

SOCIAL PROTECTION INTERVENTION TO ATTAIN SUSTAINABLE DEVELOPMENT GOAL ONE IN ALBANIA

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Abstract One of the principles of the United Nations 2030 Agenda, is progress towards the Sustainable Development Goals. In line with the first strategic goal, poverty reduction is one of the main priorities of the new strategy. The objective of this study is to assess social protection interventions in Albania to determine the extent to which they contribute to the achievement of the first Sustainable Development Goal, which aims to reduce poverty. The methodology used in this study consists in the examination of policy and legal documents related to social protection and, in particular, to economic support, as well as in the quantitative analysis of data available in databases. The results show that social protection requires government intervention to improve the welfare of citizens and that the methodology for calculating the subsistence minimum in the Republic of Albania should be developed and approved to serve as a guide and official reference for determining economic support.

Keywords:

poverty reduction,
sustainable
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social protection,
economic support

JEL:

Q01, D6, D63

1 Introduction

No poverty is the main priority among the 17 Sustainable Development Goals (SDGs) Sustainable global development is the common goal of human society, but Covid 19 and the price crisis caused by the war in Ukraine has affected the slowdown poverty eradication process. According to the World Bank, extreme poverty will increase in 2020 for the first time in more than 20 years (World Bank, 2021). Social protection is critical to achieving the first Sustainable Development Goal (SDGs 1), which aims to end poverty in all its forms everywhere by 2030 (ILO, 2019). Over the past two decades, policymakers have recognised social protection as a key strategy to address poverty. Based on the review of the literature, there are very few studies that demonstrate the impact of social protection on the achievement of the first SDGs in Albania, and this fact served as a motive to address this issue. As the focus of this study is on poverty reduction and SDGs 1, we will exclusively concentrate on the cash assistance or 'Ndihma Ekonomike' (NE), which represents a direct measure in tackling poverty The purpose of this study is to find out whether the existing social assistance programmes aimed at poverty reduction, are consistent with the achievement of the first SDGs. NE is a cash benefit that targets needy families and individuals with special status. According to Law No. 57 (2019) on Social Assistance in the Republic of Albania, families and individuals living in extreme poverty or with insufficient income are eligible.

2 Literature Review

Over the past decade, cash transfers have gained importance in academic and practitioner circles as a preferred method of making social transfers to leave no one behind. This is because they are seen as cost-efficient, adaptable to the most urgent needs of recipients, able to maintain the dignity of recipients and are generators of multiplier effects in local markets (ICRC, 2018). A range of countries have implemented successful cash transfer programs including Brazil, Indonesia, Kenya, Mexico, Pakistan, the Philippines, South Africa and Yemen (Fiszbein & Schady, 2009; Garcia & Moore, 2012) The literature on cash transfers, and social protection in general, has highlighted that their effectiveness and sustainability relies on a well-functioning administrative system and a strong and continuing political will (Farringdon & Slater, 2006).

Many studies have attempted to evaluate whether transfers have the effect of reducing poverty or, more generally, a redistributive impact (Garfinkel, 1990; Atkinson, 2000; Heady et al., 2001; Prasad, 2008; Nolan & Marx, 2009; Caminada et al., 2010). Most of these studies focus on the effect of public transfer programs by comparing countries in terms of their social protection expenditures and measures of poverty.

In Albania, social assistance programme or *Ndihma Ekonomike* (NE) is designed as a temporary measure aimed at supporting individuals in need, with the ultimate objective of facilitating their social reintegration and re-entry into the labor market. NE aims to provide financial security for needy people who are unable to provide an adequate standard of living (see also Table 1).

Table 1: Social Protection Intervention (NE scheme) 1992-2021

1992-1996	Establish the legal foundations and the corresponding instances for the development of the market economy, guarantee survival.
1996-2005	decentralisation to improve the applicability of aid procedures. The average amount of NE 3,900 ALL (33 €) per month
2005-2018	The responsibilities of local government units for assessing poverty levels have been expanded, to be enriched with new elements so that – NE is targeted and directed at the poorest sections of the population. the maximum amount of NE 8,000 ALL (69.5€) per month and the average amount NE 4,100 ALL (35.6€) per month
2018-2021	Increase the electronic register at national level, increase transparency; reduce abuse and corruption; calculate the amount of benefit according to the family structure. Remain in the scheme for a maximum of 5 years

Sources: State Social Service, Annual Reports (2014, 2018, 2020, 2021).

The reform of the NE scheme has helped alleviate poverty and improve the quality of life of beneficiaries. As the cash payment of economic assistance is the only income of the beneficiary families, it is still not sufficient to cover the minimum living needs. For this reason, this reform provides a 5-year exit period for working-age persons whose families benefit from NE in order to reintegrate them into normal social life. For all persons claiming economic assistance, this strategy stipulated that they must be registered as unemployed every month. This practice seems to have produced results in the employment of working-age family members participating in the NE programme. The reform of NE scheme aims at better targeting the neediest individuals and families, as well as revising the financial measures to facilitate the livelihood of families in general. It has helped to alleviate

poverty and improve the quality of life of beneficiaries. Nevertheless, some issues remain open and unresolved, such as the calculation of the subsistence minimum, which would increase the effectiveness of economic assistance if we were to use subsistence minimum indexation to calculate its monthly amount. The historical context and challenges related to the economic transition in Albania have caused economic and social instability, leading to increased inequality. The subsistence minimum is the main social indicator used to assess poverty and to calculate economic assistance. Currently in Albania, there is no official data on the subsistence minimum indicator, which means that the basic level of poverty measurement is missing, which makes the impact of social protection, or NE, on the achievement of SDGs 1 even more challenging.

3 Methodology

The study was prepared using available quantitative data, statistics, and information from secondary sources. The secondary search for materials includes the compilation of available data and reports from various public sources published by governmental institutions such as the Annual Reports of the State Social Service for the period 2014-2021 and non-governmental from the Institute of Statistics Albania (INSTAT), Open Data Albania (ODA), and reports from international organizations such as the International Labor Organization 2021 and UNDP 2022. The Subsistence minimum in Albania is the so-called absolute poverty method adopted from (Bradshaw et al., 2000; ILO, 2012; Libanova, 2020), which involves calculating the limit of food poverty and non-food poverty. The sum of the monetary values of these two poverty lines is the subsistence minimum.

4 Results

According to the absolute poverty method, the subsistence minimum is determined in two steps: first, the cost of food is calculated, and then the cost of non-food items is calculated based on the cost of food requirements. The food basket on Table 2 is constructed based on the recommendations of ILO 2021 and UNDP 2022. It is determined which food groups are included in the model diet and the corresponding quantity for each of them. The cost of each food is determined by multiplying the quantity by the unit price based on the 2021 Household Budget Survey data,

INSTAT, and adding the cost of each product in the model diet to calculate the total cost of the basket, which is ALL 8709 (75.7 €) per month based on this data.

Table 2. Subsistence minimum per capita, 2021

Product	Monthly rate (kg)	Average unit price	Monthly Value (ALL)	Monthly Value (Euro)
Bread	3.5	123.2	431.2	3.75
Cereals	8	125	1000	8.69
Meat	0.61	715	436.15	3.79
Fish	0.08	819	65.52	0.56
Milk/by prod	3.04	395	1200.8	10.44
Oil	1.19	395	470.05	4.03
Fruit	0.56	147	82.32	0.71
Vegetable	21.53	187	4026.11	35
Sugar,sweets	1.32	687	906.84	7.88
Non-alcoholic drinks	0.84	108.1	90.804	0.78
Other foods	0		0	
Total (Food poverty line)			8709 ALL	75.7
The non-food poverty line			10,982 ALL	95.49
Subsistence minimum per capita			19,691 ALL	171

Source: INSTAT, Household Budget Survey and author's calculations

The costs that cover only the food needs calculated above cannot represent the poverty line because they ignore other important basic needs: To be healthy and participate in society, expenses for housing, clothing, and health are necessary. The table above defines the non-food costs that must be added to the food minimum to calculate the full minimum. The types of these expenses and their share of total monthly expenses are from the 2021 INSTAT Household Budget Survey. For 2021, based on the 2021 Household Budget Survey, the weight of expenditures on food is 41.3% and the weight of expenditures on non-food items considered essential to ensure a minimum standard of living is 58.7%. From the compilation of poverty lines for food and non-food items, the subsistence minimum is 19,691 ALL or 171 euros ¹Based on the data from ODA 2021, the average NE per family is 5079 lek or 44 euros. Thus, compared to the subsistence minimum calculated above, it is three times smaller.

¹ Bank of Albania, exchange rate 1 euro = 115 ALL.

5 Discussion and Conclusion

Based on the results of this paper regarding the level of the subsistence minimum the payment of NE must be increased to meet the needs of individuals and families not only in the area of nutrition, but also in other areas of human development. It is recommended that the subsistence minimum be used as a benchmark for formulating social policies for those in need. The subsistence minimum should be recognised as a reference point for setting minimum urban and rural pensions, minimum wages, and financial assistance programmes for the unemployed, and NE should be improved to a subsistence minimum as an important measure to better align with the SDGs one targets. In order to have a real subsistence minimum over the years, its indexation is essential. Factors that affect the indexation of the minimum wage include inflation, remittances, or the various measures taken by the government to combat informality. By linking the subsistence minimum to various social policies, the government can ensure that its citizens are guaranteed a decent standard of living and equal access to basic social services, regardless of their income and status. First limitation of our research is lack of and difficulty in accessing the official data needed to calculate the subsistence minimum, and the second one was the difficulty to assess its effectiveness, which will only be completed after a few years.

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