

I. Introduction and Background

This report presents information on training and technical assistance needs of the NGO sector in Albania, gathered by PA (PA) during a three-month national assessment. It also gives an overview of the status of the non-profit sector 11 years after the changes that brought it the freedom to organize.

The report is presented in three parts. The first part describes the needs assessment process as well as an overview of the circumstances in which the NGO sector has been developing. The second part discusses the assessment findings in different organizational capacity areas of the sector. The last part of the report presents PA conclusions and recommendations and an outline of PA's strategy to address the most urgent capacity development needs of the sector.

A. Assessment Purpose and Methodology

1. Purpose and Objectives

PA undertook the training and technical assistance needs assessment of the NGO sector as part of its initial USAID-funded three-year program in Albania. The mandate of this program and Partners' mission in Albania is the advancement of civil society and the development of a culture of change and conflict management in Albania. As one of the major elements of civil society, the NGO sector will be a primary recipient of Partners' capacity building programs. PA developed and conducted the training and technical assistance needs assessment in order to design an intervention strategy that would appropriately meet the needs of the NGO sector. Therefore, the main purpose of this assessment was to measure the sector's organizational capacities at a national scale, identify constraints, and utilize this information to guide PA's design of its training and technical assistance programs for the NGO sector.

In parallel, PA met with many Donors (see Annex 6) working with local NGOs, gathering information on their funding programs and future strategies in order to reveal gaps and ensure that PA's programs complement these initiatives.

This assessment is unique in the breadth of its geographical and NGO representation and the depth of its examination of the issues facing NGOs. Thus, PA is pleased to share the assessment findings with all those who are working to build the capacity of the NGO sector in Albania.

From this basis, PA believes that it will be important to continue to conduct periodic assessments of the NGO sector in order to track the developments of the sector and to address new and emerging needs into the future.

2. Approach and Methodology

When designing the needs assessment process, PA faced a number of obstacles, including limited time; lack of reliable information about the number of NGOs, their geographical coverage and areas of activities; and logistical difficulties in communicating with NGOs outside Tirana. In order to mitigate these constraints, PA developed the following methodology:

First, PA gathered all available information about the NGO sector in Albania through meetings with NGO umbrella organizations, international organizations, and other institutions, and from the various directories and publications currently available from these organizations. Most of the international donors' and organizations' reports indicated that the number of NGOs registered in Albania since 1991 is approximately 800. However, because there is no central information facility, which could track the number, location, and area of activity of NGOs operating in Albania, this figure is not reliable. Indeed, the information gathered by PA through various directories does not support such a high estimate. Therefore, PA tried to select a representative sample of the NGO sector for the assessment consisting of 160 NGOs, which accounts for 1/5th of the estimated NGO sector size.

To select a representative sample, PA tried to ensure that the total group of participating NGOs met the following criteria:

- ◆ *A wide national representation, considering the unequal distribution of NGOs in Tirana and outside-Tirana.*

- ◆ *Representation of NGOs working in the main sectors of activity¹: Democracy², Women, Social Services/Health, Business and Environment.*
- ◆ *Representation of NGOs according to their registration status: membership and non-membership organizations.*
- ◆ *Representation of NGOs according to the length of their existence: young (1-3 years), medium (4-5 years) and old (6 years and older).*

Second, after preparing an assessment directory of 160 NGOs, PA developed an interview questionnaire (Annex 1) as the survey tool for this process. PA decided to hold individual interviews with all participating NGOs so that it could ensure that the questionnaire was administered uniformly and the information collected was therefore as accurate and consistent as possible.

Third, in order to achieve as participatory a process as possible, PA invited 9 leading NGOs in the sector, most of which operate as umbrella organizations for the main sectors of activity (Annex 4), to share their thoughts and suggestions regarding the assessment process and methodology. Their contribution was very valuable to the finalization of the process.

Logistically, PA chose 6 cities as focal points for the assessment: Tirana, Shkodra, Kukes, Gjirokastra, Korca, and Vlora (Annex 3). PA selected these focal point cities on the basis of two main factors: their suitable geographic location enabling NGOs coming from surrounding cities to participate in the process, and the presence of infrastructure facilities that could support the process. The new Civil Society Development Centers (CSDC) in Kukes, Korca, and Vlora, funded by OSCE/SNV, the Women Center office in Shkodra, and the Besa Foundation in Gjirokastra, generously provided this assistance (Annex 5).

PA met with NGOs from the following districts (Annex 3) in the focal point cities as indicated below:

¹ Selection of these sectors was based on PA's scope of work in the NGO sector. Only one Cultural/Education NGO participated in the assessment process. PA did not find it representative; therefore it was excluded from most of the findings analysis.

² Sectors of activity are represented here in a random order. The grouping of NGOs in these sectors was done according to their self-determined sectors.

- **Tirana:** NGOs from Tirana, Durres, Elbasan and Kruje
- **Shkodra:** NGOs from Shkodra, Puka, Lac, Lezha and Malesia e Madhe
- **Kukes:** NGOs from Kukes and Peshkopi
- **Gjirokastra:** NGOs from Gjirokastra, Saranda, Tepelena, Permet
- **Korca:** NGOs from Korca, Librazhd and Pogradec
- **Vlora:** NGOs from Vlora, Fier, Lushnja, Berat

Although 160 NGOs were invited to participate in the process, PA met and interviewed a total of 130 NGOs, as some NGOs could not be reached and some chose not to participate. Each interview averaged one hour and thirty minutes and the interview phase lasted 7 weeks. Usually PA interviewed the Executive Director or Chairman of the organization, with a few exceptions when they delegated the meeting to staff or board members.

Meanwhile, PA constructed a database for the purpose of managing and processing the information. The information presented in this report is based solely on this data and PA's evaluation of it.

3. Context and State of the NGO Sector

The year 2002 finds the NGO sector in Albania with 11 years of freedom to be established. During these years the sector has grown in number of NGOs and expanded its activities. We now see more service provision from NGOs than we did before.

Important facts that have influenced Albanian society as a whole, and consequently the NGO sector, are the crises faced by the country in 1997 and in 1999.

The 1997 civil unrest erupted as a result of economic and political problems five years after the change from a communist to a democratic system. The collapse of the pyramid schemes marked the beginning of these crises. Albania suffered great damage and loss to infrastructure, resources, and people's lives during this time. As a result, the wounds in need of healing only grew.

The 1999 Kosovo refugee emergency found Albania still fragile from its previous changes, which had delayed the process of transition in the country. More than 500,000 Kosovar refugees found a home in Albania during the crisis. Although their stay was brief, Albania was left to face the consequences. However, Albanians and the international community agree that the unified response to the crisis was a step toward communal cooperation, lacking since the change of systems in Albania. Local NGOs played a very valuable role in this step and the overall crisis- and post-crisis response.

One of the most important legal changes in the NGO sector is the recent passage of the new NGO legal framework. Previously, the NGO sector was regulated by the November 1, 1994 Civil Code, which recognized citizens' rights to voluntarily establish non-profit organizations. Under the 1994 Civil Code, the law defined two types of non-profit organizations: Associations and Foundations.

The new NGO legal framework, passed in May 2001, consists of three laws: the law on "Some Additions and Amendments to the Civil Code of Albania," the law on "The Registration of Non-Profit Organizations in Albania," and the law on "Non-Profit Organizations." The new legal framework regulates the activities of the non-profit sector and includes several important changes, including the legalization of a new type of non-profit organization, the Center. The new laws permit NGOs to engage in not-for-profit income-generating activities, and consider the possibility of tax relief for NGO activities benefiting the general public. Registration procedures are now centralized in the Tirana municipal court, and the new laws provide for the creation of a central register, which will collect and maintain all the NGO court registration documents. This central register will be open to public access.

Although this legislation is a favorable step for the NGO sector, it has not been followed by clear enabling regulations. Therefore, the implementation of some provisions, such as financial reporting, taxation, registration format, etc. remains unfinished.

II. Assessment Findings

It is important to note that the findings of this assessment are based solely on the data collected through individual interviews with 130 NGOs participating in the process.

Although the total number of local NGOs is unknown, PA believes that the size of this sample allows for realistic analyses and conclusions about the status of the NGO sector in Albania. When discussing NGO funding, some participating organizations were reluctant to share this information with PA. Therefore, the financial data in this report is based only on the information received. However, PA feels that this information is still valuable and representative of the NGO sector. The analysis of the findings is based on four criteria: status of registration, sector activity, geographical location, and age.

A. General Overview of the Sector

1. NGO Density

As discussed above, it is hard to define the size and density of the NGO sector, because of a lack of a central information gathering point about the NGO sector. The changes in registration procedures over the years have also made it difficult to accurately measure the number of NGOs. Before 1994, the registration of NGOs was the responsibility of the Ministry of Justice and each Line Ministry that covered the sector of the NGOs' activities, respectively. Under the 1994 Civil Code, it became the local courts' responsibility to register the NGOs that were located within their jurisdiction. Now, with the new NGO Law that passed in May 2001, NGO registration is the responsibility of the municipal court in Tirana. Although the actual implementation of this procedure might take a while, when it is complete, the centralized system will enable the provision of accurate information on NGO registration in the country.

The dilemma of the actual number of NGOs in Albania has been discussed in different publications, and the question of what portion are active or non-active has remained an interesting discussion at different moments in time. In 1996, "An Assessment of Albanian Civil Society," a publication of the ORT Democracy Network Program, stated: "...There exist at least 100 to 150 NGOs, of which perhaps half in any sense are operational." The Albanian Human Development Report of 1998, published by UNDP Albania, asserted that: "...There are believed to be approximately 850 such organizations. From those NGOs registered, only 50 are regularly active (i.e. with their own offices, financial resources and regular publications)." The 1999 USAID Country Index, in "Development of the Not-for-Profit Sector," said: "There are about 500 to 600 local NGOs registered, about half of these

are fully engaged in on-going activities.” In 2001 the same index report said: “It is believed that there are currently between 400 to 800 NGOs in Albania, approximately 250 of which are active.”

As PA could not interview every NGO in Albania, the data analysis in this report will only present the situation of the 130 NGOs interviewed, and will look at how these 130 represent the sector as a whole. While it is impossible to obtain accurate information about the total number of NGOs in Albania, during the analysis PA have assessed the distribution of NGO registration over time in order to measure the growth of the sector’s overall size, sectors of activities, and registration status by year. PA divided the NGOs into three main groups depending on their date of registration: 1 to 3 years of age, 4 to 5 years of age and 6 and up years of age (Annex 7, Figure 4). It is clear that there has been significant growth in the sector in the last 3 years, as the number of young NGOs is equal to the number of old NGOs. Therefore, the sector has grown more during the last three years than it had during 1997 and 1998. When these age categories are compared to the geographical distribution of NGOs (Annex 7, Figure 10), there is a noticeable difference in the areas in which the middle aged and the younger NGOs are registered, compared to the older organizations. Hence, the sector has grown more outside Tirana during the past 5 years than it has within Tirana.

The comparison of age with sector of activity (Annex 7, Figure 5) shows that the business NGO sector has grown significantly during the past 5 years. The women sector has also grown considerably during the last 3 years, while health/social services has increased in number during the 1997 – 1998 years. Although the democracy sector has the highest representation in number of NGOs, we can see that majority of them were registered from 1991 to 1998. The environment sector shows an interesting change over time; during 1997 – 1998 there is a low number of NGOs registered in this sector compared to the previous years, but the sector experiences a growth during the past three years. Youth has had the same amount of NGOs registered in categories 1 to 3 years and 4 to 5 years, and this sector has grown at a faster rate during the last 5 years than the 5 years preceding this period.

The comparison of age with status of registration (Annex 7, Figure 6) shows that more NGOs were registered as Foundations during 1997 and 1998 than during the period before and after these years.

The question of what percentages of these NGOs are operational will be part of the discussion at different moments in this report and is subject to different standards of measurement.

2. Sectoral Diversity

The 130 participating NGOs' activity sectors are quite diverse (Annex 7, Figure 3). There has been a significant increase in the number of NGOs in all sectors during the last 5 years, especially in the women, business, health/social services and democracy sectors (Annex 7, Figure 5). Meanwhile, the geographical distribution of the activity sectors throughout Albania shows a different situation (Annex 7, Figure 8). As discussed above, the number of NGOs in all sectors of activity, and the number of NGOs outside Tirana have all increased. The data analysis shows that the geographical distribution of NGOs operating in different activity sectors varies considerably:

- Business NGOs are evenly distributed in Central and Southern Albania, while their highest number is in Tirana. North is not covered at all.
- Women NGOs have the highest number in Tirana, and are then located in decreasing order in the South, Central Albania, and the North.
- The number of youth organizations is evenly distributed in Southern and Northern Albania, while the Central region has a higher number, and Tirana has the highest.
- There are almost twice as many Health/Social Services NGOs in Tirana as the next closest region, Central. There are very few Health/Social Services NGOs in the North and South regions.
- The environment sector is the most interesting in the analysis of geographical distribution, as the highest number of NGOs is in the North, followed by Central Albania. There is a big difference in distribution between these two regions. Tirana and the South are the lowest in numbers.
- The greatest number of democracy NGOs is in Tirana, and the total number there is much larger than any other region. The other regions have similar representation with each other, but are ranked in the decreasing order of South, North, and Central Albania.

It is also interesting to look at the activity sectors by the type of registration NGOs within each sector have chosen. As it is shown (Annex 7, Figure 7), business NGOs have preferred to be registered as foundations more than associations. In the other sectors, a majority of organizations are registered as associations. Within this group, the democracy sector has the most foundations, followed by health/social services, women and youth. Environment and culture/ education NGOs are all registered as associations.

3. Nature and Scope of NGO Activity

During the assessment period and the data analysis, PA noticed that the nature of NGO activities has changed with time. It is fair to say that before 1998, NGOs engaged in more information dissemination types of activities, including seminars, workshops, studies, trainings, newsletters, etc.³ These activities were most common, because of the relatively low institutional capacity level of the NGOs and limited access to resources at that time. Therefore, NGOs tended to offer one-time, low-impact activities that did not require large financial resources and could be easily managed with the capacities they already had. The donor community supported these types of activities for local NGOs. On the other hand, donors supported a relatively small number of international NGOs in Albania with funding for long-term projects and/or programs in the areas of development and humanitarian assistance. In rare cases, Albanian NGOs received limited support to provide some sort of service, although the funding was short-term, and the NGOs had no sustainability strategies.

Only during 1999 and after did Albanian NGOs start to provide more services in their communities and for their constituencies. This change was influenced by the Kosovo Emergency and resources made available to Albanian NGOs from donors in order to provide services. PA has noticed that during the last 4 years, NGOs are turning more towards service provision projects, while simultaneously realizing that they need training and technical assistance in this area. Although NGOs provide more services today, in general they still lack the institutional capacity to implement them fully, as well as the ability to respond to community needs and to involve the community in the activities.

³ ORT Democracy Network Program, "An Assessment of Albanian Civil Society," 1996.

One primary cause for this is NGOs' dependence on donors. Many NGOs feel the necessity to follow donor policies, even when they do not fall within the NGO's mission or address the actual needs of the community in which they work. In fact many NGOs have problems identifying their beneficiaries or are providing services to beneficiaries not within their mission. An additional problem is that after the funding ends, most service-provision projects, especially those in the social sector, are forced to close with no plans for continuation. There are a few exceptions when continuity is ensured with government participation, but usually not at the same funding level as when donor-funded. There are also some cases when donors continue funding the same service-providing project or administrative expenditures continually.

As the NGOs themselves acknowledged, and PA evaluated, there is a lot of work to be done in offering training and technical assistance to the sector in this area. While NGOs have received funding to provide services, in very few occasions has this funding been accompanied by training and technical assistance towards capacity building of the NGOs.

Finally, when PA asked NGOs to describe how they develop their organizational programs, most NGOs spoke instead about specific projects. Program and project development will be discussed in more detail later in this report. But, it is important to mention here that most NGOs developed programs/projects because of donor requests and priorities, rather than as part of a long-term strategy and vision, or in response to identified community needs. At the same time, NGOs usually did not review their programs/projects to address changes in community needs, but because donor requirements changed.

4. *Organizational Governance Structure*

Based on PA's assessment, the analysis criteria (registration status, sectoral activity, age, and geographical distribution), impact the organizational structure of NGOs in several ways. First, the governing body differs significantly by the status of registration. Most membership organizations indicated that their highest decision-making body by statute is the General Assembly or meeting of their members. The other layers in their governance structure include the Presidency or Chairmanship (sometimes called Board⁴), usually consisting of a

⁴ The Presidency/Chairmanship/Board is referred to as "Board" in this report for simplicity in data analysis.

president or chairman; the vice president/chairman; a range of secretaries varying from one organization to another; and the executive staff.

In membership organizations, the Board is elected by the general assembly/meeting on a regular basis as described by each organization's statute. The general assembly/meeting is responsible for strategic decision-making. The Board is the responsible leadership body for pursuing the organization's actual direction, by developing program/project ideas to achieve the strategic decisions, objectives and plans. The executive staff has the responsibility of implementing activities in the organization.

PA's assessment shows that the Board often takes the role of the executive staff in membership organizations. Some of the reasons behind this phenomenon include the limited institutional resources NGOs have to maintain permanent staff; the lack of a well-developed understanding of organizational structure; and the lack of understanding of the concept of a volunteer board. PA found that many NGOs do not understand the division of responsibilities between these bodies. Therefore, when they were asked to speak about the structure of decision-making in their organization starting from the highest level to the lowest, and then later on to describe the responsibilities of each body, their answers were often contradictory.

Geographical distribution, and to a lesser extent sectoral distribution, impact how the Board and executive staff responsibilities are divided in reality. For instance, in Tirana-based NGOs, there are more examples of separation in these two bodies' scope of work than outside-Tirana NGOs, where they are mixed more often. Similarly, the democracy and women sectors have more examples of division of labor than other sectors. PA found during the assessment that in many organizations, board members were often hired as project coordinators when their area of expertise overlapped with the project's area of work. NGOs gave two explanations for this phenomenon: a) limited resources for hiring permanent staff, and b) the practice offers a way in which they can compensate board members for their work in the organization.

The other group of NGOs, the Foundations, appeared to have more defined organizational structures in practice. The actual duties and responsibilities of foundations' Board of

Directors were generally close to their intended role. When organizations had statutes or board bylaws, the board responsibilities seemed to be more clearly executed.

Annex 7, Table 1 gives a better picture of the status of boards in the organizations PA interviewed. Only 27 out of 106 associations and 8 out of 24 foundations had board bylaws. In terms of age, the oldest and youngest organizations have more bylaws developed than the middle-aged NGOs. Though there were more NGOs interviewed within the democracy sector than any other sector, only 4 democracy organizations out of 32 interviewed had bylaws. NGOs within the women and business sectors were more likely to have bylaws. Geographically, it is interesting to note that northern NGOs tended to have bylaws more than southern NGOs.

With respect to the age and gender of board members, it is interesting to note that no foundation, and a very small number of associations, had board members under 25 years of age. While both genders are evenly represented on association boards, there are almost twice as many male as female board members in foundations. When evaluated by the age of the NGO, there are more female than male board members in the older NGOs. With regards to sector, one can easily find board members under 25 years of age in the youth sector. In terms of gender, democracy, business and environment NGOs have considerably more male board members than female ones. In the women sector, there are almost no male board members.

The majority of NGOs who gave detailed information about their board also expressed the wish that their board be more involved in the organization's activities and fundraising efforts.

5. Cross-Sector Cooperation

NGO-NGO Cooperation

NGOs in Albania work together towards the achievement of their organizational goals. The majority of NGOs interviewed had shared activities at least once with one or more other NGOs. Some of the types of cooperation were: exchange of information; participation in each others' activities; lobbying; coalitions; giving and receiving assistance through use of equipment, office space, and staff training; raising funds through umbrella settings; joint donor requests, etc. (Annex 7, Table 3).

All of these organizations recognized the importance of working together. For the service-providing NGOs, the benefits of cooperation were mainly the fulfillment of multiple client needs. Due to complex and diverse needs in society today and limited resources, some NGOs have created “theme networks.” This is common especially in the women sector. For example, if an organization provides counseling to abused women, but they do not provide other services, they may refer their clients to another NGO within the network if they need legal representation/advice, employment, training, etc. Likewise, the other organizations in the network may do the same. Other benefits of cooperation named by NGOs were: raising awareness in the whole community for different issues; and sharing work and using others’ strengths when implementing a project.

When the cooperation was donor-financed, PA found that sometimes NGOs decided to work together in order to meet the donor’s requirement that organizations cooperate in order to receive funding.

One difficulty that organizations identified was the “unfair distribution of work and responsibilities” resulting from informal agreements at the beginning of the cooperation. When this was the case, they evaluated the cooperation as unsuccessful, even if the objectives of the project were met. NGOs found it difficult to divide work fairly after they had jointly received the funding. This difficulty was mentioned also in cases of coalitions. Some NGOs told PA that members of coalitions did not always share the same amount of work, and that different projects sometimes were not successful because of misunderstandings during the process. Financial management and reporting were identified as another problem or difficulty of financed co-operations. Lack of transparency between partners seems to be one of the issues that lead to this problem. This was not only a problem in financed cooperations. Many NGOs, especially among the youngest, mentioned that it was difficult to cooperate because getting information is not as easy as it seems. Because of competition for funds, NGOs sometimes tended not to share information with each other.

PA’s assessment showed that younger NGOs are more interested in sharing information and participating in un-funded co-operations than older ones.

Most of the NGOs interviewed requested training in developing cooperative initiatives of all types, especially formal and structured initiatives.

NGO-Government Cooperation

Cooperating with government at any level is considered common and necessary for NGOs. They recognize government's role in their activities. They see the government as an important partner because of the facilitative role it plays when working with the community (e.g. official permissions, more credibility). However, the sustainability possibilities of NGO-Government cooperation were not as strongly considered.

The methods of cooperation with government are similar as with other NGOs, including exchange of information and experience and joint projects. Some NGOs are regularly invited to meetings to assist the government in different issues. As with NGO-NGO cooperation, sometimes NGO-Government cooperation is a prerequisite for donor funding. However, in most examples of NGO-Government cooperation that PA found, the government was in the donor's position. The government's financial support comes in various forms. Sometimes the government has directly funded parts of activities or projects, and sometimes it has assisted through rent-free office space, conference rooms, supplies etc. Some NGOs are hired by the government to deliver training to its employees, develop strategies, implement projects, etc. (Annex 7, Table 4).

NGOs expressed that the constraints to NGO-Government cooperation were numerous, though manageable. Some common complaints from the interviewed NGOs include:

- Government officials are not interested in NGO activities;
- Government representatives do not understand NGOs' role in society;
- Government officials do not have the same qualifications as NGO staff. Therefore, when there is a joint project, they are less prepared and difficult to work with;
- Government does not have resources to support NGO activity;
- Data and information gathering from the government is very difficult;
- Cooperation is based too often on personal relationships, and not official ones.

PA found that cooperation with government was easier for NGOs outside Tirana, especially in northern and southern Albania. Local authorities in these areas were accessible and resourceful for NGOs. At the same time, NGOs outside of Tirana shared more information on their activities with local authorities than NGOs in Tirana. Several NGOs also thought that with the passage of the new NGO law, it will be easier to work with government authorities.

PA found no cases of state harassment during the needs assessment. Some NGOs mentioned cases of disagreements with tax authorities, but these were mostly resolved with time.

NGO – Business Cooperation

There are a few circumstances under which NGOs have cooperated with business (Annex 7, Table 5). One example is when businesses are members of the organization that represents them (e.g. in an Association). In this circumstance, they contribute membership fees. As we will see later on, these organizations have been highly maintained by their membership contributions, especially during the past 3 years.

Another example is when they pay an NGO for services, such as development of business plans, staff training, etc.

It is unusual for businesses in Albania to give money to NGOs in a structured and continuous way. PA found that when businesses make donations to NGOs, they fund small, one-time activities, and most of these are children's activities. Few NGOs from the 130 interviewed had received what they perceived as a considerable amount of money from the business sector. It is interesting to note again that NGOs outside of Tirana were more successful in raising funds from businesses, even if the funding was very small. A large number of NGOs had not even approached businesses for funding, because they believe the business sector in Albania is not well developed and cannot afford to contribute. They also think that until businesses receive tax relief benefits for money donated to the NGO sector, it is not worth asking them to contribute. When asked if they had thought about offering advertisement possibilities to businesses in the community or other ways to attract business

contributions, NGOs answered that they need training in developing these types of cooperative initiatives.

NGO-Media Cooperation

The data gathered by PA shows that at some point in their lifetime, all NGOs have cooperated with at least one media institution. The main reasons for the cooperation have been: advertisement of services offered by NGOs; media coverage for their activities; education and awareness campaigns as part of a specific project or program; training programs for journalists (mainly in Tirana); and media requests to NGOs for expert opinions and/or data about specific issues, such as trafficking of human beings etc.

As in previous types of cooperation, local media outside of Tirana seem to be more accessible to NGOs. PA found that in most cases, requested media coverage materialized as a result of personal relationships between the NGO representative and the journalist. Most NGOs interviewed told PA that they must normally pay for public service announcements, and that the media tariffs are quite high and a strain on NGOs' limited resources. Tirana-based NGOs had more difficulties accessing media institutions, and told PA that even when they invite journalists to cover a story, sometimes they do not come. Some NGOs said that when media request information about different issues, the printed story sometimes does not contain the correct information. They believed that information is changed in order to sensationalize the issue.

When asked to name difficulties to NGO-media relations, most NGOs responded with the high cost of advertising, and journalists' low level of professionalism. Most also thought that NGO representatives need Public Relations training.

B. Institutional Capacity

1. Strategic Planning

One issue that PA discussed at several points with the interviewed NGOs was their understanding of their short- and long-term position and role within society, and their development of strategies based on this understanding. For programs and projects to make a

difference in people's lives, NGOs must develop them as part of a vision and strategy. Indeed, PA found that all NGOs interviewed have a mission statement that is part of their statute. However, PA was surprised to find that not all NGO representatives who were interviewed could articulate the mission of their organization. Also, less than half of the NGOs interviewed had developed a strategic plan (Annex 7, Table 1). In cases where strategic plans did exist, the plans were often developed with the assistance of an external consultant. As a result, PA found that NGO staff, board, or members were not very involved in the process. Of course, NGOs that offer strategic planning as a service to other organizations were not part of this trend. The NGOs that provide such services consist mostly of research and strategy development institutes in the democracy sector and development agencies in the business sector. All of these organizations had received intense training and technical assistance from foreign consultants. Finally, when asked to speak about their organization's objectives, most of the NGOs interviewed had difficulty identifying objectives, and spoke instead about outcomes and, sometimes, activities.

A considerable number of NGOs were able to answer affirmatively that they utilize work plans. However, these plans were typically not long-term organizational work plans. They were either short-term, weekly plans developed during staff meetings at the beginning of the week, or long-term plans based on one specific project. NGOs felt that it was difficult for them to develop longer-term organizational work plans, as their work is based on individual project initiatives and donor funding. Therefore, they felt they could not plan their organization's activities before receiving funding. This phenomenon has much to do with the way projects are developed. In most cases, NGOs develop projects based on donor criteria and areas of priority intervention. Thus, they are not developed as part of the NGO's own programs and strategy. Even when they are, the NGOs revise their programs every time donors launch new funding initiatives, making the overall strategy of such programs questionable. The few exceptions to this trend were in cases when NGOs receive long-term assistance in money and capacity building from international organizations or have a long-term and constant donor funding.

2. Management Systems

While at least half of the NGOs interviewed operate out of offices, less than half are satisfied with the infrastructure. Only a few NGOs own their offices, and the rest either rent space or receive rent-free office space through cooperation with local government (Annex 7, Table 2). Among the NGOs who rent offices, PA found that older NGOs and Tirana-based NGOs, as well as some younger NGOs established after the Kosovo emergency, have had consistent funding in order to maintain stable offices. The rest are forced to close and reopen offices as they receive project funding. Over 30% of the NGOs interviewed are unable to maintain any office.

PA's needs assessment also addressed organizational systems and procedures (e.g. personnel policies, financial reporting systems, etc.). As Annex 7, Table 2 shows, only a small number of interviewed NGOs have formal systems and procedures in place. The oldest NGOs have the best-developed procedures. These organizations mostly fall in the democracy, women and business sectors, and are concentrated largely in Tirana. Most of the organizations interviewed explained that they cannot maintain set structures in the organization because of limited and/or project-based funding, and that therefore there was no need to develop manuals of procedures, personnel policies, etc. When organizations that have such systems were asked how useful they found them, most answered "partially." The systems were generally developed with assistance or funding by international organizations, and may not have met the specific needs of the organization.

In terms of administrative systems, procedures and skills, PA found that most NGOs did not have systems in place, even when they have the infrastructure to do so. Only organizations that had received continuous, long-term funding accompanied by technical assistance had successfully developed structures and procedures. Less than half of NGOs interviewed have an expenditure authorization system in place (Annex 7, Table 7), and even a fewer number operate with an annual budget. Financial reporting is done mostly based on donor formatting, and only a few NGOs have a unified system. Only 27 NGOs out of 130 interviewed have gone through at least one audit process.

Less than half of interviewed NGOs operate with permanent staff (Annex 7, Table 6). Since most NGO work is project-based, staff size expands and contracts depending on the funding available for projects. As a result, it is not a very stable employment environment,

institutional memory is lost, and staff must be dismissed even when time and resources have been invested to build their capacity.

PA found that few organizations have a staff development program. Most staff training benefits only the managerial staff; thus, organizational systems tend to be quite centralized. Training for other staff is often ad hoc, based on whatever opportunity presents itself. Therefore, the training may not be best suited for the organization's need.

Organizational programs and projects are usually designed by one or a few individuals, often the executive director or members of the board of directors. Staff is not involved in the development of programs/projects very extensively and they usually only participate in the implementation. Thus they do not have the opportunity to contribute to program/project design or develop their skills in this area. NGOs acknowledge that this is one area where staff training and technical assistance is needed, particularly in project development, setting of indicators, monitoring and evaluation systems, and needs identification.

3. Member/Volunteer Relations

PA found that as associations (i.e. membership organizations) increasingly manage service provision types of projects, they are facing a number of problems in relations with their members. First, these organizations are providing services to beneficiaries outside their mission and membership base. Second, they are not consistently involving their members in the provision of these services. Although PA recognized this as an issue, only one NGO actually mentioned it in the interview.

PA found no examples of member recruitment and/or involvement strategies during the assessment. As Annex 7, Table 8 shows, younger organizations (e.g. those established after 1997) have attracted substantially fewer members than older organizations (those established before 1997). NGOs told PA that communication with their members is difficult because of limited resources, but that they try to communicate often through different ways, eg. telephone, mail.

PA found that NGOs outside of Tirana communicated more easily with their members, and could name several cases when members were involved in project activities. Organizations within the Environment and Youth sectors outside Tirana seemed to be the ones who involved and informed their members more than other sectors.

PA and the NGOs themselves both recognized volunteer recruitment and retention as a difficulty. NGOs have virtually no systems to recruit and organize volunteers, and instead do so on an ad hoc basis. Most NGOs do not measure or value volunteer work or contributions to the organization in monetary terms. Little is invested in volunteer capacity building, considering the number of volunteers activated by NGOs (Annex 7, Table 6).

4. Financial Sustainability

Note: In its interviews, PA asked for information on funding for years 1998, 1999, 2000 and 2001. Please note that not all NGOs answered financial questions, and the data analysis is based only on those who did. When NGOs answered, very few gave exact numbers; the majority gave estimates. Nevertheless, PA felt that the data collected was to some extent representative of the 130 NGOs interviewed and would give a basic idea of the financial sustainability of the sector.

As discussed above, the NGO sector is very donor dependent. Although funding has increased (Annex 7, Figures: 12,14,15), most of it has been donor funding. It is interesting to note that although funding to the sector as a whole has increased, associations have received more money, while foundations' annual budgets decreased in 2001 (Annex 7, Figure 13). The comparison of annual budgets by sector (Annex 7, Figure 14) shows that the democracy sector enjoyed an increase every analyzed year. The women sector received an increase until 2000 and a decrease in 2001. Youth, on the other hand, decreases from 1998 to 2000 and then suddenly increases in 2001. The environment sector's budget showed an increase until 2000, and not much change in 2001. Health/social services NGOs have had an increase in their budgets from 1998 to 2000 and a small decrease in 2001. Business had its highest budget in 2000 with a decrease in 2001, though the level of funding is still higher than in 1998. The most striking fact is the vast increase in the 1999 budgets of democracy, women and health/social services, while business and environment show a more constant growth

over time. It is evident that the priorities of society in 1999 and 2000 were social problems linked partially with the development of the Kosovo emergency.

Geographically, in 1998, we see that Tirana and south NGOs had the highest budgets, while north and central Albania NGOs had very low financial resources (Annex 7, Figures 21, 22, 23, 24). In 1999 and 2000, we see an increase in all regions, except the south, which had a decrease. In 2001, north and Tirana-based NGOs continue to have an increase, south NGOs have a small increase, and central Albania NGOs suffer a decrease in their budgets. Tirana and north NGOs are the only ones who have had a continuous increase (Annex 7, Figure 25). This outcome is understandable, considering that most of the Tirana NGOs are the oldest and have the best developed fundraising skills and the north received special consideration from Donors during and after the Kosovo emergency.

When we look at funding sources (Annex 7, Figure 11), what has been discussed at all stages in this report becomes quite evident. Donors are almost the only contributors to the NGOs' annual budgets. In years 2000 and 2001, there is a small increase in government and "other" contributions. Most of the time, NGOs did not give a clear indication of what was included in "other" sources of funding, but some said that profits from services and private individuals were meant as "others." When we examine the sectoral distribution of donor funding (Annex 7, Figures 16, 17, 18, 19), we see that in 1998 the women sector led considerably, followed by business, democracy, health/social services, youth, environment and education/ culture (in decreasing order). In 1999, the women sector continues to lead while democracy is second with a considerable increase, followed by health and social services, business, environment and youth. The same situation occurs in 2000, where the women sector continues to lead, followed by democracy, health/social services, business, environment and youth. In 2001, the situation is different. Democracy is the leading sector in this year, followed by women, health/social services, business and youth very close to each other, and lastly, environment.

As we can see in Annex 7, Figures 20 and 25, in general, funding is either remaining constant or decreasing. The exceptions to this trend are the youth and democracy sectors, and Tirana- and north-based NGOs, which are receiving increasing donor funding.

III. Conclusions

As a result of the needs assessment, PA has come to the following general conclusions about the sector:

The number of NGOs has increased considerably over the past 11 years. This increase in number has included the following characteristics: increase in numbers of NGOs outside of Tirana; increase in numbers of NGOs registered during the past 3 years; and an increasing diversity in the sectoral distribution of NGOs. Over the past five years, this diversity was influenced by the 1997 and 1999 crises faced by Albanian society.

NGOs operate on project-based activities and there has been a substantial increase in service provision types of projects. NGOs face difficulties in community needs assessment, ensuring sustainability for their services, planning, monitoring and evaluation. As a result, the services NGOs provide may not be of the highest quality and their continuity may be threatened.

NGOs continue to have centralized structures. As a result, secondary staff is not very involved in decision-making. There is not much room for staff development, although some may have attended trainings in several different topics. The structure and division of responsibilities within NGOs are often unclear and confusing. Only a few NGOs have systems and procedures in place, and in some cases they are regarded as unnecessary when the organizations do not have long-term and administrative support funding.

Compared to previous years, NGOs cooperate more with each other, government entities, media, and to some extent, business. When cooperating with each other in financed initiatives, they face difficulties dividing responsibilities equitably, setting structures, and sometimes sharing information. There are more cases of cooperation based on contractual agreements with government entities and NGOs. PA perceives that the difficulties NGOs identify come from the inability of parties to translate different issues of concern or interests into common goals. Cooperation is also often built on personal relationships and not based on institutional needs.

Business is not a significant contributor to NGOs' financial sustainability. However, NGOs have not explored this possibility very much. Because businesses do not currently receive tax benefits from the government for contributions to NGOs, the organizations do not believe they will be interested in making donations. NGOs also believe that businesses are not currently powerful enough to make substantial contributions.

NGOs generally lack trust in the media sector. NGOs must pay high fees for public service announcements. In only a few cases, did NGOs receive services free-of-charge. These cases were based on personal relationship agreements. NGOs requested training in Public Relations skills.

NGOs have difficulty understanding their role in society, and consequently positioning themselves through a strategy. Most NGO projects are a reflection of donor-defined priorities. These priorities address the broad development needs of Albania. But, NGOs' dependence on these priorities prevent organizations from creating coherent strategies and programs based on the real needs identified in their specific communities. NGOs have no long-term strategies for the overall impact they would like to make in society, and almost no systems to develop programs that contribute to the achievement of this strategy. As a result, the over-reliance on donor-mandated programs is one of the biggest barriers for the sector to overcome in the future.

PA evaluated that membership organizations are facing a new era. In a time when they are developing and implementing more service-oriented projects, they are simultaneously moving farther away from their members. Communication with members is weak.

Although volunteer work is seen as valuable and useful, there are very few cases when volunteer contributions are measured in financial terms. NGOs do not focus on capacity building and do not manage volunteers to utilize their resources in the best way.

Almost all funding to NGOs comes through international donors and organizations, and NGOs remain donor dependent. Organizations are aware of the difficulties this brings, but have not considered other solutions. A window of opportunity has opened with the passage of the new NGO law. NGOs are now facing the possibility to engage in income generating activities, but lack experience and capacity to manage this situation at their best.

IV. PA Strategy of Intervention

Introduction

PA will address the change and conflict management and organizational development needs identified in the NGO sector by providing a range of innovative training programs and technical assistance to NGOs as well as through its Social Development Grant Fund. The training and technical assistance and grants will have three main goals:

- Improve NGOs' effectiveness in the pursuit of their missions
- Improve NGOs' sustainability
- Improve cooperation among NGOs and between the NGO and other sectors

The training and technical assistance interventions will be based on the results of the NGO needs assessment discussed in this report, including needs articulated by NGOs as well as those identified by the interviewing team. PA will continue to adjust its training program in the future, based on new information collected from training participants, ongoing relationships with NGO leaders, consultation with USAID and other donors, and information gathered through PA's education and outreach initiatives.

Training participants will be selected through an open application process. In this way, PA hopes to attract participants who are interested and committed, and to ensure that this program will not duplicate other training initiatives for the same participants. The applicant should be a member of an NGO's staff, the Executive Director, or part of the governance structure (e.g. board, chairmanship). The applicant should choose the appropriate topic according to his/her position and responsibilities. It is not obligatory for each participant to take part in all training courses.

PA will conduct many of its programs outside Tirana in order to strengthen NGOs that may not have had access to such trainings in the past. Tirana-based NGOs will also be encouraged to participate in all relevant trainings. The length of training programs will vary according to the topic and needs of the participants.

Utilizing PA's in-house expertise, as well as resources from the Partners for Democratic Change network, PA will build a group of Albanian trainers with the skills to provide such capacity-building services to the NGO and other sectors today and into the future.

Methodology

All training programs will be interactive and participatory, utilizing a range of training techniques such as case studies, role plays, and other practical exercises. PA will conduct preliminary needs assessments and tailor each training session to meet the specific needs of the participants. Training content will be drawn from PA's in-house expertise, as well as experience and resources of the Partners for Democratic Change network.

During each training, participants will develop their own action plans for implementation of the skills gained during the training. Following the training, participants will be encouraged to share information among themselves and with PA on how they have applied knowledge from the training program, cases of successful implementation, and challenges to effective use of new skills. Trainers will follow-up with participants to help them measure their progress in implementing the lessons learned. PA will utilize this information to continue to support the participants through further trainings and technical assistance, and to help the Center improve its future training programs.

Training Programs

PA has identified the following general training areas as the greatest needs in the NGO sector. The content and length of specific trainings will vary according to the particular needs of the participants. PA's training program will focus on the following areas:

1. Project Management

The goal of Project Management training programs will be to increase participants' knowledge and skills to design and manage effective programs/projects that meet community needs.

Training programs will include the following topics, adjusted to the particular needs of the participants:

- Community needs assessment, including identifying community problems, developing solutions, and identifying community resources
- Project idea development
- Project design, planning, and implementation
- Monitoring & evaluation, including designing strategies and tools to measure and evaluate progress
- Record-keeping and reporting
- Proposal development

2. Strategic Planning

The goal of Strategic Planning training programs will be to improve participants' knowledge and skills in effective strategic planning in order to ensure organizational sustainability and development.

Training programs will include the following topics, adjusted to the particular needs of the participants:

- The role and importance of organizational planning
- Developing a process of strategic planning
- Different types of fundraising strategies and techniques
- Identifying potential donors and other funding sources
- Cooperation between organizations in fundraising
- Income generation strategies

3. Financial Management

The goal of Financial Management training programs will be to improve participants' knowledge of financial management and budgeting systems in order to strengthen the transparency, effectiveness, and sustainability of NGOs.

Training programs will include the following topics, adjusted to the particular needs of the participants:

- Financial management and record keeping
- Setting up financial systems and ensuring transparency and accountability
- Setting up basic accounting systems on an organizational and project basis
- Writing budgets and dealing with special budgeting problems
- Cash flow management for non-profits, including preparing financial statements and unified financial reporting formats

4. Leadership and Supervision

The goal of Leadership and Supervision training programs will be to improve participants' everyday use of skills and tools to act as leaders and models for others, empower staff, and overcome obstacles.

Training programs will include the following topics, adjusted to the particular needs of the participants:

- Styles of leadership and components of leadership behavior
- Communication skills for managers
- Decision-making and problem-solving
- Delegation of tasks and authority
- Human resources management
- Building and managing teams

5. Community Participation

The goal of Community Participation training programs will be to build an awareness of the value of community and citizen participation and to provide skills to enable participants to utilize the community in the planning and implementation of activities.

Training programs will include the following topics, adjusted to the particular needs of the participants:

- Analyzing the priority needs of the community
- Identifying and managing community resources
- Forms of community organization and how to utilize them
- Improving organizational effectiveness and project implementation through citizen participation

6. Board Development, Governance and Management

The goal of Board Development, Governance, and Management trainings will be to improve NGO Executive Directors' and boards' understanding of their relationship and role in the governance and management of organizations.

Training programs will include the following topics, adjusted to the particular needs of the participants:

- Role and function of NGOs in a democratic society
- Role and responsibilities of NGO boards of directors
- Responsibilities of the board and executive director in fulfilling the public trust
- Principals of policy governance
- Board role in fundraising and revenue generation, public relations and strategic planning
- Board-staff communication
- Organizational monitoring and assessment
- Board bylaws and structure, and organizational structure

7. Conflict Management

The goal of Conflict Management trainings will be to improve participants' ability to analyze conflict and utilize different tools, including communication, negotiation, and mediation skills, to transform differences into opportunities.

Training programs will include the following topics, adjusted to the particular needs of the participants:

- Conflict analysis within an organizational context
- Managing differences
- Problem solving
- Communication
- Negotiation
- Mediation

8. Organizational Development and Management

The goal of Organizational Development and Management trainings will be to empower the participants to develop more open, supportive, and organic organizations; increase institutional capacity and sustainability; and improve NGOs' capacity to achieve their goals.

Training programs will include the following topics, adjusted to the particular needs of the participants:

- NGO management
- Effective NGO systems
- Time management, office management, and administration skills
- Effective meetings
- Reporting and record-keeping
- Office and legal documentation
- Communication and interaction skills in the workplace
- Resolving disagreements in the workplace
- Public relation skills

9. Cooperation & Collaboration

The goal of Cooperation & Collaboration trainings will be to improve participants' ability to cooperate, collaborate, network, and build coalitions with other NGOs and across sectors.

Training programs will include the following topics, adjusted to the particular needs of the participants:

- Benefits of cooperation
- Designing goals for cooperative action
- Choosing the appropriate form of cooperation (e.g. networks, coalitions, etc.)
- Formalizing cooperative relationships
- Member/constituency/community mobilization
- Roles and responsibilities of actors in networks, partnerships and coalitions
- Developing and communicating a message
- Public relations
- Building support among members and with outside institutions

10. NGO Self-Financing

The goal of NGO Self-Financing trainings will be to expand participants' knowledge of models and tools beyond donor funding that they may use to ensure the sustainability of their organizations.

Training programs will include the following topics, adjusted to the particular needs of the participants:

- The importance of planning for NGO financial sustainability
- NGO self-financing strategies
- Phases of venture planning from pre-feasibility to business plan completion
- Developing fee-based services
- Financial planning
- Organizational models for NGOs offering services
- Assessing organizational and financial readiness for different sustainability models

11. Trainer Development

The goal of Trainer Development programs will be to build a sustainable training capacity within Albania to continue to strengthen the NGO and other sectors in Albania. Through

training-of-trainer and training-for-trainer programs in the topics described above and others, PA will enhance the skills of existing trainers and training organizations within Albania and will also expand the training services available to areas outside Tirana.

TOT programs will include the following topics, adjusted to the particular needs of the participants:

- Adult learning
- Training techniques and methods
- Training design
- Group dynamics
- Training evaluation methods and techniques

T4T programs will focus on helping trainer-participants create professional training programs in specific topics, utilizing special techniques, materials, and exercises.

Social Development Grant Fund

PA's Social Development Grant Fund will be designed to help build the capacity of Albanian NGOs providing services to their communities and to respond to the diverse social development needs within Albania. The specific objectives of the Grant Fund are:

- Support the provision of needed services by NGOs in Albanian communities
- Build the capacity of Albanian NGOs providing services in their communities
- Encourage the development and delivery of services that address the most urgent social development needs, especially those that target beneficiaries among the most vulnerable groups in Albania

The Grant Fund will seek to build on the skills developed within PA's training programs, by providing resources to enable NGOs to put into practice the change and conflict management and organizational development skills strengthened through the training programs. All Albanian NGOs, regardless of whether they have participated in PA's training programs, will be encouraged to submit proposals. The Request for Applications describing

eligible activities will be announced periodically. Grant recipients will receive specific training and technical assistance in Project Management and Financial Management in order to help them successfully implement their projects and fulfill all grant requirements.

Evaluation of Impact

PA will measure the short-term results of training programs through pre- and post-tests; trainer observations of the knowledge, skills and behavior changes during the training program; group discussions; participant presentations; and training evaluations.

PA will measure long-term results of the training program through continuing dialogue with participants. PA will ask participants to complete quarterly evaluations of the training programs in order to gather examples of successful application of new skills as well as obstacles to implementation of new knowledge and skills in their working environment. The Center will also conduct periodic focus groups with a selection of participants in order to gain more in-depth knowledge on use of new skills and future training needs.

Short- and long-term impact of Social Development Grants will be measured through on-going monitoring of grantee's progress and measurement of achievements against objectives identified in the grantee's project proposal.

The database that PA has developed with the results of the needs assessment will provide baseline data and indicators for measuring the impact of training and technical assistance programs on participating NGOs. PA will continuously update this database with information on all NGOs participating in its programs. The Center will use this database to measure the development of the NGO sector and to design future training programs that are responsive to changing and emerging needs in the sector.

By the end of its initial 3-year program, Partners Albania will provide training programs in change and conflict management and organizational development skills to approximately 400-450 NGO leaders and representatives across Albania.

PA's Additional Training and Service Capacity

Though the topics identified above emerged as the most urgent needs in the sector, participating NGOs identified many other areas in which they would like assistance. In addition to the training areas above, PA also has the capacity to provide additional training and consulting, facilitation and evaluation services to NGOs and other institutions. Organizations are encouraged to contact PA to discuss creation of trainings and services to meet their specific needs.

PA's Overall Program

In addition to its NGO Capacity-Building Program, PA is conducting a number of additional initiatives, which will also address needs within the NGO and other specific sectors:

NGO Law Initiative—Following passage of the NGO law in spring 2001, PA will work with the International Center for Not-for-Profit Law, and other Albanian and international organizations, to coordinate training for NGOs, lawyers, and judges in the new law. The Center will also participate in initiatives aiming to regulate fiscal and tax issues within the provisions of the new NGO law.

Women Leadership Development—The Center will conduct a program to develop the leadership, communication and organizational skills of women and women's groups. The program will develop a training capacity in these skills among women leaders, and facilitate the creation of a network that will foster communication, support, and collaboration between women throughout the country.

Youth Leadership Development—PA will develop and implement a series of programs for young professionals from the NGO, local and national government, business, and other sectors. The programs will aim to develop young professionals' leadership potential and the attitudes and skills necessary to work collaboratively in multiparty situations.

Academic Program—The Center will work with university professors to develop conflict resolution as a component of the curriculum in a variety of disciplines, including law, psychology, sociology, pedagogy, business, etc. The Center will organize course development workshops for professors and will also provide follow-up support as the professors develop and teach their courses.

Local Government Training—PA will conduct a series of capacity building training programs for local government officials, strengthening leadership and management skills, and enabling officials to respond to their growing responsibilities in an increasingly decentralized system.

Intersectoral Cooperation Initiatives—PA will facilitate cooperative planning processes in local communities, assisting all stakeholders in a community as they work together to build consensus and problem-solve issues that involve all sectors of society.