

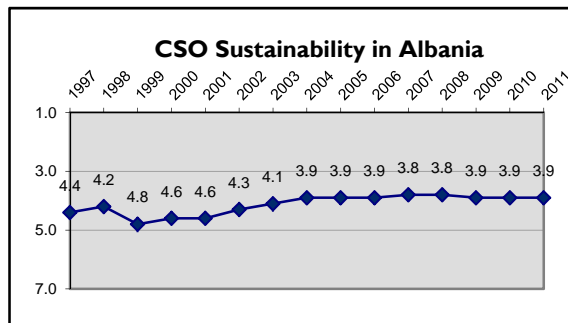
2011 CSO SUSTAINABILITY INDEX

– ALBANIA

15th Edition – June 2012

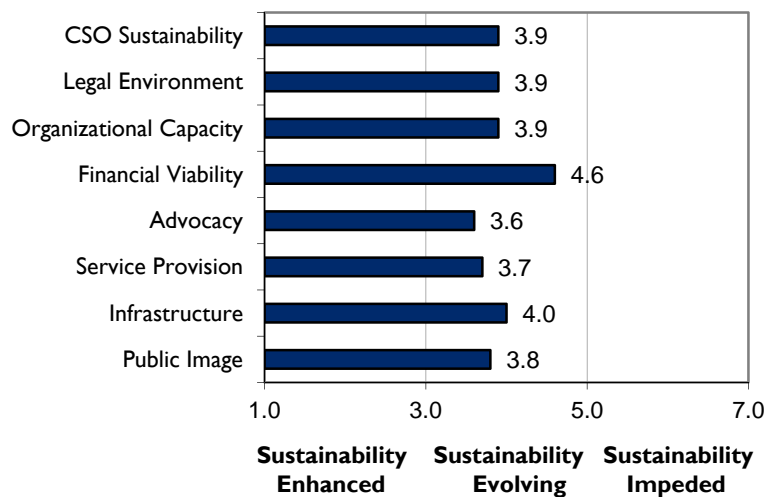
CSO Sustainability: 3.9

The political stalemate and lack of political dialogue between the government and the opposition in Albania produced dire consequences in 2011, including completely stalling reform processes in the country. The deadlock stems from the June 2009 general elections when the opposition Socialist Party contested the Democratic Party's re-election, alleging election irregularities. Democrats rejected the allegations, leading Socialists to boycott the parliament. Political confrontations erupted on January 21, 2011, when the National Guard killed four citizens at an anti-government rally organized by opposition parties. Allegations of voting irregularities also marred the Tirana mayoral elections on May 8, 2011. The continuing political stalemate was a contributing



factor in the European Union's decision to deny Albanian candidate country status in October 2011 for the second time. Despite the highly confrontational political environment, Albanian CSOs actively engaged in issues of public concern during 2011, mainly through awareness raising and monitoring. However, CSOs found it almost impossible to successfully influence decision makers. Even though CSOs have called on political parties to engage in constructive dialogue, progress has generally only been made following international pressure. In November 2011, after strong pressure from the EU, the United States, and the Organization for Security and Co-operation in Europe, the two major political parties agreed to resume dialogue on key reforms urged by the European Commission's Opinion on Albania's EU Bid.

2011 Scores for Albania

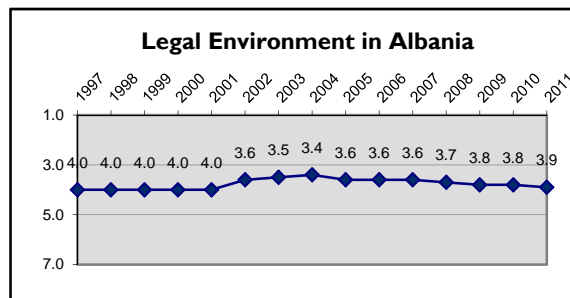


The legal environment in which CSOs operate deteriorated this year. The state misused financial inspection and control legislation introduced in 2010. Both the ruling and opposition coalitions accused specific CSOs of political bias. Meanwhile, there were instances of the state harassing the Mjaft! watchdog group and the Rinia Aktive movement, both of which focus on active citizenry for good governance.

Challenges related to CSOs' organizational capacities remain largely unaddressed. CSOs' efforts to build constituencies remain weak, sporadic, and dependent on donor funding, and few donors address the organizational challenges facing civil society in remote areas. Financial viability remains a pressing issue for the sector. Local philanthropy, business support, and other local resources for CSOs remain underdeveloped. CSOs remain a reliable source of information for media outlets, with Tirana-based CSOs enjoying the broadest media coverage.

The Tirana Court of First Instance does not have an electronic record of registered CSOs. The only reliable official data on the number of operating CSOs is from the Albanian Financial Intelligence Unit, which reported 1,651 non-profit organizations registered with tax authorities in 2010.

LEGAL ENVIRONMENT: 3.9



The Tirana Court of First Instance conducts initial registration of all types of CSOs and registers any changes to their operations, including to their statutes, boards, or addresses. Any CSO that wants to apply for grant funds must register. Many CSOs located outside the capital argue that the current court registration system, which requires all CSOs to complete the registration process in Tirana, unfairly imposes extra costs on them. CSOs must also register with tax

authorities in their respective areas of residence before they can legally perform any activities. CSOs must submit an annual balance sheet, as well as various monthly reports, to tax authorities or else they are subject to fines.

According to CSOs, the government exerts political pressure on CSOs by misusing laws introduced in 2010 on financial inspection, financial management, and control. For example, tax authorities fined Mjaft! on unclear grounds in 2011. Mjaft! has filed two cases in court against the fine and the tax authorities' report. Other CSOs have also reported inspections by tax authorities, but were not fined.

Defamation laws were also used against civil society activists in 2011. In August, four activists of the Rinia Aktive movement were detained in Tirana and accused of "slander and distributing false information" after posting a mock obituary of Albania's prime minister. They were released after two days following a prosecutor's decision not to pursue charges brought against them by the police.

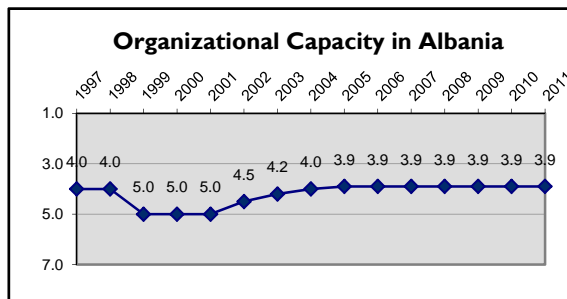
CSOs continue to experience tax-related concerns, including difficulties getting VAT reimbursed on the grants they receive. No progress was made in 2011 towards clarifying the ambiguous criteria and procedures for CSOs to obtain public benefit status, which exempts them from VAT. The lack of tax and other incentives dissuades both individual and corporate philanthropy.

CSOs can freely engage in economic activities, although income is subject to VAT. CSOs remain concerned about the inconsistent regulatory framework for government subcontracting of CSOs. For

instance, while the NGO Law allows CSOs to carry out economic activities and compete for contracts, the unclear regulations regarding VAT prevents CSOs from participating in public bidding under the Law on Public Procurements.

Specialized legal services for CSOs are available in the capital and to a lesser extent in other major cities.

ORGANIZATIONAL CAPACITY: 3.9



CSO organizational capacity did not change significantly in 2011. Most membership-based organizations, such as labor unions and farmers associations, maintain a low profile due to poor capacities and resources. Constituency building generally remains weak and dependent on donor funding for specific, short-term projects.

CSOs generally have clearly defined missions and focus areas. However, shrinking donor funding has pushed many CSOs to compete for grants outside the focus areas indicated in their statutes. Some CSOs, mainly those based in the capital or other major urban centers, engage in strategic planning.

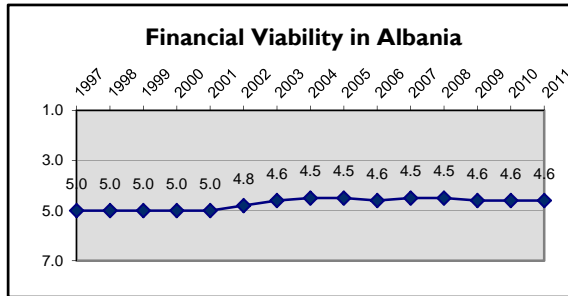
Most boards do not engage actively in the governance of their organizations; instead, governance is entrusted to the executive staff. For the most part, beneficiaries and supporters do not demand accountability and transparency, allowing CSOs to continue operating in this manner. The situation is slightly better in some membership-based CSOs with more active assemblies.

CSOs registered with tax authorities increasingly comply with standardized personnel management practices and policies on issues such as minimum wage, leave, and social and health benefits. The sustainability of CSOs' human resource bases remains problematic, however, because donor funding mainly supports project-based staff. Restrictions on funding also contribute to the limited use of other professional services, such as legal, public relations, and information technology specialists. Opportunities for core funding are scarce. The Open Society Institute Think Tank Fund, which supports independent policy centers in Central and Eastern Europe and South Caucasus, is one of the few exceptions. Volunteering is not a common practice, and the state has not proactively encouraged its development by providing benefits or legal rights to volunteers or allowing offenders to provide community service as an alternative to paying fines or imprisonment.

Well-established CSOs, mostly based in Tirana, make extensive use of Internet-based tools for awareness raising, advocacy, and publicity. CSOs, particularly in semi-urban or rural areas, have limited resources to buy or upgrade modern basic equipment and have weak capacities to utilize information technology.

FINANCIAL VIABILITY: 4.6

A lack of diversified funding and low financial viability remain pressing concerns for Albanian civil society. Most funding for CSOs is provided by foreign donors. The EU remains the largest donor, with a budget of €4.5 million between 2010 and 2011.



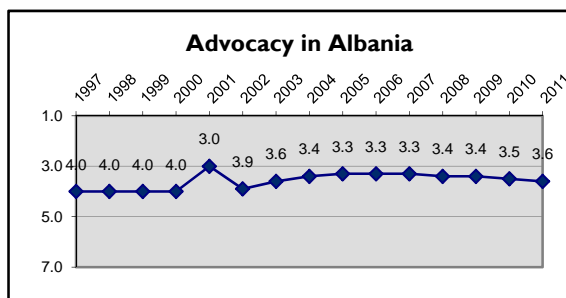
Despite modest improvements, individual and corporate philanthropy are still underdeveloped. Only a few businesses, mainly in the finance and communication sectors, regularly engage with CSOs and develop corporate social responsibility (CSR) initiatives. Membership outreach is almost nonexistent, and CSOs rarely charge fees for their services or engage in economic activities because their services are mainly offered to vulnerable populations.

The governmental Agency for the Support to Civil Society, established in 2009, granted 15.7 million Lek (approximately \$150,000) to thirty-one CSOs in 2011, with an average grant size of approximately \$5,000. Grants targeted projects in the fields of environment, tourism, and culture. A second call for applications was launched in November 2011 focusing on much broader themes, including corruption, domestic violence, trafficking, civil society development, community engagement, and good governance. In 2010, the Agency granted \$1.2 million to fifty-two CSOs, with an average grant size of \$25,000.

Local governments did not provide any grants to CSOs in 2011, as they did before the economic crisis. While the legal framework for government subcontracting to CSOs is ambiguous, pilot programs were initiated in four municipalities, including Shkodra and Korca.

CSOs now pay more attention to financial management systems as a result of the rules introduced in 2010 on financial management, inspections, and control, which included requirements for tax and financial reports. However, many CSOs, particularly those based outside the capital, neither understand nor have the capacity to meet these new requirements. The tax authorities plan to develop a core of inspectors specialized in CSO financial and tax issues, which is expected to bring more clarity to the legislation's application. Few CSOs publish annual reports, and those that do rarely include financial data. Independent financial audits are only carried out for specific projects when requested by donors.

ADVOCACY: 3.6



CSOs' advocacy efforts in 2011 were hindered by the lingering political stalemate, the highly confrontational political environment (especially since the January demonstrations), and the contentious May 2011 local elections. Despite polarization within the sector itself, CSOs called on politicians to condemn and avoid rhetoric and action that could escalate violence immediately after the January events. Rhetoric did eventually calm down, although this was mainly due to

pressure from the United States and EU.

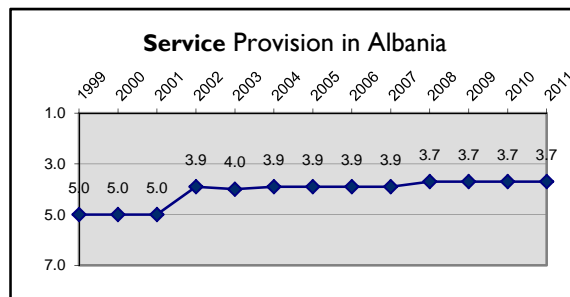
The CSO Coalition of Local Observers reactivated for the local elections in May 2011, successfully mobilizing one thousand observers. In addition, numerous civil society coalitions advocated for greater involvement of women in politics. Nevertheless, the post-election events, particularly the prolonged vote count in Tirana, brought disagreement and bias within civil society to the fore. For instance, many CSOs criticized the Central Election Commission's (CEC) decision making regarding votes in Tirana, while the newly formed Coalition of Civil Society denounced this pressure on the CEC.

During 2011, civil society actively engaged in monitoring, advocacy, and awareness raising on various issues, such as implementing an anticorruption strategy, EU integration reforms, political party financing, parliamentary dealings, environmental concerns, children’s rights, and workplace security in the mining industry. However, government decision makers generally refused to consider concrete proposals generated by these campaigns. For example, the Alliance against Waste Import gathered prominent CSOs and opinion makers in a large-scale advocacy and awareness campaign opposing a draft law on integrated waste management. The law would allow the import of non-hazardous waste into Albania for recycling purposes. Despite constructive arguments and wide public support facilitated by broad media coverage, the government did not accept civil society’s proposals. Following the parliament’s adoption of the bill in November 2011, the Alliance formally requested the CEC to initiate a referendum on the issue. The Alliance submitted 60,000 signatures in support of a referendum to the Central Elections Committee in March 2012.

There are no formal mechanisms or rules requiring the government to consult with civil society on legislation or policy. Consultations with civic actors take place sporadically and are far from an established practice at either the executive or parliamentary levels.

Civil society has advocated to increase philanthropy and volunteerism, but no tangible results materialized in 2011. Consultations between civil society and the Ministry of Finance task force on CSOs’ tax concerns resumed only at the end of 2011.

SERVICE PROVISION: 3.7



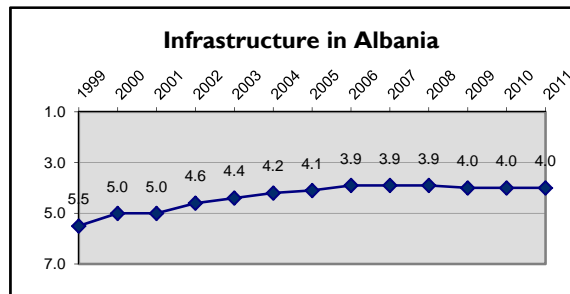
For the most part, service provision by Albanian CSOs remains limited to social services. CSOs providing services in social reintegration, trafficking, domestic violence, and Roma integration depend almost wholly on international donor funding and are unable to recover their costs by charging fees. The quality of services is generally low, and coordination between CSOs and state authorities, particularly in terms of financing and sustained impact, remains weak.

Renowned Tirana-based CSOs broadly market their policy papers, analyses, and other products to civic and non-state actors, public authorities, policy stakeholders, and academia in Albania and abroad through regional networks, Internet-based forums, and other means. With the growing number of private universities in the country, civil society is increasingly cooperating with academia to promote and produce joint products.

CSOs are actively encouraging debate about the prospect of the public sector utilizing CSOs to provide goods and services in areas beyond social services. However, concrete proposals to improve the ambiguous legal and policy framework lag due to the continued political standoff.

INFRASTRUCTURE: 4.0

Civil society’s needs for intermediary support and resource centers for technical assistance, training, and information remain largely unmet, negatively affecting CSOs, particularly in rural and remote areas. Various CSOs and donors, such as the EU-funded Technical Assistance to CSOs (TACSO) regional

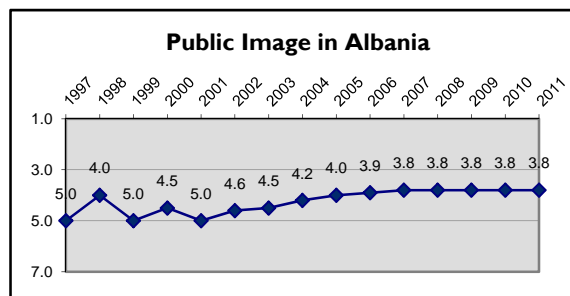


project, offer support and assistance to CSOs. Most of this assistance, however, is funded by foreign donors through specific projects with limited duration or geographical and thematic coverage. Experienced CSOs are able to provide training to less resourceful CSOs, especially outside Tirana and major urban areas, but these resources remain poorly used and are also largely dependent on donor funding.

Support from local grantmaking organizations operating with international funds also remains thematically and geographically fragmented because there is no clear strategy to respond to local needs. Attempts, such as in Korca Municipality, to establish local funds for CSOs through partnerships with local governments, donors, or the private sector have not had long-term success for varying reasons, such as disagreements among political parties and the lack of interest by the private sector.

CSOs engage actively in developing partnerships and cooperation within civil society. Examples include the Women’s Network for Equality in Decision Making and an informal alliance against waste import. Such initiatives are more limited in remote areas. Efforts to expand membership and increase communication within and among networks remain challenging. The political stalemate and confrontational political environment in 2011 additionally slowed the efforts and focus of CSOs on intersectoral partnerships.

PUBLIC IMAGE: 3.8



The public image of the sector did not change significantly in 2011. Media analysis of the role of civil society and comments by CSO leaders and experts have often been linked to or misused in the context of the political deadlock. For instance, the media referenced the CSO sector’s divergent opinions on the CEC’s handling of votes in Tirana as contributing to the political deadlock. Aside from politically sensitive issues, civil society actors have

enjoyed media coverage on various sector-specific and thematic campaigns, such as initiatives targeting corruption, the draft law on waste management, gender issues, fiscal legislation, and concerns related to political pressure, EU accession, and the role of interest groups.

Political parties responded to the polarization within civil society by distancing themselves from certain CSOs and even accusing them and their leaders of political bias. Some CSOs also received this treatment from the media, which tend to align with one of the political parties. For instance, the media accused the so-called Initiative for Tirana, an informal group of opinion makers and CSO leaders established on the eve of the Tirana Mayoral Elections, of political bias. Only certain CSOs are accused of political bias, while most CSOs have preserved their independent status in the eyes of the public and remain reliable sources of information for the media.

Tirana-based organizations enjoy the broadest media coverage. CSO activists are also increasingly present in editorials and analyses of print media, developing links between journalists and civil society

experts. However, personal relationships between media owners and editors and CSO leaders remain the most reliable way to ensure coverage.

Leading CSOs actively promote their work through social media, web-based tools, annual reports, and other means. The debate over CSOs' transparency and adherence to a code of ethics is gaining importance, but has not yet generated concrete results.

The Civil Society Organization Sustainability Index (CSOSI) is a key analytical tool that measures the progress of the civil sector in the Central and Eastern Europe and Eurasia (E&E) region. The Index tracks the progress of the civil sector in twenty-nine countries over the past fifteen years. The Index examines the overall enabling environment for civil society, focusing on NGO's legal environment, organizational capacity, financial viability, advocacy, service provision, infrastructure, and public image. Each dimension is rated along a seven-point scale with 1 indicating a very advanced level and 7 indicating a low-level of development. The Index is developed by the U.S. Agency for International Development in partnership with local organizations in each of the Index countries.

For more information, please contact Gjergji Vurmo of the Institute for Democracy and Mediation (IDM) at gevurmo@idmalbania.org.

The English version of the 2011 CSO Sustainability Index for Central and Eastern Europe and Eurasia can be found by visiting the link: www.usaid.gov/locations/europe_eurasia/dem_gov/ngoindex

2011 CSO SUSTAINABILITY INDEX SCORES

COUNTRY	Legal Environment	Organizational Capacity	Financial Viability	Advocacy	Service Provision	Infra-structure	Public Image	CSO Sustainability
NORTHERN TIER								
Czech Republic	2.8	3.0	3.2	2.1	2.4	2.8	2.4	2.7
Estonia	1.7	2.3	2.4	1.7	2.3	1.6	1.9	2.0
Hungary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Latvia	2.3	3.0	3.3	2.1	2.5	2.4	3.2	2.7
Lithuania	2.2	2.9	3.2	2.0	3.4	3.0	2.6	2.8
Poland	2.2	2.6	2.7	1.7	2.2	1.7	2.2	2.2
Slovakia	2.8	3.0	3.4	2.5	2.5	2.3	2.4	2.7
Slovenia	3.3	3.8	4.4	3.5	3.5	3.6	3.7	3.7
<i>Average</i>	2.5	2.9	3.2	2.2	2.7	2.5	2.6	2.7
SOUTHERN TIER								
Albania	3.9	3.9	4.6	3.6	3.7	4.0	3.8	3.9
Bosnia	3.4	3.4	4.8	3.1	3.9	3.8	3.3	3.7
Bulgaria	2.2	4.4	4.6	2.7	3.2	3.3	3.2	3.4
Croatia	2.9	3.0	4.3	3.1	3.2	2.7	3.0	3.2
Kosovo	3.5	3.8	4.7	3.8	3.9	3.7	3.8	3.9
Macedonia	3.2	3.7	4.5	3.3	3.8	3.3	4.0	3.7
Montenegro	3.5	4.3	4.9	3.5	4.0	3.9	4.3	4.1
Romania	3.6	3.5	4.3	3.4	3.1	3.2	3.6	3.5
Serbia	4.1	4.3	5.4	3.6	4.2	3.7	4.5	4.3
<i>Average</i>	3.4	3.8	4.7	3.3	3.7	3.5	3.7	3.7
EURASIA: Russia, West NIS, and Caucasus								
Armenia	3.9	3.9	5.2	3.4	3.9	3.5	4.0	4.0
Azerbaijan	4.7	4.5	5.5	4.6	4.6	4.4	4.8	4.7
Belarus	6.9	5.1	6.5	5.8	5.5	5.4	5.9	5.9
Georgia	3.3	4.1	5.0	4.3	4.1	4.3	4.1	4.2
Moldova	4.2	4.0	5.0	3.6	4.4	3.6	4.0	4.1
Russia	4.5	4.3	4.8	4.0	4.2	4.0	4.7	4.4
Ukraine	3.5	3.5	4.3	2.6	3.3	3.4	3.6	3.5
<i>Average</i>	4.4	4.2	5.2	4.0	4.3	4.1	4.4	4.4
CENTRAL ASIA								
Kazakhstan	3.9	4.2	4.6	3.9	4.0	3.7	4.1	4.1
Kyrgyzstan	3.9	4.3	5.3	3.2	4.0	3.7	4.1	4.1
Tajikistan	4.9	4.5	5.6	4.8	4.4	4.5	4.5	4.7
Turkmenistan	6.2	5.3	6.0	6.0	5.2	5.2	5.5	5.6
Uzbekistan	6.0	5.5	6.2	5.9	5.4	5.6	5.6	5.7
<i>Average</i>	5.0	4.8	5.5	4.8	4.6	4.5	4.8	4.8
<i>Eurasia & Central Asia Average</i>	4.7	4.4	5.3	4.3	4.4	4.3	4.6	4.6

N/A = Due to logistical problems, scores were not reported that year