

REPORT – ALBANIA

1. Institutional and legal framework

Current legal framework for social economy (SE) mostly refers to entities consisting the non-profit sector. In Albania it consists of three legal forms: associations (membership organizations, primarily serving their members), centres and foundations (non-membership, serving public interest) defined in the Civil Code adopted in 1994 and amended in May 2001 (Civil Code Amendment, 2001). It is further regulated by the Law on Non-profit Organizations (NPOs) (Law No. 8788, 2001) and two additional amendments (Law No. 9814, 2007; Law No. 92/2013), and the Law on the Registration of NPOs (Law No. 8789, 2001). The registration of NPOs is centralized in the Tirana District Court. The framework allows for a relatively straightforward process of registration and operation, in line with international standards. Foundations are the only entity required to have capital prior to registration, the size of which is not stipulated in the law. A non-profit organization may conduct economic activity without having to create a separate subject for this reason, provided that the activity is in conformity with its purposes, is declared as one of the sources of income, and is not the primary purpose of its activity. The profits from the economic activity shall be used to accomplish the purposes specified in the charter and the establishment act.

However, self-generating financial capacity of NPOs through fee-based services is hindered by the unclear legal framework in this area. The differentiation between economic and non-economic activity is important, especially because it is also related to the different tax treatment of these two activities. A reflection of this confusion can be seen in amendments to the Tax Law in 2008 (Law No. 10003, 2008) when previous separate tax registration and reporting for the economic activity of civil society organization (CSO) was merged into one report, also including the non-profit activity. Foundations and associations are allowed to engage in passive investments and own movable and immovable assets, and to generate income through the management of these assets (Civil Code, Art. 39/1, Art. 56/1). Nevertheless, there exists a contradiction between what the law clearly allows and the provisions in the Civil Code according to which it is not permitted for an association to carry out profit-making activities (Civil Code, Art. 39/1). The same applies for foundations (Civil Code, Art. 56/1) and centres (Law No. 8788, 2001). These provisions represent a misconception as to what profit-making means in economic and commercial activities against economic activity for a non-profit purpose.

As a result of the advocacy efforts by the CSOs toward the improvement of the fiscal regulatory environment, Albania in 2014 adopted the new Value Added Tax (VAT) Law (Official Gazette 12/2015) which was followed by a Decision of the Council of Ministers (DCM) (Official Gazette 3/2015). The DCM established a ceiling of 20% of annual revenues as the permitted level for economic activity performed by NPOs. Furthermore, the government decision introduced rules regarding VAT application for fundraising activities performed by non-profit organizations, which had not been regulated previously.

The Agency for the Support of Civil Society (ASCS) is a public law entity, established by Law No. 10093, 2009 and it started its operations in 2010. The ASCS distributes grants to NPOs drawing on the state budget and aims to encourage the sustainable development of civil society through financial assistance. The ASCS supports activities related to good governance, rule of law, domestic violence, the development of social undertakings and employment in the non-profit sector.¹

In May 2015, the Council of Ministers approved the Road Map for Drafting Policy and Measures for Enabling Environment to Civil Society (Official Gazette 94/2015). The main objective is the establishing of new or

¹ In the frame of European integration and since receiving the status of a candidate country for EU membership in 2014, the public institutions and the government of Albania have been more open for dialogue and cooperation with civil society. Based on the findings of the Country Report on Monitoring Matrix for Enabling Environment for Civil Society Development for 2014 (Partners Albania, 2015), non-profit associations and foundations have declared that the cooperation between the government and not-for-profit organizations has been improved compared with the findings for the previous year (45% vs. 14%).

improving the existing mechanisms for cooperation with the civil society through nine areas.² As the result of an intensive advocacy on behalf of the civil society sector led by the Task Force of the Civil Society National Conference held in December 2013, and the new open-minded approach of the Albanian Government, the Law on Establishment and Functioning of the National Council for Civil Society (NCCS), as an independent advisory body, was approved in 2015.

Savings and Credit Associations (SCA) are another legal form of the SE, regulated by Law No. 8782, 2001. The general principles for these entities are volunteerism, cooperation and mutual assistance for its members and the purpose of the activity is not-for-profit (Law No. 8782, 2001). The generated net surplus is not distributed to the members, but instead is used for the development of association itself. The association is run by the members themselves and one member has one vote. The SCAs are committed to fulfilling the needs of rural area unbanked inhabitants for financial services. The control on SCAs administration is carried out through 36,000 members in 1,080 villages who elect the Board of Directors at Annual General Assemblies.

Cooperatives, as legal forms, are regulated through the Law on Companies of Agricultural Cooperation, No. 38 (Official Gazette, 2012). The Law is based on a broader legal framework for “Companies of Reciprocal Cooperation”, No. 8088 (Official Gazette, 1996), amendments to Law No. 9039 (Official Gazette, 2003) and Law No. 9747, (Official Gazette, 2007). Companies of reciprocal cooperation are formations similar to agricultural cooperatives, but are considered more suitable as a legal form for the crediting, insurance and construction sector. Both entities must register with the National Registration Centre in order to secure their legal status.

The establishment of the Agriculture and Rural Development Agency (Official Gazette 180/ 2014) was approved in October 2014, based on the Decision of the Council of Ministers. The Agency is responsible for offering services directly to farmers (including companies of agriculture cooperation and reciprocal cooperation) and implementing state policies for agriculture and rural development in Albania. New amendments of the law on agriculture cooperation companies have been discussed recently, since the existing law presents a burden to the farmers who face difficulties in registering the company, difficulties in the division of profit among shareholders and difficulties in the establishment of partnerships with third parties.

In 2014 the Ministry of Economic Development, Trade, Tourism, and Entrepreneurship adopted the Business and Investment Development Strategy 2014 – 2020 (Official Gazette 157/2014). The strategy envisages the introduction of entrepreneurial culture in formal and informal education. Furthermore, the Strategy gives priority to the promotion and development of creative enterprises in the handicraft sector, increases the share of women-led companies, and encourages the development of social businesses particularly focused on marginalised and disadvantaged groups, minorities etc.

In its 2013-2017 programme, the government of Albania has envisaged that knowledge and skills are at the heart of a new economic growth model, and the design of proper employment and vocational education and training public policies are crucial towards its achievement (Ministry of Social Welfare and Youth, 2014). The new national Strategy for Employment and Skills 2014 – 2020, promotes quality jobs and skill opportunities for women and men throughout their life cycle (Ministry of Social Welfare and Youth, 2014). The Strategy

² The Road Map was initiated by the Albanian Government with the assistance of the EU Delegation in Albania and the TACSO office. Its finalization was undertaken through a series of consultative meetings with civil society organizations by the Ministry of Integration and the TASCOS Office in Albania, organized in cities with not-for-profit organizations. It is expected that the Road Map will contribute to a more efficient government and civil society cooperation, as a prerequisite for the sustainability and irreversibility of reforms undertaken within the frame of the EU accession process. The priority areas are as follows: (1)The national strategic policy environment for civil society development; (2)Institutions supporting Government-CSO cooperation; (3)Involvement of CSOs in the policy making process; (4)Public funding frameworks for CSOs programs; (5)The new legislative framework for the registration and work of CSOs; (6)Financial reporting / accounting and tax treatment for CSOs; (7)Collection of available data regarding civil society development; (8)Development of voluntarism; (9)CSOs contribution to the Albania EU accession processes.

gives priority to the promotion of social business in line with EU good practices, as an additional means to achieving smart and inclusive growth through the design and implementation of measures in relation to social entrepreneurship and the creation of conditions for fostering employment in the third sector with a focus on social enterprise.

The concept of social enterprise is still unclear and debatable in Albania, despite certain attempts in recent years to introduce and frame the concept, and support its development, albeit in a fragmented way. Albania does not have a law on social enterprises. In 2011, the Government established by Law No. 10376, 2011, the Agency for Social Business Promotion in Albania with a scope to supporting sustainable economic and social development through the promotion of sustainable, balanced and cohesive social business at a national level. The Agency is a state-owned joint stock company. The initial capital of the Agency is provided by the state budget and revenues come from funds received from the state budget, funds from donors, co-beneficiaries, local government units, and other sources.

Since 2010, the Ministry of Social Welfare and Youth has initiated the preparation of the Law on Social Enterprises. In 2015, an inter-ministerial working group of the Ministry of Social Welfare and Youth and the Ministry of Economic Development, Trade, Tourism and Entrepreneurship worked on the drafting of a new law. According to the draft law, there will be several criteria that a legal entity needs to fulfill in order to gain social enterprise status. Social enterprises can be only non-profit organization membership based and those who offer goods and services in the following fields: social services; employment of marginalized groups; employment of youth; health services; education services; environment protection; promotion of tourism, culture and cultural heritage; sports activities, and the promotion of the development of local communities.

2. Analysis of financial incentives and support mechanisms

The Agency for Support of Civil Society (ASCS) is the only state-funded body that supports CSOs through grant-making, drawing on the state budget. The focus of support has been on the fight against corruption, citizen participation and community engagement, promotion of citizens' priorities, employment and prevention of the informal labour market. In 2014, the Agency distributed 715,000 EUR to support 64 civil society organizations through grant funds, while in 2015, it supported 59 non-profit organizations through the distribution of around 480,000 EUR (AMSHC, 2015). In addition, with the decision of the Supervisory Board of the Agency, a Joint Fund was created with the contribution of national and international donors aiming to support common projects of strategic importance to the country. Based on the decision of the Board, 20% of the Agency for the Support of Civil Society shall be part of this fund. However, state financial support does not reflect the needs of the sector. The Agency does not support the institutional development of CSOs.

The Ministry of Culture also provides financial support to NPOs which contribute to the development of art and culture across Albania. The call for proposals does not target specifically social enterprises, but a number of 53 non-profit associations and foundations have benefited from this financial scheme (Ministry of Culture). In 2015, the Ministry allocated 31,588,600 ALL (225,635 EUR) for the support of non-profit organizations, granting funds to 47 out of 118 of them.

The new VAT law and a government decision abolished the Public Benefit Status. Now, the goods and services offered by not-for-profit organizations and excluded by VAT, as well as the new procedure, are established in this government decision. Non-profit organizations benefit from VAT exclusion for the goods and services provided, and benefit at the same time from import VAT exclusion. The Council of Ministers Decision reinforces the government obligation to reimburse VAT to NPOs, which is accrued as part of the activity supported through financial and funding agreements of the Albanian government.

Public procurement and/or social contracting are other important mechanisms for developing a good social service system and providing a source of funding for the work of organizations in the services provision area. The Law No. 9355, 2005 on Social Assistance and Services provides that “*the public social services that are*

funded by the central or local budget shall be procured by local government units from private providers under the legislation in force on public procurement.” Thus, the law does not exclude CSOs from bidding, but the process in itself is discriminatory towards CSOs. It does not take into account that social services are a specific type of activity and that price should not be the determining contracting factor, but rather the number of people served and the quality of the services. Until now, the contracting of social services through CSOs had been done on a pilot basis, mainly through donor funding. Even with the latest amendment of the Public Procurement Law, nothing has changed in regard to the procedures which would have an impact in the SE sector.³

By April 2014, the Ministry of Social Welfare and Youth started the programme for Encouragement of Employment of Persons with Disabilities (Official Gazette 65/2014). Support includes: covering the part of the employer`s contribution; funding adequate equipment for work/transport and to ensure to these persons an essential training preparation for work; a monthly amount to 100 % of the level of the national minimum wage up to the first six months of employment; a monthly amount to 50% of the level of the national minimum wage up to the second semester of six months of employment. In regards to the qualification of disadvantaged persons, within the same programme, the employment office provides funds for the employer of up to 70% of the training costs, the trainee to the extent of up to 50% of the national minimum wage, and discharge of the contribution to insurance against accidents at work at a rate of 0.5% of the minimum wage in compliance with the relevant procedures.

The National Lottery Fund was launched in 2015, which presents important non–state financial support for the development of the SE. According to the Law⁴, an obligatory contribution of 2.2% of the annual turnover of the licensed subjects should be dedicated to “good issues”⁵.

The main source of funding for CSOs, including service provision, remain foreign donors. The general trend of support is declining while the country advances in its European Union (EU) integration process. The EU remains the biggest donor compared to other bilateral and multilateral donors for Albania. The EU total support for the civil society sector in Albania for the period 2009-2013 was 12,691,478.72 EUR, specifically 4,284,764 EUR through the Instrument for Pre-accession Assistance (IPA) - Strategic Coherence Framework (SCF) National Grant Scheme (2010–on going); 598,813 EUR for the IPA/SCF Regional Grant Scheme (2012-2014); 4,693,317 EUR for the IPA Cross Border Cooperation (CBC) Programme (2010-ongoing) and 3,114,584 EUR under The European Instrument for Democracy and Human Rights (EIDHR) (2010-ongoing). Other funding comes from bilateral donors, development agencies, the United Nations (UN) and private donors. The total donor funding for Albanian CSOs for the period 2010-2011 was about 5,140,000 EUR (Balkan Civil Society Development Network, 2012).

Some of the EU programmes target social and economic development. The main instruments are the IPA CSF, supporting human rights, the promotion of social and economic inclusion of the Roma minority and the

³ In 2014, non-profit organizations developed an advocacy strategy to address the issue. It started with a Policy Paper on Social Procurement (Partners Albania, 2014), addressing contracting of social services as one of the key areas in which CSOs and social enterprises operate and are the main private providers, and meetings were held with government actors where this issue was presented and advocated. As a result, as it is reflected in one of the short term actions of the Road Map for the Albanian government policy towards a more favorable environment for civil society development, the change and adoption of new legal acts is affected in the areas of public procurement, standardization and licensing of social services in order to enable effective contracting of CSOs for delivering social services.

⁴ Law no. 95/2013 For the Approval of the Licencing Agreement for the National Lottery between the Ministry of Finances, as the authorizing authority, and the “OESTERREICHISCHE LOTTERIEN“, GMBH company, through “OLG Project” SHPK.

⁵ The National Lottery Fund for 2015 was 22,477,227 ALL. The Ministry of Finance invited civil society organizations, public institutions, and all private and legal persons (excluding political parties, trade unions, religious institutions and political organizations) to participate with their projects. Three projects were selected among the winners; one of them from a civil society organization. One remark on this call that needs to be addressed in the future regards the field of support. The call for application lacked this element which resulted in confusion over which organization should apply and put into question the transparency of the selections of projects.

Egyptian community, anticorruption initiatives, etc; IPA CBC Programmes supporting economic development, social cohesion; the People 2 People (P2P) Programme supports visits to EU institutions and bodies to exchange experience, know-how and good practices between CSOs in the beneficiary countries, the EU and Member States.

Financial incentives for the SE are almost non-existent. There are a few legal provisions and regulations, but they are not applicable or are subject to misinterpretation. The amended Law on NPOs foresees exemption from income tax for incomes generated through donations, grants, bank interest, and membership fees. This definition of sponsors, given by the Law on Sponsorship No. 7892, excludes employees that receive salaries, including all public administration employees. The Sponsorship law allows only a 3 to 5% deduction of the profit before taxation (Article 5) and considers eligible for tax deduction only humanitarian, cultural, artistic, sports, education and ecological activities, literary works, scientific and encyclopedia activities.

The SCA, as another form of the SE, are exempted from taxes on income and surplus earned (Law No. 8782, 2001, Art. 52). The tax-exempt status is consistent with the conditions in the Law for SCAs and their Unions: “not-for-profit”, “no dividend distribution”, “retain all earnings in the business”, “members performing functions voluntarily free of charge”, and “members are collectively responsible for paying the liabilities which cannot be paid from funds from liquidation, up to an amount equal to the value of their contributions.” Savings and Credit Unions (SCU) granted, for 2013, 5,147 new loans amounting to 1.7 million ALL (around 12,200 EUR) dedicated exclusively to production businesses in rural areas, and 470 new deposits of 476 million ALL (around 3.4 million EUR) (ASC UNION, 2013).

Reciprocal Cooperation Companies, which focus on agriculture and livestock, are also eligible for fiscal incentives and other state aid according to Law No. 9039, 2003 and are tax exempt for the first 5 years of their activity. A new incentive scheme for agriculture cooperation companies will shortly be proposed in line with the new Strategy, which is pending approval.

The EU Instrument for Pre-Accession Assistance in Rural Development (IPARD) represents important support for companies engaged in agricultural cooperation. Preparations to manage and control rural development funds by the government under IPARD have continued since 2012. The overall indicative budget of the Grant Scheme is 8,270,000 EUR of which 6,200,000 EUR is from the EU and 2,070,000 EUR is a national contribution (IPARD, 2014). As part of these schemes agriculture cooperation companies are eligible to apply, but none of them have received any funds so far, due to lack of capacities. The public advisory service on agricultural extension is the national provider of free information, economic and technical knowledge, mostly used for providing assistance in completing applications and assisting farmers who apply for and receive grants.

Since its establishment in October 2014, the Agriculture and Rural Development Agency has been responsible for directly offering services to farmers (including companies of agriculture cooperation and reciprocal cooperation). Farmers, companies of reciprocal cooperation and agricultural cooperatives are eligible to apply for financial aid to support the acquisition of agriculture machinery, investment on farms, and financial support of up to 50% of their proposed project. Since this national scheme support was envisaged for 2015, there is no official data and information on the results and impact of these schemes regarding the SE.

Another programme in compliance with the strategic objective of the Strategy Inter-Sector Rural Development Albania 2014-2020 is the SARED programme. SARED is a joint programme by the Governments of Denmark and Germany for the support of agriculture and rural development in disadvantaged areas in Albania.

In 2015, with the funding support of the Italian Cooperation, the Ministry of Agriculture started the PROMAS programme (Programme for the Modernization of the Agriculture Sector). It is not yet fully operative and the guides and procedures are currently being prepared, but a total of 10 million EUR will be distributed.

In 2014, Yunus Social Business Albania launched the Accelerator Programme. The programme was designed to support social entrepreneurs with training, coaching and mentoring in order to fast track their business ideas to investment-readiness. According to their track record and data, in the past 18 months, YSB Albania provided financing of more than 700,000 USD to the development of social businesses in Albania and for supporting over 200 entrepreneurs (Yunus Social Business, 2015)⁶.

Business incubators (BI) in Albania started in 1998 with the establishment of two BIs in Tirana and Shkodra, which did not prove very successful. They were set up by the Ministry of Labour and Social Affairs with World Bank (WB) assistance (Training Enterprise and Employment Fund). The BIs received subsidies in their first three years of operation and then changed over to self-financing, but they failed to become self-sustainable. Over the past eighteen years, the Tirana BI opened 19 businesses and employed only 52 people, whereas the Shkodra BI is operating mostly as a rental space (AIDA, 2011). The Strategic Programme for the Development of Innovation and Technology of SMEs 2011-2016, introduces a new Business Incubator Programme which will pilot a business incubator in Tirana, funded within the IPA III support. Other non-financial support for the SE includes Startup Grind Tirana, which organizes monthly activities, focusing on the education, motivation and networking of entrepreneurs in Tirana. (Startup Grind Tirana, 2015)

In 2015, the “Start Up” fund (AIDA 2015) was launched with a directive of the Minister of Economy Development, Trade, Tourism and Entrepreneurship. The fund aims to support new businesses by improving the climate and operating conditions in order to create the basis for sustainable economic development and the creation of new job opportunities. The “Start – Up” Fund provides grants of up to 300,000 ALL (proximally 2,200 EUR) for a project, but covers only 70% of the costs involved. The fund will be implemented for 4 years, with a total amount of 25 million ALL (proximally 178,000 EUR), but no project has been approved so far.

Another financial incentive is the Creativity Economy Fund (Official Gazette 143/2014), whose goal is to increase the production capacity of businesses, expand the product line and business growth in the craft sector. It has not been specifically mentioned that social enterprises will be financed under this Fund.

The Women Entrepreneurship Fund (Official Gazette 143/2014) aims to contribute to the economic growth of women – led entrepreneurship. This fund aims to bring economic security, progress and innovation in support of women entrepreneurs.

The Innovation Fund is another financial scheme aimed at supporting small, medium, and large companies in regard to innovation and technology. For 2014, the state aid scheme supported through the innovation fund 24 initiatives in the total amount of 7,76 million ALL (around 56,000 EUR) in the processing sectors (textile-leather-shoes), agribusiness, manufacturing and marketing of industrial electrical and telecommunication materials. There is no available data on supported initiatives.

Support mechanisms in order to boost the SE in regional/ cross border levels include the Regional Research Promotional Programmes (RRPP)⁷ in the Western Balkans as a programme that aims at fostering and promoting regional research in Albania, Bosnia and Herzegovina, Kosovo, FYR Macedonia, Montenegro and Serbia. In 2014, the Policy Bridging Initiative (PBI) was launched, which is a capacity development programme that aims to support the RRPP research in maximizing the production of policy-relevant outputs. The support given by the programme may contribute to the better understanding of the role and impact of social economy in the Western Balkans.

The Social Innovation Laboratory is a network of organizations in the Western Balkans for the promotion and development of social innovation. Since January 2013, SIL has been part of a network of 15 partners from 12

⁶ Available at: http://yunusssb.al/wp-content/uploads/2015/08/TWO-PAGER_YSB-Balkans.pdf, accessed on October 30, 2015.

⁷ Available at: <http://www.rrpp-westernbalkans.net>, accessed on October 30, 2015.

EU member states and 10 partners from other parts of the world responsible for the implementation of the project “Social Innovation – Driving Force of Social Change”, SI-DRIVE⁸.

Social Innovation Europe (SIE) is Europe’s largest active social innovation community, covering over 3000 people across Europe, including Albanian citizens.

3. Analysis of the current situation within the sector

In Albania, the social economy, particularly the cooperative sector, is perceived as belonging to the time of the communist regime. It is not very popular as a terminology in the new capitalistic context, entailing different forms and founding principles.

Official data on various SE entities is lacking. In 2005 alone, the Statistical Institute of Albania (INSTAT) began to provide data on NPOs as part of the Annual Register of Economic Enterprises (INSTAT, 2012). They consist only of the total number of CSOs and newly registered CSOs per year. As INSTAT relies on Tax Authority and Social Insurance Institute data, where the number of CSOs tax payers and social contributors is small, the total figure reported is far smaller than in reality. According to the General Directorate of Taxation, the number of active organizations for 2014 was 2,427, while the number of the employees in not-profit sector was 7,505⁹. According to the Court of First Instance in Tirana, there are approximately 8,449 CSOs registered in Albania (Partners Albania, 2015). Based on their form of registration they are divided into 6,263 associations, 846 foundations, 1,095 centres and 245 are included under the category “others”.

However, there are no official data accessible to the public on the number and value of CSOs in the economy of the country, as there are no clear and official data on how many of these are still active, or have re-registered within the Law on Not-Profit 2001. Based on the facts from Open Data, there are 2,110 non-profit organizations which are registered with the tax authorities (Open Data, 2013). In 2014, 876 non-profit organizations were registered at the Tirana Court of First Instance (USAID, 2014). There is therefore an ambiguity regarding the number of registered non-profit organizations and on how many of them are active.

Since social enterprises can register as non-profit organizations or small businesses, there is no official information on their number, structure, number of employees, etc. Nevertheless, what is a positive development is the fact that the SE sector is looking towards the use of ICT and interactive online platforms to deliver their services beyond the traditional way. An example of this is Albanian Crowd, an online platform created and managed by Partners Albania since 2014, that serves to share information on CSO location, scope of work, areas of activities, projects, services, beneficiaries, etc. The platform provides information on about 145 CSOs and creates access for them to network and participate in joint initiatives.

In 2014, the United Nations Development Programme (UNDP) announced an online portal to support young people through practical skills and experience to start a business, and on ways to engage in a business venture. In addition, the young people would have information on the resources needed to finance a new venture or the network required to promote their ideas or to find partners.

The social media (use of Facebook, twitter, LinkedIn) have become an important vehicle serving to increase the visibility of the SE sector, not only on a national level but broader, and have increased the level of virtual networking.

⁸ SI-Drive aims at extending knowledge about social innovation (SI) in three major directions by: Integrating theories and research methodologies to advance understanding of the SI leading to a comprehensive new paradigm of innovation; Undertaking European and global mapping of the SI, thereby addressing different social, economic, cultural, historical and religious contexts in eight major world regions; Ensuring relevance for policy makers and practitioners through in-depth analyses and case studies in seven policy fields, with cross European and world region comparisons, foresight and policy round tables.

⁹ Data is obtained from the Road Map.

In the frame of spotlights on employment information and services (RISI Albania, 2015), four national media broadcasted programmes on career, job orientations and examples of successful social enterprises, youth enterprises, and businesses that employ young people. The three media programmes “Ora e Punës” (Working Hour) radiotelevised at Club FM and Club TV, “Ti Mundesh” (You can do it) broadcast at Top Channel, “DrejtPunës” (Towards Employment) broadcast at A1 Report TV and the supplement “DrejtPunës” distributed as part of Shqiptarja.com newspaper, are becoming a valuable source of information for young people regarding career and orientation.

In addition to the lack of a conducive legal framework, the development of the SE is hindered by internal capacity deficiencies. Management of human and financial resources represents one of the challenges, especially when support infrastructures such as business incubators or specialized assistance are not developed. Accounting and financial advice, networking, information and support, marketing, business plan development, business advice and business models are very scarce. Social enterprises face a challenge from a high staff turnover. The social enterprise managers largely lack the technical skills required in the enterprise production line and the management skills to run an enterprise, increase production and respond to multiple clients on time. The management training and social enterprise start-up services provided are very scarce. Some initiatives have been undertaken to enhance the skills and abilities especially of young entrepreneurs. The realization of innovation camps (Junior Achievement, 2015) and business camps (Partners Albania 2015) have provided young people with tips and orientation on business strategy and drafting effective business plans, communication and marketing strategy, financial management, how to conduct effective sales, and the use of technology.

Under the Law on Agricultural Cooperation Companies, new cooperatives have been registered for the production of oil, cereals and vegetables. These data are not available for the public, but according to the Ministry of Agriculture there are 37 agricultural cooperatives which are registered in the National Registration Centre. Based on these data, the smallest agriculture reciprocal company has 7 members, while the largest one has 61 members. The creation of a functioning electronic agricultural information system (farm register, animal register, etc.) is considered by the EU as being crucial in order to create a basis for sound financial management of national and EU assistance (European Commission, 2014).

Information on the reciprocal cooperation companies and agricultural cooperation companies (cooperatives) is also missing in the data provided by INSTAT. These companies are registered in the National Business Registration Centre as Joint Stock Companies (Ministry of Agriculture, Food and Consumer Protection, 2013). The Ministry of Agriculture, Rural Development and Water Management also keeps a register of them, but it is not made public.

On 25 January 2005, some SCAs created the Albanian Union of Saving and Credit Associations (AUSCA) based on the same law “On SCA”, No. 8782. The AUSCA is a voluntary federation of SCAs, created and managed by their members and administrated by its member-elected Board of Directors. Activities began in 1992, when the Project for Rural Credit financed by the WB started. The mission of the AUSCA Group is to provide financial services to SCA members, rural inhabitants, with the aim of promoting production activities, improving living standards, and continuously developing rural areas. As of 2013, ASCU has had 97 SCA members, with a total credit portfolio of over 40 million EUR. The impact of the AUSCA consists of the support it gives to the progressive development of Albanian farms. It achieves this by financing increasing investments; and the creation of structures in the villages, which have the capacity to manage the credit system and other development projects. The AUSCA has been classified as the world’s 15th best micro finance institution by the MIX Market (World Bank, 2008).

In 2011, Yunus Social Business GmbH (YSB) was launched - the Albanian branch of a German company. The YSB runs as a social business itself by setting up incubator funds and providing advisory services to companies, governments, foundations and CSOs (Yunus Social Business, 2014). The YSB has invested

210,000 EUR in the start-up of social businesses. On the basis of a cooperative agreement The Agency for the Support of Civil Society and YSB allocated about 1 million EUR to support the start-up of social businesses during 2012-2013. From July 2015, YSB Albania evolved into YSB Balkans.

The online platform www.hapide.al, which is currently under construction, will serve as an online business incubator and resource centre, through providing hangouts, training programmes, an idea pool, crowd testing, crowd research, and online mentoring. In addition to the available support (e.i. Yunus Social Business), young people will be able to take part in training, business labs, lectures, and advisory services, etc.

Networking is a weak feature of the SE in Albania and this has been one of the hindering factors in the development of the non-profit sector, which in the last 20 years has failed to organize into big umbrella groups or sector base groups. This has had an especially negative impact on the advocacy agenda with regard to lobbying for a more conducive fiscal regime.

In the social enterprise sector, we see the first efforts at organization through the Albanian Forum on Social Enterprises (AFSE), established in 2012 by a group of social enterprises and CSOs and supported by the Emilia Romagna Region. The Forum supports exchange and cooperation between social enterprises; however, there is very little evidence of AFSE work in the above directions, membership numbers and clear services available.

The most prominent umbrella group where agriculture cooperatives can associate is the Albanian Agribusiness Council (KASH), established in 2001 as a union of 22 agribusiness associations, which serves to protect its members' interests and fosters agribusiness development. KASH has been active in policy formulation and lobbying, dialogue facilitation between members and governmental institutions, and information on local and regional prices for fresh and processed agricultural products.

Networking at a regional level, especially among SE factors, is still in the nascent phase, yet to be developed and consolidated. Nevertheless, there are some existing efforts that provide a good base for promising future regional cooperation. They are mainly composed of and run by Western Balkans organizations or Western European networks that also focus on the Western Balkans. The Social Enterprise Forum, a network of SEs and social entrepreneurship supporting organizations aimed at encouraging innovation development in the Western Balkans was launched in 2014, with the Declaration of Western Balkan countries and Turkey for the Development of Social Entrepreneurship. This Declaration marks the beginning of a collective advocacy campaign, in order for Western Balkan countries to become an integral part of the EU Strategy for the development of social entrepreneurship.

The Euclid Network (EN) is a pan-European network working both within and beyond the EU member states, including the Western Balkans. It was established in 2007 and connects 300 members from 31 countries from across Europe, for a more innovative, professional and sustainable European civil society. EN is managing the ERASMUS programme which, for the first time, is open to non-member states in the Western Balkans - Montenegro, Serbia, Albania, Turkey and Macedonia.

4. Summary with recommendations

The social economy in Albania is in its nascent phase. There are developments on the ground that indicate the beginnings of an SE despite gaps in legislation and the lack of a widely accepted concept on what it represents and what its values are. As a country that has entered into the European integration process, the European agenda and practices represent an important reference in developing the SE in the country.

There are a number of issues that need to be addressed in support of SE development. Overall they relate to the regulatory legal framework, financial instruments, the institutional capacities of the SE and structures in place

that support it, and networking as a vehicle for the transfer of knowledge, best practices and effective advocacy at country and regional level. Based on the analysis provided in this paper and the country specifics with regard to the SE, a set of recommendations is provided below:

- Albania needs to have a framework regulation in place with regard to the SE. The framework should provide supporting measures and policies necessary towards the development of the SE. It needs to define its characteristics, guiding principles and the field of activities as a contribution towards clarifying the concept. Representative structures of the SE enabling a structured dialogue with the government should be envisaged based on the model of dialogue with the business sector.
- The SE can take different legal forms and a one-form-fits-all does not exist. Albania may consider an open legislative model rather than a specific law on social enterprises. The framework regulation should address the nature of the organizations' goals and activities, rather than the institutional forms in which they operate. This will enable SE organizations to choose the best model or legal form to suit their needs in pursuing their social mission. Principles on what constitutes a social enterprise may be introduced as a way to distinguish it from other forms. The framework should reflect the difference between SE initiatives and non-profit organizations as two distinct legal forms.
- The development and role of the SE should not be seen strictly along the lines of social inclusion and work integration, which is the case with the current government Strategy for Employment and Skills. The SE should be seen in a wider spectrum of services and trade as a way to encourage social innovation.
- The government needs to establish special financial grants and soft loan schemes, taking into consideration the forms of the SE and beneficiary groups. This needs to be accompanied by meaningful fiscal incentives and subsidies for the respective forms.
- The government should be active in ensuring assistance with regard to networking, transfer of technology and services. Besides the direct benefits for SE development this will help foster cooperation with and trust in public institutions, an important ingredient of democracy.
- The public procurement law needs to be revised, derogating from the general rules of public procurement in order to make it easier for the SE to win public contracts for the provision of services and goods.
- Government and donor programmes should provide funding and assistance to support entrepreneurs. In addition a pro-active approach and constructive dialogue through sharing information, knowledge, skills, and regional best practices is recommended.
- The production of publications and reports from CSO experts and the government should be stepped up. In addition, a more pro-active role of CSOs and the SE is needed to promote their role and contribution in the economy in media, online platforms etc. Increased cooperation with the media and networking in and outside the country would contribute in this regard.
- The government should establish an institutional body/department, in charge of the development and monitoring of the SE sector in Albania. CSOs and the SE should be periodically informed and invited for consultations with regards to policy drafting and implementation.