



# **BIDS Business and Investment Development Strategy and Action Plan 2021 - 2027**

Presentation

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REPUBLIKA E SHQIPËRISË  
MINISTRIA E FINANCAVE  
DHE EKONOMISË

# Contents

**(1) Introduction**

**(2) Rationale of the new BIDS**

**(3) Intervention areas**

**(4) Action plan**

**(5) Implementation structure and monitoring processes**

**Annex: Responsibilities, time frames, funding needs and sources**

# 1. Introduction

**As the previous Business and Investment Development Strategy (BIDS) has expired in 2020, the Ministry of Finance and Economy has taken on the task of designing a new BIDS and Action Plan for the period 2021 - 2027.**

- BIDS is the **central orientation** of the Albanian Government **for medium-term economic development** focusing on SMEs and investments.
- It is **aligned with the overarching strategies and programmes** at the national and international level (e.g. National Strategy for Development and Integration, MAP REA).
- It forms a **central link** within the strategic framework focusing on the **horizontal and national level**.
- The draft has been **developed in a collaborative process** involving e.g. thematic working groups and stakeholder consultations.

## 2. Rationale of the new BIDS

**International value chains have entered a period of transformation which is expected to continue throughout this decade. Despite several challenges, the transformation opens up new development opportunities. Albania is well positioned and determined to benefit from those.**

- The **COVID-19 pandemic** is not only a **major challenge** for the global as well as Albania's economy.
- It is also **accelerating the transformation of international value chains** which is driven by technological changes, global economic governance and sustainability trends.
- Despite several challenges, the reshaping of international value chains will bring **important opportunities for the future development** of Albania's economy, incl.:
  - Attracting **nearshoring** projects developing new industries & markets
  - Benefiting from a **diversification of international value chains**
  - Building up **regional value chains**
  - Tapping potentials related to the **green transition** and more **sustainable and circular value chains**.

## 2. Rationale of the new BIDS

In principle, Albania is well positioned to benefit from the transformation of international value chains. However, success will neither come automatically nor overnight. It requires a strategic and long-term response. With BIDS, the Albanian Government is providing this response.

- Despite a **number of structural weaknesses** that need to be addressed, Albania's **competitive position has significantly improved in light of the integration processes** at the regional and EU level.
- **Tapping the potentials and keeping pace** with the transformation of international value chains which has been accelerated by the COVID-19 pandemic **requires a targeted and coherent approach ...**
  - **Concentrating on value chains which offer the most promising opportunities**
  - Fully **unlocking investment potentials** for sustainable economic development
  - Placing emphasis on the **development of industrial, innovation and entrepreneurial ecosystems**
  - Increasing the **effectiveness of support for SMEs** as the backbone of Albania's economy
  - Emphasising a more **innovation- and knowledge-driven development path**
  - Exploring new ways to foster **collaborative human capital development**.

## 2. Rationale of the new BIDS

**Against this background, the following vision, intervention areas and corresponding policy goals have been defined with the stakeholders:**

### **Vision:**

A competitive, more innovation-driven and knowledge-based Albanian economy that creates new and higher-quality jobs tapping the potentials of the digital transition and the transformation of international value chains and emphasising sustainable development, EU and regional integration.

### **Intervention areas and policy goals**

#### **Investment attraction and internationalisation**

Fully unlock investment potentials for economic development and foster integration in international markets and value chains

#### **SME development, entrepreneurship and innovation**

Develop a dynamic and sustainable ecosystem for entrepreneurship and innovation

#### **Human capital development**

Explore new ways to foster collaborative human capital development

### 3. Intervention areas – Investment attraction and internationalisation

The new BIDS emphasises the strategic importance of investment and integration into international value chains and markets for growth and sustainable development.

- **Investment can drive job creation and income growth** also fostering technology transfer, skills development and exports.
- **Integration into international value chains** plays a critical role for **boosting exports** and strengthening the competitiveness of **SMEs**.
- While **current conditions are challenging**, the transformation of international value chains also opens up **new opportunities**.
- In such a situation, it is essential that ...
  - **Existing policy measures** are as **effective as possible**
  - The **scope of support is widened** exploring new avenues
  - **Synergies between the different tools and areas** are utilised.

Policy goal	Fully unlock investment potentials for economic development and foster integration in international markets and value chains
Specific objectives	<ul style="list-style-type: none"><li>➤ Enhance the effectiveness and impact of investment attraction efforts bolstering the recovery and longer-term resilience of the economy</li><li>➤ Explore new avenues to support the internationalisation of SMEs and entrepreneurs promoting linkages and digital solutions</li></ul>

### 3. Intervention areas – SME development, entrepreneurship and innovation

The new BIDS recognises the important contribution that SMEs and startups can make to a more innovation- and knowledge-driven economy upgrading the economic structures.  

- The new BIDS also recognises the **nascent stage of the ecosystem and current challenges for SMEs and startups.**
- Amongst others, this relates to **access to finance and markets**, the impact of the **pandemic** and adapting to the **twin transitions**.
- There is a need to:
  - **Scale up startup and innovation activity and foster specialisation** in order to reach a “critical mass”
  - **Enhance existing funding programmes** and design **new financial tools**
  - **Strengthen linkages** between all actors and components of the ecosystem.

Policy goal	Develop a dynamic and sustainable ecosystem for entrepreneurship and innovation
Specific objectives	<ul style="list-style-type: none"><li>➤ Increase effectiveness of SME support and tap upgrading potentials in fields and value chains of high relevance for growth and employment</li><li>➤ Create a conducive entrepreneurial environment scaling up startup activity and helping support organisations to become self-sustaining</li></ul>

### 3. Intervention areas – Human capital development

Drawing on the principles of the EU SME Strategy and Skills Agenda, the new BIDS stresses the strategic relevance of skills from the perspective of SMEs, large investors and startups.

- Skills play an increasingly important role both for the **competitiveness of SMEs and startups** as well as for the **attractiveness of Albania** as an investment location.
- Educational / upskilling activities are essential to **make SMEs fit for**:
  - Transformation of value chains
  - Single market
  - Smart specialisation
  - Green and digital transition.
- Considering the current situation and available resources, it is **important to contextualise human capital development and follow a forward looking and collaborative approach.**

Policy goal	Explore new ways to foster collaborative human capital development
Specific objectives	<ul style="list-style-type: none"><li>➤ Design dedicated programmes to ensure a highly qualified workforce and develop skills for smart specialization</li><li>➤ Improve skills intelligence and the match between education / training and demand by businesses</li></ul>

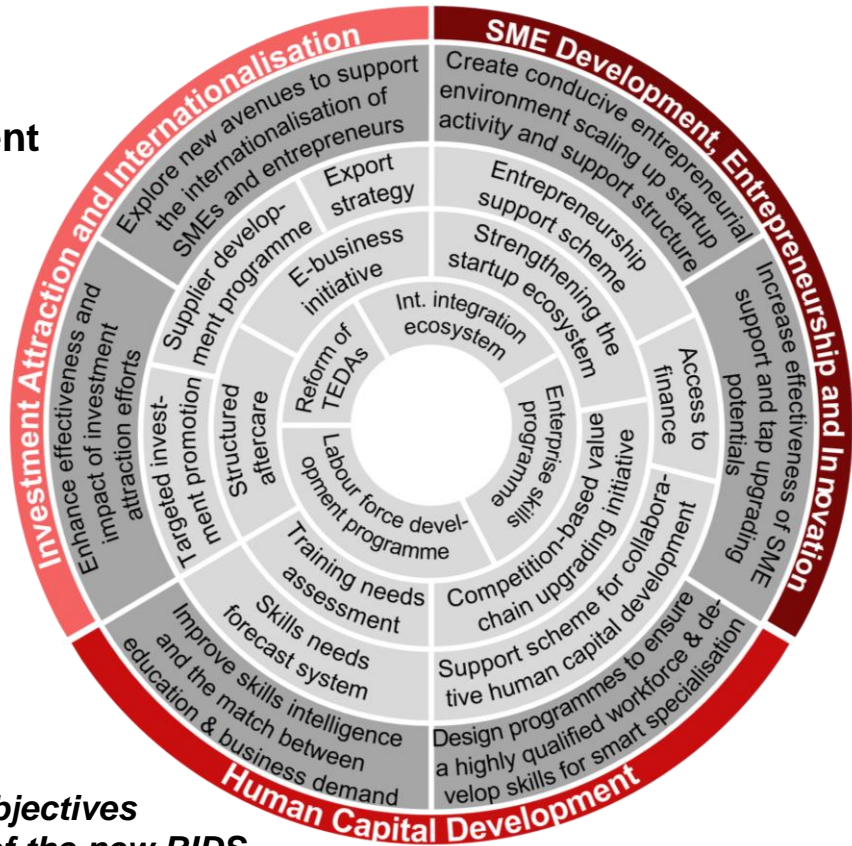
## 4. Action plan

The action plan of the new BIDS utilises **synergies both within and between the different intervention areas to maximise the impact.**

In line with modern design principles for economic development strategies, the new BIDS follows a coherent approach...

- Reflecting the **broad spectrum of (new) themes**
- Building upon and **complementing existing structures**
- **Widening the scope** of interventions
- Combining **different types of interventions**
- Tapping **synergy potentials within and between the intervention areas.**

*Intervention areas, objectives  
and priority actions of the new BIDS*



## 4. Action plan

Priority actions	Key features / steps	Related objectives*
Systematic targeted investment promotion/facilitation	<ul style="list-style-type: none"> <li>• Reviewing target groups, developing a coherent promotion strategy</li> <li>• Extending promotion and facilitation tools, e.g. digital tools and comparison of profitability of exemplary investment projects</li> <li>• Regularly carrying out targeted investment promotion campaigns</li> </ul>	Enhance effectiveness and impact of investment attraction
Structured aftercare programme	<ul style="list-style-type: none"> <li>• Intensifying aftercare measures building upon existing activities</li> <li>• Increasing the number of aftercare clients (existing investors)</li> <li>• Extending the service portfolio focusing on interfaces to other priority actions (e.g. skills development, linkage promotion)</li> </ul>	Enhance effectiveness and impact of investment attraction
Evaluation and reform of TEDA programme	<ul style="list-style-type: none"> <li>• Carrying out an evaluation of the programme and legal framework</li> <li>• Designing a reform road map to fast track the implementation and increase the effectiveness of the TEDA programme – incl. development concepts for selected zones</li> </ul>	Enhance effectiveness and impact of investment attraction Explore new avenues to support internationalisation
Supplier development programme	<ul style="list-style-type: none"> <li>• Introducing a programme that helps local firms to upgrade their capacities in line with the needs of export-oriented investors</li> <li>• Integrating the programme into the aftercare services of AIDA incl. recruitment of supply chain specialists</li> </ul>	Explore new avenues to support internationalisation Enhance effectiveness and impact of investment attraction

\* Intervention area:

- Investment attraction and internationalisation
- SME development, entrepreneurship and innovation
- Human capital development

## 4. Action plan

Priority actions	Key features / steps	Related objectives*
Export strategy	<ul style="list-style-type: none"> <li>Identifying promising export products, services and markets with a focus on increasing export sophistication</li> <li>Assessing the potential of further export promotion and facilitation measures (e.g. digital market exploration)</li> </ul>	Explore new avenues to support internationalisation
e-business development initiative	<ul style="list-style-type: none"> <li>Designing and implementing an initiative building upon recent reports of World Bank and EBRD</li> <li>Combining different types of support (e.g. information website, self-assessment tools, training and grants for SMEs)</li> </ul>	Explore new avenues to support internationalisation
Competition-based entrepreneurship support scheme	<ul style="list-style-type: none"> <li>Building upon existing / donor-supported initiatives which combine grants with training and mentoring support</li> <li>Helping entrepreneurs to realise their business ideas extending the addressed target group</li> </ul>	Create a conducive entrepreneurial environment Increase effectiveness of SME support and foster upgrading
Strengthening the startup ecosystem	<ul style="list-style-type: none"> <li>Strengthening the support structures (incl. incubators and accelerators), capacities and cooperation within the ecosystem</li> <li>Promoting the ecosystem / entrepreneurship and attracting talent</li> <li>Improving legal framework and access to finance for startups</li> </ul>	Create a conducive entrepreneurial environment Increase effectiveness of SME support and foster upgrading

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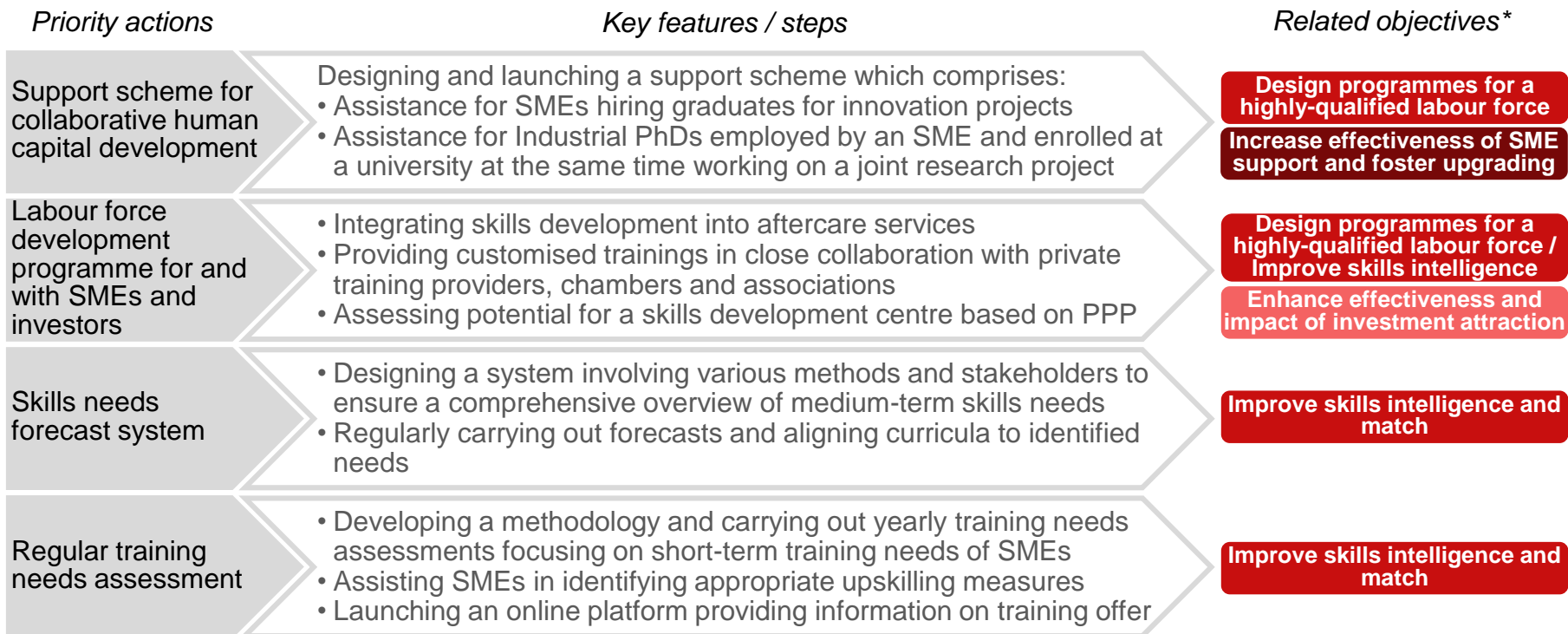
## 4. Action plan

<i>Priority actions</i>	<i>Key features / steps</i>	<i>Related objectives*</i>
International integration of the startup ecosystem	<ul style="list-style-type: none"> <li>• Developing a regional startup initiative integrating startup hubs not only within the region but also in EU countries</li> <li>• Focusing, amongst others, on joint internationalisation support and acceleration services for startups</li> </ul>	<div>Create a conducive entrepreneurial environment</div> <div>Explore new avenues to support internationalisation</div>
Competition-based value chain upgrading initiative	<ul style="list-style-type: none"> <li>• Offering grants to consortia of businesses, educational and research institutions for collaborative upgrading projects</li> <li>• Entailing a two-stage competition to focus on the most promising value chains building upon the Smart Specialisation Strategy</li> </ul>	<div>Increase effectiveness of SME support and foster upgrading</div> <div>Design programmes for a highly-qualified labour force</div>
Increase access to finance for SMEs	<ul style="list-style-type: none"> <li>• Reconceptualising existing SME schemes creating a Single Fund</li> <li>• Developing a central online platform improving information and application processes</li> <li>• Introducing additional schemes such as credit guarantees</li> </ul>	<div>Increase effectiveness of SME support and foster upgrading</div>
Enterprise skills programme for SMEs	<ul style="list-style-type: none"> <li>• Complementing financial support with targeted technical assistance and capacity building measures</li> <li>• Expand training provision in close collaboration with chambers, associations and further partners</li> </ul>	<div>Increase effectiveness of SME support and foster upgrading</div> <div>Design programmes for a highly-qualified labour force</div>

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## 4. Action plan



\* Intervention area:

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## 5. Implementation structure and monitoring processes

**For the implementation and monitoring of the new BIDS, a three-tier structure is foreseen. A focused set of KPIs has been defined tied to the policy goals and individual priority actions.**

- Building upon existing structures – to the extent possible – **the three-tier structure comprises ...**
  - **Inter-institutional steering group** providing oversight and strategic guidance (high-level experts from relevant ministries and agencies, academia, private sector, international partners)
  - **Monitoring and coordination group** preparing monitoring reports and ensuring effective coordination at the operational level (all institutions involved in implementation)
  - **Designated lead institution** for each priority action responsible for efficient implementation and information for monitoring.
- Based upon defined KPIs, bi-annual **progress reports and a mid-term review** are foreseen.

### *Exemplary indicators*

<b>Policy goals</b>	<ul style="list-style-type: none"><li>• FDI inflow and exports as % of GDP</li><li>• Startup density</li><li>• Share of knowledge-intensive employment</li><li>• SME Policy Indicators</li></ul>
<b>Priority actions</b>	<ul style="list-style-type: none"><li>• No. investment attraction campaigns</li><li>• Investment volume, no. jobs created</li><li>• No. e-business solutions adopted by SMEs</li><li>• Volume of subcontracts facilitated in supplier development programme</li><li>• No. startups registered, survival rate</li><li>• No. innovation projects completed</li></ul>

## Annex: Responsibilities, time frames, funding needs and sources

Priority Action	Responsibility	Time frame	Funding needs (million ALL)	Funding sources (million ALL)	
				State / internal	International
Systematic targeted investment promotion / facilitation	<u>AIDA</u> , MFE, MEFA, MIE, MTE, MARD, chambers and associations	Ongoing	30.8	16.3	14.5
Structured aftercare programme	<u>AIDA</u> , MFE, municipalities, chambers and associations	Ongoing	-	-	-
Evaluation and reform of the TEDA programme	<u>MFE</u> , Albanian Investment Corporation	2021-22: Evaluation 2022-27: Implementation	11.8	-	11.8
Supplier development programme	<u>AIDA</u> , MFE	2022-24: pilot phase 2025-27: roll-out of full-scale programme	62.0	7.2	54.7
Export strategy	<u>MFE</u> , AIDA, NCTF, chambers	2022	0.1	0.1	-
e-business development initiative	<u>MFE</u> , AIDA, chambers	2021-24	49.2	46.2	3.0
Competition-based entrepreneurship support scheme	<u>AIDA</u> , MFE, PMO, MARD, MTE	Ongoing	675.6	140.1	534.1

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Priority Action	Responsibility	Time frame	Funding needs (million ALL)	Funding sources (million ALL)	
				State / internal	International
Strengthening the startup ecosystem	<u>MFE</u> , MIE, MTE, PMO, MARD, (planned) Startup Agency, Minister of State for the Protection of Entrepreneur-ship, incubators, accelerators and further support organisations	Ongoing	1,678.4	74.75	1,603.67
International integration of the startup ecosystem	<u>MFE</u> , (planned) Startup Agency	Ongoing: Diaspora mentorship initiative 2024-27: Regional startup initiative	61.6	-	58 3.62 (international)
Competition-based value chain upgrading initiative	<u>Co-leading AIDA &amp; NASRI</u> , <u>MFE</u> , MES, MIE, MTE, MARD and further support organisations	2022-24	367.0	-	367.0
Increasing access to finance for SMEs	<u>MFE</u> , AIDA, AFSA	Ongoing	6,451.66	6,446.49	5.1
Enterprise skills programme for SMEs	<u>AIDA</u> , MFE, AKPA, chambers, associations	Ongoing from 2022	37.36	37.36	-
Support scheme for collaborative human capital development	<u>NASRI</u> , AIDA, MFE, MESY	2023-27	108.0	-	108.0

## Annex: Responsibilities, time frames, funding needs and sources

Priority Action	Responsibility	Time frame	Funding needs (million ALL)	Funding sources (million ALL)	
				State / internal	International
Labour force development programme for and with SMEs and investors	AIDA, MFE, AKPA, municipalities, training centres, chambers, associations	Ongoing	60.9	60.9	-
Skills needs forecast system	AKPA, NAVETQ, MFE, MESY, chambers, associations, private sector	Ongoing	12.2		12.2
Regular training needs assessment	AIDA, MFE, AKPA, chambers, associations	Ongoing	-	-	-

# Thank you !