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The Effectiveness of “Family Protection Scheme”  
in Alleviating Poverty in Albania

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This research paper contains:

In the beginning:

1. Acknowledgements
2. Contents
3. Tables
4. Figures
5. Abbreviations
6. Text which includes 55 pages (1-55) with **17 494** words in total (including footnotes). It has six chapters.

In the end are attached:

1. Annex 1: Map of distribution of FPS in Albania in 2002
2. Annex 2: A summary of the results of 'home-visit' of the poor families in three minimunicipalities
3. Annex 3: A detailed information about the results of 'home-visit' for each minimunicipality
4. Annex 4: Main characteristics of respondents who provided their interview
5. Annex 5: Type of interview used for collection of primary data from the poor
6. Bibliography

Merita Mece



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## **CHAPTER I**

### **1.1 Introduction**

Poverty is growing markedly in the Albanian society of post democratic transition, which is struggling to find its way in an open market economy. Although poverty's roots are during the years of socialist system, it was not officially recognized. Poverty was officially recognized, for the first time, after 1991 when Albania changed its political system. During the first years of transition there is an insufficient information about its depth and severity due to lack of relevant research at national level. According to the 1998 Household Living Conditions Survey (HLCS), at national level, conducted by the Institute of Statistics (INSTAT) in Albania, 29.6 percent or 920 thousand Albanian people were poor (less than 2 dollar per capita per day), while 16.2 percent of them or 500 thousand persons lived in extreme poverty (less than 1 dollar per capita per day) in 1998.

Poverty today in Albania is not only the result of the past policies, but also the outcome of several factors such as: the abolishment of socialism and development of capitalism, privatization of state enterprises, quality of implementation of decentralization's reforms. To prevent people from falling into poverty, the Albanian government has undertaken several measures and implemented several programs. One of these programs is the "Family Protection Scheme" (FPS) which started for the first time in 1993.

The main purpose of this paper is to identify how effective this scheme is in alleviating poverty in Albania, in general, with Tirana as a case study, in particular, during the period 1993- August 2003.

### **1.2 Rationale of the study**

The FPS is tailored to protect the marginalized people from market fluctuations and restructuring of the economy. It is designed and implemented in a period when

Albania does not have yet an official subsistence level. Although it offers a monthly payment to its beneficiaries, there is no official calculation and justification on why this payment is sufficient to meet their monthly needs.

Thus, the main contribution of this paper relies on the evaluation of the FPS by its beneficiaries and people who work with it. Due to lack of available data about the effectiveness of the FPS to alleviate poverty, listening to the voices of the poor represents an alternative approach to find out how much this scheme helps them, what its weaknesses and the obstacles to reach them are, and how to improve its performance in the future.

### **1.3 Research questions and objectives**

The main research question of this paper is: *What is the effectiveness of the FPS in alleviating poverty in Albania during the period 1993-August 2003?* In this paper I will judge the effectiveness of this scheme based on its targeting efficiency and the value of benefits that the poor receive monthly. Thus, the answer of the main research question relies on two subquestions:

- a. *Does the FPS reach the poor in Albania?* The answer of this question focuses on targeting efficiency.
- b. *How valuable is it to them?* The answer of this question focuses on the value of benefits.

Following research questions, the main objectives of this paper are:

1. to characterize the nature and main characteristics of poverty in Albania during the period 1993-August 2003;
2. to identify how effective FPS is in alleviating poverty in Albania during the same period through focusing on its eligibility, targeting efficiency and the value of benefits;
3. to highlight the weak points of FPS which affect its implementation into practice;



4. to identify some policy implications and to address some relevant questions related to other alternatives through which this scheme can be improved in the future.

#### 1.4 Methodology

This paper is based on a combination of descriptive and analytical approaches. Descriptive approach is used to review the existing literature, to provide a theoretical framework of the concepts of poverty and social assistance. It is also used to describe the nature of poverty in Albania, in general, and the profile of FPS, in particular.

An analytical approach is used to evaluate this scheme. This evaluation is done by 'bottom-up' and 'top-down' approaches. The 'bottom-up' approach provides the evaluation of FPS from the poor's perspective, and Tirana's municipality is taken as a case study for two main reasons:

1. City's poverty profile is very diverse. During the period 1990-2002, its total population doubled from 238000 inhabitants in 1990 to 485000 inhabitants in 2002 (INSTAT, 2003) due to the lack of urbanization policies to control the free movement of population. Thus, the poor come from various parts of Albania reflecting, more or less, poverty's characteristics of their sending regions;
2. I have worked in this municipality.

**Table 1.1: Number of new settlers by place of origin, Tirana, 1996-1999**

years	Urban	rural	total
1996	15154	25437	40591
1997	15449	8678	24127
1998	10634	5459	16093
1999	11285	4543	15828
total	52522	44117	96639

Source: Office of Vital Registration, Tirana's Municipality, 2001

Administratively, this Municipality is divided in 11 minimunicipalities. Each of them has its own local council starting from January 2001. To design my sample, I have chosen beneficiaries of the FPS in three out of its eleven minimunicipalities.

- Minimunicipality Nr. 2 has extended its administrative border including in it a part of rural areas (Sauk). So, its poverty has both, urban and rural profiles.
- Minimunicipality Nr.10 is located in the heart of the capital city and native people mainly populate it.
- Minimunicipality Nr. 11 is located on the periphery of Tirana and administratively includes three main regions: Lapraka, where many new settlers from the northern and northeastern parts of country reside, Breg Lumi, with its known slum area, and Koder-Kamza, with its pure rural profile.

While the ‘top-down’ approach analyzes the weaknesses of the FPS’s legislation from the perspective of people who work and manage the scheme. In this case, I use information collected from focus group discussions with some social administrators of these minimunicipalities and my working experience in controlling the management of this scheme in Albania.

## **1.5 Data sources**

This paper uses primary and secondary data.

Primary data was collected during two fieldwork in the above minimunicipalities. The first fieldwork was carried out in January-March 2001 when I did ‘home-visit’ in 302 poor families included in the FPS to identify their living conditions. While, the second fieldwork was carried out in August 2003 when I did interviews with 60 of them. Other methods used are: focus group discussions with eight beneficiaries and individual discussions with six poor families exempted from the scheme.

While secondary data are extracted from: INSTAT, which provides official data about the 1998 HLCS; Yearly Bulletin of State’s Social Service (SSS) on FPS for 2000, 2001, 2002; Albanian Human Development Reports 1998, 2000, 2002; Office of Vital Registration in Tirana’s Municipality; IMF, UNICEF and the World Bank country reports.

## **1.6 Study limitations**

Limitations of this study derive from the fact that poverty is not well monitored in Albania during the years of transition. Thus, there is no official poverty line and subsistence level. But, for the purpose of this paper I use definition of poverty provided by the 1998 HLCS, that is the sole survey, at national level, that we have in Albania, whose data are released in July 2001. Secondly, there are no available data about dynamics, leakages and administrative costs of the FPS during the period 1993-August 2003. Although I provide some explanations about its dynamics, in Tirana only, and calculate its administrative costs for 2000, still there are limitations over time. Thirdly, the in-depth interviews are carried out in August 2003, in Tirana only, but there are no available data for this year. Finally, this paper focuses on FPS in cases of families with no or insufficient income to maintain their living only. Thus, it is excluded its role in cases of: a) disability and blindness, and b) delivery of food aid. But, in both cases, this paper will provide a brief explanation about them in Chapter IV.

## **1.7 Organization of the paper**

This paper is divided into six chapters. Chapter one includes introduction, rationale of the study, research questions and objectives, methodology, study limitations and data sources. Chapter two deals with conceptual framework of poverty, poverty line and social assistance. A special emphasis is given to the political economy of targeting and targeting costs. Chapter three provides a general overview of poverty in Albania through identifying its nature and vulnerable groups. Chapter four deals with the role of FPS, in general, and its effectiveness, in particular. Chapter five provides the evaluation of the scheme by the poor and highlights some alternatives for the future. Finally, conclusions and policy implications are provided in Chapter six.

## **CHAPTER II**

### **POLITICAL ECONOMY OF POVERTY AND TARGETING**

#### **2.1 Introduction**

Many authors refer to poverty as a situation which is characterized by lack of income to meet certain required needs, low level of consumption to reach a certain level of calorie intake per day, lack of having a healthy and decent life and so on. There are several designs of social programs to alleviate poverty. One of them is the social assistance scheme. This chapter provides a theoretical framework of poverty and social assistance program through focusing on the political economy of targeting.

#### **2.2 Poverty and poverty lines**

A poverty line, as Besley and Kanbur (1993: 68) indicate, distinguishes the poor from the non-poor and an agreement on it is important for poverty alleviation programs. The setting of a poverty line is a national concern that reflects the political strategy designed by the government and influenced by political factors. Grosh (1994: 14) argues that factors of the political economy affect the targeting of the poverty alleviation programs and their support. Thus, if these programs are targeted to the poor, their identification is a main issue.

Poverty is viewed from various perspectives. The 'basic needs' approach views it as an absolute deprivation in satisfying the basic human needs due to insufficient total earnings (Sen, 1981: 11). But, this definition in terms of 'lack' or 'deficiency' of the necessities is difficult because "there is no consensus about what basic human needs are or how they can be identified" (Wratten, 1995: 12). Besides this, Morris (1979: 12) indicates that "the concept of basic needs is a country-specific and dynamic concept" and culture, individual preferences and age-groups influence it (Ravallion, 1992: 26-27)

If we use income to identify poverty, then poor people will be those level of income makes them to have less than others in society (Hagenaars, 1986: 37). To define that level, it is important to settle the problem of standard of living. Ravallion (1992: 5) views it from the welfarist and non-welfarist perspective. The welfarist approach is more concerned about the level of well-being that people assess individually based on their level of utility. While the non-welfarist approach focuses more on specific forms of deprivation that people face due to inadequate food consumption.

But income in itself is not a good indicator because, according to Sen, it is usually discussed in terms of household's level where the command over resources is not the same among various members of the household. Thus, those entitlement to consume resources is low are invisible from the image that they are equally distributed. Furthermore, per capita income does not take into consideration the role of economies of scale, which provide support for the household's livelihood to meet their demands (Wratten, 1995: 13).

Moreover, poverty does not refer to income poverty or basic needs only. Human poverty has a diverse content and different from income poverty that focuses on the levels of income it focuses on capabilities (Cagatay, 1998: 7). In his capability/entitlement approach, Sen (1981: 15) views poverty as capability deprivation, as the failure of some basic capabilities to function. So, this approach "reconciles the notions of absolute and relative poverty, since relative deprivation in incomes and commodities can lead to an absolute deprivation in minimum capabilities" (UNDP, 1997: 16).

The poor are heterogeneous and indicate various aspects of poverty. Their poverty's definition includes other dimensions such as vulnerability, weakness, seasonality, powerlessness and humiliation (Chambers, 1994: 10-20). Thus, a participatory definition of poverty is important because the poor are labelled to be so by the outsiders, but not based on their own criteria (Wratten, 1995: 16).

### **2.3 Social assistance and political economy**

After the identification of the poor and aggregation of poverty, the second step refers to attempts to alleviate it. Poverty alleviation highlights the need for social programs, and their implementation requires the involvement of the government because, as Burgess and Stern (1991: 47) indicate, the improvement of the distribution of welfare is one of the main government's responsibilities. The social assistance scheme is one of the social programs that aims "to focus limited resources where they are most needed" (Rodgers, 1995:7).

Several studies have indicated that domestic political economy has strongly influenced the demand-based approach for social assistance programs (Graham 1992, Kakwani 1995, Subbaro et al, 1997). So, political elite needs them to legitimize welfare in the eyes of 'abused taxpayers' (Rose et al., 1978). While governments usually implement them when there is a strong pressure "to do something about the social costs of adjustment" (Subbaro et al., 1997: 136).

Besides these, politics influences the sustainability of the service provision of these programs (Graham 1992, 1995; Subbaro et al., 1997) and the way how they are implemented on the ground (Grosh, 1994). Through diverting some of their benefits to the less needy people, government ensures the political support of these programs.

### **2.4 Targeting and targeting errors**

Burgess and Stern (1991: 64) define targeting as "procedures designed to concentrate provision on those individuals who are deserving". So, a perfect targeting means to include in the program all the poor people who are defined so, in a particular country, and to exclude all the non-poor people (Baker et al., 1994: 9). But, Cornia and Stewart (1995: 83) distinguish two types of targeting errors: the error of inclusion that happens due to the reaching of non-target population and the error of exclusion that happens due to the failure to reach the target population. These two main errors lead to 'undercoverage' and 'leakage'.

‘Undercoverage’ is defined as “the percent of those meant to be reached by the program who are not reached. It is calculated by dividing the number who should but don’t get benefits (the error of exclusion) by the number who should get benefits (the target population)” (Baker et al., 1994: 9). While ‘leakage’ is defined as “the percent of program benefits that are given to those who ought not receive them. It is calculated by dividing the error of inclusion by the number of persons served by the program” (ibid, p.9).

## **2.5 The political economy of targeting and sustainability of the social programs**

In theory, a well-targeted program will lead to the improvement of people’s well-being. So, the efficiency of the antipoverty programs would be increased (Subbaro et al., 1997: 15). But, in practice, the issue is politically-driven. A well-targeted program to the poor may have a little political support and a small budget because the number of beneficiaries will be narrowed sharply (Grosh, 1994: 12). The poor usually are politically weak and do not exercise as strong a pressure as the non-poor do (Piven and Cloward, 1972). That is why the government does not have an incentive to help them (Salmen, 1990). Being powerless, the poor do not affect the sustainability of its political reforms, thus “political links/networks between the target group/beneficiaries and the designers of the programs (government) affects the probability that more resources will be diverted to politically important groups and [affects] the type of program [chosen]”<sup>1</sup>.

Besides these, the poorest of the poor cannot be easily reached because of the unequal distribution of the availability of information among various social strata of society. Having a low and asymmetrical information, and being heterogeneous, the poor have low initiative to be organized to get benefits from the social programs (de Janvry et al., 1992: 356-7). That is why “intervention efforts tend to focus on the most vocal and organized groups which are not necessarily poor” (Subbaro et al., 1997: 19).

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<sup>1</sup> <http://www.worldbank.org/poverty/safety/design/political.htm#safetynet>.

Furthermore, the poor “may lack the clout to sustain the programs and maintain the quality of the services offered” (Sen, 1995: 14). Thus, ‘programs for the poor are poor budget programs’ (Gelbach et al., 1997: 2). But programs with a small budget might be more sustainable from the taxpayer voters. Even if a taxpayer voter is unlikely to benefit from them, he might accept them since their tax burden to be sustained is low (Grosh, 1994: 13).

The political economy of targeting influences the budget allocation and distribution among various local units (Graham 1992, Case 2001). To keep their political sustainability, governments use these programs during the elections. In their model, Lindbeck and Weibull (1987) indicate that, in both cases, either in maximizing the number of votes for a certain political party to win, or maximizing the probability of having more seats in parliament, more funds are allocated towards regions labelled as ‘important’ or ‘with strong races’.

Moreover, the administration of the social assistance programs has a pivotal role in their sustainability. “The interests of the different players involved in administering the program will shape how it is eventually implemented” (Subbaro et al., 1997: 19). So, corruption of state officials favors rent seeking (Kohli, 1987: 168), while the wrong decision of administrators, through rejecting a claim or awarding a small payment, leads to the phenomenon of non-take-up (van Oorschot, 2002: 182-183). In both cases, the poor are not reached.

## **2.6 Costs of targeting**

Targeting provides benefits, but, at the same time, it entails some costs that are: administrative, stigma and incentive costs. Administrative costs are defined “as those associated with identifying, reaching, and monitoring the target population” (Subbaro et al., 1997:16). The identification of those who are eligible to get benefits faces the problem of informational distortion (Sen, 1995: 12) which is usually used by people who do not meet the eligibility criteria and try to understate their income level. On the other hand, screening and testing the poor are difficult especially in developing



countries because, as Besley and Kanbur (1993: 71) indicate, most of people tend to work in irregular jobs and have a high involvement in agricultural production for their home consumption. Furthermore, the administrative costs are also influenced by the level of information exchange, the income profile of the country and the frequency of change in the value of benefits (Subbaro et al., 1997: 17).

*Stigma costs:* Grosh (1994: 113) defines stigma “as the feeling of shame that may come from an open admission that one is poor and in need of help”. Stigmatization derives from: 1) a discrediting attribute due to the dependence on such services which are targeted to the poor, and 2) the negative attitude of administrators who have the power to evaluate and decide on the applicant’s claim (van Oorschot, 2002: 175-179). As a result, many poor people who might be eligible do not get benefits from the social assistance programs (Rodgers, 1995: 58).

*Incentive costs:* Targeting programs may also lead to incentive effects which in the majority of cases are negative such as: relocation, labor-leisure choice and unproductive use of time or resources (Subbaro et al., 1997: 17). Relocation is closely linked to the migration of people towards regions, which have a high share of benefits. But if the new comers are poor, then they increase the cost of service provision of that region (Grosh, 1994: 10) and decrease the share of benefits received if the budget is fixed. While labor-leisure choice is mostly manifested in cases when those who are eligible tend to reduce their work in order to get compensation from the social programs (ibid, p. 10).

## **CHAPTER III**

### **A GENERAL OVERVIEW OF POVERTY IN ALBANIA**

#### **3.1 Introduction**

Poverty is widespread in Albania since 1991. The Albanian people “suffer from a measurable increase in income poverty and a rapid polarization of society” (UNDP, 2002: 22) which obviously reflect the increasing economic and social disparities. This chapter provides a profile of poverty in Albania during the years of democratic transition and answers two main questions: What are the main characteristics of poverty in Albania during the period 1993- August 2003? Who are the most vulnerable groups?

#### **3.2 Country’s socio-demographic characteristics**

Republic of Albania is located in Balkan Peninsula, in southeastern part of Europe. Its total area is 28,748 square kilometers. Mountains and ranges of mountains cover three fourths of its territory. According to the 2001 census, Albania’s total population is 3.08 million with a population growth rate at 1.06 percent and a population density of 107 inhabitants per square kilometers. 42 percent of its population lives in urban areas, while 57.8 percent in rural areas (INSTAT, 2001: 11-4). Life expectancy at birth in 2000 was 71.7 years for males and 76.4 years for females (INSTAT, 2002:37). Albanian people dominate Albanian population, but there are some ethnic minorities such as Macedonians, Vlachs, Montenegrins, Romas and Jevgs.

For about 47 years, Albania was a socialist country governed by the principle of own self-reliance and marxism-leninism ideology. In 1991, after the first democratic elections, Albania changed its political system to a democratic one. Administratively, it is divided in 12 Prefectures. Each Prefecture is divided in Municipalities and Communes. There are 374 Municipalities and Communes. Its capital city is Tirana.

### **3.3 Definitions of poverty and its measures in the Albanian context**

Albania does not have an official poverty line, but, for the purpose of the 1998 HLCS, conducted by INSTAT, poor families are classified in two groups: 'poor' and 'the very poor'. In such a classification, in measuring poverty in absolute terms, two main poverty criteria are used: less than 1 dollar per capita per day and less than 2 dollar per capita per day. Thus, 'poor families' are those which fulfill their needs for food, but not for clothing (less than 2 dollar per capita per day). While 'the very poor families' are those which do not fulfill their basic needs for food (less than 1 dollar per capita per day) (INSTAT, 2001). Except food and clothing, other basic needs taken into consideration are five: access to potable water and hygienic facilities, adequate dwelling conditions, adequate housing, adequate heating, and level of schooling. In measuring poverty in relative terms, the 1998 HLCS takes 60 percent of the median of the sample selected from it to identify the 'poor' and 40 percent to identify 'the very poor' (ibid).

Poverty in Albania is measured in terms of income poverty, based on per capita income. There are two main indicators: poverty incidence and poverty gap. 'Poverty incidence' is defined as the proportion of people with income per capita below the poverty line, while 'Poverty gap' is defined as the difference between the incomes of the poor and the poverty line (ibid).

### **3.4 The evolution of poverty in Albania**

Albania's poverty situation nowadays cannot be fully understood if we look at it separately from the past development trends. Poverty is not a marginal phenomenon, but it is structurally related to the way that economic and social systems function in a society (Rodgers, 1995: 1). Compared to other countries with economy in transition in the region, Albania has the highest income inequality and a relatively high percentage of population below the poverty line (as the 1998 HLCS).

**Table 3.1: Main economic, human and poverty indicators in some of the transition economies**

Countries	GDP per capita (PPP 2002)	GINI coefficient	Population below poverty line	HDI (2000)	Adult literacy rate (in 2000)
Albania	\$ 4,500	0.43	30% (in 2001)	0.773	84.7
Macedonia	\$5,000	0.259	24% (in 2001)	0.772	94
Poland	\$9,500	0.3	18% (in 2000)	0.833	99.7
Hungary	\$ 13,300	0.348	na	0.835	99.3
Bulgaria	\$6,600	0.291	35% (in 2000)	0.779	98.4
Romania	\$6,800	0.422	45% (in 2000)	0.775	98.1

Source: UNFPA (2002) State of World Development, p.70

UNDP (2002) Human development report, p. 149-150

CIA (2002) World's fact book 2002

ACM (2001) National strategy for socio-economic development, p. 23

### 3.4.1 Poverty during the years of socialist system

During the years of socialism, especially after 1978, the highly centralized Albanian economy suffered from disequilibrium between domestic demand and supply. Both, agricultural and industrial output declined. The decline of agricultural output had a high impact on the Albanian economy where agricultural products represented its main exports. At that time, agricultural cooperatives produced 60 percent of the total agricultural production, ensuring around 50 percent of the real income of their members (Telo, 1998: 33).

Low level of domestic supply, which was mainly reflected in shortage of food, cloths, cooking fuel and durable good, forced the Albanian government to implement the 'coupon program'. Local councils distributed coupons to each family once a month. Each coupon indicated a fixed portion of main groceries, including also eggs, potatoes, meat, butter, cheese and cooking fuel that every family should buy on a certain day of every week of the month. Low portion indicated in each coupon was the same, regardless family size and needs. People have to stay for many hours in front of state retail stores to buy its items. At that time, Albania did not measure inflation in numbers because it was not free from market fluctuations, but it could be measured "by the length of lines outside retail stores" (Gianaris, 1982: 66)

The Albanian government kept the regularity of weekly food supply in the capital city only, while other cities, time after time, had insufficient grocery supply. Furthermore, not all families had sufficient purchasing power at the certain day of the week. Especially, extended and working class families, due to low income, did not buy some of the groceries when their day fell close to the end of a fortnight's wage.

At that time, the public sector's minimum wage was 450 lek monthly. This wage was arbitrary taken as the subsistence level without doing any calculation (Telo, 1998: 85). Many working class people received monthly wages below this level, but the Albanian government concealed that fact and stated that in our country "did not exist nominal income under the limit of the subsistence level" (ibid, p.85). Thus, it did not officially recognize poverty and malnutrition in Albania.

Furthermore, due to the pronatalist policy encouraged by the government, Albania's population increased from 1.2 million in 1950 to 3.2 million in 1990. But, Albania's territory offers little arable land. Thus, increasing population density decreased arable land per capita from 3.2 dynym in 1950 to 2.16 dynym in 1990 (Telo, 1998: 24). Due to self-isolation, the Albanian economy was unable to absorb the increasing labor force because of its undercapacity and low technology. This increased unemployment, from 4.4 percent in 1980-86, to 5.2 percent in 1987, to 8.5 percent in 1990 (Blejer et al., 1992: 29). Besides these, increasing population size led to housing poverty. Although the majority of the population rented state dwellings, the average housing space per capita of 7.5 square meters was the lowest in Europe: Bulgaria 17 square meters, Poland 20 square meters, Romania 15 square meters (Telo, 1998: 40).

### **3.4.2 Poverty during the years transition**

Poverty is officially recognized during the years of transition in Albania. It is defined in terms of low level of income and high material deprivation, which have led to high inequality. Poverty incidence during this period is due to the combination of several factors such as: drop in output and change in its distribution, change of social order, due to the abolishment of old political system, political instability and the quality of

reforms, performed by the government towards market economy (World Bank, 2000:12).

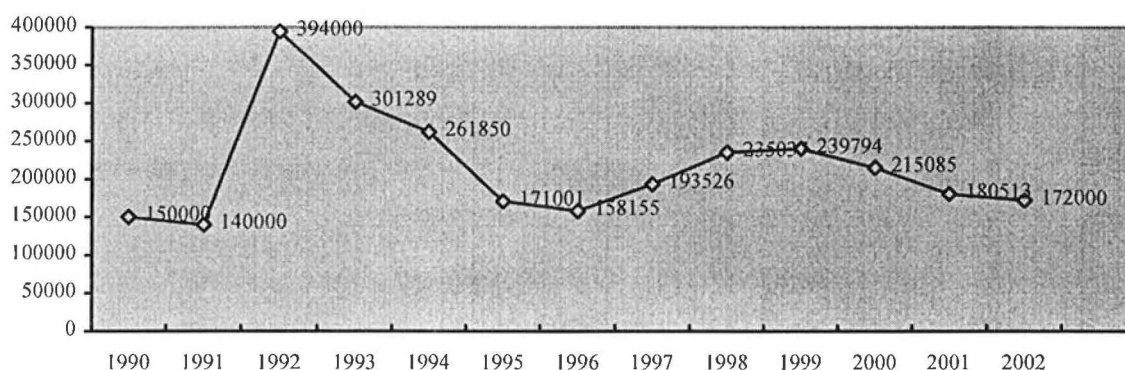
**Table 3.2: Main macro-economic indicators in Albania, 1991-2002**

Years	'91	'92	'93	'94	'95	'96	'97	'98	'99	'00	'01	'02
Real GDP (in %)	-28	-7.2	9.6	8.3	13.3	9.1	-7.0	8.0	7.3	7.8	6.5	5
Aver. change of CPI (%)	35.5	103.1	85	21.6	8	12.7	33.1	27	18	15	na	na
Inflation (in %)	104.1	236.6	30.9	15.8	6.0	17.4	42.1	8.7	-1.03	4.2	3.5	na
Revenues (% of GDP)	na	23.5	25.7	24.5	23.9	18.3	16.4	21.8	21.2	22.4	23	24.2
Budget deficit (% GDP)	44	20	9.1	7	8.6	12.3	12	10.4	11.5	9.27	8.57	8.0

Source: INSTAT (2000) Albania in figures, Tirana  
 UNICEF (1998) Situation analysis 1998, Tirana, pp. 18  
 UNDP (2002) Albanian Human Development Report 2002, Tirana, pp. 21-2, 107  
 CIA (2002) The World fact book 2002,

Table 3.2 indicates that during the period 1991-2002, the main macro-economic indicators have fluctuated in Albania. Especially during the first years of transition, the decline of GDP, hyperinflation and average change of Consumer Price Index (CPI) have been high. These changes affected the real average wages in public sector, which declined sharply, from -6 percent in 1991 to -25 percent in 1992 (INSTAT, 2000). Thus, the standard of living of many Albanians was worsened. Furthermore, the decreasing share of industrial sector to GDP from 40 percent in 1990 to 12 percent in 1995 (Alderman, 1997: 10) and the beginning of the privatization of state enterprises led to high unemployment especially in urban areas.

**Figure 3.1: Total unemployment (in thousands) in Albania, 1990-2002**



Source: INSTAT (2002) The Albanian Statistical Yearbook 1991-1999, p.102  
 Alderman, A (1997) Albania: Growing out of poverty, p. 8

Figure 3.1 indicates that total unemployment peaked in Albania in 1992 by 394000 people or about 27 percent. It decreased during the period 1993-1996 due to high emigration rate and started increasing again after 1996 due to the collapse of the pyramidal firms, which were based on fraud. So, many people who lost their savings and faced endowment loss in these firms registered themselves as job seekers. But, their collapse was very hard for the Albanian population because it triggered widespread civil unrest starting in March 1997 and the Albanian economy was paralyzed for the second time (UNICEF, 1998: 18). In March 1999, the Albanian economy faced another shock due to a political crisis in Kosovo where nearly 500 thousand Albanian-Kosovo people were expatriated from their homes to Albania. It had a cost on the Albanian economy, which suffered at that time from the lack of public means (UNICEF, 2000).

#### **3.4.2.1 The main characteristics of modern-day poverty in Albania by regions**

Economic disparities and imbalances have increased poverty incidence among regions in Albania. Hidden unemployment and underemployment are spread affecting mostly people who migrate from rural to urban areas due to lack of skills and low level of knowledge. Usually, poor families are young. The majority of unemployed people is aged of 16-34 years old and is concentrated in northern and northeastern areas such as Mat (82 percent), Puke (65 percent), and Shkoder (63 percent). Unemployment is high in Tirana about 66 percent (ACM, 2001:25).

Furthermore, there is a strong correlation between poverty and level of education. People with low level of education have a high probability to be poor. According to the structure of unemployed people by level of education, about 48 percent of them have primary education (UNDP, 2000: 19).

Material deprivation is an important aspect of the income poverty in Albania. Its extent is well reflected in the percentage of families involved in the FPS. The highest values of this percentage, from 30–40 percent, are in the Prefectures of the North: Kukes, Shkodra, and Dibra (SSS, 2002) (see map in Annex 1).



Poverty in Albania is multidimensional. Income poverty is followed by human poverty that is manifested in limited access to basic services like education, water, and health. The implementation of structural adjustment programs led to a decline on public expenditure on health from 4.3 percent of GDP in 1992 to 2.3 percent in 2001 (Alderman, 1997:14, UNDP, 2002:109). These changes were followed by a reduction of the number of health centers from 1046 in 1990 to 567 in 1999 and hospitals from 160 in 1990 to 51 in 1999 (INSTAT, 2002: 122). Moreover, the quality of health care delivery is declining because many nurses and medical doctors leave their profession due to low wages (Marc et al., 2002: 8). Although life expectancy is high, there is a high incidence of child malnutrition especially in Northern Albania.

Similarly, the reduction of public education's expenditure from 4.4 percent of the GDP in 1992 to 3.3 percent in 2001 (Alderman, 1997: 14; UNDP, 2002: 109), has reduced the number of teachers and schools especially in highlands and remote areas. Besides these, there is a decline in the quality of education and an emerging increase of illiteracy especially in newly formed urban settlements. Due to the increase of economic hardship and social insecurity, many poor families "withdraw their children from school when they are at an age to work" (Marc et al., 2002:9).

#### **3.4.2.2 Geographical distribution of poverty**

Poverty is concentrated more in rural areas than in urban areas. According to the 1998 HLCS, in absolute terms, 56.3 percent of the rural population is 'poor' (less than 2 dollar per capita per day) and 21.5 percent is 'very poor' (less than 1 dollar per capita per day). Furthermore, unmet basic needs are higher in rural areas in terms of low access to clean potable water and education, while in urban areas they are more problematic for housing<sup>2</sup>. These difficulties derive from the past where in urban areas social housing policies have been implemented.

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<sup>2</sup> Privatization of state dwellings was implemented based on Law Nr. 7652 dated on 23.12.1992 "The privatization of state dwellings".



**Table 3.3: Demographic characteristics of the poor<sup>3</sup> in Albania, by place of residence**

	Urban	Rural	Total
Years of education (on average)	9.3	7	7.5
Family size	4.7	5.1	5
Dependence coefficient	0.73	0.96	0.91
% of female headed household	11.5	10.6	10.8
% of the elderly	16	21.9	20.6

Source: ACM (2001) National strategy for socio-economic development, pp. 137

Table 3.3 shows that the rural poor have lower level of education, come from bigger family size, have higher dependence coefficient than those of the urban poor. The percentage of poor elderly people in rural areas is double than that of the urban areas. The increasing incidence of poverty in rural areas is due to the high land fragmentation, small size of livestock holding, lack of labor market and malimplementation of the law for the land redistribution (Law N. 7501, August 19, 1991).

Nearly, one quarter of the rural people lives in small farm, which do not sustain their livelihood even for the production of staple food. The majority of the rural poor who live in upland areas and the mountains have less than half a hectare per head, while about 15 percent of them have access to more than 1.5 hectares per head (Alderman, 1997: 27-8). Poverty incidence varies among rural areas. It is higher in mountains than in coastal areas. This indicates that poverty is more problematic in highlands and mountains than in coastal and foothill areas (ibid, p. 32).

The profile of urban poverty, according to the 1998 HLCS, indicates that, in absolute terms, 30.3 percent of population is 'poor' and 10.4 percent is 'very poor' (INSTAT, 2001). The main causes of urban poverty are inability to have a job and to generate sufficient income to sustain livelihood (ACM, 2001: 24). Poverty incidence varies among cities. It is higher in cities located in northern part of Albania, that were mainly based on state enterprises and mines, and in cities, which were established depending on a single enterprise that bankrupted after 1991 (de Soto et al., 2001: 30).

<sup>3</sup> less than 2 dollar per capita per day

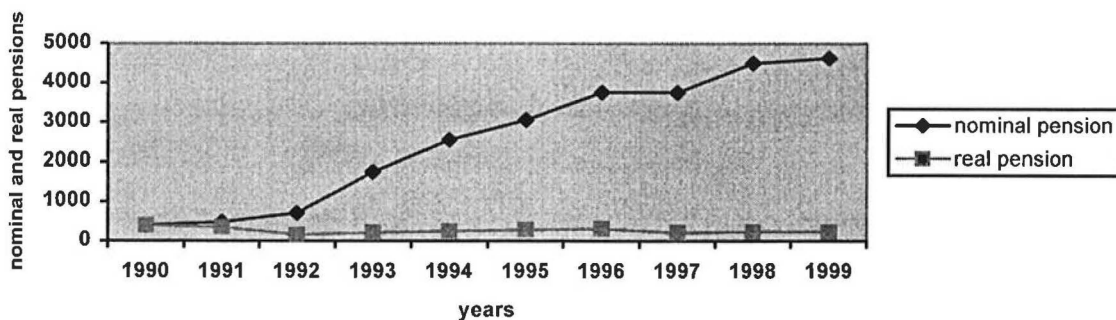
A high prevalence of urban poverty is also among new settlers<sup>4</sup> who are mostly located in the peripheries of main cities, such as Tirana, overpopulating them and increasing the social conflict with native people (UNDP, 2000: 50-8).

### 3.4.3 Poverty and vulnerable groups

Poverty increases the vulnerability of the poor people because, as Moser (1998: 3) concludes, they are more vulnerable and defenseless when they do not own assets. On the other hand, the increasing internal and external migration has weakened the role of the traditional family and social capital. This has increased vulnerability and exposure to social exclusion and poverty among various groups of the population.

Retired elderly people who either receive a low amount of monthly pension or are included in FPS are one of the vulnerable groups in Albania. During the period 1990-1999, prices of goods increased by 19 times, while the nominal value of their pensions is increased by 11.2 times (Figure 3.2). According to Telo (2001: 87-96), the real value of pension in urban areas is 40 percent of the pension of the 1990 benchmark period and rural pensioners receive 20-25 percent of the monthly pension compared to that of the urban pensioners.

**Figure 3.2: Monthly average nominal and real pension for urban pensioners, Albania, 1990-1999**



Source: Telo, I (2001) Socio-economic aspects of third age, p.86

<sup>4</sup> Before 1990, the Albanian government strictly controlled the internal migration while the external one was banned. In 1991 the Albanian Parliament approved the law for the free movement of population.

Another vulnerable group exposed to poverty includes children who come from families with economic problems. The increasing divorce rate because of these difficulties and the remarriage of parents has increased the abandonment of children. Some of them are homeless or are sheltered by their relatives or old grandparents, but they have to work to sustain their livelihood. In other cases they are forced by their parents to beg. Based on data extracted from the 2001 Needs Assessment Survey (NAS) conducted in five main districts in Albania result that 27 percent of these children beg to provide income for their families (Galliano, 2001: 35).

Furthermore, young people who grew in orphanages represent the most vulnerable category. After they reach the age of 14 years old, they have to leave these centers. Many of them are sheltered in boarding schools. Most of them stop going to secondary school and try to find a less well paid job in the informal sector. In many cases they are victims of crimes or other manipulations.

Another social category exposed to poverty includes families whose male members are locked within their homes due to a blood feud and the burden of productive work falls on females of their families. Blood feud based on Kanun<sup>5</sup> was banned in the past, but during the years of transition, due to instability and the weakness of state institutions, this phenomenon was revived. In northern part of Albania is reported to be 6 000 boys and men to stay within their homes all the time to avoid being killed (UNICEF, 1998: 53).

Poverty has increased the vulnerability of girls and women. Feminization of poverty is better indicated with the high female unemployment rate, which in 2001 was 17 percent, compared to 13 percent that was for men (INSTAT, 2002: 105) and with a high increase of poor families headed by women. Nowadays, they face increasing domestic violence due to economic difficulties. In many cases, women and girls from poor families represent the main contingent of those who are trafficked in other west countries for prostitution.

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<sup>5</sup> Kanun is a set of customary laws dated back to the XV century. According to it “blood feud is extended to all males in the family of the murderer, even to infants in the cradle” (ibid, p.53)

The Roma minority is another vulnerable group in Albania. Its marginalization has started during the years of socialism, where low level of education and lack of integration has characterized this minority. Following their nomadic life, its adult members have been involved in unskilled activities. Being marginalized socially and economically, this community experiences now a more severe exclusion. Being characterized by lack of skills, they tend to remain usually unemployed. Many of them reside in the peripheries of urban settlements and have low access to municipal services (World Bank, 2000: 53).

### **Conclusions**

Poverty in Albania is rooted in the past and it is 'well nourished' during the years of transition due to the combination of several factors such as: the change of social order, implementation of new reforms and weakness of the Albanian state to perform its proper role and use its authority in the pace of economic transformations. Poverty today is multidimensional. Its depth and incidence varies between rural and urban areas in absolute and relative terms identifying those people who live in extreme poverty and those who live in poverty. Although it is evident, there is no official poverty line, while the poor are defined so based on the classification drawn by the 1998 HLCS. Thus, the real level of poverty of many Albanians is understated.

## **CHAPTER IV**

### **THE EFFECTIVENESS OF THE FPS IN ALBANIA**

#### **4.1 Introduction**

Bankruptcy and mass closure of the state enterprises followed the breakdown of socialist system during the period 1991-1993. Unemployment and redundancy were high. To avoid social conflict, the Albanian government started implementing the policy of layoffs and the “Unemployment Benefit Scheme” was introduced. According to this scheme, those who were laid-off could get a fixed payment of 80 percent of their salary for a period of one year only. In the end of this period, for those who did not have sufficient income to afford living, due to the lack of job, the Albanian government introduced the FPS. This chapter provides a profile of the FPS in Albania during the period 1993-August 2003, in general, and analyses its effectiveness, in particular. The effectiveness of the FPS is judged based on its targeting efficiency and the value of benefits that the poor receive monthly. Thus, this chapter answers these questions: What is the targeting efficiency of the FPS? What is its dynamics? What are its administrative costs? What is the value of benefits that the poor receive? What are the weaknesses of the FPS?

#### **4.2 Conceptual framework of social aid and care in Albania**

Legal framework of social aid and care in Albania is based on several laws. According to the Law Nr. 7710 dated 10.5.1993 “On the aid and social care”, economic aid in cash, aid in services and food economic aid are provided to various individuals and families who face difficult economic and social situations.

Economic aid in cash is provided monthly to those families who are without or have insufficient income. It is also provided to those families which have disabled people who suffer from mental disability, heavy invalidity from the childhood, blindness and so on, proven by the medical board of the region where they live. Economic aid in

food represents a fixed amount of food, which is offered monthly to those families which are eligible for an economic aid in cash, but its delivery is useless due to difficult climatic and geographical conditions. This takes place in areas, which are blocked, by snow due to bad wintertimes. While, aid in services is provided for old people, orphans and mental or physical handicaps who are institutionalized in social institutions such as elderly homes, orphanages and centers of disability.

By the law, a family without or insufficient income, which has a disabled person, can receive monthly two payments: one for the disabled person and one for the family. If the degree of disability is high and the medical board has appointed a caregiver from the family to look after the disabled person, in this case the family will get another payment for the caregiver. If a disabled person of a family benefits aid in social service, he cannot benefit from economic aid in cash due to his disability.

*For the purpose of this paper I will focus on the economic aid in cash provided monthly to families without or insufficient income only.*

#### **4.3 Profile of the FPS in Albania**

FPS is designed to provide monthly economic aid in cash to those families whose income is insufficient to meet minimal requirements for subsistence. It is limitless in time and is based on a means test. Full and partial payments are available. Full payment is offered to those families, that does not have any income. While partial payment is offered to those families with inadequate income. Usually, the partial payment is reserved for agricultural families, which have small pensions and can earn little money from the production of their small plots of land. The difference is compensated by the scheme. Thus, this scheme protects families.

By the Law N. 8008 dated 5.10.1995, a family is defined as a group of people who live together under the same shelter and have conjugal relations, children-parents relations between each other and guardianship relations recognized by law. An agricultural family is defined as a family that owns or uses land, independently from

its location and land's location. This means that, if a family lives in town or city but it owns land in rural areas, it is defined as an agricultural family. Although the focus of the scheme is on families, it also protects individuals in the family context, for instance, a family made of one person only. Other cases of living under one shelter, which do not meet the above criteria of relations, cannot be defined as families.

#### **4.3.1 Eligibility for the FPS**

According to the 1998 Constitution of the Republic of Albania "Everyone who is without work involuntarily, and has no other means of support, has the right to assistance under the conditions provided by law" (Article 52/2).

The eligibility criteria for the FPS are based on two notions of poverty: income and standard of living. To be eligible for a full monthly payment in cash, a family must declare that it has no income from:

1. any type of self-employment or employment of any family member;
2. any state or individual system of insurance;
3. any type of capital such as land, vehicle, used for service or transportation, and immobile property excluding its dwelling house;

To be eligible for a partial monthly payment in cash, a family must declare its income from the pension scheme, agricultural land, livestock, olive trees, vineyards, poultry and so on. A family made of one person only is eligible to apply to the scheme if his age is 18.

Because of the difficulty of singling out one dimension of poverty, a family must meet both criteria at the same time. The Ministry of Labour and Social Affairs (MOLSA) defines the living condition criteria that take into consideration how a house is furnished and equipped. According to these criteria, families are categorized in four groups: A (very poor); B (poor), C (medium) and D (better off). The last one should move out of the scheme.

### 4.3.2 Exemption from the FPS

A family is exempted from the scheme when at least one of its members meet the following conditions:

1. is self-employed or employed;
2. is not registered as job seeker to the Employment Office when he is in working age and does not attend the school;
3. is the owner of capital excluding the dwelling house and agricultural land;
4. goes abroad for any reason except for study and medical treatment which should be proven officially;
5. refuses training, qualification, re-qualification and work offered by the Employment Office of his region;
6. does not withdraw his monthly payment within the period when it is granted except the cases of hospitalization and death of any family member which should be proven officially;
7. changes his place of residence at will leaving his properties and other sources of living to the previous one<sup>6</sup> except the cases when he has been before in the FPS, but this should be proven officially;
8. provides a false declaration of living conditions and does a speculative division of one or some family members which live under the same shelter;
9. speculative donation of his capital to other relatives or changes the destination of its dwelling house to get benefits from it;

Also, a family is exempted from the scheme when it has land conflict<sup>7</sup>, refuses to take the agricultural land granted by law and does not reside physically within the jurisdiction of that administrative unit where it is officially registered in the Office of Vital Registration (OVR).

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<sup>6</sup> This includes movement from urban areas to rural areas and vice versa

<sup>7</sup> This is the case when a family has taken the agricultural land granted by the 1991 Law "On the land", but does not use it for its family needs because it is squattered by someone else who uses it.



### **4.3.3 How does this scheme work?**

Once a month, from the first up to the fifteenth day, all family members of working age who are unemployed should go to the OSS in the commune or municipality where they live not only physically but also officially. They fill in the monthly application form through which they declare if they have or haven't any change in their employment status, living conditions and family size. If a family does not fill it in for a month, it does not get payment for that month. While, once a year, especially in its beginning and whenever there is a change in its size, a family must submit a family certificate from the OVR of that unit and must fill not only the 'monthly application form', but also 'the general application form' which provides a deeper information about living conditions and sources of income, if they have. Furthermore, once in three months, all working age members of a family who are unemployed should go to the Employment Office to be registered as job seekers and provide information about their qualification and types of jobs that they can do.

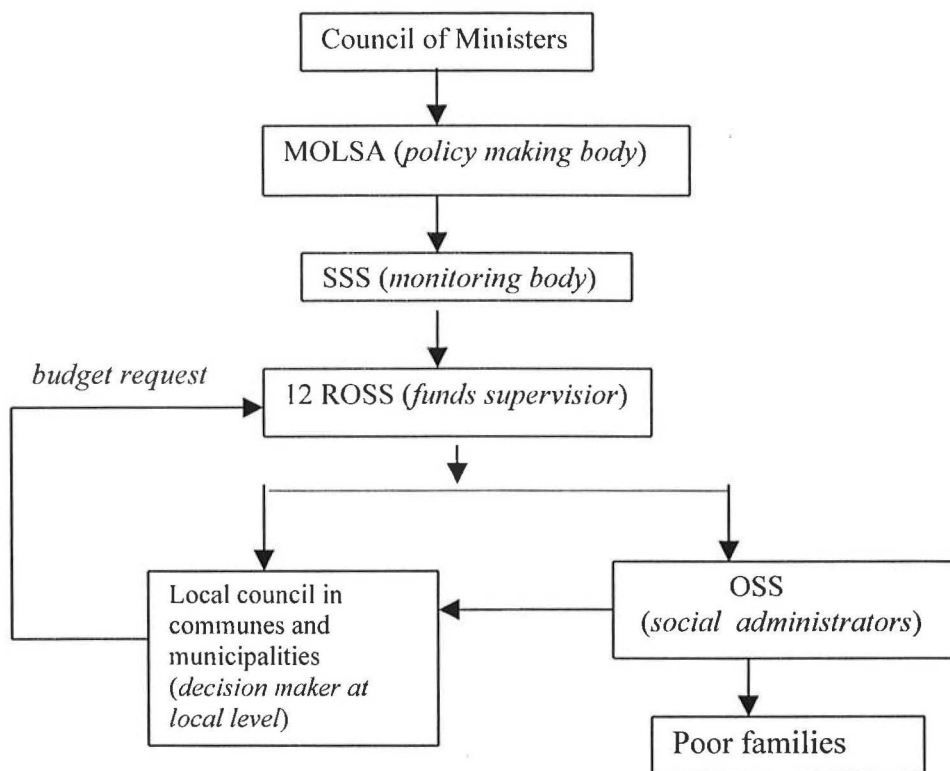
Generally, social administrators visit each of these families in its home, at least once a year, while for the families, which apply for the first time, home-visit must be done before they get the first payment. Through the visit, they compare the family's declaration with its real living conditions and classify it based on the approval criteria from MOLSA.

Once a year, in general, and every month, for the families which apply for the first time or when they apply to re-enter into the scheme, in particular, social administrators prepare lists with names of family members who are of working age and send it to other state institutions to get confirmations from them such as: the Cadastre Office, the Taxation Office, the Employment Office, the Office of Registration of Vehicles, the Office of Property Registration and the Office of Social Insurance. By the law, these confirmations should be back to social administrators within ten days. Then social administrators prepare a list with names of the head of families and the proposed monthly payment based on family size and age-group structure. This list is presented to a local council, which, by the law, has the sole

authority to decide every month about the payment in cash for every family, or for the return of money in cases of illegal benefit. The local council should take into consideration the social administrators' proposal. Due to this procedure, the payment of the current month is made in the following month. The law does not fix the payment date.

#### 4.3.4 Management and fund allocation of the FPS

The FPS is fully funded by the central government. It is administered by the local councils at communes and municipalities and is controlled by social inspectors of the Regional Offices of Social Services (ROSS). Actually, there are 12 ROSS, one in each Prefecture. On the behalf of MOLSA, State's Social Service (SSS) is the sole official body in charge of the monitoring of this scheme at national level.



Once every two months, local councils, through ROSSs, request funds for two coming months, based on needs of applicants, from SSS. Funds are transferred every two

months to them as a grant from the central government. Although the ‘block grant’ concept assumes a strong correlation between needs of the administrative units and fund’s allocation, this does not happen into practice. Lack of qualified structures to analyze the socio-economic indicators of the local units creates difficulties to consider these indicators. Instead, family structures and the proposals of social inspectors, based on their monthly reports, are considered. Thus, allocated funds are lower than requested ones.

On the other hand, political considerations affect the size of fund’s allocation among various regions. This is mostly reflected in some regions of the North that support the political party that is out of power. Usually, funds allocated to them are lower than those allocated to regions that support the political party in power (de Soto et al., 2001: 37).

#### 4.4 The dynamics of the FPS

During the period 1993-2002, the average number of families in the FPS has fluctuated.

**Table 4.1: The average number of families in the FPS by type of payment and place of residence, Albania, 1993-2002**

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Average number of families	155000	153527	145310	141118	149802	150214	150313	150052	141692	135377
With partial payment		81615	71614	79204	72685	73743	85639	88544	86150	82253
With full payment		63387	63258	65172	73271	66107	63581	61508	55542	53123
In communes		83949	73691	81999	71419	71917	81293	83338	80854	76541
In municipalities		61053	61181	62377	74537	67933	67927	66714	60838	58836

Source: INSTAT (2002) The Albanian Statistical Yearbook 1991-1999, p. 115  
SSS, Yearly Bulletin, 2000, 2001, 2002

Table 4.1 shows that there is a decline during the period 1993-1996, because of high emigration, and an increase during the period 1997-2000 (effect of pyramidal firms). There is also a slight decrease in 2001 and a significant one in 2002 due to the set of minimum limit of monthly payment (see 4.6). This has mainly effected agricultural

families, which receive a partial payment, and their number is markedly decreased from 86150 in 2001 to 82253 in 2002.

**Table 4.2: FPS by family structure in Albania, 1994-2002**

Family structure	1994	1995	1996	1997	1998	1999	2000	2001	2002
with 1 member	12194	10725	10617	10457	9780	9605	9454	9432	8282
with 2 "	20446	18800	19381	15964	15069	14870	14622	13012	11371
with 3 "	29066	28243	29649	28639	26690	25982	24323	22177	20348
with 4 "	33387	33206	36195	41786	40561	43497	43940	43301	41057
with 5 "	20970	19772	21875	23338	22803	26418	27003	27042	26455
with 6 "	13146	11521	12510	12749	12509	14193	14119	14852	14444
more than 6	15793	12605	14149	13023	12438	14655	14036	13617	13420

Source: INSTAT (2002) The Albanian Statistical Yearbook 1991-1999, p. 114  
SSS, Yearly Bulletin, 2000, 2001, 2002

The above table indicates that the majority of recipients come mainly from the nuclear families with 2, 3, 4 and 5 members.

**Table 4.3: Number of families included in the FPS as a percentage of total number of families, by prefecture, Albania, 2000**

Prefecture	Total number of families	Families in FPS as a percentage of total number of families
Tirana	166779	10
Berat	60314	21
Fier	107530	6
Elbasan	97435	21
Korce	78775	17
Gjirokaster	37583	8
Shkoder	75491	34
Kukes	33532	43
Lezhe	44816	23
Diber	52475	36
Vlore	72626	6
Durres	72480	6

Source: GASS (2000) Statistical Bulletin 2000, p.18

Table 4.3 indicates that Prefectures in the North such as Kukes, Diber, Lezhe and Shkoder have the highest percentage of families in the FPS in comparison with the total number of their families. But this percentage is not the same within communes and municipalities of the same prefecture. For instance, there are 17 communes in Kukes's Prefecture, 16 communes in Shkodra's Prefecture and 15 communes in

Dibra's Prefecture which have 40-95 percent of their population in the FPS (SSS, 2001).

Due to the lack of official statistical information, I cannot provide any figure about the scheme's dynamics at national level based on reasons that families leave it. But I personally checked the DLC of Tirana's Municipality for the year 2000 and I found that during this year 2037 families had left the scheme. Their main reasons, I am grouping as follows:

Main reasons	Number of families
do not fill in monthly form	846
not registered as job seekers	290
self-employed	213
take a pension	113
have a vehicle used for service	157
have changed their place of residence	120
the termination of the DLC as 'special case'	73
emigration	45
death	16
false declaration of living conditions	6
irregular documents	22

This information indicates that the majority of families (846) has left the scheme due to the lack of monthly application. But, this does not mean that they have left it forever. To illustrate my point, I take as an example Minimunicipality Nr. 11 in Tirana. During the year 2002, it has reported that 263 families have moved out of the scheme. When I looked at their reasons, I found that 127 of them had left it due to the lack of monthly application. But, in total, 116 of them had re-applied again and were still beneficiaries. While 75 other families had left it due to the termination of the DLC to treat them as 'a special case' The term 'special case' is used by the local council for payment of poor families which do not meet the legal criteria to be included in the scheme for several reasons such as land conflict, refusal of land and so on. Thus, the well monitoring of scheme's dynamics, at national level, is very important to be done.

## 4.5 Targeting efficiency

Alderman (1998: 10) concludes that half of the families, which fall below the subsistence level, do not receive benefits from the FPS in Albania. In addition, in urban areas, the FPS is not effectively targeted to the poor because “those in the bottom two deciles do not receive their proportionate share (10 percent of program benefits)” (Rashid et al., 2001: 45).

Using data from the 1998 HLCS, where 29.6 percent of the population was identified as being poor and the total population was 3339000, the coverage of the scheme is:

$$\text{coverage} = \frac{\text{average number of persons in scheme}}{\text{total population}} \times 100\% = \frac{561243}{3339000} \times 100\% = 17\%$$

While, the undercoverage is:

$$\text{under coverage} = \frac{(29.6\% \times 3339000) - 561243}{(29.6\% \times 3339000)} = 43\%$$

The figure of undercoverage shows that about 43 percent of the poor are not reached by this scheme. Although it is targeted to them, it has a low coverage and excludes many of them<sup>8</sup>. While the calculation of leakage is not possible because, by the law, families which are not eligible should not be treated by this scheme.

### 4.5.1 Administrative costs of the FPS

To have an ideal solution for targeting the poor, Besley and Kanbur suggest that administrative and informational costs of implementation should be taken into consideration (Lipton et al., 1993:82). But, the quantification of administrative costs of targeting is not an easy task for two main reasons: 1. there is not a separate budget

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<sup>8</sup> Calculations are done by me

information for programs, and 2. it is difficult to single out targeting costs from other administrative costs (Grosh, 1994: 27-8).

In the case of Albania, there are no available data about the administrative costs of the FPS. I will make calculations on my own, but I have to limit myself on the wages of state officials involved directly in the implementation of this scheme. Thus, I exclude the partial contribution of other employees such as cashiers, accountants and so on, because they do other tasks as well, and expenditure made for their offices since they are shared with others.

The FPS employees 980 social administrators, at the local level, and 125 employees, at the central level (UNICEF, 2000). The average monthly wage<sup>9</sup> of a social administrator is approximately 12000 lek while for a social inspector is approximately 15000 lek. Then, the yearly expenditure for their wages is 163,620,000 lek. In 2000, the yearly expenditure on wages for the SSS was 113,724,000 lek (GASS, 2000:42). It is evident that the administrative costs to run this scheme are higher than those of the SSS. If I take into consideration the total fund of the FPS in 2000 (4,416,815,000 lek) (SSS, 2001) and compare it with administrative costs calculated above (163,620,000 lek), than it is shown that the last one represents 3.7 percent of the total fund of this scheme. This figure is lower than 5 to 15 percent of the total program costs found in other Latin American countries (Grosh, 1994: 53) because my calculations are not complete.

#### **4.6 The value of benefits**

The monthly value of benefits represents another aspect of the effectiveness of the FPS. Since 1993, the scheme aimed to help families who were below the subsistence level. The subsistence level “was set at between 70 and 100 percent of the income of a family with two unemployed persons, each receiving unemployment benefit, adjusted for family size” (Alderman, 1997: 19). The Albanian government also set the

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<sup>9</sup> Communes and municipalities in Albania are divided in three categories and the level of monthly wages of social administrators is different among them

minimum and upper limit. At that period, payment was delivered based on family size only, while its structure was not taken into account. But, extended families with more than eight members received the same monthly payment despite their size.

In 1995, the unemployment benefit was monthly 1920 lek per person. Thus, per two persons were 3840 lek. At that period, the average full payment from the scheme was 2533 lek monthly. So, it was less than “70 percent of the base of unemployment benefit level” (Alderman, 1997: 19).

In 1996, by the law, a family made of one person could receive monthly no more than 250 percent of the basic unemployment benefit. So, the delivery of monthly payment started taking into account the family structure by age-group composition by legislating no more than 250 percent of the basic unemployment benefit to the head of the family and elderly people; no more than 20 percent of the amount of legislated payment of the family’s head for family members of working age and no more than 25 percent of his amount to the non-working age family members. At that time, the Albanian government increased the upper limit to 4800 lek monthly and eliminated the lower limit. But, the upper limit was reached by extended families only, because the nuclear families had a lower limit. In reality, families did not receive the legislated payment because of cuts of funds time after time<sup>10</sup>. That is why, many poor families are turned down for help.

**Table 4.4: Total fund for the FPS, its annual budget as a percentage of GDP and average payment for family (in lek), Albania, 1994-2002**

	1994	1995	1996	1997	1998	1999	2000	2001	2002
Total fund (in thousands)	3241357	3206204	2448088	3158175	4578839	4500462	4416815	4165329	4206560
Annual budget as a % of GDP	2.6	1.5	1.1	1.3	1.4	0.9	1.2	na	na
Monthly nominal value per family (in leks)	1888	1951	1719	1863	2672	2519	2543	2415	2591

Source: INSTAT (2002) The Albanian statistical yearbook 1991-1999, p.114  
SSS, Yearly Bulletin 2002, 2001, 2002

<sup>10</sup> If allocated fund is, for instance, 70 percent of the legislated one, than the allocated payment is 70 percent of the legislated one per each family.



Table 4.4 indicates that government expenditure for the FPS and the monthly nominal value per family has fluctuated during all the period. The decline of government expenditure during the period 1994-1999 and the change of CPI have decreased the real value of monthly payment. So, during the period June 1994-December 1997, the value of average full payment fell by 50 percent in real terms (UNICEF, 1998: 94).

Due to changes in minimum wage and basic unemployment benefit, the Albanian government increased the upper limit from 4800 lek monthly in 1996, to 5370 lek monthly in 1997, to 6500 lek monthly in 1998. In 1998, the price of bread was 60 lek per loaf. Poor families usually consume daily half a loaf per person. Thus, a family made of seven persons spends 6510 lek per month on bread alone (UNICEF, 1998: 94). How can these families meet other nutritional requirements for subsistence?

**Table 4.5: Official minimum wage, average monthly wage and unemployment benefit (in lek), Albania, 2000-2002**

Years	2000	2001	2002
official minimum wage	7000	7580	9400
average monthly wage	14963	17218	19659
unemployment benefit	2500	3100	3600

Source: INSTAT (2003) Albania in figures, p.11

Table 4.5 shows that during the period 2000-2002, unemployment benefit is increased from 2500 lek in 2000 to 3600 lek in 2002. Thus, based on the law, the upper limit of the monthly payment offered by the FPS should be increased. But, during the period 1998-2001, it did not change, while in 2002 the Albanian government set again the minimum limit (500 lek). This means that more agricultural families are excluded from the FPS because what they monthly receive is the difference between the allocated fund (which is usually less than legislated one), adjusted by family size and structure, and their income from agricultural production. But, as I mentioned in

chapter 2, poverty in Albania has a rural profile. Thus, a high exclusion of the poor agricultural families from this scheme increases its inefficiency.

Albania does not have an official subsistence level and the FPS bases its payment on the unemployment benefit, which, according to Telo (1998), does not ensure any minimum living conditions. Telo (1998: 102) has calculated the subsistence level in Albania in 1998 to be 9058 lek (60.15 dollar)<sup>11</sup> per capita and 36232 lek (240.58 dollar) for a family made of four persons. But the monthly legislated payment for a family made of one person in 1998 was 2470 lek (16.4 dollar), while for a family made of four persons, where two of them are under working age, was 4200 lek (27.89 dollar). This means that legislated payment covered only 27 percent of subsistence level for a family made of one person and about 12 percent for a family made of four persons. If I consider the definition of 'the very poor' (less than 1 dollar per capita per day) based on the 1998 HLCS, than the legislated payment offered 0.55 dollar per capita per day (16.4 dollar : 30 days) for a family made of one person, and 0.23 dollar per capita per day (27.89 dollar : 4 persons: 30 days), for a family made of 4 persons in 1998<sup>12</sup>. This means that the bigger a family size was, the lower the monthly payment per capita was. But, allocated payment is lower than legislated one. Thus, the poverty gap was high.

According to the DCM Nr. 113 dated on 31.03.2002, the upper limit of the legislated payment was increased in April 2002, but it is not implemented yet because there are no instructions from MOLSA on how to implement it. So, the 1998 legislated payment is still in power against this DCM.

#### **4.7 Obstacles of the FPS**

Cuts in funds and the lack of a clear criterion in determining the size of allocated funds to local councils hinder the scheme to meet its objective and to be sustainable. It faces various obstacles, which can be grouped in three categories:

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<sup>11</sup> Exchange rate USD/lek in 1998 was 150.6

<sup>12</sup> Calculations are done by me

- ◆ obstacles from central government
- ◆ obstacles from other state institutions
- ◆ obstacles from local councils

#### **4.7.1 Obstacles from the central government represented by SSS**

The main obstacles are: 1) Staff turnover at central level hinders the quality and performance of the scheme. 2) Requests of local councils for funds are usually not taken into consideration. 3) Funds allocated are transferred late to local councils. So, they do not meet once a month to decide for fund's delivery to poor families. There are cases when they meet and decide once in two months together. Thus, the poor receive their payment either once a month or once in two months. 4) Central government does not provide any training for social administrators to explain them the new laws or changes in legislation. So, they implement them based on their level of understanding.

#### **4.7.2 Obstacles from other state institutions**

State institutions involved as partners in the implementation of the scheme do not provide their proper contribution and in many cases are reluctant to offer it. By the law they have to confirm lists sent to them by social administrators within 10 days, but usually they do not do it in time. Some of them never reply, while the others reply after three or four months. Their delay is risky especially for the poor families, which apply for the first time because, by the law, they should not get any payment if these confirmations are not back to social administrators. So, they either should wait for several months without getting any payment although they are needy, or they have to be included in the scheme, but in this case the local council breaks the law. But, there are cases when families provide a false declaration and local council, to avoid social conflict due to the delay of confirmations, approves their payment. But latter it has been powerless to force them to pay back because it was its decision to pay them. In this case, this cost is paid by the scheme.

Moreover, the Ministry of Food and Agriculture has not renewed yet coefficients of land category. We still use the 1994 land category's coefficients to calculate the monthly income that an agricultural family can get from its land production. But due to soil erosion and land degradation, land quality has changed. So, calculation of land's productivity does not provide the real income that rural families receive from it. This influences in reduction of monthly compensation that these families take from the scheme.

#### **4.7.3 Obstacles from local councils in communes and municipalities**

Obstacles from local councils in communes and municipalities derive from the fact that their members, especially in rural areas, have low level of education and do not understand properly the legislation. Being elected by local people, they want 'to offer a small amount to everyone regardless their needs'. When they face the insistence of social administrators to break the law, they use their competence as decision makers to do it. Secondly, once in three years, the head of the commune or mayor of municipality is elected. Usually, the new elected people hire other social administrators whom, being grateful to their appointment, 'try to obey the orders of their chiefs'. So, they are always under their pressure to increase the number of families, which, automatically, reduces their monthly payment. Thirdly, local councils are unable to offer their legal share to finance the FPS. They still wait for the funds allocated by the central government and during the local elections use them as 'Achilles' wheel' to get votes.

#### **4.8 Weaknesses of the scheme**

1. FPS does not provide payment based on economic needs of the poor families.
2. FPS suffers from low level of monitoring, which derives from several reasons:
  - ◆ There is a lack of continuous information about the change of employment status of the family members included in scheme. Lack of cooperation among private firms and the Employment Office hinders the identification of those persons who work in black economy;

- ◆ Housing poverty makes poor families to share dwelling house and other facilities with other relatives. Thus, there is a high probability to understate the family assets since they are shared with others.
- 4. FPS looks at family as a unitary unit rather than a unit of conflict. By the law, since the name of the head of family is in payroll, he is eligible to withdraw money on the behalf of his family. But in cases of conflict or when he is alcohol addicted, the other family members suffer from lack of income.
- 5. The delivery of payment does not have any fixed day by the law. So, poor families do not know for how many days to count 'their poor monthly payment'.
- 6. Monthly payment is not fixed. It fluctuates from month to month due to cuts of funds.
- 7. Poverty incidence among regions is not counted in fund allocation because political factors influence in giving priority to some regions than others.
- 8. FPS does not help homeless people who do not meet the criterion of living within the jurisdiction of that administrative unit where they are registered officially. So, they are excluded in many cases.
- 9. Legislation of FPS keeps as a 'handicap' the word 'special case' which so far has created and creates problems. It is implemented by local councils for payment of poor families, which do not meet the legal criteria to be included in the scheme. Instead of helping these families to solve their problems by using their official authority, they offer them payment from the scheme.

## **Conclusions**

It seems that the FPS in Albania is more driven by the need to have it rather than to reach the poor. Although its targeting efficiency is far from perfect, its benefits based on an arbitrary payment such as the unemployment benefit are very low. Fund allocation does not take into consideration the level of poverty among various regions. Usually 'political privileged regions' get more funds than others do. Moreover, the further improvements of its legislation tend to shrink the number of beneficiaries rather than to increase its coverage. Facing several obstacles at both, local and central levels, the effectiveness of the FPS is low.

## **CHAPTER V**

### **THE EVALUATION OF THE SCHEME BY THE POOR**

#### **(The case of Tirana's Municipality)**

##### **5.1 Introduction**

The poor, who benefit from the FPS, know better than any policy maker how helpful is it for their life. If it is designed to help them cope with poverty, than listening to their voices is important to have a better understanding of both, poverty and the effectiveness of this scheme to meet their needs. On the other hand, social administrators who are directly involved in the implementation of the FPS, provide a useful information about the bureaucratic procedure that hinders them to reach the poor. This chapter provides the evaluation of the FPS from the perspective of the poor and people who work with it.

##### **5.1.1 Sample design**

In the commence of 2001, Tirana's Municipality had about 8170 families in the FPS, from those 64 benefited from partial payment and 8106 benefited from full payment. They represented about 5.6 percent of its total number of families.

In the beginning of 2001, 2012 families from municipalities Nr. 2, 10 and 11 benefited from the FPS. 15 percent of them, respectively from each minimunicipality, were chosen to design a sample of 302 families. To reflect the diversity of the poor, families are stratified based on their structure, size, place of origin (rural/urban), minorities (Jevg/Roma) and social problems such as headed by females, elderly and orphans. During the period January-March 2001, I did 'home-visit' to them to verify their real living conditions. From this 'big sample', I designed a 'small' one of 60 families with which I did in-depth interviews in August 2003 to evaluate the FPS. Interviews were made with the head of the beneficiary family in or out of the OSS of these minimunicipalities. Each interview had 28 open-ended questions. The small

sample considers the diversity of the poor and it is based on 20 percent of the 'big sample'.

Municipalities	Number of families in the FPS	'big sample'	'small sample'
Nr. 2	669	100	20
Nr. 10	465	70	14
Nr. 11	878	132	26
total	2012	302	60

### 5.3 Results of the 'home-visit' of the poor

A summary of these results is provided in Annex 2, while a detailed information for each minimunicipality is provided in Annex 3. Their analysis is based on family's assets, type of dwellings and living arrangements, social problems, level of education and occupation

#### 5.3.1 Family's assets

Results indicate that many poor families don't have assets such as TV, refrigerator and washing machine. In total, 191 families or 63 percent have TV; 106 families or 35 percent have refrigerator; 26 families or 9 percent have washing machine.

Municipalities	TV		Refrigerator		Washing machine	
	in absolute number	in percent	in absolute number	in percent	In absolute number	In percent
Nr. 2	80	80	47	47	6	6
Nr. 10	43	61	30	43	10	14
Nr. 11	68	52	29	22	10	8
total	191		106		26	

In general, the nuclear families with 1 and 2 members and extended families with more than 6 members have a lack of these assets. In particular, the poor of the Minimunicipality Nr. 11 have a significant lack of them.

### **5.3.2 Type of dwelling and living arrangements**

Results indicate that 137 families or 45 percent live in flats; 129 families or 43 percent dwell in private houses; 5 families or 2 percent dwell in basements; 27 families or 9 percent dwell in huts; 3 families dwell in boarding schools. The majority of huts' dwellers, 18 or 14 percent is from Minimunicipality Nr. 11, while the rest is from Minimunicipality Nr. 2, about 9 families or 9 percent.

According to the dwellings by ownership, 215 families or 71 percent reside in privatized dwellings, while 83 families or 27 percent reside in non-privatized dwellings. Only 2 families dwell with rent. The majority of families in Minimunicipality Nr. 10, 60 or 86 percent, lives in privatized dwellings, while the majority of families in Municipality Nr. 11, 54 or 42 percent, lives in non-privatized dwellings.

According to their living arrangements, 170 families or 56 percent share their dwellings, while 132 families or 44 percent live on their own. In general, 187 families or 62 percent live in one room only. Their majority is represented by nuclear families, respectively: 90 percent of 1-member families; 88 percent of 2-members families; 68 percent of 3-members families; 53 percent of 4-members families and 40 percent of 5-members families. While 92 families or 30 percent live in 1+1 room, from those, 41 families reside in Minimunicipality Nr. 2 and 23 families or 8 percent live in 2+1 rooms, from those 12 families reside in Minimunicipality Nr. 11. So, housing poverty is very problematic.

### **5.3.3 Families by social problems, education, occupation and age-group composition of breadwinners by gender**

Results indicate that 52 families are headed by divorced persons, from those 44 are females; 29 families are headed by widowed, from those 26 are females; 10 families are headed by single mother girls, while 8 families are headed by a single person, from those 4 are females.



Based on education, 141 females and 121 males have 8-years of schooling; 114 females and 81 males have finished secondary schools; 11 females and 8 males have unfinished secondary school; while 1 female and 3 males have university degree. Furthermore, 20 females and 6 males are illiterate and the majority of them, about 23, are more than 66 years old. Low level of education is highly manifested among breadwinners of the Minimunicipality Nr. 11.

In general, the majority of breadwinners fall in 36-45 age-group, respectively 116 females and 97 males. For females, the 26-35 age-group counts 91 of them followed by 46-55 age-group that counts 39. While for males, the 46-55 age-group counts 60 persons followed by 26-35 age-group that counts 48.

From 302 families, 85 of them have joined the FPS in 1993. The majority of them, about 52 families are from Minimunicipality Nr. 11. While 54 families have joined it in 1994. The majority of them, about 28, are from Minimunicipality Nr. 2. Also, 31 families have joined it in 1995 and so on.

The majority of breadwinners are unskilled workers, respectively 122 females and 112 males, where half of them are in Minimunicipality Nr. 11. Furthermore, 73 females are housewives, from those 37 reside in Minimunicipality Nr. 11. Also, 55 males and 42 females are skilled workers. Only few of them are employees with secondary education, respectively 13 females and 7 males. In general, the larger part of unskilled workers is in Minimunicipality Nr. 11 followed by Minimunicipalities Nr. 2 and 10.

These results indicate that the level of poverty is not the same among three units of the same municipality. The poorest people are located in the Minimunicipality Nr. 11, respectively in Breg Lumi and Koder-Kamza.

## 5.4 Results of the in-depth interviews

In this paper I talked about poverty in the past and its main characteristics in the present, but I faced difficulty to define it properly due to the complexity of the Albanian reality. But what do the poor say about it and look at its relation with the FPS? (see Annex 4 for the main characteristics of respondents and Annex 5 for the type of interview).

All respondents say that they are poor and the answer of the question “Since when are you poor?” divides them into two main groups: before 1990 (18 respondents) and after 1990 (42 respondents).

Nr.	Before 1990				After 1990											Total
	I was born poor	'72	'74	'78	'90	'91	'92	'93	'94	'95	'96	'97	'98	'99	'00	
2	3	-	-	-	2	-	5	4	2	2	1	-	1	-	-	20
10	2	-	-	-	2	3	-	2	2	1	-	2	-	-	-	14
11	10	1	1	1	-	3	4	3	-	1	1	1	-	-	-	26
total	15	1	1	1	4	6	9	9	4	4	2	3	1	-	-	60

This table indicates that 15 out of 18 respondents or 25 percent say that they are born poor because, as 12 of them, they come, in general, from the poor families of working class and, in particular, of Roma and Jevg minorities. Poverty circle has accompanied them during their life. 3 respondents of this subgroup say that they are born poor because they are grown in orphanages where life was a real hell. Only 3 respondents have specified three various years, which correspond with the period of exiling of their families in remote areas from the communist system, which labelled them ‘class enemies’ and forced them to work in unskilled jobs.

**Table 5.2: Causes of poverty after 1990**

Causes of poverty	Municipalities				in percent
	Nr. 2	Nr. 10	Nr. 11	total	
closure of state enterprises (SE)	5	6	5	16	38
privatization of SE	3	3	1	7	16.7
restructuring of SE	2	-	2	4	9.5
abolishment of agricultural cooperatives	4	1	1	6	14.3
family conflicts	2	-	2	4	9.5
disability	1	-	1	2	4.8
loss of money to pyramidal firms	-	2	-	2	4.8

others	-	-	1	1	2.4
total	17	12	13	42	

Table 5.2 indicates that, from 42 respondents who became poor after 1990, 27 of them or 65 percent say that the main causes of their poverty derive from the restructuring, privatization and closure of state enterprises; 6 respondents or 14.3 percent say the abolishment of agricultural cooperatives; 4 respondents or 9.5 percent say family conflicts. The others mention disability (2 respondents) and loss of money to pyramidal firms (2 respondents).

Nearly 33 percent of the respondents blame the Albanian government for their poverty because it did not play a fair game during the privatization of state enterprises where they were left out. Drita, 53 years old says: "I have worked for 30 years in a constructing enterprise since I was 15, but I did not take any asset from its privatization. It wasn't privatized by its workers, but by people who had never worked there". While, 90 percent of the respondents say that they did not have savings from the past because they were hired in less paid jobs, only 10 percent say that they had savings but their real value was devaluated during the first years of transition because of hyperinflation.

#### **5.4.1 Poverty's definitions**

Poor people define poverty in various ways. Some of them define it as the lack of money to buy food, clothes and house; to afford medical treatment and education of children; to keep up tradition such as attendance of wedding ceremonies, funerals and visit of relatives. A female headed family of Jevg minority, says: "Poverty is eating two meals per day, looking at begging eyes of your kids being unable to enjoy their age with toys, food and clothes". The others define it as the lack of job and security; powerlessness, voicelessness and defenselessness from crime and corruption. A male mountaineer says: "Poverty is the worst thing that exists on this world because it makes a man to loose his pride and manhood. He is nobody".

While a woman from an agricultural family says: “Poverty is the loss of livelihood. Being unable to buy fertilizers to crop your land, it is transformed in infertile and you do not feed yourself”. Furthermore, female respondents define poverty as ignorance, domestic violence, family conflict and subordination.

#### **5.4.2 The effectiveness of the FPS for the poor’s survival**

Although all respondents are regular beneficiaries of the FPS, they complain about its low payment, which is insufficient for their survival. To argue their answers, they mainly mention the skyrocketing of food items, vegetables and fruits.

A single mother girl with one kid and a baby says: “I need monthly 1200 lek for milk, because I cannot breastfeed, and 1800 lek for bread. But, my monthly payment is, on average, 3000 lek and it is insufficient for my family needs”. While Perparim says: “This payment is sufficient to pay electricity bills only. As you know, they are very high because, instead of coming and checking our monthly consumption, the employees of the Electrical Enterprise charge us arbitrary from their offices. Nobody thinks that we are poor and, due to the lack of family assets, our consumption is low. So, I pay because I do not want to be indebted to the State”.

While for the agricultural families, the value of monthly benefits represents a ‘drop in the ocean’. A female respondent says: “My husband is in a blood feud. So we moved in Koder-Kamza from the North of Albania and left our small plot of land there. Neither he, nor my son can go there to sown it. Thus, we do not get any income from it, although it is subtracted every month from social administrators”.

Although bread is the main food item for the poor who live in slum area, they cannot buy it with that low monthly payment due to its high price. Musa, the head of a family of seven, says: “I take monthly 4000 lek. My family consumes daily 2 loaves and half bread that cost 4500 lek. So, I cannot buy it. My wife kneads bread dough. I buy monthly two sacks of flour. Each of them has 50 kg and costs 2000 lek”.

The low value of their benefits does not help them cover their family deficits. 57 respondents say that they had family deficits before they joined the FPS listed as follows:

Family deficits	Municipalities				in percent
	Nr. 2	Nr. 10	Nr. 11	total	
Low standard of living	12	8	13	33	57.9
Lack of jobs	1	3	1	5	8.8
Poverty circle	3	2	10	15	26.3
Lack of house	1	-	1	2	3.5
Others	-	1	1	2	3.5
total	17	14	26	57	

The above table indicates that 33 respondents say that they had low standard of living defined in terms of 'old furniture, lack of family assets such as TV, refrigerator, washing machine, lack of descent house and sufficient income to buy food and clothes'. While 15 respondents say that poverty circle followed by low level of education, skills and less paid jobs were their main family deficits. Only 3 respondents say that they had no family deficits because they were employed in well paid jobs.

The majority of respondents, 24 or 40 percent says that their living conditions are worsened after they joined the FPS. A woman from Roma minority, says: "The roof of my old house is damaged and rain goes in. My kids suffer from arthritis, but I cannot afford their medical treatment". While 21 respondents say that their family deficits are increased after they joined the FPS. Osman, the head of a family of 6, says: "I have not eaten meat since the feast of New Year 2003". Only 15 respondents say that there is no change in their family deficits.

While focus group discussions with 8 beneficiaries identify other problems. So, a male respondent says: "The FPS does not protect us in medical treatment. Although the government says that the medicines for us will be reimbursed, in fact they are for some but not for all. The very effective medicines are not reimbursed. Even for surgery we have to pay, otherwise medical doctors and nurses do not care for us". The other respondent says: "Low payment that we take monthly from the FPS indicates

that government has abandoned us to our fate. We do not deserve it". A female respondent says: "Our involvement in the FPS has a negative impact on the education of our children who usually drop out of the school due to lack of sufficient family income".

Although the FPS offers 'something' it does not help the poor to cover food expenditure for a month. That is why, they use various strategies to survive which differ among males and females.

activities	Municipalities				in percent
	Nr. 2	Nr. 10	Nr. 11	total	
black economy	7	4	5	16	26.7
casual work	5	3	7	15	25
relative's network (especially migrants)	-	2	2	4	6.7
beggers	-	1	2	3	5
street bananas sellers	2	1	1	4	6.7
street sunflower seeds sellers	1	2	1	4	6.7
scavengers	2	-	2	4	6.7
blood sellers	2	-	3	5	8.3
street second-hand clothes sellers	-	-	2	2	3.3
others	1	1	1	3	5
total	20	14	26	60	

Male respondents, 16 or 26.7 percent, work in black economy especially in construction where they take daily 700-900 lek; while 15 others or 25 percent work in casual work such as load and unload big trucks near the Custom Office, paint houses, pave tiles of new buildings and so on. Female respondents say that they sell bananas where they take 400-450 lek daily, sunflower seeds, second-hand clothes, work as scavengers and sell blood. Dallendyshe says: "I sell 300 g blood for 3000 lek once in two months. It is shame to sell it because it should be donated to those who need it, but for my family it is a means of living". While an old woman says: " I beg in the street to survive". 4 female respondents say that they are in debt to their relatives, while, in total, 12 of them say that they buy food 'with list'. This means that retail sellers of their quarters record, for every week, their food expenditure in their notebook, while they pay back either when their relatives offer them help in cash or when they receive payment from the FPS.

### 5.4.3 The cost of the FPS for the poor

To take that ‘tiny payment’, the poor have to go several times to the OSS in their municipalities to ask for money delivery. Its frequency varies among the poor.

Frequency of going to the OSS (per month)	Municipalities				in percent
	Nr. 2	Nr. 10	Nr. 11	total	
1 time	-	-	-	-	-
2 times	-	-	-	-	-
3 “	2	-	4	6	10
4 “	4	3	8	15	25
5 “	2	5	10	17	28.3
6 “	7	2	3	12	20
More than 6 “	5	4	1	10	16.7
total	20	14	26	60	

The above table indicates that the majority of respondents, 54 or 90 percent, says that they go four times and more to OSS because the delivery of monthly payment is not done in a fixed date. Englantina says: “After the 20<sup>th</sup> day of each month, I come to ask for money delivery nearly every day”. Furthermore, respondents say that they have to be in long line to take it and sometimes, they are there for more than 2 hours.

On the other hand, respondents say that they spend time due to the ‘power of documents’ and lack of responsiveness of the state institutions. Eduard says: “I have about 10 years involved in the FPS, but I can say that I have spent nearly 5 years running from one state office to another because of the bureaucratic procedure”. While 32 respondents or 53 percent say that it is useless to go once in three months to the Employment Office because it either does not offer any job or offers jobs that do not meet their working experience and qualification criteria. A female respondent says: “I have worked as mechanic in state enterprise, but this office offered me a job as a tailor in a private firm. So, I have to bribe them to exclude me from that job”.

But, all respondents say that they have to pay monthly 20 lek to buy ‘the monthly application form’, while, once a year, they pay 100 lek to buy the ‘general form’. Three years ago, they were for free. Moreover, the poorest of the poor who live in slum area of Breg Lumi and Koder-Kamza located far away have to pay for their

transportation. The return ticket by bus is 40 lek. On average, they go monthly 4-5 times to the OSS, which cost about 160-200 lek. They also wait to the bus stop about 10-20 minutes. So, the cost of the FPS is very high for them.

#### 5.4.4 Complaints about the FPS

All respondents say that their monthly payment fluctuates, but they are not informed about it before. Even to complain, it is not so easy for them.

Municipality	Can complain (Where?)				Cannot complain (Why?)				
	to the mayor	to social administrator	can complain, but no solution	total	Nobody listens to the poor	there is no state's accountability	I do not know where to complain	payment is low for all	total
Nr. 2	5	-	4	9	5	3	2	1	11
Nr. 10	4	2	1	7	3	1	3	-	7
Nr. 11	6	2	6	14	7	-	4	1	12
total	15	4	11	30	15	4	9	2	30

The above table indicates that among 30 respondents, who can complain, 11 of them say that they do not get any solution. Even 15 respondents, who can complain to the mayor of minimunicipality, say that his answer usually is “This payment is determined by the law. I cannot do anything”. Among 30 respondents who cannot complain, 15 of them say that nobody listens to the poor. The others say that there is no state accountability, while 9 respondents say that they do not know where to complain and get a real solution. In general, all respondents have a tendency not to complain about the attitude of social administrators because they represent for them the sole state officials who can be reached easily.

#### 5.4.5 Social stigma and microcost of being in the FPS

About 24 respondents or 40 percent say that they are stigmatized to be in the FPS because they are still young to take that ‘alm’. A female respondent says: “Being in the FPS gives me a feeling of a ‘modern begger’ because, instead of begging in the street, I beg at the state offices. In both cases, I am a person without dignity”. While 36 respondents or 60 percent say that they are not stigmatized to be in the FPS



because it is their right based on the Albanian Constitution. One of them says: “It is State’s responsibility to think about the well-being of its citizens”. The other says: “I have offered my contribution to develop this country, and the Albanian government should have more accountability towards me”.

Being in the FPS does not disincentive them to search for a job because they prefer to work. One of them says: “I want to work because I am still young. Job gives me more money and security”. The other says: “I have started working since I was 14. How can I stay with crossed arms now when I am 38?” But, the poor are heterogeneous and do not have the same needs. Eglantina says: “I cannot work because I am a single mother girl with a baby. I have nobody to look after him. So, I prefer to pick a part-time job rather than a full-time one”.

Furthermore, the poor do not trust state institutions much. The answer to the question “Would you prefer to get some loans to start your business?” divides them in three groups.

Answers	Municipalities				in percent
	Nr. 2	Nr. 10	Nr. 11	total	
Yes	7	4	9	20	33.3
No	10	10	16	36	60
I do not know	3	-	1	4	6.7
total	20	14	26	60	

Although 20 respondents or 33.3 percent want to get some credits, they still doubt about their ability to pay back. A female respondent says: “Who trusts the poor?” While 36 respondents or 60 percent say ‘no’ because, as 19 of them say, they do not trust state institutions. A respondent says: “It is not worth the trouble to negotiate with them because they are not helpful”.

#### **5.4.6 The evaluation of scheme’s performance**

Respondents list some weak points of the FPS:

1. Insufficient payment for their survival;

2. Fluctuations of payment from month to month without any explanation;
3. Payment is not based on family needs;
4. Payment is not delivered in a fixed day;
5. Stay in long line to take money
6. Lack of possibility to generate jobs

At the same time, 55 respondents say that they do not see any strong point from this scheme, while 5 respondents say, “at least it offers something, although it is insufficient to survive”.

Furthermore, respondents mention some of the poor families, which are not included in the FPS, such as: 1) homeless people, 2) families with drug users, 3) adult single persons who are separated from the family trunk. As they say, these families are not included because of 1) lack of relevant information, 2) lack of ability to articulate their problems, 3) bureaucratic procedure, 4) law sometimes hinders them.

On the other hand, they say that there are families, which should not be in the scheme such as: 1) those involved in small-scale businesses unregistered in the Tax Office, 2) better-off families. According to them, they are beneficiaries because 1) they disinform, 2) can pay extra money to the corrupted state officials, 3) do the utmost to take as much money as they can from this State.

Besides these, the poor list some alternatives to improve the FPS in the future:

1. The setting of new criteria for the eligibility of the poor is important;
2. It should reflect family needs;
3. Monthly payment should not be arbitrary decided, but should cover at least the subsistence level;
4. Payment delivery should be done in a fixed day;
5. The FPS should improve its information network with other state institutions to avoid being abused by the non-poor;
6. It should be more active through finding the possibilities of generating job opportunities within the community.

## **5.5 Results from the focus group discussions**

Focus group discussions with some social administrators highlight some important points:

1. Legislation is not so clear about the concept of 'family' especially in cases of one member family. Lack of its interpretation makes many of them to be out of the scheme.
2. Although they do 'home-visit' to the poor families every month to categorize their level of living conditions, their payment, due to lack of funds, does not take it into consideration. Thus the payment is delivered regardless the poor's needs.
3. They are under the pressure of the local council to include more families in the FPS as 'special case' and under the pressure of the SSS to reduce the total number of the families due to the monitoring of the scheme. Thus, their opinion is not taken into consideration, while the number of families should be arbitrary reduced.
4. The law does not specify their workload. Although they have different workloads, their monthly wage is the same.
5. Finally, many new comers provide false documents and their verification is difficult due to the lack of an informational network at national level.

Individual discussions with 6 persons exempted from the FPS highlight the fact that, in many cases, the poor are victims of low responsibility of state institutions. A new comer in Tirana says: "I cannot join the FPS because I cannot have a land document from the Office of Property Registration in my district (Has). Unfortunately, this office does not exist there". While another respondent says: "I cannot join the FPS because in my land document (tapi) I have 1500 square meters, but, in reality, I have 1000 square meters. 500 square meters are written there arbitrary. But I cannot register it because there is a discrepancy and social administrators think that I have sold it".

## CHAPTER SIX

### CONCLUSIONS AND POLICY IMPLICATIONS

The main findings of this paper identify the gap between the poor and the design of the FPS to reach them. This happens because their needs are not well understood by policy makers. On the other hand, poverty is not well monitored in Albania. Being officially ignored in the past and officially recognized in the years of transition, there is still a lack of an official subsistence level, which makes the poor to be far-reached by this scheme. Looking at the FPS as an insider and outsider, this paper finds that it is ineffective and does not meet the poor's expectations. With its low coverage and value of benefits, it offers an 'alm' rather than a genuine help for the poor who feel more discriminated rather than supported by it.

Furthermore, the FPS suffers from an inconsistency between its design and implementation into practice. Although it is based on the concept of income poverty and standard of living to identify those who are eligible for its benefits, cuts of funds time after time make the payment of the poor regardless their needs. Thus, there is no strong correlation among fund allocation and the level of poverty. But, even when income poverty is taken into account, the FPS does not work better for the poor. Its eligibility and exemption criteria put more on the poor's shoulders rather than on those of the Albanian institutions. That is why, many poor families are turned down for help.

Although the FPS offers a low payment, the poor still want it for two main reasons: 1) it is their right based on the Albanian Constitution, and 2) this is the sole opportunity that they have not to be forgotten from the government as one of them says: "When the Albanian government approves the budget of this scheme, at that moment it might think that behind that figure there are poor people who need its help".

Different from other countries where the targeting programs to alleviate poverty might have some labor-leisure incentive costs, in the case of Albania, this cost is a

low one or inexistent because the monthly payment offered by the FPS is ‘a drop in the ocean’ as the poor say. I personally do not believe that policy makers do this on purpose. Being demand-driven and dictated by the cost of structural adjustment programs, they have not done any proper calculation to justify the legislated payment which has directly led to a low payment provision and indirectly to low labor-leisure incentive cost.

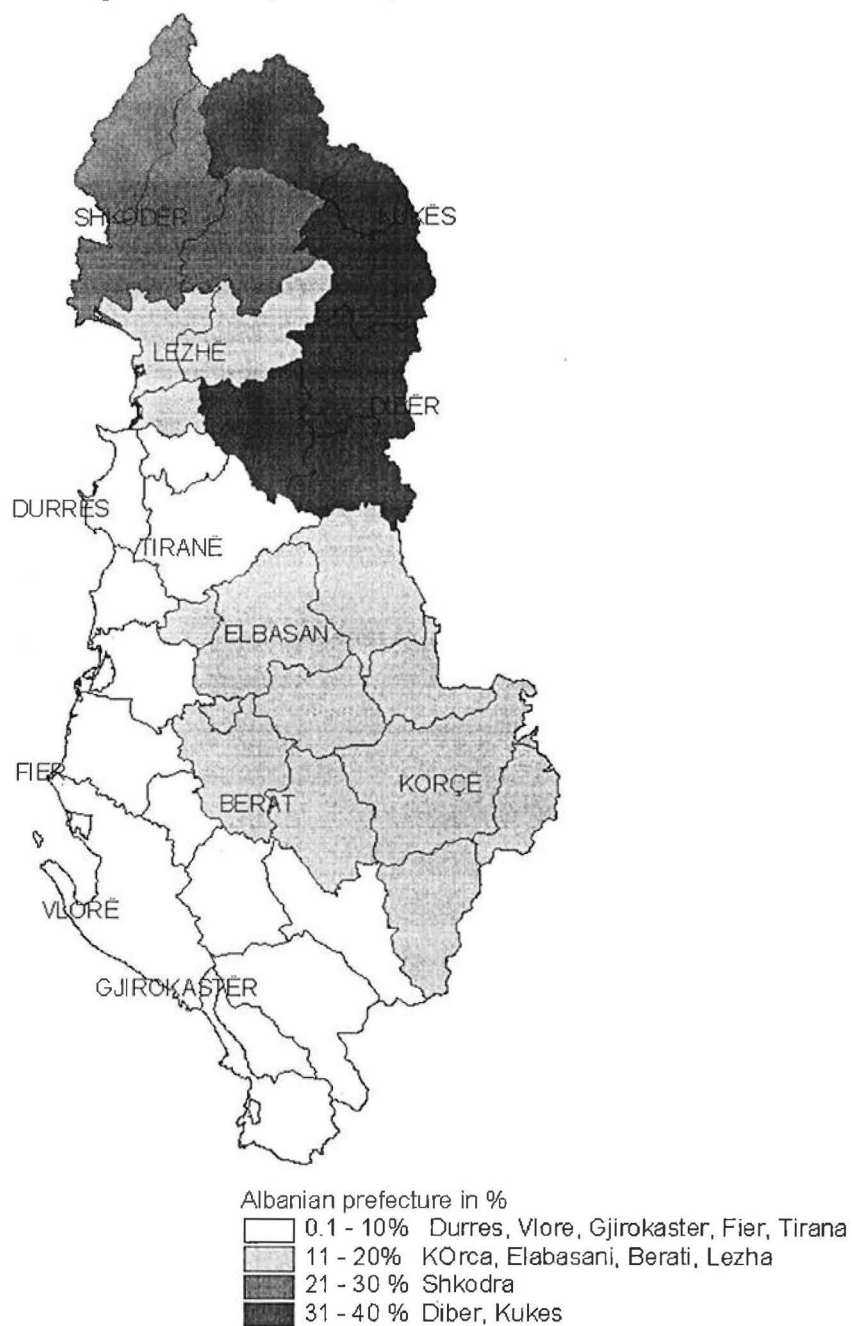
On the other hand, lack of responsibility and accountability of state institutions makes the poor to be seen as mere recipients rather than a part of the solution for poverty alleviation. Their dysfunction and corruption disempower them and increase their distrust. Instead of cooperating together to help the poor, they are reluctant to offer their help. Different from other developing countries where the poor take credits and are involved in various micro-credit schemes, the Albanian poor feel cheated and do not trust state institutions which are ‘helpless’ as they say.

But, after 10 years of implementing the FPS, should we still have arbitrary definition of the ‘poor’ and deliver arbitrary payment to those labelled ‘in need’? The answer should be ‘no’. For this purpose, the Albanian government should proclaim the official subsistence level and index the monthly payment of the poor. FPS should reflect their needs by setting priorities for those who are more vulnerable. Its legislation should be clearer for those who implement it on the ground.

Moreover, political preferences in fund allocation should not interfere because the poor are defined so based on their level of income rather than on their political ideas. While local councils should not abuse with fund provision. They should increase their responsibility to help the poor rather than to ‘be good with everyone’ through offering a small payment regardless their needs.

# ANNEX 1

Families in the FPS as a percentage of the total number of families, by Prefecture, Albania, 2002



Source: SSS (2002)

## Annex 2

### Summary of socio-economic and demographic characteristics of the poor from three minimunicipalities in Tirana

Total sample size = 302

Family size	Nr. of families	Type of economic aid		Family's assets			Families by social problems				Female headed family				Type of dwelling					
		full	partial	TV	refrigerator	washing machine	divorced	widow	single parent	single	divorced	widow	single mother girl	single	flat	house	basement	villa	boarding school	hut
1	39	39	-	11	2	1	14	18	-	8	10	16	-	4	19	13	2	1	-	4
2	48	48	-	24	12	3	23	2	7	-	21	1	7	-	15	29	-	-	-	4
3	62	61	1	38	25	5	8	3	3	-	7	3	3	-	38	22	-	-	1	1
4	76	75	1	61	41	8	3	2	-	-	2	2	-	-	41	30	2	-	1	2
5	42	38	4	37	21	7	4	2	-	-	4	2	-	-	19	16	-	-	1	6
6	21	16	5	13	2	2	-	2	-	-	-	2	-	-	4	12	-	-	-	5
7	8	5	3	4	1	-	-	-	-	-	-	-	-	-	4	-	-	-	-	4
8	5	3	2	3	2	-	-	-	-	-	-	-	-	-	1	2	1	-	-	1
11	1	1	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-
Total	302	286	16	191	106	26	52	29	10	8	44	26	10	4	137	129	5	1	3	27

Family size	Description of dwelling by property				Description of living arrangements			Level of education of breadwinner by gender													
	privatized	non-privatized	with rent	others	shared	on its own	nr of rooms			female						male					
							1	1+1	2+1	0	1-4	5-8	unfinished sec.school	sec.sc hool	unfinished university	univer sity	0	1-4	5-8	unfinished sec.school	sec.sc hool
1	30	8	-	1	28	11	35	4	-	16	6	6	-	2	3	-	1	3	1	-	2
2	27	19	2	-	33	15	42	5	1	1	1	22	2	17	-	-	1	1	12	-	5
3	53	9	-	-	39	23	42	17	3	1	2	23	2	32	-	-	1	1	28	3	15
4	62	13	-	1	46	30	40	29	7	-	3	26	4	43	-	1	-	5	29	1	37
5	29	13	-	-	14	28	17	20	5	2	3	23	2	12	-	-	2	-	23	1	11
6	8	13	-	-	7	14	6	9	6	-	1	12	-	8	-	-	1	1	6	1	10
7	3	5	-	-	2	6	4	4	-	-	1	7	-	-	-	-	-	1	5	1	1
8	2	3	-	-	1	4	1	4	-	-	1	3	1	-	-	-	-	1	4	-	-
11	1	-	-	-	-	1	-	-	1	-	-	1	-	-	-	-	-	-	-	1	-
Total	215	83	2	2	170	132	187	92	23	20	18	123	11	114	3	1	6	13	108	8	81

(continuous)

Family size	male univer sity	Composition of breadwinners by age-group and gender														Period of entrance of these families into FPS (by year)							
		female							male							'93	'94	'95	'96	'97	'98	'99	'00
		<18	19-25	26-35	36-45	46-55	56-65	>66	<18	19-25	26-35	36-45	46-55	56-65	>66								
1 member	1	-	-	2	2	4	4	20	-	-	-	-	3	1	3	23	5	2	3	3	1	1	1
2 members	-	1	6	15	14	8	1	-	-	3	4	6	4	1	-	10	7	10	3	5	3	3	7
3 "	1	-	11	24	19	7	-	-	-	1	20	17	11	-	-	10	12	7	7	11	2	5	8
4 "	1	-	2	30	34	10	-	-	-	-	13	40	19	-	-	24	11	6	11	8	2	5	9
5 "	-	-	-	12	25	5	-	-	-	-	8	17	11	-	-	10	10	4	4	8	2	2	2
6 "	-	-	-	5	13	3	-	-	-	-	3	10	6	-	-	5	5	2	3	2	1	1	2
7 "	-	-	-	2	5	1	-	-	-	-	-	5	3	-	-	1	2	-	2	1	-	1	1
8 "	-	-	-	-	4	1	-	-	-	-	-	1	3	1	-	1	2	-	-	1	-	-	1
11 "	-	-	-	1	-	-	-	-	-	-	-	1	-	-	-	1	-	-	-	-	-	-	-
Total	3	1	19	91	116	39	5	20	0	4	48	97	60	3	3	85	54	31	33	39	11	18	31

Family size	Occupation of breadwinners by gender																								
	female												male												
	1	2	3	4	5	6	7	8	9	10	11/1	12	13	1	2	3	4	5	6	7	8	9	10	11	12
1 member	6	1	1	-	-	-	-	1	-	24	-	-	3	-	-	-	-	-	-	-	1	2	-	-	1
2 member	20	9	-	-	1	1	-	2	1	3	9	-	8	4	-	-	4	1	-	-	-	-	-	-	1
3 "	21	11	1	-	1	2	-	1	-	4	19	-	28	12	-	-	2	1	-	1	1	1	-	-	2
4 "	32	15	1	1	5	-	-	7	1	1	12	-	33	23	1	-	9	3	-	1	1	1	-	-	-
5 "	26	5	3	-	2	1	-	1	-	2	2	-	24	6	1	-	4	-	-	-	1	-	-	-	-
6 "	11	-	2	1	-	-	-	-	-	3	4	-	8	8	-	-	-	2	-	-	-	1	-	-	-
7 "	2	-	3	1	-	-	-	-	-	-	2	-	4	1	1	-	1	-	-	-	-	1	-	-	-
8 "	4	-	1	-	-	-	-	-	-	-	-	-	3	1	1	-	-	-	-	-	-	-	-	-	-
11 "	-	-	-	-	-	-	-	-	-	-	1	-	1	-	-	-	-	-	-	-	-	-	-	-	-
Total	122	41	12	3	9	4	0	11	3	13	73	0	112	55	4	0	20	7	0	2	3	7	0	0	4

**Legend of occupations**

- |                        |   |                      |
|------------------------|---|----------------------|
| 1. unskilled worker    | 7. nurse                                  | 12. military service |
| 2. skilled worker      | 8. handcraft                              | 13. others           |
| 3. agricultural worker | 9. high specialist with University degree |                      |
| 4. electricist         | 10. employees with secondary degree       |                      |
| 5. mechanic            | 11. without profession                    |                      |
| 6. technician          | 11/1. housewife                           |                      |



### Annex 3

#### Minimunicipality Nr. 2 (sample size = 100)

Family size	Nr. of families	Type of economic aid		Family's assets			Families by social problems				Female headed family				Type of dwelling					
		full	partial	TV	refrigerator	washing machine	divorced	widow	single parent	single	divorced	widowed	single mother girl	single	flat	house	Basement	villa	boarding school	hut
1 member	9	9	-	3	-	-	1	6	-	2	1	6	-	2	4	5	-	-	-	-
2 members	18	18	-	13	7	1	11	-	4	-	10	-	4	-	7	10	-	-	-	1
3 "	15	14	1	12	12	-	3	-	-	-	2	-	-	-	6	9	-	-	-	-
4 "	21	20	1	21	14	2	1	-	-	-	1	-	-	-	10	11	-	-	-	-
5 "	21	18	3	18	11	2	1	2	-	-	1	2	-	-	7	10	-	-	-	4
6 "	10	7	3	8	-	1	-	-	-	-	-	-	-	-	1	7	-	-	-	2
7 "	3	2	1	2	1	-	-	-	-	-	-	-	-	-	2	-	-	-	-	1
8 "	3	1	2	3	2	-	-	-	-	-	-	-	-	-	1	1	-	-	-	1
Total	100	89	11	80	47	6	17	8	4	2	15	8	4	2	36	55	0	0	0	9

Family size	Description of dwelling by property				Description of living arrangements					Level of education of breadwinner by gender											
	privatized	non-privatized	with rent	others	shared	on its own	nr of rooms			female					male						
							1	1+1	2+1	0	1-4	5-8	unfinished sec.school	sec.sc hool	unfinished university	university	0	1-4	5-8	unfinished sec.school	sec.sc hool
1 member	9	-	-	-	9	-	9	-	-	6	-	2	-	1	-	-	-	-	-	-	-
2 members	15	3	-	-	13	5	14	3	1	-	-	6	1	10	-	-	-	-	3	-	2
3 "	15	-	-	-	11	4	10	5	-	-	-	4	-	10	-	-	-	1	5	1	6
4 "	20	1	-	-	11	10	5	12	4	-	-	4	-	16	-	1	-	-	6	-	14
5 "	15	6	-	-	8	13	10	10	1	-	1	15	1	4	-	-	-	-	14	1	4
6 "	3	7	-	-	6	4	2	7	1	-	1	5	-	4	-	-	-	1	2	-	7
7 "	1	2	-	-	2	1	2	1	-	-	-	3	-	-	-	-	-	-	2	-	1
8 "	1	2	-	-	1	2	-	3	-	-	-	2	1	-	-	-	-	-	3	-	-
Total	79	21	0	0	61	39	52	41	7	6	2	41	3	45	0	1	0	2	35	2	34

## Minimunicipality Nr. 2 (continuous)

Family size	male univer sity	Composition of breadwinners by age-group and gender														Period of entrance of these families into FPS (by year)							
		female							male														
		<18	19-25	26-35	36-45	46-55	56-65	>66	<18	19-25	26-35	36-45	46-55	56-65	>66	'93	'94	'95	'96	'97	'98	'99	'00
1 member	-	-	-	-	-	-	-	9	-	-	-	-	-	-	-	4	1	1	1	-	1	-	1
2 members	-	-	1	6	6	3	1	-	-	-	-	2	1	1	-	1	3	4	1	3	3	2	1
3 "	-	-	2	8	2	2	-	-	-	-	5	5	3	-	-	11	6	2	1	1	1	2	1
4 "	-	-	-	5	12	5	-	-	-	-	1	10	9	-	-	4	4	2	2	3	-	2	4
5 "	-	-	-	5	13	3	-	-	-	-	3	9	6	-	-	1	8	2	4	3	-	1	2
6 "	-	-	-	2	7	1	-	-	-	-	2	4	4	-	-	1	4	1	2	1	-	-	1
7 "	-	-	-	1	1	1	-	-	-	-	-	1	2	-	-	-	1	-	1	-	-	-	1
8 "	-	-	-	-	3	-	-	-	-	-	-	1	1	1	-	-	1	-	-	1	-	-	1
Total	0	0	3	27	44	15	1	9	0	0	11	32	26	2	0	12	28	12	12	12	5	7	12

Family size	Occupation of breadwinners by gender																									
	female												male													
	1	2	3	4	5	6	7	8	9	10	11/1	12	13	1	2	3	4	5	6	7	8	9	10	11	12	13
1 member	-	-	-	-	-	-	-	-	-	9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2 members	5	6	-	-	1	-	-	1	-	1	3	-	-	-	1	-	-	3	-	-	-	-	-	-	-	-
3 "	5	-	-	-	1	-	-	-	-	1	7	-	-	8	4	-	-	1	-	-	-	-	-	-	-	-
4 "	7	4	-	-	2	-	-	5	1	-	2	-	-	5	6	-	-	4	3	-	1	-	1	-	-	-
5 "	14	2	3	-	1	-	-	1	-	-	-	-	-	12	3	1	-	2	-	-	-	-	-	-	-	-
6 "	4	-	2	-	-	-	-	-	-	-	4	-	-	5	4	-	-	-	1	-	-	-	-	-	-	-
7 "	1	-	1	-	-	-	-	-	-	-	1	-	-	2	-	-	-	1	-	-	-	-	-	-	-	-
8 "	2	-	1	-	-	-	-	-	-	-	-	-	-	1	1	1	-	-	-	-	-	-	-	-	-	-
Total	38	12	7	0	5	0	0	7	1	2	26	0	0	33	19	2	0	11	4	0	1	0	1	0	0	0

### Legend of occupations

- |                        |   |
|------------------------|---|
| 1. unskilled worker    | 8. handcraft                                |
| 2. skilled worker      | 9. high specialist (with University degree) |
| 3. agricultural worker | 10. employees with secondary school         |
| 4. electricist         | 11. without profession                      |
| 5. mechanic            | 11/1. housewife                             |
| 6. technician          | 12. military service                        |
| 7. nurse               | 13. others                                  |

### Annex 3

#### Minimunicipality Nr. 10 (sample size = 70)

Family size	Nr. of families	Type of economic aid		Family's assets			Families by social problems				Female headed family				Type of dwelling					
		full	partial	TV	refrigerator	washing machine	divorced	widow	single parent	single	divorced	widowed	single mother girl	single	flat	house	basement	villa	boarding school	hut
1 member	14	14	-	5	2	1	6	4	-	6	4	3	-	1	11	1	1	1	-	-
2 members	6	6	-	3	2	1	2	1	1	-	3	-	1	-	4	2	-	-	-	-
3 "	21	21	-	14	9	4	2	-	1	-	2	-	1	-	19	2	-	-	-	-
4 "	24	24	-	17	14	4	-	-	-	-	-	-	-	-	18	4	2	-	-	-
5 "	5	5	-	4	3	-	-	-	-	-	-	-	-	-	5	-	-	-	-	-
6 "	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7 "	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8 "	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	70	70	-	43	30	10	10	5	2	6	9	3	2	1	57	9	3	1	0	0

Family size	Description of dwelling by property				Description of living arrangements						Level of education of breadwinner by gender										
	privatized	non-privatized	with rent	others	shared	on its own	nr of rooms			female					male						
							1	1+1	2+1	0	1-4	5-8	unfinished sec.school	sec.school	unfinished university	university	0	1-4	5-8	unfinished sec.school	sec.school
1 member	11	2	-	1	11	3	13	1	-	3	2	2	-	1	3	-	-	1	1	-	2
2 members	4	-	2	-	3	3	6	-	-	-	-	-	-	4	-	-	-	-	-	-	1
3 "	20	1	-	-	13	8	17	3	1	-	-	7	2	11	-	-	-	-	13	-	4
4 "	21	2	-	1	16	8	18	4	2	-	-	7	1	18	-	-	-	1	7	-	16
5 "	4	1	-	-	4	1	4	-	1	-	-	2	1	2	-	-	-	-	2	-	3
6 "	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7 "	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8 "	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	60	6	2	2	47	23	58	8	4	3	2	18	4	36	3	0	0	2	23	0	26

## Minimunicipality Nr. 10 (continuous)

Family size	male univer sity	Composition of breadwinners by age-group and gender														Period of entrance of these families into FPS (by year)							
		female							male							'93	'94	'95	'96	'97	'98	'99	'00
		<18	19-25	26-35	36-45	46-55	56-65	>66	<18	19-25	26-35	36-45	46-55	56-65	>66								
1 member	1	-	-	2	2	-	-	5	-	-	-	-	3	1	1	6	4	1	2	1	-	-	-
2 members	-	1	1	-	2	2	-	-	-	-	-	-	1	-	-	2	1	1	-	2	-	-	-
3 "	1	-	3	7	9	2	-	-	-	-	5	7	6	-	-	6	1	2	2	7	-	2	1
4 "	1	-	1	9	12	2	-	-	-	-	1	17	6	-	-	4	2	1	7	4	1	1	4
5 "	-	-	-	2	3	-	-	-	-	-	1	1	3	-	-	3	1	-	-	-	1	-	-
6 "	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7 "	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8 "	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	3	1	5	20	28	6	0	5	0	0	7	25	19	1	1	21	9	5	11	14	2	3	5

Family size	Occupation of breadwinners by gender																									
	female												male													
	1	2	3	4	5	6	7	8	9	10	11/1	12	13	1	2	3	4	5	6	7	8	9	10	11	12	13
1 member	2	1	-	-	-	-	-	8	1	-	6	-	-	2	-	-	-	-	-	-	-	1	2	-	-	-
2 members	1	1	-	-	-	1	-	-	1	2	1	-	-	-	-	-	-	-	1	-	-	-	-	-	-	-
3 "	5	10	-	-	-	-	-	1	-	2	2	-	1	7	7	-	-	-	-	1	1	1	-	-	-	-
4 "	7	10	-	1	2	-	-	2	-	1	1	-	-	9	11	1	-	2	-	-	1	-	-	-	-	-
5 "	2	3	-	-	-	-	-	-	-	-	-	-	-	1	2	-	-	2	-	-	-	-	-	-	-	-
6 "	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7 "	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8 "	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	17	25	0	1	2	1	0	3	2	5	10	0	1	19	20	1	0	4	1	0	1	3	3	0	0	0

### Legend of occupations

- |                        |   |
|------------------------|---|
| 1. unskilled worker    | 8. handcraft                                |
| 2. skilled worker      | 9. high specialist (with University degree) |
| 3. agricultural worker | 10. employees with secondary school         |
| 4. electricist         | 11. without profession                      |
| 5. mechanic            | 11/1. housewife                             |
| 6. technician          | 12. military service                        |
| 7. nurse               | 13. others                                  |

### Annex 3

#### Minimunicipality Nr. 11 (sample size = 132)

Family size	Nr. of families	Type of economic aid		Family's assets			Families by social problems				Female headed family				Type of dwelling					
		full	partial	TV	refrigerator	washing machine	divorced	widow	single parent	single	divorced	widowed	single mother girl	Single	flat	house	basement	villa	boarding school	hut
1 member	16	16	-	3	-	-	7	8	-	1	5	7	-	1	4	7	1	-	-	4
2 members	24	24	-	8	3	1	10	1	2	-	8	1	2	-	4	17	-	-	-	3
3 "	26	26	-	12	4	1	3	3	2	-	3	3	2	-	13	11	-	-	1	1
4 "	31	31	-	23	13	2	2	2	-	-	1	2	-	-	13	15	-	-	1	2
5 "	16	15	1	15	7	5	3	-	-	-	3	-	-	-	7	6	-	-	1	2
6 "	11	9	2	5	2	1	-	2	-	-	-	2	-	-	3	5	-	-	-	3
7 "	5	3	2	2	-	-	-	-	-	-	-	-	-	-	-	2	-	-	-	3
8 "	2	2	-	-	-	-	-	-	-	-	-	-	-	-	-	1	1	-	-	-
11 "	1	1	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-
Total	132	127	5	68	29	10	25	16	4	1	20	15	4	1	44	65	2	0	3	18

Family size	Description of dwelling by property				Description of living arrangements					Level of education of breadwinner by gender											
	privatized	non-privatized	with rent	others	shared	on its own	nr of rooms			female							male				
							1	1+1	2+1	0	1-4	5-8	unfinished sec.school	sec.school	unfinished university	university	0	1-4	5-8	unfinished sec.school	sec.school
1 member	10	6	-	-	8	8	13	3	-	7	4	2	-	-	-	-	1	2	-	-	-
2 members	8	16	-	-	17	7	22	2	-	1	1	16	1	3	-	-	1	1	9	-	2
3 "	18	8	-	-	15	11	15	9	2	1	2	12	-	11	-	-	1	-	10	2	5
4 "	21	10	-	-	19	12	17	13	1	-	3	15	3	9	-	-	-	4	16	1	7
5 "	10	6	-	-	2	14	3	10	3	2	2	6	-	6	-	-	2	-	7	-	4
6 "	5	6	-	-	1	10	4	2	5	-	-	7	-	4	-	-	1	-	4	1	3
7 "	2	3	-	-	-	5	2	3	-	-	1	4	-	-	-	-	-	1	3	1	-
8 "	1	1	-	-	-	2	1	1	-	-	1	1	-	-	-	-	-	1	1	-	-
11 "	1	-	-	-	-	1	-	-	-	-	-	1	-	-	-	-	-	-	-	1	-
Total	76	56	0	0	62	70	77	43	12	11	14	64	4	33	0	0	6	9	50	6	21

## Minimunicipality Nr. 11 (continuous)

Family size	male univ ersity	Composition of breadwinners by age-group and gender														Period of entrance of these families into FPS (by year)							
		female							male							'93	'94	'95	'96	'97	'98	'99	'00
		<18	19-25	26-35	36-45	46-55	56-65	>66	<18	19-25	26-35	36-45	46-55	56-65	>66								
1 member	-	-	-	-	-	4	4	6	-	-	-	-	-	-	2	13	-	-	-	2	-	1	-
2 members	-	-	4	9	6	3	-	-	-	3	4	4	2	-	-	7	3	5	2	-	-	1	6
3 "	-	-	6	9	8	3	-	-	-	1	10	5	2	-	-	3	5	3	4	3	1	1	6
4 "	-	-	1	16	10	3	-	-	-	-	11	13	4	-	-	16	5	3	2	1	1	2	1
5 "	-	-	-	5	9	2	-	-	-	-	4	7	2	-	-	6	1	2	-	5	1	1	-
6 "	-	-	-	3	6	2	-	-	-	-	1	6	2	-	-	4	1	1	1	1	1	1	1
7 "	-	-	-	1	4	-	-	-	-	-	-	4	1	-	-	1	1	-	1	1	-	1	-
8 "	-	-	-	-	1	1	-	-	-	-	-	-	2	-	-	1	1	-	-	-	-	-	-
11 "	-	-	-	1	-	-	-	-	-	-	-	1	-	-	-	1	-	-	-	-	-	-	-
Total	0	0	11	44	44	18	4	6	0	4	30	40	15	0	2	52	17	14	10	13	4	8	14

Family size	Occupation of breadwinners by gender																								
	female												male												
	1	2	3	4	5	6	7	8	9	10	11/1	12	13	1	2	3	4	5	6	7	8	9	10	11	12
1 member	4	-	1	-	-	-	-	-	-	9	-	13	1	-	-	-	-	-	-	-	-	-	-	1	
2 members	14	2	-	-	-	-	1	-	-	5	-	8	3	-	-	1	-	-	-	-	-	-	-	1	
3 "	11	1	1	-	-	2	-	-	1	10	-	13	1	-	-	1	1	-	-	-	-	-	-	2	
4 "	18	1	1	-	1	-	-	-	-	9	-	19	6	-	-	3	-	-	-	-	-	-	-	-	
5 "	10	-	-	-	1	1	-	-	2	2	-	11	1	-	-	-	-	-	-	-	1	-	-	-	
6 "	7	-	-	1	-	-	-	-	3	-	-	3	4	-	-	-	1	-	-	-	1	-	-	-	
7 "	1	-	2	1	-	-	-	-	-	1	-	2	1	1	-	-	-	-	-	-	1	-	-	-	
8 "	2	-	-	-	-	-	-	-	-	-	-	2	-	-	-	-	-	-	-	-	-	-	-	-	
11 "	-	-	-	-	-	-	-	-	-	1	-	1	-	-	-	-	-	-	-	-	-	-	-	-	
Total	67	4	5	2	2	3	0	1	0	6	37	0	0	60	16	1	0	5	2	0	0	0	3	0	

### Legend of occupations

- |                        |   |                      |
|------------------------|---|----------------------|
| 1. unskilled worker    | 7. nurse                                    | 12. military service |
| 2. skilled worker      | 8. handcraft                                | 13. others           |
| 3. agricultural worker | 9. high specialist (with University degree) |                      |
| 4. electricist         | 10. employees with secondary education      |                      |
| 5. mechanic            | 11. without profession                      |                      |
| 6. technician          | 11/1. housewife                             |                      |

## Annex 4

### Main characteristics of the respondents by minimunicipalities (sample size = 60)

Minimunicipality	Family size										Families by minorities			Families by place of residence		Families by social problems	
	1	2	3	4	5	6	7	8	11	total	Jevg	Roma	White	rural	urban	Headed by elderly	
																	total
Nr. 2	1	2	2	6	4	3	1	1	-	20	1	-	19	4	16	-	-
Nr. 10	3	1	4	4	2	-	-	-	-	14	3	-	11	-	14	1	1
Nr. 11	4	2	3	7	4	3	2	-	1	26	3	5	18	1	25	1	-
total	<b>8</b>	<b>5</b>	<b>9</b>	<b>17</b>	<b>10</b>	<b>6</b>	<b>3</b>	<b>1</b>	<b>1</b>	<b>60</b>	<b>7</b>	<b>5</b>	<b>48</b>	<b>5</b>	<b>55</b>	<b>2</b>	<b>1</b>

Minimunicipality	Families by social problems								
	Families headed by females				Families headed by persons grown in orphanages		Families which have been persecuted from communist system		Families headed by persons who have been in prison
	divorced	widow	single	Single mother girl	total	females	total	headed by females	
Nr. 2	1	2	1	-	-	-	-	-	
Nr. 10	5	-	-	-	1	1	1	-	
Nr. 11	3	3	2	3	2	-	2	1	
total	9	5	3	3	3	1	3	1	

The above tables indicate that: 12 respondents or 20 percent come from Roma and Jevg minorities; 5 respondents or 8 percent come from agricultural families; 11 respondents or 18 percent come from extended families; 49 respondents or 82 percent come from nuclear families; 2 respondents or 3 percent are elderly people; 20 respondents or 33 percent are females with social problems such as divorced, widow, single mother girl; 3 respondents or 5 percent are grown in orphanages; 3 respondents or 5 percent come from persecuted families from communist system

**ANNEX 5**

**INTERVIEW**

Personal data of interviewee

Name and family name -----

Family size -----

Family structure -----

Living address -----

Type of payment -----

Level of education -----

1. Are you poor? -----

a) Since when? -----

b) How did you become poor? -----  
-----  
-----

c) Why? -----  
-----

2. How would you define poverty? -----  
-----  
-----

3. When did you join Family Protection Scheme? -----  
-----

4. Is your family a regular beneficiary or in (out)? -----  
-----

5. Does monthly payment that you receive from FPS help you cope with poverty?  
if yes, how? -----  
-----

if no, why? -----  
-----

6. What are your family assets? -----  
-----



7. What are your family deficits :
- a) before you joined FPS -----  
-----
- b) after you joined FPS -----  
-----
6. If you would not join FPS, what steps would you take to cope with poverty?  
-----  
-----
9. How many times per month do you go to the Office of Social Services? -----  
a) Why do you go so often?-----  
-----  
-----
10. What is the cost of this frequency in terms of:  
a) walking distance? -----  
b) time? -----  
c) money for transportation? -----  
d) bribes? -----  
e) waiting in queue to fill the form? -----  
f) others, please specify? -----
11. Are you informed before about the amount of money that you will get every month?  
-----
12. Do you feel free to complain about it?  
  
if yes, to whom? -----  
if no, why? -----  
-----
13. What has been their reaction about your concern?  
-----  
-----
14. What do you think about the attitude of social administrators about your poverty problems?  
-----  
-----
- 14/a if they are supportive and respectful, how do they express it? -----  
-----  
-----

14/b if they are disrespectful and unsupportive, how do they express it? -----  
-----  
-----

15. Do you complain about their behaviour?

if yes, to whom? -----  
if no, why? -----  
-----

16. What is their reaction about your complaints?

-----  
-----

17. Are you stigmatized to be in FPS?

if yes, why? -----  
-----  
if no, why? -----  
-----

18. Would you prefer to be in this scheme or to get a job?

if yes, why? -----  
-----  
if no, why? -----  
-----

19. Would you like to get some loans to start your business rather than being in scheme?

-----  
-----

20. Do you think that being in scheme creates some disincentives to you regarding your involvement in economic activities for example taking up a job?

if yes, how? -----  
-----  
if no, why? -----  
-----

21. What are the weak points of this scheme?

1. -----
2. -----
3. -----
4. -----

22. What are the strong points of the scheme?

1. -----
2. -----
3. -----
4. -----

23. What kinds of families should be included in the scheme, but are left out?

1. -----
2. -----
3. -----
4. -----

24. According to your opinion, why they are not included?

1. -----
2. -----
3. -----

25. What kinds of families are included in the scheme which should be left out?

1. -----
2. -----
3. -----
4. -----

26. According to your opinion, why they are included?

1. -----
2. -----
3. -----
4. -----

27. What would be your suggestions on how this scheme can be improved in the future?

-----  
-----

28. Is FPS a temporary bridging device for your family or is it likely to be a permanent requirement?

if yes, why? -----  
-----

if no, please specify your reasons? -----  
-----

date -----

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