



# COUNTRY BRIEF



## Governance of Social Services: The case of Albania

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### 1. OVERVIEW OF POLICY CONTEXT

The Albanian social care system provides public and non-public services for persons in need of residential and day care services. Public social services are provided mainly through residential and day care centres and financed by the state budget. These facilities serve orphans, people with disabilities, elderly, victims of trafficking and persons with social problems, mental health issues and drug abuse. Since 2002 successive governments have embarked on a wide ranging process of social care services reform, but the process has been patchy and a viable formula for the funding of social care services is yet to be articulated. The current approach has included the transfer of the ownership of social care institutions to local government authorities, and below national level regional level, to manage social care services and are responsible for ensuring that regional planning and service development reflect local needs. □

Social care services are non-cash interventions supplied to individuals, families and communities to help reduce poverty, mitigate risks, improve social inclusion and \ integration, and to live full and satisfying lives. At the individual level social care services in Albania are designed to serve adults and children with disabilities; couples with marital difficulties; reduce impediments to participation in the labour market; frail older people; people with long- term and chronic illness, children and adults at risk of physical or sexual abuse; youth and adults with drugs and substance abuse problems; children deprived of parental care, mistreated by their families, or in conflict with the law. □

A new law on social care services, approved in November 2016, includes now some key steps for the reform in social care – such as local social plans, basket of services at local level, community based services and other important elements, which are mentioned for the first time in the legal framework for the sector. Furthermore, differently from the previous law – the current version excludes cash benefits (economic aid and disability benefits) – which are now

regulated separately. Secondary legislation is currently being drafted supporting the law implementation. Despite the fact, that the law has been widely considered as an important step forward supporting the reform, there are certain bottlenecks which may jeopardize the process from the start. Additionally, a de-institutionalization plan has been drafted but its successful implementation calls for a well-prepared system to provide community based services, efficient monitoring and necessary resources to support all the steps.

A Social Protection Strategy has been prepared by the former Ministry of Social Welfare and Youth outlining reform priorities for the 2015 – 2020 period, which integrates measures to empower and support people living in poverty, people with disabilities, children, women, elderly, youth, ethnic minorities and other vulnerable categories. The overall goal aims at building a social protection system to combat socio-economic inequalities with policies and mechanisms to protect all vulnerable or excluded individuals through prevention programs and social reintegration combined with employment schemes. The government has initiated some new policy measures to support inclusion of vulnerable categories, such as the reintegration scheme of referring social assistance beneficiaries capable of work to active labour market programmes. There are seven employment promotion programmes that include measures targeting women single heads of household, and orphans. The total financing of employment programmes went from 50 million ALL in 2013 (approximately 700,000 Euros) to 490 million ALL (approximately 3,7 million Euros) in 2016. Despite the increase, the portion of GDP that goes to employment programmes is still very low (0,03 percent).

The Social Protection Strategy aims to mitigate poverty, ensuring access to social services for vulnerable people and ensuring inclusive education and early childhood development measures for all children. The coordination between social assistance programmes and active labour market measures will allow activation strategies grounded on a mutual obligation system. The National Employment and Skills Strategy (NESS) 2014 – 2020 aims at improving linkages between labour market demand and supply through better qualification of the workforce; addressing the needs of individuals at risk of poverty and social exclusion through better access to education, employment and social services as well as employment and income opportunities. Establishment of linkages between employment and skills and social protection systems is seen as the key to achieving sustainable results.

## 2. KEY MACRO INDICATORS

The population of Albania as registered by Census 2011 was 2,8 million noting a decline of 8% compared to 2001. For the first time, the population living in urban areas has exceeded the population living in rural areas (53.5 per cent versus 46.5 per cent)<sup>1</sup>. In 2015 the median age in Albania was 34.7 years. In the aftermath of the collapse of the communist regime, Albania went through a series of emigration waves. More than one billion USD of remittances sent annually home by Albanian migrants mostly from neighboring countries have provided a substantial safety net and have led to the improvement of living standards and housing in the country. In 2006 they constituted 15.6 per cent of GDP and have been hovering around 8 per cent during recent years<sup>2</sup>.

With a gross national income, per capita of \$10,252 (2011 PPP), Albania is now considered an upper middle-income country. In recent years Albania has maintained growth rates, despite the on-going economic crisis. The country is facing a challenge of maintaining growth in a

<sup>1</sup> [http://www.instat.gov.al/media/177354/main\\_results\\_population\\_and\\_housing\\_census\\_2011.pdf](http://www.instat.gov.al/media/177354/main_results_population_and_housing_census_2011.pdf)

<sup>2</sup> World Bank Indicators

difficult external environment while rebuilding fiscal buffers. Albania's economic outlook is expected to improve over the medium term according to the World Bank. Growth is projected at 3.5% during 2017–18 and is expected to increase further to 3.8% in 2019, driven by private investments and private consumption.

The latest analysis shows that poverty<sup>3</sup>, which had been mainly a problem for rural areas, has spread into urban areas. Increased poverty meant that roughly 64,402 people in addition to the 350,636 poor people in 2008 became poor in 2012. In other words, poverty headcount at the national poverty line increased from 12.5% in 2008 to 14.3 in 2012 (World Bank). The extremely poor part of the population, defined as those having difficulty to meet basic nutritional needs, doubled, from 1.2 percent in 2008, to 2.3 percent in 2012. Increased poverty caused the poverty gap to widen and accentuated regional disparities.

Labour market data<sup>4</sup> suggest that the economic growth experienced during the last two decades has not been translated into significant labour market improvements. An improvement it noted during the past few years with unemployment rate marking 13.9 percent in the second quarter of 2017 the lowest since 2014. At the same period, in 2016, labour force participation rates remained below European averages, with women participation rates significantly lower than men's (57.7.3% overall, 59.2% for women and 75.7% for men). Despite a slight improvement in early 2016, youth participation rates are considerably lower than for the rest of the population (46.1% overall, with the gender gap at over 15%) and data indicate that since 2007 Albanian youth face increased difficulties in the labour market compared to other adults. A striking feature of the Albanian labour market is the men/women and rural/urban divide. Young women are more exposed than their male peers to inactivity, and vulnerable employment, whereas youth living in rural areas are more likely than urban youth to be unemployed or to be working in precarious conditions and to be poor. The share of youth not in employment, education or training (NEET) in 2015 was 32.8%, more than twice the rate found among EU27 countries (15.4%)<sup>5</sup>. Among the NEET it is noted that young men are more active than young women, with 52.5% and 30% of them seeking and being available to work respectively.

### **3. MANDATES IN THE SPECIFIC SECTOR**

The central government has the prerogative for policy design and oversight in the social protection domain, encompassing financial social assistance, pension schemes and employment programmes. Following the reorganisation of the government, the mandate for social protection lies with the Ministry of Health and Social Protection, and the Ministry of Finance and Economy is in charge of the pension system and employment policy.

The State Social Service (SSS) is the executive agency in charge of the management of the cash programmes in social protection policy, as well as serving as a monitoring and appeal agency for social care services and delivery of national scale social care services. Its role and responsibilities have gradually evolved from a poor service delivery focus, to an oversight role, although it still retains responsibility for delivery of some services as national level. The Labour inspectorate is in charge of inspection of social care service standards. The monitoring and

<sup>3</sup> The main source of poverty measurement has been the Living Standard Measurement Survey – a World Bank methodology based on consumption. INSTAT is in the process of testing SILC for measuring poverty based on income, which is expected to bring comparative standards with the countries of the European Union.

<sup>4</sup> All labour market data that relate to labour force participation, employment and unemployment are from LFS Q3, 2016. Data on registered unemployment are administrative data.

<sup>5</sup> <https://www.eurofound.europa.eu/young-people-and-neets-1>

inspection framework for social care services is at a nascent stage and standards for monitoring and reporting are still to be developed.

Local governments have a wide array of responsibilities in the area, ranging from the delivery of cash programmes for poverty alleviation and disability benefits; to planning, financing and providing social care services. Following the introduction of the proxy-means testing programme for the poverty alleviation scheme in 2015, which was piloted in three regions and is expected to be rolled out nationally in 2018, the role of local governments in the management of the programme has essentially turned into that of a paying agent for the central government. They no longer have oversight, nor discretion in decision-making over eligibility (run through a computerised system based on a relatively not transparent scoring formula); nor the size of benefits once eligibility is established (unified through a Council of Ministers Decision based on household structure). Local governments, however, have the responsibility to manage the process of applications as well as follow-up with applicants and/or beneficiaries through spot checks. A reform of the disability benefit payment scheme is expected to follow suit, largely mirroring the same division of responsibilities as in the case of the poverty alleviation programme.

Delivery of social care services is, in turn, under the main responsibility of local governments, with central government institutions mandated to oversee compliance with standards and complement local level services with national level ones in particular cases, when the latter are more efficiently provided at regional or national level due to economies of scale arising both in terms of financial and human resources.

Local governments are also expected to play a role in local economic development and, potentially, employment and integration services. Nevertheless, given the actual construct and authorities of local governments in social protection on one side; and their relatively limited impact on local economies on the other; the likelihood of local governments making real impact in integration activities is quite limited.

Implementation of reintegration policies for through employment or similar instruments is not only a challenge at the local level. In recent years the government has committed to a reform in labour market policies, with particular focus on redesigning active labour market measures and the vocational education system, with the aim to strengthen linkages between supply and demand. The government has enforced a more appropriate regulatory framework as well as injected finance in the sector, multiplying the budget allocated to employment support measures for vulnerable categories in the course of a few years. The budget for labour and VET programme outputs has increased from roughly 1,5 billion Lek in 2012, to more than 2 billion Lek by 2017, of which the biggest increase is attributable to employment promotion programmes. The share of such measures to GDP remains modest, at less than 0,1% of the GDP.. The effectiveness of these measures will need to be evaluated in the future, nevertheless reform has been slow in particular in the vocational education sector; where major interventions are required to upgrade curricula and strengthen capacities of vocational training providers. Weak economic growth, coupled with the average small size and low diversification of enterprises further exacerbates the challenge of demand for labour. The recent integration of the economic development and employment portfolios under the Ministry of Economy and Finance are expected to create more synergies; nevertheless cross-fertilisation of social protection and activation policies may further weaken as the focus of the lead Ministry of Health and Social Protection concentrates mainly on passive measures. The Ministry of Education, on the other hand manages small programmes in support of inclusive education, focusing mainly on scholarships in primary education, subsidies for the price of textbooks in pre-university education. Coordination with other ministries is quite weak.

#### 4. DELIVERY CASE

The new laws on social services (2016) and law on local governance (2015) assign clear responsibilities to municipalities in planning, budgeting and providing social services. The concepts of mapping of needs, basket of services and local plans are some of the elements underlined in the social care law.

Nevertheless, although the responsibilities of local governments in managing social care services appear to be clear, the instruments for delivery remain vague. The concept of a minimum basket of services at the local level was actively embraced – and endorsed – by the central government; however no financial means for the actual establishment and operation of services were articulated, although it is widely accepted that coverage of social care services is traditionally very limited in the country<sup>6</sup>. The concept of a national Social Fund for supporting care services at the local level was established back in 2005, but never implemented. The “social fund” was reiterated in the new legal framework; however the concept was changed to imply separate funds in the budget of each municipality dedicated to the purpose; without specifying the source of such funding. Most likely this will have compromised the purpose and efficiency of the instrument already.

The establishment of the Social Fund at a higher level (central government or independently administered) was initially considered as positive step in supporting social service initiatives at the local and regional level. To date there are no clear indications on whether the central government will provide additional funding to the local level; and/or how the concept of local social funds will be operationalized. While secondary legislation for social care services is under way, the government needs to demonstrate higher commitment through allocating a larger share of the social protection budget to non-cash services and pro-active integration of the most vulnerable. Spending for social care services – both residential and community services- at the national level currently amounts to only 3% of the total social protection budget in Albania (excluding pensions); hence demonstrating a strong incline of the system towards cash services.

Financing is a key, but not the only challenge in the system. The lack of legacy in the area of social care services leads to incomplete regulatory frameworks and standards in social service delivery; as well as services that are both few in number and varying in quality. Services provided through the non-public sector – mainly financed by international NGOs and charities have attempted to fill the gaps in public service provision as well as introduced models of service delivery away from the traditional institutionalisation model of public services. However, NGOs are dependent on donor funding and their political agendas; which entails that there are serious gaps in coverage; as well as concerns over sustainability as donor funding shrinks. Additional to the sustainability issue, a wide range of different approaches and methodologies has also been introduced contributing to the confusion in the system.

#### 5. CHALLENGES AND DIRECTIONS/POLICIES FOR DEVELOPMENT, INNOVATION

Social care services in Albania lack coherence, long-term vision and harmonised strategic planning that addresses the needs of population. Inventory of social services clearly indicates the uneven supply of services, concentration in central urban areas, duplication of some

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<sup>6</sup> According to data from the State Social Service (2016) the CSOs are running about 266 social care centers against 27 public centers throughout the country; about 60% of services fall under the child protection or child rights category; about 90% of services are provided in urban areas, and almost 75% of services are provided in the western and central areas of the country.

services, especially residential ones, and, crucially, an under supply of appropriate community-based services which are accessible and adequate for local needs.

Reform objectives in the area of social care services seem to be clear but there is no available budget to fund the priorities. The viable actions for reform need to be concentrated on clear and implementable standards and criteria that mirror the characteristics and needs of the most vulnerable; establishment of a minimum basket of basic social services at community level as well as professionalization of social care workers.<sup>7</sup> In this context, it is essential to establish a functioning monitoring system, observing the quality, client satisfaction and cost effectiveness of the social protection package that will feed into the policy and planning processes.

Capacities for social protection programmes administration are limited at all levels, both in terms of number of staff as well as technical competency. Strong horizontal coordination is needed within the Ministry of Public Health and Social Protection and with other line ministries (Economy and Finance; Education, Justice, etc.)

Local planning and delivery capacities are weak. The process of decentralisation and transfer of services to local government began in 2007 and local government currently administers the majority of services, financed by the state budget. Community-based approaches have been introduced and have brought diversification of service provision, encompassing areas such as psychological support, awareness raising and advocacy. The number of LGUs covered by social care services has also increased, with many community-based services are operated by NGOs which are financed by foreign donors.

The reform of social and child protection services is being given higher priority in the face of emigration and economic factors which have had a significant impact on informal coping mechanisms, as well as undermining the Albanian custom of family members or relatives of assuming care functions. In this regard, recruiting substitute families to provide adoption and foster care is a pressing priority as is the establishment of preventive measures that address child poverty, social insecurity, family violence, drug and alcohol abuse, family breakdown, care for the elderly, and rehabilitation services for people with disabilities.

Budget for social care services remain limited and not sufficient to support fully-fledged reform. At the national level spending for all types of services amounted to 640 million lek in 2016, with a very slight increase from 560 million in 2012. This amount includes national financing of services delivered at the local level and is clearly misbalanced in comparison with the total budget of roughly 20 billion lek spent in cash programmes. This indicates that in the medium term reform will focus on strengthening capacities, professionalization and qualification of social workers at all level and institutional framework. The establishment of a financing modality for social services at the local level is sorely needed. It is highly likely that that an earmarked transfer system will result in undermining accountability of local officials for the social sectors, as has been the case for social care institutions that were transferred under local responsibility a decade ago. A financing system with embedded financial incentives would be more likely to produce innovative results.

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<sup>7</sup> Social care worker is a relatively new profession in Albania. Professionals dealing with social care services at the local and central government level, as well as residential and community services need to have a social care background. However, especially at the local government level officials in charge of cash and care programmes are not social workers not only due to the limited supply of professional social care workers, but also due to lack of awareness by local government management on the need to employ social care workers.

## 6. LESSONS LEARNT OR GOOD PRACTICES

The social protection strategy aims at mitigating poverty, ensuring access to social services for vulnerable people and ensuring inclusive education and early childhood development measures for all children. The coordination between social assistance programmes and active labour market measures will allow activation strategies grounded on a mutual obligation system. At the same time, the employment and skills reform aims at improving linkages between labour market demand and supply through better qualification of the workforce; addressing the needs of individuals at risk of poverty and social exclusion through better access to education, employment and social services as well as employment and income opportunities.

Reform objectives in the social protection area are consistent and the conditions are mature for continuation of reform. The government however needs to step up its efforts beyond the development of regulatory frameworks to:

- Improving targeting for the poverty alleviation programme;
- Stronger emphasis on reintegration programmes through active inclusion in ie employment promotion programmes
- Strengthening the disability allowance programme administration by introducing automated registries and reforming the evaluation system – this includes the introduction of the new structures and regulations for determining eligibility for disability programmes and training for staff at regional and central level.

**Social care services:** Reform objectives in the area of social care services are clear but there is no available budget to fund the priorities. In the context, the viable actions for reform need to be concentrated on:

- Professionalisation of social care workers – qualification of workforce
- Establishment of effective social care service planning and delivery structures at local level, capacity building activities for local staff.
- Strengthening case management system
- Develop new service delivery models based on deinstitutionalisation objectives and expansion of community based services

**Funding for reforms:** ensuring national welfare is a prerogative of the national government; despite the fact that the lion-share of actual services are delegated to the local level. The national budget needs to establish adequate mechanisms to fund reforms and enable local governments deliver in compliance with their legal mandates.

Social cohesion in the Western Balkan economies is under constant risk. A weak social welfare state and the persistent and challenging economic situation create an unstable environment that could compromise and jeopardise the sustainable development of the Western Balkan societies.

A group of Western Balkan think-tank organisations and researchers working on the welfare state issues have initiated development of a Regional platform with the aim to engage the foremost researchers, political, business and other leaders of society to shape a regional social welfare state agenda, thus contributing to improving the social dimension of the European Integration in the Western Balkans.

The initiative intends to create added value through influencing existing processes which promote a sustainable reform agenda in the Western Balkan (such as economic governance and Economic Reform Programme, EU negotiation process, Employment and Social Reform Programmes, etc.). One of the outputs and tools of influence is initiating and holding of an annual event to discuss the *Future of the Welfare State in Western Balkan*.

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