Monitoring Matrix on Enabling Environment for Civil Society Development

COUNTRY REPORT FOR ALBANIA 2015

Project funded by The European Union

The Balkan Trust for Democracy

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OLOF PALME INTERNATIONAL CENTER

SWEDEN
Balkan Civil Society Acquis
Strengthening the Advocacy and
Monitoring Potential and Capacities of CSOs

Monitoring Matrix
on Enabling Environment for Civil Society Development

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I. Executive Summary

Civil Society and Civil Society Development in Albania

The legal and regulatory framework on basic legal guarantees of freedom for civil society organization (CSOs) is generally harmonized and in line with international standards. It guarantees the right of individual and entities to establish, register, join and participate freely without any discrimination in formal/informal, online and offline organizations. The CSOs enjoy the right to organize and/or participate in peaceful assemblies and enjoy freedom of expression.

The regulatory framework on registration of CSOs, yet presents some problematic issues. The centralization of registration/re-registration process at the Tirana Court of First Instance remains a burden for individuals and entities who want to register or re-register a CSO due to high financial costs of registration, lengthy procedures and lack of specialized lawyers, advocates and judges who deal with CSOs legal issues.

An important development in 2015 with regards to financial reporting and accounting rules is the approval of the National Accounting Standard for Non Profit Organizations by the Ministry of Finance. The Standard stipulates specifications on financial statements and reporting formats of CSOs, taking into account the specific nature of the CSOs and presents different reporting requirements for CSOs based on their annual budget. Referring to financial viability and sustainability, the available public funding is considered insufficient for the operation and sustainability of CSOs. Transparency, accountability, application and selection procedures on the distribution of the public funds from the public institutions, including the Agency for the Support of Civil Society, needs to be improved to address the needs of CSOs. Despite the clarification stipulated in the VAT Law, adopted in 2015, on the VAT exemption and economic activity of CSOs, the legal and fiscal treatment still presents barriers for the effective operation of CSOs. Two key challenges that hinder financial viability of CSOs: (i) lack of VAT refund for operations in the frame of the implementation of IPA projects, and (ii) requests from some donors to issue VAT invoice for grants. Individual and corporate donations are not supported, promoted and motivated by the state and as a result the donation are insufficient for viability of CSOs.

The 2015 marked some positive development in the legal aspects related to State - CSOs cooperation and CSOs development. In May, the Government of Albania (GoA) approved the Road Map for Drafting Policy and Measures for Enabling Environment to Civil Society, a document that includes nine priority areas of actions aiming to enable GoA to undertake an efficient decision-making process.
Key Findings

This section addresses the main findings of the Monitoring Matrix Report on Enabling Environment for Civil Society Development in Albania 2015, based on the monitoring of the legal and regulatory framework in place and the practical impact of their implementation.

In general, the legal framework governing establishment and functioning of CSOs is regulated in most of its aspects. However, it still presents some problematic issues in terms of centralization of registration/re-registration process in Tirana, high financial costs of registration, lengthy procedures and lack of specialized lawyers, advocates and judges who deal with CSOs legal issues. The National Accounting Standard for Non Profit Organizations, approved in 2015, takes into account the specific nature of CSOs in regard to financial statement and format of reporting.

The level of public funding is not changed significantly during 2015. Public funding is considered insufficient by the CSOs for their institutional development and financial sustainability.

The Law on the Establishment and Functioning of the National Council on Civil Society and the Road Map for Drafting Policy and Measures for Enabling Environment to Civil Society are two positive developments for the sector and the state has institutionalised the recognition of the importance of the development of and cooperation with the sector. Problematic remains the effective participation of CSOs in law and policy making processes. The legal framework and its practical implementation with regards to CSOs involvement in service provision is not supportive, resulting in very few very few CSOs benefiting from public contracts for service delivery.
Key Policy Recommendations

This section are based on the actual legal and regulatory framework in place as well as the practical experience of CSOs and address main key policy recommendations.

The main recommendation in regards to the freedom of association is the revision of the registration procedures of CSOs. The decentralization of the registration process and revision of the registration procedure would enable easy, timely and inexpensive registration/re-registration process of the organizations. In regards to the financial reporting and accounting rules, The National Accounting Standard for Non Profit Organizations is considered a positive development for CSOs, starting from 2016, should be associated with increased awareness and information of tax inspectors on the changes in the legal framework for the financial reporting and accounting rules of CSOs as well as a greater awareness of CSOs on these amendments.

Increased public funding and improved transparency and accountability of the public institutions providing public funds to CSOs, including ASCS would contribute to an increased financial sustainability and viability of CSOs, which remains one of the main challenges faced by the organizations.

The lack of official information on the number and other relevant data on CSOs, like their geographical distribution, size of the organizations, number of employees, annual incomes, source of funding, active and non-active status, etc., remains problematic. Even when these data exist (as the number of CSOs registered at Tirana Court of First Instance or General Directorate of Taxation) they are not published. As a result, the role and
the value of the sector within the country is not known and recognized. Thereafter, creation and publication of a solid database of CSOs providing the above mentioned information is necessary, to understand the role and contribution of CSOs in the development of the country, and to ensure an effective participation of CSOs in policy and decision making based on reliable data.

Cooperation between the state and CSOs in service provision remains an area for improvement, referring to the findings of the study.

<table>
<thead>
<tr>
<th>No</th>
<th>Top 6 recommendations for reform</th>
<th>Reference to Monitoring Matrix</th>
<th>Reference to the EU CS Guidelines</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Revision of the CSOs registration process and procedures, regarding the registration body, cost and duration of the process, as part of the legislative package for CSOs.</td>
<td>Area 1</td>
<td>Objective No. 1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sub-Area 1.1</td>
<td>Result No. 1.1</td>
</tr>
<tr>
<td>2</td>
<td>Increasing the capacity and preparation of guidelines for tax inspectors on changes to the legal framework for the fiscal treatment of CSOs, including financial reporting and accounting rules for CSOs.</td>
<td>Area 1</td>
<td>Objective No. 2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sub-Area 1.1</td>
<td>Result No. 2.1</td>
</tr>
<tr>
<td>3</td>
<td>Increased public funding for CSOs and improved transparency and procedures of funding distribution through ASCS and other public institutions providing public fund to CSOs through grant and other mechanisms.</td>
<td>Area 2</td>
<td>Objective No. 2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sub-Area 2.2</td>
<td>Result No. 2.4</td>
</tr>
<tr>
<td>4</td>
<td>Creation and publication of a solid database of CSOs, to provide information on the number, field of activity, geographical distribution, legal form, and number of employees, volunteers, annual turnover and sources of funding, etc. to understanding the role and value of CSOs and increase their transparency and public trust.</td>
<td>Area 3</td>
<td>Objective No. 1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sub-Area 3.1</td>
<td>Result No. 1.2</td>
</tr>
<tr>
<td>5</td>
<td>Continuous monitoring of implementation of strategic documents for the development of CSOs and cooperation between the state and CSOs, to ensure effective participation of CSOs in policy- and decision-making process.</td>
<td>Area 3</td>
<td>Objective No. 3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sub-Area 3.2</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Increased public support for CSOs through public contracts for involvement in service provision, through a special procurement procedure, where the selection of the service provider will be determined by both service quality and the financial assessment of the contenders.</td>
<td>Area 3</td>
<td>Objective No.</td>
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<tr>
<td></td>
<td></td>
<td>Sub-Area 3.3</td>
<td></td>
</tr>
</tbody>
</table>
About the project and the Matrix

This Monitoring Report is part of the activities of the “Balkan Civil Society Acquis-Strengthening the Advocacy and Monitoring Potential and Capacities of CSOs” project funded by the EU and the Balkan Trust for Democracy (BTD) and “Increase Citizens Participation in Policy Making and Implementation” funded by Olof Palme International Center with funding from the Swedish Government. The monitoring is based on the Monitoring Matrix on Enabling Environment for Civil Society Development (CSDev) developed by BCSDN and ECNL. It is part of a series of country reports covering 7 countries in the Western Balkans and Turkey. A region Monitoring Report is also available summarizing findings and recommendations for all countries and a web platform offering access to monitoring data per country and sub-area at www.monitoringmatrix.net.

The Monitoring Matrix presents the main principles and standards that have been identified as crucial to exist in order for the legal environment to be considered as supportive and enabling for the operations of CSOs. The Matrix is organized around three areas, each divided by sub-areas:

1) Basic Legal Guarantees of Freedoms; (2) Framework for CSOs’ Financial Viability and Sustainability; (3) Government – CSO Relationship. The principles, standards and indicators have been formulated with consideration of the current state of development and the diversity in the countries of the Western Balkans and Turkey. They rely on the internationally guaranteed freedoms and rights and best regulatory practices at the European Union level and in European countries. The Matrix aims to define an optimum situation desired for civil society to function and develop effectively and at the same time it aims to set a realistic framework which can be followed and implemented by public authorities. Having in mind that the main challenges lie in implementation, the indicators are defined to monitor the situation on level of legal framework and practical application.

1) Albania, Bosnia and Herzegovina, Croatia, Kosovo, Macedonia, Montenegro, Serbia and Turkey.
II. Introduction

About the Monitoring Report

As part of the projects “Balkan Civil Society Acquis – Strengthening the Advocacy and Monitoring Potential and Capacities of Civil Society Organizations” and “Increase citizen participation in policy making and implementation”, Partners Albania carried out for the third consecutive year the research which resulted in the Monitoring Matrix Report 2015.

The scope of this monitoring report is to give an overview of issues concerning the enabling environment of CSOs in Albania and to provide recommendations on how these issues can be addressed and solved.

This MM Report 2015 prepared by PA is based on a review of Albanian legislation, policies, studies, and reports used to evaluate the legal indicators of the Monitoring Matrix, as well as survey, in-depth interviews and consultative meetings with CSOs used to evaluate the practice indicators of the Matrix.

The Monitoring Matrix on Enabling Environment for Civil Society Development

This Monitoring Report is part of the activities of the “Balkan Civil Society Acquis-Strengthening the Advocacy and Monitoring Potential and Capacities of CSOs” project funded by the EU and the Balkan Trust for Democracy (BTD) and “Increase Citizens Participation in Policy Making and Implementation” funded by Olof Palme International Center with funding from the Swedish Government. The monitoring is based on the Monitoring Matrix on Enabling Environment for Civil Society Development (CSDev). It is part of a series of country reports covering 8 countries in the Western Balkans and Turkey. A regional Monitoring Report is also available summarizing findings and recommendations for all countries and a web platform offering access to monitoring data per country and sub-area at www.monitoringmatrix.net.

The Monitoring Matrix presents the main principles and standards that have been identified as crucial to exist in order for the legal environment to be considered as supportive and enabling for the operations of CSOs. It underscores the fact that enabling environment is a complex concept, which includes various areas and depends on several factors and phases of development of the society and the civil society sector.

This Matrix does not aim to embrace all enabling environment issues; rather it highlights those that the ex-

Experts have found to be most important for the countries which they operate in. Therefore, the standards and indicators have been formulated with consideration of the current state of development and the diversity in the countries of the Western Balkans and Turkey. They have been drawn from the experiences of the CSOs in the countries in terms of the legal environment as well as the practice and challenges with its implementation. The development of the principles, standards and indicators have been done with consideration of the internationally guaranteed freedoms and rights and best regulatory practices at the European Union level and in European countries.

The areas are defined by key principles which are further elaborated by specific standards. In order to enable local CSOs, donors or other interested parties to review and monitor the legal environment and practices of its application, the standards are further explained through indicators.

The development of the Monitoring Matrix on enabling environment for CSDev was part of a collective effort of CSO experts and practitioners from the BCSDN network of members and partners and with expert and strategic support by ECNL. The 11-member expert team spanned a variety of non-profit and CSO specific knowledge and experience, both legal and practical, and included experts from 10 Balkan countries. The work on the Matrix included working meetings and on-line work by experts, which was then scrutinized via stakeholder focus group and public consultations. The work on the development of the Matrix was supported by USAID, Pact, Inc, and ICNL within the Legal Enabling Environment Program (LEEP)/Legal Innovation Grant and Balkan Trust for Democracy (BTD).

**Civil Society and Civil Society Development (CSDev) in Albania**

The development of the CSOs in Albania has been shaped based on the country development and associated with legal initiatives and changes tending to create an enabling environment for the CSOs. The number of CSOs is increased with 489 new organisations registered at the Court of First Instance in Tirana in 2015 (respectively 282 associations, 95 centers and 112 foundations), out of which 368 are registered within the General Directorate of Taxation. Compared with the data provided in the MM Country Report 2014, the number of CSOs registered in 2015, is higher than the average of CSOs (170) registered annually in the period of 2005 – 2013. In a recent study commissioned by BCSDN the working force within the sector is 7505 employees representing 0.72% of the total employment in Albania. Despite the barriers and challenges faced by CSOs, presented further in the report, the size of civil society is increasing not only in members, but also in the influence and impact in society, reflected in legal changes and activism of CSOs in the country.

CSOs in Albania are diverse in their types of activities and services. They provide goods and services in various areas for different type of beneficiaries. As shown in the data provided in the MONitoring Matrix (MM) Reports for the last three years (2013, 2014, and 2015) the organization working in the field of youth, culture and education, and social services, represents the higher number of active CSOs. Apart from service provision, many of these CSOs together with other CSOs working mainly in the field of democracy, are involved in many awareness rising, advocacy and lobbying campaigns towards policy influencing to improve the legal and regulatory framework affecting the operation of CSOs and the life of their beneficiaries.

In regards to the geographical coverage, mostly of the organizations continue to be based in the largest cities, such as Elbasani, Shkodra, Tirana and Vlora, while their operations are spread in other areas of the country. The organizations based in small cities and rural areas are still underdeveloped and do not have permanent staff. Compared with the organizations based in urban areas, the organization which operates in rural areas has project-based staff. All relevant data providing a picture of the state of CSOs in the country are generated from the studies and research of national and international organizations, due to lack of a consolidated da-

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3) Albania, Bosnia and Herzegovina, Croatia, Kosovo, Macedonia, Montenegro, Serbia and Turkey.
4) Data received at Court of First Instance in Tirana, upon request by PA.
5) Data received at the General Directorate of Taxation, upon request by PA.
7) 2014 CSOs Sustainability Index for Civil Society Organizations, USAID, pg 15.
tabase providing relevant information, not only on the real size, but also on the value and contribution that CSOs have in the development of the country. Official statistical data and information on the sector, in regards to the total number of organizations operating in the country, their type and main activities, geographical coverage, number of employees, volunteers, their annual incomes, etc. is not available and published on a regular basis. This situation leads to unknown and undermined the role and value, especially economic value of the sector in the country.

A key challenge for CSOs is their financial stability. The sector is donor depending, and the foreign donor support constitutes the main source of financial income. With regards to the state support, it remains at low levels for CSOs. The Agency for the Support of Civil Society (ASCS) remains the main public entity, established in 2009, with a mandate to financially support CSOs. The financial amount distributed by the Agency since its creation has not considerably increased during the years. Financial support for institutional development of CSOs, as one of the types of support that the Agency should provide for CSOs, is still to be applied by the Agency.

The legal and regulatory framework over the last years has been subjects to adoptions and amendments, leading to an improvement of the enabling environment for the operation and development of civil society and CSOs in Albania. Following the approval of the Resolution for the Recognition and Strengthening the Role of Civil Society by the Parliament in 2014, further advancement in the recognition of the importance for development of civil society organizations and partnership between the state and CSOs for the creation of an enabling environment for CSOs, is made in 2015 with the approval of The law On Establishment and Functioning of National Council for Civil Society, and the Road Map For Drafting the Policies and Measures for Enabling Environment to Civil Society. These two important strategic documents provide the general framework that would guarantee the institutional cooperation between the state and CSOs, and development priorities, in support of the creation of enabling environment for CSOs development. Their proper implementation would put a great influence in the improvement of the situation with regards to the participation and involvement of CSOs in policy and decision making, and the establishment of a continuous dialogue and cooperation of public institutions with citizens and CSOs, to fulfill their strategic goals especially in the frame of EU integration.

During the last years, the civil society organizations have adopted a more open and inclusive approach in their collaboration with the media and the use of social media in the implementation of their activities and initiatives. As a result, the visibility of CSOs and their work to the public is increased. Online platforms created by civil society organizations such as: The Albanian Crowd\(^8\), Open data\(^9\), Coalition of Domestic Observers\(^10\), etc., have contributed to an increased information, enhanced transparency and provision of relevant data on civil society and CSOs, helpful to the initiatives and actions taken by the Government and other interest groups in the country. All these initiatives has contributed to an increased trust of the citizens in the work of the civil society organizations, from 34% in 2014 to 38% in 2015, as shown in the Opinion Poll, Trust in Government, conducted by IDM\(^11\). In the same report, it is also shown that 35% of citizens believe that the CSOs can hold the government accountable towards citizens. However, the figures also show that greater transparency accountability, and visibility actions are needed by CSOs, to increase their public trust and image.

In the last decade (2005 – 2015) the development of the sector has been shaped upon the political, economic, social and cultural development of the country. It is characterized by the efforts of the sector to influence policy making through advocacy and lobbying campaigns, to pressure improvements in the legal and regulatory framework affecting CSOs and other mechanism in place to create an enabling environment in which CSOs and other civil society actors operate. Such initiatives to mention are: revision of the fiscal treatment of CSOs; revision and binding rules for notification and public consultations for draft laws, strategies and policies; establishment and functioning of the National Council for Civil Society, etc. In addition, as

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8) http://www.thealbaniancrowd.org/
9) http://open.data.al/
10) http://www.zgjedhje.al/
part of the political situation that the Balkan countries are going through for their accession to the European Union, the CSOs in Albania have grown their networking and regional collaboration with other organizations outside the country, not only the Western Balkan and Turkey, but even in the European level too.

The EU and other donors have recognized civil society as an important actor to the advancement of the country integration in the European Union. In this frame, the Guidelines for EU support to civil society in enlargement countries, 2014-2020 have been adopted, and in the annual Progress Reports of the countries of the Western Balkans region towards European integration, a special section on Civil Society is introduced. In 2014, Albania have been granted the candidate status for the EU membership and in light of political reforms and the momentum, the attention and support of the EU to increase involvement and participation of civil society and CSOs in the important reforms that the government is undertaken towards the EU integration of the country, and other strategic development is increased. Collaboration among state and CSOs in the integration process and establishment of adequate structures and mechanisms in the process of shaping the public policies and strategies has increased too.

**Specific features and challenges in applying the Matrix in Albania**

From the launch of the monitoring cycle in 2013, Partners Albania aimed at a participatory and inclusive process while carrying out the research for the preparation of the MM Report, presenting and discussing the Matrix with large number of CSOs representatives all over the country. This year, the survey for the preparation of the Monitoring Report was conducted in 14 cities and 200 CSOs have been contacted to give their input on the MM Report, out of which 102 CSOs responded to the survey. The questionnaire was followed by in-depth interviews to explore contradicting issues or areas where more information was needed for the analysis purposes.

Similar with the MM Report 2014, one important feature was the organization of consultative meetings to present the preliminary findings of the MM Report 2015, and to discuss the legal, and practical changes affecting the operation of CSOs in 2015. The consultative meetings were organized in four cities (Korça, Shkodra, Tirana and Vlora) with the participation of 126 representatives of CSOs. The discussions enriched the findings of the monitoring report.

Considering the challenge with the availability of official data on the sector (number of CSOs, form of registration, geographical distribution, proportion according their field of activities, etc.) and based on the Law for the Right of Information, Partners Albania sent official requests to Tirana First Court of Instance and the General Directory of Taxation on the number of CSOs registered within these authorities in 2015. Official requests were sent also to all ministries on the amount of public funding distributed to CSOs during the year, and to the Albanian Parliament on the consultation of draft-laws with CSOs during 2015.

The intensity of work in a limited timeframe was a challenge for the survey team involved with data collection and survey administration. Considering the challenge with the conduction of face to face interviews with the directors of CSOs in the previous years and the limited time for the conduction of the survey, there was a slight change in the methodology with regards to the conduction of interviews. This year, the data was collected through a combination of face to face, telephone and Skype interviews that facilitated the process of data collection by the interviews.

**Acknowledgements and thanks**

The country Monitoring Matrix Report 2015 on Enabling Environment for Civil Society Development was prepared with collaborative effort and generous support of CSOs, experts and individuals.

Partners Albania would like to express its gratitude to the executive directors of CSOs, who participated in the survey with 102 respondents, appreciating their cooperation, contribution and time devoted.

Partners Albania acknowledges the cooperation and correctness of public institutions in responding to its request with the requested information.

Partners Albania would like to express its gratitude to Balkan Civil Society Development Network (BCSDN) and the European Centre For-not-For Profit Law (ECNL) and Olof Palme International Center in Albania for their support in the development, orientation and implementation of this monitoring effort.
Overview of the methodological approach

The process for the preparation of the Country Monitoring Report 2015 was carried out during December 2014 – November 2015. PA employed a set of methodological tools, including desk research, participatory approach in acquiring data and information through consultative meetings with Civil Society Organizations and also in depth interviews with executive directors and high level managers of CSOs.

The overall goal was to monitor the legislation and practice indicators of the MM, aiming was to identify progress or lack of thereof in the enabling environment, including overall climate, legislation and its effective implementation for the operation of CSOs in Albania.

The methods for the preparation of the Monitoring Matrix Report included as follows:

Desk Research
Since the MM includes indicators for the evaluation of legislation and the practice, the literature review was carried out during the year, through:

Legal review – aiming to access the legal framework and regulations drafted and approved for an enabling environment for CSOs. It included an overview and analysis of Albanian legislation (including implementation of regulations), as well as international conventions and regulations adopted by Albania;

Practice assessment – based on secondary data, such as: CSOs needs assessment reports; media reports; progress reports prepared by donors, international organizations, and national agencies – aiming to identify the practical implementation of legislation in place.

Official Requests for information to public institutions - Due to the lack of official data publicly made available by public institution, PA sent an official request to all ministries in Albania inquiring: (i) the total amount of funds distributed in 2015 to CSOs; (ii) total number of organizations which have applied; (iii) total number of organizations which have benefited from these funds; (iv) the minimum and maximum amount of fund for one CSO; (v) number of services tendered by civil society organizations; (vi) total amount of contracts for the services procured by civil society organizations; (vii) number of civil society organizations which have benefited non-financial support; and (viii) the type of the non-financial support.

Partners Albania sent official request to the Tirana First Court of Instance and Tax Authorities about the number of the organizations which are registered during 2015 and to Albanian Parliament about the number of draft laws which have been consulted with representatives of CSOs.

Survey
The survey was conducted through the administration of a questionnaire with 102 CSOs. The questionnaire was administered through face to face, telephone and Skype interviews with executive directors and high level managers of CSOs during November 2015. The questionnaire was divided in four main sections: one section for each area of the Monitoring Matrix and one section for demographic data of the respon-
dent and CSO. The questionnaire had a combination of closed and likert scale questions with open-ended ones, aiming to gather information on both perception and experience of the respondents on the indicators monitored. The information gathered from the questionnaires was processed and analyzed through SPSS.

After processing data, PA carried out in depth interviews with selected representatives of CSOs addressing tailored questions related to some issues that raised interest for the research, such as registration process of CSOs, and state contracting for service provision.

The survey was conducted in 14 cities. The selection of the sample was done in accordance with the number of CSOs located in each city, and on willingness of the organizations to participate in the survey. Graphic 1 presents the geographical distribution of the organizations participated in the survey.

**Graphic 1. Map of the geographical Distribution of the Surveyed CSOs**

With regards to the legal form of registration, the sample is composed of 55% associations, 28% centers, and 17% foundations, reflecting the proportions of registered CSOs, as shown in Graphic 2.

This sample is representative and reflects the universe of CSOs in the country. (74% of all registered CSOs until 2014 are Associations, 12% are Centers and 10% Foundations). The tendency of choosing Association as legal form of registration by most of individuals and legal entities establishing a CSOs is notices also in 2015 (57% of registered CSOs).

**Graphic 2. Form of registration of the surveyed CSOs**

Based on their responses with multiple choice, in the Graphic 3 below are configured the fields of work and main activities of the surveyed CSO. As the graphic shows, there is a domination of CSOs working in the youth and culture, and education, followed by CSOs working in social services area, while there is a low representation from CSOs working in Regardless the changes in the sampling during the years (2013-2015), there is a consistency in the representation of the fields of activities of surveyed CSOs, leading to the assumption that the sample is representative of the entire universe of CSOs, in a situation where official data are missing.

**Graphic 3. Fields of work of surveyed CSOs**

<table>
<thead>
<tr>
<th>Field</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Youth</td>
<td>62%</td>
</tr>
<tr>
<td>Culture Education</td>
<td>58%</td>
</tr>
<tr>
<td>Social Services</td>
<td>49%</td>
</tr>
<tr>
<td>Women</td>
<td>44%</td>
</tr>
<tr>
<td>Environment</td>
<td>38%</td>
</tr>
<tr>
<td>Democracy</td>
<td>36%</td>
</tr>
<tr>
<td>Health</td>
<td>25%</td>
</tr>
<tr>
<td>Business</td>
<td>17%</td>
</tr>
</tbody>
</table>

**Consultative meetings**

The preliminary findings from the survey were presented and discussed with 126 representatives from civil society organizations, and public institutions in four cities, respectively in Elbasani, Shkodra, Tirana and Vlora. The aim was to confirm the results from the survey and to discuss on other problematic issues with regards to the enabling environment for CSOs development in Albania, based on the experiences of participants in the consultative meetings.

**Participation of the CSOs community**

Partners Albania utilized its own database of CSOs to inform and invite CSOs to participate in the preparation of the Monitoring Matrix Report 2015.

PA organized several consultative meetings with CSOs that were part of the sample but also with the ones that were not. The illustration with particular examples of cases was very valuable for the preparation of this monitoring report.

This provided a broader frame of the situation of civil society that helped PA in drawing the conclusions and recommendations. All the findings for the practice indicators are based on the information and comments from the surveyed CSOs regarding the implementation of the legal framework.

**Lessons-learnt**

- Participation of the CSOs community in the preparation of the MM report, is yet proved to be a valuable contribution to the report, not only in providing quantitative data for the measurement of the practice indicators of the matrix, but it gives a qualitative and practical approach to the report, also.
- Validation of information from different sources of information, in cases of unclear information is crucial in the accurate presentation of the situation for the measurement of the matrix indicators.
IV. Findings and Recommendations

Area 1: Basic Legal Guarantees of Freedoms

Sub-area 1.1. Freedom of association

Standard 1: All individuals and legal entities can freely establish, join and participate in informal and/or registered organizations offline and online.

During 2015 the legal environment affecting freedom of association has not been subject to amendments and legal developments. The Law on “For Non - Profit Organizations”\(^{13}\), Law “For the Registration of Non - Profit Organizations”\(^{14}\) and Civil Code\(^{15}\) are the laws governing the lifecycle of the organizations in Albania from establishment, operation, governance, to termination and dissolution.

In general, the freedom of association is guaranteed by the constitution and the legal framework and exercised freely by individuals and legal entities that can freely establish, and participate in organizations. It is extended to any individual and without discrimination regardless of their nationality, gender, or age. CSOs can freely establish and/or join networks inside and outside the country and can freely use internet, social media and web-based platforms to inform the public without any intervention from the state. Especially in cases of emergencies this freedom has proven to be very helpful for the public at large and direct beneficiaries of CSOs activity. To illustrate, during the flooding in the South of Albania in February 2015, when CSOs widely used social media to mobilize support and coordinate action in support of families affected by the flooding. This year brings no changes in the registration process of CSOs, with regards to the public authority (Tirana Court of First Instance) responsible for the registration and to the procedures and requirements for the registration process. The barriers remain the same for those CSOs that want to get registered and/or re-registered with regard to additional financial, time and procedural costs.

The registration procedure requires representation by a lawyer and notarization of all application documents, which adds up significant costs to the process ([i.e. the cost varies from 30,000 – 50,000 ALL (220 – 360 €)]). The costs are considered high by individuals and groups that would like to start a CSO.

All court related cases for CSOs are handled by the commercial section of the court with no experience in the field, which along with ambiguities in the legal framework for NPO registration creates room for judges to come up with subjective registration requirements. One typical example of this is the registration of a foundation

\(^{13}\) Law No. 8788, date 07/05.2001, on “Non-Profit Organizations”, amended, Official Gazette 36/2013
\(^{14}\) Law No. 8789, dated 7.5.2001 “For the registration on non-profit organizations”, Official Gazette 28/2001
when a capital of 100,000 lekë (approximately €715) is required in practice, even though it is not determined in the law. Recently, there are cases reported when such requirement is put for registration of centres as well. The judge’s decision can be appealed to the Court of Appeals of Tirana.

The CSOs registration application cases are not part of the court calendar. It is in the discretion of the assigned judge to make a decision on the date of the session as convenient to him/her. It influences lengthy registration processes that go beyond 15 days (i.e. up to one year), as the maximum period established by the law, which goes against international standards for an enabling environment for CSOs.

The same delays, for the same reason are reported for cases of changes in the NPO register, creating legal implication for the CSOs. To illustrate, Youth Act Association, who needed to reflect the change of their address in Identification Number of Taxable Person / NIPT, the association risked the penalty from the tax authorities (it is a law requirement to reflect the actual address in Identification Number).

A contributing factor to the situation is lack of specialized lawyers, advocates and judges who deal with CSOs legal issues from preparation of legal documents, to court representation and handling of CSOs court cases.

In regards to the dissolution or termination of a civil society organization, the Law on Non-Profit Organizations is in conformity with the international standards, and clearly describes the terms and conditions of the dissolution. In practice, there are no cases of problematic issues identified by CSOs.

Considering all the problematic issues identified above, there is a need for the revision of the registration procedures of CSOs, part of the legal package for associated with capacity building and specialization of lawyers, advocates and judges dealing specifically with CSOs issues.

Standard 2: CSOs operate freely without unwarranted state interference in their internal governance and activities

The legal framework guarantees the rights of CSOs to operate freely and independently, by regulating their internal structure and management procedures without intervention from the state. This is confirmed by 85% of surveyed CSOs declaring that there is “not at all” practice of state interference in their internal governance and 74% of surveyed CSOs declaring that there is “not at all” practice of invasive oversight from the state.

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16) Law “On Registration of Non-Profit Organizations”, Article 6, paragraph 2.
17) Law no. 8788, date 07.05.2001, on “Non-Profit Organizations”, amended, Chapter VII, Official Gazette 36/2013.
In regards to **financial reporting and accounting rules**, the 2015 marked the approval of the National Accounting Standard for Non Profit Organizations\(^\text{18}\). The standard presents the main concepts and principles for the preparation of the financial statements and the formats of reporting for CSOs, taking into account the specific nature of CSOs. This is considered a positive development for CSOs that for the first time will have different financial reporting and accounting rules from the business sector. Another positive aspect of the Standard is that it introduces lighter reporting requirements for small organizations with annual revenues below 5 million ALL (approx. 36,000 €). These organizations are required to apply cash-based accounting and to prepare and submit only the statement of cash flow with explanatory notes on the type of activity or services provided. The National Accounting Standards for CSOs will enter into force in January 2016, and its impact will be measured in the MM Report 2016.

The Standard is expected to increase the compliance of especially small CSOs with regard to timely and accurate reporting to state authorities. Among the surveyed CSOs, 19% have been subject to a fine by tax authorities due to delays in or lack of declarations. The situation remains problematic as the fines are not proportional to size and annual turnover of the CSOs.

With regards to money laundering, with the approval of the Directive no. 22, dated 19/11/2014 for “Supervision of CSOs from tax authorities in support of prevention of money laundry and financing of terrorism”, no cases of abused practices from tax inspectors are reported by the by the surveyed CSOs. However, one recommendation with the approval of the Standard would be the preparation for guidelines for tax inspectors on changes to the legal framework for the fiscal treatment of CSOs, including financial reporting and accounting rules for CSOs.

**Standard 3: CSOs can freely seek and secure financial resources from various domestic and foreign sources to support their activities**

The legal framework in place does not present any barriers to CSOs to freely seek and secure financial resources from domestic and foreign sources to support their activities, including grants, economic activity, individual and corporate donations\(^\text{19}\).

Legislation allows CSOs to engage in economic activities, provided that the activity is in conformity with the purpose of the organization, and in practice 39% of the surveyed CSOs reported that they do engage in economic activity. In general, the legal framework (laws, decisions, regulations, etc.) does not impose administrative difficulties for CSOs engaged in economic activities, but there are still some issues that should be considered to facilitate

\(^\text{18}\) Directive no. 62, date 17.09.2015 “For the Announcement of the National Accounting Standard for Non – Profit Organization and for its mandatory application”, issued by the Ministry of Finance, Official Gazette 171/2015

\(^\text{19}\) Law No.8788, dated May 7, 2001, On Non-Profit Organizations, amended, Article 35, Official Gazette 36/2013
engagement of CSOs in economic activities, as: uncertainties on the administrative practices of declarations, taxes on economic activities are a burden for CSOs, and lack of a special law on social businesses/social enterprises.

In practice, 31% of CSOs assess that it is difficult to freely seek and secure funds from domestic and foreign donors in support of their activity, 25% consider that it is somehow difficult, and 27% assess that is easy to seek and secure funds from domestic and foreign donors. The organizations that find it more difficult to seek and secure funds from donors are mostly new organizations that do not have capacities in preparation of project proposals, do not have information on potential partners, networking, and fundraising opportunities. They are also organizations located in small cities, like Kuçova, Gjirokastra, Lushnja, Pogradeci and Puka, while organizations from Tirana consider it easier to seek and secure funds from foreign and domestic donors.

While there are no legal barriers imposed to CSOs to seek and secure funds from individuals, corporations and other sources, the procedures to receive funds from these sources are considered difficult and somehow difficult by 84% of surveyed Difficulties are mostly related with the lack of a special law on philanthropy that leads to unclear and unstandardized procedures for donations. Therefore, most of CSOs are not able to raise funds from individuals and corporations, and take part in public procurement, grant or service tenders by the state or donors, as shown in Graphic 6 below.

**Graphic 6. Annual Income of surveyed CSOs in 2015**

Sub area 1.1., reflects also the assessment of the following indicators of the EU CS Guidelines 2014–202020.

1.1.a. **Quality assessment of existing legislation and policy framework**
- All gaps in the national legislation and policy framework with regards to registration of CSOs are identified.
- Lengthy registration and/or reregistration processes that go behind 15 days (i.e. up to one year) as the maximum period established by the law are reported by CSOs.
- Legal requirements for representation by a lawyer and notarization of all application documents, adds up significant costs to the process (i.e. the cost varies from 30,000 – 50,000 ALL (approx. 220 – 360 €)). The costs are considered high by individuals and groups that would like to start a CSO and demotivate them from the very start.

Sub-area 1.2. Related-freedoms

Standard 1: CSO representatives, individually or through their organization, enjoy freedom of peaceful assembly

The freedom of peaceful assembly, both in aspect of legal environment and practices, has not been subject of change during 2015. In the Republic of Albania, the legislation guarantees the right^{21} to freely organize and enjoy peaceful assembly as a fundamental human right, based on the Albanian Constitution^{22} and in the Law on Assembly^{23}. This is reinforced even at practical level as 91% of the surveyed CSOs expressed that they enjoy freedom of peaceful assembly and 84% of them declared that there is no excessive use of force exercised by law enforcement bodies and no cases are reported.

No permission is needed to organize an assembly, just a notification presented to the chief of police commissariat no later than three days from the date of the assembly and this right is effectively applied by CSOs^{24}.

Standard 2: CSO representatives, individually or through their organizations enjoy freedom of expression

The freedom of expression is a constitutional right^{25}. As it is quoted at the Freedom House Report for 2015 "Freedom of expression is legally guaranteed and freely exercised in the country". From the survey and consultations with CSOs there were no cases of violation of freedom of expression. Libel is regulated through the penal code and is punishable through fines.

22) Ibid, Articles 46, 47
24) Ibid, Article 5
25) Ibid, Article 22
Sub area 1.2. reflects also the assessment of the following indicators of the EU CS Guidelines 2014-2020.

1.1.a. Quality assessment of existing legislation and policy framework
- The existing legislation and policy framework guarantee the rights of freedom, expression, assembly and organization for all individuals and legal entities. Those seeking to organize assembly are not required to obtain permission to do so by the law (Law on Assembly). In conformity with the international standards, the legislation requires only notification letter presented to the authorities to exercise freedom of assembly.

1.1.b. Progress with the adoption and implementation of relevant legislation
- There are no cases of violations of these freedoms reported by CSOs.

Area 2: Framework for CSO Financial Viability and Sustainability

Sub-area 2.1. Tax/fiscal treatment for CSOs and their donors

Standard 1: Tax benefits are available on various income sources of CSOs

Financial viability and sustainability remains the weakest aspects of CSOs in Albania. As shown in Graphic 7, for the year 2015 the annual incomes of 31% of the surveyed CSOs are less than 10,000 €, while 37% of CSOs declared an annual income of 10,000 – 50,000 €. Only two organisations have reported annual incomes in the interval of 500,000 – 1,000,000 €: Youth Albania Professional Service (YAPS) and Association for the Support of the Youth (ARSIS). The sources of income that generate this amount of incomes are different for the two organisations. While YAPS secures most of its annual incomes from paid service (75%) and a significant percentage from public procurement (25%), ARSIS secures almost all of its funds from grants from foreign donors (90%).
The sector continues to be donor dependent. The main source of funding comes from foreign donors as reported by 53% of the surveyed CSOs. Most of them (82%) do not count on individual and/or corporate donation as the base of their funding. These data are supported by PA monitoring of philanthropic activity in Albania. The 2015 report shows that civil society organizations benefit only 1% of individual and corporate donations.

**Public funding** is considered insufficient among surveyed CSOs and only 1% considers as possible the access to it. Public procurement also represents a limited source of incomes for CSOs. Such figures confirm again the problematic situation (similar with two previous MM Reports) with access to public funds either at local or central level. As described above, from the legal aspect, there are no restrictions imposed to CSOs in 2015 to engage in economic activities, while in practice only 7% of surveyed CSOs secure “very much” and “enough” funds from their economic activity. Most of these are organizations that offer services for people with disabilities.

One of the main positive changes that the new VAT law adopted in 2014 and entered into force in January 2015 presented for CSOs, is the clarification of grant exemption from the VAT scheme. This clarification in the law has brought considerable changes in the perception of CSOs with regards to the application of VAT from tax authorities on grants, which has been reflected in the responses of surveyed CSOs in 2015. There is a significant increased number of CSOs responding that there is no application of tax on grants from 49% in 2014, in 89% in 2015. Still, increased information on this issue is needed as there are CSOs unclear on the application of tax on grants from tax authorities.
The Decision of the Council of Ministers (VKM) no.953, date 29.12.2014\textsuperscript{27}, in support of the implementation of the VAT law stipulates the criteria and procedures for exemption of CSOs from VAT. Based on the VKM, all activities falling under "\textit{activities in the good and interest of the public}\textsuperscript{28}" are exempted from the VAT, and in order for CSOs to benefit from VAT exemption, they must fulfill three conditions simultaneously. These conditions are in compliance with the international standards for the exemption of the economic activity from tax, and are in line with the standards of Monitoring Matrix on Enabling Environment for Civil Society Development, The Tool-Kit\textsuperscript{29}, as follows:

1. The decision-making bodies of the organization must not have interests directly related with the activity of the organization;
2. The non-economic activity of organization must significantly prevail compared to the rest of activity of the CSO operations. Taking into account the relevant revenues of the organisation, incomes from non-economic activity of the organization should prevail;
3. Supplies carried out by CSOs should not compete with the profitable commercial sector. The total amount of incomes from the economic activity, as secondary activity conducted in support of the non-profit purpose of the CSO, received during the calendar year must not exceed 20\% of the total annual revenues of the organization\textsuperscript{30}.

Organisations fulfilling the above mentioned conditions should make an application to the Regional Tax Directory where the organisation is registered, following the procedure described in the VKM (article 3). The decision is made by the General Director of the General Directorate of Taxation. Exempted from this procedure are the non for profit organisations that perform economic activity exempted from VAT by law such as: services on health, education etc.\textsuperscript{31}, in compliance with the legal provisions. The effectiveness of the procedure is not proved yet, as from the information received from the General Directorate of Taxation there is no application from any organisation during 2015. This information justifies why 68\% of the surveyed CSOs responded that there are "not at all" tax benefits for the economic activity.

With regards to VAT, there are still two main problematic issues concerning CSOs, as follows:

- VAT refund for operations in the frame of the implementation of IPA projects. Since 2013, when a Decision of the Minister of Finance\textsuperscript{32} was issued, there is no organisation that has been refunded VAT from the tax authorities, among those that have applied following the prescribed procedure;
- Requests from some donors to issue VAT invoice for grants. Changes in the VAT law have not influenced the decisions of these donors to request a VAT invoice from CSOs implementing projects with their funds based on a grant contractual agreement.

Another change in the fiscal regime in 2015 that has affected negatively the operation of CSOs is the increased of profit tax from 10\% to 15\%, which is considered an added burden from the surveyed CSOs. The unexpected change has affected negatively the work of CSOs with

\textsuperscript{28} “Activity in the good and interest of the public” - means any activity that supports and develops spiritual and other humanitarian values for the individual and society, protects human life or health, secures and realizes public and social services, help and support in cases of disasters, protects the environment and develops culture and education about it, supports and develops cultural and historical values and traditions, science, education, physical and spiritual education, helps in the development of good habits and democratic values as well as any other aspect in the good and interest of the public.
\textsuperscript{29} http://monitoringmatrix.net/m-m-reports-coded/the-toolkit/
\textsuperscript{31} Law no 92/2014 date 24.07.2014 On VAT in the Republic of Albania, Article 51
\textsuperscript{32} Decision No. 4 dated 22.01.2013 of the Ministry of Finance “On some additions to Decision No. 17, dated 13.05.2008 “On the Value Added Tax” amended”
on-going projects, leading to amendments of the contracts with experts and consultants, as well as on the budgeting for new projects (e.g. increased total amount of costs). Based on the challenges identified with the tax/fiscal treatment of CSOs, there are several proposals from CSOs to improve the situation and create more facilities for their operation, such as: Deduction of profit tax; Different tax treatment; Differential treatment for fixed costs (water, energy, communication), unlike private sector; Increased non-financial support from local authorities; Differential fiscal treatment for CSOs which provide services; Application of warning before imposing a fine in case of breaching legal requirements; Training of CSOs on fiscal issues; Application of fiscal facilities for social business; Removal of the obligation to declare insurances for employees when the organization does not have activity; Deduction of local taxes; Organisation of inter-sectoral roundtables to identify new ways of collaboration; Creation of a special section in the fiscal system for CSOs, increased information of tax inspectors on CSOs.

There are no legal and practical changes with regards to passive investments and endowments in 2015, and therefore no favourable tax treatment is applied for CSOs and donors.

Standard 2: Incentives are provided for individual and corporate giving

The legal environment regulating donation has not been subject of change during 2015. The law on Sponsorships33 is the principle law governing the donation in Albania. The law defines as sponsors “only those subjects have the quality of merchant, being physical or judicial persons, local of foreign or joint ventures”, exempting thus individual giving from the benefits generated by this law on donations. The amount of sponsorship is recognised as a deductive expense up to the amount of 3% of the earning before tax (EBT), while the amount of sponsorship for the publishing house and publishing of literature works, scientific and encyclopaedia, as well as cultural, artistic and sportive activities is recognised as a deductive expense up to the amount of 5% of the earning before tax (EBT). Tax facilities stipulated in Article 5 of the law are executed by tax authorities based on the following documents: the sponsorship contract, and proofs for the execution of the sponsorship34. If the amount of the sponsorship is above the percentage defined in the law, it is not recognised by tax authorities as a deducted expense35. The legal framework clearly prescribes how to benefit tax deduction from donation, which is automatically recognized as a deductive expense in the on-line tax system, based on the report submitted by the subject, (up to the amount defined in the law). At the practice level, based on PA survey with some private companies that do philanthropic activity in the country, it is noticed a lack of understanding and lack of clarity on the legal framework on donations, therefore some of them do not claim tax deduction for their donations.

Despite this situation (lack of fiscal facilities for individual giving, and lack of clarity on the legal framework on donations), there are cases of donations in Albania. This is also reflected in the 2015 Annual Report of the Philanthropic Activity in Albania, prepared by PA, there are 217 cases of donations by individuals, private sector, CSOs, national and international institutions, and religious community identified in the report, as shown in the graphic 9 below:

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Donations to CSOs are at low levels (only 1%), and the reasons CSOs give for that are related with: lack of a culture of donations among businesses, lack of information and knowledge of businesses on the work of CSOs, and sometimes lack of trust and appreciation of CSOs.

In order to further improve the situation with donations, as it is proposed by the surveyed CSOs and foreseen in the Road Map for Drafting Policy and Measures for Enabling Environment to Civil Society, an amendment of the legal framework on sponsorship is needed. The legal framework should be more conducive for donations by the private sector, and should include individual donations in the tax deduction scheme, and the adoption of a law on philanthropy is required. In addition, in order to increase donations to CSOs increased awareness of businesses and promotion of donations is necessary, as well as establishment of mutual trust and a culture of cooperation between the private sector and CSOs.

The Business and Investment Development Strategy and the Action plan for 2014 – 202016 are the national documents stipulating implementation of the national policies for the promotion of businesses investment for 2014 – 2020. Corporate Social Responsibility (CSR) is a key part of the strategy that will ensure sustainable competitiveness for companies in Albania. In a recent report on CSR in Albania37, some of the challenges for Albania in relation to CSR, are related with the role of civil society organizations in the development of CSR. According to the report, CSOs has not yet defined their role and do not see their role as a constructive partner for helping the businesses to improve, Local/rural CSOs are not widespread, Media and NGOs have not yet grown into the role of critical investigative journalism and multi stakeholder cooperation and Public Private Partnerships are not usual.

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Sub area 2.1., reflects also the assessment of the following indicators of the EU CS Guidelines 2014-2020.

2.2.a. Quality and applicability/practice of the legal framework for individual and corporate giving

- Donations from individuals and corporates to CSOs are very limited. The legal framework

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Sub-area 2.2. State support

Standard 1: Public funding is available for institutional development of CSOs, project support and co-financing of EU and other grants

Due to the lack of official data on state support to CSOs, and for the purpose of this report, PA sent an official request to all the ministries inquiring: (i) the total amount of funds distributed in 2015 for CSOs; (ii) total number of organizations which have applied; (iii) total number of organizations which have benefited from these funds; (iv) the minimum and maximum amount of fund distributed; (v) number of services tendered by civil society organizations; (vi) total amount of contracts distributed for the procured services by civil society organizations; (vii) number of civil society organizations which have benefited non-financial support; and (viii) the type of the non-financial support.

Based on their responses, it was noticed that only the Ministry of Culture has provided funds in the form of grants for CSOs. Based on the article 26 of the Law “For the Art and Culture”, the Ministry of Culture is mandated to awards grants to physical and juridical person, legal entities, domestic and foreign that have in focus the promotion and development of art and culture in Albania. The grants program is organized through open calls and based on the criteria stipulated in the open calls. During 2015, the Ministry of Culture granted the total amount of 31,588,600 ALL (approx. 229,000 € for civil society organizations). The total number of the organizations that have applied is 118 CSOs from which 47 CSOs have been selected and awarded grants from the ministry. The minimum amount benefited by an organization is 107,000 ALL and the maximum 2,200,000 ALL (approx. 775 – 16,000 €).

The Agency for the Support of Civil Society (ASCS) remains the main public institution for support to CSOs, the ASCS has announced two call for proposal. The first call for proposal was launched on March 2015 and the second call of proposal on June 2015. The first call addressed nine priority areas based on the priority of the government and priorities derived through the consultative meetings that the Agency organized with CSOs. The second call for proposal addressed six priority areas inviting newly established organization and those that implement project with other co-financing donors.

The total number of CSOs, which have applied in the two rounds of calls, is 264, 185 and 79 CSOs for the first and the second call respectively. The total number of CSOs which were awarded is 59.
The total amount of funds available to CSOs in 2015 by the Agency is 111,500,000 ALL (approx. 807,000 €), respectively 73,500,000 ALL (approx. 532,000 €) in the first call and 38,000,000 ALL (approx. 275,000 €) in the second call of proposal. The minimum fund awarded is 500,000 ALL (approx. 3,600 €), while the maximum is 10,000,000 ALL (approx. 72,500 €) per organization.

During 2015, another source of funding available to CSOs was the National Lottery Fund. In compliance with the Law\(^2\), and following the Decision of the Council of Minister\(^3\) the Board for Good Issue was established. The Board, composed by representatives from the Ministry of Finance and the representative of the National Lottery, launched initially the call in March 2015 but postponed the application process and re-launched it in July 2015. The call was opened to public institutions, budgetary or non-budgetary, and physical and juridical non-budgetary entities. The total available amount of funds was 22,477,227 ALL (approx. 163,000 €) and it was allocated for short-term funding up to one year and for long-term funding up to three years.

The situation described as above shows for an insignificant support through public funds for CSOs, which is supported by the findings of the survey with CSOs. Only 12 out of 102 surveyed CSOs declared that they have received public funding in 2015. The amount of public funding received varied from 100,000 ALL to 4,000,000 ALL (approx. 730-29,000 €). In general, organizations which have benefited from public funding are organizations, which offer and deliver social services and organizations targeting development and empowerment of young people.

**Standard 2: Public funding is distributed in a prescribed and transparent manner**

In addition to the limited public funds for CSOs, the participation of CSOs in public funding cycle is considered not at all transparent by 45% of CSOs, and 70% of CSOs consider that public funding is not predictable, nor easily identifiable.

The rules and tender procedures for public funds are considered more applicable for the private sector, excluding CSOs for the process.

Compared with the MM Report 2014, the perception and experience of surveyed CSOs toward the performance of the Agency, has not changed. They have information on the role and functioning of the Agency and state that the Agency does not continuously support the CSOs and does not address the needs of the sector. Most of CSOs in the consultative meetings expressed that institutional and strategic investment for CSOs in Albania, especially the rural areas, is missing, even though this kind of support is one of the types of support that the Agency must provide for CSOs. The main concerns raised by the CSOs related with the ACSC, are:

1. There is a big number of notarized documents required in the application process, which make that application costly;
2. Lack of transparency in the selection process. Lack of written feedback on the results on the evaluation of the project-proposal and reasons for rejection;
3. There are problems with the evaluation standards and the integrity of the funding distribution mechanism;
4. Lack of transparency on the use of funds distributed.

One weakness of the call from the National Lottery Fund as it was also mentioned by some of the surveyed CSOs, was lack of information about the priority fields of supports. This lack of information brought confusion and put into question the transparency of the process for the evaluation and selection of the winners. On September 2015, the Board released the decision, based on which three projects were selected as the winners of the first call of proposals, among which two public institutions and one civil society organization. There was no information on the decision on the budget of each winning project funded. Some of the suggestion/recommendations provided by CSOs to increase and improve financial state support for CSOs are:

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\(^{2}\) Law no. 95/2013 For the Approval of the Licencing Agreement for the National Lottery between the Ministry of Finances, as the authorizing authority, and the “ÖSTERREICHISCHE LOTTERIEN”, GMBH company, through “OLG Project” SHPK

\(^{3}\) Decision of the Council of Minister no. 192, date 04.03.2015, Official Gazette 34/2015, pg. 1603
Sub area 2.2., reflects also the assessment of the following indicators of the EU CS Guidelines 2014-2020.

2.4.a. Increase of public funding for CSOs
- Public funding is insufficient for CSOs and only 1% of surveyed CSOs consider it is possible to access such funds. The only public body with a clear mandate to provide public funds in support of CSOs is the Agency for the Support of Civil Society, whose budget has not been significantly increased from previous years. Another considerable source of public funding for CSOs remains the Ministry of Culture that has granted the total amount of (approx. 229,000 €) for CSOs in 2015.

2.4.b. Quality of state funding frameworks for civil society organizations (focusing on procedural document)
- Perception of CSOs is that public funding cycle is not transparent and that public funding is not predictable, nor easily identifiable. The rules and tender procedures for public funds are considered more applicable to the private sector, excluding CSOs for the process. The procedures of ACSC for funding distribution to CSOs are also considered not transparent and burdensome from the administrative and documents requirements.
Sub-area 2.3. Human resources

Standard 1: CSOs are treated in an equal manner to other employers

The Labor Code and all related legislation treat all the employees in an equal manner, including those employed by CSOs. CSOs are subject to the same legal requirements and obligations with regards to employment as the commercial companies. Compared with the MM Report 2014, the number of surveyed CSOs declaring that state policies for employment are not at all stimulant for CSOs is increased with 18%, from 45% in 2014 to 63% in 2015.

The same problematic issue as in previous years remains with the legal liability imposed to CSOs to pay insurances for at least one employee, even in periods of time when the CSO have no funds and no activities. This requirement is burdensome especially for newly established small and voluntary-based CSO that do not have financial means to cover this payment with no running projects. Therefore, a revision and amendment of the legal framework on social insurances, taking into consideration the specific non-profit nature of CSOs, is needed.

In a recent report commissioned by BCSDN, the total number of employees that work within the sector in Albania is 7505 and represents 0.72% of employees in total employment scheme.44 Based on the findings of the survey conducted by PA, as reflected in the graphic 10, most of the organizations that participated in the survey have 0-5 employees full-time or/and part time (76% of surveyed CSOs have 0-5 full-time employees and 86% of surveyed CSOs have 0-5 part-time employees). The next interval with the highest number of surveyed CSOs is 6-10 employees. There are only two organizations that have more than 30 employee’s full time: ARSIS which offers community services for the youth people with 33 employees full-time, and Youth Albanian Parcel Services (YAPS). YAPS has 14 years of experience as an organization with a consolidated role in the market, that works in the social services area, delivers paid services for its target-groups, and operates as social enterprise also, with 120 employees full time.

Graphic 10. Percentage of Full-Time Employees in the surveyed CSOs

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44) “Economic Value of the Non-Profit Sector in the Countries of the Western Balkans & Turkey” BCSDN 2015, pg.12.
Standard 2: There are enabling volunteering policies and laws

After several years of discussions on the need to pass a special law on voluntarism, the draft law on voluntarism was prepared and deposited in the Parliament on 21 October 2015, and is currently under discussions at the parliamentary committees. The aim of the law is to regulate volunteer work and to increase citizens’ participation in the social life that, in the final instance, would contribute to the improvement of the quality of life in the community and promotion of solidarity values among people. The draft law provides for the preparation of a contract for the voluntary work specifying the rights and responsibilities of the volunteer and the provider of voluntary work. The draft law, in its article 20 provides the responsibility of the provider of voluntary work to reimburse to the volunteer the traveling and per diem costs for the execution of the voluntary work. With the approval of the law on voluntarism, it is crucial the monitoring of the preparation of the legal package to ensure that the legal framework would ensure tax-free reimbursement of travel expenses and per diems of volunteers.

Lack of state programs on voluntarism and incentives to support voluntarism, is associated with lack of official data on number of volunteers engaged with CSOs. As it can be noticed in the Graphic no. 12 below, most of the organizations, (62%) have 0-10 volunteers. There are only 4 organizations that have more than 100 volunteers as: Young Intellectuals, Hope (YIH), International Voluntary Projects (IVP), Artistic Agency of Spectacles in Korça and Albanian Center for Population and Development (ACPD). These organizations are mainly created and represented by young individuals. These organizations conduct massive campaigns, advocate and protect youth, women and children rights. Also organizations like International Voluntary Projects (IVP) are based totally on volunteers with the aim of exchanging volunteers through all over the world. Thus, the volunteers are mostly engaged on temporary bases, according to the needs of the organization for the conduction of specific activities.
Standard 3: The educational system promotes civil engagement

In the Albanian law on the professional education the definition of non–formal education is “planned learning through organized activities, not necessary drafted as learning areas, but which contains important learning experience.”\(^{45}\). The non–formal education is planned from the Ministry of Education and Sport and the Ministry of Social Welfare and Youth responsible institutions to ensure provide non–formal education with other stakeholders, including CSOs. During 2013 the Ministry of Education and Science started implemented the “Center Community Schools” program, aiming to re-dimension the role of school and to develop the potential of the students based on the collaboration school – parents – communities\(^{46}\). The program foresees the partnership with the CSOs in different areas of education and services. In practice CSOs are widely involved in non-formal education through provision of trainings, services and professional courses. In addition, CSOs can exercise non–formal education without having a license.

Sub area 2.3., reflects also the assessment of the following indicators of the EU CS Guidelines 2014–2020.

1.2.a. Number of employees in CSO (permanent and part-time)

The total number of employees that work within the sector in Albania is 7505 and represents 0.72% of employees in total employment scheme. Most of surveyed CSOs by PA have 0-5 full and part time employees.

1.2.b. Number of volunteers in CSOs per type of CSO / sector

There are no official data in the number of volunteers on CSOs. Most of surveyed CSOs by PA (62%) have 0–10 volunteers.

1.2.c. Quality of legislative framework

The labor legal framework is neither supportive nor discriminative for CSOs (including active employment policy). The draft law on voluntarism aiming to regulate volunteer work and to increase citizens’ participation in the social life for improvement of the quality of life in the community and promotion of solidarity values among people is prepared and passed to the Parliament on 21 October 2015, provides the reimbursement of travel expenses and per diem to volunteers.

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\(^{45}\) Law no. 63, date 26.06.2014 “For the Professional Education in the Republic of Albania ”amended, article 4, point c. Official Gazette 157/2014

\(^{46}\) http://educity.al/resources/programe/doc2.pdf
Area 3: Government-CSO Relationship

Sub-area 3.1. Framework and practices for cooperation

Standard 1: The State recognizes, through policies and strategies, the importance of the development of and cooperation with the sector

Continuous dialogue and cooperation among the state and CSOs is essential to enhance democracy within the country and should become rooted in the operation of state institutions in support of civil society organisation. The 2015 marked some positive developments in this regard. In May 2015, the Council of Ministers approved the Road Map for Drafting Policy and Measures for Enabling Environment to Civil Society. The objective of the Road Map is to enable Government of Albania to undertake an efficient decision-making process with respect to establishing new or improving existing mechanisms for cooperation with civil society in order to contribute to the promotion of participatory governance, inclusive policy making and stronger democracy within the country. The Road Map envisages nine areas of action, derived from the consultation with CSOs all over Albania that will contribute to improve the environment for cooperation and engagement with civil society. It is expected that the Road Map will contribute to a more efficient government and civil society cooperation, as a prerequisite for the sustainability and irreversibility of reforms undertaken within the frame of the EU accession process. The nine priority areas are as follows:

1. The national strategic policy environment for civil society development;
2. Institutions supporting Government-CSO cooperation;
3. Involvement of CSOs in policy making process;
4. Public funding framework for CSOs programs;
5. The new legislative framework for registration and work of CSOs;
6. Financial reporting / accounting and tax treatment for CSOs;
7. Collection of available data regarding civil society development;
8. Development of voluntarism;
9. CSOs contribution to Albania EU accession processes.

Another important development in 2015 was the approval of the law on the establishment and functioning of the National Council for Civil Society, an initiative of civil society organizations in Albania. Following the engagement of Albania Government at the National Conference “Social Partners – Time for Actions” organized in December 2013 and the advocacy work of the Joint Group for an Enabling Environment for Civil Society during the last two years, the Albania Parliament adopted in November 2015 the Law “On Establishment and Functioning of the National Council for Civil Society”. The law is a result of a wide consultation process organized with CSOs all over Albania. The National Council for Civil Society is a collegial consultative body aiming to guarantee institutional collaboration with civil society organizations in Albania, in favor of a consolidation democracy, good governance and increase of transparency through the better involvement of civil society in this process. The National Council will also contribute to the development of institutional cooperation with CSOs in drafting the implementation of the National Strategy and the Road Map, for creation of an enabling environment for civil society sector and inter-sectorial cooperation between public institutions and CSOs, and for the development of social capital and philanthropy. The Council will be composed by 27 members, from which 13 representatives from ministries, Prime Minister Office and from the Agency for the Support of Civil Society, 13 representatives from the civil society organizations, and one representative from the National Economic Council. According to the law, the Agency for the Support of Civil Society is the secretariat appointed to facilitate
the work of the National Council for Civil Society, and the Minister of Social, Welfare and Youth is the chair of the Council. The Council is expected to be established in the beginning of 2016.

**Standard 2: The State recognizes, through the operation of its institutions, the importance of the development of and cooperation with the sector**

The changes at the legislative, policy and strategy level, unfortunately are not accompanied by noticeable developments at the practice level in 2015. So, 39% of the surveyed CSOs declare that the cooperation between the state and CSOs is not improved, 36% that the cooperation is somehow improved, and only 25% declare that the cooperation is improved. Compared with the MM Report 2014 there is a decrease in percentage of CSOs who assess the cooperation with state institutions as improved (e.g. 43% in 2014 only 25% in 2015). In general, as shown in the Opinion Poll on Trust in Government, conducted by Institute for Democracy and Mediation (IDM)⁴⁹, there is a decrease of citizens’ trust in most of public institutions that were targeted by the opinion poll. Findings from the opinion poll show that there is a decrease of 3% in the level of trust in the Government, and decrease of 7% in the level of trust in the Parliament.

Moreover, around half of surveyed CSOs (52%) consider that state policies do not reflect a correct understanding of the contribution that CSO sector provide as per their field of activity. The state institution lack information on number, sector diversity and geographical distribution of CSO sector which hinders inclusive and effective participation of CSOs in policy and strategy design.

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**Sub-area 3.1. reflects also the assessment of the following indicators of the EU CS Guidelines 2014-2020.**

3.1.b. **Quality of structures and mechanisms in place for dialogue and cooperation between CSOs and public institutions in terms of:** - CSO representation in general, - representation of smaller/weaker CSOs, - its visibility and availability, - government perception of quality of structures and mechanisms, - CSOs perception of structures and mechanisms

- The Albanian Parliament adopted in November 2015 the Law “On Establishment and Functioning of the National Council for Civil Society”. The National Council for Civil Society is a collegial consultative body aiming to guarantee institutional collaboration between the state and CSOs in Albania, having an equal representation of CSOs and government.

- 52% of surveyed CSOs consider that state policies don’t reflect a correct understanding of the contribution that CSO sector provide as per their field of activity. The state institution lack information on number, sector diversity and geographical distribution of CSO sector which hinders inclusive and effective participation of CSOs in policy and strategy design.

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**Sub-area 3.2. Involvement in policy- and decision-making process**

**Standard 1: There are standards enabling CSO involvement in decision-making, which allow for CSO input in a timely manner**

The adoption of the Law on Public Notification and Consultation and the law on the Right of Information were two positive developments during 2014 in setting the rules for the right of information and notification and consultation, and establishment of transparency mechanisms in public institutions. Therefore, as in the section above, the legal improvements have not lead to significant changes at the practice level. Despite the legal changes, half of the surveyed CSOs,
consider that public institutions do not invite routinely all interested CSOs to comment on policy/legal initiatives at an early stages, while 23% of them respond that they are somehow invited, and only 6% of surveyed CSOs respond that they are very much invited. These figures are also supported by comments from several CSOs that there is a limited number of CSOs that are continuously invited, and CSOs outside Tirana are rarely invited in consultation processes at national level. As in previous years, problematic remain the situation with regards to the provision of adequate information on the content of the draft documents and details of the consultation with sufficient time to respond (e.g. 64% of surveyed CSOs declare that they are not provided with this information), provision of written feedback on the results of consultations made publicly available by public institutions (e.g. 77% of surveyed CSOs respond that this feedback is not provided), and reflection of comments and suggestions provided in the final documents.

Organizing public consultations requires specific knowledge and skills, and public servants who should engage in the process of policy-making should undergo targeted trainings to acquire those as part of their on-the-job training. Half of surveyed CSOs consider that the majority of civil servants in charge have not completed the necessary educational program/training to effectively engage civil society in this process, while 40% consider that they are somehow trained. Based on the figures it appears that there is still work to be done for the effective successful implementation of the legislation in regards to establishment of effective structures and increased human resources capacities for information and consultation with CSOs. In addition, a list of suggestions provided by CSOs to increase their involvement in decisions making, is as follows:

- Creating a database of CSOs, that includes their contact and their field of operation;
- CSOs should be more persistent, in order to be part of decision-making;
- More roundtables and periodical meetings should be organized;
- CSOs should be informed on time;
- Increased awareness of public institutions on an increased transparency toward CSOs;
- Establishment of monitoring mechanisms on the participation process;
- Increased consultation with CSOs in policy design.

Standard 2: All draft policies and laws are easily accessible to the public in a timely manner

Public access in the preparation of draft-laws and policies is not considered easy by most of the surveyed CSOs. So, around half of them (54%) assess public access to draft-laws and policies as difficult and very difficult, and 37% consider it somehow difficult. Nevertheless, there are cases of CSOs involvement in consultation processes for draft-laws by ministries and parliament, policies and strategies at central and local level. Some of the initiatives mentioned by CSOs are as follows: amendment of the Labor Code; Draft Law for the Establishment and Functioning of the National Council for Civil Society; Draft Law on Higher Education; Social Service Reform; Draft Law on Voluntarism; Draft Law on Social Enterprises; Draft Law for Local Self - Government; Draft Law on Hunting; Draft Law for the management on the Management of Dangerous Chemicals in the Republic of Albania; Amendment in the Law on Adoption Procedures and Albanian Committee of Adoption; The National Strategy for the Management of the Protected Areas and Tourism; The National Strategy against the use of Alcohol and Drugs; The National Strategy of Youth; The National Strategy for Roma and Egyptian Communities; The Judiciary Reform; Draft Strategy for the Management of the Protected Area Sazan – Karaburun; etc.

It is to be noted that public, including CSOs access and consultation in drafting of government decisions is almost impossible. They are not subject of the Law on Public Notification and Consultation, and this is identified as weakness of this law by the experts, as reflected in the MM report 2014. This is of crucial importance recognizing the normative aspect of these decisions in the operation of CSOs. The Albanian Parliament considers the participation of civil society in the legislative process as very important. Participation of civil society in the legislative process of the Parliament has served to an improvement of the quality of the legislation discussed and approved. The participation is evaluated with special importance in the discussions of issues concerning groups in
need as people with disabilities, women, children, minorities, etc.

According to the data provided by the Office for Cooperation with Civil Society at the Albanian Parliament, during 2015, there have been 47 hearing sessions organized by the Parliamentary Committees with the participation of 300 representatives of CSOs/interest groups/institutions. As shown in the Graphic 13 below, the Committee of Health and Productivity Activity, and the Committee of Trade and Environment are two committees that have organized more hearing sessions with CSOs/interest groups/institutions, respectively 15 and 13 public hearings, followed by the Committee on Legal Issue, Public Administration and Human Rights. The latest is the only committee that has organized 2 round tables with the participation of 43 representatives from CSOs, and has sent 10 draft laws for opinion. It is to be mentioned that the three committees are the ones with the largest number of meetings held in 2015, compared with the other committees.

In the information provided by the Parliament it is mentioned that the active participation of stakeholders in the legislative process is notable increased compared with the previous year. Nevertheless, there is still room for improvements, as compared with the total number of legal project-acts (389) discussed and approved by the Albanian Parliament in 2015, the number of hearing sessions organised with representatives of CSOs/interest is low (only 47).

Beyond these numbers, the is consideration and reflection upon the suggestions/recommendations provided by CSOs and other interest groups in the adopted laws is important. In this regards, findings from the Opinion Poll conducted by IDM, shows that 43% of the surveyed Albanians believe that inputs coming from CSOs and interested groups on draft laws are not taken into consideration.

In support of an increased transparency and cooperation with civil society, during 2015, the Parliament has been involved in a series of activities, as follows:

- Organization of the meeting of General Secretaries of the Western Balkan Region, in cooperation with OSCE, with the theme: “Parliaments and public participation in consultations and decision-making in the legislative process”.
- Training on “Parliamentary Transparence”, with the focus on exchange of experience with the Kosovo Parliament on the parliamentary transparency and cooperation with civil society.
- Trainings/informative sessions on “Building bridges between the parliament and civil society”, in cooperation with OSCE, organized in several cities.
- Update of the civil society register with 22 new organizations.
A series of consultations has organised the Agency for Support of Civil Society (ASCS) during 2015, out of which six consultations are organized with CSOs on the draft law “On Establishment and Functioning of the National Council for Civil Society”. Other consultations has been organized about the financial assistance of the EU pre-accession program, IPA 2015 in cooperation with the UE Delegation in Albania, on the Road Map for Drafting Policy and Measures for Enabling Environment to Civil Society, on the priorities of the ASCS Call for Applications no.7 which was consulted with 200 CSOs.

Standard 3: CSO representatives are equal partners in discussions in cross-sector bodies and are selected through clearly defined criteria and processes

Participation of CSOs in cross-sector bodies, is not considered an easy process by the surveyed CSOs, as 44% of the them responded that it is somehow difficult to participate in the cross-sector bodies, 28% difficult, and 20% very difficult, as it is reflected in the Graphic 14 below:

![Graphic 14. Participation in Cross-Sector Bodies according to Surveyed CSOs](image)

In regards to the transparency of the selection of CSOs in cross-sector bodies, the Graphic 15 shows that 59% of the surveyed CSOs consider that the selection procedures for the participation of CSOs in cross-sector bodies are not transparent.

![Graphic 15. Transparency in the Selection Process of CSOs in the Cross-Sector Bodies according to the surveyed CSOs](image)
Some of the recommendations provided by CSOs for an effective participation in cross-sector bodies are as follows:

• Adoption of bylaws and regulatory framework to define the criteria of selection for CSOs in cross-sectorial bodies;
• Obligatory rules for public institutions to publish information on the selection of CSOs in cross-sectorial bodies;
• Increased cooperation and mutual trust between public institutions and CSOs;
• Increased capacities of CSOs and public officials to effectively work together in cross-sector bodies.

Sub area 3.2., reflects also the assessment of the following indicators of the EU CS Guidelines 2014-2020.

3.1.a. Percentage of law/bylaws, strategies and policy reforms effectively consulted with CSOs in terms of: - adequate access to information; - sufficient time to comment; - selection and representativeness / diversity of working groups; - acknowledgement of input; - degree to which input is taken into account; - feedback / publication of consultation results.

- Public access in the preparation of draft-laws and policies is not considered easy by most of the surveyed CSOs. CSOs perception is that there is a limited number of CSOs that are continuously invited in consultation processes, and CSOs outside Tirana are rarely invited in consultation processes at national level. As in previous years, problematic remain the situation with regards to the provision of adequate information on the content of the draft documents and details of the consultation with sufficient time to respond, provision of written feedback on the results of consultations made publicly available by public institutions, and reflection of comments and suggestions provided in the final documents.

- During 2015, the Parliamentary Committees have organized only 47 hearing sessions with the participation of 300 representatives of CSOs/interest groups/institutions, while a total number of 389 project-acts have been discussed and approved by the Albanian Parliament.

Sub-area 3.3. Collaboration in service provision

Standard 1: CSOs are engaged in different services and compete for state contracts on an equal basis to other providers;

From the legal aspects, there are no changes affecting CSOs involvement in service provision. CSOs can compete for state contracts to provide services in the social area, education, healthcare, etc. Tendering and contracting procedures are ruled by Public Procurement Law which puts CSOs under unfavorable conditions with other service providers, like private companies. Competition with the private sector, with the same criteria, where the main criterion of the evaluation of bids is price, not taking into consideration the expertise and quality of service, puts CSOs at a disadvantaged situation, resulting with a small number of CSOs benefiting public procurement funds.

This year the Ministry of Social Welfare and Youth have prepared two draft Laws with an impact in this area: the draft Law on Social Services in the Republic of Albania, and the draft Law on Social Enterprises. The draft Law on Social Services reaffirms that social services can be provided by public and non-public judicial persons (including CSOs), that have a license for that purpose in compliance with the standards approved by the ministry responsible for social issues. The actual procedure to obtain a license to provide services is considered an easy one by 57% of CSOs involved in social services provision. The draft law presents some novelties and positive developments in regards to the contracting of CSOs in public service provision, addressing some of the recommendations provided through the years by
CSOs, such as: procurement of social services from the Municipalities (for service provision at local level) and State Social Services (for service provision at central level), through a negotiation procedure, as a special exemption from the public procurement legislation; evaluation of the offers will be done based on a fair rapport between the price and the quality of services, creation and administration of the Social Fund by the Municipalities on cooperation with the ministry responsible for social issues.

The purpose of the draft Law on Social Enterprises is to regulate the organization and functioning of social enterprises and to define conditions and criteria that need to be fulfilled by a subject in order to benefit the status of social enterprise. The status is given through a decision of the Minister responsible for social issues, based on the application of the interested subject. The draft law stipulates that social enterprises are non-profit organizations with membership, that based to the Law on Non-For-Profit are associations.

In Article 26 of the draft law it is stipulated that the state supports social enterprises through public contracts, and in Article 27 it is stipulated that public authorities, especially local ones support social enterprises through procurement of goods and services from these subjects, and the conditions and procedures for the signing of contracts with social enterprises are defined through a decision of the Minister responsible for social issues. During consultation with CSOs, there were identified some objections with regards to the law and the main one is the limited legal form of entities (associations) eligible to receive the status of social enterprises.

Standard 2: The state has committed to funding services and the funding is predictable and available over a longer-term period

The situation reflecting the state commitment to funding various types of services is similar with the previous years (MM Report 2013 & 2014). Financial opportunities form the state still remain at low level and the legal tender rules and procedures impose barriers to CSOs to receive public funding through public procurement. Some of the reasons are bureaucratic procedures, high expenses for the preparation of the required documents, and delays in disbursement of funds. Moreover the budget allocated for these service provision (as it is shown in the cases identifies in this report) is for short term period of the implementation and CSOs are not engaged in long term contracts for provision of services. As a result, most of the CSOs are not recipient of state funding for services and do not have revenues from state contract through public procurement.

Standard 3: The state has clearly defined procedures for contracting services which allow for transparent selection of service providers, including CSOs:

In practice, during 2015, the barriers imposed by the implementation of Public Procurement Law, are reflected in the responses of the survey with CSOs. 46% of surveyed CSOs consider that CSOs are not able to benefit contracts in competition with other providers, and 27% responded that they are somehow able. As a result, similarly with previous years almost all surveyed CSOs (94%) do not secure funds from public procurement in service delivery. Some of the reasons provided for this situation are as follows:

- CSOs do not have the expertise and capacities to compete for public service delivery through public procurement procedures;
- The expertise and experience of CSOs is not recognized by state authorities;
- Failure to fulfill procurement criteria;
- Lack of transparency in tendering procedure;
- Preferential selection of CSOs;
- Existence of public agencies that compete with CSOs in public contracting.

Problematic issues remain not only the contracting, but also the level of public funds, and the correctness in payments. So, 73% of surveyed CSOs consider that the level of public funds is not sufficient to cover service provision, and 64% consider that there is no correctness in payments.

Contracting procedures are considered somehow difficult by 55% of CSOs and difficult by 31% of CSOs. The reasons for this evaluation are mostly related with lack of information of public officials, and lack of experiences of CSOs with this type of contracting. Therefore one of the actions proposed to facilitate the contracting of
CSOs for public service provision from the state is increased capacities of CSOs in contracting procedures. Moreover, legal and policy changes are required by CSOs in this field. A permanent request of CSOs is the introduction of social procurement, which among other facilities that will present for increased involvement of CSOs in public tenders for social services provision, would give priority to the quality of services instead of the price of the services offered.

Standard 4: There is a clear system of accountability, monitoring and evaluation of service provision

Respective public authorities giving public funds to CSOs to deliver services are entitled to exercise control and monitor both the quality of the services they provide and for the spending related to the provision of these services. They have the right to inspect the premises in which services are provided, based on prior notification. With this regards, 75% of CSOs having experiences with contracts for service provision from the state, report that they are not subject to excessive control by the state, and 47% state that monitoring is performed based on a pre-announcement through mail or e-mail. One problematic issue with the monitoring identified by the representative of Help the Life organization is the lack of experience and professionalism of monitoring structures. She also state that states that monitoring results should be made public to motivate the organizations that fulfill the required standards, and penalties should be applied for those that do not fulfill these standards.

Some of the experiences of CSOs benefiting contracts for public service provision are as follows:

YMCA Albania in Shkodër – selected from the procurement procedure organized by Malësi e Madhe municipality in 2014 for the creation of a youth social enterprise and to raise the capacities of young people of Malësi e Madhe. The total amount of the public fund received was 220.000 ALL (approx. 1,600 €). The procedures for taking the license are considered difficult, contracting procedures are evaluated as bureaucratic and difficult, the fund was not sufficient to cover all the costs of the service, for which the organization was contracted to provide, and the payments were not made on time.

Protection of women and children rights association in Berat – selected from the procurement procedure organized by the Berati in 2014 municipality to buy toys for the children of the center. The total amount of fund was 200.000 ALL (approx. 1,450 €). The procedures for taking the license and the contracting procedures were considered easy, the payment was made on time, but the funds were not sufficient to cover all the cost of the service for which the organization was contracted to provide.

YAPS in Tirana - selected from the procurement procedure organized by the Electricity Power Distribution Operator (OSHEE) to hand out electricity bills to its customers. The procedures for taking the license were considered easy, the contracting procedures are considered somehow difficult wish some burocracies, the payment was made on time and the funds were sufficient to cover all the costs of the service for which the organization was contracted to provide.

Partners for Children in Tirana - selected from the procurement procedure organized by Tirana municipality to deliver services for disabled people. The contracting procedures were considered somehow difficult at the beginning because lack of CSO experience with these procedures, but with some training the procedures was made clear and easy. The procedure of taking the license was considered easy, the payment was made on time and the funds were sufficient to cover all the costs of the service for which the organization was contracted to provide.
V. Used Resources and Useful Links

List of legal and strategic documents, reports and analyses used


55) Directive no. 22 date 17.11.2014

Useful Links

Url: http://www.amshc.gov.al/
Url: http://www.delalb.ec.europa.eu/
Url: http://open.data.al/
Url: https://freedomhouse.org/
Url: http://www.kultura.gov.al/
Url: http://monitoringmatrix.net
Url: http://www.thealbaniancrowd.org/
Url: http://www.zgjedhje.al/
VI. Annex 1

Monitoring Matrix on Enabling Environment for Civil Society Development

CSOs Questionnaire

Questionnaire for the Matrix Monitoring on Enabling Environment for Civil Society Development Report

November 2015
CSOs Questionnaire

QUESTIONNAIRE FOR THE MATRIX MONITORING ON ENABLING ENVIRONMENT FOR CIVIL SOCIETY DEVELOPMENT

The purpose of this survey is to assess the implementation of laws, regulations and policies affect civic engagement and environment for CSDev. The survey is a component of a regional assessment initiative in the Western Balkans and Turkey. The results of the assessment will be used to develop two annual reports and an annual regional report which will be presented to the European Commission, Brussels. This initiative is funded by the Olof Palme Center, with funding from SIDA and Partnership Program for Civil Society Organisations of the European Union.

All the information gathered are confidential, they will be used for data analysis in the group without reference to any particular institutions case and particular names.

1. DEMOGRAPHIC DATA

Name of the interviewee

Position of the interviewee in the organization

Full name and acronym of the organization

Type of the organization

Association
Foundation
Center
Social Enterprise

Full address of the organization

Telephone and email
2. **BASIC LEGAL GUARANTEES OF FREEDOMS**

2.1 How do you assess the process of creating CSOs (Civil Society Organizations) from individuals and legal entities?

<table>
<thead>
<tr>
<th>Very difficult</th>
<th>Difficult</th>
<th>Somehow difficult</th>
<th>Easy</th>
<th>Very easy</th>
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2.2 How do you assess the freedom of individuals to participate in formal and informal organizations, offline and online?

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<th>Very difficult</th>
<th>Difficult</th>
<th>Somehow difficult</th>
<th>Easy</th>
<th>Very easy</th>
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</table>
2.3 If you consider it difficult, which are the reasons?

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2.4 How do you assess the state role in the governance and activities of CSOs?
(Please rank from 1 to 5, where 1 - Not at all, 2-Little, 3-Somehow 4 - Enough: 5 - Very much)

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<td>There is state interference in the internal governance of CSOs</td>
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<td>The sanctions are proportionate to the nature of the violation</td>
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<td>Sanctions are subject to a judicial review</td>
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<tr>
<td>There are surveillance practices of state occupation that impose burdensome reporting requirements.</td>
<td></td>
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</tr>
</tbody>
</table>

2.5 Please provide an example for any of the alternatives based on the experience of your organization

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2.6 Does your organization engage in direct economic activity

Yes [ ]
No [ ]

2.7 How would you rate the freedom that CSO have for providing financial resources from local and foreign donors?

<table>
<thead>
<tr>
<th>Very difficult</th>
<th>Difficult</th>
<th>Somehow difficult</th>
<th>Easy</th>
<th>Very easy</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

2.8 If your response is from 1-3, please explain why?

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..............................................................................................................................................................................................................................................................................................................................
..............................................................................................................................................................................................................................................................................................................................
2.9 How would assess the procedures to receive funds from individuals, cooperation and other sources?

<table>
<thead>
<tr>
<th>Very difficult</th>
<th>Difficult</th>
<th>Somehow difficult</th>
<th>Easy</th>
<th>Very easy</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

2.10 If your response is from 1-3, please explain why?


2.11 How do you assess freedom of peaceful organizing by CSOs?
(Please rank from 1 to 5, where 1 - Not at all, 2-Little, 3-Somehow 4 - Enough: 5 - Very much)

<table>
<thead>
<tr>
<th>The freedom of assembly is respected</th>
<th>There are limitations but the reasons are writing communicated in</th>
<th>There is no use of force exerted by law enforcement authorities</th>
<th>There are cases of freedom of assembly by CSOs without prior authorization</th>
<th>Media is present at these assembly</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
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<tr>
<td>2</td>
<td>□</td>
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<td>□</td>
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<tr>
<td>3</td>
<td>□</td>
<td>□</td>
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<tr>
<td>4</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
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<tr>
<td>5</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
</tbody>
</table>

2.12 How is the level of freedom of expression by the CSO?


2.13 What is your assessment about the CSO cooperation with media?


3. FRAMEWORK FOR CSO FINANCIAL VIABILITY AND SUSTAINABILITY

3.1 Do you secure income from the following sources of funding?
(Please rank from 1 to 5, where 1 - Not at all, 2 - Little, 3 - Somehow 4 - Enough: 5 - Very much)

<table>
<thead>
<tr>
<th>Source of Funding</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants from foreign donors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants from Central Government</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants from Local Government</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Services offered by the CSO</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public Procurement</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Volunteer Work</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

3.2 Based on the previous Fiscal year, what percentage of the financial resources of your organization has been received from the following sources (please indicate the total percentage in brackets) (please note that the total amount of different financial resources should not exceed 100%)?

- Central state institutions [------ %]
- Local state institutions [------ %]
- Local private companies [------ %]
- Foreign donors [------ %]
- Individual local donations [------ %]
- Membership fees [------ %]
- Tariffs/sale of services [------ %]
- Economic activities [------ %]
- Other (please explain): [------ %]

TOTAL (100%)

3.3 What is your assessment over the tax treatment of the following sources of income?
(Please rank from 1 to 5, where 1 - Not at all, 2 - Little, 3 - Somehow 4 - Enough: 5 - Very much)

<table>
<thead>
<tr>
<th>Source of Income</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct or indirect tax on grants is applied</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax benefits for economic activity are effective and support CSOs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sanctions are not applicable to passive investments of CSO</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
1. **3.4** Have you benefited from conditional donations (endowment) as a source of income for your organization?  
   - Yes [ ]  
   - No [ ]

2. **3.5** If your response is yes, what is the cost of endowment that enable the generation of income?  
   - .............................................................................................................................................................................
   - .............................................................................................................................................................................
   - .............................................................................................................................................................................

3. **3.6** What are the tax benefits that you’ll be requested to support CSOs?  
   1. .............................................................................................................................................................................
   2. .............................................................................................................................................................................
   3. .............................................................................................................................................................................

4. **3.7** How is the assessment of public funding (from the state) to support the institutional development of CSOs?  
   *Please rank from 1 to 5, where 1 - Not at all, 2-Little, 3-Somehow 4 - Enough: 5 - Very much*  

<table>
<thead>
<tr>
<th></th>
<th>Public funding is responds to the needs of the CSO</th>
<th>There are government bodies with a clear mandate for distribution / monitoring public funds</th>
<th>Funding is predictable, and easily identifiable</th>
<th>CSO participation in public funding cycle is transparent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
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<tr>
<td>2</td>
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<tr>
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<tr>
<td>5</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
</tbody>
</table>

5. **3.8** What amount of state funding did your organization received in 2015 _______________

6. **3.9** What are the tax benefits that you’ll be requesting to support CSOs?  
   1. .............................................................................................................................................................................
   2. .............................................................................................................................................................................
   3. .............................................................................................................................................................................

7. **3.10** According to your assessment how encourage are governmental incentive policies for employment in the civil society sector?  

<table>
<thead>
<tr>
<th></th>
<th>Not at all stimulating</th>
<th>Somehow stimulating</th>
<th>Neutral</th>
<th>Stimulating</th>
<th>Very stimulating</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
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<td>2</td>
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<td>5</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>
3.11 Are you aware of state programs that enable volunteerism??

Yes [ ] No [ ]

3.12 If your answer is yes, please mention it: _________________________________

3.13 What is your assessment of governmental programs that enable volunteerism?
(Please rank from 1 to 5, where 1 - Not at all, 2-Little, 3-Somehow 4 - Enough: 5 - Very much)

<table>
<thead>
<tr>
<th>Programs are transparent and easily available from the CSO</th>
<th>Administrative procedures for the organizers of voluntary activities are not complicated</th>
<th>There are cases of complaints over restrictions on volunteering</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>2</td>
<td>3</td>
<td>4</td>
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<tr>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>4</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>1</td>
<td></td>
</tr>
</tbody>
</table>

3.14 How stimulating is the educational system (formal and non-formal education) to promote civil engagement??

Not at all stimulating | Somehow stimulating | Neutral | Stimulating | Very stimulating |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

4. FRAMEWORK AND PRACTICES FOR COOPERATION GOVERNMENT - CSO

4.1 What is your assessment over the cooperation Government - CSO?
(Please rank from 1 to 5, where 1 - Not at all, 2-Little, 3-Somehow 4 - Enough: 5 - Very much)

<table>
<thead>
<tr>
<th>CSOs participate in all stages of the implementation of strategic documents dealing with relations State - CSO</th>
<th>Cooperation between the state and CSOs is improved</th>
<th>The implementation of strategic documents is monitored, evaluated and reviewed periodically</th>
<th>State policies for cooperation State - CSOs are based on reliable data</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
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<tr>
<td>3</td>
<td>4</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>4</td>
<td>5</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>5</td>
<td></td>
<td>2</td>
<td>3</td>
</tr>
</tbody>
</table>
4.2 Please provide any example for any alternatives based on the experience of your organization?

....................................................................................................................................................................
....................................................................................................................................................................
....................................................................................................................................................................

4.3 What is your assessment of the level of involvement of CSOs in decision making?

<table>
<thead>
<tr>
<th>Very low</th>
<th>Low</th>
<th>Somehow</th>
<th>High</th>
<th>Very high</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

4.4 If your response is from 1-3, please explain why?

....................................................................................................................................................................
....................................................................................................................................................................
....................................................................................................................................................................

4.5 How do you assess public access to the project - laws and policies?

<table>
<thead>
<tr>
<th>Very difficult</th>
<th>Difficult</th>
<th>Somehow difficult</th>
<th>Easy</th>
<th>Very easy</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
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</tbody>
</table>

4.6 Please list the laws in which you actively participated in 2015 (e-consultation, roundtable, working group, etc.)

1. .................................................................................................................................................................
2. ................................................................................................................................................................
3. ................................................................................................................................................................

4.7 Are representatives of CSO structures exist as part of inter – sectoral planning?

Yes [ ] No [ ]

4.8 How do you assess the process of representing the CSO in the inter-sectoral planning structures?

<table>
<thead>
<tr>
<th>Very difficult</th>
<th>Difficult</th>
<th>Somehow difficult</th>
<th>Easy</th>
<th>Very easy</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>
### 4.9 How clear and transparent are the criteria and selection procedures?

<table>
<thead>
<tr>
<th>Not at all</th>
<th>Little</th>
<th>Somehow</th>
<th>Enough</th>
<th>Very much</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

### 4.10 What are the three criteria that ensure that partnership to be effective?

1. 

2. 

3. 

### 4.11 What are the opportunities of CSOs to compete for state contracts?  
(Please rank from 1 to 5, where 1 - Not at all, 2-Little, 3-Somehow 4 - Enough: 5 - Very much)

<table>
<thead>
<tr>
<th></th>
<th>CSOs are able to benefit contract in competition with other providers</th>
<th>CSOs are involved in all stages of development and service delivery</th>
<th>In cases where a license is required, the procedures of taking it are easy.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>2</td>
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</tbody>
</table>

### 4.12 What is the role of the state in the financing of services provided by CSOs?  
(Please rank from 1 to 5, where 1 - Not at all, 2-Little, 3-Somehow 4 - Enough: 5 - Very much)

<table>
<thead>
<tr>
<th></th>
<th>CSOs are eligible for funding for services</th>
<th>CSOs receive funds sufficient to cover basic services that are contracted to provide</th>
<th>Payment is made at the time</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
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</tbody>
</table>

### 4.13 How do you evaluate procedures for contracting the services of CSOs?

<table>
<thead>
<tr>
<th>Very difficult</th>
<th>Difficult</th>
<th>Somehow difficult</th>
<th>Easy</th>
<th>Very easy</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
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<td>5</td>
</tr>
</tbody>
</table>
4.14 List the three conditions that would facilitate the contracting of CSO services from the state.

1. ...................................................................................................................................................................
2. ...................................................................................................................................................................
3. ...................................................................................................................................................................

4.15 How is the process of monitoring of the state structures to services provided by CSOs?
(Please rank from 1 to 5, where 1 - Not at all, 2-Little, 3-Somehow 4 - Enough: 5 - Very much)

<table>
<thead>
<tr>
<th></th>
<th>CSUs are subject to excessive control</th>
<th>Monitoring is performed based on procedures and pre-announced criteria</th>
<th>Monitoring results are made available to the public</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
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<tr>
<td>2</td>
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</tbody>
</table>

4.16 Please provide any example for any of the alternatives based on the experience of your organization?

...................................................................................................................................................................
...................................................................................................................................................................
...................................................................................................................................................................

4.17 List the three priority for creating an enable environment for the CSOs activity.

1. ...................................................................................................................................................................
2. ...................................................................................................................................................................
3. ...................................................................................................................................................................

Thanks for your time and contribution!