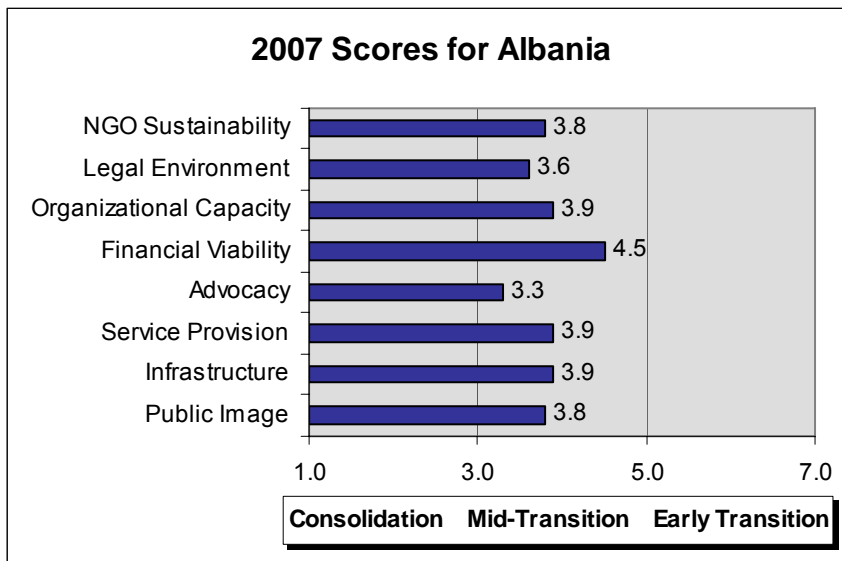


# SECTION 5: COUNTRY REPORTS

## ALBANIA



**Capital:** Tirana

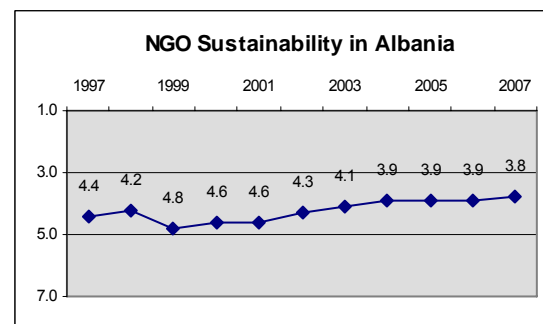
**Polity:**  
Presidential – Parliamentary  
Democracy

**Population:** \*  
3,619,778 (July 2008 est.)

**GDP per capita (PPP):**  
\$5,500 (2007 est.)

### NGO SUSTAINABILITY: 3.8

The Albanian NGO sector experienced both slight advances and minor setbacks during 2007. A handful of Albanian NGOs came together to reprise their 2005 role as election observers in the February 2007 local elections. Two organizations worked in partnership to carry out Albania's first-ever parallel vote tabulation, while a coalition of seven NGOs monitored the voting and counting processes. Together, these NGOs articulated a nonpartisan – if muted – message amid the political wrangling that marred the process and postponed the elections by several months. In the spring of 2007, opposition parties teamed up with Albanian NGOs, led by the Association of Journalists, to organize large protests in Tirana and other cities against the Government's attempt to penalize a tax-evading TV station with ties to the political



opposition. While the TV station did in fact evade taxes, it was singled out for ill-treatment by the Government, which overlooked other tax-evading stations with which it had closer ties, generating a vocal groundswell of opposition.

\* Population and GDP figures in all reports are drawn from Central Intelligence Agency, The World Factbook (2008)[<https://www.cia.gov/library/publications/the-world-factbook/>].

NGO activities were mostly overshadowed in the public sphere by jockeying among parties, with whom most NGOs are aligned. Business associations, meanwhile, blocked a government

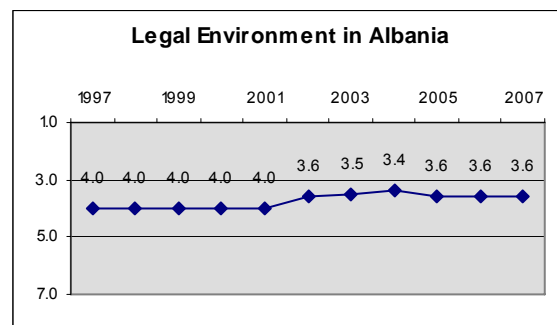
attempt to impose unreasonable tax penalties. According to the 2007 *Partners-Albania NGO Address Book*, there are approximately 440 active NGOs in Albania.

### LEGAL ENVIRONMENT: 3.6

The legal environment for NGOs in Albania remained largely unchanged over the past year. NGOs refused to sign on to a successful business registration reform that would have made it possible for them, along with businesses, to register in a single day through an administrative procedure in 29 municipalities throughout the country, as opposed to having to apply at the Tirana District Court. While the business community jumped at this streamlined procedure, Tirana-based NGOs balked on ostensibly constitutional grounds, apparently preferring the *status quo* of a lengthy court process over an executive-branch dominated registration process, a sign, perhaps, of the mistrust NGOs harbor for the Government.

against any NGOs over the last year, the Government was perceived to be exerting pressure on NGOs aligned with government opponents through random audits by the tax administration. Fueling fears was an abortive government plan to amend the NGO law to render nonprofits more susceptible to audits.

In any event, few NGOs consider registration to be the most significant problem facing the sector; enforcement of tax laws is a much more pressing issue. Tax-exempt NGOs are required to possess a taxpayer identification number and report income to tax authorities in much the same way businesses are required to. Although no administrative or legal sanctions were taken



The current law also makes it hard for businesses to purchase services, such as trainings or market research surveys, from NGOs. Businesses require tax invoices, which in turn would force NGOs to pay 20 percent in VAT, thereby rendering their services less competitive.

### ORGANIZATIONAL CAPACITY: 3.9

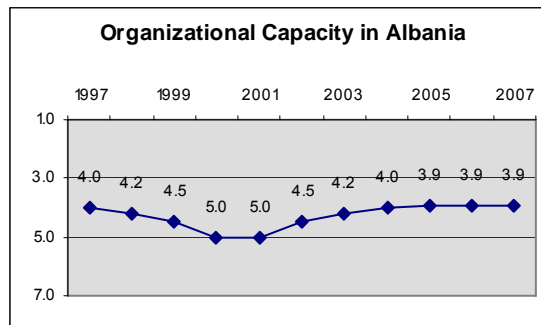
The number of Albanian NGOs that have solid organizational structures still remains quite limited, with a heavy concentration in Tirana and Durrës. Donors have prodded organizations with a long history of donor funding, such as Citizen Advocate Office (CAO), the Mjaft! Movement, the Albanian Disability Rights Foundation (ADRF), the Coalition of Domestic Observers, and others, into developing membership databases, but there are few NGOs that truly have permanent volunteer bases or dues-paying members. The exceptions are the professional and business associations, including

the newly-established Association of Journalists and Confindustria, the producers association.

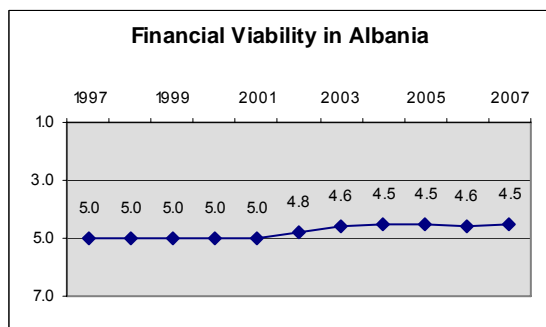
As a whole, the NGO sector is continuously improving its nascent capacity to engage in strategic planning, due in large part to donor-funded training. Perhaps the best indication that organizations have become stronger is that key NGOs are undergoing changes in leadership. This year, two strong organizations – Mjaft! and CAO – withstood a transfer of leadership intact. In most NGOs, the maintenance of a large paid staff is not yet possible or sustainable, especially

as donors now fund specific project activities and cover fewer operational costs. The sector as whole has yet to fill this void with fundraising or in-kind contributions from members.

In terms of constituency-building, people want to be engaged but lack initiative, leaving NGOs with the responsibility for pursuing or recruiting members. The most active regional NGOs have support, but their constituencies are only active when mobilized for specific actions.



### FINANCIAL VIABILITY: 4.5



NGOs are slowly recognizing that donor funds are shrinking and that funds are now tied closely to specific project activities and integrated into larger democracy assistance or “good governance” strategies – a far cry from the stand-alone support programs with the “let a thousand flowers bloom” approach of donor funding in years past. Most active NGOs generate precious little income by themselves and are still dependent on donor funding for their survival. A growing minority of Tirana-based organizations have, however, managed to diversify their funding with smaller grants from multiple donors. NGOs have also begun to charge fees for consulting and other kinds of services, and to elicit some private contributions

through fundraising, a practice still in its infancy in Albania. A few NGOs have registered subsidiaries as businesses; for example, some nonprofit opinion research firms have spawned affiliated businesses that offer market research.

Private philanthropy is still uncommon in Albania, but appears to be slowly increasing. Incentives for businesses to sponsor NGOs or make contributions are non-existent under current tax laws. Nevertheless, organizations like ADRF have successfully solicited some funds from foreign-owned businesses, like Vodafone and AMC. Politically-oriented NGOs maintain a “purist” standpoint vis-à-vis corporate contributions for fear that accepting corporate funding might compromise their integrity or credibility. For example, a number of NGOs, including the Albanian Consumer Protection Organization, have complained about the exorbitant cell phone rates in Albania as an example of price collusion, and are therefore loath to solicit funds from telecom companies.

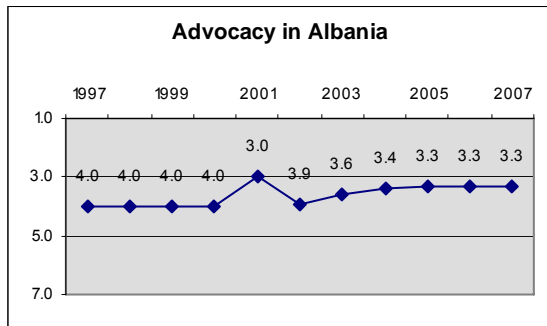
NGOs lack the capacity to comply with financial reporting requirements and must hire certified accountants to complete these reports, which is a financial burden.

### ADVOCACY: 3.3

A number of key partnerships and loose-knit coalitions were formed prior to the 2007 local government elections, and then disintegrated when the election results were reported. A coalition of seven organizations that had monitored the 2005 elections mobilized 3,000 short-term independent observers at voting stations and 540 count observers, covering three-

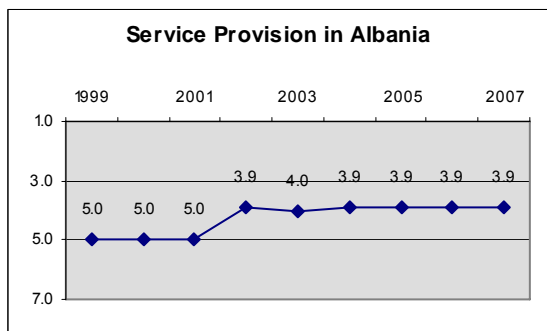
quarters of all voters. The coalition also launched an e-day monitoring effort using text messages sent from polling stations and disclosed via press conferences throughout the day. Elections to Conduct Agency, a newly-formed NGO, partnered with Mjaft! to issue real-time media reports of the results from the counting centers in Albania’s first-ever parallel

vote tabulation (PVT). In summary, NGOs demonstrated a quantum improvement in technical capacity for domestic election monitoring during the 2007 local elections. Unfortunately, the weak coalition dissolved quickly after the elections, and it is doubtful that Albanian NGOs would have seized the initiative or mobilized an effort of this magnitude without extensive support from donors like the Soros Foundation, USAID, Council of Europe, and OSCE.



Associations representing the business community played a more public and decisive role in shaping tax policy in 2007, effectively lobbying against a proposed increase in tax penalties for businesses. On its part, the Government showed more openness to outside input by organizing several rounds of public

**SERVICE PROVISION: 3.9**



Few NGOs in Albania provide services to constituents or members. Even associations such as the Albanian Association of Municipalities, the National Chambers of Advocates, or the Association of Journalists do not provide valuable member services, as demonstrated by the low rate of dues payments in associations with voluntary membership contributions.

consultations with business associations on the new tax procedures. The business perspectives expressed during these consultations induced the Government to modify its proposed tax legislation.

In other areas of advocacy, several NGOs forcefully pushed for the Law on Education and testified in front of parliamentary commissions during deliberations on the law. Most importantly, advocacy for local-level reforms made important strides, especially as the pace of fiscal decentralization accelerated in 2006-2007. Over the last several years, fiscal decentralization has granted local officials significantly more discretion over a larger pool of revenues. At the same time, elected officials, especially at the municipal level, are under greater scrutiny by a new crop of local NGOs, many of which are operating with donor support and are being trained to monitor public expenditures at the local level. A new infusion of donor funds steered to groups outside of Tirana in 2006 led to a minor upsurge of watchdog activities in smaller cities like Berat, Pogradec, Gjirokastra, Peshkopi and Vlore. In Pogradec, Un Gruaja (I, the Woman) became a forceful presence with an innovative media campaign that called the municipal government to account for questionable spending practices.

NGOs also do a poor job of using services to attract new members or shore up existing membership. For example, the Albanian Coalition Against Corruption (ACAC) collected dues from 30-plus organizations, yet failed to use its advantageous position in Tirana, physical facilities, and connections to international donors to serve its members. As a result, ACAC is now defunct as a coalition. NGOs are also reluctant to charge fees to indigent populations for valued services, such as the pro bono legal services that CAO provides in Shkodra, Tirana, Durres and Vlore. As a result, when donor funds disappeared, CAO was forced to cut back on legal aid and even considered closing offices. On the other hand, NGOs demonstrated an improved understanding of their communities' needs this year. For example, NGOs at the local level perceived a public demand to monitor local

government performance and began to track local expenditures.

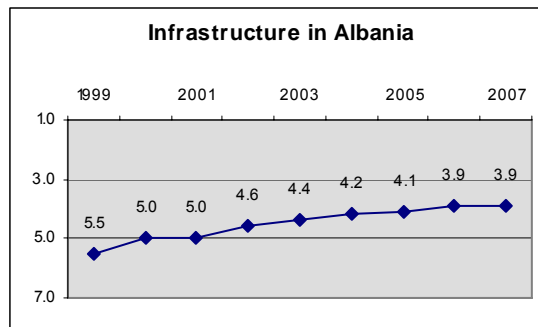
There is still no legal framework to allow the central or local government to contract with

### INFRASTRUCTURE: 3.9

NGO resource centers are located in six districts – Durres, Elbasan, Vlore, Korce, Kukes and Shkodra. While their services have not changed over the past year, by all accounts, after three years of operation, resource centers are better known by local organizations and better utilized for a wider range of services, including computer and Internet access, training, photocopying, and the use of office and conference spaces. Thus far, resource centers have not been successful in building NGO coalitions or partnerships. Meanwhile, some other NGOs offer services to the sector, such

NGOs. The Government is currently considering legislation that would provide funding for certain NGO services, which would help them recoup some, but not all, of the costs of service provision.

as distributing grants, providing training and consulting services, publishing newspapers, etc.



### PUBLIC IMAGE: 3.8

Survey research in 2007 confirms the overall low public awareness of NGO activities, and the tepid public opinion about civil society's contribution to the fight against corruption. According to the annual *Corruption in Albania Survey* published in 2007 only about one third of people are aware of any civil society involvement in anti-corruption activities. Additionally, civil society was seen as only slightly more helpful than government and far less helpful than media in fighting corruption. On balance, NGO leaders are seen as more honest than corrupt, an important change from the findings of the *Corruption in Albania Survey* conducted in 2004, when they were found to be, on balance, more corrupt than honest.

NGOs continue to experience problems conveying their messages to the public. Media coverage of a protest, publication or public event depends as much on the size and importance of the NGO as on the NGO's relationship with a media outlet or important donor. At the same time, the coverage of NGO activities during the electoral process was surprisingly wide and

neutral, reinforcing the small but important space for public discourse not dominated by either of the two major political parties or its allies. In the regions, local media has started to cover NGO events for free.

While there is no survey data to support this contention, anecdotal evidence suggests that larger businesses are starting to view voluntary associations as instrumental in articulating their interests in a policy process that is traditionally government-dominated and not solicitous of business input.

