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# **On-the-Job Training Programme**

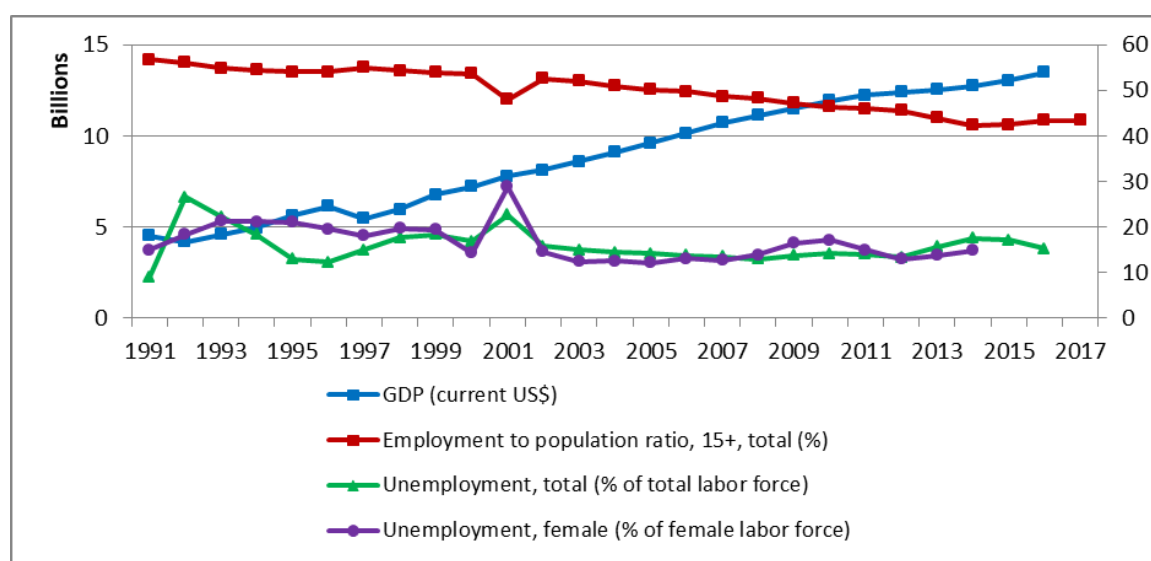
## **Albania**

**Prepared by: Esmeralda Shehaj**

## 1. Introduction: Characteristics of the labour market in Albania

Since the '90s, Albania has experienced a growth in the output that has been associated with falling employment (Figure 1). The labour market in Albania is characterised by high unemployment, especially among young population, informality and low participation rates, especially among women (Table 1). Unemployment rates were especially high in the first years of transition towards a free market economy and are still measured in double figures, with the regional unemployment rates reflecting the disparities observed in the regional economic activity distribution (as measured by output).

**Figure 1. Employment, unemployment and GDP during 2007 – 2017**



Source: INSTAT [www.instat.gov.al](http://www.instat.gov.al)

Labour force participation rates decreased by around 3 percentage points in 2008, compared to the previous year and then remained stable at about 62 percent for four consecutive years, till 2010. Since then, participation rates have been experiencing swings, reaching a maximum peak of about 68.5 per cent in 2011, falling to historical minimum rates of 59.6 per cent and slowly improving to a participation rate of 66.8 per cent in 2017.

Both male and female labour participation rates have followed similar trends with those observed in aggregate; however fluctuations in female participation rates are more pronounced. The increase in female participation rates in 2011 was 50 per cent higher than for males, followed by a sharper decline in 2012, compared to the decline of male labour participation. The negative trend in female participation rates was similar to rates in 2007, amounting to 50 percent. The recovery was slow in the following years, and labour force participation of women was below the 2007 participation rates until 2015, when it started to surpass again.

The labour participation gap between genders and among age groups seems to be persistent. Participation rates of the population aged 30 – 64 have been higher than the rates of the population aged 15 – 29. The gaps in participation between these age groups were especially high, reaching 30 percentage points in 2008 and 2010, 32.4 in 2013 and fluctuating around these figures afterwards. With regards to the gender gap within age groups, in the age group

15 – 29 from 2008 to 2014 the participation gap increased every year scoring from 12.5 to 19.2 percentage points. In 2016 the gap reached a minimum of 12.9 percentage points, but it increased to 15.6 percentage points in 2017. In 2015, the majority of the female population that is economically inactive, 31 percent, have declared to be inactive in the labour market because they were engaged in studies. About 27 percent of the economically inactive female population is fulfilling household duties and 10 per cent claim that they are discouraged (INSTAT, 2016).

The employment rate of the population aged 15 – 64 was 56.6 in 2007. It remained stable and amounted to around 54 per cent in 2008 – 2010, reached a maximum value of 58.7 per cent in 2011 and drastically decreased to around 50 percent in 2013. It has constantly increased during 2014-2017 reaching 57.4 percent. The employment gender gap has somewhat narrowed down recently. In 2009 the employment rate was 21 percentage points higher for men compared to women. Over the following three years, the gap decreased to the minimum of the period recording 12.6 percent and again increased until 2015 when it reached 15 percentage points. In 2016 and 2017 there were fluctuations in the gap.

**Table 1. Participation, employment and unemployment by age-groups and gender in 2007 – 2015**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Participation rate											
Age 15-64	65.4	62.1	62.1	62.3	68.5	64.9	59.6	61.5	64.2	66.2	66.8
Male	74.7	72.4	73.5	72.3	76.4	73.4	70.2	72.2	73.4	74.1	75.8
Female	56.2	52.9	51.8	52.9	60.8	56.4	50.1	51.3	55.1	58.3	57.7
Age 15-29	50.1	41.6	45.6	44.3	54.8	46.6	38.7	41.9	44.5	45.7	45.6
Male	57.1	48.2	52.5	51.6	62.2	54.1	47.9	51.2	52.8	51.7	52.8
Female	43.2	35.6	39.8	37.4	47.0	37.7	30.1	32.0	35.4	38.8	37.2
Age 30-64	75.6	71.8	73.2	74.4	76.7	73.8	71.1	72.3	74.5	76.1	77.0
Male	86.5	84.1	87.2	86.3	85.2	84.2	82.9	84.5	85.2	85.8	87.8
Female	64.9	60.9	60.3	63.3	68.6	64.4	60.7	61.2	64.6	66.8	66.7
Employment rate											
Age 15-64	56.6	53.9	53.5	53.5	58.7	55.9	49.9	50.5	52.9	55.9	57.4
Male	64.0	63.3	64.5	63.1	65.7	62.2	57.3	58.0	60.5	61.9	64.3
Female	49.3	45.6	43.6	44.5	51.8	49.6	43.1	43.4	45.5	49.7	50.3
Age 15-29	40.2	31.3	35.6	34.3	42.8	34.5	28.2	28.2	29.8	32.4	33.8
Male	44.1	35.9	41.1	39.3	48.0	38.8	33.7	33.0	35.8	36.3	38.5
Female	36.4	27.2	31.0	29.6	37.3	29.4	23.0	23.3	23.1	28.0	28.3
Age 30-64	67.5	64.6	65.6	66.4	68.2	66.4	61.8	62.7	65.2	67.2	68.7
Male	77.2	76.5	79.8	79.2	76.7	75.4	70.8	72.7	74.8	75.4	77.9
Female	58.0	54.1	52.5	54.4	60.1	58.3	53.9	53.6	56.3	59.3	60.0
Unemployment rate											
Age 15-64	13.5	13.2	13.8	14.2	14.3	13.8	16.4	17.9	17.5	15.6	14.1
Male	14.4	12.7	12.2	12.8	14.0	15.2	18.3	19.7	17.5	16.4	15.1
Female	12.2	13.9	15.9	15.9	14.7	12.0	13.8	15.5	17.4	14.6	12.8
Age 15-29	19.8	24.7	21.9	22.5	21.9	26.0	27.2	32.5	33.2	28.9	25.9
Male	22.8	25.5	21.6	23.8	22.8	28.4	29.7	35.6	32.3	29.7	27.0
Female	15.8	23.8	22.2	20.7	20.6	22.0	23.6	27.4	34.7	27.8	24.0
Age 30-64	10.7	10.0	10.4	10.8	11.1	10.0	13.1	13.3	12.5	11.8	10.8
Male	10.7	9.1	8.5	8.3	10.0	10.4	14.6	14.0	12.2	12.2	11.3
Female	10.6	11.2	12.9	14.0	12.4	9.5	11.2	12.3	12.9	11.2	10.1

Source: INSTAT ([www.instat.gov.al](http://www.instat.gov.al))

The employment rates of the population aged 15 – 29 in the period 2007 - 2015 were considerably lower than those of overall working age. This indicator has very high fluctuations compared to others. In 2013 and 2014, the employment rate for this group was only 28.2 percent, and the female employment rate was about 23 percent, which is almost 10 percentage points lower than that of males. The gap was almost stable at 10 percentage points for the period 2009 – 2014 and it has increased to 12.7 percentage points in 2015 reaching the maximum for the entire period under consideration, and returning to its previous values afterwards.

The employment rate of the population aged 30 - 64 was 67.5 percent in 2007. It fell by 3 percentage points in 2008 and then increased by at least one percentage point until 2011, when it decreased again. Similar to other indicators, the sharpest decrease was scored in 2013 when it reached 61.8 percent. It has improved in the following years, reaching almost 69 percent in 2017. It can be noted that in 2011 the overall and female employment rates experienced a considerable increase, which was reversed from 2012 – 2014. Since then the employment rates of females aged 30 – 64 has increased up to 60 percent. The employment gender gap for this age group is on average about twice as large as the gap of the young group.

As shown in Table 1, unemployment rates for the working age population had a growth trend for most of time span between 2007 and 2015. In 2015, the unemployment rate for the working age population was 17.5 percent and it's only in this year that gender unemployment gap is almost inexistent, although male unemployment rates have been higher in the last decade.

The unemployment rates in Table 1 indicate a higher incidence of unemployment amongst the young. The range of their unemployment rates for the period under consideration is 19.8 – 33.2, with the minimum and maximum scored in the extremes of the time interval, although the trend has not always been increasing. Throughout this period the young female unemployment rates were lower than males, except in 2015 when this trend is reversed.

The unemployment rate of the population aged 30 – 64 has increased until 2014 and decreased in the last three years. From 10.7 in 2008 to 2012 it increased to 10 percent, and in 2013-2014 it was about 13 percent. In 2017 it dropped to 10.8 percent. At the beginning of the period, male and female unemployment rates were almost similar, and the gender gap was fluctuating a lot during the period; in the first half of the period, male unemployment rates were lower than females, while in the second half the situation changed.

With regard to the structure of employment, the agriculture, forestry and aquaculture sector constitutes the main sector. The sector accounted for 41 percent of total employment in the last two quarters of 2017 and in the first quarter of 2018 (Instat, 2018). Youth has a higher probability of employment in this sector, and considering that most farms in Albania are family owned, they are contributors to the family business. However, the jobs in the agriculture sector are characterised by low skill requirements, low payment, lack of insurance and security, and low job stability.

As seen from the figures above, despite the overall market condition, the situation of young people, especially those aged 15 – 29 who account for 25 percent of the overall population, is evidently more difficult than that of other age cohorts. Young people face difficulties to enter and remain in the labour market as shown by their unemployment rates, which are twice as high as that of the overall population. One of the main barriers towards labour market inclusion that the young people face, is education. A low level of education increases the chances of being unemployed as well as those of being poor. Among the registered

unemployed jobseekers for the period 2013 - 2017, around 53 - 55 percent have elementary (compulsory) education, but only 4 – 8 percent have completed a higher education level.

Furthermore, access to education in Albania is relatively low compared to developed countries, except for primary education. A lower than EU average enrollment rate has been recorded in the secondary and tertiary education in the same period, with high segregation between rural and urban areas. Enrolment in pre-university education is about 60 %, while the European countries average is 75 %.<sup>1</sup> The share of population aged 25-64 with a completed secondary education is around 35%,<sup>2</sup> while the share of population aged 20-24 with a completed at least upper secondary education is 59%.<sup>3</sup> Only 67.7 percent of individuals aged 15-19, 26.3 percent of those aged 20-24 and 5.9 percent of those aged 25-29 are studying. Self-employment is very unlikely as curricula on entrepreneurship and career development are almost absent in primary and secondary education.

**Table 2. Registered unemployed jobseekers by gender and education level**

	2013	2014	2015	2016	2017
Registered unemployed jobseekers	142,648	141,998	149,148	119,710	89,780
<b>Gender</b>					
<i>Male</i>	48.3%	49.0%	49.1%	49.9%	47.2%
<i>Female</i>	51.7%	51.0%	50.9%	50.1%	52.8%
<b>Education level</b>					
<i>With primary education</i>	54.6%	54.2%	52.6%	53.4%	56.0%
<i>With secondary education</i>	41.3%	40.1%	39.6%	39.4%	38.2%
<i>With university education</i>	4.2%	5.7%	7.9%	7.2%	5.9%

Source: Instat, 2018.

Long-term unemployment fluctuates around 11 %, with women being more exposed to long-term unemployment than men and low-skilled and low-educated being more prone to long-term unemployment.<sup>4</sup> Figure 2 shows the percentages of individuals aged 15-64 in the long-term unemployment by educational level. In 2012, 78 percent of long-term unemployed individuals have completed primary education, 83 percent have completed vocational secondary education, 79.5 percent have graduated from general education institutions and about 66 percent have completed higher education. In 2014, the percentage of individuals in long-term unemployment is significantly reduced: around 66 percent have completed 8/9 year education, 72 percent have graduated from vocational education institutions, 63 percent have completed general secondary education and only 58 percent have completed education up. From year to year, there is a reduction in the percentage of unemployed people with higher education. The highest percentages of long-term unemployed individuals represent graduates with vocational education. The above figures provide evidence that education reduces the probability of falling in a long-term unemployment trap. In addition, many young individuals face difficult transitions from school to work because of skills mismatch, education relevance to labour market requirements, lack of collaboration between schools and businesses, and job (un)availability.

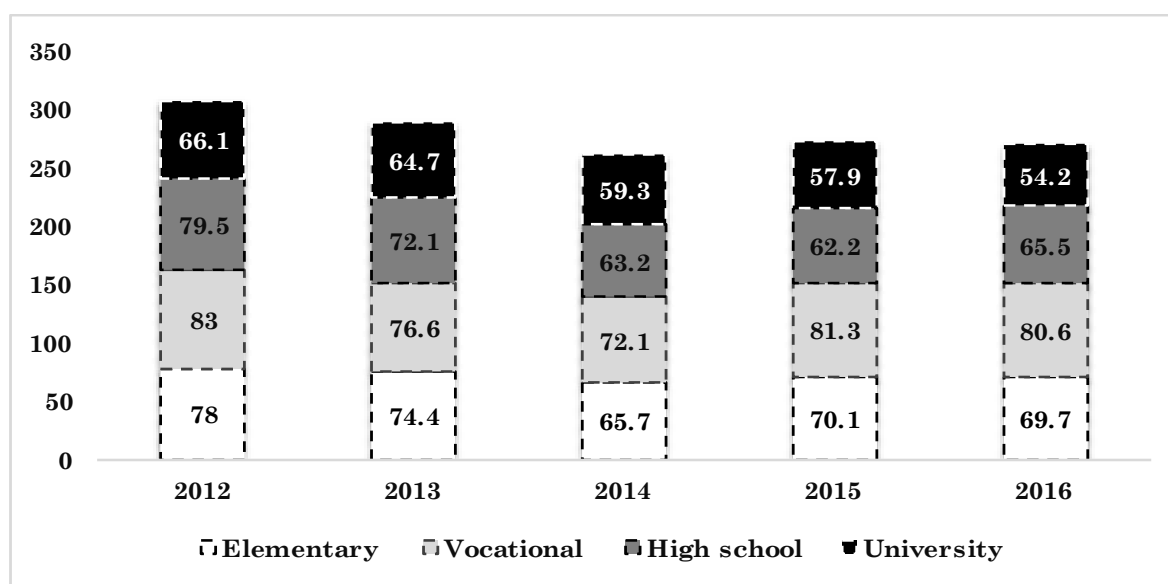
<sup>1</sup> Pre-University Education Strategy 2016-20

<sup>2</sup> INSTAT (2011), Population Census.

<sup>3</sup> Ministry of Education, Sports and Youth, 2017.

<sup>4</sup> INSTAT, 2017

**Figure 2. Unemployment duration by education attainment**



**Source: INSTAT (2014, 2017)**

Although official figures on informality in the labour market do not exist, several attempts have been carried out to measure it and there is clear anecdotal evidence that it exists and it is also a barrier. For some young people, both in the rural and urban areas, it is the only way to earn some money and fulfil the basic needs.

In a wrap up, high unemployment rates, high structural unemployment and high youth unemployment rates remain major labour market challenges. With an employment rate fluctuating by around 50 % (of the total workforce), the increase in GDP has been associated with weak and insufficient job creation. Double-digit unemployment rates have been recorded over the last decade, reaching the highest level of 17.5 % in 2014 (people aged 20-64) and decreasing to 13.8 % in the second quarter of 2017. However, the youth unemployment rate (15 – 24) is considerably higher compared to unemployment rates among other age groups, which is about 32 percent in 2017. The high figure reflects the specific challenges of first-time labour market entrants, as well as the skills mismatch. This is confirmed by the percentage of unemployed young people with tertiary education which is particularly high (36.7 % in second quarter of 2017). The share of young people (15-24 years old) neither in employment nor in education and training (NEET) remains very high, although it reached a record low of 27 % in 2016. Skills gaps exist in almost all businesses for many qualifications in jobs that are categorised as relatively “hard to fill”. For some of the industries, the skills gap is problematic not only for the current operating of businesses, but particularly for the future that will require even greater need for advanced technologies and human resources. The most sensitive sectors regarding the skills gap include the manufacturing industry, construction, hotelier, bars and restaurants as well as the car service industry. Given the above, youth employment is a problem that requires solutions that would address it through a thorough approach, considering and tackling simultaneously the labour supply and demand.

## 2. ALMPs in Albania

In Albania, Active Labour Market Policies (ALMPs) were first introduced in 1995 by Law No.7995 dated 20.09.1995 “For Employment Promotion”, while implementation of ALMPs began in 1999. There are currently 7 ALMPs being implemented based on 7 Decisions of the Council of Ministers (CoM)/bylaws.

- 1) Decision of CoM No. 873, made on 27/12/2006, “For the amount, criteria and procedures of implementation of the programme of vocational training and on-the-job training for unemployed jobseekers that have completed university degree in the country or abroad”, amended by Decision of CoM No. 187, on 2.04.2014. The beneficiaries are jobseekers who are financially supported in the amount of 100% of the unemployment benefit up to 6 months depending on the training/internship duration (in state or private institutions and enterprises).
- 2) Decision of CoM No. 199, on 11.01.2012 “For the amount, criteria and procedures of implementation of employment promotion for young unemployed jobseekers (16-30 years old)” amended by Decision of CoM No. 67, on 7.1.2016. The beneficiaries of this programme are young unemployed jobseekers, graduated at Bachelor or Masters level, who are under 30 years old and benefit from vocational on-the-job training and employment.
- 3) Decision of CoM No. 27, on 11.01.2012:”For the implementation of employment promotion for female jobseekers from special groups” amended by Decision of CoM No. 189, on 2.04.2014. The programme of employment for women aims at integrating marginalised women such as Roma women, former victims of trafficking in human beings, elderly people and women with disabilities, into the labour market. The women entering this programme can be enrolled from 1 to 3 years.
- 4) Decision of CoM No. 48 on 16.01.2008 ”For the implementation of employment promotion for persons in difficulties”, amended by CoM Decision No. 192, on 2.04.2014. Unemployed jobseekers in difficulty include long-term unemployed who receive social assistance, individuals who receive unemployment benefits, those entering the labour market for the first time, individuals between the ages of 18-25, individuals over 45 years who do not have more than secondary education or its equivalent, people with disabilities, Roma people, and returnees who are facing economic problems.
- 5) Decision of CoM No. 47 dated 16.01.2008 ”For the implementation of employment promotion programmes of the unemployed jobseekers through on-the-job training”, amended by Decision of CoM No. 193 on 2. 04. 2014 and by Decision of CoM No. 65, on 27.01.2016. This programme supports financially the employers who guarantee the training of beneficiaries and recruit at least 50% of the trainees in the same occupation for an additional period of 6 months.
- 6) Decision of CoM No. 248, dated 30.04.2014, “For the Employment Promotion Programme for people with disability”, amended by CoM Decision No. 460, dated 9. 07. 2014. The programme finances the employment of people with disability as well as on-the-job training for people with disabilities. Whereas before this group stood with other vulnerable groups for EPPs, it stands now on its own.
- 7) Decision of CoM No. 64, on 27/01/2016, “For the Employment Promotion Programme of the Young Orphans”.

The last evaluation of ALMPs was carried out in 2015 in the framework of IPA 2010. It covered the period 2008-2014. Based on the results of this report, the ALMPs were revised,

including their monitoring and evaluation methodology. The government has also undertaken several reforms to promote the vocational education and training in the last three years. In these regards, 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.

The main goals of these programmes are:

- The creation of new jobs in order to reduce unemployment, including youth unemployment and that of marginalised groups.
- The provision of on-the-job training in order to reduce the lack of skills of unemployment as well as to assist employers better choose their employees.
- The reduction of informality and financial costs by including the individuals benefiting from other schemes of social support, in programmes.

The performance of PES has improved since 2015, but its contribution to improving labour market indicators is marginal. PES offices have undertaken a major infrastructure restructuring and offer their services following a new model. Registered unemployment has experienced a very sharp decline (39 %), with a maximum of over 152 000 in the third quarter of 2015 to less than 90 000 in the second quarter of 2017. This improvement is the result of an integrated online coordination system of PES, tax offices and other relevant institutions, as well as ongoing efforts against informality initiated in 2015. 50 % of the registered unemployed jobseekers are low-skilled and have very low levels of education. The ALMP budget has remained unchanged for 2017 compared to 2016 and their coverage of unemployed jobseekers is 6 % in 2017, which is why ALMPs are not expected to have a significant impact on unemployment and/or employment rates. Nonetheless, they are of relevance for women, youth, vulnerable groups, ethnic minorities, etc. According to PES data, 58 % of the beneficiaries of seven current ALMPs are women and girls, 52 % are 15-30 years old, 2 % are people with disabilities, 1 % of total participants are unemployed jobseekers from income support schemes, 4% are unemployed jobseekers from Roma and Egyptian communities, 2 % are returning migrants, 0.1 % are unemployed orphaned jobseekers and 45 % of the total number of participants are long-term unemployed.

Since 2014, funding for employment promotion programmes has been on a steady upwards trend from approximately EUR 0.65 million (ALL 90 million) in 2013, to around EUR 1.93 million (ALL 270 million) in 2014, EUR 3.4 million (ALL 450 million) in 2015 and EUR 3.6 million (ALL 490 million) in 2016. The budget allocation for the implementation of a portfolio of seven employment promotion programmes remained unchanged for 2017 and 2018. In 2017, this budget supported the employment of more than 5 263 unemployed jobseekers (i.e. 6 % of the total number of unemployed jobseekers), while in 2018 it supported the employment of 8133 unemployed jobseekers, about 9.6 % of the registered unemployed jobseekers in the first quarter of 2018<sup>5</sup>.

On-the-job training and recruitment incentives for temporary employment take up the vast majority of ALMP expenditures, each accounting for 45 % of the total expenditure ALMPs in Albania, which focus on providing training (mainly on-the-job) and subsidised placements for registered unemployed, with emphasis on some targeted groups, including both, standard vulnerable categories, such as females, Roma, youth, and categories specific to the context of the Albanian labour market such as university graduates. Programmes that target direct job

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<sup>5</sup> INSTAT, 2018. <http://www.instat.gov.al/al/temat/tregu-i-pun%C3%ABs-dhe-arsimi/t%C3%AB-dh%C3%ABna-administrative-t%C3%AB-tregut-t%C3%AB-pun%C3%ABs/#tab2>



creation, start-ups, or job-rehabilitation account for only 1 % of the total expenditure. Spending on labour market services constitute a very minor part of total expenditure falling from above 10 % in earlier years to just over 2.2 % in the period 2013-2016. A steady increase has been recorded in spending and a much steeper increase in the number of participants since 2013, which seems to have plateaued in 2016.

The number of unemployed jobseekers has decreased substantially because of better laws and effective implementation. The law No. 146/2015, implemented in January 2016, focuses on the procedures of registration of unemployed jobseekers in the Employment Offices. In the first three months of 2016, guidelines and procedural rules were drafted and all staff members were trained for implementation of the new law and procedures. This law has enabled PES to focus on persons that are genuinely searching for a job, whereby PES no longer has to deal with informally employed persons who register with PES primarily to benefit from free health care services. Due to the new law the number of registered unemployed jobseekers decreased from 145 000 in the beginning of 2016 to 85 000 in November 2017, and has only slightly fluctuated around this figure since then.

### **3. On-the-Job training program**

#### **3.1 The design of the programme**

The ALMP of on-the-job training was approved by the Decision of Council of Ministers (DCM) No. 47, on 16.01.2008, and later amended with DCM No. 993, dated 02.07.2008; DCM No. 683, dated 05.10.2011; DCM No.193, dated 02.04.2014; and DCM No.458, dated 09.07.2014. The changes in the programme were focused on the ease of application procedures as well as increases in the financial amounts paid for the training and employment period. The last amendment was valid until 2017 and in 2018 a new law is drafted for this programme. The new amendments focus on the on-line application procedures and an extension of fields of trainings/applications. They also distinguished between small and medium enterprises and large enterprises, providing more incentives to small and medium enterprises in order to boost their economic activity. The costs of the programme are fully covered by the state budget.

The Ministry of Finance and Economy is the responsible institution for the design of the programme and PES is the only institution in charge of its implementation. During the design phase, several national, regional and local labour market statistics are taken into account. These statistics are produced by the General Directorate of PES, Regional and Local Employment Offices (administrative data), as well as by the Institute of Statistics drawing on quarterly Labour Force Surveys.

On-the-job training of unemployed jobseekers aims at training and integrating in the labour market of unemployed jobseekers who do not possess any vocational skills and/or do not have a profession, or whose skills and professions have become obsolete and are not required in the labour market. The criteria of the programme do not include specifications on the age and/or gender of the participants, nor about marginalised groups. However, there are special programmes dedicated to marginalised groups such as that approved by Decision of CoM No. 248 for the employment promotion of marginalised groups. No special programme is dedicated to labour market inclusion of Roma. However, the inclusion of the marginalised groups in the programme is ensured through the PES objectives and annually monitored indicators related to these groups. The programme provides financial support for the

employers that provide and guarantee on-the-job training of beneficiaries and employ a part of them for at least one year after completion of the training.

Initially, the programme financially supports the employment for the training period of up to six months by paying the wage and social insurance contributions of the participants of the training/beneficiaries. For each trainee, the programme guarantees a fix cost of training in the amount of 19,000 ALL during the training period of up to six months. In addition, it guarantees 50% of the minimum wage for the trainees for the training period as well as the payment of accident insurance (0.3% of the minimum wage). Upon training completion, the employer is obliged to employ at least 50% of the trainees for at least another six months. This is compulsory and its aim is to ensure market inclusion of the trainees, job stability, and to avoid the firing of previously employed staff (for complying with programme rules). In order to reinforce a job retention, the amendments requires that the trainees as well as previously hired employees are not dismissed without reasonable cause.

The selection of businesses is also designed carefully. The national strategies on employment and the government programme have set out the priority sectors of the economy. These are used to set the objectives and indicators of PES, which form the basis for allocating the necessary funds for the employment promotion programmes. These priority sectors are also reflected in the scoring system (see below) that PES utilises to rank the applicant businesses in the selection process.

The inclusion of social partners in the design, implementation, monitoring and evaluation of the programme is institutionalised through their inclusion in advisory and decision-making councils/commissions. At the national level, social partners have their representatives in the National Labour Council, National Education and Vocational Council, the Tripartite Administrative Council, as well as in the Advisory Boards of the Ministry of Finance and Economy.<sup>6</sup> The Tripartite Administrative Council is the highest level decision-making body of PES and is also involved in the process of allocation funds for ALMPs. At the regional and local levels, Tripartite Local Councils operate in each of the Employment Offices and their functions are related to the respective Employment Office.

The Tripartite Local Council in the respective Regional Directory, after considering the social and economic utility of each (business application), makes a decision on the beneficiary firms. The Application Approval Committee examines the applications and uses the scoring system, approved by the Tripartite Administrative Council prior to the application phase. The scoring system works as follows:

- The possibility to apply in different programmes simultaneously, on-the-job training and employment of persons from vulnerable groups is considered a priority, others as supplementary programmes.
- Main elements of scoring:
  1. Program combination –20 points in total weighted as follows:

**Table a. Weights given to businesses based on the number of programs**

Program	Applicant in		
	one program	two programs	more than two programs
VKM 27	0.7	0.8	1

<sup>6</sup> The Ministry of Finance and Economy is the one in charge.

<b>VKM 47</b>	0.5	0.7	1
<b>VKM 48</b>	0.5	0.7	1
<b>VKM 64</b>	0.7	0.8	1
<b>VKM 199</b>	0.7	0.8	1
<b>VKM 248</b>	0.7	0.8	1
<b>VKM 873</b>	0.7	0.8	1

2. Region – PBB per capita, unemployment rate, poverty rate, percentage of registered unemployed jobseekers in social assistance. Every component has a total of 5 points; hence the maximum number of points is 20. The total number of points for each component is weighted for each region based on the weights below. The result for each region is given in the last column.

**Table b. Weights based on the characteristics of the region**

Region	Weight based on				Total
	GDP	Poverty	Unemployment <sup>7</sup>	Social assistance <sup>8</sup>	
<b>Berat</b>	0.5	0.7	0.7	0.7	13
<b>Diber</b>	1	0.7	0.7	1	17
<b>Durres</b>	0.5	1	0.7	0.5	13.5
<b>Elbasan</b>	0.7	0.5	0.7	0.7	13
<b>Fier</b>	0.7	1	0.7	0.5	14.5
<b>Gjirokaster</b>	1	0.5	0.7	0.5	13.5
<b>Korce</b>	1	0.7	0.7	0.7	15.5
<b>Kukes</b>	0.5	1	1	1	17.5
<b>Lezhe</b>	1	1	1	0.7	18.5
<b>Shkoder</b>	0.7	0.7	0.7	1	15.5
<b>Tirana</b>	0.5	0.7	0.5	0.7	12
<b>Vlore</b>	0.5	0.5	1	0.5	12.5

3. Characteristics of the applicant business – size, turnover, field of operation, other favourable conditions. The characteristics of the business give a total of 20 points, as specified in the tables below.

**Table c. Size (5 points)**

Size	Weights	Points
<b>1-9 employees</b>	0.6	3
<b>10-49 employees</b>	0.5	2.5
<b>50-249 employees</b>	0.5	2.5
<b>More than 250 employees</b>	0.3	1.5

**Table d. Economic activity of the business (10 points)**

Categories	Weights	Points	Total
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<sup>7</sup> Number of registered unemployed jobseekers/population

<sup>8</sup> Percentage of registered unemployed jobseekers benefitting from social assistance

			<b>points</b>
<b>Agri-culture/industry</b>	1	10	10
<b>Manufacturing industry</b>	1	10	10
<b>Mining and quarrying industry</b>	0.6	10	6
<b>Construction</b>	0.6	10	6
<b>Trade</b>	0.6	10	6
<b>Services</b>	0.6	10	6
<b>Other (including public sector)</b>	0.5	10	5

c. Other conditions offered by the business. These are given a total of 5 points, based on relevant supporting documents submitted by the applicant business and subject to review by PES specialists.

4. Previous history on employment promotion programmes (20 points)

5. General assessment of the Project Approval Committee (20 points)

- The Regional Employment Directory decides when the applicant business is a physical person;
- The General Directorate of the Public Employment Service decides when the applicant business is a legal person.
- The respective Employment Office in collaboration with the employer fills in the lists of registered unemployed jobseekers that could participate in the programme. The selection of participants is based on the needs of businesses and pre-determined training fields.
- A contract is signed between the National Employment Service and the employer, specifying the rights and obligations of each party. All contracts are signed in the respective Regional Employment Offices.
- The implementation of the contract is monitored by the respective Employment Office. Financial procedures are monitored in collaboration with the Regional Employment Office.

### **3.2 Application, Selection and Admission Process**

The programme is launched and promoted through the application phase on the website of PES, the Ministry of Economy and Finance, and regional and local offices. Each regional and local Office is obliged to promote the employment programmes through the media and social networks, in addition to programme promotion that takes place in their offices.

The selection, admission and approval of the programme is based on the application of interested businesses in the programmes that employ unemployed jobseekers in collaboration with Employment Offices, their needs and requirements and the pre-determined fields of training. More than one application phase is open every year. Each application phase lasts 2 – 4 weeks, depending on the season and available funds. The application is submitted in the respective Regional Employment Office and on-line through the national E-Albania platform.

The selection of businesses and the approval of the employment promotion programmes is carried out by a commission which is set up annually in each Regional Employment Directory. While the selection of businesses is based on the scoring system explained in Section 3, the selection of the unemployed jobseekers is based on matching their characteristics to the characteristics of the selected businesses and the programme they will

participate in. The most common characteristics used for selection of participants are age, gender, education and training of registered unemployed jobseekers. Programme funds are allocated among businesses based on the score of the businesses in the selection process.

Small businesses employing 1-4 employees account for 90 percent of the active businesses in Albania, but they are not incentivised by the programme. As stated in the programme criteria, the business can provide training for not more than 100 percent of the existing staff. This condition makes on-the-job training more interesting to large businesses, which in addition may have higher training capabilities/capacities.

The selection process starts after the application phase and lasts 10 days for physical businesses and 7 days after the data entry for other businesses. 7 days after the approval of businesses, the selection of the registered unemployed jobseekers is also carried out. These are selected based on the target groups using the IT system of employment services.

### 3.3 Implementation

Most common professions of the beneficiaries, before receiving on-the-job training, are unqualified workers, service and assistant workers, and agriculture workers. The programme offers training in a variety of fields and the main professions that participants gain in the programme belong to the manufacturing industry, mainly the textile and footwear industry, as well as construction sector. There are currently eight types of trainings and their duration is shown in the table below.

**Table 3. Duration of on-the-job training program by vocational training**

No.	Training	Duration (in months)
1	Confection/textile	5
2	Construction	5
3	Duralumin	3
4	Cook	5
5	Fast-food/ Pizza cook	5
6	Wood works	5
7	Paper bags production	2
8	Shoe production	4

The figures in Table 3 also indicate that fields of training/application are limited to a maximum of eight. This also limits the application of businesses depending on the sector/field in which their business operates, but in addition it limits the compliance of the programme with the on-going changing needs of the labour market. The curriculum for each field of training and the respective training duration are designed by a group of PES experts. Based on these curricula, the businesses design their training plans. They assign their own trainers, who are most of the time the employees of the business.

During the period 2008-2016, the programme has targeted mainly youth and females. About 49 – 55 percent of the unemployed jobseekers did not have any vocation, and/or they belonged to basic profession groups. Based on PES data, there is a total of about 75 thousands young unemployed jobseekers in the registers, and 50 percent of them belong to the target group. With regards to females, 55 percent of the registered unemployed jobseekers have no profession, and hence belong to the target group. For this reason, the number of female registered unemployed jobseekers that participate in the on-the-job training programme is twice as high as that of their male counterparts.

The coverage of the target population in the programme has continuously increased. Initially the coverage was very low; until 2013 it was 1-1.5 percent. In 2014 it increased to 3 percent, in 2015 it went up to 4 percent, in 2016 it was 4.4 percent and in 2017 it reached a maximum of 5 percent.

**Table 4. Some statistics on the on-the-job training program**

Year	Number of businesses	Number of unemployed jobseekers	% of total beneficiaries	Amount of funds	% of total amount of funds
2008	58	1180	54%	131,150,000	62%
2009	50	1076	53%	119,000,000	59%
2010	36	769	44%	82,529,139	61%
2011	26	553	47%	62,299,767	63%
2012	21	497	54%	64,837,597	74%
2013	28	436	52%	63,100,092	72%
2014	51	1071	26%	109,368,258	41%
2015	69	1299	22%	140,610,081	32%
2016	80	1975	38%	285,717,906	59%
2017	121	2224	42%	283,966,187	58%

Table 4 **Error! Reference source not found.** presents some statistics on the programme for the period 2008 – 2017. The number of businesses in the programme was initially 50, and in five years it decreased to 21. It has been continuously increasing since 2012, and in 2017, the programme was implemented in a total of 121 businesses. The weight of the on-the-job training programme is considerable, regardless of whether this is measured by the number of beneficiaries in relation to the total number of participants in all ALMPs, or by the percentage of funds. However, the figures in **Error! Reference source not found.** show that, although the amount of funds has increased substantially since 2011, the weight of the programme had a downward trend since 2012, when other programmes started their implementation, until 2015. In 2016 and 2017, both, the percentage of beneficiaries and the percentage of funds have recorded a drastic increase. In 2018, the number of participants in the programme is 2671, out of whom 1742 are women.

### 3.4 Monitoring and evaluation

Four evaluations of the ALMPs have been carried out since 2008<sup>9</sup>. In the framework of an ILO project in 2008, the methodology for managing, monitoring and evaluating the programmes' efficacy was designed.

- **Administration:** Better targeting the unemployed jobseekers and setting up a control group.
- **Monitoring: Collect** information about participants and non-participants of the programme:
  - Individual characteristics (age, gender, education level and vocation before the programme, belonging to special groups)

<sup>9</sup> 2008-2009, 2010-2011, 2012-2013 and 2014-2015

- Characteristics of the enterprise where the training will take place (field and sector of operation, performance data, the profession trained, duration of training, etc.)
- Follow-up data (employment status 6 months after completion of training),
- If employed: whether in the same profession, same enterprise, same economic activity, wage level, whether a contractual employment.
- If unemployed: whether looking for a job. If yes, how; if no, why?

Matching training with the local labour market demand is one of the caveats that is identified in programme evaluations and has to be taken into account when preparing new training curricula. To fulfil this requirement, there is a need for timely and strong labour market information, statistics and forecasts, consultation with social partners and employers.

In 2014, RISI Albania carried out an assessment of the quality of design and implementation of ALMPs for the period 2008 – 2014. Among others, they concluded that on-the-job training programme appears to be the most successful programme. It has the highest rates of employment growth, higher retention rates compared to other programmes, and provides specific and required skills in the industry. Employment rates of the programme through the implementation phase (since 2008) vary from 58 – 62 percent. Furthermore, there is evidence that participation in the programme results in higher income and better career opportunities for beneficiaries. The high level of employment of trainees in the enterprises in which the training is provided shows that employers appreciate the skills they deliver themselves and which the workforce acquire. Given that the trainees had no profession prior to training participation, the skills they acquire are relevant to labour market requirements, and this strengthens the impact of the programme (beyond importance in figures). However, the programme provides relatively small incentives to the businesses and no particular incentives for vulnerable groups.

Programme assessments also shown that programmes should be better tailored to the needs of the unemployed jobseekers, better respond to the needs of vulnerable groups, and better targeted and small measures in order to address the needs of both, jobseekers and employers. Unemployed jobseekers should have a more active role as providers of labour demand, and the expansion of fields of training would better match the programme to the needs of businesses. Hence, the skills needs of registered unemployed jobseekers and business needs should be better matched. PES data on on-the-job training programme point out that there is a high dropout rate, with the main reason being the mismatch between the skills needs of the unemployed jobseekers and the field of training. Best practices in similar programmes in developed countries have shown that on-the-job training could be used as a starting point, and later on the programme aspects have to be designed and adapted to meet the needs and characteristics of the target group, for example better tailoring the programme to the needs of young unqualified jobseekers, disabled persons, etc.

**In the evaluations that have been carried out** an important aspect is a cost-benefit analysis for each programme, which measures the change in results of the participants with those of non-participants in the programme, and attributes the difference to the impact of the intervention/programme. Benefits include net effects of the programme (difference in earnings between participants and non-participants), while costs include all programme-related expenditure. The ratio between benefits and costs is an indicator of the programme efficacy. In assessing the effectiveness of the on-the-job training programme, costs include the training costs, gross wages, wage taxes, social contributions, and health care

contributions. The results of the analysis indicated that the programme has a positive impact on the society as a whole. One year after the programme, the benefits, in monetary terms, are estimated at ALL 149 million<sup>10</sup> (Table 5).

**Table 5. Cost-benefit analysis of on-the-job training programme**

Components	Beneficiaries	The other part of society/non-participants	The entire society
	<i>Cost in ALL</i>	<i>Cost in ALL</i>	<i>Cost in ALL</i>
Income one year after the programme completion	293.589.240	0	293.589.240
Income during the programme	72.864.000	-72.864.000	0
Programme's cost	0	-144.388.958	-144.388.958
Social security and health insurance (from programme completion until the survey)	-78.388.327	78.388.327	0
Income tax (from programme completion until the survey)	-29.358.924	29.358.924	0
Cost-and-benefit at the programme completion		<b>-217.252.958</b>	
Cost-and-benefit one year after the programme		<b>-109.505.707</b>	<b>149.200.282</b>

<sup>10</sup> about 1.15 million Euro