

ALBANIA

DECENT WORK COUNTRY PROGRAMME DOCUMENT 2012 - 2015

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Abbreviations

ALMP	Active Labour Market Policies
CEACR	Committee of Experts on the Application of Conventions and Recommendations
DW	Decent Work
DWT/CO	Decent Work Technical Support Team and Country Office
DWCP	Decent Work Country Programme
EC	European Commission
EO	Employers' organisations
EU	European Union
GDP	Gross Domestic Product
GoA	Government of Albania
LDS	Labour Dispute Settlement
LFS	Labour Force Survey
ILO	International Labour Organisation
ILS	International Labour Standards
MDGs	Millennium Development Goals
MLSAEO	Ministry of Labour, Social Affairs and Equal Opportunities
NATO	North Atlantic Treaty Organization
NES	National Employment Service
NLC	National Labour Council
NSDI	National Strategy for Development and Integration
OSH	Occupational Safety and Health
SLI	State Labour Inspectorate
TU	Trade Unions
UN	United Nations
VET	Vocational Education and Training

ALBANIA
DECENT WORK COUNTRY PROGRAMME
2012-2015

Introduction

The primary goal of the International Labour Organisation (ILO) is to promote opportunities for women and men to obtain decent and productive work in conditions of freedom, equity, security and human dignity. Decent Work Country Programmes (DWCPs) promote decent work as a key component of development policies and at the same time as a national policy objective of governments and social partners.

The DWCP 2012-2015 identifies strategic priorities and outcomes to be achieved through joint action of the government and the social partners in Albania on the one hand, and the ILO on the other. Its overall objective is to promote decent work through a coherent policy approach that is made operational by a set of priorities and outcomes. The present country programme is informed by international development agendas such as the Millennium Development Goals (MDGs), the United Nations Development Assistance Framework (UNDAF) 2012-2016 which is based on the national development objectives and the Stabilization and Association Agreement (SAA) with the European Union (EU). It also takes account of the priorities of the ILO constituents in Albania, as expressed in consultations with them. The programme details the policies, strategies and results required to realise progress towards decent work for all. This document reflects the strategic planning of ILO cooperation activities with Albania for the period 2012-2015. Reflecting the constituents' as well as the ILO experts' assessment of past cooperation, the programme aims at ensuring greater synergies and stronger coherence of ILO activities in Albania and thus contribute to achieving sustainable results.

This programme has been developed through a participatory process with the involvement of the ILO tripartite constituents, and consists of a narrative part outlining the socio-economic context, the lessons learned, the strategy of interventions and a logical model which details the interventions.

The established competencies in Albania in the areas covered by the DWCP will be observed entirely throughout its implementation.

1. The current situation from a Decent Work perspective

The National Strategy for Development and Integration (NSDI) 2007-2013 defines the main goals and priorities as follows:

- a) integrate Albania into the EU and the North Atlantic Treaty Organisation (NATO);
- b) develop and consolidate the democratic state, based on the fundamental liberties and rights of individuals;
- c) achieve rapid, balanced and sustainable economic, social and human development.

Albania became a member of NATO in April 2009 and is working to fulfil the criteria for status of candidate country to become an EU member state. The application for EU membership was submitted in early 2009, but the integration process has been somewhat slower compared to the expectations of the Government.

The Ministry of Labour, Social Affairs and Equal Opportunities (MLSAEO), in compliance with the priorities and goals of NSDI, set its priorities as reflected in the Strategies on Employment and Vocational Training, Social Inclusion, National Strategy on Gender Equality, Reduction of the Violence on the Ground of Gender and Domestic Violence 2011-2015, Migration, and Occupational Safety and Health.

The Socio-Economic Context

Albania has made significant progress during the last decade in the pursuit of social, economic, and political reforms aimed at Euro-Atlantic integration. Economic growth has slowed in recent years due to the global economic crisis which impacted negatively on the Albanian economy. After the downturn recorded in the second half of 2009 and the beginning of 2010, the economy bounced back to positive growth rates of above 3 per cent as from the second quarter of 2010. In 2010 economic growth was at the level of 3.5 per cent, while for 2011 it is expected to be 2.5 per cent (International Monetary Fund projection). Despite the decrease in recent years in the Gross Domestic Product (GDP) curve, Albania's economy coped with the impact of the global financial crisis rather well and in 2010 achieved upper middle-income status.

Foreign direct investments inflows in 2010 climbed to EUR 827.4 million, which represent an increase by 17.1 per cent.¹ These investments were oriented mainly to the hydropower and hydrocarbon sectors. For the current year, the ratio of net foreign direct investments (inflows - outflows) to nominal GDP is estimated at around 9.4 per cent or about up 1.6 percentage points from 2009, due to a higher level of privatization receipts.

Remittances, in a country where one third of the population has migrated to other countries, represent an important contributor to the balance of payments, as well as being a key source of household income. In 2008 the net current transfers reached EUR 937 million, out of which EUR 830 million were remittances. The latter in 2010 dropped by 11.7 per cent (reaching the total of EUR 698.8 million) accounting for 7.8 per cent of nominal GDP. In 2011 H1, remittances reached EUR 342.5 million, about 12 per cent less than EUR 389.5 million in the same period the previous year.² A continuing decline in remittances since 2007 has been caused by labour market turbulence in the countries where Albanian emigrants live, and also due to changes in their family status.

Employment

Albania's economic development over the last 10 years was accompanied by positive changes in employment and reduction of poverty rates. According to the 2009 Labour Force Survey (LFS) the working age population in Albania comprises 87.9 per cent of total

¹ Bank of Albania, 2010 Annual Report.

² Bank of Albania, Report on the Financial Stability during the first semester of 2011.

population aged 15 years and over. The labour force participation rate is 61.9 per cent (51.8 per cent - female and 73.3 per cent - male), employment rate for the population between 15-64 years is 53.4 per cent, and the male employment rate is 64.3 per cent, while the female employment rate is 43.6 per cent. Compared to 2006, labour force participation has revealed a declining trend (65.2 per cent in 2006), which is more marked for females (a decline of 4.4 percentage points between 2006 and 2009) compared to the male workforce (a decline of 1.1 percentage points between 2006 and 2009).³

In relation to the employment structure by economic activity, the 2009 LFS shows an increase of employment in the construction sector, taking it to 10 per cent of the total employment, while in 2008 it constituted 8.4 per cent. Changes have also been noted in relation to employment in the Agriculture, Forestry and Fishing group, which has decreased from 47.9 per cent in 2007 to 44.1 per cent in 2009.

Unemployment levels declined between 2002 and 2008 from 17 per cent to 12.8 per cent, while in the following years the unemployment rate rose to over 13.29 per cent (fourth quarter 2011);⁴ it is still higher compared to the historical average, reflecting a discrepancy between supply and demand in the labour market. The gap in unemployment between women and men appears to be growing again, as women saw their employment rate decline between 2007 and 2009 (respectively 49.3 per cent to 43.6 per cent), while it has improved for male workers (respectively 63.6 per cent to 64.3 per cent).⁵ Youth unemployment has increased, and young women are particularly worse off. Despite high levels of growth in the Albanian economy, this did not lead to the creation of more jobs, especially for women and the youth.⁶

The ILO has contributed to the development of the National Employment Service (NES) in Albania by enhancing its capacities for planning, design, monitoring and evaluation of active labour market policies (ALMP), delivering vocational education and training to the unemployed and reducing employment in the informal economy. There has been a specific focus on providing more and better services to groups at risk of labour market exclusion, especially women, young people, ethnic minorities and jobseekers with low educational attainment. In this context, together with NES, the ILO piloted Employment Subsidies, On the Job Training (OJT) grants, Self Employment for women and support for the employment of people with disabilities.

Albania is in the process of reforming its education system in line with EU developments. Currently, the links between Vocational Education and Training (VET) and the labour market require strengthening. The skills provided by the VET system need to correspond more effectively, both in term of quantity and quality, to labour market demands. In this context, it is important to strengthen social partners' involvement in VET. Efforts are being made to improve the education and training system and very ambitious targets have been set at national and regional levels. Some quality assurance measures have been introduced or strengthened, such as new textbooks and school inspections. However, the quality of

³ INSTAT 2009 Labour Force Survey Results

⁴ INSTAT

⁵ INSTAT 2009 Labour Force Survey.

⁶ INSTAT 2009 Labour Force Survey.

education is affected by the need for continuous school rehabilitation, equipment upgrading and teacher training.

Social security

Albania has made significant progress towards alleviating poverty. The poverty incidence rate (poverty is defined as having income less than ALL 5,722 per capita per month in 2008 against ALL 4,891 per capita per month in 2002)⁷ has declined from 25.4 per cent in 2002 to 12.4 per cent in 2008⁸ (200,000 people were removed out of poverty during this period). This meets the MDGs -1 requirement that Albania is committed to reduce the poverty incidence rate to 13 per cent by 2015. However, there are concerns that poverty reduction has recently slowed down due to the impact of the financial and economic crisis.

The pension system plays a central role in income security for the elderly, the disabled and the survivors. After a series of reforms in the early 2000s, the Albanian pension system is still facing a number of challenges.

Due to a large and growing number of people working in the informal economy and the high unemployment level, the number of contributors to the pension system has remained low. Evasion of social insurance contributions is widespread. There is also a huge challenge of the inclusion of the rural population which represents more than half of the Albanian population. The low participation rate of the active population in the scheme will result in the growing number of elderly with no or a low level of pension, which in turn would increase the need for social assistance.

The pension scheme has serious financial problems. Currently, due to insufficient contribution income, the system produces a deficit amounting to 0.8 per cent of GDP, which is covered by the government. Although Albania's current population structure is still young, forecasts indicate that Albania will face an ageing of population in the long run, which would put further strain on the pension financing.

In order to provide adequate benefits and to establish the long-term sustainability of the schemes, pension reform must be addressed. With the assistance of the World Bank, the Government developed options of the pension reform in 2007. However the reform has not been implemented so far.

Occupational safety and health

A new Strategy on OSH, along with a new law on OSH, were adopted recently. These fundamental documents which introduced among others the obligation of risk assessment in the workplace, enhanced the activity and efficiency of the State Labour Inspection services, but much remains to be accomplished in respect of the transposition of the EU *acquis* requirements. The State Labour Inspection, having an important task in tackling informality and ensuring labour standards, will continue to be strongly supported by the ILO in the forthcoming years.

⁷ INSTAT-UNDP-WB survey.

⁸ ALBANIA: Trends in Poverty 2002-2005-2008.

Wages

In compliance with the requirements of ILO Convention No. 131 which has been ratified by Albania in 2004, the Government, through the Council of Ministers, sets the official minimum wage for both the public and private sector and is currently set at ALL 20,000 (approx. USD 185). Despite regular adjustments to the minimum wage, the prevalence of poverty in Albania highlights the need for it to play a more active role to protect the most vulnerable workers.⁹ Given this, the social partners have regularly urged the government to establish the subsistence minimum, so that the minimum wage takes into account changing social and economic circumstances such as price increases, evolving living standards, and economic growth and productivity. In 2011, a National Labour Conference on Wage Trends and the Wage Gap in Albania concluded that there was an urgent need to address the wage setting challenge. The Conference discussed the relationship between the minimum wage and the subsistence minimum; low wage levels in general and poverty reduction; wage disparity that affects certain groups of workers as a whole, but in particular women workers; a disconnect between wages and productivity and a general wage-fixing process that does not seem to sufficiently involve workers' and employers' representatives. The conference also emphasized the need to improve both the legal and institutional wage policy framework in the country. The importance of having accurate, relevant and independent data on wages was also stressed, as well as developing a national strategy on wages and income, which takes all of the above into consideration. Technical assistance will be provided to enhance national capacity for wage fixing in compliance with international standards.

Social dialogue

Social Dialogue has made significant progress in the recent years. After a period of problematic operation, the National Labour Council (NLC) returned to normality and regular meetings have been held to address important topics on the socio-economic agenda. The ILO has assisted and contributed toward strengthening the role of the NLC as the highest tripartite body of Social Dialogue in the country.

BIZNESALBANIA (BA), with a diverse representativity from all sectors of the economy, has recently been registered as an employers' organization. BIZNESALBANIA is represented in the NLC through some of its constituent members. The Albanian Agri-Business Council (KASH) has become a member of the NLC, and this is expected to further increase the profile of this tripartite body.

Much remains to be done in the development of social dialogue at local and enterprise level. This situation reflects the current status related to the non-existence of trade unions in various enterprises in the private sector and also to the underdevelopment of many of the existing workers' and employers' organizations.

⁹ Kodra, F. 2011, "The impact of the crisis in selected Balkan countries-Albania: The need for wage reforms" in Vaughan-Whitehead, D.: Schmidt, V. (ed.) 2011. *The impact of the crisis in South-East Europe*. (Budapest, ILO)

International Labour Standards

Albania has so far ratified 51 conventions, including all fundamental and core conventions. However, it denounced 7 conventions, and thus, 44 are in force. However, as the Committee of Experts on the Application of Conventions and Recommendations (CEACR) observations have pointed out there are still numerous implementation gaps. With regard to the right to strike, while noting the Government's indication that solidarity strikes will be defined in compliance with ILO recommendations when the Labour Code is reviewed, the Committee has in its 2011 observation expressed the firm expectation that the necessary action would be taken so as to ensure that the future Labour Code be brought into conformity with the Freedom of Association and Protection of the Right to Organise - Convention No. 87. With regard to the Right to Organize and Collective Bargaining Convention No. 98, in its 2011 observation the Committee has requested the Government to take necessary measures to encourage and promote voluntary collective agreements in the public and private sectors, including the possibility of bargaining at national level.

Gender Equality

Labour market indicators for women between 2007-2009 showed a decline in economic activity, which included declining employment and rising unemployment rates for all age groups, but with young women particularly affected¹⁰. The economic empowerment of women remains one of the long term priorities of the Albanian Government. It plays a key role in achieving gender equality and reducing the violence on the ground of gender. Through economic empowerment women obtain higher visibility and a more significant role in the family, place of work, community and society. In recent years importance has been given to the implementation of employment and vocational training programmes, out of which a considerable number of women, including especially groups in need, have been the beneficiaries.

In terms of the gender wage gap, a study conducted by the Ministry of Labour, Social Affairs and Equal Opportunities¹¹ with the technical and financial support of UNWOMEN in the frame of Common Programme of the UN on Gender Equity (2008-2011) and the Regional Project on Gender Budgeting in South-East Europe, reached the conclusion that the wage gap between men and women in 2008 in Albania is 17,63% in favour of men. There is a visibly decreasing trend in the wage gap between men and women from 2005 through 2008. The gender wage gap , was around 36% in 2005, while in 2008 this gap was approximately 18%. Matters of gender equality and the promotion of women's rights are at the heart of the priorities of the Albanian Government, which largely reflects Albania's commitment to align their policies to facilitate the integration process of Albania into EU. In this context, laws relating to equality of opportunity have been approved and strategies have been drafted, which strengthen the position of women in all fields. Studies to further assess the

¹⁰ INSTAT, 2009 Labour Force Survey Results: Labour Market in Albania, available at <http://www.instat.gov.al/graphics/doc/downloads//lfs/2009%20Labour%20Force%20Survey%20Results.pdf>

¹¹ Conducted with the technical and financial support of UNWOMEN in the frame of common Programme of the UN on Gender Equity (2008-2011) and the Regional Project on Gender Budgeting in South-East Europe.

progress of gender equality and outcomes in the world of work are foreseen to be undertaken during 2011-2015 and this process is endorsed also by the social partners.

II. Lessons learned from previous cooperation

The Decent Work Technical Support Team and Country Office (DWT/CO) for Central and Eastern Europe commissioned a country programme review in order to provide an independent assessment of progress towards expected outcomes and outputs, and to identify lessons learned in order to appropriately design further steps to Decent Work (DW) strategy development. The review assisted the ILO constituents in the country to share experiences and best practices in applying DW principles and furthermore to assign accountability for the process. The evaluation enabled the ILO and social partners and other agencies to review the ILO's performance in delivering planned outputs and in achieving forecasted outcomes.

All the national stakeholders have positively assessed the ILO programme cycle management by expressing their willingness to contribute within the guidelines and priorities of the DWCP 2008-2011. The outcomes were in line with the priorities and measures of the NSDI, ONE UN Programme, World Bank Country Assistance and EU Stabilisation and Association Agreement.

The Albanian constituents now have a greater awareness and understanding of the DWCP concept as well as increased ownership of it. The DWCP framework, including the Overview Board, enabled the constituents to enhance their consistency and synergies. Management coherence was augmented and the use of common services increased efficiencies. The UN will continue to build on these achievements. In the area of social dialogue a thorough review of the representativity criteria of the social partners has been undertaken by drawing on the experience and practice of the neighbouring countries, in close cooperation with the ILO experts. In the last two years the NLC has significantly boosted its authority and discussed significant current issues under its mandate. The meetings have been regularly and periodically held, although the NLC is lacking gender balance and strong expertise on social and economic issues. Regular meetings of the NLC during 2010 and 2011 contributed to the debate on a wide range of social and economic issues. Proposals for future decision-making or legislative amendments were canvassed on areas such as: national strategy on OSH, legislation on young employees, the definition of the difficult and dangerous work, the new composition of the NLC, the role of the State Labour Inspectorate (SLI), etc. A Pact of Social Understanding was signed among the Employees' (TU) and Employers' Organisations (EO) and the Government of Albania (GoA) in February 2011, underlining the joint responsibilities and duties which the parties shared.

As a consequence of the ILO project "Strengthening social partnership in the Western Balkans" the Federation of Trade Unions in the Construction sector increased its first level contracts with companies and their membership base. Altogether, 30 enterprise-level collective agreements were signed and 600 new employees joined the trade unions. Two employers' organisations joined the NLC: BIZNESALBANIA (through its constituent members) and KASH. The establishment of the new employers' organisation BIZNESALBANIA is a notable event that should significantly contribute to strengthening the position of the employers' organisations in social dialogue in the country.

In the area of employment, one of the main achievements has been the adoption of the Youth Employment Action Plan 2010-2013 with the MLSAEO being responsible for its effective implementation in close cooperation with the ILO. Improvement of the legal framework for the promotion of employment has been embodied in several legal decrees and laws, especially in the area of VET. In the framework of the project “Assistance to strengthen the employment and training system of the NES” funded by the Italian Government, a detailed review of the organisation, service delivery and programmes has been carried out. As a result, an internal regulation of the NES has been designed, a survey study on the demand of the enterprises for the skilled labour force was carried out, a manual of NES for the establishment of the procedures on contracting vocation training has been prepared, and capacity building workshops were conducted for the trainers and NES experts.

The quality of reports prepared by the Albanian partners has progressively improved. During the 2008-2011 the Albanian Government prepared 20 reports related to the ILO Conventions. In general the reports are found satisfactory in content and quality by the CEACR. Currently there are two other ILO Conventions under process of ratification: Conventions No. 167 (Safety and Health in Construction) and 187 (Promotional Framework for OSH).

The SLI has been supported significantly by the ILO in the following aspects: 1) SLI awareness raising campaign, 2) capacity building seminars for labour inspectors and social partners, 3) strengthening the partnership among the labour inspectorate, trade unions and employers organisations in three regions of Albania.

One of the major critical issues in the labour inspectorate is high staff turnover. This can be partly explained by the implications of reforming the institution, but such turnover nevertheless significantly affects the quality of the SLI performance and compliance.

The ILO assisted the SLI board members and representatives of the social partners to share a better understanding of, and exchange opinions on, pension policy reform. Despite there being broad consensus in Albania on the need to reform the pension system, there is not an abundance of expertise and experience to pursue such reform.

III. Priority areas of cooperation

The priority areas of cooperation and the country programme outcomes have been developed in close collaboration with constituents. The process started with individual consultations and a country programme evaluation of the past DWCP involving tripartite constituents and a consultant. Following the tripartite roundtable discussions in November 2011 and based on inputs received, DWT/CO-Budapest developed a draft narrative text of the programme. The draft narrative DWCP was circulated for comments in March 2012. The current programme is a result of the above consultation process.

Considering the lessons learned during past cooperation, the ILO will aim to reinforce the Constituents` capacities and enlarging the influence of the ILO Decent Work policy in line with the NSDI of Albania and the Common Country Programme Document (CCPD) of the ONE United Nations (UN). The strategy will be to work with the close involvement of the Constituents and multilateral and bilateral donors.

Within the overarching theme of “Decent Work for All” the ILO will concentrate on three country programme priorities in Albania in the period 2012-2015, which should be seen as long-term goals:

- I. Strengthening capacity of government institutions and the social partners to improve the governance of the labour market
- II. Promotion of decent work and enhancing employability of the Albanian labour force
- III. Strengthening the social protection system

As a technical and standard-setting agency of the UN, the ILO can provide high quality technical assistance related to the four strategic objectives of the Decent Work Agenda. More specifically, the ILO’s Secretariat has long-standing experience and technical expertise in the areas of labour standards, employment promotion, social protection and social dialogue. The ILO is the only organisation where the knowledge and experience of its tripartite constituency are documented, discussed and shared across countries and regions. The ILO DWT/CO-Budapest has implemented a number of projects in Central and Eastern Europe to the full satisfaction of donors and recipient countries.

Priority 1: Strengthening capacity of government institutions and the social partners to improve the governance of the labour market

Outcome 1.1: National law and practice enable the use of collective bargaining on a large scale in both the public and private sectors as the means for establishing working conditions and terms of employment

In 2011 it was noted that the most serious shortcomings were low extent of coverage of collective bargaining in the private sector, inadequate representativity criteria of the social partners, poor content of collective agreements and a weak understanding of the role of the government in collective bargaining.

Minimal effectiveness and coordination of collective bargaining processes at various levels (national, sectoral and enterprise) in both the public and private sectors has also been identified. The proposed strategy to address the above mentioned problems consists of enhancing the capacity of tripartite policy makers to take jointly, in accordance with relevant international labour standards (ILS), necessary measures to promote effective collective bargaining mechanisms in both the public and the private sectors. For this purpose, tripartite key policy makers and actors (staff of Ministry of Labour, members of NLC, as well as representatives of national and sectoral workers' and employers' organizations) will be advised on different legislative frameworks, policies and practices to develop coordinated mechanisms of collective bargaining. This will be achieved through improving knowledge on the application of relevant ILS (Conventions No. 87, 98, 151, 154, Recommendations No. 91 and 92), awareness-raising on how the ILO's supervisory bodies work, giving technical and legal advice to design and implement legal and institutional initiatives enabling effective collective bargaining, exposure to European good practices and the transfer of know-how from EU Member States.

In order to expand the coverage of collective bargaining in the private sector, various European practices will be shared with national tripartite constituents through workshops and technical advice. Enhancing the Government's understanding of its role in promoting and encouraging free and voluntary collective bargaining will be achieved through awareness-raising seminars and policy advice.

In addition, technical support will be provided for the establishment of an operational mechanism of amicable settlement of labour disputes. This will be achieved through legal and technical advice on improving the current regulation on Labour Dispute Settlement (LDS), building awareness of the advantages of LDS, and training of conciliators.

Outcome Indicators:

- Extension of collective agreements is regulated
- Number of applications for amicable settlement of collective disputes is increased.

Outcome 1.2: Increased value of employers and workers organisations to existing and potential membership through the provision of new or better services

Strengthening employers' organisations will target capacity building towards supporting employers to engage more effectively in economic and social forums at all levels to ensure a business-friendly legislative environment exists that will support viable and sustainable

enterprises. ILO assistance will also continue to support EOs expanding their membership by providing new or improved services to members.

Technical assistance and capacity building of trade unions will continue with a focus on collective bargaining and social dialogue at all levels including strengthening gender equality in collective bargaining. Trade unions will be enabled to provide better services to their members especially in the provision of training programmes in gender equality and collective bargaining in their sectoral unions.

Outcome Indicators:

- Professional, Businesswomen and Handcrafters Association (PBWHA), member of BIZENESALBANIA (BA), provides training services on “start and improve your business” for women entrepreneurs.
- EO develop submissions on revised labour law for discussion at NLC.
- EO undertake training in supporting viable and sustainable enterprises in Albania.
- Trade unions undertake training on gender equality at sectoral and enterprise levels and develop a model of collective agreement accordingly.

Outcome 1.3: International Labour Standards better reflected in labour legislation

The ILO will continue to provide assistance on ILS in order to improve expertise and understanding of the necessary steps to implement ILS. Assistance will include a gap analysis and technical advice on implementation gap. In 2011 the ILO Committee of Experts made observations regarding the Albania’s implementation of ILO Conventions Nos. 138 (Minimum Age), 150 (Labour Administration) and 182 (Worst Forms of Child Labour). For example, in the case of Labour Administration Convention No. 150, the Committee requested the Government to provide information on the implementation of the national employment policy, in particular the National Strategy of Employment and Professional Training, transformation of the NES, as well as on the measures taken to ensure a positive impact of the existing policies aimed at reducing the level of unemployment and the programmes carried out in this respect.

In order to improve compliance of labour legislation with ILS and to ensure that CEACR observations on the application of ratified conventions are taken into account by law makers, Industrial and Employment Relations Department (ILO Geneva) and DWT/CO Budapest are providing technical assistance to the tripartite constituents in the on-going process of reform of the Albanian Labour Code.

Outcome Indicators:

- Tripartite constituents take legal and practical measures to apply ILS in response to issues raised by the supervisory boards.
- Amendments to the Labour Code have been endorsed by the tripartite constituents.

Priority 2: Promoting decent work and enhancing employability of the Albanian labour force

Outcome 2.1: Employment and training policies are formulated and implemented to address both efficiency and equity objectives and are aligned with the provisions of ILS on employment policy and employment services

The economic development of Albania needs to be adequately supported by the availability of a skilled labour force. The Ministry of Education and Sciences and the MLSAEO have made efforts to address this issue. The challenges presented by the global crisis, the fragmentation of the Labour Market and the weakness of its institutions require more in depth work and a more consistent level of achievement in quality education and training for all.

The skills provided by the VET system need to be in line, both in term of quantity and quality, with labour market requirements. The training on offer should be linked to labour market demand. Therefore, it is necessary to increase the social partners' active involvement in VET as well as in the adaptation of existing regulations and the legal framework.

Assessment and monitoring of the impact of training programmes needs to be further strengthened. Evaluation studies (e.g. tracer studies) need to be systematically carried out and results disseminated through an efficient Management Information System.

In line with EU policies relating to education and training, it is appropriate to establish a lifelong learning system at all qualification levels and review initial and continuing VET, Higher Education, and formal and non-formal education.

The Quality Assurance System needs to be further reinforced by finalising the Albanian Qualification Framework (AQF) and establishing procedures for accreditations of VET programmes and courses.

The ILO will address the policy aspects through the elaboration of appropriate and sustainable strategies, and by working to improve the attractiveness of the training offer and the by involvement of other partners throughout public-private partnership mechanisms.

Outcome Indicators:

- Employment and training strategy is formulated and implemented to address efficiency and equity objectives
- VET Master Plan is formulated and implemented linked to labour market demand

Outcome 2.2: National Employment Service works effectively with vulnerable groups

In order to improve the link between the vocational training offer and labour market demand, the capacity of NES will be further strengthened to carry out skills needs surveys, including improving the capacities of the regional employment offices. The main areas of ILO support funded by the Instrument for Pre-Accession Assistance (IPA) 2010 Human Resources Development project are:

- Improving the quality of services provided to jobseekers and employers, in line with the EU Employment Service Standards;

- Increasing understanding of skills needs, based on labour market demand, through skill needs surveys, also at regional level;
- Improving quality and relevance of training provided by the ten VET public centres;
- Improving the design and relevance of active labour market programmes to address the specific needs of different groups of jobseekers and match them with demand in the labour market at national and local level, with a special emphasis on promoting self-employment and adaptability of Active Labour Market Programs at all levels, including self-employment;
- Improving employment services for vulnerable groups, including youth, women and people with disabilities.

Special attention should be devoted to the disabled, and in that respect, the National Strategy on People with Disabilities, to date largely not implemented, should be the reference.

There is a clear need to reinforce the organisation of the NES at regional level through a consistent de-concentration process at the beginning and then with a real de-centralisation, involving regional and local authorities. Technical assistance will involve training, workshops, study tours and technical advice to NES.

Outcome Indicators:

- NES designs and implements new active labour market measures with a specific focus on vulnerable groups.
- Counselling services of NES improved.
- Monitoring and evaluation capacities improved.
- Reinforced decentralisation of NES.

Outcome 2.3: Youth employment policies and programmes are in place to enhance the management of migration and to reduce informal employment

Youth unemployment, under-employment and informality impose heavy costs on Albania. Long unemployment spells early in life and extended periods in the informal economy affect the prospects of young people to secure a career job, a decent wage, their future and that of their families. High numbers of unemployed youth can imply that investment in education and training is misdirected, and means reduced taxation base and higher welfare costs. Investments in youth employment today have important implications for the future development of Albania.

The ILO will support the achievement of the objectives of Albania's National Action Plan for Youth Employment, thereby generating additional opportunities for the promotion of full and productive employment for young people.

The ILO's technical assistance will focus on reducing the likelihood of migration through innovative employment programmes targeting disadvantaged youth in three pilot regions, Kukes, Shkodra and Lezha. In this context the ILO will provide support for the implementation of the Territorial Employment Pacts and provide capacity building to local policy makers and local staff of NES.

Outcome Indicators:

- Territorial Employment Pacts implemented in three pilot regions (Kukes, Shkodra and Lezha)
- Regional development strategies make reference to youth employment
- The capacity of policy makers to address informal/vulnerable employment of young people at local level enhanced

Priority 3. Strengthening social protection systems***Outcome 3.1: A national consensus built on the social security reform through tripartite social dialogue***

Reform of the social security system is an on-going process in Albania. In order to provide adequate benefits and to establish long-term sustainability, social security reform is an issue for urgent attention. To achieve consensus on a balanced package of reform measures to resolve the current and future problems with the pension system, a nation-wide discussion involving government, trade unions, employers' associations and the general public is critical. With a view to support this process, the ILO will provide its technical expertise in key areas related to pension schemes, including the relationship between public and private pension provision, the structure of benefits, sustainable financing, and the administration and governance of pension schemes.

Outcome Indicators:

- Analysis of the experience of pension reform of new EU member states shared with Albanian stakeholders.
- ILO policy recommendations reflected in the draft policy.

Outcome 3.2: The effectiveness and quality of labour inspection system are strengthened

Efficient and effective labour inspection systems are a solid guarantee that national and ILS are complied with, workers' rights are respected and enterprises thrive in an environment of fair competition. According to Convention No. 81 (1947) and Convention No. 129 (1969) labour inspectorates play an important role in the improvement of working conditions, by supplying technical information and advice to employers and workers concerning the best ways of complying with legal provisions, by securing the enforcement of the law and by giving notice to the competent authority of defects or abuses not specifically covered by existing laws and regulations. The proposed strategic outcome intends to provide the SLI with enhanced capacities to fulfil all its main functions, in a participative approach and in line with relevant ILS, as well as with the common principles of inspection in the EU. In this way, through the strengthening of governance, human capital and resources, the SLI will be in a better position to play a key role in the sustainability of the employment market and quality of working and living conditions. The ILO will provide expertise on the elaboration of policy of the Labour Inspection, an action plan, a training strategy and related training programmes. It will also conduct training for labour inspectors and managers, provide assistance for the development of facilitation tools, help to build awareness, and will facilitate networking with labour inspectorates from the Sub-region and the EU, through the

implementation of bilateral cooperation protocols, study visits and an international conference.

Outcome Indicators:

- Labour Inspection policy guidelines are set in line with EU practices in cooperation with social partners and State Authorities.
- Legal framework on OSH is in line with ILS and the EU legislation
- Improved capacity of the SLI staff through training and other tools.
- Communication strategy on OSH developed by SLI in cooperation with social partners.

Outcome 3.3: Significant progress is made towards promoting sound wage policies, equal pay and non-discrimination at work

The National Labour Conference on 'Wage trends and the wage gap in Albania' organised in 2011 adopted a tripartite conclusion on the need to develop sound wage policies/national wage strategy in Albania. Several priority areas for wage policy development were identified, such as in establishing a stronger relationship between the minimum wage and the subsistence minimum; addressing the links between low wage levels and poverty reduction; wage disparity that affects certain groups of workers, in particular women workers; a disconnect between wages and productivity and a general wage-fixing process that does not seem to sufficiently involve workers' and employers' representatives. The conference also emphasized the need to improve both the legal and institutional wage policy framework. The importance of having accurate, relevant and independent data on wages was also stressed.

Particular attention will be paid to building the constituents' capacity to engage in technical and policy discussions on wage fixing, including such issues as measures to address the gender pay gap through a combination of wage fixing instruments. Work under this outcome will also involve technical assistance to improve both the legal and institutional wage policy framework in the country, as well as supporting the generation of accurate, relevant and independent data on wages. Generating and updating knowledge on gender and labour market trends- how the labour market is opening up or creating barriers for women and men differentiated by characteristics such as region, age or social origin - will also be a focus under this outcome.

Furthermore, an updated knowledge-base on gender equality in the Albanian labour market is a necessary and important platform for addressing labour market segmentation along the lines of gender.

Outcome Indicators:

- Technical Assistance provided to enhance national capacity for wage fixing in compliance with international standards
- Bipartite collaboration established in designing measures to address discrimination at work

IV. Management and implementation

The cooperation programme will be managed through a network established among DWT/CO-Budapest, the National Coordinator in Tirana, the Regional Office for Europe and technical units at headquarters in Geneva. The National Coordinator will play a coordination role together with DWT/CO-Budapest. The ILO will continue its cooperation with major stakeholders in the country such as the World Bank, the European Commission (EC) Delegation and the UN under the framework of the Programme of Cooperation 2012-2016 between the Government of Albania and the UN.

The objectives of the programme will be pursued through technical cooperation projects, advisory missions, and seminars for information dissemination and capacity building. Extra-budgetary resources and the ILO's regular budget resources will be used to finance the implementation of this Country Programme. The ILO network mentioned above will continue to mobilize further resources to follow-up the results achieved, bearing in mind priority concerns of the constituents. The government and the social partners will facilitate their respective expert staff and premises and provide logistic support as appropriate. They are committed to implementing the follow-up steps necessary to achieve the targeted results in accordance with the DWCP work plan which will be developed.

V. Performance monitoring and evaluation arrangements

The implementation of the DWCP will be reviewed on a regular basis with the constituents using interactive methods. The missions of the ILO experts and their internal reports will be used as part of the monitoring process. Every six months, the DWCP implementation will be reviewed by the DWCP Board consisting of the representatives of the Constituents and the National Coordinator. The DWT/CO Director will assess the programme achievements with the constituents in Albania at least once over the duration of the programme. On a yearly basis, the DWCP implementation plan will be internally reviewed and adjustments will be made to reflect changed circumstances, as necessary, in order to improve the implementation strategy. The revised implementation plan will be validated by the DWCP Overview Board.