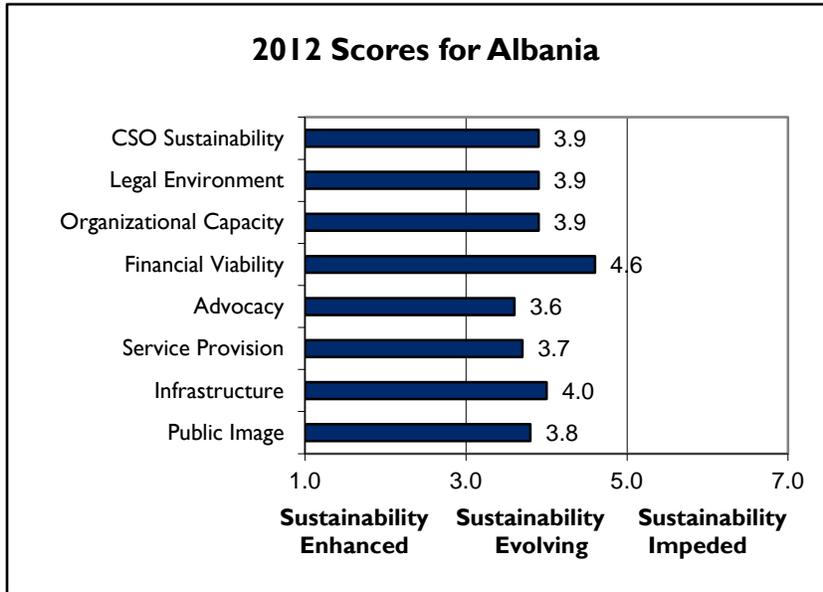
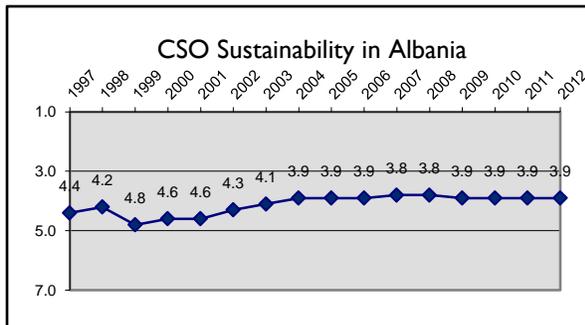


ALBANIA



Capital: Tirana
Population*: 3,011,405
GDP per capita (PPP)*: \$8,000
Human Development Index*: 70

CSO SUSTAINABILITY: 3.9



Albania was not granted EU candidate country status in 2012 for the third consecutive year due to lack of progress in judicial, parliamentary and public administration reforms. International pressure has emphasized the need for bi-partisanship on key reforms urged by the European Commission’s opinion on Albania’s EU bid, but the majority and opposition political parties have often failed to address essential priorities. This stems in part from a two-year long political stalemate that began in June 2009, when the

opposition Socialist Party boycotted parliament following contested general elections. Although the political stalemate finally ended in November 2011, when the two major political parties agreed to resume dialogue on key reforms urged by the European Commission’s opinion, no progress has been made.

*Population (July 2013 estimate), and GDP (2012 estimate) in all country reports is drawn from the Central Intelligence Agency, The World Factbook, available online at <https://www.cia.gov/library/publications/the-world-factbook/index.html>. 2012 Human Development Index rankings from <http://hdr.undp.org/en/statistics/>.



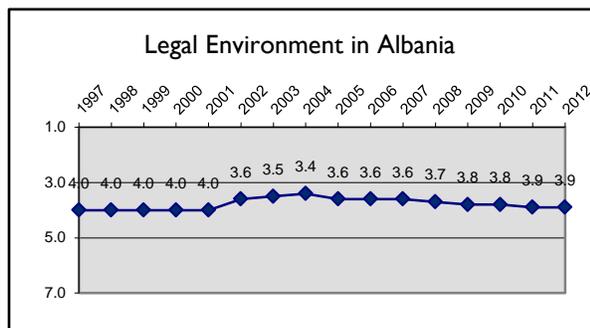
While the broader political environment remains confrontational, Albanian civil society has started to take a more active stance on key issues of public concern. The ACT NOW! (Albanians Coming Together) campaign – an initiative launched by the US Embassy to strengthen democratic principles – encourages advocacy and citizen outreach efforts by CSOs. The lack of tangible advocacy results, however, continues to discourage many CSOs from becoming more actively involved in consultations on various legal and policy initiatives.

Decision makers have generally ignored CSO proposals to improve the legal environment for civil society. Despite its plans, the Ministry of Justice failed to make progress towards creating an electronic Register of CSOs at the Tirana Court of First Instance in 2012. Ambiguous procedures and inconsistent rules on CSOs financial management and inspection provide leeway for state harassment and political pressure.

CSO organizational capacity improved slightly this year. Decreases in donor funding forced CSOs to reconsider organizational management, planning, and outreach efforts to better connect with local communities. Despite these marginal improvements, the lack of a clear strategy for civil society development continues to threaten the third sector’s consolidation. Financial viability is still civil society’s most serious concern, and state authorities, CSOs, and the donor community still lack a coordinated partnership-oriented approach to this issue.

According to the Financial Intelligence Unit, there are 1,651 CSOs registered with tax authorities at the Albanian Ministry of Finance. The Tirana Court, which is in charge of CSO registration, does not keep electronic records and therefore is unable to provide an exact number of registered CSOs.

LEGAL ENVIRONMENT: 3.9



The legal framework for CSO registration and operation did not change in 2012. The Tirana Court of First Instance registers newly-established CSOs as well as changes in the operations of existing organizations. CSOs must travel to Tirana to complete these procedures, which imposes extra costs on CSOs based outside of the capital. Decision makers have continued to ignore civil society’s appeals to decentralize registration procedures. The 2001 Law on the Registration of Nonprofit Organizations requires the court to issue a decision on registering a nonprofit

organization within fifteen days of the application. The Secretary of the CSO Register is then obligated to execute the court’s decision within three days. Registration thus can be completed within a few weeks. CSOs must also register with the tax authorities in their respective areas of residence.

CSOs are subject to control and inspection by tax and other state authorities such as labor inspectorates. Tax authorities can impose fines on CSOs that fail to comply with tax and financial management procedures such as submitting annual balance sheets and other periodic reports. Tax authorities have not acted on previous plans to develop a core of inspectors specialized in CSO financial and tax issues. CSOs need to increase their understanding of the legal requirements to which they are subject, while tax authorities need education on the details of CSO operations.

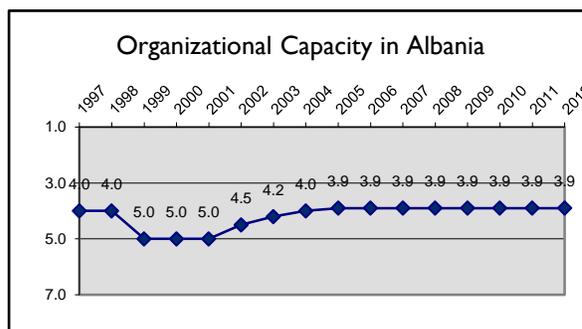
Ambiguities in the laws and regulations governing financial inspection, management, and control allow tax authorities to harass and put political pressure on CSOs. Some organizations, including the MJAFIT! Movement, have brought court cases against tax authorities alleging irregular inspections and fines. In December 2012, the Tirana Court of First Instance ruled in favor of MJAFIT! in such a case, although the tax authorities filed an appeal against this decision. As CSOs do not generally have access to specialized pro bono legal services, they must incur the costs of legal representation.

Income generated through CSOs' economic activities is subject to VAT. CSOs continue to experience difficulties getting VAT reimbursed on the grants they receive. Other issues with the laws, including ambiguities relating to CSOs' public benefit status, an inconsistent regulatory framework for government subcontracting of CSOs, and the lack of incentives for individual and corporate philanthropy, also remain unaddressed.

ORGANIZATIONAL CAPACITY: 3.9

CSO organizational capacity improved slightly this year, primarily due to civil society's increased focus on planning, fundraising, and internal management, as well as the growing use of cost-effective technology for outreach.

Many CSOs, mostly well-established organizations operating in urban centers, are responding to shrinking donor funding through better planning and internal management. However, a significant number of CSOs still have insufficient skills and resources to engage in constituency building efforts or strategic planning. CSOs in semi-urban or rural areas have limited resources, insufficient capacity, and a shortage of modern equipment and information technology.



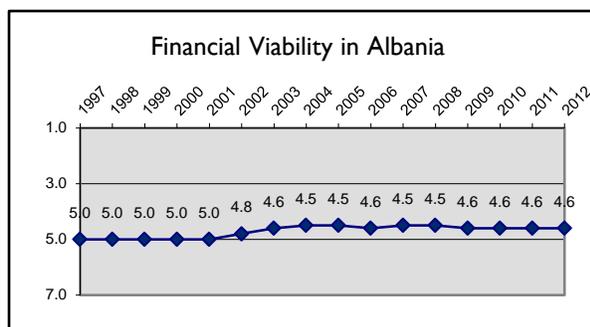
CSOs increasingly mobilize support on specific issues. However, these initiatives often fail to go beyond social media outreach. There have only been a few cases where issue-based campaigns have motivated broader support and concrete actions. For example, civil society articulated a strong public reaction to a deputy Defense Minister's statement in March 2012 declaring that lesbian, gay, bisexual, and transgender (LGBT) individuals should be beaten if they hold a gay pride parade in Tirana. There was also broad civic engagement in humanitarian relief efforts after extreme weather conditions in northern Albania caused emergency conditions in February 2012.

Internal management structures remain unchanged. Only a limited number of CSOs' boards and membership assemblies actively engage in governance and monitor the accountability of their organizations.

CSOs' human resource bases remain unsustainable due to the predominance of short-term, project-based funding that does not allow them to hire permanent full-time staff. Funding limitations also restrict CSOs' use of professional services, such as legal, public relations, and information technology specialists.

Well-established CSOs based in Tirana often recruit unpaid interns by cooperating with private universities, although these programs are unable to fully promote a culture of volunteerism.

FINANCIAL VIABILITY: 4.6



Financial viability remains the weakest dimension of Albanian civil society. The rules for applying for and managing EU funds – currently the biggest source of support to CSOs in the country – are too complex for most local CSOs. In particular, CSOs are often unable to meet the 10 to 20 percent co-funding requirements of EU civil society support programs. CSOs have urged Albanian state authorities to replicate the successful experiences of neighboring countries in assisting the civil society sector. Macedonia's

government, for example, has committed funds from the state budget to co-fund grants awarded to Macedonian CSOs under EU programs.

Domestic funding opportunities are scarce and the government has failed to act on CSOs' numerous appeals for a comprehensive strategy to support the development of civil society, including incentives to encourage individual and corporate philanthropy. Most local governments were unable to provide support to civil society in 2012 due to the economic crisis. CSOs rarely charge fees for their services, and government contracting of CSO social services is very limited.

In January 2012, the Agency for the Support of Civil Society disbursed grants awarded in 2011. Sixty-nine CSOs received a total of 131,960,000 Albanian Lek (approximately \$1.225 million), with an average grant size of 2 million Lek (approximately \$18,000). Grants focused on anti-corruption issues, trafficking and domestic violence, civil society development, and economic development. The Agency awarded roughly the same amount in grants in 2010. On December 27, 2012, the Agency announced the first call for proposals for 2012 with an application deadline of February 15, 2013. Focus areas include anti-corruption, employment, citizens' participation, and advocacy.

CSOs have limited access to core funding opportunities. Some donors, such as the OSI Think Tank Fund, offer core funding, but these are highly competitive grants that are only open to think tanks. The Olof Palme Center Albania offers core support in strategic planning, accountability, and financial management, as well as other capacity building support, but only for its grantees. The Swedish International Development Cooperation Agency (Sida) launched a three-year program in September with a budget of €1.8 million (approximately \$2.3 million) to address local environmental organizations' needs, which includes core funding.

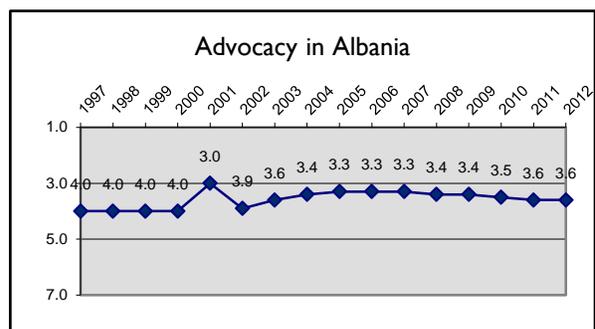
As a result of the intensified financial inspections by tax authorities, CSOs have upgraded their financial management systems. However, due to a lack of capacities, resources, and professional support, as well as ambiguities in the legal framework, many CSOs - particularly newly established groups, youth associations, vulnerable and other marginalized groups, and CSOs operating in remote areas - find it difficult to comply with the rules on tax and financial management. Few CSOs publish annual reports, and those that are published rarely include financial data. CSOs only contract independent financial audits for specific projects when requested by donors.

ADVOCACY: 3.6

CSO advocacy initiatives resumed pace in 2012 after over two years of stagnation caused by the political stalemate. However, CSO advocacy is still largely ignored by policy makers.

Consultations with civil society at the government and parliamentary levels are sporadic and largely ineffective. The government lacks standard procedures and binding rules to engage in dialogue with civil society and other non-state actors when developing legislative and policy measures. When the government

does agree to consult with civil society, it is often due to international pressure. For instance, the government consulted with CSOs on the Action Plan to Address the EC's 12 Priorities mainly to comply with EC suggestions. In addition, the Central Election Committee (CEC) acted on the request for a referendum by the Alliance against Waste Import opposing a 2011 law that allows for the import of non-hazardous waste for recycling purposes only after a public call by the US Ambassador in Tirana in June 2012.

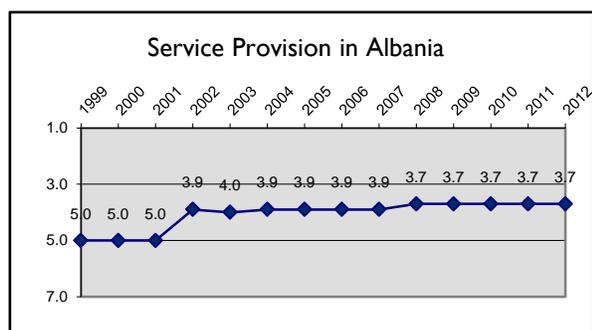


Despite the unfavorable environment, Albanian CSOs actively engaged in a number of advocacy campaigns in 2012. In many of these advocacy campaigns, however, state institutions failed to address civil society concerns and recommendations, further discouraging civic advocacy. For example, electoral reform was determined behind closed doors by the opposition Socialist and ruling Democratic Parties. The resulting amendments to the Electoral Code were a striking setback to the enforcement of the 30 percent quota of women candidates. The CEC no longer has the right to disqualify parties that fail to meet the quota, but is only allowed to fine them.

Thanks to the ACT NOW! Initiative launched by the US Embassy in 2012, civil society advocacy efforts increasingly focused on citizen outreach, particularly in the second half of the year.

Despite solid recommendations and advocacy by CSOs and the Open Society Foundation for Albania (OSFA), no progress was made in improving the law on access to information. The government also continued to ignore civil society proposals on VAT, financial inspection, and control and has not acted on various proposals to increase incentives for philanthropy and other local funding. Decision makers have also not considered proposals to improve the legal framework on volunteerism.

SERVICE PROVISION: 3.7



Many experienced and resourceful CSOs, mostly based in the capital, offer a diverse array of services and compete for contracts to provide capacity building, evaluation, and monitoring services. They actively promote their services and capabilities to well-targeted audiences and potential partners through networks and electronic tools. Yet, potential clients are limited to foreign donor institutions, consultancy firms (through sub-contracts), private universities, and - only exceptionally - Albanian public authorities. Some CSOs at the local level also offer social services to specific

target groups in other fields such as vocational training and education.

State contracting of CSO services is limited to basic social services related to reintegration of vulnerable persons, including victims of trafficking and domestic violence, and Roma integration. Furthermore, these service contracts depend almost wholly on international donor funding, and do not allow CSOs to recover costs by charging fees.

Only a few membership-based organizations such as chambers of commerce regularly offer capacity building services to their members. Other organizations, such as labor unions or vulnerable persons' groups, generally only provide services such as training on advocacy or project management to their members when donors provide funding.

The current legal framework does not offer any prospect for meaningful CSO involvement in institutional reforms, policy implementation, and evaluation under the EU accession process. Some CSOs have asked parliamentary committees to design rules that would permit outsourcing of analyses to think tanks or other specialized non-state centers in order to assist parliament with the legal harmonization process. These recommendations, however, were not adopted.

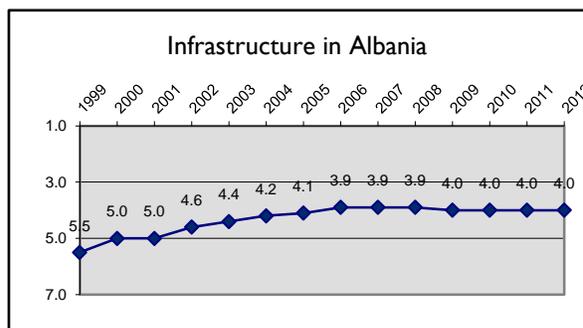
INFRASTRUCTURE: 4.0

CSOs in underdeveloped regions in Albania are more challenged than ever by the lack of a mid-term strategy for civil society development coordinated among the state, donor community, and civil society. Technical assistance, training, and information needs remain largely unmet through the limited project-based support that is available.

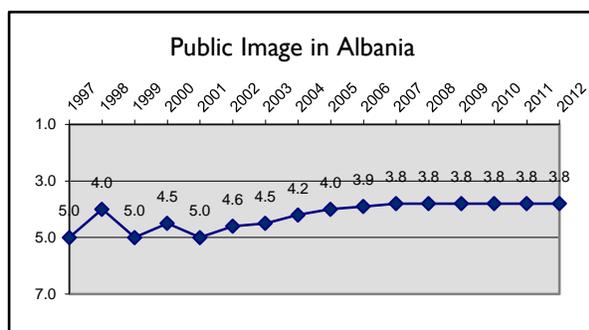
Only a handful of projects, including the UNDP-funded Empowering Civil Society in Rural and Remote Areas (ECSRA) project, have responded to CSOs' needs for intermediary support in regions such as Gjirokastra, Dibra, Berat, and Lezha. Various CSO networks, mostly focused on gender issues, address some training needs while the capacities of experienced CSOs are underutilized due to the lack of formal structures to exchange experience. The EU-funded Technical Assistance to CSOs (TACSO) regional project still offers support to CSOs but is primarily focused on preparing CSOs to access EU funding and participate in European networking opportunities.

Some of the most pressing training needs for CSOs in semi-urban and small urban centers involve strategic and financial management, fundraising, partnership building, advocacy, and communication. CSOs typically access training only when it is part of a donor-funded project. Most CSOs cannot afford to pay for such training on their own. Networking efforts are increasingly focused on common themes, such as the environment or gender, although an issue-driven approach (such as that taken by the Alliance Against Waste Import) remains predominant in major urban areas. Some of the most active networks in 2012 focused on women issues, consumers, LGBT rights, and waste import.

Intersectoral partnerships are underdeveloped despite some positive experiences, including the Pro-Permet consortium – a voluntary association that promotes the development of tourism through the promotion of indigenous products, agro and handicraft products, and environmental preservation in the Permet district. A four-year program focused on regional development for northern Albania also intends to promote intersectoral partnership in the regions of Shkodra and Lezha. The program, which is funded by the Swiss and Austrian Development Cooperation Agencies, has an overall budget of €2 million and aims to promote equitable social and economic development by improving decentralization, the capacities of local and regional authorities, and encouraging joint actions with civil society and the private sector.



PUBLIC IMAGE: 3.8



The public image of the civil sector did not change significantly in 2012 despite broader media coverage of civic advocacy campaigns and other initiatives related to the EU accession process, the referendum on waste import, LGBT rights, and gender issues. Tirana-based CSOs are the main beneficiaries of media coverage, as various media outlets consider their expertise reliable. Local CSOs get some coverage by local TV stations.

Constructive criticism between the media and civil society on their respective roles on socially and politically sensitive issues have characterized the public discourse, particularly on issues related to media reporting ethics, political developments, and civil society's poor outreach and impact.

While there is no recent data on public perception of CSOs, the government, businesses, and the public still seem to be skeptical about civil society, in part because of a lack of information about CSOs' role.

Experienced CSOs actively promote their work through social media, other web-based tools, annual reports, media debates, and other communication channels. The ongoing debate over CSO transparency and adherence to a code of ethics has not yet generated concrete results.