



# LABOUR MARKET REVIEW OF ALBANIA



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# LABOUR MARKET REVIEW OF ALBANIA

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## PREFACE

During the past decade all Western Balkan countries, at different points of time and at different speeds, have started the process of economic and social transformation into functioning democracies and market economies. As in other transition countries the transformation process has been difficult, and despite the progress made to date, major challenges still exist in all fields, including social and economic development. The Western Balkan countries will need to continue their intensive and systematic efforts in order to succeed in the economic restructuring process and to ensure the necessary economic growth and social cohesion to enable them to catch up with, and sustain a closer relationship with, the European Union (EU). Given the contribution of employment and productivity to economic growth, some of those efforts need to be directed towards the development and implementation of employment policies and structural labour market reforms that support the economic restructuring process and lead to increases in productivity. In this context emphasis must be given to efforts for the development of an adaptable, entrepreneurial and well-skilled labour force through adequate investment in human capital. Importance must also be given to the promotion of inclusive labour markets (open to all and attracting the inactive) for greater social cohesion.

The European Training Foundation (ETF), in agreement with the European Commission, has undertaken a series of in-depth reviews of the labour markets in the Western Balkan countries with the aims of contributing to a better understanding of their functioning and of identifying areas for further work in the fields of employment policy and education and training reform.

The reviews have a dual purpose:

1. to contribute to EU programming by providing well-documented input to the programming documents of the CARDS programme, to the annual country progress reports on the Stabilisation and Association process, to the European Partnership papers, and to the action plans that the governments will have to prepare in order to address the challenges identified in the European Partnerships;
2. to provide a comprehensive background instrument that will enable the European Commission and the countries of the Western Balkans to support policy developments.

Specifically, the reviews:

1. analyse the economic context in the Western Balkan countries, and in particular the pace of the economic restructuring process and its impact on jobs and employment (Chapter 1);
2. analyse recent trends in the labour markets with the aim of identifying major challenges in the labour markets in terms of the economic restructuring process (Chapter 2);
3. assess policy responses and the institutional setting for addressing the challenges identified from the perspective of supporting economic restructuring and growth (Chapter 3);
4. provide recommendations for further action (Chapter 4).

The labour market challenges and the policy responses are examined against the four broad key objectives set out in the revised European Employment Strategy:

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- increasing the adaptability of workers and enterprises;
- attracting more people to enter and remain in the labour market;
- investing more and more effectively in human capital;
- ensuring better implementation of reforms through better governance.

The labour market review of Albania was prepared between April and December 2005 by a team of experts. The reviewing

process entailed a broad consultation of documents prepared by international organisations and national institutions, as well as in-depth interviews with national and local stakeholders. Two fact-finding field visits took place, one in April and one in October 2005, and a validation seminar with national stakeholders of the draft results of the review was held in December 2005. We would like to thank all those involved in the review process for their availability and commitment to this project.











































































































