



▶ Policy note

The Economic Assistance Programme in Albania : challenges and reform trends

1. Introduction

In Albania, social assistance reform is one of the priorities on the national agenda. In recent years, Albania has implemented a series of reforms of the main cash social assistance scheme for poor families, called Economic Assistance (*Ndihma Ekonomike*) or the NE programme.

In the context of the on-going reform of social assistance in Albania, the ILO conducted an analysis to assess the effectiveness of the NE programme from the perspectives of the international social security standards, in particular ILO Social Protection Floors Recommendation, No. 202, and the development objectives of the international community as expressed in the 2030 Agenda for Sustainable Development.

This policy note summarises the challenges facing the NE programme in Albania and presents the key issues for further discussion. This note is based on the ILO report *Reform of the Economic Assistance Programme in Albania: Issues and Challenges* (ILO, 2022) developed within the framework of the Joint UN Programme “Strategic policy options for SDG financing.”

2. Overview of the reformed NE programme

According to the Law No. 57/2019 “On Social Assistance in the Republic of Albania,” the groups eligible for NE benefits are: families in need who do not have sufficient income; orphans who are not in social care institutions; parents with more than two children born at the same time; victims of trafficking; and victims of domestic violence.

Benefits are composed of monthly cash benefits and benefits in kind and are paid for a maximum duration of five years. This time limit does not apply to beneficiaries above pensionable age and single mothers. The amount of the cash benefit is determined by the family size and composition, as shown in Table 1. In 2022, the benefit amount was increased twice. The benefit level now ranges from 2,178 lek for a single person household to 12,672 lek for two adults with three children.

Table 1. The NE monthly benefits by family composition, 2021 and 2022

Family composition	1 adult	1 adult and 1 child	2 adults	2 adults and 2 children	2 adults and 3 children
NE benefit 2019-2021	1,800 lek	2,700 lek	3,060 lek	4,860 lek	5,760 lek
NE benefit 2022 Jan.-Sept.	1,980 lek	2,970 lek	3,366 lek	5,346 lek	11,520 lek
NE benefit 2022 Oct.-	2,178 lek	3,267 lek	3,703 lek	10,692 lek	12,672 lek

Source: Council of Ministers' Decision No. 597, dated 4.9.2019, Council of Ministers' Decision No. 617, dated 22.9.2022, and relevant instructions of the Ministry.

Notes: It is assumed that the family head is a woman and adults are younger than 65 years of age.

In addition to the cash-benefit, the NE programme provides the following benefits in kind:

- ▶ Free health services in both primary and secondary health care;
- ▶ Exemption from the fee for children attending nurseries/kindergartens;
- ▶ Exemption from university tuition fee;
- ▶ Scholarship for pursuing university education;
- ▶ Obtaining free textbooks for compulsory education;
- ▶ Benefit from social housing programs;
- ▶ Exemption from fee of legalization / registration of real estate.

To apply for the economic assistance, households need to provide information regarding their living conditions through an interview with the Social Administrator of the place of residence. The Social Administrator then conducts a home visit to verify the self-declared information. The list of verified applications is sent to the Regional Directorate of the State Social Service that crosschecks the applicants' information and assesses the applications by the proxy means test using a unified scoring formula. Rejected applicants have the right to appeal if they disagree with the decision. To mitigate any error of excluding families actually in need, municipalities are endowed with six percent of the NE budget for providing NE benefits based on their own decision.

The NE beneficiary families need to reconfirm their socio-economic status every three months and working age beneficiaries must register each month as unemployed jobseekers in local employment offices to continue receiving the benefits. The Law sets the maximum benefit duration of five years except for beneficiaries above pensionable age and single mothers with dependent children. Within this five-year period working age beneficiaries are expected to take up training opportunity or be self-supporting through placement into labour market.

3. Challenges and policy issues

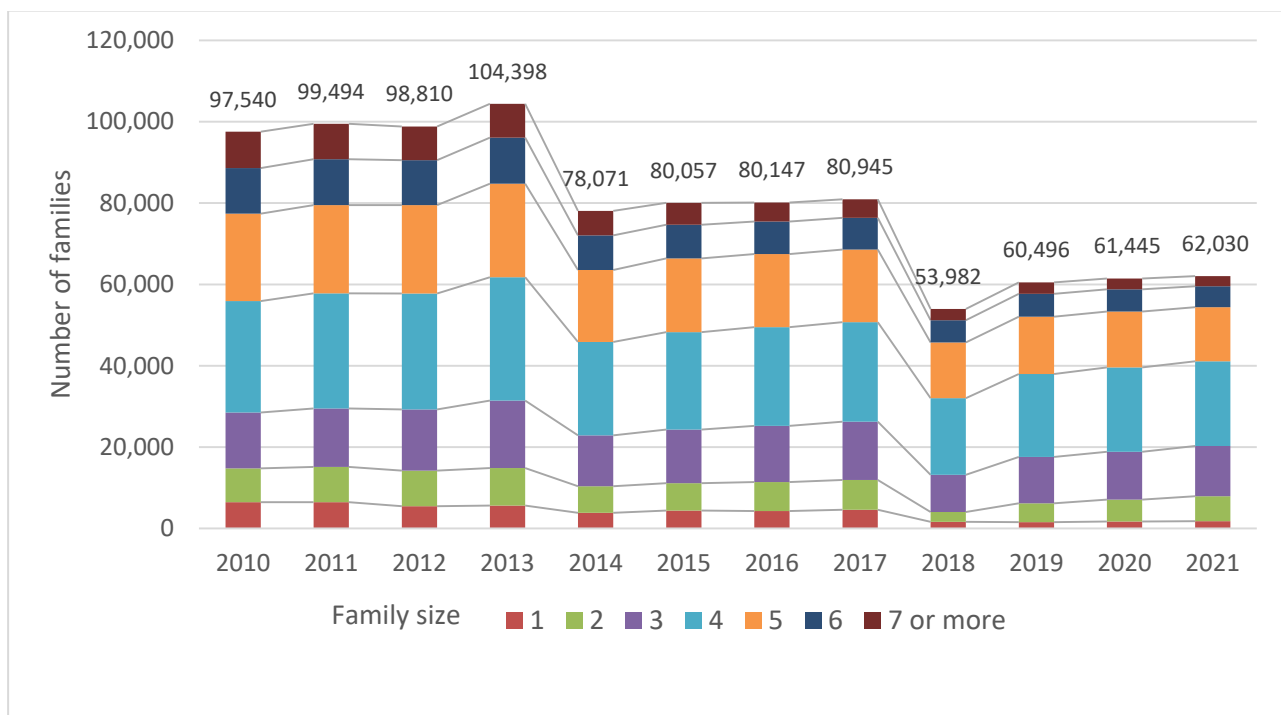
Coverage and the proxy means test of the reformed NE programme

In order to extend social protection coverage to all members of society, the NE programme plays a key role especially protecting poor and vulnerable groups.

On average in 2021, there were 62,030 families receiving NE benefits (68,246 including the beneficiaries from the municipal 6-percent funds). The estimated number of beneficiaries was 249,192 which accounted for 9.0 percent of the total Albanian population.¹ Among the working age beneficiaries, the gender composition is almost equal with slightly more men than women. As presented by Figure 1, the number of NE beneficiary families decreased by 37.2 percent from 2012 to 2021. The number of beneficiary families dropped by 25.3 percent in 2014, when the reformed programme was piloted in three large regions, and by 33.3 percent in 2018, when the reform was rolled out nationwide. The percentage decrease was particularly substantial for families with one or two members.

The decrease in the number of NE beneficiaries is attributed mainly to the newly introduced targeting method through the unified scoring formula, which resulted in a reduction of inclusion of families in higher income levels. At the same time, evidence also points to a possible problem of exclusion, in particular, of poor single person families and working age beneficiaries in the age group between 50 and 55 years who face difficulties to find employment.

Figure 1. Number of NE beneficiary families by size, 2010-2021



Source: Institute of Statistics of Albania.

1. In July 2021, families with special needs, such as orphans not in social care institutions, parents of triplets or more, victims of trafficking, and victims of domestic violence, accounted for 2.8 percent of the total beneficiary families.

According to the data of the Survey of Income and Living Conditions of 2020, coverage rates of the NE programme stood at 37.0 percent in the poorest income decile and 25.8 percent in the poorest income quintile, suggesting significant exclusion gaps. To date, there has not yet been a systematic evaluation of the targeting performance of the NE programme and its unified scoring formula. In fact, neither the scoring formula nor thresholds for determining the eligibility are publicly accessible. Such an evaluation could inform future improvements to the unified scoring formula to further minimize both inclusion and exclusion errors.

Adequacy of the benefit level and impact on poverty reduction

The ILO Social Protection Floors Recommendation, No. 202, defines “adequacy and predictability of benefits” and the regular review of the levels of basic social security guarantees through a transparent procedure as key principles. In this respect, the ILO Recommendation No. 202 provides that “nationally defined minimum levels of income may correspond to the monetary value of a set of necessary goods and services, national poverty lines, income thresholds for social assistance or other comparable thresholds established by national law or practice.”²

Albania has not adopted any official definition of the guaranteed minimum income nor does the Law specify the minimum needs to be met through the NE programme. Despite the lack of definition of the minimum income, there is ample evidence suggesting that the NE benefit levels are significantly low. As shown in Table 2, the NE benefit covers a mere 14.0 percent of the at-risk-of-poverty thresholds for a single-person household and 32.8 percent for a family of two adults and two children. The benefit level for the families with multiple children was improved significantly in 2022 but the resulting level is still less than 40 percent of the minimum wage.

Further, according to the Institute of Statistics of Albania, the Survey on Income and Living Conditions in 2020 shows that the per capita monthly NE benefit was 1,262 lek which accounts for 13.5 percent of the per capita total income of all population, and 29.7 percent of the per capita total income of the lowest income decile.

Table 2. Comparison of the NE benefit with four social minimum levels, 2022

Family composition	1 adult	1 adult and 1 child	2 adults	2 adults and 2 children	2 adults and 3 children
NE benefit	2,178 lek	3,267 lek	3,703 lek	10,692 lek	12,672 lek
As % of at-risk-of-poverty threshold of corresponding family composition (2020 value)	14.0	-	-	32.8	-
As % of minimum wage	6.4	9.6	10.9	31.4	37.3
As a % of unemployment benefit	12.8	19.2	21.8	62.9	74.5
As % of social pension	25.4	38.0	43.1	123.5	147.6

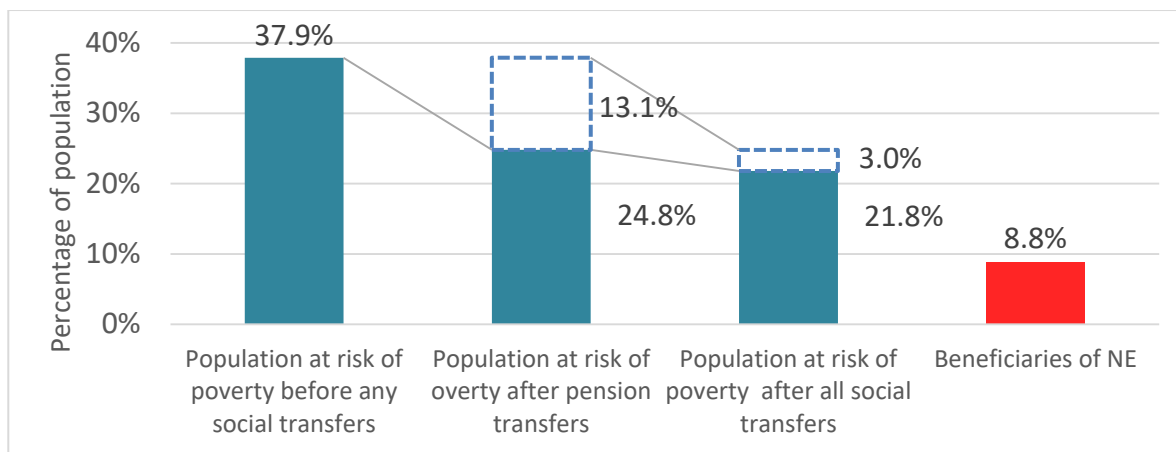
Source: ILO, 2022.

Notes: It is assumed that the family head is a woman and adults are younger than 65 years of age.

2. See Articles 3 and 8 of the ILO Recommendation No. 202.

In light of the low benefit levels and related low overall spending on NE benefits (below 0.3 percent of GDP), only few NE beneficiary households are able to escape poverty. While 61.5 percent of NE benefits were paid to the families of the lowest quintile, the NE programme had a limited impact on reducing the poverty risk. As shown in Figure 2, before any social transfers, 37.9 percent of population was at risk of poverty (below 60 percent of the median equivalised disposable income). When social transfers are taken into account, the pension system contributed to reducing the at-risk-of-poverty rate by 13.1 percentage-points, while other social transfers including the NE programme further reduced the at-risk-of-poverty rate by 3.0 percentage-points. As a result, 21.8 percent of the population was estimated at risk of poverty. In 2020, the estimated number of NE beneficiaries (not including the beneficiaries from the municipal 6-percent funds) was 8.8 percent of the total population, which accounts for about 40 percent of the population at risk of poverty.

Figure 2. Effects of social transfers on reducing poverty risk, 2020



Source: Institute of Statistics of Albania.

Provision of social services by the local government

Social services play a key role in addressing the specific needs of different vulnerable groups to avoid or alleviate their social exclusion. Social services coverage in Albania is very low. In an assessment conducted by the State Social Service in 2019, only 0.57 percent of the population received social services, 28 percent of the municipalities did not provide any social care services, 59 percent did not provide social care services for the elderly, and 57 percent did not provide services for persons with disability.

No data is available regarding the extent to which NE beneficiaries and applicants are referred to social services as needed. This referral should be carried out by Needs Assessment and Referring Units. However, municipalities report that 38.4 percent of administrative units has not established such units and no staff is assigned to carry out the referral functions. There are also challenges regarding the professional capacities of staff, the lack of specific services available for case management and the insufficient budget of the structures dealing with social services.

In 2018, following the devolution of the responsibility for social services to local governments, a Social Fund was established as a temporary mechanism to support municipalities to take on this new role and in particular to provide financial support in funding social services. The role out of this support is still under way with three calls for application from the Social Fund issued and so far 22 out of 67 applications from the first and second calls have been approved for funding.

Benefit duration and economic inclusion efforts

In addition to providing income security for vulnerable households, the NE programme also has the objective of linking working age beneficiaries to employment opportunities. The National Exit Program for the working age NE beneficiaries aims to support the graduation of beneficiaries through the public works programme, employment subsidies paid to enterprises (wages and social security contributions), and vocational education and training.

It is expected that working age beneficiaries will be placed in employment or training through the related referral systems for economic inclusion within a period of five years, which is the maximum duration for receiving NE benefits. To this end, working age beneficiaries are obliged to register with local employment offices as jobseekers. However, at the end of 2021, according to the National Agency on Employment and Skills, only 22,167 NE beneficiaries, or around 15 percent of the working age NE beneficiaries, have been registered in employment offices. Of this group, 34 percent was aged 50 and over. A large number of NE beneficiaries in rural areas are not registered in the employment office due to the fact that by law they are considered as self-employed and hence do not obtain the status of unemployed jobseekers.

However, the effort of activation support was not sustained due to the lack of effective coordination between the State Social Service and the National Agency on Employment and Skills at the central and local levels but also due to the effect of the COVID-19 pandemic. Since 2022, the government has revitalised the referral mechanism of non-working members of the NE beneficiary families. The employment offices are tracking the situation of the working age members of the NE beneficiary families to systematically address the challenges they are facing. It is reported that more than 3,000 NE beneficiaries have been employed or received vocational training during 2022. Despite these recent positive trends, the shortage of effective employment support raises a serious concern as a large number of NE beneficiary families are expected to exhaust the five-year limit of benefit period by 2023.

Good governance and due process

International standards call for the “transparent, accountable and sound financial management and administration” of social protection systems.³ To realize these principles, anchoring schemes and benefits in law is an important pre-condition. The legal framework enables the population to hold the government accountable.

For the NE programme, the Law No. 57/2019 and a set of legislations define the benefit levels and duration, target population, targeting mechanism, complaint mechanisms and delivery modalities, as well as the roles and responsibilities for each step along the delivery process. One aspect giving rise for concern is that information of how indicators in the unified scoring formula are weighed are not publicly available. The definition of eligibility criteria should be open for political debate and contestation. False declarations should be detected and sanctioned through related checks and verifications and not by making the eligibility criteria opaque.

In the implementation of the Law, a key bottleneck for ensuring the sound management and administration of the NE programme is the insufficient number of staff with the right skill set, especially at local levels. In a survey, 80 percent of the municipalities responded that the current staff number is insufficient.⁴ The situation is compounded by a lack of inter-institutional

3. See Para. 3(j) of the ILO Recommendation No. 202.

4. UNICEF. Survey on social care at the municipality level – institutional environment, capacities, bottlenecks, 2022 forthcoming.

coordination. As a result, some of the rules are not fully enforced in practice. Such failure to ensure equal treatment of applicants and beneficiaries may ultimately undermine the trust in the programme and public institutions in general.

A key feature of any rights-based social protection system is complaint and appeal mechanisms since they contribute to ensuring proper application of legal provisions. They also constitute a useful feedback mechanism for scheme administrators and allow to detect and possibly remedy any malfunctioning. The ILO Recommendation No. 202 therefore calls on governments to provide “impartial, transparent, effective, simple, rapid, accessible and inexpensive complaint and appeal procedures ... free of charge”⁵ to enhance compliance with legal frameworks.

Based on the data of the piloting regions, the number of complaints was low. Most of the problems are addressed and solved directly at the municipality level. However, interviews with staff from the municipality revealed that applicant families are often not comfortable expressing their concerns in writing but prefer to discuss their case in person with the Social Administrator. Having to file a written complaint may indeed constitute a barrier for some potential beneficiaries who have generally low education profiles. An online platform allowing citizens to provide feedback to the public administration may also not be easily accessible for all. To fulfil their purpose, it is important that the complaints and appeals mechanisms be impartial, transparent, effective, simple, rapid and accessible.

4. Conclusion

While committed to further improve the NE programme in line with the Roadmap prepared by the Ministry of Health and Social Policy, Albania should ensure the full coverage of the poor and vulnerable population minimizing exclusion errors and improving the adequacy of the benefit levels of the NE programme as well as increase the availability and accessibility of social services in order to provide income protection and services that meet the different needs of individuals and families without any gaps. For the sound management of the NE programme and the fulfilment of its economic inclusion aspirations, it is crucial to further improve the delivery capacity through an effective referral mechanism and increased number and skills of the staff at local government level. The ILO, together with partner UN organizations, stand ready to provide further technical assistance for the tripartite partners in Albania to build an adequate, equitable and sustainable social protection system that leaves no one behind.

5. See Article 7 of the ILO Recommendation No. 202.

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