

Social Services and Decentralisation – The Case of Albania

Prepared by: Elira Jorgoni, ESA Consulting

Abstract:

This paper has been drafted as a case study to be presented in the Policy Forum, organized by Terre Des Homme, on “Decentralisation of Social Services: Methods, Consequences, Lessons Learnt” that will take place on 10-11 May 2016 in Vienna. It aims to provide a concise snapshot of Albania’s social welfare system seen through the decentralisation lenses following the territorial and administrative reform in that was enacted in the local elections of 2015. It starts by presenting the general framework of social care and assistance in the country accompanied by an overview of some key social indicators. It then outlines the roles and functions of central government, new enlarged municipalities as well as civil society outfits, coverage and targeting aspects of service delivery and points out the main challenges. The analysis presents a number of key lessons on the delegation of responsibilities, decision-making and financing, as some of the key aspects closely linked to improvement of service provision.

1 Overall social welfare system in Albania

The general framework and principles for social protection and social care services in Albania are laid out in the law “On Social Assistance and Care”¹, which regulates rules and conditions of eligibility and provision for social assistance and care and defines the roles and relevant responsibilities of governmental institutions. Social assistance and services are articulated around categories in need defined as those having limited economic, physical, psychological, social skills and opportunities.

A strategy for social protection 2016-2020 is in place and for the first time it has also been costed. It acknowledges that wide scale reforms of this magnitude require new governance arrangements and new funding mechanisms that enable a range of cost-effective services.

The law defines that social assistance and services are intended to alleviate poverty and social exclusion for individuals and families and create opportunities for their integration. It also underlines decentralisation as one of the core principles underpinning the scheme of social assistance and services, along with universality, equity, respect and guarantee of human values and integrity, transparency and neutrality, social integration, non-discrimination². A new draft law on social care services has been prepared and consulted with stakeholders and will be subject to parliamentary approval in June 2016. The new law

1 Law no. 9355, dated 10.3.2005, amended.

2 UNICEF Albania (2013) “Social care services at the regional level: Analysis and recommendations”, Jorgoni, E., Ymeri, S., and Stubbs, P., contracted by the Institute of Contemporary Studies (ISB).

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will entirely focus on social care services, separating the care services from the cash benefit payments, which are being regulated through specific rulings. In addition, following the new territorial and administrative division of the country a new decentralisation strategy was approved in August 2015. A new law on organization and functioning of local governments was adopted in December 2015³, and work is undergoing for a new law on local finances, which is expected to address the distribution formula for each municipality.

Albania's social protection system is composed of two main components: i) cash benefit programmes including the social assistance (ndihma ekonomik/ NE) – a poverty alleviation cash benefit programme and disability benefit (cash payment) for people with disabilities; and ii) social care services⁴.

Social assistance spending captures less than 1% of GDP, down from 1.4% of GDP in 2012 and has been projected to remain at similar levels until 2017. Social assistance benefits declined significantly in 2013, despite an increase in poverty rates following the economic slowdown. In 2013 the NE programme covered about 106,000 households whereas in 2015 it covered 79,530 households. The NE programme is undergoing thorough revisions since 2014, with a pilot programme being tested in 3 of the country's 12 regions where almost half of the population resides. The pilot programme has introduced a new MIS system for increased transparency and eligibility testing through a unified scoring formula, following a proxy means tested method, aiming at improving targeting accuracy and the size of benefits depending on the degree of poverty. It is expected to be rolled out nationwide within 2016. According to entitlements NE in Albania is delivered partially in the amount of approximately 55 Euro or fully in the amount of 70 Euro.

On the other hand, disability benefits have steadily expanded, arguably at the expense of the NE programme. The disability support scheme covered about 165,000 beneficiaries in 2014 compared to 66,691 in 2015 and pays about three times more on average than NE. While in 2013 they constituted about 1.4 per cent of GDP, they have been projected to drop to about 1 per cent during the 2015 – 2017 period, a level comparable to that of 2012. A new system of determining eligibility and a MIS system similar to that of the NE is expected to improve targeting and coverage problems.

Spending in social care services is fairly insignificant at about 3 per cent of the overall social protection budget programme. An ongoing reform of social care services intends to complement cash assistance with comprehensive in-kind services. Indeed, comprehensive reforms in social care services are expected to cover strengthening of staff capacities in social service delivery, establishment of new services as well as a move towards community based services.

³ Law no 30/2015 for some changes and amendments in the Law no. 8652, DATË 31.7.2000, "For the Organizational and Functioning of the Local Governance", revised (available in Albanian at:

http://www.ceshtjetvendore.gov.al/files/pages_files/15-04-03-04-31-40ligj_nr._30_dt._2.4.2015.pdf)

⁴ Based on the Law no. 9355, 10.3.2005 "On Economic Aid and Social Services" – the "Social Services" are defined as the group of services provided to the individuals and groups in need, unable to afford, with the available resources they have, their basic needs for preserving, developing and rehabilitating individual possibilities, to overcome emergent or chronic needs. (NOTE: a new draft version has been drafted and is expected to be approval within 2016)

⁵ Data reported from the State Social Service available at <http://www.sherbimisocial.gov.al/raporte/>

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2 Relevant indicators

The resident population of Albania as registered by Census 2011 was 2,8 million noting a decline of 8% compared to 2001. For the first time, the population living in urban areas has exceeded the population living in rural areas (53.5 per cent versus 46.5 per cent)⁶. In 2015 the median age in Albania was 34.7 years. In the aftermath of the collapse of the communist regime, Albania went through a series of emigration waves. Between 2001-2011 is estimated that around 500 thousand persons emigrated from the country. Indeed, migration continues to be a preferred option for many Albanians as more than 60,000 people have left the country asking for asylum in Germany in 2015. More than one billion USD of remittances sent annually home by Albanian migrants mostly from neighbouring countries have provided a substantial safety net and have led to the improvement of living standards and housing in the country. In 2006 they constituted 15.6 per cent of GDP and have been hovering around 8 per cent during the recent years⁷.

Following the pyramid scheme crisis in 1997, Albania's economy saw steady levels of growth at an average annual rate of 6 per cent. The global economic downturn affected Albania as growth starting to stall in 2009 at 3.4 per cent and continued to decline until 2013 with 1.1 per cent. Economic growth started to pick up in 2014 and according to IMF is projected to accelerate up to 3.4 per cent in 2016⁸. Albania's economic development is mainly driven by services that represented in 2014 the main share of GDP with 45.4 per cent. Industry and Construction captured 21.9 per cent whereas agriculture, hunting and forestry produced 20 per cent of the country's GDP⁹.

Poverty in Albania saw a considerable decline from 25 per cent in 2002 to 12.4 per cent in 2008. However, following the economic slowdown that started in 2009, poverty headcount declined to 14.3 per cent in 2012. Extreme poverty also increased from 1.2 per cent in 2008 to 2.2 per cent in 2012. In addition poverty in urban areas increased from 10.1 per cent in 2008 to 13.6 per cent in 2012, whereas rural poverty increased from 14.6 per cent to 15.3 per cent¹⁰. The main source of poverty measurement has been the Living Standard Measurement Survey – a World Bank methodology based on consumption.

Currently, the national Institute of Statistics (INSTAT) is in the process to start measuring poverty based on income through the SILC methodology that is expected to bring comparative standards with the countries of the European Union.

Since 2011, Albania has been conducting the Labour Force Survey, which is currently providing updated figures on a quarterly basis. The number of persons aged 15-64, actively looking for work over the fourth quarter of 2015 was 230,747 persons corresponding an unemployment rate of 17.7 per cent¹¹. On the other hand administrative records show that

⁶ http://www.instat.gov.al/media/177354/main_results_population_and_housing_census_2011.pdf

⁷ World Bank Indicators

⁸ <http://www.imf.org/external/np/ms/2016/032316a.htm>

⁹ http://www.instat.gov.al/media/318798/gross_domestic_products_2014_preliminary.pdf

¹⁰ http://www.instat.gov.al/media/288399/living_standard_measurement_survey_2012_revised.pdf

¹¹ http://www.instat.gov.al/media/324537/lfs_q4-2015.pdf

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registered unemployment in the same quarter stood at 12.9 per cent (INSTAT). In terms of employment, agriculture remains the biggest sector that employs 43.3% of the work force.

3 Mandates in the area of social welfare services

During the early days of decentralisation in the late 90's, social assistance and care, together with pre-university education and primary healthcare were considered as services that would warrant joint efforts by both local and central levels of governments. Today, these services in Albania continue to carry a certain dichotomy where central government and local government roles have supposedly shared responsibilities. Yet these roles are not adequately defined and therefore delivery is not functional. Indeed, the organic local government law does not clearly elaborate the concept of social protection activities. Social services is seen as an exclusive function whereas social care as a shared function. On the other hand, the social assistance and care law does not contain specific definitions to clarify this potential overlap. It makes however the distinction between "community social services" understood as public and non-public social services provided at the local level and "social services" in general.¹² Community social care services are then as services delivered in daycentres; at home or under custodianship, in accordance with the specific needs of the beneficiaries; in contrast with "residential care services".¹³

The social assistance programme (cash benefits) dominates the central government's social protection budget. Social service funding is practically limited to the financing of residential services. Social assistance and other cash benefits are financed through the state budget but transferred to beneficiaries through local government units. The central government also finances some social services – mainly residential institutions – directly, in addition to local governments and nongovernmental organisation funded services. It also elaborates the policies, legislation and appropriate mechanisms related to the reporting of cases of abuse.

3.1 Roles and functions of Key actors

The Territorial and Administrative Reform (TAR) that was completed in 2014 served as a basis for local elections in June 2015. Local units were reduced from about 383 municipalities and communes to 61 bigger municipalities. The intention was "to enhance local administration's efficiency, quality and standards of service delivery and a fair territorial development by enabling greater human and financial resources, by augmenting local responsibilities and competencies and by guiding them towards a transparent and more inclusive decision-making."¹⁴

The implementation of the territorial administrative reform together with the revised law on organization and functioning of local government and the draft law on social service as well as the legal framework on cash benefits (social assistance and PwD) will provide more

¹² Article 4, point 5 and 15, law 9355.

¹³ Article 14 and 15, law 9355.

¹⁴ Minister of State for Local Issues. (2015) *National Crosscutting Strategy for Decentralisation and Local Governance, 2015 – 2020*, p. 19.

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clarity on the social policy layout. These policy frameworks orient the planning and delivery of social services to be devolved to the territorial level. Municipalities are responsible for needs assessment and planning and the delivery (or outsourcing) of services. The MoSWY is responsible for defining policies and standards for social service planning and delivery and providing technical and financial support as well as ultimate oversight and control. A Standard Basket of Services has been prepared based on a national vulnerability map. This instrument can be further adapted for each municipality based on their community needs. The basket of services includes the establishment of Needs Assessment and Referral Units that combine cash and care services. Certain services such as those for people struggling with mental illness can still have a national or regional character. Whereas the State Social Services is responsible for capacity building and technical support (e.g. in relation to local planning) to the territorial units; and for monitoring and evaluation through their regional offices.

3.2 Coverage (territorial and categories of population)

Findings from a mapping of social care services (UNICEF, 2013) indicate a concentration of services in the central and western areas of the country. Most of the services (public and private) are located in big cities such as Tirana, Durrës, Shkodra, Korça and Elbasan, while in others such as Delvina, Përmet, Patos, Erseka, and Kruja, services are completely missing,

Data from the MoSWY highlight that civil society organizations (CSOs) are providing most of the social care services, with about 266 centers against 27 non-public centers throughout the country (19 centres under the LGUs and about 8 national centres financed by state budget)¹⁵. Moreover, it can be noted that about 60% of services fall under the child protection or child rights category; about 90% of services are provided in urban areas, and almost 75% of services are provided in the western and central areas of the country. Furthermore, services financed by the local governments are insufficient, in particular for the elderly.

CSO supported services are funded by international organisations and are usually project based without a solid sustainability. In the absence of social care plans, fragmentation and weak monitoring capacities as well as incomplete or missing service standards are noted. Although in general services provided by the CSOs are better rated than public ones, the monitoring mandate raises a concern – given that the State Social Service can only monitor only those licensed service providers (around 180).

4 Issues of service development, gaps and obstacles for further decentralization

Local government units have a wide array of responsibilities in the social sphere. These include delivery of community social services, follow up the custody procedures and placement; as well as management of residential services in specific cases. In addition, the legislation defines specific obligations for social services at the local level, including the establishment of gender and domestic violence focal points (GFP), and Child Protection Units

¹⁵ State Social Service

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(CPU). Following changes in LGUs structures these services need support to established and strengthened in line with NARU functions.

As of 2005, a variety of social care services were also decentralized under the assumption that LGUs would be responsible for management and financing of such services without any support to strengthen the sustainability of the system. Furthermore, some of these facilities that were transferred to the local level, (including the right to ownership over the objects) are in a deteriorated state and have high operating costs. Till today these facilities are still being financed almost exclusively directly from the state budget, although they are under the theoretical authority of municipalities. This double arrangement has lead to undermined accountability of these institutions and impacting the sustainability and quality of performance.

Furthermore, public social service providers at the local level have been functioning as dependent branches of central bodies and are not fully integrated with other local government units. This adds to the confusion of who is in charge of what for the delivery of services. Some of these concerns will likely be addressed through the territorial reform but a process of redefinition of respective roles and functions still needs to take place.

Apart from these structural issues, other challenges include the fact that decentralization of services was not followed up by the necessary capacity building. Not all LGUs have established appropriate structures to deal with social issues. Child Protection Units and Gender Focal Points have been a result of international community efforts. Overlapping and confusion are observed in terms of reporting as information flows mainly vertically. Indeed, there is a general perception that reforms are not followed by properly in terms of information/awareness and capacity building. On the top, confusion over mandates, unclear roles and lack of thorough working protocols for the staff covering social services at all levels are exacerbated by political interference that causes capacity depletion and uncertain job tenures of technical staff.

In another dimension, the facilitation of service provision is hampered by the lack of a specific legal framework for the public services procurement, which is considered as a major shortcoming for the delivery of services. The issue of limited resources to ensure good coverage and adequate social care is also critical. This translates into coverage issues, as even the most resourceful municipalities are not able to provide services to all in need. In this situation, the provision of new services is quite difficult. This causes a certain ad-hoc dependability on donor funding in establishing new services. Indeed, there is an active engagement of international organisations such as the World Bank, Swiss Cooperation, UN agencies, Terre des Homme, Save the Children, and OSCE that are implementing social projects targeting local structures.

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5 Lessons learnt or good practices

Social care services in Albania are extremely patchy and not planned in a sustained way, which meets the needs of key target groups. There is both duplication and over supply of some services, especially residential services, and, crucially, an under supply of appropriate community-based services which are accessible and appropriate for local needs (UNICEF 2013).

The new territorial administrative division fewer and larger local government units. This provides better ground and more economy of scale for supporting the less advantaged areas and vulnerable groups. New local governments are in a better position to plan strategically and serve their constituencies more efficiently. With the new division, they are better equipped with human resources and funds to support a wide range of services and functions.

Yet, the establishment of better standards and criteria that respond accordingly to the groups in need is considered as a priority. This would mean that articulation of standards of services have to look deeper into the characteristics of the groups they are supposed to support. There are increasing calls for the central government to consider allocating a larger share of the social protection budget to non-cash services, especially community and home-based services, in order to support integration of vulnerable individuals through pro-active means. The establishment of the envisaged Social Fund would be a positive step in supporting social service initiatives at the local and regional level. Yet there are no clear indications when this could take place.

Truth be told, social services are not expected to be an election winning issue nor a top government priority for the immediate future. Under these circumstances, the establishment of a minimum basket of basic social services at community level is something that can ensure that vulnerable families and children have guaranteed access to essential and cost-effective social assistance, education and health services. In this context, the rights of the vulnerable groups are more likely to be observed and the system of care and social protection is more cost-efficient.

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