

CREASSE Project: Fostering Rural and Inclusive Social and Solidarity Economy

Context on Social and Solidarity Economy in Albania

1. DEFINITIONS OF SSE IN EUROPE

1.1 European Commission – Definition of the Social Economy Action Plan – *Definition of the social economy*

The European Commission defines the social economy in terms of its general principles and characteristics, namely:

The social economy encompasses a range of entities with **different business and organizational models**. They operate in a large variety of economic sectors: agriculture, forestry and fishing, construction, reuse and repair, waste management, wholesale and retail trade, energy and climate, information and communication, financial and insurance activities, real estate activities, professional, scientific and technical activities, education, human health and social work activities, arts, culture and media.

In the context of the Action Plan and related EU initiatives, the social economy encompasses entities that share the following fundamental principles and characteristics: **the primacy of people as well as social and/or environmental purpose over profit, the reinvestment of most of the profits and surpluses to carry out activities in the interest of members/users (“collective interest”) or society at large (“general interest”) and democratic and/or participatory governance.**

Traditionally, the term social economy refers to four main types of entities providing goods and services to their members or society at large: **cooperatives, mutual benefit societies, associations** (including charities), and **foundations**. They are private entities, independent of public authorities and with specific legal forms.

Social enterprises are now generally understood as part of the social economy. Social enterprises operate by providing goods and services for the market in an entrepreneurial and often innovative fashion, having social and/or environmental objectives as the reason for their commercial activity.

Profits are mainly reinvested with a view to achieving their societal objective. Their method of organization and ownership also follow democratic or participatory principles or focus on social progress. Social enterprises adopt a variety of legal forms depending on the national context.

Terms such as “social economy enterprises”, “social and solidarity enterprises”, and “third sector” are also used by some stakeholders, countries and international organizations to refer to social economy entities. Work integration social enterprises are a common type of social enterprise across Europe. They specialize in providing work opportunities for disadvantaged people.

Source: [European Commission Social Economy Action Plan 2021](#)

1.2 ILO definition – specifically has a definition for Social and Solidarity Economy

"The SSE encompasses enterprises, organizations and other entities that are engaged in economic, social, and environmental activities to **serve the collective and/or general interest**, which are based on the principles of **voluntary cooperation and mutual aid, democratic and/or participatory governance, autonomy and independence**, and the **primacy of people and social purpose over capital in the distribution and use of surpluses and/or profits as well as assets**.

SSE entities aspire to long-term viability and sustainability, and to the transition from the informal to the formal economy and **operate in all sectors of the economy**. They put into practice a set of values which are intrinsic to their functioning and consistent **with care for people and planet**, equality and fairness, interdependence, self-governance, transparency and accountability, and the attainment of decent work and livelihoods. According to national circumstances, **the SSE includes cooperatives, associations, mutual societies, foundations, social enterprises**, self-help groups and other entities operating in accordance with the values and principles of the SSE."

Source: ILO, [Resolution on Decent Work and the Social and Solidarity Economy](#), June 2022

1.3 OECD definition – considers SSE and SE to be the same

Social economy, also referred to in some countries as **solidarity economy** and/or **social and solidarity economy**, is **made up of a set of organizations such as associations, cooperatives, mutual organizations, foundations, and, more recently, social enterprises**. In some cases, community-based, grassroots and spontaneous initiatives are part of the social economy in addition to non-profit organizations, the latter group often being referred to as the solidarity economy. The activity of these entities is typically driven **by societal objectives**, values of solidarity, **the primacy of people over capital** and, in most cases, **by democratic and participative governance**."

Source: OECD, [Recommendation on Social and Solidarity Economy and Social Innovation](#), 10 June 2022

1.4 United Nations definition –specifically has a definition for Social and Solidarity Economy

Social and Solidarity Economy (SSE) refers to forms of economic activities and relations that prioritize **social and often environmental objectives over profit motives**. It involves citizens acting collectively and in solidarity for democratization of economy and society, including producers, workers, and consumers. It is often used as an umbrella term to encompass **“social economy”, “solidarity economy”, or third sector organizations and enterprises**. SSE is fundamentally about reasserting social control over economy and relinking economy with society and nature.

While many SSE organizations and enterprises (SSEOs) are established to respond to specific needs of people and communities, some also aim to transform the economic operating system into the ones based on **such values as participatory democracy, solidarity, equity, human and Earth rights, self-determination, mutuality and cooperation**. All SSEOs emphasize human social values and ethics in economic activity and relations, and economic practices built upon **democratic governance and self-management**, reciprocity, solidarity, and active citizenship.

Over the last decades, SSEOs have rapidly grown in numbers in both developed and developing countries. Organized at the grassroots level, they have contributed to mitigating long-run damaging trends such as a rise in poverty and inequality especially in the developed world, environmental degradation and de-industrialization placing skilled workers into unemployment.

Furthermore, SSEOs play a pivotal role to offer social services across communities especially in a time where government budgets are stressed and subject to cutbacks. In addition to providing fair services SSEOs have by and large demonstrated a remarkable capacity as employers to maintain and create jobs in times of crises where the government and the market failed, including throughout the COVID-19 period. Growing numbers of policymakers therefore started paying attention to the role and potential of SSEOs, as a means of implementation of the SDGs at the local level.

2. LEGAL DEFINITION OF SSE IN ALBANIA

In Albania, despite the existence of a variety of forms of social economy organizations, there is neither a definition of Social and Solidarity Economy (SSE), nor a specific strategic framework adopted. Also, Albania does not have a law or national strategy in place that recognizes the Social and Solidarity Economy as a sector.

The different organization forms of social economy are regulated by separate specific laws, which stipulate definitions, mandatory principles of organization, decision-making, supervisory, licensing, or regulatory bodies in charge.

The [Law No. 65/2016 “On Social Enterprises in the Republic of Albania”](#) makes an exception to the “rule”. It fails to give a definition of social enterprises, creating in this way uncertainties if the law refers to a completely new legal entity, or a status which is

granted based on several criteria. Nevertheless, the law establishes that SE must have as mission protection and social inclusion of vulnerable groups through employment, creation of employment opportunities for groups been out of labour market, services, and goods provision for people with special needs and women, and economic and integration of groups in need. In this spirit, the law addresses the work integration social enterprise model (WISE).

Definition of Social and Solidarity Economy according to its development in our country (*definition according to Partners Albania*):

In Albania, the Social and Solidarity Economy (SSE) encompasses a diverse range of organizations, enterprises, and initiatives aiming to prioritize social objectives and collective well-being over profit maximization. According to national circumstances, the SSE in Albania represents a multitude of legal forms including non-profit associations, foundations, centres, social enterprises, mutual societies, cooperatives and saving and credit associations.

3. TYPES OF ORGANISATIONS INVOLVED IN SSE IN ALBANIA

Cooperatives (Agricultural Cooperatives): Agriculture cooperatives are the main form. They can join and create federations to protect and promote their broader interests. [Applicable law: Law No.38/2012 "For Companies of Agriculture Cooperation."](#)

Mutuals: The object of the activity of mutual cooperation associations is the realisation of economic activity jointly by its members. The companies of reciprocal cooperation are similar formations to agricultural cooperatives but considered more suitable as a legal form for the crediting, insurance, and construction sectors. [Applicable law: Law No. 8088/1996 "For Companies of Reciprocal Cooperation" amended to the Law No. 9039/2003 and the Law 9747/2007.](#)

Social Enterprises and WISEs (Work Integration Social Enterprises or other similar organizations): Regulated by the Law No.65/2016 "On Social Enterprises in the Republic of Albania". WISEs are treated as part of the same law, as the main aim of this law is to support the social and economic integration of unfavourised groups part of the social protection systems, through employment. [Applicable law: Law No.65/2016 "On Social Enterprises in the Republic of Albania"](#)

Associations and Foundations with economic activity (NGOs): The non-profit sector in Albania consists of three legal forms: **associations** (membership organizations, primarily serving their members), **centres**, and **foundations** (non-membership, serving public interest). According to the law, Law No.65/2016 "On Social Enterprises in the Republic of Albania", only non-profit organizations are eligible to get the social

enterprise status. *Applicable law: [Law No.8788/2001 "For Non-profit Organisations", amended to the \[Law No.9814/2007\]\(#\) and \[Law No.92/2013\]\(#\)](#)*

Savings and Credit Associations (SCA): are another legal form of SE, regulated by Law No. 8782, 2001. This law provides for the establishment, activities, and supervision of savings and credit associations and the unions that are generated from the merging of these associations. The generated net surplus is not distributed to the members, but instead is used for the development and expansion of the activity of the association.

The association is run by the members themselves and one member has one vote. The SCAs are committed to fulfilling the needs of rural area unbanked inhabitants for financial services. *Applicable law: [Law no 52/2016 "For Savings and Credit Associations and their Unions"](#)*

4. BRIEF HISTORICAL OVERVIEW OF SSE DEVELOPMENT IN ALBANIA

The social and solidarity economy has evolved over the years in Albania, However, there is still a need for improvement in terms of strategies, laws, incentives, and support for the development of this ecosystem.

The first form of the SSE in Albania can be considered the Cooperative type. Cooperatives were formed during the communist period, where land was expropriated from groups of farmers who were forced into cooperative working to continue their agricultural production and husbandry. In this form of organization, farmers had no choice on production and cooperative members had no ownership rights to capital, production equipment, machinery or their products. The state owned all land and properties that had been privately owned before the communist regime. Workers only 'owned' their manual labour, which was poorly paid. The negative perception regarding cooperatives are still present in Albania, despite the change of their functioning since then and the political transition to democracy in 1992. Furthermore, the cooperatives' activity is linked entirely to the agricultural production by the general public.

But since then, different types of SSE have emerged in Albania. The first forms of SSE started their activity before the 2000s, and these initiatives evolved from the activities of non-profit projects and programs supported by foreign donors. Despite the fact that most SSE have started their activity by registering as non-for-profit organizations, the eco-system comprises also other legal forms such as, for-profit entities. NPOs, which still constitute the vast majority of Albanian social enterprises, focus on social service delivery and inclusion that combat rising social exclusion and compensate for gaps in public agency service delivery. Social enterprises provide services to disadvantaged groups including people with physical disadvantages and disabilities, people with

mental health problems, children with special needs, and woman and girls who are victims of trafficking.

In legal terms, in 2016, the very first [“Law on Social Enterprises in the Republic of Albania” No.65/2016](#) came into force, marking an important development in the field of social entrepreneurship, that despite of lack of legal framework had been in existence as a form of organization for about a decade. However, this law only recognizes non-profit organizations as a legal form of social enterprise and excludes other existing typologies such as limited liability companies and agricultural cooperatives. In addition, the sector still suffers from the lack of a comprehensive legal framework and fiscal incentives such as subsidies and tax exemption on profits.

In 2018 the Albanian government legislated the [Decisions of the Council of Ministers, No.789, dated 26.12.2018 “On the establishment of the fund for the support of social enterprises and support forms through subsidiaries for social enterprises”](#).

In 2019, the Albanian government legislated [Decision No.539, dated 25.07.2019 “The Roadmap for Government Policy towards a More Enabling Environment for Civil Society 2019 – 2023”](#) One of its measures (Measure 8.2) targets financial support towards social enterprises and stipulates an awareness raising campaign to promote such supports.

In December 2020 was approved a new law “For Public Procurement”, No. 162/2020 bring it in line with the EU Directive. The law recognizes social procurement as part of public procurement and the Decision of Council of Ministers no. 768, dated 15.12.2021 provides the specifications to that regard.

5. CURRENT LAWS AND POLICIES RELATED TO SSE IN ALBANIA

- [Law No.38/2012 “For Companies of Agriculture Cooperation](#). This law regulates Cooperatives (agricultural cooperatives). The law is based on a broader legal framework, [Law No.8088/1966 “For Companies of Reciprocal Cooperation”](#), amended to [Law No. 9039/2003](#); and [Law No. 9747/2007](#).
- [Law No. 8088/1996 “For Companies of Reciprocal Cooperation”](#) amended to the [Law No. 9039/2003](#) and the [Law No. 9747/2007](#). This law regulates Mutuals – Companies of Reciprocal Cooperation .
- [Law No.65/2016 “On Social Enterprises in the Republic of Albania”](#) <https://qbz.gov.al/eli/ligj/2016/06/09/65-2016>. This law regulates Social Enterprises and WISEs (Work Integration Social Enterprises or other similar organizations). It regulates the establishment and operation of social

enterprises, as well as defines the requirements and criteria for obtaining and maintaining the status of SE.

- **Law No. 7850/1994 "For Civil Code of the Republic of Albania, as amended; Law No. 8788/2001 "For Non-profit Organisations", amended to the Law No. 9814/2007 and the Law No. 92/2013; Law No. 8789/2001 "For the Registration of Non-profit Organisations"** . The laws regulate Associations and Foundations with economic activity (NGOs). There is no difference in legal and fiscal treatment among foundations, associations, and centres. They all belong to the non-for-profit sector and are ruled by the same legislation in all aspects of their activity.
- **Law No. 52/2016 "For Savings and Credit Associations and their Unions"** . The law regulates Savings and Credit Associations (SCA). This law provides for the establishment, activities, and supervision of savings and credit associations and the unions that are generated from the merging of these associations.

5. GOVERNMENT SUPPORT PROGRAMMES FOR SSE INITIATIVES IN ALBANIA

The only subsidy scheme funded by state budget targeting exclusively social enterprises, with a status granted according to the Law on Social Enterprises, is the fund established through the Decision No. 789, dated 26.12.2018 of the Council of Ministers "For the establishment of the fund for the support of social enterprises and support forms by subsidiaries for social enterprises". The total value for the period 2019-2021 was 249,760,000 ALL, although no SE was funded. In 2023, the Fund in Support of Social Enterprises in Albania for the period 2023-2025, has a value of 240,000,000 ALL. The forms of support for social enterprises from the fund, focus on the integration and employment of employees belonging to disadvantaged groups, therefore one of the criteria for benefiting from the fund is that "not less than 50% of the social enterprise employees should be part of the economic assistance scheme"(social protection scheme).

The Agency for the Support of Civil Society (ASCS) is the responsible public authority which provides financial support for NPOs. The annual budget of the ASCS from 2014 follows the same trend by providing financial support up to approx. 859,137 EUR.

Agricultural and Rural Development Agency (ARDA) is a national state agency supporting entrepreneurs in the agriculture and food sector, preparing the institution to benefit from EU and other donors' funding. ARDA has four support schemes among of which the co-financing of IPARD II, an EU funded programme (75%) which aims to support farmers, economic-agricultural entrepreneurs, including the UFA, natural and legal persons, micro-enterprises and small private non-agricultural enterprises that

make investments in the production and processing of dairy, meat, vegetables, herbs and vineyards.

The following public authorities are providing public support, but do not intentionally targeting SE. Nevertheless, SE entities are eligible to receive such support.

Minister of State for Entrepreneurship and Business Climate: According to the Law No.25/2022, dated 10.03.2022 "For the support and development of start-ups", the MSPE provides grants, training and consulting sessions for start-ups and is estimated to reach the amount of 10 million EUR over the next 4 years. Support is provided by the ministry and Start-up Albania Agency, through the Grant 2024" scheme with a total fund of 300 million ALL.

Albanian Investment Development Agency (AIDA) The agency's focus is to increase the competitiveness of the private sector, strengthen the country's export potential, promote and support foreign direct investment in Albania, as well as promote the country's tourism potential. AIDA provides grants which support micro, small and medium enterprises, through a call for proposals for the co-financing of eligible costs (subsidy) with a focus on the digital transformation of the main business processes.

Ministry of Tourism and Environment is the public authority which provides grants to natural persons and registered entities that aims interventions towards promotion of destinations, development of tourist products and brands of the territory, and digitization and innovation.

At the local level, Tirana Municipality is one of the very few municipalities that has specific programs that supports financially social enterprises, established by young people, women, and other groups, with a specific focus in rural areas of Tirana.

6. PUBLIC AWARENESS AND SUPPORT FOR SSE INITIATIVES IN ALBANIA

In Albania, public awareness, understanding and support for Social and Solidarity Economy remain limited, though growing.

Most of the public lack knowledge on the definition and forms of the SSE, and this lack of clarity comes due to a restrictive legal framework and insufficient government support and national promotion of SSE. The sector's visibility and understanding are hindered by a lack of cohesive national strategies and public campaigns to promote its values and potential.

At the national level, efforts to promote awareness of SSE, raise visibility and understanding of SSE are mainly driven by the civil society sector, which plays a pivotal role in filling the gap. Over the years, Partners Albania has been at the forefront of these efforts, actively supporting and promoting SSE organizations. Through strategic public campaigns and consistent engagement with these organizations by utilizing their products and services, we work to raise awareness encourage community involvement and enhance the visibility of SSE initiatives and highlight their contributions to society.

Therefore, when recognized, SSE initiatives are often viewed positively, particularly for their products/services and social impact. While there is a recognition of the potential benefits of SSE in addressing social issues and promoting economic inclusion, many citizens remain uninformed about specific initiatives or the operational frameworks of social enterprises.

While specific social enterprises, cooperatives, or community-led initiatives gain recognition for their local impact, the broader understanding of SSE principles—such as democratic governance, social purpose, and sustainability—is limited.

While some media outlets report on successful social enterprise initiatives, there is a general absence of consistent narratives that highlight their impact on community development or economic growth. Mainly, media coverage of SSE in Albania is often event-driven, focusing on individual success stories, donor-funded projects, or government initiatives. Despite limited awareness, when acknowledged, the public tends to support SSE initiatives. However, only some actively engage with or support existing social enterprises, indicating a gap between awareness and action.

7. IDENTIFIED NEEDS RELATED TO SSE IN ALBANIA

The Social and Solidarity Economy (SSE) in Albania is still at an early stage of development and faces persistent challenges. The sector struggles with low public recognition and limited awareness among policymakers, alongside an unclear legal framework and absence of fiscal incentives. Access to finance remains restricted, with most initiatives dependent on short-term grants, while banking institutions and investors offer little tailored support. Other challenges include limited education on entrepreneurship, scarce and unaffordable opportunities to access professional training, mentoring, and technology, as well as support structures that are concentrated mainly in the biggest cities. SSE is encountering more than ever challenges in recruiting and maintaining staff, also due to new wave of immigration among labor force.

In this context, the CREASSE project contributes to addressing some of these challenges through its integrated components. It promotes awareness and recognition of the social economy by fostering dialogue among policymakers, practitioners, and local actors, while also showcasing the sector's potential in advancing social inclusion

and sustainable development. Through capacity-building activities, mentoring programs, and tailored training, the project enhances the entrepreneurial and managerial skills of social entrepreneurs, with a particular focus on rural areas where such opportunities are scarce.

By organizing focus groups, CREASSE has ensured that the needs, priorities, and voices of local communities are reflected in project recommendations and actions. Networking events further strengthen this process by creating spaces where social entrepreneurs, support organizations, and policymakers exchange experiences, build partnerships, and explore joint initiatives. These interactions reinforce collaboration at national and local level.

Its emphasis on community-driven solutions, pitching event, and sectoral networking also supports the development of new ideas with potential for growth and replication.

In addition, the project's transnational networking between Albania and partner countries enhances knowledge exchange, partnerships, and access to European-level opportunities

In this way, CREASSE plays an important role in strengthening the ecosystem for social enterprises and advancing inclusive growth, especially in rural areas where the social economy can generate sustainable employment and foster social cohesion.