POLICIES FOR HUMAN CAPITAL DEVELOPMENT

ALBANIA

AN ETF TORINO PROCESS ASSESSMENT
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PREAMBLE

The European Training Foundation (ETF) assessment process provides an external, forward-looking analysis of countries’ human capital development issues and VET policy responses from a lifelong learning perspective. It identifies challenges related to education and training policy and practice that hinder the development and use of human capital, taking stock of them and putting forward recommendations for possible solutions.

Such assessments are a key deliverable of the Torino Process, an initiative launched by the ETF in 2010 aimed at providing a periodic review of vocational education and training (VET) systems in the wider context of human capital development and inclusive economic growth. In providing a high-quality evaluation of VET policy from a lifelong learning perspective, the assessment process builds on four key principles: ownership, participation, and holistic and evidence-based analysis.

For the ETF, human capital development is about supporting countries to create lifelong learning systems, providing opportunities and incentives for people to develop their knowledge, skills, competences and attitudes throughout their lives to help them find employment, realise their potential and contribute to prosperous, innovative and inclusive societies.

The main purpose of these assessments is to provide a reliable source of information to enable the planning and monitoring of national education and training policies with respect to human capital development, as well as offering a foundation for programming and policy dialogue in support of these policies by the European Union and other donors.

The ETF assessments rely on evidence collected by the respective countries using a standardised reporting template (national reporting framework – NRF) within a participatory process involving a wide variety of actors with a high degree of ownership. The findings and recommendations of the ETF assessments have been shared and discussed with national authorities and beneficiaries. However, the ETF takes full responsibility for each assessment and for any errors and omissions contained therein.

This assessment report starts with a brief description of the strategic plans and national policy priorities of Albania (Chapter 1). It then presents an overview of issues related to the development and use of human capital in the country (Chapter 2), before moving on to an in-depth discussion of the problems in this area that, in the view of the ETF, require immediate attention (Chapter 3). Chapter 4 provides the overall conclusions of the analysis.

EXECUTIVE SUMMARY

Albania applied for EU membership in 2009, and has been an EU candidate country since June 2014. In its Economic Reform Programme 2019–2021, the Albanian Government identified the mismatch between the skills people possess and those needed in the workplace as one of its main priorities. The government has stated that greater efforts are required in terms of investing in the skills and professional qualifications which would help to increase employment opportunities.

The responsibility for education is split between the Ministry of Education, Sports and Youth (MoESY), which is in charge of pre-school, general and higher education, and the Ministry of Finance and Economy (MoFE), which has taken over the running of publicly sponsored vocational education and training (VET). Staff shortages in the VET and employment departments of the latter ministry limit its capacities to effectively monitor and steer the system. To remedy this, it is planned to turn the National Employment Service into a National Agency for Employment and Skills, which will take over the management of all public VET institutions.

Albania is an upper-middle income country with a population of around 2.8 million. The population is rapidly ageing, mainly as a result of migration and decreasing birth rates. Economic growth (4.2% in 2018) is driven by the services sector, which is also the biggest contributor to employment in the country. The agricultural sector still contributes around one-fifth of the country’s GDP and generates around 40% of the population’s employment. The Albanian economy is dominated by micro and small enterprises (97.5%).

Labour market indicators for 2018 show continuing positive trends. Both activity and employment rates have improved over recent years. Albania’s employment rate is high compared to other countries in the region, but still lower than the EU average. Unemployment has been declining since 2014, and Albania’s youth unemployment rate is the second lowest in the Western Balkans region. However, the youth unemployment rate is still almost double that of the EU28. The high proportion of young people who are not in employment, education or training (NEETs) remains another persistent challenge. Many female NEETs are inactive, while male NEETs tend to be unemployed.

The number of people in vulnerable and precarious employment – for example, those without access to full employment rights, including contributing family members, wage employees without social security schemes, home and casual workers – is very high and remains a major structural weakness of the Albanian labour market.

Further, the share of the active population with a low level of educational attainment remains large. High rates of early school leaving have contributed to this phenomenon, and while early school leaving rates have fallen considerably in recent years, the percentage is still almost double the EU 2020 benchmark.

Vocational education and training could potentially contribute to improving educational attainment. Only around one-fifth of young people and very few young women enter upper secondary vocational education. Vocational Training Centres offer a limited choice of short-term vocational training courses (with few programmes for unemployed persons from different educational backgrounds, for example) and coverage has been low. Against the background of drastically declining age cohorts, better educational planning and the reorganisation of the network of vocational schools and training centres are seen as important means to offer a more attractive mix of profiles and modalities of provision, as well as granting wider access to students and creating more opportunities for inclusion. To attract
more young people into vocational education and training, particular attention should be paid to young women and to students from weaker academic or poorer socio-economic backgrounds.

The quality of compulsory school outputs, as measured by the Programme for International Student Assessment (PISA), has improved since 2009. However, in 2015 the country’s underperformance in each of the three PISA domains (science, reading and mathematics) was much higher than the EU average and far greater than the Europe 2020 benchmark (OECD, 2016). To raise the quality of vocational education, more attention should be paid to the instruction and professional development of teachers and trainers. Some vocational schools still lack basic learning resources such as textbooks or consumables for practical training. This is an issue that should be addressed immediately. To ensure the quality of the numerous private and not-for-profit training providers and their educational offer, the Albanian Qualifications Framework (AQF) should be implemented and used as an effective tool for streamlining the delivery of adopted learning outcomes at the national level.

The alignment of vocational education and training to the labour market is still weak. Available data suggest that the numbers of graduates fall short of the demand for workers with the requisite vocational education. Further, the skills, competencies and attitudes that young learners possess often fail to meet the needs and preferences of employers. To improve labour market alignment, social partners should be more systematically involved in Albanian vocational education and training. One useful step would be to give social partners a strong role in the identification of sector skills needs and qualifications, for example through sector skills committees.

In past years, many schools have been able to establish successful cooperation with businesses, and work-based learning schemes are now much more common throughout the VET system. However, such initiatives still depend to a great extent on donor support, which means that only a limited number of students can benefit from them. The upscaling of promising initiatives would require better coordination and stronger support from national stakeholders. To implement work-based learning country-wide in more schools and companies, the adoption of a national regulation system covering work-based learning is also recommended.
1. INTRODUCTION

1.1 About this assessment

The present Torino Process assessment analyses the challenges to the development and use of human capital in Albania, and discusses in more detail the main issues and policy responses for the VET system. It draws on information provided in the national report for Albania, prepared in the framework of the Torino Process (see link below), and other sources. The assessment addresses policymakers and their partners in the country who are concerned with the design and implementation of education and training policies. At the same time, this assessment is capable of informing the design of new programmes or projects by the EU or other donors.

This ETF assessment comes at an important time, as Albania prepares for the next multi-annual cycle of reform implementation with a view to developing human capital, including preparation for EU support through the next generation of the Instrument for Pre-accession Assistance (IPA) in 2021–2027. This report is expected to help with the prioritisation of reforms and the design of actions by providing input for policymakers in the domain of education and training. The assessment findings complement the monitoring of the country’s Economic Reform Programme (ERP) from a sectoral point of view.

The assessment starts in Chapter 1, which provides a brief overview of the economic, labour market and demographic developments in the country, and its priorities and policies regarding EU integration, as well as key data on the education and training system, related reform priorities and donor interventions. Chapter 2 presents an overview of key challenges related to the development and use of human capital in the country, while Chapter 3 looks in more detail at three key issues. Section 3.1 discusses the challenges and possible policy responses related to the participation of young people and adults in education and training, and assesses the extent to which the number of students matches the quantitative demand for workers. Section 3.2 reviews qualitative aspects, notably the teaching and learning resources of vocational schools and training centres. Section 3.3 interrogates the country’s education and training outcomes and whether they are in line with the needs and preferences of employers. Chapter 4 provides the overall conclusions of the analysis. The annex presents a summary of the recommendations in graphic form.

1.2 Country overview

The economy and the labour market

Albania is an upper-middle income country with a population of around 2.8 million. Its economy is currently expanding, driven by a favourable domestic and external environment – for example, real GDP growth reached 4.2% in 2018, reflecting an increase in capital investments but also the rise of private consumption. Exported goods fall mainly into three product categories: textiles and footwear; minerals, fuel and electricity; and construction materials and metals. The tourism sector is projected to expand at an average annual growth rate of 6.2% until 2027 (EC, 2019).
TABLE 1: GROSS VALUE ADDED BY BROAD ECONOMIC SECTORS (%)

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>19.8</td>
<td>19.9</td>
<td>19.0</td>
</tr>
<tr>
<td>Industry</td>
<td>21.8</td>
<td>21.1</td>
<td>21.1</td>
</tr>
<tr>
<td>Services</td>
<td>46.3</td>
<td>46.7</td>
<td>47.3</td>
</tr>
<tr>
<td>Other</td>
<td>12.1</td>
<td>12.3</td>
<td>12.6</td>
</tr>
</tbody>
</table>

Sources: World Bank; WDI database; ETF database.

The Albanian economy is dominated by micro enterprises (those with fewer than 10 employees), which make up 87.9% of all the country’s enterprises. Micro enterprises account for the single biggest share of workers in businesses of any size (30.7% in 2016), while medium enterprises generate slightly more employment than large concerns (OECD, 2019). The absolute number of large companies, which often play a decisive role in promoting and offering work-based learning schemes, is still very small – only 335 in 2017 (estimate by Instat).

TABLE 2: ENTERPRISES AND EMPLOYMENT IN ALBANIA (2016)

<table>
<thead>
<tr>
<th>Enterprises</th>
<th>Share</th>
<th>Employment</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro</td>
<td>87.9%</td>
<td>30.7%</td>
<td></td>
</tr>
<tr>
<td>Small</td>
<td>9.6%</td>
<td>21.8%</td>
<td></td>
</tr>
<tr>
<td>Medium</td>
<td>2.2%</td>
<td>24.9%</td>
<td></td>
</tr>
<tr>
<td>Large</td>
<td>0.3%</td>
<td>22.5%</td>
<td></td>
</tr>
</tbody>
</table>

Sources: OECD (2019), SME Policy Index 2019: Western Balkans and Turkey, Albania Small Business Act Profile.

Labour indicators have lately shown some improvement. The activity rate has increased over recent years and in 2018 stood at 68.3% (age group, 15–64). Inactivity remains strongly gendered: it is primarily a phenomenon seen in women, as well as being prevalent among young people and those with low levels of education. Albania’s employment rate (63.9%; age group, 20–64) is high in comparison to other countries in the region, but still 8.2 percentage points lower than the EU average (72.1% in 2017). Employment in the agricultural sector has decreased over recent years, from 44.2% in 2013 to 37.2% in 2018 (Instat, LFS).

In 2018, Albania’s unemployment rate (age group, 15+) was 12.3%, showing a decrease of 1.4 percentage points compared to 2017. The unemployment rate for males was 0.8 percentage points higher than for females (Instat, LFS).

Long-term unemployment continues to be high, and accounted for 64.8% of all those out of work in 2017 (NES administrative data). However, compared to the previous year, the proportion of the long-term unemployed decreased by 1.5 percentage points (Instat).
National priorities

Fiscal consolidation and the reduction of public debt remain important priorities for the Albanian government. Fiscal consolidation will be supported by structural reforms in many areas of the economy, such as the transport, energy and ICT infrastructure; the regulatory framework for businesses, in particular small and medium-sized enterprises (SMEs); and regional trade. In the area of social and employment policies, addressing the mismatch between the skills people possess and those needed in the workplace has been identified as a key priority. The government has stated that more effort needs to be expended in terms of investing in skills and professional qualifications, which would help to increase employment opportunities (Economic reform programme of Albania 2019–2021, p. 59).

European and regional integration

Albania applied for EU membership in 2009 and has been an EU candidate since June 2014. The country is currently waiting for a conditional date for opening EU accession negotiation talks.

The EU’s bilateral policy dialogue with Albania uses the EU’s economic governance process as the key political framework, in addition to the current status of the *acquis communautaire*. The Albanian government submits an annual update from its national Economic Reform Programme (ERP) and reports on progress made in the annual EC-Country Subcommittee meetings. The Subcommittee on ‘Innovation, Information Society and Social Policy’ covers vocational education and training, employment and social inclusion issues.

In 2018, the European Commission confirmed the prospect of merit-based EU membership for the Western Balkans, and renewed its engagement through six new flagship initiatives. Albania is a member of several EU working groups, such as the EQF advisory group, the EQAVET and others. Further, Albania is a Programme Country for Erasmus+ and has established a National Agency.

Albania participates in regional cooperation, which has been given a new impetus since 2014 in the context of the Western Balkans Six Initiatives and the Berlin Process. Cooperation builds on the South East Europe Strategy (SEE 2014–2020) developed by the Regional Co-operation Council (RCC) and mirrors the EU 2020 Strategy. The regional policy dialogue has seen the development of a number of frameworks for regional cooperation: the connectivity agenda; the positive agenda for youth; the digital agenda; and the creation of a Regional Economic Area (July 2017 in Trieste). Important pillars of the regional dialogue include removing obstacles to the mobility of professionals and building cooperation on employment and social policies in South East Europe. Another focus is on strengthening the support for the growth of SMEs in order to meet the competitiveness criteria of the EU’s internal market (European Council, 1993, Copenhagen Economic Criteria).

Socio-demographic developments

As of January 2019 the population of Albania was 2,862,427. Around 46% of the population lives in rural areas, where agriculture is the main activity. Albania’s population is rapidly ageing, mainly as a result of migration and falling birth rates (Instat).

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According to a study funded by Friedrich-Ebert-Stiftung, 52% of the Albanian population aged 18 to 40 intends to migrate from Albania. This phenomenon is partly explained by economic factors and the large income gap with more developed economies. However, the related survey data also shows that a majority of the Albanian population has little to no trust in public services such as the justice system, the civil service, social security provision, healthcare and the education system (Gëdeshi and King, 2018, pp. 34–6).

Table 3 shows the structure of the Albanian population as of January 2019. The age group 0–4, which will enter upper secondary education in around 10–15 years, is already 25% smaller than the 15–19 age group (i.e. the group largely congruent with students in upper secondary education), and 34% smaller than the 20–24 age group (i.e. the cohort largely congruent with the age of students in higher education).

**TABLE 3: POPULATION AS OF JANUARY 2019 BY AGE GROUPS**

<table>
<thead>
<tr>
<th>Men</th>
<th>Women</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>0–4</td>
<td>79 788</td>
<td>75 834</td>
</tr>
<tr>
<td>5–9</td>
<td>83 414</td>
<td>80 038</td>
</tr>
<tr>
<td>10–14</td>
<td>89 801</td>
<td>84 549</td>
</tr>
<tr>
<td>15–19</td>
<td>104 737</td>
<td>102 455</td>
</tr>
<tr>
<td>20–24</td>
<td>118 522</td>
<td>118 460</td>
</tr>
<tr>
<td>25–29</td>
<td>120 969</td>
<td>116 409</td>
</tr>
<tr>
<td>30–34</td>
<td>104 446</td>
<td>93 256</td>
</tr>
<tr>
<td>35–39</td>
<td>85 824</td>
<td>83 281</td>
</tr>
<tr>
<td>40–44</td>
<td>79 173</td>
<td>83 208</td>
</tr>
<tr>
<td>45–49</td>
<td>85 217</td>
<td>92 099</td>
</tr>
<tr>
<td>50–54</td>
<td>93 241</td>
<td>98 377</td>
</tr>
<tr>
<td>55–59</td>
<td>101 895</td>
<td>104 758</td>
</tr>
<tr>
<td>60–64</td>
<td>87 894</td>
<td>91 566</td>
</tr>
<tr>
<td>65+</td>
<td>194 673</td>
<td>208 543</td>
</tr>
<tr>
<td>Total</td>
<td>1 429 594</td>
<td>1 432 833</td>
</tr>
</tbody>
</table>

Source: Instat.

It can be expected that the younger age groups (e.g. those aged 0–14) will continue to decrease over the coming years as there are no indications that the current international migration trend will be reversed. Of those who intend to migrate, 51.7% are married, which also suggests that in the future many migrants will leave the country with their children (Gëdeshi and King, 2018, p. 41).

Figure 1 shows the downward trend of the numbers in the 15–19 age group over the past five years. This group is now 15.2% smaller than it was in 2015. On average, the number of 15–19-year-olds decreased at the rate of 4.1% per year over the period 2015–2019.
1.3 Education and training

Overview

In Albania, only nine years of education are compulsory. The average number of years of schooling was 10 in 2017 (Unesco UIS database). General and vocational upper secondary education starts after completion of the nine-year compulsory education. Vocational schools offer formal initial vocational education. Some of these schools are mixed, that is, they provide both general education (gymnasium) and vocational education at upper secondary level. Both general education (gymnasium) and four-year vocational education programmes lead to the State Matura exams. Successful completion of this stage allows access to higher education and/or post-secondary education.

Graduates from the general education (gymnasium) stream usually perform better in State Matura exams and have a wider choice when it comes to selecting higher education institutions and programmes. Vocational education offers exit points after two, three or four years, depending on the programme. At completion, graduates who have successfully passed the related exams receive a State Matura certificate (ISCED/Albanian Qualification Framework (AQF) level 4), as well as a final certificate for the vocational education programme they attended (usually ISCED/AQF level 3).

Albania’s vocational education system is very small and attracts very few women. Some 21,071 students were enrolled in upper secondary vocational education programmes in the academic year 2018/19. This accounted for nearly 18.2% of the total enrolment in upper secondary education. Only 16.1% of the total number of vocational education students were women. Vocational education programmes are currently offered in 35 vocational schools.
TABLE 4: STUDENTS ENROLLED IN EDUCATION IN ALBANIA

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Nine-year basic education</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Primary</td>
<td>198,897</td>
<td>195,720</td>
<td>188,371</td>
<td>179,564</td>
<td>174,836</td>
<td>170,861</td>
<td>167,104</td>
</tr>
<tr>
<td>Lower secondary</td>
<td>191,940</td>
<td>181,354</td>
<td>175,037</td>
<td>163,935</td>
<td>153,264</td>
<td>148,810</td>
<td>139,426</td>
</tr>
<tr>
<td>Total upper secondary education</td>
<td>154,425</td>
<td>151,937</td>
<td>140,042</td>
<td>130,380</td>
<td>127,114</td>
<td>120,062</td>
<td>116,430</td>
</tr>
<tr>
<td>Gymnasium</td>
<td>130,137</td>
<td>124,619</td>
<td>112,775</td>
<td>104,952</td>
<td>101,995</td>
<td>99,457</td>
<td>95,359</td>
</tr>
<tr>
<td>Vocational</td>
<td>24,288</td>
<td>27,318</td>
<td>27,267</td>
<td>25,428</td>
<td>25,119</td>
<td>20,605</td>
<td>21,071</td>
</tr>
<tr>
<td>Post-secondary, non-tertiary</td>
<td>1,686</td>
<td>1,952</td>
<td>2,017</td>
<td>1,521</td>
<td>1,803</td>
<td>3,016</td>
<td>4,198</td>
</tr>
<tr>
<td>Tertiary</td>
<td>172,561</td>
<td>173,819</td>
<td>160,527</td>
<td>146,756</td>
<td>139,607</td>
<td>128,750</td>
<td>134,845</td>
</tr>
<tr>
<td>Total no. of students</td>
<td>719,509</td>
<td>704,782</td>
<td>665,994</td>
<td>622,156</td>
<td>596,624</td>
<td>571,499</td>
<td>562,003</td>
</tr>
</tbody>
</table>

Sources: Instat; MoESY; ETF database.

There are limited VET opportunities for drop-outs or graduates from general schools/gymnasiums who can’t afford, or don’t wish, to take up university education.

Vocational Training Centres offer a limited choice of short-term vocational training courses – for example, there are few programmes aimed at unemployed persons with different education backgrounds (compulsory education, vocational education, general upper secondary education, and to some extent also higher education). Most of the programmes are outdated and the main demand (and supply) is for language courses.

In recent years universities have started to expand their offer to include short-cycle (usually two years) non-tertiary programmes (post-secondary)2. Further, private and not-for-profit training providers offer fee-based courses. According to a World Bank assessment, in 2017 there were 169 private and 19 not-for-profit initial and specialist VET providers active in the country (World Bank, 2017).

Reform priorities

Albania’s National Employment and Skills Strategy 2014–2020 defines four strategic priorities: (i) to foster decent job opportunities through effective labour market policies; (ii) to offer quality education and training for young people and adults; (iii) to promote social inclusion and territorial cohesion; and (iv) to strengthen the governance of labour market and qualification systems. A new Action Plan 2022 is now being drafted, extending some of the present actions up to 2022, revising others, and adding new ones as a result of current policy demands.

To enhance the quality, relevance, attractiveness, effectiveness and efficiency of the VET system, the Albanian government is currently revising the legal and financial framework. Pursuant to Law 15/2017 ‘On Vocational Education and Training in the Republic of Albania’ (VET Law), only a few of the required sub-legal acts have so far been adopted. Recently decreed by-laws relate to, among other requirements, quality assessment procedures, the recognition of qualifications, the updated National List of Occupations, and the Steering Boards of VET institutions, as well as issues related to financial

2 See also Heitmann et al. (2013).
quotas for supplying food for boarders, scholarships and payments for pre-university students in public education institutions.

The new National Agency for Employment and Skills (NAES) is to be set up under the recently formulated Law on Employment Promotion, which was adopted in early 2019 (Law no. 15 dated 13.03.2019).

The following changes are among those envisaged by the implementation of the 2017 VET Law:

- The National Agency for Employment and Skills (NAES) will become the key agency to manage both employment and VET services, along with the related transfer of responsibilities for managing VET schools from the Ministry of Finance and Economy (MoFE) to NAES.
- The mandate of the National Agency for VET and Qualifications (NAVETQ) will be extended to cover all areas of VET, including formal and non-formal VET, and the continuing professional development of VET teachers and trainers, as well as quality assurance procedures.
- A comprehensive new sub-legal act will be introduced, regulating the affairs of public VET providers, while assigning to them a higher level of autonomy and introducing seven new school development functions, including the continuing professional development of teachers and trainers and work-based learning.

The establishment of Multifunctional Centres that would offer vocational education and vocational training under one roof is an important cornerstone of the Strategy. Such centres are expected to enhance economies of scale while at the same time offering an attractive learning environment to a variety of target groups. Multifunctional Centres will be at the heart of a national VET provider development plan. However, little progress has been made in this respect in recent years.

More and better work-based learning remains high on the agenda of the MoFE and the NAVETQ.


International cooperation

Albania receives substantial support from the EU and other multi- and bilateral donors in the skills and employment sector.

A major recent intervention funded by the EU IPA programme included a Sector Reform Contract for the employment and skills sector (2016–2019; max. €27 million). In addition, a new IPA budget-support programme for social policy is being prepared, targeting inclusive, community-based social care facilities as well as training and employment support measures for disadvantaged people, and including a technical assistance component.

Other major donor interventions include:

- Swiss Development Cooperation: Swisscontact Skills for Jobs project (€7.1 million); UNDP Skills for Employment Development II project; Risi Albania-Phase 2 project (€7.17 million) to create employment opportunities for young people; SECO programme for aspiring entrepreneurs;
- Gesellschaft für Internationale Zusammenarbeit (GiZ): ProSEED programme (€16.5 million);
- Austrian Development Agency: NABER project to support dual training in the garment industry; KulturKontakt Al-Tour project to upgrade tourism and hospitality training; funding for the Hermann Gmeiner ICT school; introduction of a school management information system;
- The Albanian-American Development Foundation, which funds a junior achievement programme in secondary schools, an ICT resource centre and an agricultural school of excellence.

Furthermore, the Deputy Minister of the Ministry of Finance and Economy coordinates a multipartite Integrated Policy Management Group (IPMG), which also includes key donors and convenes three to four times per year.

This chapter provides a brief overview of human-capital-related challenges in the following areas: (i) the economy and labour market; (ii) demography; and (iii) education and training. Three key issues with regard to human capital development will be discussed in more detail in Chapter 3.
2. HUMAN CAPITAL: DEVELOPMENT AND CHALLENGES

2.1 Economy and labour market context and challenges

Positive trends but unemployment and inactivity rates of young people remain high

Youth unemployment (among 15–24-year-olds) in Albania has been persistently high. The overriding trend, however, is positive and the rate has now fallen for three consecutive years. In 2018, the rate stood at 28.3%, 11.5 percentage points down from its peak in 2015 (Instat, LFS). While this is encouraging, there are externalities that have contributed to this trend, notably high rates of emigration, including by high-skilled graduates.

In 2018, 28.6% of all young people aged 15–24 were not in employment, education or training. Almost 40% of female NEETs were inactive, while more than 50% of male NEETs were unemployed (Instat).

The inefficient use of human capital due to precarious and informal employment

People in employment in Albania can face a high degree of precariousness and instability. In 2018, some 44.5% of all employed persons were employees, 34.0% were self-employed (with or without employees) and 21.6% were contributing family workers. The percentage of people in vulnerable or precarious employment (i.e. those with no access to full employment rights, including contributing family members, wage employees without social security schemes, home and casual workers) was very high at 52.9% (Instat, LFS). These data suggest that ‘vulnerable employment is not a marginal phenomenon in Albania, but a major structural weakness of the labour market’ (Tahiraj and Viertel, 2018, p. 25).

High informality in the workforce (including the self-employed in unregistered businesses, employees without written contracts and unpaid family workers) remains a key challenge for Albania. In 2017, around 30% of the workers in non-agricultural sectors were in informal employment, a decrease of 1.6 percentage points compared to 2016 (Instat).

Low workforce productivity

Albania’s labour productivity (2018: $29 958, World Bank)\(^3\) is the second lowest among the countries in the Western Balkans and reflects the structure of the workforce, which is predominantly engaged in agriculture and low-productivity trade services. Agriculture is still an important employer, accounting for 38.2% of employment in 2017, with services accounting for 42.4% and industry 19.4% (for the age group 15+; Instat).

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\(^3\) Output per worker (GDP per person employed, constant 2011 PPP $; World Bank). GDP per person employed is gross domestic product (GDP) divided by total employment in the economy. Purchasing power parity (PPP) GDP is GDP converted to 2011 constant international dollars using PPP rates. An international dollar has the same purchasing power over GDP that a US dollar has in the United States. Source: https://databank.worldbank.org/source/world-development-indicators#
2.2 Socio-demographic challenges

Emigration because of dissatisfaction with the education system (among other factors)

Economic factors remain the main drivers for Albanian migration; however, dissatisfaction with the education system is now given as the third most important reason. According to a survey carried out in 2018, some 12% of potential migrants say that they want to finance the education of their children (compared to 2.7% in 2007, see ETF 2007) and 5.4% say that they would like to access education in the host country (unchanged compared to 2007). The authors of the study highlight the push factor of the low quality of education and point to prior research that has shown that the number of young people who leave home to study in EU universities is the highest in the Western Balkans (Gëdeshi and King, 2018, pp. 60–64).

The level of dissatisfaction with the education system is higher among potential migrants than in the general population: 52.5% of the total population (age group, 18–40) have little or no trust in the education system, compared to 59.0% of potential migrants (age group, 18–40) (Gëdeshi and King, 2018, pp. 34–6).

Growing interest in vocational training among potential migrants

The intention to leave Albania is strongest in the age group 27–30. In this segment of the population, the average proportion of potential migration is 71.2%. The rates of potential migration are also higher among those with professional, secondary and tertiary education. People with higher levels of education and skills intend to migrate to the more economically advanced countries in Western Europe and to the US, while those with lower qualifications and skills intend to migrate to the long-established destinations of Greece and Italy. The study (Gëdeshi and King, 2018) also shows that potential migrants have a growing interest in participating in a training course in Albania. Compared to 2007, when a similar study was undertaken (see ETF 2007), the desire for training among potential migrants has increased notably, from 49% in 2007 to 85% in 2018. In particular, the interest in vocational training has grown over the same period from 19% to 39% (Gëdeshi and King, 2018, pp. 39–46).

Decreasing younger age cohorts – a challenge for educational planning

The medium to long-term effects of migration on the education and training system will be far-reaching. Demographic decline usually affects education service demand and provision in several ways. Falling birth rates combined with internal migration from rural to urban areas, as well as international migration, are challenging the viability of schools in many places. Albania is still operating a large network of small schools, including in the VET sector, which implies low cost-efficiency and less public resources available for reinvestment into quality improvements. It seems unavoidable that the Ministries in charge will adjust the network of schools to the demographic changes in the country and introduce rationalisation measures such as merging schools or utilising human resources in a more cost-efficient way.
2.3 Challenges in education and training

Despite improvements, low educational attainment rates remain

Albania is still dealing with the legacy of long-term underinvestment in education and training and a widespread tendency for pupils to drop out of school during the years of civil unrest. As a result, the country still has a high share of people with low educational attainment (44.7% in 2017), compared to its peers in the Western Balkans. Table 5 compares educational attainment levels in the six countries of the Western Balkans.


<table>
<thead>
<tr>
<th></th>
<th>Low</th>
<th>Medium</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albania</td>
<td>44.7</td>
<td>36.3</td>
<td>19.0</td>
</tr>
<tr>
<td>Bosnia and Herzegovina</td>
<td>16.5</td>
<td>67.6</td>
<td>15.8</td>
</tr>
<tr>
<td>Montenegro</td>
<td>10.1</td>
<td>61.4</td>
<td>28.6</td>
</tr>
<tr>
<td>North Macedonia</td>
<td>19.4</td>
<td>55.7</td>
<td>24.9</td>
</tr>
<tr>
<td>Kosovo</td>
<td>19.8</td>
<td>57.5</td>
<td>22.8</td>
</tr>
<tr>
<td>Serbia</td>
<td>17.4</td>
<td>57.6</td>
<td>25.0</td>
</tr>
</tbody>
</table>

Note: Low: ISCED 0–2; Medium: ISCED 3–4; High: ISCED 5-8.
Source: ETF database.

Figure 2 shows that the share of the active population with low educational attainment is still high by international standards. However, some progress has been made over recent years. Between 2011 and 2017 the percentage of the active population with low educational attainment dropped from a very high 50.8% to 44.7%. In the same period, the share of those with high educational attainment increased considerably, by 6.8 percentage points, from 12.2% in 2011 to 19.0% in 2017. The share of the active population with medium educational attainment remained more or less stable (36.3% in 2017 compared to 37.0% in 2012).
According to Tahiraj and Viertel (2018):

[T]he generally low skills base also limits the horizons of this group and discourages exploration of further avenues of learning. People with low levels of education (ISCED 0–2) remain at a clear disadvantage when it comes to finding employment. Females with low levels of education are at even higher risk, compared to their male counterparts. Suitable strategies to fight unemployment and exclusion need to address people’s basic skills issues and include remedial education measures. (p. 22)

Early school leaving decreased but remains a challenge

Early school leaving has decreased from more than 30% in previous years to 17.4% in 2018 (Instat). Leaving education and training early is defined as the percentage of the population aged 18–24 with at most lower secondary education4 who were not in further education or training during the four weeks preceding the survey. Compared to its peers in the Western Balkans, the percentage is much higher in Albania and almost double that of the EU 2020 benchmark.

Only nine years of education are compulsory in Albania. The schools that operate under dire conditions, often situated in rural or mountainous and isolated areas, where the poorest families live, face problems in attracting qualified teachers, which has an impact on the quality of teaching and student retention. In addition, ‘school careers can be curtailed because of dropping out due to socio-economic need, lack of sufficient financial means, the persistence of traditional cultural values, and a wide variation in provision leading to access issues, such as remoteness or over-subscription of state schools in urban areas’ (Tahiraj and Viertel, 2018, p. 19).

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4 Lower secondary education refers to ISCED 1997 levels 0–2 and 3C short (e.g. programmes with a duration of less than 2 years) for data up to 2013 and to ISCED 2011 levels 0–2 for data from 2014 onwards.
PISA results improved, but quality of education and training warrants continuous attention

The quality of education and training remains a challenge. Despite considerable improvements since 2009, Albania continues to occupy low positions in PISA tests. In 2018 half (52.2%) of the 15-year-olds performed poorly in reading and 42.4% in mathematics. Lacking these basic competences, young people face difficulties with their further learning and risk not being able to cope with ordinary work and life challenges later on.

Weak job vacancy and skills alignment

The alignment of vocational education and training to the labour market is still weak. Graduation data from the public vocational education system and data on job vacancies from the Albanian National Employment Service suggest that the number of graduates fails to match the quantitative demand for skilled workers with this type of vocational education (see Chapter 3, section 3.1). Moreover, several studies suggest that the skills, competencies and attitudes which young learners possess are often at odds with the needs and preferences of employers (see Chapter 3, section 3.2).

Limited opportunities for adult learning

There are few opportunities for adult learning or skills and career development in Albania. Problems include the lack of adequate adult training facilities and offers, especially outside the larger urban centres. In general, adults do not consider it worthwhile to invest in further training. Levels of participation in lifelong learning (among adults, aged 25–64) are extremely low across the country (0.9% were engaged in some type of LLL activity in the four weeks before the survey results were gathered; 2018) compared to the EU average (11.1%) (Instat and Eurostat 2019).

Underinvestment in education and training

Despite an earlier target by the Albanian Government of 5%, public education expenditure decreased slightly to 3.1% of GDP in 2017 (Instat), 1.5 percentage points lower than the EU average in the same year.
3. ASSESSMENT OF KEY ISSUES AND POLICY RESPONSES

This chapter looks at three key human capital issues and how VET for young people and adults can contribute to addressing them.

Section 3.1 discusses the participation of young people and adults in education and training. Further, it looks at matching the number of graduates from vocational schools with the quantitative demand for workers with this type of work-related education (job vacancy alignment). The National Employment and Skills Strategy 2014–2020 addresses related issues in its pillars B and C.

Section 3.2 looks at quality, primarily at the teaching and learning resources in vocational schools and Vocational Training Centres, and related educational planning processes. The National Employment and Skills Strategy 2014–2020 addresses related issues in its pillars B and D.

Section 3.3 examines the quality of outcomes from education and training and whether the skills that learners acquire align with the needs and preferences of employers. The National Employment and Skills Strategy 2014–2020 addresses related issues in its pillars A and D.

3.1 Key Issue 1: Low participation in education and training in a lifelong learning perspective

Issues

Participation in vocational education (vocational schools)

Rapidly ageing countries like Albania need to explore options to restructure education and training programmes and institutions that are threatened by rapidly falling student numbers. At the same time, they cannot afford to leave anyone behind. The central task becomes focusing on those who have been less likely to participate in education and training in the past and to increase the labour market participation of untapped pools of labour, such as women, the unemployed and inactive, discouraged jobseekers and those working in the informal economy.

After the completion of nine years’ compulsory education, learners in Albania can choose between academically oriented gymnasiums or schools that offer vocational education programmes. While general upper secondary education lasts for three years, vocational education programmes can vary from two to four years. The vast majority of students who choose the VET track complete four years of vocational education, which allows them to enter post-secondary education and/or higher education. Vocational education is currently offered in 35 public vocational schools.

The percentage of students in public vocational education programmes compared to total enrolments in upper secondary education (ISCED 3) has increased from 15.7% in 2013 to 18.2% in 2019. The proportion of females in vocational education has declined over recent years, standing at 16.1% in 2019. Furthermore, female students in vocational education make up only 6.2% of the total number of learners in upper secondary education (ISCED 3).
TABLE 6: STUDENTS IN VOCATIONAL PROGRAMMES AS A PERCENTAGE OF THE TOTAL UPPER SECONDARY STUDENTS (ISCED LEVEL 3)

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>15.7</td>
<td>18.0</td>
<td>19.5</td>
<td>19.5</td>
<td>19.8</td>
<td>17.2</td>
<td>18.2</td>
</tr>
<tr>
<td>Male</td>
<td>22.7</td>
<td>25.1</td>
<td>28.6</td>
<td>29.3</td>
<td>29.7</td>
<td>31.0</td>
<td>28.8</td>
</tr>
<tr>
<td>Female</td>
<td>7.5</td>
<td>8.5</td>
<td>8.8</td>
<td>8.4</td>
<td>8.5</td>
<td>5.0</td>
<td>6.2</td>
</tr>
</tbody>
</table>

Sources: MoESY; MoFE; ETF database.

Compared to other countries in the Western Balkans region, the proportion of students in vocational education in Albania is still low. Figure 3 shows the share of students in vocational education as a percentage of the total upper secondary students for the six countries in the Western Balkans for the year 2017.

FIGURE 3: WESTERN BALKANS: STUDENTS IN VOCATIONAL PROGRAMMES AS A PERCENTAGE OF TOTAL UPPER SECONDARY STUDENTS (2017, ISCED LEVEL 3)

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bosnia and Herzegovina</td>
<td>75.9</td>
</tr>
<tr>
<td>Serbia</td>
<td>74.4</td>
</tr>
<tr>
<td>Montenegro</td>
<td>67.9</td>
</tr>
<tr>
<td>North Macedonia</td>
<td>59.6</td>
</tr>
<tr>
<td>Kosovo</td>
<td>52.6</td>
</tr>
<tr>
<td>Albania</td>
<td>19.8</td>
</tr>
</tbody>
</table>

Sources: Unesco Institute for Statistics; ETF database. Chart: ETF.

In terms of absolute numbers, Albania’s vocational education system is very small. In 2019, some 21,071 learners were enrolled in VET programmes (MoESY).

TABLE 7: NUMBER OF STUDENTS ENROLLED IN VOCATIONAL PROGRAMMES AT UPPER SECONDARY LEVEL OF EDUCATION (ISCED LEVEL 3)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>24,288</td>
<td>26,681</td>
<td>27,267</td>
<td>25,428</td>
<td>25,119</td>
<td>20,605</td>
<td>21,287</td>
</tr>
<tr>
<td>Male</td>
<td>18,991</td>
<td>20,762</td>
<td>21,603</td>
<td>20,269</td>
<td>20,025</td>
<td>17,390</td>
<td>17,896</td>
</tr>
<tr>
<td>Female</td>
<td>5,297</td>
<td>5,919</td>
<td>5,664</td>
<td>5,159</td>
<td>5,094</td>
<td>3,215</td>
<td>3,391</td>
</tr>
</tbody>
</table>

Sources: MoESY; MoFE; ETF database.

A research report from the Institute for Democracy and Mediation (IDM, 2016), commissioned by the Swiss-funded Skills for Jobs project, points to some of the reasons for the persistently low enrolment rates in vocational education:
There exists a strong stereotype across gender- and age-groups, regions and sectors that VET is a ‘second hand’ education; fit for ‘poorly performing’, ‘problematic’ students; with narrow and poor curricula; offering little opportunities for decent jobs; and offering little or no socio-cultural life for their students due to deep gender segregation. As a result the typical [environment of the] VET student in Albania is a mainstream, rural, man’s world.

Source: IDM, 2016, p. 100

In the years 2013 to 2017, between 3 136 (2014) and 4 507 (2016) students graduated from the three main types of programmes (2+1+1 years, 2+2 years and 4 years). The share of female graduates in this period ranged from 1 174 in 2013 to only 714 in 2015 (Instat). Each year around one-third of VET graduates enter the labour market. The remaining graduates either proceed to higher education or are unemployed or inactive.

Data from the Albanian National Employment Service (NES) suggest that the small number of graduates from vocational education falls short of labour market demand, a picture endorsed by the latest skills needs analysis (HDPC, 2017). In 2018, around 61 391 job vacancies were registered with NES (however, registering vacancies is not compulsory for companies). Some 59% of the vacancies were in ISCO major groups 4–8:

- Clerical support workers (ISCO major group 4): 5.3%
- Services and sales workers (ISCO major group 5): 9.1%
- Skilled agricultural, forestry and fishery workers (ISCO major group 6): 0.7%
- Craft and related trades workers (ISCO major group 7): 35.9%
- Plant and machine operators, and assemblers (ISCO major group 8): 8.2%.

Occupations in ISCO major groups 4–8 usually require the completion of upper secondary education (ISCED-2011 level 3), including a significant component of specialised vocational education and on-the-job training. Some occupations may require the completion of vocation-specific training undertaken after graduation from secondary education (ISCED-97 level 4).

Elementary occupations (ISCO major group 9) accounted for 24.2% of the vacancies.

Between 2013 and 2018, the number of job vacancies for craft and related trades workers rose by 392%, from 4 481 (2013) to 22 068 (2018).

Around 79% of job vacancies (data for 2018) related to only five areas of economic activity: manufacturing (46.8%); communication and information (9.0%); administrative and support services (8.0%); construction (7.9%); and accommodation and food services (7.6%).

The latest skills needs analysis (HDPC, 2017) underpins the problems in job vacancy alignment: 32% of the foreign and joint-owned companies and 27% of state-owned businesses reported that the education system fails to meet economic demand, while this is less of a problem for Albanian-owned (8%) and privately owned companies (9%). State-owned companies mainly lack technical specialists, such as electricians or plumbers (HDPC, 2017, pp. 51–3).
Recommendation 1. Monitor and analyse early school leaving

Understand better who is leaving, when and why;
Design measures for the prevention and reintegration of early school leavers.

Recommendation 2. Improve education planning to attract more learners

Attractive mix of study programmes;
Better and more affordable transport;
More and safer dormitories;
Better access for disabled studies;
Consider extending scholarships programmes.

Recommendation 3. Create new opportunities for adult education

Combine literacy, numeracy, foreign language and ICT with vocational skills;
Include adult apprenticeships.

Recommendation 4. Strengthen professional development of vocational teachers

Recommendation 5. Equip all schools with basic learning resources

Recommendation 6. Implement the Albanian Qualifications Framework

Use IT for quality assurance of programmes, in particular those provided by private and not-for-profit providers.

Recommendation 7. Involve social partners more in vocational education and training

Understand better who is leaving, when and why;
Design measures for the prevention and reintegration of early school leavers.

Recommendation 8. Strengthen work-based learning

Adopt a national regulation and develop supporting tools and instruments;
Recruit and train business relations coordinators in each vocational school;
Mainstream lessons learnt from multiple donor projects.

Recommendation 9. Enhance career guidance

Expand career guidance for pupils about to enter secondary education building on evaluation of current provisions and pilot initiatives.
Develop a comprehensive career information system (web-based, interactive) also targeting parents.
Recommendation 1. Monitor and analyse early school leaving

Recommendation 2. Improve education planning to attract more learners

Recommendation 3. Create new opportunities for adult education

Recommendation 4. Strengthen professional development of vocational teachers

- National agency to be empowered to coordinate training of teachers and instructors;
- Staff time for mentoring;
- School development units to facilitate continuing professional development.

Recommendation 5. Equip all schools with basic learning resources

- National development plan to ensure better access to and more efficient use of learning resources;
- Collaborative work among teachers and training to generate instructional materials.

Recommendation 6. Implement the Albanian Qualifications Framework

Recommendation 7. Involve social partners more in vocational education and training

- Adopt legislation on sector skills councils and set up one or two pilot councils.

Recommendation 8. Strengthen work-based learning

- Adopt a national regulation and develop supporting tools and instruments;
- Recruit and train business relations coordinators in each vocational school;
- Mainstream lessons learnt from multiple donor projects.

Recommendation 9. Enhance career guidance

- Expand career guidance for pupils about to enter secondary education building on evaluation of current provisions and pilot initiatives.
- Develop a comprehensive career information system (web-based, interactive) also targeting parents.
Early leavers from education and training

Early school leaving is a serious issue in Albania. Early leavers from education and training face considerable difficulties in the labour market. For example, they may find it hard to obtain a secure foothold in the job market as employers may be reluctant to hire people with low levels of education.

Although the country has succeeded in reducing the proportion of early leavers, from 30.6% in 2013 to 17.4% in 2018, Albania’s rates of early leaving are much higher than other countries in the Western Balkans, and also considerably exceed the EU 2020 benchmark (<10%). In terms of gender, the proportion of early leavers from education and training in 2018 in Albania was 1.9 percentage points higher for young men (18.3%) than for young women (16.4%).

**TABLE 8: EARLY LEAVERS FROM EDUCATION AND TRAINING (AGED 18–24) (%)**

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albania</td>
<td>30.6</td>
<td>26.0</td>
<td>21.3</td>
<td>19.6</td>
<td>19.6</td>
<td>17.4</td>
</tr>
<tr>
<td>Bosnia and Herzegovina</td>
<td>6.7</td>
<td>5.8</td>
<td>5.2</td>
<td>4.9</td>
<td>5.1</td>
<td>5.4*</td>
</tr>
<tr>
<td>Montenegro</td>
<td>5.6</td>
<td>5.1</td>
<td>5.7</td>
<td>5.5</td>
<td>5.4</td>
<td>4.6</td>
</tr>
<tr>
<td>North Macedonia</td>
<td>11.4</td>
<td>12.5</td>
<td>11.3</td>
<td>9.9</td>
<td>8.5</td>
<td>7.1</td>
</tr>
<tr>
<td>Kosovo</td>
<td>18.4</td>
<td>16.5</td>
<td>14.5</td>
<td>12.7</td>
<td>12.2</td>
<td>m</td>
</tr>
<tr>
<td>Serbia</td>
<td>8.7</td>
<td>8.3</td>
<td>7.4</td>
<td>7.0</td>
<td>6.2</td>
<td>6.8</td>
</tr>
</tbody>
</table>

Notes: m = missing data; * unreliable due to small sample size.
Sources: ETF database; Eurostat.

A case study of two vocational schools and one Vocational Training Centre, undertaken in 2013, suggests that many students struggle with the types of programmes offered in vocational schools. Traditionally, students enrolled in vocational education have shown lower academic performance at compulsory school level and face difficulties with the theoretical content of the curricula, leading to poor learning outcomes, failure and dropping out (Xhumari and Dibra, 2016, p. 325).

The same study shows that girls prefer vocational schools with female-oriented programmes and that they avoid male-dominated vocational schools. This can make it difficult for them to find a nearby vocational school, in particular in rural areas, as most vocational schools are located in urban centres. Further, it has been shown that for students from disadvantaged families – for example where neither parents work – the distance to the vocational school and the costs of transport are very important factors. Accommodation in public dormitories is offered only to students who live far from the school and costs are subsidised for only some students (Xhumari and Dibra, 2016, pp. 326–7).

Little information exists on whether these issues prevent potential students only from enrolling in a vocational school or whether they also lead to early leaving from the entire education and training system. In general, more and better data is needed to understand the phenomenon of early leaving from education and training.

**Participation in vocational training (Vocational Training Centres)**

Vocational training is offered in Vocational Training Centres (VTCs), which fall under the responsibility of the National Employment Service. Public VTCs are located in the major cities of the country.
(Durres, Elbasan, Fieri, Gjirokaster, Korca, Shkodra, Vlora, and two centres in Tirana), with one mobile centre operating in the northeast of the country.

Vocational training courses are non-formal courses typically lasting between a few weeks and six months. Any adult can enrol in these programmes by paying a small fee, although unemployed jobseekers are exempt from such fees. Participants receive a certificate of attendance, which specifies the course taken.

The public vocational training system cannot be labelled as continuing training since young adults, as the main users, enrol in such courses either as a shorter alternative to attending formal secondary general or vocational education programmes, or to complement their initial education and training (i.e. through taking IT and foreign language courses). Table 9 below illustrates the growing VTC graduation numbers for the period 2012–2015, but also the declining numbers since then. In 2018, 8 770 unemployed jobseekers started a training course in a public Vocational Training Centre (NES).

### TABLE 9: PARTICIPANTS IN VOCATIONAL TRAINING CENTRE COURSES (2012–2017)

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>VTC participants*</td>
<td>8 357</td>
<td>8 884</td>
<td>13 102</td>
<td>17 524</td>
<td>16 860</td>
<td>15 711</td>
</tr>
<tr>
<td>Participants who were unemployed jobseekers</td>
<td>2 668</td>
<td>3 218</td>
<td>8 098</td>
<td>13 887</td>
<td>12 710</td>
<td>9 461</td>
</tr>
</tbody>
</table>

Note: * those who completed the course and were certified.
Source: NES.

The total number of unemployed registered jobseekers was 64 781 in 2018, a sharp decline from three years earlier when 145 147 unemployed jobseekers were recorded (see Table 10). This is mainly due to more stringent criteria for registration with the Public Employment Service (PES), which include monthly reporting to the office and sanctions when job offers are refused. As a consequence, there is now less outreach to those in need of support. The share of under 25-year-olds among unemployed jobseekers was 10.6% in 2018, the second lowest percentage for the period 2014–2018. Over the past five years, female registered jobseekers have outnumbered males. In 2018 the difference was 5.6 percentage points.

### TABLE 10: NUMBER OF REGISTERED JOBSEEKERS (UNEMPLOYED) (2014–2018)

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>141 342</td>
<td>145 147</td>
<td>93 889</td>
<td>83 497</td>
<td>64 781</td>
</tr>
<tr>
<td>Male (%)</td>
<td>49.3%</td>
<td>49.6%</td>
<td>47.0%</td>
<td>47.0%</td>
<td>47.2%</td>
</tr>
<tr>
<td>Female (%)</td>
<td>50.7%</td>
<td>50.4%</td>
<td>53.0%</td>
<td>53.0%</td>
<td>52.8%</td>
</tr>
<tr>
<td>under 25 years</td>
<td>23 116</td>
<td>24 594</td>
<td>10 728</td>
<td>8 666</td>
<td>6 847</td>
</tr>
<tr>
<td>%</td>
<td>16.4%</td>
<td>16.9%</td>
<td>11.4%</td>
<td>10.4%</td>
<td>10.6%</td>
</tr>
<tr>
<td>25+ years</td>
<td>118 226</td>
<td>120 553</td>
<td>83 161</td>
<td>74 831</td>
<td>57 934</td>
</tr>
<tr>
<td>%</td>
<td>83.6%</td>
<td>83.1%</td>
<td>88.6%</td>
<td>89.6%</td>
<td>89.4%</td>
</tr>
</tbody>
</table>

Source: NES, ETF calculations.
In 2018, the coverage rate of unemployed jobseekers participating in Employment Promotion Programmes was 6.44%. The same rate for Active Labour Market Programmes, including labour market training, was 18.2% (NES).

Table 11 shows that young people under the age of 25 were well represented in training courses at public Vocational Training Centres in the period 2014–2018. Although they made up only between 10.4% (2017) and 16.9% (2015) of the registered jobseekers, they accounted for 39.1% (2018) to 49.1% (2015) of unemployed jobseekers who took part in a training course at a public Vocational Training Centre.

**TABLE 11: NUMBER OF UNEMPLOYED JOBSEEKERS WHO TOOK PART IN A TRAINING COURSE AT A PUBLIC VOCATIONAL TRAINING CENTRE (2014–2018)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>8 098</td>
<td>13 887</td>
<td>12 710</td>
<td>9 461</td>
<td>8 770</td>
</tr>
<tr>
<td>Male (%)</td>
<td>58.5%</td>
<td>59.2%</td>
<td>m</td>
<td>m</td>
<td>60.3%</td>
</tr>
<tr>
<td>Female (%)</td>
<td>41.5%</td>
<td>40.8%</td>
<td>m</td>
<td>m</td>
<td>39.7%</td>
</tr>
<tr>
<td>under 25 years</td>
<td>3 705</td>
<td>6 822</td>
<td>5 626</td>
<td>3 752</td>
<td>3 430</td>
</tr>
<tr>
<td>%</td>
<td>45.7%</td>
<td>49.1%</td>
<td>44.3%</td>
<td>39.7%</td>
<td>39.1%</td>
</tr>
<tr>
<td>25+ years</td>
<td>4 397</td>
<td>7 065</td>
<td>7 084</td>
<td>5 709</td>
<td>5 340</td>
</tr>
<tr>
<td>%</td>
<td>54.3%</td>
<td>50.9%</td>
<td>55.7%</td>
<td>60.3%</td>
<td>60.9%</td>
</tr>
</tbody>
</table>

Note: m = missing data.
Source: NES, ETF calculations.

Adult jobseekers in the 25+ age group were strongly under-represented in vocational training courses over this period. The same is true for women, who accounted for between only 39.7% and 41.5% of training participants (data are missing for the years 2016 and 2017).

A recent assessment of public Vocational Training Centres in Albania, undertaken by GIZ in 2017 (Heitmann and Shkreli 2017, p. 9), points to several factors that limit participation in non-formal short-term courses:

- A lack of incentives or schemes which would encourage individuals and businesses to invest or co-invest in training, such as tax incentives or voucher schemes;
- The limited availability of training offers in locations outside the bigger urban centres;
- Courses that do not correspond to the needs of individuals and the regional business community;
- An absence of courses for people with poor literacy skills; and lack of information about the training courses on offer.

**Policies**

Higher enrolment levels in vocational education and training have been a political objective for many years, and this goal can also be found in the National Employment and Skills Strategy 2014–2020 (now extended to 2022).

The reorganisation of the network of vocational schools and Vocational Training Centres and the setting up of a number of Multifunctional Centres can be seen as establishing important vehicles to
achieve this objective. Multifunctional Centres and the remaining vocational schools and Vocational Training Centres are expected to offer a more attractive mix of profiles and modalities of provision, as well as ensuring wider access and more opportunities for inclusion. However, although several analyses, feasibility studies and pilots have been carried out, developments in this area have stalled, and no multifunctional VET centres have been formally established in addition to the one in Kamza.

Current policies focus on preventative measures to tackle early school leaving from basic education. Systematic reintegration measures aimed at reducing the social and economic costs associated with dropping out of vocational education, at least for young people who have remained in the country, are not yet in place. This could be addressed, for example, by providing second-chance programmes for acquiring a qualification, including components of work-based learning, such as apprenticeship schemes which should be developed in close partnership with the private sector in selected economic areas suffering from skills shortages.

The Ministry of Finance and Economy offers special scholarships to students in vocational schools who come from low-income families, live in deprived areas, or belong to specific vulnerable groups. These scholarships cover the costs of food and accommodation in a dormitory.

Active labour market policies include subsidies for course fees and increased social benefits for persons with disabilities and other vulnerable groups, for example unemployed jobseekers, Roma minorities, orphans and returning migrants, when they enrol in a programme offered by a Vocational Training Centre.

**Recommendations**

**A comprehensive and in-depth analysis of the early school leaving phenomenon**

To achieve a better understanding of the phenomenon of young people leaving education early in Albania, a closer monitoring of the education system is recommended, with a view to answering the following questions: Who is leaving the system? When are students leaving the system? Why are students leaving the system?

More and better data will also help in designing the mix of preventative measures and those that focus on the reintegration of early school leavers.

It is further recommended that a national VET provider development plan should take a holistic view of individual, social and economic needs (see also the recommendations in section 3.2). Particular attention should be given to providing an attractive mix of study programmes (in particular, courses aimed at girls and students with weaker academic backgrounds), as well as better and affordable transport facilities, more and safer dormitories, and improved access to school facilities for students with disabilities. In addition, the government could consider extending scholarship programmes in order to improve access to vocational education and training.

**New opportunities for adults’ education and training**

Considering the low educational attainment and skills levels of the many people who have already left school, Tahiraj and Viertel (2018) suggest that a new type of recuperative, second-chance education and training programme for adults be set up.
Such a programme would combine basic Albanian language, maths, foreign language and ICT skills with vocational skills. The main focus of such programmes would be less on completing formal education, but rather on the economic empowering of people, building on their existing skills and aspirations. Activation strategies to reach out to inactive or unemployed people may be needed to encourage participation. Participants may require support with the transport to get to the training place, and women may require childcare for the time of their training. In the absence of a demand for labour, training could be accompanied by financial and coaching support to promote business start-ups or expansion.

(p. 61)

Furthermore, apprenticeship schemes for adults could help to foster integration into the labour market.

3.2 Key issue 2: Low quality of education and training

Issues

A lack of trust in the quality of the education and training system is widespread among the population. A recently published study on new trends in potential migration from Albania revealed that 52.5% of the general population in the 18–40 age group have little or no trust in the education system (Gëdeshi and King, 2018). Among potential migrants, the level of dissatisfaction is even higher (59.0%; age group, 18–40) (Gëdeshi and King, 2018, pp. 34–6). The authors of this study highlight the push factor of the low quality of education in the country, and point to the fact that education is now the third most important driver for emigration. Some 12% (cf. 2007: 2.7%) of potential migrants canvassed said that they wished to finance the education of their children and 5.4% (unchanged compared to 2007) expressed a desire to access the education system in the host country (Gëdeshi and King, 2018, pp. 60–64).

A representative study on the values, attitudes, perceptions and political participation of young people in Southeast Europe (Jusic and Numanovic, 2017) suggests that there is a serious problem with integrity and trustworthiness in the Albanian educational system. An overwhelming majority of students in Albania – more than 80% – believe that exam results can often or very often be bought in their schools. This was by far the highest figure in the region (Jusic and Numanovic, 2017, pp. 34–6).

The analysis further confirmed a significant negative correlation between the perception of corruption and the perceived quality of education at both the regional and individual country level (except for Slovenia). The authors of the study highlight that ‘as a consequence of a potentially serious problem with corruption in education, countries with lower quality education may further undermine their education systems through corrupt practices, creating a vicious cycle of deterioration of quality in comparison with countries where such practices are not common and that already have more advanced education’ (Jusic and Numanovic, 2017, p. 36). According to the authors, young people’s high perception of corruption in educational institutions in Albania also points to potential problems in accessing quality education in the country.

Major problems with the quality of vocational education and training have also been indicated by a recent ETF study, entitled Continuing professional development for vocational teachers, instructors, principals and trainers in Albania (HDPC, 2019).
The OECD PISA 2018 results confirm such concerns with respect to the quality of education and training in Albania. The country’s level of underperformance in each of the three PISA domains (science, reading and mathematics) was much higher than the EU average and far exceeded the Europe 2020 benchmark (15%).

**TABLE 12: PISA 2018: SHARE OF 15-YEAR-OLDS (%) SHOWING UNDERACHIEVEMENT* IN READING, MATHEMATICS AND SCIENCE**

<table>
<thead>
<tr>
<th></th>
<th>Reading</th>
<th>Maths</th>
<th>Science</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albania</td>
<td>52.2</td>
<td>42.4</td>
<td>47</td>
</tr>
<tr>
<td>EU-28</td>
<td>21.7</td>
<td>22.4</td>
<td>21.6</td>
</tr>
</tbody>
</table>

Note: *underachievement is defined as failing level 2 on the PISA scale for reading, mathematics or science.
Source: PISA 2018 (OECD, 2019).

**Teachers and trainers in vocational education and training**

VET teachers and trainers are key drivers for the improvement of VET systems. They have the most important input into the VET system and are critical to the successful implementation of a range of reforms, including organisational changes and the development of the curriculum, work-based learning, technology and pedagogy. A 2019 study shows that the vast majority of vocational teachers and instructors have work experience in the branch of industry related to the subject they teach. However, the survey revealed that 41% of the instructors working in vocational schools had not completed an initial pedagogical training course before they started teaching, that is, as part of their degree studies (HDPC, 2019, p. 13).

Vocational schools have a formal responsibility to research training needs, as well as planning and organising continuing professional development, but, in practice, this duty is not carried out and little training is implemented. For instance, the HDPC survey found that only 70% of teachers in vocational schools had taken part in some kind of orientation at their new school, and less than 50% had undergone a formal induction process (HDPC, 2019, p. 55).

In general, no specific budget level has been allocated to continuing professional development either at the national or provider level. In past years, most of the costs of continuing professional development for vocational teachers and instructors have been covered by donors (HDPC, 2019, p. 45).

Training gaps in continuing professional development were found to be widest for issues related to addressing new technologies in the workplace (60%), educating students with special needs (54%), teaching cross-curricular skills (53%), and finding approaches to developing cross-occupational competencies for future work (52%) (HDPC, 2019, p. 61).

**Providers of vocational education and training**

In 2014, a baseline survey looked at the internal efficiency and external effectiveness of the then 52 public VET providers in Albania (ETF and GIZ, 2014). The providers were assessed against 10 benchmarks, including: the quality and content of VET programmes and short-term courses; staff competence and development; the condition of facilities and equipment; organisation and management; and the work readiness and employability of graduates. The majority of VET providers were ranked as low performers, while six providers (11.5%) were rated as poor performers, and only one was classed as a high performer.
The ETF study on *Continuing professional development for vocational teachers, instructors, principals and trainers in Albania* supports these findings. It reveals that access to teaching and learning materials and equipment is still an issue in Albania. According to teachers in vocational schools, 20% of students have never/almost never or only occasionally access to appropriate, good quality instructional materials, i.e. textbooks. Further, the responding teachers said that 29% of students have never/almost never or only occasionally access to sufficient and appropriate consumables so that they can develop practical skills (HDPC, 2019, p. 33).

A similar study was carried out in 2017 (Heitmann and Shkreli, 2017) in order to assess the 10 public Vocational Training Centres. This assessment revealed a number of issues regarding the quality of the training programmes, namely: a lack of information on the training needs of the private sector; in certain cases, outdated curricula that were not in line with training needs; a lack of up-to-date facilities and equipment in some training centres, in particular for courses that were in strong demand, such as those for welders or cooks; and delays in recruiting part-time instructors (Heitmann and Shkreli, 2017, p. 28).

The 169 private and 19 not-for-profit training providers that were active in 2017 used mainly internal competence standards. Only 5% of the private training Institutions and none of the not-for-profit providers employed national competency standards (World Bank, 2017).

An accreditation system for VET providers is not yet in place; there exists only a general licensing procedure for all entities overseen by the National Centre for Business Services. Inspections of vocational schools have not taken place since 2013.

**Policies**

**Teachers and trainers**

To address the problem of a lack of initial pedagogical training for teachers and instructors, a 24-day course on basic didactics in vocational education and training has been designed, approved and (since 2015) implemented by NAVETQ (Kuqi, 2018). There are plans to make this course compulsory for all new teachers and instructors in vocational schools.

The new VET Law assigns the responsibility of coordinating VET teacher training to NAVETQ. A respective draft by-law regarding NAVETQ has not yet been adopted, which means that, to date, no institution is formally in charge of this function. In addition, NAVETQ would require additional human and financial resources to discharge its new role. Funding for teachers’ training remains a constraint in VET provision, and is insufficient to satisfy current needs.

The 2017 VET law provides for the setting up of School Development Units that would support continuing professional development at vocational schools, among other functions. However, these units have not yet become operational, as the necessary by-law, funding arrangements and appointments are not in place.

**VET provider network and educational planning**

As a consequence of the baseline survey of public VET providers (ETF and GIZ, 2014), the then responsible Ministry of Social Welfare and Youth (MoSWY) decided to rationalise the network of VET providers and establish so-called Multifunctional Centres that would offer initial vocational education and adult education and training under one roof. Since 2014, the number of vocational schools has been reduced from 42 to 35 and one Multifunctional Centre has been established in Kamza, based on a Decision of the Council of Ministers (DCM).
In 2018 the MoFE drafted a brief paper on the optimisation of public VET providers, proposing the establishment of 17 Multifunctional Centres to replace some of the currently existing 35 vocational schools and 10 Vocational Training Centres. However, the action plan included cost estimations for only a handful of Multifunctional Centres. It also lacked any concrete plans for the set of potential profiles and programmes which, according to existing skills supply and demand research, might be required to meet the national, regional and local skills needs of employers both currently and in the medium to long term. Ministerial orders to legalise the status of Multifunctional Centres have not yet been adopted. An institutional development plan has been approved only for the Kamza Multifunctional Centre and a few vocational schools.

However, a sub-legal act and a guideline for the self-assessment of VET providers have been developed and a self-assessment process rolled out nationwide.

Recommendations

Teachers and trainers
The 24-day course on basic didactics in VET should be made compulsory for all new teachers and instructors who have not had initial pedagogical training. Further, it is recommended that the length of this course be extended in the medium term to cover additional topics in line with the recommendations of the mid-term evaluation.

In order to enable NAVETQ to fulfil its new coordination function with regard to VET teacher training, the necessary legal acts should be adopted. NAVETQ also needs to be equipped with adequate additional human and financial resources. A budget should be defined for the continuing professional development of vocational teachers at both the national and provider level.

An action plan should be published to implement School Development Units across Albania. These units should be empowered to address the development needs of teachers and vocational schools in cooperation with other actors such as NAVETQ, businesses, higher education institutions, municipalities and donors.

Targeted continuing professional development and collaborative work should be used to generate instructional materials. However, further investments in teaching and learning materials, including consumables for practical learning, are needed to permit high-quality education and training.

Many teachers and instructors do not receive mentoring. Training, guidance and staff time should be assigned to allow all schools in Albania to offer such a potentially beneficial option.

VET provider network and educational planning
Enabling better access to resources (teachers and trainers, facilities, equipment, tools and instruction materials) that support learning processes should be addressed by the national VET provider development plan (see also section 3.1). One of the major objectives of the national plan should be to ensure a more efficient and effective use of all learning resources. Such a strategy should take into account the economic and social developments (i.e. skills needs and future industrial locations) in the respective catchment areas of the current and future VET providers (Multifunctional Centres, vocational schools and Vocational Training Centres), as well as demographic developments (i.e. birth rates, migration figures, etc.) and trends in educational choice (i.e. enrolment rates in compulsory schools, vocational schools and gymnasiums).
Quality assurance of private training provision

The Albanian Qualifications Framework (AQF) could also be an effective tool to ensure the quality of the 169 private and 19 not-for-profit training providers and their offers. A draft DCM regulates the conditions for including the so-called ‘lifelong learning qualifications’ in the AQF. The DCM is still at the consultation stage.

3.3 Key Issue 3: Weak alignment of education and training to the labour market

This section looks at the alignment of the skills and competencies offered in VET provision with those demanded by the labour market. After a brief analysis of the current main issues related to skills matching, three policy responses are discussed: (i) cooperation between education and business; (ii) work-based learning; and (iii) career guidance.

Issues

In 2018, Albania’s youth unemployment rate was the lowest in the Western Balkans region, at 28.3%. This represents a decrease of 11.5 percentage points from 2015 when youth unemployment was at its highest since 2013. Despite this recent positive trend in reducing youth unemployment, the issue persists, and the rate in Albania is still almost double that of the EU28, which stood at 15.2% in 2018.

### TABLE 13: YOUTH UNEMPLOYMENT RATE (AGED 15–24) (%)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Albania</td>
<td>31.4</td>
<td>39.0</td>
<td>39.8</td>
<td>36.5</td>
<td>31.9</td>
<td>28.3</td>
</tr>
<tr>
<td>Bosnia and Herzegovina</td>
<td>59.1</td>
<td>62.7</td>
<td>62.3</td>
<td>54.3</td>
<td>45.8</td>
<td>38.8</td>
</tr>
<tr>
<td>Montenegro</td>
<td>40.5</td>
<td>35.8</td>
<td>37.6</td>
<td>35.9</td>
<td>31.7</td>
<td>29.4</td>
</tr>
<tr>
<td>North Macedonia</td>
<td>51.9</td>
<td>53.1</td>
<td>47.3</td>
<td>48.2</td>
<td>46.7</td>
<td>45.4</td>
</tr>
<tr>
<td>Kosovo</td>
<td>55.9</td>
<td>61.0</td>
<td>57.7</td>
<td>52.4</td>
<td>52.7</td>
<td>m</td>
</tr>
<tr>
<td>Serbia</td>
<td>49.4</td>
<td>47.5</td>
<td>43.2</td>
<td>34.9</td>
<td>31.9</td>
<td>29.7</td>
</tr>
</tbody>
</table>

Note: m = missing data.
Sources: ETF database; Eurostat.

However, the regional picture appears slightly different when we look at young people (aged 15–24) who are not in employment, education or training (NEETs). Table 14 shows that Albania had the second highest NEET rate in the Western Balkans region in 2017. In 2018 the rate increased slightly to 26.5%, which suggests a considerable share of inactive people in this age group.
TABLE 14: PERSONS NOT IN EMPLOYMENT, EDUCATION OR TRAINING – NEETS (AGED 15–24) (%)  

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albania</td>
<td>30.8</td>
<td>30.9</td>
<td>29.6</td>
<td>27.0</td>
<td>25.9</td>
<td>26.5</td>
</tr>
<tr>
<td>Bosnia and Herzegovina</td>
<td>25.8</td>
<td>26.1</td>
<td>27.7</td>
<td>26.4</td>
<td>24.3</td>
<td>21.6</td>
</tr>
<tr>
<td>Montenegro</td>
<td>18.5</td>
<td>17.7</td>
<td>19.1</td>
<td>18.4</td>
<td>16.7</td>
<td>16.2</td>
</tr>
<tr>
<td>North Macedonia</td>
<td>24.2</td>
<td>25.2</td>
<td>24.7</td>
<td>24.3</td>
<td>24.9</td>
<td>24.1</td>
</tr>
<tr>
<td>Kosovo</td>
<td>35.3</td>
<td>30.2</td>
<td>31.4</td>
<td>30.1</td>
<td>27.4</td>
<td>m</td>
</tr>
<tr>
<td>Serbia</td>
<td>19.5</td>
<td>20.4</td>
<td>19.9</td>
<td>17.7</td>
<td>17.2</td>
<td>16.5</td>
</tr>
</tbody>
</table>

Note: m = missing data.
Sources: ETF database; Eurostat.

A tracer study conducted in 2018 by GIZ suggests that there are still structural mismatches between public vocational education and industry needs (GIZ, 2019). This is for instance demonstrated by the substantial share of young people working outside of the professions for which they were trained and educated. The study shows that 37% of the survey participants (compared to 41% in 2017; GIZ, 2018) were in some kind of work, mostly in two sectors (45%) – wholesale/retail and hotel/catering – while 30% of the respondents were continuing in education (2017: 25%) and 20% (2017: 28%) reported that they were unemployed. Out of those who identified as unemployed, 36% (2018: 30%) said that they had not worked since graduation and that were still searching for a job, while 40% (2018: 15%) stated that they ‘don’t have enough work experience’ and 14% confirmed that ‘there is no demand for work in my profession’ (2018: 52%). Another 14% (2018: 33%) claimed that there were no jobs available in their regions or towns. A considerable proportion of the employed vocational school graduates (37%; 2018: 45%) reported that they were not using the knowledge they have acquired at school. Of this group, 50% (2018: 58%) said that they are considering changing their profession (GIZ, 2018, pp. 11–17; GIZ 2019, pp. 14–22).

These findings are supported by a study from Friedrich-Ebert-Stiftung which shows that 36% of Albanian young people are working outside of the professions that they trained for. Again, this points to a structural mismatch between the educational system and industry needs (Jusic and Numanovic, 2017, p. 40).

The latest skills needs analysis (HDPC, 2017) shows that unsuitable qualifications (43.2%) and the attitudes of jobseekers or the work culture (39.0%) are the two major areas of concern for the companies that responded to the survey (HDPC, 2017, pp. 51–3).

As detailed below, cooperation, work-based learning and career guidance are crucial components in building links between vocational education and business.

Cooperation and coordination
Effective cooperation and coordination between the vocational education and training sector and business are essential to ensuring that qualifications and skills are relevant to the labour market. Cooperation and coordination usually involve a wide range of stakeholders – not only national employer and employee organisations and government ministries, but also schools and individual enterprises – and take place at more than one level (e.g. nationally, regionally, locally). The smooth
running of stakeholder cooperation and coordination is indispensable for the successful provision of structured work-based learning, but is also essential where education and training are mostly provided in school-based programmes.

In Albania, social partners are members of the National Labour Council and its committee for skills and employment. They are also represented at national level in the Integrated Policy Management Group (IPMG), in its subgroup on employment and skills policies, which takes a wider sector perspective. The IPMG discusses the progress made against the objectives and targets of the National Employment and Skills Strategy and its Action Plan 2014–2020 (now extended to 2022). A national VET Council was established a few years ago but is currently not active.

Representatives from enterprises and business associations are occasionally involved in the development of occupational and qualifications standards, as well as in the development and validation of frame curricula. However, there is no systematic process for this, and to date, no sector skills committees have been set up. Nevertheless, there are plans to establish such committees in the near future, and to give them a strong role in the identification of sector skills needs and qualifications.

At the VET school level, the local business community is represented on the school governing board. Furthermore, in some cases business representatives act as assessors in final examinations and assist in the implementation of the practice modules.

Biznes Albania, an independent organisation of employers and business organisations has taken the lead in establishing the Chamber of Crafts, which will play a decisive role with regard to apprenticeship in the crafts sector.

**Work-based learning**

The benefits of work-based learning for learners, employers and society are well established. Work-based learning provides learners with the opportunity to develop specific skills and knowledge in the workplace, but also to learn generic employability skills. It offers opportunities not only for professional development but also for personal growth, not least for less advantaged groups. Furthermore, work-based learning can facilitate the establishment of occupational or industry networks. VET programmes that combine work-based learning and tuition in the classroom can lead to improved employability, a faster school-to-work transition and better access to jobs.

Employers may benefit directly from the enhanced technical and job-specific skills of learners, graduates and employees. This can lead to higher productivity and growth. The enhanced recruitment potential of learners and graduates is another major benefit for enterprises in general.

In Albania, the national law allows for the provision of work-based learning in companies, and in theory all practical training could be implemented in the form of work-based learning. However, the legal framework has not been supplemented by the necessary by-laws, which would, for example, ensure the funding of work-based learning and stipulate the rights and obligations of both companies and students. There are also issues concerning a lack of resources in schools and businesses to organise cooperation and an insufficient number of companies willing and able to take part. Small enterprises in particular face difficulties in providing proper guidance and learning opportunities for students. As a result, work-based learning is not common practice in the country, and only a few programmes have compulsory work-based learning components (see Table 15).
TABLE 15: SECONDARY VET PROGRAMMES AND WORK-BASED LEARNING IN ALBANIA (2015/16)

<table>
<thead>
<tr>
<th>Type of programme</th>
<th>No. of programmes</th>
<th>With compulsory practical training</th>
<th>With compulsory WBL component</th>
<th>With learning outcomes for WBL</th>
<th>With assessment instruments for WBL</th>
</tr>
</thead>
<tbody>
<tr>
<td>2+1+1-year</td>
<td>31</td>
<td>31</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2+2-year</td>
<td>9</td>
<td>9</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
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A recent survey among teachers and instructors in vocational schools and Vocational Training Centres in Albania shows that access to work-based learning exists for only a minority of vocational learners (HDPC, 2019). According to teachers, only 38% of students receive at least 10% of their learning in the workplace, and 46% said that only some of their students have placements in companies (HDPC, 2019, pp. 29–30).

However, a number of vocational programmes have received substantial donor support, and in these cases the quality and amount of work-based learning has significantly improved. For instance, the vocational schools supported by the Swiss-funded Skills for Jobs project have established cooperative links with several hundred companies.

Career guidance
At present no systematic career guidance is provided for students within compulsory education, which may lead to students choosing the wrong programmes at secondary level. Parents have a major influence on students’ choices for further education. In many cases, particularly for girls, it is the parents who make the decisions. However, there are elements of career education in lower secondary school curricula. In 2010/2011 ‘Education for life and career’ was introduced in all secondary schools, comprising two new subjects – ‘Skills for life’ in the 10th grade and ‘Career education’ in the 11th grade. The latter also includes themes on entrepreneurship. Teachers have received training in this area, but more is needed. Some schools organise their own career orientation activities.

The Swisscontact Skills for Jobs project, funded by Swiss Development Cooperation, has led the way in setting up Career or (now called) Development Centres in its seven pilot VET institutions. These Development Centres incorporate all the new development functions in accordance with the 2017 VET Law, including liaison with businesses and career guidance for students. In general, two people per Centre have been trained and materials developed to carry out these functions. However, additional costs are covered by the project, rather than the Ministry.

For students in upper secondary education who plan to continue their education at post-secondary or tertiary level, limited guidance is offered by career offices or teachers in schools. Issues to be addressed here include the non-availability of a comprehensive bank of information, compiled by a central agency, which could be used to counsel students, and the limited abilities of school staff to undertake professional counselling activities.

Labour offices provide some guidance to unemployed jobseekers, those who intend to enter short vocational training or retraining courses, and those who wish to be involved in other active labour market initiatives. As part of the modernisation of the labour offices, better contacts between labour...
office staff and local employers, constant updating of the central vacancy database and major
improvements in internet connections throughout the country, will mean that jobseekers can
increasingly use their self-help facilities.

Policies

Cooperation and coordination
The topic of sector skills committees has been on the agenda for many years, and a common
understanding of the main features of sector committees has been reached among stakeholders. A
by-law on establishing sector committees, as one of the sub-legal acts under the Law on AQF, will
pave the way to begin piloting sector skills committees.

In 2016, a Law on Craftsmanship was adopted and in 2017 a National Chamber of Crafts was
established. The new Chamber of Crafts is intended to play a decisive role in setting up a dual training
or apprenticeship system for craft trades. The Chamber's assembly and new president were appointed
in 2017 and the MoFE approved its statutes in 2018. Decisions of the Council of Ministers on the
question of financial support for the Chamber and the nature of the contracts between apprentice and
employer have been prepared. State funding for a two-year period has been secured.

Work-based learning
The MoFE and NAVETQ have drafted a national regulation on work-based learning. This by-law will
regulate, among other issues: the roles and responsibilities of the main actors involved in work-based
learning; the rights and obligations of students, vocational schools and training companies; the content
and form of the internship contract; training content; and the assessment of work-based learning.

Albania’s flexible approach to work-based learning requires effective planning and organisational
capacities in vocational schools. For this reason, the MoFE and NAVETQ, in close cooperation with
various donors, have been supporting business relations coordinators in a number of vocational
schools. Recently, the role, functions and competence profile of business relations coordinators were
defined in a draft sub-legal act on VET providers. However, this act has not yet been adopted. As a
result there are currently only a few business relations coordinators operating in vocational schools.

Since 2014, the National Employment Service has placed a stronger emphasis on employment
promotion programmes that offer on-the-job training for young people and adults. According to an
assessment undertaken in 2014, on-the-job training (DCM 47) appears to be the most successful
active labour market programme in Albania, having been shown to result in the highest increases in
employment rates (ILO, 2014). In 2017, on-the-job training schemes accounted for 42% of all active
labour market programmes' beneficiaries (2224 recipients in 121 companies), absorbing 58% of the
available funds for such initiatives (Shehaj, 2019, p. 14). A recent impact evaluation of employment
promotion programmes in Albania confirmed the positive impact of the on-the-job training measure,
stating that it increases the probability of gaining employment by 27.9%, compared with a control
group (UNDP, 2019, p. 26).

Career guidance
The new VET law which was adopted in 2017 envisages career guidance as one of seven new
development functions of vocational schools or Multifunctional Centres. To date, no progress has
been made with regard to the adoption of the sub-legal act for VET institutions or in appointing staff for
implementing the new development functions. However, the Swisscontact Skills for Jobs project has
successfully set up pilot development centres in seven VET institutions.
Recommendations

Cooperation and coordination
The by-law on sector skills committees needs to be adopted in order to clear the way for the implementation of this measure. It is recommended that initially a pilot is launched establishing one or two committees. Based on the experience gained from the pilot, further specifications for sector skills committees may be defined.

The Chamber of Crafts needs to be adequately resourced and staffed so that it can carry out its new tasks with regard to apprenticeships in craft trades, for example maintaining a record of craft subjects and a register of craft training companies and apprentices.

Work-based learning
Students, parents, vocational schools and, not least, companies need a legal framework that allows them to plan, organise and implement work-based learning in a reliable manner. To promote work-based learning in more schools and companies, and to different target groups (including both young people and adults), the national regulation on work-based learning should be adopted, and supporting tools and instruments developed. The training and employment of business relations coordinators, one from each vocational school, should be made a priority.

The lessons learnt through the many donor projects that have helped to successfully promote and implement work-based learning should be accessible to other vocational schools. This would require better coordination and stronger support from the MoFE and NAVETQ.

A further suggestion is investigating whether the currently implemented on-the-job training programmes are sufficiently tailored to the needs of unemployed jobseekers (e.g. vulnerable groups) and businesses. One of the key recommendations of the assessment from 2014 was that the skills needs of registered unemployed jobseekers should be better matched with the requirements of the business world. Further, data from the Public Employment Service point to high drop-out rates from on-the-job training programmes, with the main reason cited being the mismatch between the skills needs of the prospective jobseekers and the areas of training on offer (Shehaj, 2019, p. 15).

Career guidance
Career guidance services need to be expanded for pupils prior to entering secondary education in order to make them more aware of career opportunities – for example, those that can be accessed through vocational education and training – and to enable them to discover their talents and interests at an early stage in their schooling. An effective path could be the teaching of career management skills (through career education in the curriculum) coupled with personal guidance by qualified staff.

The elements of career education that already exist in school curricula should be evaluated in the light the proposed expansion of this service (in terms of hours per year as well extending career guidance to earlier grades prior to vocational education and training). This needs to be accompanied by a comprehensive career information system (web-based and interactive) that should also target parents, since they seem to be the most important providers of ‘informal guidance’ to their children.

In addition, the pilot career centres set up by Swisscontact need to be evaluated – their further development could provide a model for all VET providers in helping students choose their field/specialisation and develop employability skills, as well as supporting them in the transition from school to work.
4. CONCLUSIONS

Labour market performance in Albania has shown remarkable improvements over recent years and the country’s economy continues to expand. Job growth in the country is one of the strongest in the Western Balkans region. Between 2013 and 2018, the number of vacancies registered by the National Employment Service rose by 280%, from 16 175 to 61 391 (NES). The majority of these positions require the completion of upper secondary education and specialised vocational education and training.

However, and despite impressive progress in some schools and sectors (e.g. tourism), vocational education is still not an attractive option for most young people, and young women in particular. The opportunities to access lifelong learning for both young people and adults are limited and the quality of education and training remains an issue. Labour market alignment is still weak: the vocational education and training system does not produce the ‘right numbers’ of candidates, and most graduates lack the skills that are sought by employers.

Not surprisingly, the country has a high share of young people who are not in employment, education or training (NEETs). Low educational attainment, mainly a legacy of the past, and widespread precarious employment, are also serious challenges in Albania.

The analysis in this report concludes with several recommendations for remedying these shortcomings by reinforcing the contribution of education and training in addressing the challenges to developing human capital in Albania. The annex below summarises these recommendations.
## ANNEX: SUMMARY OF RECOMMENDATIONS

<table>
<thead>
<tr>
<th>The problem of human capital development and use</th>
<th>Recommendations</th>
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<tr>
<td><strong>Low participation in education and training in a lifelong learning perspective</strong></td>
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<tr>
<td>R.1 Monitor and analyse the phenomenon of early school leaving</td>
<td>For a better understanding of the phenomenon of young people leaving education early in Albania, it is recommended that the system be monitored more closely with a view to answering the following questions: Who is leaving the system? When are students leaving the system? Why are students leaving the system? More and better data will also help to design the mix of both preventative measures and initiatives that focus on the reintegration of early school leavers.</td>
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<td>R.2 Improve educational planning to attract more learners</td>
<td>It is proposed that a national VET provider development plan should be formulated to take a holistic view of individual, social and economic needs. Particular attention should be paid to providing an attractive mix of study programmes (in particular for girls and students with a weaker academic background); better and affordable transport facilities; more and safer dormitories; and improved access to school facilities for students with disabilities. Further, the government could consider extending scholarship programmes in order to improve access to vocational education and training.</td>
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<td>R.3 Create new opportunities for adults' education and training</td>
<td>Considering the low educational attainment and skills levels of many people who have already left school, it is recommended that a new type of recuperative, second-chance education and training programme for adults be set up. Such a programme would combine basic Albanian language, maths, foreign language and ICT skills with vocational skills. The main focus of such a scheme would be less on completing formal education, but rather on the economic empowering of people, building on their existing skills and aspirations. Further, apprenticeship schemes for adults could help to foster integration into the labour market.</td>
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<td><strong>Low quality of education and training</strong></td>
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<tr>
<td>R.4 Strengthen further the training and professional development of teachers and instructors in vocational schools and training centres</td>
<td>The course on basic didactics in vocational education and training should be made compulsory for all new teachers and instructors that lack initial pedagogical training. It is also recommended that the length of this course should be extended in the medium term to cover additional topics. Guidance should be provided and staff time set aside so that all schools in Albania can offer mentoring to their teachers. In order to enable NAVETQ to fulfil its new coordination function with regard to VET teacher training, the necessary legal acts should be adopted. Furthermore, NAVETQ needs to be equipped with adequate additional human and financial resources. School Development Units should be empowered to address the development needs of teachers and vocational schools. Targeted continuing professional development and collaborative work should be used to generate instructional materials (see also R.5).</td>
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<td>R.5</td>
<td>Equip all vocational schools and training centres with the necessary basic learning resources, such as textbooks</td>
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<td>R.6</td>
<td>Implement the Albanian Qualification Framework</td>
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<td>R.7</td>
<td>Involve social partners more systematically in vocational education and training</td>
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<td>R.8</td>
<td>Strengthen work-based learning</td>
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<td>R.9</td>
<td>Enhance career guidance</td>
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Acronyms

AQF  Albanian Qualifications Framework
CPD  continuing professional development
DCM  Decision of the Council of Ministers
EC  European Commission
ELE  Early Leavers from Education
ERP  Economic Reform Programme
ETF  European Training Foundation
EQAVET  European Quality Assurance in Vocational Education and Training
EQF  European Qualifications Framework
EU  European Union
GIZ  Deutsche Gesellschaft für Internationale Zusammenarbeit
GDP  gross domestic product
HCDU  human capital development and use
INSTAT  (Albanian) Institute of Statistics
IDM  Institute for Democracy and Mediation
IPA  Instrument for Pre-accession Assistance
IPMG  Integrated Policy Management Group
ISCED  International Standard Classification on Education
LFS  Labour Force Survey
LLL  lifelong learning
MFC  Multifunctional (VET) Centre
MoESY  Ministry of Education, Sports and Youth
MoFE  Ministry of Finance and Economy
MoLSW  Ministry of Labour and Social Welfare
NAES  (future) National Agency for Employment and Skills
NAVETQ  National Agency for VET and Qualifications
NEETs  not in education, employment or training
<table>
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<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tr>
<td>NES</td>
<td>(now) National Employment Service</td>
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<tr>
<td>NRF</td>
<td>national reporting framework</td>
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<td>PES</td>
<td>Public Employment Service</td>
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<td>PPP</td>
<td>purchasing power parity</td>
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<td>RCC</td>
<td>Regional Co-operation Council</td>
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<td>SEE</td>
<td>South East Europe</td>
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<td>SMEs</td>
<td>small and medium-sized enterprises</td>
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<td>UNDP</td>
<td>United Nations Development Programme</td>
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<td>VET</td>
<td>vocational education and training</td>
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<tr>
<td>VTC</td>
<td>Vocational Training Centre</td>
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<tr>
<td>WBL</td>
<td>work-based learning</td>
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