



# ALBANIA

## REVIEW OF HUMAN RESOURCES DEVELOPMENT

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this publication.

Luxembourg: Publications Office of the  
European Union, 2010.

ISBN: 978-92-9157-595-4  
doi:10.2816/1478

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# **ALBANIA**

## **REVIEW OF HUMAN RESOURCES DEVELOPMENT**

**EVELYN VIERTEL AND MARGARETA NIKOLOVSKA, ETF**  
October, 2010



# FOREWORD

This report is about the future of Albania. What are the choices that should be made regarding the education of young people, how can the education system better match labour market needs, what should be done as regards lifelong learning, and how should Albania deal with unemployed people or those disadvantaged in the labour market? I welcome this interesting and valuable document which I am sure will make an important contribution to Albania's efforts towards accession to the European Union (EU).

This report, prepared by the European Training Foundation (ETF) at the request of the Employment, Social Affairs and Equal Opportunities Directorate General of the European Commission, seeks to set out an objective picture, harsh at times, of the situation as regards human resources development in Albania. The analysis is comprehensive and clear and consistently based on facts and figures. The review also aims to provide options and recommendations for a future human resources development strategy.


The report underlines the difficulties faced by Albania, while confirming its great potential. As such the report presents the challenges and requirements for (further) change.

We believe this report will help Albania, which has not yet received candidate country status, to progress towards a medium term operational programme for human resources development, addressing its current weaknesses and preparing it for the challenges of tomorrow. Any such programme should be elaborated in partnership with all relevant stakeholders, the social partners in particular.

Since 2007, the Instrument for Pre-Accession Assistance (IPA) supports five policy areas, including human resources development (Component IV). It helps candidate countries to fulfil EU requirements and in particular to prepare them for the use of the European Social Fund.

I believe this independent review will help Albania in its preparations for the IPA. It will make programming, and related choices, concrete. Progress on programming will soon make clear that resources are essential for delivery. The establishment of a modern administration, applying accountability and transparency as key principles, is vital.

Real progress on these elements – programming, partnership and institutional capacity for management of the European Social Fund – would indeed constitute a very positive signal to the European Union. I hope that this excellent report will assist Albania in doing exactly that.

  
13/10/2010 -

*Robert Verrue*  
Director General for Employment,  
Social Affairs and Equal Opportunities  
European Commission



# PREFACE

Over the past 15 years, the EU enlargement process has provided solid evidence that human resources are extremely important in the wide-ranging reforms launched by countries on their road to EU membership. At present, the Western Balkans and Turkey invest huge efforts in harnessing the potential of their human capital and maximising its contribution to economic and social welfare.

The Employment, Social Affairs and Equal Opportunities Directorate General of the European Commission asked the ETF to draft a human resources development country review for Albania. This has given the ETF the opportunity to look at the development of human resources as both an aim and a means of EU driven reforms. This review reflects the ETF's understanding of the major human resources development challenges faced by the country vis-à-vis its overriding objective of EU accession and its endeavours to achieve sustainable growth, increase prosperity and enhance social cohesion. It is my hope that the findings and conclusions of the review will inform the IPA programming exercise of the European Commission and the national policy-making process.

The review has been prepared by the ETF country team for Albania. It focuses on the interplay between two major aspects of human resources development: education and training in a lifelong learning perspective and employment. The review also reflects on the importance of equal opportunities in society for the quality of human capital development and takes into consideration the inclusiveness of Albania's education, training and employment systems.

Relevant national and international documents, research papers and studies have provided a solid frame of reference for the review. In the process of collecting up-to-date information and the verification of the main findings and conclusions, ETF experts have consulted and involved key national stakeholders. During a series of missions to Albania in 2009 and 2010, the ETF team conducted interviews and discussions with representatives in the Ministry of Education and Science, the Ministry of Labour, Social Affairs and Equal Opportunities, the Ministry of Economy, Trade and Energy, the National Agency for VET, the National Employment Agency, education institutions and employment offices, the main social partners and civil society organisations, as well as bilateral and international donors. The draft version of the review was discussed at a national workshop held on 14 September 2010 in Tirana.

On behalf of the ETF, I wish to thank the Employment, Social Affairs and Equal Opportunities Directorate General of the European Commission for entrusting us with the preparation of the review. I would also like to extend my thanks and appreciation to all experts and institutions in Albania for their responsiveness, involvement and valuable contributions to this paper. I am convinced that this report can be used effectively to better inform decisions and actions at both European and national levels. At the same time, I would like to underline the importance of continuity in the policy-making process at national level, in all its phases – policy formulation, implementation, monitoring and evaluation – and to assure Albania that the ETF will continue to provide support for fostering the development of the human resources in the country.



*Madlen Serban*  
Director  
European Training Foundation





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# EXECUTIVE SUMMARY

## Education and training in a lifelong learning perspective

This report illustrates the progress Albania has made in the past decade in developing its human capital, but also the challenges that lie ahead if the country wants to spur its economic and social development and eventually join the European Union.

Public expenditure on education in Albania is – at 3.5% in 2008 – below the level of other fast-growing economies. Funding of vocational education and training (VET) remains below the figure indicated in the Mid-Term Budget Plan. The country is highly dependent on foreign grants or loans when it comes to initiatives such as building or refurbishing basic infrastructure, introducing curricular innovations, and equipping schools with computers, textbooks, materials and other equipment. The largest investments are the Education Excellence and Equity Project (EEEP) in general education (USD 75 million) and the European Community, Swiss AlbVET and German GTZ projects in VET (total investment: EUR 29 million until 2008).

Factors that led to declining enrolment rates in primary and secondary education include the closure of schools, security risks and poverty in the early transition period. Thanks to reform efforts by the Ministry of Education and Science (MoES), the gross enrolment rate in upper secondary education went up again to 72.6% in 2008. There are enormous pressures on schools in and around Tirana, which have had to cope with a school population that has almost trebled in number, while school buildings elsewhere are relatively underutilised.

Albanian children on average complete only 8.6 years of schooling, and for most the school day is short, at 3.5 hours. Educational attainment is still relatively low, with 53.3% of the population having completed eight or nine years of schooling at most.

Compulsory schooling has been extended from eight to nine years. The EEEP has helped to modernise curricula and train teachers in primary and general secondary education. It has also introduced State Matura exams, which are now managed by the Agency for the Assessment of Student Achievement. The EEEP has also helped to build and refurbish schools and purchase computers.

The number of vocational schools decreased from 308 in 1990 to 41 in 2010. VET is generally considered to be unattractive and only for low achievers. From 75% in pre-transition times, enrolment in VET is currently down to 12–13% (or 17–20% if arts, music and sports programmes are added). In addition, however, instead of enrolling in secondary VET, some young people attend

short courses at vocational training centres (VTCs), and some higher professional courses are offered by universities, for example in the medical field. By and large, schools and teachers are not equipped to deliver practical learning. There are at best sporadic rather than systemic efforts to train vocational teachers and to cooperate with businesses. Donors have addressed these problems in pilot schools and programmes, but there is an issue of sustaining and expanding pilot projects once donors have withdrawn. It appears necessary to decide whether the reform of the initial VET system should continue, as this would call for a huge investment, or whether preference should be given to a well-developed system of short, practice-oriented training courses delivering qualifications at all levels. Major changes will be necessary in order to eventually make VET attractive for both individuals and employers.

A Law on the Albanian Qualifications Framework (AQF) was adopted in March 2010. This marks the beginning of a phase of major development work, for which it is difficult to envisage where resources would come from. New subject-based framework curricula for VET have been introduced.

Initial efforts to decentralise VET governance and strengthen the capacities of regional actors have been made, with regional VET committees being established in Durrës and Elbasan. However, the current legal and budgetary frameworks do not yet allow much freedom and innovation at these levels.

Enrolment in higher education has doubled since 2005, which is a major achievement. Most universities in Albania have introduced a 3+2+3 cycle, governing boards and strategic plans. Internal and external evaluation systems are being established. New curricula and credit points have started to be used. Problems regarding the quality of teaching and research are partly the result of the loss of academic staff through emigration. These problems include the fact that curricula are not competence-oriented, the weak material base of universities and the lack of cooperation with employers in teaching and research.

The Ministry of Labour, Social Affairs and Equal Opportunities (MoLSAEO) runs a network of 10 public VTCs and a mobile centre offering short training courses for registered unemployed people or other adults. Most participants (77%) belong to the 16–34 age group. They enrol on courses as an alternative to attending formal secondary education or in order to acquire additional or new skills which they could not obtain through initial education. Adult learning participation in Albania stands at a low 3%; for young adults the figure is 4%. On the whole, companies do not yet recognise training as a strategic investment.

The following key challenges in education and training remain:

- giving more responsibilities to regions and schools;
- a more efficient use and the sharing of resources between schools and VTCs;
- the adjustment of education and training provision within the regions in line with labour market and social demands;
- continuous efforts to involve social partners in the planning and delivery of VET and higher education;
- a more systematic teacher-training effort, in particular in VET;
- continuous school refurbishment and equipment upgrading;
- the expansion and flexible provision of post-secondary/tertiary VET and adult learning offers, also at higher levels of qualifications;
- the development of the AQF in line with European Qualifications Framework (EQF) orientations.

## Labour market and employment

The major job losses that occurred during the early years of transition could not be compensated for by jobs in newly emerging sectors, such as manufacturing, construction and services. The activity rate is low, at 61.9%, as is the employment rate, at 56.4%. Surveyed unemployment was still contained, at 13% (all data: LFS 2008). Data show that there is a significant 'discouraged worker' effect. People are competing for jobs in both the public and private sectors, although private employers complain that they cannot find people with the right skills and attitudes. Job prospects outside Tirana, and especially in the remote rural or mountainous areas, are bleak. Infrastructure problems, a lack of stimulating measures by the government and the slow pace of private sector development are reasons behind underdevelopment in some parts of the country.

The number of registered unemployed people declined until 2008 since its peak in 1999, which can partly be attributed to the fact that people who obtained a piece of land in the course of land privatisation are not allowed to register, even if the mainly small plots of land cannot sustain their families.

Four active labour market policies (ALMPs) are in place, but their extent in terms of both budget and the number of beneficiaries is very limited. Performance objectives have been set for the National Employment Service (NES), but active policies have not yet been evaluated. Training commissioned by the NES is provided through MoLSAEO's own training centres, which benefit vulnerable people such as individuals with disabilities, Roma people, trafficked women and ex-prisoners. Skills surveys conducted by the NES among employers have, to a certain extent, informed ALMPs, though they have not informed training provision.

The informal sector is extensive, with estimates of its size ranging from 30% to 60% of GDP. It includes both non-registration and underreporting by businesses.

Reasons for this include a weak tax collection system. However, improvements have been made recently, in particular as regards large companies. The challenge now is to achieve the same results for the small and medium-sized enterprise (SME) sector.

Doing business has become easier. Constraints on growth and job creation include an infrastructure that is still not fully developed – including in relation to energy, transport and communications – persisting land property issues, competition from the grey economy and a lack of effective SME and local development policies. The lack of skilled workers represents a major constraint on further growth and job creation.

The surveyed youth unemployment rate in 2008 was 13%, a slight improvement on 2007 when the figure was 13.5% (LFS). During the years of crisis, many young people did not finish school. The early school-leaving rate in 2008 stood at a high 39%. Young females face greater disadvantages than young males in accessing the labour market. Many young people work in agriculture and fishing, as unpaid family members or in informal sector jobs. Labour market entrance is difficult for graduates from all forms of education, but low-skilled or unskilled young people face the worst job prospects. Better harnessing the potential of the young population comprises continuous efforts to develop higher skills and create jobs.

The inactivity rate in Albania is high, at 38.1% in 2008, up from 34.8% in 2007. Some 86.8% of all unemployed people stay on the register for more than 12 months. Those with only basic education (eight or nine years of schooling) form the largest group by far (50.5%), followed by those with upper secondary general education (26.6%). However, there are no effective policies either to activate inactive people or to prevent people from falling into, or help them escape from, long-term unemployment.

Both the activity and employment rates for females were low, at 52.8% and 45.6% respectively in 2008. The surveyed female unemployment rate rose from 12.2% in 2007 to 13.7% in 2008, which is comparable with the corresponding male rate of 12.6%. Albanian women face considerable levels of exclusion and disadvantage in all spheres of life. In the labour market this relates to the types of jobs women do, the level of informality, and wage levels. Reasons for female unemployment include the closure of state enterprises, women's role as the sole caretaker of the household, mobility restrictions and the increase in the number of job opportunities in male-dominated occupations. The situation of women in rural or remote areas, where basic services are lacking, is even more difficult. The MoLSAEO and non-governmental organisations (NGOs) are trying to work towards gender equality, but more comprehensive measures are needed.

At national level, institutional capacities for the design, implementation, monitoring and evaluation of employment policies have recently been strengthened. There is now a need to build the capacities of most regional and local labour offices. Social partners are

represented on the NES governing board, but need to become true partners of government in terms of not only designing employment policies together, but also feeling committed to the implementation of such policies.

The challenges for labour market and employment policy include:

- the continuous fight against informal employment;
- the setting and monitoring of feasible objectives in a National Employment Action Plan, to which the entire government and social partners would allocate resources and feel committed;
- the modernisation of labour offices;
- the cleaning of registers;
- identifying and reaching out to vulnerable people;
- the offering of targeted measures for them.

The last of these, ALMPs, would be aimed at, and monitored against, individuals' labour market integration. There is a need for diversified training courses, the training of trainers, better cooperation with employers, and coaching and support to promote self-employment.

## Social and territorial inclusion

Albania's sustained growth over many years has led to poverty reduction, lifting almost half of those who were poor in 2002 out of poverty by 2008. The country has also been able to considerably improve its Human Development Index (HDI).

The Social Inclusion Crosscutting Strategy (MoLSAEO, 2007b) identifies children and young people at risk, Roma and Balkan-Egyptian people, individuals with disabilities, elderly people, and women as vulnerable groups.

Not even half of all children attend kindergartens. Among those who do not attend are those from poor families, individuals with disabilities and Roma children. Access is a problem for people who live far away from an urban or village 'core'.

The reasons for early school leaving include poverty, unattractive programmes and a lack of respect on the part of teachers for diversity among pupils. Children suffer from a vicious circle of poverty and low levels of literacy and education. Teacher and peer discrimination often affect children whose parents are welfare recipients, who have a disability or who are from Roma or Egyptian backgrounds. School completion rates are lowest for Roma children. However, the attendance levels of these children at schools and, to a certain extent, also universities, have recently improved as a result of a number of measures.

Overall, legislation in Albania favours social inclusion in education, though good practice is at best sporadic. Inclusive education is not yet recognised as a valid pedagogical concept that is also practised during teacher education. Child-centred approaches require more competences, discretion in relation to the hitherto

rigid, fact-based curricula, and adequate teaching support.

Many women, individuals with low levels of education, people with disabilities and Roma people are well outside the formal labour market.

The MoLSAEO has included Roma people, and in particular women, in its ALMPs. Some 50% of participants who benefitted from the ministry's Second Chance programme for school dropouts were Roma individuals who attended courses at VTCs.

The Labour Code prohibits any kind of discrimination in the training and employment of people with disabilities. While vocational training, where it is available, is provided free of charge, the implementation of the Labour Code by companies is not monitored.

Legislation provides for the equal treatment of men and women. In reality, women have less access to formal jobs, earn lower wages than men and are at a higher risk of poverty and social exclusion. Mitigating measures include training and employment initiatives and support for women who are heads of household, for trafficked girls or women, for females who have been abused and for females from ethnic communities, albeit on a small scale.

Albania continues to experience significant and widening problems of regional disparity. Poverty is highest in Dibër, Kukës and Lezhë in the north and northeast of the country. These are the counties that also have the lowest activity rates, while unemployment rates are highest in Shkodër, Durrës and Lezhë. Tirana and Durrës are destinations for internal migration, while underdeveloped areas are becoming less populated. In 2007 the Albanian government adopted a countrywide Regional Development Strategy, the provisions of which have yet to be implemented. A first meeting of Albania's Regional Development Committee took place in April 2010. The Committee will identify projects and distribute funding, in accordance with specific poverty criteria.

The challenges in terms of social and territorial inclusion include the need to give increased attention to early childhood education and inclusive education policies and practices, including second-chance measures, especially for students from poorer backgrounds, individuals with disabilities and Roma children. MoLSAEO's Second Chance programme is a step in the right direction, but requires extension, and a packaging of measures is required in order to help people integrate into the labour market. There is a need to empower local authorities to implement appropriate actions, to provide better information, and to enhance the effectiveness of both education and employment measures. Research and analysis, crosscutting policy approaches, greater capacities and resources for ALMPs and careful monitoring are required in order to ensure equality for women. Regional partnerships would need to agree on employment strategies and underpinning human resources development issues as part of wider regional development strategies.





# 1. POLITICAL AND SOCIOECONOMIC BACKGROUND

## 1.1 HISTORICAL AND POLITICAL CONTEXTS

### **Albania started from a low level of development and has suffered many crises...**

After experiencing 45 years of what was certainly one of the most extreme forms of socialism in terms of international isolation, political repression and weak economic development, Albania today appears to be a country caught between modernity and the past, and between a promising future and the major challenges to be overcome. The Albanian desire to proceed rapidly in the early 1990s was undermined by the country's low socioeconomic starting point, various crises, the weakness of state institutions, a particularly difficult regional situation, a fragile democracy and a conflict-ridden internal political scene (European Commission, 2001).

During the early 1990s, when the system started to change into a market economy, the conditions were such that various groups managed to accumulate substantial capital by bypassing legislation. Money manipulators spun pyramid scams that paid high levels of interest to inexperienced investors who mistrusted the state bank. When it collapsed, the pyramid system involved half of the country's GDP (European Commission, 2004). Two-thirds of the country's population lost more than USD 1 billion, which led to civil unrest in 1997–98. During the NATO intervention in Kosovo in 1999, a large number of Kosovars poured into northern Albania, further aggravating the situation of an already poor country.

### **...but has embarked on a firm route towards reform and progress**

The developments accomplished in the capital city of Tirana since 2000 could serve to illustrate the start of a new era for Albania. The city was revitalised when façades were painted, a large number of the many unemployed people in Tirana removed garbage and planted trees, roads and streetlights were repaired, schools and playgrounds were constructed, Tirana's old quarter – once the protected retreat of the old 'nomenclature' – was opened up, and water and electricity lines were extended to the new slums that encircle the city (Pond, 2006). What is new in politics is that political parties no longer rule alone, but depend on smaller coalition partners in the government. Another new development is the fact that a different generation of young, often internationally educated politicians and civil

servants have joined the cabinet and administration. From an economic point of view, Albania's coastal position and its proximity to EU Member States are distinct advantages.

In 2006 the Government of Albania signed a Stabilisation and Association Agreement with the EU. The agreement aims to strengthen institutions and enhance the prospects for full integration into the EU's structures in the medium to long term. Key challenges include further liberalising the economy, strengthening property rights, improving the infrastructure, fighting crime and corruption, creating jobs, and ensuring social inclusion. In April 2009 Albania submitted a formal application for full EU membership, which is supported by the main political parties and the majority of the population.

## 1.2 DEMOGRAPHIC DEVELOPMENTS AND TRENDS, INCLUDING MIGRATION

### **Albania is a demographically young and ethnically homogeneous country**

Albania is demographically one of the youngest countries in Europe as a result of its relatively high birth rate. However, since 1990 Albania's population has been declining steadily and stood at 3.18 million in 2008. The capital, Tirana, is the country's largest city, with close to 800 000 inhabitants in 2008, more than three times as many as in 1990 (250 000). Other large cities include Durrës, Shkodër, Vlorë, Korçë and Elbasan. Compared to other countries in the Western Balkan region, Albania is ethnically relatively homogeneous, with 95% of the population being Albanians. The rest are Greeks, (3%), and Aromanians (Vlachs), Roma, Serbs and Macedonians, who together account for the remaining 2%. While these percentages represent official data, it is estimated that between 90 000 and 100 000 Roma people live in Albania, slightly more than 3% of the population (Liegeois, 2006).

### **Many people migrate abroad or internally in search of jobs and better living conditions**

The National Migration Strategy estimates that since 1990 around 1.1 million Albanians have emigrated on either a temporary or a permanent basis. The root causes of

migration include poverty, the lack of jobs, and the low salaries and poor working conditions in Albania, as well as the bleak prospects for rapid improvements in these areas. Emigrants tend to be young, male and better educated (IOM and Government of Albania, 2008). Preferred migration destinations include Greece (50%) and Italy (25%) because of their proximity and traditional cultural links, as well as the USA, UK and other European countries (25%) (Siar et al., 2008).

Besides considerable external migration flows, there have been high levels of internal migration. People migrate from the poor mountainous or rural areas in the northern or northeastern part of Albania to the capital and coastal areas, primarily Tirana and Durrës. Internal migration affects males and females alike (Dragoti, 2008).

### Remittances and ‘brain gain’

The National Strategy for Development and Integration (NSDI) 2007–2013 (Council of Ministers, Republic of Albania, 2008) places a major emphasis on migration-related issues, acknowledging the role of remittances, the advantages of return and circular migration of skilled expatriates, and the value of knowledge transfer from migrants. Although remittances recorded an annual decline of 6.5% in 2009, amounting to 9% of GDP (Bank of Albania, 2010), a considerable proportion of households in Albania still receive such remittances. In addition, emigrants acquire new skills. The National Migration Strategy holds that emigrants gain technical skills, especially in tourism, construction and agriculture, along with work ethics and management skills. The issue of recognising these skills and offering people better jobs and salaries is considered important for attracting individuals back to the country (IOM and Government of Albania, 2008). The Brain Gain programme of the Council of Ministers<sup>1</sup> offers returning university graduates, among others, positions in public administration. However, of the 2 000–4 000 young people leaving every year to study abroad (Siar et al., 2008), not all are willing to return.

## 1.3 ECONOMIC DEVELOPMENTS, TRENDS AND EFFECTS OF THE ECONOMIC CRISIS

### Sustained macroeconomic stability and economic growth

Since 1990 Albania has managed to achieve remarkable levels of economic growth. With a GDP per capita of EUR 2 785 (estimate for 2008 – see Table 1.3 at the end of this chapter), it acquired lower-middle-income country status. Officially estimated real GDP growth rates

averaged 7% a year during the period 1998–2008, the highest in the region. Migrants’ remittances are an important contribution to the economy, making up around 9% of GDP (Bank of Albania, 2010). Foreign direct investments (FDIs) have been at moderate levels for a long time, reflecting relatively low levels of integration into the global economy. However, the past few years have seen a considerable change in this respect. In 2007 the level of FDIs was 6.2% of GDP, around 88% higher than in 2005<sup>2</sup> (Ruli, 2008). This was mainly as a result of government efforts to continuously improve the business climate, the privatisation of public enterprises, the extension of public–private partnerships and the implementation of the ‘Albania 1 Euro’ initiative. The interest of foreign investors has increased, primarily in the areas of energy, mining, banking, tourism and infrastructure (Council of Ministers, Republic of Albania, 2008).

### Key sectors include agriculture, manufacturing, construction, trade and services

Albania’s economic growth can be attributed mainly to agricultural production, which in 2008 accounted for 18.5% of GDP (see Table 1.4 at the end of this chapter) and 43.5% of the country’s total employment (LFS 2008). However, many Albanians own very small pieces of land, are subsistence farmers and only sell their surpluses at local markets. The sector is also affected by heavy competition from subsidised imports from nearby EU countries, notably Greece. Yet, Hoekman (2009a) holds that the favourable climate in Albania could make specialised areas such as vineyards, fruit tree plantations and organic farming profitable.

Total industrial activity represents approximately one fifth of GDP (see Table 1.4 for a breakdown by sector). The privatisation of industrial activities started relatively recently. As a result of low labour costs, the major growth sector in manufacturing has been textile and footwear production. Products account for approximately half of total exports, primarily to Italy. Other export revenues derive from food, building materials, minerals and oil, among others. The construction industry has boomed since the mid 1990s because of increasing remittances from emigrants and major government and donor-funded infrastructure projects. The sector is unlikely to stagnate in the future (Hoekman, 2009a).

The services sector has grown, and now makes up more than half of Albania’s GDP (see Table 1.4). Among other factors, growing purchasing power and a decrease in the size of the informal sector have resulted in an expansion of financial services. The banking sector is now almost entirely in private and foreign hands, while the market for insurance and non-banking financial services remains underdeveloped. Tourism has a growing potential for investments and jobs (Hoekman, 2009a). This has been recognised internationally, as demonstrated by the fact

<sup>1</sup> See [www.braingain.gov.al](http://www.braingain.gov.al)

<sup>2</sup> See speech by Mr Ruli, Minister for Economy, Trade and Energy, at the Ambassadors’ Conference in Tirana, [www.mete.gov.al/news.php?idm=653&l=e](http://www.mete.gov.al/news.php?idm=653&l=e)

that southern Albania was named by the *The New York Times* as the budget travel destination of the year for 2007<sup>3</sup>. However, the government will need to ensure sustainable and environmentally friendly tourism development.

### **Many businesses have emerged, though they are mostly small**

The number of active businesses is growing every year. The private sector is estimated to generate 75% of total GDP (EBRD, 2006) and to employ over 80% of all employed persons (World Bank, 2006a). However, an analysis of newly registered enterprises by size shows that enterprises with 1–4 employees predominate, with 98.5% of the total<sup>4</sup>. The degree of organisation and representation of employers at national and sectoral levels varies by sector, but is generally low.

### **The global crisis has affected the economy and labour market**

Albania's still limited integration into global markets initially provided an important buffer when the global financial crisis began. However, economic indicators for 2008 and 2009 do indicate that the crisis has had an impact on the country. Data published by Albania's Central Bank show that remittances were down by 7.1% to EUR 170 million in the three-month period ending on 31 March 2010. This is the lowest flow in remittances registered for a first quarter since 2005 and is attributed to the increased difficulties faced by Albanian immigrants in Italy and

Greece in finding stable employment<sup>5</sup>. The negative effects have also included a contraction of imports and an increasing trade deficit, reduced liquidity and a tightening of the credit market, as well as uncertainty for economic agents (Fullani, 2009).

At the same time deteriorating conditions for economic actors had a knock-on effect on the labour market. According to INSTAT, Albania's Institute of Statistics (2010), throughout 2008 the labour force shrank by 72 944 (6.5%), while the number of people employed decreased by 74 789 (7.7%). Here, the greatest contraction occurred in the agricultural private sector. In 2008, 3 271 more people registered as unemployed and in the fourth quarter of 2009 the registered unemployment rate rose to 13.75% (the annual average will be lower). FDI levels did not decline, as a result of ongoing privatisations in the insurance, energy, mining and telecommunications sectors.

### **Strategic development priorities**

The NSDI 2007–2013 (Council of Ministers, 2008), which is based on 37 sector and cross-cutting strategies<sup>6</sup>, considers infrastructure, transport, energy, water supply, environment and public finances to be the priority sectors for the period 2007–13. A number of developments are seen as being necessary in order to underpin economic and social development goals, namely further improvements to the business environment, measures to reduce the informal sector and ensure fair competition, improvements in education and training, and support to innovation and creativity in businesses.

<sup>3</sup> <http://travel.nytimes.com/2006/12/10/travel/10budget.html>

<sup>4</sup> See INSTAT: [www.instat.gov.al/](http://www.instat.gov.al/) → Economic indicators → Business register

<sup>5</sup> See [www.balkaninsight.com/en/main/news/28705/](http://www.balkaninsight.com/en/main/news/28705/)

<sup>6</sup> For the individual sector and crosscutting strategies, see [www.aidharmonisation.org.al/?fq=mesi&gj=en&kid=195](http://www.aidharmonisation.org.al/?fq=mesi&gj=en&kid=195)

## TABLES AND FIGURES

### Population and macroeconomic indicators

**TABLE 1.1 TOTAL POPULATION AND POPULATION GROWTH, 1996–2008**

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007*	2008**
<b>Average annual population (thousands)</b>	3 076	3 075	3 055	3 054	3 061	3 074	3 094	3 111	3 127	3 142	3 151	3 162	3 182
<b>Population growth (annual %)</b>		-0.02	-0.63	-0.05	0.23	0.42	0.64	0.57	0.51	0.48	0.28	0.35	0.63

(\*) semi final (jo përfundimtare); (\*\*) preliminary (paraprake)  
Source: INSTAT

**TABLE 1.2 DEPENDENCY RATES, 2000–08**

	2000	2004	2005	2006	2007	2008
<b>Population aged 0–14 (% of total)</b>	30.4	27.3	26.5	25.7	24.9	24.2
<b>Age dependency ratio (% of working-age population)</b>	60.8	55.7	54.2	52.9	51.6	50.5

Source: World Bank, World Development Indicators

TABLE 1.3 GDP GROWTH AND GDP PER CAPITA, 1996–2009

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>GDP</b>														
(constant price, million ALL)	3 148 780	2 827 604	3 186 710	3 508 568	3 764 693	4 028 222	4 145 040	4 381 308	4 639 805	4 894 994	5 139 744	5 448 128	5 802 257	5 929 906
<b>GDP, PPP</b>														
(constant 2005 international million \$)	123 311	110 733	124 796	137 401	147 431	157 751	162 326	171 579	181 702	191 695	201 280	213 357	227 225	232 224
<b>GDP growth</b> (annual %)	9.1	-10.2	12.7	10.1	7.3	7	2.9	5.7	5.9	5.5	5	6	6.5	2.2
<b>GDP per capita</b> (constant ALL)	101 381	91 603	103 612	114 291	122 726	131 239	134 742	141 940	149 735	157 366	164 643	173 925	184 592	187 937
<b>GDP per capita, PPP</b>														
(constant 2005 international \$)	3 970	3 587	4 058	4 476	4 806	5 140	5 277	5 559	5 864	6 163	6 448	6 811	7 229	7 360
<b>GDP per capita growth</b> (annual %)	10.1	-9.6	13.1	10.3	7.4	6.9	2.7	5.3	5.5	5.1	4.6	5.6	6.1	1.8

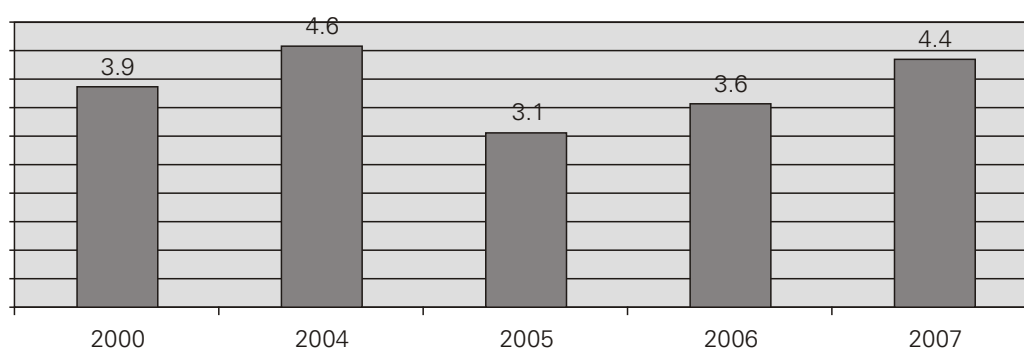
Source: World Bank, World Development Indicators

**TABLE 1.4 GDP BY SECTOR, 1996–2008**

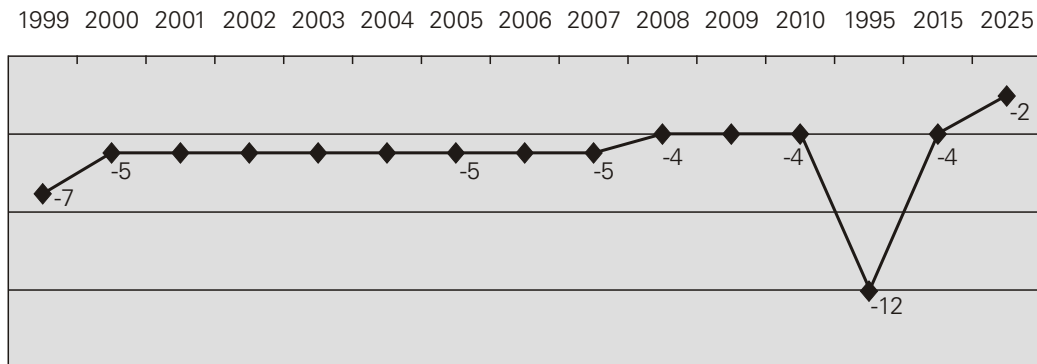
%	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007*	2008**
<b>Agriculture, hunting and forestry</b>	36.6	31.6	28.8	25.8	25.5	23.6	23.4	23.5	22.3	20.6	19.4	18.9	18.5
<b>Industry</b>	9.9	8.8	7.4	7.3	7.8	7.3	6.9	8.7	10.0	10.6	11.1	9.3	10.0
Extracting industry	1.0	0.9	0.7	0.8	0.9	0.9	0.7	0.6	0.8	0.8	0.7	0.9	1.0
Manufacturing industry	8.9	7.8	6.6	6.4	6.9	6.4	6.1	8.0	9.2	9.9	10.4	8.4	9.0
<b>Construction</b>	5.1	6.1	5.0	6.0	8.3	10.4	12.0	13.7	13.9	13.8	14.3	14.6	13.9
<b>Services</b>	48.5	53.5	58.8	60.9	58.5	58.6	57.6	54.0	53.8	55.0	55.2	57.2	57.6
Trade, hotels and restaurants	27.3	27.4	27.0	29.7	27.5	25.2	23.8	22.1	21.6	21.6	20.9	21.2	21.4
Transport	4.9	5.9	8.7	8.8	7.9	8.6	7.3	5.3	5.3	5.6	5.5	5.5	5.4
Post and communication	0.9	1.5	1.4	2.0	2.0	3.0	3.2	3.3	3.7	3.8	4.0	4.3	4.3
Other services	15.3	18.8	21.7	20.4	21.1	21.9	23.2	23.3	23.2	24.1	24.8	26.2	26.6

(\*) semi final (jo përfundimtare); (\*\*) preliminary (paraprake)

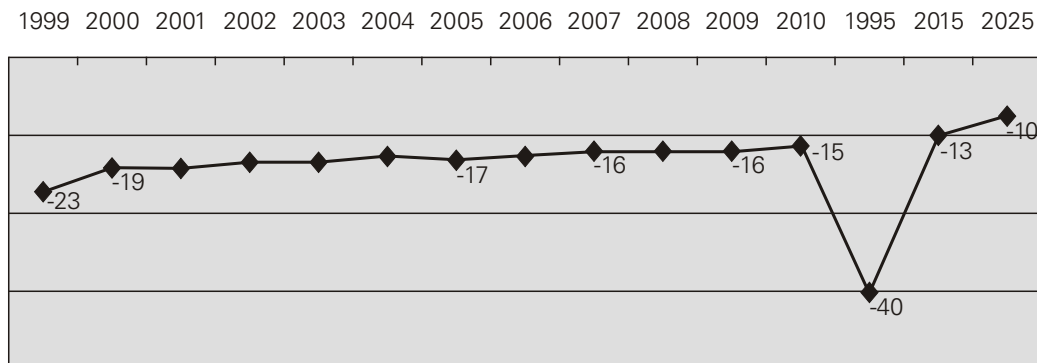
Source: INSTAT

**FIGURE 1.1 FOREIGN DIRECT INVESTMENT – NET INFLOWS (% OF GDP), 2000–07**

Source: World Bank, World Development Indicators

**FIGURE 1.2 NET MIGRATION RATE (PER 1 000 POPULATION), 1999–2010**

*Note: The values for 1995, 2015 and 2025 are included for a 30-year comparison; 2015 and 2025 data are projections.*  
*Source: US Census Bureau, International Data Base*

**FIGURE 1.3 NET NUMBER OF MIGRANTS (IN THOUSANDS), 1999–2010**

*Note: The data for 1995, 2015 and 2025 are included for a 30-year comparison; 2015 and 2025 data are projections.*  
*Source: US Census Bureau, International Data Base*

**TABLE 1.5 NUMBERS OF MIGRANT STOCK ABROAD, 1990–2010**

	1990	1995	2000	2005	2010
<b>Estimated number of international migrants at mid-year</b>	66 013	71 154	76 695	82 668	89 106
<b>Estimated number of female migrants at mid-year</b>	35 434	38 066	40 705	43 875	47 292
<b>Estimated number of male migrants at mid-year</b>	30 579	33 088	35 990	38 793	41 814
<b>Estimated number of refugees at mid-year</b>	0	3 860	2 227	54	67
<b>International migrants as a percentage of the population</b>	2	2.3	2.5	2.7	2.8
<b>Female migrants as a percentage of international migrants</b>	53.7	53.5	53.1	53.1	53.1
<b>Refugees as a percentage of international migrants</b>	0	5.4	2.9	0.1	0.1
	<b>1990–95</b>	<b>1995–00</b>	<b>2000–05</b>	<b>2005–10</b>	
<b>Annual rate of change of the migrant stock (%)</b>	1.5	1.5	1.5	1.5	

Source: United Nations, Department of Economic and Social Affairs, Population Division, *Trends in International Migrant Stock: The 2008 Revision*, 2009

**TABLE 1.6 ESTIMATES OF MIGRANT STOCK ABROAD BY COUNTRY OF DESTINATION, 2005**

Country	Number of migrants abroad
<b>Greece</b>	350 265
<b>Italy</b>	257 961
<b>The former Yugoslav Republic of Macedonia</b>	91 891
<b>United States</b>	44 053
<b>Germany</b>	16 257
<b>Canada</b>	6 707
<b>Turkey</b>	3 495
<b>France</b>	2 940
<b>United Kingdom</b>	2 572
<b>Austria</b>	2 257
<b>Switzerland</b>	1 589
<b>Other countries</b>	80 498
<b>Total</b>	<b>860 485</b>

Source: World Bank, 2007



## Governance

**TABLE 1.7 CORRUPTION PERCEPTIONS INDEX, 2004–09**

	2004	2005	2006	2007	2008	2009
<b>Rank</b>	108	126	111	105	85	95
<b>Number of countries involved</b>	146	159	163	180	180	180
<b>Value (range: 1–10)</b>	2.5	2.4	2.6	2.9	3.4	3.2

*Source: Transparency International*

**TABLE 1.8 GLOBAL COMPETITIVENESS INDEX, 2007–09**

	2007	2008	2009
<b>Rank</b>	109	108	96
<b>Number of countries involved</b>	131	134	133
<b>Value (range: 1–7)</b>	3.48	3.55	3.72

*Source: World Economic Forum*

TABLE 1.9 HUMAN DEVELOPMENT INDEX TRENDS

Rank 2007		2000	2005	2006	2007	Rank 2006	Change in rank 2006–07	Average annual growth rates (%)		
								Long term (1980–2007)	Medium term (1990–2007)	Short term (2000–07)
Very high human development										
1	Norway	0.961	0.968	0.970	0.971	1	0	0.28	0.29	0.16
38	Malta	0.874	0.897	0.899	0.902	35	-3	0.50	0.45	0.45
High human development										
39	Bahrain	0.864	0.888	0.894	0.895	38	-1	0.60	0.45	0.50
45	Croatia	0.837	0.862	0.867	0.871	45	0		0.38	0.58
65	Montenegro	0.815	0.823	0.828	0.834	65	0			0.34
67	Serbia	0.797	0.817	0.821	0.826	67	0			0.51
69	Saint Lucia		0.817	0.821	0.821	68	-1			
70	Albania	0.784	0.811	0.814	0.818	70	0			0.61
71	Russian Federation		0.804	0.811	0.817	73	2		-0.03	
72	The former Yugoslav Republic of Macedonia	0.800	0.810	0.813	0.817	72	0			0.30
76	Bosnia and Herzegovina		0.803	0.807	0.812	76	0			
79	Turkey	0.758	0.796	0.802	0.806	78	-1	0.93	0.79	0.87
83	Lebanon		0.800	0.800	0.803	80	-3			
Medium human development										
84	Armenia	0.738	0.777	0.787	0.798	85	1		0.51	1.12
158	Nigeria	0.466	0.499	0.506	0.511	157	-1		0.91	1.31
Low human development										
159	Togo		0.495	0.498	0.499	159	0	0.78	1.44	
182	Niger	0.258	0.330	0.335	0.340	182	0			3.92

Value range: 0–1.

Source: United Nations Development Programme

## 2. KEY POLICY ISSUES, STRATEGIES AND CHALLENGES IN EDUCATION AND TRAINING IN A LIFELONG LEARNING PERSPECTIVE

### 2.1 INVESTMENT IN HUMAN CAPITAL

#### Investment trends

Public expenditure on education fell from 3.7% of GDP in 1996 to 3.0% in 2002, reaching an all-time low of 2.5% in 2001 (World Bank, 2006b). Since then it has been increasing once more, reaching 3.2% of GDP in 2005 and 3.5% in 2008 (see Table 2.16 at the end of this chapter). While this figure represents a major improvement, it is low compared to those for other fast-growing economies. It is also below the government's own target of 5% of GDP. Education as a percentage of the state budget declined from 11.4% in 2005 to 10.8% in 2008.

Within a constrained budget envelope, primary education receives the largest share, 58.5%, secondary general education accounts for 13.7% and higher education 18.25%. Secondary vocational education and training (VET) receives the smallest share at 5.9%<sup>7</sup>. Secondary education is severely underfunded, and this affects VET in particular, for which the budget made available does not reflect real costs. However, while the share allocated to general education has risen slightly over the past two years, the share for VET has again been reduced. Thus, the total budget allocated to VET in 2010 remained below the target planned in the Strategy for Pre-university Education 2008–13 (MoES, 2008b).

Political turmoil, the closure of schools, security risks and poverty in the early transition period had led to a major drop in enrolment rates in primary and secondary education. While gross enrolment rates in 1990 still amounted to 59.2% in pre-primary education, 102% in primary and lower secondary education (ISCED 1+2) and 82% in upper secondary education (ISCED 3), the equivalent figures for 2006 were much lower: 50.2%, 90% and 68.1% (see Table 2.7 at the end of this chapter). However, thanks to the MoES reform efforts in primary and general secondary education, gross enrolment rates in secondary education went up again to 72.6% in 2008 (Council of Ministers, 2009a).

Currently only half of all children attend pre-school education, the funding of this being left to resource-constrained local governments. Reasons for this

low level of attendance include a lack of facilities, failure to reach the required minimum class size, especially in rural areas, and the fact that some parents are unable or unwilling to pay the fees.

Pressures exist on schools in and around Tirana, which have to cope with a school population that has almost tripled as a result of the massive internal migration flows of recent years. The result is overcrowded schools with large class sizes, a three-shift system and lessons for all pupils shortened to 30 minutes each and lasting only 2.5 hours per day. This in turn affects learning outcomes as early as primary school level. The situation is less pressurised in towns and villages in many other parts of the country, where there are even school buildings that are underutilised. However, even there, school days do not last much longer than 3.5 hours.

Agricultural schools dominated the secondary education structure in the past, reflecting the nature of the economy in pre-transition times. Access to university – and hence, also, gymnasia – was restricted, and only the elite were able to enrol at high-profile secondary schools. As a result of lack of demand, there were numerous school closures, and the number of vocational schools decreased from 308 in 1990 to 40 a few years later (41 in 2010). In addition, state schools were damaged during the civil unrest in Albania in 1997–98. Some young people, especially those from poor backgrounds and rural or mountainous areas, face financial difficulties to go on to higher levels of education, or have limited choices, which is why educational gaps are widening (see also Section 2.3). However, as an alternative to secondary vocational schools, after primary education they may attend short courses in a number of profiles. These are offered by VTCs, but rarely last longer than 1.5 to 4 months.

Although there are generally no fees for secondary education, students pay partially or fully for textbooks and food, and for accommodation when they are staying in dormitories. However, there is a scholarship scheme for both vocational students in north east Albania and students who are in the first year of VET programmes in the construction, agricultural and veterinary fields in the form of conditional grants, which are also intended to promote enrolment in VET.

<sup>7</sup> Data refer to the 2010 state budget for education.

VET in Albania is by and large not considered particularly attractive. A number of schools are in need of repair. Schools in general are poorly equipped, and teaching is mostly theoretical. If parents can afford for their children to attend secondary education, VET would not be their preference. The ultimate aim of students enrolling in secondary education is to go on to university and obtain a degree, and this influences government policy (and funding) priorities. The number of students enrolling in higher education has doubled since 2005. Overstretched capacities of state universities are one of the reasons why the ministry has allowed private universities to be established. Most of the latter are based in Tirana. Many of them offer only a small number of specialties. Again, students from poorer backgrounds who do not gain entry to state universities – commonly perceived to be the better choice – may not be able to afford the EUR 3 000–4 000 per annum charged by private universities, compared with the EUR 60–90 annual fees for a Bachelor's programme at a state university. Scholarships do not exist. While the existence of both public and private institutions does contribute to greater variety and more opportunities for higher education, it may also further increase inequalities.

While in pre-transition times 75% of secondary-level students enrolled in VET, this figure now stands at 17–20%, including 5–7% of students who attend so-called social-cultural programmes (arts, music and sports). The overwhelming majority attend gymnasia. In an attempt to reverse the trend for students either to enrol in general secondary education or to drop out of school, in 2001 the MoES set a target of 40% enrolment in VET by 2013 (and a corresponding target of 27% for the school year 2009/10). However, this objective has no real basis in either funding for relevant VET provision or student demand. For example, Elbasan, which was traditionally an industrial region, considers it feasible to increase VET enrolment to 19%.

Teachers' average monthly salaries increased from around ALL 23 000 (EUR 162) in 2004 to ALL 35 300 (EUR 248) in 2007 (INSTAT, 2008), a substantial improvement that makes the profession more attractive. The fact that 6 000 student teachers are currently enrolled at universities illustrates this point.

Companies train workers on the job if required, but they are still not accustomed to paying for the training offered by providers. They do not participate at all in VET or higher education. There are no training funds into which employers pay and from which they could benefit.

## Efficiency gains

In and around Tirana new school facilities are being built or existing ones extended in order to accommodate the much increased number of pupils. This is being carried out with the support of the Education Excellence and Equity Project (EEEEP) co-funded with loans from the World Bank, the Council of Europe and the European Investment Bank (see Chapter 5 for further details).

In other parts of the country school buildings, even ones that have been renovated and equipped using donor funding, are scarcely used in the afternoons. This does not necessarily mean that schools should be closed down, but rather that consideration should be given to how they could be used more efficiently. For example, schools sponsored by the education ministry are currently not allowed to organise extra activities or generate income through afternoon or evening training activities, although the new draft 2010 Law on VET makes provision for this. Furthermore, while vocational schools might have spare capacity and/or workshop equipment, VTCs, which are sponsored by the labour ministry, do not, but there is no sharing of resources. The EEEP provides a good example of efficiency being increased by the use of free space in some regular schools for the organisation of pre-school classes.

After the considerable reduction in the number of vocational schools in the country, including many of the agricultural schools, more capacity for VET may well be needed now. Hence, there is a need to analyse competence and qualification needs at both national and regional levels on the one hand, and education and training capacities on the other. Such planning efforts need to be informed by robust labour market information. Both national and regional economic and social development plans will need to be designed, and should encompass the underpinning human resource issues. This in turn requires legal changes, the collaboration and strengthening of competences of national and regional actors from the education, labour, economic and social fields, and a new holistic strategic education and training planning approach. Initial efforts to decentralise VET governance and strengthen the capacities of regional actors have been taken within donor projects on a pilot basis. Regional VET committees, with representatives from vocational schools and VTCs, authorities and employers, have been created in both Durrës and Elbasan. However, the current legal and budgetary frameworks do not yet allow for much freedom and innovation at these levels. Moreover, the new draft 2010 Law on VET still suggests a highly centralised management approach. Although local governments will be able to propose the introduction of new specialties and the opening of new schools, the ultimate decisions lie with the ministry.

Another issue relating to efficiency has been raised by, among others, the Open Society Foundation for Albania. They point out that some financial actions in education, for example, in bids for school refurbishment, the delivery of licences, the nomination of teachers in certain schools, and private teaching for students in the evenings, are carried out with little transparency<sup>8</sup>.

## Donor investments

In the current budgetary situation it is difficult to cover recurrent expenditure, including teachers' salaries and the running and maintenance costs of institutions. Although

the MoES has earmarked funds for school refurbishment, there is little money left for other capital investments. Hence, the country is highly dependent on donor investment, not only for the introduction of curricular innovations, but also for building and refurbishing basic infrastructure, and equipping schools with computers, textbooks, materials and other equipment. A major intervention in education is under way in the form of the above-mentioned five-year EEEP, which has a budget of USD 75 million. However, it will leave a major financial gap when it expires if it is not followed up by a new grant or loan for education.

The EU and other donors have supported the VET sector in the period 2002–08 with a total grant of approximately EUR 29 million. Of this, the EC provided the largest share at around 50%, followed by Switzerland at 22%, Germany 13%, Italy 10%, Austria 4% and USA 1% (Llaci et al., 2009).

A list of major donor projects is provided in Chapter 5.

## 2.2 LIFELONG LEARNING STRATEGIES, BROADENING EDUCATION AND TRAINING SUPPLY AND RECOGNISING QUALIFICATIONS

### Expanding compulsory education and improving quality

The Strategy for Pre-University Education 2008–2013 (MoES, 2008b) places a strong emphasis on broadening learning opportunities and improving quality, while the EEEP and donor-supported VET projects are the main instruments used by the MoES to implement the strategy.

From September 2009 compulsory schooling was extended from eight to nine years, covering primary and lower secondary levels. (At the same time, secondary VET was shortened from five to a maximum of four years.)

The EEEP has helped to upgrade curricula, revise and diversify textbooks, and train teachers in primary and secondary education, mainly on general pedagogies and core skills. The eSchools project<sup>9</sup> is an important initiative to support computer-based learning and more efficient school administration. Computers have been purchased for primary and secondary schools. However, in one region we were told that 60% of the computers are not working. Computers can be destroyed when they are exposed to the high voltages that occur following power cuts, and sometimes schools do not have the resources to maintain or repair them. The EEEP has also helped to introduce State Matura exams. An Agency for the Assessment of Student Achievement has been

established, its role being to design and supervise independent student assessments in selected general subjects. The new system is intended to put an end to arbitrariness in terms of conducting and marking students' school-leaving exams.

The same agency is in charge of preparing and running OECD's Programme for International Student Assessment (PISA) tests. Albania has participated twice so far. In 2000 it had the second lowest score of all participating countries, displaying significant deficiencies in scientific, reading and mathematical literacy competences for 15-year-old students. The 2009 results were not available at the time of writing this report.

Secondary school curricula now embrace more optional subjects, and include, among other topics, some business knowledge. Austria's KulturKontakt agency has been supporting the revision of business education at secondary level, while the EC CARDS VET 3 project developed a training package aimed at preparing secondary education students to start their own businesses. However, a study into pedagogical approaches and settings to explore whether key competences, such as learning-to-learn and entrepreneurship competences, are nurtured in the VET and higher education systems concluded that this is not consistently the case (Xhillari et al., 2007). Lessons are still organised in a traditional manner, with teachers primarily using frontal teaching and acting as transmitters of pre-selected knowledge. They offer little space for the active participation and creative skills of students.

The Law on Licensing, Authorizations and Permits (amended in 2009) also regulates the accreditation of all training providers, with the aim of increasing transparency and quality. The CARDS 2006 VET project prepared a policy manual on accreditation. Moreover, the British Council together with the National VET Agency (NAVETA) developed a self-assessment guide for vocational schools. NAVETA has promoted self-evaluation in a number of vocational schools as part of the accreditation procedure. Moreover, the Service of Educational Inspection has elaborated an inspection manual, which introduces a system of performance indicators as the basis for evaluating quality in all schools.

In an attempt to raise the quality and recognise the skills of Albanian citizens, key stakeholders from the education and labour sides started work on a national qualifications framework. A new Law on the Albanian Qualifications Framework (AQF) was adopted by the Parliament in March 2010. The MoES and the MoLSAEO share responsibility for implementing the AQF. However, despite many innovative elements, the newly introduced curricula for VET and higher education do not depart from the traditional input- and subject-based approach and the conditions in most education institutions are such that it is difficult to work towards the achievement of agreed learning outcomes and competence levels.

9 See [www.eschools.org.al/skedaret/1167415194-internet-schools-MoE\\_\(Pollo\).ppt#277,1,Slide 1](http://www.eschools.org.al/skedaret/1167415194-internet-schools-MoE_(Pollo).ppt#277,1,Slide 1)

## Adult literacy, learning participation and training possibilities

The official adult literacy rate was estimated to be 99% in 2007 (see Table 2.11 at the end of this chapter). However, this is based on educational attendance, and might greatly overstate the situation. No research has been done to date into adults' functional literacy or basic life and work skills. Upper secondary education is now widely recognised to be the minimum qualification for being able to cope with work and life challenges. According to LFS 2008 data, 53.3% of the population have at most completed eight years of schooling, 2.5% have completed two- to three-year VET, 12.4% have completed four- to five-year VET, 19.5% have upper secondary general education and 12.4% have tertiary education (see Table 2.3 at the end of this chapter). In other words, only 46.8% of the Albanian population have secondary-level qualifications or higher.

Adult training issues are covered by the Sectoral Strategy on Employment and Vocational Training 2007–2013 (MoLSAEO, 2007; see Section 6.2). The scale of adult training is limited, in terms of the number of participants and the availability and length of courses. Only 2% of people aged 25–64 years participate in adult learning, which is well below the EU2010 target of 12.6%. Adult learning participation in the 25–34 age group is slightly higher, but is still quite low at 4% (see Table 2.14 at the end of this chapter).

Key providers of adult learning include public and private schools and training centres, as well as NGOs, public and private universities and, to a certain extent, companies.

Since 1992, MoLSAEO has set up a network of 10 public VTCs that offer training for registered unemployed people and other adults. They are located in various towns, including Tirana, Shkodër, Elbasan, Korçë, Durrës, Vlorë, Fier and Gjirokastrë, and comprise one mobile centre for the north-eastern areas. The latter faces problems in hiring interested instructors.

In public VTCs in 2009, 7 751 people underwent training; 85% of them obtained certificates. An analysis of training participation shows that most of the participants (77%) are under the age of 35 (58% belong to the 16–24 and 19% to the 25–34 age groups). More females (58%) train than males. Graduates from compulsory education (eight years of schooling) represent 25% of all trainees, from general secondary education 45%, from vocational schools 8% and from universities 22%. The profiles chosen most frequently include: dressmaker, plumber, electrician, cook, fitter of solar panels, fitter of electro-domestic appliances, waiter, telemarketing specialist, etc. In terms of employment categories of training participants, registered unemployed people represented 34.9%, other (not registered) jobseekers formed the largest group with 54%, employed people

represented 18% and the remainder were students or others.

As the initial education and training system in Albania offers mainly general education, and an insufficient level of practical training, young people enrol in VTC courses in order to acquire some skills in information and communication technology (ICT), foreign language skills or vocational skills which may be useful on the labour market. Graduates' certificates testify attendance rather than the skills and competences acquired.

On-the-job training as part of MoLSAEO's employment promotion programme (1 234 participants in 2009) will be talked about in Section 3.1.

According to the law, training for unemployed people would have to be contracted out following a competitive bidding procedure, which is however, not practiced. Adult training is provided by the publicly funded VTCs, as well as by the ca. 150 accredited private providers or NGOs. The latter obtain licenses through the National Licensing Centre, which is a one stop-shop for licenses in all areas, and are monitored through the regional structures of the NES. The various types of providers differ by the level of fees charged. In public VTCs courses cost very little (EUR 10–25 for jobseekers) or are entirely free of charge for Roma people, orphans, trafficked women, disabled people or imprisoned ex-offenders.

There is a lack of outreach activities and tailor-made support packages, through which individualised training would be embedded in a set of measures that help jobless people to reintegrate into the labour market. Courses are short and they do not, by and large, focus on the needs of individuals or groups of individuals. Participants sent to VTCs from the NES are often from poor or socially problematic backgrounds (for example, trafficked girls), which is why these centres also have an important social role to play.

The Don Bosco Centre, which is supported by the Italian government, and the initiative by the Swiss-funded AlbVET project to establish multifunctional VET centres, may serve as good examples, as they aim to offer a broader range of vocational training and cater to the needs of both young people and adults.

Companies themselves are usually seen as viable locations for training. The government, as part of its ALMPs, subsidises employers who take on unemployed people and train them on the job. Questions remain regarding the criteria for selecting employers, and whether such schemes simply lead to a substitution effect. Companies have not been accustomed to paying for training their staff, and training is still not seen as a strategic investment. This is also the case because of the size of the companies and the fact that many operate in the low-skills sector where there is an oversupply of labour, although companies complain that they cannot always get people with the right skills and working attitudes.



## 2.3 EARLY SCHOOL LEAVERS

### Early school leaving is a major challenge

Albanian children complete only 8.6 years of schooling on average, which is almost six years less than the EU average, putting Albania a long way behind its neighbours. Kindergarten and pre-school attendance rates are low. In the past, enrolment in primary education was universal; now the gross enrolment rate for primary and lower secondary education (ISCED 1+2) has fallen to 90%. The rate for upper secondary education (ISCED 3) stands at 68.1% (see Table 2.7 at the end of this chapter).

Dropout rates in upper secondary education amounted to 19.6% in 2007/08, which is nevertheless a slight improvement on 2004/05, when the rate was 22.4%. Typically more males (23.1%) drop out than females (15.9% in 2007/08) (see Table 2.12 at the end of this chapter).

An earlier survey among 10–14-year-old dropouts revealed that 35% dropped out for economic reasons, while 20% declared that they were not interested, or that the education offered was not relevant (Rashid and Dorabawila, 1999). Closs et al. (2003) mention the following as the main barriers to access:

- long distances to schools, especially in the rural and mountainous parts of the country;
- the poor road infrastructure, which particularly affects people with physical disabilities;
- the lack of openness of schools and communities towards the diversity of pupils.

Access has improved lately, not least thanks to the reform efforts made by the MoES, an improved road infrastructure, etc.

Non-formal short courses offered by the VTCs appear to be an attractive alternative to attending several years of formal secondary education, especially for young people from rural areas or with low levels of school achievement. VTC courses are low cost, or are funded by the employment service for people in need. Although these short courses are useful and fill a gap in demand, there is a danger that they reduce secondary education to a very basic level of vocational skills in a restricted number of areas, which does not provide a basis for lifelong employability, adaptability and learning.

## 2.4 ACCESS TO AND QUALITY OF SECONDARY AND POST-SECONDARY VOCATIONAL EDUCATION AND TRAINING

We would agree with the comment that the current VET system requires ‘rebuilding from scratch’<sup>10</sup>. VET delivers at best basic vocational skills and is seen as something for weaker students or the poor. As yet there is no structured cooperation with businesses, although this would be desirable, and schools and teachers are, by and large, not equipped to deliver high-quality practical learning. Innovations are almost entirely donor-driven and restricted to pilot schools, so that it is difficult to sustain projects once donors have withdrawn.

As a result of the limited practical orientation of vocational programmes, there has been an increasing demand from learners for the aforementioned short courses offered by VTCs. However, the parallel development of the two systems (MoES-led and MoLSAEO-led) has caused fragmentation of the VET system, with different infrastructures, qualifications and curricula.

In general, parents and students tend to opt for general secondary education, and there is ‘little evidence to suggest that the skills provided by the VET system are really needed by the labour market in terms of quantity and quality’ (*VET in Albania: Beyond the current situation*, 2009, p. 1). Given these circumstances it appears necessary to decide whether the reform of the initial VET system should continue, since this would call for a huge amount of investment, or whether the existing provision should be replaced, or at least complemented, by a well-developed system of short, practice-oriented training courses delivering qualifications at all levels (2 to 5), as was suggested by the EC CARDS VET 3 project (GOPA et al., 2010). A report prepared by the project costs the proposed changes to VET. A long-term vision and realistic investment plans are needed, and would provide a clear direction for further VET development in Albania.

### Links between VET and the labour market

The Albanian system lacks a number of elements that would help to strengthen the links between VET and the labour market and increase the relevance of VET provision. This includes various types of skill needs analyses to inform overall VET planning, but also to design qualifications, curricula, teacher training and assessments for specialisations at different levels of competence.

Some sectors have been identified as being vital for the country, and/or as suffering from a lack of skills. These include energy, construction, farming and the veterinary profession. In order to encourage enrolment in these sectors, students receive small grants during the first year

of secondary vocational education. Skill needs analyses have been carried out by various EC CARDS VET projects and by the International Labour Organisation (ILO) in collaboration with the NES (ILO and NES, 2009). These point to a strong need for practical, entrepreneurial and managerial skills, among others.

New skills are needed in order to support Albania's economic structure, which has gradually been shifting from agriculture towards industries including processing (food, textiles, leather shoes, wood and paper), construction, trade, and hotels and catering. For example, in order to make agriculture more efficient, there is a need for skills in ecological and sustainable farming, plant production and diversification, the operation and repair of agricultural machinery, food processing, marketing and sales. Qualified bricklayers, carpenters, iron breakers, plumbers, and installers of solar panels and air conditioning are among the professions that are sought after in the construction sector, while the service sector demands, among others, qualified cooks, waiters, receptionists and confectioners (Llaci et al., 2009).

### **New framework curricula for initial VET for 21 occupations**

NAVETA, which was established in 2006, has selected 21 occupations from the nationally agreed List of Occupations and introduced new framework curricula in 2009.

Curricula are subject-based. They follow the principle of 'gradual specialisation', which in the Albanian context means a reduction over the years of the percentage of general education content (70% in the first year) in favour of vocational education content. The new framework curricula are innovative in that schools are given greater freedom to choose optional subjects in the third and fourth years. However, the relatively high proportion of general compared to vocational subjects and of theory over practice, as well as the often poor conditions at schools leave some doubts, especially among employers, as to whether graduates' skills will indeed be in line with labour market needs. An improved collaboration with businesses to provide practical skills training has yet to materialise.

Curricula have been developed by all donors in VET. Thus, the CARDS project developed curricula for the electro-technical and mechanical fields, while the Swiss AlbVET project developed curricula and equipped schools for a number of craft occupations, including sanitary installer and baker. The GTZ undertook labour market studies, and is introducing new curricula and equipping various schools in the north eastern part of Albania. There is an issue of systematising all newly developed curricula and expanding their usage.

### **AQF developments**

The EC CARDS VET 3 project contributed to conceptual clarifications and legal provisions relating to an Albanian

qualifications framework (AQF). In 2010 the Law on the AQF was adopted. A number of occupational descriptions have been developed, but this represents only the starting point for developing a fully-fledged AQF. The CARDS project developed an AQF Implementation Plan, which was approved, as well as recommendations and additional regulations for the AQF and sub-systems. The next step now includes the formation of a steering group composed of a task force including employers' representatives who develop qualifications for all VET profiles specifying learning outcomes at different levels of competence. The Guide for Qualification and Curriculum Development compiled by the CARDS project, together with the exemplary food processing and mechanics qualifications, could be used to inform this process. A Handbook on Assessment and Certification was developed by CARDS and NAVETA and could inform the elaboration of tests and exams, including a 'Vocational Matura'.

At a round table in March 2010, concern was expressed regarding the lack of financial resources for establishing an AQF, and the lack of awareness on the part of both the public administration and society as a whole of the significance and implications of an AQF. The new draft 2010 Law on VET recognises the importance of establishing a national vocational qualifications system, for which NAVETA will take charge. It also assigns a number of roles to social partners, including the shared development of occupational standards and the presence of social partners in exam commissions. However, ultimate responsibility for approving occupational classifications and standards, exams and the accreditation of providers will remain with the MoES and MoLSAEO.

### **Decentralised management for better VET planning**

The current competences of local governments include proposals to open or close profiles and courses, the maintenance of schools and the ability to offer self-funded vocational training courses. In the case of both 'national' vocational schools (schools that depend directly on the MoES) and VTCs (which are under direct MoLSAEO's control), local governments are not involved in VET issues at all (HDPC, 2010a).

Various donor projects have for some time now been pursuing the idea of establishing regional VET centres that would help to plan and coordinate initial and adult VET provision in a given region. However, the new draft VET Law does not refer to them although initial vocational schools will be given the chance to offer adult training.

The EC CARDS VET 3 project undertook an analysis and provided recommendations for decentralisation and regional VET planning and provision. Labour market analyses were undertaken for the regions of Elbasan, Vlorë and Korçë. A tripartite VET advisory committee was established in Elbasan, where the Regional Council took full ownership, and a VET plan was drafted. There is as yet no VET committee in Shkodër. The AlbVET project promoted a regional tripartite VET commission in the



Durrës region. The model defines new roles for the region in analysing VET needs and managing VET for both young people and adults, making the best use of resources. Existing schools and VTCs were proposed to be unified into a multi-purpose Regional Centre for VET. Supervision of the Centre would shift from the MoES to the regional authorities. The Head of the Regional Council chairs the regional VET commission. However, the Government Decree to start implementing the pilot model has not been approved, yet. Representatives from municipalities or local councils, whose role in VET planning has hitherto been restricted to determining enrolment figures, mainly on the basis of historical data, were invited to learn about the role of local authorities in VET development. Decentralisation in VET is a matter of priority now, if systemic VET reforms are to be taken further.

### Higher VET provision

Although there is no explicit reference to the development of post-secondary/tertiary VET in the 2007 Law on Higher Education and the creation of higher-level VET opportunities is not central to the current reform efforts in Albania, an expansion of the system would be an important element in ensuring a better match between individuals' aspirations and labour market needs. Some higher VET courses are offered by public or private universities, as the following example illustrates.

The Faculty of Applied Sciences (former Higher Vocational Education School) of Durrës University comprises seven specialities, including PC network specialist, construction management, transport management, vehicle technology, legal assistants, administrative assistants and dental assistants. State Matura graduates can enrol on two-year courses with substantial practice. In the academic year 2009/10 ca. 1 200 students were following these courses. Cooperation with businesses for the implementation of practical training is, however, still an issue (Masson, 2010).

Another interesting initiative is the Professional Academy at Durrës University that the GTZ helped to establish<sup>11</sup>. A dual study programme has been designed for bank management. Students have to sign a training contract with firms before being allowed to enrol on the course. Banks participated in curriculum development and provided the practical part of the training. Banking students are now in their third year of study. Other dual study programmes were planned for catering/tourism management and SME/construction company management, but could not be implemented. Lessons learned from this pilot initiative included the need to improve both university lecturers' skills, materials and cooperation with businesses so as to identify more partners willing to join (HDPC, 2010b).

The EC CARDS VET 3 project developed, with the help of employers, two curricula for post-secondary VET (AQF level 5) in food processing and car mechanics (services). However, these programmes so far exist on paper only.

There is now a need to identify the skills and competences required by the labour market, develop appropriate qualifications, with one level building on the other, and identify institutions that could deliver these qualifications, and under what conditions. Such issues could be clarified in a strategy for post-secondary or higher VET, or in a revised strategy covering the entire VET system from levels 2 to 5 or higher. This would also include short courses and a realistic estimate of the investments needed.

## 2.5 ACCESS TO AND QUALITY OF HIGHER EDUCATION

Surveys have shown that the labour market now requires higher levels of qualifications and skills. This situation contrasts with the fact that, according to LFS 2008 data, only 12.4% of the population have completed tertiary education, which is nevertheless an improvement on 2007 (9.3%) (see Table 2.3 at the end of this chapter).

Higher education is seen as an attractive option, not least because a higher education qualification is a precondition for obtaining a job in public administration. The doubling of enrolments in higher education since 2005 is a major achievement. This development was due mainly to the revision of existing and introduction of new attractive programmes, the recruitment of additional professors and the integration of research institutes into the universities, which enhanced their laboratory and research capacity. On the other hand, student numbers increased pressure especially on public institutions, which often work at the limits of their capacity. Hence, the MoES established new branches of public universities in the country and allowed for the establishment of private universities. New branches of public universities were opened in the country, as well as private ones. In 2007/08 alone, enrolments at private universities increased by almost 40% compared to the year before (Council of Ministers, 2008a).

### Implementation of the Bologna process

Albania joined the Bologna process in 2003. The 2007 Law on HE adopted a Bachelor's and Master's structure, adding more academic content to the Bachelor's programme and postponing professionalisation to an additional year after graduation called the 'first level Master's diploma'. It also regulated the setting up of the Council for Higher Education and Science, the conversion of rectors' posts into elective, managerial positions, and the establishment of governing bodies involving business representatives. Higher education reforms follow the Master Plan for Action 2008–2013. A new formula for the budgets of public universities was introduced in 2009, and faculty deans have been given responsibility for budget management. Most of the public universities are making progress with the preparation of strategic plans, as envisaged by the Master Plan. In addition, the 2009 Bologna progress report for Albania (Xhuvani, 2009)

<sup>11</sup> See [www.gtz.de/en/weltweit/europa-kaucasus-zentralasien/albanien/25361.htm](http://www.gtz.de/en/weltweit/europa-kaucasus-zentralasien/albanien/25361.htm)

highlights the following as major achievements since 2007: the establishment of four working groups on curriculum development and academic workload; NQF, standards and quality assurance; diploma recognition, mobility, student information and social aspects; and a national stocktaking report.

All public and most private universities in Albania have introduced a 3+2(+3) cycle, except in the medical and veterinary professions. Curricular reform and the introduction of an ECTS, which allows for student mobility, have been made possible from a legal point of view. With effect from the academic year 2008/09 universities have been using new curricula for the second and third study cycles. By early 2010, all universities had a governing board and 70% had prepared strategic plans. The Public Accreditation Agency in Higher Education (APAAL) has made its operations more transparent to the public and has held a number of seminars for university representatives on the internal quality-assurance system. In addition, it has assessed over 200 new study programmes submitted by public higher education institutions. As previously mentioned, the law on the AQF has been adopted. Finally, free and democratic elections for the student governing bodies and the public university authorities have taken place (Xhuvani, 2009).

The 2009 National Strategy for Science, Technology and Innovation in Albania (Council of Ministers, 2009b) set a target of 0.6% for investments in research and development by 2015. The goal is to create four to five Albanian Centres of Excellence in science which will be equipped with laboratory equipment and workspaces that could be used for pre-incubation, testing, certification, etc. of new technology based firms. Another goal is to stimulate innovation in 100 companies, either via investment in local research and development or via consortia with academic research institutes or foreign partners. The strategy prioritises the following fields of research: agriculture and food, ICTs, public health, albanology and humanities, natural resources, biotechnology, biodiversity, defence and security.

Recently, a number of so-called Centres for Technology Transfer and more practice-oriented technical faculties were created, including (i) the IT Faculty of the Polytechnic University of Tirana; (ii) the Faculty of Biotechnology and Food of the Agricultural University of Tirana; (iii) the Applied and Nuclear Physics Centre and Biotechnology Department of the University of Tirana.

In March 2010 a new Agency for Research, Technology and Innovation (*Agjencia e Kërkimit, Teknologjisë dhe Inovacionit – AKTI*) was set up. Its main mandate is to manage national and international projects, including the EU's Seventh Framework Programme. Among others, the

agency aims to fund projects with a view to supporting the technological advancement of SMEs<sup>12</sup>. Currently, expenditure on scientific research and development in Albania does not exceed 0.18% of GDP, which is the lowest level in Europe. A boost of research funding might also enhance the chances of involving university students or researchers in applied, industry-related research.

## Challenges in higher education

According to a survey involving more than 40 research institutions and 10 public universities in Albania, during the period 1991–2005 more than 50% of all lecturers and research workers emigrated (Centre for Economic and Social Studies, 2006), representing a significant loss to the academic community. Higher education institutions often lack modern textbooks, materials and properly equipped workshops, which is why higher education often remains theoretical. However, 35 science and didactic laboratories are being provided through the EEEP, and this will help to improve learning conditions at public universities. Employers are not involved in testing students' competences at the end of a course.

A key issue for both national authorities and public and private universities is not only to alter the duration of studies and introduce Bachelor's and Master's cycles, but also to work towards achieving higher levels of competence and ensure respective quality provision. Initiatives by the Agency for Accreditation in Higher Education should lead to higher standards in the higher education sector and allow Albania to meet the requirements set out in the Bologna process and the (emerging) AQF. In addition, there is a need to create more pathways from VET to higher education qualifications and to orient qualifications and curricula towards the needs of the labour market. This in turn requires more practical learning opportunities including internships. These are currently not organised as part of the curriculum due to the very high number of students and the limited capacity of existing companies.

Some universities have set up career centres on their premises following EEEP initiatives, but their sustainable functioning and effectiveness in terms of advising students and graduates about jobs has not yet been evaluated. In essence, many higher education graduates remain without jobs due to the high number of first labour market entrants every year and the difficult labour market situation in Albania. More effective in terms of job mediation are private employment agencies which often target highly and multi-qualified young people. The labour market cannot absorb all students and profiles. We were given the example of mechanical engineering, a study field offered by universities, but hardly any company working in this area in Albania exists.

## 2.6 LEARNING AND TEACHERS

### Poor conditions for high-quality teaching and learning

Two studies (Xhillari et al., 2007; Sahlberg and Boce, 2009) found that teaching in Albania's secondary schools is dominated by teachers talking while students play a very passive role in the classroom. The research showed that conditions for high-quality teaching and learning are often jeopardised by the poor or inappropriate physical condition of schools and classrooms. Classes are large, in Tirana sometimes having more than 40 students, which may hamper students' ability and motivation to learn.

### Efforts to improve the situation

Teachers' salaries have increased considerably in recent years, making the profession more attractive. The curriculum in primary and secondary general education is being reformed to make it more compatible with contemporary developments. The target date for implementing a revised basic education curriculum is 2010, while for secondary education the target is 2015. The MoES has tried to convince IT graduates to teach in schools. Efforts to improve the quality of teaching include reforms in pre-service training, the introduction of an in-service training programme, and a teacher-accreditation system. With regard to in-service training, in 2009 the MoES issued guidelines for the assessment of training needs. The Institute for Curriculum and Teacher Training is the main institution in charge of teacher training. Specialised training organisations are often permitted to tender for training delivery. Training delivery based on the guidelines was planned to start from the school year 2010/11.

### Training needs of vocational teachers

While there are proposals for in-service teacher training in general education, there has been a lack of overall planning for systematic in-service training for VET teachers. NAVETA is aware of the training needs of VET teachers, but has no budget to address these, and faces difficulties in accommodating these needs in the training programme of the Institute for Curriculum and Teacher Training. The institute's priorities include primary and general secondary education.

Foreign donors remain the main organisers of VET teacher training in Albania while NAVETA and other local staff contribute with expertise. Swisscontact helped develop a modular vocational teacher training programme, which covered key competences, such as problem-solving, teamwork and conflict management skills. Teacher training in pilot schools and VTCs is enshrined in all projects by AlbVET, GTZ, KulturKontakt and other donors in the VET field. As well as undertaking a more extensive

training effort involving many teachers, the EC CARDS VET 3 project has intensively trained 25 teachers and trainers from all pilot regions to act as change agents. It is now up to the MoES and MoLSAEO and their executive agencies to use these individuals as teacher trainers in their own and other schools. Overall, there is a need now to consolidate the pilot experience and develop a national vocational teacher training policy and plan.

## 2.7 VOCATIONAL COUNSELLING AND GUIDANCE

The 2002 Law on VET provides for 'counselling and guidance in VET aimed at assisting all citizens in choosing the education, profession, vocational training, retraining or further training according to their interests, physical and mental capacities'. A corresponding Directive dated 31 October 2002 specifies that 'the National Employment Service provides, through its employment offices, vocational counselling and guidance for all the individuals who ask for it', and that 'public VTCs provide vocational counselling and guidance for trainees'.

Despite the existing legal framework, the career information and guidance initiatives introduced so far have been ad hoc at best. In primary schools it is mainly parents who influence their children's choices of further education. Sixth and seventh grade curricula contain elements of career orientation, for example in technical and social education subjects. In addition, career orientation can be organised as an extracurricular activity. Some schools carry out guidance activities on their own initiative. For example, a school in Shkodër has carried out a survey into students' plans for further education; they discussed the survey with parents and organised visits to vocational schools (Niklanovič, 2010). In the past few years regional departments of education have made some effort to inform students about available VET profiles and encourage them to enrol.

Secondary schools provide limited career guidance, and this mainly relates to student enrolment at university. Teachers gather information from universities, help students to calculate the points required to enrol in the chosen study programme, and advise on their selection. None of the teachers have undergone specific training on guidance and counselling, nor is comprehensive information centrally available through websites, brochures or similar sources. One promising new initiative is the planned introduction into secondary education, with effect from 2010/11, of two subjects: 'Skills for life' in the 10th grade and 'Career education' in the 11th grade.

The 2006 Law on Employment Promotion makes provision for professional orientation and counselling services to be offered to all citizens who require them. However, in practice this does not happen. Counsellors usually deal with a high number of unemployed individuals, which is why they cannot provide services beyond the provision of basic information. Tracer studies carried out by both AlbVET on their VTC voucher

programme<sup>13</sup> and the EC CARDS VET 3 project (Deasy and Ceca, 2010) showed that a negligible percentage of students would turn to labour offices in order to find a job or obtain other support.

There has recently been a positive trend in the number of job fairs being organised in Albania and internships being offered by public institutions.

Some of the gaps in counselling and guidance are filled by private business initiatives and youth organisations. For example, the World Bank has funded a career-counselling initiative, the 'I work' project run by the Mjaft! Foundation<sup>14</sup>. The project's main activity, a virtual employment office, is a comprehensive service that offers all groups in society, including the diaspora, a wide array of information ranging from scholarship and internship announcements to part- and full-time job postings. GTZ will include the training of teachers as guidance professionals in its VET project in four pilot regions in northeastern Albania. However, such activities rely on external funding, and this tends to render them unsustainable.

Career centres have been opened on the premises of universities (see Section 2.5).

## 2.8 CAPACITIES OF MINISTRIES AND THEIR AGENCIES, SOCIAL PARTNERS AND CIVIL SOCIETY ORGANISATIONS

### Centralised steering by the MoES

The MoES is in charge of preparing education policies and managing the system, which includes overall resource management of public education establishments and the supervision of private institutions. The Department for Pre-University Education, which has only 15 staff, deals with all sub-sectors up to upper secondary education. The Department for Higher Education and Research, with 13 staff, is responsible for higher education policies and management. Two recently established departments are in charge of private education development and e-learning development. Education inspection has recently been centralised within the newly established National Inspectorate for Pre-University Education. The MoES has a network of 12 regional departments of education and 24 district education offices. They form the extended arm of the ministry at local level and supervise some 2 050 schools, 455 of which are secondary schools. The vocational schools report directly to the regional departments of education. Schools do not currently enjoy much freedom in terms of planning, resources, staff or pedagogy.

The MoES has established a number of subordinate institutions at national level.

1. The Agency for Curriculum and Education Development has overall responsibility for pre-university education curriculum development (all sub-sectors) and related training for teachers and school directors.
2. The Central Agency for the Assessment of Student Achievement (AVA in Albanian), with 12 staff, helps to assess students' achievements by preparing and supervising national exams and external evaluations. The agency is also in charge of PISA in Albania.
3. As previously mentioned, NAVETA, with 16 staff, is responsible for maintaining the list of occupations and for qualification standards, (only) the vocational part of the secondary VET curriculum, standards in teacher training, standards in student assessment-certification, the evaluation and accreditation of VET providers, and quality assurance.
4. The Public Accreditation Agency for Higher Education (APAAL in Albanian) is the institution responsible for criteria and procedures for internal and external evaluation of the quality of higher education, and for making decisions on whether higher education courses provided by non-public institutions are recognised.
5. The Public Agency of Admission to Higher Education Institutions (APRIAL in Albanian) administers admissions to public higher education institutions on the basis of student performance.

The Agency for Curriculum and Education Development and the Agency for the Assessment of Student Achievement are in charge of teacher training and students' exams for all secondary education including VET, rather than NAVETA embracing these functions for the VET sector. This means that the specificities of VET are not adequately taken into consideration. Furthermore, it is difficult to see where a lifelong learning perspective on education policies could be developed within this structure.

### Social partners in VET

The 2002 VET Law defines the National VET Council (NVETC) as a consultative body in charge of coordination on VET between MoES, MoLSAEO and other stakeholders. As a tripartite structure, the Council is supposed to provide recommendations on VET policies, accreditation and assessment, occupational standards, curricula and VET financing, and to prepare the Annual National VET Report to be presented to the Council of Ministers. However, in reality there is 'very little VET research, no VET policies emerge from the NVETC and no functioning commissions exist under the NVETC' (*VET in Albania: Beyond the current situation*, 2009, p. 1). The new draft Law on VET envisages changes to the composition of the NVETC, increasing the number of representatives from employers' organisations. However, according to recent information from the MoES,

<sup>13</sup> See [www.albvnet.al/userfiles/file/Annex3-3\\_Tracer.pdf](http://www.albvnet.al/userfiles/file/Annex3-3_Tracer.pdf)

<sup>14</sup> See [www.mjaft.org/news\\_en.php?faq=news&newsid=974](http://www.mjaft.org/news_en.php?faq=news&newsid=974)



there is currently no intention to create sectoral committees under the Council.

With the exception of the construction sector, employers in general are not currently aware of, or are unwilling to recognise, the contribution they could make to VET. Vocational schools complain about a lack of cooperation. The exceptions are a number of successful pilot projects involving employers, which have been or are being implemented, for example, by CARDS, the Swiss-funded AlbVET and the GTZ. There is now a need to create the legal basis for the structural involvement of social partners in VET, to raise awareness and to implement more pilot activities. The EC CARDS VET 3 project proposed the establishment of a National Training and Employment Fund, into which employers would pay. The project even prepared a corresponding draft law on employment promotion and a skills development levy, though these seem unlikely to be adopted. In addition, the EC CARDS VET 3 project elaborated a model for public-private partnerships, and trained 12 VET teachers as coordinators for social partnership (so-called PASOs). This model, if sustained and expanded, could give a major boost to the establishment and monitoring of school-business relationships.

There is also a need for more awareness-raising on the part of government actors on the benefits of social partnerships. For example, the 2010 AQF law does not include social partners in the AQF Council, as previously mentioned. The new draft VET Law envisages some alteration to the composition of the NVETC, but the chairing role is assigned to the MoES and MoLSAEO, and ministry actors would still retain the majority of seats. There is a need to strengthen the role of social partners within the NVETC and expand its remit to undertake concrete work through various commissions and to prepare informed decision-making by both the MoES and the MoLSAEO on the basis of up-to-date VET developments and research findings. Real tripartism demands that government and social partners operate on an equal footing and take joint decisions in respect of such issues as VET development, policies and qualifications.

As a result of an initiative by the EC CARDS VET 3 project, in March 2010 an Initial Agreement for Social Partnership was signed by the education and labour ministers and representatives from employers' and employees' organisations. It is hoped that this agreement will lead to greater commitment and a shared responsibility for VET development in Albania.

The role of social partner organisations and individual employers could be strengthened by devolving more competences for VET to local and regional levels and by ensuring that all partners collaborate, for example, on school management boards and VET committees.

A workshop organised by the EC CARDS VET 3 project in March 2010 concluded, among other things, that:

- the Initial Agreement for Social Partnership would require an institutional basis with a secretariat and mandated employers' and employees' organisations;

- sectoral committees should be established to identify the competences required;
- schools should collaborate with companies on school boards and invite them to participate in labour market surveys, curriculum development, staff development, vocational practice and student assessments;
- specialists from industry should be encouraged to test teachers' skills and act as (teacher) trainers, and should be remunerated for these activities.

Further support is now needed to assist with capacity-building, mid-term planning and the drafting of terms of reference for a task force and working groups to implement the stipulations of the Agreement.

## Challenges faced by NGOs

Albanian NGOs have emerged as alternative service providers to address the needs of disadvantaged groups in particular. NGOs have a pro-poor orientation, they are often flexible, innovative and cost-effective, and they use participatory approaches in the delivery of services, including in education, training and employment. The capacities of NGOs have been enhanced as a result of grant schemes run by the World Bank, the EU, the United Nations Development Programme (UNDP), the United States Agency for International Development (USAID), the Italian government, Swisscontact and other donors.

Cooperation between the government and the civil sector has so far been sporadic. A recent civil society report (TACSO, 2010) refers to the absence of effective civil society participation in advocacy and policy dialogue. Although there is widespread consensus on the importance of involving the third sector, they are not consulted on important issues, nor are they involved in decision-making. This also applies to the EC programming exercise. What is positive is that the government is establishing a set of formal mechanisms for mediating its relations with civil society. In March 2009 the Albanian parliament adopted a law to set up an Agency for Supporting Civil Society, which is in the process of becoming operational. The GTZ from Germany is supporting the establishment of an NGO fund in Albania.

Challenges include the fact that NGOs remain largely dependent on donor funding. Most NGOs struggle to find their own identity and to develop adequate capacities, as all too often they must adapt themselves in line with donor priorities. Transparency and clear guidelines in relation to decision-making on funding processes could avoid some of the confusion and resentment that arises from the fact that, for example, some local groups cannot receive funding because they are too small. There is also an unresolved legal issue: the tax status of NGOs is ambiguous and their status in law can make individual donations and voluntarism difficult. Some NGOs score low in terms of accountability. All these issues need to be addressed through a joint strategy of the government and civil society with the aim of strengthening cooperation and improving the environment in which NGOs work.

# TABLES AND FIGURES

## Initial education

TABLE 2.1 LABOUR FORCE EDUCATIONAL ATTAINMENT BY AGE GROUP AND GENDER, 2007-08

	2007						2008					
	8-9 years school	Upper secondary vocational 2-3 years	Upper secondary vocational 4-5 years	Upper secondary general	Tertiary/ university	Total	8-9 years school	Upper secondary vocational 2-3 years	Upper secondary vocational 4-5 years	Upper secondary general	Tertiary/ university	Total
<b>Total</b>												
<b>15-74</b>	767 697	36 856	192 844	256 048	127 862	1 381 307	687 143	32 382	159 841	251 012	159 840	1 290 218
<b>15-19</b>	69 037	1 716	1 538	9 135	0	81 426	49 589	515	1 179	9 334	16 476	77 093
<b>20-24</b>	92 645	1 712	7 984	47 516	12 790	162 647	56 568	1 536	5 140	30 492	26 877	120 613
<b>25-29</b>	98 877	2 549	9 219	39 152	27 328	177 125	47 372	763	2 919	24 012	16 525	91 591
<b>30-34</b>	85 252	4 115	25 372	36 744	16 005	167 488	58 469	2 400	10 418	24 055	19 740	115 082
<b>35-39</b>	89 004	4 288	28 488	36 858	16 039	174 677	83 184	3 836	18 266	33 714	18 005	157 005
<b>40-44</b>	90 282	5 748	34 522	29 848	13 072	173 472	94 344	4 525	29 894	41 755	17 497	188 015
<b>45-49</b>	89 542	5 334	38 385	27 652	15 249	176 162	102 842	5 598	34 064	44 823	17 169	204 496
<b>50-54</b>	63 472	7 551	28 245	18 528	14 394	132 190	87 178	6 192	33 662	26 857	20 345	174 234
<b>55-59</b>	55 235	2 820	14 891	9 410	10 193	92 549	60 617	5 223	17 940	12 697	6 210	102 687
<b>60-64</b>	27 238	978	3 652	1 140	2 342	35 350	29 570	1 330	5 427	2 566	996	39 889
<b>65-69</b>	5 561	0	505	65	323	6 454	12 363	464	493	707	0	14 027
<b>70-74</b>	1 552	45	43	0	127	1 767	5 047	0	439	0	0	5 486
<b>Male</b>												
<b>15-74</b>	405 691	27 851	126 437	153 308	68 481	781 768	363 921	22 236	98 375	147 818	79 241	711 591
<b>15-19</b>	36 728	1 374	1 116	5 763	0	44 981	25 999	515	808	5 945	4 820	38 087
<b>20-24</b>	52 811	832	5 735	30 594	3 563	93 535	32 214	1 176	3 911	20 154	10 223	67 678

<b>25-29</b>	54 490	1 811	6 866	24 599	11 283	99 049	27 838	763	1 537	14 457	6 929	51 524
<b>30-34</b>	42 316	3 020	14 705	20 352	7 769	88 162	26 941	1 542	5 219	12 746	8 117	54 565
<b>35-39</b>	43 347	3 429	18 754	18 641	8 726	92 897	36 839	2 403	9 548	17 539	9 554	75 883
<b>40-44</b>	41 931	4 856	22 352	17 576	7 403	94 118	44 045	3 001	16 545	21 047	9 045	93 683
<b>45-49</b>	44 917	4 199	23 255	16 563	9 746	98 680	50 623	3 641	21 806	26 109	9 171	111 350
<b>50-54</b>	32 889	5 015	18 522	12 012	9 209	77 647	45 617	4 009	20 161	18 249	14 176	102 212
<b>55-59</b>	32 851	2 378	10 932	6 047	8 070	60 278	38 482	3 564	12 940	8 432	6 210	69 628
<b>60-64</b>	18 295	892	3 652	1 096	2 342	26 277	23 084	1 221	5 207	2 433	996	32 941
<b>65-69</b>	4 041	0	505	65	243	4 854	8 478	401	254	707	0	9 840
<b>70-74</b>	1 075	45	43	0	127	1 290	3 761	0	439	0	0	4 200
<b>Female</b>												
<b>15-74</b>	362 006	9 005	66 407	102 740	59 381	599 539	323 220	10 142	61 465	103 193	80 599	578 619
<b>15-19</b>	32 309	342	422	3 372	0	36 445	23 589	0	371	3 389	11 656	39 005
<b>20-24</b>	39 834	880	2 249	16 922	9 227	69 112	24 354	359	1 230	10 337	16 654	52 934
<b>25-29</b>	44 387	738	2 353	14 553	16 045	78 076	19 534	0	1 381	9 555	9 596	40 066
<b>30-34</b>	42 936	1 095	10 667	16 392	8 236	79 326	31 528	858	5 198	11 308	11 623	60 515
<b>35-39</b>	45 657	859	9 734	18 217	7 313	81 780	46 345	1 433	8 718	16 175	8 451	81 122
<b>40-44</b>	48 351	892	12 170	12 272	5 669	79 354	50 298	1 524	13 349	20 708	8 708	94 587
<b>45-49</b>	44 625	1 135	15 130	11 089	5 503	77 482	52 218	1 957	12 258	18 713	7 742	92 888
<b>50-54</b>	30 583	2 536	9 723	6 516	5 185	54 543	41 560	2 182	13 501	8 609	6 169	72 021
<b>55-59</b>	22 384	442	3 959	3 363	2 123	32 271	22 136	1 657	5 000	4 266	0	33 059
<b>60-64</b>	8 943	86	0	44	0	9 073	6 486	109	220	133	0	6 948
<b>65-69</b>	1 520	0	0	0	80	1 600	3 886	63	239	0	0	4 188
<b>70-74</b>	477	0	0	0	0	477	1 286	0	0	0	0	1 286

Source: Labour Force Survey

TABLE 2.2 LABOUR FORCE EDUCATIONAL ATTAINMENT BY AGE GROUP AND GENDER (% BY AGE), 2007–08

	2007							2008						
	8–9 years school	Upper secondary vocational 2–3 years	Upper secondary vocational 4–5 years	Upper secondary general	Tertiary/ university	Total	8–9 years school	Upper secondary vocational 2–3 years	Upper secondary vocational 4–5 years	Upper secondary general	Tertiary/ university	Total	8–9 years school	Upper secondary vocational 2–3 years
<b>Total</b>														
<b>15–74</b>	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
<b>15–19</b>	9.0	4.7	0.8	3.6	0.0	5.9	7.2	1.6	0.7	3.7	10.3	6.0		
<b>20–24</b>	12.1	4.6	4.1	18.6	10.0	11.8	8.2	4.7	3.2	12.1	16.8	9.3		
<b>25–29</b>	12.9	6.9	4.8	15.3	21.3	12.8	6.9	2.4	1.8	9.6	10.3	7.1		
<b>30–34</b>	11.1	11.2	13.2	14.4	12.5	12.1	8.5	7.4	6.5	9.6	12.3	8.9		
<b>35–39</b>	11.6	11.6	14.8	14.4	12.5	12.6	12.1	11.8	11.4	13.4	11.3	12.2		
<b>40–44</b>	11.8	15.6	17.9	11.7	10.2	12.6	13.7	14.0	18.7	16.6	10.9	14.6		
<b>45–49</b>	11.7	14.5	19.9	10.8	11.9	12.8	15.0	17.3	21.3	17.9	10.7	15.8		
<b>50–54</b>	8.3	20.5	14.6	7.2	11.2	9.6	12.7	19.1	21.1	10.7	12.7	13.5		
<b>55–59</b>	7.2	7.7	7.7	3.7	8.0	6.7	8.8	16.1	11.2	5.1	3.9	8.0		
<b>60–64</b>	3.5	2.7	1.9	0.4	1.8	2.6	4.3	4.1	3.4	1.0	0.6	3.1		
<b>65–69</b>	0.7	0.0	0.3	0.0	0.3	0.5	1.8	1.4	0.3	0.3	0.0	1.1		
<b>70–74</b>	0.2	0.1	0.0	0.0	0.1	0.1	0.7	0.0	0.3	0.0	0.0	0.4		
<b>Male</b>														
<b>15–74</b>	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
<b>15–19</b>	9.1	4.9	0.9	3.8	0.0	5.8	7.1	2.3	0.8	4.0	6.1	5.4		
<b>20–24</b>	13.0	3.0	4.5	20.0	5.2	12.0	8.9	5.3	4.0	13.6	12.9	9.5		
<b>25–29</b>	13.4	6.5	5.4	16.0	16.5	12.7	7.6	3.4	1.6	9.8	8.7	7.2		



<b>30-34</b>	10.4	10.8	11.6	13.3	11.3	11.3	7.4	6.9	5.3	8.6	10.2	7.7
<b>35-39</b>	10.7	12.3	14.8	12.2	12.7	11.9	10.1	10.8	9.7	11.9	12.1	10.7
<b>40-44</b>	10.3	17.4	17.7	11.5	10.8	12.0	12.1	13.5	16.8	14.2	11.4	13.2
<b>45-49</b>	11.1	15.1	18.4	10.8	14.2	12.6	13.9	16.4	22.2	17.7	11.6	15.6
<b>50-54</b>	8.1	18.0	14.6	7.8	13.4	9.9	12.5	18.0	20.5	12.3	17.9	14.4
<b>55-59</b>	8.1	8.5	8.6	3.9	11.8	7.7	10.6	16.0	13.2	5.7	7.8	9.8
<b>60-64</b>	4.5	3.2	2.9	0.7	3.4	3.4	6.3	5.5	5.3	1.6	1.3	4.6
<b>65-69</b>	1.0	0.0	0.4	0.0	0.4	0.6	2.3	1.8	0.3	0.5	0.0	1.4
<b>70-74</b>	0.3	0.2	0.0	0.0	0.2	0.2	1.0	0.0	0.4	0.0	0.0	0.6
<b>Female</b>												
<b>15-74</b>	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
<b>15-19</b>	8.9	3.8	0.6	3.3	0.0	6.1	7.3	0.0	0.6	3.3	14.5	6.7
<b>20-24</b>	11.0	9.8	3.4	16.5	15.5	11.5	7.5	3.5	2.0	10.0	20.7	9.1
<b>25-29</b>	12.3	8.2	3.5	14.2	27.0	13.0	6.0	0.0	2.2	9.3	11.9	6.9
<b>30-34</b>	11.9	12.2	16.1	16.0	13.8	13.2	9.8	8.5	8.5	11.0	14.4	10.5
<b>35-39</b>	12.6	9.5	14.7	17.8	12.3	13.6	14.3	14.1	14.2	15.7	10.5	14.0
<b>40-44</b>	13.4	9.9	18.3	12.0	9.5	13.2	15.6	15.0	21.7	20.1	10.8	16.3
<b>45-49</b>	12.3	12.6	22.8	10.8	9.2	12.9	16.2	19.3	19.9	18.1	9.6	16.1
<b>50-54</b>	8.4	28.2	14.6	6.4	8.7	9.1	12.9	21.5	22.0	8.3	7.7	12.4
<b>55-59</b>	6.2	4.9	6.0	3.3	3.6	5.4	6.8	16.3	8.1	4.1	0.0	5.7
<b>60-64</b>	2.5	1.0	0.0	0.0	0.0	1.5	2.0	1.1	0.4	0.1	0.0	1.2
<b>65-69</b>	0.4	0.0	0.0	0.0	0.1	0.3	1.2	0.6	0.4	0.0	0.0	0.7
<b>70-74</b>	0.1	0.0	0.0	0.0	0.0	0.1	0.4	0.0	0.0	0.0	0.0	0.2

Source: Labour Force Survey

TABLE 2.3 LABOUR FORCE EDUCATIONAL ATTAINMENT BY AGE GROUP AND GENDER (% BY EDUCATION), 2007–08

		2007										2008			
	8–9 years school	Upper secondary vocational 2–3 years	Upper secondary vocational 4–5 years	Upper secondary general	Tertiary/ university	Total	8–9 years school	Upper secondary vocational 2–3 years	Upper secondary vocational 4–5 years	Upper secondary general	Tertiary/ university	Total	Upper secondary general	Tertiary/ university	Total
<b>Total</b>															
<b>15–74</b>	55.6	2.7	14.0	18.5	9.3	100.0	53.3	2.5	12.4	19.5	12.4	100.0	19.5	12.4	100.0
<b>15–19</b>	84.8	2.1	1.9	11.2	0.0	100.0	64.3	0.7	1.5	12.1	21.4	100.0	12.1	21.4	100.0
<b>20–24</b>	57.0	1.1	4.9	29.2	7.9	100.0	46.9	1.3	4.3	25.3	22.3	100.0	25.3	22.3	100.0
<b>25–29</b>	55.8	1.4	5.2	22.1	15.4	100.0	51.7	0.8	3.2	26.2	18.0	100.0	26.2	18.0	100.0
<b>30–34</b>	50.9	2.5	15.1	21.9	9.6	100.0	50.8	2.1	9.1	20.9	17.2	100.0	20.9	17.2	100.0
<b>35–39</b>	51.0	2.5	16.3	21.1	9.2	100.0	53.0	2.4	11.6	21.5	11.5	100.0	21.5	11.5	100.0
<b>40–44</b>	52.0	3.3	19.9	17.2	7.5	100.0	50.2	2.4	15.9	22.2	9.3	100.0	22.2	9.3	100.0
<b>45–49</b>	50.8	3.0	21.8	15.7	8.7	100.0	50.3	2.7	16.7	21.9	8.4	100.0	21.9	8.4	100.0
<b>50–54</b>	48.0	5.7	21.4	14.0	10.9	100.0	50.0	3.6	19.3	15.4	11.7	100.0	15.4	11.7	100.0
<b>55–59</b>	59.7	3.0	16.1	10.2	11.0	100.0	59.0	5.1	17.5	12.4	6.0	100.0	12.4	6.0	100.0
<b>60–64</b>	77.1	2.8	10.3	3.2	6.6	100.0	74.1	3.3	13.6	6.4	2.5	100.0	6.4	2.5	100.0
<b>65–69</b>	86.2	0.0	7.8	1.0	5.0	100.0	88.1	3.3	3.5	5.0	0.0	100.0	5.0	0.0	100.0
<b>70–74</b>	87.8	2.5	2.4	0.0	7.2	100.0	92.0	0.0	8.0	0.0	0.0	100.0	0.0	0.0	100.0
<b>Male</b>															
<b>15–74</b>	51.9	3.6	16.2	19.6	8.8	100.0	51.1	3.1	13.8	20.8	11.1	100.0	20.8	11.1	100.0
<b>15–19</b>	81.7	3.1	2.5	12.8	0.0	100.0	68.3	1.4	2.1	15.6	12.7	100.0	15.6	12.7	100.0
<b>20–24</b>	56.5	0.9	6.1	32.7	3.8	100.0	47.6	1.7	5.8	29.8	15.1	100.0	29.8	15.1	100.0
<b>25–29</b>	55.0	1.8	6.9	24.8	11.4	100.0	54.0	1.5	3.0	28.1	13.4	100.0	28.1	13.4	100.0

<b>30-34</b>	48.0	3.4	16.7	23.1	8.8	100.0	49.4	2.8	9.6	23.4	14.9	100.0
<b>35-39</b>	46.7	3.7	20.2	20.1	9.4	100.0	48.5	3.2	12.6	23.1	12.6	100.0
<b>40-44</b>	44.6	5.2	23.7	18.7	7.9	100.0	47.0	3.2	17.7	22.5	9.7	100.0
<b>45-49</b>	45.5	4.3	23.6	16.8	9.9	100.0	45.5	3.3	19.6	23.4	8.2	100.0
<b>50-54</b>	42.4	6.5	23.9	15.5	11.9	100.0	44.6	3.9	19.7	17.9	13.9	100.0
<b>55-59</b>	54.5	3.9	18.1	10.0	13.4	100.0	55.3	5.1	18.6	12.1	8.9	100.0
<b>60-64</b>	69.6	3.4	13.9	4.2	8.9	100.0	70.1	3.7	15.8	7.4	3.0	100.0
<b>65-69</b>	83.3	0.0	10.4	1.3	5.0	100.0	86.2	4.1	2.6	7.2	0.0	100.0
<b>70-74</b>	83.3	3.5	3.3	0.0	9.8	100.0	89.5	0.0	10.5	0.0	0.0	100.0
<b>Female</b>												
<b>15-74</b>	60.4	1.5	11.1	17.1	9.9	100.0	55.9	1.8	10.6	17.8	13.9	100.0
<b>15-19</b>	88.7	0.9	1.2	9.3	0.0	100.0	60.5	0.0	1.0	8.7	29.9	100.0
<b>20-24</b>	57.6	1.3	3.3	24.5	13.4	100.0	46.0	0.7	2.3	19.5	31.5	100.0
<b>25-29</b>	56.9	0.9	3.0	18.6	20.6	100.0	48.8	0.0	3.4	23.8	24.0	100.0
<b>30-34</b>	54.1	1.4	13.4	20.7	10.4	100.0	52.1	1.4	8.6	18.7	19.2	100.0
<b>35-39</b>	55.8	1.1	11.9	22.3	8.9	100.0	57.1	1.8	10.7	19.9	10.4	100.0
<b>40-44</b>	60.9	1.1	15.3	15.5	7.1	100.0	53.2	1.6	14.1	21.9	9.2	100.0
<b>45-49</b>	57.6	1.5	19.5	14.3	7.1	100.0	56.2	2.1	13.2	20.1	8.3	100.0
<b>50-54</b>	56.1	4.6	17.8	11.9	9.5	100.0	57.7	3.0	18.7	12.0	8.6	100.0
<b>55-59</b>	69.4	1.4	12.3	10.4	6.6	100.0	67.0	5.0	15.1	12.9	0.0	100.0
<b>60-64</b>	98.6	0.9	0.0	0.5	0.0	100.0	93.4	1.6	3.2	1.9	0.0	100.0
<b>65-69</b>	95.0	0.0	0.0	0.0	5.0	100.0	92.8	1.5	5.7	0.0	0.0	100.0
<b>70-74</b>	100.0	0.0	0.0	0.0	0.0	100.0	100.0	0.0	0.0	0.0	0.0	100.0

Source: Labour Force Survey

**TABLE 2.4 ENROLMENT IN PRE-PRIMARY EDUCATION BY URBAN/RURAL AND PUBLIC/PRIVATE, 2007–09**

Pre-primary education (ISCED 0)	2007/08			2008/09		
	Total	Urban	Rural	Total	Urban	Rural
<b>Total</b>	76 278	37 623	38 655	75 445	38 507	36 938
<b>Public</b>	72 600	34 555	38 045	71 981	35 611	36 370
<b>Private</b>	3 678	3 068	610	3 464	2 896	568

Source: INSTAT, Indicators by prefectures, 2007–08

**TABLE 2.5 ENROLMENT BY EDUCATIONAL LEVEL BY GENDER AND PUBLIC/PRIVATE, 2006–09**

		2006/07			2007/08			2008/09		
		Total	Female	Male	Total	Female	Male	Total	Female	Male
Pre-primary (ISCED 0)										
	Total	75 781	36 136	39 645	199 454	95 456	103 998	236 102	112 399	123 703
	Public	71 860			189 976	91 233	98 743	224 587	107 253	117 334
	Private	3 921			9 478	4 223	5 255	11 515	5 146	6 369
Primary (ISCED 1) <sup>(1)</sup>										
	Total	210 125	101 018	109 107	199 454	95 456	103 998	236 102	112 399	123 703
	Public	201 158			189 976	91 233	98 743	224 587	107 253	117 334
	Private	8 967			9 478	4 223	5 255	11 515	5 146	6 369
Lower secondary (ISCED 2)										
	Total	237 177	114 671	122 506	228 981	110 855	118 126	221 784	107 807	113 977
	Public	228 775			220 101	106 730	113 371	212 847	103 559	109 288
	Private	8 402			8 880	4 125	4 755	8 937	4 248	4 689
Upper secondary (ISCED 3)										
Total	Total	155 413	76 105	79 308	177 572	84 400	93 172	132 803	64 543	68 260
	Public	142 334			163 102	76 953	86 149	121 108	58 594	62 514
	Private	13 079			14 470	7 447	7 023	11 695	5 949	5 746
General	Total	124 925	64 895	60 030	147 920	73 887	74 033	111 145	56 942	54 203
	Public	114 156			135 814	67 319	68 495	101 277	51 654	49 623
	Private	10 769			12 106	6 568	5 538	9 868	5 288	4 580
Vocational	Total	30 488	11 210	19 278	29 652	10 513	19 139	21 658	7 601	14 057
	Public	28 178			27 288	9 637	17 651	19 831	6 940	12 891
	Private	2 310			2 364	876	1 488	1 827	661	1 166
Tertiary (ISCED5)										
	Total	85 121			90 202	50 919	39 283			
	Public	79 111			80 696	46 405	34 291			
	Private	6 010			9 506	4 514	4 992			

(1) 2004/05 and 2005/06 data refer to ISCED 1+2.

Sources: 2006/07: Ministry of Education and Science; 2007/08 and 2008/09: INSTAT, Indicators by prefectures

TABLE 2.6 ENROLMENT IN HIGHER EDUCATION BY FIELD, 2006/07

	Total	Private	Public
<b>Total</b>	86 863	5 761	81 102
<b>Education and sciences</b>	8 933	78	8 855
<b>Humanities and arts</b>	17 727	416	17 311
<b>Social sciences, business and law</b>	26 521	3 633	22 888
<b>Natural science and mathematics</b>	8 345	138	8 207
<b>Engineering and construction</b>	6 846	174	6 672
<b>Agriculture and veterinary science</b>	7 372	0	7 372
<b>Health and welfare</b>	8 855	1 141	7 714
<b>Services</b>	2 264	181	2 083

Source: Ministry of Education and Science

TABLE 2.7 GROSS ENROLMENT RATES BY LEVEL (%), 1989–2006

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>Pre-primary (ISCED 0) <sup>(1)</sup></b>	56.3	59.2	50.1	37.4	37.4	38.0	39.6	39.0	37.8	38.9	39.8	47.2	49.3	50.3	51.6	50.8	50.7	50.2
<b>Primary and lower secondary (ISCED 1+2) <sup>(2)</sup></b>	102.2	102.0	97.9	94.5	95.3	96.6	96.8	96.0	94.6	92.6	89.8	94.1	92.5	90.5	90.2	89.6	91.1	90.0
<b>Upper secondary (ISCED 3) <sup>(3)</sup></b>	78.8	82.3	61.8	50.4	44.9	40.7	38.6	39.4	41.3	42.1	41.7	44.9	48.4	50.3	53.1	62.3	64.7	68.1

(1) Percentage of population aged 3–5; (2) Data for 1989–1999 refer to children aged 7–14 and data since 2000 refer to children aged 6–14 – percentage of relevant population; (3) All programmes – percentage of population aged 15–18.

Source: TransMONEE

**TABLE 2.8 GROSS ENROLMENT RATES BY LEVEL AND GENDER (%), 1999–2004**

	1999	2000	2001	2002	2003	2004
<b>Pre-primary (ISCED 0)</b>						
<b>Female</b>	43.8	45.1	47.4	48.8*	48.8	48.7
<b>Male</b>	40.7	40.8	43.5		47.0	48.6
<b>Total</b>	42.2	42.9	45.4	46.7*	47.9	48.6
<b>Primary (ISCED 1)</b>						
<b>Female</b>	109.1	108.4	107.8	103.6	101.2	101.9
<b>Male</b>	110.4	108.8	106.5	105.5	102.0	102.4
<b>Total</b>	109.7	108.6	107.1	104.6	101.6	102.1
<b>Lower secondary (ISCED 2)</b>						
<b>Female</b>	99.9	99.3	101.6	98.4	101.4	98.9
<b>Male</b>	101.9	100.6	102.5	100.3	101.2	98.9
<b>Total</b>	100.9	100.0	102.0	99.4	101.3	98.9
<b>Upper secondary (ISCED 3)</b>						
<b>Female</b>	41.4	41.9	44.2	44.8*	51.0	53.9
<b>Male</b>	45.9	44.0	45.9	54.3*	54.7	58.4
<b>Total</b>	43.7	42.9	45.1	49.6*	52.9	56.2
<b>Secondary (ISCED 2+3)</b>						
<b>Female</b>	71.7	71.3	73.4	71.9*	76.3	76.4
<b>Male</b>	75.7	74.0	75.6	78.2*	78.6	79.0
<b>Total</b>	73.7	72.7	74.5	75.1*	77.5	77.7
<b>Tertiary (ISCED 5+6)</b>						
<b>Female</b>	18.0	18.6	19.2	19.6	19.9	23.4
<b>Male</b>	12.9	13.4	13.0	12.9	12.7	14.9
<b>Total</b>	15.6	16.1	16.2	16.3	16.4	19.3

\* UIS estimate.

Source: UNESCO Institute for Statistics

**TABLE 2.9 NUMBER OF STUDENTS COMPLETING PRIMARY AND SECONDARY EDUCATION, 2006/07**

		Pupils in Sep. 2006		Pupils in June 2007		Passed (June + make up exams)		% passed among June 2007 pupils	
		Total	Rural	Total	Rural	Total	Rural	Total	Rural
<b>Primary education</b>									
	<b>Public</b>	429 933	230 418	423 050	225 165	407 619	220 516	96.4	97.9
	<b>Private</b>	17 369	1 754	17 301	1 731	17 262	1 731	99.8	100.0
	<b>Total</b>	447 302	232 172	440 351	226 896	424 881	222 247	96.5	98.0
<b>Secondary education</b>									
<b>General</b>	<b>Public</b>	114 156	37 175	108 237	35 314	101 987	33 312	94.2	94.3
	<b>Private</b>	10 769	382	10 981	262	10 880	262	99.1	100.0
	<b>Total</b>	124 925	37 557	119 218	35 576	112 867	33 574	94.7	94.4
<b>Vocational</b>	<b>Public</b>	28 178	1 800	26 766	1 668	25 435	1 613	95.0	96.7
	<b>Private</b>	2 310	87	2 324	82	2 193	82	94.4	100.0
	<b>Total</b>	30 488	1 887	29 090	1 750	27 628	1 695	95.0	96.9
<b>Total</b>	<b>Public</b>	124 925	37 557	119 218	35 576	112 867	33 574	94.7	94.4
	<b>Private</b>	13 079	469	13 305	344	13 073	344	98.3	100.0
	<b>Total</b>	138 004	38 026	132 523	35 920	125 940	33 918	95.0	94.4

Source: Ministry of Education and Science

**TABLE 2.10 GRADUATES FROM TERTIARY EDUCATION BY FIELD OF STUDY, 2000 AND 2003**

	2000		2003	
	Total	Female	Total	Female
<b>Education</b>	1 892	1 513	1 899	1 651
<b>Humanities and arts</b>	549	376	590	456
<b>Social sciences, business and law</b>	1 302	722	1 276	845
<b>Science</b>	74	45	101	76
<b>Engineering, manufacturing and construction</b>	243	50	218	65
<b>Agriculture</b>	62	16	395	186
<b>Health and welfare</b>	539	401	587	435
<b>Services</b>	74	47	136	52
<b>All programmes</b>	4 735	3 170	5 202	3 766

Note: Science includes graduates in the following fields: life sciences, physical sciences, mathematics and statistics, and computing.

Source: UNESCO Institute for Statistics

**TABLE 2.11 LITERACY RATES, 2001 AND 2007**

		2001 <sup>(1)</sup>	2007 <sup>(2)</sup>
<b>Adult</b>	<b>Total</b>	98.7	99.0
	<b>Female</b>	98.3	98.8
	<b>Male</b>	99.2	99.3
<b>Youth</b>	<b>Total</b>	99.4	99.4
	<b>Female</b>	99.5	99.5
	<b>Male</b>	99.4	99.3

(1) Based on 2001 Census; (2) UIS estimates.  
Source: UNESCO Institute for Statistics

**TABLE 2.12 DROPOUT RATES IN UPPER SECONDARY EDUCATION, 2004/05 AND 2007/08**

	Total	Male	Female
<b>2004/05</b>	22.4	24.0	20.6
<b>2007/08</b>	19.6	23.1	15.9

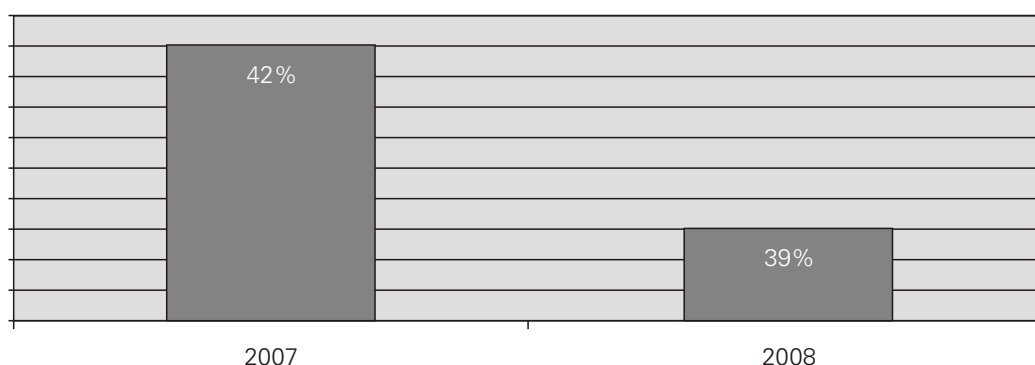
Source: Living Standards Measurement Survey

**TABLE 2.13 PERCENTAGE OF YOUNG PEOPLE AGED 18–24 WITH LOWER SECONDARY EDUCATION AT MOST<sup>1</sup>, 2008**

	Early school-leaving rate (%)
<b>EU 27</b>	14.9
<b>EU 2010 target</b>	10.0
<b>EU 2020 target</b>	10.0
<b>Albania (2007)</b>	39.0
<b>Serbia (2007)</b>	10.7
<b>Croatia</b>	3.7 (u)
<b>The former Yugoslav Republic of Macedonia</b>	19.6
<b>Turkey</b>	46.6

(1) Young people with ISCED 2 level at most who are not in further education or training; (u) = Unreliable data.  
Sources: Eurostat, Structural indicators; Serbia: Eurostat, Pocketbook on candidate and potential candidate countries;  
Albania: Labour Force Survey



**FIGURE 2.1 EARLY SCHOOL LEAVERS, 2007–08**

Source: Labour Force Survey

**Lifelong learning and continuing vocational training****TABLE 2.14 PARTICIPATION IN LIFELONG LEARNING FOR AGE GROUPS 25–64 AND 25–34 (% BY GENDER), 2007–08**

	2007			2008		
	Total	Male	Female	Total	Male	Female
<b>25–64</b>	2	2	2	2	2	3
<b>25–34</b>	4	4	4	4	4	5

Source: Labour Force Survey

**TABLE 2.15 PARTICIPATION IN LIFELONG LEARNING FOR 15+ AGE GROUP BY EDUCATIONAL ATTAINMENT AND GENDER, 2007–08**

	2007			2008		
	Total	Male	Female	Total	Male	Female
<b>Pre-primary (ISCED 0)</b>	910	192	718	2 241	353	1 888
<b>Primary (ISCED 1)</b>	9 191	5 231	3 960	23 601	11 805	11 796
<b>Lower secondary (ISCED 2)</b>	179 134	94 167	84 967	160 699	80 642	80 057
<b>Upper secondary (ISCED 3)</b>	107 522	44 164	63 358	99 391	42 641	56 750
<b>Upper secondary (ISCED 3) general</b>	96 862	39 159	57 703	85 938	36 330	49 608
<b>Upper secondary (ISCED 3) VET</b>	10 660	5 005	5 655	13 453	6 311	7 142
<b>First stage of tertiary education (ISCED 5)</b>	8 333	4 294	4 039	9 391	5 502	3 889
<b>All levels</b>	305 090	148 048	157 042	295 323	140 943	154 380

Source: Labour Force Survey

## Educational expenditure

**TABLE 2.16 EXPENDITURE ON EDUCATION AS PERCENTAGE OF GDP, 2003–08**

	2003	2004	2005	2006	2007	2008
<b>% of GDP</b>	3.1	3.2	3.2	3.2	3.3	3.5
<b>% of state budget</b>			11.4	10.8	11.1	10.8

Sources: 2003–04 data: INSTAT, Albania in figures 2007, 2007; 2005–08 data: INSTAT, Albania in figures 2009, October 2009

## Quality of education

**TABLE 2.17 PUPIL/TEACHER RATIO BY LEVEL OF EDUCATION, 2004–07**

	2004/05			2005/06			2006/07		
	Public	Private	Total	Public	Private	Total	Public	Private	Total
<b>ISCED 0</b>	21	18	21	20	17	20	20	17	20
<b>ISCED 1+2A</b>	18	12	18	18	11	17	17	11	17
<b>ISCED 3A–C</b>	22	9	20	23	9	21	23	10	21
<b>ISCED 5</b>	16	5	15	16	6	15	16	7	14
<b>Total</b>	19	11	18	18	10	18	18	10	18

Source: Ministry of Education and Science

**TABLE 2.18 PUPIL/TEACHER RATIO IN GENERAL EDUCATION AND VET, 2006/07**

	Public			Private			Total		
	Total	Female	Rural	Total	Female	Rural	Total	Female	Rural
<b>Total</b>	20	17	20	10	9	12	18	15	19
<b>General education</b>	21	19	19	10	10	17	20	18	19
<b>Vocational education</b>	16	10	25	8	5	6	15	9	22

Source: Ministry of Education and Science

**TABLE 2.19 GLOBAL COMPETITIVENESS, 2008–09**

	2008	2009
<b>Quality of education system</b>		
Rank	80	63
Number of countries involved	134	133
Score (range: 1–7)	3.3	3.7
Mean score	3.7	3.8
<b>Quality of maths and science education</b>		
Rank	62	59
Number of countries involved	134	133
Score (range: 1–7)	4.1	4.2
Mean score	4.1	4
<b>Extent of staff training</b>		
Rank	71	71
Number of countries involved	134	133
Score (range: 1–7)	3.8	3.9
Mean score	4.0	4.0

Source: World Economic Forum



# 3. KEY POLICY ISSUES, STRATEGIES AND CHALLENGES IN EMPLOYMENT

## 3.1 A WELL-FUNCTIONING LABOUR MARKET

### Emerging sectors have not made up for major job losses

Although promoting employment for both men and women was a political goal of the previous socialist regime, the privatisation and restructuring of companies that took place during the transition period were accompanied by major slumps in labour force participation and employment. Both the activity rate and employment rate have been declining since the 1990s. According to LFS 2008 data, the activity rate for the age group 15–64 years was 61.9% and the employment rate 53.8%, which is well below the EU 2010 target of 70% (see Tables 3.5 and 3.10 at the end of this chapter). Emerging sectors, such as the services sector, have not made up for previous employment capacities. To take the example of agriculture, most of the mainly small farms that resulted from the privatisation of agricultural land are unsuitable for the creation of new jobs. As a result of the lack of skills in modern agricultural production, the lack of machinery and other resources, internal migration and the lack of individuals interested in doing these jobs (they would rather seek better-paid harvesting jobs in Greece or Italy), many plots of land have been abandoned.

Key labour market data from 2007, when the first labour force survey (LFS) was undertaken, and from 2008 are summarised in Table 3.1 at the end of this chapter.

### The 'discouraged worker effect'

A study by Ekonomi and Filipi (2008), based on data from the 2005 Living Standards Measurement Survey (LSMS), used the 'standard' ILO definition of unemployment, according to which surveyed adults who are not employed must provide evidence of active job search in order to be classified as being part of the labour force and unemployed. In addition, Ekonomi and Filipi calculated data using a 'relaxed' definition under which individuals without jobs are also considered to be unemployed and included in the labour force, if they have not searched for work but would be willing to take a job in the next two weeks. In this way, using this second definition, Ekonomi and Filipi took into account the 'discouraged worker effect'. The results from the survey carried out with the same households in 2002 and 2005 are shown in Table 3.2 at the end of this chapter.

The differences between the data obtained using the standard and relaxed definitions are substantial for both the labour force participation rate and the unemployment rate. They illustrate that there is a high discouraged worker effect, which affects men and women alike.

### Stiff competition for jobs

There is stiff competition for jobs in both the public and private sectors. Obtaining public sector employment is often associated with personal connections and sometimes with corruption. Private sector jobs are also scarce, although many employers complain that they cannot find the workers they need because of the lack of appropriate skills, work experience and/or working attitudes (e.g. Shehaj et al., 2008; ILO and NES, 2009). One problem cited is the lack of local training facilities and programmes that would help individuals to upgrade their skills (Shehaj et al., 2008). Male employees predominate in private sector jobs involving manual work, such as construction.

### Registered unemployment declined as a result of restrictions on registering

The total number of registered unemployed people has been decreasing from its peak of 239 794 in 1999 until 2008, at which point it began to rise again to 144 799 at the end of 2009 (source: NES). This fall in the data is partly explained by the fact that many people who received a piece of agricultural land are no longer allowed to register with the employment service. Most of the land owners count as self-employed in agriculture, even if the pieces of land are very small and cannot sustain a family. Other people do not register because they are unaware of the services provided, face difficulties in reaching the nearest labour office or do not expect any support.

A labour market assessment carried out in northern Albania – an underdeveloped part of the country – cited the following as the main factors influencing employment (Shehaj et al., 2008):

- the structural changes resulting from transition;
- the absence of a connecting road infrastructure and of specific measures for local business development;
- the lack of economic relations with neighbouring regions;
- a very slow rate of private sector development.

## Benefits

Based on Government Decision No 631 dated 11 June 2009, unemployment benefit is ALL 6 340 (EUR 45) per month. This compares to the minimum wage of ALL 18 000 (EUR 129) per month specified in Government Decision No 522 dated 13 May 2009. There is also a social welfare scheme. The average amount of partial social (*ndihma ekonomike*) benefit is ALL 3 150 (EUR 22.50), while the full benefit is ALL 3 900 (EUR 28) per month. According to LFS data from the fourth quarter of 2009, 10 050 out of the 143 340 people who are registered unemployed received either unemployment or social welfare benefits (INSTAT).

## Active labour market policies have been launched, but their extent is limited

Four active labour market policies (ALMPs) exist. Both the budgets allocated and the number of participants involved in such measures are small, as Table 3.3 at the end of this chapter illustrates.

The target budgets set out in the Sectoral Strategy on Employment and Vocational Training included ALL 200 million for both 2008 and 2009. The target numbers of unemployed jobseekers to be employed and trained through employment promotion programmes in 2008 and 2009 amounted to 2 000–2 500 each, while the numbers attending vocational training courses were intended to reach 5 000 in 2008 and 5 500 in 2009 (MoLSAEO, 2007a, p. 45f).

Direct MoLSAEO funding of VTCs should also be taken into account; this amounted to ALL 117 075 000 (EUR 838 300) in 2008 and ALL 126 406 000 (EUR 905 300) in 2009<sup>15</sup>. Adding together the 2008 funds for both ALMPs and VTCs, the total budget for active measures amounted to ALL 329 075 000 (EUR 2 352 300) in 2008, or 0.03% of GDP at current prices<sup>16</sup>. The absolute amount of state funding for both ALMPs and VTCs decreased by 4.5% between 2008 and 2009.

The NES has proposed changes to the existing ALMPs, including an extension of the number of beneficiaries. However, this will be difficult to achieve in the context of a reduced state budget. The NES has recently carried out annual employers' surveys, the findings of which have to some extent been used to inform the planning of ALMPs, but not initial training provision.

A small number of municipalities have achieved good results through community works programmes carried out with support from a World Bank project to mobilise inactive beneficiaries of cash social assistance. The ILO is implementing a three-year Youth Employment and Migration programme, within the framework of which new active services have been piloted for young people in

regions most affected by unemployment. Thus, individual employment plans have been designed for the first time. A draft law on a tax on employment with a view to setting up a National Employment and Training Fund has been prepared. The first Regional Employment Fund was set up in Shkodër in July 2010, enabling measures to improve youth employment to be managed on a regional basis.

## NES supports training for vulnerable people

Both registered jobseekers and other adults can benefit from training offered by VTCs. Participants supported by the labour offices include vulnerable individuals, such as those with disabilities, Roma people, trafficked women and ex-prisoners (see Sections 2.2 and 4.3 for further details). The level of effectiveness in terms of integrating training participants into the labour market is perceived to be low, since training is short and, as the NES admits, quality is an issue. Training often lacks opportunities for the development of practical skills, and individuals face the same harsh competition for jobs once they have finished the course. However, in a recent positive example in Shkodër, the local VTC collaborated with a telemarketing company to train university graduates primarily, and 400 people were subsequently employed by this company. A draft law has been prepared to amend the existing law for training provided by VTCs. One of its aims is to link such training more closely with employment. The Training Department within NES stressed that VTCs have received little donor support to date. Exceptions include Swiss funding of a voucher scheme for participants, the development of a number of modules and teacher training, and the involvement of teachers from pilot VTCs in the EC CARDS VET 3 project.

## Performance objectives have been set for NES, but active policies have not been evaluated

The NES is given annual objectives, and reports to the MoLSAEO on progress against these indicators. As regards ALMPs, no in-depth evaluation has been undertaken to date. A manual on the design, monitoring and evaluation has been produced, staff have been trained and an evaluation exercise is planned for the near future. An inquiry among employers on the success of various programmes revealed that NES support to on-the-job training is greatly appreciated by companies. NES staff have been trained and guidelines issued on modern counselling services. Vacancies are being collated and a job-search website now exists. Counselling and job-matching services are offered by regional or local labour offices, with varying degrees of efficiency. Job clubs have been introduced on a pilot basis through the EC CARDS 2006 Strengthening the Labour Market project, for example in Fier.

<sup>15</sup> Source: NES.

<sup>16</sup> Unofficial data based on ETF calculations.

## Modernising labour offices is a major issue

While a great deal of donor support has focused on equipping the NES headquarters in Tirana and training its staff, the situation in regional labour offices, not to mention local labour offices, is rather bleak. For example, only a few of the regional labour offices have functioning computers. SIDA from Sweden has introduced computer hardware and software on a pilot basis in Tirana and Korçë and agreed to extend the project to other offices in forthcoming years. The software has different parts for dealing with data relating to jobseekers, employers and vacancies.

Challenges include the following:

- setting and monitoring feasible objectives in a National Employment Action Plan to which the entire government and social partners can feel committed;
- further modernisation of offices;
- cleaning registers, which are currently maintained by hand (this could be done within the framework of the SIDA project);
- identifying and reaching out to vulnerable people;
- offering preventive and targeted measures for the groups of unemployed people most in need.

There is also a need for diversified training courses, the training of teachers, better cooperation with employers, and coaching and support to promote self-employment.

## 3.2 FIGHTING THE GREY ECONOMY

While the informal sector is a major contributor to production and employment, it results in reduced tax revenues, brings about unfair competition and fails to provide security for employees.

### Informality is extensive, and includes non-registration and underreporting

The size of the informal economy in Albania is estimated to represent between 30% and 60% of GDP, including agriculture (Olters, 2003; Muço et al., 2004; Hoekman, 2009b). Christie and Holzner (2003) calculated the share of the informal sector in GDP to be 51%, based on the gap between actual and potential tax revenue.

Ekonomi and Filipi (2008, using LSMS 2005 data) calculated 'informal employment', defined as the number of wage employees who have no entitlement to social security benefits, to be at 42%. A November 2006 draft of the Social Inclusion Crosscutting Strategy 2007–2013 (final draft: MoLSAEO, 2007b) refers to around 55% of workers in the non-agricultural sector who are engaged in the informal economy, mostly in the construction sector, or in either self-employed or unpaid work. Estimates for the agricultural sector, where most people are self-employed and own-account workers, are even higher.

It has been argued (ILO, 2008) that part of the informal economy stems from the initial stage of transition, when the private sector developed much more rapidly than the legal and institutional setting that was to frame the market economy. Ruli (2003) argued that although informality runs deep in Albania, its nature varies according to certain main forms of economic activity, and there is often no strict dividing line between the formal and the informal sector.

- The activities of rural farmers account for a quarter of GDP, but do not contribute to the tax and social security scheme, since they are legally exempted by the government.
- Micro-businesses owned by individuals or families are mainly of a temporary nature and are often not registered.
- Small, medium or large enterprises may be registered, but may hide some of their turnover, their profits, the number of employees they have and their real wages (Ruli, 2003).

### The tax collection system is weak, but improvements have been made

Informal activities proliferate as a result of the weak tax collection system and an environment of bribery and corruption (Hoekman, 2009b). The sectors in which informal activities are widespread include trade, especially retail trade, transportation (goods and passengers), services, such as bars and restaurants, construction and other productive activities (Ruli, 2003).

The Albanian authorities have introduced a number of measures aimed at reducing the level of tax evasion among large companies. Enforcement of these laws, with the help of the EU and the International Monetary Fund, has brought some improvements (Haxhia et al., 2009). The challenge now is to obtain the same results for the SME sector without hampering its growth and leaving thousands of people without jobs. The ILO (2008b) has expressed a pessimistic view: 'although the legislative and regulatory measures undertaken by the government to reduce the extent of the informal economy seem to be gradually increased year by year, the enforcing mechanisms to combat the phenomenon are not sufficiently strengthened, nor are they used effectively and adequately' (p. 20).

## 3.3 JOB CREATION

Albania's macroeconomic indicators have been positive for a number of years (see Section 1.3). Nevertheless, economic growth has not been accompanied by a corresponding growth in employment. One of the reasons for this is the lack of a well-qualified labour force, which in turn is conditioned by the low level of productivity and a lack of competitive pressures on the one hand, and on the other the modest performance of the education and training system, which does not always provide the skills needed for a modern economy.



## Doing business has become easier

Doing business is becoming easier, as illustrated by Albania's improved ranking in the relevant World Bank indicators. In 2009 Albania ranked 86th out of 181 economies (World Bank, 2009), which represents a significant step forward compared to its 139th position in 2008, and makes Albania the fastest improver in the south east Europe region. The 'starting a business' and 'ease of doing business' sub-indices show Albania to be well ahead of neighbouring countries. Business can now be registered at a 'one-stop shop' in one day and at a cost of less than one euro. As from 1 January 2009, personal income tax and corporate tax have been lowered to 10%, and social and health contributions to 15%, compared to 20% previously. An online tax filing service is available in some cities. The permits and licensing system has been streamlined and is now centrally managed by the National Licensing Centre.

## Factors constraining job creation include business size and low levels of productivity and skills

On the sub-index for 'employing workers', Albania is only in 108th position. Most businesses are small and micro enterprises. They have a low capitalisation, they are born out of necessity rather than opportunity, and they are mainly concentrated in the trade sector (Sanfey et al., 2004), a low-skill part of the services sector. Around one third of employees work in family businesses. Many of these firms face barriers to growth, which in turn inhibit their contribution to job creation. Many businesses are looking for short-term gains, and lack marketing, sales and other management skills. In addition, the density of SMEs per thousand people is noticeably lower in Albania than, for example, in the former Yugoslav Republic of Macedonia (11.3 and 27.2, respectively) (Popova et al., 2007). Constraints on growth and job creation include an infrastructure that is still not fully developed – including in relation to energy, transport and communications – persisting land property issues, competition from the grey economy and a lack of effective SME and local development policies. Privatisation has mainly taken place before restructuring; only the latest privatisations of the telecommunications, energy and insurance sectors have been carried out after restructuring (Llaci et al., 2009).

## 3.4 YOUTH UNEMPLOYMENT

### Education for young people has been hampered by years of crisis

Albania has a demographically young population and, given current trends, is likely to continue to hold a comparative advantage over its neighbours in this regard. INSTAT (2004) predicts that the working-age population in Albania will increase by 5% annually over the course of this decade, and will represent two-thirds of the total population in 2015. However, Albania faces major

challenges in terms of harnessing this potential. The youth unemployment rate was 13.0% in 2008, which implies a slight improvement from 2007 (13.5%). The male rate in 2008 was 12.6%, while the female rate reached 13.7%.

The majority of young people looking for jobs today were born between 1985 and 1995, a period characterised by profound political and economic upheaval in Albania. One of the consequences was a noticeable increase in school dropout rates. Early school-leaving rates compiled for various countries illustrate the dilemma faced by Albania's youngest labour market generation.

Albania's early school leaving rate of 39% is high compared to EU and neighbouring countries (see Table 2.13 at the end of Chapter 2). As mentioned in Chapter 2, a number of factors had led to declining secondary enrolment rates in the early years of transition, although enrolments have recently gone up again. Very often the problem of low levels of education persists across generations. LSMS 2005 data reveal that parents who have completed only primary education do not have strong ambitions in respect of their children's education (Ekonomi and Filipi, 2008).

### Young females face disadvantages compared with young males in accessing the labour market

The activity rate among young people aged 15–24 years was 33.1%, while the employment rate was 24.1% (LFS 2008). The data also showed some gender differences. Young women who are part of the labour force accounted for 28.7% of the total young female population, while for young men the figure was 37.8%. This means that young women are less likely to be active and employed than young men. This is partly explained by the fact that young females stay longer in education. However, Ekonomi and Filipi also refer to 'the gender discriminatory patterns inherited from the patriarchal attitude of some Albanian families, where young women are brought up with an education that their future role in the society is limited to maternity and housekeeping' (2008, p. 19) (see also Section 3.7).

### Young people work in agriculture and fishing, as unpaid family members or in informal jobs

A disproportionate number of young people work in agriculture and forestry, especially in rural parts of the country, and in the fishing sector. This is not because these are dynamic sectors that create formal jobs, but rather 'because the other economic sectors have failed to offer better opportunities' (Ekonomi and Filipi, 2008, p. 11). The three sectors together accounted for 65% of youth employment, followed by the construction sector with around 10% and manufacturing with 6%. Young women find jobs primarily in manufacturing and the education sector. Almost 57% of young people work as unpaid family members. Youth self-employment is generally



concentrated in small trade, cafés and restaurants. Informal employment among young people is exceptionally high at almost 70% (Ekonomi and Filipi, 2008, using LSMS 2005 data).

### **University education and VET enhance prospects for employment**

Employment rates were higher for young people who had tertiary or upper secondary VET qualifications (42.5% and 31.3%, respectively), than for those with upper secondary general education (20.0%). Secondary general schools (gymnasias) prepare students for university rather than for labour market entrance. Although there are still a considerable number of university graduates who do not find a job, they enjoy relatively better job prospects. University education is also the precondition for most public sector jobs. These factors explain the rise in demand for university places and the sharp increase in enrolments since 2005. However, especially in areas outside the capital and in other urban settings, few young people are hired to perform qualified or skill-intensive jobs. This results in the paradoxical situation that a considerable number of young people with lower secondary education were employed (25.9%) or self-employed (source for all data: LFS 2008; see Table 3.11 at the end of this chapter).

### **Policies for better education and job creation are needed**

The fact that the capacities of young people are not being utilised, or are being underutilised, undermines Albania's socioeconomic potential. INSTAT (2004) warned that 'it is high time to pay attention to policies regarding young people, otherwise Albania risks losing a generation of its economy, mainly composed of the people born in the 1970s.

## **3.5 EMPLOYMENT AND UNEMPLOYMENT OF THE ELDER WORKFORCE**

### **People work longer, especially males and highly qualified individuals, but early retirement is not an option**

The activity rate for people aged 55–64 years was, at 48%, comparable with the EU-27 average of 45.6% in 2008. Roughly two-thirds (67.9%) of males but only a quarter of women (27.6%) in this age group were still active. Employment rates follow a similar pattern. Data show that, as a rule, the higher the education level, the higher the corresponding activity and employment rates. The unemployment rate in this age group was 8.2%; it was 8.4% for males and 7.8% for females (source for all

data: LFS 2008; see Tables 3.7, 3.12 and 3.18 at the end of this chapter).

Many Albanians do not consider early retirement as an option because incomes are low and pensions often insufficient to make a living. Traditionally, people were allowed to stay in jobs as long as they wished. A recent regulation introduced by the government that forces people in public sector jobs to leave when they have reached a certain age has met with widespread disapproval.

## **3.6 INACTIVE POPULATION AND LONG-TERM UNEMPLOYMENT**

### **There are high rates of inactivity and long-term unemployment, but effective policies are lacking**

The rate of inactivity in Albania was high at 38.1% in 2008, up from 34.8% in 2007 (source: LFS; see Table 3.5 at the end of this chapter). The proportion of unemployed people who stay on the register for more than 12 months is considerable, and amounted to 86.8% in 2007 (source: INSTAT), although there is not always a connection between being registered and seeking a job, as mentioned in Section 3.1.

Of all the long-term unemployed people surveyed in 2008, those with only basic education (eight or nine years of schooling) formed the largest group by far (50.5%), followed by upper secondary general education (26.6%), four- to five-year upper secondary vocational education (11.2%), tertiary education (8.2%) and three-year upper secondary vocational education (3.5%). The low figure for three-year upper secondary vocational education mirrors the low proportion of people with such a qualification in the population overall. There are no major differences in these patterns between males and females, except that the proportion of long-term unemployed females with only basic education was lower (source: LFS 2008; see Table 3.19 at the end of this chapter).

There are no strategies in place to activate inactive people, nor do effective measures exist to prevent people from falling into, or to assist them to get out of, long-term unemployment. In general, the employment service has very little to offer. An internet-based vacancy database is being built. Universal access will, however, be difficult because of the lack of internet availability, especially outside Tirana. Employers do not necessarily communicate their vacancies to the labour office, and both counselling activities and ALMPs are very limited in scale. The latter benefit mostly young people and their effectiveness in terms of labour market integration is considered to be low, as mentioned in Section 3.1.

## 3.7 FEMALE UNEMPLOYMENT

### Low female activity and employment rates

Both the female activity rate and the female employment rate were low in 2008, at 52.8% and 45.6% respectively. Of all the females employed, most were contributing family workers (48.8%), followed by wage employees (33.5%) and own-account workers (17.0%), with a very small proportion being employers (0.6%). The last of these figures highlights the need for specific measures to stimulate and support female entrepreneurship. The surveyed female unemployment rate went up from 12.2% in 2007 to 13.7% in 2008, which is comparable with the corresponding male rate of 12.6% (source for all data: LFS; see Tables 3.5, 3.10, 3.13 and 3.18 at the end of this chapter).

### Albanian women face considerable levels of exclusion

In general, women in Albania face significant levels of exclusion from political, social and economic spheres. Brunnbauer (2000) argued that emancipation in the past was little more than an emphasis on women's participation in paid employment. During the transition period the level of participation of women both in Albania's public life and in the labour market fell dramatically. With regard to the former, after the parliamentary elections in 2005, only 10 out of 140 members of parliament were women, while during the local elections in 2007 only 33 out of 1 073 mayoral candidates were women (OSCE/ODIHR, 2007). Discrimination extends to the workplace, where job opportunities for women are mostly restricted to the education, health and social services sectors. Many women work in the informal sector. On average their wages are around 35% less than those of men (UNDP, 2007; all quoted in Nixon, 2009).

### There are various reasons for female unemployment

Male unemployment has largely been mitigated by migration. However, male migration has not led to female labour substitution. Between 1989 and 2001, female unemployment increased by 110% (World Bank, 2007). Reasons for female unemployment include:

- the closure of state enterprises where women were previously employed;
- the role of women as sole caretakers of children, the elderly and the household, reflecting a patriarchal family model;
- mobility restrictions;
- the increase in job opportunities primarily in male-dominated occupations, such as in construction and trade.

The situation is more difficult for women in rural or remote areas, where basic services, such as electricity, running water, and health and social services, are often unavailable.

### Gender equality requires more comprehensive action

The UN and bilateral development agencies, along with local organisations such as the Gender Alliance for Development, are trying to raise awareness about and work towards gender equality by undertaking analyses and campaigns, by training teachers and by revising textbooks. However, these measures need to be extended to cover more areas in order to bring about a real change (see also Section 4.3).

## 3.8 INSTITUTIONAL CAPACITIES IN THE EMPLOYMENT POLICY FIELD

### National capacities for employment policy have recently been strengthened...

The MoLSAEO is in charge of legislation and policy on employment. In addition, this ministry sponsors the network of VTCs that offer, under contract to the NES, short-term training to people aged 16 years and over.

The Albanian employment service is a relatively new structure, with headquarters (45 staff) in Tirana. The service supervises the management of all passive and active labour market measures. The capacities and resources available in the ministry and the agency responsible for the design, implementation, monitoring and evaluation of policies in the field of employment promotion have recently been strengthened. During the second half of 2009 a great deal of staff training on the new assignments was organised for all 36 offices. The EC CARDS 2006 project concentrated on counselling services and the training of eight job club leaders, and the ILO supported training on monitoring and evaluation.

### ... but the capacities of most regional and local labour offices are weak

The NES comprises a network of 12 Regional Employment Offices currently employing 183 people and 24 Local Employment Offices employing 126 people in total. Many offices are poorly staffed and equipped, and this prevents them from offering better services. On average, offices have three to seven staff members, and a total of 309 staff in the country deal with more than 144 000 registered unemployed people, a ratio of 1 : 466.

Labour office staff spend a great deal of their time on paper work, issuing individuals with certificates that are required by public institutions, such as licences, passports

and certificates for obtaining medicine. In order to obtain such documents, individuals are obliged to register with the office. This does not mean that they are actively looking for a job. The NES admits that there is a need for a better procedure for registering only jobseekers. This would also allow for a better targeting of ALMPs. While NES staff have benefitted from numerous training opportunities, a major capacity-building effort is now needed at the points of delivery for employment services, i.e. in regional and local labour offices. One constraint is the high staff turnover in public offices, mainly following elections.

### **Social partners are involved in the Labour Council and the NES governing board, but have yet to become true partners**

The 1995 Law on Employment Promotion, as amended in 2002 and 2006, defined the establishment of the Tripartite Administrative Council as a governing body of the NES, as well as Regional Administrative Councils. The former body is chaired by the labour minister and is composed of representatives from six other ministries, three representatives from employees' organisations and three from employers' organisations.

The 1996 Labour Code established the tripartite National Labour Council as an advisory body to the MoLSAEO. Composed of seven ministry representatives and ten members each from employees' and employers' organisations, the National Labour Council convened for the first time in 1997. The social partners consider both the first tripartite agreement on the minimum wage and the Sectoral Strategy on Employment and Vocational Training 2007–2013 (MoLSAEO, 2007a), which were produced following a great deal of debate, as good

examples of the functioning of the National Labour Council. However, there has been general criticism that government institutions do not always consult the social partners. Legal acts are, as a rule, adopted without prior consultation.

Despite the existence of various consultative bodies, the role and capacities of the social partners in employment policy and human resources development in Albania are generally considered to be weak, particularly at sub-national levels. The social partners still do not realise the contributions they ought to be making to achieving the ambitious policy objectives and targets, as set out in the Sectoral Strategy on Employment and Vocational Training 2007–2013 (MoLSAEO, 2007a) (see Section 6.2 for further details). In order to improve the situation, the social dialogue actors have recommended the following:

- 'improvements to the legal framework, reflecting international conventions;
- increasing the efficiency of social dialogue at all levels;
- improving the functioning of the National Labour Council, its organisation, autonomy, further extension of consultations, as well as increase in the level of management.

Concretely, the following proposals are made:

- institutionalisation of the sectoral dialogue, through the creation of common points, mainly for industrial relations; education and health;
- improvement of the functioning of the consultative councils, at regional and local levels, through the expansion of the consultancy field and the assignment of the technical structures of management;
- expansion of syndicalism in the private sector' (MoLSAEO, 2007a, p. 44).

## TABLES

**TABLE 3.1 ACTIVITY, EMPLOYMENT AND UNEMPLOYMENT RATES BY GENDER, 2007–08**

%	Activity rate			Employment rate			Unemployment rate		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
<b>2007</b>	74.4	56.2	65.2	63.6	49.3	56.4	14.4	12.2	13.5
<b>2008</b>	72.1	52.8	61.9	63.0	45.6	53.8	12.6	13.7	13.0

Source: INSTAT, Labour Force Survey 2007 and 2008

**TABLE 3.2 KEY LABOUR MARKET INDICATORS, 2005**

%	Total		Male		Female	
	Standard	Relaxed	Standard	Relaxed	Standard	Relaxed
<b>Labour force participation rate</b>	36.6	43.7	41.5	49.8	32.1	38.1
<b>Unemployment rate</b>	12.8	27.0	14.4	28.7	11.0	25.0
<b>Employment rate</b>	31.9		33.5		28.6	
<b>Share of long-term unemployment</b>	80.5		79.9		81.3	

Source: INSTAT, Living Standards Measurement Survey 2005 data using standard and relaxed definitions; elaborated by Ekonomi and Filipi, 2008

**TABLE 3.3 ACTIVE LABOUR MARKET POLICIES: BUDGETS AND NUMBER OF PARTICIPANTS, 2008–09**

Programme		State funds rounded to thousand ALL (to EUR)		Number of unemployed individuals involved	
		2008	2009	2008	2009
<b>VKM 632</b>	Subsidised employment for females in difficulty	49 300 (353 000)	26 000 (186 000)	456	407
<b>VKM 873</b>	Work placements for university graduates	17 900 (128 000)	17 000 (122 000)	302	354
<b>VKM 47</b>	Subsidised on-the-job training	131 300 (940 000)	117 000 (838 000)	1 180	1 234
<b>VKM 48</b>	Training for people in need (at VTCs)	13 000 (93 000)	28 000 (200 500)	250	347
<b>Total</b>		212 000 (1 514 000)	188 000* (1 346 500)	2 188	2 342
<b>Total number of registered unemployed (NES)</b>					144 799
<b>Coverage (%)</b>					1.62

\* Corrected by the authors; the figure given by the MoLSAEO was 200 000.  
Source: Ministry of Labour, Social Affairs and Equal Opportunities

**TABLE 3.4 ACTIVITY RATES BY GENDER, 1995–2006**

%	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>Total</b>	71.9	68.9	69.9	69.9	68.3	66.2	62.1	61.8	59.6	58.8	54.2	53.7
<b>Male (15–64)</b>	84.6	82.1	85.6	85.0	82.7	77.7	74.4	74.0	70.5	69.9	63.8	65.3
<b>Female (15–59)</b>	59.1	55.5	54.3	54.8	53.9	54.6	49.3	49.1	46.7	47.2	44.1	43.6

Source: ETF calculation based on INSTAT Labour Force Balance Data

**TABLE 3.5 ACTIVITY RATES BY EDUCATIONAL LEVEL AND GENDER FOR 15–64 AGE GROUP, 2007–08**

%	2007			2008		
	Total	Male	Female	Total	Male	Female
<b>Primary or lower</b>	45.7	55.2	38.9	34.4	46.3	26.1
<b>Lower secondary (ISCED 2)</b>	63.8	70.9	57.4	59.2	68.8	51.4
<b>Upper secondary (ISCED 3) general</b>	59.1	73.2	46.0	59.5	72.5	47.4
<b>Upper secondary (ISCED 3) VET</b>	79.2	87.9	65.9	76.6	84.8	65.8
<b>First stage of tertiary education (ISCED 5)</b>	83.7	84.1	83.4	85.8	86.3	85.4
<b>All levels</b>	65.2	74.4	56.2	61.9	72.1	52.8

Source: Labour Force Survey

Data provided in Tables 3.4 and 3.5 are not comparable due to differences in measurement. From 2007 onwards only data from the LFS will be used which follows Eurostat methodology.

**TABLE 3.6 ACTIVITY RATES BY EDUCATIONAL LEVEL AND GENDER FOR 15–24 AGE GROUP, 2007–08**

%	2007			2008		
	Total	Male	Female	Total	Male	Female
<b>Primary or lower</b>	24.4	20.9	30.0	14.6	15.7	13.5
<b>Lower secondary (ISCED 2)</b>	40.5	44.1	36.7	32.7	36.0	29.3
<b>Upper secondary (ISCED 3) general</b>	35.1	46.6	24.3	29.9	41.2	19.7
<b>Upper secondary (ISCED 3) VET</b>	55.4	68.2	38.6	45.5	56.2	28.0
<b>First stage of tertiary education (ISCED 5)</b>	74.1	68.8	76.3	82.0	79.5	83.1
<b>All levels</b>	39.8	44.9	34.7	33.1	37.8	28.7

Source: Labour Force Survey

**TABLE 3.7 ACTIVITY RATES BY AGE AND GENDER, 2007–08**

%	2007			2008		
	Total	Male	Female	Total	Male	Female
<b>15–64</b>	65.2	74.4	56.2	61.9	72.1	52.8
<b>15–24</b>	39.8	44.9	34.7	33.1	37.8	28.7
<b>25–34</b>	78.4	89.1	68.6	71.5	86.9	60.4
<b>35–44</b>	83.4	93.0	74.5	82.1	91.4	74.9
<b>45–54</b>	80.3	90.4	69.9	79.0	89.1	69.2
<b>55–64</b>	50.7	67.5	33.3	48.0	67.9	27.6

Source: Labour Force Survey

**TABLE 3.8 EMPLOYMENT RATES BY GENDER, 1995–2006**

%	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>Total</b>	62.5	60.3	59.5	57.5	55.7	55.1	51.9	52.1	50.7	50.3	46.5	46.3
<b>Male (15–64)</b>	74.7	72.6	73.7	71.5	69.1	66.0	63.8	63.9	61.4	61.2	56.1	57.6
<b>Female (15–59)</b>	50.2	47.9	45.3	43.4	42.3	44.1	39.4	39.7	38.3	39.0	36.5	36.2

Source: ETF calculation based on INSTAT Labour Force Balance Data

**TABLE 3.9 EMPLOYMENT GROWTH (ANNUAL % CHANGE), 1996–2006**

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>Total</b>	-1.9	-0.8	-2.0	-1.8	0.3	-13.9	0.0	0.7	0.5	0.1	0.3
<b>Male</b>	-1.2	1.2	-1.2	-2.2	-3.0	-9.8	-0.2	0.3	-0.2	-0.3	0.3
<b>Female</b>	-3.1	-3.9	-3.3	-1.2	5.7	-19.9	0.3	1.2	1.7	0.8	0.3

Source: ETF calculation based on INSTAT Labour Force Balance Data

**TABLE 3.10 EMPLOYMENT RATES BY EDUCATION AND GENDER FOR 15–64 AGE GROUP, 2007–08**

%	2007			2008		
	Total	Male	Female	Total	Male	Female
<b>Primary or lower</b>	41.5	46.9	37.6	30.3	40.7	23.1
<b>Lower secondary (ISCED 2)</b>	56.8	61.2	52.7	52.4	60.2	46.0
<b>Upper secondary (ISCED 3) general</b>	46.3	58.8	34.6	48.8	61.5	37.0
<b>Upper secondary (ISCED 3) VET</b>	69.9	78.8	56.4	67.1	74.8	57.1
<b>First stage of tertiary education (ISCED 5)</b>	71.0	71.3	70.7	75.3	78.2	72.5
<b>Second stage of tertiary education (ISCED 6)</b>				67.7	80.8	60.4
<b>All levels</b>	56.4	63.6	49.3	53.8	63.0	45.6

Source: Labour Force Survey

Data provided in Tables 3.8 and 3.10 are not comparable due to differences in measurement. From 2007 onwards, only data from the LFS will be used which follows Eurostat methodology.

**TABLE 3.11 EMPLOYMENT RATES BY EDUCATION AND GENDER FOR 15–24 AGE GROUP, 2007–08**

%	2007			2008		
	Total	Male	Female	Total	Male	Female
<b>Primary or lower</b>	17.6	14.6	22.5	9.2	9.4	9.1
<b>Lower secondary (ISCED 2)</b>	34.3	36.0	32.6	25.9	27.4	24.5
<b>Upper secondary (ISCED 3) general</b>	24.4	32.4	16.9	20.0	28.7	12.0
<b>Upper secondary (ISCED 3) VET</b>	45.0	55.2	31.5	31.3	39.8	17.4
<b>First stage of tertiary education (ISCED 5)</b>	50.1	31.4	57.9	42.5	50.6	38.9
<b>All levels</b>	31.8	34.7	29.0	24.1	27.5	20.9

Source: Labour Force Survey

**TABLE 3.12 EMPLOYMENT RATES BY AGE AND GENDER, 2007–08**

%	2007			2008		
	Total	Male	Female	Total	Male	Female
<b>15–64</b>	56.4	63.6	49.3	53.8	63.0	45.6
<b>15–24</b>	31.8	34.7	29.0	24.1	27.5	20.9
<b>25–34</b>	65.7	72.6	59.3	60.0	71.7	51.6
<b>35–44</b>	74.8	84.1	66.2	73.2	83.6	65.2
<b>45–54</b>	71.6	80.6	62.3	71.7	81.0	62.7
<b>55–64</b>	46.6	60.9	31.8	44.0	62.2	25.5

Source: Labour Force Survey

**TABLE 3.13 EMPLOYMENT RATES BY EMPLOYMENT STATUS AND GENDER FOR 15–64 AGE GROUP, 2007–08**

%	2007			2008		
	Total	Male	Female	Total	Male	Female
<b>Wage employee</b>	34.6	38.7	29.5	40.3	45.8	33.5
<b>Employer</b>	2.6	4.2	0.6	1.8	2.7	0.6
<b>Own-account worker</b>	34.4	42.6	24.1	28.2	37.3	17.0
<b>Contributing family worker</b>	28.3	14.5	45.8	29.7	14.2	48.8
<b>Total</b>	100	100	100	100	100	100

Source: Labour Force Survey

**TABLE 3.14 TOTAL EMPLOYMENT BY ECONOMIC ACTIVITY (NACE), 2005–08**

%	2005	2006	2007	2008
<b>Total</b>	100	100	100	100
<b>Agriculture, forestry and fishing</b>	58	58	48	45
<b>Industry</b>	8	8	9	9
<b>Construction</b>	6	6	8	8
<b>Trade</b>	7	7	11	12
<b>Transport and communication</b>	2	2	4	4
<b>Others</b>	19	19	20	22

Source: INSTAT, Indicators by prefectures 2007–08

**TABLE 3.15 EMPLOYEES BY TYPE OF WORKING TIME AND GENDER FOR 15–64 AGE GROUP, 2007–08**

%	2007			2008		
	Total	Male	Female	Total	Male	Female
<b>Total</b>	100	100	100	100	100	100
<b>Full-time</b>	95.2	94.3	96.8	96.2	95.4	97.5
<b>Part-time</b>	4.8	5.7	3.2	3.8	4.6	2.5

Source: Labour Force Survey



**TABLE 3.16 EMPLOYMENT BY PERMANENCE OF THE JOB AND BY GENDER FOR 15–64 AGE GROUP, 2007–08**

%	2007			2008		
	Total	Male	Female	Total	Male	Female
<b>Total</b>	100	100	100	100	100	100
<b>Permanent job</b>	89.9	92.2	86.1	94.4	95.5	92.5
<b>Temporary job</b>	10.1	7.8	13.9	5.6	4.5	7.5

*Note: For temporary and permanent jobs the figures refer only to the employees.  
Source: Labour Force Survey*

**TABLE 3.17 UNEMPLOYMENT RATES BY GENDER, 1995–2006**

%	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>Total</b>	13.1	12.4	14.9	17.8	18.4	16.8	16.4	15.8	15.0	14.4	14.1	13.8
<b>Male</b>	11.7	11.5	13.9	15.8	16.4	15.0	14.2	13.6	12.9	12.4	12.1	11.9
<b>Female</b>	15.0	13.7	16.6	20.9	21.4	19.3	19.9	19.1	18.2	17.5	17.2	16.8

*Source: ETF calculation based on INSTAT Labour Force Balance Data*

**TABLE 3.18 UNEMPLOYMENT RATES BY EDUCATIONAL LEVEL, AGE AND GENDER FOR 15–64 AGE GROUP, 2007–08**

%	2007						2008					
	8–9 years school	Upper secondary vocational 2–3 years	Upper secondary vocational 4–5 years	Upper secondary general	Tertiary/ university	Total	8–9 years school	Upper secondary vocational 2–3 years	Upper secondary vocational 4–5 years	Upper secondary general	Tertiary/ university	Total
<b>Total</b>												
<b>15–64</b>	10.9	16.4	10.8	21.6	15.2	13.5	11.6	18.0	11.2	18.0	12.6	13.0
<b>15–24</b>	15.6	25.7	16.4	30.5	32.1	20.1	21.3	56.5	23.0	33.3	47.8	27.2
<b>25–34</b>	13.0	19.2	11.4	22.8	22.1	16.3	16.1	30.3	16.6	18.9	11.7	16.1
<b>35–44</b>	7.5	8.8	12.5	17.0	7.7	10.3	8.8	19.9	11.1	15.4	8.6	10.8
<b>45–54</b>	10.3	18.6	8.5	16.0	8.0	10.9	8.9	8.8	8.6	12.7	5.1	9.2
<b>55–64</b>	6.0	15.2	8.9	20.0	8.4	8.1	5.9	14.1	12.4	13.8	7.7	8.2
<b>Male</b>												
<b>15–64</b>	13.9	16.1	9.1	19.6	15.2	14.4	12.5	17.7	10.5	15.2	9.6	12.6
<b>15–24</b>	18.8	28.7	15.9	30.5	54.4	22.8	24.7	61.3	17.6	30.3	36.4	27.1
<b>25–34</b>	18.3	26.5	8.2	18.8	28.4	18.5	19.2	27.0	22.5	16.6	10.7	17.6
<b>35–44</b>	8.5	3.7	11.0	14.9	2.6	9.6	7.0	18.3	7.1	12.0	7.4	8.6
<b>45–54</b>	12.6	18.4	5.8	13.4	7.9	10.9	9.4	7.1	8.8	10.0	5.8	9.0
<b>55–64</b>	7.7	17.7	11.1	18.6	10.1	9.8	6.9	13.9	12.9	8.5	7.5	8.4
<b>Female</b>												
<b>15–64</b>	7.7	17.0	14.0	24.7	15.3	12.2	10.6	18.7	12.3	22.0	15.6	13.7
<b>15–24</b>	11.7	20.3	17.5	30.7	23.5	16.6	17.3	33.7	38.7	39.0	52.6	27.2
<b>25–34</b>	7.0	0.0	16.8	28.6	17.1	13.6	12.9	39.0	10.5	21.9	12.4	14.6
<b>35–44</b>	6.5	33.1	15.4	19.6	13.9	11.1	10.3	22.8	15.9	19.0	9.6	12.9
<b>45–54</b>	7.9	19.2	13.1	20.2	8.2	10.9	8.3	11.9	8.3	16.9	4.3	9.4
<b>55–64</b>	3.3	0.0	0.9	23.1	0.0	4.5	3.8	14.7	10.6	26.9	8.4	7.8

Source: Labour Force Survey

Data provided in Tables 3.17 and 3.18 are not comparable due to differences in measurement. From 2007 onwards, only data from the LFS will be used which follows Eurostat methodology.

## Labour market inclusion and activation policies

TABLE 3.19 LONG-TERM UNEMPLOYMENT BY AGE, EDUCATIONAL LEVEL AND GENDER, 2007–08

%	2007						2008					
	8–9 years schooling	Upper secondary vocational 2–3 years	Upper secondary vocational 4–5 years	Upper secondary general	Tertiary/ university	Total	8–9 years schooling	Upper secondary vocational 2–3 years	Upper secondary vocational 4–5 years	Upper secondary general	Tertiary/ university	Total
<b>Total</b>												
<b>15–64</b>	47.4	3.0	11.1	29.5	9.0	100.0	50.5	3.5	11.2	26.6	8.2	100.0
<b>15–24</b>	12.2	0.4	0.7	7.2	1.0	21.6	11.4	0.6	0.7	5.2	2.2	20.1
<b>25–34</b>	14.3	0.3	2.1	9.9	4.7	31.3	11.2	0.5	1.3	5.7	2.6	21.4
<b>35–44</b>	8.4	0.5	4.7	6.5	1.4	21.5	10.8	0.9	3.8	7.7	1.4	24.5
<b>45–54</b>	9.9	1.7	2.5	4.9	1.1	20.2	12.6	0.8	3.3	6.4	0.9	24.1
<b>55–64</b>	2.5	0.1	1.1	1.0	0.8	5.5	4.5	0.6	2.0	1.7	1.1	10.0
<b>Male</b>												
<b>15–64</b>	52.6	3.2	10.4	26.1	7.6	100.0	54.1	4.0	10.7	24.6	6.6	100.0
<b>15–24</b>	14.1	0.4	0.8	7.3	0.8	23.4	14.1	1.0	0.8	5.9	0.6	22.4
<b>25–34</b>	18.5	0.5	1.3	8.5	4.0	32.8	13.6	0.7	1.6	6.0	1.7	23.6
<b>35–44</b>	6.5	0.1	5.0	4.7	0.5	16.8	7.1	0.8	2.0	5.8	1.5	17.1
<b>45–54</b>	10.3	2.0	1.7	4.2	1.1	19.2	12.5	0.7	2.9	5.4	0.9	22.4
<b>55–64</b>	3.2	0.2	1.8	1.4	1.3	7.8	6.8	0.9	3.4	1.5	1.9	14.5
<b>Female</b>												
<b>15–64</b>	39.7	2.8	12.1	34.5	11.0	100.0	46.6	3.0	11.8	28.7	9.9	100.0
<b>15–24</b>	9.4	0.5	0.7	7.0	1.4	19.0	8.5	0.2	0.7	4.3	3.8	17.5
<b>25–34</b>	8.1	0.0	3.2	12.0	5.7	29.1	8.7	0.4	1.0	5.3	3.5	19.0
<b>35–44</b>	11.1	0.9	4.3	9.2	2.7	28.3	14.6	1.1	5.7	9.7	1.3	32.4
<b>45–54</b>	9.5	1.3	3.8	5.9	1.2	21.7	12.7	0.9	3.8	7.4	1.0	25.8
<b>55–64</b>	1.5	0.0	0.1	0.5	0.0	2.0	2.1	0.3	0.6	2.0	0.3	5.2

Source: Labour Force Survey

**TABLE 3.20 AVERAGE MONTHLY WAGE AND OFFICIAL MINIMUM WAGE IN THE PUBLIC SECTOR, 1995–2008**

(in ALL)	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Average monthly wage</b>	6 406	8 638	9 559	11 509	12 708	14 963	17 218	19 659	21 325	24 393	26 808	28 822	33 750	36 537
<b>Official minimum wage</b>	3 400	4 400	4 400	5 800	6 380	7 000	7 580	9 400	10 060	10 080	11 800	14 000	16 100	

*Note: Not available by gender.  
Source: Administrative data*

**TABLE 3.21 GENDER GAP INDEX 2009**

Year	Rank <sup>1</sup>	Score <sup>2</sup>
<b>2009</b>	92	0.6601
<b>2009 among 2008 countries</b>	90	
<b>2008</b>	87	0.6591
<b>2007</b>	66	0.6685
<b>2006</b>	61	0.6607

*(1) Out of 134 countries; (2) 0 = Inequality; 1 = Equality.  
Source: World Economic Forum*

**TABLE 3.22 GENDER GAP SUB-INDEXES 2009**

Sub-index	Rank <sup>1</sup>	Score <sup>2</sup>
<b>Economic participation and opportunity</b>	64	0.6532
<b>Educational attainment</b>	73	0.9906
<b>Health and survival</b>	122	0.9553
<b>Political empowerment</b>	125	0.0413

*(1) Out of 134 countries; (2) 0 = Inequality; 1 = Equality.  
Source: World Economic Forum*

## Public employment services (PES)

TABLE 3.23 REGISTERED UNEMPLOYED BY EDUCATIONAL LEVEL, AGE AND GENDER, 1995–2007

	Total registered unemployed			Registered unemployed by education			Registered unemployed by age group		
	Total	Male	Female	With primary education	With secondary education	With university education	15–19	21–34	35+
<b>1995</b>	171 001	91 425	79 576	82 717	84 584	3 700	20 701	78 069	72 231
<b>1996</b>	158 155	88 025	70 130	78 069	76 957	3 129	17 859	71 923	68 373
<b>1997</b>	193 526	108 962	84 564	94 664	93 702	5 160	23 565	88 961	81 000
<b>1998</b>	235 037	127 066	107 971	111 997	117 086	5 954	32 227	104 879	97 931
<b>1999</b>	239 794	129 723	110 071	114 834	117 973	6 987	30 932	109 268	99 594
<b>2000</b>	215 085	113 166	101 919	104 604	104 615	5 866	26 737	97 724	90 624
<b>2001</b>	180 513	95 093	85 420	89 309	87 097	4 107	12 868	84 802	82 843
<b>2002</b>	172 385	91 059	81 326	87 297	82 267	2 821	13 410	78 353	80 622
<b>2003</b>	163 030	85 905	77 125	86 910	73 541	2 579	12 609	73 396	77 025
<b>2004</b>	157 008	82 115	74 893	84 066	70 219	2 723	11 434	66 473	79 101
<b>2005</b>	153 250	79 219	74 031	81 845	68 563	2 842	11 060	63 910	78 280
<b>2006</b>	149 794	77 643	72 151	81 276	65 146	3 372	11 247	60 116	78 431
<b>2007</b>	142 871	73 050	69 821	77 009	62 531	3 331	10 616	55 940	76 315

Source: INSTAT

**TABLE 3.24 REGISTERED UNEMPLOYED: BENEFITS AND LONG-TERM UNEMPLOYMENT, 1995–2007**

<b>Year</b>	<b>Total registered unemployment</b>	<b>With unemployment benefit</b>	<b>Long-term unemployment</b>	<b>Total registered unemployment (%)</b>	<b>With unemployment benefit (%)</b>	<b>Long-term unemployment (%)</b>
<b>1995</b>	171 001	46 132	124 353	100	27.0	72.7
<b>1996</b>	158 155	37 654	120 252	100	23.8	76.0
<b>1997</b>	193 526	30 937	162 589	100	16.0	84.0
<b>1998</b>	235 037	24 625	209 327	100	10.5	89.0
<b>1999</b>	239 794	22 486	216 302	100	9.4	90.2
<b>2000</b>	215 085	21 894	192 724	100	10.2	89.6
<b>2001</b>	180 513	14 322	165 656	100	7.9	91.8
<b>2002</b>	172 385	11 184	160 466	100	6.5	93.1
<b>2003</b>	163 030	11 276	150 992	100	6.9	92.6
<b>2004</b>	157 008	11 125	144 959	100	7.0	92.3
<b>2005</b>	153 250	10 306	142 143	100	6.7	92.7
<b>2006</b>	149 794	11 137	137 049	100	7.4	91.5
<b>2007</b>	142 871	11 137	123 943	100	7.8	86.8

Source: INSTAT

## 4. KEY POLICY ISSUES, STRATEGIES AND CHALLENGES IN SOCIAL INCLUSION

Albania's impressive 7.1% annual real GDP growth between 1998 and 2008, along with an increase in wages and pensions between 2005 and 2008, has been accompanied by a massive reduction in poverty. The absolute poverty rate fell from 25.4% in 2002 to 18.5% in 2005 and to 12.4% in 2008, lifting nearly half of those who were poor in 2002 out of poverty by 2008. This means that Albania has already achieved its first Millennium Development Goal of cutting the poverty rate to 13.0% by 2015. The extreme poverty rate decreased from around 5.0% to 3.5% (INSTAT, UNDP and World Bank, 2009). Poverty reduction has been most significant in Tirana, other urban centres and the rural areas of the central and coastal regions, while poverty rates in the mountainous areas have seen only a negligible reduction. In addition, Albania's Human Development Index (HDI), which combines GDP with life expectancy, literacy and educational attainment, has shown considerable improvement: the country moved from 95th in 2000 to 70th in 2007 out of 182 countries in the world (UNDP, 2009), and now finds itself close to neighbouring countries (Montenegro is 65th, Serbia 67th, the former Yugoslav Republic of Macedonia 72nd and Bosnia and Herzegovina 76th). Tirana, however, has a much higher HDI score than, for example, Albania's mountainous areas.

### 4.1 POLICY INITIATIVES AND PROGRAMMES FOR VULNERABLE GROUPS

The Social Inclusion Crosscutting Strategy 2007–2013 (MoLSAEO, 2007b) mentions the following vulnerable groups and areas for special attention:

- children and young people at risk;
- Roma and Balkan-Egyptian people;
- individuals with disabilities;
- elderly people;
- women and victims of domestic violence.

#### Children and young people at risk

In 2005 there were 245 000 children in Albania living in absolute poverty (source: LSMS 2005), though this represented a decrease of 34% on the figure for 2002. The strategy notes that 'these children live in the most

deprived communities, some in remote villages and others on the edges of major cities. They include Roma children, children lacking parental care, handicapped children, trafficked children and children working on the street. Children who are not necessarily poor also face exclusion on the basis of gender, ethnicity or disability' (MoLSAEO, 2007b, p. 32).

According to the State Social Service, 2 275 children in Albania were in institutional care in 2006. Amnesty International<sup>17</sup> holds that poverty remains the main reason for placing children in orphanages. Moreover, the Albanian state continues to fulfil its obligations under the law requiring that (adult) orphans be provided with housing and employment. Those who have nowhere to go once they have completed their education are sometimes allowed to remain in student dormitories. The Council of Europe Development Bank has co-funded a social rental housing programme in Tirana and Durrës. However, thousands of vulnerable and homeless families will be competing for these apartments, which have income criteria that orphans will be unable to meet.

#### Roma and Balkan-Egyptian people

Most of the 80 000–150 000 Roma people<sup>18</sup> live below the poverty line. De Soto et al. (2005) conducted a major study on the living conditions of the Roma people in Albania, and this pointed to problems of low levels of education, poverty, unemployment, poor living conditions, inadequate health care and high levels of human trafficking and prostitution as a means of coping with poverty.

#### Elderly people and those with disabilities

A national strategy for people with disabilities was approved in 2005. It places a strong emphasis on measures to prevent disabilities, starting from early childhood, and on rehabilitation and integration. There has been a rapid expansion of the number of recipients of the disability benefit in recent years, and this could be explained by the migration of individuals to urban areas where disability is more visible and state schemes are better known. However, while state disbursements have been increasing for people with disabilities, there has not been an integrated and sustained approach aimed at rehabilitation (MoLSAEO, 2007b). Rehabilitation measures

<sup>17</sup> See [www.amnesty.org/en/library/asset/EUR11/005/2009/en/6854b703-42c5-43ad-930b-b9347a8e6738/eur110052009en.pdf](http://www.amnesty.org/en/library/asset/EUR11/005/2009/en/6854b703-42c5-43ad-930b-b9347a8e6738/eur110052009en.pdf)

<sup>18</sup> Numbers are estimates and fluctuate seasonally.

are generally weak. Once on benefits, recipients are likely to remain in the system on a permanent basis.

People with mental or multiple handicaps are in a particularly severe situation. An estimated number of 20 000 people require special care. This contrasts with the fact that only 250 places are available in six homes with ill-prepared staff. The Swiss-financed DSPS project running from 2007 to 2010 has addressed this problem by establishing a new special pedagogy branch at the University of Vlorë.

In 2005 almost 37 000 people over the age of 66 were living below the poverty line. While this is a 31% reduction compared to the figure for 2002 (source of data: LSMS 2002 and 2005), high levels of chronic illness, a huge burden of avoidable disability, economic deprivation and lack of social opportunities mean that most people struggle to survive into old age (MoLSAEO, 2007b). Care for elderly people will be one of the priorities for social policy, and could enhance the contribution that such individuals can make to society.

## **Women, domestic violence and trafficking**

As mentioned in Section 3.7, women in Albania have suffered the most from the adverse consequences of social transition. Two phenomena concerning women in Albania deserve particular attention. Amnesty International (2006) estimates that at least a third of women and girls are subject to physical or emotional abuse within the family, with the figure being even higher in some regions. Violence against women is often linked to a preoccupation with protecting the family from the risk of collective shame, and allows a man to physically abuse and publicly humiliate his wife if she disobeys him. The latter situation could include any attempt to break away from the subordination imposed on women in the private sphere, or any assertion of independence (Nixon, 2009). A Law on Measures against Violence in Family Relations was adopted in 2006. However, domestic violence is still not considered a specific crime under the Albanian criminal code.

For many years Albania was a country of origin for women and girls trafficked both abroad and internally for the purpose of commercial sexual exploitation or forced labour (including, for example, begging and delinquency). The total number of Albanian victims identified and assisted between 2000 and 2004 was 1 750 (Surtees, 2005), though many such cases go unreported. Victims included young people with mental and physical disabilities, as well as individuals from the Roma and Egyptian minorities (ibid). Measures taken so far include a change of the penal code, and the establishment of a nationwide helpline and a micro-credit programme by MoLSAEO for victims of trafficking. However, many victims are afraid to talk about their cases. Relief is provided primarily by NGOs rather than the government.

## **4.2 SOCIAL INCLUSION IN EDUCATION**

### **Fewer than half of children attend kindergartens**

It is widely recognised that early childhood education with early intervention for disadvantaged children is important for their educational success. However, in Albania fewer than 50% of children are currently enrolled in early childhood institutions. Poor people, among them children with disabilities and Roma children, for example, often do not attend kindergartens. The MoES prescribes a certain minimum number of children for kindergarten classes. One problem is that in recent years many houses have been built around the country in a non-regulated, arbitrary and dispersed manner, which makes it difficult or impossible to identify an urban or rural 'core' where kindergarten classes could be opened.

### **Poverty and difficulties of access are issues that affect school attendance**

It is still the case that not all children in Albania enrol at primary school and a certain percentage drop out after the first four or five years following completion of compulsory education (see Section 2.3).

The MoES offers both financial assistance to students from poor family backgrounds and scholarships to all vocational school students from the north-east and south-east areas of the country. The former includes free transportation, economic assistance for their families, free short training courses, etc.

Children suffer from a vicious circle of poverty and low levels of literacy and education. Teacher and peer discrimination often affects children whose parents are welfare recipients, who have disabilities or who are from Roma or Egyptian backgrounds (De Soto, 2005).

According to a UNDP survey, around 52% of Roma have had no education, 18% attended only a few years of elementary school, and only 14% managed to complete elementary school. Only 3% of the Roma respondents had graduated from secondary school and only 4% had graduated from college or university. Roma women generally had lower levels of education than men: 56% had no education, while 11% dropped out during primary school. Roma parents cited discriminatory treatment by teachers and other students and the long distances between their homes and schools as reasons for their children's low level of school attendance. As a result of poverty, many Roma children have to work to contribute to their families' income. Around 15% of the Roma children who were surveyed had had to leave school in order to work (UNDP, 2006). Constraints also include lack of materials, Albanian language barriers, socio-cultural obstacles like early marriages for girls, and the fact that Roma people, for example in Gjirokastër, frequently move



across the border to Greece during the year and are unable to catch up with their fellow students on their return. Extra tuition support would be needed, but this is seldom available free of charge.

In 2003 the Albanian government adopted a National Strategy, 'On improving the living conditions of the Roma minority'. As a result of a number of factors, such as improvements in infrastructure, awareness campaigns, MoES guidelines on the enrolment of Roma children who do not have identification documents, a lowering of the price of textbooks to 10%, summer schools for Roma and non-Roma children and other promotional measures, the attendance of Roma children in kindergartens and schools has improved. School bursaries and scholarships for Roma pupils have been few, but access to university has improved through a relaxation of the selection process for the higher education system. Some 50% of those participating in the Second Chance programme for school dropouts were Roma individuals (MoLSAEO, 2007c). In 2009 a three-year Swiss-funded CEFA project (budget: EUR 5.1 million) was launched to support Roma children's attendance at public schools in Tirana, Korçë, Elbasan and Berat and at universities, as well as vocational training for Roma adults. A complete study on the attendance of Roma people in pre-school and pre-university institutions is under way.

In 2008 Albania joined the Decade of Roma Inclusion. Within this framework the government adopted a National Action Plan 2010–2015, which focuses on education, employment and social protection, housing and infrastructure, health, social infrastructure and equal opportunities, and cultural heritage.

### **Inclusive education is not yet recognised as a valid pedagogical concept**

Inclusive education is broadly understood as a process by which a school attempts to respond to all pupils as individuals by reconsidering and restructuring its curricular organisation and by allocating resources to enhance equality of opportunity (Sebba and Sachdev, 1997). A recent country report commissioned by the ETF (Ikonomi et al., 2010) concluded that although education legislation in Albania is generally supportive of inclusion, there is at best sporadic good practice.

Experience with inclusive education has been gained, for example, through the 32 pilot projects conducted by Save the Children in Albania around the country (Ikonomi et al., 2010) and through the project funded jointly by the UNDP and the municipality of Durrës in 2006. However, on the whole there is no evidence of serious commitment and support from key public institutions. During pre-service teacher training the diversity of students is not treated as an important topic, and inclusive education approaches are not practised. Some relevant courses are delivered during in-service teacher training, but these are short and depend on donor funding with little government coordination. There is a need to accept responsibility for

improving the learning of all children and to develop teacher competences for reducing barriers to participation and learning. In particular, it has been reported that teachers from higher grades (5–9) did not always show a genuine interest and commitment to all children (Ikonomi et al., 2009). Child-centred approaches are needed that focus on the strengths, needs and motivations of individual learners, and should cooperate more closely with colleagues, parents and the community. In order to do this, they need to be adequately prepared. In addition, teachers need to be given more discretion over the hitherto rigid, fact-based curricula, as well as access to adequate teaching aids.

Low levels of educational attainment vary markedly across regions and income groups in Albania. For example, the net secondary enrolment rate is 70% in Tirana, 60% in other urban cities, but only 25% in rural areas. Sultana (2006) holds that students from rural areas achieve 30% lower scores than those from urban areas, and children from poor families 40% less than students from non-poor families.

## **4.3 SOCIAL INCLUSION IN EMPLOYMENT**

### **Many women, Roma people, those who are poorly educated and individuals with disabilities are well outside the labour market**

As illustrated by data provided in Chapter 3, there are significant numbers of Albanians who are well outside the formal labour market, and who would require targeted assistance in order to be able to engage in gainful economic activity. These include first-time jobseekers, people with low levels of education, women, individuals with disabilities, people living in rural or remote areas, and Roma people.

The AlbVET project has recently introduced the concept of a coaching approach that should accompany technical training as a way of increasing the employability of vulnerable young people. The project will provide further training to potential coaches, and there may be employment opportunities with two local NGOs, Help for Children and the Albanian Disability Rights Foundation<sup>19</sup>.

### **Some measures for Roma people, individuals with disabilities, and women are in place...**

Many Roma people are unable to access employment in Albania as a result of low levels of educational qualifications, and discrimination. Most Roma individuals earn a living from occasional informal work in agriculture, public services and construction, with very low wages.

The average monthly income for a Roma household is EUR 68, while among non-Roma households living in the same vicinity it is EUR 174.50 (UNDP, 2006). The MoLSAEO has included Roma people, in particular females, in its ALMPs, and the number of Roma people attending courses at VTCs has increased. However, the 2007 progress report (MoLSAEO, 2007c) recommended that local authorities should be empowered to implement appropriate measure, that better information should be provided and that the effectiveness of education and employment measures should be increased.

The 1995 Labour Code prohibits any kind of discrimination in the training and employment of people with disabilities. Legislation specifies that for every 25 employees, employers must hire one individual who has a disability, or pay a penalty to the National Employment Fund. An employer can choose to employ one person with a severe disability or five individuals with mild disabilities (MoLSAEO, 2007b). Although vocational training, where it is available, is provided free of charge, the implementation of the legislation by companies is not monitored.

An assessment of the integration into the labour market of people with disabilities in the cities of Fier and Berat, which was carried out by the Albanian Disability Rights Foundation under contract to the AlbVET project, came to the conclusion that their situation gives cause for great concern. Only a minimal number of people with disabilities benefit from employment services or vocational training. No assessment of opportunities, skills, capacities for employment and vocational training is undertaken. Families can not afford to pay fees for private training courses. Local governments are located in buildings which are inaccessible for people with disabilities. Such individuals are passive recipients of small state allowances and do not receive support from any local authority, organisation or employer (Çani et al., 2010).

The Labour Code and the 2004 Law on Gender Equality in Society provide for equal treatment for women and men. Major achievements include the fixing of a gender quota of 30% in the Electoral Code, the establishment of a National Council of Gender Equality and capacity-building for staff of MoLSAEO's Directorate of Equal Opportunity Policy. Female employment increased thanks to additional recruitments in public service, in the education and health sectors, the diplomatic service, etc. Female unemployment declined in the period 2005–08, but rose again in 2009. However, more women are employed at the central level than the local level (Council of Ministers, 2009). Overall, in practice, women carry the main burden of caring for households, children and the elderly. They have less access to formal jobs and earn lower wages than men. Pension entitlements based on employment records mean that many women are also at risk of poverty and social exclusion in old age (MoLSAEO, 2007b).

### **... but there is a need for more emphasis on their integration into the labour market**

Current mitigating measures relate specifically to training and employment initiatives and support for women as heads of household, for trafficked women, for females who have been abused and for women from ethnic groups. However, capacities are low and budgets small. Few training participants find jobs following completion of the training. Policy responses for achieving equal opportunities for women and men need to be more complex and to include research and analysis, crosscutting policy approaches, the coordination of targeted programmes and careful monitoring. The extent of resources for ALMPs needs to increase if they are to make a difference for the people concerned.

Proposals for possible measures to stimulate (self-)employment include training and micro-credits for businesses in forest management, apiculture, jam production, cheese production, carpet weaving, embroidery, basketry, stone processing, bakery, etc.

## **4.4 TERRITORIAL (REGIONAL) COHESION**

### **Albania experiences significant problems of regional disparity**



Albania consists of 12 counties (or prefectures). There are significant and widening problems of regional disparity within the country. As Table 4.1 at the end of this chapter illustrates, poverty is highest in Dibrë, Kukës and Lezhë. Overall, poverty in rural areas is 66% higher than in Tirana and 50% higher than in other major urban centres (MoETE, 2007).

Lezhë lies north of Tirana, while the counties of Kukës and Dibrë are isolated border areas in the

northeast of Albania. The Ministry of Economy, Trade and Energy (MoETE) notes that 'the inability to deal with some geographical handicaps, such as remoteness, hilly and mountainous terrain and poor natural resources, has had a devastating impact on local livelihoods, small business and development in general. Many areas have witnessed a shrinking labour pool as most of the better qualified opt to leave for Tirana or abroad, reinforcing a negative cycle of declining entrepreneurship and skills scarcity' (2007, p. 21).

The table shows that the unemployment rate in Kukës is over three times higher than that in Tirana. People in Vlorë are 2.5 times more likely to have access to piped water than those in Dibër. Residents of Tirana are 2.5 times more likely to have access to medical visits than those in Kukës. The dropout rate from compulsory education is 10 times higher in Kukës than in Vlorë. Moreover, the lack of opportunities and development prospects are the main reasons behind internal migration, with massive population increases in Tirana and Durrës and large decreases in Dibër and Kukës (MoETE, 2007).

The surveyed activity rates in Albania are lowest in Dibër (44.3%), Lezhë (48.8%) and Kukës (50.8%). These three counties also have the lowest employment rates (source: INSTAT, 2009, estimated from LFS 2008). In terms of surveyed unemployment rates, however, Shkodër (20.5% in 2008; up from 9.6% in 2007), Durrës (18.2%) and again Lezhë (17%) appear to be the counties most affected, but Gjirokastër, Fier and Tirana are also above the national average of 13% (source: *ibid*, estimated from LFS 2007–08).

### **A countrywide regional development strategy still needs to be implemented**

By 2005 regional stakeholder meetings had taken place and all 12 regional governments of Albania had formulated some regional development strategies with the help of the UNDP. In addition, the UN has been focusing

assistance on, among others, the region of Kukës, by strengthening local government, by supporting landmine clearance and security, and by helping to develop the largely dysfunctional infrastructure. As part of a major project lasting from 2008 to 2014, the GTZ is supporting training and development in Dibër, Kukës, Shkodër and Lezhë.

In 2007 the Albanian government adopted the first countrywide Regional Development Crosscutting Strategy (MoETE, 2007). This strategy provides the rationale for creating both the legal and the institutional frameworks necessary for the effective management of regional policy. It introduces new elements, such as an indexation of development and the designation of disadvantaged areas, partnerships as the main principle, County Development Strategies as single programming documents, Country Development Agreements, including operational and financial plans, and monitoring and evaluation mechanisms.

Related efforts are at a very early stage. A first meeting of Albania's Regional Development Committee took place in April 2010. The Committee will identify projects and distribute funding to regions according to a poverty weighting factor. Regional employment strategies as part of wider national and county development strategies, which will also outline underlying human resources development issues, have yet to be crafted. The EC CARDS VET 3 project has already undertaken three surveys in the regions of Elbasan, Korçë and Vlorë.

## TABLES

TABLE 4.1 ALBANIAN REGIONS BY SELECTED INDICATOR

Region	Population <sup>1</sup>	Poverty headcount <sup>1</sup>	Unemployment <sup>2</sup>	Locally generated revenue <sup>3</sup>	Water supply <sup>4</sup>	Medical visits <sup>5</sup>	Completion of compulsory education/national average (%) <sup>6</sup>
		ratio/national average %					
<b>Berat</b>	181 901	96	99	75	114	107	368
<b>Dibër</b>	166 367	59	85	61	54	70	55
<b>Durrës</b>	280 996	102	117	106	131	68	53
<b>Elbasan</b>	380 593	80	110	70	83	62	147
<b>Fier</b>	380 737	85	133	77	91	83	76
<b>Gjirokastrë</b>	80 646	131	118	112	97	132	385
<b>Korçë</b>	263 586	94	126	78	97	127	202
<b>Kukës</b>	102 036	63	42	74	91	56	54
<b>Lezhë</b>	159 882	69	61	78	58	89	162
<b>Shkodër</b>	250 351	77	52	67	74	120	75
<b>Tirana</b>	677 871	108	168	160	123	140	
<b>Vlorë</b>	202 295	139	89	139	132	92	506

Sources: (1) INSTAT; (2) Ministry of Labour, Social Affairs and Equal Opportunities; (3) Ministry of Interior; (4) Ministry of Public Works, Transport and Telecommunications; (5) Ministry of Health; and (6) Ministry of Education and Science  
Quoted from MoETE (2007).

TABLE 4.2 POVERTY LINE AND GINI INDEX, 2002 AND 2005

	2002	2005
<b>% below national poverty line</b>		
<b>Total</b>	25.4	
<b>Urban</b>	19.8	
<b>Rural</b>	29.6	
<b>Gini Index</b>		33.0 <sup>(1)</sup>

(1) Estimated from Living Standards Measurement Survey 2005, national coverage, expenditure base.  
Source: World Bank

**TABLE 4.3 TRENDS IN ABSOLUTE POVERTY BY STRATUM, 2002, 2005 AND 2008**

%	2002			2005			2008		
	Urban	Rural	Total	Urban	Rural	Total	Urban	Rural	Total
<b>Headcount</b>	19.5	29.6	25.4	11.2	24.2	18.5	10.1	14.6	12.4
<b>Depth</b>	4.5	6.6	5.7	2.3	5.3	4.0	1.9	2.6	2.3
<b>Severity</b>	1.6	2.1	1.9	0.8	1.8	1.3	0.6	0.7	0.7

Source: INSTAT, UNDP and World Bank, *Albania: Trends in poverty 2002–2005–2008, 2009*



# 5. MAIN DONOR INTERVENTIONS IN HUMAN RESOURCES DEVELOPMENT

## 5.1 EDUCATION REFORM

The largest single intervention in education in Albania has been the third Education Excellence and Equity Project (EEEP), which is coordinated by the MoES. It has a budget of USD 75 million, including loans from the World Bank, the Council of Europe and the European Investment Bank. It is planned to run until the end of 2011. Its main objectives are to improve the quality of learning at primary and secondary levels and to increase enrolment in secondary education, especially among children from poor backgrounds. The intervention comprises the following components:

1. strengthening educational leadership, management and governance (USD 10 million);
2. improving teaching and learning conditions (USD 26 million);
3. improving and rationalising the education infrastructure (USD 32 million);
4. setting the stage for higher education reform (USD 7 million).

Activities relate to the implementation of the National Strategy for Pre-University Education 2008–2013 (MoES, 2008b).

Since the project became operational in 2007, curricula in primary and general secondary education have been revised and teachers have been prepared for the introduction of the new curricula. All school principals have been trained in management and leadership skills. Computers have been bought for over 2,000 primary and secondary schools. Considerable investment in the building of new schools and expansion of existing ones will help to alleviate the problem of overcrowded classrooms in some cities in Albania: 200 new classrooms are expected to be functioning by 2011. At the higher education level, the project supports reform efforts to comply with the demands of the Bologna process, strengthening governance and quality assurance mechanisms.

## 5.2 VOCATIONAL EDUCATION AND TRAINING

The EC is the largest donor for VET. EC CARDS has supported the country with EUR 8.5 million since 2004 through three consecutive interventions. The EC CARDS 2006 VET 3 project, which ended in March 2010, undertook a review of and helped draft amendments to the current legal system in line with the National VET

Strategy 2006–2009. It supported capacity-building within NAVETA, involving their staff in VET teacher training activities among other things. It helped in the development of a VET curriculum framework (which does, however, differ from the EEEP model used in the 21 new VET framework curricula). Major efforts were made to improve dialogue and cooperation between schools and social partners at the regional level, and these led to the signing of a Government–Social Partner Agreement. VET actors and social partners are to carry out further work on the planning and implementation of regional VET development plans. The VET 3 project also contributed to conceptual clarifications and the development of legal provisions relating to the AQF. Finally, EC CARDS helped to refurbish some vocational school facilities in Korçë, Elbasan, Shkodër and Tirana, and to create new facilities (refurbishment of one vocational school and one training centre) in Vlorë.

The IPA 2008 Strengthening VET project (EUR 8 million, with most of the funds earmarked for school refurbishment and equipment), which started in 2010, will continue to support the professional development of VET actors, directors and teachers at regional and school levels. It will help to map the variety of VET programmes in Albania and identify respective needs. It will further strengthen capacities relating to the building of an AQF and formulate an action plan for the establishment of a national network of VET centres. Finally, it will help to prepare the technical specifications for purchasing equipment for the newly developed curricula in the electro-technical and mechanical fields.

The DACHPlus group is a voluntary coordination forum of agencies/organisations implementing donor funded, well defined projects in VET. The donors themselves do meet at another level. There is no formal leadership at the DACHPlus group, the meetings are hosted on rotation basis and the host also chairs the meeting. NAVETA was recently invited to be part of the forum. Although it is a forum with no single ownership and equal footing for each participant, the bigger agencies or projects play a crucial role and carry more burden.

Swisscontact has been active in Albania since 1994. Its first project supported the rehabilitation of a vocational school in Durrës and the modernisation of programmes. A second project started in 2001 and included module development, teacher training and a voucher system to train 30 000 adults at VTCs. Phase 1 of the AlbVET programme<sup>20</sup> lasted from January 2007 to June 2009 (CHF 4 435 000) and Phase 2 covers the period from July 2009 to June 2011 (CHF 2 600 000). The project currently



supports ten vocational schools across Albania in one technical (hydraulic systems fitting) and one non-technical occupational area. Support is provided for curriculum development, instructors' training and the purchase of equipment and materials. Under its 'Partnership for Learning' component, four to six local models for informal apprenticeship systems have been developed in crafts areas such as bakery skills, hairdressing and traditional handicrafts, and these could serve as examples of school-employer cooperation for the whole country. The project's pilot bakery now even trains other instructors. In order to assist decentralised management arrangements and the regionalisation of VET planning and provision, the project supports a semi-autonomous and multifunctional centre in one region. Finally, the project underpins social inclusion objectives by developing a model for the integration of special needs groups into the labour market in cooperation with NGOs.

GTZ gives assistance to Albania through two projects. The 'Vocational Education in the Northeast of Albania' project<sup>21</sup>, which started in 2008, supports the districts of Dibër and Kukës, where unemployment is over 50% and where vocational schools do not offer appropriate commercial or technical training, and there are no adult training centres. The project started with a labour market needs analysis and the establishment of occupational fields and teaching subjects. Standards, curricula and exam specifications are being developed, teachers trained and materials upgraded.

The 'Professional Academy at the University of Durrës' project<sup>22</sup> helped kick-start developments in the area of higher professional education. A dual banking programme has been developed that combines classroom training with practical experience in businesses. The Academy was opened in October 2008<sup>23</sup>.

KulturKontakt Austria has been active in the country since 1995. The EcoNet<sup>24</sup> project supported secondary business education with the introduction of training companies as a new practice-oriented learning method. Tour.reg helped with the development of curricula and materials and the training of teachers for modern and practice-oriented VET in tourism schools. Since January 2010 KulturKontakt has assisted secondary business schools in areas such as quality assurance, management, teaching materials, teaching methods, school-business cooperation and gender issues.

The British Council has been active primarily in English language teaching and other cultural activities. Since 2007 Albania has been involved in the Skills@Work project as part of the global Skills for Employability programme, within the framework of which both a policy dialogue on quality assurance in VET and a partnership between Tirana Economic College and a college in the UK are being promoted.

As an EU agency, the ETF has been active in Albania since 1997, supporting the EC Phare, CARDS and IPA programming cycles in human resources development (HRD)-related fields. Activities at country level have focused, among other areas, on capacity-building relating to the policy objectives and targets of the EU's education and employment agendas. Policy dialogue and pilot projects have been arranged in areas such as quality assurance in VET, project-based teaching and learning in vocational schools, key competences and entrepreneurial learning development, post-secondary VET, adult learning and European employment policies. In addition, Albania participates in regional projects to network and exchange experiences with other countries from the IPA region.

## 5.3 EMPLOYMENT

### Modernisation of the employment service and employment policy

Compared with the VET sector, the field of employment policy has so far received less EU funding. To date there has been the EC CARDS 2006 project 'Strengthening labour market structures in inspection and employment services', and this ended in March 2010. The project undertook an analysis of national, regional and local NES offices and produced recommendations for updating and upgrading skills and systems, produced a comprehensive training plan and training modules, and trained staff, primarily counsellors, on their new job functions. It produced two manuals, one on labour market monitoring and evaluation, and one on job clubs. Two proposals were put forward to help and encourage women to enter the labour market:

1. creating job clubs specifically for women;
2. establishing credit unions to help women start or stay in self-employment.

In addition, comprehensive support, including work on a strategy, procedures, materials and training, was provided to the State Labour Inspectorate. However, the Inspectorate is poorly equipped and staff turnover has been very high since the most recent elections.

The ILO, within its Decent Work Country Programme 2006–2007 and 2008–2010<sup>25</sup>, has generally focused on:

1. improved conditions for the enforcement of legislation;
2. more effective social dialogue and stronger partnership;
3. a national employment policy that meets EU and international standards;
4. more effective social protection policies, in particular in relation to vulnerable groups.

21 See [www.gtz.de/en/weltweit/europa-kaucasus-zentralasien/albanien/25247.htm](http://www.gtz.de/en/weltweit/europa-kaucasus-zentralasien/albanien/25247.htm)

22 See [www.gtz.de/en/weltweit/europa-kaucasus-zentralasien/albanien/25361.htm](http://www.gtz.de/en/weltweit/europa-kaucasus-zentralasien/albanien/25361.htm)

23 See [www.uamd.edu.al/185-departmentet.html](http://www.uamd.edu.al/185-departmentet.html) (in Albanian)

24 See [www.econet-see.com/en/index.html](http://www.econet-see.com/en/index.html)

25 See [www.ilo.org/public/english/region/eurpro/geneva/download/decentwork/albania.pdf](http://www.ilo.org/public/english/region/eurpro/geneva/download/decentwork/albania.pdf)



The ILO project 'Assistance to Strengthen the Employment and Training System', which was funded by the Italian government (EUR 600 000, as well as EUR 200 000 matching contributions), undertook legislative and institutional reviews and put forward recommendations for legal adjustments, as well as for modernising NES structures, functions, workflow and service delivery. It supported the monitoring and evaluation function of the NES by issuing guidelines, training staff and preparing terms of reference for an evaluation, focusing on a net impact assessment. Guidelines were also issued for the contracting of training providers. A survey was carried out to identify skill needs among small and micro enterprises in Albania. It was intended that a co-sponsored fund would be established through which funds for training and employment services were to be channelled; however, this did not materialise until late 2009. The ILO Youth Employment project (2009–2011; budget: USD 3.31 million) has worked on a National Action Plan for Youth Employment and is funding targeted measures for first-time jobseekers and young unemployed people. The ILO has also supported the government in its efforts to reduce the informal economy and to improve social protection coverage.

The Swedish Development Assistance Agency (SIDA)<sup>26</sup> supported the NES through the project 'Efficient Employment Services in Albania' (EUR 1.4 million). Its specific objective was to help with the computerisation of services in the regional labour offices of Tirana and Korçë. An online information system for better labour market services, including self-service facilities for employers and jobseekers, was created. A second phase that extends the project to other regional labour offices has been agreed.

An IPA 2010 allocation of EUR 3 million, which is currently being negotiated, will provide further assistance to the NES.

### Competitiveness of the SME sector

The IPA 2007 programme 'Supporting SMEs to become more competitive in the EU market', with a budget of

around EUR 2.2 million, aims to increase the competitiveness of the private sector and provide a healthy business environment for investment and employment. The focus is on:

1. improving the capacity to adopt innovation and technology;
2. enhancing management skills and HRD in enterprises;
3. the development of other SME support programmes.

The main beneficiaries are the MoETE and Albinvest, Albania's agency to promote foreign investments in the country<sup>27</sup>.

## 5.4 SOCIAL INCLUSION

The most significant intervention in the social services sector has been 'Albania's Social Services Delivery Project', funded with a loan from the World Bank. In March 2009 additional financing of USD 9 million was approved to supplement the original credit of USD 10 million. The project was launched in 2002 with the objective of improving the standard of living of poor and vulnerable population groups in Albania. This is being accomplished by increasing access to effective social care services, by assisting the government to develop an effective social care policy and improve its capacity for the delivery and monitoring of social care services, and by improving the pension system.

A wide range of donors support social inclusion, including education and employment for vulnerable groups, primarily with the help of local NGOs. To cite just one example, in March 2010 the Italian government approved a EUR 388 728 initiative to strengthen socioeconomic services and promote the education and the social and cultural development of children, young people and women in Lezhë. Another project, co-funded with EUR 192 000, aims to support education and training for children and adolescents in deprived areas, and the establishment of a Community Youth Centre.

<sup>26</sup> The SIDA Strategy for development cooperation with Albania 2009–2012 is available at [www.sweden.gov.se/content/1/c6/09/39/76/e52667c2.pdf](http://www.sweden.gov.se/content/1/c6/09/39/76/e52667c2.pdf).

<sup>27</sup> See [www.albinvest.gov.al/](http://www.albinvest.gov.al/)



## 6. MEDIUM-TERM CHALLENGES AND OBJECTIVES

### 6.1 MAIN CHALLENGES

Albania has made progress in many respects. Continued growth over a number of years has led to a reduction in poverty and an improved Human Development Index. Early school leaving has started to decline, new curricula are being introduced in primary and secondary general education, and to some extent also in VET and higher education, and a number of ALMPs and projects for socially disadvantaged groups have been put in place, albeit on a small scale. Nevertheless, a number of major challenges remain.

#### Education and training in a lifelong learning perspective

The following key challenges in education and training remain:

- giving more responsibilities to regions and schools;
- a more efficient use and the sharing of resources between schools and VTCs;
- the adjustment of education and training provision within the regions in line with labour market and social demands;
- continuous efforts to involve social partners in the planning and delivery of VET and higher education;
- a more systematic teacher training effort, in particular in VET;
- continuous school refurbishment and equipment upgrading;
- the expansion and flexible provision of post-secondary/tertiary VET and adult learning provision, and of higher levels of qualifications;
- the development of the AQF in line with European Qualifications Framework (EQF) orientations.

#### Labour market and employment

The challenges for labour market and employment policy include:

- the continuous effort to tackle informal employment;
- the setting and monitoring of feasible objectives in a National Employment Action Plan, to which the entire government and social partners would allocate resources and feel committed;
- the modernisation of labour offices;
- the cleaning of registers;
- the provision of preventative and targeted measures for the groups of unemployed people most in need.

ALMPs would be aimed at, and monitored against, individuals' labour market integration. With regard to training at VTCs, there is a need for course development, equipment procurement, the training of teachers and a better collaboration with employers.

#### Social and territorial inclusion

Social and territorial inclusion challenges include the need for increased focus on early childhood education and inclusive education policies and practices, including second-chance measures, especially for students from poorer backgrounds, those with disabilities, and Roma children. MoLSAEO's Second Chance programme is a step in the right direction, but will need to be extended and the measures packaged in order to help people to integrate into the labour market. There is a need to empower local authorities to implement appropriate measures, to provide better information and to enhance the effectiveness of both education and employment measures. Research and analysis, crosscutting policy approaches, increased capacities and resources for ALMPs and a careful monitoring will be required in order to ensure equality for women. Regional partnerships will need to agree on employment strategies and underpinning HRD issues as part of wider regional development strategies.

### 6.2 MAIN OBJECTIVES AS DEFINED IN NATIONAL POLICY PAPERS

The Department of Strategy and Donor Coordination, a newly created government department that reports to the Council of Ministers, provides an overview of all sectoral strategies<sup>28</sup>.

#### National Strategy for Development and Integration

In 2007–08, with the help of experts from the World Bank, the Albanian government elaborated the National Strategy for Development and Integration (NSDI) 2007–2013 (Council of Ministers, 2008). As mentioned in Section 1.3, the NSDI emphasises further improvements to the business environment, and measures to reduce the informal sector, ensure fair competition, education and training, and support innovation and creativity in

businesses to in order to underpin economic and social development goals.

In relation to the HRD field specifically the NSDI states that:

‘[T]he challenges presented by transition lie in responding effectively to the loss of labour force and the reduction in female employment during the past decade and a half. While economic growth and diversification will create new job opportunities, the government must ensure that the Albanian labour force has the necessary skills and knowledge to be able to take advantage of these opportunities. The most significant challenge is therefore to play an effective intermediary role between the labour market and the labour force. This will include the need to deliver appropriate vocational education and training. There is an additional challenge for the government to supplement this intermediary role by creating direct employment opportunities and special employment programmes for vulnerable groups, especially young people aged 18–25, women, people with disabilities and Roma. The challenge posed by the huge numbers of informal workers is to gradually bring them into the formal sector while maintaining the dynamism that characterises the informal labour market.’ (Council of Ministers, 2008, p. 62)

## Education strategies

The Strategy for Pre-university Education and Training 2008–2013 (MoES, 2008b), which covers primary, secondary general and vocational education, sets the following priorities:

- reforming and strengthening the policy-making, management and decision-making capacities;
- improving the quality of the teaching and learning process;
- improving the efficiency of education financing;
- building capacity and developing human resources – mainly teaching staff and inspection;
- developing vocational education;
- expanding the provision of pre-school education.

More specifically in relation to VET, the Strategy mentions:

1. the AQF and a Vocational Matura;
2. the development of post-secondary VET, for example as an alternative for gymnasium graduates;
3. occupational analyses and curriculum modernisation to meet labour market needs, through a two-level curriculum structure (partly determined at the centre and partly reflecting regional labour market and training centre conditions) and the gradual modularisation of the curriculum;
4. strengthening the role of the National VET Council (NVETC) and school boards with social partner representation;
5. establishing development units at school level and developing the competencies of teachers and trainers;

6. a national mechanism for career orientation;
  7. completing a legal framework to support reforms, in the areas of the national framework for professional qualifications, non-public VET provision, and school engagement in economic activities;
  8. improving the quality of facilities with an emphasis on access for individuals with disabilities and extended provision of teaching materials;
  9. establishing new school centres, transforming some general into vocational schools and mobile training centres;
  10. cooperating with local businesses and employment centres to use infrastructure effectively;
  11. developing a national information system on education supply and demand.
- (MoES, 2008b)

The MoES and the MoLSAEO share responsibility for VET priorities.

General priorities mentioned in the Strategy for Higher Education (MoES, 2008a) include:

- increasing the percentage of the age cohort in higher education;
- effectively restructuring the missions of university education in different cycles of study;
- ensuring an effective system of quality assurance and accreditation;
- increasing the level of institutional autonomy;
- better integrating teaching and research;
- improving teaching;
- improving financing.

## Employment strategy

The Sectoral Strategy on Employment and Vocational Training 2007–2013 (MoLSAEO, 2007) sets out the following employment targets and priorities, to be achieved by 2013:

- ‘a decrease in unemployment by 0.3% every year;
  - an increase in the number of employed individuals by 5% every year;
  - participation by 20% of registered unemployed people in active programmes of training, retraining, on-the-job training or other employment generating measures;
  - introduction of programmes for creating new job places and maintaining existing ones;
  - encouraging vocational training during the whole life;
  - an increase in investment in human capital;
  - provision of full state support for unemployed people and groups in need;
  - improving the performance of the employment service network within existing capacities;
  - the creation of a positive climate for business and investments, an increase in SME competitiveness in the regional and global market, through the development of technology and information, the reduction of administrative barriers and the introduction of measures to ease business;
  - a gradual narrowing of the informal sector burden’.
- (p. 20)

With reference to the public employment service, the strategy refers to:

1. the establishment of a modern and unique employment system all over the country;
  2. the establishment of partnership relations with other labour market actors;
  3. the development of information technology to improve the quality of services;
  4. the improvement of contacts with enterprises;
  5. the development of human resources;
  6. the promotion of the work of private employment agencies.
- (MoLSAEO, 2007a, pp. 24–27)

In addition, the strategy states that:

- employment promotion programmes will continue and supervision will be strengthened in order to control abuses;
- the efficiency of employment promotion programmes will be analysed annually and priority areas identified;
- labour market information will be improved;
- programmes will be monitored and evaluated with the help of social partners, and the progress of programmes analysed and monitored by the EU and the ILO.

The five existing ALMPs were to be expanded, for example to combine training for young people in need of subsidised employment and counselling on vocational training with business programmes for young people. Apprenticeships were to be introduced as a new programme for unemployed university or secondary school graduates who lack work experience (150 beneficiaries in 2007). Moreover, employers would be required by law to hire individuals with disabilities, or pay into the NES fund. Measures envisaged for Roma people included vocational training and some public works opportunities (MoLSAEO, 2007a).

Measures to reduce the informal labour market would include increased cooperation between the State Labour Inspectorate, tax and customs administration, the police and the NES, and the extension of control zones beyond urban areas. Social dialogue, led by the National Labour Council, was to be strengthened through completion of the legal framework to reflect international conventions and improvements in the functioning of consultative councils at the regional level (MoLSAEO, 2007a).

Priorities for vocational training within this strategy are in line with those mentioned in the Strategy for Pre-university Education and Training.

### Social inclusion strategy

The Social Inclusion Cross-cutting Strategy 2007–2013 (MoLSAEO, 2007b) focuses on the poverty risks that will remain even after economic growth has resumed. It summarises the underlying sector strategies that aim to assist vulnerable individuals, families and groups in the community so that they are able to operate on their own,

be self-sustaining and have the same rights as other members of society. The strategic goals include key Millennium Development Goals relating to poverty reduction, infant mortality, and access to water and sanitation. As mentioned in Chapter 4, the strategy identifies the following vulnerable groups and areas for special attention in Albania:

- children and young people at risk;
- Roma and Balkan-Egyptian people;
- individuals with disabilities;
- elderly people;
- women;
- victims of domestic violence.

The priorities of the Social Inclusion Cross-cutting Strategy are to raise the income-generation opportunities of individuals, to facilitate access to services, and to assist vulnerable groups. Support programmes for vulnerable groups will continue, notably for individuals with disabilities, women in need and Roma people, primarily by means of providing opportunities for professional training. The monitoring framework is modelled on the EU system and relies on the implementation of the LSMS every three years.

## 6.3 IMPLICATIONS FOR INSTITUTIONAL CAPACITIES AND CAPACITY DEVELOPMENT

In November 2005 the Government of Albania adopted the Integrated Planning System, a set of operating principles for ensuring that government policy planning and implementation is carried out in a coherent, efficient and integrated manner. Two processes are the cornerstones of the system:

- the NSDI 2007–2013 (Council of Ministers, 2008), which establishes national strategic priorities and goals;
- the Medium-Term Budget Programme, which requires each ministry to develop three-year plans to achieve policy objectives, within specific expenditure limits.

Furthermore, ministries must produce an Integrated Plan every year. This is a planning tool that sets out the major commitments for the current year outlined in key documents (notably the Medium-Term Budget Programme) to assist the Prime Minister in assessing performance in relation to the sector strategy. It is also a monitoring tool against which ministries report on their progress on a quarterly basis. Finally, it is a communication tool in the sense that the document repackages the main commitments of each ministry in a compact (not expected to exceed 15 pages) and integrated manner in order to make them more accessible to the public. Ministry Integrated Plans were prepared for the first time in 2007.

There is certainly no shortage of strategy papers that have been adopted by the Albanian government, and most of these are of a high quality. However, many of them have been drafted on the initiative and with the help of foreign experts. Concerns remain over whether the resulting policy objectives and targets and the related costs will overstretch the capacities of a resource-constrained country, in particular in the context of declining budgets as a result of the economic crisis. Moreover, both the research capacity and the development capacity required to provide the evidence and inputs that will be necessary in order for informed decision-making to take place are largely absent. Changes on the ground are hampered by an overly centralised governance structure and a lack of both resources and a critical mass of competent people who could push forward reforms. Hence, education and employment strategies appear overambitious in several respects.

Capacity development is needed with a view to:

- analysing national and regional competence needs and designing related HRD plans to underpin national and regional development goals;

- ensuring cooperation between the key government actors – notably the MoES, the MoLSAEO and the MoETE (see their organisational structures in Annex 2), their executive agencies, the social partners and civil society – on the planning, monitoring and evaluation of HRD policies within national economic and social development agendas;
- understanding the ramifications and resource implications of the individual policy objectives and targets that have been, or will be, proposed;
- building partnerships, including with social partners and civil society, that could plan, implement or monitor and evaluate HRD policies at regional and local levels.

However, capacity-building measures alone will not suffice. Legal changes, especially with regard to further decentralisation, and improvements in the institutional framework to ensure tripartite governance at different levels are issues, as well.

# 7. STRATEGIC PRIORITIES AND RECOMMENDATIONS

## 7.1 EDUCATION AND TRAINING IN A LIFELONG LEARNING PERSPECTIVE

### Resources

Given Albania's constrained budgetary resources, utilising existing ones in the most effective and efficient ways is paramount. This could be achieved by using available school space for pre-school activities, longer school days, extracurricular activities, and post-secondary and adult training, by optimising the VET school and programme infrastructure in the regions in particular so that there is a better match between labour market and individual demands, by sharing resources between vocational schools and VTCs, and by organising mutually beneficial cooperation with employers. This in turn requires a decentralised governance framework and the empowering of actors at regional and local levels.

### VET development

A number of secondary VET courses are not particularly attractive. Individuals who aspire to go on to higher education, which is the majority of secondary school students, prefer the shorter three-year gymnasium track. Practical skills are scarcely developed, which is one of the reasons why employers take little interest in VET. On the other hand, there is a demand for VET qualifications, for example from general secondary school graduates and other young or unemployed people who cannot find a job, and from employers. Hence, a key strategic priority is that government actors and their partners discuss and decide which qualifications at levels 2–5 will be needed, and which institutions, including schools, VTCs, professional colleges, and training by craft businesses and other employers, could deliver them. The system would need to be based on labour market information, national and regional development plans and a mapping of current provision at all levels. A revised system and related investments would need to be affordable, and the government, individuals and employers must be willing to ensure that the necessary investments are made. Improved career information and pathways could help to increase interest in VET at different levels.

### Social partners

Continuous efforts are needed to involve social partners in the NVETC and other forums in which national or sectoral

competence needs and HRD policies are discussed. Mandating and preparing appropriate social partner organisations for their new roles is an issue that will need to be addressed. In addition, employers need to be involved in (to-be-established) sector committees and in occupational analyses, as well as in the provision of practical skills as an inherent part of the VET curriculum, such as in the crafts sector.

### Systematising and expanding pilot project results

Various donor projects have supported a range of initiatives, including methodologies for national and regional labour market surveys, the development of VET qualifications and curricula, practical training provisions based on contracts with (craft) businesses, students' assessments and certification, self-evaluation for VET providers, and teacher training materials. These need to be systematised in order to inform the modernisation of the VET system. This is also the case for all the secondary, post-secondary and higher VET curricula developed by EC CARDS, AlbVET, GTZ, KulturKontakt and other projects. The experience gathered through their implementation must not be lost, but needs to be disseminated, making use of the trained and certified instructors and teacher trainers.

### Teacher training

Practical vocational teacher training is carried out through donor projects, but not yet as an integral part of the national teacher training effort. Delivering papers to schools in the form of new VET curricula and guidelines will not suffice. Making VET more attractive and improving teaching and learning in VET requires a structured pre-service vocational teacher training and continuing professional development system, the involvement of teacher trainers and instructors familiar with business practices, and the allocation of adequate resources.

### Facility building or refurbishment and the upgrading of materials and equipment

These processes must continue in all areas of education, and require a substantial amount of investment. Here again, VET for young people and adults deserves to be treated on an equal footing with other sub-sectors of education, or may even need to receive higher levels of investment if it is to comply with modern standards.



## Higher VET

It appears that further developing post-secondary and higher-level professional courses for young people and older adults is necessary in view of labour market and social demand. Adult learning participation is a key issue that needs to be addressed if Albania wants to avoid a shortage of labour that may prevent further growth in the future.

## Albanian Qualifications Framework

If Albania is to implement the decision to establish an AQF, the logic of the education system will need to change from a supply- or input-driven to an outcome-based model. Albanian actors need to be aware that the building of an AQF requires immense resources. At the moment it is difficult to see where these resources will come from. Bipartite or tripartite sector commissions would have to be set up, skill needs analyses undertaken and qualifications at all levels developed for relevant professional profiles. Curricula and exams in VET, higher education and adult training would need to be geared towards competence-based learning outcomes. This in turn will require further institutional and capacity development, amendments to the existing subject- or discipline-based curriculum model and the recently introduced curricula in VET and higher education, and major investments in the infrastructure and in the professional development of teachers and professors to enable them to deliver the new qualifications in collaboration with business.

## 7.2 LABOUR MARKET AND EMPLOYMENT

### Informal economy

One key priority remains the fight against the informal economy. As stated in the NSDI 2007–2013 (Council of Ministers, 2008), this includes increased cooperation between the State Labour Inspectorate, the tax and customs administration, the police and the NES, and the extension of control zones beyond urban areas. Appropriate strategies include reductions in tax and social insurance contributions, particularly for new and small businesses, and other incentives to move from the informal to the formal sector. Since informal employment affects individuals with low levels of education in particular, access to training will be a key issue.

### Job creation

This is a complex challenge that requires stimulating macroeconomic policies, a favourable business climate, and adequate education and training policies (see the challenges referred to above). Efforts in this area may be made more complicated by the demographic expansion and by downsizing by Albanian companies as a result of the economic crisis or the increasing modernisation of

production. Some job creation may originate from skilled returning migrants who set up their own businesses, a phenomenon that is being encouraged by the government.

## Employment service

Albania's public employment service is a relatively new structure and on the whole, is not yet in a position to deliver effective services for jobseekers, with the exception of handling formal procedures and referring some unemployed people to VTCs. Priorities include the further modernisation of regional and local labour offices, in terms of both hardware and software, increased staffing levels, and capacity-building. Registers need to be cleaned to ensure that they comprise only those people who are seriously looking for jobs.

## Unemployed people

Young people, those with low levels of education, women, individuals with disabilities, people living in rural or remote areas, and Roma people have been identified as the groups of unemployed people who require specific support. There is a need to design packages of support measures for individuals with the ultimate aim of integrating them into the labour market. The planning and delivery of such measures is the joint responsibility of the employment services, regional agencies, local authorities, welfare offices, employers and civil society actors. The formation of such local employment partnerships in turn depends on decentralised governance structures and the capacity-building of competent actors.

## Employment policy objectives and targets

As stated in the Sectoral Strategy on Employment and Vocational Training 2007–2013 (MoLSAEO, 2007a), these objectives appear overambitious and will need to be scaled down if appropriate funding from the state budget cannot be secured. A National Employment Action Plan would need to be formulated by the relevant partners. It should determine feasible objectives, to which the entire government and their partners would allocate resources and to which they are committed.

## 7.3 SOCIAL AND TERRITORIAL INCLUSION

### Early childhood and inclusive education

A more inclusive system of early childhood education could make up for some of the language and learning barriers faced by the children of parents with low levels of education or those from Roma backgrounds. The same applies to primary education: making it compulsory is not sufficient. Deliberate policies are needed in order to ensure that all children attend schools within reasonable



distances, and to retain them until successful completion of their schooling. Low achievement levels, high dropout rates and low secondary education attendance rates, especially in rural and remote parts of the country, could be addressed through the use of suitable pedagogies, through teacher support and through the provision of specific guidance during the school lifetime, at the points of transition from primary to lower secondary and from there to upper secondary education.

### **Groups at risk**

The social inclusion strategy identifies appropriate target groups and measures for people who are at a particular disadvantage. These groups include children and young people at risk, Roma and Balkan-Egyptian people, individuals with disabilities, elderly people, and women. Other people who are well outside the labour market include first-time jobseekers, individuals with low levels of education and people living in rural and remote areas. Measures are in place, for example for women in need and for Roma people. However, these measures benefit only a few individuals, and are mostly restricted to attendance at short-term training courses that do not necessarily help participants into employment or

self-employment. There is a strong case for expanding such measures in terms of both the number of people they benefit and the variety of initiatives, though this may be hampered by budgetary constraints. Labour market integration in turn is linked to the general economic situation and specific job creation measures.

### **Regional development**

Albania is experiencing significant and widening problems of regional disparity. Regional development strategies and partnerships for action need to address poverty, low activity rates and high unemployment rates, which are issues in Dibër, Kukës, Lezhë and Shkodër. A regional development law, institutional framework and strategy have been put in place. However, in order for the concept to be put into practice, efforts are needed to empower regional actors through a further decentralisation of governance and financing, and to encourage partnerships that plan and implement regional employment and HRD strategies. County Development Strategies and Agreements, including operational and financial plans, have already been agreed to be used as the key instruments for promoting and monitoring regional development in Albania.



# ANNEXES

## ANNEX 1. EU BENCHMARKS

**TABLE A1.1 MACROECONOMIC INDICATORS FOR IPA COUNTRIES AND EU BENCHMARKS 2008**

	EU-27	AL	BA	KO	ME	RS	HR	MK	TR
<b>Nominal GDP per capita (thousand EUR)<sup>a</sup></b>	25.1	2.8	3.5	2.2	5.6	4.9	10.8	3.3	7.0
<b>Real GDP growth rate<sup>b</sup></b>	0.7	6.0	5.4		8.1	1.2	2.4	4.9 (f)	0.4
<b>as % of GDP<sup>c</sup></b>									
<b>Share of agriculture</b>	1.8	20.8	9.1	12.0	8.8	13.0	6.4	11.6	8.5
<b>Share of industry</b>	26.4	19.6	28.5	20.0	17.8	28.4	38.5	29.8	27.2
<b>Share of services</b>	71.8	59.6	62.4	60.0	73.4	58.6	55.1	68.6	64.3

(f) = Forecast.

Sources: (a) Eurostat database; (b) Eurostat Structural Indicators; (c) EU-27, HR, MK and TR: Eurostat online database; AL, BA, KO, ME and RS: World Bank, World Development Indicators

**TABLE A1.2 EDUCATION INDICATORS FOR IPA COUNTRIES AND EU BENCHMARKS 2008**

%	EU-27 2008	EU 2010 objectives	EU 2020 objectives	AL 2008	ME 2008	RS 2008	HR 2008	MK 2008	TR 2008
<b>Early school leavers</b>									
Aged 18–24 with at most lower secondary education (ISCED 2) and not in further education or training <sup>a</sup>	14.9	10	10	39.0	15.5 (m)* 9.2 (f)*	10	3.7	19.6	45.5
<b>Youth educational attainment</b>									
Aged 20–24 having completed at least ISCED 3 level <sup>b</sup>	78.5	85		47.6		88	95.4	79.7	47.8
<b>Yearly growth in tertiary education</b>									
Graduates in maths. science and technology 2000–07 <sup>c</sup>	4.2	+15					5.1	3.4	6.7
<b>Pupils with low reading literacy</b>									
Level 1 or below (PISA) 2006 <sup>d</sup>	24.1	17	15	71.0**	56.3		21.5	60.0**	32.2
<b>Lifelong learning</b>									
Aged 25–64 participating in education and training <sup>e</sup>	9.5	12.6	15	2.0		3	2.2	2.5	1.8

(m) = Males; (f) = Females; (\*) 2009; (\*\*) 2000.

Sources: (a) Eurostat, Structural Indicators; AL: Labour Force Survey; ME: UNDP, National Human Development Report, 2009; (b) Eurostat, Structural Indicators; AL: Labour Force Survey; (c) European Commission, Progress towards the Lisbon objectives in education and training: Indicators and benchmarks, 2009; AL: Labour Force Survey; (d) European Commission, Progress towards the Lisbon objectives in education and training: Indicators and benchmarks, 2009, using OECD PISA data; (e) European Commission, Progress towards the Lisbon objectives in education and training: Indicators and benchmarks, 2009; RS: Eurostat, Sustainable Development Indicators; AL: Labour Force Survey

TABLE A1.3 LABOUR MARKET INDICATORS FOR IPA COUNTRIES AND EU BENCHMARKS 2009

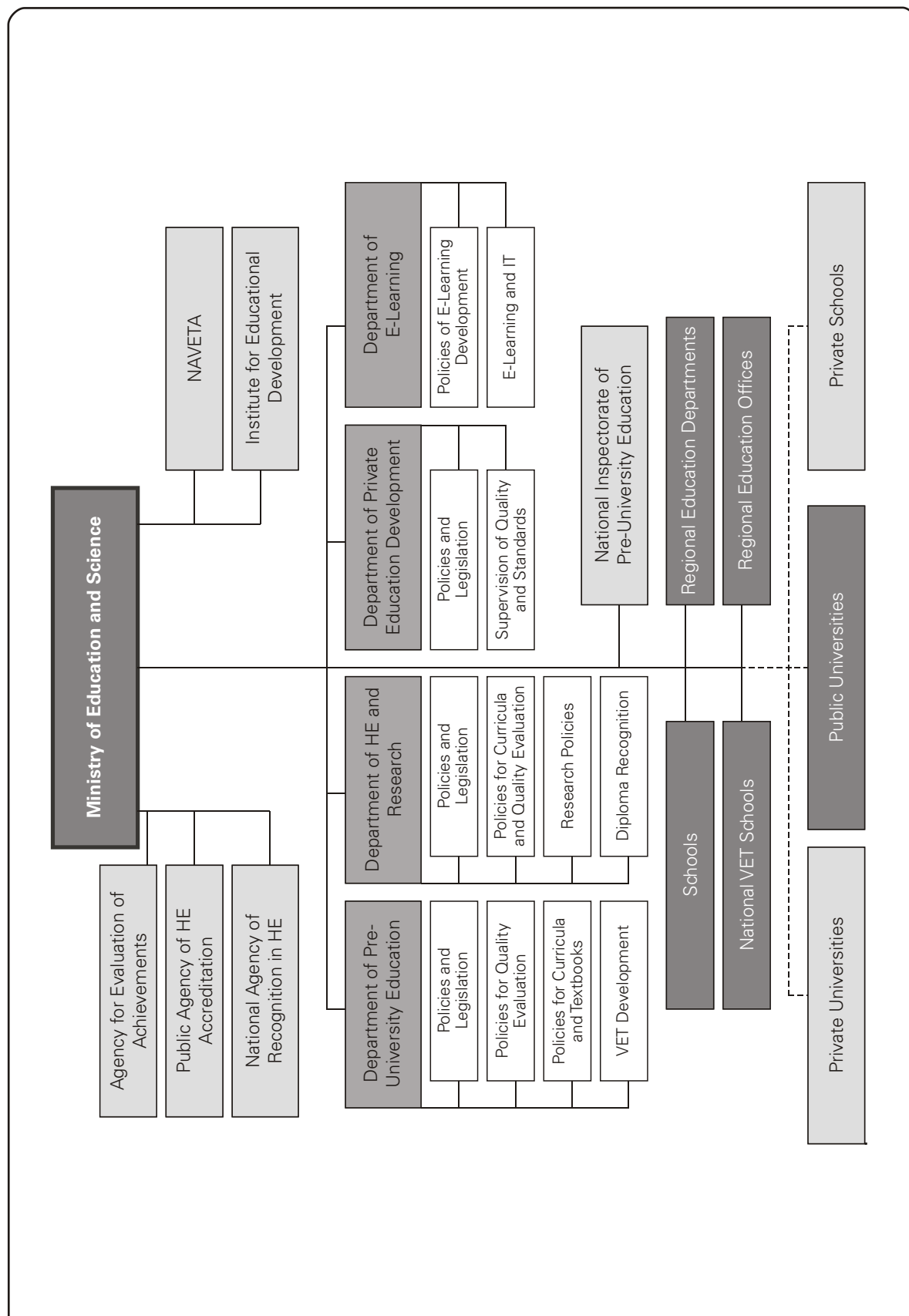
%	EU-27 2009	EU 2010 objectives	AL 2008	BA 2009	KO 2008	ME 2009	RS 2009	HR 2009	MK 2009	TR 2009
<b>Activity rate 15–64<sup>a</sup></b>	71.0		61.9	43.6	46.0	60.3	60.5	62.4	64.0	50.8
<b>Female activity rate 15–64<sup>a</sup></b>	64.3		52.8	31.9	26.1	52.4	52.8	57.0	50.0	27.8
<b>Employment rate 15–64<sup>a</sup></b>	64.6	70	53.8	40.1	21.8	48.8	50.0	56.6	43.3	44.3
<b>Female employment rate 15–64<sup>a</sup></b>	58.2	60	45.6	29.3	9.4	41.6	39.3	51.0	33.5	24.2
<b>Employment rate of older workers 55–64<sup>a</sup></b>	46.0	50	44.0	34.0 (50–64)	23.8	35.6	35.0	38.4	34.6	28.2
<b>Employment in agriculture (% of total)<sup>1</sup></b>	4.6		44.7	25.8	8.0	6.5	24.0	11.0	18.5	21.6
<b>Unemployment rate 15+<sup>a</sup></b>	9.3		13.0 (15–64)	24.1	47.5 (15–64)	19.1	19.7	9.3	32.4	11.8
<b>Female unemployment rate 15+<sup>a</sup></b>	9.2		13.7 (15–64)	25.6	59.6 (15–64)	20.5	18.4	10.8	32.1	11.8
<b>Youth unemployment rate 15–24<sup>a</sup></b>	20.3		27.2	48.7	73.0	35.6	42.5	25.9	56.6	22.2
<b>Unemployment rate of the elder workforce 55–64<sup>a</sup></b>	9.9		8.2	16.7	26.9	10.1	10.0	9.3	32.3	12.8
<b>Total long-term unemployment rate<sup>2, b</sup></b>	3.0		8.6	21.5	38.8	15.6	5.7	5.2	26.2	2.3

(1) Agriculture, forestry and fishing; (2) Long-term unemployed (12 months and more) as a percentage of the total active population.

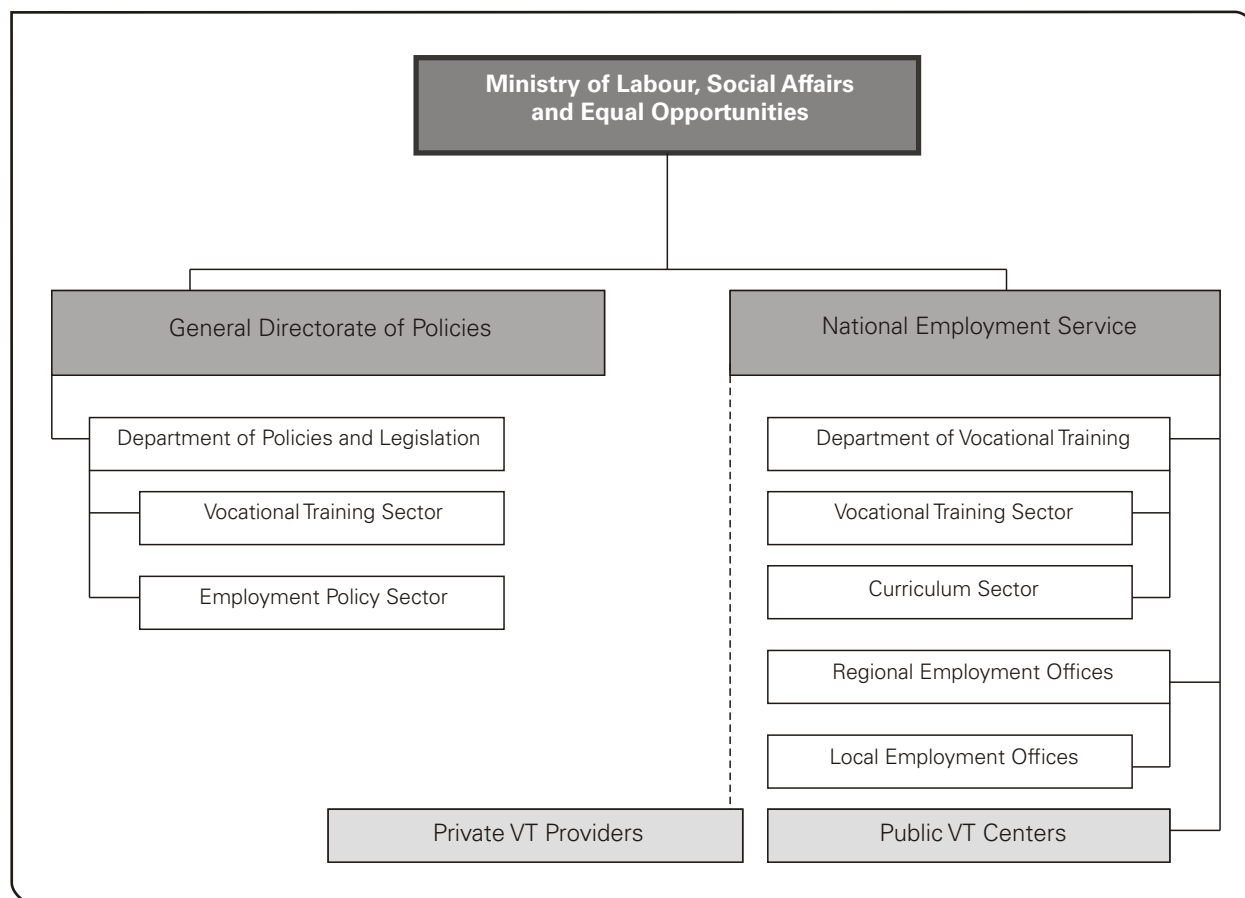
Sources: (a) EU-27, HR, MK and TR: Eurostat databases; AL, BA, KO, MK and RS: Labour Force Survey; (b) EU-27, HR, MK and TR: Eurostat databases; BA, KO, ME and RS: Labour Force Survey; AL: INSTAT

## ANNEX 2. ORGANISATIONAL STRUCTURE OF MINISTRIES OF EDUCATION AND SCIENCE; LABOUR, SOCIAL AFFAIRS AND EQUAL OPPORTUNITIES; AND ECONOMY, TRADE AND ENERGY

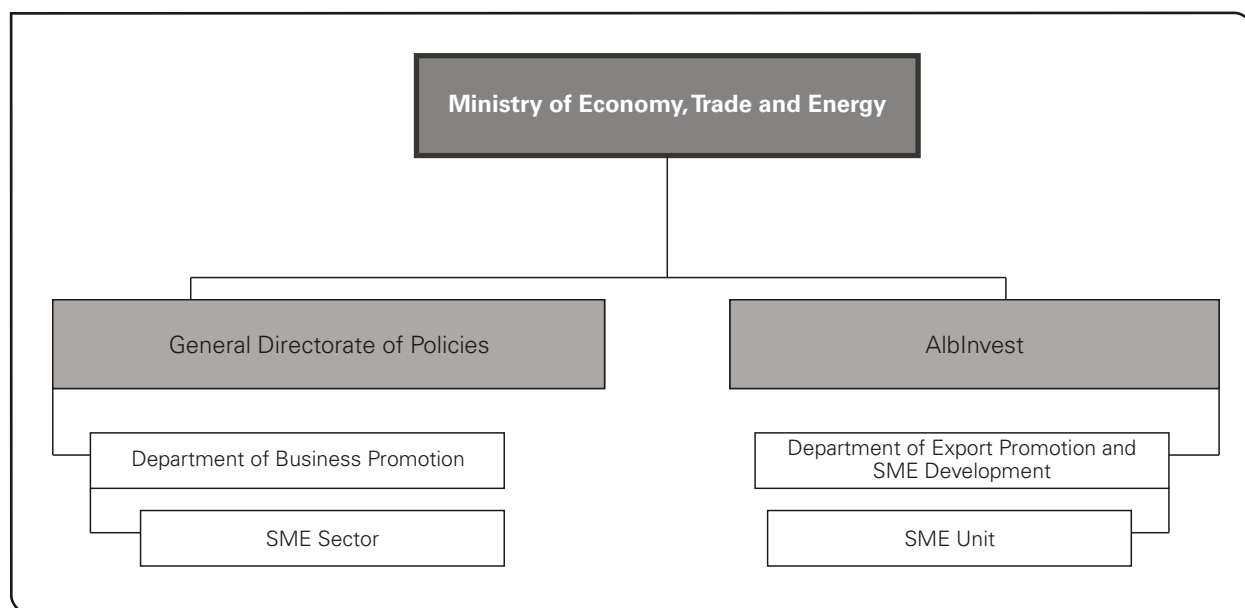
### MINISTRY OF EDUCATION AND SCIENCE, MARCH 2010



## MINISTRY OF LABOUR, SOCIAL AFFAIRS AND EQUAL OPPORTUNITIES, MARCH 2010



## MINISTRY OF ECONOMY, TRADE AND ENERGY, MARCH 2010



# DEFINITIONS

## **Age dependency ratio (% of working-age population)**

The age dependency ratio is the ratio of dependants (people younger than 15 or older than 64) to the working-age population (those aged 15–64). Data are shown as a percentage of the working-age population. Source: World Bank staff estimates from various sources including census reports, the United Nations Population Division's World Population Prospects, national statistical offices, household surveys conducted by national agencies and Macro International.

## **Foreign direct investment, net inflows (% of GDP)**

Foreign direct investment is the net inflow of investment required to acquire a lasting management interest (10% or more of voting stock) in an enterprise operating in an economy other than that of the investor. It is the sum of equity capital, reinvestment of earnings, other long-term capital and short-term capital, as shown in the balance of payments. This series shows net inflows in the reporting economy and is divided by GDP. Source: International Monetary Fund, International Financial Statistics and Balance of Payments databases, World Bank, Global Development Finance and World Bank and OECD GDP estimates.

## **Net migration rate**

This is the difference between the number of migrants entering and those leaving a country in a year, per 1 000 mid-year population. It can also be expressed as a percentage. A positive figure is known as a net immigration rate and a negative figure as a net emigration rate.

## **Net number of migrants**

This is the difference between the number of migrants entering and those leaving a country in a year. A positive figure is known as net immigration and a negative figure as net emigration.

## **Corruption Perceptions Index**

The Corruption Perceptions Index (CPI) measures the perceived level of public sector corruption in 180 countries and territories around the world. The CPI is a 'survey of surveys' based on 13 different expert and business surveys. The rank shows how one country compares to others included in the index. The CPI score indicates the perceived level of public sector corruption in a country/territory.

## **Global Competitiveness Index**

The Global Competitiveness Index measures the set of institutions, policies and factors that set the sustainable current and medium-term levels of economic prosperity. It is made up of over 113 variables, of which approximately two-thirds come from the Executive Opinion Survey, and one third comes from publicly available sources. The variables are organised into 12 pillars, with each pillar representing an area considered to be an important determinant of competitiveness. The impact of each pillar on competitiveness varies across countries, as a function of their stages of economic development. In order to take this reality into account in the calculation of the GCI, pillars are given different weights.

## **Human Development Index**

This is a composite index measuring average achievement in three basic dimensions of human development: a long and healthy life, access to knowledge and a decent standard of living.

## **Press Freedom**

Countries are given a total score from 0 (best) to 100 (worst) on the basis of a set of 23 methodology questions divided into three subcategories. Assigning numerical points allows for comparative analysis among the countries surveyed and facilitates an examination of trends over time. The degree to which each country permits the free flow of news and information determines the classification of its media as Free, Partly Free or Not Free. Countries scoring 0 to 30 are regarded as having Free media; 31 to 60 Partly Free media; and 61 to 100 Not Free media.

## Gini Index

The Gini index measures the extent to which the distribution of income (or, in some cases, consumption expenditure) among individuals or households within an economy deviates from a perfectly equal distribution. A Lorenz curve plots the cumulative percentages of total income received against the cumulative number of recipients, starting with the poorest individual or household. The Gini index measures the area between the Lorenz curve and a hypothetical line of absolute equality, expressed as a percentage of the maximum area under the line. Thus, a Gini index of 0 represents perfect equality, while an index of 100 implies perfect inequality. Source: World Bank staff estimates based on primary household survey data obtained from government statistical agencies and World Bank country departments. Data for high-income economies are from the Luxembourg Income Study database.

## Depth of poverty

The poverty gap (sometimes referred to as depth of poverty) indicates how close households are to the poverty line. It is obtained by dividing the sum of the consumption gaps of the poor population (that is, poverty line less consumption) for all the poor by the overall population, and expressing it as a percentage of the poverty line. So a poverty gap of 2% means that the total amount the poor are below the poverty line is equal to the population multiplied by 2% of the poverty line. The main advantage of the poverty gap as an indicator is that the contribution of a poor individual to overall poverty is larger the poorer that individual is.

## Severity of poverty

It is calculated as the average value of the square of the depth of poverty for each individual. Its main advantage is that it is sensitive to inequality among the poor. The severity of poverty takes into account not only the distance separating the poor from the poverty line, but also the inequality among the poor. In this respect, a higher weight is placed on those households that are further away from the poverty line.

## Adult literacy rate

The adult literacy rate is the percentage of people aged 15 and over who can, with understanding, read and write a short, simple statement on their everyday life. Source: (UNESCO) Institute for Statistics.

## Youth literacy rate

Youth literacy rate is the percentage of people aged 15–24 who can, with understanding, read and write a short, simple statement on their everyday life. Source: (UNESCO) Institute for Statistics.

## Early school leavers rate

This is the percentage of 18–24 year-olds who did not complete secondary education.

## Characteristics of the student performance data in PISA 2000

PISA 2000 covers three domains: reading, mathematical and scientific literacy. PISA defines reading literacy as the ability to understand, use and reflect on written texts in order to participate effectively in life. Mathematical literacy is the ability to formulate and solve mathematical problems in situations encountered in life. Scientific literacy is the ability to think scientifically in a world in which science and technology shape lives (OECD, 2001). PISA aims to measure competencies that are less curriculum-tied than in the International Association for the Evaluation of Educational Achievement's (IEA) studies, including the Trends in International Mathematics and Science Study (TIMSS). Mean scores provide a general indication of the overall performance of each country.

## Percentage of student proficiency

Student proficiency is described in terms of five levels of reading literacy. It is possible either to indicate what proportion of them are proficient at a particular level or to identify the percentage that are proficient at most at that level.

## Quality of education system

(WEF survey) How well does the education system in your country meet the needs of a competitive economy? (1 = not well at all; 7 = very well). Weighted average.



**Quality of maths and science education**

(WEF survey) How would you assess the quality of maths and science education in your country's schools? (1 = poor; 7 = excellent). Weighted average.

**Extent of staff training**

(WEF survey) To what extent do companies in your country invest in training and employee development? (1 = hardly at all; 7 = to a great extent). Weighted average.



# ABBREVIATIONS AND ACRONYMS

<b>ALL</b>	lek (Albanian currency)
<b>ALMPs</b>	active labour market policies
<b>AQF</b>	Albanian Qualifications Framework
<b>CARDS</b>	Community Assistance for Reconstruction, Development and Stabilisation
<b>CHF</b>	Swiss franc
<b>EC</b>	European Communities
<b>EEEP</b>	Education Excellence and Equity Project
<b>ETF</b>	European Training Foundation
<b>EU</b>	European Union
<b>EUR</b>	euro (EU currency)
<b>FDI</b>	foreign direct investment
<b>GDP</b>	gross domestic product
<b>GTZ</b>	German Agency for Technical Cooperation (Deutsche Gesellschaft für Technische Zusammenarbeit)
<b>HDI</b>	Human Development Index
<b>HRD</b>	human resources development
<b>ICT</b>	information and communication technology
<b>ILO</b>	International Labour Organisation
<b>INSTAT</b>	Albania's Institute of Statistics (Instituti i Statistikës)
<b>IPA</b>	Instrument for Pre-Accession Assistance
<b>ISCED</b>	International Standard Classification of Education
<b>LFS</b>	Labour Force Survey
<b>LSMS</b>	Living Standards Measurement Survey
<b>MoES</b>	Ministry of Education and Science
<b>MoETE</b>	Ministry of Economy, Trade and Energy
<b>MoLSAEO</b>	Ministry of Labour, Social Affairs and Equal Opportunities
<b>NAVETA</b>	National VET Agency
<b>NES</b>	National Employment Service
<b>NGO</b>	non-governmental organisation
<b>NSDI</b>	National Strategy for Development and Integration

<b>NVETC</b>	National VET Council
<b>OECD</b>	Organisation for Economic Cooperation and Development
<b>PISA</b>	Programme for International Student Assessment
<b>SME</b>	small and medium-sized enterprise
<b>UNDP</b>	United Nations Development Programme
<b>USD</b>	US dollar
<b>VET</b>	vocational education and training
<b>VTC</b>	vocational training centre

## COUNTRY CODES

<b>AL</b>	Albania
<b>BA</b>	Bosnia and Herzegovina
<b>HR</b>	Croatia
<b>KO</b>	Kosovo (under UNSCR 1244)
<b>ME</b>	Montenegro
<b>MK</b>	former Yugoslav Republic of Macedonia*
<b>RS</b>	Serbia
<b>TR</b>	Turkey

(\*) Provisional code that does not affect the definitive denomination of the country to be attributed after the conclusion of the negotiations currently taking place at the United Nations.

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EUROPEAN TRAINING FOUNDATION

ALBANIA – REVIEW OF HUMAN RESOURCES DEVELOPMENT

Luxembourg: Publications Office of the  
European Union

2010 – 104 pp. – 21.0 x 29.7 cm

ISBN: 978-92-9157-595-4  
doi:10.2816/1478



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TA-30-10-645-EN-C

ISBN 978-92-9157-595-4



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