



LOCAL EMPLOYMENT PARTNERSHIP IN ALBANIA CASE STUDY: KUKES

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Foreword

This analysis is part of a larger project to support RCC in managing the mutual learning activities among Western Balkan economies under the Employment and Social Affairs Platform (ESAP). ESAP is a regional project financed by the European Commission and jointly implemented by RCC and ILO in Albania, Bosnia and Herzegovina, Kosovo*¹, Montenegro, Serbia and the Former Yugoslav Republic of Macedonia. The project, which began its implementation in 2016 and lasts for 3 years, aims to strengthen regional cooperation and institutional capacities of national administrations, employers' and workers' organizations, enabling them to develop and effectively implement labour market and social policy reforms in their EU enlargement process.

The issue in focus of this particular peer review is the evaluation of local employment partnerships (LEPs), by selecting 2 successful local employment partnerships in Bosnia and Herzegovina. As a result of the assignment, a national report for Bosnia and Herzegovina and 5 short reports are prepared for the other Western Balkan economies. Based on these national and regional analyses, a peer visit will be organized in Bosnia and Herzegovina whereupon officials from the Western Balkans will visit the selected municipalities and exchange views and experiences with the selected partnerships in Bosnia and Herzegovina. The aim of this research is to develop a standardized format for LEP reporting and analyses. It should not solely include the final status of outputs and immediate objectives, but also portray the factors contributing to or hindrances that affect the achievement of results. Furthermore, the aim is to illustrate how the intervention was managed, identify what could have been done differently and what methods or strategies can be replicated in other technical cooperation activities. Following the reports, an inclusive process of consultation among stakeholders, implementing partners and constituents should take place.

The purpose of this activity is to peer review different dimensions of LEP functioning (design, process and results). It addresses the policy performance of selected LEPs in a systematic and objective manner in terms of relevance, effectiveness, efficiency and strategic approach. The evaluation assesses the relevance of the approach, and is based on the following goals:

- to analyse the approach as well as to identify the extent to which the LEP has defined and approached its planned objectives,
- to identify the extent to which its strategy has proved efficient and effective,
- to identify the extent to which an anticipated long-term impact and sustainability can be expected, and
- to identify and document substantive lessons and good practices.

The peer review of different practices should be used as a knowledge base for developing future LEPs in Bosnia and Herzegovina, and in turn the Western Balkans region. A thematic evaluation of the Local Employment Partnerships as structural policy instruments

¹ * This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

is planned. The following elements and topics will be the consultants' focus throughout the research.

Summary

The unemployment rate in Albania decreased to 13% in the first quarter of 2018 from 14.2% in the corresponding period of 2017. The youth unemployment declined by 2.1 percentage points to 24.5%².

In Albania, it is not defined who should the initiator of Territorial Employment Pact (TEP) activities be, as there are different examples, from municipalities to national ministries. For example, TEP for Youth in Kukes Region has been facilitated by the Ministry of Labour, Social Affairs and Equal Opportunities (MoLSAEO).

Kukes TEP was based on negotiated planning between:

- Local authorities,
- Public employment services,
- Business associations,
- Trade unions,
- Cultural and environmental associations, professional bodies, financial institutions and private enterprises.

A curious fact about the Kukes TEP is that over 40 partners signed the Kukes KR-TEP, and therefore committed themselves to the implementation of different activities.

Priorities are usually discussed and agreed only within the core partner group, and defined in the project document based on which the partnership is financed. The project documentation is equivalent to the action plans with vertically traceable logic. TEP does not have written strategic documents (human resources development plan, communication plan etc.).

Kukes TEP has been evaluated by an LLRYEC project external evaluator. Lessons learned are not used in the context of improvement of activities, but only for future planning of similar donor-related activities.

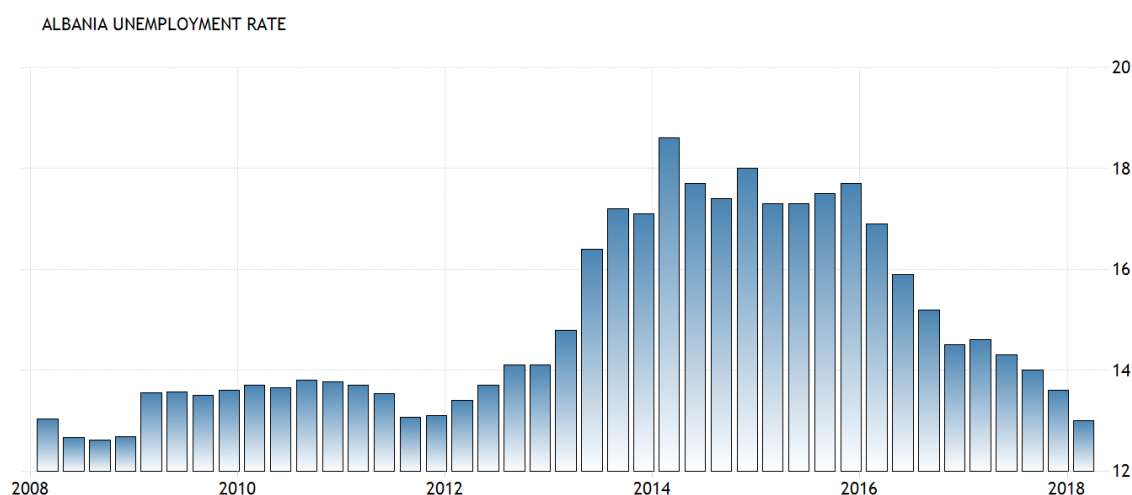
² Trading economics. Available at: <https://tradingeconomics.com/albania/unemployment-rate>

Introduction

The unemployment rate in Albania decreased to 13% in the first quarter of 2018 from 14.2% in the corresponding period of 2017. The youth unemployment declined by 2.1 percentage points to 24.5%³.

The employment rate went up to 59.2%, or increased 3% compared to the previous year. Meantime, the labour force participation rate increased to 68% from 66.8%. Unemployment rate in Albania averaged 15.11% from 1993 until 2018, reaching an all-time high of 22.30% in the fourth quarter of 1993 and a record low of 12.1% in the fourth quarter of 1996.

Graph: Unemployment rate in Albania



Today Albania is one of the countries with the highest migratory rate in the world. Indeed, about 25% of the Albanian population is presently living abroad, constituting approximately 35% of the labour force⁴. The most important destinations are Greece and Italy, which host together 87% of the total migrants, due to their geographical proximity and cultural similarity. As a consequence of migration, Albania has experienced a huge loss of workforce, especially young workers – men, deprived many households and communities of their human and productive potential. Therefore, finding local solutions for unemployment and economic problems is one of utmost issues for modern Albanian politics⁵.

³ Trading economics. Available at: <https://tradingeconomics.com/albania/unemployment-rate>

⁴ De Zvager N., Gedeshi I., Germenji E., Nikas C. (2005), *Competing for Remittances*, IOM Tiranë.

⁵ Christian Bugnion de Moreta, Eralba Cela. Final Summative Independent Evaluation of the MGDF-S funded Joint Programme on “Youth, employment and Migration” implemented within the framework of One UN in Albania, 30th June 2012

Organizational Structure

Legal Status

In many cases TEP does not exist officially, it is rather an informal group gathered to implement certain project activities. PES partnerships with employers’ organizations are institutionalized at other levels, such as National Labour Council (NLC)⁶, or tripartite administrative councils, that exist in most municipalities. NLC is a tripartite consultative body with the representatives of the Council of Ministers and organizations of employers and employees. NLC conducts consultations, takes decisions by consensus and makes specific recommendations to the Council of Ministers, through the Minister responsible for labour issues. NLC has 6 permanent and specialized tripartite commissions covering these topics: judiciary; employment; vocational education and training; wages, pensions and unemployment benefits; working conditions, occupational safety and health; economy and finance; and equal opportunities, disabled, and youth.

At the local level, as one of typical examples of tripartite municipal council activities can be used the first established in Lezha (May 17, 2013) where representatives from the private sector, Regional Employment Office (REO), and social partners approved the placement of 56 youth in 4 enterprises where they received on-the-job training. Similar activities were organized in Shkodra and Kukes within Swiss Agency for Development and Cooperation (SDC) funded project.

It is quite undefined who the initiator of Territorial Employment Pact (TEP) activities is, as there are different examples, from municipalities to national ministries. For example, TEP for Youth in Kukes Region has been facilitated by the Ministry of Labour, Social Affairs and Equal Opportunities (MoLSAEO).

TEPs are not fully recognized as cooperation mechanism, nor there exist an official methodology for its establishment. The approach and local development terminology has not been harmonized: in some cases TEP is used, while in other REB (Regional Employment Board).

Membership

ILO in its Albanian “Territorial Employment Pact Handbook “ is recognizing TEP as a bridge between local private and public actors in the field of employment, and proposing that the board should consist of 17 representatives from different institutions⁷.

Table: TEP membership

Institutions	Members
Regional Council	2

⁶ 27 member and 27 candidates in which every social partner has 10 Council members respectively

⁷ International Labour Organisation. Territorial Employment Pact Handbook – A Practical Guide for local and national policy-makers, promoters and stakeholders of territorial pacts for employment, August 2014

Representatives of the local government from all districts (Regional Council members)	3
Representatives of the employment offices in the districts of the Region	3
Representative of the National Labour Inspectorate Regional Office	1
Representative of the private sector from various sectors	3
Social partners	2
Representative of youth organizations and other NGOs	3

It also anticipates that the Chairman may appoint other members. The reality is quite different. Taking the example earlier mentioned, the Territorial Employment Pact for Youth (KR-TEP) in Kukes was based on negotiated planning between:

- Local authorities,
- Public employment services,
- Business associations,
- Trade unions,
- Cultural and environmental associations, professional bodies, financial institutions and private enterprises.

All of these actors contributed to the design phase of the UN funded Youth Employment and Migration (YEM) programme⁸, and proposed their roles and responsibilities in the realization of the Pact. It is curious of KE-TEP that over 40 partners signed the Kukes KR-TEP, and therefore committed themselves to the implementation of different activities.

Clearly, it is extremely difficult to manage that wide group of stakeholders. The initial group of TEP founders is not fixed and in principle remains limited to a flat organisation form, without innovative management practices, but still it is clear that a wide group of stakeholders is involved and included into the implementation of activities, depending on the topic of the intervention. No significant decision making takes place within TEP, while members are limited in project implementation daily decision making and require approval of member institutions for most decisions.

Needs analysis of members has been carried out occasionally, within the framework of certain projects, based on already existing data or analyses. General trainings and seminars (e.g. on economic and social development) are used as capacity building activities, without tailor made approaches.

⁸ The YEM programme is a joint effort of the Government of Albania and the United Nations aimed at enhancing the employment impact of ongoing policies and strategies. It is funded by the Government of Spain through the Millennium Development Goal Achievement Fund (MDG-F)

Strategic approach

Goals and priority areas

Strategic documents related to development issues exist, but have been only partially used in TEP development, so not directly and exclusively used in the identification of TEP priorities. Priorities are usually discussed and agreed only within the core partner group, and defined in the project document. Project documentation is equivalent to the action plans with vertically traceable logic. TEP does not have written strategic document (human resources development plan, communication plan etc.).

For example, the Kukes Region Territorial Employment Pact (KR-TEP) established six service lines to ease the transition to the formal economy:

1. Entrepreneurship and business advisory services with a particular focus on women;
2. Skills training grants;
3. Access to credit opportunities;
4. Subsidized employment;
5. Organisation building and
6. Regulatory environment.

During the course of implementation of the joint programme, over 900 youth had benefitted from the KR-TEP interventions.

The experience has been replicated by different projects, initially in other two regions of Albania, and afterwards SDC implemented vocational education TEP in four additional municipalities (Shkodra, Tirana, Fier, Vlora and Gjirokasta). It is difficult to obtain official information on the current status and number of TEPs, as a central database does not exist while information is mostly available through various donor reports.

TEP is usually introduced as an ad-hoc project-based activity, with specific role to enhance employment of specific target groups that have economic difficulties in the covered region. Activities are usually fully financed by the donors that usually put sustainability expectation – continuation of work in post-project period, if the model proves viable.

Financing

As already explained, presently an institutional strategic document related to TEP is not in place, and therefore there is inability to plan and secure sufficient and balanced financing for the realization of TEP activities. Funds are secured on a short-term basis, mainly from international donors (such as SDC), with no strategic fundraising or allocation of public funds.

For example, the implementation of 12 actions in Kukes costs 244,180 USD⁹, of which 155,180 USD were provided by the ILO in the framework of the Youth Employment and Migration Programme (YEM) and 89,000 USD are in-kind contributions of public institutions, enterprises, trade unions, and associations. The TEP also leverages the impact of grant schemes for around 300,000 USD provided by the Government of Albania for agriculture and rural development in the region of Kukes.

⁹ Programed year 2011

The nature of the establishment and financing of TEP questions the sustainability of the approach. For example, although Kukes TEP has been established in 2011, already in 2012, the Local Level Responses to Youth Employment Challenges (LLRYEC) Project recognized the need that Kukes REB be reactivated, as it did not function without external pressure.

Implementation Mechanism

TEPs don't have a dedicated secretariat and internal coordination channels. Activities are implemented spontaneously, based on short-term informal agreement of any number of its members and in line with project dynamics.

For example, to ensure effective REBs establishment and functioning, the LLRYEC Project drafted detailed operational guidelines. TEP members are in possession of information related to their scope of activities, but have no mechanism for timely sharing information between themselves.

Monitoring and Evaluation

Reporting (annual or similar) is occasional, with limited analytical outlook, insufficient to support planning for the upcoming period. As the strategic/operational framework is not in place, there are no relevant documents to be subject of evaluation.

Project evaluation is typically carried out by an external evaluator, with little or no influence in the design of the evaluation by the TEP and its members. Lessons learned are not used in the context of improvement of activities, but only for future planning of similar donor-related activities. For example, external evaluators were appointed to provide a judgment on the overall performance of the LLRYEC project, and to measure its impact. The evaluation has looked at relevance, effectiveness, efficiency and sustainability of programme results; as well as it has highlighted the impact, main results, good practices and lessons learned from the experience. The evaluation was carried out during the period November 2014 – January 2015 after completion of the project, and is publicly available.

Conclusions

The Albanian example shows a typical donor-driven TEP implementation that brings positive insights into the importance of the policy measure, but on the other hand does not help with establishing principles of sustainability. The experience of ILO, EU, SDC-funded projects confirmed that the TEPs are viable tools for addressing, in a decentralized way, socio-economic issues that have negative implications for the local communities.

Donors should intervene in a systemic pattern, but in order to make it possible, Albania should adopt adequate government policies regulating and promoting the TEP approach in the entire country. TEP implementation has to be part of a broader policy framework, for example with national action plans and the employment guidelines. A strategy should be designed through careful consultations with the main beneficiaries to fully reflect their needs, which later ensure active commitment to the activities. A strategic approach helps

to mobilize all available resources in favour of an integrated strategy accepted by all parties concerned, based on their real needs and expressed in a formal commitment. That will help not only fundraising, but improve the integration and co-ordination of job creation measures.

TEPs should essentially be experimental and designed to test out new ways of dealing with the endemic problem of unemployment, where each local community has freedom to introduce innovation into resolving this important issue. The aim of TEP should be local ownership in designing solutions that combat unemployment (by identifying difficulties, and future prospects facing each of the territorial players with responsibility for employment), launching schemes, which can serve as an example, and to encourage/institutionalize widespread regional or local partnership. Still, without the bigger picture in place, institutional ownership and dissemination, TEP efforts remain isolated efforts without major impact on wider employment outlooks.

The TEP concept is extremely important and has the potential to work well provided the public actors have a stake and commit time and financial resources to employment generation activities. In order to achieve the full potential of TEPs, the key actor should be the local government, not even regional councils. Municipalities have a mandate in local economic development and raise their own revenues. Based on the new administrative layout, municipalities after the June 2015 local elections are larger and are better positioned to exercise regulatory and economic development functions.

List of abbreviations

ESAP – Employment and Social Affairs Platform

EU – European Union

ILO – International Labour Organization

KR-TEP – Kukes Region Territorial Employment Pact

LLRYEC – Local Level Responses to Youth Employment Challenges

NGO – Non Government Organization

NLC – National Labour Council

REB – Regional Employment Board

SDC – Swiss Agency for Development and Cooperation

TEP – Territorial Employment Pact