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# WORKFORCE DEVELOPMENT

REGIONAL OVERVIEW:  
ALBANIA

REGIONAL COMPETITIVENESS INITIATIVE

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## ABBREVIATIONS

ALL	Albanian Leke
GDP	Gross Domestic Product
MDG	Millennium Development Goal
NSDI	National Strategy for Development and Integration
HDI	Human Development Index
HRD	Human Resource Development
LSMS	Living Standard Measurement Survey
NHDR	National Human Development Report
KESH	Albanian Electro Energy Corporation
INSTAT	Albanian Institute of Statistics
VET	Vocational Education Training
NAVET	National Agency for VET
AQF	the Albanian Qualification Framework
METE	Ministry of Economy, Trade and Energy
ILO	International Labor Organization
UNDP	United Nation Development Programme
IMF	International Monetary Fund
ETF	European Training Foundation
EBRD	European Bank for Reconstruction and Development
OECD	Organization for Economic Co-operation and Development
WfD	Work Force Development
SAA	Stabilization Association Agreement
IPA	Instrument for Pre-Accession Assistance

## I. BRIEF PRESENTATION OF ECONOMIC AND LABOR MARKET STATISTICS

Defining the scope of work force development in Albania is a complex endeavor. It is the principal asset of every country and it is required by the local and regional labor markets; and therefore by business enterprises which shape these markets. In these conditions at least two key factors determine the scope of human capital in Albania: demographics profile and labor market developments. Three main phenomena characterize Albania's demographic profile: large internal and external migratory waves, decreasing mortality rates, and declining fertility rates. The 2001 census put Albania's population at 3,063 million. Based on projections from this census, the population was estimated at 3.1 million in 2004, in 2006 Albania counted a population of 3.14 million citizens, which is relatively young with a median age of 28.3 compared to 39 for Europe I. It is expected that the population will increase to about 3.7 million by 2025.

The socio-economic background described above indicates several important issues related to work force development in Albania. Adults and young people are confronted with changing the reality of the labor market, migrants from rural to urban areas are confronted with social exclusion, and those left behind are faced with poverty. Given the global trends where the labor market conditions and working contexts are becoming more and more divided between knowledge intensive jobs on the one hand and more repetitive work on the other, Albanian citizens are faced with the need and opportunity to constantly adapt their knowledge and skills. Therefore human capital development policy responses and the underlying macro-economic framework need to address the whole in a consistent fashion.

During the last decade Albania has made considerable progress in its social, economic and political development. However, it still remains among the poor countries in Europe and faces a number of outstanding challenges. With per capita national income of just \$ 2,960 per annum and a population of 3,1 million, Albania is classified as lower-middle income country. With 46 percent of its citizens aged less than 25 years, Albania is one of the European countries with the youngest population<sup>2</sup>.

After the deep recession of 1997-1998, the country achieved macroeconomic stability in the early 2000s together with economic growth averaging more than 5 percentages point's year on year. Albania's growth since the transition has been impressive. Cumulative growth since 1990 is among the highest of all transition economies. Based on the latest reports Albania not only recovered, but exceeded the pre-transition GDP level. In 2007<sup>3</sup> the estimated real GDP reached 152 (compared to 100 in 1989). High GDP growth rates have been accompanied by a massive reduction in poverty. The proportion of the population whose real per capita monthly consumption is below ALL 4891 (in 2002 prices), fell from 25.4 percent in 2002 to 18.5 percent in 2005. This means that roughly 235,000 of about 800,000 poor people in 2002 were lifted out of poverty<sup>4</sup>. This is undoubtedly a major step towards the achievement of MDG-1, which in Albania aims to cut the poverty rate to 13 percent by 2015. However, these high growth rates did not translate into the creation of more jobs. The extremely poor population, defined as those with difficulty meeting basic nutritional needs, decreased from about 5 percent to 3.5 percent<sup>5</sup>. However, Tirana has a GDP index of 0.772, compared to a mere 0.252 for the mountain areas, and a Human Development Index<sup>6</sup> (HDI) of 0.830 compared to 0.632 in the mountains<sup>7</sup>.

Migration has been a dominating socio-economic fact over the past 15 years in Albania; and migratory flows have been international and internal, permanent and temporary. It is estimated that about 860,485 Albanians live abroad; which means that the stock of emigrants is about 27.5 percent of total population<sup>8</sup>. No other Central or Eastern European country has been affected so heavily by migration over such a short period of

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1 Albania: Labor market assessment, World Bank Report, Report No. 34597-AL, Human Development Sector Unit, South East Europe Country Unit, Europe and Central Asia Region, May 2006

2 The average age of the Albanian population is 31.7 years. See: ILO, Analysis of the youth labor market in Albania.

3 EBRD, Transition report 2007, [www.ebrd.org](http://www.ebrd.org)

4 A new LSMS report will be published in coming weeks by INSTAT and World Bank

5 Albania Urban Growth, Migration and Poverty Reduction: A Poverty Assessment, December 2007 World Bank, Poverty Reduction and Economic Management Unit

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

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

8 Migration and Remittances in Albania, Migration and Remittances Fact book, Development Prospects Group

time<sup>9</sup>. A recently published annual report of the Albanian Central Bank declares that without remittances, Albanians would live with 2 US\$ less per day<sup>10</sup>. Since the beginning of the transition there has been substantial internal migration from rural to urban areas, mainly to Tirana and Durrës. Over the past ten years, the proportion of rural inhabitants has decreased by 13 percent, while the urban population has grown by 3.2 percent in 2002-03 and by 2 percent in 2003-04<sup>11</sup>. The population of Tirana alone is estimated to have grown from around 200,000 in the early 1990s to close to 800,000 in 2005<sup>12</sup>.

Albania is rated low in the most recent "Doing business 2008" report (World Bank) that covers the period April 2006 to June 2007, ahead only of Uzbekistan, Ukraine and Tajikistan in the ranking of Eastern Europe and Central Asia (28 countries). The low ranking on the ease of doing business index means that the regulatory environment is not conducive to the operation of business. The index "Starting a business" ranking is also low (25th), as is the "Employing workers" ranking (18th). This leads to the conclusion that Albania does seem to have to address the wider agenda of investment and business environment, in a consistent fashion with the employment and skills agenda<sup>13</sup>.

Labor market development in Albania has been influenced significantly by the transition reforms and other economic and social conditions of the country. The privatization process of state property is almost complete but in 2007 the share of agriculture (almost 20 percent) in the Albanian economy largely exceeds the share of industry (approx. 9.5 percent). Micro and small size enterprises (94 percent of the total enterprises) and the informality of the economy are other significant features, both in rural and urban areas<sup>14</sup>. The informal labor market, which is largely undocumented, with regard to its impact on employment and skills needs represents a substantial share of total employment.

Data on key labor market indicators are still riddled with uncertainty, given that Albania has not yet produced labor market analyses that are based on the Labor Force Survey<sup>15</sup>. The overall rate of registered unemployment was 13.18 percent by the end of 2007<sup>16</sup>. Compared to their male counterparts, women experience much lower participation in the labor force (in 2006 the labor force participation rate in Albania was 56.5 percent - 66.6 percent men and 45.9 percent women)<sup>17</sup>. Over the past decade, the youth unemployment rate has been consistently higher than that of adults. In 2005, young people experienced a rate of unemployment of 12.8 percent (14.4 percent for young men and 11 percent for young women), compared with a rate of 6.9 percent of the population in the working age. Employment prospects of young people are rather meager. The youth employment rate of 31.9 percent is quite low<sup>18</sup>. The employment rate of young women is five percentage points lower than that of young men (28.6 and 33.5 percent, respectively). The youth employment figures show that most youth living in rural areas are engaged in subsistence farming, either as self-employed or as contributing family members. Young women are twice as likely to be inactive and participate less than boys in education.

One of the major issues that negatively influences the Albanian economy is the widespread phenomenon of the informal economy. The informal labor market, which is largely undocumented with regard to its impact on employment and skills needs, represents a substantial share of total employment. A large informal economy causes losses in revenues from tax evasion, distortions of the labor market, hides the true unemployment figures and encourages unfair competition. Common features of work in the informal economy are represented by the lack of an employment contract, paid annual and sick leave and other social security benefits. The informal economy has serious costs for individuals, enterprises and society as a whole. In Albania the informal economy is estimated to contribute to about one third of total gross domestic product (GDP). About 55 percent of workers in the non-agricultural sector are engaged in low-productivity jobs in the

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<sup>9</sup> Migration patterns and human resources development issues in Albania, ETF Report, January 2008

<sup>10</sup> 2006 Annual Report, Central Bank of Albania

<sup>11</sup> Based on World Bank Living Standards Measurement Surveys conducted in Albania in the second quarters of 2002, 2003 and 2004.

<sup>12</sup> Albania: Selected Issues and Statistical Appendix. IMF Country Report No.05/90 (March 2005). This means that Albania's migration flow has been five times higher than the average migration flow in developing countries.

<sup>13</sup> Source: <http://www.doingbusiness.org/economyrankings/?direction=Asc&sort=1&regionid=2>

<sup>14</sup> ETF, Labor Market Review for Albania, 2006

<sup>15</sup> It is worth noting that Albania's labor market indicators calculated with data from administrative records differ significantly from those calculated with data from household-based surveys (i.e. Living Standard Measurement Survey).

<sup>16</sup> INSTAT (Labor force, Fourth quarter 2007)

<sup>17</sup> INSTAT - Women and Men in Albania 2006, Tirana, 2007.

<sup>18</sup> Elaboration based on the 2005 Living Standard Measurement Survey (LSMS).

informal economy<sup>19</sup>. Estimates run much higher for workers in agriculture, where most of them are self-employed and own-account workers, with half of them being poor. Approximately 27 percent of non-agricultural workers are wage employees in the informal economy, mostly in the construction sector, and 28 percent are either self-employed or engaged in unpaid work<sup>20</sup>. Young workers are over-represented in the informal economy. The likelihood of being an informal worker is significantly correlated with being young, male and with low educational attainment<sup>21</sup>. In 2005, the share of young informal workers was estimated to total approximately 70 percent of all young workers. The mobility between employment statuses is rather low. Only 15 percent of the unemployed and 10 percent of the inactive in 2002 had managed to find jobs in the formal economy two years later, while as many as 38 percent of jobseekers had found jobs in the informal economy, and almost half of all informal workers were still in the informal economy two years later<sup>22</sup>.

Over the past two decades, Albania has experienced high migration rates, both internal and international. It is estimated that about 40 percent of the working-age population is working abroad. This high rate of international migration has generated both opportunities and constraints for Albanian households and in particular for women. Migration has been for years a coping strategy to counter poor quality and low paid jobs, unemployment and poverty. Data on poverty indicate that the categories of the population facing higher risk of poverty are the unemployed, the less educated, members of large households and people living in rural areas and engaging in own account farming. Surprisingly, women-headed household do not show a higher risk of falling into poverty than their male counterparts. This is partly due to the fact that their households include migrant workers who boost income through remittances.

In October 2007, the government of Albania launched the National Strategy for Development and Integration (NSDI) for the period 2007-2013. The NSDI is developing an integrated approach for the socio-economic development of the country and prospects for integration into EU. It emphasizes the need to strengthen the effective role of HRD further in society. The NSDI aims to:

- achieve rapid, balanced and sustainable economic, social and human development,
- develop and consolidate a democratic state,
- establish the rule of law and fight corruption, and
- integrate Albania in the European Union and NATO.
- It assigns high priority to policies giving a stronger role to young people in the economy<sup>23</sup>.

The priorities of the Ministry of Labor, Social Affairs and Equal Opportunities for the period 2007-2013 are set out by the Strategies on Employment and Vocational Training, Social Inclusion, Gender Equality and Domestic Violence that were approved in 2007, as well as in the National Strategy on Migration that was approved in 2004. The objectives of the Employment and Vocational Training Strategy are centered on the promotion of an active policy on employment through the establishment of a modern system of employment services (8 of 12 objectives), the development of an active policy of employment, the strengthening of the vocational education and training system, the reduction of informal employment, the improvement of conditions of work and the promotion of social dialogue<sup>24</sup>. This active policy on employment is also advocated by the Strategy on Gender Equality and Domestic Violence, while the Social Inclusion Strategy pays special attention to measures for reducing the vulnerability of informal workers.

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<sup>19</sup> Republic of Albania, Strategy for Social Inclusion 2007-2013, November 2006

<sup>20</sup> Republic of Albania, Strategy for Social Inclusion 2007-2013, November 2006 Draft.

<sup>21</sup> Numerical estimates based on the 2005 LSMS. See also: ILO, Analysis of the youth labor market in Albania.

<sup>22</sup> World Bank, Albania: Labor market assessment, Washington D.C. 2006

<sup>23</sup> National Strategy for Development and Integration of Albania ([www.km.gov.al](http://www.km.gov.al))

<sup>24</sup> See Ministry of Labor, Social Affairs and Equal Opportunities, Sectoral Strategy on Employment and Vocational Training (2007-2013), Tirana, 2007

## II. BRIEF ANALYSIS OF THE EXTENT OF THE LABOR SUPPLY/DEMAND GAPS FOR SKILLED LABOR

The issues of increasing human capacities assume particular importance for the current level of Albania's development. Accordingly, the pace, methods, dimension etc, influence not only the improvement of public services but also enlargement and sustainability of the private sector development; assurance of a faster growth and sustainable economic and social development; realistic endurance towards opening up to the world and the competition deriving from this process; enhancement of the local governance; sustainability and efficiency of the decentralization process; extension of the role of the citizens; consolidation of democratic values, citizen's education and enforcement of the social cohesion, as well as the real integration of social groups in minority and national minorities. Finally, this process wins over even the Albanian process of European Integration.

### a. NOTES ABOUT EMPLOYMENT, AND ITS MAIN CHARACTERISTICS

This chapter analyzes some of the main aspects of human capacities development in the light of the country's needs to respond to the process of integration into the European Union. Therefore, it attempts to make a critical analysis of institutional needs and of the possibilities of the country in this process by referring to the integration problem not as an intention in itself, but strongly linked with the acceleration of Albania's sustainable development.

In order to analyze the dynamics and developments of employability of labor forces during the last decade and specifically during 2006-2007, one should bear in mind the interdependence analysis between demographic processes, advancement of labor forces and the progress of the labor market.

The main characteristics of the balance-sheet of labor forces during this period are:

- The overall population of the country has declined in males and females. Numbers of females however are declining more rapidly than males.
- The population of working age has risen 5 percent, but the numbers of males of working age are increasing more rapidly than those of females; 6.5 percent as compared to 3.6 percent.
- From 1994-2007 Albania's labor force declined 24 percent; rates of decline are higher for females 30 percent than males 20 percent.
- The level of the employment of the labor force declined by 22 percent for both males and females, young and mature ages.
- Employment levels for females dropped more rapidly than for males, young and mature ages, 16.2 percent as compared to 14.8 percent
- The level of unemployment for females, young and mature ages remains higher than for males young and of mature ages, and rate of the decline of availability of jobs for females, young and mature ages is higher.
- In relation to employment currently only 60 percent of the population of working age are on the labor market, which is much lower than the rest of the countries in the region; the majority of persons who are employed – approximately 2/3rds are working in the informal sector; new job openings has been at very modest levels; it turns out that given groups, mainly women and young ladies, as well as unschooled labor are broadly excluded from the labor market.
- During 2006-2007 Albania maintained an economic growth of 5-6 percent although growth rates were lower during this period because of the energy crisis and lengthy drought of 2006.

Meanwhile, economic growth has been accompanied by a very modest increase of employment. As a consequence, the gap between the economic growth and employment in Albania is much higher than at global level. Therefore, if during 2006 the world economy increased by 5 percent the global level of unemployment was at approximately 6.3 percent. During the same period in Albania this balance was 5 percent compared to roughly 14 percent (according to official data) and 5 percent to around about 30 percent (according to statistical data from other sources).

The employment policies must move out of the realm of government policies which are generally passive, assistance programs, humanitarian and philanthropic and become stimulating policies of economic growth and

development, which seek to increase work productivity, to impede the artificial increase of its costs and to improve coordination between the labor market in the agricultural and non-agricultural sectors etc.

Developments in the Albanian labor market during the period of 2006-2007 suggest that there is a need to interfere at institutional level for a deep reorganization of the system of vocational training by influencing the human capacity building, education and its qualification, as well as increasing efficiency and absorbent capacities of labor market.

### **a. MAJOR DEVELOPMENTS OF EMPLOYMENT IN THE PUBLIC SECTOR**

The public sector still continues to be one of the major employers. It leads mainly by employing the work force in public administration, education, healthcare, etc.

From the gender perspective men are predominantly employed in the state sector, especially in leading positions. Decline in employment rates in the state sector did not come about due to recruitment of labor forces from the private sector, but generally because jobs were made redundant in the larger of the public enterprises.

During 2005 -2007 period, employment in the public sector was influenced mainly by such factors as: privatization processes in strategic sectors of the economy, the passage from public to the private sector. A rotation of power in the 3 July 2005 general elections also exerted a temporary influence.

Meanwhile, local government elections on 13 February 2007 signaled a reconfiguration of the political representation in the majority of communes and municipalities of the country. This was due to the absence of tradition in the country to ensure the continuity of the technical administrative staff, as well as to political partisan pressure against the new mayors of municipalities and communes and their respective councils. This brought about radical changes to these bodies.

In this context during the handover of the central power, more intensively during the first 6 months and less so in the following period, a considerable number of employees of the public administration were dismissed chiefly due to the reorganization and restructuring of the public administration. The changes were often considered as unjustified and unlawful by the respective administrative court (Civil Service commission) on the basis of Law No: 8549, dated 11.11.1999 "On the Civil Service".

In order to implement the political governing program, current Albanian government has government launched a series of reforms, which on the one hand intended reducing the size of the public sector and attain affordable costs of the public administration, and on the other hand improve its performance by creating the grounds to implement the principles of merit, to enhance transparency in recruitment processes and restrict conflict of interest in these processes.

Irrespective of several achievements, for a series of reasons, linked mainly with the performance of the government over the past three years, a huge number of employees in the public administration were dismissed and replaced hurriedly and in total absence of satisfactory competition. Therefore, many cases were politicized and other cases impacted most negatively on the performance of the administration as a whole.

As expected, not only were political heads of institutions involved in these changes in the public administration, but this was very wide spread down to the lower levels of the civil administration (Depart Heads, Sector Chiefs etc. Likewise the majority of the Directors of Regulatory Institutions created under a special law and who are elected by Parliament (eg: the Energy Regulatory Entity, the Regulatory Entity for Telecommunications etc.), were dismissed and replaced, in some cases by individuals who do not entirely meet criteria.

It is constantly emphasized that the government reforms undertaken to improve the administration, despite the understandable political reasons in a country where democracy is just beginning to find its feet, are motivated by the need to review, complement or improve the respective legislative framework on which the public administration at local and central level bases its work. However, in some cases the motivation of the reforms has not been sufficiently clear; not only sparking off concern of the political Opposition of the country, but a number of dismissed public servants took their cases to Court against the government.

Subsequently, in general for a period of up to one year a huge number of officials have received payment without having to work as financial compensation for being unlawfully dismissed from their previous job positions.

The employment in public companies during the same period is characterized by major changes in senior supervising staff, but also by a slight decline in the general number of their employees. There was a far greater decline of staff in public companies subjected to privatization processes though here too an uncertainty in government policies in these processes was clearly identified. There were unjustified delays and in some cases insufficient transparency in these policies.

## **b. CURRENT SITUATION OF EMPLOYMENT IN THE PRIVATE SECTOR**

The recruitment structure in the private sector is characterized by employment being predominant in sectors of commerce, construction, manufacturing etc. Even during 2006-2007 the opening up of new job opportunities in the private sector, outside of agriculture was slow. The low employments levels in the private sector is a result of the business climate, lack of qualified workers, power cuts and restrictions, (caused higher production costs because of use of alternative power sources), dishonest competition between same businesses (seen more in the food industry), uninspired monetary policies of business accreditation (raise of bank credit interests etc). Obviously, the majority of causes have to do with the government while the improvement of job opportunities in the private sector remains a serious challenge of the labor market in Albania.

The private sector is the main contributor to the GDP and at the same time the foremost opportunity to find employment within the country. Although, the opportunities to absorb new labor forces created every year are still limited due to a certain domination of small businesses (99 percent - 2006) and a high level of informality, a satisfactory level of economic growth has been maintained progressively.

In addition, the employment in the private sector amplified mainly in services and in construction and the agriculture sectors, presents a certain tendency towards slowing down. This is due to several government reforms that have been initiated while attempting to reduce the informality. Thus, the establishment of reference salaries is considered by a part of the businesses, especially those in the textile industry etc, as a serious impediment not only to their own business performance, but also to the further continuation of this activity in Albania.

Meanwhile, the problems raised in relations between the central and local government, intervention designed to improve legislation and the performance of territory adjustment institutions have caused a restriction of investments and sow down of growth even in the construction industry. As a result, employment even in this sector which currently absorbs the less qualified part of labor force has not matched the rates forecast.

The commercial and services sector, although having the core importance in the employment face problems of improving quality and culture of services etc.

Generalization:

Generally the growth of the competition between locally produced farming produce and imports, mainly from the neighborhood countries, and the decline of purchasing power (for a number of reasons dominated mainly by inflation growth), has made it increasingly difficult to find jobs in farming too. During the period 2005-2007 projects financed by different donors and the state budget were realized in this sector designed to better equip farmers, feed them more know how on farming methods and discourage farmers from abandoning the rural areas.

Despite the growth of agriculture and farming output and the cardinal role of the agrarian sector in employing Albanians, low output overall by the home market and the slow growth of farming products for export indicate that absorption potential of labor forces by this sector are limited at the present. Furthermore, the qualified sector of the labor force in agriculture has increased during the period of 2005-2007.

Employment policies should move away from governmental policies which are generally passive, of an assistance nature, humanitarian and philanthropic to stimulative policies of economic growth and development, which seek to increase work productivity, to impede the artificial increase of its costs, as well as a better coordination between the labor market in the agriculture sector and non-agriculture one etc.

Developments in the Albanian labor market during the period of 2006-2007 suggest that there is a need to interfere at institutional level for a deep going reorganization of the system of vocational training by influencing the human capacity building, education and its qualification, as well as increasing efficiency and absorbent capacities of the labor market.

### **c. ANALYSES OF THE EMPLOYMENT AND UNEMPLOYMENT STATISTICS**

Although official employment and unemployment statistics are at a low level of credibility, at least they help us understand main trends. As such unemployment in Albania is characterized by high levels and inconsistency, without any noticeable trend towards decline, by the high degree of the exclusion of women and young girls from the labor market; by the high level of unemployment of the younger generations; high level of permanent unemployment, by a high degree of discouragement out of the labor market etc.

In addition, it is worth while emphasizing that data identifies the existence of a direct correlation between the level of unemployment and level of knowledge and education. In this context the public and private sectors are faced with unemployment risks; unemployment is not distributed to the same degree over the whole country; it is high in the rural areas, while the ethno-cultural minorities present a higher degree of social exclusion compared to the ethnic minorities, etc.

The analysis of the situation of unemployment according to age indicates that the number of unemployed people over 45 continues to be high because the professional training of this age group does not comply with the market requests. Subsequently this age group needs more support with employment and professional programs in order to facilitate their integration into the labor market.

The analyzing of the education perspective of unemployment suggests that the bulk of the unemployed have elementary education – approximately 90 percent; secondary education around 54.5 percent and higher education – 43.5 percent. There is therefore a need to for the higher qualification of workers with elementary or secondary school education, as well as to train and raise the professional skills of the unemployed who have higher schooling. This is required so their basic education meets the terms of labor market demand.

From a professional point of view, the situation of unemployment has the following main characteristics: the target group of unemployed but highly experienced people (only 2 percent of the unemployed) chiefly teachers, economists, agronomists, military, geologists and mining engineers; the target group of unemployed technically skilled (11 percent of the unemployed) chiefly technicians in the construction sector, auto services, readymade garments industry, marketing etc; the target group of unemployed workers (around 40 percent) chiefly workers of the agriculture sector, manufacturing and construction; amongst unemployed people without skills (approximately 38 percent) the majority are on social welfare benefits.

The assessment of gender perspective of unemployment identifies women and young girls as being more “victimized” than men on the labor market: around 49 percent of the total numbers of unemployed are females, far higher in the northern zones and gradually decreasing towards the central and southern zones. The level of unemployment is much higher for the women: 18 percent against 12.8 percent for men. This difference is reinforced in the north and north eastern region as women and young girls have less opportunity to find jobs and the massive emigration of men. 12 percent of unemployed women are housewives, the level of education amongst unemployed women is higher than amongst the men; in the north and north eastern areas, the level of education amongst females is lower because after completing secondary studies they are expected to marry, raise a family and be full time housewives.

The territorial analyses of unemployment show the differences in different areas and regions of the country. As such, the highest unemployment levels approximately 24 percent exist in the northern zones, the districts of Dibra, Kukesi, Shkodra and Lezha which have 23 percent of the rural population. While in the central areas, districts of Durrresi, Korca, Berati and Elbasani where the majority of the population lives, around 35 percent, the level of unemployment is around 12.5 percent. But the highest level of unemployment is in Skrapari, Berati, Elbasani and Kucova.

Referring to the southern part of Albania where 25 percent of the population live, mainly the districts of Gjirokastra, Vlora, and Fieri have a rate of unemployment which is about 12 percent, so below the country’s average level of unemployment. The majority of the registered unemployed are men, because this is an

industrial area and women and young girls stand a better chance of being employed. The unemployment indicators vary from one district to the other, especially when comparing the centers of the regions (Fieri, Vlora, and Gjirokastra) with those at the local level.

Currently, the Tirana region has 20 thousand unemployed, from which 51.7 percent are women. The structure of the jobless population in Tirana is as following: 44.4 percent workers, 25.85 percent semi-qualified technical staff and mechanics, 25.3 percent without a profession, 4.5 percent with a high level of education. In addition, the typology of the unemployment group in this region is made of: 11.3 percent unemployment benefit payment, 78.4 percent are on economic assistance, 65.3 percent are long term unemployed jobseekers.

According to the age groups the structure of unemployment is represented in the figures below: 4.3 percent from 16-19 years of age, 10.2 percent from 20-24, 23.5 percent from 25-34 age group, and 32.2 percent are 45 years and over.

In Tirana, employment of people over 35 years of age remains problematic. This is due to an incompatibility of their skills and knowledge with the market demands and standards and small possibilities of the market to attract these age groups. Therefore, the vocational training of these age groups in Tirana is an on-going requirement.

The structure of unemployed according to their level of education is: approximately 59.5 percent have secondary schooling, 26.5 percent higher schooling, 10 percent vocational schooling, 4 percent have university degrees. Therefore the majority of the unemployed in Tirana are unschooled workers or with a low level of schooling.

In order to move the labor market away from the vulnerable position it occupies today and integrate it further into the global market the following visionary policies are required:

- Review the labor market definition and employment policies
- Establish incentive and flexible legislation
- Further encourage and boost the population outside of the labor market to enter it
- Develop and implement flexible programs of new jobs creation etc.

#### **d. INFORMALITY, EMPLOYMENT AND UNEMPLOYMENT**

The informal employment is a widespread characteristic of the labor market in Albania. This is due to the high degree of the informal economy. Though the mainstream of informal employment is a consequence of the traditional character of the Albanian economy the informality is broadly present even in the modern, urban sector, so exposed to the agriculture sector. The informal employment is associated with low incomes, poverty and vulnerability.

The problems associated with informality in the Albanian economy are complex and have a major influence on its growth and development. On the one hand this is connected with the lack of tradition of a functional fiscal system, and on the other hand with the constant poverty and crises that the country had to face since the systematic transformations it has undergone since the beginning of the 90s. Obviously, the crisis of 1997 affected the institutional and financial aspect, elements of which are still to be revived.

In the employment context, the informal sector certainly enabled a considerable part of Albanian families to economically survive. The informal character of employment had a positive influence also on the reduction of the extreme poverty of the economic migration especially to the neighboring countries. As such, the sectors of the labor force working in the informal sector are employed in most industries but are most present in the sectors of services and building industry. Agriculture, due to its specific nature (seasonal employment, high degree of markets fragmentation etc.) although not really taken into consideration as far as informality is concerned, still plays an important role in the absorption of the additional labor forces, outside of the formal sector of economy.

Despite the continuous poverty and slow rate of employment in the formal sector of the economy, it is assumed that the high level of informality is also due to government policies in the sector of social insurances, frequent changes in fiscal policies, etc. In this regard, the high level of social insurance payments especially before 2006; low level of public services offered from the public sector; lack of the necessary infrastructure (electric power supplies, etc.); weaknesses in law implementation, inspection and corruption in the public

administration have generated an evident gap between contributions in social and health insurances and the profits obtained from them. This obviously discourages the citizens from joining contribution schemes, even in the obligatory social insurance scheme.

Whilst, private enterprises being generally small, without a clear division of functions between the owner and the management team, as well as under pressure to gain high profit rates within a very short period of time, have difficulty in accepting that more and more of their employees must become formal.

Different studies have illustrated that the strengthening of the public institutions that inspect the evasion of social insurance payment has increased the number of insured employees, but still at the minimum levels foreseen by the Law. The raising of the threshold, meaning the minimum wage recognized by social insurances to insure employees did not increase the volume of contributions to the insurance schemes. It remains to be seen whether or not the established reference wage for fiscal and social insurance purposes, introduced by the government in 2007, will bring about a positive change in this regard.

In fact, the business community has been generally refractory towards this measure, based on the argument that the cheap labor force is the main competitive advantage of the country, especially in the industries where raw materials are provided by the companies that order the commodities. The government undertook this measure constrained by the high level of evasion of the payment of social insurances, but trade unions interpret this as intervention into economic autonomy of business and distortion the actions of market forces.

The high level of informality in employment covers different vocations or services which recruit qualified staff; although no strong causal connection is identified in the Albanian economy between medium and higher levels of education and trends in the beer industry and further a field.

Although this situation has a positive and long term effect to generally maintain a high level of education, it cannot prevent an influence on the decline of families, private and public investments in this regard and also in keeping the “scissors” of trimming education to the demands of the market wide open.

In spite of the identified problems concerning the high level of informality in employment, it should be emphasized that output growth and development of the existing services and the introduction of new ones; the lifting of barriers for free movement of capitals, cultures and goods; enhancement of the regional and national security; the improvement of legislation and respective institutions; the economic and social development of Albania and its European Integration process, continue to further boost the process of the formalization of economy and in this context the reduction of informality in employment too. Nevertheless, the above mentioned problems remain a serious concern not only in the framework of relations between generations, but also for the continuity of the current social insurance scheme.

Some of the most identified characteristics of the informality are:

- The high level of informality in the modern sector compared to the traditional sector – agriculture; sectoral diversity of informality with trends of growth in construction and services; most substantial consequences of informality amongst paid labor; the very low level of wages in the informal sector compared with those of the formal one; the major difference between salaries in the informal sector compared with the formal; the evasion and confusion in labor tax payments and reporting; contradictory influences of the minimal wage dynamics into the dynamic of the informality. The above mentioned characteristics of informality together with the current business environment, as a result of the higher financial obligations introduced by the legislation of the last 2-3 years, impede or deflate employment incentives, work productivity, and improvements of the living standards for the informal employees.
- Health, protection and safety at the work place are still far from satisfactory. As such, the 2006 data in contrast with 2005 asserts that the percentage of the accidents on the job causing the death of employees compared to the overall number of accidents rose from 8.7 to 10 percent. The most seriously affected sector from the accidents on the job is construction and building materials production (15 percent); mine sector (14 percent); Albanian Electro Energy Corporation (KESH) (10 percent); and production companies (around 37 percent). There is very little data on accidents in the agricultural sector.
- According to age groups, the most heavily affected are employees of the 45-54 age group (35 percent); 35- 44 years old (23 percent) and the employees of the 55-64 group age (19 percent). The

probability and frequency of accidents is higher in the large enterprises and with many employees; male employees are seven times more affected and injured from the accidents than women and young girls, who are more affected by health deterioration on the job due to poor working conditions such as in the sewing to order and footwear industries. From the territorial distribution perspective, the higher number of accidents on the job occurs in districts of Bulqize, Fier, Elbasan, Korce, Kukes, Tirana, and Vlore as the main production and industries, construction and mine sectors are situated there.

#### **e. EMPLOYMENT IN THE PUBLIC SECTOR – HOW EFFECTIVE IS IT CURRENTLY?**

Although the private sector pre-dominates the Albanian economy to the extent of two thirds, the public sector continues to play an important role in the employment rates and contributions to social insurance. This is due to several factors, other than motivation of wages, less risk for the employees or the different formal character from the private sector. Some identified reasons are the limited opportunities to find a job in the private sector; weak perseverance of the employees interest in this sector; fiscal evasion in the majority of businesses; unfavorable job conditions (overtime), as well as the fast career development in the public sector and even opportunities of affluence (corruption etc).

The high degree of unemployment, the disturbing level of the informal economy, global economy influences – especially the inflation rates mainly in the second half of the 2007, resulted in the numerical decline of the public administration a slow process while its performance comparing to the previous administration remains far from the public expectations and integration process demands.

The measures the government has proposed to address this concern, such as the improvement of the wages system – narrowing the differences and better balancing this system between different levels of the public sector; raising low wages and extending the ratable basis, have affected not only the increase of contributions to the social insurances from this source, but also stimulated wages growth in the private sector.

Referring to the decentralization process, the government is working on augmenting those kinds of taxes which are collected and administered by local government units and increasing the amount of funds at their disposal. To serve this purpose, some public services have been handed over to local government. Additional progress has been recorded in the progressive transfer of water supply management to local government, while the health service (apart the hospital service) and education (elementary and high level) are still controlled by the government. The general perception is that the decentralization process has made considerable progress and in this regard, an important quantity of human capacities has been deployed at local level and in the decentralized sectors.

In regard to the European Integration process of Albania and a better performance by public administration in this direction, the reorganization of the Ministry of Integration has an important role as a coordinator in the major national policies of the government with foreign donors by also establishing a special unit within the Council of Ministers. This achievement brings better harmonization of priorities and activities of the line ministries and other central institutions, insuring transparency in the utilization of foreign assistance, more efficient cooperation with the donors to identify priorities, financial resources, and projects. In this process the increase of human capacities has also registered progress.

Accordingly, during the time period of 2005-2007, the Public Administration Training Institute has trained 1/4 of public administration employees at low and medium levels. The trainings are focused more on the challenges of European Integration, management skills and juridical aspects, good governance problems and evaluations of the public administration performance, etc. On this purpose, some European organizations settled in Albania such as the Council of Europe, support respective institutions through different projects, and provide scholarships for post graduate studies (Albanian School of Politics).

#### **f. TRENDS IN THE REGIONAL LABOR MARKET AND CURRENT INFLUENCES**

In the current conditions, the labor market in Albania is fragmented and its development varies generally with the rates of economic growth (home-brew private investments and emigration), but also with the institutional development and its regulatory legal framework. During 2006-2007 this market displayed growth trends especially following reform programs of the current government, such as development of small business, lifting of barriers to economic liberalization, reducing costs to enter the market etc. From another perspective, some effects have negatively influenced the interior development of this market, such as the competitiveness of the goods imported from neighbor countries, global energy and agriculture products crises, and frequent amendments to the business legislative framework, especially in finance.

Taking the employment of Albanians abroad into consideration, although data on the employment dynamics is incomplete, it emerges that in 2006-2007 the number of Albanians who legalized their documents in the neighboring countries had increased; their illegal and social status has greatly improved and their free movement to and from Albania has become much easier. While for the citizens living in Albania some progress has been made especially for given social groups in relation to freedom of movement, such as businessmen, journalists, etc. Furthermore, the Albanian government in collaboration with the Italian government supports the programs of seasonal employment and numerous highly qualified Albanians are employed in business relations in Kosovo or in the administration.

However, despite its effects on the high unemployment rate, the Albanian regional labor market is not completely free. This is expected to be achieved through the stabilization of the region as a whole and removal of the remaining barriers in free movement between them.

### **g. SOME MAIN CONCLUSIONS ON WFD IN ALBANIA**

Economic growth during the last decade in Albania is evidently motivated by the benefits deriving from the more efficient utilization of the factors of production, such as labor and capital.

Economic growth achieved during the transition period, though stable over time, is not concentrated to increase the employment rates.

Developments of these last 4-5 years the economic opening up to the region and EU countries, removal of barriers for free movement of cultures, capital and goods, the introduction of the latest word in technologies into production and the overall improvement of the business environment, have created the grounds to effectively use extensive factors of economic growth and moreover to concentrate public policies in their intensive aspects. As such, the destination of a greater volume of investments to physical and social capital is a determinant need for a sustainable economic growth and for faster integration of the country to the EU.

The fast development of the physical infrastructure, major investments in the transport sector and other sectors urge an increased level of skills and qualifications of human resources.

The geographical position of Albania (proximity to developed countries) and relatively high level of labor force mobility (emigration mainly in informal manner) limit the possibilities to deepen and expand the profile of enterprises which recruit employees on low salaries. To this end, the growth of effectiveness of economic resources, further improving the business climate, the better functioning of the public administration and enhanced skills of labor forces, remain a primary obligation for a faster integration into the EU.

Based on the actual predispositions of the Albanian economy, the emigration of the labor forces, commerce, and direct foreign investments should be considered as important factors in the acceleration of the Integration Process with strong influences and conditionality between them.

On the other hand, border controls and limitations of the illegal emigration of the Albanian citizens abroad for employment purposes, as well as developing of particular programs for the economic and social reintegration of those who after returning, are incentives to decrease the social costs of this process, enhance the home brew production and raise the Albanian economy export capacities.

In the process of integration into the EU, that part of population who live abroad are a valuable asset who if they return bring human resources, financial and social capital.

### **h. EDUCATION, THE BASES FOR WFD CAPACITIES INCREASE**

One of the major achievements in Albania before the change of the system was the abolition of illiteracy. During the first decade of the transition different reports made by the non-governmental sector, identified a relatively high number of children and young people who abandoned school without completing the compulsory education (currently 9 years). Other sources of information confirm that literacy levels stand at approximately 4 percent of the citizens in the urban areas and around 6 percent in the rural areas.

### ALBANIAN EDUCATION SYSTEM

- Age at which compulsory education starts: 6
- Age at which compulsory education ends: 14. If a pupil fails, he/she is obliged to remain at school until age 16.
- Structure of the primary and secondary education system: Education is free at all levels. General education consists of:
  - Lower Primary (4 years); Upper Primary (4 years); (Non-compulsory); Secondary General (4 years); Secondary Vocational (after primary, 3 and 5-year vocational and technical secondary, 5-year programs lead to Maturity exams)
- Higher education: 4-, 5- and 6-year university courses in 11 institutions (39 faculties/schools); non-university courses (avg.) 3.5 years, in 3 institutions.
- Schooling expectancy for average Albanian 6-year old child (excluding pre-school) is 9.5 years (1998), 2 years less than in 1989 and 6 years less than the average for OECD countries.
- Education attainment rates: 9 years (compulsory basic education<sup>25</sup>) for 59 percent of the population; secondary education for 33 percent of the population (20-59 year olds, 1999)

Source: Ministry of High Education and Science, Albania

Contrary to the first decade of the transition, 2005-2007, it emerges that the situation improved by attracting children to schools, improving the professional skills of teachers, by attracting young people to continue secondary education after completing compulsory schooling, while the expansion of higher education and Universities has impressively developed. Despite the above mentioned dynamic, frequent changes of the academic staff, their level of professionalism and reforms of the Education system remain problematic. As such, the Ministry of Education has the obligation to further reform the system, raise transparency and monitor this process. The growing mass character of attendance at University and higher education caused considerable problems for the academic staff especially now that the Bologna process has just started to be implemented.

Referring to the data below, it emerges that during the last five years the number of students registered in the Albanian universities has doubled, while the number of Universities has increased more than two fold.

**TABLE 1: NUMBER OF STUDENTS IN UNIVERSITY**

Academic Year	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
Number of Students	43,600	53,255	61,210	74,157	86,178

Source: Ministry of High Education and Science, Albania

In Albania education is financed by the state budget and private sources. Public expenditure for a student remains at a low level compared to the region.

Private education developed chiefly during 2005-2006. Although legislation established certain standards and conditions in relation to curricula, its execution remains uncertain. Free entrance to private Universities reduces the value of competition at public schools and takes the admittance fee out of governmental control. As a result, many private institutions are developing as businesses benefiting from the weakness of the system to control them and fiscal facilities.

### PRIVATE SCHOOLS IN ALBANIA, FOR 2007-2008

- 86 private pre-schools (71 in cities and 15 in rural areas) with 3,678 children and 232 teachers;
- 120 primary and secondary schools (111 in cities and 9 rural areas) 18,358 pupils, 1684 Albanian teachers,

<sup>25</sup> Start to be implemented in Education year 2008-2009

- 106 secondary schools (99 in cities and 7 in rural areas) with 14,470 Albanian students, 1,356 teachers;
- 15 Universities

Source: Ministry of High Education and Science, Albania

## **i. MAIN CONCLUSIONS ON THE EDUCATION SYSTEM**

The quality, effectiveness and access to the Education system must be further improved. Moreover, attracting pupils to continue schooling is an obligation which tends to make general education more appropriate to the European standards and boosts these trends even in the rural areas.

The quality of learning must be improved by implementing policies of human resources in programs such as: increase teachers' knowledge; increase investment in physical infrastructure and furnish the academic institutions with laboratories and respective equipment.

Public investment in schools must continue to increase by giving this sector higher priority and recognizing the huge impact it has on the European Integration process of the country.

The Education system as a whole, but especially the University system must be assessed in the light of employment opportunities. This can be reached by founding contemporary curricula, which must reflect the developments, trends and demand of the labor market.

In this regard, the improvement of top professional level of Education can also influence the growth of capacities and better complies the education system with labor market needs. Obviously, vocational education demands further specialization over passing the general classical "secondary school" education which prevails in the country.

One of the major problems to be resolved in this sector is to improve cooperation between the Ministry of Labor, Social Affairs and Equal Opportunities and the Ministry of Education and to encourage the private businesses to participate in the education sector. The enlargement of private professional courses did not help sufficiently in the employment incentives, self-employment or family businesses.

Moreover, the conclusion has been reached that the private and public vocational training still play a modest role in employment inducement although funds were made accessible. As such they must play a crucial role to foster the employment of jobseekers and reorganize their structures and activities.

In order to have a functional labor market an Education system is needed, which not only encourages advanced learning methods, but also is strongly associated with the market demand, new technologies, and economic and social development of the country.

## **j. KEY POLICY ISSUES AND STRATEGIES IN EDUCATION AND TRAINING**

Key policy issues and challenges in education and training in Albania are significant. Albanian children on average complete 8.6 years of schooling, which lags substantially behind that of its neighbors and falls almost six years below the EU average. While universal primary education has been achieved, secondary education (grades 9-12) enrolment rate is low at around 50 percent. The net secondary enrolment rate is 70 percent in Tirana, 60 percent in other urban cities, and only 25 percent in rural areas. Low average educational attainment are compounded by marked variations across regions and income groups. Students from rural areas achieve 30 percent lower scores than those from urban areas, and children from poor families achieve 40 percent less than students from nonpoor families<sup>14</sup>. This picture is further complicated with the fact that vocational education provision at secondary education level has been decreased drastically in 1990, when the number of schools that provide vocational education has been reduced<sup>15</sup> from 308 to 40 in recent years. Despite efforts to improve the education provision at secondary level, the quality of education and in particular vocational education part of it, remains a challenge, largely in terms of physical infrastructure, but also in terms of teaching and learning processes<sup>26</sup>.

<sup>26</sup> Financing VET, mechanisms and priorities in Albania. Self-assessment document for peer learning project, ETF (2006).

In 2003, Albania officially joined the Bologna process and became one of the 40 European countries involved in building the European Higher Education Area<sup>27</sup>. Between 2003 and 2005, the higher education legislation was updated aiming to support the Bologna process reforms and to respond to national needs. The changes addressed the study cycles, financing of higher education, academic standards, teaching load and student admissions. Nowadays there is a significant pressure on higher education institutions for increased enrolment. It is not clear that the current tertiary education programs adequately reflect the changing needs of the economy, in which new types of graduates are needed to lead market-based growth<sup>28</sup>.

To cope with the complex policy challenges in education and training over the number of years the Government of Republic of Albania invested significant resources. The National Strategy on pre-university education for the period 2004-2015 has been adopted which is focusing on five main pillars: improved governance, improved quality of teaching and learning, improved financing of pre-university education, capacity building and HRD in the sector, and development of vocational education in the context of overall pre-university education. Finally, the proportion of GDP allocated for education is set to rise from 3.7 percent to 5 percent. A separate strategy for vocational education was drafted in 2006, and the government target is to increase participation in secondary vocational education from 17 percent to 40 percent of the overall enrolment in the coming years.

Compulsory education is being extended from eight to nine years, with the lower cycle (or primary) now comprising the first to the fifth grade, and the lower secondary the sixth to the ninth grade. Teachers' salaries are set to double within a period of four years, in the hope that this will help attract and retain committed professionals to the field. On average teachers employed at pre-university level have benefited from an increase of between 30 to 70 percent, thus widening the gap between the different salary levels and creating more incentives for career progression.

At the same time there have been actions to establish a sound institutional infrastructure for the implementation of a range of reform initiatives. The National Centre for Assessment and Evaluation has been established to improve the quality of education provision, while the state matura has been in existence since 2005 as a final exam that young adults take at the end of their secondary education. The National Agency for VET (NAVET) was established in 2006<sup>19</sup> as subordinate institution of Ministry of Education and Science. Preparation of the national list of qualifications, the Albanian Qualification Framework (AQF) and Frame Curricula; accreditation of VET providers; establishment of standards for initial and ongoing training for teachers and trainers; and the establishment of VET evaluation and certification criteria are the main functions of NAVET. The Ministry of Education and Science was restructured in 2007 and some ineffective institutions have been merged – as an example one common institution has been created for curricula and teacher training, called Institute for Curriculum and Teacher Training.  
(For more information on MDGs in Albania, please refer to the Annex 1)

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<sup>27</sup> Conference of European Ministers responsible for Higher Education, Berlin, 19 September 2003.

<sup>28</sup> Albanian Higher Education, Report by S. Hatakenaka and Q. Thompson, Consultants, Report submitted to the European Investment Bank, March 2006

### III. THE KEY WFD PROJECTS/ACTIVITIES RELATED TO WfD<sup>29</sup>

**TABLE 2: KEY PROJECTS**

No.	WFD PROJECTS/ACTIVITIES NAMES	TARGET SECTORS	SPECIFIC ACTIVITIES	FUNDING AGENCY
1.	STRENGTHENING OF THE MINISTRY OF EUROPEAN INTEGRATION (SMEI)	This Project, in a total amount of 1,955,000 EUR, has started in January 2007 and is expected to be completed by September 2009. The Ministry of Integration is the main beneficiary, but the project includes other beneficiaries within line ministries, the Council of Ministers and the Assembly of Albania.	The overall objective of this project is to strengthen the capacities at the Ministry of Integration and line ministries for SAA implementation and to improve the quality of coordination between them, as well as enhancement of Management System for Community assistance.	Funded by CARDS 2005 Programme
2.	SUPPORT FOR THE PROJECT ON ALBANIAN LEGISLATION HARMONIZED WITH EU REQUIREMENTS	The project has just started in January 2007 and is now extended till December 2009. Other beneficiary institutions are Ministry of Integration, Authority of Competitiveness, State Aid Directorate (METE), and School of Magistrates.	This project aims at drafting strategies and to successfully use instruments on information and constant qualification of public authorities and courts, which are in charge of using, interpreting and implementing the harmonization of the new Albanian legal framework with the Community legislation.	Funded in the amount of 620,000 EUR by the German Federal Ministry for Economic Cooperation and Development. German Agency for Technical Cooperation (GTZ) is the implementing company
3.	ENCOURAGEMENT OF PUBLIC SOCIETY COMMITMENT TO GOOD GOVERNANCE	The project has started in September 2006 and is expected to be completed in July 2009.	The objective of this project is to encourage and support the civil society to participate in the decision-making	a project funded by the German Agency for Economic and Technical Cooperation,

No.	WFD PROJECTS/ACTIVITIES NAMES	TARGET SECTORS	SPECIFIC ACTIVITIES	FUNDING AGENCY
4.	TECHNICAL ASSISTANCE FOR COMPETITIVE ENTERPRISE DEVELOPMENT (CED) PROJECT IN ALBANIA	The United States Agency for International Development, Regional Services Center (RSC), Budapest, intends to issue a Request for Proposal (RFP) on behalf of its client Mission, USAID Albania, in anticipation of a cost-reimbursement completion contract to implement a five year project entitled the Competitive Enterprise Development (CED) to be implemented in Albania. The winning company will be proclaimed soon.	process on the most important government-related issues. Policy dialogue on Human Resources for Health in Albania WHO Tirana, 16 -17 June 2008 Overview: 1st Annual Albania – World Bank Conference on Development Economics (ABCDE) June 10-11.2008	being implemented by GOPA Worldwide Consultants. Agency for International Development Office: Overseas Missions Location: Hungary USAID-Budapest
5.	SUPPORTING THE GOVERNMENT IN IMPLEMENTING THE NATIONAL STRATEGY FOR COMBATING TRAFFICKING IN HUMAN BEINGS	To assist the implementation of a comprehensive victim protection and assistance system based on human rights principles, to ensure that all trafficked persons have access to adequate services, legal assistance, personal safety and reintegration. Extra-budgetary amount:		OSCE EUR 163,200. Donor: Austria.
6	SUPPORT TO NATIONAL MECHANISMS FOR GENDER EQUALITY	To assist the national gender machinery in establishing an efficient structure and effective work procedures to implement the Gender Equality Law. This follows a project run jointly by the National Gender Equality Committee, the OSCE Presence in Albania and the UNDP in 2005-2006 to improve the underlying legal and sub-legal framework of the Gender Equality Law. Extra-budgetary amount:		OSCE  EUR 10,200. Donor: Lichtenstein.
7	CONTRIBUTION TO ETF WORK PROGRAMME - ETF WORK PROGRAMME 2008 - ACTIVITY 1 "IPA" .	The focus is now on thorough preparations to ensure that countries engaged in the enlargement process tackle fundamental governance and	In particular, the ETF's objectives and expected results will be to ensure that by the end of the period:	ETF/EU

No.	WFD PROJECTS/ACTIVITIES NAMES	TARGET SECTORS	SPECIFIC ACTIVITIES	FUNDING AGENCY
		<p>economic issues, as well as issues related to EU laws and policies. The ETF's mid-term perspective 2007-2010 was developed with the new instruments in mind and describes the ETF's strategic priorities and functions for the 2007-13 programming cycle and how they will be implemented until 2010.</p> <p>The objective of this project for the period 2007-2010 is to maximise the effectiveness of the IPA by making the European perspective more tangible for partner countries in the area of HRD and contributing to socioeconomic development.</p>	<ul style="list-style-type: none"> <li>• information, analyses, and policy advice on human resource development have been provided by the ETF to the Commission services and partner countries;</li> <li>• partner country stakeholder capacities have been strengthened and result in more relevant education and training sectors;</li> <li>• the ETF has facilitated the exchange of information and experience among donors engaged in HRD reform in partner countries;</li> <li>• ETF policy advice and programming analysis have improved the effectiveness and relevance of Community assistance programmes to partner countries in the field of HRD; and</li> <li>• the ETF's dissemination and networking activities transfer relevant policy lessons between EU Member States and partner countries and between partner countries and provide opportunities for engagement with the EU's policies and programmes.</li> </ul>	
8	ONE-STOP SHOP" LOCAL LICENSING	The inconsistent and lengthy procedures one has to go through to obtain a license to start up an activity in construction or	Presently, licences are issued by various levels of government in Albania. Not	European Commission

No.	WFD PROJECTS/ACTIVITIES NAMES	TARGET SECTORS	SPECIFIC ACTIVITIES	FUNDING AGENCY
		transport in Albania is currently being addressed by the 1 million EUR, EC-funded project on Technical Assistance and Training on Public Services Delivery to Local Government.	only do responsibilities overlap, but the procedures, forms and documents required vary also, bringing much confusion and inefficiency to the entire process. The project, already operational in three pilot units, the Municipality of Shkodra, the District of Elbasan and the Commune of Dajti, seeks to facilitate licencing procedures by the local authorities through standardising the forms, documents and the overall procedures in a consensus based process.	
9	SOCIAL SERVICES DELIVERY PROJECT	<ul style="list-style-type: none"> <li>• Health and other social services (Other social services) Public Administration, Law, and Justice (Central government administration)</li> <li>• Public Administration, Law, and Justice (Sub-national government administration)</li> <li>• Public Administration, Law, and Justice (General public administration sector)</li> <li>• Public Administration, Law, and Justice (Compulsory pension and unemployment insurance)</li> </ul>		World Bank
10	LAND ADMINISTRATION AND MANAGEMENT PROJECT	<ul style="list-style-type: none"> <li>• Public Administration, Law, and Justice (Sub-national government administration)</li> <li>• Public Administration, Law, and Justice (Central government)</li> </ul>		World Bank

No.	WFD PROJECTS/ACTIVITIES NAMES	TARGET SECTORS	SPECIFIC ACTIVITIES	FUNDING AGENCY
11	EC-FUNDED PROJECT TO IMPROVE TRANSPARENCY IN THE USE OF ALBANIAN TAXPAYERS' MONEY	<p>administration)</p> <ul style="list-style-type: none"> <li>Public Administration, Law, and Justice (Law and justice)</li> </ul> <p>The €1 million Public Internal Financial Control (PIFC II) twinning project was launched today by the European Commission and will run until July 2010.</p>	<p>PIFC II follows a first EC-funded project that was implemented during the period 2005-2006 and focused on strengthening the internal auditing structures in the state institutions. PIFC II will be implemented by the National Audit Office (UK) together with its partner, the Polish Ministry of Finance.</p>	European Commission
12	ECONOMIC DEVELOPMENT AND EMPLOYMENT PROMOTION PROGRAMME	<p>The competitiveness of small and medium-sized enterprises is increasing in the food and clothing industries, in tourism and in the software sector. This positive development can also be observed in hitherto neglected regions. Instruments for economic promotion and a favorable investment climate facilitate sustainable economic development.</p>		GTZ
13	VOCATIONAL EDUCATION IN NORTH-EAST ALBANIA	<p>Programme will be Implemented - "Support to improved operation of pilot vocational schools and vocational training centers" in Albania.</p>	<p>Young people in north-east Albania have real job prospects when they leave school. Graduates of the vocational schools are much more employable and less likely to be affected by unemployment.</p>	GTZ
14	In 2008 and 2009 the EU VET CARDS 2006		<p>The expected results of this intervention are: i) VET policymakers in the country have updated their skills in</p>	ETF/EU

No.	WFD PROJECTS/ACTIVITIES NAMES	TARGET SECTORS	SPECIFIC ACTIVITIES	FUNDING AGENCY
			VET policy design, implementation and monitoring of the VET reform policies in Albania; ii) VET institutions and VET bodies have enhanced their capacities to deliver services in accordance with their mandate as given by Albanian legislation; and iii) improved effectiveness of VET provision through updated programmes (curricula, teacher trained, Albania Qualification Framework implementation) to correspond with emerging economic development and employment needs of the country.	
15	“STRENGTHENED LABOR MARKET STRUCTURES IN INSPECTION AND EMPLOYMENT SERVICES”.	In 2008 and 2009 the Ministry of Labor will also benefit from funds from CARDS 2006 through the programme:	Expected results of the programme are related to the employment services: i) better skills and capacities of the regional labor offices; ii) more effective and integrated counselling and guidance of jobseekers; and iii) improved participation of women in the labor market encouraged by activities based on gender analysis.	EU/CARDS
16	VOCATIONAL EDUCATION AND	In mid 2007, GTZ launched a new five	It aim is to support the	GTZ

No.	WFD PROJECTS/ACTIVITIES NAMES	TARGET SECTORS	SPECIFIC ACTIVITIES	FUNDING AGENCY
	TRAINING.	year programme in	Albanian government in reforming the vocational education and training system by setting up post-secondary (university) vocational education and training programmes, comparable to those offered at higher professional schools in Germany	
17	“DECENT WORK FOR ALL”	In September, 2006 Albania signed the Decent Work Country Programme (DWCP) with the International Labor Organisation (ILO). Within this project ILO will concentrate on three country programme priorities in Albania.	which are long-term goals of the government: i) improved conditions to enforce legislation; ii) more effective social dialogue and stronger partnership, iii) national employment policies that meet EU and international standards; and iv) more effective social protection policies implemented, in particular, in relation to vulnerable groups.	ILO
18	NATIONAL EMPLOYMENT SERVICE (NES) IN THE USE OF MODERN TECHNOLOGY.	The Swedish Development Assistance Agency (SIDA) supported the project. It has announced in mid-2004, provided a total of €1.4 million for staff training as well as computerisation. Of this, some €140,000 were used for the improving the IT infrastructure of employment offices in Tirana and Korce, in the south east of the country.	Part of the project envisaged creating an on-line information system for better labor market services and a self-service system for employers and job seekers.	The Swedish Development Assistance Agency (SIDA)
19	ENGAGING THE DIASPORA IN	March 2006 - May 2009 Budget:	To create the necessary	UNDP,

No.	WFD PROJECTS/ACTIVITIES NAMES	TARGET SECTORS	SPECIFIC ACTIVITIES	FUNDING AGENCY
	ALBANIA'S DEVELOPMENT	<p>Estimated total: \$1,000,000</p> <p>Project implementation agencies will provide technical assistance and implementation support to this important initiative. The programme will adopt a multi-partner approach that aims at bringing together Government (central, regional and local), its international development partners and national civil society organizations. Partnerships with academic institutions and the private sector will play a crucial role in implementation and sustainability of the programme.</p>	<p>incentives and mechanisms for halting and reversing Albania's "brain drain." To achieve this, the project will support the Government in preparation of a policy framework on the Diaspora's engagement with Albanian development, build an online database to identify eligible individuals that will be part of the brain gain, and support academia, the private sector and other stakeholders to utilize the expertise of the Diaspora.</p>	<p>OPEN SOCIETY INSTITUTE (SOROS) AND THE INTERNATIONAL ORGANIZATION FOR MIGRATION (IOM)</p>

## CONTACT INFORMATION FOR PARTICIPANTS IN WFD ACTIVITIES

**TABLE 3: CONTACT INFORMATION**

No	WFD PROJECTS/ACTIVITIES NAMES	CONTACT PERSON NAME	TITLE	Phone/fax	E-mail address	Web-site
1.	Strengthening of the Ministry of European Integration (SMEI)	Ministry of European Integration				<a href="http://www.mie.gov.al/">http://www.mie.gov.al/</a>
2	Support for the Project on Albanian legislation harmonized with EU requirements	Ministry of European Integration				<a href="http://www.mie.gov.al/">http://www.mie.gov.al/</a>
3	Encouragement of Public Society Commitment to good Governance	Ministry of European Integration				<a href="http://www.mie.gov.al/">http://www.mie.gov.al/</a>
4	Technical Assistance for Competitive Enterprise Development (CED) Project in Albania	Hani Takla	Primary Point of Contact	00-36-30-475-4101 00-36-30-475-4988		<a href="http://www.fbo.gov/">www.fbo.gov/</a>
5	Supporting the Government in implementing the National Strategy for Combating Trafficking in Human Beings	Vesselka Mladenova	Project Finance Officer		<a href="mailto:Vesselka.Mladenova@osce.org">Vesselka.Mladenova@osce.org</a>	<a href="http://www.osce.org/albania/">http://www.osce.org/albania/</a>
6	Support to national mechanisms for gender equality	Vesselka Mladenova	Project Finance Officer		<a href="mailto:Vesselka.Mladenova@osce.org">Vesselka.Mladenova@osce.org</a>	<a href="http://www.osce.org/albania/">http://www.osce.org/albania/</a>
7	Contribution to ETF work program	ETF Communication Unit European Training		+39 011 630 2222 +39 011 630		<a href="mailto:info@etf.europa.eu">info@etf.europa.eu</a>

No	WFD PROJECTS/ACTIVITIES NAMES	CONTACT PERSON NAME	TITLE	Phone/fax	E-mail address	Web-site
		Foundation viale Settimio Severo 65, - 10133 Torino		2200		
8.	One-Stop Shop" Local Licensing	European Commission			eu-projekt_par@uprava.hr	http://ec.europa.eu/
9.	Social Services Delivery Project	Mapi Buitano		(202) 473.8417, 522.3362	<a href="mailto:Mbuitano@worldbank.org">Mbuitano@worldbank.org</a>	http://web.worldbank.org/
10.	Land Administration and Management Project	Steven Jouy		(202) 473- 4215	sjouy@worldbank.org	http://web.worldbank.org/
11.	EC-funded project to improve transparency in the use of Albanian taxpayers' money	Adela Halo	Press & Information Officer	+ 355 4 2228 320 355 4 230 752	adela.halo@ec.europa.eu	www.delalb.ec.europa.eu
12.	Economic Development and Employment Promotion Programme	Ulrike Gantzer-Sommer			<a href="mailto:ulrike.gantzer-sommer@gtz.de">ulrike.gantzer-sommer@gtz.de</a>	http://www.gtz.de/en/weltweit /
13.	Vocational Education in North-East Albania	Ulrike Gantzer-Sommer			<a href="mailto:ulrike.gantzer-sommer@gtz.de">ulrike.gantzer-sommer@gtz.de</a>	http://www.gtz.de/en/weltweit /
14.	Support to improved operation of pilot vocational schools and vocational training centres	Education in Albania Project – Germany, <a href="http://www.parsh.org.al">http://www.parsh.org.al</a> ), Vocational				http://www.etf.europa.eu/Pub Mgmt.nsf/
15.	Strengthened labor market structures in inspection and employment services".	Henrik Faudel		+39.011. 630.23.40	Henrik.Faudel@etf.europa.eu	http://roentgen.etf.eu.int/fiche s02.nsf/

No	WFD PROJECTS/ACTIVITIES NAMES	CONTACT PERSON NAME	TITLE	Phone/fax	E-mail address	Web-site
16.	In mid 2007, <b>GTZ</b> launched a new five year programme in vocational education and training..	Education in Albania Project – Germany,				<a href="http://www.parsh.org.al">http://www.parsh.org.al</a> , <a href="#">Vocational Academies Project -GTZ Germany</a>
17.	<b>Decent work country programme document 2008-2010</b>	<b>ILO SRO - Budapest Office</b> 066 Budapest, Mozsár u. 14. Hungary		+36 (1) 301-4900 +36 (1) 3014906		<a href="http://www.ilo.org/public/english/region/eurpro/budapest/">http://www.ilo.org/public/english/region/eurpro/budapest/</a>
18.	The Swedish Development Assistance Agency ( <b>SIDA</b> ) supported the National Employment Service (NES) in the use of modern technology.					<a href="http://www.sida.se/sida">http://www.sida.se/sida</a>
19.	<b>Engaging the Diaspora in Albania's development</b>	Bernard Zeneli Office of the Prime Minister of Albania, Bulevardi “Dëshmorët e Kombit” nr 1, Tirana, Albania	Brain Gain Programme Manager Office of the Prime Minister	Tel: + 355 4 277429 Fax: + 355 4 232075	E-mail: <a href="mailto:braingain@km.gov.al">braingain@km.gov.al</a>	<a href="http://www.braingain.gov.al/">http://www.braingain.gov.al/</a>

## ANNEXES

### Annex I MDGs Milestones in Albania <sup>30</sup>

**16 October 2006** **7,200** young people Albanians from Vlora and Tirana participated in the global *STAND UP! Campaign* to reach a new Guinness world record for the largest number of people standing up at the same time in the fight against poverty. *The world record involved a massive total of 23,542,614 participants in 11,646 events around the globe.* Vlora MDG Youth Ambassadors led the events in Albania.

**2004 – 2007** As part of **advocacy for the MDGs**, Good Will Ambassadors, Youth Ambassadors, MDG Campaign partners (the Netherlands development organization - SNV, the Regional Environmental Centre, Oxfam, UNV, UNDP) advocate for the MDGs, as well as private sector partners, Malev airlines and Western Union.

**May 2006** Albanian *Parliamentary Commissions* of EU Integration, Economy and Finance, and Foreign Affairs gathered to discuss the MDGs in the context of Albania and the role of the MDGs in supporting Albania's human development and progress towards EU integration.

**October 2005** [National Human Development Report on Pro-Poor and Pro-Women Policies and Development in Albania](#): approaches to operationalizing the MDGs in Albania – the report promotes policy dialogue and debate with the ultimate objective of advancing human development, and is intended to help the Government take measures to address gaps.

**June 2005** *Western Balkans Forum on Social Inclusion and MDGs* - Senior Government decision-makers, representatives of the European Commission (EC), United Nations agencies and civil society organizations gathered in Tirana, Albania to investigate the status, trends, and solutions to poverty and social exclusion in the Western Balkans. Participants acknowledged their common objectives in the region, including stability, strengthening democratic and legal institutions, the protection of human rights, pro-poor economic growth, minority protection, achievement of the Millennium Development Goals (MDGs), and prospect for European Union (EU) accession. They emphasized that the MDGs are not a separate development strategy, but form an inherent part of national development policies and planning.

**2003 – 2005** [Localization of the MDGs](#) through completion of [MDG Regional Development Strategies and Reports for all 12 regions](#) of the country.

**October 2004** [Albania National Report on progress towards achieving the Millennium Development Goals](#). <http://www.undp.org.al/elib.php?elib,659> reflects the work of nearly two years of consultations and consensus building with National working groups to identify Albanian relevant MDG targets and indicators. Through a validation process covering every region of Albania, over 650 national stakeholders provided feedback and made suggestions for achievement of the Goals.

**October 2004** Millennium Development Goals were integrated into the [October 2004 Progress Report on the implementation of the National Strategy for Socio-Economic Development \(NSSED\)](#), turning it from a poverty reduction strategy to a human and economic development policy-making document. The Millennium Development Goals provided the 2003 NSSED Progress Report with a focus on Albania-relevant MDGs, intermediate targets and benchmarks, and common baseline information. The NSSED Annual Report provides an in-depth analysis of how successfully the needs of Albanians were met in 2003 in reference to strategic

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<sup>30</sup> UNDP Albania, **Millennium Development Goals Milestones**, available at: [http://www.undp.org.al/index.php?page=MDG/mdg\\_milestones](http://www.undp.org.al/index.php?page=MDG/mdg_milestones)

objectives, recognizes the medium-term priorities for the country (2003 - 2007) and identifies socio-economic development objectives for the long-term (2004 - 2015).

**July 2003** Albanian parliament passed a resolution in support of the Millennium Development Goals. The resolution recognizes that "responsibilities undertaken before the international community under the Millennium Declaration require the total commitment of both state structures and civil society to achieve the Millennium Development Goals in Albania by 2015."

**2002** United Nations agencies in Albania supported production of [Albania's Response to the MDGs](#), which began the discussion on how to customize targets and indicators for each Goal to the realities of the Albanian context and establish a relevant baseline for each Goal. The report analyzed the likelihood of Albania achieving the MDGs and evaluated the level of commitment and support of Albanian institutions to the process. It also identified the most important measures to be taken in order to achieve the necessary progress. Conclusions drawn identified the need for better integration of the Millennium Development Goals into national and sectoral development strategies and the improvement of data collection, analysis and monitoring systems. It was also recommended that attention should be given to strengthening of the non-governmental sector and to ensure the role of civil society in the development program.

**TABLE 4: FISCAL INDICATORS FOR MTBP 2009-2011 (in millions of leks)**

Nr.	Items	Fakt 2006	Buxheti Fillestar 2007	Buxheti i rishikuar 2007	II Mujori 2007*	Buxheti 2008	P/Buxheti 2009	P/Buxheti 2010	P/Buxheti 2011
	TOTAL REVENUE	226,993	252,745	264,288	226,963		319,378	355,950	394,616
I.	Grants	8,025	6,386	3,928	1,731	283,686	4,712	6,455	7,095
	From which: Budget Support					4,733			
II.	Tax Revenue	205,523	229,989	236,114	205,903	262,352	296,856	330,496	367,521
II.1	From tax offices and customs	155,102	173,975	179,975	160,324		217,930	241,417	268,191
						195,711			
1	V.A. T & Turnover Tax	74,268	85,400	87,783	80,084		113,935	125,294	139,190
						99,903			
2	Profit Tax	22,258	22,900	22,900	18,917		15,919	18,576	20,636
						14,420			
3	Excise Tax	22,997	27,029	28,837	26,117		44,363	49,263	54,726
						38,493			
4	Personal Income Tax	8,580	10,800	13,000	12,893		18,546	21,060	23,395
						16,272			
5	National Taxes and others	13,008	16,041	16,400	13,231		19,043	21,624	24,023
						17,212			
6	Customs Duties	13,991	11,805	11,055	9,081	9,411	6,124	5,600	6,222
II.2	Local Taxes	11,112	13,214	13,339	8,636		18,848	20,656	24,123
						15,582			
1	Local Taxes	7,198	8,383	8,383	1,264	11,929	14,376	15,715	18,353
2	Property Tax	1,288	2,141	2,266	2,118	1,693	2,040	2,230	2,604
3	Small Business Tax	2,626	2,690	2,690	5,254	1,961	2,433	2,711	3,166
II.3	Social ins. contributions	39,309	42,800	42,800	36,943		60,078	68,423	75,207
						51,059			
1	Social Insurance	35,743	38,263	38,263	32,905	45,836	53,709	61,170	67,235
2	Health insurance	3,566	4,537	4,537	4,038	5,223	6,369	7,253	7,972
III.	Nontax Revenue	13,445	16,370	24,246	19,329		17,810	18,999	20,000
						16,601			
1	Profit transfer from BOA	5,211	5,100	5,100	3,010	5,500	5,700	5,800	5,800

Nr.	Items	Fakt 2006	Buxheti Fillestar 2007	Buxheti i rishikuar 2007	II Mujori 2007*	Buxheti 2008	P/Buxheti 2009	P/Buxheti 2010	P/Buxheti 2011
2	Income of budgetary institutions	8,234	10,535	10,535	8,721	10,000	10,837	11,847	12,800
3	Divident		735	7,261	6,364	101	273	352	400
4	Other/not allocated	0	0	1350	4601	1000	1000	1000	1000
	TOTAL EXPENDITURE	258,816	300,642	309,727	222,253	369,034	365,262	402,219	441,494
I.	Current Expenditures	204,860	225,124	235,846	189,433	252,915	279,601	307,684	340,180
1	Personnel expenditures	56,709	58,539	63,286	50,922	67,957	73,710	81,343	88,664
	Wages	45,575	48,656	49,230	42,531	57,074			
	Social insurance contributions	11,134	9,883	9,910	8,390	10,882			
	Of which; Contingency for new policies		0	4,146					
2	Interest	25,006	29,550	28,150	22,966	33,300	36,356	38,481	41,100
	Domestic	22,978	25,450	24,750	21,255	29,000	30,500	32,000	33,900
	Foreign	2,028	4,100	3,400	1,711	4,300	5,856	6,481	7,200
3	Operational & Maintenance	22,800	23,918	24,862	19,525	27,871	32,130	37,377	43,731
	From which: Foreign Financing	0	216	216		225			
	From which:Contingency								
4	Subsidies	3,829	2,625	2,625	2,094	2,276	2,785	2,868	2,900
5	Support for energy	0	0	5,000	5,000	0	0	0	
5	Social insurance outlays	60,029	69,795	71,095	62,066	76,003	82,112	89,832	98,589
	Social insurance	53,783	59,713	61,013	54,444	64,913	69,913	76,213	83,472
	Health insurance	6,246	10,082	10,082	7,623	11,090	12,199	13,619	15,117
6	Local Budget expenditure	22,713	25,839	26,214	16,653	29,566	34,143	37,466	42,530
	Local Budget (Grant)		12,625	12,875		13,984	15,295	16,810	18,407
	Local Budget (Own revenues)		13,214	13,339		15,582	18,848	20,656	24,123
7	Other expenditures	13,775	14,358	14,114	10,207	15,442	17,766	19,616	21,866
	Unemployment insurance benefits	937	1,102	1,102	774	1,000	1,230	1,367	1,476
	Social assistance	12,838	10,856	10,856	9,434	12,042	13,536	15,249	17,389
	Compensation for ex political prisoners		400	400		1,000	1,000	1,000	1,000
	Compensation for electricity		2,000	1,756		1,400	2,000	2,000	2,000

Nr.	Items	Fakt 2006	Buxheti Fillestar 2007	Buxheti i rishikuar 2007	II Mujori 2007*	Buxheti 2008	P/Buxheti 2009	P/Buxheti 2010	P/Buxheti 2011
8	Property Compensation		500	500		500	600	700	800
II.	Reserve fund, Contingency		5,746	3,800		10,600	10,700	11,800	11,900
	CoM Reserve Fund		1,700	1,800		2,000	2,500	2,500	2,500
	Contingency for Wages and Pensions Increase		4,046	0		4,600	4,200	4,300	4,400
	Contingency for Deficit			2,000		4,000	4,000	5,000	5,000
III.	Capital expenditures	51,108	69,772	70,081	32,820	105,520	74,961	82,735	89,413
	Domestic financing	35,440	37,354	49,130		38,783	46,437	53,156	59,598
	Of which: Contingency		3,000	1,000		4,000	5,000	6,000	6,000
	Competition Grant for Education (Loc. Gov.)		1,600	1,600		2,029			
	Competition Grant for Health (Loc. Gov.)		800	800		380			
	Competition Grant for Water Supply (Loc. Gov.)		1,000	1,000		1,000			
	Foreign financing	15,668	32,418	20,951		66,737	28,524	29,579	29,816
IV	Capital Trans/Guarantee Fond	2,848	0	0		0	0	0	0
	Cash balance	-29,372	-46,847	-45,439	4,710	-85,348	-45,884	-46,269	-46,878
	Financing (Cash)	29,372	46,847	45,439	-4,710	85,348	45,884	46,269	46,878
	Domestic	23,623	25,999	32,400	-6,818	29,420	28,572	30,145	31,657
	Privatization receipts	1,972	1,000	14,600		4,140	1,000	1,000	500
	Domestic borrowing	20,742	24,999	17,800		25,279	27,572	29,145	31,157
	Other	909							
	Foreign	5,749	20,848	13,039	2,108	55,929	17,312	16,124	15,221
	Long-term Loan(Drawings)	9,936	26,248	17,239		62,229	23,812	23,124	22,721
				900					
	Chang. of stat. Account	403							
	Repayments	-4,590	-5,400	-5,100		-6,300	-6,500	-7,000	-7,500
	Budget Support								

**TABLE 5: TOTAL EMPLOYMENT BY ECONOMIC ACTIVITY (2007)**

No.	Economic Activity	Code	Public	Private	Total
1	Agriculture, forestry, hunting	A	3,175	464	3,639
2	Fishery	B	66	459	525
3	Extracting industry	C	2,966	2,706	5,672
4	Manufacturing industry (a+b+c+d)	D	5,471	49,400	54,871
5	a-food industry		309	9,953	10,262
6	b-textile industry		113	16,043	16,156
7	c- leather industry and shoes		1	10,338	10,339
8	d-manufacturing		5,048	13,066	18,114
9	Electric power, water industry	E	15,074	10,959	26,033
10	Constructions	F	1,981	40,374	42,355
11	Car repairation and trade	G	701	51,927	52,628
12	Hotels and restaurants	H	214	10,134	10,348
13	Transport and telecommunications	I	9,691	16,621	26,312
14	Financial Activities	J	3,831	7,374	11,205
15	Real Estate and Loans	K	816	264	1,080
16	Public Administration	L	55,180	3,502	58,682
17	Education	M	32,463	2,460	34,923
18	Health and Social Activities	N	22,862	4,967	27,829
19	Social Services, community and personal	O	8,792	19,196	27,988
20	House holding Services	P	49	234	283
21	Other	Q	2,438	8,859	11,297
	Total		171,241	279,300	450,541

Source: Ministry of Labor, Social Affaires and Equal Opportunitie

**TABLE 6: UNEMPLOYED JOBSEEKERS BY AGE, EDUCATION LEVEL AND SEX**

Age-Group	Year 2005	2006	2007
15-19	11,060	11,250	10,616
20-24	26,618	24,542	21,887
25-34	37,292	35,577	34,053
35-45	42,808	40,810	38,199
over 45	35,472	37,615	38,116
<b>Total</b>	<b>153,250</b>	<b>149,794</b>	<b>142,871</b>
Education Level	2005	2006	2007
Secondary	81,845	81,278	78,794
High School	47,341	46,232	45,786
Technical	21,222	18,911	17,326
University	2,842	3,373	3,156
<b>Total</b>	<b>153,250</b>	<b>149,794</b>	<b>145,062</b>
Year	Unemployed Jobseekers	Unemployed Females	Percentage
2005	153.2	74	48.3
2006	149.8	72.1	48.1
2007	142.9	69.8	48.8

**Table 7: Labor Forces, 2006-2007**

Denomination	Measure	Trimester III/06	Trimester IV./06	Trimester I./07	Trimester II./07	Trimester III./07	Trimester IV./07
<b>EMPLOYMENT</b>							
Labor Forces	Number	1,084,072	1,084,545	1,080,467	1,078,103	1,077,908	1081821
- Total Employment	"	934,405	935,058	932,759	932,960	935,747	939000
a)public sector	"	170,500	169,000	167,500	166,800	167,100	167100
b) private non-agriculture	"	221,905	224,058	223,259	224,160	226,647	229900
c)private agriculture	"	542,000	542,000	542,000	542,000	542,000	542000
<b>UNEMPLOYMENT</b>							
Total Unemployment with unemployment benefit	Numër	149,667	149,486	147,708	145,143	142,161	142821
	"	11,360	11,297	10,334	9,857	9,659	9540
<b>UNEMPLOYMENT LEVEL</b>							
Unemployment level	percent	13.81	13.9	13.6	13.46	13.18	13.2
<b>INCOMES</b>							
Average Wage in public sector	lekë	28,950	31,400	31,850	31,850	35,650	35650
Minimal Wage	"	14,000	14,000	14,000	14,000	14,000	14000
Unemployment wage	"	5,240	5,240	5,240	5,240	5,240	5240
Average economic assistance for a family:							

Denomination	Measure	Trimester III/06	Trimester IV./06	Trimester I./07	Trimester II./07	Trimester III./07	Trimester IV./07
- full assistance	lekë	2,477	2,883	2,621	2,536	2,482	2418
- partly assistance	"	1,995	1,960	1,747	1,784	1,835	1622

Source: INSTAT  
<http://www.instat.gov.al/>

**TABLE 8: ACTIVE ENTERPRISES BY YEAR OF CREATION AND ECONOMIC ACTIVITY, 2000 - 2007**

Year of creation	Total	Producers of goods	Agriculture & Fishing	Industry	Construction	Producers of services	Trade	Hotels, Coffee, Restaurants	Transport & Communic.	Other Services
	<b>87,484</b>	<b>13,738</b>	<b>767</b>	<b>8,527</b>	<b>4,444</b>	<b>73,746</b>	<b>42,524</b>	<b>12,043</b>	<b>8,163</b>	<b>11,016</b>
2007	13,764	2,143	195	1,189	759	11,621	6,047	1,559	1,678	2,337
2006	13,874	1,982	112	1,121	749	11,892	6,806	2,577	872	1,637
2005	9,440	1,360	57	753	550	8,080	4,452	1,651	679	1,298
2004	8,960	1,035	66	658	311	7,925	5,053	1,232	813	827
2003	8,347	1,213	76	941	196	7,134	4,101	1,191	824	1,018
2002	4,840	768	32	546	190	4,072	2,428	659	382	603
2001	4,296	639	22	487	130	3,657	2,150	542	415	550
±2000	23,963	4,598	207	2,832	1,559	19,365	11,487	2,632	2,500	2,746

**FIGURE I: EMPLOYMENT BY SECTOR (000/PERSONS)**

