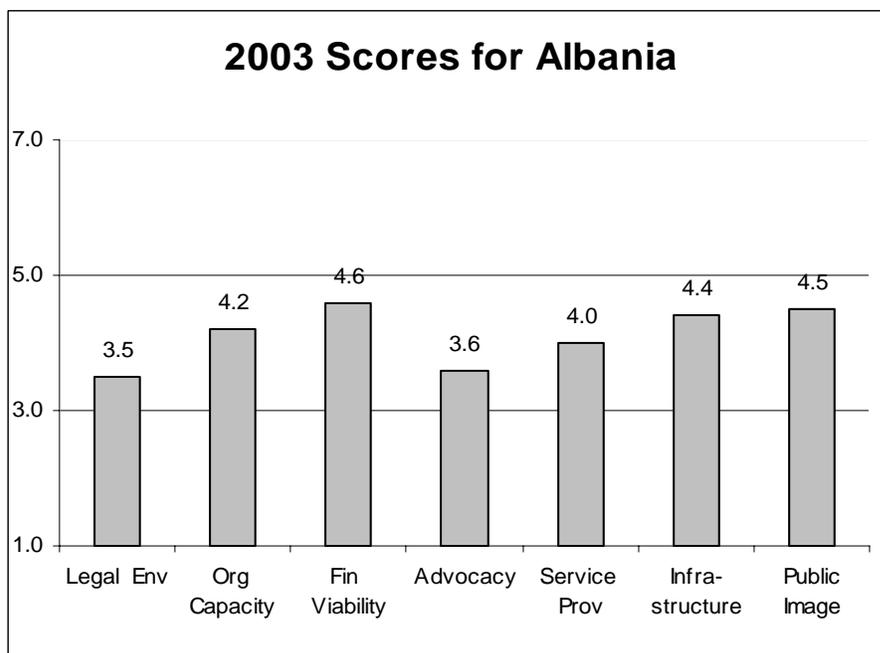


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# ALBANIA

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**Capital:** Tirana

**Polity:**  
Presidential-  
parliamentary  
democracy

**Population:**  
3,100,000

**GDP per capita  
(PPP):** \$3,506

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## NGO SUSTAINABILITY: 4.1

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In 2003 a relative level of normalcy returned to Albania. Local government elections took place in

| NGO SUSTAINABILITY |     |
|--------------------|-----|
| 2003               | 4.1 |
| 2002               | 4.3 |
| 2001               | 4.6 |
| 2000               | 4.6 |
| 1999               | 4.8 |
| 1998               | 4.2 |

October 2003 in a peaceful atmosphere in which the political discourse was far more civil and far less divisive than in previous post-communist elec-

tions. Numerous domestic NGOs participated as monitors during the elections providing 2,200 observers, doubling the number of such observers from the previous elections in 2001. Governing structures remained relatively stable throughout the year—as opposed to the previous year—though some instances of fierce infighting among the ruling party contin-

ued. The opposition party continued to participate in government and refrained from its former tactic of acrimonious charges of deceit and fraud during unruly public demonstrations. There were no serious threats to public order. However, corruption remains endemic and pervasive.

It is believed that there are currently between 400 and 800 NGOs in Albania, of which approximately 300 are active. The strongest NGOs continue to be those engaged in advocacy, youth issues, and civic education. Youth appear far more open to a spirit of voluntarism than their elders. Women's organizations, one of the largest sub-sectors in the NGO community, are also strong. Service organizations continue to grow in strength, particularly in light of the World Bank's emphasis

## 2003 NGO Sustainability Index

on the delivery of social services through the NGO sector in response to the national Poverty Reduction Strategy (PRS). Yet, in monetary terms, the Bank is not the largest donor in the social sector. The donor community considers service delivery a priority since the Kosovo crisis of 1999.

The overall outlook for the sector remains mixed. The implementation of a progressive NGO law, enacted in 2001, introduced a standardized registration procedure. However, numerous NGOs failed to register under the new law and NGOs reported incidents of unwarranted intrusions into their financial affairs by the tax police. The NGO coalition on anti-corruption was instrumental in the drafting and passage of legislation regarding the disclosure of assets of senior public officials. NGO capacity building continued but the needs remain great. The absence of an Albanian

history of individual and corporate philanthropy, combined with a constricted Albanian economy, indicates that NGOs remain donor-driven while the number of donors in Albania is shrinking.

While the economic growth rate continues to be impressive, it is from an exceedingly low base as Albania as one of the smallest economies in Europe. The economy remains poor and civil society development is sluggish, though slowly improving. Priorities for development are based upon the need to combat the pervasive corruption within Albania: reform of the justice system, the media, the health care sector, small businesses, agriculture and the social services sector.

### LEGAL ENVIRONMENT: 3.5

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The current legal environment is generally favorable to the development of the NGO sector. While the legislation is perceived as fair and free, the lack of clear regulations

| LEGAL ENVIRONMENT |     |
|-------------------|-----|
| 2003              | 3.5 |
| 2002              | 3.6 |
| 2001              | 4.0 |
| 2000              | 4.0 |
| 1999              | 4.0 |
| 1998              | 4.0 |

and the implementation of those regulations mean that many procedures remain opaque, including financial reporting and taxation. However, standardized forms have been developed for the registration of NGOs in the Tirana District Court, judges trained in their use, and the system introduced, resulting in the reduction of uneven and arbitrary registration decisions.

One drawback remains the requirement that all NGOs register in the Tirana District Court. Tirana NGOs report being able to register within one week; those outside of Tirana report that a longer time period is needed. Generally, free legal services for registration are centered in Tirana though legal expertise outside Tirana is gradually developing. However, this central registration requirement should make it fairly easy in coming years to gather reliable data on the number of registered NGOs.

There were no known cases of the state dissolving a NGO on political or arbitrary grounds. NGOs are generally able to operate freely and without harassment by central or local governments. NGOs are free to address matters of public debate and express criticism. However, the lack

of clarity in the law and the failure to implement regulations on the tax status of NGOs led to reported cases of “harassment” by the tax police who often treat NGOs as businesses rather than NGOs. However, this “harassment” is not targeted against any one NGO but to the sector as a whole, through an absence of understanding of the new NGO legislation. This is symptomatic of a society in transition, whereby many new laws are contradicted by remaining laws. The need for more clarity and better implementation of NGO tax regulations is paramount. This need leads to the slippage on the Legal Environment Index Score for 2003 from that of 2002.

By law, NGOs serving the public benefit are entitled to tax exemptions. Corporations engaged in “sponsorship” and individual “traders”—but not those on a wage contract—are entitled to receive tax deductions for donations. NGOs typically do

not pay taxes on grants received. However, as noted above, there is a need to clarify the tax framework and to provide additional tax benefits to the NGOs. While the former is a possibility, it is not anticipated that the Ministry of Finance will be open to granting greater tax benefits to NGOs in the near future.

The legislation allows NGOs to earn income from the provision of goods and services. It also states that NGOs are free to compete for government contracts and procurement. With the growing decentralization of local government units’ budget authority and decision-making capacity, there are growing opportunities for NGOs to provide such goods and services on contract and procurement grounds.

## ORGANIZATIONAL CAPACITY: 4.2

Positive change in terms of organizational capacity continues, though slowly, with much still remaining to be done. Constituency building, while seen as improving slightly, remains the weakest link in the chain of NGO organizational capacity. With some exceptions, NGOs view the

### ORGANIZATIONAL CAPACITY

|      |     |
|------|-----|
| 2003 | 4.2 |
| 2002 | 4.5 |
| 2001 | 5.0 |
| 2000 | 5.0 |
| 1999 | 5.0 |
| 1998 | 4.0 |

donor community as the constituency rather than the local community. Meanwhile, donors other than USAID offer little in the way of technical assistance or training to increase the ability of NGOs to build their local community development abilities. Establishment of the USAID funded Partners Cen-

ter filled a gap in addressing the capacity building needs in Albania. In two years, Partners trained over 750 NGO representatives in financial management and transparency, organization and staff management, internal procedures, project cycle management and board development. The NGO sector, through Partners, now enjoys a resource center which addresses the organizational development needs of the sector at a national level and supports sector advocacy initiatives.

Strategic planning capacities have improved noticeably though there is a marked disparity between the abilities of NGOs located in Tirana and those outside the capital. Many Tirana-based organizations create and publish annual plans. Few outside Tirana do so. Two elements are seen as fundamental to this develop-

ment. First, increasingly the donor community requires NGOs to provide a clear, coherent, and concise strategic plan as a prerequisite for funding. Second, Tirana-based NGOs tend to have larger resources needed to generate an annual strategic plan than their smaller up-country cousins.

While many organizations have a relatively clear management structure, numerous organizations lack a clear division of authority in regard to their purpose even though the NGO legislation requires it. Transparency in management and Board decisions remain weak, with a single, and strong leader remaining the predominant management model. The functions of a Board are often little understood

and often viewed as an imposition of the donor community.

Staffing patterns of Albanian NGOs follow funding patterns, i.e., the greater the funding, the greater the staffing. Emigration remains a problem within the NGO community, with the “best and brightest” generally, though not always, seeking to better their financial prospects and quality of life in opportunities presented outside of Albania. A volunteer culture is weak in Albania, a legacy of the previous Communist regime where “volunteers” were forced into labor-intensive projects. There is a greater spirit of voluntarism among those young enough to have escaped this enforced voluntarism and in smaller, rural-based initiatives where the common good is easily discernible.

### **FINANCIAL VIABILITY: 4.6**

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As noted previously, the NGO sector remains highly dependent on the donor community for grants and as customers for their services. Even where the state moves toward increased participation of the NGO sector, this development is donor driven. The history and practice of private philanthropy remains non-existent. Local fundraising is hampered by the lack of local support and the lack of tax incentives. Financial viability, without donor assistance, for the vast majority of NGOs continues to be a target long to be realized.

| <b>FINANCIAL VIABILITY</b> |     |
|----------------------------|-----|
| 2003                       | 4.6 |
| 2002                       | 4.8 |
| 2001                       | 5.0 |
| 2000                       | 5.0 |
| 1999                       | 5.0 |
| 1998                       | 5.0 |

There exists no philanthropic organization whereby private citizens can support myriad organizations through a single donation. Local support

is far more prevalent in small, community-based efforts in the rural areas, again

where the common good is far more self evident, than in the urban areas.

Diversification of funding is the exception rather than the rule. The few NGOs that enjoy a diverse set of funding sources tend to be the pre-dominant “think tanks” in Tirana that are able to respond nimbly and cogently to donor solicitations. The number of European bi-lateral donors is decreasing, and as a result NGO diversification abilities, given the lack of a local market, are also decreasing. As local governments begin to understand the concept of citizen participation and as NGOs begin to understand the concept that local governments may be seen as partners rather than adversaries, greater numbers of private-public partnerships can be anticipated. However, how this translates into practice will remain on a case-by-case nature for the foreseeable future.

The culture of sound financial management systems is being cultivated but is not yet the norm. The number of NGOs with good systems, along with respectable auditing and accounting procedures, is increasing but the majority of NGOs con-

tinue to be deficient in this regard. Financial mismanagement is relatively common as the NGO sector is not immune to the culture of corruption so pervasive in Albania.

## ADVOCACY: 3.6

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Advocacy skills continue to improve. There was a burst of enthusiasm by NGOs for their advocacy skills in 2001, due to the passage of the new NGO law, but this has been tempered by the reality that the passage of a law does not necessarily translate into the implementation of the law, particularly in Albania. Advocacy was also hampered in 2003 by the challenge of three different governments in seven months and the World Bank's Poverty Reduction Strategy, whereby numerous NGOs moved from an advocacy focus to providing social services.

### ADVOCACY

|      |     |
|------|-----|
| 2003 | 3.6 |
| 2002 | 3.9 |
| 2001 | 3.0 |
| 2000 | 4.0 |
| 1999 | 4.0 |
| 1998 | 4.0 |

There was an increase in issue-based efforts by coalitions of NGOs during the year. Coalitions around the issues of human trafficking and corruption

launched successful campaigns to raise public awareness, often to the discomfort of central government.

Nonetheless, cooperation with local and national government continues to increase, though not consistently. The NGO Albanian Coalition Against Corruption (ACAC) cooperates with the central government's Anti-Corruption Monitoring Unit on issues such as the declaration of assets of ranking government officials and the drafting and implementation of legislation on conflict of interest and political campaign financing. As noted above, the

opportunities for local government units to work with NGOs is increasing. Relationships between NGOs and governmental units continue on a rudimentary level, but governmental units are becoming more reconciled to the role of an effective civil society in the polity of their decision-making process.

Political lobbying efforts on the part of NGO coalitions showed two notable successes during the year. The ACAC worked diligently for nearly 12 months to help draft and introduce legislation for the declaration of financial assets for over 2,500 senior governmental officials. Once the legislative draft was agreed on, ACAC, acting in the face of active negative sentiment in the Parliament, campaigned both publicly and behind the scenes for six months to encourage Parliament to pass the legislation, which was achieved in February 2003. A coalition of women's groups actively campaigned for over two years to ensure the passage of a Family Code that ensures women's property rights and protection from domestic abuse.

A nascent NGO coalition emerged in 2003, without any donor funding, to address the tax regulation issues facing NGOs. While this indicates far more local leadership than in the past, the coalition is faced with the ongoing Albanian problem of lack of trust of any party and in negotiation with any other parties. The coalition has yet to reach consensus on the approach to take or who should lead the effort. Often international donor presence

mitigates such mistrust to the point that consensus can be reached far more rapidly between the local participants than

without such presence. On the other hand, ownership of this process tends to reside with the donor rather than the participants.

## SERVICE PROVISION: 4.0

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The current NGO law allows NGOs to provide goods and services. Due to the introduction of the World Bank's Poverty Reduction Strategy, with its emphasis on the provision of services through civil society, particularly the NGO sector, there is a greater number and diversity of NGOs providing services than last year. In addition, other donors continue to prioritize

| SERVICE PROVISION |     |
|-------------------|-----|
| 2003              | 4.0 |
| 2002              | 3.9 |
| 2001              | 5.0 |
| 2000              | 5.0 |
| 1999              | 5.0 |

service provision in their funding cycles. Local government decentralization is also slowly opening opportunities for the NGO sector. Services include health care, child care, vocational training, care for the physical and mentally disabled, HIV/AIDS awareness, and legal assistance to the victims of corruption and human trafficking. However, delivery remains insufficient to meet demand. Constituencies, while broadening, remain less

than robust. The quality of the products and services continues to improve, with a rising number of NGOs able to sell their products to other NGOs, academia and government.

NGOs increasingly understand that there is a distinct need for some element of cost recovery. Few, if any, charge even nominal fees or have any knowledge of market demand. Even fewer have the capacity to determine the ability of constituencies to pay.

Government recognition and support slowly improves through the mechanisms of the Poverty Reduction Strategy and the decentralization process. However, there are others in government who regard NGOs as enemies that publicize and highlight the government's inability to mitigate corruption and human trafficking.

## INFRASTRUCTURE: 4.4

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Outside of Tirana, there are five resource centers funded by the Dutch government through the

| INFRASTRUCTURE |     |
|----------------|-----|
| 2003           | 4.4 |
| 2002           | 4.6 |
| 2001           | 5.0 |
| 2000           | 5.0 |
| 1999           | 5.5 |

OSCE. They provide access to computer equipment, photocopying, and language training. The centers also offer

some training and temporary office space. Dutch funding is phasing out and the OSCE is seeking alternative sources of funding. None of these resource centers charged nominal fees for their services, pointing again to the lack of a long term, indigenous strategic plan for the survival of such centers.

As there are no internet service providers outside of Tirana, access to the internet is mainly limited to those within Tirana. Calls from outside of Tirana are too expensive, and the land lines too slow, to provide general access to information for NGOs outside Tirana. In turn, this helps to explain the disparity between the development of NGOs within and outside Tirana.

Local grant making organizations continue to be the arms of international donors: Open Society Foundation, USAID, Democracy Grants through the US Embassy, the British, and the Dutch predominate.

Few NGOs share information with one another. Whatever networks that exist are *ad hoc* and fluid, and mutual distrust between NGOs continues. Coalitions of NGOs within or across sectors, except for the local initiative and the exception noted above, continue to be donor driven. The lack of an organized NGO community continues.

Training materials are readily available in the Albanian language. The quality of local NGO training organizations has increased to the point that an increasingly common dissatisfaction among NGOs is the lack of training programs beyond basic NGO skills. The Partners-Albania Center for Change and Conflict Management over the past two years has provided basic organizational and management skills to indigenous NGOs, both within and outside Tirana. They are pursuing financing from various donors to continue such training. Yet those who have captured the skills taught now seek higher-level training in an environment wherein most NGOs are not ready for such advanced training. Uneven NGO development continues to be prevalent. However, the demand for a revision of training services away from a previous common base can be judged as an indication of the increasing maturity and sophistication of parts of the NGO sector.

## PUBLIC IMAGE: 4.5

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The public image of NGOs continues to improve, though slowly and unevenly. The Electronic Media Law provides for the free airing of Public Service Announcements (PSAs). However, the demand by TV and radio stations for payment to broadcast PSAs (and any and all other announce-

ments) continues unabated, and that only those NGOs with the most generous donor base are able to disseminate information or a message. This skews information released to the public to donor driven issues.

## 2003 NGO Sustainability Index

Some Ministers insist on referring to NGOs as “stooges”. They see NGOs as fawning on foreign donors to ensure ongoing funding whenever a report is released

| PUBLIC IMAGE |     |
|--------------|-----|
| 2003         | 4.5 |
| 2002         | 4.6 |
| 2001         | 5.0 |
| 2000         | 4.5 |
| 1999         | 5.0 |
| 1998         | 4.0 |

that indicates a lack of progress of the GOA on any given area. On the other hand, analysis by the media of reports released by the NGOs remains nearly non-existent.

Media understanding of the role and work of NGOs remains weak and incoherent. On the other hand, NGOs have, for the most part, been unable to bring a clear

and coherent message to the media. “Spin control”, within the media, the NGO community, and the Government of Albania, remains an art fundamentally unknown. Invective continues as discourse, though the local government elections of October 2003 indicate that the level of invective has moderated to a point whereby it may be deemed as moderately “civil”.

There is no Code of Ethics for the NGO community in Albania, reflecting the lack of trust among NGOs and the lack of mutually agreed mechanisms whereby such agreements can be reached. While leading NGOs publish annual reports, this is not typical of the NGO community.