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The impact of COVID-19 on youth employment in Albania



YouthHUB

WESTERN BALKAN AND TURKEY

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The Albanian youth is facing daily challenges and difficulties to live and work within the country. This is not only confirmed by them, but also by official data that show that young people increasingly seek to leave the country, while the country lacks policies to address issues of concern to Albanian youth, starting with employment and providing others alternatives for their work engagement. On the other hand, unemployment among young people came to alleviate in recent years as the labor market became more dynamic due to the development of call center businesses and a better performance of the service sector by tourism developments. At the same time, the demand for work decreased, as many young people turned to the international market, through permanent or seasonal contracts. Emigration and declining birth rates are bringing about a dramatic decline in the number of young people, a phenomenon that is expected to have long-term negative impacts on the country's economic development. *According to data from the Institute of Statistics*, the official youth unemployment rate was 20.7% in the third quarter of 2020 and in annual terms the youth unemployment rate has a decreasing trend. Also, compared to the third quarter of 2019, the youth unemployment rate is 0.7 percentage points lower. Meanwhile, within the non-economically active youth population aged 15-29, 67.2% are pupils/students or pursuing a training while 8.5 % are classified as discouraged workers[1]. But beyond all these data, finding a job in the domestic market remains a real challenge for graduates. According to EUROSTAT, the number of Albanian youth who have left the country in the last decade has reached 140,390 young people seeking asylum in European countries. Demands to leave the country during 2019 increased significantly by 24%, ranking our country among the countries that risk rapidly aging population and in the long run its depopulation[2].

Again, according to administrative data on the labor market reported by Institute of Statistics, almost 19,000 young people aged 15-29 were registered as jobseekers in employment offices during the first half of 2020 or 16% more than in the first half of 2019. This was the highest level of unemployed jobseekers since the last quarter of 2016. On the other hand, the pandemic of COVID-19 is still reflecting its negative consequences which beyond the health aspect, have significantly affected the finances of young people in our country where a significant part of them lost their jobs since March 2020.

According to the Quarterly Labor Force Survey[3], in the second quarter of 2020, it turns out that the number of employees aged 15-29 was 262 000, or around 20 000 less employed compared to the first quarter. Meanwhile, considering the data from the National Employment and Skills Agency, the main reason for the presence of the high rates of youth unemployment is the lack of job supply. Currently on the portal of the National Employment and Skills Agency there are only 59 job offers from businesses[4]. In previous years, job offers from the business sector amounted to about 40000. Considering other data from the Institute of Statistics, the largest layoffs during the pandemic were applied by the service sector (coffees, bars and restaurants), where the employment decreased by 31.8%, followed by hotels with -20.2% and factories with -12.8%. Employment in general and youth employment decreased by some other service markets such as engineering activities, by -2.5%, communication by -2.3%, trade and vehicle repair by -2.2% and travel agencies by -2.1%.

On the other hand, in some production lines, the market has not been affected by the pandemic of COVID-19. Water supply and waste treatment marked a significant increase in employment by 4.6 percent compared to the second quarter of the year. This increase seems to have been driven by employment in state-owned water utilities, as the vast majority of them are publicly owned. The construction sector also recorded annual growth of 1.9 percent during the pandemic in the second quarter of 2020.

The sector did not stop its activity even during the restrictive measures and the start of the reconstruction process in the areas damaged by the earthquake of November 26, 2019 seems to have stimulated employment in construction. The electricity sector also had an increase in employment by about 1.2 percent. Electricity production has not been affected by the crisis as employment growth has been driven by increasing investment in Hydroelectric power stations which have been under construction.

[3] Quarterly Labour Force Survey, Second Quarter, INSTAT 2020
[4] On 06/01/2021

Over the past decade, youth employment has taken a significant importance in some of Albanian national development agendas, proving the scale of this challenge that Albania still is facing regardless of the level of socio-economic development. During the last year, youth employment has been on focus of discussion among the public and private institutions considering the consequences that pandemic of COVID-19 had on youth employment but no significant measures have been taken on this regard by both parties.

There have been several measures and policies undertaken from the Albanian government since the beginning of the quarantine in March 2020. One of the most important ones was the amendment to the 2020 Budget under the Normative Act of 20th March 2020 with the aim to support the basic pillars of efforts against the consequences of the global pandemic, by ensuring ALL 6.5 billion Fund for the Anti-COVID Social Package “in support of employees and / or other strata affected by the suspension of work processes nationwide, including the needy, the unemployed and communities. There have been declared other 1 billion ALL in the direction of the State Budget Reserve Fund, for the creation of space for financing the necessary expenditures of unforeseen character, for the following months and ALL 2 billion reallocations to an Emergency Fund to provide food supply to certain communities, which will be affected by the pandemic, or for families with economic assistance and lonely pensioners who will need direct assistance[5]. It is important to emphasize that there cannot be reported for a clear impact that these measures have had for youth in Albania considering that Albanian labor force is mainly composed by youngsters and when considering the official data from the Institute of Statistics, out of 33 000 people who turn out to have lost their job during the period April-June, 61% of them were youngsters, aged 15-29.

[5] <https://financa.gov.al/raporte-per-covid-19>

Recommendations

Key actors shaping labor market policies in the country must consider additional measures specifically related to the category of youth aged 15-29 considering that 22 000 youngsters have lost their jobs only during the period April-June 2020.

Public institutions must be aware that productive employment and decent work for young people cannot be achieved through fragmented and isolated interventions and there is an urgent need for stable, determined and coordinated action by a wide range of actors.

Public institutions and key actors responsible for youth employment need to work on a coherent approach which will proactively include an integrative strategy for job creation, and, at the same time, all targeted interventions would help Albanian youngsters to overcome the difficulties they have faced due to the pandemic of COVID-19 and those of entering in the labor market.

It is necessary to have a better coordination and cooperation between government institutions, both at central and local level and despite all the collaborations and agreements, the collaboration with the private sector remains extremely important when it comes to job creation, economic growth and youth employment, specifically for the category of youth aged 15-29.



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