

ALBANIA

COUNTRY STRATEGY PAPER 2017-20

2018 UPDATES



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A. COUNTRY CONTEXT

Political and economic situation

The Albanian government, which took office in September 2013 and was re-elected in 2017, has put the country on a firm path of comprehensive reforms and towards preparing for EU accession. Albania was granted EU candidate country status in June 2014. Justice reform, public administration reform, investments in the infrastructure and education, and generally improving the climate for local businesses and foreign investors are high on the government agenda. These reforms are necessary to improve Albania's competitiveness and create more jobs.

Demography

The population has been declining over the years to reach ca. 2,893,000 inhabitants in 2015. Albania has a relatively young workforce with 26.4% of people aged between 15 and 24 years in 2015. Careful estimates have it that about one quarter of the working-age population continue to migrate for work to EU or other countries, mostly on a temporary basis.

Employment

Labour market performance has generally been improving in the past years. Labour force participation (15-64) is still relatively low, but increased from 64.2% in 2015 to 66.2% in 2016. The employment rate has been rising from 52.9% of those aged 15-64 in 2015 to 55.9% in 2016. There is a sizeable gender gap, with the rate in 2016 being 12.2 percentage points lower for women (49.7%) compared to men (61.9%). 40.2% of Albania's workforce are employed in agriculture (41.3% in 2015, source: INSTAT, Labour Market 2016), with the majority being women. Employment in agriculture has declined in the past years, but stays at a high level compared to other countries of the region and indicates a lack of adequate job creation in other sectors. Services employ less than 40% of the workforce.

Unemployment (15+) has been decreasing from its peak in 2014 (17.5%) to reach 15.2% in 2016. Rates are slightly higher for males (15.9%), compared to females (14.4%). Unemployment levels are highest in the north-eastern regions of Albania. Youth unemployment (% of aged 15-29) reached 28.9% in 2016, which presents a considerable improvement over the previous year (33.2%). Almost 60% of the unemployed people were first-time jobseekers. Some 70% of the jobseekers were long-term unemployed in 2015. Ongoing efforts by the government and its labour inspectorate try to address the problem of high informal employment. In 2015 the share of informal employment in the non-agricultural sector was 34.1%, down by 5.3pp compared to 2014.

Skills

Major progress was recorded in all three domains of the OECD PISA tests in 2009, 2012 and 2015 (see table below). However, in the 2015 PISA test, still half (50.3%) of the 15-year-old students performed poorly on reading skills (below level 2), 53.3% in mathematics and 41.7% in science.

Albania has also been making considerable progress, with 22% of adults aged 30-34 having attained a tertiary (i.e. university-type) education in 2015¹, an increase of over 10pp since 2010. However, due

¹ Educational attainment is frequently used as a proxy measure of the skills associated with a given level of education and available in the population, and to the labour force. Higher levels of educational attainment are associated with several positive individual and social outcomes (see also OECD *Education at a Glance*, 2015)

to the specific economic and employment structures in place and weak labour demand, many higher education graduates cannot find jobs that match their formal qualifications. This results in comparatively higher unemployment rates among higher education graduates, especially women. This suggests serious skills imbalances (i.e. under-utilisation). Some better-skilled people try to find jobs abroad.

VET

Thanks to deliberate efforts by the responsible Ministry of Social Welfare and Youth (MoSWY), enrolments in VET programmes at upper secondary level increased from 17% in 2014 to over 20% in 2015 and 2016. The VET student population is still small compared to other Western Balkan countries. VET used to be the less attractive option at upper secondary level compared to academic education. Now this image is changing, also because VET graduates find it easier to find jobs.

Reforms are on a good track, but further system-wide efforts are necessary to complement improvements in pilot institutions supported by donors. See more details in Section B below.

School to work transition

The number of young people aged 15-24 who are neither in employment, education and training (NEETs) remains very high (32.8% in 2015, compared to the EU average of 12.5%; an increase from 30.0% in 2011). This confirms the existence of skills imbalances and serious problems with young graduates finding jobs.

Albania vis-à-vis the EU2020 targets in education and employment

Between 2010 and 2015 Albania has improved considerably on most EU 2020 indicators, such as reducing the rate of early leavers from education and training aged 18-24 (10pp less), increasing tertiary educational attainment of 30-34-year-olds (over 10pp more) and reducing underachievement in reading, maths and science (albeit from high levels in 2009) – see table below. In contrast, the employment rate of those aged 20-64 fell from 60.3% in 2010 to 59.3% 2015, is however on an upward trend again (56.6% in 2014). The declining adult participation rate in lifelong learning/ training (1.0% of those aged 25-64 in 2015) gives reasons for concern.

Despite the positive trends, these indicators are still off the mark from EU averages and the EU 2020 targets.

EU2020 targets in education and employment		ALBANIA		EU			
		2010	2015	2010	2015	2020 targets	
Headline targets	Early leavers from education and training (% aged 18-24)	31.9	21.3	13.9	11	< 10	
	Tertiary educational attainment (% aged 30-34)	11.4	22.1	33.8	38.7	≥ 40	
	Employment rate (% aged 20-64)	60.3	59.3	68.6	70.1	≥ 75	
Other targets	Participation in training (% aged 25-64)	2.1	1.0	9.1	10.7	≥ 15	
	Underachievement (% aged 15)	Reading	56.7	50.3	19.7	17.8	< 15
		Mathematics	67.7	53.3	22.3	22.1	< 15
		Science	57.3	41.7	17.8	16.6	< 15
Employment rate of recent graduates (% aged 20-34)	m	m	77.4	76.9	≥ 82		

Sources: Eurostat - online database; PISA results - OECD, Programme for International Students Assessment

Notes: PISA 2010 data refer to 2009

Relations with the EU

The EU-Albania Stabilisation and Association Agreement signed in June 2006 entered into force in April 2009². Albania obtained EU candidate country status in June 2014. Following European Commission (EC) guidelines, Albania updates its Economic Reform Programme (ERP) on an annual basis. The EC, in its Country Policy Guidance published in May 2016, listed the following priorities: addressing skills mismatches and improving the VET system; increasing the coverage of active labour market policies and improving the activation of unemployed and inactive persons, especially young people, women and the long-term unemployed; developing a comprehensive plan to reduce undeclared work. The ERP and EU-Albanian Subcommittee meetings on progress in the sector feed into the annual EC Progress Report on Albania. Accession negotiations have not been opened, yet.

Cooperation between EU member states and candidate countries in VET is framed by the Copenhagen Process. Within this context, the Riga Conclusions adopted in June 2015 prioritise five Medium-Term Deliverables (MTDs) for VET until 2020. Albania has nominated representatives to take part in meetings of the Directors General of Vocational Training (DGVT) and the EU ET2020 working groups.

The EU Instrument for Pre-accession Assistance (IPA) II (2014-2020) aims at helping Albania embrace national policy objectives & targets and a sector approach. A Budget Support programme is underway that targets reforms in the employment and skills sector.

² The SAA constitutes the framework of relations between the European Union and the Western Balkan. In the context of accession to the European Union, the agreement serves as the basis for implementation of the accession process.

B. VET AND SKILLS: OVERVIEW, PROGRESS AND MID-TERM PRIORITIES

VET reform, active employment policies and jobs are high on the Government's agenda, which is reflected in budget increases for these areas. On 26 November 2014, the Albanian Government adopted the National Employment and Skills Strategy (NESS) & Action Plan 2020, which frames the actions of both the government and donors. By end 2015 the Government had initiated action on 42 out of the 52 measures with a view to modernising employment services and policies, as well as the VET governance framework and provision.³

Restructuring Ministry portfolios in 2013, the Government transferred all responsibilities for VET to the MoSWY. This has led to institutional changes to administer the VET school system, which are yet to be completed. During 2015-2016 the Ministry started to overhaul the entire legislative framework, including the Laws on VET and Employment Promotion, the Labour Code and a new Law on Crafts. The new base law for VET has been finalised and is planned to be adopted by the Parliament by end 2016. It aims to bring all VET providers under one legal framework, thus creating the opportunity for better coordination of public VET provision in schools and vocational training centres (VTCs). The law clarifies and assigns partly new functions to national and regional bodies and VET providers. This includes the creation of a National Employment and Skills Agency, mostly likely, with four regional employment services and 61 local offices, who will be in charge not only of delivering employment services, but also the day-to-day management of all public VET institutions (schools and VTCs). The intention is to create bigger and more autonomous VET institutions – or multifunctional centres (MFCs) for that matter, which shall be done within agreed national frameworks for qualifications, quality assurance and accountability. The financial base of public VET providers is to be improved by allowing them to generate and officially retain income. The new Law also introduces EU and other modern policy orientations & instruments.

As a separate initiative, a new Law on Crafts was adopted on 30 June 2016, which envisages the setting up of a Crafts Chamber and a dual training (apprenticeship) system for crafts trades.

All these innovations will require development and consolidation to take root in the system.

The 2014 closure of some higher education institutions due to legal problems resulted in a restriction of access to higher education. Recognising that there is labour market demand for vocational skills, the government set an objective to increase enrolments in VET and to open up new VET courses at different competence levels for a variety of target groups. VET provision will be modernised in pilot institutions with the help of donors, but also through encouraging VET institutions to open their doors to employers, offer a range of training services and generate their own income.

The 2015 Annual Progress Report by MoSWY (2016) and the ETF 2016 Torino Process report⁴ have identified, among other things, the following priorities for VET:

- Revising existing and drafting new pieces of sublegal acts to implement the new VET and Crafts laws;

³ MoSWY, National Employment & Skills Strategy 2014-2020, Annual Progress Report 2015, Tirana, May 2016

⁴ ETF, Torino Process 2016-2017, Albania, Turin, draft December 2016

- The Ministry designing and implementing a mid to long-term national VET provider development and investment plan and making further adjustments to the network and training offers of public VET providers for different target groups with a view to reduce skills mismatches;
- Adopting provisions to operationalise the Albanian Qualifications Framework (AQF), including the creation of a national database of quality-assured qualifications;
- Adopting a coherent model of involving social partners in the design and implementation of employment and VET policies; within this context, establishing Sector Skills Committees as a means of directly involving the private sector in the development and implementation of the AQF;
- Defining and implementing quality assurance criteria for the VET system at national and provider levels;
- Developing or revising existing (frame) curricula in accordance with the AQF qualifications and levels, to incorporate a higher degree of practice orientation and to adjust courses to different target groups;
- Further upgrading facilities and equipment in VET institutions, using state and donor funding;
- Continuous professional development of all categories of staff in the VET system and of in-company trainers to develop managerial, pedagogical and specialist skills in line with the National Roadmap⁵;
- Institution- and capacity-building of key actors from schools/ VTCs, local government units and other stakeholders from the regions where multifunctional VET centres (MFCs) are to be established (IPA: Vlora, Berat, Golem; additional MFCs supported by other donors);
- Partnerships and capacity-building at regional/local level to increase the relevance and expand quality VET provision, enhancing links with employers and integrating work-based learning schemes with a view to ultimately increase youth employment;
- Setting up a Crafts Chamber and adopting provisions for the implementation of a dual training (apprenticeship) system in the crafts sector.

C. EU AND OTHER DONOR SUPPORT IN VET AND SKILLS

In Albania many donors are active in the employment, skills/VET and social inclusion fields, which requires strategic oversight and planning, as well as concerted action through a close donor coordination and collaboration. To monitor the situation, the MoSWY has undertaken in 2014, together with ETF and GIZ, a first external evaluation of the all public VET providers, which might be repeated after a certain interval. In addition, the Ministry carries out an annual monitoring of progress against the National Employment and Skills Strategy (NESS) 2020 Action Plan. The ETF, with its overarching policy perspective, will continue to support the Ministry with these efforts.

⁵ MoSWY/ GIZ, National Roadmap for Human Resources Management

Ongoing projects:

The EU-funded IPA 2103 VET project (2016-2018; €3.45 million), which started in March 2016, assists the country in the establishment of multifunctional VET centres (MFCs) in Elbasan, Shkodra, Fier and Tirana. This entails procuring equipment, re-organising and developing all VET institutions involved, as well as drafting strategic investment plans by the four MFCs. In addition, the project contributes to the further definition of the legal framework for VET and of a National VET Provider Development Plan.

IPA II Budget Support for the Employment & Skills Sector (Sector Reform Contract 2016-2018; €27 million plus €2.5 million for TA) sets 10 performance indicators comprising measures to increase youth and female employment; the inclusion of vulnerable groups of people including Roma in employment promotion programmes; pedagogical training of all 700 teachers & instructors in the VET system; the adoption of the VET law by end 2016; the establishment of three additional MFCs by end 2018; the introduction of a tracer system for all VET graduates; the adoption of the revised AQF law by end 2016 and respective by-laws by end 2017, and the reorganisation of all employment offices according to the new service model. An accompanying TA contract envisages support to the Ministry to implement the NESS 2020, addressing in particular the priorities mentioned above.

The VET programme funded by the German Gesellschaft für Internationale Zusammenarbeit (GIZ) (2010-2016: €8 million) has supported national policy and legal development, the nationwide introduction of a tracer system for VET graduates, a pilot pedagogical training programme involving 25 VET teachers and trainers, and a training course of managerial staff (directors and partly accountants) of all vocational schools and training centres. Major GIZ funding went into the upgrading of VET provision through various actions in seven different pilot institutions, including the model multifunctional VET centre (MFC) in Kamza as a new type of VET provider. A Strategic Investment Plan has been developed for the Kamza VET centre. IT teachers have been certified as first level CISCO instructors. A curriculum for elderly care has been revised and a new profile in car electrics introduced. A first adult training course for electricians from companies was delivered. An integrated GIZ SME support and VET programme (€10.5 million; 2017-2019) will provide continuous assistance to the MFC Kamza. In addition, a consulting company (€2 million incl all training measures) will work with 5 VTCs in Tirana, Korca and other cities to provide short-term training measures for adults. The aim is to train 4,000 people and get 50% of them into employment.

The German Kreditanstalt für Wiederaufbau (KfW) bank wishes to invest a further €2 million in the VET and employment field in Albania. At the time of writing, experts were undertaking a preparatory study, suggesting areas for intervention.

The RISI Albania project funded by the Swiss Agency for Development and Corporation (SDC) (2013-2016; CHF 4.5 million) aims to create more employment opportunities for young people. The project focuses on four sectors: (a) agri-processing, (b) ICT and (c) tourism, and also aims at improving d) labour market information and services. Among other things, the project has developed a concept note for establishing sector skills councils, though it did not move ahead with a pilot.

The SDC-funded UNDP Skills Development for Employment (SD4E) project (2014-2018; CHF 3.17 million) comprises two pillars. The first is support to the National Employment Service (NES) through the review and redesign of Employment Promotion Programmes (EPPs); funding of a pilot EPP on self-employment; identification of a list of occupations following ISCO and qualification descriptions; undertaking, together with the NES, the annual skill needs analysis and a skills forecasting exercise, computerisation of data and disaggregation by region, as well as an EPP impact assessment. The second is support to VET through a review to optimise the network and offers of public VET providers; roadmap to migrate responsibilities for the management of vocational schools under the NES; work

on quality assurance including the drafting of manuals for both the self-evaluation and external evaluation/ inspection of VET providers and accreditation of private providers (ca. 600 private providers registered); a study on work-based learning; integration of the existing VET portal under the NES.

The SDC-funded Swisscontact/IDM Skills for Jobs (S4J) project (2016-2019; CHF6 million): The inception phase started in October 2015 with a comprehensive research into nine economic sectors and with a view to properly understanding the challenges of target groups in VET and their labour market integration. Pilot VET institutions of the S4J project are situated in Vlora (two VET schools and one VTC), Lezhë (one VET school) and Berat (one VET school). The project will ensure that businesses in the region collaborate with the school, notably in the hotel-tourism, construction and textiles fields, with ICT as a cross-cutting profile. The project is introducing new ways of learning, using also modern technology, career guidance (career centres), close relationships with employers and work-based learning, as well as tailor-made labour market insertion schemes for VET students. In addition, activities will focus on a labour market information system and a tracer system for VET graduates, as well as overall school development and IT-based management. The Public VTC of Vlora will be developed into a MFC.

The Austrian Development Agency (ADA) is promoting business partnerships in VET, such as WIFI Albania, which provides adult training in welding (until 2015), and the German textile company NABER (until 2017; €200,000) which is introducing an adapted dual approach together with Sali Ceka vocational school in Durres. At a later stage, two additional schools in Shkodra and Tirana will be included. A regional project implemented by Kulturkontakt (until 2017; ca. €300,000) in Albanian-speaking countries (AL, XK, MK) helps develop methodological toolkits, has trained five trainers and is now training 65 teachers from 35 VET schools in Albania to introduce entrepreneurial learning. ADA/Kulturkontakt have established and run the Hermann Gemeiner IT school (ex SOS school) in Tirana, provided IT induction training for teachers together with the Austrian IT school in Shkodra. In addition, ADA is preparing a new initiative in the tourism sector, which plans to use the dormitories of pilot schools as "training hostels" in two locations to be chosen from among Saranda, Durres and Korca. ADA is also willing to support selected VET staff training measures from the National Roadmap through small grants.

The Italian Development Cooperation, through its "Promote access to employment and business start-up" project implemented by the NGO ENGIM and Qendra Sociale Murialdo (2014-2017; €738,000), has provided self-entrepreneurship or dual training programmes to young people in Fier. The 2014-2016 programme allocates €5 million for VET to support agricultural and food processing schools in Fier and Lushnja. For the IPA II budget support, the IDC will co-fund a joint monitoring system and provide funding for both the IPMG secretariat and external monitoring. The Italian-Albanian Debt for Development Swap Agreement (IADSA) focuses more broadly on the social sector. Two projects have been launched to introduce vocational programmes in fashion in Tirana (2014-2016; €447,000) and mechatronics at Arben Broci school in Shkodra. Support to a mechanics programme in Fier is envisaged.

The Koblenz Crafts Chamber is providing support to the MoSWY and its partners to set up the Albanian Crafts Chamber and, once established, a dual training system in the crafts sector, following the adoption of the new Law on Crafts in July 2016.

Finally, the World Bank, through Etude Economique Conseil Canada, is currently undertaking a mapping of (private) training providers, which also analyses the quality of their training provision. The Bank was contemplating a new loan agreement to support the skills sector from 2018 onwards.

D. ETF MID-TERM INTERVENTION STRATEGY IN THE COUNTRY

The ETF intervention strategy has been drawn up on the assumption of continuity in

- the priority given to the country in terms of EU external assistance;
- the level of political, economic and social stability;
- the high level of commitment in the country among key stakeholder from the national and regional authorities and among civil society to take forward the reform process in line with the national vision and strategy for human capital reform in particular in the selected areas of intervention.
- engagement and ownership of the country in the ETF Torino Process and according to the principles of evidence based, participatory, holistic policy making.

Particular assumptions, or conditions for the achievement of impact from ETF interventions where relevant, are included under the specific objectives below.

Rationale

Albania is a country reforming quickly in the skills and employment policy areas. It has a well-defined strategy with clear objectives and measures up to 2020, as well as considerable resources from the EU and other donors. The national strategy is aligned with EU policy orientations. Its implementation is supported by an IPA Sector Reform Contract (SRC), covering a wide range of objectives and measures in the employment and skills sector.

For 2017 the three biggest priorities of national level actors will be: (i) the drafting or revision of a bigger number of by-laws to implement the Laws on VET, AQF and Crafts; (ii) the establishment of the new regional and local sub-structure of the National Agency for Employment and Skills and related recruitment and training of staff who will take over the day-to-day management of public VET providers, and (iii) the implementation of the 2017 performance indicators of the IPA Sector Reform Contract for the employment and skills sector. In addition, the modernisation of VET provision in pilot institutions will continue with the help of IPA, GIZ, Swisscontact, Kulturkontakt and Italian Development Cooperation projects.

With the following objectives and measures, the ETF contributes to the sector policy dialogue and complements measures related to the specific objective 2 of the IPA SRC: *to improve the quality and increase the coverage of VET*. ETF's support is also complementary to the work of other donors. By making its expertise available, the ETF will continue to play a role in providing inputs and monitoring overall reform processes towards creating a modern VET system in Albania, facilitating mutual learning processes with local stakeholders and donors, and identifying challenges, next steps and suitable approaches together.

Specific objective 1: Support to the EU

The ETF's main objective is to support EU external assistance and the EU bilateral policy dialogue in Albania and to assist EC services and local actors to maximise the benefits from participation in EU processes.

The assumption is that EU accession reports record positive action, and ERP recommendations and the IPA SRC for the employment and skills sector are implemented.

Upon request from the European Commission or the EU Delegation ETF will provide inputs to:

- the **sector policy dialogue and donor coordination**;
- a detailed planning by the Ministry of Social Welfare and Youth and its partners at the beginning of each year with a view to meeting the annual IPA SRC performance indicators;
- the monitoring of the IPA 2013 VET project and the IPA 2015 Technical Assistance to the SRC project;
- the assessment of whether performance indicators have been reached with regard to the IPA SRC to the employment and skills sector (2016-2018);
- the planning of any follow-up IPA intervention for the employment and skills sector in Albania.

The ETF will assist EC actors with the assessment of the Albanian **Economic Reform Programme** (ERP), the EU-Albanian high-level policy dialogue on progress in education, employment and social inclusion through **Sub-committee Meetings** and EC Progress Reporting.

Specific objective 2: Revisions of by-laws for VET

The ETF has supported the drafting of a new legal framework for VET in the period 2015-2016 and the development of the Albanian Qualifications Framework in the period 2014-2017. A new basic law for VET was adopted at the end 2016 and the ETF started to provide expert inputs to the development of secondary legislation.

The **specific objective** is that the full set of secondary legislation has been completed by the MoSWY.

The **assumption** is the MoSWY drafts or revises secondary legislation for VET within the legally binding period of nine months after the adoption of new Law on VET (end 2016).

The **expected result** is that the ETF has provided expertise inputs to the drafting or revision of by-laws for the VET sector.

Specific objective 3: Albanian qualifications framework

The development and implementation of the AQF is an important pillar for education and training reform in Albania. It is also expected result 2.4 of the IPA 2016 Sector Reform Contract (SRC). The ETF has been supporting this process since 2014.

The ETF's **specific objective** is to support the Ministries of Education & Sports and of Social Welfare & Youth, the AQF taskforce and implementing institutions to put in place the AQF and make it accessible to end-users by 2020.

The assumptions for ETF support until 2020 are the willingness on the part of the Albanian actors to accept and adapt EQF principles, and become active at EQF Advisory Group meetings.

Expected results of the provision of ETF expertise by 2020 include:

- Expert inputs provided to drafting secondary legislation facilitating AQF implementation;

- Local counterparts enabled to undertake the EQF referencing process and tackle open issues of implementation. This includes quality assurance of the input side (involvement of the world of work in identifying priorities for qualifications and identifying and approval of occupational standards) and the output side of vocational qualifications (quality assurance of the assessment and certification processes and practices; training assessors for the assessment of skills and competences and facilities to assess them).
- A methodology designed for an online database of qualifications in the AQF;
- The methodology reviewed for setting up a system for the validation of non-formal and informal learning.

Specific objective 4: VET provision and quality

From 2017-2020 the ETF will assist Albania with the development of work-based learning (WBL) schemes and the provision of continuous professional development (CPD) of VET teachers and trainers. These are two areas, to which local actors have assigned high priority in the VET reform process. They are also among the areas, which the ETF together with the candidate country in question will monitor policies as part of the Riga Mid-term deliverables 2020 in the context of the EU Copenhagen Process for VET. On all activities mentioned, ETF will complement and reinforce the activities of the ongoing IPA 2013 VET project, the upcoming IPA 2015 Technical Assistance to SRC project and cooperate closely with other donors. The CPD is reflected in the expected result 2.1 of the IPA 2016 Sector Reform Contract: *Competences of VET teachers and teacher trainers are improved.*

The ETF's **specific objective** is to contribute to the ongoing efforts by the MoSWY, social partners and VET providers to establish a practice-oriented VET system where learners develop relevant skills.

The assumption for ETF support until 2020 is progress in the implementation of actions towards the achievement of the five Riga Medium-term deliverables.

Expected results of the provision of ETF expertise by 2020 include:

- Draft secondary legislation, in particular with a view to make VET provision more practice-oriented and strengthen the professional development of VET teachers and trainers;
- The role of chambers, business associations and individual companies strengthened to plan, promote and implement work-based learning (WBL), evidenced through an increasing number of internships and/or apprenticeships;
- The (VET) institution-based Development Unit model, steering both WBL⁶ and CPD will be supported through ETF demonstration projects and blended professional development in order to be in place nationally by 2020;
- CPD of staff in VET institutions and students' internships in companies improved through a better quality monitoring at providers' and national levels, using digital tools.

In addition to the above, the ETF will continue its assistance to candidate countries in the context of **monitoring the RIGA Medium-term deliverables for VET** until 2020 and collecting and processing related information. This monitoring support will be coordinated with Albania's own annual reporting

⁶ WBL is planned to be steered through so-called PASOs – a person to be recruited in public VET providers who would be in charge of liaising with businesses, a model tested through the EU CARDS 2006 and Kulturkontakt projects

against progress made under the National Strategy and Action Plan 2020 and against the IPA SRC performance indicators.

The ETF will facilitate the **participation of Albanian actors in European platforms and dialogue processes**, including DGVT/ACVT meetings⁷, ET2020 working groups, the European Alliance for Apprenticeships (EAfA), and the Western Balkan Platform on Education & Training (PET), as well as in virtual platforms for work-based learning, continuing professional development of teachers and trainers in VET and digital skills and online learning in VET.

Albanian actors will be invited to participate in the **ETF Forum for VET Quality Assurance**, which will integrate the European dimension in VET quality assurance (EQARF/ EQAVET). It will address policy and governance matters to enhance systemic and systematic approaches and help tackle quality assurance issues in identified areas of common interest, e.g. external and internal evaluations of VET providers, national qualifications frameworks, CPD of VET teachers and trainers, and work-based learning.

Finally, the ETF will continue to support DG Internal Market, Industry, Entrepreneurship and SMEs (DG GROW) with the analysis and reporting on the country's progress on the human capital pillars of the **Small Business Act for Europe (SBA)**. The next assessment is scheduled to take place in 2017 (to be decided). ETF's focus will be on entrepreneurial learning, women's entrepreneurship and SME skills. The entrepreneurial learning dimension will be assessed in line with the new **Entrepreneurship Competence Framework**⁸.

E. 2017 ACTION PLAN

Specific objective 1: Support to the EU

ETF/ EU Delegation/ MoSWY/ NAVETQ will organise a meeting to design a detailed Action Plan on how to meet the 2017 performance indicators of the IPA SRC for the employment and skills sector (January)

ETF will provide services as follows:

- Support to sector policy monitoring/annual progress reporting, sector policy dialogue and donor coordination in the frame of the NESS 2020 and the IPA SRC for the employment and skills sector (budget support programme) in collaboration with the respective ministry departments, the IPMG and thematic subgroup (EU support/ Torino Process).
- As part of the annual progress reporting, the ETF will assist Albanian actors also to update progress in the context of the five mid-term deliverables of the Riga Conclusions for VET.

⁷ meetings of Directors General for Vocational Training and/or the Advisory Committee for Vocational Training with participants from EU members states and candidate countries

⁸ Joint Research Centre, EntreComp: The Entrepreneurship Competence Framework, JRC Science for Policy Report, European Union, 2016.

- Support to EC and EU Delegation to assess performance against the indicators and triggers of the IPA SRC for the employment and skills sector.
- Advice to the EU Delegation on how the IPA 2013 VET project is being implemented and possible issues to be addressed with the Ministry, the Steering Committee and/or other donors.
- Support to the terms of reference for technical assistance to the IPA SRC (€3 million), the launch of the project and the briefing of consultants during the inception phase.
- Comments on the Albanian Economic Reform Programme (February) and ETF report in progress in the country in advance of meetings by the EU-Albanian Subcommittee on Innovation, Information Society and Social Policy (November).
- Advice on follow-up IPA support to NESS implementation (IPA 2018-2020).

Specific Objective 2: Revision of by-laws for VET

Continuous inputs and comments by ETF on draft by-laws being developed for the VET sector (continued from 2016).

Within this context, continuous advice on the conceptual models being developed for operationalising multifunctional VET centres (MFCs), pilot implementation, Ministry guidance and support, and donor coordination concerning the introduction of MFCs across Albania (continued from 2016).

Specific Objective 3: Albanian Qualifications Framework

ETF's priority in 2017 is to help the AQF taskforce implement key areas of their mandate. Therefore, our interventions in qualifications will be:

- Advise the AQF task force and authorities on legislation and implementation plan, in order to implement the AQF law; function: policy advice to AQF; team outputs: secondary legislation and implementation plan.
- Facilitate EQF referencing process, via technical advice and stakeholder consultation, to inform national report; function: policy advice to referencing experts in AQF; output: draft referencing report
- Guide AQF task force in completing the AQF handbook; in order to communicate AQF to stakeholders; function: policy advice to AQF members; outputs: AQF handbook

Specific Objective 4: VET provision and quality

ETF interventions under this objective will focus in 2017 on:

- Extension of the current Demonstration project in order to increase the capacity of (envisaged) school-based development units to research, plan and provide professional development of VET staff; capacity-building of newly appointed continuous professional development (CPD) coordinators and school-business liaison persons (PASOs) in VET institutions;
- Support to the professional development of vocational teachers & trainers and CPD coordinators through virtual and face-to-face networking and the sharing of good practice and materials;
- Support to drafting a by-law on internships, reviewing existing legislation and schools' experience (cont'd from 2016); continuous support to the policy design and policy implementation;

- Support to policy dialogue on a dual VET approach, including strengthening employer associations' role in WBL;
- Support to conceptual developments and exchange of experience in the area of quality assurance (QA) in VET.

Activities are expected to include:

- training event for CPD coordinators in schools;
- publication of exemplars and materials to support school-based provision of CPD;
- national event to review progress, disseminate innovative practice and sustain networks for CPD;
- pathfinding for virtual networking for CPD;
- training and coaching events for PASOs;
- facilitate national discussion on dual VET approach;
- focus group and peer learning activities on QA in VET of Southeast European countries and Turkey.

F. 2018 UPDATES

1. Short update on key country developments in the field of VET and skills and on EU and donor cooperation

In February 2017 the Parliament adopted the new Law on VET (Law no. 15, dated 16.02.2017). However, no progress has been made regarding adoption of the amendments to the 2010 Law on the Albanian Qualification Framework and to draft all necessary sublegal acts to support implementation.

Following elections in 2017, the number of ministries was considerably reduced. Responsibilities for VET and employment policies were integrated into the Ministry of Finance and Economy with a much enlarged mandate. Arben Ahmetaj was confirmed as Minister.

In May 2017, the Ministry of Social Welfare and Youth (MoSWY) published the 2016 Annual Progress Report against the objectives, targets and measures of the National Employment and Skills Strategy (NESS 2020). The report testifies to the fact that, out of the 52 measures within the four strategic priority areas, 48 have been initiated prior to 31 December 2016. Major progress has been made in modernising the employment service and measures to get unemployed jobseekers into jobs, although the latter are still carried out on a limited scale. In contrast, progress in VET in line with the NESS 2020 measures was partly hampered by a lack of capacities and strategic oversight and guidance on the part of the MoSWY. The actions not initiated are related to the extension of employment services to rural areas, inclusion of persons with disabilities in rural areas and mechanisms for sectoral skills forecasting.

An independent team of experts evaluating the IPA Sector Reform Contract (€30 million) established the following priorities for the VET and employment sector (May 2017):

- Sub-legal acts for both the VET law and AQF law (although not yet adopted);
- Restructuring of MoSWY, National Engagement Strategy (NES) and the National Agency of Vocational Education, Training and Qualifications of Albania (NAVETQ);
- Restructuring VET delivery system (Multifunctional VET Centres);
- Monitoring UNIT at MoSWY;
- Development of flexible offers for jobs and VET delivery (ALMP and school-based/ work-based VET).

Albania continues to be a country with huge donor resources for the sector. Newly approved donor interventions include:

The German Agency for International Cooperation (GIZ) ProSEED programme (€10.5 million - 2017-2020): GIZ has brought under one roof its previously separate SME support and VET programmes. ProSEED - Sustainable Economic and Regional Development, Employment Promotion and VET in Albania. The project will provide continuous assistance to the Multifunctional VET Centre in Kamza. In addition, a consulting company (€2 million incl. all training measures) will work with 5 (or more) vocational training centres and a number of private training providers in Tirana, Korca and other cities to provide short-term training measures for young people, employed and unemployed adults. Support to micro, small and medium enterprises to enhance their capacities and innovate production and competitiveness will be provided through the NGO NUCLEUS Albania and other business development service providers. Twenty civil society organisations will get support to implement small-scale projects to promote the participation of marginalised youth and minorities in Albania. Overall, ProSEED aims to have 7,000 persons participate in formal or non-formal training measures. Within the

framework of the IDEA competition, 1,000 young people will be able to receive entrepreneurship or start-up training and financial grants. One thousand businesses will benefit from business development services, while investment projects will help create jobs. As a result of these efforts, 2,000 women and men are expected to find employment.

The (Swiss Agency for Development and Cooperation) SDC-funded RisiAlbania project is extended from November 2017 for another four years. It has three components 1) Demand – Private-sector development in the three sectors as before (agro-food, IT and tourism); 2) Intermediation - with a focus on career guidance (at municipality level) and 3) Skills - with a focus on private non-formal training and mainly in the three sectors. RisiAlbania remains interested in funding Sector Skills Committees in the three pilot sectors (agro-food, IT, tourism), if government actors show an interest to continue and lead on this initiative.

The German KfW development bank is investing €4.5 million (grant finance) for the construction of new workshops facilities for the trades of electrical engineering, automotive and car mechatronics (subject to further revision), as well as equipment and teaching tools for the supported trades. Moreover, the project will provide training on their usage and maintenance. A detailed feasibility study will be undertaken to provide a sector-wide approach for the German financial cooperation. The study aims to assess where the sector currently stands, the goals the sector could potentially reach and design measures that need to be taken in order to reach the goal.

The World Bank is wrapping up its Training Assessment Summary Report (analysing private training provision and related quality) and an updated Labour Market Note. The Bank intends to engage the government in the early autumn 2017 in discussions on a new *Skills & Jobs* project, which will focus mainly on private employers and training provision.

2. Assessment of the progress towards achievement of ETF mid-term objectives and results with horizon 2020

Specific objective 1: Support to the EU

Sector policy dialogue and donor coordination: The ETF organised a workshop with key officials and partner institutions on 31 January 2017 on the IPA SRC performance indicators 2017, signalling 3-4 areas where there is a risk of indicators not being met due to a lack of coordination and/or resources allocated. Jointly with the EU Delegation, the ETF followed up during the year on the state of play with SRC implementation. The ETF Country Manager provided background information to the IPA SRC review team who visited Albania in May 2017 to undertake an assessment of NESS 2020 implementation and the 2016 indicators, in addition to undertaking site visits. The Country Manager contributed, among others, to a note by the donor community for the new minister on reform challenges in the sector.

The ETF assisted the EU Delegation to monitor the IPA 2013 VET project and provided inputs and comments to the MoSWY on the Terms of reference (ToR) for technical assistance to the SRC (IPA 2016). The planning of any follow-up IPA intervention, for the employment and skills sector in Albania, has not yet started.

The ETF provided comments to the Directorate-General for Employment (DG EMPL) on the Albanian Economic Reform Programme (ERP) 2017. The ETF compiled a progress report on the sector to help the Directorate-General for Neighbourhood and Enlargement Negotiations (DG NEAR) and DG EMPL colleagues prepare for the EU-Albanian Subcommittee meeting on 16 November and participated.

Specific Objective 2: Revisions of by-laws for VET

In May 2017, the Ministry appointed members of a working group for secondary VET legislation but, at the time of writing this update, the group had not begun working.

Specific Objective 3: Albanian Qualifications Framework

The ETF organised three European Qualification Framework (EQF) referencing workshops. The idea was to support the taskforce with its preparations for EQF referencing, in parallel with their work on the revision of the 2010 Law on the AQF and secondary legislation. Amendments to the 2010 Law on the AQF and all accompanying documentation had been prepared by November 2016, but not yet adopted. The lack of progress in AQF legislation also affects the preparations for EQF referencing.

The ETF co-organised a conference in March 2017 to inform some 120 stakeholders about the AQF. For this conference, ETF together with the AQF taskforce had compiled a brochure on the AQF. A second draft of the AQF handbook was produced in May 2017. An inventory and analysis of qualifications for inclusion in the AQF was completed in June 2017. It includes recommendations about populating the AQF with qualifications and provides information to support the EQF referencing.

The mandate of the AQF taskforce expired in September 2017. **NB. It is recommended the continuation of ETF support to AQF implementation is conditional upon extension of the official mandate of the AQF taskforce** and the adoption, by the Albanian Parliament, of the Amendments to the AQF law. The latter is a necessary step for drafting and adopting the 7 by-laws required for implementing the AQF.

Specific Objective 4: VET provision and quality

Following a competitive bidding process, the ETF has selected a private provider who carries out pedagogical and IT training for a bigger number of VET teachers in Albania. This is in the absence of a public VET teacher Continual Professional Development (CPD) system.

A workshop was held in Tirana in June 2017 on the planned establishment of School Development Units (SDU), in particular the new functions of school-business liaison persons, CPD coordinators, curriculum development and career counselling. The workshop involved key officials, partner institutions and donor representatives and led to a shared note specifying the different development functions, lessons learnt so far, issues that would need to be regulated, roles and responsibilities of the different actors, resources required and steps to mobilise the budget, issues related to the recruitment/ appointment of staff, their training and professional networks. The setting up of SDU's and the hiring of staff hinges on the drafting and adoption of respective sublegal acts and on making available additional budget resources.

The ETF prepared a factsheet on work-based learning in Albania and a regional report on the same topic.

The ETF, jointly with DG EMPL, organised a meeting for (South Eastern Europe) SEE countries and Turkey to enhance their understanding and participation in the European Alliance for Apprenticeships.

The ETF has followed developments and provided advice to the German HwK Koblenz regarding the establishment of a Chamber of Crafts and, within this context, a dual training (apprenticeship) system for crafts trades in Albania, following the adoption of the Law on Crafts (Law no. 70, 30/06/2016).

3. 2018 Action Plan

Specific objective 1: Support to the EU

The ETF will continue to monitor progress in the country, support the sector policy dialogue and donor coordination. The ETF will continuously assist the EU Delegation in monitoring the annual IPA SRC

performance indicators, with the closing up of the IPA 2013 VET project, the start-up of the IPA 2015 Technical Assistance to the SRC project, and the planning of any follow-up IPA II intervention for the employment and skills sector in Albania.

Furthermore, upon requests from the European Commission or the EU Delegation, the ETF will provide support to the EU – Albania bilateral policy dialogue through:

- Inputs to European Commission assessment of the national Economic Reform Programme;
- Inputs to relevant bilateral sub-committee meetings;
- Input to European Commission Progress Reporting.

Specific Objective 2: Revisions of by-laws for VET

The ETF will continue to assist experts drafting the VET by-laws with inputs and comments on draft articles.

Specific Objective 3: Albanian Qualifications Framework

- One study visit to Portugal on the topics of populating the NQF, the role of sector committees related to the NQF and online database of qualifications in the AQF; for members of the AQF Taskforce, technical working groups, MoSWY and MoES (20 persons);
- Two workshops on topics related to AQF implementation, for example, on preparing an action plan for implementation of the NQF; sector committees' pilot, EQF referencing (all covered by the previous mandate of the taskforce);
- Drafting the Albanian country report for the EU inventory of Validation of Non Formal and Informal Learning 2018 in line with the EU VNFIL (validation of informal learning) Recommendation for EU member states and candidate countries;
- Separate meetings with donor experts who will be invited to workshops to create synergies between the ETF and donor support in the framework of the NESS action plan.

Specific Objective 4: VET provision and quality

Continuous support to Riga Medium-Term Deliverable 1 – Work-based learning: VET school-enterprise liaison/ training of school-business liaison persons (when recruited); participation in regional European Alliance for Apprenticeship meetings.

In addition, Albania will participate in the regional ETF Forum for Quality Assurance in VET as well as the ETF virtual platforms for work-based learning, continuing professional development of teachers and trainers in VET, and digital skills and online learning in VET.

The ETF will continue its support in the area of evidence-based policy analysis and system-wide progress monitoring. This will involve targeted assistance to EU candidate countries in the context of the RIGA reporting and monitoring, in particular supporting through expertise input the annual monitoring and reporting exercise, and ensuring communication with candidate countries on RIGA related policy dialogue at EU level. Furthermore, all countries will be invited in early 2018 to kick off preparations for the 5th round of the Torino Process, with the scope of agreeing on terms of implementation by the end of 2018. The preparation phase will involve countries primarily through online consultations and capacity-building activities involving appointed national coordinators and key working group members. All countries will be invited to join the kick-off meeting which will take place in Q4 of 2018 in Turin. Countries aiming at implementing the Torino Process at sub-national level too will

be followed by specific activities in 2018 in view of preparing regions and cities for the round of analysis. A **new national data collection exercise** aimed at acquiring more in-depth data, mapping gaps, mapping sources and recurrence of data collection in the area of VET and Skills will be launched in 2018.

Also, as part of enhancing evidence based policy analysis, in 2018, all SEET countries will undergo an SBA assessment. This comprises a revised SBA assessment questionnaire elaborated in 2017 with dedicated focus group meetings in all countries addressing three areas: lifelong entrepreneurial learning, women's entrepreneurship and SME skills. Conclusions and recommendations from country assessments will be published in 2019. Intelligence from the assessment drive will be used for wider policy tracking arrangements (e.g. entrepreneurship key competence as part of the Riga monitoring) as well as inputs to the Economic Reform Programmes.

The ETF supports the participation of actors in European platforms and dialogue processes, including DGVT/ACVT meetings⁹, Education and Training 2020 working groups, and the European Alliance for Apprenticeships. Albania will also participate in ETF Forum for Quality Assurance in VET as well as the ETF virtual platforms for work-based learning, continuing professional development of teachers and trainers in VET and digital skills and online learning in VET.

In the field of qualifications, the ETF will cooperate with Cedefop in conducting an inventory and analysis of SEET progress in developing and implementing systems for validation of informal learning (VNFIL) and will support SEET partner countries' participation in EQF Advisory Group, including advice on referencing processes and reporting.

⁹ meetings of Directors General for Vocational Training and/or the Advisory Committee for Vocational Training with participants from EU members states and candidate countries