

# UNDP Albania support to Economic Growth and Youth Employment Portfolio Brief



Empowered lives.  
Resilient nations.

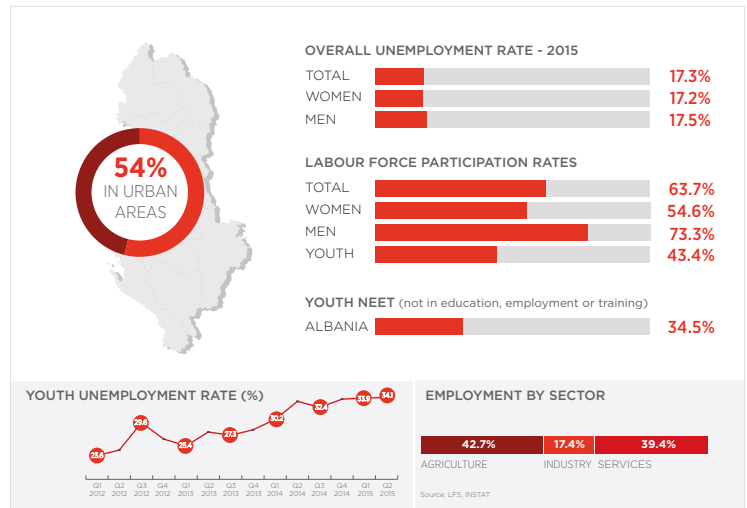
## Economic Development Context

Albania is a middle income country that over the past two and half decades has made significant stride in establishing a consolidated market economy. Prior to the 2008 global crisis it was one of the fastest growing economies in Europe, averaging an annual GDP growth rate of over **6%**. Despite the slowdown that followed, today the economy continues to grow in an upward trajectory with growth estimates for 2015 standing at over **2.5%**.

The structure of the Albanian economy is dominated by small and medium enterprises (**96%**), which despite having a substantial contribution in terms of both economic growth and employment, have limited potential for job creation. With a narrow export and production base, and limited innovation capacities, the competitiveness of Albania's economy is weak.

Labour market data suggest that the economic growth experienced during the last two decades has not been translated into significant labour market improvements. In 2015, labour force participation rates remain below European averages, with women participation rates significantly lower than men's. Youth participation rates are even lower and data indicate that since 2007 Albanian youth face increased difficulties in the labour market compared to other adults. The youth unemployment rate stands at **34.2%**, nearly double the national average.

The Albanian Government has committed to transform the Albanian economy from an import dependent, consumption-based, and informal economy, to one that is based on sustainable job-creation and increased productivity. As such, it has largely recognized the need to systematically address employment by re-orienting the vocational education and training system towards labour market needs, and modernizing and extending outreach of employment services.



## UNDP's Approach and Interventions

UNDP globally and regionally has built a strategic vision that recognizes the importance of creating **employment opportunities as a means to addressing both poverty reduction and inequalities and exclusion**. Interventions focus on a factors that affect labour demand and supply, policies conducive to job creation for young people, as well as improvements in the general quality of employment. Starting in 2008, UNDP Albania, has designed and implemented several skill development / employment related interventions.

After six years of experience the field, it has become evident that employment challenges can only be systematically addressed through the development of a market oriented skills development system. **UNDP Albania's strategic vision** is to contribute to building a labour-market focused skills development system that is suited to enhance the employment and entrepreneurship aspects of the unemployed in urban and rural areas, while simultaneously addressing the skills needs of those employed in the formal and informal sectors and emerging entrepreneurs.

1 NO POVERTY



4 QUALITY EDUCATION



5 GENDER EQUALITY



8 DECENT WORK AND ECONOMIC GROWTH



10 REDUCED INEQUALITIES



11 SUSTAINABLE CITIES AND COMMUNITIES



# UNDP Albania support to Economic Growth and Youth Employment Portfolio Brief



Empowered lives.  
Resilient nations.

## UNDP OUTCOME STATEMENT

**Outcome 3:** Economic growth priorities, policies, and programs of the GoA are inclusive, sustainable, and gender-responsive, with greater focus on competitiveness, decent jobs and rural development.

**Output 3.1:** Central and local governments are able to deliver effective economic support services and implement urban development policies that promote gender equality and the green economy.

**Output 3.2:** Labour market governance, tripartite dialogue, and collective bargaining are strengthened and reduce informal employment, improve occupational health and safety and enhance the employability of youth, women and other vulnerable

**Skills Development for Employment (SD4E)** is UNDP's most recent intervention in the field. The ambition of this four year programme (2015-2018) is to make a systemic contribution to the modernisation of Albania's VET/VSD system by addressing several key challenges: skills mismatch and unequal access to employment and training services; labour market challenges in rural areas; insufficient governance of funding for employment and training; lack of coordination / collaboration in the system; inadequate labour market information; and insufficient quality and relevance of VET and VSD providers and their programmes.

Other interventions have included the *Joint UN Programme on Youth Employment and Migration* (2009 - 2012), the SDC funded *Local Level Responses to the Youth Employment Challenge* project (2012 - 2014), and the ADA funded *Social Inclusion through VET* project 2011-2013. In the frame of these programmes more than **1,400 youth** have been trained, and **915 jobs** have been created. In addition the governance of the active labour market measures has been improved through the introduction of increased transparency standards.

**Gender balance** within target beneficiary groups has always been maintained by setting specific targets (50% participation of women in most interventions), identifying obstacles for the equitable participation of young women, and planning corrective actions when necessary.

Work on youth employment is naturally affected by private sector development challenges in the country. Addressing the demand dimension of the labour market and in particular, **support to entrepreneurship and competitiveness** of the private sector are becoming the **next frontiers** of this portfolio.

Previous work with the Ministry of Economic Development, Trade Tourism and Entrepreneurship on corporate social responsibility and consumer protection is furthered by current support to the Albanian Investment Development Agency with profiling of leather and shoes industry and the agro-business sector as well as an analysis of non-financial business support services.

**Innovation** in the context of our intervention areas is geared towards social and economic empowerment, local development, resilient delivery systems, and citizens' role in designing public services. We are using a wide range of approaches, methodologies and tools to better understand the bottlenecks, tap into alternative and best available ideas, voices and technologies, supporting rapid testing of innovative solutions through prototypes, scaling up what is proven to work and learning from experience. **User-centered design** has placed **youth** in the center of finding innovative solutions to issues such as access to employment services in rural areas, innovation in eco-tourism and raising awareness on gender based violence.

<b>Portfolio Budget</b>	USD 3.34 million
<b>Programme Officer</b>	Eno Ngjela
<b>Programme Associate</b>	Eni Kristo
<b>Programme Manager</b>	Dajna Sorensen
<b>Project Team</b>	Silvana Haxhiaj, Iris Kuqi, Jorina Kadare, Edi Bregu
<b>List of Key Projects</b>	Skills Development for Employment NHDR Enhancing Regional Trade

1 NO POVERTY



4 QUALITY EDUCATION



5 GENDER EQUALITY



8 DECENT WORK AND ECONOMIC GROWTH



10 REDUCED INEQUALITIES



11 SUSTAINABLE CITIES AND COMMUNITIES

