

January 2012

**Annual Review
2011
on Labour Relations and Social Dialogue in South East Europe:
Albania**

By Minella Mano*

Content

- **Summary**
- **Socio-economic developments**
- **Governmental policies and legislation**
- **Industrial relations**
- **Tripartite social dialogue**
- **Forecasts**

Annex - Information about:

- **Collective bargaining, social dialogue, social security, education & vocational training, employment, wages**
- **Trade unions and employer organizations**

* **Dr. Minella Mano**, Physician, Director of the Labour Relations Studies Institute (I.S.M.P)

© Friedrich-Ebert-Stiftung
Regional Project for Labour Relations and
Social Dialogue in South East Europe
Tadeusa Kosciuska 8/5
11000 Belgrade, Serbia

E-Mail: fes@fessoe.de
Internet: www.fessoe.de

The text is available online:

www.fessoe.de

The views expressed in this publication are not necessarily those of the Friedrich-Ebert-Stiftung or of the organization for which the author works.

1. Summary

During this year, the performance of the economy was not very much different from 2010. The public debt is still relatively high, and it is estimated to 59.7% of the GDP (compared to the value of 60% which is considered the limit). The inflation, the decline of foreign investments, the high level of nonperforming loans in the banking sector, the growth of consumer prices and other services, are the main issues that threaten to re-

duce the standard of living. Poverty is very disturbing today because of the increasing number of people living close to the poverty line. In the classification according to GDP per capita, Albania is 124th out of 228 countries. The crisis in the country has forced some local as well as foreign investors (mainly in the apparel industry) to reduce their activities, or to close them, and consequently many employees became unemployed and many families are faced with financial trouble. Because of the crisis in the region (Greece and Italy), many workplaces were closed, so having to face difficulties in these countries many Albanian emigrants returned to the country. Yet, the Albanian government has no specific program to help them find employment or to help them invest their profits and savings.

There are positive developments in the Tourism sector, due to private investments but also to public ones realized by the Government especially in the road infrastructure and construction. In addition, there were some positive developments in the Energy Sector. The fight of the government against corruption was insufficient and often served as a demagoguery. Corruption, according to the Corruption Perception Index of the Transparency International Albania (T.I.A) is estimated at 3.1, thus ranking Albania as the 95th country in the list that consists of 183 /countries. The consequences of corruption are widely felt in the lives of the citizens. Employment in the public administration is clearly political, based on nepotism, and it is against the law on competition and employment. Citizens seeking health care services, especially in hospitals (in surgery, gynaecology, oncology, etc.,) face with shortages and obstacles in obtaining services, unless they pay under the table. These shortcomings, negative and discriminatory practices force the patients to go to private facilities where they pay for a very expensive service. For the education of their children, the citizens often pay faculties and universities for acceptance and for completion of the studies, seriously damaging the quality and the future of professionals and the system of education. A big plague for the Albanian society is the justice system, where judiciary services are corrupted and politically influenced by influential economical powers.

Regarding the process of Albania's European Integration, the European Union reported that the conditions to start the negotiations for membership status have not been accomplished yet. Democracy and the rule of law, the continuous political blockage and the following confronting developments have hampered the implementation of reforms, and important laws are still waiting to be approved. During 2011, in the frame of EC legislative integration, Albania, has signed the Convention "On Preventing and Combating Violence against Women and Domestic Violence", which is expected to be ratified in Parliament in 2012.

2. Socio-economic developments

According to the assessment made by the Ministry of Finance and INSTAT in 2010 the GDP growth was 3.8%, while in 2011 it was 3.9%. The experts forecast that the year 2012 will be difficult, due to the reduction of foreign investments in industry and processing sectors. The GDP value for 2011 is estimated at EUR 9,396,723,647. The real average economic growth for the period 2009 - 2011 is 3.1%, while the average for other countries of the Balkans is only 1%. Foreign direct investments in 2011 were at EUR 232,713,675. The domestic investments in 2011 reached a value of EUR 292,172,365 or 86.31% compared to 2010, indicating that there has been a considerable decrease of such investments in the country. Regarding the current situation of the Public Budget, the revenues for 2011 are estimated at the value of EUR 2,450,477,208 or 101.13% compared to 2010. The expenditures in 2011 are EUR 2,783,896,011 or 103.11% compared to 2010, while there was an increase of nearly EUR 56,980 of the budget deficit of Albania. The public debt for 2011 is EUR 5,469,202,279 or 101.78% compared to 2010 (this is a figure valid only for the first nine months of 2011). The budget deficit expressed in GDP percentage is 3.1%

The minimum wage has increased in 2011, reaching an amount of EUR 142.4, compared to the previous year's amount of EUR 138. The average monthly wage in 2011 is EUR 358.2, compared to EUR 347.8 in 2010. In 2011, the increase is estimated to be 5%, which is lower compared to 2010 when there was an increase of 7%. The inflation rate for 2011 is 3.1% (or 3.5%), whereas in 2010, it was 3.1% (3.6%) Clarification: The data from the Ministry of Finance and those coming from other sources are in fact contradictory.

The unemployment rate in Albania in 2011 (the first half of the year) is 13.345%, compared to 13.6% in 2010, according to the estimates of the Ministry of Finance and IN-STAT. The total work force in the first half of 2011 is estimated to 1,067,456 persons. Out of this number, 925,004 are employed, and 142,452 are registered as unemployed and are in search of work. The Institute of Trade Union Studies (I.S.S.) and Institute of Labour Relations Studies (I.S.M.P.) have collected these figures, claiming that the percentage of unemployment in 2011 is about 30%.

According to the studies, the current minimum living cost per capita is EUR 107.4. In 2011, the general index of prices for the basic consumers' goods is increased by 3, 98%, compared to the previous year. In the GDP classification per capita, Albania is 124th out of 228 countries. Poverty is still a problem and it reaches high figures. The referred figures of the study do not coincide with the reality, which, based on the poverty rate, housing, taxes and continuous and uncontrolled increase of grocery goods' prices, result into a general opinion that poverty exists in the country, and there is a need to think about the persons suffering from it and living in very difficult conditions. The Gini Coefficient increased from 0.28 to 0.29, according the data provided by the Living Standards Measurement Study (LSMS, 2008). This is comparable with the EU15 average (0.31). It must be considered that the data for Albania refer to the inequality of consumption, which has a tendency of being distributed more evenly than the income.

3. Governmental policies and legislation

The Democratic Party, in coalition with smaller right-wing parties (P.R, P.D.L, etc.) is still governing the country. The specificity of this government is that even the Social Movement for Integration, which is a new party, has joined this Coalition, even though it belongs to the left wing. Different 'reforms' were taken by this Government in many sectors, such as economy, law, health, education, and social sector, which have been prescribed in the process of the country's integration into the European Union. The Socialist Party continues to be in opposition, together with other parties of the Centre and Left Wing (P.D.NJ, P.S.D, P.D.S), as well as some of the right wing parties (P.D.K, etc), which are still opposing bad governance, failure to achieve the objectives towards European Integration, etc. They have carried out political and civic protests demanding the change of the political and social situation in the country.

The programs and policies that have priority in the next year's budget are related to maintaining a high norm of public investments. Even for 2011, the planned public investments are 8% of the GDP, without including here the investments of the local governments, who use their own income, or unconditioned grants. Maintaining this norm of investments is related to the need of spreading modernization of infrastructure on the entire territory of the country, in order to ensure a sustainable and integrated development, as well as with the objective of keeping the fiscal stimuli for economy, even during 2011, by finalizing the huge infrastructure works in process. Other priorities are to start the work on the major road projects; improve public services and aim at their modernization and computerization; improve rural infrastructure, as part of the investment programs in 2011, support faster improvement of services in the health and education sectors.

Regarding implementation and impact of the EU norms and standards, health and safety at the workplace is one of the main priorities, which, at the same time, is an ongoing process and goal. There have been improvements and harmonization regarding the laws on health and safety at the workplace, such as creation of a Council for Health and Safety at the workplace, and the requirements and measures the employers should do in order to ensure safety and health at the workplace. There were also developments related to the social legislation including health care services and insurance, increasing the list of medicaments that will be reimbursed, enlarging the social strata that will be covered by the mandatory health insurance scheme, such as the pensioners, children, the disabled, the war veterans, including the potential trafficking victims.

The main objective of the Sectoral Employment Strategy of the Government is to gradually reduce the unemployment rate in order to approximate it to the levels of the EU countries, until 2013. Following the new European agenda regarding the youth employment, the strategy focuses on the opening of new work places for the young, continuous professional education, reduction of the unemployment and increase of employment, registering the unemployed and generating new programs for the human capital. Despite the fact that programs for youth are part of the strategy, the government lacks in these programs and their real implementation.

Regarding Trade Unions' actions in relation to the above-mentioned aspects, it is worth mentioning that trade unions, during their activities have requested changes and improvements of some of the articles of the Labour Law (article 197/7-Solidarity Strike, article 197/9-Effects of illegal strike), which damage the normal labour relations, impede the trade unions' activity and representation rights, and affect the rights of employees in all professions. These requests have been submitted by their representative members during bilateral meetings, through written and visual media, or during the protests, as well as in the meetings of the National Labour Council.

4. Industrial relations

The mediation practice to settle labour disputes is still non-functional. After the failure to negotiate, which the state institutions and employers refused to do, the trade unions, particularly the Trade Union Federation of Industry Employees (K.S.SH) organized protests. These protests continued throughout the summer, due to the lack of attention of the employers, and their failure to address the workers' requests, which led to the decision of the trade union to organize and undertake a miners' hunger strike (supported by their families and citizens as well).

Because of the continuous problems of the Bulqiza miners (chrome mine) and of other mineral extracting and processing areas, they have asked the Ministry of Industry/State and Employers for some specific solutions (as many other mines in Albania, this one was also given through concession to foreign companies or foreign companies and local partnership). Their requests were as follows: Implement the National Labour Law, and undertake the promised investments to avoid the bad conditions at work, the accidents, the lack of health and safety, the deaths of employees, as well as to increase their salaries and pensions. It is worth clarifying that after many clashes with the police forces and with the local power connected to the financial and political benefits, some solutions were found, even though these were limited and not that much to the benefit of miners and employees. Even after the above-mentioned protests, which included accidents and even loss of miners' lives, the mine was not operational; therefore, there was no work for its employees for several months, while they and their families undergone very difficult economic situations.

Regarding the development of the internal situation in the trade union movement, it should be pointed out, that due to the privatizations and reforms in some sectors and services, there has been a decrease in the number of employees, and this consequently resulted in a reduction of the trade union affiliation. The fear of the unjustified dismissals the employees feel, especially those working in the Public Sectors (health, education and public administration), has a negative impact, together with other factors and political practices. In the private sector, there has been a reduction of employees in many industries, particularly due to the impact of the economic crisis. For years now many trade unions and branch federations, mainly in the private sector, do not accomplish the true mission of trade unions.

Regarding the development of Employers' Organizations, it can be said that the organization of associations/structures of employers is still backward and far from the continuous organization and activity of federations/branch trade unions (those that function as such). However, there are today a number of associations of employers that have been established based on the interests and according to the branch or sector of industry, they are involved in. One should also understand the difficulty of these organizations, which is related to the development of these sectors, the completion of legislation and other interests or conflicts between the employers themselves and their associations. It is worth saying that there is a spirit of cooperation between employers and employees now, even though this is limited and sometimes lacks seriousness or faces neglect by the parties themselves.

5. Tripartite social dialogue

Social Dialogue remains an issue that hampers the progress of cooperation, agreement and establishing Collective and Individual Agreements between the partners - Employees and Employers. Even today, it is difficult to have a tripartite social dialogue, which is unwelcome and not understood, while it should be seen as a necessity, especially for the Employers. They have to understand that social dialogue is a good practice to follow; however, they still do not consider it as a need and a positive development. Still, the Government itself, some Ministries, Public Employers and some private ones fail to understand the importance of negotiations on different matters, mainly those related to health and safety at the work place, cooperation and mutual dialogue, even though the Law requires for partnership among the Government, Employers and Employees. This is an indication of the lack of responsibility and failure of leaders to properly understand its importance. Based on the current practices and latest developments, there is an urgent need for social dialogue, since negotiation is the only way to resolve conflicts and important issues. This would require both parties - Employers and Employees - to respect each other as partners and to carry out social dialogue, in order to make it an institution. There are though some good previous experiences, and positive developments regarding the negotiations on the Collective Agreement in some branches, such as in the service providing and industry sector, both in the public and private field, which are worth further developing and strengthening.

Bargaining at national level is on a tripartite basis, which means that it involves employers, employees and the government as well. The main body regulating social dialogue is the National Labour Council, which was established as the highest consultative tripartite body in 1996, and is based on the article 200 of "The Labour Law of the Republic of Albania" no. 7961, of 13.03.1996. However, the activity of this Council has not been adequate during 2011. Trade unions have had many complaints related to the meetings of this council, which have not been regular. Many times, there was no information regarding the items of the agenda that were to be discussed in the following meeting. Sometimes decision making has even been fictitious, meaning that decisions had been made even before the meeting took place. This shows a complete disregard

of the partners' representatives in this council. As a result the tripartite social dialogue is very limited and it results in the loss of trust between the partners.

6. Forecasts

An increase of GDP is expected in 2012 to 4.3%. Additionally, forecasts see the inflation rate nearly 3.3%, even though other sources indicate a different figure of 4.5% (Ministry of Finance and the Bank of Albania). An increase of contributions for the health insurance of nearly 7% is expected. In addition, there will be a reduction of local public investments, due to the impact of the national or international crisis. According to the major institutions, an increase of the public debt is expected. The unemployment rate is expected to remain at the same level, but due to the reduction of the foreign investments in our country and to the world economic crisis, my opinion is that there will be an increase of unemployment rate. In real terms, wages might increase by 3-5% in 2012 in the public sector at the national level, as there will be an increase of price of food, fuel, and public services (transport, utility). Informal economy will remain at a very troublesome level, especially in the sector of construction, tourism and hotel industry, etc. It is expected that privatization will be continued in other sectors of industry, and that there will be the sale of public property (land, buildings, etc). To be more specific, there will be a complete privatization of some of the biggest hydro plants in the country, including Albpetrol. In addition to this, a kind of liberalization and privatization of services is expected even in the education (universities) and health sectors (hospitals and universities).

Regarding the public investments, a reduction of investments, mainly in infrastructure, is expected (due to the external debt and the financial crisis). It will be hard to ensure the implementation of the Law on Health and Safety at the Workplace, due to the lack of intervention of the Government and the direct implementation of the public and private employers' institutions. Other legal improvements will be made in order to comply with the EU legislation, especially dealing with the establishment of the Administrative Courthouse, the new and improved Labour Law and work related legislation, etc. The trade unions will still be in a 'crisis' regarding the normal functioning and activity. In the field of industrial relations further negotiations will occur regarding the new Collective Bargaining Agreements between the employers and employees (private or public) based on their dead-line and terms. During 2012, further developments are expected in the relationship between the employers and employees in the private sector in terms of social dialogue.

Annex of data

Collective bargaining system

Collective Bargaining Agreements are legally and socially very important documents for the labour relations, particularly in the public services (education, health, public administration). With respect to this, there have been some important improvements in the Collective Agreements in the health sector. They have been implemented on all levels and structures, up to the Individual Work Contracts (doctors, nurses, etc). The tendency is to further expand the implementation of these Agreements and to achieve greater observance of its articles. This can only happen if employees would demand their rights and trade unions would start to act upon their responsibilities.

System of tripartite social dialogue

NATIONAL LABOUR COUNCIL

- The National Labour Council is the highest consultative tripartite institution, established in 1996, based on the article 200 of The Labour Law of the Republic of Albania no. 7961, of 12.07.1995, “”;
- The National Labour Council was first assembled on January 1997;
- DCM no. 730, of 06.11.2003, "On the functioning of the National Labour Council and appointment of the Council of Ministers' representatives in this Council", as amended through DCM no. 16, of 13.01.2006 and DCM no. 441, of 09.06.2010;
- DCM no. 123, of 24.02.2010, "On the appointment of number of representatives of the Employers' and Employees' Organizations to the NLC" (which abolished DCM no. 477, of 12.07.2006).

There are 27 members in the National Labour Council, representatives of the Employers', Workers' Organizations and Government:

I - Representatives of the Workers' Organizations:

- Union of Albanian Independent Trade Unions (B.S.P.SH)
3 members/3 candidates
- Confederation of Albanian Trade Unions (K.S.SH)
3 members/3 candidates
- Union of Albanian Employees Trade Unions (U.S.P.SH)
1 member/1 candidate
- Albanian Trade Union of Petrol Employees (S.P.N.SH)
1 member/1 candidate
- Trade Union Federation of Education and Science (F.S.A.SH)
1 member/1 candidate
- Albanian Independent Trade Union of Education (S.P.A.SH)
1 member/1 candidate

II – Representatives of Employers' Organizations:

- Council of Albanian Employers' Organizations (K.O.P.SH),
2 members/2 candidates
- Confederation of Employers' Organizations Councils (K.O.P),
2 members/2 candidates
- Albanian Builders Association (SH.N.SH),
2 members/2 candidates
- National Chamber of Clothing Producers (DH.K.P.V)
1 member/1 candidate
- Union of Albanian Industrialists and Investors (Albanian Konfindustria)
1 member/1 candidate
- Union of Albanian Investors and Industrialists (B.I & I.SH)
1 member/1 candidate
- Albanian Agro-Business Council (K.A.SH)
1 member/1 candidate

III – Representatives of the Government:

- Minister of Labour, Social Affairs and Equal Opportunities (M.P.Ç.S.SH.B)
1 member/1 candidate
- Minister of Finance (M.F)
1 member/1 candidate
- Minister of Health (M.SH)
1 member/1 candidate
- Minister of Education and Science (M.A.SH)
1 member/1 candidate

- Minister of Economy, Trade and Energy (M.E.T.E)
1 member/1 candidate
- Minister of Public Works, Transport and Telecommunication (M.P.P.T.T)
1 member/1 candidate
- Minister of Justice (M.D)
1 member/1 candidate

Some tripartite specialized commissions are established around the NLC that operate as permanent bodies, such as::

- a- legal commission,
- b- commission for employment and vocational education,
- c- commission for wages and pensions,
- ç- work conditions, health and safety at the work place,
- d- commission for economy and finance,
- e- commission for equal opportunities.

There have been three meetings of the NLC this year with the following topics:

1. The topics discussed at the first meeting of the National Labour Council (NLC) were: strengthening of social dialogue (a requirement of the EU of Albania in its integration process), the labour market, employment, inspection, occupational health and safety, problems in the construction sectors. (Date, 22/02/2011).
2. At the second meeting, the National Labour Council discussed and approved: the increase of minimum wage at the country level with the rate of ALL 20.000 =142.4 € a month, the review of the Draft-Labour Law, so as to adapt it to the EU Legislation, and the proposals of the National Chamber of Clothing and Shoes Producers for abolishing the customs on materials needed for this industry. (Date, 12/07/2011).
3. At its third meeting, the National Labour Council discussed: the new contract between CEZ (Electrical Energy Supply Company) and the consumers, the impact of concessions on the opening of new work places, the government's policies regarding employment and elimination of poverty, and the functioning of social dialogue in the education sector (Date, 02/11/2011).

Social insurance systems

The Social Insurance System is composed of the following:

- A. Mandatory Social Insurance
- B. Voluntary Social Insurance
- C. Supplementary Social Insurance
- D. Special State Pensions

The most important legal instruments in this area are: Decision no. 477, of 30.06.2010, "On amendments and addenda to Decision of the Council of Ministers no. 1114, of 30.07.2008, "On issues of the implementation of Law no. 7703, of 11.05.1993, "On health insurance in the Republic of Albania", amended, Law no. 9136, of 11.09.2003, "On the collection of mandatory social and health insurance contributions in the Republic of Albania", amended, and Law no. 7870, of 13.10.1994, "On health insurance in the Republic of Albania", amended. (DCM no. 1114, of 30.07.2008, has also been amended).

Clarification: DCM no. 527, of 20.07.2011, "On determining the minimum wage at the country level" has an impact on the rate the contributors have to pay for their social and health insurance.

| Social protection | 2010 | | | First 9 months of 2011 | | |
|---|-----------|------------|------------|------------------------|-----------|------------|
| | In number | 000 ALL | € | In number | 000 ALL | € |
| Inspections over the standards of economic assistance | 416 | 91,247 | 662,651 | 210 | 38,190 | 271,950 |
| Families covered by economic assistance | 98,000 | 4,214,000 | 30,602,760 | 105,000 | 3,151,026 | 22,438,411 |
| Inspections of inclusion of the disabled in the payment system | 416 | 81,206 | 589,731 | 200 | 23,747 | 169,102 |
| Individuals covered by Restricted Ability payment | 132,687 | 12,267,954 | 89,091,895 | 140,000 | 8,755,000 | 62,344,228 |
| Individuals covered by compensations for being Politically Persecuted Persons | 3,000 | 1,000,000 | 7,262,164 | 3,000 | 1,400,000 | 9,969,380 |
| Individuals with re-stricted abilities beneficiaries of the services of the care institutions | 364 | 200,194 | 1,453,842 | 370 | 185,068 | 1,317,867 |
| Children beneficiaries of the services of the care institutions | 317 | 263,310 | 1,912,200 | 310 | 221,197 | 1,575,141 |
| Individuals covered by compensation of Energy | 132,500 | 525,589 | 3,816,914 | 158,000 | 165,168 | 1,176,159 |
| Elderly persons covered by care services | 285 | 161,142 | 1,170,240 | 250 | 125,229 | 891,754 |
| Women and girls covered by care services | 18 | 32,487 | 235,926 | 22 | 8,656 | 61,639 |

Source: - Ministry of Labour, Social Affairs and Equal Opportunities (M.P.Ç.S.SH.B)
-Official Publications Centre (QBZ)

Health

Even after the approval and completion of the Albanian Legislation respectively with the Law no. 10237, of 18/02/2010, "On occupational health and safety ", and with DCM no. 107, of 09.02.2011 and DCM no. 108, of 09.02.2011, there are still no serious programs and proper investments undertaken (both in the public and private sector) that are actually being implemented in all institutions and sectors of work and production, aiming at the protection of health and life of the persons employed in them.

It is up to the trade unions and professional federations to represent and protect the employees of all professions, or branches, and to request that the employers and state on all levels respect the fundamental human rights and everything else related to the labour rights and labour relations, in compliance with the instructions of the International Institutions and institutions for European Integration.

Clarification: The respective institutions do not provide specific figures yet.

Source: - Ministry of Labour, Social Affairs and Equal Opportunities (MPÇSSH)B)
- Institute of Labour Relations Studies (I.S.M.P)

Pensions

| Data on pensions | 2010 | | | First 9 months of 2011 | | |
|--|---------|-----------------|-------------|------------------------|-----------------|-------------|
| | number | In thousand ALL | In EUR | number | In thousand ALL | In EUR |
| Pensioners living in cities and villages | 541,458 | 63,790,732 | 463,258,765 | 546,570 | 49,898,046 | 355,323,264 |
| Days of inability (days and people) | 149,646 | 326,178 | 2,368,758 | 1,640 | 255,001 | 1,815,858 |
| Women on maternity leave (days and people) | 9,379 | 1,571,758 | 11,414,365 | 7,678 | 1,307,058 | 9,307,541 |
| Days of inability due to accidents (days and people) | 5,081 | 7,846 | 56,979 | 68 | 9,905 | 70,533 |

Source: Ministry of Labour, Social Affairs and Equal Opportunities (MPÇSSHB)
-I.S.SH

Unemployment Labour force

| NAME | Measuring Unit | 2008 | 2009 | 2010 | First half of 2011 |
|---|----------------|---------|---------|---------|-------------------------|
| INCOME | | | | | |
| Average wage in the state sector | In ALL | 36,537 | 40,874 | 43,625 | 45,500 ALL =324 € |
| Approved minimum wage | " | 17,000 | 18,000 | 19,000 | *20,000 ALL =142.4 € |
| Unemployment benefit | " | 5,980 | 6,340 | 6,565 | *6,850 ALL =48.8 € |
| Average economic assistance for a family | | | | | |
| - Full assistance | " | 3,798 | 3,900 | 3,908 | 4,159 |
| - partial assistance | " | 2,986 | 3,150 | 3,216 | 3,361 |
| UNEMPLOYMENT | | | | | |
| Registered unemployed | In Numbers | 141,495 | 143,340 | 143,877 | 142,452 |
| beneficiaries of unemployment benefits | " | 9,916 | 10,050 | 10,086 | 8,248 |

Clarification: These figures have been set in a Decision of the Council of Ministers, DCM no. 562, of, 03/08/2011. Source:-INSTAT

Education and vocational training

| Labour Market (training programs) | 2010 | | | 9 months of 2011 | | |
|--|--------|-----------------|-----------|------------------|-----------------|-----------|
| | number | In thousand ALL | In EUR | number | In thousand ALL | In EUR |
| Employed/trained through the fostering program | 1,757 | 89,472 | 649,760 | 1,170 | 133,201 | 948,725 |
| Trained with certificate | 8,485 | 134,255 | 974,982 | 6,300 | 170,805 | 1,216,560 |
| Number of mediators | 11,913 | 214,365 | 1,556,754 | 9,786 | 329,665 | 2,348,041 |
| Persons covered by unemployment benefit | 10,055 | 644,086 | 4,677,458 | 8,855 | 981,815 | 6,992,984 |

Source: Ministry of Labour, Social Affairs and Equal Opportunities (MPÇSSHB)

Funds for vocational training, for each year (and a forecast for the future):

In million ALL

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|-------------------------|-------|-------|-------|-------|-------|-------|-------|
| FROM THE STATE BUDGET | | | | | | | |
| Labour Market (total) | 1.469 | 1.564 | 1.657 | 1.756 | 1.844 | 1.934 | 2.034 |
| Fostering of employment | 120 | 200 | 200 | 200 | 200 | 200 | 200 |
| Vocational training | 174 | 185 | 196 | 208 | 218 | 228 | 238 |

Employment rate

| NAME | Unit | 2008 | 2009 | 2010 | first 6 months of 2011 |
|--|--------------------------|-----------|-----------|-----------|------------------------|
| EMPLOYMENT | | | | | |
| Labour Force | <i>number of persons</i> | 1.115.562 | 1.042.618 | 1,053,478 | 1,067,428 |
| - Employed | " | 974,067 | 899,278 | 909,601 | 924,976 |
| a) in the state sector | " | 166,543 | 166,250 | 166,338 | 165,200 |
| b) in the private non-agriculture sector | " | 238,975 | 236,838 | 241,836 | 253,112 |
| c) in the private agriculture sector | " | 568,549 | 496,190 | 501,427 | 506,664 |

Source: - Institute of Statistics (INSTAT)

Average Monthly Wages

| NAME | 2008 | 2009 | 2010 | 2011 |
|----------------------------------|------------------------|------------------------|------------------------|----------------------|
| Average Wage in the state sector | 38.310 ALL =283.8 € | 42.000 ALL =311.1 € | 43.625 ALL =316.8 € | 45.500 ALL =324 € |

Source: Ministry of Finance

There has been an improvement regarding the increase of wages in some sectors and services during these years, such as in education, health, justice, police, etc. However, the impact of such increase on the consumers is insignificant, because of the considerable increase of the prices of goods and services, in many sectors, such as fuel, transport, food and other necessary products in every day's life. The increase of pensions for the retired and people living on social assistance or in complete poverty remains problematic.

It should be noted that the Ministry of Finance and the Government have decided not to give pensioners (a total of 541.458) this year any kind of bonus for the end of year holidays (Christmas and New Year). In 2009 the value of the bonuses for them was ALL 5,000 = 38 €, whereas in 2010 it was ALL 2,500 = 18.16 €).

The Government is decreasing the amount of bonuses even for the employees in the public sector (public administration, education, health, etc.). These actions are not only violating human rights that were gained throughout the years, but are also indicating the lack of political will to resolve social problems of people in need, and to accept the difficult financial situation the country is facing.

Gender pay gap

In general, women's wages are nearly 30% lower than men's. This is due to the lower wages, to the number of women in managing positions which is much lower than that of men, to the difficulties and lack of opportunities for a professional career, to the lack of economic independence and decision making power inside families, to the negative concepts inside families, and also due to the opinions of society in general regarding women and their work.

Minimum wage

In ALL/Euro

| NAME | 2008 | 2009 | 2010 | 2011 |
|----------------------|------------------------|------------------------|----------------------|------------------------|
| Minimum Monthly Wage | 17.000 ALL =138.4 € | 18.000 ALL =136.8 € | 19.000 ALL =138 € | 20.000 ALL =142.4 € |

Source: Ministry of Finance

Actual weekly working hours

According to the Article 78 of the Labour Law, normal daily working hours amount to 8 (eight) hours per day. Article 83 provides that normal weekly working hours amount to no more than 40 (forty) hours per week (determined by a DCM, the Collective Bargaining Agreement and Individual Work Contract). It is worth explaining that these articles of the Labour Law are not observed by the employers in the private sector, and neither by the self-employed persons (family business), where there is an increase of working hours, but not of wages. Therefore, the human rights are violated.

Normal work /atypical work

This type of employment affects the employees of public services. Due to the impact of the branch trade unions, it was established in their Collective Agreement (agreements have been signed for a three-year period) and even in their Individual Work Contracts (they have been signed for a 1-year period, or for an indefinite period of time), especially in the sectors of Health, Education and Public Administration. There are employees in the public sector, for example in the health care system, who due to various reasons (such as, emergency) and organizational reasons work overtime, however these are recognised and paid as additional hours and days (this is also according to the Collective Agreement).

Explanation: There are such employments even in some areas of the private sector, based on part time employment, such as in banks, insurance companies, universities, hospitals, etc., where there is a complete absence of Collective Agreements (and where trade unions are non-functional) but since the employers are at the same time politicians, parliamentarians or their relatives, they manage to find protection.

When it comes to the Individual Work Contracts, not all employees are covered by them, and many have only short-term contracts, with many deficiencies in content, which gives room to insecurity, fear of losing the job and the bonuses, conflicts, abusive practices or different infringements.

There is a lack of data on the number of full-time and part-time employees, and on normal/atypical work.

Unemployment rate (in %)

| Name | 2008 | 2009 | 2010 | 2011 |
|-----------------------|-------|-------|------|--------|
| Level of unemployment | 12.68 | 13.75 | 13.5 | 13.345 |

Source: INSTAT

Clarification: It seems illogical that, even though we are affected by the regional and global crisis, and the internal financial crisis, while we are witnessing reforms and privatizations in many public sectors, closure of private activities, reduction of investments and dismissals of many employees, we can still accept these figures representing the level of unemployment in the country for 2011.

The high level of unemployment among the youth affects more those with a lower education level. It is more probable for the Albanian youth than for the adults to be long-term unemployed. Out of the unemployed youth, more than 51% have completed the mandatory primary education, 40% have the high school education, and only 8.5%

have a university degree. However, among the young people with general high school education, the ones having a high school diploma are most probably the ones that remain unemployed, compared to the ones who have completed vocational education.

Migration

The number of Albanian immigrants in 2011 is estimated to be 1,438,300 or 45.4% of the population. The main destination countries are: Greece, Italy, USA, Germany, Belgium, Canada, Turkey, UK, France, Australia, etc. The Albanian immigrants usually send their money home using informal ways (77.4%), mainly through other people visiting the country, and only a few use formal ways (22.6%). The system of sending money via the bank remains the less preferred way. Due to the geographical vicinity, Albanian people that live in Greece or Italy come in average 2 or 3 times to Albania per year, and this is the time they use to bring in the money.

Remittances compared to the GDP and other indicators

| Year | GDP | Commercial Balance Sheet | H.D.I | Remittances | In million € and in % | | |
|------|-------|--------------------------------|-------|-------------|-----------------------|---------|-------|
| | | | | | in % of: | | |
| | | | | | GDP | Balance | I.H.D |
| 2007 | 7.800 | -2,104.0 | 463.7 | 952 | 12.2 | 45.2 | 205.3 |
| 2008 | 8.900 | -2,431.5 | 620.0 | 833 | 9.4 | 34.2 | 134.3 |
| 2009 | 8.700 | -2,303.7 | 680.3 | 782 | 9.0 | 33.9 | 114.9 |
| 2010 | 8.900 | -2,302.0 | 702.0 | 696 | 7.8 | 30.2 | 99.1 |

During the years, the pace of sending remittances (Euro, USD, Canadian Dollars, Swiss Francs, etc) has undergone some changes, due to various causes related to the countries where they live and work, but also to the impact of financial institutions, international banks, etc. The global economic crisis and the recession, have greatly affected their employment and unemployment in these countries (particularly in Greece and Italy), and consequently it even had an effect on sending of remittances. .

Clarification: The Albanian economy is undergoing an economic hardship, reduction of economy and decrease of public investments. The failure of the Ministry of Finance to accept such impact of the recession in our country is obvious, as well as its lack of preparation to face its consequences or to prevent the economic and social crisis in Albania.

Source: - Ministry of Labour, Social Affairs and Equal Opportunities; Institute of Labour Relations Studies (I.S.M.P)
-International Organization for Migration (I.O.M)
-World Bank (WB)
-Bank of Albania (BSH)

HDI (Human Development Index)

| Name | Index by year | | | | |
|---|---------------|-------|---------|-------|-------|
| | 2007 | 2008 | 2009 | 2010 | 2011 |
| Human Development Index | 0.709 | 0.713 | 0.716 | 0.719 | 0,739 |
| Longevity (in years) | 76.5 | 76.6 | 76.7 | 76.9 | 76,9 |
| Mortality rate of infants (on every 1000 births) | 15 | 14 | 13/15 | 14 | 14/18 |
| Education/high school (in years) | 10.3 | 10.3 | 10.3/22 | 10.4 | 10.4 |

Source: United Nations Development Program (U.N.D.P)

Source: United Nations International Civil Emergency Fund (Unicef)

Explanation: The figures of the infant mortality are higher, nearly 17/1000.

In 2011, Albania was 70th (seventieth) in the international ranking (which include 187 countries), regarding the Human Development Index.

Gini-coefficient

Another indicator of the quality of living is the inequality coefficient. The Gini Coefficient in Albania is approximately 27. Meanwhile, this indicator in the European Union is 31. Our country belongs to the group of developing countries, with a high level of the Human Development Index. In 2011, Albania was on the 70th place, with a Human Development Index of approximately 0.739.

Collective agreement coverage

| Name | 2008 | 2009 | 2010-11 |
|---------------------------------------|---------|------------------|------------------------|
| Coverage by collective agreement | | | |
| -a. Public Sector (no. of employees) | 112.115 | 140.613 (85%) | data not available yet |
| -b. Private Sector (no. of employees) | 11.115 | 53.026 (23%) | - |
| Total – Public and Private | 123.230 | 193.639 | - |

Source: Ministry of Labour, Social Affairs and Equal Opportunities; Institute of Labour Relations Studies (I.S.M.P)

Public Sector

In the state/public sector, 85% of the employees are covered by the Collective Agreement, which are 140,613 of the total number of employees (2009).

Private Sector

In the private sector, only 23% of the employees are covered by the Collective Agreement, or 53,026 employees, who benefit from this contract. Out of these, 30,135 are members of the respective trade unions, who pay their affiliation fees. The collective agreements cover 118 subjects (2009).

Ongoing important collective bargaining agreements (2009-2013)

During this year, there has been continuity in implementation of the Collective Bargaining Agreements, which have been signed in the previous years by the partners - employers and employees - both in the public and private sectors. In addition, positive developments have been witnessed regarding the Collective Bargaining Agreements. They are now more professional and provide better protection of the employees in many sectors. They also give more opportunities for further development of the trade union activity and work, aiming at the protection of health and safety at the work place and more benefits and compensations.

During 2010, we have seen an increase of the collective bargaining at the level of enterprise/institution compared to 2009 (when there were 340 signed Collective Bargaining Agreements, which means $140,613 + 53,026 = 193,639$ of employees in the public and private sectors). This means that there were 100 contracts more, resulting in an increased coverage of employees by collective agreements by nearly 10.3% more than in 2008, 29.9% more than in 2007, or 26.6% more than in 2006. This is valid for the entire territory of the Republic of Albania, covering the sectors of: education, health, police, transport, geology and mines, agriculture and food, construction, defence, clothing, etc. At the same time, there is also an increased percentage of employers covered by Individual Work Contracts.

Source: -Ministry of Labour, Social Affairs and Equal Opportunities (M.P.Ç.S.SH.B)
-Institute of labour Relations Studies (I.S.M.P)

Ongoing important collective bargaining agreements (2009-2013)

Table of Collective Bargaining Agreements, signed by the Federations/Professional Trade Unions and the respective Ministry

| No. | Signing Parties | | Time Limit |
|-----|--|--|-----------------------|
| | Representatives of Employees | Representatives of Employers | |
| 1 | Albanian Independent Trade Union of Artists | Ministry of Tourism, Culture, Youth and Sports | 24.04.2009-23.04.2012 |
| 2 | Autonomous Trade Union of Food, Agriculture, Trade and Tourism | Ministry of Environment, Forestry and Water Administration | 10.09.2009-09.09.2012 |
| 3 | Autonomous Trade Union of Food, Agriculture, Trade and Tourism | Ministry of Agriculture and Food | 31.08.2009-30.03.2012 |
| 4 | Democratic Trade Union of Fishermen | Ministry of Environment, Forestry and Water Administration | 30.04.2009-29.04.2012 |

Table of Collective Bargaining Agreements, signed between the Federations/Professional Trade Unions and Institutions/Companies/Joint Stock Ventures

| No. | Signing Parties | | Time Limit |
|-----|--|---|-----------------------|
| | Representatives of Employees | Representatives of Employers | |
| 1 | Trade Union Federation of Industrial Workers, and Trade Union Federation of Energy Employees | K.E.SH sh.a | 30.12.2009-29.12.2012 |
| 2 | Albanian Federation of Trade Unions & Independent Health Trade Union | Ministry of Health | 21.09.2010-20.09.2013 |
| 3 | Trade Union Federation of Health Employees of Albania | Institute of Social Insurance and Health Care | 31.08.2009-30.08.2012 |
| 4 | Trade Union Federation of Health Employees of Albania | Regional Health Authority of Tirana | 27.10.2010-26.10.2012 |
| 5 | Trade Union Federation of Health Employees of Albania | Institute of Public Health | 13.10.2009-12.10.2011 |
| 6 | Independent Trade Union of Transport | General Directorate of Port Authority | 29.02.2008-01.03.2011 |

| No. | Signing Parties | | Time Limit |
|-----|--|------------------------------|-----------------------|
| | Representatives of Employees | Representatives of Employers | |
| 1 | Association of Petrol Trade Unions | Albpetrol sh.a | 19.03.2009-18.03.2011 |
| 2 | Trade Union Federation of Industry & Independent Trade Union of Energy Employees | Distribution System Operator | 26.11.2009-25.11.2013 |
| 3 | Trade Union of Post-Telekom & Trade Union Federation of Post-Telekom | Albanian Post Service | 09.03.2009-08.03.2011 |

| No. | Signing Parties | | Time Limit |
|-----|--|---|-----------------------|
| | Representatives of Employees | Representatives of Employers | |
| 1 | Trade Union Federation of Industry Employees | Euro-Sped Trans Chrom | 04.01.2009-03.01.2012 |
| 2 | Autonomous Trade Union of Food, Agriculture, Trade and Tourism | Association of National Union of Albanian Farmers | 20.09.2009-30.09.2012 |
| 3 | Autonomous Trade Union of Food, Agriculture, Trade and Tourism | Union of Tourism Operators in Albania | 04.06.2009-03.06.2012 |
| 4 | Trade Union Federation of Chemistry and Metallurgy | Port of Durrës, "Kurum Shipping" | 20.06.2009-19.06.2011 |

Source of Information: - Institute of Labour Relations Studies (I.S.M.P)
-Ministry of Labour, Social Affairs and Equal Opportunities (MPÇSSHB)

Trade union density

There is no data from the INSTAT regarding the number of trade union members and the level of representation of trade union organisations. According to the trade unions, this density is around 32%. The majority of members belong to the public sector, whereas in the private sector the members affiliated in trade unions are mainly concentrated in large companies with high number of employees (industry sectors).

Compared to previous years, there has been a reduction of the employees affiliated in branch federations (especially in education, utility sectors, transport, etc). This is mainly due to the general reduction of the labour force in these sectors, due to the pressure of employers and sometimes because of the fear employees feel about the loss of their jobs. The decrease of members in the private sector was the result of the reduction of investments, as well as of the closure or transfer of businesses to other countries, as a consequence of the world economic crisis.

Employers' organizations density

Currently, there are no data on the density of employers' organizations in our country. Clarification: It is difficult to determine an accurate number and percentage (%).

Workplace representation

Currently, there are no data on representation at the work place in our country. Representation of employees at the workplace is done by the unions, although the legislation provides for workers' representatives to be elected if there are no union members. Workplace union structures play an important role in collective bargaining and they also have some significant rights of consultation. Union organisations at the workplace are the main bodies for workers' representation. One of the key roles of trade unions at the workplace is to negotiate collective agreements, but they also have rights to be informed and consulted, and in some areas, they need to agree before some changes can be made.

Trade Unions

In Albania, there are 83 (eighty-three) trade unions/professional unions recognized by the Legal Authorities and they have different levels of representation. However, not all of them are active and present.

National Trade Union Confederations

There are 6 Confederations/Trade Unions:

| No. | National Trade Union Confederation | Number of individual members – provided by the Trade Union Confederations | Number of individual members – provided by ITUC | International affiliation |
|-----|---|---|---|---------------------------|
| 1 | Union of Independent Trade Unions of Albania (B.S.P.SH) | 85.000 | | I.T.U.C |
| 2 | Confederation of Trade Unions of Albania (K.S.SH) | 100.000 | | I.T.U.C |
| 3 | Union of Trade Unions of Albania | | | |
| 4 | Union of Albanian Independent Trade Unions | | | |
| 5 | Union of Autonomous Trade Unions | | | |
| 6 | Union of Albanian Trade Unions | | | |

Those that are recognized as the biggest and most dominant and active in the trade union work, both professionally and socially, are:

1. Confederation of Trade Unions of Albania (K.S.SH), which is a member of I.C.F.T.U, and
2. Union of Independent Trade Unions of Albania (B.S.P.SH), which is also a member of I.C.F.T.U.

The list of Trade Unions that are members of the Union of Independent Trade Unions of Albania includes 19 Trade Unions:

1. Albanian Independent Trade Union of Education (E.I-P.E.A)
2. Albanian Independent Trade Union of Electro-Energy Employees ()
3. Albanian Independent Trade Union of Construction and Public Services (I.F.B.W.W-E.P.S.U-P.S.I)
4. The Albanian Autonomous Trade Union of Food, Agriculture, Trade and Tourism ()
5. Albanian Independent Trade Union of Handicraft, Leather, Clothing and Light Industry Employees (I.T.G.L.W.F)
6. Albanian Independent Trade Union of Pensioners ()
7. Albanian Independent Trade Union of Health ()
8. Albanian Independent Trade Union of Post-Telecom ()
9. Albanian Trade Union of Railway Transport Employees ()
10. Albanian Independent Trade Union of Petrol Employees, Patos ()
11. Albanian Independent Trade Union of Typography ()
12. Albanian Independent Trade Union of Civil Defence and Public Order Employees (E.P.S.U, P.S.I)
13. Albanian Independent Trade Union of Artists, Journalists and Sportsmen ()
14. Albanian Independent Trade Union of Transport and Telecommunication Employees ()
15. Albanian Trade Union of Albanian Artists ()
16. Albanian Independent Trade Union of Chemistry ()
17. Albanian Independent Trade Union of Miners (I.C.E.M)
18. Albanian Independent Trade Union of Civil Servants ()

19. Albanian Independent Trade Union of Agriculture and Farming Employees ()
Clarification: It is difficult to determine the number of members and their affiliation in the International Institutions and Organizations.

The list of the Trade Union Federations which are founding members (or established later on) of the Confederation of Trade Unions of Albania includes 13 Trade Unions:

1. Trade Union Federation of Education and Science (E.I-P.E.A)
2. Trade Union Federation of Industry Employees (I.C.E.M)
3. Trade Union Federation of Textiles, Handicraft, Leather-Shoes Production (I.T.G.L.W.F)
4. Trade Union Federation of Civil Servants and Pensioners (-)
5. Albanian Trade Union Federation of Health (E.P.S.U-P.S.I)
6. Albanian Trade Union Federation of Transport (I.T.F)
7. Trade Union Federation of Civil Defence Employees (E.P.S.U-P.S.I)
8. Albanian Trade Union Federation of Chemistry, Metallurgy, and Mechanics (I.C.E.M)
9. Trade Union Federation of Post-Telecom (Euro-Fedop)
10. Trade Union Federation of Petrol and Gas Employees (I.C.E.M)
11. Trade Union Federation of Albanian Police Services (-)
12. Trade Union Federation of Wood Construction and Public Works in Albania (I.F.B.W.W-E.P.S.U-P.S.I-I.C.E.M)
13. Trade Union Federation of Agriculture, Food, Hotels-Tourism, and Trade (E.F.A.T-U.I.L)

Clarification: It is difficult to determine the number of members and their affiliation in the International Institutions and Organizations.

The employers' organizations are not properly represented and have only a limited interest in the social dialogue. There are 8 (eight) groups of legally accepted associations, which are also active in the Albanian society.

| No. | Employer's Organisations | Number of individual members | International affiliation |
|-----|--|------------------------------|---------------------------|
| 1 | Council of Albanian Employers' Organizations | | |
| 2 | Confederation of Employers' Organizations Councils | | |
| 3 | Albania Builders Association | | |
| 4 | National Chamber of Clothing Producers | | |
| 5 | Albanian Konfindustria | | |
| 6 | Union of Albanian Industrialists and Investors | | |
| 7 | Council of Albanian Agro-Business | | |
| 8 | Union of Albanian Business Organizations | | |

Source: - Ministry of Labour, Social Affairs and Equal Opportunities (M.P.Ç.S.SH.B)
- Institute of Labour Relations Studies (I.S.M.P)

Clarification: It is difficult to determine the number of members and their affiliation in the International Institutions and Organizations.

Trade Union Federations by selected branches

In Albania, the total number of trade unions recognized by the Legal Authorities amount to 83 (eighty-three) Professional Trade Unions with different levels of representation. However, not all of them are active and present.

List of Sources used for this study:

1. Institute of Statistics (INSTAT)
2. Ministry of Labour, Social Affairs and Equal Opportunities (M.P.Ç.S.SH.B)
3. State Labour Inspectorate (I.SH.P)
4. Ministry of Finance (M.F)
5. United Nations Development Program (U.N.D.P)
6. United Nations International Civil Emergencies Fund (UNICEF)
7. Institute of Health Care Insurance (I.S.K.SH)
8. International Labour Organization (I.L.O)
9. Institute of Social Insurance (I.S.SH)
10. Institute of Trade Union Studies (I.S.S)
11. Institute of Labour Relations Studies (I.S.M.P)
12. Regional and Local Employment Offices (Z.R.V.P)
13. World Bank (W.B)
14. International Organization of Migration (I.O.M)
15. Living Standards Measurement Study (L.S.M.S) 2008
- 16-Transparency International Albania (T.I.A)
- 17-International Organization for Migration (I.O.M)
- 18- Bank of Albania (B.SH)
- 19- World Economic Outlook, Shtator 2011-(F.M.N)
- 20- Official Publications Office (QBZ)
- 21-Institute of Health Care Insurance (I.S.K.SH)
- 22-Institute of Social Insurance (I.S.SH)