

DRAFT SUMMARY OF MINUTES OF MEETING
INVESTMENT COUNCIL (KI)
MEETING XXVIII

“On the Availability and Quality of Labour Skills”

Tirana, 26 October 2022, 14:30 – 16:00

The meeting was chaired by the Minister of Finance and Economy and IC Chair, Ms Delina Ibrahimaj. The meeting was attended by 12 IC members and over 40 observers - representatives of the local and foreign business associations and state institutions in Albania.

Opening of the Meeting by Minister Delina Ibrahimaj, IC Chair

During her speech, Minister Ibrahimaj stressed the importance of labour skills to fulfil current business needs, especially taking into consideration the transformation of the market in recent years due to digitalisation. The Ministry of Finance and Economy has undertaken several policies to develop and reform education and vocational training in the country. The Minister highlighted the recent work on the drafting of the new National Employment and Skills Strategy, which will be consulted with the interest groups before the final approval. One of the main pillars of this document is related to the digital transformation that the country is undergoing and the provision of digital skills that are most demanded by the labour market today. According to Minister Ibrahimaj, it is paramount to increase information and awareness about employment promotion programs and job vacancies to reduce the gap between unemployed people & those who are not looking for work and the demands of the business for employment. The Minister said that more work should be done to raise information about employment promotion programs and the benefits that companies can have in promoting employment and hiring new staff. Also, the Minister stated that information should be raised regarding the Youth Guarantee Program, which is being implemented in cooperation with the EU, aiming to increase participation in the labour force for the 15-29 age group.

Presentation of the analysis by the Secretariat

Ms Diana Leka (Angoni), IC Secretariat, thanked the business associations and public institutions for cooperating with the Secretariat. The main objective of the Secretariat's analysis is the prioritisation of interventions from the perspective of micro, small and medium-sized enterprises (MSMEs) as relates to the possible options to minimise the effects of the “labour force crisis” by focusing on 5 pillars:

- (1) Business access to appropriate information
- (2) Work culture and role model for young people
- (3) Innovation and skills
- (4) Harmonised ecosystem interaction
- (5) Informality at work

Summary of main discussions

Mr Luan Bregasi, Business Albania, said that the Investment Council is currently the only platform where representatives of the public and private sectors can debate the problems businesses face in the country. For this reason, it is necessary to increase the platform's influence by inviting not only business chambers and associations but also powerful and reputable companies to make proposals for the future of the country's economy.

Regarding the topic of discussion, he raised the following issues:

1. Strengthening of vocational schools. In 2014, vocational schools had around 3,000 students; today, there are approximately 25,000. We must match the curricula of vocational schools with the needs of the market, aligning them as much as possible with the needs of the private sector.
2. Investigating people on social benefits because a good part of them are able to work. Also, there are proposals to penalise people who leave work.
3. The battle against informality must also continue in the labour market. It is proposed to make a distinction between the gross salary and the net salary.
4. Certification of special professions by the National Chamber of Crafts. MFE to intervene through a Decision of the Council of Ministers (DCM) to make this a reality.

Mr Edvin Prence, Proeksport Albania, raised the following issues:

- The employment record book should be made telematic and be accessed via e-Albania.
- The health system must digitise the health record book. Maternity leaves should not continue to be stamped every month by the women's doctor at the local health centre.
- Lobbying with the Ministry of Foreign Affairs to create opportunities and facilities for the residence permit of foreign employees.
- There is a substantial improvement with the National Agency for Employment and Skills (AKPA) and vocational schools.

Ms Ekaterina Solovova, EBRD, stressed the importance of vocational training and the provision of input to the curricula from the private sector. In this regard, the EBRD is supporting the establishment of a Sector Skills Council, first in the tourism sector, and hoping to continue in others, the mandate of which has already been approved by Minister Ibrahimaj. The Council will bring together the private sector and the vocational schools to shape curricula and professional skills to meet the needs and requirements of businesses. This a clear example of what can be done in the short term.

She noted how, nowadays, young people will change professions several times in their lifetime; therefore, choosing a lifelong skill or profession may have become outdated. So in the long term, we should teach children to have a growth mindset so they can learn continually, especially in a knowledge-based economy.

Finally, Ms Solovova stressed that, like many other countries, Albania suffers from net emigration—a process that may continue in the future. On the other hand, the war in Ukraine has increased the emigration of skilled people, particularly in the IT sector. She concluded her note with a thought-provoking question: *Could Albania attract some of these immigrants that could provide input to the local economy?*

Mr Emanuel Salinas, World Bank, raised the following issues:

- Primary Education. In Albania, around 50% of 15-year-old school students are functionally year-olds) illiterate, i.e., they are unable to comprehend a basic text and 2 out of 5 students lack

basic numeric skills. When we talk about “workforce qualification”, we talk in the context of TIVET (Technical Industrial Vocational and Entrepreneurship Training Programs), which is an important focus, but what we need to understand is that if the basic ability is missing, then we will constantly dealing with problems such as the lack of qualified workforce.

- Based on various studies, only 0.9% of students in Albania expect to work in the ICT sector at any point in time. This highlights a bit of a mismatch. On the one hand, Albania has the ambition to become a knowledge economy, and it certainly has the potential to be such, but this does not resonate with students at school. Thus, *we need to work on the basics, i.e., primary education, to create a solid foundation for a functional and productive labour force*. We estimate that around 40% of the lifetime productivity of people in Albania is lost due to deficiencies in the health and education system. It is clear that fixing basic education takes a lot of time, but it is important to get started.
- Meanwhile, there are many other things that can be done in parallel. At the moment, the *stock of students*, those who are already in the labour force or about to enter, and the ability to match the discrepancy between demand and supply for work are being discussed. It is interesting that not many companies reach out to employment services to solve the matching problem, and here there is something that can be done. In many countries, the matching-making between the demand and supply for work is done by the private sector, so there are no budgetary costs, and it turns out to be very responsive and effective in creating connections between job seekers and employers.
- *There is still work to be done to improve the relevance of TIVET by doing a foresight analysis, i.e., what are the current and future needs for qualifications (skills) in the job market.* In some countries, we have worked with platforms such as LinkedIn, where the databases were obtained and market requirements were identified, which were later implemented in TIVET, in curricula, qualifications, etc. Something similar can be done here to enhance the effectiveness of the mechanism to constantly be “hearing” the market and translate it into efforts for support. The World Bank would be willing to work with the government to improve this situation.

Minister Delina Ibrahimaj, MFE, briefly responded to the comments raised so far.

- Everyone mentioned the need *to match the demand with the job offer*. This should not remain only at the discussion level but be materialised in a joint work plan on how to align these. Since the first day of taking office as the Minister of Finance, this critical issue has been discussed with the relevant directorate within the ministry, raising the issue of the need for more up-to-date and faster information in terms of current labour market requirements. Discussions have been held with both intermediary companies and private businesses for the creation of a common website where everyone can post information, with the system showing at least the labour demand and supply. AKPA is working on the creation of an observatory where it will be possible to receive not only statistics but also the intermediary companies themselves can be part of the platform puna.gov.al where everyone can place advertisements.
- Regarding the proposal of the representative of the World Bank, we are working in this direction. A web scrap is being created to receive not only the information posted by us regarding job requirements but also from other platforms such as LinkedIn or other similar ones to enable the identification of the skills required in the labour market in Albania but also beyond. Regarding the curricula, only after the creation of this platform we will be able to understand what are those professions, even regionalised, most in demand in the labour market. Meetings have been held with businesses in each of the cities where there is a vocational school to enable the creation of curricula based on the requirements of the businesses themselves. Even though since 2014, the number of people enrolled in vocational education has increased significantly, we still remain significantly below the EU average in

terms of vocational education. Nowadays, especially in the private sector, it is evident that technical skills are required more than university degrees or master's degrees.

- Since the beginning of this year, we have started working with people registered for social benefits, offering them an alternative to training or employment, and so far, 2,500 people have been helped and are part of this program implemented in cooperation with the Ministry of Health and Social Protection. This program will continue because if we minimise the number of people on social benefits, we will be able to treat better those who will remain in this program, offering a more dignified life to those who are able to become employed.
- Informality continues to be a big challenge for our economy. We have worked hard in this direction, although in the last three years, the focus has shifted a little away from informality—due to the impact of various crises, with the focus not being much on tax control but on the facilitation of businesses. At the beginning of this year, one of the actions against informality was focused on the reporting of wages and employment, which gave its results. In just three months, we were able to reduce the number of minimum-wage jobs by 52%. This is very significant since it did not come from the willingness of employers/employees to declare the real wage but came as a result of increased pressure from the state. The time has come that this should no longer be the case. Today, even in the fason sector, there are few minimum-wage jobs. This has not come from the willingness of businesses to increase wages, although there are plenty of companies with social responsibility. There are no longer job offers for such low-paid positions, so *it is demand & supply that determines the price and salary*, and the employees receive a high salary despite not being declared. If with one action, we managed to reduce by 52% the number of minimum-wage jobs, it means that there are still things we can do. Other figures that can be mentioned are: 31% of positions declared an increase in their salaries, and 58% of taxpayers have increased the total fund of salaries. We are determined to continue with these actions since, unlike the total informality that damages free competition, budget revenues or others, the non-declaration of the real salary damages the employee the most, who in the future will not have the opportunity to earn a pension/retirement. *GTD and the Labor Inspectorate have programs that address exactly these issues.* In this year's fiscal package, we have doubled the penalties for not declaring the factual salary and employees in general because we believe this is one of those areas where more work should be done to reduce informality.
- Regarding the proposal where the burden of social insurance remains only with the employer, there are many cases in the world where this is the case. As it is de facto the employer who pays it, we can look at this in the coming year and address it with relevant legal changes if you think it is acceptable. The Minister invited all businesses to express their agreement or not about this because in the public consultation afterwards, it should not appear that the government is doing this to harm business. However, this can be discussed at a technical meeting.
- Regarding work permits, the Minister said she would consult with AKSHI (National Agency for Information Service) to enable electronic work permits. As for maternity leave, the ISSH (Health Insurance Institute) no longer requires the health records booklet and accepts electronic ones, so this issue has already been solved.
- Regarding foreign employees, we have been working during the last year in terms of work permits within Open Balkans and the whole system and procedures are being finalised and it is a big market where employees can be attracted. Anyway, your proposal will also be discussed with the Ministry of Foreign Affairs, so that at least for the tourist season when the demand for employees is higher, there will be some kind of agreement with the countries that you suggest.
- Regarding information, there should be better dissemination of information, and AKPA is working hard in terms of public communication and information. Still, maybe a more comprehensive strategy is needed where all the relevant actors/donors can come together with a common communication strategy since there is still room for improvement.

- Regarding the use of immigration, with GIZ, we are working on encouraging employment and re-integration into the work of immigrants. However, more can be done, especially to reduce the desire for immigration by making clearer what the country offers (state/private/donors funds) to the labour market so that those who flee know what awaits them, where they go and what alternatives they have in their own country. One of the instruments supporting this element is the sovereign guarantee.

Mr Alessandro D'Oria, FIAA, raised the following issues:

- The skills issue is a global, complex issue that cannot be easily resolved. Meanwhile, there remains a specific problem discussed daily with the manufacturing companies (our customers in the banking sector), but also between actors in the banking sector. In an internal FIAA survey on this topic with young people up to 30 years of age, two findings on the expectations of young people emerged: learning opportunities and salary. Of course, the cost of wages is related to the competitiveness of companies. To address this issue, we are currently thinking of better cooperation between us (companies) and also establishing cooperation with universities.
- Meanwhile, it is necessary to re-examine how to approach the new generation's expectations. To better help companies to deal with the issue of labour skills and to better cope with this issue, when we survey young people, we may also need to work with psychologists to take into account not only the economic aspects but also the socioeconomic ones.
- Regarding government support, the government should not concentrate investments in the main cities such as Tirana and Durrës. When investing in logistics and infrastructure, incentives should also be considered as instruments for those working outside these cities.
- For young people who are unemployed and do not want to work, a careful analysis is needed, as it is also a problem in Italy.
- While at the national level, it is necessary to promote the country and its attractive opportunities.

Ms Elizabeta Katiaj, Diaspora Business Chamber, commended the work of the Secretariat in evidencing several labour-related issues inclusively. Further, she suggested:

- a) Facilitation of self-employed procedures for returnees from the diaspora. For example, the creation of centres (hubs) with donor support. We have positive models (from GIZ) with contracts financed for one year, where we think that the one-year term is sufficient for returnees to re-integrate into the country;
- b) Bankruptcy of companies and collective dismissals. It should be considered a standard procedure with the labour offices that, in case of bankruptcy, before announcing collective layoffs, these companies contact the labour offices, so they obligate them to mediate/contact in advance the operators that are in the market, to support the employees in accessing employment before the collective dismissal.

Ms Donada Rata, Young Professionals Network (YPN), expressed appreciation for the two surveys of the Secretariat—with findings from the private sector and young people, as two of the main actors in the labour market, therefore YPN contributed with pleasure in the organisation of the focus group meeting for the Secretariat. Further, she noted that among young people, there is a lack of information about the labour market (market offer), while they are eager to be trained. There is a lack of soft skills, especially among young people who come from rural areas, where the

training needs are even greater. We can also mention experiences from the region, such as an e-learning platform where information is published by employers, employees and by mentors who provide special training. From experience with RCC, the problems of youth employment in Albania are the same as those of the Balkan countries. Meanwhile, work practices—although unpaid, YPN recommends that entrepreneurs treat them a little differently, for example, as a form of training since young people need to learn more.

Mr Luan Bregasi, Business Albania, said that regarding the issue of internships, the business has been open and welcomes all students and professionals. Business needs them, and this is the best way to recognise the skills that young people have. Business is also interested in the workers and pays them for the 2-month apprentice period. The vast majority of businesses welcome students and professionals to be part of the companies.

Mr Gëzim Peshkopia, Association of Bread, Dough and Pastries, stated that the market obviously needs not only students but also sellers, bakers, drivers, suppliers, and of course, specialists. We hope these shortages will not turn into a crisis because the bread and pastry sector is really suffering from these shortages. They are specialists who are in demand all over Europe. In Hungary alone, 900 bakeries have been opened by Albanians.

Minister Delina Ibrahimaj, MFE, stated that the issues presented concern everyone, and it is noticed that there is a high need for technicians. She thanked all those businesses that are part of the boards of professional schools—directly interested in hiring employees for training and internships, and contribute to promoting the training of young people with the right skills. There is an employment incentive program dedicated to professional internships. In relation to information access for young people, the Minister said that those who will seek information will find it. The problem is in rural areas where information is more difficult to reach. But today's young people with digital skills and opportunities have more job opportunities than young people of 10 years ago.

Of course, there is room to do more; therefore, a single portal with all the right information is being prepared. This information should be distributed in the right way, either by the business or by the government. *The number of unemployed jobseekers who register at AKPA is very low.* In this context, organisations like yours should play a more active role in raising awareness among young people and registering them in these portals so that even individuals who apply to AKPA have access to its services, while businesses have the opportunity to see that there is a significant number of professionals who have applied for jobs and can jointly use this platform.

Cooperation and division of tasks between actors in the market are necessary to address employment issues as well as to avoid possible crises for employees, as previously mentioned. The market needs qualified people as well as technical profiles. Everyone should cooperate by doing the tasks, even in the small sector they operate. The mediator then is MFE/State (AKPA), which should increase its communication both toward job seekers and businesses.

Ms Katina Gjoni, Professional School “Antoni Athanas”, thanked for the opening of the professional school in Saranda, the installation of the infrastructure system and the material base. The number of students in the hospitality-tourism branch has tripled even though the job offer in this sector is higher than that of students for registration. Vocational schools are core for the preparation of professionals, and work should be done to change the image of vocational schools in general.

The Instruction on the Scholarships for Girls in Vocational Schools has been an important incentive as has the pending Instruction for Covering Transport for students in vocational schools.

For the implementation of the school curriculum, she proposed that AKPA, in cooperation with businesses, also enable obligatory professional internships.

Mr Martin Serreqi, Economic Faculty of the University of Tirana, focused on two issues:

1. Based on the Secretariat's findings regarding the securing of employees through universities, it was stated that over the years, universities have had problems, but the trend has changed for the better, and we hope that it will continue in the future.
2. Based on the finding regarding the need to adopt curricula with the needs of the market, the cooperation between the two parties has existed for a long time, but in order to have a positive result, continuous communication is needed, and this should be done with all universities and referring to specific sectors. There is a change in the approach of today's young people, so universities and businesses must adapt to the changes of the times.

Mr Elvis Ponari, Association of Life Insurers, Pensions and Investment Funds, said that employees want a salary today and saving for tomorrow. Incentives that keep employees satisfied need to be reviewed so they don't leave. To be educated about transferring a part of their income into private pensions so that they are satisfied.

Ms Valbona Begolli, Women Economic Chamber, said that two issues need attention:

- Developing the mindset of entrepreneurs of MSMEs and new ventures, where chambers can play an important role in this direction. Programs should be created by the state in this direction.
- Development of professional education. In cooperation with SwissContact during the past two years, we have worked to promote business entrepreneurship so that young people can see different models of entrepreneurship. If we educate young people in this direction, the mentality as a whole towards entrepreneurship will definitely begin to change and enable greater economic and social security. Undoubtedly, technology and innovation are two very important factors that will help us to be competitive in the market and face the current challenges.

Minister Delina Ibrahimaj, MFE, stated that information sharing is done better through chambers of commerce. Currently, we have various development programs for SMEs on managerial skills, drafting business plans, how to become better administrators, etc., so there is no lack of information but the desire of entrepreneurs to participate. It's a mindset that needs to change. The survey showed that 46% of businesses did not have a budget and do not seek to train. The government has currently given grants for the growth of entrepreneurs, and grants are currently being awarded for technological development and their digitisation—information which should be distributed mainly through the chambers.

Ms Ines Muçostepa, UCCIAL, emphasised the importance of stakeholder inclusiveness (business, academia and important donors) in the framework of the preparation of a national employment strategy with expertise or pilot projects to make the connection between business requirements and what the market offers. This strategy will take its time, and it is hoped that the chambers of commerce will be actors that have an influence in this direction, and since the law on chambers is also being reviewed, a change should be considered as was done with the National Chamber of Crafts, which is obviously seen to be giving good results.

Mr Arben Shkodra, Union of Albanian Producers, expressed agreement with the findings, conclusions and recommendations of the analysis but stated that the country has not yet reached the middle of the employment crisis. The crisis has just begun. The Union has carried out a survey with companies in the manufacturing industry, where over 70% of them result in urgent needs due to the increase in capacity by more than 50%. We need to create a necessary environment for employees from abroad by also considering the social aspect of this policy as they will be part of our society. He suggested organising special technical tables after this meeting, on higher,

professional education, employment of foreigners and training and retraining. This should have been budgeted for, and maybe it's not too late.

Minister Delina Ibrahimaj, MFE, stated that sectoral committees have been set up in the areas of IT and tourism and will continue with other sectoral committees, as there are ongoing problems, such as in the case of the pastry sector. With the laws, strategies, and incentives it undertakes, the government also guides towards the automation of business processes. Of course, it is not simple, as businesses have their own problems. The issue of the salary—being the lowest in the region—is another issue and reason why individuals want to leave, as the salary should be competitive. IC, the Secretariat, Deputy Minister Olta Manjani, the Director of AKPA, and the Director of the Labor Inspectorate will continue this discussion to make a special agenda so that once a month, the actors sit down to discuss at the ministerial level as well as in the technical one as there are many problems that need to be discussed for solutions.

Closing of the meeting

At the end of all comments, Minister Ibrahimaj thanked the participants for the dialogue and eventually considered the meeting closed.

List of participation

Government representatives

1. Ms Delina Ibrahimaj, IC Chair/Minister of Finance and Economy

Business representatives

1. Ms Albana Laknori, Secretary General, delegated by Mr Nikolin Jaka, Chair, Chamber of Commerce and Industry of Tirana
2. Ms Ines Muçostepa, Chair, Union of Chambers of Commerce and Industry (UCCIAL)
3. Ms Elisabeta Katiaj, Deputy Chair, Albanian Chamber of Business Diaspora
4. Ms Valbona Begolli, Deputy Chair, Women Economic Chamber
5. Mr Arben Shkodra, Secretary General, Union of Albanian Producers
6. Ms Fiona Kuqi, Manager for Policies and Advocacy, delegated by Mr Enio Jaço, President, AmCham Albania
7. Mr Dritan Nako, Legal & External Affairs, Antea Cement (*ad-hoc*)
8. Mr Edvin Prençi, Chair, Proeksport Albania (*ad-hoc*)

International partners

1. Mr Emanuel Salinas, Country Manager, World Bank
2. Ms Ekaterina Solovova, Head of EBRD Albania
3. Ms Ledia Muço, Advisor for Economic Affairs, delegated by Mr Hubert Perr, Head of Cooperation, EU Delegation

Absentees:

1. Ms Edona Bilali, Minister of State for the Protection of the Entrepreneurship
2. Ms Natasha Ahmetaj, Deputy Governor, Bank of Albania
3. Mr Sokol Nano, CEO, AIDA
4. Mr Bilal Kara, Chair, Albanian - Turkish Chamber of Commerce and Industry (ATTSO)
5. Ms Laura Qorlaze, Country Representative, IFC Office

Special guests from the government:

1. Ms Olta Manjani, Deputy Minister, MFE
2. Mr Klevis Hysa, General Director, AKPA
3. Mr Eljo Muçaj, Chief Inspector, State Inspectorate of Labour
4. Ms Erblina Shehu, Advisor, MFE

Other Participants:

1. Mr Alessandro D'Oria, President, FIAA
2. Mr Martin Serreqi, Deputy Dean for Entrepreneurship and Relations with the Public, Economic Faculty of the University of Tirana (FEUT)
3. Ms Donada Rata, Project Coordinator, Young Professionals Network (YPN)
4. Mr Luan Bregasi, President, Business Albania
5. Mr Gëzim Peshkopia, President, Association of Bread, Dough and Pastries
6. Mr Elvis Ponari, Chair, Association of Life Insurers, Pensions and Investment Funds
7. Mr Reinaldo Pipiria, Chair, National Association of Real Estate (NAREA)
8. Ms Katina Gjoni, Headteacher, Professional School "Antoni Athanas"

9. Ms Ardita Seknaj, Secretary General, ICC Albania
10. Prof. Alba Kruja, University of Epoka
11. Mr Artan Gjergji, Secretary General, Albanian E-Commerce Association (AECA)
12. Mr Dritan Mezini, Chair, AITA
13. Mr Ardian Haçkaj, Director, Cooperation and Development Institute (CDI)
14. Ms Eriçili Berberi, Executive Director, Hellenic Business Association of Albania
15. Mr Shkëlzen Marku, Expert