

# Albania

Your Next Nearshore  
Destination

October 2016



Developed by:

AVASANT

This document has been prepared thanks to the support of the Swiss Development Cooperation, through its project RisiAlbania"



Schweizerische Eidgenossenschaft  
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# Albania's Value Proposition

A horizontal white line with six circular markers spans across the middle of the slide. The first marker on the left is a solid yellow circle, while the other five are white with a dark outline. Below the first marker is the text "Value Proposition".

Value Proposition

Country  
Overview

Human Capital  
overview

Infrastructure  
Overview

Government  
Support

Outsourcing  
Industry- Profile

# ALBANIA - THE TRUE NEARSHORE

## NEXTDOOR



South Eastern Europe  
Time Zone: CET (UTC+1)



Multilingual population



Cultural Affinity

## DEVELOPED SECTOR



Serves many verticals



Approx. **32,000** employees



State of the art Telecom



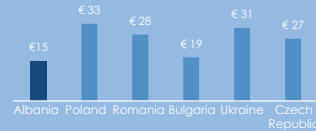
Multi-channel capabilities



SMAC ready

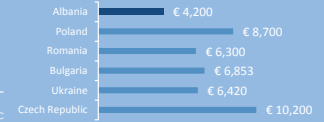
## REAL SAVINGS

CLASS-A OFFICE RENTAL (\$QM / MONTH)



Real Estate **~40%** cheaper

CONTACT CENTER AGENT SALARY



Salary **~50%** lower

## PEACE OF MIND



EU Candidate



Mature laws mirrored to EU



Stable Republic



NATO member

Ranks 8<sup>th</sup> Globally in Minority Investor Protection

## UNTAPPED PROFESSIONALS



Service Orientation



32%2 Surplus talent Supply (15-24 age group)



5% 160,000 Annual University Enrollments

# Advantage Albania- Summary



Near-shore to many EU countries. Less than 2 hours flying time from large markets such as Italy, France, Germany and Switzerland



Cultural affinity with developed European markets, liberal society and a young multi-lingual population



Liberal Visa regime, Member of NATO and official candidate for accession to the EU



Suitable Infrastructure- Air, Land Transport, Tirana Business Park, High Internet Penetration and Fixed Line Connectivity



Competitive Labor and Operating Costs – average wage almost half of Italy, 3rd least expensive country in Europe, economical office space & utility costs



Politically stable, open economy and a liberal foreign trade policy



Incentives for outsourcing industry – Special perks for local entrepreneurship and for employing women and disabled persons; incentives for operations in tier 2 destinations



Sustainable Talent Pool- High proportion of graduates in Business, Law, Humanities and STEM courses; >30% Unemployment in age group 15-29 years

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## Albania's Value Proposition



Value Proposition



Country  
Overview




Human Capital  
overview



Infrastructure  
Overview



Government  
Support



Outsourcing  
Industry- Profile

# Country Facts: Albania



## Government

Parliamentary representative democratic republic



## Time Zone

CET (UTC+1)  
1 Hour ahead of UK Time



## Currency

Albanian Lek-(**ALL**)  
**Stable:** 134.5-142 All per Euro between 2011 & 2015



## Population

Total Population - 3 Million  
57% Population less than 35 years



## Languages

Multiple Languages- English, Albanian, Greek, Italian, German, Macedonian, Turkish, Roma, Serbo-Croatian



## Multilateral Alliances

Official Candidate- EU Accession  
NATO Member



## Electricity Cost

Among the lowest in CEE region.  
Price-10 US cents per kWh



## Commercial Real Estate

Among the lowest in CEE region. Class A office rental- €15 per sq. mtr. per month



## Cost of living

3rd least expensive country across 38 European countries



## Cost of Labor

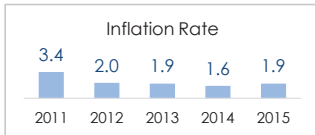
Minimum lowest monthly wages of Euro 166- Among the lowest in region

# Economic Overview

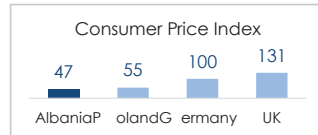


## Ease of doing business

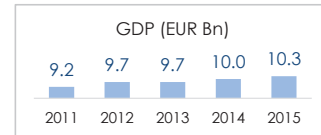
- ✓ Ranked 19th out of 190 for protecting minority investors on the WB 'Doing Business' rankings
- ✓ Ranked 58th out of 190 on the WB 'Doing Business' rankings
- ✓ Ranked 44th out of 190 in Ease of getting credit on the WB 'Doing Business' rankings



The Bank of Albania (BoA) maintains an inflation-targeting monetary policy. Exchange rate against Euro has changed little since 2011



Albania is the third least expensive country across 38 European countries using purchasing power parity. Source- Eurostat



One of the fastest-growing economies in Europe, before the global economic crisis, Albania still enjoys one of the healthiest growth rates in Europe

# Connectivity & Proximity



Tirana is just a short flight to major European Destinations

## Ease of Access- Visa:

- Albania is one of the most easily accessible countries in the European region
- Holders of a valid multi-entry USA, UK or Schengen visa can enter into Albania without an entry visa
- Holders of a valid residence permit in UK, USA, or in one of the Schengen states, can enter into Albania without an entry visa
- Citizens of EU and Schengen area, Armenia, Azerbaijan, Turkey, Ukraine, Kazakhstan, Kosovo, citizens of countries exempted from Schengen visa requirement can also enter into Albania without an entry visa by producing a valid identity proof

## Ease of Access- Air Travel:

- Albania has 2 international airports: Tirana International Airport & Kukës Airport (Kukës Airport will be operational in 2017)
- Tirana International airport handled close to 2 million passengers in 2015 (an increase of 10% over 2014)

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## Albania's Value Proposition

A white circular dot on a horizontal line, serving as a navigation point for the "Value Proposition" section.

Value Proposition

A white circular dot on a horizontal line, serving as a navigation point for the "Country Overview" section.

Country  
Overview

A yellow circular dot on a horizontal line, serving as a navigation point for the "Human Capital overview" section and indicating the current slide.


Human Capital  
overview

A white circular dot on a horizontal line, serving as a navigation point for the "Infrastructure Overview" section.

Infrastructure  
Overview

A white circular dot on a horizontal line, serving as a navigation point for the "Government Support" section.

Government  
Support

A white circular dot on a horizontal line, serving as a navigation point for the "Outsourcing Industry- Profile" section.

Outsourcing  
Industry- Profile

# Availability of Skilled Workforce with linguistic & cultural ties to EU



- 85% secondary enrollment rate, EU Average- 91%
- 63% tertiary enrollment rate, EU Average- 66%
- Steady stream of talent- Around 160,000 students enrolled in universities (Tertiary Courses)
- Traditionally emphasis on social sciences, business courses and legal studies- 41% graduates in social sciences, business & law
- 15 public universities and 25+ private Universities



- 97% overall literacy rate
- 30% excessive supply of ready to deploy talent pool available at competitive rates

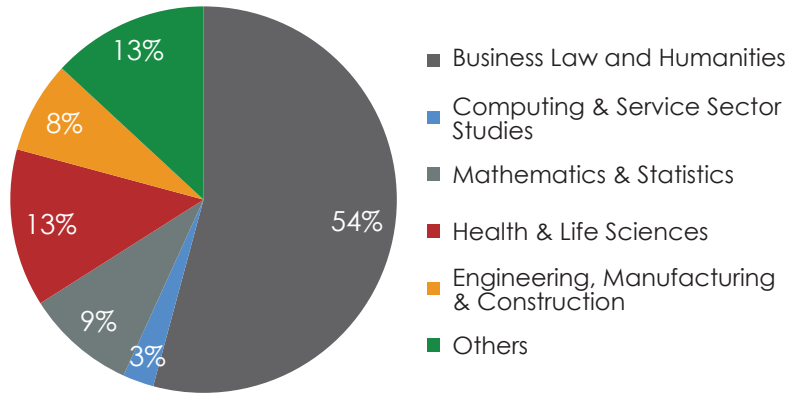


- Albania is one of the most poly glot nations in Europe- due to migration, emphasis on learning foreign languages in the education system, cultural affinity and exchanges with neighboring countries, and larger effects of globalization, Albanians generally speak more than two languages
- English, Italian, German, French & Greek are the most widely spoken foreign languages



- Higher Education and training ranking has grown tremendously in the last few years in the Global Competitiveness index
- Large diaspora (~1.2 million) in the EU, USA & Canada
- Member of UN, NATO, WTO &
- Official candidate for membership of EU

# Education - Creating a sustainable talent pool



No. of graduates by discipline-2 015	
Business Law and Humanities <sup>1</sup>	6,531
Health & Life Sciences <sup>4</sup>	,026
Mathematics & Statistics <sup>2</sup>	,806
Computing & Service Sector Studies	793
Engineering, Manufacturing & Construction	2,349
Others	3,996
<b>Total</b>	<b>30,501</b>

- Traditionally, there has been an emphasis on social sciences, business courses and legal studies in Albania which is favorable from a BPO industry perspective.
- Albania is one of the most polyglot nations in Europe- Due to migration, emphasis on learning foreign languages in the education system, cultural affinity and exchanges with neighboring countries such as Italy, and larger effects of globalization, Albanians generally speak more than two languages.

# Costs - Maximizing Value

## Labour Costs

Employees	200
Average Annual Salary*	4,860
Benefits (% of salary)	25%
Training (% of salary)	7%

## Facilities & Infra Costs

Gross sq. mtr./employee	7.75 sq. mtr.
Size of facility <sup>1</sup>	550 sq. mtr.
Rent per sq. mtr./month	€15
Energy Usage** (Annual)	300,000k Wh
Telecom & Internet***Annual	€ 36,036

## Approx Annual Operating Cost

Human Capital	€ 1,283,040
Rent-Office Space	€ 279,000
Telecom & Internet	€ 36,036
Electricity	€ 30,000
Total Cost	€ 1,628,076
<b>Cost/Employee</b>	<b>€ 8,140.38</b>

## A comparison with nearshore destinations in CEE



\*Assumption based on 70:20:10 ratio of agent: higher skilled agent: supervisor

\*\*Assumption based on usage of 25,000 kWh electricity per month

\*\*\* Assumption based on inputs received from various BPO service providers; VOIP Costs are 0.03 € per minute and 10 MBPS Internet connection is Euros 100 per month in Albania

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## Albania's Value Proposition

A white circular dot on a horizontal line, serving as a navigation point for the first slide.

Value Proposition

A white circular dot on a horizontal line, serving as a navigation point for the second slide.

Country  
Overview

A white circular dot on a horizontal line, serving as a navigation point for the third slide.

Human Capital  
overview

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Infrastructure  
Overview

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Government  
Support

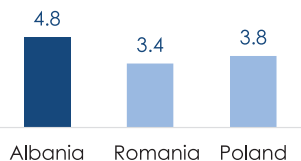
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Outsourcing  
Industry- Profile

# Infrastructure - Cost & Quality

## Air Transport

Quality of Air transport infrastructure – Score

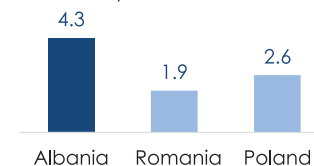


- 2 International Airports
- Sector Reforms in 2016 Opening up air transport in Albania
- Maximum 3 to 4 hour flight time to all major cities in Europe

## Road Transport

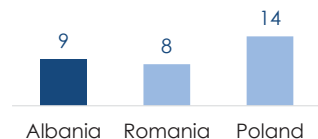
- Roads Total: 18,000 km Paved: 12,920 km Unpaved: 5,080 km

Quality of Roads – Score



Infrastructure

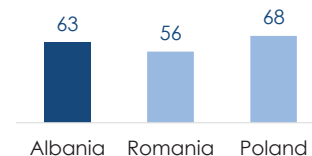
Electricity Cost-Euro Cents per kWh



- Among the cheapest utility costs in the CEE region
- Focus on renewable & clean energy - Hydroelectric is the main source for Albania

- Due to heavy competition in this sector, the quality and quantity of services has increased and service costs have significantly declined

Internet Penetration-Users/100 Population

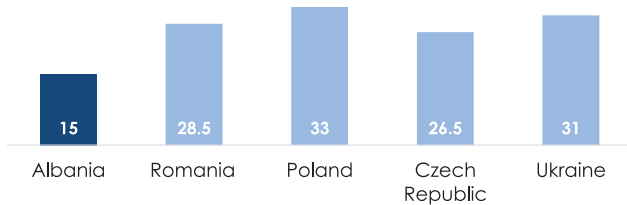


## Utilities

## Telecom & Internet

# Real Estate Snapshot

Class A Building Rent- Euros Per sq. mtr. per month



- At the end of H1 2015 total office supply in Tirana stood at 104,000 square meters including competitive and mixed-occupied Class A and Class B buildings
- The current vacancy rate is 13 %
- Tirana Business Park (TBP) is the largest real estate, foreign, private investment in Albania by Germany's Lindner Group-
  - The first phase ( 3 buildings with a gross floor area of approx. 39,000 square meters) of the Tirana Business Park had a grand opening on 30th June 2015. By 2022, 17 buildings will be erected, with a total built up area of approx. 176,500 square meter
  - The Chancellor of Germany, Angela Merkel visited TBP on 8th of July 2015.



Providing the latest infrastructure, and highest quality commercial real estate- TBP is a 2 minute drive from the airport & 15 minutes from the city center. [Website](#).

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# Albania's Value Proposition

This text is the first item in a horizontal sequence of six items. It is located on the left side of the slide, below the main title. A white dot is positioned above the text, connected to a horizontal white line that spans the width of the slide. The text is in a white, sans-serif font.

Value Proposition

This text is the second item in a horizontal sequence of six items. It is located in the lower-left quadrant of the slide. A white dot is positioned above the text, connected to a horizontal white line that spans the width of the slide. The text is in a white, sans-serif font.

Country Overview

This text is the third item in a horizontal sequence of six items. It is located in the center-left of the slide. A white dot is positioned above the text, connected to a horizontal white line that spans the width of the slide. The text is in a white, sans-serif font.

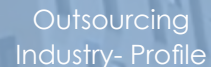
Human Capital overview

This text is the fourth item in a horizontal sequence of six items. It is located in the center-right of the slide. A white dot is positioned above the text, connected to a horizontal white line that spans the width of the slide. The text is in a white, sans-serif font.

Infrastructure Overview

This text is the fifth item in a horizontal sequence of six items. It is located in the lower-right quadrant of the slide. A white dot is positioned above the text, connected to a horizontal white line that spans the width of the slide. The text is in a white, sans-serif font. The dot above this text is highlighted in yellow.

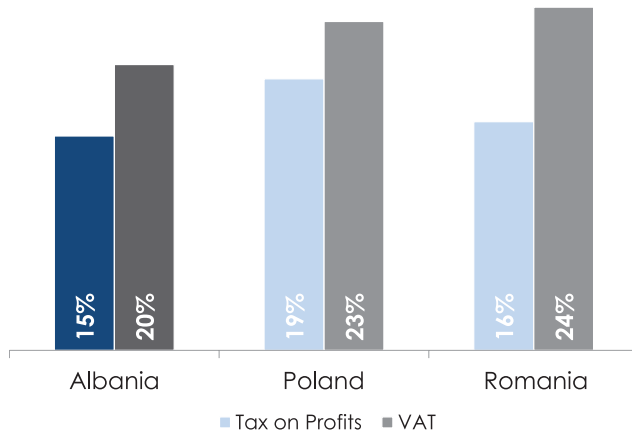
Government Support

This text is the sixth and final item in a horizontal sequence of six items. It is located on the right side of the slide. A white dot is positioned above the text, connected to a horizontal white line that spans the width of the slide. The text is in a white, sans-serif font.

Outsourcing Industry- Profile

# Ease of doing business

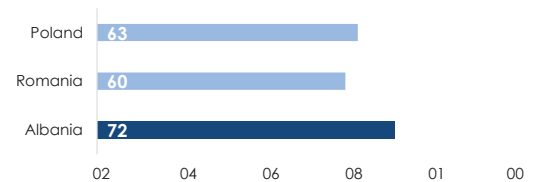
The magnitude of taxation in Albania is lower than most peer group countries in the CEE region



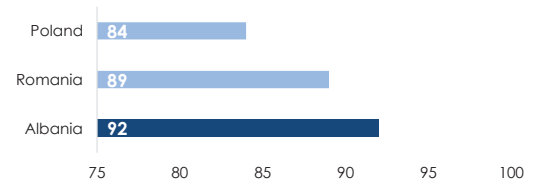
Albania made paying taxes easier by introducing an online system for filing and paying taxes as per World Bank's DB 2017 report

Due to a specific law on minority investor protection, Albania ranks 19th globally in "Minority Investor Protection" on World Bank's index of 'Ease of Doing Business.'

## Protecting Minority Investors - Distance to Frontier



## Starting a business - Distance to Frontier



An economy's distance to frontier is reflected on a scale from 0 to 100, where 0 represents the lowest performance and 100 represents the frontier

# Government Incentives & Regulations relevant to the BPO industry



Exemption from Corporate Income Tax (up to 50% of the tax amount) for a period of 5 years. (Current CIT rate is ~15%)



Custom duty & exemption from VAT for Albanian goods that enter Technical and Economic Development Areas (TEDA)



Training costs and R&D are twice deductible for a period of 10 years



Other various fiscal incentives to promote employment in IT/BPO and allied industries



# Government Incentives & Regulations for FDI

## Attracting FDI

- Allows 100 percent foreign ownership of companies
- Specific protections for foreign investors
- Performance rules consistent with the WTO & TRIMs obligations



## Fiscal Incentives

- Applies foreign tax credits rights even in case there is no double tax treaty in place
- Fiscal losses can be carried forward for three consecutive years
- Tax exemption of dividends designated for investments from resident taxpayers



## Bankruptcy & Arbitration

- Foreign creditors have the same rights as domestic creditors
- Member state to the International Centre for the Settlement of Investment Disputes (ICSID Convention)
- Recognition and Enforcement of Foreign Arbitral Awards (1958 New York Convention)



## Transparency

- Introduced an e-procurement law in 2006, and is amended periodically to improve public procurement procedures
- Focus on digitization of public services & e-governance
- Electronic platform for construction permits

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# Albania's Value Proposition

A horizontal timeline diagram is located below the title. It consists of a white line with seven circular markers. The markers are white, except for the last one on the right, which is yellow. Below each marker is a text label.

Value Proposition

Country  
Overview

Human Capital  
overview

Infrastructure  
Overview

Government  
Support

Outsourcing  
Industry- Profile

# Albania: BPO Industry Profile

Industries served by Albania's Outsourcing Sector

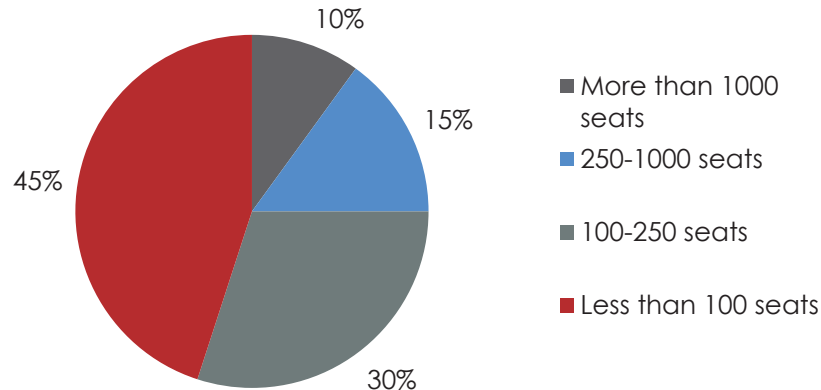


	Service Line - 1S	Service Line - 2	Service Line - 3S	Service Line - 4
Voice Inbound	Technical Support	Help Desk & Concierge	e-Commerce Customer Care	
Voice Outbound	Telesales	Promotion Campaigns	Loan & Card Collections	Lead Generation
Transaction Based	Data Entry and Analysis	Translation	Document Processing	Finance & Accounting
KPO Services	Stock Exchange Agents	Legal Services	HR Recruitment	Market Research & Surveys

Ability of fresh graduates to perform IT operations is also in par with other competing destinations

# Albania: BPO Industry Profile

The outsourcing sector in Albania has seen steady growth in recent years. The Albanian BPO industry employs between 25,000 to 32,000 professionals across the sector.



Albanian BPO firms by employee strength

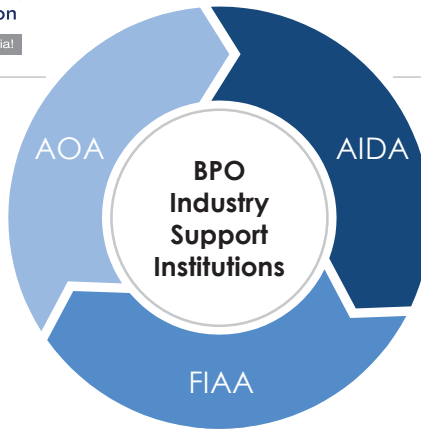
Tirana is the outsourcing hub of Albania, followed by Durrës, Vlorë and Shkodër. Elbasan, Fier and Korçë are the other upcoming outsourcing centers in the country. Some of the major BPO companies operating in Albania:



# Supporting Structures & Institutions



- Represents BPO companies' interests' vis-a-vis the Albanian government institutions through advocacy and lobbying activities
- Mediates to find suitable business partners for companies
- Carries out in-depth market surveys
- Facilitates access to consulting services for business development



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- FIAA assists foreign investors better understand the value proposition of Albania; It helps foreign investors with information services, market research, lobbying, policy advocacy, networking etc.
- FIAA will support the BPO companies better prepare and market the Albanian value proposition in international trade events

## CASE STUDY



One of the largest BPO firms globally wanted to offer multilingual capabilities such as Italian, German and French to their European clients and were looking for a cheaper and viable nearshore destination in Europe.

- Teleperformance Albania was founded in 2008 to provide an off-shore CRM (Customer Relationship Management) solution for the Italian market
- Started with an initial capacity of 100 workstations and grew exponentially by roughly doubling that number every six months
- They currently employ over 2,200 agents and serve world renowned brands such as Adidas, eBay, Sky, Apple, Barclays, Groupon and Air France among others
- TP currently provides multilingual contact center services along with data entry and non-voice services
- In 2014, the company started operating from two main sites: Tirana- More than 516 workstations, Durrës- 749 workstations
- They aim to double their employment count in 2017 and open another center in the country





