



EUROPEAN CLUSTER
COLLABORATION PLATFORM

Country factsheet

Albania

An initiative of the European Union





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01

Introduction and economic policy context



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1. Introduction and economic policy context



This document presents an overview of the cluster policy in Albania. Given the importance to contextualise the cluster-related policies analysed in the factsheets, a comprehensive outlook of the country can be consulted in the [Albania 2023 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.

The COVID-19 pandemic has caused an unprecedented economic shock to Albania and the global economy. Albania's Business and Investment Development Strategy 2021-2027 recognises the consequences and challenges but does not mention cluster development as an explicit means to handle them.

The ongoing Russian military aggression against Ukraine and the ensuing international market disruptions reaffirm the importance of cluster development in order to strengthen Albania's economic resilience.

At the same time, the [Common Regional Market \(CRM\) 2021-2024 Action Plan](#) for the West Balkans Six countries will promote Albania's international economic integration and emphasise the advantages of a structured approach to cluster development strategy to back Albanian businesses' integration into regional and global value chains.

In the following, a succinct overview of the cluster policy in Albania will be provided. The structure of this factsheet encompasses:

- 1) an overview of the general business development policy in Albania,
- 2) an assessment of the state of play of the national cluster policy.

02

National cluster policy, programmes and initiatives



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2. National cluster policy, programmes and initiatives

In this section we provide an overview of the existing Albanian cluster-related policies on a national level.



The breakdown is presented in the form of a table, with the first column showcasing information on the aspects which constitute the policy (beginning with 'Policy Objectives', following with 'Policy Focus', etc.). The second column represents the case of Albania's Business and Investment Development Strategy 2021-2027, as this policy promotes the collaboration of different actors from business and society to foster regional development. Furthermore, it envisages a cluster development programme.

Within the table the text presented in bold (black) depicts standardised categories across country factsheets (56 in total for 2023), which are applied for comparative purposes. This is followed by a complementary descriptive text to provide more insights about the cluster policy in Albania.



Table 1: Overview of Albanian cluster-related policy

Policy type:	Broad Policy
Policy name:	Business and Investment Development Strategy (BIDS) 2021-2027
POLICY OBJECTIVES 	Strengthening cooperation between companies or industry and RTDI actors Increasing competitiveness and boosting scale up of SMEs Supporting internationalisation activities Fostering innovation and strengthening innovation ecosystems Promoting entrepreneurship, start-ups and spin-offs Promoting social and sustainable economy and other solidarity-based initiatives Promoting employment and upgrading skills and competences Enhancing territorial cohesion (through RIS3) Increase supply chain resilience



Policy type:	Broad Policy
Policy name:	Business and Investment Development Strategy (BIDS) 2021-2027
	<p>Albania's new Business and Investment Development Strategy (BIDS) 2021-2027 has been developed in line with the National Plan for European Integration (PKIE), the Economic Reform Program (ERP), the Common Regional Market (CRM) 2021-2024 Action Plan for the Western Balkan Six and the new EU SME Strategy. The Strategy is complemented by an action plan, which outlines measures, budget allocations and monitoring mechanisms. The new BIDS is the follow-up of the BIDS 2014-2020. The headline objectives of the current BIDS are: (i) Investment attraction and internationalisation; (ii) SME development, entrepreneurship and innovation; (iii) Human capital development.</p> <p>Regarding cluster policy, according to the BIDS "a cluster development program will be examined" but further steps are not clarified yet. It takes place in the context of parallel efforts to develop a Smart Specialisation Strategy.</p>
POLICY FOCUS 	<p>No specific focus</p> <p>The BIDS is designed to support SMEs across different sectors, i.e. prima facie, it is sector-neutral. The focus areas will be set in the process of evaluating applications for funding from consortia according to its implementation of Smart Specialisation. Overall, the focus lies on helping SMEs to collaborate with each other and research facilities, to promote their internationalisation and export capacities, as well as developing human capital.</p>
RESPONSIBLE AUTHORITIES 	<p>In charge of drafting</p> <p>In charge of implementation</p> <p>Provides funding</p> <p>Oversees the implementation</p> <p>The Ministry of Finance and Economy is in charge of both drafting and implementation. Funding is provided both from the state budget and international programmes such as the EU's Instrument for Pre-Accession (phase 2 2014-2020, phase three 2021-2027) and others. 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>
	SMEs



Policy type:		Broad Policy
Policy name:		Business and Investment Development Strategy (BIDS) 2021-2027
BENEFICIARIES 		Research organisations Academic institutions Start-ups Business associations General population
		<p>SMEs and start-ups are the main beneficiaries of the BIDS, as its main rationale is the creation of an improved business friendly climate facilitated by the provision of financial and technical support and legislative simplifications. It also foresees an increased involvement and collaboration with business associations. Research organisations and academia 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.</p>
INSTRUMENTS 	Financial	Funding collaboration initiatives Financing networking events Financing start-ups Innovation: voucher, support to hire PhDs, cooperation with R&I actors Others: Business angel schemes and venture capital
	Technical assistance	Infrastructure: coworking spaces, offices, incubation and accelerator spaces, research centres, technology parks etc. Support for hard skill development: knowledge transfer, intellectual property, entrepreneurship, export advice, market intelligence Support for soft skills development: coaching, management training, upskilling/reskilling Support for networking and partnership building (at national and/or international level) Marketing activities: advertising, communication, events, fairs, and so on



Policy type:		Broad Policy
Policy name:		Business and Investment Development Strategy (BIDS) 2021-2027
	Explanation	<p>BIDS 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, grants, and a new legal framework for <i>crowd financing</i>.</p> <p>Increased investments will be allocated to scientific research and innovation and educational institutions are assisted in updating their curriculum. The BIDS commits itself to the creation and expansion of infrastructural facilities, such as training centres and pre-built facilities in the Technological and Economic Development Areas (TEDA). Support is also granted for knowledge transfer and the creation of networks for international cooperation.</p> <p>The 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.</p> <p>Human capacity will be strengthened by the promotion of marketing and business skills and trainings for qualified workers.</p>
HISTORY 	Period	Limited period (ending year to be specified)
	Ending year (for policies with limited period)	2027
	Starting year	2021
	Explanation	The current BIDS is scheduled for the 2021-2027 period, paralleling the EU budget and IPA period. It is the follow-up policy to the identically titled BIDS 2014-2020. The policy was officially adopted on 30.07.2021.



Policy type:		Broad Policy
Policy name:		Business and Investment Development Strategy (BIDS) 2021-2027
BUDGET 	Overall	The strategy estimates an overall implementation cost for 2020-2027 of ALL 9,61 billion (EUR 78,09 million).
	Annual	There is no information included about annual estimated costs. Broken down from the overall budget, annual expenses would amount to ALL 1,37 billion (EUR 11,16 million).
	Source of funding	National (and local) government and foreign funds mainly from international organisations, donors and development institutions such as the EU (through IPA), the World Bank, and GIZ.
POLICY EVALUATION 	Availability	in-itinere
	Results	<p>The BIDS 2021-2027 reviews the implementation reports from the 2014-2020 period. The three monitoring reports for 2015-16, 2017-18 and 2019-20 respectively, in total estimated the implementation rate at 75%. Major problems were that the strategy was not known to most stakeholders in the first two reports; unclear wording in the Action Plan; “incorrect division of powers” among the implementing institutions; non-reporting on implementation or non-implementation; measures with different wordings but the same meaning.</p> <p>For the 2021-2027 envisages periodic 6-month and 1-year reports by the Ministry of Finance and Economy as well as an interim evaluation in the fourth year.</p>
POLICY ALIGNMENT WITH THE EU PRIORITIES 		Green economy Digitalisation Resilience

Source: ECCP (2023).



03

State of cluster policy



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3. State of cluster policy

This section presents an overview on the state of play of Albanian cluster policy in the form of a qualitative assessment across four categories of analysis – policy scope, continuity of cluster policies, evidence of performance, and the range of cluster support instruments. Please refer to the **Annex** for the detailed overview of the categories and the scoring system. The table below presents an overview of the **state of play of Albanian cluster policy** for 2023.

Table 2: State of play

Albania	State of play
POLICY SCOPE	Absence of cluster policy
	Broad policy
	Sectoral policy
	National and/or regional cluster policy
CONTINUITY	No cluster-specific policy available
	Cluster policy established recently
	Cluster policy established between over 2 and 10 years
	Cluster policy established over 10 years ago
EVIDENCE OF PERFORMANCE	No evaluation and / or monitoring available
	Existence of evaluations of past policies
	Existence of monitoring or an ongoing / interim evaluation
	Existence of monitoring and ex-ante or ongoing / interim evaluation
CLUSTER SUPPORT INSTRUMENTS	No instruments for cluster development
	Financial support for cluster development in the broader and / or sectoral policy
	Financial or technical support for cluster development in dedicated cluster policy
	Financial and technical support for cluster development in dedicated cluster policy

Source: ECCP (2023).

The text below provides a **qualitative description** of the state of play of the cluster policy in Albania.

Policy Scope

The BIDS does not provide a dedicated cluster programme. It supports procedures aligned to the Entrepreneurial Development Process as outlined in the Smart Specialisation framework. However, regarding cluster policy itself according to the strategy "a cluster development program will be examined" but further steps are not clarified yet.



Continuity

There is no dedicated cluster policy in Albania. During the previous period of the BIDS, an Albanian Cluster Program was mentioned, but is not further developed or detailed in the documents.

In the past there have been some limited cluster support programmes targeted at specific industries such as tourism, textile or software. However, they were mostly short-lived and the few established clusters only survived as long as support lasted.

Evidence of Performance

The previous period of the BIDS (2014-2020) provided three implementation reports which were evaluated for the current BIDS 2021-2027. The current strategy envisages periodic reports periodic 6-month and 1-year reports as well as an interim evaluation in the fourth year. At the time when the research for the factsheet took place (Sep 2022), no report for the current period had been available yet.

Cluster Support Instruments

The BIDS provides both financial and technical assistance to SMEs and start-ups in a broad way, but without a dedicated focus on cluster development.

References



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Annex

Table 3: Analytical framework for the state of cluster policy

Criterion	Description	Categorical variables
Policy scope	assessment whether the country has a dedicated cluster policy, or cluster creation and/or development is targeted through broader policies, e.g. foreign trade policies, labour and social policies or specific sectoral policies, e.g. industrial policy tourism policies, agriculture policies	absence of cluster policy existence of broader policies existence of specific sectoral policies existence of targeted cluster policies
Continuity of cluster policies	assessment of the duration and experience of the country in carrying out cluster policies. This criterion assesses only existence of targeted cluster policies and not broader policies or sectoral policies	absence of dedicated policies supporting cluster development cluster policy established recently (within the last 2 years) cluster policy established between over 2 and 10 years cluster policy established over 10 years ago
Evidence of performance	assessment whether there are evaluations of past and ongoing policies and a monitoring system in place. The existence of monitoring and evaluation mechanisms determines the degree of policy development in the country	no evaluation and / or monitoring available existence of evaluations of past policies, e.g. ex-ante existence of monitoring or an ongoing / interim evaluation existence of monitoring and ex-ante or ongoing / interim evaluation
Cluster Support Instruments	assessment whether the policies provide any instruments to support the policy implementation, being these financial and/or technical support	no instruments for cluster development financial support for cluster development in the broader and / or sectoral policy financial or technical support for cluster development in dedicated cluster policy financial and technical support for cluster development in dedicated cluster policy

Source: ECCP (2023).