack of such skilled labour as an impediment for doing business. In the 2009 Investment Climate Survey (ICS), 51 percent for large firms, 41 percent for exporters, and 48 percent for foreign-owned firms reported skills as a major obstacle. Over 35 percent of firms that acquired new technology cited workforce education as a major constraint. In addition the three NES SNA Surveys held in 2008, 2010 and 2012 in Albania found out that skills gap are present in all sectors of the economy. “Unsuitable qualification of labour force” seems to be a major problem for most of the businesses operating in the agro-processing sector, processing industry and extraction, and energy industry; and the “Attitude of jobseekers/work culture” is considered a major problem for around half of the businesses operating in agriculture, trades and repairing, hotels and restaurants as well

²⁵ ILO-UNDP, (2012), *Assessment of training providers in Albania*, Report unpublished.

as education sector. The interviewed businesses declared that there is hard to find certain qualifications in the labour market, while most of the current qualified employees are over 55 years old and soon need to be replaced.

Currently, the participation of adults (25 to 64 years old) to continuing vocational training and re-training in private and public training centres is estimated at 1.1 per cent. This share, however, does not account for the training that occurs in enterprises, for which data are largely unavailable.

A number of broad challenges remain to align Albania's education and training system to the lifelong learning principles of the European Union. The table below provides a snapshot of the lifelong learning indicators available for Albania and the EU, as well as the benchmarks to be achieved within the *Europe 2020* framework.

Table 8: Albania and the EU lifelong learning benchmarks, 2012 (%)

	EU 27 2012	Albania 2012	EU 2020 Targets
Early school leavers % of 18-24 with at most lower secondary education and not in further education or training)	14.1	31.6	10.0
Tertiary educational attainment % of 30-34 who have successfully completed university or university-like education	35.7	14.3	40.0
Lifelong learning % of 25-64 participating in education and training	9.1	1.1	15.0
Early childhood education % of children in pre-primary education	93.2	54.9	95.0
Reading, maths and science (*) % of 15 years old with low reading performance	17.8	52.3	<15.0
% of 15 years old with low maths performance	22.1	60.7	< 15.0
% of 15 years old with low science performance	16.6	53.1	<15.0

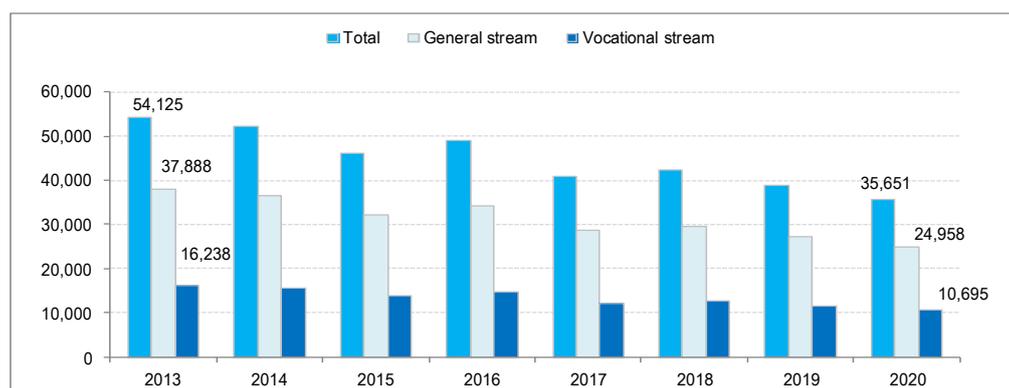
(*) Measured by the Programme for International student Assessment (PISA) for the year 2012 see OECD, 2012.

Source: For the European Union, see EUROSTAT database; for Albania, Labour Force Survey 2012; UNESCO Institute for Statistics, Education figures, 2013.

On the other side, demographic projections indicate that the students expected to enrol in upper secondary education (Grade 10) will decrease from 60,139 (for the cohort born in 1998) to 39,612 (for the cohort born in 2005).

Figure 9 below shows the evolution of secondary enrolment based on projected demographic patterns, with a total enrolment in upper secondary education over births constant at 90 per cent and a ratio general/vocational upper secondary enrolment of 70 and 30 per cent, respectively. If this latter ratio were to be maintained at its present values (e.g. 14 per cent of secondary students attending vocational education), vocational schools would experience a decrease of students of 55 per cent between 2013 and 2020.

Figure 9: Enrolment projections in Grade 10 (2013-2020)



Source: Ministry of Education and Science, *Education projections*, 2012

The education reform process outlined in previous paragraphs succeeded somehow in addressing the quantity of education, but quality and relevance of learning outcomes remain a concern. The scores of Albanian students in the Programme for International Student Assessment (PISA) remain at the lower end of the scale and below the OECD averages²⁶. Also, the level of “learning to learn” and “entrepreneurship” skills are considered low. Pupils of secondary education perceive learning as important only to pass the exam, while about 40% of surveyed pupils in VET are not able to respond at all on simple questions about products, taxes, prices and steps to establish a business activity²⁷. Focusing on quality of education is crucially important because the kind of knowledge and skills required to support the new growth agenda goes beyond literacy, numeracy, and occupation-specific vocational and technical skills. Now workers on any level and in any profession or occupation need to have ‘key competencies/catalytic skills’ such as problem solving to function in a more complicated and continuously changing work environment.

As such, considering the lifelong learning indicators benchmarks to be achieved within the *Europe 2020* framework, the demographic trends, the competencies level of the working age population as well as the considerable number of the population with low education attainment level in need for “second chance” programs or qualification trainings, a deep reform on education and training system is of an utmost importance with a view to improve equity in access, success and quality.

1.5. Labour market situation and main policies

The economic growth recorded throughout the last decade had a limited impact on employment. Table 9 below shows the key labour market indicators of the Labour Force Survey (LFS) in 2012²⁸, as well as the indicators resulting from reprocessed data based on the newly adopted International Standards²⁹.

²⁶ OECD, (2012), *PISA 2009 Results: What Students Know and Can Do: Student Performance in Reading, Mathematics and Science*, OECD, Paris,

²⁷ ETF, (2008), *Lifelong learning and entrepreneurship learning in VET and HE in Albania*, Torino.

²⁸ The Labour Force Survey was introduced in Albania in 2007. Data prior to that year are based on administrative figures.

²⁹ The data for 2012 were reprocessed according to the new international standards adopted by the 19th International Conference of Labour Statisticians, Geneva, 2013. The data for the period 2007-2011 are therefore not strictly comparable to those of 2012.

Table 9: Key labour market indicators Albania and EU27, by age and sex, 2012 (working age population)

Age groups	Labour force participation rate		Unemployment rate		Employment to population ratio	
	2012	2012 Q2 to 2013 Q1	2012	2012 Q2 to 2013 Q1	2012	2012 Q2 to 2013 Q1
Total						
15-64	65.5	51.4	13.9	22.2	56.3	40.0
15-24	37.4	27.4	27.9	40.3	26.9	16.4
25-64	75.8	60.2	11.4	19.2	67.1	48.6
EU27 (15-64)	71.8	71.8	10.6	10.6	64.2	64.2
Men						
15-64	74.3	63.7	15.0	22.7	63.2	49.2
15-24	45.3	36.1	31.4	43.6	31.0	20.3
25-64	85.6	74.3	11.6	18.8	75.7	60.3
EU27 (15-64)	78.0	78.0	10.5	10.5	69.8	69.8
Women						
15-64	56.6	39.3	12.5	21.4	49.5	30.9
15-24	28.8	18.5	22.0	33.8	22.5	12.3
25-64	66.2	46.7	11.1	19.7	58.9	37.5
EU27 (15-64)	65.6	65.6	10.6	10.6	58.6	58.6

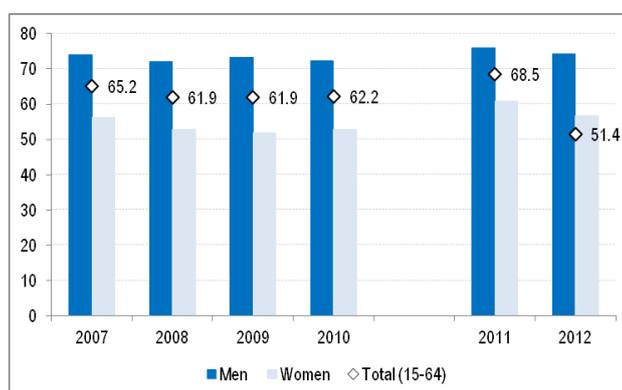
Source: INSTAT, *Labour Force Survey Bulletin* 2012, <http://www.instat.gov.al/al/themes/tregu-i-pun%C3%ABs/publications/books/2010/rezultatet-paraprake-nga-anketa-e-forcave-t%C3%AB-pun%C3%ABs,-2010.aspx>;

EUROSTAT database;

Labour Force Surveys 2012 Q2 to 2013 Q1. Reprocessed data according to the international standards adopted by the 19th International Conference of Labour Statisticians, Geneva, 2013.

In 2012 the labour force participation rate stood at 65.5 per cent (74.3 per cent for men and 56.6 per cent for women), three percentage point lower than that recorded in 2011.³⁰ Such decline is due to decreasing labour force participation rates among young people 15 to 24 years old (from 44.8 per cent in 2011 to 37.4 per cent in 2012) and especially among young women

The newly processed data indicate an even lower rate of labour force participation at 51.4% with a gender gap of 24.4% in favour of men. The labour force participation rate of youngsters 15-24 years old results to be very low (27.4%), while for women this indicator is much lower at 18.3%. All the figures presented in the Table 9 for Albania indicate the big difference with the EU countries.

Figure 10: Labour force participation by sex, 2007-2012 (%)

Source: INSTAT, *Labour Force Survey* 2007-2012. Data for 2012 reprocessed according to new international standards.

³⁰ The Labour Force Survey sampling frame was adjusted in 2011 on the basis of the Census figures. The data of the period 2007-2010 therefore are not strictly comparable to those of 2011 and 2012.

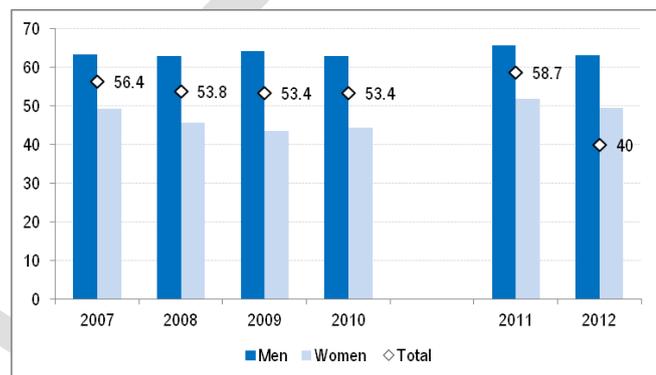
Thus, Albania have 20% lower level of LFPR, around 11% higher level of unemployment rate and 24% lower level of employment to population rate.

Several factors have influenced in lower labour market activity such as higher participation of young people in education, young people and women being increasingly discouraged from searching for work etc.

In the period 1998-2006 the employment to population ratio, as recorded by administrative data, declined from 57 per cent to 48.7 per cent. In 2007, however, the first Labour Force Survey (LFS) recorded an employment rate of 56.4 per cent. These figures show that job creation in the private sector – despite doubling in the 1996-2008 period – was not strong enough to compensate for the losses in public sector employment (30 per cent) and agriculture (28 per cent).

Similar to that observed for activity rates, the employment rate declined from 58.7 per cent in 2011 to 56.3 per cent in 2012 (Figure 11). Again, this is due to the sharp decrease of the employment to population ratio of young people (from 34.1 per cent in 2011 to 26.9 per cent in 2012). Employment drops have been particularly severe for young women (with losses ranging around 25 per cent year-on). This represents a clear loss of human resources for Albania's economy and points to the existence of particularly unfavourable conditions and mechanisms of exclusion from the labour market for young women - which requires targeted, gender-sensitive policy responses.

Figure 11: Employment rates by sex and age group, 2007-12 (%)



Source: INSTAT, *Labour Force Survey 2007-2012*. Data for 2012 reprocessed according to new international standards.

The data point to a striking difference between male and female performance in the labour market. The labour force participation of women – despite an upward trend since 2001 – is over 17 percentage points lower than men, while the employment gap is around 14 per cent. The gender gap, however, diminishes slightly at higher levels of education. In 2012, the gap in activity between highly educated men and women was 7.5 percentage point, while the employment gap 10.4 percentage point.

Furthermore, Living Standard Measurement Survey data in Table 10 show other distinctive characteristics between working men and women that affect their position in the labour market³¹. Women in the labour market have on average about 1.3 years of additional education compared to men. Nonetheless, they receive lower wages. In 2008, the gender wage gap was about 18% (national average). It was 16.20 % in

³¹ The analysis includes paid employment.

urban areas and almost two times higher, namely 32.7 %, in rural areas, highlighting the particularly disadvantaged position of rural women's. Compared with 2008 LSMS data, the national gender wage gap has increased by two percentage points since then, which may be due in part to the economic crisis, showing that women are more vulnerable in the labour market. Among other factors, as a result of the additional education as well as potential interruption from the labour market due to child caring and rearing responsibilities, working women have on average about 3.5 years less of work experience. However, fewer years of work experience is also rewarded less in the labour market, accounting for part of the gender wage gap.

Working women have on average fewer small children, ages 0 to 5 and consequently they also have smaller household sizes. According to the Time-Use Survey 2010-11, women carry out 86% of unpaid work in Albania and are almost entirely responsible for domestic duties (96%).³² In the absence of adequate child-care facilities and re-entering programmes after maternity leave, women's unpaid care-provision activities within the household (including care for children and the elderly) negatively affect women's labour force participation: women who are not employed, or do not participate in the labour market, have more and younger children than working women. These findings point to the need for support services and the creation of conditions which offer households and women the possibility of more balanced and efficient intra-household time allocation between paid and unpaid work. Economic and social policy responses supporting the reconciliation of work and family life in turn would have a large impact on women's employment outcomes, their economic empowerment, and Albania's economy at large.

Working women are mainly concentrated in urban areas and the central, coastal and Tirana region. Urban areas continue to provide more employment opportunities for females than rural areas due to a wider array of economic activities and social progression. Women in rural areas are mainly confined to unpaid farm work. The percentage of employed in the mountain region is very small pointing to constraint opportunities in this region.

Table 10: Differences between male and female workers

Variables	Male	Female
Individual Characteristics		
Monthly wage (old ALL)	345832	288044
Social security entitlement	61.74%	82.75%
Work experience	25.63	22.15
Education	10.93	12.27
Household Composition		
Household size	4.92	4.59
Household male labour	1.55	1.21
Household female labour	1.27	1.42
Number of children 0 to 5 years	0.40	0.25
Regions		
Coastal	32.40%	31.47%

³² INSTAT (2011). Albania Time Use Survey 2010-11.

Central	41.01%	36.03%
Mountain	5.99%	3.69%
Tirana	20.60%	28.81%
Urban	56.12%	71.52%
Rural	43.88%	28.48%

Source: Living Standard Measurement Survey, 2012.

Differences also result in terms of occupations between working men and women. Table 11 shows that about half of employment for women is concentrated 30% as professionals and 20% as service workers. The large concentration as professional is mainly as a result of women comprising the majority of education and health-care workers. Concentration of women in particular occupations and especially occupations, which are predominantly female, also increases the gender wage gap through occupational segregation. Furthermore, women's large participation in unpaid agricultural work is also evidenced in household survey data, where the percentage of women in paid agriculture is less than that of men. Men on the other hand have a higher percentage as legislators, trade workers, plant and machinery operators, which are higher paying jobs. A rather different picture shows the reprocessed data. Thus, women managers are 4 times less than men managers and 3 times less in crafts / trade workers. In addition to a larger number of women compared to men positioned as professionals and technicians, there are more women contributing in agricultures well as in elementary positions linked with the fact that fashion industries are major employers of women.

Table 11: Participation in occupations by sex (%)

Variables	Male		Female	
	2012	2012 Q2 to 2013 Q1	2012	2012 Q2 to 2013 Q1
Managers	2.95%	2.8%	1.59%	0.7%
Professionals	8.60%	7.3%	30.30%	18.8%
Technicians	6.89%	5.6%	6.45%	6.9%
Clerks	2.12%	2.0%	2.66%	2.7%
Service workers	16.57%	22.0%	20.16%	18.6%
Agriculture ³³	18.82%	23.2%	13.79%	35.1%
Crafts/trade workers	21.19%	21.7%	11.00%	7.0%
Plant/machinery operators	10.90%	9.4%	6.02%	2.8%
Elementary occupations	10.15%	4.0%	7.48%	6.4%

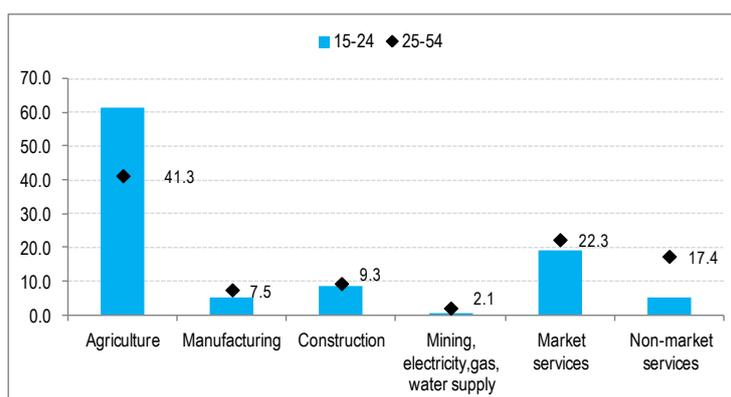
Source: Living Standard Measurement Survey, 2012.

Labour Force Surveys 2012 Q2 to 2013 Q1. Reprocessed data according to the international standards adopted by the 19th International Conference of Labour Statisticians, Geneva, 2013.

The distribution of employment by main sector of economic activity shows that agriculture is still the largest provider of jobs, especially for young workers (Figure 12). The contribution of industry and services to total employment is far below what is found in other countries of South East Europe and the European Union.

³³ Excludes subsistence foodstuff producers not classified as employed.

Figure 12: Workers by main economic sector, youth and adults, (2012)



Source: INSTAT, Labour Force Survey 2012

The employment structure reveals that wage employment accounted for 35.6 per cent of total employment in 2012, significantly lower than the 84 per cent recorded in the EU27 in the same year (Table 12). Own account workers represented 27 per cent of total employment and contributing family members accounted for well over one third of total employment (37.3 per cent), with women twice more likely than men to be working as contributing family members (51.9 per cent and 25.9 per cent, respectively). Most young people (15-24) are working as contributing family members (58.3 per cent of total youth employment), with young women more likely than their male peers to be contributing family workers (65.2 per cent and 53.6 per cent, respectively). This in turn has significant implications for girls' and women's social security status and entitlements, including coverage by health insurance and old-age pension, and negatively impacts on their general social security and economic independence throughout their life. The picture is almost the same considering the reprocessed data.

The deceleration of economic growth experienced since 2009 appears to have had an effect not only on overall employment, but also on its structure, with both part-time and temporary work on a decreasing trend. In 2012 part-time employment represented 22 per cent of total employment (compared to 19.2 per cent in the EU27) with women more likely than men to be employed part-time. The share of workers in temporary employment in 2012 was 11 per cent, below the 13.7 per cent recorded in the EU27. Over a third, however, accepted temporary jobs because they could not find a permanent one.

Table 12: Structure of work force, Albania (2007-2012), % *

	2007	2010	2011	2012	2012 Q2 to 2013 Q1
<i>Economic sector</i>					
Agriculture ³⁴	47.9	42.1	45.3	47.4	46.1
Industry	18.6	20.6	18.9	16.5	16.7
Services	33.5	37.3	35.8	36.1	34.3
<i>Status in employment</i>					
Employees	34.4	43.3	38.9	35.6	37.3
Self-employed	37.3	30.3	29.6	27.0	20.8

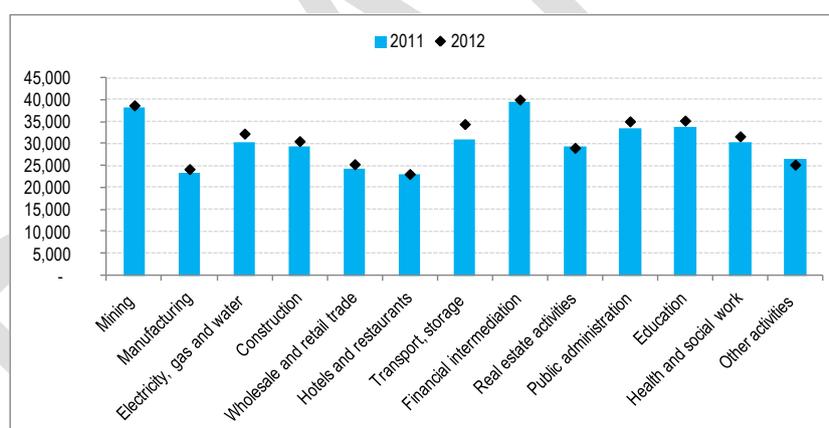
³⁴ Includes subsistence foodstuff producers not classified as employed.

Contributing family members	28.4	26.4	31.3	37.3	16.3
Subsistence foodstuff producers					25.6
<i>Type of contract</i>					
Full-time	72.5	77.3	75.1	78.1	88.4
Part-time	27.5	22.7	24.9	21.9	11.6
<i>Involuntary part-time</i>	37.4	40.6	27.5	30.0	50.4
Permanent	83.0	82.9	85.2	89.0	88.5
Fixed term	17.0	16.9	14.8	11.0	11.5
<i>Involuntary temporary work</i>	78.6	80.6	48.5	43.9	61.2

Source: INSTAT, *Labour Force Survey, 2007-2012*; INSTAT, *Labour force surveys 2012 Q2 to 2013 Q1. Reprocessed data according to the international standards adopted by the 19th International Conference of Labour Statisticians, Geneva, 2013.*
 (*)The figures of 2011-2012 are not strictly comparable with the prior period.

The high shares of contributing family workers, especially among women and young workers, indicates that informal employment still represents a large proportion of total employment.³⁵ The share of vulnerable employment in 2012 was 61.4 per cent, with young workers, and women of all ages more at risk than other groups of workers (72.8 per cent and 67.7 per cent, respectively).

Figure 13: Usual net monthly earnings, main sectors (2011-2012)

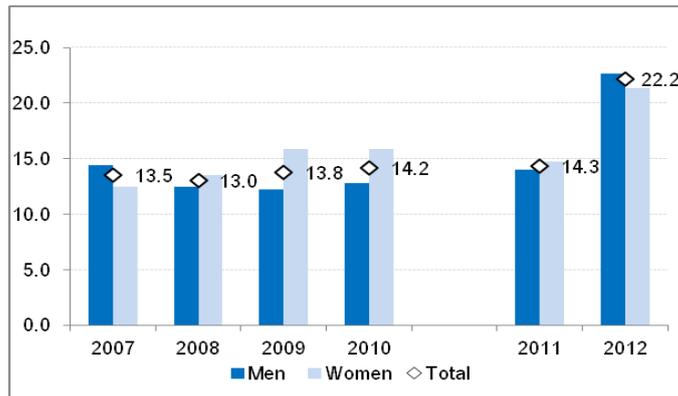


Source: INSTAT, Labour Force Survey, 2011-2012

In 2012 average monthly earnings increased by over 3 per cent compared to 2011 (Figure 13). Such increase was driven by raising earnings in the transport (11 per cent), electricity, water and gas (6 per cent) and public administration sectors (5 per cent). In 2012, workers in the hotel and restaurant sector had the lowest average monthly earnings (Lek 23,090 per month), while workers in financial intermediation the highest (Lek 40,055 per month).

³⁵ The Labour Force Survey of 2009 used as a proxy for informal employment all workers engaged as contributing family members, all wage employees for whom social security contributions went unpaid and all self-employed in the non agricultural sector. The share was 55.8 per cent of all employment.

Figure 14: Unemployment rate, by sex (2007-2012)



Source: INSTAT, *Labour Force Survey, 2007-2012*

INSTAT, *Labour force surveys 2012 Q2 to 2013 Q1. Reprocessed data according to the international standards adopted by the 19th International Conference of Labour Statisticians, Geneva, 2013.*

In 2012, the registered unemployment rate in Albania was 13.9 per cent of the labour force (down from 14.3 per cent recorded in 2011). The unemployment rate among women decreased by nearly 22 per cent. However, the decrease in the rate of women's unemployment was not a result of a concomitant increase in their employment rate, but due to women's increased withdrawal from the labour market.

This dynamic not only reflects the current contraction but also masculinisation of the labour market, characterised by fewer jobs and unfavourable conditions for women. Unemployment among men rose slightly (3 per cent annually), and especially among the younger cohorts.

In 2012 the youth (15-24) unemployment rate was 27.9 per cent (31.4 per cent for young men and 22 per cent for young women), with an increase of 4 percentage points (see Table 9). This raise was due mainly to two factors: a decline of youth labour force participation (more pronounced for young women) and a slight increase in the number of young unemployed men (5 per cent between 2011 and 2012).

As data shows, youth, and particularly female youth, appears quite constrained in the labour market. It faces challenges in all labour market indicators, and scores lower than all other age categories. High rates of youth unemployment are not solely an Albanian labour market characteristic, rather many European countries have faced high youth unemployment rate especially in the aftermath of the financial crisis. Another one such challenge faced by youth is in terms of transition from the education system into first time employment. Lack of job opportunities for youth is also apparent from labour force survey data. According to 2011 LFS, time until first employment takes on average four years or longer for youth. Consequently, the time of idle labour means lost productivity in the labour market.

Furthermore as shown in Table 13, when compared to non-youth, there are apparent disadvantages in terms of monthly wages, work experience, education, social security entitlement, etc. The wage gap between youth and non-youth is about 36.5%. Youth in the labour market has about 5 years of work experience compared to about 26 years for non-youth and has on average 10.9 years of education compared to 11.4 for non-youth. About half of working youth report to be entitled to social security compared to about 70% of non-youth. This points towards potential high level of informality in terms of youth employment, which is consequently related to their occupations and terms of employment worsening their vulnerability in the labour market.

Family composition shows that working youth come from larger households than working non-youth, with more male and female labour. Consequently, they may be

required to provide for the household and hence may join the labour market instead of continuing further with their education. Working youth has a higher concentration in rural areas compared to working non-youth, which may indicate that they may take over family farming or other agricultural work, whereas non-youth may seek employment elsewhere.

Table 13: Differences between youth and non-youth

Variables	Youth	Non-youth
Individual Characteristics		
Monthly wage (old ALL)	244842	334178
Social security entitlement	50.64%	70.27%
Work experience	4.95	25.87
Education	10.88	11.36
Household Composition		
Household size	4.87	4.82
Household male labour	1.98	1.42
Household female labour	1.51	1.29
Number of children 0 to 5 years	0.19	0.37
Regions		
Coastal	39.68%	31.63%
Central	40.90%	39.45%
Mountain	2.87%	5.47%
Tirana	16.55%	23.45%
Urban	53.50%	61.14%
Rural	46.50%	38.86%

Source: Living Standard Measurement Survey, 2012

Lastly, as shown in Table 14, youth occupations are mainly concentrated in crafts and trade work, service workers, agriculture and elementary jobs. They are very low professionals, technicians and clerks.

Table 14: Participation in occupations by youth status (%)

Variables	Youth	Non-youth
Legislators	1.34%	2.63%
Professionals	8.24%	15.45%
Technicians	2.03%	7.07%
Clerks	3.07%	2.23%
Service workers	21.41%	17.38%
Agriculture	19.37%	17.20%
Crafts\ trade workers	24.31%	17.78%
Plant\ machinery operators	7.52%	9.59%
Elementary occupations	11.17%	9.25%

Source: Living Standard Measurement Survey, 2012.

Another key feature of the Albanian labour market is the relatively high share of discouraged workers. In 2010, workers' discouragement accounted for 14.2 per cent of all inactive individuals (12.1 per cent for men and 15.3 per cent for women). By

2012, workers' discouragement had reached 18.3 per cent, with young people representing 19 per cent of total discouraged workers. The groups more exposed to discouragement are women and adult individuals in the age group 25-54. In 2012, over 37 per cent of all inactive individuals in this age cohort were discouraged workers.

The second largest category of individuals not active on the labour market (excluding those in education and training) is that of persons performing household and care duties for the young, sick and the elderly (9.6 per cent, of which the overwhelming majority are women). Between 2011 and 2012, inactivity increased by three percentage points, twice as fast for women compared to men, mirroring but also reinforcing the female stereotype of home-maker and unpaid, primary care-provider. The largest increase was experienced by young women (from 63 per cent to 71.2 per cent) and young men (from 47.8 per cent to 54.7 per cent). For the younger cohorts (15-24 years old) inactivity is mainly due to school attendance (74.8 per cent of all young inactive persons were in school in 2012). Remaining longer in school, however, may also be a strategy for many young people to avoid a sluggish labour market.

The share of youth not in employment, education or training (NEET) increased from 23.8 per cent in 2007 to 30.5 per cent in 2009, to then decline to 29.6 per cent in 2010. In 2012 the share of young NEETs was 26.2 per cent, twice the rate found among EU27 countries (13 per cent), due to the higher share of youth who are inactive and neither in education nor training.

Lastly, the rural labour market offers a different picture compared to the urban labour market. Economic activity is less diverse in rural areas and employment is mainly concentrated in agricultural activities. The vast majority of workers in rural areas are farm workers, especially women and youth. Although rural areas have made much progress in terms of poverty reduction, they continue to be heavily reliant on small scale agriculture. According to the 2012 LFS, there are 491,737 farm workers and 143,889 non-farm workers in rural areas.³⁶

Farm labour is mainly taken up by women, whereas men are more visible in non-farm labour compared to women. In 2012, men's non-farm labour reached almost 18% compared to a mere 5% for rural women. Of all non-farm workers, 78% were men. These differences are indicative of lack of economic opportunities for women therefore continuously trapping them into unpaid labour. Consequently they limit women's opportunities for advancement and channelling into paid labour as well as the potential of the labour force for the rural areas. Therefore, through lack of skill development and economic opportunities of women, rural areas may also suffer in terms of social and economic development.

Table 15 shows that agriculture is the predominant activity in rural areas. Economic activity is much more confined in rural areas, whereas it appears more diverse in urban areas. Lack of diverse economic activity and economic opportunity limits may have negative consequences for skill acquisition or skill diversification. On the other hand, lack of skill in the labour force limits economic activity, and also impacts on productivity as a result of lack of differentiation and refinement. Whereas rural areas

³⁶ National Study on Rural Labour Market (2013). UNDP. Albania.

are mainly directed towards agriculture, urban areas are mainly directed towards services and industry. Participation in industry in rural areas is quite low, especially in manufacturing and extractive industries. Participation in construction within industry is somewhat higher. Employment in services is also limited for rural areas. The situation is quite different in urban areas which have a considerable number of workers in manufacturing, construction, extractive industries, and services. The reprocessed data indicate a smaller share of workers employed in agriculture (28%) as result of deduction of those that are subsistence foodstuff producers, a larger share in industry and services. The participation in the rural areas is slightly different with 17% of workers employed in industry and 25% in services.

Table 15: Workers by Economic Activity, Sex and Region (%)³⁷

	Agriculture & fishing ³⁸		Manufacturing		Construction		Mining&electricity, gas, water supply		Industry Total		Services Total	
	2012	2012 Q2 to 2013 Q1	2012	2012 Q2 to 2013 Q1	2012	2012 Q2 to 2013 Q1	2012	2012 Q2 to 2013 Q1	2012	2012 Q2 to 2013 Q1	2012	2012 Q2 to 2013 Q1
Total Albania	47	28	39	39	50	49	11	11	17	22	36	50
Male	39	23	28	29	61	60	11	11	23	28	39	49
Female	58	35	73	74	16	13	12	13	9	13	33	52
Total Urban	8	4	43	43	46	46	10	10	26	27	66	69
Male	6	4	32	31	58	59	10	10	31	31	62	65
Female	10	5	72	72	17	15	11	13	19	19	71	76
Total Rural	77	58	29	31	58	56	13	13	9	17	14	25
Male	66	47	23	25	65	62	12	13	15	24	19	29
Female	89	76	78	82	5	3	17	14	2	5	9	19

Source: INSTAT, Labour Force Survey, 2012.

Labour force surveys 2012 Q2 to 2013 Q1. Reprocessed data according to the international standards adopted by the 19th International Conference of Labour Statisticians, Geneva, 2013.

Table 15 also shows limited participation of women in other activities besides agriculture. Lack of participation in paid employment and in activities that have higher pays such as industry, where women's participation is quite limited also has repercussions in terms of social security and old age pensions for women. In return, this puts them at higher risk of economic difficulties and dependency, and poverty. Aside from agriculture, industry is the second largest economic activity for men including manufacturing, construction, and extractive industries, whereas it is very limited for women. Rural men also have a much larger participation in services compared to rural women. Participation in diverse economic activities increases men's opportunities to access spaces, information, markets, and services, providing men with a significant systemic advantage compared to women.

Given the characteristics of the rural labour market and confinement of economic activity mainly in small scale agriculture and unpaid labour, data shows a wage gap of about 38% between rural and urban areas. Also, given the nature of jobs and

³⁷ Calculations for manufacturing, construction and mining and quarrying & electricity, gas and water supply are calculated out of industry total. Therefore they represent percentages of employed within industry. The rest of the categories are calculated as percentage of employed out of total employed.

³⁸ Excludes subsistence foodstuff producers not classified as employed.

economic activity in rural areas, social security entitlements for paid workers are lower in rural areas. Given lower education levels of workers in rural areas averaging 9.9 years of education compared to about 12.3 years of education in urban areas, work experience is about 3 years more for workers in rural areas.

Household composition shows larger households in rural areas with more male labour, which may be linked to higher participation in agricultural activities to provide for the household needs. Availability of male labour may also act as substitute for female labour, which in conjunction with larger number of small children between the ages of zero and five years in rural areas may also explain women's high rates in unpaid family work. Even though in a more traditional rural society women's roles as caregivers within the households are reinforced, women do engage in agricultural on-farm production on a continuous basis and in addition to care work, and increasingly substitute men who search for off-farm employment.³⁹ While off-farm employment opportunities are extremely scarce in rural areas, men have higher rates of engagement in off-farm labour compared to women, and women are clearly discouraged from seeking off-farm jobs. As a consequence, women increasingly have to take over tasks in agricultural production that used to be typically male, albeit without having necessarily access to the required means and support services.⁴⁰ Ensuring rural livelihoods and coherent territorial economic development will require the creation of off-farm employment opportunities for women and men, including female and male youth, and the provision of agricultural support services that reach out to women.

Table 16: Differences between urban-rural areas

Variables	Urban	Rural
Individual Characteristics		
Monthly wage (old ALL)	368728	267053
Social security entitlement	72.20%	60.06%
Work experience	23.48	26.33
Education	12.27	9.88
Household Composition		
Household size	4.69	5.03
Household male labour	1.39	1.54
Household female labour	1.32	1.30
Number of children 0 to 5 years	0.34	0.39
Regions		
Coastal	33.27%	30.35%
Central	25.42%	61.32%
Mountain	3.35%	8.33%

Source: Living Standard Measurement Survey, 2012

³⁹ UNDP SI-VET Study of the Rural Labour Market 2013. Tirana: UNDP.

⁴⁰ UNDP SI-VET Study of the Rural Labour Market 2013; UN Women Study on the Agricultural Extension Service in Albania, 2014 (unpublished).

Table 17 reinforces findings of lack of economic activity showing concentration of occupations in rural areas mainly in agriculture and crafts and trade workers. This also goes back to the potential of limiting new skill acquisitions by the labour force. There are very large differences in occupations between urban and rural areas. There is a lack of technicians, which are less than half compared to urban areas. On average, 20% of paid workers in urban areas are professionals compared to a mere 7% in rural areas. About 21% of paid workers are service workers in urban areas compared to nearly 13% in rural areas.

Table 17: Participation in occupations by region (%)

Variables	Urban	Rural	P-Value
Legislators	3.20%	1.55%	0.003
Professionals	20.04%	7.26%	0.000
Technicians	8.77%	3.67%	0.000
Clerks	2.88%	1.36%	0.004
Service workers	20.80%	12.73%	0.000
Agriculture	2.74%	39.83%	0.000
Crafts trade workers	18.58%	17.56%	0.493
Plant machinery operators	11.15%	6.86%	0.000
Elementary occupations	10.23%	8.03%	0.052

Source: Living Standard Measurement Survey, 2012.

Labour migration has been an important feature of the Albanian labour market. A part of the workforce has emigrated and works abroad. Working abroad is an alternative that is still attractive. For example, during the implementation of the employment agreement with Italy, for the period January 2012 to May 2013, 4431 persons were registered for employment in Italy, of which 15% were women. Most common push factors for employment abroad are the lack of employment at home and the need to find a job that is better paid. Attractive factors for seeking employment abroad are higher wages in destination countries and better quality of life.

Another segment of the workforce in the country are returnees. After a period of several years of emigration, as a result of completing the cycle of migration but also influenced by economic factors in host countries, a part of the Albanian work force is returning. However, returnees are met with increasingly poorer or impoverished households, and some of the returnees face difficulties in re-integrating and finding a job. Return of Albanian citizens to the country, in particular from countries of the European Union, continues to influence the demographic outlook of Albania, as well as the labour force in the country. During the period 2009-2013, a total of 133545 individuals of the age group 18-64 returned to Albania.⁴¹ The majority of working-age returnees, namely 98413 - or 76 per cent - are men. Not only the absolute numbers of male and female returnees differ, but so do their return migration dynamics over time. While the number of female returnees increased at a moderate rate until 2012 and then slightly dropped in 2013, enhanced influx of male returnees was recorded for the time period 2011/2012, coinciding with the peak of the economic shock in the primary

⁴¹ INSTAT & IOM, (2014), *Report on return migration and reintegration*, (unpublished).

destination countries Italy and Greece. Even though the increase rate of men's return-migration has levelled since, the scale of men returning to Albania remains significant. In 2013, the number of male returnees was 28102. The unabated upward trend highlights the need for measures that respond to the particular characteristics and needs of return migrants to enable their re-integration into Albanian society and economy.

Foreign workers are present in Albania and represent another category of workers participating in the country's labour market. In order to work, they have to comply with the legal requirements for entering, working and residing in Albania. This is regulated by the Law on Foreigners, which was recently changed to comply with EU Directives and Albania's country obligations in the framework of EU integration.

Labour market policies and institutions

The *Employment Strategy*, implemented between 2007 and 2013, centred on the promotion of an active policy on employment through the establishment of a modern system of employment services, the development of employment promotion programmes, the improvement of the vocational education and training system, the reduction of informal employment, the improvement of conditions of work and the support of social dialogue.⁴² The improvement of the National Employment Service (NES) and of the vocational training system was at the core of the strategy as well.

The combination of the above-mentioned policy interventions with those envisaged for the promotion of economic growth, enterprise development and education and training reforms were expected to achieve a number of targets, summarized in Table 18 below.

Table 18: Achievement of employment targets, 2007-2013

Target	Baseline year	Actual
Decrease of the unemployment rate to 11.5% *	13.5%	13.9%
Increase of the employment to population ratio to 56% *	50%	56.3%
Increase of NES job mediation to 13,000	10,000	12,965
Increase the number of unemployed qualified through vocational courses to 7,500 **	4,500	8,357
Increase the number of training participants employed after the programme to 4,200	2,000	1,636 ⁽¹⁾
Increase of individuals employed after participating to an active measure to 2,500-3,000	200	2,155
Increase the share of students attending vocational education to 40%	19.6%	14.2%
Increase the investment in education to 5% of GDP	3.3%	3%
Increase the enrolment of children in pre-school education to 60%	54%	57%
Increase the share of registered unemployed participating to programmes to 20%	...	13%
Increase the share of employment service staff dealing with clients to 55%	47%	65%

* Labour force survey figures between 2007 and 2012 are not strictly comparable.

⁴² See Ministry of Labour, Social Affairs and Equal Opportunities, *Sectoral Strategy on Employment and Vocational Training (2007-2013)*, Tirana, 2007.

** Includes beneficiaries of programmes offered by the public vocational training centres and on-the-job training (Decision N°47).

The table shows that many of the targets set in the Strategy were not achieved or were achieved only partially. This has been due primarily to the deceleration of economic activity– and the impact this had on labour market indicators– as well as to the fiscal adjustment that followed (decreases in public spending) to reduce the Government deficit. Fragile institutional capacities have also been an handicap to further implement this Strategy.

The effect of the economic crisis on the labour market unfolded through a decrease in the number of jobs available and employment losses, especially among young people (15 to 24 years old). The composition of public expenditures had to be shifted to accommodate higher capital spending and increasing social insurance outlays (the first item increased by roughly 65 per cent, while social outlays increased by 52 per cent in the period 2008-2010). This caused a decrease of the resources available for education (-0.5 per cent of GDP) and for the National Employment Service (-12.5 per cent overall in 2008-2011). The allocation for employment promotion programmes and vocational training decreased by approximately 30 per cent in the period, while spending on unemployment benefit increased by over 12 per cent.

The above mentioned targets were formulated in 2006-2007, e.g. before the first signs of the economic crisis materialized. In addition, the majority of the labour market figures available at the time related to administrative data and did not offer a solid base for estimating future trends.⁴³ As a consequence, many of the employment targets formulated were over-estimated.

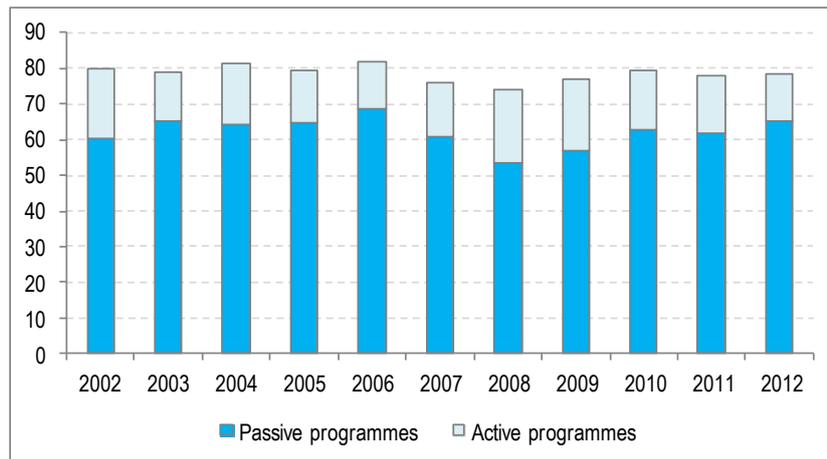
The figures published by NES at the end of 2012 show that the majority of registered unemployed are women (52 per cent), in the age cohort 30 to 64 years old and with a low skills level (roughly 55 per cent of all registered unemployed have 9 years of education or less). Regional labour markets present appreciable differences with unemployment rates by region exceeding the ratio of 1 to 3.

Only 6.3 per cent of all registered unemployed are entitled to the unemployment benefit (48.6 per cent of which are women), while over 57 per cent are beneficiaries of social assistance. The coverage of active labour market programmes – including vocational training – is only 7.4 per cent, on a decreasing trend compared to prior years, due to declining financial resources.⁴⁴ Most of the funds allocated to the NES is spent on unemployment benefits (65.3 per cent of total expenditures in 2012), while a smaller share is invested in active labour market programmes (13 per cent in the same year). The highest level of spending on active programmes was achieved in 2008 and 2009, when it reached over 20 per cent of total spending. This, however, represented a mere 0.016 per cent of GDP, compared to the average of 0.6 per cent of GDP invested in active labour market programmes in OECD countries.

Figure 15: Spending in active and passive labour market programmes (2002-2012)

⁴³ The first Labour Force Survey was conducted in 2007, but final, clean figures were released only in late 2009.

⁴⁴ If vocational training is excluded, the coverage of active labour programmes is less than 2 per cent of the total number of registered unemployed.



Source: National Employment Service, Annual Report, 2012

Notwithstanding this, some progress has been made in a few areas. The new Information Technology (IT) system for the registration of the unemployed was fully rolled-out in 2013. In 2007 most vocational training participants were young people (15-24), with secondary educational attainment and over, and less than 24 per cent were registered unemployed. In 2012, over 36 per cent of trainees were prime age individuals (25 years old and over); 30 per cent had only eight years basic education; over one third were registered unemployed; and the share of individuals at risk (Roma population groups, persons with disabilities, women victims of violence and returning migrants) more than doubled (from 2 per cent to 4.4 per cent of total participants).

The Labour Inspectorate increased its inspection activities on compliance with occupational health and safety and labour legislation. In 2011, more than 14,000 inspections were conducted, mostly in trade enterprises, hotels and restaurant, construction and manufacturing. These inspections covered over 137,000 workers (or 18 per cent of total workers in the private sector). Of these, over 8 per cent were found to be employed without an employment contract. Under the Framework Directive 89/391/EEC, a range of Directives related to health and safety at work are being transposed into national legislation; however, further work is needed in regard to the compliance with a modern legal framework that allows the country to improve its work conditions in many areas, including the areas of social protection, formalisation of jobs, and the creation of equal employment opportunities for women.

Emigration of Albanian citizens for economic reasons in the last decade continued to be the major factor of population decline as evidenced by the 2011 CENSUS results, producing a significant impact on the size, structure and other qualitative characteristics of the labour force in the country and labour market in general. Notwithstanding measures to manage migration flows from the country, the establishment of an effective labour mobility management system per se has not been possible. Such a system would facilitate informed and well-prepared labour mobility of Albanian citizens abroad, as well as of foreigners attracted to the Albanian labour market. Three bilateral labour agreements, with Italy, Greece and Germany are operational, yet implementation is pursued rather on an ad hoc basis. In addition, there is a demand for expanding the geography of bilateral labour mobility agreements with other countries such as UK, France. There is evidence that private employment agencies recruit Albanian workers for employment abroad. However, there is no mechanism in place to ensure that standards on ethical and fair recruitment in Albania

are developed and enforced. The Albanian legislation with relation to employment of foreign citizens in Albania has advanced in line with the EU acquis (Law on Aliens 108/2013), yet the country misses specific policy provisions to regulate the status of foreign workers in the Albanian labour market and their protection. Hence, there is a need to mainstream labour mobility within existing labour market information systems, regulation procedures and mechanisms to promote decent work opportunities and protection for Albanian and foreign workers.

Return of Albanian citizens to the country, in particular from the European Union countries, continues to influence the demographic outlook of the country, as well as the labour force in the country. In the period 2009-2013, a total of 125, 197 individuals of age group 18-64 have returned to the country⁴⁵. The National Strategy on Reintegration of Returning Citizens (2010-2015) and relevant Action Plan are being implemented to ensure reintegration of returnees, in particular in the local labour market, institutionalising the assistance provided through the establishment of a country network of Sportele Migracioni with the regional and local employment offices. Yet, returnees require a better access to the labour market and vocational training, to ensure maximum utilization of the skills and knowledge gained during their migratory experience. The current vocational training system in the country does not recognize prior learning, in particular qualifications and skills gained in migration for both, Albanian citizens and foreigners, hence the human development impact of migration remains unexploited.

Labour mobility will be present in the country. For this it is important to create the conditions and the necessary legal and institutional framework for facilitating the labour mobility for Albanian citizens who choose to be employed abroad. It is important that to be oriented in ways that promote circular migration being so in line with the needs of the migrant, origin and host country. Emigration has contributed through remittances but also knowledge that many returned migrants choose to put in the service of their country. On the other hand, there are migrants who are forced to return home under readmission agreements. Facilitating their integration into the labour market is a triple obligation to public structures. First, as an obligation towards their citizens, secondly as a category from which the labour market can benefit greatly in quality, training and services, and thirdly, as an implementation of the obligations deriving from the cooperation with EU.

As a country where more and more foreign nationals are coming to work, but also as a part of the European integration process, it is necessary the compliance of the policies and domestic legislation on the employment of foreigners in the country with the EU standards.

⁴⁵ INSTAT & IOM, (2014), *Report on return migration and reintegration*, (unpublished).

CHAPTER 2

CHALLENGES TO BE ADDRESSED

The economic growth during the second decade of transition in Albania has largely been the result of shifting labour from low to higher productivity sectors and of the structural transformation which created jobs in manufacturing and services while the role of agriculture decreased⁴⁶. All the evidences show that such sectoral transformation to growth lasts for a limited period and that is why in 2006 the need for a “New Growth Agenda” for Albania was introduced addressing building human capital through education and skills as the most important factor for sustained growth. Based on this Agenda convergence to European income levels would need to come from improvements in within-sector productivity as well as from accumulation of physical and human capital.

With this consideration, the Government of Albania has claimed in its governmental program 2013-2017 the implementation of a new model for growth for the next 15 to 20 years based in policies that are better structured and addressed, with a rather more comprehensive range to give a maximized impetus to the economic growth, to ensure sustainability of its components, increase the domestic product and export rates, and create the conditions for massive new jobs in strategic economic sectors of the country. Knowledge and skills are at the heart of such economic growth model and the design of proper employment and vocational education and training public policies are crucial to achieve it.

Macro economy

The macroeconomic and fiscal policies pursued in the last decade succeeded in stabilizing the balance of payments, reducing inflation and supporting output growth. Increasing domestic demand – fuelled by the expansion of sectors such as construction, industry and services as well as remittances inflows – was the main driver of development. Until 2008, strong economic growth in these sectors reduced poverty, but had a limited impact on both the quantity and the quality of employment.

The exhaustion of the growth model for two decades combined last 3 years with the economic and financial shock transmitted to the Albanian economy through the trade channel and the close links with European economies affected by the sovereign debt crisis (especially Greece and Italy) reduced GDP growth to below three per cent in the period 2009-2012. The fiscal stimulus deployed in 2008 succeeded in limiting the decline of GDP, but at the cost of increasing public debt and sizeable arrears. Structural deficits, weak domestic demand and the uncertainties surrounding economic recovery in the Eurozone are expected to continue to affect the Albanian economy in the next few years, with economic growth projected at just 2 per cent till 2016.

The need to redress fiscal unbalances and reduce the public debt has considerably shirked the fiscal space to undertake expansionary measures to support growth and job creation.

⁴⁶ World Bank, Country Economic Memorandum, 2006, 2010.

The short term adjustment programme deployed envisages both revenue (personal income tax, property tax and excise duties) and expenditure measures (reform of the social assistance programme), with the aim of broadening the tax base and improve the effectiveness of social outlays. These measures will be accompanied by structural reforms to improve governance and the rule of law, reduce infrastructural bottlenecks and promote private sector development.

The real economic growth is expected to gradually improve from 2.1% in 2014 into 4.5% in 2017⁴⁷. The economic recovery will be as result of implementing policies that promote higher exports and decrease of imports due to partly substitution of some imports with domestic production as well as increase of domestic demand. In the focus of the fiscal policy will be the increase of public expenditure efficiency, prioritization of expenditure that yields larger and more rapid effects, opening new investment prospects from the private sector oriented towards profit, economic growth, as well as employment. In the midterm period it is foreseen the reduction of taxes and simplification of the tax and fiscal system, payment of the public debts to business for delivered services or executed contracts, payment of the overdue VAT refunds, encouragement of domestic and foreign investments in the private sector and for the development of the country etc.

Thus, as result of the effects of the new fiscal package for 2014 and administrative improvements of the revenue collection, it is foreseen that the budget revenues be increased in average by 9% during each of the three coming year. The public investments are expected to be at least around 5% of the GDP, which is an optimal level to support a good and sustained economic growth.

Business development

Albanian economy is dominated by micro and medium size enterprises and is a net exporter. The enterprise development strategies enacted in the recent past to improve the legal framework and access to financial and non-financial services had a positive impact on the business climate. Policy actions to address the informal economy have been mainly focused on reducing the corporate tax and social security contribution burden on enterprises, with little attention paid to the determinants of informality, the need for incentives and support in the process of transition from informality to formality, and to issues related to the enforcement of employment protection legislation. As a consequence, these measures yielded limited results in terms of moving workers and enterprises to the formal economy.

Enterprises still face a number of constraints to productivity, both endogenous (i.e. management capacities, technology and equipment; skills base of the workforce and access to resources) and exogenous (i.e. an enabling business environment and a properly functioning judicial system) that will need to be addressed in the medium term to promote the capacity of the private sector to create more and better jobs, attract foreign business partners, as well as increase the competitiveness of the country.

Eradication of informality and corruption through the maximum reduction of the administrative barriers and business costs, increasing the market freedom, safeguarding the fair competition and abolishing monopolies, lifting the small

⁴⁷ Republic of Albania, (2013), *Governmental Program, 2013-2017*, Albania.

business tax and reducing their fiscal burden over coming years, encouraging and supporting the modern enterprise culture for the business, with special focus on the improvement of management, workers' qualifications, quality standards and competitiveness, attraction of investments, advancement of innovation and new technology, etc. are some of the priorities settled by the Government Program 2013-2017 regarding SME development. At the same time, women's entrepreneurial activity has remained limited, reflecting their restricted economic freedom, asset and property ownership, decision-making, and access to credit and business support services.⁴⁸ Policy responses that aim at a fair and inclusive labour market that fosters innovation, progress and growth, therefore need to devise special measures that remove obstacles to women's entrepreneurial activity and start-up, and increase women's access to support functions, including entrepreneurship learning.

Advancement of technology and innovation will be supported by several programs such as Italian Program for SME development (45 million EUR), EFSE Fund implementation through the NCB (20 million EUR), implementation of the innovation fund (40 million ALL) competition fund (20 million ALL/Year during 2013-2015), the economic creativity fund (10 million ALL/year (2013-2016) as well as several other programs for business and innovation promotion. Around 2000 entrepreneurs will be trained about different aspects of entrepreneurship and business development as well as the entrepreneurship modules and curricula will be extended in all levels of education.

Agricultural sector

Disparities between urban and rural areas are still in place. Agriculture is the predominant activity in rural areas however there are few agricultural local units⁴⁹ compared to the rest of economic activities. Even though it has gone through continuous growth, the agriculture sector is organized mostly as small scale mainly for subsistence farming. Furthermore, there is limited economic diversification in rural areas as industry, tourism and other services are relatively underdeveloped. Non-farm work is quite limited in rural, however it is even more limited for female workers. There is a pattern for which rural areas with high levels of farm workers and reliance on small scale agriculture and/or lack of diverse economic activity show lower levels of unemployment, and a more narrow unemployment gap between male and female workers. However, smaller gender differences in both labour force participation and employment rates, do not reflect higher equality in the rural areas or districts; rather they are a reflection of low levels of economic activity and rural off-farm employment in general.

The promotion of agricultural production through the reduction of costs and increase of competitiveness and the rise of employment are major objectives for the period 2014-2017. The Government Program foresees several measures that will address the agriculture development bottlenecks such as reduction of value added tax on seeds,

⁴⁸ Jorgoni, E., S. Ymeri, J. Miluka and E. Nočka (2013). Women Entrepreneurship in Albania. Tirana: UN Women (unpublished).

⁴⁹ Local unit is one enterprise or part of it (i.e. workshop, factory, warehouse, office, mine or depot) located in areas identified geographically. At this or from this location is exercised the economic activity for which – except for some cases – work at least one or more persons (though with reduced time) for a single enterprise.

saplings, the animal genetic material, chemical fertilizers, pesticides, livestock vaccines, etc., supplying excise free fuel for agriculture and other similar rural activities, encouraging the distribution of selected and high-yielding seeds, promotion and supporting the group purchase of the agricultural mechanical equipment, tractors and motorized cultivators, the rehabilitation of the irrigation and drainage system, revival of the fishing fleet and provision with equipment for deep water fishing, establishment of fish markets, development of aquaculture and mollusc exportation towards EU countries etc.

IPARD-0 and IPARD II 2016-2020 will financially and technically support farm investments, small grants for investments in processing and diversification of the rural economy as well as support for non-agricultural activities such as rural tourism, artisanal traditional hand made products, marketing etc.

200.000 farmers will be benefiting from the improved irrigation system by creating better conditions to develop agricultural activity. Since one of the key factors currently inhibiting competitiveness and growth in agriculture is rural women's sidelined and locked potential, ensuring women's access to productive resources (e.g. land, credit, information, agricultural extension, business development services) will be key for coherent territorial development in the coming years. This will also revitalize the land market and will promote long-term farm rents arrangements. For each of the required interventions identified, modular vocational trainings are needed such as farms investments and productivity, marketing, project's application and management, rural tourism, implementation of modern irrigation technologies, etc. In order to positively impact on agricultural productivity, such vocational trainings would have to reach out to, and be accessible for, both the male as well as female work force in rural areas.

Employment and social inclusion

Little attention has been paid to date to the economic and social costs associated to large number of workers engaged as contributing family members, mainly in the agricultural sector. This phenomenon affects mostly women and youth, often resulting in a lifelong cycle of working poverty and social exclusion.

Informality appears high in terms of working conditions as well as unpaid family labour. The majority of women and youth are in unpaid family labour, especially in the rural areas. The impact of informality is fivefold: first, it directly affects job security due to lack of contracts; second, it affects social security entitlements, which are very important for coverage by health insurance and old age pensions, jeopardizing livelihoods at a later stage; third, it reduces pay and source of income burdening economic well-being; fourth, it puts a fiscal burden on the economy through tax evasion; five, it impedes market development in fields that rely heavily on family labour such as agriculture. Furthermore, it increases women's vulnerability, their economic dependence on men and female poverty in old age due to a combination of lower income and less years under the social/health/pension insurance. In this situation a stronger enforcement of the law is needed as well as incentives schemes on employers to encourage formal hiring through reduced contributions or other monetary incentives.

Social inclusion remains an issue. Minority groups such as Roma and other vulnerable groups such as the disabled are often left behind, and policy responses are

not always materialized accordingly. These groups require specific policies tailored towards their characteristics and needs in terms of educational needs, vocational qualifications, and employment.

Youth employment is a real issue, especially if we account for unpaid family labour. Most employed youth have informal or unpaid family jobs which points toward underemployment and poor employment conditions. Most of the unemployed have low levels of education and for those living in rural areas, the main source of employment is agriculture. Young females have a similar unemployment rate, but this hides poorer employment conditions mostly unpaid family jobs, which appear to be growing and there are sector disparities. Women have much lower labour force participation rate and higher inactivity rates due to household responsibilities. They are concentrated in female typical jobs, which are also lower paying jobs and offer few possibilities for career advancement. In addition, there is an urgent need for increasing the share of women in non-traditional occupations, and eliminating gender stereotypes in the educational system. Channelling girls into typically “female” low-pay low-skill professions increases the gender wage gap and their likelihood to find work in the informal sector. In parallel, gender-stereotypical channelling of boys into “male” professions increases gender roles and norms and equally confines male’s potential skills.

Despite some progress, much remains to be done to improve the capacity of the National Employment Service (NES) to carry out all the functions of a modern Public Employment service throughout the country, including rural areas, which are at a great need. The functions that are most in need of attention are individualized assistance to the unemployed to find suitable employment; the referral of applicants and vacancies; the facilitation of occupational mobility; the collection and analysis of the fullest available information on the situation of the labour market and its probable evolution, both in the country as a whole and in the different industries and occupations; and the effective design, monitoring and evaluation of programmes aimed at facilitating the (re)entry in employment of jobseekers at risk of labour market exclusion. The organization and delivery on the key functions needs to be reformed and sufficient human and financial resources deployed to ensure that: i) all NES staff acquire the necessary counselling and guidance skills, ii) all offices reach a reasonable level of service delivery and iii) uniform workflow procedures are applied.

NES is not yet the preferred means for jobseekers to find jobs and for employers to recruit workers. Labour market penetration and the share of vacancies handled by the NES is, at 16,000 per year, below the European average (30 to 50 per cent) Modernisation of training services and the development of a coherent Labour Market Information System (LMIS) also need to be addressed. To ensure an efficient use of scarce resources, employment programmes should be better designed, targeted and be part of a comprehensive package of services geared to overcome systemic disadvantages individuals face in the labour market. This clearly asks for a gender sensitive approach in responding to demographic, economic and labour market dynamics.

Employment is a major goal of the Government program, which is committed to create 300.000 new jobs for women and men in the manufacturing industry, maritime industries, agriculture and livestock activities, tourism industry, information technology etc. A considerable number of employment opportunities are foreseen to be created through the reformation of the current economic assistance programme..

The reforming process of the National Employment Service aims to transform it in an entity with budgetary and administrative autonomy, with modernized labour offices and system of employment insurance, efficient employment promotion programmes and vocational training that relates to the needs of economy and with well trained staff in the headquarter and regional level capable to manage the modernized IT system. The dialogue with trade union, the tripartite culture between the State, the employers and the employees and the National Labour Council will be instrumental in the elaboration of the policies of employment, wages and social benefits.

An efficient model of cooperation between NES with private sector is lacking. Such cooperation should consist in their contribution in defining the most needed jobs for short and medium term in the economy, increasing their openness to the new system of offering jobs through NES employment offices, active participation in curricula development process, offering their premises and human resources for practical work of VET students and adults etc.

The social assistance beneficiaries will be mobilized in community works. The unemployment among registered female jobseekers will be halved and employment access of the People with Disabilities will be increased through tailor-made vocational training courses. In addition, barriers to PWD's benefiting from VET, including physical accessibility of VET courses, lack of adequately trained educators, lack of adequate materials, limited information, reluctance by companies as well as public institutions to hire PWDs, missing accompanying support services to PWDs and their care-givers, and transportation issues will be have to be addressed by respectively required measures. Priority will be given to the training of all the registered jobseekers under 25 years of age. Likewise, all the girls and women who are registered jobseekers shall be provided with training within the first year of tenure, whereas within the first two years it will be aimed that such training is offered to all the registered jobseekers.

The Government Program aims at transforming the Economic Aid Programme into the Social Re-integration Programme, upon which, the remuneration amount from the Social Re-integration Programme will be set on individual not household basis. The amount of remuneration from the Social Re-integration Programme will be aimed at crossing over the poverty line. The Reintegration Programme in rural areas will substitute the payments from Economic Aid Scheme with the "Work instead of Welfare Assistance." That will generate jobs for the beneficiaries of the Social Re-integration Programme in their communities, at the local government unit or in central government projects. The Social Fund will be on special focus and will ensure funds for the groups most at risk of exclusion. A National Fund for Social Services and the Regional Funds for Social Services as part of the Social Fund will be set up. The undertaken reforms will be supported by a new legislative framework on Employment Promotion.

Vocational education and training

Educational attainment is a strong determinant of both labour market performance and poverty. The reforms enacted in the last few years made important inroads in increasing the overall quantity of education. This, however, is still to be fully matched by increases in quality and, most importantly, in the relevance of educational outcomes for the labour market. Skills mismatches in Albania take predominantly two

forms: i) over-qualification, with individuals working in jobs for which they are over-qualified or in areas unrelated to their field of study); and ii) under-skilling resulting from skills shortages that lead employers to hire workers who are not the best fit for the jobs on offer. There is a mismatch between skill needs from businesses and graduates' fields of study. Businesses in agriculture and agro-processing, textile and foot wear, tourism, construction, transport and communication, energy, information communication technology lack specialists and technicians⁵⁰. There are very few graduates in needed fields such as technologists, cost accountants, agronomist, production logistics, textile engineering, mechanical engineering, IT specialists, analysis and programmers. In addition, university curricula are mainly theoretical and lacking in practical skills. On the other hand, there is an excess of graduates in education studies, business administration, finance, law, English, language, history and geography. The resulting outcome is distortion in the labour market with lack of labour supply where there is labour demand and with over supply of labour in other fields of lesser demand. In addition, the latter are fields of study where young women are being channelled into create persistent gender stereotypes in education, which may result in skilled labour force gaps, occupational segregation and gender wage gap.

The vocational education and training system is still affected by limited involvement of the social partners; a highly centralized system with low responsiveness to local needs; a dichotomy between vocational education and training due to the slow development of occupational standards and programmes that are aligned to labour market needs; and inadequate monitoring and evaluation approaches able to measure the quality, as well as quantity, of vocational education, training and lifelong learning.

The relations between the vocational education and training system and industry are weak and most curricula offer little scope for practicing the skills learnt. The lack of qualifications that reflects the new competencies required by emerging economic sectors and an innovation-driven economy, coupled with labour market information gaps, complicate matters further. The system is still underfinanced, with poor incentives for the participation of employers as well as limited resources invested in upgrading the quality of infrastructure and teachers' and instructors' training. Although, some few concepts on entrepreneurship learning are introduced so far, no serious training on entrepreneurship in terms of both self employment or starting a new businesses is provided, while this is crucially important considering that more than 96% of businesses in Albanian are SMEs. The attractiveness of vocational education is still low and perceived as a second best path to tertiary education, rather than a route to labour market entry. Career education, as a tool to help students and families to take informed decisions, is still inadequate. The development of occupational standards and programmes oriented to the acquisition of competencies, and embedding internship and apprenticeship periods, is lagging behind. There are still few post-secondary vocational education and training programmes available for upper secondary education graduates able to respond to the increasing demand of enterprises and that allow individuals to enter and exit education and training at different times in their career. Lifelong learning opportunities and the possibility for early school leavers and low-skilled workers to increase their job competencies are still limited both in quantity and quality.

The VTCs currently are completely inefficient and far from fulfilling their mission. The number of trainees is highly limited, the training offer is poor both in terms of

⁵⁰ Rama and Matja (2012) "Sector Skills Needs Analysis in Albania." UNDP, Albania.

type and number of courses, courses are short, curricula outdated and incomplete (lack of teaching materials), and the quality of training instructors low. Services are not marketed. No relations exist between the VTCs and businesses and no system is in place that would track the labour market success of graduates.

Also, there are no any good reasons why there should be two separate VET provider systems – the vocational schools and the VTCs. Their offers could be aligned. They would deliver qualifications to one common national qualifications framework. Most importantly, they could share resources in terms of course materials, teachers or instructors and items of equipment, which could free up badly needed resources for the modernisation and reform of VET across the country.

Presently, VET providers are highly centralized, which makes it almost impossible to orient individual providers toward local labour market demand. A greater autonomy and an open minded management system of schools and VTCs – or MFCs for that matter – are crucial to address the many bottlenecks that have paralyzed the current VET system in Albania.

It is of utmost importance that the school increases significantly the links with businesses for the practice hours of the students. The identification, in the region, of all businesses relevant to the schools/VTCs' profiles and the assessment to what level the business can comply with the needs of the students for practical work, judging from the level of technology, organization, environment and human resources is crucially important. A strong communication should be developed between the school instructor, the mentor and the student. Certain financial or other motivation should be identified for the businesses for the delivery of the practice hours.

The vocational education and training services do not reach the rural areas. Currently most of the Albanian population still lives in the rural areas and the educational attainment of the rural population is lower than in the urban areas for all age groups. The youngsters are not interested in long term agricultural studies, but are very interested to attend short and medium term courses that could help them to enter the labour market.

Adult training is still in its infancy, with only one per cent of adults (25-64 years) in vocational training and retraining programmes in 2012 (compared to 9 per cent in the EU27). The practice of EU countries in this field shows the relevance of a framework that: i) clearly classifies and describes qualifications and ease the transfer of credits; ii) includes recognition of informal and non-formal learning mechanisms where the elements of lifelong learning are recognized and portable; iii) encourages employers to devote more resources to workforce development; and iv) is constantly monitored to ensure that the qualifications system is responding to the needs of individuals, employers and providers.

The Government is committed to work towards steering the vocational education in an entirely new direction that would meet the real demands of the market and turn the State into the main supporter of vocational training. The combination of the theoretical education with the practice will be key to this reform. Additionally, the vocational education and training courses will reach out to the rural areas, in order to

provide the right impetus to rural areas development including the support to agro-processing industry.

The VET shortcomings in the skills system will be addressed by improving the coherence of the national qualification system; introducing a certification system that includes non-formal and informal learning over the working life; and establishing quality career guidance underpinned by reliable and updated labour market information. Recognition of prior learning, in particular qualifications and skills gained in migration for both, Albanian citizens and foreigners will be considered in order to fully exploit the impact of migration. A new legislation framework will address all the reforms to be undertaken in VET.

Gender Equality and Equal Opportunities

A range of economic, social, psychological, political and other dimensions impact people's ability to engage and compete in markets and thereby contribute to and benefit from Albania's economic development. Therefore, the Employment and Skills Strategy aims at taking an explicitly gender sensitive and inclusive approach by devising policy responses and programs that ensure that benefits of reform equally accrue to different categories of women and men, girls and boys in Albania. Several documents foresee the application of special measures to empower the under-represented sex (the EU gender strategy, CEDAW 2010 and the NSGE-GBV-DV). Since women and girls comprise the numerically largest disadvantaged group in Albania, the current situation calls for such type of affirmative action/special measures in the frame of the 2014-2020.

As a result of reinforced by stereotypical gender roles and discrimination, women are clearly in a disadvantaged position characterized by low labour force participation and high inactivity rates due to their assigned roles as primary care-providers within the household. In the absence of policies in support of reconciling work and family responsibilities, this reduces women's employment and career opportunities as well as puts them in lower and less paying occupations which maintain or reinforce gender stereotypes in employment. However, the consequences of gender segregation in educational paths, including limited employment opportunities, low productivity jobs, increased wage gap, and perpetuation of gender roles undermining women's economic activity, emancipation and empowerment are often not fully understood by planners and decision-makers. However, gender-blind policies pose a challenge since they tend to result in productivity losses as well as increased inequality, and ultimately poverty, by limiting or discouraging female labour force participation. In turn, this makes for example the current VET system reinforce rather than reduce and prevent gender segregation. There is a clear need for gender sensitive policies and targeted activities which aim to reduce these constraints and ensure that conditions are created in which men and women are provided with equal opportunities in engaging in the economy.

From the analysis in section One, a series of gender issues emerge which need to be addressed by respective policy responses and action in three dimensions: first, the particular disadvantaged groups and the barriers they face with regard to access, participation, services and benefits need to be identified in order to establish conditions under which women and disadvantaged groups can actively contribute to Albania's economic growth; second, since sustainable economic growth cannot be

achieved without women's participation as equal economic agents both as wage workers, self-employed and entrepreneurs, specific proactive measures and women's economic empowerment outcomes need to be articulated; and third, mechanisms need to be in place that ensure that benefits associated to economic reform equally accrue to women and men, girls and boys. In line with CEDAW as well as EU and Council of Europe Standards and Norms⁵¹, the Employment and Skill Strategy is envisaged to specifically contribute to women's economic empowerment and to reducing the gender gaps in accessing productive assets and markets, by the following areas of intervention: (i) removing women's and girls' obstacles in accessing training and employment, particularly in sectors which will be Albania's drivers of growth; (ii) creating opportunities for women and particularly rural women to participate in the formal labour market; (iii) addressing and responding to root causes of women's low participation in the labour market and redress gender segregation; (iv) strengthening national capacity to integrate gender equality goals into policy/program formulation, planning, the delivery of gender aware programs and services, and into respective monitoring.

Migration

Mobility for employment abroad of Albanian citizens is a phenomenon that will continue to be present not only due to his own nature as phenomenon existing in every society and linked with the human nature itself but for the rhythms of economic development and Albania's geographical proximity to many countries which are at a higher level of development and standards towards which Albania aspires. Labour migration policies pursued over the years managed to create a more comprehensive policy, legal and institutional framework but this framework still requires consolidation, and the management of employment mobility needs to be further improved. Two strategies which directly mention the main aspects of labour migration were the National Migration Strategy 2005-2010 and the Strategy for Reintegration of Albanian citizens to return to the country from 2010 to 2015. There was not a full implementation of Migration Strategy 2005-2010, due to lack of sufficient financial means and lack of good coordination and a proper institutional attention. The strategy for the reintegration of Albanian citizens returned to the country 2010 -2015 is still in effect.

Proper management of migration for employment is complex and requires intervention in some directions. Information and advisory capacities for regular migration for employment and immigration at the local level structures need to be strengthened further. It is necessary to improve infrastructure and logistics facilities that provide employment services to migrants (or migrant workers). There is a need to further increase institutional capacity and qualifications of public and private employment mediation services that offer services for interested Albanian workforce to work abroad. The inter-institutional cooperation for the identification of the labour market needs of potential host countries of Albanian migrant workers and for conducting studies to assess their needs for human power, needs to be improved and further developed. There was a very small number of countries with which bilateral labour agreements or bilateral vocational training agreements were signed. Even in case of implementation of existing labour agreements it has been difficult to achieve

⁵¹ CEDAW Articles 11, 13 and 14; Recommendation CM/Rec(2007)17; and EU Laws 75/117/EEC, 2002/73/EC, AND 86/613/EEC.

with efficiency the employment of the people involved as final target. There is a need to increase the cooperation and diversity of countries to cooperate with for the proper management of labour migration, conclusion of bilateral labour and vocational training agreements and the development of joint projects for the training of Albanian workforce. The strategy for the reintegration of returned Albanian citizens in the country created a policy framework and measures to address the needs of the citizens returning to the country, but there is still a need as lack of certification of knowledge gained abroad, recognition of vocational qualifications and courses obtained in countries of immigration, and social security contributions which remain to be addressed.

The Albanian workforce needs to be competitive with the nationals of third countries. This will depend on vocational skills and their ability to embrace the values of work and values of European societies the access and acceptance of the Albanian workforce into EU labour market.

With EU membership one day, Albanian citizens maybe will have the opportunity to have immediate access to the markets of some Member States, but will have a restricted access to others. The challenge here is the time of a few years of transitional arrangements, the preferred states for them to emigrate to may want to establish more restrictions depending on the qualifications of the migrants, and shortages of particular sectors. In this case training, compatibility of qualifications of Albanian workforce according to the requirement of the labour market, increases the possibility of their access to the country and desired employment.

Taken together, the path to EU integration requires increasing institutional capacity to design and manage evidence-based employment and training policies; ensure equity and inclusiveness of the labour market; enforce labour protection legislation, as well as ensure compliance with international standards on labour and employment.

CHAPTER 3 STRATEGIC FRAMEWORK FOR EMPLOYMENT AND SKILLS DEVELOPMENT

3.1. Vision and policy goal

The vision of the Employment and Skills Strategy – inspired by the overarching goal of Europe 2020 to deliver smart, sustainable and inclusive growth – is to have by 2020 a competitive economy and an inclusive society that is grounded on:

“Higher skills and better jobs for all women and men”

The overall goal of the Strategy is *to promote quality jobs and skills opportunities for all Albanian women and men throughout the lifecycle*. This will be achieved through coherent and concerted policy actions that simultaneously address labour demand, labour supply and social inclusion gaps. The Employment and Skills Strategy centres on four strategic priorities, as follows:

Figure 16: Strategic priorities for employment and skills development (2014-2020)



3.2. Policy priorities, its objectives and main outcomes

The basic condition for closing the job gap is to stimulate demand through employment-friendly macroeconomic policies, aimed at supporting aggregate demand and increasing productive investments, without endangering fiscal sustainability. However, the need to consolidate public finance and reduce the public debt, coupled with below potential economic growth projections, severely constraint the policy space available and the resources that can be put forward to support aggregate demand and growth. The primary objective, therefore, is to mitigate the impact of fiscal consolidation on the labour market in the short run and set the conditions for employment growth in the medium to long term.

To this end, the Ministry of Social Welfare and Youth will coordinate with other peer ministries – such as the Ministry of Finance; the Ministry of Economic Development, Trade and Entrepreneurship; the Ministry of Agriculture, Rural Development and Water Resources and others – the design of macroeconomic, private sector development and sectoral policies that maximize job creation.

The main objective of the economic policy of Albania in the next policy period is to preserve macroeconomic stability and further consolidate public finance. Fiscal adjustment will be gradual and geared to reduce the level of public debt. For fiscal adjustment to succeed, however, it is necessary that credible structural reforms (on the investment climate, human capital and infrastructure development, as well as the rule of law) become an integral part of the adjustment package. To maintain the fiscal deficit within the projected range (2 to 2.3 per cent of GDP), a re-distribution across revenue and expenditure items will be carried out, with a strong focus on improving the efficiency of the respective systems on the one hand, and balancing revenue and spending measures, on the other. On the revenue side, the further strengthening of the tax administration system and the expansion of the tax base (curbing the informal economy, combating tax evasion and the reform of corporate and personal tax system), will increase revenues while improving equity as well as the operation of the tax system as an automatic stabilizer.

On the expenditure side, the phasing out of subsidies, which distort competition and carry heavy deadweight costs, combined with measures to improve the efficiency and targeting of social spending will open the space to increase investment for the modernization of infrastructure and productive purposes. The expected increase in the stock of public capital will also provide a positive external stimulus to firms' production, which is productivity-enhancing. A further improvement of the business environment will boost returns in the private sector, shift the composition of investment and ease the reallocation of resources from unproductive to productive enterprises. An enabling regulatory framework that supports private sector development, promotes economic sectors with high employment potential and facilitates the transition to formal employment will be key to increase employment and earnings across population groups and reduce job quality gaps. Finally, the promotion of social business, in line with EU good practices, will represent an additional means to achieve smart and inclusive growth.

Concerted action over the above mentioned policy areas will be instrumental to increase the employment to population ratio to 50.0% (from 35.0 per cent in 2012), especially in priority economic sectors (to reach 50.0% per cent in industry, 18 per cent in agriculture, and 32 per cent in services), reduce the share of informal employment in non-agriculture sectors to 30 per cent by 2020 (from around 40% per cent in 2012), reduce the unemployment rate to 15.0% from the 26.6% in 2012, not including the subsistent food producers, reduce share of working poor and low-paid workers from 59.0% in 2012 to 50.0% in 2020, and reduce the youth unemployment rate to 30%, from the actual 40.3%.

These broader policies will be accompanied by a number of reforms aimed at: i) ensuring the effectiveness of labour market policies; ii) offering quality skills development opportunities; iii) promoting equality and social inclusion; and iv) strengthening the education, training and labour market governance framework. The policy interventions outlined below are aimed at strengthening those public policies

whose objective is to remedy educational and training gaps, address poverty and inactivity traps and bridge labour demand and supply.

A. Foster decent job opportunities through effective labour market policies

The formulation and implementation of an active policy on employment is of the essence to address the employment challenges highlighted in the previous chapters. Policies aimed at improving employment prospects should have a wider scope, while programmes need to be targeted to those who are more disadvantaged in the labour market, especially individuals with low educational and training levels, women, youth, other vulnerable groups, and those living in rural areas. Hence, a new employment promotion framework will be designed to ensure the delivery of more effective and better resourced labour market policies.

Such a framework centres on: i) the modernisation of the NES delivery, both at central and regional levels; ii) the enhancement of the compliance with ratified international labour standards; iii) the reform of the design of active labour market policies, and iv) the improvement of monitoring and evaluation of employment programmes. The reform of the employment services, including the establishment of a National Employment Agency, will be instrumental to improve the quality of services, ensure equal access to individuals living in urban and rural areas, and improve the range and scope of active labour market programmes.

The reform of the employment service system will centre on the establishment of the National Employment Agency, the introduction of a tiered service model based on profiling techniques, the implementation of a management by objectives and quality assurance system; the design, monitoring and evaluation of more effective active labour market programmes; and development of strategic partnerships with other labour market actors.

Labour market policies will be re-designed with a view to offer a comprehensive package of services and programmes to ease the transition of individuals to decent work and include an activation strategy. The effectiveness of labour market measures will be enhanced through the provision of employment services for all individuals registering with the National Employment Services (through self-service, group counselling and job search training) and more intensive and targeted assistance for those who are “hard-to-place”. Such interventions will be grounded on the introduction of an integrated service delivery model (National Service Model), profiling and targeting approaches to differentiate employment assistance and continuous monitoring and impact evaluation of the measures implemented to assess the result achieved. Compliance with the international standards ratified by Albania on employment and migration will be improved. This includes the establishment of a regulatory framework on private employment agencies, the alignment of employment service delivery to European standards, and the introduction of a labour migration management system that supports nationals planning to migrate abroad as well as Albanian migrants wishing to return. Labour mobility shall be mainstreamed in all labour market information systems, regulation procedures and mechanisms of the country to ensure high participation and protection for mobile Albanian and foreign workers.

The Labour Inspectorate will increase its efforts to improve the enforcement of labour legislation and enhancing occupational health and safety at work. Particular attention will be devoted to extending the scope and coverage of labour inspection – warning

and penalty system –so as to better encompass the informal economy – and establishing an information-sharing mechanisms with other enforcement agencies. Such work will be informed by a review of the penalty system envisaged by the labour code for non-compliance with existing legislation to appraise its deterrence effect.

Targeting approaches to differentiated labour market assistance among population groups will focus on: i) the identification of those factors that place a person at risk of becoming long term unemployed; and ii) the development of approaches for caseworkers to assign individuals at risk to the range of employment services and programmes made available.

Coordination between the administration of social protection benefits – especially the unemployment benefit and the Social Assistance programme – and active labour market policies will be strengthened through work-availability and mutual obligation requirements. Benefit recipients will be expected to engage in active job search and participate to programmes to improve employability, in exchange for receiving efficient employment services and social protections benefits.

This policy priority is designed to complement the economic, sectoral development and enterprise promotion interventions deployed by the Government to increase the capacity of the country to generate more employment opportunities.

The targets under this policy priority are to raise the share of unemployed women and men benefiting from employment programmes to 10 per cent; increase the proportion of active labour market programmes beneficiaries employed after participation to 55 per cent, out of which 75 % are women; and increase to 0.0021% of GDP the amount of funds invested in active labour market policies.

Main policy objectives and respective measures are shown in the table below.

A. Foster decent job opportunities through effective labour market policies	
A1. Modernising the National Employment Service, including headquarters and regional and local offices	A1.1 Reorganisation of NES offices according to the New Service Model.
	A1.2 Definition and implementation of a NES staff recruitment and development plan.
	A1.3 Modernisation of IT infrastructure and systems in NES.
	A1.4 Establishing new cooperation modalities with third parties.
A2. Enhancing compliance with ratified international labour standards	A2.1 Regulating private employment agencies and strengthening cooperation.
	A2.2 Expanding the range and scope of labour inspection services to reduce labour law violations, especially those relating to workers' protection.
A3. Expanding the range and scope of employment services and programmes (active labour market policies).	A3.1 Assessment and design of adequate, gender-responsive labour market policies.
	A3.2 Registration, profiling and gender-sensitive counselling of Jobseekers
A4. Improving the gender-sensitive monitoring and evaluation of employment measures.	A4.1 Development of a sustainable and gender-sensitive system for monitoring and evaluation, including implementation of impact evaluation of employment measures on sub-groups of female and male job-seekers.

B. Offer quality vocational education and training for youth and adults

Investments in human capital and the quality of the education and training system are at the core of an innovative and competitive economy with more and better jobs.

Access to high quality education and training is a central element to determine the employability of the labour force and influencing the investment climate. Increasing men's and women's employability involves making sure that they acquire the skills, knowledge and attitudes that will allow them to find work and cope with unpredictable labour market changes throughout their working lives.

Efforts to increase enrolment rates at all educational levels to bridge the gap with European Union countries will continue, while increasing the quality of educational outcomes, developing qualifications, improving the attractiveness and relevance of the vocational education system and anticipating skills needs to redress mismatches, and improve skills recognition, will become the focus of medium term reforms. Educational gaps across regions and population groups will be identified and addressed.

Lifelong learning and training is instrumental to foster enterprise competitiveness and enhance labour productivity, as well as improve job quality. Therefore, access to quality lifelong learning opportunities will be expanded to ease the participation of individuals of all ages, including those with special needs and disadvantaged groups.

The targets to be achieved by 2020 are to increase the share of female and male students attending VET programmes to a minimum of 20%; to increase the employment share of vocational education graduates to 40 per cent, out of which 25% are girls; increase the share of the adult population participating to lifelong learning to 4 per cent and increasing the employment rate of participants to short vocational training courses to 55%, out of which 75% are women; increasing the annual share of PWD VET students by 1 p.p. This will be attained by increased the vocational education and training investment by 30 per cent in 2020.

Main policy objectives and respective measures are shown in the table below.

B. Offer quality vocational education and training for youth and adults	
B1. Optimising the VET providers network and diversifying offers (including the definition of competences by sectors)	B1.1 Assessment and reorganisation of the main VET providers at regional level.
	B1.2 Maintaining the database and quality assurance of training provision by private VET providers country-wide.
B2. Assuring the quality of VET providers and improving the quality and adequacy of VET inputs (labs and equipment, curricula, teaching materials) and processes	B2.1 Analysis and upgrading of buildings, workshops and equipment available in VET providers, including facilities for girls/women amenities, and required amenities responding to the needs of PWD
	B2.2 Create a National Catalogue of Vocational Qualifications and revision of all VET frame curricula.
	B2.3 Review of existing and develop new programmes for post-secondary VET provision.
	B2.4 Evaluation of existing teaching materials, including their gender equality content and existence of gender stereotypes, as well as adequacy for PWD.
	B2.5 Definition and implementation of quality assurance criteria of VET system (at providers' level) and changing the internal and external verification of VET curriculum implementation (inspection), previously done by REDs.

B3. Raising the image of VET and informing about VET providers, qualifications and training offers	B3.1 Running publicity/ awareness-raising campaigns about importance of and opportunities in VET and LLL for girls, boys, women and men in urban and rural areas
	B3.2 Design of a public interactive, searchable web portal/database on qualifications, curricula and training offers by VET providers
	B3.3 Preparation of the participation of Albanian VET students in national, European and World skills competitions and related advertising and TV/ press coverage
B4. Strengthening the linkages between learning and work and facilitating the transition to work	B4.1 Introduction of an already tested model in all VET institutions to organise links between VET institutions and businesses
	B4.2 Establishment of agreements with companies and/or business associations that meet the criteria for offering training.
	B4.3 Organisation of elements of a dual system approach, including internships of VET students as part of the VET curriculum.
	B4.4 Promotion of entrepreneurial learning and women's entrepreneurship as a key competence.
	B4.5 Development of learning materials related to the transition to work skills.
B5. Enhancing recruitment and improving competences of VET teachers and teacher trainers (incl. pre service training and continuous professional development), actors in charge of regional management, school or centre directors, inspectors.	B5.1. Definition of a new policy for recruitment and professional development of VET teachers and instructors to ensure quality of teaching and learning
	B5.2 Assessment of competences of VET teachers in public VET institutions and carrying out of an analysis of the demand for VET teachers and instructors, nationwide and by sectors
	B5.3 Review of the teacher preparation model
	B5.4 Induction of training for all potential VET teachers that includes obligatory modules on gender equality and social inclusion/diversity issues
	B5.5 Organisation and delivering of massive training for all VET teachers (in-service), including obligatory capacity development on gender equality and social inclusion/diversity matters
	B5.6 Organisation and delivering of training for managers of public VET human resources (regional managers, directors, Board members, VET inspectors)

C. Promote social inclusion and territorial cohesion

Educational attainment, labour market status and geographical location are strong determinants of poverty. Addressing existing gaps in these areas will have a positive impact on reducing social exclusion among vulnerable groups of the population (low-skilled individuals, long-term unemployed, women working as contributing family members and youth living in rural areas). Targeted education and training policy actions will be deployed to reduce gaps in educational and training outcomes between rural and urban areas and between poor and non-poor students.

Access to quality education and training, more and better job opportunities and coherent action against the informal economy are necessary conditions to improve the living standards of the population. Equity concerns, however, demand that specific interventions be deployed to address the needs of individuals at risk of poverty and social exclusion through better access to education, employment and social services as well as employment and income opportunities. The coordination between social

assistance programmes and active labour market measures will allow to deploy an activation strategies grounded on a mutual obligation system.

For social inclusion purposes, the focus of the present Jobs and Skills Strategy centres on three policy areas. First, the reform and expansion of the National Employment Service, accompanied by an improvement in the range and coverage of employment services and active labour market programmes, will be key to improve both labour market attachment and employment prospects of population groups at risk of marginalization. Second, higher productivity in the agricultural sector – as main objective of the *Agricultural and Rural Development Strategy* – will spill over into the food production chain, thus increasing off-farm employment and earnings opportunities for individuals living in rural areas. Finally, the reform of social safety nets will improve the equity, efficiency and effectiveness of the social protection system, reduce leakages and targeting errors thus freeing resources to expand coverage and the level of benefits. The linkages with employment will also be strengthened by the introduction of services and programmes to shift beneficiaries from social assistance to work.

The targets under this priority encompass the decrease of the long term unemployment rate for women to 61.0% and for men to 59.0%. of total unemployment; the decrease of the youth unemployment rate (15-24years old) for young females from 33.8% to 25.0% and for young males from 43.6% to 35.0%; the reduction of the gender wage gap in 4 p.p.; raise the share of social assistance beneficiaries referred to employment promotion programmes to 5 per cent of total participants to employment promotion programmes; around 1 p.p. annual increase in the number of women and men covered by social and health insurance; and lowering the employment divide across regions to 1:2.

Main policy objectives and respective measures are shown in the table below.

C. Promote social inclusion and territorial cohesion	
C1. Extending employment and training services to rural areas	C1.1 Establishment of inter-ministerial cooperation to address the situation in rural areas, including the coordination with government initiative and strategies including Strategy for Rural Development.
	C1.2 Expansion of the employment services to rural areas
	C1.3 Increase of VET offers in rural areas and outreach to excluded, vulnerable women, girls, boys and men in these areas
	C1.4 Training and employment of marginalised and disadvantaged women and men, including Roma and PWD
C2. Promoting social entrepreneurship (social economy and the third sector jobs) and women's economic empowerment	C2.1 Design and implementation of measures in relation to social entrepreneurship
	C2.2 Creation of conditions for fostering female and male employment in the third sector (social enterprise focus)
C3. Introduce an activation strategy to minimize inactivity and welfare traps	C3.1 Reform of social assistance system to avoid leakages, targeting errors and increase coverage of eligible individuals and to link welfare with reintegration into the labour market

D. Strengthen the governance of the labour market and qualification systems

Effective employment, education and training policies call for improved administration, efficient use of financial resources and better design, monitoring and evaluation of outcomes.

Improving labour administration requires building the capacity of labour market institutions, namely the Departments of MoSWY responsible for employment, migration and VET policies, the National Employment Services (NES), the National Agency for Vocational Education and Training and Qualification (NAVETQ) and the National Inspectorate for Labour and Social Service (NILSS) to manage their core tasks.

The strategy to improve the governance of the labour market is based on a multi-pronged approach – grounded in robust social dialogue mechanisms – which includes: i) strengthening the capacity of the Employment Policy Department of MoSWY to manage the employment policy cycle (i.e. analysis, planning, formulation, monitoring and evaluation of employment policy); ii) establishing an autonomous National Authority for Vocational Qualifications and a National Employment Agency, iii) improving the quality, relevance and coverage of the vocational education and training system both at national and international level through the Albanian Qualification Framework (AQF) implementation; iv) modernising the legal framework; and v) improving the quality of labour market information and its usability.

The reform of the skills governance system will centre on the development of evidence-based policies, more effective planning and management system, skill needs identification, optimization of education and training service delivery, and leveraging resources. The mandate of the National Authority for Vocational Qualifications – entrusted to plan, coordinate and evaluate the provision of vocational education and training – will be defined in collaboration with the social partners. Social dialogue will underpin the design, monitoring and evaluation of national education and training policies; the identification of skill needs; the design of qualifications; the management of vocational education and training; the provision of enterprise-based learning and internships; and the assessment of individuals' competences. Vocational education and training provision will be expanded in occupations and skills most in-demand in the labour market, as established by the skills forecasting system, and in line with the requirements of a knowledge-based economy. The Albanian Qualification Framework will be operationalized through the development of standards and qualification pathways; the introduction of recognition and certification systems; the upgrading of curricula, programmes and teaching and training methodologies, in partnership with the private sector. The financing system will be revised to also promote private-public partnerships and guarantee the achievement of the strategic priorities established through the creation of an Employment and Training Fund.

A modern governance system requires an effective public administration, strong social dialogue, efficient use of financial resources and sound design, monitoring and evaluation of labour market policies. A result-based management system will be established by the MoSWY to regularly assess the quality of service delivery and the outcomes achieved by labour market policies. Such a system will: (i) identify in measurable terms the results being sought and a roadmap for their achievement; (ii) set gender-sensitive targets and indicators (to judge performance); (iii) develop a method for the regular collection of sex-disaggregated data including but not limited to the National Set of Harmonised Gender Indicators to compare the results achieved against the targets; (iv) integrate evaluations to gather information not available through monitoring; and (v) use monitoring and evaluation information for decision-making, accountability and strategic planning.

The targets under this policy priority – aside increasing the employment rate of female and male vocational educational graduates and the proportion of individuals benefitting from lifelong learning already mentioned above – are to achieve at least 80 per cent of the targets established by the Action Plan of the Employment and Skills Strategy; to have 75% of the staff of MoSWY working on core issues of Employment and VET policies; to create an Employment and Training Fund; to create better mechanisms for monitoring and evaluation of the labour market and VET outcomes; to have a modern legal framework aligned with the EU standards, including a further developed Albanian Qualification Framework; to have strengthened the social dialogue; and to have an increased involvement of the private sector in the governance and financing of the sector.

Main policy objectives and respective measures are shown in the table below.

D. Strengthen the governance of labour market and qualification systems	
D1. Reforming the financing and governance of the labour market and VET systems.	D1.1. Creation of an Employment and Training Fund
	D 1.2. Creation of (an) autonomous structure(s) for the administration and the development of VET (the current NAVETQ)
	D 1.3 Strengthening the role of the National Labour Council
	D 1.4 Creation of a National Council for Employment and VET
D2. Developing and implementing the Albanian qualifications framework.	D2.1 Review of the work undertaken on vocational qualifications of the AQF
	D2.2 Establishment and operationalization of sector committees
	D2.3 Revision and linking of curricula to the AQF
	D2.4 Selecting bodies and putting in place procedures for the validation of qualifications, skills assessments, certification and the validation/ recognition of prior learning
D3. Improving the quality and gender-sensitivity of labour market information and ensure its use for more equitable and effective governance, including funding	D3.1 Gender-sensitive review of existing surveys and analysis of skills needs at national and regional levels
	D3.2 Establishment of a gender-sensitive tracer system for VET graduates (initial and continuous training)
	D3.3 Developing information sharing instruments about gender-sensitive labour market data (labour market bulletins, websites etc.)
	D3.5 Establish mechanisms for sectoral skills forecasting - TO BE CONFIRMED
D4. Modernising the legislative framework for VET (initial VET and adult training)	D4.1 Review of all pieces of existing legislation that regulate VET (in schools, VTCs, or higher professional education at universities, by public or private providers) and aspects related to VET (curriculum development, teacher training etc.)
D5. National legislation regulating mobility and labour market governance are in line with the country's broader socio-economic development goals and EU Acquis. NEW PRIORITY AREA SUGGESTED BY IOM - TO BE CONFIRMED	D5.1. Approximation of relevant Albanian legislation with EU Directives
	D5.2. Closing of skills gaps in the local labour market by active employment of specialists

3.3. Resources

The total amount projected to be at disposition of the Ministry of Social Welfare and Youth for the period of the Jobs and Skills Strategy is of €3.8 billion.

Table 19: Planned budget 2013–2020, Ministry of Social Welfare and Youth

Sub-sector	Planned budget € million							
	2013	2014	2015	2016	2017	2018	2019	2020
Social protection	141.2	145.6	153.2	161.7	169	174.9	180.6	188
Labour market	11.27	11.97	12.89	13.4	14.4	15.79	16.64	16.48
Vocational education/training	17.29	20.2	21.66	23.29	25.08	27.08	28.58	29.3
Equal opportunities	0.15	0.18	0.18	0.18	0.19	0.19	0.2	0.21
Labour inspection	1.11	1.27	1.23	1.28	1.32	1.37	1.43	1.48
Social insurance	262.2	286	312.26	337.7	364.5	389.2	414.7	434.1
Planning and management	1.02	1.23	1.13	1.14	1.18	1.21	1.26	1.33
State budget total	416.73	446.36	480.2	513.6	549.59	580.57	612.49	639.52

The overall cost estimated for the implementation of this Strategy and its Action Plan is about 150-200 M€. An accurate costing exercise will be prepared by policy objective/strategic priority by the MoSWY in cooperation with the implementing agencies. The allocated resources of the MoSWY for VET and Employment policies can only cover 5-10% of the estimated cost of the implementation of this Strategy.

3.4. Reporting, monitoring and evaluation

The Employment and Skills Strategy – with its list of targets – will become an integral part of the Integrated Planning System (IPS) and Mid-Term Budget Programme (MTBP) mechanisms established by the National Strategy for Development and Integration (NSDI). The monitoring of the Strategy will comprise the regular examination of the resources, outputs and results of policy interventions. It will be based on a system of information gathering and analysis of performance indicators as presented in detail in the Annex 1. Performance indicators are required to include, but not be limited, to the sub-set of the National Set of Harmonised Gender Indicators related to women's economic empowerment and access to employment and training.⁵²

The Ministry of Social Welfare and Youth (MoSWY) will have the responsibility to systematize the monitoring information for presentation to the Government. This will

⁵² Adopted through Ministerial Order no.1220, dated May 27, 2010

describe in detail the delivery of inputs, the activities conducted and the results achieved.

The objectives and outputs of the *Employment and Skills Strategy* will be operationalized through its Action Plan and additional thematic planning documents. The implementation of the Action Plan will be monitored through performance indicators that measure the outcomes of active labour market programmes, assign responsibilities for implementation and allocate financial resources.

Table 20: Targets of the Employment and Skills Strategy 2014-2020

**- TO BE COMPLETED/SELECTED/CONFIRMED BY MoSWY - OTHER GOVERNMENTAL PROGRAM
TARGETS TO BE INCLUDED ???**

Indicator	Means of verification	Baseline	Target 2020 (*)
Recommended indicators by World Bank's M&E capacity development for the Western Balkans and Turkey			
Youth neither in employment nor education or training	LFS	31.3% (r)	20.0%
Share of employment in private sector	LFS	79.3% (r)	82.0%
Net employment growth (by gender and age)	LFS	-11.3% (r) (15-24) -41.2% (r) (females) -8.6% (r) (males) -13.1%(r)	Positive growth
Share of formal employment (in total employment)	LFS	43.7% (r)	50.0%
Registered unemployed benefitting from employment promotion programmes	NES	<1%	10.0%
Share of Roma population registered as unemployed involved in some labour market program	NES	3.5%	7.0%
Average duration of unemployment	LFS	12.6 years	3 years
Incidence of long-term unemployment	LFS	75.1% (r) (females) 76.6% (r) (males) 74.3% (r)	60.0% 61.0% 59.0%
Activation of long-term unemployed (LTU)	NES	3.5%	50.0%
SEE 2020 and other related indicators			
Employment-to-population ratio	LFS	56.3% / 35.0% (r)	50.0%
Labour force participation rate	LFS	31.3% (r)	45.0%
Unemployment rate	LFS	13.9%/ 26.6% (r)	15.0%
Youth unemployment rate (15-24), by sex	LFS	27.9% / 40.3% (r) (females) 33.8% (r) (males) 43.6% (r)	30.0% 25.0% 35.0%
Labour underutilisation rate	LFS	44.6% (r)	30%
Share of informal employment (in non-agriculture employment)	LFS	50% / 39.6% (r)	30%
Share of formal employment (in non-agriculture employment)	LFS	60.4% (r)	70%
Net formal employment growth in total employment growth (2012-2013)	LFS	-5.5% (r)	Positive growth

Work force by main economic sectors	LFS	Agriculture 47.4% / 48.2% (r) Industry 16.5%/ 16.0% (r) Services 36.1%/ 33.0% (r) Other not clas.2.7% (r)	Agriculture 50.0% Industry 18.0% Services 32.0% Others 0.0%
EU Benchmarking indicators			
Early school leavers	LFS	31.6%	25.0%
Employment rate of vocational education graduates	LFS	15.7%(r)	40.0%
Share of individuals (25-64yrs) participating in lifelong learning	LFS	1.1%	4%
Related to the Governmental Program			
Gender gap in employment	LFS	16.4 p.p. (r)	10 p.p.
Share of working poor/low wage workers	LSMS	59.0%	50.0%
Employment divide across regions	NES	1:3	1:2
Share of employment programme beneficiaries employed after participation	NES	43.0%	55.0%
Share of social assistance beneficiaries referred to employment programmes	NES	1.4%	5.0%
Registered unemployed benefiting from basic employment services, by sex	NES	36.0%	60.0%
Share of GDP invested in ALMPs	National Accounts	0.016%	0.021%
Employment- population ratio (vocational education graduates)	LFS	54.7% (r)	60.0 %
Share of female and male students attending vocational education	Education statistics	14.2%	20.0%-25.0%
Public investment in vocational education and training	National accounts	ALL x	x+30.0%
Share of women and men waged workers covered by social, health and pension insurance	LSMS	70.4% (females) 83.1% (males) 63.3%	75.0% (females) 85.0% (males) 65.0%
Share of female and male agricultural family workers under social, health and pension insurance	LSMS	11.6% (females) 5.5% (males) 12.8%	30.0% (females) 35.0% (males) 25.0%

(r) reprocessed data according to the new international standards adopted by the 19th International Conference of Labour Statisticians, Geneva, 2013.

(*) defined for the baseline indicators reprocessed data

Progress in achieving the aims of the Employment and Skills Strategy will be measured through two appraisal exercises, as follows:

- An interim evaluation, to be conducted at the end of 2016, will analyze the results achieved, the management of resources and the quality of implementation. This analysis will point to changes in the overall economic and social context, will assess whether the aims are still relevant by comparing the state of affairs with the initial situation, and will lead to the identification of required remedial action.
- A final evaluation, after the end of the implementation period, will assess the whole Strategy, in particular its overall impact. It will assess the success of the measures undertaken, the resources invested and the extent to which the

expected effects have been achieved. The final evaluation will be carried out by analyzing the data stemming from various sources, including the findings of performance monitoring and impact evaluation of active labour market programmes.

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ANNEX 1

ACTION PLAN AND INDICATORS FOR THE NATIONAL EMPLOYMENT AND SKILLS STRATEGY 2014-2020 - ALBANIA

Policy objectives	Measures	Main outputs	Responsible Units		Indicators ⁵³	What should be achieved by 2020	
			Lead agency	Together with		Baseline	Targets 2020
A. Foster decent job opportunities through effective labour market policies							
A1. Modernising the National Employment Service, including headquarters and regional and local offices	A1.1 Reorganisation of NES offices according to the New Service Model.	<p>Existing policy paper on New Service Model and action plan adopted.</p> <p>Model operational with 1 'trial office' in Tirana early January 2014.</p> <p>12 offices within 1 year. Specific ToR for each office are prepared.</p> <p>Manual on the type and quality of services to be delivered by each regional and local labour office.</p> <p>Quality of services by each office verified.</p> <p>Registers of unemployed people verified / cleaned to include only unemployed jobseekers.</p> <p>Gender equality and equal opportunities goals are integrated in all models, mechanisms, processes, and materials.</p> <p>Equal opportunity policy and action plan are developed by NES, adopted and annually updated</p> <p>Gender-sensitive labour mobility/migration considerations are integrated into all relevant models, labour market information systems, mechanisms and processes.</p>	MoSWY NES	<p>NES Regional and local labour offices</p> <p>ILO-EU IPA 2010 project</p> <p>International experts</p>	<ul style="list-style-type: none"> • Share of female and male registered unemployed progressing through the service model, by tier and individual characteristics; • Number of employment offices deploying standardised counselling and guidance approaches and quality assurance systems; • Number of partnership and contracting-out agreements signed; • NES client-staff ratio; • Annual share of job vacancies captured by NES over total available in the labour market; • Share of funding available for active labour market policies; • Share of registered unemployed referred to active labour market 	<p>In 2012 registered unemployed represented 82% of total unemployed detected by the Labour Force Survey;</p> <p>None of the NES offices is modernised and branded;</p> <p>The number of registered unemployed receiving employment services (aside job placement) was 36% at the end of 2013;</p> <p>There is no profiling system available yet in the NES;</p> <p>None of the employment offices currently deploys a standardised counselling and guidance approach or quality assurance system;</p> <p>During 2009-2013, 133.545 Albanian workers have returned</p>	<p>60% of individuals registered as unemployed received basic employment services, of which x% are women</p> <p>20% of individuals registered as unemployed (x% women) benefit from employment promotion programmes and 55% are employed after participation, out of which x% are women</p> <p>8% of total participants to employment promotion programmes are social assistance beneficiaries</p> <p>0.0021% of share of GDP invested in ALMPs.</p>

⁵³ All gender-sensitive and sex-disaggregated indicators fully compliant with the National Set of Harmonised Gender Indicators, adopted through Ministerial Order no.1220, dated May 27, 2010, and pursuant to Council of Europe's Recommendations of the Committee of Ministers to Member States on Gender Equality Standards and Mechanisms Recommendation CM/Rec(2007)17, adopted 21 November 2007. The list of indicators will be revised during the preparation of the Monitoring and Evaluation Plan of the National Strategy for Employment and Skills 2014-2020.

<p>A1.2 Definition and implementation of a NES staff recruitment and development plan.</p>	<p>Job descriptions including competence standards adopted for all categories from managers to staff, at Ministry, NES and regional/ local levels.</p> <p>Performance management system in place.</p> <p>Staff competences tested against the standards and whether they understand the service manuals.</p> <p>Equal pay for equal work pursued at NES, using sex disaggregated wage statistics also internally</p> <p>Mid-term plan for HR recruitment and development.</p> <p>Staff trained according to NES Development Plan and Annual Training Plan, including obligatory gender equality and equal opportunities/diversity training module and training on New Service Model and coaching for special needs groups.</p> <p>Zero tolerance against discrimination and sexual harassment policy in place and also promoted with third parties</p> <p>Designated NES officials are capable of identifying (potential) migrants among their clients and to provide tailored services/refer to other relevant support entities (e.g. on issues of legal status, medical assistance, etc.)</p>	<p>MoSWY NES</p>	<p>NES Regional and local labour offices</p> <p>ILO-EU IPA 2010 project</p>	<p>programmes, by individual characteristics (sex, age-group, national origin, geographical location)</p> <ul style="list-style-type: none"> • Share of long-term unemployed women and men (over total unemployed) • Amount of funding allocated to active labour market policies • Number of female and male participants and locally adopted active labour market programmes and their success after completing • Number of performance monitoring cycles and impact evaluations conducted • Number and type of labour law violations detected annually and proportion redressed, including (sexual) harassment at the workplace 	<p>to the country;</p> <p>2,189 work permits were issued during 2013 to foreign workers;</p> <p>As at 2013, 3 international agreements on facilitating labour mobility are operational</p> <p>133, 544 individuals (adults) have returned to Albania in the period 2009- 2013 and are part of the labour force in the country.</p> <p>In 2011, the ratio of NES staff to registered unemployed was 1:464;</p> <p>In 2011, NES captured 16,000 vacancies.</p> <p>In 2011, 8.1% of total registered unemployed were mediated into a job and 6.8% of registered unemployed participated to active labour market programmes (including training);</p> <p>There are no partnership agreement signed with Private Employment Agencies or contracting-out agreements, yet;</p> <p>The National Employment Service is not autonomously funded nor has the status of government agency</p> <p>In 2013, the share of registered unemployed referred to ALMPs less than 1% of the total registered unemployed;</p> <p>Staff of NES offices is not adequately trained to provide</p>	<p>2% annual increase in female and male PWD in formal employment, by residence.</p>
<p>A1.3 Modernisation of IT infrastructure and systems in NES.</p>	<p>NES administrative/ analytical IT software/ system maintained, upgraded and used, including: a) Staff trained on the use of the IT system; b) IT-based (rather than paper-based) administrative procedures defined and adopted at managerial level.</p> <p>NES administrative/ analytical IT software/ system upgraded enabling it to categorize types of clients and services provided for statistics generation purposes.</p> <p>Migration counters within local NES offices are equipped with relevant IT to provide quality services (counselling, job matching) on employment in other locations in Albania and abroad</p>	<p>NES</p>	<p>Regional and local labour offices</p> <p>Insertion of data: Employers Jobseekers/ NES counsellors</p>	<ul style="list-style-type: none"> • Share of economic units and workers covered by inspection • Share of female/male workers employed under informal employment arrangements • Number of licensed high skilled technicians for safety relevant occupations, by sex • Number of international agreements and schemes facilitating labour employment of Albanian 	<p>Staff of NES offices is not adequately trained to provide</p>	

		<p>Sufficient number of computers installed in regional and local labour offices.</p> <p>Job vacancy database installed covering the whole of Albania and constantly updated through inputs by employers, NES and jobseekers (and linked with EURES).</p>			<p>nationals and foreigners in Albania</p> <ul style="list-style-type: none"> • Existence of a well-functioning regulation mechanism over activities of recruitment agencies 	<p>counselling on employment in other countries or service foreign clients;</p> <p>In 2012, long-term unemployment represented 75.1% of total unemployment;</p> <p>There is no comprehensive regulatory framework on private employment agencies;</p> <p>Performance monitoring is done once a year (administrative data). To date two impact evaluations were conducted;</p> <p>In 2011, the share of GDP invested in ALMPs was 0.016% of GDP;</p> <p>In 2011, approximately 14,000 labour inspections were carried out;</p> <p>These inspections covered 137,000 workers and 13,900 private enterprises (11.7% of total employed individuals and 13% of total active enterprises).</p>
	A1.4 Establishing new cooperation modalities with third parties.	<p>Cooperation agreements for collecting vacancies and for design and implementation ALMPs with Social Partners and Businesses established.</p> <p>Cooperation agreements with Private agencies and NGOs for implementing ALMPs established.</p> <p>Inspection legislation and programme reviewed to include inspection also of ALMPs.</p> <p>MoSWY is equipped with tools to identify preferential countries for developing bi-lateral agreements and other inter-state mechanisms facilitating employment of Albanian citizens abroad</p> <p>Existing international framework regulating labour mobility of Albanian citizens abroad is enhanced through new agreements and other cooperation arrangements</p>	NES	<p>Private agencies</p> <p>Social partners</p> <p>Businesses</p> <p>ILO</p>		
A2. Enhancing compliance with ratified international labour standards	A2.1 Regulating private employment agencies and strengthening cooperation.	<p>Legislation adopted to ensure ILO convention on private employment agencies.</p> <p>Legal aspects and quality ensured through development of a minimum set of standards for recruitment, including abroad, and labour inspectorate.</p> <p>Mechanism for quality assurance/ service delivery of private employment agencies established.</p> <p>Local employment partnerships to include also private employment agencies, alongside other partners.</p> <p>Private recruitment agencies report to relevant competent authorities on a regular</p>	MoSWY NES	<p>State Inspectorate for Labour and Social Services</p> <p>ILO</p>		

		<p>and transparent basis on the services provided to the female and male population in Albania and abroad</p> <p>Statistics on the number of female/male Albanian citizens supported with employment abroad are available on a regular basis.</p>					
	<p>A2.2 Expanding the range and scope of labour inspection services to reduce labour law violations, especially those relating to workers' protection.</p>	<p>Information-sharing mechanisms established with other enforcement agencies with a view to improve the coverage of economic units and workers.</p> <p>Penalty system envisaged by the labour code for non-compliance is revised to constitute an effective deterrent against violations.</p> <p>Existing legislative and procedural framework on labour inspection and enforcement is compliant with EU directive on sanctions against employers hiring irregular migrants</p> <p>Labour inspectors are knowledgeable on rights and duties of foreigners working in Albania, capable of identifying (potential) victims of trafficking and referring them to relevant authorities</p> <p>Mechanisms of protecting labour and human rights of migrants are in place</p> <p>Foreign workers in Albania, and Albanian citizens abroad are aware about their labour and human rights and are aware of existing complaint mechanisms</p> <p>Legislation/by-laws for inspections amended to ensure that ALMPs can be implemented and (regulated) professions with high health & safety risks are inspected.</p> <p>The obligatory target for employment of PWD is enforced and the Labour Inspectorate regularly undertakes respective monitoring</p> <p>Campaigns to increase the understanding of the wider public, of public and private organisations as well as of enterprise for the</p>	<p>MoSWY</p>	<p>State Inspectorate for Labour and Social Services</p>			

		need to improve the recruitment base, and to offer equal pay for equal work.				
A3. Expanding the range and scope of employment services and programmes (active labour market policies).	A3.1 Assessment and design of adequate, gender-responsive labour market policies.	<p>ALMPs diversified and tailored to specific regions and target groups.</p> <p>Procedures for application to ALMPs simplified.</p> <p>ALMPs implemented across the country in an effective, efficient, and gender-equitable manner.</p> <p>Regional/Local employment partnerships established (who have identified needs and implement or monitor training and employment measures at local/ regional level).</p> <p>Training for female and male skilled workers organised together with industry to respond to short term requests (eg.TAP project).</p> <p>Legal basis for provision of ALMPs is revised and adopted.</p> <p>Financing system for service delivery is designed and in place.</p>	MoSWY NES	<p>NES Regional and local labour offices</p> <p>ILO/UNDP - SDC funded UNDP</p> <p>Industry (for training skilled workers)</p> <p>VET providers</p>		
	A3.2 Registration, profiling and gender-sensitive counselling of Jobseekers	<p>Brochures published about employment services offered.</p> <p>Unemployed registers cleaned to contain only active jobseekers.</p> <p>National standards on ethical and fair recruitment in Albania and internationally developed and enforced.</p> <p>ISCO/ ESCO list used by job counsellors.</p> <p>NES counsellors trained and capacitated to deliver gender-sensitive counselling that responds to inclusion goals and diversity needs.</p> <p>NES counsellors undertake profiling of jobseekers.</p> <p>NES counsellors do gender-sensitive group or individual counselling.</p> <p>Job clubs organised.</p> <p>Designated NES counselors are capable to refer young female and male potential</p>	NES	<p>Civil registry office</p> <p>Tax office</p> <p>Rural organisations</p> <p>NES Regional and local employment offices</p>		

		entrepreneurs among their clients to respective helpdesks, business development services and relevant support/training entities					
A4. Improving the gender-sensitive monitoring and evaluation of employment measures.	A4.1 Development of a sustainable and gender-sensitive system for monitoring and evaluation, including implementation of impact evaluation of employment measures on sub-groups of female and male job-seekers.	<p>Monitoring Plan for NES is designed and implemented including a proper methodology.</p> <p>Programmes monitored and evaluated according to agreed criteria, results and indicators.</p> <p>New policies are redefined or adjusted based on the regular monitoring reports.</p> <p>Gender equality and diversity criteria are integral part of all monitoring and evaluation procedures and processes, and the relevant indicators of the National Set of Harmonised Gender Indicators are consistently applied.</p>	MoSWY NES	International agencies (e.g. ILO)			

B. Offer quality vocational education and training for youth and adults

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<p>B1. Optimising the VET providers network and diversifying offers (including the definition of competences by sectors)</p>	<p>B1.1 Assessment and reorganisation of the main VET providers at regional level.</p>	<p>National Baseline Survey of public VET providers is completed.</p> <p>National public network of VET providers is rationalized and re-conceptualised according to labour market needs, migration and demographic trends, as well as principles of multifunctionality, equality, diversity and flexibility of VET provision.</p> <p>Detailed plans elaborated jointly with all actors concerned on how to implement the transfer or merging of schools/VTCs into new networked structures in each region and within each institution.</p> <p>Implementation plans implemented.</p> <p>Some VET providers are developed into multifunctional centres of competence for certain sectors (in charge of curriculum development and teacher training for the respective sector in Albania) through public-private partnerships.</p> <p>VET providers are knowledgeable about labour migration trends in Albania and interest among the population to obtain skills on demand in main destination countries</p>	<p>MoSWY</p> <p>Local government</p> <p>Regional VET councils or key stakeholders at regional level</p>	<p>ETF for Elbasan, Shkodra and Fier (MfC Feasibility Study findings)</p> <p>ETF/ GIZ (Baseline study)</p> <p>Regional actors</p>	<ul style="list-style-type: none"> • Amount invested in vocational education and training at secondary, post-secondary and higher professional levels • Number of providers, programmes, teachers and trainers accredited • Much reduced number of vocational educational and training providers delivering services • Number of VET participants • Share of vocational education and training graduates employed in occupation of training, by sex • Number of qualifications developed and approved; • Share of female/male individuals attending short and long term courses based on the occupational standards and qualifications agreed upon; • Share of female/male vocational education graduates employed (over total) and share employed in the occupation of learning • Share of female/male PWD and Roma attending VET courses • Share of female/male PWD/Roma graduating from VET • Share of female/male PWD/Roma VET graduates employed in 	<p>There are currently 50 technical-vocational schools (41 public and 9 private) and 9 public vocational training centres mainly located in urban areas;</p> <p>There are currently 340 private businesses or training providers licensed by MoSWY (but the licensing does not consider quality criteria);</p> <p>Most vocational schools offer two to four profiles and the average number of students per school is 300 students.</p> <p>There are no standards or procedures for the accreditation of providers, programmes, teachers and trainers yet.</p> <p>In 2012, the employment rate of individuals with vocational education attainment was 15.7%;</p> <p>In 2013, there were 160 occupational descriptions available;</p> <p>In 2013, the public training centres enrolled 8,255 individuals.</p> <p>56% attended vocational courses and the remaining attended foreign languages (over 35%) and computer (8%);</p> <p>The share of adult individuals (15-64) attending lifelong learning was 1.1% in 2012 ;</p> <p>The involvement of enterprises in</p>	<p>40% of vocational education graduates are employed, of which x% are women</p> <p>4% of the adult population participates to lifelong learning, of which x% are women</p> <p>55% of participants to short vocational courses are employed at follow up, of which x% are women</p> <p>Share of girls in rural areas enrolled in VET courses increased by x% by 2020</p> <p>30% increase in the investment in vocational education and training</p> <p>Number of public and private VET providers with infrastructure and amenities in place that ensure access for PWD increased by x% annually.</p> <p>Number of VET providers which offer adequate and safe amenities and facilities for girls/women.</p> <p>2% annual increase in female and male PWD attending VET courses.</p> <p>1.5% annual increase in female and male PWD VET graduates.</p>
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	<p>B1.2 Maintaining the database and quality assurance of training provision by private VET providers country-wide.</p>	<p>System for accrediting VET providers (including private ones) further developed to assure quality of provision.</p> <p>More and more VET providers voluntarily adhere to a self-developed “quality label” system.</p> <p>Private training providers have included the qualifications and training offered by them in the database.</p>	<p>MoSWY Network of training providers NAVETQ</p>		<p>the occupation of learning</p> <ul style="list-style-type: none"> • Share of adults (25-64) participating to lifelong learning, by sex, age and geographical location • Number of frame curricula developed and number of short and long courses designed on their basis which are needed by the labour market • Adherence to VET gender equality and diversity policy and absence of gender stereotypes in profiling, curricula, promotion and teaching methodologies established as key quality criteria and adhered to by VET providers • Number of female/male individuals attending courses embedding core employability and 	<p>vocational education and training delivery is limited;</p> <p>In 2013, there were 93 frame curricula available for vocational education;</p> <p>In 2013, there were 49 national qualification standards available;</p> <p>Core employability and entrepreneurship skills are not included in vocational education and training curricula;</p> <p>In 2013, the ranking of Albania in the indicator education and training of the Global Competitiveness Index was 78th (out of 148);</p> <p>There is no quality assurance system yet;</p> <p>There is no regulatory framework</p>	

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<p>B2. Assuring the quality of VET providers and improving the quality and adequacy of VET inputs (labs and equipment, curricula, teaching materials) and processes</p>	<p>B2.1 Analysis and upgrading of buildings, workshops and equipment available in VET providers, including facilities for girls/women amenities, and required amenities responding to the needs of PWD</p>	<p>Once the VET providers network and the range of profiles to be offered in each VET institution have been redefined, an in-depth analysis by sector experts into the required infrastructure upgrading is undertaken.</p> <p>Strategic Facilities and Equipment Investment Plan 2015-2020 defined in line with sectoral priorities, new VET provider network plan, national and regional Skills Need Analysis and respective diversification of VET offers, private sector involvement in VET delivery, based on clear criteria - following quality training standards - and balanced and agreed at regional level. VET providers equipped according to the investment plan, including safe amenities and facilities for girls/women, and infrastructure and equipment responding to the needs of PWD.</p> <p>Contracts with companies to use their equipment and facilities promoted and established by VET providers based on an analysis of which companies comply with certain standards to offer training places.</p>	<p>MoSWY NAVETQ</p>	<p>ETF/ GIZ (for VET School/VTC baseline study only) IPA 2013 VET project</p>	<p>entrepreneurial skills (over total individual attending short and long courses)</p> <ul style="list-style-type: none"> • Number of qualified female/male vocational education and training practitioners recruited through new procedures • Number of teacher and trainers regularly attending staff development programmes (over total) • Global ranking in the education and training pillar of the Global Competiveness Index • Number of women and men whose foreign-received qualifications and skills are recognized by citizenship, category of skill and qualification and country where the skill and/or qualification was received • Share of female/male vocational education students employed , by place of employment (in Albania and abroad) after leaving school; • Share of female/male individuals attending short vocational courses leading to a recognized qualification • Share of female/male individuals attending work-based learning programmes (over total) • Share of female/male participants to short 	<p>governing work-based learning;</p> <p>The share of participants employed after attending a training programme provided by the public vocational training centres is estimated at 42% of the total;</p> <p>There are produced some newspaper articles, posters/ banners, leaflets, brochures, open door days of VET providers, etc.</p> <p>A web VET Portal is in place.</p>	
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					<p>vocational courses employed at follow-up;</p> <ul style="list-style-type: none"> • Share of female/male vocational education and training graduates working in the occupation for which they received training • Number of marketing materials produced • Number of national/local meetings • Number of visitor in WEB portal • Share of women/girls enrolled in VET courses in prospective economic sectors • Number of VET providers with infrastructure and amenities in place that ensure access for PWD. • Number of VET providers with adequate and safe facilities and infrastructure for women and girls in place (including dormitories) • Coaching for girls and boys in non-traditional courses established and conducted in x% of VET providers 		
	<p>B2.2 Create a National Catalogue of Vocational Qualifications and revision of all VET frame curricula</p>	<p>New VET curriculum model (modular system) defined jointly with NAVETQ staff and approved, based on competence standards for each learning area.</p> <p>National List of professions revised/ National Catalogue of Vocational Qualifications designed and adopted.</p> <p>Sector Councils with the participation of social partners have been set up and defined qualifications/ competences for</p>	<p>NAVETQ to coordinate, using/ reviewing existing models, templates and curricula from donor projects</p>	<p>International and local experts</p> <p>ILO-EU IPA 2010 project for 4 qualifications at level 5 and one qualification for level 3 or 4</p> <p>IPA II projects</p>			

		<p>selected priority sectors and qualifications (see D2).</p> <p>NAVETQ actors trained and frame curricula for long and short courses revised, based on job descriptions and qualification descriptions ("national qualification or competence standards") and on examples developed by donors.</p> <p>Actors in VET institutions trained and frame curricula further developed/ adjusted (and revised at regular intervals) in collaboration with experts from the business world.</p> <p>Quality assurance criteria for official approval of VET curricula are defined.</p> <p>One national competence-based framework curriculum for each qualification, published online as part of the National Catalogue for Vocational Qualifications.</p> <p>Gender equality and diversity goals are integrated into VET design, contents and provision, and gender stereotypes in profiling, curricula, promotion and teaching methodologies are eliminated.</p> <p>VET providers develop programmes which are tailored towards preparing specialists in professions on demand in other countries, taking into consideration Albania's strategic advantage and overall governmental policy towards providing employment of nationals in other countries</p> <p>There are cooperation platforms between VET providers and their counterparts abroad on sharing best practices and modern education technologies</p>					
	B2.3 Review of existing and develop new programmes for post-secondary VET provision.	<p>Curricula for post-secondary VET developed for priority sectors and qualifications and published online as part of the National Catalogue of Vocational Qualifications.</p> <p>Inter-institutional cooperation arrangements between schools and universities in place to deliver post-secondary VET.</p> <p>Teachers/ trainers trained on post-secondary VET programmes.</p>	NAVETQ to coordinate	ILO-EU IPA 2010 project (four AQF Level 5 qualifications) International and local experts			

		Conditions for practice learning in place enhanced together with the private sector.					
	B2.4 Evaluation of existing teaching materials, including their gender equality content and existence of gender stereotypes, as well as adequacy for PWD .	Teaching and learning materials (rather than textbooks) to accompany new curricula are developed (Moodle to be considered as used for economic schools). Gender-sensitive revision completed; adequacy for PWD assessed and gaps identified. Teaching and learning materials published online in the web portal for the VET System.	NAVETQ to coordinate	International and local experts GIZ (Kosovo model) IPA II projects			
	B2.5 Definition and implementation of quality assurance criteria of VET system (at providers' level) and changing the internal and external verification of VET curriculum implementation (inspection), previously done by REDs.	Accreditation and quality assurance criteria for public and private providers redefined and linked to whether they offer training for employable skills. Public VET providers undertake self-evaluation and implement own development plans. Role and criteria for inspection of public VET provision redefined (national standards). Multiannual plan for VET providers' inspections being implemented.	NAVETQ to coordinate	Previous work undertaken by British Council/ETF/NAVETQ ILO-EU IPA 2010 project (QA system to be defined) VET providers VET inspectors International experts			
B3. Raising the image of VET and informing about VET providers, qualifications and training offers	B3.1 Running publicity/ awareness-raising campaigns about importance of and opportunities in VET and LLL for girls, boys, women and men in urban and rural areas	TV spots, talk shows, newspaper articles, posters/ banners, leaflets, brochures which are free from gender stereotypes and transmit an inclusive message are produced and distributed. Information on VET pathways to primary school pupils disseminated. Annual Career and job fairs organised. Open door days of VET providers organised. School pupils' taster days in businesses organised. Job insertion and salary levels of graduates from reformed VET analysed. Focused approach on outreach to women and girls in rural and urban areas pursued	MoSWY NAVETQ VET providers	ILO-EU IPA 2010 project (in charge of preparing a campaign in the 1st year -2014) Social partners			

		Coaching for girls and boys opting for training in non-traditional occupations. Girls' uptake of non-traditional courses - particularly in high-potential and high-productive sectors - publicly promoted.				
	B3.2 Design of a public interactive, searchable web portal/database on qualifications, curricula and training offers by VET providers	Demand-oriented, interactive, user-friendly database, searchable by region/ location, sector/ qualifications and VET offers, incl. links to providers' web links for further information is made available. Approved curricula and teaching materials available published online. Data updated by NAVETQ and by VET providers as a matter of publicity (to be used by potential learners, NAVETQ, NES, and social partners). Publicity to ensure use by potential learners, NAVETQ, employment services.	NAVETQ Public and private VET providers	International and local experts		
	B3.3 Preparation of the participation of Albanian VET students in national, European and World skills competitions and related advertising and TV/ press coverage	Albanian female and male VET students participate in national EuroSkills and World Skills competitions.	MoSWY NAVETQ	ETF to organise study visit to European Skills competition in Lille, October 2014		
B4. Strengthening the linkages between learning and work and facilitating the transition to work	B4.1 Introduction of an already tested model in all VET institutions to organise links between VET	Teachers in all public VET institutions have the PASO or similar role (teachers require relevant technical background for the given occupational areas). Training to be delivered to the teachers	MoSWY NAVETQ	Kulturkontakt model Swisscontact model		

	institutions and businesses	selected for implementing such a model.					
	B4.2 Establishment of agreements with companies and/or business associations that meet the criteria for offering training.	Agreements with businesses and/or business associations, chambers signed by the Ministry (and in the future by the VET providers). Periodical renewal of agreements (facilitating role by the Ministry)	MoSWY with CIM expert support	Business associations, chambers or individual businesses			
	B4.3 Organisation of elements of a dual system approach, including internships of VET students as part of the VET curriculum	Lessons learnt from past experiences under Swisscontact and GIZ projects analysed. Elements of a dual training model are implemented, including project and work-based learning in VET institutions and company internships have become a systematic part of VET curriculum implementation in strong cooperation with private sector.	MoSWY NAVETQ	Swisscontact GIZ			
	B4.4 Promotion of entrepreneurial learning and women's entrepreneurship as a key competence	Recommendations from BDI strategy and from EU Small Business Act assessment (OECD/ETF 2013) have informed a joint (MoETE, MoSWY, MoES, MARDWA) Entrepreneurial Learning strategy. Joint action plan for Entrepreneurial Learning, including the design of curricula, teaching materials, teacher training, part of initial VET and adult training drafted and implemented, both as part of business education and as a compulsory subject for all. Key competencies captured by the EU Small Business Act Istanbul Indicators are reflected in VET training curricula and courses Tailor-made entrepreneurship programmes specifically targeting girls and women, including in rural areas Leadership and management skill programmes developed and conducted specifically targeting women and girls	MoSWY NAVETQ	MoETE/ AIDA MARDWA MoES AADF Junior Achievement Programme			

	B4.5 Development of learning materials related to the transition to work skills	Learning materials developed and teachers trained for implementing compulsory Skills for Life subject in secondary education. In line with national gender policy, promotion of women's and girls' uptake of non-professional courses, particularly in high-potential and high-productive sectors of the Albanian economy.	MoSWY NAVETQ	GIZ Career guidance tools			
B5. Enhancing recruitment and improving competences of VET teachers and teacher trainers (incl. pre service training and continuous professional development), actors in charge of regional management, school or centre directors, inspectors.	B5.1. Definition of a new policy for recruitment and professional development of VET teachers and instructors to ensure quality of teaching and learning	Approved policy paper regarding competence standards, pre service training and induction periods, certification, criteria for selection or recruitment, salary levels and continuous professional development of VET teachers and instructors (referring back to resp. CARDS document).	MoSWY NAVETQ MoES	Korça University Polis University Tirana Teacher trade unions VET providers VET teacher training experts VET teachers International experts			
	B5.2 Assessment of competences of VET teachers in public VET institutions and carrying out of an analysis of the demand for VET teachers and instructors, nationwide and by sectors	Once regional VET providers network and VET profiles to be offered have been redefined, a national plan for selection/ recruitment and development of VET teachers and instructors/ specialists in 5-10 year perspective approved.	NAVETQ	International and local experts			
	B5.3 Review of the teacher preparation model	VET teacher pre-service programme revised.	NAVETQ	Ministry of Education and Sport Korca University Polis University Tirana Tempus programme in higher education VET providers Companies			
	B5.4 Induction of training for all potential VET teachers that	Compulsory induction training for potential VET teachers implemented.	Universities	VET providers Companies			

	includes obligatory modules on gender equality and social inclusion/diversity issues						
	B5.5 Organisation and delivering of massive training for all VET teachers (in-service), including obligatory capacity development on gender equality and social inclusion/diversity matters	<p>Training needs identified.</p> <p>Database of trainers (including those trained under different donor projects), by specialist area, for both pre and in service training prepared.</p> <p>List of available training modules recorded in a database.</p> <p>Annual plan to organise VET teacher training defined and funds allocated.</p> <p>Networks of teachers in the same occupational field organised (as communities of practice).</p> <p>Online teacher materials for self-learning adopted.</p> <p>Modules on gender equality and diversity knowledge skills are integral part of VET teacher training materials</p> <p>Albanian citizens who obtained unique skills abroad transfer them through VET courses or short-term return trainers' schemes</p>	NAVETQ (rather than ISHA) to be in charge of coordinating/organising VET teacher training.	International and local experts (GIZ, Swisscontact, Kulturkontakt models)			
	B5.6 Organisation and delivering of training for managers of public VET human resources (regional managers, directors, Board members, VET inspectors)	<p>Training needs identified.</p> <p>Database of trainers and training modules created.</p> <p>Network of directors of VET institutions exchange information, learn and solve problems.</p>	NAVETQ	International and local experts			

C. Promote social inclusion and territorial cohesion

C1. Extending employment and training services to rural areas	C1.1 Establishment of inter-ministerial cooperation to address the situation in rural areas, including the coordination with government initiative	<p>Inputs to Rural Development Strategy by Ministry of Agriculture and Rural Development provided.</p> <p>Statistical survey methodologies revisited to consider women and men living in rural areas.</p> <p>New system in place for registering female</p>	MoSWY NES	<p>Min of Agriculture and Rural development</p> <p>INSTAT</p> <p>ILO</p>	<ul style="list-style-type: none"> • Share of long-term unemployed (over total unemployment), by sex • Youth unemployment rate (15-24), by sex • Gender wage gap 	<p>In 2012, 75.1% of total unemployment was long-term;</p> <p>In 2012, the unemployment rate was 26.6%;</p> <p>In the same year, the youth</p>	<p>60% long term unemployment rate;</p> <p>Reduction of the unemployment rate by 15%, with special incidence on women unemployed (by x% , and of female youth by</p>
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	<p>and strategies including Strategy for Rural Development.</p>	<p>and male unemployed jobseekers from rural areas. Reconsider definition of "self-employed" in rural areas together with INSTAT. People (families) who own a piece of land are not self-employed <i>per definitionem</i> (e.g. Macedonia and Romania do cover people in villages).</p> <p>System for registration of female and male rural workers, payment of a small tax for receiving minimum social protection and employment services in return defined and implemented.</p> <p>Statistical methodology tracking female/male rural out-migration established</p> <p>Areas of significant out-migration from rural areas are mapped</p>		<p>International and local experts</p>	<ul style="list-style-type: none"> • Employment divide across regions • Unemployment among returnees, by sex • Share of social assistance beneficiaries referred to employment services and programmes • Share of individuals both socially and economically excluded (i.e. Roma, migrants, PWD, etc.), by sex; • Number of female/male individuals receiving social assistance and registered with the employment services; • Share of social assistance beneficiaries accessing employment services and programmes, by sex; • Share of benefit recipients shifted from welfare to work, by sex • Number and type of efforts resulting in increased child care facilities for 3-5 year old including in rural areas; 	<p>unemployment rate was 40.3%;</p> <p>In 2012, the gender wage gap was 20% country wide.</p> <p>The employment divide across regions was 1:3.</p> <p>In 2012, the share of social assistance recipients benefitting from employment services and programmes represented 1.4% of all unemployed benefitting from employment services</p> <p>In 2012, the total number of household receiving social assistance was 99,715;</p> <p>In 2013, the total number of individuals registered as unemployed and benefitting from social assistance was 82,349;</p> <p>There is no mutual obligation system or from welfare to work programmes yet.</p>	<p>x%);</p> <p>30% youth unemployment rate (15-24years old);</p> <p>Gender wage gap is reduced in 0,5 p.p annually, and 1 p.p. in rural areas;</p> <p>Employment divide across regions is reduced to 1:2;</p> <p>Share of social assistance recipients increases to 5%, of which x% are women;</p>
<p>C1.2 Expansion of the employment services to rural areas</p>	<p>Territorial coverage of NES office/services is mapped out. (Focus on uncovered areas with a view to ensure service delivery according to regional differences.)</p> <p>NES staff have updated their knowledge on needs of women and men in rural areas and the support including training and other ALMPs to which they could be referred. Action Plan including capacity building of NES staff is drafted and implemented.</p> <p>Initiatives to promote registration of unemployed women and men from rural areas are developed</p> <p>Mobile units offer employment services to female and male unemployed jobseekers in rural areas.</p>	<p>MoSWY NES</p>	<p>MoRDA</p> <p>NES Regional and local offices</p> <p>Rural development partners at national and local levels</p> <p>International experts</p> <p>ILO</p>				
<p>C1.3 Increase of VET offers in rural areas and outreach to excluded, vulnerable women, girls, boys and men in these areas</p>	<p>Public or private training providers to establish satellites or mobile units to offer training courses also in rural areas, tailored to the needs of rural population, including female and male youth and women of all age groups.</p> <p>Basic & practical skills courses for crafts trades, farming, food processing offered to female and male rural workers.</p> <p>Post-secondary VET to cover agro-food</p>	<p>MoSWY NES</p>	<p>International partners</p> <p>Local trainers/coaches</p> <p>NGOs</p> <p>Rural development partners</p> <p>Universities and VET providers</p>				

		processing technician training, particularly for women.					
	C1.4: Training and employment of marginalised and disadvantaged women and men, including Roma and PWD	A new program on wage subsidies and on the job training for people with PWD will be implemented for the first time in 2014. Review of the ALMMs is carried out and new measures designed.	MoSWY NES				
C2. Promoting social entrepreneurship (social economy and the third sector jobs) and women's economic empowerment	C2.1 Design and implementation of measures in relation to social entrepreneurship	Concept of social enterprise (incl. model of cooperatives) is defined and addressed through proper legislation. Comprehensive start-up strategies consisting of one-stop-shop consultancy, professional business idea assessment is composed. Modularised training in preparation of a start-up and on-going consultancy for at least the first year of self-employment is assured Required qualifications ensuing from the Small Business Act for Europe - Istanbul Indicators integrated into NES modules, and reflected in all training, coaching, counselling and business consultancy measures Increasing access to training and the labour market for women by supporting policies, measures and initiatives that aim at reconciling work and family life (e.g. child care facilities), including in rural areas. ⁵⁴	MoSWY NES	International partners Local trainers/ coaches NGOs Rural development partners			
	C2.2 Creation of conditions for fostering female and male employment in the third sector (social enterprise focus)	Capacity building of NGOs including improvement of management knowledge and skills, supporting professionalism, training for the establishment and implementation of new business, and promotion of "learning partnership" is promoted. Training of local and regional authorities and public institutions how to work with third	NES MoSWY	International partners Local trainers/ coaches NGOs Rural development partners			

⁵⁴Pursuant to ILO Convention 156 on Workers with Family Responsibilities (ratified by Albania 11 October 2007); the European Commission's Community Charter of the Fundamental Social Rights of Workers; and to the 1998 guidelines for Member States' employment policies, adopted by the Council of Ministers in December 1997, which reaffirms the central role of childcare provisions in reconciling work and family life and calls for adequate provision to be made for the care of children and other dependents.

		sector organizations is delivered. Cooperation between NGOs and the business sector is promoted.					
C3. Introduce an activation strategy to minimize inactivity and welfare traps	C3.1 Reform of social assistance system to avoid leakages, targeting errors and increase coverage of eligible individuals and to link welfare with reintegration into the labour market	<p>Harmonized delivery of employment and social services to address the needs of individuals facing multiple disadvantages, maximize the interaction between passive and active policies, identify disincentives to labour market participation, and reduce welfare dependency.</p> <p>A system combining social welfare and active labour market policies (possibly including a community works programme) is established to support labour market integration of <i>Ndihma Ekonomike</i> recipients.</p> <p>A monitoring mechanism is established which tracks the situation of vulnerable and/or socially excluded women and men in Albania, including those affected by migration.</p>	MoSWY MoFinance	Social Security Institute NES Local government/ Municipalities World Bank			

D. Strengthen the governance of labour market and qualification systems

D1. Reforming the financing and governance of the labour market and VET systems.	D1.1. Creation of an Employment and Training Fund	<p>Employment and Training Fund principles and mechanisms for both the collection of contributions and the disbursement of funds developed in consultation with the private sector and donors.</p> <p>Legislation for Employment and Training Fund drafted and adopted.</p> <p>Employment and Training Fund managers and staff recruited and trained.</p> <p>Employment and Training Fund procedures drafted and made operational .</p> <p>Annual implementation plans drafted and implemented through specific regulations.</p> <p>The role of business as intermediaries is strengthened.</p> <p>Calls for applications published to fund training and employment measures according to specific criteria.</p> <p>Contracts with providers signed and managed.</p>	MoSWY MoFinance	Social partners International donors Private companies Employment and Training Fund management	<ul style="list-style-type: none"> • Share of staff of the Employment and VET Departments dealing with core tasks • Level of implemented actions compared to interventions planned in the Annual National Action Plan • Social dialogue tables regularly conveyed to discuss structural reforms • Range of gender-sensitive employment indicators used for reporting to the Government on employment and VET; • Application of the relevant indicators of National Set of Harmonised Indicators 	<p>Currently just over 30% of the staff of the Employment and VET Departments deals with core tasks;</p> <p>Currently there is no National Action Plan on Employment and VET policies;</p> <p>Social dialogue tables are conveyed on ad hoc basis;</p> <p>The range of labour market indicators reported upon are labour force participation, employment and unemployment (by sex);</p> <p>There is currently no results-based monitoring and evaluation</p>	<p>75% of the staff of the Employment and VET Departments deals with core tasks at MoSWY;</p> <p>80% of the targets of the Annual Action Plan of the Employment and Skills Strategy achieved;</p> <p>Meetings of the National Labour Council and other social dialogue initiatives are promoted regularly;</p> <p>A Labour market Information System is in place;</p>
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		Awareness-rising, publicity, monitoring, evaluation and reporting activities implemented.			in monitoring VET and labour market developments	system;	A Monitoring and Evaluation Plan of the current National Strategy for Employment and Skills is implemented;
D 1.2. Creation of (an) autonomous structure(s) for the administration and the development of VET (the current NAVETQ)		<ul style="list-style-type: none"> Revised Law and related by-laws drafted and adopted Strong private sector participation ensured in the decision-making of the structures and annual development activities. Structure(s) for the administration and development of VET in Albania established and organisational chart and tasks defined. Staff recruited and all staff trained in line with the new tasks and a training needs analysis. Annual plans for VET development approved in line with NESS 2020 Action Plan and progress reporting assured. Tasks of the structure in charge of VET development include among others: Supervising sector committees to analyse skill needs and draft qualifications (see D2). Vocational qualifications of AQF developed for priority sectors and inserted in the database Annual plans for investments into buildings and equipment drafted and implementation monitored. Management of the reconceptualised and rationalised network of public VET providers, based on redefined status of these VET providers. Frame curricula developed, based on respective vocational qualifications and levels of competence (see B2.2) In-service VET teacher training organised (see B5) Research and development projects and related calls for applications, as well as 	MoSWY	<p>MoES Social Partners ETF (for work on comprehensive VET legislation)</p> <p>International agencies and experts NAVETQ</p> <p>IPA II project</p>	<ul style="list-style-type: none"> Number of Private Employment Agencies authorized to operate under the new legislative framework; Amount invested in vocational education and training Share of vocational education and training graduates employed in occupation of training, by sex Number of Sector Committees established Number of individuals undergoing RPL assessments. A skills forecasting system is available to plan vocational education and training delivery – DACH + consider it very ambitious 	<p>Available labour market information is scantily used for vocational education and training planning and there is no skills forecasting system;</p> <p>There is still no autonomous National Vocational Education and Training Authority;</p> <p>The overall funding available to vocational education and training in 2013 amounted to ALL 2.400 M;</p> <p>The involvement of social partners in the planning and financing of the vocational education and training provision is still limited;</p> <p>Vocational education and training outcomes are not regularly measured;</p> <p>There is no quality assurance system for vocational education and training services;</p> <p>The legislation of the AQF is not yet operationalized;</p> <p>There are no Sector Committees yet;</p> <p>Albanian citizens returning back to Albania and foreigners in Albania have difficulties in recognizing qualifications and skills obtained during vocational training or work abroad;</p> <p>There are no certification</p>	<p>An autonomous body to govern VET sector is created;</p> <p>30% increase in the funded invested in vocational education and training;</p> <p>An Employment and Training fund is created and implemented with the participation of the private sector.</p> <p>Albanian Qualification Framework is further developed and its legal framework revised.</p>

		<p>competitions are prepared and administered.</p> <ul style="list-style-type: none"> • Cooperation with donors, and follow-up of donor initiatives is ensured. • Participation in EU dialogue processes, reporting exercises and programmes ensured. <p>VET system is capable to prepare specialists who are on demand not only in Albania, but also in other countries</p> <p>Curricula and training methodologies include occupations which are compatible in international markets, in particular EU</p> <p>Foreign employers are offered opportunities to support VET of their potential employees before they depart for work abroad</p>				<p>procedures or RPL available;</p> <p>There is currently no tracer system to measure the labour market performance of vocational education students;</p> <p>Standards on ethical and fair recruitment are not formulated nor enforced;</p> <p>Labour mobility is not included as a factor affecting the situation on the labour market;</p>	
	D 1.3 Strengthening the role of the National Labour Council	<p>Functional National Labour Council with tripartite representation is approved.</p> <p>Regular meetings according to regulation are organised.</p>	MoSWY	Social Partners			
	D 1.4 Creation of a National Council for Employment and VET	<p>Mechanisms for regular meetings of National Council for Employment and VET are created.</p> <p>Ad hoc working committees are established.</p> <p>Deliberations on Employment and VET governance and financing are taken timely.</p>	MoSWY	<p>MoES</p> <p>MoETE</p> <p>MoRDA</p> <p>MoF</p> <p>Social Partners</p>			
D2. Developing and implementing the Albanian qualifications framework.	D2.1 Review of the work undertaken on vocational qualifications of the AQF	<p>Legal framework for AQF has been reviewed.</p> <p>Reviews undertaken on the work done so far on qualifications by NAVETQ and under different donor projects, and on qualifications offered by public or private VET providers or universities or existing only on paper.</p>	<p>MoSWY</p> <p>NAVETQ</p>	<p>MoES</p> <p>Social partners</p> <p>ETF 2014-2017</p> <p>International and local experts</p>			
	D2.2 Establishment and operationalization of sector committees	<p>Sectors of strategic importance to Albania have been prioritised and sector committees established with social partner representation.</p> <p>Sector committees reviewed qualifications required within their sector.</p> <p>NAVETQ revised list of professions.</p>	NAVETQ	<p>Social partners</p> <p>International and local experts</p>			

		Sector committees developed occupational standards at different levels of competence for a prioritised list of occupations.				
	D2.3 Revision and linking of curricula to the AQF	Curricula revised on the basis of qualifications referenced to AQF levels.	NAVETQ	International and local experts IPA II projects		
	D2.4 Selecting bodies and putting in place procedures for the validation of qualifications, skills assessments, certification and the validation/ recognition of prior learning	Bodies appointed and procedures in place for the validation of qualifications; assessments of knowledge, skills and competences; certification; and validation of prior learning. National system of qualifications is capable of recognizing work experience, skills and qualifications received abroad	NAVETQ	NES ILO-EU IPA 2010 Project implements the pilot for RPL IPA II projects		
D3. Improving the quality and gender-sensitivity of labour market information and ensure its use for more equitable and effective governance, including funding	D3.1 Gender-sensitive review of existing surveys and analysis of skills needs at national and regional levels	Regular gender-sensitive national skill needs analyses carried out and findings published on line. Skills needs assessment and related methodologies take into account mobility/migration of the population. Capacity development measures that ensure that gender equality, diversity and equal opportunity aspects are integrated into all methodologies and studies, and into the analysis and interpretation of VET and labour market data Regional skill needs, using ETF-GIZ baseline study and regional development plans (UNDP), among others. National and regional skill needs analyses have informed the re-conceptualization of the network of VET providers and the gender-sensitive VET profiles offered in Albania and in each region.	MoSWY NAVETQ NES	GIZ is developing selected instruments of a labour market information system ILO-UNDP SIVET project has carried out SNA surveys		
	D3.2 Establishment of a gender-sensitive tracer system for VET graduates (initial and continuous training)	Gender-sensitive tracer systems implemented by all VET providers and results released to the general public. Gaps in gender-specific data and information closed	MoSWY NAVETQ NES	ILO-EU IPA 2010 project is piloting a tracer system for VTC's GIZ work on tracer system		

		Employment policy makers are capable of recognizing skill gaps in the national labour market and elaborate measures promoting skill transfer/borrowing from other labour markets		IPA II projects			
	D3.3 Developing information sharing instruments about gender-sensitive labour market data (labour market bulletins, websites etc.)	<p>Gender-sensitive labour market data are released regularly.</p> <p>Gender equality, diversity and equal opportunity goals are integrated into all procedures and processes of information sharing, and into the analysis and interpretation of labour market data.</p> <p>Labour market information system (LMIS) is capable of feeding into decision making on broadening/narrowing access of foreigners to labour market in Albania, identifying sectors, locations with labour shortages and structural imbalances</p> <p>Gender-sensitive labour mobility/migration indicators are inserted into the LFS and monitored.</p> <p>Methodology for gender-sensitive measuring of labour migration in Albania is developed and applied for generation of statistical data</p> <p>Regular report on labour mobility/migration within, to, and out of Albania is produced.</p>	<p>MoSWY</p> <p>NAVETQ</p> <p>NES</p>	GIZ is developing selected instruments of a labour market information system			
	D3.5 Establish mechanisms for sectoral skills forecasting	<p>Sectoral skills forecasting methodology is designed</p>	<p>MoSWY</p> <p>National Authority for Vocational Qualifications</p> <p>NES</p>	<p>International experts</p> <p>DACH + rejected this measure</p>			
D4. Modernising the legislative framework for VET (initial VET and adult training)	D4.1 Review of all pieces of existing legislation that regulate VET (in schools, VTCs, or higher professional education at universities, by public or private providers) and aspects related to VET (curriculum	<p>Legal working group is created to review examples from other countries and design a new comprehensive VET framework legislation.</p> <p>New framework VET legislation in place, that regulates all aspects of a modern VET system.</p>	<p>MoSWY</p> <p>MoES</p>	<p>Legal experts</p> <p>ETF 2014-2017</p>			

	development, teacher training etc.)						
D5. National legislation regulating mobility and labour market governance are in line with the country's broader socio-economic development goals and EU Acquis. NEW PRIORITY AREA	D5.1. Approximation of relevant Albanian legislation with EU Directives	Compliance is ensured on blue card directive, seasonal worker directive, single permit, researchers and scientists, family unification	MoSWY MoJustice				
	D5.2. Closing of skills gaps in the local labour market by active employment of specialists	Skill transfer programmes are facilitated (My opinion is to delete this one)					

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