



**REPUBLIC OF ALBANIA  
MINISTRY OF LABOR, SOCIAL AFFAIRS  
AND EQUAL OPPORTUNITIES**

**SECTORAL STRATEGY ON EMPLOYMENT  
AND VOCATIONAL TRAINING  
2007-2013**

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## **Dear Reader,**

Employment constitutes one of the most crucial economic and social issues of the Albanian society. The Albanian Government has seriously engaged in the reduction of its consequences through ensuring paths for developing and opening new jobs. Employment is a complex challenge and opening new job places is a multi-sectorial phenomenon which involves macro-economic policies; business - friendly policies; education policies; social policies, etc. The strategy is sectorial and meets the role of the Ministry of Labour, Social Affairs and Equal Opportunities by integrating it to the economic, social, educational, enterprising and regional policies. Its core feature is the realistic character and the achievement of this strategy needs the participation of different stakeholders that are active in the labour market.

The strategy aims at serving as basis for development of different policies while designing medium-term and short-term budgets; better timing of the development plan and use of human potential as well as establishing a better relation between development policies and employment.

This strategy aims at serving as an instrument for increasing the level of employment in the whole economy for all the sectors in the labour market; enable the gradual transition from passive efforts of unemployment in favour of active employment policy through creating employment. The strategy defines new methods of business management by enabling them to keep up with the economic changes, globalization, competition etc, through establishing adaptation possibility, security, reformation and expanding long-life forms of vocational training.

Institutionalization of labour market, through coordination of arrangements among different institutions, and management improvement of the labour market service agencies and mainly National Employment Service, are of crucial importance to the Strategy presented in this publication.

The Strategy foresees the improvement of employment and vocational training service systems which will be achieved through; (i) establishment of a modern and unique system of employment services in the whole country; (ii) establishment and development of partnership relations with other actors in the labour market; (iii) development of information technology (IT) in the employment services; (iv) improvement of contacts with enterprises; (v) development of human capacities; (vi) improvement of collaboration with private employment services; (vii) establishment of a unique and qualitative VET system, able to contribute in the ongoing development of occupational skills and active citizenship for youngsters and adults; (viii) provision of vocational qualifications in line with demands of the economic and social country development in the frame of European and regional integration.

The Strategy was developed following consultation with all stakeholders as well as relevant donors and foreign partners active in the labour market field, Labour

Commission, Social and Health Affairs, Albanian Parliament, as well as in the National Labour Council and National Vocational Education and Training Council. The Strategy is supported by the State Budget as well as from foreign donors' funding.

The Strategy is based on the Guidelines of the European Employment Strategy and it reflects remarks and suggestions of ILO, of European Council as per "Review Report on Employment Policy", as well as from World Bank as per study "Albania – A Labour Market Assessment"

The approval of this Strategy and respective Action Plan for its implementation by the Council of Ministers with CoM decision No. 751 dated 7.11.2007, expresses the great importance that the development and consolidation of the labour market beholds.

We are aware that this document will be further improved and developed while working. For this, more input, which we encourage and welcome at any time, are needed.

**Sincerely**

**Koço Barka**  
**Minister**

## **Introduction**

As the employment is one of the most immediate concerns for Albania, taking into consideration also the fact that the GDP increase in the last years has been 6-8%, the creation of new job places in the public and private sector has been low, as in other South-eastern European countries, the Government of Albania, based on the recommendations of different international institutions, is drafting the Sectorial Strategy on Employment, aiming the improvement of the employment indicators through elaborating more efficient policies.

The employment in general is a complex challenge and the creation of new job places is a multi-sector phenomena, which includes macroeconomic policies, favourable policies for the business, educational policies, social policies, etc. The Ministry of Labour, Social Affairs and Equal Opportunities, conscious for its role in the field of the employment policies, will work in collaboration with the other partners and actors to coordinate and achieve tangible results for the complex challenge of employment. To treat in realistic way and to resolve the employment problems, the strategy have consider and referees to other strategies, like National Strategy of Social Inclusion, National Strategy of Regional Development, etc.

The sectorial strategy on employment aims to establish the basis for the improvement of employment services and vocational training system, and the implementation of active and passive employment programs. This strategy supports also the Government program of 2005-2009 in which are defined the main objectives for accomplishing full employment and reduction of unemployment. These objectives are:

- Creation of employment possibilities for every Albanian. Unemployment, especially long-term and hopeless, urban and rural, particularly with its high levels amongst the new generation, is a serious social threat and a barrier for the development of the country.
- The increase of economic growth rhythm aims at the same time to create new job places, sufficient to decrease the unemployment at the level of European countries, to cover with employment opportunities the demographic increase of the population and furthermore to start influencing on the return of the emigrants.
- The efficient use of programs and instruments proved to be successful in order to enable the adjustments of labour market deficiencies, such as information and mediation tools, vocational training, fiscal incentives, etc.
- The programs of employment stimulation will be implemented in collaboration with civil society organizations and the private sector. They will match the reality, needs and urban, rural and regional trends.
- The vision of the government for the formation is based in the continuous education example, starting from preschool age and continuing the whole life.

- The Government is committed for a comprehensive reform on education, supported by considerable public resources, the amplification of the support by international partners and the involvement of the private sector in this field.
- Public expenses for the education and training, including university, to be the major entry in the state budget, reaching a level of 5% of the GDP (in 2009).

The strategy includes a general overview of the labour market situation with data mainly taken from INSTAT and from the short-term study performed by National Employment Service in 2005.

More concretely in the strategy is foreseen the improvement of employment services and vocational training system which is intended to be accomplished through: (i) establishing a modern and unique system of employment services countrywide; (ii) establishing and developing partnership relations with other actors in the labour market; (iii) developing the information technology in the employment services as a key factor for the improvement of the service quality; (iv) improving contacts with the enterprises; (v) developing human resources; (vi) improving the cooperation with the private employment services; (vii) establishing a unique and qualitative system of the Education and Vocational Training (VET), capable to contribute to the continuous development of professional capacities and active citizenship of youngsters and adults; (viii) offering professional qualifications in compliance with the requirements of the economic and social development of the country, in the framework of regional and European integration.

This strategy also deals with programs which are implemented by the employment offices such as the program for employment stimulation, unemployment wage, new labour market programs, vocational training program, etc.

A part of the strategy elaborates the creation of a positive environment for business and investments, increase of SMEs competitiveness in the regional and global market, through the development of the technology and information, reduction of the administrative barriers and the creation of business facilitations.

In the compilation of this strategy haven been taken into consideration the recommendations, remarks and suggestions of the international institutions such as World Bank, the Report of the International Labour Organization (ILO) on reviewing the employment policies and also have been taken into account the guidelines on employment of the European Union member states.

## Chapter 1. Current situation

The macroeconomic reforms and the restructuring of early 90s decreased the labour demand in Albania, same as in other countries in economic transition, the country incurred a decrease in the labour force participation. The massive privatization of closed state enterprises, also the increase of competition for a reduced number of job places obliged many people to withdraw themselves from the labour force.

The big decrease in work participation level of the labour force might have different reasons, such as considerable number of persons working in the informal sector, others might be discouraged by the situation of the labour market and stepped away from the labour force<sup>1</sup>.

These indicators are related also to the current labour market situation where the employment of women decreases because of (i) the closure of many previous industrial activities established before the 90s, employing a high number of women; (ii) the development of economic activities more oriented toward to the employment of men, such as trade or construction; (iii) the rural-urban movement, that doesn't give many possibilities to women coming from the rural areas to enter the urban labour market, this because of the low education level, current level of technology , etc.

The participatory level of men to the labour force has been historically higher than the participatory level of women and the transition period influenced more in women than men employment. For example in 1998, as a consequence of the pyramid schemes crisis, the participation level of men in the labour force was 89.5% against only 59.8% of women in working age.

### The labour force balance in 1994-2006

*In thousands*

Years	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>Total Population</b>	<b>3202</b>	<b>3075</b>	<b>3075</b>	<b>3075</b>	<b>3055</b>	<b>3054</b>	<b>3061</b>	<b>3074</b>	<b>3093</b>	<b>3111</b>	<b>3127</b>	<b>3142</b>	<b>3142</b>
- Men	1586	1570	1577	1566	1543	1533	1530	1533	1542	1551	1558	1577	1577
- Women	1616	1480	1498	1509	1512	1521	1531	1541	1551	1560	1569	1565	1565
<b>-Population in working age</b>	<b>1786</b>	<b>1759</b>	<b>1774</b>	<b>1773</b>	<b>1762</b>	<b>1761</b>	<b>1765</b>	<b>1773</b>	<b>1800</b>	<b>1826</b>	<b>1850</b>	<b>1877</b>	<b>1877</b>
-Men	900	897	905	904	898	898	900	906	919	931	944	959	959
- Women	886	862	869	869	864	863	865	867	881	895	906	918	918

<sup>1</sup> Hobdari B; "Labour market and regional unemployment inequity in Albania". Series of Eastern Europe No. 53, Institute for Advanced Studies , Vienna, 1998

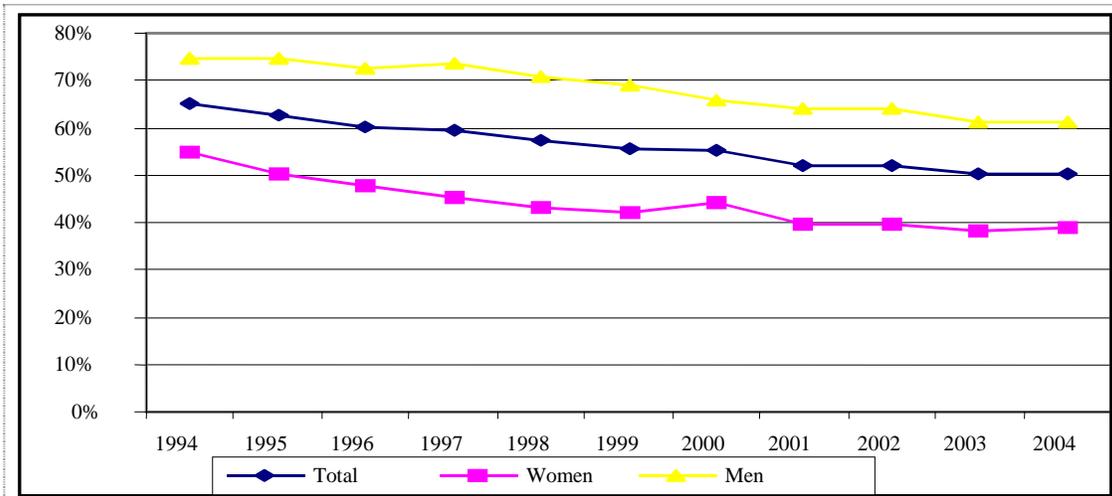
<b>Total labour force</b>	<b>1423</b>	<b>1309</b>	<b>1274</b>	<b>1301</b>	<b>1320</b>	<b>1305</b>	<b>1283</b>	<b>1101</b>	<b>1092</b>	<b>1089</b>	<b>1088</b>	<b>1085</b>	<b>1083</b>
-Men	814	775	764	794	803	791	754	674	668	665	660	655	653
-Women	609	534	510	507	517	514	529	427	424	424	428	430	430
<b>Percentage of participation of labour force</b>	<b>79.6</b>	<b>74.4</b>	<b>71.8</b>	<b>73.4</b>	<b>74.9</b>	<b>74.1</b>	<b>72.7</b>	<b>62.0</b>	<b>60.6</b>	<b>59.6</b>	<b>58.8</b>	<b>57.8</b>	<b>57.8</b>
-Men	90.0	86.3	84.4	87.8	89.4	88.0	83.7	74.4	72.7	71.4	69.9	68.3	68.3
-Women	68.7	61.9	58.7	58.3	59.8	59.5	61.1	49.2	48.1	47.3	47.2	46.8	46.8
<b>Employment level</b>	<b>65.0</b>	<b>64.7</b>	<b>63.0</b>	<b>62.4</b>	<b>61.6</b>	<b>60.4</b>	<b>60.5</b>	<b>52.0</b>	<b>51.1</b>	<b>50.7</b>	<b>50.3</b>	<b>49.7</b>	<b>49.6</b>
-Men	74.8	76.2	74.7	75.6	75.3	73.6	71.2	63.8	62.8	62.2	61.2	60.0	60.0
-Women	55.0	52.6	50.6	48.7	47.3	46.8	49.3	39.6	39.0	38.8	38.9	38.8	38.8
<b>Registered unemployment in %</b>	<b>18</b>	<b>13%</b>	<b>12</b>	<b>15</b>	<b>18</b>	<b>18</b>	<b>17</b>	<b>16</b>	<b>15</b>	<b>15</b>	<b>14.4</b>	<b>14.1</b>	<b>13.8</b>
- Men	17	12	12	14	16	16	15	14	14	13	12	12.1	12
- Women	20	15	14	17	21	21	19	20	19	18	18	17.2	17.1

Source: INSTAT

## Employment

The Albanian labour market after the 90s has been characterized by low employment level, typical for countries in transition. The reduction of employment level during the 90s is a result of the employment decrease in state sector. The number of employees in the state sector decreased from 850 000 in 1991 to 189 000 in 2001 and to 176 000 in 2004. This employment decrease in this sector came as a consequence of massive privatization of the state owned enterprises. The prices liberalization, the end of socialist state, the lack of capital and the foreign competition – measures undertaken to transform the national economy to a long-term competitive one, highly weakened the new privatized enterprises and made them go bankrupt. The industrial sector - mineral extraction, metallurgy, equipment and spare parts fabrication, chemical industry, paper and textile production – were the most seriously hit. The decrease of the yearly income caused the decrease of the job places in state structure.

### Employment level during 1994 – 2004

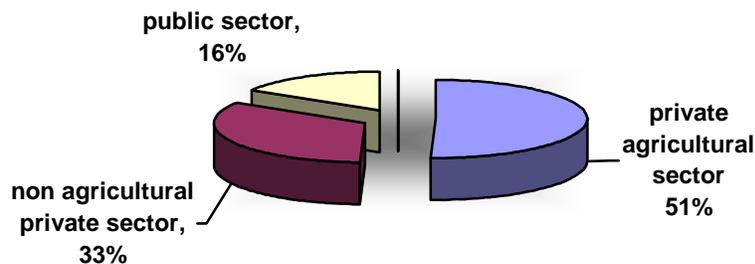


Also within the employment structure by sector are noticed important differences, while in 1995 the employment in the state sector was 33 percent, in 2006 this sector constitutes 18 percent of the total number of employees, this due to the privatization reforms in this sector. While the employment in the private non-agricultural sector tends to increase, from about 10 percent in 1995, it reaches 24 percent of the total number of employees in 2006.

The employed women constitute 37 percent of the total employments. The analysis of employment levels in years shows that during the whole period 1993-2006 the level of employment of women continue to be evidently lower than men.

Within the employment structure by sector are noticed important differences, while in 1995 the employment in the state sector was 33 percent, in 2006 this sector constitutes 16 percent of the total number of employees, this due to the privatization reforms in this sector. While the employment in the private non-agricultural sector tends to increase, from about 10 percent in 1995, it reaches 33 percent of the total number of employees in 2006.

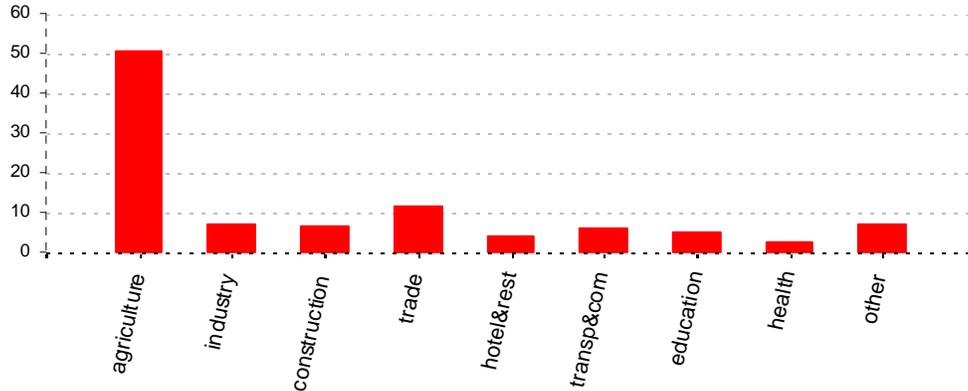
### Employed by sector



Source: INSTAT

Currently the number of employees is about 932 thousands of persons. Most of the employees work in agriculture, 51%. A part of the employees works in construction and transportation 12.7%, trade 11.6%, followed by industry at 7.1%. The high percentage of employment in agriculture shows that Albanian society still remains a rural population despite the big movements toward urban areas.

**Employees by economic activities in 2005**



Source INSTAT

The employed women equal to the 37 percent of the total number of employments. The analysis of employment levels in years shows that during the whole period 1993-2006 the employment level of women has been evidently lower than men. This difference continues to be maintained in the same levels. The differences between the employment level women–men are more accentuated in the private non-agricultural sector, where the number of employed women is only 25%.

### **1.2 Informal sector**

The informal sector in Albania is analyzed using the data on the individual employment and the data on the non-farming family enterprises. The employment data show that about 10% of the employees in Albania work as non-farming family enterprises or as workers working on their own. The informal sector in Albania is bigger in urban areas (24%) than in rural areas (5%). About 15% of the employees in Tirana work on their own or work on non-farming family enterprises.

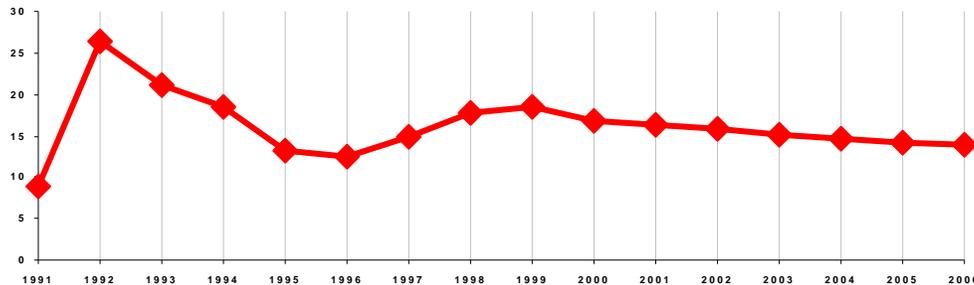
Almost three quarters of the individuals in the informal sector are hired for at least three years and about 10% of them are involved in the informal sector for more than 10 years. More than 90% of persons working in the informal sector have started their business as a way to look for a job.

### **1.3 Self-employment**

The concept of self-employment was introduced for the first time after 1992, upon the closure of the industrial enterprises and the reconstruction of the country's economy. The self-employment has tended to grow in yearly basis. Countrywide, 66 percent of the persons considered as employed are self-employed and only 34 percent are hired on payment. The self-employment in Albania has family business character mainly in trade and family inherited craftsmanship. 62 percent of employees work full time and 39 percent work part time, more full time employees are men (70 percent) than women (51 percent). There are many individuals with university education working full time (75 percent), compared to the individuals with high school education (73 percent) and the ones with low education (55 percent). The employment level in Tirana was only 39 % and was the lowest of all Albanian regions.

#### 1.4 Unemployment

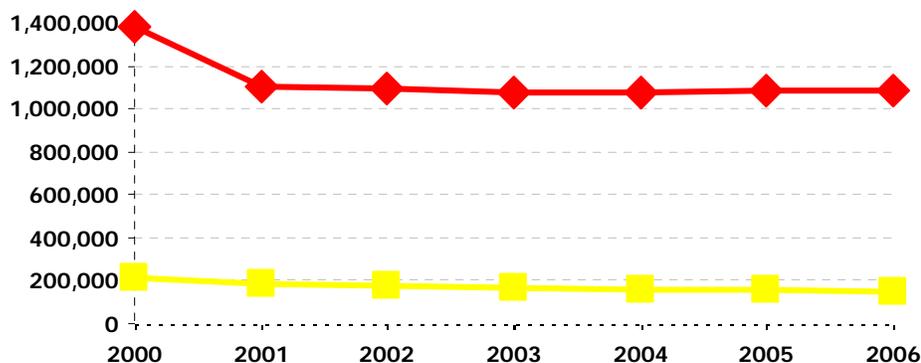
At the end of December 2006 there were about 150 thousands unemployed individuals registered or 13.8 %, out of which 10 000 are treated with unemployment wage while at the end of 2005 there were about 153 thousand unemployed individuals registered. The unemployment level countrywide in December 2006 was 0.3 % lower than the at the end of 2005.



Source: MOLSAEO

The unemployment level countrywide at the end of 2006 was 13.8 %. This figure is 0.3 % lower compared to the end of 2005 when unemployment level has been 14.1%. This decrease is caused by the decrease of the number of individuals benefiting from the economic aid scheme due to the increase of mediations.

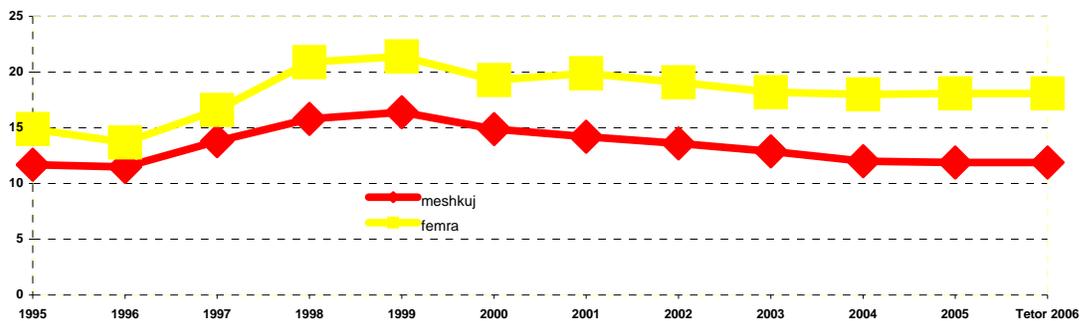
**Active force and unemployment in 2000-2006**



Source MOLSAEO

The unemployment level has been higher for women during the entire transition period. The closure of many industrial enterprises specialized in hiring women labour force, increased the unemployment level in this category. On the other hand this category of labour force, differently from men, showed to have difficulties to adapt with the new labour market situation.

### Unemployment for men and women during 1996-2006

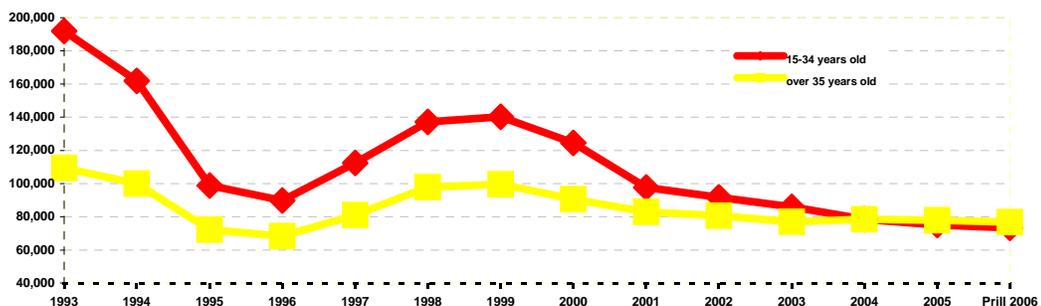


Source : MOLSAEO

The differences on the unemployment level between women and men are more accentuated in the urban area than in the rural one.

The analysis of the registered unemployed persons by age group shows that during the transition period an average of 60% of the registered jobseekers are less than 34 years old. Young people between 15-25 years old constitute 25% of the total number of unemployed jobseekers. At the end of 2004 the age group up to 34 years old and more than 35 years old are divided equally and in 2005 the number of unemployed jobseekers above 35 years old constitutes 51% of the total number of jobseekers.

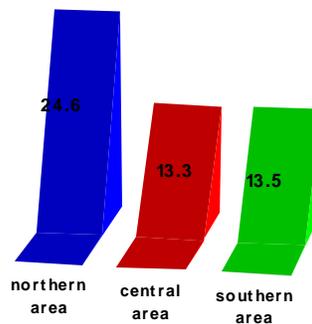
### Unemployment by age groups 1993-2006



Source: MOLSAEO

The unemployment level is higher in the north-eastern part of the country. This is mostly related to the fact that this area has not been able to regain the economic activities lost after the 90s, because of being a mountainous area and having poor infrastructure as well as lacking movement possibilities in neighbour countries. Can be also noticed a tendency of the businessmen to transfer their activity in the developed cities. Construction of Durres-Morine road, and increase of investments from state budget in northeast region are elements which can decrease the unemployment rate in this region.

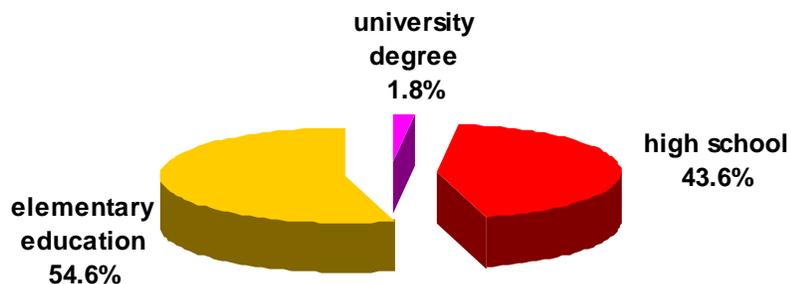
### Unemployment as per demographic division for 2006



Source: MOLSAEO

On the unemployment structure by educational level the main place at about 54.6% is constituted by unemployed jobseekers having elementary education. This group is the less qualified. The jobseekers with high professional school constitute 43.6%, while the jobseekers with university degree constitute inconsiderable percentage, only 1.8% of jobseekers.

### Unemployment by educational level 2006



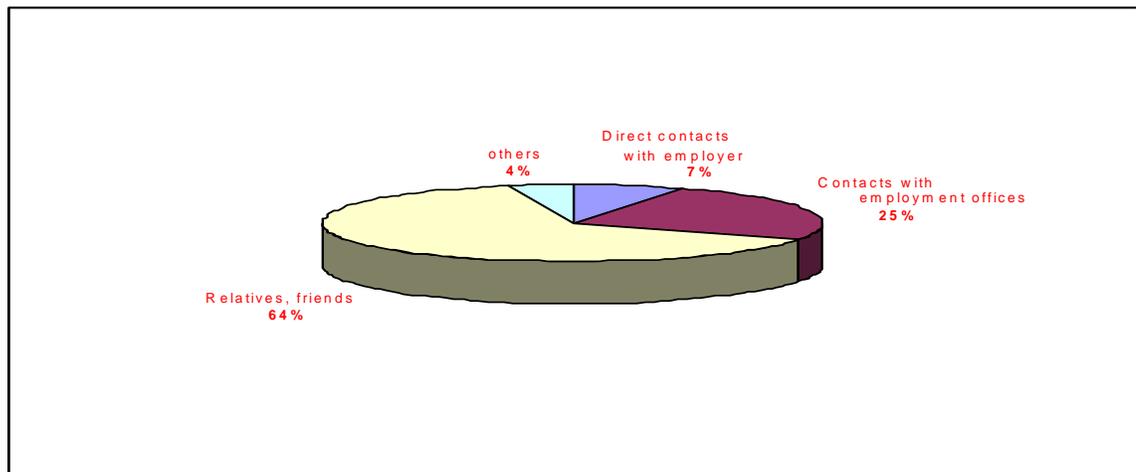
Source: MOLSAEO

The structure of unemployed jobseekers according to the period registered in the employment offices, shows the absolute predomination of long-term unemployed persons and as such are considered the ones registered in the employment office for more than one year. This category of unemployed persons is a big problem for the country as the economy restructuring nature and the absorption of this category from labour market is very difficult. The long-term unemployed people during 1993-2006 constitute about 66 % of the total number of unemployed individuals. The structure of long-term unemployment is:

- 66% of unemployed people
- 46% women
- 56% with elementary education
- 54% above 35 years old

The data of LSMS show that most of the unemployed people do not approach the employment offices in their attempts to get an appropriate job, especially the qualified jobseekers. The following graphic shows that about one fifth of the unemployed people during 2002-2004 have looked for a job through the services of the employment offices. More than 60% of these individuals use other methods to find a job, such as through friends or relatives. It is important to mention that employment services cover only the urban areas of country. To increase the employment, notably of the students which finished the vocational education schools is better to improve the cooperation between Regional and Local Labour Offices with Regional Education Directorate, Education Offices and vocational education schools and to see the possibility to include in professional practice program also the students who finished the vocational education schools.

Methods used by unemployed people to find a job for the first time, LSMS, period 2002-2004



The statistical data related to the unemployment level are reflected in the number of the registered unemployed persons, because in Albania until today there are no studies on the labour force (INSTAT has planned to carry out such study in 2007). As already mentioned this is a big deficiency for the Albanian statistics. Often is pointed out that the registration of unemployed people in Albania is not an appropriate indicator of the real unemployment level and does not reflect the real pressure of the labour market. Some of these reasons are related to the high level of informality, emigration, concealed employment in agriculture and the high number of non-registered unemployed people.

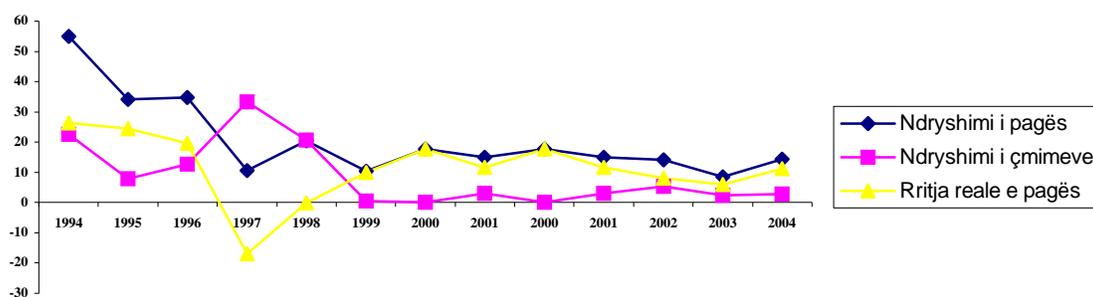
### 1.5 Salaries

Before 90s the salary level in Albania was the lowest in Europe. The economic crisis in early 90s worsened the situation. Market reforms were applied aiming the stimulation of economic growth. The restricting policy on incomes was an important part of this program which aimed the limitation of inflation. The real salaries decreased by almost 50% during 1991-1993. In 1994 and 1995 the real salary was increased by 25% annually. Anyways the pyramid schemes crisis and the high inflation in 1997 diminished the results and real value salary decreased by 17%.

The crisis of 1997 contributed also in limitation of the salary increase, but this was not the only reason. The most profitable enterprises were not allowed to pay high salaries through severe control of salaries<sup>2</sup>.

The macro economic stabilization after the crisis, the low level of inflation in the last years allowed again the increase of real salary. From 1998 it has been increased with 10 percent every year.

### Real salary increase in the state sector 1994-2004

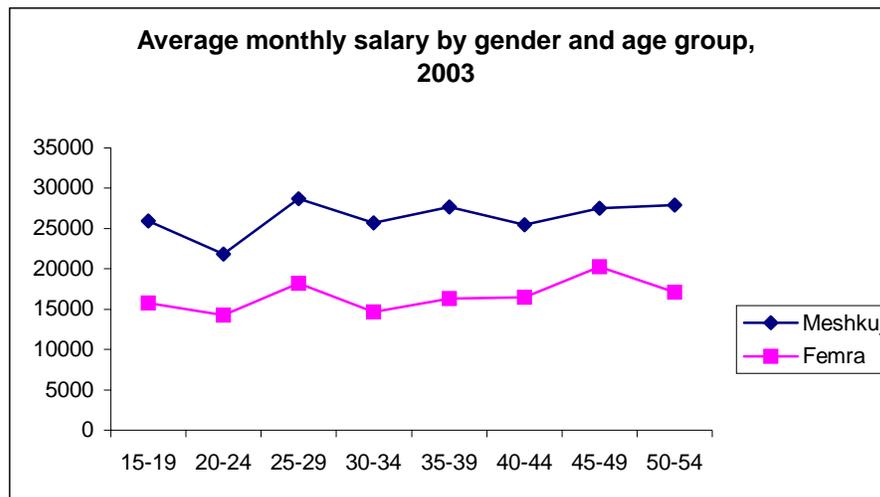


<sup>2</sup> EC – ILO report: Review of the employment policies

During 1997-2004, the transports and communication have had the highest nominal increase of salary among the industry branches. During 1999-2001 the average monthly salary in transports and communication has been the highest one. The salary increase in the services sector has been the second highest by branches.

According to the surveys carried out by INSTAT (LSMS 2002, 2003,2004) men are better paid than women in all sectors, but this is related to salary of the job position, and in positions having higher salaries the latest are assigned. The difference of the average salary between men and women is almost inconsiderable in the state sector.

Source: INSTAT



## 1.6 Vocational Education and training

The transformations leading to the market economy have brought to the society the need for new qualification levels toward new technologies and services.

Labour market orientation and practice, together with the requirement for flexibility, are now important points for the further development of the VET, in order to give it a new image, to educate and provide new generation with qualifications and necessary skills required today by the labour market.

The current system of Education and Vocational Training (VET) in Albania is weak, quantitatively and qualitatively. In general there is a lack of proper infrastructure, insufficient funding, low level of human resources, relatively old curricula which don't meet the labour market needs and old management method.

Currently in the country there are 40 technical and professional schools 22 regions. Out of these, 3 schools are in the rural area, oriented towards agriculture and agro-business.

Concerning the Vocational Training (VT), it operates through nine public vocational training centres in the largest cities of country as Vlora, Shkodra, Tirana, Durrës, Elbasan, Korçë, Tepelenë, Fier and 120 private licensed entities, out of which, 24 are Non Profit Centres, situated in the whole Albanian territory.

In the vocational training centres are organized short-term courses (6-7 weeks up to four months at the public centres, and 1 week up to 2 years at the private centres). According to the data of 2006, 72% of the qualifications are in computer and foreign languages and the rest in about 17 proper professions. Only in the public centres are registered 7574 course attendants, out of which 7004 are certified. About 57.93 % of the participants are women. The vocational training courses in the public centres are attended mostly by individuals up to 24 years old (62.78 %) and 56.17 % of them have completed high schools or professional ones. About 41.42 % of the attendants are unemployed, 17.89% of which are registered as unemployed (this figure varies according to the course category and regions).

Nevertheless, both Vocational Education and Vocational Training continue to have a low level reputation from the qualitative point of view and there is engaged a very low percentage of students, young people or adults. Also the private sector of VET is still weak and it shows similar characteristics as the public one.

The problems that the VET system suffers, make the intensification of the reform in this sector indispensable. The final objective is the harmonization of VET policies among them, as well as with policies of other fields, interested to develop the human, economic, social and labour market resources, etc. This requires a rationale use of the financial and human resources, taking always into consideration the reality and conditions of our country.

The European integration puts forward such requirements, which make indispensable the VET involvement in the contemporary developments, in harmony with what is happening in the region and in the European Union. The influence of Bologna, Lisbon and Copenhagen processes are already present in Albania, and are exercising a positive “pressure” on political levels, in order to move from “partial recovery as per immediate needs”, into “full and long-term solutions”, in the context of regional and European integration.

Therefore, the reforming policies of VET in Albania, besides dealing with traditional issues like the curricula, the training of teachers/instructors, school/centres supplying, has already started to be oriented more and more towards a “systematic reform” involving issues like National Framework of Vocational Qualifications (NFVQ), institutional development, accreditation, certification, market analysis, needs analysis, standards, social partnership, etc.

### **1.7 Identified problems in the labour market and measures being undertaken**

The Albanian labour market is characterized by problems for which the government is taking measures that should influence directly on the improvement of the situation of this market, bringing as a consequence the increase of the employment level. Among these can be mentioned:

- The improvement of the business climate in the framework of tax reduction especially for the small business as well as the reduction of contribution for social and health insurance (labour cost).
- Opening of new job places in the private non-agricultural sector with more productivity and higher salaries is an important element for the reduction of poverty and the improvement of life standards. The creation of new job places is a challenge while the labour force supply will increase rapidly because of the demographic expansion and modernization which will lead the economic activity into activities requiring less labour force out of the agricultural sector.
- The Albanian labour market is still suffering high levels of informal market. Furthermore, there is little movement between informal and formal sector. Providing more favourable incentives for the formalization of the jobs places, more flexible contracting would help particularly the most vulnerable employees. The elaboration of the action plan approved by the Government with the involvement of many actors in the labour market is a step towards the implementation of the government policy for the improvement of the labour market situation.
- The individuals with low level of education face considerable problems in the labour market. There is a concentration of persons with minimum or no education in the informal sector. The education level is closely related to the level of incomes. The increase of the access to vocational education and training is very important. In the future, with the urbanization of the economy and its separation from the agricultural sector, the development of the human capital will be more important.
- Although migration is considered as a very good income resource for the Albanian families and a useful instrument for the risk management, it encourages the brain circulation phenomena. The brain circulation offers potential benefits for the future because the emigrants have benefited by the vocational training and experience in the countries of emigration. The new initiative of the government to exclude from the taxes for a certain period of time the businesses run by the returned migrants who want to start new businesses in Albania is very positive for the encouragement of the return migration.
- Women continue to have low levels of employment and high unemployment levels. Women salaries are 35% lower than men's, considering age, education and other personal characteristics. While the level of unemployment amongst the roma communities is about 70 % and those who are employed have very low salaries and often are employed in dangerous jobs in the informal sector. In general this has negative consequences and influences in the social welfare of these groups.
- There is no labour force survey, which shall be carried out by INSTAT and is foreseen to start being implemented in 2007. Through this survey INSTAT shall be capable to provide official data related to unemployment level, employment,

professional qualifications of the labour force, unemployment characteristics etc. The indicators obtained from this survey should be monitored by the European Commission and the member states. Such data would enable the development of proper policies and would increase the efficiency of such policies.

The government program aims to create employment opportunities for every Albanian citizen. The increase of economic growth rhythms, aims to create new job places, sufficient to decrease the unemployment in the levels of the European countries, to provide employment opportunities for covering the demographic increase of the population and besides this to start influence on the return of a part of the emigrants. The efficient use of programs and instruments proved to be successful for enabling the adjustment of labour market gaps, such as information tools, intermediation, vocational training, fiscal incentives, etc.

## **CHAPTER 2**

### **Vision, priority and strategic objective**

The sectorial strategy on employment aims to put the main strategic basis for the Ministry of Labour, Social Affairs and Equal Opportunities for the development of the systems of employment services and vocational training. Its basis will be the improvement of the quality of services to the jobseekers and employers, through the improvement of the quality of the employment services, the efficient implementation of active and passive programs.

The main objective is the decrease of the unemployment level at the level of the EU countries gradually until 2013. Based on the European strategy on employment, the aim will be that through the implementation of the employment policies to reach full employment, improvement of the work quality and productivity and strengthening the social cohesion.

In order to fulfil the above-mentioned objectives, the main priorities to deal with in the framework of this strategy are:

- Decrease of unemployment by 0.3% every year;
- Increase of the number of employed individuals by 5% every year;
- Participation, within 2013, in an active program of training, retraining, training “on the job” or other employment generating measures, the 20% of the registered unemployed people;
- Programs for creating new job places and maintaining the existing ones;
- Encouragement of the vocational training during the whole life;
- Increase of investments in human capital;

- Assuring full state support providing for the unemployed people and groups in need;
- Improve the performance of the employment services network within the existing capacities;
- The creation of a positive climate for the business and investments development, increase of SME competitiveness in the regional and global market, through the development of the technology and information, reduction of the administrative barriers and creation of the business facilitations;
- Gradual narrowing of the informal sector burden.

## **CHAPTER 3 – Policies**

### **3. Highlighting the main priorities on the employment and vocational training policy**

#### **3.1 Active policies of the labour market.**

The active employment policies in Albania were presented for the first time in 1995 in the law Nr.7995, dated 20.09.1995 “On the encouragement of employment” creating the first basis of a package of programs , such as: (i) intermediation for job and profession, (ii) job and profession counselling, (iii) vocational training, (iv) employment encouragement programs, etc.

The main objective of the employment policies is the support to jobseekers in finding a suitable job. The employment policies are an important tool for the improvement of the labour market situation, but still have a limited impact in the decrease of the unemployment level. This is because of some factors in the labour market related to the fact that the labour market policies are expensive and require more people to implement them.

#### **3.2 Legal framework**

The fundamental law on the employment field is the Law no. 7995, dated 30. 09. 1995 “On the encouragement of employment”. This law supports both the implementation of programs for the development of employment and the establishment of the National Employment Service and the National Employment Fund.

The last changes of the law approved in July 2006, have improved some issues related to (i) the improvement of its definitions and the inclusion of new definitions related to different programs and categories of persons benefiting from this law; (ii) the introduction of counselling and professional orientation concept as part of the employment services; (iii) the creation of new programs such as the one on professional practices for young people; (iv) the change of the management procedures for vocational training funds, which is a consequence of the entry into force of the Law No. 8872 dated 19.03.2002 “On the vocational education and training in the Republic of Albania” and the approval of the statute template of the public vocational training centres.

### **3.3 Active labour market programs**

#### **3.3.1 Employment services**

The public employment service in the labour market is implemented by the National Employment Service. The National Employment Service is an autonomous public service, with the status of a central state administration, reporting to Minister of Labour, Social Affairs and Equal Opportunities. The highest decision-making authority of the National Employment Service is the Trilateral Administrative Council with the participation of three employer's representatives, three employees representatives and seven representatives of the state.

The services offered by the NES includes activities like: (i) registration of the jobseekers, (ii) job intermediation (job supply and demand matching) (iii) jobseekers orientation and counselling, (iv) preparation of the documentation for the unemployment benefits, (v) orientation and appointments in the vocational training courses, (vi) collecting information on the labour market, (vii) implementation of employment encouragement programs.

The NES, as an institution that offers services and implements employment policies in the labour market, accomplishes this mission through a network of 36 Employment Offices with total number of 372 employees (including managing staff, the personnel who provides direct services to the clients, and the support staff). The network of the Employment Offices is organized as follows: 12 Regional Offices with a staff of 190 employees and 24 Local Offices with a staff of 136 employees.

Despite advancing from passive policies into active ones, is evident that the employment services should be oriented toward the possession and improvement of the labour market situation. Currently about 47% of the total number of the Employment Offices staff work and provide services to 149 000 unemployed jobseekers registered in the Employment Offices, while in the EU countries this percentage is 62-65%.

In this framework the objective of the NES for the period 2007-2013, within the existing staff, is to improve the ratio of the service employees from 47% to 55% comparing to the support staff.

For the implementation of the recommendations of the CREP report carried out by ILO and the Council of Europe in 2004 in the framework of this strategy, an expected result is to organize every year an annual meeting in regional level with the participation of the Employment Office, business representatives, Chamber of Commerce, local authorities, to present the situation of the labour market and the vocational training in regional level.

Another expected result is to organize job fairs in 6 pilot regions during 2007 (Tiranë, Durrës, Vlorë, Fier, Korçë and Shkodër). This experience shall be extended in 6 other regions during 2008. Starting from 2009 the job fair to be organized permanently.

The expansion of the training for the staff focused in the improvement of the staff capacities to provide individual counselling, competence and needs evaluation and follow-up on the process for persons registered in the NES. This is true for the groups risking social and labour market expulsion.

Increase of social partners role in all levels of the work of the NES (compilation, implementation and monitoring of policies and programs), etc.

The increase of the partnership role will be done amending the legal basis, in order to improve the representative level at the Trilateral Administrative Council in favour of the social partners.

The creation of a qualitative services system makes indispensable the following:

- a) Establishment of a computerized information system of the employment services. Despite the realization of some pilot schemes with the help and support of several projects like the one of the World Bank, UNOPS, ISCOS Marche etc, still the NES doesn't have a stable computerized system of the labour market information.

For the accomplishment of such objective, the NES is actually implementing a project in cooperation with the National Board of Labour Market of Sweden, named "Efficient employment services in Albania", funded by the Swedish Government. The main objective of this project is the establishment of a computerized system of Free Job Places and The Bank of Unemployed Jobseekers, having also as an option the Employers Bank. About the development of IT in the NES system will be explained in the point 3 "IT Development in the Employment Services".

- b) Preliminary and ongoing training for the NES staff.

During 2001-2006 the staff training is done particularly in close partnership with French National Agency of Employment, TIPA, but this has been done mainly with the staff at central level and in some pilot offices, while the level of staff training in the local offices is still very low.

The evident results of the improvement of the work of Employment Services during the last decade are as follows:

- Reorganization of the premises of the Regional Employment Offices according to the standards of EU countries, while in the Local Employment Offices the premises and infrastructure levels are relatively low.
- The implementation of new methodologies in the employment services, especially the implementation of Action Plan Methodology (practice from the French experience), which shall help smoothing the labour market problems. This will establish the basis to start the National Action Plan on Employment.

The strategic objective for 2007-2013 in the employment services field is the modernization of services, continuously transforming the NES from an institution

providing administrative services into an institution offering services toward its two main clients, unemployed jobseekers and business.

To fulfil this objective is needed: (i) institutional strengthening and development of employment service system (ii) establishment of a modern and unique system of employment services all over the country through the improvement and development of the working method and staff managerial capacities; (iii) to increase employment and decrease unemployment through the implementation of the active employment policies; (iv) to establish and developed strong partnership relations with other actors operating in labour market, especially with social partners.

As per objectives undertaken and continuing to be implemented for their accomplishment, the main objectives can be grouped as follows:

**A. Establishment of a modern and unique employment system all over the country**

- a) The unification of employment services and the increase of working level of specialists in the work with the clients, concentrating the work particularly in the local employment offices, in order to increasing their level to the level of services provided by the REO.
- b) Review the capacities, geographic distribution and extension of the employment services. Increase the number of specialists providing services to the clients, within the existing staff of the employment offices, and balance the proportion between service staff and other specialists, in favour of the first ones (The objective is to extend from 47% to 55% the number of specialists working directly with clients).

The strategic objective related to this issue is a more efficient management of the existing human resources, checking on the possibilities for opening Service Agencies in those municipalities where the population and unemployment level makes this element indispensable.

- c) Further improvement of the monitoring and performance evaluation of the employment services. This will be done in a more transparent way after the installation of the Free Job Places Bank and Jobseekers Register.
- d) The qualitative increase of the short-term labour market survey (carried out annually) which includes a detailed panorama of the labour market in all its components, a forecasting of its progress which will include the unemployment risk, employment trends, training needs. Based on that, the necessary steps for further interventions in the labour market will be foreseen.

**B. Establishment and development of partnership relations with other actors in the labour market.**

- a) For the increase of the collaboration with the business, being partners in their activity, the employers and the employment offices have respective rights and duties that should be performed in the function of the improvement and eventual interventions at the labour market.
- a) The cooperation with universities, INSTAT, social partners, research institutions and different donors will get more attention focusing on surveys and applications in the labour market field, capacity building, human resources development and vocational training.

### **C. Development of the Information Technology (IT) in the employment services as a key factor in the improvement of services quality.**

Currently the general IT infrastructure in the NES and in the Employment Offices is totally insufficient and has no central administration related to IT equipments, which means there are different conditions in different offices. There is no separate specific budget for IT, so one of the short term objectives of this strategy is the establishment of a computerized information system of the labour market. The introduction of an IT system to support the labour market information requires among other things the improvement of quality of the data collected from interviews with employers, because often these data or information are not always sufficient and reliable, etc.

In this context, for the development of the IT system, the NES is implementing the project “Efficient Employment Services in Albania”. The expected result of the IT system development in the NES will be: creation of job places bank, unemployed jobseekers bank till the end of 2007 in the Head Office of the National Employment Service, in the Regional Pilot Office of Tirana and Korça.

The main output of the implementation of this IT system will be:

- a) better services for unemployed jobseekers, offering a wide range of employment offers in country level (IT system with Internet access),
- b) better services for employers, providing suitable candidates for their job vacancies.

A strategic objective for the NES for 2006-2009 is the expansion of the IT system in all Employment Offices of the country.

This will be accomplished through possible support of EU CARDS funding (2005-2006) and with funding of the Albanian Government.

### **D. Improvement of the contacts with enterprises**

The NES, being aware of the role that the business has on the accomplishment of its mission, has started several years ago under the assistance of foreign expertise, the improvement of relations with the business. These relations are regulated through site visits to the business.

The analysis of the current situation requires as indispensable the establishment of a database (network) for the visits to the business, which would improve both data on employment opportunities and fulfilment of the business needs.

In this framework the NES, in order to increase the efficiency of the employment services concerning the relationship with the businesses will work on:

- The application of the method of working with groups of unemployed persons and the restructuring of the unemployed jobseekers flow and job offers in the Employment Offices. This will enable service specialists to use more time to intensify the contacts with the employers and with vulnerable groups which have specific problems in the labour market.
- Intensifying, structuring and better documentation of visits to the businesses and the interviews performed in order to obtain the necessary information for the job places bank and for the labour market forecasting, in order to collect the appropriate information for the development of the model of management with objectives.

#### **E. Development of human resources**

The training of the existing staff in central level is made through trainings of TIPA and the trainings carried out in the framework of cooperation with the French project (ANPE).

For the development and the staff training work is being done on the:

- Development of a template for the staff training needs identification;
- Development of a strategy for the organization of the staff training in national scale including an indefinite number of trainers, based also in the French experience;
- Expansion of the group of trainers with specialists of the employment services, using the current group created by the French experience;
- Establishment and development of capacities to undertake surveys, studies and forecasting on the labour market developments and to perform qualitative analysis of its particular elements.

#### **3.3.2 Private employment services**

Albania has ratified the Convention no. 181 of ILO “Private Employment Agencies” where are defined the activities that a private employment agency should perform, as well as the rights and obligations of clients of such services.

Since 1999, the Albanian legislation allows the establishment and functioning of Private Employment Agencies. These agencies provide; (i) services performing the evaluation of requests and employment applications in and outside Albania; (ii) services related with job search; (iii) services for the employment of workers, made available to a third party, physical or legal person, assigning tasks and controlling their implementation.

Currently there are 14 private employment agencies. Since many years the activity of the private agencies is concentrated mainly in the employment of a limited number of persons especially outside the country.

The main objectives for the improvement of the private employment agencies situation in the labour market are:

- increase of their collaboration with the public employment services;
- more rigorous control at the licensing stage, assuring that those which a license is granted are able to perform the services required;
- in cooperation with “ILO migrant” project to establish the forum of the private employment agencies, in order that these agencies adopt an ethical code, exchange experiences. In this forum will participate representatives of public services for the orientation and exchange of experience with these private agencies.

### **3.3.3 Programs of employment encouragement**

The employment encouragement programs were presented for the first time in Albania in 1999. The main objectives of this programs are: (i) creation of new job places and decrease of the unemployment level; (ii) the vocational training of the unemployed jobseekers especially in those areas where the training capacities are missing; (iii) helping enterprise to increase its activity and to make better selection of working force; (iv) direct encouragement of employment of some of the trainees; (v) minimization of informal labour; (vi) involvement to these programs of the unemployed jobseekers who benefit from supporting income schemes, aiming to reduce the costs of these programs; (vii) encouragement of the employment of young people and special groups of unemployed persons.

The employment encouragement programs are the only active state programs, which act directly in the unemployed jobseekers group, in order to encourage them to find a long term employment. These programs, along with the program of work intermediation, influence really in the decrease of the number of registered unemployed persons and, what is more important, their removal from the passive schemes of income support (unemployment payment and economic aid)

Currently there are applied 5 programs, as follows:

1. The program of employment encouragement for unemployed jobseekers: The employers who hire unemployed jobseekers temporarily (3-6 months), can benefit monthly reimbursement of their salaries up to 100% of the minimum wage as well as the expenses for the social insurances of the beneficiaries. If the beneficiaries are hired for a period up to one year and with regular contracts, the employer has the right to benefit a monthly financing equal to the amount of a minimum salary and the contribution for the obligatory social insurances for a period up to 5 months. If the beneficiary has not the proper professional qualification for the job he or she should

perform and the employer offers it, he can benefit from an increase of 10-20% of the financing for each beneficiary.

2. The program of employment encouragement through training on the job: this program supports financially the employers who assure the training of the beneficiaries and hire part of the trainees at least for one year. The government helps financially the employer for the salary and social insurance contribution for nine months of training. When the training finishes the employer is obliged to hire 40% of trainees.
3. The employment encouragement through the institutional training: The Employment Offices define and arrange training for beneficiaries from those companies that: (i) guarantee employment after the training or (ii) can show through labour market studies and investigation that the training will be useful for the participants. The beneficiaries that refuse to participate in these courses are taken out from the list of unemployed jobseekers and the unemployment payment is stopped.
4. The program of employment encouragement for female jobseekers aims to integrate in the labour market marginalized women like as roma women, former trafficked women, elderly and women suffering disabilities. It lasts from one to three years. During the first year the employer can benefit 75% of the financing for the contribution of social insurance and 4 minimum salaries. During the second year the employers receive 85% of the contribution for social insurance and 6 minimum salaries and during third year they receive 100% of the social insurance contributions and 8 minimum salaries.
5. For the first time in 2007 will be implemented the program for the employment encouragement for the unemployed jobseekers who have completed university studies in the country or abroad through their involvement in the programs of vocational apprenticeship in institutions/enterprises, public or private. The public employers are obliged to get these jobseekers their premises applying no charges, in relation to the administration personnel, according to the scheme: for every 50 staff members –one apprentice. For the private employers who accept in their premises unemployed jobseekers involved in this program, benefit a monthly financing from the respective employment office, to the amount of 100% of the basic level of unemployment payment, for every month of jobseeker's apprenticeship. The same financing amount is received from the unemployed jobseekers involved in this program.

For the above mentioned programs, the Ministry for the first time in 2004 decided the annual priorities of the implementation, by giving priority to the implementation of those programs which ensure long-term employment, the employment program for women unemployed jobseekers, employment of special groups, applicants from small and medium enterprises. These priorities are set every beginning of the year based on the program analysis of previous year, unemployed jobseekers needs and special groups. Based on priorities is made the fund distribution according to the programs.

An important step for the improvement of the implementation of these programs is the approval of secondary legal provisions for the monitoring and supervising of the program by the National Employment Service and the Ministry. The increase of the control against abuse from the structures of the NES and towards the applicant subjects. After these

processes will be made interventions for the improvement of the existing employment encouragement programs and drafting of new programs.

To perform a realistic analysis according to EU countries and ILO standards, for the period 2007-2013 will be carried out:

- a) annual analysis on the efficiency of the employment encouragement programs, as a preliminary condition for defining the priorities for next year;
- b) analysis and monitoring by international institutions such as EU and ILO, of the programs progress, aiming the improvement of their implementation in the future;
- c) in a long-term period, is proposed the monitoring of these programs by independent expertise accredited and certified for the fulfilment of such mission.

The process of establishing the priorities by the Ministry will continue in relation to the labour market situation. In establishing the priorities will be considered the CREP recommendation for limited and monitored priorities. The definition of priorities is related to the funds allocation according to the programs and target groups.

The importance and quality of the active employment policies should be assessed regularly. That's why is necessary, as mentioned above, to be established mechanisms for monitoring and then evaluating these policies, engaging also the social partners. This could improve the program in the future and better and clearer informing and instructing of local employment offices staff. The evaluation of the programs will be done by specialized institutions on this issue. For this reason in the program funds for employment encouragement should be foreseen the costs for the evaluation of the employment encouragement projects by the respective institutions.

The information on the existing active policies is an important prevention tool. The NES should undertake more active encouragement actions for the labour market, as a guarantee of transparency for the individuals and for an increasing awareness rising on the existing opportunities.

The labour market information should be improved in order to carry out, based on this information, studies on the labour force. This will help on the evaluation of the employment encouragement programs and the establishment of priorities at the beginning of each year.

The compilation of an active policy aiming to deal with the young people in unfavourable position that, for example, combine the training with first time subventioned employment and counselling instructions for vocational training with business programs for young people.

Apprenticeship will be a new program in the labour market. This program will focus on the young people category who have just finished their university or high school studies in the country and abroad and are unemployed, as a consequence of the lack of working experience. For this reason these young people will be involved in professional apprenticeship programs in enterprises or institutions, private or public. The young

people will have the possibility to obtain the necessary experience in order to have. The state/public institutions shall accept for free the just graduated unemployed persons. While these latest will receive a financial support (at the unemployment payment level). Initially the program will be oriented toward young people with university degrees, within the forecasted funds in the middle term budget and then, upon assuring additional funding, the aim will be to extend the program to the young people with high school education. For the year 2007 is foreseen the treatment of approximate 150 unemployed jobseekers just graduated with 10 million lek from the state budget for the employment encouragement programs.

Besides the apprenticeship program that will be a new program in the labour market, related to young people employment encouragement the objectives are:

1. Continuous implementation of employment encouragement programs implementation, giving priority to the young people.
2. Efficient implementation of the program for counselling on job and profession, including the mobile counselling program in schools, universities and in the employment office.
3. For special groups of young people measures will be taken for their vocational training with reduced fees or free of charge ones in the public vocational training centres.

Another program in the labour market will be the one for people with limited abilities (PLA). The objective of the program, in compliance with the law on employment encouragement (article 17), is to regulate the employer's obligation to hire PLA and in cases they do not do this, to disburse in the NES fund a minimum salary for every non hired person.

The collected funds will be used for the opening of new job places for these persons. The forms of support will be: (i) financing at the minimum salary level and obligatory insurance for every employee; (ii) subvention for equipments or adaptation of the working place (iii) payments of the fees for apprenticeship, (iv) opening of protected job places in which are hired massively PLA (workshops and collective employment centres).

Based on this strategy and the National Strategy of PLA the objectives in the field of education, employment and vocational training are:

1. Improvement and implementation of policies and programs for the employment of PLA.
2. Improvement of policies and programs for the vocational training and formation of PLA.
3. Increase of employment possibilities for the PLA and increase of education and vocational training possibilities in order to increase their individual capacities of employment.

4. Encouragement of PLA for the development of supporting possibilities for employment and vocational training.
5. Information and awareness rising of employers on the possibilities of PLA to work.
6. Provide information on career possibilities, ways of income generating and the necessary help that should be provided to the PLA.
7. To ensure that PLA enjoy the same working conditions, rights and privileges as everybody else, including provisions for minimum payment for work with comparable production.

### **Public works**

Currently there are being implemented some other types of pilot programs for the public works, using the economic aid program funds. Usually public works are considered as alleviation of poverty and community benefit, but do not improve the chances for the reemployment of unemployed participants. Nevertheless the public works can work very well for the employment of the unemployed jobseekers of the roma community. This is foreseen in the respective strategy.

Is important that the public works programs to be accompanied with other active policies, such as developing of capabilities and professional counselling, which improve the capability for the employment of the participants, increasing the chances to find a job immediately after the public works program.

### **Gender equality and equal chances**

For the improvement of employment level the Ministry has undertaken a lot of measures for the employment of women: so, for the first time in 2004 has been implemented the program for the employment encouragement of women where priority is given to special groups of women such as victims of trafficking, persons with limited abilities, roma women above 35 years old, unmarried mothers, divorced women with social problems. During 2006 through this program are employed 1053 women unemployed jobseekers out of which 649 from the special groups. In 2004 for the first time has been applied as well the facilitation of the vocational training fees for women and girls in the Public Vocational Training Centres. Beneficiaries of this program have been:

- no fees for 24 women unemployed jobseekers
- reduced fees for 369 women unemployed jobseekers

Have been licensed 150 private entities that provide courses mainly for professions that train women and girls; employment centres for women and girls are opened by NPOs in Tirana, Elbasan, Berat, etc; have been opened some information and intermediation centres, etc.

In any case the National Employment Service should apply measures for the supervision of opportunities and equal treatment between men and women in the field of employment services, vocational training as well as financial support in case of unemployment.

The main objective of the gender integration in the framework of signing international conventions and agreements, such as Human Rights Convention (CEDAW), Peking Action Platform, MDGs, are:

- Continuation of the implementation of programs for the employment encouragement for women.
- Continuation of the implementation of the program to apply no or reduced fees for women.
- Active participation of women, representatives of NPOs and all target groups on the drafting of policies, guaranteeing of responsibilities and needs for most discriminated social groups.
- Use of statistics and data according to the gender, using more detailed forms in order to identify the data according to gender.
- Data should be filled in and collected from all execution agencies of the country, in order to enrich the data in national level.
- The gender budgeting should be done based on the equal gender benefits. This should be done after the current reports in order to compile not only contribution policies, but also equally beneficiary policies.

Special policies will be followed for the groups of women in need. Besides the above mentioned policies there will be new policies related to:

- For women head of families, victims of trafficking; measures shall be taken to ensure their vocational training in the public vocational training centres (free service) as well as measures for their employment. This also relates to the prevention of the trafficking phenomena.
- For the women of the roma and Egyptian community work will be done for the awareness rising of the employment office employees, for the implementation of the existing programs on encouragement of employment incitement for these groups (DCM 632) as well as the measures foreseen in the National Strategy for the Integration of Roma Community.

### **Employment and vocational training for the roma community**

A big part of the unemployed and non-active people of the roma community have been unemployed for a long period, and most of them are not able to find a job.

The main reasons of the high levels of long-term unemployment of the roma people relate to: (i) lack of education, (ii) regional disadvantages, (iii) discrimination, and (iv) low efficiency of the active employment policies of roma community, due to the fact that most of them are not registered as unemployed.

The vocational training with no or reduced fees is one of the priorities of the ministry for the increase of employment chances for this community.

An important step is also (i) the identification of professions that can be learned by roma people ;(ii) the opening of the vocational training courses for the identified professions in the public and private vocational training centres.

Establishment of relations with the unemployed roma people by the employment offices (not only with those who are registered in these offices).

Activation of the public work program, to open new job places for the unemployed roma jobseekers that do not require qualifications.

Implementation of the existing special programs (especially DCM 632) for the employment encouragement for the roma community.

Also the application of the policies that foresee facilitations for the companies hiring roma people aims: (i) the possibility of financing the companies where employers and employees are from the roma community, (ii) the creation of fiscal facilities for the companies who create new working places for the roma people and (iii) support with materials, premises, financial means and human resources for those businesses focused on roma tradition products.

### **Employment and vocational training for the children working informally**

A considerable number of children who work come from families where parents are unemployed and unskilled, as such becoming the main supporters of the family. A visible influence in smoothing the phenomena of working children would have:

- The implementation of vocational training programs for the children who work and have reached legal age, with reduced or no fees in the public vocational training centres;
- The increase of employment possibilities for the parents or grown up family members of the working children, encouraging and conditioning their return to school;
- The information to the community on the vocational training and employment opportunities provided by the Regional Directorates for Vocational Training and Employment Offices;
- The encouragement of programs for the creation of employment possibilities for people with low education and qualification level;
- The institutionalization of the cooperation in local level for the correct addressing of the working children issue and its referral.

### **Employment and vocational training policies for potential emigrants and returned migrants**

Many of the aspects related to the vocational training and employment of potential emigrants and the returned migrants are addressed by the National Strategy on Migration, one of the most adequate policy documents having European standards related to the

emigration management<sup>3</sup>. The following analysis follows two main subdivisions: potential emigrants and returned emigrants<sup>4</sup>. This division is made to take into consideration the differences of the needs/requirements for these two groups.

### **Potential emigrants**

Taking measures aiming the reduction of the migration flow, especially in rural areas, through creating facilitations for the revitalization of the agricultural sector in the country. For this purpose have been proposed these measures:

- (i) Compiling of an assessment report on the emigration in rural areas and the identification of more emergency areas for the revitalization of the agricultural sector in the country;
- (ii) Revision of the Rural Development Strategy aiming to increase employment in the agricultural sector.

Development of policies in order to avoid “brain drain” through:

- (i) increase of job supply in Albania;
- (ii) attracting foreign investors and encouragement of investors to hire staff in the country or from the Diaspora.

Establish and assign Migration Counters as the institution in charge for providing information on migration. For this should be established the necessary infrastructure in the Regional Employment Offices, including: supply with computers and personnel training.

Provide information on vocational training services offered by the employment offices to the potential emigrants before emigration. For this reason is necessary a wider involvement of the ministry, for planning the vocational training that can be provided to this category and also for being involved in the publicity campaign foreseen in the third activity.

As the Strategy on Migration foresees measures for the capacity building of the employment offices for providing more effective services to potential emigrants and returned migrants is necessary to undertake a needs assessment for training /capacity building of the Regional Employment Offices staff<sup>5</sup>. The needs assessment would help the capacity building through MOLSAEO and other donors funding.

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<sup>3</sup> Drafted by the Government of Albania in cooperation with the International Organization for Migration and with the support of the European Commission Delegation in Tirana, approved in November 2004.

<sup>4</sup> This Strategy deals also with the Strategy of Employment and Vocational Training and for this reason the analysis of this latest will be discussed within the framework of the National Strategy on Migration.

<sup>5</sup> In the framework of an IOM project on the implementation of the Readmission Agreement EC-Albania is foreseen to undertake a needs assessment of the Regional Employment Offices and after that the capacity building through training and materials for the regional offices in Tirana, Durrës and Vlora.

### **Policies for the returned emigrants**

Compilation of an assessment report on the vocational training possibilities offered currently to the returned emigrants and on the existing needs and deficiencies.

Expansion of reintegration services in order to guarantee the sustainable return through:  
(i) drafting and implementation of joint employment programs with the private business;  
(ii) providing career counselling, job starting and vocational training.

The capacity building of the National Employment Service and its offices, local and regional, and compilation of specific programs for training related to assistance for returned migrants.

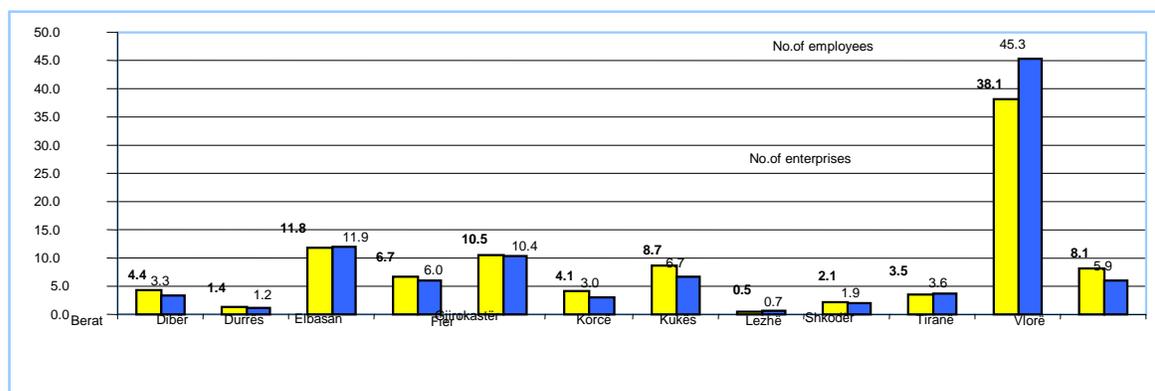
Development of new policies, aiming the return of skilled emigrants through: (i) assessment of supply and demand for qualified personnel in the Albanian labour market; (ii) establishment of contacts among emigrants and big enterprises in Albania, creating an electronic data bank with the enterprises and emigrants CVs.

### **3.3.5 Improvement of the business climate and actions for SMEs**

The development of the SME sector, is considered as the most efficient mean for the economies in transition which generates stable economic growth, employment and poverty decrease. During the last three years Albania has had an economic growth of 6%, assessed as one of the best in the region. Certainly the SMEs have an important contribution in this process. The SME sector contribution constitutes about 64% of the GDP as well as the employment of about 66% of employees in the private sector.

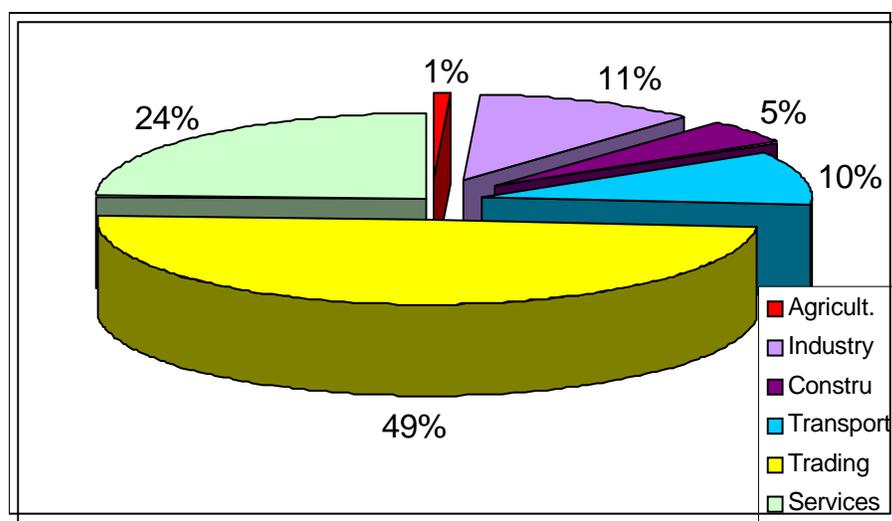
Regarding the geographical distribution of the businesses in Albania, about 50% of the active enterprises are concentrated in the area Tirana-Durrës, where are employed 57% of the employees of the private sector. About 69% of the enterprise with foreign capital are concentrated in the Tirana prefecture, about 5% in Korça, about 5% in Shkodër and 3% in Vlora.

### **Geographic distribution of active enterprise and employees in 2005**



The distribution of businesses according to the sectors of economy, where the private business is more active, are trade (49%), services (24%), industry (11%) and transport (10%).

Graphic 2. Distribution of active enterprises according to the economic activity for 2006



During 2005-2006 have been undertaken many liberal policies in the field of taxation for enlightening the fiscal burden for the businesses, concretely:

- Reduction of profit tax for companies from 23% to 20%
- Reduction of the simplified profit tax for the small business 3% to 1.5% and the reduction of local tax on small business to 50%
- Cancellation of the VAT for the books on the publication houses
- Cancellation of the VAT for the advertising
- Decrease of the fiscal burden for the tax on the social insurance for the employers with 9 points (from 29% to 20%)
- The reduction of the prices for the electric power in about 30% for the businesses.

The measures mentioned below will be part of SMEs development strategic program for the medium term 2007-2009 (ongoing) as an integral part of the government program, reflected in strategy on the business development and investments for the medium and long-term period 2007-2013.

More concretely the three following levels harmonize as follows:

### **1. Strategic level**

- a. Establishment of the Consultative Committee for SMEs development.
- b. Drafting of the strategic program for the SMEs development (action plan).
2. Institutional level (supporting institutions Albinvest, Regional Development Agencies Network, Local Economic Development Agencies, consulting agencies, etc);
3. Enterprise level (entrepreneurs and business associations).

*The general objective of this strategic program* is the stable economic development of the private sector through the increase of the number of new enterprises, as well as the continuous improvement of productivity indicators, competitiveness and export of enterprises with international potential.

**The specific objectives** which will support the achievement of the general objective are as follows:

#### **A. *Encouragement of entrepreneurship culture through:***

1. Creation and improvement of the management training abilities;
2. Increase of the labour force qualification.

#### **B. *The development of growing businesses with international abilities***

1. The improvement of business climate for the development of SMEs
2. The increase of competitiveness through innovation and transfer of technology.

#### **C. *Improvement of financing SME-es***

1. Increase of the crediting level and the establishment of the Albanian fund for the loans guarantee.
2. Funds increasing for micro-credit.
3. Enforcement of capacities of Micro Credit Institutions.

### **3.3.6 Passive programs - unemployment payment**

The unemployment payment is paid for up to one year, for the persons who have paid the contributions for at least 12 months. To encourage the training during the unemployment period the unemployment payment can be extended up to 18 months, on condition that they don't get other payment or benefit during the training period.

The ILO Convention No. 168 on the “Employment encouragement and protection from unemployment” is already ratified from the Albanian Parliament. In this context, are made some amendments in the law “On the social insurance in the Republic of Albania” and in the law “On the encouragement of employment”, aiming the accordance of the Albanian legislation with the obligations deriving by the Convention No. 168. Also in compliance with the law “On the social insurance in the Republic of Albania” is approved the DCM which regulates the unemployment payment scheme.

In the Convention 168 is foreseen that the unemployment payment should be about 50% of the minimum salary at country level. In order to achieve this, is needed the unemployment payment to be increased gradually and in parallel with the minimum payment in country scale.

From the last survey of the labour market carried out by the NES, for the years to come, the unemployment tendency will not have a considerable increase, because the branches of economy to be restructured or privatized are a few.

In the unemployment payment scheme the biggest specific weight stays with the private activity and the privatization of AEC or Albtelekom (after the 2 years timeframe), Rinas Airport, water supply enterprises, etc.

### **3.3.7. Vocational Training**

The following objectives of the VET take into consideration the recent developments, not only in Albania, but also in the region and further, as well as refer to the important international documents related to the particularities of the VET sector. They are in full compatibility with the CARDS program of the EU, which supports the reforms in the VET in Albania for the following years.

#### **The increase of the offer flexibility, possibilities of access, advancement and vertical and horizontal mobility in the VET, will be achieved through:**

- a) The establishment of the National Framework of Professional Qualifications (NFPQ);
- b) Restructuring of the VET levels based on the NFPQ;
- c) Establishing a special cycle to complete the general culture of the students who complete the level of qualified employee, to offer the professional diploma;
- d) Establishing the post-secondary cycle with professional orientation for the students who complete the general high school and want to get vocational qualification.

#### **Modernization of the curricula for harmonizing it with the labour market requirements and for increasing the flexibility level will be achieved through:**

- a) Institutionalizing of a curricula structure of the VET in two levels with curricula structures (as national standard) compiled in central level and curricula in school/centre level, based on the respective curricula structures, the real requirements of the regional labour market and the concrete possibilities of the school/centre.

- b) The gradual modularization of the VET curricula to facilitate the integration of competences and professional standards and to enable the accumulation, transfer and recognition of the credits gained in different ways and forms.
- c) Institutionalizing a methodology of VET curricula drafting based on the analysis of the professions, that considers the drafting of the curricula as a continuous and multileveled process and engages all the interested parties in this process.
- d) The support to the VET curricula with “integral texts” used for a relatively long period, by a large number of users, not only of one level or professional orientation, reducing the cost of their production.

**Development of institutional mechanisms for the execution of the new functions and supporting the current functions in the VET, that will be achieved through:**

- a) Strengthening the role of the National Council of VET (specialized commissions and its secretariat) as a three partite counselling structure (government, employer, employee), in support to the development of reforming policy of VET;
- b) The establishment of the National Agency of VET to carry out inter-sectorial functions, currently not covered by the structures and institutions of ET;
- c) Strengthening of the schools/centres boards with social partners (employers and employees);
- d) Establishing Departments (on professional bases) in schools/centres, as development and adaptation units for the curricula in school level, as well as internal training of teachers and instructors;
- e) Establishing a national mechanism for the professional orientation and career counselling, supported also by social partners.

**Development of teaching and managing competencies of the VT staff will be achieved through:**

- a) Establishing an institutional mechanism for qualification (pre-service), on the pedagogic and psychology essentials, for the new teachers and instructors of VET.
- b) Consolidating the current institutional mechanisms (in central level and school level) for the continued training (in-service), methodical and professional, for all teachers and instructors of the VET.
- a) Consolidating the current institutional mechanisms for the training of schools/centres directors concerning the particularities of the management of the VET sector.

**The completion of the legal-normative framework of the VET, supporting all the changes of the reforms in this sector will be achieved through:**

- a) Compiling of a special act on “The National Framework of Professional Qualification” and other secondary legal acts, in support of this important component for a modern system of VET.
- b) Establishing a legal-normative framework more appropriate for the development of the non-public VET.

- c) Establishing a legal-normative framework that allows a higher engagement of schools/centres in economic activities, in order to increase the preparation quality and generating of additional funding, and in the field of vocational training improving the financing scheme from inputs financing into output financing.
- d) Other primary and secondary legal acts supporting the VET system developments.

**Qualitative and quantitative development of objects, premises and teaching tools supporting the foreseen qualitative and quantitative increase of the VET will be achieved through:**

- a) Renovating the existing premises for theoretical and practical teaching in schools/centres, taking care for persons with limited abilities.
- b) Completing with the necessary material/didactic means for theoretical and practical teaching.
- c) Establishment of new schools/centres, transforming some general high schools in professional ones, as well as the establishment of mobile training centres in the regions where the demand is higher. These will go together with other interventions, like restructuring of buildings, creation of new work spaces and supply the existing ones, reviewing of the qualifications offered, etc.
- d) Optimizing the distribution and dimension of schools/centres to match the supply and demand, to increase the supply flexibility and to reduce the costs of this public service (establishment of regional or national schools/centres). This will go together with reconstruction, evacuation of premises occupied forcibly, as well as better use of existing capacities.
- e) Institutionalizing the cooperation between VET and the local business to use effectively the infrastructure of these actors, in function of the professional preparation of youngsters and adults.
- f) Establishing an information system of supply/demand at the VET, through the introduction of the Internet in the educational system, computerizing the vocational training centres, employment offices and regional directorates of education.

The achievement of these objectives as well as the accomplishment of other reforming interventions in conformity with the situation to be created, will contribute to the qualitative and quantitative increase of the VET, in the framework of achieving the mission of this important sector of human resources development.

**3.3.8. Measures for the improvement of the situation in the informal market**

The phenomena of informal work has its negative sides such as: disorientation of the labour market, encouragement of illegal labour, decrease of income to the state budget, decrease of the income to the social and health insurance, creation of the vulnerable groups of people, etc. For minimizing the informal labour are introduced new efficient methods using the experience of other countries.

**Objective and subjective causes of the informal labour market**

- The uncontrolled demographic movement of the population towards the big residential centres with higher economic level, due to the concentration of businesses, the need for employment in these businesses has created the possibility of illegal employment.
- With the revenues from this kind of employment is relatively reduced (artificially) the poverty of the groups treated with social schemes.
- Unfair competitiveness and high flux of movements of the labour force according to the supply-demand of the market, especially in the construction sector, makes difficult the control and decrease of the informal labour market.
- The absence of a total control of the money movement and circulation is another reason that favours informality.
- The absence of logistic infrastructure is one of the objective causes of this phenomena.
- The absence of a computerized network for the inter-institutional communication increases the difficulties to control the informal labour, to keep it under control and reduce it.
- The inter-institutional cooperation between executive structures such as tax office, State Labour Inspectorate and Social Insurances Institute is still the framework of inter-institutional agreements and they are not legally binding.
- The absence of a mire concrete cooperation with social partners has brought slowness of interventions in due time in those economic activities that doesn't apply the labour legislation for the insurance of the employees.
- The impossibility to control all the economic activities exercised away from the residential areas or the discovery of the "undergrounds economies" brings the development of the informal labour market.

Concerning as above, the main measures for reducing of this phenomena, as defined on the plan for the reduction of informal economy, approved by the Council of Ministers Decision no. 430, dated 28.06.2006, are as follows:

- 1- Establishing collaboration framework between institutions, drafting of a Council of Ministers Decision (Labour Inspectorate, Social Insurance Institute, General Directorate of Taxation, National Employment Service) for continuous exchange of information on the situation of the informal labour market).
- 2- Establishing a computerized network as an important element in getting permanent information and establishing a computerized control on the register of employees in the private labour market will help to minimize the illegal employment; thus the creation of a common computerized register for the subjects and employees of these institutions.
- 3- Identification of the number of employees in the construction sector, processing and production industry (clothing and shoes), through the organization of joint actions between these institutions, as well as the verification after that for the inclusion in the insurance scheme of the not insured persons. In the construction sector during the month of June, was carried out a joint action with

- 4- Extension of the areas of control, not only in the urban areas, but the extension of labour inspection services also in the rural areas, in compliance with the ILO Convention no. 129, foreseen to be ratified within the first semester of 2007.
- 5- The awareness rising of employers to pay the employees not less than the minimum salary.
- 6- Carry out an inter-sectoral study on the informal market, to identify the main causes of this phenomena and than the compilation of a more debated plan for its reduction.
- 7- Control of the labour market that will be assured through the cooperation with the SHI, the tax office, policies structure.
- 8- The consolidation of the private business will bring a transparent competition in the labour market, according to supply/demand.
- 9- Improvement of the methods and means of control.

***How will be further improved the business climate in Albania?***

Through:

- Further reduction of the administrative barriers for starting and running a business;
- Legal and institutional improvements to guarantee a fair competition.

**3.3.9 Protection and health at work**

Since its conception on 1992, one of the missions of the Ministry of Labour has been the drafting and implementation of policies in the field of protection and health at work. The protection of the physical and mental integrity of the employees, is the priority expressed in the current labour policy. The structure in charge for the implementation of this policy is the State Labour Inspectorate, which mission for the years to come is the following:

The State Labour Inspectorate, as an indispensable institution for the social policies of a country, has in its focus in the field of security and health at work, through the encouragement of the applicability of the labour legislation, the physical, mental and social protection of the employees.

This policy is in full conformity with the European Community policy for the health and safety at work, that aims the continuous improvements of the welfare at work, a new concept and priority for the labour inspection service for the future in Albania. The promotion of a quality work environment requires that all actors take full responsibility, that means that efforts of every party should be opened to control and evaluation of the control.

Historically the labour inspection systems come as a result of the economic, political, social and cultural environment of a country, bringing the improvement of the work environment.

The work environment - Independently from the direct functions related to the health and safety of the employees at work, the labour inspection service provides, through different surveys, the collaboration with different institutional mechanisms, the prevention of risks at the working places, as well as the risks who damage the health of the population peoples and the environment outside. This is related to the motto “Only a healthy man is considered well integrated in the society”.

The Ministry will draft the strategy on the protection and health safety at work within 2008. In this strategy will be defined the measures for the reduction of the professional diseases and work accidents.

In this framework the State Labour Inspectorate has initiated the drafting of the legislation on the security and health at work, for 2007-2010, a legal package which completes the Labour Code, based on the European Directive “Directive Cadre” 89/391 dated 12 June 1989.

The framework of the drafting of this very important law for the labour legislation is:

- to draw attention about the safety, health and wellbeing of employees;
- to draw attention for the continuous improvement of security, health, and wellbeing of employees;
- to define the responsibilities of the employer and the employee (rights and obligations for each actor);
- to favour the collaboration among the different actors (is intended the collaboration between participatory institutions and interested to achieve this objective).

The protection and health at work are one of the main priorities and at the same time a continuous process and goal. This objective will be achieved through:

- Harmonizing the legislation on the safety and health at work with the EU legislation;
- Improving the capacities for the control and protection of the services.

### **3.3.10. Social dialogue**

The legal basis for the institutionalization of the three partite social dialogue at central level were created on 1995, by entering into force of the Law no. 7961, dated 13.03.1996 “The Labour Code of the Republic of Albania”. On 1997 for the first time started to function the National Labour Council, as the highest institution of the three partite social dialogue in the country. The National Labour Council has a three partite structure with 27

members, concretely 7 members by the Government, 10 members from the organizations of employers and 10 members by the organizations of employees. In support of this council were created the three partite specialized commissions. The current system of social dialogue in Albania is facing a number of challenges related to the system stability, its efficiency and the balance between the social actors.

To improve the social dialogue situation in Albania, the actors of the social dialogue in the country have recommended:

- Further improvement of the legal system, reflecting the requirements of the international conventions;
- Increase the efficiency of the social dialogue at central level, in branch-profession level, regional and local;
- Improvement of the function of NLC, organizational improvement, increasing of the autonomy level, further extension of the consultation field, as well as increase the level of management. Concretely the following proposals are made:
- Institutionalization of the sectoral dialogue, through the creation of common points, mainly for the industrial relations, education and health;
- Improvement of the functioning of the consultative councils, in regional and local level, through the expansion of the consultancy field and the assignment of the technical structures of management;
- Expansion of syndicalism in the private sector.

#### **CHAPTER IV. Consequences for the resources**

For the implementation of the above mentioned policies in middle term budget draft are foreseen necessary funds as follows:

The ministry of Labour Social Affairs and Equal Opportunities has emphasized the Programs of Encouragement of Employment for which during 2008-2009 has required 200 million lek per year, because of the implementation of the apprenticeships program which at the beginning will be applied for the unemployed jobseekers just graduated at the universities and after for those who have finished high school. This has been also requested in the framework of the government program for the reduction of the unemployment level.

The funds for the existing programs of encouragement of employment and vocational training for women, roma people and other groups in need are defined according to the priorities in the budget of the Ministry of Labour within the entries for these programs.

There are also foreseen increases for the funds of capital investment through which will continue the work started for the establishment of big regional centres in Fier, Elbasan and will be supported the establishment of new public vocational training centres in Durrës and Korçë. The vocational training still remains government priority, because of

the fact that the improvement of the professional capacities of the unemployed people contributes in the adaptation of their capacities with those of the labour market, thus for finding a sustainable employment. Investments will be made as well for the improvement of the infrastructure of the regional and local employment offices.

### Funds according to years (forecast)

	2007	2008	2009	2010	2011	2012	2013
In Million Lek							
<b>STATE BUDGET</b>							
Labour market (total)	1.469	1.564	1.657	1.756	1.844	1.934	2.034
Employment encouragement	120	200	200	200	200	200	200
Vocational training	174	185	196	208	218	228	238
<b>DONORS</b>							
CARDS	81		375				
Swedish SIDA	150						
AlbVET	125	125	125				
IPA							
Others							

### Chapter 5. Reporting, monitoring and evaluation analysis

For the evaluation of the achievement of the strategy objectives are defined the following monitoring indicators which are foreseen quantitatively forecasted in the Action Plan matrix which is part of this strategy

- Unemployment level (LFS and administrative data)

Indicator	2006	2007	2008	2009	2010	2011	2012	2013
Unemployment	13.8%	13.5%	13.1%	12.7%	12.4%	12.1%	11.8%	11.5%

- Number of employees in national scale (LFS and administrative data)

Indicator	2006	2007	2008	2009	2010	2011	2012	2013
Employment	49.6%	50%	50.8%	52.0%	53%	54%	55%	56%

- Number of intermediations from the employment services

<b>Indicator</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Intermedia..		10.000	10.500	11.000	11.500	12.000	12.500	13.000

- Number of unemployed jobseekers qualified in the vocational courses

<b>Indicator</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Qualified		4.500	5.000	5.500	6.000	6.500	7.000	7.500

- Number of employees after the qualification

<b>Indicator</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Employee		2.000	2.200	2.600	3.000	3.400	3.800	4.200

- Number of unemployed jobseekers employed/trained from the employment encouragement programs

<b>Indicator</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Employed		200	2.000– 2.500	2.000– 2.500	2.000– 2.500	2.500– 3.000	2.500– 3.000	2.500– 3.000

- Creation of the database of employers and unemployed jobseekers in Tirana and Korça. December 2008.

- Number of trained staff members of the employment services

<b>Indicator</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Trained		50	70	90	100			

- Achievement of quantitative and qualitative results in VET
  - Education reforms will be drafted and implemented through the wide consultation and participation of interest groups
  - Vocational secondary/ high schools will enjoy priority in the pre-university education in compliance with regional economic trends and the labour market.
  - In the rural areas, a large number of vocational schools will be opened, mainly for agro-business.
  - The vocational schools will aim to attract more than 40% of high schools learners.
  - Public expenditures for education, including higher education, will be the first item in government budget reaching a level of 5% of GDP (in 2009).
  - Private initiative will contribute alongside public funds to achieving pre-university education objectives.

- It is also aimed to raise the enrolments rate of children in pre-school education to 60%.
- Distribution and use of sources in accordance with the approved budget for the implementation of the national strategy on VET
- Effective fulfilment of planned strategy results
- Achievement of the operational planning results, which defines the detailed steps and the activity for the implementation of the VET Strategy.