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ALBANIA'S EDUCATION SECTOR: PROBLEMS AND PROMISE*

Sue E. Berryman

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Human Development Sector Unit
Europe and Central Asia Region
World Bank

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ACRONYMS

GDP	Gross Domestic Product
LSMS	Living Standard Measurement Survey
MOES	Ministry of Education and Sciences
MOF	Ministry of Finance
MOLG	Ministry of Local Governments
MOLSA	Ministry of Labor and Social Affairs
OECD	Organisation of Economic Cooperation and Development
VET	Vocational education and training

EXECUTIVE SUMMARY

The objective of this paper is to give our clients the basis for dialogue with domestic groups, the Bank, and international donors about the strategic directions for improving Albania's educational services. It focuses on participation, equity, and quality; financing and efficiency; and governance, management, and accountability. It emphasizes the pretertiary education because the tertiary level, which differs significantly from pretertiary education in governance, management, and financing, requires special treatment. However, the statistical tables include all levels of education.

Key Issues

- Declines in enrollment rates have reduced the school expectancy for the average Albanian 6 year old by two years in one decade. Decreased enrollment rates in basic education account partly for the reduction in school expectancy, but the dramatic fall in upper secondary enrollment rates is the bigger culprit.
- Educational quality has slipped relative to 1989 standards and will become increasingly problematic as Albania's economy modernizes.
- After the basic education grades, enrollment rates are significantly lower for rural than for urban areas. Poverty is concentrated in rural areas, and family poverty depresses the demand for education. The supply and quality of educational services are also worse in rural areas, factors that further reduce demand. Rural populations are migrating to Albania's cities and peri-urban areas. Thus, schools in the cities and peri-urban areas have to deal with the effects of rural-urban differences in families' demand for education and the poorer quality of preparation that rural students bring with them.
- Government's low financing of education is undermining the sector. For example, in combination with poor initial construction and two country-wide episodes of school vandalism, virtually no preventive maintenance for schools has resulted in a seriously deteriorated infrastructure that will cost about $270 million to rehabilitate. However, in contrast to many other countries in the region, Albania is delivering efficient pretertiary education, as measured by the use of educational staff and infrastructure. The procurement of inputs such as textbooks and the organization of processes such as inservice training are inefficient.
- The governance of Albania's education sector is highly centralized and vulnerable to turbulence in its political leadership. Its management represents a major impediment to improving educational services. The state dominates the delivery of these services, undermining accountability to broader interests.

Participation, Equity, and Quality

Since the transition, gross enrollments rates have declined at all levels of education, except for higher education where fulltime participation rates have remained relatively flat and patttime rates have increased. Because of the foundational nature of basic education, declines at this level are of particular concern. Unless reversed, the severe decline in upper secondary enrollments will also ultimately hinder the economic development of Albania.

Decreasing enrollment rates are reflected in the number of years of full-time education (precluding preschool) that a 6-year-old child can, on average, expect to achieve over his or her life time. In 1989 school expectancy in Albania was 11.6 years; by 1998 it had dropped to 9.5 years—*an average loss of two years of schooling in about a decade.* By 1998 the average Albanian child could expect to complete 6 years less schooling than the average OECD child (15.4 years) and less than in other economies in transition.

Children from poor families, rural families, and probably families living in peri-urban areas have lower enrollment rates than children of non-poor families and urban families. Although there are slight differences in enrollment rates by gender, they are not significant.

Since the number of basic education schools increased across the decade—in total and in both rural and urban areas, supply does not seem to explain the decline in enrollment rates for basic education. Data from the 1996 Living Standard Measurement Survey (LSMS) identify two demand factors. Thirty-five percent of those Albanian students between 10 and 14 years of age who had left school did so for reasons related to inadequate family income. Almost a fifth had left because of perceived low educational quality.

Enrollment rates at the upper secondary level have declined the most dramatically, but the fall in rates is entirely attributable to declines in vocational/technical enrollments. The rates for academic upper secondary education have increased. The enrollment decline at the upper secondary level reflects both supply and demand factors. A sharply reduced supply of vocational education services was clearly a factor. Early in the 1990s Government closed large numbers of vocational schools (575 in 1990 versus 54 by 1998), leaving only one in rural areas.

Demand was also clearly a factor, *probit* analyses showing that urban residence and residence closer to a local center (both measures of work opportunities) and larger numbers of unqualified teachers in the district (a measure of educational quality) all significantly reduce upper secondary attendance. Analyses of the estimated returns to education show that private returns to basic education are relatively high and those to upper secondary education and tertiary education very low. Unemployment data show that although having completed tertiary education strongly reduces the probabilities of being unemployed, the probabilities for those who have completed upper secondary education are high and virtually the same as the rates for those who have completed basic education only. In other words, estimated returns to education and unemployment data suggest that investing in upper secondary education does not buy much. For both lower and upper secondary education, it appears that the lower the quality of education and the higher the opportunity costs of attending the school, the lower the probability of school attendance.

The acid test for educational quality is how students perform against appropriately set standards. However, Albania lacks learning standards, and thus far, there are no national or international assessments of student learning relative to standards. In the absence of direct measures of student achievements, assessments of inputs to teaching and learning, such as the curriculum, textbooks, and teachers, have to be used. These assessments reveal a grave picture, especially for rural areas. If the quality of educational inputs affects the quality of educational outcomes, current quality does not seem to meet even bare minimum standards, let alone standards that will ultimately be required by a modern economy.

Financing and Efficiency

Since the transition started in 1989, Albania has experienced significant declines in national income and in financial resources available for education. Except for the three years of 1990, 1991, and 1995, public spending on Albanian education as a share of GDP has steadily fallen, from 4 percent of GDP in 1989 to 2.7 percent in 1999, compared to an OECD average of 4.8 percent. In terms of spending on education as a share of total public spending, this indicator generally increased between 1990 and 1994, remained stable from 1995 to 1997, and then dropped in 1998 and 1999. In 2000 education as a percent of total public expenditures is projected to be 9.1 percent, in contrast to an OECD average of 12.6.

If enrollment profiles in Albania were similar to those of OECD countries and variables such as cost per student and school-age population are held constant, spending as a percentage of GDP in Albania would increase 1.6 percent in 1997. However, low educational spending in Albania is mainly determined by decreasing unit costs: enrollments have fallen, but spending on education has fallen faster, being 21 percent lower in real terms in 1998 than in 1990.

Spending per student by level of education reveals the implicit priorities of the government. In 1998 spending per child at the preschool level was 85 percent of the unit cost of a student at the basic education level. Spending per student for upper secondary school was 1.44 the cost at the basic level; for the tertiary level, it was 5.96 times higher than for basic education. Although costs per student customarily rise with the level of education, the relative differences are greater in Albania than elsewhere at the tertiary level. Even if parttime students are included, unit costs at the tertiary level are 4.07 times the unit cost at the basic level, as opposed to the average of 2.55 in OECD countries.

Since students from poor families are less likely to enroll in post-basic education, differences in per capita costs by level of education exacerbate the inevitably unequal distributions of public finance among families that have different expenditure levels. Analyses show that government spending is biased towards the poor at the basic level of education because far more poor children are enrolled in basic education than children from the upper income groups. At all other levels of education, higher income groups benefit disproportionally. For example, at the upper secondary and tertiary levels, the poorest 20 percent of the population received only 5 percent of public spending.

The relative shares of recurrent versus capital spending have remained fairly stable. Recurrent expenditures consume most of the education budget, with 83 percent going to staff compensation and the remaining 17 percent being divided fairly evenly among teaching materials, welfare services, maintenance, and scholarships. The percent of current expenditures going to salaries (83 percent) is higher in Albania than in several other countries in the region, where it averages only 66 percent of total current spending. However, the higher percent in Albania seems attributable to an education budget that is highly constrained, not to broad inefficiencies in the use of labor resources—administrators are paying for essential inputs (teachers) first, with other inputs only being purchased if money is left over.

The current tight fiscal constraint is not saving public money. It is transferring some costs to future and current generations. For example, negligible spending on school maintenance amounts to borrowing against the future at high rates of interest.

Labor seems to be used efficiently. Education employment as a share of total national employment was 4.2 percent by 1998, considerably below the average 5.4 percent for OECD countries in 1995. In 1998 the student/teacher ratio in Albania were above the

average for OECD countries at all levels. Teaching loads in Albania are comparable to those in developed economies, although other working conditions in Albanian schools are much worse. The price of labor has declined, the cost of a basic education teacher with 15 years of service being 35 percent above the public sector average in 1989 and 8 percent below that average in 1998.

The country's infrastructure is not being maintained, with the result that the estimated rehabilitation bill is now about $270 million. However, the physical plant is being adjusted to handle enrollment changes. Schools have been closed, the most dramatic declines being in rural areas. Classrooms have been closed, the number declining by 30 percent for all levels of education and most dramatically at the preschool and upper secondary levels. Since the number of classrooms declined so much in the 1990s, class size increased except in preschools despite the declining number of students, with class sizes, even in the rural areas, being, on average, relatively high. Multiple shifts are being used—obviously, more commonly in urban than in rural schools.

Governance, Management, and Accountability

The process of goal-setting is only beginning within the Ministry of Education and Sciences (MOES) and has yet to involve stakeholders outside of the Ministry. In the absence of the constraining effect of a broad consensus about a reform strategy, turbulence in the top political leadership disrupts efforts to improve the sector.

The management of the Albanian education sector is highly centralized. The center, in the form of the Council of Ministers, Ministry of Finance, the MOES, and their dependencies, the district finance offices and district education directorates, make almost all policy decisions, tendering and contract decisions, and disbursements. Local governments have very limited power; schools have less; and parents and communities primarily enter the process through private financing.

The management functions and powers in the education sector have not been rationalized. Against a fairly standard model for how functions should be distributed, Albania's distribution of powers is upside down. The center is implementing, not leading, with the understaffed Ministry choking on multiple routine decisions better made at district or school levels. The school level has virtually no control over decisions that directly affect its ability to deliver on its direct responsibility of teaching and learning.

Functions are missing. The Ministry is not leading the sector's improvement because it lacks the basic functions required to do so effectively. These functions include policy analysis, planning, financial management, mechanisms to frame and monitor reform initiatives, and consultative processes that create broad ownership of reform directions. As a result, "reform" of the sector has thus far amounted to scattered, poorly linked projects that add up to substantially less than the sum of their parts and that fail to represent a coherent attack on the sector's problems. It has been unduly vulnerable to donor preferences and to those of each new minister.

The center is not measuring and enforcing quality. It is not yet publishing information on the performance of the sector to give stakeholders appropriate comparisons. It is not taking policy responsibility for assuring educational fairness.

Resources are misaligned with responsibilities. For example, municipalities and communes are expected to pay for school maintenance out of their block grants that are completely inadequate to cover their fiscal responsibilities.

For Albanian education the state dominates what should be a checks-and-balance relationship among the private sector, the state, and players in the civic society, including beneficiaries. The private sector is a player—for example, as supplier of printing or construction services. However, the relationship between the state and the private sector is sometimes one of collusion more than one of checks and balances; the tendering process is not always transparent; specifications for the services or goods to be supplied are often not properly detailed; and the enforcement of contracts is uneven.

The third group in the accountability triangle—beneficiaries, users, other stakeholders—is very weak. These players perceive that they have little influence over the educational process, and the clan structure of Albania makes it difficult to organize them as an effective counterbalance to the state and the private sector.

Specifically, stakeholders largely view schools as institutions divorced from the "community" and functioning primarily as agents of the state. In this centralized structure, school "collectives," principals, and teachers have little autonomy or authority. Most school-level stakeholders feel they have very little voice in the education process and are convinced that all principals and parts of the teaching staff are decided by party or social group affiliation, rather than by professional qualifications. Parents lack voice in the education system. Schools do not serve any function in the community, except for educating the youth. At the same time, Albanian social structure makes it difficult to mobilize people to pursue common interests. Social relationships in Albania are structured around families, and the non-kin relationships that structure communities and civil society in other countries are relatively underdeveloped.

Policy Recommendations

The realities of Albania's education system suggest the following recommendations.

Improve Quality to Increase Enrollment Rates at Basic and Upper Secondary Levels

The decline in Albania's enrollment rates reflects demand and supply. On the demand side, enrollment rates are down because the perceived value of education has declined and the opportunity costs of schooling have risen. On the supply side, fiscal constraints have reduced the resources available to the sector to the point of undermining quality and possible improvements in quality that carry initial investment costs.

Government can affect both demand and supply. Enrollment is positively related to the perceived quality of education. To improve quality, focus on a major revision of the curriculum, textbooks, and teachers' knowledge and skills. Start with the curriculum: it defines the content of textbooks and the skills and knowledge that teachers need to teach the curriculum well.

If a curricular revision is to affect student learning, teachers have to be helped to modify their classroom practices to reflect the new curricula. However, Albania has no reliable system of inservice training. Based on an analysis of the tradeoffs among alternative models for organizing inservice training, the sector has to establish arrangements that can be used to help teachers integrate the new curricula and textbooks into their classroom practice.

Leverage Upper Secondary Enrollment Rates by Providing Vocational/Technical Services that Meet Certain Criteria

International evidence shows that completing high quality, upper secondary education is related to successful functioning in modern workplaces. The nature of Albania's upper secondary educational system and the low enrollment rates at this level will ultimately become choke points on the economic development of the country.

Upper secondary enrollment rates will only reverse significantly when a modern system of vocational/technical education is introduced. For almost a decade Albanians have had an upper secondary system that has been limited *de facto* to the academic track. Although academic enrollments increased during the 1990s, total enrollment rates at this level are still about 40 percentage points below their 1989 level. Albanians are voting with their feet. The evidence is that, given the poverty levels in Albania, families are looking for education that gives their children marketable skills.

Tradeoffs among four models for invigorating VET have been evaluated (Lamoreux 1999). On the basis of specified criteria, the analysis recommends the unified, decentralized model for Albania. This model provides the flexibility required to respond to market demand, allows the use of decentralized, corporate-style management, and maximizes revenue generation and minimizes public costs.

Although Albanian parents are seeking market-relevant programs, it will ultimately be upper secondary programs that *integrate* the development of academic and vocational skills that will best position vocational students for the marketplace. Whichever governance, management, and financing model is ultimately selected, VET programs must strengthen students' foundation skills in the context of learning marketable skills.

Consider a Multi-Sectoral Rural Strategy to Counter Urban-Rural Differences in Educational Opportunities

Educational inequities are primarily organized around urban versus rural locations. The poor are concentrated in rural areas, and even the non-poor in rural areas have lower quality and fewer educational services.

The first issue for Albania's Government is its rural policy. Internal migration from rural to urban and peri-urban areas and immigration to other nations is rapidly altering the viability of whole villages, including their schools. Does Government want to slow the flow of migrants from rural areas into peri-urban and urban areas? Does it want to ensure that families that do migrate to the cities are better able to function in the urban economy and urban institutions, such as the schools?

If so, Government has to implement a multi-sectoral strategy for rural areas. The role for the education sector in such a strategy is to identify those factors most determinate of rural-urban differences in educational access and quality, such as improving the roads so that small villages that cannot attract qualified teachers can consolidate their small schools into a fewer larger schools with better teachers.

Spend More Money on Education

The root causes of the grave state of Albania's education system are its financing, governance, management, and accountability. Past experience with the sector has shown that a failure to improve these dimensions condemns efforts to improve the teaching and learning process.

Education spending has been limited to the bare essentials, at the expense of important needs that have no immediate return such as maintenance and teacher training. This fiscal policy degrades the value of physical assets, human capital, educational quality, and the demand for education that is sensitive to quality. It does not produce savings. Inadequate public spending simply increases private costs for participating in education and shifts long-run costs, such as school rehabilitation, to future generations.

To contain costs while adjusting to declining enrollments, the education sector in the 1990s allowed teachers' salaries to deteriorate and reduced the number of teachers, the number of classes, and the number of schools. There is little room to reduce these costs further. There is room to increase cost recovery at the tertiary level *if* schemes such as scholarships are introduced to protect the access of poor students to this level of education. The net savings to the public budget would depend on student fee levels and the costs of subsidizing poor students.

Analyses show the costs to the public budget of increasing the financing of education under different assumptions. The analysis works with different spending scenarios: a "base" scenario and two "target scenarios". All scenarios assume three percent annual real growth in GDP and zero (or netted out) inflation. The model includes only recurrent expenditures; capital expenditures have to be considered separately.

The base scenario assumes the increase in salaries for public sector workers announced in April 1999 (17 percent increase in teachers' salaries and 10 percent increase in non-teaching staff's salaries). It assumes unchanged enrollment rates and real spending per student.

The first "target scenario" assumes higher enrollment rates. Its targets are: a) universal participation in basic education by 2005; and b) an increase in the enrollment rate for upper secondary and tertiary education that by 2010 would cut in half the enrollment gap between Albania and the OECD average. It assumes no change in preschool enrollment rates.

The second "target scenario" assumes increased nonsalary spending that rises to match the average share of non-salary expenditures in the European transition economies—a conservative assumption, since several of these countries are constricting nonsalary expenditures in the same ways as Albania.

The budget implications are as follows:

- An annual 0.30 percent of GDP for a 17 percent salary increase of teachers and 10 percent salary increase for non-teaching staff.
- An annual 0.59 percent of GDP by the year 2010, assuming specified increases in enrollment rates.
- An annual 0.65 percent of GDP in the initial year for increased nonsalary spending (for example, teaching materials, maintenance, and scholarships).

Even when these projected increases are combined, Albanian recurrent spending on education as a share of GDP stays below the comparable share in developed economies.

To Stabilize the Reform of the Sector, Base it on a Broad Consensus

The MOES needs to break the long tradition of public non-involvement in education by collaborating closely with stakeholders to set reform priorities and develop the details of education improvement programs. A broad ownership of the reform strategy for the sector will constrain the effects of turbulent political leadership.

More Money for Education Should be Contingent on Better Management

The MOES is not structured to design, implement, and sustain improvement. The Ministry lacks the policy analysis, policy planning, financial management, program planning and monitoring, and consultative processes required to construct a strategy that will be credible to those it affects, to those who have to implement it, and to the MOF and international parties that might fund its implementation. As a result, the Ministry has been unable to provide reform leadership for the sector.

Reallocate functions among levels of government. A model for allocating functions among the center, local or district governments, and the school is proposed. There are two main principles for this reallocation. One is to "open up space" for the center to lead by allocating routine decisionmaking to local and school levels. The second is to ensure that schools control decisions that directly affect their ability to deliver on the teaching and learning responsibilities for which they are held accountable.

Restructure the Ministry. To lead, the MOES not only has to shift routine decisions to local or school levels. It also needs to create and vitalize those organizational structures found in any modern ministry. These include:

- a policymaking body consisting of deputy ministers and department heads that acts as the forum for setting reform priorities that are then presented to the Minister for final decision;
- a technical secretariat that conducts functions needed to support the policymaking body. These functions include statistical and policy analyses, planning, costing of policy alternatives, program designs, and implementation monitoring.

Increase Transparency and Accountability at all Stages of the Reform Process

All stages of the reform process should be designed in close collaboration with stakeholders in order to build trust in a society characterized by endemic suspicions of outsiders. For example, students and parents tend to explain grades, university admission, and other forms of evaluation by claiming that favoritism or prejudice occurred. Since perceptions are as important as reality, it is not only important that transparency and accountability exist, but they must be seen to exist, to counter prevailing tendencies to explain events in terms of corrupt activities, even when corruption has not in fact been occurred. In this context, several steps should be taken:

- Staffing of education positions should be professionalized and depoliticized by publishing hiring criteria based on skills and knowledge, advertising jobs, opening the hiring process to greater scrutiny, and basing dismissals on clear evidence of incompetence or malfeasance.

- Credible information on the performance of the sector should be publicly available. Reform projects should include mechanisms for continuous information-sharing. These can be in the form of brief newsletters, local press releases, radio and TV discussions, posting of announcements, and/or public meetings.

- Curricula should be depoliticized by creating committees of subject matter professionals that lead broad consensus-building exercises to produce a balanced treatment of contentious issues.

- Parent-teacher councils, parent boards, and student governments should be encouraged, but in ways that respect what parents, students, and other stakeholders think appropriate and desirable. This encouragement should therefore build on the experience of what is already working in Albania, rather than importing models of good parent-teacher relationships from very different countries.

- To track the success of efforts to improve the governance and accountability of the system, the MOES should monitor variables such as:

    - Inequities in the quality of educational services; school performance as evaluated through national assessments of achievement;
    - forms and degree of community and parental involvement;
    - the sense of ownership and satisfaction or dissatisfaction among stakeholders; and
    - transparency through brief public surveys of stakeholders.

INTRODUCTION

The objective of this paper is to give our clients the basis for dialogue with domestic groups, the Bank, and international donors about the strategic directions for improving Albania's educational services. It reflects the Bank's understanding of the sector, and based on that understanding and our international experience, argues for certain priorities and strategies for the sector. However, these recommendations are subject to debate and discussion.

This paper focuses on the pretertiary level, although the statistical tables and figures include all levels of education. The tertiary level differs significantly from pretertiary education on issues such as governance, management, and financing and requires special treatment.

The paper has four chapters. The first focuses on participation, equity, and quality; the second, on financing and efficiency; and the third, on governance, management, and accountability. On the basis of the data and analyses of these chapters, chapter 4 discusses priorities and strategies for improving the sector.

This paper relies heavily on four background papers that, in agreement with Albania's Ministry of Education and Sciences, were specially commissioned for this sector analysis. It draws so heavily on the analyses and data of these papers that a blanket acknowledgement, rather than continual citations, is the more appropriate way to convey credit. These papers are:

- "Efficiency, Equity, and the Fiscal Impact of Education in Albanian Education" (Palomba and Vodopivec 2000)
- "Education in Albania: Changing Attitudes and Expectations" (Dudwick and Shariari. 2000)
- "Issues and Challenges in Education Governance" (Duthilleul, Hoxha, Llambi, Gjermani, Kokomori, and Kita 1999)
- "Restructuring Alternatives for Albania's VET Subsector." Volumes 1 and 2 (Lamoureux. 1999)

The paper on vocational education and training (VET) differs from the others in that its primary purpose was policy analysis, costing of alternatives, and policy recommendations. The Ministry of Education and Sciences and other leaders in Government were concerned about the effects on upper secondary enrollments of a dramatically reduced supply of VET services. Since VET are easily badly designed and very costly, Government, the donors, and the Bank felt that an analysis that laid out alternative models, their relative costs , and their advantages and disadvantages from the vantage point of international experience and the Albanian context would help Albania clarify a policy direction.

In addition to papers specifically commissioned for the sector work, two others were extremely helpful:

- "Poverty, the Labor Market, and Public Programs: Household Welfare in Pre-Crisis Albania." (Rashid and Dorabawila.1999); and .
- "Multiple Reports on Rural Education in Mirdita" (Clarissa De Waal., 1999).

1 PARTICIPATION, EQUITY, AND QUALITY[1]

Albania started the transition from a base of significant accomplishments in education: almost universal literacy, universal enrollment in basic education (grades 1-8), and high enrollments in upper secondary education. Although access to education and to educational quality were not equally distributed among population subgroups, the variations among subgroups in access and quality were relatively muted. Educational quality was defined relative to the needs of a planned economy and the ideology of a socialist state. Compressed wage scales that reflected ideology, not variations in human capital, rendered the concept of returns to education irrelevant as a basis for family and individuals' educational choices.

Has Albania Maintained its 1989 Levels of Participation in Education?

Albania entered the transition with high levels of participation at all levels of education. In 1990, 906,000 students were registered, or about 73 percent of the school-age population (3 to 22 years of age). Gross enrollment rates[2] in Albania were almost 60 percent for pre-primary education, above 100 percent for basic education, and about 80 percent for upper secondary education. Except for tertiary education, enrollment rates in Albania were generally higher than those in other planned economies in the region, especially when compared with the country's immediate neighbors of the Federal Republic of Yugoslavia and the Republic of Macedonia. The 1996 Living Standard Measurement Survey found almost no illiteracy in Albania and that about 45 percent of the population aged 25 to 35 had at least an upper secondary education degree (Rashid and Dabarawila, 1999).

Since the transition, gross enrollments rates have declined at all levels of education, except for higher education where fulltime participation rates have remained relatively flat and patttime rates have increased. (See figure 1.1.) The declines in basic education enrollments are of particular concern—basic education is called "basic" for a reason: it constitutes the foundation for all future learning. The severe decline in upper secondary enrollments, unless reversed, will ultimately hinder the economic development of Albania for reasons discussed below.

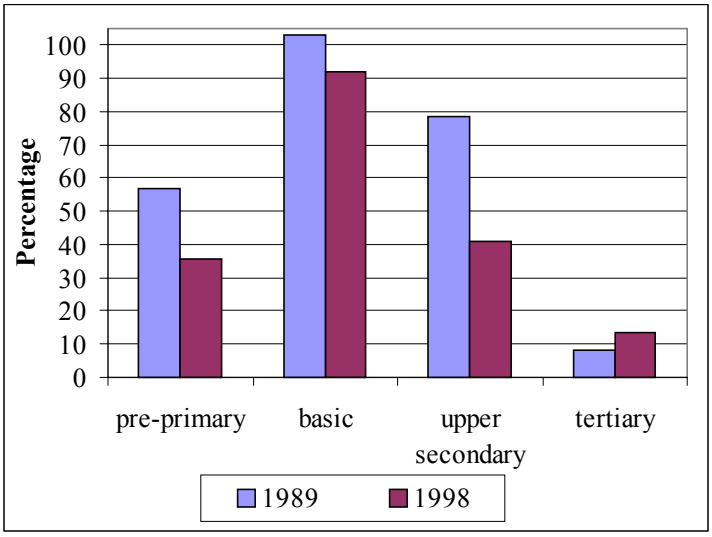
[1] This chapter relies heavily on the papers of Palomba and Vodopivec (2000), Dudwick and Shariari (2000), Duthilleul, Hoxha, Llambi, Gjermani, Kokomori, and Kita (1999), Rashid and Dorabawila (1999), and De Waal (1999).

[2] This document uses gross enrollment rates. The *net enrollment rate* is the number of children in a specified age group enrolled at a given level of education, divided by the total number of children in that age group in the general population. The *gross enrollment rate* is the number of children, regardless of age, enrolled at a given level of education, divided by the total number of children in the age group specified for that level of education. Calculating accurate enrollment rates requires reliable estimates of age cohorts. In Albania population estimates have to be treated cautiously: the last census was in 1989; legal and illegal immigration rates seem to be significant; and fertility behaviors have changed since the transition.

What is the "School Expectancy" for the Average Albanian Child?

These declines in enrollments are reflected in a lower "school expectancy" for new cohorts.[3] This is the number of years of full-time education that a 6-year-old child can, on average, expect over his or her life time. School expectancy in Albania in1989 was 11.6 years; by 1998, it had dropped to 9.5 years—*an average loss of two years of schooling in about a decade.* By 1998 the average Albanian child could expect to complete 6 years less schooling than the average school expectancy for OECD countries of 15.4 years and less than in other economies in transition—for example, the Czech Republic (14.4 years), Hungary (13.9 years), or Poland (14.8 years).

Figure 1.1 Enrollment Rates Have Declined at Most Levels of Education (1989-1998)



Note: tertiary enrollment rates include both fulltime and parttime enrollees.
Source: Palomba and Vodopivec 2000, tables 2.4, 2.5, and 2.9.

Do Participation Rates Now Vary among Subgroups?

Children of poor families, rural families, and probably families living in peri-urban areas have lower enrollment rates than children of non-poor families and urban families. Although there are slight differences in enrollment rates by gender, they are not significant.

Poverty reduces enrollments. As table 1.1 shows, children from poor families have below-average enrollment rates after basic education, especially at the upper secondary level (Rashid and Dorabawila 1999). Poor families, although even willing to borrow money, have trouble paying for their children's school supplies, especially textbooks and especially if they have more than one child in school simultaneously. They cannot finance the private tutoring that is becoming necessary for their children to gain access to

[3] Calculations of school expectancy rates are based on the primary, lower secondary, upper secondary, and tertiary levels of education. They exclude preschool.

universities. Even if their children do gain a university place, they cannot afford the formal and informal costs of university (Dudwick and Shahriari 2000).

Table 1.1 Gross Enrollment Rates by Educational Level, Gender and Expenditure Quintile Group

Total per capita expenditure quintile	Basic education		Secondary education		Tertiary education	
	Male	Female	Male	Female	Male	Female
Lowest	87.7	99.9	11.9	9.0	1.2	2.2
Second	104.9	90.9	24.5	47.2	2.6	2.4
Third	95.3	96.8	27.6	57.8	1.5	8.0
Fourth	93.6	109.8	29.4	25.9	3.4	2.8
Top	101.0	84.5	59.4	60.6	6.6	3.2
Total	95.3	97.4	30.0	38.3	3.3	3.7

Source: Rashid and Dorabawila 1999, table 4.1

Living in rural areas affects enrollments. Enrollment *numbers* have declined more steeply between 1989 and 1998 in rural than in urban areas, except for the preschool level and especially at the upper secondary and tertiary levels. Given out-of-date census statistics (1989) and poorly measured (but substantial) migration from rural to urban areas, differences between the two areas in gross enrollment *rates* cannot be calculated.

However, analyses of the 1996 Albania Living Standards and Measurement Survey (LSMS), although it excluded Tirana, provide some estimates of the effects of rural location on enrollment. Table 1.2 shows no patterned relationship between rural versus urban location on enrollment rates in basic education. However, rural areas have much lower enrollment rates than urban areas at the upper secondary and tertiary levels. Although about 90 percent of the poor live in rural areas (Rashid and Dorabawila 1999), the controls in table 1.2 for expenditure quintile reveal an independent effect of rural residence on enrollments.

Table 1. 2 Gross Enrollment Rates by Urban/Rural Residence, Gender and Expenditure Quintile Group

Total per capita expenditure quintile	**Basic education**		**Secondary education**		**Tertiary education**	
	Urban	**Rural**	**Urban**	**Rural**	**Urban**	**Rural**
Lowest	74.0	96.1	20.3	9.6	18.7	0.9
Second	102.3	94.8	47.6	28.6	6.6	0.9
Third	90.0	99.3	62.7	30.5	7.5	2.7
Fourth	104.9	98.2	42.6	13.2	5.8	1.3
Top	101.1	84.8	75.7	36.4	11.2	0.0
Total	96.8	96.1	57.0	21.2	8.3	1.1

Source: Rashid and Dorabawila 1999, table 4.2

A peri-urban location probably affects enrollments. Peri-urban areas are predicted to have below-average enrollment rates. They are being peopled by families from rural areas—especially from the impoverished northeast—whose children have much weaker

academic preparation than their urban counterparts. Urban residents regard these migrants with disdain and fear. They are felt to bring with them their traditions of blood feuds. Their youth are seen as violent, and, if still enrolled in school, as aggressively disruptive in the classroom. However, the data on the peri-urban areas are still too fragmentary to assess the nature, distribution, and severity of educational access and quality problems in these areas for the different populations of migrants peopling them.

Gender does not materially affect enrollments. It was expected that a possible re-emergence of traditional values and the incidence of violence might constrain girls' participation in school. However, the analyses show that gender is not a factor in participation at pre-tertiary levels. Although participation rates have dropped during the 1990s at all pre-tertiary levels, males and females show approximately equal declines. At the same time, the reasons for these declines differ by gender. At the tertiary level female participation *exceeds* that of male participation.

Why Have Enrollment Rates Been Declining?

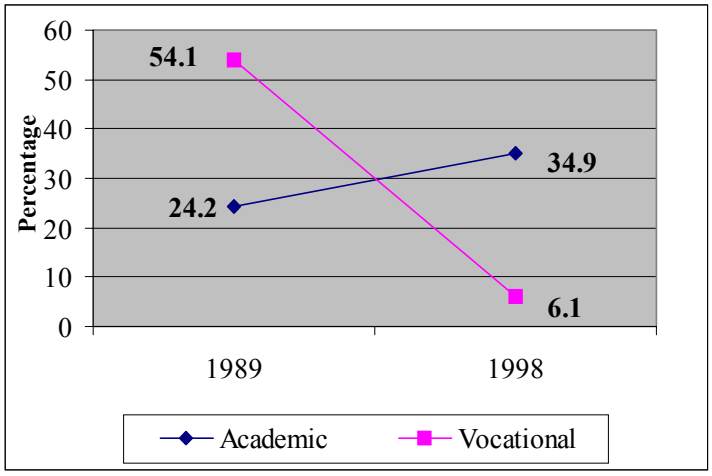
Preschool . The decline in preschool enrollment rates reflect changes in the supply and demand for educational services. Certainly the supply of services has decreased: the number of preschools declined 30 percent between 1989 and 1998, the decline being greater in the rural than in the urban areas. Higher unemployment rates, especially of women, have probably reduced the demand for preschool services.

Basic education. Since the number of basic education schools increased across the decade—in total and in both rural and urban areas, supply does not seem to explain the decline in enrollment rates for basic education. Data from the 1996 Living Standard Measurement Survey (LSMS) identify two demand factors. The survey found that 35 percent of those Albanian students between 10 and 14 years of age who had left school did so for reasons related to inadequate family income. Almost a fifth had left because of perceived low educational quality.

Upper secondary education. Enrollment rates for upper secondary schools have declined the most dramatically, but the change has not been the same for all types of schooling. Enrollment rates for academic (general) secondary education *increased* from 24.4 percent in 1989 to 34.9 percent in 1998; enrollment rates for vocational/technical education plummeted during this time period. (See figure 1.2.)

Although figure 1.2 shows that if enrolled in upper secondary education, the student was more apt to select the academic track, the bigger story is the total decline in the upper secondary enrollment rate. By 1998 a much larger share of the cohort at the ages for upper secondary education had opted out of school altogether than had selected the academic track, resulting in the observed decline from a 78.6 percent enrollment rate in 1989 to a 41 percent rate in 1998. Most of this decline occurred in rural areas, where the majority of agricultural vocational schools were located. Relative rural enrollment fell from 60 percent in 1990 to only 30 percent in 1998, but it fell much more for rural vocational schools: from 49 percent in 1990 to only 2 percent in 1998.

Figure 1.2 Declines in Vocational Upper Secondary Enrollment Rates Account Entirely for the Overall Decline in Upper Secondary Enrollment Rates (1989-1998)



Source: Palomba and Vodopivec 2000, tables 2.6 and 2.7.

The enrollment decline at the upper secondary level reflects both supply and demand factors. A sharply reduced supply of vocational education services was clearly a factor. Early in the 1990s Government closed large numbers of vocational schools (575 in 1990 versus 54 by 1998), reducing the 1998 supply to less than 10 percent of the 1990 supply. Many of these were agricultural schools judged to be of low value. By 1998 the rural areas had only one vocational school; the urban areas, 53.

Demand is also clearly a factor, as indicated by *probit* analyses of upper secondary attendance, estimated returns to education, and unemployment rates by educational level.[4] Using data from the 1996 Employment and Welfare Survey for Albania, the *probit* model assesses the opportunity costs of attending upper secondary education by estimating:

- work opportunities (living in an urban area or being closer to the center of a commune were both assumed to increase job possibilities);
- the perceived value of schooling (a larger number of unqualified teachers in the district was assumed to reduce educational quality and therefore the perceived value of attending school); and
- other variables that in analyses for other countries have been shown to affect school attendance, such as parental education.

Results show that urban residence, residence closer to a local center, and larger numbers of unqualified teachers in the district all significantly reduce upper secondary attendance.

Analyses of the estimated returns to education show that private returns to basic education are relatively high (13-16 percent, depending on the estimation method). The returns to upper secondary education and tertiary education are very low (2-4 percent and about 2.5 percent, respectively). (See annex table A15.) Since data on unemployment by

[4] See Palomba and Vodopivec (2000) for details on the specification of and results for the *probit* model and the methodology used in calculating private and social rates of return to different levels of education.

education level are for registered unemployment only, they have to be treated cautiously. Within these limits, the data show that although having completed tertiary education strongly reduces the probabilities of being unemployed, the probabilities for those who have completed upper secondary education are very high and virtually the same as the rates for those who have completed basic education only.

In other words, estimated returns to education and unemployment data suggest that investing in upper secondary education does not buy much. Although youth and their families will not know precise estimates of returns to different levels of education or unemployment rates by educational level, they can be expected to sense the broad payoffs to investments in upper secondary education and to choose accordingly.

If a student decides to enroll in upper secondary education, the increased probability that the student will select the academic track seems understandable. The economic transition in Albania, as in other countries, has been associated with increasing uncertainty about future jobs, which raises the relative risk of pursuing highly specialized vocational degrees. In other words, the shift from vocational to general education may be a predictable response to unpredictability: it is an attempt to reduce risk and to increase expected income.

Tertiary education (university and high or non-university schools). In contrast to the other levels of education, enrollment rates at the tertiary level have not declined across the last decade. Although the enrollment rates for fulltime students are flat, enrollment rates for parttime students have increased substantially. In 1990 part-time students represented only 20 percent of enrollment in tertiary institutions, but by 1998 almost half of the students registered at the tertiary level were registered parttime. Taking fulltime and parttime students together, the tertiary gross enrollment rate is 13.3 percent, as against 6.9 percent for fulltime students only.

Increases in parttime enrollments may reflect at least two factors. One may be the inability of the tertiary system to attract more fulltime students because it has had neither the strategic autonomy nor the resources required to adapt aggressively to changes in market demand. A second factor may be that parttime enrollment is a rational response to the risk of investing time and resources in fulltime higher education when returns to that investment are uncertain.

Educational Quality

Lying behind the discussion of declining participation at the pretertiary levels is the issue of educational quality. The research, such as Hanushek and Lavy (1994), shows that students attending schools of poor quality are much less likely to remain in school than students in good schools The *probit* analyses for Albania showed that quality, as measured by the percent of unqualified teachers, reduced enrollments. Low educational quality increases the attractiveness of alternative uses of time, such as work, by increasing the opportunity costs of attending school.

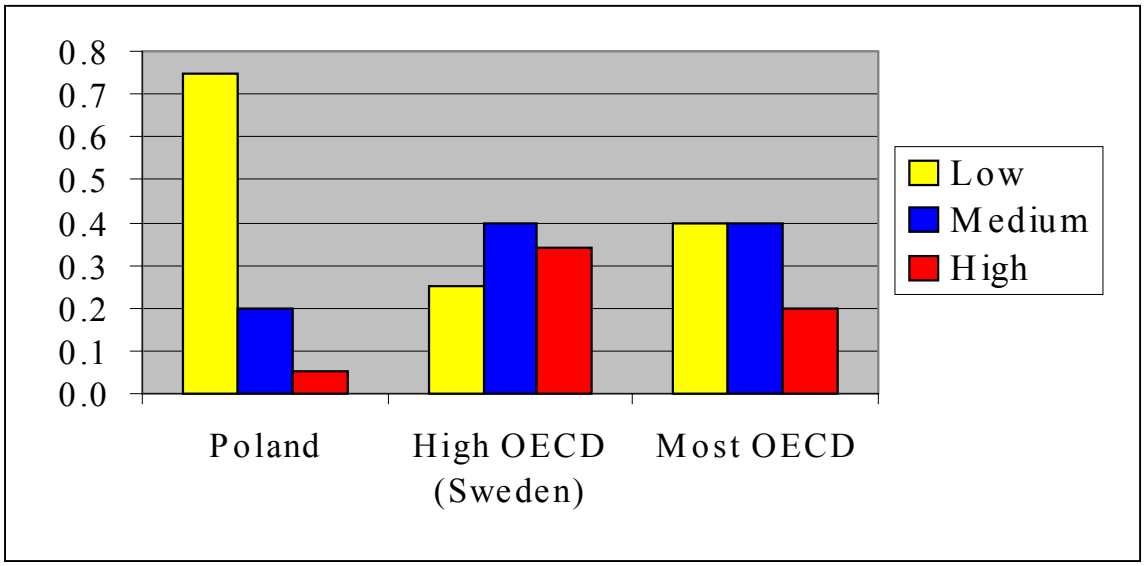
Educational quality is not an absolute, but is defined relative to the skills, knowledge, and values that position individuals to participate fully in a country's economy and civic society. Albania has not established learning standards, and the question is what those standards should be, given Albania's economic and political trajectory.

Evidence emerging from the OECD *International Adult Literacy Survey* (IALS) suggests that the education systems of the ECA region are a poor fit with modern

economies. The IALS defines literacy as the information-processing skills that adults need to perform school tasks encountered at work, at home, or in the community.

The IALS measures the individual's capacities to apply knowledge to solve problems often not previously encountered. It does not measure the individual's retention of specific information or ability to use that information in academically structured problems. In other words, it measures the individual's flexible application of knowledge and skill. A strength of ECA education systems—memorization and other forms of rote learning—does not position individuals well for the cognitive flexibility required by modern economies. Although only four countries in the ECA region have thus far participated in the IALS (Poland in the first round and three other countries in Central Europe in the second round), these countries are among the closest to accession to the European Union. The fact that Poland and two of the other three countries performed poorly on the IALS implies the need to redefine "quality" for ECA education systems. (See figure 1.3 for Poland.)

Figure 1.3 Percentage of 16–65 Year Olds who Test at Low Literacy Levels (1994–95)



Source: OECD (1997).

The IALS finds that, in general, individuals need to achieve level 3 on the *Survey*'s five point literacy scales to function effectively in a modern workplace. ("Low" in figure 1.3 is defined as levels 1 and 2.) Achieving this level is associated with having completed upper secondary education, although how these years of schooling are used determines whether they result in the acquisition of the skills and knowledge needed in modern workplaces.[5] It is for this reason that Albania's significant decline in its upper secondary enrollments is so troubling.

[5] For example, Poland's 25–64 year old population had a *higher* proportion that had completed upper secondary education than had eight out of the other 11 countries that participated in the IALS. Thus, the differences in the tested skills of Polish workers and workers in the OECD countries that participated in the IALS did not lie with the *quantity* of education that Poles had completed.

The analyses of returns to education for Albania indicate that the economy has not yet matured to that point where employers need higher levels of skill and knowledge. As Albania becomes a full-blown market economy and integrates into the global economy, employers will demand different and higher levels of skills and knowledge, altering the standards that Albania's education system must meet. In their *Transition Report* the European Bank for Reconstruction and Development (EBRD) scores economies of the ECA region on variables that measure their progress toward a market economy and integration into the global economy.[6] Scores range from 1 to 4+ for each variable, with 4+ representing Western standards. Averaging Albania's scores on these variables for 1999 yields a 2.53 average that is among the lowest in the region, only Belarus, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan being lower.

In other words, Albania still has to travel a substantial distance before its schools will have to change their learning goals for students dramatically. However, international experience shows that restructuring education systems to the point where they produce different skills and knowledge is very hard and very slow. Albania's educators need to start this long journey now, and it is against standards that will ultimately have to prevail that Albania's educational quality is judged.

The acid test for quality is how students perform against appropriately set standards. However, Albania lacks learning standards and learning assessments against those standards. It has not participated in any of the several international assessments of skill and knowledge, such as the Third International Mathematics and Science Study or the IALS.

In the absence of direct measures of student achievements, assessments of inputs to teaching and learning have to be used (see table 1.1). Basic inputs include curriculum and learning standards; examinations and learning assessments aligned with learning standards; textbooks and teacher guides; learning materials such as maps, equipment and laboratories for science, computer, and foreign language instruction, and libraries; the skills, knowledge, and motivation of teachers and school directors; class sizes; infrastructure; the protection of teachers and students from violence in the school and in transit between school and home; and students themselves—their enrollment and attendance rates and engagement with learning.

Table 1.3 assesses the status of inputs to the system in general and for urban versus rural areas. Analyses (Palomba and Vodopivec 2000, Dudwick and Shahriari 2000, De Waal, 1999) show that the most pervasive variations in quality in the system are organized around differences between urban and rural locations. If the quality of educational inputs affects the quality of educational outcomes, this table paints a sobering picture of educational quality against standards even more modest than will ultimately be required by a modern economy. Inputs now are below quite low standards, and the sector has almost no mechanisms, such as a vigorous system of inservice training, that can be used to alter the quality of inputs.

[6] These variables include the private sector share of GDP, privatization of large-scale and small-scale enterprises, enterprise restructuring, price liberalization, trade and foreign exchange, competition policy, banking reform and interest rate liberalization, securities exchange and non-bank financial institutions, and extensiveness and effectiveness of legal rules on investment.

Table 1.3 Assessment of Inputs to Teaching and Learning

Required Inputs	Status of Inputs	Urban *versus* Rural Differences
Curriculum and learning standards	1. There are no nationally agreed learning standards. 2. There is no curricular choice at local or school levels 3. The curriculum lacks courses key to emerging opportunities, such as foreign languages and computer science, or if these subjects are taught, they are taught only abstractly because of a lack of language and computer laboratories 4. There is a jarring discontinuity between the curricula for the lower secondary grades and the curricula for the upper secondary grades 5. A content analysis of the textbooks shows that the curriculum still reflects several of the educational and ideological assumptions of the pre-transition era. 6. Whichever party is in power (Socialist or Democratic, for example) tends rewrites the history and literature curricula and textbooks.	
Measures of student learning against learning standards for purposes of assessing the performance of the system	These measures do not yet exist, although a Ministry unit is now training to be able to construct, administer, and evaluate learning assessments, starting with grade 4.	
Fair examinations for purposes of selecting students for entry into the next grade or from upper secondary school to the university	Except for the university entrance examination, these do not yet exist. Examinations have been prepared and administered by teachers to their classes, making them non-comparable across teachers for the same grade or across time for the same teacher. The examination process has also invited corruption in the form of bribes to teachers for good grades or tutoring by teachers to raise the grade. A Ministry unit is now training to prepare and administer fair examinations at all required levels.	

Table 1. 3 Assessment of Inputs to Teaching and Learning *(cont.)*

Required Inputs	**Status of Inputs**	**Urban *versus* Rural Differences**
Textbooks and teacher guides	1. Official ideology has been stripped out of textbooks. However, social science and humanities textbooks remain subject to party-related pressures to promote one or another interpretation of history and society 2. Textbooks, especially in advanced mathematics, history, chemistry and philosophy, are overburdened with theory 3. Explanations and interpretations are presented as "facts" 4. Concepts are not defined clearly, and lessons are not logically linked together. 5. Books are printed on poor quality paper, resulting in blurred or barely visible illustrations and graphs 6. Poor binding means that books fall apart quickly 7. Poor quality control means that textbooks can be distributed with whole sections missing 8. There are no teacher guides.	1. The textbook distribution system is less effective in rural than in urban areas, villages often depending on ad hoc strategies to get the textbooks from urban centers to the village. 2. Families in rural areas are, on average, poorer than urban families and have more children in school. Parents go to great lengths to try to purchase textbooks—for example, by borrowing money. In cases where they cannot afford to buy them, their children try to share textbooks with friends.
Teaching materials; science, foreign language, and computer equipment and laboratories; libraries	Vandalism of 1991 and 1997 stripped most schools of the equipment and learning materials inherited from the pre-transition period. In general, these goods have not been replaced or upgraded.	Rural schools have fewer teaching materials and less equipment than urban schools.

Table 1. 3 Assessment of Inputs to Teaching and Learning *(cont.)*

Required Inputs	Status of Inputs	Urban *versus* Rural Differences
Skilled and knowledgeable teachers	Students report memorization and recollection of facts, not inquiry, as the modal pedagogy. A survey of Albanian eighth grade students found that of the average of 2.9 hours spent per day on homework, almost 50 percent was spent on memorization (Palomba and Vodopivec 2000).	
	Students report that teachers cannot be questioned. They find both older and younger teachers authoritarian and harsh and are afraid of them.	Rural students report that urban teachers see rural students as poorly prepared. They hold these students to low standards and pass them regardless of what they have learned.
	There is virtually no system of effective in-service training.	
	Teachers are neither hired nor promoted on the basis of assessments of their subject matter knowledge and teaching practice	
	Although data for 1995/96-1997/98 show no decline in the percent of teachers with higher education, 22 percent of teachers at all levels are unqualified. At the lower secondary level this percent increases to 33.	Mandatory work assignments of qualified teachers to rural schools ended with the transition. Rural areas have a much smaller percent of teachers with higher education than urban areas, especially at the basic education level: 44 versus 70 percent in 1998. As an incentive to work in rural areas, Albanian teachers can earn a bonus of up to 30 percent. Nonetheless, villages with no access to a road attract qualified teachers only with great difficulty—teachers may have to walk for 1.5-2 miles in hard terrain to reach the school. School inspectors confirm that many teachers in rural and remote village schools lack both subject matter knowledge and pedagogic skill.

Table 1. 3 Assessment of Inputs to Teaching and Learning *(cont.)*

Required Inputs	Status of Inputs	Urban *versus* Rural Differences
Motivated teachers	1. Teacher salaries are below the already low average public sector wage, declining from 35 percent above the average public wage in 1989, and no longer covering living expenses. 2. The annual instructional load is comparable to that of counter-parts in the OECD countries. However, other working conditions are atrocious. Teachers have to work with acute shortages of teaching materials and support services and in schools that are often unheated, without toilets, and sometimes structurally dangerous. 3. Consequences: ▪ Low salaries undermine teachers' authority in the community ▪ Qualified teachers emigrate abroad or start businesses ▪ Teachers take second or third jobs, such as selling chewing gum, that divert them from teaching. Teachers, especially of mathematics, chemistry, biology, physics, and foreign languages at the upper secondary level, engage increasingly in private tutoring at 300-500 lek/hour, sometimes of students in their own classes. In the latter cases, parents have reported threats that if they do not hire the teacher for private lessons, their child will not get a good grade. ▪ Without data on teacher accessions and separations, it is not known if a process of "adverse selection" has started for the teaching force—in other words, less qualified individuals enter or stay in teaching.	Urban settings offer more tutoring opportunities because the families tend to be wealthier. These opportunities make teachers reluctant to take teaching posts in rural areas, or, if they commute from urban to rural areas to teach, they leave their schools sometimes even before the end of the school day in order to return to the city to tutor.
Capable school director (headmaster/mistress)	1. Appointments are politicized. The party in power—sometimes even the Minister of Education in power—appoints school directors. 2. School directors have no budget, even for minor repairs or for paying to get goods, such as textbooks, transported to the school. 3. School directors have no power to hire or fire teachers. The District Education Offices appoint teachers without consulting school heads. 4. Directors have no training to equip them for their positions.	

Table 1. 3 Assessment of Inputs to Teaching and Learning *(cont.)*

Required Inputs	**Status of Inputs**	**Urban *versus* Rural Differences**
Classes of manageable size	The average class size is reasonable.	The average class size is similar between urban and rural areas (31 versus 26 in 1998). However, rapid internal migrations have swollen class sizes, especially in the peri-urban areas, to between 40 and 50 students.
Schools with structural integrity, basic sanitary facilities, sufficient warmth in winter, adequate school furniture	Vandalism of 1991 and 1997, lack of maintenance, and interrupted electricity and water supplies have left many schools damaged, often without doors or windows, and with broken furniture, no heat, and non-functioning toilets.	Rural schools are in worse physical condition than urban schools. Students sit under umbrellas on rainy days because of leaks in roofs. In the worst cases the school is open to the weather, having lost walls and parts of their roofs. In urban areas 85 percent of preschools, 75 percent of basic level schools, and 95 percent of upper secondary schools have bathrooms. The comparable percentages for rural schools are 17, 41, and 76 percent.
Schools, students, and teachers protected from violence	1. Teachers are threatened with violence or their children's employment opportunities are threatened unless they give particular students good grades 2. Schools have hired guards and built walls around the school to protect students from incursions by unemployed youth from neighboring villages. 3. Parents do not let boys and girls attend evening events out of fear of kidnapping and rape of their daughters and their sons' exposure to weapons and criminal gangs.	

Table 1. 3 Assessment of Inputs to Teaching and Learning *(cont.)*

Required Inputs	Status of Inputs	Urban *versus* Rural Differences
Students attend school	1. The average years of school that an Albanian child can expect to complete has declined from 11.6 to 9.5 years, in contrast to the average for OECD countries of 15.4 years. 2. Enrollments are declining at all pre-tertiary levels, especially in upper secondary vocational/technical education.	1. On average, the quality of teaching is lower in the rural than in the urban schools, increasing the opportunity costs of keeping children in school during peak agricultural seasons. 2. The lower quality of rural versus urban students' pre-tertiary educational preparation and the greater poverty of their families significantly reduce their chances of going to university, thus reducing their incentives to stay in school at pre-tertiary levels. 3. Although there is less work in winter, students in the rural areas often have to walk long distances to school on narrow, unpaved, and rutted roads that become almost impassable in winter. During the rainy season and during the snows of winter, students arrive wet at schools with no heat. 4. Although by 1998 the number of rural classrooms had declined to 59 percent of the 1989 number, the number of rural schools was stable at the basic education level. At the upper secondary level they increased for the academic track by 3400 percent (7 to 239); for the vocational/technical track, they had declined to 0.2 percent of the 1989 number (438 to 1). Both urban and rural locations showed the same supply pattern for upper secondary education, but the decline in the supply of vocational/technical education in rural areas was far more drastic than in urban areas.
Students engage in learning	Students report being bored in classes where the curricula are poorly aligned with what even they see as emerging economic opportunities; low quality textbooks; and teachers who do not engage them in learning.	

2 FINANCING AND EFFICIENCY[7]

How much does Albania's government spend on education? Is education a priority for national authorities? Does the sector spend available resources efficiently? This chapter seeks answers to these questions.

Public Financing of Educational Services

Public spending on education depends on a country's spending capacity (national income), Government's involvement in the economy (total public spending), the size of the education sector (including the number of students), and the type and cost of resources used—for example, teachers, schools, and classrooms. This analysis of public finance of education in Albania focuses on these issues:

- public resources spent on education relative to national income and to the size of the public purse,
- public resources spent on education relative to the number of students, and
- the deployment of funds across different uses within the sector.

Aggregate Educational Spending Indicates that Education is a Low Priority

Since the transition started in 1989, Albania has experienced significant declines in national income and in financial resources available for education. In 1990 public spending on education was 714 million lek. By the end of 1998 it was only 464 million lek, in real terms, a decline of about 35 percent.

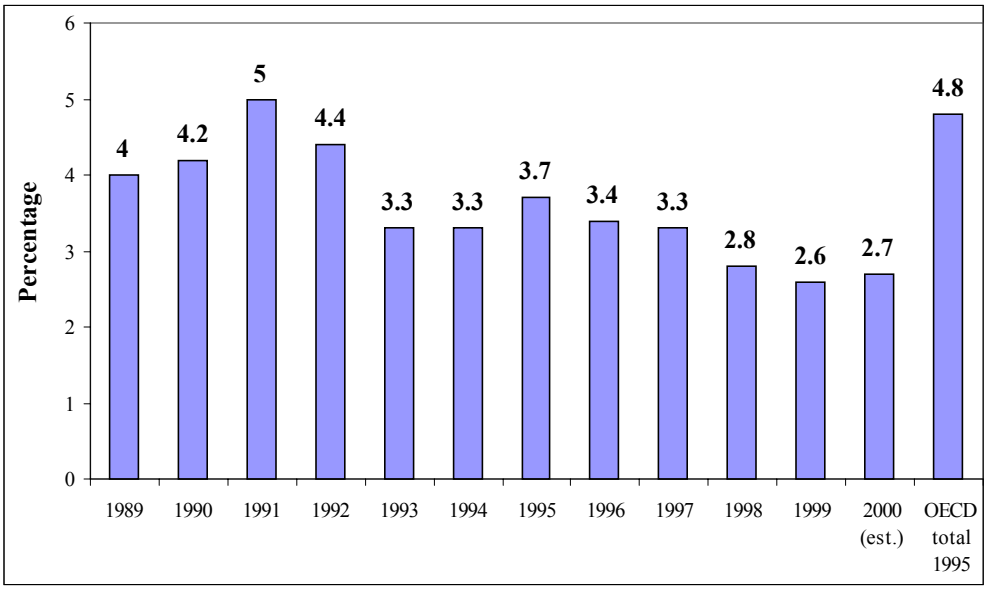
A better indicator of changes in educational finance is public spending on education as a percentage of gross domestic product (GDP). This indicator takes into account the country's spending capacity, showing whether education is regarded as a "luxury good" or a "basic need". As income falls, spending on a basic necessity is expected to rise in relative terms; spending on a luxury good is expected to fall. Except for the three years of 1990, 1991, and 1995, public spending on Albanian education as a share of GDP has steadily fallen, from 4 percent of GDP in 1989 to 2.7 percent in 1999. However, real income in 1999 was similar to that of 1990.

Does this mean that Albanian governments consider education a luxury? Is this pattern different from that of other transition economies? Educational spending as a share of GDP has been lower in Albania than in other countries in transition. It has been below the average for the Eastern Europe and Central Asia (ECA) region, and well below neighbors such as the Republic of Macedonia. (See annex table A19.) The decreasing public commitment to education, with spending being cut disproportionately as GDP falls and more than in other economies in transition, suggests that in Albania education is being treated as a "luxury good".

However, it is possible that low educational spending as a percent of GDP simply reflects limited public fiscal resources. The value a government assigns to education is

[7] This chapter relies heavily on Palomba and Vodopivec (2000).

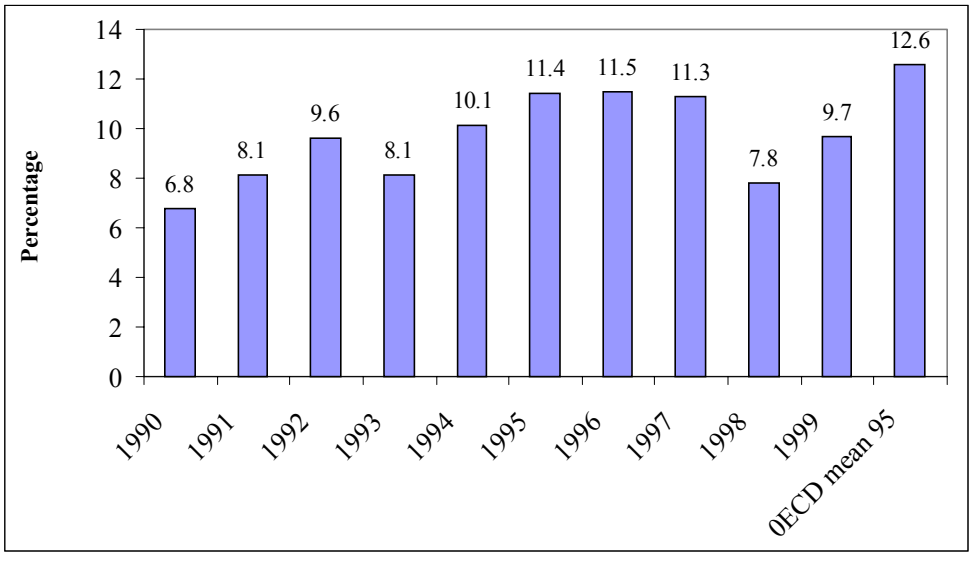
Figure 2.1 Public spending on Albanian education as a share of GDP, 1989-98



Note: OECD total is calculated considering the OECD area as a whole.
Source: Palomba and Vodopivec 2000, figure 3.1 and table 3.2.

indicated by spending on education as a share of total public spending. In Albania this indicator generally increased between 1990 and 1994, remained stable from 1995 to 1997, and then dropped in 1998 and 1999. (See figure 2.2 and annex table A18.) For 2000 education as a percent of total public expenditures is projected to be 9.1 percent.

Figure 2.2 Public spending on Albanian education as a percentage of total public spending, 1991-98



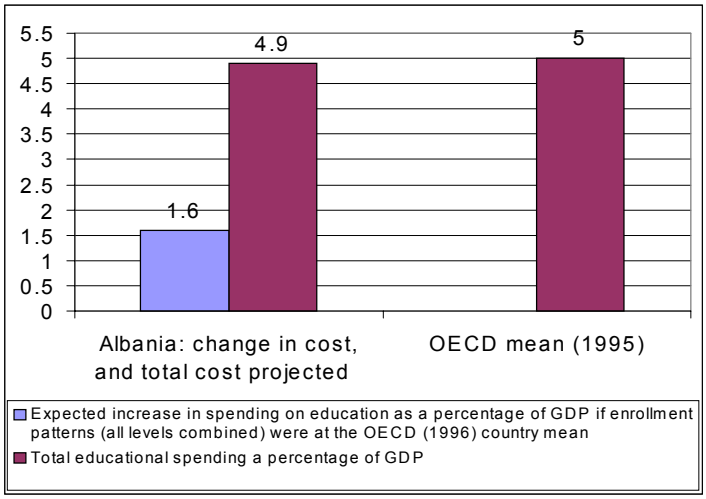
Note: OECD mean is calculated as the unweighted mean of OECD national values
Source: Palomba and Vodopivec 2000, figure 3.2 and table 3.2

Figure 2.2 suggests that until 1998 education was a higher *public* fiscal priority than indicated by its percentage of GDP. However, the picture since 1997 is sobering. The transition to a market economy requires a radical redefinition of the role of government and of the structure of the public budget. State functions should be reduced and larger shares of the public budget should be shifted to functions that are defensibly public, such as education. Although the areas in which Albania's public sector is involved have been shrinking, the share of public spending on education has been declining, implying a weak commitment of Albanian governments to education.

What might be the reasons for Government's decreasing fiscal commitment to education? In fact, the level of public resources devoted to education depends on a number of different factors.

First, school participation rates are key in determining the level of public finance for education. The differences in spending patterns between Albania and the average for OECD countries can be partly attributed to lower enrollment rates. If enrollment profiles in Albania were similar to those of OECD countries and variables such as cost per student and school-age population are held constant, spending as a percentage of GDP in Albania would increase 1.6 percent in 1997. (See figure 2.3.) Adding that to the 3.3 percent actually spent would bring total Albanian educational spending for 1997 to 4.9 percent of GDP, which is closer to the 5 percent for OECD countries shown in figure 2.2. Therefore, one reason Albania's government spending on education is so low is that its enrollment rates are lower.[8]

Figure 2.3 Spending as a percentage of GDP if average enrollment rates (all levels) in Albania were the same as the average rates for OECD countries

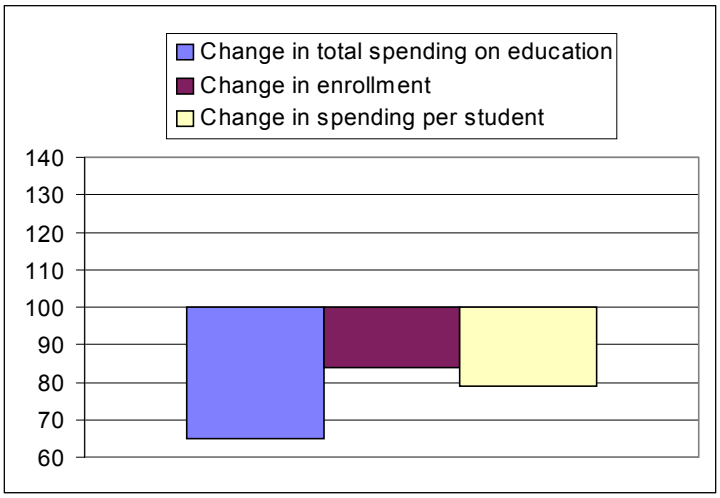


Note: See Technical Annex 1 for the model that underlies these estimations.
Source: Palomba and Vodopivec 2000, figure 3.3.

[8] See technical annex 1 for a discussion of how these estimates were calculated. The public spending on education as a percentage of GDP for OECD countries is for 1995, the latest year for which data are available (OECD, 1998, p. 81).

Second, spending on education also reflects the relative proportion of young people and the cost per student. Albania has a higher proportion of young people than OECD or many neighboring countries: in 1995, 46 percent of Albania's population was between the ages of 5 and 29, as opposed to an average of 35 percent in the OECD countries in 1996. Figure 2.4 shows that low educational spending in Albania is mainly determined by decreasing unit costs: enrollments have fallen, but spending on education has fallen faster, being 21 percent lower in real terms in 1998 than in 1990.

Figure 2.4 Changes in total spending on education, enrollment, and educational spending per student in 1998 (1990=100)



Source: Palomba and Vodopivic 2000, figure 3.4 and technical annex 1.

Educational Spending Per Student Reflects The System's Flexibility and Government Priorities

System flexibility. Educational spending per student can be used to measure the ability of the education system to adapt to change. When school enrollment falls suddenly, unit costs can be expected to rise because the numbers of staff, schools, and other institutional arrangements cannot be expected to adjust instantaneously.

If spending per student relative to per capita GDP is used as a measure of the flexibility of the educational system,[9] the evidence (see annex table A21.) shows that the Albanian education system initially found it difficult to adapt to the sharp declines in enrollments that occurred in 1991 and 1992. Educational spending per student relative to per capita GDP *increased* immediately after the transition as enrollments *decreased.*

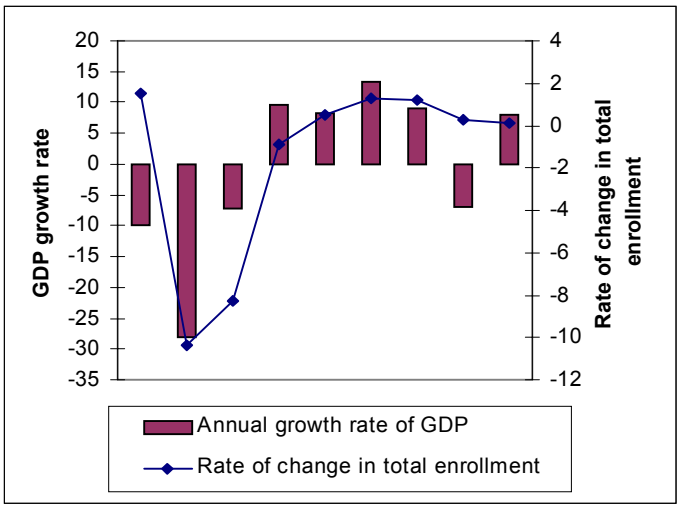
Since 1993 the system has become more flexible: spending per student has been stable as a share of per capita GDP (annex table A21.) The relative stability of spending per student in terms of per capita GDP suggests that per student educational spending in Albania is positively correlated with per capital GDP. Thus, increases (and decreases) in

[9] Spending per student relative to per capita GDP measures per capita educational spending relative to the spending capacity of the country (see annex table A21).

national income translate into corresponding changes in per student public resources, suggesting that education is *not* being treated as a luxury good.

The only way for the relationship of per student spending and per capita GDP to be stable over time and for educational expenditures as a share of total GDP to fluctuate is for enrollment to be positively correlated with the rate of economic growth. Figure 2.5, which plots the rate of economic growth against changes in total enrollment, shows that this is the case for Albania. The two series show a high degree of statistical correlation. Although correlations do not establish causality, the strength of the relationship between these two variables suggests an explanation of the current spending dynamics in the sector.

Figure 2.5 Correlation between changes in economic growth and in enrollment rates, 1990-98

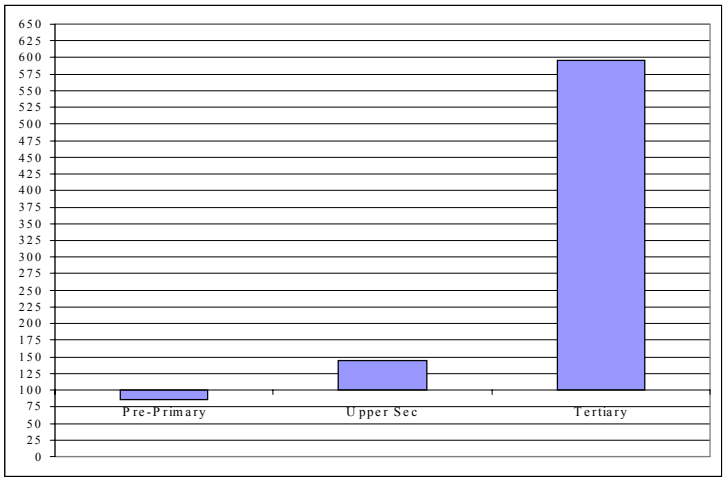


Source: Palomba and Vodopivic 2000, figure 3.5

Government priorities. Spending per student by level of education reveals the implicit priorities of the government. Data on Albanian spending per student by level show an unequal distribution across different levels of education, reflecting different costs of providing educational services at each level and government priorities among levels. Figure 2.6 shows spending per student at pre-school, upper secondary and tertiary level as a percentage of spending per student for basic education in 1998. In 1998 spending per child at the pre-school level was 85 percent of the unit cost of a student at the basic education level. Spending per student for upper secondary school was 1.44 the cost at the basic level; for the tertiary level, it was 5.96 times higher than for basic education (see also annex table A22.)

In most countries spending per student rises with the level of education because service delivery costs are greater at higher levels. However, the relative differences are greater in Albania than elsewhere. Tertiary education absorbs an unusually high share of

Figure 2.6 Spending per student for different levels of education as a percentage of spending per student at the basic level (=100) in Albania, 1998



Source: Palomba and Vodopivec 2000, figure 3.6

per capita resources. As annex table A22 shows, relative spending per student in pre-primary and upper secondary school in Albania roughly reflects the OECD country mean, but that for tertiary education is far higher in Albania than in other comparable countries, and more than double the OECD country mean. When parttime students, each weighted as one-half of a fulltime student, are included in the analysis, the unit costs for a tertiary student are still 4.07 times higher than spending per student for basic education and well above the average of 2.52 for OECD countries.

Although unit costs are very high at the tertiary level, table 2.1 in the next section shows that in 1998 Government had a reasonable allocation of recurrent expenditures among the different levels of education.[10] The lion's share went to basic education (63 percent); preschool absorbed only about 8 percent; upper secondary, 16 percent; and tertiary education; 13 percent. This distribution is relatively comparable to that for OECD nations, the major difference being that in OECD countries, a somewhat smaller share goes to basic and upper secondary education, combined, and a larger share to tertiary education. However, the high unit costs of the tertiary level in Albania will affect allocations among levels of education if tertiary enrollments grow substantially and the university sector does not change its use of resources.

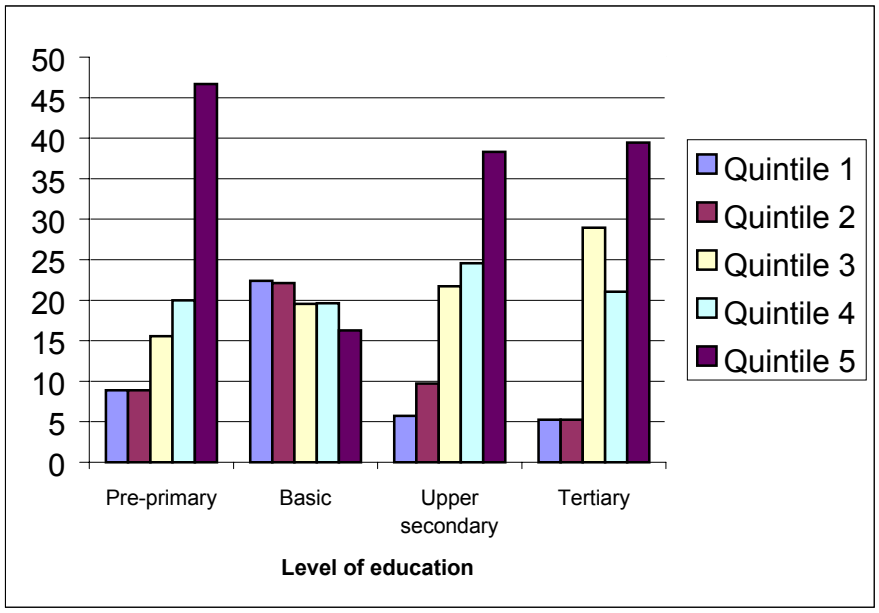
Since students from poor families are less likely to enroll in post-basic education, differences in per capita costs by level of education exacerbate the inevitably unequal distributions of public finance among families with different expenditure levels. Analyses of data collected through the 1996 Albania Living Standards and Measurement Survey (Palomba and Vodopivec, 2000) show that government spending is biased towards the poor at the basic level of education. (See figures 2.7 and 2.8.) The per capita expenditure for students from poor families, defined as those in the lowest quintile expenditure group,

[10] Recurrent expenditures constituted at least 90 percent of total expenditures for every level of education. It is not possible to assess total capital costs by level of education because almost 40 percent of capital expenditures in 1998 represented international financing and government co-financing, and these data were not available by level of education.

is about the same as the average for students from all expenditure groups. However, because far more poor children are enrolled in basic education than children from the upper income groups, students from poor families receive a larger share of total expenditures on education than do those in the top quintile group.

At all other levels of education, higher income groups benefit disproportionally. Interestingly, the benefits are most regressive at the pre-primary level, where the richest 20 percent of the population received over 45 percent of the total public funding going to the level; the poorest 20 percent received less than 10 percent. The picture is similar for upper secondary and tertiary education, where the poorest 20 percent of the population received only 5 percent of public spending.

Figure 2.7 Spending on public education by income quintiles, 1996
(as percentage of public spending)



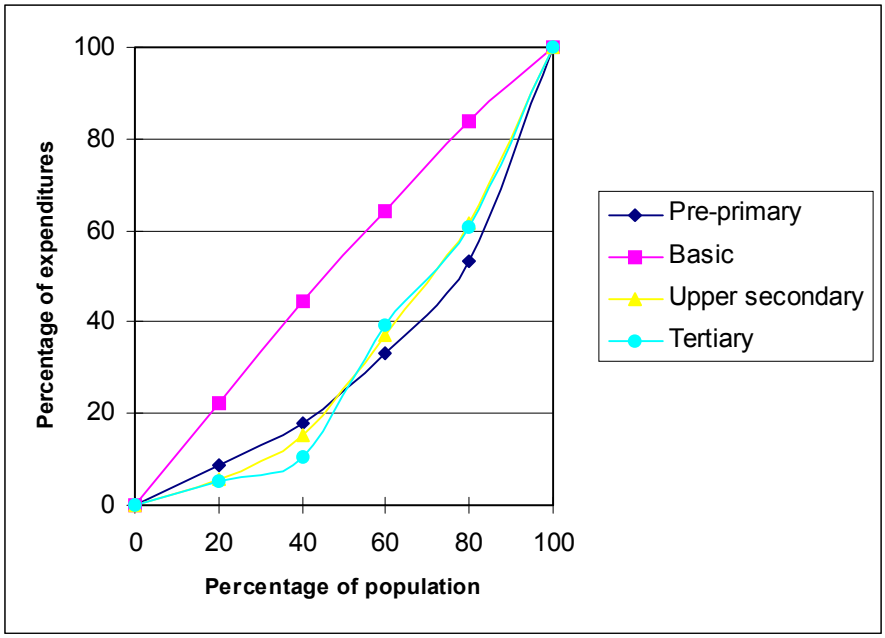
Source: Palomba and Vodopivec 2000, based on Albanian Employment and Welfare Survey, 1996, figure 2.7.

How is Available Education Finance Allocated Functionally?

How funding is allocated influences factors such as the quality of instruction (for instance, through teachers' salaries), the learning environment (through allocations for teaching materials), and incentives for using available resources efficiently.

Recurrent versus capital expenditures in education. Total spending on education in Albania has varied over time, but the relative shares of recurrent versus capital spending have remained fairly stable. Since 1990 recurrent spending has generally ranged between 90 and 94 percent of total spending, with a peak in 1992 of 96 percent and a low of 88 percent in 1998 (see annex table A23). These proportions are close to international standards as reflected, for example, in the OECD country mean, where 90 percent of total expenditures went to recurrent spending (OECD 1998, p. 120-130).

Figure 2.8 Cumulative public education expenditures by income quintiles, 1996



Source: Palomba and Vodopivec, 2000, based on Albanian Employment and Welfare Survey, 1996, figure 2.8.

However, total spending on education in real terms has been declining during the transition, and in recent years real recurrent spending has suffered more than capital investment. In 1998 recurrent expenditures were only 64 percent of their real value in 1990 (see annex table A24). Capital expenditures, on the other hand, have been gradually recovering from an initial decline. By 1998 they were nearly 80 percent of their level in 1990 (see annex table A24). This real increase in capital expenditures partly reflects Government's spending to co-finance donors' investments. In 1998 this co-financing constituted 34.3 percent of total public investment expenditures in education (see annex table A25).

Allocation of recurrent expenditures. Recurrent expenditures consume most of the education budget They generally fall into two broad categories: (1) *staff compensation*, which account for the largest share of educational spending and include both teaching and non-teaching staff; and (2) *other expenses*, including teaching materials, maintenance, welfare services, and textbooks. Since time series data for these expenditures are not available in Albania, the effect of price liberalization and changing prices on the use of different factors cannot be evaluated. The analysis is limited to examining Albanian educational expenditures in 1998 and comparing the composition of recurrent spending to spending elsewhere.

Staff compensation in Albania accounts for the largest share of recurrent expenditures, with 83 percent of recurrent spending across the levels of education going to wages in 1998. (See table 2.1.) The other 17 percent was divided fairly evenly among teaching materials, welfare services, maintenance, and scholarships. Welfare services,

which really belong in social protection, not education, budgets, absorb on average over a fifth of non-staff resources.

Table 2.1 Distribution of recurrent expenditures over different uses and levels of education, 1998 (percentage)

	Total	Pre-primary	Basic	Upper secondary	Tertiary
Percentage of total recurrent expenditures	100	8.2	63.0	16.1	12.8
of which:					
Staff compensation	83.4	81.7	87.3	78.6	71.9
Teachers	*73.2*	*72.6*	*82.5*	*64.7*	*38.4*
Other staff	*10.2*	*9.1*	*4.7*	*13.9*	*33.5*
Other recurrent expenditures	16.6	18.3	12.7	21.4	28.1
Teaching materials	*2.3*	*1.9*	*2.8*	*1.8*	*0,5*
Welfare services	*3.6*	*13.5*	*2.5*	*3.0*	*3.4*
Utilities and maintenance	*2.2*	*1.2*	*2.4*	*2.5*	*1.3*
Scholarships	*3.1*	*0.0*	*0.0*	*3.5*	*20.2*
Textbook subsidies	*2.2*	*0.0*	*2.7*	*3.2*	*0.0*
Other	*3.2*	*1.7*	*2.3*	*7.5*	*2.8*
Total	100	100.0	100.0	100.0	100.0

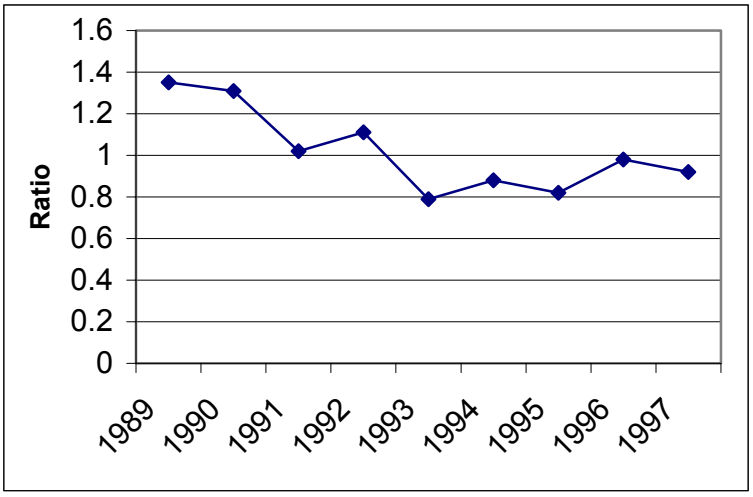
Source: Palomba and Vodopivec, 2000, table 3.11.

The percent of current expenditures going to salaries is much higher in Albania than elsewhere (annex table A28). For example, in 1995 OECD countries allocated an average of 75 percent of their recurrent expenditures to salaries, 8 percentage points less than in Albania. The difference is even greater when Albania is compared with selected countries in transition (UNESCO, 1997). For example, spending on wages in Bulgaria, the Czech Republic, Estonia, Hungary, Lithuania, Macedonia, and Slovenia is, on average, only 66 percent of total current spending, compared with 83 percent in Albania.

Differences in the composition of Albania's recurrent spending with respect to other countries seems attributable to an educational budget that is highly constrained, not to broad inefficiencies in the use of labor resources. (See next section.) Real financial resources going to education have been steadily eroding in recent years (see previous discussion). And, as discussed below, labor resources are used intensively (student/teacher ratios are high, for example), and their salaries have declined below the average for the public sector. (See figure 2.9.)

In this fiscal environment, administrators have reduced spending on "unprotected" or "not-immediately necessary" items, such as in-service training or school maintenance. In other words, a severe budget constraint has produced a budgeting rule of paying for essential inputs (teachers) first, with other inputs only being purchased if money is left over. The result is that salaries consume a disproportionally high share of total recurrent expenditures.

Figure 2.9 Albanian basic education teachers' salary after 15 years' experience relative to the average public sector salary, 1989-97



Source: Palomba and Vodopivec, 2000, figure 4.4 and table 4.8.

The current tight fiscal constraint is not necessarily saving public money. In fact, it is transferring some costs to future and current generations. Negligible spending on school maintenance, for example, amounts to borrowing against the future at high rates of interest. Albania's tight education budget is also hurting the current generation. It precludes the investments required to improve the quality of education and thus family demand for education that is sensitive to quality. In other countries, reducing public financing of education has also usually meant shifting costs to families. The private costs of education in Albania cannot be assessed because of a lack of data. However, international studies show that: a) lower public financing tends to be associated with higher private costs; and b) higher private costs are associated with lower demand for education by poorer families.

Efficiency

This section focuses on pre-tertiary education and on the efficiency with which labor and facilities are used. Labor constitutes the lion's share of the system's recurrent costs; facilities, the lion's share of capital costs. Assessing the efficiency of tertiary services requires special analyses.

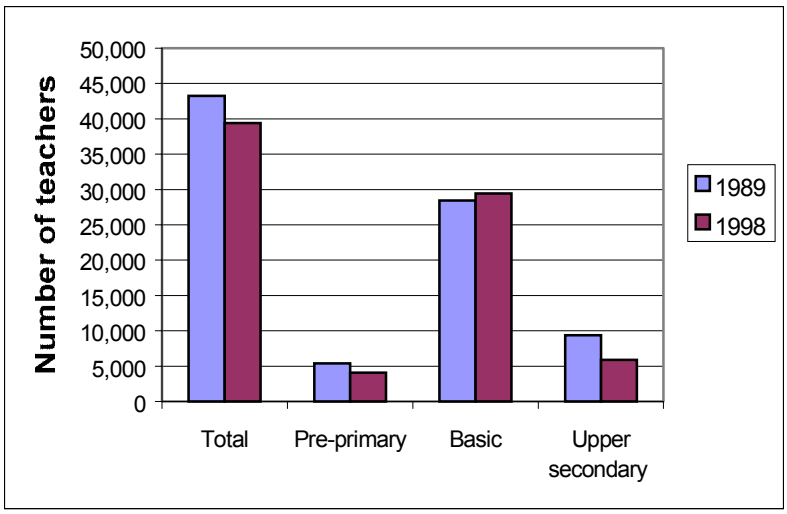
Labor is Used Efficiently

The efficiency with which labor is used in the sector is evaluated in three ways:

- numbers, measured by education staff as a percent of national employment and relative to comparator countries and trends in student/teacher ratios in total and for rural and urban areas;
- output, measured by teaching loads relative to comparator countries; and
- price, measured by teacher salaries.

Education employment as a percent of national employment. Enrollment declines from 1991 were paralleled by a reduction in the number of teachers. From a high of more than 46,600 teachers in 1992, by 1998 the number of teachers had fallen below 42,000. The reductions occurred where enrollments had declined most precipitously: preschool and upper secondary education. (See figure 2.10.) The number of upper secondary teachers decreased from nearly 10,000 in the early 1990s to below 6,000 in 1998. Although basic education had about 1,000 more teachers in 1998 than in 1989, the 1998 total was almost 3,000 fewer than the peak in 1993. Tertiary education increased its total teaching force between 1990 and 1998 by about 500 and, as shown below, the student/teacher ratio at this level also increased.

Figure 2.10 Changes in numbers of teachers in nontertiary education, 1989/1998



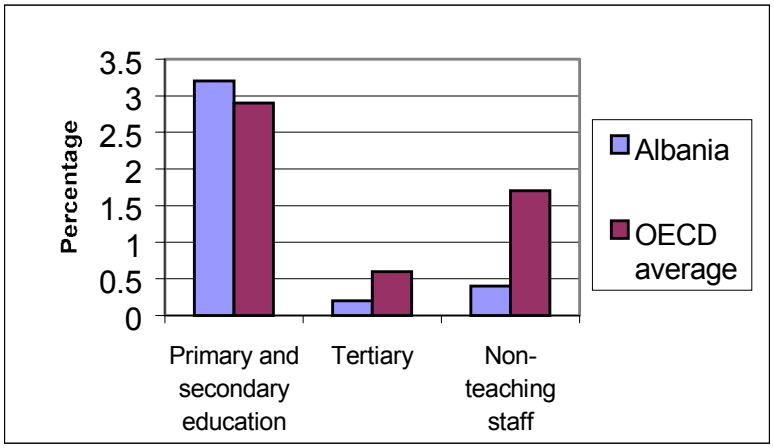
Source: Palomba and Vodopivec, 2000, figure 4.1 and table 4.1

Education employment as a share of total national employment was 4.2 percent by 1998, considerably below the average 5.4 percent for OECD countries in 1995. (See figure 2.11.) Teaching staff as a share of total employment was only slightly below the average for developed countries, and the distribution of total teachers among levels of education between Albania and comparator countries differed substantially.

However, in Albania nonteaching staff (educational, professional, administrative, and other support staff), constituting about 10 percent of the employees in education, represented a much smaller percent of total employment than in developed countries—only 0.4 percent compared with an average 1.7 percent in comparison countries. (See figure 2.11.)

Student/teacher ratios. The student/teacher ratio is perhaps the most familiar indicator of intensity of resource use in education. During the 1990s, both the number of students and the number of teachers in Albania were reduced. However, as figure 2.12 shows, teacher numbers were reduced less, so that the overall student-teacher ratio decreased as it did in almost transition economies (World Bank, 2000). The student/ teacher ratio dropped from 20.3 in 1989 to 16.1 in 1992. By 1998 it had increased

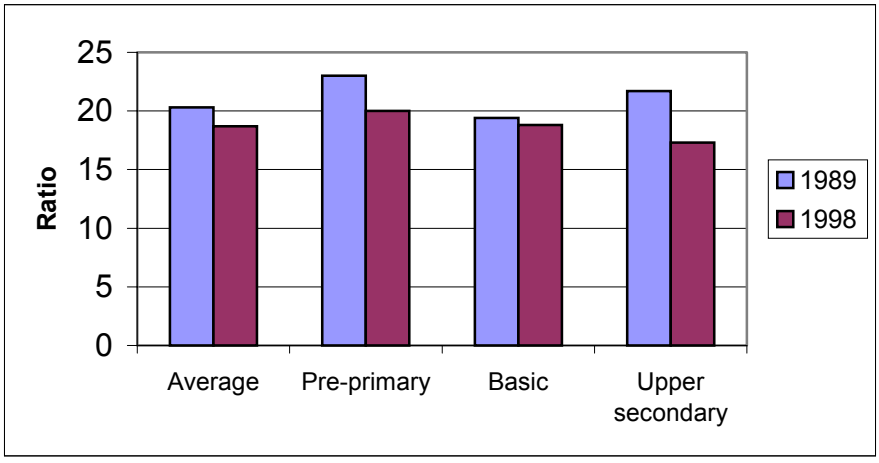
Figure 2.11 Education staff as a percentage of total employed population (Albania, 1998 and OECD average, 1995)



Source: Palomba and Vodopivec 2000, figure 4.2 and table 4.2

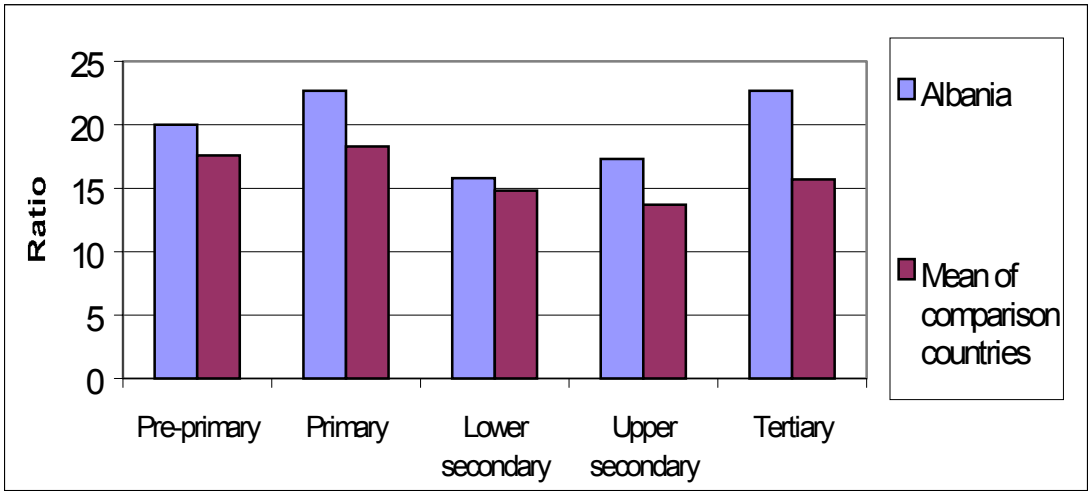
to 18.7, all levels of education showing the same pattern of increase. Nonetheless, even in 1998 the student/teacher ratio in Albania remained above the average for OECD countries at all levels (see figure 2.13).

Figure 2.12 Changes in Albania's student-teacher ratio, 1989/1998



Source: Palomba and Vodopivec 2000, figure 4.8 and table 4.14.

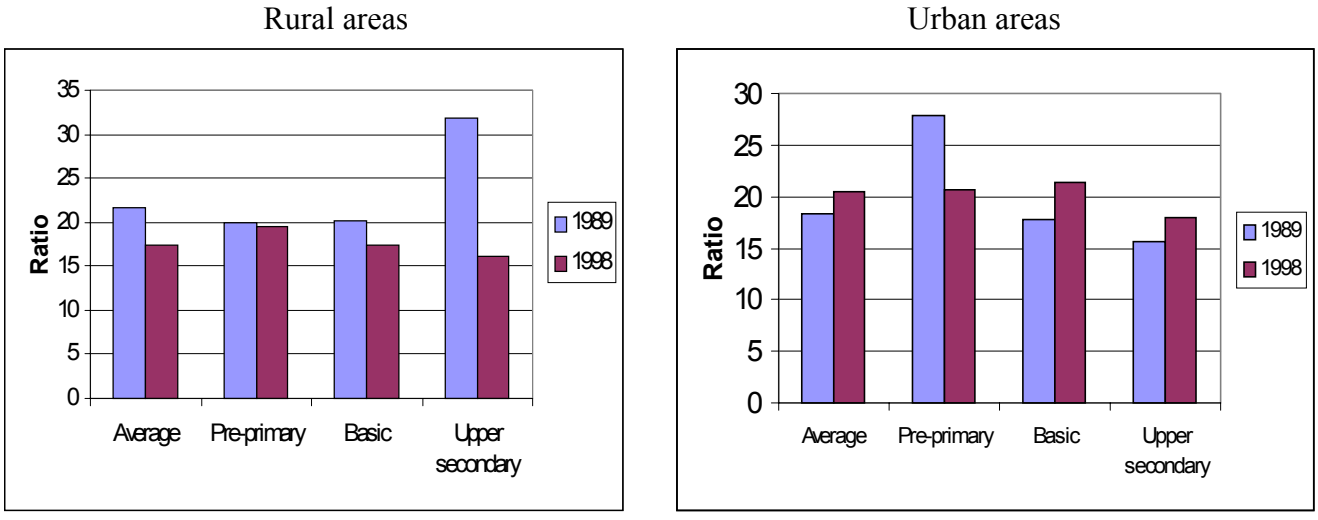
Figure 2.13 International comparison of student-teacher ratio*



Notes: *Data are for 1998 for Albania and for 1996 for comparison countries. Annex table A47 lists the comparison countries.
Source: Palomba and Vodopivec 2000, figure 4.9 and table 4.15.

However, urban and rural areas differ substantially in their student/teacher ratios. In urban schools the student/teacher ratio, on average, increased; in rural schools it decreased—particularly at the upper secondary level. (See figure 2.14.) The reduced ratio in rural areas appears to be the result of a significant fall in enrollments, coupled with the limited pool of potential students in rural areas. Rural communities cannot increase class size by combining classes—unless they create multigrade classes—or by consolidating schools—unless reliable roads and transport between villages exist.

Figure 2.14 Rural and urban student/teacher ratios, 1989/1998



Source: Palomba and Vodopivec 2000, figure 4.10 and table 4.14.

In fact, in 1995, 41,800 primary school students (21.5 percent of rural primary enrollments) and 10,900 lower secondary school students (7 percent) attended multigrade classes, virtually all of them in rural areas (see annex table A43). Between 1989 and 1998 the numbers of rural schools at the preschool and upper secondary levels also declined—by a third and almost 60 percent, respectively. Given the distances between villages, poor roads, and erratic public transport, these changes may have constricted supply more than they increased efficiency. Although the number of rural schools at the basic level has remained stable since 1989, the number of classrooms decreased from 20,198 in 1989 to 12,227 in 1998, indicating consolidation *within* still-operating schools.

Teaching loads. The teaching load in Albania varies from about 800 hours of annual instruction in pre-primary schools to between 600 to 750 hours of instruction in secondary schools. These loads are comparable to those in developed economies (see annex table A39). Other working conditions in Albanian schools are much worse. Teachers have to deal with an acute shortage of teaching materials and support services and often have to provide the materials and perform services such as cleaning themselves. Deteriorating buildings often lack basic amenities, including heating in the winter, and the unpleasant teaching environment often hinders learning.

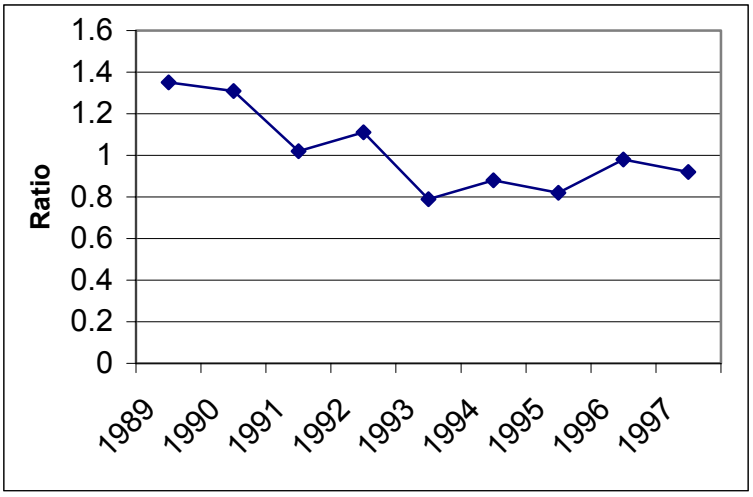
Price of labor. In 1989 the salary of a basic education teacher with 15 years of service was 35 percent above the public sector average; in 1997, it was 8 percent below that average. (See figure 2.15 and anneA37).[11] Thus, Albania is getting reasonable levels of work (see discussion of teaching loads) at relatively low prices.

This change in the price for teachers in Albania mirrors similar changes throughout the ECA region. The salary of Albanian teachers expressed as a percentage of per capita GDP is below the comparable ratio for developed economies (see annex table A38). For a primary teacher with no experience, for example, this ratio is 0.81 in Albania, but averages 1.0 for OECD economies.

Efficient, perhaps, but at what cost? Albania seems to be using its education labor force relatively efficiently. However, the numbers hide potential costs. In rural areas reductions in the teaching force have probably been achieved to some extent by constricting the supply of educational services and thus enrollment rates. There is also the specter of "adverse selection". As economic opportunities for better educated Albanians expand, low teacher salaries and working conditions that often verge on the atrocious will reduce the ability of the educational sector to attract qualified teachers. An already under-qualified teaching force will become less qualified. The lack of data on teacher hiring and separations preclude assessing whether a process of adverse selection has already started.

[11] There are no data on private wages, so the only available comparison is with the public sector.

Figure 2.15 Albanian basic education teachers' salary after 15 years' experience relative to the average public sector salary, 1989-97



Source: Palomba and Vodopivec 2000, figure 4.4 and table 4.8.

Is the Infrastructure Being Maintained and Reconfigured to Accommodate Enrollment Changes?

There are two main efficiency issues with regard to schools. Is the need for costly school replacement or major rehabilitation being minimized through preventive maintenance? And is the sector altering the supply of premises to conform to changes in enrollments?

Maintenance. The country's educational infrastructure is not particularly old—most urban schools date back to the 1960s and 1970s and most rural schools to the 1970s and 1980s. However, very poor initial construction, two widespread episodes of vandalism (1990 and 1997), and virtually no preventive maintenance in the public budget for education have resulted in a seriously deteriorated infrastructure. The school mapping data base shows that approximately 80 percent of rural and urban schools at preschool, basic, and upper secondary levels report the urgent need for renovation. The independently estimated rehabilitation bill is now about $270 million.

The state of the infrastructure represents not only a major fiscal liability. It is also demonstrably affecting attendance at school, possibly enrollment, and the ability of teachers and students who are in school to use instructional time effectively. For example, many schools have no heat and no glass in the windows. On severe winter days, mothers often keep their children at home. The hands of students attending school are shaking so much from the cold that they can barely hold their pencils. Many rural schools—60 percent of basic schools, for example—and a significant, but smaller, percent of urban schools have no bathrooms—or bathrooms in such poor condition as to present health hazards.

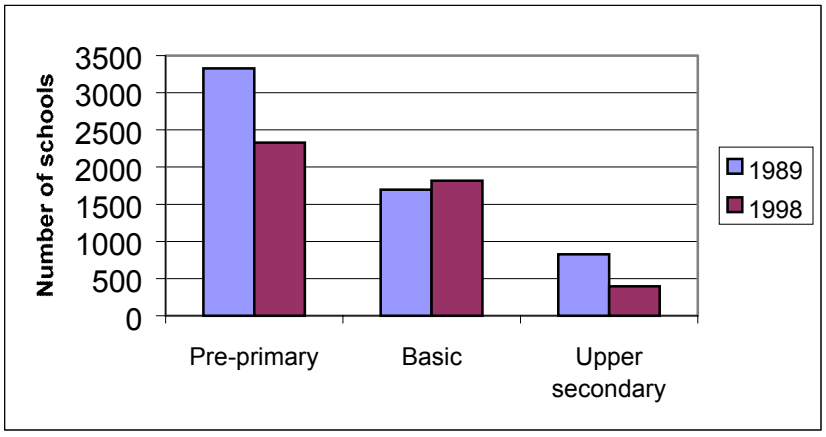
Accommodating enrollment shifts. Enrollment *rates* have declined in both urban and rural areas. However, migration from rural to urban areas has driven up the

enrollment *numbers* in urban areas that have to be accommodated in schools and deepened the declines in enrollment numbers in rural areas that stem from lower rates. To accommodate increased enrollments, new schools can be built, old ones extended, or existing ones used in double-shifts. To accommodate enrollment declines, schools can be closed or consolidated and classrooms in schools still operating closed. It is not known whether the sector is optimizing the use of the infrastructure. A school mapping data base capable of answering precisely this question and of rationalizing these decisions has just been created in Albania. However, it is clear that the sector has taken a range of actions that resize the physical stock in response to changes in enrollment numbers.

Schools have been closed. Just as the numbers of students and teachers have declined since 1989, so have the numbers of schools (see figure 2.16), the most dramatic declines being in rural areas. By 1998 the number of rural preschools were two-thirds the number operating in 1989, and the number of upper secondary schools was 42 percent of the number in 1990. The number of basic schools increased 5 percent, although enrollments at this level declined 11 percent.

Urban areas closed a smaller percent of schools at the preschool and upper secondary level. Although they increased the number of basic schools by 19 percent, enrollments increased by 25 percent.

Figure 2.16 Change in number of schools, 1989-1998

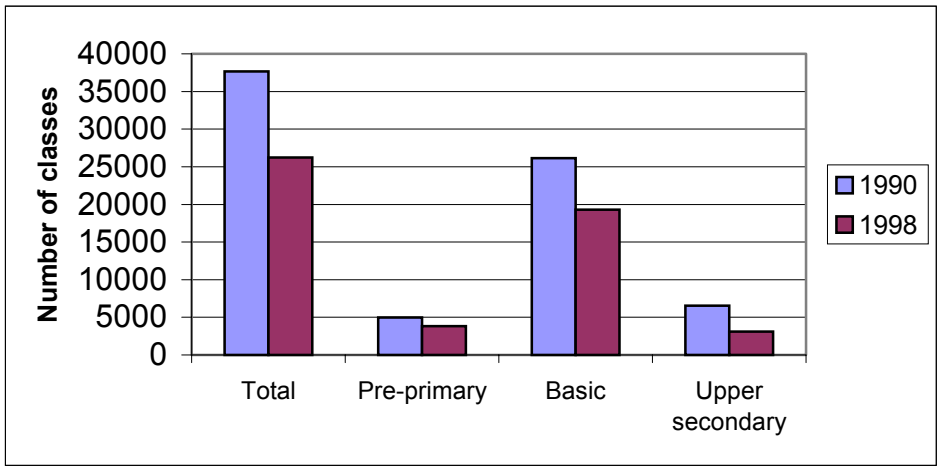


Source: Palomba and Vodopivec 2000, figure 4.5 and table 4.11.

Classrooms have been closed, the number declining by 30 percent for all levels of education and most dramatically at the preschool and upper secondary levels. (See figure 2.17.) Apparently where closing or consolidating schools is infeasible, the sector is accommodating decreasing enrollments by closing down classrooms within operational schools.

Table 2.2 shows that rural and urban areas differed significantly in the changes in the number of classrooms. By 1998 rural upper secondary schools averaged only one class per grade. Unless these schools create multigrade classes that at the upper secondary level are educationally less feasible, they have little room for future efficiency improvements by combining classes. They are also vulnerable to future reductions in enrollment that will reduce the student/teacher ratio and increase costs per student.

Figure 2.17 Decline in number of classrooms, 1990-1998



Source: Palomba and Vodopivec 2000, figure 4.6 and table 4.12.

Table 2.2 Number of Classrooms in 1998 as Percent of Number in 1989 for Rural and Urban Areas and by Level of Education

Level of Education	Rural Areas	Urban Areas
Total classrooms	59	97
Preschool	71	90
Basic	61	1.19
Upper secondary	33	60

Source: Calculations based on Palomba and Vodopivec 2000, table 4.12.

Since the number of classrooms declined so much in the 1990s, class size increased despite the declining number of students, except in preschools. Table 2.3 shows the changes in average class size by level of education and rural and urban areas. On average, Albania is making efficient use of a classroom and the resources, such as the teacher, associated with each classroom. Class sizes, even in the rural areas, are, on average, relatively high. A small percent of classes in urban areas and in a few cases large villages (figure A18) are overcrowded.

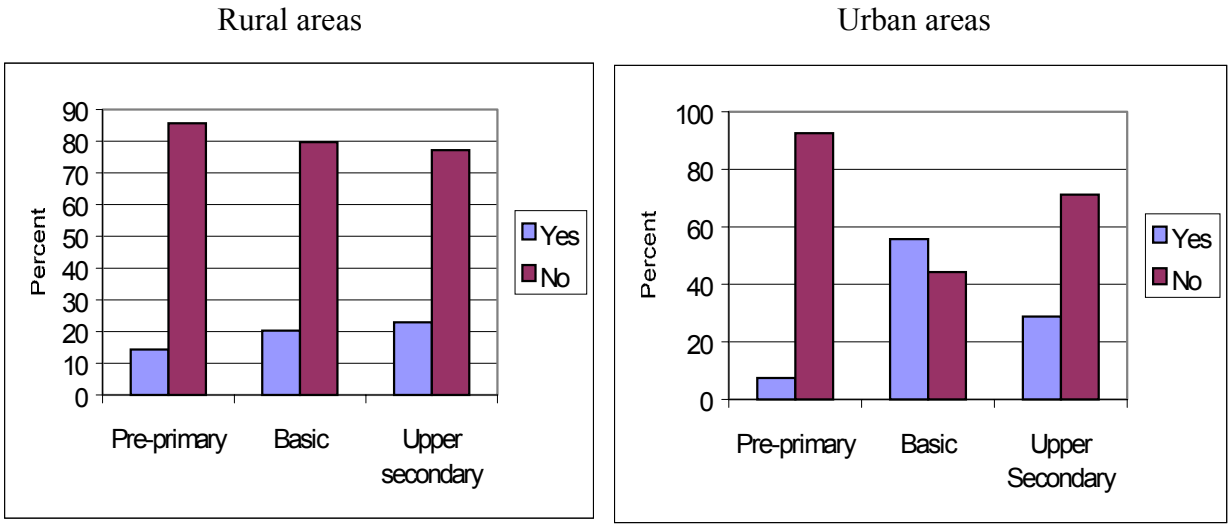
Multiple shifts are being used—obviously, more commonly in urban than in rural schools. (See figure 2.18.) In urban areas, over half of basic schools and close to 30 percent of upper secondary schools operate with multiple shifts, compared with only 20 percent of rural schools. This suggests an intensive use of physical resources and promptness in responding to changes in enrollment.

Table 2.3 Average Class Size for Rural and Urban Areas and by Level of Education (1989-1998)

Level of Education	Rural Areas		Urban Areas	
	1989	1998	1989	1998
Total	21.4	26.4	29.2	30.7
Preschool	19.5	17.9	41.9	28.0
Basic	18.9	27.8	29.4	30.2
Upper Secondary	40.3	30.4	23.6	34.1

Source: Palomba and Vodopivec 2000, table 4.13.

Figure 2.18 Schools with multiple shifts, 1998 (as a percentage)



Source: Palomba and Vodopivec 2000, figure 4.7, based on data from the school-mapping project, EMI SYSTEMS.

3 GOVERNANCE, MANAGEMENT, AND ACCOUNTABILITY[12]

Like most states, the Government of Albania provides educational services, finances and regulates them, and collects and publishes information on them. The private sector, both profit- and nonprofit-making, also provides services, and private financing plays a role of unknown magnitude in paying for education. However, in Albania the state is the dominant player at all levels of education.

Since the state takes these actions on behalf of its citizens and taxpayers, questions about how well it represents their interests immediately arise. Is the education sector doing the right things?[13] Is it doing the right things right? What mechanisms can stakeholders use to monitor the state's performance and hold it accountable for its actions?

The sector's governance, management, and accountability arrangements determine the answers to these questions. "Governance" refers to how the goals for the sector are set; "management", to how the implementation of those goals is organized. "Accountability" refers to the mechanisms that stakeholders can use to assess the sector's performance and to bring the state to honor their interests.

The tertiary and pretertiary levels of education in Albania involve significantly different governance, management, and accountability issues. The discussion here focuses on the pretertiary level.

Governance

Albania's political, economic, and social environment frames the context for and defines what Albanians need from their education system. Major changes in context, such as Albania is experiencing, normally force countries to rethink and debate the goals for their education systems. This process is beginning internally within the Ministry of Education and Sciences (MOES). However, it is still embryonic and has yet to involve stakeholders outside of the Ministry.

Reaching a broad consensus about goals and a reform strategy for the system can help stabilize efforts to improve the sector. Currently these efforts are threatened by changes in governing parties and by even more frequent changes in education ministers. After every political election, directors of departments in the Ministry of Education and Sciences, directors of the 37 education directorates at local levels, and in some cases school principals have been replaced. As a result, the sector has lost institutional memory, experience, and internationally financed investments in staff training. Without a guiding vision for the sector, every new minister and his staff have tried to leave their mark on the system by bringing new ideas. Those initiatives have usually been taken without adequate public and technical debate and have resulted in isolated activities that lack sustained commitment and continuity. A broad consensus about a reform strategy can help to constrain the effects of turbulence in the top political leadership.

[12] This chapter relies heavily on the papers by Dudwick and Shariari (2000) and Duthilleul, Hoxha, Llambi, Gjermani, Kokomori, and Kita (1999).

[13] "Doing the right thing" is known as allocative efficiency or the distribution of resources among different possible uses—for example, between health and education or between primary and higher education. Conceptually allocative efficiency is similar to the idea of external efficiency in education.

Management

Figure 3.1 diagrams the main players involved in the management of the sector and their reporting relationships. The relationship between the MOES and the district education directorates is one of deconcentration. The Ministry of Education appoints the director of the district education directorate.

Financing for the sector is almost entirely centralized, being distributed to districts in a "conditional" (earmarked) transfer and to municipalities and communes in block grants that are expected to cover non-education as well as education expenses. Only trivial amounts are raised and spent locally, often by the school, parents, and community. Table 3.1 shows who finances and who executes the budget for different functions.

The current financing arrangements have no flexibility and no incentives for efficiencies. For example, in the case of salaries, the director of the district education directorate has to apply precise rules to determine the number of required staff according to enrollments and curriculum demands. He cannot revise the number of assigned staff to make better use of resources. He cannot pay more to fewer teachers, or, if he can find ways to use fewer teachers, he cannot use the savings for something else.

In the absence of a financing formula and transparent mechanisms for allocating funds across and within districts, the budget planning process modifies the previous year's budget by an inflation coefficient and emergency needs. The budget bargaining process occurs between the district education directorates and the MOES for salaries for the district, between Mayors, the Ministry of Local Governments (MoLG) and the Ministry of Finance (MOF) for operating expenses, and between the line ministries and the MOF for the total envelope for the sector. This system encourages inequities, since the poorest and weakest municipalities are at a disadvantage in the bargaining process.

Table 3.2 shows who makes different policy and contracting decisions. An examination of tables 3.1 and 3.2 reveals a highly centralized system. The center, in the form of the Council of Ministers, Ministry of Finance, or the MOES, and their dependencies, the district finance offices and district education directorates, make almost all policy decisions, tendering and contract decisions, and disbursements. Local governments have very limited power; schools have less; and parents and communities primarily enter the process through private financing.

Even the current debate on decentralization has strong centralization overtones. The creation of a Ministry of Local Government to "protect" the interests of the local government and "assist" them in their "development" can be seen as an attempt from the center to retain control over the local levels. In the current framework the MoLG captures the budget for the local governments that, in the absence of a clear formula for allocating resources, have to bargain with it for their corresponding share.

Figure 3.1 Management of the Sector

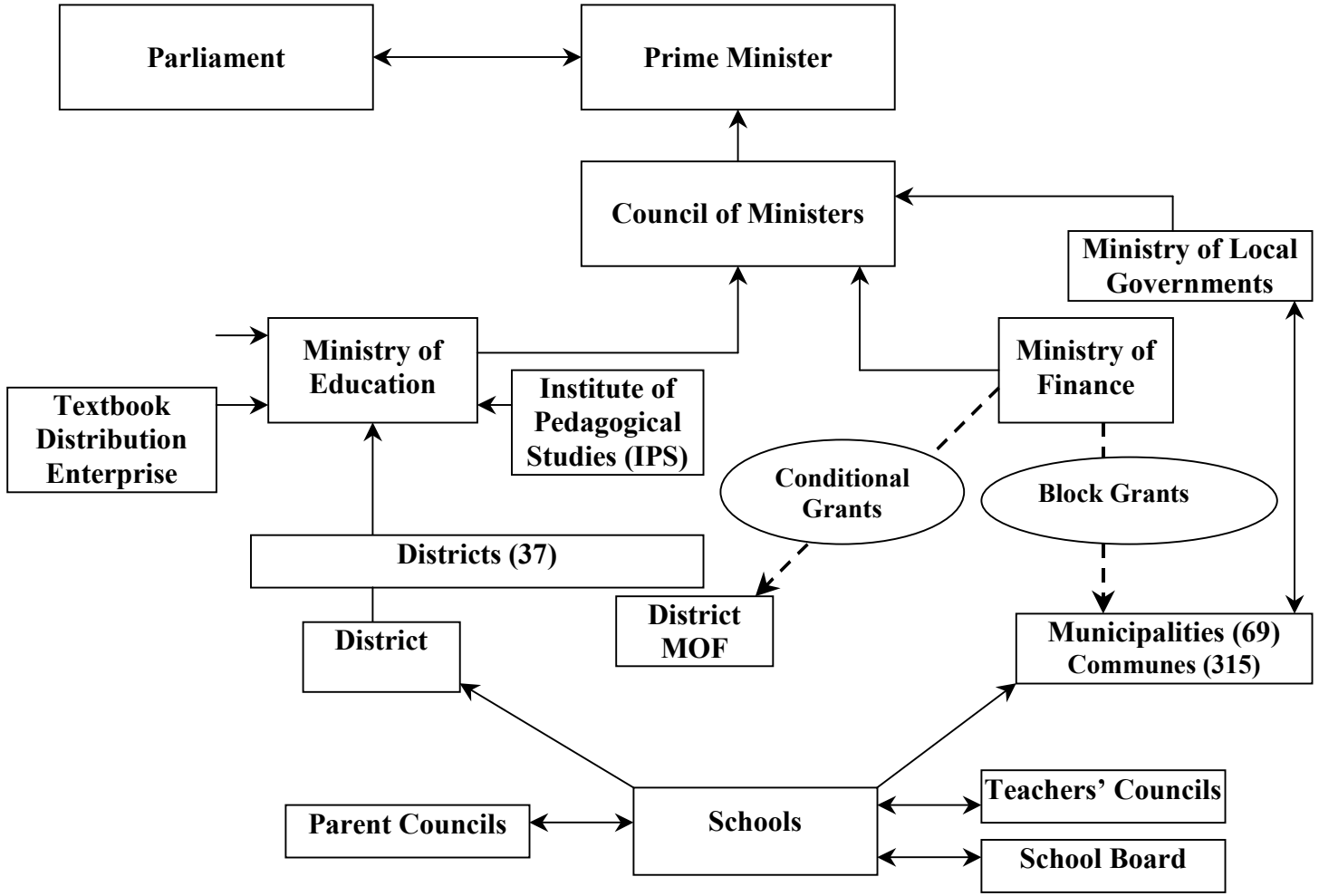


Table 3.1 Education by Source of Finance and Executive Body

Educational Function	Central Level	District Education Directorate	Municipality/ Commune	School	Actors External to Government
Salaries					
Teachers, principals, supporting staff	Financing: Allocates funds for municipalities and communes. Determines the number of teachers and the payments fund.	Estimates the number of teachers needed in the district according to central regulations	Finance Dept. cashes money from district Treasury office and pays school salaries	Prepares payment lists. Gives bonuses from a very limited fund for this purpose.	In some schools the parents pay the custodian
Training					
Pre-service	Financing: Funds from the state budget for teacher training universities		Pays transportation and per diems for teachers and training leaders		Aid programs and sponsoring for faculty training
In-service	Funds from the state budget for the payment of E.D. inspectors responsible for teacher training				Foundations pay for lecturers and training materials

Table 3.1: Education by Source of Finance and Executive Body *(cont.)*

Educational Function	Central Level	District Education Directorate	Municipality/ Commune	School	Actors External to Government
Materials					
Textbooks	MOES pays part of the cost of textbook publishing by means of a subsidy fund. State Textbook Publishing House pays the authors, Distribution Enterprise pays for printing and distribution				Parents pay part of the cost (price as the difference between cost and subsidy)
Equipment	MOES/MOF finance through special funds for this purpose	Execution Makes purchases and organizes tenders			Parents and sponsors buy some teaching materials
Teaching materials	MOES/MOF finance through special funds for this purpose	Execution Makes purchases and organizes tenders			Parents and sponsors buy some teaching materials
Consumption materials			Financing: allocates funds from MOF block grant Execution: makes purchases and distributes materials		Pay small sums

Table 3.1: Education by Source of Finance and Executive Body *(cont.)*

Educational Function	Central Level	District Education Directorate	Municipality/ Commune	School	Actors External to Government
School Infrastructure					
New constructions	Financing: Ministry of Education/Min. of Finance through funds specifically for this purpose Execution: Min. of Education through its Coordination-Investment Dept. organizes tenders procurements, determines site of school	Execution: Director signs the completion of works			Financing: Funds from various foundations, e.g. SOROS Execution (AEDP – Soros Division) construction unit
Reconstruction	Financing: Ministry of Education/Min. of Finance through funds specifically for this purpose	Execution: Director decides which schools will be reconstructed, organizes tenders, does procurement, signs the completion of works		Execution: Sign the cost estimate of works	Financing: Funds from various foundations, e.g. SOROS Execution (AEDP – Soros Division) construction unit
Minor repairs			Financing: use funds approved specifically for this purpose Execution: decides which schools will be repaired, signs contracts with the firm or person to perform the works	Execution: Sign the cost estimate of works	Financing/execution: Parents and sponsors collect funds and buy materials for school maintenance

Table 3.1: Education by Source of Finance and Executive Body *(cont.)*

Educational Function	Central Level	District Education Directorate	Municipality/ Commune	School	Actors External to Government
Student services Food Scholarships	Min. of Education/Min. of Finance approve the respective funds	Execution: Director allocates the fund for scholarships and food among communes and municipalities	Execution: Identify students and pay for their food and scholarships from the funds allocated for this purpose by the Ministry of Finance.		

Source: Duthilleul, Hoxha, Llambi, Gjermani, Kokomori, and Kita 2000.

Table 3.2 Distribution of Decision-Making Powers among Government Actors and Educational Functions

Educational Function	Central Level	District Education Directorate	Municipality/ Commune	School	Actors External to Government
Personnel					
Teacher working conditions	MOES and Teachers' Trade Union				Teachers' Trade Union
Teacher salaries	Council of Ministers				
Appointment, firing, transfer of teachers, inspectors, principals, non-teaching staff		Director of Education Directorate			
Teacher pre-service training	Responsibilities and authorities unclear				
Teacher in-service training	IPS: policy framing authority	Inspectors: implementing authority			
In-service training for non-teaching staff	None				
Curriculum					
Annual instructional time and calendar	MOES				
Subjects to be studied in each grade	MOES				
Total lesson hours for each subject and their distribution across grades	MOES				
Instructional hours for each topic in each subject	MOES				
Curricular program	IPS				

Table 3.2 Distribution of Decision-Making Powers among Government Actors and Educational Functions *(cont.)*

Educational Function	Central Level	District Education Directorate	Municipality/ Commune	School	Actors External to Government
Textbooks					
Publishing	MOES and STPH				
Printing	MOES, STPH, TDE define production standards; TDE contracts among private Albanian printers				
Distribution	TDE				
Equipment and Learning Materials	MOES defines standards and technical specifications; tenders for purchases > 10 million lek	Tenders for purchases < 10 million lek; distributes to schools			
Quality Monitoring					
Promotion decisions	MOES defines policies (e.g., student repeats if he/she fails 3 or more subjects)			Teacher assesses student performance	
Grade 8 certification	MOES prepares examinations and helps monitor exam	Inspectors monitor examination		Local commission at school grades examinations	
System assessment	Assessing the learning performance of the system is a function that does not yet exist, but is coming into being at the central level through the Center for Educational Assessment and Examinations in the IPS				
School assessment		Inspectors			

Table 3.2 Distribution of Decision-Making Powers among Government Actors and Educational Functions *(cont.)*

Educational Function	Central Level	District Education Directorate	Municipality/ Commune	School	Actors External to Government
Infrastructure					
Decision to build or close a school	MOES	Consulted by MOES	Consulted by MOES		
Building a new school	Tenders for construction	Supervises construction			
Major repairs	Managers tenders and contracts for repairs > 10 million lei	Verifies needs and plans repairs; managers tenders and contracts for repairs < 10 million lei	Verifies and informs Education Directorate of repair needs, based on input from school principals	Informs local authorities of need for repairs	
Maintenance			Manages procurement of goods and contracts; pay for work on authorization of school principal	Requests repairs from local authorities	

Source: Duthilleul, Hoxha, Llambi, Gjermani, Kokomori, and Kita 2000.

Managerial Functions and Responsibilities Are Not Yet Rationalized

The management functions and powers in the education sector have not been rationalized. Relative to basic standards of effective management, functional responsibilities and powers are misallocated among levels of government; important functions are missing entirely; and resources and responsibilities are frequently misaligned.

Misallocated functions. Countries can vary in how they distribute responsibilities and powers among levels of government and still secure reasonably efficient service delivery. However, there are a few criteria that can be used to judge the distributions of responsibilities and decision making among the different levels of Albania's government. Does the distribution:

- protect national interests in creating human capital, in keeping variances in human capital low (fairness), and in promoting social cohesion?
- secure economies of scale (supply efficiency)?maximize opportunities for competition or customer choice?[14]
- maximize opportunities for "voice"—i.e., the participation of users and beneficiaries in decisions about the system?[15]
- align responsibilities and the resources needed to meet them?

Table 3.3 suggests a distribution of functional responsibilities and powers among government levels consistent with these objectives.

Against this model, Albania's distribution of powers is upside down. The center is implementing, not leading. The understaffed MOES is choking on multiple routine decisions better made at district or school levels. It is not reserving its resources for making those decisions that should be reserved for the center. These are standard setting, standard monitoring, equity-protecting, and leadership of a broadly understood and supported strategy for improving the sector. The allocation of certain responsibilities to the local level (maintenance and repairs, transportation of teachers) reflects the center's interest in letting go of some of the many responsibilities that overwhelm its daily operation more than it reflects a clear vision for improving the sector's performance.

The school level is where the basic outcome of the sector—learning—is produced. However, the school level has virtually no control over decisions that directly affect its ability to deliver on that responsibility. Five examples show the costs of misallocated authorities for the front line of the system.

[14] Choice is one key to holding the state accountable for efficient service delivery: it gives customers, such as families and employers, options among service providers. Choice presumes competition among what have often been monopoly providers, and competition is theoretically assumed to improve the efficiency of services.

[15] "Voice" is another key to holding the state accountable for efficient service delivery. "Voice" is defined as citizens' or customers' willingness and ability to exert pressure on service providers to perform. Voice can take various forms, from local elections to the community having power over the selection of the school headmasters.

Table 3.3 Model for Distributing Decision Powers Among Levels of Government

Locus of Responsibility	Decision Making Responsibilities and Powers
Central	▪ Leading improvement of the sector by setting fiscally responsible priorities and designing and monitoring the implementation of change initiatives ▪ Assuring quality of inputs and outcomes—for example, establishing learning standards; assessing students' achievements of these standards; establishing knowledge and skill standards for teachers. ▪ Publishing information on performance of system ▪ Protecting interests of poor and minority groups at all levels of education ▪ Protecting social cohesion ▪ Setting health and safety standards for the sector ▪ Making economy-of-scale decisions to open or close national-level institutions, such as universities
Intermediate (provincial level)	▪ Making economy-of-scale decisions for regional level institutions (e.g., to open, close, or consolidate institutions across small local jurisdictions) ▪ Making decisions for other issues most efficiently resolved across spaces larger than small local jurisdictions (e.g., allocation of teachers among schools.)
Local/school level	Making factor mix, not product mix, decisions—at the school level as often as feasible

***Source**:* World Bank (2000)

- When a teacher is absent, the principal has to notify the office of the education directorate so that the office can send a substitute. If the school does not have a telephone, or if the teacher does not have telephone to notify the principal, the principal spends much of the day dealing with the emergency. If they arrive at all, substitutes usually arrive late: they have to go from the education directorate's office to the assigned school. Sometimes the school may have a regular teacher that has some free hours and who can fill in. However, the school teacher is not paid for giving extra lessons because only substitutes sent by the education directorate are paid.

- The principal does not have decision-making powers over teaching staff. All personnel appointments are the responsibility of the director of the district education directorate, including appointing principals. Principals feel that they have only "moral" authority over teachers.

- The principal does not have decision-making powers over financial resources, even those for minor repairs. He or she has to spend considerable time at the municipality, trying to schedule repairs or to secure additional learning materials. The time investment required of the principal and the slow response of the municipality to the school's needs means that in emergencies, such as clogged toilets, the principal has to rely on parents' help. Since the municipality organizes the tenders for repair contracts, the principal does not know the price of these contracts or whether the

quality of the work is worth the money. Once the work is done, the principal signs a completion note, and the municipality then issues payment to the contractor. This disconnect between the recipients and suppliers of services means that recipients have no incentives to shop for quality at a good price and those providing services have no incentives to supply more cost effective services.

- The centralized nature of the prescribed curricula gives little room for local needs and student interests, thus affecting teachers' innovation and creativity and students' engagement with learning. Curricular decisions are in the hands of experts at the IPS, who tend to have an academic and disciplinarian view of knowledge. The IPS has no systematic mechanisms for obtaining feedback from teachers and students on the curriculum—either during its creation or during piloting.

- Distributing purchased goods to the schools is usually not included in the procurement contract. Goods are left at the district education directorate's office to be distributed. The director can then decide to distribute the goods on the basis of visits to schools or demands from school principals. Since principals do not control the purchase of the goods themselves, they do not complain about the quality or relevance of the goods procured.

Missing functions. The MOES is not leading the sector's improvement because it lacks the basic functions required to do so effectively. These functions include organizational arrangements that force contestability of priorities—for example, should scarce resources be focused on preschools or universities? Why one rather than another? They include policy analysis, planning, financial management, mechanisms to frame and monitor reform initiatives, and consultative processes that create broad ownership of reform directions.

As a result, "reform" in the sector has thus far amounted to scattered, poorly linked projects that add up to substantially less than the sum of their parts and that fail to represent a coherent attack on the sector's problems. The sector has been unable to present a persuasive case to the Ministry of Finance for additional finances to improve the sector. It has been unduly vulnerable to donor preferences and to those of each new minister.

The center is not measuring and enforcing quality. It has not yet set learning standards. It has not set standards of skill and knowledge for new teachers that are independent of "seat time"—i.e., completion of university. It is only beginning to measure the learning performance of the system. The first effort here will be a national 4th grade assessment of language and mathematics scheduled for May, 2001.

However, the mechanisms needed to exploit the results of such assessments to improve quality are not in place. These include reorganizing accountabilities around the learning performance of the system, rather than around hierarchically enforced rules. They include giving those on the "learning frontline"—teachers and school managers—authority over decisions that directly affect their ability to perform better and the training that they need to improve their instructional skills and knowledge.

The center is not yet monitoring the performance of the system across a wide range of indicators and publishing this information in ways that give stakeholders appropriate comparisons. Publicly available information on indicators of the sector's performance is

a sine qua non of accountability to beneficiaries and other stakeholders. This function may be developed within the next five years.

Parents' lack of reliable and interpretable information on student learning feeds the sometimes corrosive practice of private lessons. In the absence of information, wealthier parents do what they can to help their children have a better chance, and poorly paid teachers use this situation to supplement their low wages by offering private lessons—sometimes to their own students. Private tutoring can be corrupt—good grades in class in exchange for hiring the teacher for private lessons. It is certainly inequitable, since only those with more money can afford such lessons.

Finally, the center is not taking policy responsibility for assuring educational fairness. There is substantial concern about the virtual collapse of the vocational/technical upper secondary system and the effects of that collapse on the enrollments of students from poorer families. However, in part because the MOES lacks policy analysis, planning, and financial management capacities, it can only acknowledge the inequities in rural areas and those that seem to be emerging in peri-urban areas.

Resources misaligned with responsibilities. The sector is rife with examples of grossly inadequate resources relative to responsibilities. Municipalities and communes are expected to pay for school maintenance out of their block grants. However, these grants are completely inadequate to cover what local governments are expected to finance, including school maintenance.

The job of inspector illustrates the misalignments found throughout the system. The position of inspector has no special skill or knowledge requirements. There are no special training courses to assist inspectors. They lack vehicles to facilitate their school visits. They do not have enough time to give to each school because they are responsible for too many schools. They lack information on the system's performance that they can use to judge the performance of individual schools. They have no access to resources to help schools improve. For example, the sector has no effective or budgeted system of in-service training.

Finally, Albania's economic crises and social instability have fostered a climate of accommodation and passivity rather than one of improvement. Conflicts, punishments, sanctions, and criticism are avoided. Not only inspectors, but players throughout the system, work to preserve the status quo. The low salaries of public officials and teachers undermine efforts to hold staff accountable. Low pay translates into low pressure to perform—in other words, there is an implicit contract that you get what you pay for. Thus, although inspectors prepare a report on their inspections, with recommendations, there are no major sanctions to schools or teachers if they do not implement them.

Accountability

"Accountability" in education refers to the mechanism that stakeholders can use to assess the sector's performance and to bring the state to honor their interests.[16] These interests have to be balanced to assure the efficient and responsive delivery of services.

[16] There is a large literature—e.g., the new institutional economics literature—on this issue. Papers that relate the implications of this burgeoning literature to service delivery problems include Paul 1991; Paul 1994; and Girishankar 1999. The framework used here relies heavily on Girishankar's and Paul's work, especially the former's.

Specifically, three types of incentives should operate in a checks-and-balance relationship to one another: competition (choice), rules and standards, and participation (voice).

Rules and standards are used to regulate the goods and services provided. Rules and standards should be framed in consultation with various stakeholders. However, the state, in the form of bureaucrats, technocrats, and quasi-state groups, such as subject matter associations of teachers, are usually the central players. They are better positioned to represent national interests and professional knowledge.

Competition (choice) can be used when multiple suppliers are available. Because it gives purchasers choices among goods and services, competition improves efficiency by forcing suppliers to reduce costs and improve quality. Although private sector players are those most likely to be subject to competition, capitation financing, vouchers, and other mechanisms can be used to create competitive markets among public providers.

Participation (voice) takes the form of participating in the definition of input and outcome standards and in using information on the performance of the public or private sector to press for improved performance and to choose among educational options. The central players for exercising voice include beneficiaries, users, taxpayers, and civic groups. Users will vary, depending on the level of education in question—for example, employers are vocal about training services.

Theoretical and analytic work show that the state cannot be trusted to supply educational goods and services efficiently or to respond to the preferences of beneficiaries and users without the competitive checks of markets or the exercise of voice by beneficiaries and users. *However, these same studies also show that efficiency and responsiveness declines if any one of these players dominates.* Mechanisms for strengthening accountability carry their own distortions. Thus, it is the checks and balances among the three types of incentives that result in the most efficient and responsive provision of services.

Markets are not self-regulating. In the absence of rule setting and standard setting by the state, they cannot be counted on to supply educational goods and services that respect national interests or those of taxpayers, beneficiaries, or users.

Similarly, beneficiaries and users cannot be trusted to represent communal interests in the absence of rule setting and standard setting by the state. The state and professional groups provide an important check on beneficiaries and users for at least three reasons.

- In addition to the positive benefits of education captured by the individual, such as higher wages, education has positive benefits for the collectivity. These include lower crime rates, better health practices that limit the spread of infectious diseases, more vigorous and better informed voter participation, contributions to economic growth that are not entirely captured in higher wages of individuals, and—depending on occupational structures and labor markets—more equal incomes and therefore less chance of social unrest. However, neither children nor parents can be trusted to invest sufficiently in education to realize its collective benefits. Children are too young to make these choices on their own behalf. Relative to their parents, they are also powerless to enforce choices that are to their benefit but not to that of their parents. Parents' investments in their children's education are significantly determined by their own levels of education and their socioeconomic status. Thus, for example, poor parents with little education are apt to value the benefit to them of the child's labor in the fields more than the delayed benefit of education for the child. To counter these

choices, the state passes and enforces laws that require families to send their children to school up to certain ages.

- The socioeconomic status of participants drives the exercise and effectiveness of voice. In the absence of state efforts to protect the interests of the poor and minorities, wealthier and more powerful parents will dominate ("capture") decisions about the allocation of services at the expense of poorer families.

- There are information asymmetries that favor the state over beneficiaries, users, and taxpayers. The latter voice preferences based on what they can observe. For example, if teachers do not show up for work, parents can observe their absence and demand ways of ensuring teachers' commitments to their jobs, such as giving communities or parent associations the right to hire and fire teachers. However, they are poorly positioned to see or understand important dimensions of education. For example, in the absence of credible assessments of student learning, educational quality is hard to judge. Parents do not readily understand the implications of a market economy for the skills and knowledge that their children need. Professional groups are better positioned to see these links and to represent them in state-regulated learning standards.

The State Dominates—and Accountability Loses

For Albanian education the state dominates what should be a checks-and-balance relationship among the private sector, the state, and players in the civic society, including beneficiaries. The private sector is a player—for example, as supplier of printing or construction services. However, the relationship between the state and the private sector is sometimes one of collusion more than one of checks and balances. The tendering process is not always transparent; specifications for the services or goods to be supplied are often not properly detailed; and the enforcement of contracts is uneven.

The third group in the accountability triangle—beneficiaries, users, other stakeholders—is very weak. These players perceive that they have little influence over the educational process. The clan structure of Albania makes it difficult to organize them as an effective counterbalance to the state and the private sector. Specifically, interviews with parents, teachers, students, and community leaders found the following.

Stakeholders largely view schools as institutions divorced from the "community" and functioning primarily as agents of the state. Not only was it the socialist regime that fully instituted the public school system throughout the country, but the state, through the MOES, continues to exert almost full control over most aspects of education. The workings of the education system exemplify the polarization and politicization of Albanian society. Thus, power shifts in Tirana result in personnel changes all the way down to the level of school principals, with consequent disruption of the education process.

In this centralized structure, school "collectives," principals, and teachers have little autonomy or authority. Principals, most of whom have had no specialized training for their role, have little authority beyond day-to-day management. They do not know their school budget, and have virtually no input into curriculum design or staffing

decisions. Teaching staff have little input into curriculum, content of courses, or choice of textbooks.

Most school-level stakeholders feel they have very little voice in the education process. They are convinced that all principals and parts of the teaching staff are decided by party or social group affiliation, rather than by professional qualifications. Stakeholders interpret school-related decisions and actions as the result of personalistic relationships and "connections."

Parents also lack voice in the education system. They are not expected to exert any influence over curriculum or course content—nor do they feel that they have the right to do so. At most, parents try to intervene individually to insure fair (or special) treatment for their own children, and to help fund raise. Parent's lack of voice is particularly marked in rural areas, where parents tend to be less educated, encounter disdainful attitudes from the teaching staff, find it difficult to come to school during working hours, and may be less inclined to see the value of education for their children. Although urban, educated and more prosperous parents have more choice – where to enroll their child, to pay for private lessons, to informally influence teachers' treatment of their children, even they have little voice in the education process itself.

Schools do not serve any function in the community, except for educating the youth. Although schools serve as polling stations, in only a few cases do schools engage with the neighborhoods in which they are located. Thus, a Tirana school staff said they occasionally invited neighborhood families to a lecture of general interest, and another school was planning to build a hall with potential for some community use. The only exception, noted in Shkodra and several other communities, occurred during the Kosovo refugee crisis, when schools became collection centers for assistance.

Albanian social structure makes it difficult to mobilize people to pursue common interests. Social relationships in Albania are structured around families, and the non-kin relationships that structure communities and civil society in other countries are relatively underdeveloped. Common acquaintance, rather than shared interests or activities, is used to define "community." Given the familial basis for social relationships and the history of forced "cooperation" during the socialist period, Albanians are reluctant to combine forces to demand voice or to work together on joint projects, such as cleaning the area around the school or making playgrounds for the children.

4 KEY ISSUES AND POLICY RECOMMENDATIONS

A basic, although grossly oversimplified, conclusion of this review is that improving Albanian education depends on better management and more money.

Key Issues

- Declines in enrollment rates have reduced the school expectancy for the average Albanian 6 year old by two years in one decade. Decreased enrollment rates in basic education account partly for the reduction in school expectancy, but the dramatic fall in upper secondary enrollment rates is the bigger culprit.
- Educational quality has slipped relative to 1989 standards and will become increasingly problematic as Albania's economy modernizes.
- After the basic education grades, enrollment rates are significantly lower for rural than for urban areas. Poverty is concentrated in rural areas, and family poverty depresses the demand for education. The supply and quality of educational services is also worse in rural areas, factors that further reduce demand. Rural populations are migrating to Albania's cities and peri-urban areas. Thus, schools in the cities and peri-urban areas have to deal with the effects of rural-urban differences in families' demand for education and the poorer quality of preparation that rural students bring with them.
- Government's low financing of education is undermining the sector. For example, virtually no preventive maintenance for schools has combined with poor initial construction and two country-wide episodes of school vandalism to produce a seriously deteriorated infrastructure that will cost about $270 million to rehabilitate. However, in contrast to many other countries in the region, Albania is delivering efficient pretertiary education, as measured by the use of educational staff and infrastructure. The procurement of inputs such as textbooks and the organization of processes such as inservice training are inefficient.
- The governance of Albania's education sector is highly centralized and vulnerable to turbulence in its political leadership. Its management represents a major impediment to improving educational services. The state dominates the delivery of these services, undermining accountability to broader interests.

Policy Recommendations

These issues entail the following policies and programs.

Improve Quality to Increase Enrollment Rates at Basic and Upper Secondary Levels

The decline in Albania's enrollment rates reflects demand and supply. On the demand side, enrollment rates are down because the perceived value of education has declined and the opportunity costs of schooling have risen. On the supply side, fiscal constraints have reduced the resources available to the sector to the point of undermining quality and possible improvements in quality that carry initial investment costs.

Government can affect both demand and supply. Enrollment is positively related to the perceived quality of education. To improve quality, focus on a major revision of the

curriculum, textbooks, and teachers' knowledge and skills. Start with the curriculum: it defines the content of textbooks and the skills and knowledge that teachers need to teach the curriculum well. Those writing curricula and textbooks are the products of Albania's intellectual isolation during the Socialist period. They need access to:

- technical expertise on constructing and piloting curricula and textbooks—a great deal is now known internationally about the effects of different ways of organizing subject matter on student learning;
- technical expertise on setting learning standards by subject and grade that can be monitored;
- current research on the cognitive sciences and child and adolescent development; and
- international networks of subject-matter professionals that can challenge their substantive assumptions.

The best teachers should be included in author teams to help bridge the gap between the disciplinary organization of knowledge and the realities of how students learn.

If a curricular revision is to affect student learning, teachers have to be helped to modify their classroom practices to reflect the new curricula. However, Albania has no reliable system of inservice training. Based on an analysis of the tradeoffs among alternative models for organizing inservice training, the sector has to establish arrangements that can be used to help teachers integrate the new curricula and textbooks into their classroom practice. These arrangements should reflect international experiences with teachers and change agendas. Albania's policymakers view teachers as conduits for instructional policy, not as actors. In fact:

- Teachers' understanding of the content and skill changes expected of them is often quite different from that of policymakers, largely because they receive only brief and superficial training and guidance. Thus, teachers tend to change their classroom activities, but without a conceptual understanding of the reason for these changes. The result is that activities get structured in ways unintended by the change agenda.
- Like all learners, teachers interpret and enact new instructional policies in light of their own experience, beliefs, and knowledge. In other words, they approach new ideas through old lenses. If retraining is superficial, they merge only partially understood requirements of the change agenda with their prior beliefs and teaching practices. The result is idiosyncratic practice that approximates neither their old practice nor that envisioned by the change agenda.
- Teachers are often left to struggle with conflicts that higher level managers and policymakers should have resolved. They may face a lack of alignment among the changes expected of them and the textbooks and examinations that should support these changes. Or they find that policymakers have vastly underestimated the classroom time required to cover new content and ways of learning. In these situations they resolve the conflicts in their own, but idiosyncratic, ways.

The message is that one-shot workshops, which define most staff development, do not work in changing teachers' classroom behavior. What does work is staff development that allows a continuous interaction between classroom practice and opportunities to reflect on that practice against clear standards and models. One way is to combine local networks of teachers that meet regularly for purposes of in-service learning, high quality

distance learning materials that encourage benchmarking and reflection, and well-trained facilitators.

Leverage Upper Secondary Enrollment Rates by Providing Vocational/Technical Services that Meet Certain Criteria

As indicated in chapter 1, completing high quality, upper secondary education is empirically related to successful functioning in modern workplaces. Ultimately the nature of Albania's upper secondary educational system and the low enrollment rates at this level will become choke points on the economic development of the country.

Upper secondary enrollment rates will only reverse significantly when a modern system of vocational/technical education is introduced. For almost a decade Albanians have had an upper secondary system that has been limited *de facto* to the academic track. Although academic enrollments increased during the 1990s, total enrollment rates at this level are still about 40 percentage points below their 1989 level. Albanians are voting with their feet. The evidence is that, given the poverty levels in Albania, families are looking for education that gives their children marketable skills (Dudwick and Shahriari 2000).

The report, *Restructuring Alternatives for Albania's VET Subsector*, evaluates the tradeoffs among four models for invigorating VET. These models include:

- a multiple ministry model. This model continues the current split between the MOES and Ministry of Labor and Social Affairs (MOLSA) in terms of providing VET services. It would simply upgrade the capacities of each ministry to serve its different mandates and clients.

- a single ministry model. This model consolidates all human and capital resources in VET until a single ministry, either the MOES or MOLSA.

- a unified, decentralized model. In the context of Albania's "Charter of Local Autonomy", this model consolidates all human and capital resources under a National VET Authority that reports to a line ministry, but is accountable to the Council of Ministers, includes a technical secretariat, and is advised by a National VET Council composed of stakeholders. The National VET Authority would have significant leeway to administer its assests to achieve national, regional, and local VET objectives.

- a Greater Southeast European regional model. Under this model Albania's VET services would be integrated into coordinated regional VET activities involving Albania, Kosovo, Macedonia, and Montenegro. Although potentially interesting and a model being seriously considered for the Greater Mekong Subregion in Southeast Asia, this model was rejected for Albania because it requires regional conditions that cannot yet be met.

On the basis of specified criteria, the unified, the decentralized model was recommended for Albania. It provides the flexibility required to respond to market demand, allows the use of decentralized, corporate-style management, and maximizes revenue generation and minimizes public costs.

Although Albanian parents are seeking market-relevant programs, it will ultimately be upper secondary programs that *integrate* the development of academic and vocational skills that will best position vocational students for the marketplace. Whichever governance, management, and financing model is ultimately selected, VET programs must strengthen students' foundation skills in the context of learning marketable skills. For example, LaGuardia High School in New York City is organized around the repair of aircraft engines. In the context of learning something that real people do in the real world, students acquire the academic foundation skills and knowledge that position them for adult learning and adaptation. They have to use mathematics, decode the complex manuals published by the manufacturers of different kinds of engines, and exercise diagnostic and problem-solving skills.

Consider a Multi-Sectoral Rural Strategy to Counter Urban-Rural Differences in Educational Opportunities

Educational inequities are primarily organized around urban versus rural locations. Most of the poorest quintile of Albanians lives in rural areas, and even the non-poor in rural areas have lower quality and fewer educational services.

The first issue for Albania's Government is its rural policy. Internal migration from rural to urban and peri-urban areas and immigration to other nations is rapidly altering the viability of whole villages, including their schools. Does Government want to slow the flow of migrants from rural areas into peri-urban and urban areas? Does it want to ensure that families that do migrate to the cities are better able to function in the urban economy and urban institutions, such as the schools?

If so, Government has to implement a multi-sectoral strategy for rural areas. It has to make decisions about the economic potential of small villages and the services, such as roads, clinics, and schools, required to stabilize them. The role for the education sector in such a strategy is to identify those factors most determinate of rural-urban differences in educational access and quality. For example, improving the roads would allow small villages that have trouble attracting qualified teachers to consolidate their small schools into fewer larger schools with better teachers.

Spend More Money on Education

It is tempting to pursue an education strategy that is focused solely on improving access and quality. However, *the root causes* of the grave state of Albania's education system are its financing, governance, management, and accountability. Past experience with the sector has shown that a failure to improve these dimensions condemns efforts to improve inputs to the teaching and learning process.

Education spending has been limited to the bare essentials, at the expense of important needs that have no immediate return such as maintenance and teacher training. This fiscal policy degrades the value of physical assets, human capital, educational quality, and the demand for education that is sensitive to quality. It does not produce savings. Inadequate public spending simply increases private costs for participating in education and shifts long-run costs, such as school rehabilitation, to future generations.

To contain costs while adjusting to declining enrollments, the education sector in the 1990s allowed teachers' salaries to deteriorate and reduced the number of teachers, the number of classes, and the number of schools. There is little room to reduce these

costs further. There is room to increase cost recovery at the tertiary level *if* schemes such as scholarships are introduced to protect the access of poor students to this level of education. The net savings to the public budget would depend on student fee levels and the costs of subsidizing poor students.

Analyses show the costs to the public budget of increasing the financing of education under different assumptions. The analysis works with different spending scenarios: a "base" scenario and two "target scenarios", one of which assumes higher enrollment rates and the second of which assumes increased nonsalary spending. All scenarios assume three percent annual real growth in GDP and zero inflation—or that inflation nets out, in the sense that GDP and the prices of all factors of production inflate by the same amount. Calculations are based on a simple nonbehavioral model that includes only recurrent expenditures; capital expenditures have to be considered separately. Model predictions are sensitive to changes in assumptions, but they nonetheless indicate the magnitudes of spending required to finance desired changes.

Base scenario. This scenario provides a benchmark. It assumes that no policies are implemented that would increase enrollments or educational quality.

The analysis starts with the resources needed under the *status quo* (the so-called "base scenario"). The projections for 2000 for the base scenario use historical data for 1998 and assume a 3 percent annual growth in GDP between 1998 and 2000. They include the announced increase in salaries for public sector workers in April 1999 (17 percent increase in teachers' salaries and 10 percent increase in non-teaching staff's salaries). (See annex table A52.) The base scenario assumes unchanged enrollment rates and real spending per student. The main determinants of spending under the base scenario are demographic projections and the projected growth rate of GDP.

As table 4.1 shows, the base scenario results in a steady decrease in education's share of spending until the year 2010. This easing of education financing is primarily driven by two factors: a drop in the size of the population of preschool and basic education ages and the projected increase in real GDP.

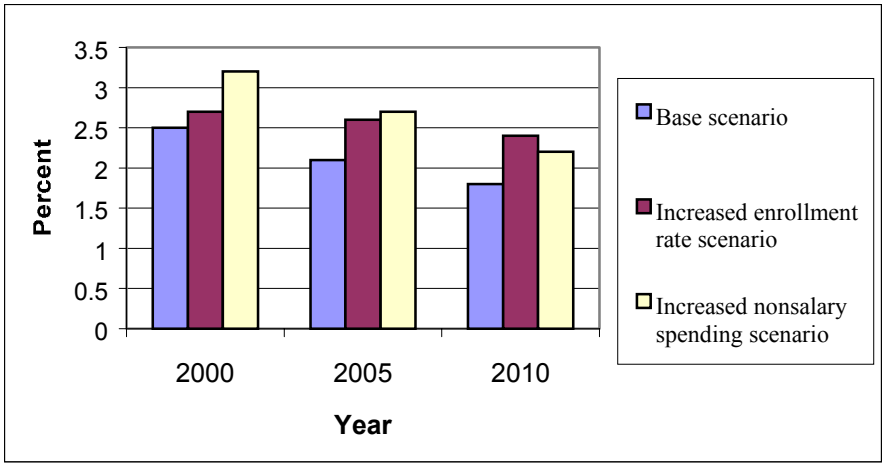
Increased enrollment scenario. This scenario sets as targets: a) universal participation in basic education by 2005; and b) an increase in the enrollment rate for upper secondary and tertiary education that by 2010 would cut in half the enrollment gap between Albania and the OECD average. (See assumed enrollment rates in annex table A53). It assumes no changes in enrollment rates for preschool, a cautious approach advocated in UNESCO 1998, among others.

The increased nonsalary spending scenario. This scenario assumes that the nonsalary share of expenditures will rise to match the average share of non-salary expenditures in the European transition economies, where prevailing conditions in education and in the wage structure are presumably comparable to those in Albania. (See annex table A54 for details.) Since several of these countries are constricting nonsalary expenditures in the same ways as Albania, this is a conservative approach.

Budget implications. The scenarios focus on an increase in teachers' salaries, on increased enrollment rates, and on increases in the nonsalary share of expenditures. Figure 4.1 shows the results of the model calculations:

- An annual 0.30 percent of GDP for a 17 percent salary increase of teachers and 10 percent salary increase for non-teaching staff.
- An annual 0.59 percent of GDP by the year 2010 if enrollment rates increase as projected in table Axx 5.3.
- An annual 0.65 percent of GDP in the initial year for increased nonsalary spending (for example, teaching materials, maintenance, and scholarships).

Figure 4.1 Total current expenditures on education under three scenarios, 2000-2010 (as a percentage of GDP)



Note: See text for assumptions underlying these scenarios.
Source: Palomba and Vodopivec 2000, tables 5.1-5.4.

Table 4.1 shows that even when these projected increases are combined, Albanian recurrent spending on education as a share of GDP stays below the comparable share in developed economies.

Table 4.1 Projected Recurrent Expenditures under Different Scenarios: 2000-2010
(as percentage of GDP)[a]

Level of Education	2000	2005	2010
***Recurrent Expenditures under Base Scenario* (*as percent of* GDP)[b]**			
Total Expenditures	2.5	2.1	1.8
Preschool	0.2	0.1	0.1
Basic	1.6	1.2	1.0
Upper Secondary	0.4	0.4	0.3
Tertiary	0.3	0.4	0.3
***Incremental Costs of Increased Enrollment Scenario Relative to Base Scenario* (*as percent of* GDP)[c]**			
Total Expenditures	0.13	0.44	0.59
Preschool	0.00	0.00	0.00
Basic	0.03	0.11	0.09
Upper Secondary	0.04	0.15	0.20
Tertiary	0.05	0.19	0.30
***Incremental Costs of Increased Nonsalary Expenditure Scenario Relative to Base Scenario* (*as percent of* GDP)[d]**			
Total Expenditures	0.65	0.55	0.46
Preschool	0.05	0.04	0.04
Basic	0.41	0.32	0.26
Upper Secondary	0.09	0.09	0.07
Tertiary	0.09	0.10	0.09
***Total Recurrent Costs Cumulative Across Scenarios* (*as percent of* GDP)**			
Total Expenditures	3.28	3.09	2.85
Preschool	0.25	0.14	0.14
Basic	2.04	1.63	1.35
Upper Secondary	0.53	0.64	0.57
Tertiary	0.44	0.69	0.69

Notes: All scenarios assume 3 percent annual growth in GDP. The projections for 2000 for the base scenario use historical data for 1998 and assume a 3 percent annual growth in GDP between 1998 and 2000. All scenarios assume zero inflation or that inflation nets out, in the sense that the prices of all factors of production inflate by the same amount and that GDP inflates by that amount over and above the assumed 3 percent of real growth.

[b] Calculations for the base scenario include the announced increase for public sector workers in April, 1999, of 17 percent increase in teachers' salaries and 10 percent increasing in non-teaching staff salaries. See annex table xx5.2 for the effects of these wage increases as a percent of GDP.

[c] Annex table xx5.3 shows assumptions about enrollment increases by level and year

[d] Annex table xx5.4 shows assumptions about increased nonsalary spending by level and year.

Source: Palomba and Vodopivec 2000, tables 5.1-5.4.

To Stabilize the Reform of the Sector, Base it on a Broad Consensus

The MOES needs to break the long tradition of public non-involvement in education by collaborating closely with stakeholders to set reform priorities and develop the details of education improvement programs. A broad ownership of the reform strategy for the sector will constrain the effects of turbulent political leadership.

More Money for Education Should be Contingent on Better Management

The MOES has been unable to take sustained action to remedy those problems that are predominately under its control, even when international financing and technical help have been available. Individual leaders and staff of the MOES acknowledge, but are victims of, the Ministry's managerial problems. The MOES itself is not structured to design, implement, and sustain improvement. The Ministry lacks the policy analysis, policy planning, financial management, program planning and monitoring, and consultative processes required to construct a strategy that will be credible to those it affects, to those who have to implement it, and to the MOF and international parties that might fund its implementation. As a result, the Ministry has been unable to provide reform leadership for the sector.

Reallocate functions among levels of government. Table 3.3 suggests a model for allocating functions to the center, local or district governments, and the school. There are two main principles for this reallocation. One is to "open up space" for the center to lead by allocating routine decisionmaking to local and school levels.

The second is to ensure that schools control decisions that directly affect their ability to deliver on their teaching and learning responsibilities. Principals and teachers should be held accountable for the learning of the students in their schools. However, they must also be given power over decisions that affect their ability to deliver on this accountability. Thus, principals, not the local commune or municipality, should control the budget for maintaining the school. Their substantive input should be sought and used in all staffing decisions for their schools. Principals and teaching staff should have more flexibility in terms of scheduling and school hours. To take on greater responsibilities, principals and vice principals should receive training in school management, fundraising, budgeting and efficient use of resources.

Restructure the Ministry. To lead, the MOES not only has to shift routine decisions to local or school levels. It also needs to create and vitalize those organizational structures found in any modern ministry. These include:

- a policymaking body consisting of deputy ministers and department heads that acts as the forum for setting reform priorities that are then presented to the Minister for final decision;
- a technical secretariat that conducts functions needed to support the policymaking body. These functions include statistical and policy analyses, planning, costing of policy alternatives, program designs, and implementation monitoring.

Increase Transparency and Accountability at all Stages of the Reform Process

All stages of the reform process should be designed in close collaboration with stakeholders in order to build trust in a society characterized by endemic suspicions of outsiders. For example, students and parents tend to explain grades, university admission, and other forms of evaluation by claiming that favoritism or prejudice occurred. Since perceptions are as important as reality, it is not only important that transparency and accountability exist, but they must be seen to exist, to counter prevailing tendencies to explain events in terms of corrupt activities, even when corruption has not in fact been occurred. In this context, several steps should be taken:

- Staffing of education positions should be professionalized and depoliticized by publishing hiring criteria based on skills and knowledge, advertising jobs, opening the hiring process to greater scrutiny, and basing dismissals on clear evidence of incompetence or malfeasance. These changes will increase trust among stakeholders and the job security of administrators and teachers. More secure staff are more likely to invest in the success of their schools and to develop and implement longer-term improvement strategies.

- Credible information on the performance of the sector should be publicly available. Reform projects should include mechanisms for continuous information-sharing. These can be in the form of brief newsletters, local press releases, radio and TV discussions, posting of announcements, and/or public meetings.

- Curricula should be depoliticized by creating committees of subject matter professionals that lead broad consensus-building exercises to produce a balanced treatment of contentious issues.

- Parent-teacher councils, parent boards, and student governments should be encouraged, but in ways that respect what parents, students, and other stakeholders think appropriate and desirable. This encouragement should therefore build on the experience of what is already working in Albania, rather than importing models of good parent-teacher relationships from very different countries.

- To track the success of efforts to improve the governance and accountability of the system, the MOES should monitor variables such as:

    - Inequities in the quality of educational services; school performance as evaluated through national assessments of achievement;
    - forms and degree of community and parental involvement;
    - the sense of ownership and satisfaction or dissatisfaction among stakeholders; and
    - transparency through brief public surveys of stakeholders.

STATISTICAL ANNEX

CONTENTS

Source for Statistical Annex: Palomba and Vodopivec (2000)

Table A1. Public and private schools and relative enrollment in Albania, 1997/98

(Total number and percentage of the total)

Level of education	Public Number (%)	Private Number (%)
Preschool		
- Number of schools	2,408 (99.8)	5 (0.2)
- Number of children	80,418 (99.5)	395 (0.5)
Primary education		
- Number of schools	1,803 (99.3)	13 (0.7)
- Number of students	559,324 (99.7)	1,843 (0.3)
Secondary education (Lower and upper)		
- Number of schools	400 (97.8)	9 (2.2)
- Number of students	98,721 (98.8)	1,149 (1.2)
Tertiary education		
- Number of schools	11 (100)	0
- Number of students	35,902 (100)	0

Source: Statistical Office of Albania.

Table A2. Levels of education and typical attending age in Albania

Level	Type and level of school	Age of pupil (in years)		Duration (in years)
		Upon entry	Upon completion	
Preschool				
Level 0	Kindergarten	3	3 - 5	4
Basic education (primary and lower secondary)				
Level 1	Primary school	6	6 - 9	4
Level 2	Lower secondary school	10	10-13	4
Upper secondary education				
Level 3C	Secondary vocational education (3 years)	14	14-16	3
Level 3A	General education (4 years)	14	14-17	4
Level 3A	Secondary vocational education (4 years)	14	14-17	4
Level 3A	Secondary vocational education (5 years)	14	14-18	5
Tertiary education				
Level 5B	Tertiary education (3 years, Non-University)	18	18-20	3
Level 5A	Tertiary education (4 years, University)	18	18-21	4
Level 5A	Tertiary education (5 years, University	18	18-22	5
Post –university higher education				
Level 6	Doctorate	23	24-26	3-4

Note: The levels of education are defined with reference to the International Standard Classification of Education (ISCED) of 1976.

Table A3. Total enrollment in Albania by level of education, 1989-98

(in thousands)

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Whole country										
Preschool	125	130	109	81	80	80	85	84	80	82
Basic	552	557	540	526	536	551	558	561	559	553
Upper secondary	203	206	147	116	103	94	90	93	99	102
Tertiary[a]	26	27	28	33	30	28	30	34	36	36*
Total	906	920	824	756	749	753	763	772	774	773
Urban areas										
Preschool	59	61	55	38	32	32	35	34	33	37
Basic	170	175	176	182	189	191	198	208	213	213
Upper secondary	93	83	68	59	57	55	57	66	71	72
Tertiary[a]	26	27	28	33	30	28	30	34	36	36
Total	348	346	327	312	308	306	320	345	353	358
Rural areas										
Preschool	66	69	54	43	48	48	50	50	47	45
Basic	382	382	364	344	347	360	360	353	346	340
Upper secondary	110	123	79	57	46	39	33	27	28	30
Total	558	574	497	444	441	447	443	427	421	415
Memorandum item										
Population age (3-22)	1,328	1,345	1,331	1,300	1,288	1,291	1,298	1,306	1,326	1,349

[a] Enrollment for tertiary education includes both full- and part-time students.

Source: Statistical Office of Albania.

Table A4. Relative rural and urban enrollment, 1989-98

(in thousands)

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Preschool (age 3-5)										
Total enrollments	125	130	109	81	80	80	85	84	80	82
Rural enrollment	66	69	54	43	48	48	50	50	47	45
Rural as % of total enrollment	53	53	50	53	60	59	59	59	58	55
Basic										
Total enrollment	552	557	540	526	536	551	558	561	559	553
Rural enrollment	382	382	364	344	347	361	360	353	346	340
Rural as % of total enrollment.	69	69	67	65	65	65	65	63	62	61
Upper Secondary										
Total enrollment	203	206	147	116	103	94	90	93	98	102
Rural enrollment	110	123	79	57	46	39	33	27	28	30
Rural as % of total enrollment.	54	60	54	49	45	42	37	29	29	30
of which: In general	10	11	21	17	31	35	32	28	28	28
In vocational	44	49	33	22	13	7	5	1	1	2
Tertiary										
Total enrollment [a]	21	22	23	23	20	18	17	17	19	19

[a] Enrollment for tertiary education includes both full-time students only. For 1989 and 1998 the number of full-time students was estimated based on the total number of students enrolled in tertiary education using proportions from the closest year.
Source: Statistical Office of Albania.

Table A5. Gross enrollment rates by level of education, 1989-98

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Preschool	56.7	57.9	48.9	36.8	36.1	36.8	39.2	38.9	36	35.8
Primary										
Total	100.9	102.1	99.3	97.3	99.4	100.4	100.3	99.5	97.1	93.9
Male	100.3	101.5	98.2	95.3	99.1	100.8	100.5	100.4	97.7	94
Female	101.4	102.9	100.5	99.6	99.7	100	100	98.6	96.5	93.7
Lower secondary										
Total	103.4	102.5	96.2	90.8	90.7	92.5	91.4	91.5	91.1	90.1
Male	104.8	103.7	95.4	88.9	89	91.5	90.3	91.7	89.3	88.4
Female	101.9	101.1	97	92.8	92.4	93.7	92.6	92	92.1	92
Upper secondary										
Total	78.6	78	57.3	47	42.4	38.1	36.6	38.5	40.3	41
in general	24.41	25.9	28.3	29.6	30.1	29.7	29.1	31.6	33.9	34.9
in vocational	54.14	53.1	30	17.4	12.3	8.4	7.5	6.9	6.4	6.1
Tertiary										
Total	8.2	9	9.3	11.9	11.7	11.1	11.8	13.1	13.6	13.3
in full-time	6.6*	7	7.6	8.3	7.8	6.9	6.7	6.6	7	6.9*

Note: * For 1989 and 1998 the number of full-time students in tertiary education has been estimated from the number of students using proportions from the closest year.
Source: Statistical Office of Albania.

Table A6. Preschool enrollment rates in transition economies, 1989-98

(net rates as percentage of the relevant age group)

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Albania	56.7	57.9	48.9	36.8	36.1	36.8	39.2	38.9	36	35.8
Comparison countries										
Country mean	52.7	51.4	49.4	44.5	42.9	42.7	44.1	47.4	n/a	n/a
Armenia	65.2	60.5	60.4	51.9	45.3	39.1	31.4	32.4	n/a	n/a
Azerbaijan	21.9	20.6	20.6	18.8	18.7	16.6	15.1	13.8	n/a	n/a
Belarus	63.1	63.3	62.5	58.0	58.3	61.0	62.3	64.0	n/a	n/a
Bulgaria	69.1	67.7	58.7	62.5	60.4	62.6	67.5	69.2	n/a	n/a
Croatia	28.2	29.4	29.4	19.1	20.0	n/a	26.1	n/a	n/a	n/a
Czech Republic	89.8	89.8	89.8	83.3	84.9	86.6	88.7	88.5	n/a	n/a
Estonia	63.3	62.2	67.4	60.5	53.7	56.0	58.8	63.2	n/a	n/a
FR Yugoslavia	31.2	31.9	31.6	29.2	34.0	28.5	32.6	34.5	n/a	n/a
FYR Macedonia	n/a	26.2	24.4	25.3	25.5	26.9	28.0	n/a	n/a	n/a
Georgia	4.1	43.6	39.9	31.0	26.8	17.4	14.2	11.7	n/a	n/a
Hungary	85.7	84.9	85.9	86.5	86.6	86.1	86.9	87.0	n/a	n/a
Kazakhstan	54.7	53.5	52.5	45.3	39.8	29.3	23.5	n/a	n/a	n/a
Kyrgyzstan	31.3	30.3	26.7	23.3	13.4	8.8	7.7	8.0	n/a	n/a
Latvia	52.8	44.8	37.0	28.3	32.6	39.9	47.1	50.8	n/a	n/a
Lithuania	63.9	58.6	63.9	39.1	30.1	34.5	36.2	40.0	n/a	n/a
Moldova	62.8	61.4	58.7	42.4	36.6	35.1	32.3	32.1	n/a	n/a
Poland	48.7	47.1	43.9	42.6	42.7	44.3	45.3	46.8	n/a	n/a
Romania	63.3	54.3	51.9	53.3	50.2	55.2	58.4	55.1	n/a	n/a
Russia	69.3	66.4	63.9	56.8	57.4	56.2	55.5	55.0	n/a	n/a
Slovakia	91.5	83.7	75.7	78.1	78.0	74.6	70.2	75.2	n/a	n/a
Slovenia	57.0	56.3	56.6	55.8	56.2	60.3	62.8	65.1	n/a	n/a
Tajikistan	16.0	15.0	14.0	11.0	10.4	9.4	n/a	n/a	n/a	n/a
Turkmenistan	33.8	33.9	32.8	32.0	39.6	30.1	n/a	n/a	n/a	n/a
Ukraine	61.0	57.4	51.0	54.7	49.4	47.0	44.3	41.0	n/a	n/a
Uzbekistan	33.8	36.8	35.1	30.7	29.0	26.1	24.5	24.0	n/a	n/a

Note: n/a = no data available.
Source: Statistical Office of Albania, and UNICEF (1998).

Table A7. Basic education enrollment rates in transition economies, 1989-98

(gross rates as percentage of the relevant age group)

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Albania	103.2	102.3	97.8	94.2	95.2	96.6	96.0	95.6	92.1	92.1
Comparison countries										
Country mean	95.1	94.8	93.2	90.8	90.5	90.6	90.6	90.6	n/a	n/a
Armenia	98.8	97.8	95.8	92.4	n/a	91.6	90.8	91.0	n/a	n/a
Azerbaijan	90.6	90.4	91.2	92.8	92.9	90.6	86.7	n/a	n/a	n/a
Belarus	95.8	94.9	94.2	94.2	93.7	93.6	94.1	93.8	n/a	n/a
Bulgaria	98.4	98.6	97.3	95.1	94.0	94.3	93.7	93.6	n/a	n/a
Croatia	96.0	94.0	81.0	79.0	85.0	89.0	88.0	n/a	n/a	n/a
Czech Republic	96.9	97.3	99.3	98.6	97.4	96.1	95.3	92.0	n/a	n/a
Estonia	98.1	96.2	94.9	93.6	92.3	91.7	91.2	92.2	n/a	n/a
FR Yugoslavia	95.3	95.0	94.4	72.7	74.3	72.5	71.6	72.7	n/a	n/a
FYR Macedonia	n/a	89.4	87.1	86.2	86.2	86.8	86.5	86.9	n/a	n/a
Georgia	90.5	92.0	91.2	89.4	86.1	n/a	n/a	n/a	n/a	n/a
Hungary	99.0	99.2	99.2	99.2	99.1	99.1	99.1	99.2	n/a	n/a
Kazakhstan	93.9	93.1	92.7	91.7	91.5	90.9	90.5	90.0	n/a	n/a
Kygyzstan	85.4	n/a	84.5	83.9	83.6	83.0	82.5	76.4	n/a	n/a
Latvia	95.8	96.4	95.2	90.9	89.4	89.0	89.5	89.5	n/a	n/a
Lithuania	94.0	93.0	92.6	92.8	91.9	92.2	93.2	94.0	n/a	n/a
Moldova	95.8	95.6	94.4	80.3	80.0	79.3	79.8	79.3	n/a	n/a
Poland	97.9	97.5	97.3	97.1	97.2	97.1	97.2	97.4	n/a	n/a
Ron/aania	93.6	89.5	89.4	89.6	90.3	91.4	92.6	93.9	n/a	n/a
Russia	93.0	93.6	94.4	93.3	91.9	90.7	91.3	91.4	n/a	n/a
Slovakia	96.8	97.2	98.0	99.8	99.5	97.0	96.5	96.3	n/a	n/a
Slovenia	96.0	96.1	97.1	96.8	97.6	97.8	96.7	97.3	n/a	n/a
Tajikistan	94.1	94.0	94.2	89.6	85.1	86.4	n/a	n/a	n/a	n/a
Turkmenistan	92.8	92.2	89.5	88.5	88.5	89.1	n/a	n/a	n/a	n/a
Ukraine	93.1	93.5	92.4	n/a	91.6	90.8	91.0	90.3	n/a	n/a
Uzbekistan	92.2	91.1	87.9	87.5	87.9	88.6	n/a	n/a	n/a	n/a

Source: Calculations from data of the Statistical Office of Albania and UNICEF (1998).
Note: n/a= no data available.

Table A8. General secondary enrollment rates in transition economies, 1989-98

(gross rates as percentage of the relevant age group)

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Albania	24.4	26.0	28.3	29.6	30.1	29.7	29.1	31.6	33.9	34.9
Comparison countries										
Country mean	28.0	28.6	26.8	25.2	25.0	25.5	25.1	26.4	n/a	n/a
Armenia	35.9	34.3	32.5	31.3	31.2	30.7	29.1	29.6	n/a	n/a
Azerbaijan	33.0	33.5	34.5	32.8	28.9	27.0	25.8	28.1	n/a	n/a
Belarus	27.5	26.6	26.0	25.2	24.2	24.9	24.9	26.8	n/a	n/a
Bulgaria	30.7	29.9	29.4	29.3	29.6	31.3	31.7	31.4	n/a	n/a
Croatia	n/a	n/a	n/a	8.8	13.9	18.0	18.5	18.7	n/a	n/a
Czech Republic	15.9	16.1	15.6	15.9	16.5	17.6	18.8	18.7	n/a	n/a
Estonia	37.3	36.3	36.7	37.0	39.4	43.5	43.7	43.9	n/a	n/a
FR Yugoslavia	n/a	n/a	8.0	12.8	19.6	n/a	n/a	n/a	n/a	n/a
FYR Macedonia	n/a	n/a	10.6	14.4	15.8	17.5	18.2	n/a	n/a	n/a
Georgia	39.0	40.2	39.7	34.4	26.4	23.0	21.9	24.0	n/a	n/a
Hungary	19.7	19.8	19.5	19.5	19.2	20.0	21.2	22.3	n/a	n/a
Kazakhstan	30.4	31.7	32.3	31.0	28.4	27.0	25.5	24.8	n/a	n/a
Kyrgyzstan	n/a	36.6	36.7	36.0	32.5	28.6	27.3	n/a	n/a	n/a
Latvia	22.1	21.2	20.3	20.3	24.7	26.7	28.7	30.3	n/a	n/a
Lithuania	34.7	34.2	32.8	30.6	30.4	32.9	34.8	38.6	n/a	n/a
Moldova	29.0	26.6	22.6	17.1	17.1	17.6	18.1	19.4	n/a	n/a
Poland	21.0	21.7	23.3	24.9	26.4	28.1	29.7	30.5	n/a	n/a
Romania	3.8	11.6	16.4	17.8	18.4	19.3	19.8	20.4	n/a	n/a
Russia	23.6	24.4	24.7	23.6	22.6	22.3	23.4	24.5	n/a	n/a
Slovakia	15.6	16.0	16.4	17.1	18.0	19.0	20.0	20.9	n/a	n/a
Slovenia	n/a	n/a	n/a	n/a	n/a	19.5	20.1	20.5	n/a	n/a
Tajikistan	41.5	40.7	37.7	29.7	26.8	25.3	23.6	22.3	n/a	n/a
Turkmenistan	39.0	39.7	37.5	34.9	35.2	35.6	n/a	n/a	n/a	n/a
Ukraine	25.8	25.2	24.2	n/a	22.7	23.4	24.0	25.5	n/a	n/a
Uzbekistan	37.5	37.7	36.5	31.0	28.0	27.8	n/a	27.0	n/a	n/a

Source: Statistical Office of Albania and UNICEF (1998).
Note: n/a= no data available.

Table A9. Technical and vocational secondary enrollments rates in transition economies, 1989-98

(gross rates as percentage of the relevant age group)

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Albania	54.1	53.1	30	17.4	12.3	8.4	7.5	6.9	6.4	6.1
Comparison countries										
Country mean	46.8	43.4	40.4	37.2	35.9	35.8	35.9	33.6	n/a	n/a
Armenia	31.6	29.0	25.7	22.8	18.3	14.9	11.3	11.7	n/a	n/a
Azerbaijan	27.9	26.0	25.6	21.0	16.3	13.4	11.3	10.7	n/a	n/a
Belarus	58.0	54.7	55.4	54.7	54.0	51.8	48.9	41.2	n/a	n/a
Bulgaria	47.0	47.3	46.1	43.1	41.5	42.6	42.5	42.2	n/a	n/a
Croatia	n/a	n/a	n/a	58.5	60.1	58.4	54.7	57.1	n/a	n/a
Czech Republic	72.2	65.0	61.3	60.1	65.5	66.9	60.3	n/a	n/a	n/a
Estonia	n/a	n/a	n/a	35.4	33.0	32.8	34.9	37.4	n/a	n/a
FR Yugoslavia	17.4	15.6	12.1	13.1	13.9	12.6	13.0	n/a	n/a	n/a
FYR Macedonia	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Georgia	36.5	34.3	n/a	32.0	28.3	25.0	25.0	25.2	n/a	n/a
Hungary	69.6	69.7	67.9	66.4	65.1	65.4	65.2	65.6	n/a	n/a
Kazakhstan	n/a	39.9	n/a	n/a	n/a	30.5	29.0	25.7	n/a	n/a
Kyrgyzstan	27.6	25.2	24.4	23.4	22.0	18.6	16.4	13.9	n/a	n/a
Latvia	n/a	46.3	43.9	39.9	36.5	33.7	32.1	32.7	n/a	n/a
Lithuania	n/a	n/a	n/a	19.7	20.8	21.7	23.6	23.9	n/a	n/a
Moldova	42.1	38.4	35.6	29.5	30.5	23.1	22.5	22.8	n/a	n/a
Poland	72.2	70.8	69.0	67.8	67.8	68.1	67.6	67.5	n/a	n/a
Romania	87.2	67.8	52.9	44.1	40.3	40.6	42.3	41.3	n/a	n/a
Russia	54.2	50.8	49.0	46.4	44.2	41.6	41.8	41.8	n/a	n/a
Slovakia	63.8	60.6	57.4	55.1	54.2	54.8	57.8	60.3	n/a	n/a
Slovenia	n/a	n/a	n/a	n/a	n/a	61.0	62.2	63.7	n/a	n/a
Tajikistan	19.6	18.8	18.4	17.2	17.0	15.2	n/a	4.9	n/a	n/a
Turkmenistan	23.8	22.8	22.0	21.4	18.2	n/a	n/a	n/a	n/a	n/a
Ukraine	50.1	n/a	n/a	n/a	37.7	35.3	33.8	32.6	n/a	n/a
Uzbekistan	34.2	31.4	29.8	28.8	27.2	23.4	21.2	10.5	n/a	n/a

Note: n/a= no data available.
Source: Statistical Office of Albania and UNICEF (1998).

Table A10. Tertiary enrollment rates in transition economies, 1989-98

(gross rates as percentage of the relevant age group)

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Albania	6.6[a]	7.0	7.6	8.3	7.8	6.9	6.7	6.6	7.0	6.9[a]
Comparison countries										
Country mean	13.0	13.5	13.6	13.3	13.4	14.0	14.9	16.2	n/a	n/a
Armenia	16.5	17.0	16.8	15.0	12.3	10.2	13.2	11.5	n/a	n/a
Azerbaijan	8.1	8.6	9.2	8.6	8.5	8.7	11.0	n/a	n/a	n/a
Belarus	16.5	16.7	16.6	17.0	16.1	17.3	17.8	18.7	n/a	n/a
Bulgaria	16.4	18.8	18.7	19.8	20.9	23.0	26.0	27.0	n/a	n/a
Croatia	n/a	n/a	13.9	14.3	16.0	16.5	16.6	17.2	n/a	n/a
Czech Republic	12.7	13.6	13.1	13.3	13.6	14.2	15.0	16.6	n/a	n/a
Estonia	n/a	14.2	14.1	13.8	14.3	15.6	16.9	18.6	n/a	n/a
FR Yugoslavia	17.1	16.9	15.8	13.7	14.8	14.5	14.9	16.5	n/a	n/a
FYR Macedonia	n/a	n/a	14.4	14.4	12.6	11.3	n/a	n/a	n/a	n/a
Georgia	13.9	16.0	15.5	13.5	12.8	n/a	n/a	n/a	n/a	n/a
Hungary	13.9	14.2	14.8	15.7	16.8	18.5	20.7	22.9	n/a	n/a
Kazakhstan	12.9	13.0	13.4	13.1	12.7	12.6	12.5	12.9	n/a	n/a
Kyrgyzstan	10.9	10.8	10.4	9.7	9.7	10.8	11.8	12.9	n/a	n/a
Latvia	15.2	15.5	15.6	15.9	15.8	16.4	18.5	22.8	n/a	n/a
Lithuania	17.7	17.2	15.6	13.7	13.3	13.1	13.9	15.4	n/a	n/a
Moldova	11.6	11.7	11.4	10.8	10.3	10.8	11.9	12.5	n/a	n/a
Poland	11.6	12.4	13.0	14.3	15.7	17.0	18.1	19.7	n/a	n/a
Romania	8.8	10.1	11.0	12.2	13.1	13.4	13.2	n/a	n/a	n/a
Russia	16.6	16.9	17.1	17 0	16.4	16.1	16.9	17.6	n/a	n/a
Slovakia	13.2	13.8	13.3	14.2	14.4	15.0	15.6	16.8	n/a	n/a
Slovenia	18.2	19.3	21.8	21.6	22.9	23.4	24.7	n/a	n/a	n/a
Turkmenistan	8.1	8.0	7.9	7.4	7.4	n/a	7.3	n/a	n/a	n/a
Ukraine	15.3	15.3	15.2	15.1	14.5	16.0	16.8	n/a	n/a	n/a
Uzbekistan	9.1	9.5	9.4	8.7	7.4	6.3	5.4	5.0	n/a	n/a

Source: Statistical Office of Albania and UNICEF (1998).
Notes: Only full-time students are included.
[a] For 1989 and 1998 the number of full-time students was estimated based on the total number of students enrolled in tertiary education using proportions from the closest year.

Table A11. The shift toward part-time enrollment in tertiary education, 1989-97

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Registered students (level 5A+5B)[a]										
Total	25,964	27,641	28,001	32,684	30,185	28,331	30,086	34,257	35,902	36,000
Male	12,654	13,541	13,466	16,131	14,116	14,410	13,410	14,881	15,535	n/a
Female	13,310	14,100	14,535	16,553	16,069	14,921	16,172	19,376	20,367	n/a
Students registered as full-time (levels 5A & 5B)										
Total	20,719[b]	22,059	22,705	22,835	20,190	17,792	17,235	17,094	18,550	18,601[b]
Male	n/a	10,675	10,964	10,999	9,404	8,420	7,747	7,091	7,280	n/a
Female	n/a	11,384	11,741	11,836	10,786	9,372	9,488	10,002	11,270	n/a
Students registered as part-time (level 5A)										
Total	5,245[b]	5,582	5,296	9,849	9,995	10,539	12,581	17,163	17,352	17,399[b]
Male	n/a	2,866	2,502	5,132	4,712	4,990	5,897	10,211	8,255	n/a
Female	n/a	2,716	2,794	4,717	5,283	5,549	6,684	6,952	9,097	n/a
Students registered in the first level										
Total	n/a	6,202	6,686	10,063	5,053	4,573	6,566	8,207	7,158	n/a
Full time	n/a	5,690	5,447	6,013	3,653	3,062	3,918	5,102	5,513	n/a
Part time	n/a	512	1,239	4,050	1,400	1,511	2,648	3,105	1,645	n/a
Enrollment rates										
Full-time students	6.6[b]	7.0	7.6	8.3	7.8	6.9	6.7	6.6	7.0	6.9[b]
Full- and part-time students (levels 5A & 5B)	8.2	9	9.3	11.9	11.7	11.1	11.8	13.1	13.6	13.3
Part-time students (as % of total)	**20.2**	**20.2**	**18.9**	**30.1**	**33.1**	**37.2**	**41.8**	**50.1**	**48.3**	**48.3**

Notes:
[a] Level 5A involves 4 to 5 years of university study; level 5B involves 3 years of non-university study.
[b] For 1989 and 1998 the number of full-time students has been estimated from the number of students using proportions from the closest year.

Table A12. Reasons Albanian children 10 to 14 years of age do not attend school

(by rural and urban areas)

	Lack of financial resources	Not satisfied with quality of education	Other
Total	35.2	18.8	46.1
Rural areas	34.2	18.4	47.3
Urban areas	41.4	20.9	37.8

Note: Results are based on 4,772 responses, 609 from children in urban areas and 4,163 from children in rural areas.
Source: Albanian 1996 Living Standard Measurement Survey.

Table A13. Factors that affect attendance at secondary school

(estimates from a probit model of upper-secondary school attendance, 1996)

Factor	Estimate [a]	Standard Error	Differential effect on probability of attending school (in percent)[b]
Residence in urban area	-0.64**	0.21	-10.2
Commuting time to the center of the commune	0.01**	0.001	2.9
Percentage of unqualified teachers	-0.01*	0.01	-2.1
Male student	0.04	0.13	0.6
Household head is a male	0.10	0.13	1.3
Number of dependents	-0.25	0.16	-3.4
Head of the household with basic educ. (excluded: upper-secondary)	0.30	0.19	3.5
Head of the household with tertiary educ. (excluded: upper-secondary)	-0.50*	0.19	-7.6
Single parent-mother	0.63	0.59	6.4
Single parent-father	-1.33*	0.54	-25.2
Logarithm of household size	0.04	0.23	0.2
% of males (21-65) in family	0.16*	0.58	0.3
% of females (21-65) in family	-1.89	0.73	-5.7
Mother's age	-1.33	0.54	-4.1
Father's age	-0.26	0.15	1.9
Total value of non-agricultural assets owned	-1.8E-07	4.4E-07	-0.4
Total value of agricultural assets owned	5.1E-07	2.2E-06	0.0
Intercept	1.73	0.58	n/a.

. ***Notes:***

[a] One asterisk shows the significance of the estimate at 5 percent level, and two asterisks at one percent level.

[b] The effects associated with dummy variables or, for continuous variables, with the increase of their mean value by one standard deviation.

Source: Calculations are based 552 observations from the Albanian 1996 Employment and Welfare Survey

Table A14. Unemployment rates by level of education

For individuals who completed at most	1993	1994	1995	1996	1997
Basic (primary and lower secondary) school	52.1	48.5	48.4	49.4	49.0
Upper secondary school	45.4	48.8	49.5	48.7	48.5
Tertiary	2.6	2.7	2.2	2.0	2.6
Unemployment rate (registered unemployment)	4.5	5.4	7.6	8.1	6.7

Source: Statistical Office of Albania.

Table A15. Estimates of earnings function, 1996

(Dependent variable: logarithm of monthly wage)

	Parameter estimate (t-value)
Education (excluded category: basic)	
Uncompleted basic	-0.38* (-2.9)
Upper secondary – general	0.12* (2.1)
Upper secondary – vocational	0.18** (4.2)
University	0.31** (5.7)
Age (excluded category: 20 to 30)	
Below 20	0.02 (0.2)
30 to 40	0.08 (1.8)
40 to 50	0.08 (1.8)
50 to 60	0.08 (1.1)
Over 60	0.12 (0.5)
Won/aen	-0.19** (-4.9)
Urban area	0.08* (2.2)
Type of job contract (excluded category: regular appointment)	
Fixed-term	-.06 (-0.9)
Short-term	0.02 (0.5)
Industry (excluded category: agriculture)	
Manufacturing	0.02 (0.2)
Construction	0.06 (0.2)
Business services	0.03 (0.3)
Education	-0.08 (-0.7)
Health	-0.16 (-1.5)
Public administration	-0.06 (-0.6)

$R^2 = 0.18$ (number of observations: 514)

Notes:

* Significant at 5 percent level.

** Significant at 1 percent level.

Source: Calculations arebased on Albanian 1996 Employment and Welfare Survey

Table A16. Relative returns to education in Albania

(as percentage)

	Private returns		Social returns*
Albania, 1996			
	Earnings function	Short-cut method	
Basic**	12.7	16.4	10.7
Upper secondary (general)	3.0	2.4	2.0
Upper secondary (vocational)	4.5	2.6	2.4
University	2.6	2.2	1.3
Europe, Middle East and North Africa Region (for comparison)			
Primary	17.4		15.5
Secondary	15.9		11.2
Tertiary	21.7		10.6

Notes:
* Based on short-cut method.
** In calculating returns to basic education, we assume 3 years of foregone earnings.
Source: Albania: Palomba and Vodopivec (2000) calculations; Europe, Middle East and North Africa Region: World Bank (1995).

Table A17. Total public spending and public spending on education in Albania, 1989-98 (in millions of leks)

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Total public spending*	n/a	10,449	10,202	23,405	50,678	60,984	74,154	83,780	100,748	163,570
Public spending on education**	750	714	822	2,253	4,081	6,135	8,464	9,611	11,407	12,797
Real public spending on education (at 1990 prices)***	n/a	714	607	499	401	444	556	564	512	464
Changes in real public spending on education (1990=1)	n/a	1	0.85	0.70	0.56	0.62	0.78	0.79	0.72	0.65

Notes:
Public spending on education includes direct public expenditures and subsidies to households apart from students living costs.
n/a = no data available.
Sources:
* Ministry of Finance, Fiscal Statistics of Government, n.3. Data for 1998 are estimated for an 8% growth rate.
** Data on public spending on education for 1989-93 were collected from the Ministry of Finance. Data for 1994-97 are drawn from the Financial Statistics of Government, 3, 1998 (MOF).
*** Deflated by GDP deflator. Limitation: The adjustment relates to changes in the general (GDP) price level but not to the price level for education services. The implicit assumption is that, since the costs in public spending are measured in terms of national income foregone, the use of the GDP is justified.

Table A18. Total public spending and public spending on education as a percentage of GDP, 1989-98

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Total public spending/GDP	n/a	62.1	62.2	46.2	40.4	33.1	32.3	29.8	29.5	35.8
Public spending on education/GDP	4.0	4.2	5.0	4.4	3.3	3.3	3.7	3.4	3.3	2.8
Spending on education as % of total public spending	n/a	6.8	8.1	9.6	8.1	10.1	11.4	11.5	11.3	7.8
Memorandum items										
GDP at current prices	18,674	16,813	16,404	50,697	125,334	184,393	229,793	280,998	341,716	456,766
GDP at constant prices (1990)	n/a	16,813	12,105	11,235	12,309	13,331	15,107	16,478	15,325	16,857

Note: n/a= no data available.
Source: Ministry of Finance.

Table A19. Public spending on education as a percentage of GDP, 1989-98

(in Albania and other transition economies)

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Albania	4.0	4.2	5.0	4.4	3.3	3.3	3.7	3.4	3.3	2.8
Other transition economies										
Country mean	4.9	5.2	5.1	5.1	5.1	4.7	4.8	4.8	n/a	n/a
Armenia	N/a	n/a	7.5	8.9	5.7	2.5	3.3	n/a	n/a	n/a
Azerbaijan	N/a	7.5	6.9	6.5	6.2	3.4	3.1	3.5	n/a	n/a
Belarus	N/a	n/a	4.6	5.4	6.0	5.9	5.6	6.2	n/a	n/a
Bulgaria	N/a	5.0	5.1	6.1	5.7	4.8	4.1	3.5	n/a	n/a
Czech Republic	4.0	4.1	4.3	4.8	5.7	5.9	5.6	5.8	n/a	n/a
Estonia	N/a	n/a	n/a	6.1	7.0	6.6	7.0	n/a	n/a	n/a
FYR Macedonia	N/a	5.9	6.8	5.4	6.0	5.7	6.1	6.3	n/a	n/a
Georgia	n/a	6.1	6.4	4.0	0.6	0.5	0.9	1.2	n/a	n/a
Hungary	5.7	5.8	6.3	6.6	6.5	6.4	5.6	5.0	n/a	n/a
Kazakhstan	n/a	n/a	n/a	2.1	3.9	3.0	3.2	n/a	n/a	n/a
Kyrgyzstan	7.5	8.0	1.3	1.0	4.2	6.1	6.6	5.4	n/a	n/a
Latvia	5.8	4.8	4.2	4.6	6.1	6.1	6.7	6.5	n/a	n/a
Lithuania	n/a	4.5	n/a	n/a	4.3	4.3	4.3	4.3	n/a	n/a
Moldova	n/a	n/a	n/a	7.8	6.0	7.4	7.3	8.0	n/a	n/a
Poland	n/a	4.8	5.1	5.4	5.4	5.2	5.1	5.4	n/a	n/a
Romania	2.2	2.8	3.6	3.6	3.3	3.1	3.4	3.5	n/a	n/a
Russia	n/a	3.7	3.6	3.6	4.0	4.5	3.5	3.7	n/a	n/a
Slovakia	n/a	5.5	5.6	6.0	5.2	4.4	5.1	4.9	n/a	n/a
Slovenia	n/a	n/a	4.8	5.5	5.8	5.5	5.8	5.8	n/a	n/a

Notes: Country mean refers to countries for which data are available in a particular year.
Source: Data for Albania from Ministry of Finance
n/a= no data available.

Table A20. Spending per student in Albania by level of education and for all levels combined, 1989-98

(in local currency unit)

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Total spending per student in Local currency unit	833	780	1,005	3,021	5,518	8,260	11,289	12,728	15,088	16,929
Total spending per student in real terms at 1990 prices	n/a	780	741	669	542	597	742	746	677	614
Spending per student by level of education										
Preschool	n/a	N/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	12,392
Primary and lower secondary	n/a	N/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	14,516
Upper secondary	n/a	N/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	20,957
Tertiary	n/a	N/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	86,519

Note: n/a= no data available.
Source: Calculations are based on data from the Statistical Office of Albania and Ministry of Education.

Table A21. Spending per student in Albania relative to per capita GDP, by level of education, 1989-98

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	OECD Total 1995
Total spending per student as % of per capita GDP	14	15	20	19	14	14	16	15	15	14	26
Spending per student as percentage of per capita GDP by level of education											
Preschool	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	10	16
Primary and lower sec.	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	12	18
Upper secondary	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	17	25
Tertiary	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	69	49

Notes: Calculations are based on data provided by the Ministry of Finance
n/a= no data available.

Table A22. Educational spending per student by level of education relative to spending per student at the basic level, 1998

(international comparisons)

	Preschool	Basic (1-8)	Upper sec	Tertiary
Albania	85	100	144	596
Comparison countries				
*OECD 1995**	92	100	138	252
Austria	88	100	128	143
Czech Republic	103	100	141	340
Finland	139	100	116	172
France	96	100	183	194
Germany	130	100	186	265
Hungary	89	100	104	313
Ireland	98	100	158	338
Italy	71	100	114	107
Japan	61	100	110	216
Korea	68	100	109	244
Mexico	107	100	177	500
Netherlands	95	100	136	283
New Zealand	86	100	156	331
Spain	96	100	131	188
Sweden	63	100	109	254
Switzerland	41	100	129	266
United Kingdom	152	100	128	217
United States	n/a	100	127	303

Note: n/a= no data available.
Source*:* Estimates for Albania are based on information provided by the Ministry of Education. For other countries data are from OECD (1998).
** OECD 1995 country mean.

Table A23. Recurrent and capital public spending on education in Albania, 1989-98

	1990	1991	1992	1993	1994	1995	1996	1997	1998	OECD 1995
Public expenditures on education (millions of leks)										
Total	714	822	2253	4081	6135	8464	9611	11407	12797	n/a
Recurrent[a]	644	765	2162	3829	5571	7736	8842	10392	11292	n/a
Capital[b]	70	57	91	252	564	728	769	1015	1505	n/a
Percentage of total expenditure										
Recurrent[a]	90.2	93.1	96.0	93.8	90.8	91.4	92.0	91.1	88.2	90
Capital[b]	9.8	6.9	4.0	6.2	9.2	8.6	8.0	8.9	11.8	10

Notes:
[a] Recurrent expenditures are financial outlays for school resources used each year for school operations.
[b] Capital expenditures are outlays for assets that last longer than a year, including spending on the construction, renovation, and major repairs of buildings, and contributions to joint projects with international donors.
n/a = no data available.
Source: 1989-93 Ministry of Finance; 1994-97 estimates use proportions from the Ministry of Finance; data for 1998 are our estimates from data provided by the Ministry of Education. For OECD countries, OECD (1998).

Table A24. Real recurrent and capital spending on education in Albania, 1990-98

(millions in Leks)

	1990	1991	1992	1993	1994	1995	1996	1997	1998
Real public spending on education (GDP deflator)	714	607	499	401	444	557	564	512	464
Recurrent	644	565	479	376	403	509	519	466	409
Capital	70	42	20	25	41	48	45	46	55
Changes in educational spending	100	85	70	56	62	78	79	72	65
Recurrent	100	88	74	58	63	79	81	72	64
Capital	100	60	29	35	58	68	64	65	78

Source: Estimates are from data provided by Ministry of Finance.

Table A25. Capital and recurrent spending for different levels of education, 1998*

(in thousands of leks and as percentage of the total)

	Total	Preschool	Basic: Primary and lower secondary	Upper secondary	Tertiary	Co-financing of donor projects	Others, capital
Total educational spending	12,796,520	977,935	7,671,304	2,012,531	1,542,616	51,6000	76,134
Recurrent	11,291,202	924,167	7,112,981	1,814,396	1,439,658	0	0
Capital	1,505,318	53,768	558,323	198,135	102,958	516,000	76,134
As % of total	100	7.6	60	15.7	12.1	4	0.6
Recurrent	100	8.2	63.0	16.1	12.8	0	0.0
Capital	100	3.6	37.1	13.2	6.8	34.3	5.1
As % of total, by level	n/a	100.0	100.0	100.0	100.0	100.0	100.0
Recurrent	n/a	94.5	92.7	90.2	93.3	0.0	0.0
Capital	n/a	5.5	7.3	9.8	6.7	100.0	100.0

Note: * Estimates from data provided by the Ministry of Education.

Table A26. How recurrent expenditures are distributed over different uses across levels of education, 1998

(in thousands of leks)

	Total	Preschool	Basic	Upper secondary	Tertiary
Total recurrent expenditures	**11,291,202**	**924,167**	**7,112,981**	**1,814,396**	**1,439,658**
Staff compensation	**9,421,120**	**754,797**	**6,206,108**	**1,425,728**	**1,034,487**
Teachers	*8,267,987*	*670,931*	*5,870,643*	*1,174,129*	*552,284*
Other staff	*1,153,133*	*83,866*	*335,465*	*251,599*	*482,203*
Other recurrent expenditures	**1,870,082**	**169,370**	**906,873**	**388,668**	**405,171**
Teaching materials	*257,997*	*17,606*	*201,212*	*32,697*	*6,482*
Welfare services	*406,845*	*125,094*	*178,707*	*53,613*	*49,431*
Utilities and maintenance	*243,264*	*11,251*	*168,772*	*45,009*	*18,232*
Scholarships	*353,298*	*0*	*0*	*63,196*	*290,102*
Textbook subsidies	*250,000*	*0*	*192,000*	*58,000*	*0*
Other	*358,678*	*15,419*	*166,182*	*136,153*	*40,924*

Source: Estimates from data provided by the Ministry of Education.

Table A27. How recurrent expenditures are distributed over different uses across levels of education, 1998

(percentage)

	Total	Preschool	Basic	Upper secondary	Tertiary
Percentage of total recurrent expenditures	100	8.2	63.0	16.1	12.8
Staff compensation	83.4	81.7	87.3	78.6	71.9
Teachers	*73.2*	*72.6*	*82.5*	*64.7*	*38.4*
Other staff	*10.2*	*9.1*	*4.7*	*13.9*	*33.5*
Other Recurrent expenditures	16.6	18.3	12.7	21.4	28.1
Teaching materials	*2.3*	*1.9*	*2.8*	*1.8*	*0,5*
Welfare services	*3.6*	*13.5*	*13.5*	*3.0*	*3.4*
Utilities and maintenance	*2.2*	*1.2*	*2.4*	*2.5*	*1.3*
Scholarships	*3.1*	*0.0*	*0.0*	*3.5*	*20.2*
Textbook subsidies	*2.2*	*0.0*	*2.7*	*3.2*	*0.0*
Other	*3.2*	*1.7*	*2.3*	*7.5*	*2.8*
Total	100	100.0	100.0	100.0	100.0

Source: Estimates from data provided by the Ministry of Education.

Table A28. Distribution of recurrent expenditures over different uses across different countries

	Albania (1998)	OECD mean (1995)*	Mean of transition economies (1994)**
Staff compensation	83.4	75	66
Teachers	*73.2*	*57*	*n/a*
Other staff	*10.2*	*18*	*n/a*
Other recurrent expenditures	16.6	25	37
Teaching materials	*2.3*	*n/a*	*2.9*
Welfare services	*3.6*	*n/a*	*4.5*
Utilities and maintenance	*2.2*	*n/a*	*n/a*
Scholarships	*3.1*	*n/a*	*3.2*
Textbook subsidies	*2.2*	*n/a*	*n/a*
Other	*3.2*	*n/a*	*26.1*
Total	100	100	100

Notes:
The OECD country mean includes data only for basic and tertiary education.
n/a= no data available.
Source: For Albania calculations are based on data from the Ministry of Education.
* OECD (1998).
** Estimates based on data from UNESCO Statistical Yearbook (1997). Countries considered: Bulgaria, the Czech Republic, Estonia, Hungary, Lithuania, Macedonia, Slovenia (see table A29).

Table A29. Comparative breakdown of recurrent educational spending by level of education

(as percentage)

	Salaries	Teaching materials	Scholarships	Welfare services	Other
All levels of education combined					
Albania (1998)	83.4	2.3	3.1	3.6	7.6
Comparison countries (1994-95)					
Country mean	66.1	2.9	3.2	4.5	26.1
Bulgaria	70.4	n/a	2.6	0.1	26.8
Czech Republic	53.7	n/a	n/a	n/a	46.3
Estonia	69.4	4.1	0.7	4.1	21.6
Hungary	45.7	n/a	n/a	8.9	45.4
Lithuania	68.1	1.6	3.8	3.8	22.7
Macedonia	82.5	0.1	0.9	3.5	13.1
Slovenia	72.8	5.7	7.8	6.5	7.1
Preschool					
Albania	81.7	1.9	0.0	13.5	2.9
Comparison countries (1994-95)					
Country mean	64.5	1.5	n/a	9.2	29.0
Bulgaria	61.2	n/a	n/a	0.6	38.2
Czech Republic	57.1	n/a	n/a	n/a	42.9
Estonia	73.3	1.1	n/a	6.8	20.9
Hungary	48.4	n/a	n/a	14.0	37.6
Lithuania	62.8	0.0	n/a	15.4	21.8
Macedonia	n/a	n/a	n/a	n/a	n/a
Slovenia	84.3	3.3	n/a	n/a	12.4
Primary					
Albania	87.3	2.8	0.0	13.5	7.4
Comparison countries (1994-95)					
Country mean	70.6	2.1	1.0	7.2	23.7
Bulgaria	79.5	n/a	1.8	n/a	18.7
Czech Republic	58.0	n/a	n/a	n/a	42.0
Estonia	M	n/a	n/a	n/a	n/a
Hungary	48.4	n/a	n/a	14.0	37.6
Lithuania	n/a	n/a	n/a	n/a	n/a
Macedonia	87.9	0.1	0.9	1.0	10.2
Slovenia	79.1	4.2	0.2	6.7	9.8

Continued on next page.

Table A29. *(cont.)* Comparative breakdown of recurrent educational spending by level of education

(as percentage)

	Salaries	Teaching materials	Scholarships	Welfare services	Other
Upper secondary					
Albania	78.6	1.8	3.5	3.0	13.2
Comparison countries (1994-95)					
Country mean	66.6	3.6	4.7	5.5	24.6
Bulgaria	n/a	n/a	n/a	n/a	n/a
Czech Republic	57.3	n/a	n/a	n/a	42.7
Estonia	70.6	4.1	0.1	4.8	20.4
Hungary	46.2	n/a	n/a	11.5	42.2
Lithuania	72.6	0.5	2.5	0.9	23.4
Macedonia	83.6	n/a	n/a	2.4	14.0
Slovenia	69.3	6.1	11.5	7.7	5.1
Tertiary					
Albania	71.9	0.5	20.2	3.4	4.0
Comparison countries (1994-95)					
Country mean	58.7	5.3	8.0	7.7	30.7
Bulgaria	67.3	10.0	n/a	22.6	M
Czech Republic	43.3	n/a	n/a	n/a	56.7
Estonia	62.9	7.7	3.5	0.8	25.0
Hungary	38.5	n/a	n/a	3.9	57.6
Lithuania	66.8	0.3	14.1	0.2	18.7
Macedonia	68.0	0.2	1.8	10.7	19.3
Slovenia	64.4	8.5	12.7	7.7	6.8

Source: For Albania the calculations are based on data from the Ministry of Education; for other countries, UNESCO Statistical Yearbook (1997).

Table A30. Number of teachers and nonteaching staff, by level, 1989-98

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Teachers[a]										
Total (excluding tertiary)	43247	44170	44546	44956	44510	41686	42106	41507	40216	39417
Total (including tertiary)[b]	n/a	45,976	46,351	46,636	n/a	43,190	44,270	43,824	42,564	41,793
Preschool	5,439	5,664	5,440	5,081	4,578	4,428	4,416	4,463	4,116	4,092
Basic education	28,441	28,798	29,553	30,577	32,098	30,893	31,369	30,926	30,111	29,428
Primary	12,151	12,418	12,801	13,077	13,441	13,124	13,468	13,342	13,033	12,867
Lower secondary	16,290	16,380	16,752	17,500	18,657	17,769	17,901	17,584	17,078	16,561
Upper secondary	9,367	9,708	9,553	9,298	7,834	6,365	6,321	6,118	5,989	5,897
Tertiary	n/a	1,806	1,805	1,680	n/a	1,504	2,164	2,317[b,c]	2,348	2,376[b,c]
Nonteaching staff										
Total	n/a	n/a	n/a	n/a	n/a	n/a	n/a	4,961	4,908	4,713
Preschool	n/a	n/a	n/a	n/a	n/a	n/a	n/a	420	716	673
Basic	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2,626	2,323	2,276
Upper secondary	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1,585	1,539	1,434
Tertiary	n/a	n/a	340	358	n/a	281	325	330[b]	330	330[b]
Teachers and nonteaching staff – combined										
Total	n/a	n/a	n/a	n/a	n/a	n/a	n/a	48,785	47,472	46,506
Memorandum items										
Ministry of Education – total	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1,524	1,557	1,346
Central office and institutes	n/a	n/a	n/a	n/a	n/a	n/a	n/a	421	452	437
District offices	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1,103	1,105	909
Percent employed in education, excluding the Ministry	n/a	n/a	n/a	n/a	n/a	n/a	n/a	4.4	4.3	4.2
Percent employed in education, including the Ministry	n/a	n/a	n/a	n/a	n/a	n/a	n/a	4.5	4.4	4.3

Source: Ministry of Education; Statistical office of Albania
Notes : n/a=no data available.
[a]Full-time teachers only.
[b]Estimate.
[c]Includes part-time teachers.

Table A31. Employment in public and private education as a percentage of total employment[a]

	Teaching staff			Nonteaching (support) staff	All staff combined	Student enrollment as a percentage of the employed population[b]
	Primary and secondary education	Tertiary	All levels combined (including Preschool)			
Albania (1998)	**3.2**	**0.2**	**3.8**	**0.4**	**4.2**	**58.0**
Comparison countries (1995)						
Country mean	**2.9**	**0.6**	**3.9**	**1.7**	**5.4**	**57.2**
Austria	3.2	0.7	4.2	n/a	n/a	44.0
Belgium	4.1	0.7	5.3	1.1	6.4	56.3
Canada	2.1	1.3	3.5	0.7	4.2	53.1
Czech Republic	n/a	n/a	n/a	n/a	n/a	44.4
Denmark	3.2	0.4	4.3	2.8	7.1	44.0
Finland	n/a	n/a	4.0	1.9	5.9	54.7
France	3.1	0.6	4.2	n/a	4.2	65.7
Germany	2.1	0.8	3.5	n/a	n/a	45.6
Greece	2.8	0.4	3.4	0.2	3.6	51.8
Hungary	4.2	0.5	5.7	2.8	8.6	59.8
Ireland	3.4	0.7	4.5	n/a	n/a	79.8
Italy	3.8	0.4	4.8	1.1	5.9	55.5
Japan	1.8	0.6	2.7	0.7	3.4	40.1
Korea	1.7	0.5	2.3	0.7	3.0	61.1
Netherlands	n/a	n/a	n/a	n/a	n/a	n/a
New Zealand	2.3	0.6	3.5	2.4	5.9	65.2
Spain	3.6	0.7	4.7	n/a	n/a	79.2
Sweden	3.5	0.7	4.6	n/a	n/a	49.5
Switzerland	n/a	n/a	n/a	n/a	n/a	n/a
Turkey	2.2	0.2	2.4	n/a	n/a	62.0
United Kingdom	2.8	0.3	3.2	n/a	n/a	54.5
United States	2.3	0.7	3.2	4.0	7.2	54.0

Notes:
[a]Figures refer to all staff employed in public or private schools at any level. Both full- and part-time teachers are included.
[b]A proxy for demand for teachers.
n/a=no data available
Source: Calculations are based on data from the Statistical Office of Albania and OECD (1998)

Table A32. Increasing percentage of women on teaching staff, by level of education, 1989-98

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Preschool	100	100	100	100	100	100	100	100	100	100
Basic education	53.8	55.0	56.7	56.6	60.3	59.9	60.1	60.8	60.7	61.6
Primary	65.9	65.9	66.9	69.1	72.5	72.6	71.7	72.9	73.0	73.4
Lower secondary	44.8	46.7	47.8	47.2	51.6	50.5	51.4	51.6	51.2	52.5
Upper Secondary	31.0	33.9	36.1	38.3	49.7	51.3	51.3	52.8	52.7	54.0
Tertiary (full-time staff)	n/a	28.4	27.1	29.6	n/a	27.0	27.7	n/a	29.4	n/a

Note: n/a=no data available
Source: Statistical Office of Albania

Table A33. Percentage of women internationally on teaching staffs in public institutions

(by level of education)

	Preschool	Primary education	Lower secondary education	Upper secondary education (general)	Upper secondary education (vocational)
Albania (1998)	100	61.6	73.4	52.5[a]	52.5[a]
Comparison countries (1996)					
Country mean	**95**	**75**	**57**	**50**	**42**
Austria	98	83	61	55	46
Belgium	n/a	80	52	n/a	n/a
Canada	67	67	67	67	n/a
Czech Republic	100	93	76	63	50
Denmark	92	62	62	46	40
Finland	96	68	68	63	54
France	n/a	77	56	n/a	n/a
Germany	97	81	56	36	36
Greece	100	55	61	51	45
Hungary	100	94	76	68	51
Ireland	n/a	79	n/a	n/a	n/a
Italy	100	93	72	57	n/a
Japan	89	60	39	27	28
Korea	100	61	58	28	25
Netherlands	n/a	74	33	n/a	42
New Zealand	94	79	n/a	55	n/a
Spain	95	64	n/a	48	n/a
Sweden	n/a	83	58	51	43
Switzerland	98	69	37	37	n/a
Turkey	100	43	41	41	38
United Kingdom	n/a	90	n/a	57	n/a
United States	94	86	60	51	n/a

Notes: [a] Relates to both general and vocational education. n/a=no data available.
Source: Statistical Office of Albania; OECD (1998)

Table A34. Percentage of Albanian teachers with higher education, 1995-98

	1995/96	1996/97	1997/98
Total			
Preschool	6.0	7.7	7.3
Basic	51.7	51.8	52.6
Upper secondary	95.1	94.8	95.3
Urban areas			
Preschool	12.1	14.1	13.7
Basic	69.1	69.3	70.3
Upper secondary	95.7	95.4	96.6
Rural areas			
Preschool	2.2	3.6	2.7
Basic	43.2	43.3	44.0
Upper secondary	93.8	93.4	92.4

Source: Statistical Office of Albania.

Table A35. Percentage of teachers who do not meet formal standards, by level, 1997

	Percent of unqualified teachers[a]
Overall average [b]	21.8
Primary	13.6
Lower secondary	32.5
Upper secondary	9.2

Notes: [a] Average of district-level data. [b] Computed as a weighted average of unqualified teachers at primary, lower secondary, and upper secondary education, weighted by number of teachers.
Source: Ministry of Education

Table A36. Age and experience internationally of eighth-grade mathematics teachers
(percentage)

Age				
	Under 30	**30-39**	**40-49**	**50 and older**
Albania	15	22	30	33
Average OECD	12	28	38	21
Experience				
	0-5 years	**6-10 years**	**11-20 years**	**More than 20 years**
Albania	15	7	30	48
Average OECD*	16	14	34	36

Note: *Average weighted by class size.
Source: For Albania: survey of 8th grade mathematics teachers and students (Palomba and Vodopivec, 2000); for other countries, OECD (1998).

Table A37. Teachers' salaries in Albania, 1989-98

	89	90	91	92	93	94	95	96	97	98
Preschool										
Starting salary (in leks)	515	560	560	1540	2025	3282	4198	6268	6555	8453
Salary after 15 years' experience[b]	122	113	113	115	115	117	115	122	122	122
Salary at top of scale [b]	130	120	120	125	125	131	130	139	139	139
Basic education										
Starting salary (in leks)	640	640	640	1720	2258	3579	4496	6986	7360	9373
Salary after 15 years' experience[b]	116	116	116	115	108	118	117	122	122	122
Salary at top of scale [b]	122	122	122	125	125	132	129	139	139	139
Upper secondary education										
Starting salary (in leks)	660	660	660	1810	2373	3854	4655	7202	7590	9660
Salary after 15 years' experience[b]	113	113	113	115	115	118	117	122	122	122
Salary at top of scale [b]	121	121	121	125	131	132	129	139	139	139
Memorandum item: **Teachers salary after 15 years' experience relative to the average public sector salary**										
Preschool	1.15	1.11	0.87	0.99	0.76	0.81	0.75	0.88	0.82	n/a
Basic	1.35	1.31	1.02	1.11	0.79	0.88	0.82	0.98	0.92	n/a
Upper secondary	1.35	1.31	1.02	1.17	0.88	0.95	0.85	1.02	0.95	n/a

Notes:

[a] Starting salary refers to the average net salary per year of a full-time teacher with the n/ainin/aun/a training necessary to be fully qualified at the beginning of his or her teaching career. Bonuses, which are a regular part of the salary (such as 13th-month, holiday, or regional bonuses) are included. Starting salary refers to the average salary per year for a full-time teacher with the minimum training necessary to be fully qualified at the beginning of his or her teaching career.

[b] Index relative to starting salary.

n/a=no data available.

Source: Ministry of Education.

Table A38. Statutory annual teachers' salaries in public primary schools, 1996

	Ratio of starting salary to per capita GDP	Ratio of salary after 15 years' experience to per capita GDP	Ratio of salary after 15 years' experience to starting salary	Years till reaching top salary	Percentage of additional bonus
Albania (1998)	**0.81**	**.99**	**1.2**	**25**	**30**
Comparison countries (1995)					
Country mean	**1.0**	**1.4**	**1.4**	**25**	**6**
Australia (New South Wales)	0.9	1.7	1.8	12	n
Austria	0.9	1.2	1.3	34	n
Belgium	0.9	1.2	1.4	27	n
Czech Republic	0.6	0.8	1.3	32	15
Denmark	1.0	1.3	1.2	10	1
Finland	0.9	1.2	1.3	20	13
France	0.9	1.3	1.4	32	12
Germany	1.3	1.7	1.3	22	n
Greece	1.1	1.3	1.2	32	16
Hungary	0.5	0.7	1.4	37	2
Ireland	1.2	1.8	1.5	24	13
Italy	0.9	1.1	1.2	35	n/a
Korea	1.7	3.1	1.8	41	n/a
Netherlands	1.1	1.4	1.2	26	n
New Zealand	0.9	1.3	1.5	8	20
Norway	0.7	0.9	1.2	14	n
Portugal	1.2	1.9	1.5	29	5
Spain	1.6	1.9	1.2	42	n
Sweden	0.8	1.1	1.3	n/a	n/a
Switzerland	1.3	1.7	1.3	23	n
Turkey	0.1	0.2	1.2	20	8
United Kingdom	1.0	1.6	1.5	8	n/a
United States	0.9	1.2	1.4	30	18

Source: Calculations are based on data provided by the Ministry of Education; OECD, *Education at a Glance*
n/a=no data available.

Table A39. Number of teaching hours per year in public institutions by level of education [a]

	Primary (grades 1-4/5)	Primary (Grades 4/ 5-8/9)	Secondary (general)	Secondary (vocational)
Albania (1998)	730-830 annually (23-26 hours per week)	640 (language) 700-750 (math) 750-800 (other subjects)	600-690 (language) 700-750 (other subjects)	600-690 (language) 700-750 (other subjects)
Comparison countries (1996)				
Country mean	**791**	**700**	**633**	**652**
Austria	684	658	623	636
Belgium	861	741	657	953
Czech Republic	635	607	580	580
Denmark	750	750	480	750
France	900	647	636	636
Germany	772	715	671	676
Greece	780	629	629	629
Hungary	551	473	473	473
Ireland	915	735	735	735
Italy	748	612	612	612
Korea	n/a	456	428	456
Netherlands	975	910	910	900
New Zealand	804	776	747	n/a
Norway	713	611	505	589
Portugal	783	644	574	574
Spain	900	900	630	630
Sweden	624	576	528	612
Switzerland	871	850	669	n/a
United Kingdom	800	740	n/a	n/a
United States	958	964	942	n/a

Notes:

[a] Teaching time is defined as the total number of hours per year for which a full-time classroom teacher is responsible for teaching a group or class of students.

n/a=no data available.

Source: Ministry of Education; OECD Education Database.

Table A40. Number of schools in Albania, by level, and by urban and rural areas, 1989-98

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Whole country										
Preschool	3,329	3,426	3,174	2,784	2,656	2,668	2,670	2,656	2,408	2,330
Basic	1,698	1,726	1,764	1,779	1,777	1,782	1,797	1,799	1,803	1,815
Upper secondary	n/a	827	763	650	577	472	430	408	400	394
General schools	n/a	75	89	107	161	362	352	337	337	331
Vocational schools	n/a	575	209	95	87	69	50	51	60	54
Mixed schools	n/a	177	465	448	329	41	24	20	3	9
Urban areas										
Preschool	457	469	793	676	362	334	333	338	328	382
Basic	243	245	248	262	263	265	259	259	275	290
Upper secondary	n/a	259	253	222	206	184	161	149	148	151
General schools	n/a	68	69	65	75	95	90	86	90	92
Vocational schools	n/a	137	95	78	69	61	49	49	55	53
Mixed schools	n/a	65	89	79	62	28	18	14	3	6
Rural areas										
Preschool	2,872	2,957	2,381	2,108	2,294	2,334	2,337	2,318	2080	1,948
Basic	1,455	1,481	1,516	1,517	1,514	1,517	1,538	1,540	1,528	1,525
Upper secondary	n/a	568	510	428	371	288	269	259	252	243
General schools	n/a	7	20	42	86	267	262	251	247	239
Vocational schools	n/a	438	114	17	18	8	1	2	5	1
Mixed schools	n/a	112	376	369	267	13	6	6	0	3

Note: n/a=no data available.
Source: Statistical Office of Albania.

Table A41. Decline in number of classes, 1990-98

	1990	1991	1992	1993	1994	1995	1996	1997	1998
Whole country									
Total	37,675	37,726	35,718	n/a	31,903	27,828	26,956	26,095	26,245
Preschool	4,993	5,026	4,879	4,755	4,437	4,248	4,047	3,721	3,827
Basic	26,131	26,300	26,121	26,319	24,276	20,519	19,909	19,416	19,312
Primary	15,591	15,610	15,300	15,456	14,060	10,613	10,542	10,209	9,956
Lower secondary	10,540	10,690	10,821	10,863	10,216	9,906	9,367	9,207	9,356
Upper secondary	6,551	6,400	4,718	n/a	3,190	3,061	3,000	2,958	3,106
Urban areas									
Total	10,886	11,042	10,682	n/a	9,775	9,818	10,177	10,337	10,501
Preschool	1,455	1,466	1,413	1,451	1,358	1,280	1,398	1,366	1,310
Basic	5,933	6,176	6,514	6,582	6,290	6,541	6,749	6,950	7,085
Primary	3,151	3,334	3,543	3,577	3,431	3,554	3,604	3,707	3,691
Lower secondary	2,782	2,842	2,971	3,005	2,859	2,987	3,145	3,243	3,394
Upper secondary	3,498	3,400	2,755	n/a	2,127	1,997	2,030	2,021	2,106
Rural areas									
Total	26,789	26,684	25,036	n/a	22,128	18,010	16,779	15,758	15,744
Preschool	3,538	3,560	3,466	3,304	3,079	2,968	2,649	2,355	2,517
Basic	20,198	20,124	19,607	19,737	17,986	13,978	13,160	12,466	12,227
Primary	12,440	12,276	11,757	11,879	10,629	7,059	6,938	6,502	6,265
Lower secondary	7,758	7,848	7,850	7,858	7,357	6,919	6,222	5,964	5,962
Upper secondary	3,053	3,000	1,963	n/a	1,063	1,064	970	937	1,000

Note: n/a=no data available.
Source: Statistical Office of Albania.

Table A42. Class size in Albania, by level of education in urban and rural areas, 1989-98

	1990	1991	1992	1993	1994	1995	1996	1997	1998
Whole country									
Total	23.7	21.1	20.2	n/a	22.7	26.3	27.4	28.3	28.1
Preschool	26.0	21.7	16.6	16.9	18.1	19.9	20.8	21.6	21.4
Basic	21.3	20.5	20.1	20.4	22.7	27.2	28.2	28.8	28.7
Primary	18.3	18.1	18.3	18.6	21.0	28.4	28.8	29.3	29.3
Lower secondary	25.9	24.2	22.8	22.8	25.0	25.9	27.4	28.3	27.9
Upper secondary	31.4	22.9	24.6	n/a	29.4	29.4	31.0	33.4	32.9
In urban areas									
Total	29.2	27.0	26.1	n/a	28.4	29.4	30.3	30.7	30.7
Preschool	41.9	37.4	27.0	22.3	23.8	27.0	24.5	24.5	28.0
Basic	29.4	28.5	27.9	28.6	30.2	30.2	30.8	30.7	30.2
Primary	28.6	27.8	28.4	28.2	30.1	30.0	31.1	30.4	30.0
Lower secondary	30.4	29.2	27.2	29.1	30.3	30.5	30.5	31.0	30.4
Upper secondary	23.6	19.7	21.6	n/a	25.8	28.3	32.6	34.9	34.1
In rural areas									
Total	21.4	18.7	17.7	n/a	20.2	24.6	25.6	26.7	26.4
Preschool	19.5	15.2	12.4	14.5	15.6	16.8	18.9	20.0	17.9
Basic	18.9	18.1	17.6	17.6	20.1	25.8	26.8	27.8	27.8
Primary	15.6	15.4	15.2	15.8	18.0	27.6	27.6	28.7	29.0
Lower secondary	24.2	22.3	21.1	20.4	23.0	24.0	25.9	26.8	26.5
Upper secondary	40.3	26.5	28.8	n/a	36.7	31.3	27.7	30.1	30.4

Note: n/a=no data available.
Source: Statistical Office of Albania.

Table A43. Multigrade classes in basic education, 1995/96

	Total		Urban areas		Rural areas	
	Number of classes	**Number of students**	**Number of classes**	**Number of students**	**Number of classes**	**Number of students**
Primary education						
Total	2,716	41,842	11	53	2,705	41,789
Grades 1-3	1,018	n/a	5	n/a	1,013	n/a
Grades 2-4	1,029	n/a	4	n/a	1,025	n/a
Grades 1-2-3-4	663	n/a	2	n/a	661	n/a
Grades 2-3	5	n/a	n/a	n/a	5	n/a
Grades 1-2	1	n/a	n/a	n/a	1	n/a
Lower secondary education						
Total	669	10,875	1	9	668	10866
Grades 5-6	91	n/a	-	n/a	91	n/a
Grades 5-7	214	n/a	-	n/a	214	n/a
Grades 5-8	20	n/a	-	n/a	20	n/a
Grades 6-7	36	n/a	-	n/a	36	n/a
Grades 6-8	200	n/a	-	n/a	200	n/a
Grades 7-8	103	n/a	-	n/a	103	n/a
Grades 5-6-7-8	5	n/a	1	n/a	4	n/a

Note: n/a=no data available.
Source: Statistical Office of Albania.

Table A44. Average school size: average number of students and classes per school, by level of education and in urban and rural areas, 1989-98

Number of students per school										
	1989	**1990**	**1991**	**1992**	**1993**	**1994**	**1995**	**1996**	**1997**	**1998**
Whole country										
Preschool	37.6	37.9	34.3	29.1	30.3	30.1	31.7	31.7	33.4	35.1
Basic	324.9	322.8	306.2	295.6	301.5	309.1	310.6	311.7	310.2	304.9
Upper secondary	n/a	248.8	192.1	178.5	179.0	198.8	209.1	228.1	246.8	259.3
In urban areas										
Preschool	129.8	130.1	69.2	56.4	89.5	96.9	103.7	101.3	101.9	96.2
Basic	696.1	712.8	708.8	692.9	716.6	717.3	763.2	803.2	774.7	737.2
Upper secondary	n/a	319.1	265.0	267.7	276.0	297.7	351.5	444.1	476.4	474.9
In rural areas										
Preschool	23.0	23.3	22.7	20.4	20.9	20.6	21.4	21.6	22.6	23.1
Basic	262.9	258.3	240.3	227.0	229.4	237.7	234.3	229.0	226.6	222.7
Upper secondary	n/a	216.8	155.9	132.3	125.2	135.6	123.8	103.8	111.9	125.3
Number of classes per school										
Whole country										
Preschool	n/a	1.5	1.6	1.8	1.8	1.7	1.6	1.5	1.5	1.6
Basic	n/a	15.1	14.9	14.7	14.8	13.6	11.4	11.1	10.8	10.6
Upper secondary	n/a	7.9	8.4	7.3	n/a	6.8	7.1	7.4	7.4	7.9
In urban areas										
Preschool	n/a	3.1	1.8	2.1	4.0	4.1	3.8	4.1	4.2	3.4
Basic	n/a	24.2	24.9	24.9	25.0	23.7	25.3	26.1	25.3	24.4
Upper secondary	n/a	13.5	13.4	12.4	n/a	11.6	12.4	13.6	13.7	13.9
In rural areas										
Preschool	n/a	1.2	1.5	1.6	1.4	1.3	1.3	1.1	1.1	1.3
Basic	n/a	13.6	13.3	12.9	13.0	11.9	9.1	8.5	8.2	8.0
Upper secondary	n/a	5.4	5.9	4.6	n/a	3.7	4.0	3.7	3.7	4.1

Note: n/a=no data available.
Source: Computations are based on data provided by Statistical Office of Albania.

Table A45. Albanian schools with fewer than 20 students per grade

(as percentage)

	Primary	**Lower secondary**	**Upper secondary**
Rural areas			
Grade I	43.9	38.2	11.6
Grade II	46.2	44.3	25.4
Grade III	48.6	49.7	44.0
Grade IV	47.8	52.6	53.5
Urban areas			
Grade I	13.8	12.7	3.3
Grade II	14.7	12.2	5.3
Grade III	15.8	15.0	11.3
Grade IV	12.7	15.5	14.5

Source: Calculations are based on Albanian census of schools, Lincoln Center, Tirana (2,304 schools included).

Table A46. Student-teacher ratio, by level of education and in urban and rural areas, 1989-98

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Whole country										
Average[a]	20.3	20.2	17.9	16.1	16.2	17.4	17.4	17.8	18.4	18.7
Preschool	23.0	23.0	20.0	16.0	17.6	18.1	19.1	18.9	19.5	20.0
Basic	19.4	19.3	18.3	17.2	16.7	17.8	17.8	18.1	18.6	18.8
Primary	22.9	22.9	22.0	21.4	21.4	22.5	22.4	22.8	23.0	22.7
Lower secondary	16.8	16.6	15.4	14.1	13.3	14.4	14.4	14.6	15.2	15.8
Upper secondary	21.7	21.2	15.3	12.5	13.2	14.7	14.2	15.2	16.5	17.3
Tertiary education[b]	n/a	15.3	15.5	19.5	n/a	18.8	18.9	n/a	22.7	n/a
Urban areas										
Average[a]	18.3	18.0	16.8	15.9	16.5	17.3	17.9	19.4	20.1	20.4
Preschool	27.8	22.0	19.7	15.8	18.1	19.1	20.4	19.8	19.6	20.6
Basic	17.8	19.5	19.3	19.2	18.6	19.2	19.3	20.7	21.6	21.4
Primary	25.3	27.9	27.6	28.2	27.7	29.3	27.9	29.8	29.7	28.4
Lower secondary	13.6	14.8	14.4	13.7	13.4	13.6	14.2	15.3	16.5	17.0
Upper secondary	15.7	14.0	11.6	10.5	11.7	12.2	13.4	16.1	17.0	17.9
Rural areas										
Average[a]	21.7	21.7	18.5	16.2	15.9	17.5	17.1	16.8	17.2	17.5
Preschool	19.9	23.9	20.4	16.1	17.2	17.5	18.4	18.3	19.5	19.5
Basic	20.2	19.3	17.8	16.3	15.8	17.2	17.1	16.9	17.1	17.5
Primary	22.0	21.2	20.0	18.8	19.1	20.0	20.1	20.0	20.2	20.2
Lower secondary	18.7	17.6	15.9	14.2	13.2	14.8	14.5	14.3	14.5	15.1
Upper secondary	31.8	32.4	21.1	15.6	15.6	20.8	15.8	13.4	15.3	16.2

Notes:
[a] Excluding tertiary education.
[b] Full- and part-time students included.
n/a=no data available.
Source: Calculations are based on data provided by the Statistical Office of Albania.

Table A47. Student-teacher ratio in Albania and Comparison Countries, by level of education

	Preschool	Primary	Lower secondary	Upper secondary	Tertiary
Albania (1998)	20.0	22.7	15.8	17.3	22.7 [a]
Comparison countries (1996) [b]					
Country mean	17.6	18.3	14.8	13.7	15.7
Australia	n/a	18.1	n/a	n/a	n/a
Austria	18.9	12.7	9.2	8.5	n/a
Belgium	n/a	n/a	n/a	n/a	n/a
Canada	21.5	17.0	20.0	19.5	14.6
Czech Republic	11.9	20.4	13.0	11.7	11.2
Denmark	13.1	11.2	10.1	12.1	n/a
Finland	11.9	16.8	12.4	n/a	n/a
France	24.6	19.5	n/a	n/a	17.1
Germany	23.7	20.9	16.0	13.1	12.5
Greece	14.9	15.0	11.4	11.3	23.6
Hungary	11.7	12.2	9.5	11.3	9.9
Iceland	4.5	17.6	n/a	n/a	n/a
Ireland	24.1	22.6	n/a	n/a	16.7
Italy	13.9	11.2	10.8	9.8	25.7
Japan	17.8	19.7	16.2	15.6	12.4
Korea	24.9	31.2	25.5	23.1	n/a
Luxembourg	n/a	n/a	n/a	n/a	n/a
Mexico	23.6	28.3	17.7	13.8	9.4
Netherlands	20.0	20.0	n/a	n/a	18.7
New Zealand	6.0	22.0	18.1	14.1	14.9
Norway	n/a	n/a	n/a	n/a	n/a
Poland	n/a	n/a	n/a	n/a	n/a
Portugal	n/a	n/a	n/a	n/a	n/a
Spain	19.4	18.0	17.8	14.2	17.4
Sweden	20.2	12.7	12.2	15.2	n/a
Switzerland	18.3	15.9	13.0	10.2	n/a
Turkey	n/a	n/a	n/a	n/a	n/a
United Kingdom	19.1	21.3	16.0	15.3	16.7
United States	21.9	16.9	17.5	14.7	15.4

Notes: n/a = no data available.
[a]For 1997.
[b]Calculations based on full-time equivalents of teachers.
Source: Calculations are based on data provided by the Statistical Office of Albania; OECD database.

Table A48. Teachers' approaches to classroom organization for 8th grade math lessons

	Albania	OECD average
Work in pairs or small groups with assistance from teacher	74	22
Work together as a class, with teacher teaching the whole class	70	54
Work individually with assistance of teacher	67	60
Work individually without assistance of teacher	44	24
Work together as a class, with students responding to one another	19	13
Work in pairs or small groups without assistance from teacher	15	9

Sources: For Albania: teacher survey (Palomba and Vodopivec, 2000); for OECD average, OECD (1997).

Table A49. Teachers' school-related activities outside the formal school day (8th grade mathematics teachers)

	Weekly number of hours	
	Albania	**OECD average**
Preparing or grading tests	3.0	2.6
Planning and preparing lessons	2.1	3.0
Reading and grading student homework	1.9	1.9
Professional reading and development	1.5	1.2
Meeting parents	1.5	0.6
Meeting with students outside the classroom	1.2	1.1
Keeping students records up to date	0.9	0.9
Performing administrative tasks	0.8	1.7
TOTAL	12.9	12.9

Sources: For Albania: teacher survey (Palomba and Vodopivec, 2000); for OECD average, OECD (1997).

Table A50. How eighth-grade students spend their daily after-school study time

(average number of hours, as reported by students)

	Albania	OECD average
Time spent studying or doing homework for all of school subjects	2.9	2.5
Time spent studying or doing homework, consisting of memorization by heart	1.4	n.a.
Time spent studying or doing homework for mathematics only	1.0	0.8

Sources: For Albania: teacher survey (Palomba and Vodopivec, 2000); for OECD average, OECD (1997).

Table A51. Projected current expenditures for education under base scenario, 1998-2010

(as percentage of GDP)[a]

	1998 (historical data)	2000	2005	2010
Current expenditures under the base scenario (as percentage of GDP)				
Current expenditures	2.5	2.5	2.1	1.8
Preschool	0.2	0.2	0.1	0.1
Basic	1.6	1.6	1.2	1.0
Upper secondary	0.4	0.4	0.4	0.3
Tertiary	0.3	0.3	0.4	0.3
Memorandum item: demographic projections, by age group (in thousands)				
Total	1368	1301	1336	1316
Preschool (3-5 years)	228	185	181	187
Basic (6-13 years)	601	573	516	484
Upper secondary (14-17)	270	273	299	272
Tertiary (18-22)	269	270	340	373

Note: [a] Enrollment rates and real per student expenditures were assumed to be unchanged; an average growth rate in real GDP of 3 percent a year was assumed.
Source: Calculations from Palomba and Vodopivec (2000); demographic projections: Statistical Office of Albania.

Table A52. Projected increase in current spending on staff salaries, 2000-10

(as percentage of GDP)

	2000	2005	2010
Total increase	0.30	0.25	0.21
Preschool	0.02	0.02	0.02
Basic	0.20	0.16	0.13
Upper secondary	0.05	0.04	0.03
Tertiary	0.03	0.03	0.03

Source: Calculations from Palomba and Vodopivec (2000), based on salary increase for public workers announced in April 1999.

Table A53. Projected current spending on education under increased-enrollment rate scenario, 1998-2010

(as a percentage of GDP)[a]

	1998 (historical data)	2000	2005	2010
Current spending under a scenario of increased enrollment				
Total	2.5	2.7	2.6	2.4
Preschool	0.2	0.2	0.1	0.1
Basic	1.6	1.6	1.4	1.1
Upper secondary	0.4	0.5	0.6	0.5
Tertiary	0.3	0.4	0.5	0.6
Difference from base scenario				
Total	n.a.	0.13	0.44	0.59
Preschool	n.a.	0.00	0.00	0.00
Basic	n.a.	0.03	0.11	0.09
Upper secondary	n.a.	0.04	0.15	0.20
Tertiary	n.a.	0.05	0.19	0.30
Memorandum item: Assumed enrollment rates				
Preschool (assume no change)	35.8	35.8	35.8	35.8
Basic	92.1	94.0	100.0	100.0
Upper secondary	37.8	41.8	51.8	61.8
Tertiary	13.3	15.3	20.3	25.3

Note:

[a] Target assumptions: universal participation in basic education by 2005 and an increase in the enrollment rate for upper secondary and tertiary education that would cut in half the enrollment gap between Albania and the OECD average by the year 2010.

Source: Calculations from Palomba and Vodopivec (2000)

Table A54. Projected current spending on education under increased nonsalary spending scenario, 1998-2010

(as a percentage of GDP)[a]

	1998 (historical data)	2000	2005	2010
Current expenditures under the target scenario				
Total	2.5	3.2	2.7	2.2
Preschool	0.2	0.2	0.2	0.2
Basic	1.6	2.0	1.6	1.3
Upper secondary	0.4	0.5	0.5	0.4
Tertiary	0.3	0.4	0.5	0.4
Difference from base scenario				
Total	n.a.	0.65	0.55	0.46
Preschool	n.a.	0.05	0.04	0.04
Basic	n.a.	0.41	0.32	0.26
Upper secondary	n.a.	0.09	0.09	0.07
Tertiary	n.a.	0.09	0.10	0.09
Memorandum item: Assumed nonsalary shares of expenditures (historic values for 1998)				
Preschool	0.183	0.355	0.355	0.355
Basic	0.127	0.294	0.294	0.294
Upper secondary	0.215	0.334	0.334	0.334
Tertiary	0.285	0.413	0.413	0.413

Notes:

[a] It was assumed that the nonsalary share of expenditures would rise to match the average share of non-salary expenditures in the European transition economies.

n/a = no data available.

Source: Calculations from Palomba and Vodopivec (2000)

Figure A1. Student progression rate in primary schools, by district, 1998

Legend:
Very dark (red) – less than 90%
Light (yellow) – between 90% and 95%
Dark (green) – more than 95%

Notes:
Minimum: 86.9%
Average: 92.5%
Maximum: 98.1%
Source: Ministry of Education.

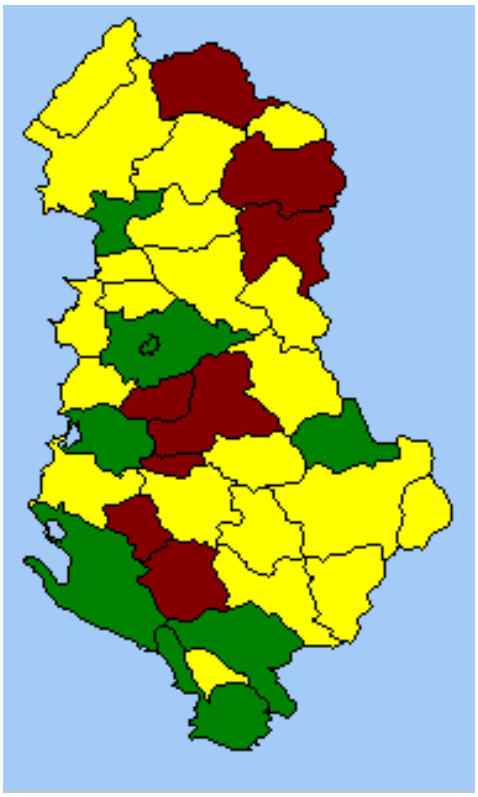


Figure A2. Student progression rate in lower secondary schools, by district, 1998

Legend:
Very dark (red) – less than 90%
Light (yellow) – between 90% and 95%
Dark (green) – more than 95%

Notes:
Minimum: 74.1%
Average: 84.9%
Maximum: 93.9%
Source: Ministry of Education.

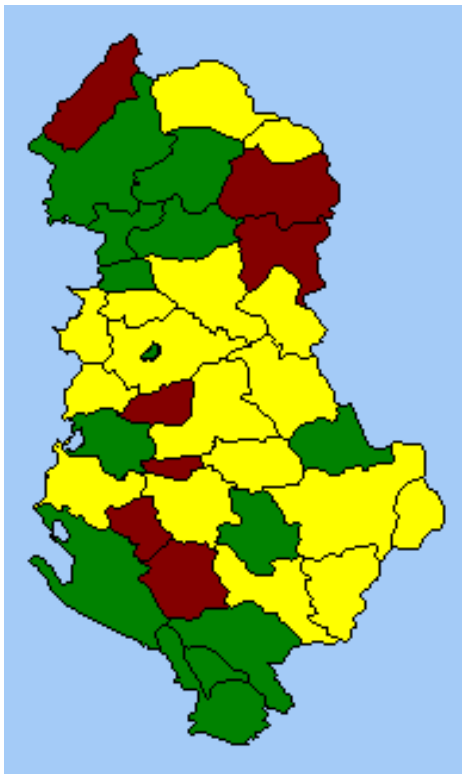


Figure A3. Student progression rate in upper secondary schools, by district, 1998

Legend:
Very dark (red) – less than 68%
Light (yellow) – between 68% and 76%
Dark (green) – more than 76%

Notes:
Minimum: 59.2%
Average: 71.9%
Maximum: 85.2%
Source: Ministry of Education.

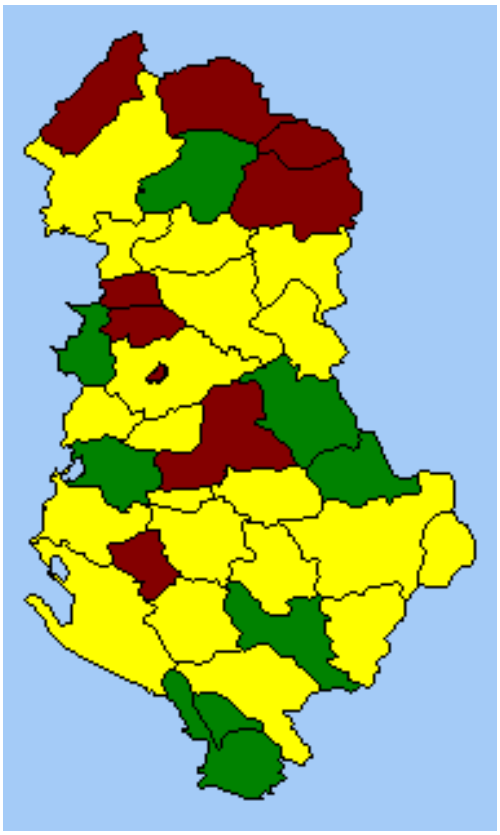


Figure A4. Percent of unqualified teachers in primary schools, by district, 1998

Legend:
Very dark (red) – more than 20%
Light (yellow) – between 10% and 20%
Dark (green) – less than 10%

Notes:
Minimum: 0.3%
Average: 13.6%
Maximum: 43.0%
Source: Ministry of Education.

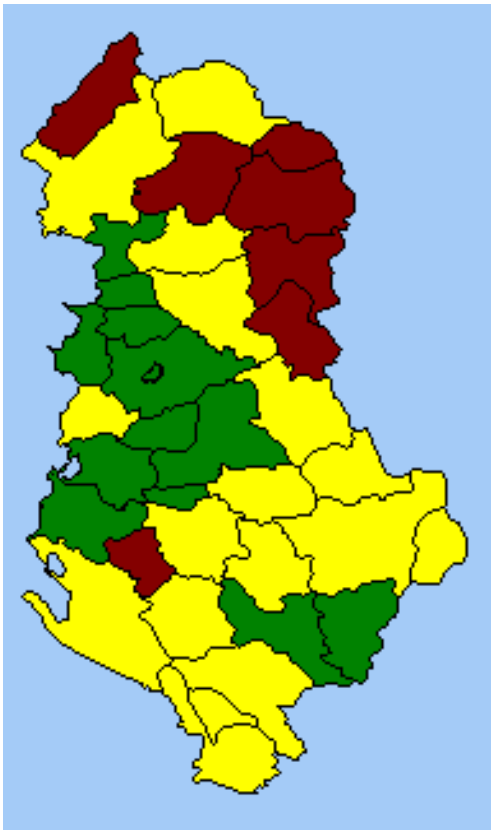


Figure A5. Percentage of unqualified teachers in lower secondary schools, by district, 1998

Legend:
Very dark (red) – more than 33%
Light (yellow) – between 15% and 33%
Dark (green) – less than 15%

Notes:
Minimum: 2.9%
Average: 32.5%
Maximum: 80%
Source: Ministry of Education.

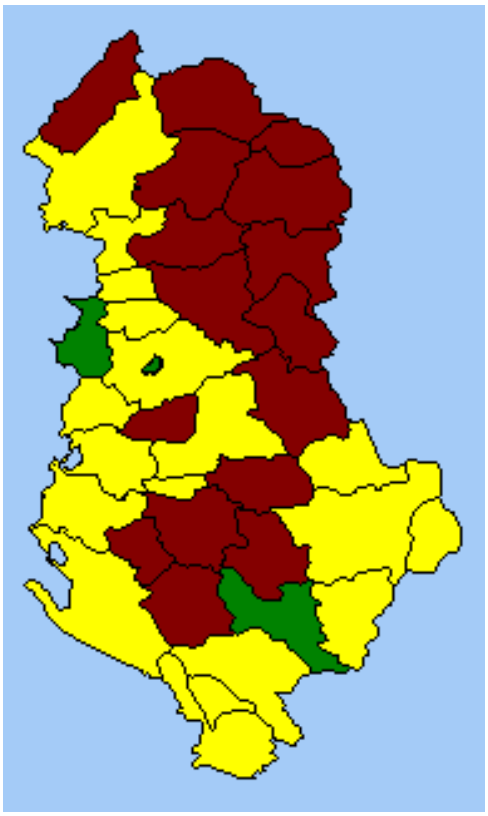


Figure A6. Percentage of unqualified teachers in upper secondary schools, by district, 1998

Legend:
Very dark (red) – more than 15%
Light (yellow) – between 5% and 15%
Dark (green) – less than 5

Notes:
Minimum: 0%
Average: 9.2%
Maximum: 25
Source: Ministry of Education.

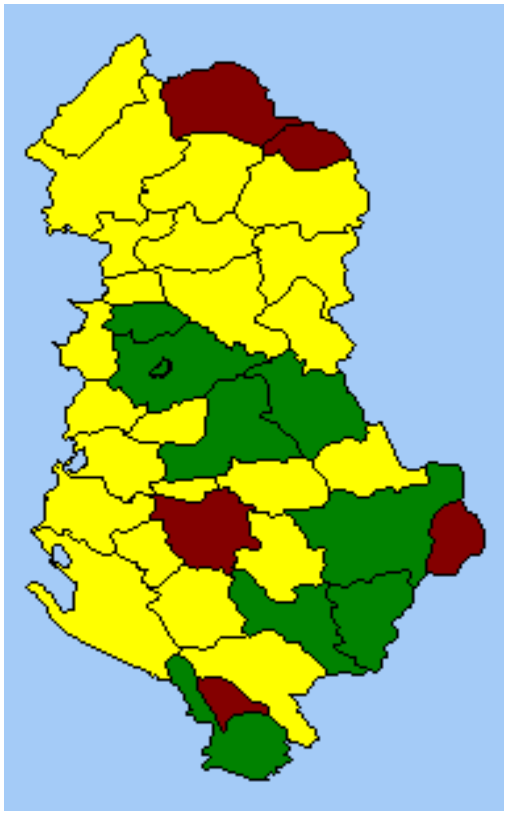


Figure A7. Student-teacher ratio in primary schools, by district, 1998

Legend:
Very dark (red) – less than 18.8 (1995 OECD average)
Light (yellow) – between 18.8 and 25
Dark (green) – more than 25

Notes:
Minimum: 13.1
Average: 21.3
Maximum: 33.3
Source: Ministry of Education.

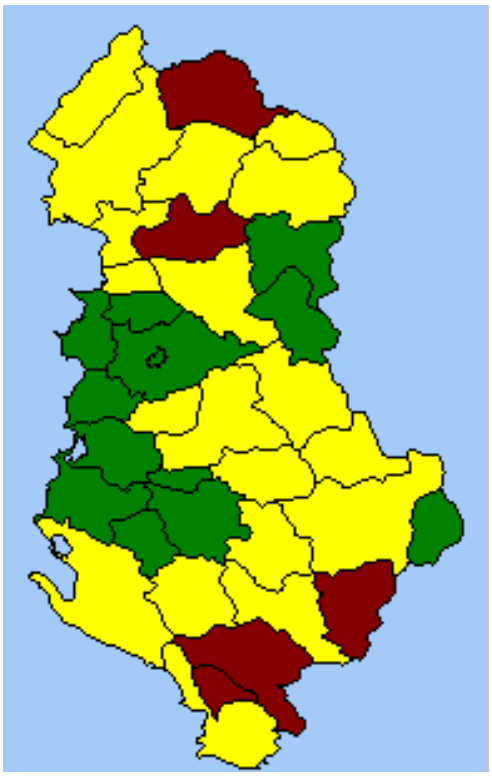


Figure A8. Student-teacher ratio in lower secondary schools, by district, 1998

Legend:
Very dark (red) – less than 12
Light (yellow) – between 12 and 16.9 (1995 OECD average)
Dark (green) – more than 16.9

Notes:
Minimum: 7.7
Average: 15.9
Maximum: 21.9
Source: Ministry of Education.

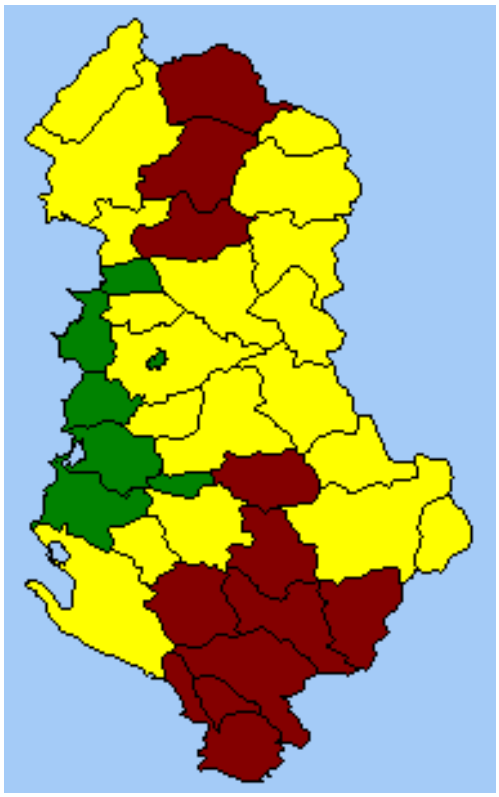


Figure A9. Student-teacher ratio in upper secondary schools, by district, 1998

Legend:
Very dark (red) – less than 6.8
Light (yellow) – between 6.8 and 13.5 (1995 OECD average)
Dark (green) – more than 13.5

Notes:
Minimum: 6.8
Average: 13.6
Maximum: 17.7
Source: Ministry of Education.

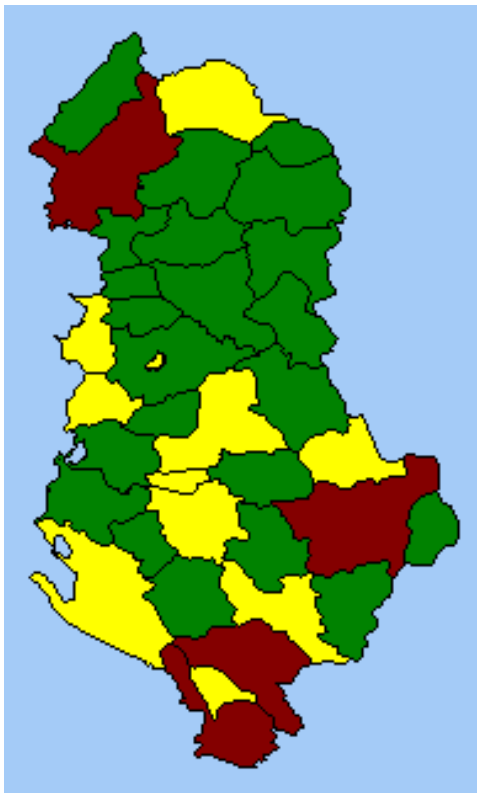
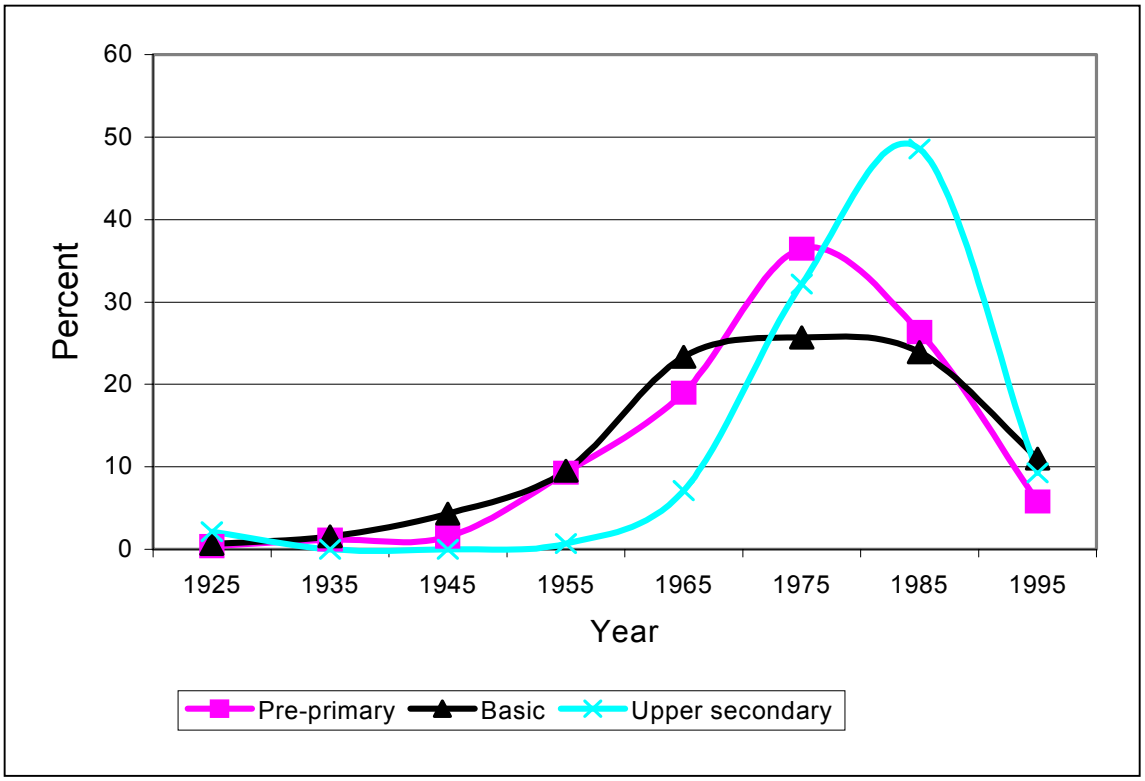
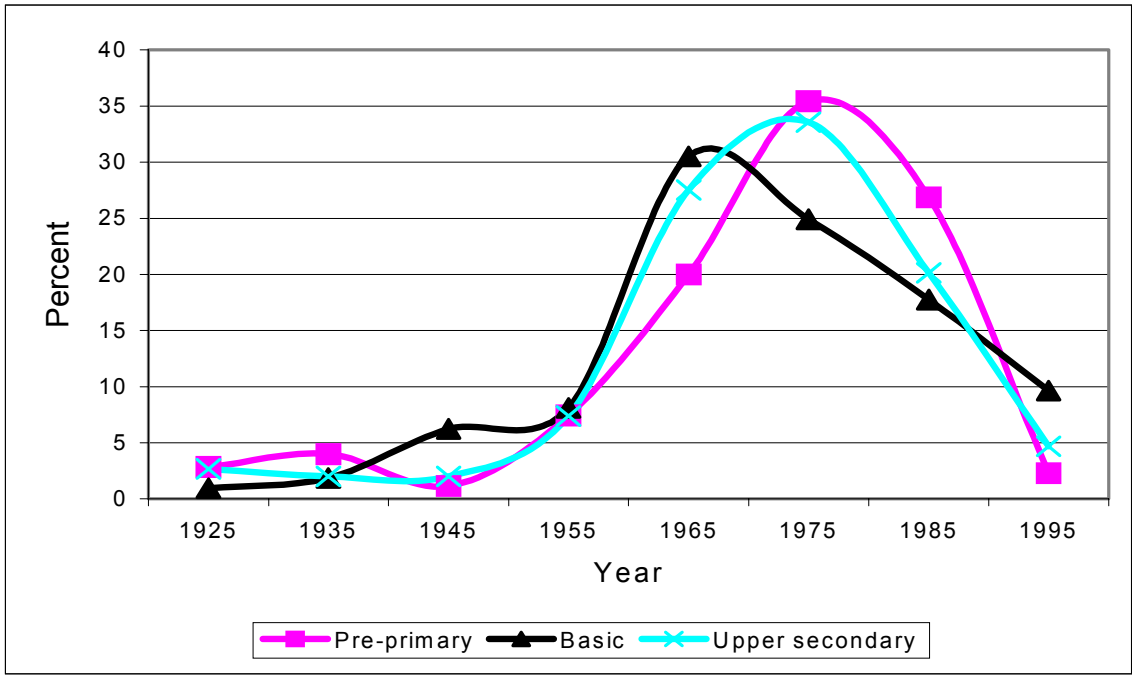


Figure A10. Year of school construction (rural areas)



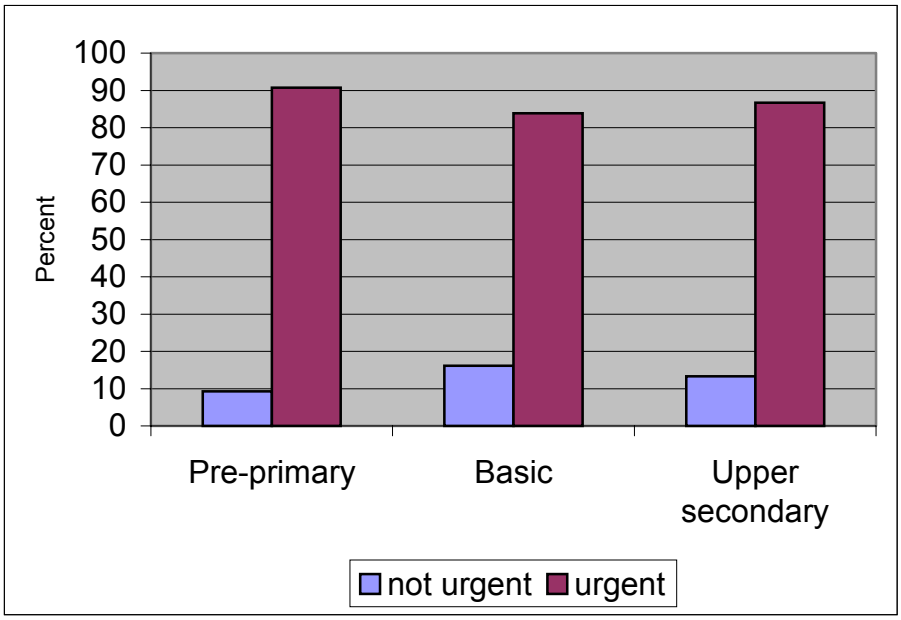
Source: School-mapping project, EMI SYSTEMS.

Figure A11. Year of school construction (urban areas)



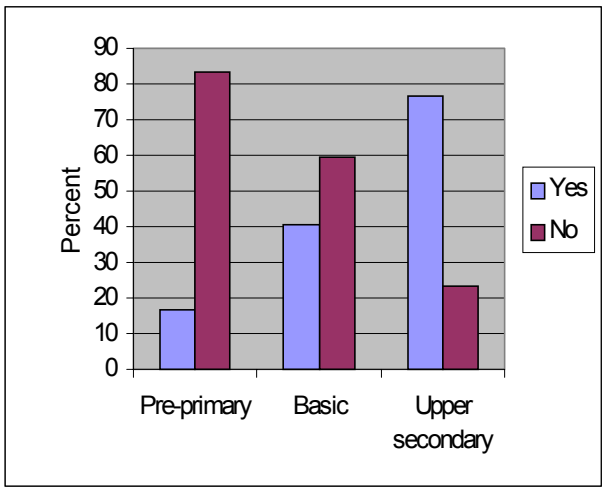
Source: School-mapping project, EMI SYSTEMS.

Figure A12. Schools reporting urgent short-term need for renovation (urban areas)

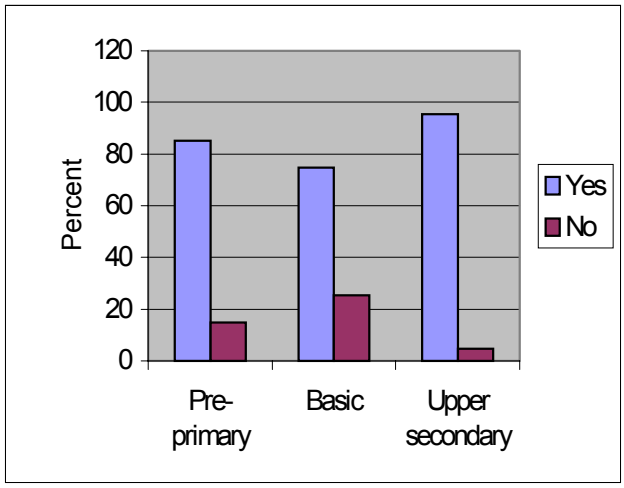


Source: School-mapping project, EMI SYSTEMS.

Figure A13. Percentage of schools with bathrooms, 1998



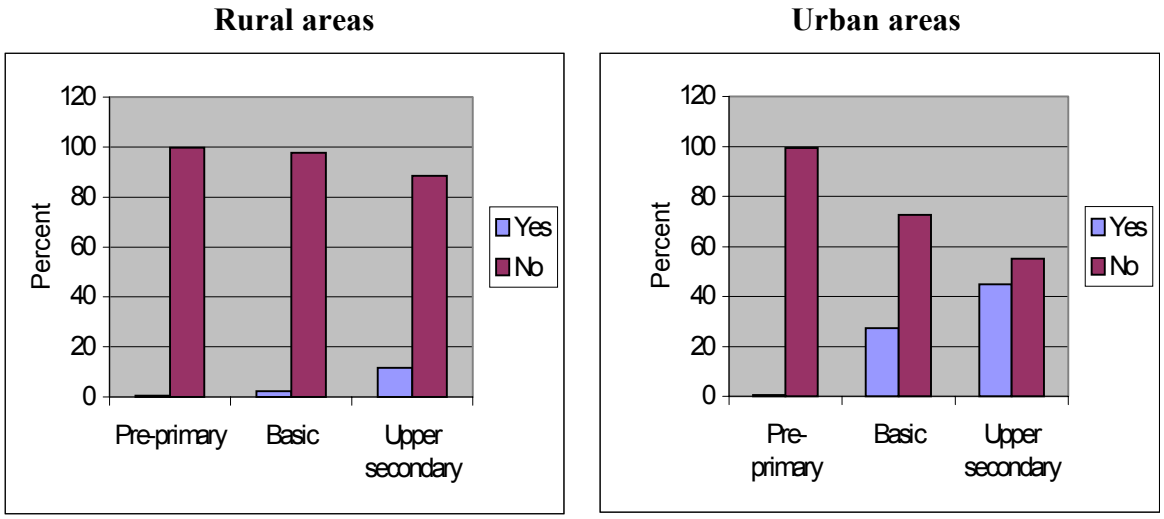
Rural areas



2. URBAN AREAS

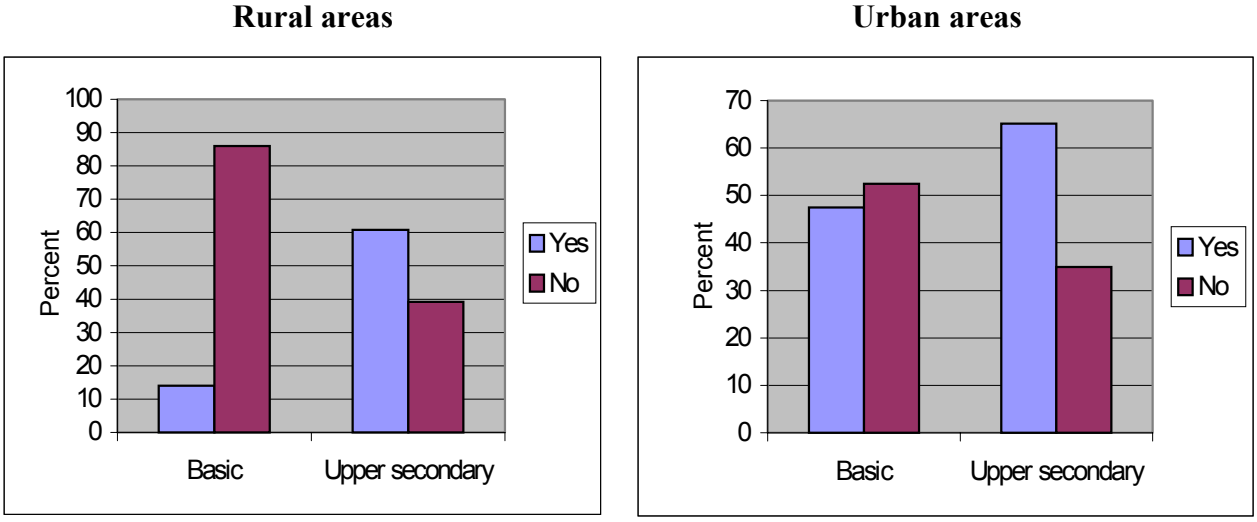
Source: School-mapping project, EMI SYSTEMS.

Figure A14. Percentage of schools with gymnasiums, 1998



Source: School-mapping project, EMI SYSTEMS.

Figure A15. Percentage of schools with laboratories, 1998



Source: School-mapping project, EMI SYSTEMS.

Figure A16. Average size of basic schools, by district, 1998

Legend:
Very dark (red) – less than 250 students
Light (yellow) – between 250 and 500 students
Dark (green) – more than 500 students

Notes:
Minimum: 119.5
Average: 300.8
Maximum: 912.5
Source: Ministry of Education.

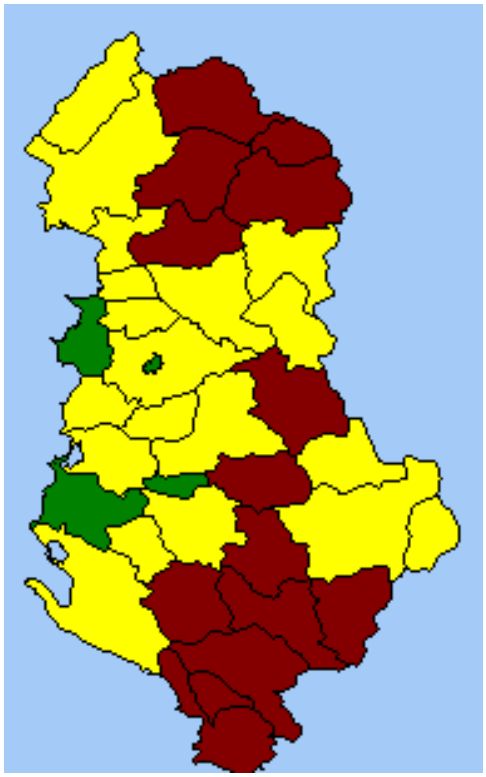


Figure A17. Average size of upper secondary schools, by district, 1998

Legend:
Very dark (red) – less than 200 students
Light (yellow) – between 200 and 400 students
Dark (green) – more than 400 students

Notes:
Minimum: 94.4
Average: 224.6
Maximum: 920.6

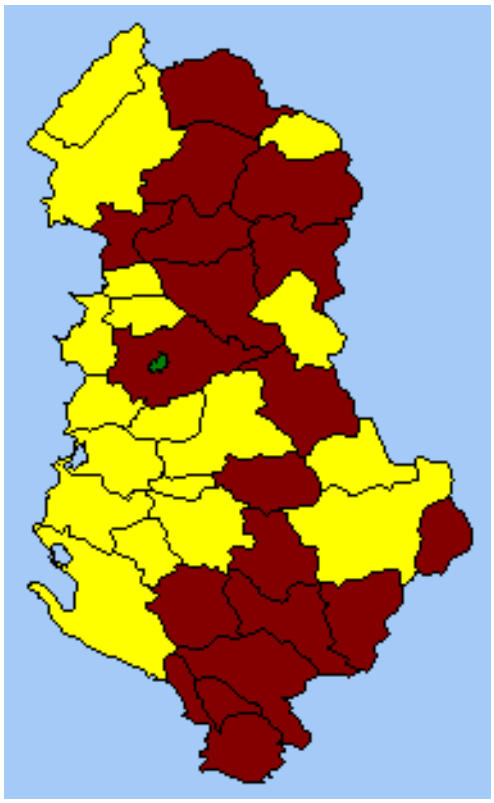
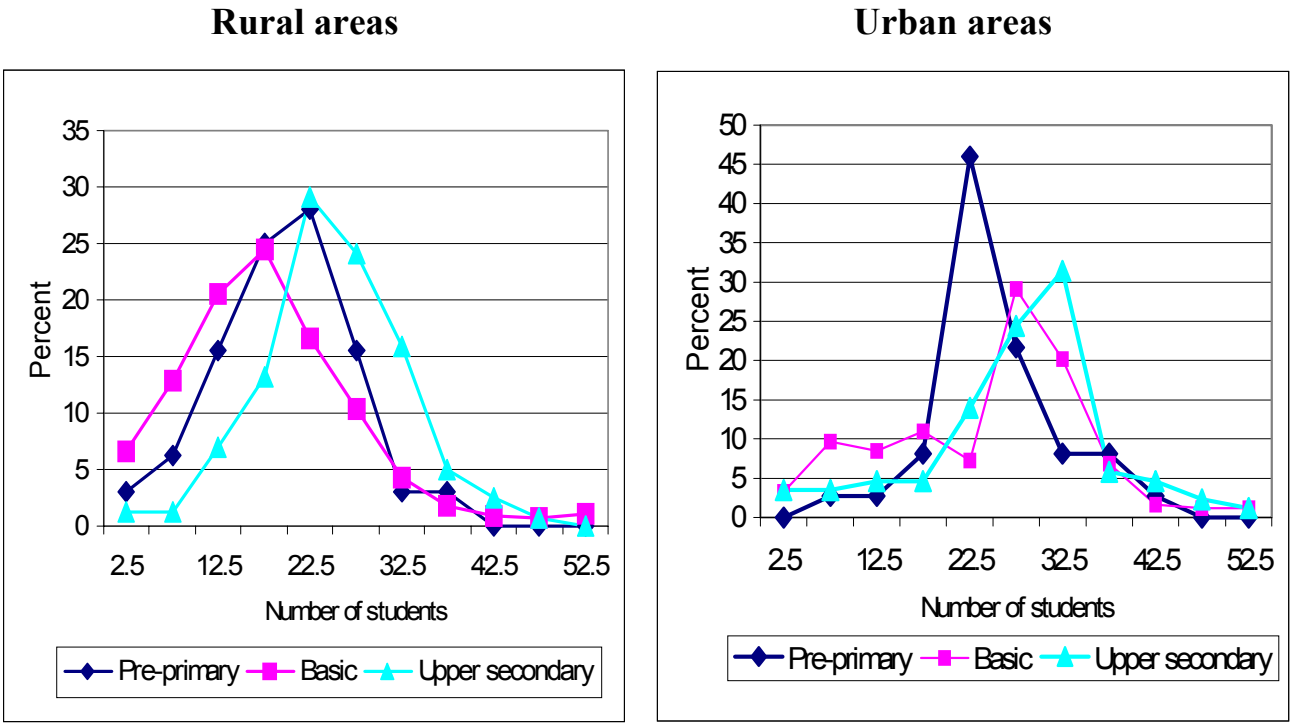
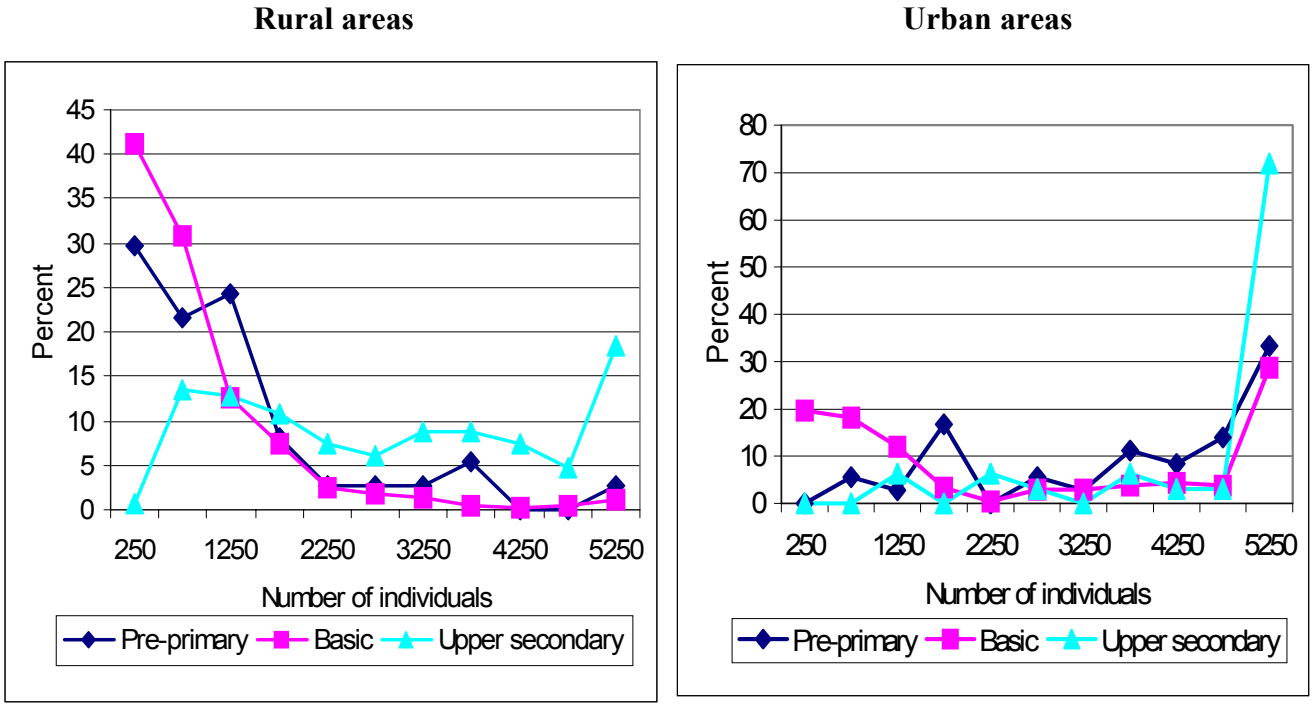


Figure A18. Average class size, by level of education, 1998



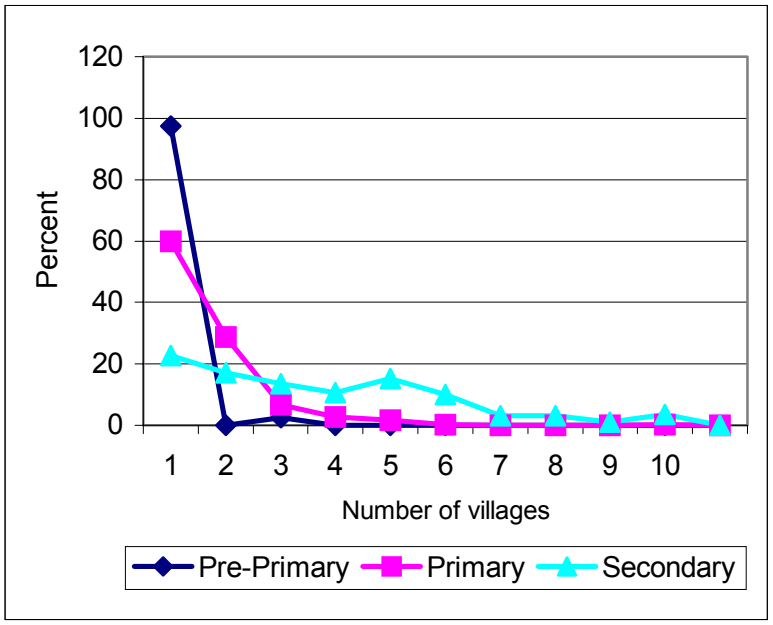
Source: School-mapping project, EMI SYSTEMS.

Figure A19. School district populations, by level of education, 1998



Source: School-mapping project, EMI SYSTEMS.

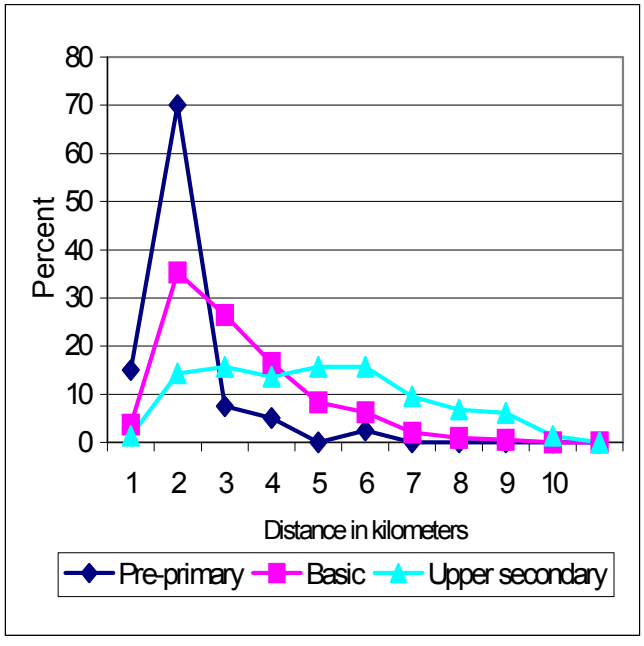
Figure A20. Number of villages served by a rural school district, by level of education, 1998



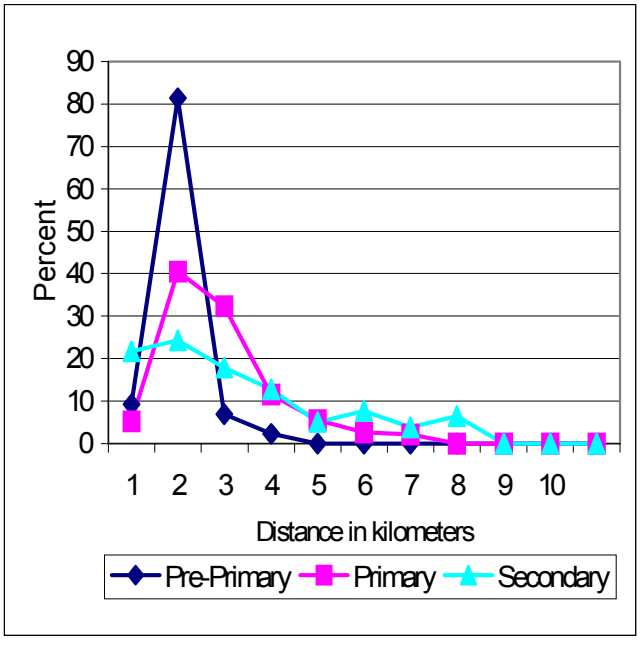
Source: School-mapping project, EMI SYSTEMS.

Figure A21. Furthest distance of students' homes from school, by level of education, 1998

Rural areas



URBAN AREAS



Source: School-mapping project, EMI SYSTEMS.

TECHNICAL ANNEX[17]

This annex explains the model for estimating the change in public spending on education as a share of GDP in Albania if Albanian enrollment rates were the same as the OECD country mean (figure 2.3). The following had to be calculated:

1) The expected total enrollment if enrollment rates were at the OECD level.
2) The difference in total spending on education that would result from such a change in enrollment.
3) The ratio of education spending relative to GDP.

Step 1. Let $POP(t,a)_k$ be the total population aged k in year t in country a (such as Albania), and let $AER(t)_k$ denote the OECD country mean enrollment rate in year t for age k. The expected enrollment ($EE(t,a)$) in country a if its enrollment rates were equal to the OECD mean is

$$EE(t,a) = \sum_{k=5}^{29} POP(t,a)_{\mathrm{k}} \times AER(t)_k$$

Step 2. Let $TE(t, a)$ denote total spending on education in year t in country a, and by $E(t, a)$ its actual enrollment in year t. The variation in total public spending $VTE(t, a)$ following a change in the average enrollment rate so as to bring it to the $AER(t)$ in OECD is

$$VTE(t, a)=TE(t, a)\ (EE(t, a)/E(t, a))-TE(t, a)$$

In the case discussed in chapter 3, actual enrollment in Albania refers to $t=1997$, population refers to $t=1997$, and the OECD country mean refers to $t=1996$. The average net enrollment rates refer to the age classes 5-14, 15-19, 20-29. These adjustments were necessary for lack of data. For this exercise, data on Albania's population are drawn from the 1998 MONEE UNICEF database.

[17] This technical annex is from Palomba and Vodopivec (2000).

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