Albania: Recent developments in the social assistance programme

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On 29 December 2021, the Government of Albania decided to increase the level of social assistance (minimum income) by 10% for all beneficiaries as of January 2022. For some categories, the increase is higher. Though a positive step, the level of benefits remains well below the poverty risk threshold.

Description

Social assistance (minimum income) in Albania is a non-contributory scheme covering individuals/households most in need of support. The Law 57/2019 on social assistance distinguishes between two main groups of social assistance beneficiaries: a) those falling under one of the "special categories" of individuals/households in need, as identified by this law 57/2019 (e.g. children in foster care, orphan children not in institutions, households with triplets or more (i.e. households with three or more children under 18 born at the same time), victims of domestic violence and victims of trafficking); and b) "poor" individuals/households who do not qualify under any of the special categories. In 2021 (up to 30 November [the figures for December are not yet available]), there were 65,578 beneficiaries, of which only 1,831 belonged to the first group (i.e. fell under one of the special categories of individuals/households in need of support).

The scheme is based on a means-testing assessment, and individuals/households are eligible even if they have other sources of income such as benefits from other social protection schemes (pensions, disability benefits etc.), paid employment or income from household agricultural activity.

The level of benefit was set in 2014 by the ministry in charge of social protection and had not been reviewed since then, except, on a temporary basis, during the COVID-19 pandemic. In 2019, the average benefit for a household consisting of two adults and two children below 18 was ALL 5,225 per month (€43). During the first semester of 2021 (latest data available to date), this amount was almost doubled (ALL 9,189 [€75)], to help social assistance beneficiaries cope with the socio-economic consequences of the pandemic).

The social assistance programme also provides modest top-ups to the social assistance benefits, in the form of cash transfers conditional on child attendance in compulsory education (ALL 300 or €2.4 per child) and vaccination (ALL 100 or €0.8 per child).

The amount of the social assistance benefit depends on the household size and composition. It is capped at 150% of the "social pension" (an old-age pension paid to anyone aged 70 years or above with a contributory history of less than 15 years), which is set at about 30% of the minimum wage: 30% of ALL 30,000 per month in 2022 (or €246), i.e. ALL 9,000 per month in 2022 (or €74).

On 29 December 2021, the Government of Albania adopted a decision (Decision of the Council of Ministers no. 868/2021) to increase the level of benefit as per the following details:

- Double the existing social assistance benefit for households with three or more children under the age of 18. In 2021, this category represented about 23% (or 15,000 households) of all the beneficiaries. (This category should not be confused with the special category "households with triplets or more" mentioned above.)

- Double the benefit for orphan children not in institutions to ALL 6,000 (€49). This group represented 1% of all the beneficiaries in 2021.

- Triple the benefit level for women and girls, survivors of trafficking and

domestic violence to ALL 9,000 (€74). This group represented 1% of all the beneficiaries in 2021.

- Increase the benefit by 10% for all the remaining beneficiaries included in the "poor" category of individuals/households in need.

So, some of the special categories of social assistance beneficiaries are not affected by the newly approved decision. Their benefit levels will remain unchanged. This is the case for children in foster care (ALL 9,000/€74 monthly plus ALL 25,000/€205 annually for children in education), children with disabilities in foster care (ALL 10,000/€82 monthly) and households with triplets or more (ALL 3,000 or €24.5 monthly per child).

The new levels of benefits have been effective since 1 January 2022.

⭐ Outlook and commentary

In the absence of a child or family benefit, other than a one-off bonus payment at birth, the doubling of the existing benefit for social assistance recipients with three or more children under the age of 18 provides some welcome support. However, this benefit is no substitute for a properly designed child or family benefit programme.

EU-SILC data indicate that social transfers are less effective in reducing the at-risk-of-poverty rate in Albania than at EU-27 level. Indeed, in 2020 (the most recent data available for Albania), the percentage of the population living below the at-risk-of-poverty threshold in Albania was 24.8%, if social transfers (excluding pensions) are not included in the household income (EU-27: 25.4%). It was 21.8% when these transfers are taken into account (EU-27: 17.1%). The impact of social transfers excluding pensions (i.e. if pensions are included in the original income) is thus only 12.1% in Albania versus 32.7% at EU-27 level. An in-depth analysis of these data should contribute to the discussion on the adequacy of the social protection and poverty alleviation measures in Albania. The social assistance benefit does not lift households above the at-risk-of-poverty threshold; indeed, the average social assistance benefit is well below the at-risk-of-poverty threshold. For example, it only amounts to 16% of the threshold for a household of two adults and two children (i.e. ALL 32,592 or €265, EU-SILC 2020, Eurostat [downloaded on 25 April 2022]).

Since its launch in 2019, there has been no evaluation of the social assistance programme and there is currently no mechanism in place for reviewing and improving it in future. Albania lacks a formal definition of low income, which would help improve the targeting of low-income individuals/households through the social assistance programme. Currently, the level of social assistance benefits is not tied to the minimum wage or minimum living standard; the latter is only used to set the maximum level of benefit. The COVID-19 pandemic has highlighted the need to review the social assistance programme. Yet, though the improvements in the benefits are a positive step, the benefit for the special categories remains a flat-rate amount. In addition, benefit levels are still defined without prior impact and adequacy assessments.

In 2021, the Ministry of Health and Social Protection, with the assistance of the World Bank, completed the drafting of a roadmap outlining the process for assessing and reviewing the adequacy of benefits by the end of 2024. Preparation of this document is one of the policy conditions for the EU's €180 million Macro Fiscal Assistance (MFA) with COVID-19 responsive measures, which also focused on enhancing social protection. The roadmap includes steps and a timeline for adjusting the level of benefits and establishing a transparent mechanism for their regular annual review.

Further reading

Decision of the Council of Ministers no. 597, dated 04.09.2019 "To determine the procedures, documentation, and monthly amount of social assistance and the use of the additional resources of the conditional fund for Social Assistance".

Decision of the Council of Ministers no.868, dated 29.12.2021 "On some changes and additions to Decision no. 597.

Law no.57/2019 "On Social Assistance in the Republic of Albania".

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