



NATIONAL CSR REPORT ALBANIA - 2013

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List of Abbreviations

CPI	Corruption Perception Index
GCI	Global Competitiveness Index
EMAS	Eco-Management and Audit Scheme
EPI	Environmental Performance Index
EU	European Union
IMWG	Inter-Ministerial Working Group
ISO	International Standard Organisation
MEDTE	Ministry of Economic Development, Trade and Entrepreneurship
METE	Ministry of Economy, Trade and Energy
MSF	Multistakeholder Forum
NGO	Non-governmental Organization
PRTR	Pollutant Release and Transfer Register
SAI	Social Accountability International
SME	Small and Medium Enterprises
UNGC	United Nations Global Compact
UNDP	United Nations Development Programme



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About the Report

This is Albania's first Annual Report on Corporate Social Responsibility, published by the Ministry of Economic Development, Trade and Entrepreneurship. This report accurately reflects CSR developments in the country since the UNDP 2008 Baseline Study on Corporate Social Responsibility. It introduces a measurement framework at the national level that allows for annual assessment of CSR related performance in the country. The key institutional partner involved in the preparation and finalization of this report is the United Nations Development Programme (UNDP), which has provided the technical expertise.

This report is the outcome of the technical work conducted by Ms. Kate Ives, Integrity Research and Consulting, and Mr. Stuart Black, International Consultant, in establishing the measurement framework and indicators. Special thanks go to Ms. Holtjana Bello, National Consultant, for conducting some of the data collection and analysis across three stakeholder groups, government, private sector and civil society.

The Ministry of Economic Development, Trade and Entrepreneurship (MEDTE) extends its thanks to those individuals who have devoted time through consultations and individual interviews. Among them, special gratitude goes to the newly established CSR Network for coordinating the data collection for the private sector, as well as the Albanian Consumer Protection Association.

None of this would have been possible without the facilitation and support of the Department of Competitiveness at the Ministry of Economic Development, Trade and Entrepreneurship. For the coordination and technical support, special thanks go to the UNDP project team.





Executive Summary

This first Corporate Social Responsibility (CSR) Annual Report presents an assessment of CSR developments in Albania, since the UNDP 2008 Baseline Study. In line with the CSR multistakeholder approach, the leading role of the private sector, the watchdog role of civil society and the incentivizing role of government are recognized. Complementing corporate level performance, with civil society performance and government efforts for an enabling environment, sheds light on how conducive the entire economy is towards nurturing responsible businesses. As such, this analysis is conducted across these three stakeholder groups. Its outcomes indicate that Albania has made significant progress, with the level of achievement standing at Government 55%, Private Sector 53% and Media 40%.

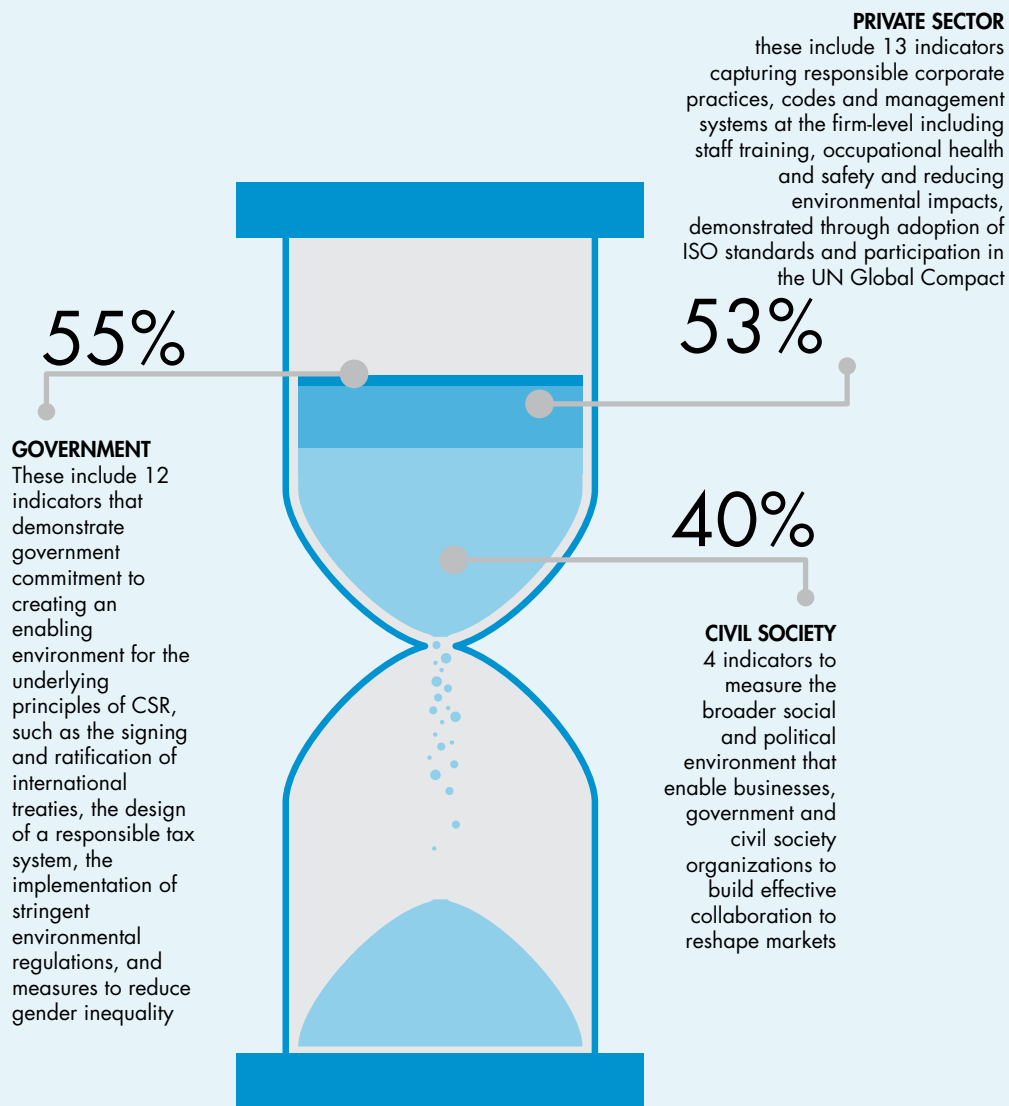
Significant improvements are made towards creating an enabling environment at the national level. Guided by Albania's EU membership perspective, the Albanian Government has committed to promote CSR as an added factor of competitiveness and sustainable socio-economic growth. To this end, in 2011, the Ministry of Economy, Trade and Energy (METE), with the technical assistance of the United Nations Development Programme (UNDP), developed and endorsed the *National Action Plan on CSR 2011 -2014*, highlighting the emerging need for Albanian enterprises to exercise a higher degree of commitment to social, environmental and workforce concerns. In the context of a low level of awareness by the private sector and lack of active participation from NGOs, Media, Consumers and Trade

Unions, the National Action Plan priorities focus on awareness raising, capacity building and promotion of best practices. MEDE, in its role as the convener of the Multistakeholder Forum on CSR, has allowed for transparent dialogue among a wide range of actors and exploration of potential partnerships towards the achievement of these objectives. An example of the latter includes the partnership with the CSR Network for the National CSR Awards. In addition, a framework for the national measurement of CSR performance, composed of 29 indicators, has been established and will serve as the basis for the Annual CSR Report.

Private sector related data are indicative of increasing responsible practices that integrate CSR concerns into business strategies and operations. In 2013, Albania has marked progress, ranking highest among other countries in the Balkans with subsidiaries of large international listed companies in banking, telecommunications, and extractive industries having imported good governance practices from their parent companies. Of particular relevance is the shift from merely philanthropic activities, towards the integration of substantive CSR practices in corporate governance. Indicators that track corporate governance performance, such as board efficiency and adherence with international auditing and accounting standards are fulfilled at a level of 53% and 40% respectively.

A milestone in achieving a higher engagement of the private sector is the establishment of the CSR Net-

FIGURES IN 2013



work, where eight leading companies have joined efforts to disseminate information, build cross-sector partnerships with government, build SME capacities, and award best practices. Nonetheless, private sector intermediaries and other business membership organizations at large do not engage in CSR activities and promotion. The extent of International Standard Organisation (ISO) certification is low; however, an increasing trend has been observed in recent years.

Whereas it appears that Albanian companies are fairly responsive to the needs of their consumers, this is not the result of any pressure exerted by Albanian consumers or consumer protection associations. The Albanian consumers tend to have a low level of awareness about consumer issues and rights, and there is ample space for con-

sumer protection NGOs to take a more proactive role.

The engagement of civil society remains weak with only a negligible number of active NGO programmes relating to CSR. This ad-hoc involvement is often in the frame of donor funded initiatives, rather than stemming intrinsically. In addition, the role of post-secondary institutions in sensitizing graduates on CSR issues remains largely unexplored, with most of them introducing such concepts only in post-graduate level curricula of corporate governance and business ethics courses. Media on the other hand, has not fulfilled its role of bringing to light irresponsible business practices. Strong ties with businesses and political influence further inhibit such disclosure. In addition, the inflation of private media outlets has overshadowed the already weak media.

1. Introduction

1.1 The Context for CSR Promotion in Albania

Albania's sustained economic growth prior to the 2008 global financial crisis was successful in terms of poverty reduction, allowing the country to obtain a middle income country status¹. Strong domestic demand, particularly in the construction, industry and services sectors, was the main driver of economic growth. Over 78.4 thousand enterprises in Albania employ 280.8 thousand employees². 91% of the enterprises employ 1-4 employees and account for only 14% of the total turnover and 37% of the employed. Companies with 20+ employees represent only 2% of the active enterprises and account for 47% of the employed and 61% of the turnover³.

Emerging from 50 years of state controlled economy, Albania's private sector operated in a weak regulatory framework and it was characterized by a short term vision and growth horizon, focusing primarily on survival and terministic exploitation of available resources. As more than two decades have passed, and consolidation has started to take place, there is an increasing awareness of the importance of CSR commitment, with selected businesses seeing beyond solely profit and acting with social and environmental concerns in mind.

Future growth is likely to be export-led and investment driven, and in both these contexts the importance of CSR as a component of sustainable competitiveness is vital. As Albanian companies and multi-national companies working in Albania compete in globalized mar-

kets, the degree of commitment to integrate CSR into all aspects of a company's strategic vision and practice will be an increasingly important factor in terms of creating competitive advantage and increasing market share and ultimately raising profits.

In light of Albania's impending candidacy status in the European Union, the promotion and implementation of CSR standards becomes even more relevant, as Albanian businesses will face increased competition and will have to adapt to a more sustainable way of doing business. CSR is a key part of the Europe 2020 Strategy, which seeks to promote an integrated approach to smart, sustainable and inclusive growth within an overall vision of the social market economy. The focus on the inter-relationship between economic, environmental and social objectives in the service of sustainable competitiveness is now at the center of the EU agenda, encouraging businesses to develop and strengthen their commitment to CSR. The mainstreaming of CSR underpins the EU's commitments to growth and jobs, sustainable development and social cohesion⁴. Balkan countries are required to meet EU guidelines for CSR promotion, where the development of national plans and priority actions for the promotion of CSR principles in cooperation with enterprises and other stakeholders is encouraged.

To create an enabling environment for the promotion of CSR, the Government of Albania, with the leadership of the Ministry of Economy, Trade and Energy (METE), and the technical support of UNDP, has developed the

1. World Bank (July, 2013), *Albania: Macroeconomic Policies, Policy Brief*
2. INSTAT (2011), *Annual Structural Survey of Enterprises*.
3. *Ibid*

4. Stubbs, Paul (2011), Policy Paper for the Government of Albania, Ministry of Economy, Trade and Energy.

National Action Plan on CSR 2011 – 2014. The NAP is underpinned by a vision in which Albania promotes CSR in ways which develop the sustainable competitiveness of companies operating in Albania, creating social value for the long term prosperity and welfare of Albanian citizens and protecting the environment for future generations. The mission of the Government of Albania, through an ongoing open and inclusive dialogue with all stakeholders, is to create the best possible enabling environment for the adoption of CSR practices in companies operating in Albania. In partnership with others, the goals of the National Action Plan cover 6 broad dimensions: 1) awareness raising at the macro (government), meso (private sector intermediaries and micro (enterprise) level, 2) capacity building at the meso and micro level 3) Establishment of a measurement framework to measure CSR developments at the national level 4) Creating an enabling environment 5) Setting up a CSR Award to reward best practices; 6) Promoting a culture of disclosure.

1.2 Monitoring National CSR Performance

The measurement of CSR at the national level remains a challenge in many countries. In the case of Albania, this is the first attempt to understand and capture those factors that drive change in the national context. The existence of a national system of indicators allows for continuous monitoring of CSR implementation in the country, as well as evaluating investments made by the government in creating an enabling CSR environment. In addition, monitoring CSR implementation

provides a way for the government to track how well the private sector is contributing to national goals. The establishment of such indicators has the potential to guide and stimulate company CSR practices. Furthermore, it enables evaluation of progress of CSR practices at company level against certain objective criteria and provides a state level recognition and visibility to progressive CSR practices of companies.

THE MISSION OF THE GOVERNMENT OF ALBANIA, THROUGH AN ONGOING OPEN AND INCLUSIVE DIALOGUE WITH ALL STAKEHOLDERS, IS TO CREATE THE BEST POSSIBLE ENABLING ENVIRONMENT FOR THE ADOPTION OF CSR PRACTICES IN COMPANIES OPERATING IN ALBANIA

The measurement framework used for this assessment relies on the one developed by UNDP Lithuania for assessing corporate alignment with CSR principles. Twenty-nine country level performance indicators form the basis of this framework, and allow for comparison, categorization and assessment of different levels of CSR awareness, capacity and performance across countries.



2. Methodology

The UNDP *Baseline Study on National Indicators for CSR Implementation* defined tracking the performance of CSR promotion as the primary function of the national system of indicators. It identified 29 indicators that allow for measuring annual progress and benchmarking Albania's performance to other countries in the region. Three main drivers of CSR in Albania's national context were identified:

- **Policy drivers:** these include 12 indicators that demonstrate government commitment to creating an enabling environment for the underlying principles of CSR, such as the signing and ratification of international treaties, the design of a responsible tax system, the implementation of stringent environmental regulations, and measures to reduce gender inequality;
- **Business action:** these include 13 indicators capturing responsible corporate practices, codes and management systems at the firm-level including staff training, occupational health and safety and reducing environmental impacts, demonstrated through adoption of ISO standards and participation in the UN Global Compact;
- **Social enablers:** 4 indicators to measure the broader social and political environment that enable businesses, government and civil society organizations to build effective collaboration to reshape markets

This conceptual framework divided data collection across 3 stakeholder groups:

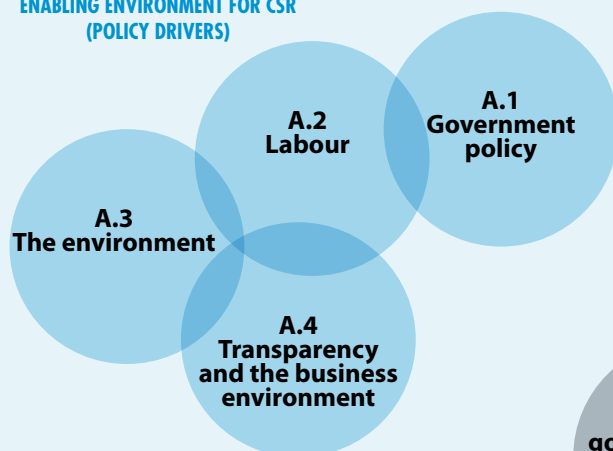
1. Government – responsible for creating an enabling environment for CSR (policy drivers)
2. Private sector (business action)
3. Civil society – responsible for a variety of “watchdog” roles (social enablers)

Each monitoring framework has a “scorecard” to track progress in a number of areas (see *Annex 1A, Annex 1B and Annex 1C*):

- A: National Legal and Policy Environment
- A.1 - Government policy: CSR strategy and promotion for creating an enabling environment
 - A.2 - Labour
 - A.3 - The environment: tracking emissions at the national level
 - A.4- Transparency and the business environment: corruption, economic growth and competitiveness and sustainable or responsible competitiveness
- B: Corporate Practice and Performance
- B.1 - Corporate governance and financial reporting
 - B.2 - Participation by companies in CSR and sustainability reporting

CSR MONITORING FRAMEWORK

A. GOVERNMENT RESPONSIBLE FOR CREATING AN ENABLING ENVIRONMENT FOR CSR (POLICY DRIVERS)



B. PRIVATE SECTOR CORPORATE PRACTICE AND PERFORMANCE



C. CIVIL SOCIETY RESPONSIBLE FOR A VARIETY OF "WATCHDOG" ROLES (SOCIAL ENABLERS)



B.3 - Labour

B.4 - Environmental performance of companies

B.5 - Consumers

C: Civil Society Context

C.1 - Strength of NGOs, consumers, media

This methodological framework required the undertaking of a complex research process and it entailed numerous consultations with a range of public, private and civil society actors. The research and data collection consisted of the following main steps:

1. Consultations with key stakeholders along the three main groups;

2. A comprehensive analysis of publicly available corporate information for the members of the CSR Network;
3. Desk review of the activities of civil society (public and private media, institutions of higher education, consumer protection associations, etc.);
4. Desk review of policy documents and national legislation relevant to CSR promotion;
5. A comprehensive analysis of internationally available data and reports that allow for benchmarking Albania's performance in the field (e.g. World Bank's Ease of Doing Business index, Transparency International Corruption Perception Index, World Economic Forum Global Competitiveness Index, Environmental Performance Index).



3. Reporting by Stakeholder Category

A. NATIONAL LEGAL AND POLICY ENVIRONMENT

The state has a role to play in promoting CSR at the national level. Promoting awareness is a large part of what governments can do to encourage best practices in implementation, as a way of improving economic competitiveness and by integrating private sector strategies into national development plans. Beyond this, as a future EU candidate country, Albania will be required to report to an EC sub-committee on the level of CSR promotion and implementation of CSR by companies. Hence, there is a real need to develop specific indicators to track progress. Beyond the national indicators elaborated in this report, the government needs to compile statistics at the sectoral level, particularly for those sectors (extractive, labour intensive and export-oriented industries) for which CSR can offer various comparative advantages.

A1. Government Policy: CSR Strategy and Promotion

The primary reason for monitoring national legal and policy indicators is to track the government's performance in creating an enabling environment for CSR. There are two indicators for this category: a) existence of a national CSR strategy and b) existence of national legislation promoting CSR.

Indicator A1. 1 – Existence of a National Strategy (10/15) ●●●●●●●●●●●●●●●●

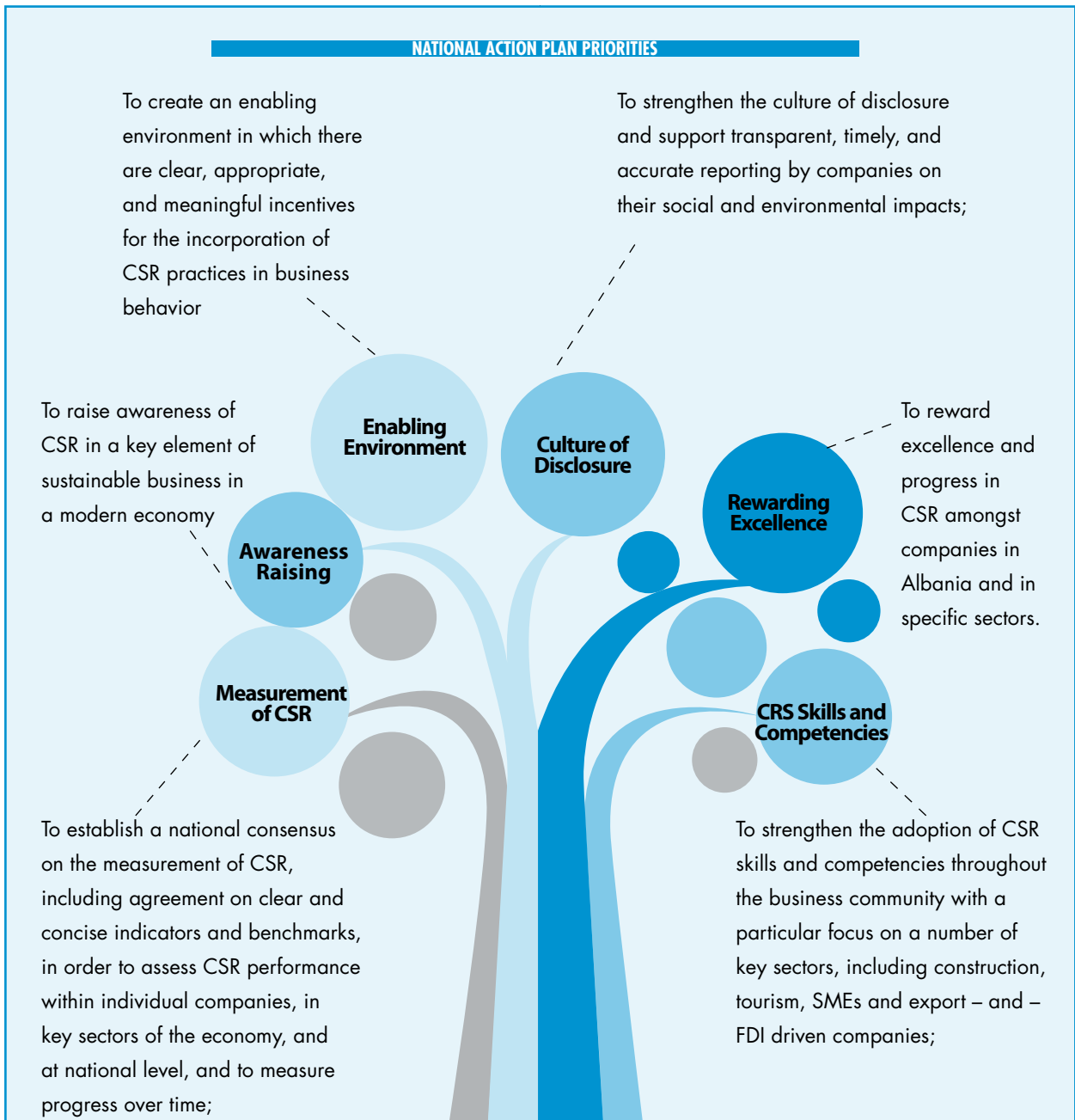
The existence of a National Strategy on CSR demonstrates government leadership by creating an enabling legal and institutional environment for the development of CSR. It is important for government to take the lead in creating in-

centives to encourage businesses to adopt CSR principles. This involvement raises public awareness of the issues and raises the significance of CSR within the policy/ government sphere.

Comparison with 2008 reveals that Albania has made significant progress in the level of government engagement in CSR promotion. During 2011, the Ministry of Economy, Trade and Energy engaged in a wide consultative process with various stakeholders relevant to the field of CSR, with the aim of developing a National Action Plan (NAP) for its promotion in Albania. The NAP covers six broad dimensions:

The promotion of CSR through the implementation of the NAP requires dialogue between all different actors such as employers and their associations, government and governmental agencies, civil society, consumer organizations, media, institutions of higher education and other relevant stakeholders. To this end, in December 2011, METE convened the first meeting of the Multistakeholder Forum on CSR, which thereafter has met regularly on a biannual basis. Beyond its role as a consultative body, the Forum has enacted an advisory function to the Inter-ministerial working group. The latter was established in 2011 (Minister Decree No. 883) tasked with overseeing the drafting and subsequent implementation of the NAP. The establishment of the Inter-ministerial working group intended to facilitate the identification of meaningful and appropriate incentives for stimulating responsible business practices. Nevertheless, there is scope for greater involvement in translating Forum outcomes / recommendations into concrete policies.

NATIONAL ACTION PLAN PRIORITIES



The Government’s CSR commitment was established through the National Action Plan, and further reinforced through the incorporation of CSR promotion in the Business and Investment Strategic Plan 2014-2020.

In particular, it is important for a directive to come from government in a region where there is a tradition of government leadership in driving policy.

Indicator A1.2 – National Legislation Promoting CSR

(2 / 5) ● ● ● ● ●

Whereas it is widely recognized that CSR should remain a voluntary initiative and excessive legislation is not desirable, it is important for governments to create an environment in which businesses can adopt CSR practices.

The European Parliament Resolution of March 3, 2007 identifies a list of eligible legislation whose enactment has the potential to stimulate CSR practices. Albania’s progress towards this indicator is assessed along these legislative areas. Despite the fact that Albania does not explicitly have any of the stipulated legislation, Table 1, sheds some light on the legislative provisioning under each area

	Legislative amendments made with a view to enabling CSR
1	N/A
	Reporting legislation on ESG performance at the company level
2	Supervisory Council/Administrative Council at company level but solely if provided in the bylaws of the Company to report on ESG performance – Law 9901/2008 “On entrepreneurs and commercial companies”, as amended by way of Law no.10475. Reporting to environmental protection authorities of an activity under Law no.10431/2011 “On environmental protection”
	Effective competition legislation enabling fair treatment of and market access for locally-based SMEs
3	Law no.8957/2002 “On small medium enterprises”, as amended by way of Law no. 9497/2006 and Law no.10042/2008. Law no.9497/2006 “On the establishment of the Albanian Investment Development Agency” (AIDA)
	Legislation disqualifying companies from government contracts if they engage in corruption and fail to comply with social and environmental standards, keeping in mind administrative burdens for SMEs
4	Law no.125/2013 “On concessions and public private partnerships” – a contract may be terminated in case of violation of laws, which may include corruption practices. Law no.9643/2006 “On public procurement”, as amended.
	Legislation supporting social and eco-labelling schemes
5	Law no.9374/2005 “On government aid”, as amended by way of Law no.10183/2009
	Legislation extending the responsibility of company directors with over 1,000 employees to encompass a duty to minimize harmful social and environmental impact of company activities
6	N/A (The liability for actions which have a harmful social and environmental impact lies with the company itself subject to a violation of Law no.10431/2011 “On environmental protection”. Also, Some of the environmental violations represent criminal acts under the Albanian Criminal Code.)
	Legislation requiring the application of strict social and environmental criteria in making government grants and loans to business
7	Law no.8957/2002 “On small medium enterprises”, as amended by way of Law no. 9497/2006 and Law no.10042/2008. Law no.9497/2006 “On the establishment of the Albanian Investment Development Agency” (AIDA)
	Legislation requiring export credit guarantees to comply with the highest social and environmental criteria so that government money is not used for projects that contravene agreed EU social policy goals on human rights, labour, environment, corruption, and so on
8	N/A
	Budget provisions for CSR pilot projects on: social innovation, stakeholder involvement, assisting victims of corporate abuse, education, SME CSR development, the link between competitiveness and sustainable development, awareness of ILO core conventions, etc.
9	Occasionally, in accordance with Law no.9497/2006 “On the establishment of the Albanian Investment Development Agency” (AIDA) Law no.9374/2005 “On government aid”, as amended by way of Law no.10183/2009 Decision no.34, dated 02.04.2010 of the Commission of Government Aid “On approving the directive on government aid for research, development and innovation”
	SRI legislation promoting transparency of decision-making for investors
10	N/A

A2. Labour Issues

The recent economic slowdown in Albania has given priority to addressing labour market issues such as rising unemployment and underemployment, youth unemployment, unequal access to employment opportunities, particularly for rural women. Three indicators have been selected to track labour issues at the national level: a) the ratio of women in the work force, b) the overall employment or unemployment rate and c) youth unemployment.

Indicator A2.1 – Gender Equality in the Labour Force (3 / 5) ●●●●●

The level of women participating in the workforce is a reflection of the degree of gender equality in the economy: an imbalanced workforce can demonstrate archaic traditions where women are expected to manage childcare and the household. This indicator also reflects the level of educational attainment of women. Using Global Competitive Index (GCI) data it is possible to compare the number of women in the workforce in Albania against other countries in the Balkans.

Referring to the World Economic Forum's Global Competitive Index⁵, Albania is ranked 92nd out of 144 countries globally, with a ratio equal to 0.72. Countries in the region are ranked from the lowest ratio (0.63) in Bosnia & Herzegovina to the highest ratio in Bulgaria (0.88). More details about the ratio and the rank for Balkan countries, is given in the table below:

TABLE 2: GCI RATIO OF WOMEN IN THE LABOR FORCE IN THE BALKANS, 2012-2013

Country	Women in Labor Force (GCI 7.08)	
	Ratio ⁶	Rank
Bulgaria	0.88	37
Croatia	0.84	58
Romania	0.78	73
Montenegro	0.77	77
Serbia	0.77	77
Albania	0.72	92
Macedonia	0.65	106
Bosnia & Herzegovina	0.63	110

5. GCI data is gathered by a network of partner institutes worldwide, including the Institute for Contemporary Studies (ISB) in Albania

6. GCI ratio of women in the labor force means the ratio of women to men in the workforce.

Indicator A2.2 – Level of unemployment

(2 / 5) ●●●●●

Tracking the unemployment rate determines the extent to which the public and private sectors are able to create new jobs and reduce unemployment.

The information provided for the unemployment rate is provided by INSTAT for the third quarter of 2013 and it is compared with the previous quarter of 2012. Compared to other countries in the region, Albania is ranked third, out of nine countries in the Balkans. Based on this data Albania has improved its position both when compared to its statistics over the last decade but also when benchmarked to other countries in the region.

TABLE 3: UNEMPLOYMENT RATE IN THE BALKANS (2012-2013)

Country	Unemployment Rate	
	2013 (%)	2012(%)
Romania	7.30	7.00
Bulgaria	13.00	12.30
Albania	15.60	13.04
Montenegro	14.61	14.07
Croatia	17.20	15.90
Serbia	22.10	23.90
Greece	27.30	24.30
Macedonia	28.60	30.60
Bosnia & Herzegovina	27.50	28.00

Source: INSTAT http://www.instat.gov.al/media/237073/tregu_i_punes_2013.pdf

Indicator A2.3 - Youth Unemployment

(3 / 5) ●●●●●

As part of their Corporate Social Responsibility, businesses share responsibility with public institutions on supporting youth employment. The private sector can play an important role in facilitating access to markets, in providing apprenticeships and mentorship and in training provision that meet market needs, and facilitate the access of youth to markets, capital and networks. High youth unemployment reflects the difficulties faced by young people in finding jobs and is seen as a critical factor in stability and growth. The youth unemployment rate is the percent of total unemployed youth (aged 15–24) relative to the total labor force.



Youth unemployment data are gathered across 2010, 2011 and 2012, enabling the assessment of the progress versus the regress over the years.

TABLE 4: YOUTH UNEMPLOYMENT RATE IN THE BALKANS (2010-2012)

Country	Youth Unemployment Rate			Youth unemployment ratio
	2010	2011	2012	2011
Romania	22.1	23.7	22.7	7.4
Albania	22.5	21.6	26.0	11.7
Bulgaria	21.8	25.0	28.1	7.4
Greece	32.9	44.4	55.3	13.0

Source: Eurostat: http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Unemployment_statistics

Youth unemployment is recognized to be high in Albania compared to other countries in Europe. INSTAT estimates that the youth unemployment ratio is nearly double of the unemployment rate for the entire workforce.

Moreover, youth unemployment rates have risen during the period of 2010 – 2012, not only in Albania but in other countries in the Balkans as well, largely due to the effects of the economic crisis on the labour market. Taking into consideration the latest available data for the youth unemployment rate provided for 2012 from Eurostat, Albania is ranked in the middle with a youth unemployment rate of 26%, benchmarked against Romania with a minimum value of 22.7% and Greece with an unemployment rate of 55.3%.

Recommendations for Indicator A2.3

Some attempts are being made to analyze the impact of youth unemployment on social sustainability. The Global Competitive Index measures youth unemployment as part of a larger indicator for ‘Sustainable Competitiveness’. Most countries in the Balkans are included, but the data is not currently available for Albania.

Once Albania will be included in Social Sustainability Adjusted GCI in the Balkans 2012-2013, it shall be used as a relevant source of information to enable the benchmarking with countries in the Balkans.

A3. Environment: Tracking emissions at the national level

Indicator A3.1 – CO₂ emissions per capita

(5 / 5) ●●●●●

Governments play a big role in reducing GHG emissions and driving the transition towards renewable energy. CO₂ emissions per capita represent a proxy for how energy-efficient a country is.

The information for this indicator is provided from the UNDP’s Human Development Report. In 2013, like in 2009, the value of CO₂ emissions per capita remains unchanged at 1.3 metric tons. As per the specifications of the CSR measurement system, CO₂ emissions below 5 metric tons per capita warrant a maximum score of 5 points. Whereas it appears that this indicator is fully achieved, a more cautious interpretation might be needed as it might not necessarily reflect an accurate picture of the country’s environmental performance.

Indicator A3.2 – Environmental Performance Index (EPI)

(4 / 5) ●●●●●

This is a ranking of environmental performance of countries around the world based on 10 policy categories and 25 performance indicators grouped under two key objectives: environmental health and ecosystem vitality. This indicator provides a composite measurement of a range of environmental factors including agriculture, air pollution, biodiversity and habitat, climate change, the environmental burden of disease, fisheries and forestry.

The overall EPI ranking yields surprising results. Several countries (e.g. Australia, Canada, and Netherlands) that are often considered environmentally responsible on the surface do not rank very highly. By comparison, in 2012 Albania ranked 15th out of 132 countries (scoring 65.85 out of 100), an improvement of 8 positions compared to 2010. To be noted is that these results reflect the effect of giving equal weights to “Environmental Health” and “Ecosystem Vitality” in the overall EPI. The disaggregated data for each group indicate a certain degree of results aligning with conventional expectations regarding the environmental performance.

However, considering the overall EPI results, this ranking⁷ puts Albania in the top 20 countries in 2012 with

7. EPI 2012, Page 27, <http://epi.yale.edu/sites/default/file/>

its performance in the climate change category over the last decade being responsible for the high trend results. For more details see the Table 5, below:

TABLE 5: COMPARISON OF EPI RANKINGS AND SCORE IN THE BALKANS, 2012

Country	EPI 2012	
	Rank/132	Score/100
Albania	15	65.85
Croatia	20	64.16
Bulgaria	53	56.28
Romania	88	48.34
Macedonia FYR	97	46.96
Serbia	103	46.14
Bosnia & Herzegovina	124	36.76

Source: EPI: <http://epi.yale.edu/sites/default/files/downloads/2012-epi-full-report.pdf>

Based on the CSR scorecard, overall EPI scores varying from 60 to 70, are awarded with 4 (four) out of maximum 5 points. Because the scores for Albania (65.85) fall within this range, 4 points are awarded to this indicator. As a conclusion, the Indicator 7 has not been fully achieved. More details regarding the key criteria scoring each indicator are given in Annex 1A.

Indicator A3.3 – Pollutant Release and Transfer Registry (PRTR)

(N/A)

E-PRTR is the new Europe-wide register that provides easily accessible key environmental data from industrial facilities in European Union Member States. Albania is in the process of preparing an integrated system registry of pollutant release and transfer under the PRTR Protocol and is building its capacity to monitor PRTR through an EU-funded Project, CEMSA. By including PRTR as in indicator in its CSR monitoring framework, the government would encourage companies to track a broad spectrum of pollutant releases in air, water and land – which will help Albania implement the E-PRTR and contribute to the adoption of the EU Environmental Acquis.

As a conclusion, it is impossible to score and therefore, to assess the progress of this Index because there are no available data for Albania. Therefore, Indicator 8 has

been excluded from the CSR progress report for 2013, and to use it once Albania will finalize the integrated system register of pollutant release as part of E-PRTR.

Recommendation on how to improve indicator 8:

One of the priorities of the Albania's government environmental strategy and national environmental action plan is to establish the legal framework as an instrument for the application of the environmental policies in the country. Part of this process involves the preparation of an integrated system register of pollutant release and transfer under PRTR Protocol thus, a National PRTR website needs to be developed to enable tracking the pollutants. Therefore, it is recommended to use E-PRTR Indicator once Albania will finalize the integrated system register of pollutant release as part of E-PRTR.

Alternatively, the measurement of air pollution is another indicator that could be used in the forthcoming reporting years. The European Environment Agency maintains a website that records air pollution in a number of countries. For a more comprehensive indicator, GCI's Environmental Sustainability Adjustment, which is a composite index derived from the Environmental Performance Index shall be considered to be tracked. It measures a broad spectrum of ecological resource use and resource capacity of countries. Once available data will be provided for Albania, it can be used to track the air pollution.

A4. Transparency and the Business Environment

Indicator A4.1 – Level of corruption

(1 / 5) ● ● ● ● ●

Corruption in the public and private sectors is an important issue, and is one of the greatest threats to good CSR practice. This is a well-recognized problem in Albania.

Based on Transparency International's, Corruption Perception Index (CPI), 2012, Albania is ranked in the lowest position in the Balkans, 113 out of 176 countries, scoring 33/100. For other countries in the Balkans this index varies from the best corruption index (Croatia) scoring 46/100 and ranked 62th out of 176 countries to the worst corruption index of Albania, with the above

[downloads/2012-epi-full-report.pdf](http://epi.yale.edu/sites/default/files/downloads/2012-epi-full-report.pdf)

mentioned figures. More details about the CPI for Albania and other Balkan countries are given in the table 6, below. The countries are listed as in decreasing order.

TABLE 6: CORRUPTION PERCEPTION INDEX IN THE BALKANS, 2012⁸

Country	Corruption Perceptions Index 2012	
	Score/100	Rank/176
Croatia	46	62
Romania	44	66
Macedonia FYR	43	69
Bulgaria	41	75
Montenegro	41	75
Serbia	39	80
Moldova	36	94
Kosovo	34	105
Albania	33	113

Source: <http://www.transparency.org/country#ALB>

Comparison with the CSR baseline study 2008 reveals that Albania has made regress with respect to corruption indicator with -8 rating decline provided in the Transparency International's Corruption Perception Index. In 2008 Albania ranked 105th out of 180 countries and it was already considered as a drawback, because other countries in Balkan region ranked higher-Bosnia, Macedonia, Montenegro ranked 84th, Serbia 79th and Croatia 65th. Still in 2012, Albania continues to have the highest level of corruption marked in the Balkans.

Based on the CSR scorecard, overall CPI scores varying from 31 to 37, are awarded with 1 (one) out of maximum 5 points. Because, the scores for Albania (33) fall within this range, 1 point is awarded to this indicator. As a conclusion, the Indicator 9 has not been fully achieved. More details regarding the key criteria scoring each indicator are given in Annex 1A.

8. Latest data available in CPI are given for the year 2012.

Indicator A4.2 – Level of Global Competitiveness

(3 / 5) ● ● ● ● ●

The overall GCI provides valuable insights into a country's level of economic growth and competitiveness, and can provide policy direction for improving economic policies and institutional reforms.

Based on World Economic Forum's GCI, Albania in 2012-13 was ranked 89th out of 144 countries and scoring 3.91/7, placing it in the middle category (Stage 2, Efficiency-driven), in transition to Stage 3 (Innovation-driven), which indeed is an improvement from 2011-2012 when it was ranked 88th/144 countries. Countries in this category are becoming more competitive, and are experiencing increases in productivity and wages. As they progress beyond this stage they will start to develop more efficient production processes and increase product quality. Table 7 provides an indication of where Albania sits in relation to its neighbor countries with respect to the overall index. The ranking indicates that Albania is listed among the last.

TABLE 7: COMPARISON OF THE GLOBAL COMPETITIVENESS INDEX SCORES IN THE BALKANS

Country	2012-13 Index		2011-12 Index
	Rank/144	Score of 7	Rank
Bulgaria	62	4.27	62
Montenegro	72	4.14	72
Romania	78	4.04	77
Macedonia, FYR	80	4.04	79
Croatia	81	4.04	80
Bosnia & Herzegovina	88	3.93	87
Albania	89	3.91	88
Serbia	95	3.87	94
Greece	96	3.86	95

Source: http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2012-13.pdf

Furthermore, these results highlight the need for Albania to introduce further policy measures and improve institutional reforms that aim to improve innovation and reduce corruption. Based on the CSR scorecard, overall GPI scores varying from 3.5 to 4.00, are awarded with 3 (three) out of maximum 5 points. Because the scores for Albania (3.9) fall within this range, 3 points are awarded to this indicator. More details regarding the key criteria scoring each indicator are given in Annex 1A.

Indicator A4.3 – Ease of Doing Business

(0/ 5) ● ● ● ● ●

This indicator provides another measure of the business environment, complementing the CPI and GCI indicators that measure the level of corruption and the competitiveness of the economy. It sheds light on how easy or difficult it is for a local entrepreneur to open and run a small business, tracking changes in regulations affecting 11 areas in the life cycle of a business: starting a business, construction permits, electricity, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts, resolving insolvency and employing workers.

For 2013, World bank's "Ease of doing business" ranks Albania 85th out of 185 countries, which indicates a regress compared with the previous year when it ranked 82nd. This ranking is indicative of the existing barriers for local entrepreneurs to open and run a small to medium size business when complying with relevant regulations including: starting a business, construction permits, electricity, registering property, getting credit, protecting investors, paying taxes trading across borders, enforcing contracts resolving insolvency and employing workers, have been augmented. While, comparing with other countries, Albania is ranked higher than Serbia but lower than other countries in Balkans. Additionally, low ranking indicates that although positive attempts, Albania is failing to create a regulatory environment that is conducive to operating the business. More details where Albania sits comparing with its neighbouring countries in Balkans is given in table 8, below.

TABLE 8: WORLD BANK'S "EASE OF DOING BUSINESS" INDEX

Country	2013 Rank/185	2012 Rank	Change
Macedonia FYR	23	22	-1
Montenegro	51	57	+6
Bulgaria	66	64	-2
Romania	72	72	0
Moldova	83	86	+3
Croatia	84	80	-4
Albania	85	82	-3
Serbia	86	95	+9

Source: <http://www.doingbusiness.org/data/exploreeconomies/albania/>

Despite the regress Albania has made comparing with previous year with -3 ranking decline in "Ease of Doing Business" index, comparing with data reported in CSR baseline 2008, Albania has marked a progress with +1 ranking. However, obstacles for opening a business remain high even after 5 years when Albania ranked 86th among the countries with some of the highest barriers in the Balkan region.

Based on the CSR scorecard, stagnation and decreasing in Rank are not awarded with any points. Since, there is a decline for Albania in rank with (-3), 0 points are awarded to this indicator. As a conclusion, the Indicator 11 has not been achieved. More details regarding the key criteria scoring each indicator are given in Annex 1A.

Indicator A4.4 – Responsible Competitiveness

(N/A)

It indicates how social and environmental factors can influence a country's overall sustainable or responsible competitiveness. This indicator identifies the extent to which responsible business practices can become a core driver of productivity growth, wealth creation and economic success.

As suggested in the framework for measuring the CSR performance, the source for data collection with respect to this indicator is the World Economic Forum' Global Competitiveness Report which has incorporated a new "sustainable competitiveness" component.

The new aggregated pillar of "environmental sustainability" and "social sustainability" are important element for Albania to measure and monitor but, because of the lack of these data Albanian has not been included in the list of sustainable-adjusted countries. Therefore, Indicator 12 cannot be used to measure the sustainable competitiveness.

As a conclusion Indicator 12 will be excluded from the list of indicators for the CSR progress report for the year 2013. As soon as Albania will publish relevant data in GCI Sustainability Adjusted Index, it can be used as an important indicator to measure how social and environmental factor relates to a country responsible competitiveness.

Recommendation on how to improve indicator A4.4:

This index will be used in the forthcoming years once Albania will be included in GCI Sustainable Adjusted Index. This index incorporates environmental and social elements into GCI competitiveness analysis, which enable the measurement systems to go beyond economic performance by including other important elements that render society sustainable.

Social Sustainable Pillar includes Income Gini index, youth unemployment, access to sanitation, access to

improved drinking water, and access to healthcare, social safety net protection, extent of informal economy, social mobility and vulnerable employment.

Environmental Sustainability Pillar includes stringency of environmental regulation, enforcement of environmental regulation, terrestrial biome protection, no. of ratified international environmental treaties, agricultural water intensity, CO₂ intensity; fish stocks overexploited, forest cover change, forest loss, particulate matter (2.5) concentration, quality of the natural environment.

B. CORPORATE PRACTICE AND PERFORMANCE

B1. Corporate Governance and Financial Reporting

Indicator B1.1 – Efficacy of corporate boards

(4/ 7.5) ●●●●●●●

Effective management and governance has direct links to responsible competitiveness, transparency and reduction of corruption. With corruption such a perceived issue in Albania, effective management provides assurances about the ethical behavior of firms, and about the attitudes governing business-government relations.

A comparison (GCI 1.2) of Corporate Board Indicator against other countries in Balkan reveals that Albania is ranked highest in 2012-2013 at 56th out of 144 countries. More details about the scoring and ranking of Efficacy of Board indicator is given in the table 9, below.

TABLE 9: COMPARISON OF GCI CORPORATE GOVERNANCE SCORES IN THE BALKANS, 2012-13

Country	Efficacy of Corporate Boards (1.20)	
	Score/7	Rank/144
Albania	4.7	56
Bosnia & Herzegovina	4.6	61
Montenegro	4.3	93
Macedonia	4.1	109
Romania	4.0	118
Bulgaria	3.8	132
Serbia	3.7	141

Source: http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2012-13.pdf

The 2008 CSR baseline report recognized the limited practices of corporate governance among Albanian companies, this was further aided by the lack of corporate transparency. Businesses submitted their financial statements to the tax office, which was the minimum legal requirement. Additionally, the Baseline Report identified that the business management model in Albania lacks clear division responsibilities and tasks, in particular ownership and management are often mixed, affecting the professional leadership of the companies and hindering the application of CSR principles. In 2013 Albania marked clear progress in corporate governance practices, ranking highest among the

region's subsidiaries of large international companies in the areas of banking, telecommunications, extractive industries. These multinationals have imported good governance practices from their parent companies triggering the CSR to be embedded into daily company practices and not to be perceived as some merely charity activities and environmental campaign.

Based on the CSR scorecard, Efficacy of Corporate Boards scores varying from 4.5 to 5, are awarded with 4 (four) out of maximum 7.5 points. Because, the score for Albania (4.7) fall within this range, 4 points are awarded to this indicator. More details regarding the key criteria scoring each indicator are given in Annex 1B.

Indicator B1.2 – Ethical behaviour of firms

(2/ 7.5) ●●●●●●●

The CSR Baseline Report (2008) described the lack of incentives for companies to adhere to a compulsory code of conduct such as code of ethics and good governance principles, as one of the reasons for businesses to not actively engaging in CSR. However, in 2013 Albania marks progress in the ethical behavior.

Comparisons of Ethical Behavior Indicator (GCI 1.8) against other countries in Balkan reveals that Albania has the second highest score 3.9/7. More details about the scoring and ranking of Efficacy of Board indicator is given in the table 10, below:

TABLE 10: COMPARISON OF GCI ETHICAL BEHAVIOR IN THE BALKANS, 2012-13

Country	Ethical Behavior of Firms (1.18)	
	Score/7	Rank/144
Montenegro	4.2	50
Albania	3.9	71
Bosnia & Herzegovina	3.1	134
Macedonia	3.6	100
Romania	3.2	126
Bulgaria	3.5	107
Serbia	3.1	132

Source: http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2012-13.pdf

Based on the CSR scorecard, Ethical Behavior of Firm scores varying from 3.5 to 4.00 are awarded with 2 (two)

out of maximum 7.5 points. Because the scores for Albania (3.9) fall within this range, 2 points are awarded to this indicator. More details regarding the key criteria scoring each indicator are given in Annex 1B.

Indicator B1.3 – Strength of Auditing and Accounting Standards

(3/ 7.5) ●●●●●●●

With corruption such a perceived issue in Albania, effective management and appropriate accounting and auditing standards provide assurances about the ethical behavior of firms, and the attitudes governing business-government relations.

Comparisons of Corporate Board Indicator (**GCI 1.19**) against other countries in Balkan reveals that Macedonia has the highest score 4.4/7 and the best rank 83/144 in 2012-2013, while Albania scored 4.2/7 and ranked 101/144 countries. *More details about the scoring and ranking of Strength of Auditing and Reporting Standards indicator is given in the table 11, below:*

TABLE 11: COMPARISON OF GCI STRENGTH OF AUDITING AND REPORTING STANDARDS IN THE BALKANS, 2012-13

Country	Strength of Auditing and Reporting Standards (1.19)	
	Score/7	Rank/144
Macedonia	4.4	83
Bulgaria	4.3	92
Montenegro	4.3	95
Albania	4.2	101
Romania	4.0	110
Serbia	3.9	117
Bosnia & Herzegovina	3.9	119

Source: http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2012-13.pdf

Based on the CSR scorecard, Strength of Auditing and Reporting Standards scores varying from 4.00 to 4.50 are awarded with 3 (three) out of maximum 7.5 points. More details regarding the key criteria scoring each indicator are given in Annex 1B.

B2. Engaging with CSR

Indicator B2.1 – Number of companies using any CSR or sustainability report

(3/ 7.5) ●●●●●●●

The level of participation by companies in CSR networks and sustainability activities is a strong indication of the level of awareness and inclination to adopt CSR practices. In Albania significant contribution to CSR development is made by large international corporations such as banks and telecommunications with imported CSR concepts from their parent companies. Indicator 4 provides information on the number of companies that are using sustainability reporting. Provided the low prevalence in CSR implementation among Albanian businesses, and the lack of a comprehensive business survey, data from the Albanian CSR Network have been used.

Companies in Albania, members of the CSR Network, report on sustainability issues either as part of their annual report (BKT, Procredit Bank, Bankers) or at the group level (Antea Cement, Vodafone, AMC). In 2013 the number of companies that include CSR information or better, report sustainability issues annually either in local level or in group level has been increased with 10% compared with 2008, when there were only some banks that included CSR information in their annual report. Based on the CSR scorecard, if the number of companies reporting CSR issues using recognized report is increased with 5% to 10%, 3 (three) out of maximum 7.5 points can be awarded. More details regarding the key criteria scoring each indicator are given in Annex 1B.

Recommendation on how to improve indicator B2.1:

In its original form, this indicator intended to measure the percentage of top 100 companies (by turnover) that prepare CSR sustainability reports.

Due to the difficulties faced in collecting such private sector data, the indicator has been adopted to the “number of any recognized CSR sustainability reports issued by companies’ members in CSR network.” For the next CSR reporting period, a survey of private companies shall be undertaken to enable more accurate and comprehensive data.

Indicator B2.2 – Number of companies members of CSR network and/or UNGC

(7.5 / 7.5) ●●●●●●●

The CSR and UNGC networks are potentially strong CSR development mechanisms, particularly with the establishment of the CSR Network. This indicator allows measurement of the size and composition of the interest and awareness of CSR participation in Albania.

The private sector showed a significant interest when the UN Global Compact Network was established in 2007 with 36 members joining, but this number significantly declined over time to only 6 members. Mandatory reporting requirements, (the Communication of Progress), was cited as one of the main reasons.

Nevertheless, progress was made in 2013 with the establishment of the Albanian CSR Network, founded by eight leading private companies⁹.

Based on the CSR scorecard, providing the number companies adhering to a CSR related network has increased more than 40%, the maximum of 7.5 points can be awarded. More details regarding the key criteria scoring each indicator are given in Annex 1B.

Indicator B2.3 – CSR activities organized by private sector organisations

(N/A)

This indicator suggests the measurement of the uptake and promotion of CSR by private sector organizations such as chambers of commerce or business associations.

This information is not currently available and will require a survey, which in the future could be administered by the Albanian CSR Network.

Indicator B2.4 – Number of companies submitting proposals for CSR awards

(N/A)

CSR Awards are designed to promote awareness and

9. AMC, Vodafone, BKT Bank, ProCredit Bank, Bankers Petroleum, Kalo Associates, Boga Associates, Ante Cement and Intracom Telecom

improvement in CSR practices. Tracking the number of companies that are interested in the engagement process is an important indicator, as it monitors the progress towards the implementation. This is particularly true for small companies, because invariably large international companies already practice CSR, while the challenge and opportunity for Albania is to help to spread CSR to an ever increasing share of the business community. It also facilitates dissemination and the exchange of good CSR practices, creates peer pressure and raises business practice standards.

In 2013 the framework for the launch of the first CSR Awards in Albania was developed with the first CSR Awards to be conferred in 2014.

B3. Labour

Albania's labour market has undergone dramatic shifts over the last decade, contributing to productivity growth in employment in the private sector, which more than doubled between 1999 and 2011, fuelled largely by foreign investment. Similarly, urbanization has resulted in a structural shift away from agriculture and toward industry and services, allowing the economy to begin producing a variety of services, ranging from banking to telecommunications and tourism. Two indicators are used to measure the labor component at the company level, while a third indicator is used to determine the gender balance of employment in the private sector.

Indicator B3.1 – Extent of staff training

(4 / 5) ●●●●●

The extent of staff training is an indicator that measures the labour component at the company level.

Therefore, the results from this indicator reflect how seriously businesses take investing in staff retention and career progression. Table 12 below scores¹⁰ Albania against other countries in the Balkans. Based on this table Albania has the highest rank 36 out of 144 countries and scoring 4.4/7.

10. Scoring from 1-7 in the table below means, the extent to which companies invest in training and employee development: 1= hardly at all; 7=to a great extent.

TABLE 12: COMPARISON OF GCI SCORES FOR EXTENT OF STAFF TRAINING IN THE BALKANS

Country	Extent of staff training (5.08)	
	Score/7	Rank/144
Albania	4.4	36
Montenegro	4.1	51
Bosnia & Herzegovina	3.5	109
Romania	3.4	111
Bulgaria	3.3	118
Croatia	3.2	124
Macedonia	3.1	126
Serbia	2.9	138

Source: http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2012-13.pdf

Based on the CSR scorecard, Extent of Staff Training scores varying from 4.00 to 4.50 are awarded with 4 (four) out of maximum 5.00 points. Since the scores for Albania (4.4) fall within this range, there are 4 points granted to this indicator. More details regarding the key criteria scoring each indicator are given in Annex 1B.

Indicator B3.2 – Number of companies using SA8000

(2 / 7.5) ●●●●●●●

SA8000 is one of the world's first auditable social certification standards promoting decent work places. Based on the ILO and UN conventions, it is a tool for implementing international labor standards that is being used to measure social compliance in over 3,000 factories across 65 countries and 66 industrial sectors. Companies seeking to comply with SA8000 adopt policies and procedures that protect the basic human rights of workers, and structure management systems to support international standards covering a range of areas including child labor, forced and compulsory labor, health and safety, freedom of association and right to collective bargaining, discrimination, disciplinary practices, working hours and remuneration.

The SA8000 standard is administered by Social Accountability International (SAI), one of the world's leading social compliance training organisations. By offering training and technical assistance in social compliance, SAI goes beyond the notion of voluntary compliance.

In the Balkans, SAI has active programmes in Albania, Bulgaria, Rumania, Croatia and Serbia. Only one company is SA8000 certified in Albania. The certifications are significantly higher in Rumania and Bulgaria, mainly due to incentive programmes offered through their governments. SAI experience in Italy has been in the form of close collaboration with regional governments with the aim of protecting local enterprises particularly in the apparel sector. The promotion of SA8000 standards in Albania should be given priority in light of the large apparel and footwear sector.

TABLE 13: SA8000 CERTIFICATIONS IN THE BALKANS

Country	No of companies using SA8000 (SAAS list) 2013	
	No	Sector
Albania	1	Extractive
Montenegro	0	
Bosnia & Herzegovina	0	
Romania	196	Construction
Bulgaria	97	Construction
Italy	1067	Varied
Croatia	3	Paper, printing
Macedonia	0	
Serbia	1	Medical

Source: GCI 2012-13; and <http://www.saasaccreditation.org/certifacilitieslist.htm>

Based on the CSR scorecard, a 5% increase in the number of SA8000 certified companies warrants 2 out of 7.5 points for this indicator. More details regarding the key criteria scoring each indicator are given in Annex 1B.

Indicator B3.3 – Gender equality in the private sector

(3 / 5) ●●●●●

This indicator is used to determine the gender balance of employment in the private sector. Table 14 ranks Albania against other countries in the Balkans. Albania ranks 92nd out of 144 countries with a ratio 0.72 whereas Bulgaria is best ranked in the region.

TABLE 14: COMPARISON OF GCI RATIO FOR WOMEN IN LABOUR FORCE IN THE BALKANS

Country	Women in labour force 2012-13 (7.08)	
	Ratio	Rank
Bulgaria	0.88	37
Croatia	0.84	58
Romania	0.78	73
Montenegro	0.77	77
Serbia	0.77	77
Albania	0.72	92
Bosnia & Herzegovina	0.63	110
Macedonia	0.65	106

Source: http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2012-13.pdf

Albania's Women in Labour Force ratio of 0.72 warrants Albania a score of 3 out of 5 points for this indicator. More details regarding the key criteria scoring each indicator are given in Annex 1B.

B4. Environment

The environment is an important indicator in Albania, where the majority (77%) of businesses interviewed for the 2008 Baseline study, ranked "preserving the environment" as the main factor influencing their company's decisions to be involved in CSR activities. In this context, two suitable indicators have been selected as main sources of company level environment management practices, namely the number of companies being ISO14001 certified, and the number of companies registered with the EU Eco-Management and Audit Scheme (EMAS).

Indicator B4.1 – Number of companies using ISO 14001

(N/A)

Tracking the number of companies using social or environmental management systems is an indication of a desire to improve the quality, transparency and reliability of CSR activity. Using ISO 14001 standards, is voluntary, where organizations are responsible for setting their own

targets and performance measures. The main aim is to assist companies to improve their environmental performance by providing guidance on setting objectives, and goals and the subsequent monitoring and measurement of these.

Differently from SA8000 where the number of companies certified is publicly available, ISO 14001 data are more difficult to trace. In the absence of a comprehensive business survey, the prevalence of ISO 14001 certifications within the Albanian CSR Network is used as a proxy. Currently, two out of the 8 funding companies are ISO 14001 certified. Provided that the Albanian CSR Network was established in 2013, this figure can be used as a baseline that will allow for comparison in subsequent years.

Indicator B4.2 – Number of companies registered in EMAS

(N/A)

Eco-management and Audit Scheme (EMAS) is a management tool for companies and other organizations to evaluate and report on their environmental performance.

EMAS provides a website with a search function where the public can track the number of companies and organizations registered in a particular country. In 2013, there were no EMAS registered organizations in Albania. Romania has 4 organizations registered, and Bulgaria one. Provided Albania's future EU candidacy status, the number of Albanian companies / organizations registered is likely to increase. As soon as there will be EMAS registered organizations in Albania, it can be used as a reliable source of information.

B5. Consumers

Indicator B5.1 – Degree of Consumer Orientation

(3 / 5) ●●●●●

It tracks the level of responsiveness companies have to customer complaints and issues raised by other stakeholders because companies that are responsive to customers are more likely to respond to sustainability concerns, or issues raised by other stakeholders.

From the (GCI 6.15) score for Albania, it appears that companies in Albania are fairly responsive to the needs of their consumers. Albania is ranked highest 38th out of 144 countries, scoring 5/7¹¹. However, this high score may not result from any pressure exerted by Albanian consumers or consumer protection associations. Albanian consumers tend to have a low level of awareness about consumer issues and rights, and the NGOs that deal with consumer protection issues in Albania are quite weak¹². Table 14 shows a comparison of the treatment of customers by companies in Albania and other countries in the Balkans.

TABLE 15: COMPARISON OF GCI SCORES FOR CONSUMER ORIENTATION IN THE BALKANS, 2012-13

Country	Degree of consumer orientation (6.15)	
	Score/7	Rank/144
Albania	5.0	38
Bulgaria	4.6	69
Montenegro	4.5	76
Bosnia & Herzegovina	4.5	83
Macedonia	4.4	92
Croatia	4.2	107
Romania	4.0	116
Serbia	3.7	135

Source: http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2012-13.pdf

Based on the CSR scorecard, Degree of Consumer Orientation scores varying from 5.50 to 5.00 are awarded with 3 (three) out of maximum 5.00 points. More details regarding the key criteria scoring each indicator are given in Annex 1B.

11. The system of scoring from 1-7 means: 1= generally treat their customers badly; 7= are highly responsiveness to customers and customer retention.

12. CSR Baseline 2013 (UNDP, Albania)

C. CIVIL SOCIETY CONTEXT

C1. Strength of NGOs, consumers, media

A vibrant civil society is an important element in any society, but especially in countries like Albania where people's expectations are changing as the country makes the transition from decades of socialism to EU member state status. Moreover, a strong social fabric is necessary to support progress towards responsible competitiveness, including a culture of transparency, a free and inquisitive press, an intolerance of corruption and a dense network of non-governmental organizations. Civil society organizations encourage compliance with existing laws and regulations and provide a sounding board for innovation and collaboration with businesses. Measuring the strength of civil society in CSR involves tracking a range of indicators such as the number of NGOs engaged in CSR-related issues, educational institutions, consumer satisfaction, press freedom and discussion of CSR in the media.

Indicator C1.1 – Number of NGOs engaged in CSR and sustainability issues

(3/10) ●●●●●●●●●●

NGOs encourage greater corporate accountability and transparency. The presence and capacity of NGOs able to advocate for CSR and sustainability issues is an important contributor to national development. NGOs become more important in the absence of strong labour unions that are capable of advocating for conditions affecting the internal functions of companies involving issues associated with labour practices, employment benefits, etc. This indicator aims to provide a measure of the strength of civil society in CSR and is monitored through two sub indicators a) measuring the degree of democratic developments b) tabulating the NGO's programmes related to CSR issues.

a) As per Freedom House's annual Nations-in-Transit¹³ report, using a range of civil society indicators to as-

13. Freedom House's annual Nations-in-Transit report provides a comprehensive, Web-based profile and index of a range of democratic developments, ranging from civil society issues to press freedom to corruption and democracy in 29 countries including Albania, and 9 countries in the Balkans.

sess the level of democratic progress, Albanian civil society receives a score of 3¹⁴. "Albanian civil society remains weak and struggles to find space for meaningful activity in a highly politicized environment. Workers Unions in Albania remain weak due to the presence of a large informal economy and the fact that very few large companies operate in the country."¹⁵ Comparison with other countries in the Balkans reveals that Albania ranks among the bottom three in the region (Table 16).

TABLE 16: CIVIL SOCIETY, 2012-13

Country	Civil Society Score/7
Bulgaria	2.50
Romania	2.50
Croatia	2.50
Serbia	2.25
Montenegro	2.75
Macedonia	3.25
Albania	3.00
Bosnia & H	3.50
Kosovo	3.75

Source: <http://database.globalreporting.org/search>

Based on the CSR scorecard, Albania receives a score of 3 out of 5 for this indicator. For more information regarding key scoring criteria refer to Annex C.

b) While, according to Tax Office there are 1887 NGO's registered and active in Albania as of September 2013, a desktop review revealed at least 9 NGO programmes related to CSR issues (0.5%) which are listed below:

14. 7 represent the lowest level of democratic progress and 1 the highest

15. Nations in Transit websites report, 2012

TABLE 17: NGO'S PROGRAMS RELATED TO CSR ISSUES IN ALBANIA, 2013

CSR Program	NGO's Name
Promotion and Development of Social Responsibility	Partners for Democratic Change Albania
Transparency and human rights standards and good practice	CSR Centre for Development and Democratization of Institutions
Thinking of future by investing in sustainable business practices	Vodafone Albania Foundation
Climate change, and health and environment, and environmental assessment and Education	Regional Environmental Centre
Corporate Governance in Financial Institutions in Albania	Corporate Governance Institute
Promoting CSR among private sector	CSR Network
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH	Sustainability Growth
Civil society, good governance, European integration	Open Society Foundation for Albania (OSFA) – Soros
Territorial Economic Development Program	Local Economic Development Agency (LEDAs)

Based on the CSR scorecard, if the number of NGO's developing a CSR programs in Albania is less than 5%, 0 points is awarded. The Indicator 1/b has not been achieved, since there are only 0.5 % of NGO's that have developed CSR programs in Albania. More details regarding the key criteria scoring each indicator are given in Annex 1C.

Indicator C1.2 – Number of higher education institutions offering CSR courses

(1 / 5) ● ● ● ● ●

Monitoring this indicator is a good way of tracking the awareness of CSR in society and the extent to which CSR knowledge is embedded among future business leaders. Embedding CSR knowledge into education raises general awareness amongst civil society, consumers and future business leaders.

In the absence of a higher education institution's survey, a desktop review of the universities programmes reveals that most of them lack a specific CSR programme. Nevertheless, Corporate Governance and/or business ethics modules are included in postgraduates' levels in most of Universities in Albania.

Based on the CSR scorecard, if the number of CSR programs in Universities is increased with 5% to 10%, 1 (one) out of 5 points can be awarded. Because there is progress made in 2013, a minimum score of 1 point has been awarded to this indicator.

Indicator C1.3 – Degree of consumer satisfaction

(2 / 5) ● ● ● ● ●

There are a number of issues surrounding corporate practices in Albania that need to be monitored to ensure proper consumer protection. These include false advertising of interest rates (banking sector), bacteria in milk products (food regulation and quality), worker safety in mining. Generally, there is not a lot of information on consumer issues in Albania, and consumers tend to have a low level of awareness about their rights. It is important to monitor the views expressed by independent civil society organizations on relevant issues ranging from access to finance, cost of utilities, food safety, etc. These include the banking sector, food regulation and quality, worker safety in mining.

Customer issues are important to Albanians, and Albanian companies score high on GCI's index on customer orientation. This indicator is monitored by tracking the increase or decrease in the frequency of issues being reported to the Albanian Consumer Protection Association¹⁶ for three consecutive years 2010, 2011, 2012. To determine a more precise breakdown of the total number of complaints, this data is disaggregated by type of issues, such as food regulation and quality, powers supply complaints, water supply complaints, telecommunication complaints, environmental complaints and others including banking sector, health and safety etc.

16. The information is collected by interviews taken with representative from the Consumer Protection Association.

TABLE 18: COMPLAINTS BEING REPORTED

Breakdown of complaints	Year 2010	Year 2011	Year 2012
Food quality	2.941	3.296	2.819
Power supply and billing	3.132	2.461	3.948
Water complaints	3.291	2.352	4.866
Telecommunication	1.418	1.236	1.924
Environment	219	826	597
Others	3.709	6.695	445
Total of Complaints	14.710	16.866	13.709

Source: Albanian Consumer Protection Association

The data gleaned reveals that although, in 2011 there is an increase in frequency of complaints being reported by 12%, 2012 marks a decrease by 18%. Additionally, food quality, water and electricity issues, including interruption to the water supply and power supply, and water billing and power billing are determined as the most priority areas from the consumer perspective.

In addition to monitoring the number of complaints, a more appropriate indicator to assess the consumer satisfaction is to track whether complaints are addressed to the appropriate bodies including, private business, consumer and the state structures as well as to measure the degree of concerns being resolved and further actions taken. It increases the transparency, which in turn increases the consumer's confidence thus, reflecting a higher level of awareness about consumer issue and rights in Albania.

Based on the CSR scorecard, if the number of complaints is reduced with 10% to 20%, 2 out of 5 points can be awarded. For more information regarding key scoring criteria refer to Annex 1C.

Recommendation on how to improve the indicator C1.3:

In addition to the Number of Complaints, more appropriate indicators aimed to monitor the consumer satisfaction can be: i) to track whether complaints are addressed to the appropriate bodies including, business, consumer and the state structures, and ii) to track and measure the degree of concerns being resolved.

Indicator C1.4 – Press freedom

(2 / 5) ● ● ● ● ●

Media can play a key role of bringing CSR in the agenda of multiple stakeholders including the private sector, government and society at large. This indicator tries to assess press independence and media professionalism in shedding light on existing social, environmental and sustainability issues caused by irresponsible business practices. This is particularly relevant in contexts where media ownership might be closely linked to business and political interests.

Albania is ranked by Global Press Freedom Rankings (2012) as 102nd out of 179 countries.

TABLE 19: CIVIL SOCIETY, PRESS FREEDOM, CORRUPTION AND DEMOCRACY,
2012-13

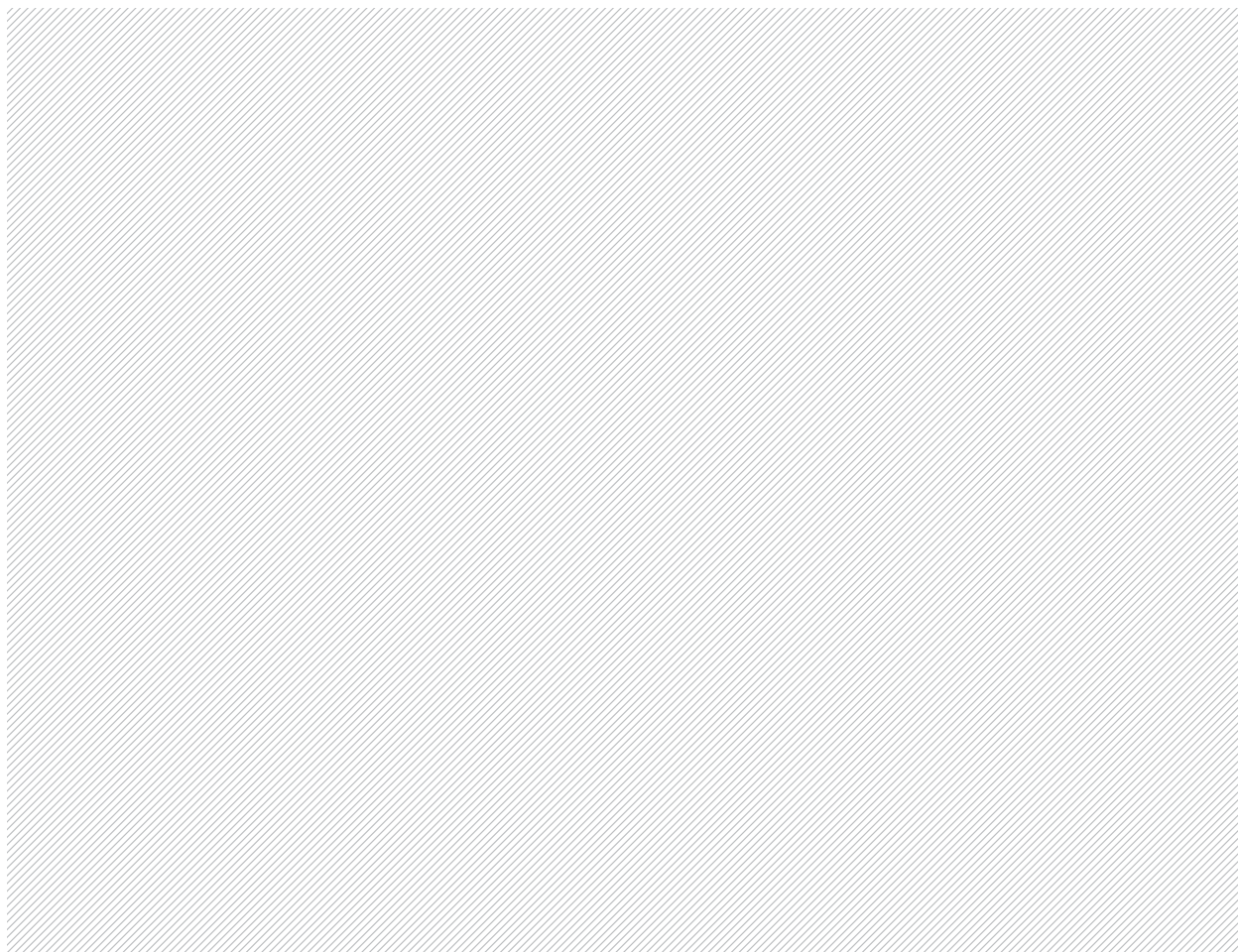
Country	Civil Society	Independent Media	Global Press Freedom ¹⁷		Press Freedom ¹⁸	Corruption	Democracy Summary
	Score	Score	Rating	Rank/197	Rank/179	Score	Score
Bulgaria	2.50	3.75	36	78	87	4.00	3.14
Romania	2.50	4.00	41	87	42	4.00	3.43
Croatia	2.50	4.00	40	84	64	4.00	3.61
Serbia	2.25	4.00	35	77	63	4.25	3.64
Montenegro	2.75	4.25	35	76	113	5.00	3.82
Macedonia	3.25	4.75	54	115	116	4.00	3.89
Albania	3.00	4.00	51	107	102	5.00	4.14
Bosnia & H	3.50	4.75	48	95	68	4.50	4.36
Kosovo	3.75	5.75	49	98	85	5.75	5.18

Table 19 provides a comparison of a range of civil society indicators throughout the Balkans. Scores are based on a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest. The Democracy Score is an average of ratings for the categories tracked in a given year. Ranking of press freedom is against 197 countries in Nations in Transit's

Global Ranking, while Reporters without Borders' Press Freedom Index is against 179 countries. Nations in Transit numerical rating ranges from 0 (the most free) to 100 (the least free). Based on the CSR scorecard, this indicator is awarded with 2 out of maximum 5 points. For more information regarding key scoring criteria refer Annex 1C.

17. Global Press Freedom Rankings by Freedom House (2012): <http://www.freedomhouse.org/sites/default/files/Global%20and%20Regional%20Press%20Freedom%20Rankings.pdf>

18. Reporters without Borders (2013): <http://en.rsf.org/press-freedom-index-2013,1054.html>



Annexes

Scorecard A: Measuring the National Legal and Policy Environment and Progress in Promoting CSR

The state has a role to play in promoting CSR at the national level. Promoting awareness is a large part of what governments can do to encourage best practices in implementation, as a way of improving economic competitiveness and by integrating private sector strategies into national development plans. Beyond this, as a EU candidate country, Albania is required to report to an EC sub-committee on the level of CSR promotion and implementation of CSR by companies. Hence, there is a real need to develop specific indicators to track progress. The government needs to compile statistics at the national and sectoral levels to enable it to report on the progress they are making in promoting and implementing CSR. This scorecard will assist in this process by enabling the government to track a number of indicators relevant to national policy and competitiveness of the economy.

a) National Legal and Policy Environment

The primary reason for monitoring national legal and policy indicators is to track the government's performance in creating an enabling environment for CSR. There are two indicators for this category: a) existence of a national CSR strategy and b) existence of national legislation promoting CSR.

Indicator #1: Existence of a published sustainable development or national CSR strategy

Maximum Score: 15 pts

Relevance / Importance:

It is important for government to take the lead in creating an environment for CSR and/or incentives to encourage businesses to adopt CSR principles

This involvement raises public awareness of the issues and raises the significance of CSR within the policy/ government sphere

Criteria / Description of indicator

CSR/SD national strategy prepared through a consultative process with main stakeholders and adopted by the respective government body (e. g. Council of Ministers);

Existing action plan and national budget;

Existence of a national body (e. g. a Multi-stakeholder Forum on CSR constituting all stakeholders) that coordinates the elaboration of the strategy, promotes cooperation among stakeholders, and monitors and evaluates the implementation of the state CSR policy.

Engaging with CSR stakeholders is an important element for promotion. The government has taken a significant step by establishing a Multi-stakeholder Forum on CSR, and it plans to convene an Inter-ministerial Working Group on CSR. The activities of both groups should be tracked and reported on in an annual CSR report. This forum provides a framework for the private sector to fit into a national CSR or sustainable development strategy that facilitates the development of policies and plans that promote private sector investment, employment, etc.

Data sources & contacts

Evidence in this category can be a report, a web page, or any sort of document covering CSR or sustainable development. The information can be obtained by contacting the relevant government department(s) and/or online research

KEY: National strategy, action plan and forum

Strategy 5 pts

Action plan 5 pts

Forum 5 pts



Indicator #2: Existence of legislation promoting the adoption of good CSR practices

Maximum Score: 5 pts

Relevance / Importance:

While the European Union has established that CSR should remain a voluntary initiative and excessive legislation is not desirable, it is important for governments to create an environment in which businesses can adopt CSR practices. In particular, it is important for a directive to come from government in a region where there is a tradition of government leadership in driving policy

Criteria / Description of indicator

The series of eligible legislative areas are listed below. The scoring system is as follows:

- 1 Legislative amendments made with a view to enabling CSR
- 2 Reporting legislation on ESG performance at the company level
- 3 Effective competition legislation enabling fair treatment of and market access for locally-based SMEs
- 4 Legislation disqualifying companies from government contracts if they engage in corruption and fail to comply with social and environmental standards, keeping in mind administrative burdens for SMEs
- 5 Legislation supporting social and eco-labelling schemes
- 6 Legislation extending the responsibility of company directors with over 1,000 employees to encompass a duty to minimise harmful social and environmental impact of company activities
- 7 Legislation requiring the application of strict social and environmental criteria in making government grants and loans to business
- 8 Legislation requiring export credit guarantees to comply with the highest social and environmental criteria so that government money is not used for projects that contravene agreed EU social policy goals on human rights, labour, environment, corruption, and so on
- 9 Budget provisions for CSR pilot projects on: social innovation, stakeholder involvement, assisting victims of corporate abuse, education, SME CSR development, the link between competitiveness and sustainable development, awareness of ILO core conventions, etc.
- 10 SRI legislation promoting transparency of decision-making for investors

SOURCE: European Parliament resolution of 13 March 2007 on corporate social responsibility: a new partnership (2006/2133(INI))

Data sources & contacts

Documentation can be collected by tracing the number of amended and/or drafted legal acts that reflect the provisions of CSR promotion. This could be anti-corruption legislation and/or reporting legislation pertaining to sound accounting standards.

The information is to be found in published legal act drafts and amendments, but it may also be useful to establish contact with government experts who can assist on a regular basis (annually).

KEY: Number of laws

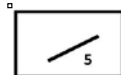
1 law 1 pt

2 laws 2 pts

3 laws 3 pts

4 laws 4 pts

5 + laws 5 pts



b) Labour Issues

With the threat of rising unemployment across Europe and a decrease in wages and benefits in the region, labour issues are one of the most important issues to track in Albania. There are three indicators to track labour issues at the national level: a) the ratio of women in the work force, b) the overall employment or unemployment rate and c) youth unemployment

Indicator #3: Gender equality in the labour force

Maximum Score: 5 pts

Relevance / Importance:

The level of women participating in the workforce is a reflection of the degree of gender equality in the economy; an imbalanced workforce can demonstrate archaic traditions where women are expected to manage childcare and the household. This indicator also reflects the level of educational attainment of women

Criteria / Description of indicator

This is a quantifiable indicator that calculates the ratio of women to men in the workforce. Using GCI data it is possible to compare the number of women in the work force in Albania against other countries in the Balkans

**Ratio of women
in the workforce**

- Ratio < 0.50 0 pts
- Ratio 0.50 to 0.60 1 pt
- Ratio 0.60 to 0.70 2 pts
- Ratio 0.70 to 0.80 3 pts
- Ratio 0.80 to 0.90 4 pts
- Ratio > 0.90 5 pts

Data sources & contacts

This information is available from the World Economic Forum's Global Competitive Index (GCI) 7.08, which is published annually



Indicator #4: Level of unemployment

Maximum Score: 5 pts

Relevance / Importance:

Tracking the unemployment rate will determine the extent to which the public and private sectors are able to create new jobs and reduce unemployment.

Criteria / Description of indicator

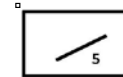
In order to determine a more precise breakdown of information, it would be advantageous to disaggregate this data by age, gender and employment in the public and private sectors.

KEY: Unemployment rate

- Rate > 16% 0 pts
- Rate 14% to 16% 1 pt
- Rate 12% to 14% 2 pts
- Rate 10% to 12% 3 pts
- Rate 8% to 10% 4 pts
- Rate < 8% 5 pts

Data sources & contacts

Data on the unemployment rate is available from Bank of Albania, published quarterly. For country comparisons, the Eurostat website lists most of the countries in the region. Much of the information on public or private sector employment and gender can be gleaned from data already collected by INSTAT. For example in the annual survey of enterprises



Indicator #5: Youth unemployment

Maximum Score: 5 pts

Relevance / Importance:

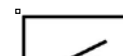
Youth unemployment is recognized to be high in Albania compared to other countries in Europe and is a critical factor in stability and growth. To some extent, high youth unemployment rates reflect the difficulties faced by young people in finding jobs. However, as many young people are studying and not working or looking for work, youth unemployment ratios are a more accurate reflection of the share of unemployed youth than the rate of youth unemployment.

Criteria / Description of indicator

The youth unemployment rate is the percent of total unemployed youth (aged 15–24) relative to the total labor force, whereas the youth unemployment ratio is the share of unemployed youth in the population as a whole. Some attempts are being made to analyze the impact of youth unemployment on social sustainability. ILO's Decent Work initiative measures various elements relevant for labor conditions. And the Global Competitive Index measures youth unemployment as part of a larger indicator for 'Sustainable Competitiveness'.

KEY: Youth unemployment ra

- Ratio > 16% 0 pts
- Ratio 14% to 16% 1 pt
- Ratio 12% to 14% 2 pts
- Ratio 10% to 12% 3 pts
- Ratio 8% to 10% 4 pts
- Ratio < 8% 5 pts



Data sources & contacts

The data on youth unemployment is not available for Albania yet. Most countries in the Balkans region are included on the Eurostat website. Also, the Global Competitive Index measures youth unemployment as part of a larger indicator for 'Sustainable Competitiveness'. But the data is not currently available for Albania.



c) The Environment

There are two sources of information on the environment, a) national statistics on emissions and b) company management practice. The measurement of national-level emissions is dealt with in this section, while company management practice is handled in the private sector scorecard.

Three indicators measure environmental performance at the national level: a) CO2 emissions per capita, b) Environmental Performance, and c) PRTR - Pollutant release and transfer registry

Indicator #6: CO2 emissions per capita

Maximum Score: 5 pts

Relevance / Importance:

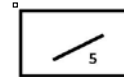
Governments play a big role in reducing GHG emissions and driving the transition towards renewable energy. CO2 emissions per capita is a proxy for how energy-efficient a country is

Criteria / Description of indicator

Country-level CO2 emissions, as reported in UNDP's Human Development Index (HDI)

KEY: CO2 emissions

- More than 17 metric tons per capita 0 pts
- 12 to 17 metric tons per capita 1 pt
- 9 to 12 metric tons per capita 2 pts
- 7 to 9 metric tons per capita 3 pts
- 5 to 7 metric tons per capita 4 pts
- Less than 5 metric tons per capita 5 pts



Data sources & contacts

CO2 emissions per capita are provided in UNDP's Human Development Index (HDI). However, it is not know how often this dat is updated. Given the importance of the environment to Albanians, a more broad based environmental indicator may be needed. See PRTR below for suggested replacement

Indicator #7: Environmental performance

Maximum Score: 5 pts

Relevance / Importance:

Monitoring performance in a range of important environmental areas (such as agriculture, air pollution, biodiversity and habitat, climate change, the environmental burden of disease, fisheries, and forestry) can determine a country's overall environmental health and ecosystem vitality. In 2012, Albania ranked 15th out of 132 countries and was in the top 10 countries by trend, based on its performance in the climate change category

Criteria / Description of indicator

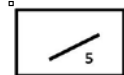
The Environmental Performance Indicator (EPI) provides a ranking of environmental performance based on 10 policy categories and 25 performance indicators grouped under two key objectives: environmental health and ecosystem vitality.

The EPI ranking yields some surprising results, where several countries that might seem to be environmentally responsible do not rank very highly. For example, Australia, Canada and the Netherlands ranked 51, 46, and 47, respectively. By comparison, Albania, Czech Republic, Hungary, and the U.K. rank significantly higher at 23, 22, 33, and 14, respectively. These results reflect the effect of giving equal weights to 'Environmental Health' and 'Ecosystem Vitality'.

Scoring is based on a maximum of 100 points

KEY: Overall EPI score

- Score of less than 30 0 pts
- Score 30 to 40 1 pt
- Score 40 to 50 2 pts
- Score 50 to 60 3 pts
- Score 60 to 70 4 pts
- Score more than 70 5 pts



Data sources & contacts

The EPI is managed by Yale and Columbia universities, providing a Web-based index of countries that is updated every two years.

Indicator #8: PRTR - Pollutant release and transfer register

Maximum Score: 5 pts

Relevance / Importance:

Albania has been developing an integrated environmental monitoring system to track a broad spectrum of pollutant releases in air, water and land. The aim is to protect human health and fulfill EU directives and international agreements on environmental quality and limit the amount of gases released to the atmosphere. There are benefits for both government and industry to monitor these pollutants. For government, the aim is to make information on pollutant emissions and waste transfers more available to the public, which will increase awareness on environmental matters, improve emissions tracking and participation in environmental policies, targets and decision-making. For industry, the PRTR system provides a driver for pollution reduction, enables benchmarking of environmental performance with similar industries, and provides financial incentives – which can encourage industries to examine environmental costs, reduce emissions and waste transfers and adopt cleaner production techniques

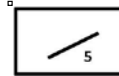
Criteria / Description of indicator

The European Pollutant Release and Transfer Register (E-PRTR) is an inventory of pollutant emissions from industry and other sources that monitors 91 pollutants, including aquaculture, shipbuilding and maintenance, quarrying and underground mining, opencast mining and urban wastewater treatment plants. By including PRTR as an indicator in its CSR monitoring framework, the government will encourage companies to track a broad spectrum of pollutant releases in air, water and land – which will help Albania implement the E-PRTR and contribute to the adoption of the EU Environmental Acquis.

Scoring is based on the European Environment Information and Observation Network's (EIONET) criteria, which are based on completeness of time series of requested pollutants (SO2, NOx, CO, NMVOC, NH3, PM10) included in national submission under the UNECE Convention on Long-Range Transboundary Air Pollution (LRTAP)

KEY: EIONET score

- No data available 0 pts
- Data delivered after deadline 1 pt
- Some data available on time 3 pts
- Complete time series available for all requested pollutants (SO2, NOx, CO, NMVOC, NH3 (at least 1990-2011) and PM10 (at least 2000-2011)) 5 pts



Data sources & contacts

Data is available on the European pollutant release and transfer registry website. Competent national authorities within governments (Ministry of Environment?) are required to assess the quality of data provided by the operators of the facilities. To comply with the implementation of the PRTR Protocol, Albania needs to establish a national PRTR website to enable tracking of the pollutants. It is uncertain how much progress the Ministry of Environment has made in this regard.

d) Transparency and Business Environment

In order to track the progress towards improving the business environment, three indicators are important for Albania to monitor: a) The level of corruption, b) Overall ranking of economic growth and competitiveness and c) The level of sustainable or responsible competitiveness

Indicator #9: Level of corruption

Maximum Score: 5 pts

Relevance / Importance:

Corruption in the public and private sectors is an important issue, and is one of the greatest threats to good CSR practice. Corruption is one of the key impediments to an environment in which companies act in open, transparent, and accountable ways, both to governments and to citizens. Raising awareness about corruption is beneficial to business and government

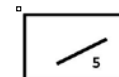
This is a quantifiable indicator with a direct link to responsible business behaviour. In 2012 Albania was ranked 113 out of 176 countries

Criteria / Description of indicator

Score and placement of Albania on the International Corruption Perceptions Index (CPI). The CPI provides robust analysis based on a series of expert and business surveys. A country is expected to improve its score over the years by practicing and promoting a culture of transparency.

KEY: Overall CPI score

- Score of less than 23 0 pts
- Score 24 to 30 0.5 pts
- Score 31 to 37 1 pt
- Score 38 to 44 1.5 pts
- Score 45 to 51 2 pts
- Score 52 to 58 2.5 pts
- Score 59 to 65 3 pts
- Score 66 to 72 3.5 pts
- Score 73 to 79 4 pts
- Score 80 to 86 4.5 pts
- Score more than 87 5 pts



Data sources & contacts

Each country's score and ranking is published annually on Transparency International's website. <http://www.transparency.org/country#ALB>

Indicator #10: Rank in global competitiveness

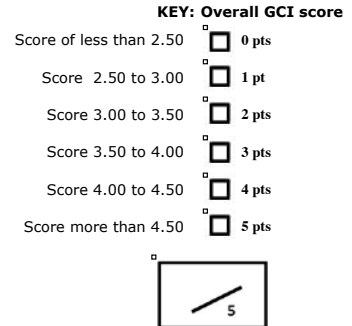
Maximum Score: 5 pts

Relevance / Importance:

The Global Competitive Index (GCI) provides valuable insights into a country's level of economic growth and competitiveness, and can provide policy direction for improving economic policies and institutional reforms. By integrating its CSR targets with its national development goals, Albania will be able to improve its competitiveness, and focus on policy measures designed to increase innovation, reduce corruption, etc.

Criteria / Description of indicator

Score and ranking of Albania on the Global Competitive Index (GCI). The GCI is a comprehensive tool that benchmarks a country's economic performance by tabulating key economic indicators. By tracking the key microeconomic and macroeconomic foundations of national competitiveness, the GCI provides a comprehensive assessment of the key factors that determine economic growth and national competitiveness. As such, the indicator offers policymakers and business leaders an important tool in the formulation of improved economic policies and institutional reforms. In 2012-13, Albania was ranked 89th out of 144 countries, placing it in the middle category (Stage 2, Efficiency-driven), in transition to Stage 3 (Innovation-driven).



Data sources & contacts

Data available from WEF's GCI report, published annually

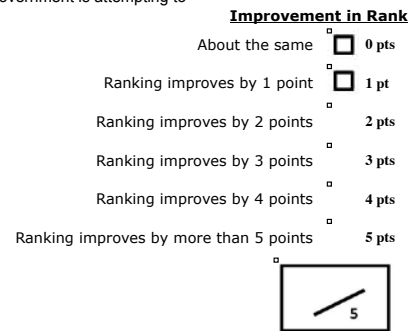
Indicator #11: Ease of doing business

Relevance / Importance:

This indicator sheds light on how easy or difficult it is for a local entrepreneur to open and run a small to medium-sized business when complying with relevant regulations. It measures and tracks changes in regulations affecting 11 areas in the life cycle of a business: starting a business, construction permits, electricity, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts, resolving insolvency and employing workers. This indicator provides another measure of the business environment, complementing the CPI and GCI indicators that measure the level of corruption and the competitiveness of the economy.

Criteria / Description of indicator

This indicator lists a country's overall rank out of 185 economies. A high ranking indicates that the government is attempting to create a regulatory environment that is conducive to operating a business



Data sources & contacts

Data available from the World Bank's Ease of Doing Business website: <http://www.doingbusiness.org/data/exploreeconomies/albania/>

Indicator #12: Level of sustainable or responsible competitiveness

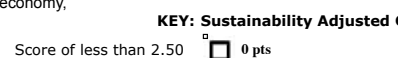
Relevance / Importance:

The relationship between global competitiveness and responsible competitiveness involves examining the extent to which responsible business practices can become a core driver of a country's productivity growth, wealth creation and economic success. GCI has come up with a responsible competitiveness indicator that attempts to balance economic prosperity, environmental stewardship and social sustainability. By incorporating environmental and social elements into the global competitiveness analysis, this indicator goes beyond mere economic performance to include other important elements that render societies sustainable and, consequently, desirable places to live.

Criteria / Description of indicator

The environmental sustainability pillar combines a number of indicators used by the Environmental Performance Index (EPI), which provides a comprehensive indication of national performance on a variety of environmental indicators. 6 indicators have been aggregated into 3 different categories of measurement in an attempt to cover the most relevant aspects for environmental sustainability: a) environmental policy, b) use of renewable resources, and c) degradation of the environment. Similarly, the social sustainability pillar combines three important elements of social services and inclusion: a) access to basic necessities (sanitation, drinking water and healthcare), b) perceived economic insecurity (or vulnerability in terms of employment, the extent of the informal economy, and social safety net protection), and c) social cohesion (income inequality, social mobility and youth unemployment)

The pillars are made up of the following data: a) Environmental sustainability pillar: Stringency of environmental regulation, enforcement of environmental regulation, terrestrial biome protection, no. of ratified international environmental treaties, agricultural water intensity, CO2 intensity, fish stocks overexploited, forest cover change, forest loss, particulate matter (2.5) concentration, quality of the natural environment. b) Social sustainability pillar: Income Gini index, youth unemployment, access to sanitation, access to improved drinking water, access to healthcare, social safety net protection, extent of informal economy, social mobility and vulnerable employment



- Score 2.50 to 3.00 1 pt
- Score 3.00 to 3.50 2 pts
- Score 3.50 to 4.00 3 pts
- Score 4.00 to 4.50 4 pts
- Score more than 4.50 5 pts



Data sources & contacts

These new aggregated pillars are important elements for Albania to measure and monitor. However, because of lack of data, Albania was not included in the list of sustainability-adjusted countries in the 2012-13 index

Scorecard A: Measuring the Government of Albania's Progress in Promoting CSR

a) National Legal and Policy Environment	1. Existence of a published sustainable development or national CSR strategy <small>(including an action plan and national stakeholder forum on CSR)</small> 2. Existence of legislation promoting the adoption of good CSR practices	<input type="checkbox"/> 15
b) Labour Issues	3. Gender equality in the labour force 4. Level of unemployment 5. Youth unemployment	<input type="checkbox"/> 15
c) The Environment	6. CO2 emissions per capita 7. Environmental performance 8. PRTR - Pollutant release and transfer register	<input type="checkbox"/> 15
d) Transparency and Business Environment	9. Level of corruption 10. Rank in global competitiveness 11. Ease of doing business 12. Level of sustainable or responsible competitiveness	<input type="checkbox"/> 15

Scorecard B: Measuring the Private Sector's Progress in Implementing CSR

In Albania, a significant contribution to CSR development has been made by large companies, mostly branches of international corporations – banks and telecommunications in particular – which were the first ones to import the concept from their headquarter offices and apply CSR principles in their activity. Typically, large corporations are capable of monitoring their own progress in CSR implementation through self-assessment and peer review processes, where organizations are responsible for setting their own targets and performance measures. However, some encouragement and assistance is needed to promote CSR among SMEs and business associations. To assist this process, a CSR Network is being established by a consortium of 7 large companies.

a) Corporate governance and financial reporting

Maximum Score: 22.5 pts

There are 3 indicators to track performance in corporate governance and financial reporting: a) Efficacy of corporate boards, b) Ethical behavior of firms, and c) Strength of auditing and reporting standards. All the information can be collected from the Global Competitiveness Index (GCI).

Indicator #1: Efficacy of corporate boards

Maximum Score: 7.5 pts

Indicator #2: Ethical behaviour of firms

Maximum Score: 7.5 pts

Indicator #3: Strength of auditing and accounting standards

Maximum Score: 7.5 pts

Relevance / Importance:

Effective management has direct links to responsible competitiveness, transparency and reduction of corruption. IFC has large Corporate Governance project in Albania

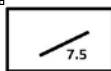
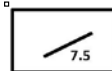
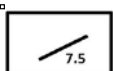
With corruption such a perceived issue in Albania, effective management and proper accounting and auditing standards provide assurances about the ethical behaviour of firms, and about the attitudes governing business-government relations

Criteria / Description of indicator

These indicators monitor: a) the level of accountability and supervision exercised by investors and boards on management decisions; b) the ethical behavior in interactions with public officials, politicians and other enterprises; and c) the strength of auditing and accounting standards

Albania's values can be compared against those of similar countries in the Western Balkan region, which reveals a relatively high score and rank in all three categories for Albania's companies

KEY: GCI scores

#1: Efficacy of corporate boards	#2: Ethical behaviour of firms	#3: Auditing and accounting standards
Score of less than 3.00 <input type="checkbox"/> 0 pts	<input type="checkbox"/> 0 pts	Score of less than 3.00 <input type="checkbox"/> 0 pts
Score 3.00 to 3.50 <input type="checkbox"/> 1 pt	<input type="checkbox"/> 1 pt	Score 3.00 to 3.50 <input type="checkbox"/> 1 pt
Score 3.50 to 4.00 <input type="checkbox"/> 2 pts	<input type="checkbox"/> 2 pts	Score 3.50 to 4.00 <input type="checkbox"/> 2 pts
Score 4.00 to 4.50 <input type="checkbox"/> 3 pts	<input type="checkbox"/> 3 pts	Score 4.00 to 4.50 <input type="checkbox"/> 3 pts
Score 4.50 to 5.00 <input type="checkbox"/> 4 pts	<input type="checkbox"/> 4 pts	Score 4.50 to 5.00 <input type="checkbox"/> 4 pts
Score 5.00 to 5.50 <input type="checkbox"/> 5 pts	<input type="checkbox"/> 5 pts	Score 5.00 to 5.50 <input type="checkbox"/> 5 pts
Score 5.50 to 6.00 <input type="checkbox"/> 6 pts	<input type="checkbox"/> 6 pts	Score 5.50 to 6.00 <input type="checkbox"/> 6 pts
Score more than 6.00 <input type="checkbox"/> 7.5 pts	<input type="checkbox"/> 7.5 pts	Score more than 6.00 <input type="checkbox"/> 7.5 pts
		

Data sources & contacts

Data is available from WEF's GCI report, published annually: Efficacy of corporate boards (1.20), Ethical behaviour of firms (1.18) and Strength of auditing and accounting standards (1.19): http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2012-13.pdf

b) Engaging with CSR

Maximum Score: 30 pts

There are 4 indicators that can be used to track the level of company participation in CSR engagement and sustainability reporting: a) Number of companies using CSR or sustainability report; b) Number of corporate members in UN Global Compact; c) CSR activities organized by private sector associations; and d) Number of companies submitting proposals for CSR awards

Indicator #4: No. of companies using any CSR or sustainability report

Maximum Score: 7.5 pts

Indicator #5: Number of members in the CSR Network or UN Global Compact

Maximum Score: 7.5 pts

Indicator #6: CSR activities organized by private sector associations

Maximum Score: 7.5 pts

Indicator #7: Number of companies submitting proposals for CSR awards

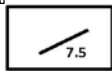
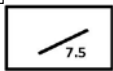
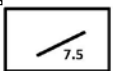
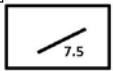
Maximum Score: 7.5 pts

Relevance / Importance:

Engaging stakeholders around CSR issues is an important step towards implementation. This is particularly true for small companies, as large international companies are more likely to inherit some aspects of CSR from their parent company. The challenge and opportunity for Albania is to help CSR spread to an ever increasing share of the small business community, facilitate dissemination and exchange of good CSR practice, create peer pressure and raise business practice standards. Engagement through sustainability reporting or participation in the CSR Network, UN Global Compact network or CSR awards are important ways to promote awareness and improvement in CSR practice. The CSR and UNGC networks are potentially strong CSR development mechanisms, particularly with the CSR Network taking over responsibility for the UNGC.

Criteria / Description of indicator

These indicators allow measurement of the uptake and promotion of CSR engagement by large companies and business associations (which is an indicator of small business activity), and of the size and composition of the CSR Network, UNGC, CSR awards and other activities in Albania. Tabulate the number and percentage of companies that a) publish CSR or sustainability reports; b) participate in the CSR and UN Global Compact networks; c) participate in CSR activities organized by private sector associations; and d) submit proposals for CSR awards

#1: CSR reporting	#2: CSR/UNGC Networks	#3: CSR activities	#4: CSR awards
Decrease 5% <input type="checkbox"/> 0 pts	<input type="checkbox"/> 0 pts	<input type="checkbox"/> 0 pts	Decrease 5% <input type="checkbox"/> 0 pts
About the same <input type="checkbox"/> 1 pt	<input type="checkbox"/> 1 pt	<input type="checkbox"/> 1 pt	About the same <input type="checkbox"/> 1 pt
Increase 5% <input type="checkbox"/> 2 pts	<input type="checkbox"/> 2 pts	<input type="checkbox"/> 2 pts	Increase 5% <input type="checkbox"/> 2 pts
Increase 5% to 10% <input type="checkbox"/> 3 pts	<input type="checkbox"/> 3 pts	<input type="checkbox"/> 3 pts	Increase 5% to 10% <input type="checkbox"/> 3 pts
Increase 10% to 15% <input type="checkbox"/> 4 pts	<input type="checkbox"/> 4 pts	<input type="checkbox"/> 4 pts	Increase 10% to 15% <input type="checkbox"/> 4 pts
Increase 15% to 20% <input type="checkbox"/> 5 pts	<input type="checkbox"/> 5 pts	<input type="checkbox"/> 5 pts	Increase 15% to 20% <input type="checkbox"/> 5 pts
Increase 20% to 30% <input type="checkbox"/> 6 pts	<input type="checkbox"/> 6 pts	<input type="checkbox"/> 6 pts	Increase 20% to 30% <input type="checkbox"/> 6 pts
Increase 30% to 40% <input type="checkbox"/> 7 pts	<input type="checkbox"/> 7 pts	<input type="checkbox"/> 7 pts	Increase 30% to 40% <input type="checkbox"/> 7 pts
Increase over 40% <input type="checkbox"/> 7.5 pts	<input type="checkbox"/> 7.5 pts	<input type="checkbox"/> 7.5 pts	Increase over 40% <input type="checkbox"/> 7.5 pts
			

Data sources & contacts

Gathering the data will involve: a) undertaking a survey among companies to determine the number preparing CSR/sustainability reports (administered by the CSR Network); b) tabulating the number of members in the CSR Network and UNGC (by the CSR Network); c) tabulating the number of CSR activities among business associations; and d) tabulating the number of submissions to the CSR Awards committee

c) Labour

Two indicators are used to measure the labour component at the company level: a) Extent of staff training, b) No. of companies using SA8000. A third indicator can be used to determine the gender balance of employment in the private sector: c) Women employed in "private sector" (ratio to men)

Indicator #8: Extent of staff training

Indicator #9: No. of companies using SA8000

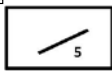
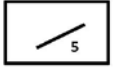
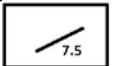
Indicator #10: Women employed in "private sector" (ratio to men)

Relevance / Importance:

a) The extent of staff training is a reflection of how seriously businesses take investing in staff retention and career progression; b) The number of companies that are SA8000 compliant is a reflection of the extent to which companies protect the basic human rights of workers, and structure management systems to support international standards covering a range of areas including child labor, forced and compulsory labor, health and safety, freedom of association and right to collective bargaining, discrimination, disciplinary practices, working hours, remuneration, etc. The SA8000 standard is administered by Social Accountability International (SAI), one of the world's leading social compliance training organizations. By offering training and technical assistance in social compliance, SAI goes beyond the notion of voluntary compliance; c) Gender balance in private sector employment is a reflection of arachic expectations where women are expected to manage childcare and the household, at the expense of educational attainment of women.

Criteria / Description of indicator

These indicators monitor the following: a) Staff training assesses the extent to which companies invest in training and employee development. b) SA8000 enumerates the number of facilities in a country that are actively engaged in 'descent work' programs and certifications. In the Balkans, SAI has 76 active programs in Bulgaria, 266 in Romania, 3 in Croatia and 1 in Serbia. And c) Gender balance in private sector hiring practices

#8: Extent of staff training	#9: SA8000 compliance	#10: Women in private sector (ratio to men)
Score of less than 2.50 <input type="checkbox"/> 0 pts	Decrease 5% <input type="checkbox"/> 0 pts	Ratio < 0.50 <input type="checkbox"/> 0 pts
Score 2.50 to 3.00 <input type="checkbox"/> 1 pt	About the same <input type="checkbox"/> 1 pt	Ratio 0.50 to 0.60 <input type="checkbox"/> 1 pt
Score 3.00 to 3.50 <input type="checkbox"/> 2 pts	Increase 5% <input type="checkbox"/> 2 pts	Ratio 0.60 to 0.70 <input type="checkbox"/> 2 pts
Score 3.50 to 4.00 <input type="checkbox"/> 3 pts	Increase 5% to 10% <input type="checkbox"/> 3 pts	Ratio 0.70 to 0.80 <input type="checkbox"/> 3 pts
Score 4.00 to 4.50 <input type="checkbox"/> 4 pts	Increase 10% to 15% <input type="checkbox"/> 4 pts	Ratio 0.80 to 0.90 <input type="checkbox"/> 4 pts
Score more than 4.50 <input type="checkbox"/> 5 pts	Increase 15% to 20% <input type="checkbox"/> 5 pts	Ratio > 0.90 <input type="checkbox"/> 5 pts
	Increase 20% to 30% <input type="checkbox"/> 6 pts	
	Increase 30% to 40% <input type="checkbox"/> 7 pts	
	Increase over 40% <input type="checkbox"/> 7.5 pts	
		

Data sources & contacts

a) Data on staff training is available from WEF's GCI report, published annually: GCI 5.08; b) SAAS maintains a downloadable list of certified facilities: <http://www.saasaccreditation.org/certifacilitieslist.htm>; c) Gender balance in the private sector hiring can be compiled through a survey of companies

d) Environment

The environment is an important indicator in Albania. The majority of businesses interviewed for the baseline study (2008) ranked 'preserving the environment' as the main factor influencing their company's decision to be involved in CSR activities. There are two main sources of information on the environment as it pertains to company management practices: a) No. of companies using ISO 14001 and b) No of companies registered under Eco-Management and Audit Scheme (EMAS)

Indicator #11: No. of companies using ISO14001

Indicator #12: No of companies registered under EMAS

Relevance / Importance:

Tracking the number of companies using social or environmental management systems is an indication of a desire to improve the quality, transparency and reliability of CSR activity. There are a few organizations in Albania with ISO 14001 certification, but none registered under EMAS. As EMAS is an EU requirement, its importance will increase in the near future

Criteria / Description of indicator

ISO 14001 and EMAS are management tools for companies and other organizations to evaluate and report on their environmental performance. At the moment, there are no EMAS registered organizations in Albania. There are 4 organizations registered in Romania, and 1 in Bulgaria.

<u>#11: ISO1401 compliance</u>	<u>#12: EMAS registered companies</u>
Decrease 5% <input type="checkbox"/> 0 pts	Decrease 5% <input type="checkbox"/> 0 pts
About the same <input type="checkbox"/> 1 pt	About the same <input type="checkbox"/> 1 pt
Increase 5% <input type="checkbox"/> 2 pts	Increase 5% <input type="checkbox"/> 2 pts
Increase 5% to 10% <input type="checkbox"/> 3 pts	Increase 5% to 10% <input type="checkbox"/> 3 pts
Increase 10% to 15% <input type="checkbox"/> 4 pts	Increase 10% to 15% <input type="checkbox"/> 4 pts
Increase 15% to 20% <input type="checkbox"/> 5 pts	Increase 15% to 20% <input type="checkbox"/> 5 pts
Increase 20% to 30% <input type="checkbox"/> 6 pts	Increase 20% to 30% <input type="checkbox"/> 6 pts
Increase 30% to 40% <input type="checkbox"/> 7 pts	Increase 30% to 40% <input type="checkbox"/> 7 pts
Increase over 40% <input type="checkbox"/> 7.5 pts	Increase over 40% <input type="checkbox"/> 7.5 pts

7.5

7.5

Data sources & contacts

EMAS provides a website that tracks the number of companies and organizations registered by country. There is no public list of companies certified to the ISO 14000 / 14001 standards for environmental management systems, and the names of companies are not released publicly. It may be possible to obtain this information through a survey of Albanian companies administered by the CSR Network or from the national accreditation office, the National Directorate of Standardization, responsible for ISO and other certifications in Albania.

e) Consumers

Indicator #13: Degree of customer orientation

Relevance / Importance:

Companies that are responsive to customers are more likely to respond to sustainability concerns, or issues raised by other stakeholders. There is a need to look at issues that are specific to Albania, such as the ethical practices of companies in the banking and food distribution sectors, where competition is fierce, and where health is an important issue.

Criteria / Description of indicator

This indicator monitors the extent to which companies are responsive to the needs and desires of their customers and other stakeholders.






<u>#13: Customer orientation</u>	
Score of less than 3.50 <input type="checkbox"/>	0 pts
Score 3.50 to 4.00 <input type="checkbox"/>	1 pt
Score 4.00 to 4.50 <input type="checkbox"/>	2 pts
Score 5.50 to 5.00 <input type="checkbox"/>	3 pts
Score 5.00 to 5.50 <input type="checkbox"/>	4 pts
Score more than 5.50 <input type="checkbox"/>	5 pts

5

Data sources & contacts

Data on the degree of customer orientation is available from WEF's GCI report, published annually: GCI 6.15, and/or a survey of issues reported to consumer protection office and commission (CPC and ZMK).

Summary of Scorecard B: Measuring the Private Sector's Progress in Implementing CSR

a) Corporate governance and financial reports	1. Efficacy of corporate boards 2. Ethical behaviour of firms 3. Strength of auditing and accounting standards	 15
b) Engaging with CSR	4. No. of companies using a recognized CSR or sustainability report 5. Number of members in CSR Network and UN Global Compact 6. CSR activities organized by private sector associations 7. Number of companies submitting proposals for CSR awards	 15
c) Labour	8. Extent of staff training 9. No. of companies using SA8000 10. Women employed in private sector (ratio to men)	 15
d) Environment	11. No. of companies using ISO14001 12. No of companies registered under EMAS	 15
e) Consumers	13. Degree of customer orientation	 15

Scorecard C: Measuring Civil Society's Progress in Engaging with CSR

Civil Society Context

A vibrant civil society is an important element in any society, but especially in countries like Albania where people's expectations are changing as they make the transition from decades of socialism to EU member state status. Moreover, a strong social fabric is necessary to support progress towards responsible competitiveness, including a culture of transparency, a free and inquisitive press, an intolerance of corruption and a dense network of non-governmental organizations. Civil society organizations encourage compliance with existing laws and regulations and provide a sounding board for innovation and collaboration with businesses. Measuring the strength of civil society in CSR involves tracking a range of indicators such as: a) the number of NGOs engaged in CSR-related issues, b) educational institutions, c) consumer satisfaction, d) press freedom and e) discussion of CSR in the media

Indicator #1: Percentage of NGO programs that are related to CSR issues

Maximum Score: 10 pts

Relevance / Importance:

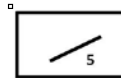
NGOs encourage greater corporate accountability and transparency. The presence and capacity of NGOs able to advocate for CSR and sustainability issues is an important contributor to national development. NGOs become more important in the absence of strong labour unions that are capable of advocating for conditions affecting the internal functions of companies involving issues associated with labour practices, employment benefits, etc. By tracking these issues, the Albanian government will send a signal that they are serious about making the necessary reforms.

Criteria / Description of indicator

There are two ways to monitor this information: a) Freedom House's annual Nations-in-Transit report provides a comprehensive, Web-based profile and index of a range of democratic developments, ranging from civil society issues to press freedom to corruption and democracy in 29 countries including Albania, and 9 countries in the Balkans (each issue is scored separately); b) Tabulate the percentage of NGO programs related to CSR and sustainability issues (through a survey)

a) Key: scoring based on Nations In Transit Civil Society index

Score more than 4.50	<input type="checkbox"/>	0 pts
Score 4.00 to 4.50	<input type="checkbox"/>	1 pt
Score 3.50 to 4.00	<input type="checkbox"/>	2 pts
Score 3.00 to 3.50	<input type="checkbox"/>	3 pts
Score 2.50 to 3.00	<input type="checkbox"/>	4 pts
Score of less than 2.50	<input type="checkbox"/>	5 pts



b) Key: % of NGO programs

0-5%	<input type="checkbox"/>	0 pts
5-10%	<input type="checkbox"/>	1 pt
10-15%	<input type="checkbox"/>	2 pts
15-30%	<input type="checkbox"/>	3 pts
30-60%	<input type="checkbox"/>	4 pts
More than 60%	<input type="checkbox"/>	5 pts



Data sources & contacts

The Nations-in-Transit website provides a range of indicators that track civil society issues, press freedom, corruption and democracy: <http://www.freedomhouse.org/report/nations-transit/nations-transit-2012>. Alternatively, this information can be collected by undertaking a questionnaire or survey among relevant NGOs.

Indicator #2: Percentage of educational institutions offering courses related to CSR

Maximum Score: 5 pts

Relevance / Importance:

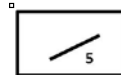
This indicator is a good way of tracking the awareness of CSR in society and the extent to which CSR knowledge is embedded among future business leaders.

Criteria / Description of indicator

The percentage of higher education institutions offering degrees and/or courses in CSR and sustainability. Alternatively, it may be more instructive to track the number of students enrolled in CSR courses and degrees

Key: % of institutions

0-5%	<input type="checkbox"/>	0 pts
5-10%	<input type="checkbox"/>	1 pt
10-15%	<input type="checkbox"/>	2 pts
15-30%	<input type="checkbox"/>	3 pts
30-60%	<input type="checkbox"/>	4 pts
More than 60%	<input type="checkbox"/>	5 pts



Data sources & contacts

Information to be collected by distributing a questionnaire to relevant higher education institutions in the country. Alternatively, consult university websites for information on CSR and/or sustainability course offerings

Indicator #3: Degree of consumer satisfaction

Maximum Score: 5 pts

Relevance / Importance:

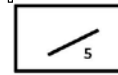
There are a number of issues surrounding corporate practices in Albania that need to be monitored to ensure adequate consumer protection. It is important to monitor the views expressed by independent civil society organizations on relevant issues ranging from access to finance, cost of utilities, food safety, etc. These include the banking sector (advertising false interest rates), food regulation and quality (bacteria in milk products), worker safety in mining (death due to poor labour practices).

Criteria / Description of indicator

This indicator could be monitored by tracking the increase or decrease in the frequency of issues being reported to the Consumer Protection office, in the media or by an improvement in consumer opinions on the issues.

Reduction in complaints

- Number of complaints about the same 0 pts
- Number of complaints down 1% to 10% 1 pt
- Number of complaints down 10% to 20% 2 pts
- Number of complaints down 20% to 30% 3 pts
- Number of complaints down 30% to 40% 4 pts
- Number of complaints down over 40% 5 pts



Data sources & contacts

Information to be collected by distributing a questionnaire to the two NGOs that deal with consumer protection issues, the Office for Consumer Protection (Zyra per Mbrojtjen e Konsumatorit) and the Consumer Protection Association (Komisioni i Mbrojtjes se Konsumatorit), and relevant government departments.

Indicator #4: Press freedom

Maximum Score: 5 pts

Relevance / Importance:

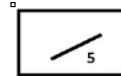
Threats to journalists and intimidation limit the possibility of raising issues associated with poor corporate performance. By tracking this indicator, the Albanian government will send a signal that they are serious about making the necessary reforms

Criteria / Description of indicator

Freedom House's annual Nations-in-Transit report provides a comprehensive, Web-based profile and index of press freedom in 197 countries including Albania. Scoring is based on a country's rating and/or ranking.

Key: Press Freedom rating

- Rating more than 70 0 pts
- Rating 60 to 70 1 pt
- Rating 50 to 60 2 pts
- Rating 40 to 50 3 pts
- Rating 30 to 40 4 pts
- Rating of less than 30 5 pts



Data sources & contacts

Nations-in-Transit website, Global Press Freedom Rankings: <http://www.freedomhouse.org/sites/default/files/Global%20and%20Regional%20Press%20Freedom%20Rankings.pdf>, and annual report: <http://www.freedomhouse.org/report/nations-transit/nations-transit-2012>.

THE EXTENT OF INDICATOR'S ACHIEVEMENT – SCORECARD A (NATIONAL LEVEL)

Assessment of indicators	Latest data	Previous years data	Progress/ regress	Benchmarking	Scoring of results ¹⁹	Extent of achievement
Total points scorecard A						
a) Legal and political context						
Ind1 National CSR Strategy	Year 2013	Year 2008	Progress	N/A ²⁰	10/15	Fully achieved
Ind2 National legislation promoting CSR	Year 2013	Year 2008	Progress	N/A	2/5	Partly achieved
b) Labour						
Ind3 Gender equality in the labour force	Year 2013	Year 2008	N/A	This ratio for other countries varies from the lowest Bosnia & Herzegovina 0.63% to the highest Bulgaria 0.88%.	3/5	Partly achieved
Ind4 Level of unemployment	Year 2012	Historical average over the last 7-10 years	Progress	This ratio varies for other countries in Balkans from the best scenario, Romania 6.70% to the worst scenario Bosnia Herzegovina 46.10% .	2/5	Partly achieved
Ind5 Youth unemployment rate	Year 2011	Year 2008	N/A	This ratio varies for other countries in Balkans from the best scenario Romania 7.4% to the worst scenario, Greece 13%.	3/5	Partly achieved
c) Environment						
Ind 6 CO2 emission	Year 2013	Year 2009	Stagnation	N/A	5/5	
Ind 7 Environmental performance	Year 2013	Year 2010	Progress	Albania is ranked in the top 10 out of 132 countries	4/5	Partly achieved
Ind 8 PRTR	It is excluded from the CSR progress report 2013 because of the non available data. It is recommended to be used in the forthcoming years.					
d) Transparency and Business Environment						
Ind8 Corruption	Year 2012	Year 2008	Regress	The CPI varies for other countries in Balkan from the lowest corruption index Croatia scoring 46/100 and ranked 62/176 to the highest index Kosovo, scoring 34 and ranked 105/ 176. Albania is scoring lower than other countries in Balkan and therefore ranked in the lowest position	1/5	Partly achieved
Ind9 Global Competitiveness	Year 2012-2013	Year 2011-2012	Progress	Comparing with other neighbouring countries, Albania sits in the last places however, it is ranked in better position in relation to Serbia and Greece, which are ranked respectively 95 and 96 out of 144 countries.	3/5	Partly achieved
Ind10 Ease of doing business	Year 2012-2013	Year 2011	Regress	Comparing with other countries Albania is ranked higher than Serbia but lower than other countries in Balkans. Moreover, Moldova, Montenegro and Serbia are making progress from the year 2012.	0/5	Not Achieved
Ind11 Responsible competitiveness	It is excluded from the CSR progress report 2013 because of the non available data. It is recommended to be used in the forthcoming years.					
					N/A	

19. Details about the criteria to score each indicator in numerical way are given in Annex C.

20. N/A is the acronym for Non Applicable

THE EXTENT OF INDICATOR'S ACHIEVEMENT – SCORECARD B (PRIVATE SECTOR)

Assessment of indicators	Latest data	Previous years data	Progress/ regress	Benchmarking	Scoring of results ²¹	Extent of achievement
Total points scorecard B						
a) Corporate Governance and Financial reporting						
Ind1 Efficacy of Corporate Boards	Year 2012-2013	Year 2008	Progress	A comparison of Corporate Board Indicator against other countries in Balkan reveals that Albania has the highest score and the best rank in 2012-2013.	4/7.5	Partly achieved
	Score/Rank					
	4.7/56					
Ind2 Ethical behaviour of firms	Year 2012-2013	Year 2008	Progress	A comparison of Ethical Behaviour Indicator against other countries in Balkan reveals that Albania has the highest score and the best rank in 2012-2013 apart from Montenegro scoring higher 4.2/7 and ranked 50/144	2/7.5	Partly achieved
	Score/Rank					
	3.9/71					
Ind3 Strength of Auditing and Reporting Standards	Year 2012-2013	Year 2008	Progress	Comparisons of Strength of Auditing and Reporting Indicator against other countries in Balkan reveals that Macedonia has the highest score 4.4/7 and the best rank 83/144 in 2012-2013, while Albania scored 4.2/7 and ranked 101/144 countries	3/7.5	Partly achieved
	Score/Rank					
	34.2/101					
b) Engagement of Companies with CSR						
Ind4 Number of Companies (members in CSR network) using CSR or sustainability reporting	Year 2013	Year 2012	Progress	N/A	3/7.5	Partly achieved
	Most of them report sustainability issues as part of their annual report or in group level.	Only few branches of international banks				
Ind5 Number of members in CSR network or UN Global Compact	Year 2013	Year 2012	Progress	N/A	7.5/7.5	Fully achieved
	CSR network- 9 members	UNGC – 7 members				
	UNGC – 7 members					
CSR activities organized by private sector organisations	Year 2013	Year 2012	Progress	N/A	N/A	
	Environmental campaigns and charity	Environmental campaign and charity type of activities				
	Embed CSR into daily business practices					

21. Details about the criteria to score each indicator in numerical way are given in Annex B.

THE EXTENT OF INDICATOR'S ACHIEVEMENT – SCORECARD B (PRIVATE SECTOR) - CONTINUING

Assessment of indicators	Latest data	Previous years data	Progress/ regress	Benchmarking	Scoring of results ²¹	Extent of achievement
Total points scorecard B					41/75	Partly achieved
Ind7 Number of Companies submitting proposal for CSR award						
Indicator 7 will be used for the CSR next reporting period, because there are no available data for this year.						
Ind8 Extent of staff training	Year 2013 Score/Rank 4.4/36	Year 2008 There are no available data reported in CSR baseline 2008	N/A	Albania has the highest rank 36 out of 144 countries and scoring 4.4/7.	4/5	Partly achieved
Ind9 Women in labour force	Year 2012-2013 Ratio/Rank 0.72/ 92	Year 2008 There are no available data reported in CSR baseline 2008	N/A	In the highest position in Balkan region is ranked Bulgaria 37/144 countries with a ratio 0.88.	3/5	Partly achieved
Ind10 Number of Companies using SA8000	Year 2013 1 company	Year 2008 0	Progress	Comparing with other countries this indicator varies from Romania with 266 certified companies with SA 8000 in construction industries to Croatia with 3 companies (paper, printing) and Serbia 1 (medical industry).	2/1.5	Partly achieved
d) Environment						
Ind11 Number of Companies using ISO 14001	Year 2013 2 companies certified	Year 2008 Environment is considered an important indicator but, there are no available data for the number of companies certified with ISO 14001	Progress	N/A	2/1.5	Partly achieved
Ind12 No. of Companies registered in EMAS (Eco Management and Audit Scheme)						
It is excluded from the CSR progress report 2013 because of the non available data. It is recommended to be used in the forthcoming years						
Ind13 Degree of consumer orientation	Year 2013 Score/Rank 5/38	Year 2012 There are no available data	Progress	Albania is ranked highest 38/144 countries while, the Romania and Serbia have the lowest rank, scoring respectively 4 and 3.7 out of 7.	3/5	Partly achieved

THE EXTENT OF INDICATOR'S ACHIEVEMENT – SCORECARD C (CIVIL SOCIETY)

Assessment of indicators	Latest data	Previous years data	Progress/ regress	Benchmarking	Scoring of results?	Extent of achievement
Total points scorecard C						
Ind1 Number of engaged in CSR issues	Year 2012 Score 3/7	Year 2008 There are no available data	N/A	Comparison with other countries in Balkan reveals that Albania is ranked in the lowest position apart from Bosnia & Herzegovina and Kosovo. Bulgaria is scored highest 2.5/7.	10/30 3/5	Partly achieved Partly achieved
	Year 2013 % NGO programs related to CSR issues 6/1877 NGOs active as of September 2013 (Tax Office)	Year 2008 2 NGOs, CSR Network and Corporate Governance have been established respectively in 2013 and 2010	Progress	N/A	0/5	Partly achieved
Ind2 Number of higher institutions offering CSR courses	Year 2013 There is no CSR chapter as part of a particular program/ course in Albanian Universities. However, CSR is an integrated part of Corporate Governance and/or business ethics modules in postgraduates' level in most of Universities in Albania.	Year 2008 There were lacking business ethics and/or Corporate Governance courses	Progress	N/A	1/5	Partly achieved
Ind3 Degree of consumer satisfaction	Year 2012 The level of complaints is decreased by 18% in 2012. Food quality, water and electricity issues are determined as the most priority areas from consumer perspective. y.	Year 2011/2012 The level of complaints is increased by 12%	Progress	N/A	2/5	Partly achieved

THE EXTENT OF INDICATOR'S ACHIEVEMENT – SCORECARD C (CIVIL SOCIETY) - CONTINUING

Assessment of indicators	Latest data		Previous years data		Progress/ regress	Benchmarking	Scoring of results ⁷	Extent of achievement
	Year 2013	Rating/Ranking	Year 2008					
Total points scorecard C	Year 2013	Rating/Ranking 51/107	Year 2008		Progress	Comparison with other countries in Balkans reveals that Albania is ranked lowest 107/197 countries and rated 51/100 apart from Macedonia, which is ranked 115/197.	10/30	Partly achieved
Ind4 Press freedom					Based on nation in Transit website reports ⁷ freedom of expression is generally respected in Albania, but progress in increasing media independence and professionalism has stalled. ⁷		2/5	Partly achieved

Annex B - Table of Indicators showing source of info and scorecard information

A. National Legal and Policy Environment (60 points)

Issue	Indicators	Source of Info	Points
CSR strategy and promotion	1. Existence of a national CSR strategy	Policy documents	15
	2. National legislation promoting CSR	Policy documents	5
Labour	3. Gender equality in the labour force	GCI 7.08	5
	4. Level of unemployment	Bank of Albania	5
	5. Youth unemployment rate or ratio	Eurostat, GCI's SCI	5
Environment	6. CO2 emission	UNDP Human Development Index (HDI)	5
	7. Environmental performance	EPI, Yale and Columbia website	5
	8. PRTR	To be used in forthcoming years	
Transparency and Business Environment	9. Level of corruption	CPI	5
	10. Level of global competitiveness	GCI rank and score	5
	11. Ease of doing business	World Bank	5
	12. Responsible competitiveness	To be used in forthcoming years	

B. Corporate Practice and Performance (75 points)

Issue	Indicators	Source of Info	Points
Corporate governance	1. Efficacy of corporate boards	GCI 1.20	7.5
	2. Ethical behaviour of firms	GCI 1.18	7.5
	3. Strength of auditing and accounting standards	GCI 1.19	7.5
Engaging with CSR	4. No. of members in CSR network reporting using any recognized CSR or sustainability report	Consultation with websites and survey among members in CSR network	7.5
	5. Number of members of the CSR Network and UN Global Compact	Interview with CSR Network	7.5
	6. CSR activities organized by members in CSR network	Survey of activities by members in CSR network	7.5
	7. Number of companies submitting proposals for CSR Awards	CSR Award submissions	To be used in forthcoming years
Labour	8. Extent of staff training	GCI 5.08	5
	9. No. of companies using SA8000	SAAS certified facilities list – consultation with website	7.5
	10. Gender equality in the private sector	GCI 7.08	5
Environment	11. No. of companies using ISO14001	Survey among members in CSR network	7.5
	12. No of companies registered in EMAS (Eco-Management and Audit Scheme)	To be used in forthcoming years	
Consumers	13. Degree of consumer orientation	GCI 6.15	5

C. Civil Society Context (30 points)

Issue	Indicators	Source of Info	Points
Strength of civil society engagement	1. No of NGOs engaged in CSR & sustainability issues	Nations in Transit website and Google search	10
	2. No of higher education institutions offering CSR courses	Consultation with websites of top 5 ranked education institutions	5
Consumers	3. Degree of consumer satisfaction	Albanian Consumer Protection Office	5
Media	4. Press freedom	Nations in Transit	5

Annex C – Summary of recommendations for further improvements on the CSR indicators in the forthcoming years

NATIONAL LEVEL

Indicator 5 – Youth unemployment rate and/or ratio

Currently Albania is not included in Social Sustainability Adjusted GCI which is a relevant source of info to enable the benchmarking with other countries of the youth unemployment ratio. This ratio analyzes the impact of youth unemployment on social sustainability. Therefore, it is considered to be used as source of info in the forthcoming period of CSR reporting as soon as there will be available data for Albania.

Indicator 8 – EPRTR

One of the priorities of the Albania's government environmental strategy and national environmental action plan is to establish the legal framework as an instrument for the application of the environmental policies in the country. Part of this process involves the preparation of an integrated system register of pollutant release and transfer under PRTR Protocol thus, a National PRTR website needs to be developed to enable tracking the pollutants. Therefore, it is recommended to be used as an Indicator as soon as Albania will finalize the integrated system register of pollutant release as part of E-PRTR.

Indicator 12 – Responsible Competitiveness

This index will be used in the forthcoming years because Albania is not included in GCI Sustainable Adjusted Index. This index incorporates environmental and social elements into GCI competitiveness analysis, which enable the measurement systems to go beyond economic performance by including other important elements that render society sustainable.

PRIVATE SECTOR

Indicator 4 - No of Companies reporting using any recognised CSR or sustainability report

The CSR framework 2013 in Albania recommends to determine the number of Companies as a percentage of top 100 companies by turnover that prepare CSR/ sustainability reports. Since this survey wasn't undertaken as of November 2013, it is recommended to be undertaken for the next period of CSR reporting.

Indicator 6 - CSR activities organized by private sector

For this indicator, in the CSR framework 2013, it is suggested a survey to tabulate the activities organized by the business association. Since this survey wasn't undertaken as of November 2013, it is recommended to be undertaken for the next period of CSR reporting

Indicator 11- No. of Companies using ISO 14001

Although, a survey as source of gathering the data for the Indicator 11, is limited among the companies members in the CSR network for CSR progress reporting (2013), either a survey of private companies or the information collected from the certifications' companies in Albania, will enable gathering more comprehensive data. Due to time constraints these research instruments are recommended to be used for the forthcoming CSR reporting period.

CIVIL SOCIETY

Indicator 1 - Number of NGOs engaged in CSR and sustainability issues

Since there are data necessary to be collected to assess the progress made in CSR domain among NGOs, a focal point shall be identified among NGOs that have established already CSR programs such as CSR Network, Partners Albania, to promote CSR among civil society. Additionally, surveys or questionnaire that assesses the strength of civil society in CSR shall be administered by them to have more accurate and comprehensive results.

Indicator 3 – Degree of consumer satisfaction

In addition to the number of complaints, a more appropriate indicator to monitor the consumer satisfaction for the future reporting period is to track whether complaints are addressed to the appropriate bodies including, business, consumer and the state structures as well as measuring the degree of concerns being resolved and further actions taken.



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