

Albania's preparedness to address the youth employment challenge through the Youth Guarantee

ESPN Flash Report 2021/38

ELIRA JORGONI – EUROPEAN SOCIAL POLICY NETWORK

JULY 2021

The Youth Guarantee has been announced as a significant reform that the Albanian government intends to embark on starting in 2021, to address high levels of youth unemployment and inactivity, and to facilitate a smoother school-to-work transition. This Flash Report looks into the country's preparedness to undertake such a massive political commitment and implement the Youth Guarantee.



Description

The economic growth that preceded the COVID-19 crisis had translated into improved labour market outcomes for all age groups in Albania, including young people. Over the past few years, unemployment among young people (aged 15-29) declined sharply from a high of 33.2% in 2015 to 20.8% in 2020 (INSTAT, LFS). Nonetheless, many young people struggle in their school-to-work transition, resulting in low levels of activity (52.1% in 2020) and a disproportionately large share of youth neither in employment nor in education or training (NEET). Whereas by the end of 2020, the share of NEET in the 15-29 age group had only increased slightly compared to 2019 (27.9% vs. 26.6%; 32.8% in 2015), the country fares significantly worse than most countries in the European Union and the Western Balkans. Increasing levels of educational attainment do not appear to insulate youth from labour market challenges, as the share of NEET among 15-29-year-olds is highest among secondary school graduates (31.1%), followed by those with tertiary (27.5%) and primary (24.9%) levels of educational attainment.

Addressing youth employment challenges, particularly in the context of large-scale outward migration, has gained prominence in public and political debates, with the availability of quality employment and education opportunities identified among the main reasons for migrating (ETF, 2021). Inspired by the experience of EU Member States, the Employment Promotion Law of 2019 introduced the concept of the Youth Guarantee into

Albanian legislation, paving the way for the design and implementation of the Youth Guarantee Implementation Plan. On 6 October 2020, the European Commission announced an Economic and Investment Plan for the Western Balkans, in which the Youth Guarantee scheme features as a flagship initiative. Albania's Economic Reform Programme (ERP) 2021-2023 also envisages the design and implementation of such a scheme.

In July 2021, on the second EU-Western Balkans Ministerial Meeting on Employment and Social Affairs, organised by the Slovenian Presidency, Albania endorsed a joint declaration of the Ministers of Labour of the Western Balkans, committing themselves to take concrete steps to gradually establish, implement and enhance Youth Guarantee schemes. The Albanian Ministry of Finance and Economy, in its capacity as the Ministry responsible for labour issues, will coordinate the process. It will present a provisional design for the Youth Guarantee by mid-2022, and subsequently implement an initial small-scale pilot. A full rollout of the Youth Guarantee is only expected in 2023.

Experience from the implementation of the Youth Guarantee in EU Member States since 2013 has underscored the need to go beyond traditional active labour market programmes (ALMPs) to address youth employment and to engage in large-scale reforms of the general education, vocational education and training, and employment service systems. In addition, it has highlighted the need for strong institutions, interinstitutional coordination, development of a quality offer for NEET, significant outreach to unemployed and

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disengaged youth and, most importantly, allocation of adequate financial and human resources for implementation (ILO, 2015).

Outlook and commentary

The design and implementation of the Youth Guarantee Implementation Plan in Albania will require strong institutional coordination, as the employment, education, Vocational Education Training (VET), and social policy portfolios are fragmented across several line Ministries. In September 2021, the new government will take office, which is likely to result in changes in the composition and competences of line ministries (e.g. the VET and social protection portfolios may change ministries). It is to be hoped that possible changes will not affect institutional stability and temporarily disrupt/ delay the reforms initiated, including Albania's commitment to design the Youth Guarantee Implementation Plan by mid-2022.

In view of high levels of public debt and the need for fiscal

consolidation in the post-COVID-19 context, it remains questionable whether the Albanian Government will prioritise the implementation of the Youth Guarantee and allocate adequate financial and human resources.

The current level of funding for ALMPs of ALL 540 million for 2021 (approx. € 4.4 million) suffices to support some 4,000-5,000 individuals. The amount of funding for ALMPs and other measures would need to be increased multiple times to support the considerable number of NEET (more than 190,000 aged 15-29 in the third quarter of 2020).

Whereas labour market and skills development institutions have undergone significant restructuring in the past few years, capacities remain weak. More importantly, the Albanian Public Employment Service might not be able to respond given the current coverage of ALMPs, ranging from 4,000 to 5,500 beneficiaries annually (MFE, 2020b).

Lastly, to roll out the Youth Guarantee, programmes tailored to the needs of a very diverse group of NEET will have to be developed.

Further reading

Employment Promotion Law No. 15/2015:
<http://qbz.gov.al/eli/liqj/2019/03/13/15>

European Training Foundation (ETF), Gedeshi, Ilir, 2021 "How migration, human capital and the labour market interact in Albania" *Forthcoming*

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<https://www.financa.gov.al/wp-content/uploads/2021/02/Economic-Reform-Programme-2021-2023.pdf>

Ministry of Finance and Economy (MFE), 2021b. 2020 Annual Progress Report, National Employment and Skills Strategy
<https://financa.gov.al/wp-content/uploads/2021/06/NESS-Annual-Progress-Report-2020.pdf>

Author

[Elira Jorgoni](#), Independent social policy expert

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Quoting this report: Jorgoni, E. (2021). Albania's preparedness to address the youth employment challenge through the Youth Guarantee, ESPN Flash Report 2021/38, European Social Policy Network (ESPN), Brussels: European Commission.