

## POLICY BRIEF

### THE SITUATION OF STATE FUNDING OF CIVIL SOCIETY ORGANISATIONS TO IMPROVE THE RIGHTS AND LIVES OF CHILDREN AND YOUTH IN ALBANIA

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#### EXECUTIVE SUMMARY

The situation of international and external support for civil society organisations (CSOs) within Albania has been declining over recent years. The change in policy by larger donors including the European Union on how they support CSOs including less operational funds, requirement for higher matching funds and passing on the management and supervision of funding to large CSOs is having a big impact on those organisations who provide social services to vulnerable and marginalised groups including children and youth.

The international donors' viewpoint is that the shortfall in external funding is replaced by state funds specifically for civil society organisations. The recent study conducted by Partnerë për Fëmijët in four regions of Albania found that currently there has not been an improvement in the financial or material support by the government of Albania to civil society organisations focused on children and youth.



## INTRODUCTION

The level of citizen participation and local civil society organisations' ability to advocate and manage services varies across the country, despite the efforts of the European Union and other international donors to improve the capacity of grass roots and community based organisations.

According to the Monitoring Matrix<sup>1</sup> and the Road Map for Albanian Government Policy towards a more Enabling Environment for Civil Society Development 2014<sup>2</sup>, civil society abilities are recognised as still being fragmented.

In these documents is stated as well that:

The government's Agency for the Support of Civil Society (ASCS) is currently the primary structure for the development and financing of Civil Society Organizations (CSO-s) and civil society, but it is generally viewed as non-transparent, unable to deliver long term financing, which is really what CSOs and social services need to be sustainable.

The Agency for the Support of Civil Society (ASCS) is disorganized and unconstructive when organizing meetings for Civil Society Organizations to discuss future funding priorities.

In addition the ASCS does not provide feedback to unsuccessful applicants. The process of application for funds is bureaucratic, costly for applicants, and nepotistic in the manner in which grants are awarded. Therefore, the agency in general is not trusted by those it is set-up to support and develop.

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<sup>1</sup> Monitoring Matrix towards a more Enabling Environment for Civil Society Development – Report for Albania 2014. Partners Albania, Center for Change and Conflict Management: February 2015

<sup>2</sup> The Road Map for Albanian Government Policy towards a more Enabling Environment for Civil Society Development 2014. Igor Vidačak and Myftar Doçi: November 2014

The Monitoring Matrix for Albania points out that fiscal legislation remains the key challenge for CSOs, as it creates unnecessary administrative burdens for CSO activities and hinders their role in providing social services.

The report draws the attention to the lack of a national strategic document dealing with civil society development, associated with inadequate institutional structures and mechanisms facilitating state-CSO relations, and more particularly with the lack of clear rules and procedures (and capacities within government bodies) for contracting CSOs to deliver services of general interest.

Presently the only procedures relate to the Agency for Support to Civil Society (ASCS) and this is not enough to meet CSO programmes and delivering social service funding needs.

Therefore, it is necessary to invest in setting clear-cut rules, standards and procedures for the public funding of CSOs, including the percentage of the annual budget that is provided annually by the central government.

The European Commission Albania Progress Report 2014<sup>3</sup> concludes that the civil society sector is overly dependent on external donor funding, but this is rapidly diminishing.

Some actors within civil society were regularly consulted on policy and legal initiatives, but the way of how they are selected to participate in these consultation meetings is not transparent, (mainly the consultation process was done with most CSOs situated in Tirana or large cities) therefore consultations with CSOs need to become more systematic including follow-up on their

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<sup>3</sup> The European Commission Albania Progress Report 2014. European Commission: October 2014

recommendations; improvements in the length of notice given to CSOs to deliver comments and suggested changes; plus a national register of all active and operational CSOs, accessible for government structures and the public.

According to the National Crosscutting Strategy for Decentralization and Local Governance 2015 – 2020<sup>4</sup>

“Local social service function will be decentralized and transferred to the competence of municipalities. Integrated social service offices will be established in municipalities and a “basket of basic service” to be funded from state budget will be designed. Local social plans will be developed at municipal level. Municipalities will have the authority to offer additional services in the area of social services and welfare other than those provided under the “basket of basic services”. These supplementary services will be funded from local budgets that may create financial instruments, such as Local Social Fund, to this end.”

## **COLLABORATION BETWEEN STATE AND CIVIL SOCIETY ORGANISATIONS**

In pursuit of strengthening the collaboration between government institutions and civil society organizations (CSOs), during the period June-July 2014, TACSO Albania Office in cooperation with EU Delegation, the Office of the Prime Minister of Albania, Ministry of

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<sup>4</sup> National Crosscutting Strategy for Decentralization and Local governance 2015 – 2020. Republic of Albania Minister of State for Local Issues; February 2015

European Integration, Ministry of Finance and Ministry of Social Welfare and Youth and a number of CSOs from various regions have developed the Road Map for Albanian Government Policy towards More Enabling Environment for Civil Society Development 2014 - 2020.<sup>5</sup>

The Road Map has short, medium and long term actions up until 2020 and focuses on nine priority areas "that are identified as a result of open consultative meetings with CSOs and discussions with government and donor representatives held during July 2014, as well as based on the analysis of available reports, studies and assessments of civil society sector in Albania.

More particularly, the nine priority areas take into account the principles and objectives set out in the Guidelines for EU support to civil society 2014-2020."<sup>6</sup>

The nine priority areas include: 1) 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 programmes 5) Legislative framework for the registration and work of CSOs 6) Financial reporting/accounting and tax treatment of CSOs 7) Collection of data on civil society development 8) Development of volunteering and 9) Contribution of CSO to Albania's EU accession process.

The Road Map states that the "efforts that Albanian Government needs to undertake on the path towards creating more enabling environment for civil society development imply a series of concrete measures in a variety of interrelated, complementary policy areas

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<sup>5</sup> Road Map for Albanian Government Policy towards More Enabling Environment for Civil Society Development. 2014

<sup>6</sup>ROAD MAP for Albanian government policy towards more enabling environment for civil society development Draft version. Igor Vidačak & Myftar Doci: November 2014

(legal and institutional framework for the work of CSOs, public funding for CSO programmes, social service delivery standards, consultations with CSOs in drafting new laws, volunteering, philanthropy, tax policy for CSOs, etc).

Despite many valuable improvements during the last years, there is still a need for greater coherence in government approach to addressing numerous challenges in the complex area of civil society development both at national and local levels.”<sup>7</sup>

Under Priority Area number 2 is emphasized<sup>8</sup>:

“Creating favourable environment for government-civil society cooperation implies establishing quality institutional structures and mechanisms and building their capacities for effective accomplishment of key tasks, namely:

- Enabling regular structured dialogue among relevant government bodies and CSO representatives on all policies affecting civil society;
- Providing sustainable public funding for CSO programmes and developing strategic partnerships with CSOs in delivering social services of general interest;
- Ensuring solid central coordination of Government civil society policy development and implementation, including support to efficient strategic programming of State support to CSOs and
- Supporting meaningful involvement of CSOs in policy making processes in all sectors.”

Within Priority Area number 4 Public funding framework for CSOs’ programmes it is noted that Albanian CSOs remain highly dependent on foreign funding that, at present, does not meet the needs of the CSO sector and, moreover, is shrinking.

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<sup>7</sup> Ibid 5

<sup>8</sup> ROAD MAP for Albanian government policy towards more enabling environment for civil society development Draft version. Igor Vidačak & Myftar Doci: November 2014

Domestic funding opportunities are scarce, while the State funding for CSOs includes contracting for service delivery and dispensing project grants through the line ministries and the Agency for the Support of Civil Society (ASCS). ASCS provides grants to CSOs to fund projects focusing on fight against corruption, citizen participation, advocacy initiatives, domestic violence, employment, etc.

Over the last three years, ASCS has carried out four rounds of grant schemes of which 213 CSOs have been granted small grants of up to 1,000,000 ALL. The Ministry of Labour, Social Affairs and Equal Opportunities has contracted CSOs to run a number of its services such as care centres, training and education centres, and vocational training.

One of the biggest threats to the sustainability of the work of CSOs is the lack of clear rules and procedures for public funding of CSO programmes and contracting CSOs for delivering social services. At the moment, the procedures for distributing public funds are described only in the law on Agency for Support to Civil Society (ASCS) and other internal regulations of ASCS.

As the existence of ASCS itself is not enough to meet all needs for funding of CSO programmes and delivering social services, it is necessary to invest in setting clear-cut rules, standards and procedures for allocating public funds for CSOs at all levels, especially local government units.

This is particularly important in view of many obstacles CSOs are facing due to lack of awareness among public officials on the existing legal instruments for procuring services through the non-profit sector and all benefits stemming from social contracting of CSOs.

The low awareness of public administration bodies on the advantages of partnering with CSOs in solving local community problems is among the greatest obstacles to diversifying sources of funding and models of support for CSOs.

Unambiguous rules on allocating public funds and social contracting of CSOs are needed to overcome many prejudices and other existing challenges in this area.

With prospects for further decentralisation of social services, in lines with undergoing plans of administrative and territorial reforms, it is necessary to strengthen capacities of local government units to partner with CSOs as inevitable actors in ensuring equitable, high quality, accountable, accessible social services (social welfare mix)."<sup>9</sup>

So with an overall acknowledgement that there is less external financial and capacity building from donors and a move to more localised planning and provision of social services by local government authorities has there been consultation, improvements in legislation, transparency and accountability between the government and civil society organisations or young people on what social services are needed.

## METHODOLOGY

An assessment of the situation was undertaken in four districts of Albania: Durres, Elbasan, Lezhe and Tirana during September and October 2015 through online campaign, questionnaires, semi-structured interviews and focus groups.

A stakeholder analysis was conducted to highlight the relevant governmental and non-governmental structures and national civil society organisations that provide services or information to children and young people over the age of thirteen years old.

A total of forty Albanian organisations were contacted. From those civil society organisations that responded to initial contacts and/or completed a questionnaire a selection of them were invited to provide additional information in an interview.

To enable the gathering of information and the views of young people on their participation in the development of social services, civil service organisations that work with young people were asked to organise meetings of six to eight young people for focus groups.

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<sup>9</sup> Ibid 5



## SITUATION REGARDING LEGISLATION, TRANSPARENCY OR ACCOUNTABILITY

Amongst 14 CSOs who completed questionnaires and 11 who were interviewed using a semi-structured interview there was a general consensus that they had not seen any significant changes in the manner in which CSOs were treated in regard to their conditions for taxation and VAT as not-for-profit organisations.

All CSOs stated that they wanted to see their organisations be exempt from VAT as CSOs are in neighbouring countries in the Balkans and in Europe. With regard to the requirement to pay social insurances for volunteers the majority of the CSOs stated that this was not possible due to the fact that donors did not provide any funds for this. As volunteers are seen to provide their work for free, either using the opportunity to learn and develop their own skills or to provide their expertise for the CSOs' benefits the expectation of levying social insurances on the CSOs was seen as unproductive and a further impediment to the growth and sustainability of CSOs.

The legislation in how CSOs can become registered can amend their status and if needed to deregister was all seen as being complicated and not understood clearly.

There had not been any increase in the level or number of consultations between them and local government authorities with regard to the planning or development or sustainability of social services. None were aware of any moves to simplify the procurement or tender processes for local government to provide a wider and improved range of social services within their districts.

A few CSOs thought that there had been some improvement in the number of consultations between civil society organisations and the state but overall these continued to focus on Tirana based CSOs and the outcomes of the consultations were still not clear.

The majority of those consulted had not applied to the Agency for Support to Civil Society (ASCS) with some outside Tirana not having heard of the agency or been invited to their consultation meetings. Those who had applied for a grant did not think the process was transparent or accountable and was overly bureaucratic.

Many CSOs felt vulnerable and insecure and were needing to adapt and change their focus in order to benefit from the few financial resources available. All were still heavily reliant on external or international donors and did not see a reliable or trustworthy alternative in Albania.

76 young people between the ages of 8 and 29 years old participated in 8 focus groups. The groups were male and female except for one group of only males and one of females.

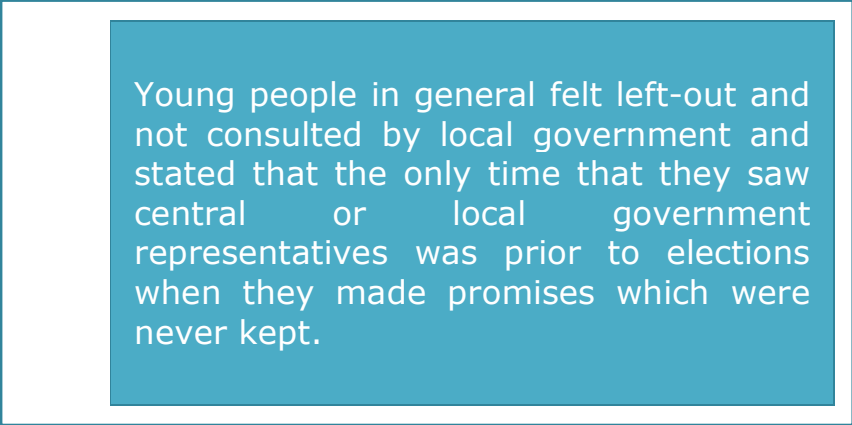
All the young people had had considerable contact, training, awareness raising and information from the CSOs that they were connected to.

All of the young people were aware of their rights under the United Nations Convention on the Rights of the Child and knew that they should be listened and heard on issues that affected them.

Some were also aware that they could participate in the setting of budgets by local government and had participated in the local elections of 2015 by signing social contracts with the electoral candidates.

Yet despite this, none of them had been invited by any department or unit of the local government to come and discuss or participate in any session on any issue that would directly affect them as a young person. Of the few that had had meetings with members of the local government authority these meetings had ostensibly been set-up by the CSOs working with the young people and not by local government representatives.

The young people also had a lack of information about when the local government councils' met, developed or made their plans or the annual budgets thus limiting the ability of the young people to participate in these decision making processes.



Young people in general felt left-out and not consulted by local government and stated that the only time that they saw central or local government representatives was prior to elections when they made promises which were never kept.

The lack of importance given to young people, their rights and their needs for services by governmental authorities was felt by every young person met.

It should be noted that several of the CSOs contacted or met with had years of experience of working with children and young people, but due to the lack of funding or projects, currently they were not able to provide services for young people.

The impact of this is fewer services for young people and less opportunities to gather their views and ideas.

## RECOMMENDATIONS FOR STATE GOVERNMENT

1. To review and detail the legislation on the registration, scope of and deregistration of not-for-profit civil society organisations operating in the Republic of Albania.
2. Enable not-for-profit civil society organisations particularly those who provide education, health or social services to be exempt from VAT. Specific legislation should be developed and passed by parliament by 2017 on a simple and straightforward process for all eligible CSOs to apply for exemption.
3. To review and revise the legislation for the procurement or tender process of services by CSOs by central or local government. The revised legislation to be nationally consulted upon by CSOs and their comments and suggestions reviewed by the working group with written feedback provided by the working group to all CSOs through email and on the ministry's website.
4. The proposed strategies for social services within the Ministry of Social Welfare and Youth to provide the outline of what services will be included in the basket of basic social services. Additional types and forms of social service provision to be left to the development and assessed needs of each local government authority as long as they target the most vulnerable, poor and disadvantaged adults, children and youth locally.
5. To evaluate the effectiveness and efficiency of the Agency for Support to Civil Society (ASCS) through a nationwide consultation of CSOs. A multi-disciplinary working group of governmental and non-governmental representatives should develop a TOR for the external evaluation taking into consideration the types of governmental agencies and means of funding for civil society that operate in western and central Europe. The evaluation to be conducted by international experts to enable transparency, accountability and an unbiased recommendations.
6. Revise the statutes, vision, mission and internal procedures of ASCS following the recommendations of the external evaluation.

7. Set a percentage of the state annual budget to be provided for the support of civil society organisations that provide licensed and quality social services. Annual reports of the ASCS to account for the granting process, number of applications, who successfully implemented the grants and the results from the use of these funds. All applicants will be provided with written information on how they were assessed, (grading) and which aspects of the proposal was not seen as eligible for funding. This information will assist the CSOs to improve their future applications.
8. All ministries should plan to allocate a percentage of their annual budgets to support those CSOs that provide services in accordance with the government's strategic objectives. Annual reports to account for how these funds were awarded, used and by which CSOs and how many people were reached through direct service provision.
9. A monitoring and inspection unit for social service providers, public and non-public that has the duty to regularly monitor and report upon the level, quality, experience and social services provided nationally and locally. A multi-disciplinary working group would develop a monitoring framework, timeframe and reporting structure for on-site monitoring visits. Individual reports on each service monitored with points of good practice, failure to provide adequate or appropriate services and recommendations for improvements and annual national reports would be published by the monitoring and inspection unit for the government, public and civil society on their website.
10. To set-up a national register of all civil society organisations that are registered in the courts and licenced to provide social services for children, youth or adults. Register to be disaggregated into regions and municipalities; contact details; types of services provided by each CSO; age of intended customers; referral process; hours of operation and costs of services. Each CSO would be responsible for informing the register authority of any change in their details promptly. Register accessible online to the local government, public and CSOs.

## RECOMMENDATIONS FOR LOCAL GOVERNMENT

1. Undertake a SWOT analysis and consultations with the public - adult, children and youth, public and non-public social service providers within their municipalities to establish the current level of service provision, the gaps in services and the needs of children, youth and adults.
2. Develop a 5-year Social Services Strategy and Action Plan for children, youth, families, adults and the elderly. The strategy and action plan to include details of exact services, target groups, human and material resources and a budget to provide each service on an annual basis in accordance with state government strategies and policies.
3. Review the current legislation on procurement and tendering for the provision of social services by civil society organisations. Develop a local government plan of the priority social services required and how that can be fulfilled by both local government resources and CSOs. Develop a public-private partnership procurement/tender application process; agreement and contractual conditions and monitoring procedures.
4. Set-up a designated unit within the municipality structure that will have the duty and responsibility to advertise, evaluate, support the implementation, monitor and evaluate each procurement/tender application and social service set up within the municipality. Annual reports on the procurement/tenders offered; applications and successful bidders and services set up, budget allocation and expenditure and monitoring visits. Reports to be approved by the municipal council and issued for the public both electronically and in hard copy.
5. Development of the guidelines for the consultation process with the public and civil society organisations including social service users and children and young people. Consultation process will include frequency; format; timelines; forms of consultation including meetings; questionnaires, online or individual; how the

process of evaluating the comments and suggestions will inform the development or planning or improvement of social services and sharing the final plans.

6. Capacity building of local government staff and municipality council members on how to improve effective work relations with the public, with CSOs, children and young people and promulgate information in good time enabling the public and civil society to participate in local government decision making.

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