



# **CHALLENGES FACING ALBANIAN YOUTH ON THE ROAD TOWARDS EMPLOYMENT**

**- RECOMMENDATIONS -**

**POLICY BRIEF *Nr. 6***

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## **In Lieu of an Introduction...**

A society's youth plays a decisive role in molding the identity and determining the position of each individual in their community. This can only come about through achieving educational and occupational goals, which then lead to professional fulfillment, financial independence, or even paving a path for the future.

According to policymakers, youth employment is “the key” to a nation's steady socio-economic development. Young professionals who are capable of securing decent job placements make an invaluable contribution to a nation's total economic productivity. Beyond their role as representatives of the most vital part of the labor force, the youth also possess the ability to increase a society's developmental and technological capacities, to further its comparative advantages, as well as to advance community integration and cohesion.

In order to achieve high youth employment rates all of society's key players must surmount the challenges of successful collaboration. Universities, businesses, governmental institutions, investors and especially the government itself must cooperate in order to create circumstances conducive to markedly reducing youth unemployment.

Statistics reveal that Albania is currently facing a severe youth unemployment crisis. The present-day youth employment rates fall approximately 20% below the national average. Moreover, during the years 2002-2005, employment rates have dropped for the age bracket of 15-32 years old. Statistics regarding education do not fare much better as 62% of young people (ages 18-24) do not graduate from high school nor do they pursue alternative forms of education or vocational training. In an attempt to overcome occupational obstacles young people oftentimes exploit nepotistic routes by turning to their relatives or friends for employment solutions.

This study is divided into three chapters. First, a general overview of the Albanian macroeconomic and social climate is presented, complemented by a synopsis of fiscal policies and private sector developments in the recent years. In the following chapter the analysis focuses on Albanian labor market developments, and the main employment trends are presented with an emphasis placed on youth employment. In the third chapter concrete policy recommendations and potential interventions regarding the key aspects of youth employment in Albania are offered. This study is based on a wide range of significant data that have been published by respected national and international institutions. Some additional data have been analyzed and are presented in the form of a Statistical Annex. Most of this data has been gleaned by the Albanian Statistical Institute (INSTAT) reports.

This research packet, “Challenges Facing Albanian Youth on the Road Towards Employment – Recommendations,” proposes some recommendations regarding how to optimally overcome this essential problem. These suggestions are not limited to the job market itself, but are also applicable to Albania's socio-economic situation as a whole. The youth's successful transition from academia to the labor market is an issue of utmost importance that politicians must prioritize as “the key” that will open up doors to national prosperity.

## I. SOCIO-ECONOMIC CLIMATE

### Macro-Economic Perspective

Over the past few years, the Albanian economy has experienced an average economic growth rate of 5-6%, followed by price stabilization, which is reflected in a 2-4% average inflation rate. These indicators, coupled with a stable exchange rate and relatively low interest rates, have resulted in a slight but steady increase in savings and investment levels. General aggregate consumption is chiefly supported by emigrant remittances as well as by increased access to loans from second-level banks.

Albania's economic growth can be mainly attributed to agricultural production, which accounted for 21% of the GDP in 2006, as well as to the following sectors: industrial production, construction, and services. Commerce, the largest indicator for a nation's annual economic growth, generates Albania's highest sales. Imports and exports have enjoyed a steady annual increase: in the year 2006, annual exports increased by 19%, while imports increased by 15%.

**TABLE 1: Macroeconomic Indicators**

	2002	2003	2004	2005	2006
<i>Economic growth</i>					
Nominal GDP in Lek (Mld)	624,7	682,7	766,4	836,8	896,3
Nominal GDP in USD (Mld)	4,459	5,600	7,455	8,385	9,136
Nominal GDP per capita (USD)	1 441	1 800	2 427	2 674	2 855
<i>Growth rate (%)</i>					
Real GDP	2,9	5,7	5,9	5,5	5,0
Inflation (average)	5,2	2,4	2,9	2,4	2,4
Inflation (mid period)	1,7	3,3	2,2	2,0	2,5
<i>Investments--Savings Balance (as % of GDP)</i>					
Foreign savings	7,2	5,5	3,8	5,5	5,8
Domestic savings	17,4	17,9	20,0	18,6	19,2
-Public	0,0	-0,1	0,1	1,4	2,4
-Private	17,4	18,0	19,9	17,2	16,8
Investments	24,5	23,4	23,8	24,2	25,0
-Public	6,7	4,6	5,0	5,2	5,6
-Private	17,8	18,8	18,8	19,0	19,4

Source: FMN and Bank of Albania

### Social Context

According to the UNDP's 2006 Human Development Report, Albania is a middle-income nation with a Human Development Index of 0.784. The number of people living below the absolute poverty line dropped from 25.4% in 2002 to 18.5% in 2005. The percentage of the population that lives in extreme poverty, defined as those who experience difficulties meeting basic nutritional needs, has decreased from 5% to 3.5%. The growth pattern has succeeded in pulling roughly 235,000 individuals out of poverty. Poverty reduction has been more significant in Tirana and other urban areas (compared to rural areas) and in mountainous areas (compared to coastal and central areas).

**TABLE 2: Indicators and estimations for 2015**

Indicators	Source	2000	2001	2002	2003	2004	2005	2015
Absolute poverty (%)	LSMS			25.4			18.5	13
Absolute poverty (%)	LSMS			4.7			3.5	0
The poorest 20% of the population in total national consumption (%)	LSMS			14			8.2	>13
Unemployment rates (%)	INSTAT	16.8	16.4	15.8	15.0	14.4	14.1	10

*Source: UNDP, Millennium Development Goals Report (2005)*

During 2006 the expenditures for social security reached a total of 16.2 million Lek, or almost 5.8% of the GDP, while expenditures for health insurance reached 2.8 million Lek, or almost 0.7% of the GDP. Unemployment benefits and economic assistance make up for 0.1% and 1.1% of the GDP, respectively.

### Fiscal Policies and the Private Sector

The private sector simultaneously generates 80% of the total GDP and 67% of total employment. Hence, it is the main driving force of the nation's economic growth. Small and medium enterprises (SMEs) constitute a significant portion of the private sector and produce 64% of the GDP. The SME sector has consistently developed throughout Albania's transitional phase. According to INSTAT, the number of active private entities reached 64,710 by the end of 2005, reflecting a 15% increase since 2004. In regards to the organizational structure of these small and medium enterprises, entities employing up to 80 workers make up for more than 99% of all active enterprises nationwide.

In an effort to augment business development, fiscal policies over the past two years have strived to reduce the tax burden placed on small businesses. The policies applied during 2005-2007 cut their tax payments in half, noticeably reduced their income tax levels as well as their social security contributions. Below is a more detailed list of the policies' stipulations:

- Reduction of companies' income tax from 23% to 20%. Beginning January 1<sup>st</sup>, 2008 the income tax will decrease to 10%.
- Reduction of the simplified business income tax from 3% to 1.5% as well as the consolidation of the two taxes. The local government will be responsible for the collection of this unified tax.
- Decreased social security contributions for employees from 29% to 20%.
- 30% reduction of electric prices for businesses
- Annulment of the yearly re-registration fee for businesses

Despite this optimistic “de jure” picture, the business sector in Albania still faces serious problems, mostly related to the successful legal implementation of these policies and the high levels of informality and corruption.

## II. THE JOB MARKET AND YOUTH EMPLOYMENT

The creation of new job placements is a complicated challenge that requires stimulating macroeconomic policies, a favorable climate for business development as well as vigorous and consistent educational policies.

INSTAT predicts that the working age population will increase 5% annually over the course of this decade and, in 2015, it will represent two-thirds of the total population. In order to accommodate and harness this potential, the country's economic capacity must be tangibly improved. If incentives and policies for opening new work places are not crafted, the situation could become counterproductive.

The May 2007 publication "Young People in Southeastern Europe and Central Asia: From Policies to Action" arrived at the conclusion that in 1989 the ratio of Albania's young population to total population reached an all-time high. Hence, Albania possesses a high human potential for building up a productive workforce from this optimal demographic. Taking into account the average population increase rates that transpired over the following decades, we can infer that Albania will continue to hold a comparative advantage over its neighbors in regards to its youth population. It is, therefore, expected to proffer superior productivity if the necessary incentives to effectively channel this workforce are employed.

**TABLE 3: Regional young population data**

SEE Countries	The peak year of young population's relative weight	Yearly average growth rates 2005-2015	Yearly average growth rates 2025-2050
<b>Albania</b>	1989	- 0.5	0.1
<b>Bosnia &amp; Herzegovina</b>	1978	- 1.8	-0.7
<b>Croatia</b>	1950	-1.7	-0.3
<b>Macedonia</b>	1979	-1.7	-0.2
<b>Serbia &amp; Montenegro</b>	1998	-1.8	-0.5
<b>Turkey</b>	2020	0.4	-0.3

*Source: Lam, D. 2006 "Demography of young people in developing countries and economic implications" Policy Research Working Paper, nr. 4022, World Bank, Washington, DC.*

The fall of a centralized economic system and the radical political changes that precipitated after the 90s led to changes in the job market structure as well. One of the first noticeable phenomena was the lowered demand for a work force, and the consequently reduced employment rate.

After the initial transition, however, employment statistics have not markedly fluctuated. Official data reveal that, over the past six years, the labor force has only declined by 200,000 people, an indicator that is reflected by a 3% decrease in

the employment rate since the year 2000. On the other hand, unemployment rates have experienced a slight decline every year, dipping down to 13.8% in 2006.

**TABLE 4: Work force summary 2001 – 2006 (per thousands)**

	2000	2001	2002	2003	2004	2005	2006
<b>Total population</b>	<b>3,061</b>	<b>3,074</b>	<b>3,093</b>	<b>3,111</b>	<b>3,127</b>	<b>3,149</b>	<b>3,135</b>
– Males	1,530	1,533	1,542	1,551	1,558	1,578	1,573
– Females	1,531	1,541	1,551	1,560	1,569	1,570	1,566
<b>Population in working age</b>	<b>1,765</b>	<b>1,773</b>	<b>1,800</b>	<b>1,826</b>	<b>1,850</b>	<b>2,003</b>	<b>2,018</b>
– Males	900	906	919	931	944	1,026	1,033
– Females	865	867	881	895	906	976	985
<b>Employed</b>	<b>1,068</b>	<b>920</b>	<b>920</b>	<b>926</b>	<b>931</b>	<b>932</b>	<b>935</b>
– Males	641	578	577	579	578	576	577
– Females	427	342	343	347	353	356	357
<b>Registered unemployed</b>	<b>215</b>	<b>181</b>	<b>172</b>	<b>163</b>	<b>157</b>	<b>153</b>	<b>149</b>
– Males	113	96	91	86	82	79	77
– Females	102	85	81	77	75	74	72
<b>Employment level (in %)</b>	<b>60.5</b>	<b>52.0</b>	<b>51.1</b>	<b>50.7</b>	<b>50.3</b>	<b>45.6</b>	<b>48.7</b>
– Males	71.2	63.8	62.8	62.2	61.2	51.4	58.8
– Females	49.3	39.6	39.0	38.8	38.9	38.5	38.1

*Source: Statistical yearbook 1995-2004 and Job market 2006, INSTAT*

#### **Box1: EU Employment Standards**

The EU-adopted European Employment Strategy (EES) is an integrated approach to employment policymaking. It aims to reach the following three objectives: full employment, the promotion of quality and productivity, and social inclusion of at-risk groups.

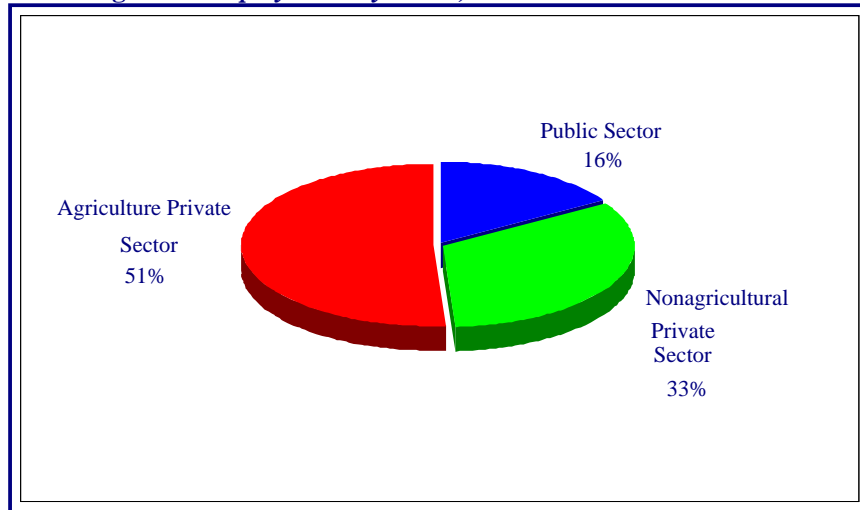
Setting common objectives, targets and deadlines has facilitated the inclusion of employment policies within the framework of wider-reaching economic and social policies. The targets directly applicable to young people are as follows:

- Every newly employed young person should be offered a new beginning in the form of training, retraining, on-the-job practice, a job, or other employment measures before being unemployed for six months.
- 85% of 22-year-olds should complete high school by 2010.
- The average school drop-out rate should not exceed 10% by 2010.



The changes in the economic system during the transitional period are also reflected in each sector's employment composition. Over the past 17 years, an increase in the number of entrepreneurs has been coupled with an increase in the number of people employed in the non-agricultural sector. On the other hand, the number of people employed in the public sector has decreased from 33% in 1995 to 16% in 2006, which is mainly a consequence of privatization.

**Figure 1: Employment by sector, 2006**

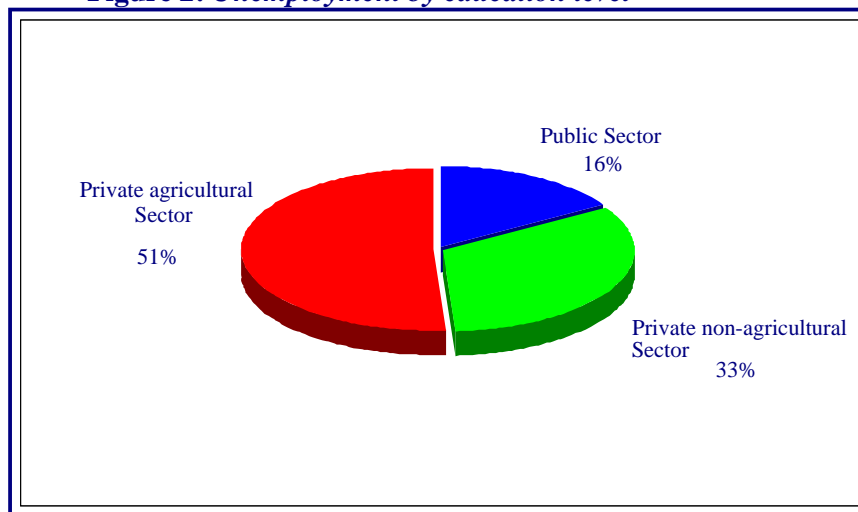


Source: *INSTAT*

As shown in the figure above, the agricultural sector still boasts 51% of the labor force and, hence, remains the dominant sector. The trade, transportation and construction sectors follow close behind, employing a large slice of the remaining labor force.

Adapting to the new realities presented by the transition has been very difficult. However, they have been rendered even more taxing by a deficient educational system that impedes individuals from overcoming the challenges of a market economy. Even after 17 years, the education system's organizational structure and overall quality fail to fulfill the market demand for a qualified workforce, thereby impeding the youth from securing suitable employment in a timely manner. Nevertheless, a university degree offers its holders a distinct employment advantage, evidenced by the fact that only 1.8% of unemployed people have pursued higher education. It is usually those who only possess a high school diploma, a contingent of people that accounts for more than half of the official unemployed population, which are left behind on the road towards securing employment.

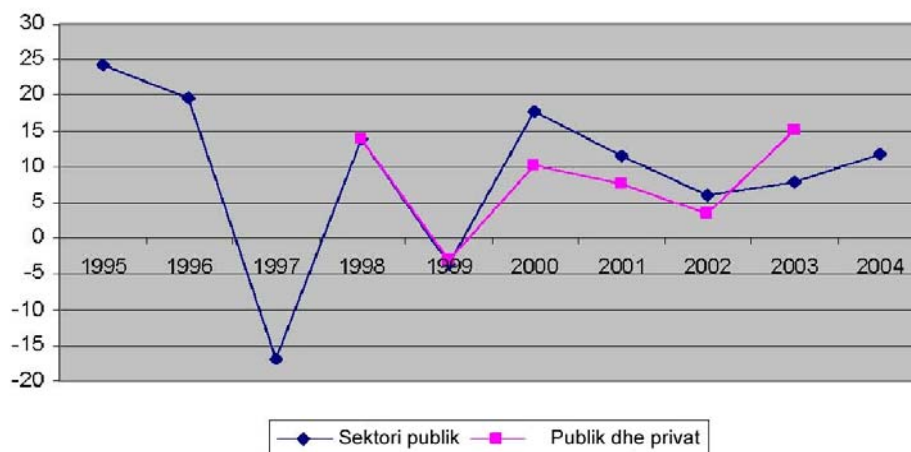
**Figure 2: Unemployment by education level**



Source: Ministry of work, social affairs and equal opportunities

During the years 2000-2004 referring to INSTAT data, wages in the public sector have annually increased at ratio from 6 to 18%. With the difference of the year 2003 where a decrease of wages in the private sector has been shown, as according to the World Bank<sup>1</sup> and INSTAT during this time span the wage increase in the private sector has been more slow. Similarly LSMS observations show that between the years 2002 and 2004 the average wages for the private sector were 9 to 14% higher than in the public one.

**Figure 3: Wage increase, 1998 – 2004**



Source: World Bank, 2006<sup>2</sup>

According to the UNDP's statistics for 2005, the net school registration level for grades 1-4 reaches 89% while from grades 1-8 reaches 94%. The UNDP considers these levels

<sup>1</sup> Albania: An analysis of the job market, May 2006, World Bank, page 37.

<sup>2</sup> Ibid.

low in comparison with the education objectives delineated by its Millennium Development Goals for Albania. Ensuring high elementary school attendance levels requires the restructuring of educational services, including the current state of the schools themselves and the number of teachers, in order to fulfill the community's demands. Such restructuring must be applied to both urban and rural zones and must take into account demographic changes and migration patterns.

**TABLE 5: Indicators and estimations for 2015**

Indicators	Source	2001	2002	2003	2004	2005	2015
Net elementary education (1-4) registration level (%)	INSTAT	92	92.5	94.0	95.0	<b>89</b>	100
Net basic education (1-9) registration level	INSTAT				93.0	<b>94</b>	100
Elementary education (1-4) completion level (%)	INSTAT		88		86	<b>98</b>	Nd
Basic education (1-9) completion level (%)	INSTAT		98	98	97	<b>98</b>	Nd
Elementary education (1-4) suspending level (%)	INSTAT		2.0	2.0		<b>0.5</b>	0
Average education years	INSTAT			10.5		<b>NA</b>	>13.5

Source: UNDP, Millennium objective development (2005)

### **Informal employment**

INSTAT observes that three out of every four employees in Albania are working on the black market. In the nonagricultural sector, excluding self-employed individuals and professionals, 55% of employed people are classified as informal. Young people, individuals possessing a low level of education, and poor people are the groups most severely affected by the informal employment sector.

Only 15% of the people who claimed unemployment in 2002 were able to successfully transition into the formal employment sector by 2004. Only 10% of those who have yet to enter the workforce were able to successfully transition into the formal employment sector. In contrast with this data, 38% of unemployed people found work in the informal sector.<sup>3</sup>

Informal employment, and its specific repercussions for the youth demographic, is not a phenomenon restricted only to Albania. Young people encounter more employment obstacles than adults because, in most cases, they possess less knowledge about their rights as employees and, therefore, fall victim to the shortage of legitimate employment opportunities more easily. As the International Labor Organization observes in one of its studies, young people are more vulnerable to the informal job market.<sup>4</sup>

<sup>3</sup> "Albania: An Evaluation of the Job Market", May 2006, World Bank, pg.18.

<sup>4</sup> "Global Employment Trends for Youth", August 2004, ILO, pg.22.

### **The Phenomenon of Self-Employment**

According to the Employment Sector Strategy 2007-2013, 66% of Albania's employed population is self-employed, the majority of whom are working for family-owned businesses or agricultural ventures. Approximately 62% of this group is engaged on a full-time basis, while 39% of them work part-time. Moreover, only 34% of this group receives payment for work rendered (i.e., oftentimes in family businesses members of the family, especially young people, are not paid for their work).

These statistics reveal that there is a high incidence of self-employment within the nation's employment sector, the majority of which is focused within family businesses where these self-employed individuals are not paid and, hence, are financially dependent upon their families. Such massive self-employment also tends to exclusively steer young people into the same businesses as their parents, which decreases their motivation to explore new avenues of employment and, hence, to acquire professional qualifications. This issue is of even more concern due to the fact that, as mentioned above, there is an absence of a sound educational system that is capable of offering career counseling after the provision of proper professional qualifications.

### **Youth employment**

The majority of young people in Central and Eastern Europe today were born between the years 1985 and 1995, a period associated with profound political and economic upheaval throughout the region. These revolutionary changes were ushered in by the fall of the Berlin Wall, a historic event that marked the beginning of an arduous transitional period; countries that had been ruled by the iron fist of centralized authority for decades began to move towards a market economy and a more open political system.

This step towards a market economy, being in and of itself a favorable catalyst for entrepreneurial activity, offered the workforce of these countries new opportunities for development. On the other hand, these conditions placed a disadvantageous employment burden upon people in general and specifically upon the young population. The education system, including opportunities for vocational training, was unable to develop alongside the rapidly changing economic environment. Moreover, the supporting political policies necessary to efficiently upgrade this system were completely non-existent. This time period was characterized by a noticeable increase in school drop-out rates and the widespread phenomenon of emigration, both of which were trends driven by economic need.

Albania is considered to be one of the nations that suffered most severely from the consequences of transition and, in comparison with its neighbors, it endured some of the gravest blows to youth employment.

**TABLE 6: Education of 18-24 age group**

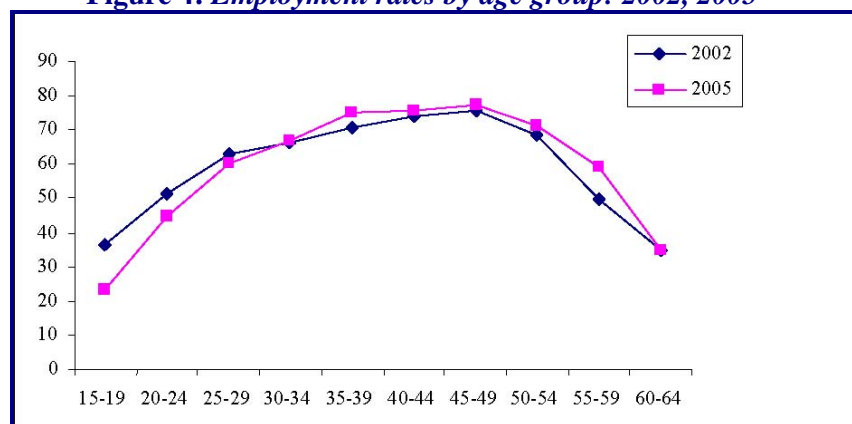
Year 2005	Percentage of age group 18-24 that have not finished high school and do not follow any other educational or training process
Lisbone’s Objective for 2010	10
EU-(15 countries) average	17.3
<b>Albania</b>	<b>61.9</b>
Kroatia	5.4
Macedonia	36.2
Serbia	11.4
Turkey	51.5

Source: European Commission (2006)

The fact that approximately 62% of Albania’s youth (18-24) has not completed secondary education and is not currently enrolled in any alternative educational or training program is a clear indicator that the policymakers have failed to utilize the proper channels and to harness the right tools to solve the dilemma of youth unemployment.

Such a statistic also brings to light the fact that Albania currently holds an unexploited resource in its hands – the youth workforce potential is vast and, if harnessed, could exert positive effects upon the nation’s economic situation. “It is high time to pay attention to policies regarding young people otherwise Albania risks losing a generation of its economy, mainly composed of the people born in the 70s,” concludes INSTAT’s 2004 study, “People and work in Albania”.

**Figure 4: Employment rates by age group: 2002, 2005**



Source: LSMS 2005

During the years 2002-2005 young people in Albania have been at a striking disadvantage on the job market. According to LSMS's 2005 statistics, the age group comprising people over 32 years old has witnessed a slight increase in employment rates whereas the youth age group (15-32 years old) has sustained a decline. The challenge of securing employment has specifically been more difficult to overcome for the younger age group (17-22 years old).

The data presented in Table 6 and Figure 4 should sound the bell of alarm for an impending crisis that, apart from the job market, will exert ubiquitous effects upon Albanian society as a whole. It will fuel a phenomenon that continues to plague Albania even after 17 years of transition – emigration.

The employment rates are lower for young people who possess lower levels of education. In 2004 the employment rate for 15-24 year-olds reached 37.1%. This is significantly lower than the national average of 60.1%. According to the World Bank's study, "Job Market Evaluations 2006" there are two distinct causes for this effect. Firstly, many young people abstain from working while they are still completing their studies, which is why 68.8% of Albanian youth were not included in 2004's national workforce.

The fact that many young people are still currently partaking in the education process signifies that a more qualified workforce is being cultivated for the future. The second reason for low youth employment rates is the considerable number of daunting obstacles that young people must overcome to successfully cross the job market threshold. This fact particularly rings true for young people who possess a low level of education. This contingent is often unemployed, sometimes even refusing to seek out employment, thereby creating a very disturbing number of dejected young people.

**TABLE 7: Unemployment by age group**

	2002	2003	2004	2005	2006
Total registered unemployed job seekers	172385	163030	157008	153250	149,794
By age group					
15 - 19	13410	12609	11434	11060	11,250
20 - 24	31547	29828	27467	26618	24,542
25 - 34	46806	43568	39006	37292	35,577
35 +	80622	77025	79101	78280	78,433

Source: Albania in figures 2006, INSTAT

### III. ENHANCING POLICIES FOR YOUTH EMPLOYMENT - RECOMMENDATIONS -

The young generation is perhaps the most valuable asset that a country possesses for its steady development in regards to both economic productivity and social cohesion, which are two of the prerequisites necessary for political stability. In this context, it is of utmost importance that a special emphasis be placed on this generation's comprehensive inclusion into the job market. Can a nation truly experience sustainable development if it is unable to offer secure employment to all levels of society? In the face of an unemployment crisis that most harshly affects the youth, it is impossible to expect that this demographic will contribute to society's development in terms of culture and politics.

The importance of youth employment and entrepreneurship not only lies within the sphere of stable economic development. It stretches beyond economy by presenting a constructive example for the whole of society. Finding and implementing optimal solutions to the problem of youth unemployment will not only fulfill each individual's personal and financial needs; it will also offer advantages to the entire community by ensuring social cohesion, sound economic development and a better standard of living.

#### **Box 2: Economic consequences of youth unemployment**

The underemployment of young people represents a missed opportunity for economic development on both the national and global scale. It is estimated that reducing the current youth unemployment rate by half (from 14.4% to 7.2%), and thus bringing it closer to the adult unemployment rate, would add 4.4-7% to the global GDP. Studies show that the highest potential gains would be in sub-Saharan Africa, with an estimated 12-19% increase in GDP.

*Source: "ILO starting right: Decent work for young people" 2004*

The vicious cycle of deprivation and social exclusion that currently plagues young people as they transition into the workforce can exert damaging effects upon societies and economies. Unemployed or underemployed youth are less able to effectively contribute to national development and have few opportunities to exercise their rights as citizens. They have less to spend as customers, less to invest as savers, and often are less prone to bringing about changes in their lives and communities. In order to convert economic increase into positive results for the general market as well as for individual citizens, employment should be made the main focus of socio-economic policies.

Underemployed youth deprive businesses and the economy at-large of the opportunity to utilize advanced innovations. Such modernization, which is based upon making investments in human capital, is indispensable for fostering competitive advantages on the market. Hence, neglecting the young generation's potential is akin to deliberately stunting economic growth.

It is clear that the issue of youth unemployment is a matter of collective responsibility, falling upon the shoulders of individuals, communities, and institutions; that is, guilt

rests with the society as a whole. Youth employment is a very complex challenge. To achieve success will prove very difficult if this challenge is confronted with indifference or if it is dealt with only by the institutions or organizations that are directly involved. All societal actors should pay special attention to this issue and should cooperate in order to resolve it.

Investing in the youth is making a sound investment in a nation's future. High youth unemployment translates into lost, unexploited, or undermined socio-economic potential. Developing potential interventions to increase employment could span a wide array of theoretical policies. However, the implementation of a tangible and successful intervention presents a unique task because only a policy that possesses a comprehensive and all-contributive dimension could possibly resolve the dilemma of youth unemployment.

**Box 3: Spain, successful youth employment policies**

Spain has applied one of the most successful youth employment strategies in the European Union, addressing youth needs by reducing pressure and social exclusion. The plan includes the creation of youth national institutions (i.e., Spanish Youth Institute, Spanish Youth Council, Inter-ministerial Committees, Local Youth Centers, and Youth Councils). Spain has interconnected these organisms with decentralized assistance tools in the education field, as well as the quality of life and youth participation.

**Current Employment Strategy**

The national employment strategy 2007-2013 anticipates higher public expenditures on education, including pre-university and university education. This sector should take a key position in the 2009 budget expenditures, foreseen to reach 5% of the GDP.

This Employment Strategy focuses upon the reintegration of emigrants into the domestic job market. According to this document, emigrants have gained valuable professional skills and experience abroad and their inclusion in the Albanian job market will be encouraged through a temporary tax break for their businesses.

However, this political approach may prove to be counterproductive because it may fail to respond to the Albanian job market's intrinsic problems by glossing over them with a quick fix. This market suffers from a lack of employment and this is the main reason for which many members of the active work force initially decide to seek work abroad. A more effective policymaking approach would include policies that discourage emigration from the outset by prioritizing the youth's problems and thereby steering them towards homeland employment rather than emigration.

The Employment Strategy also anticipates the development of partnerships with other players on the job market such as businesses, universities, research institutes and civil society, and various donors. Although this objective has been conceived of accurately and identifies essential actors on the job market, the Strategy does not set out concrete



steps for achieving its goal and does not include a concrete proposal regarding how to foster this cooperation.

#### **Box 4: Indicators of a National Youth Policy**

1. **Informal Education** – encourages active education that skirts the formal education system through the opening of clubs for youth inclusion and through NGOs
2. **Youth Training Policies** – promotes further education for the most qualified youth, which is necessary for the development of effective youth NGOs
3. **Youth Legislation** -- supports legislation that recognizes and accepts the role that young people and youth organizations should hold in decision-making and assures the government's efficiency in dealing with youth cases
4. **Youth Budget** – allocates grants for individual projects and youth organizations
5. **Youth Information Policy** – aims (1) to inform the youth about the opportunities available to them, and (2) to maintain open communication lines between the youth and the policymakers to ensure the transparency of the conceptualization and implementation process of all youth-related policies
6. **Multidimensional Policy** – emphasizes that youth policies should be implemented at the national level as well as the local one
7. **Youth Research** – regularly identifies the essential issues related to youth welfare, the best practices to use for addressing these issues, as well as the role of youth organizations in the development of society.
8. **Participation** – supports active participation of youth organizations in youth policymaking and implementation
9. **Partnerships between Ministries** – implements youth policies in an inter-sector way, which hence ensures a common ministry responsibility. In the best case an agency for youth coordination would contribute to and monitor the implementation process.
10. **Other Innovations** – stimulates innovative and creative alternative solutions for addressing problems that face the youth
11. **Advisory Youth Organizations** – determines a structure (i.e., Consulting Committees) with a mandate to influence the government about youth issues

*Source: European Youth Foundation (2002)*

### **Making the Transition from School to Work**

*Everything we have learned from formal environments (schools, colleges, training centers, etc.) only represents a fraction of the skills we have gained. We have also learned from informal environments such as youth associations, sports clubs, family life and political engagement.*

**European Commission, White Paper, “A new impulse for European Youth,” 2001**

Executing a successful jump into the labor market from the world of academia is one of the most critical trials that people face during the course of their lives. Logically, the more prepared they are for their debut onto the job market, the easier this transition will be. Overcoming the challenge of this transition depends on the general state of the job market, especially workforce demand levels, but in most cases the failure to make this climactic jump rests upon the lack of information or supporting tools (i.e., employment offices, job training courses, relevant policy implementation) available to the youth population.

One of the chief reasons why this transition proves to be very complex in Albania lies in the deep-seated faults of the nation’s inefficient educational system, which is still far from fulfilling its necessary role as a force linking the educated, potential workforce to the local, national or even regional market. Career service centers, which should be included as intrinsic bodies at every university, are practically non-existent.

Moreover, formal cooperation between educational institutions and society’s relevant key players is still a utopian dream that has not even begun to take form – it is starkly absent from the present-day education national strategies. Currently, the gap of communication between the youth and potential employers is filled by private businesses’ initiatives and youth organizations. However, this activity is sporadic because it relies upon continuous outside funding, which renders it unsustainable. A healthy school-to-work transition requires not only a versatile job market but also a well-qualified young generation that is provided with guidance towards career development.

All of these deficiencies spawn a faulty workforce “production system” and simply add to the other school-to-work transitional obstacles.

The method most commonly used to secure job placements is another serious school-to-work transitional problem that young people are forced to confront. According to INSTAT statistics approximately two-thirds of young people use their relatives or friends as intermediaries to find employment. Even though we currently live in the internet age and the services industry is booming, Albanians continue to rely upon personal relationships to find jobs. Such a trend indicates that there is a formidable lack of respect for professional merit since employment can be provided through nepotism rather than through the normal interview process, which is conducted by an impartial third party who will purportedly judge candidates based on skill, education level, and experience rather than by who they know.

**Box 5: Career Counseling Simplifies the School-to-Work Transition (Experience from the United States)**

Career service centers render the transition from academia to the labor market a much smoother one in the United States. Beginning at the high school level, the education system already orientates itself in a professional direction. The philosophy behind this method is that learning should not be exclusively focused upon theoretical academic knowledge; the practical aspect of skills development is treated with equal importance. This system functions on the principle of establishing decentralized partnerships between schools, employers and trade unions at the community level. The three main components are:

1. School-oriented Learning:

The implementation of a nationally standardized high school curriculum

Career counseling

Pre-career selection

Classes include a combination of academic and hands-on learning

Combination of formal education and complementary training classes

The provision of continuous feedback on students' progress taking into account their personal objectives and requests for extracurricular activities and classes

2. Professionally-oriented Learning

The provision of professional trainings and recognized, certified work experience

The provision of information regarding all the various employment sectors

Work sites provide counseling and direction to employees

3. Related Activities:

Activities that encourage employer and union participation in the educational system

Providing students with internship opportunities throughout their academic career that could then lead to suitable job opportunities upon their graduation

Stimulating cooperation between students, parents, employers and employment offices

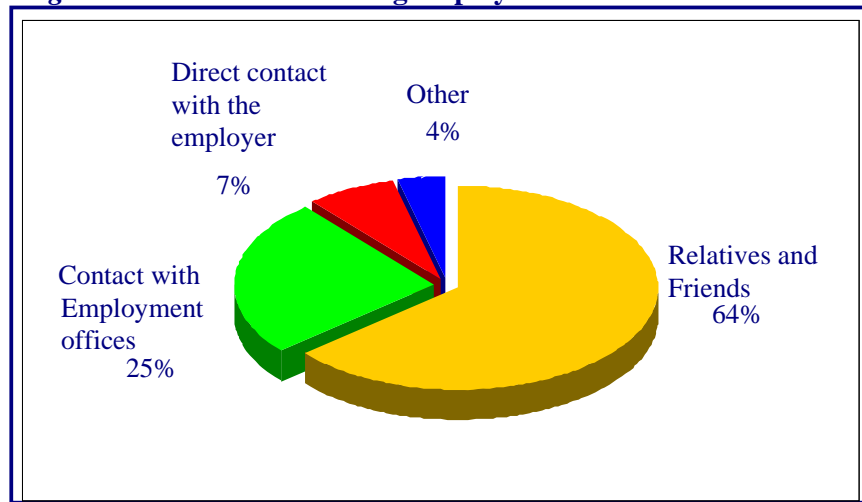
Assisting recent graduates in their job hunt

Extracurricular activities that empower youth to enter the job market (i.e., work fairs)

*Source: ILO – Employment counseling and career guidance:  
A trainer's guide for employment services personnel*

Only 7% of young people find a job through direct employment contacts, while 25% of them find work through employment agencies. The contribution of employment agencies is limited from a qualitative standpoint because they mainly concentrate upon the market for manual labor rather than including a wider array of employment opportunities.

**Figure 5: Methods of securing employment**



Source: INSTAT, LSMS 2002-2004

In addition to the aforementioned problems in regards to methods of securing employment, there exists a need to forge a formal cooperation between governmental institutions, businesses, and civil society. This cooperation could then be wielded as an efficient instrument for raising living standards and for ensuring sustainable development. In line with this idea as well as the desire to channel job market avenues away from personal contacts, the World Bank Office in Tirana has funded an important initiative – the “I Work” project.

**Box 6: “I Work” Project**

The Mjaft! Foundation’s “I Work” project, which is both financed and supported by the World Bank, has assisted in creating a more transparent employment process in Albania by providing jobseekers with the tools necessary to avoid the use of informal channels. The project’s main activity, a virtual employment office, is a comprehensive service that offers all societal groups, including the Diaspora, a wide array of information ranging from scholarship and internship announcements to part-time and full-time job postings. This free service also allows its users to complete all applications online.

This project was implemented through the following two phases:

**Phase I:** conceptualization, creation, and launching of the unepunoj.com website

**Phase II:** ensuring that this virtual employment office would function on a practical level and that it would be sustainable over time; the second phase of the project included activities such as job fairs in two of Albania’s largest cities (Korca and Vlora) as well as a career week that was held in the capital.

This project’s tangible results proved to be well-aligned with its original objectives:

- 1). Creation of a transparent link between employers and jobseekers
- 2). Capacity-building for jobseekers through trainings and career counseling (career week)

3). Cultivation of a work culture that contributes to the transparency of the employment process (job fairs)

Over the period March 2006-August 2007, unepunoj's website has posted approximately 480 job vacancies and 282 scholarship and training opportunities. In addition, a total of 350 employers (governmental institutions, NGOs, and private companies) and 4210 jobseekers have registered on this website. Unepunoj has also forged a number of formidable partnerships with institutions such as national employment offices, the national Department of Public Administration, international organizations, and universities. This remains a pilot project that requires cross-sectional support from all relevant societal actors and the creation and implementation of necessary policies to continue flourishing.

### Vocational Training

Vocational training is one of the methods that young people employ in order to better their skills and adapt to the job market faster. According to official data approximately 41% of those who partake in vocational training remain unemployed.<sup>5</sup> Vocational schools in Albania have yet to undergo the proper reforms necessary to adapt to the nation's new economic realities. This fact is sustained by the government itself. The following statement can be found in the Employment Sector Strategy 2007-2013: "The current vocational training system in Albania is weak both from the quantitative and qualitative perspectives. In general there is a lack of adequate infrastructure, insufficient financing, low levels of human resources, outdated school curricula and obsolete management methods."

A qualitative upgrade of human capital is closely tied to the increased demand for pertinent education. Therefore, it is inextricably linked to reforming the educational system and curriculum to fit the market's realities as well as to establish a more direct bond between education and employment. In some neighboring countries, such as Croatia, employers identify school curricula as the most prominent hindrance to human capital development, which in turn inhibits economic development.

In Albania there are approximately 40 vocational schools that span across 22 cities. Countrywide there exist only 9 public centers for vocational training and they are located in the Albania's biggest cities: Vlora, Shkodra, Tirana, Durres, Elbasan, Korca, Tepelena and Fier. Meanwhile, only 3 vocational schools, focusing on both agricultural and non-agricultural fields, function in the rural zones. Lastly, there are 120 licensed private vocational centers spread throughout the nation.

In 2006, 72% of vocational school graduates specialized in computers or foreign languages while the rest specialized in one of the 17 remaining technical professions. 62.87% of the people attending vocational training courses in public centers are 24 years old and younger. 56.17% of the participants had graduated from high school. In Albania, "the quality of vocational training is regarded poorly and a very

<sup>5</sup> Sectorial Employment Strategy 2007-2013

low percentage of students, young people or adults, attend vocational schools. Even the private sector for vocational schools is weak and possesses characteristics similar to the public one,” states the Employment Sector Strategy 2007-2013.

It becomes clear, when specifically taking the Albania market into consideration, that there exists an exigent need to reform the vocational education system to meet the nation’s economic priorities. Vocational schools should focus upon fields, such as agribusiness, gastronomy and tourism, which are currently in need of a workforce that possesses hands-on experience rather than theoretical knowledge. These sectors should also be focused upon because they are able to offer a competitive advantage at the international and national level. Within this context, a research study should be conducted to demarcate all of the industries, based on their regional location, in Albania that enjoy a competitive advantage on the market. The ensuing results, which could be summarized in thematic local maps, could then be utilized as the basis for exacting structural changes in the vocational schooling system. These changes should be applied nationwide in an effort to open the appropriate vocational schools in regions where the curricula could include hands-on training (i.e., if the district of Lushnje possesses a competitive advantage for agriculture and has many agricultural businesses, a vocational school specializing in this field should be opened there and the students would then be exposed to hands-on training combined with the knowledge they would acquire in school).

This reconstruction of the vocational school system would also stimulate rural and local development by creating specific vocational centers that would prepare students for specific technical professions in sectors where this specific workforce is needed, thus fueling the cycle of employment and steering it into the appropriate vocational areas that would spawn the most economic productivity. Similar undertakings have only peppered Albania’s vocational landscape. Durres’s “School for Sports” and Elbasan’s “School of Pedagogy” are two of the prime examples, but this effort should be expounded upon in order to ensure Albania’s steady economic growth. In addition to the positive effect that such schools could exert upon employment opportunities, they would also contribute to eliminating internal migration pressures through the creation of appropriate vocational centers in the nation’s less preferred zones.

Over the past years a growing trend to open new universities in less metropolitan areas has been noted. However, these universities generally fail to adapt their curricula to the needs and priorities of the areas in which they are built. In most cases, it seems as if alternative routes of study are essentially blocked and traditional curricula are “cloned” – the only novelty offered is the fact that universities are migrating beyond Tirana’s borders. To build a bridge between these new institutions and the local job market, it is crucial that the school curricula be linked to the specialties of the region or district in which they are located as well as to the specific priorities of development for these places.

For example, in Saranda, it would be advantageous to develop school and vocational training curricula that are in line with the city’s employment sectors: tourism, gastronomy, diving, craftsmanship, archaeology, foreign languages, agribusiness, aquaculture, specialist of oysters and fish cultivation, wood processing, etc. On the other hand, in a mountainous region such as Kukes potential priorities for schools could

be mountainous or rural tourism, alpine geography, wood processing, agribusiness, veterinary techniques, gastronomy and culinary services, environment, etc.

### **Vocational Training: A Regional Perspective**

Vocational training, however, does not seem to be the best solution to youth unemployment or for easing the school-to-work transition. Even though the vocational school reforms in the European Union are sufficiently advanced, especially in nations such as Hungary and Slovenia, a high percentage of students who have taken this educational route either quit school or remain unemployed.

In Southeastern Europe in 2003, 90% of vocational school graduates remain unemployed 1-5 years after graduation.<sup>6</sup> Similar data has been gleaned about vocational school graduates in Turkey, where 22% of 20-24 year-old graduates are unemployed. In 2001 in Bosnia-Herzegovina young people (25 years old and above) who graduated from vocational schools were actually placed at a disadvantage when compared to general secondary school graduates. The former suffered from lower wages and less benefits.<sup>7</sup>

### **Youth Entrepreneurship and its Role in Business**

Although programs to promote youth entrepreneurship are still rare in Southeastern Europe, a recent study reveals that such programs can offer very positive results.<sup>8</sup> Given that there exists a relatively small number of such endeavors it is impossible to derive certain and general conclusions about their effectiveness. However, one thing is clear: Policies that strive to reduce the extra barriers young people face when developing their own innovative businesses have been successful and have clearly won the support of the youth. One of the key ingredients necessary for successful youth entrepreneurship endeavors is a favorable business climate that is specifically conducive to opening SMEs. The World Bank's 2004 report, "Albania: Maintaining a Steady Growth Even Beyond Transition," observes that ensuring a successful employment process is rooted in both an increase in human capital as well as an improvement in the quality of this capital.

In Albania's case, youth entrepreneurship possesses a vast potential, characterized by creativity and dynamism. Given this fact it is imperative that the central government place a policy-based emphasis upon introducing incentives that will encourage youth entrepreneurship. One potential strategy that could be employed to further this goal is the allocation of an annual governmental fund that will financially support some of the nation's best youth business plans. In addition to local and national resources, the foreign community could also contribute funding for such an initiative. These funds

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<sup>6</sup> "Youth in Eastern Europe and Central Asia : From Politics to Actions". May 2007, World Bank, pg.5.

<sup>7</sup> "Youth in Southeastern European Commission: From risks to Power-increase", G. La Cava & P. Lytle & A. Kolev, 2006, World Bank.

<sup>8</sup> "Global Inventory on Mediations in support of Young workers. Report Synthesis", G. Betcherman & M. Godfrey, et al, 2007 Mimeo, World Bank.

could then be managed by central or local governmental organs or by youth organizations themselves.

Another tentative initiative could include the involvement of the nation's financial institutions, especially in light of the fact that the Albanian people have recently begun to enjoy increased access to loans from second-level banks. Within this context, a fixed entity that gleans the benefits of being closely tied to the association of Albanian banks could be established with the aim of promoting prioritized allocation of low-interest loans to finance youth business plans. This institutional intervention would eliminate the high interest rates that often accompany youth loans, which is a necessary step towards ensuring successful youth entrepreneurial endeavors. The establishment of such a framework should also include an educational focus whereby young people are trained in business development so that they can successfully transform creative business ideas into fully functional enterprises. Financial institutions have a substantial stake in supporting such initiatives because they will improve the banks' corporate social responsibility profile and will contribute to the nation's economic stability, a factor that is fundamentally salient for the banks own business interests in the country.

Furthermore, specific schemes could be crafted to guide the business community from traditional corporate philanthropy into the more complex work of community development. Private businesses play a key role in the provision of youth employment opportunities as well as internships. However, they can also participate in ameliorating the problem of youth unemployment by cooperating with educational institutions and NGOs in an effort to design and implement suitable preparatory programs for the youth. These programs would prove to be very effective if they focus on providing the youth with the skills necessary to actively partake in the current job market.

**BOX 7: YAPS, the model of a successful social business**

Youth Albania Professional Services YAPS is a model of social business that operates under the market rules, but driven from social objectives and not from the earnings perspective. All the employees come from marginalized and risky groups.

YAPS deals with Post and Packages Distribution. It is one of the five licensed post and packages distributive services which operate under the market rules in Albania. Its direct competitors are the national post services (Express Post Service) and ACS Albania. TNT, DHL and Federal Express are mainly focused on the international level. YAPS have gained around 1/3 of the whole Albanian market and the direct post distribution. YAPS service has started in the capital with the aim to expand in other regions. The number of total employees has increased from 32, in June 2002 to 80 in November 2003. Its 70 clients include YAPS Foundation, embassies and many promising international companies.

*Source: "Youth and transition: issues confronting Albania's key resource" Social Research Centre, INSTAT, November 2003*



### *Employment Agencies and Career Counseling Centers*

The National Employment Service (NES) provides various services for jobseekers including registering them, providing them with consultancy, playing the role of mediator between them and potential employers, helping them complete the application for receiving unemployment benefits, registering them for vocational school, and providing them with information about the job market according to sector. It also implements various programs to increase employment. The NES has 36 branches across the nation and employs a total staff of 372. One of the issues central to scope of their work is to improve the job market situation.

The Albanian legislation system has allowed for the creation of private employment agencies since 1999. These agencies provide services evaluating market demands, applications for jobs both nationally and internationally, as well as services for the employed workforce (provided by a third party). There are currently 14 private employment agencies functioning in Albania. Although this number seems promising from a quantitative perspective, in actuality these agencies provide employment opportunities for a limited group of jobseekers; in most cases they offer Albanians temporary contracts to work abroad. After conducting some research by contacting such employment agencies it was discovered that jobseekers and employers alike have yet to establish the trust necessary to approach those private employment agencies.

The lack of information and public awareness about the services that these employment agencies have to offer is a problem that must be faced if these intermediary agencies are to gain the trust of all interested parties and to play their role successfully. Within this context it is crucial that governmental institutions and youth employment institutions alike take on an important role in addressing this problem by employing tactics to bring the key players together through promoting the services that these agencies offer. In this way, the aforementioned institutions could function as mediators between the job seekers and employment agencies as well as between the employers and employment agencies.

One element that is starkly absent from the current employment spectrum is the existence of career counseling centers, which should function as intrinsic entities under the umbrella of the university system. They should serve as a bridge for students by guiding them out of academia and preparing them for their debut onto the job market. Such structures would (1) provide students with consultation about job market trends and how to match their personal interests to these trends, (2) offer students contacts with businesses and/or recruiting departments of other institutions, (3) provide students with updates about job and internship postings, and (4) offer students constructive help with the job application process including C.V. writing sessions, mock interviews and general tips about how to approach the employment process. In many developed countries these centers play a crucial role in the educational system.

Lately, a positive trend in the number of job fairs occurring in Albania has been noted, but the success rate of this tool has yet to be determined. Another move in the right direction for promoting youth employment has been the increased frequency of internships offered by public institutions. However, both of these optimistic developments are unique examples of success because as long as these tangible efforts

are not supported in an institutional manner their existence remains a moot point. For example, mechanisms must be put in place to ensure that internships are taken seriously by the institutions that are offering them, that an intern's duties are clearly delineated and that they receive constructive feedback about their performance. Financial resources must be allocated to internship programs so that they draw worthy applicants and are accessible to all students. Moreover, since Albania is currently in the embryonic phase of transforming the concept of an internship from an isolated instance into a mainstream occurrence, the value of partaking in one must be emphasized – for example, success stories of internships that have turned into long-term employment should be publicized.

### **Governmental Initiatives and Public Employment**

Engaging the youth in public employment programs is a tactic utilized in many countries globally and it is mainly directed at youth groups that arise from backgrounds of poverty and marginalization. In addition to providing these youth with employment opportunities, such programs can also contribute to the development, both infrastructural and economic, of their local communities.

#### **Box 8: Youth Corps in the United States**

“Youth Corps” is a specific public initiative that falls under the umbrella of community service programs. Its chief target group is unmotivated youth (i.e., high school dropouts, long-term unemployed youth). The program combines paid work with education and training, work preparatory classes, as well as leadership and life skills training. Young people are divided into work teams in order to enhance peer support structures and to offer the participants a positive model of cooperation and mutual respect.

The programs are managed at the local level and are financed by various sources, including federal and state grants, as well as funds generated from other programs. In 1997, approximately 120 such programs, which covered 30,000 members, existed in America. An evaluation of these programs concluded that they are successful in improving long-term employment opportunities for at-risk youth. For example, a pilot study comparing a group of Afro-Americans engaged in “Youth Corps” with a control group found that the former has a higher employment rate (91% versus 61%), higher incomes by 50%, and fared better in regards to level of education. Furthermore, the societal value of their engagements with education as well as their individual output exceeded the cost of each member's participation in the program by 600 USD.

*Source: C.M. Jognson and A. Carricchi Lopez: “Shattering the Myth of Failure: Promising Findings from Ten Public Job Creation Initiatives,” Center on Budget and Policy Priorities (Washington D.C., 1997)*

Similar programs are implemented in many countries, especially in situations concerning a community's emergent infrastructural development or in the face of post-disaster crises. Such a mechanism creates a way for the state budget to directly contribute to the establishment of new job placements and to further expound upon this employment initiative by funneling it into wider-reaching local development programs

for marginalized areas. The program “My First Job” in Poland aimed to create new job vacancies specifically for school drop-outs by cooperating directly with existing businesses. Great Britain has implemented similar initiatives, but they go beyond merely offering job vacancies by providing supplementary services including trainings and consultancy sessions.

However, these programs suffer from one chief weakness: they cannot ensure long-term employment and do not necessarily offer re-employment opportunities to their participants. Regardless of this weakness, these initiatives serve an important purpose because they (1) increase the productivity levels of employees who possess relatively limited qualifications, and (2) offer public sector job experience to first-time employees (especially at-risk youth) in an incubator form, hence introducing them to the job market under the best possible circumstances.

The existence of many infrastructural projects in Albania spawns encouraging possibilities for applying the aforementioned techniques to the creation of public programs for the youth. The public sector is in dire need of huge infrastructural interventions such as the creation of roads, ports, and hydroelectric and thermal power plants. Moreover, there exists a severe lack of programs on both the national and local level including, but not limited to, fire prevention, disease prevention and treatment in certain areas, as well as environmental interventions. It is very important that policymakers focus some of their attention on setting up employment incubators of this kind and creating successful models that emphasize the inclusion of the youth.

### **Effective Information Flow Regarding the Job Market**

Currently, the information and technology services provided by the National Employment Offices is almost non-existent, which is reflected by the fact that this important issue has not even been allocated a budget line in the sector’s annual budget. In order to compensate for this inadequacy, the Albanian government intends to open two new structures, a Job Bank and a Jobseekers Bank, which will be in line with the mission of the National Employment Offices network. This intervention, which should be implemented by the end of 2007, is initially envisioned to be a pilot project in Tirana and Korca before being applied nationwide.<sup>9</sup>

Ensuring the effective flow of information is one of the keys to securing a healthy national employment sector. Methods must be employed to effectively publicize employment opportunities for young people, statistics about the job market, employment success stories, information about career development, average wage levels according to sector, etc. In an ideal situation every person should be endowed with all of the pertinent information related to each profession, including statistics that predict each sector’s future, before embarking upon career choices.

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<sup>9</sup> “Employment Sectorial Strategy 2007-2013”, pg.18.

**Box 9: “I Work” Testimonials (Young People’s Online Comments about the Website “I Work”)**

- ☺ Access to this information allows us the opportunity to compete for jobs we’re qualified for, without relying on friends or using money to buy the position as many others do...
- ☺ Thank God a friend of mine told me about Iwork.com today. And to think that conversation came up out of nowhere...
- ☺ With more information the youth can know about more job vacancies and hence can become more active...
- ☺ In life there is a need for warmth, in order to have warmth you should be happy, and being happy means having a job. Therefore, there should be more job placements in order to improve the quality of life...
- ☺ It would be better if the job opportunities published on this website were also included in print media because not everyone has access to the internet...
- ☺ Every person needs to be informed about the latest news, even for finding a job, because a real employment information office does not exist here...

**Direct Fiscal Incentives**

In the case of youth unemployment, the school-to-work transition can be rendered smoother and more effective through governmental interventions in the form of direct fiscal incentives. For example, policies of partial wage reimbursement (for unpaid internships), elimination of social security contributions (only during the starting work period), and/or fully or partially paying for vocational training could be employed. These supportive tactics serve to compensate for the disadvantages that first-time jobseekers face on the market. Within this framework, however, it is imperative to craft an efficient monitoring system that will control for potential abuses.

Figure 3, “Employment rates by age group: 2002-2005,” revealed that there has been an increase in employment rates only for the age group 32 years old and above over this time period. Meanwhile, the age bracket 15-32 has suffered a decrease in employment rates. From these statistics we can infer that, although the job market in general has brought about more employment, the youth has been neglected and are at a disadvantage when compared to other age groups. The aforementioned fiscal incentives could serve as a mechanism to compensate for these trends by assisting the youth in debunking the current belief that young people lack the necessary experience to be offered employment.

In some transitional countries, strategies that offer the youth financial subsidies equal to the national minimum wage have been employed. Lithuania limits this subsidy when it comes to youth who have secured long-term work contracts, in an effort to ensure sustainability in youth employment. It also offers an attractive work environment that could draw youth who have gone abroad to study or work back home. In Austria, the

government subsidizes youth employment or internships in the amount of an annual wage. In the Philippines a special program for reducing school drop-out rates is applied through subsidizing seasonal employment (usually summer) for poor students.<sup>10</sup>

Work contracts and internships have been used in many countries as a tool to facilitate the school-to-work transition. In the Czech Republic entering the job market is facilitated by an annual wage that the government provides and this aims to finance on-the-job training. Such incentives are also utilized in other nations such as Belgium, France and Italy, where employers are offered financial incentives to hire young workers.

In all modern and developing economies, especially comparing to countries that are economically similar to Albania, such subsidization is being used. These countries spend a considerable amount of the public funds to implement policies that aim to integrate youth within the national production cycle. Employment and youth entrepreneurship are directly linked with a nation's stable economy and overall societal prosperity.

Securing suitable employment that meets a young person's individual expectations leads to personal and occupational fulfillment, but at the same time it offers benefits to the community, ensures social cohesion, promotes economic development, and better living standards. The realities of living within Albanian society should not crush such aspirations. Nevertheless, the current unemployment crisis calls for an immediate and efficient reaction from all key societal players including the individual members of the society itself.

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<sup>10</sup> "Europe and Central Asia Youth Employment Inventory: Summary Report", 2006, A. Svarevska, World Bank.

**STATISTICAL APPENDIX:**

Table 1:	Estimation of population increase in Albania (1995-2005)
Table 2:	Yearly average population, (per 1000)
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**Table 1: Estimation of population increase in Albania (1995-2005)**

Year	Total	Male	Female	City	Village	Density
1995	3,037.1	1,512.5	1,524.6	1173.6	1,863.5	105.6
1996	3,062.9	1,525.3	1,537.6	1199.1	1,863.8	106.5
1997	3,088.2	1,541.0	1,547.2	1224.7	1,863.5	107.4
1998	3,061.5	1,536.9	1,524.6	1229.7	1,831.8	106.5
1999	3,049.2	1,523.9	1,525.3	1240.2	1,808.9	106.1
2000	3,058.5	1,531.7	1,526.8	1259.6	1,798.9	106.4
2001	3,063.3	1,527.5	1,535.8	1277.1	1,786.2	106.6
2002	3,084.1	1,537.7	1,546.4	1300.6	1,783.6	107.3
2003	3,102.8	1,546.7	1,556.1	1342.2	1,760.6	107.9
2004	3,119.5	1,554.7	1,564.8	1369.0	1,750.6	108.5
2005	3,135.0	1,562.0	1,573.0	1396.0	1,739.0	109.1

Source: Statistical yearbook 1995-2004, INSTAT

**Tablea 2: Average yearly population, in thousands**

Age groups	2002	2003	2004	2005
Population	3,093	3,111	3,127	3,142
0-15	880	861	841	820
15-59	1,800	1,826	1,851	1,877
60+	413	425	435	446

Source: Albania in figures 2006, INSTAT

**Tablea 3: Average yearly population by age, 2005**

Age groups	Total	Male	Female
<b>Total</b>	<b>3,142,065</b>	<b>1,565,316</b>	<b>1,576,749</b>
0 - 4	246,463	127,821	118,642
5 - 9	270,896	139,913	130,983
10-14	302,149	154,740	147,410
35-39	208,905	100,959	107,946
40-44	218,753	108,514	110,239
45-49	202,609	102,531	100,079
50-54	159,236	81,420	77,816
55-59	128,587	65,653	62,934
60-64	116,574	58,662	57,913
65-69	101,340	51,071	50,269
70-74	73,879	36,068	37,811
75-79	49,141	22,242	26,899
80-84	27,101	10,534	16,567
85-89	10,773	3,899	6,874
90-94	3,496	972	2,525
95+	499	123	376

Source: Albania in figures 2006, INSTAT

**Table 4: Working force summary 2001 – 2004** *in thousands*

	2000	2001	2002	2003	2004	2005	2006
<b>Total population</b>	<b>3,061</b>	<b>3,074</b>	<b>3,093</b>	<b>3,111</b>	<b>3,127</b>	<b>3,149</b>	<b>3,135</b>
– Males	1,530	1,533	1,542	1,551	1,558	1,578	1,573
– Females	1,531	1,541	1,551	1,560	1,569	1,570	1,566
<b>Working age Population</b>	<b>1,765</b>	<b>1,773</b>	<b>1,800</b>	<b>1,826</b>	<b>1,850</b>	<b>2,003</b>	<b>2,018</b>
– Males	900	906	919	931	944	1,026	1,033
– Females	865	867	881	895	906	976	985
<b>Total work force</b>	<b>1,283</b>	<b>1,101</b>	<b>1,092</b>	<b>1,089</b>	<b>1,088</b>	<b>1,085</b>	<b>1,084</b>
– Males	754	674	668	665	660	655	655
– Females	529	427	424	424	428	430	429
<b>Total employed</b>	<b>1,068</b>	<b>920</b>	<b>920</b>	<b>926</b>	<b>931</b>	<b>932</b>	<b>935</b>
– Males	641	578	577	579	578	576	577
– Females	427	342	343	347	353	356	357
<b>Employment rates ( %)</b>	<b>60.5</b>	<b>52.0</b>	<b>51.1</b>	<b>50.7</b>	<b>50.3</b>	<b>45.6</b>	<b>48.7</b>
– Males	71.2	63.8	62.8	62.2	61.2	51.4	58.8
– Females	49.3	39.6	39.0	38.8	38.9	38.5	38.1
<b>Total claimant unemployed</b>	<b>215</b>	<b>181</b>	<b>172</b>	<b>163</b>	<b>157</b>	<b>153</b>	<b>149</b>
– Males	113	96	91	86	82	79	77
– Females	102	85	81	77	75	74	72

Source: Statistical year book 1995-2004 and the Job market 2006, INSTAT



**Table 5: Work force indicators, in thousands**

	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
<b>Population</b>	3093	3111	3127	3142
<b>Working age Population</b>	1800	1826	1850	1877
<b>Work force</b>	1092	1089	1088	1085
<b>Employment rate</b>	51.1	50.7	50.3	49.7
<b>Employed</b>	920	926	931	932
<b>Registered unemployed</b>	172	163	157	153
<b>Unemployment rate %</b>	15.8	15.0	14.4	14.1

**Table 6: Employment according to economic activity, in thousands**

<b>Economic activity</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
<b>Total</b>	<b>920</b>	<b>926</b>	<b>931</b>	<b>932</b>
Agriculture, Forestry and Fishery	531	539	545	545
Industry	70	68	76	75
Construction	56	56	52	52
Commerce	67	68	64	65
Transport and Communication	32	32	20	19
Other services	162	163	174	177

Source: Albania in Figures 2006, INSTAT

**Table 7: Employed by economic activity**

<b>Economic activity</b>	<b>Number</b>		<b>%</b>	
	<b>2005</b>	<b>2006</b>	<b>2005</b>	<b>2006</b>
<b>Total</b>	<b>932,109</b>	<b>935,058</b>	<b>100.0</b>	<b>100.0</b>
Agriculture, forestry, fishery	544,906	542,000	58.5	58.0
Extraction Industry	6,164	5,025	0.7	0.5
Processing Industry	56,153	58,023	6.0	6.2
Electric energy, water, gas	12,495	10,915	1.3	1.2
Construction	51,753	53,253	5.6	5.7
Commerce	64,413	67,803	6.9	7.3
Hotels, restaurants	15,411	16,109	1.7	1.7
Transport and communication	18,835	19,050	2.0	2.0
Education	47,189	48,162	5.1	5.2
Health	24,083	25,044	2.6	2.7
Others	90,707	89,674	9.7	9.6

Source: The Labour market 2006, INSTAT

**Table 8: Claimant unemployment by age groups**

	2002	2003	2004	2005
<b>Total claimant unemployed</b>	172385	163030	157008	153250
<b>Age group</b>				
<b>15-19</b>	13410	12609	11434	11060
<b>20 - 24</b>	31547	29828	27467	26618
<b>25 - 34</b>	46806	43568	39006	37292
<b>35 +</b>	80622	77025	79101	78280

Source: Albania in figures 2006, INSTAT

**Table 9: Claimant unemployed and unemployment benefits**

	2005	2006
<b>Total claimant unemployed</b>	<b>153,250</b>	<b>149,794</b>
Females	74,031	72,151
Males	79,219	77,643
<b>Long term claimant unemployed</b>	<b>142,143</b>	<b>137,049</b>
Females	67,933	65,730
Males	74,210	71,319
<b>Claimant unemployed that receive unemployment benefits</b>	<b>10,306</b>	<b>11,137</b>
Females	5,693	5,728
Males	4,613	5,409

Source: The Job market 2006, INSTAT

**Table 10: Long term unemployment by age and education level**

	2005	2006
<b>Total claimant unemployed</b>	<b>153,250</b>	<b>149,794</b>
<b>By age groups</b>		
15-19 years old	11,060	11,250
20-24 years old	26,618	24,542
25-34 years old	37,292	35,577
35 years and above	78,280	78,433
<b>By education level</b>		
Up to 8 grade	81,845	81,278
With secondary education	68,563	65,148
With higher education	2,842	3,373

Source: The Job market 2006, INSTAT

**Table 11: Average monthly payment in state sector and minimal official payment**

	2005	2006
<b>Average monthly payment</b>	<b>26,808</b>	<b>28,822</b>
Lawmakers, highly ranked employees and directors	44,297	50,975
Specialists	29,899	33,359
Technicians and assistants to technicians	24,543	25,891
Simple employees	23,853	24,245
workers	19,582	21,332
<b>Minimal official payment</b>	<b>11,800</b>	<b>14,000</b>

*Source: The Job market 2006, INSTAT*

**Table 12: Average monthly payments in public sector and minimal official payment**

	2005	2006
<b>Average monthly payments</b>		
	59,200	64,260
To an employee to local government, such as those in:	29,808	32,100
- <i>commune</i>	26,967	28,750
- <i>municipality</i>	30,494	33,400
- <i>districts</i>	36,961	37,750

*Source: The Job market 2006, INSTAT*

**Table 13: Country population by education level, Registration of April 2001**

Name	Population					
	Total	Males	Females	Total	Males	Females
		<i>(in numbers)</i>		<i>(in percentages)</i>		
Total population	3,069,275	1,530,443	1,538,832	100.0	100.0	100.0
Under 6 years old	331,661	171,519	160,142	10.8	11.2	10.4
Population		1,341,919	1,352,075	87.8	87.7	87.9
Educated	2,693,994					
population						
Know how to read	404,432	183,433	220,999	13.2	12.0	14.4
and write+ without						
diploma						
1-4 years of	509,825	246,489	263,336	16.6	16.1	17.1
education						
With 8 grade		514,821	535,893	34.3	33.6	34.8
education	1,050,714					
With Secondary	594,913	318,229	276,684	19.4	20.8	18.0
school education						
General high school	366,666	184,543	182,123	12.0	12.1	11.8
education						
Technical, vocational	169,205	98,515	70,690	5.5	6.4	4.6
secondary school						
education						
Two year high school	59,042	35,171	23,871	1.9	2.3	1.6
University studies	129,856	76,143	53,713	4.2	5.0	3.5
Post University	4,254	2,804	1,450	0.1	0.2	0.1
studies						
<b>Illiterate population</b>	<b>43,620</b>	<b>17,005</b>	<b>26,615</b>	<b>1.4</b>	<b>1.1</b>	<b>1.7</b>
Illiterate population /	43,620	17,005	26,615	1.6	1.3	1.9
population above 6						
yrs old						
– in City	14,622	5,897	8,725	0.5	0.4	0.6
– in Village	28,998	11,168	17,830	1.1	0.9	1.3

Source: Statistical year book 1995-2004, INSTAT

**Table 14: Education level of respective age groups of the population**

Education level	1999-2000	2001-2002	2002-2003	2003-2004
Age group 3-5 –Pre-school education	38	48	42	51
Age group 6-13– Secondary school	89	105	97	105
Age group 14-17– High school	43	49	49	56
Age group 18-22 – University level	15	17	17	18

Source: Statistical year book 1995-2004, INSTAT

**Table 15: Young age population**

Age groups	2002	2003	2004	2005
Population	3,093	3,111	3,127	3,142
0-15	880	861	841	820

Source: Albania in figures 2006, INSTAT

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