

AGREEMENT

between

the Government of the Italian Republic represented by the Ministry of Foreign Affairs and International Cooperation

and

the Council of Ministers of the Republic of Albania Represented by the Ministry of Social Welfare and Youth

concerning

**the *Program in Support of Vocational Education and Training (VET)*
through Innovation**

The Government of the Italian Republic (GOI) and the Government of the Council of Ministers of the Republic of Albania (GOA), both jointly referred to as "the Parties" and separately as "Party",

Considering the mutual relationship of friendship;

Whereas on December 11th, 2014 a Protocol for Development Cooperation was signed by the two Governments;

Whereas the above-said Protocol identifies vocational education and training through innovation as a tool for human resources development, social and territorial cohesion and growth;

Whereas for this *Program* is earmarked an untied soft loan of Euro 5 million for *Vocational Education and Training through Innovation*;

Whereas a Memorandum of Understanding was signed by the Parties on December 22nd, 2015, describing the main intervention logic;

HAVE AGREED THE FOLLOWING:

ARTICLE 1

DEFINITION AND CONTENT OF THE AGREEMENT

1.1-The present Agreement is composed of 15 Articles and 3 Annexes:

ANNEX 1- Financial Plan;

ANNEX 2 - Implementing Procedures of the Soft Loan.

ANNEX 3 - PROGRAM Formulation Document;

1.2- The Annexes are an integral part of the present Agreement.

1.3- The acronyms used in this Agreement are the following:

AGREEMENT	The present inter-governmental agreement between the Parties for the implementation of the PROGRAM.
AICS	Italian Development Cooperation Agency
CDP	Cassa Depositi e Prestiti – The Italian Financial Institution that manages the soft loan.
CMRA	Council of Ministers of the Republic of Albania
GOI	Government of Italy
IPMG	Integrated Policy Management Group
MAECI	Italian Ministry of Foreign Affairs and International Cooperation
MOF	Albanian Ministry of Finance
MOSWY	Albanian Ministry of Social Welfare and Youth
NESS	National Employment and Skills Strategy 2014-2020
PARTIES	The Government of the Italian Republic represented by the Ministry of Foreign Affairs and International Cooperation and Council of Ministers of the Republic of Albania represented by the Ministry of Social Welfare and Youth.
PROGRAM	<i>Vocational Education and Training through Innovation Program</i> in Annex 3.

SC	Steering Committee
SLA	Soft Loan Agreement. The Financial Agreement between the Albanian Ministry of Finance and Cassa Depositi e Prestiti.
VET	Vocational Education and Training

ARTICLE 2

PURPOSE OF THE AGREEMENT

2.1-The Agreement disciplines the implementation, monitoring and supervision of the procedures of the *Vocational Education and Training through Innovation Program* (hereinafter the PROGRAM).

2.2- To this purpose the Agreement defines the mutual obligations of the Parties for the PROGRAM respect, in particular with what regards the soft loan conditions.

ARTICLE 3

PROGRAM DESCRIPTION

3.1- The PROGRAM aims to accomplish the vision of the National Employment and Skills Strategy (NESS) 2014 - 2020 to have a competitive economy and an inclusive society that is grounded on higher skills and better jobs for all women and men by 2020, in productive sectors where both Albania has a great potential and Italy has a significant added value.

The PROGRAM will have four expected results: i) The Agricultural multifunctional Vocational Education and Training (VET) school in Fier fully developed and organized and the VET school in Lushnje improved and reorganized; ii) Market oriented VET curricula developed and applied; iii) Tailor-made and sustainable relationship of the multifunctional VET school with the private sector established; iv) coherence with IPA II financing to the Employment and Skills Sector ensured.

3.2- Annex 3 contains a detailed description of the PROGRAM.

ARTICLE 4

ITALIAN GOVERNMENT COMMITMENTS

4.1- GoI shall provide an untied soft loan of Euro 5 million for the realization of the PROGRAM (Annex 3), according to the Financial Plan (Annex 1), to the Guidelines

for Project Implementation (Annex 2). The loan will be used for: i) Rehabilitation of infrastructures; ii) Purchase of goods (Equipments & Laboratories); iii) Institutional Technical Assistance; iv) Assistance to the Ministry of Social Welfare and Youth through the Integrated Policy Management Group (IPMG) and its Technical Secretariat. The loan will be disbursed according to the modalities described in Article 7 and in Annex 3.

ARTICLE 5

ALBANIAN GOVERNMENT COMMITMENTS

5.1- GOA shall guarantee the PROGRAM implementation according to the present Agreement.

5.2- GOA shall guarantee the entry into force, prior to the PROGRAM start, of a VET law or VET bylaws or ad hoc administrative acts ensuring financial autonomy of the Fier and Lushnje VET schools, including the possibility to provide services and sell goods to third parties;

5.3- GOA shall guarantee the entry into force, prior to the PROGRAM start, of a VET law or VET bylaws or ad hoc administrative acts ensuring that level-5 of the European Qualification Framework-EQF (post-secondary education) is offered at the Fier VET school.

5.4- GOA shall guarantee collaboration with AICS on the monitoring of the PROGRAM and on access to PROGRAM documents.

5.5- GOA will repay the loan according to the conditions set in Article 8.

ARTICLE 6

PROGRAM MANAGEMENT AND IMPLEMENTATION STRUCTURES

The PROGRAM management and implementation structures are described in Annex 3 and foresee that:

6.1- MOSWY is the executing agency and, as such, it will make sure the PROGRAM activities are implemented according to the rules of the PROGRAM Agreement. MOSWY will be responsible for the PROGRAM Agreement implementation. MOSWY will be also responsible for the implementation of the tender procedures and for the award and supervision of the works, supplies and service contracts which are part of the PROGRAM and are charged on the SLA. MOSWY shall designate its representative within the SC.

6.2- MOF is the authority which represents CMRA with regard to the loan agreement with CDP.

6.3- MAECI is responsible for the Agreement signature;

6.4- AICS is responsible for the PROGRAM monitoring. It shall represent the GoI as for the implementation of the PROGRAM, acting through its Office in Tirana. AICS will also guarantee all the necessary technical functions for the correct implementation of the PROGRAM activities and will ensure receipt and transmission of all necessary administrative documentation. AICS shall designate its representative within the SC.

6.5- CDP is the responsible Italian Agent Bank for the SLA preparation, in accordance with the Italian Ministry of Economy and Finance, and for the SLA signature. The SLA is a financial agreement that regulates the utilisation of the soft loan. CDP is also responsible for charging each contract on the SLA as described in Annex 3. CDP is responsible for contract payments, according to the SLA provisions.

6.6 A SC will be set-up in order to provide general guidance, coordination and overall supervision to the implementation of activities under the VET Programme. The SC will be composed by representatives of the MoSWY and the AICS. Representatives of the Prime Minister Office, as well as other Line Ministries such as the Ministry of Finance, Ministry of Agriculture, Rural Development and Water Administration, Ministry of Education and Sports may be invited to attend the meetings of the SC.

ARTICLE 7

IMPLEMENTING PROCEDURES OF THE SOFT LOAN

7.1- The loan disbursement, utilisation and reimbursement procedures will be established by a SLA signed between CDP and MOF.

7.2- The loan funds will be disbursed in two distinct modalities, depending on the typology of expenditures, as described in the attached Annex 2.

7.3- The procurement activities will be carried out according to the current *Practical Guide to contract procedures for EC external actions (PRAGs)*. AICS will give its *no objection* on:

i) the tender documents before its publication and on the tender evaluation report before the award of contracts for tenders whose value exceeds Euro 500.000 for services and supplies and Euro 1.000.000 for works;

ii) on the tender evaluation report before the award of contracts for tenders between Euro 130.000 and Euro 500.000 for services and supplies and for tenders between Euro 200.000 and Euro 1.000.000 for works.

7.4- The auditing activities shall be carried out annually by a company selected by GoA among those agreed by the International Federation of Accountants (IFAC) and complying with INTOSAI Auditing Standards, in the framework of auditing

procedures of the MOF the regard foreign aid programs. The cost of the auditing procedures will be covered by MOF outside the PROGRAM funds.

7.5- The expenses which, according to the audit report, are not justified must be considered invalid according this Agreement and the relevant resources must be refunded by GoA.

ARTICLE 8

TERMS AND CONDITIONS OF THE LOAN

8.1- GoI will provide to CMRA an untied soft loan of Euro 5 million.

8.2- The soft loan has a *grant component* of 60%, which corresponds to:

- i. interest rate: 0%;
- ii. repayment term: 22 years;
- iii. grace period: 10 years.

ARTICLE 9

IMPLEMENTATION MONITORING

9.1 - Every six months MOSWY will prepare a technical and financial report, to be approved by the SC. The first Progress Report shall be submitted six months after the disbursement of the first instalment of the financing.

9.2- AICS will monitor the PROGRAM through its Cooperation Office in Tirana and with *ad hoc* missions from the Headquarters.

9.3- Continuous monitoring and evaluation will be realized in the framework of a joint monitoring and evaluation system agreed in a separate Memorandum of Understanding with the Delegation of the European Union in Albania responsible for the budget support in the VET sector.

A systematized monitoring and evaluation will be conducted also through the PROGRAM support to the Technical Secretariat of the Integrated Policy Management Group (IPMG) in the Employment and Social Policy Sector.

9.4- An ex-post evaluation will be conducted after the PROGRAM conclusion. This evaluation will be jointly conducted by at least two independent experts, one appointed by the Italian Government and one by the Albanian government, each Party covering for the costs of its own expert.

ARTICLE 10
ANTICORRUPTION CLAUSE

The Government of the Italian Republic is committed to the fight against corruption in all its forms. In particular, in order to avoid any chance of illegal activities and irregularities in the submission of tenders for supplies, services and civil works, the Italian Government has introduced an obligation for all bidders to sign and submit an *Integrity Pact* together with their bids or approved contracts. Failure to submit such documentation will automatically exclude the bidder from the competition. In the event of failure to comply with anti-corruption commitments during the execution of the contract relevant sanctions will apply. The inclusion of such a clause is intended to ensure fair competition and equal opportunities for all participants, as well as a correct and transparent implementation of the approved contract.

ARTICLE 11
DISPUTES

Any disputes that may arise during the implementation of the Programme shall be resolved amicably through consultations between MOSWY and AICS.

ARTICLE 12
IMPEDIMENTS AND FORCE MAJEURE

In case of impediment to the realization of the Programme, due to *force majeure* (war, flood, fire, typhoon, earthquake, labour disputes, strikes, unforeseen difficulties in transportation and other causes) recognized by both Parties or in case of danger or hazardous conditions for expatriate personnel, the following procedures will be adopted:

12.1- If the duration of the impediment to the realization of the PROGRAM is less than six months, the use of uncommitted funds will be suspended until AICS authorizes resumption of activities;

12.2- If the impediment lasts longer than six months and less than twenty-four months, the PROGRAM is suspended and the uncommitted funds are maintained until the impediment ceases and upon receipt of the authorization for the resumption of activities by AICS;

12.3- If the duration of the impediment is greater than twenty-four months, the Parties shall agree whether to continue or terminate the Programme. In case of inability to continue the activities, the parties must decide on the destination of uncommitted

funds. In the absence of an agreement the Albanian Party undertakes to repay any remaining sums in funds transferred to MOSWY under Art. 7.

ARTICLE 13

TERMINATION OF THE AGREEMENT

The Parties reserve the right to terminate this Agreement in the following cases:

13.1- Failure by the GOA to respect the commitments referred in Article 5;

13.2- Severe faults by MOSWY, such as unjustified and long delays (more than nine months) that may hinder the implementation of the PROGRAM, the use of funds for different reasons than those provided for in this Agreement and in the SLA, the prolonged delay for providing reports in the referred Article 9;

13.3- Protracted impediment or force majeure, as established in the previous article 12 clauses;

13.4- In case of severe faults, according to point 13.2, GOI shall notify the incident and shall invite the MOSWY to take all necessary measures within a maximum of 90 days from the date of the notification period. After this deadline, GOI reserves the right to terminate this Agreement;

13.5- In the other two abovementioned cases, GOI may decide unilaterally to terminate this Agreement, which shall be notified via Verbal Note to MOSWY at least 3 months in advance. In any case, after such notification, MOSWY is obliged to stop the activities of the PROGRAM, unless otherwise agreed between the Parties.

ARTICLE 14

MODIFICATION OF THE AGREEMENT

The Parties may at any time propose amendments to the content of this Agreement by exchange of Verbal Notes, through the diplomatic channels. Amendments eventually agreed between the Parties will enter into force in accordance with the necessary internal procedures.

ARTICLE 15
ENTRY INTO FORCE AND DURATION

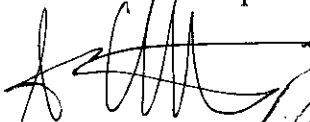
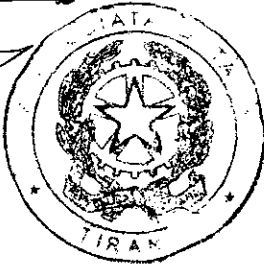
This Agreement shall enter into force on the date of receipt of the second of the two notifications by which the Contracting Parties officially notified the completion of their respective internal procedures.

This Agreement shall remain in force until full repayment of the soft loan.

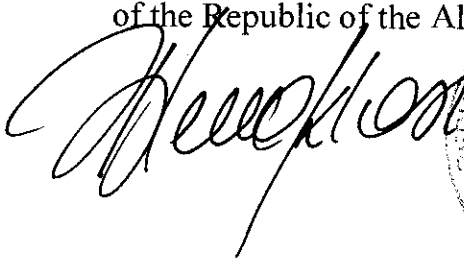
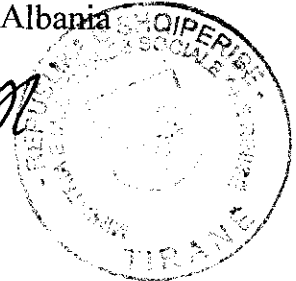
Done at Ljubljana on 24.2.13 in two originals in the English language.

IN WITNESS WHEREOF the undersigned, being duly authorized by their respective Governments, have signed this Agreement.

For the Government
of the Italian Republic

For the Councils of Ministers
of the Republic of the Albania

FINANCIAL PLAN

Financial Plan			Amount (in Euro)	Fier	Lushnje	Project Components (A=Infrastructure; B=Lab&Equipment; C=Institutional Technical Assistance; D=MoSwy assistance)
		Result 1	3.755.000,00			
1.1	1.1.1	Identification of works	25.200,00	12.600,00	12.600,00	A
	1.1.2	Development of Infrastructural Project Design	40.000,00	30.000,00	10.000,00	A
	1.1.3	Preparation and redaction of tender document	25.200,00	12.600,00	12.600,00	A
	1.1.4	Works contract signed and implemented	1.122.600,00	1.000.000,00	122.600,00	A
	1.1.5	Supervision of the works	40.000,00	30.000,00	10.000,00	A
	1.1.6	Final testing	10.000,00	5.000,00	5.000,00	A
1.2	1.2.1	Preparation and redaction of tendering documents	40.000,00	30.000,00	10.000,00	B
	1.2.2	Supply contract for purchasing of laboratories and equipment	1.400.000,00	1.250.000,00	150.000,00	B
	1.2.3	Supply contracts for purchasing of machineries, agricultural vehicles and agricultural tools	400.000,00	350.000,00	50.000,00	B
	1.2.4	Supply contract for purchasing of furniture	200.000,00	170.000,00	30.000,00	B
	1.2.5	Supply contract x purchasing of didactic material	200.000,00	180.000,00	20.000,00	B
1.3		School Directive Board	126.000,00			C

1.4		Human Resources Management	25.200,00			C
1.5		General Training Program	25.200,00			C
1.6		Career Service	25.200,00			C
1.7		Quality Assurance	25.200,00			C
1.8		Accreditation and certification	25.200,00			C
		Result 2	151.200,00			
2.1		Development and delivery of the secondary level curricula	37.800,00			C
2.2		Development and delivery of the short term curricula	37.800,00			C
2.3		Development and delivery of the post-secondary level curricula	37.800,00			C
2.4		Training of trainers	37.800,00			C
		Result 3	201.600,00			
3.1		School services to third parties	126.000,00			C
3.2		Piloting of TVETEP	75.600,00			C
		Result 4	892.200,00			
4.1		Programme Management				
4.1.1		Project manager	72.000,00			D
4.1.2		Project leader (International)	216.000,00			C
4.1.3		Project assistant	28.800,00			C
4.1.4		Financial/administrative	46.800,00			C
4.1.5		Technician/agronomist	36.000,00			C
4.1.6		School-enterprise liaison officer	36.000,00			C
4.1.7		Translator/Interpreter	28.800,00			C
4.1.8		Driver/logistician	21.600,00			C
4.1.9		Car purchase	25.000,00			C
4.1.10		Car maintenance	18.000,00			C
4.1.11		Office materials and utilities	14.000,00			C

4.1.12		Travel/air tickets	43.200,00			C
4.2		Technical Services				
4.2.1		Resident twinning advisor (International)	216.000,00			C
4.3		Procurement services				
4.3.1		Procurement officer	54.000,00			D
4.4		Communication strategy and visibility actions				
		Communication officer	36.000,00			D
TOTAL			5.000.000,00			
L						

IMPLEMENTING PROCEDURES OF THE SOFT LOAN

The loan funds will be disbursed in two distinct modalities, depending on the typology of expenditures:

- I. The loan funds of the “Components A, B and C” of Annex 1 will be credited as follows:
 - i. Each contract signed between the Contractors and MOSWY must be sent to AICS headquarters in Rome, through AICS Office in Tirana, together with a commitment declaration of MOSWY to cover all the relevant local costs (value-added tax, customs fees etc.).
 - ii. Upon receipt of the documentation, AICS will issue the *no objection* to the CDP. CDP will, hence, inform MOF which will require CDP to make the funds available.
 - iii. Once all the documentation referred to in the above paragraph ii) and ii) is acquired, CDP will charge each contract on the SLA informing MOF and MOSWY. The completion of this procedure will enable the "advance payment" foreseen in each contract and will determine their effective starting date.
 - iv. The following payments will be made upon approval by MOSWY and according to the modalities prescribed in each contract.
- II. The loan funds of the “Component D” of the Financial Plan (Annex 1) will be credited in one single tranche in a special account in Euro named “*Vocational Education and Training through Innovation*”, opened on behalf of MOSWY at the Bank of Albania.

The first disbursement related to Components A, B and C and the single disbursement of Component D will be made upon fulfilment of the following conditions:

- i) entry into force of the SLA;
- ii) set-up of the SC;
- iii) selection of the Audit firm and acquisition of the no objection of AICS;
- iv) entry into force of a VET law or VET bylaws/ad hoc administrative acts ensuring financial autonomy of the Fier and Lushnje VET schools, including the possibility to provide services and sell goods to third parties;
- v) entry into force of a VET law or VET bylaws/ad hoc administrative acts

ensuring that level-5 of the European Qualification Framework-EQF (so-called post-secondary education) is offered at the Fier VET school.

vi) selection of the Technical Assistance institution (Component C) and acquisition of the no objection of AICS.

vii) selection of the staff under Component D.

Annex 3



Republic of Albania
Ministry of Social Welfare and Youth

**Programme in support of Vocational Education and Training
through Innovation**

Programme Formulation Document

Tirana, February 2016

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List of Acronyms

AQF	Albanian Qualification Framework
BPA	Bilateral Programme Agreement
CoM	Council of Ministers
DDPFFA	Department of Development Programming, Financing and Foreign Aid
DGCS	Directorate General for Development Co-operation
EU	European Union
EUQ	European Qualification Framework
ETF	European Training Foundation
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
HACCP	Hazard Analysis and Critical Control Point
ICT	Information, Communication Technology
IDC	Italian Development Cooperation
IDI	Internal Direct Investment
INSTAT	Institute of Statistics
IPA	Instrument for Pre-Accession
IPM	Integrated Pest Management
IPMG	Integrated Policy Management Group
ISARD	Integrated Strategy for Agriculture and Rural Development
LGU	Local Government Unit
MAECI	Italian Ministry of Foreign Affairs and International Cooperation
MDG	Millennium Development Goals
MFC	Multifunctional Vocational education and Training Centre
MoU	Memorandum of Understanding
MoES	Ministry of Education and Sports
MoSWY	Ministry of Social Welfare and Youth

NAVETQ	National Agency of Vocational Education and Training and Qualifications
NES	National Employment Service
NESS	National Employment and Skills Strategy
NGO	Non-Governmental Organization
NSDI	National Strategy for Development and Integration (2007-2013)
OECD	Organization for Economic Cooperation and Development
SLA	Soft Loan Agreement
SNA	Skills Needs Analysis
SC	Steering Committee
TVTEP	Territorial VET Pact
UNDP	United Nation Development Programme
UTL	Local Technical Unit of IDC in Tirana
VET	Vocational Education and Training
VSS	Vocational Secondary Schools
VTC	Vocational Training Centre
WB	World Bank

Executive Summary

Within the agreed framework of the Development Cooperation Protocol for the period 2014-2016 between the Italian and the Albanian Governments, signed in December 2014, and in reference to the National Strategy for Development and Integration's (NSDI) Pillar "Investing in People and Social Cohesion", it was bilaterally agreed to address issues pertaining human resources development, social inclusion and territorial cohesion actions. In this context, an indicative allocation of 5 million euro (soft loan) has been considered to support Vocational Education and Training through Innovation, to accomplish the vision of the National Employment and Skills Strategy (NESS) 2014 - 2020 to have a competitive economy and an inclusive society that is grounded on higher skills and better jobs for all women and men by 2020.

As bilaterally agreed, the identified VET Programme will support the expansion of an advanced knowledge-based society in accordance with the demands of the labour market for attracting FDI/IDI in productive sectors, where both Albania has a great potential and Italy has a significant added value such as the agricultural and rural development and agro-food processing

The Ministry of Social Welfare and Youth (MoSWY) is responsible for managing the vocational education and training (VET) system for both young people and adults, including life-long learning, and is committed to improve the quality and the increase coverage of the multifunctional VET also with reference to the rural areas.

Taking in due consideration that agriculture continues to be the sector that keeps "employed" the majority of the Albanian population, with approximately 41.3%, the MoSWY recognizes the need of the establishment of a full-fledged multi-functional VET school in the agricultural and agro-food processing sectors.

The VET Programme will consist in the establishment of an agricultural multi-functional VET school of excellence at "Rakip Kryeziu" school in Fier and in punctual interventions in the agricultural mechanics School of Lushnje, including financial assistance to the development of the curricula and in the provision of technical and institutional support to the MoSWY.

The existing VET premises in Fier and Lushnje Schools will be made available by the Albanian side to the Programme, in order to be rehabilitated, upgraded, integrated with residential facilities for students and staff, completed with furniture and technical equipment for laboratory, workshops, warehouse, greenhouses, cattleshed, hen-house, agro-food processing plants. Additional items such as books, didactic tools, mechanization machineries, related tools, office equipment will also be provided by the Programme, as well as financial and institutional technical support to the definition of teaching areas and curricula and the set up of the demonstration farm in Fier and of the warehouses in Lushnje.

The four identified components of the VET Programme are the following:

A. Rehabilitation of infrastructures; this component concerns the implementation of civil works; they consist in the rehabilitation of existing premises for academic activities, workshops, warehouses, administration and facilities, while new constructions will host dormitories, laboratory, warehouse, processing plant and part of the services; outdoor facilities may also be improved;

B. Purchase of goods (Equipments & Laboratories): technical and didactic equipment,

¹ Reference to the last available draft NSDI, dated August 2015.

agricultural items and machineries, agro-food processing plant, furniture, office equipment, books and all foreseen items to be procured under the VET Programme;

C. Institutional technical assistance; to ensure the proper functioning of the target VET school(s), an excellent institutional technical assistance based on the best EU experiences in the VET sector especially those much closer to the Albanian context will be provided to the VET school(s), the terms of reference are detailed in the document;

D. Assistance to the Ministry of Social Welfare and Youth in guiding and monitoring policy development, strategy implementation and evaluation, procurement, communication, as well as in strengthening sector and donors coordination through the Integrated Policy Management Group (IPMG) and its Technical Secretariat, especially as regards sector planning, programming and budgeting.

The VET Programme will have a total duration of three years.

1. Introduction

The Albanian and Italian Governments have agreed on a new Development Cooperation Protocol for the period 2014-2016, signed in December 2014, which mainly addresses three NSDI pillars and strategic priorities:

Sustainable Growth through improved competitiveness and efficient use of resources, with particular regard to increasing *Competitiveness and Innovation for Growth* in key economic sectors including Agriculture and Rural Development;

Good Governance, Democracy and Rule of Law. In recognizing the value of the European principles of subsidiarity and proximity in public sector service delivery, IDC will support the Albanian government's territorial administrative reform under way with the goal to consolidate Local Government Units (LGUs);

Investing in People and Social Cohesion will mainly focus on human resources development, social inclusion and territorial cohesion actions, among which an indicative allocation of 5 million euro (soft loan) has been agreed to support **Vocational Education and Training through Innovation**. Specifically, IDC funded Programme will focus in supporting the expansion of an advanced knowledge-based society in accordance with the demands of the labour market for attracting FDI/IDI in productive sectors where both Albania has a great potential and Italy has a significant added value (i.e. tourism, fashion, furniture, agro-food processing etc.).

Following the signing of the Protocol, bilateral meetings between the concerned Albanian Authorities (Department of Development Programming, Financing and Foreign Aid – DDPFFA-of the Council of Ministers and the Ministry of Social Welfare and Youth-MoSWY) and the IDC Office (UTL) in Tirana have been organized in view of launching the programme preparation phase for the financing of the **Programme Vocational Education and Training through Innovation** (hereinafter the "**VET Programme**"). As a result of these meetings and in order to identify the overall goal, the specific objective, the outputs and the activities of the VET Programme and pave the way for the following formulation phase to efficiently design the VET Programme a **Memorandum of Understanding (MoU)** has been jointly prepared and agreed by the MoSWY and the IDC.

The main points of the MoU are: i) an introduction to the overall development context in Albania, ii) a summary presentation of the Government strategy for Employment and Skills; iii) an overview of the Italian- Albanian bilateral protocol 2014-2016 as to Vocational Education and Training is concerned ; iv) the VET Programme rationale, objectives, outputs and activities; v) an indicative financing plan; vi) an hypothesis of institutional arrangement for the Programme implementation; vii) a tentative calendar for the next steps.

Joint identification visits in the Fier Region were carried out on 9 and 10 December 2015, at pre-feasibility study level, in close collaboration by the MoSWY and IDC Office (UTL) in order to jointly define areas of intervention and components within the VET Programme, objectives, results and all major activities and an indicative budget allocation. The output of this phase is the present Formulation Document.

This Formulation Document takes into consideration the on-going initiatives in the VET sector and the available background information against the overall National Employment and Skills Strategy 2014-2020 (NESS) and the IPA II Indicative Strategy Paper that sets out the priorities for EU financial assistance for the period 2014-2020 to support Albania on

its path to accession, more specifically the Sector Budget Support on Employment and Skills. The identified interventions will address: i) secondary education school; ii) short-term training courses; iii) post-secondary education and training (on a piloting basis until the new VET Law and relative by laws will be approved). Since the post-secondary education is one of the main drivers of change for the expansion of an advanced knowledge-based society in accordance with the demands of the labour market for attracting Foreign and Internal Direct Investments (FDI/IDI) in Albania, special attention has been given to the above mentioned VET programmes. In fact, the post-secondary VET programmes seem to be the most suitable level for piloting an effective dual system in the agriculture and agro-food processing sectors and may represent an outstanding leverage effect for developing the whole policy of the multifunctional VET centres.

The present Formulation Document presents the overall and specific objectives, the expected results, identified activities, and the budget allocation agreed by both sides for the implementation of the VET Programme in support of Vocational Education and Training through Innovation within the Italian-Albanian Protocol 2014-2016.

1. Situation analysis

2.1 Albanian Economy

During the last years, Albania has remained one of the growing economies in Europe. Growth has been the result of a structural transformation, based largely on the movement of labour from low productivity agricultural occupations to services, construction, and – to a lesser extent – manufacturing. In the period 2001-2011, Gross Domestic Product (GDP) per capita increased twofold (to US\$4,555) to reach 31 per cent of the European Union average.² This economic growth was accompanied by stable macroeconomic and fiscal policies, structural reforms to improve the business environment and investment in infrastructure, technology and human resources. As a result, labour productivity increased by an average of 6.4 per cent on an annual basis.

The World Bank in its 2015 Country Diagnostic underlines that Albania *“Exceeding 6% per annum on average, was Europe’s most rapidly growing economy in the decade leading up to the global financial crisis of 2008. [...] This strong growth performance meant that Albania, which was the poorest nation in Europe in the early 1990s, reached middle-income status in 2008. [...] In the boom years between 2002 and 2008, growth lifted a large number of people out of poverty, with the poverty rate declining from 25.4 percent to 12.5 percent. Economic growth was inclusive, with consumption among the bottom 40 percent of the distribution (the bottom 40) growing more quickly than the average for the country.”*³

The growth was largely driven by rising domestic consumption, mostly determined by the real estate boom, and by the remittances of emigrants, with a shift from rural agriculture to urban sectors. However, this change in the structure of the economy did not provide an increase in its total productivity, stagnant since 2000, and in formal employment that dropped from 73% in 2000 to 58% in 2008.

After the global economic crisis, *“Albania’s economic growth averaged less than 3% a year in real terms between 2009 and 2012, sinking to an average of only 1.7% a year in 2013*

² INSTAT, *Gross Domestic Product in the Republic of Albania*, August 2012 at http://www.instat.gov.al/media/101280/llogarite_rajonale_4faqeshi_ang_pdf; World Bank, *World development indicators*, 2001-2010, at <http://data.worldbank.org/data-catalog>; EUROSTAT, *News release 97/2012*, at http://epp.eurostat.ec.europa.eu/cache/ITY_PUBLIC/2-20062012-AP/EN/2-20062012-AP-EN.PDF.

³ World bank Group, April 2015, *Next Generation Albania – A systematic country Diagnostic*, p. i.

and 2014.”⁴ The impact of the crisis resulted in a shrinking labor demand and the poverty rate stood at 14.3% by 2012. In 2013, with 7% of the population living below the \$2.50-a-day poverty line Albania was the fourth poorest country in Europe⁵. The 2008 crisis highlighted the limits of a growth model depending on foreign flows to finance domestic consumption, investment, and in the end growth.

A multifaceted policy is necessary to reorient the economy toward innovative and productive sectors through: i) a high-quality business climate conducive to innovation, solid growth and job creation; ii) appropriate physical infrastructures; iii) **an improved quality of human resources matching the needs of innovative sectors, with highly skilled workforce**; iv) the availability of adequate business services and a supporting financial instruments⁶.

Adopting measures for innovation is crucial to attract Foreign Direct Investment (FDI) in more value-added sectors,⁷ encourage Internal Direct Investment (IDI), promote product/process innovation, start new innovative businesses, face the challenges of an open market and reduce the youth graduates unemployment.

2.2 Labour market⁸

The economic growth recorded throughout the last decade had a limited impact on employment. Agriculture is still the largest provider of employment, albeit on a decreasing trend compared to 2000. In 2012, the agricultural sector accounted for 47.4 per cent of total employment, especially so for women (58.4 per cent of employed women were working in agriculture compared to 43.1 per cent of men). Employment in the service sector represented 36.1 per cent of total employment, while industry employed 16.5 per cent of all workers, with men more than twice more likely to be working in industry compared to women.⁹

The unemployment rate has increased further to 17.9 % in 2014, most of the people unemployed results that they have low levels of education. Among the age-group 15-29 the unemployment rate grows till 32.5 % (16.4% males/23.6% females). With regard to the gender issue there is still a significant gender difference in Albanian labour market, on the average, the gap is around 15 points between female and male employment¹⁰. By the first quarter of 2015, unemployed youth stood at 34.1%.

The labour market in Albania has continued to evolve and adapt to changing market conditions, but not as rapidly or as flexible as it should. The labour market is still dominated by private not qualified agricultural activity and the proportion of the labour force in industry and services are well below those of other countries in South-East Europe and the EU.

In terms of labour participation, the employment rate for the population aged 15-64 declined from 55.9% in 2012 to 52.1% by early 2015. The overall 2014 unemployment rate stood at 17.9%, up significantly from the 13.5% in 2007. However, unemployment was substantially higher for young people 15-29 years (from 19.8% in 2007 to 32.5% in 2014). By the first quarter of 2015, unemployed youth stood at 34.1%.

Another key feature of the Albanian labour market is the relatively high proportion of

⁴ Ibidem.

⁵ World Bank, ECATS0 calculations using ECAPOV data. Poverty is measured using consumption at the \$2.50-a-day poverty line, circa 2012. Despite the slowdown in the economy, inequality, measured by the Gini index, remained broadly unchanged. The Gini index was 26.9 in 2012, compared with 28.2 in 2008.

⁶ World Bank, ibidem

⁷ FDI flows have been reduced by almost half over recent years, mainly due to a decline in investments from traditional EU investors who have been experiencing economic distress in their home countries

⁸ NESS 2014-2020, par.1.5

⁹ INSTAT, *Labour Market 2011-2012*.

¹⁰ INSTAT, *Labour Force Survey, 2015*

inactivity, which rose by 4.9% in 2013, resulting in 1.6 times more women than men, which tends to reinforce the stereotype of females being considered as family makers and care providers.¹¹

Finally, the labour market in rural areas is an unknown territory facing significant challenges compared to urban areas. The rural areas have mainly been characterized by a lower-skilled workforce, limited opportunities, heavily reliance on subsistence agriculture and higher poverty levels¹².

2.3 Vocational Education and Training (VET)

Vocational education graduates are predominantly male especially in the later years, which indicates that vocational education is mainly taken up by men. The underlying reasons for this highly gendered phenomenon are various. On the supply side, factors discouraging girls (and their parents) from choosing vocational education include deeply gender-stereotyped profiles and courses, the location of VET schools, lack of transportation, unsafe dormitories, and the overall social climate in VET schools.¹³

The vocational education and training has the potential to positively affect integration in the labour market, and income generation. Over the period 2009-2013 VET was provided through a centralized system. The system has not been able to meet local needs due primarily to the separation between education and vocational training and an inadequate approach to monitoring and evaluation¹⁴. This has resulted in a low level (14.2%) of participation in education and vocational training over this period. Adult training in Albania is still in its infancy, with only about 1% of adults aged 25-64 years in training programs and professional retraining during 2012 (as compared to 9% in EU countries). In the current 2014/15 academic year, about 6,000 students are enrolled in vocational schools, a significant 40% increase from 2013/14 levels¹⁵.

In the area of VET, there is limited cooperation between the training institutions and businesses as potential employers. This limits the potential to increase employment upon completion of training and education. For young people, the attractiveness of VET is low and perceived as a second best path to tertiary education, rather than a route to labour market entry. Adult training is still in its infancy, with only one per cent of adults (25-64 years) in vocational training and retraining programs in 2012 (compared to 9% in the EU). As a consequence, skills obtained through VET do not match the needs of the labour market, resulting in skills shortages in some areas and skills surpluses in others¹⁶.

Hence, the Albanian VET system is still affected by: (i) limited involvement of social partners – in particular the relations between the vocational education and training system and industry are weak; (ii) most curricula offer little scope for hands on working experience and are not linked to occupational / qualification standards; (iii) aspects of entrepreneurship are limitedly, included in VET curricula; (iv) a highly centralized and low quality system (more than 60% of the public VET providers are deemed as low or poor performers with low responsiveness to local needs); (v) lack of skilled teachers and teacher training programs

¹¹ According to the INSTAT/Labour Force Survey definitions: Non-economically active population comprises all persons who are not classified as employed or unemployed (pupils/students, housekeepers, in a compulsory military service, retired, disabled, discouraged unemployed). See <http://www.INSTAT.gov.al/en/themes/labour-market.aspx>.

¹² National Study on Rural Labor Market, UNDP Albania, Ref: UNDP/Addressing Social Inclusion through Vocational Education and Training

¹³ Gender Analysis of the GIZ Human Resource Development Programme and the VET Sector in Albania, 2011.

¹⁴ Skills 2020 Albania, European Training Foundation, Working Document, October 2014

¹⁵ *ibidem*

¹⁶ *ibidem*

(pre-service and in-service); (vi) a dichotomy between vocational education and vocational training; (vii) vocational training centres are far from being efficient and fulfilling their mission; (viii) under-financing, with poor incentives for participation of employers; and (ix) limited vocational education and training infrastructure, facilities, competencies of training staff and curricula.

2.4 Agriculture

Agriculture continues to be one of the more significant existing and potential future development sectors in Albania. According to INSTAT, in 2013 it comprised 18.3% of GDP, and remains the primary sector for employment, with about 52% of full-time employees. Over the period 2007–2014 exports increased by 125.6% and imports by 44.6%. Over the same period, agricultural production increased by 25.5% and agro-industry production increased by 32.1%. In the area of agricultural land management, land area under production increased by more than 20,000 hectares from 2007 levels. Currently, close to 2/3 of total available agricultural land is being used¹⁷.

The following chart shows the last Census available data on the Albanian economy structure, taking into consideration two aspects: i) the GDP composition by sector; ii) the labor force by occupation.

Table 1

Source: INSTAT, Census 2011

	Agriculture	Industry	Services
GDP composition by sector (2011 est.)	19.5%	12.0%	68.5%
Labor force – by occupation (2011 est.)	54.6%	12.8%	32.6%

These data show how unproductive and underdeveloped is the rural labour market in Albania and the urgent need to efficiently intervene in the qualification of the labour force.

To respond to these challenges, a “*Integrated Strategy for Agriculture and Rural Development - ISARD 2014-2020*” was approved by the Council of Ministers in late 2014.

The main medium to longer term challenges in the agriculture sector include the need to address low levels of agricultural productivity and underdevelopment in the rural regions.

The ISARD Vision aims to “*An efficient, innovative and sustainable agro-food sector, able to cope with competitive pressure in the EU market and productive rural areas that provide economic activities and employment opportunities, social inclusion and quality of life for rural residents*”

Therefore, one of the top priorities of ISARD 2014-2020 is the promotion of sustainable food production and quality by developing a competitive and innovative agro-food sector that is able to cope with competitive pressures.

Fostering lifelong learning through vocational training and skills acquisition in rural areas is furthermore at the core of the national Rural Development policy as indicated in section 3.1.4 of the ISARD 2014-2020 “*Transfer of knowledge and innovation in agriculture,*

¹⁷ Ministry of Agriculture, *Integrated Strategy for Agriculture and Rural Development 2014-2020*”

forestry and rural areas and assistance with implementation of rural development policies”

In order to address these priorities Albania needs to meet the standards and requirements of the EU market by 2020 through:

- 1.1 Targeting at least an 8% annual increase in agriculture labour productivity, for the annual work unit (AWU) / full time employees, also by qualifying the skills of the labour force;
- 1.2 Ensuring that all farms and registered agro-processing operators are in full compliance with EU standards (application of standards for 80% of all farms and registered agro-processing operators as per EU norms);
- 1.3 The increase in average farm size to at least 2.5 hectares and increased average size of commercial farms to 3.5 hectares;¹⁸
- 1.4 Improved organization of the value chain through the creation of 100 associations and groups of producers and similar types of cooperation among farmers.

3. Public policies

3.1 Government Vision – National Strategy for Development and Integration

The National Strategy for Development and Integration - NSDI 2015-2020 (¹⁹) clearly states the Albanian national vision:

“Albania - a vibrant democracy on the path to integration with the European Union, with a competitive, stable and sustainable economy, and with guarantees of fundamental human rights and liberties”

To achieve this vision, the NSDI has identified, amongst others, the following priorities:

Priority 4: Ensuring growth through increased competitiveness and innovation

Priority 5: Investing in People and Social Cohesion

These priorities will be addressed, amongst others, through:

- i. research and innovation capable of dealing successfully with future challenges;
- ii. a society based on knowledge and information;
- iii. a modern educational system that has students’ needs and interests at its core;
- iv. expanded employment opportunities for all women and men in Albania.

3.2 VET Strategies and Policies

The Albanian policy document on VET is its National Employment and Skills Strategy (NESS) 2014-2020, approved on October 2014 by the MoSWY and the Council of Ministers. The vision of the NESS 2014-2020 – inspired by the overarching goal of Europe 2020 to deliver smart, sustainable and inclusive growth – is to have by 2020 a competitive economy and an inclusive society that is grounded on: **“Higher skills and better jobs for all women and men”**.

¹⁸ The farm size includes also the surface rented for a long-term period.

¹⁹ Last available Draft NSDI 2015-2020, August 2015

The overall goal of the Strategy is to promote quality jobs and skills opportunities for all Albanian women and men throughout the lifecycle. This will be achieved through coherent and concerted policy actions that simultaneously address labour demand, labour supply and social inclusion gaps. The Employment and Skills Strategy is anchored on four strategic priorities, as follows:

- i. Foster decent job opportunities through effective labour market policies;
- ii. Offer quality vocational education and training to youth and adults;
- iii. Promote social inclusion and territorial cohesion;
- iv. Strengthen the governance of the labour market and qualification systems.

The main objective of the NESS 2014-2020 is the identification and design of proper employment promotion policies including the vocational training of the labour force, in order to create quality jobs and skills opportunities during the whole cycle of their lives.

One of the main priorities which faces the above mentioned objective is to provide quality vocational education and training (VET) for young people and adults through:

- 1.1 *25% increase in the number of participants in VET programs through the optimization of VET network providers;*
- 1.2 *Increased quality and effectiveness of VET providers through the provision of financial support and the adjustment of the VET inputs and capacities (laboratories, equipment, curricula, teaching materials, human resources);*
- 1.3 *Strengthened links between study and work, and the facilitation of the transition to work, by meeting the following targets:*
 - i. a 40% increase in the employment rate of graduates from vocational education of whom 25% should be girls;
 - ii. a 55% increase in the employment levels among participants in short courses of vocational training, of whom 75% should be women; and
 - iii. the greater promotion of the VET image.

The NESS has prepared the background for the elaboration of the draft of the new Law on VET and Employment in Albania. The draft is still in discussion between the MoSWY experts and the national and international stakeholders. The draft Law confirms the role of the MoSWY in policy-making and strengthens the competences of the National Agency for Accreditation and Qualifications as well as the role of the National Employment Service. Amongst the discussed novelties, the Law will most probably bring in: i) the financial and organizational autonomy of the VET schools; ii) the possibility, for the VET schools, to offer post-secondary education and training.

Another key document on employment and skills is the "Support for the Employment and Skills Sector in Albania" EU Action Document for the Sector Budget Support in the framework of Instrument for Pre-accession Assistance (IPA II) 2014-2020, on which the VET Programme will extensively rely upon in terms of objectives and indicators. The Action Document which is prepared for the budget support, defines its expected results that are linked to attended progress in terms of the eligibility criteria and the performance in implementing the national or sector strategy on VET. These results are likely to include consolidation of macroeconomic stabilisation, promotion of sector reforms and public financial management, etc. In this context, the Action Document has already identified

concrete targets that will be related to the performance monitoring system and cover the expected progress in implementing the relevant national policies, strategies and sector reform process.

The VET Programme refers to the **specific objective 2 of the Action Document:**

To improve quality and increase coverage of vocational education and training.

3.3 The Italian-Albanian Protocol for Development Cooperation 2014-2016

The partnership between Albania and Italy is based upon outstanding historical, cultural and economic relations.

The Italian Development Cooperation (IDC) has been present in Albania since 1991, supporting the Country's socio-economic development through programs aimed to consolidate the productive systems, to connect with regional infrastructure networks, to foster sustainable management of resources, and to strengthen institutional capacities as well as social, educational and health services.

The dialogue between the Italian and the Albanian Governments is steady and robust, and sustained by intense bilateral cooperation relationships in many sectors and domains. Based on this, the Albanian and Italian Governments have therefore agreed on a new Development Cooperation Protocol for the period 2014-2016 that will mainly address three NSDI pillars and strategic priorities:

Sustainable Growth through improved competitiveness and efficient use of resources, with particular regard to increasing *Competitiveness and Innovation for Growth* in key economic sectors including Agriculture and Rural Development;

Good Governance, Democracy and Rule of Law. In recognizing the value of the European principles of subsidiarity and proximity in public sector service delivery, IDC will support the Albanian government's territorial administrative reform under way with the goal to consolidate Local Government Units (LGUs);

Investing in People and Social Cohesion will mainly focus on human resources development, social inclusion and territorial cohesion actions, among which an indicative allocation of 5 million euro (soft loan) has been agreed to support **Vocational Education and Training through Innovation**. Specifically, IDC funded Programme will focus in supporting the expansion of an advanced knowledge-based society in accordance with the demands of the labour market for attracting FDI/IDI in productive sectors where both Albania has a great potential and Italy has a significant added value (i.e. agro-food processing, agro-tourism and tourism, fashion, furniture, etc.).

4. Problem analysis

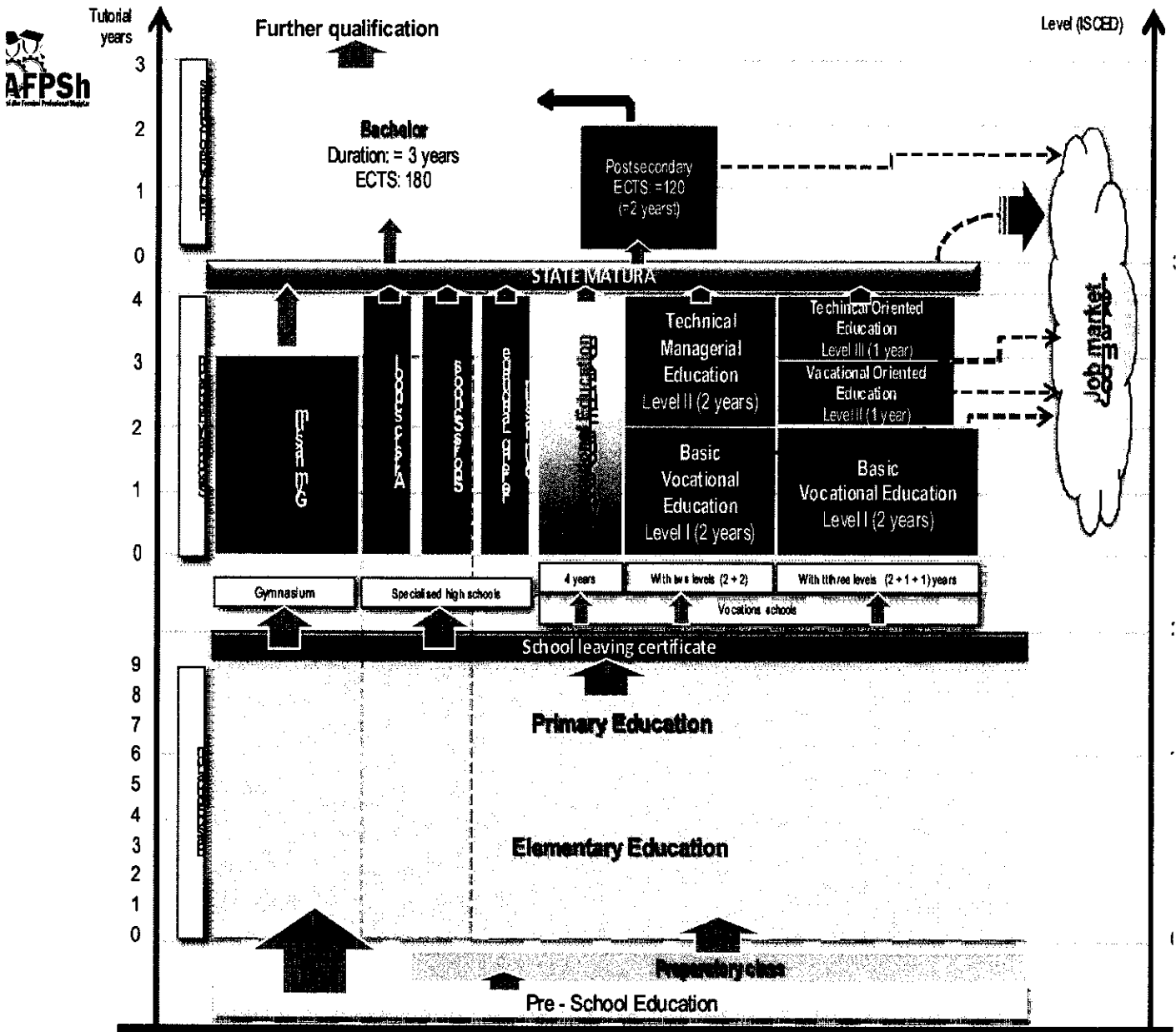
4.1 Overview of VET system in Albania

The current education system in Albania provides 9 years of basic general education and then the Upper-secondary education lasts up to four years and is divided into (i) general education stream that prepares students for higher education, (ii) vocational stream that prepares pupils both for the labour market and higher education, and (iii) art, sport, foreign language and pedagogical school.²⁰

²⁰ Ministry of Social Welfare and Youth, 2014, *Employment and Skills Strategy 2014 – 2020*, p.9.

The following Figure schematically report the Albanian education system.

Figure 1:
Education system in Albania



Source : www.vet.al/oferts

Secondary and post-secondary VET follows right after the 9-year basic education track and has as its main goal to enable learners to develop vocational/occupational skills and practical knowledge. This type of education yields skilled craftsmen and technicians with the necessary skills for a specific job, but also allows pupils to carry on with higher education.

Vocational schools are concentrated in central Albania (more than 50%). In the rural areas, only three vocational schools are functioning with a main focus on agriculture and agro business.

Vocational education provides long-term VET programs (2, 3 and 4 years). A new educational structure has been introduced, consisting of three levels. This structure is in conformity to ISCO 2008 and ISCED 1997, with the Albanian Qualification Framework (AQF) and with the European Qualification Framework (EQF)

At present, a total of 29 150 learners are enrolled in all public VET providers. Three quarters are students of Vocational Secondary Schools (VSSs) and one quarter of Vocational Training Centres (VTCs). In the VSSs 25% of the learners participate in the part-time system. Very striking is the dominance of male learners (82% at VSSs and 61% at VTCs) compared with female learners (18% at VSSs and 39% at VTCs).

The number of full-time learners in VSSs has increased by 25% in the last three years, whereas the number of part-time learners in VSSs has increased extraordinarily strongly by 469% (nearly 5-fold) in the last three years. This trend is even more relevant for the agricultural VET schools²¹ and declaredly indicates that a high number of employed, self-employed and informally-employed individuals in the agricultural sector needs to be duly qualified in order to keep the track of the labour market.

4.2 VET Structural gaps

The VET sector in Albania, albeit evident progress in the last two years, presents a series of structural gaps that need to be addressed²².

With regard to the quality and content of VET programmes and short-term courses, the VET curriculum is not producing graduates who have the essential knowledge, skill and occupational competence for entry to training-relevant job positions in the workplace. In most cases this is due to the negligence of practical skills training. As a rule, practice classes are limited to demonstrations with few and outdated equipment.

Another important finding is that part-time vocational education seems to be poorly implemented and does not add much to participants' skills due to neglecting of the practical skills training. The lack of prior learning assessments, the adjustment of curricula to also embrace practical skills and the issue of skills certificates require urgent attention.

With regard to the *selection and admission of students/trainees* there is a lack of basic admission criteria for students before entering the VSSs. The VSSs usually take students with very low average grades from basic schools or those who failed to pass the first year of gymnasium.

The composition of students and trainees shows that the current VET is gender-biased and non-inclusive. The current enrolment of girls/women into VET is limited. The share of male students at VSSs is 82%, while the share of female students at VSSs is only 18%.

When it comes to *staffing and staff development*, both quality and quantity of managerial and teaching staff are major concerns of the VET system. Most teachers teach in a VET profile that globally corresponds to their education (73% fit and 11% partly fit). For instructors the degree of compatibility of subjects taught and education is lower (60% fit and 12% partly fit). Overall the capacity of managerial and teaching staff is considered as

²¹ Baseline Survey, *sup. cit*

²² Main findings of the Baseline Survey, *ibidem*

insufficient. There is a clear indication that there is a shortage of qualified VET teachers/instructors, which hampers the delivery of qualitative vocational theory and practice

Due to the generally poor condition of facilities and equipment, learners are unable to familiarize themselves with technologies, tools and instruments used in the workplace.

Organization and Management is a multi-faceted issue. Many surveys demonstrate that all VET providers and especially the VSSs suffer in their day-to-day management of activities from lack of autonomy or self-administration. The administrative structure of the VET system is overly complex; responsibilities for the daily 'life' of the VSSs and VTCs are distributed over several government institutions at the central and local levels. The level of decentralization is low compared to European standards.

With regard to the *work readiness and employability of graduates*, the current VET system does not equip VET graduates with the necessary skills to enter the labour market. Roughly one out of three students attends VET programmes for which no adequate occupational activity (e.g. economics/ business, ICT, business office administration and economics of agriculture) is available in the Albanian labour market. Additionally, the over-emphasis on Matura-driven academic VET does not enhance the employability and work readiness of VET graduates.

4.3 VET gaps in the agricultural and agro-food processing sectors

The Baseline study on VET²³ demonstrates that the meat processing sector needs supervisors for production process with management and organizational skills as well as knowledge on technological process and cost. The olive oil and fishery processing industries declare that food technologist is the hardest to fill job category. The used technology in the current businesses is not advanced. The most difficult profession in the water / soft drinks production to be filled by the labour market supply is food technologist. The administrative and production managerial staff of the company is usually trained by foreign experts.

Dairy/Cheese companies declare that professional training is needed for **supervisors**, implementation specialists (higher technicians) for pasteurization, and machine maintenance and repair. The livestock and agriculture farms use different machineries and equipments. There are skills needed for operating the machineries and equipments and also for their repair services. Egg production companies declare that technical staff positions (secondary and/or post-secondary VET diploma) are difficult to be filled due to lack of skills supply in these professions.

4.4 Post-secondary education gaps

Post-secondary VET programmes for graduates of gymnasia and VET programs are still in a very first stage of development, mainly provided by professional colleges at public universities with the University of Durres being the frontrunner. Despite a recently modernized VET course structure (2+1+1) which theoretically and in principle would allow for adequate vertical and horizontal flexibility with exit and re-entry points, the implementation reality rather develops vocational education providers into general education providers with technical or occupational profiles, but not in enabling graduates to show full employability.

²³ Ibidem

A recent study of the European Training Foundation has identified four post-secondary VET programmes for the implementation in the near future:

- **Agro-Food Processing**
- **Textile & Leather Design and Production**
- **Automotive Mechatronics**
- **Vocational Practice Instructor**

However, the main precondition for their successful implementation is that they have to include periods of workplace practice and experience in a professional relevant context. This kind of “non-formal” learning mode is not part of learning at the VET provider, but must take place in industry micro-, small- and medium size enterprises – in other words, in workplaces where the students may later be employed.

The Albanian economy therefore demands the provision of post-secondary VET programs in order to reduce the glaring shortage of specialists at operational level (higher technicians). As a result, the enterprises are not able to fill vacancies with adequately trained job seekers. This shortage acts as a barrier and brake for higher economic growth. For the time being, the VET system is not able to compensate for these shortcomings in terms of both quality and quantity.

4.5 Skills gaps in the VET sector

The skills gaps of the VET sector in Albania have been usually underscored through periodic “skills needs analyses” prepared from INSTAT, National Employment Service, with constant technical assistance from international donors, and in close collaboration with the private sector²⁴.

Skills gaps exist in almost all businesses for many qualifications that are categorized in relatively hard to fill by what the labour market offers. For some industries, amongst which the agro-food processing industries, the skills gap is problematic not only for the current operation of the businesses, but particularly for the future that will more and more impose the need for advanced technologies and human resources in order to comply with EU regulations and standards.

Almost all the contacted businesses²⁵ have the opinion that the labour market is highly dominated by young people that lack the willingness to work in “dirty hands jobs”. They also lack work attitude elements, technical knowledge and practice. The companies declare that the technical knowledge and practice can be improved over time through training, but work willingness and culture are not aspects that the company is willing to deal with.

Technologists are hard to fill qualifications in almost all food processing industries and other manufacturing businesses. The current technologists are close to the retirement age and the companies find their replacement extremely difficult. The same results to be true for zootechnics (animal husbandry) and veterinary qualifications in the food processing industry. Many big size companies hire part time foreign specialists for those qualifications, despite the high remuneration they receive.²⁶

²⁴ Skills 2020 Albania, European Training Foundation, Working Document, October 2014

²⁵ Ibidem

²⁶ Ibidem

Moreover, generic, electro-auto and motorist repair qualifications are considered as very difficult qualifications to be filled. There is an urgent need for technicians in the agriculture machineries repair and use. The current technicians involved in the car service businesses are close to the retirement age.

The curricula for the courses are developed and approved at two levels: (i) curricula are drafted by hired experts of the field and approved by the MoSWY, and (ii) curricula prepared by the experts of VTCs are approved by the Advisory Board. VTCs face several problems regarding the curricula at both levels. Some of the problems are: (i) many curricula the VTCs are using are more than 10 years old and only in some cases there are curricula developed since 1995, as such, the level of the theoretical and practical knowledge is old and does not comply with the needs of both businesses and trainees; (ii) some of the new courses offered in VTCs lack the framework curricula.

In many cases, individual VTCs have developed the curricula through their instructors without having in advance the framework curricula as it is foreseen by law. In such cases, most probably it is followed by a bottom up approach for curricula development, meaning that the MoSWY would prepare the framework curricula based on the VTCs' curricula. This approach is against the law and also cannot guarantee the quality of the curricula and all its related aspects; (iii) there is a lack of funds to support curricula development and the regulatory framework is not complete in this respect. Thus, almost all the curricula for VTCs are developed with the support of different donors or with voluntary work of the VTCs. There are cases in which the NESS has undertaken the initiative to develop curricula (such as the case of the tourism course), and although all the arrangements were made for the experts, both funds and regulatory framework to ensure their payment were lacking; (iv) currently there is a very weak role of NAVETQ in the curricula development process.

Evidence also shows that the demand for workplace-oriented qualifications goes beyond technical knowledge, skills and competence. Employers need the labour pool to furnish a mix of core technical, managerial, foundational (or generic skills such as computer literacy, communication, and analytical skills), and a variety of non-cognitive capabilities such as team work, commitment, and work ethic. In addition, going beyond employability skills is also needed.

4.6 Agricultural VET in the Fier region

The Fier region continues to be one of the main areas of agriculture production in Albania. Agro-business is rapidly developed centered upon the fruit processing (grapes, olives, sunflowers, etc.). 29 % of the total agricultural production of Albania is done in this region according to the regional skills needs analysis (NES 2013), calling for employment of implementation specialists such as food technologists and cost accountants particularly in the above mentioned region. More than a quarter of agriculture and agro-industry exports in Albania are based in the Fier region.²⁷

The public VET providers are unevenly distributed over the current twelve (12) regions of the country. Four numerical categories can be broadly divided, based on the size of the resident population by region. The average resident population is 53 848 by public VET provider, but is distributed very differently (for example, 26 918 citizens per VET provider in the region of Shkodër up to 137 047 citizens per VET provider in the region of Dibër). The Fier region is the amongst most underserved Region in Albania, based on the size of the

²⁷ Ibidem

resident population by region , with 77.582 resident population per VET provider. Alone, this aspect of the distinctive regional VET supply already indicates an urgent need for a regional and institutional restructuring of the entire VET system.

The Fier region looks seriously underserved with only 6.6% of the students/trainees compared with a national population part of 11%. Fier is an industrial city and is surrounded by agricultural marshland. Taking into account the situation, the agricultural VET "*Rakip Kryeziu*" school has been selected to be developed into a multifunctional centre, while the VET school in Lushmje will benefit of punctual interventions related to the agricultural mechanization.

4.7 Needs assessment of the "Rakip Kryeziu" school

The VET school has currently 436 students, of which 65 girls, the resident students are 138, of which 16 female. The teachers are 28 full time and 8 part-time, there are also 16 employees for the administration and farming activities, since the school has a plot of 2,5 hectares next to the premises. The school had originally a total of 10 hectares, but half of these have been occupied and cultivated by private farmers who also built a couple of houses. Almost 3 hectares are still available and potentially may be used for additional farming activities by the school.

The current curricula are: Agriculture, , Food Technology and Social Health with the existing system of 2 years plus 1 plus 1. The veterinary curriculum, instead, is offered on a 4-years block. The preliminary assessment envisaged the development of curricula, taking into account the labour market needs, the territorial feature and the promotion of new jobs for youth. The two dormitories are very poor, as well as the canteen and other facilities. The existing stable with the dairy cattle does not comply with the needs of trainees, the same for the agricultural machinery, the milk and cheese processing plant and the equipments to make an efficient use of the land. However, with a proper investment made available by the VET Programme, the school has the potential to become a multifunctional centre.

4.8 Needs assessment of the Lushnje school

The VET school has currently 570 students, of which only 3 female, the resident students are 20. The teachers are 40, there are also 9 instructors/technicians and administrative personnel.

The curricula comprise five courses: Mechanic of transport, Hydraulic, Electronic, Information Technology and General Mechanic. The latter course has seen a decrease in the students' enrollment.

The school currently hosts students coming from a school in Berat for practical training, which demonstrates the capacity of this VET school to promote networking and relationship with other schools in the Region.

The warehouse is small and not well equipped, while the practice labs are on the average, the building and dormitory needs some repairs, as well as the outdoor facility. The teachers and instructors are motivated and committed and the development of agricultural mechanization and agricultural hydraulic perfectly fit within the existing profiles. A proposed development of curricula is annexed in table n.2.

5. VET Programme strategy and methodology

5.1 VET Programme strategy

The VET Programme strategy is based on the Government-supported system which brings VET schools and vocational training centres together under the MoSWY²⁸ and aims to establish a VET system capable of contributing to develop quality training for the labour force, with a special focus on youth, women and vulnerable groups.

The MoSWY has developed the concept of the multifunctional centre in order to address these challenges. The VET Amendment Law 2011 created the legal ground for the establishment of multifunctional VET Centres (MFC), which will be the entry gate to the labour market, and also an important hub linking VET clients (youth, students, adults) and potential employers and businesses, through internships and practical work in the premises of such local businesses. The comparative advantage of multifunctional VET Centres vis à vis vocational education and training institutions is that the multifunctional VET Centres, by virtue of their multi-functional and comprehensive nature, operate as a one-stop shop, responding contemporaneously to the needs of many beneficiaries and to the cross-cutting needs of the local community and market labour.²⁹

This strategy is based on the need for a regional restructuring of the VET providers' landscape based on the quality-driven criterion of competence and leading to "*The formation of Centres of Excellence (or Competence) as part of (sub) regional VET networks*". The aim is to give one or two strong lead VET providers in a respective region the opportunity to become professionally qualifying Multifunctional VET Centres with a number of satellite campuses in its/their neighbourhood. This approach corresponds with European and Italian trends in the VET Sector.

The strategic driver for change of the VET Programme will be the implementation of highly qualified post-secondary courses on the agricultural and agro-food processing.

Indeed, vocational post-secondary programmes have been foreseen by the Albanian Government to play a crucial role in contributing to employability, economic competitiveness, sustainable economic growth and in fostering lifelong learning and the knowledge-based economy. The target groups individuated by the NESS 2014-2020 are graduates from general schools who want to take up an employment focused program that is replacing initial vocational education and graduates from the vocational schools to whom continuing vocational education is mainly a matter of return on investment in learning.

Post-secondary programmes are characterized by their strong labour-market focus. They are tailored to particular needs of the local, regional and national economy. This is especially what distinguishes vocational post-secondary programs from more academic degree programs. Potential employers will see the benefits of post-secondary programs when they are involved in the development and implementation from the very beginning of the process. Once established, strong links between employers and students can help to contribute to a smooth transition from education and training to the labour market.

The introduction of post-secondary VET programmes were only started in 2007 and is therefore still in the initial phase. All post-secondary VET programmes so far are developed and implemented within the higher education sector.

²⁸ A Decision of the Council of Ministers on September 2013 transferred the competency over the VET schools from the Ministry of Education and Sports to the Ministry of Social Welfare and Youth.

²⁹ NESS 2014-2020, ibidem

5.2 Methodology

The VET Programme Strategy will rely on an innovative learning methodology in the VET school. This methodology will include the concepts of:

- i. *problem-based learning*³⁰: Problem-based learning will be substantially taken into consideration for the VET secondary courses.
- ii. *project-based learning*³¹: Project-based learning will be substantially taken into consideration for the VET post-secondary courses.
- iii. *blended learning*³²: Blended learning will be substantially taken into consideration for the short-term VET courses, especially targeting employees with requalification needs (for example training of the public extension services providers).
- iv. *non-formal education*³³: Non-formal learning will be substantially taken into consideration for the short-term VET courses, especially targeting long-term unemployed persons, vulnerable groups such as peoples with disabilities, Roma, Egyptians, etc.
- v. *peer-to-peer learning*³⁴: it will mostly be utilized for the integration of the vulnerable students into the school community.

The VET Programme strategy will be based also on the key mechanism which is proven to be able to ensure a self-sustainable link between the VET and the private sector in the framework of an effective dual system: the Territorial Vocational Education and Training Pact (TVETEP) experienced in various Italian Regions may be an example. TVETEP is an institutional mechanism putting together all the relevant territorial stakeholders in a single win-win framework. The win-win situation is generated from an accurate description of rights and tasks and a clear overview of services offered and received by each relevant stakeholder. A more exhaustive description of TVETEP is contained in the Section 6.3 "Expected results".

6. Programme design

6.1 General Objective

The general objective of the Programme is fully aligned with the IPA II Action Document on Employment and Skills Sector:

To contribute to a more inclusive and effective labour market, by supporting employment active policies and skill development of the labour force³⁵.

Indicators:

³⁰ **Problem-based learning (PBL)** is a student-centered pedagogy in which students learn about a subject through the experience of solving an open-ended problem. Students learn both thinking strategies and domain knowledge.

³¹ **Project Based Learning** is a teaching method in which students gain knowledge and skills by working for an extended period of time to investigate and respond to an engaging and complex question, problem, or challenge.

³² **Blended learning** is a formal education program in which a student learns at least in part through delivery of content and instruction via digital and online media with some element of student control over time, place, path, or pace.

³³ **Non-Formal Education**: any organized educational activity outside the established formal system – whether operating separately or as an important feature of some broader activity - that is intended to serve identifiable learning clientele and learning objectives.

³⁴ Peer learning is an educational practice in which students interact with other students to attain educational goals.

³⁵ Aligned with the overall objective of IPA II sector support to the Employment and Skills strategy in the period 2015-18 in line with the Strategy Paper 2014-2020 for Albania. See: Draft of the Action Document "Support for Employment and Skills Sector", European Union Delegation in Albania.

- i. Youth unemployment rate. Source: INSTAT Albania³⁶ - Labour Force Survey (LFS). Baseline 2013: 28.2 %;
- ii. Gender gap in employment: INSTAT Albania³⁷- LFS. Baseline 2013: 13,8 %.

6.2 Specific Objective

To establish a full-fledged multi-functional VET school of excellence in the agricultural and agro-food processing sectors in the “Rakip Kryeziu” school in Fier and punctual interventions in the School of Lushnje related to agricultural mechanization.

Indicators:

- i. 1 multifunctional VET school (Fier) established, in addition to the multifunctional VET schools supported through the SBS from the IPA II financing in the VET sector;
- ii. 1 VET school qualified according to the agro-mechanics labour market needs.
- iii. Increase of share of female and male students attending vocational education and training in schools located in rural areas. Baseline: to be defined³⁸;
- iv. Increase of employment rate of vocational education graduates. Baseline LFS 2012: 15,7 %³⁹

6.3 Expected results

The expected results of the VET Programme are encompassed in a comprehensive approach to achieve the following:

1. Agricultural multifunctional centre of excellence efficiently managed and organised and the technical school of Lushnje duly re-qualified in the agro-mechanics sector;
2. VET and labour market oriented curricula developed;
3. Linkages of the multifunctional centre with the private sector, especially in the agriculture and agro-food processing sectors, enforced in the framework of a functioning dual system;
4. Coherence with IPA II financing to Employment and Skills Sector maximized.

6.4 VET Programme components

The activities detailed for each expected result of the VET Programme will comprise physical and not physical interventions which can be summarized in the following four components:

- A. *Rehabilitation of infrastructures*; this component concerns the implementation of civil works; in general they consist in the rehabilitation of existing premises for academic activities, workshops, warehouses, stable, administration and facilities, while new

³⁶ As a % of 15-29 years in unemployment – Employment and skills strategy indicator

³⁷ Difference between male and female employment rate – Employment and skills strategy indicator

³⁸ Draft of the Action Document “Support for Employment and Skills Sector”, European Union Delegation in Albania

³⁹ ibidem

constructions will host dormitories, laboratory, warehouse, processing plant and part of the services; outdoor facilities may also be improved;

- B. Purchase of goods (Equipments & Laboratories): technical and didactic equipment, agricultural items and machineries, greenhouse, agro-food processing plant, furniture, office equipment, books and all foreseen items to be procured under the VET Programme;
- C. Institutional technical assistance: to ensure the proper functioning of the target VET school, an excellent institutional technical assistance, in twinning terms, based on the best EU experiences in the VET sector especially those much closer to the Albanian context - will be provided to the VET school.
- D. Assistance to the Ministry of Social Welfare and Youth in guiding and monitoring policy development, strategy implementation, evaluation, communication, and strengthen sector and donors coordination through the Integrated Policy Management Group (IPMG) and its Technical Secretariat, especially in the procurement procedures process.

6.5 Activities

Result 1: Agricultural multifunctional centre of excellence efficiently managed and organised and the professional school of Lushnje duly requalified in the agro-mechanics sector.

1.1. Schools' infrastructure development

The level and detail of infrastructure development will be elaborated in accordance with the specific needs of the VET school and considering other foreseen interventions in the IPA I and IPA II programming in order to develop synergies and avoid overlapping.

The aim of the rehabilitation/construction of the existing/new buildings and open areas is to create the appropriate environment for residential multifunctional centre of the VET system. Design criteria and building standards will conform to such destination; the compliance to building codes, Albanian standards and regulation will be imperative; higher quality and safety standards may be adopted in some cases in line with EU requirements and standards.

1.2. Demonstration farm, cattle-shed, agro-food processing plant and laboratories equipment

The practical activity in the agricultural vocational education and training is crucial for the skills development of the students and will meticulously address the practical part of each curricula defined in the second expected result. Fully equipped stables, greenhouses, agro-processing plant and laboratory are also at the corner stone of the creation of stable relationships with the private sector to the extent as possible to provide some services to the businesses and in turn receive demonstration materials/equipments for testing/piloting at student and teacher level. The agro-processing and laboratories will be structured according to the needs both of the secondary and post-secondary VET levels. A detailed list will be developed by the technical assistance during the implementation phase .

1.3. School Directive Board

According to the current Albanian VET legislation, each VET institution shall have a directive board composed of representatives of the school, the private sector, the teachers and the student community. The VET Programme will assist the school in restoring and rendering functional the Board, while in the same time assisting the MoSWY in elaborating and

implementing the necessary related by-laws efficiently. More specifically, representatives of the agriculture and agro-food processing business community, both Albanian and Italian, will be invited to take fully part to the Board and contribute to the curricula development and to the upgrading of the multifunctional VET centre of excellence.

1.4. Human resources management (internal and external)

The VET Programme will develop an overarching plan for human resources management based on an accurate evaluation of the training needs of the school staff, both technical and administrative. Tailored training programmes will be organized in order to make the school more attractive for the incomers. Special attention will be paid to the external contribution of teachers and experts coming from the business community in order to ensure a more effective link with the labour market and the new technologies.

1.5. General training program

This activity is the most relevant part of the first expected result. The General Training Plan of the VET school will constitute the basis for a cost-effective operative school management and it will include (not exhaustively) the following elements: a) internal school regulation; b) school organization chart; c) class formation criteria; d) admission, evaluation and assessment criteria; e) training general and specific objectives, education general and specific objectives, professional general and specific objectives, f) full and detailed list of the school curricula, including visits, apprenticeship, stages and active employment programs; g) family support services; h) no school and post school activities; i) psychological assistance services; j) elaboration of specific school and extra-curricular projects for different vulnerable groups of students.

1.6. Career service

A Career Service will be put in place within the school. Students, both of the secondary and post-secondary education will be constantly monitored on their way to entering into the labour market. A series of tutoring and mentoring services will be provided. The school will also elaborate a database and a monitoring system for the follow-up of the students. All the private enterprises engaged in the school board will take proactively part in the fine-tuning of the Career Service.

1.7. Quality Assurance

This activity will provide standards for a solid quality assurance system of the multifunctional centre of excellence for all the three levels of VET offer: secondary, post-secondary and short-term courses. Quality assurance will address the following beneficiaries: i) satisfaction level of the students; ii) self-evaluation of the teaching staff; iii) evaluation of the administrative staff. The standards will be aligned with the MoSWY provisions.

1.8. Accreditation and certification

This activity will prepare the ground for: i) issuing valid and widely recognized VET certifications and diploma, based on the MoSWY qualification system; ii) the progress school accreditation towards the European Quality Assurance System. Specific attention here will be addressed to the training of the school managers in the preparation of good project proposals (under the Project Cycle Management methodology) under the Erasmus+ and forthcoming Structural Funds (especially the European Social Fund).

Result 2: An efficient and labour market oriented system of VET curricula is accurately put in place.

As stated in the former paragraphs, the Program will intervene in all of the three levels of VET offer in the School of Excellence in order to be able to tackle all the skills gaps identified in the agriculture and agro-food processing sectors. The curricula selection and development are defined in close collaboration with the private sector which has the broader prospect of the market orientation.

2.1 Secondary-level VET curricula

The Secondary-level VET curricula will take advantage of the strengths and peculiarities of the Fier region and will be able to produce medium and high level technicians in: i) production and marketing of vegetable and fruits; ii) transformation of agricultural products (agro-processing and agro-industry); iii) agricultural mechanization iv) veterinary services, including food safety.

2.2 Short term VET curricula

The short-term offer, intended as lifelong learning instrument, will be directed, not exhaustively, to: i) people already in the labour market who need qualification or re-qualification; ii) public officials in charge of the delivery of extension services in agriculture and in the rural areas; iii) tertiary education level students.

Some of the proposed courses can entail the following topics: i) cooperation in agriculture; ii) GIS systems in agriculture; iii) HACCP; iv) construction and management of greenhouses; v) urban green decoration (agro-environmental principles); vi) nursery techniques; vii) phytosanitary treatments and control etc; viii) integrated pest management (IPM) and organic production.

2.3 Post-secondary VET curricula

As stated in the program strategy, the post-secondary education will be the driver for change in the agricultural multifunctional centre of excellence. These higher education courses will produce highly specialized professional profiles able to be at the forefront of the development of the agriculture and agro-food processing sectors, which can include in the piloting phase: i) manager of the farm, organic farm, agro-food enterprises; ii) specialized agro-food technologist; iii) expert on food safety and traceability, iv) damage analysis.

2.4 Training of trainers

On above vet curricula, training of trainers will be delivered.

Result 3: Efficient, tailor-made and sustainable relations of the multifunctional VET centre of excellence with the private sector, especially in the agriculture and agro-food processing sectors, are established

3.1 VET school services to third parties

This activity will be very innovative since it will pilot the constitution of an 'agriculture enterprise' managed by the VET school itself, in order to ensure in the medium-term the financial self-sustainability of the VET school. The MoSWY will guarantee the elaboration and implementation of relevant by-laws in order to test the pilot activity.

The 'agricultural enterprise' will provide some services and sell the products (produced during the practical phase of the curricula) to third parties. The agricultural enterprise will have all the basic characteristics of a social non-profit enterprise, following the

best Italian practices in the sector. A detailed management plan will be agreed with the MoSWY and the school itself.

3.2 Piloting the establishment of a Territorial VET and Employment Pact (TVETEP)

This activity will specifically face the institutional challenge of establishing an comprehensive TVETEP in the region of Fier. The TVETEP will take advantage of the best Italian experiences in this regard. It will include the MoSWY (and its de-concentrated offices at territorial level) , relevant sector and business associations, private Albanian and Italian enterprises, the local authorities and the regional offices of MosWY and -relevant Line Ministries. Its core mission will be to nurture a win-win situation amongst the labour market, MoSWY (and other relevant Line Ministries and Development and Integration Partners) and the VET school.

To the optimum, the multifunctional VET centre of excellence in Fier (as well as the Agri-machanics school in Lushnje) can offer to the private sector: i) laboratory facilities for analyses and certifications; ii) repairing and services for agriculture vehicles; iii) quality agriculture products (fruits and vegetables); iv) nursery materials; v) part-time jobs for resident and in-need students; vi) scholarships.

On the other hand, the private sector can offer to the VET school: i) apprenticeship schemes for the secondary VET offer; ii) job placement of secondary, and most importantly post-secondary VET students (in synergy with National Employment Service schemes⁴⁰; iii) specialized trainers coming from inside the business sector; iv) special scholarship, apprenticeship and job placement opportunities for vulnerable students.

The relevant Albanian authorities can offer to the VET school: i) grant and micro-credit schemes for new young agricultural entrepreneurs (coming out mainly from the post-secondary profiles); ii) National Employment Service schemes; iii) accreditation for the delivery of training modules for the extension services; iv) scholarships; v) special scholarship, apprenticeship and job placement opportunities for vulnerable students.

Italian enterprises and VET technical assistance can offer to the VET school: i) international traineeships; ii) job placements; iii) twinning with other VET schools; iv) exchange of good practices with regard to job inclusion of vulnerable students.

Result 4: Coherence with IPA II financing to Employment and Skills Sector ensured

In order to ensure coherence with the IPA II Budget Support to the Employment and Skills Sector, regarding the VET component, the Programme will rely on the same indicators of the EU Action Document on Employment, Skills and Social Sector with regards to the general and specific objectives. Specifically, the multifunctional VET centre in Fier will be added to the ones supported by the EU through the SBS (in practical terms, if the EU SBS will contribute to n VET schools, the agricultural multifunctional VET centre in Fier constitutes the $n+1$).

With the establishment of the IPMG mechanism, which is a high level decision-making group, chaired by the Minister of the lead Institution with overall responsibility for the sector, the MoSWY is the lead Ministry for the IPMG on Employment, Skills and Social Inclusion. As indicated in the IPMG operational guidelines, the lead Ministry benefits from technical,

⁴⁰ The National Employment Service schemes support the new jobs generated by the private sector by co-funding for a determined period the social and health contribution costs, both for the employees and the employers

managerial and administrative support from a dedicated IPMG secretariat and relative thematic groups based in the lead Ministry.

Within this context, the VET Programme will assist the MoSWY in specific activities aiming at strengthening the Secretariat and relative thematic groups in their respective functions.

4.1 Programme Management

To ensure proper and timely project management, the VET Programme foresees the selection and appointment of a Project Manager that will act as focal person at the MoSWY for the implementation of the VET Programme. He/she will guarantee proper liaison between the MoSWY and its National Agencies, the schools in Fier and Lushnje, and the institutional twinning assistance. The Programme Management includes also provision of facilities and support staff.

4.2 Technical services

This activity will ensure the provision of adequate institutional technical support to the Secretariat and Thematic Groups of the IPMG for the overall sector planning, programming and budgeting towards an effective and timely implementation of the NESS 2014-2020. This activity will be ensured by the Resident Twinning Adviser⁴¹.

4.3 Procurement services

This activity will provide specialized administrative and technical assistance to ensure that the Programme procurement activities is carried out timely and efficiently according to the procurement rules specifically agreed at bilateral level in line with applicable EU rules and regulations.

4.4 Communication and visibility

This activity will support the development of an adequate communication strategy to inform, update and exchange information on the Programme implementation and achievements.

7. Beneficiaries

Direct beneficiaries of the Programme are;

- VET school "Rakip Kryeziu" in Fier
- VET school in Lushnje
- Students and teachers of the VET school "Rakip Kryeziu" in Fier, especially young females
- Students and teachers of the VET school in Lushnje, especially young females
- Farmers' communities
- Families of the VET students
- Students with disabilities and/or belonging to Roma/Egyptian communities

Indirect beneficiaries are:

⁴¹ See the relevant Terms of Reference included in the attached Standard Twinning Contract Fiche for a full review of the functions of the Resident Twinning Advisor.

- Agricultural and Agro-food Enterprises and Business Associations
- Albanian rural population at large

8. Work plan and budget

The work plan has been developed according to the foreseen activities of the expected results for the 3-year period of the Programme.

Chart n. 1

0	0.0	Kick off of the VET Programme and updated Work Plan to be approved by the Steering Committee						
1.1	1.1.1	Tendering for the Twinning Contract						
	1.1.2	Preparation of Project Design for the construction / reconstruction works for both Schools						
	1.1.3	Tendering for the Works Contract/s						
	1.1.4	Works, supervision and twinning contracts signed						
	1.1.5	Construction works						
	1.1.6	Supervision of the works						
	1.1.7	Final testing						
1.2	1.2.1	Tendering for the supply Contract/s						
	1.2.2	Supply contract/s for purchasing of laboratories and equipment signed and implemented						
	1.2.3	Supply contracts for purchasing of machineries, agricultural vehicles and agricultural tools signed and implemented						
	1.2.4	Supply contract for purchasing of furniture signed and implemented						
	1.2.5	Supply contract x purchasing of didactic material						
1.3		School Directive Board						
1.4		Human Resources Management						
1.5		General Training Program						
1.6		Career Service						
1.7		Standards for Quality Assurance						

1.8		Accreditation and certification						
		Result 2						
2.1		Tendering for the Twinning Contract						
2.1		Twinning Contract signed						
2.1		Development and delivery of the secondary level curricula						
2.2		Development and delivery of the short term curricula						
2.3		Development and delivery of the post-secondary level curricula						
2.4		Training of trainers						
		Tendering for the Twinning Contract						
		Twinning Contract signed						
3.1		School services to third parties						
3.2		Piloting of TVETEP						
2.1		Tendering for the Twinning Contract						
2.1		Twinning Contract signed						
4.1		Recruitment of Personnel assigned to the MoSWY						
4.1		Programme management						
4.2		Institutional technical support						
4.3		Procurement						
4.4		Communication strategy and activities						

The allocated budget amounts to a total of 5 Million Euro for a period of 3 years that the Italian side will provide as a soft loan. The following table highlights the overall cost estimate by component to facilitate procurement planning, monitoring and supervision. It is also annexed a preliminary budget more in detail (Annex n. 2).

Table n. 2- Overall cost estimate in Euro by components and beneficiary school

	Fier (in Euro)	Lushnje (in Euro)	Total (in Euro)
Component A Rehabilitation and construction of infrastructure	1.090.200	172.800	1.263.000
Component B Laboratories &	1.980.000	260.000	2.240.000

Equipments			
Component C Institutional technical assistance			1.335.000
Component D Assistance to the MoSWY			162.000
Grand Total			5.000.000

9. Communication and Visibility

The MoSWY and IDC will communicate and raise awareness on the progress of the VET Programme with international, regional, national and local partners as well as other stakeholders. Visibility will be maintained through workshops, meetings, trainings, visits to the schools, public campaign, etc. Appropriate presentations on the implementation and achievements will be made in national and regional events and fora as appropriate.

The IPMG Technical Secretariat will facilitate the communication flows among the IPMG members and structures to ensure the widest information about the VET Programme.

10. Institutional Setting and Implementing Arrangement

10.1 Responsibilities and implementation modalities

Prior to the launching of the implementation phase, a Programme Bilateral Agreement (PBA), which will indicate respective roles and responsibilities, governance system and implementation arrangements, shall be signed between the Albanian and Italian Governments. Guidelines for Project Implementation (GPI) shall be annexed to the PBA to regulate the implementation of the activities, procurement rules, monitoring and reporting. In addition, a Soft Loan Agreement (SLA) shall be signed between the two Parties specifying loan conditions and financial disbursement modalities.

The execution of the VET Programme will be under the responsibility of the MoSWY acting as Executing Entity. Technical and administrative staff will be selected and appointed within the VET Programme to support the MoSWY in its management functions and responsibilities. The Programme procurement procedures will follow the EU rules concerning the different typology of contract, e.g. Works, Supply, Services. As far as the Institutional Assistance component is concerned, the Programme will take advantage from an institutional twinning contract with a renowned public institution from EU Member States (MS) which has effectively experienced areas of innovation on VET, such as the dual system and the transformation of existing VET schools into Multifunctional Centres of Excellence, and has more familiarity with the productive Albanian agriculture system mainly based on small and medium-sized enterprises. The Fiche for the Twinning Contract for the provision of the institutional technical assistance is hereto included in annex n. 3.

Steering Committee

A Steering Committee (SC) will be set-up in order to provide general guidance, coordination and overall supervision to the implementation of activities under the VET

Programme. The SC will be composed by representatives of the MoSWY and the Italian Development Cooperation. Representative of the Prime Minister Office, as well as other Line Ministries such as the Ministry of Finance, Ministry of Agriculture, Rural Development and Water Administration, Ministry of Education and Sports may be invited to attend the meetings of the Steering Committee (SC) meeting. The functioning modalities of the SC shall be defined in the GPI annexed to the PBA. At the meetings, it may also be invited a representative from the MS Public Institution that will sign the Twinning Contract with the MoSWY in the framework of the VET Programme.

11. Monitoring Framework and Evaluation

The establishment of the IPMG on “Employment and Skills” contributes to the formal reporting and reviews mechanism to facilitate, co-ordinate and oversee the progress of the VET sector and strategy. The Resident Twinning Adviser will play a fundamental role in assisting the MoSWY and Development and Integration Partners in monitoring of the strategy implementation (NESS 2014-2020).

However, within the overall VET Programme, an internal monitoring system and bilateral evaluation mechanism will be put in place in order to follow up the Programme execution and to carry out a continuous built-in-evaluation of the Programme’s activities and of internal and external conditions that can have some effects on the Programme itself in order to verify whether the foreseen results and the objectives are attainable. Furthermore, since the Programme is aligned to the NESS and the IPA II Programming, an external monitoring will be conducted jointly with the EU Delegation. .

12. Sustainability and Exit Strategy

12.1 Economic and financial sustainability

According to the existing budget system, the VET schools’ recurrent costs for teachers and administrative staff salaries, maintenance, learning and teaching materials as well as for facilities should be covered by budget assigned by the MoSWY. Therefore, the implementation of the VET Programme implies that the MoSWY is committed to continue to allocate the needed annual recurrent budget to the beneficiary VET schools and to the multifunctional VET centres. Besides, given the envisaged structure of the Fier multifunctional centre and the set up of external services to be provided to the business environment, some additional revenues are expected also from the production of fruits and vegetables, milk and other products.

12.2. Institutional sustainability

At the moment the MoSWY is implementing the approved NESS 2014-2020, that is grounded on: **“Higher skills and better jobs for all women and men”** which implies higher skills and qualifications which respond to the labour market needs. This is one of the reason to support the establishment of multifunctional centres all over the country. Furthermore, agriculture, animal husbandry and veterinary have received particular attention by the Albanian Government since these sectors continue to play an important role in its economy, in fact the MoSWY awards to students enrolling agricultural and veterinary VET a grant for the four-years of the courses.

12.3. Environmental sustainability

Rehabilitation works foreseen for the two schools are not expected to have any

negative environmental impact. Building activity is reduced, being mainly rehabilitation work or construction in the area of existing buildings.

Some precautions need however to be observed, and the design team will consider different implementation options, selecting the least impacting solutions.

During the construction phase – mainly refurbishment of existing buildings, with the only exception of dormitories – the transport of building materials and detritus might be a cause of pollution, unless appropriate measures are taken; contractors shall have binding obligation to use lorries respecting anti-pollution standards and to cover both incoming and outgoing material with canvases to avoid dust pollution. Detritus will be disposed in appropriate discharge places, authorized by local authorities. Demolitions, when needed, will be done avoiding – as far as possible – noise and dust.

The design of buildings and of relevant infrastructure shall take into consideration the specific activities that are going to take place in the schools, especially concerning those in the Fier school where a proper farm with agro-industry plant is going to be built.

12.4. Appropriate technologies

Rehabilitation works will respect and improve the quality standard of original buildings, while accesses for disabled and environmentally friendly common spaces for students and teachers will be created.

The architectural level of the VET school in Fier is quite poor and needs full reconstruction in some parts.

For all buildings to be fully refurbished, totally reconstructed or newly built simple bio-climatic technologies will be used, as appropriate for different locations, to control climate inside the buildings.

13 External conditions and risk assessment

There are two pre-conditions that have to be satisfied for the launching of the VET Programme: i) the first one is that financing is made available by the Italian Government in due course and procedures defined bilaterally for disbursement, so that the VET Programme can be timely implemented; ii) A second preliminary condition is that the new Law on VET will be adopted and entry into force, to ensure both the financial and managerial autonomy of the beneficiary VET schools and the possibility for multifunctional VET schools to offer post-secondary education.

Annex 1

	Intervention Logic	Indicators	Sources of information	Assumptions
General objective	To contribute to a more inclusive and effective labour market, by supporting employment active policies and skills development of the labour force.	Youth unemployment rate decreased Gender gap in employment decreased	INSTAT Albania-Labour Force Survey Baseline 2013: 28.2% INSTAT Albania-labour Force Survey Baseline 2013: 13.8% ¹	Albanian Economy is stable; Government of Albania policy and budgetary support to improved employment outcomes for both rural and urban people through strategic investments in basic and middle-skills formation continues as a high priority. Risks Policy and Regulations not implemented; VET training and the occupation to which is aligned are undervalued in the population at large Economic downturn

	Intervention Logic	Indicators	Sources of information	Assumptions
Specific objective	To establish a full-fledged multi-functional VET school of excellence in the agricultural and agro-food processing sectors in the "Rakip Kryeziu" school in Fier and punctual intervention in the Agriculture School of Lushnje related to agricultural mechanization.	<p>1 multifunctional VET school (Fier) established, in addition to the multifunctional VET schools provided from the IPA 2014-2020 in the VET sector.</p> <p>1 VET school qualified according to the agro-mechanics labour market needs.</p> <p>Increase of share of female and male students vocational education and training in schools located in rural areas.</p> <p>Increase of employment rate of vocational education graduates</p>	IPA II Ac Document- EU delegation in Albania Labour Force Survey Baseline 2012: 15.7%	MoSWY implements reforms in the sector Industry cooperation and collaboration in the national standards and qualification Risks Low interest of young male and female students to VET

Expected results

	Indicators	Source information	Assumptions
<p>Result 1</p>	<p>The Agricultural multifunctional VET school in Fier fully developed and organized;</p> <p>The VET school in Lushnje improved and organized.</p>	<p>Tender reports</p> <p>Programme reports</p> <p>Agreements</p> <p>SC minutes</p> <p>Final check and test of purchased items</p> <p>Monitoring and evaluation reports</p>	<p>No administrative constrains</p> <p>Personnel motivated</p> <p>No delays in approving work plans</p>

<p>Result 2</p>	<p>Market oriented VET curricula developed and applied</p>	<p>At least 4 secondary-level curricula developed and applied each year for the Fier school.</p> <p>At least 2 post-secondary-level curricula developed and applied the second and the third year for the Fier school.</p> <p>At least 4 short-term-level curricula developed and applied the second and the third year for the Fier school.</p> <p>At least 1 secondary-level curricula developed and applied each year for the Lushnje school.</p> <p>At least 2 short-term-level curricula developed and applied the second and the third year for the Lushnje school.</p>	<p>Programme reports</p> <p>Questionnaire analysis</p>	<p>Curricula studiorum are appropriate to the market demand.</p>
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<p>Result 3</p>	<p>Tailor-made and sustainable relationship of the multifunctional VET with the private sector established</p>	<p>Presence of private sector representatives in the Board of the VET</p> <p>Territorial VET Pact agreed and implemented.</p> <p>At least 50 % of the offered curricula are organised on a dual basis (at least 30 % of the professional apprenticeship in the workplace).</p> <p>At least 50 students (both Fier and Lushnje) enter the job market each year.</p> <p>The VET school (Fier) agriculture enterprise established.</p> <p>At least 5 service contracts stipulated from the VET school (Fier) agriculture enterprise.</p>	<p>Board reports</p> <p>Pact signed</p>	<p>Involvement of private sector in the development of the multifunctional VET</p>
<p>Result 4</p>	<p>Coherence with IPA II ensured</p>	<p>Synergetic implementation of the VET Programme in coherence with IPA II financing</p>	<p>Joint monitoring and evaluations reports</p>	<p>Financing of the Programme as expected</p>

Result 1 Activities	Logic	Outputs	Sources	Assumptions
<p>1.1.1 Identification of works</p> <p>1.1.2 Development of Infrastructural Project Design</p> <p>1.1.3 Preparation and redaction of tender document</p> <p>1.1.4 Works contract signed and implemented</p> <p>1.1.5 Supervision of the works</p> <p>1.1.6 Final testing</p> <p>1.2.1 Preparation and redaction of tendering</p> <p>1.2.2 Supply contract for purchasing of laboratories and equipment</p> <p>1.2.3 Supply contracts for purchasing of machineries, agricultural vehicles and agricultural tools</p> <p>1.2.4 Supply contract for purchasing of furniture</p> <p>1.2.5 Supply contract x purchasing of didactic material</p> <p>1.3 School Directive Board</p> <p>1.4 Human Resources Management</p> <p>1.5 General Training Program</p> <p>1.6 Career Service</p> <p>1.7 Quality Assurance</p> <p>1.8 Accreditation and certification</p>	<p>Twinning contract award</p> <p>Contract award for infrastructural works</p> <p>Contract award for laboratories, equipment, furniture, agricultural machineries, didactic materials, tools and agricultural inputs</p>		<p>MoSWY E provides adequate staff at all levels.</p> <p>Parties agree on bidding and contracting procedures.</p>	
<p>Result 2 Activities</p> <p>2.1 Development and delivery of the secondary level curricula</p> <p>2.2 Development and delivery of the short term curricula</p> <p>2.3 Development and delivery of the post-secondary level curricula</p> <p>2.4 Training of trainers</p>	<p>2.1 Development and delivery of the secondary level curricula</p> <p>2.2 Development and delivery of the short term curricula</p> <p>2.3 Development and delivery of the post-secondary level curricula</p> <p>2.4 Training of trainers</p>	<p>Twinning contract award</p>		<p>Twining technical assistance supported in its function by the MoSWY</p>
<p>Result 3 Activities</p> <p>3.1 School services to third parties</p> <p>3.2 Piloting of TVETEP</p>	<p>3.1 School services to third parties</p> <p>3.2 Piloting of TVETEP</p>	<p>Twining contract award</p>		<p>Management of the VET school effectively performed</p>

Result 4 Activities	4.1 Programme management 4.2 Technical services 4.3 Procurement services 4.4 Communication and visibility	Selection of staff to support MoSWY Twinning contract award (Resident Twinning Adviser)		Parties agree on procedures for recruitment
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The entry into force of the new Reform Law on VET is a pre-requisite for the implementation of the Programme to ensure financial and managerial autonomy to beneficiary VET Schools and the introduction of post-secondary VET

ANNEX 2

Financial Plan			Amount (in Euro)	Fier	Lushnje	Project Components (A=Infrastructure; B=Lab&Equipment; C=Institutional Technical Assistance; D=MoSwy assistance)
		Result 1	3.755.000,00			
1.1	1.1.1	Identification of works	25.200,00	12.600,00	12.600,00	A
	1.1.2	Development of Infrastructural Project Design	40.000,00	30.000,00	10.000,00	A
	1.1.3	Preparation and redaction of tender document	25.200,00	12.600,00	12.600,00	A
	1.1.4	Works contract signed and implemented	1.122.600,00	1.000.000,00	122.600,00	A
	1.1.5	Supervision of the works	40.000,00	30.000,00	10.000,00	A
	1.1.6	Final testing	10.000,00	5.000,00	5.000,00	A
1.2	1.2.1	Preparation and redaction of tendering documents	40.000,00	30.000,00	10.000,00	B
	1.2.2	Supply contract for purchasing of laboratories and equipment	1.400.000,00	1.250.000,00	150.000,00	B
	1.2.3	Supply contracts for purchasing of machineries, agricultural vehicles and agricultural tools	400.000,00	350.000,00	50.000,00	B
	1.2.4	Supply contract for purchasing of furniture	200.000,00	170.000,00	30.000,00	B
	1.2.5	Supply contract x purchasing of didactic material	200.000,00	180.000,00	20.000,00	B
1.3		School Directive Board	126.000,00			C
1.4		Human Resources Management	25.200,00			C
1.5		General Training Program	25.200,00			C
1.6		Career Service	25.200,00			C
1.7		Quality Assurance	25.200,00			C
1.8		Accreditation and certification	25.200,00			C
		Result 2	151.200,00			
2.1		Development and delivery of the secondary level curricula	37.800,00			C
2.2		Development and delivery of the short term curricula	37.800,00			C
2.3		Development and delivery of the post-secondary level curricula	37.800,00			C
2.4		Training of trainers	37.800,00			C
		Result 3	201.600,00			
3.1		School services to third	126.000,00			C

		parties			
3.2		Piloting of TVETEP	75.600,00		C
		Result 4	892.200,00		
4.1		Programme Management			
4.1.1		Project manager	72.000,00		D
4.1.2		Project leader (International)	216.000,00		C
4.1.3		Project assistant	28.800,00		C
4.1.4		Financial/administrative	46.800,00		C
4.1.5		Technician/agronomist	36.000,00		C
4.1.6		School-enterprise liaison officer	36.000,00		C
4.1.7		Translator/Interpreter	28.800,00		C
4.1.8		Driver/logistician	21.600,00		C
4.1.9		Car purchase	25.000,00		C
4.1.10		Car maintenance	18.000,00		C
4.1.11		Office materials and utilities	14.000,00		C
4.1.12		Travel/air tickets	43.200,00		C
4.2		Technical Services			
4.2.1		Resident twinning advisor (International)	216.000,00		C
4.3		Procurement services			
4.3.1		Procurement officer	54.000,00		D
4.4		Communication strategy and visibility actions			
		Communication officer	36.000,00		D
TOTAL			5.000.000,00		

Annex 3

STANDARD TWINNING CONTRACT FICHE

Programme in support of VET through Innovation

1. Basic Information

1.1 Programme:

National Strategy for Development and Integration (NSDI)

1.2 Eligible bidders: Any EU public institution in charge of programming, budgeting and implementation of VET policies in the territory of their competence.

1.3 Title:

Programme in support of VET through Innovation

1.4 Sector:

Employment and Skills

1.5 Beneficiary Institution:

Ministry of Social Welfare and Youth (MoSWY)

2. Objectives

2.1 Overall Objective(s):

The overall objective of the Twinning is to support the MoSWY in the establishment of an agricultural multifunctional Vocational Education and Training Centre in Fier Region in Albania, in order to increase the employability of VET graduates and to contribute to the enhancement of the country competitiveness in the agriculture and in the agro-food processing sectors.

2.2 Project purpose:

The purpose of this Twinning contract is to enhance the institutional capacity of the MoSWY to develop a multifunctional VET centre, by building up a dual system of improved qualified skills responding to the needs of labour market and a sustainable sound system to monitor and evaluate the employment increase in the agricultural sector.

3. Description

3.1 Background and justification:

This Twinning contract will focus on developing capacity of the MoSWY and the VET schools in Fier Region in terms of long-term forecasting of the labour market, as well as monitoring and evaluation of the employment increase in the agricultural sector. Namely, in order to tackle successfully challenges in the labour market, MoSWY with other stakeholders need to progressively improve their capacities to accomplish the vision of the National Employment and skills Strategy (NESS) 2014-2020 to have a competitive economy and an inclusive society that is grounded on higher skills and better jobs for all women and men by 2020.

3.1.1 Social and economic background

3.1.1.1 Economic background

During the last years Albania has remained one of the growing economies in Europe. Growth has been the result of a structural transformation, based largely on the movement of labour from low productivity agricultural occupations to services, construction, and – to a lesser extent – manufacturing. In the period 2001-2011, Gross Domestic Product (GDP) per capita increased twofold (to US\$4,555) to reach 31 per cent of the European Union average.⁴² This economic growth was accompanied by stable macroeconomic and fiscal policies, structural reforms to improve the business environment and investment in infrastructure, technology and human resources. As a result, labour productivity increased by an average of 6.4 per cent on an annual basis.

The World Bank report underlines that Albania “Exceeding 6% per annum on average, was Europe’s most rapidly growing economy in the decade leading up to the global financial crisis of 2008. [...] This strong growth performance meant that Albania, which was the poorest nation in Europe in the early 1990s, reached middle-income status in 2008. [...] In the boom years between 2002 and 2008, growth lifted a large number of people out of poverty, with the poverty rate declining from 25.4 percent to 12.5 percent. Economic growth was inclusive, with consumption among the bottom 40 percent of the distribution (the bottom 40) growing more quickly than the average for the country.”

The growth was largely driven by rising domestic consumption, mostly determined by the real estate boom, and by the remittances of emigrants, with a shift from rural agriculture to urban sectors. However, this change in the structure of the economy did not provide an increase in its total productivity, stagnant since 2000, and in formal employment that dropped from 73% in 2000 to 58% in 2008.

After the global economic crisis, “Albania’s economic growth averaged less than 3% a year in real terms between 2009 and 2012, sinking to an average of only 1.7% a year in 2013 and 2014.”⁴³ The impact of the crisis resulted in a shrinking labor demand and the poverty rate stood at 14.3% by 2012. In 2013, with 7% of the population living below the \$2.50-a-day poverty line Albania was the fourth poorest country in Europe⁴⁴. The 2008 crisis highlighted the limits of a growth model depending on foreign flows to finance domestic consumption, investment, and in the end growth.

A multifaceted policy is necessary to reorient the economy toward innovative and productive sectors through: i) a high-quality business climate conducive to innovation, solid growth and job creation; ii) appropriate physical infrastructures; iii) **an improved quality of human resources matching the needs of innovative sectors, with highly skilled workforce**; iv) the availability of adequate business services and a supporting financial instruments.

Adopting measures for innovation is crucial to attract Foreign Direct Investment (FDI) in more value-added sectors, encourage Internal Direct Investment (IDI), promote product/process innovation, start new innovative businesses, face the challenges of an open market and reduce the youth graduates unemployment.

⁴² INSTAT, *Gross Domestic Product in the Republic of Albania*, August 2012 at http://www.instat.gov.al/media/101280/llogarite_rajonale_4faqeshi_ang_pdf; World Bank, *World development indicators*, 2001-2010, at <http://data.worldbank.org/data-catalog>; EUROSTAT, *News release 97/2012*, at http://epp.eurostat.ec.europa.eu/cache/ITY_PUBLIC/2-20062012-AP/EN/2-20062012-AP-EN.PDF.

⁴³ Ibidem.

⁴⁴ World Bank, ECATSD calculations using ECAPOV data. Poverty is measured using consumption at the \$2.50-a-day poverty line, circa 2012. Despite the slowdown in the economy, inequality, measured by the Gini index, remained broadly unchanged. The Gini index was 26.9 in 2012, compared with 28.2 in 2008.

3.1.1.2 Labour market

The economic growth recorded throughout the last decade had a limited impact on employment. Agriculture is still the largest provider of employment, albeit on a decreasing trend compared to 2000. In 2012, the agricultural sector accounted for 47.4 per cent of total employment, especially so for women (58.4 per cent of employed women were working in agriculture compared to 43.1 per cent of men). Employment in the service sector represented 36.1 per cent of total employment, while industry employed 16.5 per cent of all workers, with men more than twice more likely to be working in industry compared to women.⁴⁵

The unemployment rate has increased further to 17.9 % in 2014, most of the people unemployed results that they have low levels of education. Among the age-group 15-29 the unemployment rate grows till 32.5 % (16.4% males/23.6% females). With regard to the gender issue there is still a significant gender difference in Albanian labour market, on the average, the gap is around 15 points between female and male employment⁴⁶. By the first quarter of 2015, unemployed youth stood at 34.1%.

The labour market in Albania has continued to evolve and adapt to changing market conditions, but not as rapidly or as flexible as it should. The labour market is still dominated by private non qualified agricultural activity and the proportion of the labour force in industry and services are well below those of other countries in South-East Europe and the EU.

In terms of labour participation, the employment rate for the population aged 15-64 declined from 55.9% in 2012 to 52.1% by early 2015. The overall 2014 unemployment rate stood at 17.9%, up significantly from the 13.5% in 2007. However, unemployment was substantially higher for young people 15-29 years (from 19.8% in 2007 to 32.5% in 2014). By the first quarter of 2015, unemployed youth stood at 34.1%.

Another key feature of the Albanian labour market is the relatively high proportion of inactivity, which rose by 4.9% in 2013, resulting in 1.6 times more women than men, which tends to reinforce the stereotype of females being considered as family makers and care providers.⁴⁷

Finally, the labour market in rural areas is an unknown territory facing significant challenges compared to urban areas. The rural areas have mainly been characterized by a lower-skilled workforce, limited opportunities, heavily reliance on subsistence agriculture and higher poverty levels⁴⁸.

3.1.1.3 Vocational Education and Training (VET)

Vocational education graduates are predominantly male especially in the later years, which indicates that vocational education is mainly taken up by men. The underlying reasons for this highly gendered phenomenon are various. On the supply side, factors discouraging girls (and their parents) from choosing vocational education include deeply gender-stereotyped profiles and courses, the location of VET schools, lack of transportation, unsafe dormitories, and the overall social climate in VET schools.⁴⁹

The vocational education and training has the potential to positively affect integration in the

⁴⁵ INSTAT, *Labour Market 2011-2012*.

⁴⁶ INSTAT, *Labour Force Survey, 2015*

⁴⁷ According to the INSTAT/Labour Force Survey definitions: Non-economically active population comprises all persons who are not classified as employed or unemployed (pupils/students, housekeepers, in a compulsory military service, retired, disabled, discouraged unemployed). See <http://www.INSTAT.gov.al/en/themes/labour-market.aspx>.

⁴⁸ National Study on Rural Labor Market, UNOP Albania, Ref: UNOP/Addressing Social Inclusion through Vocational Education and Training

⁴⁹ Gender Analysis of the GIZ Human Resource Development Programme and the VET Sector in Albania, 2011.

labour market, and income generation. Over the period 2009-2013 VET was provided through a centralized system. The system has not been able to meet local needs due primarily to the separation between education and vocational training and an inadequate approach to monitoring and evaluation⁵⁰. This has resulted in a low level (14.2%) of participation in education and vocational training over this period. Adult training in Albania is still in its infancy, with only about 1% of adults aged 25-64 years in training programs and professional retraining during 2012 (as compared to 9% in EU countries). In the current 2014/15 academic year, about 6,000 students are enrolled in vocational schools, a significant 40% increase from 2013/14 levels⁵¹.

In the area of VET, there is limited cooperation between the training institutions and businesses as potential employers. This limits the potential to increase employment upon completion of training and education. For young people, the attractiveness of VET is low and perceived as a second best path to tertiary education, rather than a route to labour market entry. Adult training is still in its infancy, with only one per cent of adults (25-64 years) in vocational training and retraining programs in 2012 (compared to 9% in the EU). As a consequence, skills obtained through VET do not match the needs of the labour market, resulting in skills shortages in some areas and skills surpluses in others⁵².

Hence, the Albanian VET system is still affected by: (i) limited involvement of social partners - in particular the relations between the vocational education and training system and industry are weak; (ii) most curricula offer little scope for hands on working experience and are not linked to occupational / qualification standards; (iii) aspects of entrepreneurship are limitedly, included in VET curricula; (iv) a highly centralized and low quality system (more than 60% of the public VET providers are deemed as low or poor performers with low responsiveness to local needs); (v) lack of skilled teachers and teacher training programs (pre-service and in-service); (vi) a dichotomy between vocational education and vocational training; (vii) vocational training centres are far from being efficient and fulfilling their mission; (viii) under-financing, with poor incentives for participation of employers; and (ix) limited vocational education and training infrastructure, facilities, competencies of training staff and curricula.

3.1.1.4 Agriculture

Agriculture continues to be one of the more significant existing and potential future development sectors in Albania. According to INSTAT, in 2013 it comprised 18.3% of GDP, and remains the primary sector for employment, with about 52% of full-time employees. Over the period 2007-2014 exports increased by 125.6% and imports by 44.6%. Over the same period, agricultural production increased by 25.5% and agro-industry production increased by 32.1%. In the area of agricultural land management, land area under production increased by more than 20,000 hectares from 2007 levels. Currently, close to 2/3 of total available agricultural land is being used⁵³.

The following chart shows the last Census available data on the Albanian economy structure, taking into consideration two aspects: i) the GDP composition by sector; ii) the labor force by occupation.

⁵⁰ Skills 2020 Albania, European Training Foundation, Working Document, October 2014

⁵¹ *Ibidem*

⁵² *Ibidem*

⁵³ Ministry of Agriculture, *Integrated Strategy for Agriculture and Rural Development 2014-2020*

Table 1

Source: INSTAT, Census 2011

	Agriculture	Industry	Services
GDP composition by sector (2011 est.)	19.5%	12.0%	68.5%
Labor force - by occupation (2011 est.)	54.6%	12.8%	32.6%

These data show how unproductive and underdeveloped is the rural labour market in Albania and the urgent need to efficiently intervene in the qualification of the labour force.

To respond to these challenges, a “*Integrated Strategy for Agriculture and Rural Development - ISARD 2014-2020*” was approved by the Council of Ministers in late 2014.

The main medium to longer term challenges in the agriculture sector include the need to address low levels of agricultural productivity and underdevelopment in the rural regions.

The ISARD Vision aims to “*An efficient, innovative and sustainable agro-food sector, able to cope with competitive pressure in the EU market and productive rural areas that provide economic activities and employment opportunities, social inclusion and quality of life for rural residents*”

Therefore, one of the top priorities of ISARD 2014-2020 is the promotion of sustainable food production and quality by developing a competitive and innovative agro-food sector that is able to cope with competitive pressures.

Fostering lifelong learning through vocational training and skills acquisition in rural areas is furthermore at the core of the national Rural Development policy as indicated in section 3.1.4 of the ISARD 2014-2020 “*Transfer of knowledge and innovation in agriculture, forestry and rural areas and assistance with implementation of rural development policies*”

In order to address these priorities Albania needs to meet the standards and requirements of the EU market by 2020 through:

Targeting at least an 8% annual increase in agriculture labour productivity, for the annual work unit (AWU) / full time employees, also by qualifying the skills of the labour force;

Ensuring that all farms and registered agro-processing operators are in full compliance with EU standards (application of standards for 80% of all farms and registered agro-processing operators as per EU norms);

The increase in average farm size to at least 2.5 hectares and increased average size of commercial farms to 3.5 hectares;⁵⁴

Improved organization of the value chain through the creation of 100 associations and groups of producers and similar types of cooperation among farmers;

3.1.2 National Policies

3.1.2.1 Government Vision – National Strategy for Development and Integration

The National Strategy for Development and Integration - NSDI 2015-2020 clearly states the

⁵⁴ The farm size includes also the surface rented for a long-term period.

Albanian national Vision:

“Albania - a vibrant democracy on the path to integration with the European Union, with a competitive, stable and sustainable economy, and with guarantees of fundamental human rights and liberties”

To achieve this vision, the NSDI has identified, amongst others, the following priorities:

Priority 4: Ensuring growth through increased competitiveness and innovation

Priority 5: Investing in People and Social Cohesion

These priorities will be addressed, amongst others, through:

research and innovation capable of dealing successfully with future challenges;

a society based on knowledge and information;

a modern educational system that has students' needs and interests at its core;

expanded employment opportunities for all women and men in Albania.

3.1.2.2 VET Strategies and Policies

The fundamental policy document on VET is the National Employment and Skills Strategy (NESS) 2014-2020, approved on October 2014 by the MoSWY. The vision of the NESS 2014-2020 – inspired by the overarching goal of Europe 2020 to deliver smart, sustainable and inclusive growth – is to have by 2020 a competitive economy and an inclusive society that is grounded on: **“Higher skills and better jobs for all women and men”**.

The overall goal of the Strategy is to promote quality jobs and skills opportunities for all Albanian women and men throughout the lifecycle. This will be achieved through coherent and concerted policy actions that simultaneously address labour demand, labour supply and social inclusion gaps. The Employment and Skills Strategy is anchored on four strategic priorities, as follows:

- i. Foster decent job opportunities through effective labour market policies
- ii. Offer quality vocational education and training to youth and adults
- iii. Promote social inclusion and territorial cohesion
- iv. Strengthen the governance of the labour market and qualification systems

The main objective of the NESS 2014-2020 is the identification and design of proper employment promotion policies including the vocational training of the labour force, in order to create quality jobs and skills opportunities during the whole cycle of their lives.

One of the main priorities which faces the above mentioned objective is to provide quality vocational education and training (VET) for young people and adults through:

25% increase in the number of participants in VET programs through the optimization of VET network providers;

Increased quality and effectiveness of VET providers through the provision of financial support and the adjustment of the VET inputs and capacities (laboratories, equipment, curricula, teaching materials, human resources);

Strengthened links between study and work, and the facilitation of the transition to work, by meeting the following targets:

- i. a 40% increase in the employment rate of graduates from vocational education of whom 25% should be girls;

- ii. a 55% increase in the employment levels among participants in short courses of vocational training, of whom 75% should be women; and
- iii. the greater promotion of the VET image.

Another key document on employment and skills, on which the Programme will extensively rely upon in terms of objectives and indicators, is the "Support for the Employment and Skills Sector in Albania" Action document, in the framework of Instrument for Pre-accession Assistance (IPA II) 2014-2020. The whole document is based on the budget support approach, meaning that its expected results are linked to attended progress in terms of the eligibility criteria and the performance in implementing the national or sector strategy on VET. These results are likely to include consolidation of macroeconomic stabilisation, promotion of sector reforms and public financial management, etc. In this context the Action Document has already identified concrete targets that will be related to the performance monitoring system and cover the expected progress in implementing the relevant national policies, strategies and sector reform process.

The Programme will extensively rely on the **specific objective 2 of the Action Document**:

To improve quality and increase coverage of vocational education and training.

Moreover, the Program will target the specific objective of the Action Document:

Vocational education and training offer is extended to the rural areas and to the most marginalized groups.

3.1.3 The Italian-Albanian Protocol for Development 2014-2016

The partnership between Albania and Italy is based upon outstanding historical, cultural and economic relations. The Italian Development Cooperation (IDC) has been present in Albania since 1991, supporting the Country's socio-economic development through programs aimed to consolidate the productive systems, to connect with regional infrastructure networks, to foster sustainable management of resources, and to strengthen institutional capacities as well as social, educational and health services.

Italy's political commitment in Albania reflects the wider strategy of the Italian Government in the Western Balkans, aimed at promoting and sustaining the EU Enlargement Policy, the democratic values therein embedded and the opportunities provided in terms of fostering economic and social development. Furthermore, Albania is regarded as a priority country in the region, due to its geopolitical strategic location and the conciliatory and stabilizing position shown with neighboring countries in the broader EU Adriatic Ionian macro-region.

The dialogue between the Italian and the Albanian Governments is steady and robust, and sustained by intense bilateral cooperation relationships in many sectors and domains. Based on this, the Albanian and Italian Governments have therefore agreed on a new Development Cooperation Protocol for the period 2014-2016 that will mainly address three NSDI pillars and strategic priorities:

Sustainable Growth through improved competitiveness and efficient use of resources, with particular regard to increasing *Competitiveness and Innovation for Growth* in key economic sectors including Agriculture and Rural Development;

Good Governance, Democracy and Rule of Law. In recognizing the value of the European principles of subsidiarity and proximity in public sector service delivery, IDC will support the Albanian government's territorial administrative reform under way with the goal to consolidate Local Government Units (LGUs);

Investing in People and Social Cohesion will mainly focus on human resources development, social inclusion and territorial cohesion actions, among which an indicative allocation of 5 million euro (soft loan) has been agreed to support *Vocational Education and Training through Innovation*. Specifically, IDC funded Programme will focus in supporting the expansion of an advanced

knowledge-based society in accordance with the demands of the labour market for attracting FDI/IDI in productive sectors where both Albania has a great potential and Italy has a significant added value (i.e. agro-food processing, agro-tourism and tourism, fashion, furniture, etc.).

3.3 Results

At the completion of this Twinning Contract, the following results shall be achieved:

Result 1. A mid-term action plan for a competency-based VET multifunctional centre in the field of agriculture and agro-food industry is established.

It should develop the concept of an Agricultural VET Centre with multiservice purpose as well as the concept of a pilot VET agricultural school. All the curricula development work will also pay attention to a partnership approach with facilitating the contribution of the main public and private VET stakeholders, according to the TVETEP best practices. The MoSWY and the Twinning experts will set the agreed action plan to implement the Programme.

Result 2. A pilot implementation of formal and not formal trainings is realized in the Fier VET school with a strategy for ensuring a sustainable implementation, while punctual interventions are realized in Lushnje VET school.

The foreseen Twinning contract will include a field experimentation aiming at upgrading the Fier VET School through a pilot scheme. This experimentation will be prepared on the basis of the Formulation Document of the Programme and will verify and develop the preliminary findings. The new curricula and teaching material and methods developed under this result will be implemented in training programmes including formal VET programmes but also “non formal” training ones targeting young adults, job seekers, vulnerable groups and disabled. It is also expected that this development will be used as an opportunity for testing new approaches of skills and prior learning assessment. The Twinning Project will also assist in the up-grading of the training services, in the identification of piloting relationship with the private sector in the agro-food industry. An example could be the Territorial VET Pact in Italy.

Key indicators of the achievement are the following:

- Curricula and training materials developed and tested.
- Formal and non formal training programmes developed and implemented
- School strategy drafted
- Pilot Territorial Pact (TVETEP) established

Result 3. Curricula developers, school managers and teachers are trained in order to support the Twinning project development and disseminate its outcomes.

The development of the Twinning project will only be possible if supported by relevant and substantial training assistance to all staff involved in this process, such as school managers, teachers, curricula developers, policy makers. The main training themes concerned will cover various aspects of the VET upgrading process, particularly: policy drafting, labour market surveys, occupational standards and curricula design, partnership building in VET, training programmes design and school strategy drafting. On the basis of previous experiences, the main beneficiary is expecting that in addition to seminars with international experts and study visits, the transfer of know how will also include “hands on” opportunities for example: “Twinning relations” between the VET school (s) and the Italian ones and/or internship schemes.

Key Indicators are the following:

- Teacher's trainers and teacher in the two schools acquainted with modern method of teaching
- Learning and assessment conducted
- Administrators and teachers of the schools acquainted with competency-based VET training
- New qualification standards, curricula, training and learning materials for the agricultural sector occupation
- Study visit

Result 4. Coherence with IPA II financing to Employment and Skills Sector ensured

In order to ensure coherence with the IPA II Budget Support to the Employment and Skills Sector, regarding the VET component, the Institution will offer specialized technical assistance to: i) ensure the alignment of the Programme to the EU Action Document on Employment, Skills and Social Inclusion; ii) provide, in straight synergy and coordination to the IPMG and related thematic groups and secretariat, high policy level support to the MoSWY with regard to the implementation and the monitoring of the NESS.

3.4 Activities:

The Twinning project should not be a one-way technical assistance, it must help to introduce and share the wide good practices in connection of the field of VET improvements and job opportunities. The Twinning assistance will be provided in the form of know-how transfer, and will be delivered through:

- Advice and coaching sessions: Coaching and advice activities will be the predominant type of activity. They will help for the fine tuning of the set up of a proper strategy.
- Tailor made training programme: Specific trainings will be organized for the schools administrators.
- Seminars, workshops and conferences: The training programme will involve the organization of seminars, workshops, conferences etc.
- Manuals, procedures and check-lists: The Twinning partner should review and revise the existing curricula and propose new ones, where relevant. This task will be done in close cooperation and consultation with key staff of the involved schools.
- Study visits: If relevant, study visits will be organized for the students and teachers of the schools.

Sharing of experience

Sharing of experience is fundamental. Specific activities for it will be foreseen.

Assessment

Every activity within the training programme will be assessed. The results will be compiled and presented to the Steering Committee. When it is relevant and possible, the other activities of the twinning project will be evaluated in the most relevant way.

Specific activities may include:

- i. identification of infrastructure and laboratory equipments;
- ii. curricula development and testing;

- iii. assistance to the VET school management;
- iv. assistance to the EU accreditation and quality assurance;
- v. attracting the Italian enterprises on agriculture and agro-food processing in the School Board and in the TVETEP;
- vi. assistance for project design and management (European Social Fund and Erasmus+)
- vii. training of trainers;
- viii. assistance to the establishment and functioning of the TVETEP;
- ix. assistance to the management of the agriculture enterprise;
- x. assistance for the identification of special programmes/projects for vulnerable students.

3.5 Means/ Input from the Institutional Partner Administration:

The twinning assistance will be based in four main components: i) the Project Leader; ii) the Resident Twinning Adviser; iii) the Project Coordination team; iv) short-term experts

3.5.1 Profile and tasks of the Project Leader

The Project Leader must be a high ranking expert of the Institution with broad knowledge in the field of vocational education and training and employment and must have outstanding leadership skills and managerial consolidate experience. The project leader must be willing to work on a daily basis in the school premises of Fier and Lushnje.

Tasks:

1. to carry out the day-to-day implementation of the Twinning project in the Fier Region;
2. to guarantee smooth implementation of the work plan;
3. to ensure the coherence and the continuity of the successive inputs and the on-going progress;
4. to assess continuously the Twinning project at all stages and to compare it with the agreed time-frame;
5. to provide technical advice, support and to assist the VET school in the context of a predetermined work plan;

3.5.2 Profile and tasks of the Resident Twinning Adviser

The Resident Twinning Adviser must be a high ranking expert of the Institution with broad knowledge in the field of vocational education and training and employment EU policies.

Tasks:

1. To give policy advise to the MoSWY in relation to the implementation of the NESS 2014-2020
2. To give policy advise to the MoSWY in relation to the implementation of the EU Action Document 2014-2020
3. To monitor the overall process of the implementation of the NESS 2014-2020

3.5.3 Profile and tasks of the Project coordination team

Within the expertise required for the implementation of the project the following profiles, based in Fier and Lushnje, are needed: Project Assistant, Financial and Administrative Officer, Technician/Agronomist, School-Enterprise liaison officer, Translator, Driver/Logistician.

3.5.4 Profile and tasks of the Short-term experts (STE)

Within the expertise required for the implementation of the project the following profiles may be needed:

Other specialist staff will be made available by the Twinning Partner to support the implementation of activities. Specific and technical matters not directly covered by the project coordination team, can be taken over by short-term experts.

4. Budget

The budget for the project is based on 36 months twinning partnership.

The budget for the project is Euro 1.285.000,00.

5. Implementing Arrangement

5.1 Implementing Agency responsible for tendering, contracting and accounting

The MoSWY is responsible for tendering, contracting, payments, accounting and overall supervision of the implementation of the project.

5.2 Contracts

One (1) Twinning contract is foreseen for the implementation of the above mentioned activities.

6. Implementation Schedule (indicative)

6.1 Launching of the call for proposals (Date)

The date for the launching of the call for proposals is:

6.2 Start of project activities (Date)

The start of project activities is tentatively scheduled for: .

6.3 Project completion (Date)

The project implementation period (duration of the work plan) will be completed 36 months after the commencement date of the Project.

7. Sustainability

Improving the capacity of the MoSWY in developing employment and skills for job creation will support more effective decision-making. Setting up evaluation arrangements of the results of the VET programs and capacity for long-term forecasting will support designing more targeted employment and education policies and successful overcoming of the structural problems.

8. Sequencing

Keys milestones will be:

1. Approval of the Twinning tendering process;
2. Successful completion of a Twinning partner search;
3. Signature of the Twinning contract, including the Twinning Work Plan;
4. Commencement of the twinning partnership (inter alia, the arrival in the country of the Resident Twinning Advisers);
5. End of the implementation period;
6. Submission of the final report.