

“Reducing Social Exclusion Through Social Protection Mechanism in Albania” Non-Technical Summary

Even from its first days of independence in 1912, Albania was plagued by a host of ills: pervasive poverty, overwhelming illiteracy, blood feuds, epidemics of disease, and gross subjugation of women. Stitched into the ever-convulsive Balkans, Albania was kept Europe’s most isolated and deprived country overwhelmed by instability and poverty. After long-term communist government that lasted from the end of the Second World War till the 1991 (when the first multiparty elections were held since the 1920s and predestined the end of communist rule), Albania entered a turbulent period of political and economic change. The notions of capitalism and democracy that have surfaced since are a crude mix of gangsterism and clan politics. Almost a decade after democracy and privatisation were supposed to deliver undreamed-of advances, life in today’s Albania is marked by massive unemployment and disillusionment. So it is not surprising that disappointment and low expectations pervade conversations with many men and women.

At the beginning of transition, a legal framework was established to provide for the possibilities of structural changes and state property privatisation. However, the legal framework itself, wasn’t sufficient to respond to the fast political and economic changes that were brought about by the re-emergence of the private sector and capitalism in Albania.

The term ‘social security’ is hardly ever used either in the Albanian literature on social protection or in the relevant legislation. This is mainly due to the absence of any social right to social security, guaranteed by the Albanian constitution as well as to the predominant socio-political objectives that relate the scope of the social protection to the coverage of working people and needy persons and not to the coverage of the whole population.

The Albanian social protection system can be described as a recently established system that follows the traditional distinction between social insurance and social assistance. Social insurance as developed in relevant legislative texts, corresponds to the coverage of working persons in the case of specific risks that reduce their income from employment or increase their subsistence costs. On the other hand, social assistance is concerned with the protection of needy persons who are not able to guarantee a decent standard of living through their own means. The Albanian system is based on three principles: subsidiary (insured persons are excluded from coverage), maintenance of living standards and provision of non-contribution benefits.

According to the last poverty survey (LSMS 2)¹, **one quarter of the Albanian population live in poverty**. Little extreme poverty – as defined by a food poverty line – exists, with less than 5per cent of the population unable to meet basic food requirements. Studying available information on poverty versus results of social protection mechanism in Albania, some questions come to mind. What is the macro level- effectiveness of the social protection scheme, does the current social protection system target the funds to the poorest areas and to the poorest households? What is the micro level -effectiveness of the scheme, is the actual scheme addressing the most

¹ Living Standard Measurement Survey, 2002, Draft, INSTAT and World Bank.

critical social economic needs of the households? What is the relevance of the current social protection approach vis-à-vis the new objectives of poverty eradication strategy- social protection and re-integration.

Analysing the principles of social protection mechanism and the way in which they have been implemented, it is observed that:

The recipients of social assistance are the most vulnerable to social exclusion. They suffer from multiple social disadvantages because they lack access to basic standards of housing, education, health, human relationships and protection. Beyond straight forward economic poverty, the use of term social exclusion recognizes that the human rights of the individuals can be further threatened by the forced passivity of welfare, the inability to fulfil their basic potential and to build the kind of human relationships that lead to active citizenship.

The social protection mechanism while providing benefits fails in promoting people to be socially integrated. The policy of social protection, defined as the policy of 'alleviation of social inequalities' is not sufficient to promote the social development of Albanian society.

As a result, the question of transformation of the current system into a 'social protection, integration and development mechanism' is of utmost importance. This paper contains five sections including the introduction. The section 'Statement of research problem' intends to review two important issues in the light of social exclusion: poverty and the role of social protection. The main focus of the paper is developed in the section 'research design' explaining empirical conditions that characterize application of social protection system in Albania, analytical framework in which this system takes place and correlation among selected indicators. Under the section 'findings' there is a review which highlights research results. The paper looks at the conditions of the most excluded strata of society. The paper reviews social policy in Albania and demonstrates a close connection between practical observations of the system and evidence collected. It concludes with a review of the implications for policy design.