

# TORINO PROCESS 2018–2020

## ALBANIA

## NATIONAL REPORT

### Disclaimer

#### Albania - national Torino Process report (NRF)

This report is prepared in the framework of the Torino Process 2018-20 by the relevant national authorities (*neither copy edited nor formatted by the ETF*). The contents of this paper are the sole responsibility of the authors and do not necessarily reflect the views of the ETF or the EU institutions.

# Contents

ACRONYMS.....	3
1. THE NATIONAL REPORTING FRAMEWORK.....	4
Building block A: Country and VET overview .....	4
A.1: Country background.....	4
A.3: The context of VET.....	16
Building block B: Economic and labour market environment .....	23
B.1: VET, economy, and labour markets .....	23
B.2: Entrepreneurial learning and entrepreneurship .....	38
Building block C: Social environment and individual demand for VET.....	39
C.1: Participation in VET and lifelong learning .....	39
C.3: Active support to employment.....	46
Building block D: Internal efficiency and operation of the VET system .....	49
D.1: Teaching and learning environment.....	49
D.2: Teachers and trainers .....	50
D.3: Quality and quality assurance.....	56
Building block E: Governance and financing of VET .....	61
E.1: Institutional arrangements .....	61
E.3: VET budget .....	62
E.4: Mobilisation of resources for VET .....	63
E.5: Allocation and use of resources in VET .....	63
2. SUMMARY of main findings and recommendations.....	72
2.1 Main findings.....	72
2.2 Recommendations for action .....	83
REFERENCES .....	86
ANNEXES .....	88
Annex 1: Benchmarking of candidate countries .....	88

# ACRONYMS

<b>ALL</b>	Albanian Lek
<b>AQF</b>	Albanian Qualifications Framework
<b>CPD</b>	continuous professional development
<b>DCM</b>	Decision of the Council of Ministers
<b>ELE</b>	early leavers from education
<b>ERP</b>	Economic Reform Programme
<b>ETF</b>	European Training Foundation
<b>EU</b>	European Union
<b>GDP</b>	Gross Domestic Product
<b>GIZ</b>	Gesellschaft für Internationale Zusammenarbeit
<b>HE</b>	higher education
<b>HEI</b>	higher education institution
<b>INSTAT</b>	(Albanian) Institute of Statistics
<b>IoED</b>	Institute for Education Development
<b>IPA</b>	(the EU's) Instrument for Pre-accession Assistance
<b>IPMG</b>	Integrated Policy Management Group
<b>ISCED</b>	International Standard Classification on Education
<b>LGU</b>	local government unit
<b>LLL</b>	lifelong learning
<b>MFC</b>	Multifunctional (VET) centre
<b>MoEFA</b>	Ministry of Europe and Foreign Affairs
<b>MoESY</b>	Ministry of Education, Sports and Youth
<b>MoFE</b>	Ministry of Finance and Economy (in charge of VET and employment)
<b>MoLSW</b>	(ex) Ministry of Labour and Social Welfare (now abolished)
<b>NAES</b>	(to-be-established) National Agency for Employment and Skills
<b>NAVETQ</b>	National Agency for VET and Qualifications
<b>NEETs</b>	(people) not in education nor employment
<b>NES</b>	National Employment Service (to be turned into NAES)
<b>NESS2020</b>	National Employment and Skills Strategy and Action Plan 2014-2020
<b>S4J</b>	(SDC-funded, Swisscontact-implemented) Skills for Jobs project
<b>SD4E</b>	(SDC-funded, UNDP-implemented) Skills Development for Employmentproject
<b>SDC</b>	Swiss Development Cooperation
<b>UNDP</b>	United Nations Development Programme
<b>VET</b>	vocational education and training
<b>VTC</b>	vocational training centre
<b>WBL</b>	work-based learning
<b>WBT</b>	Western Balkans and Turkey

# 1. THE NATIONAL REPORTING FRAMEWORK

## Building block A: Country and VET overview

### A.1: Country background

#### A.1.1 Introduction

The government led by Prime Minister Edi Rama was able to renew their mandate, following elections in June 2017. They have put the country on a path of comprehensive reforms and towards preparing for European Union (EU) integration. Albania was granted the status of a candidate country for accession to the EU in June 2014.

Albania is an upper-middle income country with a population of 2.88 million. The economy continues to expand, driven by a favourable domestic and external environment. Real GDP growth reached 3.8% in 2017, reflecting the increase in capital investments but also growing private consumption. Exported goods mainly originate from three product categories: textiles and footwear; minerals, fuel and electricity; and construction materials and metals. The tourism sector is projected to expand at an average annual rate of 7.8% in the next three years. The current account deficit is offset by a large volume of remittances by Albanians living abroad - reaching 8.6% of GDP in 2017 (EC, 2018).

Labour market indicators have been improving over the past few years. The labour force participation rate (20-64) increased to 73.9% in 2017 and was the highest in the Western Balkans & Turkey (WBT) region. Whilst the male activity rate of 84.3% in 2017 was above those of the peer countries, female participation in the labour market of 63.5% for the same year was lower. Unemployment is on a downward trend: the rate (15+) declined from its peak of 17.5% in 2014 to 13.7% in 2017. The youth unemployment rate (15-29) decreased from its peak of 33.2% in 2015 to 25.9% in 2017 (Source: INSTAT, LFS). However, as much as 52.9% of all employment in 2017 was of a vulnerable nature.

New polarised situations have emerged in Albania coupled with the rupture or low performance of social welfare systems and traditional social safety. Divides have been widening for geographical reasons, ethnicity, gender or age, followed by a deepening of income and social disparities. These are particularly affecting some underprivileged segments of the societies. It has brought with it various forms of deprivation and segregation, including inequities in the access, quality and participation in education, training and employment. The different regions in Albania naturally experience varying issues and difficulties in coping with economic pressures and generating well-being for individuals and the population at large.

### A.2: Overview of Vocational Education and Training

#### A.2.1 Overview of VET: set-up and regulatory framework

Secondary VET starts upon finishing the nine-year compulsory school. Vocational schools offer formal 'vocational education'. Some of these schools are mixed schools, i.e. they provide both general education (gymnasium) and VET tracks at upper secondary level. Both formal gymnasium and four-year VET programmes lead to State Matura exams, whose successful completion allows for access to higher education and/or post-secondary education. Typically, gymnasium graduates perform better in State Matura exams and have a wider choice when it comes to selecting higher education institutions and programmes. VET programmes offer exit points after two, three or four years (depending on the programme). At completion, graduates would receive a Vocational State Matura certificate (if relevant; ISCED/ AQF level 4), as well as a final certificate for the VET programme they attended (usually ISCED/AQF level 3).

In addition, 'vocational training' is offered in vocational training centres (VTCs), which are under the responsibility of the National Employment Service. VTC courses are non-formal courses typically lasting between a few weeks and six months. Any adult can enrol in such courses by paying small

course fees, while unemployed jobseekers are exempt from such fees. Participants receive a certificate of attendance, which specifies the course.

Some VET institutions are being transformed into multifunctional centres that aim to offer a wider range of programmes and courses for both young people and adults. Such centres are being established in Kamza, Elbasan, Fier, Vlora and Shkodra.

For a list of national education programmes according to ISCED 2011, see Annex.

The establishment of an Albanian Qualification Framework (AQF) is considered key to the reform of qualifications and the quality of the education and training system. The Albanian Parliament adopted Law No. 23/2018 of 10.05.2018 “On some amendments and addenda to the Law No. 10247 of 4.03.2010 “On the Albanian Qualifications Framework”. Amendments concerned:

- the definition of the objectives, functions and fields under the AQF;
- the responsible structures that shall lead and implement the AQF in cooperation with the line ministries and other public institutions, social partners and NGOs that develop, provide and recognize qualifications;
- the definition of AQF levels and types of qualifications;
- the alignment of the AQF with the European Qualification Framework and the Framework for Qualifications of the European Higher Education Area.

The required sublegal acts to implement the Law on the are in the process of being adopted by Council of Ministers. Examples include the sublegal acts on more detailed AQF level descriptors, setting up sector committees, and including lifelong learning qualifications into the AQF.

Pursuant to the Law 15/2017 “On Vocation Education and Training in the Republic of Albania” (VET Law), only a few out of the 22 required sublegal acts have been adopted. They include those concerning the recognition of prior learning; the updated National List of Occupations; Steering Boards of VET institutions, as well as financial quota for food in dormitories, scholarships and payments for pre-university students in public education institutions.

More fundamental changes in VET management and respective secondary legislation require prior endorsement of the new Law on Employment Promotion (expected for end 2018/ beginning 2019). This is so because the new National Agency for Employment and Skills (NAES) is to be set up under the latter law.

Envisaged changes include:

- the setting up of a National Agency for Employment and Skills (NAES), that is to become the key agency to manage both employment and VET services, and the related transfer of responsibilities for managing VET schools from the currently responsible Ministry of Finance and Economy (MoFE) to NAES;
- the extension of the mandate of the National Agency for VET and Qualifications (NAVETQ) to developing all areas of VET, including formal and non-formal VET, as well as continuing professional development of VET teachers/instructors;
- a comprehensive new sublegal act regulating all affairs of public VET providers, including assigning to them a higher level of autonomy and introducing new school development functions (see below).

### A.2.2 Institutional and governance arrangements

MoFE is currently in charge of all aspects of funding, appointing directors, staffing numbers and handling those problems of vocational schools, which the latter cannot handle themselves. The Ministry's employment and VET sectors are small; they employ two VET specialists and two employment policy specialists in total, which poses a problem of workload. Currently, there are no administrative structures for VET at subnational levels. VET management functions are planned to be transferred to NAES, once established, and its regional sub-structures. For the time being, the Ministry structure does not include, nor does the new structure envisage to include, a policy monitoring and evaluation unit.

NAVETQ is in charge of the catalogue of occupations, vocational qualifications and related standards and descriptions; frame curricula for all VET programmes offered in the formal vocational education system; support to the development of courses in VTCs; curricula certification and accreditation. NAVETQ also get involved in innovation projects funded by donors, including in adult learning, teacher training activities etc. However, NAVETQ does not yet have formal responsibilities nor funding, e.g. for a more systematic continuous professional development of VET teachers and trainers and the development of course materials for non-formal VET.

Following a Prime Minister's Instruction, inter-institutional, tripartite Integrated Policy Management Groups (IPMGs) had been established, including for the employment and skills sector. However, the group meets rather infrequently. They are usually convened by the Ministry to discuss the annual progress made under the National Employment and Skills Strategy and Action Plan 2014-2020 (NESS2020). Biznes Albania, an independent organisation of employers and business organisations ([www.biznes.al](http://www.biznes.al)), has taken the lead to establish the Chamber of Crafts which will offer apprenticeships in the crafts sector. Regional social dialogue structures exist e.g. in Durres and Elbasan. There are no sector committees, yet, but they are planned to be set up with a strong role in the identification of sector skills needs and qualifications.

### A.2.3 Basic statistics on VET

Basic statistics about VET in Albania (including 'vocational education' provided by vocational schools and 'vocational training' provided by vocational training centres):

- There are 35 public vocational schools and 10 public VTCs. Covering 34 out of the 35 schools (the status of one school is unclear), 492 vocational subject teachers and 122 practice instructors (614 staff in total), as well as 500 general subject teachers, 34 principals and 50 vice-principals are currently employed in the public VET school system. The 10 VTCs employ only 59 staff on a full-time basis (HDPC, forthcoming (a)). All other VTC instructors are hired for specific courses on a part-time basis (receiving a very low remuneration per hour).
- MoFE licenses, and maintains a database of, private training providers. An exact number of such providers cannot however be provided, as these often include businesses that do not have training as their main economic activity.
- In 2016-17 the World Bank undertook a mapping and assessment of both public and private training providers in 2017 (World Bank, 2017). It listed 231 VET institutions, including 43 public, 169 private and 19 not-for-profit institutions. 72% of the VET institutions are small in size, while half of all the institutions are situated in Tirana:

# IMPLEMENTATION TAP was implemented in four phases:

## 1 Mapping



		SIZE			TOTAL
		Small	Medium	Large	
Institution Category	Firm-based	4	4	0	8
	VET				
	Professional Training Schools	26	11	5	42
	VTC	137	33	11	181
Status	Not-for-profit	12	4	3	19
	Private	128	30	11	169
	Public	27	14	2	43
Region	Tirana	77	29	10	116
	ROC	90	19	6	115
TOTAL		167	48	16	231

## 2

Selecting

## 3

Interviewing

## 4

Analyzing & Reporting

(World Bank, 2017)

- The postsecondary, non-tertiary VET sector has been expanding over the years. Annex 2 lists current programmes on offer. These are provided by universities. To obtain a university diploma matches with students' aspirations who would not attach the same value to a postsecondary VET certificate obtained from a VET institution.
- As Table 1 below shows, student numbers are declining as a result of the overall demographic change in Albania. Compared to other countries from the WBT region, the VET sector in Albania is small. Only one fifth of all upper secondary education students enrol in VET. However, in contrast to other types of education, secondary VET programmes have enjoyed consistent enrolment levels over the past years, despite the declining student numbers.

**Table 1: Students enrolled in education**

Type of education/ Academic year	2012-13	2013-14	2014-15	2015-16	2016-17
<b>Total no. of students</b>	<b>719,509</b>	<b>704,782</b>	<b>665,994</b>	<b>622,156</b>	<b>596,624</b>
Nine-year basic education:					
Primary	198,897	195,720	188,371	179,564	174,836
Lower secondary	191,940	181,354	175,037	163,935	153,264
Total upper secondary education, incl.:	154,425	151,937	140,042	130,380	127,114
Gymnasium	130,137	124,619	112,775	104,952	101,995
Vocational	24,288	27,318	27,267	25,428	25,119
Post-secondary, non-tertiary	1,686	1,952	2,017	1,521	1,803
Tertiary	172,561	173,819	160,527	146,756	139,607

- In the academic year 2016-2017a total of 25,119 students were enrolled in vocational education programmes. Despite improvements in recent years, VET participation remains gender-biased. Only one fifth of the VET students are females (see Table 2).

**Table 2: Total number of students enrolled in vocational programmes at upper secondary education level (ISCED 3), by sex**

	2010	2011	2012	2013	2014	2015	2016	2017
<b>Total</b>	20,006	18,697	19,180	24,288	26,681	27,267	25,428	25,119
<b>Male</b>	13,814	13,899	14,921	18,991	20,762	21,603	20,269	20,025
<b>Female</b>	6,192	4,798	4,259	5,297	5,919	5,664	5,159	5,094

Source: Unesco Institute of Statistics

**Table 3: New enrolments in VET programmes (schools)**

2017/2018	2018/2019
5,221	5,420

- There are still major issues with the access to VET (incl. dormitories) in particular for females, disabled students and people from rural and isolated areas. Some areas in Albania remain uncovered by VET provision.
- According to the Ministry, 'between 3,000 and 3,300' VET students pass on to the 4th year of the VET programme and sit Matura exam every year (4<sup>th</sup> year VET graduates). All other VET students leave earlier. The 2+2 or 2+1+1 or the 3+1 structure of VET programmes does allow for leaving after 2 or 3 years with some certificates of attendance. The Ministry does not collect or monitor data on the number of graduates after every year of their programmes.
- The public VTC system cannot be clearly labelled as 'continuing training', as young adults as the main users enrol in such courses either as a shorter alternative to attending formal secondary general or vocational education programmes, or to complement their initial education and training (e.g. through IT and foreign language courses). Table 4 below illustrates the growing VTC graduation numbers in the period 2012-2015, but also declining numbers since then.

**Table 4: VTC participants**

	2012	2013	2014	2015	2016	2017
<b>Total number of VTC participants who completed the course/ were certified</b>	8,357	8,884	13,102	17,524	16,860	15,711
<b>As part thereof: no. of unemployed jobseekers undergoing training (free of charge)</b>	2,668	3,218	8,098	13,887	12,710	9,461

(source: NES)

- Public expenditure on education as a percentage of GDP amounted to 3.09% in 2017, down from 3.12% in 2016. In 2016 (?), 61% of the public expenditures on education in Albania were allocated to primary education; 13.3% to secondary; 16.1% to university and 5.9% to vocational education (source: presentation by the World Bank to the Government of Albania on a possible Jobs & Skills project, Tirana, 21.09.2016).



- Financial allocations for the sector comprise:
  - Tregu i Punes ('Labour market'; covering NES overhead costs, EPPs and VTC staff);
  - Arsimi i Mesem profesional ('Vocational education');
  - Inspektimi ne Pune ('Labour inspectorate') and
  - Perfshirja Sociale (Social inclusion, now under the Ministry of Health and Social Protection),

Allocations have shown some growth over the past years.

- Total public expenditure on VET and labour market policies in 2017 amounted to ALL4.78 billion orca. EUR37.8 million, calculated at the current exchange rate of ALL126 per Euro. 58% of this budget were allocated to vocational education. Compared to 2016, the overall funding for VET and employment increased by 24% (MoFE, 2017).
- The initial budget allocation for 2018 amounted to ALL5.5 billion, equal to around EUR43.6 million, which implies an increase of 15% over 2017 (IFOA, 2018).
- The significant growth of resources for the *Arsimi i Mesem profesional* programme can in part be attributed to the increased capital expenditures for the renovation and equipment of vocational schools (Table 5). In 2017 - a year of national elections and subsequent reshuffling and downsizing of ministries, however, there were major issues with budget implementation.

**Table 5: Budget allocations/ expenditure, in '000 Lek**

	2016		2017		2018		2019
	Allocations	Expenditure	Allocations	Expenditure	Allocations	Expenditure	Allocations
Vocational education programme (incl. capital investments)	2,053,334	2,098,047	2,776,570	2,161,798	3,266,800		3,318,344
Capital investments	527,096	796,574	1,212,710	670,730	1,316,200		1,513,344
Labour market programme, including NES overhead costs, EPPs and VTCs	2,106,771	1,803,270	1,954,700	1,484,181	2,117,731		1,720,100

Source: MoFE

- NES budgets for active labour market measures (EPPs and training in VTCs) stayed at approximately the same level (ALL 490 million), while unit costs have increased, which led to a reduction of the number of beneficiaries. Expenditure for vocational training (at VTCs) as part of the NES budget amounted to around ALL230 million in 2017, up from around ALL216 million in 2016 (source: NES).

#### A.2.4 Vision for VET and major reform undertakings

The vision of the National Employment and Skills Strategy 2014-2020 is to have a competitive economy and an inclusive society that is grounded on:

***'Higher skills and better jobs for all women and men'***

The overall goal of the Strategy is **to promote quality jobs and skills opportunities for all Albanian women and men throughout the lifecycle**. The NESS2020 is based on four pillars, as follows:

**A. Fostering decent job opportunities through effective labour market policies**

**B. Offering quality vocational education and training for youth and adults**

**C. Promoting social inclusion and territorial cohesion**

**D. Strengthening the governance of the labour market and qualification systems**

The NESS2020 is accompanied by an Action Plan, which specifies 52 measures, estimated costs, responsible actors and donor support. MoFE, with the help of local experts, produces an annual progress report and is currently undertaking a mid-term review of the entire strategy. The latter should lead to an adjusted Action Plan for the period 2019-2020. The strategy includes measures aimed at further aligning VET with identified skill needs at national, regional and sectoral levels, to improve the quality of VET and skills, and to address the issue of youth employment.

Table 6 below summarizes key reform initiatives in (public) VET in line with the NESS 2020 and the state of play at the end of 2018: To compile this table, the mid-term review of the NESS 2020 (HDPC, forthcoming (b)) has been used as one source of information.

**Table 6: Major reform undertakings in VET over the past few years**

Reforms	Institutions in charge	Period	Progress/ State of play
Overhaul of the legislative framework of VET	MoFE	Started in 2014, ongoing	VET law no. 15/2017, adopted on 16.02.2017. Most of the (21)sublegal acts drafted, only a few adopted so far. The range of sublegal acts drafted so far does not yet aim at a unification of the VET school and VTC systems and tackle key issues such as revised VET financing rules.
Creation of an administrative structure for VET	MoFE	In progress	The Law No. 15/2017 stipulates that a National Agency for Employment and Skills is to be established to take over the management of the entire VET system (vocational schools and VTCs). The Law on Employment Promotion has been drafted and is waiting for approval. Consultation process has been completed.
Social dialogue/ Creation of a tripartite National VET Council	MoFE	Not started	No progress with the Council. Sublegal act adopted on VET school boards, incl. business reps. % of implementation?
Rationalisation of the network of public VET providers and turning them into multifunctional centres (MFCs)	MoFE	Started in 2014, ongoing	Number of vocational schools reduced from 42 to 35. According to the NESS2020 mid-term review (HDPC, forthcoming), "efforts to close down poorly performing VET schools and alter/diversify training offers didn't go far enough" (p. 53). Only VET Centre Kamza may be considered an MFC and operates on the basis of a specific DCM. Many investments in school facilities done, on the basis of the current (rather than the projected) VET

			<p>offer.</p> <p>Reorganising the network of VET providers: Draft MoFE action plan on the optimisation of public VET providers exists, suggesting 17 MFCs, so far without cost estimates and not yet discussing VET offers. Costs estimates do exist for Elbasan and Vlora MFCs. The whole operation of forming 17 MFCs (as opposed to 35 VS + 10 VTCs) is seen as largely cost-neutral. Need to come up with a standard format of a MFC organigramme now. GIZ supporting.</p> <p>Need for Ministerial Orders to legalize status of MFCs, for Institutional Development Plans, followed by Strategic Investment Plans of MFCs.</p> <p>Institutional development plans adopted for Kamza and drafted for Elbasan.</p>
Skills needs analysis (SNA)	MoFE NES Donors	Completed in 2017 (to be repeated at regular intervals)	<p>NES officially in charge, but with insufficient own resources. The latest SNA was carried out in 2017 and results analysed by region, sector, size and ownership type of companies. Follow-up action plan developed.</p> <p>NES uses findings to steer unemployed jobseekers into training.</p> <p>SNA 2017 results informed MoFE's current plan for rationalisation and optimisation of the VET providers' network.</p> <p>VET schools have opened some new courses (IT, mining ...). In general, it is difficult for VET schools to respond to new demands as they lack resources, including additional teachers or trainers.</p>
AQF development and implementation, VET qualifications, curricula and sector skills committees	AQF taskforce  NAVETQ	In progress	<p>Inventory and analysis of vocational qualifications completed in 2017.</p> <p>National List of Occupations adopted by DCM 514, dated 20.09.2017.</p> <p>Qualifications identified and standards/ descriptions are developed with involvement of employers.</p> <p>Development and revisions of frame curricula are ongoing tasks. Curriculum model is modular.</p> <p>Instruction no. 27 dated 30.07.2018 regulates VET curriculum formats and procedures, taking into consideration quality criteria for inclusion of vocational qualifications in the AQF. NAVETQ issues guidelines for VET providers and teachers, including assessments methods and tools. NAVETQ provides training on curriculum design.</p> <p>MoFE Instruction no. 26 dated 30.07.2018 on "Approval of the National Catalogue for Vocational Qualifications" specifies procedures for inclusion of quality-assured qualifications in AQF.</p> <p>Three sublegal acts for AQF implementation already approved. The other ones will go through by end year.</p> <p><u>Issues:</u> System of delivering training against national quality-assured qualifications not yet in place (problems especially with VTC/ adult learning system).</p> <p>VET qualifications to be developed, going through internal and external quality assurance processes and procedures for inclusion in AQF.</p>

			NESS 20202 mid-term review claims that “qualifications are to embed knowledge, skills and competences according to international standards” (HDPC, forthcoming, p. 59)
Quality assurance/ Accreditation and self- evaluation of VET providers	MoFE NAVETQ VET providers	Ongoing	No national VET provider accreditation system in place (only licensing procedure by National Centre for Business Services - QKB). UNDP SD4E project and IPA 2013 VET project completed and tested Guideline for the Self-Assessment of VET providers at MFC Elbasan in 2017. Draft Ministerial Instruction on QA being revised. S4J (will) support self-evaluations and development planning in six VET institutions. No inspections of vocational schools have taken place since 2013. VET inspections to be done by education inspectorate in the future again. <u>Steps:</u> Instruction, training, full roll-out of self-evaluation of VET providers (process planned to be completed with UNDP support by May 2019) Need to draw up list of criteria as a basis for VET inspections of MFCs
Postsecondary/ non-tertiary VET programmes	MoESY/ AQAHE and universities	ongoing	In 2015 NAVETQ identified 39 titles of postsec VET qualifications most in need on the labour market. 4 qualification descriptions and frame curricula developed under IPA 2010 HRD project but not implemented. No progress with frame curricula by end 2017. Postsec VET programmes that would take be delivered by VET institutions are currently not seen as an attractive alternative to those delivered by universities. Beqir Cela vocational school is the only school that cooperates with a university on a postsec IT programme (and pilots a car diagnostics postsec VET programme).  <u>Postsec/ non-tertiary VET courses delivered by universities:</u> During the academic year 2016-17 around 1,800 students were enrolled in post-secondary, non-tertiary (VET) programmes (see Table 1), which are implemented by university faculties. See Annex 2 for a list of all existing postsec/ non-tertiary VET programmes currently on offer by universities. <u>Issues:</u> A specific review would need to clarify whether postsec/non tertiary VET offers are relevant to labour market demand, the quality of provision, including project-based & work-based learning schemes to develop relevant skills etc.
Increasing visibility and publicity for VET	MoFE VET providers Donors	regular	Open days of vocational schools ‘I choose VET’ Skills Fair May 2017 VET Skills Week November 2018 Annual career and jobs fairs RISI Albania “Do you have an idea” TV show “Albanian Skills” initiative (= private initiative) VET portal exists but info not up to date. Swisscontact drafted ToR for an integrated platform, to be hosted by AKSHI, where information will be

			<p>made available on public and private VET providers and their offers.</p> <p><u>Issues:</u></p> <p>Overall visibility of VET policies as part of MoFE is low.</p> <p>Limited or no access to (any kind of) VET and qualifications in different Albanian regions and for differently abled people. Dormitories often not an option for girls.</p>
Upgrading of buildings, workshops and equipment	MoFE VET providers Donors	At advanced stage	<p>Funding for VET schools over the period 2014-2018 increased by 35%. In 2017 alone EUR 1.2 million were invested. Investments in 8 schools were envisaged for 2018 and in another 9 for 2019 (HDPC, forthcoming, p. 56).</p> <p>Major capital investments done over several years to upgrade VET school infrastructure and equipment, based on current training offers and equipment needs.</p> <p><u>Issues:</u></p> <p>Strategic investments to follow Institutional Development Plans, once completed.</p> <p>Follow-up (maintenance) costs to be budgeted.</p>
Introducing new development functions in all VET schools	MoFE VET providers Donors	At initial stages	<p>Law on VET adopted.</p> <p>Pilot initiatives in six donor-supported institutions introduced the following functions as per the new Law: continuous professional development (CPD) of the teaching personnel within the institution; curricula development; establishing links between the provider and businesses; career guidance; engaging in developmental projects; publicity activities; collecting tracer data.</p> <p>The sublegal act on VET providers, which contains specifications for all new functions, is pending the adoption of the Law on Employment Promotion (which includes provisions for setting up NAES).</p>
(within this context) Introducing work-based learning in VET	MoFE VET providers Donors	At pilot stage	<p>Sublegal act adopted on school boards, incl. business reps. % of implementation?</p> <p>Role, functions and competence profile of school-business liaison persons defined in draft sublegal act on VET providers (not adopted yet).</p> <p>Pilot initiatives in GIZ-supported VET Centre Kamza and six Swisscontact S4J-supported VET institutions:</p> <p>Designated staff in VET institutions are responsible for relations with businesses. Gradual Skills Development Scheme, with increasing duration of practical work and internships over the years.</p> <p>Individual agreements signed with some 200 (Kamza) and 300 businesses (S4J) who offer internships to 700 students (S4J) with contracts of two-year duration. Students apply, companies can select students. Company staff supervise. Students follow individual learning plans developed with in-company trainer and school instructor. Company trainers prepare evaluation forms.</p> <p>S4J developed concept for training of in-company trainers and training programme.</p> <p>National regulation on work-based learning (WBL) has been drafted.</p>

Introducing apprenticeships (in the crafts sector)	MoFE Biznes Albania	At initial stage	<p>Law on Craftsmanship adopted (no. 70, dated 30.06.2016).</p> <p>National Chamber of Crafts established. Assembly and new President appointed in 2017. MoFE approved the Statutes in Febr 2018.</p> <p>Draft DCMs are being prepared on: (i) the financial support to the Chamber (Law envisages two-year coverage from State budget); (ii) the contract between the apprentice and the employer.</p> <p>Premises identified for accommodating the Chamber (next to VTC no. 4 Tirana). State funding for two-year period secured.</p> <p><u>Issues:</u> communication and closer cooperation with business associations and businesses; pilot experiences.</p>
Strengthening entrepreneurial learning (EL) in general education and VET	IoED NAVETQ VET providers Donors	At advanced stage	<p>National Pre-University Curriculum Framework includes entrepreneurship competence as one of seven compulsory key competences.</p> <p>Junior Achievement programme in all general schools.</p> <p>“Basics of entrepreneurship” subject for grade 12 of all VET profiles (except for business administration) and “Entrepreneurial behaviour” (Grade 13 of business administration).</p> <p>Teaching &amp; learning materials updated.</p> <p>Trainers and teachers from VET schools trained.</p> <p>Implementation is still an issue.</p> <p>(Andoni, 2017)</p> <p><u>Issue:</u> Acc. to the NESS 2020 mid-term review, Teacher skills and training on EL are still an obstacle for developing related competences of students (HDPC, forthcoming, p. 69).</p>
Strengthening digital skills and digital & online learning in VET  (NB. This is not included as one of the NESS2020 measures.)	NAVETQ VET providers Donors	At pilot stage	<p>National Pre-University Curriculum Framework includes digital competence as one of the key competences.</p> <p>Various donor initiatives (Swisscontact, Kulturkontakt Austria, GIZ, Italian Development Cooperation) that fund IT schools or programmes and the cross-curricular development of IT skills.</p> <p>Initial VET:</p> <ul style="list-style-type: none"> <li>the postsec IT programme as an interesting cooperation between Aleksander Moisiu University (providing the theory) and Beqir Cela vocational school (providing the practice) in Durres</li> <li>Hermann Gmeiner IT school Tirana and Peter Mahringer IT school Shkodra, fully funded by Kulturkontakt Austria</li> <li>Swisscontact Skills for Jobs project: ongoing teacher training and introducing DOL in six VET institutions, including: S4J prepares digital online materials for IT, hotel &amp; tourism and business education, involving also teachers. They use the online open-source learning platform metronom.al. Two schools are appointed as CISCO academies, trying to integrate online modules into curricula.</li> </ul> <p>Memorandum of Understanding signed with Microsoft. Operating system for €1. 'Shape the</p>

			<p>future' programme. Microsoft Imagine Academy free courses, such as on IT in tourism. In addition, work is being done to develop +2 level IT courses. And modules on (repair of?) eCars. IT programme students undertake practical assignments/ projects upon agreement with IT businesses.</p> <ul style="list-style-type: none"> <li>• (GIZ supported) VET Centre Kamza trained teachers and became CISCO academy</li> </ul> <p>Continuous VET:</p> <ul style="list-style-type: none"> <li>• PROTIK ICT Resource centre and PROTIK Innovation Centre</li> </ul> <p>(Viertel &amp; Brolpito, 2018)</p> <p>Interinstitutional working group set up including MoESY and MoFE. Thinking about CISCO incentives or other measures and attracting investors. Swisscontact/ NAVETQ working on a national ICT curriculum right now. Current focus on ICT sector and It curriculum. A lot more needs to be done to introduce digital skills as a key competence. Major issue with Internet/ Broadband connections of schools.</p>
VET teacher recruitment	MoFE	ongoing	<p>General subject teachers in VET fall under the jurisdiction of MoEYS. Since 2015 they are recruited following a transparent ranking system, with an emphasis of 30% on education background and 70% on results from a written test.</p> <p>Recruitment of new VET subject teachers will follow the same procedure</p> <p>The workload of practice instructors in schools has been reduced from 30 to 25 hours per week.</p>
Pre-service and continuous professional development (CPD) of VET school directors, teachers and trainers	NAVETQ VET providers Donors	At pilot stage	<p>Two-year Master in Educational Science programme focuses primarily on general pedagogy and psychology. No genuine pre-service training system for VET teachers in place. No structured induction/mentoring scheme for newly recruited teachers in VET.</p> <p>NAVETQ still does not have an official mandate and a regular budget for the CPD of VET personnel, but respective DCM in the pipeline.</p> <p>NAVETQ keeps a database of accredited teacher trainers and training modules.</p> <p>Under the IPA Sector Reform Programme MoFE/ NAVETQ is in charge of arranging, for all 700 VET teachers and trainers currently in the system, a 24-day Basic Pedagogy programme. Manual published. Progress: 43 in 2016; 247 in 2017 and probably 196 (tbc) by end 2018, in line with the target of 70% of all. ETF/ Kuqi did a mid-term evaluation of the programme in March 2018.</p> <p>Many Train the trainers and teacher training activities by all donors training in their pilot institutions and profiles (GIZ in VET Centre Kamza and 5 VTCs; S4J – six VET institutions; KulturKontakt Austria – (formerly) business education and (now) tourism schools; Italian Development Cooperation).</p> <p>ETF/HDPC are carrying out a survey on the CPD of</p>



			VET school directors, teachers and trainers. S4J reported lack of VET teachers in VET institutions. MoFE teacher planning is an issue. Law on VET provides for appointing CPD coordinators in all VET schools.
Extension of VET (and employment) services to rural areas	MoFE NES	No progress	Some areas in Albania remain uncovered by VET provision, creating problems with the access of some basic school leavers to secondary VET.
Tracer study on graduates from both vocational schools and VTCs	MoFE NES	Partly implemented	In July 2017 GIZ-funded experts completed first report on data collected from students who graduated from VET schools 6 to 9 months prior to the survey (18% response rate). The report provides sufficient evidence for MoFE to act on and adjust VET provision. Target under IPA Sector Reform Programme: 2% more VET graduates employed or self-employed, as evidenced in 2017 report.

## A.3: The context of VET

### A.3.1 Socioeconomic context

The EC's Staff Working Document assessing Albania's Economic Reform Programme (ERP) 2018-2020 (EC, 2018) summarises key economic and labour market issues as follows:

**“Albania’s economic expansion is expected to continue in 2018-2020.** The economic reform programme (ERP) projects GDP growth will strengthen above the level of 4 % on the back of rising domestic demand. Consumer spending is seen as the major growth driver in a context of an improving labour market, rising confidence and growth-friendly financial conditions. Investment growth is expected to moderate as two large foreign direct investments in the energy sector are completed. Although Albania’s exports are projected to increase at a solid pace as the EU economy expands, their contribution to GDP growth is expected to be fully offset by import growth. Nevertheless, the possibility of stronger-than-projected import growth in view of the expected acceleration in consumer spending seems to be the main downside risk to the programme's forecast of real GDP growth.

**Sustaining the ongoing economic recovery requires further reform efforts and the tackling of macroeconomic weaknesses in relation to public finances and the financial sector.** Helped by an International Monetary Fund (IMF) programme, the country has started to consolidate its public finances and an appropriately accommodative monetary policy has supported the economic upswing. Some important business-relevant reforms have been launched, such as the comprehensive overhaul of the justice system. Nevertheless, enduring macroeconomic weaknesses and structural obstacles to growth call for sustained efforts to address the following main challenges.

- **The public debt-to-GDP ratio has been reduced but remains a major source of macroeconomic vulnerability.** Public debt (including guarantees) is still close to the relatively high level of 70% of GDP and is associated with significant rollover, interest rate and exchange rate risks. The country's fiscal adjustment plans have been attenuated and pushed back compared with last year's programme; this will delay achievement of the medium and long-term targets for public debt. The envisaged decline of the debt ratio relies mainly on favourable economic growth and restraint in public consumption. It is associated with significant downside risks from lower-than-expected GDP growth, contingent liabilities, and new public-private partnerships. There is considerable scope for raising more revenue by improving tax compliance and broadening the tax base.
- **Non-performing loans have been reduced, but bank lending to businesses remains sluggish.** Banks are well capitalised, highly liquid, and have a very low loan/deposit ratio. While



lending to households has been rising at a decent rate, bank lending to the business sector is barely expanding. The stock of non-performing loans on banks' balance sheets has been reduced, mainly through mandatory write-offs, but still seems to constrain bank lending. The proportion of foreign exchange loans remains high and poses challenges to the stability of the banking system and the conduct of monetary policy.

- **Albania's competitiveness continues to be hampered by inefficiencies in the energy sector, including insufficient security of supply.** The ERP recognises this and again includes measures to further unbundle and liberalise the energy market following the adoption of the required legal basis. However, implementation of these measures was limited in 2017. Moreover, in pursuing the objective of diversifying energy sources, the ERP focuses on gasification and ignores the potential of renewable energy sources.
- **Issues related to property rights and land registration continue to affect the competitiveness of the Albanian economy. This is a cross-cutting issue affecting infrastructure and industrial development, agriculture, the property market and, importantly, access to finance.** Progress towards establishing a comprehensive cadastre has been slow. The ERP maintains a narrow view of the issue, prioritising only agricultural land. There has been limited progress in establishing the legal basis for the creation of the much-needed e-cadastre.
- **Despite some improvements, employment and labour market participation remain low and the incidence of undeclared work significant. A key bottleneck to competitiveness and growth is the lack of a workforce with the right skills for the labour market.** There have been positive developments in improving the relevance and quality of vocational education and training, but entrepreneurial and soft skills are still underdeveloped. The narrow coverage of active labour market policies and the weakness of employment services are coupled with limited links with passive social schemes. There is still no comprehensive approach to addressing the high incidence of undeclared work. Poor and vulnerable households face limited access to education, jobs and social protection measures. There is a serious risk that the restructuring of the administration will reduce its capacity to progress with the design and implementation of employment and social policies." (pages 2-3)

The same document (EC, 2018) highlights the lack of entrepreneurial skills and financial literacy among the population.

According to the (draft) Economic Reform Programme for 2019-2021 of the Government of Albania (GoA), key priorities include the following sectors:

- **energy**, with a focus on diversifying energy sources, further liberalising the energy market, and reducing the dependence on imports.
- continuing with the modernisation or construction of the **transport** infrastructure, including roads and railway lines;
- facilitating regional **trade**;
- development of the **digital infrastructure**, based on Law no. 120, dated 24.11.2016, for broadband development and as a precondition for developing all sectors, innovative industries, e-government, e-health, provision of interoperable services, provision of cross-border services etc." Internet usage and broadband penetration grow every year, but "the fixed broadband penetration at 38% of the households remains at very low levels compared to other countries in the region and the EU"... "Half of the schools are without or with very limited connectivity." (GoA, forthcoming, p. 41)
- **agriculture**, which is still the most important sector of the Albanian economy, with a contribution of 18.9% to GDP and some parts of exports. Nearly 46% of the population live in rural areas, where agriculture is the main activity. A higher productivity of the agricultural sector is hampered

by the “rural exodus, the limited size of farms and ownership of agricultural land, problems related to the marketing of products, irrigation and drainage, the low level of technology used, a weak organisation of farmers, and an underdeveloped **agro-food industry**” (ibid, p. 23);

- developing industries for the **processing of natural resources** including minerals, such as nickel-silicate, quartzite and copper, and leather;
- **tourism**, with a contribution of 8.5% to GDP in 2017 and, according to the World Travel and Tourism Council, a substantial growth potential. Strategic goals include: (i) the introduction of an international standard certification system; (ii) incentivizing the development of middle to high-end non-traditional, sustainable tourism; (iii) public infrastructure, and (iv) marketing campaigns;
- integrated **water management**, with a focus on making drinking water available to all areas and urban centres, the formalization of connecting consumers to the network, as well as the collection and treatment of wastewater. Municipalities who are in charge of water management are currently not in a position to make available adequate financial means to deal with these tasks. Their financial basis is planned to be strengthened by introducing property taxes, which in turn is linked to current efforts to establish a functioning cadastre system.

(ibid, p. 24f.);

Gishti & Shkreli (2015) list the following sectors, which are key to the Albanian economy (as well as the skills or occupations within these sectors):

- Agriculture and forestry;
- Food processing industry
- Extracting industry
- Manufacturing (processing) Industry
- Energy and water supply industry
- Construction industry
- Services industry
- Health sector
- Maritime sector

(Gishti & Shkreli, 2015, see pages 21-29).

Following consultations with key stakeholders in all 12 Albanian regions (*qarks*), involving employers and also Ministry representatives, the study then goes on to outline the skills and occupations needed in each of these regions (ibid, pages 30-76). A few adjustments have since been made to the range of VET programmes offered by vocational schools – some programmes have been added, others discontinued. However, the network of the many, mainly small VET providers, types of programmes on offer and respective enrolment numbers would still need further adjustments. Hence, this study, among others, could serve as a basis for redesigning the network of public VET providers and their VET offers in Albania with the ultimate aim to create bigger, more versatile and responsive multifunctional VET centres - or service providers, for that matter, that cater to the education and training needs of wider target audiences in a given region.

Finally, this study entails a draft list of occupations, which provided - alongside a later inventory of vocational qualifications (Gishti, 2017) - inputs into a revised National List of Vocational Qualifications linked with AQF levels, and as well in the update of National List of Occupations which was adopted by DCM no. 514 dated 20.09.2017.

The Albanian country report by the EC and LSE-Enterprise on higher education provision and labour market opportunities (2015) provides an account of the (lack of) labour market relevance of higher education studies and employment prospects of higher education graduates. It laments horizontal and vertical mismatches between (higher education) graduates' skills and employers' needs (see section B1.2).

The 2017 Skill needs analysis (HDPC, 2017) into the demand (primarily) for vocational qualifications involved a survey among some 2,000 Albanian employers. According to this survey, the biggest growing sectors between 2014 and 2017 in terms of the number of firms and employees include the ICT and financing & insurance sectors and, to some extent, also transportation & storage, bookkeeping and administration, as well as arts, entertainment, sports & recreation (within the tourism sector). However, economic activity in Albania can be volatile; businesses may open and close after short periods.

The most sought-after occupations include:

- ICT & media experts of various profiles;
- Architects, planners and designers;
- Construction workers, including building frame workers, plumbers, roofers etc.;
- Miners & well drillers;
- Sewing machine operators & tailors; shoe-making workers;
- Metal workers;
- Paper & plastic product workers;
- Wood workers & cabinet makers;
- Call centre operators;
- Butchers & fish mongers;
- Hotel receptionists; bar, restaurant and kitchen staff;
- Bakers & pastry makers;
- Mechanics and maintenance workers;
- Accountants & economists; office managers and secretaries;
- Legal professionals;
- Sales workers and shopkeepers;
- Hairdressers and beauticians;
- Drivers;
- Cleaners and helpers

(HDPC, 2017).

According to employers the main reasons, why vacancies cannot be filled, have to do with the lack of people with adequate working attitudes and skills. However, on the other hand jobseekers are hesitant to accept the types of contracts, salaries and working conditions offered by employers. Especially younger adults tend to migrate for work outside Albania, often to neighbouring EU countries (Greece and Italy), where they can earn a living even if they are engaged in temporary, seasonal work only.

### A.3.2 Migration and refugee flows

There are no major refugee or migrant in-flows into Albania. However, considerable out-migration shape the socioeconomic context in Albania.

During the period from 1989 to 2001, approximately 710,000 people, or 20% of the total population, were living outside the country. The largest settlements of Albanian migrants abroad are to be found in Greece and Italy, due to geographical proximity, cultural affinity, and knowledge of the language.

Albanian international migration has the following characteristics:

- The phenomenon predominantly affects the working-age young population and is more prevalent among males.
- Migratory experiences are influenced by factors, such as unemployment, poverty, lack of individual and collective safety (push factors), as well as economic, educational, and aspirations for a better quality of life (pull factors).

- International migration can emerge as an individual undertaking and later become a family-based phenomenon, where family members join the individual migrant after an initial period of living abroad.
- Remittances are a key characteristic of Albanian migration, its resources influencing the immediate well-being of family members and indirectly the local economy.

Two decades after the massive migration of Albanian citizens to Western European countries, migration flows from Albania decreased due to increasing stability and economic progress in the country. Yet, given its circular nature, migration from Albania continues to take place, including return migration as part of the cycle. The latter has in particular negatively affected the Albanian migrants who live in Greece, lowering their chances to find jobs and renew their work permits, which prompted many Albanians to return. According to the projections of the Albanian Centre for Competitiveness and International Trade (ACIT), in the period 2007-2012 between 18% to 22% of the Albanian migrants in Greece, equivalent to approximately 180,000 individuals, had returned to Albania. Given the circular nature of migration from Albania and the effect of visa liberalization on mobility of the Albanian citizens in the EU Schengen area as of December 2010, the propensity to migrate and consequently to return remains high. Strong national capacities are therefore required to tackle challenges related to the return and reintegration of migrants (information taken from the International Organisation for Migration (IOM), Albanian country page<sup>1</sup>).

According to the findings of a Gallup world survey, which were published in late 2018, people's desire to migrate permanently to another country has increased from 2015 to 2017. Albania ranks fourth in this list, with 60% of its adult population desiring to migrate. As per the survey, the top destinations for immigration remain the United States, Canada and Germany.

### A.3.3 Education sector context

Albania's improving performance in science, reading and mathematics according to the results of the 2015 OECD Programme for International Student Assessment (PISA) indicates growing attention given to help youth improve their skills, and ease their access to the job market. Despite these improvements, the current PISA results are still far below OECD and EU averages.

For a few years now the MoESY has been undertaking major reforms of the general education and higher education sectors. These reforms focus on the change of curricula for all grades and subjects to modernise contents and become competence-based, a qualification and test-based ranking system for the recruitment of new teachers, improving pre-service and in-service teacher training, as well as the inclusion of more children from disadvantaged background into education. Also new general subject teachers operating in vocational schools are recruited through this system now. A positive impact of reforms in basic education is likely to show through improved results maybe not in PISA 2018, but in PISA 2021.

Compared to other countries from the WBT region, the VET sector in Albania is small. There are only 35 vocational schools with some 614 VET teachers and instructors (plus general subject teachers) and 10 vocational training centres across the country. VET institutions are located in the towns, leaving various areas completely uncovered by VET provision. See chapter 3 on issues related to access.

As shown in Table 1 before, only one fifth of all upper secondary education students enrol in VET. However, in contrast to other types of education, secondary VET programmes have enjoyed consistent enrolment levels over the past years, despite declining student numbers.

VET learners principally have the possibility to move on to higher education, when they successfully pass Matura exams at the end of their 4<sup>th</sup> year of vocational education (earlier exist points exist after

<sup>1</sup><https://albania.iom.int/migration-and-albania>

two or three years). However, VET students typically perform worse in State Matura exams compared to their peers from gymnasias due to a negative selection at the transition from lower to upper secondary education and the reduced number of general subjects in the VET curricula. According to the Institute for Educational Development, approximately half the VET students fail Matura tests at their first attempt (and are helped by their teachers pass the Exam at their second attempt).

#### A.3.4 Lifelong learning context

Lifelong learning participation in Albania is currently very low at 0.9% in 2017 (measuring participation in the four weeks prior to the survey). However, another Adult Education Survey carried out in 2017 showed that, in the course of 12 months, 9.2% of the population aged 25-64 had participated in formal or non-formal education or training. This included 32.3% of individuals with higher education and 7.0% of individuals with secondary education. At the same time, 67.8 % of the population aged 25-64 stated that they participated in informal learning (source: INSTAT).

The VET offer, in particular also at higher specialist levels, is still highly limited. Continuing education and training courses are offered through 10 public VTCs and a number of private providers who offer fee-based learning and training. VTC courses typically last between 2 and 6 months.

Qualifications delivered by providers operating in the non-formal education system are not regulated, although national efforts go in this direction with the drafting of a sublegal act on the inclusion of lifelong learning qualifications in the Albanian Qualifications Framework. Providers are still largely unaware of the concepts of qualifications, competences and a qualifications framework. Provision generally lacks a focus on the development of practical skills. Quality of provision in public VTCs remains unchecked. Upon the completion of a course, learners receive certificates of attendance. Completion of a course does not lead to university entrance qualifications.

#### A.3.5 International cooperation context: partnerships and donor support

Albania enjoys a major influx of donor money in the skills and employment sector.

Key donor interventions include the EU IPA programme with a Sector Reform Contract for employment and skills (2016-2019; max. €27 million) and an IPA 2016 Technical Assistance project (€2.5 million) to help the responsible Ministry of Finance and Economy (MoFE) implement priority measures of the NESS 2020.

Since 2016 the SDC-funded Swisscontact Skills for Jobs (S4J) project (€7.1million) contributes to the modernisation of VET provision in seven institutions in the regions of Shkoder, Lezhe, Tirane, Berat and Vlore, in the tourism, construction, textile and ICT sectors. It does so by improving learning, arranging school-company partnerships, and by taking teachers and students to companies to get practical learning. The S4J project is successfully introducing new development functions in schools. In 2017, 181 businesses signed cooperation agreements with schools, which resulted in 541 company internships for students. Nine companies have sponsored VET schools with some half a million Euro. 288 teachers and school staff were trained.

The Swisscontact Coaching for Employment and Entrepreneurship (CfEE; new phase since 2017) programme trains employment service counsellors and social organisations on how to design individual plans for and coach jobseekers into employment to help them get jobs or open own businesses. CfEE also approaches businesses to open doors for new recruits. In 2017, 386 people were trained and 109 coaching cycles completed. 136 people were employed or self-employed. Three social enterprises were created.

The SDC/ UNDP Skills for Employment Development (2014-2018; CHF 3.17 million) funded activities, among others, to help modernise the NES. Achievements included a national/sectoral and regional skill needs analysis, an impact evaluation of ALMPs, assistance with the drafting of a new legal framework for employment, the redesign of ALMPs and capacity-building measures. A follow-up project is being prepared.

The SDC/ RISI Albania-Phase 2 project (€7.17 million) is an initiative to create employment opportunities for young people aged 15-29 by helping private businesses grow and create jobs, improving career guidance and job mediation services, and training young people to enhance their labour market skills. The project operates in the agriculture/food-processing, tourism and ICT sectors.

The SDC SECO Entrepreneurship programme (2015-2019) aims to provide (would-be) entrepreneurs with the required skills, facilitate access to finance and help them in starting or growing their businesses.

The GIZ ProSEED programme (€16.5 million; start: 2017) focuses on VET, employment, entrepreneurship and migration. Under the SME component, entrepreneurship development training, technical support, as well as support to financing and the establishment of networks are provided. The VET component comprises continuous support to the VET Centre Kamza. In addition, GFA works with five vocational training centres and a number of private training providers, employment services and other local partners. GFA targets young people aged 19-34 years. The overall aim of ProSEED is to have 7,000 people participate in training and bring 2,000 people into jobs. A ProSEED PIU has been set up within the MoFE, which manages small grant finance, following competitions.

The ADA/NABER project has helped strengthen dual training in the Albanian garment industry in Durres. The project included curriculum development, business partnerships and dual learning. ADA/ WIFI Albania support recognised training of qualified welders in different vocational training centres.

The ADA/KulturKontakt AI-Tour project (€932,000) supports access and quality in tourism & hospitality education in different vocational schools across the country. ADA/Kulturkontakt also continuously fund the Herman-Gmeiner ICT school in Tirane, as well as the introduction of a school management information system in 60 gymnasia. The latter includes SOKRATES web (school administration system), ITS (eTesting), e-Learning Contents (eContents) and SITOS (learning management system).

The Italian-Albanian Development Cooperation funded a centre of excellence in agriculture and agro-processing in Fier/ Lushnje (2015-2016; €500,000). Interventions included the building/ reconstruction of the school and dormitory, and the equipment of labs and workshops. The planned Italian-Albanian Debt for Development Swap Agreement (IADSA) (2014-2020; €20 million) comprised: (i) the Fashion-VET AL in high value-added operations in shoe and leather manufacturing in Tirane; (ii) MECAVET in the area of mechatronics training in Shkoder; (iii) DEV-OPS to train up to 70 tourism professionals (tourist guides, marketing experts, hotel reception and tourism accommodation, English) through four-month training courses in Skrapar and Berat, as well as (iv) RISE-OP to support rural women and youth through training in tourism services, arts and crafts skills in Permet. However, Italian support to Albania is currently not going ahead due to a blocking of funds by the Italian government.

The Albanian-American Development Foundation (AADF) funds (i) the Junior Achievement programme (2012-ongoing) in an extended network of general and vocational secondary schools; (ii) PROTIK – an ICT resource centre, which includes an internship lab, a young innovators' club and other projects to promote innovation through ICT, and (iii) an agricultural school of excellence in Korce, including twinning arrangements with an agricultural school in Thessaloniki. 1,700 young people are involved in the People First initiative (<http://junior-albania.org/people-first>).

The IPA-UNDP ESERE project (extended until June 2019), as a follow-up to the SSIREC project, is carried out in Berat, Durres, Shkoder. It focuses on inclusive education, active labour market policies, income regeneration and start up activities for Roma and Egyptian people. The project includes capacity-building for local government units and services.



## Building block B: Economic and labour market environment

### B.1: VET, economy, and labour markets

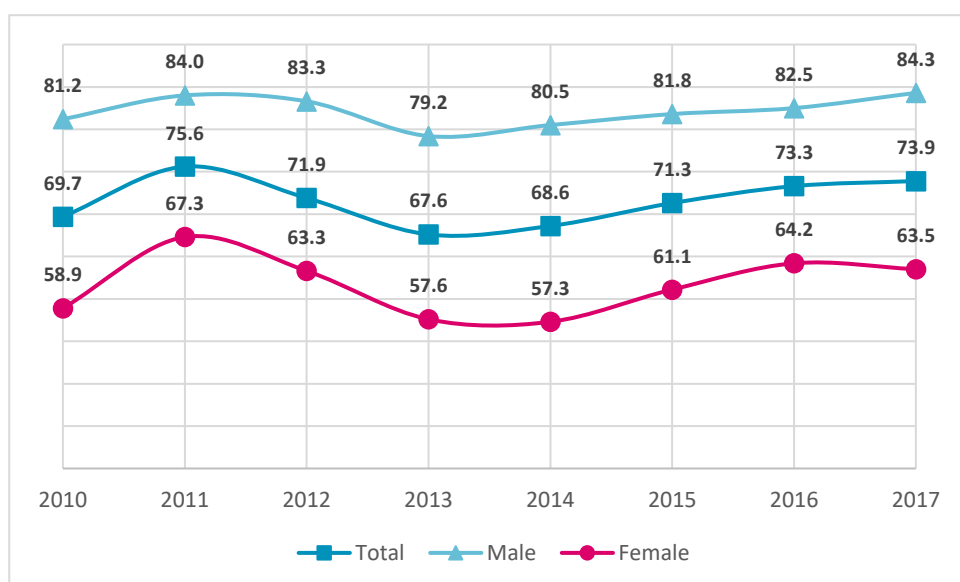
#### B.1.1 Labour market situation

Despite a decade of economic growth since the financial crisis of 2007-8, the labour market in Albania faces significant structural issues that impede its development. Opportunities afforded by increased access to EU and international markets have proven difficult to capitalise on, in chief because even with relatively low wages the Albanian labour market suffers from being internationally uncompetitive in many areas. Equally, low national demand for skilled labour, coupled with high levels of informality in the unskilled sector, have historically undermined the normal linkage between educational and labour market outcomes. This has additionally led to high levels of worker migration internally and internationally.

As regards labour force participation, employment and unemployment rates, the Albanian labour market has shown largely positive trends since a low in 2013-2014.

Activity rates have been on an encouraging trend, with the activity rate of the labour force (20-64 years) increased to a total of 73.9% in 2017 (Box 1). However, there are marked differences between males (84.3%) and females (63.5%). While the female activity rate presents a major achievement, considering its low of 57.3% in 2014, we should note that economic inactivity remains strongly gendered: it is primarily a phenomenon of women, young people and people with low education, as confirmed in a recent World Bank/WIIW assessment (2018).

**Box 1. Activity rate (% aged 20-64 years)**



INSTAT data (see Table 7 below) offer a disaggregation of causes of inactivity for demographic groups above 15+, by age group and status. Not unexpectedly, being in education is the main reason for inactivity in the age group 15-29, while domestic responsibilities are the main reason given among

30-to-64-year-olds. In the latter age group retirement/early retirement, disability and discouragement, in the form of having given up jobseeking, are major reasons for inactivity.

**Table 7: Economically inactive population by inactivity status**

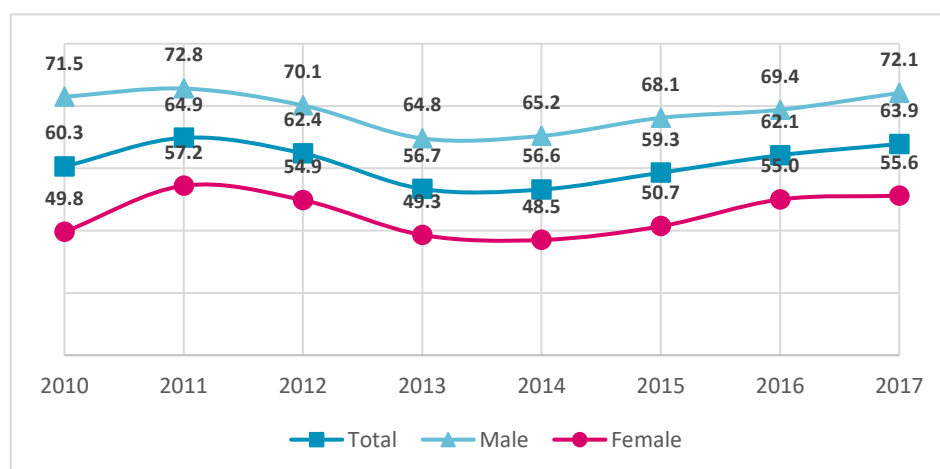
Demographic	Reason	Q2 2016, in %	Q2 2017, in %
<b>Total 15 years and above</b>	<b>Total</b>	100.0	100.0
	Discouraged workers	7.6	4.2
	Pupil/Student	25.5	27.0
	In retirement or early retirement	39.7	40.5
	Fulfilling household duties	12.9	14.0
	Permanently disabled	7.0	6.4
	Other inactive	7.4	7.9
<b>15-29</b>	<b>Total</b>	100.0	100.0
	Discouraged workers	8.0	3.3
	Pupil/Student	71.8	75.7
	In retirement or early retirement	0.2	0.2
	Fulfilling household duties	10.5	12.2
	Permanently disabled	2.3	1.9
	Other inactive	7.2	6.8
<b>30-64</b>	<b>Total</b>	100.0	100.0
	Discouraged workers	14.7	9.7
	Pupil/Student	0.4	0.6
	In retirement or early retirement	24.2	24.7
	Fulfilling household duties	28.1	30.5
	Permanently disabled	18.1	17.3
	Other inactive	14.3	17.1
<b>65+</b>	<b>Total</b>	100.0	100.0
	Discouraged workers	0.1	0.1
	Pupil/Student	0.1	0.0
	In retirement or early retirement	98.0	98.2
	Fulfilling household duties	0.3	0.5
	Permanently disabled	0.9	0.8
	Other inactive	0.6	0.5

Source: INSTAT

Inactivity causes perhaps explain the significant gender disparities in employment rates across the working age population of 20-64 years old. While the average employment rate rose to a total of 63.9% in 2017, this masks a considerable variance between men (72.1%) and women (55.6%) (Box 2). This merits consideration for labour market and social inclusion policies going forward, since there appears to be more considerable gains to be had in policies that address the issues faced by the major demographic, such as domestic responsibilities and discouragement, rather than only among marginal groups.



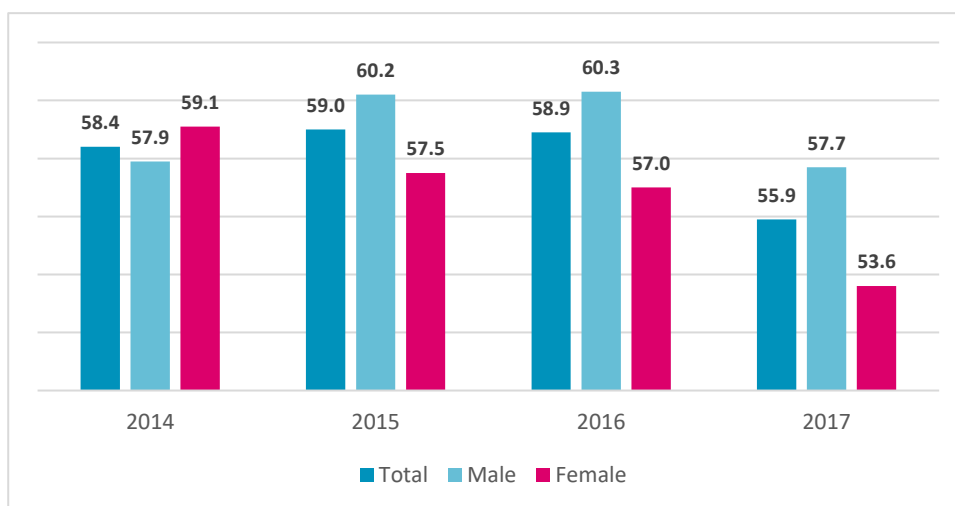
**Box 2. Employment rate (% aged 20-64)**



Source: INSTAT

Those in employment can face a high degree of precariousness and instability. Well over half (55.9%) of all employed persons were self-employed in 2017, with the male rate being 57.7% and the female rate 53.6% (Box 3). Such engagement is usually in the form of seasonal, ad hoc, informal or vulnerable employment.

**Box 3. Incidence of self-employment as a share of total employment (%)**

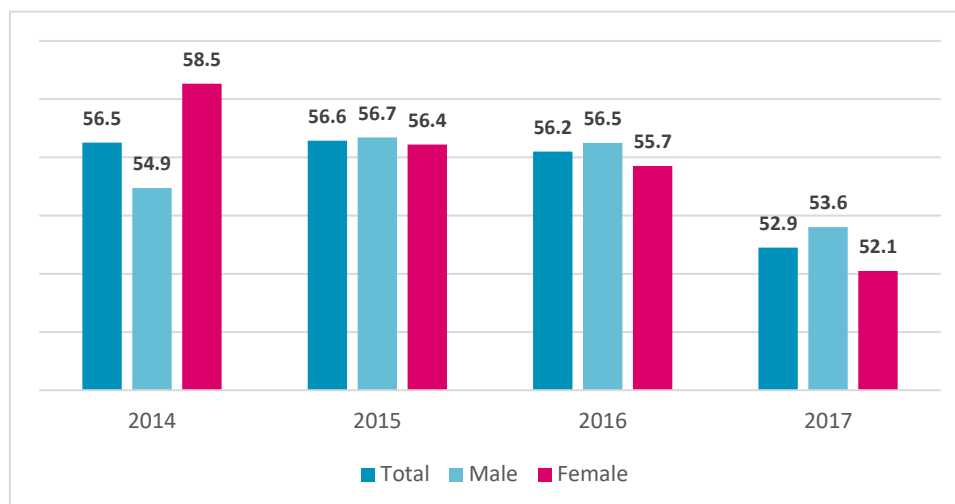


Source: INSTAT

Vulnerable employment implies work of a non-decent nature, without access to full employment rights. According to the Eurostat definition, it includes people who work as contributing family members, wage employees who are not entitled to social security schemes, home workers and workers doing casual jobs. Despite falling figures over the years especially for females, the rate of vulnerable employment as a proportion of all employed persons still totalled a very high 52.9% in 2017 – 53.6%

for males and 52.1% for females (Box 4). In this context, according to INSTAT, one third of the people in Albania work as unpaid family members. These data suggest that vulnerable employment is not a marginal phenomenon, but a major structural weakness in the Albanian labour market.

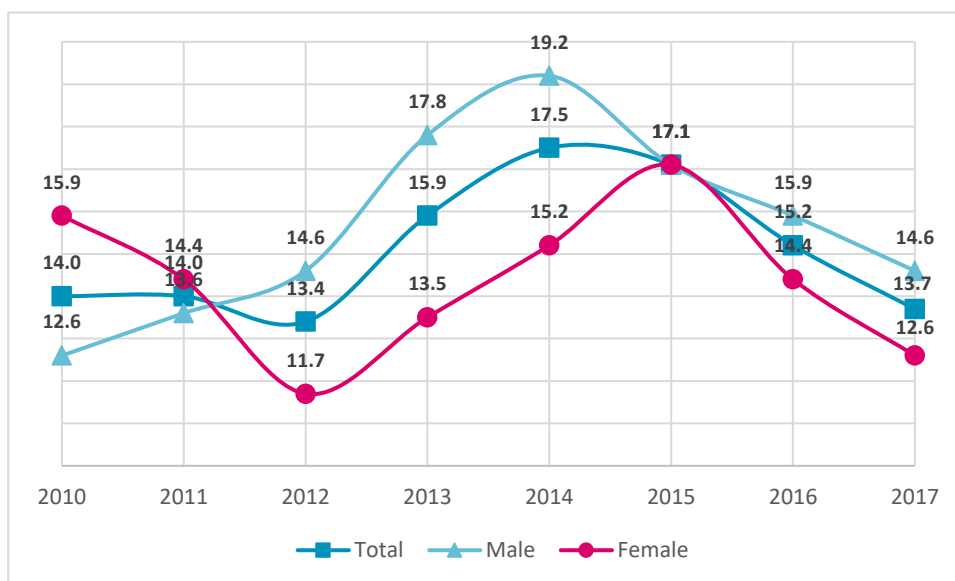
**Box 4. Incidence of vulnerable employment (%)**



Source: INSTAT

After an all-time high in 2014, the unemployment rate (15+) recently dropped to a total of 13.7% in 2017. Unemployment data (Box 5) shows less marked differences between the male rate (14.6%) and the female rate (12.6%) than other labour market data, such as inactivity levels.

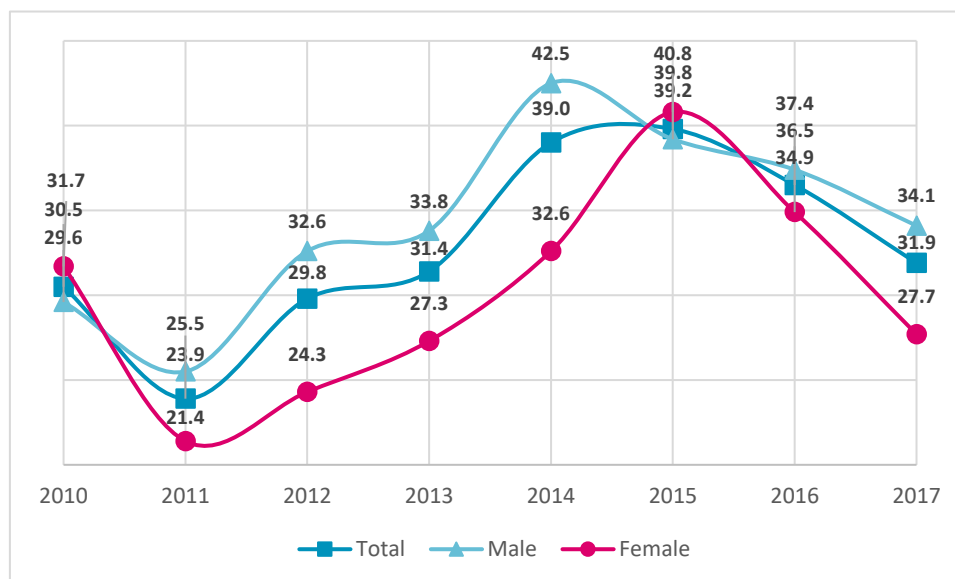
**Box 5. Unemployment rate (% aged 15+, by sex)**



Source: INSTAT

The youth unemployment rate for young adults between 15 and 24 has been persistently high since Albania began its transition to a liberal democratic model of society. The overriding trend, however, is downwards (Box 6), having recovered from a peak in 2014 to a total of 31.9% in 2017, with a gender split of 34.1% for males and 27.7% for females. While this is encouraging, there are externalities that have contributed to the trend, notably high rates of emigration among this demographic – particularly with high-skilled workers and graduates.

**Box 6. Youth unemployment rate (% of aged 15-24)**



Source: INSTAT

### B.1.2 Specific challenges and opportunities: skill mismatch

A tracer study with 18% respondents from among 1,778 graduates of public vocational schools<sup>2</sup> in Albania in 2017 (GIZ, 2017) revealed the following results:

41% of the survey participants are in 'working relationships' (p. 14), which is a good result. However, the survey also shows that VET school graduates are employed mostly in two sectors – (i) wholesale and retail, and (ii) the hotel and catering sector. By far the majority of jobs is available in Tirana (and to a lesser extent in Durrës). This shows a tendency towards (often low-skilled, low paid) service sector jobs and a major geographical imbalance.

25% of the survey participants continue their education (p. 11), most of them at a higher level of competence (at universities), which is a lower percentage than those in other Southeast European countries but within the range of those from EU member states. The current VET system in Albania has a high proportion of academic subjects and prepares students for State Matura exams. The results of VET students in State Matura exams are considerably lower than those of gymnasium students. The fact that only one fourth of the VET school graduates manage to go on to higher education (or other forms of education), is another argument why State Matura preparations could be turned into one optional track within VET. For the bulk of the VET students, academic contents could be reduced in favour of more practical labour market skills.

The survey suggests that there is an issue with the transition from VET to higher education, as 40% did not get registered in their fields of study. This might be due to the usually lower academic standards and marks obtained through VET programmes, as compared to gymnasium graduates. VET graduates have restricted choices when enrolling in higher education.

<sup>2</sup> Please note that 1,778 denotes the number of graduates selected for the survey. It is not identical with the total number of graduates of public vocational schools in that year. An exact number of the latter could not be obtained.

27.6% of the survey participants who neither work nor continue education is a worrying figure (p. 17). Roughly one third of them have never worked. 59% of them have already been looking unsuccessfully for a job for more than 12 months (are long-term unemployed).

Over half, or 52%, of the VET school graduates said that there is 'no demand for people in their trained fields', while 33% claimed there are no jobs available in their regions or towns (p. 17 of 24 of the Data annex). 45% of the VET school graduates claim that they did not use the knowledge gained from school (p. 14), while 58% consider changing their profession (p. 15). This suggests a VET system, which is still largely out of tune with both labour market demand and students' aspirations.

However, in those branches and institutions, where donors have been active for many years (p. 18), good results in terms of graduates' employment have been achieved.

73% of those who are still unemployed are not registered with the labour office (p. 17), because they either do not know what the labour office does or where the nearest one is, or they consider it too far away, or they don't believe in the labour office being able to help them anyway (p. 18). This suggests that the communication and services by labour offices be further improved (GIZ, 2017).

A report by the European Commission (EC) and LSE-Enterprise on the labour market success of higher education graduates (2015) holds that "graduates have a precarious entry into the labour market, with many moving in and out of unemployment in their search for a well-matched job. Few employers cooperate with (higher) education institutions, even though they believe that such cooperation would improve the recruitment of graduates. Currently, large and medium sized employers tend to cooperate with (higher) education institutions more than small and micro employers, and policy makers face a challenge to encourage the smaller employers who wish to employ graduates to cooperate. Graduates receive more assistance in finding a job from family and friends than they do from their own career service or the National Employment Service. The important role that is played by networks or connections in finding a job, rather than formal assistance from public bodies indicates that the labour market is not operating transparently to match graduates to the most suitable jobs and make best use of their skills.

Employers value work experience, yet almost half of graduates bring little work experience with them to the labour market when they complete their studies. Those that do have some prior work experience are more likely to have a well-matched job and less likely to be unemployed. Most employers that take on a new graduate recruit find that the skills that have been taught at (higher) education institutions are inadequate and that large skill gaps are found which are important in the modern workplace. Employers who experience skill gaps find it necessary to provide additional training to their graduate recruits." (European Commission (EC) and LSE-Enterprise, 2015, p. 46f.)

The same report points to a *horizontal skills mismatch*: "New graduates often find themselves in routine jobs that do not provide an opportunity to practice the skills they learned at the (higher) education institution. Over one third (38%) of graduates report that they are in a job that is not well matched to their qualifications. The problem is particularly acute for graduates with lower level degrees. Less than half (46%) of graduates with Bachelor degrees report being well matched, compared to 69% of graduates with Master degree (ibid, p. 47).

At the same time there is a *vertical skills mismatch*: "many graduates have a job that is not well matched to their level of qualification. More than half (53%) of (higher) education graduates hold a job whose requirements are below or above their level of qualification. This is far above the level of mismatch in the EU, where the highest level of mismatch, found in Italy, is around 34% (Adalet McGowan and Andrews, 2015, quoted in: ibid, p. 48). In Albania, 36% of graduates are over-qualified for the job they hold (or did hold if currently inactive or unemployed) and, interestingly, 16% are under-qualified. The other 47% hold a vertically well-matched job. These results suggest that simply increasing the number of graduates without tackling the underlying causes of mismatch, improving

skills attainment and quality of higher education provision, is unlikely to secure a more effective utilisation of the available human capital (ibid, p. 48).

### B.1.3 Specific challenges and opportunities: migration

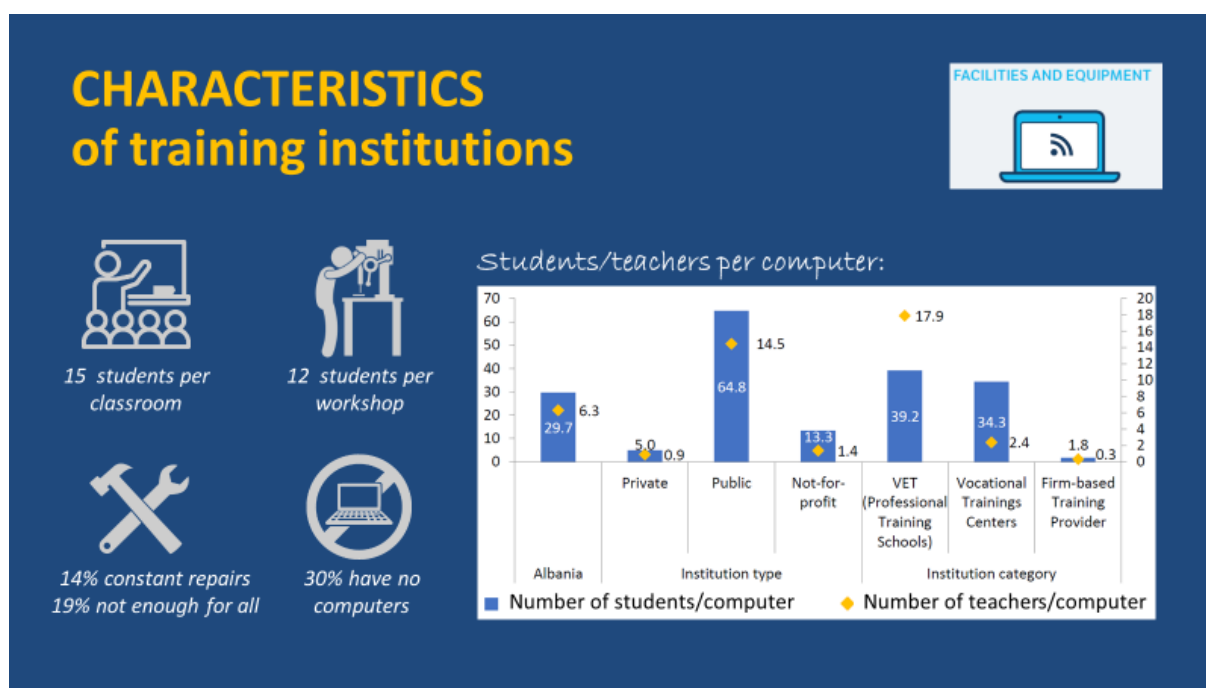
See section A3.2.

The bigger number of returning migrants following the economic and labour market crises in recipient countries such as Greece or Italy after 2012 led to the establishment of special desks in regional employment offices. Their aim was to offer advice and services to unemployed returned migrants. Anecdotal evidence has it that the uptake of such services is very low, also because the emigration movement has picked up again in the meantime.

### B.1.4 Specific challenges and opportunities: digital transformation

Digital transformation has an impact on the economy and labour market, and education and VET for that matter, in every country. Internet usage and broadband penetration in Albania grow every year. However, as mentioned before, “the fixed broadband penetration at 38% of the households remains at very low levels compared to other countries in the region and the EU” ...“Half of the schools are without or with very limited connectivity”(GoA, forthcoming, p. 41).

Public VET institutions (under the auspices of MoFE) face even bigger problems than general schools (under the auspices of the MoESY) when it comes to Internet connectivity and the use of digital learning tools. An in-depth assessment by the World Bank among 50 out of 231 public, private or non-profitmaking VET providers in 2017 showed that public VET institutions fare the worst when it comes to the numbers of students or teachers per computer (see below). The good news is that for private, including firm-based, training providers the use of computers is already common practice.



(World Bank, 2017)

The International ETF VET Teacher Survey, which targeted (all) 492 VET teachers, 122 instructors and 500 general subject teachers (1,114 staff in total) employed in 34 (out of 35) public VET schools, showed the following results concerning digital and online learning (HDPC, forthcoming (a)):

Quality instruction is hindered by insufficient internet access, inadequacy of computers, and a lack of or inadequacy of software for instruction (p. 24). 39% of the principals from all Albanian VET schools say that the shortage or inadequacy of computers hinders quality provision “a lot”, another 52% say “to

some extent” (p. 25). So 91% of the VET schools seem to face problems with computers for instruction.

According to the teachers,

- students have access to reliable and appropriate computer hardware and software to let them use digital technology in the subject: 9% never or almost never, 37% occasionally, 38% frequently and 15% in all or nearly all lessons;
- 9% never or almost never, 39% occasionally, 38% frequently and 13% in all or nearly all lessons have adequate access to the internet to enable students’ learning;
- students use a digital learning environment, for example, Moodle or Sakai: 47% never, 30% occasionally, 18% frequently, 5% in all or nearly all lessons (p. 33). This seems to contradict with what principals said above. However, it may be the case that, with specific assignments, teachers rely on the computers and internet that students have at home.

In conclusion, “ICT and multimedia remain the least frequently used method of teaching. Adequate internet access is not the case for 48% of the teachers. 77% of teachers declare that the digital learning environment (using Moodle or Sakai etc) for their students is weak”(p. 37).

73% of the teachers say that, in the past 12 months, they participated in professional development activities on ICT skills for teaching (p.60). When asked, which impact this had on teaching, teachers responded: 15% no/limited impact and 79% moderate/major impact (6% don’t know) (p. 61).

Teachers’ professional development activities included:

- new technologies, including information technologies: 21% not in any, 37% in some, 31% in most activities and 11% in all activities;
- using a web-based community or social media to share practice or materials: 33% not in any, 35% in some, 24% in most and 8% in all activities (p. 53).

45% of the teachers who did not participate in specific trainings in the previous 12 months said they have a moderate to high need for training on ICT skills for teaching (55% no or low need) (p. 62).

Based on Law no. 120, dated 24.11.2016, current efforts by the Government of Albania are aimed at developing the digital infrastructure for broadband development. This is a precondition for developing all sectors, innovative industries, e-government, e-health, provision of interoperable services, provision of cross-border services, education, training etc.” (GoA, forthcoming, p. 41).

The National Pre-University Curriculum Framework includes digital competence as one of the key competences.

Various donor initiatives (Swisscontact, Kulturkontakt Austria, GIZ, Italian Development Cooperation) fund IT schools or programmes and the cross-curricular development of IT skills. Some of the initiatives include:

#### Initial VET:

- the postsec IT programme as an interesting cooperation between Aleksander Moisiu University (providing the theory) and Beqir Cela vocational school (providing the practice) in Durrës;
- Hermann Gmeiner IT school Tirana and Peter Mahringer IT school Shkodra, supported by KulturKontakt Austria;
- Swisscontact Skills for Jobs (S4J) project: ongoing teacher training and introducing digital and online learning (DOL) in six VET institutions. This includes preparing digital online materials for the IT, hotel & tourism and business education programmes, involving also teachers. They use the online open-source learning platform metronom.al. Two schools are appointed as CISCO academies, trying to integrate online modules into curricula. A Memorandum of Understanding has

been signed with Microsoft (operating system for €1). 'Shape the future' programme is being used. The Microsoft Imagine Academy offers free courses, such as on IT in tourism. In addition, work is being done to develop +2 level IT courses, as well as modules on the repair of eCars. IT programme students undertake practical assignments or projects in schools upon agreement with IT businesses.

- The GIZ-supported VET Centre Kamza trained teachers and became a CISCO academy.

An inter-institutional working group on ICT/ digital skills was set up recently, which include representatives from the MoESY and MoFE. Their current thinking focuses on incentives to set up CISCO academies and other measures, as well as on attracting investors.

The Swisscontact S4J project, jointly with NAVETQ, are working on a updating and improving national ICT qualifications, which shall be introduced in all VET schools in the future.

This suggests that the current focus in VET is on the ICT sector and related specialisations and curricula. A lot more needs to be done to provide digital skills as a key competence across all VET programmes and courses.

#### Continuous VET:

- PROTİK ICT Resource centre and PROTİK Innovation Centre, to name just one example from among many IT training providers

(Viertel & Brolpito, 2018)

The RisiAlbania Project is funded by the Swiss Agency for Development and Cooperation (SDC) and implemented by a consortium consisting of HELVETAS Swiss Intercooperation and Partners Albania. The overall goal of this project is to contribute to an increased employment of young women and men (age 15-29) in Albania. This goal will be achieved through: (i) enhanced growth and job creation by the private sector in agribusiness, tourism, and ICT, (ii) improved access to job opportunities and labour market information and services (intermediation), as well as (iii) improved skills of young people by improving the offer of private training providers in three sectors including ICT.

In the ICT sector, Risi facilitates:

- the introduction of a cybersecurity law, which requires companies with a critical infrastructure to invest in IT security and employ IT security specialists. This will create a market demand and supply for IT security specialists and services in the country.
- IT solutions, enabling the sector to promote its services for businesses active in tourism, agro-processing etc. This will lead to an increase of digital skills in SMEs in the Albanian economy.
- The development of a) innovative, b) attractive and c) market-driven training offers in ICT through contemporary learning methodologies (e. g online training platform). In order to achieve this, the project works with selected private training providers.



### B.1.5 Strategic policy responses involving general/ higher education and VET

Major reforms of general education and higher education sectors have been going on since 2014.

#### **General (pre-university) education**

In general education, reforms focus on the change of curricula to become competence-based, a merit-based recruitment of teachers, improving pre-service and in-service teacher training, as well as the inclusion of children from disadvantaged backgrounds into education. MoESY provides clear leadership on these reforms.

#### **Box 7: Key ongoing reforms in general education**

1. Competence-based curricula have been developed, using partly translated curricula from Oxford Press, and are being introduced.
2. A major teacher education reform is ongoing, including i) improving the pre-service education of teachers; ii) new recruitment practices (30% of ranking now based on (paper) qualifications/credentials, 70% on a written test), putting the bar higher for teachers to work in the system, and iii) many continuing professional development (CPD) courses are offered, which are now also monitored more closely and tests are organized at end of the course.
3. Children with special needs are integrated in ordinary schools, including Roma & Egyptians and children from rural areas. Free textbooks and free transport are provided, and more teachers assigned with assistant roles.
4. School for directors: offers management skills and knowledge about contents/ competence-based curricula.

Improvements in the system are expected to show through PISA 2021 results.

#### **Higher education**

After the closure, in 2015, of 18 higher education institutions (HEIs) for violations of legal regulations, there are 38 HEIs now, incl. 15 public and 23 private ones. While this step was necessary to prevent fraud, it has restricted access to higher education (HE). In other words, HE has become more competitive, which has put VET school graduates with a reduced number of classes in general subjects and, on average, worse marks in State Exams at a disadvantage vis-à-vis gymnasium graduates. The only remaining option often include enrolling at private universities. However, these charge tuition fees, which presents an obstacle for many students from poorer economic backgrounds.

Following the Law no.80/2015 "On Higher Education (HE) and Scientific Research in HEIs", by-laws were adopted, including those on the establishment of new national agencies. A National Agency for HE Financing (Albanian abbreviation: *AKFAL*) will be in charge of allocating public funds to HEIs. A National Agency for Research and Innovation (*AKKSHI*), responsible for allocating public funds for research, has already been established. The Agency for Quality Assurance in Higher Education (*ASCAL*) has already been operational for a few years and deals with the accreditation of HEIs and programmes. The Centre for Education Services (*QSHA*) has been established and provides services to citizens in the field of HE. In addition, they keep students' records from all HEIs. There has been a pilot initiative to track online HE students' careers until graduation (and employment), but the project was discontinued. There is no alumni system in place.

Wide-ranging reforms have been introduced, including some (partly contested) British elements, such as institutional and programme accreditation procedures and performance-based financing. The British Quality Assurance Agency in HE (QAA) had helped prepare a manual on evaluating HEIs (QAA and APAAL, 2016). 35 of the 38 HEIs are involved in institutional accreditation procedures (not involving academies of national security interest). Such procedures by law include an internal evaluation part, for which all HEIs have established special units, and an external evaluation part.

The accreditation of programmes is a continuous task. Assessment criteria by ASCAL include e.g. the adequacy of both the institutional infrastructure and staff to carry out the programmes, as well as learning outcomes. Experts from the given HE field are hired to undertake the assessments.

In general, graduates from universities are reported to have very little practical or hands-on experience.

While drafting this report, university students were protesting against the Decision of the Council of Ministers (DCM) 288 from 21 May 2018, whose art. 4 mandates extra fees for students who retake exams. The article was withdrawn, but protests continued. The discontent of the university students covers several issues, including a reform that opened up public education funds to private universities, often linked to political parties, allowing them to compete for funds and students. As a result, public education became both more expensive and less accessible. The University of Tirana received a devastating accreditation report in November 2017, only partially meeting the government's quality standards. Corruption and plagiarism are widespread, while no visible investments have been made by the government. Thus, for example, dormitories often remain without basic facilities.

University students presented a number of requests to the government, which include:

- increasing the education budget up to 5% of GDP, as promised during the election campaign in 2013, and halving tuition fees (adopted as from 1 January 2019);
- full transparency by authorized bodies of the education budget;
- increasing the weight of students' votes for electing deans and rectors of universities to up to 50% of the total votes;
- a complete review of academic titles to fight plagiarisms in Master and PhD theses;
- including students' representatives in universities' administration boards and having equal numbers of Ministry and university representatives in these bodies;
- issuing students cards to all Albanian students before the end of the ongoing academic year;
- new libraries for universities that meet European standards and
- introducing a better evaluation of lecturers' performance.

#### B.1.6 The remedial role of VET through active labour market policies (ALMPs)

The National Employment Service (NES) has 429 staff on its payroll who work at the NES headquarters in Tirana, 12 regional employment offices, 24 'local directorates of employment' (i.e. local employment offices<sup>3</sup>) and 10 public vocational training centres. 21 employment offices have been refurbished and most of them aim to function in line with the new service model, which entails a three-tiered approach to service provision for unemployed people - from self-help to individual support. MoFE has made funds available for the ongoing refurbishment of another 12 offices.

The NES information system has seen significant improvements. It now allows for an exchange of information with the civil status information system, the tax system, the compulsory health care system of the health care system, and the economic assistance system. The vacancy database is expanding but employment offices reported problems with the access to this database due to problems with Internet connectivity.

One of the four main functions of the NES is providing labour market information. In this context, to date four skills needs assessments (SNAs) have been undertaken, the latest one in 2017. SNAs are an important tool for reorienting NES activities concerning training and employment mediation. NES

---

<sup>3</sup>Local employment offices are smaller than regional ones, but have the same basic employment service functions.

monitors and evaluates EPPs. Finally, since 2017 NES is in charge of tracer studies that monitor the further employment or education path of recent VET school and VTC graduates. All activities are undertaken with the help of donors.

(Information taken from: Ministry of Europe and Foreign Affairs (MoEFA, 2018, p. 93f.)

Following revisions to the Law on Jobseekers (no. 146, dated 17.12.2015), NES undertook a cleaning of their registers in 2016. Those unemployed people who failed to report to the NES every month, as per the new regulation, or who refused to take up job offers were deleted from the register.

This led to major slumps in the average number of jobseekers registered throughout 2016 and 2017, as shown in Table 8 below. The number decreased further to 71,312 in August 2018 (MoEFA, 2018).

**Table 8: Yearly average number of registered unemployed people**

	2013	2014	2015	2016	2017
<b>Number of registered unemployed</b>	142,648	141,998	149,148	119,710	89,781

*Sources: NES Annual reports for the given years*

Generally, there are many reasons why people do not register with the employment service. These include:

- gaps in the network of local employment offices<sup>4</sup> and restricted possibilities to travel to the nearest one due to the poor infrastructure, inadequate public transport and/or financial means;
- a limited knowledge about the employment service in general and what it can offer and/or a general disbelief in the fact that the employment service can offer attractive jobs;
- the lack of necessary contribution history for benefit eligibility;
- the low benefit levels, and
- the above-mentioned stringent conditionality arising from registration and monthly reporting to the office.

Thus, potential labour market entrants are deterred from accessing employment services. It also means that an analysis by the number of registered unemployed jobseekers is not a wholly accurate measure when it comes to identifying vulnerable people who would require assistance and support. The impact of this phenomenon, in particular on poor and long-term unemployed or other vulnerable people, will require close monitoring from a social exclusion/ inclusion point of view.

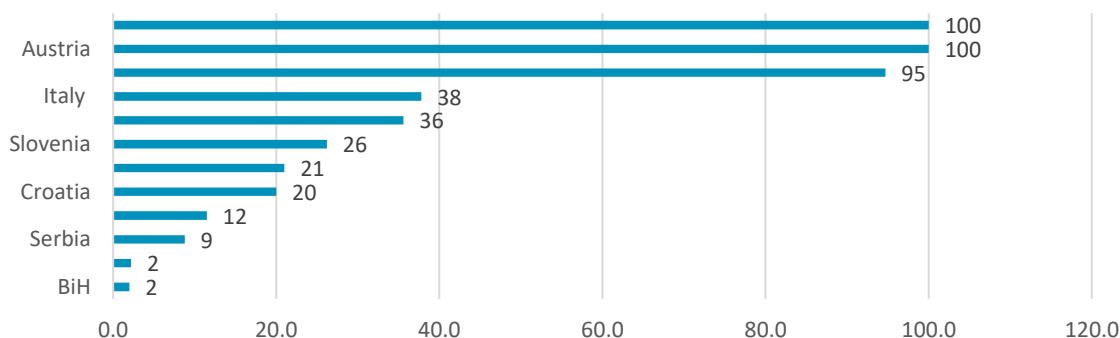
The share of male long-term unemployment decreased from 65.8% in 2015 to 64.8% in 2016, while the one for females increased from 66.3% in 2015 to 68.2% in 2016 (NES, 2017).

### ***Passive measures***

Unemployment benefit coverage in Albania is extremely low, compared to other Western Balkan and EU countries (Box 8), falling from 10% in 2000 to 2.2% of registered unemployment in 2017. Given that many of the economically inactive people do not register, this represents less than 1% of the total out-of-work (Tahiraj & Viertel, 2018).

<sup>4</sup>The Finance and Economy Ministry's intention is to offer employment services in each of the 61 municipalities, but budgetary resources for such an extension of the NES structures are not likely to be made available soon.

**Box 8. Percentage of unemployed receiving unemployment benefits in selected European countries; % (2015 or later available data)**



**Active measures**

MoFE allocations for EPPs have seen a major increase between 2013 (ALL90 million) and 2016(ALL 490 million) and stayed at the same level for 2017 and 2018. Table 9 below shows the number of participants by active labour market measure. The substantial decline of this number from 2016 to 2017 can be attributed to the fact that the overall number of registered jobseekers has declined due to the above-mentioned cleaning of unemployment registers. Heitmann & Shkreli (2017) argue that the number of jobseekers completing a VTC course may overstate real participation. An efficient system of monitoring attendance is not in place.

**Table 9: Number of participants in active labour market programmes (national classification)**

<b>Employment Promotion Programmes (EPPs), including:</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
DCM 48 Subsidized employment of vulnerable groups	497	436	2,316	3,176	2,425	2,307
DCM 47 On the job training of youth & adults in difficulty	292		1,071	1,299	1,975	2,224
DCM 199 Subsidized employment for young labour market entrants (aged 15-30)		282	117	260	174	44
DCM 27 Subsidized employment for women-single heads of households	36	36	119	193	91	10
DCM 248 Subsidized employment of individuals with disabilities			23	29	53	79
DCM 873 Work placements for HE graduates who graduated in the past 24 months	94	80	427	848	489	598
DCM 64 Subsidized employment of orphans					4	6
<b>Total EPPs</b>	<b>919</b>	<b>834</b>	<b>4,073</b>	<b>5,805</b>	<b>5,211</b>	<b>5,264</b>
<b>Labour market training:</b>						
Unemployed jobseekers who started professional training in public Vocational Training Centres		3,218	8,098	13,887	13,158	9,461
<b>TOTAL</b>	<b>1,838</b>	<b>4,886</b>	<b>16,244</b>	<b>25,497</b>	<b>18,369</b>	<b>14,725</b>

Source: NES

In 2018 a new programme “On the payment of participation in vocational training courses” was approved by DCM no. 162 of 21.03.2018, which targets people who are no longer eligible to receive Economic Aid, following the reform of the scheme in February 2018. The programme provides for their free-of-charge inclusion in training courses at VTCs and for getting monthly instalments of half the unemployment benefit during course attendance (MoEFA, 2018, p. 100).

According to an evaluation carried out by UNDP (2017), participation in a publicly funded Employment Promotion Programme (EPP) in 2014-2015 was in general assessed positively in terms of enhancing participants’ chances to enter the first labour market. On the other hand, only a low percentage of unemployed jobseekers benefit from EPPs, and there are deadweight and ‘creaming’ effects.

Only 5.86% of (the reduced number of) registered jobseekers participated in EPPs in 2017. EPPs evolve around subsidizing employers for offering jobs and on-the-job training - interventions, which usually carry significant deadweight effects (companies might have hired workers also without state incentives). The most successful EPPs in terms of their gross effect on the employability of beneficiaries are the EPP on young unemployed jobseekers entering the labour market for the first time, followed by the EPP on unemployed jobseekers who graduated from Albanian and/or international universities. The most vulnerable people on the labour market benefit very little: during the period 2014-2016 the share of long-term unemployed (LTU) people participating in EPPs amounted to only 1.5 % of all LTU (UNDP, 2017).

Training is offered as another active labour market measure. NES provides funds for a restricted number of full- and part-time staff working in the 10 public VTCs. Labour office staff refer registered unemployed jobseekers directly to training in these VTCs. VTCs are located in bigger urban centres. This is an issue, as Berat, Diber, Kukes and Lezhe do not have any VTC. However, some labour offices have started to collaborate with vocational schools, which are planned to become multifunctional in nature and offer also labour market training for unemployed jobseekers. Still, some areas in Albania remain totally uncovered as they neither have vocational schools nor VTCs.

Until recently, training provided by VTCs was typically short and assessed to be rather supply driven and of a low quality, without highly qualified trainers, without much up-to-date practical training and without a major impact on improving people’s labour market skills (Heitmann & Shkreli, 2017). Now, the ongoing GIZ/GFA programme aims at improving VET provision in five vocational training centres across Albania and other measures to get some 2,000 people into gainful employment.

In general, there is an issue of tailoring labour market measures to individual jobseekers and ensure their integration in the first labour market. The Swisscontact-funded Coaching for Employment project is a good example, in the frame of which NES counsellors from all over the country were trained on more individualized coaching approaches that help jobseekers into employment. In principle, NES could contract NGOs with relevant experience to help unemployed people into gainful economic activities. However, such individual support schemes are very resource-intensive and costly. Wide implementation is not considered feasible for the time being.

### B.1.7 Identification of skills demand and its bearing on VET provision

In the past years numerous skill needs assessments have been undertaken at national and regional levels and for specific sectors, mostly with the help of donors. NAVETQ has used such assessments to identify (the titles of) vocational qualifications at levels 2, 3 and 4 of the AQF. A few new programmes that meet labour market demand have been introduced in vocational schools, such as a programme for (would-be) miners, trade services, ICT, agriculture, etc. NES uses the results from the SNA referred to in section A3.1 (HDPC, 2017) to steer unemployed jobseekers into certain training measures. However, in general, both the vocational school and the VTC system have been slow to adapt their VET offers to labour market demand. A lack of both State funding and higher levels of

autonomy of VET providers impede on the flexibility of VET providers and the diversification of training offers.

A system for the validation of non-formal and informal learning is going to be established. A DCM is being developed for this purpose.

Qualifications acquired abroad are generally recognised. The MoESY is in charge of procedures for the recognition of higher education diplomas, the MoFE for vocational qualifications. For returning migrants, special desks have been opened in employment services across the country who provide advice on all procedures, including the recognition of diplomas or certificates.

Sectoral skills councils or organisations do not exist. However, the newly adopted legal framework provides for their establishment with a view to identify sector skills needs and ensure external quality assurance of vocational qualifications.

### B.1.8 Supporting migrants and refugees through VET

Returning migrants, when registered as unemployed jobseekers, can benefit from the same EPPs or training in VTCs like all other unemployed people.

## B.2: Entrepreneurial learning and entrepreneurship

### B.2.1 Job creation and VET

Secondary VET continues to have a high proportion of academic contents (general subjects) and is an alternative route to taking State Matura exams and higher education. An earlier draft of the 2017 VET law aimed at tipping the balance in VET more towards preparing young people for the labour market. However, the final, adopted version of the law did not follow this suggestion. General subject teachers in VET follow the same contents and cover about 70% of the volume of gymnasium curricula.

### B.2.2 VET policies to promote entrepreneurship

References to the entrepreneurship key competence can be found in the National Pre-University Education Curriculum alongside six other key competences and in the National Employment and Skills Strategy 2014-2020.

Two separate subjects are offered in secondary VET – i) "Basics of Entrepreneurship" (grade 12 for all profiles, except for business education) and "Entrepreneurial Behaviour" (grade 13 of business education). Entrepreneurial learning activities also take place through practical learning in businesses. NAVETQ is revising the 'Basics of Entrepreneurship' curricula to better reflect the required entrepreneurial knowledge and skills.

Specific entrepreneurship knowledge and competences are developed as part of business education programmes, including simulation exercises in so-called training firms.

A project by Kulturkontakt Austria trained Albanian trainers on new and innovative approaches to entrepreneurship learning at vocational schools. Course materials were developed for teacher training on this topic, consisting of three modules. The trained trainers provided all three modules for 65 participants from 35 vocational schools in Albania, as part of the Entrepreneurship subject. A toolkit with methods and teaching instruments was developed and made available to all schools and teachers participating in the project.



## Building block C: Social environment and individual demand for VET

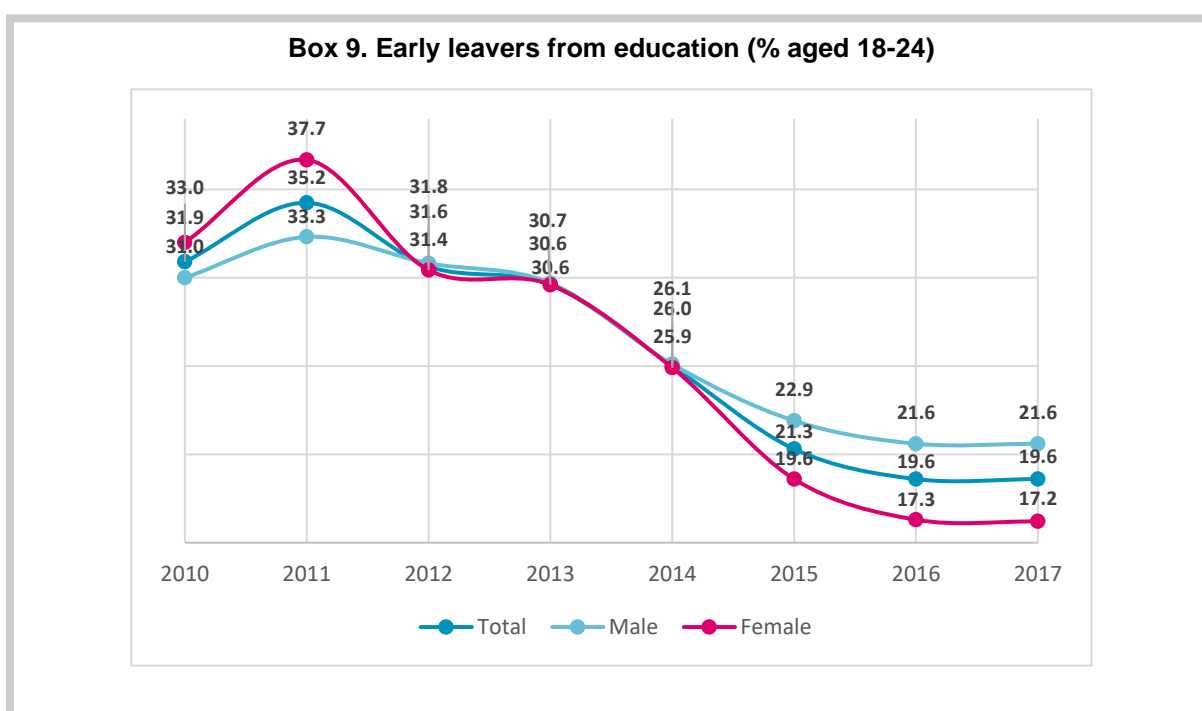
### C.1: Participation in VET and lifelong learning

#### C.1.1 Participation in education including VET

Participation in VET remains an issue for young people from outside bigger urban centres, from poor economic backgrounds, for differently abled people and partly for girls.

A first concern in Albania is universal access to upper secondary education. Albanian children have short school careers. Only nine years of education, i.e. lower secondary level, are compulsory. This can also be severely curtailed because of dropping out due to socio-economic need, lack of sufficient financial means (e.g. for out-of-pocket expenses), the persistence of traditional cultural values, and a wide variation in provision leading to access issues, such as remoteness or over-subscription of state schools in urban areas. The latter also means that educational professionals may be forced to provide a reduced curriculum and innovate around timetables due to resource and capacity limitations. Resource constraints affect also pupils with special needs and mixed abilities. In addition to the six special needs schools existing in Albania, there are some teachers for students with special needs, but not enough resources to meet demand in the majority of schools.

In 2017 approx. one fifth of young people aged 18-24 left education without completed upper secondary education, which leaves them in a state of lack of job-readiness and makes them vulnerable in terms of social exclusion. This affects slightly more males (21.6%) than females (17.2%) (Box 9).

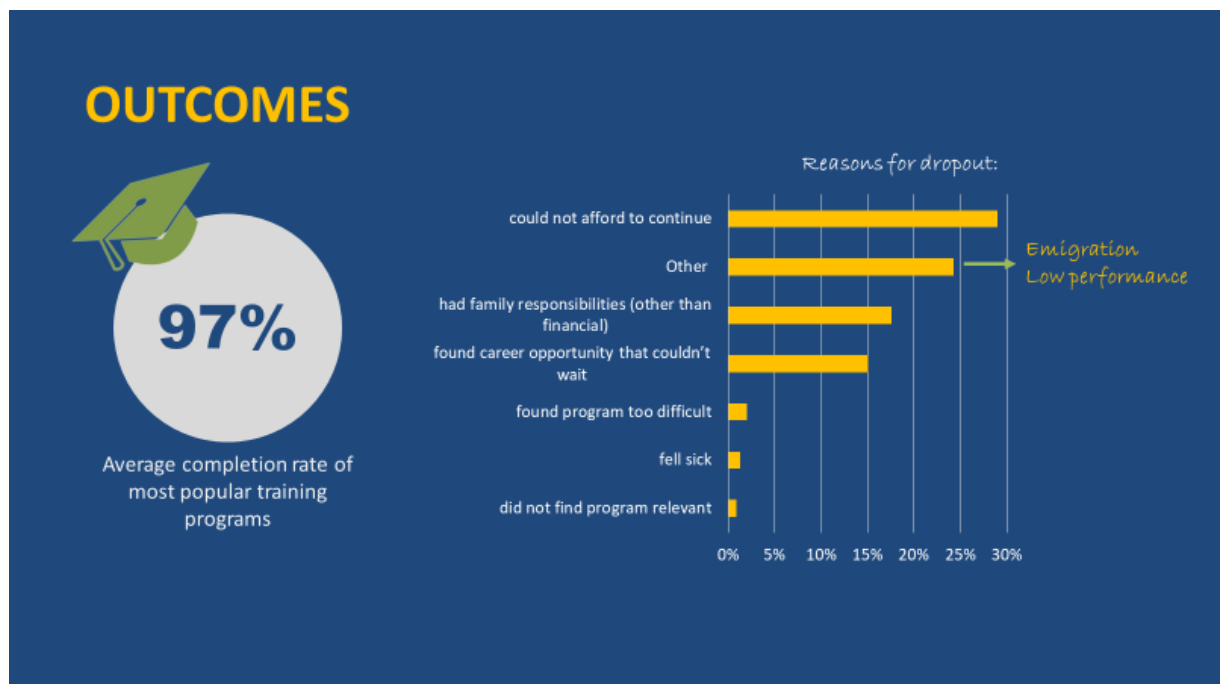


Source: INSTAT

According to the MoESY, dropping out from basic compulsory education is mainly related to socio-economic factors, with 80% of the dropouts coming from ethnic minority backgrounds (mainly Roma and Egyptians). Some measures of a smaller scale are being taken. For example, Regional Education Directorates send to the MoESY every year a list of Roma and Egyptian students who do not avail of sufficient financial means. A project by the Ministry called 'Schools of second chance' tried to gather street children and provide them with extra tuition.



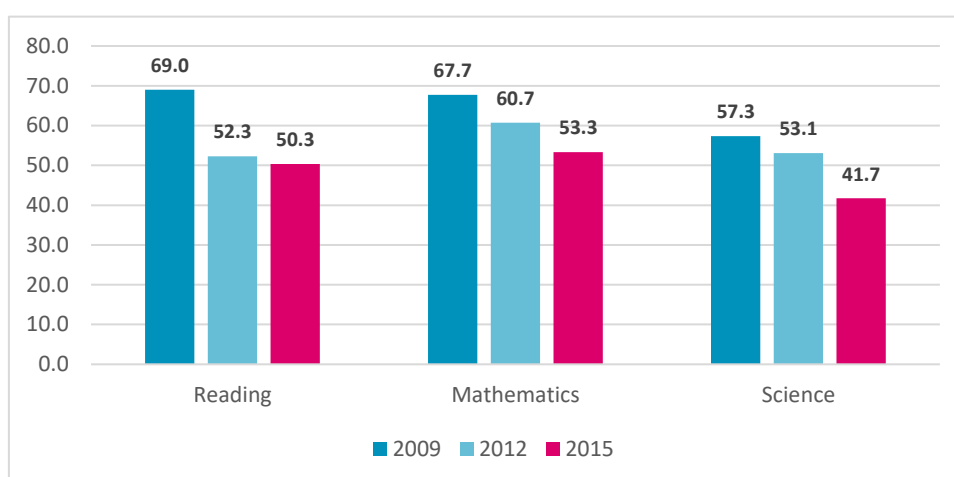
In 2017 the World Bank Training Assessment Project, through a survey and focus group interviews, assessed the state of play of training provision in 50 out of the identified 231 public, private or not-for-profit training providers in Albania. The summary report quoted “could not afford to continue”, “other” reasons (including emigration and low performance), as well as “family responsibilities (other than financial)” as the main reasons for dropping out from vocational education or training:



(World Bank, 2017, p. 30)

A second concern is quality in education. Despite considerable improvements in PISA tests between 2000 and 2015, Albania continues to occupy low ranks among all participating countries (Box 10). Half (50.3%) of the 15-year olds perform poorly (at PISA levels I or II) in reading and even more than half (53.3%) of them in mathematics. Lacking these basic competences, young people face difficulties with their further learning and risk not to be able to cope with ordinary work and life challenges later on. The quality in schools located in bigger cities is generally assessed to be higher than in rural or mountainous and isolated areas, which are not attractive as working destinations for qualified teachers.

**Box 10. Underachievement in PISA (% aged 15)**



Source: OECD PISA database

As regards disabled people, the legal framework guarantees the provision of health care services, social services, education, recreation, and vocational qualification and employment opportunities. However, failure to put into practice the basic right of disabled children to education continues to be an issue and hampers their life chances. A survey undertaken by the EU Investment Projects Facility in 2011 found that only 4.1% of school buildings in Albania were wheelchair-accessible. Many mentally or physically disabled children stay at home, where they receive no or only a few hours of tuition.

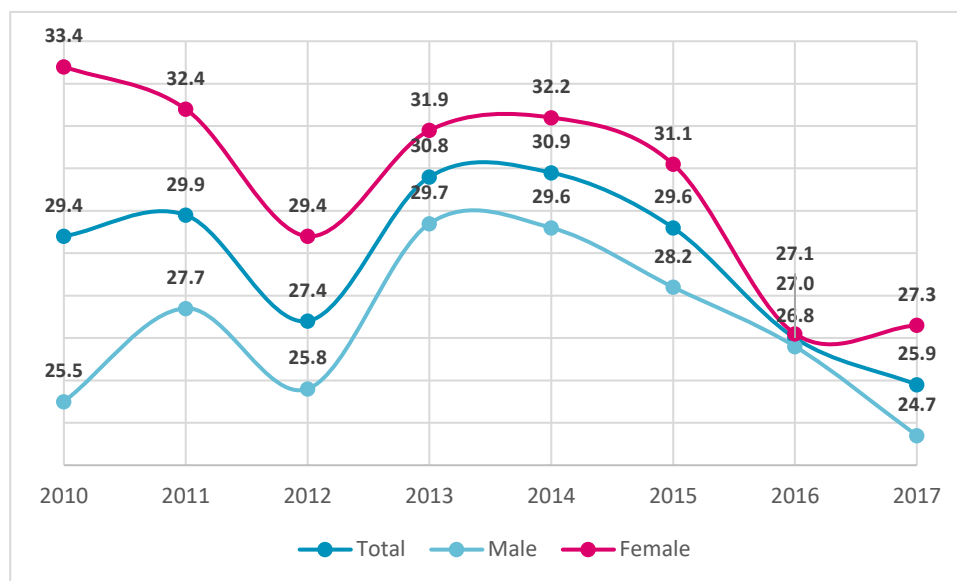
Support for students at risk and those who struggle academically may be considered inadequate with a view to getting more students into upper secondary education (which is not compulsory) and retain them until completion.

Girls from families who live outside bigger urban centres may face an issue with the participation in VET, due to:

- the traditional role of females in the family and society;
- VET course offers that appeal to males rather than females;
- financial and security issues if getting to the VET institution involves some travelling, and
- dormitories which are not up to the standards and not seen as suitable for girls.

A significantly high quarter (25.9%) of all young people aged 15-24 are neither in employment, education or training (NEETs), with a gender split of 24.7% of males and 27.3% of females affected (Box 11).

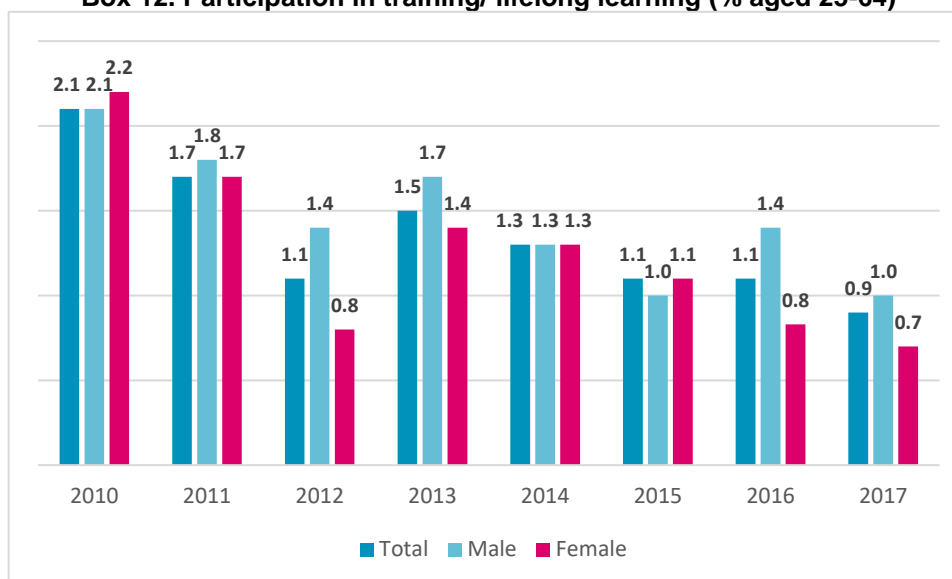
**Box 11. Persons not in employment, education or training – NEETs (% aged 15-24)**



Source: INSTAT

On leaving this young group of NEETs, there are few opportunities for lifelong learning, skills and career development. An extremely low percentage (0.9%) of adults aged 25-64 participates in adult learning (Box 12). Problems include the lack of adequate adult training facilities and offers, especially outside bigger urban centres. As mentioned in the section below, some Albanian regions remain completely uncovered by any type of VET provision. There are no arrangements in place, such as flexible pathways to higher levels of education or the recognition of non-formal and informal learning. Adults, especially older adults and perhaps rationally, do not consider it worthwhile to invest in further training. The generally low skills base also limits the horizons of this group and discourages exploration of further avenues of learning.

**Box 12. Participation in training/ lifelong learning (% aged 25-64)**



Source: INSTAT

### C.1.2 VET opportunities for vulnerable and marginalised groups

Access to secondary education, including VET, in Albania is not evenly distributed, as mentioned above. In terms of VET provision, there are 1) the well-served regions of Tiranë, Elbasan, Durrës, Shkodër and Vlorë; 2) the over-served region of Korçë; 3) the under-served regions of Fier, Berat and Dibër, and the 4) seriously under-served regions of Lezhë, Kukës and Gjirokastër (GIZ and ETF, 2014).

The regions mentioned in the latter two categories are also among the worst performers when it comes to NEETs rates. They are highest in Gjirokastër (38.6%), followed by some margin by Fier (34.4%), Diber (33.2%), Lezhe (30.0%), Vlore (28.4%), Korce (18.0%), Berat (27.1%) and Shkoder (26.3%). Somewhat surprisingly, Kukës has the lowest NEETs rate with 16.2%, which is most likely due to migration and emigration – although there is scant research to be certain on this. The rates of young people (18-24 years) with at most lower secondary education and no longer being involved in education are highest in Diber (21.0%), Korce (18.7%), Vlore (18.0%), Elbasan (17.8%), Berat (17.1%), Shkoder (16.2%), Fier (15.8%) and Durrës (15.1%). It is apparent that lifelong learning rates are reflective of the national picture, being extremely low across the country in comparison to EU member states and countries of the Southeast European region. Tirane and Korce perform somewhat better than the other Albanian counties (see Table 10 below).

**Table 10. Selected education data, 2017, by region**

County/ Qark	NEETs rate, %	ELE rate, %	LLL rate, %
Berat	27.1	17.1	0.4
Dibër	33.2	21.0	0.8
Durrës	19.3	15.1	0.7
Elbasan	23.2	17.8	0.4
Fier	34.4	15.8	0.8
Gjirokastrë	38.6	10.1	0.3
Korçë	28.0	18.7	1.3
Kukës	16.2	10.5	0.5
Lezhë	30.0	8.9	0.4
Shkodër	26.3	16.2	0.7
Tiranë	24.3	7.7	1.3
Vlorë	28.4	18.0	0.6

Source: INSTAT

### C.1.3 Policies to improve VET access and participation

The relevant ministry in charge of VET has been handing out for many years scholarships to attract young people from poor family backgrounds into VET. This has allowed more students to participate.

NES offers adult training courses free of charge for jobseekers from specific vulnerable backgrounds, albeit on a limited scale and facing restrictions with the access to a public VET institution (see section B1.6).

The report on the Mid-term review of the NESS 2020 (HDPC, upcoming (b)) states that, to date, no progress has been made with regard to Pillar C of the Strategy, which includes the extension of VET and employment services to rural areas.

### C.1.4 Promoting VET access and participation for vulnerable and marginalised groups

Apart from the above-mentioned national programme of means-tested scholarships for VET, no other scheme is in place. The specific needs of prospective learners from marginalised and vulnerable groups are not systematically identified and addressed. Currently, VET institutions, employment services or municipalities have limited capacities to reach out to individual NEETs, provide additional incentives, including funds for childcare, transportation or boarding, etc. and include them in training and other support measures. However, certain projects are being carried out with the help of donors to support the training and employment of people.

### C.1.5 Flexible VET provision in support of participation in VET

Public two, three or four-year vocational education programmes follow nationally adopted frame curricula with broader 'directions' in the first year and increasing specialisation according to different 'profiles' in the 2<sup>nd</sup> and 3<sup>rd</sup> years. VTC courses for adults typically last between two and six months. However, this is not a fully-fledged modular system in the sense that individuals could choose and compose their own courses.

Nationally approved frame curricula for the formal VET programmes are based on learning outcomes. Frame curricula specify the knowledge, skills and competences identified in qualifications, as well as the number of hours suggested for their acquisition. It is the task of VET institutions to translate frame curricula and the respective learning units into lesson plans, adapting them also to local conditions.

Schools can alter the sequence, for example, of practical learning units. For the moment, no system is in place that would allow for the achievement of partial (or units of) qualifications.

There are intentions to turn public VET institutions into bigger centres of a multifunctional nature, which would cater to the needs of both young people and adults and offer qualifications at different AQF levels. However, to date, there is not much progress with the formal establishment of such Multifunctional VET centres (see Table 5 in section A2.4).

### C.1.6 Validation of non-formal and informal learning

The EU IPA-ILO 2010 HRD project carried out pilot to test recognition of prior learning (RPL) mechanisms in the textile sector in 2014. In this context, NAVETQ had developed supporting RPL guidelines and instruments. Furthermore, the Albanian National Employment and Skills Strategy and Action Plan (2014-2020) refers to the validation of non-formal and informal learning as one of its priorities. A bylaw on the recognition of prior learning is being developed in the scope of the 2017 VET Law.

## C.2: Equity and equal opportunity in VET

### C.2.1 Success of learners in VET

Results from the tracer study among 2017 graduates from vocational education programmes delivered by public schools (GIZ, 2017), as well as the rates of early leavers from education have been referred to above (see section B1.2).

### C.2.2 VET learners in need of additional learning and training support

Data are collected at national level on the proportion of learners in VET who require additional financial support for participating in VET, but not concerning other forms of support required, e.g. because of a disability or other disadvantage. VET providers experience difficulties in providing the latter forms of support due to financial, human resource and know-how related constraints.

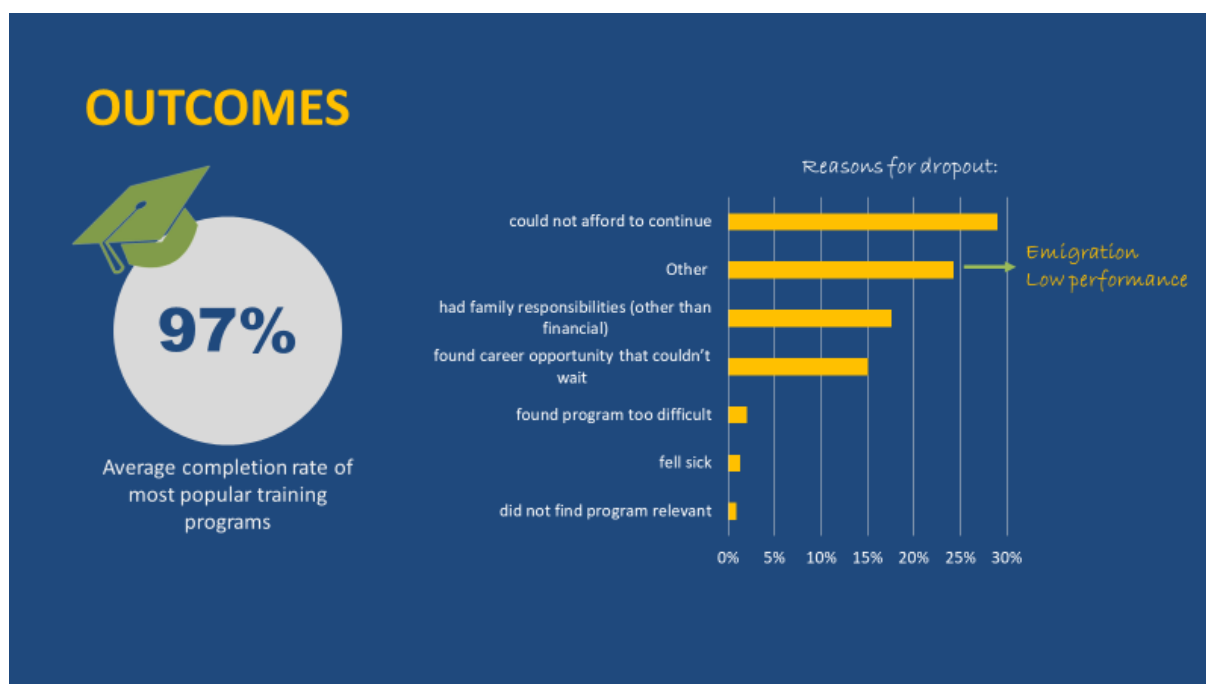
### C.2.3 Measures in support of equity in VET

Individualised learning plans, extra teaching support, free-of-charge remedial lessons, smaller classes, etc. to help every learner succeed in VET are not widespread practices.

### C.2.4 Inclusive education and VET

Inclusive education, defined as the ability of schools to respond to the educational needs of all their pupils and implying adjustments in physical infrastructure, additional learning support etc. does present a national objective, as reflected also in the overarching goals of the NESS2020 (section A2.4). However, the means to implement these principles are currently limited.

An assessment by the World Bank (2017) among 50 out of 231 public, private or non-profit-making VET providers in 2017 listed the following reasons for dropping out. The lack of ability to afford training costs, emigration or low performance are among the most-cited reasons:



(World Bank, 2017)

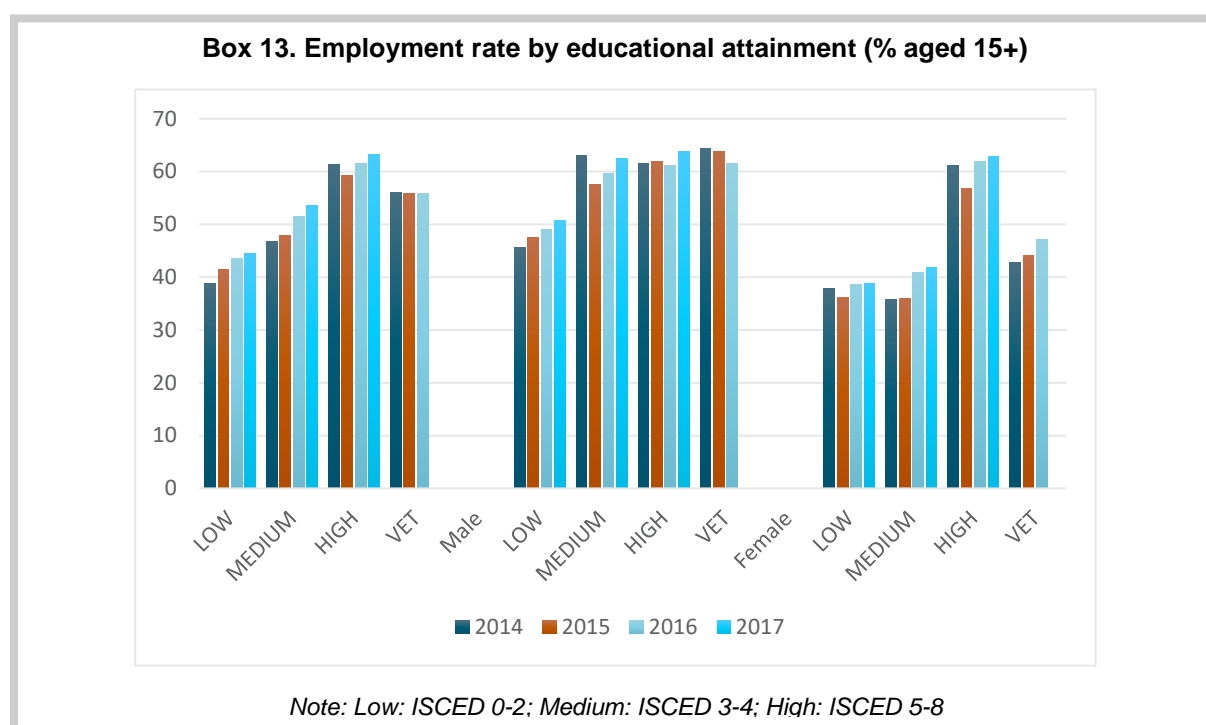
## C.3: Active support to employment

### C.3.1 Employability of VET graduates

The results of the tracer study on VET graduates from 2017 (see section B1.2) testify to an initial public VET system, which is still largely out of tune with the society's and students' aspirations. Over half, or 52%, of the VET school graduates said that there is 'no demand for people in their trained fields', while 33% claimed there are no jobs available in their regions or towns (GIZ, 2017, p. 17 of 24 of the Data annex). 45% of the VET school graduates claim that they did not use the knowledge gained from school (GIZ, 2017, p. 14), while 58% consider changing their profession (p. 15).

There is a link between people's education and their employment status. While males with either secondary general, secondary vocational or higher education have good chances to be employed, for females higher education attainment provides a higher job guarantee (Box 13).





Source: INSTAT

People with low levels of education (ISCED 0-2) remain at a clear disadvantage when it comes to finding employment. Females with low levels of education are even at a higher risk, compared to their male counterparts. This is why suitable strategies to promote labour market and social inclusion need to start with an analysis of people's basic skills and include remedial education measures.

### C.3.2 Economic factors with an impact on transition

See detailed results of the VET graduates' tracer study above and in section B1.2.

### C.3.3 Overview of policies in support of employability and transition to employment

Key reform initiatives that aim to improve the relevance and quality of VET provision are listed in Table 5 in section A2.4.

### C.3.4 Career guidance

At present there is no systematic career guidance for students in schools. Parents have a major influence on students' choices for further education. In many cases, particularly for girls, parents take the decision. However, there are elements of career education in lower secondary school curricula. In 2010/2011 'Education for life and career' was introduced in all secondary schools, comprising two new subjects – 'Skills for life' in the 10th grade and 'Career education' in the 11th grade. The latter also includes themes on entrepreneurship. Teachers have been trained, but additional training is needed. Some school organise their own career orientation activities.

For secondary school students who complete the Matura and plan to study at university, limited guidance is offered by career offices or teachers in schools. Issues here include: (i) the non-availability of a complete sets of information, compiled by a central agency, which could be used to counsel students, and (ii) the limited abilities of school staff to undertake professional counselling activities.

The VET law (no. 15, adopted on 16 February 2017) envisages career guidance as one of seven new development functions of vocational schools or multifunctional VET centres. To date, no progress has

been made with regard to the adoption of the sublegal act for VET institutions or appointing staff for implementing the new development functions. However, the Swisscontact Skills for Jobs project has successfully set up pilot career centres in four VET institutions.

Labour offices provide some guidance to unemployed jobseekers, to those who intend to enter short vocational training or retraining courses, and those who aspire to be involved in other active labour market policies. With the modernisation of the labour offices, better contacts between labour office staff and local employers, the constant updating of the central vacancy database, as well as major improvements of internet connections throughout the country, jobseekers will increasingly be able to use self-help facilities.

## Building block D: Internal efficiency and operation of the VET system

### D.1: Teaching and learning environment

#### D.1.1 Teaching and learning methods, including work-based learning

According to the Albanian report of the 2nd International ETF survey of VET teachers and trainers (ETF and HDPC, forthcoming), classical methods of teaching dominate in VET schools. However, other methods such as group work, projects have started to be used.

ICT and multimedia methods of teaching are used rarely.

Most teachers relate theory to practice and design work-like tasks for their students. However, 25% to 50% of students have very limited direct interaction with employers, e.g. they go on visits to businesses, at best occasionally. About half of teachers seldom visit workplaces and or have contact with employers seeking to recruit students. Access to work-based learning exists for a minority of vocational learners: according to teachers 38% of students have at least 10% of their learning in the workplace.

The teachers are, to a large extent, happy with students' behaviour in class, but students' motivation in class is still questionable for 24% of teachers.

National curricula and teachers' planning and annual and detailed lesson plans are the main drivers of teaching. Teachers are also influenced, but to a lesser degree, by their knowledge of what employers want and by assessment requirements (ETF and HDPC, forthcoming).

#### D.1.2 Teaching and learning environment

The Baseline survey of public VET providers in Albania (GIZ and ETF, 2014) provided a detailed account of the conditions in all (at that time) 42 public vocational schools and 10 vocational training centres. The survey states that "due to the generally poor condition of facilities and equipment, learners are unable to familiarise themselves with technologies, tools and instruments used in the workplace. Our in-depth assessment showed that some vocational schools have no equipment at all for the trade areas they offer. Some vocational schools have equipment but do not use it. Tools and accessories nearly do not exist. Equipment available for practical skills training is not enough for all students enrolled in the trade area. Some vocational schools have too many classrooms (or even buildings), but they do not have appropriate workshop facilities. Vocational training centres are generally better equipped and more oriented towards practical skills training".

#### D.1.3 Policies to improve training/teaching and learning methods in VET

New approaches to teaching and learning, open educational resources, peer learning and support, etc. are being introduced in vocational schools and programmes supported mainly by donor experts.

Following pilot initiatives by different donors and the 2017 Law on VET, the Ministry has put a strengthened focus on the introduction of work-based learning. The aim is that schools arrange for internships of VET school students in companies, wherever possible and as a structural part of the VET curriculum. Good practices exist, and a national regulation is being drafted. The state of play is described in Table 6 in section A2.4. To introduce the scheme in more vocational schools and for more learners, the national regulation needs to be adopted, tools/instruments for work-based learning agreed and made available, and training needs to be provided for key staff from vocational schools and training centres.

#### D.1.4 Improving the training and learning environment

As Table in section shows, the Albanian government has stepped up efforts over the past years to invest into the rehabilitation of school buildings and new pieces of equipment. Problems with the former include that works have at times been delayed and were of a low quality, requiring additional

investments by donors. Dormitories have largely remained untouched, as it is local government authorities who are in charge, but financially not in a position to do so. As regards equipment, the Ministry bought furniture, labs for delivering general subjects in vocational schools, such as physics, chemistry and biology, as well as technical equipment for tailoring, IT and food technology classes.

Donors are the main source of investing into the upgrading of generic and technical school equipment, but they do so only in a few VET institutions and programmes.

As mentioned before, there is a need for an overall national VET provider development plan, which outlines the future network of public VET institutions and what types of training they are going to offer in line with national and regional labour market needs. Following this, there is an issue of designing strategic development plans and, linked to that, strategic investment plans for each public VET provider. The latter would need to consider also investments into the modernisation of the ICT infrastructure for school administration and learning purposes. Currently, such a grand plan does not exist, which would establish a mid-to long-term perspective on the development and investment needs of public Albanian VET institutions.

## D.2: Teachers and trainers

### D.2.1 Composition of the workforce of VET teachers and trainers

The VET sector in Albania is small, as evidenced also by the total number of teachers or instructors working within the system.

**Table 10: Teachers/instructors currently employed in 34 (out of 35) vocational schools and 10 VTCs**

	Teachers of vocational subjects (full time)	Instructors of practical teaching	Teachers of general subjects in VET schools (full time)	Total
Public VET schools	492	122 (full time)	500	1,114
VTCs	69 (incl 59 full time)	348 (part time) *	-	417
<b>Total</b>	<b>561</b>	<b>470</b>	<b>500</b>	<b>1,531</b>

\* Notes: 1) The table considers staff working in 34 (out of 35) vocational schools and 10 VTCs. The status of the one missing school is unclear. 2) As a rule, VTCs hire teachers or instructors on an ad hoc basis and pay them by hour of teaching.

In 2018 Albania participated in the 2<sup>nd</sup> International survey of VET teachers and trainers, which the ETF carried out in nine countries. The below-quoted data and findings refer to the final report by HDPC, draft version of 07.01.2019.

The survey sample considered all teachers from public VET schools, but only the 59 VTC teachers who work full time as well as 41 (randomly chosen) part-time VTC instructors of practical training – 1,241 persons in total. 701 responses were received, which corresponds to a response rate of 57%. The following data refer to this sample.

The large majority (72%) of the teachers are females.

The average age of teachers in vocational education schools is 41.7 years.

**Table 11: Age of VET teachers**

Age groups	%
0-29 years	17.3
30-49 years	54.2
50-59 years	23.0
60 years and more	5.6
	<b>100.1</b>

Roughly one third of the respondents had between 0 - 5 years and another third between 6 – 15 years of work experience. Close to 10% of the teachers have more than 25 years of work experience.

**Table 12: Number of years working as a teacher**

Number of years	%
0-5	36.2
6 – 15	31.8
16 – 25	22.2
more than 25	9.8
	<b>100</b>

As many as 48% of the teachers have no job experience in the industry of the vocational subject they teach at school, while 9% of the teachers have between 1-3 years of experience in the industry. However, the share of teachers who declared to have no experience in the industry corresponds almost fully with the percentage of general subject teachers for whom such experience (in the Albanian system) is considered irrelevant. 43% of the surveyed teachers declared to have more than 3 years' experience.

**Table 13: Number of working years in the profession/ industry of the subject taught**

Experience in the profession/industry of the teaching subject	Number	%
0 years	269	47.6
1-3 years	52	9.2
More than 3 years	244	43.2
Total of qualified answers	565	<b>100</b>

36% of the teachers responding to the survey were specialized in general subjects, such as languages, mathematics, social science, science etc. 17% of the teachers teach engineering subjects, including electrical, mechanical engineering, car mechanics, civil construction etc., followed by 12% of the respondents who teach hospitality, tourism, catering and travel and ca. 10% business retail, law, economy, management and administration. 8% of the respondents teach subjects related to agriculture, veterinary, forestry and fishing.

**Table 14: Which vocational sectors does your main teaching specialism relate to?**

Vocational sectors	%
Agriculture, veterinary, forestry, fishing	7.8
Mining, metallurgy	0.3
Construction (e.g. bricklaying, plumbing, roofing, carpentry)	3.1
Engineering (electrical, mechanical, automobile, civil construction, chemical, geodesy)	17.4
Manufacturing, production, processing (food, textiles, leather, wood)	5.6
Hospitality, tourism, catering, travel,	12.0
Business, retail, law, economy, management, administration	9.7
Information and communication technology	10.1
Logistics, traffic, transportation	0.0
Health-related (including medicine), social protection	1.4
Beauty, hair, cosmetics	0.0
Craftwork, fashion, art, design, film, media and creative	0.6
General subjects, e.g. languages and mathematics, science, social science	36.1
Other	3.6

(ETF and HDPC, forthcoming)

## D.2.2 Entering the teaching profession in VET

There are general competence standards and standard recruitment procedures for all teachers in Albania. These are not specific for VET or the various vocational profiles and are centrally managed for all new teacher recruits through the Ministry of Education, Sports and Youth. VET teachers typically have a degree or (advanced) diploma in a technical field, such as engineering, and so do partly instructors (of practical classes). For the latter category of staff, however, a university diploma is not obligatory. Teachers' and trainers' competences and performance are not systematically assessed.

### Qualification

VET schools' teachers report to have a high level of formal education. Teachers with the degree of master or equivalent constitute 80% of the total number of the teachers in the survey. Only 7% of the teachers result to hold a qualification lower than Bachelor degree.

**Table 15: The highest level of formal education completed**

Level of education	Frequency	%
Upper secondary education	31	4.6
Post-secondary, non-tertiary education	5	0.7
Short-cycle tertiary education	8	1.2
Bachelor or equivalent	82	12.2
Master or equivalent	541	80.3
Doctoral or equivalent	7	1.0
Total of valid answers	674	100

**Table 16: Are you formally qualified as a teacher or as an instructor or coordinator of practice?**

Status of qualification for being VET teacher	Frequency	%
Qualified for being a teacher/instructor	440	66.6
Have taken the state exam for teaching profession and completed practice	29	4.4
Not qualified for being a teacher	42	6.4
Qualified for being an instructor	55	8.3
Not qualified for being a teacher/instructor	43	6.5
Other	52	7.9
<b>Total of valid answers</b>	<b>643</b>	<b>100</b>

44% of the teachers participating in the survey declared they have completed pedagogical training as part of their degree studies, while 41% of respondents did not complete any initial pedagogical training before they started teaching.

**Table 17: Did you complete an initial educational or training programme that prepares to be a teacher or instructor?**

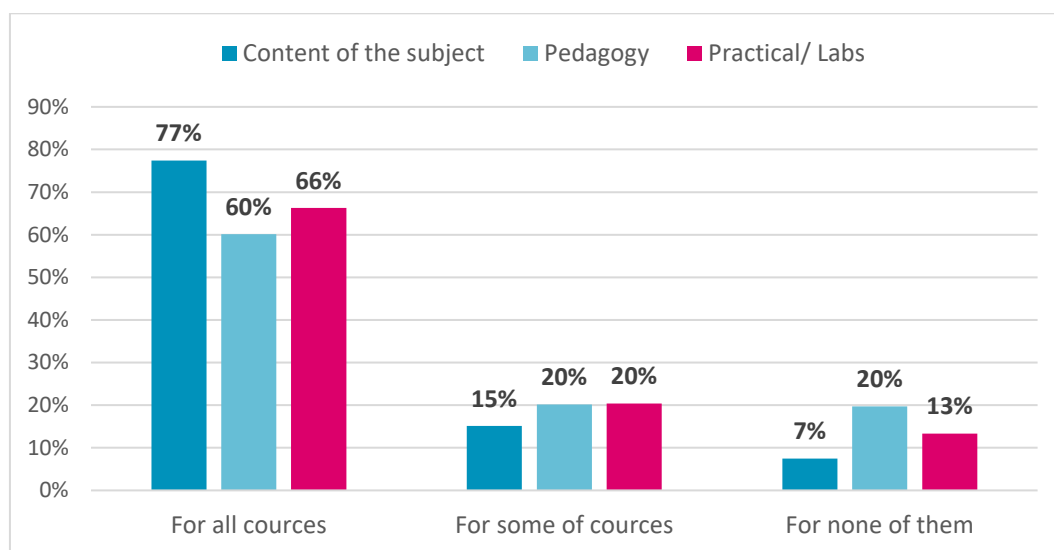
Pedagogic training history	No.	%
I completed pedagogical training as part of my degree studies	289	44.2
I completed a separate pedagogical training which was not part of a degree programme	97	14.8
I did not complete an initial pedagogical training before I started teaching	268	41.0
<b>Total of valid answers</b>	<b>654</b>	<b>100</b>

77% of the teachers declared that their formal education courses included content elements related to the courses they currently teach, while 66% say that their formal education included practice/laboratory work related to what they teach now (see Box 14 below).

22% of the teachers/instructors report that they teach at least one course for which they did not get any training on content during their formal education, and 33% of teachers report they received little or no knowledge on the practice of teaching during their initial education.



**Box14. Were the following elements included as part of your formal education or training courses?**



(ETF/ HDPC, forthcoming)

### D.2.3 Employment status of teachers in VET

Teachers and instructors employed in public VET schools work on a full-time basis. Salaries for all teachers in Albania have seen substantial increases over the past years.

The situation at VTCs is different; only 59 VTC teachers are employed on a full-time basis. All other VTC staff are hired on an hourly basis.

### D.2.4 Quality of teachers and trainers in VET

According to an earlier Concept paper on in-service training for VET teachers and instructors in Albania (GIZ and ETF, 2015), “a significant proportion of the teaching staff needs to upgrade their pedagogical and didactical competencies. In general, the pre-service and in-service training of the vocational teachers/ instructors is weak. Currently, the professional development of VET teachers is practically reduced to the acquisition of credits for some days of training with a view to proceed in their careers ... Three days (18 hours) of professional training per year are compulsory and are granted with one credit for career progression. Career steps following professional development, among others, are associated with a salary increase. However, the training is short, and teachers do not necessarily attend the training that they would need to attend. There is no recognition of teachers’ achievements outside the compulsory training. There are no further financial incentives for teachers to increase their qualifications and competences after 20 years of service” (p. 9).

### D.2.5 Attracting and retaining teachers and trainers in VET

Some donors working with selected vocational schools have signalled a shortage of VET personnel, in particular in donor-supported programmes that enjoy high levels of attractiveness. Currently, the Ministry does not have an adequate staff planning mechanism in place, which would plan staff resources in line with projected demographic developments and enrolment figures. Enrolments would also need to be adjusted to labour market demand.

VTC teachers/ trainers are hired on the basis of legal procedures. However, they receive very low levels of remuneration. This is an issue as, for the salaries offered, it is difficult to attract highly-qualified experts to work as VTC trainers (see also Heitmann & Shkreli, 2017).

There are currently no incentives for public VET schools to generate own income, for example, by opening new programmes or courses against a training fee in line with local demand. Officially, they

would have to declare and weigh their income against the cheques received from the Ministry. Thus, schools do not have the means to hire additional teachers. The issue needs to be addressed, if vocational schools are to diversify their training offers and become multifunctional in nature, offering courses e.g. also to companies or any adults.

## D.2.6 Steering, motivating and supporting professional development

### *VET teachers and trainers*

Responsibilities for strategic leadership, coordination and encouraging provision, quality assurance and recording with respect to the continuous professional development (CPD) of VET teachers and instructors are shared between the Ministry of Finance and Economy, NAVETQ and the Institute for Educational Development. However, none of these organizations currently has full authority and capacity to implement a systematic provision of CPD for vocational teachers and instructors.

The new VET Law assigns to NAVETQ the function to coordinate VET teacher training. A respective draft by-law on the NAVETQ has not yet been adopted, i.e. until now no institution is formally in charge. NAVETQ would require additional human and financial resources to fulfil its new responsibilities. Funding for teachers' training remains a serious constraint and is not enough to satisfy needs.

International donor organizations are active, in partnership with national agencies, in providing CPD as part of larger VET development projects.

There are very few national organisations that provide specialized CPD to vocational teachers in Albania. Employers, higher education institutions and teacher associations make little contribution to CPD for vocational teachers.

An obligatory 24-day course on 'Basic Didactics in VET' has been designed in 2016. NAVETQ aims to involve in the training all VET teachers and trainers currently in the system. Respective numbers of participants have been agreed as performance indicators for the years 2017, 2018 and 2019 of the IPA Sector Reform Contract for the employment and skills sector. Implementation is partly supported by Swiss Development Cooperation, GIZ and Kulturkontakt.

Thanks to this, the survey provides strong evidence that levels of participation by vocational teachers in CPD in Albania have improved since 2015. 80% of vocational teachers participated in formal in-service training (62% organized in schools and 70% out of schools) up from 65% in 2014/15. The average duration of CPD has also gone up: the percentage of participants with 30 hours or more in-service training per annum has increased from 33% in 2015 to 47% in 2018. 53% of vocational teachers say that they accessed CPD which addressed their specialist vocational profiles (up from 23% in 2014/15). However, the duration of this training was relatively short (30 hours or more for only 25% of participants). CPD involving business and observation in other schools also increased.

About one third of teachers reported an unmet training need for particular kinds of CPD. Training gaps were highest for CPD addressing new technologies in the workplace (60%), teaching students with special needs (54%), teaching cross-curricular skills (53%) and approaches to developing cross-occupational competencies for future work (52%).

Participation in CPD is affected by 'external' factors. Younger teachers obtained more hours of CPD. Large cities, followed by towns, have the highest participation of teachers in in-service training and the largest share of those with more than 30 hours of trainings. Small towns and rural areas have the lowest participation and volumes of trainings.

Modern methods, such as active learning, collaboration and new technologies, are present in CPD. However, there is much CPD that offers little active learning for teachers and the use of collaborative learning and new technologies are occasional rather than normal.

Schools have a formal responsibility to research training needs, plan and organise CPD but in practice, unless they are involved in a donor-funded project, this responsibility is not fulfilled and little training is implemented. Legislation has been passed to set up School Development Units (SDUs). However, SDUs cannot become operational without by-laws, funding and appointments.

70% of teachers have taken part in some kind of induction at their new school. However, less than 50% of teachers obtained a formal induction to their school. Team teaching, mentoring by experienced teachers and scheduled meetings with principal and or colleague teachers are the most often used activities for induction program while peer review, networking are the least used. Mentoring is available in about 50% of vocational schools.

Feedback for teachers' performance is commonly provided by the school principal, there is relatively little feedback from mentors, other teachers or external bodies.

The introduction of comprehensive in-service teacher training and assessment, including (i) peer mentoring programmes and (ii) instruments to track teacher effectiveness, remains a challenge.

Participation in CPD is a formal condition of career progress. However, there is little or no relationship between the competences developed through CPD and the responsibilities of higher career teachers

The barriers that exist for a significant number of teachers are: lack of incentives for participating in CDP (40% of teachers); no relevant professional development offered (37% of teachers) and the time requirement conflicting with the work schedule (33%). The main barriers for principals to participate in CPD are: time requirement conflicting with their work schedule (37% of principals), lack of employer support (29%) and no relevant professional development offered reported (28%).

In general, a significant minority of teachers the cost is unaffordable and CPD does not bring an adequate benefit.

#### *Directors of VET institutions*

Research has taken place to explore the needs of VET school directors and managers. Some training activities have been organized and a Network for Directors was established. According to the survey, more than 90% of principals participated in CPD aimed at principals. The latter can afford the CPD and they think that it is worthwhile. There is a Government initiative to set up a 'School Directors' Academy'.

(ETF and HDPC, forthcoming)

### **D.2.7 Ensuring the quality of teachers in VET**

The Institute for Education Development has the responsibility for designing the Teacher Qualification Standards, Teachers' Qualification Programme, accredit training providers, and organize exams and certification. However, this applies to general subject teachers from basic and general secondary schools only. For VET teachers, including general subject teachers in VET, these responsibilities have not been clear defined. Hence, currently no specific quality assurance policies and measures are in place to monitor and evaluate VET teacher effectiveness and to address ineffectiveness.

## **D.3: Quality and quality assurance**

### **D.3.1 Quality and relevance of education and training content in VET**

NAVETQ staff hold that the national frame curricula for the individual VET programmes offered by vocational schools are based on nationally approved qualifications. However, the level of capacity of vocational schools and teachers to implement these frame curricula, in particular the practical learning components, differs to a great extent. Vocational schools with an impoverished infrastructure and no structured contacts with employers for offering internships are by and large not in a position to develop the practical skills of learners, as prescribed in qualification descriptions and frame curricula.

The results from the VET graduates' tracer study 2017 (GIZ, 2017 - see section B1.4) testify to a VET system that is not fully in line with labour market demands and VET learners' aspirations. This is to do also with the fact that (a) vocational schools continue to enrol into programmes in numbers, for which there is no or insufficient labour market demand and (b) a large part of VET focuses on continuing general education (general subjects) and preparing (some students) for university entrance.

Adjustments to VET programme offers are gradually being made. The following list of VET student enrolments by VET programme for the academic years 2016/17 and 2017/18 shows that these are not entirely in line with labour market demand. Problematic are, for example, the programmes in agriculture, mining and construction, for which too few students enrol. Too many students enrol in car mechanics and hotel-tourism, where graduates face bleak labour market prospects. For some of the analysed skill needs, as mentioned in section A3.2, no VET programmes exist. Some of them are covered through shorter VTC courses, which are however not available in many parts of the country.

**Table 17. Number of students enrolled by type of VET programme**

Direction/ profile	2016/2017	2017/2018
Business administration	53	39
Agriculture	651	775
Car mechanics	1212	739
Seaman	125	133
Economics (accounting)	131	143
Economic-Business	1290	1301
Economics (2 levels (2+2 years))	358	336
Economics (3 levels (2+1+1 years))	130	59
Electronics	695	389
Electrotecnics	1071	1178
Geodesy	106	100
Hydro	142	180
Hotel-Tourism	2301	2739
Thermo-hydraulic installation systems	276	277
Information Software Engineer (4-year system) Block	174	240
Mining, Drilling and Utilization of Petroleum, Gas and Water	17	45
ICT users support	15	16
Mechanics	947	1103
Furniture-making	146	164
Construction	193	248
Wood processing	91	83
Forestry	57	41
Servicing means of transport	2008	2193
Social and health care	432	557

Chemical technology	107	73
Food technology	742	823
Textiles - Clothes	198	197
Thermo-hydraulics	421	474
ICT	1666	2336
Commerce	19	40
Veterinary	282	383
WEB (?)	31	23

Source: Data received from MoFE on 11.01.2019, but not verified.

### D.3.2 Defining the quality of learning outcomes

Labour market relevance and social inclusion are declared goals of the Albanian VET system. However, in essence, a major pillar of the system is academic achievement and progression towards higher education, no matter whether these build on the given VET profile area.

A by-law on quality assurance procedures for the VET school system has been adopted and a manual completed in 2017. Procedures include the self-assessment of schools and related development planning.

### D.3.3 Quality assurance processes in VET

To date, the above-mentioned procedures have not been implemented, also because funds would be lacking to implement school development plans and schools are not autonomous. However, such procedures are planned to be rolled out and involve all vocational schools with donor support in 2019.

Standards for State Matura exams and item/question banks are developed centrally by the Centre for Educational Services(QSHA). They apply equally for students from gymnasias and vocational schools who take State Matura exams.

A Regulation of the MoES from 2011 specifies that employers' representatives should be involved in students' tests, but in reality this rarely happens. VET teachers or instructors currently carry out students' tests. At each level of the (2+1+1 or the 2+2-year) vocational education system, final exams in Integrated Theory are carried out through written and oral tests, while Integrated Practical exams take the form of practical tasks. The Matura exam, including the Integrated Vocational Theory exam at the end of the 3rd level, are mainly theoretical. A conclusive assessment of the practical skills acquired, for example through students' producing a final product or project, is not universal practice. Certificates for all levels of vocational education include the list of subjects taken and the results (grades) achieved in all subjects, practical modules and the final exams. VTC graduates get certificates of attendance for a course, rather than a record of the skills acquired. The Swiss-funded AlbVET project piloted a new form of certificates, which listed the knowledge and skills covered by the course.

The inspection system for vocational schools has been dysfunctional since 2014. Standards for VET inspections would have to be revised, a by-law be drafted and State inspectors be trained and equipped to take on their new roles.

The respective by-laws for the quality assurance of qualifications and programmes, as well as the accreditation and external evaluation of VET providers have not been adopted, yet. Guidelines for student assessments exist, which suggest the involvement of employment. These guidelines are however not fully implemented by all vocational schools.

### D.3.4 Creating and updating VET content

To date, NAVETQ is in charge of designing and updating VET programmes. To do so, they consult sector experts and/or teachers on an ad hoc basis. In addition, it is often donors' experts who design, jointly with NAVETQ, and introduce new programmes at school level.

Learning-outcomes-based qualifications are reflected in the design of VET programmes. However, not all vocational schools are able to deliver these due to the partly poor conditions in schools and the lack of adequate teacher skills.

### D.3.5 EU key competences

The National Curriculum Framework for Pre-University Education from 2014 lists seven key competences:

- Competence of communication and expression
- Competence of thinking
- Competence of learning to learn
- Competencies for life, entrepreneurship and the environment
- Personal Competences
- Civic competences
- Digital competences

These key competences are for a large part already included in the new competence-based curricula for general subjects in primary education, as well as secondary general and vocational education. However, teachers have a high amount of academic subject-matter to go through and may not be sufficiently trained on using active types of learning, which presents an impediment to developing key competences.

The core curriculum for general subjects in VET and respective guidelines are prepared by the Institute for Education Development (IED) and approved by MoEYS. The core curriculum is not directly related to the occupation, but provides for broader knowledge, skills and competences which include many of the transversal skills. The core curriculum creates conditions and opportunities for students to

- (i) build and develop knowledge, skills, attitudes and values required in a democratic society;
- (ii) develop in an independent and holistic manner;
- (iii) contribute to building personal wellbeing and to the Albanian society; and
- (iv) face life challenges in a constructive way.

The students cultivate personal and national identity and cultural belonging; absorb general cultural and civic values; develop intellectually, ethically, physically, socially and aesthetically; develop responsibility toward themselves, others, society and environment; gain skills for life and skills in different social and cultural contexts; are skilled for lifelong learning; develop entrepreneurial spirit; and use new technologies.

All education programs in pre-university education are currently being reformed. Previously, curricula were organised in programmes of different, stand-alone subjects that stress the theoretical knowledge but lack horizontal and vertical coherence, are overloaded and not always relevant for students' development. The new curricula promote inclusion and aim at developing the European key competencies, in order for the students to be able to solve complex problems. The curricula are structured in key competencies and learning outcomes for each competency and organized in learning fields. The key competencies are:

- communication and expression;
- thinking;
- learning to learn;
- life, entrepreneurship and environment;

- personal, civic responsibility and
- digital skills.

The fields of learning are:

- language and communication;
- math, natural sciences;
- society and environment;
- arts;
- physical education;
- sports and health;
- technology and ICT.



## Building block E: Governance and financing of VET

### E.1: Institutional arrangements

#### E.1.1 Effectiveness of institutional and governance arrangements

The transfer of responsibilities for VET from, first, the Ministry of Education and Sports to the Ministry of Social Welfare and Youth (MoSWY) in 2013 and, then, to the Ministry of Finance and Economy (MoFE) in 2017 and major staff cuts at Ministry level have compromised to some extent VET system management and capacities for VET reform. The handling of financial and management issues of the 35 vocational schools was re-assigned from Regional Education Directorates back into the Ministry, with all the ensuing consequences for the workload of (now) only 3 VET specialists in the MoFE. The link to teacher training schemes offered by the Institute for Education Development was cut and inspections of vocational schools did not take place anymore.

The process to complete the new VET Law started in 2014 and led to its final adoption in February 2017. In principle, the Law paves the way for structural reforms, including the eventual unification of the VET school and VTC systems in terms of management, provider network, qualifications, support to curriculum or course development, teacher training etc. and the formation of (17) multifunctional VET centres.

#### E.1.2 Accountability, leadership and control

The NESS 2020 and its related Action Plan with its 52 measures have set out the reform path for both the VET system and the employment service/ employment policies. Due to the scarce budgetary resources, the main contributions to innovations in the VET system have remained restricted to the above-mentioned capital investments into the rehabilitation of some school buildings and the purchasing of some school labs and furniture. Foreign donors and their experts are in the lead when it comes to introducing innovations in pilot VET institutions. Donor coordination meetings under the leadership of the Ministry take place rather infrequently. Once these projects expire, it is difficult for the Ministry to sustain or even expand the innovations introduced. The extent and speed of innovations suggested by donors are necessary, but clearly exceed local leadership, financing and implementation capacities. However, the IPA Sector Reform Contract for the employment and skills sector, which was approved in 2016 and has a budget of €30 million, changed the *modus operandi* in that it shifted the responsibility for reform implementation to local counterpart organisations. Key implementing partners, such as NAVETQ and NES, are doing their utmost to achieve the agreed performance indicators, although their financial and human resource capacities are highly restricted.

For example, the important process to do a proper financial and human resource planning and making available resources for setting up a redesigned network of (17) multifunctional VET centres has been very slow. The Ministry sees this as a cost-neutral operation, which of course it is not, if such centres are to expand VET provision and bring it up to modern standards, as cost estimates e.g. by the IPA 2013 VET project for Elbasan have shown. In addition, there are forces at national level who are against giving increased autonomy to VET providers.

One major issue is that, with the transfer of responsibilities for VET from the education to the labour ministry, the system lost capacities also for a systematic data collection and monitoring of the system. Basic data on vocational schools, such as the number of participants per year of tuition, dropouts, equipment needs etc., are not readily available. Earlier donor-induced attempts to establish a VET-MIS (management information system) have not been pursued further.

#### E.1.3 Governance reforms

The idea is to turn the National Employment Service into a National Agency for Employment and Skills (NAES), which would deal with both VTC and VET school management in the future. This would allow also for economies of scale concerning the network of public VET providers and for expanding their training offers to target both young people and adults. Long planned, concrete initiatives to set up the

agency are being taken only now with the Law on Employment Promotion that will regulate the setting up of the NAES. The Law has been adopted by the Council of Ministers at the end of 2018 and is awaiting approval by the Parliament. It is not clear at this stage whether the NAES will be set up in 2019, immediately after the Law has been approved.

## E.2: Involvement of non-state actors

### E.2.1 Distribution of responsibilities between state and non-state actors in VET

In an attempt to meet the eligibility criteria for receiving IPA budget support, a Prime Minister's Order from 2016 established an Integrated Policy Management Group (IPMG), including for the employment and skills sector. The key ministries and agencies, as well as certain social partner organisations, are members of this IPMG. The group meets rather infrequently and only when it is convened by the (now) Finance Minister. It is a forum where actors are informed about certain strategy or progress report issues. No real discussion on policy takes place.

There are no dialogue structures at regional level.

### E.2.2 Policies in support of participation of non-state actors

The National Labour Council has been a functioning structure for many years. The Ministry convenes and consults council members on strategies/action plans and key pieces of legislation, such as the Labour Code, the Law on Employment Promotion and pieces of secondary employment legislation.

The National VET Council is mentioned in the 2017 VET Law as the relevant tripartite structure for VET. However, it has not met for many years.

There are no financial incentives for the participation by non-state actors.

A by-law to implement the 2017 VET Law deals with the inclusion of employers' representatives in school boards. Those have already existed before or been established. However, it is unclear in how many vocational schools employers are indeed represented on such boards and how the latter are functioning. As mentioned above, decision-making powers of school directors and school boards are restricted when it comes e.g. to opening new programmes or courses, hiring additional staff or generating and re-investing own income.

Some schools, in particular those supported by Swisscontact, GIZ and Kulturkontakt, have started to sign bilateral agreements with individual employers for the provision of company internships to VET students.

Sector skills councils do not yet exist. A respective by-law has been drafted, but not yet adopted.

## E.3: VET budget

### E.3.1 Expenditure planning, VET budget formation and execution

Expenditures are planned mainly on historical data, plus a certain increase of the budget. The planning takes into account the numbers of staff employed and students enrolled, but not the real costs of a specific VET programme. These costs are not assessed at the level of NAVETQ who are in charge of frame curricula. After the transfer of schools under the Ministry of Labour and then Finance, there was a recentralisation of funding and financing mechanisms: VET providers deal directly with the Ministry on any budget planning and disbursement issues.

### E.3.2 Policies to improve expenditure planning and budgeting in VET

Budget planning would need to establish and take account of the costs of implementing specific VET programmes, as well as the investment and professional development needs of staff. As national funds are not likely to cover all such needs, VET providers should be allowed to generate and re-invest their own income. However, respective requests have been rejected by the Ministry of Finance and Economy on several occasions in the past.

## E.4: Mobilisation of resources for VET

### E.4.1 Sources and mechanisms of funding for VET

The state budget is the main source of funding of public vocational schools, as well as of basic staff costs (salaries of the director and a few full-time staff) of VTCs. In addition, participants who are not registered unemployed jobseekers pay small tuition fees for VTC courses.

Local governments are responsible for dormitories and ought to maintain them and invest into their upgrading. However, due to an insufficient local tax and income base, most local governments are currently unable to do so.

Donor funding exceeds national funding resources for VET.

Employers contribute to initial VET in kind, i.e. by offering internships to VET students.

Private training provision is at the expense of the learners.

### E.4.2 Diversification and mobilisation of funding for VET

There are no policies or measures in place that aim to influence the current mix of funding sources for VET.

## E.5: Allocation and use of resources in VET

### E.5.1 Patterns of resource allocation

The following issues and recommendations from a report by Dibra (2015) on funding and financing mechanisms of the public Albanian VET system still remain valid (see pages 23ff.)<sup>5</sup>.

*“VET system is underfunded*

For many years now, analyses of the VET financing system have shown a high level of underfunding. Students' enrolments have partly increased. In addition, more funds would be required to accommodate the following identified needs:

- Providers require highly trained teachers and instructors but salary levels, that follow the fixed grading scheme of the public system, are not attractive. Furthermore, there are no funds for teacher training at providers' level.
- The needs for operating/running costs of the VET providers are not fully met, particularly for consumables. The situation deteriorated in the years when the budget for operational costs decreased. Before January 2015, there were vocational schools who had not received funds for operational costs for many years, which hampered the implementation of the institution-based practice hours of curricula, if not making them impossible.
- Higher investments in infrastructure would be needed especially in vocational school buildings and workshops (new buildings or reconstruction).
- Investments are needed for generic (PCs, copiers, telephones etc.) and workshop equipment.
- NAVETQ, with a view to be fully operational and support the system with updated frame curricula for both vocational education and vocational training, qualification and certification standards, etc. needs more human and financial resources.
- Funds for extra guards and cleaners in vocational schools operating in shifts need to be covered as well.
- No funds are available for extracurricular activities.
- Scholarship amounts are too low and not attractive, and so is the level of services in dormitories.

---

<sup>5</sup> with updates by the author of this report

- Dormitories do not offer optimal conditions for students' accommodation. Most of the buildings are in dire need of repair, while new dorm buildings are needed close to some vocational schools.
- Students coming from rural areas, who need transportation, pay for transport themselves.
- Students' social and health contributions, as well as accident and life insurance premiums during business internships should be planned as part of the budget.

Additional sources of funds need to be explored to cover this long "shopping list". Sustainable solutions are needed through higher budgetary transfers, which could be topped up by additional revenues generated by VET providers through offering training products and services, participation in projects and various kinds of support from businesses. The latter could be given fiscal incentives for such contributions.

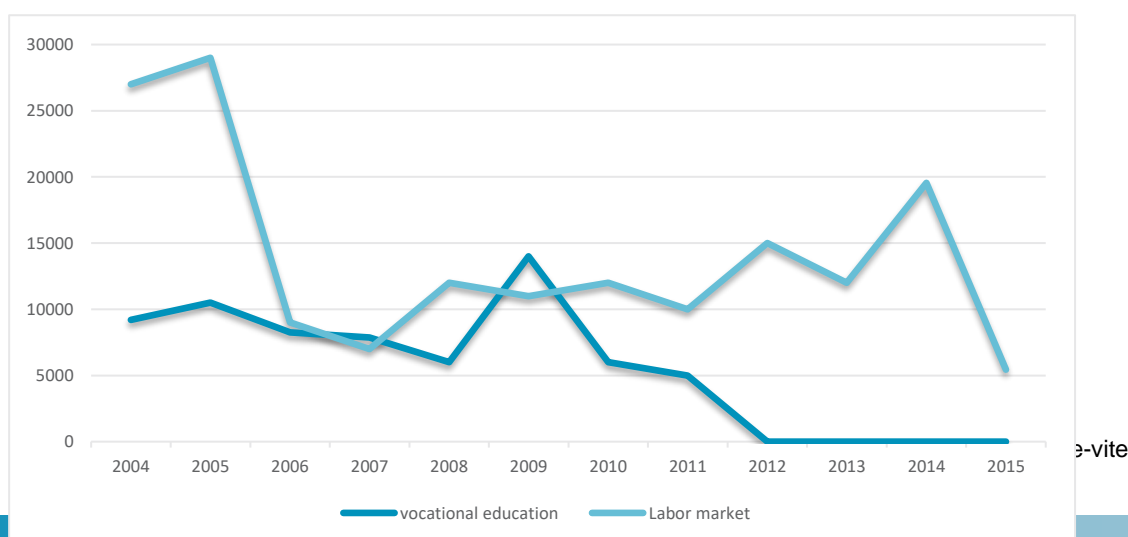
#### *Lack of national VET planning system based on skill needs*

The state budget for VET is planned mainly based on historical data by adding or subtracting figures from different programmes and items, in line with given budget ceilings. It is not used proactively as a basis for internal management and control. Decisions on the opening of new profiles or new schools were in some cases not linked to regional or sectorial needs, as identified e.g. by the Skills Needs Analyses carried out by the NES, and are not based on cost/student or cost/trainee analyses. The MoFE doesn't have accurate background information on the costs for opening new programmes or providers or increase the number of students. It is unclear whether there is a procedure at the MoFE to prioritise investment projects.

#### *VET providers' financial autonomy*

Public VET system budget formulation and management is centralised at the MoFE level. Dependent economic units have limited delegated functions, mainly on budget execution, with the latter being strictly controlled by the MoFE treasury system. They control expenditure documents and invoices, delaying this way disbursement (influenced by the cash flow plan and availability of liquidity). On a provider level, the lack of financial autonomy has been widely discussed, however rather with a view to enhance the possibility to generate and retain revenues to directly cover expenses. By law VET providers are allowed to generate income, and they are exempt from taxes for economic activities. However, as per the existing legislation, there is both ambiguity to generate such income and limited possibilities to use related revenues. The highly centralized nature of VET system management is another impeding factor when it comes, for example, to opening additional programmes or courses. Figure 3 below shows the level of revenues, which had been planned to be generated by both VTCs and VSs for the 12 years between 2004 and 2015, as well as the budget expenditures these additional revenues were supposed to cover in vocational education and in vocational training (here called 'labour market').

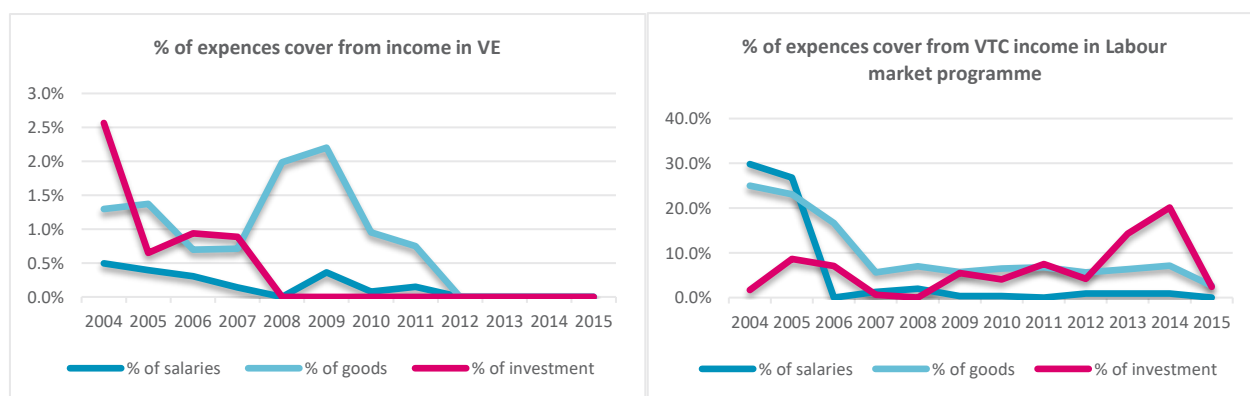
Figure 3. Income planned to be generated (in 000 ALL) <sup>6</sup>



The basis for income generation and use in the Albanian budgetary system is predictability. The level of income expected to be generated and the destination of this income has to be predicted and reflected in the budget plan. As can be noted, both vocational schools and VTCs had planned additional revenues for the period 2004-2012, while only VTCs continued to plan for 2013-2015. Generally, the forecasted income level decreased over the years. For the years 2012-2015 vocational schools were not planning additional revenues, while the income generation level of VTCs decreased due to the labour market policy offering training courses with a zero fee for jobseekers. If in 2012 only 5% of trainees benefitted from zero fee training courses, in 2014 this figure rose up to 62%. The number of jobseekers trained almost tripled in the period 2012-2014 (NES statistics, 2015).

In absolute figures, the planned revenues of VET providers varied in different years. VTCs have generally aimed to generate an average level of 100,591 Euros from training fees per year. In contrast, vocational schools planned 59,646 Euros of extra income per year, mainly through the sales of products.

**Figure 4: Expenditure plan for income to be generated**



According to current legal provisions, additional revenues generated by the provider should be used to cover expenses in line with their mission and activities that produce these revenues. In other words, the income can be used, up to a maximum of 90%, for the payment of teachers' and instructors or part time instructors' extra hours, for consumables used, and investments (in the form of equipment depreciation or low value investment). Analysis shows that a maximum of 2.2% of costs for goods and services (operational costs) were expected to be covered in vocational education in 2009 and 30% of salaries in VTCs in 2004.

In general, VTCs generated a higher income (which forms the basis for planning in the following year). Their main source of income are training fees, which are easy to predict and collect. Furthermore, a joint decision of the Ministry of Social Welfare and the MoF regulated the planning and use of these revenues. For vocational schools, it is more difficult to generate additional revenues by selling goods produced in the workstations of industrial, agricultural or economic schools, because of required access to the market. The regulation that specifies how to use these revenues is not comprehensive and restricts the possibility of income generation by schools to what they produce at their workstations. According to this regulation, providers were allowed to open a current bank account. The low financial management capacities in vocational schools, which was partly due to the absence of accounting staff in most vocational schools until 2015, prevented providers from income generation. Uncertainties in connection with ongoing reforms in the system, including staff turnovers, were a further impediment for schools to generate income through economic activities.

Current legal procedures require that own-generated income should be debited to the VET provider's treasury account, and could be used only after MoFE approval of the expenses coverage plan (as part of the budget plan) and the cash flow plan. Revenues generated fall under the category "income within

the limit”, which means that unspent funds cannot be carried forward to the following year. The low capacities of VET providers to estimate their extra income, alongside with liquidity issues at central level which causes delays in the transfer of monthly instalments, discourage these institutions from engaging in income generation activity.

#### *Informality and scattered information on funding sources and expenses*

The high level of centralization in the VET financing system, a limited understanding and application of legal provisions due to the lack of accounting staff in some vocational schools and the immediate need to cover costs, led to ad-hoc solutions for vocational schools (while processes in VTCs are highly formalized). In several cases, additional income were deposited into bank accounts, sometimes in the name of the vocational school director if the vocational schools did not have a tax identification number (NIPT). In these cases, all records are kept at the provider level. Transactions are registered, not following standard procedures, and reported to the vocational school board, but not to the central level. The same procedure is followed for students’ contributions and/or donations.

Several VET providers benefit from contributions by local businesses or international donors operating locally (e.g. in Korça the Dorcas assistance for all providers) and paying for items such as consumables, equipment etc. There are cases of providers who manage funds generated through projects (e.g. EU/EC project for inclusive education in Beqir Cela and Isuf Gjata). In most of the cases, these contributions are not reported and not integrated in a comprehensive system, showing all the funding sources and destinations. Vocational schools have never been audited.

Since January 2015, under (then) MoSWY management, all VET providers have received a tax identification number and an accountant (full time or part time). Although progress has been made and things are being formalized, there is a big need for capacity building in financial management and clear rules and procedures.

#### *Low accountability of local government*

In the context of decentralization, local government units (LGUs) have a joint responsibility for pre-university education. To accomplish this role, each year, LGUs receive an annual budget from central government in the form of unconditional transfers to be used for the maintenance of school buildings’ and utilities; conditional transfers earmarked for dormitories and scholarships; and conditional grants from the MoFE, or on a competitive basis, from the state-financed regional development fund for investments in school buildings. The use of unconditional grants for education does not follow a “per student” formula and, in most cases, obligations with regard to school maintenance are not met.

This applies to all school buildings in pre-university education, but is particularly evident for vocational schools, which are generally regarded as second priority due to their low number in each LGU compared with other pre-university institutions, the higher cost per student, and exceptions becoming rules. Some vocational schools had a national status, which meant that they managed their own budgets (excluding capital expenditures) and had a direct reporting line with the MoES. Although never formally decided, some of the vocational schools were considered central government priority. National schools were the biggest and better equipped vocational schools. In cases where LGUs did not cover maintenance and utility costs, funds were covered by the MoES, as a remedy solution.

LGUs do not report on the unconditional transfers used (or not used) for vocational education and are not audited in this respect. Reports are missing for the services offered in dormitories, as well. With regard to capital investments in vocational education, LGUs are not proactive in terms of applying for regional development grants. The territorial reform is expected to delegate more functions to LGUs, but for the time being, responsibilities in the fields of education, or vocational education for that matter, are still to be defined. To date few LGUs fulfil their tasks with regard to vocational education. LGUs do not have any responsibilities for vocational training.

#### *Lack of business participation*



In many advanced VET systems, such as in German-speaking countries, the private sector contributes to VET in a dual system, by offering facilities for practice, by making available instructors and by supporting the design of standards and curricula, teacher training, exams etc. In countries where the business sector has been less proactive, different schemes were designed to generate funds from businesses and make them more aware about the benefits that this system could offer to them. In Albania, a National Employment and Skills Development Fund (NESDF) was proposed to be created in the frame of the revised Employment Promotion Law. Businesses are expected to contribute to this fund with a certain percentage of their profit-tax (if an agreement with the fund is signed). It is not clear at this stage whether this fund will be set up, whether it will support only vocational training as an active labour market policy or vocational education as well.

Businesses often refuse to accept interns/apprentices because of restrictive labour regulations. Changes to the labour code (2015) require businesses to pay students during their internship/apprenticeship period, but respective remunerations have to be decided by a DCM that has not been issued, yet. Costs for the insurance of vocational school students are not always covered by the responsible institution, while, for VTC trainees, no formal regulation is in place. The completion of the legal framework in this regard is an indispensable step towards getting the business sector on board.

#### *Inefficient capital expenditure*

Investments in the VET infrastructure, including both buildings and major items of equipment, are not in line with the needs. This is so not only because of the limited funds available, but also because of the low level of procurement capacities, the low quality of construction, and the inefficient use of facilities compared to the number of students served. Investment funds were absorbed only partly, especially in vocational education, as a result of the low interest of local governments to apply for the Regional Development Fund, and the failure of tendering procedures due to the bidding construction companies not being able to fulfil the standards, especially when donors applied international bidding procedures (WB case). Several new school buildings were not suitable for VET (space for workshops is lacking, an insufficient number of plugs, no washing rooms in dormitories etc.) and there were major problems with the quality of works carried out for new or reconstructed buildings (e.g. the vocational school in Lezha had to be rebuilt, the dormitory for Arben Broci school could not be used). The contracting authority (MoES in the case of IPA I investments) did not publish any specifications for how VET buildings should be constructed, and there was a lack of accountability.

Furthermore, there is an issue of vocational school or VTC buildings being underutilized. This inefficiency is partly the result of incomplete and not formative budget reporting and monitoring system in public sector, which based on previous OECD assessments<sup>7</sup>, is mainly financial and not containing full information about performance.

#### *Lack of a coherent vocational education and vocational training financing system*

The budgets for vocational education and vocational training continue to be planned under different MoFE programmes. Vocational training and vocational education providers still follow different financing regulations, which has been the heritage of the two types of institutions falling under the jurisdiction of different ministries – the (then) MoES and MoSWY. VTCs operate under the auspices of the NES and have fairly consolidated financial management systems, even if there is room for increased efficiency. In contrast, vocational schools depend directly from the MoSWY; they have multiple sources of funding, different statuses and differ a lot in terms of their capacities. Vocational schools rely much on LGUs. Some of the joint schools, who offer vocational education programmes, operate under the MoES. Former vocational schools with a local school status do not have any

---

<sup>7</sup>Klepšvik, Knut, et al. (2014), “Budgeting in Albania”, OECD Journal on Budgeting, Vol. 13/2., Retrieved at: <http://www.oecd.org/gov/budgeting/Budgeting-in-Albania.pdf>

experience in managing funds and depend on the MoES for investments, REDs for teacher salaries and office equipment, LGUs for maintenance, utility and even inventory keeping. This is overly complex and has led to a lack of capacity to deal with delegated responsibilities. As discussed before, income generation rules in place are different for VTCs and vocational schools. For the latter, such rules are even incomplete. An integrated network of unified VET providers with the ultimate goal of becoming Multifunctional Centres requires a comprehensive and unified legal basis.

*Incomplete, fragmented and partly unclear legal framework*

Below attached is the list of laws and by-laws (DCMs or Ministerial Instructions) that regulate VET financing.

**Table 18. Legal framework on VET system financing**

Law/by-law	Issue identified
Law no. 9936, date 26.06.2008 "For Budget system management in Republic of Albania"	Frame law that applies to all institutions. Defines general rules and definitions.
MoF instruction, No. 8, date 29.03.2012, "On standard procedures to prepare medium term budget"	Standard instruction on the process of Medium-Term Budget Planning. Defines joint responsibilities with local government.
MoF Instruction, no.7, date 28.02.2014, "On Medium Term Budget Planning 2015-2017"	Annually updated. If there are changes, these should be mentioned in this instruction.
MoF Instruction, no. 7/1, date 28.02.2014, "On the local budget planning 2015-2017"	Annually updated. If there are changes, these should be mentioned in this instruction.
Law No. 160/2014, "On the state budget 2015"	Annually updated. Annexes on the allocation.
MoF instruction, No.2, date 06.02.2012, "On the standard procedures of budget execution"	Standard instruction on budget allocation and disbursement. Defines roles and responsibilities.
MoF instruction, No. 2, date. 09.01.2015, "On the budget execution for 2015"	Annually updated. It explains if additional revenues are within or outside the limit, as well as details of the cash flow plan.
Law no. 8744, date 22.02.2001 on "Transfer of state real estate property to local government units", changed with Law no. 9561, date 12.06.2006	LGUs receive the ownership of properties of institutions where education takes place. CoM decides if the request for ownership is approved or not.
DCM no.502, date 16.4.2008, "For the administration of pre-university education dormitories", changed with DCM no.1710, date 29.12.2008	Dormitories are administrated by the LGUs. Employees in dormitories are part of LGU list of employees.
DCM No.710, date 29.10.2014, "For financial quota of food in dormitory canteens, scholarships and students payments in public education institutions, for academic year 2014-2015"	Annually updated. Decides on the beneficiaries of scholarships, the amount of the scholarship and procedures for planning, allocation and disbursement. Involves MoSWY, LGU, dorm, and student.
DCM no.432, date 28.06.2006 "For the creation and administration of incomes generated by budgetary institutions"	All revenues have to be transferred to the unique treasury account of the institution. This creates centralization and lack of flexibility.
MoF and MoE Instruction No. 33 date 10.06.2006	Education institutions are allowed to generate



“For the creation and the administration of incomes generated by budgetary education institutions”	revenues through economic activity and can use 90% of them.
MoF and MoE Decision No. 161 date 03.04.1995 “For the organization, management and financing of the workstations in agricultural, industrial and economic schools”	Allows income generation through economic activities. Has limited application to agriculture and industrial workstations and doesn't provide instructions on accounting procedures and using the revenues generated.
Law no. 8438, date 28.12.1998 “For taxes on incomes” – updated	Income generated by education institutions is exempt from tax.
Law No.9121, date 28.7.2003, “On competition provision”, updated with law no. 9499, date 03.04.2006, Law no. 9584, date 17.07.2006	Goods and services sold by VET providers don't break the law on competition as they do not have a dominant market share.
DCM No. 500, date 22.05.2013, “On the support, criteria and conditions to benefit support by private companies that accept VE students for practice”	Students' allocation to practice places in private companies is planned annually and based on contracts signed by NAVETQ. Costs for accommodating students are “deductible expenses”. Students' life insurance is planned in VE budgetary programme. VTC trainees are not covered.
DCM No. 77, date 28.1.2015, “For the obligatory contributions and benefits from social and health insurance”	The employer pays minimal social and health system contributions for students during unpaid practice period. Trainees are not included
Law on Labour Code, amended in 2015 “Additions and changes to the law no. 7961, dated 12.07.1995, “Labour Code in the Republic of Albania”, changed	CoM may impose a remuneration, lower than the national minimum wage, in cases of apprenticeship in the dual VET system. No DCM was prepared for this

(Dibra, 2015, p. 23-29)

### E.5.2 Policies to ensure adequacy of resources for VET and equity in their allocation

Dibra (2015) holds that “there is an issue of revising the legal framework to regulate, among others, VET financing issues with a view to lay the ground for reforms toward creating a VET system, which is unified, decentralized and responsive to labour market needs”. Suggested solutions are as follows:

*“Budget planning for VET system:*

- The entire budget for VET is planned through an integrated budgetary programme called “Vocational Education and Training”.
- Funds planned for vocational schools, which are currently part of the unconditional transfers to local governments, become part of MoFE's “Vocational Education and Training” budgetary programme.
- All funds for VET shall be channelled through the NESDF.
- Local Governments are allowed to contribute to VET providers' budgets, or 'order' and pay for specific training measures, using their own budgets and/or donor projects.
- Global budget planning for VET by the MoFE should take into consideration labour market and sectoral priorities and is, over time, based on realistic cost indicators and a “per programme/course” and “per capita” funding formula. NAVETQ calculates, and regularly updates, these financial indicators and MoFE makes them public (capacity building and international expertise are needed in this regard).

- NAES elaborates, and MoFE approves, standards for the required infrastructure/ facilities for each VET programme area. After having reorganized the VET providers' network in line with existing recommendations and making economies of scale, MoFE creates a technical secretariat to prioritize investment needs to upgrade the VET infrastructure (both buildings and workshop equipment), based on clear criteria (point system) and a transparent process.
- MoFE and/or other institutions or donors make available, through the NESDF, additional grants for VET providers for specific innovation and development projects that contribute to increasing quality in VET. VET providers are able to benefit from such funds, following a competitive and transparent procedure.
- More effective incentives are given to companies to share the costs of education and training or to receive interns or apprentices. Incentives/ rules/ procedures could be modelled on those for the subsidised employment promotion programme for jobseekers, which is managed by NES.
- Dormitories are considered part of the VET providers' premises and structures and, hence, are integrated into the budget management system of VET.

#### *Budget allocation for VET providers:*

- There is one Fund for the entire VET budget and one institution responsible for managing this Fund, including budget transfers to VET providers.

#### *VET providers' financial autonomy:*

- VET providers generate income through trainees' fees, products sold as a result of their activity or services offered to third parties within their mission (skills development), through renting out facilities or other forms allowed by law.
- The income generation activity has the ultimate goal of improving the service offered by the VET institution in question (it should by no means aim at making profits).
- VET providers can apply directly for funds from different national or international programmes and manage these grants.
- VET providers fix training fees for planned courses.
- The State budget guarantees the offering of programmes approved at national level. However, VET providers are allowed to offer additional programmes or courses and are self-responsible to cover financial costs through training fees, own revenues, public-private partnerships, donor projects or other sources.
- A VET provider opens and manages one bank account through which all transactions are done, following the rules of sound financial management (manuals, templates, IT systems and training are needed for that).
- A VET provider prepares an annual financial plan, which also includes expected own revenues, which is discussed and endorsed by the VET steering board. The plan might be adjusted midway through implementation (by 1 July).
- VET providers can use 100% of the income generated.
- VET providers should be able to carry forward undisbursed funds to the next year. This requires that, in the annual budget execution law, these incomes are classified as "outside the limits".

#### *Reporting:*

- VET providers operate, and follow the legal including accounting procedures, as non-profit-making public institutions.
- VET providers report to their boards about budget execution at the end of each quarter and submit their annual budget execution report to NAES once per year (by 31 January of the following year).
- Budget management and execution may be inspected by the State Supreme Audit and the MoFE audit.

- NAES provides instructions, templates, IT systems and training on VET provider financial planning and reporting.

*Students' benefits:*

- Contributions to national social, health and pension systems, as well as accident and life insurance premiums for students or trainees undertaking practice periods in companies are planned as part of the MoFE budget for VET. NAES transfers these funds to VET providers, while VET providers pay them out to companies.
- The DCM on scholarships is extended to cover all students/trainees in need of assistance with a view to increase enrolment or to support excluded categories.
- Partial or full subvention of transportation for students/trainees in need of assistance is considered to help them get to their places of learning (including to company practice places).

*Other issues:*

- DCM No. 500, date 22.05.2013, and DCM No. 77, date 28.1.2015, is updated and include trainees;
- A Grant on VET is included as a separate grant on the annual law for budget, Annex 3/1 of the Regional Development Fund (pillar I, point c);
- The supportive legal framework for the NESDF is developed. All types of VET providers are able to benefit."

(Dibra, 2015, p. 29-31)

## 2. SUMMARY OF MAIN FINDINGS AND RECOMMENDATIONS

### 2.1 Main findings

#### ***Key economic sectors***

Gishti & Shkreli (2015) list the following sectors, which are key to the Albanian economy (as well as the skills or occupations within these sectors):

- Agriculture and forestry;
- Food processing industry
- Extracting industry
- Manufacturing (processing) Industry
- Energy and water supply industry
- Construction industry
- Services industry
- Health sector
- Maritime sector

(Gishti & Shkreli, 2015, see pages 21-29).

#### ***Labour market developments***

Statistics on education and labour market reveal something of an unexpected inverse relationship in trends. That is, while educational outcomes have underperformed, labour indicators have shown some gains in recent years, mainly through economic growth and job creation.

However, low activity rates, a large share of long-term unemployment and high informality (incl. self-employed in unregistered businesses, wage workers without written contracts and unpaid family workers) remain key challenges for Albania. In addition, the national figures mask significant variance between genders and regions. Jobs are more highly concentrated in the major urban centres, such as the capital Tirane and Durres, which forms the major commercial axis.

2017 activity rates were the highest in Elbasan, and lowest in Durres, Lezhe, Tirane and Diber. The lower participation rates e.g. in Tirane and Durres are apparent contradictions, on which we can only surmise the impact of the informal economy and a preponderance of casual work among a workforce that is more mobile and changeable than in other regions. Inactivity remains strongly gendered: it is primarily a phenomenon of women, as well as young people and people with low education.

Low employment rates in the urban centres of Vlore, Tirane and Durres suggest a lack of jobs, particularly where agriculture cannot soak up excess labour. Significant regional variations in employment and job creation are also influenced by a great deal of seasonality.

Those in employment can face a high degree of precariousness and instability. Well over half (55.9%) of all employed persons were self-employed in 2017. Such engagement is usually in the form of seasonal, ad hoc, informal or vulnerable employment. Vulnerable employment (i.e. people without access to full employment rights, including contributing family members, wage employees without social security schemes, home and casual workers) totalled a very high 52.9%. In this context, one third of the people in Albania work as unpaid family members. These data suggest that vulnerable employment is not a marginal phenomenon in Albania, but a major structural weakness of the labour market.

The patterns of discouragement and being excluded from the labour market due to domestic responsibilities, that are self-recorded in the Labour Force Survey (LFS) across the main working age group 24-65, are consistent with the dynamic of precarious and vulnerable employment. This merits consideration for social inclusion policies addressing the issues faced by people at working age, such as domestic responsibilities and discouragement, rather than only among marginal groups.

Youth unemployment (15-24) has been persistently high. The overriding trend, however, is downwards (31.9% in 2017). While this is encouraging, there are externalities that have contributed to the trend, notably high rates of emigration among this demographic – particularly with high-skilled workers and graduates.

There continues to be problems on both the supply and demand side, in terms of the structure of and access to the labour market, characterized by non-competitiveness and a low skills base in the face of a predominance of short-term and vulnerable employment. Sizeable challenges for Albania remain in terms of economic and social development: low growth or jobless growth, low involvement of women in economic activities, a high level of unemployment especially among youth, a high proportion of disengaged young people (NEETs).

There is a range of structural problems including a breakdown of innovation diffusion from leading to lagging firms and regions, barriers to entrepreneurship and business dynamics, skills mismatches and limited or obsolete skills formation. Traditional learning falls short of equipping students with the knowledge and skills they need to enter the labour market. This results in poor income and employment outcomes for low-skilled workers with a surging ahead of top incomes. The rise in youth unemployment also presents a major challenge to social cohesion, as young people who do not find employment and feel excluded from all walks of life, are more likely to experience deprivation and exclusion long-term and at key points in the lifecycle.

### ***Active labour market policies***

The adoption of the 2016 Law on Unemployed Jobseekers and related stringent registration criteria led to a major slump in the numbers of unemployed jobseekers (from 145,147 in 2015 down to 83,497 in 2017). According to an evaluation carried out by UNDP (2017), participation in a publicly funded Employment Promotion Programme (EPP) was generally assessed positively in terms of enhancing participants' possibilities to enter the first labour market. However, there are issues related to the low coverage of EPPs, as well as deadweight and 'creaming' effects. Only 5.86% (of the reduced number) of registered jobseekers participated in EPPs in 2017. EPPs evolve around subsidizing employers for offering jobs and on-the-job training - an intervention, which usually carries significant deadweight effects (companies might have hired workers also without state incentives). The most successful EPPs in terms of their gross effect on the employability of beneficiaries are expectedly the EPP targeting young unemployed jobseekers entering the labour market for the first time, followed by the one on unemployed jobseekers who graduated from Albanian and/or international universities. Long-term unemployed as the most vulnerable people on the labour market benefit very little (1.5 % of all LTU, UNDP, 2017).

Training for unemployed jobseekers in the public vocational training centres (VTCs) is typically short, supply-driven, of a doubtful quality and with a low impact in terms of developing people's skills and integrating them into the labour market. A GIZ project supporting five VTCs is addressing these issues.

### ***Overall education budget, general and higher education reforms, AQF***

Despite an earlier target by the Albanian Government of 5%, public education expenditure decreased slightly to 3.1% of GDP in 2017.

Only nine years of education are compulsory. The average number of years of schooling was 10 in 2017 (Unesco UIS database). School careers can be curtailed because of dropping out due to socio-

economic need, lack of sufficient financial means, the persistence of traditional cultural values, and a wide variation in provision leading to access issues, such as remoteness or over-subscription of state schools in urban areas. Due to resource and capacity limitations educational professionals may be forced to provide a reduced curriculum. Resource constraints affect also pupils with special needs and mixed abilities. While quality in education is an issue across the country, schools in rural or mountainous and isolated areas face additional problems, among others because they cannot attract qualified teachers.

Despite improvements since 2009, Albania continues to occupy low ranks in PISA tests. Half (50.3%) of the 15-year olds perform poorly in reading and even more than half (53.3%) in mathematics. Lacking these basic competences, young people face difficulties with their further learning and risk not to be able to cope with ordinary work and life challenges later on. The MoESY has made progress with a focus on curriculum reform and improved teacher recruitment and training in general education. It hopes that an impact of these reforms will show through PISA 2021 results.

The emphasis of reforms in higher education has been laid on performance-based financing, as well as institutional and programme accreditation. However, there are still many gaps to be bridged. There is generally an issue of increasing the education budget and making its use more transparent, including for private higher education institutions. Concerning access, it is crucial to sustain nearly universal enrolment rates in primary education and to urgently increase enrolments in pre-primary education. Of strategic concern in terms of equity and non-discrimination, remain education policies that effectively address income and social class inequality, the urban-rural divide, gender disparities, the lack of opportunities for disabled people and discrimination against minorities. Further efforts are necessary to improve the quality of education with an emphasis both on overcoming the differences between urban and rural areas regarding the quality of schools and teachers and on enhancing basic competences. This includes sufficient resources related to infrastructure and facilities, teachers, transportation and textbooks.

The Albanian country report by the EC/ DG EAC and LSE-Enterprise on 'Higher education provision and labour market opportunities' (2015) provides an account of the key economic sectors, as well as the (lack of) labour market relevance of higher education studies and employment prospects of higher education graduates. It laments the mismatch between current higher education provision and employers' needs and provides a number of policy recommendations.

To ensure equal access, higher education policies need to address the issue of tuition fees, scholarships and dormitories. With a view to improving the quality of provision, there are issues related to assessing the performance of lecturers, fighting corruption and plagiarism, investments in libraries and laboratories, and forging strategic partnerships with companies for students' internships and other types of cooperation. Students' democratic rights and co-decision-making powers in university structures need to be strengthened.

The current discontent of university students covers several issues, including a reform that opened up public education funds to private universities, often linked to political parties, allowing them to compete for funds and students. As a result, public education became both more expensive and less accessible. The University of Tirana – the biggest one in the country - received a devastating accreditation report in November 2017, only partially meeting the government's quality standards. Corruption and plagiarism are widespread, while no visible investments have been made by the government. Thus, for example, dormitories often remain without basic facilities.

Amendments to the 2010 Law on the Albanian Qualifications Framework (AQF) have been adopted and by-laws drafted. The National VET Agency was the main driver, while the higher education sector and employers have so far contributed only to a limited extent. Capacities for full AQF implementation are currently considered weak.



## **Public VET sector**

The public VET sector is very small with (now) slightly over 5,400 enrolments in vocational schools per year, which corresponds to approx. 20% of secondary school students who go into VET. There are 35 public vocational schools and 700 VET subject teachers and instructors in the secondary VET system altogether (apart from general subject teachers in VET). Many of the public VET schools are very small and offer only a few profiles to a restricted number of students. Efforts to improve VET offers and national publicity campaigns in the past years have led to an increase of young people enrolling into VET programmes, despite overall falling student numbers due to the population decline. Most popular are VET programmes in institutions supported by donors.

In addition, there are 9 (+ 1 mobile) vocational training centres that offer courses lasting 2-6 months. Courses - including foreign language and IT courses - are attended by basic school, gymnasium and VET school graduates, to complement their school education. In addition, the National Employment Service (NES) refers unemployed jobseekers to specific VTC courses, which are free of charge for them.

VET system reforms are going on at a much slower pace than in the general education sector, although there is major progress in VET institutions supported by donors. "There are good practices at the project/ pilot level, but few efforts have been scaled up and/or institutionalized", the report on the Mid-term review of the National Employment & Skills Strategy and its Action Plan 2014-2020 (NESS 2020) concludes (HDPC, upcoming, p. 28).

The transfer of responsibilities for VET from, first, the Ministry of Education and Sports to the Ministry of Social Welfare and Youth (MoSWY) in 2013 and, then, to the Ministry of Finance and Economy (MoFE) in 2017 and related major staff cuts at Ministry level have clearly compromised VET system management and capacities for VET reform. The handling of financial and management issues of the 35 vocational schools was re-assumed from Regional Education Directorates back into the Ministry, with all the ensuing consequences for the workload of (now) only 3 VET specialists in the MoFE. Previously functioning financial procedures were re-centralised, while data collection and monitoring, teacher training schemes or issues such as inspections of vocational schools were largely disrupted.

The idea is to turn the National Employment Service into a National Agency for Employment and Skills (NAES), which would deal with both VTC and VET school management in the future. This would allow also for economies of scale concerning the network of public VET providers and for expanding their training offers to target both young people and adults. Long planned, concrete initiatives to set up the agency are being taken only now with the Law on Employment Promotion that will regulate the setting up of the NAES. The Law is in its final approval stages.

The process to complete the new VET Law started in 2014 and led to its final adoption in February 2017. A few contradictions remained with this Law, notably as concerns references to programmes (and time spent in education), as opposed to a focus on outcome-based qualifications. In principle, this framework Law paves the way for structural reforms, such as:

- the eventual unification of the VET school and VTC systems in terms of management, provider network, qualifications, support to curriculum or course development, teacher training etc. and the formation of multifunctional VET centres, as well as
- the introduction of various new development functions within vocational schools or centres and of work-based learning as a structural part of VET curriculum implementation. The new development functions of vocational schools include: school-business liaison, VET programme or curriculum adjustment and diversification, coordinating the continuous professional development of VET teachers and trainers, career guidance, project writing and marketing the school's activities.

However, to do so respective sublegal acts to implement the VET Law would have to be drafted. Work has been undertaken to draft a number these sublegal acts. However, only some of them have been

adopted by now. Major progress on that is expected in 2019, following the adoption of the Law on Employment Promotion and the formal establishment of the NAES.

The ideas of the multifunctional VET centres, the introduction of development functions and the organisation of work-based learning have been or are being piloted in several donor-supported institutions and programmes. However, to date, the status of only one multifunctional VET centre in Kamza has been put on a legal basis (Decision of the Council of Ministers - DCM). Even there problems remain, such as the possibility to hire and pay (higher fees to) specialist trainers for adult courses and to generate and reinvest own income, which impede the widening of target groups and training offers.

The Ministry has invested major resources in the refurbishment of VET schools and the equipment of laboratories, to upgrade current general subject and VET provision. However, it has not been possible for the Ministry so far to make additional resources available for the expansion of training offers by VET schools to become multifunctional centres and the recruitment of additional VET teachers, including those who are to take over the new development functions. To give an example, according to information by the Swisscontact Skills for Jobs project, 90 VET teachers are reported to be lacking in the six VET institutions supported by the project, where enrolment numbers have been rising due to the increasing attractiveness of courses.

In summary, in contrast to the general education sector, both the management and financial capacities of the VET sector to design and lead on system-related reforms have been disappointing. Innovations are being introduced in the system and vocational teaching and learning is improving in some programmes and institutions. They are funded first and foremost by donors, which have helped some generations of school graduates. Donor funding for VET, employment and social inclusion roughly equals State budget funds available (UNDP/HDPC, upcoming, p.28). The massive influx of donor money, and the plethora of reform initiatives suggested or introduced on a pilot level, are too ambitious for the national level to be scaled up and sustained. Thus, it also becomes inefficient for donors when they see some of their investments not being sustained. This suggests a more rigorous review by top decision-makers and perhaps scaling down of the number of VET reform initiatives.

The National Employment & Skills Strategy and its Action Plan 2014-2020 (NESS 2020), which was adopted by the Government in November 2014, has been a very ambitious attempt to bring under one framework as many as 52 measures and 251 outputs. NESS 2020 implementation is advancing, although to varying degrees as regards the four different pillars. Substantial progress was reported to be achieved under Pillar A on Employment services and employment policies. Nevertheless, continued efforts are required to ensure the quality and impact of employment services, first and foremost with a view to ensure a successful labour market integration of a wider range of jobseekers, including long-term unemployed or other hard-to-place people. Some progress was made as concerns both Pillar B on VET (see details below) and Pillar D on the legal and governance framework. No progress was achieved under Pillar C that deals with the extension of employment and VET services to rural areas, not least because donor support for this area was lacking.

One must note that all reforms take place within the context of a major overall reform context in Albania, which touches upon almost every sphere of the economy and the society. These include initiatives, such as the territorial reform and the decentralisation of functions to local government levels, public administration reform, general and higher education reform, labour market reform and the reform of the social assistance and care systems. With the coming on stream of the IPA Sector Reform Contract 2016-2019 for the employment and skills sector, the Ministry and all implementing partners shifted their attention towards the achievement of related performance indicators. Fairly so, but this actually suggests the need for a re-calibration of the NESS 2020 Action Plan for 2019-2020 to bring ambitions better in line with current priorities and capacities. This is also a strong conclusion of the NESS2020 Mid-term review. There are intentions to do so now with the revision of the NESS 2020 and the expansion of its Action Plan to 2023.



The list below summarizes key reform initiatives in VET in line with the NESS 2020 and the state of play at the end of 2018:

Reforms	Institutions in charge	Period	Progress/ State of play
Overhaul of the legislative framework of VET	MoFE	Started in 2014, ongoing	VET law no. 15/2017, adopted on 16.02.2017. Most of the (21) sublegal acts drafted, only some adopted so far. The range of sublegal acts drafted so far does not yet aim at a unification of the VET school and VTC systems and tackle key issues such as revised VET financing rules.
Creation of an administrative structure for VET	MoFE	In progress	The Law No. 15/2017 stipulates that a National Agency for Employment and Skills is to be established to take over the management of the entire VET system (vocational schools and VTCs). The Law on Employment Promotion has been drafted and is waiting for approval. Consultation process has been completed.
Social dialogue/ Creation of a tripartite National VET Council	MoFE	In progress	A DCM on the VET Council has been adopted. Sublegal act adopted on VET school boards, incl. business reps. % of implementation?
Rationalisation of the network of public VET providers and turning them into multifunctional centres (MFCs)	MoFE	Started in 2014, ongoing	Number of vocational schools reduced from 42 to 35. According to the NESS2020 mid-term review (HDPC, forthcoming), "efforts to close down poorly performing VET schools and alter/diversify training offers didn't go far enough" (p. 53). Only VET Centre Kamza may be considered an MFC and operates on the basis of a specific DCM. Many investments in school facilities done, on the basis of the current (rather than the projected) VET offer. Reorganising the network of VET providers: Draft MoFE action plan on the optimisation of public VET providers exists, suggesting 17 MFCs, so far without cost estimates and not yet discussing VET offers. Costs estimates do exist for Elbasan and Vlora MFCs. The whole operation of forming 17 MFCs (as opposed to 35 VS + 10 VTCs) is seen as largely cost-neutral. Need to come up with a standard format of a MFC organigramme now. GIZ supporting. Need for Ministerial Orders to legalize status of MFCs, for Institutional Development Plans, followed by Strategic Investment Plans of MFCs. Institutional development plans adopted for Kamza and drafted for Elbasan.
Skills needs analysis (SNA)	MoFE NES Donors	Completed in 2017 (to be repeated at regular intervals)	NES officially in charge, but with insufficient own resources. The latest SNA was carried out in 2017 and results analysed by region, sector, size and ownership type of companies. Follow-up action plan developed. NES uses findings to steer unemployed jobseekers into training. SNA 2017 results informed MoFE's current plan for rationalisation and optimisation of the VET providers' network. VET schools have opened some new courses (IT, mining ...). In general, it is difficult for VET schools

			to respond to new demands as they lack resources, including additional teachers or trainers.
AQF development and implementation, VET qualifications, curricula and sector skills committees	AQF taskforce  NAVETQ	In progress	<p>Inventory and analysis of vocational qualifications completed in 2017.</p> <p>National List of Occupations adopted by DCM 514, dated 20.09.2017.</p> <p>Qualifications identified and standards/ descriptions are developed with involvement of employers.</p> <p>Development and revisions of frame curricula are ongoing tasks. Curriculum model is modular.</p> <p>Instruction no. 27 dated 30.07.2018 regulates VET curriculum formats and procedures, taking into consideration quality criteria for inclusion of vocational qualifications in the AQF. NAVETQ issues guidelines for VET providers and teachers, including assessments methods and tools. NAVETQ provides training on curriculum design.</p> <p>MoFE Instruction no. 26 dated 30.07.2018 on "Approval of the National Catalogue for Vocational Qualifications" specifies procedures for inclusion of quality-assured qualifications in AQF.</p> <p>Three sublegal acts for AQF implementation already approved. The other ones will go through by end year.</p> <p><u>Issues:</u> System of delivering training against national quality-assured qualifications not yet in place (problems especially with VTC/ adult learning system).</p> <p>VET qualifications to be developed, going through internal and external quality assurance processes and procedures for inclusion in AQF.</p> <p>NESS 20202 mid-term review claims that "qualifications are to embed knowledge, skills and competences according to international standards" (HDPC, forthcoming, p. 59)</p>
Quality assurance/ Accreditation and self-evaluation of VET providers	MoFE NAVETQ VET providers	Ongoing	<p>No national VET provider accreditation system in place (only licensing procedure by National Centre for Business Services - QKB).</p> <p>UNDP SD4E project and IPA 2013 VET project completed and tested Guideline for the Self-Assessment of VET providers at MFC Elbasan in 2017. Draft Ministerial Instruction on QA being revised.</p> <p>S4J (will) support self-evaluations and development planning in six VET institutions.</p> <p>No inspections of vocational schools have taken place since 2013. VET inspections to be done by education inspectorate in the future again.</p> <p><u>Steps:</u> Instruction, training, full roll-out of self-evaluation of VET providers (process planned to be completed with UNDP support by May 2019)</p> <p>Need to draw up list of criteria as a basis for VET inspections of MFCs</p>
Postsecondary/ non-tertiary VET programmes	MoESY/ AQAHE and universities	ongoing	<p>In 2015 NAVETQ identified 39 titles of postsec VET qualifications most in need on the labour market. 4 qualification descriptions and frame curricula developed under IPA 2010 HRD project but not implemented. No progress with frame curricula by end 2017. Postsec VET programmes that would</p>

			<p>take be delivered by VET institutions are currently not seen as an attractive alternative to those delivered by universities.</p> <p>Beqir Cela vocational school is the only school that cooperates with a university on a postsec IT programme (and pilots a car diagnostics postsec VET programme).</p> <p><u>Postsec/ non-tertiary VET courses delivered by universities:</u></p> <p>During the academic year 2016-17 around 1,800 students were enrolled in post-secondary, non-tertiary (VET) programmes (see Table 1), which are implemented by university faculties.</p> <p>See Annex 2 for a list of all existing postsec/ non-tertiary VET programmes currently on offer by universities.</p> <p><u>Issues:</u> A specific review would need to clarify whether postsec/non tertiary VET offers are relevant to labour market demand, the quality of provision, including project-based &amp; work-based learning schemes to develop relevant skills etc.</p>
Increasing visibility and publicity for VET	MoFE VET providers Donors	regular	<p>Open days of vocational schools</p> <p>'I choose VET' Skills Fair May 2017</p> <p>VET Skills Week November 2018</p> <p>Annual career and jobs fairs</p> <p>RISI Albania "Do you have an idea" TV show</p> <p>"Albanian Skills" initiative (= private initiative)</p> <p>VET portal exists but info not uptodate.</p> <p>Swisscontact drafted ToR for an integrated platform, to be hosted by AKSHI, where information will be made available on public and private VET providers and their offers.</p> <p><u>Issues:</u></p> <p>Overall visibility of VET policies as part of MoFE is low.</p> <p>Limited or no access to (any kind of) VET and qualifications in different Albanian regions and for differently abled people. Dormitories often not an option for girls.</p>
Upgrading of buildings, workshops and equipment	MoFE VET providers Donors	At advanced stage	<p>Funding for VET schools over the period 2014-2018 increased by 35%. In 2017 alone EUR 1.2 million were invested. Investments in 8 schools were envisaged for 2018 and in another 9 for 2019 (HDPC, forthcoming, p. 56).</p> <p>Major capital investments done over several years to upgrade VET school infrastructure and equipment, based on current training offers and equipment needs.</p> <p><u>Issues:</u></p> <p>Strategic investments to follow Institutional Development Plans, once completed.</p> <p>Follow-up (maintenance) costs to be budgeted.</p>
Introducing new development functions in all VET schools	MoFE VET providers Donors	At initial stages	<p>Law on VET adopted.</p> <p>Pilot initiatives in six donor-supported institutions introduced the following functions as per the new Law: continuous professional development (CPD) of the teaching personnel within the institution; curricula development; establishing links between</p>

			<p>the provider and businesses; career guidance; engaging in developmental projects; publicity activities; collecting tracer data.</p> <p>The sublegal act on VET providers, which contains specifications for all new functions, is pending the adoption of the Law on Employment Promotion (which includes provisions for setting up NAES).</p>
(within this context) Introducing work-based learning in VET	MoFE VET providers Donors	At pilot stage	<p>Sublegal act adopted on school boards, incl. business reps. % of implementation?</p> <p>Role, functions and competence profile of school-business liaison persons defined in draft sublegal act on VET providers (not adopted yet).</p> <p>Pilot initiatives in GIZ-supported VET Centre Kamza and six Swisscontact S4J-supported VET institutions:</p> <p>Designated staff in VET institutions are responsible for relations with businesses. Gradual Skills Development Scheme, with increasing duration of practical work and internships over the years.</p> <p>Individual agreements signed with some 200 (Kamza) and 300 businesses (S4J) who offer internships to 700 students (S4J) with contracts of two-year duration. Students apply, companies can select students. Company staff supervise. Students follow individual learning plans developed with in-company trainer and school instructor. Company trainers prepare evaluation forms.</p> <p>S4J developed concept for training of in-company trainers and training programme.</p> <p>National regulation on work-based learning (WBL) has been drafted.</p>
Introducing apprenticeships (in the crafts sector)	MoFE Biznes Albania	At initial stage	<p>Law on Craftsmanship adopted (no. 70, dated 30.06.2016).</p> <p>National Chamber of Crafts established. Assembly and new President appointed in 2017. MoFE approved the Statutes in Febr 2018.</p> <p>Draft DCMs are being prepared on: (i) the financial support to the Chamber (Law envisages two-year coverage from State budget); (ii) the contract between the apprentice and the employer.</p> <p>Premises identified for accommodating the Chamber (next to VTC no. 4 Tirana). State funding for two-year period secured.</p> <p><u>Issues:</u> communication and closer cooperation with business associations and businesses; pilot experiences.</p>
Strengthening entrepreneurial learning (EL) in general education and VET	IoED NAVETQ VET providers Donors	At advanced stage	<p>National Pre-University Curriculum Framework includes entrepreneurship competence as one of seven compulsory key competences.</p> <p>Junior Achievement programme in all general schools.</p> <p>“Basics of entrepreneurship” subject for grade 12 of all VET profiles (except for business administration) and “Entrepreneurial behaviour” (Grade 13 of business administration).</p> <p>Teaching &amp; learning materials updated.</p> <p>Trainers and teachers from VET schools trained.</p> <p>Implementation is still an issue.</p> <p>(Andoni, 2017)</p>

			<p><u>Issue:</u> Acc. to the NESS 2020 mid-term review, Teacher skills and training on EL are still an obstacle for developing related competences of students (HDPC, forthcoming, p. 69).</p>
<p>Strengthening digital skills and digital &amp; online learning in VET</p> <p>(NB. This is not included as one of the NESS2020 measures.)</p>	NAVETQ VET providers Donors	At pilot stage	<p>National Pre-University Curriculum Framework includes digital competence as one of the key competences.</p> <p>Various donor initiatives (Swisscontact, Kulturkontakt Austria, GIZ, Italian Development Cooperation) that fund IT schools or programmes and the cross-curricular development of IT skills.</p> <p>Initial VET:</p> <ul style="list-style-type: none"> <li>the postsec IT programme as an interesting cooperation between Aleksander Moisiu University (providing the theory) and Beqir Cela vocational school (providing the practice) in Durres</li> <li>Hermann Gmeiner IT school Tirana and Peter Mahringer IT school Shkodra, fully funded by KulturKontakt Austria</li> <li>Swisscontact Skills for Jobs project: ongoing teacher training and introducing DOL in six VET institutions, including: S4J prepares digital online materials for IT, hotel &amp; tourism and business education, involving also teachers. They use the online open-source learning platform metronom.al. Two schools are appointed as CISCO academies, trying to integrate online modules into curricula. Memorandum of Understanding signed with Microsoft. Operating system for €1. 'Shape the future' programme. Microsoft Imagine Academy free courses, such as on IT in tourism. In addition, work is being done to develop +2 level IT courses. And modules on (repair of?) eCars. IT programme students undertake practical assignments/ projects upon agreement with IT businesses.</li> <li>(GIZ supported) VET Centre Kamza trained teachers and became CISCO academy</li> </ul> <p>Continuous VET:</p> <ul style="list-style-type: none"> <li>PROTIK ICT Resource centre and PROTIK Innovation Centre</li> </ul> <p>(Viertel &amp; Brolpito, 2018)</p> <p>Interinstitutional working group set up including MoESY and MoFE. Thinking about CISCO incentives or other measures and attracting investors. Swisscontact/ NAVETQ working on a national ICT curriculum right now. Current focus on ICT sector and It curriculum. A lot more needs to be done to introduce digital skills as a key competence. Major issue with Internet/ Broadband connections of schools.</p>
VET teacher recruitment	MoFE	ongoing	<p>General subject teachers in VET fall under the jurisdiction of MoEYS. Since 2015 they are recruited following a transparent ranking system, with an emphasis of 30% on education background and 70% on results from a written test.</p> <p>Recruitment of new VET subject teachers will follow</p>

			the same procedure The workload of practice instructors in schools has been reduced from 30 to 25 hours per week.
Pre-service and continuous professional development (CPD) of VET school directors, teachers and trainers	NAVETQ VET providers Donors	At pilot stage	Two-year Master in Educational Science programme focuses primarily on general pedagogy and psychology. No genuine pre-service training system for VET teachers in place. No structured induction/mentoring scheme for newly recruited teachers in VET. NAVETQ still does not have an official mandate and a regular budget for the CPD of VET personnel, but respective DCM in the pipeline. NAVETQ keeps a database of accredited teacher trainers and training modules. Under the IPA Sector Reform Programme MoFE/NAVETQ is in charge of arranging, for all 700 VET teachers and trainers currently in the system, a 24-day Basic Pedagogy programme. Manual published. Progress: 43 in 2016; 247 in 2017 and probably 196 (tbc) by end 2018, in line with the target of 70% of all. ETF/ Kuqi did a mid-term evaluation of the programme in March 2018. Many Train the trainers and teacher training activities by all donors training in their pilot institutions and profiles (GIZ in VET Centre Kamza and 5 VTCs; S4J – six VET institutions; KulturKontakt Austria – (formerly) business education and (now) tourism schools; Italian Development Cooperation). ETF/HDPC are carrying out a survey on the CPD of VET school directors, teachers and trainers. S4J reported lack of VET teachers in VET institutions. MoFE teacher planning is an issue. Law on VET provides for appointing CPD coordinators in all VET schools.
Extension of VET (and employment) services to rural areas	MoFE NES	No progress	Some areas in Albania remain uncovered by VET provision, creating problems with the access of some basic school leavers to secondary VET.
Tracer study on graduates from both vocational schools and VTCs	MoFE NES	Partly implemented	In July 2017 GIZ-funded experts completed first report on data collected from students who graduated from VET schools 6 to 9 months prior to the survey (18% response rate). The report provides sufficient evidence for MoFE to act on and adjust VET provision. Target under IPA Sector Reform Programme: 2% more VET graduates employed or self-employed, as evidenced in 2017 report.

A tracer study among 320 graduates from public vocational schools in Albania in 2017 (GIZ, 2017) showed that 41% were in a work relationship (mostly in two sectors – wholesale & retail and hotel & catering; jobs concentrated in Tirana-Durres). 25% continued their education, mostly at higher education level, but not necessarily in the field of their VET studies. 27.6% of the survey participants were NEETs, while roughly one third of these NEETs had never worked and 59% had already been looking unsuccessfully for a job for more than 12 months. Over half, or 52%, of the VET school graduates said that there is ‘no demand for people in their trained fields’, while 33% claimed there are no jobs available in their regions or towns. 45% of the VET school graduates claim that they did not use the knowledge gained from school, while 58% consider changing their profession. This suggests a public VET system, which is still largely out of tune with both labour market demand and students’

aspirations. The survey also showed that in those few branches and institutions, where donors have been active for many years, good results in terms of graduates' employment have been achieved.

### ***Postsecondary VET and private training provision***

In addition, there have been interesting developments with both the opening, by universities, of new two-year postsecondary/ non-tertiary VET programmes and fee-based, private training provision. Both areas should be expanding further, but with an eye by national authorities to quality assurance/consumer protection and the inclusion of respective qualifications into the AQF. Some areas, such as in the north/northeast parts or in the south of Albania, remain completely uncovered by any type of VET provision.

### ***Adult training***

On leaving initial education, there are few opportunities for lifelong learning, skills and career development. Problems include the lack of adequate adult training facilities and offers, especially outside bigger urban centres. Adults, especially older adults and perhaps rationally, do not consider it worthwhile to invest in further training. Lifelong learning participation is extremely low across the country (0.9% in 2017, INSTAT).

The generally low skills base also limits the horizons of this group and discourages exploration of further avenues of learning. People with low levels of education (ISCED 0-2) remain at a clear disadvantage when it comes to finding employment. Females with low levels of education are even at a higher risk, compared to their male counterparts. Suitable strategies to fight unemployment and exclusion need to address people's basic skills issues and include remedial education measures.

## **2.2 Recommendations for action**

2019-2020:

### **NESS 2020 – Overarching issues:**

- The NESS 2020 is revised and an Action Plan 2022 drafted and adopted by the Government;
- A functioning national social dialogue structure for VET and employment policies is set up (more proactive policy review and formulation role of the Integrated Policy Management Group (IPMG) or other tripartite structure).

### **VET financing:**

- An Integrated budgetary programme called “Vocational Education and Training” programme is created, including the previous Vocational Education programme, the VTC part of the Labour Market programme and the unconditional transfers for VET to LGUs (while LGUs and donors can contribute further funds to VET providers' budgets or pay for specific training measures); all funds to be channelled through NAES/ NESDF (one fund for all VET);
- MoFE, with donor support, elaborates standards for facilities, equipment and consumables for each VET programme area and provides a cost estimate for VET programme implementation; MoFE takes these costs into consideration when doing their global budget planning;
- The DCM on scholarships is extended to cover all students in need of assistance and at a level that allows them to come to the VET institution and participate;
- The global budget planning by MoFE takes into consideration: additional positions for teachers/ instructors and cleaners in line with the needs of VET institutions; scholarships for students in need; consumables for VET practice; contributions to national, social, health and pension systems, accident and life insurance premiums, and transport costs for students undertaking



company internships; transport costs for teachers visiting companies, and the continuing professional development of staff;

- After the reorganisation of the network of public VET providers (17 MFCs), MoFE creates a technical secretariat and prioritizes needs for investments into MFCs and dormitories for the mid to long term;
- VET providers generate income through training fees, sold products or services offered to others, VET providers develop and decide about courses, fix training fees, hire and pay staff themselves; they retain 100% of their income with a view to improve their services; they can carry forward unspent funds to the next year;
- VET providers prepare and review mid year annual financial plans that show all their expected revenues and expenditures; they manage one bank account through which all transactions are done; they follow the rules of sound financial management and legal procedures for reporting; NAES, with support from donors, provides instructions, templates, IT system support and training.

#### **Strengthening VET management and development:**

- All by-laws to implement the Law on VET are drafted and adopted (which goes beyond the 21 mentioned in the Law), addressing also the above-mentioned VET financing issues, unifying the VE and VT system;
- In this context, the DCM on NAVETQ is adopted and the Agency has received more financial and human resources;
- The Law on Employment Promotion and the DCM on the National Agency for Employment and Skills (NAES) have been adopted, NAES is resourced and established to take over their new functions related to VET planning, financing, management, monitoring and reporting;
- The MoFE's General Directorate for Employment and VET is resourced and staffed in line with the proposed new structure, adding also a Strategy/ Policy Monitoring sector with a view to monitor progress with VET reform and employment services/ policies and their labour market impact;
- An improved VET management information system (MIS) is supporting policy decision-making;
- Skill needs assessments will be periodically introduced to better link VET with labour market;
- The national VET provider optimization plan is finalised, in line with regional skills development needs; plans are prepared for the setting up (17) Multifunctional VET centres and these are legalized through Ministerial Orders; MFCs are resourced and their capacities developed, also with donor support;
- A proper human resource development plan is done for vocational schools/ MFCs, to ensure adequate teaching levels and the integration of new development functions;
- 100 VET teachers and trainers are included in the 24-day Basic Pedagogy programme in 2019, as well as most VET teachers and instructors are involved in one way or another in other professional development measures;
- Work-based learning schemes are expanded in VET: the national WBL regulation is adopted; business liaison coordinators in VET institutions are appointed; training materials are developed and staff are trained;
- The Chamber of Crafts is established to organise apprenticeships in crafts trades. This includes:
  - sublegal acts have been drafted and adopted;
  - the chamber has been resourced and staffed in line with the new structure, with the assistance of donors;
  - staff capacities have been developed for fulfilling all tasks;
  - crafts subjects, apprentices etc. have been registered;



- operational plans have been developed to implement the dual training scheme, including processes to develop crafts qualifications
- GIZ/NES have finalised the tracer study reports on VET and VTC graduates from 2018 and 2019;
- Quality assurance of qualifications: Albanian Qualifications Framework development: all sublegal acts to implement the AQF are adopted; EQF referencing report (AQF taskforce) is drafted; sector skills committees are set up on a pilot basis in the following sector): hospitality and tourism and sector qualifications have been reviewed; a more user-friendly national database of vocational qualifications has been set up, publicly accessible and maintained by NAVETQ/ VET providers;
- Public VET providers have introduced self-assessment and drafted development & investment plans
- Inspections of VET institutions following new set of quality criteria and approaches are undertaken;
- The VET provider accreditation model and a respective roadmap are designed in 2019;
- Postsecondary VET is going to be gradually delivered by taking into account the readiness of VET providers to deliver this new training package;
- Private VET provision/ 'LLL qualifications' are to be better quality assured. This includes a better licencing and monitoring procedure, and procedures for inclusion of LLL qualifications in the AQF;
- VET offers are tailored to the needs of youth and adults in urban and rural areas;
- The mechanism for validation of non-formal and informal learning is to be set up. Respective actors are adequately resourced (staff, financial means) and their capacities developed for fulfilling their roles.

## REFERENCES

Andoni, Mirela (2017), *Key Competences in Upper Secondary VET - Questionnaire for the EU candidate countries*, 13.11.2017, unpublished.

Dibra, Sidita, *Financing the public VET system in Albania – Current status, challenges and solutions*, paper commissioned by ETF and GIZ, Tirana, August 2015.

European Training Foundation (ETF), *Torino Process report Albania 2016*, ETF, Turin, 2016

European Training Foundation (ETF)/Human Development Promotion Centre (HDPC) (forthcoming), *Continuous professional development for VET teachers and trainers in Albania*, draft version of 09.01.2019.

European Commission (EC) (2018), *Commission Staff Working Document, Economic Reform Programme of Albania (2018-2020), Commission Assessment*, Brussels, 17.4.2018, SWD(2018) 135 final.

European Commission (EC) and LSE-Enterprise (2015), *Study on higher education provision and labour market opportunities in the Western Balkans. Country report: Albania*, draft final report, December 2015. A final synthesis report, summarizing key findings from all country reports was published under the title: *From university to employment: Higher education provision and labour market opportunities in the Western Balkans, Synthesis report*, Brussels, 2016.

Gishti, Ejvis (2017), *National inventory of vocational qualifications*, report and analytical matrix commissioned by the European Training Foundation, Tirana.

Gishti, Ejvis and Skreli, A. (2015), *Building an Albanian Qualifications Framework: Demand-side analysis and list of occupations*, study commissioned by the European Training Foundation, Tirana, February 2015.

GIZ (2017), *Tracer study for the graduates from public VET schools in Albania 2017*, version 31.05.2018.

GIZ and ETF (2014), *Baseline survey of public VET providers in Albania*, Tirana.

GIZ and ETF (2015), *Concept paper on in-service training for VET teachers and instructors in Albania*.

Government of Albania (GoA) (forthcoming), *Albania's Economic Reform Programme 2019-2021*, draft version 23.11.2018.

Heitmann, Werner and Shkreli, A. (2017), *Assessment of public vocational training centres in Albania*, study commissioned by GIZ, August 2017.

Human Development Promotion Centre (HDPC) (2017), *Skill needs analysis*, Tirana.

Human Development Promotion Centre (HDPC) (forthcoming (a)), *International ETF VET teachers' survey. Albanian country report*, draft version of 01.12.2018

Human Development Promotion Centre (HDPC) (forthcoming (b)), *Mid-term review of the National Employment and Skills Strategy 2014-2020*, draft version of 22.10.2018, publication forthcoming.

IFOA (2018), *Monitoring and Communication of the EU SBS Programme – Employment and Skills* (Europeaid/138220/DH/SER/AL), Technical Note 03: *Policy Financing Review – Update and Drill-down*, June 2018, unpublished.

Ministry of Europe and Foreign Affairs (MoEFA) (2018), *Report to the 10<sup>th</sup> Subcommittee on Innovation, Information society and Social policy*, Brussels, 15 November 2018. Tirana, 23.10.2018

Ministry of Finance and Economy (MoFE) (2018), *National Employment and Skills Strategy 2014-2020 - Annual progress report 2017*, version 14 June 2018

Tahiraj, Enkelejda and Viertel, E. (2018), *Blue-sky thinking – Advancing the social agenda in Albania. Background report to inform the upcoming EU IPA Programme on Social Development and Poverty Reduction*, study commissioned by the European Training Foundation, Turin, 16 October 2018.

UNDP (2017), *Active labour market policies in Albania (2014-2015). Evaluation report*, Tirane, June 2017

Viertel, Evelyn (2017), *2017 Report on progress in the employment and skills development sector in Albania*, European Training Foundation, October 2017, unpublished draft.

Viertel, Evelyn and Brolpito, A. (2018), *ETF factsheet on digital skills & competences and digital & online learning in Albania*, version 14.11.2018.

World Bank (2017), *Training assessment project – Albania. Summary results*, slides presented by Viviana Roseth at a meeting in Tirana in October 2017.

# ANNEXES

## Annex 1: Benchmarking of candidate countries

### INDICATORS USED FOR BENCHMARKING

Early leavers from education and training (ELE) (ET 2020 headline target)	The share of 18–24-year-olds having attained at most lower secondary education and not receiving further education or training
Tertiary education attainment (TAT) (ET 2020 headline target)	The share of 30–34-year-olds having successfully completed university or university-like education
Underachievement in reading, maths and science (ET 2020 target)	The share of 15-year-olds failing to reach level 2 in the OECD's Programme for International Student Assessment (PISA) for reading (PISAR), mathematics (PISAM) and science (PISAS)
Adult participation in lifelong learning (LLL) (ET 2020 target)	The share of 25–64-year-olds receiving education or training
Employment rate (ERT) (EU 2020 headline target)	Individuals aged 20–64 in employment as a percentage of the total population in the same age group
Employment rate of recent graduates (ERG) (ET 2020 target)	Recent graduates aged 20–34 in employment as a percentage of the total population in the same age group

	ALBANIA		EUROPEAN UNION		EU OBJECTIVE
	2010	2017	2010	2017	2020
<b>ELE</b>	31.9	19.6	13.9	10.6	<b>&lt; 10</b>
<b>TAT</b>	11.4	23.5	33.8	39.9	<b>≥ 40</b>
<b>ERT</b>	60.3	63.9	68.6	72.1	<b>≥ 75</b>
<b>LLL</b>	2.1	0.9	9.1	10.9	<b>≥ 15</b>
<b>PISAR</b>	69.0	50.3	19.7	19.7	<b>&lt; 15</b>
<b>PISAM</b>	67.7	53.3	22.3	22.2	<b>&lt; 15</b>
<b>PISAS</b>	57.3	41.7	17.8	20.6	<b>&lt; 15</b>
<b>ERG</b>	m	m	77.4	80.2	<b>≥ 82</b>

**NB. PISA data relate to the survey carried out in 2015.**

**Early leaving from education** illustrate the difficulties young people face in today's world, as well as the economic and social consequences of their finding themselves outside both the labour market and the education system. They also underline the importance of keeping young people in education and training.

**Tertiary educational attainment.** A highly skilled workforce is fundamental to global competitiveness and a driver of economic growth and prosperity. Furthermore, it is expected that in the future most

new jobs will require high levels of skills. Older cohorts of workers with low educational attainment should be steadily leaving the workforce to be replaced by better educated younger generations.

**Underachievement in reading mathematics and science.** In the context of high youth unemployment and a deteriorating labour market situation, building the foundation skills is seen as a key outcome of initial education. Acquiring these competences is crucial in building the foundations for long-term economic growth and ensuring individuals' social inclusion. It should also be pointed out that socio-economic status is still by far the most important determinant for acquiring key basic competences.

**Adult participation in lifelong learning.** Evidence shows that those most in need of upgrading their skills are barely represented in continued learning. Same patterns could be observed in adult participation in lifelong learning which holds true both for EU Member States and also for the ETF partner countries: is negligible among the low skilled or unemployed. The lack of lifelong learning opportunities creates a low-skills trap, especially for adults without an upper secondary education (a large proportion of the population in the partner countries, see above), who are most in need of up-skilling.

**Employment rate.** This indicator is used at the EU level for monitoring at a glance the developments and challenges in the field of employment for the EU and each Member State. The EU has set itself the target of reaching an employment rate of 75% by 2020. This target should be seen in relation to the EU's agenda for increasing overall employability. It is complemented by a specific benchmark on **employability of recent graduates** from upper secondary to tertiary education aged 20–34. This benchmark is mainly used to illustrate a labour-market rigidity that is disproportionately affecting new entrants to the workforce. It also highlights the need to raise the employability of graduates through strengthening the quality and relevance of their education and training, which is also a goal shared by the partner countries.