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# RRITJE ALBANIA COMPETITIVENESS ENTERPRISE DEVELOPMENT PROJECT FINAL REPORT

USAID Contract No. 182-C-00-00-0002-00

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The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

# ACRONYMS

AADF	Albanian-American Development Foundation
AAQM	Authentic Albania Quality Mark Program
ABCCI	Albanian British Chamber of Commerce and Investment
ACA	Albanian Competition Authority
ACIT	Albania Center for Competitiveness and International Trade
ACO	Albanian Copyright Office
AHLEI	American Hotel and Lodging Educational Institute
AIDA	Albanian Investment and Development Agency
AITA	Albanian Information Technology Association
AmCham	American Chamber of Commerce
ARBC	Albanian – Russian Business Center
ARG	Albania Rafting Group
ATA	Albanian Tourism Association
ATACT	Association of Traditional and Artistic Crafts and Trades
AUT	Agricultural University of Tirana
B2B	Business to Business
BkVF	Balkan Venture Forum
BYOB	Build Your Own Brand
CC	Career Center
CDCS	Country Development Cooperation Strategy
CDS	Citizen’s Development Corps Development Solutions
CED	Competitive Enterprise Development
CEED	Center for Entrepreneurship Education and Development
CFA	Chamber of Fassion Albania
CGP	Client Growth Plan
CGSP	Certified Guest Service Professional
CHE	Certified Hospitality Educators
CI	Central Inspectorate
CMT	Cut-Make-Trim
CPM	Collections Premiere Moscow
CO	Career Office
DtS	Development & Training Services
DMO	Destination Management Organization
EG	Economic Growth
ESI	European Software Institute - Center Eastern Europe
EU	European Union
FCP	Full Cycle Production
FIAA	Foreign Investors Association in Albania
FSP	Full Service Production
GAP	Global Academic Program Agreement
GFSWG	Garment and Footwear Stakeholder Working Group
GDPT	General Directorate of Patents and Trademarks
GoA	Government of Albania
GIZ	<i>Deutsche Gesellschaft für Internationale Zusammenarbeit</i>
IDRA	Institute of Development Research Alternatives
IPR	Intellectual Property Rights
KPI	Key Performance Indicator
KRA	Key Results Area

LLL	Life-long Learning
METE	Ministry of Economy, Trade, and Energy
MoU	Memorandum of Understanding
MTCYS	Ministry of Tourism, Culture, Youth, and Sports
MIPA	Ministry of Innovation and Public Administration
MT	Make and Trim
MUDT	Ministry of Urban Development and Tourism
NAAA	National Artisans Association of Albania
NCGFM	National Chamber of Garment and Footwear Manufacturers
PBMP	Performance-Based Monitoring Plan
PEP	Productivity Enhancement Program
PIR	Project Intermediate Result
PMP	Project Management Professionals
PMU	Project Management Unit
PPD	Public-Private Dialogue
PPP	Public-Private Partnership
PROTIK	PROTIK ICT Resource Center
PUT	Polytechnic University of Tirana
RASP	Rural Association Support Program
RCI	USAID's Regional Competitiveness Initiative
RfP	Request for proposals
SPI	Software Process Improvement
STTA	Short-Term Technical Assistance
TIC	Tourist Information Corners
ToT	Training-of-trainers
TRAC	Train, Retain, Assess
UFNK	University Fan Noli Korça
UMB	University Marin Barleti
UT	University of Tirana
VET	Vocational Education Training
WBGP	Western Balkans Geotourism Mapguide – Land of Discovery portal
WBGSC	Western Balkans Geotourism Stewardship Council
WWG	Website Working Group

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## SECTION I: Executive Summary

On March 18, 2009, USAID/Albania awarded Chemonics International and subcontractor partners Development & Training Services (dTS) and Citizen's Development Corps Development Solutions (CDS) the Albania Competitive Enterprise Development (CED) contract, a five-year activity with a value of \$10,153,206. To better resonate with local enterprises and Albanian partners, the project team proposed the name *Rritje Albania (Grow Albania)/Competitive Enterprise Development*; throughout the remainder of this report, the project will be referred to as Rritje Albania. The scope of the program has evolved strategically since its inception to better align with the USAID Mission's 2011-2015 Country Development Cooperation Strategy (CDCS), and address recommendations of the project's 2011 mid-term evaluation report. Both the CDCS and evaluation encouraged a shift from a targeted firm-level approach to one that also enabled conditions for economic growth at the meso and macro levels. The final Results Framework is depicted in Table II.1.

Rritje Albania is an integral part of the USAID/Albania's economic growth portfolio, and its goals are in line with the Foreign Assistance Framework program areas of trade and investment and private sector competitiveness. As noted in Rritje Albania's statement of work, Albania's private sector accounted for more than 75 percent of the GDP and more than 80 percent of all employment, with micro, small, and medium enterprises (SME) accounting for 99 percent of private enterprises and about 75 percent of total employment in non-agricultural sectors. With such numbers, the development of competitive enterprises was seen as critical for Albania to increase household income and reduce poverty and unemployment.

At the project's start, USAID/Albania noted several key deficiencies in Albanian SMEs, such as the lack of technological innovation as most enterprises operated with outdated technologies; the very limited use of computers in manufacturing firms; and the rarity of internet-based marketing techniques. Businesses also suffered from poor organizational and financial management. After fifty years of a central command economy, most Albanian business owners lacked the full skill set to manage a private enterprise in a market economy. This led to a predominance of inward-processing enterprises, which are very limited because foreign buyers control all aspects of production, profit margins are very low, and orders can be quickly and easily transferred to a competitor.

Within three months of start-up, the project identified four key export-oriented industries on which to focus its support: tourism, garment, footwear, and information and communications technology (ICT). The project worked to build private sector capacity in non-agriculture industries and public sector responsiveness to stimulate business expansion, increase sales, create new and better jobs, and thus contribute to the country's broad-based and sustainable economic growth. These objectives were achieved through three technical assistance components:

- (1) Strengthening trade and investment capacity;
- (2) Increasing enterprise productivity; and
- (3) Improving workforce development.

Project activities occurred at both firm and industry levels as Rritje Albania organized, sponsored, and managed a very large number of events each year; in the last two and one-half years alone the project recorded 290 discrete technical activities lasting from a few hours to several days each. The majority of these were organized in close collaboration with a large number of strategic partners from private sector organizations, public institutions, and/or members of the donor community in Albania.

As a result of the project's efforts to boost enterprise competitiveness, the 141 companies that were directly assisted by Rritje Albania recorded an overall 51 percent increase in total sales over their annual

baseline taken before receiving project assistance, and a 5 percent increase in jobs. The breakdown in sales by industry is seen in the table below:

**Table I.1 – Summary of FY2013 Sales by 141 Assisted Firms**

Industry	Firm Count	Baseline Sales (USD)	FY2013 Sales (US\$)	% Change
Footwear	24	32,865,821	57,432,280	75%
Garment	47	21,468,800	28,927,713	35%
ICT	7	3,358,190	7,943,400	137%
Tourism	61	20,935,690	23,382,193	12%
Other ( <i>Recycling</i> )	2	3,264,405	5,733,394	76%
<b>Total</b>	<b>141</b>	<b>81,892,905</b>	<b>123,418,980</b>	<b>51%</b>

Rritje Albania played a catalytic and influential role in shaping policy debates and creating new and effective working relations among key industry stakeholders, and was instrumental in the forming and implementation of several stakeholder working groups, including: the Garment and Footwear Working Group (GFSWG), the Intellectual Property Rights (IPR) Group, the Tourism Group, the Western Balkans GeoTourism Stewardship Council (WBGSC), the draft tourism law group, and the PROTİK ICT Resource Center (PROTİK). These working groups served as key public-private mechanisms through which policy issues were raised and presented for public-private consultation. These legacy public-private dialogue (PPD) mechanisms and the ensuing public-private partnerships (PPPs) are expected to survive beyond the life of the project because the stakeholders themselves are finding the utility of cooperating with each other, with or without donor funding.

In order to sustain and advance the gains realized in industry and firm-level competitiveness as a result of project activities, Rritje Albania led several key legacy initiatives that are briefly described below and covered more fully in the report under the three component sections.

***Build Your Own Brand (BYOB) program in garment (BYOB-G) and footwear (BYOB-F).*** The BYOB programs provided a blueprint for vertical value chain expansion to achieve greater profit margins and reduce market risks by helping 10 garment and 11 footwear manufacturers to source and develop their own brand collections and negotiate with clients in new markets. After more than a year of intense technical assistance in complex areas, such as design and pattern making, product development, and marketing and merchandising, Albanian companies were able to launch their own brand collections at a *Made in Albania* industry booth at international fairs in Italy, Germany and Russia. (See [www.albanianfootwear.com](http://www.albanianfootwear.com) and [www.albaniangarment.com](http://www.albaniangarment.com))

***PROTİK ICT Resource Center.*** PROTİK<sup>1</sup> was inaugurated on October 10, 2013 thanks to Rritje Albania’s leading role in forging a new PPP consisting of USAID, the Government of Albania (GoA), Microsoft, Albtelecom, CISCO, and the Albanian IT Association (AITA). PROTİK is a major project legacy whose mission is to promote innovation and entrepreneurship in the Albanian ICT community. Since its inauguration, PROTİK has conducted more than 85 events for more than 2,500 participants. (See [www.protik.org](http://www.protik.org))

***Authentic Albania Quality Mark (AAQM) program.*** The AAQM program is Albania’s only standardized system for evaluating the quality of tourist accommodations. Rritje Albania and the Albanian Tourism Association (ATA) created AAQM for the benefit of its paying members, and 73 hotels were given

<sup>1</sup> PROTİK is the Albanian acronym adopted as the name of the ICT Resource center, which means being pro “for” information and communications technologies.

AAQM awards and special prizes since the program's start in 2010. Partnering with the ATA is the Institute for Development Research and Alternatives (IDRA), which is contracted to conduct the assessments using a pool of trained and qualified assessors. (See [www.authenticalbania.com](http://www.authenticalbania.com))

***National Geographic Western Balkans Geotourism Mapguide.*** Albania is one of six countries featured in the *Western Balkans Geotourism Mapguide*, an interactive web-portal hosted by the National Geographic and co-financed in collaboration with the USAID/Regional Competitiveness Initiative (RCI) project and partners such as Rritje Albania. One of many positive outcomes of the initiative is that the six countries have formed a functioning Western Balkans Geotourism Stewardship Council (WBGSC) and a Western Balkans Tourism Network to develop and promote positive brand image for the region. (See [www.balkansgeotourism.travel](http://www.balkansgeotourism.travel))

***American Hotel and Lodging Educational Institute (AHLEI) certified programs.*** Rritje Albania worked to improve professional standards in Albania's hospitality sector by establishing partnerships between the AHLEI and the Destination Management Organization (DMO) to offer certified hospitality training programs for working tourism professionals, and between AHLEI and the University Marin Barleti (UMB) to establish diploma programs in tourism. Widely recognized as the preeminent leader in hospitality certification, AHLEI learning programs conform to best practices in the hotel and lodging industry, and are endorsed by the American Hotel & Lodging Association (AHLA). (See [www.ahlei.org/search/?searchtext=albania](http://www.ahlei.org/search/?searchtext=albania))

***Servicing industry needs through productive university, vocational education training (VET), and industry partnerships.*** The project paired foreign experts with the Textile and Fashion Department at the Polytechnic University of Tirana (PUT) to increase the ability of the PUT faculty to conduct consultancies; promote PUT's graduates and its testing and laboratory facilities; strengthen internship and career counseling programs; introduce technical curriculum enhancements, including the addition of footwear and leather topics in diploma programs; and develop new continuing education Life Long Learning (LLL) courses, a first for the PUT and for people working in industry.

With Rritje Albania assistance, the PUT worked with three VET schools to develop a new garment design course using computer-aided design and computer-aided manufacturing (CAD/CAM) technology. Lectra<sup>2</sup> provided 16 CAD/CAM software licenses, with a commercial value of roughly \$350,000, free-of-charge. And in a related transaction, garment firms donated used sewing machines to VET schools that previously had no production-quality equipment. As a result of this collaboration, the PUT, VET, and garment companies created long-term relationships to help reduce the workforce supply and demand gap that has constrained industry competitiveness.

***Improving Intellectual Property Rights (IPR) in Albania.*** IPR issues strongly affect the health of the business environment in many ways<sup>3</sup> and the protection and enforcement of IPRs is part of Albania's integration agenda into the EU<sup>4</sup>. Rritje Albania helped form and lead an Intellectual Property Rights (IPR) Working Group, in partnership with the American Chamber of Commerce (AmCham) and Microsoft, with the purpose of sharing information, synchronizing work plans, and implementing many events

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<sup>2</sup> Lectra Modaris is the world leader in CAD/CAM software, equipment, and related services dedicated to large-scale users of textiles, leather and industrial fabrics.

<sup>3</sup> Intellectual Property (IP) rules were introduced for the first time in the multilateral trading system through the World Trade Organization's *Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS)*, negotiated in the 1986-1994 Uruguay Rounds.

<sup>4</sup> The GoA adopted Albania's National Intellectual Property Strategy 2010-2015 in September 2010. This strategy defines key objectives during this period, including: a new copyright law to be adopted; a law regulating the establishment of the Internal Market Inspectorate related to IP protection; and amendments to the current Albanian Penal Code recognizing counterfeiting as a criminal offense, to be approved in 2012.

throughout the years to improve the enabling environment legislation and the enforcement and respect of IPR issues in Albania that have hindered business competitiveness.

***Establishing Career Offices in public and private universities.*** Rritje Albania led a successful initiative to create new career development offices at five large universities. These centers are providing students with career counseling, internships, and helping with job placement, thereby creating sustainable links between the schools and employers. For their part, the universities have allocated new staff, offices, and equipment as they begin to establish offices and services for all of their faculties and departments.

## SECTION II

### Project Background

Rritje Albania's contract objectives were designed to support the sustained growth of Albania's non-agricultural enterprises, increase household income, and create gainful employment by developing and strengthening the competitiveness of enterprises in four key export-oriented sectors: tourism, garment, footwear, and ICT. The objectives were achieved through the following technical assistance components:

- (1) Strengthening trade and investment capacity;
- (2) Increasing enterprise productivity; and
- (3) Improving workforce development.

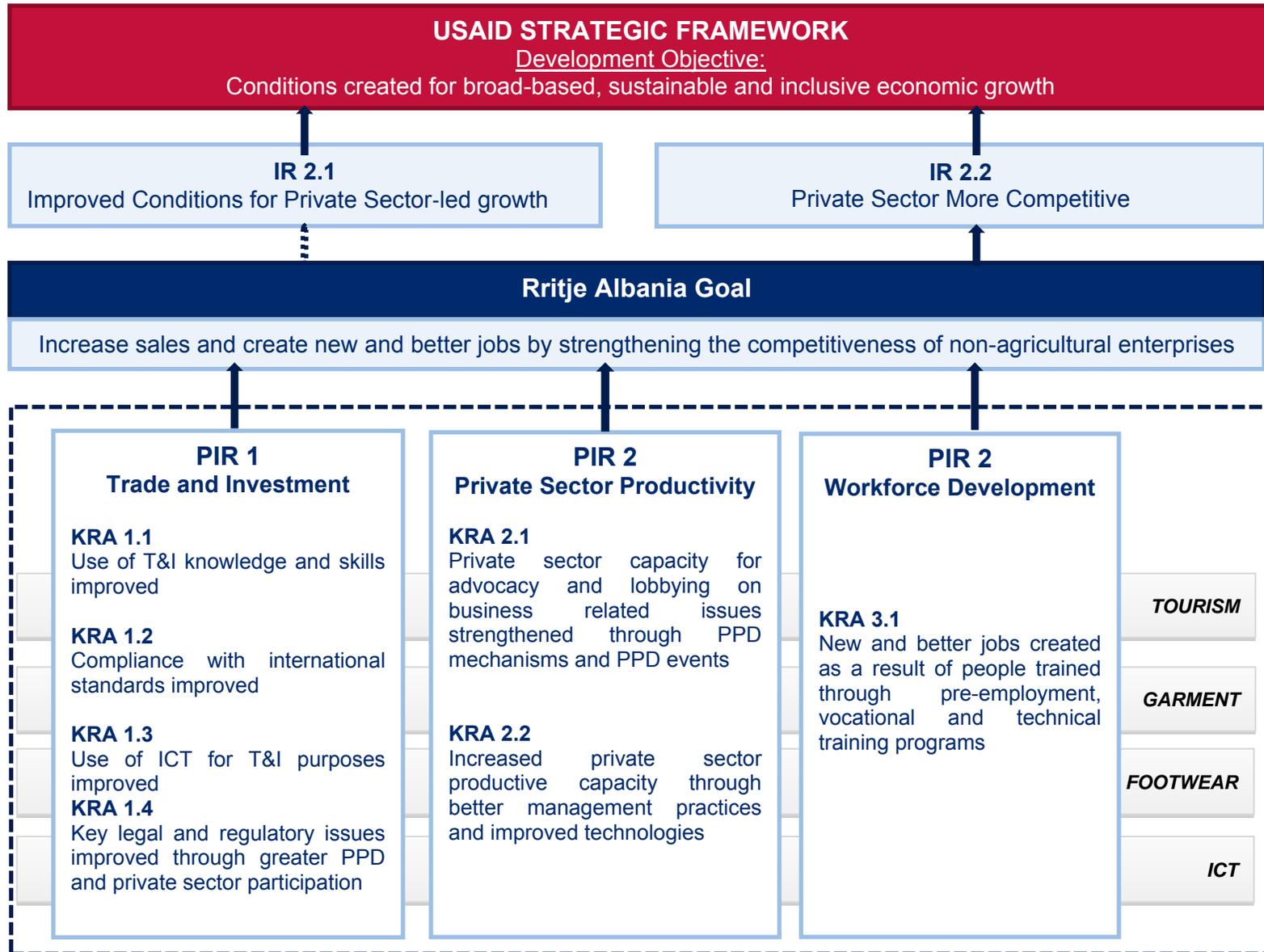
In addition to firm-level support to increase jobs and sales, Rritje Albania instituted the following legacy initiatives to help continue sustained growth in the target sectors after project end:

- BYOB program in the garment sector and footwear sectors, helping firms create and market their own brands in new markets;
- Lifelong learning and continuing education/vocational education training (VET) programs at the Polytechnic University of Tirana Textile and Design Department (PUT) and selected VET schools, focused on developing the garment and footwear sectors' workforce;
- AAQM program for hotels; the first step in creating a national system that evaluates hotels against international service standards;
- Ongoing support to the National Geographic Western Balkans GeoMaps website;
- Partnerships with local providers to continue offering ongoing quality standards programs like the American Hotels and Lodging Educational Institute (AHLEI) certified hospitality training for tourism professionals;
- Support to the PROTIK ICT Resource Center, a public-private sector hub that promotes product and service innovation, business linkages, and continued marketing of the Albanian ICT sector;
- Help with initiating Albania's first university Career Center Offices for continued workforce development in the garment and other key sectors.

### Results Framework

Rritje Albania falls under USAID/Albania's Development Objective (DO) 2.0, "Conditions created for broad based, sustainable, and inclusive economic growth." In addition to contributing to the achievement of DO 2.0, Rritje Albania also contributes to DO 2.0's Intermediate Result (IR) 2.1, "Improved conditions for private sector-led growth" and IR 2.2, "Private sector more competitive." Moreover, Rritje Albania's project goals are in-line with the Foreign Assistance Framework program areas of trade and investment and private sector competitiveness. Rritje Albania has three complementary components—trade and investment, productivity, and workforce development—that are also Project Intermediate Results (PIR). Each PIR includes several key result areas (KRA) measuring the output of different project activities. Results at the KRA levels, which are gender-disaggregated where applicable, led to outcomes at the component level, which in turn led to results at the project and DO levels. Please see the Results Framework graphic on the following page.

**Table II.1 – Rritje Albania Project Results Framework**



## General Technical Approach

Throughout the project, Rritje Albania practiced a multi-level approach to improve competitiveness that included enhancing trade and investment and access to markets, augmenting product quality through better management of production processes, spurring firm productivity through the introduction of new technologies, and improving workforce capacity and the business environment. The project identified competitiveness constraints at firm and industry levels, then delivered a combination of assistance consisting of direct advisory services, training, grants, or linkages to other financing to address these constraints. The project's work was guided by the following principles:

- Implement market-based and demand-driven interventions at all levels of economy;
- Foster local ownership and participation;
- Leverage resources and prioritize interventions through partnerships; and
- Focus on results and lessons learned to guide the implementation process

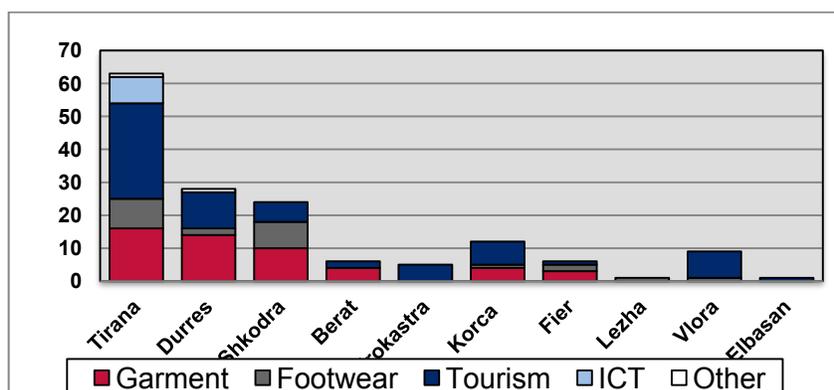
Rritje Albania adopted the approach of working intensively, but not exclusively, with leading Albanian companies in each target sector, with the expectation that other enterprises would follow their example. The following table lists the firms with which Rritje Albania signed a Client Growth Plan (CGP) agreement or which are members of the AAQM program, discussed in more detail in Section III.B1.

**Table II.2. – Enterprises Supported by Rritje Albania to Date**

Industry	CGP Clients/AAQM Hotels
Footwear	27 CGP
Garment	52 CGP
ICT	7 CGP
Tourism	7 CGP, 73 AAQM
Other ( <i>Recycling</i> )	2 CGP
<b>Total</b>	<b>168</b>

The project responded to requests for assistance from companies throughout Albania, and the distribution of clients by administrative regions is depicted below.

**Table II.3. – Rritje Albania Clients by Regional Location**



In addition, Rritje Albania supported stakeholders such as business associations and chambers to provide better services and lobby for members' interests through industry-wide events and conferences that stimulate PPD and create effective PPPs. Creating a large network of partnerships helped leverage project resources and achieve greater effect and wider outreach at both the firm and industry levels.

For example, Rritje Albania assisted the GFSWG, the IPR Stakeholders Group, and the PROTİK staff and Board of Directors, to serve as key public-private mechanisms through which policy issues could be raised and decisions are taken. These legacy PPD mechanisms and the ensuing PPPs are expected to survive beyond the life of the project as stakeholders come to appreciate the utility of coordinating actions for mutual benefit. Local ownership of initiatives took place that reflected the needs and priorities of the private sector. Additionally, by seeking significant cost sharing, the project promoted sustainable solutions and initiatives that are not solely dependent on project support to continue.

## SECTION III: Building Industry Competitiveness Through a Three-pronged Approach

This section looks at each of the four target industries that received the bulk of the project's attention and provides an overview of the most significant activities and key outputs or outcomes that Rritje Albania realized under each of the project's three technical components or project intermediate results:

- (1) Strengthening trade and investment capacity;
- (2) Increasing enterprise productivity; and
- (3) Improving workforce development

### A. Building Competitiveness of the Albanian Garment and Footwear Industries

Albania's garment and footwear industries represent a large part of Albania's export economy, accounting for 29 percent of total exports in 2013, and employing roughly 100,000 workers, the majority of them women. Although these industries were also critical components of Albania's economy in 2009 when Rritje Albania selected them as target growth sectors, they faced considerable challenges in remaining competitive due to a reliance on a narrow group of foreign buyers such as Italy for inputs and design, and most firms were at the lower stage of the garment and footwear value chain (see box).

Product quality upgrading was nascent as Albanian garment manufacturers had traditionally focused on Cut-Make (CM) and Cut-Make-Trim (CMT) trade rather than full cycle production, which brings higher wage levels, profits, and expanded markets. Footwear firms were slightly more advanced given their history collaboration with top of the line designers for high quality Italian brands.

In addition, lack of knowledge on competitive pricing practices, modern production techniques, and basic marketing and sales strategies prevented Albanian garment and footwear manufacturers from easily moving up the value chain to gain higher profits and avoid market risks. The global financial crisis affecting outsourcing companies in Italy and Greece further affected the number of orders received, pricing, and customer base. To address these challenges, Rritje Albania's competitiveness strategy included:

- Improving competitiveness at the firm level;
- Promoting Albania as a secure sourcing country for high-quality products, produced with short turn-around times in plants capable of efficiently handling small orders with flexible production;
- Building key strategic partnerships at all levels of the industry.

#### Main Stages of Upgrading in Albania's Garment and Footwear Value Chain

**Simple Assembly (SA):** The manufacturer sells only manufacturing services only, assembling pre-cut components of garments or footwear imported from foreign buyers.

**Cut-Make (CM):** The manufacturer sells cutting and manufacturing services only and temporary imports all materials, which are owned by the customer.

**Cut-Make-Trim (CMT):** The same as CM except the manufacturer buys some of the accessories like sewing thread, buttons, etc.

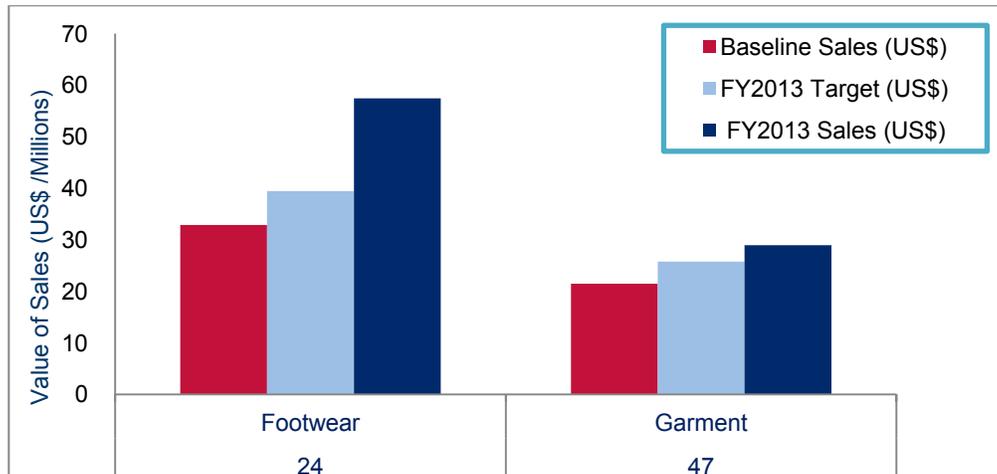
**Full Cycle Production (FCP):** The manufacturer buys all materials according to the customer's specifications and at delivery invoices the full value of the product.

**Private Label (PL):** The manufacturer designs collections independently or jointly with the customer. The full-value products are delivered under customer's trademark.

**Own Brand (OB):** The firm is selling the product it manufactures under its own brand name.

By the end of the project, Rritje Albania had directly assisted 47 garment companies and 24 footwear companies with improved trade knowledge, productivity, and workforce development. The value of overall sales reported by these companies reached \$65,201,545 USD, an impressive 59 percent increase from their baseline sales and 32 percent more than the expected FY2013 sales target. The footwear companies scored the highest sales growth at 75 percent as compared to the garment companies whose sales grew by 35 percent.

**Table III.1. Garment and Footwear Company Sales**



Rritje Albania’s long-term business advisors and recurring group of productivity, marketing, and design short-term consultants helped firms create marketing materials and corporate identities, improve productivity through the introduction of new technologies and better management practices, moving firms to a more advanced business model. Success was often dependent on positive shifts in the company owner’s or manager’s personal attitude towards learning about and adopting a new technology, applying different management techniques, attending a trade show, sending staff to an essential training event, networking with other industry actors, or hiring interns from the Polytechnic University of Tirana (PUT).

The project also implemented programmatic initiatives to facilitate behavioral and operational changes that led to Albanian garment and footwear own-collections such as (1) the BYOB program; (2) trade fair program training and participation; (3) the corporate identity program; (4) the introduction of new technologies through the small grants program; (5) implementation of the Productivity Enhancement Program (PEP); and (6) strengthening workforce skills of sector employees and students from the PUT and vocational education training (VET) schools. These programs are further described below.

### A1. Forging Trade Links through Increased Trade Knowledge and Skills

Rritje Albania’s trade and investment activities helped Albanian garment and footwear companies adopt a proactive, strategic approach to accessing new markets and buyers and position Albania as a source of high quality products and dependable services. To encourage institutional cooperation within the sector, most activities were implemented in partnership with, or through, sector-specific business associations, chambers, and public institutions, resulting in strengthened local capacity support businesses, service delivery, increased association membership, and improved long-term institutional viability.

*BYOB program in the garment sector.* The BYOB program helped facilitate business to business (B2B) contacts and meetings with foreign and domestic buyers, and to promote Albanian brands. In FY2012, the project helped six Albanian garment companies develop their own brands and negotiate successfully in

trade fair exhibitions in Germany and Russia. Successful sourcing experiences, and the development and presentation of their own brand collections at international garment fairs in Dusseldorf and Moscow, represented a significant achievement for these companies as they learned to access new trade knowledge to effectively design, develop, and market products that met the preferences of new customers and markets. In FY2013, Rritje Albania expanded the program to another four garment companies, Ambra, Omega, Madish and OLA1 that were encouraged by the original six to join the program. All 10 companies then sourced raw materials, developed new collections, revamped their company profiles and websites, finalized product specifications per buyers' test orders, conducted B2B meetings, and followed up on contacts and sales leads.

Today, Albanian garments are being sold for the first time in Russia as a result of deals facilitated by the project's Russian market consultant, who the firms now contract independently. The Moscow-based consultant assembled a packet of guidance on Russian market entry, including sample contracts, trademark and brand registration, software systems, bar codes and labeling, freight, logistics, warehousing, and customs clearance. BYOB garment firms used this information to identify Russian buyers, process test orders, and negotiate deals or contract sales agents.

**Table III.2. Summary of BYOB Garment Brands Developed and Promoted**

<b>BYOB Garment Companies and Brands</b>			
<b>Company</b>	<b>Collection Brand Name</b>	<b>New Markets</b>	
		<b>Russia</b>	<b>Sweden</b>
<b>Ariee</b> (formerly Metila of NPV International )	Ariee (newly created)	x	x
<b>Bella Konfeks</b>	La Blanche and Plaetor	x	x
<b>Blue Sky</b>	Kreinko and KJL (newly created)	x	x
<b>Kler</b>	Essere	x	x
<b>Madison Avenue</b>	Madison Avenue and Fashionista (newly created)	x	x
<b>SAM</b>	SAM	x	x
<b>Ambra</b>	Ambra (and two others in process)	x	x
<b>Madish</b>	Madish	x	x
<b>Ola 1</b>	Ola1	x	x
<b>Omega</b>	Omega	x	x

*BYOB program in the footwear sector.* Following the success of assisted garment companies, Rritje Albania introduced the BYOB program to 11 leading footwear companies, and helped these companies source, develop, register and/or market their own brand collection and negotiate with new clients in the German, French, Dutch and Scandinavian markets, among others. Six of these companies successfully participated as exhibitors with the joint *Made in Albania* industry booth at the September 2013 MICAM Fiera fair in Milan, Italy. Noted as one of the most important footwear trade fairs with more than 1,600 exhibitors, MICAM is reserved for only the most qualified firms in the industry to showcase and sell their collections. This event marked the first time Albanian footwear manufacturers exhibited as a country, and only the second manufacturing sector to do so after the project's BYOB Garment exhibitions in Germany and Russia a year earlier. After a year of intense work and preparation in design and pattern making, product development, and marketing and merchandising completed with the assistance of Rritje Albania's team of business advisors and short-term product development experts, Albanian companies were able to launch and market their own brand collections, alongside prestigious names such as Prada, Bagatt,

Christian Louboutin, Kurt Geiger and others. The Albanian firms chose to exhibit small collections at MICAM to use the opportunity gather market knowledge to prepare themselves for a much larger *Made in Albania* exhibit at the Riva del Garda Fiera (Italy) Fall/Winter 2014/2015 collection in January 2014.

**Table III.3. Categories of BYOB Footwear Companies by Production**

No.	Company	Own Brand	Markets (primary & secondary)	Production Levels
<b>GROUP 1</b>				
1	Donianna	<i>Mici's Shoes</i>	Italy and Europe	Own Brand/ Full Cycle Production (FCP)
2	Fital	<i>Kush</i>	Italy, Spain	Own Brand/ (FCP)
3	Alba	<i>Alba &amp; N</i>	Italy and Europe	Own Brand/ (FCP)
<b>GROUP 2</b>				
4	Bertonni	<i>B &amp; T</i>	Italy and Europe	Own Brand, Cut-Make-Trim (CMT) and Full Assembly (FA)
5	Mito	<i>Caterina Firenze</i>	Italy, Spain	Own Brand / (FCP) CMT/ FA
6	Picari	<i>Picari</i>	Italy, Germany	Own Brand / (FCP) CMT/ FA
7	Endi	Under development	Italy, France	Own Brand / (FCP) CMT/ FA
8	ImesAlb	Under development	Italy and Europe	Own Brand / (FCP) CMT/ FA
<b>GROUP 3</b>				
9	Hotova	<i>Hotova</i>	Italy, Spain	Own Brand / (FCP) CMT/ FA
10	Patrik	Under development	Spain, Italy	CMT and Uppers
11	Mas-Torr	<i>La Leon Arch</i>	Italy and Europe	CMT and Uppers

The BYOB program helped these 11 leading Albanian companies to graduate from varying and/or limited production stages to their own brands. This shift towards higher value chain levels mitigated risks associated with dependence on SA or CMT work that can be moved easily from one subcontractor or country to another. The BYOB process required the application of a range of critical skills, many of which were new to most Albanian companies, such as sourcing appropriate raw materials; designing collections and developing patterns and prototypes; establishing the right strategies for costing, pricing, and merchandising finished collections; developing and promoting an appropriate brand name according to target customer preference for style and quality; identifying and contracting the right sales agents; and navigating the maze of shipping, export/import rules, and product labeling requirements. These BYOB companies are now setting the paradigm for the future of the Albanian garment and footwear industries.

To maintain the BYOB momentum and ensure sustainability, the project shared lessons in the process with other less technologically advanced firms aspiring to achieve FCP and a wide group of stakeholders with a role to play in the future success of these industries, such as the Albanian Investment and Development Agency (AIDA); new GoA structures that will support Albanian manufacturing and foreign direct investment under the Deputy Prime Minister; the Textile and Fashion Department at the PUT; industry associations; and GIZ and EBRD-donor funded projects, among others.

*Creating new market linkages with Scandinavian agent and buyers.* To increase the sales volume of Albanian manufacturers and access new markets, Rritje Albania introduced 11 garment and footwear companies to a major Swedish company, ABMC Partners (ABMC). ABMC acts as a sales agent for the Scandinavia market with exclusive rights to represent production and manufacturers at a new Simonsland facility in Borås, a key region representing 50 percent of the total textile and garments exports to Sweden. Following two 2013 project-facilitated visits to assess potential cooperation with Albanian companies,

ABMC signed contracts with five garment and one footwear company. ABMC also invited four companies (Kler, Omega, Fital, and Ambra) to showcase their collections in a new showroom at Simonsland starting from November 2013. The four will display their collections at Simonsland and share the cost of the exhibit space, giving them a fixed sales point address and foothold in the Scandinavian market. ABMC agreed to continue pursuing opportunities for newly established Albanian partners.

Promoting Albania as a source of high-quality products and services through the garment and footwear company and industry websites. The project supported 17 garment and footwear firms to establish and maintain company websites in order to promote products, establish contacts, and communicate with prospective buyers. These websites highlight to prospective clients Albania's competitive advantages: high-quality products, short turn-around times, proximity to EU markets, competitive prices, and a skilled labor force. Moreover, 45 companies benefited from trainings focusing on website maintenance and new ICT tools, which promoted greater trade to new markets, and insights into new customer preferences and management priorities. In addition, two new project-developed garment and footwear industry websites are helping to create a sense of industry identity that is both visible to a large external market. The websites feature 98 garment and 27 footwear companies as well as information on the Albanian legal framework and competitive advantages. While helping to secure new clients, the websites were also designed to serve as online networking platforms. In 2013, the administration of the garment and footwear industry websites was transferred to the AIDA, which has the mandate for promoting Albanian businesses and key export sectors to investors.



Insights from mentoring individual business enterprises and associations in conducting B2B meetings, participating in trade fairs, and following up new business leads, were consolidated into a set of knowledge and custom-made tools, including ICT tools for firm branding and marketing.

*Prestigious online resource to market trends, suppliers, and training opportunities for footwear producers and the PUT.* The project purchased online subscriptions to the ARS Sutoria Magazine ([http://www.arsarpel.it/Fascicoli\\_ARS](http://www.arsarpel.it/Fascicoli_ARS)) published by the International Technical Institute of Art of Footwear and Leather Goods, in Milan, Italy. ARS Sutoria is an industry-recognized source for identifying the latest style and technology trends. Targeted footwear companies are now regularly using ARS Sutoria to boost collections, source trendy raw materials, discover new knowledge and technologies affecting pattern-making and design processes, and contact new suppliers and potential buyers. As result, improved footwear collections are now being sold in stores across Albania and to foreign buyers.

One example of a company benefitting from this project assistance is *MasTorr*, who identified new clients in Verona, Italy with whom it negotiated a subcontract. *MasTorr* used design ideas and sourcing contacts made possible through ARS Sutoria to produce Il Cammino, a local brand sold in a high street chain throughout the country. *MasTorr* renewed its ARS Sutoria subscription to keep up with style trends and identify appropriate sourcing agents. Similarly, *Berttoni* used style and design trends described and suggested in ARS Sutoria in planning their 2012 - 2014 footwear collections. The company increased the number of styles to 100 from 50, all of which are featured on their company website <http://berttoni.al/>. These collections retailed in new stores opened in Albania, and chain stores in Croatia and Kosovo. *Picari* also reports using the ARS Sutoria magazine to boost the number of styles and colors in their new Fall/Winter 2012, 2013, and 2014 collections from 40 to 70 styles per collection. The PUT also benefitted from ARS subscriptions, which is helping keep curricula in-line with current trends.



## A2. Enhancing Garment and Footwear Productivity

The Productivity Enhancement Program (PEP) was developed under the Rritje Albania project by short-term consultant John Haycock and launched in June 2010, as a five-stage approach to allow companies to gain production efficiencies and improve quality to better meet market demands. (See Table III.4)

**Table III.4. Summary of PEP Stages**

Stage	Characteristics of Stage
<b>Stage 1</b> (assessment)	Initial visits and productivity audit
<b>Stage 2</b> (training)	<ul style="list-style-type: none"> <li>✓ Introduce Key Performance Indicators (KPI) methodology</li> <li>✓ Develop new forms and recording methods</li> <li>✓ Initiate data collection and submission process</li> </ul>
<b>Stage 3</b> (baseline data)	<ul style="list-style-type: none"> <li>✓ KPI reports structure established</li> <li>✓ Establish productivity baseline data</li> <li>✓ Analyze and revise initial KPI reports</li> </ul>
<b>Stage 4</b> (training and follow-up visits)	<ul style="list-style-type: none"> <li>✓ Improve accuracy of data based on reports</li> <li>✓ Productivity and quality targets determined</li> <li>✓ Increase number of KPIs reported correctly</li> <li>✓ Quality baseline determination</li> <li>✓ Use KPI analysis in management decision-making</li> </ul>
<b>Stage 5</b> (follow-up visits)	<ul style="list-style-type: none"> <li>✓ KPIs are reported on a weekly basis</li> <li>✓ KPI reporting and methodology integrated into regular management routine</li> <li>✓ Monitor introduced changes and improvements</li> <li>✓ Identify next stage of company development to meet productivity targets</li> </ul>

The PEP addressed specific company needs and observed productivity constraints through the delivery of tailored technical assistance on a wide range of topics, including implementation of a new production management information system built around 15 Key Performance Indicators (KPIs) to help companies make evidence-based changes that improve performance; application of quality control methodologies; setting realistic operators' targets and measuring performance effectively; and effective line balancing and

production planning. Garment and footwear companies received PEP assistance through a combination of firm-level trainings, factory visits, industry workshops, and follow-up expert visits at their factories. This combination proved to be an excellent method to ensure adoption of new management practices and long-term productivity gains. Rritje Albania's client companies testify that enrollment in the PEP and utilization of the KPI's system has allowed them to collect data that shows exactly where improvements need to be made. For example, garment companies, Madish and Omega, reported that the use of the KPI system has helped them measure operator's performance over a full workday to set standards and offer incentives for highly productive workers. After receiving training by Mr. Haycock and the PUT consultants, staff at Manifaktura 7 started monitoring productivity using the KPI system, in addition to implementing the seven zeroes quality control system and completing an employees' skills inventory. As a result of these practices, the company reported a productivity increase of 4.6 percent and a reduction in defects by 7 percent, leading to a monthly increase in production of 1,722 pieces.

### PEP by the Numbers

- **11** productivity workshops in **5** cities reached **206** managers from **56** garment and footwear companies
- PUT professors conducted **128** site visits for **34** companies, **25** of which shared KPIs with the Rritje team on a weekly basis for one year
- **3** open lectures on productivity for **40** PUT students and professors
- **33** managers (**19** women and **14** men) received the PEP toolkit
- **28** female managers improved their management practices and use of technology through the KPIs

Madison Avenue, a garment company which received technical assistance by two PUT consultants on CAD/CAM pattern design and grading is another PEP success story. The company had purchased a new plotter for pattern design, but pattern grading was a difficult process riddled with many production defects. Most patterns were defective because employees used an incorrect method of patterns multiplication. The two consultants trained five operators and specialists on methods to improve pattern design and grading. After the training, the company reported that all pattern design defects had been eliminated and that the grading process was working very well. In addition, operators reduced the time it took to multiply patterns by 50 percent, thus allowing Madison Avenue to complete two full processes of pattern multiplication per day, without defects. As a result, the sewing lines are being supplied twice as much as before, leading to a twofold increase in production.

The involvement of the two local PUT Textile and Fashion Department professors in the PEP initiative brought many other industry-wide benefits beyond productivity enhancement, which materialized in concrete collaborations between the university and the private sector, such as the organization of the Albanian Fashion Day and a pilot internship program.

The linkages that PUT professors have built through direct firm assistance made garment and footwear companies more aware of the range of facilities and services the PUT is able to provide, including laboratory testing, pattern design and grading, and product development. Furthermore, by witnessing first-hand the issues faced by businesses during their visits, PUT professors brought back to their classrooms



**Technical visit to garment factory by PUT professors**

relevant knowledge and practical experience for students entering the trade. In addition, the PEP workshops and lecture materials were integrated into the university’s curricula, while PUT’s research capacities were enhanced as a result of students working at companies to gather data for their undergraduate or post-graduate thesis.

*“Without the software, teaching CAD/CAM technology is like seeing without eyes”.*

**Bernarda Pikuli**  
Teacher  
Korça VET School

### A3. Strengthening Garment and Footwear Workforce Skills

*Servicing industry needs through implementation of the PEP and new continuing education courses.* Cooperation between Rritje and PUT professors included field visits to garment and footwear firms to employ the KPI methodology; facilitating guest lectures by Mr. Haycock for PUT students and faculty; building new linkages between PUT and businesses; developing long life learning (LLL) courses for the needs of the industry; establishing relations between the PUT and three VET schools of Tirana, Shkodra and Korca; enhancing curricula with practical know-how and case studies; organizing PUT guest lectures by company owners; and improving PUT’s internship scheme. Also, three VET schools were equipped with up-to-date CAD/CAM software for design and pattern-making supplied through an agreement with Lectra France, a renowned industry supplier of CAD/CAM software, while the PUT updated 16 of its licenses to the latest versions of its software programs. The PUT Textile and Fashion Department is now member of SATRA, a leading European R&D organization for the footwear and textiles sectors, from which it will benefit to develop new curricula on footwear production and design.

In December 2013 the PUT offered its first LLL course over several weekends on CAD/CAM patternmaking to VET teachers and private companies. Thanks to Rritje Albania, the PUT has developed closer links to more than 50 garment and footwear companies, participated in BYOB resource trade fairs in Germany and Turkey, established institutional relations with VET schools, and created new course curricula on footwear topics and enhanced its garment curricula to better meet the needs of the industry.

**Table III.5 PUT Enhancements to VET Curricula**

Titles of Courses (Books/Materials) provided by PUT consultants	VET School Subjects where PUT course materials are integrated
<ul style="list-style-type: none"> <li>• Technology of garment production (Book)</li> <li>• Fashion Design: Main Principles</li> <li>• Production of Collections and Mini-Collections</li> <li>• Textile and Fiber Knowledge</li> <li>• Manual of Garment Production</li> <li>• Organization of Production Line</li> </ul>	<ul style="list-style-type: none"> <li>• History of Fashion and Costumes</li> <li>• Organization and Legislation of Textile Industry</li> <li>• Introduction to CAD/CAM Technology</li> <li>• Fashion Collection and Marketing</li> <li>• Garment Design</li> </ul>

*Bridging the workforce supply and demand gap through the creation of career offices and centers.* Universities in developed countries offer students advice on career development, job applications, internships, and networking opportunities through university career centers. Such centers assist students with career counseling, internship and job placement assistance, interview skills training and CV writing, and serve as a contact point for employers to liaise with the university’s most qualified students.

Like many developing economies, Albania continues to struggle with a large gap between labor market supply and demand, coupled with high youth unemployment. While the labor supply is growing due to a greater number of well-educated university graduates, prospective employees do not yet offer all skills needed by employers in today’s market. In this context, Rritje Albania identified the establishment and

operation of career offices in public universities as a critical element to help institutionalize cooperation between employers and higher educational institutions. Career counseling and career offices are a nascent concept among public universities in Albania. In 2012, only University of Tirana (UT), Albania’s largest university, had set up a career office as part of an EU-funded TEMPUS program.

To bridge this gap, Rritje Albania targeted the four largest public universities in the country, in addition to one private university, which in total serve an estimated 74,000 students. See Table III.6 for details.

**Table III.6. Universities Participating in Career Development Program**

Universities	Faculties	Departments	Degree Programs	Total No. Students
UT	8	50	41	34,188
PUT	7	29	41	15,000
AUT	5	18	54	16,670
UFNK	4	32	57	7,200
UMB	4	11	56	1,000

In April 2012, Rritje Albania brought in a regional career development expert, Mr. Visar Ademi, to train staff from several departments at the UT and PUT on career center management and career counseling topics. As a result, new career counseling modules were introduced in existing courses taught by four departments at UT and PUT. A year later, Mr. Ademi delivered two Training of Trainers (ToT) on *Career Center Management*, an intensive four-day training for 19 career office staff and lecturers from the five universities, focused on identifying a clear Career Center/Office vision and mission. Mr. Ademi guided participants to establish operating rules and procedures, conduct a strength weaknesses opportunities and threats (SWOT) analysis, develop a detailed work plan of activities, and establish short- and long-term goals. Further, attendees gained valuable knowledge on the design and delivery of appropriate career services to students, how to network with the private sector, and the essential elements of a career center web-portal. The second ToT on *Career Counseling Topics* helped its 20 participants develop a Career Counseling Course that can easily be integrated into university curricula.

In May 2013, Rritje Albania organized a study tour for 19 career center administrators and lecturers from the five universities to South East European University (SEEU) of Tetovo, Macedonia to exchange knowledge and experience on career center management and operations and learn how to nurture private sector linkages. In addition, Rritje Albania delivered intensive individual coaching and training throughout 2013 to career office staff on the implementation of their planned activities with a focus on strengthening linkages to the private sector. The expert guided staff through the organization of career fairs and private sector roundtables, agenda development, design and distribution of invitation letters, event registration forms, and production of banners and other materials required for the fair’s successful implementation. Rritje Albania also provided UT with access to its database of business contacts and partners to help establish good corporate connections. Towards the end of 2013, Rritje Albania employed a software specialist to establish software requirements specifications (SRS) for career office (CO) web portals at each university. Below is a quick snapshot of career office achievements by university.

*University of Korça Fan Noli.* The University Fan Noli of Korça (UFNK) enthusiastically joined this initiative as its Rector was thinking about establishing a career center (CC) at the same Rritje Albania started providing assistance to the other universities. In 2013, UFNK allocated the CC its own space at newly acquired premises in the Korca city center and now employs new staff who are offering career development services to all faculties. In July 2013, UKFN CC took part in Korca’s annual job fair and counseled students using information from a previous ToT. In 2014 UKFN plans to be a main organizer of the Korca job fair, which it will host at its premises.

*University of Marin Barleti.* University Marin Barleti (UMB) is the only private university participating in this initiative. With about 1,000 students in total, UMB is the smallest of five universities to receive Rritje Albania assistance to establish CCs/COs. However, it opened a new CC in 2013 that is delivering consulting to students and engaging private companies to fill the workforce supply/demand gap.

*University of Tirana.* In addition to the two COs that were established at the Faculty of Economics and Faculty of Law, a CC was set up as part of the Department of Communications within the rector's office and two additional COs were established in 2013 at the Faculty of Natural Sciences and 2014 at the Faculty of Social Sciences. With Rritje Albania's technical assistance, the UT held its first career fair that brought together 40 companies and more than 700 students to discuss internships and jobs. The end result of the fair was the institutionalization of links between private companies and the UT CO and the beginning of a long-term relationship.



**Students meet with private sector representatives to discuss internship and employment opportunities during Career Day at the University of Tirana, June 5, 2013**

*Agriculture University of Tirana.* Prior to joining the initiative, the Agricultural University of Tirana (AUT) administration had no plans to open a CO. Rritje Albania introduced the vision of creating a CO at AUT to decision-makers, who quickly embraced it and made impressive progress within a short time. In December 2012, the university senate changed the university charter transforming the existing student orientation offices into five fully fledged COs. In addition, a central CC was established at the university rector's office, with a very dynamic person named as the CC coordinator. Since then, the AUT has engaged 11 additional staff across its faculties for career activities. One of the immediate tasks of the new structure was the creation of linkages with the private sector, and provision of training and mentorship for students. With Rritje Albania's help, the AUT CC organized its first roundtable with private sector firms to promote the development of relations and to announce an upcoming career fair in Spring 2014. The AUT has introduced an elective course on career counseling in the second semester of 2014 academic year in all of its five Faculties.

*PUT career services development and achievements.* The PUT has been a very important collaborator and project stakeholder for Rritje Albania over the past four years, especially its Textile and Fashion Department. Rritje short term technical assistance experts (STTA) supported the department's lecturers to have stronger links to the private sector, implement more effective internships, link to the VET schools and start LLL courses for industry. At the University level, due to constraints in physical space, the Rector was unable to allocate an office for the CC and appoint full time staff until November 2013. Despite this delay, Rritje Albania still managed to transfer knowledge and resource materials to the new CC staff prior to the project's closure.

## A4. Conclusions on Supporting Albania's Garment and Footwear Workforce

Thanks to the enthusiastic response of the five universities receiving Rritje Albania's assistance to create functioning Cos and CCs at the universities, students are now receiving essential career counseling advice and potential employers are forging links with the universities to secure a better prepared and more employable workforce for the future. However, although the CCs and COs are staffed and operational they are nascent structures receiving minimal budgetary support given their need for additional capacity building of staff and infrastructure equipment and supplies such as web portals, library, data bases, larger operational budgets, and so on.

Recognizing this, over the past two years Rritje Albania has met frequently with other potential donors and workforce/education projects in order to explain what this legacy initiative was hoping to achieve, introduce stakeholders to key university decision-makers and invite their collaboration and participation. Among the stakeholders contacted were: the International Labor Organization (ILO), American Albanian Development Foundation (AADF), Swiss Kontakt, and others.

## A5. Increasing Awareness of Intellectual Property Rights (IPR) Issues in Albania

IPR<sup>5</sup> issues strongly affect the health of the business environment. Without being able to safeguard their ideas, businesses are not able reap the full benefits of their inventions, and are less likely to focus on new research and development. Additionally, the protection and enforcement of IPRs is part of Albania's integration agenda<sup>6</sup> into the EU. In FY2012, Rritje Albania helped form and lead the IPR Working Group, in partnership with the AmCham and Microsoft, to share information and synchronize work plans for improved enabling environment legislation, enforcement, and respect of IPR issues in Albania. The group mapped out all GoA actors and donors involved in IPR work to gain a full understanding of the IPR landscape, including unclear enforcement competencies and cooperation challenges between different public institutions dealing with IPR in Albania. The IPR Working Group have held meetings focused on developing a clear and detailed action plan focusing on: (1) the intensification of lobbying efforts to ensure parliamentary approval of the draft Law on Copyrights; (2) the finalization of the regulatory reform undertaken by the GoA through the Central IPR Inspectorate; (3) the development of coordinated work plans between major GoA IPR actors; and (4) the launch of an IPR awareness campaign.



**Second Annual National Conference on Intellectual Property Rights, Tirana/December 18, 2012**

<sup>5</sup> Intellectual Property (IP) rules were introduced for the first time in the multilateral trading system through the World Trade Organization's *Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS)*, negotiated in the 1986-1994 Uruguay Rounds.

<sup>6</sup> The GoA adopted Albania's National Intellectual Property Strategy 2010-2015 in September 2010. This strategy defines key objectives during this period, including: a new copyright law to be adopted; a law regulating the establishment of the Internal Market Inspectorate related to IP protection; and amendments to the current Albanian Penal Code recognizing counterfeiting as a criminal offense, to be approved in 2013.

In order to intensify the advocacy efforts of the IPR Stakeholder Group, Rritje Albania co-funded three national conferences in order to promote greater public and business awareness of IPR issues and the new draft laws on Copyrights, Trademarks, and Patents and related Penal Code amendments still pending approval, as well as the absence and/or confusion over standard procedures and lack in institutional capacities on the part of the public sector. These conferences attracted many public and private representatives and spurred important conversation about constraints and priorities.

Following these conferences, Rritje Albania collaborated with the General Directorate of Patents and Trademarks (GDPT) and the Central Inspectorate (CI) to deliver, around the country, a series of five roundtables aimed at informing the business community on reform and amendments to two key legislations affecting the private sector, the *Law 9947, On Industrial Designs, dated July 7, 2008* and the *Law 1043, On Inspections, dated June 16, 2011*. These roundtables drew the interest of 107 participants representing 67 companies and several public institutions, private businesses, and business associations such as the ATA, the AITA, the NCGFM, and the AmCham. The table below provides a detailed summary of private sector participation at these roundtables by city.

**Table III.7. Summary of IPR Roundtables in April-June 2013**

Date	Activity	City	Participants	Companies
April 2013	Roundtable 1 on Industrial Property and Inspections Reform held in collaboration with GDPT and CI	Fier	19	15
May 2013	Roundtable 2	Shkodra	18	15
May 2013	Roundtable 3	Korça	23	15
June 2013	Roundtable 4	Durrës	11	8
June 2013	Roundtable 5	Tirana	41	16
<b>Total</b>			<b>112</b>	<b>69</b>

The GoA's performance on passing appropriate IPR laws and supporting legislation has been uneven and the enforcement of IPR laws on the books has also not been fully satisfactory. However, thanks to the activities of the IPR working group over the past three years and the pressure applied on the GoA to improve its performance by AmCham at the behest of its members, incremental progress is being made as more and more attention is brought to Albania's need to improve. This has also drawn the attention of the EU delegation and the Ministry of Integration as IPR is one of the areas Albania is cited as being deficient in its quest to move closer to the EU.

## B. Building Competitiveness of the Albanian Tourism Industry

Tourism is one of the world's fastest-growing industries, and an important stimulant to a country's job and export growth by increasing foreign exchange revenue, attracting new businesses, and employing large numbers of youth, women, and entrepreneurs. Albania holds significant untapped tourism development potential with assets that include a mild climate, rich and varied cuisine, dramatic landscapes, and beautiful beaches located in a region of increasing interest to international travelers. Other advantages include strong underlying natural product, major tourist destinations nearby, high curiosity factor following its closure for a large part of the past century, low prices relative to high value, and relatively easy visa requirements.

According to a World Bank competitiveness study issued at the start of the Rritje Albania project, in 2009 Albania’s tourism industry was oriented towards seasonal “sun, sand, and sea” travelers, attracting roughly 70 percent of its total tourists from neighboring Italy, Montenegro, Kosovo, and Macedonia, and less than 10 percent of its tourists from EU markets such as Germany, the UK, and France.<sup>7</sup> Most tourists were Albanian-speakers with family ties to Albania who sought low-cost holidays in July and August, with three times the number of visitors arriving in these months compared to the rest of the year.

Despite such traveler demand, Albanian hotels and other businesses were neither aware of, nor incentivized to offer, the typical quality standards that more discerning international travelers expect. Promotional efforts to stimulate and diversify tourism demand by Albania’s public and private sector were also insufficient in both quantity and quality. According to the World Bank report referenced above, in 2009 “...knowledge of markets and marketing is limited at the public sector institutional levels where the most likely constraints are a lack of market research and weak professional skills. Other constraints may be the ability of the private sector to engage in meaningful dialogue with the public sector to better target their promotional material. There may also be deficiencies in the capacity of the private sector to innovate and develop tourism (such as the creation of activity-based products) that are reflected in the material being produced and promoted by the public sector.”

At Rritje Albania’s start, the country was essentially unsold by foreign tour operators, and the presence of Albanian hotels on international booking sites was almost non-existent. By 2014, this transformed dramatically as a result of changes brought about by the Rritje Albania project and others to improve Albania’s tourism sector competitiveness. For example, in 2009 only three Albanian hotels could be found on Expedia.com and two on Hotels.com; today, Expedia.com lists 197 hotels; Hotels.com lists 62 hotels in Tirana alone; and Trip Advisor has information on 209 hotels, 227 bed and breakfasts (B&B)/inns, and 42 vacation rentals. Exodus, the largest adventure wholesaler in Europe, had zero tours to Albania in 2009, while in 2014 its website advertises three products ranging from 9 to 11 days each and repeated 16 times between May and October. (<http://www.exodus.co.uk>)

<b>Foreign Arrivals by Means of Transport (thousands)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>By air</b>	206	227	246	267	273
<b>By sea</b>	189	215	216	191	180
<b>By land</b>	1,024	1,414	1,956	2,474	3,061
<b>Totals</b>	<b>1,419</b>	<b>1,856</b>	<b>2,418</b>	<b>2,932</b>	<b>3,514</b>

*Source: INSTAT (Govt. Albania Statistics Institute; [www.instat.gov.al](http://www.instat.gov.al))*

As a result, the number of foreign tourists in Albania grew 248 percent since 2008, and by 2012 it counted more than 3.5 million annual visitors, the vast majority arriving by land from one of its four neighbors. In five years, Albania has successfully expanded its customer base to include not only travelers from Europe, primarily Germany, Austria, and the Netherlands, as well as Slavic countries and Japan. The impact of increased tourism in Albania on the workforce and national economy is pronounced. According to the World Travel and Tourism Council (WTTC), the direct contribution of travel and tourism to Albania’s GDP in 2012 was 6.1 percent; taking into account its wider “indirect” effects such as spending for capital investment and supply chain purchases, its total contribution to GDP was 21.4 percent. As for employment, in 2012 the sector employed 72,000 “direct” workers (5.5 percent of total employment) and 112,000 “indirect” workers for a total of 184,000 jobs representing 19.5 percent of all workers. The sector’s importance increases over time as the World Tourism Organization (WTO) and the WTTC forecast that tourism’s contribution to Albania’s GDP will grow by more than 5.5 percent per year over the next 10 years, a growth rate that is more than twice that of the projected growth in total GDP.<sup>8</sup>

<sup>7</sup> October 2009, World Bank, *Building Competitiveness in Albania; Sector Case Studies: Apparel and Footwear, Tourism, Mining*; Report No. 47866-AL

<sup>8</sup> Source: World Travel & Tourism Council (WTTC) [www.wttc.org](http://www.wttc.org).

Having shown a glimpse of what Albania’s tourism sector looked like at the start of Rritje Albania and how it has begun to positively change over the past five years, the rest of this section describes Rritje Albania’s strategies and major technical activities that contributed to the improvements realized in Albania’s travel and tourism competitiveness since the start of the project. Rritje Albania’s strategy for supporting sustainable tourism development in Albania has focused on three technical activity pillars:

- Promoting Albania as a desirable tourism destination in order to increase the number of visitors and extend their length of stay in the country;
- Improving the quality of Albania’s tourism product and related services;
- Supporting and promoting sustainable tourism initiatives that improve firm-level competitiveness through continuous dialogue and key partnerships with both public and private stakeholders.

Given the large number of interdependent and diverse private and public stakeholders that form a country’s tourism sector, building industry competitiveness has required project assistance at the firm, meso, and macro levels of the industry. From its start, Rritje Albania has established collaborative relationships with tourism firms and their

<b>Tour Operator</b>	<b>CGP* Start Date</b>	<b>% Increase in Annual Sales Over Baseline</b>
<b>Albania Holidays</b>	March 05,2010	<b>40%</b>
<b>Albania Experience</b>	March 20,2010	<b>75%</b>
<b>Sava Tours</b>	March 24,2010	<b>47%</b>
<b>Sipa Tours</b>	March 31,2010	<b>90%</b>
<b>Elite Travel</b>	June 07,2010	<b>88%</b>
<b>Gulliver OK</b>	December 22,2010	<b>3%</b>
<i>* CGP (Client Growth Plan) is an MOU signed by the firm and project</i>		

associations, relevant government ministries and agencies, NGOs, local and regional donors, and other projects supporting the development of Albania’s tourism sector. The project’s tourism activities were often undertaken in alliance with partners, including but not limited to the Albania Tourism Association (ATA), Tour Operators Union (TOU), National Tourism Agency (NTA), SNV<sup>9</sup>, GIZ<sup>10</sup>, CBI<sup>11</sup>, United Nations Development Program (UNDP), United Nations World Tourism Organization (UNWTO), other USAID projects in the region and the European Bank for Reconstruction and Development Business Advisory Services (EBRD-BAS). Consistent with USAID Forward, the project strategy of leveraging implementation partnerships helped foster local ownership and collaboration that ensured better sustainable outcomes and impacts that we believe will persist beyond the life of the project.

At the firm level, Rritje Albania assisted six incoming Albanian tour operators (ATO) and 73 members of the AAQM program developed in partnership with the ATA. Three years after ATOs signed CGPs with the project they reported an average increase in annual sales of 57 percent.

The following section details project assistance to build the competitiveness of these ATOs and other tourism firms and stakeholders, and is structured according to the project’s three technical components of trade and investment, productivity, and workforce development.

<sup>9</sup> Netherlands Development Organization called Stichting Nederlandse Vrijwilligers.

<sup>10</sup> The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH (German Society for International Cooperation) or GIZ is an international enterprise owned by the German Federal Government.

<sup>11</sup> CBI (Centre for the Promotion of Imports from developing countries) is an Agency of the Netherlands Ministry of Foreign Affairs.

## B1. Forging Trade Links through Increased Trade Knowledge and Skills

### B1a. International standards

*AAQM program.* The AAQM program raises awareness of international standards and best practices at Albanian hotels by utilizing a team of qualified experts to assess accommodations, measuring performance against seven quality dimensions, and presenting owners with detailed oral and written assessments that includes recommendations for improvement. Assessments are conducted by the Institute for Development and Research Alternatives (IDRA), a local independent not-for-profit under contract to the ATA. IDRA reports are reviewed by an award committee comprised of the ATA, the GoA, the National Tourism Agency (NTA) and representatives from academia and media that votes to issue a bronze, silver or gold award to hotels meeting AAQM standards. Only fully paying ATA members may join the program, and all facilities must be reassessed every three years.

Since 2009, the AAQM program has tackled several key constraints to Albania's tourism development, including: (1) the lack of a credible hotel accreditation system, (2) poor product development and marketing, based on limited understanding of market demands and trends, (3) limited opportunity to exchange knowledge and best practices, and (4) little recognition of Albania as a tourist destination.



An important AAQM partner has been EBRD's TAM-BAS program, which co-funded the development of the AAQM website and three ToT modules on tourism management in June 2011. It has also co-financed technical assistance consultancies carried out by AAQM assessors with hotels. The AAQM program is the only hotel grading system in Albania sanctioned by the GoA, and is recognized as an independent, transparent, and rigorous system for improving the tourism product of hotels. The program is a legacy initiative of Rritje Albania implemented with the ATA, which now owns and manages the program.

*Tourism law revision.* In 2010, the GoA and stakeholders concluded that an improved regulatory framework was key to improving the competitiveness and sustainability of Albania's tourism sector. In response to this need, the project became an integral member of a technical working group to revise Albania's tourism law. Rritje Albania contracted a local legal expert to review the existing law and make recommendations in-line with global best practices and harmonized with existing laws such as the Law on Territorial Planning and the Law on Taxation and Business Registration. Although the process stalled with a change of Minister, it was revitalized in October 2013 when a new government was formed. At the time of this report, the new law is largely redrafted thanks to Rritje Albania's contribution to the Minister of Urban Development and Tourism (MUDT)

#### AAQM Milestones

- The first awards for 20 Albanian Hotels were given in April 2011. The AAQM has 73 members as of February 14, 2014 and more than 10 applicants are awaiting assessments.
- AAQM has 9 qualified and approved assessors that are employed by IDRA under contract to the ADA.
- AAQM Procedure Manual describes all operational processes and roles and responsibilities and a Communication Plan has been drafted.
- AAQM website is live since June 2012 (English and Albanian) [www.authenticalbania.com](http://www.authenticalbania.com)
- A full package of AAQM branded materials are displayed in all AAQM hotels.
- ATA is committed to charging full-cost recovery fees.

working group. Among the many improvements included in the draft law are the establishment of hospitality industry standards, certification requirements, sustainable and environmentally sound construction practices in touristic zones, and other EU-compliant and globally accepted tourism development best practices. In December 2013 and January 2014, five PPD roundtables were held around the country to discuss the new law that were supported by the project and chaired by the new Minister MUDT. The GoA anticipates passage of the new Tourism Law by June 2014.

#### B1b. Improved Trade Knowledge and Skill

*National and international trade fairs and conferences.* Beginning in 2010, Rritje Albania supported the ATA, the ATOU, the NTA, and numerous Albanian businesses to represent the country at major tourism trade fairs, including: the World Travel Market (WTM) in London, the BIT-Milan, and ITB-Berlin. Albania was also a first-time exhibitor at the Philoxenia Trade Fair and Black Sea Forum of Travel Agencies held in Thessaloniki, Greece in November 2010. Since then, the number of fairs attended by the ATA and its members has grown to include fairs in Austria, Japan, Middle East, Scandinavian countries, and regional capitals.

To make the most of their trade fair participation, the ATA and ATOU associations were assisted early in the project to create attractive exhibit spaces, develop appropriate promotional materials to distribute at the fairs, and training to organize and manage productive B2B meetings. Rritje Albania also helped the NTA to develop, design, and print a promotional package on Albania entitled “Albania, Yours to Discover,” and visitor guides translated into English, German, and Japanese. The project also improved the English text of existing NTA promotional guides and coordinated efforts between public and private actors to design and produce a promotional package focused on Albania’s MICE (meetings, incentives, conventions, expositions) segment. The package included a country fact-sheet highlighting Albania as a desirable destination plus one-page profiles of more than 20 companies. This partnership included contributions from the NTA for industry content, photos, and printing of the country folder, while the ATA coordinated with its members to print the one-pagers of each featured company that have been easily updated for future fairs.



**National Tourism Agency staff and Albanian businesses exhibiting in the Albania booth at the ITB Berlin fair, Germany/March 2013**

On the domestic front, Rritje Albania was a primary sponsor and technical contributor with the Foreign Investors Association of Albania (FIAA) to organize three major national tourism conferences and fairs in Tirana: TreAlbTourism and Real Estate Fair and Conference (October 2009 and April 2011); TreAlb Expo Agribusiness and Tourism Fair (September 2012); Western Balkans Regional Tourist Fair and Conference (April 2012). In addition, through Rritje Albania’s grants facility, two artisan associations in Pogradec and Shkodra received training to improve product quality and design, and with project support they organized three traditional handicraft fairs in 2011, 2012, and 2013. Rritje Albania also provided technical assistance to local authorities to develop their tourism potential and improve their marketing materials and websites. One such example was to assist the Përmet municipality organize a tourism festival featuring local products and folk music. Përmet is known to be one of the greenest places in Albania and is gaining an international reputation for its breathtaking hiking trails, rafting in the Vjosa

river canyons, folk music, and its culinary tradition of local fruit and nut preserves. (<http://www.visitpermet.com/>)

*National Geographic supplement and GeoTourism web portal.* One of Rritje Albania's legacy initiatives in tourism, which has received high praise from the GoA and the project's private sector partners, was a regional effort implemented in cooperation with the USAID Regional Competitiveness Initiative (RCI) project, the National Geographic Society (NatGeo), and neighboring Western Balkan countries. In 2010, the first outcome of the collaboration was a high-quality English-language supplement featuring six Western Balkan countries that was distributed as part of National Geographic Traveler magazine to an estimated 226,850 households in Continental Europe. In April 2011, the same partners launched the NatGeo Western Balkans Geo-tourism MapGuide Project that captured the history and heritage of the region through an interactive website. Each country developed content for its own site that is reached through a NatGeo Western Balkan regional portal. The website was launched in June 2012 over a week-long ceremony hosted by National Geographic at its Washington D.C. headquarters. The GoA has agreed to pay an annual hosting fee to National Geographic and is a member of the Albania National GeoTourism Stewardship Council led by Albania's Our Own Expeditions, a private firm that is responsible for selling space on the web site to generate revenue that sustains the initiative. (<http://www.balkansgeotourism.travel/index.php>)

Another positive outcome of this collaboration was the Western Balkans GeoTourism Stewardship Council (WBGSC) formed by the six cooperating countries, which continues to hold regular virtual conference meetings. The WBGSC developed a membership package for the GeoTourism website nominees, which, along with the Western Balkans Geotourism (WBG) portal business, marketing plan, and a MoU signed by the six countries, have formalized the WBG portal in a sustainable manner. Rritje Albania also co-financed a WBG familiarization tour (Fam Tour) of Albania in April 2013, and 12 short videos that featured Albania and its WBG partners. Lastly, a mobile application of the WBG portal developed with USAID/RCI funding is now being promoted by each WBGSC member. National Geographic's strong reputation is helping to dispel negative biases towards the region and this initiative is certain to continue to make a positive contribution to the economic growth of the participating countries of Albania, Bosnia Herzegovina, Macedonia, Montenegro, Kosovo and Serbia.

*Regional tourism development linkages.* In addition to the various initiatives and collaborations described above, other significant project activities included support to Albania's participation in the Regional Tourism Summit in Sarajevo in September 2010, and numerous Regional Tourism Steering Committee meetings coordinated by USAID's RCI project from 2011-2013 that involved the participating Western Balkan countries. In addition, the project co-financed and provided technical leadership for the regional Global Sustainable Tourism Council (GSTC) workshop in Tirana and the United Nations World Tourism Organization (UNWTO) meeting in Albania in November 2010.



To increase public understanding of sustainable tourism principles and the responsibility of Albanian citizens to develop eco-sustainable tourism products, Rritje Albania linked up with local organizations and the NTA to help Albanian communities to celebrate, in most instances for the first time, global initiatives such as Earth Day and World Tourism Day. In April 2013, in collaboration with the Albanian Rafting Group (ARG), more than 130 individuals, including students, and local government and businesses took part in Earth Day activities that included a river bed cleanup and a week of environmental protection-themed activities. At the same time, the Destination Management Organization (DMO) organized a culinary and handicraft festival to celebrate Earth Day in scenic Dardha. The event attracted 170 participants and showcased Dardha’s impressive walking trails and handicrafts. For the first time, these two communities joined more than 2 billion people around the world in celebrating the 43rd anniversary of Earth Day.

*Familiarization (FAM) tours to Albania.* In 2009 and 2010, the project invited large foreign tour operators (FTO) to take part in a six-day Familiarization (FAM) tour of key Albanian tourist sites. Before departing, the FTOs recounted their impressions to the ATA and the NTA at a focus group session and held B2B meetings with Albanian Tour Operators (ATO). As a result of this highly successful initiative, the 13 FTOs have linked up with 10 ATOs to design an increasing number of new tours to Albania each year that are extensively promoted throughout Europe. In a typical example, Albania was featured as the hot new destination in a front-page spread in Gaea Tours 2013 catalogue. Gaea is a Swiss travel agency that was part of Rritje Albania’s first FAM tour in October 2009. For additional examples of how foreign tour operators now promote Albania tour packages in their target markets, please follow the links below:

**Table III.8 Foreign Tour Operators and Their Albanian Counterparts**

FAM Tour 2009				FAM Tour 2010		
No.	Foreign Tour Operator	Website	Albanian Tour Operator Partner	Foreign Tour Operator	Website	Albanian Tour Operator Partner
1	Columbus Reisen	<a href="http://www.columbus-reisen.at/">http://www.columbus-reisen.at/</a>	Albania Holidays	Gaea Tours	<a href="http://www.gaea.ch/">http://www.gaea.ch/</a>	Albania Experience
2	SabaTours	<a href="http://www.sabtours.at">http://www.sabtours.at</a>	ATHS	Time to Travel	<a href="http://www.timetotravel.nl">http://www.timetotravel.nl</a>	Albania Holidays
3	Loacker Tours	<a href="http://www.loackertours.at">http://www.loackertours.at</a>	Sava Tours	Reisekonig	<a href="http://www.reisekonig.at">http://www.reisekonig.at</a>	Destination Albania
4	Mediatour	<a href="http://www.mediatour.at">http://www.mediatour.at</a>	Sipa Tours	Center Reisen GMBH	<a href="http://www.reiseland.de">http://www.reiseland.de</a>	ATHS
5	Millenium Travel	<a href="http://www.milletravel.at">http://www.milletravel.at</a>	Destination Albania	Terra Travel	<a href="http://www.terratravel.be">http://www.terratravel.be</a>	Gulliver OK
6	Sunvil Holidays	<a href="http://www.sunvil.co.uk">http://www.sunvil.co.uk</a>	Albtours D			
7	Charitos Travel, Tourism & Cruises	<a href="http://www.charitotravel.gr">http://www.charitotravel.gr</a>	Europa Travel &Tours			
8	Unique Travel	<a href="http://www.uniquetravel.ch">http://www.uniquetravel.ch</a>	Magic Tours			

*Albania national tourism web portal.* In response to a request by the former Ministry of Tourism, Youth, Culture and Sports (MTYCS), a key project activity late FY2013 and early FY2014 was to assist the NTA to develop a state-of-the-art national website for tourism. The website is conceptualized to serve as a virtual meeting place inviting tourists to learn more about Albania’s historic, cultural, and natural attractions, access official tourism information, and get the latest news on tourism-related events. Rritje Albania worked with the MTYCS and the NTA to establish a joint Website Working Group (WWG) and build its capacities for managing the website in an effective and sustainable way. A key feature of the website is that local government operating in all of Albania’s regions are able to post content and updates to the website themselves. The NTA, supported by Rritje Albania and the web site developer, organized training workshops for administrators in three regions. The trainings were an important part of the process to ensure a timely, accurate flow of the latest tourism information from the region to the national level. (<http://www.albaniantourism.com/>)

*Albanian Holidays regional booking portal.* Rritje Albania's first grant was to Albanian Holidays, a local tour operator and owner of an AAQM hotel, to design and launch a new online hotel and tour booking platform for Balkan countries, the first of its kind at the time, which now extensively covers Albania with 177 hotels listed and 89 spread across Bosnia, Croatia, Greece, Kosovo, Macedonia, Montenegro and Serbia. (<http://www.balkan-hotel.com/>)

## B2. Productivity - Enhancing the Quality of Tourism Products and Services

*Industry training for professional development and better management practices.* Rritje Albania and the Dutch CBI collaborated to co-finance trainings for tourism professionals on topics geared towards imparting knowledge of better management practices based on EU tourism standards and practices. In June 2011 the project and CBI teamed up to run an "E-Commerce and Web Site Promotion for Tour Operators and Travel Agencies" training for 13 firms. In October 2011, the two organized "Mastering Assertive Performance" training for 25 participants from 16 firms and in January 2013, "Sustainable Tourism Practices" was attended by 28 participants from 20 firms.



**Mastering Assertive Performance training workshop with Albanian tourism businesses, Tirana/10 December 2012**

Rritje Albania also teamed up often with the EBRD/BAS project to support the competitive development of Albania's tourism sector. In 2011 the two collaborated to hold three training-of-trainers (ToT) sessions on the topics of marketing, human resources and cost management for tourism consultants. Included in the 15 participants were all of the AAQM assessors. Acting on the recommendations from the AAQM assessment reports, hotels hired these and other consultants to improve the quality of their products and services, sometimes with co-financing by EBRD/BAS.

In early FY2012, the project hired two consultants, who are members of the AAQM Assessors' group, to assist the start-up Hotel Kotroni to establish the essential soft infrastructure of the hotel management system and draft a manual of operating procedures including the recruitment and training of staff. The process was codified into a set of guidelines for start-up hotels that the consultants have used in subsequent assignments paid in full by other hotels. In collaboration with the ATA, the guidelines were shared at a training workshop on January 2012 that targeted new or recently opened hotels.



**Sigal Uniqa Group and the Copyright Office lead roundtables on insurance products and copyright law, Tirana, April 2013**

*Tourism liability insurance and copyright obligations.* In April-May 2013, Rritje Albania teamed with the ATA, the Albanian

Copyright Office (ACO), and the insurance company Sigal Uniq Group Austria to deliver three roundtables in Tirana, Durrës, and Vlora, on issues of copyrights and insurance products. The objective was to raise the awareness of the new draft *Law on Copyrights and Other Related Rights* and the obligations stemming from it, as well as discuss appropriate third party insurance coverage for tourism companies in line with EU requirements. Outcomes included Sigal's upgrading its insurance products to meet market requirements and the ATA and the ACO agreeing to work together to address some of the issues faced by tourism companies in collection of copyright fees by unauthorized agencies and improving the methodology for calculating/charging copyrights fees to avoid excessive payments and/or corruption.

### B3. Strengthening Tourism Workforce Skills

*AHLEI Academic and Professional Hospitality Training.* Rritje Albania has facilitated a huge step to improve the professionalism in Albania's hospitality sector by establishing working partnerships between the AHLEI and the UMB to establish academic diploma programs in tourism and between AHLEI and the DMO to offer certified hospitality training programs for working professionals. Widely recognized as the preeminent leader in hospitality certification, AHLEI learning programs conform to best practices in the hotel and lodging industry and are endorsed by the American Hotel & Lodging Association. Professional certification from AHLEI is the ultimate global distinction of professional excellence for the hospitality industry worldwide. AHLEI certifies competencies in conjunction with academia and industry experts for more than 20 positions in the hospitality industry; designations from front-line to general manager.

(<https://www.ahlei.org/>)

In late 2011, the project invited AHLEI to visit Albania to meet with universities, the ATA, and the DMO to explore the sale AHLEI-certified hospitality training courses in Albania. The regional AHLEI representative met with 14 tour operators, several hotels and 5 public and private higher education institutions followed by individual B2B meetings. Of the universities expressing interest, the UMB met AHLEI criteria and signed a Global Academic Program Agreement (GAP) in March 2012 to offer AHLEI course material to students pursuing a Bachelor of Arts diploma in tourism management. In October 2012, the Albanian Ministry of Education approved UMB's request to introduce a new Tourism Management degree (bachelor level) based on AHLEI courses starting from the 2013-2014 academic year establishing the UMB as the first and only Albanian university to have signed a GAP agreement with AHLEI.

In July 2013, the UMB was approved to receive a \$17,934 USD grant from Rritje Albania to market the bachelor program and to identify, train, and certify the first core group of ten Albanian Certified Hospitality Educators (CHE), who will be hired to teach the AHLEI tourism courses at the new UMB Tourism Department. UMB expects that a minimum 30 students per year will enroll and graduate from its three-year bachelor degree program. Students and professionals who attain AHLEI certification are likely to have better employment opportunities, higher wages, and greater job security.

Regarding AHLEI certification courses for professionals, an MoU was signed in June 2013 between the AHLEI, the DMO, and the project that defined the objectives of the collaboration and the industry training business model using AHLEI course materials. With project co-financing, an AHLEI Master Trainer led three ToT courses in July 2013, after which all participants passed their certification exams, graded by the AHLEI in the U.S. Fifteen passed their CHT certification and five passed the CGSP and TRAC certification exams.

Following the ToT, DMO conducted a market survey to qualify and quantify the supply and demand for AHLEI courses at firms whose employees would be expected to attend and to students, which are a large source of Albania's tourism workforce. The results helped DMO to prepare a business plan for their sale

of AHLEI certified courses. As part of its plan, DMO will work closely with the private sector and the GoA to develop a National Qualifications Framework for Hospitality/Tourism that will leverage the AAQM program, which encourages the adaptation of standards, and points out areas that AHLEI professional hospitality courses will improve hotel performance.

#### B4. Conclusions on Supporting Albania's Tourism Industry

Albania's best chance to expand its tourism industry is to promote sustainable development initiatives that make the most of the country's natural and cultural assets, including its mountainous areas and rural villages, its historical and archeological sites, cultural traditions, and the hospitality of its people. These potential products can be linked to tourism markets that are less sensitive to seasonal fluctuations, and that attract travelers who are likely to visit longer and spend more. Although Albania is starting to get noticed, it still has much to accomplish to improve the quality of its tourism products and services, and the effectiveness of its marketing and branding strategy to attract tourists.

In light of its many unique assets and the increasing number of foreign visitors, another crucial challenge facing Albania is how to attract more international tourists, while successfully coping with the growing number and specialized demands of higher-spending visitors who desire products and services that meet international standards. In recent years, Albanian tourism stakeholders have become increasingly aware that exceeding these travelers' expectations is the key to distinguishing Albania's tourism products and services from others in the increasingly competitive global market.

Ritje Albania's support to improve the competitiveness of Albania's tourism sector has helped the country to meet these challenges and in the process, has helped build a solid foundation upon which Albania's public and private sector actors can advance. The key initiatives making this possible included: an improved tourism law; vastly better public and private sector marketing of Albania's travel and tourism product through NatGeo initiatives, trade fairs, web sites, enhanced publicity material, and so forth; building linkages between local and foreign tour operators and between Albania and its Western Balkan neighbors; AAQM program to improve hotel standards; and the AHLEI certification programs to improve Albania's hospitality workforce.

### C. Building Competitiveness of the Albanian Information and Communications Technology

The GoA has prioritized the development of Albania's ICT industry over the last five years, and consequently, project activities have been made to nurture its advancement. Among key milestones were the creation of the National Agency for Information Society, passage of the Law on Electronic Communication aimed to liberalize the telecommunication market, the development of the Cross Cutting Strategy on Information Society, the creation of a Ministry devoted to ICT, the adoption of the Law on Electronic Commerce, the development of implementing regulations for the Electronic Signature Law, and other moves to improve the regulatory framework. These aside, Albania's ICT industry continues to face challenges due in part to its small market size and the slow maturation of domestic ICT demand.

ICT firms in Albania are mostly focused on hardware and software sales with historically few value-added services such as IT consulting, customization of software, re-engineering of internal work process, or adoption of higher-end software-based solutions such as human resource management systems, customer relations management systems, and inventory tracking.

The *2012/2013 World Economic Forum Competitiveness Report* placed Albania's business sophistication relatively low on a global scale, with rankings consistently over 100 out of 144 countries in areas such as

cluster development (144), competitive advantage (110), and value chain (134). Despite this showing, since 2009, Albania's overall global competitiveness has risen from 108 out of 134 to 89 out of 144 countries surveyed while its technological readiness improved from 92/134 to 77/144, due to large gains in firm-level technology absorption and increased internet use<sup>12</sup>. In another nod to Albania's progress, the 2012 EU Progress Report pointed out improvements in Albania's ICT sector; however, the report noted that progress was uneven, and administrative, technical, and human resource capacity could improve.

Despite these gains and remaining challenges, the Albanian ICT industry also holds many opportunities. There is a significant and growing demand to employ ICT products and services to a higher level of usage common among advanced European economies. According to International Data Corporation (IDC), "In 2011, the Albania IT market increased 5.5 percent year on year to reach \$190.43 million. The IDC forecasts the IT market in Albania will expand 2.5 percent year-on-year from 2012 and to grow at a compound annual growth rate (CAGR) of 2.1 percent across the five-year forecast period. IT spending is expected to total \$211.76 million in 2016."

In response to this ICT sector landscape of challenges and prospects, Rritje Albania's strategy to improve the competitiveness of the ICT sector in Albania focused on supporting all three levels of the industry in the following ways:

- Improving the competitiveness of ICT firms through improved business strategies and operations, trade and investment capacities, productivity levels, and workforce knowledge and skills;
- Promoting ICT products and services as a catalyst to improve the competitiveness of other industries with a special focus on Rritje Albania's target sectors;
- Building key strategic partnerships at the meso and macro levels of the industry to support industry-wide solutions and sustainable growth through collaborations with donors, AITA, and Albanian Software Cluster (ASC) associations, business service providers, educational institutions, and relevant government agencies.

The following section describes examples of assistance provided by Rritje Albania to build the capacities of key private sector ICT firms, stimulate the demand for ICT products and services, promote public-private-partnerships, build workforce competencies and implement technical activities through local structures whenever possible. As in previous sections, activities are grouped by: trade and investment, productivity, and workforce development.

## C1. Trade and Investment Capacity Strengthened

### C1a. International Standards

*PMP Essentials workshops.* With the Western Balkan economies moving away from agriculture and heavy industry towards service-oriented, project-based sectors such as ICT, project management competency is a critical success factor for the Albanian workforce. At the same time, major infrastructure and technology upgrading projects, especially to meet EU accession standards, need qualified project managers to ensure public funds are spent transparently and projects are executed in time and on budget.

A recognized way of demonstrating project management proficiency is through the Project Management Professional (PMP) certification issued by the Project Management Institute. In 2011, Rritje Albania partnered with AITA and USAID/RCI project to introduce the Project Management Awareness and Training Program to 28 firms and 46 people. An initial session was followed by three training periods from November 2010 and February 2011 that led to the professional certification of 15 participants.

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<sup>12</sup> Global Competitiveness Report 2008-2009 and 2012-2013; World Economic Forum <http://www.weforum.org/>

*Software Process Improvement (SPI)–IT Mark Certification.* The project helped firms acquire software development best practices through collaboration with European Software Institute (ESI) Bulgaria, USAID/RCI and AITA that introduce AITA members to the SPI-IT Mark certification, a software process improvement model based on Capability Maturity Model Integration<sup>13</sup>. Nine firms applied and five were accepted on a cost-sharing basis, to undergo an intensive 18-month firm certification program led by ESI Bulgaria that concluded in late 2012 with three firms achieving IT Mark Basic Certification and one firm achieving IT Mark Premium Certification.

*Facilization acquires Oracle Primavera and Oracle Flexcube certifications (2011-2014).* Facilization is a leading IT consultancy and service business providing a range of solutions of technology services to financial institutions and large-scale projects. Using project grant co-financing, Facilization became Albania’s only certified provider of Oracle Primavera and Oracle Flexcube software solutions. As a direct result, a new client subcontracted Facilization to provide Oracle Primavera project planning for the “Land Easement and Acquisition for the TAP Pipeline Project” in Albania. Facilization also signed a global framework to provide consultancy services to ATOS, an international information technology services company with annual revenue of 8.8 billion EUR, which employs more than 77,000 employees in 52 countries (<http://atos.net/en-us/home/we-are.html>). In January 2014, Facilization implemented the Oracle Flexcube internet banking solution at Union Bank and signed a contract to implement Oracle Flexcube universal and banking solution at Pilatus Bank, in Malta.

#### C1b. Improved Trade Knowledge and Skills

Ritje Albania led many activities that established and strengthened links between Albanian IT companies and market supply and demand that helped firms to stay on top of the technological trends driving the fast-moving global ICT sector. Examples include support to national, regional, and international trade fairs and conferences, B2B and B2C meetings. Examples of noteworthy activities are described below.

#### SPI-IT Mark Benefits for IT Companies

- Internal processes improved leading to greater project predictability
- Product quality increased resulting in fewer errors and client complaints
- Productivity, efficiency and ability to respond to clients improved
- Client satisfaction increased once processes are in place
- Credibility on tenders increased
- Staff capacity improved
- Staff and owner satisfaction increased due to orderly processes and workflow
- More time for strategy and business development
- Productive capacity increased, allowing increased work load
- Profitability increased with development cost decreases



**Roberta Mahoney, USAID Deputy Assistant Administrator addressing the Regional Conference IT Conference, Tirana, Albania/ May 2012**

<sup>13</sup> CMMI is a model designed by Carnegie Mellon and Software Engineering Institute (SEI) and defines the practices found in successful businesses that include: eliciting and managing requirements, decision making, measuring performance, planning work, handling risks, and more. IT Mark was designed specifically for small and medium enterprises (SMEs) by the Foundation European Software Institute (ESI) - Center Bulgaria and it includes appraisal for CMMI class C or B.

*Regional cooperation for sustainable ICT development.* At the four major tourism fairs and conferences co-sponsored by Rritje Albania, the project supported members of the AITA and the ASC to develop share exhibit space and hold B2B meetings to expand their trade sales. Prior to each event, Rritje Albania mentored AITA and ASC staff to develop attractive booth space designs and effectively manage and follow-up on the more than 400 B2B meetings held at the 4 events.

In February 2012, the project teamed with regional businesses to bring the BizTech South East Europe roadshow to Albania. This prestigious business IT fair, held in the capital cities of Macedonia, Kosovo, and Albania, was a B2B event at which IT firms displayed their products, met with key industry decision makers in each country, and pursued new leads for increased sales. Rritje Albania supported the ASC by covering exhibit space costs, coaching staff on how to equip their stand, soliciting the participation of their members, and helping them attract potential clients through well-managed B2B meetings.

In May 2012, the project collaborated with USAID/RCI and the AITA to hold a regional IT Conference in Tirana. In attendance were 96 participants representing ICT companies and institutions from 12 countries, including Albania, Bosnia Herzegovina, Bulgaria, Croatia, the Czech Republic, Georgia, Norway, Kosovo, Macedonia, the Netherlands, Serbia, and Turkey. These representatives discussed opportunities for regional ICT development through cross-border partnerships and collaboration. Presentations focused on: the examination of global and regional ICT development trends, examples of successful partnerships, the need for ICT companies to adopt international standards and certifications to compete regionally and globally. A roundtable on Centers of Innovation and Excellence examined various experiences, including Albania's PROTİK ICT Resource Center, highlighting lessons learned and best practices.

In May 2013, Rritje Albania teamed up with PROTİK and an Italian ICT industry association, Confindustria, to organize a two-day conference and B2B matchmaking event with 22 Albanian and seven Italian ICT companies. The meeting resulted in teaming partnerships signed between Albanian and Italian ICT firms and follow-up visits to Italy by selected Albanian firms.

CeBIT is the world's largest trade fair showcasing digital IT and telecommunications solutions for home and work environments. More than 4,000 companies from over 70 countries showcased their latest cutting-edge hardware and software innovations at the 2013 CeBIT fair in Germany. As a first-time exhibitor at CeBIT, Albania was represented by a booth shared by the AITA, PROTİK, and the AIDA. Rritje Albania co-financed the exhibit space, production of publicity materials and held pre-fair trainings on trade fair participation. Aside from serving as a good B2B platform, the CeBIT fair increased the visibility of Albanian exhibitors and improved their capacity to participate in future ICT fairs.

*Rritje Albania grant to IDRA for Market Data Portal.* The well-known and respected IDRA successfully applied for a project grant to co-finance the development and implementation of a Market Data Portal ([www.marketdata.al](http://www.marketdata.al)) that directly addresses one of the main constraints that businesses face: uninformed decision making. Albanian and foreign clients, mostly SMEs, are now able to easily access macro and micro level market data at an affordable price through the portal. As part of IDRA's grant activities, in January 2014, IDRA organized interactive product demonstrations in eight major Albanian cities, attracting 180 participants from businesses, international organizations, local government, and media.



**B2B Matchmaking: PROTİK and Italian  
Confindustria Association; Tirana, May 22-23, 2013**

Attendees expressed enthusiasm about the new platform, which they noted was very user-friendly, fast loading and rich in content that will help them make informed strategic business decisions. Linked to the data portal are the social media outlets Facebook ([facebook.com/marketdata.al](https://facebook.com/marketdata.al)) and Twitter (@[@marketdata\\_al](https://twitter.com/marketdata_al)) from which IDRA will issue news and interesting articles on the product.

*Rritje Albania support to new website design and development.* Using local website designers and content developers, Rritje Albania led the creation of industry- and firm-level web sites that were, in most cases, the first of their kind in Albania. In total, 17 firm-level websites were created for enterprises that included the design and development of a first-time corporate identity package consisting of logos, branded publicity materials, and online presence. Given the low level of IT sophistication of most Albanian firms and industries in 2009, especially in the garment and footwear sectors, the creation of corporate identities and the development of publicity materials and marketing channels were a major capacity building achievement for the assisted firms. Additionally, for the IT firms engaged by the project to design the websites, new markets were opened to pursue.

In addition to the firm-level websites, the project supported the design and development of industry websites that targeted a wider audience and which were maintained by public sector agencies, in the case of the MUDT, the NTA, and the AIDA, as well as NGOs, business associations, and not-for-profits.

## C2. Productivity - Enhancing the Quality of ICT Products and Services

*Rritje Albania grant to DM Consulting for e-commerce portal.* DM Consulting received grant co-financing to design and implement an e-commerce website for Kler Shpk, a Rritje Albania client and member of the project’s BYOB program in the garment sector. The e-commerce site provides a “design your own shirt” sales channel for Kler’s expanding sales market of agents, commercial clients, and private consumers in Italy, Russia, Scandinavia and elsewhere. Kler expects online sales to reach – upwards of 15,000 shirts within a year of its launch, and after five years, Kler expects that e-commerce will account for as much as 50 percent of the firm’s total annual sales. In addition to the sales portal, DMC prepared a white paper on E-commerce readiness of Albania’s garment and footwear firms that it distributed nationally to generate sales leads and develop and maintain E-commerce sites for other firms.

*PROTIK ICT Resource Center established through PPP.* PROTIK is a major project legacy with the important mission of promoting innovation and entrepreneurship in the Albanian ICT community. The signing of a MOU to establish the first ICT Resource Center<sup>14</sup> in the country was a major project milestone, as Rritje Albania played a crucial and leading role in attracting interest in the center. The project hired a consultant in 2011 to draft a business plan for the center, and assembled the PPP that contributed almost \$3 million for the center’s first three years of operations. The Albanian American Development Foundation (AADF), the GoA, USAID, Microsoft, Cisco, and Albtelcom, signed the MOU in a

Industry Websites Developed with Rritje Albania Assistance			
No.	Agency/Institution	Sector	Website Address
1	AIDA	Footwear	<a href="http://www.albanianfootwear.com">www.albanianfootwear.com</a>
2	AIDA	Garment	<a href="http://www.albaniangarment.com">www.albaniangarment.com</a>
3	DMO Korca	Tourism	<a href="http://www.go-albania.com">www.go-albania.com</a>
4	ATA	Tourism	<a href="http://www.authenticalbania.com">www.authenticalbania.com</a>
5	NatGeo	Tourism	<a href="http://www.balkansgeotourism.travel">www.balkansgeotourism.travel</a>
6	MoUDT/NTA	Tourism	<a href="http://www.albaniantourism.com">www.albaniantourism.com</a>
7	Permet Municipality	Tourism	<a href="http://www.visitpermet.com">www.visitpermet.com</a>
8	IDRA	Cross-cutting	<a href="http://www.marketdata.al">www.marketdata.al</a>
9	PROTIK	ICT	<a href="http://www.protik.org">www.protik.org</a>

<sup>14</sup> PROTIK is the Albanian acronym adopted as the name of the ICT Resource center, which means being pro-information and communications technologies.

ceremony held at the Ministry of Innovation and ICT on October 24, 2011. With USAID approval, the project renovated and furnished an office space donated by the GoA to house PROTIK; by July 2012 the renovation was complete, and the center was fully equipped in time for its grand opening in October 2012.

The Center aims to fill market gaps with educational activities, support services, and a state-of-the-art environment to introduce new technologies and foster research. This Center expands upon the Microsoft Innovation Centers' model to act as a 'hub' for all ICT-related activities in the country that foster innovation, networking, and entrepreneurship. This hub is bringing together all key players in the ICT industry to generate innovative products, trainings, and initiatives by offering them state-of-the-art technology, proof-of-concept facilities, business incubator opportunities, and technology demonstrations by international vendors. In this way, PROTIK is serving to fulfill all three project strategic objectives for the development of the ICT sector in terms of improving competitiveness, fostering innovation and entrepreneurship, and facilitating the establishment of strategic alliances between public and private sector actors at the firm, meso, and macro levels.



Since its inauguration, PROTIK has conducted more than 85 events for 2,500 participants that included successful projects and activities such as the Start-up Weekend, Young Innovator's Club, Internship Lab, Business Speed Dating, Tech Thursday and Microsoft Friday.

After covering refurbishment and equipment costs for the Center, in 2013 Rritje Albania's assistance shifted in focus towards building the Center's marketing and communication capacities through training staff, sponsoring events, and the development of a state-of-the art website ([www.protik.org](http://www.protik.org)) that is enabling greater engagement with ICT stakeholders in Albania.

### C3. Custom Software Solutions to Build Productivity Competitiveness

*Rritje Albania grant to Communication Progress to develop ERP software.* Communication Progress (CP) analyzes, design, builds and implements comprehensive technology solutions via improved IT infrastructure for its SME clients. Under a project grant, CP successfully developed an Enterprise Resource Planning<sup>15</sup> (ERP) solution for Omega, a leading garment manufacturer and a client of Rritje Albania, that consists of a suite of software modules covering all areas of Omega's business, including: production planning, manufacturing, warehouse management, CRM, sales and purchases, human resources, financial and managerial accounting. The ERP solution, especially its manufacturing module, will help Omega streamline processes, understand costs of goods sold, track inventory value and greatly

<sup>15</sup> Enterprise resource planning (ERP) is business process management software that allows an organization to use a suite of software applications to manage its business and automate back office functions for improved efficiencies and productivity gains. ERP software can be used to integrate all facets of an operation: product planning, development, manufacturing processes, sales and marketing, human resources, finance, accounting and payroll.

enhance decision-making and improve production efficiencies. The estimated annual savings for Omega after the full implementation of the ERP solution is estimated at \$100,000 USD. Once the ERP solution was running at Omega, in January 2014 CP introduced its new ERP product for manufacturing firms at roundtables held in five Albanian cities having the highest concentrations of garment and footwear companies. Fifteen companies attended and CP is following-up on every lead and is optimistic that it will sell the ERP solution to at least three new clients in 2014.

*Rritje Albania grant to Elite Travel to develop Tour-ISD Software.* Elite travel used a grant to co-finance work with Infosoft Software Development (ISD) to develop customized tour management software that meets or exceeds the performance of similar products sold internationally at substantially lower costs. ISD is a medium-sized, independent software vendor established in 1991 and recognized as the preeminent software development company in Albania. The company is focused on turn-key solutions for the local market, the conception and development of market-oriented applications such as enterprise resource management applications for SMEs, especially focused on payroll and financial applications, as well as inventory management applications. The Tour-ISD product developed for Elite Travel builds the tour operators competitiveness by improving its customer service capabilities, providing clients and management with detailed, quick, and accurate reports and sales. ISD plans to market Tour-ISD to other tour operators in Albania and the region and has already begun to respond to inquiries from new clients.

#### C4. Strengthening ICT Workforce Skills

*Rritje Albania co-finances Microsoft Imagine Cup.* In 2012, the project partnered with Microsoft to bring the Microsoft Imagine Cup to Albania for the first time. This event is an annual worldwide series of student technology competitions taking place in participating countries, and focuses on deploying Microsoft technology in innovative ways. Imagine Cup, in its tenth year worldwide, encourages young people to apply their imagination and creativity to technology innovations that can make a difference in the world. The project's assistance to the competition in 2012 and 2013 included helping to ensure broad participation by students from many universities, serving on the technical panel of expert judges, providing technical support over the three months leading up to the event, and co-financing the technical conference and final Imagine Cup competition.

In 2012, its inaugural year in Albania, 20 talented teams of as many as 79 university students who participated in the competition that attracted support from a host of public and private stakeholders, including the GoA, several donors, AITA, 10 leading ICT companies, and 22 public and private educational institutions. The competition was a chance for the country's brightest university students to compete with like-minded peers and be recognized for their skills and abilities by ICT industry leaders. The project's strategic decision to support this activity was to help reduce the gap between ICT labor supply and demand by identifying young talent



**Q-bit team wins Albania's 2<sup>nd</sup> Microsoft Imagine Cup, Tirana, March 2013**

for the private sector, as well as encourage the adoption of new technologies and innovation by the ICT sector.

Albania's second Microsoft Imagine Cup was noticeably larger, attracting significantly more competitors and private and public supporters. Thirty five universities sent 33 talented teams of as many as 57 university students to compete for the top prize and a chance to advance to the next stage. PROTIK played an active role by mentoring several teams that used its facilities to sharpen their proposals. The competition in March 2013 was preceded by a high-level conference attended by 124 participants. Eleven students of the top three winning team received internship and/or employment offers from four Albanian ICT companies, including project clients IkubINFO and DM Consulting. These students underwent a three-month training on Microsoft IT Academy, offered in collaboration with IkubINFO and Microsoft Albanian at PROTIK. In addition, winning team students received free 4-day training on Microsoft Active Directory at PROTIK. Some of these young student innovators have been approached by the Darmstach Technical University in Germany with offers to apply for its PhD and Masters programs. Also, a few forward-thinking ICT firms are now using the Innovation Cup and similar competitions described below that were non-existent prior to 2009 to identify and hire new talent to fuel their business growth.

*"In addition to acquiring up-to-date know-how, the use of this technology will motivate students to seek a career in this industry and remain committed to it. So, the impact of using this up-to-date technology goes beyond just the ordinary use of it. Prior to Rritje Albania assistance, Tirana VET School had no industrial sewing machines at all. At present our laboratory has both industrial sewing machines and CAD/CAM technology. This will help us to improve our reputation within the garment industry."*

**Adriana Zeko**  
**Tirana VET School teacher**

*AITA Start Up Weekend 2012.* In late 2012 the project helped AITA to organize and implement Albania's the first Start-up Weekend in Albania from 20-22 April 2012. Originating in the USA, Start-up Weekend is an internationally recognized brand featuring a global network of leaders and entrepreneurs on a mission to inspire, educate, and empower individuals, teams and communities. Startup Weekends are 54-hour events where developers, designers, marketers, product managers, and startup enthusiasts come together to share ideas, form teams, pitch and test ideas, build products, and launch startups. Albania's first activity gathered over 140 Albanian programmers, designers, marketing professionals, students of management and finance who worked together to develop prototypes to launch in the market, with the aim of creating new enterprises in the field of ICT.

*PROTIK Start Up Weekend 2013.* In April 2013, PROTIK was the lead organizer of Albania's second Startup Weekend in Tirana in collaboration with Startup Norway, AITA and other donors and private businesses. Up to 100 participants took part in the event which promoted entrepreneurship in a fun, interactive and result-driven way.

*PROTIK Internship Lab Project.* The internship lab project's primary objective is to bridge the gap between the demand for ICT professionals and the supply of new graduates lacking practical, competency-based knowledge and skills. The internships range from 1-3 months depending on the need of the companies, the project and the supply of interns from universities. In its first seven months, more than 13 firms expressed willingness to accept interns, and 22 internships were completed out of 188 applications received.

*VET Schools and PUT Acquire CAD/CAM Software for Garment Design.* With project support, the PUT Department of Textile and Fashion faculty shared teaching materials and led a ToT for professors from three VET schools on CAD/CAM garment design after Rritje Albania successfully negotiated with the

Lectra<sup>16</sup> representative office in Greece to donate free software licenses under Lectra's Education Partner Program. The 16 CAD/CAM software licenses having a retail value of 256,000 Euros were given after Rritje Albania hired a Lectra technician to lead a ToT for the PUT professors on the latest software modules Kaledo Style, Modaris, and Diamino. The project also bought three new computers for the VET schools as their old equipment did not meet minimum software specifications. As a result, the VET schools and PUT have built collaborative relations that will facilitate the sharing of knowledge between these institutions and support use of ICT to upgrade manufacturing competitiveness

## C5. Conclusions on Supporting Albania's ICT Industry

Albania's ICT industry is made up of a large number of very small vendors concentrated in the capital city of Tirana and historically focused on selling off-the-shelf hardware and software products rather than value added services such as higher-end customized software solutions, reengineered internal work processes, human resource management systems, customer relations management, and inventory tracking software to name just a few. From the project's perspective, this has reflected the lack of sophistication in ICT demand as much as a question of supply. However, this situation seems to be changing with the advent of multiple 3G cellular suppliers (in 2009 there were none), the rapid penetration of smart phones, affordable higher-speed internet access, increasing connectivity, and a greater awareness on the part of enterprise owners of ICT as an enabler to access information and markets within and outside of Albania. Project results can be seen by examining the evolution in the type of ICT support activities undertaken over the life of the project and the increased leadership of ICT sector stakeholders in industry activities that have multiplied in number and expanded in variety over the years. Examples include recognition of the importance of certifications and the application of international standards; the use of ICT to improve trade knowledge and skill and the increasing participation in industry conferences, self-initiated IT sector participation in trade fairs and B2B and B2C interactions; the establishment of PROTIK; the development of custom software solutions by Albanian IT firms; and the increase in the number of innovative programs and projects to improve workforce competencies and reduce the gap between ICT labor supply and demand.

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<sup>16</sup> Lectra Modaris is the world leader in CAD/CAM software, equipment, and related services dedicated to large-scale users of textiles, leather and industrial fabrics.

## SECTION IV: Key Implementing Partners and Supporting Institutions

In the past five years, the Rritje Albania project has identified willing and high-potential stakeholders, beneficiaries, intermediaries, and collaborators, and helped encourage relationships that have made Albanians and Albanian organizations partners in growing the country's economy and improving the livelihoods of its citizens. Over the course of project implementation, Rritje Albania has partnered with more than 75 public and private institutions. In doing so, the project has leveraged resources and capitalized on synergies to achieve more positive outcomes and greater impact, and incorporate mid-project evaluation recommendations to work through meso-level organizations, like sector business associations.

Many project initiatives emerged from the project's leadership and active involvement on various committees under the AmCham, the Albanian British Chamber of Commerce and Investment (ABCCI), the Foreign Investors Association of Albania (FIAA), the establishment of the PROTIK ICT resource center as a PPP, among others. As part of its trade and investment component work, Rritje Albania has engaged the Albanian Investment Development Agency (AIDA) that has played an important role in the project's BYOB programs, trade and investment activities, workforce development and garment and footwear stakeholders working group. Other key stakeholders include: GIZ, Ministry of Urban Development and Tourism, the National Tourism Agency (NTA), Ministry of Economic Development, Trade and Entrepreneurship (MEDTE), AIDA, Ministry of Innovation and Public Administration (MIPA) as well as with donor organizations such as the AADF, the EBRD's BAS Program, the Dutch Center for the Promotion of Imports (CBI), and USAID's REG Project. By involving major business associations as active participants in the design, delivery, and follow-up of project activities, Rritje Albania has helped to strengthen them while establishing mechanisms to help sustain the project's legacy initiatives.

**Table IV.1. Rritje Albania's Key Partnerships FY2013**

Key Partners by Sector		Partnership Activities
TOURISM	ATA, IDRA, NTA, EBRD's TAM/BAS	<ul style="list-style-type: none"> <li>• AAQM Program</li> <li>• AAQM Assessors</li> </ul>
	NTA, ATA	<ul style="list-style-type: none"> <li>• Promotion of Albania as Tourism Destination</li> </ul>
	AHLEI, DMO Korca ATA	<ul style="list-style-type: none"> <li>• AHLEI certification program for the Albania Hospitality Sector</li> </ul>
	CBI	<ul style="list-style-type: none"> <li>• MAP training for tourism businesses</li> </ul>
	ARF, ARG	<ul style="list-style-type: none"> <li>• Establishment of an Albanian Rafting Hospitality and Trainings Centre</li> </ul>
	USAID's RCI NTA, ATA, Auron Expeditions, etc.	National Geographic Website Project on Western Balkans
GARMENT AND FOOTWEAR	PUT	<ul style="list-style-type: none"> <li>• PEP-KPIs Program</li> <li>• Internship Program</li> <li>• Career Offices</li> </ul>
	CFA NCGFM PUT, VET schools	<ul style="list-style-type: none"> <li>• BYOB Garment Program</li> <li>• BYOB Footwear Program</li> <li>• VET Curricula Interventions</li> </ul>
	AIDA, GIZ, NCGFM, CFA, PUT	<ul style="list-style-type: none"> <li>• Garment and Footwear Stakeholders Group</li> <li>• Industry Websites and Folders</li> </ul>

	Key Partners by Sector	Partnership Activities
ICT	USAID, AITA, Microsoft, AADF, MIICT, Albtelecom, Cisco	PROTIK ICT Resource Center
	AITA, USAID's RCI	<ul style="list-style-type: none"> <li>• SPI-IT Mark Program follow-up</li> <li>• Start-up Weekend Follow-op</li> <li>• PROTIK training activities</li> </ul>
	WIPO, ACO, Microsoft, Inspectorate, Trademarks and Patent Office AmCham	<ul style="list-style-type: none"> <li>• IPR Stakeholders' Group</li> <li>• National Conference on Intellectual Property Rights</li> </ul>
CROSS-CUTTING	Univ. Tirana Univ. Korca Univ. Kamza Univ Marin Barleti PUT	Career Offices and Career Centers
	Veritas Ventures, Crimson Capital Partners, FIAA, AIDA	<ul style="list-style-type: none"> <li>• Balkan Venture Partners Counterparts Meeting</li> <li>• Balkan Venture Academy</li> </ul>

## SECTION V

### Administration and Finance

This section describes the administrative and financial management aspects of the Rritje Albania project, including contractual modifications, personnel and staffing, financial performance, and grants administration, followed by a summary of key partnerships with international and regional subcontractors.

Over the course of implementation, Rritje Albania developed yearly work plans outlining specific activities designed to meet the project's overall goals. Work plans were occasionally adjusted to reflect operating realities during implementation, or to maximize impact and use of resources. During the life of the program, the project underwent modifications to amend staffing plans, indicators, and activities.

With the departure of the key personnel expatriate Workforce Development Advisor, the project contract was modified in February 2011 to reflect that long-term IT Advisor and Workforce Development Specialist Edlira Kasaj would assume this role, complemented by short-term technical specialists and regional subcontractors. In the same modification, the project's indicators were amended to harmonize Rritje's P-BMP with USAID/Albania's Economic Growth portfolio and to reduce overlap in indicators.

The March 2012 contract modification enabled Rritje to support PROTIK as part of the public-private partnership described in Section III.C4. A further contract modification incorporated indicator adjustments to align the program with USAID/Albania's newly released CDCS as well as a USAID mid-term project assessment conducted in 2011. In September 2012, the total cost of the contract was increased by \$379,052 to assist with start-up costs for PROTIK. To release funds for activities targeted at further ICT and workforce development, Rritje's small grants program was reduced from \$500,000 to \$325,000, and the minimum number of grant agreements was reduced from 50 to 22.

*Personnel and staffing.* Over the life of the project, the Rritje Albania field staff has included the four following key personnel positions as prescribed by the contract: Chief of Party, Trade and Investment Specialist, and two Competitiveness Specialists (Business Advisors). Due to health reasons, the first chief of party left the project in 2009, replaced by current chief of party, Victor Luboyeski. Non-key personnel positions included the Tourism Advisor, M&E/Communications Specialist, M&E/Communications Assistant, and Grants Manager, in addition to administrative staff. In mid-2012, Ms. Kasaj was selected as the Executive Director of PROTIK and moved off the project. Workforce development activities were then conducted by short-term consultants and Macedonia subcontractor MyCareer. Additionally, the project hired a technical program specialist in May 2013 to provide wide-ranging services in support of Rritje's Year 4 work plan milestones. The project was also backstopped by a Project Management Unit, which provided non-billable administrative, financial, personnel, procurement, and compliance support from Chemonics headquarters in Washington, DC.

*Financial performance.* The project's financial performance, is described in detail in Annex D, and summarizes actual expenditures from program start through January 2014, as well as anticipated expenses through March 17, 2014. As part of its emphasis on leveraging partnerships, Rritje was also able to secure an approximate \$1.9 USD million of additional cost-share through 2012-2013.

*Grants administration.* Rritje's grant program was launched in the first quarter of 2012 and advertised by an Annual Program Statement. The grants program supported businesses in introducing new technologies, machinery, or business models to help with the creation of new products, increase productivity, and promote innovation, thereby contributing to jobs and sales growth. To ensure commitment and investment on the part of prospective grantees, the project sought out grantees who were willing to contribute a minimum 50 percent cost-share. Although not contractually required, Chemonics proposed,

and USAID agreed, to impose a minimum 50 percent cost share on all grants issued. By the project's end, 20 successful grants were implemented, with one grant approved but not implemented when the proposed grantee went ahead without the grant to make a new technology equipment purchase in order to meet a production deadline. Another potential grantee that had been in extended discussions with the project decided within five months of the project end date to withdraw their grant application.

*Subcontractors.* dTS, a women-owned small business, helped Rritje improve workforce development and streamline gender issues in Year 1, in part by employing Ms. Kasaj until her transition to PROTIK in 2012. CDS provided access to its extensive network of volunteer professionals to consult and train Albanian entrepreneurs. Throughout the project, Rritje engaged various partners where their collaboration could provide strong, complementary value in meeting targets. To support Rritje's ICT work, the project engaged regional subcontractor Foundation European Software Institute – Center Bulgaria (ESI) to help increase awareness of ICT process improvement practices, and to provide firm-level assistance to Albanian companies in implementing IT Mark, a software process improvement model. Supporting initiatives in the tourism sector, Rritje engaged subcontractor the AHLEI to train and certify staff from another Rritje partner, DMO, in hospitality services, helping to enhance the quality of tourism operations in Albania. In 2013, Rritje also partnered with Greek software provider LEC Hellas to provide Albanian VET schools with CAD/CAM software that would in turn Albania's garment and footwear industries' workforce development. Most recently, Macedonian firm MyCareer, a spin-off from a USAID/Macedonia project and an innovator in its field, provided invaluable support to Rritje's work in building the capacity of career centers to reduce the labor market supply and demand gap.

## Results Framework and Performance-based Monitoring Plan

As highlighted in Section II, Rritje Albania falls under USAID/Albania's Development Objective (DO) 2.0, "Conditions created for broad based, sustainable, and inclusive economic growth." In addition to contributing to the achievement of DO 2.0, Rritje Albania also contributes to DO 2.0's Intermediate Result (IR) 2.1, "Improved conditions for private sector-led growth" and IR 2.2, "Private sector more competitive." Moreover, Rritje Albania's project goals are consistent with the U.S. Foreign Assistance Framework program areas of trade and investment and private sector competitiveness.

Rritje Albania is structured around three complementary components: trade and investment, productivity, and workforce development that are also Project Intermediate Results (PIRs). Each component is composed of several key result areas (KRA) measuring the output of different project activities. At the KRA levels, results are gender-disaggregated where applicable, leading to outcomes at the component level, which in turn lead to results at the project and DO levels. Within this framework, Rritje Albania worked to build the capacity of the private sector in its target industries, as well as the responsiveness of the public sector to stimulate business expansion and contribute to the country's broad-based, sustainable economic growth.

To plan for and manage results, M&E was integrated into all facets of project implementation. The Performance-Based Monitoring Plan (P-BMP), attached in Annex B, the key instrument in managing and documenting project performance. The plan enabled timely and consistent collection of comparable performance data, allowing the project to make informed decisions on the overall project management and any necessary adjustments in project implementation.

The project's Results Framework (see Section II.B for illustration) in effect since a September 2012 contract modification, consists of 24 indicators broken down by three levels of results:

- Program Indicators: 4 impact-level
- Project Intermediate Results (PIR) Indicators: 7 outcome-level
- Key Result Area Indicators (KRA): 13 output-level

Data sources included baseline data from CGP clients and AAQM hotels, KPI reports; quarterly reports from target enterprises on sales and jobs; grantee reports; event reports from staff and/or partners; pre- and post-workshop questionnaires and evaluations; and project research. Data collected and analyzed through these sources was reflected in quarterly and annual progress reports and also used to inform technical approaches and work plan priorities. The COP and the M&E Specialist provided regular guidance and support to project staff and partners to ensure accurate and timely data collection. In addition, Rritje Albania's annual work plans were designed with a high level of task and output detail, in full alignment with the P-BMP.

Lastly, the project customized web-based applications, utilizing the ZohoCreator database platform, in order to record and analyze impact-level sales and jobs data and other industry information. In FY2012, the project reviewed and completed the migration of all sales and jobs data into the ZohoCreator database (going back to the start of the project), after its first web-based database (Dabble) ceased operations in June 2011. For the purposes of data quality assurance, the project continually reviewed and updated database forms and applications in order to store and track new information, improve data entry processes for technical staff and partners, and improve other features such as readability, navigation, and filtering options for data analysis and verification. Once data was collected and reviewed for accuracy, quantitative and qualitative analyses were generated using ZohoCreator and Microsoft Excel and reported in accordance with the methodology described in the individual indicator reference sheets included in this document.

The current set of contract performance indicators and targets reflects two USAID contract modifications, as described under Administration and Finance earlier in this section. At the start of the project, contract indicator targets and reporting timelines were aligned to the contract year beginning March 18, 2009. The first contract modification to revise indicators was primarily driven by the desire to match project reporting to USAID's fiscal year, October 1 – September 30. In addition, the modification reduced the number of indicators. As a result, the change helped to simplify the process of capturing, recording, and analyzing data collected from client enterprises and a very large number of project activities; clarify the methodology for calculating annual targets for impact-level indicators that were based on an ever-increasing number of new CGP clients joining at different times; and reduce the administrative burden of having to segment and re-group data and results by both contract and fiscal year reporting periods.

The second change to the P-BMP was triggered by the new USAID/Albania CDCS 2011-2015, released in September 2011, and a mid-project evaluation commissioned by USAID that took place in November/December 2011. The net effect of the new USAID Mission strategy and the mid-term assessment was a strategic shift that altered Rritje Albania's implementation strategy from a primary emphasis on enterprise-level assistance inherent in the original project design, to also include technical support to improve conditions for growth at the meso and macro levels. The revised set of performance indicators described in the September 2012 contract modification and reflected in an approved P-BMP revision, enabled the project to capture for the first time outcomes and outputs of its meso and macro level activities. These and other benefits stemming from this second revision are summarized below:

- Indicators were revised in terms of language and appropriate place in the results framework in order to improve the clarity of causal links between activities outputs and outcomes for greater attribution of results to project interventions;

- New standard definitions for USAID indicators were introduced to capture outputs and outcomes of meso and macro level project activities;
- Greater precision and refinement were introduced in specific indicator definitions in order to capture the results of project activities more distinctly under each project component;
- Indicators measuring similar outputs were eliminated; and
- Some indicators targets were adjusted.

The table below provides a detailed description of the original contract indicators and the two contract modifications that revised them, and it also lists the annual indicator targets and the results achieved for FY2012, FY2013 and FY2014 during which time the indicator set was constant, reflecting the final approved P-BMP.

**Table V.1 –Summary of Changes to Rritje Albania’s Contract Indicators**

<b>Indicator</b>	<b>Original Contract</b>	<b>First Modification (October 2010)</b>	<b>Second Modification (September 2012)</b>
<b>Total no. of Indicators</b>	<b>33</b>	<b>26</b>	<b>24</b>
<b>Program Level Indicators</b>	<b>4 impact indicators:</b> <ul style="list-style-type: none"> <li>• Number of SMEs</li> <li>• Increase in annual sales (%)</li> <li>• Change in average household income (%)</li> <li>• Unemployment rate in targeted municipalities (%)</li> </ul>	<b>4 impact indicators:</b> <ul style="list-style-type: none"> <li>• Number of enterprises</li> <li>• % change in total annual sales</li> <li>• Value of sales in export and domestic markets</li> <li>• Number of jobs created in assisted enterprises</li> </ul>	4 indicators: <ul style="list-style-type: none"> <li>• Revised definitions and calculation methodology</li> <li>• Revised targets</li> </ul>
<b>Trade and Investment Component</b>	<b>9 indicators: 3 outcome, 6 output level</b>	<b>9 indicators: 3 outcome, 6 output level</b> Indicators 1.1, 1.1.1 and 1.1.2 merged with 2.4, 2.3.1 and 2.3.1 respectively to avoid duplication and/or counting overlap.	<b>7 indicators: 4 outcome, 3 output</b> <ul style="list-style-type: none"> <li>• 5 indicators unchanged</li> <li>• 2 new indicators:               <ul style="list-style-type: none"> <li>– Meso/macro level (new 1.4) improved policy reforms, laws, regulations, procedures</li> <li>– Person/hours of training completed in trade and investment (new 1.1.3)</li> </ul> </li> <li>• Indicators merged to reduce counting overlap</li> <li>• Revised definitions and calculation methodologies for new indicators measuring person hours of training</li> <li>• Revised targets</li> </ul>

Indicator	Original Contract	First Modification (October 2010)	Second Modification (September 2012)
<b>Enterprise productivity Component</b>	<b>13 indicators: 7 outcome, 6 output level</b>	<b>8 Indicators: 4 outcome, 4 output level</b> <ul style="list-style-type: none"> <li>• KRA2.3. and KRA1.1. merged as same results, outcomes, outputs and inputs;</li> <li>• 3 of 13 output indicators also counted in input level were removed to avoid duplication and/or overlap.</li> </ul>	<b>8 indicators: 2 outcome, 6 output</b> <ul style="list-style-type: none"> <li>• 2 indicators unchanged</li> <li>• 4 new indicators: <ul style="list-style-type: none"> <li>– Meso/macro level (new 2.1, 2.1.1) public-private dialogue mechanisms</li> <li>– Person/hours training completed</li> <li>– Enterprises that improved management practices or invested in technologies</li> </ul> </li> <li>• Indicators merged to reduce counting overlap</li> <li>• Revised definitions and calculation methodologies for new indicators measuring person hours of training</li> <li>• Revised targets</li> </ul>
<b>Workforce Development Component</b>	<b>7 indicators: 3 output, 4 input level</b>	<b>5 indicators: 3 outcome, 2 output level</b> Merged indicators 2.3.1, 2.3.2, 2.3.3, and 2.3.4 on workforce development programs supported to avoid duplication and/or counting overlap.	<b>5 indicators: 1 outcome, 4 output</b> <ul style="list-style-type: none"> <li>• 4 indicators unchanged</li> <li>• 1 new indicator <ul style="list-style-type: none"> <li>– Persons/hours training in workforce development</li> </ul> </li> <li>• Indicators merged to reduce counting overlap</li> <li>• Revised definitions and calculation methodologies for new indicators measuring person hours of training</li> <li>• Revised targets</li> </ul>
<b>USAID PPR/ PMP Indicators</b>	<ul style="list-style-type: none"> <li>• Of 11 USAID mission PPR (Performance Plan Report) to Washington, only 3 were in contract;</li> <li>• Of 41 indicators in USAID PMP, only 12 included in contract</li> </ul>	<ul style="list-style-type: none"> <li>• All 11 USAID PPR indicators now included in proposed changes to contract indicators</li> <li>• 14 indicators now included in both USAID PPR and in CED P-BMP</li> </ul>	<ul style="list-style-type: none"> <li>• USAID PPR indicators reduced in number from 14 to 3: one new and two unchanged.</li> <li>• The new PPR indicators were added.</li> <li>• Revised targets</li> </ul>

## Project Communications

From the onset of the program, Rritje Albania regularly has communicated its activities and results to a diverse range of actors and stakeholders, including the U.S. taxpayer, by way of USAID/Albania and the U.S Embassy; private sector stakeholders; and the GoA. Our communications goals were focused on generating awareness opportunities for Albanian enterprises to improve their products and increase market competitiveness; on increasing local and foreign investment in the project's target sectors by promoting Albania as a source of quality products and services; and on acknowledging the project's interim results and ultimate impact on the country's broad-based economic growth.

Key communications outlets included the launch of the project web site, [www.rritjealbania.com](http://www.rritjealbania.com), postings on USAID/Albania's Facebook page, publicizing events and key results through media, and arranging a wide array of on-site visits to local partners and target firms across the country. In Year 4, the project also captured increased global competitiveness of target enterprises and sectors through a series of videos.

The first video, *Made in Albania*, captured the stories of two forward-thinking Albanian garment companies which have implemented new practices to expand their production through the project's BYOB program. It highlighted the advantages of the BYOB process as a means to increase business and industry competitiveness; attract other Albanian garment manufacturers to the business model promoted through the BYOB program; and position Albania as a dependable source of high quality brand products.

The second video featured the Albanian Rafting Group (ARG), which received a project grant to promote the sustainable development of adventure tourism in the region through rafting. This video highlighted the impact of ARG activities evidenced by more tourists visiting the area, generation of revenue for local tourism businesses in remote villages, and new employment and educational/recreational opportunities for young people. This video also served to promote a different aspect of Albania as a desirable destination for adventure tourism. The third video captured the story of a young student who graduated from the University of Tirana and was able to land a great job with Deloitte Albania thanks to the career orientation services received at the UT career office. This video highlighted the impact of the USAID assistance to universities in Albania to establish career offices, and design and deliver appropriate career orientation services to graduating students looking for a job in Albania. By focusing on the personal story of a young UT graduate who was hired by Deloitte Albania, this video helped illustrate the wider point of how university career offices that were assisted by USAID/Rritje Albania are helping to bridge the employment gap of supply-demand between the private sector and universities. A fourth video focused on sharing the PROTİK's conception and first year of operations. Additional short videos focusing on Albania's cultural, regional, and natural diversity were produced with Rritje Albania support. together with the Ministry of Tourism and Urban Development for broadcast on various web outlets, and the Ministry's tourism web site hub, <http://www.albaniantourism.com/>.

The project's communication outputs and marketing capacity building for business associations and government counterparts sought to advance Rritje Albania's programmatic and communication objectives towards promoting project initiatives in target sectors, and facilitate and affect public-private dialogue at all levels. Rritje Albania continually adjusted its communication priorities and tools for the intended audiences, particularly those in the Albanian private and public sectors. For a summary of all project communication and outreach activities including featured success stories, please see Annex C.

## SECTION VI: Lessons Learned

Rritje Albania's activities and interventions have revealed several important best practices and lessons learned that became indispensable parts of the project's philosophy and implementation approach. The project disseminated its knowledge gained in reports, opening remarks at events and at other venues and opportunities in order to allow other similarly-minded partners, actors, and beneficiaries to share in and replicate the results of the project's best practices and lessons learned.

*Take an inclusive approach to building industry competitiveness.* Enhancing competitiveness is a complex task that requires interventions at several levels. Focusing on one level without considering others undermines the impacts achieved and reduces the sustainability of the initiative. Recognizing major gaps in its target industries, Rritje Albania developed an inclusive approach to competitiveness that invited all value chain actors in an industry to get involved in the project's technical support so that improved capacity was not only achieved at the end of an activity, but was an integral part of the implementation process. Although working extensively with meso- and macro-level stakeholders was not initially part of Rritje Albania's focus, it quickly became apparent that project support was required in this area to stimulate lasting industry growth.

*Secure commitment through buy-in and cost-sharing from partners and beneficiaries.* The Rritje Albania standard modus operandi was to plan and implement activities with active buy-in and cost-sharing from partners and beneficiaries. For instance, the BYOB initiative leading to the exhibition of new collections at trade fairs was determined after consultation with leading companies. Likewise, industry associations, educational institutions, and other donors and projects were important counterparts and contributors to the project's annual work plan. Partners and beneficiaries who help to plan activities are more apt to share costs; and the combination of planning and cost-sharing led to strong commitments.

*Maintain flexibility in program design and implementation.* The ability to adapt and respond to change — both opportunities and constraints — in the global, country, and business environment is critical. To respond to the 2009 global crisis that affected Albania enterprises, Rritje Albania tailored its intervention strategy to provide support for companies in search of new markets other than their traditional export destinations of Italy and Greece. Flexibility in project design allowed for better coordination of activities and interventions with other projects and donors to leverage resources and scale up activities. This was exemplified in collaborations with USAID/RCI, AADF, EBRD-BAS, CBI, Crimson Capital, GIZ, Microsoft, Norwegian Aid, the ATA, the AITA, CEED, the AmCham, the EU, and others.

*Innovate, share, and replicate.* Rritje Albania began by selecting leading enterprises with the commitment and capacity to absorb innovations in business processes, product quality and development, and marketing. Sharing results with stakeholders allowed the project to build industry readiness gradually and expand initiatives to other enterprises in subsequent years. For example, the BYOB program and its *Made in Albania* slogan set a model for the development of Albania's garment and footwear industry. Building on project initiatives in years one and two, the BYOB program provided companies with a blueprint for vertical value chain expansion where higher value-added operations led to increased profit margins and reduced market risk. The same can be said for the AAQM program, arousing widespread interest in accommodations wanting to improve its standards and become a member. Similarly, PROTIK is at the forefront of a drive for innovation and entrepreneurship in the country and the university Career Office initiative has taken hold at five universities that are fully committed to expand what each has started.

*Promote the country while building firm and industry competitiveness.* The project promoted Albania and its enterprises as secure sources of dependable, quality, and competitively-priced products and services. Although the establishment of a positive image helps secure first-time orders, repeat sales are only won

by meeting or exceeding buyers' demand for quality, value, and timely delivery. The project avoided simply introducing businesses to new buyers without also building their ability to satisfy their customers. Hence, Rritje Albania's assistance was sequenced to help firms both increase sales and adopt competitive practices that support business growth over the long term. Promoting Albania helped build firm and industry competitiveness, enhanced the marketing efforts of the companies and industries, and helped to deliver sustainable growth. However, promoting a country requires strategic focus and commitment from both private and public sector actors. The *Made in Albania* BYOB, AAQM program, MUDT/NTA tourism web site, National Geographic Geotourism Mapguide and all the corporate branding, web sites and publicity materials designed and produced by the project are good examples of this approach.

*Clarify focus for greater market diversification.* When resources and capacities are limited, it is most effective to focus on the most promising markets, to use trade data and engage stakeholders to help define target markets for export promotion. In the garment and footwear industries, and to a lesser extent tourism, a major goal was to support market diversification away from Italy, the country's primary export destination. Through the BYOB program, Rritje Albania helped garment and footwear firms discover new markets and negotiate contracts with buyers in Germany, France, United Kingdom, Scandinavian countries, and Russia to name a few. In tourism, the early FAM tours for Austrian, Dutch, German, and British tour operators resulted in productive partnerships with Albanian tour operators.

*Start promotion and marketing activities early and be persistent.* Deals can take time to develop, so market linkage activities should begin quickly. Successful medium- and long-term deals for branded products such as garments/footwear or unique travel experiences are complex. It takes time for buyers and sellers to understand each other and build trust. A thorough understanding of the market and how business is conducted in a given industry is important, as is evaluating companies' readiness to invest their own money in long-term market development activities. Therefore, continuous promotional activities and repeated participation in trade fairs/exhibitions are keys to ensuring successful business deals.

*Promote the right product for the right market.* Paying attention to product quality — and, most importantly, appropriateness for the intended market — is a prerequisite for successful trade sales. The AAQM program and National Geographic Western Balkan promotion in tourism, the BYOB and PEP programs in garment and footwear, and the SPI-IT Mark program in ICT, are some examples of Rritje Albania's tailored assistance delivered to client companies to help them improve the quality of their products and services according to the preferences of their target markets.

*Foster local ownership and build local capacities.* Strong business associations and service providers are essential facilitators of industry competitiveness because they act as agents of trust, cooperation, knowledge, and innovation in support of private sector development. Rritje Albania actively engaged key industry representatives in the implementation of many project initiatives and activities. During this process, the project learned that these local structures are best built from the bottom up by encouraging them to lead the process, while the project plays the role of active facilitator and champion. Please see Section IV for more details on project partnerships.

*Promote PPDs and establish PPPs.* Rritje Albania enjoyed success in implementing technical activities through a very broad and varied network of public and private sector partners, which helped to multiply the number and volume of project outputs and outcomes while leveraging funding and resources. The more stakeholders that are striving to achieve the same goal through a coordinated effort, the greater the resources being applied and the greater chance that the resources will be sufficient to achieve broad-based, sustainable results. Specific examples of this include but are not limited to the establishment of the PROTIK through a ground-breaking PPP; the GFSWG; the AAQM program with the ATA and the IDRA; the PEP, LLL, VET, and internship programs with the PUT; the IPR initiative with the AmCham and Microsoft; the tourism certification training with AHLEI, DMO and UMB; the BYOB program with

the GIZ, garment associations, VET schools and PUT; and the Career Office initiative with five universities and regional partners such as MyCareer and SEEUT in Macedonia.

The project's firm-level work was complemented by efforts at the meso and macro levels to improve Albania's business environment and regulatory framework. This included: facilitated PPD and PPP on shared and cross-cutting industry concerns; strengthened the organizational and lobbying capacities of associations; seek synergies and opportunities for leveraging resources; and proactive participation in regional initiatives. These legacy PPPs and PPD mechanisms are expected to survive beyond the project ending date because the stakeholders themselves are realizing the utility of cooperating with each other.

*Identify potential legacy initiatives involving local actors for sustainability.* Based on its experience in project years one and two, Rritje Albania identified in year three several initiatives with the potential to contribute to the achievement of the project's goals and objectives beyond the life cycle of the project. As first outlined in FY2013 Work Plan, the ten legacy initiatives were PROTİK, BYOB garment and footwear, continuing education/VET programs at the PUT and selected VET schools, university career offices, AAQM, AHLEI tourism certification training, National Geographic Western Balkans GeoMaps website, IPR stakeholder working group and the garment and footwear stakeholder working group (GFSWG). All but the GFSWG, which lost momentum due to the uncertain future of AIDA, are continuing at a strong pace to survive beyond Rritje Albania's close.

## SECTION VII: Recommendations for Follow-on Activities

Throughout implementation, Rritje Albania engaged in a very wide range of activities that contributed to the twin goals of building enterprise and industry competitiveness. Within the full listing of technical support activities undertaken to achieve the impact as detailed in this report and others before it, was an intentional focus since 2012 to support high priority initiatives that would be implemented in partnership with permanent local structures. The project considered these activities to be legacy initiatives that it hoped would not only deliver the desired results but also be firmly established by the project's end so that they would be sustained by the project's implementing partners. These initiatives are among the most appreciated and noteworthy successes cited by beneficiaries and the project's mid-term evaluators, as well as the external project assessment team. It is through these structures that recommendations for follow-on activities are proposed.

*Support to the garment and footwear industries.* By working closely together over a long period of time to build their own brands and exhibit at international trade fairs under the "Made in Albania" slogan, targeted garment and footwear firms gained a new-found appreciation for working together and seeing the benefits of cooperation. While exhibiting at the MICAM footwear fair in September 2013, the BYOB firms decided that the Albanian footwear and garment industries should seek greater support from the GoA. Upon their return, Albania's largest and most technologically advanced firms, all BYOB program participants, met with Rritje Albania and AIDA to discuss what support was needed and appropriate and how the request should be submitted. It was decided that the final decision on the content of the request would be made by the firms themselves and the request would be submitted in the name of the industry association and through the General Director of AIDA to the Prime Minister.

- Immediate review of the customs and tax procedures to reduce and simplify them.
- The state should make available unused property that firms could acquire in order to expand business activity. In the privatization of these assets, priority should be given to existing firms that are serious about using the property and have real need for it.
- Increase in grant funds for exporters that have a positive performance in the international market, with no company-size-based limits.
- Establishment of a guarantee fund or other fund for exporters through sharing risks and financial resources with local and foreign donors to increase production and technology capacities.
- Establishment of a professional multifunctional center (offering technology, training, and consultancy support) coupled with a review of academic curricula and programs for employment and vocational training.
- Launch of an aggressive marketing campaign for companies in export markets.
- Support to a select group of companies, defined by transparent criteria, in their being at the forefront of relationship in the new international markets (example: *Made in Albania* show room), as well as in negotiating customs duties with specific countries (example: Japan, Russia).

*PROTIK ICT Resource Center.* PROTIK is on its way to fulfill its mission and has the support of strong institutional partners on its board of directors and a recently formed advisory board. Its board of directors includes AADF with two voting seats and one each for USAID, Microsoft, AITA and the Ministry of State for Public Administration and Innovation. Nonetheless, PROTIK could benefit from closer or continued partnership with regional projects, such as the new USAID/Regional Economic Growth project (USAID/REG), or knowledge exchange and joint training programs, especially those in the Albanian language, with like-minded structures such as the STIKK Innovation Center in Kosovo and the ESI in Bulgaria.

*National Geographic Western Balkans Geotourism Mapguide.* The GoA and key private sector tourism stakeholders are firmly behind the National Geographic Geotourism Mapguide and WBGSC. However, it could still benefit from participating in technical support activities that promote the Western Balkans and encourage cross-border cooperation and training for tourism businesses working in the region to attract travelers of similar profiles. Such assistance may be provided under the current regional USAID/REG project, or other donors active in Albania tourism such as GIZ.

*American Hotel and Lodging Educational Institute (AHLEI) Certified Programs.* There has been considerable interest expressed by USAID in supporting the establishment of AHLEI certification programs for professionals and educational institutions in the region. The inclusion of Albania in these efforts would help the UMB and DMO to more quickly establish them in Albania. One activity that would greatly expand the potential market demand is the translation of certain core courses into Albanian, which could be used in neighboring countries that have Albanian speakers such as Kosovo.

*Improving IPR in Albania.* Improvement on IPR issues is necessary for Albania to progress further in its quest for greater EU integration. However there is much to be done and the *2013 Albania Progress Report for EU accession* gives a good synopsis of the current situation and makes recommendations for needed improvements<sup>17</sup>. In the area of copyright and neighboring rights, a new law on copyright was drafted more than two years ago but it needs to be adopted. Although the Law on Industrial Property was amended in February 2013 to provide for a Market Surveillance Inspectorate, it is not yet operational. As regards enforcement, the rate of collection of fines for copyright infringements is very low. In March 2013, the General Directorate for Customs adopted its intellectual property rights strategy. However, fake products are still found in the market and firms complain of weak enforcement of IPR legislation. There is still a low level of understanding and awareness on copyright and related rights provisions and especially on collective management systems, including among judges.

*Establishing Career Offices in universities.* The successful establishment of new career development offices at five large universities is a noteworthy accomplishment. However, for the existing centers to fully realize their potential, and for the universities to establish career offices at other faculties and departments, additional support is required. These new centers will benefit from office furnishings and IT equipment, web portals built on the software requirement specifications (SRS) developed with Rritje Albania assistance, and career development online libraries and resources. Additional technical assistance would help to link the universities to the Center for Credentialing and Education (CCE) that offers experts to develop country-specific Global Career Development Facilitator (GCDF) certification requirements and processes. Certified career official specialists complete at least 120 hours of training in such topics as labor market and occupational information, career development models and assessment, training clients and peers, program management, marketing and promoting CC programs, understanding career development computer applications, and others.

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<sup>17</sup> 2013 Progress Report for Albania extracted from the Communication from the Commission to the European Parliament and the Council 'Enlargement Strategy and Main Challenges 2013-2014

**U.S. Agency for International Development**

1300 Pennsylvania Avenue, NW

Washington, D.C. 20523

Tel: 202.712.0000

Fax: 202.216.3524

**[www.usaid.gov](http://www.usaid.gov)**