

ALBANIA

Capital: Tirana
Population: 3,047,987
GDP per capita (PPP): \$12,500
Human Development Index: High (0.764)
Freedom in the World: Partly Free (68/100)

CSO SUSTAINABILITY: 3.7



Albania has been a candidate for EU membership since 2014. The opening of accession negotiations depends on the country making additional concrete achievements related to five key priorities: judicial reform, public administration reform, the fight against organized crime, the fight against corruption, and the protection of human rights. The continued implementation of judicial reform is particularly critical in advancing Albania's candidacy. The country launched a comprehensive judicial reform package in July 2016. During 2017, the early stages of implementation were slow and marked with political confrontations.

General elections were scheduled to take place in June, but in February, the opposition declared its intent to boycott, pitching a protest tent to demand free elections and a technocratic government. An agreement to go forward with the elections was finally reached in May, when the leaders of the Socialist Party (SP) and the Democratic Party (DP) reached a political agreement, including a Cabinet reshuffle. The incumbent SP won a single-party majority when the elections were held on June 25.

Against this backdrop, the overall sustainability of the sector improved slightly during 2017, with positive developments noted in the service provision and sectoral infrastructure dimensions. CSOs continued to increase their efforts to reach their constituencies and engage in coalition building. Financial viability remains the weakest dimension of CSO sustainability. CSOs still have not developed a diversified funding base and lack sufficient organizational capacities to diversify their resources.

There are over 10,000 CSOs—including associations, foundations, and centers—registered at the Tirana Court of First Instance. However, the total number of active CSOs registered with the tax authorities is only 3,922. During 2017, 339 new CSOs were registered at the Tirana Court of First Instance, of which 283 were also registered with the tax authorities.

LEGAL ENVIRONMENT: 3.7

The legal environment governing CSOs in Albania did not change during 2017. Registration and operations are clearly defined in the legislation and CSOs are generally free from harassment by the central government. However, there is still a need to adopt legislation to decentralize registration, improve fiscal treatment of CSOs, standardize procedures for allocating public funding, and encourage philanthropy.



LEGAL ENVIRONMENT IN ALBANIA

Map, no actions were taken during the year to decentralize the registration process. Therefore, CSOs continue to register at the Tirana Court of First Instance. Registration remains bureaucratic, lengthy, and costly, especially for local CSOs based outside the capital. The procedures for amending organizational statutes, as well as those for dissolution and liquidation, also remain burdensome.

During 2017, implementation of the Laws on Volunteerism and on Social Enterprises, both of which came into force in 2016 and are priority areas of the Road Map, was still pending. Implementation of both laws depends on the adoption of secondary legislation—for example, to specify procedures for granting social enterprise status, list their fields of operation, and regulate state subsidies—which the Council of Ministers failed to adopt during the year.

Non-profit sources of income for CSOs, including membership fees, funds, grants, and donations, are exempt from VAT and income tax. CSOs implementing EU Instrument for Pre-accession Assistance (IPA) projects are eligible to claim VAT refunds on their expenses, but due to legal ambiguities and bureaucratic procedures, no CSOs have been known to claim these refunds to date. Corporate donors receive minimal tax deductions for their donations up to 4 percent of their taxable income. Individuals do not receive any tax deductions for donations to CSOs. CSOs have long urged decision makers to adopt a new Law on Philanthropy that distinguishes between philanthropic activity and sponsorship.

Since 2015, active CSOs have been required to submit monthly electronic tax declarations to the General Directorate of Taxation.

CSOs are legally allowed to earn income from the pursuit of economic activity or through public procurement contracts. Income from economic activities is exempt from VAT for CSOs operating in the social, educational, cultural, and sports fields, when recognized by the competent national authorities and provided that the income is used to pursue the organization's mission.

A gap in legal capacity persists between Tirana and the regions. As a result, CSOs outside the capital struggle to access specialized pro bono legal assistance. In December 2017, Law 111/2017 on Legal Aid Guaranteed by the State was approved. This law, which comes into effect in June 2018, regulates the organization and provision of free legal aid. According to the law, CSOs are now eligible to offer primary legal aid.

In December, the Office of the Prime Minister, with technical assistance from the EU, launched public consultations as part of the mid-term review of the 2015 Road Map for Albanian Government Policy Towards a More Enabling Environment for Civil Society Development, the strategic document guiding government policies towards the sector. By the end of the year, an online consultation tool had been launched and four rounds of meetings had been organized to collect CSO's proposals on the Road Map's implementation and monitoring framework. However, since 2015, the Road Map's implementation has been slow paced.

Despite pleas from CSOs and the fact that it is identified as a priority legislative measure in the Road

ORGANIZATIONAL CAPACITY: 3.7

The organizational capacity of CSOs in Albania has changed little in the past four years. There continues to be a large gap in capacities between CSOs in Tirana and those outside the capital.

Anecdotal evidence indicates that CSOs stepped up their efforts to identify potential beneficiaries and build their constituencies in 2017, largely in order to meet donor requirements. In spite of this, local level CSOs that work on an ad hoc basis continue to face difficulties and enjoy less community support than Tirana-based organizations with national outreach, most likely because of their more limited human and financial resources and the high levels of apathy at the local level.

While well-established CSOs tend to have clearly defined visions and missions, local CSOs struggle to develop well-defined missions, instead adopting broad ones in order to be eligible for more sources of funding. Only a handful of CSOs have defined strategic plans. However, even in these organizations, it is unclear to what extent strategic planning techniques are incorporated in decision-making processes. Insufficient institutional funding opportunities have increased these problems.

CSOs' organizational statutes must describe their internal management systems. By law, the highest decision-making body in non-membership organizations (foundations and centers) is the board of directors, while for membership organizations (associations), it is the general assembly of its members. In practice, however, boards of directors generally fail to engage in organizational governance and delegate authority in practice to the executive directors.

Although there is no statistical data on employment in the sector, in general only larger and well-established CSOs are able to maintain permanent, paid staff. Local CSOs mostly engage staff on a project basis. CSO staff members continue to take on multiple responsibilities. The Law on Volunteerism was adopted in 2016, but its impact remains to be seen. According to the 2017 CAF World Giving Index, 10 percent of respondents in Albania volunteered their time in 2016, compared to 11 percent in 2015.

Even though technical advancement varies among large and small CSOs, in general CSOs actively and effectively use ICT and online platforms to facilitate their operations. Access to broadband Internet continued to expand in the country in 2017.



ORGANIZATIONAL CAPACITY IN ALBANIA

FINANCIAL VIABILITY: 4.5

The financial viability of CSOs did not change significantly during 2017. Although no data is available on the proportion of funding sources, CSOs generally lack a diversified funding base. CSOs remain largely dependent on foreign donors to sustain their operations and their attempts to diversify their resources continue to be limited by their organizational capacities. The European Commission Report for Albania 2018 noted that the “financial sustainability of civil society organisations remains a challenge due to fiscal and legal frameworks.”

Domestic sources of funding are generally insufficient for the operation and viability of the sector. Since 2009, the Agency for Support of Civil Society (ASCS) has been the main source of government funding for CSOs. In 2017, ASCS issued one call for proposals with two components: funding for projects covered entirely by ASCS and funding for projects co-financed by other donors. It awarded a total of thirty-five grants ranging from 1.5 million ALL (about \$14,000) to 4.5 million ALL (about \$41,000). The call supported projects in diverse fields, including rule of law, environmental protection, migration, and culture. In December, the Office of the Prime Minister launched an open call for candidates for the Board of ASCS.

CSOs have long urged for ASCS to be reformed to increase its accountability and transparency, for example by eliminating the double role of the Board as both a supervisory and decision-making authority.

Since 2014, the Ministry of Culture has funded projects of individuals and CSOs, both local and foreign, working in the field of culture. In 2017, the Ministry of Culture co-financed 107 grants. Since 2015, the Good Causes Board of the National Lottery has allowed for the allocation of lottery proceeds to CSOs, individuals, and public institutions.



FINANCIAL VIABILITY IN ALBANIA

During 2017, however, they awarded only one grant to a CSO for a project focused on increasing public awareness on diabetes. The calls for proposals using lottery proceeds generally do not specify priority areas for funding.

The sector relies heavily on foreign support. The EU is the largest donor for civil society in Albania. Other important foreign donors in the country include the Swedish International Development Cooperation Agency (Sida), the Swiss Embassy, the Embassy of the Netherlands, and USAID. Following the re-granting approach adopted by several foreign donors over the past few years, more funds became available to local CSOs in 2017 through the deployment of sub-granting schemes implemented by local intermediary organizations. However, CSOs outside of Tirana tend to have limited

absorptive capacity. Early assessments of the re-granting schemes find that they are relevant for supporting small-sized organizations, but highlight the issue of long-term sustainability.

Private donations—from both companies and individuals—remain sporadic and limited to ad hoc public fundraising campaigns. Social media is helping CSOs adopt more creative public fundraising techniques. For example, in 2017 Down Syndrome Albania raised funds for down syndrome therapy through social media and the engagement of celebrities. In-kind donations—especially those targeting marginalized groups (including children and the elderly) and relief for natural disasters—continue to be more prevalent than financial donations. According to the 2017 CAF World Giving Index, the percentage of Albanians who reported donating to charities increased from 22 percent in 2015 to 28 percent in 2016. According to Partners Albania's report on the Philanthropic Activity of Enterprises (2017), corporate donations largely target poverty alleviation, education, and health.

The number of CSOs engaging in economic activity is still very limited. Some CSOs successfully earn revenue through the provision of services for people with disabilities, vocational trainings, and agricultural services, although services are generally offered for less than market prices. The Monitoring Matrix on Enabling Environment for CSO Development in Albania for 2016 lists administrative requirements and limited CSO capacities as the main challenges hampering CSOs' engagement in economic activity.

Only a handful of well-established CSOs have sound financial management systems in place. Individual projects are subject to independent financial audits, upon donor request or requirement. The National Accounting Standard for Non-Profit Organizations, which aims to standardize accounting and bookkeeping information for CSOs, came into force in 2016. No information is available on its implementation in 2017.

ADVOCACY: 3.3

CSO advocacy did not change significantly during 2017. Although CSOs engaged in an increasing number of successful advocacy initiatives during the year, civil society is still not meaningfully engaged in inclusive policy dialogue. According to the European Commission Report for Albania 2018, "substantial efforts are needed to ensure meaningful consultations with civil society actors as part of an inclusive policy dialogue."

The National Council for Civil Society (NCCS), established through law 119/2015, was finally constituted in December 2017.

NCCS is a collegial advisory body comprised of thirteen civil society and thirteen government representatives that aims to promote institutional cooperation between the government and civil society. The Minister of Social Welfare and Youth (MSWY) chairs the NCCS, while ASCS acts as its technical secretariat. Following the parliamentary elections in June, the Council was stuck in limbo, as MSWY and other ministries were merged together, raising ambiguities on the chair and government representatives of the Council. During its first official meeting, the Council formally adopted the regulation on its organization and functioning. It remains to be seen if civil society's formerly high hopes for the Council will be realized.

During 2017, civil society continued to increase public awareness of the Law on the Right to Information and the Law on Notification and Public Consultation and to monitor their implementation. While there have been more public hearings and consultations, the European Commission Report for Albania 2018 highlighted that substantial efforts are needed to ensure meaningful consultations with CSOs. A report from the Albanian Helsinki Committee (2017) finds that public consultation processes by the executive branches of government remain unsatisfactory and are often just organized as a formality. According to IDM's November 2017 national opinion poll, only 40 percent of Albanians believe that suggestions coming from civil society and interest groups on draft laws are taken into consideration, down from 54 percent in 2016.

Civic initiatives in 2017 addressed a wide array of issues ranging from rule of law and women's rights to rural development and environmental protection. During the year, these initiatives worked to build and mobilize support bases, with varying degrees of success.

In February, following a hunger strike, around forty local residents of the Zharrëz village held a 100-kilometer march from their village to the Ministry of Energy building in Tirana. The march was organized to protest the government's refusal to repair the recurrent damage to their houses allegedly caused by the extraction of oil in the area by Bankers Petroleum. In March, the government approved a decision to award monetary compensation to the claimants. As of May 2018, the claimants had been partially compensated.

In December 2016, three environmental CSOs (EcoAlbania, RiverWatch, and EuroNature) and thirty-eight local residents filed a lawsuit in the Tirana Administrative Court against the Ministry of Environment, Ministry of Energy, and National Agency of Environment, seeking to void the concession contract of the Poçemi hydropower plant. In May, the Tirana Administrative Court ruled against the building of the Poçemi plant, finding that the procedure used to conduct the Environmental Impact Assessment was unlawful. This was the first environmental lawsuit in Albania.

In September, the Albanian Network for Rural Development (ANRD), a network of ten CSOs working on rural development, in partnership with the Agricultural University of Tirana organized the First Albanian Rural Parliament. Approximately 300 people from local government, CSOs, donor organizations, and academia participated in the event, which successfully put rural development priorities on the government's agenda. The First Albanian Parliament adopted a Joint Declaration on the challenges and recommendations addressing the development priorities of rural areas in Albania.

Civil society also continued to engage in Albania's EU integration process during the year. In November, CSOs participated in the public consultation meetings for the 2018 Albania Annual Report. However, for the second consecutive year, the National Council for European Integration (NCEI), comprised of high-ranking representatives including some from the civil society sector, failed to contribute meaningfully to Albania's integration process as it only met one time. In addition, civil society did not play an active role in the council.

CSOs engage in lobbying, despite the fact that there is still no legal framework in place to regulate such activity in Albania. There were no successful advocacy initiatives at the local level during the year.



ADVOCACY IN ALBANIA

The sector is aware of the need for an enabling legal environment to enhance its sustainability. However, during 2017, decision makers failed to act on CSOs' proposals to introduce fiscal incentives to increase philanthropy and to unify procedures for public funding.

SERVICE PROVISION: 3.6

The score for CSO service provision in Albania improved slightly in 2017 as a result of incremental changes since 2008 that were insufficient to justify a change from one year to the next, but have led to a cumulative improvement in service provision. Since 2008, the number of CSOs providing services to their constituents has increased and the state has increasingly recognized the role of civil society in providing services, especially social services. However, this recognition has yet to materialize into sustained financial support.

CSOs provide services in a variety of fields, including basic social services such as health, education, relief, and housing, as well as other areas, including policy analysis and capacity building. CSOs generally provide their goods and services without discrimination on the basis of gender, ethnicity, and sexual orientation. CSOs do not usually market their products, including publications and workshops, to academia, businesses, or government.

Service delivery generally tends to reflect the needs of CSOs' constituencies, which CSOs identify by conducting needs assessments. Nevertheless, since a large chunk of services are project-funded, donor priorities play a role in determining the focus of CSO services as well, and CSOs easily adapt to these priorities.



SERVICE PROVISION IN ALBANIA

Cost recovery remains a problem. Beneficiaries are unable to pay, so the majority of costs are subsidized by foreign donors or public procurements from the state or municipalities. Donors typically cover the costs of studies, publications, and trainings.

The government generally recognizes CSOs' contributions in providing and monitoring basic social services. CSOs are allowed to participate in public procurements, although the number of CSOs competing for public procurements is limited. According to the 2016 Monitoring Matrix on Enabling Environment for Civil Society Development for Albania, only four out of the ninety-six surveyed CSOs reported that they had benefitted from public procurement contracts. CSOs argue that public procurement rules and procedures impose additional barriers on CSOs and they have long urged for a new law on social procurement. Following the 2014 administrative-territorial reform, several initiatives—including the National Crosscutting Strategy for Decentralization and Local Governance 2015-2020, the Law on Self-Governance, the Law on Social Enterprises, and the new Law on Services—are expected to advance the involvement of CSOs in service delivery by offering increased venues of cooperation between local government and CSOs. The Road Map on Civil Society also emphasizes the need to strengthen the capacities of municipalities to partner with CSOs as key actors in the provision of social services. Nevertheless, these policy and legal initiatives have not yet delivered their intended results. During 2017, the Regional Local Democracy Program (ReLOaD) was launched, financed by the EU and implemented by UNDP. ReLOaD aims to institutionalize the interaction between CSOs and local governments by funding around 100 CSO projects through twelve municipal budgets.

SECTORAL INFRASTRUCTURE: 3.7

The sectoral infrastructure improved in 2017, as more international donor funds were re-granted and cooperation within the CSO sector intensified.

There are no organizations in Albania that work exclusively as intermediary support organizations (ISOs). Instead, support services—which primarily consist of training opportunities—are provided mainly through projects financed by foreign donors, and are therefore not financially sustainable. During 2017, ASCS continued to offer technical assistance to CSOs applying for its calls for proposals and was engaged as the technical secretariat for the NCCS. The EU's Technical Assistance to CSOs (TACSO) ended its programs in Albania in 2017, holding its final conference in November.

Since 2015, donors have increasingly utilized re-granting in their programs in Albania. As a result, several well-established CSOs implement sub-granting schemes to smaller organizations. For example, with funding from the Swiss Agency for Development and Cooperation (SDC), the Project Leviz Albania (implemented by the Open Society Foundation for Albania, Co-PLAN, and Partners Albania) supports projects that target accountability at the local level. In 2017, this project awarded a total of thirty-five grants, including some to individuals. The Regional Environmental Center (REC-Albania) implements the EU-funded program Albanian Civil Society for a European Environment – ACHIEVE, 2015-2017. The Albanian National Training and Technical Assistance Resource Center (ANTTARC) implements the EU-funded Partnership Against Corruption Together (PACT), which awarded ten grants during 2017 with a total value of €150,000. The Institute for Democracy and Mediation (IDM Albania) implements the EU-funded CIVILISC – Civil Society Instruments against Corruption, which awarded nineteen grants during 2017 worth €250,000. These grants aim to empower civil society to promote good governance and fight corruption. Save the Children and Terre des Hommes Albania implement the EU-funded project Civil Society in Action for Protection of Child Rights in Albania, awarding seventeen grants in 2017 with a total indicative value of €207,000. The Albanian Helsinki Committee, Netherlands Helsinki Committee, Norwegian Helsinki Committee, Helsinki Committee for Human Rights in Serbia, and Together for Life (TFL) awarded nineteen grants valued indicatively at €187,764 in the framework of the EU-funded project Civil Society Countering Violent Extremism.

The process of coalition building experienced a revival during 2017, in part due to donors' interest in network creation. During the year, networks were created covering different fields ranging from rural development, women's entrepreneurship, environmental protection, and labor rights. Moreover, there was increasing cooperation between think tanks in the capital and grassroots organizations. Nevertheless, despite the increased activity of networks and coalitions, coalitions tend to be donor-dependent and not self-sustaining.

During the year, CSOs continued to have access to a wide range of training opportunities that take place mostly in Tirana and are free-of-charge, since they are subsidized by donors. Most trainings are offered by local trainers in Albanian. The demand for advanced specialized services and trainings, such as strategic planning, fundraising, or financial management, is weak.

As described above, following local government reforms in 2015, there are more opportunities for local governments to cooperate with CSOs. Also, new instances of inter-sectoral cooperation between CSOs and businesses have emerged. Most of these initiatives are driven by CSOs that seek to involve businesses in their projects.



INFRASTRUCTURE IN ALBANIA

For example, in September Partners Albania organized the NPO-Business Speed Dating, a one-day event of meetings between representatives of fifteen CSOs and ten private companies to establish contacts and identify possible forms of future cooperation. Partnerships with media are still not common.

PUBLIC IMAGE: 3.7

The sector's public image did not change significantly during 2017.

According to Freedom of the Press 2015, Albanian media outlets often display strong political bias and their owners' interests in their reporting. Despite media's political polarization, CSOs generally enjoy some media coverage of their activities and advocacy campaigns, although media reporting on CSOs continues to be superficial and the presence of high-profile figures at CSO events continues to drive much of the media coverage. The proliferation of online media outlets, however, is expanding CSOs' opportunities for media coverage.

Public trust in civil society increased in 2017. According to IDM's national opinion poll, 57 percent of respondents in 2017 reported that they trust civil society, compared to just 46 percent in 2016. Furthermore, civil society was perceived as having an increased role (by 5 percentage points) in holding the government to account compared to 2016.



PUBLIC IMAGE IN ALBANIA

During 2017, there were no initiatives on self-regulation within the sector. Overall, the sector is still not very transparent and lacks self-regulation. CSOs have not yet adopted a widely accepted code of ethics, though several individual CSOs have developed their own codes of ethics and conduct. All CSOs are required to submit annual reports to the General Directorate of Taxes. However, only a limited number of well-established CSOs publish annual reports online.

In light of their limited access to local and national media coverage, CSOs increasingly use the Internet and social networks to promote their work, launch advocacy campaigns, and build constituencies. However, in October 2017, Facebook introduced a pilot system in a number of countries (including Serbia) that drastically decreased the reach of organizational and project pages, forcing CSOs to pay to promote their posts and get them viewed by more people. In 2017, the TACSO Resource Center provided training and published a Digital Media Toolkit to help associations improve their visibility.

There were no initiatives or changes in terms of self-regulation in 2017. Annual reports are still only published by leading organizations.

Despite the fact that they recognize the important role of CSOs in a democratic society, state authorities continue to make statements revealing their negative perceptions of advocacy organizations as "grant-eaters" and promoters of political agendas. No data is available on the business perception of civil society.

CSOs do not have adequate resources to employ professional communications staff or develop communication strategies. While well-established organizations have established some communication practices, small and local CSOs lack adequate skills. The use of social media, however, has mitigated some of these shortcomings, allowing the sector to promote its activities and messages during 2017.