Performance of Western Balkan economies regarding the European Pillar of Social Rights

Updated review on Albania

Written by Esmeralda Shehaj
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Executive summary

Some improvements have been recorded in the last few years in the field of social rights, but segregation is a key aspect of Albania's performance. Faster economic growth and job creation have contributed to improved living standards, but poverty and income inequality remain very high. Recent estimates suggest that at-risk-of-poverty rate has gradually decreased, but about every fourth person is still poor, and every second person in Albania is at risk of poverty or social exclusion. Most of the gains in poverty reduction occurred between 2014 and 2015, and since then there has been limited progress in fighting poverty. At-risk-of-poverty rate was 23.7 % in 2017 and 23.4% in 2018 (INSTAT, 2019a). Furthermore, 38.3% of the Albania’s population was in severe material deprivation in 2018 and 13.3% of individuals aged 18-59 were living in households with very low work intensity. Regional disparities in poverty rates are persistent, with much higher poverty rates in regions than the capital, and with half of the regions having poverty rates above the national level. Poor and vulnerable households manifest low access to and low levels of education, low occupational opportunities and low access to social protection measures. Families living with per capita consumption per day of below USD 4 (or EUR 3.49) have little access to social transfers, pensions, health insurance or income received from assets. Heads of poor households are subject to unstable and low-paid employment, occasional or temporary jobs without a contract. Recent evidence suggests that taxes and contributions, particularly indirect taxes, play an important role in increasing poverty (Davalos et al., 2018). Direct transfers have a poverty-reducing effect, but the reduction achieved with direct transfers is more than offset by indirect taxes paid by households.

Access to labour market and education levels has improved in the last five years but education outcomes and labour market performance are still low. Particularly, the employment rate reached 67.1% for the population aged 20-64 years in 2019, representing an increase of 10.5 percentage points compared to 2014. The unemployment rate for the same period has decreased by about seven percentage points, reaching its lowest point (12.0%) in 2019, but it is still above the EU average. Despite improvements in the labour market, active labour market policies are limited, and their implementation has only had a marginal impact on labour market outcomes. Five new ALMPs are designed, three of them are approved in January 2020, and the ones about self-employment and community works will be approved soon. Their implementation is expected to have a higher impact on the labour market. Gender gaps in employment, unemployment, and wages persist, although some improvements have been evident recently. The enrolment rates decrease with the increase in educational levels. Access to compulsory education (until 9th grade) is nearly universal but enrolment in upper secondary and tertiary education is lower than the EU average. The Gross Enrolment Rate (GER) in secondary and tertiary education levels have decreased only slightly in the last five years. Education attainment of the population 15-64 years old is also low, with about 48% of those who attended lower-secondary (basic) education and only 16% with tertiary education diploma. In addition, the high percentages of young people not in
employment, education or training (26.6% in 2019) and low adult participation in lifelong learning
(9.2% according to the Adult Education Survey) remain two major challenges.

Legislative changes have taken place to ensure fair working conditions, but their
implementation lags behind. The changes to the Labour Law\(^1\) have introduced various measures
for worker protection, such as the right to family and maternity leave, anti-discrimination, labour
contracts, health and safety at workplace, measures against informality, temporary employment,
etc. Nonetheless, the size of informality, gender pay gaps, and the gaps in the indicators for
marginalised groups in the labour market are high and significant. The performance of the
economy with regards to work-life balance is below that of the EU average and of neighbouring
economies. Reporting and statistical data on accidents at work must be essentially improved.
Social dialogue remains underdeveloped. The National Labour Council (NLC) did not hold regular
meetings in 2016 and 2017. After this problematic period, in March 2018, the Council of Ministers
approved the employer and employee organisations that are represented in the National Labour
Council. Their representatives were also appointed and the NLC held two meetings in 2018. The
number of employees covered by collective contracts decreased in 2018, and it remains limited
especially in the private sector, at branch and enterprise level, as well as at the regional and local
level and rural areas. Trade union fragmentation is one of the most important barriers towards
better coverage, but other important factors include labour market informality, insufficient
experience of trade unions, conflicts between unions, existence of several trade unions and
federations covering one profession, employers’ scepticism towards trade unions, the lack of
social dialogue culture, as well as the lack of genuine interest and commitment from the
government.

Changes in the field of social protection have not significantly impacted poverty, equality and
inclusion. The social protection system is underfunded and does not target all those in need;
many poor households do not benefit from social assistance. Expenditure on social protection has
remained constant at 11.5% of GDP in the last few years but remains low compared to the EU
average (28.2% of GDP). The social assistance programme - Ndihma Ekonomike (NE) - has been
redesigned to improve targeting, effectiveness and transparency in the use of resources. It is the
main poverty-oriented monetary social assistance programme, providing a monthly (means-
tested) cash allowance to approximately 54 000 households in 2018. Despite the efforts, a large
number of applicant households living in poverty are excluded from the new scoring scheme,
whereas those who benefit from it receive on average only 21% of the minimum wage (for one
person). Unemployment benefits increased to half of the minimum wage in 2016, but their
coverage is relatively low. Expenditure on unemployment benefits accounts for almost half of the
budget of the Public Employment Service (PES). Health insurance coverage is also below the EU
average; in 2017-2018, about 62% of women and 64% of men aged 15-49 years old have no
health insurance. Government expenditure on health care is low, and out-of-pocket expenditure
is high.

\(^1\) Also called the Labour Code in Albania
Access to social protection, education, labour market, health care and housing facilities for poor people and people from vulnerable groups should be prioritised. While legislative changes are expected to bring positive changes, the real impact on the 20 principles of the European Pillar of Social Rights depends on effective implementation, which is often undermined by limited resources. The new scoring system in the social assistance programme is a major development to reach the poorest, but the lack of a minimum living income and the low amounts received by households have imposed barriers to decent living standards and design of efficient measures. Access to employment services by vulnerable groups must also increase. The new ALMPs are expected to reach the most vulnerable, although their effectiveness will largely depend on funding of and outreach to remote and rural areas in which the National Agency of Employment and Skills does not operate any branches. Access to and quality of long-term care services is one of the most problematic areas of social care. Currently, only 1,787 elderly persons receive long-term care in the few public and private residential centres that exist. The housing and assistance for the homeless is one of the most problematic areas of social rights covering only 14% of the needs.

Most of the human development, health and poverty indicators are expected to decrease due to the earthquake of 26 November 2019 and the lockdown due to coronavirus-related health situation.
1 Introduction

Albania has recorded some improvement in the principles of the European Pillar of Social Rights, but its performance is overall relatively weak. Whilst some labour market indicators have recorded continuous improvements, low participation, high unemployment rates, especially for young people, structural unemployment and informality remain major challenges. More than one third of workers in the non-agricultural sector do not benefit from basic rights such as annual leave, paid sick leave, etc. Equal opportunities have gained significant attention in terms of legislative changes, strategies and national action plans, but the real improvements are not there yet. Gender gaps in the participation in the labour market, employment, and wages are high and persistent. Special groups are discriminated in the labour market, and although several programmes were designed to support their integration, their impact on the employment of vulnerable groups was only marginal. Active measures to support employment do not have a sizeable impact in the labour market and their funding has not changed in the last three years. Adult participation in lifelong learning and access to education are relatively low compared to EU Member States. Workers’ rights, their protection, health and safety have also been subject to legislative improvements; however, limited human resources in the institutions in charge impose barriers to better implementation. The social protection system is underfunded and does not target all those in need; many poor households do not benefit from social assistance.

Labour market indicators show improvements, but low participation, high structural unemployment and high unemployment rates remain major labour market challenges, especially for women, youth and the low-educated. In 2019, the employment rate of working age population fluctuated around 61%, recording an improvement of eight percentage points in the last five years, whilst women’s employment was around 54%. Participation rate in 2019 was slightly about 70%, with strong and persistent gender gaps (77.6% for men and less than 61.6% for women). Youth unemployment rate (15 -24) was about 27.2% in 2019. The figure reflects the specific challenges of first-time labour market entrants, as well as the skills mismatch. The latter is confirmed by the percentage of unemployed young people with tertiary education which is particularly high (about 34.7% in 2019). The share of young people (15-24 years old) neither in employment nor in education and training (NEET) is also very high, 25.8% in 2019. Gender gaps in labour market indicators have in general narrowed in the last years, but they are still of considerable magnitude. Coverage of ALMP measures is low and access to Employment Offices and services and measures remains limited. The coverage rate of ALMP measures is about 6% and they do not have a considerable impact on labour market indicators. Despite low coverage, ALMP measures target different marginalised groups, but increased impact is jeopardised by low funding and limited access to rural areas. New ALMPs are designed based on the new Law on Employment Promotion, and will be approved and implemented upon the design and approval of bylaws and regulations.
Several legislative changes and initiatives have improved the social protection system, but coverage is low, except for pensions, and social assistance even lower. No official figures on poverty and minimum living income were published between 2014 and 2019, which made impact evaluation of the interventions difficult. Only recently, in December 2019, INSTAT published at-risk-of-poverty rates using SILC 2017 and 2018 data. The social assistance modernisation project (SAMP) aims at better targeting of the poorest households using a scoring formula, but the scheme leaves out thousands of applicant households every month. Furthermore, the cash amount received by the households is about one fifth of the minimum wage, i.e. it is insufficient to keep these households above the poverty line. Unemployment benefits coverage is between 2 and 3% of registered unemployed. Old-age pension scheme has an almost perfect coverage, but although pension amounts have increased by more than 10% in the last five years, the average pension amount is low. Furthermore, the increase barely compensates for inflation adjustment; hence in real terms pensions have not increased in the last five years. In 2018 in particular, pensions in rural areas were as high as 37% of the minimum wage, whilst in the urban areas they were 65% of the minimum wage on average. In rural areas, the average pension in 2017 was 65.8% of the national at-risk-of-poverty line, whilst in urban areas it was 16% higher than the poverty line. Health insurance coverage is below the EU average; with only 46% of women and 37% of men covered (INSTAT 2018), and about 62% of women and 64% of men aged 15–49 years have no health insurance (Albania Demographic and Health Survey 2017-18).

Civil society monitoring initiatives covering implementation of legislation, strategies and action plans in the field of social rights are limited. A few initiatives have been supported by national and international organisations. For example, the Institution of People’s Advocate (Ombudsman) is an independent institution and one of the main national institutions working towards good governance, effective social protection, and monitoring implementation of social rights for the disadvantaged groups. It also defends the rights, freedoms and lawful interests of individuals from unlawful acts and wrongdoings. In 2018, in collaboration with Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), it carried out a regional project on the implementation of social rights in three regions of Albania – Kukës, Elbasan and Librazhd (Albanian Legal and Territorial Research Institute (A.L.T.R.I.), 2018). In 2016, in collaboration with UN Women and the United Nations in Albania, the institution prepared a report on the implementation of the Convention on the Elimination of Discrimination against Women (Ombudsperson Institution, 2016a). In the same year, and with the support of the Danish Neighbourhood Programme, it also prepared a special report on children’s rights (Ombudsperson Institution, 2016b), and in 2019, the institution prepared a report on Monitoring the Social Assistance Scheme and the Rights of the Disabled Persons (Ombudsperson Institution, 2019).

The main source of data used in this report with regards to education, labour market, social protection and access to public services is the Institute of Statistics. The source of data for the unemployment benefits is the National Employment Service. Almost all data and indicators used in the report are available online.
2 Albania’s performance in the 20 principles of the European Pillar of Social Rights

2.1 Equal opportunities and access to the labour market

2.1.1 Education, training and lifelong learning

In 2017, a law was passed to better align the education system and vocational training towards labour market needs. The Law on vocational education and training (No.15/2017) was approved on 16 February 2017 by the Albanian Parliament and is a key development to fully align the education system and vocational training towards labour market needs. The Law defines the main principles, mission and objectives of the vocational education and training system and sets out the role and responsibilities of public authorities and other responsible bodies and institutions regarding planning, implementing and monitoring of Vocational Education and Training (VET). The main institutions responsible for the VET system in Albania are the Ministry of Finance and Economy, National Employment and Skills Agency and National Agency on VET and Qualifications. The National Employment and Skills Agency is responsible for every aspect of the management of public providers of VET. Nevertheless, the Agency is not fully operational yet. The National Agency for VET and Qualifications is responsible for development of a national system of professional qualifications and continued professional development of teachers. An important aspect of the new law is the quality assurance, as a continued process which aims to improve the efficacy and efficiency of the VET system. The process includes the licensing, accreditation and inspection of VET providers, self-assessment, monitoring of and reporting by VET providers, as well as an evaluation of the whole VET system in regular intervals. In collaboration with GIZ, a graduate tracer system is in place for VET graduates and certificated trainees. This tracer is not available for other education institutions.

The new VET law is an important development, but no concrete measures have yet been taken with regards to adjusting higher education and training to match labour market needs. A new law on higher education (No. 80/2015) was approved in 2015 which includes two articles (Articles 71 and 86) that could be interpreted as crucial for matching of the labour market needs with human capital development in Higher Education Institutions (HEIs). According to Article 71, the elements that study programmes in higher education institutions must contain are defined by a Decision of the Council of Ministers. This decision has been drafted but not yet approved. Its approval is expected to lead to a revision of curricula and unify 70% of the core curricula across HEIs, based on outcomes and labour market skills needs. The law also gives HEIs the right to offer professional study programmes. However, additional acts and bylaws have not been approved yet. In the framework of the EU 2020 Strategy, the Ministry of Education, Youth and Sports in collaboration with Higher Education Institutions, local governments and businesses has started...
implementation of the SMART specialisation project. This project is coordinated by the Regional Cooperation Council (RCC) for Western Balkan economies. RCC coordinates actions to benefit regional development by getting the involved actors to collaborate on revising curricula and on matching these to regional labour market needs.

In September 2016, the Institute for Leadership in Education was established, but it didn’t operate as expected. It was dedicated to training school principals. Historically, school principal hiring has been akin to a political appointment (EPNSL, 2012) and the pre-university system has traditionally experienced high principal turnover (EPNSL, 2012; Nathanaïl, 2015). The establishment of this institution was expected to benefit the economy by developing a school leadership framework, setting school leadership standards, and inform the development of new procedures, qualifications programmes, etc. With support from international donors and the government budget, 213 school principals were trained for a short period during September - December 2016 (UNESCO, 2017). Since then, the activity of the institute stopped, and in September 2018 the government approved Law No. 540 for the organisation and functions of the Centre for School Leadership (CSL), which will train and certify directors of pre-university institutions. The activity of CSL started with a needs assessment study. Based on the findings from the needs assessment study, in 2019, the CSL prepared the professional standards for school managers, the training curricula, which include training on management theories and internships, and set the duration of training to be 9 months, part-time. The participants in the training are acting principals and aspiring ones. The first training started in November 2019 with 48 participants, who are expected to be certified in June 2020. In April 2020, a second training will start with about 200 participants.

The decline in the absolute value of the number of pupils in pre-university education reflects the decline of the population below the age of 18. In the academic year 2017-2018, a total of 652,592 pupils and students enrolled in the education system. The Gross Enrolment Ratio (GER) was 82.8%. The number of pupils enrolled in 2018-2019 was 641,161, and the GER rate for this year school year was 84.4%. In the year 2017-2018, 81,026 children attended pre-school education, with GER at this level of 78.3%, which is a decrease of 2 percentage points compared to the previous year. The Net Enrolment Ratio (NER) for children in kindergartens was 71.9% in 2018-2019 and recorded a sharp decrease from 76.3% in 2017-2018. In 2018-2019, the number of children enrolled in pre-school education was 78,942.

The Net Enrolment Ratio for pupils aged 6-14 years in basic education was 95.6% in the 2018-2019 school year; a decrease of about one percentage points compared to the previous academic year. The GER was 99.7% in the same year, showing a similar decrease of one percentage point compared to the previous year. A total of 306,530 pupils participated in basic (compulsory) education, of which 47.3% were girls. 92.7% enrolled in public institutions, whilst 7.3% enrolled in private institutions in the academic year 2017-2018.

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2 In the calculation of gross enrolment ratio, students of all ages in an education level are included, i.e. not only the students of the age group that officially corresponds to the level of education, but also repetitions and early and late enrolments.
The GER in upper secondary school education in 2018–2019 was 95.6%, which is an increase of 1.7 percentage points compared to the previous school year. The NER at the upper secondary school level was 77.4% compared to 76.7% in 2017-2018. Public secondary education accounts for 87.6% of total upper secondary school enrolments. Enrolment in secondary education is dominated by enrolment in high schools, which accounted for 79.4% of total enrolments in upper secondary education in 2017-2018, and 78.4% in 2018-2019 (INSTAT, 2019b). Recently, increased attention has been given to VET and promotion campaigns have taken place aiming to increase enrolment in VET in order to better match skills acquired at school with the requirements of the labour market. Since the school year 2013-2014 enrolment rates in secondary vocational education schools have increased from 18% to 21% of the total enrolment in secondary education. In 2018-2019, enrolment in secondary vocational education reverted to 18.3% of the total secondary level enrolment. The gross graduation ratio (GGR) from upper secondary school education in 2018-2019 was 78.3% compared to 80.1% in the year 2017-2018.

The GER in tertiary education in 2018-2019 is low, but it showed an increase of 6 percentage points compared to the previous academic year. In 2017-2018, the GER in tertiary education was 54%, down from 56% in 2016-2017. In 2018-2019 it increased to 60.3%. 129,394 students enrolled in the tertiary education in the academic year 2017-2018, and 139,043 enrolled in 2018-2019. The percentage of enrolled females is stable at approximately 60%. 85,234 students participated in bachelor programmes in 2017-2018. About 82% of students attend their studies in public institutions. The Institute of Statistics estimates that around 25,000 Albanian students study abroad. One of the main reasons for the decrease in enrolment rates in higher education in the past years was the closure of some private higher education institutions in 2014 and the imposition of conditions related to academic performance of candidates in the secondary education.

Regarding education quality, Albania has seen consistent and substantial improvements in science, reading, and maths. According to the PISA 2015 report, the increase in PISA’s results (between 2009 and 2015) in maths and science is equivalent to the knowledge that pupils gain in one year of schooling, and in reading, to half a year of schooling. The results of PISA 2018 also show improvement in maths compared to the results of 2015, no improvement in reading, and a decrease in the science score by 2.4% (OECD, 2019). Underachievement in education, as measured by the percentage of 15-year-old students performing below level 2 at PISA mathematics proficiency test, has improved from 67.7% in 2009 to 42.4% in 2018. Although improvement has been consistent in PISA’s results since 2000, results are low compared to OECD economies.

Student protests during December 2018 have brought the higher education system, the quality of education and its relevance to the labour market needs to the attention of the Government. The higher education law approved in 2015 (No. 80/2015) is not implemented properly, secondary legislation and decisions of the Council of Ministers have been delayed, some of them

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not yet approved. The outcomes of this long and chaotic transitional period towards full implementation of the new law, as well as other problems that the higher education institutions face, resulted in student protests. Students asked for lower fees (halving of existing fees), an increase in the higher education budget by 100%, exemption from fees for students from vulnerable groups, such as orphans and the disabled, better conditions in schools and dormitories, improved access to and better quality of teaching materials, academic vetting of professors and doctors, increased representativeness of students in administrative boards and increased weight of student votes in election of heads of higher education institutions (HEIs), increased funds for scientific research, and recognition of student status (e.g. through a student card providing access to services, libraries, discounts, etc.). In response to student protests, the government prepared The University Pact, a document containing a detailed situational analysis of the requests/problems, proposed solutions and deadlines for completion. Based on an external monitoring report, in November 2019, the government had not met the deadlines for most of the students' requests (Qëndresa Qytetare, 2019).

Although the percentage of individuals with tertiary education has increased over the last few years, only 17.7 percent of the population aged 15-64 years had tertiary education in 2018, and a large share of the population (44.7 %) only attended basic education. Figure 1 shows the percentages of population by education attainment. Notably, a higher percentage of females than males have completed tertiary education, and the gender gap has widened in favour of women from 1 percentage point in 2012 to about 3.9 percentage points in 2018.

Table 2: Share of population by level of education (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>2010</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age group</td>
<td>25-29</td>
<td>25-64</td>
</tr>
<tr>
<td>Low (ISCED 0-2)</td>
<td>53.4</td>
<td>53.6</td>
</tr>
<tr>
<td>Medium (ISCED 3-4)</td>
<td>27.6</td>
<td>35.4</td>
</tr>
<tr>
<td>High (ISCED 5-8)</td>
<td>19.0</td>
<td>10.9</td>
</tr>
</tbody>
</table>

Source: LFS 2010 and 2018, INSTAT
Figure 1. Education attainment by gender, 2012-2018 (in %)
Access to education in Albania is relatively low compared to developed economies, except for primary education. A lower than EU average enrolment rate has been recorded in secondary and tertiary education. The differences in the enrolment rates between rural and urban areas are strong. Enrolment in pre-university education is about 60% in Albania, while the European MS average is 75% (Ministry of Education and Sports, 2014). The share of the population aged 25-54 that has completed upper secondary education is around 35% (INSTAT, 2018). The share of the population aged 20-24 having completed at least upper secondary education is 59%. Only 67.7% of persons aged 15-19, 26.3% of those aged 20-24 and 5.9% of those aged 25-29 are in education.

Adult participation in formal and non-formal education and training is relatively low compared to EU Member States. According to LFS 2018 results, adult (25-64) participation in formal or non-formal education and training during that year was extremely low (0.9%) compared to the EU-28 average (11.1%). The Adult Education Survey (AES), which measures participation over a longer time span, also shows a significant gap between Albania (9.2%) and the EU-28 average (45.1%). According to the same survey, in 2017, 67.8% participated in informal learning during a 12-month period (INSTAT, 2018b). With regards to gender, the results show that 9.5% of females and 8.8% of males aged 25-64 participated in formal and non-formal education and training (see Table 1). The Adult Education Survey (2017) also shows that 39.9% of population aged 25-64 speak at least one foreign language. The main reasons for participation in formal and non-formal education and training include obtaining certificate (54.7%), acquiring knowledge/skills useful in everyday life (39.1%), meeting employer or legal requirements (38.2%), improving career prospects (28.0 %), increasing knowledge/skills in a subject of interest (26.5%) and performing better at their job (21.9%).

Table 1. Participation in adult education and training by gender, age and level of education completed, 2017

<table>
<thead>
<tr>
<th>Year</th>
<th>Lower secondary</th>
<th>Upper secondary</th>
<th>Tertiary</th>
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<tbody>
<tr>
<td>2012</td>
<td>56.5</td>
<td>11.4</td>
<td>32.0</td>
</tr>
<tr>
<td>2013</td>
<td>56.5</td>
<td>13.5</td>
<td>30.0</td>
</tr>
<tr>
<td>2014</td>
<td>52.7</td>
<td>14.6</td>
<td>32.7</td>
</tr>
<tr>
<td>2015</td>
<td>49.6</td>
<td>17.1</td>
<td>33.3</td>
</tr>
<tr>
<td>2016</td>
<td>50.9</td>
<td>17.1</td>
<td>32.0</td>
</tr>
<tr>
<td>2017</td>
<td>50.2</td>
<td>18.2</td>
<td>31.6</td>
</tr>
<tr>
<td>2018</td>
<td>46.9</td>
<td>20.7</td>
<td>32.4</td>
</tr>
</tbody>
</table>

Source: INSTAT, 2019a
With regards to access to information about learning possibilities and guidance, figures indicate that only 8.2% of the population aged 25-64 has looked for information about learning possibilities. Women were more active in searching for information about learning possibilities than men, with 9.2% of women and 7.3% of men actively looking for information. The main sources of free information are personal contacts, media, mobile phone applications and online information, while education institutions remain the most important source of information serving about 59% of individuals looking for learning and training possibilities.

The percentage of early school leavers and young people not in education, employment or training (NEET) remains high. The rate of early school leavers decreased considerably from 2010 to 2016 from around 32% to 20% (see Table 2), but only a slight decrease was recorded in the last two years. At the beginning of the period young women were more likely than young men to leave school early. The trend has reverted over time. In 2017 the percentage of early school leavers among young men was about four percentage points higher than among women, and in 2018 the gap decreased to 2 percentage points. The decrease in the NEET rate is less steep.

The transition towards labour market is more difficult for women and graduates of tertiary education level. During 2010-2019, the NEET rate of young people aged 15 to 24 years has decreased by four percentage points. In 2019, one in four of them was not in education, employment or training. Young women are more prone to become NEET than young men. However, the gender gap has narrowed considerably. In the last five years, NEET rates for 15-24 year olds were the lowest for those with primary education, and the highest for youth with tertiary education diploma in three out of five years. During the same period, NEET rates for the age group 15-24 decreased by 5 percentage points for those with primary education, 5.4 percentage points for those with secondary education, and only 0.8 percentage points for those
with tertiary education. In 2019, the share of NEETs among young people aged 15-24 was 26.5%. The NEET share of those with primary education was 20.6%, with secondary education was 28.5% and for those with tertiary education the NEET share reached 31.8%. For the age group 25-29, the NEET rate shows a reversed picture; it decreases with higher education attainment. In 2019, the age group 25-29 with primary education recorded a NEET rate of 35.4%, whilst their counterparts with secondary and tertiary education recorded 29.8% and 22.9% respectively. Nonetheless, the EU-28 averages show a much stronger correlation between higher levels of education and lower NEET rate.

Table 2. Early school leavers, NEET, participation in lifelong learning, and tertiary attainment for the period from 2010 to 2018

<table>
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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Early school leavers (18–24 years)</td>
<td>31.9</td>
<td>35.2</td>
<td>31.6</td>
<td>30.6</td>
<td>26.0</td>
<td>21.3</td>
<td>19.6</td>
<td>19.6</td>
<td>17.4</td>
</tr>
<tr>
<td>Male</td>
<td>31.0</td>
<td>33.3</td>
<td>31.8</td>
<td>30.7</td>
<td>26.1</td>
<td>22.9</td>
<td>21.6</td>
<td>21.6</td>
<td>18.3</td>
</tr>
<tr>
<td>Female</td>
<td>33.0</td>
<td>37.7</td>
<td>31.4</td>
<td>30.6</td>
<td>25.9</td>
<td>19.6</td>
<td>17.3</td>
<td>17.2</td>
<td>16.4</td>
</tr>
<tr>
<td>Youth NEET (15-24 years)</td>
<td>29.4</td>
<td>29.9</td>
<td>27.4</td>
<td>30.8</td>
<td>30.9</td>
<td>29.6</td>
<td>27.0</td>
<td>25.9</td>
<td>26.5</td>
</tr>
<tr>
<td>Male</td>
<td>25.5</td>
<td>27.7</td>
<td>25.8</td>
<td>29.7</td>
<td>29.6</td>
<td>28.2</td>
<td>26.8</td>
<td>24.7</td>
<td>25.4</td>
</tr>
<tr>
<td>Female</td>
<td>33.4</td>
<td>32.4</td>
<td>29.4</td>
<td>31.9</td>
<td>32.2</td>
<td>31.1</td>
<td>27.1</td>
<td>27.3</td>
<td>27.6</td>
</tr>
<tr>
<td>% of participation in Lifelong Learning (25–64 years)</td>
<td>2.1</td>
<td>1.7</td>
<td>1.1</td>
<td>1.5</td>
<td>1.3</td>
<td>1.1</td>
<td>1.1</td>
<td>0.9</td>
<td>0.9</td>
</tr>
<tr>
<td>Male</td>
<td>2.1</td>
<td>1.7</td>
<td>1.4</td>
<td>1.7</td>
<td>1.3</td>
<td>1.0</td>
<td>1.4</td>
<td>1.0</td>
<td>1.1</td>
</tr>
<tr>
<td>Female</td>
<td>2.2</td>
<td>1.7</td>
<td>0.8</td>
<td>1.4</td>
<td>1.3</td>
<td>1.1</td>
<td>0.8</td>
<td>0.7</td>
<td>0.8</td>
</tr>
<tr>
<td>% of tertiary attainment (30–34 years)</td>
<td>11.4</td>
<td>13.3</td>
<td>14.3</td>
<td>15.7</td>
<td>16.7</td>
<td>22.1</td>
<td>20.9</td>
<td>23.5</td>
<td>27.3</td>
</tr>
<tr>
<td>Male</td>
<td>10.6</td>
<td>12.5</td>
<td>11.9</td>
<td>12.7</td>
<td>14.0</td>
<td>19.6</td>
<td>18.0</td>
<td>21.1</td>
<td>22.5</td>
</tr>
<tr>
<td>Female</td>
<td>12.2</td>
<td>14.1</td>
<td>16.4</td>
<td>18.3</td>
<td>19.2</td>
<td>24.7</td>
<td>23.9</td>
<td>26.0</td>
<td>33.2</td>
</tr>
</tbody>
</table>

Source: INSTAT

Adult participation in lifelong learning is considerably lower than in the EU or other neighbouring economies, and the situation is almost stagnant. Over the period 2010-2018, lifelong learning rates decreased by 1.2 percentage points. The latest data show that in 2018 only 0.9% of those aged 25-65 participated in lifelong learning activities. This rate is slightly higher among men than among women. In the EU-28 Member States around 11% of adults participate in training. Figures for the Western Balkan region including Albania are far from that.
Education is one of the main barriers towards labour market inclusion of young people. A low level of education increases the chances of being unemployed and the risk of poverty. In addition, many young individuals face difficult transitions from school to work because of skills mismatches, education irrelevance to labour market requirements, low quality of education, lack of collaboration between schools and businesses, and job (un)availability. Among the registered unemployed jobseekers in 2019, 21% are 15-29 years old, 55.8% have (at most) elementary (compulsory) education, and only 7.5% have completed higher education.

Graduates from vocational education have the highest percentages of long-term unemployment. The figures provide evidence that education reduces the probability of falling in a long-term unemployment trap. Figure 2 shows the percentage of unemployed individuals aged 15-64 in long-term unemployment by educational level. In 2012, 78% of unemployed individuals with only primary education were unemployed for more than a year, and 83% of the unemployed persons that had completed vocational secondary education were long-term unemployed. Furthermore, 79.5% of the unemployed with secondary general education and about 66% of the unemployed that have completed higher education were also unemployed for more than a year. In 2014, these percentages were significantly reduced: around 66% of the unemployed with 8/9 years of education, 72% of the unemployed that graduated from vocational education schools, 63% of the unemployed that have completed general secondary education and only 59.3% of those who have completed university studies were long-term unemployed. Slight fluctuations around these figures have been recorded since then. There was a clear reduction in the percentage of long-term unemployed people with higher education until 2016, but an increase was noticed for both 2017 and 2018.

Figure 2. Percentage of long-term unemployed out of all unemployed by education attainment, 2012-2018

Source: INSTAT, 2019b
2.1.2 Gender equality

Initiatives and legislative changes have been carried out to improve gender equality, but the situation is still problematic. Persistent gender gaps exist in the labour market with regards to participation, employment and wages. Political representation also shows a gender gap. The evident and persistent gender gaps, even with the new/improved legislative frameworks, strategies and policy initiatives, may be explained by structural and traditional roles, ineffective policies and/or problems in the implementation of strategies and legislation. However, they certainly call for increased efforts and action.

The new labour law has introduced several measures to protect the employees, especially women. It has limited the rights of employers with regards to terminating job contracts by obliging them to provide a written statement of reasons for terminating an open-ended employment contract. Everyone, independent of gender, who has been continuously employed with the same employer for more than one year is entitled to paid parental leave. The period for which parental leave is granted is at least four months, until the child turns 6 (12 years for adopted children). The new law also allows pregnant women to have paid leave for their medical visits during work hours. They have the right not to perform extra hours, to have at least 30 minutes break every 3 hours, 63 days of leave after giving birth, and the right to return to the same or an equivalent position upon return to work.

In recent years, Albania has established relevant institutional framework and policies to ensure gender equality. Albania has ratified the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) in 1993, the Istanbul Convention in 2012, is a member state of the Beijing Platform for Action since 1995 and has signed the United Nations Security Council Resolution 1325 on women, peace and security. The Government of Albania submitted the first report on the implementation of the Istanbul Convention in 2017 and has prepared an action plan reflecting the received recommendations. The National Report on the Implementation of the Beijing +25 Platform for Action was submitted in May 2019, and the civil society also prepared and submitted the shadow report to the Beijing Platform for Action. Various strategies address gender equality and women’s economic empowerment, increased opportunities in the labour market, entrepreneurship opportunities, social inclusion, healthcare, youth, vulnerable groups, combatting gender-based violence and trafficking.

- National Strategy and Action Plan on Gender Equality (NSAPGE) 2016-2020, which provides the strategic aims and the basis for policy making in gender equality;
- Action plan for supporting entrepreneurial woman 2014-2020;
- Social Housing Strategy 2016-2025 and its Action Plan for Housing;
- Policy Document for Social Inclusion 2016-2020;
Performance of Western Balkan economies regarding the European Pillar of Social Rights: Albania

- National Action Plan for Integration of Roma and Egyptians 2016-2020;
- National Action Plan for the Socio-Economic Re-Integration of Women and Girls Victims of Trafficking;

**Gender equality is also at the focus of recent changes in the legal framework.** The Law No. 22 on Social Housing dated 03.05.2018 lays down provisions for social shelter for women victims of violence and single mothers. Law No.96 on Protection of National Minorities dated 13.10.2017 stipulates non-discrimination and equality of persons belonging to minorities. Law No.110 on Notaries dated 20.12.2018 protects women’s property rights by requiring that every notary act related to real estate purchase/buying should contain the declaration of matrimonial property regime by explicitly stating the legal presumption of common property when the property was purchased during the marriage. The Decision of the Council of Ministers No.456/2012 on Gender Mainstreaming in Mid-Term Budget Programming and the respective implementation guidelines include gender equality as a core principle of the organic budget law. In May 2017, the new Law on Local Finances made Gender Responsive Budgeting a mandatory requirement. During the preparation of the budget, budget indicators, and in the monitoring and evaluation of the annual budget, central and local governments should keep gender based, disaggregated data. In 2017, two amendments to the Criminal Code of Albania were made, with regards to gender and domestic violence. Domestic violence and other forms of violence against women are considered crimes as per Law No. 7895 “Criminal Code of the Republic of Albania”, dated 27.01.1995 and amended by Law No.36/2017 and Law No.89/2017.

**Although improvements are recorded towards gender equality in terms of legislation and institutional settings, there is still a need for increased efforts by stakeholders to achieve full gender equality.** The Gender Equality Index for Albania was 60.4 in 2017, indicating a substantial gender gap, whilst the EU-28 average was 67.4. Albania has higher gender parity than EU-28 in the domain of power (60.9 versus 51.9 for EU-28), but it scores the largest gaps as regards knowledge, money and time, and similar scores in the areas of work and health. The score in the area of work is 67.6, with a better situation in the sub-domain of participation than in segregation and quality of work, which reflects the higher concentration of women in the social services sector. In the domain of money, the score of 59.6 reflects the high gender disparities in earnings and income. In the area of knowledge, the score of 55.6 reveals a still large gender gap in both sub-domains of attainment and participation, and segregation. The segregation according to the field of education is still prominent, with female tertiary students concentrating in the areas of education, health and welfare, humanities and arts. The domain of time has the lowest index score (48.1), indicating very unbalanced responsibilities regarding care for family members and unpaid household work. While women carry the majority of these responsibilities, they do not
participate as much as men in social activities that are important for their wellbeing and quality of life. The area of health has the highest score of 81.8 (EU-28 score is 88.1) (INSTAT, 2020a).

**The gender labour participation gap seems to be persistent.** Participation gap for the working age population returned to 2012 figures of 17 percentage points in 2018. The gap narrowed further reaching 16 percentage points in 2019. The gender gap in the participation rate for those aged 15 -29 increased from 16.4 percentage points in 2012 to 19.2 percentage points in 2014. In 2016, the gap reached a minimum of 12.9 percentage points, but it increased to 16.7 percentage points in 2018. In 2019, the gender gap for this age group decreased to 13.6 percentage points. In 2017, most of women that were economically inactive claimed to be busy with unpaid work at home, 31.6% of them, and 29 % were engaged in studies. Only 2.1% of men declared homework as the reason behind their inactivity, while 51.3% were students (INSTAT, 2018c).

**The employment gender gap for labour force of those aged 15 to 64 has fluctuated between 12 and 15 percentage points over the last five years.** In 2016, the gap decreased to a minimum of 12.2 percentage points and has fluctuated around 14.0 percentage points since then.

Figure 3. **Participation, employment and unemployment rates by age groups and gender, 2012–2018**
The female employment rate, particularly for the population aged 15-29 years, continues to exhibit a large gap relative to that of males. In 2014 the employment rate for population aged 15-29 was only 28.2%. The female employment rate in this age group was about 23%, almost 10 percentage points lower than that of males. The gap reached a maximum of 12.7 percentage points in 2015 and 2018 and decreased to 10.9 percentage points in 2019. The employment rate of the population aged 30-64 recorded its low in 2014 when it reached 61.8%. In the next years it improved, reaching almost 72% in 2019. The employment gender gap for this age group is higher than the gap of the youth group (16 percentage points).

Gender unemployment gaps are low, and in 2018 the gender unemployment gap for youth disappeared. Working age unemployment rates have decreased by 6 percentage points in the last six years. The unemployment figures indicate a higher incidence of unemployment amongst the
young, although the trend has been at a steep decrease since 2015. In 2015, the unemployment rate for the working age population was 17.5%. This was the only year in which the gender unemployment gap almost disappeared. Throughout this period young female unemployment rates were lower than males, except for 2015 and 2019 when this trend reversed. The unemployment rate of the population aged 30-64 has decreased over the last six years. Male and female unemployment rates were almost similar, and the gender gap has been fluctuating a lot during this period, but differences remain low for this age group. Long-term unemployment has fluctuated around 11% for a few years, with women being more exposed to long-term unemployment than men. During 2017 and 2018, unemployment reached single figures. In 2018, it reached 8.6%. Low-skilled and low educated are also more prone to long-term unemployment (INSTAT, 2019a).

Table 3. Registered unemployed jobseekers by gender and education level, 2013-2019

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Registered unemployed</td>
<td>142 648</td>
<td>141 998</td>
<td>149 148</td>
<td>119 710</td>
<td>89 780</td>
<td>74 686</td>
<td>70 930</td>
</tr>
<tr>
<td>jobseekers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>By gender</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>48.3 %</td>
<td>49.0 %</td>
<td>49.1 %</td>
<td>49.9 %</td>
<td>47.2 %</td>
<td>47.6 %</td>
<td>47.5 %</td>
</tr>
<tr>
<td>Female</td>
<td>51.7 %</td>
<td>51.0 %</td>
<td>50.9 %</td>
<td>50.1 %</td>
<td>52.8 %</td>
<td>52.4 %</td>
<td>52.5 %</td>
</tr>
<tr>
<td>By education level</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>With primary education</td>
<td>54.6 %</td>
<td>54.2 %</td>
<td>52.6 %</td>
<td>53.4 %</td>
<td>56.0 %</td>
<td>57.1 %</td>
<td>55.8 %</td>
</tr>
<tr>
<td>With secondary education</td>
<td>41.3 %</td>
<td>40.1 %</td>
<td>39.6 %</td>
<td>39.4 %</td>
<td>38.2 %</td>
<td>36.3 %</td>
<td>36.7 %</td>
</tr>
<tr>
<td>With university education</td>
<td>4.2 %</td>
<td>5.7 %</td>
<td>7.9 %</td>
<td>7.2 %</td>
<td>5.9 %</td>
<td>6.6 %</td>
<td>7.5 %</td>
</tr>
</tbody>
</table>

Source: INSTAT, 2019a

With regards to the right to equal pay for work of equal value there is evidence that gender pay gaps are still persistent in most of the industries and sectors. The total gender pay gap has decreased slightly from 11.4% in 2016 to 10.7% in 2018 (Table 31). The gender pay gap is in favour of males in every economic activity except for arts, entertainment and recreation, repair of household goods and other services. The gender gap is the highest in the group of plant and machine operators, followed by craft and related trade workers, and it is in favour of females in the group of clerical support workers.
2.1.3 Equal opportunities

Equal opportunities are unsatisfactory for Roma, Egyptians and persons with disabilities. The level of poverty among the Roma and Egyptian population is twice as high as the majority population (UNDP, 2015a). Roma people experience extremely high levels of poverty, and their unemployment rate is estimated at around 75% (Çeka and Kaçiu, 2015). Less than a quarter of Roma and Egyptians are employed, only 15% of Roma women and 13% of Egyptian women have paid jobs (INSTAT, 2015). Most of them work in the informal economy and are not entitled to health and social benefits (health insurance coverage, unemployment benefits and old-age pensions).

Several legislative changes have taken place and national action plans have been approved to improve the situation of Roma and Egyptian communities, as well as other vulnerable groups. For example, a National Action Plan for the Integration of Roma and Egyptian Communities was approved in March 2016. It introduces measures aiming to increase access to public services for Roma and Egyptians over the following five years by eliminating barriers and ensuring inclusive education, civil registration and access to rights, better health, increased welfare through formal employment as well as improvement of the housing situation and social care, resulting in the integration of Roma and Egyptian communities. Roma and Egyptian communities are expected to benefit from the facilitation of application procedures in the Income Support Scheme, the scheme that guarantees financial aid for the households that live below the poverty line (see section on minimum income). The Ministry of Health and Social Protection (MHSP) continues to deliver services through the National Transitional Centre for Emergency in Shish-Tufina which provides shelter and psychosocial services to empower families. The protection of Roma children in street situations and the strengthening of families are provided through the establishment of child protection services, case management through a multidisciplinary approach. The Social Housing Strategy 2016-2025 also sets priorities for Roma and Egyptians as beneficiaries. The law No. 22/2018 on social housing was approved in 2018. It lays down the criteria and procedures of application for social housing in general and foresees simplified application procedures for Roma and Egyptians. Although the impact of the law in the short-term is not expected to be high, mainly because of lack of funds, and also because of time needed for construction of new buildings, there are expectations of a faster and higher impact on the vulnerable groups which are prioritised in the Social Housing Strategy 2016-2025. The new law on social enterprises is expected to increase the possibility of persons from vulnerable groups to benefit from government financial support to start up small craft businesses. Roma and Egyptian families are expected to benefit most, given their skills in certain crafts.

A National Gender Equality Strategy and Action Plan was adopted in 2016. With DCM No.733 of 20.10.2016, the National Gender Equality Strategy and Action Plan 2016-2020 (Ministry of Social Welfare and Youth, 2016b) was adopted, setting the main strategic goals which include the

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4 The income for about 48% of Roma families is less than ALL 10,000/month (approximately EUR 80), while 35% of households reported a monthly income of less than ALL 20,000 (around EUR 160)
economic empowerment of women and men, guaranteeing factual and equal participation of women in the political and public decision-making, reduction of gender-based violence and domestic violence, empowerment of the coordination and monitoring role of the National Gender Equality Mechanism, as well as awareness-raising of the society on gender equality advancing.

The Social Inclusion Policy Document (SIPD) 2016-2020 was drafted and approved by the DCM No. 87 of February 2016. The SIPD coordinates cross-institutional activities for key public policies aimed at improving the living standards and social integration of disadvantaged groups. This framework monitors the access of most vulnerable groups to employment and labour markets, education system, health services, social housing, and legal aid. The overall objective of the SIPD is to achieve a balanced and sustainable framework for ensuring that social inclusion is measured, monitored and reported in Albania through a robust set of indicators.

Significant progress has been achieved at the legal and policy levels in the protection of rights of Lesbian, Gay, Bisexual, Transgender, Intersex (LGBTI) people. In May 2015, the Parliament of Albania approved the Resolution on LGBTI rights, and the government of Albania adopted it in the National Action Plan for LGBTI People 2016-2020. Besides non-discrimination on grounds of sexual orientation stated in the Constitution, the rights of the LGBTI community are also stated in Anti-discrimination Law, the Labour Code, the Code of Administrative Procedures, the Law on Pre-University Education, and the Penal Code. Problems arise at the implementation level. There is evidence that LGBTI people have less access to the labour market and are often subject to bullying and abuse (UNDP, 2017a). People from this community also have a harder time in accessing justice and resolving disputes fairly (UNDP, 2017b).

2.1.4 Active support to employment

The Ministry of Finance and Economy of Albania defined new priority measures in 2014 in a national innovative approach for a better labour market governance aiming to ensure effectiveness of social dialogue as a key labour market governance tool. These priority measures include modernisation of PES services, increasing employment of women, youth and vulnerable people, and improving the quality and coverage of VET system while ensuring linkages with the labour market. The reforms are part of the government priorities stated in the National Strategy for Development and Integration, National Employment and Skills Strategy 2014-2020 and social inclusion and gender equality policies. With regards to PES responsibility and provision of services the reform aims at modernising and increasing the efficiency of public employment services and introducing new and more efficient employment promotion programme for increasing female and youth employment.

The PES is mandated to execute all core functions of a modern PES, including provision of labour market information, counselling of job seekers, job mediation and administration of active and passive labour market programmers. The service delivery of National Employment Services in Albania has been in a continuing process of modernisation and institutional development. In order to develop its services and bring them closer to the standards in the European Union, the Instrument for Pre-Accession Assistance (IPA) 2010 Project supported PES in
developing and implementing a New Service Model based on a three-tiered approach, depending on client needs as follows:

Level 1 - Information. This aims to provide a comprehensive range of information across various platforms to jobseekers, employers and other visitors that can be accessed independently (self-service) or with minimal assistance, as required. The clients can search all job-offers published online or can create their CVs and access PES website directly.

Level 2 – Core service. In the core service area, the staff provides a full range of services to jobseekers and employers, including registration, advice and mediation.

Level 3 – Specialist counselling. At this level, in-depth counselling services and specialised guidance is provided on an individual basis to those clients who require an extra and/or prolonged assistance, belong to vulnerable groups, and can also benefit from active labour market measures.

In addition, in this new model of provision of employment services, registration, profiling and gender-sensitive counselling for jobseekers, primarily aimed at the most vulnerable groups (older women, low skilled youngsters, persons with disabilities, social beneficiaries and Roma), is now also offered by the Employment Offices economy-wide. Another important aspect of this reform entails introduction of tailor-made entrepreneurship programmes, internship and employment opportunities targeted at women, youth and marginalised groups as well as design and implementation of measures in relation to social entrepreneurship and creation of conditions for fostering employment in the third sector (social business).

**The performance of PES has improved since 2015, but its contribution to improving labour market indicators is marginal.** PES offices have undertaken major infrastructure restructuring and are offering their services following the new model. Registered unemployment has experienced a very sharp decline (52.4%), from a high of over 149,000 in 2015 to 70,930 in 2019. This improvement is mostly due to the integrated online information system of PES, tax offices and other institutions of relevance, which facilitates an exchange of information between relevant institutions and thus allows the PES to check whether someone is employed and/ or pay taxes and contributions. Furthermore, it decreased due to the requirements for the unemployed jobseekers to pay monthly obligatory visits to employment offices and demonstrate that over the last month they looked for a job. It may also be attributed to the ongoing efforts against informality that were initiated in 2015. 55.8% of the registered unemployed jobseekers in 2019 were low-skilled and had very low levels of education. In 2019, about 19% of the unemployed jobseekers had been unemployed for more than 3 years.

**The range and scope of the employment promotion programmes remains very narrow.** Currently, there are eight employment promotion programmes being implemented based on seven Decisions of the Council of Ministers/bylaws and eight ALMPs being implemented based on eight Decisions of the Council of Ministers (DCM)/bylaws, namely:

- DCM No. 873, taken on 27.12.2006 on the scope, criteria and procedures for implementation of the vocational training programme and on-the-job training for
unemployed jobseekers that have completed university degree in the economy or abroad, amended by DCM No. 187, of 2.04.2014.

- DCM No. 199, taken on 11.01.2012 On the scope, criteria and procedures for implementation of employment promotion for young unemployed jobseekers (16-30 years old), amended by DCM No. 67, of 7.1.2016
- DCM No. 27, taken on 11.01.2012 on the implementation of employment promotion for female jobseekers from special groups, amended by DCM No. 189, of 2.04.2014.
- DCM No. 48, taken on 16.01.2008 on the implementation of employment promotion for persons in difficulties, amended by DCM No. 192, of 2.04.2014
- DCM No. 47, taken on 16.01.2008 on the implementation of employment promotion programmes for the unemployed jobseekers through on-the-job training, amended by DCM No. 193 of 2. 04. 2014 and by DCM No. 65, of 27.01.2016.
- DCM No. 64, taken on 27.01.2016 on the Employment Promotion Programme for the young orphans.
- DCM No. 162, taken on 21.3.2018 on the payment of vocational training course fee for the unemployed jobseekers.

The budget of the employment promotion programmes has been on a steady upward trend, but their funding is very low. The ALMP budget increased from ALL 90 million (or EUR 0.6 million) in 2013 to ALL 270 million (or EUR 1.9 million) in 2014, ALL 450 million (or EUR 3.2 million) in 2015 and ALL 490 million (or EUR 3.5 million) in 2016, accounting for slightly more than 0.03% of the GDP and being the lowest funding rates in the Western Balkans. The budget allocation for the implementation of a portfolio of seven employment promotion programmes remained unchanged for 2017 and 2018, supporting the employment of over 5,263 unemployed jobseekers with a coverage of 5% of the total number of unemployed jobseekers in 2017. In 2018 it supported the employment of 4,808 unemployed jobseekers (National Employment Agency, 2018), about 9.6% of the registered unemployed jobseekers in the first quarter of 2018 (INSTAT, 2018a). In 2019, 5,338 individuals or 7.5% of the registered unemployed jobseekers benefited from ALMPs.

Active Labour Market Policies (ALMPs) did not have a sizeable impact on unemployment and/or employment rates. For example, in 2017, less than 0.5% of the total number of employed had found a job directly as a result of participating in ALMPs. Nonetheless, they are of relevance for

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5 Equivalent to EUR 644,370 using the exchange rate of the first quarter of 2013
6 Equivalent to EUR 1,923,270 using the exchange rate of the first quarter of 2014
7 Equivalent to EUR 3,209,100 using the exchange rate of the first quarter of 2015
8 Equivalent to EUR 3,542,980 using the exchange rate of the first quarter of 2016
women, youth, vulnerable groups, ethnic minorities, etc. According to PES data, in 2019, 57% of the beneficiaries of the seven current ALMPs are women and girls, 60.1% are aged 15-30, 2.1% are people with disabilities, 13.4% of total participants are unemployed jobseekers from previous or current income support schemes, 3.6% are unemployed jobseekers from the Roma and Egyptian communities, 1% are returning migrants, and 16.6% of the total number of participants are long-term unemployed (National Employment Agency, 2020).

The government has also undertaken several reforms to promote VET over the past three years. Starting from January 2014, all registered unemployed jobseekers have the possibility of attending vocational training courses free of charge in all Public Vocational Education Centres. In 2017, a total of 17,297 trainees participated in vocational training for 50 professions. 54% of these trainees were registered unemployed jobseekers. A tracer survey is conducted a year after the completion of the vocational courses to measure employability of certified trainees. The results of the tracer study for certified trainees of 2017 indicate that one year after completing the course 41% of them were employed, while 52% of them were unemployed. In 2019, 15,143 persons attended vocational training courses offered by public VTCs, out of which 8,714 registered unemployed jobseekers. 62.8% of the participants in courses were certified. In general, vocational courses face a high dropout rate (about 39% in 2018).

The evaluation of ALMPs for the period 2008-2014 suggested that most existing ALPMs revolved around subsidised employment and do not take into account the demographic characteristics and diversity of needs of the target groups. Furthermore, the evaluation emphasised the narrow focus of ALMPs, lack of profiling and low likelihood of participation for people with disabilities and from vulnerable groups. Based on the results of this report, the ALMPs were revised, including their monitoring and evaluation methodology. Based on recommendations from the monitoring and evaluation of the employment promotion programmes implemented in the period from 2008 to 2014, new promotion programmes were introduced, and implementation procedures of active labour market programmes were revised. In particular, the new measures focus on employment of disabled people, orphans, young graduates and female heads of household.

The last evaluation of the ALMPs was conducted in 2019 and referred to the period 2016-2017. It focused mainly on evaluating two of the main ALMPs: employment of people in difficulties (DCM No.48) and on-the-job training (DCM No.47). The results suggest that both programmes are beneficial to the whole society. The DCM No.48 has larger benefits for the whole society in monetary terms, lower cost per person, a higher probability of employment upon programme completion, and a faster return on the investment for the society. Participation of unemployed jobseekers in difficulty in the employment promotion programme increases the probability of employment by 33.8%, whilst participation in on-the-job training programme increases the probability of employment by 27.9%. It takes 3.5 years to reach the break-even point for the DCM No. 48 compared to 10.3 years of DCM No. 47. The findings also indicate that, although the ALMP focuses on employment of jobseekers in difficulties, the majority of beneficiaries are not from this group.

Changes that were introduced in ALMPs in the last few years concern the implementation procedures of the existing ALMPs rather than improvement of their target. The main changes in
ALMP implementation procedures are related to enterprises being able to apply for one or more programmes simultaneously, prioritising those businesses that seek to employ disadvantaged women, orphans, people with disabilities and youth, as well as prioritising on-the-job training programmes and those promoting employment of unemployed in difficulty, with other programmes being considered as supplementary. The evaluation and selection of applicant businesses has been improved to include labour market and regional characteristics such as GDP/capita, unemployment rate, poverty level, and percentage of unemployed jobseekers in the economic assistance programme.

The new Law No. 15/2019 on Employment Promotion sets the grounds for implementation of new employment promotion programmes. The design of these new programmes builds on best examples from the economies of the region. The new programmes include employment of unemployed jobseekers in various employment programmes, such as job training, vocational internships, self-employment, and community employment. The new programmes will continue to (partially) subsidise costs of compulsory health and social insurance, salaries, workplace equipment and reasonable accommodation, transportation to and from the workplace, and kindergartens and nurseries for dependent children. In 2020, five new programmes are expected to be implemented. The first three aim to provide employment, training or professional internships for unemployed jobseekers who find it difficult to access the job market. The fourth one is the Self-Employment Programme and aims to promote self-employment and the creation of new enterprises and businesses for jobseekers. The fifth one is the Community Work Programme and aims to provide community-based jobs and services by training jobseekers in disadvantaged local and geographical areas. A DCM for the first three programmes has been approved in January 2020. The draft Self-Employment DCM and the Operational Regulations of these DCMs are waiting for approval. The DCMs are expected to be approved during 2020 and will set out the procedures, criteria and rules for implementation of the new employment promotion programmes. New monitoring and evaluation rules are also expected to be approved.

2.2 Fair working conditions

2.2.1 Secure and adaptable employment

One of the most important initiatives with regards to employment conditions and employee protection is the revision of Labour Code. The law (No. 136/2015) has been revised with regards to the terms and conditions of contracts, employee representation and industrial relations, discrimination at the workplace, health and safety of pregnant women and those who have given birth recently, maternity and family leave rights, termination of employment, measures against labour informality, part-time contracts, and youth protection. The new labour law has been approved in December 2015 (Law No. 136, December 2015). The most significant changes concern the employee protection and the obligations of the employer to inform employees on contract conditions. Changes include health protection, data protection, workers’ integrity and rights, sexual harassment, gender equality, improvement and extension of the definition of
discrimination, the provision of appropriate work conditions by the employer for the disabled and pregnant women, introduction of new concepts such as cohabitant, paternity leave, and temporary employment agency, among others.

The protection of workers is also guaranteed by several legislative changes. The new Labour Code obliges employers to change the labour contract in written form only. Another innovative change is related to the temporary employment agencies, which offer legal protection for all individuals who have been unprotected by laws, such as plumbers, electricians, babysitters, cleaning staff, construction employees, etc. In addition, distance-work is also regulated, creating new opportunities and protection, especially for youth and new-entrants in the labour market.

The new Labour Code has also changed the treatment during internships, in particular for the students of vocational schools. These students will now be paid for their internship. Other legislative changes are related to equal treatment and non-discrimination at work and at vocational training, as well as sexual harassment at workplace.

With regards to the structure of employment, the non-agricultural private sector constitutes the main sector, but its employment is only marginally higher than that of agricultural, forestry and aquaculture sectors. The non-agricultural private sector accounted for 43.4% of total employment in 2017 and 44.7% in 2018 (INSTAT, 2018a), while employment in the agricultural private sector was on average 41.7% in 2017 and 40.4% in 2018. In 2019, the situation was almost identical, with 44.8% of all employees coming from non-agricultural private sector, and 40.2% from agricultural private sector. Youth has a higher probability of employment in agricultural sector and considering that most farms in Albania are family owned, they are contributors to family business. Jobs in agricultural sector are characterised by seasonality, low skill requirements, low payment, lack of insurance and security, and low job stability.

2.2.2 Wages

During the last three years wages have increased, but Albania is one of the economies with the lowest average wage in Europe.\footnote{Except for Belarus, Moldova and Ukraine} The minimum wage increased in 2017 from ALL 22 000 (around EUR 177) to ALL 24 000 (around EUR 194) (Figure 4) and in December 2018 the Council of Ministers decided to increase the minimum wage to ALL 26 000 (around EUR 210). Minimum wages are usually adjusted without a clear and transparent mechanism or social dialogue behind the increase. Average wages have also increased both in the public and private sector, although the increase in the public sector was higher than that in the private one until the second quarter of 2017. Since then, average wages in public and private sectors have followed similar trends (Figure 4). The public-private gap is in favour of the public sector.

There is evidence that the public-private gap may be attributed to better characteristics of public sector employees, rather than discrimination in the remuneration of the respective employees (Shehaj et al., 2016). The increase of wages in the public sector without
corresponding increase in productivity could lead to inflation, increases in taxes, higher budget deficits and/or diversion of public resources from productive uses. The continuous increase of wages in public sector has also pressured private sector to increase wages. Albania does not have an official minimum living income. In 2017, the Ombudsperson Institution or the People’s Advocate funded a study for evaluation of minimum living income. The results suggested that the minimum living income per person is ALL 16 000 (around EUR 129) (ACER, 2016). Hence, the minimum wage is higher than the minimum living income.

Figure 4. Average monthly wage per employee and approved minimum wage, 2014-2019 (In thousand ALL)

More than a quarter of employed persons earn just the minimum wage. The percentage has decreased by about 4 percentage points since 2015 (Figure 5), although the employment of the low-educated group accounted for 39% of total employment in 2014 and increased to 50.1% in the third quarter of 2019 (INSTAT, 2019a). Generation of low-end jobs partially explains the high share of minimum wage workers. In addition, the high tax wedge forces employers and employees towards accepting envelope wages. There is also some anecdotal evidence that businesses that face liquidity issues may not pay their workers for several months. The latter was more of a problem in cases of delayed payments of the government to contracted businesses. These payments are sometimes carried over from year to year.

Recent evidence suggests that social transfers, such as old-age and family pensions, reduce the risk of poverty rate (INSTAT, 2019d). When excluding all social transfers from household income the risk of poverty in 2018 was estimated to be 39.0% compared to 26.3% that is estimated when the household income includes old-age and family pensions. Hence, social transfers reduce the risk of poverty. Still, a considerable share of individuals experiences in-work poverty. Using the poverty line of USD 1.9 per day (2011 PPP) and the SILC data, poverty rates for the employed and self-employed were 4.91% in 2017 and 3.49% in 2018. Using the poverty line of USD 3.2, the poverty rates of the employed increase to 14.92% in 2017 and 11.73% in 2018. Persons aged 18-
59 living in households with very low work intensity were estimated to be at 13.3% in 2018 compared to 14.4% in 2017, reflecting a decrease of 1.1 percentage points.

**Figure 5. Distribution of employee contributors by average gross monthly wage intervals**

![Bar chart showing distribution of employee contributors by average gross monthly wage intervals]

*Source: INSTAT, 2019a*

### 2.2.3 Information about employment conditions and protection in case of dismissals

The Labour Code clearly states the right of the workers to be informed about their rights and obligations. Furthermore, it states that the employer must provide the employee with a copy of the Labour Code. Articles 153, 154, 155 and 156 of the Labour Code regulate the termination of the job contract for reasonable causes as well as unjustified termination by the employer or the employee. However, proper implementation of the law is an issue.

Despite the legislation improvements, there is evidence of high informality in the labour market (Shurkov, 2018). The estimates show that in the period from 2016 to 2017, 36% of employees had not declared their full income from labour. Moreover, 17% of employees worked without a contract, hence neither them nor their employers paid respective proportions of social security contributions as stated in the law, and only 20.6% of those with primary education work with a
written contract. 52.8% of the interviewed businesses for the scope of the research in Albania claimed that hiring workers on contracts with hidden clauses (not accounting for envelope wages) is a common practice in their sector. Business representatives also confirmed wide scale violations of the Labour and Tax Code in their sectors (Shurkov, 2018).

More than one third of workers in non-agricultural sector do not get information on their rights and employment conditions. INSTAT estimates on informality refer to non-agricultural employment, including:

- employees who do not benefit from paid annual leave;
- employees who benefit from paid annual leave but do not benefit from paid sick leave in case of illness;
- employees who benefit from paid annual leave and paid sick leave but their employers do not pay social security contributions for them;
- contributing family workers; and
- self-employed persons who work in small enterprises with five or less persons employed (including employer); their workplace is alternatively their own home, the client’s/employer’s home, a structure attached to their home, a fixed stall in the market or on the street, or a changing location.

INSTAT estimates indicate that informality decreased from 51.3% in 2014 to 37% in 2018 and that young men, elderly women, and low-educated workers were most likely to hold informal jobs.

### 2.2.4 Social dialogue and involvement of workers

The National Labour Council (NLC) had not performed smoothly during 2017-2018, holding only a few meetings and of irregular frequency. It did not hold any meetings for a period of about a year (March 2017 – 2018), and only held two meetings in 2018. NLC is the highest tripartite advisory body of the social dialogue; it establishes cooperation between the government, employers, and employees; engages in consultations between parties and takes decisions by consensus; and makes specific recommendations to the Council of Ministers. NLC mandate encompasses labour and employment reforms, fiscal and tax measures, health care, education and training, measures for mitigating the consequences of the economic crisis, competition and productivity, and privatisation and structural reforms. The NLC was legally established by the amendment to the Labour Code in 2015, which provides for the Council of Ministers to establish representation of social partners through governmental decree. The four-year mandate of its members expired, and despite the request of the unions to convene and decide on the new structure and composition of the NLC, the discussions did not take place until recently. In March 2018, with DCM No. 129 the Council of Minister approved the employer and employee organisations that are represented in the National Labour Council, a total of 20 of them (10 employer/10 employee organisations), with one representative each. Seven Ministers of the Government are also part of the NLC.
The NLC discusses a wide range of economic and social matters of general interest, but the lack of pre-determined objective and transparent criteria for NLC membership is a challenge. NLC is actively engaged in discussions about the impact of the global economic downturn and crisis recovery, budgetary law, minimum wage, energy prices, ratification and implementation of ILO Conventions, and wage and pension reform (ILO, 2017). However, it faces several challenges related to the legitimacy and representativeness of the NLC and ultimately to the political impact and credibility of its opinions and recommendations. NLC’s work is organised around six specialised committees: judiciary; employment, education and vocational training; wages, pensions and social assistance; labour conditions, health and work safety; economy and finance; and, equal opportunities, disabilities and youth. These are chaired by a senior official of the respective Ministry, an appointment that could also lead to the politicisation of social dialogue, thereby undermining the objectivity of its outcomes (ILO, 2017). The NLC’s Secretariat consists of two representatives of the social partners, who work on a voluntary and ad-hoc basis, and two employees from the Ministry of Finance and Economy, who carry out secretariat tasks in addition to their everyday job. Furthermore, NLC is not provided with a separate budget and has no dedicated premises.

Cooperation and democratic governance are further institutionalised by the establishment and operation of the Tripartite Administrative Council. The Tripartite Administrative Council is chaired by the Minister of Finance and Economy along with nine other members, 3 of which represent ministries, and the other members represent the following institutions: one member from the State Labour Inspectorate, one member from the Institute of Social Insurance, two members from employees’ organisations, and two members from the employers’ organisations. The members of the Council have a three-year term of office and the approval of their appointment is given by the Minister of Finance and Economy. Some of the main institutions governed by the Administrative Council are: the Social Security Institute, the Public Employment Service, and the Health Insurance Institute. The cooperation between different partners in the governance of these institutions assures that the interests of all social partners are taken into account when making decisions that would affect people’s lives.

The National Reconciliation Office is another institution contributing to good governance and social dialogue. It has five members, one representative from the Ministry at the central level, two from trade unions and two from employers’ organisations. 12 regional Reconciliation Offices are established in 12 regions of Albania. They operate within the Regional Employment Services and their members include representatives of the National Employment Service, employees’ and employers’ organisations. Their main aim is to foster the tripartite dialogue in the regions.

Although social dialogue is mentioned in strategies and government documents, social partners are still underrepresented in social and economic consultations (Centre for Labour Rights, 2019). Social dialogue is mentioned in the National Strategy for Employment and Skills 2014-2020, the Safety and Occupational Health Action Plan 2015-2020 and National Plan for European Integration 2015-2020. There are only two bargaining levels in Albania: industry (sectoral level) and company level. Social dialogue at sector level has no specific legal regulations and social dialogue at enterprise level is almost non-existent. This could be mainly attributed to the lack of
unions at enterprise level (except for a few state-enterprise unions), the considerable informality in the labour market, a lack of commitment from the government and lack of capacities of social partners (Danaj, 2019).

Increased cooperation and improvement of social dialogue should remain in focus; reaching the level of agreements concluded between the social partners corresponding to that of the Union and its Member States is a prominent challenge. Despite the good institutional organisation, bipartite dialogue still remains weak, mainly due to insufficient experience of trade unions, lack of a culture of dialogue, and employers’ scepticism towards the trade unions. Collective agreements and negotiations are more developed in urban areas, especially in big cities. Institutionalisation of cooperation at the grassroots and enterprise level between legal representatives of trade unions, employers and government structures should lead to improvement in social dialogue and better protection of employees. The above-mentioned councils and their operative structures should intensify efforts to promote social dialogue and avoid conflicts between partners at the grassroots level, or even as high as at the National Labour Council’s discussions.

The authoritarian behaviour of leaders has led to conflict-induced union fragmentation and the relationship between the main confederations of trade unions in the economy are characterised by conflict and competition rather than collaboration. There are two main confederations in Albania, the Confederation of Trade Unions of Albania (KSSH) and the Union of the Albanian Independent Trade Unions (BSPSH), which represent about 90% of all union workers, and split between them the membership of a total of 80 trade unions (Doci, 2019). The relationship between the two confederations is mostly characterised by competition and conflict, despite a few instances of collaboration, especially at the lower levels. The leaders of the Albanian unions have showed authoritarian tendencies which have resulted in conflict-induced fragmentation of existing trade unions, and a conflictual relationship among confederations and new independent unions (Danaj, 2019). During 2018 no essential changes were recorded in the structure of the trade union movement.

The number of employees covered by collective contracts has decreased; trade union fragmentation and the existence of several trade unions and federations covering one profession is a barrier towards better coverage. The number of employees covered by collective agreements in 2017 was about 365 000, whilst in 2018 it decreased to 280 000. In 2017, the overall coverage of collective bargaining in Albania was 25.1% and in 2018 it decreased to 24.8% (Doci, 2018, 2019). At the branch level, in 2017 there were a total of 26 signed collective agreements in the public and private sectors in the fields of education, health, public affairs, transport, energy, oil, agriculture, environment, public order and construction, covering 177 430 employees. In 2018, there were a total of 22 contracts covering 182 230 employees. In 2017 there were 14 collective bargaining agreements between the Federations and the respective ministries or the General Directorates, which covered over 128 230 employees; and 12 collective bargaining agreements between Federations and public institutions that covered 49 200 employees. In 2018, the numbers decreased to 12 collective contracts at the branch level with the public sector covering 121 230 employees, and 10 with the private non-agricultural sector which covered 61 000 employees (Doci, 2019).
During the period from 2017 to 2019 trade unions continued their efforts to ensure the enforcement of many previously signed collective bargaining agreements as well as negotiation of replacement or new contracts. The most important collective bargaining agreements are those signed between the central institutions and trade union federations at the national level: in the health sector, education and industry, and other contracts at the enterprise level in the energy sector, textiles, construction, transport, trade, agriculture, and others. The Federation of Trade Unions of Workers of Education and Science of Albania (member of KSSH) continued its expansion in the private and public sector and in June 2018 signed a collective agreement with the Ministry of Education, Sports, and Youth.

**Collective bargaining coverage is higher in the public than in the private sector.** In 2017, the public sector accounted for 15% of total labour force and about 77% of public sector employees were covered by collective bargaining agreements, mostly in the education and health sectors. In 2018, this percentage decreased to 73.7%. The non-agricultural private sector accounted for 43% of the employment and only 31.2% were covered by collective bargaining in 2017, while in 2018 it stood at 44.7% of employment and coverage of 28%. In the private agricultural sector, which accounted for 41.7% of the employment in 2017 and 40.4% in 2018, the number of agreements is very low, 3.8% of employees were covered by collective agreements in both 2017 and 2018 (Doci, 2019). One of the barriers towards a higher coverage is the existence of several trade unions and federations covering one profession, operating in the same areas and/or economic sectors (Doci, 2017).

**Compared to 2016, in 2017 and 2018 there was an increase of collective bargaining at the enterprise level, but increased efforts must be made towards the development of social dialogue at the regional, local and enterprise levels.** Although, as explained above, the coverage and number of employees covered by collective agreements at enterprise level has decreased, the number of collective agreements at enterprise level in the non-agricultural sector increased from 585 in 2016 to 695 in 2018. In the same period, this number in the agricultural sector has increased from 40 in 2016 to 50 in 2018. The Trade Union Federation of Textile, Confections and Footwear Workers of Albania (affiliated to KSSH) and the Independent Trade Union of the Textile Industry (affiliated to BSPSH) signed new collective bargaining agreements with textile and footwear enterprises. In 2017 the Trade Union Federation of Industry Workers of Albania, a member of KSSH, negotiated collective agreements in the energy sector (the operator of electricity distribution), which employs thousands of workers, and in 2018 in the oil sector. The Independent Trade Union of Construction and Public Works Employees of Albania (BSPSH) reached several agreements with entities in the construction sector, in public works, in cleaning and maintenance sectors, and others. The Trade Union Federation of Construction Workers, Public Administration and Police Services of Albania (affiliated to KSSH) signed collective agreements with enterprises and private entities dealing with construction, services, public infrastructure, and other sectors. It signed five important collective agreements, one with Public Administration sector and four with Public Services that cover workers in the cleaning, greenery, maintenance, and similar sectors. The Federation of Trade Unions of Workers of Education and Science of Albania (member of KSSH) continued its expansion to vocational education, private and public sector and is negotiating collective agreement at the sector level (Doci, 2019).
The changes to the Labour Code are expected to further improve social dialogue. Due to the implementation of new laws, collective agreements and various projects on health and safety at work, the activities of trade unions are expected to undergo positive development in the protection of workers, fulfilling the requirements and working conditions.

2.2.5 Work-life balance

In 2015, the Government approved several changes to the Labour Code (Law No. 136/2015) significantly increasing workers’ protection by offering legal warranties and addressing health issues of the employers. The amendments regulate work relations, payment for difficult jobs and those performed at late hours, maternity leave and temporary employment.

These changes are expected to bring positive impact with regards to the right to annual leave and maternity leave. The new law states that every employee is entitled to annual leave of at least four weeks which cannot be substituted for financial compensation. Furthermore, for every six hours of work the employers are obliged by law to guarantee a rest period for their employees. The law states that both parents have the right to parental leave and care for their new-born. The maternity leave entitlement is 365 calendar days, of which at least 35 days should be taken before giving birth and 63 days after giving birth. The father is entitled to paternity leave after this period of 63 days, for the remaining number of days. The new law also states that if the woman decides to return to work, she can do so 63 days after giving birth, and she is entitled to two hours of paid leave per day until the end of the maternity leave. Regarding maternity leave payment, women receive 80% of the average daily net wage calculated for the last 12 months for the first 150 days of maternity leave, and 50% for the remaining period. Parents also have the right to longer (double) periods of medical leave to care for their children aged 0-6 years and have the right to unpaid leave of at least four months.

Results from the European quality of life survey 2016 indicate that work–life balance remains a problem in Albania. The performance of the economy is below the EU average and that of neighbouring economies. 72% of survey respondents report that several times per month they leave work being too tired to do household jobs, compared to a much lower EU-28 average of 59%. 56% of the respondents in Albania and 38% in EU-28 experienced difficulties in fulfilling family responsibilities because of work at least several times a month. With regards to having difficulties to concentrate at work because of family responsibilities, again the results show that 37% of the respondents in Albania report problems compared to an average of 19% in EU-28. In all these results, women in Albania report more work–life balance problems than men (Eurofound, 2016).

2.2.6 Healthy, safe and well-adapted work environment and data protection

The Constitution, the Labour Code and the respective legislation on safety and health protection at work establish the obligations of the Government, its bodies and other parties in
**providing a healthy and safer work environment.** Government obligations to protect health and provide safety at work are established in Chapter IV and V of the Constitution. The Labour Code of Albania is the main legislation on occupational safety and health which are addressed in Chapter VIII entitled Safety and Health Protection. It establishes provisions related to employer’s responsibilities and general measures to be taken, rules in the workplace and work environment, protection from dangerous machines and prevention of fire accidents and explosions. The legislation on safety and health protection at work is complemented by Law No. 10237 of February 2010 on safety and health at work, which includes provisions related to general and specific definitions as regards work relations; employer’s and worker’s obligations; health surveillance; notification, investigation, registration and reporting of events and accidents at work; special protection for sensitive risk groups, relevant authorities’ obligations. The Ministry of Health is the leading institution in ensuring the proper implementation of the law according to the national Occupational Safety and Health (OSH) legal framework and European Union Directives regulating OSH areas (ILO, 2018). OSH legislation covers both public and private sectors of activity.

In May 2016, with its DCM No. 371 the Government approved the Occupational Safety and Health Policy Document: On the road to a safer and healthier culture at work. With regards to ratification of ILO conventions in the field of OSH, Albania has ratified conventions C155 – Occupational Safety and Health, C167 – Safety and Health in Construction, C176 – Safety and Health in Mines, and C187 – Promotional Framework for Occupational Safety and Health, all of them signed before 2015. The responsible institution is the State Inspectorate of Labour and Social Services (SILSS), which is organised in 12 regional branches and employs 98 inspectors of whom each carried out on average 81 inspections in 2017, and 126 in 2018. In 2018 the inspectors carried out 12,297 inspections out of a total of 162,835 businesses, with a 7% coverage rate compared to 5% coverage rate in 2017. 92.3% of the inspections were pre-planned, 3.8% initiated because of complains, 1.3% because of accidents and 2.6% were random. The inspection results showed that 0.54% of employees worked informally, without paying social contributions, and 1.3% had not signed a job contract (SILSS, 2018, 2019).

The limited capacity of SILSS in terms of staff remains an issue towards better implementation of the legislative framework. ILO has trained 360 inspectors (including inspectors not employed by SILSS) in the framework of an EU-funded project. In addition, it has assisted in the drafting of the Occupational Health and Safety Strategy and Action Plan for 2015-2020 as well as 21 related laws, and the development of information management systems for the Ministry of Health and the State Labour Inspectorate. Law implementation efforts have been intensified lately, but progress is still slow.

**In 2015, 125 accidents at work were reported to SILSS.** Of these 125 accidents, 28 were fatal. In 2016, the number of reported accidents was 94. In 2017, 120 accidents at work were recorded in 63 businesses, 137 employees were injured (9 females and 128 males). Of these, 18 men lost their lives. In 2018, 195 employees had an accident at work, 27 of which lost their lives. These accidents occurred in 162 businesses, 114 of which were given administrative fines, warnings, or activity suspension for violation of work safety rules. According to INSTAT, in 2017 and 2018, 0.3%
of deaths were reported as accidents at work, which is an almost constant figure in the last three years.

Monitoring and reporting on accidents at work have improved but reported statistics should still be used cautiously because of low levels of reporting. While the average accident rate in the EU is 1.9 fatal accidents per 100 000 employees, the reported figures yield a rate of 1.6 in Albania. It may be presumed that the real number of fatal work accidents is higher. Furthermore, discrepancy in the number of other accidents at work is even higher. The average rate in the EU is 1.6 accidents per 100 employees, with sick leave of more than three days per 100 employees. For Albania this rate stands at 16 000 accidents registered at work, a figure that is more than 100 times higher than the reported number. The methodology of the European Statistics of Accidents at Work (ESAW) is not used in Albania. Despite the methodology used, discrepancies may also be attributed to the difficulties faced in the reporting of data, lack of standard reporting forms and guidelines, lack of reporting (especially for the informal employees), partial coverage with health services at enterprises, lack of declaration of mild injuries, lack of registration of part-time employees or the self-employed, and lack of specialist doctors for occupational diseases, while lack of bio-monitoring capacities ensures accuracy is far from reality (OHS Policy Document and Action Plan 2016 – 2020).

The legislative framework on data protection defines the rules for the protection and legal processing of personal data, state the power of the Commissioner for the Right to Information and Protection of Personal Data (CRIPPD), and regulate the right of access to information being produced or held by public sector bodies aiming to encourage integrity, transparency and accountability of the public sector. It includes Law No. 9887, of March 2008, as amended by the Law No. 48/2012, of April 2012, on the Protection of Personal Data; Law No 120/2014 on amendments and addenda to the Law No. 9887, of March 2008, on the Protection of Personal Data, as amended; and Law No. 119/2014 on the Right to Information. During 2019, in compliance with the recommendations and obligations deriving from international conventions, the CRIPPD drafted the Law on the Ratification of the Protocol amending the Convention for the Protection of Individuals with regard to Automatic Processing of Personal Data, the Law and Commissioner Instruction No. 47, dated 14.09.2019 on Defining Rules for Preserving Personal Data Security Processed by Large Processing Entities, which states that failure of public and private controllers to take security measures is considered an administrative offense.

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10 In August 2016, a 17 years old boy was found dead in a landfill near the capital city. The cause of death was a work accident and lack of safety measures. He was under 18 and not registered as an employee (Çela, 2016). The Prosecution Office of Tirana investigated the case and a year from his death two employees of the firm were accused of infringing work safety regulations. In 2018, the court of Tirana dismissed accusations by deciding they were innocent.
The number of complaints about personal data protection to the CRIPPD has increased from 73 in 2014 to 301 in 2019, an increase that may indicate increased awareness and recognition of rights granted by the Law on Protection of Personal Data. In 2017, 167 complaints were processed according to the Law on Protection of Personal Data, and the remaining 38 were considered out of scope. CRIPPD prepared the Strategy on the rights to information and protection of personal data 2018-2020 (CRIPPD, 2018b). The Strategy sets the CRIPPD objectives, such as increased transparency of public authorities, the right to information and adoption of the EU acquis for the protection of social rights.

2.3 Social protection and inclusion

2.3.1 Childcare and support to children

Children’s rights have also been in focus in Albania. In February 2017, the Albanian Parliament approved Law No. 18/2017 on the Rights and Protection of the Child and DCM No. 372, of April 2017, approved the National Agenda for the Rights of the Child 2017-2020. The law foresees mechanisms and roles of institutions for promotion of respect and protection of children rights at central and local level, in coordination with the new legislation on social services and the new legal administrative setting of territorial division of the economy. In support of the Agenda’s vision, the main strategic goals have been formulated with the respective objectives. In December 2019, UNICEF and the Ministry of Justice prepared the new Criminal Justice for Children Code, completed with its sublegal acts. In July 2019, the Council of Ministers approved Decision No. 465 on Measures to protect children from harmful and illegal materials online.
Performance of Western Balkan economies regarding the European Pillar of Social Rights: Albania

Weak capacities for data collection imposed a barrier towards monitoring the state of children’s rights in the economy. The DCM No. 636 dated 26.10.2018 on child-targeted statistics compiled by the State Agency for the Protection of Children’s Rights introduced a statistical framework for child-rights monitoring in the economy. The framework comprises 58 indicators on a wide range of children’s rights, and their annual reporting will enable systematic monitoring of children’s rights in Albania and allow for better evidence-based policy making. The national data collection and management processes, including in the field of children’s rights, were strengthened with adoption of Law 17/2018 on Official Statistics. This Law strengthened the independent role of the national statistical body, INSTAT, to ensure that all official statistical agencies use standards, definitions, classifications and methodologies of the United Nations and Eurostat. INSTAT has introduced the EUROSTAT module on child deprivation in the SILC survey.

MHSP, State Agency for the Protection of Children’s Rights and the Social State Service are supporting children in street situations and their families are registered as jobseekers. The Ministry of Education, Sports and Youth continued providing free textbooks for students and supported Roma children focusing on inclusive education by providing quotas for higher education. A new DCM on child vaccination bonus for children of households part of social assistance (Ndihma Ekonomike – NE) scheme is expected to have positive impact on vaccination and health care of the Egyptian and Roma communities, as the main beneficiaries of the social assistance scheme.

Enrolment in pre-school institutions in Albania is not compulsory. Children of age 3 to 6 attend kindergartens. Learning in kindergartens is organised in three groups based on children’s age. The third group, i.e. children over five years old may attend a preparatory class with the aim of integration in the compulsory education system. New curricula were prepared in the framework of curricula reform undertaken in the pre-university education.

For the academic year 2018 – 2019, the Gross Enrolment Ratio for children of age 36-59 months attending an organised early childhood education programme is 78.3% with no gender differences. GER in pre-primary education has decreased by 4 percentage points in the last three years. The Net Enrolment Rate decreased from 75.4% in 2014-2015 to 71.9% in 2018-2019 (INSTAT, 2019b). There are some differences between gender, age of children, education level of parents and social and economic status of the household (INSTAT, IPH, and ICF, 2018). For example, the participation of boys in childhood education programmes is higher in urban areas (77%) than in the rural (68%). Children aged 4 have a higher rate of participation than children aged 3 (80% versus 65%).

Participation in the organised early childhood programmes depends on the wealth of the household, education of the parents, gender of the child, and gender of the head of the household. The percentage of children participating in these programmes is higher in households headed by men (73%) than those headed by women (66%), with boys in households headed by women being less likely to participate in early education (59%). The education of the head of household is also an important determinant of participation. 63% of children living in households where the head of household has up to four years of primary education participate in early learning programmes compared to 86% of children in households in which the head has a
university or postgraduate degree. Household wealth positively affects participation in early learning programmes with children of wealthy households at the top of the income distribution being 26 percentage points more likely to participate than children from household at the lowest tail of the income distribution (88 versus 62%) (INSTAT, IPH, and ICF, 2018).

The new curricula for pre-school education have been implemented and the documentation to accompany these curricula has been drafted and approved. These documents include the Curricula Framework for pre-school education (approved in January 2017), Child Development and Learning Standards for children 3-6 years, New Pre-school Programmes for children 3-4 years old, while the new standards for pre-school teachers have been drafted and will soon be approved. Currently, the new pre-school curriculum for children 5-6 years old is being piloted in 122 classes out of about 400, and the training of teachers for first age group (3-4) has started. Training of 100 trainers has been completed, and about 500 teachers and managers of preschool and elementary schools have been trained already. However, the low budget allocation for the sectors of health, education, child protection and social care constitutes a determining factor for the current situation and future outcomes regarding support for children.

2.3.2 Social protection

The social protection system in Albania consists of four pillars: social insurance, health insurance, unemployment benefits, and social assistance. The social insurance system is based on the contributory principle, the self-responsibility principle for future risks, and on the principle of generational agreement. It comprises old-age pensions, maternity leave, accident insurance, disability and social pensions; it is administered by the Social Insurance Institute (SII). Although contributory, the scheme is in high deficit which is financed by the government budget. Health insurance is administered by the Ministry of Health, unemployment benefits are administered by PES, and social assistance is administered by the State Social Services and the respective departments in municipalities. The latter includes three cash programmes of social assistance:

- a targeted poverty benefit in cash (Ndihma Ekonomike (NE) or economic aid
- a regular monthly allowance to those with congenital or acquired disabilities, and
- price compensation paid to pensioners and their families.

There is no child welfare programme in Albania. There is some supplementary compensation to pensions and unemployment benefits for dependent children /family members, financed from the government budget. The public expenditures for social protection in 2018 accounted for 31.7% of the government budget and have only had minor fluctuations since 2014.

The expenditure on social insurance as a percentage of the (nominal) Gross Domestic Product (GDP) has increased from 7.1% in 2013 to 7.8% in 2019. Overall expenditure on social protection for the last few years has remained about 11.5% of the GDP, which is similar to that of neighbouring economies, but is more than twice lower than the EU average. During the period 2013-2019, expenditures on health insurance have slightly increased from 2.2 to 2.5% of GDP (Table 4). Two new laws have been approved in 2016, the Law 121/2016 on Social Care Services
and Law 65/2016 on Social enterprises; five sub-legal acts of the Law on Social Enterprises have been approved, and there are four more to be drafted and approved. Both laws and respective sub-legal acts are expected to increase the quality of social care services and to contribute to poverty reduction. In July 2019, the Parliament approved the Law No. 57/2019 on Social Assistance, which aims at the consolidation of the three programmes of social protection and removes the maximum threshold for the financial assistance to enable higher benefits for households with many children. It also expands possibilities for the disabled persons and includes a bonus payment for every new-born, with the amount depending on the order of birth, i.e. the higher the order of birth of the child, the higher the bonus payment. In October 2019, the MHSP published the Strategy for Social Protection 2019-2022. Its three strategic priorities include poverty reduction, improving the quality of life for disabled persons, and better social care services.

Table 4. Expenditure on social protection as a percentage of GDP, 2013-2019

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<tbody>
<tr>
<td>Social insurance</td>
<td>7.1</td>
<td>7.4</td>
<td>7.5</td>
<td>7.6</td>
<td>7.7</td>
<td>7.7</td>
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<tr>
<td>Health insurance</td>
<td>2.2</td>
<td>2.3</td>
<td>2.3</td>
<td>2.4</td>
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<td>2.5</td>
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<tr>
<td>Unemployment insurance benefits</td>
<td>0.06</td>
<td>0.07</td>
<td>0.04</td>
<td>0.05</td>
<td>0.04</td>
<td>0.02</td>
<td>0.0</td>
</tr>
<tr>
<td>Social assistance</td>
<td>1.43</td>
<td>1.64</td>
<td>1.23</td>
<td>1.33</td>
<td>1.32</td>
<td>1.3</td>
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Source: Ministry of Finance and Economy, 2020

The National Plan for the Rights of Persons with Disabilities was drafted and approved in June 2016 with the DCM No. 483, in accordance with the principles set out in the Law on the Inclusion and Accessibility of Persons with Disabilities (Law No. 93, July 2014). It defines institutional responsibilities to address the issues of disability in the areas of accessibility, access to justice, education, social protection, employment and vocational education and training, health, participation in public life. Implementation and monitoring of activities will strengthen the activity of national mechanisms at central and local level and the National Council on Disability. Some legislative and other changes took place in 2016 and 2017 in relation to people with disabilities.

The coordinated implementation of legislative changes and action plans in the field of social inclusion is expected to have a positive impact on social inclusion and protection. Amendments of the Legal Framework include Law No. 44/2016 of April 2016 on Amendments and Addenda to Law No. 9355, 10.3.2005, on Social Assistance and Services and a new law on Social Care Services (No. 121) that was approved in July 2016.
2.3.3 Unemployment benefits

The unemployment benefits scheme has changed (DCM No. 223, April 2016), providing extended support to those that have contributed to the scheme for a longer period.\(^{11}\) The main changes were related to the amount and duration of unemployment benefit. The unemployment benefit amount increased from ALL 6 850/month (around EUR 55) to ALL 11 000/month (around EUR 89) to comply with the ILO standards of benefits being at least 50\% of the minimum wage. Nevertheless, in 2017 the minimum wage increased from ALL 22 000 (around EUR 177) to 24 000 (around EUR 194), but the unemployment benefits did not change. In January 2019 the minimum wage increased to 26 000 ALL (around EUR 214) and the unemployment benefits increased to ALL 13 000 (around 107 EUR). The beneficiaries have the right to receive extra benefits ranging from 2.5\% to 5\% for each child and family members up to 18 years of age, and those from 18-25 years old who are attending studies or are disabled. The unemployment benefit is received monthly via bank transfer. Benefits duration is conditioned upon the duration of their contributions to the social insurance scheme as follows:

- If a person has contributed for at least one year, they are entitled to 3 months of unemployment benefits,
- If a person has contributed for at least three years, they are entitled to 6 months of unemployment benefits,
- If a person has contributed for at least five years, they are entitled to 9 months of unemployment benefits,
- If a person has contributed for at least ten years, they are entitled to 12 months of unemployment benefits.

A person also needs to register as unemployed within 60 days from the last day of work.\(^{11}\)

The number of beneficiaries of unemployment benefits has decreased mainly because of legislative changes, but it still absorbed the majority of PES budget in 2017 (43\%). The implementation of the unemployment benefit scheme has benefitted from the integrated online system of government institutions, in which information is exchanged among institutions in real time. This has lowered the number of registered unemployed jobseekers. Furthermore, those who discontinue their self-employment activity, leave their job on their own desire, and those who comply with the criteria for old-age, disability or family pension, temporary disability or professional disease, do not benefit from unemployment benefits. The beneficiaries are penalised if they refuse to follow an appropriate employment programme offered by the Public Employment Offices, refuse to participate in training and qualification courses offered by the respective employment offices, do not visit the employment office once a month to extend their

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status, and if during the period in which they receive unemployment benefits they comply with the criteria for old-age, disability or family pension.

**Unemployment benefits coverage is very low, around 2-3% of the total number of registered unemployed jobseekers.** The number of unemployment beneficiaries was at 2 050 in 2018 on average, and it had a decreasing trend since 2013. The decreasing trend was mainly due to the above changes in the legislative framework, formalisation of private sector, an increase in employment due to job intermediation, and inclusion of unemployed in training and qualification programmes and other ALMPs. By December 2018, the unemployment scheme had 2 400 beneficiaries. In the first quarter of 2019 the number of beneficiaries increased to 3 150 because the Law on Banning Sports Betting and Online Gambling in Albania came into force on 1 January 2019 (Law No. 75/2018). About 4 500 businesses closed, and approximately 10 000 employees lost their jobs. In December 2019 the number decreased to 2 871 (4% coverage). Around 20% of those who receive unemployment benefits return to employment every year. On average an unemployed person received about ALL 12 500 (around EUR 101) per month in 2018. In 2019, 67.8% of unemployment beneficiaries were over 40 years of age, with the majority of them being over 50 (46.5%).

### 2.3.4 Minimum income

The **social assistance modernisation project (SAMP)** is an important achievement towards better targeting of the poorest households, but the amount of social assistance received by social households is very low, not sufficient to cover the needs. Besides considerations of an amount that would incentivise individuals to participate in the labour market, the average amount per household was very low, ALL 5 204 (around EUR 42) in 2018 (INSTAT, 2018a), or 21% of the minimum wage per individual, and ALL 5 249 (around EUR 43) in the first three quarters of 2019 while estimations of the minimum living income per person was ALL 16 000 (around EUR 129) (ACER, 2016).

The **Government of Albania has signed an agreement with the World Bank on the SAMP project which supports Albania’s implementation of reforms to improve the equity and efficiency of its social assistance programmes.** Low-income households and vulnerable groups are expected to be the main beneficiaries of the reforms supported by the proposed project. Specifically, the project supports efforts to target resources more effectively to the poorest and most vulnerable in society, bringing additional poor that are currently excluded into the social assistance programme – Ndihma Ekonomike (NE). The project supports the Ministry of Health and Social Protection (MHSP) as the ministry responsible for project implementation towards improved implementation of the NE programme. In addition, the programme also supports the effective implementation of the disability benefits, eligibility criteria and intake processes, and benefits administration. The Department of Health and Social Protection Development Programmes (DHSPDP) within MHSP is responsible for all the activities related to the implementation of reform for NE. A pilot phase of NE reform was designed and implemented in three selected areas of Tirana, Durres and Elbasan. The pilot project on NE reform implementation started officially in June 2014, when an
automated process of applicant data registration and management was applied for the first time for three pilot regions of the economy, Tirana, Durres and Elbasan. The new system is based on a Unified Scoring Formula for NE which is based on a number of variables that characterise the human, physical, and financial capital of the household. The scheme is administered (including the scoring system) through an integrated online register, which makes the scheme transparent and efficient. The Scoring Formula is unknown to the social administrators. They fill in the data of the applicant household in the online system and the scoring system instantly calculates a score and generates the beneficiary/non-beneficiary outcome for the applicant. Both the score limit which is set in the online system and the score of the applicant household remain unknown. It is only the final outcome that is visible to them. In the NE framework, relevant legal acts and sub-acts have been prepared by MHSP on: (1) designating women as the recipient of NE transfers; (2) providing top-ups (an additional amount) to NE beneficiaries for every child that attends school and is vaccinated regularly; and (3) improvements related to appeal procedure. One of the main changes to the law is the opportunity given to beneficiaries to leave the scheme and aim towards labour market insertion. In January 2018 the MHSP started implementation of new NE scheme nationwide.

The number of NE scheme beneficiary families was at about 51,700 in January 2018 and increased by 17% from January 2018 to the third quarter of 2019. In the third quarter of 2019, 60,369 households received social assistance. The monthly fund for NE for 2018 decreased by 18.5% compared to 2017 (Figure 7). The number of beneficiary families increased by 5,723 households from January 2018 to October 2018. The number of new beneficiaries is almost halved from January 2018 (7,266 new families) to October 2018 (3,785 new families). The number of existing beneficiary families recorded an increase by 9,204 families.

The percentage of applicant households that do not benefit from NE has remained almost constant from January 2018 (44% of total applicant households in January and 46% in October 2018). The government has decided to leave 6% of the total NE fund at the discretion of the local government. That would be divided among households that could be considered poor by the social administrators but are classified as non-beneficiary by the scoring formula. The local government may also raise additional funds to support poor households that are not eligible as per the scoring system, which the social administrators evaluate as poor. These households are referred to as beneficiaries of the 6% Fund.
The data shows that the percentage of new beneficiary households relative to the total of new applicant households increased by 22.8 percentage points from January 2018 (13.6%) to October 2018 (36.4%). This statistic shows that the applying families are being better informed about the criteria and the documents required for a successful application in the new NE scheme. Along the same lines, the data shows a decrease of 22 percentage points in the percentage of non-beneficiary families from January 2018 (86%) to October 2018 (64%).

Despite the new scheme and the efforts to improve social protection and assure minimum income for everyone, the high number of applicants shows that poverty is still a problem in the economy. The number of beneficiary households of the 6% Fund has remained almost constant from January to October 2018 (4 027 and 4 010 households respectively), but the percentage of beneficiary households of the 6% Fund relative to the non-eligible households from the NE scheme increased from 16% in January to 162% in September. The figure below shows the
discrepancy between the number of applicant households and the number of households that were included in the municipality NE scheme.

**The scoring system is probably selecting the poorest households, but the large number of applications indicates that minimum income is not assured for everyone.** Moreover, a large number of applicant households are not included in the municipality scheme. Hence, not only the coverage rate of the NE scheme is low, but the amount received is not sufficient for the recipient households to reach minimum living standards.

**Figure 9.** Percentage of non-eligible families from the scoring system and those excluded for non-matching, 2018

**Figure 10.** Number of households refused by the scoring system of the NE scheme and beneficiary households of the 6% Fund, 2018
Between 2014 and 2018, poverty decreased at a much slower pace than during the pre-crisis period, and most of the gains in poverty reduction occurred between 2014 and 2015. Since 2015 there has been limited progress in fighting poverty. The gradual recovery of the economy since 2014 has led to a slight decline in poverty. Recent estimates indicate that at-risk-of-poverty rate was 23.7% in 2017 and 23.4% in 2018 (INSTAT, 2019a). The aggregate poverty rate dropped by 2.6 percentage points between 2014 and 2018, with more than 90 percent of total poverty reduction occurring between 2014 and 2015. Since 2015 poverty reduction has stagnated, and the poverty headcount barely decreased by 0.2 percentage points between 2015 and 2017 (INSTAT, 2019a). Poverty rates are higher for women, children, Roma and Egyptians. Despite progress, poverty remains high.

Regional disparities persist. When considering regional differences, poverty rates are much higher in regions other than the capital. Indeed, the poverty headcount rate in Tirana—which concentrates 22% of the poor—reached 28% in 2017, 10 percentage points lower than the national poverty rate. The regions of Diber, Elbasan, and Kukes exhibited the highest poverty rates in 2017. While Diber experienced a sharp increase of 16 percentage points between 2014 and 2017, Elbasan and Kukes significantly reduced poverty by around 12 percentage points. The regions of Korce, Berat, and Vlore have also experienced important poverty reductions of 18 percentage points, 8 percentage points, and 6 percentage points, respectively. Despite the gains in poverty reduction, half of the regions still present poverty rates above the national level.

Every second person in Albania is at risk of poverty or social exclusion (49.0% in 2018 and 51.8% in 2017). In 2018, 38.3% of Albania’s population was in severe material deprivation compared to 41.1% in 2017. In 2018, 13.3% of individuals aged 18-59 were living in households with very low work intensity versus 14.4% in 2017. Furthermore, in 2018, 0.7% of the population (21 thousand people) were multidimensionally poor, while an additional 5.0% were classified as vulnerable to multidimensional poverty (148 thousand people). The average deprivation score experienced by people in multidimensional poverty is 39.1%. The Multidimensional Poverty Index (MPI) in 2018 was 0.003, which is the share of the population that is multidimensionally poor, adjusted by the intensity of the deprivations. The contribution of health, education, and standard of living to the overall multidimensional poverty were 28.3%, 55.1%, and 16.7% respectively.

2.3.5 Old age income and pensions

The pensions system consists of old-age (full and partial) pensions, (full and partial) disability pensions, social pensions and family pensions. The insured persons have the right to full old-age

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12 Using World Bank estimates of poverty based on HBS data from INSTAT.
14 Individuals who are at risk of poverty or severe material deprivation or living in a household with very low work intensity.
pensions from the age of 60 years (women) and 65 years (men) and if you have contributed to the scheme for at least 35 years. Partial old-age pensions may be received from the age of 62 years (men) and 57 years (women) if you have paid contributions for at least 35 years. The monthly pension is composed of a fixed amount and an additional one. The fixed amount is given to all insured persons aiming at a minimum living standard. The additional amount depends on the years of contributions and the amount paid. Social pensions are given to any Albanian citizen that has been a resident in Albania for the last five years, is at least 70 years old, and does not benefit any pension from the social insurance contributory scheme and has no income or the income is lower than the social pension. Family pensions are received by members of households that have lost a main income earner or the head of household.

The pension coverage is almost universal for people of retirement age, but the average pension amount is lower than the minimum wage, and in the urban areas it is very close to the minimum living income. Old age pensions account for the majority of beneficiaries both in the rural and urban areas. Individuals living in urban areas account for a higher share of all pensions than those living in rural areas. In the urban areas, around 78.4% of pensions are old-age pensions, 12.4% are disability pensions, and 9.2% are family pensions, whilst with regards to the rural pensions, 89.5% are retirement pensions, 6.3% are disability pensions and 5.4% are family pensions (see Table 29 in Annex 2). Urban pensions are higher than rural pensions independent of the type of pension received. Urban monthly old-age pension was ALL 15 527 (around EUR 126) in 2017 and slightly increased to ALL 15 875 (EUR 130) in 2018, or 61% of the minimum wage, and it had increased by 13% compared to 2013. The rural monthly old-age pension was ALL 8,808 (around EUR 71) in 2017 (37% of the minimum wage). In 2018, the average old-age rural pension was ALL 8,792 (EUR 72) and had increased by 17.8% compared to 2013 (see Table 30 in Annex 2). With regards to gender, the number of female beneficiaries is higher only for rural old-age pensions. Old-age pension coverage is very high, with almost everyone in the retirement age benefiting from the scheme, either from old-age pension scheme or social pensions. Starting from 2014, the number of contributors is higher than the number of pension beneficiaries.

The dependency rate of the social security system measured as the ratio between the number of contributors and beneficiaries increased from 0.98 in 2013 to 1.22 in 2018. The dependency rate has increased by 0.1 points in the last five years. However, it has increased by 0.2 points in the urban areas and decreased by 0.4 points in the rural areas. In 2017 and 2018, the efforts to reduce informal labour and the increase in the number of new jobs contributed to an annual increase of 4.7% and 3.4%, respectively, in the number of people paying social insurance contributions, which is higher than the annual rate of increase in the number of pensioners for the same years (1.58% and 2.34%, respectively). The social insurance scheme is anyways in deficit, with around 40% of the scheme expenditure being funded by the government budget.

2.3.6 Health care

The Albanian law guarantees equal access to health care for all citizens, but health insurance coverage is low compared to EU Member States and remains a challenge. The health care
system in Albania is mainly public. The public health care system is funded by the government budget and health insurance contributions. Private hospitals and clinics exist, but they are limited in numbers and in number of beds they provide. Their services are expensive and not open to the general public. Lately some public-private partnerships have increased access of the population to these private centres, especially with regards to check-ups. Public health care in Albania is the major provider of health services, health promotion, prevention, diagnosis and treatment. Among women aged 15-49, 32% are covered by the public health insurance, 14% are covered under the social security programme, and 62% have no insurance. Among men of the same age, the coverage is slightly less: 29% are covered by the public health insurance, 9% are covered under the social security programme, and 64% report having no insurance (INSTAT, IPH, and ICF, 2018). Despite the low coverage, improvements are evident. In 2017-18, and compared to 2008-09, the proportion of women protected by public insurance or social security increased significantly, from 26 to 46%, while for men the increase was only modest, from 34 to 37%.

Health insurance coverage differs largely between regions; it increases with education and wealth. For example, in the Northern region of Kukës, only 13% of men and women are covered by public health insurance or social security while in Tirana the coverage figures are significantly higher: 68% for women and 50% for men. Only 17% of women and an equal percentage of men with primary 4-year education or less have either public health insurance or social security compared to 84% of women and 69% of men with university or postgraduate education. Similarly, only 15% of women and 17% of men in the lowest wealth quintile have either public health insurance or social security compared to 81% of women and 62% of men with university or postgraduate education (INSTAT, IPH, and ICF, 2018).

2.3.7 Inclusion of people with disabilities

In 2018, about 70 000 persons received disability benefits, about 3 700 more than in 2013. 90% of the beneficiaries of disability pensions reside in urban areas, a figure that is almost constant in the last years. 27.5% of the total number of beneficiaries have the right of a carer who also benefits from the disability pension scheme (MHSP, 2017). Article 8 Beneficiaries of Disability Pension of the Law No. 57/2019 dated 23/07/2019 on Social Assistance sets the criteria for benefitting from disability pensions, and Article 10 specifies who needs a personal carer. In principle, the law states that the disability pension is given to the disabled persons who are found to be incapable to work by the Work Capability Assessment Commission. The amount of the pension is decided by a dedicated DCM. Table 29 in Annex 2 shows the number of beneficiaries of disability pensions in urban and rural areas.


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15 The data for this survey were collected in the period from 11 September 2017 to 20 February 2018. Figures in this section refer to the same period.

16 The government was restructured in 2013, and currently this is not a separate ministry.
points at local level was established in 2016 covering 61 new municipalities. It aimed to increase the coordination of the Ministry with the local level and received training for new legislation and concepts of disability, monitoring and reporting in line with Law No. 93/2014 and Convention on the Rights of Persons with Disabilities (CRPD). The government has also collaborated with UNDP to increase knowledge and public awareness of local authorities and new services about the rights of persons with disabilities. The Institute for the Blind and the School for Children with Hearing Impairments have improved their service provision and aim toward transformation into resource centres. The MHSP cooperates with the Ministry of Education, Sports and Youth to establish new modalities for sign language and thus contribute to accessibility. Education quotas for persons with disability were offered. The awareness of teachers and parents on inclusive education and need for trained assistant teachers and interdisciplinary committees has been increased.

**People with disabilities are much less likely to participate in the labour market and face limited access to justice.** Disabled adults are five times less likely to be working than the non-disabled population (UNDP, 2015b), despite the quota for the employment of disabled people by public and private employers set out by in the Law on Employment Promotion (No.7995, September 1995, changed) which stipulates that every company or public institution with over 24 employees must employ a person with a disability for every 25 employees. People with disabilities are also frequently ill-informed about the law and the functioning of the justice system as it pertains to them. A study by UNDP (2017) concluded that persons with disabilities and advocates for their rights are often unaware of their rights, and various subsidies and rights they are eligible for. They are also hampered by other obstacles to accessing justice that affect the remaining population as well: lack of trust in the system, high court and expert fees, lack of a functioning legal aid system and the excessive length of court proceedings (UNDP, 2017b, p. 96).

**Access to employment and vocational training centres (VTCs) has improved during 2016-2019.** Models of improving physical accessibility of public services for people with disabilities were provided in VTCs of Tirana and Vlora. Since 2015, 29 out of 36 Employment Offices were reconstructed, 12 of which in 2018, and they are now fully accessible by people with different kinds of disability. The implementation of ALMPs facilitating the integration of people with disabilities into the labour market through employment promotion programmes has produced some results. In 2019, only 0.76% of the registered unemployed jobseekers (542 persons) belonged to the group of persons with disabilities, and 2.1% of the beneficiaries of ALMPs belonged to the same group (111 persons). Although the previous legislation, which was in force until mid-2019, stipulated that each employer must comply with the requirement of employing one disabled person for every 25 employees, there is evidence that the law was not implemented properly. In May 2017, the results of a survey of 68 central and local public institutions indicated that only 3 of them complied with this requirement (ADRF, 2018).

**The situation is expected to improve with implementation of the new Laws on Social Assistance and Employment Promotion.** The new Law No. 15/2019 on Employment Promotion, Article 20/1 states that every employer should employ one disabled person for the first 25 employees, and an additional one from special categories for the next 50 employees. In addition, Article 21 has foreseen establishment of a Social Employment Fund that will be used for employment promotion
of disabled persons. The fund will be filled by contributions of employers who do not comply with legal obligations of employment of disabled persons. Contribution amounts to the fund are equal to the minimum wage for each disabled person that should have been employed based on Article 20/1. The Social Employment Fund will be used for programmes focused on employment, self-employment, vocational training, skills formation, orientation and counselling, support services, adaptation of the workplace for the disabled, social reintegration programmes, and employment promotion of household members of disabled persons. Furthermore, the Law No. 57/2019 dated 23/07/2019 on Social Assistance removes the financial assistance threshold for these persons, allows for disabled persons to receive a pension while also working, and removes the requirement of employment duration of 48 months, while Article 5 includes provision on non-discrimination and equality. The changes are expected to increase the number of beneficiaries of disability pensions by about 4,000 persons, as the scheme will now include the disabled that have been working for more than 48 months, but it will also encourage them to work and increase their integration in social and economic life.

2.3.8 Long-term care

The long-term care needs are largely unmet. In 2016, 885 old age persons received care and assistance in the Institutions of Residential Care (INSTAT, 2019a). Old-age care houses of public services operate in a few cities only, namely Tirana, Shkodra, Kavaja, Fier, Gjirokastra, Poliçan and multifunctional day care centres in Kamza, Durrës, Lezha, Saranda, Krujë, Elbasan, and Kukës. In 2019, Albania had 411,629 persons over 65 years of age, or 14.4% of the population, and 166,141 of them (6.2% of the population) are over 75 years old (INSTAT, 2019a). Compared to 2017 the numbers have increased compared by 7.3% and 6.2%, respectively. The most recent estimates show that approximately 93,000 elderly persons live alone, in difficult social and economic conditions (Terziu cited in Telegrafi, 2014). Hence, there is a big gap in the provision of care services for this age group. In 2016 the residential centres accommodated total of 1,787 persons.

The public service is offered to those that receive the beneficiary status based on the criteria set by DCM No. 425, June 2012. The criteria include disability status, elderly from families with insufficient or no income and from families in need as per the evaluation of the social administrator, those who live alone, don’t have anyone to care for them and don’t have any income, and have reached the retirement age, traffic victims or potential ones, and victims of family violence. The standards of old-age care services in residential centres are approved by the government, including qualifications of staff members who should be specialised for this type of services. Results from the European Quality of Life Survey 2016 (Eurofound, 2016) indicate that long-term care was evaluated on an average of 5.6 on a scale from 1 to 10, showing the highest gap between Albania and EU-28 in seven public services.

Regional disparities in the provision of social services are high. Public social services are provided in 43 residential centres and 119 community centres, and non-public social services are provided by NGOs and religious organisations in 86 daily community centres and 41 residential centres. Childcare services account for the majority of services, with 27%, services for disabled persons
account for 25%, and those for the elderly 18%. Services for women in need are scarce, accounting for only 5% of the total services. Public centres provide 54% of social care services, while residential services account for 26% of the services. The majority of services are concentrated in big cities, with 31% being provided in Tirana. 34% of the economy’s municipalities, or 21 of them, do not offer any services at all, and 43% of these have more than 20,000 inhabitants. 38 municipalities (62%) do not offer services for the elderly, 43 municipalities (71%) do not offer services for children, 37 municipalities (61%) do not offer services for disabled persons, and 39 municipalities (64%) do not offer services for other inhabitants in need. Only 7 municipalities (9%) offer all services. Pre-social services18, specialised services, home services, counselling services online and by phone are not offered at all (Ymeraj, 2019).

In October 2019 the government approved the National Action Plan on Aging 2020-2025. Based on the consultations with stakeholders, the plan includes the need to estimate a minimum living income, fast increase of minimum pensions and their convergence towards minimum income. The plan includes specific objectives in regard to integration of health and social services and home services, increase of residential and housing capacities for the elderly in need, increase in the number of daily-care centres, and support for households with elderly that suffer from chronic diseases and loss of autonomy.

2.3.9 Housing and assistance for the homeless

The housing and assistance for the homeless is one of the most problematic areas of social rights. While no data exist for the recent year, a situational analysis on social housing conducted by UNDP (2014) estimates that the number of housing applicants during 2005-2014 for all social housing programmes was 35,011 (UNDP, 2014, p. 21). The majority of individuals applied for the programme of low-cost housing. Specifically, 65% applied for low-cost housing, 31% for social rented housing, 2% for housing subsidies, and about 1.1% for land equipped with infrastructure. The total number of beneficiaries for social housing programmes during 2005-2014 was 5,021 or 14.3% (UNDP, 2014, p. 22).

The Law on Social Housing was approved by the Parliament of Albania on 3 May 2018. The law aims at creating opportunities for adequate and affordable housing for a safe, dignified and peaceful life, taking into account the financial situation of individuals and families in need of housing and in need of government aid. It intends to provide a tailored approach to the needs of people with disabilities, the elderly, children and other groups, by reducing the efforts of these groups to meet their specific housing needs.

In 2016, the Ministry of Urban Development, with the support of UNDP, drafted the Social Housing Strategy 2016-2025, which was approved by Decision of Council of Ministers No. 405 in

17 Qark of Tirana.

18 Pre-social services include informing beneficiaries about social services available, conducting initial needs assessment, and matching needs with services available.
The main goal of the strategy is: “To provide low and middle-income households which cannot afford a house in the open market, and in particular, to households with vulnerability indicators resulting in housing exclusion, with available, accessible, affordable and quality housing solutions”. The objectives of the Strategy are categorised under four strategic lines of action: (1) securing evidence of social housing and local capacities; (2) improving the legal, institutional and regulatory frameworks; (3) enhancing financial instruments for disadvantaged groups; and (4) expanding and re-orienting social housing programmes. In addition, the Strategy foresees the establishment of a reliable data system about the current situation of homeless families in Albania (Social Housing Strategy 2016-2025, p. 5).

The approach followed towards drafting of the strategy on social housing was inclusive, participatory, coordinated among national and international actors. These institutions include the Ombudsperson Institution, academia, local government units, Ministry of Urban Development, Ministry of Finance, Ministry of Economy, Ministry of Social Welfare and Youth, UNDP, OSCE, and SDC. The lack of systematic data, situational analysis and housing needs analysis were the main challenges faced in the formulation of effective social housing policies. The National Strategy on Social Housing set the beneficiaries of social housing programmes and the eligibility criteria. The beneficiaries should not own a house or could own a living place that is below housing standards established by the DCM No. 814. Besides living conditions, social and economic circumstances are included in the eligibility criteria with priority given to single parents, large families, older adults, people with disabilities, young couples, families that have changed residence, orphans, returning emigrants, migrant workers, asylum seekers, families of fallen officers, victims of domestic violence, Roma families, Egyptian families, and recipients of economic assistance. The government budget is expected to cover 78% of the strategy costs, UNDP has foreseen covering 0.4% of the costs and there is still a gap of 21.6%. The 2018 budget earmarked for social housing was ALL 550 million (around 4.4 million), about 9.7% of the total government budget contribution, and is expected to increase in the coming years. The number of families in need of social housing was estimated to be about 25 000 in 2018.

2.3.10 Access to essential services

From 2008 until 2018, access to improved sources of water improved by 21 percentage points or 33.8%. Latest data from Albanian Demographic and Health Survey 2017-2018 showed that 83% percent of households in Albania have access to an improved source of drinking water, while 17% of households use unimproved sources of drinking water. The percentages are very similar for urban and rural households (Figure 11). Five percent of households use additional treatment methods, such as bleach, chlorine or boiling to make water safe for drinking (INSTAT, IPH, ICF, 2018). In 2018, 90.4% of the population used safely managed drinking water services (INSTAT, 2020b).

With regards to sanitation 96% of the Albanian households use improved toilet facilities. Of these, 73% use flush toilets connected to a piped sewer system, 5% use flush toilets that pour into a pit latrine, and 17% use flush toilets that pour into a septic tank. Only 4% of households use a
non-improved toilet\textsuperscript{19}, and less than 1\% share facilities with another household (INSTAT, IPH, ICF, 2018). In 2018, 93.4\% of the population had a toilet inside the household (INSTAT, 2020a). Access to electricity in Albania is 100\%.

Figure 11. Sources of drinking water at household level by residence

![Figure 11: Sources of drinking water at household level by residence](image)

Source: INSTAT, Institute of Public Health, and ICF, 2018

The Government of Albania drafted and approved the Sectorial Transport Strategy and Action Plan 2016-2020 by DCM, No. 811, of November 2016 on the approval of the Transport Strategy and Action Plan 2016-2020. The main goal of the strategy is to have an efficient transport system, integrated in the region and in the EU network, which promotes economic development and upgrades the citizens’ quality of life.

Statistics on access to public transport are not available or are not produced on a regular basis. INSTAT’s data in Table 5 show that the railway transport is less developed and that road transport is the main transport type used in the economy. Public transport is privatised or operating under concession agreements. During 2012-2018, the average annual number of passengers traveling by rail decreased by 83\%, while the number of passengers travelling by sea increased by 38.3\% and by air by 77\%. During this period the highest number of passengers per thousand inhabitants was recorded in 2017 with 524 passengers, while the average for five years was 422 passengers per thousand inhabitants. The air transport recorded the largest increase in the annual average number of passengers, and the number of airlines that operate in the economy increased from 14 in 2012 to 21 in 2018 and decreased again to 17 in January 2020.

Table 5. Number of passengers by type of transport, 2012-2018

<table>
<thead>
<tr>
<th>Transport by Type of Transport</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
</table>

\textsuperscript{19} Improved toilet facilities include any non-shared toilet of the following types: flush/pour flush toilets to piped sewer systems, septic tanks, and pit latrines; ventilated improved pit (VIP) latrines; pit latrines with slabs; and composting toilets.
One of the best examples of the impact of privatisation and concessions is in Tirana. The city transport used to face major challenges, but now has extended its coverage to the entire city, increasing the number of buses, as well as the application of new information technology systems for the control and monitoring of bus timetables. The municipality has also invested in the construction of a new terminal for inter-city buses, opened dedicated lanes for cyclists and made available 1,000 new bicycles for use by the public in 2017. A specially tailored master plan for bicycles has been developed and approved (UNECE, 2018).

With regards to exposure to mass media, 91% of women aged 15-49 and 88% of men in the same age group watch television at least once per week. In addition, 73% of women and 84% of men between 15 and 49 years of age use the internet. In total, the proportion of internet users\(^{20}\) in 2019 was 62.6%, 6 percentage points higher than in 2018 (INSTAT, 2020b). In 2019, 82.2% of Albanian households had access to internet compared to 80.7% in 2018 (INSTAT, 2019c).

The third most problematic factor for doing business is access to finance, after tax rates and corruption. According to the Global Competitiveness Index 2017-2018 (WEF, 2018), Albania is ranked 81 out of 137 economies. In the pillar of Financial System, Albania ranked 105\(^{th}\) with a score of 51.3 (WEF, 2019). In 2019, in the same pillar, Albania scored 53.3 points and ranked 102\(^{th}\). In 2018, Albania recorded 137.5 borrowers per thousand adults from commercial banks, a significant increase compared to 76 borrowers per thousand adults in 2007, with an average annual increase rate of 6.3%. The number of borrowers reached its peak in 2016, with about 158 borrowers per thousand inhabitants. The number of depositors with commercial banks in Albania has fallen gradually from 1,100.5 depositors per thousand adults in 2016 to 1,033.6 depositors per thousand adults in 2018.

In 2018, there were 30.4 automated teller machines (ATMs) per 100,000 adults, compared to 68.1 in EU-28 (Figure 12). Although compared to EU-28 the number of ATMs is quite low, the trends are similar. The number of ATMs in Albania increased from 19.4 per 100,000 adults in 2007 to 35.7 per 100,000 adults in 2012, growing at an average annual rate of 14.2%. Since then, the number has decreased by 2.8% per year. In 2018, the number of commercial bank branches in Albania was 19.4 per 100,000 adults. Commercial bank branches in Albania increased from 9.7 per 100,000 adults in 2004 to 19.4 per 100,000 adults in 2018, growing at an average annual rate of 5.81%. In 2018, the number of commercial bank branches in Albania was 19.4 per 100,000 adults, whilst in EU it was 21.07 (Figure 12). Number of Commercial Bank Branches and ATMs per 100,000 adults is the indicator that had major gap with EU-28 figures in 2007, but has been

\(^{20}\) Used internet in the last three months

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**Source:** INSTAT, 2019a

<table>
<thead>
<tr>
<th>Mode</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Railway</td>
<td>448 000</td>
</tr>
<tr>
<td>Sea</td>
<td>1 101 025</td>
</tr>
<tr>
<td>Air</td>
<td>1 665 331</td>
</tr>
</tbody>
</table>

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converging in the recent years. The convergence is due to a decrease in the number of branches per 100,000 inhabitants both in EU-28 and in Albania since 2011, but the decrease is occurring at a higher rate in EU-28 (-2.7% versus -5.4%), probably due to increased use of online banking.

**Figure 12. Number of automated teller machines (ATMs) per 100,000 adults, Albania and EU-28**
3 Conclusion

Albania faces challenges with regards to a number of issues addressed by the European Pillar of Social Rights. Although the relatively high and stable economic growth has been associated with higher employment rates and lower unemployment, poverty and inequality remain high. Despite optimistic enrolment figures, and nearly universal access to the compulsory education, the education system does not fully equip students with relevant skills. Furthermore, adult participation in lifelong learning is very low, while the share of NEETs and early school leavers remain important challenges. A key development to fully adjust the education and skills formation towards labour market needs is the approval of the Law No.15/2017 on Vocational Education and Training, but no concrete measures have been taken with regards to matching higher education and training with labour market needs. More than one year after the protests, university students’ demands remain largely unmet.

Low participation and employment rates, high unemployment rates, high long-term unemployment, especially of women and youth, and low productivity are important labour market challenges. The implementation of employment strategy should continue focusing on narrowing the gender and age gaps, reducing informal labour market, as well as financial burdens to create incentives to transit to formal employment, and strengthening capacities of Labour Inspectorate Offices. Informality in the labour market, such as undeclared work and hidden wages, is also an acute concern.

Although important achievements have been recorded in terms of improved legislative framework, strategies and action plans in every field of social rights, increased efforts must be dedicated to implementation. Social protection, in particular the NE scheme, child and long-term care, and inclusion of people with disabilities need to remain on the political agenda. Moreover, difficulties in accessing quality healthcare should be addressed using a holistic approach, increased coverage and better targeting. Access to quality healthcare services by the poor and the disadvantaged groups is limited and there is a need to increase expenditure in health services to compensate for the lack of insurance coverage and develop health-financing policies that address these problems.

The number of reported accidents at work is fairly low, mainly because only severe accidents are usually reported. Albania does not use the methodology of the European Statistics of Accidents at Work. Other reasons for low number of reported accidents at work include the lack of standard reporting forms and guidelines, lack of reporting for the informal employees, partial coverage of employees with health services at enterprises, lack of declaration of mild injuries, lack of registration of part-time employees or the self-employed, and lack of specialist doctors for occupational diseases, while lack of bio-monitoring capacities ensures accuracy is far from reality (Ministry of Social Welfare and Youth, 2016c).

With regards to pensions, it should be noted that the introduction of social pensions has considerably improved the coverage. Nevertheless, pension benefits - in particular for social
pensions - are very low, often not sufficient for a decent living. Coverage of social housing needs is also very low, especially because of the lack of funds for the programme.

**Low resilience to natural hazards and the coronavirus pandemic might become additional risks of setback to the progress made in living standards, poverty reduction and social inclusion.** The effects of the earthquake of 26th November 2019 on poverty are difficult to quantify in the immediate aftermath of the event. Aside from the clear and immediate impact on those directly affected by loss of or damage to property, injury and loss of life, many more people suffer directly and indirectly through losses in economic activity, health deterioration (including mental health), and reduced investment in education. The early impact evaluation results provided by the Survey of Household Damages due to Earthquake point to a moderate negative effect on housing conditions, monetary welfare, and human capital stock and accumulation. Nevertheless, the emotional impact seems significant, as captured by subjective poverty and mental health indicators (Council of Ministers, EU, UNDP, WB, 2020). Furthermore, the lockdown of economic activity, institutions, businesses and schools due to the spread of the coronavirus in March 2020 is expected to negatively affect the gains in poverty reduction, education and human capital development. Expectations are that in the long term, human capital accumulation will fall through reduced school completion, particularly for populations that were vulnerable before the disaster and the lockdown. This in turn will impact the already-vulnerable economy’s poverty reduction trajectory.
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Legislation


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