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**Albania in the Shade of the EU Lisbon Agenda:
Policies for Social Inclusion of Rural Areas**

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List of Acronyms

DFID	Department for International Development of UK Government
EC	European Council
ESCWA	Economic and Social Commission for Western Asia
EU	European Union
FGD	Focus Group Discussion
GDP	Gross Domestic Product
GNI	Gross National Income
GTZ	German Development Cooperation
IMF	International Monetary Fund
INSTAT	Albanian National Institute of Statistics
JIM	Joint Inclusion Memorandum
LSMS	Living Standard Measurement Survey
MLSAEO	Ministry of Labor, Social Affairs and Equal Opportunities
MAFCP	Ministry of Agriculture, Food and Consumer Protection
NAP	National Action Plan
NE	Ndihma Ekonomike (Cash Transfer)
NGO	Non Governmental Organizations
NSDI	National Strategy for Development and Integration
OMC	Open Method of Coordination
RDCS	Rural Development Cross-Cutting Strategy
RDS	Regional Development Cross-Cutting Strategy
SAA	Stabilization and Association Agreement
UK	United Kingdom
UN	United Nations
UNDP	United Nations Development Programme
US	United States
WB	World Bank

Abstract

By using the capability approach to measure social exclusion, the focus of this paper is on how poverty and social exclusion have been developed in rural areas in Albania while presenting evidence from two regions. The paper's aim is to provide insight on social exclusion processes in rural area and to analyze social inclusion policies which affect poverty and social exclusion of rural people. The research methodology instruments applied are focus group discussions, and semi-structure interviews with representative from the local and the national government.

Among the main findings of the paper are (1) poverty in Albania is a rural phenomenon and social exclusion is a prominent feature of rural life, (2) economic growth was not accompanied by a reduction of poverty and exclusion for the rural population, (3) it is necessary to apply a multidimensional approach to determine the excluded people instead of using only income level, (4) women represent the group which is at highest risk of exclusion and they lack mostly social capital, and (5) the progress made in formulation of social policies is not associated with same results in policy implementation process.

Relevance to Development Studies

Development is perceived in general as a positive notion. Meanwhile, development can be exclusionary for certain groups or individuals of a society. Poverty and social exclusion are present issues especially to a largely agriculturally based society such as Albania. Within development studies, this paper addresses poverty and social exclusion as relevant issues to a transition economy and contributes to understand the multi-dimensional context of poverty, being that income based or lack of access to resources and services or exclusion from active participation in the society.

Keywords

Social exclusion, poverty, capability approach, rural area, policies for social inclusion, financial capital, physical capital, human capital, social capital, Lisbon Agenda, transition economy

Chapter 1

Introduction

Fighting against poverty and exclusion remains a very high priority in the policy agenda of the poor countries, and of the developed economies of the world as well. There is empirical evidence that supports this, by clearly showing the efforts made by states through different policies, strategies and poverty reduction programmes all over the world to eradicate poverty and exclusion. It is already agreed by many international stakeholders that significant results are achieved in combating poverty while advancing in the development process. However, despite the efforts made, poverty continues to be a key challenge all over the world.

An important milestone moment in the fight against poverty was the adoption of the Lisbon Agenda. The heads of the EU-15 met in Portugal in 2000 and they stated clearly their goal to make the European Union 'the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion' (World Economic Forum 2004: 1). The Lisbon strategy is divided in eight dimensions¹, and one of those is – Improving Social inclusion. This dimension consists of (1) returning people to the workforce, (2) upgrading their skills, and (3) modernizing social protection. Hence, after the Lisbon treaty, the social dimension of EU became a high priority of the policy processes not only at European level but also at national level (ibid.).

Therefore, the accession of many new countries, mainly from central and Eastern Europe would affect the competitiveness for economic and social inclusion of the EU. By following this way of reasoning, it is pretty clear that for potential future candidate members it will be even more difficult to comply with the Lisbon Agenda requirements. The EU has put binding criteria amongst other and for social inclusion policies.

In fact, Albania is one of the future potential candidate members and also is among the countries with substantial problems of poverty and social exclusion. The EU integration represents a shared and clearly articulated vision for the country. In addition, it constitutes a national priority in the government's agenda. It seems, in the domestic policy arena, there is a joined commitment from the entire political spectrum to develop policies that could speed up the integration process. Rightfully, it could be said that EU accession is driving the efforts of the country towards the economic development and social cohesion. In this context, after 2005, the government has developed 22 sector strategies and 15 crosscutting strategies, merging them into an overarching development strategy, the National Strategy for Development and Integration (NSDI). The NSDI materializes in practice the efforts of the government to comply with the EU requirements on the way towards a shared public vision that Albania will be '[a] country with high living standards, which is integrated in the European and Euro-Atlantic structures, is democratic, and guarantees the fundamental human rights and liberties' (Government of Albania 2008: 14).

In the framework of EU accession, Albania made an important step towards the integration, in June 2006, by signing a Stabilization and Association Agreement (SAA) which gave it a place on the list of Potential EU Candidates together with Bosnia& Herzegovina, Serbia and Montenegro. The SAA has entered into force on April 2009 and since then Albania has the status of a potential candidate country. But the advancement of the country into integration process depends upon the successful fulfilment of the EU criteria laid during the European Union conference in 1993, in Copenhagen. As such these criteria are assembled under the name “The Copenhagen criteria” and are simply described as: Democratic governance, Human rights and Market economy. Also, the potential candidate countries are required to recognize the *acquis communautaire*, the body of EU laws and regulations.

Meanwhile, the government has been active and fully committed to formulate various policies in response of the SAA, and as stated by Nikolovska (2008: 2) ‘[t]o comply with the expectations expressed in the SAA document, the government of Albania adopted a revised National Action Plan in July 2006, and as a potential EU candidate country Albania has already started to use funds from the EU’s Instrument for Pre-Accession Assistance’.

Despite the ambitious goal set by Government to join EU and its efforts to reach a high level of economic growth, poverty remains still a wide spread problem. It already recognized that ‘Albania’s growth since the transition has been impressive. Cumulative growth since 1990 is among the highest for all transition economies. It is the reason why Albania’s real income has recovered to pre-transition levels, even though the country remains one of the poorest in Europe, with an estimated GNI² per capita of about US\$2,510 in 2005’ (ibid.: 3).

Furthermore, poverty has concentrated in the rural part of the country. There are significant disparities between the urban and rural areas. Agriculture, as the main source of the rural population, for gaining a living is underdeveloped and is lagging behind the other sectors. The high rate of unemployment accompanied with poor quality of the public services make the life of the rural population very problematic. This situation is well described by World Bank, in its report of 2006. ‘In rural and mountain region areas, both basic coverage and quality of services, such as education, health care, transportation, running water and sanitation, are low’ (2006b: 8).

By considering that the rural population was 55 percent of the total population in 2005 while rural poverty is 50 percent higher than in urban centres, it is quite obvious that the rural poverty represents an important aspect of the country’s poverty. Nevertheless, in Albania little attention has been given to poverty and social exclusion in rural areas. Furthermore, little is known about the perception of the rural areas on poverty and social exclusion and also how the rural population thinks about the lack of freedom or capabilities to make choices to live the kind of life they would desire. Therefore, an important part of research concentrates on the government responses, as far as the rural poverty is concerned. Looking at the main policies and strategies, which are developed and implemented by local and national government institutions that help to gain an insight of political commitment to ensure the social inclusion for rural communities, especially after 2005. In

doing so, an important aspect of the research will be to find out how the EU Lisbon Agenda has likely been influencing the content of the social inclusion policies.

Thus, the main objective of the paper is to analyze some of the government main social inclusion policies for rural areas, in Albania, by taking into account the period from 2005 onwards. The analysis will have a twofold purpose; first, to get some insight into the social inclusion policies and second, to investigate to what extent EU Lisbon agenda has been influencing policy formulation. Meanwhile, by analyzing these policies the emphasis will be on the institutional capacities needed for the implementation process. A significant part of the objective of this paper will be to provide insight into potential social exclusion processes that effect rural communities. In doing so, the capability approach will be applied to analyze the opportunities provided by social inclusion policies for rural areas.

This study is based on research in 2 regions out of 12 in which Albania is divided. These regions are Dibra and Shkodra situated in the Northern part of the country. Although, this is an exploratory, qualitative type of research the analytic work for this research includes both, primary and secondary data. The main source of quantitative information is the Living Standards Measurement Survey (LSMS) which is a nationally representative household survey, first conducted in 2002 and repeated in 2005. The research methodology during my fieldwork in July 2009 applied the following instruments: (1) focus group discussions³ separated for men and women; (2) semi-structured interviews at two levels: (a) national level with representatives of three ministries, respectively Ministry of Labour, Social Affairs and Equal Opportunities, Ministry of Agriculture, and Ministry of Integration; (b) local level with representatives of two regional governments including three mayors and three local officials. A scanning process was done to the current policy and strategy documents, and reports compiled by government in the last 10 years, in context of poverty reduction, social inclusion and rural development.

This paper is structured through six sections. The first gives a general introduction of the core problem of the paper including objectives of the research and the structure of the paper as well. Chapter two provides an explanation of the analytical framework applied in analyzing the data. Also, part of chapter two discusses the concepts of poverty, social exclusion and social inclusion. In the chapter three a presentation is given of the EU Lisbon Agenda in the context of a transition economy. Chapter four poverty and processes of social exclusion in Albania in general and more in detail in rural areas are analyzed, by providing evidence on poverty and social exclusion in two designated regions of Albania. Moreover, this chapter presents some findings about the social exclusion processes which specifically affect rural communities. A thorough analysis of the main social inclusion policies for rural areas is provided in chapter five. The policy analysis is accompanied by (1) the main findings of the paper regarding the applicability of the existing policies in the current rural reality; and (2) the likely influence of EU Lisbon Agenda on policy formulation. The last chapter brings forward some analytical issues related with poverty and social inclusion in rural areas.

Nevertheless, this research -due to the limitations of data and its limited focus- cannot generalize about the trends of the poverty and social exclusion in the entire rural areas of Albania. It will however, enrich the existing studies about the social inclusion policies by bringing in the perceptions, and the experiences of the identified rural communities on social exclusion process.

Chapter 2

Analytical Framework: The Human Development and the Capability Approach

2.1 The Human Development Paradigm

The Human Development paradigm constitutes the backbone of the developmental philosophy of the UN. UNDP was recognized as the first body developing the human development approach, in the late 1980's and 1990's. The major goals aiming to be achieved through human development are longevity, knowledge and a decent level of living. Furthermore, the main focus of the human development is the human beings' freedom or capabilities to make choices to reach certain fundamental state of being. These choices include not only the economic ones but all human choices being economic, social, cultural and political ones (UNDP 2008).

However, the existing realities of the countries could restrict the human capabilities to make a positive choice. Some of these restrictions are related with poor health, lack of education, violation of human rights, not participation to community life, being left aside from the mainstream of the society, and inadequate economic resources. From a human development perspective, it is very important how to expand people's choices, which are changeable over the time. As stated by Mahbub ul Haq

'The human development paradigm asserts that: (1) development must place human beings at the centre of its goals; (2) the purpose of development is to increase all human choices and opportunities, not only incomes'

(UNDP 2008: 3).

Therefore, by using the human development lens the research is focused on the expanded choices that pre-accession process is bringing in Albania. As a result, people would have more opportunities to raise incomes, to improve education, to get better health security, and to be involved in the mainstreaming society activities, which is the heart of the EU pre-accession from a human development perspective. Thus, there is a co-relation between the domestic policies for reducing the poverty and exclusion, and the EU social inclusion framework as this is driving the formulation of the national policies in Albania. Consequently, the impact of those policies is directly influencing the quality of people's life, including those living in rural areas.

2.2 Capability Approach

As stated above, in the focus of the human development are the capabilities of the human beings to live that kind of life which is considered valuable to

“being or doing”. The freedom of choices and the capability development provide the common ground between the human development and the capability approach. Therefore, creating conducive environment through public policies would increase the individual choices to reach a desired level of living and also enhance the development of human beings.

Furthermore, the development of capabilities and the set of functioning which could be achieved constitute the core concern of the capability approach. This approach began its life in the 1980s and Amartya Sen is recognized as the author who pioneered it. Sen considers as essential to focus on the quality of life and well being by considering that a multidimensional issue. Meanwhile, people should be provided with freedom to make their individual choices and turn the capabilities into functioning.

The capability approach is a critique on the economic approaches which take into account only the income and resource-based theories. In the paper of Robeyns (2001) about capability approach it is explained the diversity of human beings. According to the capability approach human beings are very unique in their needs for goods and resources. Different people need different amount of resources to reach the well being status. So,

‘Sen has argued, that, while income can be an important means to advantage, it can only serve as a rough proxy for what intrinsically matters, namely people’s capabilities’ (ibid.: 4).

There are several capabilities identified by different theories. In box 1, there are presented ten capabilities defined by Nussbaum as essential feature to a full human life.

Box 1: The list of capabilities

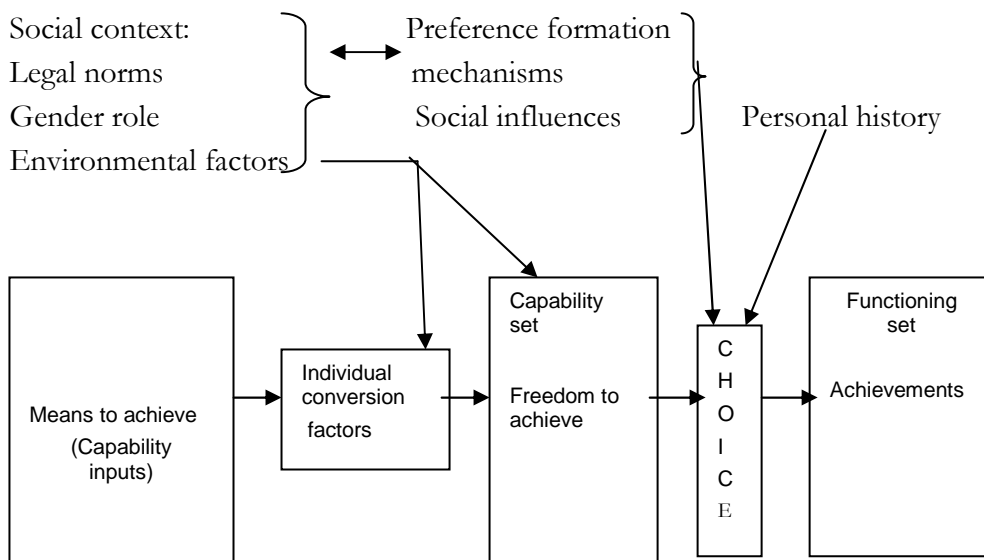
1. Life: having a life of reasonable length
2. Health: having good health, with adequate nutrition and shelter
3. Bodily integrity: movement; choice in reproduction
4. Senses: imagination and thought, informed by education
5. Emotions: being able to have attachments to things and people outside ourselves
6. Practical reason: critical reflection and planning life
7. Affiliation: social interaction; protection against discrimination
8. Other species: respect for and living with other species
9. Play: being able to laugh, to play, to enjoy recreational activities
10. Control over ones environment: being able to participate effectively in political choices that govern one’s life

Source: www.ucl.ac.uk/~ucesswo/IJSSP_ms.doc pp 9

Therefore, to characterize the capability approach it is of a vital importance to understand its core constituents which are capabilities and functioning. The functioning represents the achievements of a person the state of being and doing. As stated by Sen functioning ‘reflects the various things a person may value doing or being’ (Gonzales 2007: 5). In this sense, functioning is related to the living conditions whereas they reflect different aspects of the living conditions for a person. Thus, saying in another way the functioning are the ends of the human lives (Wagle 2008). Furthermore, functioning can not be seen as separated by the person himself because they are “beings and doings” valued by that person to be achieved. To evaluate the well being of a person is very important to see to what extent he managed to achieve the functioning considered valuable by him (Salais 2007).

The capability is related with the freedom which one has to choose to reach the kind of achievements valued as worthy to being or doing, ‘in this sense, is defined as the ability to achieve “functioning” or the things that societies or individuals value and have reasons to value’ (Wagle 2008: 3). Hence, capability reflects the ability to achieve and the opportunities provided for one to have the desired life. In the work of Robeyns (2001) the functioning and capabilities of a person are seen closely related as the achievements and the freedom of choices, saying differently, the one living conditions and the opportunities provided to have those conditions. Also, Robeyns argues that the relation between the capabilities and functioning is influenced by three conversion factors (1) personal characteristics; (2) social characteristics; for example, public policies, social norms and gender roles; (3) environmental characteristics; for example, infrastructure, public goods, and climate.

Figure 1
Representation of the capability approach



Source: Adapted by Gonzales from Robeyns (2005) and Chiappero (2008)

The capability approach and the relation between the capabilities and functioning are visualized in the figure 1. This figure helps to better understand the core perspective of capability approach by presenting the constituents of this approach, the notions of capability and functioning, and the factors influencing them.

2.3 Literature Review – the Long Journey of Social Exclusion

There is an abundant literature dealing with social exclusion. Different researchers, academics and policy makers have provided several definitions of what is social exclusion and how could it be measured. However, these definitions vary considerably among them, and have been evolving during the time depending on the context. The topics covered under the social exclusion umbrella ‘can be seen as articulating and investigating important issues that have been discussed for hundreds, indeed thousand of years’ (Sen 2000: 5). Furthermore, ‘[i]n its modern form, the notion of social exclusion has had a distinctly European – indeed specifically French – origin’ (ibid.: 23). The presumably new concept of social exclusion originated in France about 30 years ago. Rene Lenoir is recognized as the first author using the expression of the social exclusion in his writings. At that time, this term was referring to those categories of people who were not covered by the social security systems, such as single parents, mentally and physically handicapped and drug abusers. This is explained in the paper of Daly (2006: 3) ‘Rather, the concept’s birth is usually located in France of the early 1970s, when it was coined by Rene Lenoir, a policymaker, to refer to the many groups that appeared to be at the margins of French society’

In the mid 1990s, the social exclusion and social inclusion was adopted by the European Union to tackle the poverty and other social problems and became the heart of the discussion in the policy making processes. According to EU social exclusion is

..a process whereby certain individuals are pushed to the edge of society and prevented from participating fully by virtue of their poverty, or lack of basic competencies and lifelong learning opportunities, or as a result of discrimination. This distances them from job, income and education and training opportunities, as well as social and community networks and activities. They have little access to power and decision making bodies and thus feel powerless and unable to take control over the decision that affects their day to day lives (WB 2007b: 4).

And social inclusion is

..a process which ensures that those at risk of poverty and social exclusion gain the opportunities and resources necessary to participate fully in economic, social and cultural life and to enjoy a standard of living and well being that is considered normal in the society in which they live. It ensures that they have a greater participation in decision making which affects their lives and access to fundamental rights (ibid.).

Furthermore, many international organizations have their definitions of social inclusion and social exclusion which constitutes the basis of their programmes. For example, the UK government considers social exclusion as process which ‘happens when people or places suffer from a series of problems such as unemployment, discrimination, poor skills, low incomes, poor housing, high crime, ill health and family breakdown’ (WB 2007b: 13). Also, the UK Department for International Development (DFID) has its description for social exclusion as well.

According to DFID

..social exclusion describes a process by which certain groups are systematically disadvantaged because they are discriminated against on the basis of their ethnicity, race, religion, sexual orientation, caste, descent, gender, age, disability, HIV-status, migrant status or where they live. Discrimination occurs in public institutions, such as the legal system or education and health services, as well as social institutions like the household (DFID 2005: 3).

Despite the variations among the definitions on social exclusion, it is found that many of these definitions share several common elements which are stated by Beall and Piron in one of the papers prepared for ESCWA (2007). These common elements are

(1) The definition of social exclusion refers to individuals, categories and / or groups; (2) Exclusion is seen as a state of ill being and disablement, and systematic disadvantage; (3) Exclusion is founded on social relations. It is concerned with the excluded as well as with the excluder, thereby putting power at the centre of analysis. It is a feature of social structure of societies in which recurrent patterns of social relationship deny individuals and groups access to goods, services activities and resources which are associated with citizenship; (4) Exclusion has an institutional dimension that involves organizations and processes that exclude; (5) Exclusion is a multidimensional process where aspects of social disadvantages intersect e.g. poverty and gender (ibid.: 3).

However, it could be concluded that there is not a clear definition broadly accepted about social exclusion. To certain extend it agreed that social exclusion is a process in which an individual could not take part as the other members of the society because of personal reason and/or societal institutions.

In the attempts to give a description about social exclusion, there is developed an extensive literature to clarify the linkages between poverty and social exclusion even though the definitions for both concepts vary significantly among different scholars, researchers, and organizations. The most common characterization of the poverty, in the literature is as shortage of income. The lack of adequate incomes causes a poor living. However, incomes are not the only mean for having a decent life. As Sen points out ‘we must look at impoverished lives and not just at depleted wallets’ (Sen 2000: 3). Many theorists including Sen have seen poverty as a capability deprivation, which means the lack of the capability to live a minimally decent life.

There are two definitions widely used by different academic and policy literature. First one is the absolute poverty which is based on ‘the minimum standards of living that is required to sustain life – in terms of food, clothing and shelter – and is thus concerned with biological and physical needs’ (Milbourne and Hughes 2005: 4). To measure absolute poverty each country has a poverty line. The World Bank uses the poverty lines to make comparisons among the different countries and to find out the country progress in terms of economic growth. Instead, the concept of the relative poverty is not related with a fix benchmark but is focused on measuring the welfare of the individuals by referring to the rest of the society.

Also, within the EU territory the notion of poverty is widely spread although the absolute poverty is very low. The EU considers poverty as a process when

‘People are said to be living in poverty if their income and resources are so inadequate as to preclude them from having a standard of living considered acceptable in the society in which they live. Because of their poverty they may experience multiple disadvantages through unemployment, low income, poor housing, inadequate healthcare and barriers to lifelong learning, culture, sport and recreation’ (EAPN 2007: 1).

In Europe many organizations including the European Council consider as poor household those which get less than 60 percent of the national median equivalised income (WB 2007b).

Therefore, as Daly (2006) argued the relationship between the poverty and the social exclusion is not quite clear. However, there is a general acceptance that social exclusion is broader than the traditional concept of poverty and is related not only with the income but it is a multidimensional issue. Moreover, poverty and social exclusion might overlap but as stated by Atkinson in the World Bank study, being poor could lead to exclusion but an excluded person is not necessarily poor in economic terms. ‘One can be socially excluded without being poor’ (WB 2007b: 16).

2.4 Measuring Social Exclusion by Using the Capability Approach

In this paper I will apply the capability approach to analyze and to better understand the opportunities provided by social inclusion policies for rural areas, in developing the abilities and choices of people to live that kind of life that is valuable for individuals. Furthermore, this approach will be used to identify social excluded individual in the intended rural communities. As Robeyns (2001: 3) argued the capability approach is operating as ‘a framework of thought for the evaluation of individual advantage and social arrangement [...] and can be used to measure poverty or inequality’.

Social exclusion in the capability approach is seen in a broader context of deprivation, ‘in the form of inability to do things that one has reason to want to do’ (Sen 2000: 6). Based on this framework, certain individuals in society because of some social and economic factors may never reach the life they want to have. The lack of one capability can lead to the deprivation of other capabilities. For example, the exclusion from the labour market could cause the

exclusion of an individual from social relations, from consumption, and from being healthy and well fed (ibid.).

The application of the capability approach, in this paper is based on the way that WB adopted, for measuring the social exclusion in the new member states of EU. According to the WB paper, capabilities can be grouped in four categories of capitals which can affect an individual's well being, economic fortunes, poverty and inclusion (WB 2007b). These forms of capital are presented in the box 2.

Box 2: Measuring social exclusion: A new approach

- Financial Capital - An individual has financial capital when they own financial assets or have the ability to acquire financial capital through employment earnings.
- Physical Capital - An individual was defined as having physical capital if they privately own land or property. In addition to private ownership of private living, physical capital would also include neighbourhood infrastructure and assets that would facilitate access to education and, social activities.
- Human Capital – An individual has human capital from their education and years of schooling and training.
- Social Capital – At the individual level, this comprises of social networks and relationships that allow them to achieve reciprocated goals.

Source: World Bank (2007b: 10)

Analysis will be focused on access that people have to the different capitals. The exclusion from either type of capitals could lead an individual or groups of people to social exclusion and poverty. Therefore, going further in the analysis, each type of capital comprises means to expand people's capacities and the functions they could achieve. Moreover, social inclusion policies are perceived as tools to create an enabling environment for providing sufficient capabilities for people to improve their living conditions and their well-being, as well. An individual could transform these capabilities into functioning to achieve beings and doings which are valuable for him. To back up the analysis the necessary data will be taken by the LSMS surveys and the official documents. Furthermore, to come up with specific analysis references will be made to the results of the focus groups discussions undertaken during fieldwork. In focus group discussions and similarly in the semi-structured interviews are covered issues related with unemployment, migration, education, health, infrastructure, social services, social capital, and community participation. The findings that will derive from the analysis could not be a generalization for the entire rural population in Albania, since the analyzed data are taken only from 2 regions out of 12 in total.

Chapter 3

Social Exclusion and EU Lisbon Agenda

3.1 The European Face of Social Exclusion

The European Union was established as a political and economic union, in 1993 after the ratification of the Treaty of Maastricht, by the members⁴ of the European Community. In its initial stage the European Community was created as the European Coal and Steel Community under the Treaty of Paris, in 1951. Furthermore, an important moment in the EU development process was the Treaty of Rome, in 1957 when the European Community became the European Commission. The main purpose of the EU was to eliminate the barriers for realizing the free movement of workers, capitals and businesses, throughout the union by creating a single market and a European currency (Atkinson 2003, Daly 2006, EAPN 2007).

Alongside of the economic aspect of EU '[a]t the same time, it was recognized that there is a social dimension to the [...] freedoms of movement (goods, services, capital and persons). This recognition itself was in itself an important step. Right from the start, economic and social policies were seen to be intertwined' (Atkinson 2003: 10). Meanwhile, EU has been developing its social policy passing the years. The advancement in economic dimension was associated with a progressive engagement, in the social inclusion domain. As stated by World Bank (2007b), in EU reality social inclusion is a very popular topic and European Commission has been busy working to develop this topic. But, the development of the social dimension of EU has been not an easy process. 'Member states have guarded closely their sovereignty in this domain of policy, even as they have been willing to cede authority over fiscal policy and much of their economic policy. Social policy forms an important political contest line in EU [...] legally it is very constrained in this domain' (Daly 2006: 5).

Moreover, by the end of 1980s, in the EU social policy arena emerged the social exclusion concept. The first important document which referred directly to social exclusion was European Social Charter approved in 1989 (EAPN 2007). In this document the minimum requirements were stated of the working conditions. Furthermore, social exclusion was considered as a process which crosses many fields and goes beyond the poverty. Although, the Social Charter was not binding for the member states, it constitutes an important step in the EU fight against social exclusion. Since then there was a shift from the traditional poverty concept to social exclusion concept meaning that social exclusion was a multidimensional phenomenon (*ibid.*). During the period from late 1980s to mid 1990s, in EU context, it was sought to consolidate an approach to social exclusion by presenting it as a feature of the modern society. The emerged problems in the European society were not related only with the lack of income. But, instead they had deeper roots. As a result of

changes in the economy and in the European society many individuals and groups became excluded from the mainstream activities.

Hence, based on this new reality EU has elaborated thoroughly the concept of social exclusion and has provided a detailed definition about it. At the same time, EU has been using social exclusion as a template for social policies. Thus, EU was remaining the locus where the discussion and thinking about social exclusion has been developed over time (Daly 2006).

Therefore, by looking at the social exclusion development process, in the EU context, Lisbon Agenda undoubtedly constitutes the culmination of the institutionalization of EU social inclusion. In Lisbon, a common social policy framework there was provided for all member states to coordinate the fight against social exclusion.

3.2 Within and Beyond EU Lisbon Agenda

In the end of the 1990s, the European economy recognized prosperity and high growth, and this was associated, among others, with macroeconomic stability, low inflation and high income per capita. At the same time, at the world wide level emerged the so-called new knowledge economies, mainly US, Japan and other Asian countries, and the EU felt threatened by them. Furthermore, US economy was building on the strengths of the new knowledge economy by becoming a leading power in the information and communication technologies; and it started to outperform the EU economy. 'In the European debate, it was argued that Europe will continue to have a slower economic growth than the US because of insufficient adjustments to the rules of the new economy' (Johansson et al. 2007: 10). In these circumstances, EU-15 leaders, in March 2000, agreed at the Lisbon Council to eradicate poverty by transforming the EU economy in "the most competitive and dynamic knowledge-based economy" and also achieving "greater social cohesion". To achieve this goal by 2010 the heads of state approved the Lisbon strategy of economic and structural reforms (Atkinson 2003, Kok 2004).

The Lisbon process represented a milestone moment in EU history of fighting against poverty and social exclusion. A significant step was undertaken in developing the relationship between the social and economic policies. Moreover, there were two main developments brought up by the Lisbon agenda in the context of social exclusion. First, an agreement was reached among the Member States to develop a coordinated social policy on poverty and social inclusion. To realize the coordination it was adapted an approach called Open Method of Coordination. According to this method member states have the responsibility for developing social policies within their states based on the guidelines prepared by EU. One of the advantages of OMC was that Member States could continue to tackle their internal social problems from the angle that best suits them by using different instruments, under the EU guidelines for policy formulation and reporting. The second development that the Lisbon process reinforced was the idea that the economic competitiveness and innovation could go together and even improve the social cohesion (Daly 2006). On the other hand, there exists a different opinion

about this, as Johansson et al. (2007: 14) argued ‘it is not possible to become the most competitive and innovative economy in the world and, at the same time, preserve or even improve social cohesion’.

The Lisbon Agenda put considerable emphasis on the policy guidelines for employment since there was a persistently high rate of unemployment of young people, the unskilled, women, and older people. It was suggested to take immediate actions while having in focus the labour market. As expressed by Johansson ‘Policies under the employment guidelines are needed to attract and retain more people in employment and modernize social protection, to increase the adaptability of workers and firms and the flexibility of labour markets, and to increase investment in human capital through education and the development of skills’ (ibid.).

The EU social inclusion strategy for combating social exclusion approved in Lisbon, had four common objectives; ‘(1) to promote participation in employment and access by all to resources, rights, goods and services; (2) to prevent social exclusion; (3) to support the most vulnerable; (4) to mobilize all relevant bodies’ (UNDP 2007: 26). More generally, EU through these objectives provided a leading set of ideas on how the members could design their social policies. Each Member State had to translate the EU social inclusion objectives into concrete actions, as a part of a two-year National Action Plan for social inclusion. Atkinson (2003: 15) argues that ‘[t]he freedom of Member States lies in the choice of the means by which common objectives are to be achieved; Member states individually are not free to determine those objectives’. In order to monitor the achievement of the common objectives, the European Commission has developed a set of social indicators. These indicators were developed after the Lisbon process, in December 2001, in Laeken- Belgium at the EC summit. The importance of the Laeken indicators consists in their applicability to capture and measure the significant factors which, are leading to the social exclusion. So, there are indicators not only for measuring the level of poverty, unemployment rates, and the inequality distribution but, also the status of health, education level which are important for founding out the regional disparities. In other words, the social indicators cover many dimensions of social exclusion by considering it a multi-dimensional phenomenon. Through these comparable social indicators EU monitors the progress of the members’ states towards the common objectives of social inclusion.

However, it was obvious that the Lisbon strategy had many goals and was very ambitious. In 2004, after the mid-term review, ‘[t]he Commission concluded that the expected results had not been fulfilled. [...] the European economy had not reached the wanted level in terms of productivity, growth, or employment, and the creation rate of new jobs was slowing down’ (Johansson et al. 2007: 20). After the recognition of the lacking results, the Commission proposed a renewed Lisbon Agenda for reaching the goals. The focus was to work more on mid- term goals since the appointed time, 2010 was approaching. The main focus remained to be economic growth and job creation and meanwhile continue to promote the social and environmental objectives. According to Kok (2004: 17) ‘Lisbon Strategy was and is Europe’s best response to these multiple challenges. [...] Member States must take their

responsibility and take ownership of the process. The European Commission must be prepared to “name and shame” those that fail as well as to “fame” those that succeed’.

Box 3: Laeken indicators

1. At-risk of poverty rate
2. At-risk of poverty threshold
3. Inequality of income distribution s80/s20 income quintile share ratio
4. Persistent at-risk of poverty
5. Relative median at-risk of poverty rate
6. Regional cohesion
7. Long term unemployment rate
8. Persons living in jobless households
9. Early school leavers not in education or training
10. Life expectancy at birth
11. Self defined health status
12. Dispersion around the at-risk poverty threshold
13. At-risk of poverty rate anchored at one moment in time
14. At-risk of poverty rate before cash social transfers
15. Inequality of income distribution Gini coefficient
16. In-work at risk of poverty rate
17. Long term unemployment share
18. Very long term unemployment rate

Source: Government of Albania (2006: 41)

3.3 The Way to EU through Lisbon Policy Framework

There is a long way to go before joining EU for the countries that express their willingness to become part of the union. Furthermore, this long journey is accompanied with many reforms necessary to be undertaken in political, economic, institutional and society domains, at the country level to cope with the EU requirements. Albania is among the countries that have already applied to become a member of EU. And officially it has the status of a potential candidate member of EU since April 2009, time when the Stabilization and the Association Agreement entered into force. Among other important issues, SAA points out the necessity of the country to raise the level of general education and the training and to improve employment policies and social inclusion. Therefore, Albania is motivated and obligated as well to push forward the required reforms. ‘The European Union’s Social Charter places emphasis on a member state’s and candidate country’s progress in analyzing the state of social exclusion and implementing social inclusion policies’ (UNDP 2007: 24).

Member states through the National Action Plans on social inclusion, or NAP/inclusion, intend to achieve the jointly agreed objectives of the Lisbon Agenda. Meanwhile, for the acceding or candidate countries, there is another step, before they prepare a NAP/inclusion and that is the Joint Inclusion Memorandum, JIM. Through the JIM process a candidate country analyzes the situation of the social exclusion and evaluates the existing social policies and based on the identified gaps defines the commitments for the future, and all this is in the framework of social inclusion. In addition, part of the JIM process is the identification of excluded individuals and groups (ibid.).

In fact, the EU Lisbon strategy for combating social exclusion was considered by different actors within EU level, as very ambitious to be realised in the appointed timeframe. The EU member states were having difficulties in achieving the Lisbon common agreed objectives. Based on this fact it could be assumed that the application of Lisbon strategy in a transition country would be even more difficult, a real challenge. Most likely main interest of a transition country is to develop the economy in order to reach sustained economic growth and hence to reduce the poverty level. The transition process from a very centralised economy into a market economy is associated with many social problems. The reforms that are integral part of transition bring up on one hand development and economic growth, on the other hand, are associated with several social problems such as inequality and social exclusion.

Albania is among the transition economies of the eastern European countries. Besides, similarities with the other former communist countries, Albania had been known as the most isolated country in the world and with an extreme application of communist ideology. Furthermore, country economy was relied only on state owned enterprises and internal capacities. In the end of 1980s the social problems were accumulating very fast as a result of a very bad economic performing process. As a result, Albanians could not bear any longer and situation deteriorated into a violent struggle with the communist state. The accumulated problems were inherited to the Albanian society after 1990s when communist regime collapsed. Meanwhile, the country went through different reforms such as privatisation, trade liberalisation, and land reform which affected seriously social structure of Albania. Therefore, from an egalitarian society where people were equally poor it was passed into a society where the poor represented a major group while rich people started to emerge. Amongst several problems, unemployment was the most striking one.

The Albanian governments, one after another, during the transition have been trying to tackle social problems whereas the economic situation improved gradually. In doing so, there have been developed several social policies to ease the negative effects of poverty and social exclusion. But in a transition economy while fighting poverty and social exclusion there are many difficulties to encounter. A major problem which is valid for all transition economies is related with difficulties to measure poverty because of the informal economy. Thus, official data regarding poverty level is not very accurate. Furthermore, in a transition country there are not well defined social indicators. In addition, there are different methodologies applied to measure poverty which have been imposed by donors through their supportive programs.

Regarding Laeken indicators it is extremely difficult to use them in measuring poverty and social exclusion in a transition economy. For example, in Albania because of high level of informal economy there have been measured the consumption-based measures of welfare instead of income based (WB 2007a). In other words, the presence of a formal economy and the availability of official data on income level are some requirements for application of Laeken indicators in a transition country.

Moreover, there are other problems faced in measuring poverty which are related mainly with the government capacity. Hence, there are many new concepts in the context of poverty and social exclusion for the Albanian government and other actors as well. Most likely, there is not a common ground in understanding these concepts at public administration level and especially at local level. Moreover, there is not a clear poverty definition adopted by governmental structures and also it is used a one-dimensional approach to measure it. Poverty is broadly perceived only as a lack of income.

Therefore, the formulation of social policies in Albania by using the Lisbon policy framework represents a challenge for the government. Policy formulation should go hand in hand with capacity building for all government levels in general and for policy makers in particular. The EU has given to Albania a clear message which is incorporated in the SAA, the road to EU passes through the EU Lisbon policy framework. Only the desire to join EU is not sufficient, instead many reforms have still to be implemented and prepare the country to be transformed from a transition economy to a developed one.

Chapter 4

Poverty and Social Exclusion in Rural Areas of Albania

Before creating an opinion about a country or a community it is important to know and also to understand the background and the important moments which have given to that county its status in the world. Becoming part of a globalized world in general and the EU in particular constitutes the current and most important vision of Albania. On one hand Albania is part of European continent and on the other hand, it is far away from the EU in the context of development and prosperity. Albania is a small country which was known unfortunately for its communist past. Since early 1990s, Albania has been trying to build a democratic society and a market economy.

In doing so, there have been significant transformation processes taking place during the past 18 years. Hence, chapter four provides rich information to understand development trends in Albania and the challenges of a transition economy. Moreover, this chapter focuses more on poverty and social exclusion at country level and also presents a thorough analysis of the rural situation. Concrete examples of livelihood are taken by two regions of Albania, Shkoder and Diber to provide evidence regarding social exclusion in rural areas.

4.1 Country Poverty Profile

Albania is a small country of 28, 000 km² and a population of 3.18 million situated in the South-eastern part of Europe. Based on the population registration of 2001, 35.7 percent of the people were living in urban areas and 64.3 percent in the rural areas. Albanian population is very homogenous and only 2 percent are not Albanian (EC 2008b).

This country is classified as transition economy after the collapse of communist regime, in 1990. Therefore, to better understand the features of the Albanian transition economy it is important to know the severity of the preceding communist regime. Between 1945 and 1990, the economy was heavily dependent on a central planning, there was full employment in the state owned enterprises, private property was totally eliminated and Albanians were not allowed to move abroad. As a result of low technology level in all sectors of the economy which, there was low productivity, and average annual GDP growth was only 1 percent in late 1980s (Dabaleni et al. 2008). The centralized communist economy could not cope with the continuous decline of the economy. Furthermore, the communist regime was obliged to resign after massive protests and struggles from the citizens' side. Therefore, in 1990 Albania made the move from a very centralized economy to a market economy. This moment represents an important milestone in the history of the country. Albania traversed 'a transition from total isolation to a country open to the world' (Yujnovski 2006: 6). Starting from 1991 Albania embarked on a process of thorough and continuous reforms in all aspects.

The initial period of transformation was accompanied by a decline of production and very high inflation. The state owned enterprises broke down which led to massive unemployment. In addition, there was no sufficient supply of goods in the market. The government was not able to provide adequate unemployment benefits and other social services. In this period, when the country's economy was almost destroyed, in 1992, IMF and WB intervened through a stabilization programme. As a result, during 1992 – 1996 the Albanian economy was developing very fast and there was progress in privatization of the state owned enterprises, agricultural land and trade liberalization. The annual growth rate reached an average of 8 percent (EC 2008).

While the economy was recovering and the private sector was developing quite fast there were other sectors not able to do so. The financial sector was chaotic and not well organized. Furthermore, the absence of a regulatory framework was among the premises for letting pyramid schemes to emerge in the country. 'The rise and the fall of this pyramid scheme was a massive chaotic process which affected the initial economic and political stability the country gained following the transition stability and privatization reforms' (ibid.: 11). The pyramid schemes crashed in 1997 and causing the collapse of the government and giving rise to very severe violations of the law and order. The economy was damaged seriously and the crisis brought the economic level back to before the transition period.

However, starting from 1998, the public order was enforced again and a new government was elected. As a result of different policy measures taken by the new government, the economy was recovered rapidly and GDP growth reached the average of 8 percent. After that Albania continued to have a high economic growth of about 6 percent per year since 2002. The country has achieved a macroeconomic stability during these years and has successfully built a market economy (INSTAT 2006). There were several factors contributing to the building of a stable economy such as the privatization of enterprises, price deregulation, and trade liberalization, the liberalization of the banking system, land reform and the financial flow of remittances (ibid.). Consequently, economic prosperity was associated with obvious achievements in poverty reduction. According to the WB poverty assessment (2007a), in 2005 there were lifted out of poverty 235,000 out of about 800,000 poor people and the percentage of extreme poor people⁵ declined from 5 percent to 3.5 percent. Moreover, the other two poverty measures made significant progress; 'the poverty gap⁶ fell from 5.7 percent in 2002 to 4 percent in 2005' (ibid.: 5).

Albania made an impressive transformation during the last 18 years and realized massive reduction of poverty. However, many problems prevail in the country and 'Albania remains one of the poorest counties in Europe with an income per capita estimated at US\$ 2,040 in 2004' (WB 2006: 3). Also, the government did not have a well elaborated monitoring system for poverty reduction before 2002, when for the first time a LSMS survey was held by INSTAT with the support of WB. Since then the government decided that INSTAT will conduct LSMS surveys every three years. Thus, LSMS surveys were carried out in 2005 and 2008. Based on the results of these LSMS surveys

the government evaluated the effectiveness of the current policies and defines new policies for poverty reduction.

Despite the progress achieved in monitoring and evaluation of poverty reduction policies, the measurement of poverty remains a challenge due to the informal component of the economy. Based on the WB assessment the informal sector consists of 30 percent of the country economy (EC 2008). Poor families, all over the country, with very limited or no opportunities to find a decent job, were mostly involved in informal activities. These activities were mainly small businesses like trade and manufacturing. In almost all urban areas, there are street vendors everywhere, selling a variety of things, including homemade products to make a living. Most of them do not have a license and are not registered with the tax office.

Furthermore, in the construction sector which is considered an important part of the Albanian economy, there is high level of informality. According to the LSMS survey of 2005 this sector offered employment, in 2004 for 6 percent of the country's labour force and contributed with 26 percent of the national GDP (ibid.). The owners of many construction companies do not declare the real capacity of their activities, including the number of their employees. As a result, a considerable number of workers are excluded from the social benefits offered by the labour code because of their informal status. Another aspect of the work in the construction sector is related with the gender gap employment. This sector employs mainly male labour force, whereas women are excluded from the opportunities to work in this sector. Among the reasons for not employing women, in this sector are the hard working conditions and long hours of work.

In addition, informal activities have been taking part in agriculture sector as well. Many families are self-employed in their farms. They are making use of their physical capital to generate revenues. Hence, the situation is different compared with the construction sector which is male dominated. Instead agriculture offers an opportunity to work mainly for women. However, in most cases this is not a paid job and the revenues are very low. The data received by LSMS survey shows that 57 percent of women are engaged in agriculture (EC 2008b). In this context, women lack financial capital because their opportunities to gain earnings through the employment in agriculture are very limited.

Although the country has pursued a sustained economic growth this is not accompanied with significant change in job creation. By referring again to LSMS results of 2005, there was a positive trend in reducing the unemployment level but still not enough jobs were generated. In 2007, the unemployment rate dropped to 13.2 percent (ibid.). The relatively low unemployment rate shows the development of private sector which offers most of the jobs. Similarly, it also illustrates the endeavours made by individuals to make use of the informal activities and other opportunities offered by the labour market to develop their ability to make a living. Furthermore, a significant feature of the labour market in Albania is the very low wages in comparison with other countries of the Balkan region. As a result, a considerable number of people who possess high human capital prefer to leave the country by using legal and sometimes illegal ways. The capability

deprivation of these skilled people to get a well paid job causes the phenomenon of “brain drain”. The brain drain has become a serious problem and the government with the support of the donors has been trying to prevent this. Thus, there are few initiatives to promote job opportunities for qualified people, to make them to stay in Albania or even to come back from other countries. Another interesting tendency in Albania is that educated and trained individuals with high human capital prefer to move to the capital or to other large urban centres. On one hand, this creates excess of supply of human capital in the cities and on the other hand, a lack of qualified people in peripheral regions.

However, finding a job remains a challenge in itself even for people with human capital. Moreover, jobs in the public sector are not accessible for the majority of the jobseekers with the appropriate level of qualifications. The politicians use the public sector to distribute jobs to their supporters. There is empirical evidence demonstrating clearly the high turn over of the staff in public administration, which happens every time after the elections. The winning political parties bring in the government structures those who contributed for their victory despite the level of qualifications. As a result, those who are not connected with any of the political parties can be considered as excluded from access to public administration positions.

In addition, access to public services has improved significantly after 2002. For the urban areas the coverage of basic services, such as health care, education, running water and sanitation is complete. There are problems only with the quality of the services. On the contrary, in the rural areas there are many households excluded from the provision of basic services. The lack of the access deprives people from having the life they want and creates a gap compared with the other members of the Albanian society.

Therefore, economic growth and reduction of poverty have not changed the level of inequality in Albania although disparities between regions have narrowed significantly in 2005 compared with 2002. ‘In fact, rural poverty rates for each region in 2005 are only within 4 percentage points higher or lower than the national rural poverty rate compared to 2002 when there was a wider spread’ (WB 2007a: 5). Nevertheless, the distribution of benefits continues to be uneven in Albanian society.

4.2 Poverty and Social Exclusion in Rural Areas

There is empirical evidence that shows clearly the positive economic development of Albania especially after 2001. Macroeconomic stability, low inflation level and high annual economic growth rate have been prevailing during the years. As a result, the poverty reduction has been quite evident and went along with a better life for Albanians. However, there is a need to look deeply in the figures in order to understand better the development trends in the country. By trying to correlate the socio–economic changes with poverty reduction and development processes, it becomes of significant importance to see the geography and the demography of poverty reduction and how the benefits are distributed, and to see how far development is “exclusionary”.

In Albania the estimation of poverty reduction is based on the level of consumption instead of the income level. In fact, measuring consumption level is more accurate than focusing on the income level of a household because of high level of informality of the Albanian economy. The government has already defined the level of poverty in terms of relative, absolute and extreme absolute poverty lines. The extreme poverty line is defined as the minimum consumption of food basket which stands for 25 euro per capita per month. Similarly, the absolute poverty line is defined as the necessary consumption for basic needs and is 40 euro per capita per month (EC 2008). Moreover, to have a clear idea on the poverty reduction is used the headcount ratio is used which is defined as the percentage of the people living below a poverty line. Therefore, by looking at the table 1, it is obvious that the poverty is a rural phenomenon. In 2005, 24.2 percent of the rural population lived below the absolute poverty line, compared to 12.4 percent in urban areas. The poverty headcount in mountainous areas was even three times higher than in Tirana, the capital. Thus, based on the LSMS results, there were a considerable number of poor people living in rural areas struggling to survive and find ways to fulfil their basic needs.

Table 1
Absolute poverty headcount rate (%), 2002-2005

	Absolute poverty 2002	Absolute poverty 2005	Extreme absolute poverty, 2002	Extreme absolute poverty, 2005
Tirana	17.8	8.1	2.3	1.0
Other urban	20.1	12.4	4.8	2.7
Rural	29.6	24.2	5.2	4.5
Total	25.4	18.5	4.7	3.5

Source: LSMS surveys – World Bank (2007a)

The relative poverty line is defined as the distance of an individual from the rest of the population in terms of consumption, ‘which expresses the share of individuals living in households where consumption is less than 60 percent of the national median’ (Government of Albania 2007c: 12).

Table 2
Relative poverty headcount rate (%), 2002-2005

	Relative poverty, 2002	Relative poverty, 2005
Tirana	9.1	7.5
Mountainous	23.9	20.4

Source: LSMS surveys –World Bank (2007a)

Table 2 shows that there is a similar pattern of relative poverty as the absolute poverty for rural areas. In 2005, 20.4 percent of the rural population lived below the relative poverty line, compared to 7.5 percent in the capital Tirana. Another indicator showing the urban–rural cleavage is per capita

consumption. Based on the LSMS 2005, a rural resident had 14 percent less per capita consumption compared to an urban resident (INSTAT 2006).

Analyzing rural poverty is important because the rural population makes up of 55 percent of the total population, in 2005 (ibid.). In fact, understanding the reality of rural areas makes the perception of poverty and social exclusion more visual and concrete. Looking beyond the figures and trying to make sense of the data helps to a certain extent to better visualize the real situation of rural households. Furthermore, living in rural areas in Albania means one has limited opportunities to get employed and also have a decent job. Rural people lack income due to the poor demand of the labour market. At the same time, rural households based their livelihood on their physical capital represented by their farms. It is a fact that every household has already a piece of land received after the land reforms in Albania. In the North, the distribution of land was based on the old tradition and that's why households possess a farm of different size. Hence, agriculture comprises the main source of labour market and provides employment for 71 percent of the rural population (ibid.).

However, being a farmer in rural areas, one has to work really hard to get the necessary revenue to survive. Indeed, agriculture offers very low incomes and is mainly used for family sustenance. In most of the cases the land of a household is very fragmented which makes it very difficult to use machineries. Furthermore, there are several factors which are present in agricultural sector such as low quality of land and small irrigation capacities and the low level of using agricultural inputs due to high prices of chemical fertilizers compared to output prices of crops.

As a result, rural farms have low productivity and this decreases the competitiveness of local products. Therefore, the low incomes and lack of assets received by the agriculture activities exclude rural farmers from the opportunities to get a credit, because they do not have sufficient collateral to comply with the requirements of financial institutions. The lack of credit causes other deprivations such as not being able to use the farm products to start up a non-farm business.

Moreover, having low financial capital makes life difficult for rural households. However, they have found ways to increase their financial capital by leaving the rural areas and trying to find a job in urban areas or ever migrating abroad. After 1990 a drastic change was observed in the demography of rural areas. By looking at the data provided by World Bank (2007a), there has been a massive migration about 450,000 individuals in 2005 lived in a place different from where they were in 1990. Also, about 55 percent of all international migrants are from rural areas.

Although the remittances for Albania in general and for rural population in particular have been a major source of household income, migration was also accompanied by negative effects as well. Households have been using the remittances mainly for fulfilling their basic needs like food, clothing and shelter. As a result, many households have become dependent on remittances and that makes them vulnerable. There are cases where members from the family of the person who migrated become passive and do not try to get a job anymore. On the other side, it is noticed that there is a gender imbalance. The majority migrants are male, between 15 to 35 years old. Therefore, many

households are headed by women with several implications. Women are overburdened trying to cope with their production and reproduction roles. They become excluded from the opportunities of labour market due to their engagement in the family farm. While working in agriculture passing the years they lose their human capital and their adaptability for other jobs.

Another very important implication is that women started to lose the connection with the community. Furthermore, women in rural areas do not have a social life. Their social capital is limited and focused only on family ties. To characterize the life of women in rural areas in relation to social capital is really easy because women's life is very simple. There is a similar pattern for most of the women, such as go to work to the field and take care of the family. This is their world. As a result, in rural areas the number of women elected in local councils or in other community institutions is always low. Lack of social capital makes women deprived from many social and community activities.

In fact, having sufficient income while living in rural areas for an individual or a family is not sufficient to have a good life. In this case the presence of the financial capital helps to fulfil considerable needs but is not enough. In other words, many migrants have sent their remittances back home and in most of the cases the family constructed a nice house and also they bought a car. Having a comfortable house but not running water and community sewage system, and also having a car but not paved roads that does not help to enjoy what you got from your financial capital. The situation of public services including schools, health centres and other community facilities is by far not good enough. To conclude, many families from rural areas prefer to leave to urban centres not because they do not have income but because of the lack of public services. Poverty reduction and social exclusion in rural areas should be seen not only in context of increasing household revenues, so the financial capital, but also improving access to social services and public utilities.

Meanwhile, the analysis of rural reality brings up another trend in social exclusion for rural areas, the out-migration of the young generation. Young people after the graduation in different universities in Albania or abroad, in most of the cases do not come back to their previous rural environment. In search of a job and of a better life they prefer to stay in large urban centres. Also, in other cases when young people can not go to university most of them leave to urban areas and provide the unskilled supply for the labour market. Thus, unfortunately the rural areas are almost abandoned by young generation.

Consequently, this fact creates a social problem for the elderly because they became socially isolated. The elderly remaining without the support of younger members of the family face many difficulties in their daily life. First, they do not have enough income to maintain themselves. Next, the elderly have difficulties in accessing public services due to the distance from their houses. They become almost isolated from the community life. Despite the indications that improvements are made in increasing financial capital still people are deprived from participating fully in the society mainstream. The lack of social capital makes rural people vulnerable and excluded from development processes which are taking place in the Albanian socio- economic and political domains.

4.3 Experiences of Livelihood in Rural Northern Regions of Albania

In order to provide an insight about the perceptions and experiences of the rural population on poverty and social exclusion, we conducted focus group discussions separately for men and women, in the rural areas of two regions, respectively in Diber and Shkoder. These two regions are situated in the north and north-eastern part of the country. Furthermore, the semi-structured interviews were held with two heads of regional councils, three mayors and three local officials, which broadened our understanding of the context of social exclusion in these regions.

The perceptions of the rural people about local life are positive. They see many changes happening during the last decade and these changes are related with opportunities they have to gain additional income.

‘Living conditions have improved significantly during the democracy. I have a better house now and also I get incomes from my land. It could be better if I had a job’ (FGD, Muhurr, male farmer, 45- 50 years, 15 July 2009).
‘Our village is beautiful; we have a good combination of different elements of nature. We have a clean river, green mountains and fertile land for cultivating crops’ (FGD, Muhurr, male farmer over 50 years, 15 July 2009).

Given the fact that agriculture is the main source of income in rural areas it is not surprising that the focus groups told that rural families are mainly employed on their farms. There is not any other source of employment besides the government public offices. Moreover, there are few individual initiatives in trading and agro-processing. However, even in these cases employment is only offered for the members of their family.

‘My family works on our land. To tell the truth we cannot survive only with what we get from the land. I have a son who works in Greece and that helps to afford the life’ (FGD, Muhurr, male farmer, 40 - 45 years, 15 July 2009).
‘In my neighbourhood there are many poor families. They cannot live with what they get from their small farms. But, as far as I know the local government provides a monthly financial support for them’ (FGD, Muhurr, male farmer, over 50 years, 15 July 2009).
‘I would have preferred to have a monthly salary for covering my expenses, instead of going everyday to the nearest town to sell the milk of my cows’ (FGD, Muhurr, male farmer, around 35 years, 15 July 2009).

Furthermore, migration is mentioned by all people in the focus group (Muhurr 15 July 2009) as a widespread phenomenon and very present in almost all households in their community. According to some of them, younger people are looking for a better life which could not be achieved in their community. Unfortunately, there is a feeling among young generation that their home place can not be better place to live, in a short time. Also, they do

not see their future in their village because they lost the hope that Albania will become a prosperous country in the near future.

‘In Bulace village remained only 20 families out of 98, which were two years ago. And also all my relatives left to Durres, I am just waiting to save some money and leave as well. It’s hard to live far from everything’ (FGD, Muhurr, male farmer, 45- 50 years, 15 July 2009).

‘My generation is used to live in village and to work the land. The life of city is not for me, but I encouraged my sons to leave, since they are young and do not have a wife and children. What can they do here without a job?’ (FGD, Muhurr, male farmer, over 50 years, 15 July 2009).

Based on the discussions of focus groups (in Muhurr 15 July 2009) in these communities there are families living in extreme poverty and the males of these families migrated to Greece or to Italy illegally, while risking seriously their life, in doing so. Moreover, there are many examples when people actually died trying to pass through mountains or rivers to avoid the customs and the soldiers at the borders.

‘We were 5 people going together to Greece without documents. It took us more than one week to reach the border. We walked during the nights and slept during the days, trying to avoid the patrols of the police. But we were not lucky because we got caught by a group of soldiers and they maltreated us. Since then I never tried again. Better to eat less than to be humiliated in that way’ (FGD, Muhurr, male constructor, 45- 50 years, 15 July 2009).

In fact, migration is considered by many in the focus group as a negative feature of the transition period. Furthermore, they recognized the positive effects of the remittances in their lives. However, they were aware about the fact that migration has affected significantly their social life. The women’s group especially shared very delicate and personal issues. Similarly, in the group of men there were presented several concerns related to the influence of migration in the community life. Moreover, they expressed that the government should do something to give people hope and offer them opportunities to construct their life in their place of birth.

‘My husband went to Italy 14 years ago, just after our marriage. Since then I see him twice per year, during the summer and the Christmas. He stays at home only 6 weeks each year, for 14 consecutive years. Luckily I have got 4 children, although I cannot believe that I am a married woman. It is very frustrating to be a mother and a father at the same time in raising up 4 children. On the other hand I cannot complain because we have a nice house and my kids are attending private courses in math and in English. At least, they will have a better life than me’ (FGD, Muhurr, female about 40, 16 July 2009).

Some people pointed to the lack of opportunities for being creative and initiate a new business. They think they are deprived from these opportunities to achieve a better life because they live in a village. Moreover, there is too much bureaucracy and furthermore, banks hesitate to give loans to farmers because they consider the agro-business activities risky and not profitable.

'I wanted to open a dairy because in my community there are families who sell the milk of their cows. I thought it is a good idea to start up a small business not only for myself but also for the other farmers. They could sell the milk to me instead of going to town and spend many hours only for selling 4 liter of milk. But I was classified as being not eligible because I did not have collateral. I did not understand what they wanted; I already have a nice farm and 12 cows' (FGD, Muhurr, male farmer, 45- 50 years, 15 July 2009).

A very interesting point of focus groups was the discussion on the access to services. People complained especially about health care. They affirmed that the government constructed a health centre in each village, of their region. However, these nice buildings are useless because there is not sufficient staff, and especially doctors to cover the area. Furthermore, even in the regional hospital there are no specialized doctors and people have to go to Tirana for getting a professional treatment.

As a result, the majority of people expressed that they count on family support to deal with their problems. Family ties are considered very important and serve as safety nets for rural people. Furthermore, community life is rather limited. People are focused on their problems while trying to solve them individually. Therefore, they do not trust to government institutions. Instead, there is a strong influence of political parties and people believe that being affiliated with a party helps them to get support from government structures.

Moreover, social life of women in the rural areas is almost inexistent. Although there are good developments happening they are excluded from them. In general, women spend their day working in the field and then caring about the family members. They do not have any social gatherings and most of them do not have time to look after themselves in term of improving their abilities to be able to find a job.

'Being a woman is a curse. Everyday the same routine, just working in the farm, and then going back home taking care about kids. Never have time to chat with a friend. Even if you want to go out sometimes there is not a place where to go' (FGD, Muhurr, female, 35 -40 years, 16 July 2009).

However, similarly men and women expressed that something needs to be done to improve their living and especially their social capital. Therefore, they consider as very important to have more opportunities to attend in vocational courses and other trainings. Thus, human and social capital is seen by rural people as decisive in the future of their family and their community as well.

Chapter 5

Analysis of Policies for Social Inclusion

Development of people's capabilities to achieve the functioning they want to and value as important for their life are significantly influenced by conversion factors which were explained in chapter two. Social characteristics in general and public policies in particular are among factors that play an important role in enabling individuals to live their "beings and doings". Furthermore, based on Salais (2003: 15) 'Public policies are then conceived as creating a material and immaterial social environment that provides people with effective power (in terms of capabilities)'. Therefore, analyzing public policies for social inclusion helps to understand what opportunities are provided for rural people that affect their living conditions, and how these opportunities have been used by beneficiaries.

Based on the analysis of policies for social inclusion in rural areas, in Albania can be distinguished two categories of policies⁷. The first category includes policies which affect poverty of the rural poor such as employment, social protection, social insurance, health and education policies. The second group comprises policies which have their focus on poverty in rural areas and aim to reduce the disparities between different areas by promoting local economy and development of rural areas. In this paper, within the second group of policies are identified respectively the Rural Development Cross-cutting Strategy and the Regional Development Cross-cutting Strategy.

5.1 Policies that Affect Poverty and Exclusion of Rural People

The Albanian government early 1990s, as a result of a high unemployment level that was associated with a high level of poverty, established an anti-poverty program named *Ndihma Ekonomike* (NE). This is the most significant program under social protection policies aiming to support poor households to cover their basic needs. NE has targeted the households with little or no earning income, in both urban and rural areas. The NE program was intended to increase income of poor households by providing them a monthly cash transfer. In fact, in rural areas this program has constituted the main source of income of poor household due to the lack of the employment opportunities. However, in the document of social protection policy (Government of Albania 2007c) it is admitted that the average benefit of a household from this program is less than 15 percent of the poverty line. Furthermore, there is clear evidence, based on relatively long experience of the implementation of NE program that 'benefit may not always be adequate enough to provide the basic needs of program beneficiaries, in absence of other income sources' (Dabalén et al. 2008: 10).

Therefore, the impact of NE program in lifting out of poverty the rural poor has been limited. Rural poor households cannot cover their basic needs only using cash transfer. To afford living requirements rural poor use their

physical capital such as their farm to get some additional income. As stated by small farmers during the focus group discussions (Muhurr 15 July 2009) it is not possible for a poor household to make a living with the amount received from NE program. This statement was backed up by comments of local officials given during interviews (two high local officials from Dibra 14 July 2009). Based on their opinion the amount of cash transfer is far from being sufficient in covering basic needs of poor rural households.

Moreover, there are several problems encountered during the implementation process of NE program. Hence, an important issue is related with non-poor families benefiting from this program. In some rural communities there are households that are getting benefits from the NE program even they are not poor. Local officials already recognize this phenomenon but they cannot exclude them from the program because these households have been able to provide all required documents to be considered as eligible ones. This is related with their informal status. These persons are not registered with the labour office even they have a job in informal sectors or have already initiated a business.

In addition, the empirical evidence shows that in rural areas the NE program is politically used by mayors especially during election periods to gain support for themselves or for their political parties. They promise to different individuals to include them in the list of beneficiaries in exchange for their votes. As a result, the effectiveness of the program decreases significantly. It could be concluded that in on hand cash transfer contributes in providing income for the poor households; on the other hand, it decreases their social capital. Poor household are excluded from opportunities to choose freely among the political alternatives.

Despite the fact that NE has provided incomes for poor household to reduce poverty, it is found that a negative impact exists of the program on labour supply response. Many people, especially women become passive job seekers. In this case they prefer to receive the benefit from the NE program and at the same time to have an unpaid job in their farm or at the best case to work in the informal economy. Thus, NE to a certain extend has influenced negatively attitude of rural people to actively seek a job in the labour market because they will lose the benefit if they are registered as employed in labour office.

Meanwhile, government has paid special attention to the modernization of social services for different vulnerable groups. However, it is observed that good results achieved at national level are not valid for rural areas as well. As expressed by officials of the Regional State Social Service Office in Diber (interview 13 July 2009), there are no social services provided by government for rural areas and NE is the only program applied there. Similarly, representatives of MLSAEO affirmed that rural areas are not covered by social services. According to them government has already decentralized social services. Thus, local authorities are in charge of offering a variety of services. In reality, mayors of rural areas are constrained in providing public services and utilities in general and social services in particular due to a lack of the financial and human resources.

In fact, it was agreed by all those interviewed and in focus group discussions as well that there are massive improvements in rural infrastructure. Therefore, the physical capital of rural people has improved lately due to huge investments made by government in roads, in new schools and new health centres. Still, the improvement of physical capital is not associated with a high impact on living conditions of rural people. In other words, new infrastructure needs the appropriate human capital to become operational. There are several nice school buildings and health centres in rural areas that are not used at all or partially used because there are not enough doctors and teachers. This situation creates many constraints for rural people in accessing public services. As a result, this constitutes an individual deprivation in an important human functioning of being able to be educated and being able to have a good health.

Therefore, it becomes imperative, to focus more on education and training opportunities in order to increase human capital of rural people. In government policies, the government's intention is stated clearly to reduce gaps created in secondary school enrolment and to improve the quality of education at all levels. Thus, more efforts have been focused on increasing opportunities for education mainly for the young generation. Likewise, policies elaborate the need to provide education and vocational training for adults as well. Furthermore, there are good cases showing opportunities offered for increasing human capital of people and make them adaptable for the labour market. In fact, these cases are mostly concentrated in urban areas and reality is rather different in rural areas. Despite very rare experiences when donors directly or through local NGOs have provided some specific training for women, there are no regular opportunities provided for rural people to increase their human capital.

In addition, a common understanding exists among local authorities of two regions and local people as well that government should be more active in putting into practice the policies for social inclusion. Poverty reduction and social inclusion can be achieved if people are provided with better opportunities to gain the necessary skills to comply with labour market requirement. Otherwise, labour demand cannot be matched by labour supply. In fact, this is what is happening in rural areas. There are cases when the private sector requires labour but the local labour market could not provide this even there are many unemployed people. There is a distortion between needs of employers and qualifications of potential employees. Moreover, in rural areas there are people graduated in different universities but after being unemployed for several years they become unmarketable.

Labour market policies in rural areas have been focused on two directions. First in reducing informality of the labour market and increase participation especially of women in formal sector of economy; Second in promoting development of non-agriculture sector. However, these policies have not showed significant results for rural areas. The government needs to speed up the pace of implementation process otherwise rural people will continue to be deprived from their fundamental functioning of having a decent life and being active members of the Albanian society.

5.2 Policies that Affect Poverty of Rural Areas

The Rural Development Cross-cutting Strategy (RDCS) and the Regional Development Cross-cutting Strategy (RDS) are two main policies that can influence poverty of rural areas. Both these strategies were approved in 2007 and have a timeframe of seven years. RDCS seeks to increase competitiveness of the agricultural sector through modernization measures and protecting the environment. This strategy covers issues such as education, health, economic development and rural infrastructure development which are responsibility of different line ministries. Furthermore, each ministry involved in RDCS has to prepare an annual report where a comparison of rural with urban activities should be presented. Also, in this report expenditures per capita are included and split into urban and rural areas. Similarly, RDS aims to create a sustainable socio-economic development among the regions in Albania, by reducing disparities among them. In addition, this strategy intends to eliminate disparities within rural and urban areas of the same region.

In order to better understand the role of RDCS and RDS in development of rural areas and in improving rural people's life, it is needed to clarify levels of government in Albania, because coordination among these levels has a vital importance in realizing a successful implementation process. The national territory of the country is divided in 12 regions which cover a specific geographical area as it is shown in Map 1. The regions maintain all roles and responsibilities as stipulated by law on Functioning of Local Government in Albania, law no. 8652. According to this law there are two layers of Local Government in Albania, respectively the second level is the region and the first level is represented by municipalities and communes. Each region is composed of a certain number of communes and municipalities. There is no difference in organization, functions, and responsibilities of municipalities and communes in principle, besides the geographical territory. A Local Government unit is called commune if its territory is situated in a rural area meanwhile a municipality means government of an urban area. Therefore, a region has within its territory both rural and urban areas. In other words, even in developed regions there are rural areas which most of them are poor and underdeveloped. This is exactly the case of Shkoder region. On the other side, in Diber region disparities among rural and urban areas are less prominent.

In fact, RDCS and RDS are not focused directly on social inclusion issues. However, they represent important instruments to fight against poverty and social exclusion of rural areas. Furthermore, through these strategies, government intends to promote the development of rural areas by creating employment opportunities, improving infrastructure and increasing the access to services and resources. Thus, implementation of these strategies is expected to influence significantly the quality of life of rural people by eliminating several deprivations pursued by rural areas so far.

Regarding the implementation process of RDCS and RDC, even it is short time, namely less than two years there are still several indications, which can show some results achieved and problems encountered so far. Therefore, by looking at policy documents and at the same time by referring to interviews with local authorities and representatives of ministries there is a general

Map 1
The division of Albania in regions



concern articulated by all, and that is related with coordination among stakeholders involved. In fact, coordination is considered as a crucial factor in the implementation process of policies. The current situation is rather complicated. Thus, there is inadequate coordination among different line ministries. Meanwhile, the situation became worse during the election period. Albania had its national election in June of 2009. Moreover, it has been already observed that politics is very influential in Albania. As a result, the Ministers and even the staff of different ministries were very busy with election campaign. Hence, for several months little was done in context of RDCS and RDS.

In addition, local authorities complain about coordination between them and responsible ministries for implementing the two strategies. It is mainly in the interest of local governments to speed up the implementation process because they are dealing directly with poverty and social exclusion of rural areas in the framework of the decentralization process. Consequently, ministries and regional governments are not in the same track regarding the pace of implementation process. It happened that local governments are more advanced in the implementation process than the responsible Ministries themselves. This is also the case in the Shkoder region. The authorities of this region were very interested to implement RDS in order to ease conditions of rural areas and reduce disparities with urban areas of this region. As a result, they managed to obtain technical support from GTZ for establishing the new local structures and institutions as foreseen in the strategy document. Afterwards, they have been waiting for the reaction of Ministry to proceed but it kept delaying. Therefore, regional authorities became discouraged and they are not motivated enough to continue with the same rhythm.

Furthermore, at the MAFCP level there is an immediate need to increase understanding and in particular, to assure a common understanding of the concept of rural development. Since rural development is a relatively new concept in the Albanian reality, there are difficulties to perceive it accurately. Many people, even the staff of the Ministry sometimes identifies it with the agricultural development, while there is a separate sector strategy for agriculture development. Likewise, there are difficulties in understanding of the concept of regional development and also understanding the way that second and first level of local government can use discretion based on decentralized functions they received, to develop their territories.

Nevertheless, the RDCS and the RDS are very important policies for eradicating poverty of rural areas and promoting social cohesion. Through the implementation of these two strategies, there are realized and significant improvements in rural infrastructure, in agriculture and the non-agricultural sector, and in the quality of life in rural areas. Although the impact of these strategies can become visible only in a medium and long run, there is empirical evidence showing that RDCS and RDS have already contributed in raising physical and financial capital of rural people. Moreover, the measures taken in the framework of RDCS and RDS are aiming at creating opportunities for rural people to develop their capabilities to prevent the depopulation of rural areas. By offering rural people a hope and a better life they can achieve the fundamental functioning in rural areas instead of migrating. Thus, these two

strategies are contributing in reducing the geographical mobility of rural people.

In addition, both strategies promote social capital that is of vital importance for preventing social exclusion in rural areas. RDCS, in axis 4, it gave participatory rural development special attention to promoting the involvement and the participation of the people in the implementation process. The community have to prepare a local development strategy for their community and also, in each community it is planned to set up a local action group that represents the interest of the community. Similarly, in RDS there is plan to create advisory and consultative groups, by including all stakeholders operating in a rural community. These groups will be actively involved in developing regional strategies. In this context, it has already started the process of informing rural people about the strategies and their role in achieving a successful implementation process. Therefore, it can be concluded that there is a common ground between RDCS and RDS and they can compliment each-other. To reach a synergy between two strategies and to raise their impact in the life of rural people, it is very important to have coordination and cooperation among the different line ministries and among the responsible ministries and local authorities. These strategies constitute important instruments to fight poverty in rural areas and offer opportunities for preventing social exclusion of rural people.

5.3 Influence of Lisbon Agenda in Policy Formulation

Transformation of Albania during the past 18 years from a communist and totally isolated country into a democratic one is associated with large political, institutional and socio-economic changes. Furthermore, there is empirical evidence that indicates the advancement of Albania in its way towards a market economy. Meanwhile, the country's transformation is accompanied by interesting and ongoing developments in the domestic policy arena. Thus, by looking at policy formulation processes, it is obvious that 2005 constitutes a milestone year. In fact, in this year initiated the preparation of several sector strategies, including social policy documents. As a result, from 2005 onward, all social policy documents have been designed in compliance with EU guidelines in general. Moreover, by going through policy documents, it is shown that social inclusion policies have been incorporated in their substance the four main objectives of Lisbon Agenda such as (1) to promote participation in employment and access by all to resources, rights, goods and services; (2) to prevent social exclusion; (3) to support the most vulnerable; (4) to mobilize all relevant bodies.

Also, these objectives are clearly materialized in the vision of a social inclusion strategy which affirms that 'Greater prosperity based on sustainable development will lift people out of poverty. Social development will enable participation by all in our society. Every child will have the best possible start in life. There will be opportunities to work for all those who are able to do so and for those who are unable to work there will be sufficient provision to enable a decent quality of life. No one will be excluded or left behind' (Government of Albania 2006: 9). Thus, by looking carefully at the vision of

social inclusion policy, and also the objectives and activities planned to achieve this vision, immediately key words are distinguished such as poverty reduction, decent life, opportunity for all, and participation by all. In other words, these show the translation of EU Lisbon objectives into concrete actions for fighting social exclusion in Albania.

In addition, formulation of social inclusion policies is part of a wider process of reforms undertaken by government to approximate political, institutional, economic and legal sectors with EU standards. This continuous process of reforms constitutes the obligations of government which derived from SAA. Also, it demonstrates the commitment of Albania to comply with SAA conditionality. Furthermore, social inclusion policies are a result of a widespread agreement among entire political spectrum, in the country. Indeed, either left wing political parties or right wing ones during the last national election in June 2009 had promised the same thing to their voters, to lead the country towards the EU by achieving a greater social cohesion for all citizens.

Therefore, the domestic policy arena is highly influenced by EU guidelines, and in particular formulation of social inclusion policies has been significantly shaped by the Lisbon Agenda framework as well. In this context, from my point of view, this has happened not only because of the desire and the commitment of Albania to comply with EU requirements. In addition, EU institutions have imposed, to a certain extend, several conditionalities to the Albanian government in exchange for financial and political support to the country. Moreover, in most cases, draft policies and strategies are compiled with support of or in consultation with international consultants, mainly from EU. This fact could be among the factors to explain the situation why Albania has very good policy papers but the implementation is really a problem.

Therefore, a successful implementation of social inclusion policies is highly depending on understanding of poverty and social exclusion by public administration. Many concepts related with social exclusion are pretty new for the Albanian stakeholders' landscape. Moreover, there is not an official definition about poverty. People have different perceptions of social exclusion as well. Furthermore, it is interesting to mention the opinion of a local official (interview Diber 17 July 2009) about the excluded groups. According to him there are not excluded groups in Albania besides the Roma and Egyptians. That shows that people in general and public administration in particular do not have a common understanding on social exclusion.

However, there are several accomplishments achieved so far in the context of formulation of social inclusion policies which reflect the influence of Lisbon Agenda. For example, preparation of a National Action Plan for social exclusion is a requirement of the Lisbon Treaty for the EU member states. By looking at the Strategy for Social Inclusion for 2007 – 2013 '[t]he presentation of the strategy is modelled on a National Action Plan on Social Inclusion (NAP/Incl.) of European Union member states' (Government of Albania 2006: 4). Thus, Albania is preparing the ground for application of several elements of EU Lisbon Agenda and the NAP for social inclusion is the main one.

Furthermore, there are serious efforts made by government to identify groups at risk of social exclusion. In fact, this is a very important step in

creating an understanding about vulnerable groups and this corresponds to objective three of Lisbon Agenda – “to support the most vulnerable”. Only by knowing the real situation all over the country, policy responses can be tailor-made accordingly. In this context, the government has developed several strategies concerned with specific vulnerable groups such as children strategy, strategy on people with disabilities, strategy for improving living conditions of Roma and a gender equality strategy. Moreover, there are several round tables and other activities organised by MLSAEO to raise the awareness of government structures and non government actors on vulnerable groups and about how to prevent social exclusion. Regrettably, these activities have taken place only in urban areas. In fact, this could be explained by the pressure of urban poor towards government institutions. It is a reality that urban poor have more developed social capital than rural poor. Rural poor are not organised and have a weaker voice compared the urban poor. The situation is even better in the capital where there are many organisations focusing on poverty reduction and social exclusion. Afterwards, donors as well are situated in capital and urban areas. Indeed, this fact explains much regarding NGOs work, because most of the activities, in context of social exclusion have been sponsored by funding from donors.

Another important aspect that shows the influence of EU Lisbon Agenda in domestic policy making process is the language of communication between line ministries and local authorities. As stated by a high level official in Shkoder, (interview Shkoder 22 July 2009) representatives of ministries go to regions to provide information and to train local officials about new social policies and they use terms such as poverty, vulnerable groups, social exclusion, participation, entitlements, using EU standards. As a result, after meetings they feel more confused than they were before. This happens because there is a discrepancy between the ministries and the local government. At national level policies have been formulated by taking into account EU guidelines, but local authorities have little information about and little experience with these new concepts.

Nevertheless, it could be said that after 2005, in Albania a progress can be observed in social policy formulation and a more supportive environment for social inclusion is created. Furthermore, the EU in general is affecting significantly the political agenda of Albania through several instruments included in the SAA. Despite the problems encountered so far in policy implementation there are good indicators that prove the advancement of Albania towards a market economy and sustained forms of poverty reduction.

Chapter 6

Conclusions

The aim of this paper was to provide an insight into social exclusion in rural areas in Albania by providing evidence from two northern regions, Dibra and Shkodra. It also analyzed specific social inclusion policies which affect poverty and social exclusion of rural people. On one hand, by referring to the information provided by LSMS surveys of 2002 and 2005 it could be shown that Albania has pursued sustained economic growth rates since 2000. On the other hand, economic growth did not contribute significantly in the inequality and poverty reduction. Thus, growth was not accompanied by a reduction of poverty and levels of exclusion for different groups and in particular for the rural population.

In fact, poverty in Albania is largely a rural phenomenon and social exclusion is a prominent feature of rural life. In order to grasp the landscape of poverty, in the context of geography and demography, it was necessary to use a multidimensional approach. To be successful in fighting rural poverty, it is important to understand the relation between poverty and social exclusion. Poverty is only one factor which could cause an individual or a group to live an impoverished life. In rural areas there are households which are not considered poor if only taking into account their income level or level of physical and financial capital. This is the reality of many families that receive remittances from their family members. Considering only income can not be sufficient to determine the excluded that are having an impoverished life, not only because they lack financial capital, but because they are deprived from achieving fundamental functioning, hence from having a decent life.

In fact, there is a wide range of social policies developed in Albania that have been improved especially after 2005. Meanwhile, rural areas seem to be far from political and economic centres of the country. The implication of this is the benefits from these social policies are mostly felt only by urban areas and few by rural areas, such as in the NE program, which does not have the expected impact. On the contrary, this programme has influenced negatively labour supply. Instead of offering cash transfer or income support for poor households, it would be better to promote the employment opportunities in order to achieve a tangible result in tackling social exclusion.

Progress made in the formulation of social inclusion policies is not associated with similar results in the policy implementation process. The main factor for creating this distortion is related with governance problems. In Albania good policies remain mostly on paper because to make them reality is another story. There is also a huge gap regarding implementation of policies in urban and rural areas. Local governments of rural areas feel powerless to deal with poverty and social exclusion. In this context, they themselves could be considered as excluded from the political centre of the country. Local officials lack above all financial resources because of low tax bases and insufficient transfers from the centre. Furthermore, public administration in particular at local level lacks appropriate skills and necessary capacities to be good

implementers of national policies. The situation becomes more problematic when politics interferes in recruitment of staff and in application of benefits for targeted groups.

While referring to the livelihood in two designated regions it became obvious that women represent a group which is deprived from many capabilities and are at highest risk of exclusion. Actually, they lack all kinds of capitals but mostly social capital. The majority of women are unemployed and spend their time by working on the family's farm, and caring for their family. Regarding human capital the opportunities provided so far for rural women are also limited. Even in case they already graduated in tertiary or secondary education, they still face many difficulties in finding a job. Meanwhile, being unemployed for several years their human capital decreases and they become not marketable anymore. A majority of women in rural areas are passive job seekers in part because of lack of opportunities, and because they receive remittances from their family members. As a result, to improve women's situation, it is necessary not only to have a progressive social inclusion policies and to implement them, but to particularly focus on inclusion in labour market avoiding jobless' development.

Notes

¹ There are 8 dimensions of the Lisbon Strategy: (1) creating an information society for all; (2) developing a European area for innovation, research and development; (3) liberalisation; (4) building network industries; (5) creating efficient and integrated financial services; (6) improving the enterprise environment; (7) increasing social inclusion; (8) enhancing sustainable development (World Economic Forum 2004: 2).

² GNI per capita is the dollar value of a country's final income in a year divided by its population. It reflects the average income of a country's citizens. For example, Greece GNI in 2008 was US\$28,650 and Bulgaria GNP in 2008 was US\$11,950. From <http://siteresources.worldbank.org/DATASTATISTICS/Resources/GNIPC.pdf> (accessed November 2009)

³ The questions of Focus Groups were structured based on four types of capitals: financial capital, physical capital, human capital and social capital. These questions are presented at the appendix A.

⁴ There were 6 countries who initiated the European Economic Community respectively Belgium, Germany, France, Italy, Luxemburg and Netherlands. In 1993, 9 other countries joined the European Community and EU had 15 member states, in 1994. Later on, in 2004 there were 10 other countries that joined EU. From <http://www.answers.com/topic/european-economic-community> (accessed November 2009)

⁵ Extremely poor people are defined as those with difficulty meeting basic nutritional needs (WB 2007a).

⁶ Poverty Gap is obtained by dividing the sum of the consumption gaps of the poor that is poverty line less consumption, for all the poor by the overall population, and expressing it as a percent of the poverty line (WB 2007a: 5).

⁷ There is a list of National sector strategies and cross-cutting strategies in the appendix B

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Appendix A

Focus Group Questions

Unemployment

- What kind of work activities do you perform?
- What other activities do you do to earn income?
- How do you maintain your family when you are unemployed?
- What difficulties do you have in finding a job?
- What can be done to change the situation?

Migration

- Do people of your community migrate? Who migrates?
- How long do people migrate for?
- What kind of things might prevent a person from migrating?
- How do you feel about migration?

Infrastructure

- Do you have running water in your house? Are you satisfied with the quality?
- Are you satisfied with the roads in your community?
- What are the services provided for your community? Are you satisfied with coverage and quality of these services?

Education

- Do you have schools located in your community?
- Are you satisfied with teachers, and the quality of education?
- Is education important for having a good life?
- What can be done to increase the educational level for young people?
- What opportunities are provided in your community for the education and training of adults?

Health

- What do you think about the health services in your community?
- What kind of difficulties do you encounter when trying to get medical care ?
- Do you have in your community a hospital, health centre and dental care?

Social capital

- Who or what institutions help you and with what issues?
- If your community has a problem what do you do, who can help to solve it?
- Do you have formal meetings in your community?
- Do you get together for pleasure?
- What do you do in your spare time?
- Are you members of any organisation?
- Are there people in your community who are left out?

Appendix B

List of National Sector Strategies and Cross-Cutting Strategies

No	Sector Strategy	Institutional Responsibility
1	Defence	Ministry of Defence
2	Foreign affairs	Ministry of Foreign Affairs
3	Justice	Ministry of Justice
4	Public order	Ministry of Interior
5	Civil registry	Ministry of Interior
6	Transport	Ministry of Public Works, Transport and Telecommunications
7	Energy	Ministry of Economy, Trade and Energy
8	Water supply and sanitation	Ministry of Public Works, Transport and Telecommunications
9	Public finance	Ministry of Finance
10	Economy (Business and investment strategy)	Ministry of Economy, Trade and Energy
11	Employment	Ministry of Labour, Social Affairs and Equal Opportunities
12	Sport	Ministry of Tourism, Culture, Youth and sport
13	Social protection	Ministry of Labour, Social Affairs and Equal Opportunities
14	Social insurance	Ministry of Finance
15	Health	Ministry of Health
16	Basic education	Ministry of Education and Science
17	Higher education	Ministry of Education and Science
18	Spatial planning	Ministry of Public works, transport and Telecommunications
19	Agriculture and food	Ministry of Agriculture, Food and Consumer Protection
20	Tourism	Ministry of Tourism, Culture, Youth and Sport
21	Culture	Ministry of Tourism, Culture, Youth and Sport
22	Statistics	INSTAT

No	Cross-cutting Strategies	Institutional Responsibility
1	Property right	Ministry of Justice
2	Anti-corruption and transparent governance	Council of Ministers
3	Integrated border management	Ministry of Interior
4	Migration	Ministry of Labour, Social Affairs and Equal Opportunities
5	Fight against organized crime, terrorism and trafficking	Ministry of Interior
6	Public administration	Ministry of Interior
7	Decentralization	Ministry of interior
8	Environment	Ministry of Environment, Forests and water administration
9	Consumer protection and market surveillance	Ministry of Economy, Trade and Energy
10	Information and communication technology	Ministry of Public Works, Transport and Telecommunications
11	Youth	Ministry of Tourism, Culture, Youth and Sport
12	Gender equality and prevention of Violence	Ministry of Labour, Social Affairs and Equal Opportunities
13	Social inclusion	Ministry of Labour, Social Affairs and Equal Opportunities
14	Regional development	Ministry of Economy, Trade and Energy
15	Rural development	Ministry of Agriculture, Food and Consumer Protection