

## ALBANIA

### Country information note 2010 -2012

#### Summary

The overall objectives of the ETF 2010 Work Programme in Albania are to support: i) the European Commission in the development and deployment of external assistance; and ii) the further development of capacities in the country in human capital development. The objectives are defined in the context of the EU Enlargement and IPA instrument, where the ETF has important role in VET<sup>1</sup>.

In the mid-term perspective 2010-12 the ETF will place an emphasis on improving the quality of vocational education and training (VET) in Albania within a lifelong learning perspective. The focus will be on specific initiatives emerging from current policy developments in VET, employment and active labour market policy in Albania. The ETF will support the capacity building related to the goals of the EU's Education and Training agenda, Albania's benchmarking, reporting and regional cooperation within the framework of VET system development and provision, relevance to the labour market and enhanced employability, and adaptability of enterprises and education-economy partnerships<sup>2</sup>.

The expectations are that policymakers and key stakeholders in Albania will strengthen their capacities in the planning and implementation of human capital development policies, improve the potential for cooperation on cross-sectoral issues, and are better prepared to identify and develop actions for IPA funds contributions in human capital development.<sup>3</sup>

#### 1. Socio-economic background

Human capital development is defined as the effort which contributes to the lifelong development of individuals' skills and competences through the improvement of VET systems.<sup>4</sup> ETF support to human capital development in Albania is determined by the specific institutional and policy arrangements as well as the prevailing socio-economic conditions, the labour market and the demographic profile of the country.

Albania's growth since the transition has been impressive. Cumulative growth since 1990 is among the highest of all transition economies. Based on the latest reports, Albania not only recovered, but exceeded pre-transition GDP levels. According to the EBRD, in 2007 GDP reached a level of 152, compared with the 1989 level of 100.<sup>5</sup> High GDP growth rates have been accompanied by a reduction in poverty. However, it is important to note that there are still significant regional and urban/rural disparities, which also affect the human capital development. As an example, Tirana has a GDP index of 0.772 and a Human Development Index<sup>6</sup> (HDI) of 0.830, compared to a mere 0.252

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<sup>1</sup> ETF Regulation (EC) No 1339/2008

<sup>2</sup> ETF Work Programme 2010

<sup>3</sup> ETF mid-term perspective of the Country plan is linked with recent developments vis-à-vis Albania - EU relations: The EU and Albania signed a Stabilization and Association Agreement (SAA) on 12 June 2006, on 18 February 2008 the Council adopted a new European partnership with Albania and 28 April 2009 Albania submitted its request for EU membership.

<sup>4</sup> ETF Work Programme 2010

<sup>5</sup> EBRD, Transition report 2008, [www.ebrd.org](http://www.ebrd.org)

<sup>6</sup> The Human Development Index (HDI) is the normalized measure of life expectancy, literacy, education, standard of living, and GDP per capita for countries worldwide

GDP and HDI score of 0.632<sup>7</sup> for the mountain areas. Labour market development in Albania has been influenced significantly by the transition reforms and other economic and social conditions of the country. The first-ever labour force survey (LFS) following Eurostat methodology was conducted in Albania at a national level in 2007. According to this survey, the employment rate in 2007 amounted to 56.4%. The employment rate was higher for males (63.6%) and lower for females (49.3%).<sup>8</sup>

According to the World Bank's "Doing business 2009" report<sup>9</sup>, Albania ranked 86<sup>th</sup> out of 181 economies, which represents significant a step ahead compared to the ranking in 2008, when the country was ranked only 139. The "ease of doing business" sub-index shows Albania ahead of Montenegro (ranked 90), Serbia (94), Croatia (106) and Bosnia-Herzegovina (119). This means that the regulatory environment has improved significantly in 2009 and is now more conducive to business. The sub-index on "starting a business" is relatively high with Albania being ranked 67<sup>th</sup>. However, on the "employing workers" sub-index Albania finds itself in 108<sup>th</sup> position only, which means that business activity and business growth were not paralleled by a respective job growth.<sup>10</sup>

Albania's demographic profile is characterised by three main phenomena: large internal and external migratory waves, declining mortality rates, and declining fertility rates. According to the 2001 census, the population was estimated at 3.1 million, while in 2009 Albania had a population of 3,639,453 citizens<sup>11</sup>. The population is projected to increase to about 3.7 million by 2025. The age structure has changed significantly in the past decade, although Albania remains one of the youngest countries in Europe with a median age of 28.3 compared to 39 for EU.<sup>12</sup> The population below 15 years of age is now decreasing and the population over 65 years is growing faster than the rest of the adult population.<sup>13</sup>

Migration has been a dominant socio-economic factor over the past 15 years with both internal and external (international) flows, and permanent and temporary migration. No other Central or Eastern European country has been affected by migration to such an extent over such a short period of time.<sup>14</sup> It is estimated that about 860,485 Albanians migrated abroad. This means that the migrants account for some 27.5% of the total population<sup>15</sup>. Over the past seven years, the proportion of rural inhabitants has decreased by 13%, while the urban population has grown by 3.2% in 2002-03 and by 2% in 2003-04<sup>16</sup>. The population of Tirana alone is estimated to have grown from around 200,000 in the early 1990s to close to 800,000 in 2005<sup>17</sup>. Growth is focused in peri-urban areas due to cheaper housing and living costs. One of the most important peri-urban settlements is Bathore, in the Kamza municipality right next to Tirana city. Here the number of inhabitants increased from about 7,000 in 1989 to 80,000 in 2005. About 55% of the rural-urban internal migrants who moved to Greater Tirana in the 1990s still live in peri-urban areas.

2009 has been marked by the global economic crisis that has had an impact also on Albania. Albania's banking system registered net losses of 869 million leks (€6.56 million) in April, down from net earnings of 275 million lek in March 2009. Many experts blame poor lending practices in the past for bad loans, saying that the global financial crisis has only aggravated the situation.<sup>18</sup> The international economic downturn is increasingly felt through a widening of the current account deficit

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<sup>7</sup> National Human Development Report Albania 2005. Sustainable Economic Development Agency, Tirana and UNDP, March 2005

<sup>8</sup> Source for all data: INSTAT, Labour Force Survey 2007, <http://www.instat.gov.al> and ETF's own calculations.

<sup>9</sup> Data in Doing Business 2009 are current as of 1 June 2008. The indicators are used to analyse economic outcomes and identify what reforms have worked, where, and why.

<sup>10</sup> Source: <http://www.doingbusiness.org/economyrankings>

<sup>11</sup> July 2009, estimate.

<sup>12</sup> World Bank, *Albania: Labour market assessment*, World Bank Report no. 34597-AL, Human Development Sector Unit, South East Europe Country Unit, Europe and Central Asia Region, May 2006.

<sup>13</sup> Albania Health Sector Note, World Bank Report No. 32612-AL, Human Development Sector Unit, South East Europe Country Unit, Europe and Central Asia Region, February 2006.

<sup>14</sup> Migration patterns and human resources development issues in Albania, ETF Report, January 2008

<sup>15</sup> Migration and Remittances in Albania, Migration and Remittances Factbook, Development Prospects Group

<sup>16</sup> Based on World Bank Living Standards Measurement Surveys conducted in Albania in the second quarters of 2002, 2003 and 2004

<sup>17</sup> Albania: Selected Issues and Statistical Appendix. IMF Country Report No.05/90 (March 2005). This means that Albania's migration flow has been five times higher than the average migration flow in developing countries.

<sup>18</sup> Erebara, G., Balkan Insight, 3 June 2009, [www.balkaninsight.com](http://www.balkaninsight.com)

and reduced monetary transfers. Net inflows of remittances have during the 4th quarter 2008 come down to levels last seen in early 2004. Lower remittances put downward pressure on household consumption as well as on the demand for local currency – the Lek. The nominal effective exchange rate lost around 6% of its value against the euro until the end of April 2009. However, this depreciation is moderate compared to experiences of other Central or South Eastern European countries.<sup>19</sup>

## 2. Key policy issues and strategies in human capital development

Human capital development is shaped by different policies, including education and training, employment and active labour market policies, as well as cross-cutting policy issues related to equity and social inclusion, competitiveness and innovation policies.

### i) Key policy issues and strategies in education and training

Challenges in education and training in Albania are significant. Albanian children complete on average only 8.6 years of schooling, which compares unfavourably to Albania's neighbours and falls almost six years short of the EU average. An overall low educational attainment rate is compounded by marked variations across regions and income groups. Students from rural areas achieve 30% lower scores than those from urban areas, and children from poor families achieve 40% less than students from non-poor families.<sup>20</sup> Back in 1990 the number of schools providing vocational education has been reduced considerably from 308 to 45 schools<sup>21</sup> in response to the rapidly declining demand for VET profiles linked to the old centrally planned economy, which highly restricts the secondary education choices available for children living outside bigger urban centres.

To cope with the complex challenges in education and training, the government has invested significant resources over a number of years. The current National Education Strategy 2005-15 in Albania places a strong emphasis on improving the overall quality of education. A VET strategy was drafted in 2006, where the government set a target of increasing participation in secondary vocational education from 17% to 40% of the overall enrolment in the coming years. Finally, the proportion of GDP allocated to education was set to rise from 3.7% to 5%.

Teachers' salaries were raised in the hope that this would help attract and retain committed professionals to the field. On average, teachers employed at the pre-university level have benefited from an increase of 30 to 70%, thus widening the gap between the different salary levels and creating more incentives for career progression.

The table below shows the progressive changes planned by the Ministry of Education and Science (MoES) for the VET sector<sup>22</sup>:

Year	Participation in VET	Curricula profiles revised	Increase in funding
2009	27%	140	16%
2010	30%	55	8%
2011	33%	12	7%

State funds are set to rise in accordance with VET reform. Annual increases over the 2009-11 period are envisaged as the number of VET places grow and new curricula are introduced. The budget should also reflect the higher cost of VET vis-à-vis secondary general and primary education. VET is

<sup>19</sup> Fullani, A., presentation to Citygroup London event, 22 May 2009, <http://www.bankofalbania.org>

<sup>20</sup> Sultana R., Facing the hidden drop-out challenge in Albania, Tirana, 2006: Evaluation report of hidden dropout project piloted in basic education in six prefectures of Albania

<sup>21</sup> Financing VET, mechanisms and priorities in Albania. Self-assessment document for peer learning project, ETF (2006).

<sup>22</sup> V. McBride, M. Nikolovska: "A well skilled future for Albania: Challenges and Opportunities", ETF paper December 2008

2.7 times more expensive than primary education, while general secondary education costs 1.4 more than primary education. However, currently VET is the sector that receives the lowest proportion of funding.<sup>23</sup>

At the same time a number of new institutions have been established to support the implementation of reforms. The Agency for Assessment and Evaluation has been established that aims at improving the quality of education provision. The State Matura was introduced in 2005 as a final exam that young adults take at the end of their secondary education. At the end of the school year 2008/09 external evaluations of 9<sup>th</sup> grade students have taken place for the first time, which serve as a basis for enrolling students in upper secondary schools, including VET schools. Albania planned to take part in PISA 2009<sup>24</sup>.

The National Agency for VET (NAVET) was established in 2006<sup>25</sup> as a subordinate institution of the MoES. The main functions of NAVET include the preparation of the national list of qualifications, the Albanian Qualifications Framework (AQF) and framework curricula, the accreditation of VET providers, the establishment of standards for the initial and continuing training of teachers and trainers. In the last two years the NAVET advanced with the revision of VET curricula, while the Agency for Curriculum and Teacher Training continued to change curricula for general subjects.

New pieces of legislation, which also influence VET, include the Law on School Disposition, which regulates teaching and learning activities in schools and presents a kind of framework legislation.

Following changes in the overall education structure to a 5+4+3 model (5 years primary, 4 years lower secondary and 3 years secondary/ upper secondary education), VET legislation was amended in 2009. In addition, revisions to this law are proposed with a view to better link VET schools with the labour market, apply more flexible approach to the VET curriculum and change the secondary VET system structure to a 2+1+1 model.

In 2003, the country officially joined the Bologna process, thus becoming one of the 40 European countries involved in building the European Higher Education Area<sup>26</sup>. Higher education reforms follow the lines of action presented in the Master Plan 2008-2013. A Law on Higher Education envisages among others the setting up of a Council for higher education, the turning of rector's posts into elective, managerial positions and the establishment of governing bodies involving business representatives. A new formula to establish the budgets of public universities has been introduced in 2009. Faculty Deans become responsible for budget management. In addition, most universities are progressing with the preparation of strategic plans, as envisaged by the Master Plan. Initiatives by the Agency for Accreditation in Higher Education should lead to higher standards in this educational sub-sector and allow Albania to meet the requirements set out in the Bologna process and the Albanian qualifications framework.

Pressures on higher education institutions have been rising as regards increased enrolment. It is not clear whether current tertiary education programmes adequately reflect the changing needs of the economy and produce the types of graduates needed to underpin a market-based growth.<sup>27</sup> Under these circumstances it is important to pay attention to the possibilities that higher vocational qualifications at post secondary/ higher education levels could bring to Albanian citizens.

## **ii) Key policy issues and strategies in employment and active labour market policies**

Challenges are also significant in the area of employment and active labour market policies. The unemployment rate (registered unemployment) has been declining since it peaked with 18.4% in 1999, amounting to 13.5% in 2007. Males are registered as unemployed slightly more often than females – 14.4% vs. 12.2%. A distinctive feature of the Albanian labour market is the very high share

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<sup>23</sup> Ibid 23

<sup>24</sup> OECD Programme for International Student Assessment (PISA) assessing the scientific, reading and mathematical literacy of 15-year-olds.

<sup>25</sup> Government Decree No. 237, date 10.05.2006.

<sup>26</sup> Conference of European Ministers responsible for Higher Education, Berlin, 19 September 2003.

<sup>27</sup> Albanian Higher Education, Report by Sachi Hatakenaka and Quentin Thompson, Consultants, Report submitted to the European Investment Bank, March 2006

of long-term unemployment – 86.8% in 2007. The gender gap in the labour market is significant - the participation rate in the labour force in 2007 was 68.3% for men and 46.8% for women, while the unemployment rate for men in 2007 was 12% compared to 17.1% for women.

The informal economy is an important contributor to employment and production in Albania.<sup>28</sup> The Albanian population has been very flexible and adaptable, using the informal sector and subsistence agriculture as a buffer. This flexibility and adaptability of the workers and their families have been some of the main sources of Albania's vigorous economic growth during the transition process. According to the 2006 Living Standards Measurement Survey (LSMS), the informal employment rate in Albania was 75%<sup>29</sup>, the highest in the Western Balkans. There are no precise figures about the size of the informal economy but according to different assessments it varies from 30 to 45% of GDP<sup>30</sup>. Another specific phenomenon, which should however be observed only in combination with the informal economy, is the significant inactive adult population<sup>31</sup>. Numbers are high compared with the working-age population (somewhat less than two million), which shows the present difficulties in the Albanian labour market. The high level of inactive people also reflects the high labour potential that the country could use for development.<sup>32</sup>

The Government adopted a Strategy on Employment 2007–13. The Strategy aims to reduce the unemployment rate in Albania by 2013 to a level comparable to EU Member States by improving employment policy and the VET system. Measures included in the strategy comprise the establishment of a modern, countrywide employment service, the setting up of a modern VET system capable of contributing to the continuous development of the skills of young people and adults, providing opportunities for vocational training and professional qualifications and involving some 20% of registered jobseekers in active training and retraining programmes, and encouraging lifelong learning. Unemployment was set to decrease by 0.3% every year and the number of employed persons should increase by 5% per year. Social partners participate, among others, in the work of the National Labour Council who decides about budgets for the different employment policies. In the area of initial and continuing training they have collaborated with the Ministries of Education and Labour to establish an Albanian qualification system.

The Department for Employment Policies of the Ministry of Labour, Social Policy and Equal Opportunities' (MOLSPEO) is formally responsible for designing and planning both employment and adult training policy, while the National Employment Service (NES) is responsible for their implementation<sup>33</sup>. The NES is, among others, in charge of career guidance and qualifications for jobseekers, subsidies for employers who are willing to create new jobs or employ people with disabilities, as well as the preparation of labour market analyses. The NES also runs a network of 10 public regional vocational training centres that implement training as part of active labour market measures. The centres cover eight Albanian regions and are located in Tirana, Shkoder, Elbasan, Korçe, Durrës, Vlore, Fier and Gjirokaster. They offer different short-term training courses<sup>34</sup>. The 2009 Law on Licensing, Authorization and Permission introduces a "one stop shop" procedure for the licensing, among others, of public or private training providers, as well as private employment agencies.

During 2009 a major review of the labour inspectorate system has been undertaken. A National Strategy for Safety and Health at Work and an action plan 2009-13 have been adopted, while a complete harmonisation with the *acquis communautaire* and relevant ILO conventions still needs to be ensured.

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<sup>28</sup> Albania: Labour market assessment World Bank Report Report No. 34597-AL, Human Development Sector Unit, South East Europe Country Unit, Europe and Central Asia Region, May 2006

<sup>29</sup> Labour Market and Education and Training in the Western Balkans: A policy note, June 2007, World Bank

<sup>30</sup> Ruli, G. (2003): Characteristics of Informal Sector Development in Albania, in Belev (ed.)

<sup>31</sup> Inactive adult population in Albania includes: i) those young people still engaged in studies who are enriching their human capital potential prior to entering the labor market, ii) the elderly who have retired from their previous employment, iii) female housekeepers who are responsible both for their offspring and the daily households needs. Part of female householders can also be considered to be a 'quiescent' labour supply in case of economic development.

<sup>32</sup> People and work in Albania, Labour Force, Employment and Unemployment in the transition, INSTAT 2002

<sup>33</sup> Government Decree No. 42, date 7.03.1998, "For the approval of the employment services"

<sup>34</sup> Based on statistics collected regularly by the MOLSPEO, the average participation rate is higher for young adults aged 16-25 years old (73%) and 57% of trainees are women. The trainees graduated in the general secondary education represent around 60% of the trainees in Vocational Training Centre.

### **iii) Cross-cutting government strategies to address human capital development**

During 2007 the Albanian Government compiled a National Strategy for Development and Integration (NSDI) which brings together 24 sector strategies and eight cross-sector strategies and includes education, VET, employment policy and the labour market, social inclusion and migration policies. One of the major issues related to human capital development is to fight the brain drain phenomenon. The chapter on education mentions the extension of the capacities of vocational schools and the construction of new schools as a priority of government policy.

A draft Country Strategy for Regional Development has been prepared and is intended to be a key element of the new NSDI by providing a coordinated approach to the sustainable socio-economic development of all regions in the country. The major objective of the strategy is to link key government ministries and institutions with socio-economic actors and institutions across the country in a concerted "top-down – bottom-up" effort with a view to achieve more balanced development and to reduce socio-economic disparities. This linking represents a significant cross-sectoral policy where human capital development plays an important role.

Given the fact that the share of the SME sector in GDP is 72.9% and the sector employs 71.4% of all workers, the development of competitive private enterprises, especially SMEs, is critical for Albania to increase both employment and household income and to reduce poverty and unemployment. To support the strategic development of SMEs, the Government have put efforts into developing a long-term strategy, called Business and Investment Development Strategy for the period 2007-13. This strategy included an SME Development Programme for the period 2007-09.

### **iv) Summary of key policy issues and challenges in human capital development**

To better understand the situation concerning human capital development policy issues in Albania, the following questions have to be asked: To what extent is access to quality VET a reality in Albania? Which different learning opportunities are available to all citizens in Albania on an ongoing basis so that they can continue, restart and diversify their knowledge and skills? What type of policy measures are in place to enhance the employability of individuals? Responses to these questions from a human capital development perspective can be summarised as follows:<sup>35</sup>

- Despite major efforts by the MoES and MOLSPEO and other actors involved in improving VET provision, vocational education and training continues to have a bad reputation and a low percentage of students - youngsters or adults - enrol in VET.<sup>36</sup> There is an issue of linking initial secondary vocational education with the longer term concept of lifelong learning, with a view to providing a flexible workforce capable of adapting to new skill requirements as the economy and technology evolve. Initial steps have been taken to adjust the overall education structure to a 5+4+3 model and secondary VET to a 2+1+1 model. However, opportunities for relevant post-secondary and higher levels of VET, as well as skills upgrading need to be expanded for both young people and adults.
- Significant steps have been undertaken to draft the AQF<sup>37</sup> but also to improve the quality of learning inputs and of teaching and learning processes; still, more sustained efforts are needed to address the following challenges: (i) the limited choice of programmes and flexibility with respect to course selection; (ii) a curriculum which focuses on academic contents and is overburdened, alongside with teacher-centred ways of teaching, which does not leave much space for the active engagement of the learners and is not geared to developing the wider generic competences required today.

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<sup>35</sup> For more detailed analyses of the policy issues and challenges in Albania see ETF HRD Country Analyses 2008

<sup>36</sup> "Strategy of Vocational Education and Training in Albania", Draft document, January 2006

<sup>37</sup> The issue of learning inputs and quality of provision Albania is addressed through the gradual introduction of the Albanian Qualification Framework (AQF). The Law on AQF was drafted in December 2007.

- Given the generally low educational attainment levels among the Albanian population and the frequent lack of practical skills, adult learning is critical to Albania's future development. Adults need to be trained or retrained in order to cope with an ever-changing world of work. Specific measures need to be designed that help overcome the barriers for participation in adult learning and that take into account the needs and patterns of adult learners.

### 3. EU and other donors' policies and interventions

Many donors support human capital development, given the contributions it can make to furthering democracy and promoting active citizenship and to creating a vibrant, knowledgeable, skilled and adaptable workforce. This is essential to enhance competitiveness, also in view of the scarcity of resources in Albania. The European Partnership<sup>38</sup> signed with the EU provides for mutual commitments and cooperation with the aim of raising the level of general and vocational education in Albania as a contribution to reaching the country's employment policy objectives. In April 2009, the Stabilization and Association Agreement (SAA) entered into force. In the same year, Albania submitted its application for becoming a candidate country for EU membership.

#### **i) Challenges in the human capital development sector in Albania addressed by EU and other donors**

Since 1997, the EU has been supporting the development of the VET sector in Albania. The cycle of VET projects funded from the EC CARDS programme will come to an end in March 2010. Interventions addressed the following weaknesses of the VET system: i) insufficient capacity to design and implement reform policies and plans leading to overlapping responsibilities, as well as inadequately prepared VET staff; ii) fragmentation of the VET system leading to a lack of opportunities for lifelong learning; iii) ineffective and inefficient delivery of VET resulting in gaps and overlaps in both formal initial and non-formal continuing VET.

Starting from 2008, funding from the Instrument for Pre-Accession (IPA) was allocated to the further development of VET in Albania. The overall objective of the IPA 2008 Strengthening VET project is to support the implementation of Albania's National Education Strategy with a specific focus on pre-university VET. The project, with a total budget of €8 million, consists of the following three components: construction of new and rehabilitation of existing vocational schools; provision of didactical tools for improving teaching and learning in VET, and support to consolidate VET reform. The project is expected to start in January 2010 and to last until December 2012, although the construction and rehabilitation of vocational schools already started in 2009.

A more comprehensive donor project in education, which is coordinated by the MOES is the third Education Excellence and Equity Project (EEEP)<sup>39</sup> programme in Albania, which is planned to run until 2010 and is funded with a budget of USD 75 million. The EEEP brings together three major donors – the World Bank, Council of Europe and European Investment Bank. It supports the implementation of the first phase of Albania's National Strategy for Pre-University Education. The objective is to improve the quality of learning for all students and to increase enrolment in general secondary education, especially among the poor. The intervention is based on a sector-wide approach (SWAP) and comprises the following components: i) strengthening educational leadership, management and governance (USD 10 million); ii) improving teaching and learning conditions (USD 26 million); iii) improving and rationalising the education infrastructure (USD 32 million); and iv) setting the stage for higher education reform (USD 7 million).

MOLSPEO also benefitted from the EC CARDS 2006 programme through the project on "Strengthened labour market structures in inspection and employment services". Expected project results include: i) better skills and capacities of the regional labour offices; ii) more effective and integrated counselling and guidance for jobseekers; and iii) improved participation of women in the labour market. The project will come to an end in March 2010.

<sup>38</sup> On 18 February 2008 the European Council adopted a new European partnership with Albania.

<sup>39</sup> See Project appraisal document by the World Bank (May 2006).

In terms of bilateral donors, in particular Switzerland, Germany and Austria are active in the field of VET. Swisscontact carries out the AlbVET project supporting five vocational schools in Albania. It helps develop 1-2 year courses in cooperation with businesses, among others, in the fields of bakery, hairdressing and catering. Furthermore, this project will support the creation of school management boards in Durrës and Fier. In 2007 the German GTZ launched a new five-year programme, whose aim is to support the Albanian government to reform the VET system by establishing higher professional programmes at tertiary level. In addition, from January 2010 onwards GTZ will be running - under the same umbrella - a regional project aiming to improve the employability of young people in North Eastern Albania.

Austrian Development Cooperation (ADC) has a long tradition in supporting Albanian partner institutions in the field of VET. Interventions include the following two programmes: i) Eco Net: support to secondary business education schools by introducing training firms as a new scheme for practical vocational training; and ii) tour.reg: support to secondary tourism schools including curricula development, teacher training, elaboration of training materials, etc. Besides these projects, ADC is funding a number of smaller interventions targeting the VET sector in Albania, such as the strategic planning exercise in the sector in 2009.

In September 2006 Albania signed the Decent Work Country Programme (DWCP) with the International Labour Organization (ILO). Under the "Decent Work for All" theme, the ILO together with the Albanian Government focus on the following priorities: i) improved conditions for the enforcement of legislation; ii) more effective social dialogue and stronger partnership, iii) a national employment policy that meets EU and international standards; and iv) more effective social protection policies, in particular in relation to vulnerable groups. Since 2009 ILO experts have been working directly with the MOLSAEO .

The Swedish Development Assistance Agency (SIDA)<sup>40</sup> supported the National Employment Service (NES) in the use of modern technology. The project, which has been running since 2004 with a total budget of €1.4 million, trained NES staff and introduced computers into the pilot regional labour offices in Tirana and Korce, in the southeast of the country. An online information system for better labour market services, including a self-service system for employers and job seekers were also created.

## **ii) ETF initiatives in human capital development in Albania**

The ETF has been active in Albania since 1997. In the area of VET, following a request by DG ELARG, the ETF assisted the MoES in developing a comprehensive IPA 2008 sector fiche with a view to improve the quality of learning for students in vocational schools and to provide better education and training opportunities for poorer communities or areas (budget: €8 million). Inputs to the sector fiche were provided by a MoES working group, whose establishment followed an ETF initiative.

In the fields of employment and adult learning policies events were organised in Korca, Shkoder, Elbasan and Tirana in 2007 with a view to assess the supply, demand and social dialogue in adult learning. In 2008 different policy options were explored together with key policy makers. Also in 2008 the ETF undertook an employment policy analysis whose findings were discussed with a working group led by MoLSPEO and could feed into IPA programming. In addition, in September 2009 the ETF organised a workshop on the European employment strategy and respective guidelines.

### **Challenges in relation to mainstreaming of donor assistance with national policies**

Albania has received substantial donor assistance to support its VET sector. Grant allocations made available to VET by both the EC (Phare, CARDS and IPA) and bilateral donors, such as Switzerland, Germany, Italy, Austria, the US and Greece amounted to a total of approx. €29 million in the period 2002 to 2008. However, support to VET has been almost entirely at the level of pilot actions which were often discontinued after external financing support expired.

In 2009 a VET sub-sector donor coordination group was set up under the auspices of the Strategy and Donor Coordination Department of the Council of Ministers. The group is co-chaired by both Ministries of Education and Labour.

Until now policy makers and public officials, together with local and international experts have focused largely on identifying what to do, rather than actually doing it. The objective of rising levels of

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<sup>40</sup> SIDA Country Strategy paper on Albania is available at <http://www.sida.se/sida>



participation in VET up to 40% and engaging more people in skills upgrading are difficult to be achieved, if the challenging policy goals are not followed by concrete measures for implementation. One problem is the number of reform projects started and the variety of policy solutions proposed. Building the institutional capacity of both the MoES, the MOLSPEO and the National VET Agency (NAVETA) as the leading implementing agency in VET to design, implement, monitor and evaluate policies in the sector is a critical issue. Enhancing this capacity would also ensure ownership and sustainability, including a better mainstreaming of donor initiatives in VET.

## 4. ETF intervention strategy in the mid-term perspective

In the period 2010-12 the ETF will continue its strategy of supporting Albania to deal with challenging human capital development policy issues. The ETF country plan for Albania is designed to address the issue in the context of the government's priorities for development and integration<sup>41</sup>, where strategically, the policies and preferred outcomes are guided by the European Partnership. The ETF will provide contributions at the level of individual building blocks of the VET system and address the inter-relations with the system as a whole. A key aspect is the development of the evidence base for policy decisions and the assessment of progress made in Albania. Policy learning will continue to be the main working modality bearing in mind the context, ownership and fit when implementing policy advice and capacity building actions.<sup>42</sup>

The two main objectives of the ETF in Albania are to support:

- the European Commission in its external relations policies in Albania and
- Albanian country stakeholders in policy development, implementation and analysis in the field of VET in the context of lifelong learning.

### i. Key policy issues in the ETF intervention strategy

The ETF's work in Albania will focus on the challenges as presented in chapter 2 of this country plan. Generally, the ETF's mandate covers the following three themes: a) Vocational education and training system development and provision in a lifelong learning perspective, b) Labour market needs and employability, and c) Enterprises and human capital development: education and business partnerships. The point of departure for ETF work is the analysis and understanding of the context and the situation in Albania to contribute to the development and implementation of policies and strategies which fit within the country context and are owned by the country.

#### **Vocational education and training system development and provision in a lifelong learning perspective**

Policy and institutional level: Albania continues to progress in reforming its VET system. Major policy decisions have been taken including: change of the education structure, including changes in initial VET and introduction of a 2+1+1 year model, work on the AQF and curriculum reform, etc. The ETF will contribute to further strengthening the capacities of the key counterparts in NAVETA, MoES and MOLSPEO, that are dealing with the policy implementation in VET in lifelong learning perspective. The focus will be on developing, together with the key stakeholders, tools that will serve evaluation and assessment of policy progress in VET.

Furthermore, emphasis will be laid on quality issues in VET both at national level and at the level of schools. The major goal will be to identify, from the stakeholders' perspectives, issues and actions that shape quality in VET in Albania, and to work towards enhancing the role of the NAVETA in the process. The National Agency for VET, as the principal stakeholder, will lead this process.

Teaching and learning practices: Nowadays people require learning-to-learn skills, entrepreneurial knowledge and skills and other key competences alongside other important competences to be developed also by the Albanian VET system. The ETF emphasis will be on teaching and learning

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<sup>41</sup> See National Strategy For Development And Integration 2007-2013, draft document October 2007, Council of Ministers, Albania.

<sup>42</sup> ETF Work Programme 2010

practices at school level. The major goal will be to identify issues and actions from the stakeholders' perspectives that shape teaching and learning issues, related to successful integration of the students into the society.

In this thematic area, due reference in ETF activities will be made to key policy instruments in the areas of VET (Copenhagen Process), lifelong learning, employment and enterprise development. The ETF will draw on the EU's strategic framework for cooperation in European education<sup>43</sup>, including the promotion of lifelong learning systems, quality enhancement, equity and enhanced innovation and creativity, including entrepreneurship. The contribution that more developed social partnership can bring to learning developments, as underlined by the education ministers on 12 May 2009<sup>44</sup>, will be an additional feature of all activities supported in 2010.

### **Labour market needs and employability**

In the mid-term perspective the aim of ETF intervention in this area is to raise the understanding among policy makers of challenges in the provision of adult training in particular for unskilled/ low-skilled people and unemployed adults. Awareness will be improved of the policy implications related to active labour market policies, which emerge from the adopted National Strategy for Employment. In the context of the latter, a particular emphasis will be laid on activation policies. The ETF will continue to work with the working group established in MOLSPEO, with a view to developing a holistic framework for first the IPA intervention. In this context the principal stakeholder is the Directorate for Policy of the MOLSPEO.

In this thematic area, primary policy reference tool for the ETF's work in the country will be the EU employment strategy and respective guidelines. In addition, the ETF will refer to the more recent 'New Skills for New Jobs'<sup>45</sup> policy recommendations for promoting labour market intelligence and analysis as the basis for matching of skills to enterprise demand.

### **Enterprises and human capital development: education and business partnerships**

In 2006 and 2007 Albania took part in the assessment undertaken in the frame of the European Charter for Small Enterprises in two dimensions – efforts to promote lifelong entrepreneurship education and training (Chapter 1) and enterprise training activities (Chapter 4). Both dimensions are considered to be crucial for the promotion of a more entrepreneurial and skills-effective enterprise environment.<sup>46</sup>

The ETF will continue its policy support to Albania on the relevant human capital dimensions which have now been included within the European Small Business Act: entrepreneurship education and training and improved skills for businesses.

## **ii) ETF measures in the mid-term intervention strategy in Albania**

The scope of ETF work in Albania principally covers the following four main functions<sup>47</sup>:

- a) Support to the European Commission in the design and deployment of IPA in the framework of EU external policies and assistance programmes. More specifically, the ETF will provide country and thematic background analysis to feed into IPA programming;
- b) Support to further build capacity in quality policy development, policy in action and policy progress review. Capacity building includes dissemination of information, networking and exchange of experience and good practice between the EU, partner countries and Albania;
- c) Evidence based analysis of country policy reforms to support informed decision making.

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<sup>43</sup> Council Conclusions on a strategic framework for European Cooperation in education and training. 12 May 2009.

<sup>44</sup> Conclusions of the Education Council Meeting of 12 May 2009 on enhancing partnerships between education and training institutions and social partners, in particular employers.

<sup>45</sup> Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - New Skills for New Jobs - Anticipating and matching labour market and skills needs. SEC(2008) 3058.

<sup>46</sup> Based on Part III -Profile for Albania: SMEs Policy Index 2009: Progress in the Implementation of the European Charter for Small Enterprises in the Western Balkans, OECD 2009

<sup>47</sup> ETF Regulation (EC) No 1339/2008 article 2a-h.

- d) Facilitation of exchange of information and experience among the international community (agencies, regional platforms and councils, bilateral and international organisations and donors). This includes exchange of information, joint participation in conferences or workshops, development of joint research or analytical work, and peer review exercises.

In period of 2010-12, the following key actions will be undertaken:

- The ETF HRD review 2010 has been envisaged to inform the programming of IPA component IV on Human Resources Development. The strategic priorities will be reviewed and decided by the EC, the EC Delegation and the national authorities;
- In 2010, as part of ETF efforts to ensure evidence-based policy making, the ETF will carry out thematic review related to education and business. The ETF Education and business study will cover vocational education and training and professionally-oriented higher education. Its overall objective is to analyse and review cooperation between education and business in Albania. From 2011 onwards, the idea is to turn the thematic reviews into a more comprehensive policy learning exercise that will further strengthen capacities in the country for policy design and implementation.
- To promote evidence-based policy-making the ETF will ensure that a participatory review of progress in HRD is carried out every two years in Albania. With a view to improving the contribution of HRD to sustainable development and in particular competitiveness and social cohesion, in 2012 the ETF will undertake second HRD review in Albania.
- Finally, a range of complementary capacity building actions in policy development, implementation and assessment will be organised in core areas: i) Vocational education and training system development and provision in a lifelong learning perspective, ii) Labour market needs and employability, and iii) Enterprises and human capital development: education and business partnerships.

Albania will participate in the ETF regional activities in relation to social inclusion in education and training, and all four components of the mutual learning programme –quality in VET, post-secondary VET, adults' basic skills training and activation policies - which will complement activities at the country level.

Within the regional social inclusion project, in 2009 the ETF commissioned a study resulting in Western Balkan country reports "Mapping Policies and Practices for the Preparation of Teachers for Inclusive Education in Contexts of Social and Cultural Diversity" with the overall aim of contributing to the promotion of inclusive education and training policies and practices in Western Balkan countries. The study was designed to map policies and practices in teacher preparation in each of the countries under study. In order to analyse the relevant aspects of the regional context and to enhance and support the processes at country and regional level, a second phase of the research is agreed for the period 2010. The cross-country report aims to critically analyse and synthesise the policies and practices in teacher preparation for inclusive education in contexts of social and cultural diversity in Western Balkans.

The findings will be further discussed in national, regional, EU and international meetings/forums. Based on the outcomes of the country reports and regional policy discussions, in 2010 the ETF will facilitate discussions at regional level on the focusing on the theme "Schools for inclusive education, school networking and mobility in the Western Balkans and Turkey. Within the framework of the 2010 European Year for Combating Poverty and Social Exclusion, the ETF will organise a corporate event with the participation of all the ETF partner countries and its EU and international institutional partners.

Within regional entrepreneurship learning project, the ETF will undertake a further assessment of the country's performance on the human capital dimensions of the European Small Business Act (entrepreneurial learning and small enterprise skills). The 2010 assessment will be made available in Spring 2011 in a report which will include a wider assessment of the country's enterprise policy and jointly published by the European Commission, the ETF, EBRD and OECD. The 2010 assessment will include an assessment of the country's promotion of entrepreneurship in higher education as well as efforts to promote training for women entrepreneurs.

Generally, the ETF's work is guided by the following principles: analysing and taking into consideration national priorities, continuity in intervention through multi-annual country and regional activities, encouraging policy learning, networking, exchanges of experience and benchmarking amongst the countries from IPA region and with the European Union, a prospect that has been set up already for the country through the EU accession process<sup>48</sup>. The aim is to ensure policy coherence between the three core themes in the ETF Country Information Note, as well as actions in the multi-annual regional activities, in order to promote holistic and systemic policies emphasising the inter-connection with economic and social aspects.

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<sup>48</sup> Albania became potential candidate country for EU accession following the Thessaloniki European Council of June 2003.

## 5. IPA-2010-12 country project Albania

Specific Objectives	Expected Results	Themes and functions	Activities	Project outputs	Timeline
Objective 1 to support the EU external policy instrument/IPA programming cycle;	ETF HRD country review which outlines the major issues and challenges related to VET, employment and social inclusion is available and endorsed by DG Employment and national stakeholders, and is used for IPA HRD programming process	Themes A, B, C Functions 1,3 and 4	<p>Desk research and analyses of the available data, information and documents for the HRD Country review, will take place as of January, until mid of May 2010, combined with drafting different elements of HRD review by Albania Country Team members</p> <p>ETF HRD review mission will take place starting 22 February until 26 February, 2010. Timeline is the following: individual contributions by EVI, EVO and MNI ready by 10 February, first draft of HRD review ready by 15 March, second consolidated draft ready by 15 April, ETF internal peer review of the Albania HRD review by mid-April, end of April HRD Country review finalized.</p> <p>ETF and DG Enlargement joint workshop on Albania HRD Country review will take place week of 17 May, 2010.</p> <p>Providing expert contribution to the IPA 2008 inception phase, CARDS 2006 finalization phase, feedback on IPA 2010 sector fiche. On-going follow up of the implementation of IPA 2008 and feedback to EC Delegation in Tirana, during 2010 is expected.</p> <p>Publication of the following document will take place: "HRD country review for Albania" in pipeline with ECU as of 1 July, 2010. Publication to be ready by end of September, 2010.</p>	HRD Country review	<p>1.1.1. January – March,</p> <p>1.1.2. 22 to 26 February</p> <p>1.1.3. week 17 May</p> <p>1.1.4. March- April</p> <p>1.1.5. July</p>

<p>Objective 2</p> <p>to build partner country capacity to analyse and interpret trends, challenges and design, implement, evaluate and review evidence based policies in human capital development;</p>	<p>2.1. Key stakeholders in education and training/VET further developed their capacities to address the quality and quality assurance in education and training policy</p> <p>2.2. Policy dialogue on major challenges in VET, employment, enterprises and human capital development takes place as requested by Albanian key partners</p> <p>2.3. Education and business study, that outlines the major issues related to education and business partnership, is available and endorsed by the key stakeholders</p>	<p>Theme A</p> <p>Themes A, B, C</p> <p>Function 2</p> <p>Theme C</p> <p>Function 2</p>	<p>The ETF will organize a study visit in UK jointly with British Council for 10 key stakeholders from VET in Albania.</p> <p>ETF will provide expert contribution to the British Council activities on quality and quality assurance. The contribution will be in facilitation of sessions during different events, or advice delivered to NAVETA.</p> <p>ETF will provide expert contribution to the developments of AQF. On going cooperation with outgoing CARDS Technical Assistance as well as incoming IPA will take place during first and second half of 2010</p> <p>ETF workshop on identification of VET strategic vision with key stakeholders in the country. To take place in the framework of HRD review process.</p> <p>Endorsement of the results of different ETF thematic reviews/ studies will take place at ETF/ National conference in November, 2010.</p> <p>Collection and analysis of information through desk research related to education and business partnership, February to March, 2010</p> <p>Focus groups and structured interviews with key stakeholders in the partner countries related to education and business, week 12 of April 2010</p> <p>Validation of the main findings and recommendations at country level through national seminars/workshops: June 2010</p> <p>Endorsement of the Education and business study on Albania: ETF/ National conference in November, 2010.</p> <p>Publication of the following document will take place: "Teaching and Learning and Entrepreneurship Learning in Vocational Education and Training in Albania: A situational and policy analysis" in pipeline with ECU as of 1 march 2010, publication to be ready 1 September, 2010. (first full draft already done in 2009)</p>	<p>Study visit report prepared by participants</p> <p>A policy note on quality and quality assurance</p> <p>Short paper on VET vision in Albania</p> <p>National conference "VET priorities in Albania: policies and perspectives"</p> <p>Technical report from the conference available</p> <p>ETF Education and business study available</p> <p>Publication available on "Teaching and Learning and Entrepreneurship Learning in Vocational Education and Training in Albania: A situational and policy analysis"</p>	<p>2.1.1. March</p> <p>2.1.2. April</p> <p>2.1.3. April to November</p> <p>2.2.2. November</p> <p>2.3.3. March to September</p> <p>2.3.5. March to September</p>
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