



**Barriers to Decent Youth Employment in Albania: an analysis of practices
and regulations & recommendations how to address them**

Prepared by: ESA Consulting

August 2015

Mbështetur nga:

Supported by:



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Agency for Development
and Cooperation SDC

Zbatuar nga:

Implemented by:



This study was prepared by ESA Consulting and commissioned by RisiAlbania.

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List of Abbreviations

ALL	Albanian Lek
ALMM	Active Labour Market Measure
ALMPs	Active Labour Market Programmes
CV	Curriculum Vitae
DCoM	Decision of the Council of Ministers
EPPs	Employment Promotion Programmes
EU	European Union
GoA	Government of Albania
ILO	International Labour Organization
INSTAT	National Institute of Statistics
LFS	Labour Force Survey
LSMS	Living Standard Measurement Data
MSWY	Ministry of Social Welfare and Youth
NAfY	National Agency for Youth
NAPY	National Action Plan on Youth
NAVETQ	National Agency for Education, Vocational Education and Qualifications
NES	National Employment Service
NSES	National Strategy for Employment and Skills
PES	Public Employment Service
PwD	People with Disabilities
SNA	Skill Need Analysis
SSCs	Social Security Contributions
TVET	Technical and Vocational Education and Training System
WB	World Bank
YES	Youth Employment Strategy

Executive Summary

In the wake of the global economic crisis, Albania's youth unemployment has increased following similar trends across European countries. Labour market statistics show a less than favourable labour market position for youth, with more than 32% of youth unemployed as opposed to 17,9% of the overall population¹. Persistently high unemployment rates and lower labour force participation and employment rates, may discourage youth from seeking jobs or registering as unemployed jobseeker with the labour offices. Furthermore, it may encourage the persistence of informal employment and worse working conditions.

The objective of this report is to provide a comprehensive account of barriers young men and women face in accessing the labour market in Albania. Barriers may be legal, lack of social protection, unfavourable business climate, lack of experience, inadequate education, gender-related discrimination (overt or unintentional), high informality, lack of information regarding workers' rights, which may all be related to lack of opportunities in the labour market.

Main findings and Recommendations

Striking the right balance between flexibility and security in the labour market is often one of the coping strategies that countries opt for in order to tackle rising unemployment especially during economic crisis. Labour market flexibility may promote employment by providing incentives to both employers and employees. The Albanian legal framework provides adequately **flexible labour regulation** to ensure moderate costs for employers while safeguarding the interests of employees. Nevertheless, practice indicates that companies do **not always act in conformity** with the labour code, especially with regard to payment of social insurance contributions, working hours, and paid leave. The scarcity of job opportunities, coupled with low information on employees' rights leads to an increased likelihood of youth – and other jobseekers – to accept unfavourable working arrangements.

Flexibility in wage determination is an important feature of the labour market. In Albania wage setting predominantly occurs at firm level. Social partners are generally weak and there are very limited cases of collective contracts. It is likely that the relatively low minimum wage² and in general low labour cost has contributed to the concentration of **labour-intensive industries** in the country which employ a large proportion of the less-skilled and relatively younger jobseekers (textile and shoe industry, call centres, etc.).

Youth unemployment has become a policy priority in developed countries as well following the economic downturn of the recent years. The major policy measures that have been taken across countries to tackle youth unemployment relate with measures to boost demand and job creation; improving transitions to work; maintaining cost-effective ALMPs, and strengthening vocational education and training, and expanding quality apprenticeship and internship programmes.

¹ Labour Force Survey 2014.

² Among the lowest in the region.

Following the findings of fieldwork a series of conclusions can be drawn together with certain recommendations that would create a more enabling environment for youth employment and at the same time triggering the adequate economic activation of young people.

A. On labour market, informality and decent work

Finding A.1. High informality and tax evasion persists in the economy and businesses may refrain from declaring actual total labour costs in order to hide part of their income. For employees, low trust in the social welfare system coupled with low wages may also act as a deterrent in formalising employment, creating a preference to receive higher net income at present rather than creating security for the future. This may be particularly relevant for younger employees, for whom the prospects of benefitting from the pension scheme seem rather remote in time. In addition, businesses report that labour inspectors often are not fully aware of the caveats of the legal framework and unduly penalise businesses.

Recommendation A.1.1. Labour inspection: Capacities of the labour inspectorate need to be strengthened both in terms of staff and outreach as well as in terms of knowledge. Indeed, the role of labour inspectorates has to be upgraded and supported with adequate resources to enable them fulfil better their responsibilities. All employment offices interviewed in the target cities raised the need for a stronger role of the labour inspectorate in verifying the job protection of youth (social security payments and working conditions). A fully equipped inspection would also elevate the qualitative conditions of working so they become incentives to continuous employment and not a deterrent to decent work.

Finding A.2. Low wages are one of the primary reasons for youth and/or women not taking up employment in Albania or for low job satisfaction. Several young people interviewed during field research claim that not all employers comply with minimum wage requirements, although there is a general agreement that compliance has improved. The shift from the flat to the progressive taxation system for the personal income tax that came into effect in January 2014 has further decreased total labour costs for wages in the minimum and average category.

Recommendation A.2.1. Incentives to address the low-quality jobs trap: The promotion of collective bargaining as well as the introduction of quality standards, minimum income guarantees and inclusive social protection systems to strengthen decent work for young employees are some of the steps undertaken in different European countries. Creating options for quality standards for internships and apprenticeship programmes, as well as further enforce the policy ensuring coverage of social contributions for at least for their first year of work need to be in the central of the policy makers agenda. Additionally promotion of employment of women needs to be accompanied with efforts to decent jobs for them and adequate support for the young and single mothers.

Finding A.3. Young people with disabilities are not sufficiently aware about their rights on the labour market and government policies encouraging their employment. They also fear that getting a formal job offer through the labour offices will make them lose the financial benefit, which is linked to their health condition and employment status. Results from fieldwork investigations on the implementation

that the legal provision for employing a certain quotas from the category of the PwD is very rarely followed.

Recommendation A.3.1. Employment of vulnerable groups: Certain pro-active actions for the employment of people coming from disadvantaged backgrounds are reported especially for Roma and people with disabilities. Yet, this is far from systematic. Roma's employment is difficult due to their group characteristics and requires dedicated support. In addition, although legal provisions are in place to incentivise the employment of people with disability, this is not enforced properly and particular attention has to be paid by inserting certain clauses for those private sector actors that work with public funding. Some of these initiatives will probably be part of the new employment promotion interventions of the MSWY.

Finding A.4. Generally, *striking gender preferences* in recruitment policies are not discernible. There is however an inclination led by specific business profile and activity, such as in the case of *fason* industry where women and girls are more preferred, while the construction companies and heavy processes are more inclined towards male recruitment. There are also some *socio-cultural dimensions* of workplace culture. Young women, especially in rural areas, low skilled or coming from a household with limited qualification and educations are often being tracked into traditional care givers and housekeeping roles with little returns in the labour market, or into undervalued jobs that are an extension to their care roles.

Recommendation A.4.1. Better support to young working mothers: It is clearly evident that working mothers struggle to maintain the balance between work and home. Businesses – especially those with production lines are located in the towns' peripheral areas. Kindergarten support has been identified as important in order to enable young mothers pursue their right to work and not be obliged to leave work for the simple reason of having no child support.

Recommendation A.4.2. Increased awareness on labour regulations, and employee rights: It is evident that young people need to be informed about their rights as employees. Info sessions with young people on their rights as employees as well as on the government supported programmes for the youth employment and entrepreneurship need to take place.

Recommendation A.4.3. Social partners: Strong social partners are a key factor that contributes to increasing job security and income through negotiation of collective contracts and labour disputes. Trade unions need to become more proactive in protecting the rights of employees and negotiating favourable conditions for employment beyond what is in the legal framework.

B. On skills and employability

Finding B.1. The *education system* is one of the key features that determine youth labour market integration, by establishing institutional linkages with the labour market. In countries with a strong vocational educational system, where occupation specific skills are taught both in theoretical (classroom) as well as practical approaches (dual system), young people are less often in temporary employment and unemployment. The *vocational education system* in Albania has been long regarded

as the destination for low-performing students. As investment in the sector has been scarce, practical training aspects inadequate and the linkages with the labour market practically non-existent, the vocational education system has not succeeded in providing opportunities for a smooth transition from school to work.

Strengthening of vocational education and training system is considered particularly important to ensure that youth particularly those from a disadvantaged background achieve a good foundation. The need for additional qualitative professional qualifications from the VET centres was stressed by all categories that were met in the scope of this analysis. Currently, the centres of professional qualifications offer a pre-established list with professional training courses, which does not necessarily reflect the regional needs and qualifications needed by the labour force, such as management of small hostelry structures. Additionally, VET centres have limited resources (staff and materials) to be able to react to the needs for new or other qualifications. Indeed, all actors stressed the need for better training materials as well as a better quality of curricula and instructors during the fieldwork.

Recommendation B.1.1. Improving vocational education and training is key to supporting an easy transition from school to work. In best practice countries the vocational education system has a high status and is trusted by students and employers alike. Establishment of a long-term cooperation between vocational training institutions and universities and or employers' organisations, can provide state of the art skills in ICT, creative industries and services.

Recommendation B.1.2 Vocational education and training: Prior to enrolling youth in training courses, employment offices and the VET centres need to properly brief the candidates about the objectives but to also link every training curricula with practical knowledge. The revitalisation of professional schools needs to be aligned to business profiles and economic development opportunities of regions in order to offer truly attractive learning packages with a greater chance of entering the labour market.

Finding B.2. Insufficient measures and capacities to improve transitions from school to work - The education system is not sufficiently oriented towards preparing youth for future employment. The training component is incorporated in several existing ALMPs in Albania, but there is ***no differentiation between specific target groups***. Incentives for hiring youth are the same as hiring other unemployed, which lowers likelihood of employers opting for younger programme participants. Individual support to youth is insufficient and it suffers also from scarce information on markets, skills required and sector specific features.

Recommendation B.2.1. Current support measures need to include individual enhancement in their focus. This is completely lacking in the formal education system and in the public employment services in Albania. However, it is important to support these efforts by strengthening the information on the markets and sectors. In this context, periodic regional SNAs, surveys and constant contact with employers are crucial.

Recommendation B.2.2. Improving **career orientation** and counselling is a very urgent need for young men and women starting at school level and universities in order to improve the quality and scope of information about vacancies and the skills needed by the labour demand. Exposure to the business

environment and networking can really help the youth in choosing the right qualifications that match individual profiles with the business profiles in the region where they live. Career advice and orientation needs to be an integral part of employment services, VET providers as well as schools and universities. Again the experience of private universities can serve as point of reference for this service to take a meaningful shape.

Recommendation B.2.3. Boosting demand and job creation - Youth unemployment may not decline steadily unless overall employment grows, which requires support to trade, SMEs and specific sectors that the country may have an advantage in. Measures may also target self-employment and entrepreneurship through credit lines and advisory services or grants to business start-ups that target unemployed or social welfare recipients. Fiscal incentives for youth employment can also be part of these measures, such as reducing the cost of labour through reducing, waiving, or reimbursing employers' social security contributions (SSCs) for low skilled or long-term unemployed youth. Tax waivers are available for some ALMM participants not apprentices (partial reimbursement of social security costs). In general there are no tax credits or exemptions on labour costs of apprentices or other employees.

Finding B.4 Offsetting job skills mismatches: The need to strengthen the link between the education system and the labour market so that youth are better equipped to face the market was the main thread of this argument.

Recommendations B.4.1 Improving access to vocational training, on-the-job training programmes, more and better apprenticeships systems, soft skills training, and the combination of in-classroom and workplace training are some of the recommendations. These measures need to be properly addressed in order to be able to close the skill and experience gap of the youth on the labour market. Additionally, there is a need to engage actively on a demand driven approach where employers have a role in identifying the skills needed in the productive sector ensures consistency between training curricula and the labour demand.

Finding B.5 The **apprenticeship system** is regulated by the Labour Code through the “profession learning contract” between the employer and student,³ which however does not provide regulation on the mature and duration of such arrangements, nor incentives for employers, who have to **incur costs for apprentices** or interns employed in the amount of the minimum social insurance for work accidents and sickness.⁴

In Albania the dual system is not yet in place, while vocational education remains largely theoretical and out-dated. The implementation of dual systems may require changes to the Albania VET system, some of which are already under way. Nevertheless, it is often difficult to identify qualified and interested

³Further detailed in DCoM 253, dates 25.03.1996 “On the profession learning contract”

⁴DCoM 77, dated 28.1.2015, “On mandatory contributions and benefits from the system of social insurance and healthcare insurance”.

youngsters, even with highly interested companies. On the other hand, weak labour demand due to a slowing economy is a challenge.

Recommendation B.5.1. Strengthen apprenticeship and internship programmes through different financial incentives, as a way to attract youth into the formal labour market.

Recommendation B.5.2. Apprenticeship regulation: Incentives on apprenticeships and internships have to be introduced and become recognised across the private sector. Currently, there is an initiative through Erasmus + projects and NAVETQ to explore the suitable modalities to be proposed to the GoA. However, any proposed modality needs also to address the issue of regulating the apprenticeships and internships.

C. On public employment services

Findings C.1. The NES has **limited human resources** to handle the entire process of job mediation and individual counselling, while they mediate for only a very small portion of employments in the labour market, indicating a problem of double information asymmetry in the labour market. Although NES has the potential to provide low-cost services, both employers and employees tend to avoid reverting to its services. This behaviour is not only related with the image, but also with the job offer available and efficiency of public services.

Recommendation C.1.1. Public employment services: With limited access to networks and information on vacancies, youth need intermediation services to improve the chances of a good match. Employment offices/services are considered to play a key role in linking up young jobseekers to employers, recording vacancies and jobseekers' qualifications, training youth to face interviews and write CVs, etc. Therefore, a shift in the approach of employment offices has to occur to offer better and qualitative support to young people – and not only this. A greater emphasis has to be placed on efficient job intermediation. Improved targeting is another dimension of the pro-active role that employment services can play. Particular reference is made in this respect to jobseekers from rural areas. The issue is both administrative and legal. Employment offices currently are not providing services to rural areas and interventions need to be taking place in order to properly define the self-employment character of people in rural areas in view of land ownership.

D. On programmes and measures

Finding D.1. Activation measures -Active labour market measures are generally combined with payment of unemployment and other social welfare benefits through job- search requirements and compulsory participation in Active Labour Market Programmes (ALMPs). Support measures include counselling, job-search assistance and entrepreneurship programmes, and often provide more intensive assistance for the more disadvantaged youth. Furthermore, individual counselling and placement plans are scarcely available, while entrepreneurship programmes for youth are almost non-existent.

Recommendation D.1.1. Youth entrepreneurship – In view of scarce formal employment opportunities and the on-going economic slowdown that has few job openings, support to young entrepreneurs has

been one of the main features in youth employment policies across many European countries. A key solution in Albania would be the early exposure to entrepreneurship education into mainstream and vocational education and training. Comprehensive entrepreneurship programs that combine skills and business development training, mentoring and financial support can significantly improve the chances of starting a successful business. This has to be complemented with access to finance and youth-friendly financial products.

Recommendation D.1.2. The *Youth Guarantee Programme* has been undertaken in several European countries, with the principle that all young people up to the age of 25 should receive a good quality offer of employment, continued education, an apprenticeship or a traineeship within four months of leaving formal education or becoming unemployed. These main policy directions embraced in the majority of European countries under the Youth Guarantee initiative should be considered by the Albanian Government to tackle youth unemployment issues.

Introduction

Scope of Work and Methodology

The general objective of this research assignment was to identify the main legal factors and practices that may hinder or encourage the creation of decent youth employment in Albania and develop a set of recommendations on how to address the identified barriers.

The methodology was tailored using the following elements: desk research, in-depth interviews (30+5), focus groups (7) and 1 public debate.

The *desk research* focused on two aspects: i) a review of the relevant legal acts that regulate the working conditions and the contractual obligations/rights, with a special focus on the Labour Code provisions⁵, as well as ii) gathering existing data and analysis from the existing surveys in order to provide a more solid context to the analysis. The legal mapping also explored a comparative analysis between the existing labour and working conditions' legal provisions in Albania and the European Union directives and/or other international legal practices/conventions related to decent youth employment.

For the *fieldwork*, the geographic areas were indicated in the terms of reference with coverage of northern, central and southern areas and target groups. Two main cities were selected in each area, specifically Tirana and Elbasan from the central area, Shkodra and Lezha from the north and Fier and Vlora from south. The team prepared a set of indicators to be collected during the fieldwork activities and introduced them to the questionnaire. About 35 interviews were conducted during this phase, including policy makers (5 interviews) and key stakeholders (30 interviews), targeting employers and mediators, young people and their relatives to gather their perceptions on the main barriers for youth decent employment. Additionally, about 6 focus groups were organized in the selected cities, targeting youth and 1 focus group targeting parents and relatives. *One public debate* was organized as the concluding activity aiming to gather additional input and validate the comparative analysis, fieldwork and recommendations.

Some of the main issues addressed during the fieldwork were recruitment procedures and practices; perceptions on the existing labour legislation, informality and flexibility, and their role on fostering decent youth employment; practices on appealing to public authorities on labour issues; employment contracts, and barriers and solutions faced by young people on finding "decent" jobs.

The set of findings from desk research and fieldwork are investigated in this report leading to a set of conclusions and recommendations on the main legal barriers and practices regarding youth decent employment in the country.

Limitations of the research

On the analysis presented in this report as per the ToR requirements: There are two aspects that need to be addressed according to the ToR specifications for this assignment. The first one is related to the

⁵ Law no. 7961, dated 12.07.1995, and its amendments

identification of the legal barriers that impact youth unemployment and the second relates to the categorisation of qualitative information following a regional dimension.

During the desk research phase, in particular on the legal mapping and analysis of the existing relevant legal framework, it became clear that the analysis of the report could not be limited only to the legal barriers. As it is also highlighted in the following sections of report, the main barriers impacting youth employability are more of a structural nature, affected by the economic development of the country, typology of businesses, their capacities, skills mismatch and weak links between offer and demand as well as other barriers related to cultural practices. The study explored stakeholder perceptions on contract enforcement by employers and efficiency of public institutions, but could not verify the accuracy of such perceptions. These issues are explored in depth in the following sections, but it is important to make clear in this section that the findings from the field work reflect a complexity of issues, beyond the existing legal framework, that need to be further explored and addressed. Indeed, the ToRs requested a *“regional dimension of the analysis, by economic sector, gender and social-economic background”* - this was hardly possible using the available qualitative information and resources. The information gathered was not extensive and sufficiently representative to enable drafting of the analysis at this level of detail.

Limitations of the statistical analysis based on the existing data: Although there are many labour market statistics available in Albania, they do not always include youth. The usual statistics available for youth are the basic labour market indicators such as labour force participation, employment rate, unemployment rate, inactivity rate, employment rate by education level and a few more. There are data limitations when it comes to the employment of youth in sectors of the economy. Although there are data regarding youth employment, there are no data from the enterprise survey showing in which particular sectors is youth employed. Data is also not reported regarding labour market statistics of youth by regions, and by economic sectors in those regions. Likewise, no data is reported for youth in different occupation categories, and their wages. Furthermore, there are no reported data regarding youth conditions in employment, such as availability of contracts, full-time versus part-time jobs, working hours, etc. These statistics should be included in standard reporting from various available surveys.

Structure of this report

This report is structured into five main sections:

The first section (Overview – policy framework and statistics) provides an overview of the main policy framework and institutions engaged with employment issues in the country; as well as statistical evidence on labour issues.

The second section (Key regulation on labour market and labour relations) provides the legal analysis of the legislation on labour, education and fiscal matters that are deemed to have an impact on employment outcomes.

The third section (Barriers to youth employment) provides a qualitative analysis based on the fieldwork findings and builds on perceptions of stakeholders from the public sector, businesses and companies as well as youth and their families. Perceptions were gathered during focus groups and interviews.

The fourth section (Measures to reform labour market in Albania) provides a cross-analysis of the general perceptions and/or practice with the legal framework in force and ongoing policy initiatives to reform labour market issues in the country.

The fifth section (Encouraging youth employment: best practices) explores international best practices in encouraging youth employment and their viability for the policy agenda in Albania.

The final section (Conclusions and recommendations) presents the main conclusions and recommendations to move forward.

Overview – policy framework and statistics

Policy framework and main actors in the employment area

This paper provides an overview of the most important legislation regulating labour issues in Albania. The fundamental principles on labour rights are enshrined in the Constitution as well as the Labour Code. Other important legislation concerning employment includes legislation on employment promotion, social insurance, labour inspection, health and safety at work, vocational education and training, as well as fiscal legislation.

The vision and objectives of the government on employment policies are set out in the **National Strategy for Employment and Skills** (NSES 2014 – 2020), one of the first strategies presented by new government in February 2014. NSES aims to integrate economic, education, vocational and entrepreneurship policies together through an action plan that boosts employment in the country. The strategy emphasizes the need to integrate employment and education services to enable better matching of skills with labour market demands and envisions strengthening of active labour market policies instead of passive policies. The objective of the strategy is expected to be pursued through activities grouped in four main pillars: (i) foster decent job opportunities through effective labour market policies; (ii) offer quality vocational education and training to youth and adults; (iii) promote social inclusion and territorial cohesion; (iv) strengthen the governance of the labour market and qualification systems.

The main institutions responsible for employment issues and the implementation of the National Strategy for Employment and Skills are the **Ministry of Social Welfare and Youth** (MSWY) and its subordinate institutions. The mission of the MSWY is to guarantee constitutional rights to secure and decent employment, social security, guarantee youth participation in social life and strengthening cooperation with social partners, including developing policies in employment, vocational education and training⁶, labour relations, inspections, safety and health at work, social dialogue as well as developing and monitoring policies linked with social insurance.

The **National Employment Service** (NES) is the main executing agency subordinate to MSWY in charge of labour market analysis and policy implementation, which includes active and passive labour market programmes. NES is also in charge of managing public vocational educational training centres. Policy discussions are currently undergoing on the possibility to transfer management of vocational schools under the responsibility of NES.

Other agencies under the MSWY include the Labour Inspectorate, as the agency in charge of monitoring and inspecting labour regulation, health and safety at work; the National Agency for Education, Vocational Education and Qualifications (NAVETQ), as well as the National Agency for Youth, established in June 2014, which is in charge of implementation of youth policies, in accordance with the **National**

⁶Vocational education was under the responsibility of the Ministry of Education until late 2013, when the present government took office.

Action Plan on Youth⁷ (NAPY). NAPY's objective is to develop and coordinate the inter- sectorial youth policies on education, employment, health, culture as well as the increasing participation of young people in the society and decision-making. The action plan makes particular reference to fostering youth employment, education and entrepreneurship opportunities, with an emphasis on nurturing creativity and innovation capacities of young people by encouraging personal development for better employment opportunities in the future.

The Social Protection Strategy, Social Inclusion Policy Document (draft) and the National Strategy on Gender Equality and Elimination of Domestic Violence (2007 – 2010) address cross-cutting issues that may have a bearing on youth welfare and employment opportunities as well. Furthermore, it should be borne in mind that pensions' reform and social insurance management have an impact in terms of perceived costs and benefits in formal employment and hence may impact the choices youth (and other jobseekers) make in the labour market.

Evidence on youth employment: data and statistics

Barriers to the employment of young women and men should be given priority since they are linked to the future development and economic growth of a country. In the past years, especially since the global financial crisis, youth has had the lowest employment rates in many developed countries especially European Union countries. Unravelling barriers to youth employment, be those legal or otherwise, is of crucial importance in terms of policy making. Barriers to youth employment should be expected on many angles. The issue is almost never isolated. It takes a combination of factors to act as barriers on youth employment. These barriers may be legal, lack of social protection, unfavourable business climate, lack of experience, inadequate education, gender-related discrimination (overt or unintentional), high informality, lack of information regarding workers' rights, which may all be related to lack of opportunities in the labour market.

The Skill Needs Analysis 2014⁸, which does not distinguish in its analysis among youth and non-youth, provides nonetheless important insights in regards to businesses' concerns, skills needed and recruitment procedures. It helps to contextualize what are the overall needs and concerns regarding skills in the labour market. As reported by the Skill Need Analysis 2014, the most occurring major concerns by businesses are work culture and unsuitable qualifications reported by 39.8% and 33.0% of businesses respectively.

In this same report, businesses have identified various skills shortages, which differ by region. The differences in skills shortage among the different regions are also related to the differences in economic activity in these regions. In this respect, the Northern Region faces difficulties in professions related to production, mining, and construction. The Central Region mainly faces difficulties related to the services sector, and the South Region faces the most difficulties with the services and construction sectors. The majority of businesses underline *insufficient knowledge at the time of recruitment* to be the main reason for skills shortage. This reason is especially prevalent in Manufacturing and Wholesale and Retail Trade

⁷Adopted with DCoM 383, dated 06.05.2015

⁸ "Skill Needs Analysis 2014." December, 2014.

and Repairing. Unlike the other sectors, the Accommodation and Food Service underline *lack of motivation* as the main reason for shortage of skills. Businesses also report that professional skills and work experience are the most difficult skills/requirements to find in the work force. Other skills/requirements, *like reading and writing skills, appearance and grooming, and gender*, are much less problematic during the hiring process.

Even though businesses report to not have any specific gender preferences, female employees comprise 40.2% of total number of employees in Albania, and are mainly concentrated in Manufacturing. There are also few people with disabilities being employed. Only 10% of businesses report to have hired people with disability, amounting to 488 people. People with disability are often regarded as an unproductive workforce and there is still prevalence of anxiety and prejudice regarding the productivity of people with disabilities in the workplace, which limits their acceptance and inclusion into the workplace. Most of the hired people with disabilities pertain to the manufacturing, water supply, sewage, and waste sectors, and they are mainly hired by medium and large companies. Lastly, the main method of recruitment by businesses remains *acquaintances, friends, and relatives*.

In order to understand the barriers to youth employment, it is very important to also understand the situation of youth in the labour market. Labour market indicators such as labour force participation; employment and unemployment are among the classic indicators that show youth's position in the labour market as it stands and in comparison to other groups of the population. Albania is no exception to low labour force participation and employment rates of youth and high unemployment rates. Although Albania shares these same trends with other countries in the region and EU⁹, the reasons behind this situation may differ from those of other countries. As a consequence of low labour force participation, employment, and high unemployment rates, Albanian youth may be discouraged from participating in the labour market. This discouragement may also lead into inadequate education, as well as acceptance of informal employment or precarious jobs and inappropriate working conditions.

Labour statistics between the years 2007-2014 show that labour force participation of youth is persistently lower compared to all other groups of the population (Table 1). Youth labour force participation in 2014 is 41.9% compared to 61.5% of the age-group 15-64 years and 72.3% of the age-group 30-64 years, which has the largest labour force participation rate of the population. The year 2013 had the lowest labour force participation of youth with 38.7%. Within youth, there are also differences between men and women. Young women consistently have lower labour force participation rates compared to their male counterparts throughout the period 2007-2014. In 2014, female labour force participation was 32.0% compared to 51.2% for male.

⁹ "Unemployment and beyond." (2014). Eurostat, Statistics Explained.
http://ec.europa.eu/eurostat/statistics-explained/index.php/Unemployment_and_beyond

Table 1 Labour force participation 2007-2014

Age group	Labour force participation rate							
	2007	2008	2009	2010	2011	2012	2013	2014
Albania								
15-29	50.1	41.6	45.6	44.3	54.8	46.6	38.7	41.9
30-64	75.6	71.8	73.2	74.4	76.7	73.8	71.1	72.3
15-64	65.4	62.1	62.1	62.3	68.5	64.9	59.6	61.5
15+	58.0	53.3	55.1	55.2	60.3	57.3	52.4	53.7
Male								
15-29	57.1	48.2	52.5	51.6	62.2	54.1	47.9	51.2
30-64	86.5	84.1	87.2	86.3	85.2	84.2	82.9	84.5
15-64	74.7	72.4	73.5	72.3	76.4	73.4	70.2	72.2
15+	66.9	61.7	64.9	64.0	67.9	65.5	61.7	63.5
Female								
15-29	43.2	35.6	39.8	37.4	47.0	37.7	30.1	32.0
30-64	64.9	60.9	60.3	63.3	68.6	64.4	60.7	61.2
15-64	56.2	52.9	51.8	52.9	60.8	56.4	50.1	51.3
15+	49.5	45.7	46.2	46.9	52.9	49.2	44.0	44.4

Source: INSTAT, 2007-2014 LFS.

Likewise, given the low labour force participation of youth, employment rates are expected to be even lower. In fact, youth employment rate in Albania is less than one-third of the employment rate for the population between the ages of 30-64 (Table 2). In 2014, youth employment rate is 28.2% compared to 62.7% for the age-group 30-64 years and 50.5% of the age-group 15-64 years. Youth employment has the lowest levels in 2013 and 2014, where there is also no change in employment in these two years. Female employment is also consistently lower across all years compared to male employment. In 2014, female employment was 23.3%.

Table 2 Employment rate 2007-2014

Age group	Employment rate							
	2007	2008	2009	2010	2011	2012	2013	2014
Albania								
15-29	40.2	31.3	35.6	34.3	42.8	34.5	28.2	28.2
30-64	67.5	64.6	65.6	66.4	68.2	66.4	61.8	62.7
15-64	56.6	53.9	53.5	53.5	58.7	55.9	49.9	50.5
15+	50.3	46.3	47.5	47.5	51.9	49.6	44.1	44.3
Male								
15-29	44.1	35.9	41.1	39.3	48.0	38.8	33.7	33.0
30-64	77.2	76.5	79.8	79.2	76.7	75.4	70.8	72.7
15-64	64.0	63.3	64.5	63.1	65.7	62.2	57.3	58.0
15+	57.3	54.0	57.0	55.9	58.6	55.9	50.7	51.4
Female								
15-29	36.4	27.2	31.0	29.6	37.3	29.4	23.0	23.3

30-64	58.0	54.1	52.5	54.4	60.1	58.3	53.9	53.6
15-64	49.3	45.6	43.6	44.5	51.8	49.6	43.1	43.4
15+	43.4	39.4	38.9	39.5	45.3	43.5	38.0	37.6

Source: INSTAT, 2007-2014 LFS.

The unemployment rate is higher for youth compared to other age groups of the population (Table 3). The unemployment rate for youth in 2014 was 32.5% compared to 17.9% for the age-group 15-64 years and 13.3% of the age-group 30-64 years, which has the lowest unemployment rate among all age groups. Men appear to have lower unemployment rates compared to women. Given the overall lower female labour force participation rates and employment rates, the lower unemployment rates of women are most likely due to higher rates of female inactivity. In 2014, unemployment rate for men was 35.6% compared to 27.4% for women.

Labour market statistics show a less than favourable labour market position for youth. Quarterly data for the first and second quarter of 2015¹⁰ show similar trends in all three labour market indicators. Labour force participation of youth in the first and second quarter of 2015 is 43.9% and 43.4% for the first and second quarter respectively. The employment rate of youth is 28.9% and 28.6% for the first and second quarter of 2015 respectively, and the unemployment rate is 34.1 and 34.2 for the first and second quarter of 2015. Persistently high unemployment rates and lower labour force participation and employment rates, may discourage youth from seeking jobs or registering as unemployed jobseekers with the labour offices. Furthermore, it may encourage the persistence of informal employment and worse working conditions. Better labour force participation and employment rates for the age-group 30-64 years may indicate that the labour market offers better outcomes for young professionals and those in mid-career who have accumulated work experience and/or who had better access to education and training. In addition, there is a mismatch between choice of fields of study and what the labour market needs. Therefore, youth may find themselves with the wrong degrees, without any work experience, and willing to accept any type of employment, be that outside of their qualifications or without working contracts or adequate working conditions. The limited perspective in the labour market may make them more prone to accept informal employment and continue to remain in these conditions. Lack of opportunities in the labour market may give employers the upper hand, and be used to lock youth in informal employment, for lack of better choice.

This situation is damaging to the economy and youth. Informal employment, where young workers are working without contracts and social security, for longer hours and less vacation time, increases the social bill. The youth now will not be entitled to social security in the future for the years that they have spent working informally. Although informal employment may seem like a quick fix to the present labour market conditions, it has negative repercussions in the future. It is also damaging to the economy, in terms of lost productivity and future old-age pensions.

¹⁰ INSTAT, Labor Force Survey Q1.2012-Q2.2015.

Table 3 Unemployment rate 2007-2014

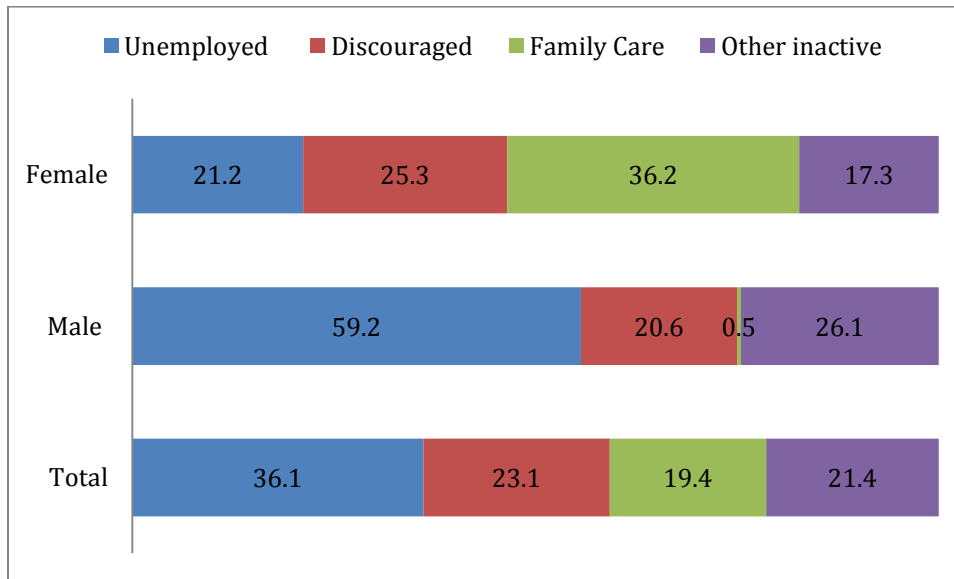
Age group	Unemployment rate							
	2007	2008	2009	2010	2011	2012	2013	2014
Albania								
15-29	19.8	24.7	21.9	22.5	21.9	26.0	27.2	32.5
30-64	10.7	10.0	10.4	10.8	11.1	10.0	13.1	13.3
15-64	13.5	13.2	13.8	14.2	14.3	13.8	16.4	17.9
15+	13.4	13.1	13.8	14.0	14.0	13.4	15.9	17.5
Male								
15-29	22.8	25.5	21.6	23.8	22.8	28.4	29.7	35.6
30-64	10.7	9.1	8.5	8.3	10.0	10.4	14.6	14.0
15-64	14.4	12.7	12.2	12.8	14.0	15.2	18.3	19.7
15+	14.3	12.5	12.2	12.6	13.6	14.6	17.8	19.2
Female								
15-29	15.8	23.8	22.2	20.7	20.6	22.0	23.6	27.4
30-64	10.6	11.2	12.9	14.0	12.4	9.5	11.2	12.3
15-64	12.2	13.9	15.9	15.9	14.7	12.0	13.8	15.5
15+	12.2	13.7	15.8	15.9	14.4	11.7	13.5	15.2

Source: INSTAT, 2007-2014 LFS.

Other statistics show that young people who are not employed or in the education system, are mainly inactive (Figure 1). Overall, 36.1% of youth in this category are actively seeking for a job and available to work. The rest are discouraged workers (23.1%), have family care responsibilities (19.4%), or are otherwise inactive (21.4%). Young women are more discouraged than young men. Only 21.2% of young women who are not employed or in the education system are actively seeking a job and available to work compared to 59.2% of men. Furthermore, 36.2% of young women who are not employed or in the education system are responsible for family care compared to 0.5% of young men. Although young women are generally surpassing men in their education (during the academic year 2013-2014, about 57% of enrolled university students were female¹¹), it appears that this is a coping mechanism to the unfavourable labour market conditions. Attainment of an education degree does not necessarily convert to a place in the labour market. Often women are in fields of study that are overcrowded and not much in demand in the labour market, therefore they have just as much difficulty in finding jobs when finishing their degrees than those with less education. Women are often in fields of study such as history, geography, literature, English, pedagogy, social work, and the like, which do not always easily convert into a job. In addition, jobs such as seamstress, or the shoes industry are often seen as being preferable for women. These occupations however, lock women into low skill jobs, further decreasing their human capital and worsening their future employment prospects outside these jobs.

¹¹ INSTAT. <http://www.instat.gov.al/al/themes/arsimi.aspx>. Registered university students in every university by gender, 2013-2014.

Figure 1: Labour market status of youth (15-29 years) who are neither employed nor in the education system

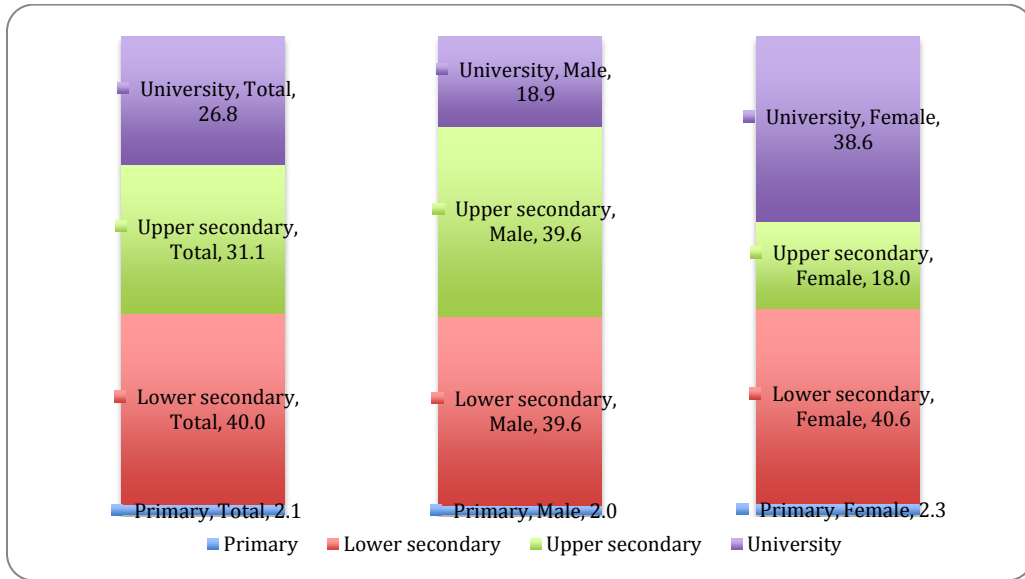


Source: LFS, 2014.

As pointed out earlier, higher education is not necessarily converted to higher employment. Consequently, young people suffer in terms of employment, especially considering that they also lack work experience. Out of all employed youth between 15-24 years, the vast majority have lower secondary and upper secondary education (Figure 2). Of all employed youth in this age category, 40.0% have lower secondary education, 31.1% have upper secondary education, and 26.8% have a university degree. The percentage of employed youth with a university degree is even lower. Out of all employed young men, 39.6% have lower secondary education, 39.9% have upper secondary education, and 18.9% have a university degree. Employed women, have higher rates of university degrees than men. Nonetheless, out of all employed women, the largest percentage is with lower secondary education. Out of all employed women, 40.6% have lower secondary education, 18.0% have upper secondary education, and 38.6% have a university degree.

This goes to show that either young people are getting an education in fields that are not needed by the labour market, or the labour market has to mainly offer jobs for lower skills, especially for youth. The divide between men and women shows that despite the higher rates of employed young women with university degrees, there is a narrower range for them. Either they are in jobs that require very little skill, hence the high rates of those employed with lower secondary education, or they need to have a university degree. What is not known is whether those with university degrees are in jobs that match their skills, or whether they are in lower skill jobs. If they are in jobs that do not match their skills, it may mean that the labour market reads their university degrees as a sign of intelligence, but it does not award them with the right jobs. That means that women might need higher education as a way to find any job. The lower percentage for men with upper education compared to women may mean that they may have a wider range of jobs available. Nonetheless, the lower percentage of employed men with university degrees is disconcerting regarding what is been needed and rewarded in the labour market.

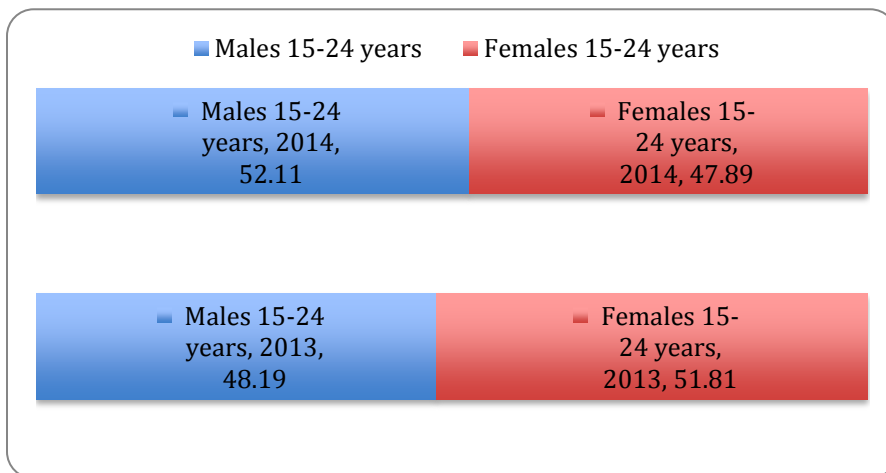
Figure 2 Employment by sex and education, youth (15-24 years), 2014



Source: LFS, 2014

Lastly, out of all discouraged youth, sex division is quite comparable (Figure 3). When faced with the lack of opportunity and motivation in the labour market, young men and women are similarly discouraged. In 2014, discouraged young men appear to be in slightly higher percentages than women, 52.11% for young men and 47.89% for young women. In 2013, it was the opposite. Young women represented a slightly higher percentage of discouraged workers, 51.81% for young women compared to 48.19% for young men. It is unhealthy for a country’s economy to have young discouraged workers, when they have just started their exposure to the labour market. It is too soon for young workers to be unmotivated and their potential to be unrealized. When joining the labour market, discouraged young workers may also be more prone to work informally, accept lower pay and poor working conditions. All of the highlighted statistics and analysis above provide grounds for understanding young workers’ position, or lack thereof in the labour market.

Figure 3 Discouraged youth (15-24 years) by sex



Source: LFS, 2013-2014

Key regulation on labour market and labour relations

Constitutional rights

The Albanian Constitution sets out that everyone has the right to choose his or her profession and place of work and that employees have the right to social protection of labour¹². Furthermore, employment under suitable conditions for all persons who are able to work is one of the state objectives¹³. The Constitution sanctions special social protection rights by the state for young persons, pregnant women and new mothers, in particular for children, including minimum working age. Prohibition from forced labour is provided by article 26 of the Constitution.

The Albanian Constitution recognizes also other related rights of the employees, such as social security, unemployment assistance (article 52), labour organizations (article 50) and strikes (article 51).¹⁴

Labour Code provisions

The Labour Code is the most important legal act on employment and provides for almost all types of labour relations. The code regulates labour issues, including rights and duties, legal prohibitions, safety and health protection, work conditions, minimum salary, work contracts and termination etc.

The minimum age of working is 16 (sixteen) years' old and employment of a minor person under 16 is prohibited. Minors aged from 14¹⁵ to 16 years may be engaged during school vacations to do light work that does not harm their health, physical, psychological, moral and social development nor jeopardizes their education, and can be subject to counselling and professional training.¹⁶ The Labour Code determines also prohibitions for minors to carry out difficult and dangerous jobs and night work.

Age is also treated indirectly in the Labour Code, related to discrimination prohibitions. The Labour Code states that any ***differentiation, exclusion or preference based on age***, (and/or race, colour of skin, sex, religion, political beliefs, nationality, pregnancy and maternity leave, social origin, family relation, or physical or mental disability), that violates the right of an individual for equal treatment in employment, is ***considered unlawful***.

Particular and protective treatment is reserved to pregnant women and new mothers by the Labour Code, especially for what concerns appropriate work conditions, safety and health measures, light work, night work prohibition, favourable pregnancy treatment etc.

¹²Chapter IV - Economic, Social and Cultural Rights and Freedoms, Article 49.

¹³Article 59.

¹⁴Respectively in Articles 52, 50 and 51 of the Constitution of the Republic of Albania.

¹⁵Proposed amendments to Labour Code aim at increasing minimum working age to 15 years of age.

¹⁶DCoM 384, dated 20.5.1996, On Protection of minors at work, as amended. Provides further regulation on this issue. The duration of the work cannot exceed 6 hours per day or 30 hours per week, provided that periodic medical examinations and State Labour Inspectorate authorization are required.

Proposed amendments of Labour Code

A new draft law amending the Labour Code aiming at alignment with the EU acquis has been submitted to Parliament in April 2015.

Based on the conclusions of the relevant relation of the Ministry of Social Welfare and Youth, the proposed amendments aim to improve the existing text of the Labour Code by implementing several elements of *acquis communautaire*, especially for what concerns safety and health on work, discrimination prohibitions and the special protection to women.

As a result of an analysis of the text of the draft law proposed¹⁷, considerable amendments shall be applied to the existing Labour Code. The ambition of the Ministry of Social Wellness and Youth is to fully harmonize the Albanian legal framework with the EU *acquis*.¹⁸

Civil servant status of public administration

Civil service employment is specifically regulated by Law 152/2013, On Civil Servant, as amended. This law aims to offer additional protection to civil servants employed in the public administration, providing the rules of acceptance, carrier, ethic, termination etc. This law does not contain specific rules on young employees but it grants specific and protective status to public administration civil servants, which in the recent years in Albania were often subject of political arbitrary decisions. Recruitment in public administration is generally merit-based through pool competitions for typical job profiles. More detailed requirements vary based on the position profile and rank. Typically civil servants must have at least one year of prior work experience for the lower civil service ranks.

Safety and health at work

The basic rights to safety and health at work are sanctioned in the Constitution and Labour Code, and further regulated in Law 10237/2010, On safety and health at work, as amended.¹⁹ This law guarantees some important rights for all employees, such as the right of information on risks and dangers, safety measures and risk management²⁰. Several clauses are focused on minors, considered as a vulnerable group for which employers must guarantee safe and appropriate conditions of work²¹. Minors are protected from any kind of risk that may harm their wellness and development or may jeopardize their education. Work of minors is prohibited if it objectively goes beyond their physical and mental capacity, involves them to exposure to radiation, toxic, carcinogenic or other dangerous agents that may damage health or constitute a high accident risk or a danger to health as a result of cold or extreme heat, noise

¹⁷ Please note that the text of the draft law is not to be considered as definitive and may be subject to further amendments or modifications.

¹⁸For further detail please see the section on Compliance with international Conventions and EU *acquis*, as well as the draft law and relevant explanatory note as submitted to Parliament on http://www.parlament.al/web/PROJEKTLIGJ_P_R_DISA_SHTESA_DHE_NDRYSHIME_N_LIGJIN_NR_7961_DAT_12_7_1995_KODI_I_PUN_S_19829_1.php

¹⁹The latest amendments of Law 10237 has also implemented the minimum requirements for the protection of young people at work, according to Council Directive 94/33/EC of 22 June 1994, On the protection of young people at work.

²⁰Article 12 of law 10237

²¹ Article 31, 34 and 35 of law 10237

or vibration. Employers should undertake the necessary measures in order to guarantee minors safety and health at work, including a preliminary risk evaluation, periodic medical controls, training and continuous monitoring.

Safety and health requirements and conditions for special occupations, which have particular levels of risk, are detailed in further regulations approved based on Law 10237.²² Legislation does not provide for specific protection for youth (with the exception of minors at work). The State Labour Inspectorate is the highest executive institution in charge of inspection policies on health and safety at work and it reports to the Minister of Social Welfare and Youth.

Work contracts

Albanian legislation is rather flexible with regard to work relations and contracts. Employees may be employed based on a **definite or indefinite time contract**, although the latter is considered to be the exception to the rule and the employer must justify a definite time contract based on the temporary nature of the work. The maximum probation period is three months, during which time the employee is entitled to work remuneration and fringe benefits. There are no limitations in the labour legislation with regard to the duration and renewal of definite time contracts. However, if the definite time contract is not specifically renewed (nor terminated) after three years work, the contract duration is considered to have become indefinite. Treatment of employers with definite and indefinite time contracts is equivalent for purposes of social benefits as well as other benefits including holidays. Social insurance benefits paid on **part-time employees** (less than 87 hours per month) is slightly lower than that of full time employees, but no less than the contribution paid on minimum wage regardless of the actual gross remuneration.

A specific procedure must be followed for **termination of work contracts**, including a notice period ranging from 2 weeks (for up to 6 months employment) to 3 months notice (for more than 5 year employment). The Albanian legislation does not have specific regulation on redundancy rules, nor preference rules on redundancy (i.e. based on seniority or other personal or household conditions). A specific procedure on notice and negotiations with the trade unions, including mediation through the government in case of failure to reach an agreement, is set out in the Labour Code. In case of rehiring, the employer must award preference to the former employees in case of similar qualifications. Severance payment amounts to the wage of two weeks for every year of employment, based on the most recent wage.

The **minimum wage is currently 22,000 ALL** per month for full time work.²³ The legislation allows for a maximum of 40 working hours per week, which can be extended to 50 hours (10 hours overtime in a week) but no more than a total of 200 overtime working hours a month. Employees are entitled to a 20 minutes paid break for work extending more than 6 consecutive hours. The break is longer for pregnant women and lactating women who have returned to work. The legislation also provides for a **paid**

²² Especially DCoMs 562, 563 and 564, dated 3.7.2013 on health and safety requirements on workplace, protective equipment and machineries.

²³ Minimum wage net salary is 19,536 ALL.

maternity leave of at least 35 days before and 63 days after giving birth²⁴. The maximum paid maternity leave is 365 calendar days after which the woman is entitled to resume work at the same conditions as prior to the leave. During this period women are entitled to maternity benefits (paid by the social insurance fund) amounting to 80% of the average net wage for the first 185 days and 50% of the average net wage for the following period. Work contracts may not be terminated for women on maternity leave or for women having just returned to work after the leave unless the employer justifies that termination is not related to the absence from work.

Collective contracts are recognised by law at sector or enterprise level, in accordance with the agreement of the contracting parties. Collective contracts set out regulation on labour conditions, initiation and termination of individual work contracts, vocational training as well as relations of contracting parties. It specifically determines the professional and geographical area the contract applies to. Collective contracts may set binding obligations on employers and employees which cannot be less favourable than those prescribed by law. Employees who are not members of the contracting party organisations (i.e. trade unions) are also subject to collective contract provisions. The government may not be involved with collective contract negotiations.

Social and Health Insurance

All employees and employers have the obligation to contribute to the mandatory social insurance scheme, in proportion to their gross salary, at minimum the gross minimum wage and a maximum ceiling salary.²⁵ Self-employed and self-employees in agriculture also have the obligation to contribute to the social insurance scheme at a level of the minimum wage or slightly above that level.²⁶ Total social insurance contribution in Albania amounts to 13,8% of the total payroll for the employer and 9,8% of the gross salary for the employee. Contributions to the social insurance scheme provide entitlement to social insurance benefits in cases of maternity leave (when the woman has contributed for at least 12 months for each birth); old age pension (for at least 30 years of contribution when the persons have reached the legal retirement age), as well as for cases of sickness, accidents at work, invalidity, etc.

Health insurance is likewise mandatory in the Republic of Albania, in proportion with the gross wage, at the level of 1,7% for employees and 1,7% of the payroll for employers. There is no maximum gross wage ceiling for purposes of health insurance payments as of January 1st, 2015.

Employers are **required by law to pay social and health contribution** for all employees, as well as act as paying agents on behalf of employees by withholding the relevant contributions from their gross salary. Health insurance entitles contributors to free access to public healthcare services.

²⁴ There is no recognized paternity leave in Albania. Proposed amendments to the Labour Code have introduced a three day paid leave for fathers and the right to paternity leave in case of adoption of children (one of the two parents would be entitled to the leave but not both).

²⁵ The ceiling salary for social insurance purposes is currently set at 97,030 ALL.

²⁶ For self-employed in agriculture

Personal income tax

Income from wages or remuneration derived from employment is subject to the personal income tax. After the latest fiscal reform entered in force at the beginning of 2015, the current level of the income tax is based on a progressive scheme: 0% of the gross salary for monthly income up to 30.000 ALL; from 30.001 to 130.000 ALL applies a tax level of 13% of the monthly gross salary amount over 30.000 ALL; and to incomes higher than 130.001 is applied an additional tax level of 23% of the amount over 130.001 ALL. This fiscal system replaced the precedent flat income tax of 10%.

The new progressive personal income tax system is more favourable for low and medium wages (up to 130,000 ALL) and it has significantly increased the tax burden for higher wages. Removal of the maximum ceiling for purposes of health insurance has an impact on relatively higher wages only (At above 95,000 ALL). Hence, overall the fiscal burden has decreased on the minimum to average wage levels, which would in potential have an effect on increasing willingness to formalise employment.²⁷

Mandatory social and health insurance also account for the total labour costs. Although overall the fiscal burden on employees and employment has declined for low to medium wages, the cost of social and health insurance benefits on both employers and employees is perceived to be high. Furthermore, the higher fiscal burden on high wages may have created a propensity to under declare income and/or revert to alternative forms of employment through service contracts with small businesses, which are subject to lower profit taxes. There are sufficient indicators that the level of informality may be higher, due not only to illegal work and the lack of registration of employees, but also in the misleading data on the correct declared employment incomes.

Unemployment Compensation and Benefits

Unemployment benefits are provided by state unemployment insurance programs.²⁸ In order to receive unemployment compensation, the applicants must meet the unemployment eligibility requirements, including having contributed to social insurance scheme for a period of at least 12 months, being registered as unemployed at the NES, submission of the relevant application and relevant documentation, periodic visit to NES and acceptance of the opportunities of appropriate works and trainings offered them by NES.

Unemployment compensation is determined by the government, equal for all beneficiaries, regardless of the salary that was paid to work. Currently the basic level of unemployment payment is 6850 ALL per month, corrected by a supplement for other family members who are unemployed, are minors or disabled.

Unemployment compensation may be granted for three periods, the first up to 12 months, the second up to 10 months and the third up to 8 months. The unreasoned refusal of working programs or training and qualifying programs, with appropriate salary, offered by NES shall disqualify beneficiaries from

²⁷Nevertheless, insurance costs remain relatively high in contrast with the perceived benefits from the public social and health insurance schemes.

²⁸Within guidelines established by Law 7703, dated 11.5.1993, On social insurance, as amended and detailed by DCoM 223, dated 19.4.2006, On unemployment benefits.

unemployment benefit entitlement. Self-employees are not entitled to receive unemployment compensation.

Volunteering

Based on the European Charter “On the Rights and Responsibilities of Volunteers” a volunteer is a person who carries out activities benefiting society, by free will. These activities are undertaken for a non-profit cause, benefiting the personal development of the volunteer.

There is no specific regulation on volunteerism in Albania, although neighbouring countries such as Kosovo, Croatia, Macedonia and Serbia have all passed legislation in this regard. A draft law on volunteerism based on the Croatian model was drafted in 2011 but was never adopted. It is currently part of the plan of action of MSWY due for approval in 2016.

It is important to emphasize that the concept of volunteerism generally applies to social, religious and/or political causes and it extends mainly to the non-profit sector. Volunteerism may not be confused with practices such as internships, vocational formation or apprenticeship.

Education and vocational training

Integration of education services with the labour market is one of the main objectives of the Government of Albania, which has placed primary focus on the development and modernisation of its vocational education and training systems. Law 8872, dated 29.03.2002 as amended²⁹, On vocational education and training, as amended, establishes the main objectives of the education system and vocational training, with the aim to “adapt it to social, economic and technological changes, labour market demand and enable optimal use of financial, human and infrastructure resources.”

A new VET law is currently being drafted with the assistance of European Training Foundation. This law will regulate all aspects of the VET system in the Republic of Albania, including the modalities of provision, assessment and certification within the Albanian Qualification Framework, and respective administration institutions and procedures. The law will define the respective roles and responsibilities of public authorities, national tripartite structures, Sector Skills Committees and other entities in charge of planning, implementing and monitoring VET modalities, as well as the obligations of the providers, both public and non-public, to comply with the law requirements and terms³⁰. The law is part of the government programme for its 600 days in office and is due to be approved by April 2016.

Vocational education is available to all those who have completed the mandatory education and may last between three years (for the first level diploma) and five years (for the second level diploma, equivalent to the general secondary education and that qualifies holders for university enrolment).

Professional formation starts after completion of the primary level of education and may last up to two years. Vocational training is offered through combination of theory and practice lessons by the certified

²⁹ Amended with Law 63/2014.

³⁰ Draft VET law date 11/09/2015

public/private institutions and/or licensed companies, which stipulates specific agreements with the competent educational state institutions.

These provisions are further detailed in the DCoM 500, dated 22.05.2013, which consider as fiscally recognized expenses, deductible from the companies profit, the costs related to instructors, staff, work materials, safety equipment designed for trainees. Furthermore costs for trainees' insurance for work accidents are covered by the Ministry of Education for the public vocational formation services. However, the legal framework does not contain specific provisions and/or incentives on apprenticeship and internship promotion, as an opportunity to provide youth with skills needed for the labour market.

Employment promotion

As described in the previous section, Albanian legislation guarantees equal treatment for all employees regardless of their personal characteristics and explicitly bans any sort of discrimination. Labour legislation is quite flexible hence taking into account employers' costs related to employment and termination thereof, while at the same time it guarantees some basic rights for employees protection, including assigning the burden of proof to employers in case of labour disputes.

The previous sections focused on labour legislation in general and it can be concluded that there are no barriers (i.e. in terms of negative discrimination) for employees, including youth. Legislation provides for positive discrimination especially in the case of minors at work and pregnant women and new mothers. However, the *interpretation* of the law can have unintended consequences, for example employers avoiding the demands of maternity leave by preferring to employ young men (see later). The section below will shed light on the positive discrimination instruments that the state applies to different categories, including youth, in order to boost their employment.

Employment promotion in Albania is based on the Law 7995 dated 20.09.1995, On Employment Promotion, as amended, and the implementing programs approved by the government, which provide the framework for the promotion of employment and vocational education and training through active labour market measures and incentive mechanisms, including public employment (mediation) services, programs for creation of new jobs and vocational training programs. The National employment Service (NES) is the executive agency in charge of implementation of employment promotion programmes. These programs intend to reduce informality and reduce economic costs by including people benefiting from other social support schemes into the programs. There are two general types of employment promotion programmes. The first type is designed to offer state financial support and subsidies to employers who hire people from vulnerable groups, including youth³¹, female jobseekers³², jobseekers in vulnerable situations³³ and jobseekers with disabilities³⁴. The types of support include coverage of

³¹DCoM 199 dated 11.01.2012, Promotion of employment for unemployed youth entering the labour market for the first time for young people

³²DCoM 27, dated 11.01.2012, Promotion of employment for unemployed female jobseekers from special groups and DCoM 27, dated 11.01.2012, Promotion of employment for unemployed female jobseekers from special groups

³³DCoM 48, dated 16.1.2008, Promotion of employment of unemployed job seekers in difficulty;

³⁴DCoM 248 dated 30.04.2014, Promotion of employment of persons with disabilities.

social and health insurance costs for one year and minimum wage cost for 4 months during the course of the year (up to 10 months for disabled people, including infrastructure costs).

The second type of employment promotion programmes focuses on providing training and qualification opportunities to vulnerable jobseekers and youth³⁵, or professional practice for recently graduated³⁶. This type of programme covers 5- - 70% of training costs for new employees for a period of 6 months, provided that the employers subsequently hires at least 50% of the trainees. The programme also partially subsidizes insurance and minimum wage costs. The professional practice programme provides for internships of recently graduated in the public administration and private sector and provides payments in the amount of unemployment benefits to both employers and trainees for up to 6 months period. Professional practice is recognised as work experience for purposes of future employment in the public administration.

Analysis of the employment promotion programmes indicate that interest in EPP is relatively low and concentration higher in labour intensive industries and benefitting the general profile of jobseeker, for which subsidies are the same as for more vulnerable groups.³⁷

Proposed amendments to Employment Promotion Programmes

A new draft of the law on employment promotion, repealing the existing law has been drafted by the Ministry of Social Welfare and Youth, aiming at providing a new model of employment services including education and vocational training and reformation of the existing NES by empowering state bodies. Based on the draft law as published by the MSWY³⁸ the most significant changes proposed include:

- Establishment of the National Agency for Employment and Skills
- Broader definition for vulnerable groups, including *orphans; single person household members; people with disabilities, persons aged over 55 years; Roma and Egyptian communities; persons who have served or are serving imprisonment; persons who benefit from the programs of income support; long-term unemployed jobseekers registered as unemployed for more than a year; migrants returned from less than two years; minors and youth in conflict with the law; youth aged under 29 years; and trafficking and violence victims.*
- Broader employment promotion programs that provide subsidies for insurance and wage costs; workplace equipment; engagement of unemployed workers in public and community work; self-employment programs and support for new businesses and start up; dual approach in education and vocational training programs in a dual form; professional practice; vocational job training programs; youth programs; etc.

³⁵DCoM 47, dated 16.1.2008, Promotion of employment through job training;

³⁶DCoM 873, dated 27.12.2006, Promotion of employment through professional practice for recently graduated

³⁷Source National Employment Service <http://www.kerkojpune.gov.al/wp-content/uploads/2015/02/EPP-FINAL-REPORT.pdf>

³⁸Please note that the text of the draft law is not to be considered as definitive and may be subject to further amendments or modifications.

Together with the existing programs of financing of wages and mandatory insurance, are included new programs such as public and community works for specific groups and programs designed for seasonal employment, especially in tourism and agriculture sectors, combined with vocational training. Vocational training is provided in conjunction with improved basic education, through specific training and educational courses. The current draft law is going through a consultation process and is due for approval within December 2015.

Crafts law

The third important legal provision relates to the drafting of the Crafts Law. Following a German model and supported by GIZ, the law regulates the crafting activity as well as its related skills creation and professional qualifications. The objective of the law is to promote the development of crafts through protecting their interests, consumers of crafts as well as related services in its support. The draft law envisages the creation of the National Crafts Chamber and is strongly promoted by the private sector. It is currently being discussed with the Ministry of Economic Development, Trade, Tourism and Entrepreneurship and due for approval in November 2015.

Compliance with international conventions and EU *acquis*

Albania is a member of the International Labour Organization and has ratified all the Fundamental and Governance conventions, together with 41 Technical ILO Conventions for a total of 53 Conventions and 2 Protocols.

Based on a generic comparative analysis between the Albanian legal framework and international conventions, Albania has fulfilled the main obligations set out by these legal frameworks. The Albanian legal framework is in line with ILO obligations on minimum age, night work and medical examination of young persons.

Furthermore Albanian legal framework is in line with the Council Directive 94/33/EC of 22 June 1994 "On the protection of young people at work", as a result of the approval of the latest amendments of Law 10237 dated 18.2.2010, On safety and health in work.

The proposed amendments to the Labour Code aim at fully harmonizing the Albanian legal framework with the EU *acquis* in the employment area and constitute a significant intervention in the existing legislation in force. Notwithstanding, some issues, such as dissemination of information, social dialogue and dialogue with non-governmental organizations, indicated in almost all of the above mentioned directives, should have been detailed better and clearly in the text of the proposed amendments.

Barriers to youth employment

The following section contains a summary analysis of main issues based on opinions and perceptions collected during fieldwork and interviews.

Structural factors – economic growth

An analysis of barriers to youth employment would naturally start from the driving force of economic growth. A low paced economic growth leads to low levels of private sector investment, insufficient trade dynamism, and discouraged start-up activity. These conditions reduce labour demand and hinder job creation, and young people are affected the most.

The 6 cities visited during the fieldwork for this assignment (Tirana, Vlora, Shkodër, Elbasan, Lezhë and Fier), are also areas with a higher business concentration in the country. All categories of stakeholders (business, labour offices and youth) acknowledged the high level of youth unemployment. Business representatives believe that this is not directly linked to youth's missing skills or qualifications but it has to do rather with the labour market demand, strictly related to the local economic development and/or foreign investments. Indeed, youth unemployment is seen as a combination of low demand from the labour market, low qualifications of the youth labour force available as well as structured incentives that can facilitate a smooth entrance of youth in the labour market.

Any efforts, either by government or development partners towards improving youth employment are often limited to urban areas and the already skilled youth. Due to high unemployment rates, young people opt for continuing education simply because there are no jobs and/or no suitable ones in the context of an economy that is not creating sufficient jobs. Cases have been reported where young people would rather enrol for a second university or post-university degree, trying to top up their qualifications for the labour market. In view of the skills mismatch and shortage of jobs in the labour market, this can be considered a coping strategy. Yet it is also a clear evidence of a lack of proper career orientation from as early as pre-university school and throughout the education system.

Recruitment procedures and practices through perceptions of employers and young people.

Legal framework and employment protection policies can play an important role in opening or limiting opportunities for youth to enter the labour market. All the stakeholders met during the course of this work, including the public officials working in the employment sector, consider the existing labour legislation as adequate and no major issues and proposals for possible amendments were articulated. However, there are a number of important barriers that are believed to have an impact on youth employment, which relate mainly to capacities of the public sector in ensuring compliance (Labour inspection and tax offices), as well as clearer standards and operational procedures for NES and the TVET system.

There is a general perception from youth and their parents that relying on a network of family, friends and relatives is very important. Finding a job does not necessarily depend on the skills of the jobseeker, but on having the right connections with people that can help. Regarding information on the vacancies

available youth rely mainly on the word of mouth and information from family members or acquaintances.

Asked about youth employment, the perception among businesses was that in general young people are more preferred to recruiters compared to those of the age 45 years old and above. The interviewed business representatives were of the opinion that youngsters are generally skilled, notwithstanding the type of education completed. Indeed, there is a general perception among businesses that youth who hold a university degree perform better than those with a high school diploma and those that come from professional education. Despite certain preference for employing youth, partly due to the increased need for use of new technologies in the business processes, businesses feel that even high-educated youth are not equipped with adequate qualifications in response to the market and business development needs.

Recruiters from the business community seem to be facing difficulties in finding qualified candidates in welder/soldered or lathe operators, technologists, electricians, mechanics, fish technicians and other specific qualifications. When talking about these professions, business representatives were often referring also to the new technologies they are increasingly using which require young qualified professionals that know how to run these machineries.

Overall, business representatives were of the opinion that young people who are offered for work or are found by the economic operators possess inadequate qualification and limited skills, and in about 80 % of the cases they provide on the job training for them, once hired. Trainings vary from 1 to 3 weeks. They also stated that the training period serves as a probation period, after which the unsuccessful ones get fired according to the labour code provisions. In terms of payments, businesses reported that only in half of the cases, the salary offered covers the training period.³⁹

In general, there seems to be very limited cooperation between businesses and educational institutions, such as professional centres, high schools and universities. Business representatives stated that they have not reached an agreement with these institutions in terms of possible internships programmes. While communication occurs in very ad hoc basis the crucial issue is the fact that businesses are reluctant to take on interns/apprentices, as they fear that the labour inspectorate might consider them as informal employees. Only some big companies such as “Bankers Petroleum” or large agribusinesses companies appear to have an agreement with the University and they support free internship programmes in their business facilities. Field data indicates that businesses are generally not aware of the contractual arrangements they need to comply with for an apprenticeship programme, or if they do they are not willing to take up the costs associated with it.⁴⁰

³⁹Probation period legally may last between 1 and 3 months and the employment contract may be terminated through a five days notice during probation.

⁴⁰See next chapter, businesses need to file with the labour registration office and pay minimum health insurance for apprentices taken.

Generally, there is a perception that compliance with the **labour code** has improved, including the regular contributions to the social insurance. However, this statement needs to be further explored and validated with the insurance institute and taxation offices.

Skills mismatch

During discussions with actors met during the fieldwork, the issue of skill mismatch was clearly raised – qualifications of the work force do not comply with the skills needed by the available job posts.

Both technical (*sector specific skills*) and non-technical skills (*soft skills*) were considered as very important from the business representatives/employers. Apart from the low level of skills, business representatives also shared the concern that young people have *poor work ethics*.

All actors revealed a mismatch between the education and training outcomes and the skills demanded by the labour market. A common deep concern was generally shared on the mismatch between their acquired skills at schools and universities and the skills sought in the labour market. This is particularly an issue with categories of ‘unemployable’ youth – those holding a university or higher diploma as, the available vacancies are often filled in with people not having relevant qualifications.

“How is the list of professional training courses in the centres for vocational training centre professional qualifications defined? We finish these courses and we don't know what the future will be.” – employed young lady from Lezha.

All actors acknowledged the prioritization of youth employment in the GoA agenda, however they also emphasized that the existing technical and vocational education and training system (TVET) in the country need to be reformed and strengthened.

Almost all the interviewed business representatives stated the importance of focusing on skills development of youth while matching the offered qualifications with the market needs and particularly making reference to the business profiles of the regions where they live. Almost all actors met, raised the pressing need to reflect those adjustments in the professional training curricula in close cooperation with the business community and the labour offices.

“We need professional schools to be re-opened again. I mean those schools, which existed before the 90’, since in each city 90 % of the businesses established are based on that economy of the city. I am missing middle class professionals for my business, since there is no agriculture professional high school around here” – business representative from agriculture sector in Shkodra.

Representatives from the business community stated that the current curricula is national and fails to address the real skill needs of a region. There is an interest from young people to enrol in professional qualifications courses offered by the labour offices and VET centres but they are uncertain about the opportunities that might follow after completing these trainings. They do not see the professional education as well structured, in particular when it comes to clear linkages with the businesses operating in the region and their participation in the training programmes.

Labour market and Career Orientation

Young people consider the quality of education system, in general and career orientation provided by the academic institutions in particular as weak and ineffective. They feel that the approach in career

orientation as well as the school teaching should change in order to offer better preparedness for the labour market, equipping them with the right practical skills and knowledge that answers to the potential and development of the economic environment of the country in general.

The work experience trap

Another concern raised was about the young graduates not being able to find an entry-level job after completing their studies because of the lack of necessary work experience. On the other hand staying unemployed just widens the gap for entering in the labour market; hence they are trapped into a vicious circle. The only way to gain work experience was through unpaid work (either as informal workers or informal internships) which delays their economic independence and often leads to being obliged to take up paid employment in other areas.

In young people's views this constitutes a vicious circle for youth employability - youth not being hired as they lack work and they lack experience because they are not hired. There is also a factor of discrimination noted which is related to the experience trap. This is the case of the negative stereotypes of employers often viewing youth as inexperienced and with limited work ethics that end up taking a big toll on youth. Experience trap and perceptions often lead to increasing chances of informal contracts, and low salaries and may derive in further marginalization of disadvantaged groups, such as young women, young migrants and particularly rural youth.

*"We cannot get a job if we don't have experience, but where to find this experience if none offers us a job"-
employed young man from Fier.*

Lack of access to capital and entrepreneurship/business training

Self-employment is often perceived by youth as a different route from the limited decent work posts. There are few cases reported of young people who opted for entrepreneurship who found it hard to start a business and keeping it running.

Greater support to small business development, self-employment and entrepreneurship training for young people is recognized as a priority area for the government officials. However there are very limited programmes supporting this priority. Weak or no entrepreneurship trainings and limited access to financial resources, absence of sustained business incubators for youth and high level of corruption are some of the prominent barriers for youth employment with an impact on informality too.

Perceptions on the Identified issues related to informality and flexibility

Working in the private sector means a large degree of insecurity for young people: long working hours, frequent lack of compliance with employment regulations and difficult communication. Yet, this sector is viewed as providing more chances to find a job. Structural gaps and issues of the labour market, combined with inadequate skills to matching to the real demand, seem to have been leading young people towards more flexible working arrangements, which also include informal employment and also flexibility in profiling. A number of cases illustrating the flexibility in the job market have been shared during the fieldwork investigation, stretching to also quite different lines of work in order to be able to

survive in the labour market. This is particularly relevant for the young people who have their own families and are bread earners.

It was reported that increased controls during the last couple of years seem to have impacted positively towards formalizations of labour force, declaring within 24 hours any new contract and paying the social contributions for the registered category. Businesses declaring their employees are those that employ a large number of persons. Fason operators⁴¹ or call centres and at the same time seem to be more exposed to labour inspection.

Temporary contracts

Temporary contracts can be one of the instruments that can facilitate a smooth entry into the labour market, although evidence from other countries suggests that they also limit opportunities for young people to gain more permanent and decent jobs.

Focus group discussions with young people pointed out their concern of being trapped in a vicious circle of short-term jobs and unemployment with little chance of transitioning to permanent jobs. This has become particularly relevant after the economic crisis and especially in the fason industry. Fason businesses work on orders and employees would prefer the temporary agreements due to their financial instability and low social security costs, leading to informality and low payments.

The stretched and difficult school-to-work transition was raised also as a concern by young people along with low payments, security, informality and adequate qualification courses and employment incentives which jeopardize real options for decent employment.

Lack of a recognized system of internship and volunteer work

The legal framework on volunteering/apprenticeship engagements is not regulated. Such a mechanism would help the young candidates to earn some experience and become familiar with the working environment and requirements. Thus, due to legal gaps and clear instructions regulating this type of engagement, businesses are reluctant to enter into this kind of agreement, although it may be convenient for them. Uncertain about the interpretation from the labour inspectors they hesitate even more. Furthermore, in general there also seem to be limited awareness on internships as an option.

Working conditions, informality and flexibility

Businesses do not always act in conformity with the labour code, especially when it comes to paying regularly the social insurance contributions, respecting the maximum working hours, public holidays or take into consideration the overtime work. Additionally, job descriptions, when they are in place, are mostly formal and are not taken fully into consideration.

"The business companies do not pay social insurance. I worked for 3 years without any social insurance contribution and when the inspectorate arrived, the owner of the company phoned me and asked me to give them the name of your friend and not mine" - employed young man from Shkodra.

⁴¹ Semi-processing industries typically in the apparel and footwear sectors handling ready orders for export.

In an environment in which jobs are insecure, opportunities are scarce and with a market responding mainly to the low skilled, jobseekers do not stay long in a job post and they try to be active in more than one profile (i.e. plumber and electrician, etc.). This somehow illustrates the unregulated market and existing professions as well as their maximum flexibility in the market as a survival mechanism in an environment with little law enforcement and serious structural issues.

There seems to be a perception that informality is decreasing. Usually businesses hide informal workers when an official from the labour inspectorate arrives. In cases when these young employees ask about the insurance contribution they are often told that the payment will be done at a later stage and they discover later on that those payments have never been effected. There have been cases also when the employer clearly stated from the beginning that they will not cover their insurance contribution and these arrangements have been accepted as young people feel that there are not many job opportunities available.

Low remuneration

According to the data from labour offices about 60 % of the young people employed through their offices stay in their job post; while about 40 % leave the job. The main reason for leaving their job was reported to be the low salary. Low pay constitutes a disincentive for sustained work and people often change companies in search of better pay and work conditions.

Use of public employment services

Based on the monitoring reports of the labour offices, 6 months after recruitment, business companies have reported being satisfied with the level of qualifications of about 70 % of the hired staff, while the rest needed additional on the job training. However, reference is made here to companies from the fashion industry, agribusiness and call centres, which appear to be using the employment offices more frequently and can find suitable young candidates from the pool of registered jobseekers.

It was also reported that companies established by foreigners or that have a foreign investment, are more likely to contact the labour offices compared to the Albanian companies. This is also the case for domestic investments that require large-scale employment. Employment offices report that they are constantly approached to provide support in recruitment processes in such cases. This is perhaps due to the fact that investors may need orientation in the labour market but also because that employment offices have the updated databases of registered unemployed job seekers.

Inadequate job mediation

Another barrier seems to be linked to the insufficient or inadequate information on available jobs and sets of criteria, which all together may impact the match between jobseekers and employers, particularly among youth who have limited access to social and professional networks that could help them enter in the labour market.

Lack of knowledge concerning where and how to look for work was also clearly revealed during the fieldwork. Additionally, the existing level of career guidance at school was listed among the main barriers for youth employment.

Another information barrier comes from the inability of jobseekers to communicate or prove their level of skills to a potential employer. This is associated with the absence of a *proper qualification framework*, as companies do not always comprehend the description of diplomas and qualifications of the candidates. In addition, job descriptions are rarely used to outline a perspective job post - something that also has an impact on the adaptation process and may lead to discontent.

There is a general perception from the youth that that labour market offers very limited opportunities for young people who hold a university diploma. There are simply not sufficient jobs for people who complete university degrees. Following the liberalization of higher education, there are far too many graduates in the labour market. They have filled also a large segment of the labour force that does not necessarily need university degrees for work. For instance, call centres – currently flourishing, have become a major source of employment for university graduates despite the limited qualification requirements. On the other hand, the labour market seems to be more responsive towards the low skilled candidates. The majority of businesses (i.e. fason, services), their capacities and limited growth potential have also a direct impact on the demand and level of skills.

The main professions required by the labour market seem to be mechanics, electricians, tourism operators, specialized mechanics for very specific industries i.e. petroleum industry, fishing industry, or infrastructure, but the lack of experience becomes the first barrier for young people to access these working opportunities.

“Tirana aside, the labor offices in other cities face two categories of demands - from youngsters with a bachelor or master diploma and from those with no qualifications or any professional training, while the offer is higher for mid level technicians” – NES representative

Distrust in public sector employment and public employment services

Young people distrust the vacancies published in the public administration institutions and consider them as not transparent. They believe that recruitment process is more of a formal process to justify the recruitment procedure as the vacancies are filled in before they are advertised.

There seem to be a high preference to get a job in the public sector due to a higher stability, regular pay roll and covered insurance. Yet since the recruitment procedures in this sector are highly distrusted, they look into the private sector.

In addition to all difficulties mentioned earlier for youth access in the labour market, parents perceive the intermediation for employment as highly influenced by favouritism.

Disillusionment in public employment services offers and inadequate use of employment promotion programmes

Youngsters have very limited knowledge about employment promotion programmes. During the last two years, they are increasingly approaching the labour offices due to an increased visibility on the media and prioritization of employment in the government’s agenda. Meanwhile the experience that they have from the employment offices and the perception that they have in general for them is that these

“We see on the TV that the labour offices offers more work, but when we go there, the only opportunities are in call centers and fasons” – unemployed young woman from Elbasan.

offices in the cities offers very low profile job mostly related to call centres, fasons or agribusiness.

On the other hand, almost all businesses stated that they keep regular contacts with employment offices not only for the intermediation services but also to get information on the new schemes/programmes launched by the government.

Large companies, mostly those operating in call centres, *fason* industry, agribusiness and construction, have a good communication with the local labour offices, while companies from tourism or service sector do not have frequent contacts with the labour offices. This might was explained by the profile of job seekers that are registered to the labour offices. The first group of companies do not requires very skilled job seekers so it is easy for them to require the services / assistance of the labour offices since the majority of people registered there fulfils this “requirements”- “not skilled or low skilled”. While other companies that require more qualified personnel address their demands in various communications channels of print and electronic media, or private hiring companies.

“Fason and agro processing industries are two of the sectors that employ higher rates of unqualified young workers. The only requirement for a job in a fason company is to have received some tailoring training. While, call centers employ mainly young people with a university diploma or higher and have as a main requirement the good knowledge of Italian” – representative from Labour Office

The view from the employment offices is that young people asking for intermediation services through their offices are generally unqualified or not having the appropriate qualifications or skills requested by current market. For low skilled young jobseekers there seems to be a demand mainly from the *fason* industry, agriculture or agribusiness sectors.

Experiences from other cities visited, apart from Tirana, reveal that labour offices seemed to be facing two main problems. On one hand they have some demands from jobseekers that hold a bachelor or master degree but with no practical skills. Companies are not interested for this category. On the other hand, there is a higher level of demand from low skilled jobseekers with no qualifications. Businesses are not interested in them either. Officials from the labour offices stated that mid-level technicians are in high demand. While the experienced and qualified jobseekers mainly prefer to address the private head hunting companies, rather than employment offices.

There seems to be a general stigma on the public employment services as a public service mainly responding to the vulnerable communities – though without any degree of substantial success, especially when it comes to employing vulnerable categories from the Roma and Egyptian communities, people with disability or other needs.

Part time employment

Business representatives were not well informed about part-time employment arrangements and do not practice it. The perception is that part time employment is not well regulated in Albania and businesses do not feel safe practicing it. They do not wish to be confronted with inspection teams from labour inspectorate and taxation offices as they are apprehensive about the working arrangements for this category and show limited flexibility.

There are small companies or other businesses that prefer half time working arrangements due to the real workload they might have but also due to specific processes conducted in their businesses, which may not need full time employment. Representatives from the businesses met by the project team, also declared that they were forced to declare employees with full time working arrangements due to unclear instructions on part time employment or because “the law does not include provisions on part time employment”. However, it is important to note this lack of understanding and information on the procedures. The labour code is clear on full time and part time employment, but this is signalling a possible issue from the employers that might impact a decent work for the employees. In both cases, employers need to pay social contributions for the employees, while in the case of the part time the contribution is calculated based on the minimum salary. This might also be the case when companies try to avoid this and offer low payments to the part time employees.

On the job training

Most of the businesses appear to have included on the job trainings in their common practice for about 1 to 4 weeks. This seems to have been encouraged also by the various public programmes on employment incentives, but typically employees are not paid during the training period.

One of the proposals was for the government to subsidize the payment covering to the training period or at least by covering the costs of social and health insurance contributions, or other forms of contributions. On the other hand, employment offices report that these initiatives exist from long but the success was compromised by abusive cases from the business community which misuse this incentive to hire more employees under a probationary time, which included on the job training and then firing them with the excuse of not being able to complete successfully the required activities.

Through youth employment promotion programmes the state subsidizes about 75% of the training costs for the trainings carried out by a small business and about 50% for the big business. Reference costs have been decided by the MSWY and NES, but only for a very limited number of professions (about 6). Public officials have stated that are willing to conduct costing for additional trainings, as specified in the procedures, if there will be a request from the business community.

Additionally, the government covers the pay roll costs for a fresh requested young employee, which is about 4 minimum wages throughout the year (months 5,6, 11 and 12) 100% social contribution for the entire first year. This incentive actually supports a stable start by trying to guarantee at least 1 year of uninterrupted employment for youth, which provides the bases for smother integration in the market. The economic operators agree that the **dual system** is the best methodology for the young people to ensure a long-term employment but they need financial support from the state.

There seemed to be a general mistrust from the youngsters on the employment promotion schemes mainly deriving from the lack of information on the existing programmes and their rights as employees and the rights of employers. Additionally, they lack information on how and where to appeal, while the appeal system is generally weak too.

Barriers and solutions faced by youth on finding "decent" jobs, by gender and social-economic background⁴²

The need for additional professional qualifications from the VET centres was stressed by all categories that were met in the scope of this analysis. Currently, the centres of professional qualifications offer a pre-established list with professional training courses, which does not necessarily reflect the regional needs and qualifications needed by the labour force, such as management of small hostelry structures. Additionally, VET centres have limited resources (staff and materials) to be able to react to the needs for new or other qualifications. Sector specific studies with regional economic profiles and skills need assessment are missing.

Representatives from labour offices stated that youngsters lack proper ethics at work. Additionally, youngsters that hold a professional high school certificate are not given the opportunity to gain practical skills in different business processes partly also due to the lack of internship programmes which would also prepare them on work discipline and expectations.

Inadequate support for people with disability

Young people with disabilities are not sufficiently aware about their rights on the labour market and government policies encouraging their employment. They also fear that getting a formal job offer through the labour offices will make them lose the financial benefit, which is linked to their health condition and employment status.

Results from fieldwork investigations on the implementation that the legal provision for employing a certain quotas from the category of the PwD is rarely followed by around 95 % of the business companies surveyed. This incompliance was justified by the fact that businesses do not have suitable work posts for this special category. Businesses are asked for every 24 employees the 25th one has to be from the category of PwD.

The framework for providing incentives for employing people with disability is in place and mostly clear, however there are two issues that might need further attention. The first one is regarding the requirement for arbitrary implementation of the quota for all businesses, while the legal provision itself is not supported by studies assessing the business sectors, types of jobs they offer and working conditions, providing clear recommendations for the business on what could be some suitable job posts or processes that can be covered by this category. When business employ a PwD the state covers 6 full minimum wages and 50% of minimum wages for the second half of the 1st years, as well as 100% social contributions for 12 months. If the businesses have not employed a PwD, for any reason, they are asked to contribute to the social fund. This has not functioned well, as no special fund for the PwD has been established to enable the compliance.

Additionally, the provision also specifies that the government will cover the costs for investments in the business facility (up to 1 mil ALL) without specifying what is the procedure to follow for this investment to ensure a safe and decent workplace for this category.

⁴² Based on interviews and focus groups

Furthermore, various stakeholders met during the project implementation also assessed efforts of the labour offices in training the PwD as insufficient. Businesses were also a bit hesitant in hiring this category.

Limited youth participation in policy making

The role of youth in development and policy making is very limited. Although for the first time there seemed to be a commitment to engaging more youth in policy cycles and this was also supported by establishing structures both at national and regional level. This may risk being a one off initiative linked to the individual vision of a leader, and yet may have a promising future. To follow a different line of work, a national action plan for youth was presented and its implementation will hopefully ensure greater youth participation.

The current political and policy system in Albania does not give sufficient space for the participation of youth; their voices are not heard and have only been consulted in ad hoc manner.

Youth associations are usually strong in advocacy campaigns often related to human rights but there is a weak performance of the unions in the defence of youth employees. Indeed, trade unions feature a weak role due to missing capacities and are often perceived as politically instrumentalised.

Gender dimension and social discrimination

Generally, there does not seem to be striking gender preferences in recruitment policies, but seems mainly to be driven by an inclination led by specific business profile and activity, such as in the case of *fason* industry where women and girls are more preferred, while the construction companies and heavy processes are more inclined towards male recruitment. For employed young mothers, some of the businesses stated that they apply shorter working hours, allowing them to work about 5 to 6 hours per day.⁴³

The profile of the companies who require assistance and intermediation from the labour offices in finding employees generally are call centres, *fason* industry or agribusiness companies. This is due to the fact that these companies employ a large number of employees and do not have other sources/channels for informing potential candidates on vacancies and for hiring them and they look mainly for women candidates. While when women become mothers, businesses face difficulties with their working hours because of schedule of the kindergartens. There have been few joint attempts, in the visited cities, by the labour offices and the local government asking to change the opening and closure time of the kindergartens, but no specific action has been taken.⁴⁴

There are also some socio-cultural dimensions of workplace culture. Young women, especially in rural areas, low skilled or coming from a household with limited qualification and educations are often being

⁴³There is no data on whether businesses actually respect the regulation on shorter working hours for young mothers at the same wage.

⁴⁴This is to be checked since when asking the local governments about the opening and closing hours of the kindergartens they confirm that these institutions open at 7 AM and close at 5 PM. Nevertheless crèches and kindergartens are completely lacking in the rural areas.

tracked into traditional care givers and housekeeping roles with little returns in the labour market, or into undervalued jobs that are an extension to their care roles. This results in stereotyping from parents and employers and sometimes also of teachers that see women's role in the labour market as secondary to men and only where it is "appropriate" according to the accepted gender socio-cultural norms.

Higher income jobs often require long working hours. If husbands do not contribute in housework responsibilities this adds up more workload to women that end up having to choose between family and work.

There is also a gender dimension in accessing financial support. For young women despite their qualifications, the main incentive for opening a business is the family support. Although there is no legal, regulatory or technical provision that would act as an obstacle or that would hinder women's access to credit and financing, their access to business start-up loans is low. Their access to bank loans is limited in the absence of physical collateral, as men legally own the majority of immovable property. According to the credit register of the Bank of Albania, it appears that men take out twice as more loans as women. De facto lack of property rights and lack of policies in support of private entrepreneurship for women has led to very low numbers of women led businesses (Jorgoni, Miluka, Ymeri, 2010).

Measures to reform labour market in Albania

Labour market reform

Efforts to reform the labour market in order to strike the right balance between flexibility and security are often one of the coping strategies that countries opt for in order to tackle rising unemployment concerns especially during economic crisis.

Labour market flexibility may promote employment by providing incentives to both employers and employees. Flexible labour regulation reduces costs of employment for the employers, promotes labour mobility and may increase wage responsiveness to individual skill sets and productivity. However, overly flexible labour markets may not be positive as they reduce the likelihood that both employers and employees will commit and invest in each other.⁴⁵

Flexibility in wage determination is an important feature of the labour market. Systems vary, with more flexible wage setting systems outside of continental Europe and predominance of collective bargaining systems in the majority of EU countries. Nevertheless, numerous researches show that there is an increasing tendency towards greater decentralisation in collective bargaining on OECD countries in order to maintain competitiveness of economies while striking a right balance between labour flexibility, cost and employee protection.

In Albania wage setting predominantly occurs at firm level, social partners are generally weak and there are very limited cases of collective contracts. In this perspective, the Albanian labour market may be considered as rather flexible and able to respond to adverse crisis effects on employment through quick adjustments in wage levels and working conditions.

Furthermore, the minimum wage in Albania (gross 22,000 ALL or 157 Euro) is significantly lower than minimum wage levels in the EU, and it is comparable to minimum wage levels in the Western Balkans.⁴⁶ The minimum wage in Albania has increased more than threefold in the last 15 years, and has increased by 22% since 2009. If the minimum wage is too high, unemployment is likely to increase and in particular employment opportunities will be reduced for the less-skilled workers. If the minimum wage is set too low, it is likely to affect the incentive of low-skilled workers to become employed, especially if other social support programmes (such as unemployment benefits and/or social assistance payments) are significant. It is likely that the relatively low minimum wage and in general low labour cost in the country has contributed to the concentration of labour-intensive industries in the country which employ a large proportion of the less-skilled and relatively younger jobseekers (textile and shoe industry, call centres, etc.).

⁴⁵ See, for instance, Jansen, A., Leiser, M., Wenzelmann, F. and Wolter, S. C., (2013), "The Effect of Labour Market Regulations on Training Behavior and Quality: German Labour Market Reform as a Natural Experiment", CESifo Area Conference on Economics of Education

⁴⁶ In 2015 minimum wages in the region were for Kosovo 130-170 Euro, Macedonia 213 Euro, Serbia 235 Euro, Bulgaria 184. Source Eurostat at <http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&pcode=tps00155&plugin=1>

Minimum wage and informality

Low wages are one of the primary reasons for youth and/or women not taking up employment in Albania⁴⁷ or for low job satisfaction. Several youngsters also claim that not all employers comply with minimum wage requirements, although there is a general agreement that compliance has improved.

The shift from the flat to the progressive taxation system for the personal income tax that came into effect in January 2015 has further decreased total labour costs for wages in the minimum and average category. Nevertheless, such claims need to be investigated seriously by the relevant authorities in particular the tax authority and labour inspectorate.

Progress has been made recently in this regard with intensified controls and an increase in the penalties imposed on businesses that are found to be in breach of the labour legislation which may range in the amount of 20 – to 50 minimum wages for one employee. Overall, the system has made efforts to create the enabling conditions for increasing formalisation in the labour market.

Nevertheless, a series of factors may still increase likelihood of both employers and employees to operate in the non-formal labour market. High informality and tax evasion persists in the economy and businesses may refrain from declaring actual total labour costs in order to hide part of their income. For employees, low trust in the social welfare system coupled with low wages may also act as a deterrent in formalising employment, creating a preference to receive higher net income at present rather than creating security for the future. This may be particularly relevant for younger employees, for whom the prospects of benefitting from the pension scheme seem rather remote in time.

According to 2012 Living Standard Measurement Data, youth and women have the highest share of low wage workers, meaning at or below minimum wage. About half of youth and more than one third of women are low wage workers. Within low wage workers 49.29% are youth. Overall 38.7% of working women are low wage workers compared to 25.48% of men. Furthermore, when compared to non-youth, there are apparent disadvantages in terms of monthly wages, work experience, education, and social security entitlement. The wage gap between youth and non-youth is about 36.5% (estimated average youth wages are about 24,484 ALL compared to 33,417 for non-youth). Youth in the labour market has about 5 years of work experience compared to about 26 years for non-youth and has on average 10.9 years of education compared to 11.4 for non-youth. About half of working youth report to be entitled to social security compared to about 70% of non-youth. This points towards potential high level of informality in terms of youth employment, which is consequently related to their occupations and terms of employment worsening their vulnerability in the labour market.

Hiring regulations

Fixed term contracts increase labour market flexibility by enabling businesses adjust the workforce to changing conditions (Booth et al 2000). However, if the fixed term contracts are too short, productivity and job satisfaction of employees decreases, and so does the employers' likelihood to invest in employees' qualifications. In Albania fixed term contracts are only allowed if the nature of the work to

⁴⁷See previous section based on focus groups and interviews.

be performed is also temporary. Furthermore, protection of employees in definite and indefinite time contracts is fully equivalent, thus correcting for some of the negative consequences fixed term contracts may have. However, employees on fixed term contracts are more likely to be on a low wage and have limited training opportunities. It must be noted that the biggest employers in Albania in the textile and leather processing industry operate predominantly through fixed time contracts due to the high variations and seasonality of the work.

In terms of work contract regulation and redundancy rules⁴⁸, Albania also has a rather flexible regulation, with no priority rules in redundancy or requirement to retrain redundant workers (such as for example in France, Germany, Italy, Sweden or Norway). There are priority rules for reemployment, and relatively lower severance payments. Research indicates that heavy protection on redundancy may serve as a disincentive to take on new, young workers. Relaxed redundancy regulation suggests the need to provide strong welfare support for the unemployed through unemployment insurance, coupled with active labour market policies to achieve reintegration in the labour market.

Labour regulation provides protection for workers in the formal sector, but overly rigid regulation may result in a decrease in formal employment and higher levels of informality. Studies suggest that labour regulation may impede the movement of the labour force from the informal to the formal sector as countries develop (Nataraj et al, 2012).

Entrepreneurship

Entrepreneurship and self-employment is recognised as an important source of innovation, boosting growth and employment. In Albania the entrepreneurship rate is relatively high, with thousands of small businesses being created every year, despite lack of access to credit financing. This may be the result of several factors, including the lack of viable employment alternatives in the formal labour market.

According to the World Bank Doing Business Report 2015, Albania has further eased its procedures in business start up during the last year by shortening registration requirements. Starting a business now requires 5 procedures, takes 4.5 days, costs 10 of income per capita and requires only 100 ALL paid-in capital⁴⁹. New businesses (including self-employed) with an annual turnover of up to 8 million ALL are subject to the simplified profit tax at 7.5% of the net profit. Businesses with an annual turnover up to 2 million Lek pay a flat tax of 25,000 ALL per year, payable in the first six months of the year. Businesses are also subject to municipal taxes, including most prominently the cleaning fee and billboard tax, which may amount to an additional 30,000 ALL per year for smaller businesses and are payable within the first quarter of the year. Hence, the total fiscal burden for a new start up micro business may range between 50 – 100 thousand ALL within the year, which is approximately 2.5 – 4 times higher than the minimum wage. While this is not a serious burden to new businesses, it must be noted that there are no tax exemptions in Albania for youth owned and/or operate businesses, which are common in many developed countries.

⁴⁸See World Bank, Doing Business 2014.

⁴⁹The Doing Business Report is based on a case study of a limited liability company in Albania, however procedures are similar for registration of self-employed.

Administrative barriers to market entry have been largely reduced and streamlined in the last decade in the country in the course of the regulatory reform started in the mid 2000s. However, a new draft law being developed by the Ministry of Labour and Social Affairs on crafts regulation is expected to impose the requirement of a set of certifications and other regulations for exercising a set of professions. While the initiative is well intended in order to provide security for consumers and recognition for the craftsmen work, caution must be paid to the extent similar regulation poses additional barriers to market entry, for market outsiders (including youth) in particular.

Education system

The educational system is one of the key features that determine youth labour market integration, by establishing institutional linkages with the labour market. Higher educated workers are generally in a better position than low skilled educated workers. First, investment in specialisation of highly skilled workers is relatively high, hence the cost of dismissing highly educated workers is higher even in times of crisis, than dismissal of low-skilled workers, who can be replaced more easily later on when consequences change (Breen, 1997). Furthermore, highly educated workers can accept a position below their educational level, hence crowding out lower skilled workers.

The efficiency and credibility of the educational system is also very important. In countries with a strong vocational educational system, where occupation specific skills are taught both in theoretical (classroom) as well as practical approaches (dual system), young people are less often in temporary employment and unemployment (Lange et al, 2014). The vocational specificity of the educational system is especially important for intermediate educated school-leavers, as they actually possess vocational education diplomas and have the required knowledge and skills that employers reward with qualified positions (Wolbers 2007).

The vocational education system in Albania has been long regarded as the destination for low-performing students. As investment in the sector has been scarce, practical training aspects inadequate and the linkages with the labour market practically non-existent, the vocational education system has not succeeded in providing opportunities for a smooth transition from school to work. The apprenticeship system in Albania is regulated by the Labour Code through the “profession learning contract” between the employer and student,⁵⁰ which however does not provide regulation on the mature and duration of such arrangements, nor incentives for employers, who have to incur costs for apprentices or interns employed in the amount of the minimum social insurance for work accidents and sickness.⁵¹

⁵⁰Further detailed in DCoM 253, dates 25.03.1996 “On the profession learning contract”

⁵¹DCoM 77, dated 28.1.2015, “On mandatory contributions and benefits from the system of social insurance and healthcare insurance”.

Encouraging youth employment: best practices

The proposed amendments of the Labour Code, the new law on employment promotion, the approval of the National Employment and Skills Strategy 2014-2020 and the National Action Plan for Youth, which aims to fully harmonize the Albanian legal framework with the EU acquis may be considered as positive developments for youth employment.

Youth unemployment has become a policy priority in developed countries as well following the economic downturn of the recent years. The major policy measures that have been taken across countries to tackle youth unemployment relate with:

- boosting demand and job creation,
- improving transitions to work,
- maintaining cost-effective ALMPs,
- strengthening vocational education and training, and expanding quality apprenticeship and internship programmes.

The Youth Guarantee Programme has been undertaken in several European countries, with the principle that all young people up to the age of 25 should receive a good quality offer of employment, continued education, an apprenticeship or a traineeship within four months of leaving formal education or becoming unemployed. These main policy directions embraced in the majority of European countries under the Youth Guarantee initiative are presented below, under the lenses of their viability and expected effectiveness in the Albanian context.⁵²

Boosting demand and job creation - Youth unemployment may not decline steadily unless overall employment grows, which requires support to trade, SMEs and specific sectors that the country may have an advantage in. Measures may also target self-employment and entrepreneurship through credit lines and advisory services⁵³ or grants to business start-ups that target unemployed or social welfare recipients in the UK, France or US.⁵⁴

Fiscal incentives for youth employment are also part of these measures, such as reducing the cost of labour through reducing, waiving, or reimbursing employers' social security contributions (SSCs) for low skilled or long-term unemployed youth. In Albania there are no tax incentives for apprenticeships, on the contrary employers incur some costs to accept apprentices. The legal framework for apprenticeships is not clear and well formalised; it is still unclear whether the apprentice needs to receive remuneration or whether they can reimburse employers for costs incurred. Tax waivers are available for some ALMM participants not apprentices (partial reimbursement of social security costs). In general there are no tax credits or exemptions on labour costs of apprentices or other employees. Similar measures may be

⁵² Annex III contains further details on various successful schemes around the world.

⁵³ Implemented for instance in the Philippines, Indonesia; several African countries, PRYM and TRYM programmes in India

⁵⁴ Please note that there are mixed reviews on the effectiveness of similar measures in stimulating entrepreneurship, should ideally be accompanied with technical and entrepreneurial skills training.

considered and have proven effective in Canada through the Apprenticeship Training Tax credit⁵⁵; in France through exemptions from social security contributions and tax credits⁵⁶; or in Russia.

Measures to improve transitions from school to work - The education system should be more oriented towards preparing youth for future employment. The training component is incorporated in several existing ALMPs in Albania, but there is no differentiation between specific target groups. Incentives for hiring youth are the same as hiring other unemployed, which lowers likelihood of employers opting for younger programme participants.

Programmes that prepare youth for the labour market have been initiated in numerous countries. Some of the most successful programmes have been the Community Youth Hubs programme in Australia or the Youth Employment Strategy (YES) in Canada. Both programmes assist the transition from education to the world of work – strengthening opportunities for training and education collaborations; orientation and counselling services with regards to the competences and job experience that they could acquire in order to reduce skills mismatches and to smooth their school-to-work transitions. In Albania, current support measures should aim at enhancing individual focus, which is completely lacking in both the formal education system as well as in public employment services in Albania. One reason is low capacity (especially in terms of number of staff, but not only). However, it is important to note that information on markets, skills required and sector specific features are also missing. In this context, periodic regional SNAs, surveys and constant contact with employers are crucial.

Activation measures -Active labour market measures are generally combined with payment of unemployment and other social welfare benefits through job- search requirements and compulsory participation in Active Labour Market Programmes (ALMPs). Support measures include counselling, job-search assistance and entrepreneurship programmes, and often provide more intensive assistance for the more disadvantaged youth. Activation measures have been implemented in different forms in several EU and non-European countries with mixed to positive results. The French Youth Guarantee Implementation Plan targets youth between 18 and 25 years of age, who are neither working nor studying, to engage in active job search and improve employability in exchange for receiving a benefit payment of about 434 EUR per month. In Finland, the Youth Guarantee measures aim at reducing time of unemployed status of young people by improving their chances of finding a job or educational opportunity, which obliges PES to develop personal development, plans and offer a job, study programme or other activation measures for young people within three months.⁵⁷ In theory, in Albania similar measures are available for all registered jobseekers not youth alone, but unemployment benefits

⁵⁵ Entitlement to refundable tax credit for companies and businesses employing apprentices in certain skilled trades during the first three years of an apprenticeship programme

⁵⁶ Exemptions from employer and employee social security contributions. Since 2005, employers hiring apprentices also benefit from a tax credit, which amounts to 1 600 to 2 200 Euros per apprentice (on a full-year equivalent basis). The higher amount is received when the employer hires a young disabled person or a disadvantaged youth.

⁵⁷ Similar programmes are implemented in Sweden (Job Guarantee for young people) and other countries providing counseling, search assistance and entrepreneurship programmes for unemployed youth, with more intensive assistance for disadvantaged youth such as the low skilled or those with a migrant background.

are very low and equal across all categories, while efficiency of PES is modest.⁵⁸ Furthermore, individual counselling and placement plans scarcely available in Albania, while entrepreneurship programmes for youth are almost non-existent, despite some efforts that have been primarily supported by the non-state sector (i.e. donor programmes). AIDA entrepreneurship programmes do not have specific tailoring for youth.

Employment promotion measures provide support for the employment of young people. However, this support is not tailored to specific youth needs and is not different from support offered to other vulnerable categories. Despite the relative success of some of the existing EPP, the unemployment situation in Albania remains problematic, due to different factors. Employment promotion programs address a low percentage of unemployed compared to the average number of registered jobseekers. The number of companies involved in EPPs is relatively low, despite a significant increase in the last two years following increased budgets.

Furthermore, NES officers have limited human resources available in the office to handle the entire process of job mediation and individual counselling. To date, there is no satisfying job seeker profiling taking place at employment offices. Profiling should be conducted systematically, given the diversity within and across groups. Profiling should be conducted systematically especially given the diversity within and across groups, which should improve fit of the program. Integrated programs should take place, which combine training, professional orientation, information on the labour market, assistance in job-searching and subsidized employment. They are deemed to have a higher probability of success after profiling.

Current incentives and schemes are the same within and across groups, which makes employers most likely to hire unemployed jobseekers that do not belong to any special groups. The implemented employment programs do not take into account the diversity of needs within the groups and does not take into account demographical factors. There is a lack of personalization and incentive provision, which may target each group individually.

Vocational training is necessary, but needs to be provided in conjunction with improved basic education. The vast majority of unemployed jobseekers have primary education and this level is especially high for Roma and Egyptian registered jobseekers. Registered jobseekers with disabilities are also more likely to have only completed basic education. Consequently, they are de facto excluded from vocational training courses. On the other hand, return migrants who are registered jobseekers have the lowest rates of education across all groups. This indicates that return migrants are relatively more educated than other groups.

Training programs should include workplace learning/experience as part of the curricula. It is important to include the need for training programs to be targeted to fill skills gaps and to be as closely linked to the world of work as possible. This puts a strong emphasis on the need for timely and robust labour market information as well as good consultations with social partners, workers and employers.

⁵⁸ Only people who have contributed to social security scheme for at least 12 months are eligible for unemployment benefits

There should be better and more information available and better marketing of EPPs to the applicants is needed. In this respect, a variety of tools may be used such as on-line tools; regional meetings; open communication channels with NES staff prior and over the application process. Furthermore there should be a unification of the system of data collection in order to allow for a better evaluation that can provide more specific recommendations on how the programs may be improved.

Promotion of entrepreneurship is recommended especially for university graduates. This program would be most favourable for them given their higher qualifications and skills.⁵⁹ Similar reference programmes include the Community College, Job-Driven Training Fund (US), aimed at providing support for apprenticeship programmes. The Fund provides competitive grants to partnerships of community colleges, public and non-profit training entities, industry groups, and employers to launch new training programs and apprenticeships that exchange participants for in-demand jobs and careers.⁶⁰

Improving vocational education and training – is key to supporting an easy transition from school to work. In best practice countries the vocational education system has a high status and is trusted by students and employers alike. Several countries are setting up vocational training institutions in cooperation with universities and or employers’ organisations, to provide state of the art skills in ICT, creative industries and services.

Strengthening apprenticeship and internship programmes - Several countries are encouraging employers to set up internship and apprenticeship programmes through different financial incentives, as a way to attract youth into the formal labour market. Quality apprenticeships and internships provide good opportunities for youth to acquire skills and improve their chances of finding suitable employment.

Apprenticeships are an important part of the vocational education system and effective in equipping youth with the skills they need in the labour market. The positive experience of Germany and Switzerland and its dual system of education and training has served as an inspiration to revive existing apprenticeship systems or develop new ones. The Republic of Korea has recently developed a specific programme (Youth Employment Academies) aimed at promoting youth employment through training courses, reflecting demand at industrial sites. Business or employers’ organisations can set up a youth employment academy in cooperation with colleges, while the operating costs are supported through the Ministry of Employment and Labour. The Ramadan City programme in Egypt is another example of applying dual systems of education and training for youth in formal education. In Albania the dual system is not yet in place, while vocational education remains largely theoretical and out-dated. The implementation of dual systems may require changes to the Albania VET system, some of which are already under way. Nevertheless, evaluation of similar programmes indicates that they achieve relatively good results, but it is often difficult to identify qualified and interested youngsters, even with

⁵⁹ See for instance “Employment Promotion Programmes in Albania, An assessment of its quality in the formulation and implementation processes 2008 - 2014”, report by EU-ILO/IPA Project on Human resource Development in Albania and Risi Albania.

⁶⁰ Every year, the Job-Driven training fund sets side \$500 million for grants to create new apprenticeships and increase participation in existing apprenticeship programs.

highly interested companies. On the other hand, weak labour demand due to a slowing economy is a challenge; while active support by social partners is crucial to the success of the programme.

Several initiatives across the world have dedicated special attention to improving employability of young people through training, such as the Chile-joven; Peru ProJOven or Argentina Proyecto Joven, all targeting disadvantaged youth through semi-skilled training and apprenticeship programmes coupled with measures to modernise and increase efficiency of public employment services. It must be noted that these programmes have had mixed results and economic growth is a key success factor. Furthermore, it is recognised that many ALMPs have a relatively high deadweight and are seen as replacing rather than increasing employment.

Strengthening education system—is important especially for disadvantaged youth, in ensuring that youth achieve a good foundation together with skills required for the labour market. Programmes like Perry Pre-school and Syracuse Pre-school Headstart targeting disadvantaged, or subnormal IQ children aged 4-5 years through intensive treatments for just one year indicate much better outcomes; better earning and lower criminality for participating youth at age 35 and have a good cost-benefit ratio. Other programmes such as PROGRESAR in Argentina targeting youth aged 18 - 24 aim to help particularly disadvantaged youth who are unemployed, work in the informal sector or have salaries lower than the minimum wage to begin or complete their studies, as well as to provide professional training, counselling and job placement. Similar initiatives could be undertaken in Albania through NES programmes.

Conclusions and recommendations

Following the findings of fieldwork a series of conclusions can be drawn together with certain recommendations that would create a more enabling environment for youth employment and at the same time triggering the adequate economic activation of young people.

Economic development: As a precondition of employment creation – economic development needs a special mention not only in terms of growth but also in view of opportunities in response to drivers of private sector development.

Recommendation: A thorough labour market analysis accompanied by periodic skills needs analysis – possibly at a regional level⁶¹ can orient better employment opportunities as well as the need for training and updated curricula.

Public employment services: With limited access to networks and information on vacancies, youth need intermediation services to improve the chances of a good match. Employment offices/services are considered to play a key role in linking up young jobseekers to employers, recording vacancies and jobseekers' qualifications, training youth to face interviews and write CVs, etc.

Recommendation: A shift in the approach of employment offices has to occur to offer better and qualitative support to young people – and not only this. A greater emphasis has to be placed on efficient job intermediation. It is evident after only a quick look at private employment services that there is large difference both in terms of job offers and the quality of support. In most cases public employment services passively wait for the companies to approach them and rarely have a structured method of identifying jobs available in the market. This is identified as one of the main reasons why the employment offices mainly cater to the category of low skilled employees.

Improved targeting is another dimension of the pro-active role that employment services can play. Particular reference is made in this respect to jobseekers from rural areas. The issue is both administrative and legal. Employment offices currently are not providing services to rural areas. As an administrative barrier this is most likely to be addressed through the new territorial division. In legal terms though certain interventions need to be taking place in order to properly define the self-employment character of people in rural areas in view of land ownership.

Labour inspection: Businesses report that labour inspectors often are not fully aware of the caveats of the legal framework and unduly penalise businesses.

Recommendation: Capacities of the labour inspectorate need to be strengthened both in terms of staff and outreach as well as in terms of knowledge.

⁶¹ The Skill Needs Analysis developed by NES with EU/ILO IPA HRDP is representative at regional level. Available at http://www.kerkojpune.gov.al/wp-content/uploads/2015/02/SKILL-NEEDS-ANALYSES-2014-survey_Final-Report.pdf

Employment protection: All employment offices interviewed in the target cities raised the need for a stronger role of the labour inspectorate in verifying the job protection of youth (social security payments and working conditions). A fully equipped inspection would also elevate the qualitative conditions of working so they become incentives to continuous employment and not a deterrent to decent work.

Recommendation: The role of labour inspectorates has to be upgraded and supported with adequate resources to enable them fulfil better their responsibilities.

As far as social insurance payments are concerned, there is a need to establish a cross check system through various institutions, taxation, social insurance as well as labour inspectorate, in order to be able to trace realistically the compliance with the insurance contributions for all employees. Horizontal coordination remains a challenge and needs to be strengthened. A PM instruction can follow up on this issue together with further investments in improving and linking the existing databases (in particular the Labour inspectorate) for real time reporting.

Contractual modalities: Legal provisions for contractual arrangements and types of employment are generally well articulated and flexible to ensure security on the job while at the same time not increasing labour related costs. The legal framework does not encourage temporary contracts, and treatment is equivalent with indefinite contracts. Although this modality would have contributed to smooth the transition to the labour market for the inexperienced youth, it can also result to trapping them in temporary or part time employment if regulation is relaxed. Incentives on apprenticeships and internships need to be introduced and become recognised across the private sector. Currently, there is an initiative through Erasmus + projects and NAVETQ to explore the suitable modalities to be proposed to the GoA.

Recommendation: Any proposed modality needs also to address the issue of regulating the apprenticeships and internships.

Increased awareness on labour regulations, and employee rights: It is evident that young people need to be informed about their rights as employees. Info sessions with young people on their rights as employees as well as on the government supported programmes for the youth employment and entrepreneurship need to take place. Employment disputes need to be part of these info sessions so people are aware about their rights and what are the practices, obligations and when to appeal and where.

In addition, while a national job fair takes place on an annual basis, and private job fairs are also organised by chambers of commerce, a sectorial job fair or even fairs organised at the local level can also serve as a good promotion instrument to get young people continuously closer to job opportunities.

Recommendations: Clear instructions have to be articulated and provided on the practice of probation, apprenticeships and internships for youth protecting both employees and employers.

Social partners: Strong social partners are a key factor that contributes to increasing job security and income through negotiation of collective contracts and labour disputes.

Recommendation: Trade unions need to become more proactive in protecting the rights of employees and negotiating favourable conditions for employment beyond what is in the legal framework.

Career orientation: Improving Career orientation and counselling is a very urgent need for young men and women starting at school level and universities in order to improve the quality and scope of information about vacancies and the skills needed by the labour demand. Exposure to the business environment and networking can really help the youth in choosing the right qualifications that match individual profiles with the business profiles in the region where they live.

Recommendation: Career advice and orientation needs to be an integral part of employment services, VET providers as well as schools and universities. Again the experience of private universities can serve as point of reference for this service to take a meaningful shape.

Vocational education and training: The fact that from 2013 the VET courses are free for the registered unemployed should have served as a motivation to young people. However while the level of awareness is still low, it is assessed that young people are rather discouraged as they do not have a clear perspective of the market and see little real benefit from the training courses and how they will use these qualifications in the market. The only incentive to attend a skills training course is the fact that it is free and a professional qualification might just help.

Recommendation: Prior to enrolling youth in training courses the employment offices and the VET centres need to properly brief the candidates about the objectives but to also link every training curricula with practical knowledge by inviting businesses in the classroom as well to send trainees to business places and learn from practice. In addition, there is a need to revitalise the professional schools reflecting the business profiles and economic development opportunities of regions in order to offer truly attractive learning packages with a greater chance of entering the labour market. Indeed, all actors stressed the need for better training materials as well as a better quality of curricula and instructors during the fieldwork.

Offsetting job skills mismatches: Some of the recommendations highlighted by participants in the focus groups discussions and interviews stressed the importance of improving access to vocational training, on-the-job training programmes, more and better apprenticeships systems, soft skills training, and the combination of in-classroom and workplace training.

Recommendation: The link between the education system and the labour market needs to be strengthened so that youth are better equipped to face the market. These measures need to be properly addressed in order to be able to close the skill and experience gap of the youth on the labour market.

Additionally, there is a need to engage actively on a demand driven approach where employers have a role in identifying the skills needed in the productive sector ensures consistency between training

curricula and the labour demand. A platform for greater coordination between main skill providers needs to be established simultaneously with a common quality assurance framework including common assessment and certification standards and procedures.

Easing access to the first job: This is an effective measure for reducing age discrimination towards youth by providing financial incentives to companies for hiring young workers and in some cases setting mandatory quota systems.

Recommendation: Incentives for hiring youth to ensure balance and discourage discrimination need to be considered in the future. Facilitating that first chance should be integral part of the broader employment protection regulations, which would incentivize hiring of youth without negatively affecting their rights and access to social benefits.

Youth entrepreneurship In view of scarce formal employment opportunities and the on-going economic slowdown that has few job openings, support to young entrepreneurs has been one of the main features in youth employment policies across many European countries.

Recommendation: A key solution in Albania would be the early exposure to entrepreneurship education. Comprehensive entrepreneurship programs that combine skills and business development training, mentoring and financial support can significantly improve the chances of starting a successful business. This has to be complemented with access to finance and youth-friendly financial products.

Employment of vulnerable groups: Certain pro-active actions for the employment of people coming from disadvantaged backgrounds are reported especially for Roma and people with disabilities. Yet, this is far from systematic. Roma's employment is difficult due to their group characteristics and requires dedicated support.

Recommendation: Although legal provisions are in place to incentivise the employment of people with disability, this is not enforced properly and particular attention has to be paid by inserting certain clauses for those private sector actors that work with public funding. Indeed, this is another way to foster labour demand through employment intensive programmes, which offers direct and temporary employment opportunities in public works and other activities that produce public goods or services (like infrastructure projects, community activities, and civic projects). Some of these initiatives will probably be part of the new employment and protection promotion initiatives of the MSWY.

Better support to young working mothers: It is clearly evident that working mothers struggle to maintain the balance between work and home. Businesses – especially those with production lines are located in the towns' peripheral areas.

Recommendation: Kindergarten support has been identified as important in order to enable young mothers pursue their right to work and not be obliged to leave work for the simple reason of having no child support.

Incentives to address the low-quality jobs trap: The promotion of collective bargaining as well as the introduction of quality standards, minimum income guarantees and inclusive social protection systems

to strengthen decent work for young employees are some of the steps undertaken in different European countries.

Recommendation: Creating options for quality standards for internships and apprenticeship programmes, as well as further enforce the policy ensuring coverage of social contributions for at least for their first year of work need to be in the central of Albania's policy makers agenda. Additionally promotion of employment of women needs to be accompanied with efforts to decent jobs for them and adequate support for the young and single mothers.

Youth Guarantee Programmes: Experience in European as well as other countries has shown that employment interventions for youth can take different forms depending on individual needs and situations, and they include income support while taking the necessary steps to become employed, job mediation, apprenticeship, traineeship or continued education. In Albania, the spectrum of employment promotion measures is narrow, and focuses on either subsidized employment or provision of on-the-job training for those with limited or no prior working experience. None of the current programmes seeks to capacitate youth for self-employment and for developing and pursuing their own business ideas.

Recommendation: The Youth Guarantee Programme is a new European Union approach to tackling youth unemployment which ensures that all young people under 25 – whether registered with employment services or not – are provided with a good-quality, concrete offer within 4 months of them leaving formal education or becoming unemployed. The good-quality offer includes a job, apprenticeship, traineeship, or continued education. The scheme's implementation requires strong cooperation between all the key stakeholders: public authorities, employment services, career guidance providers, education & training institutions, youth support services, business, employers, trade unions, etc. Many EU countries, including countries in the regions such as Croatia and Italy have developed and are successfully piloting national Youth Guarantee schemes, which should be considered by Albanian authorities as well.

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Annex A

I. Albanian Legal Framework

Laws

- The Constitution of the Republic of Albania, adopted by Law 8417, dated 21.10.1998, as amended;
- The Labour Code of the Republic of Albania, adopted by Law 7961, dated 12.07.1995, as amended;
- Law 152/2013, On Civil Servant, as amended;
- Law 7995 dated 20.09.1995, On promotion of employment as amended;
- Law 8872, dated 29.03.2002, On the instruction and vocational training, as amended
- Law 10237, dated 18.02.2010, On safety and health in work, as amended;
- Law 7703 dated 11.05.1993, On social insurance, as amended;
- Law 10383, dated 24.02.2011, On health care mandatory insurance, as amended;
- Law 9634 dated 30.10.2006, On labour inspection and state labour inspectorate, as amended;
- Law 108/2013, On foreigners;
- Law 7939, dated 25.05.1995, On migration, as amended;
- Law 9355, dated 10.03.2005, On social help and services, as amended;
- Law 9970, dated 24.07.2008, On gender equality;

National Strategies and Plans

- DCoM 383, dated 06.05.2015, National Plan for Youth;
- DCoM 818, dated 26.11.2014, National Employment and Skills Strategy and Action Plan 2014-2020;

Programs on Promotion of Employment

- DCoM 199 dated 11.1.2012, Promotion of employment for young people;
- DCoM 27, dated 11.01.2012, Promotion of employment for women;
- DCoM 47, dated 16.1.2008, Promotion of employment through job training;
- DCoM 48, dated 16.1.2008, Promotion of employment of job seekers in difficulty;
- DCoM 873, dated 27.12.2006, Promotion of employment through vocational practice for new graduates;
- DCoM 248 dated 30.04.2014, Promotion of employment of persons with disabilities;

International Conventions

The Republic of Albania has already ratified 53 Conventions and 2 Protocols of the International Labour Organization (ILO). To date Albania has ratified all the 8 Fundamental and 4 Governance (Priority) ILO Conventions and 41 of the ILO Technical Conventions, respectively;

ILO Fundamental Conventions

- Forced Labour Convention;
- Freedom of Association and Protection of the Right to Organise Convention;
- Right to Organise and Collective Bargaining Convention;
- Equal Remuneration Convention;
- Abolition of Forced Labour Convention;
- Discrimination (Employment and Occupation) Convention;
- Minimum Age Convention;
- Worst Forms of Child Labour Convention.

ILO Governance Conventions;

- Labour Inspection Convention;
- Employment Policy Convention;
- Labour Inspection (Agriculture) Convention;
- Tripartite Consultation (International Labour Standards) Convention.

EU acquis

The Stabilisation and Association Agreement (SAA) regulates the harmonization of the Albanian legal framework with the EU acquis⁶². By stipulation of SAA, Albania has undertaken the general obligation for the approximation and implementation of Albania's existing legislation to that of the Community⁶³. Specific provisions of SAA concern between others harmonization for what concerns working conditions, health and safety at work and equal opportunities⁶⁴.

⁶²SAA was ratified by the Albanian Parliament by means of the Law 9590, dated 27.07.2006 and has entered into force on 01.04.2009.

⁶³Article 70 of SAA

⁶⁴ Article 77 and 99 of SAA

II. Timeline of changes to employment legal framework

1957	<ul style="list-style-type: none"> • Ratification of ILO fundamental conventions on Forced Labour Convention, the Freedom of Association and Protection of the Right to Organise Convention, the Right to Organise and Collective Bargaining Convention and the Equal Remuneration Convention
1993	<ul style="list-style-type: none"> • Law 7703, dated 11.5.1993, On social insurance. Social insurance and unemployment compensation rights.
1995	<ul style="list-style-type: none"> • The Labour Code of the Republic of Albania, adopted by Law 7961, dated 12.07.1995 • Law 7995 dated 20.09.1995, On Employment Promotion • Law 7939, dated 25.05.1995, On migration
1996	<ul style="list-style-type: none"> • Law 9634 dated 30.10.2006, On labour inspection and state labour inspectorate
1997	<ul style="list-style-type: none"> • Ratification of ILO fundamental conventions on Abolition of Forced Labour Convention and Discrimination (Employment and Occupation) Convention
1998	<ul style="list-style-type: none"> • Approval of the Constitution of the Republic of Albania. • Ratification of ILO fundamental convention on Minimum Age
1999	<ul style="list-style-type: none"> • Ratification of ILO governmental convention on Tripartite Consultation (International Labour Standards) Convention
2001	<ul style="list-style-type: none"> • Ratification of ILO fundamental convention on Worst Forms of Child Labour Convention
2002	<ul style="list-style-type: none"> • Law 8872, dated 29.03.2002, On instruction and vocational training. Establishes the main objectives of the education system and vocational training.
2004	<ul style="list-style-type: none"> • Ratification of ILO governmental convention on Labour Inspection Convention,
2005	<ul style="list-style-type: none"> • Law 9355, dated 10.03.2005, On social aid and services
2006	<ul style="list-style-type: none"> • Law 9634, dated 30.10.2006, On Inspection and State Labour Inspectorate • DCoM 873 initiated: EPP for unemployed job seekers graduated from Albanian and international universities through internships in state or private institutions and enterprises. • DCoM No. 646 initiated: EPP through institutional training. • DCoM 223, dated 19.4.2006, On unemployment benefits. Determination of unemployment compensation rules
2007	<ul style="list-style-type: none"> • Ratification of ILO governmental convention on Labour Inspection (Agriculture) Convention, 1969 (No. 129). Acceptation of Article 5, paragraph 1(a) and (b)
2008	<ul style="list-style-type: none"> • Law 9970, dated 24.07.2008, On gender equality; • DCoM No. 48 initiated: EPP for unemployed jobseekers. • DCoM No. 47 initiated: EPP on the job training
2009	<ul style="list-style-type: none"> • Ratification of ILO governmental convention on Employment Policy Convention
2010	<ul style="list-style-type: none"> • Law 10237, dated 18.2.2010, On safety and health in work. Determination of necessary measures for safety and health at work • DCoM No. 48: Amended to jobseekers in difficulty narrowing eligibility to most vulnerable registered jobseekers. • Expanded focus of employment provision to 1 year for 100% of social security and health insurance, and 4 months of funding covering 100% of minimum wage.
2011	<ul style="list-style-type: none"> • Law 10383, dated 24.02.2011, On health care mandatory insurance
2012	<ul style="list-style-type: none"> • DCoM No. 199 initiated: EPP for unemployed youth entering the labour market for the first time. • DCoM No. 27: EPP for unemployed female jobseekers from special groups. <ul style="list-style-type: none"> ○ Increased categories of vulnerable women. Includes marginalized women groups such as Roma women, older women, trafficked women, women with disabilities etc. ○ Program prolonged to 5 years from 1-3 years. ○ Expanded financial scheme.

2013	<ul style="list-style-type: none"> • Law 152/2013, On Civil Servant. Additional protection to civil servants employed in the public administration, providing for rules of acceptance, carrier, ethic, termination • DCoM 500, dated 22.05.2013, Fiscal support for costs related to instructors, staff, work materials, safety equipment and cost of life and incidents at work insurance for trainees. • Law 108/2013, On foreigners
2014	<ul style="list-style-type: none"> • DCoM No.199; amended: • DCoM No. 27; amended: • DCoM No. 48 amended: <ul style="list-style-type: none"> ○ Expanded financial scheme. ○ Increased contract period. ○ Electronic and non-electronic posting of programs. ○ Electronic and/or paper applications. ○ Decision on application taken within 10 working days. • DCoM No. 199: increased target group to youth 16-30 years from youth 16-25 years. • DCoM No. 873: removal of quota 1 trainee for 50 employers. • DCoM No. 248 introduced. • DCoM 818, dated 26.11.2014, National Employment and Skills Strategy and Action Plan 2014-2020;
2015	<ul style="list-style-type: none"> • DCoM 383, dated 06.05.2015, National Plan for Youth; • Proposal for amendments of Labour Code <p style="margin-left: 20px;">Based on the concordance table of the draft law as published by MSWY, the new law is in line with the following EU directives;</p> <ol style="list-style-type: none"> 1.Council Directive 94/33/EC of 22 June 1994 On the protection of young people at work 2.Council Directive 97/81/EC of 15 December 1997 concerning the Framework Agreement on part-time work concluded by UNICE, CEEP and the ETUC 3.Council Directive 2000/78/EC of 27 November 2000 establishing a general framework for equal treatment in employment and occupation 4.Council Directive 2000/43/EC of 29 June 2000 implementing the principle of equal treatment between persons irrespective of racial or ethnic origin 5.Directive 2006/54/EC of the European Parliament and of the Council of 5 July 2006 on the implementation of the principle of equal opportunities and equal treatment of men and women in matters of employment and occupation (recast) 6.Directive 2003/88/EC of the European Parliament and of the Council of 4 November 2003 concerning certain aspects of the organisation of working time 7.Council Directive 91/533/EEC of 14 October 1991 on an employer's obligation to inform employees of the conditions applicable to the contract or employment relationship 8.Council Directive 1999/70/EC of 28 June 1999 concerning the framework agreement on fixed-term work concluded by ETUC, UNICE and CEEP 9.Directive 2008/104/EC of the European Parliament and of the Council of 19 November 2008 on temporary agency work 10.Council Directive 98/59/EC of 20 July 1998 on the approximation of the laws of the Member States relating to collective redundancies 11.Council Directive 2001/23/EC of 12 March 2001 on the approximation of the laws of the Member States relating to the safeguarding of employees' rights in the event of transfers of undertakings, businesses or parts of undertakings or businesses 12.Directive 96/71/EC of the European Parliament and of the Council of 16 December 1996 concerning the posting of workers in the framework of the provision of services 13.Directive 2002/14/EC of the European Parliament and of the Council of 11 March 2002 establishing a general framework for informing and consulting employees in the European Community 14.Council Directive 2010/18/EU of 8 March 2010 implementing the revised Framework Agreement on parental leave concluded by BUSINESSEUROPE, UEAPME, CEEP and ETUC and repealing Directive 96/34/EC

	<p>15. Directive 1999/92/EC of the European Parliament and of the Council of 16 December 1999 on minimum requirements for improving the safety and health protection of workers potentially at risk from explosive atmospheres (15th individual Directive within the meaning of Article 16(1) of Directive 89/391/EEC)</p> <p>16. Council Directive 92/85 /EEC of 19 October 1992 on the introduction of measures to encourage improvements in the safety and health at work of pregnant workers and workers who have recently given birth or are breastfeeding (tenth individual Directive within the meaning of Article 16 (1) of Directive 89/ 391 /EEC).</p> <ul style="list-style-type: none">• Proposal for a new draft law on Employment Promotion
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III. Policy measures to boost youth employment – best practices

Name ⁶⁵	Country	Target	Content	Availability of similar measures in Albania
EU initiatives				
The Youth Guarantee	EU	Young people under 25 not in employment, education or training	All young people under 25 receive a good quality offer of employment, continued education, an apprenticeship or a traineeship within four months of leaving formal education or becoming unemployed	<i>Somewhat</i>
Youth on the Move	EU COM(2010) 477.		Promote youth mobility	
An Agenda for New Skills and Jobs	EU COM(2010) 682.			
Training programmes for youth				
Chile Joven	Chile	Young people in a situation of 'social risk and/or structural unemployment	Short training and apprenticeship programmes that help young people to acquire basic skills to be eligible for work. 6 months private training & work. Subsidy 50% min wage	The training component is incorporated in several existing ALMPs in Albania, but there is no differentiation between specific target groups. Incentives for hiring youth are the same as hiring other unemployed, which lowers likelihood of employers opting for younger programme participants. The individual counselling and orientation service of the Peru programme is practically lacking due to low capacities
ProyectoJoven	Argentina	Low-income, low-education youth	Similar to Chile	
PLANFOR	Brazil	Youth; rural areas, minorities	Semi-skilled training in occupations for which there is evidence of demand in the productive sectors.	
Pro-Joven	Peru (late 90s)	Low-income young people	Semi-skilled training and labour experience to in specific trades in demand in the productive sector	

⁶⁵ILO (1999), "Employing Youth: Promoting employment-intensive growth" at http://www.ilo.org/wcmsp5/groups/public/@ed_emp/documents/publication/wcms_120216.pdf; OECD/ILO (2014) "Promoting better labour market outcomes for youth" <http://www.oecd.org/g20/topics/employment-and-social-policy/OECD-ILO-Youth-Apprenticeships-G20.pdf>

Action Plan for Youth Employment	Peru (2010 – 2014)	Youth	Reduction in the “red tape” and costs relating to job applications, through the introduction of a free-of-charge single certificate that contains all pieces of information (“CERTIJoven”); skills training-cum-work experience programmes (“Jóvenes a la obra”); modernization of career guidance services; establishment of a training programme targeting young entrepreneurs (“ProJovenEmprendedor”); development of an information system that simplifies market assessments; Establishment of an information and orientation service for young people working (or planning to work) abroad (“Infomigra”).	Mixed results/economic growth key success factor, high deadweight as in many ALMPs
Job Corp	US	Youth from underprivileged households	Programme content includes academic education and vocational training aimed at attaining an upper secondary qualification and it is also recognised as a pre-apprenticeship programme, allowing entry to apprenticeships. At the end of the programme, placement services help participants to secure employment. Other key services include health education, health and counselling. During the programme, youth receive a stipend. Youth who complete vocational training and obtain an upper secondary qualification are eligible for a completion award payment to help with the start-up costs of independent life. The programme, despite its high cost, has been quite effective	Not present in Albania. Employers have fiscal disincentives for apprenticeships, the programme is highly costly for Albania Positive results on future job placement and earnings but highly expensive (20,000 USD/participant)
On the Job Training and the Vocational Training Courses in Cooperation with Employers	Turkey		Subsidise the wages and social contribution of the unemployed and recent graduates to enter a firm and receive training for up to six months. Employers can hire their interns before the end of the programme. The vocational training	Focus of ALMPs in Albania is on employment, albeit low skilled and low remuneration, rather than training. Obligation to retain trainees in employment is an indication and may

programmes			courses include off-the-job training and are funded from the Employment Insurance Fund.	serve as disincentive for employers.
Transition from education to labour market				
Community Youth Hubs (AUS) Youth Employment Strategy (Canada)	Argentina, Australia, Canada, China, France, Italy, Japan, Mexico, Russian Federation, Republic of South Korea and the United States	Youth 15 – 30	Assist the transition from education to the world of work – strengthening opportunities for training and education collaborations; orientation and counselling services with regards to the competences and job experience that they could acquire in order to reduce skills mismatches and to smooth their school-to-work transitions	Individual focus is completely lacking in both the formal education system as well as in public employment services in Albania. One reason is low capacity (especially in terms of number of staff, but not only). However, it is important to note that information on markets, skills required and sector specific features are also missing. Regional SNAs, surveys and constant contact with employers crucial.
Community College, Job-Driven Training Fund	US	Support for apprenticeship programs	Competitive grants to partnerships of community colleges, public and non-profit training entities, industry groups, and employers to launch new training programs and apprenticeships that will exchange participants for in-demand jobs and careers. Every year, \$500 million will be set aside for grants to create new apprenticeships and increase participation in existing apprenticeship programs	-
Activation measures (ALMMs)				
Youth Guarantee Implementation Plan	France	Youth 18 – 25 neither working or studying	Engage in active job search and improve their employability, in exchange for receiving a benefit payment of about EUR 434 per month	In theory available for all registered jobseekers not youth alone, but benefits very low and equal across categories, efficiency of PES modest. Only people who have contributed to social security scheme for at least 12 months are eligible for unemployment benefits
Youth Guarantee	Finland	Unemployed young persons under the age of 25 (from 2013 it will also	Reduce the time of unemployed status of young people by improving their chances of finding a job or an educational opportunity. Activities: The PES is obliged, within the first three months	

		include young graduates under the age of 30).	of a young person being registered as a jobseeker to: 1) develop a personal development plan for the jobseeker; 2) carry out a needs assessment of what support is needed to find employment; 3) Offer a job, study place (academic or vocational) or another activation measure that can help the employability of the job seeker (training, coaching, counselling, subsidised work, start-up funding).	Individual counselling and placement plans scarcely available in Albania Entrepreneurship programmes for youth completely non-existent in Albania, despite some efforts that have been primarily supported by the non-state sector (i.e. donor programmes). AIDA entrepreneurship programmes do not have specific tailoring for youth.
Job Guarantee for young people	Sweden	Unemployed young people aged 16-24 who are registered with PES over three months	to offer employment services quickly to help young people to improve their chances of finding employment and education opportunities. Activities: The job search support offered by the PES is divided into three phases: 1) registration at PES; 2) in the following three months an in-depth assessment of needs and aspirations of the jobseeker is carried out; 3) After three months of unemployment, job search activities are intensified and combined with active labour market measures such as work experience placements, traineeships, support in accessing education and training, and start-up funding	Similar to measures in Albania but individual focus and orientation towards education much stronger
Counselling, job-search assistance and entrepreneurship programmes	Australia, Canada, China, France, Germany, Italy, Japan, Russian Federation, Republic of Korea, the United	Unemployed youth	More intensive assistance for the more disadvantaged youth, such as the low-skilled and those with a migrant background	

	Kingdom and the United States			
VET and apprenticeships				
Youth Employment Academies	Republic of Korea	Youth in VET	Promote youth employment through training courses reflecting demand at industrial sites. Business or employers' organisations can set up a youth employment academy in cooperation with colleges, while the operating costs of the academy will be supported by the Ministry of Employment and Labour	Dual system not in place. Vet training still largely theoretical and out-dated Relatively good results but difficult to identify qualified and interested youngsters even with highly interested companies.
Ramadan City	Egypt	Dual education – apprenticeship system	Education & training for youth in formal education	May need changes to Albanian Vet system, some of which already under way but labour demand is not encouraging Active support by social partners required
Tax incentives for apprenticeships				
Apprenticeship Training Tax Credit	Canada	Companies accepting apprenticeships	Refundable tax credit for companies and businesses employing apprentices in certain skilled trades during the first three years of an apprenticeship programme.	No tax incentives for apprenticeships in Albania, on the contrary employers need to incur costs to accept apprentices. Contract not well formalised, it is somewhat unclear whether the apprentice needs to receive remuneration, or whether they can reimburse employers for costs incurred.
Exemptions from tax	France	Companies	Exemptions from employer and employee social security contributions. Since 2005, employers hiring apprentices also benefit from a tax credit, which amounts to 1 600 to 2 200 Euros per apprentice (on a full-year equivalent basis). The higher amount is received when the employer hires a young disabled person or a disadvantaged youth.	Tax waivers only applicable for ALMM participants not apprentices, Only social security waiver applicable in Albania for a portion of the employment. No tax credit, Exemptions on labour costs of apprentice not other employees in Albania
Exemptions from tax	Russia	Employers accepting apprenticeships	Partial reimbursement of the labour costs associated with both the trainees and the trainer, i.e. the senior employee who is responsible for providing training to the apprentice.	

Self-employment support				
Credit lines and advisory services	Philippines, Indonesia, Sri Lanka, Zimbabwe, Mali, Côte d'Ivoire Cameroon			Mixed reviews. Not very effective in stimulating entrepreneurship.
Advisory services on business start up	Mali, Zimbabwe			
PRYM	India			
TRYM	India	Training of Rural Youth for Self-Employment	Basic technical and entrepreneurial skills to the rural poor in the age group of 18 to 35 years to enable them to take up self- or wage employment. 40% women	
Grants to business start-ups	UK, France, US	Unemployed or welfare recipients		
Macroeconomic measures				
Labour market flexibility (cutting unemployment benefits, other social welfare payments and discouraging unions)	New Zealand, UK, Denmark			Limited responsiveness, with exception of Denmark with slight positive correlation. Not likely to generate results in countries like Albania where unemployment benefit coverage is low (and unions not a factor). LM rather flexible in Albania, indeed workers facing some job insecurities which in turn may affect company related investment
Reduce tax on labour, increase work incentives (coupled with reduction in unemployment benefit)	Denmark (1994)			Positive impact on reduction of unemployment may also have impact on reduction of informality in Albania

Minimum wage				
Increase in minimum wage	Canada, the Netherlands, Luxembourg and to a lesser extent in the US and the UK			Very weak correlation with declining youth employment in some developed countries. Evidence of decline in employment but reduction of poverty in developing countries in Latin America, Asia and Africa
Decline in minimum wage	Italy, Belgium, Spain, Greece and Portugal			Weak correlation with declining youth employment Some countries have opted for lower minimum wage for youth, but to be used with caution as youth may end up in trap of low paid/low skilled jobs.
Changes to minimum wages	Germany, Sweden, France and Japan			No correlation
Early education measures				
Perry Pre-school programme Syracuse Pre-school programme; Headstart	US	Disadvantaged, subnormal IQ children aged 4-5	Intensive treatment for just one year	Better earnings and lower criminality for participating youth at age 35. Good cost-benefit ratio
PROGRESAR	Argentina	Youth aged 18-24 who are unemployed, work in the informal sector or have salaries lower than the minimum wage	Help particularly disadvantaged youth to begin or complete their studies, as well as to provide professional training, counselling and job placement	Somewhat Some initiatives in Albania but impact still weak

Annex B

Terms of Reference

List of Interviews

Guide Questions for the Interviews

Lists of participants in focus groups by region/district

Moderator's notes for the focus group discussions

Pictures from Focus group discussions