LOCAL THIRD SECTOR ORGANIZATIONS:
A MISSING LINK IN GLOBAL DEVELOPMENT
The case of Albania

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I, Lorna Qesteri, confirm that the work presented in this thesis is my own. Where information has been derived from other sources, I confirm that this has been indicated in the thesis.

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Abstract

Global development started nearly seventy years ago, led by global north governments towards the development of the global south, continues to generate heated debates regarding its most effective approaches. These approaches have changed significantly from the initial growth-centered and linear to become more human-centered and context-driven, including a new array of actors from global south governments themselves, to private and third sectors. The latter grew particularly in size and relevance in the early nineties with the fall of communist regimes across Central and Eastern Europe and the economic crisis in Sub - Saharan Africa. At this time international third sector organizations became the main channel of absorbing and implementing bi-lateral funding in the global south. The rise of the third sector has also been accompanied with increased skepticism from both the media and the public regarding its efficiency and effectiveness. Examples include their high administrative costs (as a ratio to their activities) or being donor-led as compared to needs-led. While research and data on international third sector organizations are increasing, very little is known about local third sector organization and their role in development. This research investigates local TSOs roles, their approaches as well as places them in the broader global development project. This is done by focusing on Albania, a country that comes from a long suffered communist regime and with a fairly new local third sector, emerged in 1992 and active in addressing local issues in the absence of the public sector. This research investigates the typology of local third sector organizations, approaches employed over the course of years, cooperation with other development actors and lastly their role in global development. This is done through a series of in-depth case studies, interviews with practitioners and review of secondary data.

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BRAC	Building Resources Across Communities
BINGO	Business Oriented Non-Governmental Organizations
CEE	Central and Eastern European
CSR	Corporate Social Responsibility
CIS	Commonwealth and Independent states
CNP	Comparable Non-For-Profit Project
DAC	Development Assistance Committee
DFID	Department for International Development
DSDC	Department of Strategy and Donor Coordination
EBRD	European Bank for Reconstruction and Development
EC	European Commission
EU	European Union
ENGO	Environmental Non-Governmental Organizations
GDP	Gross Domestic Product
GNP	Gross National Product
IMF	International Monetary Fund
INGO	International Non-Governmental Organizations
IOM	International Organization for Migration
ISD	Integrated Support to Decentralization
ISO	International Organization for Standardizations
LEDA	Local Economic Development Agency
LGBT	Lesbian Gay Bisexual and Transgender
LGU	Local Government Unite
MDG	Millennium Development Goals
NATO	The North Atlantic Treaty Organization
NORAD	Norwegian Development Agency
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
OPEC	The Organization of the Petroleum Exporting Countries
PPP	Public Private Partnerships
PPNA	Protection and Preservation of Natural Environment in Albania
RBEC	Regional Bureau for Economic Cooperation
RBM	Results Based Management
REC	The Regional Environmental Center
RINGO	Research Non-Governmental Organizations
SDC	Swiss Development Cooperation
SDG	Sustainable Development Goals
SNV	Netherlands Development Organization
SIDA	Swedish Agency for International Development
TSO	Third Sector Organization
UCL	University College London
UK	United Kingdom
URI	Urban Research Institute
US	United States
USA	United States of America
UN	United Nations
UNDP	United Nations Development Programme
UNOPS	United Nations Office for Projects and Services
USAID	United States Agency for International Development
USD	United States Dollars
USSR	Union of Soviet Socialist Republic
VfM	Value for Money
WB	World Bank
WECD	World Commission on Environment and Development
WV	World Vision
WWII	World War Two

Acknowledgements

CHAPTER 1. Introduction

1.1. Local third sector's place within the global development project

"At its essence, sustainability means ensuring prosperity and environmental protection without compromising the ability of future generations to meet their needs. A sustainable world is one where people can escape poverty and enjoy decent work without harming the earth's essential ecosystems and resources; where people can stay healthy and get the food and water they need; where everyone can access clean energy that doesn't contribute to climate change; where women and girls are afforded equal rights and equal opportunities." Ban Ki Moon, 2015 during the development of SDGs, UN Foundation.

Development has been at the top of the global agenda since the end of World War II. From initial economic focused approaches such as modernization, dependency theories and structural adjustments to recently a shift towards human - centered approaches. The chase for the most effective approaches to global development continues. The 2015 Sustainable Development Goals (SDGs), which is the current world's road map to development provided an integrated approach to global development including economic, environment, institutional and social aspects thus recognizing the importance of inter - sectorial dependence and as a result the failure of the past silo based approaches (WHO, 2015; York, 2015). The present SDGs comprise 17 global goals and 169 targets, as compared to its predecessor the Millennium Development Goals (MDGs) of 8 goals and 21 targets, including new ones related to justice and prosperity. Notwithstanding these changes, an area that did not gain the deserved attention during the drafting of the SDGs was the embedment of local and regional development in the grand scheme of the global development project.

Despite the inclusion of a standalone goal on localities, i.e. Sustainable Cities and Human Settlements (SDG 11), SDGs were criticized for disregarding local contexts. Yet, the implementation of SDGs sits at the local level, making it hard to envision its success if local contexts are ignored. The limited focus on local development in the grand scheme of global development is surprising considering that local and regional development are not new disciplines in both academic literature and development praxis. Regional and local development received increased attention in the global north particularly during the crisis of the Fordist model, the failure of traditional top-down interventions and emergence of successful bottom up initiatives in the newly industrialized countries however have continued to remain a global north discipline (Rodriguez-Pose, Pike & Tomaney 2013; Pose & Tijmstra 2005) with limited integration into the global development agenda.

Since the adoption of the SDGs, there has been a movement among development actors to localize goals and targets. An example is the United Nations Development Programme, United Nations-Habitat and the Global Task Force of Local and Regional Governments toolkit to assist local actors in the implementation of SDG targets. Localization in these terms, is considered the process from setting goals and targets, to identifying means of implementation as well as setting monitoring and evaluation indicators, based on local contexts. Through

localization, local governments in charge of delivering basic services that are at the core of SDGs, are being increasingly involved as compared to previous global agendas where they were mere implementors.

This movement versus increased involvement of local governments units (LGUs) is important however it is not enough as it assumes that LGUs are vested with the necessary financial and decision-making powers as well as have the right resources in place. In Albania, which is also the focus of this research, decentralization has taken over twenty-five years and yet LGUs continue to have limited powers and capacities. This is also the case in many countries in Eastern Europe. A 2013 UNDP study highlights that:

> *''In Eastern Europe, decentralization exists from the legal perspective, but local governments are still severely constrained by their limited re-sources (budget and property), lack of staff capacities and in many cases by the very small population sizes of the jurisdictions, known as fragmentation. This inhibits their ability to specify policy goals, introduce efficient and computerized operations or manage land use, physical planning and investment efficiently"*. (UNDP RBEC, 2013, p.17).

This is also the case of many African countries, where decentralization has begun in the mid-eighties however it still remains a huge challenge (Brosio, 2000; Dickovick and Wunsch, 2014). Considering the challenges of decentralization in many developing countries and particularly my own country Albania, I decided to investigate the role of other actors in local development, such as local third sector organizations. The latter are not embedded in government or for profit structures however are closer to communities. My research assumes that the realm of localization must go beyond the local government units' remit, including other local actors that have eventually filled the gaps where LGUs have failed to.

Third sector organizations are increasingly being involved in service delivery at the local level. This is the case of many developed countries such as the United Kingdom, where TSOs has been particularly important in delivering health services (Helen Dickinson, Pete Alcock and Glasby, 2012; Miller, 2013). Even though research on their effectiveness remains limited, existing research indicates that TSOs closeness to communities as well as their smaller scale makes their interventions more flexible and credible. Their involvement *''is promoted by politicians and policy makers as a means of diversifying provision, promoting innovation and improving efficiency"* but also during times of austerity (TRSC, 2012, p. 4). Anheier (2002) indicates that *''Europe has become more important for the third sector, and vice versa"* (Anheier, 2002, p. 1). Others, such as the Third Sector Impact Research Project (2016) refer to the third sector as a renewable resource for Europe, particularly during times of budget cuts and economic downturns.

In the realm of global development, SDGs gained support from the third sector as the latter were directly involved in their drafting as well as ensuring the integration of social and environmental elements into development goals. Initially led by the global north governments and Bretton Woods's institutions, global development players are now more diverse with third sector having an increasing role. Third sector, a term initially coined by Etzioni in 1973, is generally used to label those entities that do fall in neither the public (first sector) nor private sector (second sector). Differently from the other two sectors, where there is a consensus on definitions and roles this is not the case for third sector. The difficulty derives from the diversity of entities grouped within third sector and the weakness of concepts used to define and understand it (Salamon and Anheier, 1996). Brandsen et al (2005) attribute the difficulty to the hybridity of the third sector, which makes it difficult to come to a consensus regarding definitions, concepts, and theories.

The term 'third sector' per se carries negative connotations. For example, Najam (1996) raises concerns on the residual nature associated with third sector in encompassing non-governmental and non-for-profit organizations, that describe what entities are not rather than what they are. Najam (1996) stresses that the strength of the sector lays in its diversity and variety therefore definitions must not be based on grouping uncategorized entities but rather focus on defining the boundaries between the three sectors. However, defining boundaries between the three sectors is much more difficult considering the emerging cross-sectorial entities, such as public private partnerships or social enterprises. Despite the hybrid, residual or diverse nature of the entities as Corry (2010) indicates TSOs 'make up a coherent whole – a sector with its own distinct type of social form and practical logic' (Corry, 2010, p. 11). The main characteristic of third sector is tackling the needs of particularly the most vulnerable that are by passed by the other two sectors.

As all other sectors to theorize and analyze third sector, the first step is to look at its definitions. Third sector definitions vary from those focused on its legal forms, sources of income, functions, operational structures and yet, none seems to satisfy the diversity of entities. Most of the definitions encountered (such as the OECD or Etzioni above) tend to locate the sector among the other two sectors thus leading to private and not for profit entities. The John Hopkins Comparative Nonprofit Sector Project (CNP) has carried out one of the largest and unified global attempts towards a definition for TSOs. According to the latter, a way to define the sector is by defining key features of entities within the sector. Among these features the ones identified across the world are the following: 1) **Organized** (have internal organizational structures); 2) **Private** (are institutionally separate from the government). ; 3) **Self-governing** (are equipped to control their own activities); 4) **non-profit-distributing** (do not return profits generated to owners or directors) and 5) **voluntary**, (involving some meaningful degree of voluntary participation) (Salamon and Anheier, 1996, p. 2).

Tackling economic or social issues through the provision of services, or advocacy and partnerships, third sector organizations have significantly increased in numbers and are not a new phenomenon anymore. Boli and Thomas (1999) indicate that:

> *"Since 1850 more than 35,000 private, not-for-profit organizations with an international focus have debuted on the world stage. Associations, societies, foundations, unions, committees, clubs, leagues, conferences, groups, federations, and conventions - the range of designation is extraordinary."* (Boli and Thomas, 1999, p. 20).

In the United Kingdom organizations such as Save the Children and Oxfam operate since the start of the 20th century whereas in the US is the fastest growing sector, it is estimated that from 2001 to 2011 TSOs rose by 25% as compared to the 1% in private sector (The Urban Institute). OECD recognizes the sector as growing force in the economy and society (OECD, 2003). A major increase in third sector size is also due to the fall of communist regimes in many Central and Eastern European countries. These organizations have been tacking social issues that characterized post-communist contexts which were overpassed by the emerging democratic governments busy with the implementation of major macro-economic reforms.

Despite the increase in size and relevance, limited academic research exists on the role of third sector in development, particularly that of local third sector organizations in the global south. Some attempts have been made recently, like the one led by the John Hopkins initiative, however this research focuses mainly on what third sector does and other aspects of their work tend to be simplified (Lewis, 2014). Gunn (2014) attributes the lack of research to the strong emphasis that countries (an example the US) place on the for-profit sector but also to the fact that many third sector organizations operate at the local level and therefore have limited national or global exposure (Gunn, 2014). The limited exposure is due to the lack of financial resources that local organizations have at hand to promote their work nationally or internationally. Another key contributing factor is the lack of interest that international or national media have in exposing their work due to the smaller scale of their interventions.

If in the global north there has been an increased interest in analyzing TSOs role, particularly that of large international third sector organizations, due to increasing accountability and transparency requests on how taxpayer's money is spent, this is not the case for local TSOs in the global south. Very little is known on how local TSOs contribute to development within their local contexts and as a result how they contribute to national and global development. In Albania for example, the only existing research is the one carried out by institutions such as the United Nations through their Human Development Reports. To understand this diverse and growing sector more research is needed. It is important to look at approaches taken, how communities' benefit, and ultimately how can they be best employed in the implementation of the global development agenda. All these issues have been overlooked

by the academic literature and remain within the remit of the limited development praxis literature.

1.2. Why this research?

One of the main drivers to write this work has been my personal experience during three key stages of my life that include: 1) Albania's communist dictatorship, 2) Albania's transition years to market economy and 3) my international development experience.

I was born and grew up during the last decade of a very rigid communist dictatorship characterized by extreme poverty, limited food and resources that barely met people's basic needs. Even though Albanians had very limited access to the international media and press, they were aware that life abroad was much better. Listening in secrecy to Italian radio channels and the BBC they had realized that it was their right to have a decent life. The weakening of the regime with the death of the dictator in 1985, but also the fall of the Berlin Wall in 1989 and subsequently other communist dictatorships across Central and Eastern Europe, led to major protests in Albania in December 1990. Through a movement initiated by students but also welcomed by the entire population, Albania was finally liberated from the totalitarian regime and held its first multi-party elections in March 1992. One of the few things that the harsh communism did not manage to destroy was Albanians ingenuity in tackling their daily life challenges. There was a strong sense of community, people helped each other as well as sought practical solutions to daily problems with the few resources they had at hand. This experience has made me believe that there is great value and knowledge in local communities no matter how poor and underdeveloped they might be.

I also remember very vividly the first years of transition. There was an increased presence of international aid agencies that provided Albanians with clothing and food to cover their basic needs. Donors like the United States, Italy and the European Commission were considered as the country's salvation. A good example of how Albanians at that time viewed international assistance is the first official visit of a foreign stateman in Albania in June 1991. James A. Baker the US Secretary of State drew crowds of Albanians in the main square as never seen before. A New York's article provides a great description of the event:

> *''A sea of Albanians greeted Mr. Baker as he drove into town for his one-day visit. Hands reached out from every direction to touch the Secretary of State or to pound on the windows of his car. Albanians kissed the hood and windows and showered the car with flower petals, and one man threw himself in front of the limousine and kissed the road -- anything to make a link with the representative of America. 'America Is with Us''*
> *The New York Times, 23 June 1991.*

This article also indicates that even though many Albanians were requesting the adoption of a Marshall Plan for Albania, the Secretary of State at that time came with a humanitarian fund of six million USD to meet the basic food shortages. Since then and for most of the transition years

international expertise in Albania's development has been highly valued and has taken the center stage as compared to local expertise.

My first experience working in the development sector in Albania was in 2004, working for a multilateral development agency. As locals we were supporting international technical experts to develop key country strategies in collaboration with central government institutions. A decade after that I found myself in a very similar situation. Again, working for a major agency where key local interventions and policies were developed by international experts. There was an obvious overestimation of international expertise over the local one. Most of the leaders of international development agencies in Albania are foreigners also to this day. Overall, there has been a general skepticism from both the international community but also Albanians to trust their own expertise.

As a development practitioner working in Albania, Ecuador, Syria, Nigeria, Rwanda, Lithuania, Bangladesh and many other countries, I have observed a major involvement of the local third sector organizations, particularly in remote areas and with the most vulnerable and marginalized communities which are barely reached by the public or private sectors. Established almost sixty years ago the Working Boys' Center – A Family of Families in Quito Ecuador where I volunteered in 2006 has assisted thousands of working children and their families. This center since its early days applied what is now known as an integrated approach to development including not only social interventions such as educational and health but also economic i.e. small business development and micro finance to assist the poorest families in the outskirts of the city to break out of poverty. The center has ensured provision of basic services also at times of civil and political unrest. A crucial part of their approach is making sure that there is sustainability- going beyond aid and providing children and young people education and vocational skills that are necessary to enter the labor market.

Another example is my experience with the Jonathan Center in Albania, the first organization to focus on children with the Down syndrome and their families in Albania not only through developmental therapies but also through recreational and economic programs. In the absence of public and private sector to provide children with Down syndrome the necessary social and economic services, this organization plays a crucial role in assisting this marginalized community. Despite this organization's good work there is very limited knowledge from the public of its existence, that derives from the lack of resources to communicate their work but also media's disinterest in covering this type of small-scale intervention.

I have worked with the Syrian Family Planning Association, created in 1974, providing sexual and reproductive health services before and during the Syrian crisis. Where government is failing to provide, and the international community has withdrawn its assistance this local organization continues to provide vital health services and has expanded its activities by including nutrition and economic interventions. The director of this organization, in the global platforms where she was given a chance to speak made sure that three key messages were delivered to the donor community. Firstly, that if people are provided with opportunities, even in a difficult political context, they will remain in their country. Secondly, that the donor

community needs to be more flexible, especially in reducing/simplifying reporting and proposals especially at a time where the focus of TSOs must be in delivering vital services. Thirdly, she saw an immediate need for shifting from restricted to core funding which allows organizations such as Syrian Family Planning Organization to have a bigger decision making in terms of interventions.

During my experience with the United Nations in Albania, that receives a good part of the EU and other bi-lateral funding, a lot of the interventions were done in collaboration with local third sector organizations that had been delivering programmes in some of the most remote areas of Albania. Despite the geographical dispersion or the variety of the organizations mentioned above, they have four key features in common, as presented in Table 1 below:

Sustainability	Integrated and contextual approaches	Reach the poorest and most vulnerable	Missing services
Despite the changes in the public realm, (political and institutional) local TSOs continue their work.	The interventions provided by local TSOs are inter-sectorial, inducing social, economic and environmental facets as well as consider contextual needs.	Local TSOs reach those communities and individuals who tend to be overlooked by the public and private sector.	Local TSOs provide services that are missing in the communities.

Table 1. Common Traits of Local TSOs

Considering the firsthand experience with these successful organizations, I started to research for academic literature that captures the role and impact of local third sector in development, a task that turned to be very difficult. Several individual research exist such as the work of Barkan et al (1991) that looks at civil society that has been providing the necessary infrastructure and services in small towns and rural areas in Western Nigeria where the state has lacked capacities and the private sectors has not been interested. Other studies include the Bangladeshi initiative 'Building Resources Across Communities' (BRAC) (Ahmed, 1999; Seelos and Mair, 2006; Reichenbach, 2011). Established in 1972 in Sunamganj district in Bangladesh the initial focus of BRAC was relief and rehabilitation of war refugees. Since then the organization has become the biggest non-governmental organization in the world, that went from 100% donor dependency to complete independence, now largely self-financed providing educational, health, disaster relief and economic development programmes. Nonetheless, this type of research remains limited and has been within the realm of development praxis rather than academic.

To conduct an analysis of local third sector in development I decided to focus on my home country Albania. I decided to focus on Albania because of my experience as mentioned above but also because it represents a peculiar case in development due to its long-lasting communist dictatorship. For fifty years Albania removed completely any signs of third sector and local governance. In 1992, Albania started its journey towards democracy and market economy after complete isolation during one of the most rigid communist regimes in Eastern and Central Europe. In Albania, there was no culture of either locality or non-governmental interventions, thus both are transition phenomena. Heavily reliant on central planners with

minimal community participation, post-communist Albania was faced with numerous development challenges: economic, social, political, environmental, and cultural that could not be addressed by the weak public sector. The private sector was also in its initial steps considering its complete abolishment during communism. It was during the early nineties that third sector emerged in Albania tackling mainly human rights issues and filling the gap in urgent humanitarian needs. The first organizations to be established were international whereas local ones started to emerge in late nineties and early 2000 and having a peak in growth in mid-2000.

1.3. Research Question and Methodological Consideration

The main research question that will be addressed is: **What is the role of local third sector organizations in development?** As it will be further elaborated in Chapter 4 - Methodology, in the quest to find the most appropriate methodology for this research, I consulted several literatures and in Creswell (2013), I found few criteria that helped me select the most appropriate method. Creswell (2013) indicates that when selecting a methodology, one must consider: a) the problem at hand, b) researchers experience and c) the audience this research is addressing. The problem at hand I am researching is the role of local TSOs in development however my intent is not to merely list characteristics of local TSOs or investigate their impact through indicators that are commonly used in evaluating TSOs impact in the development praxis. As a development professional working in the field of donor funding, I have spent most of my time using complicated statistical data sets on impact indicators while trying to prove value for money to funders. However, these numbers cannot capture the impact of TSOs considering that their work is highly dependent on the contexts they operate. To have a much holistic picture, it is crucial to understand the context TSOs operate and the relationships with other development actors that affect their successes or failures. My goal is to discover the power dynamics that exist between local TSOs, communities as well as LGUs; understand why and how certain approaches are adopted and their connection to key political and economic changes that affect development that cannot be captured by quantitative data.

To answer my research questions a mixed methodology was adopted, including: 1) a desk research of key literature on development and third sector, 2) a two-fold context analysis of Albania including both secondary sources as well as interviews with primary informants and lastly 3) thematic case studies with local third sector organizations operating in Albania. This methodological approach was key to obtain triangulated views of local third sector' role in a transitional economy such as Albania. In addition, the chronological order of the three steps of the methodological approach were intentional as both the literature review and context analysis allowed for more informed interview questions with the case study organizations. This research provides insights from primary informants, i.e. individuals who have worked in the implementation and policy making as well as case study organizations i.e. local third sector organizations implementing local development programmes. The thesis does not include

insights and data from beneficiaries and communities themselves, which is a limitation to this study elaborated more in Chapter 4. Methodology.

The first part of this research includes a discussion of key literature related to 1) global development definitions, theories, and approaches, 2) local development and 3) third sector. This context analysis was particularly useful in the selection of the participants to the research. The second part includes in depth interviews with primary informants. These were professionals, working in the field of local development, i.e. in local governmental units and inter-governmental or international organizations such as United Nations Development Programme (UNDP), Swiss Development Cooperation and SNV Netherlands Development Organization. The selection of these entities was based in the information collected in the first part of the research plan (context analysis) that pointed out that these institutions were chosen by the Albanian government in 2013 as key partners in the administrative and territorial reform due to their contribution in local development over the years. The third phase of the research included the development of thematic case study organizations.

The type of sampling adopted was stratified and purposeful based on the main goal of the research, a hybrid sampling that allows for the selection of participants that are homogenous and yet display variations of the phenomenon researched (Patton, 2002). In fact, the case study organizations are homogeneous as they belong to local third sector in Albania i.e. non-for profit, non-governmental and locally based. However, each of them has differences depending on their legal status, approaches taken, sources of income and sectorial focus. The research method applied that is common in qualitative studies were in depth interviews with the directors of each local third sector organization to develop thematic case studies that were also enriched by a content analysis of internal and external reports of each organizations selected. Eight case study organizations were selected with the following local third sector organizations i.e. 1) Auleda, 2) World Vision, 3) Partners Albania, 4) Aulona Center, 5) Urban Research Institute, 6) Egnatia, 7) Teuleda and 8) Eden Center.

1.4. Key concepts and underlying theory

This research includes several concepts that needed to be clearly defined from the beginning. The first key concept is *development* that will be discussed in Chapter 1 by introducing the quest for the most suitable definition and effective approaches. Despite the decades of attention on development there is still a degree of disagreement on a common definition however, for this research, after reviewing several literatures I selected two definitions. The first one developed by the World Commission on Environment and Development (WCED) in 1987 that defines 'sustainable development that meets the needs of the present without compromising the ability of future generations to meet their own needs' thus highlighting the necessity of sustainability in interventions. The second one is developed by the Nobel Prize economist Amartya Sen in his 1999 book 'Development as Freedom' that considerers development as freedom and the expansion of citizens access to what they value, not only

limited to the economic realm but also social, political, cultural etc. thus viewing development as much more than an increase in income.

Development project in this research refers to the organized efforts undertaken globally to support the global south in improving the wellbeing of their people. The start of the development project goes back to 1949 through the introduction of Truman's 'Point Four Programme', followed by industrialization and modernization processes, structural changes, Washington consensus until recently with the launch of the Sustainable Development Goals in 2015.

Another concept is *local development*. As in the case of global development it is also hard to attain a common definition. However, for this research the definition used is that provided by OECD (1999) that views local development as a process of integrating policies and programmes at a local level, releasing synergies and improving co-ordination, and as a means of improving local governance through involving local people and networks in the formulation and delivery of policy. (OECD 1999, p.9). Local development is considered much more than the improvement of economic wellbeing thus encompassing also social, environmental, cultural, and political facets.

The other key concept is *third sector* that is used to summarize both the non-governmental and non-for-profit entities that work to improve the wellbeing of communities be it economic, social, political, cultural, and environmental. The term third sector was considered more inclusive than other interchangeable terms i.e. civil society, voluntary sector, non-governmental sector, non for profit that would limit the selection of entities, particularly in the light of the newly emerging nontraditional entities that tackle development issues an example being social enterprises. Each of these are considered sub-groups of third sector. Considering the diversity of the organizations I interviewed that goes beyond NGOs, including foundations and centers, I decided to use the term third sector to label organizations whose efforts are targeted towards global, national, and local development. *Local third sector organizations* are the focus of this research. These are organization defined as above however they operate at the local level. They might be created by foreign or local initiatives.

Transitional economies in this research refer to economies that have transformed from centrally planned to market economies. The International Monetary Fund (IMF) definition includes in this group Central and Eastern European economies (CEE), Baltics and the Commonwealth of Independent States (CIS) economies. Albania falls within the CEE countries, having gone through liberalization of prices, macroeconomic stabilization, restructuring and privatization as well as legal and institutional reforms.

Development Approaches refer to how sustainable development is achieved. In the context of this research, it includes both internationally recognized as well as approaches

undertaken by individual local third sector organizations. The approaches presented vary from needs based, to human rights based, participatory, and market based. The first approach seeks to tackle and fulfill basic needs of communities from food, to health and education. The second focuses on empowering and fulfilling people's rights in terms of accessing services and opportunities. Participatory approaches focus on including communities themselves in not only identifying their needs but also designing effective programmes. The last approach is focused on creating employment opportunities as well as generate income.

Other key terms are *development effectiveness, development efficiency* used to evaluate development. The first one measures if development objectives are met, the second the return in investment i.e. outputs versus cost of inputs. Of interest, as it will be disclosed in chapter one, is also impact measured as changes brought by an intervention be it positive or negative, intended or unintended, directly or indirectly (Glossary of Evaluation and Results Based Management (RBM) Terms, OECD (2000).

Global north and global south are two other terms used in this research. Throughout the existence of the development project, various terms have been used to group countries based on their development performance. The first term used was third world countries, introduced in the beginning of the development project, early fifties, to identify those countries that were neither aligned to the West (first world) nor to the Eastern communist bloc (second word). Third world included countries in Africa, South America, and Asia. However, with the fall of the communist regimes in Eastern and Central Europe in the early nineties, this political and economic configuration ceased to exist. Since then new terms have emerged such as developing countries or least developed countries. Recently the most used in development literature and praxis are global north and south, the latter referring to countries that are still in need of development efforts. This terminology moves away from negative connotations giving more emphasis to the geographical settings and context rather than economic performance only.

Official development assistance (ODA) is the most used term to define the amount of funding that is channeled from the global north to the global south. The Organization for Economic Cooperation and Development Assistance Committee (OECD DA) defines it as:

> *''Government aid that promotes and specifically targets the economic development and welfare of developing countries. The DAC adopted ODA as the "gold standard" of foreign aid in 1969 and it remains the main source of financing for development''* (OCDE, 2018, p. 1).

Levels of ODA change from country to country and tend to fluctuate year to year due to domestic factors (i.e. economic situation in a country, political changes) and international factors (humanitarian crisis and disasters). Since 1970, the global north has made a

commitment to keep ODA at least at a level of 0.7 percent of their gross national products (OECD, 2011, p. 5). According to the latest OECD data the countries that fulfilled and exceeded this target include the United Kingdom, Sweden, Norway, Norway, Netherlands, Denmark, and Luxemburg.

1.5. Structure of the thesis

The research project is divided in three parts. **Part 1 'Defining the research terms'** includes Chapters 1, 2, 3 and 4 that present the theoretical framework as well as serve as the cornerstone in developing the empirical work that follows in the other two parts. Chapters 2 and 3 expand the key concepts that were highlighted in Chapter 1 through literature review and theoretical reflections whereas chapter 4 focuses on methodology. **Part 2 'Analyzing local third sector in Albania'** includes chapters 5, 6 and 7 in which the context analysis is developed through interviews with primary informants, supporting praxis literature as well as eight case studies. **Part 3, 'Findings and Closing remarks'** includes Chapter 8 that provides the findings of the research, conclusions and recommendations. Below is a brief description of each of the chapters.

Chapter 2 – Development as a Global Project provides an analytical review of relevant academic and practitioners' literature concerning global development. More specifically this includes an overview of the historical context during which the 'development project' took off, emerged, developed and its current status. In this chapter, I present some of the key development definitions, theories, and mainstream approaches since the end of the World War II when the development project took off. The last part of the chapter focuses on the rise of the regional and local development and its positioning in the global development project. The analytical review of the regional and local development follows the same structure as in the case of global development by looking at definitions, theories, and approaches.

Chapter 3 – The rise of third sector in development and the case of Albania provides an analytical review of academic and praxis literature on third sector as well as an introduction to development in Albania. The aim of this chapter is to present the position of the third sector in the development project looking at definitions, theories, and approaches. The second part of the chapter outlines main development facts and figures on Albania.

Chapter 4 - Research Question and Methodology introduces the research question and the four objectives of the research. It also provides considerations and discussion on how the methodological approach for the study was selected. The chapter concludes with the limitations of the study.

Chapter 5 - Context Analysis is developed based on the information gathered from primary informants as well relevant secondary documents including strategies, policies, and development on Albania. The chapter is developed in key themes from the establishment and development of third sector in Albania, to key actors, and approaches. The chapter addresses all four research objectives from the perspective of primary informants involved in local and

regional development in Albania in the last twenty years, both in policy making and programme implementation.

Chapter 6 – Traits of Local Third sector in Albania is developed in key themes that include the typology of local third sector organizations in local development in Albania (based on Korten's work), and the how and why local TSOs were established. Other themes include sources of funding, sectorial focus, and geographical coverage. This chapter addresses the first two objectives 1 and 2 of this research i.e. understanding how local TSOs emerge in a transitional economy and their typologies.

Chapter 7 – Local Third Sector in Albania: Who has benefited and how? analyses the approaches undertaken by the case study organizations as compared to the key global development approaches, the relationships that they have had with communities and in particular local governance and lastly their contribution to development. Chapter 7 tackles objectives 3 and 4 i.e. understanding who has benefited from local TSOs in Albania as well as approaches adopted and why.

Chapter 8 – Conclusions of the Research, provides an overview of key contributions of local third sector in Albania including sustainability of interventions, innovative and contextualized approaches, key partners to local governance units, provision of missing services at the local level as well as targeting the most overlooked populations by the public and private sectors. Final Remarks are provided through an overview of contributions and implications of this research and suggestions for further research.

PART 1 –

DEFINING THE RESEARCH TERMS

CHAPTER TWO. Development as a global project

'We are moving on with other nations to build an even stronger structure of international order and justice. We shall have as our partners countries which, no longer solely concerned with the problem of national survival, are now working to improve the standards of living of all their people. We are ready to undertake new projects to strengthen a free world.' Truman's Inaugural Address, January 20, 1949

The last seventy years have been marked by incessant global efforts to define development, create, and revise theories, approaches and measurements. Yet despite all the efforts undertaken by academics, practitioners and critics, the question on what works best in development continues to prevail. Chapter 2 will be part of this incessant questioning, starting with a review of the historical context during which the global development project took off and where it is now as well as reviewing some of the main definitions and theories. The second part of the chapter provides an overview of the rise of regional and local development and ends with reflections on how the latter fit within the broader development of the global south.

This chapter presents some of the key academic literature in global development such as the work of Keynes, Rappley, Todaro and Smith who have provided great contributions in development theories but also the works of Escobar, Neumayr, Martha Nussbaum and Amartya Sen thus representing both conservative and liberal schools of thought in global development. In terms of decentralization and local development, information was drawn particularly from the works of Polèse, Glaeser, Becattini, Pike, Tomaney, and Rodriguez-Pose.

2.1. The Birth of the global development project

To take care of human life and happiness; this is the first and only legitimate task of every good government. Thomas Jefferson, 1809

It was the year 1809 when the US President Jefferson indicated what should be the only legitimate object of good government i.e. the care of human life and happiness. Regardless of the longstanding of this affirmation human happiness and wellbeing has only recently received attention, as compared to concepts such as economic growth that has been central for most part of the development project. Some of the recent examples of increased attention over wellbeing include, the 2012, United Nations (UN) first World Happiness Report, also the United Nations Development Programme (UNDP) has recently called for a focus on quality growth and 'in 2016 the Organization for Economic Cooperation and Development (OECD) committed itself to redefine the growth narrative to put people's well-being at the centre of governments efforts' (Helliwell, Layard, 2017, p. 3). With rising inequalities not only in the global south but also north, development is as relevant today as it was in its dawn as a global project. As Cooper (2010) indicates 'development seems to have many lives despite numerous attempts to kill it off' (Cooper, 2010, p. 5).

The word development implies change, however determining what type of change i.e. if in income, education, health, wellbeing has been crucial in the development of its definitions, theories, and approaches. The type of change desired, in both global south and north, has evolved over time which is mirrored in the myriad of definitions and theories found in both development literature and praxis. Considering the global nature of this project attempting to find a consensus on what it is, for whom and how it is realized, has been a complicated endeavor and to some extent impossible. What's more, there is also an ongoing questioning if consensus in global development it's necessary, due to the failures occurred even when consensus was reached, such as the in the case of the Washington Consensus (Currie-Alder, Kanbur, Malone, & Medhora, 2014). Thomas (2004) cited in Sumner and Tribe (2008), also suggests that *"development is a concept which is contested both theoretically and politically and is inherently both complex and ambiguous"* (Sumner & Tribe, 2008, p. 9). Barron, Diprose, &Woolcock (2011) indicate that even the best of development interventions creates conflicts and disputes because development per se entails changes in relationships. Considering these complexities around global development, this chapter aims to present definitions and theories within their historical context rather than compare and conclude on most successful definitions and theories.

The historical context has an important role when reflecting on development. Larrain (2013) indicates that ''*any study of the concept of development must take into account its historical determined character"* (Larrain, 2013, p. 3). The concept of development has been always present in societies in their strive for progress however it became more prevalent in the ninetieth century as differences derived from the capitalistic system deepened, initially in the global north to then spread more strongly in the global south. Even though development as we know it today was publicly introduced as a project at the end of WWII, numerous authors trace its roots back to the eightieth century. Many authors of that time including Adam Smith, David Ricardo, Thomas Malthus, Karl Marx and Friedrich Engels have written on the role of the sate versus markets in capitalism as well as on externalities of progress, including class struggles an dpoverty (Currie-Alder et al., 2014, p. 37 Larrain, 2013; Pieterse, 2010). However, most of development studies consider the development momentum the end of the World War II (Rapley, 1997; Sachs, 1992; Thorbecke, 2000). When the development project was initially launched the players were few and the dynamics were much different than today. Global development was the project of the global north for the global south.

The public launch of the global development project occurred during the United States President Harry Truman 20 January 1949 speech (Sachs, 1992) where he introduced the 'four point programme' (Affairs, 1949). This programme saw development not as a humanitarian cause of the free nations but as necessity to the world's freedom and democracy. The type of assistance was primarily economic but also included education and health interventions, that were based on the successes attained in the global north which *"raised hopes that developing countries, too, would be able to establish a sustained and self-supporting growth path with the*

aid of Marshall-type development plans" (Berger, 1982, p. 133). Other main events that mark the launch of development are the institutions born out of the Bretton Woods Conference (Pieterse, 2010), such as the International Monetary Fund (IMF) and International Bank for Reconstruction and Development (World Bank), which have influenced the path of development over the past seventy years. Over the years especially in the last three decades. new actors have entered the scene of development i.e. third and private sector actors. Furthermore, the emerging economies of India, Indonesia, China, Brazil, South Korea, and Russia are having an increased role due to their current increased economic growth.

2.2. Development today – a volatile project

Global development is fast moving. Even during the four years of writing this dissertation a lot has changed in the development landscape that has had an impact on its players, approaches and agendas. For example, Kharas and Rogerson (2017) identify what they call meteors – i.e. current key factors that drive change in the development landscape and snowballs – that are increasing trends in development. Among the current meteors they list the following:

1. *''The populist 'roar' and national-interest-first movement.*
2. *Global agreement on the 2030 Sustainable Development Goals.*
3. *The surge of refugees from conflict, and of migrants generally'' (Kharas and Rogerson, 2017, p. 11).*

And among the Snowballs they list:

4. *''The ever-increasing concentration of poverty in fragile countries*
5. *The changed role of the business community from an ad hoc player, through corporate social responsibility (CSR) and impact investment, to 'development as a core business opportunity*
6. *The continued activity on climate change'' (Kharas and Rogerson, 2017, p. 11).*

During the write up of this dissertation, there has been an increase of populist movements in some of the largest Official Development Assistance donors such as in France, Italy as well as the US. In all these countries there has been an increased focus on domestic issues as compared to global development which is seen in their reduced ODA levels. Europe's migrant crisis in 2013, with millions of migrants coming from across the Mediterranean and South East Europe shifted a good part of the ODA towards assisting immigrants hosted in Europe as compared to development programmes. The latest UN report on trends of development also indicates an increase of ODA towards humanitarian crisis, climate change, disaster risk reduction creating development funding gaps that affect directly building sustainable communities (United Nations, 2018, p. 3). Furthermore, according to Fund for Peace 2017, that develops the index of fragile states, the trend of countries that have a worsening in their scores is increasing, not only in the global south but also in the global north (Peace, 2017). These types of events make the development project volatile. Thus, key actors involved in development must respond quickly with new approaches and be more collaborative in the way they tackle these challenges.

2.3. Development definitions

Development definitions are a product of their time, thus are hugely influenced by the economic, social, and political events occurring at the time when created. In the first decades following WWII until the seventies, the focus of development was de-colonization, progress, and industrialization of the global south, which is reflected in the development definitions that reflect mainly economic growth. From the eighties and onwards the focus switched to human development, sustainability and recently it has been more on wellbeing and happiness, which are the product of increased awareness and movements towards human rights, national identities, and environment.

I started to look at various academic literature in search of the evolution of development definitions. One of the oldest definitions I came across was in Cullather (2000) work that traces the initial definition of development as early as 1828, found in the Webster Dictionary that defines development as 'an unfolding of a story' (Cullather, 2000, p. 642). Despite the simplicity of this definition, it carries two important traits of development that are still true today. Firstly, that development is subject to change and secondly that is a story thus cannot be explained only quantitatively. If we look at development as change, it is important to understand what type of change is implied. In the beginning of the development project, the change was the mere reflection of the successful examples from the global north. However, by the sixties, this conviction was debatable. Seers (1969) for example indicates that looking at development as an increase in income was beneficial for politicians (using a single figure to capture their work) and also for economists (having a quantified variable) however experience in developing countries was showing that increased income was not always translated in improved social and political conditions (Seers, 1969, pp. 1–2).

Most of the development definitions carry the meaning of development as being an improvement. Slim (1995) for example acknowledges that development it is an improvement (Slim, 1995, p. 143). Chambers (2004) also indicates that 'the eternal challenge of development is to do better' (Chambers, 2004, p. 1) . The notion of 'what is the improved change' has expanded over the course of the years from economic improvement to lately including social, environmental, political, and cultural improvements. Sumner and Tribe (2008) specify that amidst the many debates there is a general agreement that development entails changes *"in variety of aspects of human society [ranging from] economic, social, political, legal and institutional structures, technology, environment, religion, the arts and culture''* (Sumner & Tribe, 2008, p. 11). All of these are necessary to have a better life for communities.

Today, the most used definitions at least by the major development bodies are 1) sustainable development and 2) human development. In 1987, the World Commission on Environment and Development, in its report Our Common Future, also known as Brundtland report issued provided a new definition of sustainable development 'as meeting the needs of the present without compromising the ability of future generations to meet their own needs'

(Commission 1987). Few years later in 1990, the United Nations Development Progrmame in its first Human Development Report defined human development as:

> *"A process of enlarging people's choices. In principle, these choices can be infinite and change over time. But at all levels of development, the three essential ones are for people to lead a long and healthy life, to acquire knowledge and to have access to resources needed for a decent standard of living. However, human development does not end there. Additional choices, highly valued by many people, range from political, economic, and social freedom to opportunities for being creative and productive, and enjoying personal self-respect and guaranteed human rights"* (UNDP 1990, p.10).

This definition places people at the centre, marking the end of the era that looked at increased income as the end goal of development and not as means to achieve it.

The changes in development definitions have been also complemented by changes in the theories and approaches from the initial economic growth focused to then converge into more holistic and intersectoral theories. The latter have led to changes in the measurement of development, from strictly economic quantitative data to more qualitative which will to be elaborated in the following sections.

2.4. Development Theories

> *'Poverty is not just a lack of money; it is not having the capability to realize one's full potential as a human being' Amartya Sen*

A main denominator of development theories has been the quest to determine the role of the state as opposed to free markets (Currie-Alder et al., 2014; Harman and Williams (2014); Pieterse (2010); Rapley, 1997). From the eighteenth century until WWII, classical economic thought presided, with markets being considered as the main driver of development, limiting the role of the state to the provision of defense, ensuring citizens' rights and provision of public goods (Rapley, 1997). The role of the state increased at the end of WWII (Harman & Williams, 2014) in both global north and south, in the former as a response to the effects of the war and Great Depression and the latter as a necessity to modernize and implement structural changes. The failure of many global south countries to develop through modernization theories gave rise to dependency and post-development theories, structural adjustments, and lately more mixed and unorthodox approaches, particularly coming from emerging economies.

The years following WWII are characterized by Keynesian economics that depicted the role of the state as crucial in correcting market failures. The first development theories after WWII, as in the case of definitions, were growth centered (Currie-Alder et al., 2014) based primarily on the successful experiences in the global north. These are the years of efforts to modernize developing countries, transfer of knowledge and knowhow from the north to the south. In fact, at the time leaders in developing countries considered modernization to be development (Rapley, 1997). An important theory of modernization is Rostow's linear stages of

growth that assumed that all economies go through the same linear stages to convert from underdeveloped to developed (Rapley, 1997, p. 16). The linear-stages-of-growth model stressed that countries could take off with a certain level of savings, investments, and foreign aid. Development in these years 'became synonymous with rapid, aggregate economic growth' (Todaro & Smith, 2006, p. 11). Focusing greatly on the examples in the north, these theories ignored national contexts, i.e. political, social, and educational which were much different in the south. Zuvekas (1979) cited by Mehmet (2002) indicates that in the post War World II, economic development theories ''*dismissed local cultures as 'barriers' or 'obstacles' to economic development''* (Mehmet, 2002, p. 1) instead of including them when designing development theories.

Another modernization model developed during the first decade post WWII, is the structural changes model best represented by the Lewis theory of development and Chenery's patterns of development that focused on mechanisms of transforming underdeveloped economies from traditional, low productive and agricultural activities to highly, productive and industrial ones (Todaro & Smith, 2006). Development theories designed and implemented between 1945-1970 gave some positive results in terms of improved nutrition, health, eliminating famine in many countries however the income per capita of some countries in the south was worse than when these policies were designed, except the example of few countries such as the Asian Tigers (Rapley, 1997, p. 46). As theories of growth had taken center stage, their failure to meet objectives gave rise to the first critiques of the global development project that are best represented in the dependency theory.

Cooper (2010) indicates that criticism to development included inter alia: serving local elites and foreign businesses, deepening the world hierarchy i.e. developed and underdeveloped, advanced, and backwards (Cooper, 2010). Dependency theory came as a response to the effects of modernization, which despite its 'benevolent' intentions to transfer the knowledge accumulated in the north and to reflect their path to developing countries had failed in its main objective which was to reduce poverty. Dependency theorists considered modernization as a process that had enriched the global north and the elite classes in the global south by destroying local capitalism. The rise of the international-dependence revolution included a political dimension to development, emphasizing 'external and internal institutional and political constraints to economic development' (Todaro & Smith, 2006, p. 111). This model was the first mainstream attempt to shift astray from the economic growth centrism and introduce other dimensions to development such as politics for example.

Some other strong critiques to development come from post-development theorists, which rose during the eighties demising development as a response to the world's problems. One of the post-development theorists Escobar (2004) viewed development as a Euro-centric modernization of the global south, promoted as benevolent but that caused displacements,

restructuring spaces in Africa, Latin America and Asia, linking it to the rise of conflicts in many areas (Escobar, 2004).

A major shift in the evolution of development theories and policies occurred in the seventies with the global oil crises. As OPEC countries increased their tariffs, economies in the global north were severely affected, which in turn reduced the demand for goods in developing countries (Pieterse, 2010; Rapley, 1997). As a counter response to these failures, the eighties were characterized by neo-classical and liberal counterrevolution, which viewed free markets, structural adjustment, economic stabilization, reduced governments interference as key to global development (Currie-Alder et al., 2014; Todaro & Smith, 2006; Williams, 2013). During these years neo classical theory reemerged, translated in structural adjustments, with markets playing the most important role and the state a peripheral role. The main approaches undertaken were deregulations, trade liberalization, fiscal austerity, and privatizations. These structural adjustment programmes were successful for the most part in Latin America however failed in Africa particularly in Sub-Saharan Africa (Currie-Alder et al., 2014, p. 43; Rapley, 1997, p. 73). An overall lesson learned from the structural adjustment programmes and neo classical theory was that in the global south the role of the state was important in complementing the markets therefore the two should not be considered opposites.

Considering the failures in focusing in either one extreme of the pendulum (state or free markets) along with emerging success stories of unorthodox interventions that were coming from the Asian Tigers, the nineties marked a major turning point in development approaches. As Currie-Alder et al. (2014) indicate, studies carried out during the nineties to comprehend the success behind Asian Tigers development did not provide support '*neither for the development orthodoxy of the 1950s nor for the new orthodoxy of the Washington Consensus''*(Currie-Alder et al., 2014, p. 44). These success stories offered a revised role of the state, that of the development state which includes unorthodox and mixed approaches. Harman & Williams (2014) also highlight that the flexibility of unorthodox policies and country focused interventions are crucial to achieve the desired results (Harman & Williams, 2014, p. 927). These new approaches indicated a change in the development project with a bigger focus on infrastructure, south-south cooperation, less conditionality and more partnerships and ownership from the global south. There was also a general sense that development was at a transitional state (Currie-Alder et al., 2014; Harman & Williams, 2014; Pieterse, 2010). Therefore, approaches tended to be mixed, moving away from 'one size fits all'.

In hindsight, looking at the unfolding of the global development project theories, one of the main observations is that approaches undertaken to foster change are not necessarily new. In some occasions there is a return to old ones or combination of new and old, and that unorthodox and context interventions have proved to be more effective than 'one size fits all' type of interventions. Understanding contexts and what works, it is necessary to ensure continuity of successful interventions. Looking at all theories mentioned above there is a limited

focus towards localities. In fact, the first theories of development such as Rostow's liner stages of growth considered local cultures as obstacles to economic development. Very little attention was also paid to other actors beyond the national governments in the global south.

2.5. Development Impact

Measuring development is a difficult endeavor considering its multi-dimensional aspects i.e. economic, social, political, environmental, and cultural. A key measure of development performance, which has prevailed for the most part of the twentieth century, is the gross domestic product (GDP). The latter continues to remain dominant despite the numerous attempts to move towards more qualitative, holistic, and human centered indexes. The rise of GDP coincides with the rise of the development project with the first pioneer being Simon Kuznets in 1930. GDP was launched as an indicator of economic activity, measuring the total value of goods and services produced within the borders of a country over the course of a year. The success of this measure among politicians, policy makers and economists derive from its comprehensive nature in capturing the overall economic condition of a country over a timeframe (Yamarone, 2012). Despite debates over the inclusivity of this index, it was the major indicator in development until eighties when the human development index was introduced, a more comprehensive measure that includes measures of longevity, knowledge, and income per capita.

One of the major advocates of qualitative development measurements is Amartya Sen, who whilst recognizing that during the 20th century major steps were taken not only in the economic sphere but also in terms of democracy, human rights and governance, acknowledged that depravation and oppression were still prevalent. Sen's approach was to alter the latter by expanding individual freedoms and increasing human capabilities. Sen called for a more integrated approach to development encompassing economic, social, and political realms and involving various institutions and agencies. For Sen *"development had to be more concerned with enhancing the lives we lead and the freedoms we enjoy"* (Sen, 1999, p. 40). Another avid advocate of qualitative development is the political philosopher Martha Nussbaum who used a human capability approach, taking a woman centered perspective, surpassing traditional GDP and utility-based approaches in measuring wellbeing (Nussbaum, 2001). Sen's work has been fundamental in the creation of the most used index in development, the human development index (HDI), which combines life expectancy (health), income (economic dimension) and education, which was adopted by the UN in the early nineties. Since its introduction in 1990, the human development index has brought a multi dimension perspective to measuring development, moving beyond the traditional economic focus. Despite its multi-dimensional nature this index has also faced criticisms due to the lack of distributive nature and appropriateness of the variables to measure wellbeing, education (Herrero et al 2012) and its lack of sustainability components (Neumayer, 2012).

During the last decade, more efforts have been directed towards including measures of wellbeing and happiness at both the individual and community levels. OECD, for example, has introduced a new indicator, the better life index, which measures jobs, housing, and health through civic engagement and it is the citizens themselves who determine what is important to them (OECD, 2013). Another one is the happiness index, which the World Happiness Report considers as *"a proper measure of social progress and a goal of public policy"*, including six key elements i.e. GDP per capita, healthy years of life expectancy, social support, trust, perceived freedom to make life decisions, and generosity (World Happiness Report, 2014, p 1). These indexes are important to understand if any change has occurred and discern if change has been positive or negative. Nonetheless all these indexes are not able to indicate to what factors can the change be attributed or what has contributed to the changes.

Even though development interventions have been present over the last seventy years, impact evaluation can be considered a new emerging field. Savedoffet. al (2006) highlight that *"after decades spending hundreds of billions in aid, it is deeply disappointing to recognize that we know relatively little about the net impact of most of programs"* (Savedoff, Levine, & Birdsall, 2006, p. 1). Increased efforts in measuring impact are evident amidst governmental development agencies, such as Department for International Development (DFID), United States Agency for International Development (USAID), Swedish International Development Agency (SIDA), Norwegian Development Agency (NORAD) etc. Monitoring and evaluations processes are becoming an integral part of development agencies however there is still a tendency to focus more on analyzing changes that have occurred in inputs and immediate outputs as compared to long term change or impact.

The most used and accepted definition of impact in development praxis is the one provided by the OECD's Development Assistance Committee (DAC) that defines impact as *'the positive and negative changes produced by a development intervention, directly or indirectly, intended or unintended'*. The aim of impact evaluations is determining if changes in well-being can be attributed to a particular project, programme or policy (Gertler et al., 2011, p. 4) as well as indicating *"the difference it has made, allowing to understand if it can be replicated elsewhere"* (Stern et al., 2012b, p. 37).

Impact evaluations include the application of both quantitative and qualitative methods with recently a stronger focus in applying mixed and unorthodox methods. Quantitative methods include counterfactuals, closely associated with Randomized Control Trials (RCTs). Counterfactual logics *"seek to answer the question: 'what would have happened without the intervention?' by comparing an observable world with a theoretical one, where the latter is intended to be identical to the former except, for the presence of the cause and effect"* (Stern et al., 2012a, p. 7). These evaluations determine how much has an intervention contributed to change, quantifying results thus it is useful in conducting a cost benefit analysis (EC, 2012). However, this type of evaluation does not indicate why the change has occurred and for whom.

According to the European Commission Evaluation Sourcebook (2012) an answer to these questions can be provided through impact evaluations which are mostly qualitative. Qualitative research it is necessary to analyze and more importantly explain impact (Garbarino & Holland, 2009, p. 14). It is important to understand the context where the interventions are applied, which change from country to country. As mentioned above for most of development project successful initiatives in the global north failed in the south due to differences not only in education, health but also political and cultural aspects. Global development definitions, theories and approaches cannot be seen separated from concepts of regional and local development. The following section will provide some reflections on regional and local development.

2.6. Regional and local development

Despite the increased attention, particularly in the last decade, local and regional development have occupied little space in the global development agenda. As indicated earlier, development approaches in the global south from the end of WWII until the Washington consensus in 1989, were concerned predominantly with macroeconomic interventions and improving quantitative income indexes. To the contrary, in the global north, at the dawn of the development project, the attention shifted towards regional development particularly towards regions that had not developed any industries and did not have a comparative advantage. Regional and local development in the global north was initially characterized by top down approaches, infrastructure and industrial interventions however, this shifted in the seventies due to the failure of some of some of these initiatives as well as the emerging of individual regional successes.

The years following WWII in the global north were characterized by rapid economic growth, rise of cities and fast urbanization resulting in increased regional disparities and the emergence of lagging regions. Nonetheless, the latter were considered as a natural externalism of capitalism, that could be resolved through tailored interventions (Scott & Storper, 1990). The first couple of decades following the war saw a rise in the attempts to correct these failures, extending successes achieved in the industrial regions. Considering that the rise of regionalism coincides with the supremacy of Keynesian economics, development positivism and statism, the approaches adopted to tackle local and regional development until the eighties were mainly top-down, designed by central governments and encompassing infrastructure investments, location subsidies, and direct public investments (Polèse, 1999). These approaches tended to redistribute income from successful regions to those lagging. Despite the investments made, state driven regional development interventions did not deliver the results expected.

Furthermore, the failures in state driven regional development policy were accentuated by the deindustrialization that occurred in the seventies which affected the formerly successful regions (Scott & Storper, 1990). The seventies were a major turning point, due to the oil crisis and the emergence of knowledge-based economies. There was a shift towards lower energy

usage, highly skilled and flexible labour and a movement from protectionism to more competition. The rise of neo liberal ideas in the eighties affected approaches towards local and regional development. The state was no longer seen as the main actor in fostering development rather than as a facilitator, having a stake in removing barriers and enabling free movement of capital, labour and technology. These changes transferred more power to sub national governments (Pike et al. 2006). During the eighties new regions emerged in both the global north and south, as well as other formerly successful ones started a process of transformation from industry to more service oriented (Scott & Storper, 1990). These changes however contributed to increased inequalities, with some regions becoming winners and many others lagging.

Increased successes from individual regions and localities were demonstrating that locally based interventions were more successful than forced top down corrections. One of the first strong advocates of localization, Becattini, highlighted several successful practices, such as the case of Tuscany, introducing industrial districts as a successful model of development (Sforzi, 2009). In the book 'Distretti industriali made in Italy. Le basi reali del rinnovamento italiano' (1998), Becattini emphasizes the fact that is the local knowledge and experience gathered by locals that is the real base for the development of Italian regions of Tuscany or Veneto rather than Fordist models of development, highlighting a shift to communities' knowledge rather than corporate interventions. In the last decades, more attention has been given to local and regional development policy due to an array of factors. These include the rise of globalization, prevalence of inequalities within countries both in the global north and south, the growing number of megacities and their impact on national economies resulting in devolution and increased decentralization.

Globalization has been a major push factor in increasing the role of regions and localities in development (Beer et al., 2003; Coe, Hess, Yeung, Dicken, and Henderson (2004); Pike et al., 2006; Scott & Storper, 2007) by facilitating the transfer of human capital, knowledge, technology and innovation to localities that used to be marginalized in the past. As indicated by Coe et al. (2004) one of the traits of "'globalization' is the continued significance of 'regions', in the sense of sub-national spaces as foci of economic activity'. (Coe et al., 2004, p. 468). Despite the debates if the effects of globalization have increased or decreased inequalities within and across countries (Wei, 2013), benefiting only few territories i.e. large metropolitan areas, tourist areas and intermediate industrial regions (Pike et al., 2006, p. 7) there is no doubt that regions and localities have received increased attention due to globalization.

Glaeser (2011) indicates that development occurs where people move thus development is more people-centered than policy driven (Glaeser, 2011). Glaeser provides examples of cities such as London and New York that have been able to attract highly skilled workers, who in turn provide positive human capital externalities, affecting positively new comers in the city, which in turn has positive effects in the city growth. These success cases

have devolved more power at sub national levels and driven research towards understanding how these regional and local successes can be replicated elsewhere. The rise of city regions has also reemphasized problems of inequality within countries that has been another driver towards local and regional development. The importance of focusing on contexts and places and in particular utilizing local knowledge is emphasized by Barca (2009) who calls for *''a long-term strategy aimed at tackling persistent underutilization of potential and reducing persistent social exclusion in specific places through external interventions and multilevel governance''* (Barca, 2009, p. 7).

Regional, and local development have received mixed reviews as in the case of development. Critics such as libertarian and neo liberals view local and regional development as a way of national governments to distort markets and free flow of capital, favor specific businesses and industries (Beer et al., 2003). The European Union has developed several tools to tackle regional development one of these being the Cohesion Fund that is defined by the European Commission as a fund needed to reduce social and economic disparities among regions in Europe, targeting those regions whose national income per capita is less than 90% of the EU average.

Regional and local development in the global south can take valuable lessons from development as a global project. One of the main lessons is that solutions imposed by developed to developing countries or 'one size fit all' approaches are not successful. Though globalization and integration have reduced existing differences between north and south, recognizing individual contexts while designing approaches is crucial. Defining the role of contexts, it is also necessary to not overemphasize it, which could be done through international dialogues of sharing practices (Rodriguez-Pose & Garcilazo, 2013, pp. 23-26). A second important lesson from development as a global project is that the propensity to lean on the extreme's sides of the pendulum, entirely on state interventions or markets has not been successful in improving wellbeing and reducing disparities. Therefore, recognizing the role of institutions while also allowing for market solutions in regional and local development is important (Tomaney, 2013).

A third lesson from the development project is to move beyond the goal of achieving economic growth, therefore including social, political, environmental, and cultural elements when designing regional and local policies (Barca, 2009; Rodriguez-Pose and Garcilazo, 2013). Albeit localities can experience growth in absolute terms such as increased GDP per capita, technological advance, higher employment and productivity, the latter do not necessarily translate in better quality of life i.e. better working conditions, sustained jobs, ecological protection et cetera (Pike et al., 2006). The approach of moving beyond growth must also be reflected in measurements of regional and local development. Perrons (2013) indicates that most of measures in regional and local development have tended to focus on growth therefore

it is necessary to introduce more holistic indexes such as the regional development index which reflects measures such as the human development index (Perrons, 2013).

As in the case of global development, defining regional and local development is complex. An important starting point prior to obtaining a general definition is to understand the difference between regional and local development. Two of the main differences between the two, that emerged in most of the literature reviewed were based on the size of the area with regional development encompassing larger territories, and secondly, the nature of the process which in the case of local development it's seen to be more endogenous (Coffey & Polese, 1984). Despite these differences local development is a form of regional development, as success in local initiatives will in turn affect regional development (Polèse, 1999). Some praxis literature considers regional and local development as synonymous or interchangeable (UNDP, 2007; OECD, 2010).

Another important element prior to defining local and regional development is to understand the meaning of regions and localities. Each sector such as political, economic, geographic, environmental use their own lenses to define regions, which not always coincide. However, when analyzing regions, in the light of development, definitions tend to be more focused on the size and their economies such as Karl Fox's "functional economic area" concept, developed in the sixties, that views regions as cohesive and contained links of trade. In the last decades however there has been a shift to view regions and localities not only fixed territories but as complex economic, political, and social relationships that spread beyond a specific space (Allen & Cochrane, 2007; Amin and Thrift, 1995). A major change in how regions were seen occurred in the eighties, shifting the focus from sole economic and administrative units to complex relationships including social, historical and cultural elements thus emphasizing the role of the human experience in the process (Paasi, 1991). Paasi (2003) identifies regions as ''*historically contingent processes, related in different ways to political, governmental, economic and cultural practices and discourses''* which is in turn reflected into regional identities (Paasi, 2003, p. 7). Regional and local development does not only affect beneficiaries within communities but a range of relationships which extend beyond fixed territories.

As in the case of global development, regional and local development definitions have undergone continuous changes. The initial definitions have tended to focus more on economic growth, encompassing job creation, business development and less non-economic factors (Pike et al., 2006; Beer, Haughton, & Maude, 2003). A commonly used definition for local and regional development is that of ''*a set of activities aimed at improving the economic wellbeing of an area''* (Beer et al., 2003, p. 5). However, more recent definitions have tended to be more specific in describing what is meant by the wellbeing of an area, including other elements such as environmental, social, cultural and political (Pike et al., 2006). As Polèse (1999) indicates local development is a multi-disciplinary field which requires contributions of other fields to the

same extent as economics, including sociology, politics, and anthropology (Polèse, 1999, p. 310). Therefore, any research in local and regional development must consider all these elements that contribute to improved wellbeing of an area that are interconnected. One definition that I came across that moves beyond the set of activities, is provided by OECD, which defines local development:

> *"not just as a range of different micro-initiatives operated locally, or as a set of policies that seek to exploit endogenous resources. It is also a means of integrating different policies and programmes at a local level, thus releasing synergies and improving co-ordination, and as a means of improving local governance through involving local people and networks in the formulation and delivery of policy"* (Oecd, 1999, p. 9)

This definition was important in structuring the interviews with the case study organizations in this research, thus understanding not only the types of local interventions carried out by third sector in Albania but how these interventions interconnect at the local and national level, and what has been the level of engagement of the communities. The latter was also important to understand if the interventions carried out were rooted in the needs of communities and/or if they were bottom-up.

An ongoing debate in local and regional development policy is the role of governments and institutions in improving development outcomes. In the early nineties, following the failures of neo liberal approaches and Washington Consensus an increased attention was given to the role of good governance and institutions in sustainable development. The concept of good governance was introduced in 1989 by the World Bank particularly as a response to development failures in Africa and an increased awareness *"that the quality of a country's governance system is a key determinant of their ability to pursue sustainable economic and social development"* (Santiso, 2001, p. 5). Barca (2009) also stresses that *"the success of place-based development policies (..) depend on their governance and implementation.'* (Barca, 2009, p. 15). This is also emphasized by Tomaney (2013) who indicates that despite emerging neo orthodox views limiting the role of political institutions in only ensuring rights and social order, there is also an increased interest in revisiting the role of state and institutions in development, particularly considering recent trends of decentralization and devolution (Tomaney, 2013). Acemoglu et al. (2005) through a qualitative analysis and provision of historical examples conclude that economic institutions are key to the size of economic performance and distribution, and the selection and success of these institutions is closely related to political power and institutions (Acemoglu, Johnson, & Robinson, 2005). Hence, the process of development, national or sub national, state driven, or market driven, depends on the quality of governance.

A common thread in most of good governance definitions is the ability of a government to manage efficiently and transparently institutions. The World Bank defines governance as the

way *''power is exercised through a country's economic, political, and social institutions''* (World Bank's PRSP Handbook). Whereas good governance based on UNDP definition is *"among other things participatory, transparent and accountable, effective and equitable and it promotes the rule of law".* Charron et al. (2013) defines good government as one that is effective, impartial and without corruption (Charron, Lapuente, Rothstein, Varraish, & Hernandez, 2011, p. 69). A study carried out by Charron et al. (2013) measuring the quality of government in the 27 EU members' states and regional governments, revealed considerable differences in quality of government across and within EU countries. The study also indicated a strong positive correlation between the quality of governance and wellbeing measured by HDI and social trust (Charron et al., 2011). The effectiveness of local and regional development policies will depend on the quality of the governments, national or sub national.

The 2013 European Commission Issue Paper "Local Authorities in Development" considers local authorities as crucial in achieving sustainable development and tackling local challenges. The role played by local authorities has been further acknowledged in the EU Development Policy: An Agenda for Change (EC, 2013). The UNDP Practice Note *'Supporting Capacities for Integrated Local Development'* suggests that local development entails the cooperation of a variety of public and private stakeholders that work together to ensure sustainable growth. The key coordinator of this process remains the local government. The Practice note also indicates that '*'the extent and nature of decentralization reforms determine the space available for interaction and 'ability to act' at the local level, in particular the role of local governments, vis-à-vis other actors and the resources available to them''* (UNDP, 2007, p. 10). As the coordinators of a range of interactions characterizing local development processes, local government units must have the right capacities to do so. Therefore, the quality of local and regional governance is crucial in determining the success of development processes.

An OECD (2010) study clusters the broad roles of sub national governments in four major categories i.e. *representation*, *services* that affect the quality of life of communities, *regulations* to maintain order and well-being and lastly *development and investment* that affect sustainable economic growth and environment protection. With regard the latter there is a consensus of being different from the first three considering that it encompasses complex interconnections between various areas and audiences therefore requiring a particular type of technical expertise (OECD, 2010, p.13). Considering that the latter are more market-facing than the other services delivered, in many instances regional and local governments have chosen development agencies and third sector as appropriate structures to carry out economic activities.

As indicted earlier local development initiatives in the global south took off particularly in the eighties, including both interventions developed at the regional and local level but also national governments transferring more functions and power at the local level (Oecd, 1999).

OECD considers as main elements of a good local development approach: focusing in both qualitative and quantitative development, diversifying interventions based on context, responding to local needs, involving various local actors in design and implementation to ensure sustainability (Oecd, 1999). Another key approach in local and regional development in both north and south has been the establishment of development agencies. Development agencies have been important in ensuring continuity and efficiency particularly in countries with constant government changes, conflicting development policies and high corruption indexes.

Local and regional development agencies are not a new phenomenon as their creation corresponds with the beginning of the global development project. As in the case of local and regional development per se, these agencies were initially focused in the global north. The rationale behind the establishment of local and regional development agencies varies from context to context. The first development agencies were established in Western Europe after the World War II, as a response to the prevalent economic crisis thus assisting national governments rebuilt their economies focusing mainly in economic revitalization. In North America, local and regional development agencies were established in the sixties and seventies, to tackle problems created by de-industrialization. In East Asia, their establishment occurs in the eighties and nineties as a response to fast urbanization. In the global south i.e. Africa, South America, South Asia, and Eastern Europe their establishment takes place in the nineties and their purpose is to promote economic development.

Local and regional development agencies across both the north and south have transformed as a response to rapid changes that occur not only locally but also globally. In Europe for example, there was a second wave of agencification with a strong focus on innovation. As indicated in Bellini et al. (2012) 'traditional government structures do not seem to be able to respond to this complex challenge (Bellini, Danson, & Halkier, 2012, p. 42). OECD identifies three main ways of establishing a local and regional development agency: 1) through bottom up processes initiated by local communities (examples can be found in Italy and African countries), 2) mandated by respective regional and national authorities (examples can be found Canada and USA) and lastly 3) by international donors (cases of Eastern Europe and Latin America). The presence of development agencies is more common particularly in countries characterized by absent or weak regional authorities (OECD, 2010, p.40-41). Based on their individual contexts' development agencies differ not only in the activities performed but also funding schemes, affiliation to national and sub national governments, size of territory covered and operational size.

Regional Development Agencies' transformation over the course of years is obvious not only compared to the initial models of post-World War II but also those established in the last wave in the early nineties. The changes in their structures and services have occurred as responses to the economic and social changes occurring in the individual countries as well as in Europe. As Halkier cited in Bellini indicates that *"the 1990s prescriptive-large, semi-*

autonomous and multi-functional 'model RDA' has been replaced by a new and more flexible generation of RDAs'' (Bellini, 2012, p.42). Development agencies have proved to be relevant structures in assisting local governments to deliver local economic development activities. An estimated 15,000 agencies are operative globally and new ones are created monthly (OECD, 2010, p.25). One of the arguments for the existence of independent, non-for-profit structures that focus on local development is the term-limited nature of local government leadership. To ensure continuity of local development strategies implementation and monitoring it is important to have embedded structures that surpass political interests and mandates. Decentralization processes influence indirectly the establishment and transformation of development agencies. The more decentralized government tiers are the more able they will be to decentralize functions to development agencies.

2.7. Decentralization

Decentralization has drawn many public debates particularly as regards to how national and local governments should be structured, where certain policies need to be designed and implemented (i.e. national or local level) and how much public participation needs be in the decision making. Decentralization both in the global north and south has evolved greatly over time. Cheema and Rondinelli (2007) look at the changes in decentralization over the years. They indicate that in the forties and fifties governments were highly centralized, both in the global north and south. However, a major turning point occurred in the sixties and seventies as governments started to delegate service delivery to local government units. In the eighties, that coincide with the rise of globalization and third sector, there was a stronger push towards further decentralization as part of the 'good governance' agenda (Cheema and Rondinelli, 2007). During these years there was a consensus in global development that decentralization leads to improved wellbeing and many global south countries were encouraged to initiate decentralization processes.

Decentralization can take different forms and shapes. For example, Pike et al (2016) provide a range of terminology and definitions that can be used to describe decentralization. These include administrative decentralization, delegation, political, fiscal and devolution (the latter being the most decentralized and the former the least). The table below, adapted by previous work done by Tomaney et al (2011), provides definitions for each:

Figure 1. Source: Pike et al. (2016: 11) adapted from Tomaney et al. (2011: 17)

ADMINISTRATIVE	Administrative functions and responsibilities undertaken at the sub-national level
DECONCENTRATION	Dispersion of central government functions and responsibilities to sub-national field offices. Powers transferred to lower-level actors who are accountable to their superiors in a hierarchy
DELEGATION	Transfer of policy responsibility to local government or semi-autonomous organisations that are not controlled by central government but remain accountable to it
POLITICAL	Political functions of government and governance undertaken at the sub-national level
FISCAL	Autonomy over tax, spending and public finances ceded by central government to sub-national levels
DEVOLUTION	Central government allows quasi-autonomous local units of government to exercise power and control over the transferred policy

Increasing Decentralization (arrow pointing downward)

As seen from the figure above devolution is the highest degree of decentralization. According to Pike et al (2016) to achieve increasing but also effective decentralization it is important to not rely on ad hoc processes but have a clear road map and strategy in place, and most importantly 'design appropriate and bespoke arrangements while being mindful of how the overall governance system is working' (Pike et al, 2016, p.13). Devolution is being implemented in the global north; a good example is the United Kingdom. In countries like Albania decentralization continues to be challenging, falling more on the first part of the spectrum indicated in the table above, and local governments are far from being devolved.

Conclusions

This chapter provided an initial introduction to both global and local development. The literature review indicated that global development has been initiated by the global north to foster development in the global south, with a stronger emphasis on national interventions but recently shifting attention towards local development. Local development until recently has been more of a global north approach tackling inequalities between developed and less developed regions. Pike et al (2011) in their Handbook of Local and Regional development indicate that there is a need for global development studies and regional ones to be more integrated. One of the reasons the authors provide is the critique that global development has received particularly from the post-colonial authors. Also, the similarities of the two disciplines in understanding that linear stages of development are not effective and create a narrow view of progress by focusing mainly on economic growth. Another intersection is that both disciplines focus on people and communities that face similar issues (Pike, Rodríguez-Pose and Tomaney, 2011, pp. 7–8). In my research a key intersection between the two disciplines that I obverse is third sector's role. Third sector organizations have been supporting global north governments in their development interventions in the south for most of the development project. However more recently there has been an increased interest in local third sector organizations as being closer to people and

communities, therefore understanding better their needs and being able to apply more contextualized approaches as compared to top-down ones.

CHAPTER THREE – The rise of third sector in development

This chapter looks at third sector organizations rise and growth in both the global north and global south. As in Chapter 2, it starts by looking at definitions of third sector and how they have changed over time, particularly focusing on the extensive work of Etzioni that was the first one to coin the term third sector and highlight its importance in tackling market failures deriving from the other two sectors. It then looks at how TSOs in global development have emerged and their transformation over time from relief based, to poverty reduction centered and recently focused on good governance, human rights, and gender empowerment. The chapter also provides an overview of third sector or social economy in the global north that has become a key driver in fostering sustainable development in EU economies. The following section looks at typologies of TSOs focusing on the work of Korten that clusters them in four categories which he calls generations. Another important component of this chapter are approaches undertaken from TSOs that have evolved greatly over the years. The chapter concludes with criticism that third sector has received in terms of their effectiveness and efficiency.

3.1. Definitions

Prior to looking at the role that third sector in development, and then more specifically in local development, it is important to understand what is meant by third sector. The importance is two-fold, firstly to have a better understanding when selecting the organizations to be interviewed for this research, and secondly to understand the differences, if any, between the frequently interchangeable terms regarding third sector such as: non for profit and non-governmental organizations, charity, civil society, social capital, philanthropy, voluntary sector etc. This section looks at various definitions of third sector and their evolution over time, starting with a global outlook.

Etzioni is one of the first authors to coin the term third sector (Corry 2010, Osborne 2008) in 1973. At a time when Hayekian and Keynesian economists were 'clashing' to find the right equilibrium between state and the market interventions, Etzioni introduced third sector as a perfect tool to fulfill economic and social needs, a conclusion that derived more from a practical experimentation rather than theory. Third sector, according to Etzioni, is diverse in terms of the entities that it encompasses from public-private businesses, voluntary associations (such as the Red Cross), or corporate foundations such as the Ford Foundation. While recognizing their failures, Etzioni (1973) considered third sector to be better performing as opposed to national or local governments, particularly in areas that are not attractive to businesses (Etzioni, 1973, p. 315).

Corry (2010) indicates that a variety of authors have concluded that a single definition on third sector is difficult to obtain due to its very nature and broadness. According to him the difficulty derives from the non-system qualities of third sector but also because the sector is

considered being third as supposed to primary (such as the state) or secondary (such as the market) making it a residual category that includes entities that do not fit in any of the first two categories (Corry, 2010). The diversity of third sector is also highlighted in layman definitions, for example the Oxford Dictionary, defines third sector as *'the part of an economy or society comprising non-governmental and non-profit-making organizations or associations, including charities, voluntary and community groups, cooperatives, etc'*. This simplistic definition once more highlights the broadness of third sector. Furthermore, the boundaries between the first sector (public), the second (private) and the third sector are blurred and organizations might move from one to the other over time (Anheier, p.4, 2005). While there is a common agreement that one definition of third sector is hard to obtain, most of the literature, when defining third sector focus on two key aspects. The first one is the typology of entities, including legal and operational aspects, and the second one is the sectorial space it occupies, between the state and the market.

Third sector definitions have evolved over time, as new types of entities join and that their mundus operandi changes. However, all definitions that I came across during the literature review led to the conclusion that third sector encompasses organizations that do not fit in the two main categories i.e. state and market, whose focus is to fill in the gaps and/or inefficiencies generated by the state and market and where any profit made is not distributive but reinvested to benefit communities. A solid body of research around the sector has been conducted by the Johns Hopkins Center (JHC) for Civil Society Studies created in 1991. In one of the early works in 1996, JHC provides an overall picture of the development of the non-profit sector in America acknowledging the fact that this sector has been active since the 1800, when historians such as Tocqueville acknowledged it as an important factor in the fight against tyranny and barbarism, as a general culture of individualism was developing in America. The sector gained more prevalence particularly during the 19th century during the immigration waves, as it provided mutual aid and assisted the newcomers to cope with the fast industrialization and urbanization. The sector was strong until the thirties, considering the limited role of state, however lost its grip from the 30s until the Reagan's administration, a period during which the state increased in power (Salamon, no date, pp. 1–10).

In Albania, the term third sector is used mostly among third sector professionals and academics rather than the public. The most common term used by the public is that of civil society and non-governmental organizations. One can associate this with Albania's communist legacy considering that until the nineties there was only one existing sector, which was the public. Based on Albanian Law, Nr.8788, dated 7 May 2000, non-for-profit organizations are associations, foundations and centres whose activities are carried out independently and unaffected by the state. Their activities, based on this law, could be either economic or non-economic under the condition that all the income or assets, when these exist, are used to achieve the mission of the organization as stated in their statute. As discussed above third sector is a term used to group all the entities that don't fit in the first two sectors, whereas the

term civil society is an old term used since the beginning of civilization that goes beyond the grouping of organizations and includes also individual action. Osborne (2008) traces its origins back to the Ancient Greece where the term was associated with an ideal way of life. Van (2000) contrasts ideas of several economists such as Adam Smith and John Stuart Mill who considered civil society a sphere of economic and personal freedoms as opposed to the wrongdoings of the state, whereas Hegel viewed it as support to the government in fostering cooperation (Van, 2000, p.14).

There are numerous types of TSOs operating around the world today. According to the Global Journal there are more than 10 million worldwide. Their form of organizing varies from country to country. Osborne (2008) for example includes in the third sector non-governmental organizations various forms such as: international non-governmental organizations (iNGO), business oriented non-governmental organizations (BINGO), religious international non-governmental organizations or research and independent non for profit organization (RINGO), environment oriented nongovernmental organization (ENGO), governmental operated NGOs (GONGO) created by the government in such forms to attract aid, and quasi-autonomous nongovernmental organizations (QUANGO) such as ISO (international organization for standardization) (Osborne 2008, p 9, 14). Third sector organizations mundus operandi as well as sectoral focus continues to grow therefore the above list is not exhaustive and will continue to expand.

3.2. The rise of Third Sector in the global south

> *'In this sixtieth anniversary year of the United Nations, let us again acknowledge the wisdom of the founders, who, in Article 71, made provision for consultations with NGOs. Close engagement with civil society was seen then as vital for the Organization's health and for people's well-being. That is as true today as it was then —- if anything, even more so.' Kofi Anan, UN Secretary General, 9 September 2005.*

In the realm of global development, third sector's role increased particularly after the nineties. Keane (2009) indicates that until the nineties this sector *'remained strange sounding and unfashionable, or was greeted in some circles by cynicism, and hostility'* (Society 2009, p.1). In the early nineties, the world experienced an exponential increase in the participation of third sector in development, mainly because of the collapse of dictatorships in Central and Eastern Europe but also increased poverty levels across Africa and Asia. Fynn and Hodgkinson (2013) indicate that *'the fall of Communism generated an interest in the power of the third sector to offset the power of government and to empower citizen action in Eastern Europe and other developing countries'* (Flynn & Hodgkinson, 2013, p. 5). Overall, the nineties are considered the golden time for the third sector.

Kendal and Knapp (2000) consider two main reasons of the increased role of third sector after the nineties: 1) market failures for not addressing issues such as social exclusion 2) the lack of trust in politicians and ability of the public sector to deliver services effectively (Kendall and Knapp, 2000, p 1). In many developing countries the private sector was unable to

tackle inefficiencies and governments lacked appropriate resources (Edwards & Hulme, 1996). Furthermore, these were the years when development was not seen as only economic growth, but more as human and sustainable development and third sector had a strong focus on social issues.

Third sector organizations have changed throughout the global development project. Banks and Hulme 2012 highlight some of the key moments for third sector starting from 1970 until 2010. For each of these moments they recognize specific characteristics. For example, until the seventies, the main characteristics were that TSOs were based in the global north with activities spread in the south and they were mainly religious organizations focused on relief action. The eighties gave rise to the neo-liberal agendas and the sector was considered important in achieving poverty reduction. In the nineties, TSOs supported with the good governance agenda's assisting communities where governments had failed. As we move towards 2000 and onwards, there is a greater recognition of human rights, gender equality, inclusion, disabilities etc. (Banks and Hulme, 2012, p. 6).

As indicated at the beginning of this research, third sector organizations include a variety of subgroups. One of the main subgroups are international non-governmental organizations (iNGOs). The latter have become prominent actors in the global development project. Morton 2014 highlights that iNGOs:

> *''are now providing more aid to developing countries than ever before, and the budgets of particularly large INGOs have surpassed those of some Organisation for Economic Co-operation and Development (OECD) donor countries. Eight INGOs (World Vision International, Oxfam International, Save the Children International, Plan International, Médecins Sans Frontières, CARE International, CARITAS International and ActionAid International) had combined revenue of more than US$11.7 billion in 2011, up 40 percent since 2005'' (Morton, 2014, p. 1).*

This rise started to take place in the eighties, as international donors increased development funding to iNGOs from insignificant amounts to almost $2 billion in 2004 (Werker and Ahmed, 2008, p. 75). The establishment of some coincides with the launch of the development project. These organizations have been able to expand their operation globally, create a level of trust with donor governments that have increased funding towards them, as well as have enhanced their approaches and management. When looking at national and local NGOs data on how much of the funding is channeled to them is hard to find. Third sector organizations were initially recognized for their contribution in human rights and relief work to later have a role in economic development as well as civic infrastructure - fundamental for the functioning of both state and markets (Salamon 1997, p.1). The increased role of third sector over the years is seen in many sectors where they operate, including environment, community development, education, research, art, service provision, and culture (Anheier 2005).

3.3. Third Sector in the global north

Third sector or social economy, as its most used in the global north, it is not a new concept. Some initial traits can be found in the early years of civilization and the emergence of religious groups. However, this sector started to take shape in Europe during the industrial revolution. In a 2006 study, the European Economic and Social Committee looks at the first academic mentions of social economy in Europe dating back to the 19th century:

> ''The term social economy probably appeared in economics literature for the first time in 1830. In that year, the French liberal economist Charles Dunoyer published a Treatise on social economy that advocated a moral approach to economics. Over the 1820-1860 period, a heterogeneous school of thought that can collectively be termed the social economists developed in France. Most of them were influenced by the analyses of T.R. Malthus and S. de Sismondi, regarding both the existence of 'market failures' that can lead to imbalances, and the delimitation of the true subject of economics, which Sismondi considered to be man rather than wealth'' (European Economic and Social Committee, 2006, p.17).

In a similar manner as in the global south, social economy in the north developed as a response to market failures. The sector particularly reinforced during the rise of the Keynesian economics, from the end of WWII until late seventies, with the emerging trade unions and federations and welfare state correction policies.

The concept of social economy in the global north has evolved, being represented by a diversity of organizations including associations, foundations, cooperatives, mutual societies that tackle a variety of issues from unemployment, income distribution, social exclusion, health, education and many other social and economic issues that markets cannot correct (European Economic and Social Committee, 2006). Today social economy in the European Union plays a significant role in fostering sustainable development. According to recent EU data 'there are two million social economy enterprises in Europe, representing 10% of all businesses in the EU' and 'more than 11 million people – about 6% of the EUs employees – work for social economy enterprises' (European Commission, 2020, Social Economy section, para. 1). This same source also highlights why these enterprises are important listing the following:

1. *''**Membership** - up to 160 million people in Europe are members of social economy enterprises (mostly retail, banking and agricultural cooperatives, as well as mutual societies offering services complementary to social security regimes).*
2. ***Objectives** - social economy enterprises contribute to the EUs employment, social cohesion, regional and rural development, environmental protection, consumer protection, agricultural, third countries development, and social security policies.*
3. ***Size** - social economy entities are mostly micro, small, and medium-sized enterprises (SMEs)''* (European Commission, 2020, Why Social Economy enterprises are important, para.1).

Despite the increase size and its relevance, the European Commission recognizes that these types of enterprises/organizations face major challenges that include among others the lack of funding and financial resources, little recognition for the work they do, the different legal

environments they operate that are not always favorable and lastly at times the lack the skills within the staff of these organizations.

3.4. Third Sector typologies and approaches to development

Third sector organizations have diversified their interventions over the years. The first third sector organizations to be established had a bigger focus on social development however recently there are more organizations working in new areas including environment, governance, and culture. In 1987, Korten clustered TSOs in three main groups or typologies. The first group labelled *Generation 1*, including organizations such as Save the Children, Oxfam, Catholic Relief Services that focused mostly on relief, emergencies and social welfare, thus meeting the immediate needs for the poorest and most vulnerable with less emphasis on sustainability and longer-term development. The second group Generation 2 focused on small scale self-reliant local development. These organizations work in community development particularly on preventive health and agriculture with the aim of making communities sustainable beyond the NGOs assistance. The last group are Generation 3, focus not only on sustainability but also cost recovery and the breadth of impact. These type of organizatons are less concerned with community development and more focused on facilitating and engaging with local institutions that are in charge of resources (Korten, 1987, pp. 147–149). Later, in his work Korten would add a fourth generation which is that of people's movement.

One of the competitive approaches recognized to third sector globally are the people-centered approaches that are not as present in the other two sectors. Examples include community participation, gender empowerment (Lewis, 2010, p. 2010) and rights-based approaches. World Vision for example focuses on transformations of relationships between individuals, families, and communities as key to development. Through transformed relationships and by recognizing the resources that lie within communities, they see the answers to development coming from the people themselves. Gender empowerment is also an approach adopted by some of the biggest international NGOs from Care, Plan International, International Planned Parenthood as well as multilaterals such as the UN agencies.

There are many rights-based approach TSOs operating globally some of the main ones being Oxfam, Amnesty International, Human Rights Watch as well as some UN agencies. According to UNICEF (2015):

> *"A human rights-based approach is focused on conscious and systematic enhancement of human rights in all aspects of project and program development and implementation. It is a conceptual framework for the process of human development that is normatively based on international human rights standards and operationally directed to promoting and protecting human rights."*(Hausen Anton and Annika, 2015, p. 7).

The International Organization for Migration also views human rights-based approach as an effort to consciously and systematically including human rights in design and implementation of projects. For IOM, this approach was the result of the criticism that previous approaches were receiving such as the charity and the needs-based approaches. The charity approach

sought to fulfill the basic needs of the poor however without really addressing the drivers of poverty and structural changes needed. Whereas the needs based, included beneficiaries in the assessment of their needs and informing programming however their rights were neglected (IOM, 2015, pp. 11–12). The adoption of right-based, gender empowerment and community development approaches has been key for many TSOs to access funding from global north development agencies, examples include SIDA, DFID, NORAD, USAID etc.

3.5. Third sector criticism

Despite the increased role in the last decades, third sector organizations have received a lot of criticism and backlash particularly from the media and public. In the last years it seems that there is a greater appetite for stories that cover NGOs scrutiny in the media (Magee, 2014). In a study based on interviews with journalists and reviewing the media, Magee (2104) concludes that the increased criticism, mostly seen in the right-wing media, comes particularly at times of austerity where ODA is observed much more closely on how it is spent. Other factors also include the increase in size and operations of many iNGOs that require more transparency, accountability, effectiveness, autonomy, etc. (Reimann, 2005; Magee, 2014). Organizations are challenged for the way they spend funding received from bi-lateral governments, therefore taxpayer's money, at times used to cover large administration costs as compared to activities directly benefiting communities. Furthermore, the objectives of development organizations are often seen ambitious and hard to achieve but set this way to attract donor funding. Some of the most recent criticism derive from their safeguarding policies such as the latest scandals with Save the Children and Oxfam on misconduct and inappropriate behaviors of the staff working oversees.

Others are criticized for adopting top – down approaches without a clear vision on how interventions will be sustainable after their completion. In a way resonating with the first global development approaches that adopted approaches from the global north without having a good understanding of the context they operate. Petras (1999), compares NGOs to the religious missions sent during imperialist times that in a way controlled the exploited people. For him NGOs are *''a new social institution emerged that provides the same function of control and ideological mystification''* (Petras, 1999, p. 429). Another area of criticism on iNGOs has been their inability to successfully collaborate with southern NGOs. Channeling ODA funding to iNGOs was adopted by global north governments to be more effective in tackling development issues however this has not always been the case. Some studies show that the partnerships with the global south actors continues to be top – down rather than participatory (Elbers and Schulpen, 2015). There is also a question on whose interests do these iNGOs represent, as they cannot be directly representing the voices of the local people or the ones they say they represent – which can be done more effectively at the local level.

With regards to local third sector organizations the skepticism is borne more from the donors that consider these organizations as not having the right capacities to deliver their funding. Bi-lateral and large foundations channel most of their funding to north based iNGOs that have passed their due diligence processes and ensure that reporting and evaluation is done based on standards set by these donors. The media has also paid very little attention to these local organizations therefore they remain an unknown phenomenon in the realm of global development.

Conclusions

This chapter highlighted how third sector in both the global north and south have emerged and evolved. It showed that this sector includes a variety of entities from foundations, to NGOs, cooperatives, associations, NPOs. A more comprehensive term used to describe this variety of entities is third sector, encompassing all those organizations that do not fall in neither the private nor public sector. Third sector organizations in the global north have been present since the start of the global development project receiving large amount of funding to carry out development initiatives in the global south. These organizations have changed in typology, as Korten indicates from Generation 1 being focused on relief, to Generation 2 focused on community development ensuring sustainability of interventions, Generation 3 focusing on longer term impact and recently Generation 4 having a human's rights and advocacy focus. In the same way their approaches have changed from being much more simplistic such as needs based or charity to now adopting comprehensive approaches that do not simply focus on reducing poverty but improving the wellbeing of communities. A key conclusion during this literature review was that third sector organizations despite the criticism received have been important stakeholders in the development project, particularly in the last 3 decades with the fall of communist regimes across Eastern Europe.

CHAPTER FOUR. Methodology

The literature review presented in Chapters 2 and 3 indicated that there is a gap in research when it comes local third sector organizations' role in development. Considering their smaller scale, lack of visibility in global platforms and public skepticism over their effectiveness not much is known about their typologies, approaches and the overall role they play in global development. In summary this is what this research will explore. This chapter presents the research design applied. It starts with the rationale behind the research question as well as introduces four research objectives. The research question focuses in understanding the role of local TSOs in development and the four objectives address themes that will support in responding to the research question. Section 4.2. looks at the 'why' and the 'how' of the research, reflecting on epistemology followed by a discussion on how research methods were selected, with an emphasis on 1) researchers experience 2) issue at hand and 3) audience. As it will be further discussed, this research approach is subjectivist (or interpretivist) and consequently applies qualitative research methods. Following, the chapter presents the criteria for selecting the case study organizations and primary informants as well as four methods stages that include: a desk research, secondary documents, primary informant interviews, and lastly case study interviews. The chapter ends with some ethical considerations of the research conducted.

4.1. Research Question and objectives

The research question that will be addressed is: *What is the role of local third sector organizations in development?* Considering the limitations to conduct a global study, due to resources and time at hand, but also the need to have a deeper understanding of context this research will focus on one country, in this case Albania. As highlighted in Chapter 2 and 3 it is important to consider the context in which development occurs or where TSOs operate as they are part of an ecosystem therefore their role cannot be explained in isolation. Albania was selected based on two main reasons: 1) TSOs in Albania were established after the 90s with the fall of the Communist regime, as in most former communist countries, which as mentioned in Chapter 3 coincides with the rise of TSOs across the world 2) my own professional experience in Albania particularly working with TSOs and in local development. The research has four main objectives:

Objective 1: Understand why and how local third sector organizations have emerged in Albania.

The Albanian context is quite particular, as despite almost three decades since the fall of the communist regime, the country remains a transitional economy and continues to face many economic, social, and political challenges. Furthermore, differently from other transitional economies Albania did not have any history of development actors. During the communist

regime both the private and any form of third sector organizations were prohibited by law. If in other communist countries at least the religious community played the role of third sector this was not the case of Albania where religion was banned. The first objective of this research seeks to address and respond to why local TSOs emerge in a transitional economy like Albania; how TSOs were established if this was community-initiated, led by national government, or coming from global north actors.

Objective 2: Understand the nature of local third sector organizations in Albania i.e. typology (based on Korten's work), sources of income, sectorial and territorial focus.

In Chapter 3, I introduced Korten's work that clusters TSOs in four typologies i.e. Generation 1 that tackle immediate needs of communities; 2) Generation 2 that focus on driving sustainable community development; 3) Generation 3 focused on creating long term impact and lastly; 4) Generation 4 that are concerned with human rights, advocacy, gender empowerment. This objective seeks to understand where local TSOs in Albania fall within these four categories, providing more insights on their nature. The typology of TSOs is closely linked to their sectoral and territorial focus, therefore under this objective I will look at what specific issues local TSOs in Albania have tackled over the years i.e. economic, social, political, environmental, cultural etc. if they have focused on one or more issues. Here we will also look at the territories these organizations have focused to understand the size of their interventions.

Objective 3: Understand the approaches taken by local third sector organizations.

In chapter 3 we looked at the different approaches taken by TSOs. If in the beginning of the development project they were adopting charity and needs based approaches to date their approaches have shifted to people- centered, including participatory and human rights approaches. Also, they have moved from merely meeting community needs to now play a facilitator's role among the many development constituents. There has been a long debate in both praxis and academia if development has been beneficiary led or more of a top-down, agenda driven and international technical experts led (Flint and Natrup, 2013). This debate was more prevalent particularly in the mid-nineties as many of the interventions failed to achieve their objectives. One of the best advocates of putting beneficiaries-first starting as early as during needs assessments, and then including them in the designing of programmes and policy has been Robert Chambers. He was also one of the key contributors to the participatory rural appraisal (PRA) *''a growing family of approaches and methods that allows 'local people share, enhance and analyze their knowledge of life and conditions, to plan and to act''*(Chambers, 1994, p. 953). Putting local people first and learning from them has not been at the center of development approaches as there was more confidence given to the technical expertise coming from the global north actors. Chamber (1994) gives the following description of explaining the past ignorance on not involving local people the development praxis in the early nineties.

>*''It is a mystery why it has taken so long for the development community to "discover" in this way the richness not just of the knowledge of villagers, but of their creative and analytical abilities. Much of the mystery disappears if explanation is sought not in local people, but in outsider professionals. For the beliefs, behavior and attitudes of most outsiders have been similar all over the world. Agricultural scientists, medical staff, teachers, officials, extension agents and others have believed that their knowledge was superior and that the knowledge of farmers and other local people was inferior; and that they could appraise and analyze but poor people could not.''* (Chambers, 1994, p. 963).

Through this objective, we will understand how this was done in Albania, how involved have communities been in designing and implementing interventions and if the approaches taken have been participatory.

Objective 4: Understand who has benefited and how from local third sector interventions.

It has taken awhile for development players to understand the importance of including beneficiaries, their knowledge and creativity within development approaches and programming. Beneficiary is a common terminology in development used mainly by donors and TSOs to identify those who benefit from the interventions funded and implemented. A common definition used by the sector is the United Nation's that defines beneficiaries as:

>*''individuals and/or institutions whose situation is supposed to improve (the target group), and others whose situation may improve. Also refers to a limited group among the stakeholders who will directly or indirectly benefit from the project''*

(UNDP, 2002, p. 99).

In development praxis there is also a distinction between direct and indirect beneficiaries also called primary and secondary beneficiaries. For example, USAID defines direct beneficiaries as '*those who come into direct contact with the set of interventions (goods or services) provided by the program in each technical area. Individuals who receive training or benefit from program-supported technical assistance or service provision are considered direct beneficiaries, as are those who receive a ration or another type of good''* (Development *et al.*, 2013, p. 20). Whereas indirect beneficiaries as *''those who benefit indirectly from the goods and services provided to the direct beneficiaries''* (Development *et al.*, 2013, p. 24). Direct beneficiaries for example would be the people who have been trained in business set up, whereas indirect beneficiaries would be their families and communities surrounding them.

When looking at the role of local TSOs in Albania I want to understand who the targeted beneficiaries have been, how have they been involved in their interventions and at end understand how they have benefited. A recent study from the Oversees Development Institute, in one of the first attempts to analyze how much of funding in humanitarian settings goes directly to beneficiaries has concluded that only 38 percent recaches beneficiaries directly. If looking at the direct costs for service delivery this percentage increases to 42 percent. (Mowjee, Poole

and Willitts-King, 2017, p. 23). A special focus here will be on local government units and how they have benefited from interventions.

4.2. Selection of Research Methods

In conducting a social research, it is important to understand the 'what' (in this case this is done through the research question and objectives), the 'how' which refers to the methods chosen to conduct the research but also the 'why' of a research. The 'why' is linked to the subjectivist (interpretivism) and objectivist (positivism) philosophical theories in social research. These two theories stand at opposite sides of the pendulum. Within the two there are also various methodological assumptions that one should make i.e. including ontology, epistemology, human nature, and methodology. The first one relates to the nature of the reality, the second relates to the nature of knowledge, the third involves human nature and the last one the tool kit at hand to conduct the research (Holden and Lynch, 2004). These assumptions are quite different if selecting an objectivist or a subjectivist approach. My research uses a subjectivist (interpretivism) approach or otherwise called phenomenological. Generally, this type of research includes semi structured or unstructured interviews that allow to explore in more detail a phenomenon. This information is further enriched by the examination of additional documents but also adding the researcher's interpretations. This research is exploratory in nature and thus not explanatory and does not test any specific hypothesis.

To understand the 'how' of the research considerations need to be made on data collection methods that include: quantitative, qualitative, and mixed methods. Aliaga and Gunderson (2000), cited in Balnaves et al., define quantitative research as approaches to *''explaining phenomena by collecting numerical data that are analyzed using mathematically based methods''* (Balnaves *et al.*, 2001, p. 1). Balnaves et al., also indicates that the first part of this definition is as valid for the other types of research what differentiates quantitative research its numerical nature in both data collection and analysis. Qualitative research serves the same purpose of understanding a specific phenomenon however it does so by using non-numerical data. Despite the overall goal being the same that of explaining a phenomenon the objectives of each are quite different. Creswell (2013) for example sees qualitative research as an approach to understand and explore whether quantitative as an approach to test and prove relationships (Creswell, 2013, p. 4). Mixed methods entail the adoption of several methods which could be a combination of quantitative and qualitative methods, or a combination of various qualitative, or various quantitative methods (Brannen, 2005, p. 4). The explanation of a phenomena remains the basis of all types of research, what differs is how we derive to that explanation.

Even when one has a clear understanding of what each of these research approaches entails the selection per se is not easy. This is clearly evidenced by the decade-long debates whether qualitative methods are more subjective, putting too much emphasis on

contextualization and one the other side quantitative research de-contextualizing and simplifying issues (Tracy, 2013, pp. 6–7). Balnaves (2001) calls it 'paradigm war' between qualitative being subjectivist and quantitative realist (Balnaves *et al.*, 2001). I also struggled in the process of determining which was the best approach for my research considering the pros and cons raised by the two schools of thought however what helped me in the selection was looking at three aspects highlighted in Creswell's work that in a way simplifies the selection of the most appropriate methods by looking at the following criteria: 1) the researcher's personal experiences, 2) the issue or the problem at hand and 3) the audience that the research is addressing (Creswell, 2013). Therefore, I started to look at each of these in the light of my research.

1) Researcher's personal experience: My personal experience has influenced greatly the way this research is conducted. In qualitative research this is a well-recognized concept called self-reflexivity, defined as the way researcher's past experiences as well as point of view influence the research conducted (Tracy, 2013). I have worked in the field of global and local development for the past fifteen years, with major international and national non-for-profit organizations from the United Nations Development Programme (UNDP), World Vision (WV), International Organization for Migration (IOM), International Planned Parenthood Federation (IPPF), Nike's foundation Girl Effect but also small local ones such as Jonathan Center and the Centro del Muchacho Trabajador. These experiences have introduced me to some of the key players and their approaches to development and taught me that relationships between actors in development are complex and hard to grasp statistically. In-depth understanding of the political, cultural, social and economic contexts in which third sector organizations operate are key to their success or failures which cannot be captured through quantitative data sets This pushed me towards the choice of qualitative methods as more appropriate for this research.

For example, working with IPPF, one of the key areas of interventions was supporting millions of people to act freely on their sexual and reproductive health and rights (SRHR). Throughout the year the local organizations that are part of IPPF were delivering SRH services across the world however the number delivered would depend greatly on the changing legal SRHR frameworks in the country, negative social and cultural norms that prohibit people from accessing services, conservative movements in country, civil unrest such as the case of Syria. Therefore, the analysis of the outputs, outcomes and impact of the organization would depend on the cultural and political contexts. In a similar way working with the UNDP in Albania on a project called Integrated Support to Decentralization, that supported the national institutions to carry out the administrative reform in country, the success of the project depended on the will of the opposition and governance to collaborate, which proved to be very difficult. Working for Jonathan Center in Albania, that supports children with down syndrome with the necessary therapies one of the key obstacles faced by families was the lack of financial resources and adequate transport to bring their children at the center that was limiting the number of children reached with services. Therefore, when analyzing the role of third sector in development, it is

crucial to understand the context in which these organizations have operated that it is difficult to do through a qualitative analysis.

2) Issue at hand: At the start of this research my intent was to focus on a more mixed methods approach. In fact, I created a full list of all local third sector organizations working in regional and local development in Albania with the intention of determining through their typology, longevity, number of beneficiaries, total expenditures and value of outputs their social return on investment or otherwise known in the development praxis as the value for money. However, the more I deepened my literature review, more common themes continued to emerge that led me to explore and employ qualitative approaches. One of these themes was 'context', which is particularly important when designing local and regional development interventions as highlighted in Chapter 2 and 3. To understand context, one must look at relationships, power dynamics which cannot be extrapolated through surveys with organizations working in local and regional development in Albania. Regional and local development is a complex issue comprising social, economic and environmental components as well as it varies depending on context, geography and time (Pike, Rodríguez-Pose, &Tomaney, 2007) thus to understand interventions one should have a clear picture of the context where these were applied. This can be done better using in-depth analysis.

Another common theme while reviewing development theories and practices was **'development as a story of change'**. To tell this story of change one should be aware of how approaches in regional and local development have changed over time and why changes have occurred. These questions are better answered through qualitative approaches. This research seeks to gather in depth learning from various types of organizations, not only describing approaches employed and their transformation over time but also identifying factors that have led to those changes. Flyvbjerg indicates *''proof is hard to come by in social sciences because of the absence of 'hard' theory, whereas learning is certainly possible''* (Flyvbjerg, 2006, p.224). The ultimate purpose of the research is to learn rather than prove. Even though this research explores interventions carried out by local third sector in Albania, the latter do not operate in a vacuum thus it is important to understand and describe power dynamics.

3) Audience: This research seeks to provide a theory on local third sector interventions in addressing local development in post-communist settings, which could be transferable thus the purpose is not generalization but giving the audience an opportunity to determine their transferability. The targeted audience include policy makers at global, national, and local levels that can get a better understanding on the role that the sector has played and could play in the future. Researchers that are looking at similar, transitional economies, could also see a value in understanding the context as they research on the role of third sector organizations in local development.

4.3. Sampling

Sampling is one of the most differentiating aspects between qualitative and quantitative research. If in the former participants are selected randomly and in larger sizes in the latter the selection is done in a purposeful manner and smaller sizes to be able to capture information in more details. When looking at sampling a literature that I found useful was the one developed by Gentels at al. (2015). In trying to come up with the right definition of sampling in qualitative research, they look at the three traditional qualitative methods including: 1) grounded theory, 2) phenomenology and 3) case studies. By looking at commonalities between these methods they are able to provide a broad definition of qualitative sampling as *''the selection of specific data sources from which data are collected to address the research objectives'.* When adopting a case study approach, which is also the case of my research, *''the difference observed with the other methods is that 'sampling applies to selecting cases and selecting data sources that best help us understand the case''.* (Gentles *et al.*, 2015, pp. 1775–1776).

To better understand the role of third sector organizations in local development, it was important to understand from these organizations their approaches, interventions, beneficiaries, streams of income etc. This information was also complemented by looking at external reports published by the case study organizations as well as evaluation and technical reports that focused on their work. However, this was not enough. To understand their role, insights from other key actors in local development were necessary, including local governments, international non-governmental organizations that have been key in driving local development in Albania. Furthermore, it is also important to look at the national and local strategies in place in terms of decentralization in Albania, European Commission reports on Albania's progress towards joining the EC that look at all areas important for Albania's integration in EC, including decentralization, as well as other reports written on local development in Albania. These cases and data sources will help in understanding the role of third sector organizations in development in Albania.

In terms of type of sampling the most common form of sampling in qualitative research, particularly in case studies, is non-probability or purposeful sampling (Ritchie, Jane, et al p 78, Gentles *et al.*, 2015) which is also adopted in this research. Participants were not selected randomly, or as statistically representative sample, but with a clear purpose which was driven from the objectives of this research. An observation made by Gentles et al. (2015) is that purposeful sampling in qualitative research can be ambiguous therefore a researcher adopting this type of sampling needs to describe what that means in their context.

Purposeful sampling allows for the selection of information rich case studies that enable the author to meet research objectives. Patton (1990) describes:

''The logic and power of purposeful sampling lies in selecting information-rich cases for study in depth. Information-rich cases are those from which one can learn a great deal

about issues of central importance to the purpose of the research, thus the term purposeful sampling'' (Patton, 1990, p. 169).

Patton (1990) presents a wide range of sampling, sixteen types. There were two types of this sampling that were weighted to be appropriate for this research, one being typical case studies which is very common in studies that look at community development in the global south, as it allows to select participants with similar experiences based on information provided by key informants, surveys, or programme data that identify cases that are typical or average. However, using this type of sampling allows to identify what is typical rather than allowing for generalizing and it can be purposeful but also random selection of participants (Patton, 1990, pp. 173–174). Initially I was considering this type of sampling as my context analysis would start by asking primary informants to identify TSOs that have played a role in local development therefore selecting typical organizations in local development. Furthermore, as indicated above this type of sampling is considered most appropriate in analyzing local development. A limitation of this type of sampling is that it does not allow for variation in the sample and thus making it more homogenous.

I wanted to be able to select TSOs that have similar traits but also differ in terms of approaches in local development. Looking at the other types of sampling, one that combines the typical case study organizations but also allows for variation is purposeful stratified sampling that Patton (1990) indicates to :

> *''[…]combine a typical case sampling strategy with others, essentially taking a stratified purposeful sample of above average, average, and below average cases. This is less than a full maximum variation sample. Each of the strata would constitute a fairly homogeneous sample. This strategy differs from stratified random sampling in that the sample sizes are likely to be too small for generalization or statistical representativeness''*(Patton, 1990, p. 174).

Ritchie and Lewis (2003) provide several criteria's that a researcher conducting a qualitative research needs to consider when selecting a sample size as following:

1. **The heterogeneity of the population –** key in defining the sample size is how different or similar a selected population is. According to Ritchie and Lewis (2003) the more different the population the larger the sample should be. The population selected for my research is quite similar in terms of 1) their vision of improved local development in Albania 2) their operations of being non-for-profit and non-governmental. 3) their interventions in improved economic, social, political, cultural, and environmental issues. Therefore the sample size of my research is expected to be quite small.

2. **The number of selection criteria –**The more criteria used to select the population the larger the population should be. I will be using the only six criteria for the selection of case study organizations, therefore a smaller size would be preferable:

    1.   Non-Governmental Organization
    2.   Non for Profit
    3.   Established for at least ten or more years
    4.   Operating in Albania
    5.   Focus on regional and local development
    6.   Focus on at least one of the local development areas (i.e. social, environmental, economic, political, and cultural)

3. **Groups of special interest that require intensive study** – For those groups that need an intensive study they suggest larger samples.

4. **Multiple samples within one study** – In case comparisons are needed in a study it is important to have more case study organizations included. The research will be comparing how approaches of local development differ from one organization to the other therefore more than one case study organization will be selected.

5. **Type of data collection methods** – In case the researcher uses focus groups or paired interviews the sample will tend to be much larger as compared to one-person interviews. For this specific research individual interviews will be conducted therefore limiting the sample size.

6. **The budget and resources available** – the more limited the budget available the smaller the size of the population selected (Ritchie and Lewis, 2003, p. 84).

Looking at the criteria above, a smaller size selected for this study is acceptable. The organizations selected are homogenous as they all fit the 6 criteria mentioned above therefore are non for profit and non-governmental organizations, that have operated in local development in Albania for at least ten years, focus on regional and local development; focus on at least one of the local development areas (i.e. social, environmental, economic, political and cultural). Following are the organizations selected and how they link to the six criteria mentioned above:

Table 2. Criteria's for the selection of case study organizations

Organizations	Criteria					
	Non-Governmental Organization	Non for Profit	Established for at least ten or more years	Operating in Albania	Focus on regional and local development	Focus on at least one of the local development areas (i.e. social, environmental, economic,

						political, and cultural)
AULEDA – Vlora Local Economic Development Agency	Yes	Yes	17 years	Yes	Both regional and local development	Social Environmental Economic Cultural
TEULEDA – Shkodra Local Economic Development Agency	Yes	Yes	19 years	Yes	Both regional and local development	Social Economic Cultural
Aulona Center	Yes	Yes	22 years	Yes	Both regional and local development	Social Economic
Eden Center	Yes	Yes	16 years	Yes	Both regional and local development	Environmental Social
World Vision	Yes	Yes	21 years	Yes	Both regional and local development	Social Economic
Partners Albania	Yes	Yes	19 years	Yes	Both regional and local development	Social Political Economic
Egantia	Yes	Yes	21 years	Yes	Both regional and local development	Environmental Social

Urban Research Institute - URI	Yes	Yes	21 years	Yes	Both regional and local development	Environmental Economic Cultural Political

The selection of eight as compared to two or three organizations is due to their typology which varies among the eight selected. All the case study organizations were mentioned either during interviews with primary informants or highlighted in secondary data. For example, Auleda and Teuleda were considered as organizations that best embody the typical local economic development agency and fall under Generation 3 typology. Partners Albania was mentioned for its capacity building work with local actors including third sector organizations, public and private partners, falling in Generation 4 typology. Aulona Center was considered a pioneer as it tackles reproductive health issues at the local level, which remain a taboo in Albania. Eden Center was indicated for its contribution to the local environmental issues. Aulona and Eden Center both fall under Generation 4. World Vision was considered as an organization that reaches the poorest communities through holistic approaches falling under Generation 2 typology. Urban Research Institute was mentioned in the research and academic work done at the local level. The organizations selected are also different in terms of their status of registration as some of them are associations, some centres, and some foundations.

4.4. Data collection methods

After determining research methods, a plan and its sequential stages was developed. The research plan included the following four stages:

1. **Desk review**. The desk review was deemed crucial in gathering background information which fed into the preparation of topic guides for the in-depth interviews. The desk review included, but was not limited to, the review and analysis of Albanian national government policies and strategies on local development, international donor and policy reports, third sector reports, as well as other key documents related to third sector and local development in Albania.

2. **Interviews with primary informants.** Combined with the desk research, consultation with primary informants were necessary to: 1) identify participants in the research, 2) inform the preparation of topic guides for case study organizations as well as 3) identify secondary documents to be analyzed. Primary informants to this research are individuals who have worked in local development as part of main international inter-

governmental and governmental organizations operating in Albania. These international organizations include the United Nations Development Programme (UNDP), Swiss Development Cooperation (SDC), and Italian Cooperation (IC). These intergovernmental organizations were selected, based on the desk review which concluded that these organizations have been key partners of the Government of Albania in its current territorial and administrative reform. Three interviews were conducted here.

3. **Interviews with the 8 case study organizations:** The primary data collected for this research were interviews with the case study organization's representatives, which for most cases were their executive directors. In total eight interviews were conducted.

4. **Secondary documents:** Another source of information were the case study organizations websites, publications, and internal documents. Also, sources from third party publications were consulted such as national and international publications on the organizations selected.

Overall, for the purpose of this research I conducted 11 interviews which include 8 case study organizations and 3 with primary informants. As seen from the sources used to collected data, the information is received from policy makers and implementors and not from beneficiaries or communities. This is a limitation of this study. Further research could add insights from beneficiaries and communities and therefore provide a more triangulated view of the role of local TSOs in development.

Table 3. Key data sources

Org	Coding	Organization's Publication	Other Party Publication
Auleda	**Interview 1**	AULEDA 10 year Anniversary report (2014)	International Links and Services for Local Economic Development Agencies (ISLEDA) 'Auleda Profile'
		AULEDA website: http://auledaphp.auleda.org.al/index.php	ISLEDA 'The role of Local Economic Development Agencies for Innovation' (2013)
		AULEDA Report (2010-2012)	Ministry of Foreign Affairs Italy 'Mid-term evaluation of Art Gold Programme' (2013)
			UNOPS/IFAD Human Development Report (2003)
World Vision Lezhe	**Interview 2**	WVI 'World Vison Development Approach' (2011)	ODI 'World Vison's resilience programming: adding value to development' (2011)
		World Vision UK on Lezha:	Partnership Broker's Association Brokering Local Collaboration (2014)

		http://www.worldvision.org.uk/my-sponsorship/where-my-sponsored-child-lives/albania/lezha/	
		World Vison "Lezha Community Update' (2014), (2013)	
		World Vision International 'Impact Report' (2014)	
		WVI "Handbook for Development Programmes (2011)	
Partners Albania	**Interview 3**	http://partnersalbania.org/	
		Partners Albania Annual Report 2015	
		Partners Albania 'Assessment of service quality at local level' (2008)	
		Partners Albania 'NPO advocacy capacities assessment' (2004)	
Aulona Center	**Interview 4**	IPPF, case study report to IPPF EN regional council of 2014	
		Albanian Center for Population and Development Report (2014)	
		Web: http://acpd.org.al/kreu-eng/	
Urban Research Institute (URI)	**Interview 5**	Web: http://www.uri.org.al/	
		Waste Management and Environmental Protection IPA Cross Border Cooperation Albania-Kosovo (2015)	
		URI, 'A Social Housing Feasibility Study, Tirana Municipality' (2016)	
Egnatia	**Interview 6**	Web: http://www.shoqataegnatia.al/projects/	

Teuleda	Interview 7	Web: http://teuleda.org.al/	ILS LEDA International Network Brief 2005
Eden center	Interview 8	http://www.eden-al.org/index.php/al/	Education for sustainability http://www.education4sustainability.org/2013/05/21/partnering-with-eden-center-from-albania/
			Euro Partners Development: http://www.europartners.al/index.php?ep=ngo_det&ngoid=63&menu=ngo
		Eden Center Profile	International Handbook on Social Policy and the Environment

Interviews

The most popular forms of data collection in qualitative research are interviews (Ritchie, Jane, et al p 57-58). Interviews can be semi-structured or in-depth. The difference between the two stands in the questions asked, the former includes more open-ended questions looking at various topics whereas the in-depth focus on one or two topics and digging deeper on fewer issues. Both however give an opportunity to look at topics that the researcher might not have thought of prior (Mehta, 2011). Semi-structured interviews that allow for structure and flexibility (Ritchie, Jane, et al p 141) were applied with primary informants and case study organizations as the aim was to investigate the selection of approaches and changes occurred in approaches over the years. Topic guides were formulated to identify key topics to be covered thus serving as prompts however interviews were led by the participant's answers. Interviews started with general mapping questions and then followed with content mining questions.

Content mapping was used to discover issues relevant to the participants whereas content mining allowed for an in-depth exploration. Different types of probes were used such as amplificatory, exploratory, explanatory and clarificatory. The most appropriate forms of analysis was considered to be content analysis thus *''in which both the content and context of documents are analyzed: themes are identified, with the researcher focusing on the way the theme is treated or presented and the frequency of its occurrence.'' (*Ritchie, Jane, et al p 200). In Chapter 6 and 7, I decided to not develop individual case study for each of the organizations but present my analysis condensed under specific themes. In these chapters we will look at themes such as typology of TSOs, sectorial and territorial focus, beneficiaries' profiles, local

development approaches, successful interventions, funding, collaboration with local governance, and TSOs contribution to local development.

4.5. Key themes emerged

The empirical Chapters 6 and 7 are developed by key themes that have emerged because of the research question and objectives. In Chapter 6 the focus will be addressing the first two research objectives i.e.: 1) understanding the 'why' and 'how' local third sector organizations have emerged in Albania; 2) typology of local third sector organizations in Albania. Key themes under these objectives include Generation 1, 2, 3 and 4 based on Korten's definitions and the OECD's key drivers in local TSOs creation i.e. national government, communities, or international donors. Chapter 7 addresses research objectives 3) approaches taken by local TSOs and 4) who has benefited and how. When looking at approaches I will analyze where local TSOs approaches in Albania fall within the global development approaches i.e. if they are needs based, community based, or human rights based. When looking at beneficiaries, categories that will be addressed are local government units, communities, and the private sector. A special focus will be particularly given to the relationship with local government units.

4.6. Ethical considerations

While conducting this research I took a variety of actions to ensure that it is ethical and is fully aligned with the University College London (UCL) ethical guidelines. The first step towards that was to receive an ethical approval from UCL Research Ethics Committee which was done prior to stating data collection. As per ethical guidelines I ensured that all participants signed an informed consent form where I provided detailed information on the research and its purpose. All eleven interviewees signed this form. I completed a risk assessment form to ensure that the research did not involve any form of hard or potential risks. In terms of confidentiality, interviewees were provided with the option to remain anonymous.

4.7. Limitations of the methodology

Using a qualitative methodology allowed me to explore in more detail how the eight organizations were established, the approaches taken and changes over the years, the main challenges they have faced while working with local government units and overall how they have operated in local development during the transition years. However, it is worth noting there are more than 3,000 registered local and international third sector organizations operating in Albania, with more than half located in the capital city. While the number of TSOs operating at the local level is hard to estimate form the current data, the sample chosen is small as compared to the overall population.

Despite the small number of organizations, I believe that the number of interviews conducted satisfied my research aim due to several reasons. Firstly, as I was conducting the last two interviews, I experienced a level of saturation of knowledge particularly as regarded themes of funding, collaboration with the local government, beneficiaries, and sectorial focus. Secondary, the interviews held were comprehensive and strong therefore removing the need to interview additional organizations. Thirdly, the organizations selected met my purposeful sampling criteria of being similar enough by being non for profit and non-governmental and operating in local development for more than ten years but also being different in their sectoral focus.

Part 2

Analyzing local third sector in Albania

CHAPTER FIVE. Context Analysis

Chapter 5 provides the context analysis for local development and third sector in Albania. This analysis sets the groundwork for the case studies developed in chapter six and seven, describing the environment in which local third sector organizations have operated for the last two decades in Albania. The data collected is based firstly on information found in secondary sources including government and third sector data and reports, policy and academic papers, and journal articles. The collection of relevant literature for this section was challenging, considering the limited studies and data on third sector and local development in Albania. Secondly, Chapter 5 is developed based on information provided by primary informants that include non-governmental practitioners' and local officials, who have worked in local development in Albania over the past two decades. The organizations they have worked with have been key in drafting the Government of Albania new territorial and administrative reform due to their contributions in regional and local development over the years.

The context analysis is divided in five key areas. The first one looks at definitions of local development in Albania coming from primary informants and secondary data. The second identifies the actors who have played a role in local development in Albania during the last twenty-seven years. The third looks at how third sector was established and developed in Albania. The fourth looks at the cooperation between third sector and other development actors with a special focus on the relationship with government units. The last section introduces approaches and contributions of third sector to local development since the fall of Communist regime in 1991.

5.1 The case of Albania

> *'An intriguing aspect of Albanian life during the Hoxha years was the tight control placed upon the society in many areas. All Albanians were required to register with the police if they owned a typewriter. A typing sample produced on every individual machine was kept on file by the police. This enabled the authorities to have the capability to track any person bold enough to circulate anti-Party literature'(O'Donnell, 1999, p. 131).*

The twentieth century in Albania was characterized by major political, economic, and social transformations. However, two are most crucial: the first is the establishment of one of the most rigid communist regimes in the world in 1944 and the second is the transition to democracy in 1992, a transition that continues to this day. Even though Albania is frequently associated with the former communist bloc, its social, economic, and political philosophies during the Communist rule were very peculiar, making it one of the most isolated countries in the world. Throughout the cold war there was very limited information available on Albania.

Established in 1944, the Communist party in Albania had the vision of initially transforming the country from semi-feudal to agrarian-industrial and finally to industrial-agrarian thus putting a strong emphasis on the industrial revolution, in a way reflecting the global development project milestones as explained in Chapter 2. The first two decades of the communist regime registered major improvements, particularly in the construction of infrastructure and industries which resulted in a fourfold increase in industrial production (by the sixties) and improvement of the agricultural products due to the collectivization and new production techniques adopted (Civici, 2012). A major contributor to this was the cooperation with Yugoslavia, followed by that with the Union of Soviet Socialist Republics (USSR) and lastly with China. However, by the end of the seventies due to the strict abidance to the Stalinist ideology and self-reliance, Albania ended all sorts of cooperation with other countries. Any form of trade, travel of both Albanians and foreigners was prohibited by constitutional law.

The Albanian Constitution adopted in 1976 was a major downfall for the country. For example, Articles 16-25 legitimated a centrally planned economy characterized by state ownership of all (i.e. land, minerals, forests, waters, natural resources, factories, plants, banks, communication, transportation means, TV and radio) and adoption of state cooperatives in agriculture. Any type of private property or as called by the regime 'exploitation of man on man' was prohibited. All pricing was determined by the state who led all trade, whereas taxes and tariffs were abolished. Wage equality was the rule on equal job positions, and advancement was stimulated by moral reward. These extreme restrictions proved to be disastrous as in the dawn of the nineties, the country's GDP per capita had dropped to 450 USD, and Albania had one of the lowest productions in the world (Åslund & Sjöberg, 1992, p. 138). The dire economic, political and social situation drove numerous riots in the country, which led to the fall of the system in 1992.

During the post-communist era, a common word utilized to describe Albania has been transition. A transition that started in the early nineties and continues to date lasting longer than anticipated. If most of the former Eastern Bloc countries, namely Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, Slovenia joined the EU in 2004 (Rehn, 2007, p. 4), Albania's road towards the EU has been long and difficult. The country obtained its candidacy status in June 2014 and its membership is conditional, based upon the successful completion as well as embankment into new necessary reforms.

After twenty-seven years, of strong donor and European community, financial and technical support, as well as numerous reforms that have absorbed generous amounts of the national budget, Albania continues to face key development challenges. The latter have been attributed to various causes inter alia, communism legacy, infant democracy, pyramid schemes, political disputes, corruption, lack of national human resources etc. The EU Indicative Strategy Paper on Albania (2014), that sets the priorities of EU financial assistance for the upcoming

years, identifies governance and the rule of law as key challenges for Albania (Indicative Strategy Paper 2014-2020, p.10).

The above context is necessary to understand Albania's position in the overall global development project. Table 3 below highlights some of the major events occurring in Albania as compared to the rest of the world based on the analysis in Chapter 2. As highlighted, in the fifties and sixties Albania is almost aligned with the main approaches to global development. The fifties and sixties were characterized by processes of industrialization and modernization and so was Albania. A major turning point are the seventies. At a time where the rest of the world was opening to processes of globalization the opposite was happening in Albania, as the government ended all types of cooperation with the world, limiting exports, banning foreign investments, loans and any type of aid.

During the eighties, theories of neo-liberalization took the front stage by limiting the role of governments and increasing the role of the markets. In Albania, the opposite prevailed, with the central government dictating prices and strategies. Thus, the seventies and eighties can be considered the dead years of development in Albania, significantly marking the pace of development in the coming years and leading to a long and difficult transition.

Table 4. Development milestones over the years

Timeframe	Development Milestones	Albania's Main transformations
1944 -45 **Institutional/Political**	Breton Woods Conference (44') Creation of the International Bank for Reconstruction and Development (IBRD)	Establishment of Communism Cooperation with the Yugoslav Block established (1944-1948)
Economic	International Monetary Fund (IMF) Creation of United Nations (45') Modernization Theories	Industrialization

1947- 50 **Institutional/Political**	Start of Cold War (47') Marshall Plan (48')	Establishment of cooperation with USSR (1948-61)
Economic	Reconstruction of war devastated Europe Launch of Development project (49')	Industrialization
1960 - 1970 **Economic**	Modernization Theory	Collectivization Industrialization
1970-1980 **Economic/Political**	Globalization	Isolation from all the countries The only Stalinist country among the communist block
1980-1990 **Economic**	Structural Adjustments and rise of Neo-liberalism	Self-reliance Central Planning
1992 **Economic**	Post development era Washington Consensus	Transition to market economy Washington Consensus

5.2. Definition and key developments in local development in Albania

An important aspect of this research is to understand what local development is, particularly in a post-communist and transition economy such as the case of Albania. The desk research, in Chapter 2, concluded that a universal definition of local development is unattainable considering that local development is closely related to elements of context,

geography and time which are diverse and subject to change. However, it also concluded that despite the difficulty in obtaining one single definition there is a consensus that local development is much more than economic development, encompassing social, cultural, political, and environmental elements. This section provides definitions of local development, in the Albanian context, during transition years, obtained through interviews with primary informants as well as consulting key secondary data.

When analyzing local development in Albania the first consideration to be made is that the country does not have a long and uninterrupted history of local autonomy (Human Development Report Albania, 2002; Council of Europe, 2006). The five hundred yearlong Ottoman rule (1385 to 1912) did not encourage local autonomy, which was also the case of the Albanian monarchy (1925-1939), the Italian occupation (1939-1943) (Council of Europe 2006) and as mentioned earlier the Communist regime. The definition of local development in Albania during the communist years is that of a vertical process, with decisions being taken at the top level and implemented locally and very few development actors involved. Despite the Communist party's ideology, that all initiatives were taken for the wellbeing of the Albanian people, the latter did not have a say in developing these interventions. At the dawn of 1992, Albania had banned all local initiatives, participatory processes, or community-based initiatives.

Local development did not take a central place even in post-communist Albania with the establishment of a market economy in 1992. During the first years of transition the central government focused on setting the necessary legislative framework as well as implementing reforms to transform the country into a well-functioning economy and democracy (Human Development Report Albania, 2002). The first prime minister of democratic Albania Mr Alexander Meksi, from 1992 – 1997, in an overview of the transition years in Albania highlights that the government was not required to explore or create new development approaches. In fact, the government undertook the most orthodox reforms of the time i.e. the Washington Consensus. The latter included liberalization, stabilization and fast privatization thus it did not take the institutionalization approach that required as the first step the creation of markets and institutions (Ish-kryeminist, no date, pp. 267, 268).

An important change that occurred in the first years of democracy was the adoption in 1992 of the Law nr.7572, on organizing and functioning of local governance' and Law nr. 7608 'on prefectures' that influenced greatly the administrative and territorial divisions in the country. Based on these laws the country was divided in 12 prefectures, 36 districts, 44 municipalities and 313 communes. Municipalities were led by mayors, communes by the heads of commune both elected by their communities, whereas the head of prefecture was elected by the central Government. Municipalities and communes represented the first tier of governance whereas districts and prefectures the second tier. These laws were also highlighted by primary informants as positive changes towards the political freedom of the local governments.

However, considering the small size of the country this new division increased even further fragmentation.

The newly acquired political freedoms of local units were not parallelly reflected in fiscal and administrative decentralization. Primary informants indicated that during the first years of transition, the role of local governance was very limited. One of the primary informants, working in this field for the last twenty years, indicated that in the early nineties local development was characterized by centrally planned provision of economic and social services because of the socialist inheritance. Another primary informant, a former local government employee, recalls that in those early years local governments mainly focused in meeting the basic needs of the communities such as the provision of water and electricity, food, and distributing foreign aid, considering the rampant rates of poverty particularly in the rural areas. The World Bank Group (2012) describes Albania in the early nineties as *''a weak economy to the brink of collapse (…) and everyday life, as well as public institutions, switched to survival mode''* (The World Bank, 2012, p. 14).

Table 4 below provides an overview of the key traits of decentralization in Albania throughout the transition years. During each of the time intervals below, varying from 6-8 years, decentralization in Albania looks quite different. Starting from very limited responsibilities going towards increased ones and a more collaboratively led process with less fragmented units and more local actors.

Table 5. Local development approaches in Albania

Years	1992-1998	1998 – 2005	2005 – 2013	2013 Onwards
Features				
Type	Delegation	Decentralization	Decentralization	Decentralization
Roles and responsibilities	Limited Responsibilities of LGUs	Increased Responsibilities of Local Government including sole functions, shared functions, and delegated authority	Unclear responsibilities between 1 and 2 tear units	Less Fragmented units
Actors	Fewer Actors	Increased actors	Increased actors	Collaboratively led

When asked about defining local development in Albania, primary informants provided a definition of the 'intended' local development in Albania rather than what it is, or it has been. Informants defined local development in Albania as 'the attempts to make coordinated, efficient,
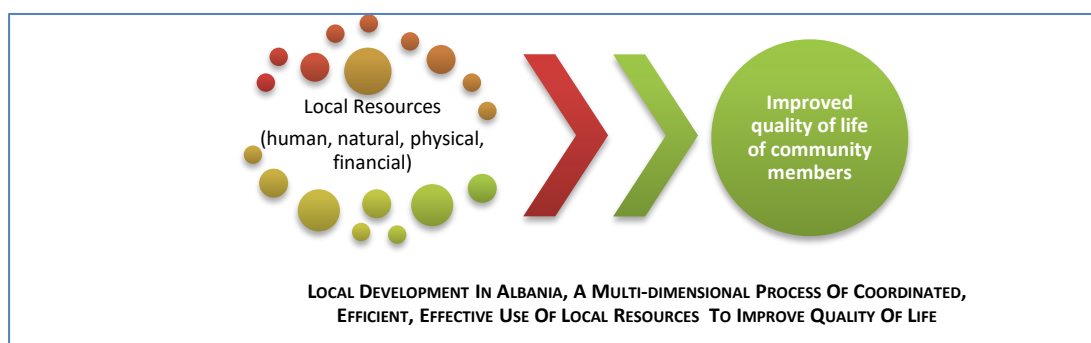

Local Resources (human, natural, physical, financial)

Improved quality of life of community members

LOCAL DEVELOPMENT IN ALBANIA, A MULTI-DIMENSIONAL PROCESS OF COORDINATED, EFFICIENT, EFFECTIVE USE OF LOCAL RESOURCES TO IMPROVE QUALITY OF LIFE

Figure 2. Local development definitions in Albania

and effective use of local resources, to improve local communities' well-being, including economic, social, cultural, political and environmental improvement. Local communities on the other hand were defined as very diverse, from groups of populations living near a small pole of social or economic interest (river, pasture, arable land, small factory, etc.) or at a larger scale community living within a legally-defined administrative territory such as communes or as large as a municipality of several hundred thousand inhabitants or more, comprising cities and villages. Below is a visual presentation of the definition created based on the information from primary informants:

5.3. Key Actors

The number and typology of actors in local development in Albania has increased majorly during the transition years, from limited central government bodies until 1992, to diverse and numerous actors to date. This section analyses in depth the characteristics and roles of actors in local development, starting with the Communist regime (1945 – 1992) and moving to new actors' that have emerged post 1992.

During the communist regime, the central government played the main role in local development, through its five-year development plans. Furthermore, the revised constitution of 1976, introduced some of the most centralized and isolated measures in terms of institutions and individual liberties as compared to the two previous constitutions of 1946 and 1950. For example, the articles 25, 27 and 28 of the 1976 constitution, indicated that the state was to lead and develop the economic and social life through a unique and general plan. The state had the monopoly of any type of external and internal trade; it determined market prices and prohibited any forms of external economic and financial intuitions thus leaving no space to the creation of any actors, internal or external (Constitution of the Republic of Albania, 1976).

At the local level, from 1946 until 1992, the law prohibited individual local development initiatives. Immediately after the World War II, the central government initiated an agrarian

reform expropriating landowner in favor of poor and landless villagers. Soon after, the land was collectivized in state cooperatives to align with the central planning strategy (Civici, Monitor, 2012). An Albanian Labour Party publication of 1982, i.e. Agriculture, indicates the superiority of the collectivization economy, and that under the leadership of the Labour Party, by 1960, almost 83.2 per cent of the land was collectivized and state owned (Agriculture in the Socialist Republic of Albania, 1982). All enterprises were also state owned and central planners determined their operations and strategy. Competition did not exist thus the potential to increase productivity was limited. Any type of private property was prohibited, except owning a bicycle. Third sector was also inexistent as the constitution prohibited any forms of voluntary associations and gatherings as well as religious associations. The latter will be developed more in-depth in section 3 of this chapter.

Figure 7 below depicts actors in local development in Albania, throughout the communist regime. It also illustrates the development process that was vertical, from central government to the communities, with very limited participation of the latter. In fact, central planners dictated not only the economic, political, cultural spheres but also the everyday life of the Albanian people. From academic degrees to professions, wages, housing, food diet, house commodities as well as social life. People had no say and any attempt to withdraw from this centrally planned life was punished with persecution, imprisonment and in some instance's death penalty. Having a special permit to own a television or refrigerator, waiting in long queues to buy basic food such as bread and milk (considering the shortages driven by subsistence economy), wearing the same style of clothes with no reminiscence to western culture, had become a normal way of living for Albanians during the communist regime.
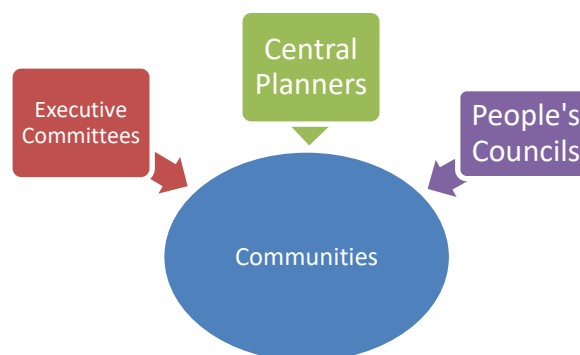
Figure 3. Key players in development in communist Albania

Life was the same for most of the Albanians during communist regime, except the high officials of the Political Bureau (Labor Party) who were the commanding heights, deciding for the rest of the society. Living in the privileged and isolated neighborhood called 'the Block' in the capital they were able to attain the economic and social privileges that almost none of the Albanian society had. A project developed in 2015, Museum of Memories depicts a picture of the daily life of Albanians at the time as following:

"Albania was ranked among the 15 poorest countries in the world in terms of income per capita, and the crisis culminated in the years from 1982 to 1990, when 300,000 families consumed 0.5 kg meat per week, 500.000 families consumed 1 kg of butter per month and 600,000 families cooked in the bathroom due to lack of cooking space (Muzeu i Memories, 2019)

Most of my childhood was spent during the last phase of the communist regime in Albania that as indicated above was one of the poorest decades in Albania. There was very limited food growing up, and people had to fight to get any during their two o'clock in the morning queues. Stores were empty and the only food available was basic from bread, potatoes, at times milk and occasionally meat. Nutrition was at its lowest levels with children having to eat bread and sugar for breakfast and potatoes for most of the meals. During the last years of the dictatorship, the government was obliged to open the state food storages, created in case of a war. Most of Albanians did not own washing machines, refrigerators, heating, or stoves. Electricity shortages were quite common and continued also throughout the transition years. Medicine was limited, and hospitals lacked the necessary equipment to address people's needs. These were some of the major challenges lived in the capital city, the situation in rural areas and small towns was much dire.

In the absence of actors that could eventually help with the crisis, Albanians had to resign to extreme poverty and hardship, until 1992 where the movement of students led to the fall of the communist regime and the establishment of a multi-party democracy that opened the way to the emergence of new actors. In 1992, when Albania embarked in the processes of democracy and market economy had a very limited experience of a bottom up, community based or participatory local development. Post 1992, local development actors increased significantly. Primary informants indicated as main actors driving local development in Albania over the past two decades, besides the central government, to also be the private sector (small and large private business companies), local governments, international donors, international NGOs, local NGOs as well as prominent community members and representatives. Initially the first ones to be established were the local governments followed by donors and international organizations that were supporting the government in key reforms. Later, local third sector organizations started to be present in local development together with the newly emerged private sector. In smaller communities, particularly in rural areas an important role has been

also played by prominent community members. Figure 8 below presents the current actors in local development in Albania.

Figure 4. Current development players in Albania

5.3.1. Public Sector

National Governance

The Albanian Government prior to 1992 did not have an appointee handling local governance issues, the closest to local development issues was a minister of state that dealt with issues related to commune economy. As indicated in the previous chapters, the efforts towards decentralization in Albania started post 1992. In Table 5, I mapped the positions created within the government over the years, targeting decentralization and local development from 1992 to present.

Table 6. Albanian government composition 1993 - 2014

Year	Government	Local Issues	Appointee
1993-1994	Aleksander Meksi	Minister (no portfolio) on issues of local governance	Rexhep Uka
1994-1996	Aleksander Meksi	State secretary for local governance, Ministry of Interior	Njazi Kosovrasti
1996-1997	Aleksander Meksi	State secretary for local governance, Ministry of Interior	Njazi Kosovrasti
1997	Bashkim Fino	None	

1997-1998	Fatos Nano	State secretary for local governance, Ministry of Interior	Lush Përpali
1998-1999	Pandeli Majko	Minister for Local Governance	Arben Demeti
1999-2001	Ilir Meta	Minister for Local Governance	Bashkim Fino
2001-2002	Ilir Meta	Minister for Local Governance and Decentralization	Arben Imami
2002	Pandeli Majko	Minister for Local Governance and Decentralization	Et'hem Ruka
2002-2003	Fatos Nano	None	
2003-2005	Fatos Nano	Minister for Local Governance and Decentralization	Ben Blushi
2005-2009	Sali Berisha	None	
2009-2013	Sali Berisha	None	
2013 -	Edi Rama	Minister of State for Local Issues	Bledi Çuçi,

As indicated in the table above, from 1993 until 1998, the government had appointed a state secretary in charge of local governance. Thus, there was no ministerial position that dealt directly with local issues. At this time, the government was primarily focused on the macro reforms rather than local issues, as also confirmed by primary informants. One of the informants indicated that during this time local development was characterized by unplanned and chaotic provision of services. Key actors of local development were prominent and often wealthier community members and there were limited attempts from third sector to provide more coordinated efforts to development.

The focus on local development increased after 1998 and continued until 2005, as the government appointed a Minister in charge of local governance and decentralization issues. This coincides with Albania's adoption of key legislature on local governance. A main step forward in the decentralization of powers, from central to local level, occurred in 1998 with the adoption of the European Charter of Local Government. Adopted by the EC in 1988, this charter provided more rights to communities and their local governments as well as ensured a greater unity between the member states. This Charter was highly recommended by the European Commission, as a precondition to EU integration, as well as the general public's desire for decentralized local authorities, that were seen as more responsive and transparent as compared to national institutions (Assessment, 2006, p. 23).

From 2005 – 2013 not many changes occurred in local governance and development in Albania. The government did not have any appointee on local governance and decentralization. Issues of local governance and development were included as responsibilities of the Ministry of Interior. Albania's administrative map continued to be fragmented despite the many technical studies, from both national and international experts, that recognized the

inefficiency of these units. In 2013 the country had three hundred seventy-three local government units in a territory of only 2.8 million people and 28,748 km². Many of these units were inefficient and lacking the appropriate capacities (UNDP Albania, 2013). Finally, in 2014, the government appointed a Minister for local issues that conducted a thorough administrative reform reducing the number of local government units to sixty-one (61) and focusing in increasing efficiency at the local level. This was a very important step recognized also by the primary informants.

Local Governance

Administrative divisions and their respective governing bodies have been changing continuously in Albania, during and after the fall of the communist regime. Figure 9 provides a summary of key changes occurred in the administrative divisions and their governing bodies prior to 1992, from 1992 – 2000, from 2000-2014 and 2014 - onwards. Each of them will be elaborated more in depth in the following paragraphs.
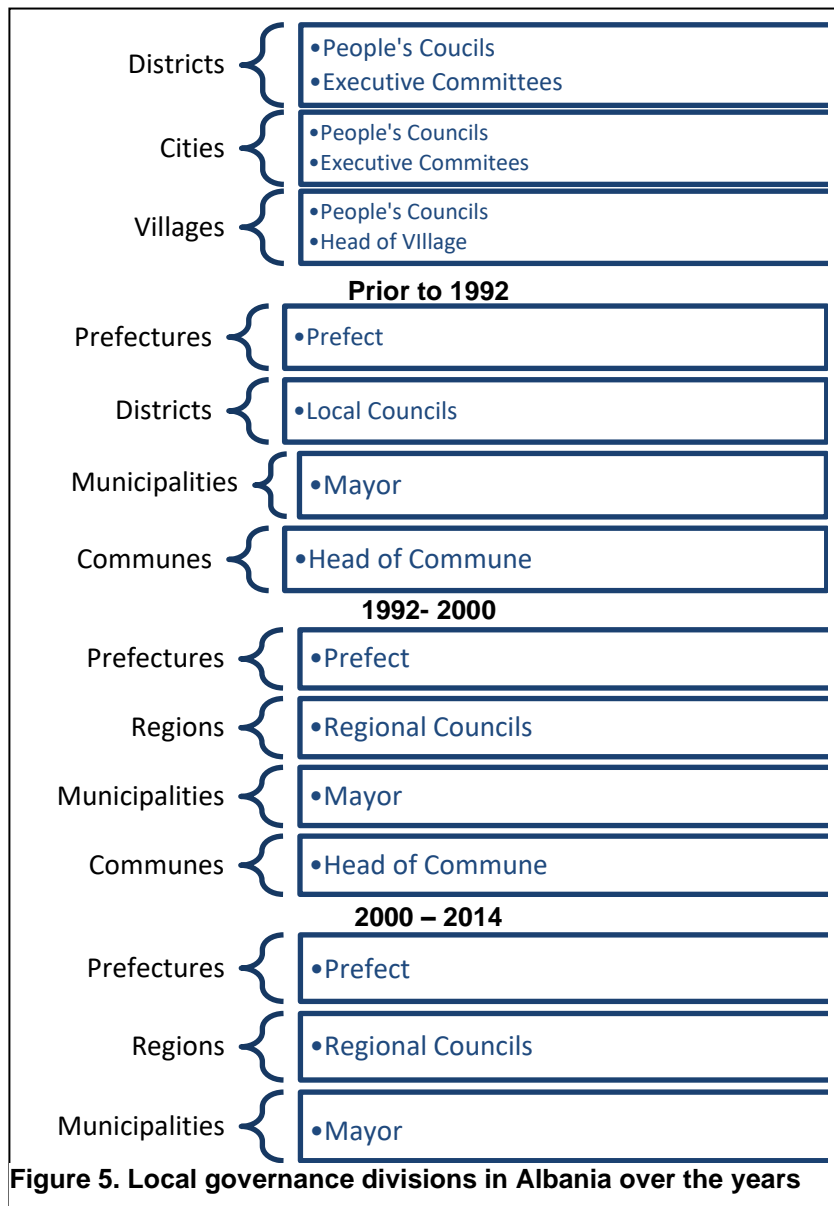

Figure 5. Local governance divisions in Albania over the years

During the communist regime, 1945–1992, even though local government units existed they did not exercise decentralized power as decision making remained with the central government. Based on the Constitution of 1946, the governing bodies at the local level from 1946 – 1991 were people's councils elected every three years by peoples vote. However, the central government created parallel implementing bodies at the local level, such as executive committees, which were dependent on central government thus limiting the power of people's councils.

People's councils exercised powers in administrative divisions such as: villages (fshat), joint villages (fshatra te bashkuar), localities (lokalitete), cities (qytete), districts (rrethe) and regions (qarks). Administrative divisions were subject to continuous changes during the communist regime, both in the type of units and number. For example, if in 1945 the country had 10 prefectures and 61 sub prefectures (municipalities and communes were abolished) by 1990, there were 26 districts, 2848 villages, 67 cities, and 306 city neighborhoods. The most stable administrative units during the communist regime were the districts, whereas the most changes occurred with cities and villages, which number increased greatly, particularly considering that Albania is a small country (Albanian Territorial Reform, 2014). [i]

The on-going decentralization in Albania, as indicated in the literature review, has been slow, with few political and financial resources allocated to local governments. One of the inefficiencies recognized by primary informants was that almost 70% of the municipalities' budget has been directed towards covering their overhead costs. The inability of local government units to support and foster local economic development, to offer services to citizens, the high level of inequality resulting from fiscal decentralization policies, and the lack of human resources have been major obstacles to their efficiency and effectiveness. However, despite these challenges primary informants indicated that in recent years, Albanians feel closer and trust more local government as compared to the central government.

Primary informants indicated that the early 2000 were crucial for local development in Albania as the central government showed willingness to delegate some functions to local governments. The adoption of the Law Nr.8652 dated 31.7.2000 on the Organization and Functioning of Local Government provided concrete decentralized functions to local governments including sole and shared functions. Sole functions given to local governments were infrastructural and services provision related in the areas of social, cultural, and recreational as well as order, civil security, and local development. More detailed responsibilities are indicated in the following table. This law replaced the first law on local governance Nr. 7572 dated 1992 'on the organization and functioning of local governance'.

Table 7. Functions of LGUs in Albania

Functions of Local Governments in Albania from 2000 and onwards **Law Nr.8652 dated 31.7.2000 on Organization and Functioning of Local Government**			
Sole Functions	**Infrastructure and public services:**		Water supply
			Sewerage, drainage systems and flood protection
			Construction, rehabilitation and maintenance of local roads, sidewalks, squares
			Public spaces illumination
			Functioning of urban public transportation
			Administration of cemeteries and funeral services
			Decoration services
			Parks, public spaces and green areas administration
			Collection and recycling of waste
			Urban planning, land management and housing
	Social, cultural and recreational		Preservation and development of local historical and cultural assets, organization of activities and administration of responsible institutions
			Organisation of recreational activities and administration of responsible institutions
			Social services and administration of nurseries, orphanages amd senior houses
	economic **Local development**		Drafting local economic development Programmes
			Setting up and functioning of public markets and trade networks
			Small business development and promotion through fairs and publicity
			Support local economic development through information and other structures
			Veterinary services.
			Protection and development of local forests, pastures and natural resources
	Civil security		Public order.
			Civil protection
Shared functions.	**Health and**		Pre-university education
			Primary health care and public health protection
			Social assistance and poverty reduction.

		Public order and civil protection
		Environmental protection
Delegated Function		Any functions delegated by the central government

Most of the primary informants indicated that during these years there were many, and often differing, approaches to local development explored and not always successful. They also indicated that most of the changes in local governance remained mostly 'de juro' rather than implemented. The long transition period and strong political influences were considered as main factors to hindering local development in Albania. In fact, when asked to define local development primary informants were inclined to provide a definition of what local development should be rather than what it has been. One of the primary informants, who has been working closely with local government units over the past twenty years, defined local development in Albania as being in transition due to delays in decentralization and unclear division of powers among regional and local authorities. During the transition years there was a noticeable shift from central government and community members led local development towards a more local government and third sector led. Main changes have also occurred in the process of local development that has been transformed from a top – down to a more of collaboratively led process.

5.3.2. Other actors in local development in Albania

International Donors

International donors have played a key role in development in Albania. However, their global development priorities have dictated development strategies of both governmental and non-governmental actors in Albania and by doing so at times they have overlooked national and much more so local priorities. According to Vurmo (2013):

> '*most foreign donors present in Albania design their multiyear strategies based on their priorities for Albania (or WB region). Accordingly, the strategy design process goes in the direction of "integrating Albania's priorities" under a "given thematic area" (e.g. environment, human rights, anti-trafficking etc.) into the donor's "plans for intervention" rather than vice versa. The chances of "designing an intervention plan on the basis of local priorities" are even lower when the donor's intervention strategy is designed at regional level.* (Vurmo, 2013, p. 13)'

This emphasis on donor's priorities is also emphasized in the report developed by USAID on CSO sustainability index. For example one of the most recent ones in 2017 indicates that *''even though the services offered by CSOs reflect the needs of their constituencies, which are identified through needs assessments, CSOs are highly dependent on donors and must meet their priorities as well''* (USAID, 2017, p. 19).

Looking at historical data from OECD, Albania's first donor contribution, registered as Official Development Assistance (ODA), dates 1988. Defined for the first time in 1969, ODA has been an important measure for the contributions of donor governments and their respective agencies to developing countries. ODA is:

''provided by official agencies, including state and local governments, or by their executive agencies; and each transaction of which: a) is administered with the promotion of the economic development and welfare of developing countries as its main objective and b) is concessional in character and conveys a grant element of at least 25 per cent.'' (Oda, 2008, p. 1).

As illustrated in the Figure below, the lowest levels of ODA in Albania have been in 1988, 1989, 1990, 1994, 1997 ranging from USD 5.5 million to USD 168.1 million whereas the highest result in 1999, 1992, 2011, 2010, 2008 ranging from USD 488.1 million to 363.2 million. The highest ODA flow, 1999 coincides with the humanitarian crisis in Kosovo and in 1992 with the establishment of democracy and market economy in the country.
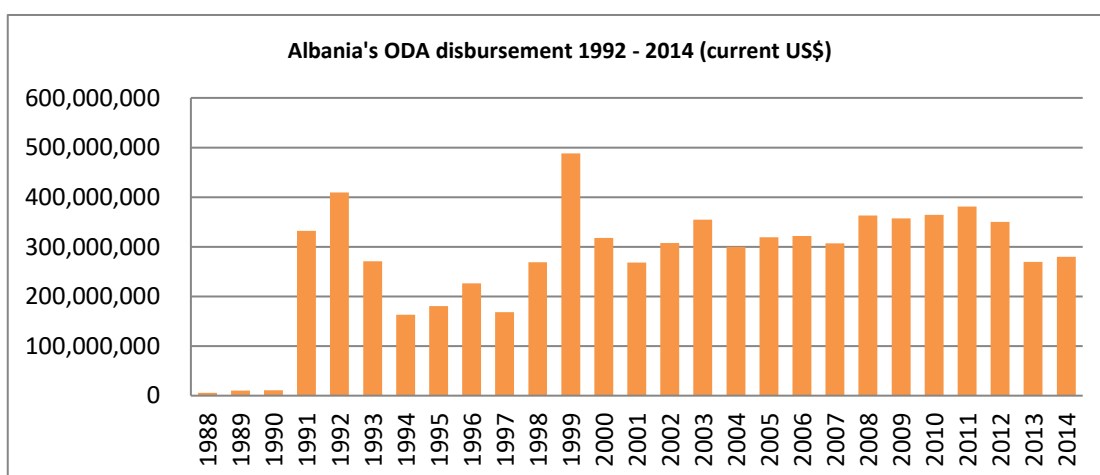
Figure 6. Albania ODA disbursements 1992 – 2014: OECD Dataset: Aid (ODA) disbursements to countries and regions [DAC2a]

If compared to other countries in the region, Western Balkans, i.e. Bosnia and Herzegovina, Croatia, and Macedonia (FYROM), Albania is the second highest recipient, after Bosnia and Herzegovina. Albania was one of the first countries in the region to receive ODA followed by Bosnia and Herzegovina, Croatia and Macedonia. After 2001, ODA in Albania did not have major fluctuations and on average Albania has received USD 273.9 million per year.
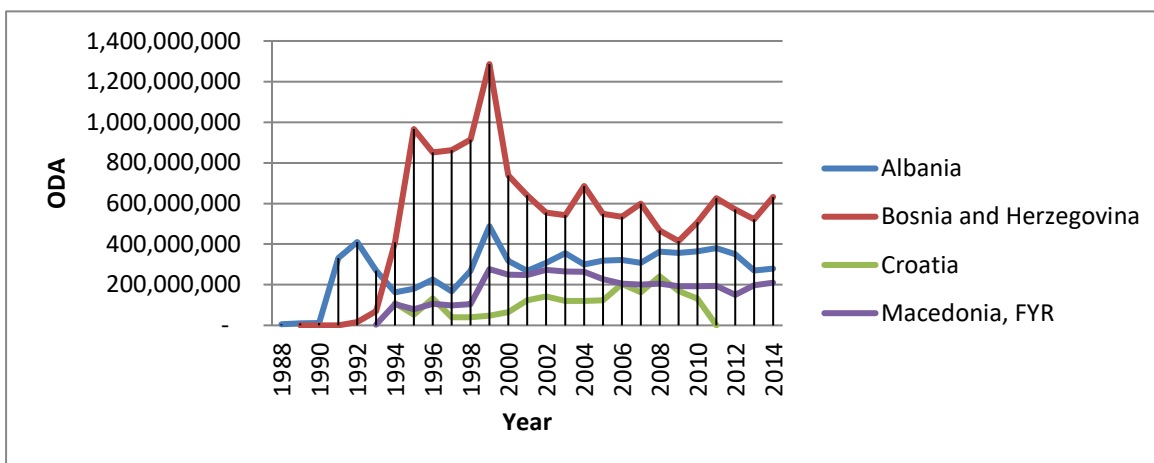
Figure 7. Disbursement of ODA in the Balkans [DAC2a]

The largest donor to Albania from 1992 to 2014 has been the EU, followed by Italy, Germany, US, and Greece. In 1992, the top five donors were EU, Italy, US, Turkey, and Germany. In 1999, EU, Italy, Greece, US, and Germany and in 2014, EU, Turkey, Germany, Italy and Switzerland. Therefore, key donors have remained the same during the last twenty-five years.
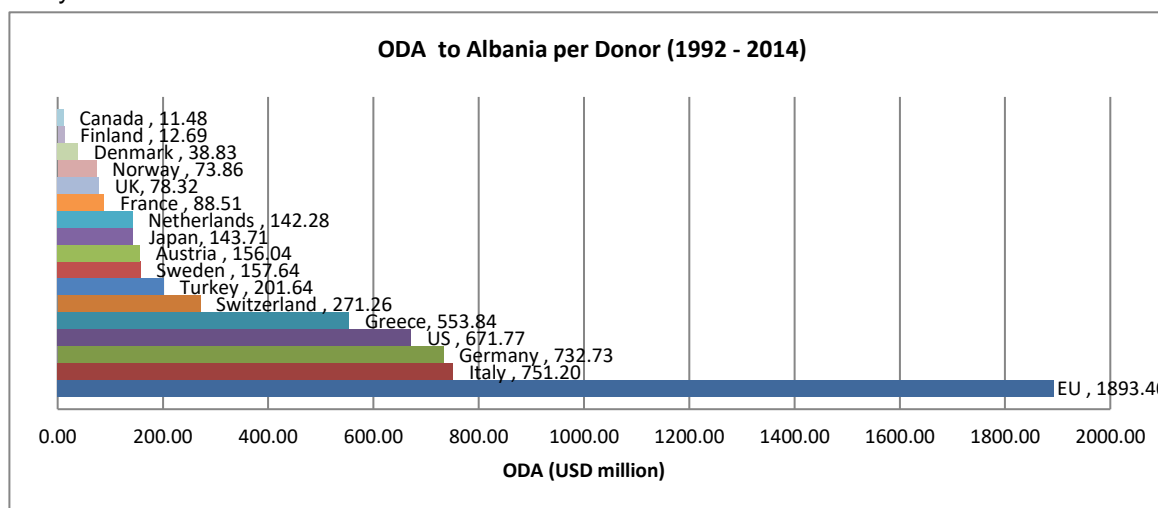
Figure 8. ODA to Albania by donors: OECD Dataset: Aid (ODA) disbursements to countries and regions [DAC2a

However, the difficulty with the ODA data is related to determining the flows of donor funding directed towards local development. In a database created by the Department of Strategy and Donor Coordination (DSDC), a department within the Council of Ministers operative from 2006 – 2013, I was able to find a list of donors, their amount disbursed, and territories of focus. Despite the limitations of this database, as some data is missing, this information was important to understand how much of the funds were channeled at the local level as compared to the national, as well as trends of funds over the years.

One of the findings from the data I analyzed was that the overall donor funding directed towards local development over the years was at 25% whereas the rest 75% was directed towards national level initiatives. The graph below depicts international donor's disbursement to local projects over the years, from 1992 until 2014. As shown in the graph, the years with lowest donor disbursement in local development in Albania were: 1992, 1993, 1994, 1999, 2013, with 1999 having no record of disbursement. This reconfirms the above analysis as the year, 1992 – 1994, were the years that the focus was given to national interventions. Whereas the highest disbursement recorded in terms of local development were during 2003, 2005, 2007, 2011 and 2012, with the highest recorded in 2011. The graph also indicates increasing trends from 2000-2003 which as discussed earlier are the years when more focus was shifted towards local development. Based on the database from DSDC the total value of disbursements towards regional and local projects reached USD 722.6 million.
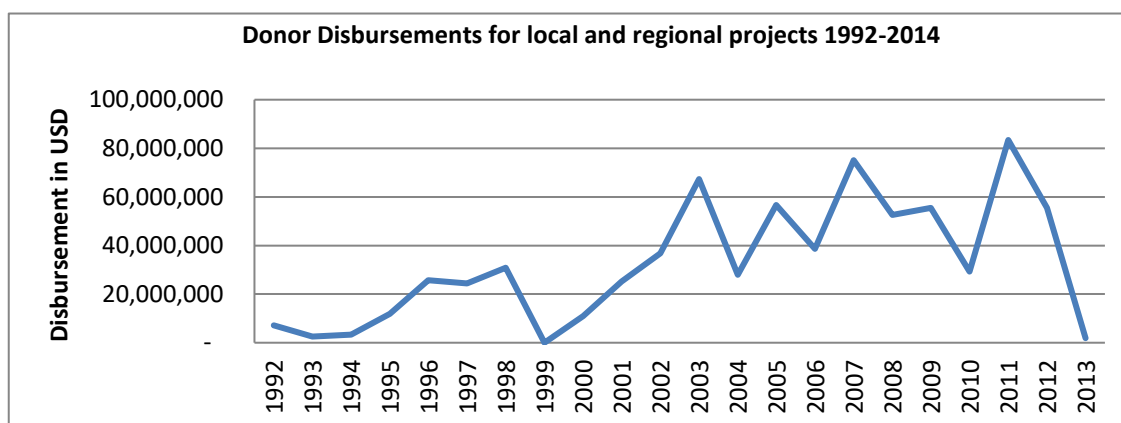
Figure 9. Donor's disbursement in local and regional development in Albania

The Government of Italy has been one of the first donors and biggest donors to Albania. The Italian Development Cooperation, which is the Government of Italy executing agency for development, identifies development priorities and approaches in Albania based on key periods. The latter include 1991-1993, where the focus was fulfilling the basic needs of the population through food and commodity aid. The next period is 1993-1997, where the focus was to support the Albanian Government in designing and implementing structural reforms. From 1997-1999, the focus shifted from development to humanitarian aid, due to the collapse of Ponzi schemes

and the humanitarian crisis in Kosovo. The period 2000-2010 was characterized by the support of strategic development sectors based on Albanian government priorities (i.e. energy, transport, health, education etc.) and the last one 2010-onwards where the focus has been the support of the EU integration process that includes decentralization (Italian Cooperation Albania, 2017).

Table 8. Italian Cooperation approach to development in Albania

Italian Development Cooperation Approach to Development in Albania				
1991- 1993	**1993-1997**	**1997-1999**	**2000-2010**	**2010-onwards**
Aid to fulfil basic needs	Support Albanian Government in Structural Reforms	Aid to overcome financial collapse and humanitarian crisis in Kosovo	Support the Albanian Government in key sectors	Support the Albanian Government in the EU integration process
			Local development Increased capacities of local authorities to improve service delivery and improved cooperation with civil society by employing Italian NGOs and regions as executers	

The Italian Development Cooperation in Albania lists as key contributions to the development of Albania, the promotion of decentralization that gained momentum after 2000. Their approach has been employing Italian non-governmental organizations as executing agencies and building capacities of local governments and third sector throughout the Albanian territory. For example, by 2008, 30 Italian NGOs operated in Albania focusing on increasing capacities of local authorities to deliver services but also improve their collaboration with the third sector. The sectorial focus in local development has mainly been in agriculture, rural development, health and social inclusion. The objective of these initiatives has been increased wellbeing through activities that valorize local resources, support social policies, improve basic services, education, human rights and equality (Italian Cooperation Albania, 2017).

The United States, through their United States Agency for International Development (USAID), has been one of the biggest and most active donors in Albania since 1991. As in the case of Italian Development Cooperation, in the first years of democracy, 1991-1993, the focus was overcoming the economic collapse after the fall of the communist regime through food and medical aid. During, 1993-1996, it shifted towards economic restructuring (agriculture, financial and private sector), fostering democracy (support to parliament, citizens groups, academia, media, legal and judicial reform) and social reforms (health, with emphasis on family planning). The collapse of the financial schemes in 1997, reemphasized the focus on fostering democracy and governance During 1998 to 2002, the four key development priorities remained economic restructuring, democracy building and social sustainability with a greater focus on restoration of order and stability. Since then, USAID has been primarily working with the private sector as well as the Government of Albania in 1) strengthening institutions and 2) sustaining economic growth ('STRATEGIC PLAN', 2002, p. 16).

With regards to local development, USAID has provided support since 1992, initially through a housing assistance project. Other areas of focus in the early years have been municipal services, land use planning, infrastructure development, particularly stressing the role of public-private partnerships ('STRATEGIC PLAN', 2002). USAID in Albania has considered the efforts *''to decentralize government services, resources and accountability as one of the major and most important USAID-supported reforms in Albania''*(Development and Strategy, 2015, p. 14). Over time the approach undertaken by USAID has become more holistic, focusing on creating institutional, functional, technical, and strategic capacities of local governance. USAID has assisted the Government of Albania in assessments of local governance capacities to ensure a fair distribution of resources, supported in the development of necessary legislative framework that reflects international standards, completion of taxation and fiscal decentralization, improving local service provision, carrying out territorial planning and reinforcing mechanisms of citizen participation.

United States Agency for Development (USAID) Approach to Development in Albania				
1991 – 1993	1993-1996	1997	1998-2002	2011- onwards
Humanitarian Aid (food aid and medicines)	Economic restructuring Fostering democracy Social reforms	Fostering democracy	Economic restructuring, Democracy building Social sustainability Restoration of order and stability	Strengthening rule of law Increase local government capacities Increase business competitiveness
Local development: Municipal services, land use planning, infrastructure development, emphasizing heavily the role of public-private partnerships			**Local development** Supporting effective decentralization; improving local governance, improving management of local services and planning; and managing urban and regional growth.	

Table 9. USAID approach to development in Albania

A key development actor in Albania is the European Union, through its politically independent executive arm the European Commission (EC). Established in 1958, the EC *''promotes the general interest of the EU by proposing and enforcing legislation as well as by implementing policies and the EU budget''* (European Union, 2019). In Albania, the EC has helped since 1991 and as indicated in the table below it has been the biggest bilateral donor in the last twenty-five years. The table below, highlights EC assistance priorities focus in Albania, which as seen has changed over the course of years.

Table 10. EU development priorities in Albania

Years	Features
1991 -1993	Phare Assistance Emergency and food aid
1994- 1996	Phare Assistance Support to Economic Reforms
1997	Phare Assistance Establishment of rule of law

	Development of basic infrastructure
1998 – 2000	Phare Assistance
	Public Administration reform
	Food Security/Food Aid for the Kosovo crisis
2001- 2004	CARDS programme:
	Justice and Home Affairs
	Economic and Social Development
	Administrative Capacity Building
	Democratic Stabilisation
2005 – 2006	European Partnership priorities also context priorities:
	Good Governance and Institution Building
	Economic and Social Development
	Democratic Stabilization
	Opening of Community Programmes
2007 – 2013	IPA I:
	Assistance for transition and institution building
	Cross-border cooperation (with EU Member States and other countries eligible for IPA)
	Regional development (transport, environment, regional and economic development)
	Human resources (strengthening human capital and combating exclusion)
	Rural development
Sources	EC Albania 2005 Progress Report
	EC Albania Country Strategy Paper 2002-2006

As in the case of the other two donors analyzed earlier, USAID and the Italian Cooperation in the early years of democracy, 1991 – 1993, the EC focused on emergency food and aid. Similarities are also found in following years, 1994 -1996, where assistance was directed mostly towards key economic reforms that Government embarked and in 1997 the focus was the establishment of rule of law after the collapse of Ponzi financial schemes and dealing with immigration flows from the nearby Kosovo. The funding from 1991 – 2000 was

given in the framework of the Phare instrument, which was an instrument to assist the countries of Central and Eastern Europe join the EU.

In 2001, the Phare programme was substituted with a new assistance instrument, namely the Community Assistance for Reconstruction, Development, and Stabilization (CARDS). The latter comprised other Western Balkans countries such as Bosnia and Herzegovina, Federal Republic of Yugoslavia, the Former Yugoslav Republic of Macedonia, and Croatia. An ex post evaluation of the CARDS programme in 2013, recognized its effectiveness, particularly in the early years, in creating the necessary infrastructure, responding to emergency and reconstruction needs, establishment of new institutions, strengthening legislation framework for economic development however lacking focus and links with specific national objectives in the latter years (Of and Programmes, 2013, p. 5). The key areas of the CARDS programme as indicated above were justice and home affairs, economic and social development, administrative capacity building, democratic stabilisation, good governance and institution building and opening of community programmes.

In 2007 – 2013, the Instrument for Pre-Accession Assistance (IPA) substituted the CARDS programme. Among the five areas of focus of the IPA 2007-2013, as indicated in the table 4, were regional development (transport, environment, regional and economic development) and rural development (European Commission, 2017). This new instrument indicated an increased focus towards regional and local development coinciding with some key steps that the Albanian Government undertook in those years such as developing crosscutting strategy on regional development, draft law on regional development and creating a national partnership council for regional development.

As seen in Figure 14, during the first ten years of transition the key focus was infrastructure i.e. transport (25%) followed by balance of payments (17%), humanitarian aid (11%), public administration reform (10%), and agriculture (8%) etc., whereas community development stands at 4% (Consultancy and Strategies, 2001).
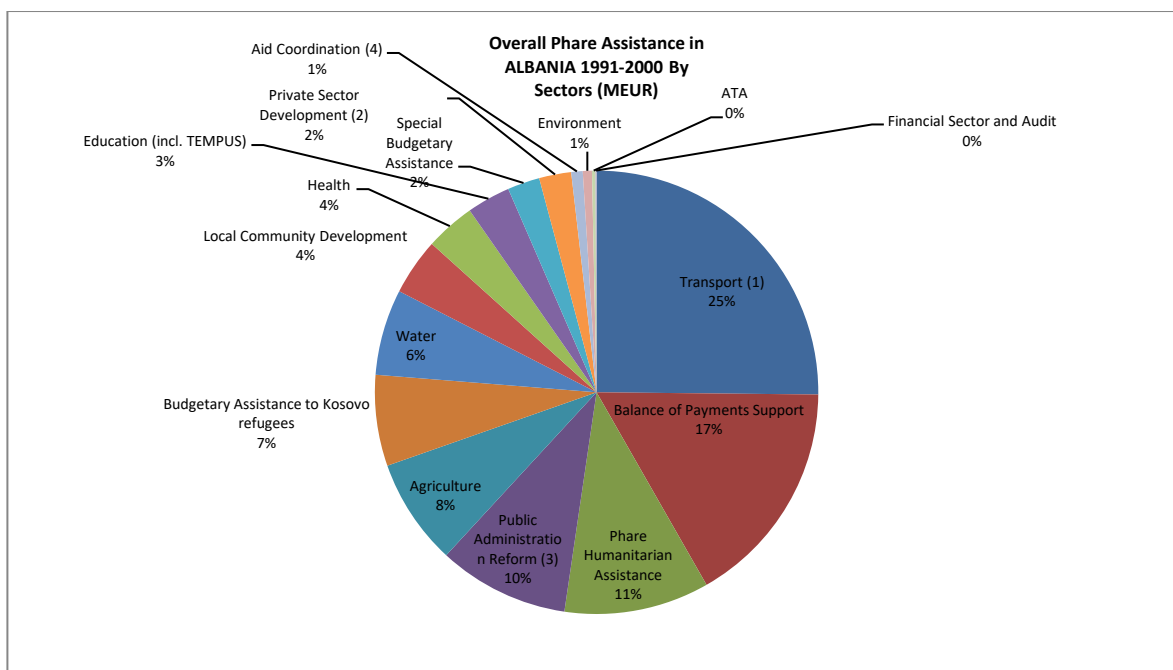
Figure 10. PHARE programme assistance in Albania

An interesting observation from this analysis is that despite the large investments in transportation, agriculture and water, the implementation of infrastructural projects was poor, mostly due to lack of a strategy in each sector, thus yielding a low economic development impact. The support given to civil society and NGOs during this period was limited. Third sector was considered fragmented and incapable of playing a strategic role in influencing the government, however it was recognized that if strengthened it could play a crucial role in increased impact of EU programmes.

Whereas local community development channeled through the Albanian Development Fund was considered successful. The Albanian Development Fund a nongovernmental organization, created in the framework of a World Bank programme focused in infrastructure development i.e. construction of roads and bridges. However sustainability of the projects was considered difficult considering the absence of maintenance of infrastructure from the local governments (Consultancy and Strategies, 2001).

Another observation looking at the data on overall Phare assistance to Albania 1991-2000, is that assistance in local community development started in 1995 at Euro 8.5 million, following in 1997 with Euro 5 million, 1998 with Euro 3 million and reached a high in 1999 at Euro 9.7 million. Looking at EC reports on Albania in the following years the situation depicted for local development does not improve. For example, the EC progress report in 2003 indicates that local governments despite being given more responsibilities were lacking the necessary human resources and finances to succeed in the decentralization process.

In 2011, the EC Albania Progress report with regards to the local government indicates that an obstacle to the decentralization process has been the difficult relationship between the opposition led local government units and the central government, but also the limited

administrative capacities existed at the local level, one of them being in tax management. One of the latest progress reports that of 2015, while recognizing a higher level of consultations with
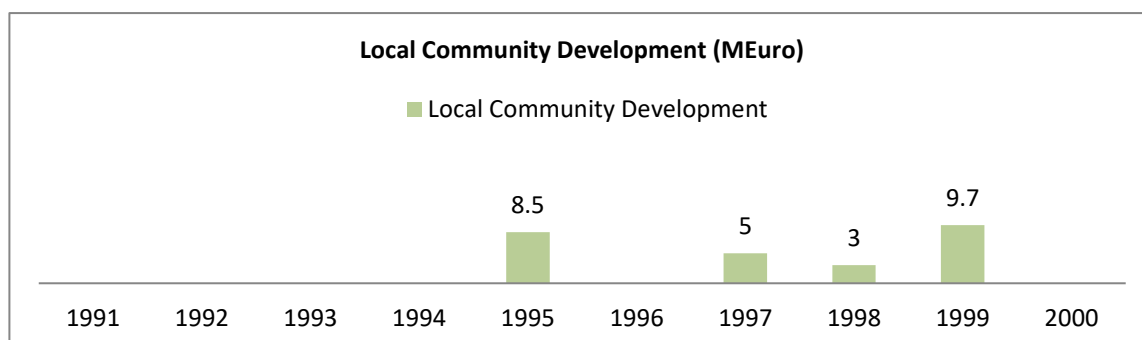
Local Community Development (MEuro)

◼ Local Community Development

Figure 11. EC disbursements to local development in Albania

the third sector it reaffirms that the latter remains fragmented and overly donor dependent.

The United Nations Development Prorgamme started its work in Albania in 1991. Working alongside the Albanian Government, third sector and businesses one of the key areas of focus over the years has been regional and local development, which is as well one of the strategic themes of UNDP globally. As in the case of donors, during the first decade of the transition, UNDP in Albania focused mainly in assisting the government in establishing and reinforcing democratic institutions as well as achieving key national objectives. From 2000 and onwards the focus on local development increased, particularly after 2006 as Albania signed the Stabilization and Association Agreement with the EU. An independent evaluation of UNDP work in Albania (2015) indicates that in 2008, regional and local development in Albania became the centre of a triangular agreement between the Albanian government, EC and UNDP (Ownership *et al.*, no date, p. 31). The two key areas of focus have been decentralization and local development.

A key project during those years, indicated by primary informants was the Integrated Support to Decentralization (ISD) funded by EC and implemented by UNDP, in partnership with numerous ministries, local governments and key donors. ISD was designed to assist the Government of Albania in establishing the necessary structures to manage the EU assistance. Implemented from 2008-2012, main objective was*: ''establishing and consolidating a national regional development policy as well as prepare the relevant government institutions to coordinate, manage and programme IPA III in the framework of EU regional development perspective''*(UNDP Albania, 2017). Despite the achievements in capacity building and trainings at national and regional level, rehabilitation and constructions in education, health, and transportation as well as various studies the project could not finalize a draft law on regional development. This has been one of the key challenges identified by both primary informants and secondary literature with regards to regional development: the absence of a legal framework that defines the development responsibilities and roles of regional actors as well as the lack of alignment between national, regional and local strategies (Human Development Promotion Center, 2002).

World Bank (WB) established relations with Albania in 1991. Within its assistance focused on rural development, infrastructure, housing projects, of interest was also decentralization and local governance. A WB working paper in 1994, on Fiscal Decentralization and Intergovernmental Finances in the Republic of Albania, recognizes that Albania was in the path towards autonomous local government which was considered as a natural response to the forty-five years of over-centralization but also the necessity to increase efficiency in service provision. Despite recognizing the steps undertaken by the government in adopting key legislation, including the Law on Organization and Functioning of the Local Government, the key weaknesses identified at the time were the vague division of powers between the central and local level as well as the incongruity between the increased responsibilities at local level and the finances made available (The World Bank, 1994). These two weaknesses, identified in those early years, will prevail for most of the Albania's transition years.

Almost ten years after, the WB issued another working paper on decentralization in Albania i.e. Albania, Decentralization in Transition, indicating that despite the introduction of regulations in favor of local autonomy, throughout nineties, local governments had insignificant administrative and fiscal autonomy. Local units continued to deal mostly with public service delivery (mainly utilities) and had insignificant and uncertain revenues. Social sectors such as education and health continued to be highly centralized. The steps forward recognized towards local autonomy identified was the drafting of the strategy on decentralization and the adoption of the Charter for Local Autonomy as well as the law on administrative territorial division in late nineties and early 2000 (The World Bank, 2004, p. 8).

The World Bank includes Albania among groups of countries such as Uganda, Peru, the Russian Federation that undertook the route **'fits and starts'** where decentralization happened gradually, characterized by stops and reverses in the process. Besides the lack of necessary finances, ambiguity in the division of responsibilities among various levels of governance, at times exacerbated also by agencies such as the Bank itself by creating parallel institutions for development at local level, a prevalent issue recognized over the years has also been the proliferation of local units. Driven from political reasons, the latter has led to increased administrative cost at the expense of local service delivery However, a key contribution of the WB has also been the development of a formula for the transfer unconditional funds from the central to local governments in Albania (Evaluation and Support, 2008, pp. 5, 32, 38, 39).

Conclusions on donor assistance in local development in Albania

The sections above looked at Albania's major bilateral donors throughout the transition years. As discussed earlier their funding to Albania has followed similar patterns, from initially focusing on major political and social reforms, to then supporting overcome main economic crisis of 1997, to fostering democracy and building institutions and lately integrating in the EU. It was clear that the support from donors, in terms of local development and decentralization, increased

particularly at the end of the nineties. All these donors recognize that despite the initial great expectations, on fast decentralization considering the communist past that had proven that centralized development could be disastrous, the process has been slow, characterized by many stops and reverses. Despite increased functions, local units have suffered from unclear division of responsibilities with other national government units, high administrative costs, lack of capabilities and resources.

5.3.3. Private Sector

While the public-private partnership model was successfully tested in advancing local development in the global north, attention to these type of partnerships in developing countries has been given only recently. In the field of global development, the lack of focus on private public partnerships came because of prevailing reservations that the private sector is more interested in the advancement of its own interests rather than that of the public. However, emerging effective models of public-private partnerships in developed countries coupled with diminishing aid assistance, as a result of global economic crisis, led to increased attention on this type of partnerships during the last decade (Petkoski and Jarvis, 2005; Center for Economic Development, 2013). Whilst the Accra Declaration in 2008 stressed the important role of third sector in development, the Busan Forum in 2011, highlighted the role of private sector in global development, recognizing that the latter is a driver of innovation, mobilizing local resources, job creation and overall improved living conditions for people (Center for Economic Development, 2013). The most recent agenda for financing development Addis Ababa Action Agenda of the Third International Conference on Financing for Development in 2015, also reconfirmed the need to unleash the potential that exists within the private sector for the benefit of sustainable development, social inclusion and environmental sustainability.

Albania is a peculiar case as relates to the private sector, as the country does not have a long history of private sector let alone its involvement of the latter in local development processes. As indicated in the beginning of this chapter, with the establishment of the communist regime any private property and privately-run activities were prohibited by constitution. The private sector reemerged only after 1992. Following that, during 1993-1996, *''there was impressive growth in the private sector, which led to a substantial rise in the GDP of about 13%''*. The private sector, almost non- existent up to the year 1990, turned into the main contributor to the GDP with about 75% in 1996 (Human Development report Albania 2002, p 21). The reinforcement of private sector in Albania also continued after 1998 as investments in transportation infrastructure, connecting the less developed areas with main cities increased which was also due to a more stabilized political milieu (The World Bank, 2012). The increased GDP in Albania however was not translated in improved living standards for local populations as the private sector growth was not embedded in local strategies developed by the public sector. This tendency has been also prevalent in other countries where regional and local

governments have mostly attempted to fix the market failures rather than involving the private sector since the first steps of local planning.

During the interviews with key informants an emerging issue was the role of key businesses in local development. Key players identified were Konfindustria, a voluntary gathering of various Albanian businesses established in 2005. Their role was seen crucial in lobbying for local businesses both with the local and national governments. Another player mentioned was the Chamber of Commerce, which role was important in building partnerships among business community and governments at local level. Primary informants also indicated that Local Economic Development Agencies that emerged in early 2000 in Albania were catalysts in engaging the private sector in the processes of strategic regional and local planning. Despite contributions in increased growth during the transition period, a strategic role of the private sector was only identified in the late 2000 as the partnerships between the public and the private sector become more widely recognized and institutionalized.

5.4. Third sector

In Albania primary informants confirmed that third sector in post-communist Albania grew and developed as a response of the public sector's inability to tackle social issues. In Albania terms such as civil society, non-governmental and non-for-profit organizations have been used interchangeably. For this research I decided to use the term third sector as the latter is wider, encompassing all organizations that are not clustered in the first two sectors. The term third sector, as indicated above, allows for a much wider selection of case study organizations.

One of the first considerations that needs to be made when studying third sector in Albania is that research is limited, both historical and contemporary (IDM, 2010, p.7). This is because third sector in Albania is a relatively new sector developed in the early nineties. Prior to the establishment of the communist regime there had been attempts (IDM, 2010), as captured in one of the very few studies in regards i.e. a Historical View of the Development of Philanthropy in Albania (2011). The latter highlights some of the sporadic initiatives, date back to the pre-Ottoman rule (pre - 1385) such as the Franciscan order initiatives that focused in advancing education and poverty alleviation. Charity initiatives were also present during the Ottoman rule (1385-1912), led mostly by wealthy individuals and focusing on education.

Charity and philanthropy became more prevalent in Albania at the end of the nineteenth century and the first two decades of the twentieth century, with the weakening of the Ottoman rule. At this particular time, third sector was dominated by the Albanian diaspora, and the focus was the development and modernization of Albania, with education maintaining the flagship (Hoxha 2011, p.2). The contribution of the third sector at the time was the development of school infrastructures, curricula, and teaching. This was crucial, considering that the newly established Albanian government was too weak to deal with the many social issues prevalent

in a severely underdeveloped Albania. In 1944, for example almost 80% of the population was illiterate, with women making 90% of this group (Kola, 2014, p. 424). According to Hoxha (2011), the Albanian diaspora created societies that provided services in the regions and municipalities, therefore having a stronger focus on local development.

However, this newly developed culture of voluntary associations in Albania was shortly lived as it disappeared completely during the following half century dictatorship. During the communist rule, civic leaders were persecuted, associations were eliminated, and the religion ban endorsed in 1967 removed any hope of civil society (Åslund & Sjöberg, 1992, p. 136). The Albanian Constitution, as per Article 28, prohibited the creation of associations and other economic institutions, foreign or joint, as well as any type of foreign lending. All the educational and cultural life was led and directed by the state based on the Marxism-Leninist ideology. If in other communist countries the religious community could still play the role of third sector this was not the case in Albania.

In the early nineties in Albania, as it was the case of other countries experiencing totalitarian systems, the change came from citizen's movements. Hermoso & Luca for example, highlight the case of Poland, East Germany and the Philippines where *''citizen led demonstrations strengthened the claim for a stronger role for civil society in bringing about peaceful and substantial change''* (Hermoso & Luca 2016, p.319). The first movements in Albania started with student's protests in 1990. After almost half a century of complete absence of any type of civic gathering, Albanian students faced with extremely difficult living conditions, from lack of electricity and food, started to protest not only for better living conditions but also for the country's openness to the rest of the world.

Albania in 1990, was Europe's poorest nation, with a GDP/per capita of USD 450, among world's poorest thirty two, which was the result of centuries of underdevelopment and isolation (Zickel and Iwaskiw, 1994, p. 103). Despite the complete isolation, and prohibition of any foreign influence, Albanians were aware of a better life that existed beyond borders. With the key mantra 'We want Albania to be as the rest of Europe', the Albanian student movement of December 1990, led to concrete outcomes among which were the first pluralistic elections in the country in 1991, the creation of the first opposition party as well as establishment of the first free media in the country. These were the first septs towards the creation of a third sector in the country.

The first third sector entity registered in Albania, after the fall of the communist rule, was the Forum for the Defense of Human Rights and Fundamental Freedoms (Reuters 1991, IDM 2010). Led by prominent intellectuals in the country, the Forum focused mainly on the release of political prisoners and the people who were persecuted by the regime. At the time, besides rampant poverty, human rights violations were one of the most pressing issues. The political sentences were based on an infamous article in the Albanian constitution, the article

55, on 'Agitation and propaganda against the state' that meant that expressing any opinions against the regime could lead to imprisonment or even death penalty. The organization is still functioning to date and continues to work with minority and prisoners' rights as well as local autonomy.

The first nongovernmental organizations to operate regionally in Albania were established in 1993, through a European Union funded programme. These were seven Regional Business Agencies (RBA) which focus was small and medium enterprise support mainly through capacity building (Xhillari, Çabiri, & Frangu, 2008, p. 14 - 48). These seven regional business agencies changed their mundus operandi in 1998 to be able to access more donor funding becoming non-governmental agencies and changed their names to regional development agencies. The OECD and EBRD Enterprise Policy Performance Assessment (EPPA) for Albania in 2004, indicates that besides the seven regional development agencies mentioned above, two others were created by the United Nations, i.e. the Local Development Agency of Vlora (AULEDA) and the Local Economic Development Agency of Shkodra (TEULEDA) and one other created by GIZ. These ten regional development agencies operated as non-governmental and non-for-profit agencies but that could charge fees for their services to cover their operations. However, this type of financing remained limited, considering the inability of the small and medium businesses to pay, covering only a third of their cost thus these agencies income continued to be donor dependent. These agencies focused on local economic development putting a strong emphasis on small and medium size business support services, particularly start-ups (OECD, 2004). The other third sector organizations created were those focused on issues of women. The first one with a local focus was the Women Forum in Elbasan. Despite the increased numbers over the years, third sector organizations continued to be located in the capital city and were largely donor dependent (European Commission, 2008).

According to a recent USAID study, the size, and data on third sector in Albania remains unknown to the public. This study indicates that ''there are around 12,000 CSOs including associations, foundations, and centers— registered in the Tirana Court of First Instance. However, the total number of active CSOs registered with the tax authorities is just 3,724'' (USAID, 2017, p. 16). The sector continues to have limited and superficial media exposure, whereas the public and private sector continue to ''harbor negative perceptions of CSOs as "grant-eaters" and promoters of political agendas'' (USAID, 2017, p. 21). When looking at the legal framework, the sector benefits very little from tax breaks both at corporate and individual level that feeds to these organizations ability to fundraise from the public. To register and change their statues, all organizations must do so in the capital city which remains a barrier for small and local TSOs. A positive change observed in the recent years is that some of the donor funding has started to be channeled from large and capital based Albanian TSOs to local small TSOs. This has been driven by donor requirement which shows for the first time a movement towards strengthening smaller and locally based organizations (USAID, 2017).

In Albania TSO's focus has been health, education, relief, and social services particularly with an emphasis in advocacy. Most of their services have been targeted to:

''(…) vulnerable social groups, including Roma, Ashkali, and Egyptian communities, as well as women and children and other marginalized groups. CSOs also offer services related to social inclusion, capacity building, job training, research and policy analysis, environmental protection, business management, financial management, and project proposal writing. Certain CSOs also offer specialized services related to women's issues and domestic violence, children's rights, and LGBTI (USAID, 2017, p. 19)*''.*

However, data on third sector typology, sectorial focus, location are not available to the public thus making it difficult to grasp their role and contribution in development. Despite the changes occurred in the legal framework which enable their work, third sector in Albania remains small, employing only **0.72%** of the working force, as well as vulnerable as their funding is dependable on foreign donors (Bashkimi Evropian, 2015, pp. 12–13).

5.5. Third sector contribution to local development in Albania

As indicated above, data on third sector in Albania is not readily available making it difficult to research their typology and sectoral focus, let alone contribution. Thus, this section, on the contribution of third sector to local development in Albania, is mainly based on the information provided by primary informants as well as the few studies that exist in regards. Notwithstanding the sector's weaknesses, third sector was found to have contributed in numerous ways in local development in Albania. As it will be elaborated below, the contributions of third sector were seen in 1) convening development actors, 2) filling the unmet local community needs, 3) increasing local governments capacities in service delivery, 4) assisting the private sector in investment decisions as well as 5) piloting and implementing rights-based economic and social models.
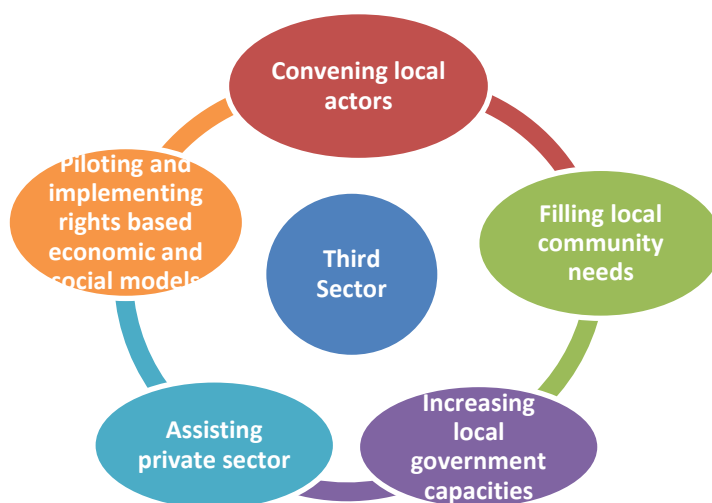

Figure 12. TSO contribution in local development in Albania

The first consideration made by primary informants when talking about the contribution of third sector, was the distinction between international and national/local organizations. It was noted that during the early nineties until mid-2000, third sector players tended to be international organizations however, following that this has been increasingly less so, giving the main space to local and national organizations, that have increased both in numbers and in the technical expertise offered.

Most informants saw the role of third sector in Albania as conveners and brokers of local development by bringing together all development actors (public and private) as well as being intercessors between the public institutions and local communities. A representative of local government for example, indicated that a key contribution of third sector in Albania has been coordinating local and regional strategic planning processes, strengthening local government's relationship with actors involved in development, increasing awareness vis-à-vis investment opportunities, as well as in being the communicators with local communities. Another primary informant who had served as a mayor, indicated that in the beginning of his mandate communities lacked trust in the local governance therefore third sector organizations served as intermediaries, presenting and defending the new local government projects to the communities.

Another contribution recognized by participants was third sector's fulfilling local needs that could not be done by local governments. One of the informants working in the public sector, indicated that the role of third sector has been crucial considering that the funds allocated to municipalities from the central government have always been insufficient to cover local needs. Thus, third sector through their projects mainly funded by EU and other donors, have been complementing local governments in territorial development. Besides, complementing services, third sector has contributed in the capacity building of LGUs to deliver services and products that benefit local communities. Third sector organizations have also worked with the private sector particularly in orienting investments towards increasing the potential of local communities as well as promoting local resources and products within the communities and beyond, both in national and international markets.

Lastly, informants recognized as another contribution of third sector the piloting and replication of human rights-based social and economic development models. In the social realm, the contribution was the support provided in designing local and national policies that benefit directly local populations. Furthermore, introducing or re-enforcing in policy-making processes, the principles of equality and equity, fair distribution of opportunities, attention to disadvantaged populations, sensitivity to gender disparities, sustainable local development, etc. Third sector has also contributed to enhanced transparency and accountability of public sector interventions.

Despite the important contributions recognized above, public skepticism regarding third sector in Albania has prevailed throughout transition years. The reluctance of public to, either

get involved or support their work, is considered to be the result of: 1) third sector's agendas that are considered to be dictated by donor priorities as a result of funding dependency and 2) the engagement of third sector representatives in political life, affecting perceptions on third sector independence and objectivity (USAID, 2011, p. 21). Primary informants also confirmed that to survive financially third sector priorities have been driven by donors being the main source of their income. On the other hand, diversifying the funding base has been challenging considering that the taxation system has not facilitated the individual and corporate giving and the Law on third sector allows only 20% generation of income through activities.

The 2015 Opinion of the European Economic and Social Committee on the role of civil society in EU-Albania relations indicates that the Albanian third sector is still underdeveloped and has not produced any reliable figures, despite the considerable number of registered civil society organizations. Also, it reemphasizes that over the year's activities of third sector in Albania have been driven by donor priorities. Initially third sector was more focused in human rights, women rights, service provision for the most vulnerable and education to later shift to advocacy for various groups from poor and vulnerable, to environment, prisoners, LGBT, youth etc. However, the trend on trust in third sector is increasing. When looking at Albania's third sector' sustainability index score during the period 1997- 2014, the scores fall between the band 3.7 – 5 considered sustainability evolving. From the chronological data presented in the above study it seems that the reputation of third sector has been the lowest during 1997- 2005, and since then it has improved however the improvement has been slow, scoring very close during 2006- 2014.

The strong working relationship between the third sector and local governments was highlighted by primary informants who considered that the communities trusted local third sector organizations as they have been closest to their needs. A recent public opinion poll, carried out by the Institute for Democracy and Mediation (IDM) in 2015, measured the level of trust of Albanian citizens in key institutions from the EU, NATO, to the government, parliament, religious institutions, third sector, judiciary, political parties. The first two resulted to have the highest level of trust whereas the last two had the least level of trust. However, the trust in third sector in Albania has an increasing trend, different from other countries such as the UK for example, where the trend is decreasing since 2014, mostly attributed to negative media coverage, aggressive fundraising, lack of transparency etc. (Charity Commission, 2018).

5.6. Local Government's role in local development

The previous section, based on interviews with primary informants as well as key studies, concluded that one of the main characteristics of third sector in Albania has been its close working relationship with the local governments. As indicated earlier in the chapter, while in the early 2000s the introduction of favorable legislation equipped local governments with some freedoms, responsibilities and tasks, bringing governance closer to citizens' needs, decentralization did not follow on an equal step particularly as it regards local finances. From

both my research and conversations with primary informants the conclusion was that local governments in Albania over the years had limited resources and therefore were able to deliver mainly basic services. However, primary informants highlighted a key difference between the government of larger urban communities and smaller rural ones. The former has been better–resourced, both through their own generated revenues and the income distributed by the central government, hence more advantaged. This produced more inequalities at the national level and consecutively drove up trends of internal population migration by impoverishing further the smaller communities.

One of the main factors to the inefficiency of local units was attributed to the highly fragmented nature of local units in Albania which totaled 373 until 2013 that has affected the performance and the efficiency of local governance throughout the years. One of the informants, who has a long experience working with local units, indicated that the unequal nature of economic development in Albania led to a massive movement of the population in urban areas since the early 90s thus leading to depopulation of small towns and rural areas. These smaller units were characterized by inefficiency, offering limited services, and bearing high staff costs. Several development projects at local and regional, led by some international actors, highlighted the need for a reorganization of the administrative structure of Albania, both in the form of a territorial reform, and in the measures of fiscal decentralization. The Albanian government, which took office in 2013, made this reform a priority. Since 2015 the process of nation-wide administrative and territorial reform is in place, guided by the national government, which is supposed to provide the newly amalgamated larger local governments with more responsibilities. However, despite the increased number of responsibilities recognized by law and vested on the local governments, the 2016 budgets of the new 61 local governments replacing the former 373, continued to be largely dependent on the national government's transfers.

5.7. Conclusions

This chapter presented some of the key features of local development in Albania, its actors and highlighted the role of the third sector. Coming from a culture of centralized development, carried until 1992, with limited community participation and local actors being merely implementers, Albania's transition to decentralized local development has been problematic. During the first ten years of transition, local governments legal functions as well resources remained limited thus local development was led by central institutions with key contributions from international institutions such as the World Bank and the United Nations, and donor governments from the United States, Italian Government, European Commission, Germany etc. During this first decade of transition third sector started to emerge, particularly in tackling the emergency/aid needs and human rights, however key players remained international third sector organizations.

At the end of the nineties local governments in Albania were given increased functions and responsibilities that however were not matched with the necessary financial and technical resources. Furthermore, the highly fragmented administrate map produced inefficiencies and high administrative costs affecting the quality of the services delivered to local communities. During this time Albania's national and local third sector organizations started to increase in number and technical expertise becoming an important partner in filling local needs. Third sector become more diverse and organizations took different forms from local development agencies, to more sectorial specialized tackling environmental, political, and cultural issues that were not in their realm in the past.

During the transition years third sector's contribution is seen particularly important in convening local actors in processes of strategic planning, communicating with local communities, increasing capacities of local governance and cooperation with local businesses as well as introducing and implementing new models of social and economic development. Considering the continuous changes in the development strategies and governments both local and national, third sector organizations have ensured the continuation of programmes and projects. Despite their contribution in local development, the skepticism from the public and the media continues to remain. This is due mainly to the streams of their funding that have been donor driven thus influencing their agendas but also their involvement in the political life creating skepticisms regarding their reliability. In the last years however, this tendency is decreasing as third sector organizations are more trusted as compared to the government institutions.

CHAPTER SIX. Characteristics of Local Third sector in Albania

To respond to the research question on what is the role of local third sector organizations in development, I introduced four objectives in Chapter 4 i.e*.: 1) understand why and how TSOs emerge, particularly in transitional economy like Albania; 2) understand the nature of local TSOs i.e. their typology 3) approaches taken; and lastly 4) who has benefited and how*. In this chapter I will focus on the first two objectives based on the data collected from the eight case study organizations. The chapter starts by looking at why and how local TSOs were established. The *'why'* will help identify if their creation is linked to any of the decentralization and development events described in the context analysis in Chapter 5. The *'how'* they were established will allow to understand if these organizations were initiated by 1) national governments 2) international donors 3) communities themselves - based on OECD definitions. The chapter continues by defining the typology of the case study organizations based on Korten's categories of Generation 1, 2, 3 and 4. This will help to understand where local TSOs in Albania stand as compared to TSOs globally, i.e. if still focused on meeting basic needs, if they are working on community development or if have evolved to be driven by impact and rights-based, as the current trends of TSOs globally. A key aspect discussed here is TSOs relationship with local governments.

6.1. Why and how local TSOs emerged?

When looking at the eight case study organizations their establishment occurs in the late 90s and early 2000, years of key changes in the local development and decentralization landscape in Albania. During this time, the government of Albania embarked in important legislative and institutional decentralization reforms to address challenges at the local level. The context analysis in chapter 5, indicated that at that time, despite the willingness to delegate more at the local level, there was an overall consensus that local government units in Albania had limited capacities in place to carry on additional duties thus support from international donors and third sector was deemed necessary.

Aulona Center was established in 1998 when the central government transferred more competences at the local level. Egnatia, URI and World Vision were established in 1999, when the Albanian government published the Strategy for Decentralization and Local Autonomy, that for the first time set a long-term vision for local development in Albania. The rest of the case organizations were created in early 2000, at a time when Albania implemented a territorial reorganization dividing the country in 374 first tier and 12 second tier units. During these years, donors started to invest in large projects at the local level, examples include the UNDP Local Governance Programmes (LGP) 2002-2005, the Italian Government programme in support of Albanian regions and prefectures 1999–2006. In 2002, the Human Development Report in Albania was dedicated entirely to challenges of local governance and development. As the evaluation of the Human Development Report System – Case of Albania (2006) indicates, the

2002 HDR was the first report that introduced human development index at the sub-levels in Albania, as the proceeding four (1995-2000) were entirely focused on national political, social and economic indicators (UNDP Evaluation Office, 2016). All the case study organizations indicated that the reason why they were established were to address the failures or lack of capacities of the local governments to fulfill specific needs of their communities such as economic, social, environmental, and cultural. This was also highlighted by primary informants as well as secondary sources in Chapter 5. Below is an illustration of the chronology of the establishment of the organizations selected and key events in local development.

Table 11. Key local development events in Albania

Year of establishment	Key local development events	Organization
1998	The Article 13 of the Albanian Constitution adopted in 1998, recognized that: local governance in Albania is based upon the principle of decentralization and it is implemented based upon local autonomy.	Aulona Center
1999	First Strategy for Decentralization and Local autonomy	URI
		Egnatia
		World Vision
2000	Law on the Organisation and Functioning of Local Government, No. 8652, of July 2000	
2001	Increased donor funding towards local development	Teuleda
		Partners
2003		Auleda
2004		Eden

We now look at the how these local TSOs were established. Some of the case study organizations, even though established a decade after the fall of the communist regime, were initiated by foreign organizations. The International Links and Services for Local Economic Development Agencies (ILS LEDA) that since 1991 has assisted international, national, and local organizations to improve territorial economies, has created Auleda. ILS LEDA has also created over sixty-two agencies across Africa, Asia, Central and South America, the Caribbean and Europe (the Balkans). These LEDAs assist local actors to plan and activate initiatives of territorial economic development. These agencies are similar to the local development agencies created in Europe in the sixties, described in the literature review in Chapter 3, however differ as they have adjusted to reflect innovations in service delivery, organizational structures, sustainability and poverty reduction (ILS LEDA, 2009). TEULEDA was also created

by a foreign initiative, i.e. the UNOPS Programme of Assistance to Support Albanian Regions and Prefectures (PASARP). Financed by the Government of Italy, during 1999 - 2006, the programme focused in local economic development, provision of social services as well as good governance in three regions of Durres, Vlora and Shkodra.

Partners-Albania was established in cooperation with a United States based Organization, namely Partners for Democratic Change (Partners), a partnership of nineteen local organizations across Europe, Americas, Africa, and the Middle East. Created in 1989, in the fridges of the fall of communist regimes in Eastern and Central Europe, Partners Global assisted in settlement of disputes among various local development actors. The key objective since the beginning has been to build local capacities and leadership thus reduce the need for foreign expertise. Building local capacity included mostly the advancement of third sector issues. Started initially as an academic movement, providing courses in conflict management and other similar trainings in local universities, Partners Global has increasingly focused in the creation of independent third sector organizations. The Executive Director of Partners Albania indicated that:

> *''Since the beginning, the management team decided to adjust its interventions to the Albanian context thus did not focus as much on conflict management but targeted its interventions to the Albanian local development needs. From the beginning the interventions of the organization were based in participatory, bottom-up processes and it was the beneficiaries that dictated the types of interventions, which is a key to Partners success''* (Partners Albania Interview).

World Vision in Albania is part of World Vision International, also created through a foreign initiative. The latter is a non-governmental and non-for-profit organization that focuses on relief, development, and advocacy. The focus is the well-being of children, however made possible through community development and humanitarian initiatives in some of the poorest areas of the world. Created in 1950, today the organization works in one hundred countries. The other five organizations such as Aulona Center, Egnatia, URI and Eden were created locally as initiatives of the local people. For example, Aulona Center was created under the umbrella of the Albanian Center for Population and Development, URI was created by a group of professionals and so were Egnatia and Eden. From the case study organizations selected we can deduct that third sector organizations creation in Albania has been driven by both external and internal factors and there has been no push from the national government in their establishment.

The mundus operandi of the case study organizations selected is quite diverse. Auleda is based on a public-private partnership, reflected in its assembly structure comprising representatives of local governance such as municipalities, prefectures regions, as well as public and private universities, chamber of commerce, and association of producers and

businesses. This type of partnership is also reflected in the activities of the agency. The mission of the agency is to mobilize and coordinate public and private stakeholders in the territory to foster sustainable development based on principles of human development, environment protection and social inclusion. Teuleda is also based on private-public partnerships reflected in its general assembly and executive board that includes members from both public and private institutions. The mission of the agency is to contribute, in cooperation with other institutions, to the sustainable development of the region of Shkoder, ensuring the inclusion of disadvantaged populations and less developed areas into formal economy. Partners Albania board of directors is made representatives of public and third sector. The absence of the private sector in the board is also reflected in the activities of the organization that are mostly directed towards the public and third sector. The rest of the organizations selected are also focused more on public partnerships rather than public-private.

All the organizations selected are registered as non-for-profit organizations in Albania. The law concerning their establishment and functioning was drafted in 2011, Number 8788, dated 7.5.2001 that was changed in some of its articles only in 2013 related to duties, responsibilities, and financial aspects of third sector. Based on this law a non-for-profit organizations could be 1) associations, 2) foundations, 3) centres which activity is implemented independently and without any influence from the government. Whereas non-for-profit activity could be economic and non-economic activities however any income generated is only used for the realization of the objectives as set in the organization's statue. Based on this law any physical or juridical subject, national or foreign can create a non-for-profit organization, must operate independently from government bodies or interests. The government can support or promote and support their activities however are not to intervene in their activities (Law 8788).

This law, groups third sector organizations based on: 1) membership and 2) non-membership organizations. Membership organizations are associations, created by a minimum of five physical members or two juridical subjects. The highest decision making is the general assembly that in turn chooses the other leadership members. The third sector non-membership organizations are foundations and centres that can be created by one or more people with a board as the highest decision-making body. In both cases, the highest decision-making body determines changes in statutes, determines sectoral and programmatic focus, oversees, approves acts related to budgeting and funding, selects leadership etc. Aulona Center is registered as a Center, Teuleda as a foundation whereas the rest of the case study organizations are registered as associations.

6.2. Typology of third sector organizations

In Chapter 3, I introduced Korten's work on typologies of third sector organizations. Korten looks at four different typologies of third sector organizations namely: Generation 1, 2, 3 and 4. Generation 1, comprises TSOs that focus on relief, emergencies and social welfare,

meeting the immediate needs of communities rather than aiming at long term development. Generation 2 TSOs focus on small scale self-reliant local development. Generation 3 focus not only on sustainability but also cost recovery and the breadth of impact. They are particularly keen in working with local governments. Lastly in his later work Korten introduced Generation 4, which are focused on environment, human rights, women, peace, and population. To understand which typology, the case study organizations fall in, it is important to look at what has been their sectoral focus. The sectoral areas that case study organizations have focused, as seen in the Figure below, are quite diverse covering all those included in the definition of local development, i.e. economic, social, political, environmental, and cultural. Some of the organizations such as Auleda, URI and Partners have a wider range whereas others such as Egnatia or Eden have a more narrowed focus in one or two areas.
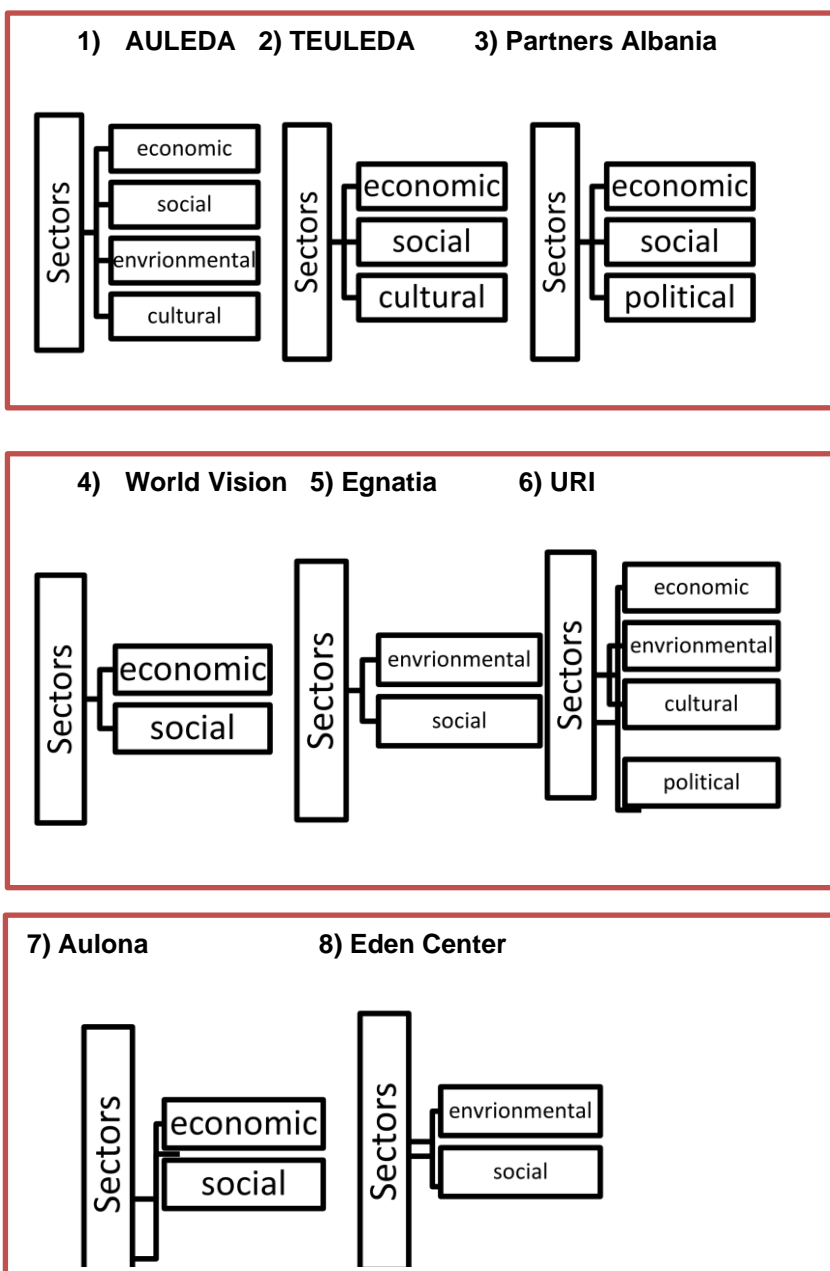

Figure 13. TSO sectoral focus

Generation 1 typology:

As it was described in the beginning of this chapter most of the case study organizations were established in late nineties and early 2000. At this time, the country had overcome the emergency situations created in early and mid-nineties due to the fall of the Communist regime and the fall of Ponzi schemes that resulted in a civil war. At that time, the focus of international and national institutions was development rather than relief. None of the case study organizations fall under the Generation 1 typology which mission is meeting communities' basic needs and relief.

Generation 2 typology:

World Vision falls into the Generation 2 typology focusing on small scale self-reliant local development. The sectoral focus of the organization has been social and economic, particularly targeting child protection and youth empowerment. More specifically they have worked towards creating an enabling environment for children's wellbeing, strengthened child protection systems, established community centres for youth empowerment and leadership. In the area of education, World Vision has established school's community centers to increase inclusiveness, particularly of those who are most vulnerable. World Vision also covers other areas of local development which they consider cross cutting such as economic development, gender, disaster risk reduction as well as health. Over the course of the years their sectoral focus has remained the same. The overall vision of the organization is to create local communities that are self-reliant and sustainable. The organization leaves a community once it has reached self-reliance.

Generation 3 typology:

Generation 3 organizations are those that foster sustainability but also cost recovery and the breadth of impact. One of these is Auleda that covers a wide range of sectors through their activities. In Auleda's case, the selection of economic and social focus was determined by the agency's mission. Other areas, such as environment was added considering its importance in sustainable development. The Director of Auleda indicated that:

> ''The expansion in more areas was made possible by the agency's increased ability to win international funding, particularly EU funds, but also because of increased credibility with relevant stakeholders such as government institutions (line ministries), international donors, as well as local and regional governments.'' (Auleda Interview).

The key sector over the years has been economic manly focusing in the private sector but also assisting the public sector. The activities offered to the private sector include from drafting local studies, to assisting with technical (start-ups and expansion) and financial support (creating a revolving guarantee fund to enable credit and markets access), capacity building and

networking. With the public sector, services have included support to local actors in participatory local and regional strategic planning. In the environment area the agency has focused in the establishment of responsible structures, monitoring systems as well as advocacy for an improved environment. In the cultural realm the services have been mostly geared towards assisting local handicrafts and promotion of cultural tourism. Over the years an increased focus has been given to innovation and technology to improved business services.

In the interview with Auelda, as well as agency's documentation it emerged a strong focus on social inclusion. In fact, Auleda has worked with some of the most marginalized groups in the community such as women with mental health issues, women in rural areas as well as Roma and Egyptian communities. The interventions undertaken have been twofold, service delivery and economic empowerment. With regards to service delivery Auleda has worked in the establishment of structures that deliver integrated services as well as advocacy for the rights of marginalized groups as indicated above. With regards to economic empowerment, it has worked in creating and increasing professional capacities of the targeted groups and creating concrete opportunities by establishing social enterprise models. Examples include a restaurant and a greenhouse employing women with mental health issues. These types of projects have been implemented in cooperation with local public partners including hospitals and schools. Auleda has been a pioneer in the creation of social enterprises which are still very limited across the country.

Another case study organization that falls in Generation 3 is Teuleda. Their main sector has been economic development with a focus primarily in agriculture, fisheries, handicraft and tourism. As indicated by the interview with Teuleda: ''the selection of these sectors has been made based on the priorities of the territories where the agency operates'' (Teuleda Interview). In the economic realm, as in the case of Auleda, Teuleda has helped small and medium size businesses in drafting business plans as well as support to access credit. The latter in turn has generated new employment opportunities in the region as well as has enabled investments in technology. The agency has also had an emphasis in increasing capacities of local operators in the tourism sector. Teuleda has assisted communities in need, particularly in accessing education and health services. Over the years the territorial development needs have changed and Teuleda has responded to those changes by adapting its activities and services to reflect these changes. For example, during the last years' local development has included more social and cultural activities with a stronger emphasis on tourism, which the agency has adopted promptly.

Generation 4 typology

Generation 4 organizations are those that are focused on environment, human rights, women, peace, and population. One of these is URI covering most areas of local development from economic, political, cultural, and environmental. However, differently from the first two

case study organizations, URI's primary focus has been local governance (political). The assistance in this area has been manifold. One aspect has been developing modules and providing training to local governments throughout Albania in: participatory planning and budgeting, community development and citizen engagement. Another aspect has been improving service delivery by developing indicators and performance measures such as standards and rating for safe waste management and healthy water supply, education, road maintenance and other services. URI has also established anti-corruption programs in many local governments, to increase public service efficiency and transparency, including standardization of procedures, establishing information centers on public services, and using existing tools to measure client satisfaction. Furthermore, it has facilitated discussions among the public, private and third sector to develop policies and strategies in environmental protection, with a focus on innovative waste management approaches, setting up new standards to encourage recycling and waste reduction which in Albania remains a new phenomenon.

Regarding environment the organization has been an active member of the environmental movement, raising citizen's awareness on healthy environment. In terms of cultural and economic development URI has focused on enhancing local communities' potential in tourism and cultural heritage, designing marketing strategies and capacity building as well as supporting the implementation of proper infrastructure (guest houses, schools, daily centres, info points). When asked about the reasons behind the selection of the areas of focus, URIs representative indicated that ''this was driven by the internal expertise of the staff. The areas of focus have not changed over years, but the organization has only expanded its operations in more territories as well as started cross border cooperation with other Balkan countries'' (URI interview).

If Auleda and Teuleda had more of an economic focus, URI on local governance in the case of Partners the focus has been mainly in supporting local third sector in Albania as well as facilitating inter-sector cooperation to strengthen democratic institutions and foster economic development. As indicated by Partners' representative, ''their work is focused on five main pillars:

1. Creating an enabling environment and sustainable development for third sector organizations.
2. Increased employment and representation of women and youth in decision making.
3. Social entrepreneurship and innovation.
4. Philanthropy and corporate social responsibility.
5. Transparent and accountable governance'' (Partners Interview).

Partners has supported other local TSOs through grant giving, trainings, and facilitation of processes. In the later years, the organization has pushed for an enabling law

environment for third sector through its advocacy campaigns. A database with key information from the third sector such as the Albanian crowds has been created to share information across organizations and the public on their areas and territorial focus. An important point that came across in the interview with the executive director of Partners was that ''initially trainings were dictated by donors however over the course of years this has changed'' (Partners Interview). The organization has changed its training curricula's, including new ideas such as non-donor revenue generation for third sector or social entrepreneurship. The focus on third sector organisations was made considering the inefficiency of the sector during the transition years. Albania as a society in transition has had various problems in all sectors, from public to private and third sector. The former has been associated with corruption, businesses have been associated with informality and the third sector as being inefficient and not useful to the society. Considering the views on third sector, Partners Albania decided to start an academy of leaders for NGOs. This is a master's degree for leaders in this sector, with the duration of nine months that allows managers of third sector organizations to increase their capacities in leading their organizations.

Local governance is also another area of focus. Partners Albania has started to work with the local units since its establishment, which coincides with major decentralization processes occurring in the country. The Director of the organization ''considered crucial to work with local governance as the latter are the direct providers of services for local communities'' (Partners Interview). Over the years the work with local governments has evolved greatly. Initially, the work involved capacity building with municipality's staff, particularly on public services provision. However, from 2006 and onwards Partners initiated a new participatory process, which occurs prior to any local elections. Partners has been implementing a citizen's agenda, in the twelve municipalities of their focus. The citizen's agenda consists in creating a vision and the objectives from the communities themselves regarding the forthcoming four-year local governance. This is done in partnership with other local organizations, which are in turn trained by Partners, to be able to carry these processes on their own in the future. These citizen's agendas are also accompanied by various events during the four years of governance, involving interest group such as women, youth, businesses, environmentalist where Partners plays the intermediary's role.

The work with local governance also involves the improvement of internal municipality processes, which has been undergoing for the last seven years. Activities in this area are targeted to increase transparency and reduce corruption. To do so, Partners Albania, is using a new methodology, in cooperation with a local partner in Romania, also recognized by the United Nations. The methodology identifies the weak points of the municipality and the latter undertakes concrete steps to tackle them. The identification is done both at horizontal and vertical levels. Furthermore, it involves increased capacities and work within the system to fight corruption. Another component of their work is the focus on the private sector offering them various services charging a fee, which allows Partners Albania to guarantee its sustainability

and independence. They are particularly focused on providing trainings to the banking system as well as encouraging innovations. The director of Partners Albania indicated that ''when the funds are received by a specific donor they are directed towards the activities of the donor's interest. By being able to generate its own income Partners is more flexible to carry out other types of activities considered important to them'' (Partners Interview).

The other case study organizations have a more narrowed focus. For example, Egnatia focus has been environment protection in an endangered region in Albania. The environment situation in the region they operate Librazh has been difficult considering that out of the 450 hydro electrical plants in Albania 110 are situated there. The construction of these plants has affected the environment leading to deforestation, as well as negatively impacting agriculture, farming, infrastructure, fauna and social life. The organization's strong focus has been on capacity building, community awareness as well as community engagement in the decision making undertaken by local government units. This focus has not changed over the course of the years because their main objective has been to increase capacities and awareness among community members to influence local governments decision making as well as advocating for the implementation of European environmental charters.

Aulona center sectoral focus has been social however with an indirect impact in economic development. The center has been active in the provision of health and education services for women and youth, and the most vulnerable. A strong emphasis has been empowerment of women through their participation in decision making and politics. More specifically, the sub sector of focus has been education of women and young people, prevention of human trafficking, violence, gender inequality, discrimination as well as sexually transmitted diseases. Other important areas include awareness campaigns, increased capacities for parents, teachers, medical staff as well as providing health services. Aulona center was established in 1998, and was initially named as the Center for Women, a branch of the Association for Family Planning. However, with the passing of the years the services offered to young people increased and the organization expanded its focus beyond family planning and changed their name to Albanian Centre for Population and Development.

Eden Center sectoral focus is environment. When the organization was created 12 years ago, they were one of the few in the sector dealing with sustainable environment issues. The organization considers environment a key sector which is strongly connected with other sectors such as economic, social, health and cultural. The organization is focused on campaigning and lobbying, networking, evaluation, monitoring, provision of expertise, education, information and awareness; facilitating and coordinating; technical assistance; increased capacities, facilitation of processes, creation of nature guides, summer schools, open classes and active participation.

6.3. Conclusions

All the case study organizations selected have two or more areas of focus in their activities. Some of the organizations have increased the areas of focus over the years whereas others have decided to expand geographically. The selection of areas of focus was not clear in all the organizations, as some of them explained it based on the mission as well as their staff technical expertise whereas others had a clear approach based on territorial needs as well as needs of their beneficiaries. The expansion in other sectors was explained due to changes in territorial development needs. The most prevalent area of focus is on social. There was a clear indication during the interviews that social problems, at the local level, have been prevalent during the transition years. This has been driven on one hand by the limited financial and human capacities of local governments to tackle social problems and on the other hand lack of interest from the private sector. Thus, third sector in Albania, as it has also emerged in the literature review, has played a role in local social development in Albania.

Within the social realm, case study organizations have tackled a variety of issues from the improvement of social services delivery and increased access, to integration and empowerment of the most vulnerable and marginalized groups, creating an enabling environment and increasing capacities of local organizations. Another key area that emerged was local governance. Case study organizations have tackled different aspects of the latter. Some of the have focused in capacity building and training of local governance staff to improve service delivery, some in fighting corruption whereas others in assisting local governance to conduct participatory processes with their local communities to strategically plan for their territories. Another important area was economic, which is present in all the organizations, except the two that have a focus on environment i.e. Egnatia and Eden. However, the latter consider having an indirect economic impact in their territories. The stronger focus in economic interventions was particularly observed in the two development agencies Auleda and Teuleda which reflect a similar mundus operando as development agencies in other countries.

In terms of typologies, local TSOs in Albania fall under different generation organizations as defined by Korten with the majority being in the Generation 4. World Vision falls under the Generation 2 category, Teuleda and Auleda under Generation 3, whereas URI, Partners, Egnatia, Aulona and Eden under Generation 4. None of the organizations presented traits of the Generation 1 organizations that focus mostly on meeting basic needs of communities.

CHAPTER SEVEN. Who has benefited and how?

This chapter focuses on the last two objectives of the research 1) approaches taken by local TSOs and 2) understanding who has benefited and how. Understanding the approaches taken is important to determine what has been the role of beneficiaries i.e. if they have been included in the design and implementation of initiatives thus indicating if approaches have been participatory or top down. The other important component to understand the role that local TSOs have played is to define who has benefited and how. Of a major interest here is to understand if local governments have been beneficiaries of local TSOs and if so, how have they benefited. Beyond specific beneficiaries, this section will also look at which regions and localities in Albania have benefited from their interventions.

7.1. Understanding beneficiaries

Auleda's beneficiaries are diverse including the public sector such as local government units' staff; the private sector including small and medium sized enterprises, farmers, craftsmen, fishermen and associations. Other important beneficiaries have been vulnerable community members comprising rural women, youth (particularly belonging to ethnic minorities) as well as people with disabilities. For Auleda the selection of beneficiaries is based on the mission and vision of the organization. Over the years the profile of beneficiaries has remained the same, what has changed is the increased number of services offered and the direct involvement of beneficiaries within Auleda's activities.

Auleda does not have a system in place that would provide all the people assisted, this is done more based on specific projects. For example, the agency has improved capacities of six thousand people in the public administration through tailored technical trainings in management, project writing, e-marketing, and e-commerce. A strong focus has been given to business support, more than 560 businesses have received direct support and technical assistance. Another 16 small and medium sized businesses in rural areas have been established through the agency's financial support. The agency has assisted in the establishment of four social enterprises. More than 150 handicrafts from Vlora, Delvina, Gjirokastra, Dropulli, Permeti and 800 farmers and cattleman have been assisted technically. The agency has also supported 56 start-ups in the region of Vlora and Berat for youth belonging the Roma and Egyptian communities. As indicated by Auleda's Director ''during the agency's existence, 12,000 community members have been reached either through services or participation in consultative meetings'' (Auleda Interview).

For Teuleda most beneficiaries have been small and medium sized enterprises and among the latter Teuleda has prioritized businesses ran by women and young people. Other beneficiaries include community members particularly ethnic minorities such as Roma and

Egyptian. The profile of beneficiaries has changed due to the increased activities implemented. The overall number of beneficiaries that the Teuleda has assisted, could not be specified as they consider their interventions to benefit the whole region of Shkodra. The only exact number that could be indicated is that of the businesses assisted through a guarantee fund operative since 2004. Through this fund, Teuleda has increased access to credit to 40 small and medium sized business, with a rate of return of 95%. Businesses have also been assisted through an advisory support programme as well as through the design of business, marketing and promotional plans, development of new products, services, technological processes as well as web design.

With regards to Partners beneficiaries include local government units' staff, local third sector, businesses as well as community members such as women and youth. There is a specific approach in the selection of beneficiaries. For example, local third sector organizations were selected as beneficiaries considering that at the time this sector was weak and disorganized. Partners Albania was one of the first to conduct an assessment on the capacities of these organizations. The assessment disclosed that the community engagement as well as managerial and financial capacities of third sector organizations was weak which led Partners to develop programmes and projects targeting these specific areas. Over the years, hundreds of local organizations have been assisted through capacity building as well as a grant scheme. At the time when Partners Albania was established, local government units were endowed with more responsibilities however lacking the skills to carry those duties. Partners developed and delivered training programmes to hundreds local officials particularly in the areas of transparency as well as community outreach. Other beneficiaries have been women and youth, particularly in remote areas of Albania, who for the most part was excluded from the public life and the decision-making. Through training programmes in advocacy, leadership and business development dozens of youth and women have been empowered to participate and lead in their communities.

World Vision selects its beneficiaries based on the socio-economic status of the communities, focusing on the ones that are in need. The age range of beneficiaries varies, but the majority are children, youth as well as professionals from the area. The profile of beneficiaries has not changed over the course of the years. Their indirect beneficiaries are whole communities and to date they have worked with more than two hundred sixty communities. Concerning Egnatia, direct beneficiaries have been students whereas indirect have been whole communities in the territories of Librazhd and Perrenjas. The selection of beneficiaries is based on the mission of the organization, which is environmental protection of areas affected by the construction of the hydro plants. Beneficiaries and their profile have not changed and over the years, almost two thousand people have benefited.

URI's key beneficiaries have been local government units. Through its operation, URI has worked with most of the former 373 local government units, at the first-tier level,

municipalities, and communes. Over the years, it has established close relationships with other public institutions, particularly at the local level. The profile of beneficiaries has not changed but the organization has increased the number of sectoral of focus. Considering, the nationwide coverage, it is difficult to estimate the number of beneficiaries.

Aulona's main beneficiaries are women and youth particularly the most vulnerable including sex workers, drug addicts, poor and rural women, and girls, those in social benefits as well as ethnic minorities such as Roma and Egyptian. Beneficiaries are identified and selected based on needs. Over the years, Aulona has expanded its services also to male beneficiaries particularly in the advocacy for women health rights. Lately the organization has set up a software to insert all the data from beneficiaries to estimate the number of beneficiaries. As indicated by the Director of Aulona Center ''in 2015, Auleda assisted 7,000 direct beneficiaries as well as entire communities were indirect beneficiaries'' (Aulona Center Interview). Eden's beneficiaries are the communities, education institutions, youth groups, national and local governments, business sector, international development banks. The organization does not select the beneficiary but the environmental issue, thus beneficiaries are a result of that.

The case study organizations do not hold specific programmes that could count the number of their direct beneficiaries, which for most of them was hard to estimate. The selection of beneficiaries follows two streams. The first one is the mission and issues that organization cover, mostly used by the organizations that have a narrower local development focus (covering one or two sectors) such as those focused on environment and economic development issues. These organizations select their beneficiaries related their area of expertise. The case study organizations that cover an array of local development sectors tend to select their beneficiaries based on the needs of local communities. Over the years, all the organizations have expanded the number of beneficiaries and some of them have also changed the typology of beneficiaries based on their increased technical capacities as well as funding. Almost all the case study organizations consider local governments as their beneficiaries and most of them have at focus the most vulnerable part of local communities' particularly rural women and youth as well as ethnic minorities. All the organizations consider having empowered their beneficiaries through trainings, capacity building, local and national advocacy, and access to services.

Territorial spread of beneficiaries

This section looks at the territories of focus of the case study organizations, the reasons for the selection and if changes have occurred over the years. Prior to conduct this analysis it is important to provide some key data on territories in Albania. Regions that currently are a main unit in the administrative divisions in Albania, were created in 2000 through the law Nr. 8653. This law abolished districts introducing regions in Albanian 'qarks' as second tier administrative units in Albania. Regions are a territorial-administrative unit, encompassing

several communes and municipalities that have geographical, traditional, economic and social connections as well as common interests. Differently from other administrative units which number has changed often, both during communist as well as transition years, the number of regions in Albania stable, changing from ten to twelve. The twelve regions include Dibër, Elbasan, Lezhë, Tiranë, Berat, Durrës, Fier, Gjirokastër, Korçë, Kukës, Shkodër and Vlorë. Each region has its own centre which is one of the major municipalities it encompasses. The representative body of the region is the region's council whereas the executive powers are given to the head of the region and the chairmanship of the region council.

As indicated in chapter 5, the role of regions in Albania has been limited and unclear. Based on the law Nr 8653, Article 5, regions are second tier local governance, with municipalities and communes being first tier. Regions' functions include the design and implementation of regional policies. Other functions can be delegated based on specific agreements from municipalities or the national government. The three biggest regions, as indicated in the graph below are Korçë, Shkodër and Elbasan whereas the smallest are Durrës, Lezhë and Tiranë.
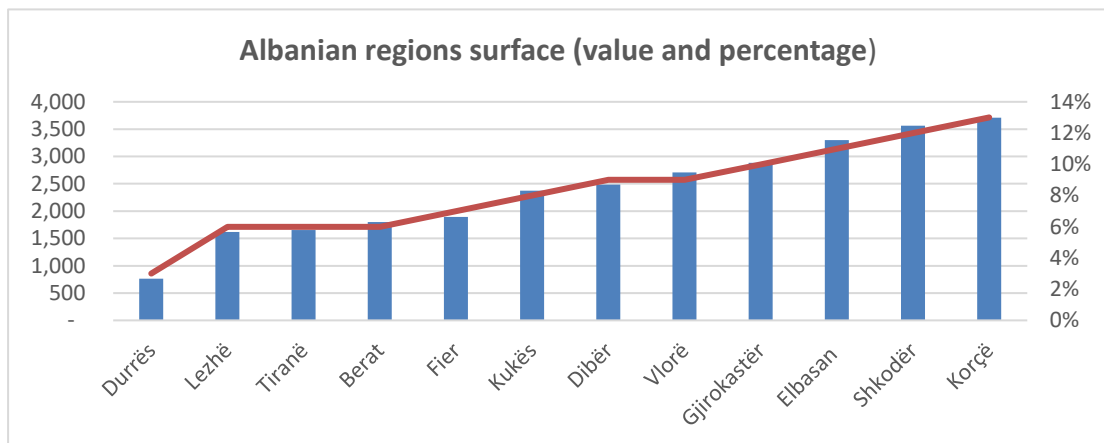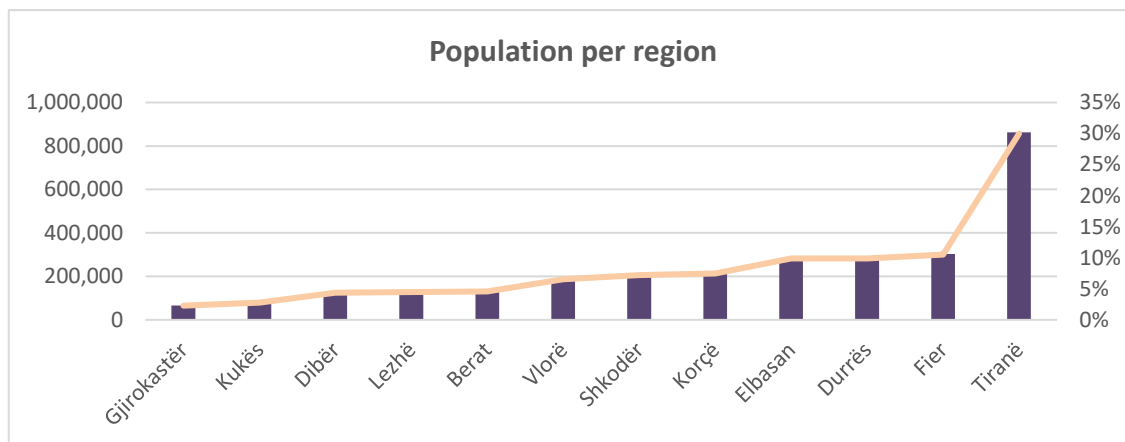

Figure 14. Albanian regions surface

Whereas when looking at the population the situation differs and Tiranë that is one of the smaller in surface has the largest population (30%).

Population per region

Figure 15. Population per region

In terms of poverty data, the latest one conducted by the National Institute of Statistics is that from 2014. The average poverty percentage in Albania is 14.3, and the regions with lowest poverty rates are mostly southern regions, such as Gjirokaster and Vlore whereas the ones with highest are northern ones such as Lezhe and Kukes.
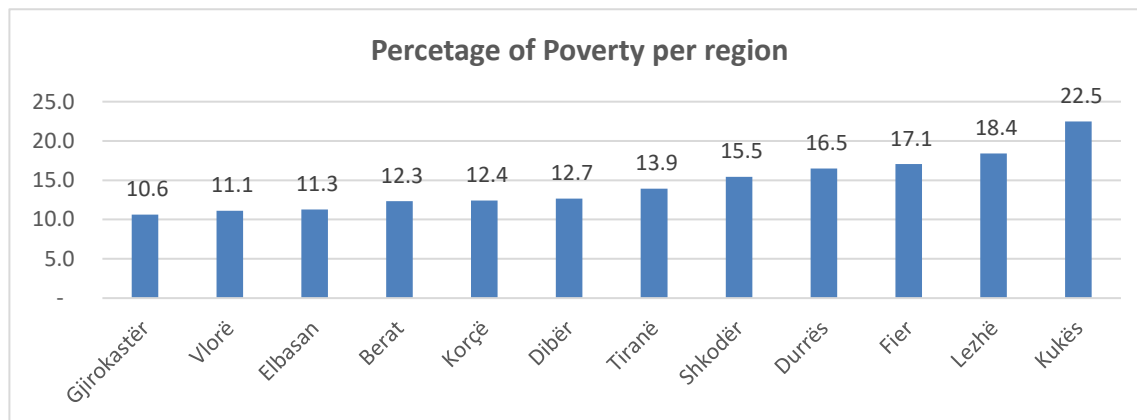

Percetage of Poverty per region

Figure 16. Percentage of poverty by region

When looking at case study organizations, most of Auleda's activities are regional covering the southern region of Vlora which as seen from Figure 26, has one of the lowest levels of poverty. Within this region they work in several municipalities i.e.: Vlore, Himare, Orikum, Selenice, Konispol, Sarande, Delvine, Finiq as well as nineteen communes that ceased to exist with the new territorial divisions adopted in 2014. During the last years, the agency has spread its activities in other southern regions such Gjirokaster, Berat, Korce, Fier and Elbasan. There is no reason for the selection of the region of Vlora as their territory of focus. The spread in the other regions, is the result of the implementation of cross-border cooperation projects financed by the European Commission such as IPA Adriatic, IPA Cross Border Albania-Greece,

IPA cross Border Albania – FYROM. One of the few regional studies existing in Albania, conducted by UNDP in 2010, assesses this region as medium developed and close to the national average. Its development is particularly associated to its favorable coastal location as well as high urbanization levels (Support, Project and Development, 2010, p. 22). Teuleda has operated mainly in the region of Shkoder, which is a region with higher levels of poverty, however has also extended its operations in other parts of northern Albania.

In the case of Partners Albania, the organization has been consistent in the localities they have selected. They have decided to work in twelve to thirteen medium and large municipalities which include: Lezhe, Fier, Vlore, Berat, Kucove, Porgadec, Berat, Shkodra, Gjirokaster, Sarande, Himare, Elbasan and Kavaje. The organization has made a strategic decision to not focus in the municipality of Tirana as most of interventions from key development agencies are focused there. Over the years these municipalities have remained the same with only few new entries. Partners Albania had a specific approach to the selection of the territories of focus which is based on firstly the interest and demand for services by the municipality and secondly trying to have a fair balance between the northern and southern localities.

World Vision Albania has spread its operations in most of the regions in Albania such as in Diber, Durres, Elbasan, Lezha, Korce, Shkoder, Tirane, and Vlore. In some of these regions the organization covers most of the territory however their focus has been rural communities. Differently from the organizations interviewed, World Vision has a more detailed and methodological approach in the selection of communities of focus. Their selection is based on the following criteria, such as: economic vulnerability of the community, the number of children impacted directly by their local interventions, accessibility of the area, the existing capacities of third sector and local authorities, services offered in the area and lastly safety and protection of children. The lower the score in these criteria the more interventions are carried out by this organization. Over the course of the years the regions of focus have remained the same, what changed are the communities they are focused on. The organization leaves a community when it is believed that the area can develop without the support of the organization.

In the case of Egnatia the focus has been at the municipal and commune level. Projects have been implemented in the communes of Qendër, Lunik, Stëblevtë, Hotolisht, Quktës, Rrajctë, Polis as well as municipalities of Librazhd and Përrenjas. These municipalities have been selected considering that the key problem in this area which has been the construction of hydro electrical plants mostly in the national park Shebenik-Jabblanictë. The latter is one of the biggest parks in Albania which also spreads in the border with Macedonia. These localities have not changed over the course of years.

URI is one of the organizations that covers almost all the Albanian territory. Over the years they have implemented projects in northern Albania such as Mirdita to the southern parts such as Saranda as well as started collaboration with neighboring countries such as Kosovo,

Macedonia, Montenegro, Greece, Italy, Croatia etc. The selection of territories is based on the needs and issues in local communities however it has also derived by specific donor requirements.

Aulona center is part of the ACPD network of organizations with a central office in Tirana and other offices in the region of Shkoder and Vlore. ACPD has extended its activity in three strategic areas of the country respectively in the north, center and south. It has established multi-functional centers such as "AULONA" Center in Vlora (1998), Tirana Center "Po (2000)" and Trokitja Center in Shkodra (2001). The reason for the selection of these regions is to have a better coverage of the territory. Over the years the expansion has happened within other municipalities of these regions as well as across the border to provide services during emergencies.

With regards to Eden, the organization has spread its operation throughout Albania. It has worked with many municipalities, communes, and areas such as Shkodër, Lezhë, Kucovë, Berat, Vlorë, Elbasan, Fushë Krujë, Korcë, Fier, Himarë, Rubik, Durrës, Gjirokaster and Kukes. Through various regional networks and cooperation with international organizations, Eden has been able to influence and support environmental issues in different localities and regions. The selection of territorial focus is based on environmental issues rather than the locality itself therefore it has spread its operations throughout the country.

As observed above, almost all the organizations have focused in more than one region of Albania. All of them have retained the initial territories of focus but over the years have expanded their operations because of the increased funding and technical expertise. This expansion has been not only in the Albanian territory but also cross-border with neighboring countries. The selection of territories is based mostly on the issues that case study organizations tackle, with very few of them conducting initial assessments of the territorial needs such as the case of World Vision and Partners. The case study organizations cover most of the Albanian territory both the poorer north and more developed centre and south and have distributed their activities in rural areas.

7.2. Third Sector Local Development Approaches

A key aspect of this research is to describe the types of approaches adopted by third sector organizations in local development in Albania. This will serve to identify differences and similarities between them as well as the international and national approaches to development identified in Chapter 2 and 3 of this research. The most adopted approaches in development have been: 1) needs based, 2) to human rights based, 3) participatory, and 4) market based. This section will explore in detail the approaches undertaken by each case study organization as well as the changes occurred over the years.

Participatory Approaches

Most of the organizations selected have adopted participatory approaches. For example, Auleda's approach to local development is based on establishing strong partnership with the public and private sector as well as universities also known in the development sector as a triple helix. The triple helix model developed in the nineties goes beyond the traditional private and public partnership model, including universities as well as key players, particularly in knowledge-based economies. The model acknowledges the importance of cooperation between universities, industries, and governments as well as necessity of their individual transformation to be more effective. Universities are considered to have a far more reaching role than delivering education, in fact, they are considered a platform to conduct research to enhance innovation and technology for the benefit of development (Etzkowitz and Leydesdorff, 2000, pp. 109–118). To this triple helix model, Auleda has added another player, which is third sector, see Figure 25.
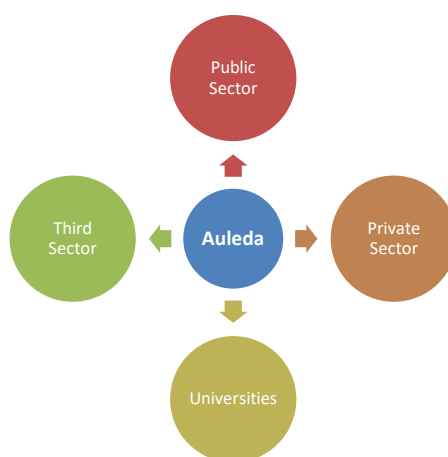

Figure 17. Approach 1: Constituent centered – Auleda

Auleda considers this model most appropriate for its interventions as it allows a better coordination of initiatives at the local level, including all the stakeholders involved, as well as it optimizes resources considering that each stakeholder does what they are best at doing.

Teuleda's also has adopted a participatory approach involving all constituents in the design and implementation of its initiatives. Their approach is based on four principles i.e.: locality (making use of local resources and capacities), inclusion of vulnerable groups in local development processes, sustainability of results and participation of all actors in the identification of priorities and opportunities of the region. As indicated by the Teuleda representative ''this approach is successful and sustainable as it focuses on local resources and participation of all actors in development processes thus creating territorial links between all the actors involved'' (Teuleda Interview).
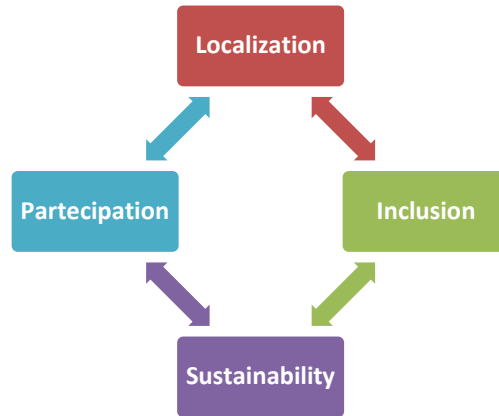
Figure 18. Approach 2: Local process centered – Teuleda

Partners approach is also participatory, and the three pillars of this approach are in-depth understanding of the 1) contextual, 2) institutional and 3) sectorial needs. According to Partners ''this has created more effective and tailored interventions''. Partners interventions are carried out based on a dialogue with beneficiaries. Partners Albania motivates beneficiaries to participate in its activities as compared to being mere recipients of interventions and fulfilling donor priorities. Partners has invested greatly in generating trust in the communities and stakeholders they work with.
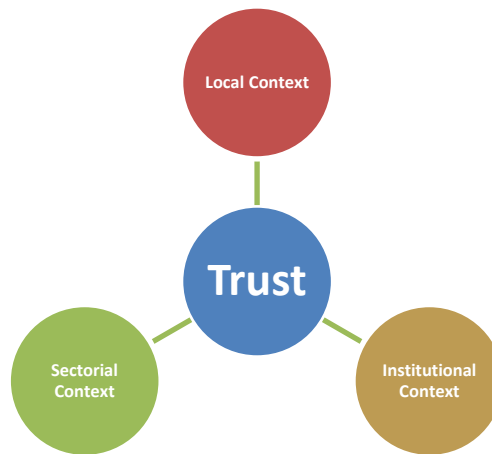

Figure 19. Approach 3: Contextual centered – Partners Albania

Egnatia's approach is participatory based on collaboration with the community to increase awareness on environmental issues. This is considered important as it empowers communities to drive change on issues that impact their wellbeing. The change that they indicate in this approach is organizational considering that over the years the capacities of their staff have increased leading to improved interventions.
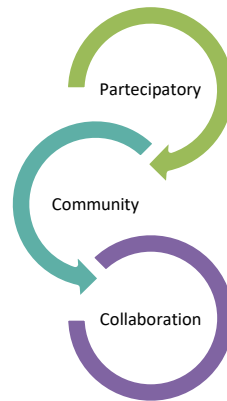

Figure 20. Approach 5: Community and participatory centred – Egnatia

URI's local development approach is also participatory. A key starting point is the facilitation of dialogue among the various development stakeholders including local governance, third sector and businesses. In parallel with the facilitation, URI conducts capacity building with local government units to improve the quality of services provided to citizens, transparency, and communication with citizens. The facilitation of discussions relates to the development policies and strategies in public services such as waste management, water supply and wastewater, local asset management and fiscal decentralization. Key results of these discussions have been the development of indicators and performance measures for public service delivery, rating of physical conditions and development of standards for safe waste management and healthy water supply, education, street maintenance and other services. The organization has set up anti-corruption programmes for several municipalities, to increase cost efficiency for public services. Thus, improving the communication between local government units and citizens.
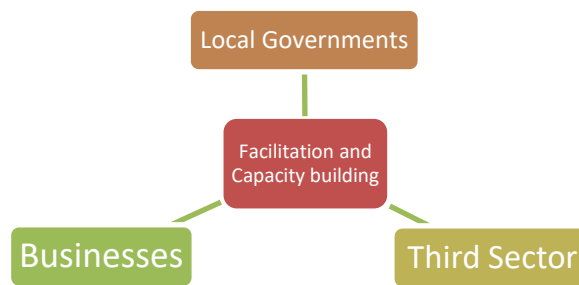
Figure 21. Approach 6: Local Stakeholder centered – URI

Eden's development approach is fostering sustainable environment (economic, social and environmental), in cooperation with other actors. The organization believes that finding a coherent equilibrium and sustainable relations between thee three will eventually contribute to local sustainable development.
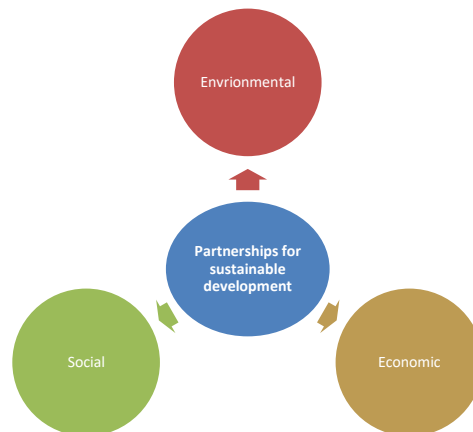
Figure 22. Approach 8: Sustainable development centered – Eden

Community- based approaches

World Vision Albania approach is community and relationship based. As indicated in Chapter 5, while most of third sector organization have chosen larger territories, World Vision has decided to develop its partnerships at the local level. They have created a network of one hundred local partners to carry out locally based initiatives. Local partners include religious institutions, governments, community-based organization as well as parents association. The other important component of the approach are the community-based interventions, working directly with the most vulnerable. This TSO differentiates itself from other organizations because of their presence within communities as well as the participatory discussions and round tables held with the beneficiaries and stakeholders to inform their interventions. For World Vision the transformed and improved relationships within families and communities are a key driver to improving the wellbeing of communities. This type of approach, community and

relationship based, has always been present in the organization. The organization has changed its activities over the years based also on the lessons learned from the communities.
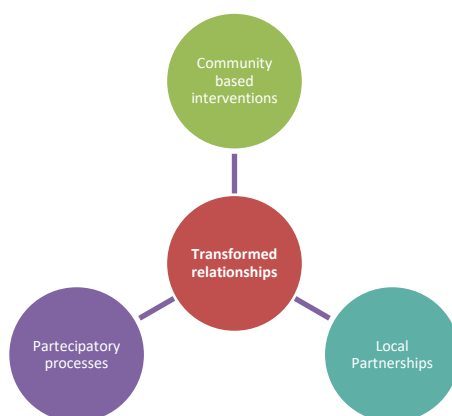
Figure 23. Approach 4: Community and relationship centered – World Vision Albania

Rights-based approaches

Aulona center approach is women centered. A key component is the provision of health services that enable them to be healthy members of their communities as well as improve their social and economic status. Another component is mobilizing women for community development to increase their participation in local decision-making. As indicated in the first chapters of this research, continuous increased awareness on women's rights and advocacy are key to women's empowerment and sustainable development. The reason for the selection of this approach is that it leads to sustainable development. Over the years, there has been a stronger focus on community development.
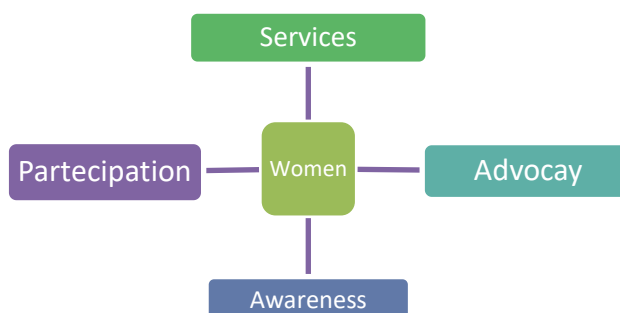
Figure 24. Approach 7: Women centered – Aulona

While analyzing the eight approaches several conclusions can be derived. The first one is that all the case study organizations focus are local communities, which are not mere recipients of their interventions and services but participants in needs assessments, design of interventions, activities, and evaluations therefore the majority of TSOs have adopted

participatory approaches. Partnerships between the private, public and third sector have become increasingly important to achieve sustainable local development. Most of the approaches are multi-dimensional encompassing various areas of local development. The differences in the approaches exist mostly in the way activities are carried out as some are more process driven whereas others more partnership/relationship driven. Approaches of case study organizations have changed over the years, as new actors have joined local development milieu thus increasing the number of their stakeholders or partners also due to improved organizational capacities. TSOs are adopting the newest global development approaches that are more human, rights-based approaches and much more inclusive of all actors in local development.

7.3. Third sector successful local interventions

A next step after reviewing the approaches adopted by organization over the course of the years was also understanding what are considered successful interventions in local development by the case study organizations themselves. This is done through the perspective of local third sector organizations themselves therefore does not include insights from beneficiaries that as highlighted in the Methodology Chapter it is a limitation to this study.

Auleda indicated as the most successful two of their interventions, one focused on innovation technology in local economic development such as creating a new model to process agro-industrial products utilizing mini-technologies. A key result of this project was a new technology adaptable for the small-scale economies in the rural areas, of high processing quality and low cost, which is now used and replicated in other sectors of agro-processing. The other successful project focused on education, more specifically enabling the accreditation of 51 high schools in Adriatic countries as well as a teaching model based on common curricula tailored to the territory and its development needs. The latter would allow mobility and transfer of knowledge across the Adriatic. Auleda considers these projects successful because they have created sustainable models that can be replicable elsewhere. These two components sustainability and replicability were deemed as necessary criteria to determine the level of success of interventions also in global development. This intervention reflects the approach of the organization, which had a strong emphasis on education as well as the private sector.

For Teuleda a successful intervention is a north to south exchange of knowledge, focused on regional economic integration. The exchange involved knowledge sharing between Italian companies operating in four regions in Italy with companies in northern regions in Albania. Companies covered various sectors i.e.: construction, textiles, pharmaceutical, fisheries, beekeepers etc. The main results from the exchange of experiences, techniques, and knowledge was the improvement of the quantity and quality of the local products in Albania. The intervention highlighted reflects the approach of Teuleda presented in the previous sections focuses on the private sector development. However, the exchange wasn't only one

way thus Italy-Albania but also vice versa therefore moving away from traditional models of global north to global south.

For Partners Albania, one of the most successful initiatives has been changing the legislative framework in favor of third sector, by advocating with the European Commission to include an indicator on third sector in their annual progress report for Albania, a request that was also extended to the Albanian parliament. Other successful interventions provided increased transparency on local government units. An example is that with the municipality of Kucove to increase transparency not only in-service provision but also in internal processes, including tendering and monitoring. Based on a participatory process a work plan was developed which was agreed unanimously by the municipality council. This was considered a major achievement as the council includes both the opposition and governing party. Increasing transparency also increases the trust of communities which stands at the core of the approach adopted by Partners over the years.

For World Vision a successful initiative was one on Child Protection characterized by high participation, particularly engaging children in the design of protection systems while at the same time working with relevant stakeholders. The project created models called Celebrating Families, a five-day program-teaching parents on positive attitudes and actions towards both each other and their children. The major results of this project were establishing a system designed by and for the children, increasing institutions accountability and equipping parents with knowledge on healthy families. This intervention also reflects the WV approach to local development that focuses on participatory processes, community-based interventions and transformed relationships.

For Egantia, a successful intervention was one directly involving communities in environment protection. In this framework, they have conducted over 200 rallies against the construction of hydro plants, which was later spread in the whole country. Within that advocacy campaign, they also advocated on forest protection. The intervention was considered successful as it delivered concrete results such as the cancellation of the environment permits to construct several hydro electrical plants.

For URI, a successful intervention was assisting local government units in the preparation of waste management plans, projects related to environmental protection, particularly those implemented in the northern part of the country such as Lezha and Kukës. Activities included technical consultations on waste management, recycling process and system, as well as awareness raising on environmental protection particularly targeted to young people. These interventions reflect the approach undertaken by the organization which is building capacities of local actors as well as facilitation of processes. Key results have been the provision of municipalities with financially feasible waste management plans covering their territory, piloting recycling in the existing waste management system of municipalities, either

through a door-to-door collection system or through containers. The impact is increased local government capacities on environment protection and increased awareness.

For Aulona center, a successful intervention has been mobilizing rural women in community development. This initiative created three independent women forums in rural areas (communes) within the Vlora municipality. Women that participated were trained to advocate on relevant issues with their respective local governments and some of them were able to become members of consultation commissions within the local government, advocating for the needs of rural women. The women forums included women and girls from a variety of backgrounds, particularly those that are underrepresented and the most vulnerable such as ethnic communities Roma and Egyptians. These forums were a safe space for women to come together and express their needs in various areas (economic, social, political, cultural) and prioritize them.

This initiative created what they called social contracts, including ten priority needs identified by the women forums, which were presented for signature to political candidates for local government units. These were also accompanied by open debates during which women expressed their priorities and needs to the candidates. Furthermore, the organization works to increase the capacities of local government officials through trainings related to gender and participatory budgeting. The Score Cards methodology used in the Orikum, Qendra, Novosela served as a tool for local officials to identify the needs and draft budgets in consultations with the groups of interest. It improved transparency and sharing of information between the local government officials and community members on common interest issues.

From the perspective of communities, it has increased awareness on concepts of importance of participation in decision making as key elements of good governance. The community members received better information on the future investments and received answers about issues such as water supply, internal infrastructures, etc. The workshops with both officials and community members on gender equality, law against domestic violence and electoral law have played a role in sensitizing the people about their rights, and responsibilities to offer quality services and raised awareness on the need for women's participation in decision-making. Another effective activity was the continuous lobbying and advocacy for the establishment of gender quotas, increasing women's participation in the municipal councils. It led to a double involvement of stakeholders (National and international ones) to push the parliament to approve the gender quotas and government (local and national ones) to address the issues submitted on behalf of the community. The initiative indicated by the organization clearly reflects their approach. The focus of the organizations are women and their empowerment which is done through participation, access to services and advocacy, particularly with local governance and communities themselves.

For Eden center the most successful project involved increased responsibilities of national institutions and local governance on environmental issues through advocacy and lobbying. The initiative involved the assessment of the efficiency of local hospital waste management in five cities that discovered a chaotic situation in the management of hospital waste representing a threat to health and environment. Based on the information gathered a report was drafted, that went beyond the identification of the chaotic situation detailing the reasons of why it happened, representing the first one in this sector. This report was crucial, as it was one of a kind in the sector which led to various public institutions to take the necessary follow up actions.

All the interventions considered as the most successful form the case study organizations reflect their development approaches. Local governments are either a partner or a main beneficiary. The successful interventions differ from one organization to the other. From improved capacities of local businesses to cross-border transfer of knowledge, technological innovations in local agricultural production, transparency and accountability in local governance, environmental assessments, and participatory processes.

7.4. Sustainability

During the context analysis, a recurring theme regarding third sector in Albania was that their interventions were dictated by the donor's agendas due to funding dependencies. During the interviews, case study organizations considered the necessity of moving towards a social enterprise model thus the ability to charge for the services offered. This was considered as an effective way not only to ensure sustainability, as funding to Albania from international donors has decreased with the improved economic indicators, but also for their interventions to not be as led by donor priorities. This section will look at what have been the sources of funding of case study organizations, how they have changed over the years and how funding has impacted their interventions.

In Auleda's case, 95% of funding came from donors, 3% from a revolving fund and 2% from services offered to third parties. Most of the budget is earmarked with 60% of the budget strictly spent on the project activities. Auleda's funding has changed over the course of the years. Initially it was financed solely by United Nations Office for Project Services (UNOPS) which is an operational arm of the United Nations. Most of the funding received at that time was directed towards administrative costs and less towards activities. In the last years, the situation has reversed with more funding channeled towards activities. Auleda experienced a major decrease in its funding in 2006 when it became an independent subject. The technical and administrative structures at that time were not able to attract funding. However, through the support of the United Nations Development Programme (UNDP) it was able to add new technical staff, such as a project writer as well as a credit analyst, and ever since the agency has experienced increases in both funding and activities. Another reason for the reduction in

funding was the non-efficient management of funds of previous projects. However, a restructuring, changes in technical staff as well as investment in capacity building brought a steady increase in funds year after year and now the income has doubled. The increase in funds allowed also for an increase in staff, from 4 in 2010 to 13 in 2015.

Despite the changes the main source of financing remains donor funding thus the financial model is vulnerable. Looking forward Auleda is attempting to change its funding model, which entails higher reliance on income received from services offered to third parties which is expected to generate 50% of the budget. For Teuleda as well the main source of funding were donors that include both national and international agencies. From 2001- 2005, the agency was solely financed by UNPOS, after 2005 it started to receive other funds from different donors.

In the first years of operations Partners Albania was also highly dependent on donor funding almost 98% came from USAID. The decrease in donor dependency was achieved in few ways. Firstly, by ensuring that no donor has more than 30% of contributions in the organization. The organization funding is quite diverse, from donor grants to service fees, and contracts. The service fees make up 15% of the organizations budget which has allowed for an investment in assets as well as implement relevant activities that could not be done through donor funding. Partners has a strong focus on transparency, and it is one of the fewer organizations that has an annual external audit, in addition to the audits carried out by donors of various projects.

World Vision main source of funding is through child sponsorships particularly deriving from the US as well as various grants. Among these types of funding the distinction remains in the fact that the former can be used for all types of activities carried out by the organization whereas the latter only for specific activities based on the type of grant. Over the years there has been a movement from sponsorship to grant based. Differently from the other three organization for WV there was no indication to moving towards a more sustainable model, such as charging for the services offered. Egnatia receives donor funding thus does not generate funds of its own. Their funding is restricted that based on the project awarded. There has not been a change in the funding over the course of years.

For URI, the major source of funding is from donors. However, in order to reduce risks, they have tried to diversify their donor base and receive funding from several donors including the Swiss government, the Netherlands, USAID, UNDP, World Bank, European Commission, Swedish Government (through SIDA), European Commission, Soros, US embassy and other donors. However, on the other hand considering that most of the donors are foreign governments a good part of the activities has been dictated by them.

Aulona's main source of funding are international donors such as the International Planned Parenthood Federation (IPPF), UNFPA, World Bank, UNICEF, Womankind Worldwide,

UN Women, USAID, Netherlands etc. Besides donor funding the organization also offers some services at lower prices to generate funds. Donor funding is used for specific projects whereas the funds generated by the organization are used based on needs. Over the year's donor funding has been their main source of funding what has changed are new donors joining in. For Eden, the sources of financing include donations, grants, subsides and consulting. The usage of funds it is dictated by the donor.

As mentioned above almost all case study organizations depend on donor funding. Most of them acknowledged that this dependency impacts directly the activities designed and implemented. Over the years there has been a tendency to diversify funding by either increasing donor their base or charging for the services provided. However, the latter based on the Albanian law cannot exceed 20 percent of the total income. Organizations are increasingly seeing charging for some of their services to ensure sustainability but also flexibility in their activities. This was mostly observed in the organizations that focus on businesses and local governance such as Auleda, Partners, Eden. Whereas organizations such as World Vision that focus on some of the poorest populations and reflect more the traditional NGO would not charge for any of the services provided.

7.5. Cooperation with local governance

As highlighted in the context analysis in Chapter 5 from primary informants and secondary data, considering the limited financial and human resources, local governance in Albania has seen third sector as a key actor in fostering local development. This section explores in more detail this relationship, by understanding the type of collaboration over the years.

Strategic Planning

All case study organizations emphasized that the cooperation with local government units is key to effective local development. The collaboration of the case study organizations with LGUs has taken various forms over the years. One of them is the design of policies and strategies, through participatory and consultative groups. Auleda and Teuleda were two of the TSOs involved in this type of collaboration. The reasons behind these interventions was the overlap of initiatives carried out by various stakeholders and lack coordination at the local and regional levels. Both these local TSOs had noticed gaps of information between the central and local level governance: for example, line ministries responsible for leading and monitoring local development did not have a map of all the contributors or actors to local development. Both Auleda and Teuleda have led strategic processes involving all actors working in regional and local development as well as conducted a mapping of all initiatives to ensure coordination and alignment among actors. As part of this strategic planning, local TSOs delivered SWOT (Strength Weaknesses Opportunities Threats) analysis of the regions and developed strategies for regional development. As indicated by the Auelda representative ''local development cannot

happen without the inclusion of local expertise, of all actors who truly contribute in that development. Mapping and including these actors lead to effective local development'' (Auleda interview). Local development for the Auleda representative ''is the mobilization and optimization of resources, coordination of activities, leveraging local expertise and good knowledge of the territory'' (Auleda interview). Overall, local units at every level, need to better utilize third sector that operates in an array of areas from economic, social, environmental, and cultural.

Increasing capacities of local government

One of the key areas of successful collaboration emphasized in most of the interviews with local TSOs was the increasing/enhancing local government unties capacities. A good example of that is the work that Partners Albania has done on both enhancing LGUs knowledge and capacities but also creating and implementing tools to monitor their performance. During a period of six years from 2001 to 2006, Partners implemented the project 'Local Government Capacity Building' with more than two hundred local government officials who were trained in communication, financial accountability, conflict management, and ethics. Another important area of cooperation has been increasing transparency, accountability and fighting corruption which has been done by both URI and Partners Albania. This has included the facilitation of discussions and strategies in the field of decentralization, assistance in policy making, creating anti-corruption programs in different municipalities, standardization of procedures, establishment of information centers, information exchange between citizens and municipalities, designing and creating local operational plans and enhancing local touristic potentials. URIs representative indicated that ''over the years local institutions have increased their trust in the organization's due to their expertise in the related fields'' (URI Interview).

Programme implementation

A good example on how joint programme implementation with local government units has been done is that of World Vision. They have done so through three key stages. The first was the establishment of the partnership and planning with local governments and communities on the long-term vision from year one to three, from the time they had entered a community. The second was the implementation of projects that benefit communities with services such as health, nutrition, education, and water, from year four to nine of working in a community. The last one is empowering communities and local governments to continue with the long-term solutions, which is done in the last year.

All the case study organizations have cooperated with local governance in their territories. As indicated by them the cooperation over the years has strengthened and expanded in more areas. The three key types of cooperation have been: 1) increasing capacities of local

government through training and other capacity building activities, 2) facilitating strategic planning processes and 3) in implementation of prorgammes.

7.6. Conclusions

Based on the interviews with case study organizations several contributions can be attributed to local TSOs. The first one being technical expertise. The case organizations have provided technical expertise (due to their good understanding of the territories and context) as well as capacity building with the local governments, leading key regional and local strategic planning processes. Their role has been important in facilitating, strengthening, and brokering between communities and the public institutions. Local TSOs have pushed the government to pass some important laws, in the areas of environment, civil rights, and education. They have also advocated for changes in legislation to ensure adherence to international standards. Overall, they have played a bridging role between communities and the government and kept local governments accountable. Despite the improvements in local governance in Albania over years, their weakest area remained finances. Third sector has been crucial in the provision of certain services that the public sector has failed to or that had minimum input. A major contribution has been the provision of services for the most marginalized such as victims of violence or human trafficking. Despite these contributions, third sector has not always had a positive image in communities, which can be attributed to their inability to increase visibility with the public. There are many organizations that do-good work however this remains unknown.

CHAPTER EIGHT: Discussion and conclusions

My research started with an overview of global development. The aim was to look at development and its theories over the years, to be able to highlight its main approaches as well as when and how local development and third sector started to gain increased attention. This was important in terms of placing Albania in the overall flow of main events within global development. As discussed in the first chapters, global development, started in the early fifties, has been an important international project. For the most part of it, this project has been led by the global north governments, in close collaboration with some of the major world's institutions, including the World Bank, United Nations and the International Monetary Fund. Recently many more actors have joined this project, including global south governments, as well as the private and third sector. Many have been the theories developed, initially focused on economic growth to later include other key areas such as social, environmental, political, and cultural – with an increased emphasis on sustainability and human centered approaches. Until recently, most of the efforts were directed at the central level. Localities and local development have gained momentum only during the last decade in global development - an example being the localization of the 2015 Sustainable Development Goals.

International TSOs have been included in global development agenda's and have been key partners to some of the biggest donors by receiving funding and implementing interventions that align with their development strategies. However, this is not the case of local TSOs which work has received very little attention both in praxis and academic literature. In the early nineties there was a global increase in third sector organizations. One of the biggest waves came from the transitional economies that were recently freed from communist regimes and had limited development expertise that tended to be centralized, led, and managed mainly by national institutions. This is also the case of Albania. In the early nineties the only players in development were central institutions as well as weak local government units. It was during these years that there was a great need for new actors to support the government in transitioning the country to a democracy and a well-functioning market economy. Since then many actors have emerged in the development scene in Albania that includes businesses, international third sector organizations, government donors, local third sector organizations and community members.

Albania represents a peculiar case in global development considering the drastic transformations occurred in the last century. From semi-feudal structures, inherited during 500 years of Ottoman rule, to 45 years of commend economy, a prolonged transition to market economy and struggles to become part of the European Union. With the fall of the communist regime in 1992, the country faced serious economic, social, and political challenges that could not be addressed by the public sector alone. Through the assistance of donors, inter-governmental organizations as well as Bretton Woods's institutions, the central government started implementing nationwide macroeconomic reforms. However, the strong emphasis at

the macro level during transition years, positioned local development very low in the government's agenda. In fact, the country's decentralization process has been slow, characterized by a highly fragmented administrative map, limited powers and capacities of local institutions that have exacerbated local development.

This research looked at the role of local third sector organizations in development, in the context of Albania. It did so by focusing on four major objectives: 1) understanding why and how local TSOs emerge 2) what is the typology of local third sector organizations 3) who has benefited and how and lastly 4) the approaches taken. The research concluded that local TSOs in Albania have played a crucial role, mainly in supporting local government units and providing services overlooked by both the national and local governments - especially those focused on the most vulnerable populations such as ethnic groups, people with disabilities, and women and girls in general. The sectoral areas of focus have been economic, social, political, and cultural with the first two taking the lead. Local TSOs in Albania have emerged as a response to the decentralization processes in late 90s and early 2000', that gave more powers to LGUs however the latter didn't not have the financial and human resources in place to carry the additional duties. Local TSOs in Albania were mainly established through international donor and community initiatives. The national government has played a very limited role in their establishment. Most of the case study organizations fall under the Generation 3 and 4 categories, also reflecting the global trends in the third sector, focusing on creating long term impact and advocating for human rights. The approaches undertaken by local third sector organizations are participatory, involving not only local government units but also beneficiaries and all other stakeholders at the local level, ensuring alignment and coordination.

The conclusions mentioned above come from the perspective of implementors, through interviews with primary informants as well as local third sector organizations themselves that have worked in local development for the last twenty years. A missing voice in this research are direct and indirect beneficiaries that is a limitation to this study.

Key conclusions:

Local third sector in Albania has experienced various transformations. If during the first years of transition their focus was mainly in filling the immediate food and humanitarian needs, during the second decade of transition the focus was in increasing the capacities of local government, service provision and supporting small business development. Whereas in the last decade the focus has also expanded towards strategic planning of territories, keeping governments accountable and ensuring transparency, fostering innovations and cross boarder collaboration. The major contributions of Albanian TSOs during the last twenty-seven years that highlighted in Figure 33 below.

Figure 25. Local TSOs contributions in local development in Albania

Conclusion 1: Albanian TSOs fill local government's gaps

The desk review conducted in the first chapters of this research highlighted that recently, particularly with the adoption of the Sustainable Development Goals in 2015, there has been an increased inclusion of local development and its actors within the global development project. Some of the major bilateral institutions as well as UN agencies are increasingly including local government units in monitoring the SDGs. Despite this being a positive movement, it assumes that local governments have the necessary financial and human resources in place. Local governance has been and continues to be problematic in many Central and Eastern European countries as well as many African countries. Even though decentralization exists legally, local government units have limited resources, capacities, budgets, and the units they govern tend to be very fragmented therefore making them inefficient. Albania it is an example of that. For most of the transition years a country of 28,748 km²was divided in 373 local units. Only in 2014 a new territorial administrative reform revised the number to 61. This fragmentation was considered by both primary informants and case study organizations as one of the major obstacles to local development, particularly for the smaller units that incurred high administrative costs and a very limited budget for service provision.

As the global south governments struggled in terms of technical and financial capacities to deliver services to their communities, another development player started to emerge - third sector. The sector experienced a 'golden age' after the fall of the communist bloc in the nineties and was recognized particularly for shaping the new democracies emerged in Central and

Eastern Europe. Its role is also changing in the global north, for example in the European Union with the weakening of the wealth fare state, third sector is filling educational, health and social services gaps. Some consider third sector as a 'renewable resource' tackling social and economic problems, civic engagement but also a main industry as in Europe as it makes up 13 percent of its workforce. However, despite the growing relevance, in both the global north and south, the academic literature on its contributions and impact remains limited. More research is needed to capture this sector's contribution in development as to better utilize its potential. If research on third sector's role in global development is limited, when we look at local third sector organizations this research is even much more so. My research, with its limitations, attempted to provide an overview of the role of local third sector in development, particularly in post-communist countries.

Albania was chosen as the country of focus for this research. The country has experienced one of the strictest communist regimes in the region, with local governance, third and private sector emerging only in the early nineties. The political and economic transition of the country has been difficult. The reforms and structures that were placed between 1992 – 1997 were halted by the civil war in 1997 and the Kosovo crisis in 1999. In 2000, the growth level was the same as in 1996. During the years when these actors arose, national institutions and international donors focused mainly on implementing macro-economic and political reforms. From the desk review, interviews with both primary informants and case study organizations it emerged that for most of the transition local governance in Albania did not have the human resources and was not endowed with the necessary financial and administrative powers to drive local development. Therefore, was not able to meet the needs of their communities.

In the early nineties, third sector organizations in Albania were located mainly in the capital city Tirana and most of them had a national focus and tackled human rights issues and provided for the immediate food needs. These organizations had no experience in development considering the fifty-year ban of any sorts of organized efforts. From my research the only traces of third sector organizations in Albania were seen prior to the establishment of the communist regime. This included the Franciscan order initiatives, some sporadic ones during the Ottoman rule from wealthy individuals and lastly the contributions of the Albanian diaspora at the end of the nineteenth and beginning of the twentieth century. Most of these initiatives were focused on poverty alleviation and education and targeted local communities.

All the case study organizations interviewed were established in the late nineties. Their establishment also corresponds to the time when some of the major legislation on local development started to happen such as the Law on Organization and Functioning of Local Government Units that provided concrete functions to local governments. The transfer of decision-making powers to local governments in Albania was not accompanied by increased budgets and resources. All interviewees as well as the desk review indicated that local governments were uncapable to provide services needed particularly to the most vulnerable

groups. This came across from all the organizations interviewed as well as from primary informants. Considering these major gaps, local third sector organizations started to shift their attention to the most marginalized and vulnerable groups including: victims of violence and human trafficking, ethnic groups such as Roma and Egyptian.

Local development is seen as coordinated efforts among all constituents for improved wellbeing of their communities. In Albania this has been the mandate of local governments. However, because of limited capacities of these units, the coordinating role has at times been played by local third sector. Two of the case study organizations, Auleda and Teuleda have led the process of strategic planning in their territories. A process that for the first time mapped all the key actors in the territory and their interventions to make sure that there is coordination and cohesion. A key problem identified by the case study organizations were the tensions between the central government units that represented the elected party and the local units that were governed by the opposition. In many cases this resulted in lack of collaboration between the two and less monetary transfers at the local level. In this type of situations local TSOs have ensured to fill in the gaps particularly in the implementation of projects that were focused on service delivery. Most of the case study organizations have conducted capacity building with local governments. These have included training of local government staff in management, financial accountability, territorial planning, standardization procedures and many more. Other key areas of contribution have been ensuring accountability and transparency, and anti-corruption measures.

Conclusion 2: Local TSOs provide replicable, innovative, context-driven, participatory interventions.

2.1. Innovations and replicability

When looking at the approaches taken by local TSO in Albania, we can find out innovative and replicable interventions that have included communities to be part in developing solutions. An example was Auleda, a TSO that has opted to work not only with the public and private sector, but also include universities. Albania comes from a communist regime where students were assigned their areas of study therefore creating incompatibilities between the market needs and education obtained. Auleda has made sure that all these actors speak to each other, particularly when developing regional and local development plans. This organization has contributed in supporting small business in adopting new technologies that have enhanced their production at lower costs, making them much more competitive. They have also worked on cross border collaboration introducing common curricula across Adriatic to facilitate human capital movement. The cross-border collaboration was also seen in the case of URI, Partners and Aulona that have extended their work beyond the Albanian borders.

2.2. Contextualized and participatory interventions

All TSOs interviewed have included local communities in designing and implementing their interventions which they considered to be the key to their success and continuity of operations. Auleda and Teuleda for example, the two local development agencies, have worked closely with members of communities in identifying priorities in their territories and making sure that these are included in the regional and local development plans. These TSOs have been pioneers in the inclusion of vulnerable groups, such as minorities and people with disabilities, in development processes. Both organizations have placed a strong emphasis in focusing in local resources and expertise. Local TSOs have developed interventions based on a dialogue with beneficiaries, thus considering the latter participants rather than recipients. This has led to increased trust from the communities they work. They have worked closely with communities – focusing on transformed relationships within families and communities as a key driver to improving the wellbeing. They have pioneered the mobilization of women from the communities and increased their participation in decision making. In the World Bank analysis of decentralization around the world, Albania is listed in the category of 'fits and starts' which means that decentralization has occurred, however with a lot of stops and reverses. The presence of local TSOs has been key in ensuring continuation of services, and activities despite changes in local governments.

Conclusion 3: Local Third sector in Albania provide cross – sectoral interventions

One of the key conclusions of this research is that local TSOs in Albania have been able to intervene in all areas of local development - defined an improved social, economic, environmental, political, and cultural wellbeing of an area. All the organizations interviewed cover at least two areas. The social and economic areas are the most prevailing ones; of the eight organizations interviewed seven have an economic and social focus. Economic interventions have included a variety of activities. A key one that emerged was the support to small and medium sized enterprises. This has been done in the form of financial and technical support, capacity building, assisting in business startup, access to credit, drafting business plans, ensuring that disadvantaged groups access to employability through social enterprises. Auleda and Teuleda have provided support in tourism development – improving services for tourists, building capacities of local operators, handicrafts, as well as fisheries and agriculture. They have assisted in supporting the implementation of proper tourist infrastructure such as guest houses and information points.

Social interventions are also prevalent for most organizations. During the interviews with primary informants' social development was highlighted as one of the key areas of contributions of local third sector in Albania. Some of the case study organizations have been assisting in the provision of social services, particularly in health and education services. A successful intervention was considered the development of indicators on the performance of local government in service delivery, such as standards and ratings for social services. Of focus

has also been child, youth and women protection, prevention of human trafficking, violence, and advocating for gender equality. Almost half of the organizations have focused on environmental issues. Their role has encompassed from raising citizens and community awareness, community engagement to influence decision makers at the local level, as well as advocating for the adoption of European environmental charters. A lot of the efforts have been directed towards capacity building, evaluating, monitoring, and provision of technical expertise in environmental issues.

Cultural and political are the other areas that organizations have focused on. In terms of political, TSOs have increased communications between the local governments and their communities. An example was the work conducted by Partners Albania organizing pre-elections participatory processes where citizens were able to create their vision for the upcoming governments. These are called citizens agenda's and during the four years of governance several events were organized with communities and local governance to ensure that this vision is kept under consideration. Few of the organizations have been involved in promotion of handicrafts and cultural tourism such as the case of Auleda and Teuleda cross borders.

Overall TSOs in Albania have followed Korten's (1990) generation trajectory. Most of the organizations established in the early nineties were representatives of generation 1, therefore were more concerned with relief and filling the basic needs of the population. After the first decade of transitions, local TSOs in Albania started to work more closely with the communities thus representing traits of Generation 2. This included supporting communities to become self-reliant communities, by providing technical expertise in agriculture and small business development. However, in the past decade most of local TSOs focus has been in facilitating local development processes among the various constituents particularly working with local governance and other public institutions. These traits are specific to Korten's Generation 3 third sector organizations. Korten in his later works has also added what he calls Generation 4 that *'reshape thought and action on the environment, human rights, women, peace and population'* (Korten, 1990, p. 124). Almost half of the case study organizations also show these traits particularly the ones that are focused on environment issues such as Eden and Egantia, but also Aulona . Local third sector organizations in Albania reflect the global third sector trends in development.

Conclusion 4: Local TSO are donor dependent but are working towards sustainability

As indicated in the beginning of this chapter, local third sector organizations have received less attention among the big development players. Data on how much funding goes to local third sector organizations it is hard to find. The World Disaster Report for example indicates that only 1.6 percent of humanitarian funding goes to local third sector organizations. In this environment of limited resources from government donors but also limited funding from

the Albanian government, local third sector organizations in Albania had to receive funding that not always aligned with their priorities.

All the organizations interviewed are donor dependent. In most of the cases donor funding makes up more than eighty percent of their income. Few of them are trying to reduce this dependency by charging for their technical support particularly to the private sector, however based on the Albanian law this cannot exceed 20 percent of their income. To avoid being dependent on one single donor that could affect their organizational priorities greatly, case study organizations have diversified their donor base and adopted policies such as no donor should provide more than 30 percent of funding. With the income generated by charging for their activities TSOs have been able to invest into their operations as well as create interventions that are more aligned to their context. The organizations interviewed agreed that donor funding is crucial for their existence however they highlighted that there is a need for more core funding and less restricted. While TSOs in Albania explore ways to be sustainable such as adopting social enterprise models, funding from international donors it is still crucial to ensure that they provide the necessary support to local government units and the communities they operate. There is also a greater need for the government of Albania to support this sector with the right legislation that allows them to generate income.

Conclusion 5: The profile of local TSOs beneficiaries is diverse

The range of beneficiaries supported by TSOs in Albania is quite diverse. The key beneficiaries as mentioned in the sections above have been local government units' staff that have benefited through capacity building in many areas of governance. Other key beneficiaries include vulnerable populations such as ethnic groups (Roma and Egyptians), women, youth, and children as it is the case for most of the TSOs worldwide. In terms of indirect beneficiaries these have been entire communities that have benefited from environmental protection advocacy or being engaged in participatory processes to influence decision making. For few of the organizations, beneficiaries include small and medium business that have received financial and technical support as well as promotion into external markets.

Local TSOs Logical model

Based on the research results I developed a logical model which is a road map indicating how local third sector organizations are linked to global development. This research proved that without the presence of local TSOs, that have assisted local government in diverse service delivery and enhancement, capacity building, community engagement and much more local development in Albania would have been impossible. As we think about global development and develop new agendas that will lead to achieving a better and more sustainable future for everyone it is necessary to include local TSOs in the design, monitoring and implementation. So far, their inclusion has been top – down as shown in the model below, particularly in terms of funding which has been channeled from donors in the north, to

international TSOs, down to national governments and local governments with very small amounts going to local TSOs. In the same way agendas in development as highlighted in Chapter 1 have been top down.

Beyond donors, national governments in country should also consider local TSOs to have a bigger role as they develop development strategies. Particularly in countries that have had difficult decentralization, where local government units don't have capacities in place local TSOs can play an important role in mobilizing communities as well as facilitate communication between local governments and communities. They can also support in the delivery of missing services, particularly for the most poor and vulnerable communities. Considering their contribution, national governments should also create an enabling environment that allows these organizations to be sustainable. As indicated by the case study organizations, this could be done by reinforcing models of social enterprises and enabling them to charge for some of the technical services offered particularly to businesses and local governments. Another way could be through tax breaks for corporate and individual giving as adopted in most of the global north countries. Furthermore, it is necessary to improve their processes of registration by removing unnecessary administrative burdens.

Local government units should also revisit their relationship with third sector organizations operating in their units. In Albania for example, the case study organizations hold a wealth of knowledge in all areas of local development. As new local administrations take office, they need to consult with these organizations to ensure sustainability and avoid duplication of existing initiatives. Local TSOs can serve as a connector with communities and particularly can be of great value when it comes to drafting local development strategies and consultative processes.
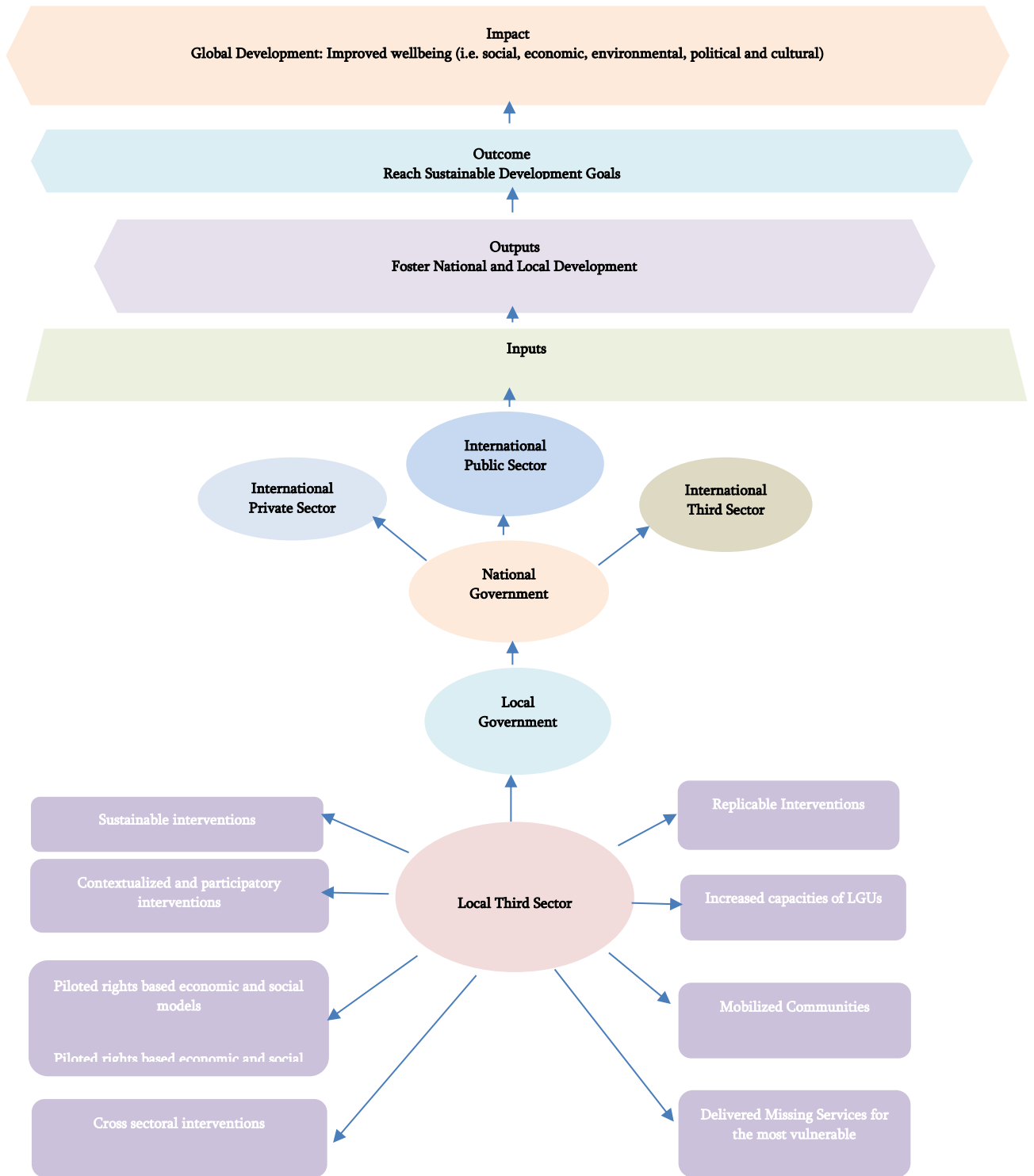
Figure 26. Local TSOs contribution in development

Criticisms towards local TSOs

Despite the contributions as highlighted above third sector organizations globally continue to receive criticisms on many aspects. One of the major ones is how their funding is spent, particularly the ratio between administrative and activity costs, therefore not benefiting communities as it should. This is present in the media coverage but also in increased donor skepticism towards organizations that have high overhead costs. Other areas of criticism are related to their efficiencies, also referred to as value for money, and lack of innovation particularly if compared with the private sector. These factors have led some of leading government development agencies such as DFID and USAID to increasingly include the private sector in the implementation of their global development strategies. Criticisms towards third sector are also present in Albania. During transition there has been an overall public reluctancy to trust third sector organizations as they were considered to implement interventions that align with donor priorities rather than focus on community needs. The public considered them inefficient particularly as regards to keeping the government accountable.

Some of the case study organizations interviewed mentioned that for the most part of the transition years international expertise has been preferred to the local TSOs expertise, despite the latter having better knowledge of contexts - which is key in developing successful interventions. This is also true for most of the global development project. Until recently development funding has been channeled to big international organizations mostly located in the global north rather than small local TSOs. My desk review as well as interviews with primary informants indicated that there are several key factors that have led to the lack of trust towards local TSOs. One of the main ones is that donors have already an established list of north based TSOs partners that have successfully pasted their strict due diligence processes. These partnerships are long lasting, in some cases established since the early fifties. Large TSOs have strong systems and procedures in place that ensure effective measurement of impact, financial accountability and transparency that are major criteria to access official development assistance funding. An emerging factor, that is more recent are the internal pressures in the global north countries to spent development aid domestically therefore limiting the funding channeled to local TSOs in the global south. Only in the last couple of years, there have been some recognition towards local third sector organizations. DFID for example has launched a funding stream in 2014 called Aid Direct aimed at small and medium size local TSOs. USAID is also increasing its funding to local TSOs.

In terms of overall public awareness on local TSOs work, the latter struggle to promote their work, which is due both to their limited finances but also limited exposure they have to donors and national governments. Through this research I was able to analyze eight local TSOs that have played a significant role in building local government capacities and filling in the gaps in service provision at the local level. They have worked in all the spectrum of local development from economic, to social, environmental, political, and cultural areas. They have been key in

supporting small businesses and promoting local culture and products within and across borders. Yet all of them when asked about funding, indicated that is has been limited and in most of cases driven by donor priorities. Recently some of them the local TSOs have diversified their funding, also including some profit generation activities. As mentioned by them, the funding generated internally is beneficial as it allows them to innovate and create interventions based on their community needs assessments rather than donor's requirements.

Policy Implications

This research has several of policy implications at the programmatic, local, and national levels in Albania. In the last five years, the Albanian central government has led a territorial and administrative reform to improve local governance across the country. This process is still ongoing and there is a long way ahead until Albanian local government units reach the level of decentralization desired (highlighted in the desk review in Chapter 5). As this research points out key in supporting and preparing local government units, as they take over more responsibilities, are local third sector organizations that have been informally doing so in the last two decades in Albania. To make this collaboration more effective, it is necessary to include local third sector organizations throughout the decentralization processes, which in Albania it's still done by the central government in collaboration with major international development actors.

At the local level the collaboration between local TSOs and local government units needs to be formalized, which could be done through memorandums of understanding that allow for clearer definition of how they work together and ensures sustainability of interventions in case of changes in local governance. At the programmatic level, when local development interventions are designed, it is important to use learnings not only from programmes led and implemented by LGUs but also those implemented by local TSOs that in Albania have been operating for most of the transition period in all areas including economic, political, social, cultural and environmental. Local third sector organizations need to be included in regional and development planning processes to both inform and design effective interventions.

Wider contributions

This research contributes to development, third sector as well as decentralization literature, particularly in the light of collaboration between LGU and local TSOs. In terms of the overall development, this research provides a road map on how bottom-up, locally centered approaches can drive local and national development and ultimately contribute to global development – through improved wellbeing i.e. social, economic, cultural, political, and environmental. In terms of decentralization literature, this research is particularly relevant in the context of countries where decentralization has been challenging. In these contexts, the research highlights the need to look at decentralization through an ecosystem of actors, going beyond local government units, otherwise decentralization might be lengthy and ineffective. A

key contribution is the portrayal of the relationship between local TSOs and local government units that in the case of a country like Albania has been very effective in enhancing LGUs capacities and filling in crucial service delivery gaps when necessary. In terms of the limited third sector literature, this research adds new data and insights particularly at the local level, where there has been very little attention in the past. The research indicates that despite the smaller scale of local TSOs, these organizations are key to reaching communities that international or national interventions do not reach.

Further research

This research is an academic attempt towards understanding the role of local third sector in development and particularly in a transition economy such as Albania. The research highlights that local third sector organizations in Albania have been playing a key role in development since the early nineties when they were initially established. Their contribution has been important particularly in increasing and enhancing local government capacities, supporting social service delivery, mobilizing communities and introducing new and more innovative interventions. The organizations interviewed, despite funding challenges, have been able to adopt and change to ensure their longevity in the communities they operate. Furthermore, they have been able to expand activities in country but also cross borders.

Going further, to be able to compare, similar studies could be conducted in other transitional economies – particularly that are geographically closer to Albania, such as Kosovo, Former Yugoslav Republic of Macedonia and Bosnia and Herzegovina. It would be interesting to explore how their focus and approaches differ or are similar to the ones adopted by local TSOs in Albania – if for example improving and supporting local government capacities has been a major focus such as the case of Albania. Studies could also go beyond this region and compare local TSOs in various regions in Europe, Africa and Asia. More examples and particularly qualitative studies are necessary to have an in-depth understating of local TSOs approaches and contributions. There are a lot of learnings that could be drawn from analyzing their interventions particularly as many of their approaches are replicable and transferable. These interventions need to be also considered by development practitioners and organizations as they work on new programme designs. Furthermore, it is important for donors in development as they design strategies and policies and decide where to channel their funding. This would also make a stronger case for an increased involvement of local TSOs in global development agendas and processes.

A limitation to this study is the lack of data at the local level in Albania therefore limiting the quantitative analysis of the role of TSOs in development. The organizations interviewed didn't have systems in place to track their beneficiaries. It was difficult to estimate in numbers the number of beneficiaries supported and have a view of what has been the value for money of these interventions. Considering the reluctance that third sector in Albania has received in the past years, it was also difficult to get a larger number of TSOs to be interviewed and

therefore to be able to develop more case studies. As a researcher I had to make a strong case that the study was tailored towards learning from their work rather than evaluating it. On the other hand, the organizations that were selected were very happy to respond to the questions asked and participate in this study. They saw it as an opportunity to present some of their work but also challenges they have experienced while working in local development in Albania.

Further studies could also include interviews with beneficiaries from the communities themselves. In my research I interviewed local government officials as one type of beneficiaries however one of my study limitations was the inability to travel to the communities where the case studies organizations operate and interview members of the communities. This would have provided a more triangulated approach and hear directly from the people themselves on what do they think the contribution of local TSOs has been. My research was a first attempt to give space to local TSOs and one of their main beneficiaries such as local governments.

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Annex 1 – Local Third Sector Organizations Interviews

Participant's name:

Job Position:

Institution:

Sector:

Years in this sector

Question 1: Can you provide an introduction to your organization: including vision, mission and history in Albania?

Question 2: In what locations has your organization worked since its establishment in Albania?

2.1. What was the logic behind the selection of these localities?
2.2. Has there been a change in locations, if so why?

Question 3: Which sector/s (economic, social, political, cultural and environmental) does you organization focus on?

3.1. Are there particular reasons for the selection of sector/s?
3.2. What areas within these sectors are covered?
3.3. Has there been a change over the years, if so why?

Question 4: Who are the direct beneficiaries of the interventions carried by your organization (i.e. gender, education, socio-economic status, age group, education etc)?

4.1.   Is there a particular logic in the selection of beneficiaries?
4.2   Has the profile of your direct beneficiaries changed over the years?
4.3   Do you have an estimated overall number of beneficiaries throughout the years?

Question 5: Can you indicate and describe three main projects/programmes implemented by your organization since its establishment?

5.1.   What type of interventions were used?

Question 6: What do you consider to be the major results of these projects?

6.1.   Have you conducted an impact analysis? If so, what do you consider their impact to be?

Question 7: Are there any approach/es your organization adopts in local development?

7.1.   What are the advantages of using these approach/eses?
7.2.   Have these approaches changed over the years?
7.3.   If yes, why?

Question 8: What are the funding sources of your organization?

8.1.   Is this funding core (thus to be used for any type of activity) or restricted (to be used on specific activities)

8.2   Has there been a change in the source of funding over the years?

Question 9: Who are other main stakeholders in local development in the area you work?

Question 10: Could you please describe the cooperation with local authorities?

11.1   Has this relationship changed over the years, if so how?

11.2   Can you list strengths and weaknesses?

Question 11: How would you define local development in Albania?

11.1   Being in this sector for a considerable time, what are the main changes you have observed?

11.2   In your opinion what has been third sector main contribution in local development in Albania?

Annex 2 – Interviews with primary informants

Participant's name:
Job Position:
Institution:
Sector:
Years in this sector

Question 1: How would you define local development in your municipality?

Question 2: What are some approaches you have adopted to develop your municipality?

2.1. Have these changed over the course of years?
2.2. If yes, why have these changed and how?

Question 3: Can you indicate stakeholders you have cooperated with to develop your municipality?

Question 4: Have you cooperated with third sector organizations?

4.1. If yes, can you indicate the types of organizations you have cooperated with?
4.2. Can you describe the type of cooperation?

Question 5: What do you consider to have been the role of third sector in the development of your municipality?

5.1. What are some of the main benefits of cooperating with third sector?
5.2. Can you indicate any major results of this type of cooperation?
5.3. Can you list any challenges?