

Public Policy Institute  
State Social Service

## THE IMPACT OF SOCIAL ASSISTANCE MECHANISM ON REDUCING CHILD POVERTY IN ALBANIA

Final Report  
December 2009

### **I - Executive Summary**

The paper “The impact of social assistance mechanism on reducing child poverty in Albania” addresses the dilemma of the relevance of the existing social protection mechanism in Albania vis a vis child rights. In the analysis provided here, two main arguments are advanced:

Firstly, it is necessary to measure the effectiveness of the current protection schemes, not only from the economic point of view, but also from the social point of view. The critical issues of transition in Eastern European countries and the re-occurrence of profound crises have demonstrated clearly the inaccuracy and insufficiency of the effects of social protection in these countries. The key dimension highlighted in the present paper is the relationship between the objectives of a social protection mechanism (to protect, integrate and develop people) and the concrete result (reduction of social exclusion).

Secondly, for an effective poverty reduction strategy to be designed, multidimensionality of poverty should be placed in a broader institutional and policy context. Only within such a context and in which social protection policy plays a role can it transform into a mechanism that helps institutions, networks and associations to interact.

The question addressed here relates to the new principles that this mechanism should apply: Should the social assistance benefit be provided based only on income indicators or non-income dimensions of poverty should also be taken into account? Finding an answer to the addressed question, leads us into the necessity to propose the most appropriate mechanism of social assistance benefit, which:

- Impact on reducing child social exclusion
- Promote realization of basic child rights

The paper brings information based on the assessment of the mechanism of social assistance functioning from a child rights prospective. The assessment is conducted by the Institute of Public Policies in collaboration with the State Social Services. The assessment is already finalized although the final report is not yet ready in English language.

### **II - Introduction:**

Since the fall of the communist regime in 1991, Albania has experienced a thorough and rapid transformation. The country has embarked on a new path aimed at establishing democracy

through the protection of individual rights and raising living standards through a free market economy. Despite its wealth in natural resources, Albania remains one of the poorest countries in Europe. The country spent 45 years, from 1945 until 1990, under an oppressive, authoritarian political system, from which it has been slowly emerging for the past 14 years. Albania has since been considered the “least developed European country by any yardstick”<sup>1</sup>. Its poor economic legacy and the difficulties of the transition period have left the country unstable and have led to economic and social disparity among the people and regions of the country.

Despite its massive incidence in the previous system, the poverty was officially recognized only after 1991. According to the Living Standard Measurement Survey of 2008, the poverty in Albania is a multidimensional phenomenon, reflected in low or very low level of the incomes of the poor (12,4 percent of the Albanians lives on less than US \$2 a day, while 1,2 per cent lives on less than US\$ 1 a day); higher disease rate and lack of appropriate medical services (the infant mortality, mortality rate of children aged under 5 and maternal mortality are relatively high compared to the countries of the region). According to the LSMS 2008 (preliminary data), there are 373,137 persons who live under poverty level (around 185,000 children)

Poverty has led to social exclusion and deep regional disparities. Rural areas and the Mountain region have been found to be consistently poorer, according to all definitions of poverty. There is no clearly evident geographic pattern of distribution for the identified marginal groups in economic poverty. The groups at risk and the families in economic poverty are largely flexible in nature and the various aspects of their vulnerabilities interact and have impacts upon each other. However, marginality is even more evident in the rural areas. A significant proportion of this population is excluded for one reason or another from access to social service and employment benefits, as these services are available only in the towns. It is likely that for many households social exclusion, the lack of access to basic services and infrastructure, and to secondary and higher education, are factors reducing their ability to lift themselves above the poverty line.

Very recently, the Albanian government in collaboration with donors has designed a National Strategy for Development and Coordination, which aims to reduce poverty and ensure the social development of the country. It implies improved quality of life for each person as well as sustainable socio-economic development. However, recent experience in Albania indicates that economic growth does not necessarily translate into a better standard of living for the general population. Indeed, recent economic growth has been concentrated in sectors like construction, telecommunications and finance, none of which are large-scale employers. Data show that public spending on social goods such as health care, education, and social protection are still low, even compared to other countries of the region<sup>2</sup>.

### **III - Social protection**

The Albanian Social Protection mechanism, established from scratch in 1992-1993, is composed of social insurance, social assistance, social care and labor market development programs. Social Assistance<sup>3</sup> is concerned with the protection of needy persons who are not able to guarantee a decent standard of living through their own means. The Albanian system is based on three

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<sup>1</sup> Albania and Albanians, Prifti, pg.52

<sup>2</sup> Public expenditure on Education is 3% of GDP (2007), on Health is 2.7 % of GDP (2007) , on Social protection is 1.5% of GDP (2007).

<sup>3</sup> Here we refer only to this part of Social protection mechanism

principles: subsidiary (insured persons are excluded from coverage), maintenance of living standards and provision of non-contribution benefits<sup>4</sup>.

Almost two decades after the fall of the Berlin wall, the earliest model of social protection that was applied is no longer relevant, most importantly because in these countries the real definition of poverty has changed. The new strategy of poverty reduction has to be based on the new concept of multidimensionality of poverty, which implies the importance of measuring indicators such as health, nutrition and education, and also vulnerability, voicelessness and powerlessness. The question raised here is whether this should be reflected in a new theory of social protection and how to implement it in the very specific framework of countries in transition. The post-socialist countries in the CEE/CIS do not have a model yet as it is still emerging. It is a society in transition, still finding its way.

Despite the fact that the Albanian model of social assistance<sup>5</sup> is based on other countries' experience, the social-economic circumstances of the 90s played a crucial role. The system applied a very interesting and flexible approach, in which different social, economic and institutional aspects were intertwined. Law no. 7710 dt. 18.05.1993 on "Social assistance and care" is the main legal act that forms the basis of the system.

The law on social assistance and care determines the system of social assistance and welfare that offers support to the Albanian households (in general) and citizens (in particular) that are totally without, or have insufficient, income or means of support. Where necessary and possible, public social welfare services are provided rather than social assistance benefit, or as a supplement. Social assistance support was awarded to all families that by documents they prove they are without any income or with insufficient income. The programme was designed to provide an income transfer to families that had non-existent or insufficient income from market and non-market sources (employment, capital, farm, social insurance or any insurance system, family members abroad etc) in order to meet minimal subsistence requirements.

The law provides a means-tested cash benefit granted on a family-by-family basis. Given the specific conditions that exist in Albania (limited state budget, strong informal economy, tradition of living with parents, limited possibilities of Albanian institutions to exchange information and monitor the scheme), the protection of the household rather than the individual was considered the most appropriate decision upon.

Social assistance support was awarded to all families that by documents they prove they are without any income or with insufficient income. However, it should be stressed that in 1993 (even now), it was totally impossible to provide any definition of "insufficient income". Informal sector was and still is strong. The amount of remittances from abroad also represents a considerable source of household's income. It has never been measured, due to the fact that the money is not transferred through bank channels. For the sake of "equity in distribution" the eligibility criteria relates to the estimation of "the total household income", apart from the source. The programme was designed to provide an income transfer to families that had non-existent or insufficient income from market and non-market sources (employment, capital, farm, social insurance or any insurance system, family members abroad etc) in order to meet minimal subsistence requirements.

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<sup>4</sup> Social Rights and Policies, Igor Tomesh, "Social Policies in the post-communist countries"

<sup>5</sup> Here we refer only to this part of social protection mechanism

Social assistance benefit is not based on absolute or relative poverty line. The poverty line applicable when providing social assistance benefit is set administratively. As a matter of fact, it could have been more logical to define the amount of benefit based on the minimal standard of living. However, taking into account that the calculation of wages and social insurance benefits were not based on the absolute poverty level, SA benefits also could not refer to poverty level. The eligibility criteria for Social assistance is based on a subsistence level calculated as percentage of the income of a family with two unemployed persons receiving unemployment benefit and adjusted for family size and structure.

The programme is administered through the network of local governments (communes in the countryside and municipalities in the towns). Management of the scheme by elected bodies such as councils of local government would increase their responsibility and reputation among the people. Possessing greater competencies, they would perform better their tasks, but could also apply social justice and reduce inequalities, as they knew the real economic and social situation of households. Despite the risk of abuses of power, it was suggested that local government would be in charge of management, while central government would be responsible for legislation, monitoring, evaluation and overall social policy.

Having no opportunity to finance the scheme through local taxation (the law on financial decentralization had not yet been approved); the public social assistance scheme is financed by the state budget through the block grant allocation mechanism. Theoretically speaking, the amount of the block grant is decided upon taking into account the structure of the population; the structure and level of employment, self-employment and unemployment; family income structure, including incomes from all available sources; assets including private property; land ownership and animal, husbandry and other sources of agricultural income; and finally, data on under-nourishment. The local administrative units (municipalities and communes) are obliged to provide information on all the above indicators. However, social assistance is not a categorical benefit. The program is designed to function under the conditions of a limited budget. This means that under current legislation only the upper ceiling of monthly benefits is defined. Social administrators and Local Government Council keep the right to use discretion during calculation of SA benefit for every household taking into account family size and structure and the economic and social condition of the household.

#### **IV - Analysis of functioning**

The term “social exclusion” is relatively new in the Albanian social literature and policy. The National Strategy for Socio-Economic Development (prior to NSDI) represents the first attempt to place the multidimensionality of poverty and its impact on “exclusion” into a broader institutional and policy context. Data provided by the Living Standards Measurement Survey (LSMS) also contribute to estimate social exclusion. Nevertheless, a precise methodology of measuring the children’s exclusion and deprivation is still lacking.

For the purpose of this report, children are considered as excluded relative to other children if they are deemed at risk of missing out on an environment that protects them from violence, abuse and exploitation, or if they are unable to access essential services and goods in a way that threatens their ability to participate fully in society in the future. Children may be excluded by their family, the community, government, civil society, the media, the private sector and other children<sup>6</sup>.

From a social point of view, there are three categories of excluded people in Albania:

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<sup>6</sup> State of World’s Children Report, UNICEF, 2005

1. *People who cannot receive services they need due to the lack of those services.* Despite improvements on the overall living standards in Albania, the benefits, however, appear to be accruing mostly in urban areas, particularly Tirana, while rural and more remote areas are being left behind. The possibilities for many of the rural poor, and for the uneducated urban poor, to escape poverty by connecting to the economic growth process seem remote, mostly due to the lack of services.
2. *People who cannot access services they need mainly due to poverty.* It is acknowledged that recipients of social assistance in Albania cannot satisfy most of their needs, and this is due to the low level of the social assistance benefit they receive (around \$70 per month per household). Data from the Living Standard Measurement Survey completed in 2008 show that poor households, whose main source of income is social assistance benefits, are less likely to access services such as education, health, vocational and professional training and employment services. This illustrates a clear link between poverty and access to basic services.
3. *People who receive poor and non-quality services, which do not fulfill their needs.* Often they are excluded even when they officially benefit from services. They are forgotten, far from the attention of service providers. Although data on the quality of services in general are missing, there are efforts to analyze and estimate the level of exclusion among the beneficiaries of basic services, like education. Hidden drop out, the widespread but largely hidden phenomenon, whereby teachers engage in whole-class teaching, and consequently focusing solely on achieving students and ignoring the rest of the class. Such practices lead to a process of disengagement on the part of thousands of pupils in the first cycle at the basic school level<sup>7</sup>, a process that leads to lack of achievement in learning core competencies, and eventually to the abandonment of the school. A recent survey on hidden drop out shows that learning achievements of almost one-third of basic school students are extremely low, due to the insufficient work that the teachers do with them<sup>8</sup>. They are simply forgotten.

The data combined with the analysis confirm that the existing system of social assistance does not help to alleviate poverty, despite the high level of expenditures. It neither supports households to solve their critical economic and social needs nor to protect poor people from social exclusion.

The data show that there are disparities among regions. Viewing the regions by percentage of poor families (according to LSMS 2008) reveals a clear north-south difference. In Group I, less than 10 per cent of the population is considered poor; in Group II, 10-20 per cent are included; Group III, 21-40 per cent; and Group IV, more than 40 per cent. In Group IV, 93 per cent of the poor population lives in the countryside, while just 7 per cent live in towns and cities.

The children whose families are recipients of social assistance are the most vulnerable to social exclusion. They suffer from multiple social disadvantages because they lack access to basic standards of housing, education, health, human relationships and protection. Beyond straight

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<sup>7</sup> The hidden dropout phenomenon is quite spread in all the schooling levels, including secondary education.

<sup>8</sup> Facing the Hidden Drop-Out Challenge in Albania, Report of External Evaluation, UNICEF, revised draft in February 2006

forward economic poverty, the use of the term social exclusion recognizes that the human rights of children are denied by the inability to fulfil their basic potential and to build the kind of human relationships that lead to active citizenship.

Despite the LSMS 2008 data, it is likely to believe that the number of poor people is higher. Taking into account the multidimensionality of poverty in Albania, those who rely on social assistance benefit are considered poor, since they lack many basic social services. There are 149,000 families<sup>9</sup> (or 24 percent of the total population) who receive social assistance benefits due to the lack of income or insufficient income in Albania. It is acknowledged that the recipients of social assistance are likely to be socially excluded. The coefficient of exclusion is among the highest when the period of social assistance benefit is longer than four years, which means that the household may permanently receive social assistance due to inactivity and lack of vocational training. Families with many children are at greater risk of remaining under the social assistance scheme permanently. Their children also are more likely to stay in the vicious circle of poverty. It is calculated that around 280,000<sup>10</sup> children live in poor families, whose main source of income is social assistance.

It has been confirmed in the research work that families who are recipients of social assistance are likely to face other health problems. Eleven per cent of surveyed families have at least one child with disabilities, the number being greater among rural households. The majority of them (64 per cent) need care which is, in almost all instances, provided by members of the households. From this group, 52 per cent need continuous care, this figure is higher in rural areas (61 per cent). Only 2 per cent actually receive the care they need.

## **V - Key findings**

Poverty does not have the same impact on all population groups. Children are the most affected and, at the same time, most at risk by poverty. Based on this, at the beginning of this study the experts group raised the hypothesis, "Children have not been a clear target group of the economic aid scheme designed to provide support to poor families without income or with insufficient income. The economic aid scheme does not provide poor families with resources for the wellbeing and chances to pursue future opportunities for their children".

The main issue addressed in this study is the level to which the economic aid scheme has been effective in enabling adequate social and economic conditions for the upbringing of children below 18 years of age.

To answer the question, 400 families receiving economic aid in 40 administrative units were part of a survey seeking specifically to measure some of the indicators related to:

- (i) general data about households with children living wholly or partly on economic aid;
- (ii) data on several indicators of child welfare in households living on economic aid, such as education, health, participation, entertainment, etc.;
- (iii) living conditions for households on economic aid and their children;
- (iv) social conditions for these families.

The study involved households in 40 administrative units (Annex 1 - List of administrative units

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<sup>9</sup> SSS – Administrative record, 2008

<sup>10</sup> SSS – Administrative records, 2008

selected for households on economic aid), throughout the 12 Regions in Albania including both urban and rural areas. Four of the administrative units are urban and 36 are rural.

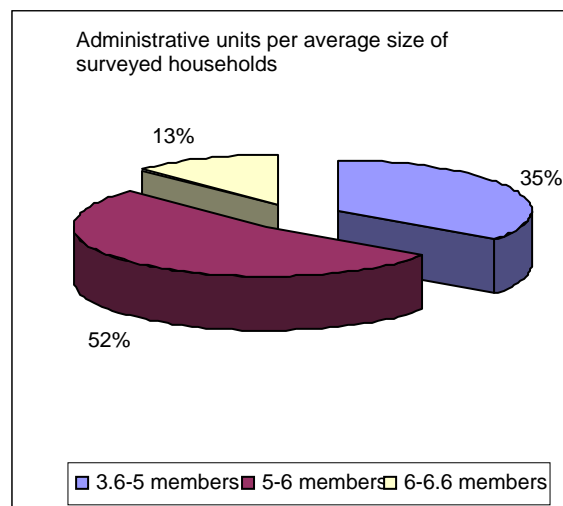
Cluster A	Admin.Units B = C+D	Urban C	Rural D	Nr.units PSU= F+G	Urban F	Rural G
Poor	200	5	195	20	1	19
Middle	150	40	110	15	4	11
High	50	15	35	5	1	4
	400	60	340	40	6	34

Among the interviewed households, single parent households (on economic aid) constitute 11% of the total number of beneficiary households (a total of 42 families). These households have 8% of the total number of children in this survey.

### V. 1 - General data about surveyed households:

#### Large families with numerous children are more likely to be poor.

The average family for each administrative unit varies from 3.6 to 6.6 members, and the average number of children per family from 1.8 to 3.6 children.



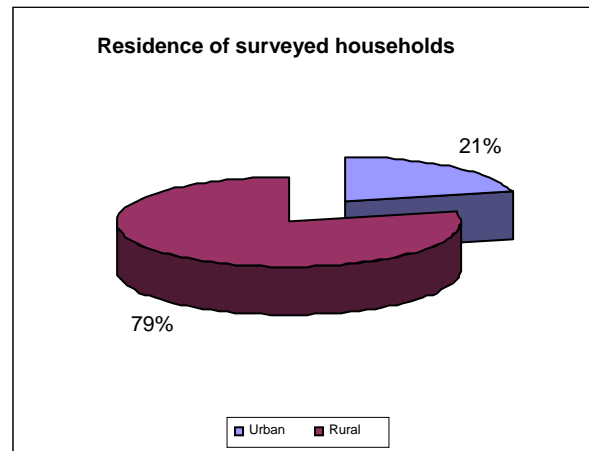
As seen from the chart, most of the surveyed households (87% of households) are numerous (with more than 5 members). The survey also shows that only 8% of surveyed households do not have children less than 18 years old and 56% have more than 3 children.

Among single parent families (total of 42), in 25 one of the parents is dead, in 6 the parents are divorced, and in 8 one of the parents had left (abandoned the household). Of

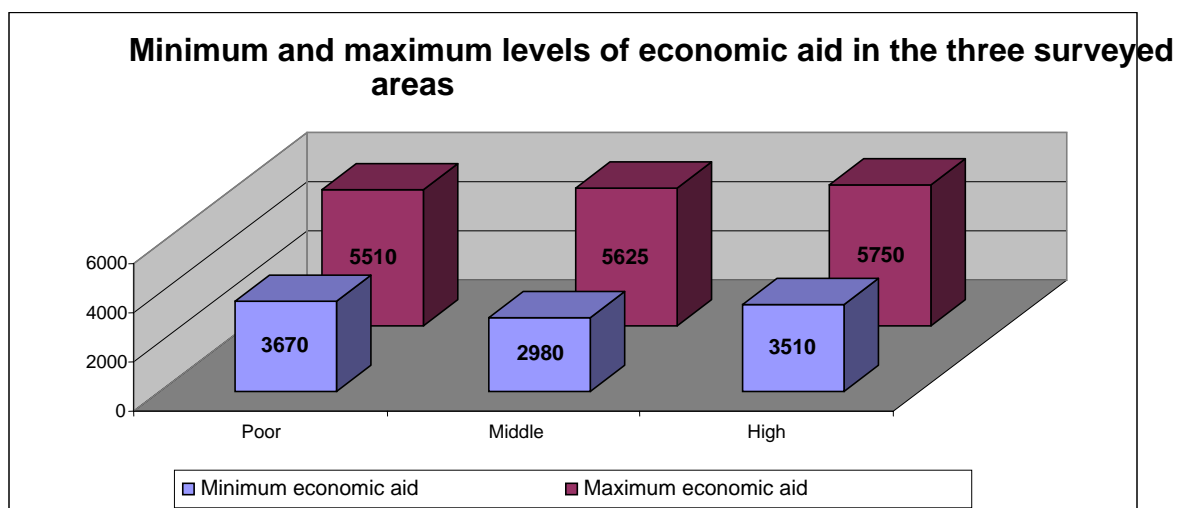
these households, 41% of single parent families receive full economic aid and 59% receive only partial assistance from this scheme.

### **Child Poverty is more widespread in rural areas:**

As explained by the methodology, the survey covers both rural and urban areas. 79% of households (with children) live in rural areas and 21% in urban areas.



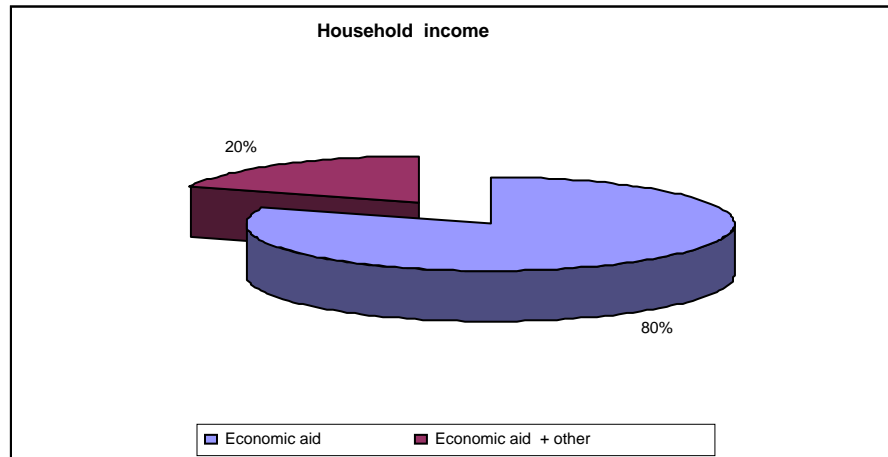
The survey provided the possibility not only to identify the source of revenue, but also to measure the average income offered by economic aid. As seen from the graph, the minimum and maximum amounts of economic aid do not show great variations, regardless of household residence.



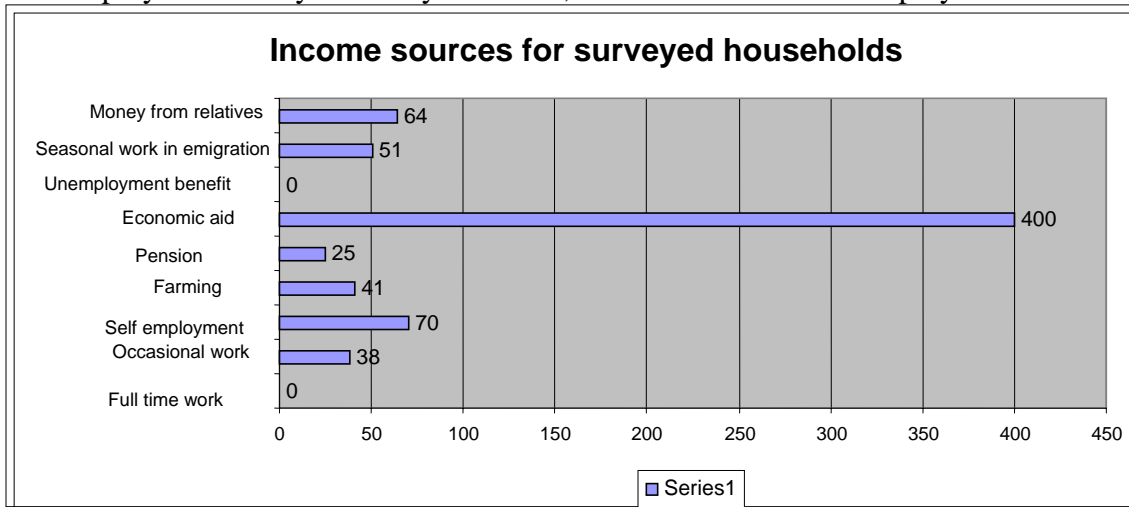
This shows that regardless of whether the household lives in a poor or relatively rich area, the households receive almost the same amount of economic aid.

## Use of income

The survey showed that, in addition to income from the economic aid scheme, the households made income from other sources, such payments for disabled family members or the caretaking of such relatives, as well as money from the informal market or seasonal migration. However, 100% of households agreed that economic aid remains their basic source of income, while 20% of interviewees agreed that a portion of household expenses are derived by other sources.



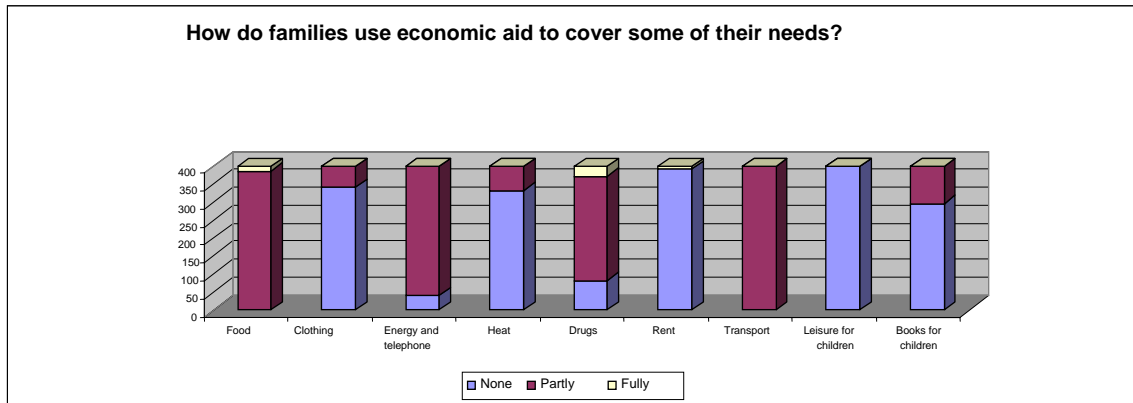
Thus, 70 of interviewees agreed that the household benefits from employment of self-employment of one of the family members in the informal market, 41 responded that their household economy is enhanced by the employment of one of the family members in a mini farming business (for domestic consumption), 190 make income through the self-employment of any of family members, and 51 from seasonal employment abroad.



**The economic situation of the household is an important factor for child welfare.**

Economic aid fails to meet household's need for daily consumption. Unfortunately,

household expenses dedicated to child education and entertainment are very low. The survey showed that 74% of households do not provide for children’s books and 100% do not provide for any entertainment whatsoever.

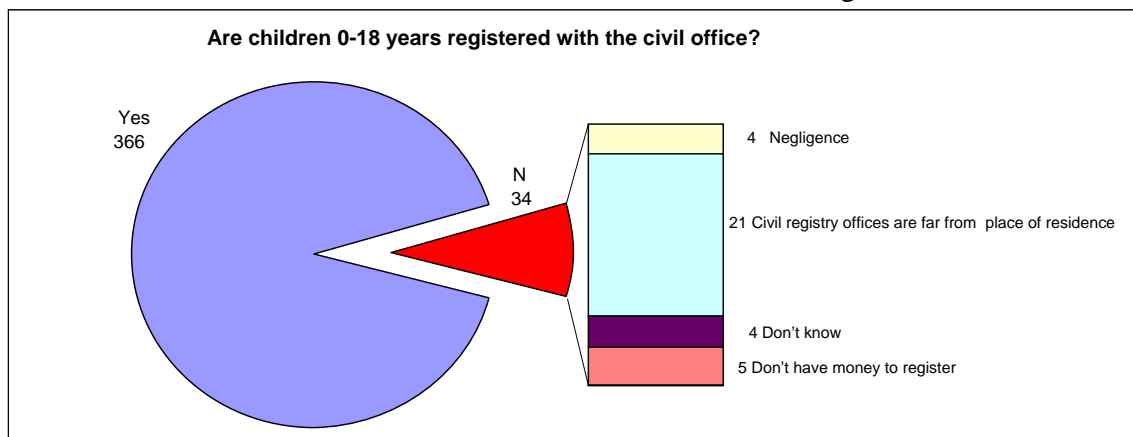


The study also showed that clothing and nutritional needs are not adequately covered: 96% of households cover nutritional needs only partially and 85% do not provide at all for children’s clothing.

## V. 2- Realization of children's rights

### **Poverty is an obstacle to child registration in the civil registration offices.**

8.5% of children from poor families are not registered in civil registration offices. The reasons cited by households are diverse. In 15% of cases household members say they cannot afford the cost of registration. 60% point to the long distance of civil registration offices from household residence and the cost associated with long distance travel.

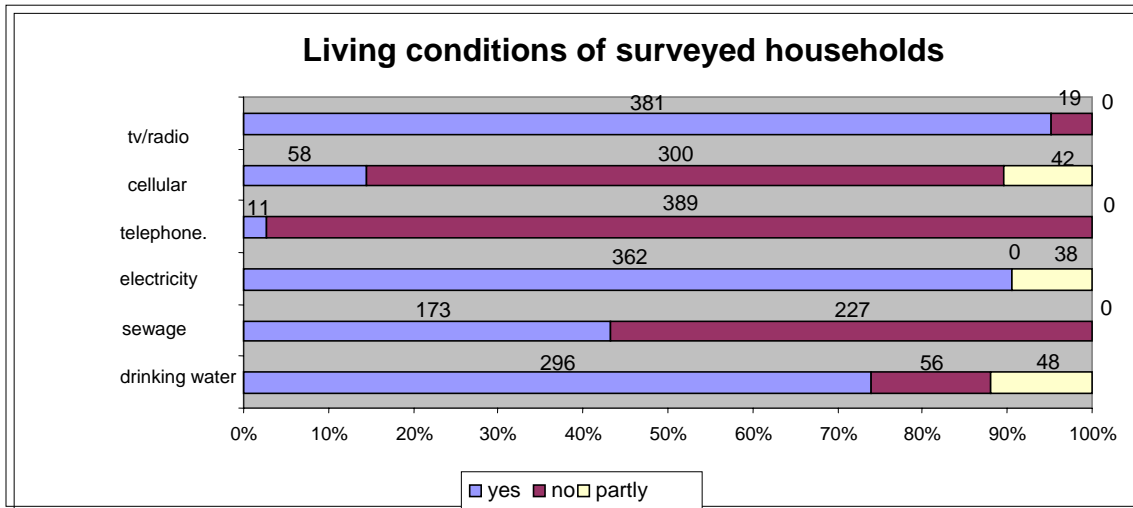


### **Poor children are affected by inadequate housing conditions**

A number of considerable households on economic aid - 136 families or 34% – stated they do not live in their homes. They have abandoned their homes due to inadequate living conditions or have left their original home areas in search of a better life. In most cases, these families live in very bad conditions: 62% of the respondents state that they

actually live in makeshift barracks, 21% live in ruins and 4% are temporarily staying with relatives.

The housing conditions of surveyed households are problematic. Only 74% have access to drinking water, 12% have only partial access. Sewer facilities exist only in 42% of the living places, the rest are without such facilities. Only 3% of households have access to cable telephone lines and 15% use mobile phones. Only 5% of households do not have a television set at home.



Only 2% of children live in families where there is no shortage of the items listed in the questionnaire. 26% of children live in families without more than 8 of these items and 99% of children live in families without a computer.

### Poverty and social conditions are serious obstacles to access to quality education

The situation of poor children in the surveyed households can be rated starting from those in the most difficult economic and social situation.

Rating relies on 2 criteria:

#### 1. Source of income

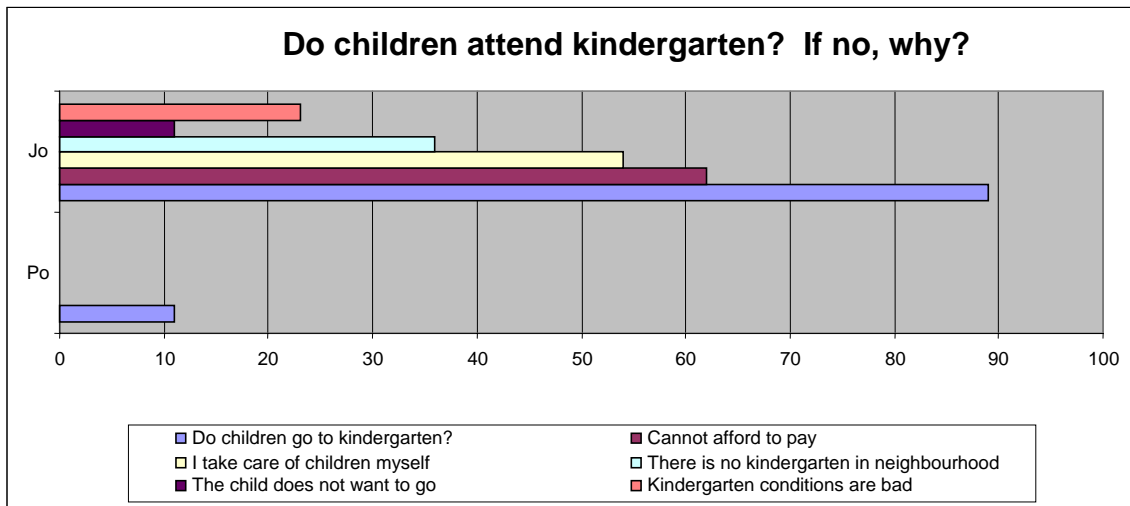
- o Households receiving full economic aid and relying entirely on these resources;
- o Households receiving partial economic aid and making income from other sources such as pensions, disability payments or the informal market

#### 2. Special needs due to the condition of the parents and/or their children

- o Single parent families with > 2 children 0-6 years
- o Single parent families with > 1 disabled child 0-6 years
- o Single parent families with = 1 disabled child 0-6 years
- o Single parent families with 1-2 children 0-6 years
- o Single parent families with > 2 children 0-6 years

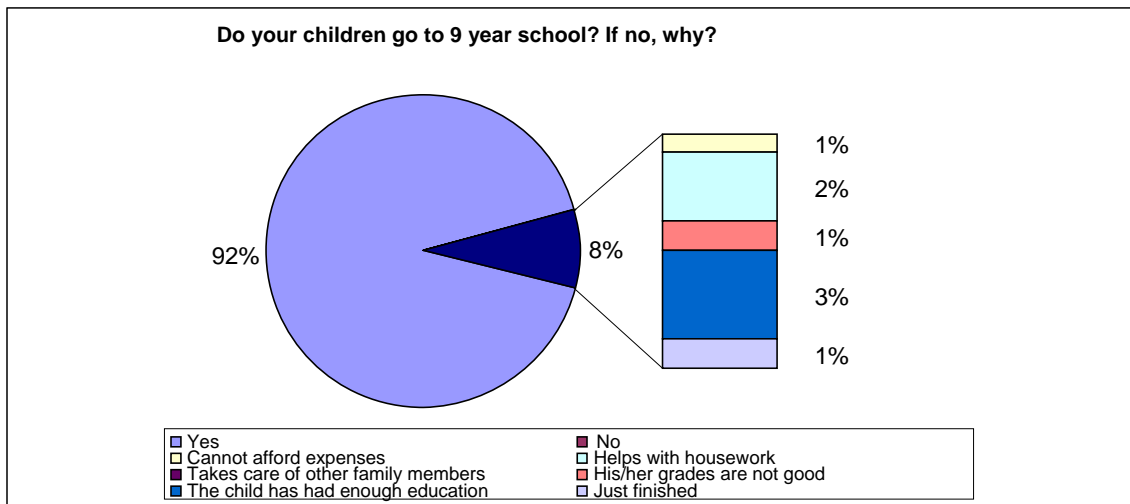
The study showed that:

89% of children in single parent families (on full and partial economic aid) did not attend preschool education. Although parents are aware of education as an important and irreplaceable way of children’s learning and socializing, in most of the cases (62%) they admit they cannot afford to pay for preschool.



None of the disabled children 0-6 attend pre-school. In all the cases, the interviewed mothers responded that they take care of their own children at home since they are not employed.

8% of children aged 6-14 (15) in households living on economic aid (full and partial) did not attend compulsory education. This is a very high percentage compared to the dropout rate in the country.

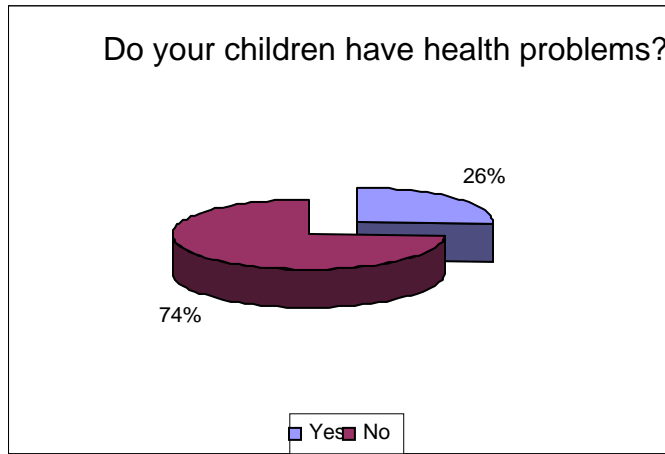


3% of those who did not attend 9 year education thought that the education they had received was sufficient; 2% thought that children were needed to help parents with

housework, or other income making work, 1% do not attend school because they cannot afford school expenses.

**Poor children display health problems more often than the rest of other children.**

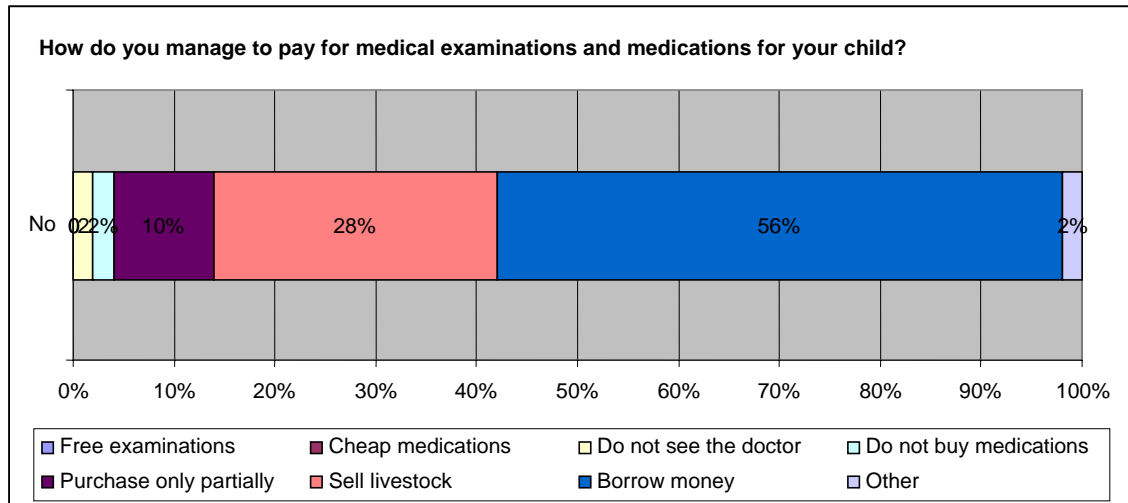
26% of interviewed parents admit that their children have health problems.



84% of parents vaccinate their children. Those who fail to vaccinate their children represent 16% of the respondent households. A considerable part of the interviewed parents admit that they cannot afford the cost of medical examinations and medications for their children.

**(Poor) parents strive hard to ensure adequate treatment for their sick children.**

56% of parents having difficulties with cost of medical examinations and treatment for their children admit they borrow from relatives to cover the cost of providing for their children's health.



If we take a look at the type of diseases affecting poor children, we can see that the most frequent diseases are due to the bad housing conditions (infectious and respiratory diseases 98%)

**Poverty is one of the causes of domestic violence. Children are often the direct victims of domestic violence.** In poor households, 46% of parents admit they use violent methods to punish their children (slapping, hitting with a stick or other object). 38% state they make children work for any wrongdoing and only 11% respond that they talk to children when they make wrongdoings/mistakes.

**Weak participation of poor children in the social life.** Children do not participate actively in the school activities. 66% of children attending school respond they do not participate in the various events or festivities organized by the school.

The most frequent cases of parents considering their children's views are those when the child expresses desire to work, when the child makes decisions related to his/her younger siblings, when the child asks for something related to school.

Children are not discriminated in school due to poverty. Only 2% of parents stated that children are discriminated at school due to poverty.

#### **Children of poor families work**

About 31% of interviewed households admit that their children work. More than half of working children sell cigarettes and other small items on the street. Households do not admit to their children's begging.

### **V.3 - Use of economic aid to cover children's needs**

Children are at risk of poverty if their parents are unable to earn sufficient income to cover basic needs or if governmental transfers (economic aid) is not sufficient to provide for basic needs.

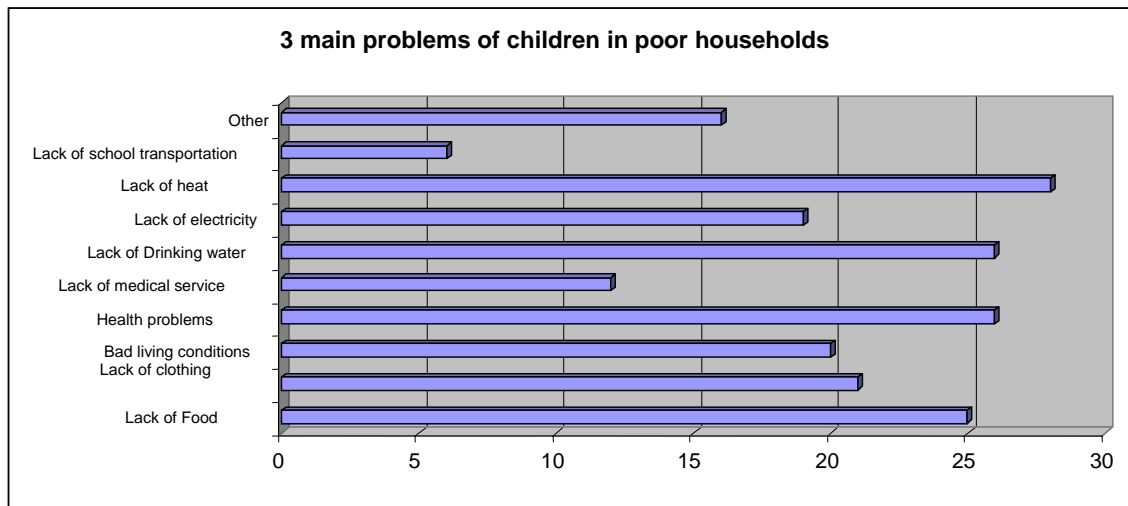
Parents are unable to estimate the portion of economic aid resources spent on children. This is due to certain reasons (explained during the interview):

- First, the amount of the economic aid is never the same as the previous month, because of which they cannot estimate how much is spent on children.
- Secondly, households always borrow to cover needs. It often happens that with the economic aid of the current month, they pay back previous month's debt.
- Third, costs are limited to basic items for the whole family, mainly groceries, sugar, oil, flour, soap, etc.

Almost all respondents stated that there are some expenses they cannot afford to pay with the economic aid they receive:

- Clothes for children
- Extracurricular courses
- Festivities and birthdays
- Vacations outside the place of residence

## Most difficult problems faced by children



As seen from the graph, the most difficult problems faced by poor children are those which relate to poor living conditions (lack of heat and drinking water) and lack of access to adequate health services.

### **V 4 – Summary of observations with regard to the impact of social assistance program on children.**

The economic aid program in Albania provides for 89% of the needs of poor households with children. This indicates that economic aid is a more or less effective program targeting poor families with children below the age of 18.

As claimed by the hypothesis, the economic aid program is not clearly targeted at the child, but at the whole family. The program fails to cover some of the basic needs of children in beneficiary households.

Often, households in the economic aid program are not just poor. They experience social problems that are not under the purview of the economic aid program (such as single parent families, households with numerous children, families with children under 6, etc.)

The amount of economic aid is very low. It fails to cover several household expenses related to children (education, health, leisure and entertainment, etc.).

### **VI. Summary of overall findings:**

1) A strong correlation exists in Albania between poverty and unemployment. The latest is the main reason for being a “social assistance recipient”. The majority of the the social assistance recipients are long term unemployed people. Based on the indicators provided, the ratio of the numbers unemployed to those receiving social assistance is 3:1, meaning that for every three persons losing a job, one family must be added to social assistance scheme. Of the number of households under the social assistance scheme 71.5 per cent try to escape poverty, with one half searching intensively for work and the rest trying other opportunities. However, only 15 per cent succeeded.

2) The survey found that families “recipients of social assistance” are likely to face other social and health problems. 11 per cent of families have at least one disabled member of the household, the number being greater among rural households. The majority of them (64 percent) needed care which is provided by the members of the households. From this group, 52 per cent need continuous care, though this figure is higher in rural areas (61 per cent). Most importantly for this category of people, the survey found that, despite receiving care from members of their household, only 2 per cent actually received the care they need. The survey found also that the coefficient of dependency of a care-giver to a care-receiver is 1.5:1, though in this calculation the quality of service provided is not taken into account.

3) Recipients of social assistance are likely to be socially excluded. Coefficient of exclusion is among the highest when the period of social assistance benefit is longer than 4 years, which means that the household may stay permanently under social assistance, because of the inactivity and the lack of interest. Another meaningful finding is the relationship between the group of age of households’ members and social exclusion. Social groups composed mainly of young members from 0 to 14 years old are likely to stay permanently under social assistance benefit because of the exclusion from the labor market. Level of education has also a considerable impact on exclusion, confirming that either illiterate or low level educated groups’ members are not competitive in the labor market.

4) Monthly amount of social assistance benefit is insufficient to cover basic social needs of the household. The survey showed that almost all households do not met their social cultural needs, needs for training and education, housing, furniture, maintenance, etc. (respectively, 98, 81 and 76 per cent), while 80 per cent cannot cover their basic needs for food and beverage. The amount of benefit does not allow the recipients of social assistance to afford services that would create opportunities for them to go out of poverty, such as vocational and professional training or high level of education. Average number of services per household compared to the average number of services provided to households-recipients of social assistance is low.

5) The survey confirmed that there is the possibility of offering services through cash hand-outs or in kind, or both. 74 percent of the poor people consider the combination of services in cash and in kind as crucial for their re-integration into social environment. Among services, they reinforce the importance of support through micro credits, public works and support to education and training. They do see a crucial role played by local government or civil society, which unfortunately are either inexistent or very weak. That is why they look for solutions through personal contacts. This finding indicates that the poor people do not have any chance to develop social capital due to the incapability to participate and collaborate.

6) The survey provides information on the proportion of local public budget spending on social assistance compared to other social sectors and among households as well as the analysis of how the budget is divided among households at local level, emphasizing the fact that the decision making process is not based on situation analysis and information, due to the limited financial and institutional capacities.

7) The survey analysis the proportion of budget spent on poor children, providing additional information on the use of social assistance budget at the level of household. This analysis clearly demonstrates that the assistance provided to families is not sufficient to help children improve health, education and development services.

Based on the results of the analysis, 6 groups of households are identified:

**Group A:** Households who fully rely on economic assistance

In this group, the followed sub – groups are identified:

- Single parent's families with many children (more than two) in pre-school age
- Single parent's families with disabled children (more than one) in pre-school age
- Single parent's families with a disabled child in pre-school age
- Single parent families with one or two children in pre-school age
- Families with many children (more than two) in pre-school age
- Families with disabled children (more than one) in pre-school age
- Families with a disabled child in pre-school age
- Families with one or two children in pre-school age

**Group B:** Households who partially rely on economic assistance

- Single parent families with many children (more than two) in pre-school age
- Single parent families with disabled children (more than one) in pre-school age
- Single parent families with a disabled child in pre-school age
- Single parent families with one or two children in pre-school age
- Families with many children (more than two) in pre-school age
- Families with disabled children (more than one) in pre-school age
- Families with a disabled child in pre-school age
- Families with one or two children in pre-school age

Another classification is done based on the gap on incomes, namely the difference between the current level of household's income and the minimal standard of living. Two types of classification are used, depending on the number of households in each of the administrative units: 30<sup>11</sup>, 65 and 100 % or 50 and 100 %.

**Group C:** This group is composed of those families, whose incomes are above the minimal standard of living (the level of economic assistance benefit)<sup>12</sup>, but the source of income is retirement pension, unemployment benefit and /or disability allowance or. Within the group C, the above social categories (group A and B) are identified.

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<sup>11</sup> The percentage shows the gap between the two levels of income as per explanation above, e.g.: 30 % means that the incomes of the mentioned household are 30% below the minimal standard of living.

<sup>12</sup> For the purpose of this concept paper, it is suggested to consider as the minimal standard of living, the maximal level of economic assistance

**Group D:** This group is composed of those families, whose incomes are above the minimal standard of living (the level of economic assistance benefit), but the source of incomes is minimal wage and/or one of benefits from social schemes. Within the group D, the above social categories (group A and B) are identified.

**Group E:** This group is composed of those families, whose incomes are secured by minimal wages. Within the group E, the above social categories (group A and B) are identified.

**Group F:** This group is composed of those families, whose incomes are below two average wages. Within the group F, the above social categories (group A and B) are identified.

Providing the additional assistance or services to those families who are in more vulnerable situation, it has been recommended to respect the following rating:

- Single parent families with many children (more than two) in pre-school age
- Single parent families with disabled children (more than one) in pre-school age
- Single parent families with a disabled child in pre-school age
- Single parent families with one or two children in pre-school age
- Families with many children (more than two) in pre-school age
- Families with disabled children (more than one) in pre-school age
- Families with a disabled child in pre-school age
- Families with one or two children in pre-school age

## **VII - Conclusions and recommendations:**

According to Briggs<sup>13</sup>: The State of social welfare is a state in which the organized power of state is equally used, through policies and institutions, as an effort to alleviate the negative outcomes of market forces in three directions, firstly - providing a minimal standard of income to families and individuals, secondly- guarantying a level of security, especially in critical situation like sickness, retirement and unemployment and thirdly – providing quality social services to all citizens.

The establishment of the Albanian state of welfare was led by the “equity” and “social justice” approaches. Despite the similarities with other models, the Albanian model differs from them due to specific social and economic conditions of the last decade in the country. However, it should be emphasized that rather than being a “social welfare mechanism” it is an “economic tool”, which helps to alleviate social unrest. Data discussed in the previous parts reinforced the idea that the provision of social assistance is not based on the “need” but on the “possibility”. As such, this limitation narrows the scope of the support provided. Transforming the given economic assistance mechanism into a social protection one is a challenge.

Summarizing the observation, the one could conclude that the recipients of social assistance are the most vulnerable to social exclusion. They suffer from multiple social disadvantages because they lack access to basic standards of housing, education, health, human relationships and protection. Beyond straight forward economic poverty, the use of term social exclusion recognizes that the human rights of the individuals can be further threatened by the forced

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<sup>13</sup> “The welfare state in historical perspective” page 228

passivity of welfare, the inability to fulfil their basic potential and to build the kind of human relationships that lead to active citizenship.

It can be mentioned as well that the social protection mechanism while providing benefits fails in promoting people to be socially integrated. The policy of social protection, defined as the policy of ‘alleviation of social inequalities’ is not sufficient to promote the social development of Albanian society.

Considering the theoretical and practical arguments developed here, by no hesitation we can answer that “Albania was and still is in the need of developing the social protection mechanism”. From recent articles and studies, it is showed that the scholars still believe in the values of the state of welfare, although it is costly. “Welfare State needs to transform into welfare society, to guarantee the right to live in society, instead of the right to live”<sup>14</sup>. Albania as well needs to follow the same path. Social Assistance should transform into a mechanism that help institutions, networks, and organizations to interact as well as helps to join common efforts and actions towards alleviation of poverty and inequalities in income and capitals.

The social policies, institutional context as well as methodology should also adopt to the new role of social assistance mechanism. The social policies should transform from:

- policies focused on social groups into policies that are focused on economic and social needs/rights, particularly of children.
- economic policies, aimed at poverty alleviation into policies, aimed at social development
- passive policies of “ income support ” into active policies of “ income/revenue creation ”.

The implementation of the above mentioned principles requires either adjustment or formulation of new legislations. A new law on “Social Assistance and Care” is required to set out criteria for the provision of cash allowances and services for poor children. The reformed legal framework should also include the financial tools to facilitate the implementation of the new principles of social assistance mechanism, such as “Financial Decentralization of local government” and “Social Fund”.

Poverty assessment should be based on higher and more qualitative indicators, while regions should have the right to set out their local poverty level and minimal standard of living. The provision of social assistance benefit (in cash or services) should depend on the needs, while the eligibility criteria should be based on income and non income indicators.

All actors should participate in designing and implementing social policies, which means that the management of the mechanism should be totally decentralized. Strengthening collaboration with business, non government partners and communities, creating fertile ground for civil society to actively participate would promote the poor to be part of social development. It would also stimulate all forms of social interaction and encourages people to shift from their situation, serving as a tool to develop social capital, at least among the poorest strata.

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<sup>14</sup> Stefano Zamagni, Government and Social Welfare,