



# **Human Resource Development Country Analysis Albania**

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**Working Paper<sup>1</sup>**

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## 1. Political and socioeconomic background: the broad framework for HRD in Albania

### *Political background*

Albania signed a Stabilisation and Association Agreement (SAA) with the European Union (EU) in June 2006.<sup>2</sup> The document provides a structure for mutual commitments on political, trade and economic issues while encouraging regional cooperation. It also points out that cooperation shall continue with the aim of raising the level of general education and vocational education and training (VET) in Albania, as well as employment policy and social inclusion. It emphasises that a priority for the higher education system shall be the achievement of the objectives of the Bologna Declaration. The EU and Albania shall also cooperate with the aim of ensuring that access to all levels of education and training in Albania is free of discrimination on the grounds of gender, race, ethnic origin or religion. The relevant Community programmes and instruments shall contribute to the upgrading of educational and training structures and quality improvement measures in Albania.

To comply with the expectations expressed in the SAA document, the Government of Albania adopted a revised National Action Plan in July 2006, and as a potential EU candidate country Albania has already started to use funds from the EU's Instrument for Pre-Accession Assistance (IPA).<sup>3</sup> One important field that will receive assistance from this instrument is human resources development (HRD), which will address the following mid-term priorities:

- (i) advancing the reform of the education and VET system to support the development of economy and society;
- (ii) creating a link between the education system and the labour market;
- (iii) improving the capacity of the public employment service, and making it relevant to the Albanian context;
- (iv) developing relevant active labour market measures in order to combat unemployment. The government has also prepared a National Strategy for Development and Integration 2007–2013 (NSDI), which, at the time of preparation of this paper (April 2008), is in the process of consultation with different actors and groups of interests and is expected to be adopted in the near future.

The NSDI is developing an integrated approach for the socioeconomic development of the country and prospects for integration into EU. It emphasises the need to strengthen the effective role of HRD further in society.

### *Demographic background*

Albania's demographic profile is characterised by three main phenomena: large internal and external migratory waves, declining mortality rates, and declining fertility rates. The 2001 census put Albania's population at 3.063 million. According to this census, the population was estimated at 3.1 million in 2004. In 2006 Albania had a population of 3.14 million citizens. The population is relatively young, with a median age of 28.3 compared to 39 for EU.<sup>4</sup> It is expected that the population will increase to about 3.7 million by 2025. The age structure has changed significantly in the past decade, although Albania remains one of the youngest countries in Europe. The population below 15 years of age is now decreasing and the

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<sup>2</sup> A Stabilisation and Association Agreement is part of the EU Stabilisation and Association Process with a country which has expressed a wish to join the European Union.

<sup>3</sup> The IPA offers assistance to countries aspiring to join the European Union for the period 2007–2013 on the basis of the lessons learnt from previous external assistance and pre-accession instruments. The aim of the IPA is therefore to enhance the efficiency and coherence of aid by means of a single framework.

<sup>4</sup> World Bank, *Albania: Labour market assessment*, World Bank Report no. 34597-AL, Human Development Sector Unit, South East Europe Country Unit, Europe and Central Asia Region, May 2006.

population over 65 years is growing faster than the rest of the adult population.<sup>5</sup>

Migration has been a dominant feature of Albania's socioeconomic landscape over the past 15 years. Migratory flows have been international and internal, permanent and temporary. It is estimated that about 860,485 Albanians live abroad; which means that the stock of emigrants is about 27.5% of the total population. No other Central or Eastern European country has been affected so heavily by migration over such a short period of time.<sup>6</sup> The country's reliance on remittances from Albanian workers abroad, although in decline, is still substantial. A recently published annual report of the Albanian Central Bank declares that without remittances Albanians would be living on US\$2 less per day than they are at present.<sup>7</sup> Since the beginning of the transition there has been substantial internal migration from rural to urban areas, mainly to Tirana and Durrës. Over the past seven years, the proportion of rural inhabitants has decreased by 13%, while the urban population has grown, by 3.2% in 2002–03 and by 2% in 2003–04.<sup>8</sup> The population of Tirana alone is estimated to have grown from around 200,000 in the early 1990s to nearly 800,000 in 2005.<sup>9</sup>

### *Economic growth*

Albania's growth since the transition has been impressive. Cumulative growth since 1990 is among the highest for all transition economies. It is the reason why Albania's real income has recovered to pre-transition levels, even though the country remains one of the poorest in Europe, with an estimated GNI per capita of about US\$2,510 in 2005. Real GDP growth averaged more than 7% per year between 1994 and 2001 and about 5% per year since 2002.<sup>10</sup> As a result Albania not only recovered but exceeded its pre-transition GDP level.<sup>11</sup> In 2007 the estimated real GDP reached a level of 152 (compared with level of 1989 = 100). High GDP growth rates have been accompanied by a massive reduction in poverty. The fraction of the population whose real per capita monthly consumption is below Lek 4,891 (at 2002 prices) fell from 25.4% in 2002 to 18.5% in 2005. This means that roughly 235,000 out of about 800,000 poor people in 2002 were lifted out of poverty in that period. The extremely poor population, defined as those with difficulty meeting basic nutritional needs, decreased from about 5% to 3.5%.<sup>12</sup> However, Tirana has a GDP index of 0.772, compared to a mere 0.252 for the mountain area; the Human Development Index (HDI)<sup>13</sup> for Tirana was 0.830 as against the mountain area score of 0.632.<sup>14</sup>

### *Labour market developments*

Labour market developments in Albania have of course been influenced by the transition processes going on in all economic and social spheres. The process of privatisation of state property is almost finished. In 2007 the share of agriculture in the Albanian economy, which

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<sup>5</sup> *Albania Health Sector Note*, World Bank Report No. 32612-AL, Human Development Sector Unit, South East Europe Country Unit, Europe and Central Asia Region, February 2006.

<sup>6</sup> ETF, *Migration patterns and human resources development issues in Albania*, Report, draft, October 2007.

<sup>7</sup> Central Bank of Albania, *Annual Report 2006*.

<sup>8</sup> Based on World Bank Living Standards Measurement Surveys (LSMS) conducted in Albania in the second quarters of 2002, 2003 and 2004.

<sup>9</sup> IMF, *Albania: Selected issues and statistical appendix*. IMF Country Report no. 05/90, March 2005. This means that Albania's migration flow has been five times higher than the average migration flow in developing countries.

<sup>10</sup> INSTAT (State Statistical Office of Republic of Albania) and World Bank, *Albania: Trends in Poverty and Inequality, 2002–2005*, Tirana, December 2006.

<sup>11</sup> EBRD, *Transition Report 2007*, www.ebrd.org.

<sup>12</sup> World Bank, Poverty Reduction and Economic Management Unit, *Albania: Urban growth, migration and poverty reduction: A poverty assessment*, December 2007.

<sup>13</sup> The Human Development Index (HDI) is the normalized measure of life expectancy, literacy, education, standard of living, and GDP per capita for countries worldwide.

<sup>14</sup> *National human development report Albania 2005*. Sustainable Economic Development Agency, Tirana, and UNDP, March 2005.

was almost 20%, significantly exceeded the share of industry, which was only 9.5%. The prevalence of micro and small-sized enterprises (94% of total enterprises) and the informality of the economy are other significant features, in both rural and urban areas.<sup>15</sup> The informal labour market, which is largely undocumented with regard to its impact on employment and skills needs, represents a substantial share of total employment.

Defining the scope of HRD in Albania as such is a complex endeavour. Human resources are the principal asset of every country, and they are required mainly by the local and regional labour markets and therefore by the business enterprises which shape these markets. In an economy where jobs and skills needs are constantly changing and where new technologies are introduced, citizens from Albania as elsewhere are confronted with the need and opportunity to adapt their knowledge and skills constantly. On the global scale, labour market conditions and working contexts are becoming more and more divided between knowledge-intensive jobs on the one hand and more repetitive, low-skilled work on the other. The HRD context in Albania is expected to show similar characteristics in the future. Therefore, there are many important HRD issues to be discussed. Key questions include:

- What types of HRD policy measure are in place to support the employability of individuals?
- To what extent is access to quality education and training a reality in Albania?
- Are different learning opportunities available to all citizens so that they can gain, refresh, extend or update their knowledge and skills at any time throughout their lives?

## **2. Key policy issues and strategies in employment**

### *Labour force participation and employment*

Changes in the patterns of employment in Albania, as in most other countries in the IPA region, have been enormous. Like its neighbours, Albania has found the transition from guaranteed full employment to a market-based employment model difficult, and job creation in the formal private sector has been weak.<sup>16</sup> Although the employment rate based on the LSMS since 2000 is relatively stable and remains at around 60% of the working-age population, labour force participation and employment have lagged well behind population growth in Albania and both the labour force and employment (including formal and informal) have been rising at a slower pace than the working-age population.<sup>17</sup> The employment structure by sector indicates that in 2006 about 16% of employment was in the public sector, 33% in the private sector and 51% in the agricultural sector.<sup>18</sup> (See Annex: Key statistical data on the labour market.)

### *Overall unemployment*

The unemployment rate<sup>19</sup> in 2006 was 13.8%, representing a decrease since 1999 of around 5%. The downward trend has been confirmed by the data for the first quarter of 2007,

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<sup>15</sup> ETF, *Labour market review of Albania*, 2006.

<sup>16</sup> World Bank, *Albania: Labour market assessment*, op. cit.

<sup>17</sup> Ibid.

<sup>18</sup> MoLSAEO, *Sector Strategy on Employment 2007–2013*, October 2007.

<sup>19</sup> Defining what is meant by searching systematically for a job, which is an ILO and Eurostat criterion for classification as unemployed, is problematic in Albania. INSTAT has been using two methods. The official method measures the number of job seeking people registered in local employment offices and shows that unemployment has been decreasing in the last few years and currently stands at about 14%. Household surveys, such as the LSMS, can distinguish between unemployment, active job search, discouraged unemployment, and inactivity. As an example, the 2004 LSMS in Albania, according to a 'relaxed' definition, indicates an unemployment rate of about 13.4%. The 'relaxed' definition recognises the validity of the 'discouraged worker' effect – i. e. it assumes that some individuals are part of the labour force but are not searching for a job because they believe there is no work available. The unemployment rate in Albania according to the 2004 LSMS 'standard' definition was 5.6%, which is more than 50% lower than that obtained by the 'relaxed' method, suggesting that a high percentage of the registered unemployed are not actively seeking a job.

recording a further drop in the unemployment rate to 13.6%.<sup>20</sup> The age group most affected by unemployment during the transition period are people under 34, who make up 60% of registered job seekers. In 2006, young people aged 15–25 made up 24% of the total number of registered job seekers.<sup>21</sup> The unemployment rate is higher in the north-eastern part of the country, reaching around 24% compared with 13% in the central and southern area (see annex).

Although Albania's unemployment rate is one of the lowest in the IPA region, the share of long-term (more than 12 months) unemployment in total registered unemployment is high – around two-thirds at any time in the years 1993–2006. This category of unemployed persons is problematic because they have fewer chances to (re-)enter the labour market. Long-term unemployment is more problematic in the north-eastern region of the country, where more than 75% of unemployed persons are jobless for more than one year.

### *Regional unemployment*

Unemployment varies by region. The territory of Albania can be divided into four main areas, which differ by size, population density and the nature of the problems they face. These areas are the north, the central area, the south, and Tirana, the capital city. The northern area of the country covers the region of Diber, Kukës, Shkodër and Lezhë. Some 23% of the total population live in this area and the average unemployment rate is 24%, which is higher than in any other region of the country.<sup>22</sup> The southern part of the country covers the region of Gjirokastër, Vlorë and Fier, where 25% of the total population of the country lives. Its average unemployment level is 12%, which is lower than the country average and is also lower this year compared to previous years.<sup>23</sup>

The central part of Albania covers the regions of Durrës, Korçë, Berat and Elbasan, where 35% of the total population of Albania lives. The average unemployment rate here is currently 12%.<sup>24</sup> The central part of Albania is its most populated area, not least because of the many migrants from all over the country, mostly from the rural areas. Some 56.9% of unemployed job seekers are over 40 years old and almost half of them have primary education. The situation is better than the average in Durrës region, where the long-term unemployment rate is lower (48%) and so is the number of unemployed people benefiting from the social assistance scheme (40%). Tirana region has about 20,000 registered unemployed job seekers, of whom 51.7% are women. Compared with 2006, the number of unemployed people has fallen by 5.5%.<sup>25</sup> Of the unemployed job seekers, 59.5% have primary education, mainly because many are migrants coming from remote rural areas.

### *Female unemployment*

The gender gap in the labour market is the result of both social and cultural factors as well as the skills currently in demand. The labour force participation rate in 2006 was 68.3% for men and 46.8% for women, while the unemployment rate for men in 2006 was 12% compared to 17.1% for women. Women's unemployment rate in the urban areas is particularly high, approaching 30%. Women earn 35% less than men. In the northern part of the country the situation is worse as a result of fewer job opportunities in the labour market and the high level of emigration by men who are supporting their families with remittances. Twelve per cent of the female unemployed job seekers are heads of household and their families live in extreme poverty. The unemployed women are better educated than the unemployed men: 27% of the unemployed females over 16 years old have a secondary education diploma and 13% have a

<sup>20</sup> *Candidate and Pre-Accession Countries' Economies Quarterly*, European Commission, Directorate General for Economic and Financial Affairs, Economic Affairs within the Candidate Countries and Western Balkans. Economic Policy Related to Enlargement, July 2007.

<sup>21</sup> Agenda Institute, *Challenges facing Albanian youth on the road towards employment*, Tirana, 2007.

<sup>22</sup> Report of National Employment Service, Tirana, 2007.

<sup>23</sup> Ibid.

<sup>24</sup> Ibid.

<sup>25</sup> Ibid.

university degree. This is because, after compulsory education, men tend more often to find a job or to emigrate rather than to continue their studies. Currently, about 62% of those enrolled in tertiary education are women.<sup>26</sup>

### *Informal economy*

The informal economy is an important contributor to employment and production in Albania but is also characterised by tax evasion and avoidance of legal regulations, which is why it is a hotly debated issue. Informal employment is important both to the economy and to the welfare of many households; however, it is also significantly correlated with low earnings, poverty, and vulnerability.<sup>27</sup> Self-employment has tended to grow in recent years. Countrywide, 66% of the persons considered as employed are self-employed, while only 34% are remunerated by an employer. Self-employment in Albania has family business characteristics and can be found mainly in trade and crafts handed down through generations of families.<sup>28</sup>

### *Business environment*

Albania is rated low in the most recent *Doing business 2008* report from the World Bank, which covers the period April 2006 to June 2007: it is ahead only of Uzbekistan, Ukraine and Tajikistan in the ranking of 28 Eastern European and Central Asian countries. The low ranking on the 'Ease of doing business' index is due to the fact that the regulatory environment is not conducive to the operation of business. The 'Starting a business' ranking is also low (25th), as is the 'Employing workers' ranking (18th). Although these indexes or rankings may be viewed with a critical eye, they raise the issue of the need to make major improvements to Albania's business environment and investment climate, while employment and skills development would underpin respective developments.<sup>29</sup>

### *High adult inactivity rate*

Another phenomenon observed in the Albanian labour market is the high number of economically inactive adults, estimated at 823,000 according to the 2001 census, which compares to somewhat less than 2 million people of working age. This inactive adult population in Albania includes: (i) young people still engaged in studies who are enriching their human capital potential prior to entering the labour market; (ii) older people who have retired from their previous employment; (iii) female housekeepers who are responsible both for their offspring and the daily household needs. A part of the latter category can also be considered to be a latent labor supply in case of economic development. But the high level of the inactive population also reflects the high labour potential that the country could mobilise for its possible development.<sup>30</sup> However, this phenomenon should be studied in combination with informal work.

### *Institutional, legislative and policy frameworks*

The leading institution that develops policy and legislation in the area of employment is the Ministry of Labour and Social Affairs and Equal Opportunities (MoLSAEO). The department responsible is the Department of Employment Policies, part of the General Directorate of Policies (GDoP). The latter is also formally responsible for vocational training policy, as part of active labour market policy measures. The National Employment Service (NES) is responsible for implementing the employment policy and related vocational training. It is an autonomous body of the MoLSAEO established by law,<sup>31</sup> and its function is regulated by the

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<sup>26</sup> *Albania: Labour market assessment*, op. cit.

<sup>27</sup> Ibid.

<sup>28</sup> OECD Investment Compact, *The informal economy in Albania: Analysis and policy recommendations*, report prepared for the Ministry of Economy of Albania, OECD, 2005.

<sup>29</sup> <http://www.doingbusiness.org/economyrankings/?direction=Asc&sort=1&regionid=2>

<sup>30</sup> INSTAT, *People and work in Albania: Labour force, employment and unemployment in the transition*, Tirana, 2002.

<sup>31</sup> Law no. 7995, 20.09.1995, 'On the promotion of employment'.

NES Charter.<sup>32</sup> The main functions of the NES include career guidance and training for job seekers, incentives for employers who create new jobs and employ persons with disabilities, and the preparation of labour market studies.

The Ministry is also formally responsible for a network of 10 public regional vocational training centres that play an important part in HRD in Albania and support the implementation of employment policy. These are located in eight regions – Tirana, Shkodër, Elbasan, Korçë, Durrës, Vlorë, Fier and Gjirokastër – in which different short-term training courses are offered. Based on statistics collected regularly by the MoLSAEO, the average participation rate is highest for young adults aged 16–25 years (73%). Fifty-seven per cent of trainees are women. Graduates from general secondary education represent around 60% of the trainees in vocational training centres. The number of courses delivered in vocational training centres is considerable. New courses have been introduced every year, following developments in the local labour market. Trainee distribution according to training field in 2006 shows that the courses most in demand are computer/ITC skills and foreign languages (31% of trainees each), followed by hairdressing (13%), tailoring (10%), and plumbing and electrical skills (8%). A bigger labour market demand for ICT and foreign language proficiency, as well as the desire to be able to emigrate, are among the main motives for the high enrolment rate in such courses.

The Law on Employment Promotion<sup>33</sup> is the basic law on employment in Albania, and it also puts emphasis on HRD as an important part of employment policy. Vocational training and on-the-job training of adults are considered the main ways of improving the employability of job seekers and young adults. According to this law vocational training should support vulnerable groups and should prevent social exclusion; the distribution mechanisms of subsidies must therefore allow target-group-oriented financing under special conditions.<sup>34</sup> The law stipulates that vocational training is a service not only for unemployed job seekers but also for employers, and is implemented through courses or participation in work processes. The law envisages that training can be provided through public and non-public training centres, and regulates the modalities for participation fees to be paid by trainees in order to attend training courses in public centres. The law allows the stimulation of enterprises by employment offices by subsidising or crediting their activities in order to provide vocational training for unemployed people.

During 2007 the government has invested significant resources in drafting a new Strategy on Employment 2007–2013, taking into account the recommendations of several international institutions.<sup>35</sup> The Strategy aims to establish sound bases for an improved employment policy and vocational training system, while at the same time establishing a framework for the implementation of active and passive employment measures. Although the main objective of the strategy is gradually to reduce the unemployment rate in Albania to a level comparable with EU Member States by 2013, it significantly points out the need for a comprehensive HRD policy to support the employability of Albanian citizens. Some of the main indicators defined in the strategy are:

- (i) Establishment of a modern employment service countrywide;
- (ii) Development of partnership relations with other actors in the labour market;
- (iii) Building up an information system and infrastructure as a key factor in the improvement of service quality;
- (iv) Improvement of communication and collaboration with enterprises;
- (v) Development of the human resources capacities of NES and overall country network;

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<sup>32</sup> Government Decree no. 42, 7.03.1998, 'For the approval of employment services'.

<sup>33</sup> Law no. 7995, 20.09.1995, partially modified by Law no. 8862, 7.03.2002, and Law no. 9570, 3.07.2006.

<sup>34</sup> For instance registered unemployed people, repatriated people, disabled people, and females vulnerable to trafficking, long-term unemployed Roma.

<sup>35</sup> The first Strategy on Employment and Vocational Training (SEVT) was the main document of the Albanian government related to labour market issues and was adopted in January 2003, covering the period 2003–2008.

- (vi) Improvement of communication and collaboration with the private employment services;
- (vii) Establishing a modern vocational training system capable of contributing to the continuous skills development of youth and adults;
- (viii) Providing opportunities for vocational training and professional qualifications in compliance with the requirements of the economic and social development of the country, in the broader framework of regional and EU integration;
- (ix) Decreasing unemployment by 0.3% per year; increasing the number of employed people by 5% per year;
- (x) Participation by 2013 in active programmes of training, retraining, on-the-job training or other employment-generating measures of about 20% of registered job seekers, and encouraging lifelong learning.

#### *Active labour market measures*

The government of Albania operates an Employment Promotion Programme, which provides support in regard to four key labour market issues:<sup>36</sup>

- (a) **Unemployed job seekers.** Employers providing employment to job seekers on a temporary basis (3–6 months) receive up to 100% of the minimum wage and are reimbursed for social insurance contributions.
- (b) **Workplace training for unemployed job seekers.** Employers who provide training and employ a trainee for at least a year are offered financial support in the form of trainee wages and social insurance contributions for the nine months of training.
- (c) **Institutional training.** Training is provided for (i) companies that guarantee employment after completion of training, (ii) companies that can demonstrate that training would be useful for the participants. Potential beneficiaries who refuse to participate in these courses are deleted from the unemployment register and are refused unemployment compensation.
- (d) **Unemployed women.** This programme, which commenced in 2004, is ongoing; it aims to integrate marginalised women (Roma women, previously trafficked women, older women and disabled women) into the labour market.

#### *The role of the social partners*

The social partners' involvement in HRD issues in Albania is most visible at central/national level. The National Labour Council (NLC) acts as an advisory body to the MoLSAEO and is the highest institutional tripartite structure in Albania. It is established by law in 2006<sup>37</sup> and is composed of 27 members including representatives of seven related ministries, 10 representatives of employees' organisations and 10 representatives of employers' organisations. There are six permanent commissions, each composed of nine representatives from the three social partners, and they share a common commission that facilitates the decision-making process in employment and vocational training policy. The signing in September 1996 of the first tripartite agreement on wage issues between the government and social partners, which fixed the minimum wage, and the October 2007 agreement on the Strategy on Employment 2007–2013, after a long process of dialogue, are considered good examples of the National Labour Council's functioning and the involvement of social partners in national HRD issues. The governing board of NES, its highest decision-making body, is the Tripartite Administrative Council (TAC); it is chaired by the Minister of Labour, Social Affairs and Equal Opportunities and composed of representatives of the Ministry of Finance (MoF), the Ministry of Education and Science (MoES), the Social Insurance Institute and the State Social Service, plus six representatives of employers' and workers' organisations.

#### *Key issues and challenges*

<sup>36</sup> ETF, *Labour market review of Albania*, 2006.

<sup>37</sup> Law No. 7961, 13.3.2006.



The major labour market and employment policy challenges in Albania can be summarised as follows:

- Formal sector labour demand is largely restricted to the public sector and selected private economic sectors, such as banking and, to a small degree, tourism and construction.<sup>38</sup>
- Long-term unemployment is a persistent problem in the Albanian labour market; the most affected are young people, while the gender gap in terms of participation in the labour force and the unemployment rate is extremely pronounced.
- Informal employment is a dominant feature of the labour market in Albania and the majority of workers are employed in informal arrangements, outside the coverage of labour legislation or social insurance. Productivity tends to be lower in the informal sector, which, among other things, also demonstrates low investment in skills.

Key questions which could lead to possible policy solutions include:

- What are the trends in terms of skills demanded by the labour market?
- What are the sectors that are creating jobs?
- Is there a positive relationship between raising productivity and job-creating sectors?
- What are the related policy implications?

As regards challenges to supporting employment among Albanian citizens, it is important to focus first of all on the informality of the labour market and the large economically inactive adult population. Most of the unskilled people and those who come from rural to urban areas and live on the outskirts of major cities – Tirana, Durrës, Shkodër – are employed and exploited in the informal sector with very low wages and without any social security. This problem seems to be continuing, and more and better training is one of the ingredients to address it. One of the most effective means to tackle the problem of persistent informality in the economy lies in the education and awareness-raising of the uneducated, unskilled labour force, which is the main supplier of labour in this sector.

Another general labour market problem remains the shortage of qualified workers. This is partly because newcomers to the labour market are not offered sufficient guidance in accordance with the needs of the labour market, but also because significant numbers of people are trained in fields that are not needed by the labour market. The content of VET courses hardly meets the needs of working life. Therefore, in tackling the labour market challenges, it is important to pursue policies that provide the economy with an adequate supply of appropriately skilled workers to sustain modest economic growth.

### **3. Key policy issues and strategies in education**

Education is an important policy priority from the point of view of furthering democracy and promoting active citizenship, as well as creating a knowledgeable, skilled and adaptable workforce able to contribute to the country's competitiveness and social cohesion. However, education operates within a context of very scarce resources.

#### *Education system, enrolments and graduates' success on the labour market*

The Albanian education system is organised as follows: pre-school education, mainly provided by kindergartens; basic education (grades 1–8), which is free and compulsory; secondary education (general, social-cultural and vocational); and higher education. Based on Ministry of Education data for 2007, there were 1,670 pre-school institutions serving 75,000 students and 1,721 basic education institutions serving 473,500 students. Also in 2007, secondary education was provided to 141,000 students in 374 institutions; 314 provided general secondary education, 20 offered social-cultural secondary programmes, and 40 provided initial vocational education (to 17,500 students). The share of vocational education students in total secondary enrolments declined sharply, from 72% to 19%, between 1990 and 2002, mainly as a result of the closure of many vocational and multi-

<sup>38</sup> ETF, *Labour market review of Albania*, 2006.

programme secondary schools which offered both vocational education and general secondary education programmes.

Both the employment and unemployment rates (2002–2004) for the 15–64 age group by level of education show that higher education is clearly associated with more advantaged performance in the labour market. Employment rates in the period indicated were always higher than the country average, by 10–17 percentage points (in 2004 the average employment rate was 60.7%, while it reached 76% for those with higher education). A similar advantage was observed with unemployment rates, in which the deviation to country average was approximately 50% or more (2.7% at this education level against 7.5% on average in 2003). Conversely, the labour force with only secondary education faces severe challenges in the labour market, as shown by the above-average unemployment rates in 2002–2004, with a deviation of at least 30% (in excess of the average unemployment rate). Employment rates show a better situation, with the respective rates slightly below the country average.<sup>39</sup>

### *Curriculum reforms*

During the last two decades the education system in Albania has been undergoing continuous reform with respect to both its structure and its content. The curriculum in primary and secondary general education is being reformed to make it more compatible with contemporary developments in teaching and learning. The target date for complete implementation of a revised basic education curriculum is 2010, and that of the secondary education curriculum is 2015. The textbook publication market has been liberalised, ensuring that better-quality and more attractive and appropriate curriculum support resources are made available to teachers. Textbooks in primary education were distributed free of charge in 2004 to ensure more equitable access to them for all students, irrespective of family background or regional location. Efforts to improve the quality of teaching include the development of competencies for teachers and a teacher accreditation system, the introduction of an in-service training programme, and reforms in pre-service training. The National Centre for Assessment and Evaluation has been established to carry out independent student learning assessment and to support university entrance examinations. To improve the quality of education provision, a State Matura has been introduced recently as a final examinations system that young adults take at the end of their secondary education. It was created by the MoES in 2005, as a project aiming to fight corruption, arbitrariness and favouritism, which had characterised the previous examination and grading system.

### *Education management and decentralisation*

The management of the Albanian education sector is still centralised, a situation which is not much different from the experience found in other countries of the region. It is the Council of Ministers, the MoF, the MoES and their subordinate offices, i.e. the district finance offices and the district education directorates, who take all decisions. Local governments have very limited power; while schools are seen as mere executors of government policy. Parents and communities enter the process primarily through private financing. To cope with this, the government has issued a set of measures largely aimed at decentralising the education system but at the same time encouraging greater school autonomy.

Decentralisation of the management of the education system and service delivery at the pre-university level is a core aspect of Albania's ongoing broader education governance efforts. The decentralisation process of the pre-university education system is based on the following guiding principles: (i) striving for high academic achievements and administrative effectiveness and transparency, (ii) a culture of measurement, (iii) performance-based management, (iv) a new role for school principals, and (v) a participatory approach. Under the decentralised system, schools are required to take increased responsibility for planning and managing the development of the services they deliver along with the associated quality improvement procedures.

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<sup>39</sup> LSMS Albania, database at ETF (LSMS = Living Standards Measurement Survey for 2002 and 2004).

### *The problem of early school leaving*

Albanian children on average complete 8.6 years of schooling, and in this respect Albania lags substantially behind its neighbours and falls almost six years below the EU average. While universal primary education has been achieved, the enrolment rate for secondary education (grades 9–12) is low, at around 50%. Low average educational attainments are compounded by marked variations across regions and income groups. For example, the net secondary enrolment rate is 70% in Tirana, 60% in other urban cities, and only 25% in rural areas. Educational attainment is low, irrespective of whether internal or external assessment benchmarks are used. Almost one-third of basic school students attain the lowest possible mark among six satisfactory grades, with the performance being even weaker in rural areas. Students from rural areas achieve 30% lower scores than those from urban areas, and children from poor families achieve 40% less than students from non-poor families.<sup>40</sup>

Intensive demographic movements and the fast growth of the school population have caused a high concentration of new students in some areas, exceeding the maximum capacities of the existing school facilities. In the newly created suburban areas, it must be noted that education infrastructure is completely lacking: the problems are particularly pronounced in the cities where there is a high concentration of migrants from rural areas, for instance on the outskirts of Tirana, Shkodër and Elbasan. However, the situation needs to be seen in its complexity and all multidimensional aspects in order to understand the disproportion in access and quality that has arisen in all aspects of education.<sup>41</sup>

### *Students' performance in international tests as an indicator of poor quality of education*

Albania has participated in several Programmes for International Student Assessment (PISA) tests, which measure students' performance at the end of compulsory schooling. PISA 2003 results from Albania revealed that a significant proportion of Albanian students aged 15 had poor reading literacy. In total, 70.3% of the students who participated in PISA fall below literacy level 1, while the average for OECD countries is 19.1%.<sup>42</sup> Student performance can have lasting implications for young people as they move into adult life, as well as for society at large. Poor learning outcomes at the end of compulsory schooling may lead to a higher probability of dropping out of school before the completion of a secondary education, lower earnings and worse career prospects as these young people enter the labour market, a lower probability of benefiting from on-the-job training and, in the most extreme cases, a greater probability of dependence on social assistance in adult life.<sup>43</sup> Despite some improvements in education provision at different levels, the quality of the education system remains a big challenge. Improvements are needed in terms of both physical infrastructure and the teaching and learning processes.

### *Key issues in VET*

Although significant efforts have been invested by the government, the EU and other donors since 1997 in improving the provision of secondary vocational education, challenges continue to exist. As the number of vocational schools decreased from 308 in 1990 to 40 in recent years, due to the rapidly declining demand for those profiles linked to the demolition of the old centralised economy, vocational education continues to face difficulties. Despite efforts to reform the curricula, an obsolete VE provision based on outdated curricula, teaching and learning methods and weak infrastructure continues to hamper the effectiveness of the system.<sup>44</sup>

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<sup>40</sup> Ronald G. Sultana, *Facing the hidden drop-out challenge in Albania*, evaluation report of Hidden Drop-out Project piloted in basic education in six prefectures of Albania, Tirana, 2006.

<sup>41</sup> Data from the Regional Department for Education, Tirana, indicate that this situation has been very favourable for the development of private schooling in the Region of Tirana; 25 private secondary schools have already been opened.

<sup>42</sup> OECD, PISA results, 2003

<sup>43</sup> *Society at a glance: OECD Social Indicators*, OECD, 2007.

<sup>44</sup> ETF, *Financing VET, mechanisms and priorities in Albania*, self-assessment document for peer learning project, 2006.

### *Key issues in higher education*

The higher education institutions in Albania function according to the Law for Higher Education approved in 1999. This law regulates the activities of universities and faculties, the establishment and work of managing bodies, and modalities for choosing teaching staff, and also permits the opening of private universities. The overall organisation and activities are elaborated under the statutes of the universities.

The higher education system in Albania includes 11 public universities, of which five are located in Tirana and six in other cities. There are 16 private universities located in Tirana, which in the academic year 2005–2006 enrolled 3.3% of the total number of full-time students. Most private universities started up in 2006.

In September 2003, Albania officially joined the Bologna process and became one of the 40 European countries involved in building the European Higher Education Area (EHEA) by the year 2010.<sup>45</sup> Between 2003 and 2005, the higher education legislation was updated so as to support the Bologna process reforms and to respond to the national needs. The changes addressed study cycles, the financing of higher education, academic standards, teaching loads and student admissions. Nowadays there is significant pressure on higher education institutions to increase enrolment. It is not clear that the current tertiary education programmes adequately reflect the changing needs of the economy, in which new types of graduate are needed to lead market-based growth.<sup>46</sup> New Law for Higher Education has been approved in May 2007, and it incorporates the requirements of Bologna process.

### *Strategy and institutional developments*

A strategy addressing pre-university education for the period 2004–2015 has been adopted. It focuses on five main pillars: improved governance, improved quality of teaching and learning, improved financing of pre-university education, capacity building and HRD, and development of vocational education in the context of overall pre-university education.

Also, the proportion of GDP allocated for education is set to rise from 3.7% to 5%. The government has pledged to achieve Education for All (EFA) by 2015, and has committed itself to increasing funding in order to attain specific goals. Compulsory education is being extended from eight to nine years, with the lower (or primary) cycle now comprising grades 1–5, and the lower secondary the grades 6–9. Teachers' salaries are set to be doubled within four years, in the hope that this will help attract and retain committed professionals to the field. In the meantime, teachers employed at the pre-university level have benefited from a salary increase of 30–70%, widening the gap between different salary levels and thus creating more incentives for career progression. A separate strategy for VET was drafted in 2006, and the government target is to increase participation in secondary VE from 17% to 40% of the overall enrolment in the coming years.

At the same time there have been actions to establish a sound institutional infrastructure for the implementation of reforms. The MoES was restructured in 2007 and some ineffective institutions have been merged – for example, one common institution has been created for Curriculum and Teacher Training, called the Institute for Curriculum and Teacher Training. The National VET Agency (NAVETA) was established in 2006 as a subordinate institution of the MoES.<sup>47</sup> Its mission is the establishment of a nationally and internationally recognised, unified VET system. NAVET prepares programmes for VET development that are approved by the MoES and the MoLSAEO. The main functions of NAVET are preparation of the national list of qualifications, the Albanian Qualification Framework (AQF) and Frame Curricula; accreditation of VET providers; establishment of standards for the initial and ongoing training of teachers and trainers; and the establishment of VET evaluation and certification criteria.

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<sup>45</sup> Conference of European Ministers Responsible for Higher Education, Berlin, 19 September 2003.

<sup>46</sup> Sachi Hatakenaka and Quentin Thompson (consultants), *Albanian higher education*, report submitted to the European Investment Bank, March 2006.

<sup>47</sup> Government Decree no. 237, 10.05.2006.

A significant achievement in the VET reform is the introduction of the VET Law.<sup>48</sup> This law is designed to establish a unique system of VET, to ensure cooperation between the MoES and the MoLSAEO, and to encourage the involvement of the social partners and local communities. One of the intentions of the law is to provide for lifelong learning opportunities, offering the possibility of achieving vocational education and also gaining useful professional knowledge for employment, and creating equal possibilities for all.

### *Key issues and challenges*

Although it is difficult to find any other sector in Albania that has undergone so many reforms as the education sector, and although it is difficult to freeze the picture in such a dynamic environment, the major policy challenges in the education sector can be summarised as follows:

- Although improvements have been made in recent years, the country continues to have the lowest enrolment rate at secondary education level in IPA region.
- The Albanian education system is traditionally an input-based system, defining the subject matter to be taught and the methods to be used by the teacher in great detail, while modern systems emphasise a combination of high-quality inputs, processes and outputs.
- Access to quality education at all levels of education is a significant challenge which is reflected in many different ways: in students' performance, teachers' qualification levels and textbook quality. Modern teaching and learning standards emphasising the teacher's facilitative role in the classroom and an active role for students are largely absent in Albania.
- Vocational education, which is the responsibility of the MoES and which is mainly concentrated at secondary education level, presents a significant challenge for the future development of a skilled and productive labour force. Curriculum, teaching methods and broader quality assurance all remain to be improved.

Education policies have an important role to play in terms of ensuring an adequate labour supply and developing an adaptable workforce. The education system in Albania is currently not fully responding to these challenges. There are obstacles on two levels: (i) at system level in terms of the inflexibility of learning pathways, (ii) at individual level in terms of the inappropriate curriculum framework and quality of education provision. The prevalent attitude that education finishes once formal schooling – either primary, secondary or university – is finished needs to be addressed carefully. The structural changes in the education system can be supportive towards increasing enrolments and thus improving the learning span of individuals, while at the same time governance efforts in the sector can help to improve the quality of education provision. However, the key question that remains to be addressed by education policies is how to enhance the adaptability of individuals and expand their opportunities to participate successfully in the labour market in the future. In addition, when designing educational policies it is also important to consider the attitude of Albanians. Are students and their families striving harder to acquire higher education diplomas than to acquire qualifications and competences that are effectively useful in the labour market for life? Are the returns on investment in education sufficient to motivate greater participation of citizens in education and training?

The EU Education and Training 2010 agenda to tackle the challenges of knowledge-based economy and future labour markets focuses on 'key competences'<sup>49</sup> for lifelong learning'.<sup>50</sup> In accordance with international studies, 'competence' is defined as a combination of

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<sup>48</sup> Law no. 8872, 29.03.2002. Some amendments to this law have been finalised recently by the MoES through CARDS TA support and were waiting to be approved at the time of writing of this paper (April 2008).

<sup>49</sup> *Key competences for lifelong learning – European Reference Framework* sets out eight key competences: communication in the mother tongue; communication in foreign languages; mathematical competence and basic competences in science and technology; ICT competence; learning to learn; interpersonal, intercultural and social competences and civic competence; entrepreneurship; and cultural expression.

<sup>50</sup> Recommendation of the European Parliament and of the Council on key competences for lifelong learning, 18 December 2006/962/EC, OJ L 394/10.

knowledge, skills and attitudes appropriate to deal with uncertain as well as particular life situations. 'Key competences' are those that support personal fulfilment, social inclusion, active citizenship and employment. Education sector policies related to curriculum and teaching practices are those that count as the most important for ensuring the development of 'key competences for lifelong learning'. This significantly changes the place and focus of the education reform policies needed – the focus should be on individual learner. In the case of Albania, access to quality secondary education and VE at secondary education level is crucial, and for most citizens it will be the last stage of their formal schooling. An effective education policy to support school-to-work transition for these young people can be made possible by flexible learning pathways, higher-quality secondary and tertiary education, and improved provision for post-secondary VET. All these measures will improve the employment prospects and lifetime earnings of Albanian citizens.

#### **4. Key policy issues and strategies regarding social inclusion**

##### *Issues related to territorial cohesion*

The social exclusion of vulnerable groups can mean different things and have different characteristics. In fact, for society such as that of Albania, social exclusion is a very complex concept. In contrast to poverty and unemployment, which focus on individuals or households, social exclusion is primarily concerned with the relationship between the individual and society, and the dynamics of that relationship. Social exclusion can be also characterised by a lack of education, employment and community involvement, and a failure to acquire basic skills such as literacy and numeric can place a person at a distinct disadvantage in these areas. The interrelationship between low levels of education and social exclusion has been highlighted in many recent studies, and similar patterns of this type can be noticed in Albania. As an example, the regional disparities noted earlier are clearly reflected here as well: while the net secondary enrolment rate is 70% in Tirana and 60% in other cities, it is only 25% in rural areas, where about 85% of high schools have been closed down. Only 62% of 14-year-olds finish compulsory schooling in due time. About 25% drop out from obligatory schooling, and this – together with the fact that some children are never registered at school – explains the resurgence of illiteracy, which had been officially eliminated in the years before 1990.<sup>51</sup>

There are further important discrepancies between education in urban and rural contexts in Albania that can generate social exclusion. Schools in urban areas tend to be overcrowded, with over 50–60 students per class, and with many schools operating with double or triple shifts. Schools in remote areas, on the other hand, have very small student–teacher ratios, given the continued migration to urban centres. This leads to the creation of so-called 'collective classes' – but teachers have often not been trained to teach in multigrade teaching environments. In the best cases, the teacher divides the class into different age groups and works with one group after another, with those who are not receiving the teacher's immediate attention waiting silently until it is their turn for instruction. In other cases, students end up being 'passenger pupils', who in effect sit through the class and even pass from one grade to the next without attaining the learning objectives set by the curriculum. Regular school attendance and dropout rates are greatly influenced by indigence, by whether children are from urban or rural areas, by gender, and by ethnicity. Girls from poor rural backgrounds are among the most susceptible to missing out on their schooling. Other at-risk groups include Roma children, whose average schooling is respectively 4.02 years. An estimated 32% of six- to eighteen-year-old children are involved in child labour. There is very little in the way of catering for the special needs of around 12,000 children with disabilities, with the state offering services to only 9.5% of them in residential care institutions, day care centres or specialised schools. Disabled children are not required to complete compulsory schooling.<sup>52</sup>

##### *Issues related to ethnic minority groups and women*

Albania is one of the most homogeneous countries in the Balkans as far as ethnic communities are concerned. There are three recognised minorities (Greek, Macedonian and

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<sup>51</sup> Sultana, op. cit.

<sup>52</sup> Sultana, op. cit.

Montenegrin) and two ethno-linguistic minorities (Vlach and Roma). According to data made available in 2003 by the Statistics Institute of Albania, the number of people belonging to the Greek, Macedonian, Montenegrin and Vlach ethnic groups was established as 42,892 (1.4% of the population).<sup>53</sup> Experts estimate the number of Roma to be between 90,000 and 100,000, out of a total Albanian population of 3.3 million.<sup>54</sup> Certain ethnic groups (including the Roma) are particularly vulnerable as a result of deficient education, poverty, and cultural and social perceptions. Some of the ethnic groups have educational attainment levels that are higher than the country average and the majority population. One of the important challenges concerns the educational deficit presented by socioeconomically vulnerable groups (and in particular the Roma); this is particularly the case for young people. Less educated individuals are likely to experience relatively poor labour market outcomes over the entire course of their career, in the form of lower wages, lower-status jobs and a higher probability of being unemployed. Women are obviously at a higher risk of not attending or failing to complete primary education and of not finding jobs. Another challenge is therefore to improve the employment opportunities for socioeconomically vulnerable groups.<sup>55</sup>

Restructuring during transition, privatisation, and the related sharp decrease in public sector employment benefited the most skilled and adaptable labour force, and had disproportionate negative effects on the more vulnerable groups. These are the poorest and least skilled minorities, who find themselves, discriminated against in the new market economy based on competition for two powerful reasons: (i) because they belong to vulnerable minorities, (ii) because they were not able as a group to acquire skills-based competitiveness. Active labour market policies also do not benefit these very segregated groups, since they lack the minimum education level necessary to acquire qualifications and even attend whole training cycles. In addition they carry other social burdens that skills training alone cannot help to overcome. Therefore, social inclusion through employment and better employability for these groups need to be associated with other supporting policies.

#### *Key issues and challenges*

In general, further attention to the factors generating inequality is needed, particularly from the point of view of access to quality education and training. The factors of inequality and discrimination can be correlated with phenomena of segregation in schools, the labour market and society in general. These discrimination factors include:

- overrepresentation of migrant and ethnic group pupils in schools catering for pupils with disabilities or severe learning/cognitive difficulties;
- wrongful assignment to special education and placement in lower than age-appropriate grades based on assessments in the host language rather than the mother tongue;
- exclusion of individual pupils for cultural reasons;
- disproportionately high rates of exclusion of some ethnic group pupils;
- discrepancies between public and private school admittance;
- enrolment in schools with lower academic demands and overrepresentation in vocationally oriented tracks in lower and higher education;
- absent or poor-quality compensatory or support programmes.<sup>56</sup>

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<sup>53</sup> EURAC, *Access to education and employment of ethnic minorities in the Western Balkans, Country Report Albania*, 2005

<sup>54</sup> *Albania Strategy for Social Inclusion 2007–2013*, draft for discussion, 15 November 2006.

<sup>55</sup> In December 2007, the Government of the Republic of Albania adopted the Social Inclusion Crosscutting Strategy, as a component of the National Strategy for Development and Integration. 'The strategy focuses on poverty and social exclusion risks that remain even after the onset of economic growth. As a crosscutting strategy it is fully consistent with the underlying sector strategies and in particular those policies and institutional arrangements described in these strategies that aim to assist vulnerable individuals, families and groups in the community so that they are able to operate on their own, to be self-sustaining and to have the same rights as other members of society.' The MoLSAEO coordinates the Inter-Ministerial Working Group of the Social Inclusion Crosscutting Strategy.

<sup>56</sup> ETF, *Social inclusion of ethnic groups through education and training: Elements of good practice*, December 2007.

The strong links between educational attainment and labour market success, and the link between high levels of unemployment and socioeconomic class, are well documented in a number of studies. A range of policies is already known to tackle educational disadvantage and optimise participation in and benefit from the education system. While HRD policies are usually unable to affect the social or family circumstances in which learners are living and growing, much more can be done to offer socially excluded people a curriculum which permits them to make choices, to build and improve their self-confidence, and to see the connections between learning and a better life.

## 5. Synthesis of issues and challenges in the HRD sector in Albania

The HRD sector challenges in Albania have been addressed through supply-driven rather than demand-based policy measures. This has resulted in a situation where there is, on the one hand, an acute shortage of skilled staff and, on the other, a large number of unemployed youth with skills and education that have limited utility in the current demand situation. The challenges in the HRD sector in Albania can be summarised as follows:

- The Albanian education system is based on learning inputs, and the learning and teaching process is very much influenced by this philosophy, which undoubtedly has a negative impact on the development of a coherent lifelong learning pathway. Although steps have been taken to develop an Albanian Qualification Framework that will reflect the requirements of the European Qualification Framework, the main challenges are related to the limited curriculum choice and flexibility in course selection, and to an excessive focus on content and facts, which encourages a teacher-centred model and does not motivate students to become actively engaged or to develop wider generic competences and analytical skills. Generally teachers see their work as to 'teach', not to facilitate students' learning processes. As a result, students do not develop the initiative, the 'learning to learn' skills, the problem-solving skills or the critical thinking skills that are key to modern societies. Opportunities to engage students' interest in improving their key competences and skills are lost in most cases, the main reasons being: (i) lack of flexibility for learners to progress from one level of qualification to the next; (ii) significant differences in quality and reputation between existing education institutions; (iii) limited access to good-quality education opportunities.
- Despite significant efforts on the part of the MoES, the MoLSAEO and all other actors involved to improve various aspects of VET provision, both VE and VT continue to have a low reputation from a social and qualitative point of view, and a low percentage of learners, either youngsters or adults, have been involved in this important part of HRD.<sup>57</sup> The current Albanian VET system is weak both quantitatively and qualitatively. In general, suitable infrastructure is lacking, financing is insufficient, curricula are old and management and training methods are outdated. In addition, there is no policy for linking initial secondary VE with the longer-term concept of lifelong learning, thereby providing for a more flexible workforce capable of adapting to new skill requirements as the economy and technology evolve.
- Encouraging employment is a complex challenge for any government because job creation is inherently a multisector phenomenon involving mutually reinforcing policies in a number of areas. Sound macroeconomic policies and a favourable business environment are essential for the economic growth needed for employment. Education policies and an effective social protection framework are also critical to ensure a skilled and adaptable labour supply.<sup>58</sup> There is a profound existing need to design and implement a series of interconnected initiatives and structural changes which, through their cumulative reinforcement by simultaneous implementation in the country, will provide support to the government in encouraging employment. In that respect, adult learning has never been more important and urgent in Albania than it is today. The demand for it refers to adults who need to be trained and retrained in order to cope with the ever-changing world of work and is usually described in terms of factors such as age,

<sup>57</sup> *Strategy of Vocational Education and Training in Albania*, draft document, January 2006.

<sup>58</sup> *Albania: Labour market assessment*, op. cit.



gender, educational attainment, employment status, and job characteristics. Better knowledge of adult learning patterns, including considering the barriers and motivations to engagement in adult learning, is critical to future policy development in this area.<sup>59</sup>

Should the HRD sector in the country be developed in such a way as to match the needs of the economy and the labour market? The proliferation of higher education diplomas does not by itself improve either the competitiveness of the economy nor the productivity of the labour force; neither does it guarantee competitive edges for the economy in the long term. Educational attainment and skills level are only moderately correlated. In addition, high skills do not seem to affect growth, but high percentages of people with low levels of skills tend to retard growth. Effectively, low skills seem to inhibit rates of technological adaptation and innovation. There should be a policy focus on the people with the lowest skills, as they are holding economic development back. In addition, people lose skills over time. This is not really surprising given societal, technological and organisational changes; but it is happening at a rate that offsets the overall rise in educational quality seen over the last decades. The situation would be even worse if there had been no rise in educational quality. Formal education at any level is no longer enough for a life.<sup>60</sup>

This is the key concern for the HRD sector in Albania, and unfortunately it remains without a satisfactory response. In this document, we have attempted to tackle the issues and challenges in the HRD sector, addressing the questions: What types of HRD policy measure are in place to enable individuals' employability to expand? To what extent is access to quality education and training a reality in Albania? What different learning opportunities are available to all citizens on an ongoing basis, so that they can continue, restart and diversify their knowledge and skills?

The findings of this HRD analysis stress the importance of continuous redevelopment of existing HRD sector policies to supply the full range of knowledge and skills needed to cope with the unpredictable future of the labour market. What HRD strategies are needed in Albania so that the country will be better prepared for shifts in the labour force? As a minimum, HRD sector policies should take into consideration the following:

- Education in Albania must, first and foremost, help to develop individual personalities and enable students to fit into society. All levels of education and training have different, if interdependent, roles in the education system and their approach to development of key competences varies correspondingly. While the early stages of the education system need to focus on motivation, learning-to-learn skills and other key competences, the later stages should focus on the more specific skills and competences of a discipline or a field of industry. However, skill needs are changing at an accelerating rate, following close global competition and the development of knowledge, technology and organisations. Thus, learning-to-learn skills and other key competences become more and more important in VET, as well as in higher education.<sup>61</sup> This calls for a twofold direction of the curriculum and teaching and learning practices, whenever the focus of HRD sector strategies is the individual learner. First, the VE curriculum should be generalised, with a particular emphasis on strengthening the general education component of secondary VE to provide knowledge in humanities and sciences and prepare students to work in various occupations, teaching them to solve a wide range of problems and encouraging them to re-enter the learning cycle at various stages of life. Second, the general education curriculum should be 'vocationalised', particularly at post-secondary and higher education level and providing the students with knowledge and skills to cope more easily with the transition from school to work.

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<sup>59</sup> OECD, *Promoting adult learning*. Paris, 2005

<sup>60</sup> ETF, *Labour market and vocational education and training: Challenges and prospects for countries engaging in the European Neighbourhood Policy: Southern Caucasus* Eduarda Castel-Branco and Henrik Huitfeldt, November 2006

<sup>61</sup> *Lifelong learning for creativity and innovation*, background paper, Slovenian Presidency of EU, draft, February 2008.

- Ensuring that secondary VE is not a dead end is an important HRD policy choice for Albania.<sup>62</sup> Allowing high-performing students in the secondary VE track to proceed to higher education will ensure that the vocational stream is not seen as a last resort by prospective students. Lifelong learning policy values learning in all settings and should ensure a well-functioning training market and a broad skills base. VET is an integral part of this, and therefore forms a major part of national lifelong learning strategies. It builds on well-established basic education systems and takes place at all levels of education and training systems. The policy challenges are twofold. First, policies should engage all youth in VET or higher education, ensuring at the same time that they acquire skills relevant to labour market requirements. Second, policies should serve people already in working life by ensuring that they have possibilities for further development throughout their careers. VET systems as part of flexible educational pathways should increasingly provide progression to further education and training, especially the bridge from initial VET to post-secondary VET and higher education, thus increasing parity of esteem between the two – general education streams and vocational education and training streams.<sup>63</sup> Parity of esteem between these two also provides for better social cohesion in the society – this should also involve quality improvements particularly in VET.
- The development of an entire adult learning system for Albania is more than urgent. The major goals of adult learning should include promoting employment and social inclusion. The social and economic importance of encouraging adults to engage in continuous learning throughout their working lives is undisputed. Better-educated individuals earn higher wages, have greater earnings growth over their lifetimes, and experience less unemployment. Better-educated nations have higher long-run economic growth and higher standards of living. But, all too often, lifelong learning simply means that those who are already highly educated get even more education and training (the example *par excellence* of the ‘rich getting richer’). New evidence suggests that adult learning and raising literacy skills have the potential to significantly improve the economic wellbeing of those with relatively low initial education and skills. When learning is diffused throughout the less-educated members of the workforce, national prosperity is significantly enhanced.<sup>64</sup> All adults should have access to learning opportunities to enhance their basic skills as well as continuing opportunities to maintain, enhance or transform their more advanced skills. All adults should have access to easy-to-follow information about learning opportunities, and counselling should be readily available for all, not only for unemployed job seekers.

## 6. EU and other donors’ policy and interventions in HRD in Albania

Challenges in the HRD sector in Albania have been addressed continuously by the EU and other donors. Since 1997 EU technical assistance has supported the Albanian government in VET reform. In this context, many pilot projects aiming to support HRD have started in cooperation with international partners. These contribute significantly to the reform process in the areas of: development of curricula content, training of human resources, and improvement of basic infrastructure, among others.

As a result of joint efforts of the government, the EU and a number of donors active in the field, three main VET reform streams can be identified:

- (a) development of institutions/bodies linked to the newly created National VET Agency (NAVETA) and support of National Vocational Education and Training Council (NVETC);
- (b) development of a coherent system of VET through continuous work on the curriculum and more recently on the national qualifications framework (NQF);

<sup>62</sup> Recently MoES is considering the option of restructuring secondary VE from the current 3 plus 2 years to a more flexible approach that will provide access to post-secondary and higher education.

<sup>63</sup> *Background to the Helsinki Communiqué: Follow-up to the Copenhagen process*, MoE Finland, December 2006.

<sup>64</sup> Karen Myers and Patrice de Broucker, *Too many left behind: Canada’s adult education and training system*, Research Report WJ34, Canadian Policy Research Networks, June 2006.

(c) development of a coherent system of VET delivery through continuous support of pilot VE schools, regional training centres, and a pilot regional VET centre (RVETC) concept/ approach.

All three reform streams will have a substantial impact, both horizontally and vertically, on the current VET status quo and, consequently, pose substantial challenges for policy decision-making.

Recent CARDS VET programmes – CARDS 2002 and CARDS 2004, including a twinning project aimed at supporting the National VET Agency – mainly envisage assistance aimed at accomplishing three VET goals in Albania:

- (i) the development of a demand-orientated VET system and associated methodologies;
- (ii) institutional development, including support to a progressive VET reform process at national level;
- (iii) improvements to system delivery that will enable rationalised and decentralised delivery of skills through vocational schools.<sup>65</sup>

In 2008 the EU VET CARDS 2006 programme, entitled 'Support to improved operation of pilot vocational schools and vocational training centres', will be implemented in Albania.<sup>66</sup> The expected results of this intervention are:

- (i) VET policymakers in the country have updated their skills in VET policy design, implementation and monitoring of the VET reform policies in Albania;
- (ii) VET institutions and VET bodies have enhanced their capacities to deliver services in accordance with their mandate as given by Albanian legislation'
- (iii) The effectiveness of VET provision has been improved through updated programmes (curricula, teacher training, implementation of Albanian Qualification Framework) to correspond with the emerging economic development and employment needs of the country.

With a total budget of €26.16 million (€9.3 million of this over the period 2000–06), Tempus has been a key instrument for supporting higher education reforms in the country since 1992. Institutional cooperation has been supported through 87 Joint European Projects, five Structural and Complementary Measures and 18 Compact Measures Projects. Individual support has been provided in the form of approximately 1,100 Individual Mobility Grants (for both East-West and West-East mobility). Many of the Joint European Projects and Structural Measures, in particular since 2000, have been in partnership with other Western Balkan countries.<sup>67</sup> The budget allocated to Tempus has, however, decreased in recent years. Until 2002, the average annual budget was around €2.1 million, whilst since then the average has been €1.1 million a year, due to a shift in priorities (and related CARDS budget) to the VET sector.

The MoES is in the second year of implementation of an ambitious third Education Excellence and Equity Project (EEEP) support programme for education reform in Albania.<sup>68</sup> It is planned to run for a period of four years (2006–10) and is funded with a budget of US\$75 million. The EEEP supports the implementation of the first phase of its National Strategy for pre-university education. The objective is to improve the quality of learning conditions for all students and to increase enrolment in general secondary education, especially among the poor. The intervention is based upon a sector-wide approach (SWAp) structured around the following priority areas:

- (i) strengthening education leadership/management/governance (US\$10 million);
- (ii) improving teaching and learning conditions (US\$26 million);

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<sup>65</sup> Terms of reference of the CARDS 2004 VET programme in Albania

<sup>66</sup> Terms of reference of the CARDS 2006 VET programme in Albania

<sup>67</sup> Data from 2005.

<sup>68</sup> World Bank, *Education Excellence and Equity Project: Republic of Albania*, project appraisal document, May 2006.

- (iii) improvement and rationalisation of the education infrastructure (US\$32 million);
- (iv) setting the stage for higher education reform (US\$7 million).

Donors in the VET field are particularly active, and include Swisscontact, Kultur Kontakt, and IIZ/DVV with its adult education activities. Some donor interventions have had a significant impact on overall reform in the education and training sector. The Swiss government runs a programme (support to vocational schools) in five vocational schools in Albania. The programme has focused on developing and implementing instruments for improved management at the school level, developing teaching and learning materials, improving existing courses and services, developing and implementing new courses, and creating partnerships with industry and other schools. In mid 2007, GTZ launched a new five-year programme in VET, whose aim is to support the Albanian government in reforming the VET system by setting up post-secondary (university) VET programmes comparable to those offered at higher education professional schools in Germany.<sup>69</sup>

UNICEF has also been active in the country, with projects covering early childhood and compulsory education, national interventions in the form of institutional strengthening, and local interventions in the form of school community partnerships.<sup>70</sup> In 2006, the Government of Albania and UNICEF signed the Agreement of Country Programme of Cooperation for the period 2006–10. The agreement supports the Government of Albania in meeting its obligations under the Convention on the Rights of the Child and the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW). These are important responsibilities for the Government of Albania in its effort to achieve the Millennium Development Goals, the goals of the national strategies and EU integration. The country programme provides basic services to the most vulnerable populations in Albania – children and women, especially ethnic minorities among the rural poor who have limited access to good-quality health care, education and measures offering protection from abuse and exploitation.

In September 2006 Albania signed a Decent Work Country Programme (DWCP) with the International Labour Organization (ILO).<sup>71</sup> The primary goal of the programme is to promote opportunities for women and men to obtain decent and productive work in conditions of freedom, equity, security and human dignity. The programme details the policies, strategies and results required to realise progress towards decent work for all. In the programme document the ILO has defined the targets of cooperation with Albania, taking into consideration the needs of the country and the priorities formulated by the government and the social partners. Within the overarching theme of Decent Work for All, the ILO concentrates on four country programme priorities in Albania which are long-term goals of the government:

- (i) improved conditions to enforce legislation;
- (ii) more effective social dialogue and stronger social partners;
- (iii) implementation of a national employment policy that meets EU and international standards;
- (iv) adoption of more effective social protection policies, in particular for vulnerable groups.

Besides this programme, Albania has had a strong relationship with the ILO for more than 10 years.

The Swedish Development Assistance Agency (SIDA) has supported the National Employment Service (NES) in the use of modern technology.<sup>72</sup> The project, announced in mid-2004, provided a total of €1.4 million for staff training and computerisation. Of this, some

<sup>69</sup> <http://www.gtz.de/en/weltweit/europa-kaukasus-zentralasien/648.htm>

<sup>70</sup> <http://www.unicef.org/albania/>

<sup>71</sup> ILO Decent Work Country Programmes, <http://www.ilo.org/public/english/bureau/program/dwcp/download/albania.pdf>

<sup>72</sup> SIDA Country Strategy paper on Albania, available at <http://www.sida.se/sida>

€140,000 were used for the computerisation of employment offices in Tirana and Korçë, in the south-east of the country. Part of the project involved creating an online information system for better labour market services and a self-service system for employers and job seekers.

In 2008 the Ministry of Labour will also benefit from funds from CARDS 2006 through the programme 'Strengthened labour market structures in inspection and employment services'.<sup>73</sup> Expected results of the programme related to the employment services are:

- (i) better skills and capacities of the regional labour offices;
- (ii) more effective and integrated counselling and guidance of job seekers;
- (iii) improved participation of women in the labour market encouraged by activities based on gender analysis.

In order to meet the challenges implied by integration into the EU, the government needs to invest in human and financial resources and fortify central and local government links, so as to exploit better the possibilities arising from EU co funding and to address socioeconomic inequalities. Donor coordination is an important aspect of policy processes in HRD. So as to coordinate and facilitate these policy processes better, stakeholders need further support to streamline their activities. Although Albania has received quite substantial donor assistance, this has been almost entirely based on a piloting philosophy – both in donor and internal initiatives – and has not, as yet, succeeded in establishing a strong and efficient system.

The major issue in Albania in HRD sector reform and donor cooperation continues to be the actual implementation of reform policies, as there is excessive overlap between planning processes and insufficient integration between strategic plans and resource allocation. There are different policy initiatives taken on board and the policy implementation becomes too excessive to deal with, given the limited staff in the MoES and the MoLSAEO and limited financial resources. Building institutional capacity to plan, formulate, implement, monitor and evaluate policies on the HRD issues which are of concern in the sector is a key issue and starting point for sustainability and ownership. Although local and international experts can support planning and formulation of policies, those policymakers and civil servants in public administration in the ministries and agencies must find appropriate means for policy implementation, in order to play their role in HRD sector reforms. The usual starting point for this exercise is the preparation of a strategy, policy, or White or Green Paper. With this approach, policymakers and public administration have basically focused on the issue of 'what to do'. For Albania the time has come in HRD reform to opt for 'doing it', therefore ministries and agencies need to focus clearly on an integrated approach to policy implementation which starts from exploring the possibilities for a sector policy support programme, which can potentially be financed by EC IPA funds.

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## 8. Annex: Key statistical data on the labour market

Main labour market indicators, 1996–2006	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Total Population ('000)	3075	3075	3055	3054	3061	3074	3093	3111	3127	3142	3142
Population of working age ('000)	1774	1773	1762	1761	1765	1773	1800	1826	1850	1877	1877
Participation in the labour force (%)	71.8	73.4	74.9	74.1	72.7	62	60.6	59.6	58.8	57.8	57.8
Employment level (%)	63	62.4	61.6	60.4	60.5	52	51.1	50.7	50.3	49.7	49.6
Registered unemployment (%)	12	15	18	18	17	16	15	15	17.4	14.1	13.8

**Table 1: Source: INSTAT, Statistical Yearbooks**

