

CSR in Albania *observations & recommendations*

CSR observations and recommendations for Albania

Date: 3 March 2015 (revised version)
Authors: Michiel van Yperen, Meine van der Graaf

Preface

When it comes to doing business in Albania, many people might find introducing and developing the notion of Corporate Social Responsibility (CSR) somewhat premature. They would say that a number of challenges exist that need to be addressed first and that CSR is somewhat of a luxury in this context. Some would even say this about the Netherlands by the way, which would raise the question when CSR does become relevant.

The Dutch government has a clear view and policy on this: CSR is a business case. In its policy paper “CSR Pays Off - CSR Policy in The Netherlands”, the government clearly sets out that CSR is not a luxury - not in The Netherlands and not internationally - but that it pays off, both for business as for society as a whole. The government promotes Dutch companies to do business in a CSR way, including when they operate internationally.

Moreover, the report you are reading starts to make clear that many of the well known challenges to doing business in Albania are actually related to CSR questions. Any company that would like to address and overcome these challenges has a better chance when it uses CSR best practices. In this sense, CSR is certainly not a luxury in Albania. It is in fact the best way to a long term and sustainable strategy for success; both for the individual company as for the further development of the country as a whole. Promoting CSR will contribute substantially to raising competitiveness in and internationalising of the Albanian economy. These priorities have been set by consecutive Albanian governments, and they equally play into another major national goal of Albania, which is its path towards EU integration. Corporate Social Responsibility is a solution.

In commissioning this scoping mission* by “MVO Nederland” (CSR Netherlands), the embassy wanted to explore the state of play concerning CSR in Albania: What are the main challenges? Which initiatives, actors and frameworks already exist? But also, can specific CSR opportunities be identified? The embassy will use this report to advise Dutch companies that are considering to become active and do business in Albania. It will be of practical use to support them in reaching the highest standards, just like we would encourage them to do in The Netherlands. Hopefully, other Albanian and International stakeholders will also find it useful.

Gilles Bauwens
Deputy Head of Mission
Embassy of the Kingdom of The Netherlands in Tirana



Kingdom of the Netherlands

**This grant has been awarded in the framework of the Leads for Economic Development Program of the Netherlands Ministry of Foreign Affairs, managed by the Netherlands Enterprise Agency. The objectives, proper implementation and results of this project constitute a responsibility of the implementing organisation. Any views or opinions presented in this project are those of the implementing organisation and do not necessarily represent those of the Dutch Government.*

Table of contents

Introduction	4
Definition of CSR.....	5
General overview of CSR challenges in Albania	6
CSR & Government	7
Observations	7
Recommendations.....	9
CSR & ICT	11
Observations	11
Recommendations.....	11
CSR & Textile and shoes	13
Observations	13
Recommendations.....	13
Potential pilots	14
CSR & Agro-food	15
Observations	15
Recommendations.....	15
Potential pilots	16
CSR & Tourism.....	17
Observations	17
Recommendations.....	17
CSR & Urban development	19
Observations	19
Recommendations.....	19
Potential pilots	20
CSR & Civil society.....	21
Observations	21
Recommendations.....	22
CSR Albania.....	23
Observations	23
Recommendations.....	24
Potential pilots	24
Annex I: About Dutch Policy regarding CSR	25
CSR Policy	25
Stimulus, guidelines and tools.....	25
Annex II: About CSR Netherlands	26
Partner network and products.....	26
International CSR program	26

Introduction

This report is the result of an exploration executed by CSR Netherlands commissioned by the Embassy of the Kingdom of the Netherlands. The goal of this exploration is threefold:

Firstly compare CSR frameworks, government policies and ambitions with the reality of companies and sector organisations. This will give the government and organisations such as AIDA (Albanian Investment Development Agency) and international donors practical leads for implementing CSR strategy.

Secondly this exploration aims at creating a clearer insight in the current state of CSR and opportunities across sectors and the public domain. CSR was addressed and discussed in workshops with several sectors and groups of stakeholders to create an overview. These general and sector specific observations as well as a number of recommendations and leads for possible next steps are available for all companies and organisations.

Derived from the first two goals is the third aim of this report: literally explore Albania as a place to do sustainable and socially responsible business. Albania has a number of challenges to overcome when it comes to how it is perceived in the Netherlands and in Europe in general. This report is not a conclusive research into the entrepreneurial climate in Albania but is meant as an eye opener and it provides Dutch companies and stakeholders with a starting point for further exploration of opportunities in Albania.

So even though it is not a conclusive, complete study, the observations, recommendations and practical tips in this report are the result of a week of round tables with representatives of sectors and stakeholder groups, site visits and meetings with the government. The report has been reviewed by several key actors from the different sectors and stakeholder groups for verification of the findings and to create bottom up co-ownership regarding the options for follow up.

Definition of CSR

Confusion exists on what Corporate Social Responsibility actually means, everywhere, and also in Albania. It is not just about corporate philanthropy or charity. CSR is more about how you earn your money, then how you spend your money. CSR is also more than merely complying with laws or regulations. Workable CSR definitions often used are:

“Strategic focus of core business activities on long-term value creation in the three dimensions of People, Planet and Profit, combined with the willingness to get into dialogue with society and stakeholders.”

(SER, Dutch Social Economic Council)

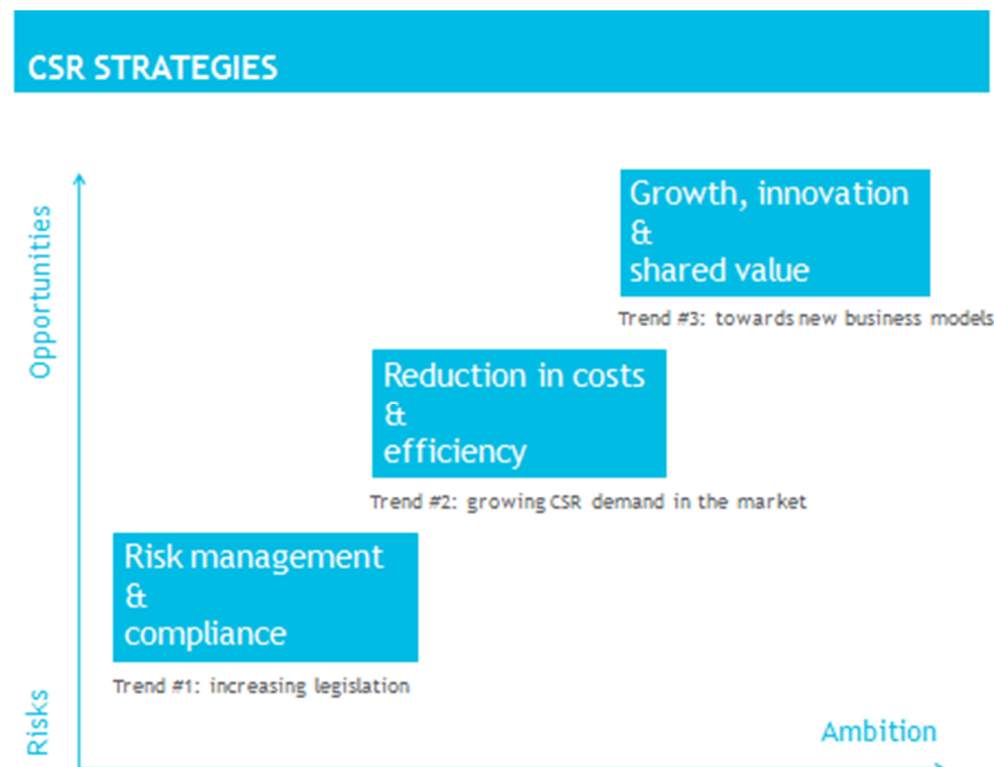
“A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis.”

(EU definition on CSR, 2001 Green Paper)

“Corporate Social Responsibility (CSR) refers to companies taking responsibility for their impact on society. As evidence suggests, CSR is increasingly important to the competitiveness of enterprises. It can bring benefits in terms of risk management, cost savings, access to capital, customer relationships, human resource management, and innovation capacity.”

(EU definition on CSR, 2011, COM 681)

The following graph shows the continuum of possible CSR strategies:



Some of these strategies are more ambitious than others, and some focus more on transformational opportunities (do good), than on avoiding risk (do no harm). It is not said that one is better than the other; The appropriateness of the strategy depends on the context and goals of individual companies or entire sectors.

General overview of CSR challenges in Albania

Using the definition we can come to a more systematic overview of the major challenges for corporate social responsibility in Albania, which were detected during the scoping mission. Companies and other stakeholders (becoming) active in Albania will have to address those by creating CSR strategies and turning them into opportunities. Of course sectors differ, so more info per sector is to be found in the following sections.

First of all, understanding of CSR within different actors is limited. It is often only seen as philanthropy, or as a luxury that Albania cannot afford at this time. The full continuum of strategies and seeing CSR as a business case is not widespread.

The challenges in general for Albania in relation to CSR can be summarized as follows:

People:

- High rate of unemployment, particularly youth unemployment and in rural areas.
- The Vocational Education and Training system needs to be improved.
- Technical and professional skills of workforce are limited (some sectors excepted).
- Informality is high (working without contracts, problems with payment of salaries and social contributions, bribery etc.).
- Capacity of government to enforce labour laws needs to be improved.

Planet:

- Awareness of environmental management and nature conservation is not fully developed.
- Mindset of short term profit making hampers long term exploration of natural resources.
- Natural heritage and conservation not seen as selling point for attracting foreign investments and tourism.
- Environmental management and cleaner production not seen as means for cost reduction and efficiency.
- Capacity of government to enforce environmental laws and standards needs to be improved.

Profit:

- Value chains are fragmented and little added value is created.
- Profits are transferred outside of Albania.
- Cooperation and incorporation in cooperatives is tainted by communist past.
- Lack of national sector guidelines and/or sector strategies on CSR.
- Unlevel playing field as lagging companies are often not penalized or prosecuted when they don't follow the rules.

Partnerships:

- Civil Society has not yet found its role as full partner or as a constructive partner for helping businesses to improve.
- Multi stakeholder cooperation and Public Private Partnerships are not usual.
- Local/rural NGOs are not widespread.
- Media and NGOs have not yet grown into the role of critical investigative journalism.

CSR & Government

Observations

Albania has taken the first steps towards embracing CSR policy and practices. In the process of globalisation and EU integration, the Albanian business community as well as the government experience an increasing need to comply with international standards and requirements. In this contexts CSR becomes of significant importance.

Together with the United Nations Development Programme (UNDP), Organisation for Security and Cooperation in Europe (OSCE), several bilateral donors and embassies, the Albanian government (coordinated by the Ministry of Economic Development, Trade and Entrepreneurship, MEDTE) is committed to promote social and environmental standards to enhance sustainable growth and competitiveness for Albanian companies in the global market. The most prominent achievements and documents to date are:

- The [Baseline Study on CSR Practices in the Western Balkans](#) (UNDP, 2008), which gives a first overview of the status of CSR in Albania and surrounding countries. Different from Western Europe, it states that in Albania large companies themselves are the major driver of the CSR agenda in Albania. Especially the multinational companies, driven by their general commitment to international standards. Beyond a general consensus on the importance of a consistent and enabling regulatory system, there is also a lack of active participation of stakeholders including NGOs, the media, consumers, trade unions and educators on speeding up the CSR agenda.
- The [National Action Plan on CSR 2011 -2014](#), drafted in 2011 by the Ministry of METE (formerly the Ministry of Economy, Trade and Energy, now called MEDTE) with the technical assistance of the UNDP. The plan highlights the emerging need for Albanian enterprises to exercise a higher degree of commitment to social, environmental and workforce concerns and to create an enabling environment for the adoption of corporate social responsibility practices in companies operating in Albania, through ongoing, open and inclusive dialogue with all stakeholders. This plan was never officially endorsed, but seems to be still one of the guiding documents for further developments.
- The establishment of the Multi-Stakeholders Forum on CSR and the [Albanian CSR Network](#) in 2011, which is one of the results of the National Action plan on CSR (see also page 23).
- The [Business and Investment Development Strategy 2013-2020](#) (published in 2012 by METE) is the main document for the identification and implementation of the national policies for the promotion of business investments for the period 2013-2020. This strategy is in line with the EU industrial policy, which is based on the European Strategy “Europe 2020” (smart, sustainable and inclusive growth) based on the increase of employment, improvement of the conditions and support of innovation, research and development, development of human resources and social cohesion. CSR is a key part of “Europe 2020”. The focus for Albania is among others a strong focus on SMEs and sustainable and environmentally friendly mining.
- The first (and latest) [National CSR Report](#) (published by METE in 2013) which reflects CSR developments in the country since the 2008 Baseline Study on Corporate Social Responsibility. It introduces a measurement framework at the national level for annual assessment of CSR related performance in the country. The key institutional partner involved in the preparation and finalization of this report is UNDP.
- [Situation Analysis on CSR](#) in Albania, Current Practices and Challenges of Extractive Industries (published by the OSCE and the Canadian Embassy in 2013).

The process of implementing CSR policies by the Albanian government seems to accelerate due to the EU accession process. The country recently acquired the EU candidate memberstatus, which will be a major driver for transition towards competitiveness and sustainable socioeconomic growth. CSR is one of the vehicles for positioning Albania in a better way to European business partners.

*“The country finds itself on a well-defined path to radical change”
(Prime-Minister Rama in the Dutch newspaper ‘NRC handelsblad’, June 24, 2014)*

Still, the country has a long road ahead in enforcement of legislation and in fighting corruption¹. With the Rama administration it seems that a new (and younger) generation of government officials is in place who have successfully battled some of the structural CSR related barriers in the first year. The Albanian Daily News (September 16, 2014) listed some of their efforts such as the return of police order in the streets; the arrest of more than 8000 people involved in corruption and other crimes, including officials from their own party; demolition of illegal buildings, including returned public spaces to citizens; closing of illegal universities who could not guarantee the credibility of their degrees. By continuing on this line the Albanian government will contribute greatly to the country’s corporate image abroad towards a more ethical and fair business climate. For now the country still seems to have a rather bad reputation among Western European entrepreneurs, especially in the field of CSR related issues. A brief inquiry among some Dutch entrepreneurs showed a preference for (in their perception more stable) country like Macedonia although none of them actually had been to Albania or had inquired about the possibilities.

*“Albania is too risky to invest in and the economy too informal. I prefer to go to Macedonia, Turkey or Tunisia instead of Albania”
(Interview with Dutch entrepreneurs)*

Dutch companies experience a gap between legislation and its enforcement. The informal economy is still big and corruption remains a challenge at all levels. On the other hand there is optimism as well about the current trend of fighting corruption and illegal building.

*“The wild west period after the communist era seems to be coming to an end. The country wants to move on”
(Interview with Dutch entrepreneurs)*

These entrepreneurs share the opinion that Albania could be the ‘gateway to the Balkans’ when it develops into a safe, stable and sustainable economy. CSR can be strategically used to position Albania as a fair, clean and safe country for investments. Other Eastern European countries have proven the past 10 to 15 years that adoption of CSR principles and performance standards into regular business practices create multiple, long-term benefits. They are more crisis proof, having a stable relationship with their clients, with a better sense for innovation and a greater ability to adjust to constantly changing circumstances in the world economy.

The Government of Albania, with MEDTE as lead Ministry, is more and more adopting this point of view and committed to promote Corporate Social Responsibility as a key element of sustainable competitiveness for companies in Albania and for the Albanian economy as a whole on its path towards EU membership.

CSR is a key part of the new ‘Europe 2020’ strategy aimed at promoting an integrated approach to “smart, sustainable and inclusive growth”, within an overall vision of a social market economy. The focus on the inter-relationship between economic, environmental and social objectives in service of sustainable competitiveness is now at the centre of the European Union agenda, with Member States, Candidate Countries and Prospective Candidate Countries urged to encourage business enterprises to develop and strengthen their commitments to corporate social responsibility.

¹ European Commission, [Albania 2014 Progress Report](#)

From the latest 2011 Communication of the European Commission on CSR the following action points are most relevant:

- A greater focus on *partnerships* including raising stakeholder and citizen awareness and involvement in CSR rather than a singular focus on enterprises.
- A much greater focus on *sector-based* CSR strategies linking standards, best practice and the creation of added value in a number of important sectors of the economy.
- A stronger emphasis on the *disclosure* of environmental, social and governance information by companies (transparency).

In a number of ways the Albanian government has started to implement these action points:

- There is a interdepartmental working group on CSR with several Ministries involved and a lead Government Department for drawing up CSR policies (MEDTE).
- They engage with a multi-stakeholder forum and the Albanian CSR Network.
- Focus sectors are selected, like ICT, Textile & Footwear, Tourism, Agro-food, Urban development and Mining.
- There is a set of country level performance indicators for monitoring the progress on CSR.

Recommendations

- Promote Albania in Western Europe as a country in transition with a high ambition to make the country a safe, clean and fair place to invest. Create with a high CSR performance competitive advantage over other Balkan states.
- Promote CSR as a profitable business-strategy instead of corporate philanthropy. To attract foreign investment and to increase export industry, Albania needs a high CSR profile as international business clients are obligated to comply to international CSR standards themselves. Albanian exporting sectors are the first to encounter international CSR demand based on OECD Guidelines, ILO guidelines, ISO 26000 etc.
- Update and formalize the draft National CSR Action plan and set clear and measurable objectives each year. Use ‘Ambition 2020’ as a practical and inspiration framework by asking companies what their sector will look like in 2020 and what needs to be done to make this ambition reality (this is also in line with the EU ‘Horizon 2020’ strategy).
- Draw up sector strategies on CSR for the (exporting) focus sectors, for example on sustainable tourism development, together with the sectors themselves (public private partnerships). Use ‘back casting’ sessions to break down the sector ambition 2020 into roadmaps how to get there.
- Position the ICT sector as a cross cutting sector, which supports other sectors on disclosure and transparency, implementation and monitoring processes, increasing productivity and competitiveness. An example can be to fill out [CSR-Link](#) for Albania, a web tool which shows who is doing what in which sector.
- Integrate CSR criteria in public procurement (also when financed by international donors) and setting an example as best practice and launching customer for ‘smart, sustainable and inclusive growth’.
- Reward best practices with tax benefits, financial and non-financial recognition and promotion.
- Support the development of domestic manufacturing capacity, expansion and diversification of the export products, for example in textile industry (re)introduce sustainable and high tech fiber recycling, spinning, dying etc.
- Focus on developing innovative pilot projects and scoped experiments together with sector coalitions, AIDA and (international) donors instead of new documents and congresses.
- Connect AIDA to G2G counterparts like the Dutch RvO (Netherlands Enterprise Agency) for creating synergy and co-creation.
- Involve SMEs and young professionals as fast moving change agents rather than large companies. Use the last group for scaling up successful SME innovations.
- Map out supporting organisations like NGOs, consultants, financiers, experts and

researchers in Albania for assisting companies with implementing CSR solutions, optionally in combination with a (grant) [voucher](#).

- Idem for international (bi-lateral) financial instruments like Dutch Good Growth Fund, Matchmaking facilities, PUM, Private Sector development funds, etc.
- Promote ISO 26000 as practical guideline for implementing CSR and as a political tool to position the country positively towards OECD and UN. The OECD Guidelines are a comprehensive summary for multinational companies based on UN treaties. Together with ISO 26000 as implementing guideline, the OECD Guidelines cover most international requirements on CSR, demanded by Western governments and business clients (see ‘international standards for CSR’).



CSR & ICT

Observations

ICT is a growing sector in Albania. Traditionally a frontrunner in creativity and in many aspects ahead of other sectors in reaching EU standards. Even though, CSR is not something that is widely understood or practiced in this sector. As is the case in most sectors it is considered as complying with laws and standards.

Part of the ICT sector is organised in the Albanian IT Association (AITA). This association is strongly aimed at promoting IT as an Albanian export product. Another objective is to improve the quality of IT education in University curricula. A member of AITA is involved in the implementation of a platform for all educational organisations to use as a basis for sharing files and information with students.

CSR issues that are related to the ICT sector in the broadest sense (including hardware production and call centres) are labour conditions, excessive overtime, living wages, waste management and energy usage. In all cases the prospect of sourcing for EU countries gives an incentive to work on these topics. A structural shortage of programmers and call centre personnel is forcing companies from Western Europe to look for outsourcing possibilities. Albania has some potential to deliver. Already Dutch companies (among others) are seeking out Albanian partners for programming activities. Some of the advantages for Albanian companies is the level at which English, Italian, French and German are spoken in combination with competitive wages and the central position in Europe. But once again, to position oneself as a sustainable or social responsible alternative for countries in Africa and South East Asia, Albania needs to work on its visibility and image in general. Albania is often either not known or not seen as a serious, safe option for doing business.

Apart from tackling challenges within the sector such as mentioned above the sector is in the position to be a change agent for other sectors and government for moving towards a higher level of CSR. This was a point that was taken well during a meeting with representatives of AITA .

*“I have studied CSR but have never considered it as a business case”
(Representative of AITA)*

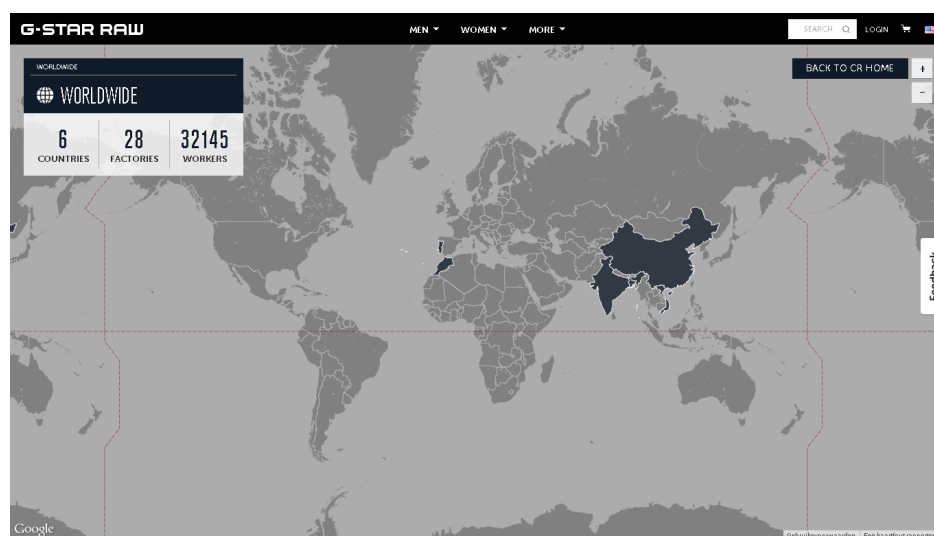
IT companies can start to see CSR not just as complying to standards or as charity. But as a serious business opportunity. IT companies have the power to create great examples and platforms of sustainable initiatives to start a movement towards sustainability and social responsibility for Albanian companies, big and small. They can lead the way to position Albania as a sustainable and social responsible alternative to do business in Europe.

Recommendations

As the government is positioning the ICT sector as a cross cutting sector to support other sectors on disclosure, transparency, implementation and monitoring, a crucial role for AITA is to cooperate intensively with the responsible governmental institutions on promoting ICT.

- Explore possibilities on transparency tools for traceability and disclosure, like a web tool which shows who is doing what on CSR in which sector, smartphone apps etc.
- The concept of traceability as shown in the Nature & more and G-Star cases got the attention and opportunities should be explored. Collaboration with companies from Agro-food and textile as well as tourism originations can give the Albanian IT sector a competitive edge by creating a demand for applications for traceability, transparency, ranking and peer review (for example Rank a Brand and true price).
- Another concept that can be explored is the new economy or circular economy. New forms of ownership and availability of product can be lucrative in an ever changing

world. Examples of this can be found all over the world. Some well known examples from the Netherlands are Neighborgoods and Mud Jeans. In these new business models, design of product is such that the materials are owned by the producer even after a product is sold (or leased). After use the product is returned to the producer and brought back into the cycle of production. These new business models go hand in hand with ICT applications, online shops etc. Furthermore these principles are being tested on more sophisticated products such as smart phones and laptops. In a way the use of “the cloud” as storage for company files is a form of such a circular approach.



Top left: Transparency of agricultural products by Nature & More

Top right: Ranking of brands on their CSR performance by a smartphone app

Under: Interactive map with production locations and factory data of Denim brand G-star

CSR & Textile and shoes

Observations

The textile and footwear industry are among the largest exporting sectors in Albania and CSR is to some extent already on the agenda as international business clients are demanding transparency about the way garments and shoes are produced (trickle down effect).

In the textile sector the main constraint is not the working conditions like in countries such as Bangladesh and Pakistan, but the fact that only the CMT (cut, make, trim) phase in the entire supply chain is represented (99%). Materials are being brought in by outsourcing Italian brands. For CMT only, Albania is more expensive than low cost countries in the far east or Northern Africa. The Albanian CMT industry seems to be very dependent for their survival on Italian brands with limited collections in the high end market. At the same time the Textile Trade Union complains that the margins in this sector are too low and advocates more 'Made in Albania' branding.

One way to move towards more inclusive growth with higher volumes and margins is to diversify the production chain with integration of phases such as design, spinning, weaving, knitting, wet processing industries or, better yet, with innovative fiberization technology. These supply chain phases are non existing in Albania. All fabrics come from abroad, mostly from Italy and after the CMT processing the finished product goes back where - most of the times - it will be sold as 'Made in Italy'. To a certain extent this is the case for footwear and leather as well. Albania does not produce any tanned hides for exporting industry, while there is a growing demand for sustainable and circular garments, shoes and leather of international brands and retailers.

Compared to textile, the footwear industry is developing more rapidly towards a more integrated supply chain. The sector has started to add the design phase to their industry which resulted in the first and proudly presented 'Made in Albania' labels. These shoes are branded quite successfully on European markets, but not positioned as sustainable and fair produced footwear, while international markets are increasingly demanding such claims, due to heavy accidents and bad working conditions in the far east. This could be considered a missed opportunity to differentiate the sector from other countries.

Another barrier is that Albania - except in Italy - is not known as a textile and footwear producing country nor as a country with skilled workers and - at first sight - a rather good CSR performance. Interviews and a factory visit showed that the working conditions and social system are better than those encountered in the far east. On the other hand the Textile Trade Union indicated that subcontracting to unregistered and uncontrolled workshops with salaries lower than minimum wage still occur. Sometimes with the complicity of the government because of the pressure to maintain the employment level. To prevent this, Albanian textile companies should start with membership of FWF, BSCI or similar codes of conduct. The impression is that adoption of these codes will not encounter many difficulties or corrective actions, Albanian companies should be able to join these programs relatively easily to show their compliance to international standards and demands.

Recommendations

Most promising for these sectors are diversification and promotion. If Albania would choose to take this route it has the potential to develop itself as high tech fashion valley. Key elements of such an approach can be fiberization, spinning and fabric making to serve circular business models in fashion. Another path could be the refurbishment of shoes and footwear. These potential business cases can serve (Western) European front running brands and retailers searching for producers nearby, with short lead times, fast and more limited collections, fast distribution lines and more integrated supply chains.

This implies major financial investments in technology and cooperation with the Albanian government and international donors. These sectors need a strategic vision and a targeted international promotion campaign. Some elements for a roadmap:

- Promote Albania as a country where textile and footwear is produced in a rather fair and sustainable way (check subcontracting as potential risk).
- Diversify the production chain and add sustainable tanning, re-fiberization, spinning, fabric making, dyeing and finishing to the Albanian textile industry.
- Promote 'Made in Albania' as a brand for fair and ecological sound textile, leather and footwear production.
- Promote the sector abroad and visit international fashion fairs to sell the added CSR value and to make Albania visible as a middle and high end textile, leather and footwear producing country.
- Draw up a roadmap for textile and footwear industry in public private partnerships with local government, the sector and international partners focusing on diversification of the production chain and serving the circular economy.
- Take CSR, the strategic position near the EU and short lead times as competitive advantage in comparison with other textile producing countries.

Potential pilots

- In Albania tanneries did exist during the communist era and disappeared in the nineties. A Dutch consortium lead by Stahl company is exploring the business case for rehabilitation of these old tanneries in a sustainable way. A pilot in Mongolia showed promising first results and can be interesting for Albania to copy this concept and to become more independent from importing hides from abroad.
- Re-fiberization of textile waste in combination with a yarn spinning can be a promising business case for Albania as Western brands are becoming more interested in circular garment concepts. A new technology based on chemical recycling needs to be upscaled in a pilot plant. This very innovative technology is yet only available in laboratory settings and ready for the next step. Albania can be a suitable country for this due to the strategic location close to the EU, the relatively high technical level of staff, lower costs and accessibility to investment funds for private sector development.

Possible partners for setting up pilots:

- AIDA (lead agency for e.g. textile and footwear)
- MEDTE
- National Chamber of Garments Production
- Association of Shoe Manufacturers
- Polytechnic University Tirana (departement Textile & Fashion)
- Dutch expert centres at Saxion hogeschool and Texperium
- Dutch brands like Stahl chemicals and Groenendijk workwear
- Dutch working group on circulair textiles

CSR & Agro-food

Observations

Traditionally the largest sector in Albania is on the one hand the most potential and on the other hand the most lagging sector regarding CSR implementation. As is the case in general, the agro-food sector has to cope with the absence of a level playing field. The frontrunning companies - when it comes to standards, innovation and an outward view to other EU countries - are much more ahead compared to the large group of smallholders, but they are not awarded for that. A frontrunning meat processing company stated:

“We import meat that has all possible certifications and meets all EU requirements. We have high standards of production and are willing to go beyond “national standards”. But our products can not be sold in the EU due to the low level and bad reputation of Albanian control mechanisms. On the other hand our investment in higher production and certification standards gives our company a competitive disadvantage for the local market because of low enforcement level and informal practices of our competitors that produces at lower standards and consequently lower costs”
(Albanian meat company)

There is a urgent call for standardization, reliable inspections, real enforcement and professional customs to create a level playing field. Exporting companies (only 1% of the total Albanian agro-food market) have their markets often close by, like Kosovo or in non-EU countries like China and Egypt with less demand for food quality standards. There are some exceptions like Eurofish fish processing company. One of the companies that has found its way to the European market and can be seen as a frontrunner in complying to regulations and standards. Compliance is a requirement to enter EU markets but is not considered as the level of CSR that will give the company a real competitive advantage in European markets.

Much effort is seemingly being put in bringing landownership in order. This is yet in an early stage seeing that many small land owners have no legal documents yet to show for their ownership. The average size of the land owned by one farmer is approximately 1,5 hectares. This is an obstacle for farmers to deliver at a constant level for the domestic market as well as for many trade companies from EU countries to do business with Albanian suppliers.

An opportunity lies in small holders teaming up to approach the local or even international market with products that can easily compete with supply from other countries. Olives, tea, honey, high quality meat products, aromatic/medicinal plants as well as soft fruits are tipped as potentially successful.

The biggest challenge seems to be the big distrust of anything that has a communist ring to it. In other words, it will be hard to get local farmers up to the idea of cooperatives or collective collaboration due to very bad experience during the communist era.

Recommendations

CSR and sustainable business or even ECO are within reach due to the low level of development of the agro-food sector. Now is the time to put effort in creating critical mass for these concepts and making the business case visible. This is best done by creating and communicating about pilot projects/best practices that can inspire and motivate companies to invest in these concepts. EU citizens are increasingly asking for fair and environmental friendly produced agro-products. Albania has the possibility to position itself as eco production country in Europe were small scale farming is used to its full advantage.

- Recreation and tourism could be integrated in the vision and approach of the agro sector in Albania. This concept is already being embraced by Atelier Albania and has great potential.

- Dutch expertise in the field of multifunctional agri-business can be put to great use.
- Agro entrepreneurs should work together not by putting land and resources together but by forming corporations aimed at joint marketing and procurement. “Work on a different way of framing the concept to avoid historical trauma”. Search for innovative approach to the allocation of agricultural land that is being sold to commercial partners to give the sector a boost. In this lies an opportunity to take a responsible, sustainable and integral approach to the sector. These sales can be used to create public private partnerships aimed at not only government revenues but also aimed at boosting a change of course in the approach to agriculture in Albania.
- Start up standardization of the sector, focused on smallholders and professionalize credit funds for starting professional cooperations of smallholders producing for a larger domestic (and even international) market thus creating a level playing field.
- Build on pilots where cross-over with other sectors is explored.
- Make connection between the frontrunners in Albania in the field of eco production with pioneering companies from Europe looking for new sourcing partners in Europe through match making facilities in different countries as well as through networks such as CSR Netherlands.

Potential pilots

There are a number of leads for pilots for collaboration between companies, stakeholders and government on company level and regional level:

- 80% of the olives is pulp waste which is discharged. This waste can be considered as raw material, for example for tapenade or for usage as fertilizer. Therefore a separate factory, technology and investment is needed, for example in partnership with AIDA and international donors. This is only one of the opportunities that Akil Kraja from ASC Union sees for CSR as a business case to tackle challenges in the agro sector in Albania. Such innovative ideas can be used to create the best practices that are needed to involve and motivate businesses from the agro sector to embrace CSR.
- EHW meat processing could consider piloting on a product line based on local, eco ingredients (meat, spices, etc.) to experiment on possibilities to set up an Albanian value chain for meat production and meat processing. Of course doing so in the most sustainable, transparent way as possible. Such an experiment serves as a inquiry into potential demand for high end eco-friendly “proudly made in Albania” products. Both for domestic market and international markets. Key in this pilot would be the collaboration with Albanian government on pilot level, addressing the business case as well as the conditions needed from government to make this possible.
- Investigate possible pilots on multifunctional agriculture in combination with tourism but also in more densely populated areas such as the greater Tirana area.

Possible partners for setting up pilots:

- ASC Union
- An example of a successful Dutch Cooperation: Campina Melkunie (dairy company)
- PUM local representative (matchmaking Dutch and Albanian parties)
- Albanian Consultants Network (certification and procesmanagement)
- Spatial planners like Co-Plan and National Territorial Planning Agency

CSR & Tourism

Observations

The tourism sector is traditionally one of the most outward oriented sectors in Albania. Furthermore it is well organised in the Albanian Tourism Association with over 300 members. The association is divided in three pillars: tour operators, hotels, restaurants.

CSR is well understood by the representing companies. It is understood that a sustainable approach to the tourism sector can be lucrative seen the growing demand from mainly north western Europe for agro-tourism and small scale sustainable tourism. CSR in tourism in Albania has a long way to go though. There is no system in place for instance to provide hotels and restaurants with stars and other certification schemes. As for the development of tourism in the near future, this can go in different directions.

On the one hand current development based on demand from mainly Kosovo (in for instance Durres area) has lead to uncontrolled and unregulated growth of hotels and resorts. The lack of structural spatial planning and the widespread illegal building activities in the last decades have once again proven to be the pivot. This seems to start to be addressed now by the government. Here lies a big opportunity for both the government and the tourism sector and their foreign partners to work together on master plans as well as pilots to develop sustainable tourism models in close harmony with other sectors such as urban development and the agro sector.

“The Government is setting an example by blowing up illegal buildings but it still lacks a clear strategy on how to develop regulated tourism”
(Albanian Tourism Association)

Members of the association seem to have clear ideas on what is needed to develop their sector into a competitive European tourism market. They claim to be willing to work together with government but are not in their view being seen as a partner in the development of the tourism sector by the government.

“We are the biggest and oldest association in Albania, yet we were not consulted when the government wanted a new tag line to promote Albania abroad. They came up with: ‘Albania, go your own way’, which says absolutely nothing about what we have to offer”
(Albanian Tourism Association)

On the other hand there is pressure from Middle Eastern and Russian investors to build big resorts. In a country such as Albania this is an attractive development for the short term and will benefit land owners and entrepreneurs but has a potential risk of another wave of uncontrolled growth of hotels and resorts in places where a well balanced, sustainable and integrated approach to tourism could help develop whole areas of the country and give economic benefits to larger numbers of people.

Albania is one of the most unspoiled countries in Europe. It has a number of unique selling points and could potentially compete with Greece and Turkey. Albanians have a rich culture and English and Italian are mastered by a large percentage of the people.

Recommendations

From a sustainability (CSR) point of view agro-tourism, eco-tourism and cultural tourism should have a central place in the national tourism strategy. These forms of tourism can be developed in different phases and can be scaled up and replicated by small and medium sized entrepreneurs. The government tries to get control in the tourism and real estate market which is dominated by illegal building and disputable land use. Eco-tourism or environmental impacts are of non-concern in this re-active and chaotic market. The result is that the coastal line is scattered with buildings without any planning. This will turn

Albania from a potential paradise into a nightmare where no tourist is interested anymore, like in Durrës. To stop this real public private cooperation is needed together with strong legislation and enforcement, e.g. in property development and land use and setting standards for a level playing field.

Secondly the country has (still) a lot to offer but it seems that only the low cost mass tourism option is discovered. The coast line develops towards a second Turkey or Spain with all associated problems. The high end eco- and cultural tourism is hardly explored and can be an interesting (and high income) niche market for Albania. It needs vision to set Albania on the map as different tourist destination compared to Greece, Turkey etc. Countries like Costa Rica and Bhutan can be an interesting example for Albania to look at. At least zoning is needed: the appointment of certain areas for mass tourism, areas for high class resort tourism, areas for eco-tourism etc.

Possible options to be explored with the Albanian tourism sector are:

- Organise a multi-stakeholder round table with strategic partners in Albanian tourism sector, the government and with foreign tour operators (like the Dutch tour operators already active in Albania as SNP, Djozer and TUI). Find out from these foreign tour operators their reasons for organising trips to Albania. Why do these pioneers come to Albania? The answers to this question can be considered as the Unique Selling Points (USPs) for Albanian tourism industry and what Albania must be proud of. These assets are to be conserved and exploited in a responsible way. It can be informative to hear from foreign market forces (incoming tour operators) how the tourism industry should be developed according to their clients-target group.
- In addition a future vision is needed, strongly supported or even co-created by the government. How will Albanian tourism sector look like in 2025? Organize with a group of strategic stakeholders as (foreign) tour operators and parties such as WWF, UNESCO and local governments a back casting session from 2025 till "today". What is needed to come to that vision?
- Draw up an action plan on that and ensure real ownership for the long term as a factor for successful implementation.
- Position Albanian tourism industry in a distinctive way compared to Croatia, Greece and Turkey, for example by attracting high end (eco) tourists instead of cheap mass tourism. Explore and calculate with the above mentioned stakeholders the most sustainable business case in the long term. The 'Costa Rica model' can be in the long term more valuable than the model for example of Turkey or Spain.
- Appoint National parks and protected areas with strong enforced restrictions for tourism development, like in Costa Rica.
- Involve international organisations like UNEP/UNDP, international NGOs on Nature Conservation like IUCN and WWF, and organisations for cultural conservation like UNESCO for strategic development of certain vulnerable natural and cultural heritages.

CSR & Urban development

Observations

Urban development and spatial planning are the base of all change in Albania. There have been developments in the field of urban planning over the last number of decades but none thus far have been 'game changing' and it is well perceivable that there has been big business in 'not letting it happen'. In the past, corruption and a dysfunctional government have contributed to a situation of wild and illegal building without any urban planning as a bases. *'The right of ownership of land has been synonym to the right to build'*.

This wild period of illegal building in the cities and in rural areas is coming to an end. The general opinion is that this cannot go on like this. An unlimited consumerist attitude focussed on short term profit is slowly making place for a more balanced approach of the Albanian people. Owners corporations are being set up and big companies are slowly realising that structural organisation is needed to keep growing in a sustainable way, *'first we had to try everything, now we are starting to distinguish'*.

To improve and correct unstructured urban development of the last three decades, the structures of urban planning in Albania have to change. There are signs of this already, such as the good work of Polis University and Atelier Albania. To make these changes, substantial interventions must be done at different levels:

- **Macro:** bringing together multi stakeholder roundtables on the subject of urban development and creating a long term vision on spatial planning in the broadest integral sense. Preferably by linking spatial planning to tourism and multifunctional agro industry.
- **Meso:** such as opening up the energy sector which is currently dominated by hydro energy companies contracts to alternative sources such as solar and wind.
- **Micro:** by supporting experiments and initiatives and joining in public private partnerships with Albanian and foreign companies.

All activities at the different levels should be interrelated.

From institutions such as Polis University young professionals are entering the working force. These professionals as well as people who have studied and worked abroad are the driving force behind the future course of urbanisation. As architects, spatial planners, politicians and government officials, these young professionals have a creative view of urban challenges and can develop integral strategies for urban development. The educational level is said to be more than sufficient to meet most challenges.

The big challenge lies in the gap between these young professionals and existing structures that decide on spatial planning issues at the local, regional and national level. They are often a product of the past and are considered to slow down the necessary changes in the system.

Recommendations

Well planned urban planning can function as the connecting force between sectors to stimulate integral approach to development. By connecting for instance tourism and cultural heritage, agriculture, architecture and regional potentially successful sectors at an early stage, urban/spatial planning can be at the base of a balanced and well thought through approach to local and regional development. Areas of opportunities are: waste water management; metropolitan agriculture; prevention of soil degradation and erosion; coastal development and interventions in the development of Durana (the greater Durrës-Tirana area).

A possible way to stimulate young entrepreneurship in urban development (as well as in other sectors) is to create physical hubs. Places where entrepreneurs can work together and share knowledge and experience across the traditional borders of sectors or product groups. Examples of such places worldwide are numerous.

Simultaneously, the battle against badly documented land ownership and illegal construction and development should be continued in a solid way. This battle needs to be accompanied by a clear and broadly supported vision and strategy on spatial planning on local, regional and national level.

Potential pilots

- Waste water management in cooperation with [PUM](#) as a spin off of a project currently being carried out in Kosovo.
- Tourism and spatial planning in southern Albanian coastal area; explore possibilities of integrated eco/cultural/tourism approach.
- There is a lack of physical places for young entrepreneurs to work together. Start ups and young professionals now do not have the financial means to start an office nor the opportunity to meet with peers on a regular basis in a working environment. Such a physical place has proven in other countries to be a place of innovation and co creation. Examples: [the Impact Hub](#) or Seats to Meet, places that offers shared office space and facilities. Such spaces are as a rule located in unused buildings or old factories and warehouses. A perfect setting for especially young architects and designers. Natural partners for such hubs can be CSR Albania (members like Tirana Business Park, Vodaphone, etc.), Polis University etc.

Possible partners for setting up pilots:

- CSR Albania
- Atelier Albania
- Polis university
- Co-plan
- IABR, Dutch Architecture organisation affiliated with Atelier Albania
- CityForster
- Vereniging Delta Metropool
- Berlage Institute
- PUM
- RVO
- Albanian Tourism Association

CSR & Civil society

Observations

The civil society in Albania finds itself in a stage of development. A comprehensive and broad overview is not yet available. The international NGO World Vision indicated that there is a shortage of environmental NGOs in Albania. These NGOs play a crucial role in the process of sustainable development. Many of the NGOs are involved in charity-like programs, and CSR for these organisations is quite a new concept. But there are also NGOs such as Mjaft en Co-Plan that focus more on developing (inclusive) business cases together with sectors. Financial resources mainly come from international donors and international NGOs.

The trade unions seem to be fairly well organised although they are somewhat bureaucratic and formal. The [Albanian Confederation of Unions](#) is one of the two union clusters and existing out of 12 sector unions, like industry, tourism, telecom and financial services. Contributions come from approximately 45.000 members and are transferred through collective bargaining agreements. The total membership is approximately 110.000, including retired workers and exemptions. Each year they collectively negotiate the rates for minimum wage with the government (social affairs) and business organisations (app. € 150,- per month in 2014), which is still insufficient as living wage, and they draw up and implement collective sector agreements.

The Confederation indicates that the lack of transparent (social) dialogue between parties is their major point of concern, as well as poor enforcement of social legislation and collective agreements. There is a lot of 'informality' and non existing contracts. The Union tries to monitor these cases.

Another issue is that cheap foreign labour from China and Turkey is attracted to work as subcontractors in the extractive industries (mining), often without any social rights or protection. The unions occasionally organise strikes, but limited due to the high costs of wage compensation of the workers. The question still remains how powerful the unions are in Albania and to what extent they are seen as a constructive counterpart for business sectors and the government.

Besides NGOs and Unions, Consultants and academia can be seen as part of civil society in Albania. They are well organised in the [Association of Consultants Network](#) (ACN) with 35 members. The ACN provides promotion, marketing, social services and training services for the members. The members are active in areas like ISO certifications and implementation, business development, management, recruitment of human resources and financial consultancy. They see a market for creating a level playing field in the different sectors for CSR, for example by implementing and controlling (ISO) standards, contracts and reporting. In contrast to ISO 9000 (quality) and 14000 (environmental), ISO 26000 (CSR) is not known nor in use in Albania. For the Albanian government, it is worth considering promoting, or - as suggested by ACN - to enforce this standard by the Albanian government. ACN hopes a more participative and co-creating role for the government, with sector scoping and the use of targeted financial instruments like CSR innovation vouchers. AIDA is seen as the ideal executive organisation for this. ACN can help to plan and develop the CSR improvement projects in pilot sectors whether or not in close cooperation with the CSR Network Albania (see also page 23).

Another party which has a role to play is the media. Journalists in Albania (and in general) are often more focussed on what goes wrong than on communicating about best practices. The question should be asked how independent the media are and to what extent do PR and marketing interests overrule the task of bringing in-depth and objective news and disclosing substantiated facts and data. The media can be a crucial player to accelerate CSR in Albania by addressing malpractice on the one hand and finding successful inclusive business models that can improve Albania's corporate image at home and abroad on the other hand.

The overall opinion on civil society by most Albanian (larger) companies is mainly centred around corporate philanthropy in stead of on improving primary business activities towards a people-planet-profit baseline. Some examples of the stage of CSR development: A company donates an ambulance truck to the local community, a Bank in Tirana pays for the construction of a park from its marketing budget as CSR activity. Companies provide educational materials to schools. Companies show their energy reduction and cost saving achievements. All these efforts are very valuable and companies should go on with these, but also real CSR impact assessments, innovative solutions or integrated and transparent CSR policies are needed.

For SME companies this is not of yet a very big issue. They have very little knowledge of CSR and the associated opportunities and are not at the point of using it as a key selling point.

A number of awards have recently been brought to life. According to some of the attendants of the discussions with NGOs these awards have the risk of increasing the likelihood of what is called “Greenwashing”; the practice of making an unsubstantiated or misleading claim about the environmental benefits of a product, service, technology or company practice. It can make the company appear to be more environmentally friendly than it really is.

When Albanian NGOs, Unions, media, consultants and academia cooperate, major issues can be addressed, like fighting corruption and the lack of transparency, especially in extractive industries, often situated in remote areas and hardly monitored by (urban based) NGOs and media.

Recommendations

- Map out supporting organisations like NGOs, experts and researchers in Albania for assisting companies with implementing CSR solutions, optionally in combination with a (donor) [voucher](#);
- Stimulate NGOs to cooperate together and to set common and coordinated lobby agendas and to share data and expertise. This can be done by building a NGO network structure, both virtual and IT supported, and in meetings on a regular basis.
- Train journalists in media schools about the concept of CSR and the importance of data collection, investigative journalism, disclosure and transparency.
- Create more partnership between the ACN and the CSR network Albania or make ACN full partner of the CSR network.

CSR Albania

Observations

The [Albanian CSR Network](#) (CSR Albania) is a young organisation that has taken off in recent years. Its initial [members](#) are primarily multinational companies with head offices in other European countries. The joint vision on CSR is based on the policies of the involved companies and partners. The organisational structure and the legal form have been chosen, but it needs to develop its service portfolio and diversify its membership.

CSR Albania is one of the change agents that can bring CSR to a higher level in Albania. All companies represented in CSR Albania have their own policies and direct or indirect dealing with OECD countries. They therefore are obliged to comply with the OECD guidelines. In particular these guidelines describe the supply chain responsibility of all companies, which means that they are obliged to make sure that their supply chain partners comply to the same OECD framework as they themselves do. This ‘trickle down’ mechanism is a major driver for change in international value chains, including those in Albania. CSR Albania can speed up this process by involving as many local partners as possible. A start has been made by inviting partner companies to workshops and lectures on CSR topics.

One of the ambitions of CSR Albania is to become a member organisation of [CSR Europe](#). This organisation comprises all separate national CSR organisations of EU member states. [CSR Netherlands](#) is one of these so called National Partner Organisations ([NPO](#)). Many of the member organisations were created in a similar way as CSR Albania -as an initiative of big companies with an existing CSR policy. CSR Netherlands grew towards a network organisation with more than 2000 member companies, from large companies as Vodafone to small shops on the corner and from Philips to a one man consultancy company. All companies pay an annual fee related to the size of the organisation. This membership provides companies with basic services and access to tools that can be used for reporting or benchmarking of company activities as well as a big annual event for all member companies. In addition, CSR Netherlands works with networks of companies that jointly work on sustainability and social responsibility in their specific sectors. These collaborations lead to pilot projects, expeditions to create higher standards, green deals with the Dutch government to work together on ambitions for the future (see also page 26).

During the mission a backcasting session was held with CSR Albania on their future ambitions, challenges and opportunities:

Ambitions	Challenges	Opportunities
<ul style="list-style-type: none"> • Create a higher standard of entrepreneurship through CSR 	<ul style="list-style-type: none"> • CSR is not yet seen as a part of a profitable business strategy 	<ul style="list-style-type: none"> • Make use of peer pressure and best practices to create momentum for change. Communications about and facilitation of front runners is essential
<ul style="list-style-type: none"> • Create a network of big companies and up to 500 SME companies • Become the leading network for CSR in Albania 	<ul style="list-style-type: none"> • Big companies need to work on the internal outreach within own organisations • SMEs need to see examples of CSR as a profitable and decent way to create business 	<ul style="list-style-type: none"> • The big company network (part of CSR Netherlands) has extensive experience in bringing CSR managers together and working on outreach in separate organisations. A collaboration or exchange of experience should be explored • Communication is crucial in creating a firm base for network and outreach to SME companies in Albania
<ul style="list-style-type: none"> • Contribute to a level playing field and advice government on implementing CSR policy 	<ul style="list-style-type: none"> • Culture of reporting on CSR needs to improve • Lack of legislation and lack of enforcement in general 	<ul style="list-style-type: none"> • Besides working on the lobby for legislation and standards, CSR Albania could give an annual prize to the company with the best social report. (CSR Netherlands has experience with what we call the transparency benchmark) • CSR Albania can be a powerful lobby

		instrument/ change agent to bring CSR to a higher level, in business as well as government <ul style="list-style-type: none"> • Move beyond compliance and use transparency as the key element in vision on CSR in Albania
<ul style="list-style-type: none"> • Approach CSR as a business case 	<ul style="list-style-type: none"> • Tension between long term scope of CSR and short term scope of making profit 	<ul style="list-style-type: none"> • Focus on short term benefits (low hanging fruit) in combination with long term development of the company. There are examples of research that shows that sustainable companies grow steadily and don't react as much to crisis as "regular" companies
<ul style="list-style-type: none"> • Communicate on a growing number of best practices • Work together and compete with neighbouring countries on CSR 	<ul style="list-style-type: none"> • Little budget of companies to implement CSR 	<ul style="list-style-type: none"> • By using CSR as a means to create cost reductions or even to make more money (work in all three spectrums of CSR) the budget issue can be tackled

Recommendations

Overall, to make these ambitions into reality, CSR Albania needs to develop into a mature organisation. Choices must be made for the near future and vision, mission and strategy have to be formulated and implemented to make CSR Albania into a member organisation with benefits for MNCs as well as SMEs. As said CSR Albania can be a strong change agent to bring the quality of entrepreneurship in Albania to a higher level on the way to EU membership.

Sharing experience and knowledge on the subject of CSR is one of the first steps that can be made. Parallel to this, CSR Albania can work together with sister organisations on the structure and strategy of its organisation. Appoint CSR Network Albania as the NPO for Albania in the CSR Europe network and facilitate the process to a professional and effective network, serving both MNCs and SMEs. Concrete steps could be the development of a clear common definition on CSR in Albania, focusing on the strategic and transformative impact on business, politics and society. As also the development of a business plan, including products & services, membership recruitment, communication strategy and sector network meetings.

Potential pilots

As mentioned before, one of the focus points to bring CSR to a higher level in Albania are young entrepreneurs. In a short survey during a meeting with members of CSR Albania, the point was made several times that these young entrepreneurs should be supported in as many ways as possible. In Tirana the absence of working space for this group is evident and it provides CSR Albania with a opportunity to combine its own development with a joint project for its members. With each member using its core competences to contribute to this development (for instance available office space, infrastructure, financial perspective and telecom) it could be a best practice in itself to showcase CSR in Albania.

“CSR Albania could be the driving force behind the first Business Hub for start-ups and young entrepreneurs. CSR, Sustainability and social entrepreneurship can play a central role in positioning such a hub”
(Albanian CSR Network)

Another follow up could be to link CSR Netherlands for a short term cooperation to CSR Albania in a buddy project. Experiences and lessons learnt can be shared and both organisations can think along about position and development in the near future. This collaboration could well be brought to a higher level (examples of this in Sri Lanka and Kenya). The possibilities and needs in this respect can be discussed with the Dutch Embassy.

Annex I: About Dutch Policy regarding CSR

CSR Policy

The Netherlands does not have laws on corporate social responsibility. If you run a business, responsibility for Corporate Social Responsibility (CSR) [lies with you](#). It's something more and more companies and trade associations are getting involved in.

The government however promotes CSR and encourages companies to adopt CSR, by providing information, promoting transparency and setting an example: e.g., it has a sustainable procurement policy. The government's international CSR policy is aimed at Dutch companies operating internationally. It also promotes CSR in emerging markets and developing countries. The Minister for Foreign Trade and Development Cooperation is responsible for international CSR policy. National CSR policy falls under the remit of the Minister of Economic Affairs. The main policy paper of the Dutch government is "[CSR Pays Off - CSR Policy in The Netherlands](#)". The Netherlands is also the second country that has adopted a [National Action Plan on Business and Human Rights](#).

Stimulus, guidelines and tools

The government encourages companies in various ways to take up CSR, and several guidelines and tools are available for companies that want to put CSR into practice. You can find more information on the dedicated government [webpage](#). Several very practical examples are:

- The [transparency benchmark](#): Each year, the government assesses 500 corporate annual reports concerning companies' CSR activities. The company with the highest score on the transparency benchmark is awarded a prize: the Crystal.
- [CSR Risk checker](#): A tool for entrepreneurs to conduct a supply chain risk analysis.
- [The CSR Passport](#): Find out what opportunities are still out there for you and what the minimum requirements are from governments. After reading this passport you'll be ready to work on CSR within your own company.
- ISO 26000: This standard for businesses, governments, civil society organisations and unions offers guidance on, for instance, saving energy, combating discrimination in the workplace, and giving consumers honest information. Companies can assess their performance in the light of the standard.
- ISO 26000 CSR roadmap: The Netherlands Enterprise Agency has drawn up a roadmap to help companies integrate ISO 26000 principles into their operations.
- The government has published a brochure for companies on dealing with corrupt practices when doing business abroad ('[Eerlijk zakendoen, zonder corruptie](#)').
- The government has established a national knowledge centre and network organisation for CSR, [MVO Nederland](#) (CSR Netherlands). It is the first port of call for any company wanting to make its operations more sustainable.

Annex II: About CSR Netherlands

CSR Netherlands aims to inspire, connect and strengthen businesses and other organizations at various levels. At a country level CSR Netherlands do this through awareness raising and influencing public opinion by showing inspiring visions and stories, best practices, trends and thought leaders. For example, during the yearly CSR conference a platform is created for entrepreneurs to share their stories and to learn from innovation and new views. Hereby companies get inspired to raise their ambitions and set sustainable transitions in motion.

At the sector level and in trade chains CSR Netherlands develop networks of businesses and organizations in which they make social and environmental standards explicit and sustainability opportunities visible. These standards and opportunities are translated into transition programmes per sector. In all these programmes and networks the participating companies are stimulated to formulate an inspiring sustainable target on the horizon for the sector (ambition 2020). The communication strategy is always opportunity-oriented thereby focusing on inspirational best practices, business opportunities and other chances that CSR has to offer.

Partner network and products

An important part of CSR Netherlands is the partner network counting over 2000 partners including SMEs, big companies and multinationals, from CSR beginners to CSR frontrunners. This is at the moment Europe's largest CSR business network. These partners, associated trade organizations and knowledge institutions play an important role in the networks and sector transition programs of CSR Netherlands. To strengthen the network, partners sign the "Be the change" manifesto, in which they commit themselves to make their commercial operations sustainable and inclusive and they pay a yearly fee depending on size and turnover.

Partners are supported by relevant products and tools like *CSR Maps* with which partners can determine their level of CSR adaptation, *CSR Steps* (also online) which enables businesses to develop their CSR policy and the *CSR Guide ISO 26000* that enables adaptation of CSR in a structural manner based on ISO 26000. Another tool is the *CSR risk checker* which helps companies to analyse international CSR risks related to international trade or the *Chain Simulator*, an online interactive game in which teams compete for the best CSR result in their value chain. Partners receive a discount for workshops, events and meetings.

International CSR program

As of 2013 CSR Netherlands performs the ICSR program (International CSR), which is inspired by both the OECD guidelines and the principles and techniques of transition management (giving speed and direction towards truly sustainable sectors and trade chains). The ICSR program focuses on stimulating business and trade with the developing countries. Together with innovative SMEs and experts new business models, social innovations and technical improvements are explored. In this way the program aims to make trade and investment relations financially, environmentally and socially sustainable. At the moment these transition programs are being developed for the industries in leather, textiles, clean technology, horticulture, chemical and maritime sector.

In order to create worldwide as much sustainable impact as possible, CSR Netherlands explores opportunities for international cooperation, both within CSR Europe and outside the continent. CSR Netherlands regularly cooperate with Dutch embassies and foreign sustainability and CSR institutions for training purposes, CSR research, networking and/or knowledge sharing.