



EUROPEAN CLUSTER  
COLLABORATION PLATFORM

# Country factsheet

Albania

An initiative of the European Union





## Contents

Contents .....	2
Introduction .....	3
1. National cluster policy, programmes and initiatives.....	5
2. State of play of cluster policy .....	11
Bibliography.....	14



## Introduction



This document presents an overview of the cluster policy in Albania. Given its importance to contextualise the cluster policies (and related) analysed in the factsheets, a comprehensive outlook of the country can be consulted in the [Albania 2020](#) Report and the [Albania factograph](#). These documents highlight the country's recent developments, economic outlook and the state of play of its relations with the EU.

01

# National cluster policy, programmes and initiatives



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# 1. National cluster policy, programmes and initiatives

Policy type:	Broad Policy
Policy name:	<u>Business and Investment Development Strategy 2014-2020<sup>1</sup></u> <i>Industrial policy</i>
<b>POLICY OBJECTIVES</b> 	<p><b>Strengthening cooperation between companies or industry and RTDI actors</b></p> <p><b>Increasing competitiveness and boosting scale up of SMEs</b></p> <p><b>Supporting internationalisation activities</b></p> <p><b>Fostering R&amp;D activities, technology development and implementation</b></p> <p><b>Fostering innovation and strengthening innovation ecosystems</b></p> <p><b>Promoting entrepreneurship, start-ups and spin-offs</b></p> <p><b>Promoting social and sustainable economy and other solidarity-based initiatives</b></p> <p><b>Promoting employment and upgrading skills and competences</b></p> <p><b>Connect to global supply chains<sup>2</sup></b></p> <p>The Business and Investment Development Strategy (BIDS) was created in 2014 as an integral part of Albania's "National Strategy for Development and Integration" and in line with EU industrial policies, mainly based on "Europe 2020". The Strategy is complemented by an action plan, which outlines measures, budget allocations and monitoring mechanisms. The emphasis lies on the promotion and support of enterprises, start-ups and SMEs through the creation of a business-friendly environment. The strategy foresees the establishment and support of new clusters in key sectors through the stimulation of cooperation between industry, academia, research institutes and universities and the development of the Albanian Cluster Program (ACP). BIDS encourages, among others, social responsibility and sustainable growth with the creation of employment, the promotion of education and trainings. The main objectives are the increase of competitiveness and innovation as well as deeper integration in global markets.</p>

<sup>1</sup> The updated version of BIDS for 2021-2027 period should be coming out in September 2021. At the moment the strategy is undergoing public consultations. New BIDS will cover the period 2021 to 2027 and is based on the same strategy as well as the National Plan for European Integration (PKIE), the Economic Reform Program (ERP), the Western Balkans Common Market Plan 2021-2024 (CRM) and the new EU SME Strategy.

<sup>2</sup> The main objectives of the new BIDS are: (i) Investment Attraction and Internationalization; (ii) SME development, entrepreneurship and innovation; (iii) Human capital development



<p><b>POLICY FOCUS</b></p> 	<p><b>Cross-sectoral</b></p> <p>BIDS<sup>3</sup> primary focus lies on the development and upscaling of the industrial sector, including manufacturing and SMEs. Additionally, it foresees enhanced innovation in the IT sector and increased export promotion, especially in the agricultural and fishing sector.</p>
<p><b>RESPONSIBLE AUTHORITIES</b></p> 	<p><b>Both drafting and implementation</b></p> <p><b>Provides funding</b></p> <p>When BIDS was adopted in 2014, the Ministry of Economic Development, Tourism, Trade and Entrepreneurship oversaw the policy design and coordination. However, with the restructuring of the government in September 2017, the role has been assumed by the newly established Ministry of Finance and Economy. The Albanian Investment Development Agency (AIDA) oversees the implementation. The agency is managed by a board of directors with members from the private and public sector and chaired by the Prime Minister of Albania. It also is at the helm of most financial support mechanisms and co-ordinates donor support to selected start-ups.</p>
<p><b>BENEFICIARIES</b></p> 	<p><b>SMEs</b></p> <p><b>Cluster organisations</b></p> <p><b>Start-ups</b></p> <p><b>Research organisations</b></p> <p><b>Academic institutions</b></p> <p><b>Large firms</b></p> <p><b>Technology centres</b></p> <p><b>General population</b></p> <p>SMEs and start-ups are the main beneficiaries of BIDS, as its main rationale is the creation of an improved business friendly climate facilitated by the provision of financial and technological support and legislative simplifications. It also foresees an increased</p>

<sup>3</sup> New BIDS stresses the importance of Smart Specialisation. Albania is currently developing a strategy for smart specialization based on a participatory approach.



		involvement and collaboration with business associations. Research organisations, academia, universities and technology centres benefit from a greater cooperation and involvement with the industrial sector. The general population benefits from the focus on human resource development, i.e. an increase of employment opportunities and the promotion of education and trainings.
<b>INSTRUMENTS</b> 	<b>Financial</b>	<b>Financing start-ups</b> <b>Innovation: voucher, support to hire PhDs, cooperation with R&amp;I actors</b> <b>Others: Business angel schemes and venture capital</b>
	<b>Technical assistance</b>	<b>Infrastructure: coworking spaces, offices, incubation and accelerator spaces, research centres, technology parks etc.</b> <b>Support for hard skill development: knowledge transfer, intellectual property, entrepreneurship, export advice, market intelligence</b> <b>Support for soft skills development: coaching, management training, upskilling/reskilling</b> <b>Support for networking and partnership building (at national and/or international level)</b> <b>Marketing activities: advertising, communication, events, fairs, and so on</b>
	<b>Explanation</b>	BIDS <sup>4</sup> vaguely outlines the financial instruments to achieve its goals. The base line is to guarantee SMEs and start-ups facilitated access to finance in form of innovation vouchers, business angel schemes, venture capital, special credit lines and grants (only for start-ups). Increased investments will be allocated to scientific research and innovation. The BIDS commits itself to the creation of infrastructural facilities, such as industrial parks and incubators, which might be combined with fiscal incentives. Support is also granted for knowledge transfer and the creation of networks for international cooperation. BIDS assures technical assistance to exporting companies in terms of export marketing strategies and promotional activities on a national and international level. The strategy foresees the promotion of "Made in Albania" on fairs and international conferences. Furthermore, AIDA will collaborate intensively with chambers of trade, industries and business associations. Human capacity will be strengthened by the promotion of marketing and business skills and trainings for qualified workers.

4 New BIDS is expected to be implemented through several key instruments, which are:

- 1- Increasing access to finance for businesses, which includes: a single Fund "Micro, Small and Medium Enterprise Development Fund; Online application for Grants; State guarantee scheme
- 2- Support scheme for the development of cooperative human capital, which consists in the introduction of a new financial scheme for the development of human capital: Financial assistance to SMEs employing recent graduates for innovation projects; for doctoral students who are employed in SMEs and at the same time enrolled in university, who work on a joint research project. Programs "Innovation and Excellence in Manufacturing" and "Innovation and Excellence in IT" for training in innovation, design, marketing, research and development by covering 100% of training costs.
- 3- Attracting new foreign investors and Retaining existing investors.:



<b>HISTORY</b> 	Period	Limited period (ending year to be specified)
	<b>Ending year</b> (for policies with limited period)	2020
	<b>Starting year</b>	2014
	<b>Explanation</b>	The BIDS and its action plan are implemented over the period 2014-2020 corresponding to the period of the "National Plan for Development and Integration".
<b>BUDGET</b> 	Overall	The strategy estimates an overall implementation cost for 2014-2020 of ALL 35,412 billion (EUR 252,771 million). <sup>5</sup>
	<b>Annual</b>	The annual estimated costs vary from year to year as follows (in million ALL): 2014: 1,706.5 (12,181 million EUR) 2015: 2,464.5 (17,986 million EUR) 2016: 3,265 (24,027 million EUR) 2017: 4,563 (34,159 million EUR) 2018: 6,073 (49,221 million EUR) 2019: 7,680 (62,842 million EUR) 2020: 9,660 (77,634 million EUR)
	<b>Source of funding</b>	National government and foreign funds mainly from international organisations, donors and development institutions such as the EU (through IPA), USAID and GIZ.

<sup>5</sup> New BIDS, roughly EUR 78 mln



<p><b>POLICY</b></p>  <p><b>EVALUATION</b></p>	<p><b>Availability</b></p>	<p><b>in-itinere</b></p>
	<p><b>Results</b></p>	<p>The last available annual review was published at the end of 2016, which covered the period 2014-2016. It stated that 72.6% of the planned short-term activities had been carried out (61 out of 84). Even though special funds have been created, managed by AIDA, the access to financing for start-up remains very difficult, according to an OECD (2019) report. For monitoring the implementation of the Business Development and Investment Strategy 2014-2020,, three monitoring reports were drafted, which assessed the level of implementation at 75%.</p>
<p><b>POLICY</b></p> <p><b>ALIGNMENT</b></p> <p><b>WITH THE EU</b></p> <p><b>PRIORITIES</b></p> 	<p><b>Social inclusion</b></p>	

02

## State of play of cluster policy



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## 2. State of play of cluster policy

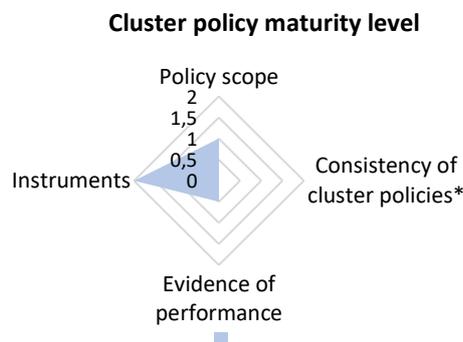
The data below illustrates how the country ranks in terms of maturity of cluster policy. The maturity index is based on a combination of factors presented in Chapter 1 and which are scored based on their existence:

- **Policy scope:** whether the country has a dedicated cluster policy, or cluster creation and/or development is targeted through broader policies (existence of broader policies = 1 point; existence of targeted cluster policies = 2 points)
- **Consistency of cluster policies:** assessment of the duration and experience of the country in doing cluster policies. This dimension assesses only existing cluster policies and not broader policies (no cluster policies available = 0 points; < 10 years of experience or > 10 years (but interrupted) = 1 point; > 10 years (but with clear continuity) = 2 points)
- **Evidence of performance:** the existence of monitoring and evaluation mechanisms determines the degree of policy development in the country (no evaluations = 0 points; existence of evaluations of past policies or in-itinere = 0.5 points; existence of ex-ante and/or ex-post evaluations = 0.5 points)
- **Instruments:** whether the policies provide any instruments to support the policy implementation, being these financial and/or technical assistance (1 point for each type of instrument available)

It is important to note that the maturity does not reflect the performance of a country, but only the degree of development of their cluster policy at the moment when the data was collected (2020). The maturity index illustrates how the country scores for each of these four dimensions (policy scope, consistency of cluster policies, evidence of performance and instruments) compared to the maximum score that they can reach.

	Albania	Maximum score
Policy scope	1	2
Consistency of cluster policies*	0	2
Evidence of performance	0,5	1
Instruments	2	2

*\* This dimension is scored solely if the country has a dedicated cluster policy and it assesses only cluster policies*





State of play of cluster policy in the country	
<b>Policy evaluation (for terminated policies)</b>	<p><b>No policy evaluation</b></p> <p>The Business Innovation and Technology Strategy (BITS) was implemented to promote and sustain the creation and growth of innovative enterprises and the development of a knowledge transfer for the period 2011-2016. There is no official information but reports from OECD, World Bank and Erawatch refer to it and state that a total budget over the 6-year period of 10,3 million EUR is foreseen. The funding is catalysed by the Business Relay and Innovation Centre (BRIC) and consists of both international donor programs through grants and soft loans (EU through IPA 2,87 million EUR, IFIs 5 million EUR), and Albanian state budget contributions of 2,4 million EUR. 60% of the budget is allocated to the Innovation Fund and Innovation Services and 40% to the Cluster and Incubation Programs. There is no official evaluation on the strategy available.</p>
<b>Policy approach in the country</b>	<p><b>Cluster approach used directly by national/regional development agencies</b></p> <p><b>Specific policies to support cooperation projects</b></p> <p><b>Broad-based framework policies to support cooperation effectiveness</b></p>
<b>Continuity</b>	<p>The BIDS is the current key strategic document for the development of SMEs, entrepreneurship and the stimulation of innovation, increased competitiveness, and human capacity. Although there is no national cluster policy at the time being, the BIDS, as a broad industrial policy foresees the development of clusters through the promotion of collaboration between industry, academia, research institutes and the government. Different means of financial and technical assistance are planned to be put into place for this end, such as professional trainings, support in export marketing strategies, innovation vouchers, special credit lines, grants, etc. from donor funds and the governmental budget. One of BIDS component is the Albanian Cluster Program, which is already mentioned in the BITS 2011-2016, but is not further developed or detailed in the documents.</p> <p>Digital Agenda for Albania 2015-2020 also supports the creation of business clusters and collaborative platforms, specifically in ICT sector: providing support for collaborative platforms, thing that can enable and support strategic cooperation between enterprises and other organizations, to increase the value chain of products and services ICT, favoring internationalization and access to new markets.</p> <p>National Strategy For Sustainable Tourism Development 2019 – 2023 mentions Creation of new development industries and clusters (6 tourism clusters) as well as consolidation of the tourism offer and creation of new products among main strategic goals</p>
<b>Consistency</b>	<p><b>No cluster policy available</b></p> <p>There is no national cluster policy in place yet.</p>

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EUROPEAN CLUSTER  
COLLABORATION PLATFORM

Strengthening the European economy through collaboration



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