



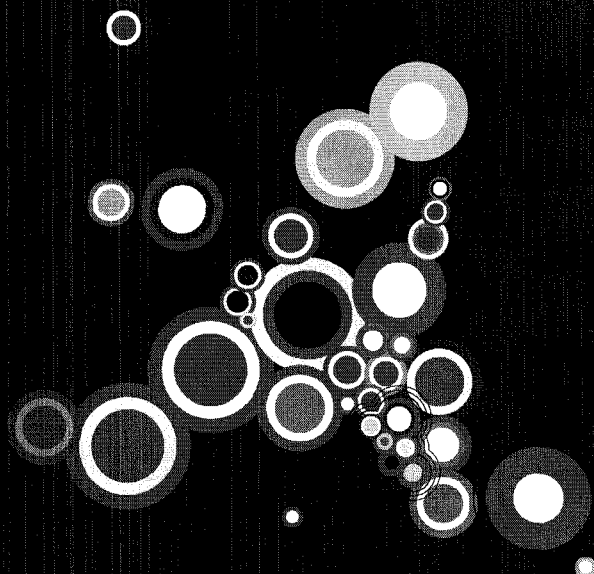
INSTRUMENT FOR PRE-ACCESSION ASSISTANCE (IPA II) 2014-2020

ANNEX IB BUDGET SUPPORT

of the Financing Agreement for the IPA 2015 Action Programme for Albania

ALBANIA

**Sector reform contract
for employment and skills**



Action Summary

The objective of the sector reform contract is to contribute to a more inclusive and effective labour market by supporting the employment and skills development policy of the Albania Government (National Employment and Skills Strategy 2014-2020).

Specific objectives: (i) to increase labour market participation and provide job opportunities for all; (ii) to increase the quality and coverage of vocational education and training; (iii) to improve the quality and effectiveness of labour market institutions and services.

These objectives will be achieved through a range of actions modernizing the education and training system and strengthening the active labour market measures targeting inter alia women and youth, as well as specific actions to support the most disadvantaged groups of the Albanian society.

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Action Identification	
Action Programme Title	IPA 2015 Action Programme for Albania
Action Title	Sector Reform Contract for Employment and Skills
Action Reference	IPA2015/038716.01/AL/ Sector Reform Contract for Employment and Skills
Sector Information	
IPA II Sectors	Education, employment and social policies
DAC Sector	16020 - Employment policy and administrative management
Budget	
Total cost (VAT excluded)	EUR 30 million
EU contribution	EUR 30 million (EUR 27 million for budget support; EUR 2.5 million for complementary technical assistance and EUR 0.5 million for monitoring)
Management and Implementation	
Method of implementation	Direct management: budget support + service contracts for monitoring Indirect management: complementary technical assistance service contracts
EU Delegation in charge	EU Delegation to Albania for direct management
National authority or other implementing body	National authority: Ministry of Finance Central Finance and Contracting Unit (CFCU) for indirect management
Implementation responsibilities	Ministry of Social Welfare and Youth (MoSWY) Secretary General Coordination for all Sector Budget Support (SBS) for Albania: Ministry of Finance (MoF) Deputy Minister of Finance
Location	
Zone benefiting from the action	Albania
Specific implementation area(s)	N/A
Timeline	
Deadline for conclusion of the Financing Agreement	At the latest by 31 December 2016
Contracting deadline	3 years following the date of conclusion of the Financing Agreement, with the exception of the cases listed under Article 189(2) Financial Regulation
End of operational implementation period	6 years following the date of conclusion of the Financing Agreement.

LIST OF ACRONYMS:

ALMM – Active Labour Market Measure

AQF – Albanian Qualification Framework

BEEPS – Business Environment and Enterprise Performance Survey

CFCU – Central Finance and Contracting Unit within the Ministry of Finance

CSO – Civil Society Organization

EPP – Employment Promotion Programmes of the Ministry of Social Welfare and Youth

ESSP – Employment, Skills and Social Policy

ETF – European Training Foundation of the European Commission

GoA – Government of Albania

GiZ – German Agency for International Cooperation

HIDAACI – High Inspectorate for Declaration and Audit of Assessment and Prevention of Conflict of Interest

HSC – High State Control – Supreme Audit Institution

IMF – International Monetary Fund

INSTAT – National Institute of Statistics

IPS – Integrated Planning System of the Albanian Government

IPMG – Integrated Policy Management Group

LFS – Labour Force Survey

MoES – Ministry of Education and Sport

MoF – Ministry of Finance

MoSWY – Ministry of Social Welfare and Youth

MoEDTT - Ministry of Economic Development, Trade and Entrepreneurship

MTBP – Mid Term Budget Program

NAVETQ – National Agency for Vocational Education and Training and Qualification

NES – National Employment Service

NESS – National Employment and Skills Strategy 2014-2020

NYS – National Youth Service

OBI – Open Budget Index

OSH – Occupational safety and health standards

PFM – Public Finance Management

PIFC – Public Internal Finance Control

SILSS – State Inspectorate for Labour and Social Services

SNA – Skills Needs Analysis

SRC – Sector Reform Contract for Employment and Skills in Albania

SSS – State Social Services

SWG – Sector Working Group

TAR – Territorial Administrative Reform

VET – Vocational Education and Training

1. DESCRIPTION OF THE ACTION

1.1. Objectives/results

The overall objective of this SRC is to contribute to a more inclusive and effective labour market by supporting the employment and skills development policy of the Albania Government as defined in the National Employment and Skills Strategy (NESS) 2014-2020. The specific objectives are:

1. Increase labour market participation and provide job opportunities for all;
2. Improve quality and increase coverage of vocational education and training;
3. Improve the quality and effectiveness of labour market institutions and services.

By supporting the implementation of the NESS Strategy 2014-20, the SRC will contribute to the following expected results:

- Increase of youth employment rate;
- Reduction of gender gap in employment;
- Increase of labour market participation of vulnerable and marginalized groups;
- Improvement of competences of VET teachers and teacher trainers;
- Effectiveness and extension of VET offer to vulnerable and marginalized groups;
- Better match of VET offer and employment opportunities;
- Development and implementation of the Albanian Qualification Framework (AQF);
- Modernization of the employment service;
- Compliance of the institutional framework with international labour standards.

Reform targets in relation to the expected results are further described in Annex 1 - performance indicators used for disbursements - and Annex 2 - disbursement arrangements and timeline – and represent the performance indicators the Government is expected to fulfil in order to obtain the disbursement of the fixed and variable tranches of this SRC.

1.2. Main activities

1.2.1. Budget support (direct management)

Main activities will include:

- Transfer of EUR 27 million as budget support on the basis of the achievement of the targets as defined in Annex 1 and 2;
- Strengthened political and policy dialogue with the Government on the areas reflected in the objectives of the SRC;
- A continued effort to reinforce the Government's capacities in the area of employment and skills in the context of existing complementary support projects;
- Strengthened dialogue between the EU Delegation and other donors active in the sector to coordinate and further align activities;
- Efficient reporting on reforms related to employment and skills by relieving the Government from multiple reporting duties and relying on the Government's structure for monitoring the implementation of the reforms, notably the Integrated Policy Management Group (IPMG) on employment and skills;
- Regular monitoring of budget support eligibility criteria.

1.2.2. Complementary support (indirect management)

The accompanying technical assistance will strengthen the capacities of the Ministry of Social Welfare and Youth (MSWY) to effectively implement the strategy, monitor the implementation and report on results via the IPMG for employment and skills. There is a complexity of actors intervening in the sector, including a range of line Ministries, local government units, social and economic partners, businesses, universities, international agencies/organizations and civil society organizations. Therefore, there is a general need to increase the coordination of the policy, planning and budgeting across programmes and sub-programmes and strategic policy dialogue within the IPMG. Therefore, the assistance will support the coordination of the various partners, including the organisation of the IPMG meetings. Against this background, a complementary support will cover the following technical needs:

- Development of human resources capacities within the MoSWY and delegated agencies and services, in particular monitoring and evaluation units and financial planning and procurement units;
- Support for developing sound and modern legal framework for operations in the sector aligned with EU guidelines;
- Establishment of sound IT-based information and management systems for integral data collection on students, trainees, VET providers and qualifications granted;
- Development of skills needs analysis - every two years - at national and regional levels according to latest EU standards;
- Raising awareness on job market opportunities through public campaigns on VET, job fairs at national, regional and local levels;
- Finalisation of the transfer of vocational education schools under the MoSWY and definition of the administrative arrangements;
- Systematic application of tracer system methodologies for all VET providers and employment generation programmes;
- Development of a university curriculum for VET teachers and teacher trainers;
- Reinforcement of the participation of social partners and civil society organizations in the implementation of the needed reforms in the sector, particularly via the IPMG.

The complementary support component should be contracted as early as possible from the start of the SRC to accompany the reform process activated by the NESS strategy. The CFCU within the Ministry of Finance will be responsible to launch a service contract of EUR 2.5 million under indirect management.

1.2.3 Monitoring, evaluation/audit and visibility (direct management)

The EU Delegation will launch one or more service contracts for an overall amount of 500,000 EUR for external monitoring, evaluation/audit and visibility.

1.3. Intervention logic

The overall objective of the EU support for the 2014-20 NESS strategy relates to the construction of a more inclusive and effective labour market and to the creation of job opportunities in strategic and knowledge-based sectors of the economy. At the input level, the SRC introduces a strengthened framework for coordination and dialogue between the different stakeholders, as well as a system for reporting results and processes around the works of the IPMG. This creates space for better policy planning, additional engagement of sector expertise and increased accountability of officials engaged in the policy.

EU support also puts emphasis on human and financial resourcing for employment reforms. Capacity building is provided for the public authorities in charge of key reform functions, notably the MoSWY and its delegated agencies and services. Acknowledging the human resource needs and prioritising strategic allocation of resources in the national multiyear financial framework, together with the EU support for closing the financing gap for the reform, will accelerate the implementation of the reforms at the output level and improve the sustainability of the entire reform process generated by the NESS strategy. The process will turn at outcome level in efficient and more accessible public employment services and advanced VET providers, which will contribute to a more inclusive society and will spur sustainable economic growth.

Under the variable tranches, the SRC follows some key indicators of the NESS strategy. The range includes impact indicators, such as the employment rate of youth and the gender gap in employment, which are also affected by general macro-economic conditions, beyond the control of the MoSWY. However, the additional process, outcome and output indicators defined under the variable tranches, such as the improvement of competences of VET teachers, the extension of VET offer to vulnerable groups, the development of the Albanian qualification framework, the modernization of the employment service and the compliance with ratified international conventions, are designed to generate long-lasting effects into the labour market, most notably employment generation with a view to increase human power skills for added-value and knowledge-based sectors of the economy.

2. IMPLEMENTATION

2.1. Rationale for the amounts allocated to budget support

The amount allocated for budget support component is EUR 27 million and for complementary support is EUR 2.5 million. The substantial amounts of the single fixed tranche and the three variables, respectively 6 million and 7 million, sufficiently contributes to feed the sector policy dialogue with the appropriate financial leverage, thus providing incentives for changes and reforms in the sector. The overall amount of the national budget for the wider employment, skills and social policy amounts to an annual allocation of approximately 1 billion EUR for the MoSWY, including operational costs for the administration and the capital invested in VET institutions and social security and employment programmes. The NESS strategy is conceived as a planning tool to optimize the available national resources, generating savings in operational costs and increasing the financial allocations to the core policy initiatives. As a result of the initial policy dialogue during the preparation of this SRC, the MoSWY has already obtained from the Ministry of Finance an increase in the capital for the VET institutions and employment generation programmes in order to achieve the targets set out in Annex 1 and 2. The allocation of national resources to VET and employment may be further increased during the implementation of the SRC in the light of the positive economic effects generated by the achievement of the targets.

2.2. Criteria for disbursement of budget support

a) The general conditions for disbursement of all tranches are as follows:

- Implementation of a credible stability-oriented macroeconomic policy;
- Satisfactory progress in the implementation of the public finance management reform;
- Satisfactory progress with regard to transparency and the public availability of timely, comprehensive and sound budgetary information;
- Satisfactory progress with regard to the implementation of the NESS 2014-2020.

b) The specific conditions for disbursement that will be used for variable tranches are outlined in Annex 2 on disbursement arrangements and timeline. The chosen performance targets and indicators to be used for disbursements will apply for the duration of the programme. However, in duly justified circumstances, the Ministry of Social Welfare and Youth, in coordination with the National IPA Coordinator, may submit a request to the Commission for the targets and indicators to be changed. The changes agreed to the targets and indicators may be authorised by exchange of letters between the two parties.

In case of a significant deterioration of fundamental values, budget support disbursements may be formally suspended, temporarily suspended, reduced or cancelled, in accordance with the relevant provisions of the financing agreement.

2.3. Budget support details

The financial assistance will be disbursed in a fixed tranche and three variable tranches annually in the subsequent three years period.

The fixed tranche of EUR 6 million shall be requested upon the signature of the Financing Agreement, provided that the general conditions for disbursement mentioned in 2.2 a) are met.

The disbursement of the three annual variable tranches will occur provided that the general conditions for disbursement mentioned in 2.2 a) are met. Once this level of compliance is confirmed, the annual variable tranches of maximum EUR 7 million will be calculated according to the disbursement procedures specified in Annex 2.

Budget support is provided as direct untargeted budget support to the national Treasury. The crediting of the transfers in EUR disbursed into Albania LEK will be undertaken at the appropriate exchange rates in line with the relevant provisions of the Financing Agreement.

2.4. Organisational set-up and responsibilities

The Integrated Policy Management Group (IPMG) for employment and skills – as part of the Government's Integrated Planning System (IPS) – will be the policy dialogue structure bringing

together relevant local actors and donors active in the sector. Through this government-donors dialogue structure, the EU will be in a position to pass common and streamlined messages in terms of policy guidelines. The IPMG aims at strengthening the working relations between the main donors involved in budget support, among others by carrying out joint monitoring missions and progress analyses.

This IPMG will be supported by a technical Secretariat (hereafter referred as the Secretariat) for the preparation of work plans and annual reports on actions, deliverables and outcomes, in cooperation with relevant Directorates and Departments at the MoSWY or other Ministries. Reforms under each area will be supervised by thematic groups. The EU and other partners will provide support in the form of advice, assistance and funding for capacity building. The Secretariat shall ensure the timely preparation of the annual report on the implementation of the NESS strategy and additional supporting documents, collection of reports and statistics related to the implementation of the targets of the variable tranches of this SRC.

The following institutions and actors will take part in the IPMG:

1. Relevant departments of the Ministry of Social Welfare and Youth
2. Social Insurance Institute
3. State Social Services
4. Children's Rights Agency
5. National Employment Service (NES)
6. State Inspectorate for Labour and Social Services (SILSS)
7. National Agency for Vocational Education and Training and Qualifications (NAVETQ)
8. National Youth Service (NYS)
9. National Institute of Statistics (INSTAT)
10. Ministry of Economic Development, Tourism, Trade and Entrepreneurship
11. Ministry of Education and Sports
12. Ministry of Rural Development
13. Ministry of Health
14. Ministry of European Integration
15. Ministry of Finance
16. Employers' organizations and Worker's organizations
17. EU Delegation and other relevant donors active in the sector (e.g. ILO, Italian Cooperation, World Bank, European Training Foundation)

Thematic groups will be established as prioritized by the IPMG, such as on employment and skills, social inclusion etc. The main purpose of the thematic groups will be to facilitate dialogue and discuss specific sector issues considering the broader perspective of the employment, skills and social policy.

The thematic group on employment and skills will be chaired by the Minister of Social Welfare and Youth and will be the main decision-making body for the implementation and oversight of the NESS 2014-2020 and its Action Plan. This thematic group will meet on a regular basis but at least every six months. Specific sessions will be organized to discuss upon the disbursements of the tranches of this SRC, accompanied by written conclusions shared between the parties.

2.5. Performance monitoring and reporting

Progress in the sector shall be measured and monitored through different indicators of achievements (input, process, output/ outcome and impact indicators). An interim evaluation of the NESS to analyse the results achieved, the management of resources and the quality of its implementation is planned at the end of 2017. A final evaluation is planned to be carried at the end of 2020. The two evaluations will assess the success of the measures undertaken, the resources invested and the extent to which the expected effects have been achieved. Data from various sources, including the findings of performance monitoring and impact evaluation of active labour market programmes, shall be used for this purpose, among others.

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the responsibilities of the beneficiary. To this aim, the MSWS, with the

support of the IPMG Secretariat, shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of the implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference among others the list of result indicators of Annex 1 and 2. The report shall be laid out in such a way as to allow monitoring of the means envisaged and deployed and related budgetary information. The final report, narrative and financial, will cover the entire period of the action implementation.

After the signature of the Financing Agreement, for the disbursement of the fixed tranche, the MoSWY, in conjunction with the Ministry of Finance, shall make available the following documents:

- The annual monitoring report and any other related documentation produced in the framework of the implementation of the NESS strategy 2014-20 and its action plan;
- Report regarding the implementation of a credible stability-oriented macroeconomic policy;
- The annual monitoring report and any other related documentation produced in the framework of the implementation of the Public Finance Management strategy 2014-20 and its action plan;
- Report regarding the implementation of the budget transparency roadmap.

For the disbursement of the variable tranches for the years 2017, 2018 and 2019, the MoSWY, in conjunction with the Ministry of Finance, shall make available the same set of documents not later than 31 May 2017, 2018 and 2019, as well as the documents required as source of verification to demonstrate the completion of the targets set out in Annex 2.

The payment package will be discussed at the IPMG sessions specifically dedicated to issues regarding budget support disbursements.

The general eligibility criterion related to the employment and skills policy, notably satisfactory progress in the implementation of the NESS strategy, as well as the achievement of the targets for the for the disbursement of the variable tranches, will be monitored by the EU Delegation to Albania and the geographical Unit of DG NEAR. Regular reviews from relevant sub-committee meetings and from line DGs will also provide information to assess the overall situation and progress made in the implementation of the strategy.

The general eligibility criterion related to macro-economic stability will be monitored by the EU Delegation to Albania and the geographical Unit of DG NEAR in conjunction with DG ECFIN, in particular through the annual assessments of Albania's macroeconomic and fiscal programmes. The ECOFIN Council Ministerial Meeting will also annually issue country-specific policy guidance for Albania. Policy dialogue in the context of the relevant stabilisation and association agreement sub-committees with the Government of Albania will also assess overall macro-economic and fiscal performance. Finally, third party assessments will be also taken into consideration, such as the reports from IMF for Article IV consultations.

The general eligibility criteria related to progress in the implementation of the PFM strategy and progress for budget transparency will be assessed by the EU Delegation to Albania and the geographical Unit of DG NEAR in the context of the IPA 2014 PFM budget support operation and related policy dialogue with other active PFM donors such as the World Bank.

The Commission may undertake additional monitoring visits and assessments regarding the general eligibility criteria for disbursement and the achievement of the targets for the variable tranches, both through its own staff and through independent consultants recruited for independent monitoring reviews.

2.6. Evaluation and audit

Evaluations of the budget support component should be aligned with similar exercises of other budget support providers for accountability and learning purposes at various levels (including for policy revision) and carried out via independent consultants. The implementation of the budget support program will be supervised by two annual monitoring missions, managed by the European Commission, and optionally via an external monitoring (Results Oriented Monitoring System - ROM).



The part of complementary support technical assistance will be subject to:

- Regular monitoring of performance, which will be an ongoing process as part of the Ministry of Social Welfare and Youth responsibilities.
- Optionally an external monitoring (Results Oriented Monitoring System - ROM) by independent consultants hired by the European Commission on the basis of corresponding terms of references. If applicable, this monitoring begins at the sixth month of implementation of activities under the project and ends no later than six months before the end of the operational implementation phase.

For complementary support, the Commission may also carry out external evaluations as follows:

- (a) Possibly a mid-term evaluation mission;
- (b) A final evaluation, at the beginning of the closing phase;
- (c) Possibly an ex-post evaluation.

The Commission shall inform the MoSWY at least 2 months in advance of the dates foreseen for the evaluation missions. The Ministry shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.



APPENDIX 1: INDICATIVE SELECTION OF RESULT INDICATORS

The inputs, the expected direct and induced outputs and all the indicators, targets and baselines included in the list of result indicators are indicative and may be updated during the implementation of the action without an amendment to the financing decision. The table with the indicative list of result indicators will evolve during the lifetime of the action: new columns will be added for intermediary targets (milestones), when it is relevant and for reporting purpose on the achievement of results as measured by indicators.

	Intervention logic	Indicators	Baselines 2014	Targets 2017	Targets 2020	Sources and means of verification
Overall objective: Impact	To promote a more inclusive and effective labour market by supporting the employment and skills development policy of the Albania Government as defined in the NESS 2014-2020	Poverty reduction index Employment rate (15-64 years)	14.3% 50.5%	13,5% 58%	12,5% 60%	Living Standard Measurement Survey (LSMS) INSTAT, Labour Force Survey
Specific objective(s): Outcome(s)	1. Increase labour market participation and provide job opportunities for all 2. Improve quality and increase coverage of vocational education and training 3. Improve the quality and effectiveness of labour market institutions and services	Employment rate (15-64 years) Overall number of upper secondary VET graduates per year Unemployment rate (15-64 years)	50.5% 3136 (school year 2013/2014) 17.9%	58% 3500 16%	60% 4000 15%	INSTAT, Labour Force Survey MoSWY INSTAT, Labour Force Survey

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Induced outputs	Increase of youth employment rate	1 - Youth employment rate (15-29 years)	28.2%	28.95%	29.7%	INSTAT, Labour Force Survey – EUROSTAT
	Reduction of gender gap in employment	2 - Gender gap in employment	14.7 p.p.	13.7 p.p.	12.2 p.p.	INSTAT, Labour Force Survey – EUROSTAT
	Increase of labour market participation of vulnerable and marginalized groups	3 - Share of registered unemployed jobseekers benefiting from Employment Promotion Programmes	2.6%	4.5%	6%	MoSWY-NES
	Improvement of competences of VET teachers and teacher trainers	4 - Share of VET teachers/instructors trained through the “Basic didactics training programme in VET”	0% out of a total number of 700 VET teachers	50% out of 700 VET teachers	100% out of 700 VET teachers	MoSWY-NAVETQ
	Effectiveness and extension of VET offer to vulnerable and marginalized groups	5 - Number of Roma and Egyptians participating in VET programmes and benefiting from EPPs	175 Roma and Egyptians in VET and 164 in EPPs – approximate data	Monitoring system in place for VET and EPPs and results published	90 in VET and EPPs compared to results published in 2017	MoSWY
	Better match of VET offer and employment opportunities	6 - Establishment of Multifunctional VET Centres (MVETC)	No MVETC in place	Contracts for rehabilitation of 3 MVETC signed	9 MVETEC in place	MoSWY
		7 – VET graduates employment rate	Not available – approximate data	Monitoring system in place and results published	Increase of 6 p.p. to results published in 2017	MoSWY
	Development and implementation of the Albanian Qualification Framework (AQF)	8 - Number of qualifications designed/revised according to the AQF	87 qualifications	Secondary legislation to implement revised AQF Law adopted	50 courses based on new/revised qualifications launched	MoSWY-NAVETQ

	Modernization of the employment service	9 - Number of public employment offices reorganized according to the New Service Model (NSM)	10 offices working according to NSM	Additional 20 offices in line with NSM	All offices in line with NSM	MoSWY
	Compliance of the institutional framework with international labour standards	10 - Adoption of the revised labour code	Last revision in 2014	Regulatory framework for private employment agencies in place	EU labour acquis fully translated and implemented	MoSWY
Direct outputs	<ul style="list-style-type: none"> Increased size and share of external assistance funds made available through the national budget. Increased predictability of the disbursement of external funds Better coordinated policy dialogue and technical assistance more conducive to the NESS implementation Improved harmonization and alignment of EU-funded assistance in ESSP sector with Government policies and systems Reduced transaction costs for providing assistance 	Inputs/main activities: <ul style="list-style-type: none"> Transfer of EUR 27 million to the beneficiary country in fiscal years 2016, 2017, 2018 and 2019 Regular monitoring in budget support eligibility criteria Continued political and policy dialogue with the Government in the area of employment and skills Donor coordination in view of further aligning development cooperation and relieving the Government from multiple reporting duties Complementary support of EUR 2.5 million to strengthen MoSWY capacity for NESS implementation 	N/A	N/A	N/A	N/A

LIST OF ANNEXES

- 1. Performance indicators used for disbursements**
- 2. Disbursement arrangements and timetable**
- 3. Complementary activities**

ANNEX 1: Performance indicators used for disbursements

Indicator 1:	Youth employment rate (15-29 years)
Programme:	Employment and Skills Strategy 2014-2020
Objective 1 of the SRC:	To increase labour market participation and provide job opportunities for all
Expected result:	Employment of youth is increased
Action:	Review of active labour market programmes to better target youth; tailor-made entrepreneurship programmes specifically targeting young girls and women, including in rural areas
Department responsible:	Ministry of Social Welfare and Youth / National Employment Service
Description of the Indicator	
Indicator type:	Quantitative (impact)
Measurement unit:	Percentage
Periodicity of measurement:	Yearly
Last known result (baseline):	2014 (28.2%)
(last three years if available):	2012 (34.5%); 2013 (28.2%)
Development and quality of the indicator	
Method of data collection:	Survey - data produced officially through Labour Force Survey (LFS) and transmitted formally by MoSWY to the EU Delegation. In addition: MoSWY annual official report on progress in NESS implementation and external monitoring report on SRC.
Departments responsible for collection:	Institute of Statistics (INSTAT). Annual publication of economic aggregated data – LFS for year "n" by Q2 of "n+1" year.
Method of calculation:	The youth employment rate is calculated as a percentage, by dividing the number of person aged 15 to 29 in employment by the total population of the same age group.
Means of interpretation	
Known limits and bias:	LFS methodology has adopted EUROSTAT requirements and is not biased.
Documentation schedule	
Delivery date (targets):	Data 2016, assessment in Q2 2017, increase by 0.5 p.p. as compared to baseline; Data 2017, assessment in Q2 2018, increase by 0.75 p.p. as compared to baseline; Data 2018, assessment in Q2 2019, increase by 1.0 p.p. as compared to baseline.
Comments:	During 2011 and 2012, youth category was based on the age group from 15 to 24 years old (break in series), whereas afterwards this category includes persons from 15 to 29 years old: http://www.instat.gov.al/media/284465/labour_force_survey_-_q4_2014.pdf (p. 4).

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Indicator 2: Gender gap in employment
 Programme: Employment and Skills Strategy 2014-2020
 Objective 1: To increase labour market participation and provide job opportunities for all
 Expected result: Employment of women is increased
 Action: Assessment and design of adequate, gender-responsive labour market policies; registration, profiling and gender-sensitive counselling of jobseekers; training of NES staff on gender; review of active labour market programmes to better target women and youth; tailor-made entrepreneurship programmes specifically targeting girls and women, including in rural areas; leadership and management skill programmes developed and conducted specifically targeting women and girls
 Department responsible: Ministry of Social Welfare and Youth / National Employment Service

Description of the Indicator

Indicator type: Quantitative (impact)
 Measurement unit: Percentage points
 Periodicity of measurement: Yearly
 Last known result (baseline): 2014 (14.7 p.p.)
 (last three years if available): 2011 (13.8 p.p.); 2012 (12.6 p.p.); 2013 (14.2 p.p.)

Development and quality of the indicator

Method of data collection: Survey - data produced officially through Labour Force Survey and transmitted formally by MoSWY to the EU Delegation. In addition: MoSWY annual official report on progress in NESS implementation and external monitoring report on SRC.

Departments responsible for collection: Institute of Statistics (INSTAT). Annual publication of economic aggregated LFS data by Q2 of "n+1" year.
 Method of calculation: The gender gap is defined as the difference between the employment rates of men and women of working age (15-64). The employment rate is the proportion of 15-64 years employed people compared to the working age population.

Means of interpretation

Known limits and bias: This indicator is fundamental for providing a picture of gender issues in the labour market. A large part of female are employed in house work which usually is not officially recorded or is considered as informal work. This could affect accuracy in measurements.

Documentation schedule

Delivery date (targets): Data 2016, assessment by Q2 2017, reduction by 0.5 p.p. as compared to baseline;
 Data 2017, assessment by Q2 2018, reduction by 1 p.p. as compared to baseline;
 Data 2018, assessment by Q2 2019, reduction by 1.5 p.p. as compared to baseline;

Comments: A reduction in the gender gap could also be attributable to a reduction in the employment rate for men; in this case the target will only be met if the reduction in the gender gap is a result of an increasing on female employment rate (if this occurs).

Indicator 3:	Share of registered unemployed jobseekers benefiting from Employment Promotion Programmes (EPPs)
Programme:	Employment and Skills Strategy 2014-2020
Objective 1 of the SRC:	To increase labour market participation and provide job opportunities for all
Expected result:	Labour market participation of vulnerable and marginalised people is increased
Action:	Outreach of active labour market policies to excluded, vulnerable women, girls, boys and men, with particular attention being paid to the access of people with disabilities, Roma and Egyptians, long term unemployed jobseekers, low skilled workers; internships and employment opportunities of marginalised and disadvantaged women and men, including Roma citizens and people with disabilities; design and implementation of measures in relation to social entrepreneurship; creation of conditions for fostering female and male employment in the third sector (social business focussed); entrepreneurship programmes targeting youngster graduates.
Department responsible:	Ministry of Social Welfare and Youth / National Employment Service (NES)
Description of the Indicator	
Indicator type:	Quantitative (outcome)
Measurement unit:	Percentage
Periodicity of measurement:	Yearly
Last known result (baseline):	2014 (2.6%)
(last three years if available):	2010-2011 (1.5%); 2012-2013 (1.0%)
Development and quality of the indicator	
Method of data collection:	Data produced officially by NES regarding the coverage of the EPPs, and transmitted formally by MoSWY. In addition: MoSWY annual official report on progress in NESS implementation and external monitoring report on SRC.
Departments responsible for collection:	NES
Method of calculation:	<p>The share is calculated as a percentage, by dividing the number of individual beneficiaries of the EPPs by the total registered unemployed jobseekers in public employment services in the same year, multiplied by 100. The EPPs are 6:</p> <ol style="list-style-type: none"> 1. Programme of employment promotion of unemployed job seekers in difficulty (approved by CoM Decision No. 48/2008): it provides financial support to employers who temporary hire unemployed jobseekers in difficulty. This category includes long-term unemployed people who receive social assistance, individuals who receive unemployment benefits, those entering the labour market for the first time, individuals between the ages of 18-25, individuals over 45 years who do not have more than secondary education or equivalent, people with disabilities, Roma people and return migrants who face economic problems. 2. Programme of employment promotion through on the job training (approved by CoM Decision No. 47 /2008): it financially supports employers who guarantee the training of beneficiaries and recruit at least 50% of the trainees in the same occupation for an additional period of 6 months. 3. Programme of employment promotion of unemployed female jobseekers from special groups (approved by CoM Decision No. 27 / 2012): it aims at integrating marginalized women such as Roma women, former trafficked women, elderly and women suffering disabilities into the labour market. 4. Programme of employment promotion of unemployed youth entering the labour market for the first time (approved by CoM Decision No. 199/2012). It specifically targets young unemployed between 16-30 years. 5. Programme of internships for graduated from Albanian and international universities in state or private institutions and enterprises (approved by CoM Decision No. 873 /2006).

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6. Programme of employment promotion of people with disability (approved by CoM No. 248 /2014). The program finances the employment of people with disability as well as on-the-job training for people with disabilities. Whereas before this group stood with other vulnerable groups for EPPs, it now stands on its own.

Means of interpretation

Known limits and bias:

This indicator is calculated based on data collected by NES. Administrative data needs to be accurate and valid information used as a basis. Variation on the total number of registered unemployed jobseekers may affect the % of EPPs beneficiaries.

Documentation schedule

Delivery date (targets):

Data 2016, assessment by Q2 2017, achievement of 4% of share (1.4 p.p. more compared to the baseline);
Data 2017, assessment by Q2 2018, achievement of 4.5% of share (1.9 p.p. more compared to the baseline);
Data 2018, assessment by Q2 2019, achievement of 5% of share (2.4 p.p. more compared to the baseline);

Comments:

It is critical to assure a good quality and feasibility of the data collected about the beneficiaries of EPPs and registered unemployed jobseekers at NES. The last assessment done of the EPPs in Albania is available at <http://www.ipa-hrd.al/Komponenti2/10-EPP/EPP-FINAL-REPORT.pdf>

Indicator 4:	Share of VET teachers/instructors trained through the “Basic didactics training programme in VET”
Programme:	Employment and Skills Strategy 2014-2020
Objective 2 of the SRC:	Increase quality and coverage of vocational education and training
Expected result:	Competences of VET teachers and teacher trainers are improved
Action:	Definition of a new policy for recruitment and professional development of VET teachers and instructors; assessment of competences of VET teachers in public VET institutions; analysis of the demand for VET teachers and instructors; review of the VET teachers preparation model; pre-service training for all potential VET teachers that includes obligatory modules on gender equality and social inclusion/diversity issues; organisation and delivering of training for all VET teachers (in-service training programme on Basic Didactics in VET), including obligatory capacity development on gender equality and social inclusion/diversity issues.
Department responsible:	Ministry of Social Welfare and Youth / National Agency for Vocational Education and Training and Qualifications (NAVETQ)
Description of the Indicator	
Indicator type:	Quantitative (output)
Measurement unit:	Percentage
Periodicity of measurement:	Yearly
Last known result (baseline):	0% out of a total number of 700 VET teachers (none VET teacher has undertaken so far the "Basic didactics training programme in VET")
Development and quality of the indicator	
Method of data collection:	Data produced officially by NAVETQ and transmitted formally by MoSWY. In addition: MoSWY annual official report on progress in NESS implementation and external monitoring report on SRC.
Departments responsible for collection:	NAVETQ (administrative data to be collected as per the same indicator of the Baseline Survey on public VET providers, MoSWY / GiZ & ETF using the records of the teachers/instructors certified by the programme).
Method of calculation:	Number of VET teachers/trainers certified by an accredited institution to deliver the “Basic didactics training programme in VET” in year "n" divided by the total of existing teachers/trainers in public VET providers in 2014 (700 teachers).
Means of interpretation	
Known limits and bias:	Data to be collected accurately by NAVETQ is a critical element for calculating this indicator, as well as having a yearly up-to-date record of the total number of VET teachers/trainers in the public VET providers. Otherwise, the result will be distorted.
Documentation schedule	
Delivery date (targets):	Data 2016, assessment by Q2 2017, achievement of 6% of share (6 p.p. more compared to the baseline); Data 2017, assessment by Q2 2018, achievement of 50% of share (50 p.p. more compared to the baseline); Data 2018, assessment by Q2 2019, achievement of 70% of share (70 p.p. more compared to be the baseline).
Comments:	The delivery of the 24 days "in service training programme" for employed VET teachers and instructors after the pilot phase to be coordinated by NAVETQ. The NAVETQ shall be mandated and staffed/resourced according to the tasks assigned.

Indicator 5: Number of Roma and Egyptians who participate in VET programmes and benefit from EPPs
 Programme: Employment and Skills Strategy 2014-2020
 Objective 2 of the SRC: To increase quality and coverage of vocational education and training
 Expected result: Vocational education and training offer is extended to the rural areas and to the most marginalized groups
 Action: VET courses and EPPs are offered to excluded, vulnerable Roma and Egyptians citizens; training and employment of marginalized and disadvantaged citizens, including those with disabilities; analysis and upgrading of buildings, workshops and equipment available in VET providers, including facilities for girls/women amenities, and according to the needs of people with disabilities;
 Department responsible: Ministry of Social Welfare and Youth, National Employment Service and public Vocational Training Centres

Description of the Indicator

Indicator type: Quantitative (outcome)
 Measurement unit: Absolute number
 Periodicity of measurement: Yearly
 Last known result (baseline): 2014 – 175 Roma & Egyptians in VT and 164 in EPPs
 (last three years if available): (2013 – 200 Roma & Egyptians in VT and 9 in EPPs)

Development and quality of the indicator

Method of data collection: Data produced officially by VT centres and NES, and transmitted formally by MoSWY. In addition: MoSWY annual official report on progress in NESS implementation and external monitoring report on SRC.
 Departments responsible for collection: VT Centres (annual data) and NES under the overall coordination of the MoSWY
 Method of calculation: Counting of the number of Roma & Egyptians who completed vocational training courses in public vocational training centres and who benefited from EPPs.

Means of interpretation

Known limits and bias: Public VET providers and NES need to collect quality data and report annually on these two variables as part of the information about trainees/beneficiaries of EPPs.

Documentation schedule

Delivery date (targets): Data 2016, assessment by Q2 2017, a monitoring system to report on Roma and Egyptians citizens who completed vocational training courses in public vocational training centres and who benefited from EPPs is in place;
 Data 2017, assessment by Q2 2018, first results from the monitoring system are reported on Roma and Egyptians citizens who completed vocational training courses in public vocational training centres and who benefited from EPPs;
 Data 2018, assessment by Q2 2019, increase by 30 Roma and Egyptians citizens attending Vocational Training Centres and 30 participating in EPPs compared to the results of the monitoring system of the previous year.

Comments: In the Roma & Egyptians Action Plan 2015-2020 the MoSWY included the monitoring of the participation of R&E in VT courses and EPPs, as two of its main indicators.

Indicator 6:	Establishment of Multifunctional VET Centres
Programme:	Employment and Skills Strategy 2014-2020
Objective 2 of the SRC:	To improve quality and increase coverage of vocational education and training
Expected result:	VET offer and employment opportunities are better matched
Action:	Rationalisation and optimization of the network of public VET providers according to labour market needs and regional demands; adoption of the regulatory framework on VET; analysis and upgrading of buildings, workshops and equipment available in VET providers, including facilities for girls/women amenities, and according to the needs of people with disabilities.
Department responsible:	Ministry of Social Welfare and Youth and public VET providers (Vocational Training Centres and Vocational Education Schools)
Description of the Indicator	
Indicator type:	Qualitative / quantitative (output)
Measurement unit:	Legal act adopted and national network of VET providers optimized
Periodicity of measurement:	Yearly
Last known result (baseline):	In 2014, the existing VET legislation was assessed and recommendations issued for its full revision. In 2014, there was no Multifunctional VET Centre operational. Only Kamza is testing the model under responsibility of GiZ.
Development and quality of the indicator	
Method of data collection:	MoSWY annual official report on progress in NESS implementation and external monitoring report on SRC.
Departments responsible for collection:	MoSWY
Method of calculation:	Publication of legal acts in Official Journal; signature of contracts for rehabilitation/functioning of multifunctional VET Centres; opening of multifunctional VET Centres in Vlora (Industrial School "Pavaresia"), Berat (Kristo Isak School), and Golem .(Agribusiness Charles Telford Erikson)
Means of interpretation	
Known limits and bias:	A multifunctional VET centre is a VET provider that has the legal mandate and the capacities to offer initial vocational education, post-secondary vocational education, vocational and further training for youth and adults. It offers vocational qualifications in different areas/profiles in different ways (part-time, full-time, school based, apprenticeship or other work-based learning forms etc.) and for different age groups (young people, adults and people with disabilities or special needs).
Documentation schedule	
Delivery date (targets):	Data 2016, assessment in Q2 2017, the new VET Law is adopted by the Parliament; Data 2017, assessment in Q2 2018, the contracts for rehabilitation/functioning of three multifunctional VET Centres are signed; Data 2018, assessment in Q2 2019, three additional multifunctional VET Centres are equipped and operational.
Comment:	The IPA 2013 project will support the setting-up of four multifunctional VET Centres, notably in Shkodra ("Hamdi Bushati" and "Arben Brozi" schools, as well as the regional VTC), Elbasan ("Ali Myftiu" and "Salih Ceka" schools, as well as the regional VTC), Fier ("Petro Sota" school and the regional VTC), and Tirana ("Karl Gega" school and the VTC Tirana 1, considering the model already tested in Kamza by GIZ). The additional three multifunctional VET Centres covered by this SRC, notably for Vlora, Berat and Golem, are not part of the IPA 2013 project. In addition, the Italian Development cooperation will finance a VET Centre in Fier (Rakip Kryeziu school). The EUD Delegation and the Italian Development cooperation will sign a letter of intent for the joint support to the NESS and more specifically to the VET reform and for the joint monitoring missions on the progress of the reform.

Indicator 7:	VET graduates employment rate
Programme:	Employment and Skills Strategy 2014-2020
Objective 2:	To increase quality and coverage of vocational education and training
Expected result:	VET offers and employment opportunities are better matched
Action:	Dissemination of good practices to VET institutions to organise links with businesses; regular update of labour market analysis to assess the demanded qualifications and how the courses could be adapted; establishment of agreements with companies and/or business associations for offering training/apprenticeship schemes; organisation of internships of VET students as part of the VET curriculum; promotion of entrepreneurial learning and entrepreneurship as a key-competence; design of a public interactive, searchable web portal/database on qualifications, curricula and training offers by VET providers.
Department responsible:	Ministry of Social Welfare and Youth and public Vocational Training Centres
Description of the Indicator	
Indicator type:	Quantitative (outcome)
Measurement unit:	Percentage
Periodicity of measurement:	Yearly
Last known result (baseline):	Not available
Development and quality of the indicator	
Method of data collection:	Data produced officially by VT centres and transmitted formally by MoSWY. In addition: MoSWY annual official report on progress in NESS implementation and external monitoring report on SRC.
Departments responsible for collection:	VT Centres (annual data) under the overall coordination of the MoSWY
Method of calculation:	Counting of the number of VET graduates who after the training are employed within 9 months after graduation.
Means of interpretation	
Known limits and bias:	The tracer system is not in place yet. Full and timely implementation of the tracer system by NES is a critical condition for measuring this indicator.
Documentation schedule	
Delivery date (targets):	Data 2016, assessment in Q2 2017, tracer system for all VET graduates (schools and centres) is in place; Data 2017, assessment in Q2 2018, a first report is produced with the results on VET graduates employment rate; Data 2018, assessment in Q2 2019, an increase of 2 p.p. on the VET graduates employment rate is achieved compared to the results of the tracer system of the previous year.

Indicator 8:	Number of qualifications designed/revised according to the Albanian Qualification Framework (AQF)
Programme:	Employment and Skills Strategy 2014-2020
Objective 2 of the SRC:	To improve quality and increase coverage of vocational education and training
Expected result:	The Albanian Qualification Framework (AQF) is developed and implemented
Action:	Establishment and implementation of sectoral skills committees; revision and linking of curricula to AQF; development of occupational and qualification standards; adaptation of curricula to specific requirements of people with disabilities; selecting bodies and putting in place procedures for the validation/recognition of prior learning at the system level; revision of the AQF legal framework; development of quality assurance mechanisms.
Department responsible:	Ministry of Social Welfare and Youth / National Agency for Vocational Education and Training and Qualifications (NAVETQ)
Description of the Indicator	
Indicator type:	Qualitative (process) / Quantitative (output)
Measurement unit:	Legal acts published / absolute number
Periodicity of measurement:	Yearly
Last known result (baseline):	2014 (87 qualifications)
Development and quality of the indicator	
Method of data collection:	Data collected officially by NAVETQ and transmitted formally by MoSWY. In addition: MoSWY annual official report on progress in NESS implementation and external monitoring report on SRC.
Departments responsible for collection:	NAVETQ
Method of calculation:	Official communication of the adoption of the AQF draft law by the Council of Ministers. Counting of the number of qualifications designed/revised according to the AQF, per year, and the number of courses which lead to the granting of the qualification.
Means of interpretation	
Known limits and bias:	Not applicable
Documentation schedule	
Delivery date (targets):	Data 2016, assessment by Q2 2017, revised AQF Law is adopted by the Council of Minister. Data 2017, assessment by Q2 2018, secondary legislation to implement the revised AQF Law is adopted, including arrangements on Sector Skills Committees. Data 2018, assessment by Q2 2018, additional 20 VET courses based on new/revised and quality assured qualifications are launched, compared to the baseline year.
Comments:	The NAVETQ shall be mandated and staffed/resourced according to the tasks assigned on the AQF implementation. Sector Skills committees are a key-element for revising/designing new qualifications.

Indicator 9:	Number of public employment offices reorganized according to the New Service Model
Programme:	Employment and Skills Strategy 2014-2020
Objective 3 of the SRC:	To improve the quality and effectiveness of employment services, and of the bodies responsible for the implementation of NESS 2014-2020
Expected result:	The national Employment Services at central, regional and local level is modernised and its functioning is more efficient
Action:	Reorganisation of NES offices according to the New Service Model at regional and local level, accessible to all jobseekers; definition and implementation of a NES staff recruitment and development plan; regulation and accreditation system of private employment agencies and strengthening of the cooperation with the public employment services; registration, profiling and gender-sensitive counselling of jobseekers, with particular attention being paid to the most vulnerable (older women, low skilled youngsters, people with disabilities, social beneficiaries, and Roma people); training to NES staff; development of quality assurance and performance management systems for NES.
Department responsible:	Ministry of Social Welfare and Youth / National Employment Service
Description of the Indicator	
Indicator type:	Quantitative (output)
Measurement unit:	Absolute number
Periodicity of measurement:	Yearly
Last known result:	2014 (10 Employment Offices were functioning according to the new service model)
Development and quality of the indicator	
Method of data collection:	NES annual report approved by the Board of NES testifying the number of Employment offices reorganised following the New Service Model. In addition: MoSWY annual official report on progress in NESS implementation and external monitoring report on SRC.
Departments responsible for collection:	National Employment Service
Method of calculation:	Counting of number of public employment offices reorganized according to the new Service Model
Means of interpretation	
Known limits and bias:	Re-organisation of NES can only be taken into account if there is an acknowledged standard (New Service Model) commonly understood by staff. Terms of reference were developed in 2014 and will be adopted by the Law on Employment Promotion.
Documentation schedule	
Delivery date:	Data 2016, assessment by Q2 2017, additional 10 offices reorganised according to the New Service Model as compared to the baseline. Data 2017, assessment by Q2 2018, additional 10 offices reorganised according to the New Service Model as compared to the baseline. Data 2018, assessment by Q2 2019, additional 6 offices reorganised according to the New Service Model as compared to the baseline, comprising 36 offices in total.
Comments:	The new Territorial Administrative Reform can give an impulse to the opening of the remaining employment offices at the municipality level. The New Service Model is the one defined in the scope of the ILO-EU IPA 2010 Project on Human Resources Development, for which a Handbook was prepared and training actions delivered to NES staff. Full documents available at http://www.ipa-hrd.al/Komponenti2/9-Handbook/NSM-HANDBOOK-FINAL-en-2015.pdf

Indicator 10:	Adoption of the revised Labour Code
Programme:	Employment and Skills Strategy 2014-2020
Objective 3 of the SRC:	To improve the quality and effectiveness of labour market institutions and services, including the bodies responsible for the implementation of NESS 2014-2020
Expected result:	The compliance of labour market legal and institutional framework with international labour standards is ensured
Action:	Adoption of new and review of existing relevant legislation to improve approximation with EU Directives, namely the ones related to working conditions, OSH, private employment agencies, employment promotion programmes, among others; strengthen the role of the National Labour Council and its specialized Commissions; expansion, recognition and improvement of inspection services to reduce the number of labour law violations, especially on workers' safety and health at work.
Department responsible:	Ministry of Social Affairs and Youth / National Employment Services and National Licensing Centre/MoEDTTE
Description of the Indicator	
Indicator type:	Qualitative (process)
Measurement unit:	Adoption of further regulatory framework by the Government of Albania
Periodicity of measurement:	Yearly
Last known result (baseline):	The Labour Code has been revised in 2014 and being discussed in the Parliamentary commissions in 2015, but further regulation of private employment agencies and temporary work agencies and OSH is needed.
Development and quality of the indicator	
Method of data collection:	Legal acts published in the Official Journal. In addition: MoSWY annual official report on progress in NESS implementation and external monitoring report on SRC.
Departments responsible for collection:	Ministry of Social Welfare and Youth
Method of calculation:	Counting and listing the legal acts published in the Official Journal
Means of interpretation	
Known limits and bias:	Revision of the Labour Code asks for 2/3 of votes in Parliament to introduce an amendment regarding the regulation of private employment agencies and temporary work agencies, as well as OSH standards.
Means of interpretation:	So far there is no clear regulatory framework for private employment agencies and temporary work agencies, which has to be aligned with the EU Directive on temporary agency work.
Documentation schedule	
Delivery date (targets):	By 2016, the revised Labour Code is adopted by the Parliament. By 2017, secondary legislation to revise the regulatory framework of private employment agencies' activities and regulate temporary work agencies is adopted. By 2018, the EU OSH directive and its sub-legal acts are fully transposed into the Albanian legislation.
Comments:	Regulatory frameworks usually lack appropriate modes of implementation/inspection. Decisions of Council of Ministers (DCM) on the adoption of Regulations transposing Individual OSH Directives and the ones still to be adopted:

- Regulation "On the Protection of Employees from Risks Related to Electromagnetic Fields at the Workplace" (transposing Directives 2004/40/EC and 2013/35/EU).
- Regulation "On Minimum Requirement for the Protection of Safety and Health of Employees in the Mineral-Extracting Industries through Drilling" (transposing Directive 92/91/EEC).
- Regulation "On Minimum Requirement for the Protection of Safety and Health of Employees in the Surface and Underground Mineral-Extracting Industries" (transposing Directive 92/104/EEC).
- Regulation "On Minimum Safety and Health Requirements at Work on Board Fishing Vessels" (transposing Directive 93/103/EC).
- Regulation "On Minimum Requirements Regarding Occupational Safety and Health of Employees at Risk from Explosive Atmospheres" (transposing Directive 1999/92/EC).
- Regulation "On the Introduction of Measures in Safety and Health at Work of Pregnant Employees and Employees Who Have Recently Given Birth or are Breastfeeding" (transposing Directive 92/85/EEC).
- Additionally, one Regulation on "Protection of Minors at Work" transposing Directive 94/33/EEC has been developed based upon a request of MoSWY, with the aim to cover the area on protection of this particular vulnerable group at work.

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Annex 2: Disbursement arrangements and timetable

This annex covers the following four main areas according to the country/intervention sector context: (1) responsibilities; (2) the indicative disbursement timetable; (3) the general conditions for each disbursement tranche; (4) the specific conditions for each disbursement tranche.

1. Responsibilities

On the basis of the disbursement conditions stipulated in the Financing Agreement, the MoSWY will send a formal request to the EU Delegation for the disbursement of each tranche in accordance with the timetable specified in Table A below. The request must include: (i) a full analysis and justification for payment of the funds, with the required supporting documents attached; (ii) a financial information form, duly signed, to facilitate the corresponding payment.

2. Indicative disbursement timetable

An indicative timetable is given below:

Table A: Indicative disbursement timetable

Country fiscal year	Year 1				Year 2				Year3				Year4				
Type of tranche	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Total
Fixed tranche			6M														6 M
Variable tranche							7 M				7 M				7 M		21 M
Total			6 M				7 M				7 M				7 M		27 M

In order to enhance predictability and respect budgetary and planning cycles, indicator assessments should normally take place at the time foreseen covering a time period that coincides with the country's budgetary cycle. A typical review calendar would be to assess fiscal year n-1 performance in year n, in order to provide disbursement commitments for disbursement early in year n+1. This is the **n-1/n/n+1 principle**. In less aid dependent countries where predictability is less of a concern, disbursement could take place if needed immediately after the assessment, the **n-1/n/n option**.

yes

3. General conditions for the disbursement of each tranche

The general conditions set out below for the disbursement of each tranche shall apply to the disbursement of all tranches and all tranche release requests must be accompanied by all appropriate information and documents.

Table B: General conditions for the release of tranches

Area	Conditions	Verification source
Public Policy	Satisfactory progress in the implementation of the National Employment and Skills Strategy (NESS) 2014-2020 and continued credibility and relevance of that or any successor strategy.	Annual implementation report of the NESS strategy presented to the IPMG Conclusions of the SAA Sub-committee on Innovation, Information Society and Social Policy External assessment, Review by the EU Delegation Assessment by DG NEAR
Macroeconomic stability	Implementation of a credible stability-oriented macroeconomic policy.	DG ECFIN annual assessment of the Albania economic reform program and ECOFIN Council annual recommendations Conclusions of the SAA Sub-committee on Economic and Financial issues Third party assessments e.g. IMF
Public financial management	Satisfactory progress in the implementation of the Public Finance Management (PFM) Strategy 2014-20	Annual implementation report of the PFM strategy presented to the PFM Steering Committee Third party assessments e.g. World Bank External assessment, Review by the EU Delegation Assessment by DG NEAR with input from relevant line DGs (DG BUDGET, DG MARKT, DG TAXUD)
Budget Transparency	Satisfactory progress with regard to the public availability of accessible, timely, comprehensive, and sound budgetary information.	Annual report provided by the MoF on progress for the implementation of transparency roadmap Third party assessments e.g. Open Budget Index External assessment, Review by the EU Delegation Assessment by DG NEAR

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4. Specific conditions for the disbursement of tranches

The specific conditions for the disbursement set out in Table C, D and E shall apply to the disbursement of a specific tranche. Tranche release requests must be accompanied by all appropriate information and documents on the specific conditions.

Table C: Specific conditions for the release of tranches

Tranche	Amount € million	Indicative disbursement		Triggers for disbursement	Verification source including timing or data availability (where applicable)
		request (month /year)	date (month /year)		
Fixed tranche	6	Q2 / 2016	Q3 / 2016	Disbursed on the basis of the general criteria	MOF annual reports on: - Progress in the implementation of the NESS strategy - Maintenance of Macroeconomic stability or a stability oriented macroeconomic policy - PFM Strategy implementation - Implementation of transparency roadmap
First variable tranche	7	Q2 / 2017	Q3 / 2017	<u>Triggers related to:</u> <ul style="list-style-type: none"> - Increase of youth employment rate; - Reduction of gender gap in employment; - Increase of labour market participation of vulnerable and marginalized groups; - Improvement of competences of VET teachers and teacher trainers; - Effectiveness and extension of VET offer to vulnerable and marginalized groups; - Better match of VET offer and employment opportunities - Development and implementation of the Albanian Qualification Framework (AQF); 	See table E

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				<ul style="list-style-type: none"> - Modernization of the employment service; - Compliance of the institutional framework with international labour standards. <p><i>For further details, see table E on variable tranche targets</i></p>	
Second variable tranche	7	Q2 / 2018	Q3 / 2018	<p><u>Triggers related to:</u></p> <ul style="list-style-type: none"> - Increase of youth employment rate; - Reduction of gender gap in employment; - Increase of labour market participation of vulnerable and marginalized groups; - Improvement of competences of VET teachers and teacher trainers; - Effectiveness and extension of VET offer to vulnerable and marginalized groups; - Better match of VET offer and employment opportunities - Development and implementation of the Albanian Qualification Framework (AQF); - Modernization of the employment service; - Compliance of the institutional framework with international labour standards. <p><i>For further details, see table E on variable tranche targets</i></p>	
Third variable tranche	7	Q2 / 2019	Q3 / 2019	<p><u>Triggers related to:</u></p> <ul style="list-style-type: none"> - Increase of youth employment rate; - Reduction of gender gap in employment; - Increase of labour market participation of vulnerable and marginalized groups; - Improvement of competences of VET teachers and teacher trainers; - Effectiveness and extension of VET offer to vulnerable and marginalized groups; - Better match of VET offer and employment opportunities - Development and implementation of the Albanian Qualification Framework (AQF); - Modernization of the employment service; - Compliance of the institutional framework with international labour standards. 	

				<i>For further details, see table E on variable tranche targets</i>	
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5. Variable tranche calculation

As long as the general conditions described in Table B are met, the amount of budget support to be disbursed for the three variable tranches for 2016, 2017 and 2018 will be calculated according to Table D (weight of each indicator of the variable tranches) and Table E (detailed description of the targets of the variable tranches).

Disbursements of variable tranches, once the general conditions have been met, will be in proportion to the achievement of each target as described in Table E with the following approach:

- a) For process/qualitative indicators, the disbursement of the fraction will be (i) 100% if the target is reached or (ii) 0% if the target is not reached according to the source of information and the assessment of the EU Delegation and the geographical unit of DG NEAR.
- b) For impact/quantitative indicators, there is the option of partial completion, meaning that the indicator is scored 0, 50% or 100%, depending on whether there was (i) no or insignificant progress, (ii) significant but partial progress, or (iii) target met based on the sources of verification and the assessment of the EU Delegation and the geographical unit of DG NEAR. Consequently, (i) a score of 0 will be assigned to the indicator whose achievement is below 39.99%; (ii) a score of 0.5 will be awarded to the indicator reaching between 40% and 79.99% of the target; (iii) a score of 1 is assigned to the indicator reaching at least 80% of the target.

Where serious doubts exist about the quality of the data provided, a data verification exercise may be carried out to inform payment decisions. An external expert may be recruited to verify data claims on a sample basis, verifying data directly where possible or through cross-checking data with other, typically non-governmental, stakeholders.

Any balances of a variable tranche, in the case of a partial disbursement or incomplete accomplishment thereof, may not be carried over to the following tranche and will be therefore cleared.

In some cases, the baseline of the indicators will roll forward with each successive year's performance data. This means that the results achieved in the first year for the programme effectively become the baseline against which the second year's performance is assessed.

In exceptional cases, where exceptional events or changing circumstances have prevented meeting previously agreed targets, it may be possible to waive or neutralise an indicator condition. In this case, the related amount can either be transferred to the next tranche or reallocated to the other indicators of the same tranche. Such cases must be requested by the Minister of Social Welfare and Youth to the geographical AOSD Director of the European Commission and can be authorised by the latter through an exchange of letters between the two parties.

In exceptional and duly justified cases financing agreements can allow for a re-assessment of certain unmet targets in the following year against the original target if there is a positive trend and the government did not reach the target because of external shocks. Such cases should be specified in the indicator documentation sheets.

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Table D: Weight of the variable tranches

Where in Table E, the option of partial payment is indicated for impact/quantitative indicators (Applicable), the disbursement for each indicator may be 0, 50% or 100% of the maximum amount indicated below. In case the option of partial completion is not available (N/A), notably for process/qualitative indicators, the disbursement for each indicator may be 0 or 100%.

Indicators as per Table E	Baseline as per Table E	Weight	Year 1 maximum amount EUR	Year 2 maximum amount EUR	Year 3 maximum amount EUR
1. Employment of youth is increased	As per 1.1,1.2,1.3	10%	700,000	700,000	700,000
2. Employment of women is increased	As per 2.1,2.2,2.3	10%	700,000	700,000	700,000
3. Labour market participation of vulnerable and marginalised people is increased	As per 3.1,3.2,3.3	10%	700,000	700,000	700,000
4. Competences of VET teachers and teacher trainers are improved	As per 4.1,4.2,4.3	10%	700,000	700,000	700,000
5. Effectiveness and extension of VET offer to vulnerable and marginalized groups	As per 5.1,5.2,5.3	10%	700,000	700,000	700,000
6. VET offer and employment opportunities are better matched (multifunctional VET Centres)	As per 6.1,6.2,6.3	10%	700,000	700,000	700,000
7. VET offer and employment opportunities are better matched (employment rate for VET graduates)	As per 7.1,7.2,7.3	10%	700,000	700,000	700,000
8. Development and implementation of the Albanian Qualification Framework (AQF)	As per 8.1,8.2.,8.3	10%	700,000	700,000	700,000
9. Modernization of the employment service	As per 9.1,9.2.,9.3	10%	700,000	700,000	700,000
10. Compliance of the institutional framework with international labour standards	As per 10.1,10.2.,10.3	10%	700,000	700,000	700,000
Total		100%	7,000,000	7,000,000	7,000,000

Table E – timeline for the variable tranche

First Variable Instalment Achievement: by end 2016 Assessment: by May 2017 Disbursement: By September 2017	Second Variable Instalment Achievement: by end 2017 Assessment: by May 2018 Disbursement: By September 2018	Third Variable Instalment Achievement: by end 2018 Assessment: by May 2019 Disbursement: By September 2019
Expected result: Employment of youth is increased		
1.1 Increase of youth employment rate (15-29 years) by 0.5 p.p. as compared to baseline Baseline: 2014 - 28.2% of youth employment rate Source of verification: Institute of Statistics via Labour Force Survey Partial completion: Applicable	1.2 increase by 0.75 p.p. as compared to baseline Baseline: 2014 - 28.2% of youth employment rate Source of verification: Institute of Statistics via Labour Force Survey Partial completion: Applicable	1.3 increase by 1 p.p. as compared to baseline Baseline: 2014 - 28.2% of youth employment rate Source of verification: Institute of Statistics via Labour Force Survey Partial completion: Applicable
Expected result: Employment of women is increased		
2.1 Reduction of gender gap by 0.5 p.p. as compared to baseline Baseline: 2014 - 14.7 p.p. Source of verification: Institute of Statistics via Labour Force Survey Partial completion: Applicable	2.2 Reduction of gender gap by 1 p.p. as compared to baseline Baseline: 2014 - 14.7 p.p. Source of verification: Institute of Statistics via Labour Force Survey Partial completion: Applicable	2.3 Reduction of gender gap by 1.5 p.p. as compared to baseline Baseline: 2014 - 14.7 p.p. Source of verification: Institute of Statistics via Labour Force Survey Partial completion: Applicable
Expected result: Labour market participation of vulnerable and marginalised people is increased		
3.1 Share of registered unemployed jobseekers benefiting from Employment Promotion Programmes increase by 1.4 p.p. as compared to the baseline Baseline: 2014 - 2.6% of coverage Sources of verification: data produced officially by NES regarding the coverage of the EPPs Partial completion: Applicable	3.2 Share of registered unemployed jobseekers benefiting from Employment Promotion Programmes increase by 1.9 p.p. as compared to the baseline Baseline: 2014 - 2.6% of coverage Sources of verification: data produced officially by NES regarding the coverage of the EPPs Partial completion: Applicable	3.3 Share of registered unemployed jobseekers benefiting from Employment Promotion Programmes increase by 2.4 p.p. as compared to the baseline Baseline: 2014 - 2.6% of coverage Sources of verification: data produced officially by NES regarding the coverage of the EPPs Partial completion: Applicable

Expected result: Competences of VET teachers and teacher trainers are improved		
<p>4.1 Share of VET teachers/instructors trained through the “Basic didactics training programme in VET” increase by 6 p.p. as compared to the baseline</p> <p>Baseline: 2014- 0% out of 700 teachers/instructors</p> <p>Sources of verification: data produced officially by NAVETQ regarding the participation to the “Basic didactics training programme in VET”</p> <p>Partial completion: Applicable</p>	<p>4.2 Share of VET teachers/instructors trained through the “Basic didactics training programme in VET” increase by 50 p.p. as compared to the baseline</p> <p>Baseline: 2014 - 0% out of 700 teachers/instructors</p> <p>Sources of verification: data produced officially by NAVETQ regarding the participation to the “Basic didactics training programme in VET”</p> <p>Partial completion: Applicable</p>	<p>4.3 Share of VET teachers/instructors trained through the “Basic didactics training programme in VET” increase by 70 p.p. as compared to the baseline</p> <p>Baseline: 2014 - 0% out of 700 teachers/instructors</p> <p>Sources of verification: data produced officially by NAVETQ regarding the participation to the “Basic didactics training programme in VET”</p> <p>Partial completion: Applicable</p>
Expected result: Effectiveness and extension of VET offer to vulnerable and marginalized groups		
<p>5.1 A monitoring system to report on Roma and Egyptians citizens who completed vocational training courses in vocational training centres and who benefited from training through EPPs is in place</p> <p>Baseline: 175 Roma & Egyptians in Vocational Training Centres and 164 in EPPs – approximate data to be confirmed by the monitoring system to be put in place</p> <p>Sources of verification: Vocational Training Centres (annual data) and NES under the overall coordination of the MoSWY</p> <p>Partial completion: N/A</p>	<p>5.2 First results from the monitoring system are reported on Roma and Egyptians citizens who completed vocational training courses in vocational training centres and who benefited from EPPs</p> <p>Baseline: No results available.</p> <p>Sources of verification: Vocational Training Centres (annual data) and NES under the overall coordination of the MoSWY</p> <p>Partial completion: N/A</p>	<p>5.3 increase by 30 Roma and Egyptians citizens attending Vocational Training Centres and 30 participating in EPPs compared to the results of the monitoring system of the previous year</p> <p>Baseline: Year 2017 number of Roma and Egyptians attending Vocational Training Centres and EPPs</p> <p>Sources of verification: Vocational Training Centres (annual data) and NES under the overall coordination of the MoSWY</p> <p>Partial completion: Applicable</p>
Expected result: VET offer and employment opportunities are better matched		
<p>6.1 The new VET Law is adopted by the Parliament</p> <p>Baseline: 2014 - the existing VET legislation was assessed and recommendations issued for its full revision.</p>	<p>6.2 The contracts for rehabilitation/functioning of three multifunctional VET Centres in Vlora, Berat, and Golem are signed</p> <p>Baseline: 2014 - there was no Multifunctional VET Centre operational. Only Kamza is testing the model</p>	<p>6.3 Three additional multifunctional VET Centres are equipped and operational in Vlora, Berat, and Golem</p> <p>Baseline: 0</p>

<p>Sources of verification: Publication of legal acts in Official Journal</p> <p>Partial completion: N/A</p>	<p>under responsibility of GiZ.</p> <p>Sources of verification: signature of contracts for rehabilitation/functioning of multifunctional VET Centres</p> <p>Partial completion: Applicable</p>	<p>Sources of verification: operational acceptance of the new/renovated infrastructure.</p> <p>Partial completion: Applicable</p>
<p>7.1 A tracer system to capture the employment rate for all VET graduates (schools and centres) is in place</p> <p>Baseline: No trace system for VET graduates employment rate</p> <p>Sources of verification: VT Centres (annual data) under the overall coordination of the MoSWY</p> <p>Partial completion: N/A</p>	<p>7.2 A first report of the tracer system is produced with the results on VET graduates employment rate</p> <p>Baseline: No reports are published</p> <p>Sources of verification: VT Centres (annual data) under the overall coordination of the MoSWY</p> <p>Partial completion: N/A</p>	<p>7.3 An increase of 2 p.p. on the VET graduates employment rate is achieved compared to the results of the tracer system of the previous year</p> <p>Baseline: Year 2017 number of VET graduates</p> <p>Sources of verification: VT Centres (annual data) under the overall coordination of the MoSWY</p> <p>Partial completion: Applicable</p>
<p>Expected result: Development and implementation of the Albanian Qualification Framework (AQF)</p>		
<p>8.1 The revised draft AQF Law is adopted by the Council of Ministers</p> <p>Baseline: 2014 - the existing AQF legislation was assessed and recommendations issued for its full revision</p> <p>Sources of verification: Formal communication by Council of Ministers of adoption of the the revised draft AQF Law</p> <p>Partial completion: N/A</p>	<p>8.2 Secondary legislation to implement the revised AQF Law is adopted, including arrangements on Sector Skills Committees</p> <p>Baseline: No secondary legislation</p> <p>Sources of verification: Publication of legal acts in Official Journal</p> <p>Partial completion: N/A</p>	<p>8.3 Additional 20 VET courses based on new/revised and quality assured qualifications are launched, compared to the baseline year</p> <p>Baseline: 2014- 87 courses/qualifications</p> <p>Partial completion: N/A</p>
<p>Expected result: Modernization of the employment service</p>		

<p>9.1 Additional 10 employment offices reorganised according to the New Service Model as compared to the baseline</p> <p>Baseline: 2014 - 10 Employment Offices are currently functioning according to the new service model</p> <p>Sources of verification: NES annual report approved by the Board of NES testifying the number of Employment offices reorganised following the New Service Model.</p> <p>Partial completion: Applicable</p>	<p>9.2 Additional 10 employment offices reorganised according to the New Service Model as compared to the baseline</p> <p>Baseline: Year 2016 number of Employment offices functioning according to the new service model</p> <p>Sources of verification: NES annual report approved by the Board of NES testifying the number of Employment offices reorganised following the New Service Model.</p> <p>Partial completion: Applicable</p>	<p>9.3 Additional 6 employment offices reorganised according to the New Service Model as compared to the baseline</p> <p>Baseline: Year 2017 number of Employment offices functioning according to the new service model</p> <p>Sources of verification: NES annual report approved by the Board of NES testifying the number of Employment offices reorganised following the New Service Model.</p> <p>Partial completion: Applicable</p>
<p>Expected result: Compliance of the institutional framework with international labour standards</p>		
<p>10.1 The revised Labour Code is adopted by the Parliament</p> <p>Baseline: the Labour Code has been revised in 2014 and being discussed in the Parliamentary commissions in 2015, but further regulation of private employment agencies and temporary work agencies and OSH is needed</p> <p>Sources of verification: Publication of legal acts in Official Journal</p> <p>Partial completion: N/A</p>	<p>10.2 Secondary legislation to revise the regulatory framework of private employment agencies' activities and regulate temporary work agencies is adopted</p> <p>Baseline: Legislation not available</p> <p>Sources of verification: Publication of legal acts in Official Journal</p> <p>Partial completion: N/A</p>	<p>10.3 The EU OSH directive and its sub-legal acts are fully transposed into the Albanian legislation</p> <p>Baseline: Legislation not available</p> <p>Sources of verification: Publication of legal acts in Official Journal</p> <p>Partial completion: N/A</p>

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ANNEX 3: Complementary activities: indicative budget breakdown and planning for contracting procedures

IMPLEMENTATION MODALITIES	BUDGET (€)		TIMELINE ¹	
	Total	EU contribution	Launch of procedure	Contract signature ²
PROCUREMENT (DIRECT MANAGEMENT)		500.000		
Service contract for external monitoring		300.000	Q2 2016	Q3 2016
FWC EUD communication and visibility plan		50.000	Q2 2016	Q3 2016
Audit/evaluation		150.000		2019
PROCUREMENT (INDIRECT MANAGEMENT WITH THE CFCU)		2.500.000		
Service contracts for technical assistance to the Ministry of Social Welfare and Youth		2.500.000	Q2 2016	Q4 2016
TOTAL		3.000.000		

¹ Timeline: QUARTER (Q1, Q2, Q3, Q4) YEAR

² Contract signature date: if relevant; i.e. for Direct Grants mainly