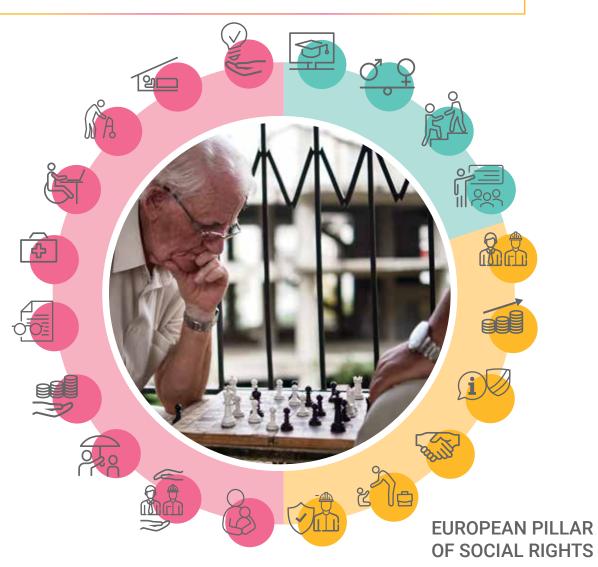




PERFORMANCE OF WESTERN BALKAN ECONOMIES REGARDING THE EUROPEAN PILLAR OF SOCIAL RIGHTS

2021 review on Albania





This updated review was written by Esmeralda Shehaj in collaboration with the European Centre for Social Welfare Policy and Research, within the framework of the Employment and Social Affairs Platform 2 (ESAP 2) project that is implemented by the Regional Cooperation Council (RCC) and funded by the EU.

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Executive summary

In the last two years, Albania's economy was hit by two shocks: the earthquake of November 2019 and the outbreak of COVID-19. The COVID-19 crisis continues to impose barriers towards provision of social services and has highly affected Albania's performance, all affecting the performance on the European Pillar of Social Rights. Some of the improvements that were recorded before the onset of the crisis in the field of economic development and social rights have been reverted, some problems emerged, and others have worsened. Economic growth recorded negative figures (-3.3% in 2020) and job losses led to disruptions in the improvement of living standards, probably reverting any gains in the reduction of poverty and income inequality during the last years. Recent estimates of the World Bank indicate that poverty rates are expected to increase by 2-5 percentage points. During Spring 2020, the government implemented a public support programme, focusing mainly on public health measures. However, the business activity, the lockdown, and social distancing placed social and health care system in difficulties. The budget was re-allocated, international assistance was provided in support of saved lives, saving jobs, and direct support to the households, as well as reconstruction after the earthquake.

Access to labour market and education levels had recorded improvements before the pandemic, but education outcomes and labour market performance are poor compared to European Union and some WB economies. The impact of the pandemic in the labour market was limited because of the government intervention with job support schemes, and although unemployment figures remain high, part of the pandemic losses are recovered in the first half of 2021. Furthermore, the recovery is expected to speed up as the tourism and transport sectors return to normal operations. According to the European Pillar of Social Rights Action Plan (2021), at least 78% of the population aged 20 to 64 should be in employment by 2030. The impact of the COVID-19 on education was negative on almost all measurable and available indicators, such as Gross Enrolment Rate (GER) and Net Enrolment Rate (NER), but the long-term indirect impact that the pandemic had on education outcomes remains to be seen. Access to education is low compared to EU Member States and needs to be improved, particularly in the secondary and tertiary level, as well as participation in life-long training. Albania has recorded progress in the implementation of the pre-university reform, adoption of new programmes and curricula. The implementation of the new law on VET is also an important development towards closing the skills gap in the labour market. However, adjusting higher education to match labour market needs remains a challenge. Graduates of tertiary education face difficult transition to employment and face high NEET rates. Since the approval of the law on HEIs in Albania in 2015 some bylaws are not in place yet, impeding full functionality of Higher Education Institutions (HEIs). Furthermore, no actions have been undertaken to adjust study programmes, teaching standards, scientific research, and to increase transparency and integrity.

The performance of the economy regarding the work-life balance is below that of the EU average and of neighbouring economies, and no systematic data are produced in the field. During the COVID-19 pandemic, the work-life balance changed significantly, in particular for women, highlighting the gap in policies regarding equal division of time and household responsibilities between women and men, as well as the need for systematic measurement and production of work-life balance indicators.

Legislative changes have taken place to ensure fair working conditions, but their implementation lags behind. The pandemic restrictions have not helped in improving working conditions. The changes to the Labour Law¹ have introduced various measures for worker protection, such as the right to family and maternity leave, anti-discrimination, labour contracts, health and safety at workplace, measures against informality, temporary employment, etc. Nonetheless, the size of informality, gender pay gaps, and the gaps in the indicators for marginalised groups in the labour market are high and significant.

Social dialogue remains underdeveloped. The number of employees covered by collective contracts remains limited especially in the private sector, at branch and enterprise level, as well as at the regional and local level and rural areas. Trade union fragmentation is one of the most important barriers towards better coverage, but other important factors include labour market informality, insufficient experience of trade unions, conflicts between unions, existence of several trade unions and federations covering one profession, employers' scepticism towards trade unions, the lack of social dialogue culture, as well as the lack of genuine interest and commitment from the government.

The social protection system has been temporary strengthened to face the challenges imposed by the pandemic. The government intervention has been focused on health and social care sectors with more than 84% of the decisions taken in 2020 regarding this sector. Payments of unemployment benefits and economic assistance doubled during the first outspread of the COVID-19 and beyond, and their coverage increased. Although the pandemic has disproportionally affected the poor, workers with low educational attainment, youth, informal workers, and vulnerable groups, increased social expenditure mitigated the impact of the pandemic on poverty. However, increased investments in social protection were funded by debt, and are not expected to continue at high levels.

The government should continue with the structural reforms in modernizing and increasing the effectiveness of the social protection system. The reforms in the social protection system should continue and target underfunding, limited access, particularly for vulnerable groups, access to health, social housing, and improve targeting and effectiveness. In 2020, expenditure on social protection increased to 13% and before 2020 it remained constant at 11.5% of GDP for a few years. However, it remains low compared to the EU average (19.3% of GDP in 2019). Additional attention must be paid to education in continuation to recover the losses in human capital formation.

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¹ Also called the Labour Code in Albania

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1 Introduction

Before the onset of the COVID-19 crisis, Albania has recorded some improvement in the principles of the European Pillar of Social Rights, but its performance was overall relatively weak. The pandemic has massively affected Albania, and in particular the health and social sector. Hence, Albania is facing the challenges of overcoming pre-existing and new challenges, with most of the social pillar indicators being worse-off than in the pre-crisis period. The implementation of some of the reforms and strategies that were underway before the pandemic continued, in particular pre-university education reform, employment promotion programmes, and social assistance schemes. Labour market outcome figures deteriorated during 2020 and are expected to recover at a higher speed compared to other fields. However, informality remains particularly high, the number of registered unemployed jobseekers is high, and participation and employment rates are low. Labour market outcomes for vulnerable groups remain a problem. The accumulated loss in human capital because of the earthquake and the pandemic, are expected to have further direct and indirect impacts on other welfare and social inclusion indicators. The social protection sector has been characterized by underfunding, low coverage and problems with targeting, which in presence of increased demand for social services of higher quality, make more relevant the efficiency of public spending.

During 2020, most of the legislative measures concerned the health and social protection systems.

These measures were temporary, unsustainable, and not systemic. In 2020, the government doubled the financial support for beneficiaries of the means tested financial assistance scheme (Ndihma Ekonomike, NE) for a period of three months from April until June. The double amount in financial assistance was reintroduced for the first semester of 2021. Unemployment benefits also doubled in value, but only for registered unemployed prior to the lockdown, and wages were paid for employees that could not work because of social distancing measures. Additional services were also provided in 2020, such as housing assistance, home delivery of benefits received from the social protection and social security programme, delivery of food and non-food products and reimbursable medicines for the beneficiaries of NE, person with disabilities, disabled workers, and retirees, as well as the homeless and those who have lost their home due to the earthquake.

Civil society monitoring initiatives covering implementation of legislation, strategies, and action plans in the field of social rights are limited. A few initiatives have been supported by national and international organisations. For example, the Institution of People's Advocate (Ombudsman) is an independent institution and one of the main national institutions working towards good governance, anti-discrimination, effective social protection, and monitoring implementation of social rights for the disadvantaged groups. The Ombudsman has continued to promote gender equality, fight gender-based violence and domestic violence, as well as enhance the rights of the LGBTI community, persons with disabilities, Roma and Egyptians, and the elderly. The enhancement of rights has been done through publications of statements, education of the population, exchange of relevant and necessary information between institutions responsible for guaranteeing the rights, provision of support for vulnerable groups through meetings and online forums. They have also monitored these community rights during the pandemic period, and the performance of the institutions responsible for service delivery.

The main source of data used in this report with regards to education, labour market, social protection and access to public services is from the Albanian Institute of Statistics. The source of data for the unemployment beneficiaries, participation in Employment Promotion Programmes and Vocational Training is the National Agency of Employment and Skills. Other data were extracted from the Annual Reports of different institutions and from interviews with officials of relevant institutions.

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2 Albania's performance in the 20 principles of the European Pillar of Social Rights

2.1 Equal opportunities and access to the labour market

2.1.1 Education, training and lifelong learning

Since 2014, the education system is undergoing systemic reforms and changes at all levels. Four key educational reforms are ongoing: reform of the pre-university education, reform of the VET, reform of the higher education and reform of the scientific research.

The grounds for the reform in the pre-university education were set in the "Strategy for the development of the pre-university education system 2014-2020". The focus of the strategy was twofold. First, it focused on governance, leadership and management of pre-university education institutions, qualitative and inclusive learning, as well as contemporary professional development of teachers and school directors based on standards comparable to EU Member States. In September 2018, the government approved Law No. 540 for the organisation and functions of the Centre for School Leadership (CSL), which will provide training and certifications of school principals, and continuous professional development for both pre-university principals and teachers. In 2019, the CSL prepared the professional standards for school managers, the training curricula, which include training on management theories. The first training started in November 2019 with 48 participants, and since March 2020 the trainings have been provided online. Secondly, the Strategy aimed at intellectual, ethical, physical, social, and aesthetic development of students, improve their entrepreneurship skills, embrace cultural and civic values and diversity, use of new technologies, prepare for lifelong learning and for life challenges. In these regards, a new competence-based curriculum is developed, and textbooks are being changed to match the new content and methodology. These curricula are implemented in all schools for the primary education in 2019/2020. A National Strategic Plan for Education 2021–2026 is being drafted with technical and financial support from UNICEF.

In 2017, a law was passed to better align the education system and vocational training towards labour market needs. The Law on vocational education and training (No.15/2017) was approved on 16 February 2017 by the Albanian Parliament and is a key development to fully align the education system and vocational training towards labour market needs. The Law defines the main principles,

mission and objectives of the vocational education and training system and sets out the role and responsibilities of public authorities and bodies regarding planning, implementing, and monitoring of Vocational Education and Training (VET). An important aspect of the new law is the quality assurance, as a continued process which aims to improve the efficacy and efficiency of the VET system. The process includes the licensing, accreditation and inspection of VET providers, self-assessment, monitoring of and reporting by VET providers, as well as an evaluation of the whole VET system in regular intervals. In collaboration with GIZ, a graduate tracer system is in place for VET graduates and certificated trainees. Self-assessment instruments for VET providers are also designed and already implemented in the last 3 years . Progress has been recorded with regards to the collaboration of VET providers with the private sector, particularly for internships, work-based learning, and representativeness of private sector in school boards. Meanwhile, unified course curricula are being developed in line with labour market demand, and as well diverse specific courses are provided from public training providers. However, the VET offer is limited and the skills gap still persists.

The quality of higher education is low and substantial reforms are required for improvement and adjusting higher education and training offer to match labour market needs.² A new law on higher education (No. 80/2015) was approved in 2015 which includes two articles (Articles 71 and 86) that could be interpreted as crucial for matching of the labour market needs with human capital development in Higher Education Institutions (HEIs). The latest decisions and sublegal acts of the law were approved in 2018, but none of them was related to the closing the skills mismatch. Although in compliance with the law since 2015 all HEIs should be accredited, the accreditation process is not seen as related to higher quality in higher education. The Albanian Quality Assurance Agency in Higher Education is not part of the European Network of Quality Assurance in Higher Education (ENQA) yet. Although the establishment of the agency is an achievement and the process is perceived of quality and impartial, the process does not ensure continuous quality assurance, which is carried out by the Internal Quality Assurance Unit in each HEI, as specified in the law. In compliance with law requirements, each HEI must specify the structure and functions of this unit. Individual HEIs that undergo the accreditation process conduct surveys of graduates to fulfil with accreditation requirements, but there is no unified framework on employment of graduates, transition, their skills' needs and gaps. The National Agency for Quality Assurance conducted a National Student Survey of performance in teaching activities of HIEs staff members in April 2019 (DCM No. 783, 26.12.2018). The results of the survey have not been published. Another round of the survey will be conducted in 2022.

A new National Strategy of Education 2021-2026³ is drafted by the Ministry of Education, Sports and Youth in collaboration with UNDP. It identifies the main challenges of the HEIs as being the development of new effective study programmes, improvement of teaching standards and infrastructure, scientific research, transparency, and integrity (Çani and Olldashi, 2020).⁴ QS – World University Ranking compiled a list of 400 HEIs best Emerging Europe and Central Asia Universities. In 2020, the University of Tirana was ranked 301 out of 350 HEIs, and in 2021 it was ranked 351 out of 400 HEIs.⁵ The only international ranking that comprise all HEIs of Albania is Webometrics,

² see https://planipolis.iiep.unesco.org/sites/default/files/ressources/albania_draft_national_education_strategy_2021-2026.pdf; and http://library.fes.de/pdf-files/bueros/albanien/16981.pdf

³ https://planipolis.iiep.unesco.org/sites/default/files/ressources/albania_draft_national_education_strategy_2021-2026.pdf

⁴ http://library.fes.de/pdf-files/bueros/albanien/16981.pdf

⁵ https://www.topuniversities.com/university-rankings/eeca-rankings/2021

which measures online presence of HEIs and has a high correlation with best international rankings of HEIs. According to its 2021 rankings, the highest ranked Albanian university (the University of Tirana) was ranked 3 967, whereas other Western Balkans HEIs had quite better rankings (Ljubljana - 327, Belgrade - 451, Zagreb - 638, Sarajevo - 1 506, Skopje - 1 494, Pristina - 2 776).6 The offer of HEIs is of a wide range. More than 1 300 study programmes are offered in Albanian HEIs, a clear indicator of the lack of structural planning, education development strategies and criteria, which results in poor content and lack of alignment in matching education with labour market needs. During the academic year 2018-19 the ratio of teacher/students was 28.7 compared to 15.4 in EU, and higher than in other peer WB economies. Compensation of lecturers and researchers is low, and they face high teaching loads. Scientific research is based on individual initiatives also at low levels compared to peers, with almost no support by HEIs. Access to digital library (EBSCO) was granted by the government, but access has been very low. The infrastructure is improving slowly and promises given in 2018 after the students' protests about increasing investments in university campuses and dormitories have not been maintained. Integrity and transparency in HEIs have been on the focus of public debate since the students' protests. With regards to academic misconduct, a digital archive of doctoral dissertations was created based on DCM No.777/2018, and antiplagiarism check was institutionalized as per DCM No. 99/2020. Nevertheless, no concrete actions are taken by HEIs to address these kinds of problems.

The decline in the absolute value of the number of pupils in pre-university education reflects the overall decline of the population below the age of 18. In the academic year 2017-2018, a total of 652 592 pupils and students enrolled in the education system. The Gross Enrolment Ratio (GER) was 82.8%. The number of pupils enrolled in 2018-2019 was 641 161, and the GER rate for this year school year was 84.4%. In 2020-2021, the number of pupils decreased considerably reaching 584 616. In the year 2017-2018, 81 026 children attended kindergarten (children 3-6 years old), with GER at this level of 78.3%, which is a decrease of 2 percentage points compared to the previous year. The Net Enrolment Ratio (NER) for children in kindergartens was 71.9% in 2018-2019 and recorded a sharp decrease from 76.3% in 2017-2018. In 2020-2021, the number of children enrolled in early childhood education was 71 332, decreasing by more than 10 000 children compared to 2018.

Table 1. Pupils and students enrolled in education, 2016-2020

ISCED level	Education level	2016	2017	2018	2019	2020
0	In kindergarten	81 194	81 026	78 942	77 858	71 332
1+2	In basic education	328 100	319 671	306 530	294 879	286 486
1	Primary	174 836	170 861	167 104	162 170	158 528
2	Lower Secondary	153 264	148 810	139 426	132 709	127 958
3	Enrolled in upper secondary	127 114	120 062	116 646	109 533	103 001
	General education	101 995	95 306	91 451	86 850	81 198
	Social and cultural profile	4 138	4 151	3 908	3 019	2 779
	Vocational education	20 981	20 605	21 287	19 664	19 024

Source: INSTAT, 2021a

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6 https://www.webometrics.info/en/Ranking_Europe/Central_Eastern_Europe?page=2

The Net Enrolment Ratio for pupils aged 6-14 years shows a decreasing trend. NER in basic education was 95.6% in the 2018-2019 school year; the decrease of about one percentage point compared to the previous academic year, one of the <u>potential</u> explanations is that decrease could be due to migration of families, where in some cases children remain registered in the national registrar, but are no longer enrolled in schools. In 2019-2020, it further decreased to 93.9%. The GER⁸ was 99.7% in 2018-2019, showing a similar decrease of one percentage point compared to the previous year. It decreased to 98.1% in 2019-2020. A total of 306 530 pupils participated in basic (compulsory) education during that year, of which 47.3% were girls. 92.7% enrolled in public institutions, whilst 7.3% enrolled in private institutions in the academic year 2017-2018. In 2019-2020, 91.6% of pupils in basic education participated in public education.

The GER in upper secondary school education has also decreased in the recent years, possibly for reasons, as posited above. In 2019-2020, it was 90.7%, showing a steep decrease compared to 2018-2019, when it was 95.6%. The NER is also showing decreasing trends at the upper secondary school level. In 2019-2020, NER in upper secondary education decreased to 76.2%, compared with 77.4% in 2018-2019 and 76.7% in 2017-2018. Public secondary education accounted for 87.6% of total upper secondary school enrolments in 2018-2019, and 88.4% in 2019-2020. Enrolment in secondary education is dominated by enrolment in high schools, which accounted for 79.4% of total enrolments in upper secondary education in 2017-2018, and 78.4% in 2018-2019 (INSTAT, 2019b). This indicator has only fluctuated slightly in the recent years and reached 78.8% in 2020-2021. Despite increased attention given to VET, enrolment has decreased since 2018-2019. In the last three years, the fall in the number of students was about 2 000 (10.7%), while the relative weight of enrolment in secondary vocational education remained almost constant: 18.3% of the total secondary level enrolment in 2018-2019 and 18.5% in 2020-2021. The gross graduation ratio (GGR) from upper secondary school education increased from 78.3% in 2017-2018, to 84.6% in 2018-2019. The professional education graduates account for 11.2% of graduates of upper secondary education. This percentage of graduates is lower than the percentage to the total secondary level enrolment pointing out that VET students may have higher dropout rates, or they fail to graduate.

The GER in tertiary education is at low levels. In 2018-2019, it showed an increase of 6 percentage points compared to the previous academic year. In 2017-2018, the GER in tertiary education was 54%, down from 56% in 2016-2017. In 2018- 2019 it increased to 60.3%, and in 2019-2020 it slightly decreased to 59.5%. 129,394 students enrolled in the tertiary education in the academic year 2017-2018, and 139 043 enrolled in 2018-2019. Since then, the number of students has decreased by 6.3% and 5%, respectively. The percentage of enrolled females is stable at approximately 60%. About 85% of students attend their studies in public institutions. The Institute of Statistics estimates that around 25 000 Albanian students study abroad. In 2019, 34 891 students graduated in tertiary education, 66.4% of which were women, and 53.6% graduated in bachelor level.

Regarding education quality, Albania has seen consistent and substantial improvements in science, reading, and maths. According to the PISA 2015 report, the increase in PISA's results (between 2009 and 2015) in maths and science is equivalent to the knowledge that pupils gain in one year of schooling, and in reading, to half a year of schooling. The results of PISA 2018 also show improvement in maths compared to the results of 2015, no improvement in reading, and a decrease

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⁷ GER and NER ratios for the most recent school year are not published by INSTAT, because of a delay in the publication of population figures, which has delayed publications of periodical books and figures.

⁸ When calculating the gross enrolment ratio, students of all ages in an education level are included, i.e. not only the students of the age group that officially corresponds to the education level, but also repetitions and early and late enrolments.

⁹ World Bank (2016), Albania - PISA 2015 brief. Programme for International Student Assessment (PISA) brief. Washington, D.C.: World Bank Group.

in the science score by 2.4% (OECD, 2019). Underachievement in education, as measured by the percentage of 15-year-old students performing below level 2 at PISA mathematics proficiency test, has improved from 67.7% in 2009 to 42.4% in 2018. Although improvement has been consistent in PISA's results since 2000, results are low compared to OECD economies.

The Law on Higher education was approved in 2015, but the lack of sublegal acts and bylaws impedes its full implementation. The higher education law approved in 2015 (No. 80/2015) is not implemented properly, secondary legislation and decisions of the Council of Ministers have been delayed, some of them not yet approved. Five years after approving this law, 8 bylaws are not drafted and approved. The lack of sublegal acts for long periods resulted in various problems, overlapping of competencies within the HEIs. The law was only partially implemented, the third level studies were interrupted, and HEIs could not update their statutes and regulations.

Although the percentage of individuals with tertiary education has increased over the last few years, only 19.9% percent of the population aged 25-64 years had tertiary education in 2020, and a large share of the population of this age (44.2%) only attended basic education. Figure 1 shows the percentages of population by education attainment and gender. Notably, a higher percentage of women than men have completed tertiary education, and the gender gap has widened in favour of women from 2.3 percentage points in 2014 to about 6.2 percentage points in 2020.

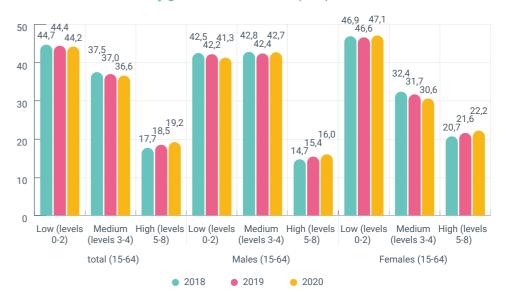
Table 2. Share of population by level of education (%)

Group Age	Level of Education	2015	2016	2017	2018	2019	2020
25-29	Low (ISCED 0-2)	35.6	34.7	34.1	30.6	28.2	26.3
25-29	Medium (ISCED 3-4)	31.4	33.3	29.4	31.1	30.9	33.4
25-29	High (ISCED 5-8)	33.0	32.0	36.5	38.3	40.8	40.3
25-64	Low (ISCED 0-2)	46.8	48.3	47.7	45.1	44.6	44.3
25-64	Medium (ISCED 3-4)	36.8	35.8	35.4	36.7	35.9	35.8
25-64	High (ISCED 5-8)	16.4	15.9	16.9	18.2	19.5	19.9

Source: INSTAT, 2021a

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

Figure 1 Educational attainment by gender in 2018-2020 (in %)



Adult participation in formal and non-formal education and training is relatively low compared to EU Member States. The situation of adult participation in lifelong learning is almost stagnant. In 2010-2018, lifelong learning rates decreased by 1.2 percentage points. According to LFS 2018 results, adult (25-64) participation in formal or non-formal education and training during that year was extremely low (0.9%) compared to the EU-27 average (10.6%). In 2019, this indicator has deteriorated to 0.7%. Similarly, in 2020, only 0.7% of those aged 25-64 participated in lifelong learning activities, hence a decrease of 0.2 percentage points over the two-year period. This rate is slightly higher among men than among women. In the EU-27 Member States in 2020 participation in training also decreased by 1.4 percentage points over the same period, reaching 9.2%. Figures for the Western Balkan region including Albania are far from that. The Adult Education Survey (AES), which measures participation over a longer time span, also shows a significant gap between Albania (9.2%) and the EU-27 average (43.7%) in 2017, the last updated survey data. According to the same survey, 67.8% participated in informal learning during a 12-month period (INSTAT, 2018b). With regards to gender, the results show that 9.5% of females and 8.8% of males aged 25-64 participated in formal and nonformal education and training (Annex). The Adult Education Survey (2017) also shows that 39.9% of population aged 25-64 speak at least one foreign language. The main reasons for participation in formal and non-formal education and training include obtaining certificate (54.7%), acquiring knowledge/skills useful in everyday life (39.1%), meeting employer or legal requirements (38.2%), improving career prospects (28.0 %), increasing knowledge/skills in a subject of interest (26.5%) and performing better at their job (21.9%). A second wave of the Adult Education Survey is expected to be conducted by INSTAT in 2022.

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

The percentage of early school leavers and young people (aged 18-24) neither in employment nor in education and training (NEET) remains high. The rate of early school leavers decreased

considerably from 2010 to 2016 from around 32% to 19.6% (see Table 3), and a decrease of about four percentage points was recorded in the last four years, reaching 15.6% in 2020. At the beginning of the period young women were more likely than young men to leave school early. The trend has reverted over time. In 2017 the percentage of early school leavers among young men was about four percentage points higher than among women, and in 2020 the gap is almost inexistent (at 0.6 percentage points). It must be noted though that gap closure was not only due to an improvement in the early school leavers rates among men, but also because of a slight increase in women's rates. Compared to other Western Balkan economies, the percentage of early school leavers for the population aged 18-24 are almost three times higher in Albania, and about 50% higher than the average of EU-27 (9.9%).

The transition towards labour market is more difficult for women and graduates of tertiary education level. During 2010-2019, the NEET rate of young people aged 15 to 29 years decreased by 4.9 percentage points. In 2019, 26.6% of them were not in education, employment or training. In 2020, some of the gains reverted, with men being impacted by 1.5 percentage points in the last year only. Young women have been more prone to become NEET than young men (30.0% vs 25.8%). The gender gap has narrowed considerably, from 11.4 percentage points in 2010 to 4.2 percentage points in 2020. Those with secondary education have the highest NEET rates (31.1%). In the period 2016-2020, NEET rates for 15-29-year-olds were the lowest for those with primary education (24.9% in 2020). During the same period, NEET rates for the age group 15-29 decreased by 3.6 percentage points for those with primary education, 0.8 percentage points for those with secondary education, and 2.5 percentage points for those with tertiary education. In 2020, the share of NEETs among young people aged 15-29 was 27.9%, an increase of 1.3 percentage points compared to 2019. The NEET share of those with primary education was 24.9%, for those with secondary education it increased from 28.9% in 2019 to 31.1% in 2020 and for those with tertiary education the NEET share reached 27.5% compared to 26.5% in 2019. This picture of NEET rates is different from the EU-27 averages which show a much stronger correlation between higher levels of education and lower NEET rate.

Table 3.Early school leavers, NEET, participation in lifelong learning, and tertiary attainment for the period from 2012 to 2020

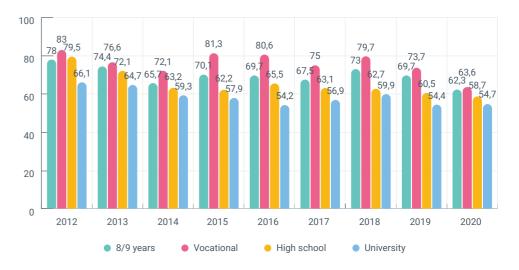
%	2012	2013	2014	2015	2016	2017	2018	2019	2020
Early school leavers (18-24 years)	31.6	30.6	26.0	21.3	19.6	19.6	17.4	16.3	15.6
Male	31.8	30.7	26.1	22.9	21.6	21.6	18.3	17.5	15.7
Female	31.4	30.6	25.9	19.6	17.3	17.2	16.4	15.1	15.6
Youth NEET (15-29 years)	29.3	33.4	34.5	32.8	30	29.7	28.6	26.6	27.9
Male	26.6	31.1	31.8	29.4	27.5	25.6	24.7	24.3	25.8
Female	32.6	35.6	37.3	36.6	32.9	34.4	32.7	28.9	30.0
% of participation in Life-long Learning (25–64 years)	1.1	1.5	1.3	1.1	1.1	0.9	0.9	0.8	0.7
Male	1.4	1.7	1.3	1.0	1.4	1.0	1.1	1	0.8
Female	8.0	1.4	1.3	1.1	0.8	0.7	0.8	0.7	0.6
% of tertiary attainment (30–34 years)	14.3	15.7	16.7	22.1	20.9	23.5	27.3	31.3	33.2
Male	11.9	12.7	14.0	19.6	18.0	21.1	22.5	27.1	26.7
Female	16.4	18.3	19.2	24.7	23.9	26.0	33.2	36.6	40

Source: INSTAT (2021a)

Education is one of the main barriers towards labour market inclusion of young people. A low attainment and quality of education increase the chances of being unemployed and the risk of poverty. Among the registered unemployed jobseekers in 2019, 21% are 15-29 years old, 55.8% have (at most) elementary (compulsory) education, and only 7.5% have completed higher education. In 2020, the share of young people registered as unemployed increased to 38.5% emphasising their vulnerability of employment status as they were highly affected by the pandemic lockdown. The percentage of registered unemployed jobseekers decreased to 37.2%, but the share of registered unemployed jobseekers who had obtained tertiary education diploma increased considerably to 17.1%. It must be noted, though, that the composition of the unemployed group differs from the composition of the registered unemployed jobseekers. Given that employment services in Albania are more focused in supporting employment of people with low levels of education and skills, this may dis-incentivise people with higher education to register as unemployed. One possible reason for the increase in share of registered unemployed jobseekers with tertiary education in 2020 could be the fulfilment of criteria to be eliqible for unemployment benefits.¹⁰

Graduates from vocational education have the highest percentages of long-term unemployment, despite considerable improvement recorded since 2018. The figures provide evidence that education reduces the probability of falling in a long-term unemployment trap. Figure 2 shows the share of unemployed individuals aged 15-64 in long-term unemployment by educational level. In 2015, 70.1% of the unemployed with 8-9 years of education were unemployed for more than a year, compared with 81.3% of the unemployed who graduated from vocational education schools, 62.2% of the unemployed that had completed general secondary education and only 57.9% of those who had completed university studies. The share of long-term unemployed with 8-9 years of education fell by about 8 percentage points, reaching 62.3% in 2020. The percentage of long-term unemployed people with higher education clearly declined until 2016 but increased for 2017 and 2018. In 2019, the share of long-term unemployed with higher education declined to 54.4%, and slightly increased in 2020. The share of long-term unemployed with vocational education continued the improvement started in 2015 at a much higher rate. It reduced by about 16 percentage point in the last two years, despite the pandemic situation and its impact on the labour market outcomes.

Figure 2. Percentage of long-term unemployed out of all unemployed by education attainment, 2012-2020



Source: INSTAT (2021a)

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¹⁰ One has to be registered as unemployed with the authorities in order to benefit

2.1.2 Gender equality

Initiatives and legislative changes have been carried out to improve gender equality, but the situation is still problematic. Persistent gender gaps exist in the labour market with regards to participation, employment, and wages. Political representation has improved but it also shows a gender gap. According to the 2016-2020 National Strategy on Equal Opportunities assessment report, the political representation is described with positive developments that should be long-term and stable. According to this report, in the 2017-2020 legislature, women held 41 positions in parliament or 29%. In the current legislature, women will hold 33.5% of the seats, thus fulfilling the legal obligation of Law No.9970/2008 for gender equality in society, representing over 30%. This same report however notes that there is still lot to be done for full participation of women in policy making and local governance, and this is also reflected in the new strategy on gender equality which states that social, political, economic and cultural inequalities still exist. The evident and persistent gender gaps, even with the new/improved legislative frameworks, strategies, and policy initiatives, may be explained by structural and traditional roles, ineffective policies and/or problems in the implementation of strategies and legislation. However, they certainly call for increased efforts and action.

The labour law (No. 136/2015) has introduced several measures to protect the employees, especially women. It has limited the rights of employers with regards to terminating job contracts by obliging them to provide a written statement of reasons for terminating an open-ended employment contract. Everyone, independent of gender, who has been continuously employed with the same employer for more than one year is entitled to paid parental leave. The period for which parental leave is granted is at least four months, until the child turns 6 (12 years for adopted children). In 2020, 16,242 individuals benefitted from maternity leave, 730 of them were male. The new law also allows pregnant women to have paid leave for their medical visits during work hours. They have the right not to perform extra hours, to have at least 30 minutes break every 3 hours, 63 days of leave after giving birth, and the right to return to the same or an equivalent position upon return to work.

In recent years, Albania has established relevant institutional framework and policies to ensure gender equality. Albania has ratified the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) in 1993, the Istanbul Convention in 2012, is a member of the Beijing Platform for Action since 1995 and has signed the United Nations Security Council Resolution 1325 on women, peace and security. The Government of Albania submitted the first baseline report on the implementation of the Istanbul Convention in 2017 and has prepared an action plan reflecting the received recommendations. In June 2021, Albania submitted the report on the implementation of recommendations given by the Group of Experts on Action against Violence against Women and Domestic Violence (GREVIO) for the three-year implementation period 2018-2020, and the first half of 2021. The National Report on the Implementation of the Beijing +25 Platform for Action was submitted in May 2019, and the civil society also prepared and submitted the shadow report to the Beijing Platform for Action. Various strategies address gender equality and women's economic empowerment, increased opportunities in the labour market, entrepreneurship opportunities, social inclusion, healthcare, youth, vulnerable groups, combatting gender-based violence and trafficking.

A National Gender Equality Strategy and Action Plan 2016-2020 was adopted in 2016 (Ministry of Social Welfare and Youth, 2016b) with DCM No.733 of 20.10.2016. The main strategic goals include the economic empowerment of women and men, guaranteeing factual and equal participation

of women in the political and public decision-making, reduction of gender-based violence and domestic violence, empowerment of the coordination and monitoring role of the National Gender Equality Mechanism, as well as awareness-raising of the society on gender equality advancing. The Evaluation Report for the implementation of this strategy was prepared in December 2020. It concluded that 80 % of the strategy was implemented, in terms of either partial or full achievement of the objectives of the strategy. There has been increased participation of women in the labour market, in entrepreneurship, and provision of quality services by local governments has improved, with about 74.7% of economic empowerment objectives being achieved. In other objectives implementation scores were higher: 75.6% in equal political/public participation and actual engagement in decision-making activities, 84.8% in reduction of gender-based and family violence, 81.3 % in empowering the coordinating and monitoring role of the National Mechanism for Gender Equality and social awareness for strengthening gender equality.

The main cross-sectoral strategy is the National Strategy for Gender Equality 2021-2030 which was approved by DCM No. 400, on June 30, 2021. This is the fourth strategy of its kind. The Strategy for Gender Equality 2021-2030 aims for "A society that values gender equality and justice as necessary conditions for sustainable social, economic and political development of Albania, empowers all individuals to enjoy equal rights and opportunities in all areas of life, does not allow anyone to be left behind, and relies on the principle of zero tolerance against harmful practices, gender-based violence and domestic violence, punishing the perpetrators and protecting, rehabilitating and reintegrating the abused persons. " It has 4 strategic goals:

- Fulfilment of economic and social rights and empowerment for women and men, young women and young men, girls and boys in society from all groups (from rural areas, ethnic minorities, people with disabilities, LGBTI +, the elderly, single mothers, survivors of violence / trafficking, etc.), aiming at an increase and sustainability of the (green) environmental economy, as well as their equal participation in digitalization.
- II. Fulfilment of the rights of women and men, young men and young women, girls and boys, by all groups, to equal participation, representation and leadership in political and public decision-making at the local level.
- III. Reducing all forms of harmful practices, gender-based violence and domestic violence.
- Application of gender mainstreaming as the main tool for achieving gender equality and justice in society.

Gender equality is also at the focus of recent changes in the legal framework. In May 2017, the new Law on Local Finances made Gender Responsive Budgeting a mandatory requirement. The Decision of the Council of Ministers No.456/2012 on Gender Mainstreaming in Mid-Term Budget Programming and the respective implementation guidelines include gender equality as a core principle of the organic budget law. During the preparation of the budget, budget indicators, and in the monitoring and evaluation of the annual budget, central and local governments should keep gender based, disaggregated data. Since 2019, the European Union is supporting the agenda on Gender Equality with Technical Assistance (TA) in the process of accession to EU. In the framework of this TA, a guideline document on Prevention of Sexual Harassment for the Albanian institutions and firms was prepared. It sets the grounds for different institutions to develop their own policy or regulation for preventing and addressing sexual harassment, and to promote healthy, safe, and

productive workplaces, in accordance with the Labour Code, Criminal Code, Law on Gender Equality, and other national and international laws adopted in Albania.

Although improvements are recorded towards gender equality in terms of legislation and institutional settings, there is still a need for increased efforts by stakeholders to achieve full gender equality. The most recent Gender Equality Index for Albania was 60.4 in 2017 (published in 2020), indicating a substantial gender gap, whilst the EU-28 average was 67.4. Albania has higher gender parity than EU-28 in the domain of power (60.9 versus 51.9 for EU-28), but it scores the largest gaps as regards knowledge, money and time, and similar scores in the areas of work and health. The score in the area of work is 67.6, with a better situation in the sub-domain of participation than in segregation and quality of work, which reflects the higher concentration of women in the social services sector. In the domain of money, the score of 59.6 reflects the high gender disparities in earnings and income. In the area of knowledge, the score of 55.6 reveals a still large gender gap in both sub-domains of attainment and participation, and segregation (INSTAT, 2020a).

Figure 3. Gender inequality index, 2013-2019



Source: INSTAT (2020c)

The segregation according to the field of education is still prominent, with female tertiary students concentrating in the areas of education, health and welfare, humanities and arts. The domain of time has the lowest index score (48.1), indicating very unbalanced responsibilities regarding care for family members and unpaid household work. While women carry the majority of these responsibilities, they do not participate as much as men in social activities that are important for their wellbeing and quality of life. The area of health has the highest score of 81.8 (EU-28 score is 88.1) (INSTAT, 2020a). INSTAT has published the Gender Inequality Index based on three main areas, namely health, empowerment in terms of political participation and educational attainment, and labour market outcomes. The graph below shows the values of the index for the period 2013-2019. The low values of the index indicate that inequality is not a big problem, but no indication of improvement of the current conditions is shown for the period under consideration.

The gender labour participation gap seems to be persistent. Participation gap for the working age population returned to 2012 figures of 17 percentage points in 2018. In 2019 it decreased to 16 percentage points, and the situation remained almost unchanged in 2020. The gender gap in the

participation rate for those aged 15 -24 was 13 percentage points in 2019 and increased to 14.5% in 2020. The gender gap in participation is higher for the age group 55-64. Only 51.1% of women in this age group were participating during 2020 compared to 78.3 of men. In 2017, most of women that were economically inactive claimed to be busy with unpaid work at home, 31.6% of them, and 29 % were engaged in studies. Only 2.1% of men declared homework as the reason behind their inactivity, while 51.3% were students (INSTAT, 2019b).

The female employment rate, particularly for the population aged 15-24 years, continues to exhibit a large gap relative to that of males. The employment gender gap for labour force of those aged 15 to 64 has fluctuated between 12.2 and 14.3 percentage points over the last five years. In 2016, the gap decreased to a minimum of 12.2 percentage points and has fluctuated around 14.0 percentage points since then (Annex). In 2014 the employment rate for population aged 15-24 was only 17.7%. The female employment rate in this age group was about 14%, 7.5 percentage points lower than that of males. The gap reached a maximum of 10.3 percentage points in 2020. The employment rate of the population aged 25-54in 2020 was 73.6% similar to 2018 rates, reverting any employment gains recorded during 2019, and widening the gender gap in employment rates. The employment gender gap is wider for the older age group (25.7 percentage points) and is narrowest in the young group (7.5 percentage points).

Gender unemployment gaps are low, in 2020, women had an unemployment rate that was 0.4 percentage points higher than men. The unemployment figures indicate a higher incidence of unemployment amongst the young, 26.5% for the age group 15-24 in 2020, although the trend has been at a steep decrease since 2015. Unemployment rates for labour force 15-64 years have decreased by 0.6 percentage points in the last three years. In this age group women unemployment rates were lower than men, until 2020 when this trend reversed. The unemployment rate of the population aged 25-54 has decreased over the last seven years, but it increased to 11.4% in 2020. Men and women unemployment rates were almost similar for this age group in 2019. In 2020, the unemployment rate of women overcame that of men by 0.4 percentage points. The gender gap in the elder group has narrowed continuously until 2019, with the unemployment rates of women aged 55-64 recording 0.6 percentage points higher rates in 2020. Long-term unemployment has fluctuated around 11% for a few years, with women being more exposed to long-term unemployment than men. During 2017 and 2018, long-term unemployment rates reached single figures. In 2019, it reached 7.3%, with no gender gap. Low-skilled and low educated are also more prone to long-term unemployment (INSTAT, 2021a).

Table 4. Registered unemployed jobseekers by gender and education level, 2013-2020

	2013	2014	2015	2016	2017	2018	2019	2020	
Registered unemployed jobseekers	142 648	141 998	149 148	119 710	89 780	74 686	70 930	82,921	
By gender									
Male	48.3%	49.0%	49.1 %	49.9%	47.2%	47.6%	47.5%	47.4%	
Female	51.7%	51.0%	50.9 %	50.1%	52.8%	52.4%	52.5%	52.6%	
By education level									
With primary education	54.6%	54.2%	52.6%	53.4%	56.0%	57.1%	55.8%	56.0%	

	2013	2014	2015	2016	2017	2018	2019	2020
With secondary education	41.3%	40.1%	39.6%	39.4%	38.2%	36.3%	36.7%	35.9%
With university education	4.2%	5.7%	7.9%	7.2%	5.9%	6.6%	7.5%	8.1%

Source: INSTAT (2021a)

With regards to the right to equal pay for work of equal value there is evidence that gender pay gaps are still persistent in most of the industries and sectors. The total gender pay gap has decreased from 10.7% in 2018 to 10.1% in 2019. In 2020, the gender pay gap recorded an improvement of 3.5 percentage points and reached 6.6%. The gender pay gap is in favour of males in every economic activity except for construction, a sector which is dominated by low-skilled men, while women perform administrative tasks. The gender gap is the highest in the mining and quarrying industry (31.9%), and in financial and insurance sector (14.2%). With regards to profession groups, the gender gap is in favour of women in the group of Managers (-2.6%). The highest gaps are recorded in the group of Sales and Services workers (24.2%), Plant and Machine operators (23.1%), followed by craft and related trade workers (22.9%).

2.1.3 Equal opportunities

Roma, Egyptians and persons with disabilities have less access to opportunities, and the Covid-19 pandemic has affected these vulnerable groups and increased risk of social exclusion. Lack of electricity disproportionately may affect persons with disabilities, Roma and Egyptian minorities, which furthermore prevents them of many other rights such as the right to education, employment, health, the right to information. Nevertheless, there were some slight positive improvements in the field of higher education. Although, participation of students from marginalized groups in tertiary education is very low, some improvements have been scored. In 2020-2021, 45% of students were from rural areas. The number of students belonging to Roma and Egyptians communities was 592 compared with 580 in the previous year, while participation of people with disabilities increased from 128 to 143.

The level of poverty among the Roma and Egyptian population is twice as high as the majority population (UNDP, 2015a)¹¹. Roma people experience extremely high levels of poverty, and their unemployment rate is estimated at around 75% (Çeka and Kaçiu, 2015). Less than a quarter of Roma and Egyptians are employed, only 15% of Roma women and 13% of Egyptian women have paid jobs (INSTAT, 2015). Most of them work in the informal economy and are not entitled to health and social benefits (health insurance coverage, unemployment benefits and old-age pensions). UNDP Albania conducted a survey of the Roma population in 2017. The findings of this UNDP survey indicate that marginalised Roma in Albania have lower employment rates and higher unemployment rates than neighbouring non-Roma. According to this survey, the employment rate for the Roma group was 18% vs 27% of the neighbouring non-Roma. Notwithstanding the difference, the employment gap was relatively small in comparison with other Western Balkan economies. In 2017, the unemployment rate for marginalised Roma was 55%, versus 37% in the non-Roma neighbouring group. A comparison between the same groups indicate that the marginalized Roma underperform

11 The income for about 48% of Roma families is less than ALL 10 000/month (approximately EUR 80), while 35% of households reported a monthly income of less than ALL 20 000 (around EUR 160)

in almost every field: NEET rates were 78% vs. 42%, health coverage was 27% vs. 45%, electricity coverage was 84% vs. 95%, and material deprivation was 93% vs. 59%.¹²

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

Ministry of Health and Social Protection has drafted the new National Action Plan for Equality, Inclusion and Participation of Roma and Egyptians as a commitment of the Albanian Government with duration of 2021-2025, which targets the Roma and Egyptian Minorities.

The Action Plan was drafted in close consultation with the responsible line ministries, representatives from the Roma and Egyptian communities, local government units, civil society organizations and other actors.

It was drafted following the declaration of the Western Balkan partners on Roma integration in the European Union enlargement process held in Poznan and based on the recommendations of the Fourth Policy Dialogue Seminar on Roma and Egyptian Inclusion; as well as the new EU Strategy for Roma.

The new objectives are:

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- 1. Equal access to justice and civil status services for Roma and Egyptians.
- 2. Improving housing conditions for members of the Roma and Egyptian Minorities and legalizing all informal settlements.

¹² https://www.eurasia.undp.org/content/rbec/en/home/library/roma/regional-roma-survey-2017-country-fact-sheets.html

- 3. Reducing the health quality gap between Roma and Egyptians and the rest of the population.
- 4. Increase equal access to quality and inclusive education for Roma and Egyptians at all levels of education.
- 5. Creating equal opportunities for quality and sustainable employment for Roma and Egyptians.
- 6. Improving access and increasing the access of Roma and Egyptians to social protection programs.
- 7. Recognizing and addressing Antigypsism in public policy through both systemic and structural change, to ensure a society free from discrimination against R&E.

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

Significant progress has been achieved at the legal and policy levels in the protection of rights of Lesbian, Gay, Bisexual, Transgender, Intersex (LGBTI) people. The government of Albania adopted it in the National Action Plan for LGBTI People 2016-2020. Besides non-discrimination on grounds of sexual orientation stated in the Constitution, the rights of the LGBTI community are also stated in Anti-discrimination Law, the Labour Code, the Code of Administrative Procedures, the Law on Pre-University Education, and the Penal Code. Problems arise at the implementation level. There is evidence that LGBTI people have less access to the labour market and are often subject to bullying and abuse (UNDP, 2017a). People from this community also have a harder time in accessing justice and resolving disputes fairly (UNDP, 2017b). Recent changes in the law give the right to the Commissioner for the Protection from discrimination to consider anonymous complaints, which is expected to motivate individuals of the LGBTI community, and not only, the increase of the number of complaints related to sexual harassment in the workplace.

During 2020, some amendments and changes were approved on protection from discrimination.

The parliament approved Law no. 124/2020 "For some additions and amendments to law no. 10221, dated 4.2.2010 "On protection from discrimination". The changes aimed to improve the legal framework for protection against discrimination in Albania, setting the grounds for prohibition of discrimination because of citizenship, sex, living with HIV / AIDS and appearance, adding new forms of discrimination (multiple discrimination, cross-sectorial discrimination, hate speech, segregation, sexual harassment, structured discrimination, incitement and assistance to discrimination and the declared purpose of discrimination), reformulating existing ones such as "victimization", and serious forms of discrimination, and strengthening the emphasis on the promotion of equality and prevention of discrimination at the institutional level. The law also revises the criteria for election and competencies of the Commissioner for Protection from Discrimination, and provides the Commissioner with the right to monitor the implementation of the Law "On Gender Equality in Society".

2.1.4 Active support to employment

During 2014-2020, the government implemented the National Employment and Skills Strategy 2014-2020 (NESS), as well as other policies and measures regarding social inclusion and gender equality aiming at better labour market governance. In 2019, following the midterm review of the strategy, the implementation timeframe of the NESS was extended until 2022. The strategy's overarching goal is pursued through several complementary and interconnected actions that simultaneously support labour supply and encourage labour demand, as well as address social inclusion issues. Recognizing the main challenges the labour market is facing, such as ineffective measures, limited offer and limited inclusion of social partners, low responsiveness to local needs, disparities in education and employment between the urban and rural areas, and lack of coordination in labour market and VET governance, to name a few, the strategy relies on four main strategic pillars:

- 1. Fostering decent job opportunities through effective labour market policies.
- 2. Offer quality VET for youth and adults.
- 3. Promote social inclusion and territorial cohesion.
- 4. Strengthen the governance of the labour market and qualification systems.

The National Agency for Employment and Skills (NAES) is mandated to execute all core functions of a modern Public Employment Service (PES), including providing labour market information, counselling job seekers, job mediation, management of VET providers (as provided by Law No. 15/2017), and administration of active and passive labour market programmes. The service delivery of NAES has continued the process of modernisation and institutional development. To develop its services and align them with EU standards, the Instrument for Pre-Accession Assistance (IPA) 2010 Project supported PES in developing and implementing a New Service Model based on a three-tiered approach, depending on client needs as follows:

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

Level 2—Core service: The staff provides a full range of services to jobseekers and employers, including registration, advice and mediation.

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

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

NAES's performance has improved, but its contribution to improving labour market indicators is marginal. NAES offices have undertaken major infrastructure restructuring and are offering their services following the new model. Registered unemployment has experienced a very sharp decline (52.4%), from a high of over 149 000 in 2015 to 70 930 in 2019. This improvement is mostly due to the integrated online information system of PES, tax offices and other institutions of relevance, which facilitates an exchange of information between relevant institutions and thus allows the PES to check whether someone is employed and/ or pay taxes and contributions. Furthermore, it decreased due to the requirements for the unemployed jobseekers to pay monthly obligatory visits to employment offices and demonstrate that over the last month they looked for a job. It may also be attributed to the ongoing efforts against informality that were initiated in 2015. In 2020, the number of registered unemployed jobseekers increased to 82 921 because of the COVID-19 lockdown, and in the first quarter of 2021 the number of registered unemployed jobseekers reached 94,976. Nevertheless, the percentage of registered unemployed jobseekers with low levels of education remained almost constant at 56%.

The budget of the employment promotion programmes has been on a steady upward trend, but their funding is very low. The ALMP budget increased from ALL 90 million (or EUR 0.6 million)¹³ in 2013 to ALL 270 million (or EUR 1.9 million)¹⁴ in 2014, ALL 450 million (or EUR 3.2 million)¹⁵ in 2015 and ALL 490 million (or EUR 3.5 million)¹⁶ in 2016, accounting for slightly more than 0.03% of the GDP and being the lowest funding rates in the Western Balkans. The budget allocation for the implementation of a portfolio of seven employment promotion programmes remained unchanged for 2017 and 2018, supporting the employment of over 5 263 unemployed jobseekers with a coverage of 5% of the total number of unemployed jobseekers in 2017. In 2018 it supported the employment of 4 808 unemployed jobseekers (National Employment Service, 2018), about 9.6% of the registered unemployed jobseekers in the first quarter of 2018 (INSTAT, 2018a). In 2019, the budget decreased to 346 million ALL (2.8 million Euro) and 5 338 individuals or 7.5% of the registered unemployed jobseekers benefited from ALMPs. In 2020, the budget increased, but the implementation of the new ALMPs was only partial because of COViD-19 restrictions and only 28% of the allocated budget was used (71.6 million ALL). A total of 4 141 unemployed jobseekers benefited from the ALMPs in 2020. These account for 5% of the total number of unemployed jobseekers, indicating a decreasing coverage because of the pandemic. In 2021, the government allocated ALL 570 million (EUR 4.7 million) for the implementation of ALMPs.

Different measures were adopted by the Government to protect jobs during the COVID-19 pandemic (for detailed information please check section 2.3.2). A new employment promotion programme was designed for this specific situation. It was approved by the Decision of the Council of Ministers No. 608 date July 29, 2020, which determines the procedures, criteria and rules for the implementation of the Employment Promotion Programme (EPP) focusing on unemployed persons who lost their jobs as a result of COVID-19, during March 10 - June 23, 2020. The programme is implemented in accordance with the individual needs of unemployed jobseekers and the individual employment plan.

This EPP provides financial support for businesses that employ workers who lost their jobs because of the COVID-19 state of emergency, for a period of 4, 8 or 12 months. It targets both formerly

13 Equivalent to EUR 644,370 using the exchange rate of the first quarter of 2013

14 Equivalent to EUR 1,923,270 using the exchange rate of the first quarter of 2014

15 Equivalent to EUR 3,209,100 using the exchange rate of the first quarter of 2015

16 Equivalent to EUR 3,542,980 using the exchange rate of the first quarter of 2016

formally employed as well as those who declare themselves as having been informally employed and have lost their jobs due to COVID-19.

The programme subsidizes the following costs:

- a. For the four-month employment programme, 2 months of minimum wages, compensated in the first and fourth month of the contract, as well as monthly compensation of the employer's part of compulsory social and health contributions calculated on the basis of the national minimum wage for the duration of employment.
- b. For the eight-month employment programme, 4 months of minimum wages, compensated in the first, second, seventh and eighth month of the contract, as well as monthly compensation of employer's part of compulsory social and health contributions calculated on the basis of the national minimum wage for the duration of employment.
- c. For the twelve-month employment programme, the EPP provides monthly compensation of total social security contributions calculated on the basis of the national minimum wage, for the entire duration of the programme.

The government has undertaken several reforms to promote VET over the past three years. Starting from January 2014, all registered unemployed jobseekers have the possibility of attending vocational training courses free of charge in all Public Vocational Education Centres. A tracer survey is conducted a year after the completion of the vocational courses to measure employability of certified trainees. The results of the tracer study for certified trainees of 2017 indicate that one year after completing the course 41% of them were employed, while 52% of them were unemployed. In 2019, 15 143 persons attended vocational training courses offered by public VTCs, out of which 8 714 registered unemployed jobseekers. About 62.8% of the participants in courses were certified. In general, vocational courses face a high dropout rate (about 39% in 2018). 2020 figures for vocational training are low compared to previous years, as expected. 7 427 trainees participated in 61 courses offered by public VTCs, 59.1% of them were registered unemployed jobseekers, 128 of them belong to Roma community, and 56 to the group of persons with disabilities. Only 46.1% of them were certified. The employability rate is quite low; in 2020, only 21 trainees were employed upon course completion.

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

¹⁷ This figure includes the registered unemployed and other course participants which could have been employed even before /while attending the course.

The new Law No. 15/2019 on Employment Promotion set the grounds for implementation of new employment promotion programmes. The design of these new programmes builds on best examples from the economies of the region. The new programmes include employment of unemployed jobseekers in various employment programmes, such as job training, vocational internships, self-employment, and community employment. The new programmes will continue to (partially) subsidise costs of compulsory health and social insurance, salaries, workplace equipment and reasonable accommodation, transportation to and from the workplace, and kindergartens and nurseries for dependent children. In 2020, five new programmes were designed. Three of them aim to provide employment, training or professional internships for unemployed jobseekers who find it difficult to access the job market. The fourth one is the Self-Employment Programme and aims to promote self-employment and the creation of new enterprises and businesses for jobseekers. The fifth one is the Community Work Programme and aims to provide community-based jobs and services by training jobseekers in disadvantaged local and geographical areas. A DCM for the first three programmes was approved in January 2020. The Self-Employment Programme was approved by DCM No.348, date 29.04.2020 and the Community Works programme was approved by DCM No. 535, date 8.7.2020. These DCMs set out the procedures, criteria and rules for implementation of the new employment promotion programmes. There was a delay in implementation of these programmes due to COVID 19 pandemic situation. In addition, during 2020, because of the situation created by the COVID-19 pandemic, an additional programme was approved by DCM No. 608 date 29.07.2020, which determines the procedures, criteria and rules for the implementation of the Employment Promotion Programme (EPP) focusing on unemployed persons who had been formally or informally employed and had lost their jobs as a result of COVID-19, during March 10 - June 23, 2020. The programme is implemented in accordance with the individual needs of unemployed jobseekers and the individual employment plan.

Active Labour Market Policies (ALMPs) did not have a sizeable impact on unemployment and employment rates. For example, in 2017 and 2020, 0.5% and 0.3% of the total number of employed found a job directly as a result of participating in ALMPs. Nonetheless, ALMPs are relevant for women, youth, vulnerable groups, ethnic minorities, etc. According to PES data, in 2019, 57% of the ALMPS beneficiaries were women and girls, 60.1% are aged 15-30, 2.1% are people with disabilities, 13.4% of total participants were unemployed jobseekers from previous or current income support schemes, 3.6% were unemployed jobseekers from the Roma and Egyptian communities, 1% were returning migrants, and 16.6% of the total number of participants were long-term unemployed (NEA, 2020). In 2020, 4 146 persons and 161 businesses benefitted from ALMPs, with 2 822 persons were part of the new ALMPs. 67% of the beneficiaries are women, 52% are young people aged 15-30, 3% are members of Roma/Egyptian communities, 2% are people with disabilities, 4% are part of income support schemes, and 12% were in long-term unemployment.

2.2 Fair working conditions

2.2.1 Secure and adaptable employment

One important initiative with regards to employment conditions and employee protection is the revision of Labour Code. The labour law was revised in 2015 (No. 136/2015) with regards to the terms and conditions of contracts, employee representation and industrial relations, equal treatment and non-discrimination at the workplace, sexual harassment, health and safety at the workplace, the provision of appropriate work conditions by the employer for persons with disabilities, pregnant

women and those who have given birth recently, maternity/paternity and family leave rights, termination of employment, measures against labour informality, part-time contracts, and youth protection. The most significant changes concern the employee protection and the obligations of the employer to inform employees on contract conditions and to change the labour contract in written form only. Other changes include health protection, data protection, workers' integrity and rights, and temporary employment agency. In addition, distance-work is also regulated, creating new opportunities and protection, especially for youth and new-entrants in the labour market. No further changes have been made to this law.

With regards to the structure of employment, the non-agricultural private sector constitutes the main sector, but its employment is only marginally higher than that of agricultural, forestry and aquaculture sectors. The non-agricultural private sector accounted for 43.4% of total employment in 2017 and 44.7% in 2018 (INSTAT, 2021a), while employment in the agricultural private sector was on average 41.7% in 2017 and 40.4% in 2018. In 2019, the situation was almost identical, with 44.8% of all employees coming from non-agricultural private sector, and 40.2% from agricultural private sector. While the employment rate in the non-agricultural private sector remained at around 45-45% during the period 2020-2021(Q1), employment in the agricultural private sector dropped to 39.7% in 2020 and to 37.5% in 2021(Q1). Youth has a higher probability of employment in agricultural sector and considering that most farms in Albania are family owned, they are contributors to family business. Jobs in agricultural sector are characterised by seasonality, low skill requirements, low payment, lack of insurance and security, and low job stability.

2.2.2 Wages

During the last three years wages have increased, but Albania is one of the economies with the lowest average wage in Europe.¹⁸ The minimum wage increased in 2017 from ALL 22 000 (around EUR 177) to ALL 24 000 (around EUR 194) (Figure 4) and in December 2018 the Council of Ministers decided to increase the minimum wage to ALL 26 000 (around EUR 210). Throughout 2019-2020, the minimum wage level remained at ALL 26 000, and it only rose to 30 000 (around EUR 245) in the first quarter of 2021. Minimum wages are usually adjusted without a clear and transparent mechanism or social dialogue behind the increase. Average wages have also increased both in the public and private sector, although the increase in the public sector was higher than that in the private one until the second quarter of 2017. While the average wage in the public sector follows an upward trend until the first quarter of 2021, the private sector experienced a drop in the average wage in 2021 (Q1) (Figure 4). The public-private gap is in favour of the public sector.

Evidence suggests that the public-private gap may be attributed to better characteristics of public sector employees, rather than discrimination in the remuneration of the respective employees (Shehaj et al., 2016). The wage increase in the public sector without corresponding increase in productivity could lead to inflation, increases in taxes, higher budget deficits and/or diversion of public resources from productive uses. The continuous wage increase in public sector also pressured the private sector to increase wages. Albania does not have an official minimum living income. A study on evaluating the minimum living income suggested that the minimum living income per person is ALL 16 000 (EUR 129) (ACER, 2016). Hence, the minimum wage is higher than the minimum living income.

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¹⁸ Except for Belarus, Moldova and Ukraine

Figure 4. Average monthly wage per employee & approved minimum wage, 2014-2021 (thsd. ALL)

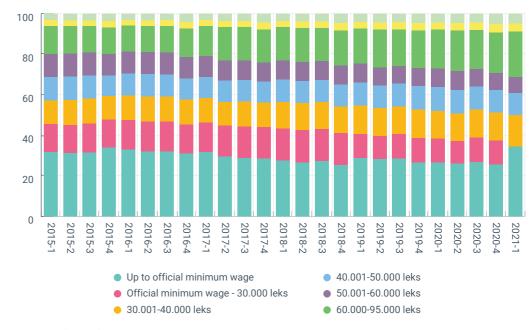


Source: INSTAT (2021a)

More than a quarter of employed persons earn just the minimum wage. The percentage has decreased by about 4 percentage points since 2015, before increasing to 34% in 2021(Q1) (Figure 4), although the employment of the low-educated group accounted for 39% of total employment in 2014 and increased to 50.1% in the third quarter of 2019, followed by a decrease to 46.8% in the last quarter of 2020 (INSTAT, 2021a). Generation of low-end jobs partially explains the high share of minimum wage workers. In addition, the high tax wedge forces employers and employees towards accepting envelope wages. There is also some anecdotal evidence that businesses that face liquidity issues may not pay their workers for several months. The latter was more of a problem in cases of delayed payments of the government to contracted businesses. These payments are sometimes carried over from year to year.

Recent evidence suggests that social transfers, such as old-age and family pensions, reduce the risk of poverty rate (INSTAT, 2021b). When excluding all social transfers from household income the risk of poverty in 2018 was estimated to be 39.0% compared to 26.3% that is estimated when the household income includes old-age and family pensions. In 2019, these figures showed no improvement, remaining at 39.1% and 26.1%, respectively (INSTAT, 2021). Hence, social transfers reduce the risk of poverty. Still, a considerable share of individuals experiences in-work poverty. Using the poverty line of USD 1.9 per day (2011 PPP) and the SILC data, poverty rates for the employed and self-employed were 4.91% in 2017 and 3.49% in 2018. Using the poverty line of USD 3.2, the poverty rates of the employed increase to 14.92% in 2017 and 11.73% in 2018. Persons aged 18-59 living in households with very low work intensity were estimated to be at 12.4% in 2019 compared to 13.3% in 2018 and 14.4% in 2017, showing a decrease of 2 percentage points in the two-year period. Social transfers (other than pensions) contributed to 11.9% reduction on the risk of poverty in 2019, which although of considerable magnitude is far below EU-27 average of 32.4%.

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



Source: INSTAT (2021a)

2.2.3 Information about employment conditions and protection in case of dismissals

The reduced volume of economic activity during the pandemic lockdown resulted in job losses. During 2020, the number of employed persons dropped, but unemployment largely stagnated in absolute numbers, as most workers who lost their jobs were classified as non-participants in the labour market because they were not looking for a job during the lockdown and/or when the containment measures were slightly relieved. During Q2 of 2020, the unemployment rate (15+) increased to 11.9%, 0.5 percentage points higher than Q2 of 2019, and the employment rate (15+) decreased to 51.7%, about 2 percentage points lower than the same period of last year. The employment rate for the population aged 15 to 64 recorded a decrease of 3.6%, compared to Q2 of 2019, and a 2.6% decrease, equivalent to a loss of 33 235 jobs compared to the first quarter of 2020. In December 2020, the governor of the Central Bank of Albania²⁰ claimed that about 50 000 job losses were recorded during 2020, while INSTAT data indicate that the total number of employed persons decreased by 16,000 in 2020 compared to 2019, and in the first quarter of 2021 there were 33,131 employed persons less than in the same period of 2020.

The government supported the citizens who were affected by the COVID-19 pandemic through the approval of two financial packages. These²¹ supported self-employed individuals, unpaid family members of self-employed individuals, employees who were affected by a full or partial closure of the activities; unemployed beneficiaries were supported through increased unemployment benefits, and families in need (those who were part of the NE scheme) were supported through the increase in benefits from the NE. The packages supported all employees of entities directly affected from closing the business, those who lost their jobs, employees in the tourism sector, and all employees in

 $^{19 \}quad \text{http://www.instat.gov.al/en/themes/labour-market-and-education/employment-and-unemployment-from-lfs}$

^{20 14}th SEE Economic Research Workshop

²¹ Check section 2.3.2 on Social Protection for more details on the support packages.

businesses with annual turnover less than ALL 14 million, who faced a decline of economic activity due to the crisis caused by COVID-19, all employees in the Ballshi Refinery declared in the tax system in December 2019 and with a gross monthly salary below ALL 100,000.

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

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

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

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

INSTAT estimates indicate that total informality decreased from 51.3% in 2014 to 37.8% in 2019 and that young men, elderly women, and low-educated workers were most likely to hold informal jobs. Informality was higher in the agriculture sector, 51.5% in 2019, compared to 30% in the non-agriculture sector. In 2020, the share of total informal employment decreased to 36.2%. Both informality in both the agriculture sector and the non-agriculture sector decreased, reaching 29.1% in the non-agriculture sector and 48.7% in the agriculture sector (INSTAT, 2021a).

2.2.4 Social dialogue and involvement of workers

The ILO plays a major role for the level of functioning of bipartite social dialogue, especially at the local and private enterprise level. Pursuant to the order of the MFE, a Working Group composed of

Representatives of Ministry of Finance and Economy and Social Partners has worked to improve mediation/conciliation procedures for resolving collective labour disputes. In cooperation with an ILO expert and a national expert, Instruction no. 13, dated 12.5.2021 "On the organization and functioning of structures for mediation and reconciliation of collective labour disputes, as well relevant procedures" and the Order of the Minister of Finance and Economy no. 129, dated July 6, 2021 "On the establishment of the State Mediation Network" were drafted and approved. During October-December 2020, several Webinars took place in cooperation with the ILO to train the State Mediation Network as well as the Regional and Local Employment Offices regarding important aspects. These aspects include (1) international labour standards and tools to solve collective labour conflicts, (2) skills and methods to solve any disputes between the employer and the employee with or without the role of a mediator, (3) gender discrimination and harassment in the workplace. During 2020, eight collective agreements were signed in areas including social security, greenery, vocational training, energy, and cleaning. In the first quarter of 2021, the Ministry of Finance and Economy did not receive any collective labour contracts at the branch level. On April 6, 2021, the Ministry of Finance and Economy has received the collective labour contract for the health sector, signed between the Confederation of Trade Unions of Albania and the Ministry of Health and Social Protection.

The activity of the National Labour Council (NLC) has improved as shown by different meetings they have organized during 2020 regarding the implications of the COVID-19 pandemic. NLC is also responsible for informing trade unions and employer's organizations about the situation caused by the pandemic in some sectors of the economy. During June 2020-March 2021, the NLC held three meetings to address this issue. At the NLC meeting of June 2020, trade unions and employer's organizations were informed about the measures taken by the national institutions to mitigate the spread of COVID-19, to provide financial support to employers and employees, and to support the tourism sector. The NLC meeting of October 2020 addressed problems related to measures to cope with the pandemic, the financial support for the employees of the health sector, the financial support of teachers along with the new anti-COVID measures at the beginning of the new academic year 2020-2021, the increase of the minimum wage, new proposals from employers to support the tourism industry. In addition, the NCL discussed the conclusions of the ILO's study on violence and harassment in the labour market as well as the implementation of labour legislation with emphasis on the working time and annual leave. On February 16, 2021, the NCL addressed the implementation of Law no. 29/2019 "On the financial, supplementary treatment of employees who have worked in underground mines, employees of the oil and gas industry and employees who have worked in metallurgy" and informed trade unions and employer's organizations on the ILO Convention 190 "On the Elimination of Violence and Harassment in the Working World". Other addressed issues included the challenges that small and medium businesses continue to face during the pandemic, the implementation of the project "Empowering women against Covid-19 in Albania", as well as increasing the capacity of the State Mediation Network in mediating the disputes between employers and employees. The criteria of representation of employees 'and employers' organizations for their participation in the National Labor Council have been approved by the DCM no. 54, dated 29.01.2020. More frequent meetings, however, are not sufficient for a positive assessment of the NLC performance. Its committees are not yet operational, and as such the effectiveness of the discussions is reduced.

Cooperation and democratic governance are further institutionalised by the establishment and operation of the Tripartite Administrative Council. It is chaired by the Minister of Finance and Economy along with nine other members, three of which represent ministries. The other members

represent the following institutions: State Labour Inspectorate (one member), Institute of Social Insurance (one member), employees' organisations (two members), and employers' organisations (two members). Main institutions governed by the Administrative Council are the Social Security Institute, the Public Employment Service, and the Health Insurance Institute. The cooperation between different partners in the governance of these institutions assures that the interests of all social partners are taken into account when making decisions that would affect people's lives.

Institutionalising cooperation at the grassroots and enterprise level between legal representatives of trade unions, employers and government structures could lead to improved social dialogue and better protection of employees. The councils and their operative structures should intensify efforts to promote social dialogue and avoid conflicts between partners at the grassroots level, or even at National Labour Council's discussions. Social dialogue at the sector level has no specific legal regulations and social dialogue at the enterprise level is almost non-existent. Collective agreements and negotiations are more developed in urban areas, especially in big cities.

The controlling behaviour of leaders has led to conflict-induced union fragmentation, and the relationship between the main confederations of trade unions in Albania are characterised by conflict and competition rather than collaboration (Danaj, 2019). The two main confederations in Albania are the Confederation of Trade Unions of Albania (KSSH) and the Union of the Albanian Independent Trade Unions (BSPSH) representing about 90% of all union workers and split into a total of 80 trade unions (Doci, 2019). The relationship between the two confederations is mostly characterised by competition and conflict, despite a few instances of collaboration, especially at the lower levels. The leaders of the Albanian unions have showed authoritarian tendencies which have resulted in conflict-induced fragmentation of existing trade unions, and a conflictual relationship among confederations and new independent unions (Danaj, 2019).

2.2.5 Work-life balance

Despite the significant changes in work-life balance during the COVID-19 pandemic, no recent data exist on work-life balance, which is an under-researched field. Furthermore, neither data are produced occasionally, nor is systematic production of relevant data from public institutions carried out. There is evidence that women in Albania do not participate as much as men in social activities that are important for their wellbeing and quality of life. Unpaid work, caring for children and other household members, and other household responsibilities impose a higher burden to women. 87.8 percent of women and only 16.1 percent of men perform everyday housework. Only 24.6 percent of men care for their children or grandchildren, older people or people with disabilities every day compared to 51.1 percent of women. The differences start in the childhood with the probability that a girl participates in doing household chores being 7.4 times higher than for a boy. During the COVID-10 lockdown, the burden for women increased (particularly in the families with multigenerational compositions which account for about 25%), the time of unpaid work for women, time and efforts paid to caring for household members, also increased significantly.

In 2015, the Government approved several changes to the Labour Code (Law No. 136/2015) significantly increasing workers' protection by offering legal warranties and addressing health issues of the employers. The amendments regulate work relations, payment for difficult jobs and those performed at late hours, maternity leave and temporary employment. These changes are also expected to bring a positive impact with regards to the right to annual leave and maternity leave. The new law states that every employee is entitled to annual leave of at least four weeks which cannot

be substituted for financial compensation. Furthermore, for every six hours of work the employers are obliged by law to guarantee a rest period for their employees. The law states that both parents have the right to parental leave and care for their new-born. The maternity leave entitlement is 365 calendar days, of which at least 35 days should be taken before giving birth and 63 days after giving birth. The father is entitled to paternity leave after this period of 63 days, for the remaining number of days. The new law also states that if the woman decides to return to work, she can do so 63 days after giving birth, and she is entitled to two hours of paid leave per day until the end of the maternity leave. Regarding maternity leave payment, women receive 80% of the average daily net wage calculated for the last 12 months for the first 150 days of maternity leave, and 50% for the remaining period. Parents also have the right to longer (double) periods of medical leave to care for their children aged 0-6 years and have the right to unpaid leave of at least four months.

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

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

In 2020, the Labour Inspectorate with the support of the ILO and the Albanian Centre for Occupational Safety and Health trained labour inspectors and representatives of social partners on "On practical actions to prevent the spread of COVID-19 in the workplace". In addition, new inspectors were trained regarding occupational diseases and the Risk Assessment Document among others. In cooperation with the OSH, ILO organized visits to several manufacturing firms to inform them and raise awareness about sanity at the workplace. During 2020, SILSS has widely used the e-inspection platform for the implementation of anti-COVID measures, consultations with working groups, and other entities. 24 612 inspections were carried out during the year: 5 993 entities inspected through e-inspection (planning, complaints, accidents, requests), 18 616 verified entities advised for anti-COVID measures through google forms.

The Constitution, the Labour Code and the respective legislation on safety and health protection at work establish the obligations of the Government, its bodies, and other parties in providing a healthy and safer work environment. Government obligations to protect health and provide safety at work are established in Chapter IV and V of the Constitution. The main legislation on OSH is the Law no. 10 237/2010 "On occupational safety and health" which transposed the EU Directive 89/931. The Labour Code of Albania addresses occupational safety and health in Chapter VIII - Safety and Health Protection. It establishes provisions related to employer's responsibilities and general measures to be taken, rules in the workplace and work environment, protection from dangerous machines and prevention of fire accidents and explosions. The Ministry of Finance and Economy is the leading institution in ensuring the proper implementation of the law according to the national Occupational Safety and Health (OSH) legal framework and European Union Directives regulating OSH areas (ILO, 2018). In May 2016, with its DCM No. 371 the Government approved the

Occupational Safety and Health Policy Document: On the road to a safer and healthier culture at work. With regards to ratification of ILO conventions in the field of OSH, Albania has ratified conventions C155 – Occupational Safety and Health, C167 – Safety and Health in Construction, C176 – Safety and Health in Mines, and C187 – Promotional Framework for Occupational Safety and Health, all of them signed before 2015. The responsible institution is the State Inspectorate of Labour and Social Services (SILSS), which is organised in 12 regional branches and employs 98 inspectors of whom each carried out on average 81 inspections in 2017, and 126 in 2018. In 2018 the inspectors carried out 12 297 inspections out of a total of 162,835 businesses, with a 7% coverage rate compared to 5% coverage rate in 2017. 92.3% of the inspections were pre-planned, 3.8% initiated because of complains, 1.3% because of accidents and 2.6% were random. The inspection results showed that 0.54% of employees worked informally, without paying social contributions, and 1.3% had not signed a job contract (SILSS, 2018, 2019).

The limited capacity of SILSS in terms of staff was a challenge towards better implementation of the legislative framework. ILO has trained 360 inspectors (including inspectors not employed by SILSS) in the framework of an EU-funded project. In addition, it has assisted in the drafting of the Occupational Health and Safety Policy Document and its Action Plan for 2015-2020 as well as 24 related DCM, transposing 24 acquis communitaires (sub laws), and the development of information management systems for the former Ministry of Labour and Welfare and the State Labour Inspectorate. Law implementation efforts have been intensified lately, but progress is still slow. In 2020, with the support of the ILO and the Albanian Centre for Occupational Safety and Health, SILSS has conducted a series of online trainings for new and existing labour inspectors and representatives of social partners on "On practical actions to prevent the spread of COVID-19 in the workplace". A new SILSS structure was approved by Order No. 156, date 24.11.2020 "On the approval of the structure and staff of the SILSS", which mainly increased the number of inspectors. The new structure became effective in February 2021.

During 2020, the number of accidents at work increased compared to previous years. There have been registered 168 cases of accidents at the workplace. To investigate these accidents, 201 inspections took place. The investigation process confirmed 182 injured employees and 36 fatal cases. Mostly, the cause of fatal accidents and injuries relates directly to occupational safety and health conditions. During the period January - February 2021, 24 inspections took place, reporting 19 cases of injured employees and only 2 fatalities.

Monitoring and reporting on accidents at work have improved but reported statistics should still be used cautiously because of low levels of reporting. While the average accident rate in the EU is 1.9 fatal accidents per 100 000 employees, the reported figures yield a rate of 1.6 in Albania. It may be presumed that the real number of fatal work accidents is higher. Furthermore, discrepancy in the number of other accidents at work is even higher. The average rate in the EU is 1.6 accidents per 100 employees, with sick leave of more than three days per 100 employees. For Albania this rate stands at 16 000 accidents registered at work, a figure that is more than 100 times higher than the reported number. The methodology of the European Statistics of Accidents at Work (ESAW) is not used in Albania. Despite the methodology used, discrepancies may also be attributed to the difficulties faced in the reporting of data, lack of standard reporting forms and guidelines, lack of reporting (especially for the informal employees), partial coverage with health services at enterprises, lack

of declaration of mild injuries, lack of registration of part-time employees or the self-employed, and lack of specialist doctors for occupational diseases, while lack of bio-monitoring capacities ensures accuracy is far from reality (OHS Policy Document and Action Plan 2016 – 2020).²²

The legislative framework on data protection defines the rules for the protection and legal processing of personal data, state the power of the Commissioner for the Right to Information and Protection of Personal Data (CRIPPD). It regulates the right of access to information being produced or held by public sector bodies aiming to encourage integrity, transparency and accountability of the public sector. It includes Law No. 9887, of March 2008,²³ on the Protection of Personal Data; and Law No. 119/2014 on the Right to Information. During 2019, in compliance with the recommendations and obligations deriving from international conventions, the CRIPPD drafted the Law on the Ratification of the Protocol amending the Convention for the Protection of Individuals with regard to Automatic Processing of Personal Data.²⁴

The number of complaints about personal data protection to the CRIPPD has increased from 73 in 2014 to 301 in 2019, an increase that may indicate increased awareness and recognition of rights granted by the Law on Protection of Personal Data. Only 7 more complaints have been registered in 2020. CRIPPD works to achieve the objectives of the Strategy on the rights to information and protection of personal data 2018-2020 (CRIPPD, 2018b), such as increased transparency of public authorities, the right to information and adoption of the EU acquis for the protection of social rights. 60% of the complaints are related to violation of personal data protection rights and direct marketing.



Figure 6. Number of complaints on personal data pürotection, 2014-2020

Source: CRIPPD (2021)

An increased number of complaints concerns the elaboration of personal data through online platforms, especially during the pandemic lockdown. In April 2020, another serious violation of personal data protection laws was the leakage of an extended dataset containing personal data of

¹²² In August 2016, a 17 years old boy was found dead in a landfill near the capital city. The cause of death was a work accident and lack of safety measures. He was under 18 and not registered as an employee (Çela, 2016). The Prosecution Office of Tirana investigated the case and a year from his death two employees of the firm were accused of infringing work safety regulations. In 2018, the court of Tirana dismissed accusations by deciding they were innocent.

 $^{\,}$ 23 $\,$ as amended by the Law No. 48/2012, of April 2012, Law No 120/2014 $\,$

²⁴ The Law and Commissioner Instruction No. 47, dated 14.09.2019 on Defining Rules for Preserving Personal Data Security Processed by Large Processing Entities, states that the failure of public and private controllers to take security measures is considered an administrative offense.

all voters residing in Tirana. Doubts are this leakage occurred from the official platform E-Albania, which was further enriched and updated during the lockdown, because of the increased use of the platform due to the need of the citizens to obtain certain permissions online.

2.3 Social protection and inclusion

2.3.1 Childcare and support to children

During the coronavirus pandemic, children wellbeing changed in important ways. Schools were closed for almost the entire spring term of last school year, and for the fall term of this year. Schools were also closed after the earthquake of November 2019, and for more extended periods in the most affected regions. A total of 3 752 pre-university education institutions and 571 566 students across all levels of education interrupted their regular learning (UNICEF, 2021), and at least 10 000 children were not able to attend online classes (Ministry of Education, Sports and Youth, 2020), either because they did not possess or couldn't afford respective devices, internet connection, connectivity costs, or because of digital illiteracy. Children from vulnerable groups faced additional risks such as exposure to violence, and limited access to essential services, such school psychologists, and after-class programmes. PISA results are expected to fall by 9 PISA points, and the percentage of students performing below functional literacy will increase by eight percentage points (World Bank, 2020).

Using both quantitative and qualitative data, World Vision carried out a study on the impact of COVID-19 on children's daily lives, social interactions, stress levels, education, psycho-social well-being, exposure to violence and abuse in their families and in their communities. The findings indicate that 60% of children were stressed from a moderate to a large extent because of isolation, 64.2% were concerned about the continuation of online schooling, 63.6% spend more time online for education purposes, and 13.6% claimed to be exposed to online risks during the pandemic. Furthermore, about 33% of the surveyed children reported that they have been subject of physical and emotional violence at least in one occasion during the pandemic (World Vision, 2020).

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

Certain legislative actions have improved the state of statistics on children's rights and protection.

The DCM No. 636 dated October 26, 2018 on child-targeted statistics compiled by the State Agency for the Protection of Children's Rights introduced a statistical framework for child-rights monitoring in Albania. The framework comprises 58 indicators on a wide range of children's rights, and their annual reporting will enable systematic monitoring of children's rights in Albania and allow for better evidence-based policy making. The national data collection and management processes, including

in the field of children's rights, were strengthened with adoption of Law 17/2018 on Official Statistics. This Law strengthened the independent role of the national statistical body, INSTAT, to ensure that all official statistical agencies use standards, definitions, classifications and methodologies of the United Nations and Eurostat. INSTAT has introduced the EUROSTAT module on child deprivation in the SILC survey. In this framework, in 2020 INSTAT and UNICEF started publication of a periodical summary of "Children, Adolescents and Youth-Focused Wellbeing Indicators". It has already published the statistics for 2016-2019 in two volumes.²⁵

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

The number of institutions and the quality of early childhood education and care has improved. Enrolment in early childhood institutions in Albania is not compulsory. Children of age 3 to 6 attend kindergartens; the learning process in kindergartens is organised in three groups based on children's age. The third group, i.e. children over five years old may attend a preparatory class with the aim of integration in the compulsory education system. Recently, the number of nurseries and kindergartens has increased, and so has the number of early childhood educators and teachers. Children's services occupy the main share in the total number of social services, about 34%. Their functionality is now under the competencies of the local governments. Due to these improvements, the number of children benefiting from alternative foster care and non-residential services has increased by 13%.

For the academic year 2019/2020, the Gross Enrolment Ratio for children of age 36-59 months attending an organised early childhood education programme was 79.9%, with no gender differences. GER in pre-primary education decreased by 4 percentage points during 2015–2019 and increased by 1.6 percentage points in the last academic year. The Net Enrolment Rate also decreased from 75.4% in 2014-2015 to 71.9% in 2018-2019, but recovered to 75.9% in 2020 (INSTAT, 2021c). There are some differences between gender, age of children, education level of parents and social and economic status of the household (INSTAT, IPH, and ICF, 2018). For example, the participation of boys in childhood education programmes is higher in urban areas (77%) than in the rural (68%). Children aged 4 have a higher participation rate than children aged 3 (80% vs. 65%).

Participation in the organised early childhood programmes depends on the wealth of the household, education of the parents, gender of the child, and gender of the head of the household. The percentage of children participating in these programmes is higher in households headed by men (73%) than those headed by women (66%), with boys in households headed by women being less likely to participate in early education (59%). The education of the head of household is also an important determinant of participation. 63% of children living in households where the head of household has up to four years of primary education participate in early learning programmes compared to 86% of children in households in which the head has a university or postgraduate degree. Household wealth

²⁵ The State Agency for Protection and Rights of Children has established a webpage (http://statistikafemijet.gov.al/) for periodical publication of indicator statistics on children's rights and protection.

positively affects participation in early learning programmes with children of wealthy households at the top of the income distribution being 26 percentage points more likely to participate than children from household at the lowest tail of the income distribution (88 versus 62%) (INSTAT, IPH, and ICF, 2018).

The new curricula for early childhood education have been implemented and the documentation to accompany these curricula has been approved during 2017-2019. The new curricula were prepared in the framework of curricula reform undertaken in the pre-university education. The updated documents include the Curricula Framework for early childhood education (approved in January 2017), Child Development and Learning Standards for children 3-6 years, New Early Childhood Programmes for children 3-4 years old, while the new standards for early childhood teachers have been approved. However, the low budget allocation for the sectors of health, education, child protection and social care constitute determining factors for the current situation and future outcomes regarding support for children.

Recent developments resulted in positive outcomes on including children with disabilities in the education system. The profession of special-needs assistant teacher is now regulated. Only in 2020-2021, the number increased up to 1 176 assistant teachers, compared to 1 069 that it was in 2019. and the ratio of teachers with disabilities reached 3.7. 61 professional networks of assistant teachers are established and have prepared the curricula for professional development of assistant teachers. These curricula have been accredited by the Ministry of Education and Sports and about 1 000 assistant teachers are certified. As a result, current curricula are adopted to and comply with the special needs of pupils with disabilities, for whom individual development plans are developed. Recent data show that 5 839 children with disabilities or 57.6% of the total number of children with disabilities aged 6-17 registered with the Social State Services are attending education.

The National Deinstitutionalization Action Plan has been drafted by the MHSP with the technical support of UNICEF in Albania and approved by Council of Ministers with the DCM No. 706 date **09.09.2020.** The process of deinstitutionalization of children is based on changing the typology of service delivery from residential institutions to daily care, as well as other alternatives such as: community-based services, focusing on the integration of children into the family, whether biological or care giving, in communities and society, respecting the best interests of the child. A needs assessment study was carried out identifying and assessing the needs for 232 children residing in nine residential Public Care Services Institutions, including their families and extended family members. The study also developed 232 individual transition plans. The process of deinstitutionalization will continue with children with disability. The deinstitutionalization plan is considered as an ongoing process of developing a national integrated plan for transition of the residential institutions into community-based services with the view of reducing the number of children living in these institutions until their full replacement into social fostering services which would provide children with a family environment ensuring the child's best interests. In addition, an institutional network of social support services has been established at the local level, including the Child Protection Units, Regional Social Services, Local Health Care and Educational Services, and other associated facilities operating in each of the municipalities included in the study.

2.3.2 Social protection

The government took several measures since the breakout of the pandemic and the initial lockdown. It initially approved two broad support packages for individuals and businesses affected

by the COVID-19 pandemic, totalling ALL 45 billion or EUR 368.6 million (2.8% of GDP). Some other sector-targeted measures were approved later. The value of the first package (approved in March, 19, 2020) was 23 billion ALL (approximately EUR 188.4 million or 1.4% of GDP). The first package included a supplementary fund for Ministry of Health, 3.5 billion ALL (EUR 28.7 million or 0.21% of GDP), 6.5 billion ALL (EUR 53.2 million or 0.40 % of GDP) for small businesses and self/employed persons, double unemployment benefits and financial assistance to poor households, 2 billion ALL (EUR 16.4 million or 0.12% of GDP) for social protection such as food and medicaments for families in need and retirees or other humanitarian emergency operations, 11 billion ALL (about EUR 90 million or 0.6% of GDP) first guarantee, as a soft loan guarantee fund for businesses that face difficulties for salaries and insurance contributions payments.

The objective of the first support package²⁶ was to alleviate revenue losses for all those affected by the crisis caused by COVID-19, and at the same time the package aimed for most workers to keep their jobs, the unemployed to be supported through increased unemployment benefits, and the rest to be supported through the economic assistance programme. Employees of businesses with annual revenues up to 14 million ALL, which were closed as a result of restrictions imposed on businesses by the Ministry of Health and Social Protection (this measure included more than 30 000 entities) received monthly payments equal to the minimum wage (26 000 ALL) during April, May and June 2020. Individuals with annual personal income over 2 million ALL were excluded from such support, but other categories were included, such as the self-employed persons and unpaid family members²⁷ of self-employed persons who were not eligible to receive unemployment benefits (only one family member was eligible), employees of self-employed persons, employees of other entities closed because of Covid-19 pandemic. The first financial package supported 65 115 employees, unpaid family workers and self-employed in 38 702 closed businesses with ALL 5.04 billion for three monthly instalments transferred to beneficiaries' accounts.

The second package²⁸ extended support to all employees of entities directly affected by the COVID-19 lockdown, by closing the business, losing their jobs, employees in the tourism sector, and all employees in businesses with annual turnover less than ALL 14 million which faced a decline in their economic activity. It included several measures:

Measure 1: One-off payment of 40 000 ALL (323 euro) as financial assistance for all employees declared in the online tax system before and during the lockdown working in businesses which closed their activity as per the government order. This measure included current employees of these businesses, including entities in shopping malls. Private universities/schools and individuals with annual personal income over ALL 2 million were excluded from this support. This financial package²⁹ supported 9 333 beneficiaries until June 2020 and 800 closed subjects to the total amount of ALL 373 million.

²⁶ https://financa.gov.al/wp-content/uploads/2020/03/Akti-Normativ.pdf

²⁷ The employed who do not work for a wage but for themselves or their families' business account for about 58% of the labour force. These are unpaid workers: they are not employees in a firm, but are considered active as heads of household's enterprises or as unpaid contributing workers in such enterprises (World Bank (2018). Job Dynamics in Albania A note profiling Albania's labor market. http://documents1.worldbank.org/curated/fr/209671528985738916/pdf/Job-dynamics-in-Albania-a-note-profiling-Albanias-labor-market.pdf

²⁸ The value of the second package for the extended financial support was 7 billion ALL (EUR 57.3 million or 0.4% of GDP). The second package included the second guarantee, in the amount of 15.0 billion ALL (about 123 million EUR or 0.9% of GDP). http://qbz.gov.al/eli/akt-normativ/2020/04/15/15

²⁹ Ministry of Finance and Economy (2020). Pandemia Covid-19 Ecuria e Situatës-Përmbledhje. http://www.financa.gov.al/wp-content/uploads/2020/06/COVID-support-packages-implementation-update-22-06-2020.pdf

Measure 2: 40 000 ALL (323 euro) financial assistance for all employees of these businesses who lost their jobs between the 1st of March and 17th of May 2020. This measure targeted all laid off employees from the beginning of crisis. Considering that not all laid-off employees could meet the criteria for unemployment benefit, this measure benefited everyone. Those who met the criteria for unemployment benefits benefitted from the latter, only the following month (i.e. non-overlapping benefits). This financial package³⁰ supported 63 405 paid beneficiaries until June 2020 and 10 019 firms with ALL 2.54 billion (EUR 20.8 million).

Measure 3: 40,000 ALL (323 euro) financial assistance for all employees (declared in the tax system at that time) in entities with annual turnover up to ALL 14 million, which are allowed to perform economic activities (with the exception of 8 000 persons such as lawyers, notaries, trade of food products, pharmaceuticals products, and employees who received support from the first package) this measure targeted the employees of the entities faced with a drastic decline in economic activity as a result of reduced working hours and falling demand. This financial package supported 66 566 beneficiaries in 30 861 firms with ALL 2.66 billion (EUR 21.8 million).³¹

Measure 4: Financial assistance equal to minimal wage (called war salary) for all employees (declared in the tax system at that time) in all tourism and hospitality structures active at the start of the emergency - this measure targeted all types of accommodation structures, a sector that suffered significant decline. This financial package³² supported 4 838 paid beneficiaries until June 2020 and 981 subjects with ALL 194 million (EUR 1.6 million).

Measure 5: 40 000 ALL (EUR 323) financial assistance for all employees in the Ballshi Refinery declared in the tax system in December 2019 and with a gross monthly salary below ALL 100 000 (EUR 808). This measure targeted 2 subjects, supporting 720 beneficiaries³³ until June 2020 with ALL 29 million (EUR 237 500).

Measure 6: An additional ALL 903 million (EUR 7.4 million) were paid to 22 588 beneficiaries³⁴ in 3 212 enterprises that have filed complaints, and that were eligible to receive the benefit.

The expenditure on social insurance as a percentage of the (nominal) GDP has increased from 7.1% in 2013 to 7.8% in 2019. Overall expenditure on social protection has remained about 11.5% of the GDP, which is similar to that of neighbouring economies, but is more than twice lower than the EU average. During 2013-2019, expenditures on health insurance have slightly increased from 2.2 to 2.5% of GDP (Table 5). Two new laws have been approved in 2016, the Law 121/2016 on Social Care Services and Law 65/2016 on Social enterprises; five sub-legal acts of the Law on Social Enterprises have been approved, and there are four more to be drafted and approved. Both laws and respective sub-legal acts are expected to increase the quality of social care services and to contribute to poverty reduction. In July 2019, the Parliament approved the Law No. 57/2019 on Social Assistance, which aims at the consolidation of the three programmes of social protection and removes the maximum threshold for the financial assistance to enable higher benefits for households with many children. It also expands possibilities for the persons with disabilities and includes a bonus payment for every new-born, with the amount depending on the order of birth, i.e. the higher the order of birth of the

child, the higher the bonus payment. The expenditures for the new-born bonus payment increased 0.1% of GDP in 2019 to 0.2% of GDP in 2020. In October 2019, the MHSP published the Strategy for Social Protection 2019-2022. Its three strategic priorities include poverty reduction, improving the quality of life for persons with disabilities, and better social care services.

Table 5.Expenditure on social protection as a percentage of GDP, 2015-2020

	2015	2016	2017	2018	2019	2020
Social insurance	7.5	7.7	7.7	7.7	7.8	8.7
Health insurance	2.3	2.4	2.5	2.5	2.5	2.9
Unemployment insurance benefits	0.0	0.0	0.0	0.0	0.0	0.1
Social assistance	1.2	1.4	1.3	1.3	1.2	1.3

Source: Ministry of Finance and Economy, 2020³⁵

The coordinated implementation of legislative changes and action plans in the field of social inclusion is expected to have a positive impact on social inclusion and protection. Amendments of the Legal Framework include Law No. 44/2016 of April 2016 on Amendments and Addenda to Law No. 9355, 10.3.2005, on Social Assistance and Services and a new law on Social Care Services (No. 121) that was approved in July 2016. The National Strategy for Social Protection 2020-2023 and its Action Plan were approved in December 2019 (Act 866). It is being implemented and monitored by the Group for Management of Integrated Policies and a medium-term evaluation is expected to be carried out by the end of 2021.

2.3.3 Unemployment benefits

The unemployment benefits scheme changed in March 2018 (DCM No. 161), providing extended support to those that contributed to the scheme for a longer period. The main changes were related to the amount and duration of unemployment benefit. The unemployment benefit amount increased from ALL 6 850/month (around EUR 55) to ALL 11 000/month (around EUR 89) to comply with the ILO standards of benefits being at least 50% of the minimum wage. Nevertheless, in 2017 the minimum wage increased from ALL 22 000 (around EUR 177) to 24 000 (around EUR 194), but the unemployment benefits did not change. In January 2019 the minimum wage increased to 26 000 ALL (around EUR 214) and the unemployment benefits increased to ALL 13 000 (around 107 EUR). In January 2021 the minimum wage increased to ALL 30 000 and the unemployment benefit increased to ALL 15 000 The beneficiaries have the right to receive extra benefits ranging from 2.5% to 5% for each child and family members up to 18 years of age, and those from 18-25 years old who are attending studies or are disabled. Benefits duration is conditioned upon the duration of their contributions to the social insurance scheme as follows:

- If persons contributed for at least one year, they are entitled to 3 months of unemployment benefits,
- If persons contributed for at least three years, they are entitled to 6 months of unemployment benefits,

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³⁰ Ibid.

³¹ As of June, 2020. Source: Ministry of Finance and Economy (2020). Pandemia Covid-19 Ecuria e Situatës-Përmbledhje. http://www.financa.gov.al/wp-content/uploads/2020/06/COVID-support-packages-implementation-update-22-06-2020.pdf

³² ibid

³³ ibid

³⁴ ibid

³⁵ https://www.financa.gov.al/buxheti-2021/

³⁶ The unemployment benefits are regulated by law No. 7703, dated May 1993 on Social Insurance in the Republic of Albania, changed by DCM No 161/2018, , on Payment of Unemployment Benefits.

- If persons contributed for at least five years, they are entitled to 9 months of unemployment benefits.
- If persons contributed for at least ten years, they are entitled to 12 months of unemployment benefits.

A person also needs to register as unemployed within 60 days from the last day of work.

The number of beneficiaries of unemployment benefits has decreased mainly because of legislative changes, but it still absorbed the majority of PES budget. The share of unemployment benefits decreased from 43% in 2017 to 34% in 2019. In 2020, because of the increased coverage due to job losses during the pandemic and the decision of the government to double unemployment benefit payments, this share increased to 57%. The implementation of the unemployment benefit scheme has benefitted from the integrated online system of government institutions, in which information is exchanged among institutions in real time. This has lowered the number of registered unemployed jobseekers. Furthermore, those who discontinue their self-employment activity, leave their job on their own desire, and those who comply with the criteria for old-age, disability or family pension, temporary disability, or professional disease, do not benefit from unemployment benefits. The beneficiaries are penalised if they refuse to follow an appropriate employment programme offered by the Public Employment Offices, refuse to participate in training and qualification courses offered by the respective employment offices, do not visit the employment office once a month to extend their status, and if during the period in which they receive unemployment benefits they comply with the criteria for old-age, disability or family pension.

Unemployment benefits coverage has increased, from 2-3% of the total number of registered unemployed jobseekers in 2017-2018 to 5.7% in 2020. The number of unemployment beneficiaries was at 2 050 in 2018 on average, and it had a decreasing trend since 2013. The decreasing trend was mainly due to the above changes in the legislative framework, formalisation of private sector, an increase in employment due to job intermediation, and inclusion of unemployed in training and qualification programmes and other ALMPs. By December 2018, the unemployment scheme had 2 400 beneficiaries. In the first quarter of 2019 the number of beneficiaries increased to 3 150 because the Law on Banning Sports Betting and Online Gambling in Albania came into force on 1 January 2019 (Law No. 75/2018). About 4 500 businesses closed, and approximately 10 000 employees lost their jobs.

In 2020, the number of unemployment beneficiaries increased to 4 745 accounting for a coverage of 5.7 of total registered unemployed jobseekers. The increase is mainly explained by the reduced business activity during the COVID-19 outbreak, and is expected to be temporary, improving with the recovery of the economy. In the first quarter of 2020, there were around 3 000 beneficiaries. As a response to the impact of the pandemic on vulnerable groups, one of the government measures doubled the unemployment benefit for those who were already unemployed before the lockdown. 3 100 unemployment beneficiaries received double payments for the months of April, May, and June 2020.

The number of unemployment beneficiaries more than doubled in the last two quarters of 2020 and remained at this new level of around 6 000 in the first quarter of 2021. While usually 20% of those who receive unemployment benefits return to employment every year, in 2020 this percentage decreased to 5%. On average an unemployed person received about ALL 12 500 (around EUR 101) per

month in 2018. The minimum wage increase became effective in January 2021, and unemployment benefits increase to 15 000 ALL. In 2019, 67.8% of unemployment beneficiaries were over 40 years of age, with the majority of them being over 50 (46.5%). In 2020, these percentages dropped to 59% and 37.2%. These figures confirm that the young employees were disproportionally affected by the COVID-19 pandemic.

2.3.4 Minimum income

Until 2019, limited progress has been made in fighting poverty and the regional disparities persist. The gradual recovery of the economy since 2014 has led to a slight decline in poverty. Recent estimates indicate that at-risk-of-poverty rate was 23.7% in 2017 and 23.4% in 2018 (INSTAT, 2019a). Since 2015 poverty reduction has stagnated, and the poverty headcount barely decreased by 0.2 percentage points between 2015 and 2017 (INSTAT, 2019a). Poverty rates are higher for women (23.8%) children (29.7%), households with dependent children, unemployed, Roma and Egyptians. Despite progress, poverty remains high. Poverty rates are much higher in regions other than the capital. The poverty headcount rate of the regions of Diber, Elbasan, and Kukes exhibited the highest poverty rates in 2017. Despite the gains in poverty reduction, half of the regions in 2017 presented poverty rates above the national level.

Albania was consequently hit by two shocks, the earthquake of November 2019 and the global COVID-19 outbreak. Both shocks have had a negative impact on the welfare of households, despite government's efforts to mitigate their impact. During 2017-2019, at-risk-of-poverty rates decreased by 0.7 percentage points, and in 2019 23% of the population was at risk of poverty. Although extreme poverty rates are also reduced, in 2019 37.1% of households were in severe material deprivation compared to 38.3% in 2018. Inequality has also decreased by 1.1 percentage points since 2018, but it remains high with a Gini coefficient of 34.3 in 2019, and also higher than in the other WB economies. There is global evidence that COVID-19 has increased poverty, inequality and vulnerability experienced by families and their children, which is also expected in Albania once more recent data become available.

Every second person in Albania is at risk of poverty or social exclusion³⁷ (49.0% in 2018 and 46.2% in 2019). In 2018, 13.3% of individuals aged 18-59 were living in households with very low work intensity versus 12.2% in 2019. Furthermore, in 2018, 0.7% of the population (21 thousand people) were multi-dimensionally poor, while an additional 5.0% were classified as vulnerable to multidimensional poverty (148 thousand people). The average deprivation score experienced by people in multidimensional poverty is 39.1%. The Multidimensional Poverty Index (MPI) in 2018 was 0.003, which is the share of the population that is multi-dimensionally poor, adjusted by the intensity of the deprivations. The contribution of health, education, and standard of living to the overall multidimensional poverty were 28.3%, 55.1%, and 16.7% respectively.

The social assistance modernisation project (SAMP) is an important achievement towards better targeting of the poorest households, but the amount of social assistance received by households is very low, not sufficient to cover the needs. Besides considerations of an amount that would incentivise individuals to participate in the labour market, the average amount per household was very low, ALL 5 204 (around EUR 42) in 2018 (INSTAT, 2018a), or 21% of the minimum wage per individual, and ALL 5 161 (around EUR 42) in 2020 while estimations of the minimum living income

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³⁷ Individuals who are at risk of poverty or severe material deprivation or living in a household with very low work intensity.

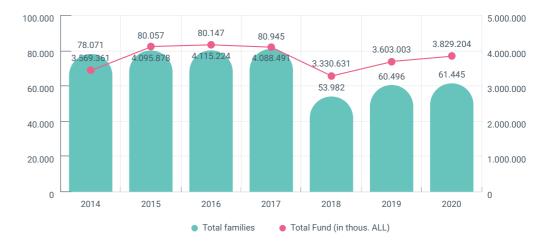
per person was ALL 16 000 in 2016 (around EUR 129) (ACER, 2016). The discrepancy between NE amounts and minimum living standards is even higher considering that only 2.77% of the recipient households have one member only, and 88.5% of them have more than three members.

The Government of Albania has signed an agreement with the World Bank which supports Albania's implementation of reforms to improve the equity and efficiency of its social assistance programmes. Low-income households and vulnerable groups are expected to be the main beneficiaries of the reforms supported by the proposed project. Specifically, the project supports efforts to target resources more effectively to the poorest and most vulnerable in society, bringing additional poor that are currently excluded into the social assistance programme – Ndihma Ekonomike (NE). In January 2018, the MHSP started implementation of new NE scheme nationwide. Although the Ministry of Health and Social Protection carried out an assessment of the effectiveness of the scheme in 2018 in terms of selecting the poorest households, the results are not published yet. Although the scoring system could be probably selecting the poorest households, the large number of applications indicates that minimum income is not assured for everyone. Hence, not only the coverage rate of the NE scheme is low, but the amount received is not sufficient for the recipient households to reach minimum living standards. The scheme also excludes several vulnerable groups such as the working poor, who often work under indecent conditions to support their families.

In response to the crisis, the government doubled the amount of the cash assistance per recipient and expanded the pool of the eligible persons. The first support package (March 27th, 2020) of 6.4 billion ALL targeted SMEs with annual turnover up to 14 million ALL that suspended their activity because of the restrictions imposed by the government. The employees and family members of the self-employed of about 40 000 SMEs (65 570 persons) received three monthly payments equal to the minimum wage (26 000 ALL) over the months of April, May, and June 2020. The package also included additional support for economic assistance, targeting 63 510 households that were beneficiaries of NE which received double amounts for three months. The Albanian Government also approved an amnesty for penalties for late payments of energy bills, from which about 211 000 people benefitted (EUR 127 million), abolishment of the profit tax for businesses with a turnover of ALL 14 million (EUR 114 660), extension of loan instalment payment deadlines for businesses and individuals in difficulty of payment due to COVID-19, suspension of rent payments for two months (April and May) for families and small businesses affected by the crisis, and a budget contingency that increases by 10 million US dollars for other necessary and unforeseen expenses.

The number of NE scheme beneficiary families increased in 2020 as a result of the COVID-19 pandemic, and the poverty rates are expected to increase by 2-5 percentage points. In the third quarter of 2019, 60 369 households received social assistance. In 2020, the number increased to 61 445, which is about 13.8% increase compared to 2018. The monthly fund for NE for 2018 decreased by 18.5% compared to 2017 (Figure 7), but in 2020 it increased by 15%. The increase was partly due to the increase in the number of beneficiary households because of deteriorating income conditions and the expansion of the pool of the beneficiaries as well as because of the government's decision to double the NE amount for the months of April, May, and June 2020. In addition, DCM No. 341 date 23.4.2020 approves financial support to the amount of 16 000 ALL for the families that applied but were not eligible for the NE scheme during July 2019 - April 2020. This decision increased the coverage of families applying for economic aid to 95%. In February 2021, DCM No. 85 date 10.02.2021 extended the period of receiving double NE amounts for the period from January to June 2021.

Figure 7. Number of NE beneficiaries, total number of families, total number and funding, 2014-2020



Source: INSTAT (2021a)

2.3.5 Old age income and pensions

The pensions system consists of old-age (full and partial) pensions, (full and partial) disability pensions, social pensions and family pensions. The insured persons have the right to full old-age pensions from the age of 60 years (women) and 65 years (men) and if you have contributed to the scheme for at least 35 years. Partial old-age pensions may be received from the age of 62 years (men) and 57 years (women) if you have paid contributions for at least 35 years. The monthly pension is composed of a fixed amount and an additional one. The fixed amount is given to all insured persons aiming at a minimum living standard. The additional amount depends on the years of contributions and the amount paid. Social pensions are given to any Albanian citizen that has been a resident in Albania for the last five years, is at least 70 years old, and does not benefit any pension from the social insurance contributory scheme and has no income or the income is lower than the social pension. Family pensions are received by members of households that have lost a main income earner or the head of household.

The pension coverage is almost universal for people of retirement age, but the average pension amount is lower than the minimum wage, and in the urban areas it is very close to half of the minimum wage. Old age pensions account for the majority of beneficiaries both in the rural and urban areas. Individuals living in urban areas account for 82.7% of all pensions. In the urban areas, around 78.4% of pensions in 2019 were old-age pensions compared to 80% in 2020, 12.4% were disability pensions in 2019 while in 2020 this percentage was reduced to 11.5%, and the rest are family pensions. With regards to the rural pensions, retirement pensions were almost in the same amount in 2019 and 2020 (89.5% vs 89.8%), while disability pensions decreased from 6.3% to 5.7%. Urban pensions are higher than rural pensions independent of the type of pension received. Urban monthly old-age pension was ALL 15 527 (around EUR 126) in 2017 and slightly increased in 2019 but decreased again in 2020 to ALL 15 732 (EUR 130), or 61% of the minimum wage, and it had increased by 13% compared to 2013. The rules on calculation of age pensions have not changes, but minimum wages in 2021 increased from 26 000 to 30 000 ALL, meaning that urban old-age pensions are slightly higher than half of the minimum wage. The rural monthly old-age pension was ALL 8 808 (around EUR 71) in 2017 (37% of the minimum wage). In 2020, the average old-age rural pension was ALL 9 295 (EUR 76) and had increased by 24.5% compared to 2013 (without accounting

for inflation adjustments). With regards to gender, the number of female beneficiaries is higher only for rural old-age pensions. Old-age pension coverage is very high, with almost everyone in the retirement age benefiting from the scheme, either from old-age pension scheme or social pensions. Starting from 2014, the number of contributors is higher than the number of pension beneficiaries. However, the number of contributors has decreased in 2020, because of the impact of the pandemic on employment and self-employment.

The dependency rate of the social security system measured as the ratio between the number of contributors and beneficiaries increased from 0.98 in 2013 to 1.16 in 2020.³⁸ Changes in the dependency rates have only been marginal in the last years. The dependency rate has decreased from 1.19 in 2016 to 1.16 in 2020. Both the number of contributors and pensioners decreased in 2020. However, the decrease is mostly attributable to the lower number of contributors during the year. The dependency ratio is very low in the rural compared to urban areas. The social insurance scheme is anyways in deficit, with around 64% of the total revenue being from contributions of employed, self-employed and voluntary contributions. The rest is split as follows: about 5% are contributions for different categories from the government budget, about 9% are contributions for social, disability and survivor pensions from the government budget, and about 22% of the scheme expenditure being subsidized by the government budget.

2.3.6 Health care

Since the breakout of the pandemic in March 2020, Albania recorded a total of 132 557 infection cases, and 2 456 deaths as of July 7, 2021. Initially, COVID-19 was successfully contained through early and effective efforts. Albania was in lockdown for about three months starting 12th of March 2020 to smooth the curve of infections and mitigate the impact on the health care system through social distancing. The government implemented a financial relief plan for the health sector of about 21.2 million Euro and declared emergency state including a number of critical measures to help contain the epidemic. The strategy proved effective with few COVID-19-related deaths in Albania. Social distancing measures were first relaxed during summer 2020, but the situation deteriorated in autumn and winter, increasing the number of infections and deaths. Since mid-May 2021 the daily number of cases has decreased considerably, and the moving weekly average was less than 10 cases in May 2021. More than 1 million citizens have been vaccinated as of July 7, 2021, and 423 158 have taken both vaccine doses.

36 health facilities were destroyed by the earthquake, but the capacities to respond to the pandemic were not compromised as tertiary hospitals were less affected. The Government had prepared the Hospital Master Plan and Strategic Plan, which identified the need for hospital infrastructure reconstruction and upgrading. The focus however, shifted towards the Covid-19 and four hospitals were equipped to serve these patients only. A number of public health care services were interrupted during the first wave of the pandemic. At the in-patient level, all services were suspended except emergency and follow-up/treatment for certain categories of patients. At the outpatient level, the contacts of health personnel with patients were minimized. The missing healthcare services during this period are expected to cause less healthy life years for the affected individuals. In order to cover the need for health workers, (and 8% of health care workers were infected with COVID-19) during the pandemic health workers were brought back from retirement, mobilizing them from various medical fields, and engaging students and voluntary workers.

About 84% of 210 laws and other legal acts approved during March-December 2020 concern the health sector and management of COVID-19 breakout. Public spending on health is low in Albania (3.03 in 2019 and 3.21% of GDP in 2020)³⁹ and there was need to reallocate the budget to effectively respond to the needs. EUR 21.2 million were transferred from other sectors to the health sector, other funds from specific budget health programmes were shifted to COVID-19 activities, and a range of health contracts were suspended. 9.7 million Euro were initially added to the 2020 budget of the MHSP for the health care only. With later additions, about 39 million Euros were allocated for the social protection and health care. The 2021 budget for MHSP remained at similar level with 2020, but allocation of funds changed, with primary and secondary health care gaining importance. Tests and treatment for COVID-19 were made available free of charge, although wide access was not possible.

International institutions and development partners have been supportive in responding to the COVID-19 emergency. The support ranged from loans and financial assistance to technical support and medical equipment. The United Nations (UN) consolidated socio-economic recovery and response plan complementing the Government of Albania National Response Plan and the National Strategic Preparedness & Response Plan, and the World Bank supported the government with drafting the reopening strategy. UN agencies, the United Nations Development Programme, the United Nations Population Fund, the United States, the EU, China, Qatar, United Arab Emirates, the Government of Switzerland, have also provided emergency equipment and donated funds. In addition, several private companies donated funds to support the Government (Raiffeisen Bank, the American Bank for Investment, Novartis, the Trans-Adriatic Pipeline). The EU provided 50 million Euro to fight COVID-19, of which 4 million for the health sector, and 180 million Euros in favourable terms loan. The IMF provided financial assistance of 190.5 million USD under the Rapid Financing Instrument.

The Albanian law guarantees equal access to health care for all citizens, but health insurance coverage is low compared to EU Member States and remains a challenge. The health care system in Albania is mainly public. The public health care system is funded by the government budget and health insurance contributions. Public health care in Albania is the major provider of health services, health promotion, prevention, diagnosis and treatment. Private hospitals and clinics exist, but they are expensive, limited in numbers and in number of beds they provide. Lately some public-private partnerships have increased access of the population to these private centres, especially with regards to check-ups. Health insurance coverage is low, although improvements are evident. In 2017-18, compared to 2008-09, the proportion of women protected by public insurance/social security increased from 26 to 46%, while for men the increase was only modest, from 34 to 37%. Regional disparities exist in health coverage. In the Northern region of Kukës, only 13% of men and women are covered by public health insurance/social security while in Tirana the coverage figures are significantly higher: 68% for women and 50% for men. Furthermore, there is evidence that coverage increases with education and wealth (INSTAT, IPH, and ICF, 2018).

Vulnerable and uninsured groups are provided with free health services in primary health care, regardless of their contributing status to health insurance scheme, and also with specialized health care if using the referral system. Moreover, the chronically ill benefit free medical treatment from the Reimbursement Drug List (RDL). 600 thousand uninsured persons have benefitted from

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³⁸ http://www.issh.gov.al/wp-content/uploads/2021/04/Perb_12_20-web_07_04_2021.pdf

 $^{39 \}quad \text{http://databaza.instat.gov.al/pxweb/sq/DST/START_HE_KSH/HE00019/table/tableViewLayout2/?rxid=a18250e5-87ca-480c-b46b-90feedfbe067$

the scheme of Reimbursed Medicines and free services at the family doctor. Recent revisions of Reimbursement Drug List and the Management Entry Agreement has supported patients with cancer to have access to certain expensive therapies free of charge.

The Reconstruction of 300 Primary Health Care Centres, and the construction of the Memorial Hospital in Fier has increased access and improved service provision in urban and rural areas. Capital investments in health care infrastructure and medical equipment have improved accessibility and reduced out of pockets by not only improving health care services but also increasing the number of health care services provided by public hospitals. Statistics in health care remain a problem. Preventive and screening programmes have also been in the focus especially targeting women and citizens of 35 to 70 years old.

2.3.7 Inclusion of people with disabilities

COVID-19 restrictive measures have limited medical assistance to vulnerable groups, including people with disabilities. Many health clinics closed during the effective period of restrictive measures; examinations and interventions were postponed, consultations were cancelled, limiting access of citizens to healthcare premises and services. The measures have disproportionally affected the most vulnerable groups, those with chronic diseases, mental diseases, the elderly, children particularly those with disabilities, youth, and the poor. Persons with disabilities are among the most heavily impacted by the pandemic. The measures imposed by the government in order to restrict the spread of the virus, especially the social distancing measures, imposed barriers to access to information and basic support services for this group. In addition, social distancing is also expected to be associated with social and psychological problems given their extended duration for about a year. The impact is expected to be higher among those that live alone, households with children, households in difficult conditions, and family members with health problems.

In 2020 the number of registered people with disabilities more than doubled compared to 2018, with about 148 000 persons receiving disability benefits. 90% of the beneficiaries of disability pensions reside in urban areas, a figure that is almost constant in the last years. 27.5% of the total number of beneficiaries have the right of a carer who also benefits from the disability pension scheme (MHSP, 2017). Article 8 Beneficiaries of Disability Pension of the Law No. 57/2019 dated 23/07/2019 on Social Assistance sets the criteria for benefitting from disability pensions, and Article 10 specifies who needs a personal carer. In principle, the law states that the disability pension is given to the persons with disabilities who are found to be incapable to work by the Work Capability Assessment Commission. The amount of the pension is decided by a special DCM. Table 29 in Annex 2 shows the number of beneficiaries of disability pensions in urban and rural areas.

Positive outcomes on the inclusion of people with disabilities have been achieved in the course of implementation of four-year National Action Plan for Persons with Disabilities. The network of focal points at local level was established in 2016 covering 61 new municipalities. It aimed to increase the coordination of the Ministry with the local level and received training for new legislation and concepts of disability. The Institute for the Blind and the School for Children with Hearing Impairments have improved their service provision and aim toward transformation into resource centres. The MHSP cooperates with the Ministry of Education, Sports and Youth to establish new modalities for sign language and thus contribute to accessibility. Education quotas for persons with disability were offered. The awareness of teachers and parents on inclusive education and need for trained assistant teachers and interdisciplinary committees has been increased. Since November

2019, the assistant teachers is a regulated profession and the first teachers in this profile have been licensed. During school year 2019-2020 the number of assistant teachers in pre-university public schools increased by 13%. During the online learning process in 2020, about 450 students with disabilities have benefited from the support and online counselling of the school psychosocial services.

The NESS focuses on inclusive employment and increasing access and participation of people with disabilities in VET. The NESS 2019-2022 objectives include social inclusion and territorial cohesion as a separate objective. The NAES is prioritizing inclusion of people with disabilities in employment promotion programs, employment, and vocational training. The NESS also foresees campaigns for raising awareness for the rights to employment of persons with disabilities. In 2020, there were 604 persons with disabilities registered as unemployed jobseekers, only two of them were employed in the same year and 56 were attending free vocational training from public VTCs. An important development is also the establishment of the National Electronic Disability Register and the Electronic Archive of existing beneficiaries is already in place and operational in the region of Tirana.

The recent legislative changes and actions are expected to improve the social inclusion and employment of the persons with disabilities. Several laws and legal acts (The Law on Social Assistance, the new Law on Employment Promotion, the adoption of the strategic document on the disability, and in particular enactment by Law of the Social Employment Fund, its sublegal acts on the use of the funds and criteria for the administrative board, and adoption of the secondary legislation on social enterprises are significant milestones towards achieving these objectives. In particular, the legislative framework for the Employment Social Fund has been established to ensure the promotion of employment, integration, and social inclusion of persons with disabilities. However, the fund is not operational yet. The Social Employment Fund will be used for programmes focused on employment, self-employment, vocational training, skills formation, orientation and counselling, support services, adaption of the workplace for people with disabilities, social reintegration programmes, and employment promotion of household members of people with disabilities. Furthermore, the Law No. 57/2019 dated 23/07/2019 on Social Assistance removes the financial assistance threshold for these persons, allows for persons with disabilities to receive a pension while also working, and removes the requirement of employment duration of 48 months, while Article 5 includes provision on non-discrimination and equality. The changes are expected to increase the number of beneficiaries of disability pensions by about 4 000 persons, as the scheme will now include people with disabilities that have been working for more than 48 months, but it will also encourage them to work and increase their integration in social and economic life.

People with disabilities are much less likely to participate in the labour market and face limited access to justice. Adults with disabilities are five times less likely to be working than the rest of the population (UNDP, 2015b), People with disabilities are also frequently ill-informed about the law and the functioning of the justice system as it pertains to them. A study by UNDP (2017) concluded that persons with disabilities and advocates for their rights are often unaware of their rights, and various subsidies and rights they are eligible for. They are also hampered by other obstacles to accessing justice that affect the remaining population as well: lack of trust in the system, high court and expert fees, lack of a functioning legal aid system and the excessive length of court proceedings (UNDP, 2017b, p. 96). Law No. 111/2017 "On legal aid guaranteed by the state" and the respective bylaws provide free legal aid service at the regional centres to Persons with Disability. The MHSP has endorsed amendments to Law no. 44/2012, "On mental health", aiming to strengthen the legal

protection and rights of persons with mental health disorders. Furthermore, the Ministry of Justice endorsed Law "On official translation and the profession of official translator" regulating the role of the "interpreter or sign language interpreter".

2.3.8 Long-term care

The long-term care needs are largely unmet. A big gap exists in providing care services for citizens over 65 years of age. In 2020, 1 141 persons were served in 30 institutions of residential and non-residential public social care centres compared to 1 188 in 2019. The decrease was due to COVID-19 restrictions and provision of alternative services during that period. In 2016, 885 old age persons received care and assistance in the public Institutions of Residential Care (INSTAT, 2020b),⁴⁰ and all residential centres accommodated a total of 1 787 persons. In 2019 Albania had 411 629 persons over 65 years of age, or 14.4% of the population, and 166 141 of them (6.2% of the population) are over 75 years old (INSTAT, 2021a). Compared to 2017 the numbers have increased compared by 7.3% and 6.2%, respectively. The most recent estimates show that approximately 93 000 elderly persons live alone, in difficult social and economic conditions (Terziu cited in Telegrafi, 2014).

The public service is offered to those that receive the beneficiary status based on the criteria set by DCM 518/2018. The criteria include disability status, elderly from families with insufficient or no income and from families in need as per the evaluation of the social administrator, those who live alone, don't have anyone to care for them and don't have any income, and have reached the retirement age, traffic victims or potential ones, and victims of family violence. The standards of old-age care services in residential centres are approved by the government, including qualifications of staff members who should be specialised for this type of services. Results from the European Quality of Life Survey 2016 (Eurofound, 2016) indicate that long-term care was evaluated on an average of 5.6 on a scale from 1 to 10, showing the highest gap between Albania and EU-28 in seven public services.

Regional disparities in the provision of social services are high. Data from the Regional Directories of Social State Services indicate that a total of 492 social services are offered in Albania, where 227 centres provide public social services for different categories, 5 of which opened in 2020. Non-public social services are provided by NGOs international organizations and foundations in 206 centres. Some centres operate a mixture of public and non-public services. 14.4% of them provide residential services. In 2021, the total number of beneficiaries was 36 286, split as follows: the number of beneficiaries of public centres was 17 978 (49.5%), in mixed centres 7 944 (21.9%) and in non-public centres it was 10 364 (28.6%). Public centres provide 46% of social care services, while residential services account for 32% of the services in 2020 compared to 26% in 2019. 65% of the beneficiaries of the social services households in need, 9.6% belong to "Children with disabilities", 5.5% to "Elderly", 4.7% to "Victims of family violence", 3.5% to "Adults with disabilities", 3% to "Children without parental care", 1.8% to "Victims of trafficking", 1.6% to "Ethnic minorities", 0.9% to "Young people from excluded households", 0.8% to "Homeless" and 0.1% to "Young people in conflict with the law". The majority of social services are concentrated in big cities, with Tirana⁴¹ being the only region that offers all social services. Only five out of 12 regions fulfil the need for social services at a level higher than the economy's average, while the other seven regions are considerably below average. The majority of social care beneficiaries are concentrated in Shkodra (31.3%), followed by Tirana with 23.7%, and Dibër (14.2%) (Ymeraj, 2021). ⁴² The figures also indicate a disproportional distribution of beneficiaries by kind of service and region, with 73% of the total beneficiaries in the "Elderly" group being in Tirana, and the remaining 25% in only three regions, namely Durrës (18%), Lezhë (6%) and Korçë (2%). The situation is similar for the provision of social services to other groups, such as young people in conflict with the law, young people from excluded households, the homeless, and adults with disabilities. Only 5% of the need for social services is fulfilled in Albania, with the group of "Children with disabilities" being the one with the highest coverage (13%), whilst "Adults with disabilities" being the least treated with only 1% coverage. Counselling services, Emergency services and Alternative care services are less developed, with a high number of municipalities that do not provide these services at all (Ymeraj, 2021). The MHSP has started to operationalize the social fund launching the first call for proposals Mars 2019. 14 municipalities and 12 specialized services in 6 regions with a total fund amounting to 150 million ALL, have benefited. The second call for proposal was launched on 20 October 2020. 16 municipalities and 13 specialized services in 6 municipalities benefitted 150.5 million ALL.

In October 2019 the government approved the National Action Plan on Aging 2020-2025. The plan includes specific objectives in regard to integration of health and social services and home services, increase of residential and housing capacities for the elderly in need, increase in the number of daily-care centres, and support for households with elderly that suffer from chronic diseases and loss of autonomy. In 2020, in residential centres for the elderly 42 persons benefited from the service out of 120 requests, while in 2019 there were 174 requests and 66 beneficiaries. These figures indicate that the need is being fulfilled in alternative ways.

2.3.9 Housing and assistance for the homeless

The housing and assistance for the homeless is one of the most problematic areas of social rights. In 2016, the Ministry of Urban Development, with the support of UNDP drafted the Social Housing Strategy 2016-2025, which was approved by Decision of Council of Ministers No. 405 in June 2016. The objectives of the Strategy are categorised under four strategic lines of action: (1) securing evidence of social housing and local capacities; (2) improving the legal, institutional and regulatory frameworks; (3) enhancing financial instruments for disadvantaged groups; and (4) expanding and re-orienting social housing programmes. In addition, the Strategy foresees the establishment of a reliable data system about the current situation of homeless families in Albania. In addition, the Law on Social Housing was approved by the Parliament of Albania in May 2018. The law aims at creating opportunities for adequate and affordable housing for a safe, dignified and peaceful life, taking into account the financial situation of individuals and families in need. It intends to provide a tailored approach to the needs of people with disabilities, the elderly, children, and other groups.

The approach followed towards drafting of the strategy on social housing was inclusive, participatory, coordinated among national and international actors. These institutions include the Ombudsperson Institution, academia, local government units, Ministry of Urban Development, Ministry of Finance, Ministry of Economy, Ministry of Social Welfare and Youth, UNDP, OSCE, and SDC. The lack of systematic data, situational analysis and housing needs analysis were the main challenges faced in the formulation of effective social housing policies. The National Strategy on Social Housing set the beneficiaries of social housing programmes and the eligibility criteria. The beneficiaries should not own a house or could own a living place that is below housing standards

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⁴⁰ Old-age care houses of public services operate in a few cities only, namely Tirana, Shkodra, Kavaja, Fier, Gjirokastra, Poliçan and multifunctional day care centres in Kamza, Durrës, Lezha, Saranda, Krujë, Elbasan, and Kukës.

⁴¹ Qark of Tirana.

⁴² https://drive.google.com/file/d/19g37NRUGypmBCvq7L5ovPQt996ZNEQEY/view

established by the DCM No. 814. Besides living conditions, social and economic circumstances are included in the eligibility criteria with priority given to single parents, large families, older adults, people with disabilities, young couples, families that have changed residence, orphans, returning emigrants, migrant workers, asylum seekers, families of fallen officers, victims of domestic violence, Roma families, Egyptian families, and recipients of economic assistance. The government budget is expected to cover 78% of the strategy costs, UNDP has foreseen covering 0.4% of the costs and there is still a gap of 21.6%. The 2018 budget earmarked for social housing was ALL 550 million (around EURO 4.4 million), about 9.7% of the total government budget contribution, and is expected to increase in the coming years. The number of families in need of social housing was estimated to be about 25 000 in 2018.

During 2016-2018 the social housing budget was 0.03% of the GDP, and as a percentage of consolidated government expenditure it accounts for 0.1%, which was very low to have a considerable impact on the pool of people who need social housing support. Since the approval of the Social Housing Strategy the municipalities have set the strategic objectives and some of them worked towards reaching these objectives. Some of the big municipalities have established Social Housing departments and internal regulations (ex. Tirana municipality), but most of them continue with rent bonuses and no long-term objectives. In 2019, the law on Social Housing was still in transitory mode as sublegal acts and bylaws were not approved yet. Several were approved during 2019-2020, including decision related to criteria and documentation that must be fulfilled for rent subsidies, the amounts, vulnerable groups to be prioritized, the establishment and functions of the National Council of Social Housing, as well as the interaction between social housing programmes with employment, education and healthcare services.⁴³

The central government has increased its contribution to housing projects. In 2019, the total budget for housing programmes was ALL 720 million, 1.3 times higher than in 2017. In 2020, it allocated ALL 1.6 billion: 320 million for housing investment projects (220 for new projects), 208 million for subsidizing mortgage interests, 1.1 million for rent bonuses. Most of the latter was addressed towards households that were affected by the November 2019 earthquake. In 2021, it allocated ALL 1.8 billion, of which 203 million for mortgage interests, 6 million for grants, 1 600 million for rent bonuses (of which 1 500 million for the households affected by the earthquake). In addition, ALL 300 million were allocated to housing investment projects (160 million for new housing projects, and 140 for ongoing ones),

2.3.10 Access to essential services

From 2008 to 2018, access to improved sources of water improved by 21 percentage points or 33.8%. Latest data from Albanian Demographic and Health Survey 2017-2018 showed that 83% percent of households in Albania have access to an improved source of drinking water, while 17% of households use unimproved sources of drinking water. The percentages are similar for urban and rural households (Figure 8). Five percent of households use additional treatment methods, such as bleach, chlorine or boiling to make water safe for drinking (INSTAT, IPH, ICF, 2018). In 2018, 90.4% of the population used safely managed drinking water services (INSTAT, 2020b).

Regarding sanitation, 96% of Albanian households use improved toilet facilities. Of these, 73% use flush toilets connected to piped sewer systems, 5% use flush toilets with a pit latrine, and 17% use

share facilities with another household (INSTAT, IPH, ICF, 2018). 93.4% of the population had a toilet inside the household (INSTAT, 2020a). Access to electricity in Albania is 100%.

flush toilets with a septic tank. Only 4% of households use non-improved toilets⁴⁴, and less than 1%

Figure 8 Sources of drinking water at household level, by residence



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

Access to electricity is universal, but free access of low-income strata must be improved. The right to electricity access is fundamental right for an adequate standard of living, and its consequences extend to lack of enjoyment of many other rights such as the right to education, employment, health, and the right to information. According to the law no. 43/2015 "On the electricity sector", the low-income strata of the population are guaranteed the right to benefit from the Universal Supply Service with electricity, independent of whether they cannot pay the energy bill. According to this law, households from the low-income strata must apply and obtain the status of a "Customer in need". The procedures for obtaining this status should be determined by a decision of the Council of Ministers, but it has not been drafted/approved yet. The lack of energy in the pandemic situation caused by COVID 19 has further aggravated the situation of the low-income population, and that of persons with disabilities, Roma/Egyptian minorities and children who are highly represented in the low-income group.

Statistics on access to public transport are not available or are not produced on a regular basis.

The Government of Albania drafted and approved the Sectorial Transport Strategy and Action Plan 2016-2020 by DCM, No. 811, of November 2016 on the approval of the Transport Strategy and Action Plan 2016-2020. The main goal of the strategy is to have an efficient transport system, integrated in the region and in the EU network, which promotes economic development and upgrades the citizens' quality of life. INSTAT's data in Table 6 show that the railway transport is less developed, and that road transport is the main transport type used in the economy. Public transport is privatised or operating under concession agreements. During 2012-2019, the average annual number of passengers traveling by rail decreased by 86.7%, while the number of passengers travelling by sea increased by 40.0% and by air by 100.5%. In 2020, all transport statistics were extremely low because of the pandemic lockdown and travel restrictions. In January 2021, the number of flights originating from

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⁴³ https://www.financa.gov.al/vendimet-e-miratuara-ne-programin-e-strehimit/

Improved toilet facilities include any non-shared toilet of the following types: flush/pour flush toilets to piped sewer systems, septic tanks, and pit latrines; ventilated improved pit (VIP) latrines; pit latrines with slabs; and composting toilets.

Albania was 50% lower than in January 2020. The air transport recorded the largest increase in the annual average number of passengers, and the number of airlines that operate in Albania increased from 14 in 2012 to 21 in 2018 and decreased again to 17 in January 2020. In January 2021, 16 airlines operated in Albania. Because of the COVID-19 pandemic lockdown and movement limitations, all figures for 2020 are extremely low.

Table 6. Number of passengers by type of transport, 2014-2020

Transport by	2014	2015	2016	2017	2018	2019	2020
Railway	186 620	189 708	88 690	65 980	75 881	59 787	17 948
Sea	1 094 569	1 185 957	1 288 988	1 507 116	1 522 896	1 574 095	379 084
Air	1 810 305	1 977 044	2.195 100	2 630 338	2 947 172	3 338 147	1 310 614

Source: INSTAT, 2021a

One of the best examples of the impact of privatisation and concessions is in Tirana. The city transport used to face major challenges, but now has extended its coverage to the entire city, increasing the number of buses, as well as the application of new information technology systems for the control and monitoring of bus timetables. The municipality has also invested in the construction of a new terminal for inter-city buses, opened dedicated lanes for cyclists and made available 1 000 new bicycles for use by the public in 2017. A specially tailored master plan for bicycles has been developed and approved (UNECE, 2018).

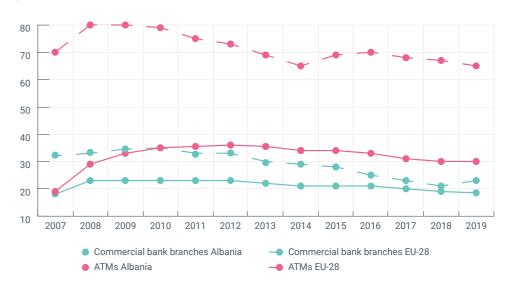
In regard to exposure to mass media, 91% of women aged 15-49 and 88% of men in the same age group watch television at least once per week. In addition, 73% of women and 84% of men between 15 and 49 years of age use the internet. In total, the proportion of internet users⁴⁵ in 2019 was 62.6%, 6 percentage points higher than in 2018 (INSTAT, 2020b). In 2020, 72.2% of the population used internet. In 2020, 83.3% of the Albanian households had access to internet compared to 82.2% in 2019 and 80.7% in 2018 (INSTAT, 2020c).

The third most problematic factor for doing business is access to finance, after tax rates and corruption. According to the Global Competitiveness Index 2017-2018 (WEF, 2019), Albania is ranked 81 out of 141 economies. In the pillar of Financial System, Albania ranked 105th with a score of 51.3 (WEF, 2019). In 2019, in the same pillar, Albania scored 53.3 points and ranked 102nd. In 2018, Albania recorded 137.5 borrowers per thousand adults from commercial banks, a significant increase compared to 76 borrowers per thousand adults in 2007, with an average annual increase rate of 6.3%. The number of borrowers reached its peak in 2016, with about 162.7 borrowers per thousand inhabitants. In 2019, this number decreased to 141.4. The number of depositors with commercial banks in Albania has fallen from 1 101 depositors per thousand adults in 2016 to 1 052 depositors per thousand adults in 2018 and increased to 1 095 in 2019.

In 2019, 30 automated teller machines (ATMs) existed per 100 000 adults, compared to 66.3 in EU-28 (Figure 9). Although compared to EU-28 the number of ATMs is quite low, the trends are similar. The number of ATMs in Albania increased from 19.4 per 100,000 adults in 2007 to 35.7 per 100,000 adults in 2012, growing at an average annual rate of 14.2%. Since then, the number has decreased on average by 2.5% per year, reaching 29.9 in 2019. In 2019, the number of commercial bank branches

in Albania was 18.7 per 100 000 adults, returning to 2007 levels. In 2019, the number of commercial bank branches in EU was 22.3 (Figure 9). The number of Commercial Bank Branches and ATMs per 100,000 adults is the indicator that had major gap with EU-28 figures in 2007 but has been converging in the recent years. The convergence is due to a decrease in the number of branches per 100 000 inhabitants both in EU-28 and in Albania since 2011, but the decrease is occurring at a higher rate in EU-28 (-2.8 % versus -4.5 %), probably due to increased use of online banking.

Figure 9. Number of automated teller machines (ATMs) per 100 thousand adults, Albania and the EU average, 2007-2019



Source: Knoema.com46

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45 Used internet in the last three months

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⁴⁶ https://knoema.com/atlas/Albania/topics/Economy/Financial-Sector-Access/Automated-teller-machines



3 Conclusion

Low resilience to natural hazards and the coronavirus pandemic negatively affected living standards, poverty reduction and social inclusion, disproportionally for the vulnerable groups, people with disability, Roma/Egyptian communities, and the youth. Despite some improvements in the welfare of the citizens in the pre-pandemic period, the pandemic is expected to have deteriorated the poverty and inequality indicators. Even before 2020, WB poverty estimates using Living Standards Measurement Surveys and Household Budget Surveys for Albania have shown that there was a slowdown in poverty reduction, due to segregation and social exclusion of the poor and vulnerable groups who are disproportionally represented among the poor. Poor households in Albania are characterized by low education attainment, higher number of children and/or elderly, low/informal employment, and housing conditions. Support of low-income groups with free electricity should be prioritized. Any policy reduction strategy should then focus on education, skills formation, job generation, and improving housing and social services. Furthermore, adult participation in lifelong learning is very low, while the share of NEETs and early school leavers remain important challenges. Reforms in the tertiary education are necessary, particularly for closing the skills gap.

While labour market indicators show a higher speed of recovery towards pre-crisis levels, the reforms should focus on increasing participation and employment rates, decreasing unemployment rates and long-term unemployment, especially of women and youth. The strategy on employment and skills set clear objectives, but its implementation lags due to the COVID-19 pandemic. Its implementation should continue focusing on narrowing the gender and age gaps, reducing informal labour market and financial burdens to create incentives to transit to formal employment, and strengthen capacities of Labour Inspectorate Offices. Support for participation in the labour market, education, and skills formation system, as well as in other formal and informal trainings for people with disabilities, Roma/Egyptian communities, and other vulnerable groups should increase to produce visible results regarding their social inclusion. Informality in the labour market has increased to about 38% and should be included in the short- and medium-term agenda.

Although important achievements have been recorded in terms of improved legislative framework, strategies, and action plans in every field of social rights, increased efforts must be dedicated to proper funding and implementation. Social protection, in particular the NE scheme, child and long-term care, and inclusion of people with disabilities need to remain on the political agenda. While the government increased support for these groups during the pandemic, this support should continue and the funding gap in the provision of social care services should be closed. Moreover, difficulties in accessing quality long-term care should be addressed using a holistic approach, increased coverage, and better targeting. Access to quality social care services by the poor and the disadvantaged groups is limited, and regional disparities should be on focus.

In the aftermath of the earthquake increased focus was on reconstruction, but social housing should be in the list of priorities. Although the strategy on social housing has been approved, the legal framework is not complete yet, impeding its full implementation. Until now, local governments have generally used rent subsidies, but a more sustainable long-term solution is needed.



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