

Albania

Your Next Nearshore Destination

October 2016



Albania's Value Proposition

Value Proposition

Country Overview

Human Capital
Overview

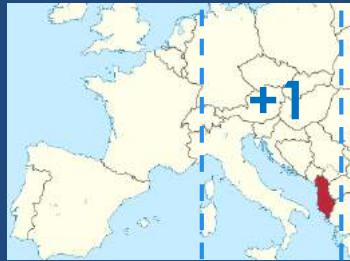
Infrastructure
Overview

Government
Support

Outsourcing
Industry- Profile

ALBANIA – THE TRUE NEARSHORE

NEXTDOOR



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



Multilingual population



Cultural Affinity

DEVELOPED SECTOR



Serves many verticals

Approx. **32,000** employees



State of the art Telecom



Multi-channel capabilities



SMAC ready

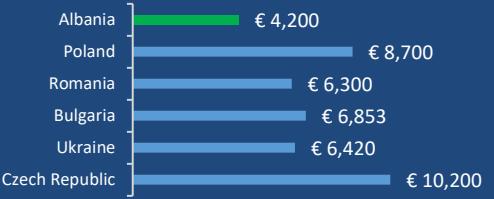
REAL SAVINGS

CLASS-A OFFICE RENTAL (SQM / MONTH)



Real Estate ~40%
cheaper

CONTACT CENTER AGENT SALARY



Salary ~50% lower

PEACE OF MIND



EU Candidate



Mature laws
mirrored to EU



Stable Republic



NATO member

Ranks 8th Globally in Minority Investor Protection

UNTAPPED PROFESSIONALS



Service
Orientation



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



25%



160,000 Annual
University
Enrollments

Advantage Albania- Summary



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



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



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



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



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



Politically stable, open economy and a liberal foreign trade policy



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



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

Albania's Value Proposition



Country Facts: Albania



Government

Parliamentary representative democratic republic



Time Zone

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



Multilateral Alliances

Official Candidate- EU
Accession
NATO Member



Electricity Cost

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



Currency

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



Commercial Real Estate

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



Population

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



Cost of living

3rd least expensive country
across 38 European countries



Languages

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



Cost of Labor

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

Economic Overview



Inflation



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

Ease of doing business

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



Cost of Living



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



Growth



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

Connectivity & Proximity



Tirana is just a short flight to major European Destinations

Ease of Access- Visa:

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

Ease of Access- Air Travel:

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

Albania's Value Proposition



Availability of Skilled Workforce with linguistic & cultural ties to EU



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



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

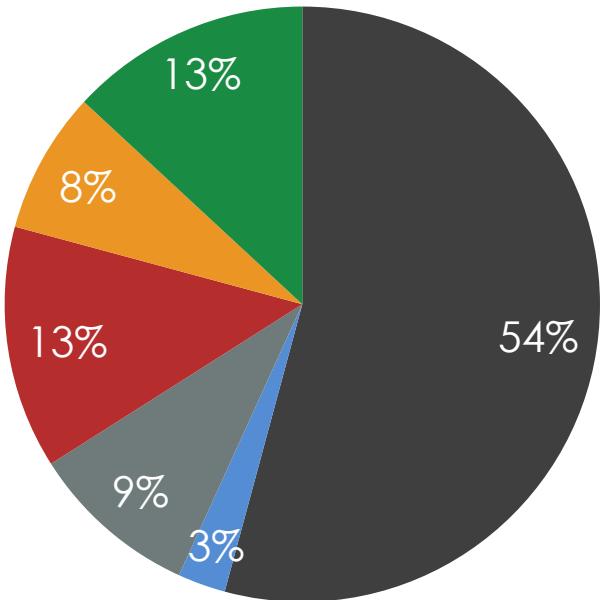


- Albania is one of the most polyglot nations in Europe- due to migration, emphasis on learning foreign languages in the education system, cultural affinity and exchanges with neighboring countries, and larger effects of globalization, Albanians generally speak more than two languages
- English, Italian,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



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

Education- Creating a sustainable talent pool



- Business Law and Humanities
- Computing & Service Sector Studies
- Mathematics & Statistics
- Health & Life Sciences
- Engineering, Manufacturing & Construction
- Others

No. of graduates by discipline- 2015	
Business Law and Humanities	16,531
Health & Life Sciences	4,026
Mathematics & Statistics	2,806
Computing & Service Sector Studies	793
Engineering, Manufacturing & Construction	2,349
Others	3,996
Total	30,501

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

Costs - Maximizing Value

Labour Costs	
Employees	200
Average Annual Salary*	4,860
Benefits (% of salary)	25%
Training (% of salary)	7%
Facilities & Infra Costs	
Gross sq. mtr./employee	7.75 sq. mtr.
Size of facility	1550 sq. mtr.
Rent per sq. mtr./month	€ 15
Energy Usage** (Annual)	300,000 kWh
Telecom & Internet***Annual	€ 36,036

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

A comparison with nearshore destinations in CEE

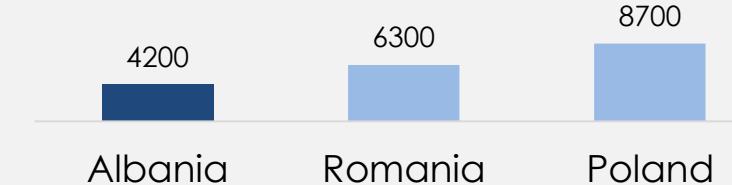
Class A Building Rent- Euro Per sq. mtr. per month



Minimum Wages- Euro Per Hour



Average Annual Contact Center Agent Salary- Euro



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

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

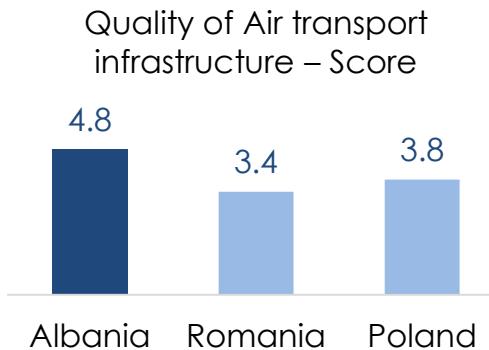
*** Assumption based on inputs received from various BPO service providers; VOIP Costs are 0.03 € per minute and 10 MBPS Internet connection is Euros 100 per month in Albania

Albania's Value Proposition

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- Value Proposition
 - Country Overview
 - Human Capital Overview
 - Infrastructure Overview
 - Government Support
 - Outsourcing Industry- Profile

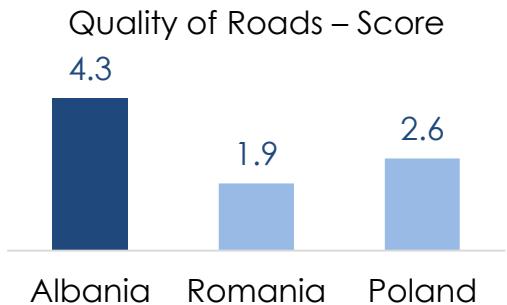
Infrastructure- Cost & Quality

Air Transport

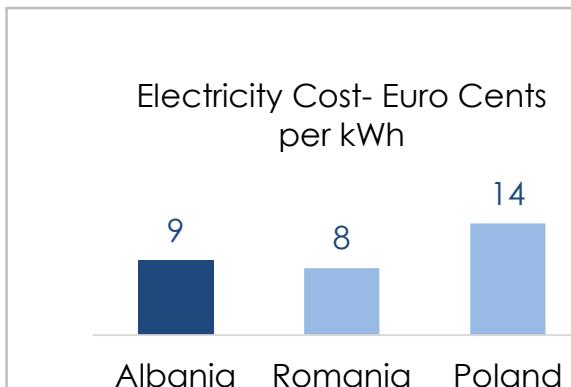


- 2 International Airports
- Sector Reforms in 2016 Opening up air transport in Albania
- Maximum 3 to 4 hour flight time to all major cities in Europe

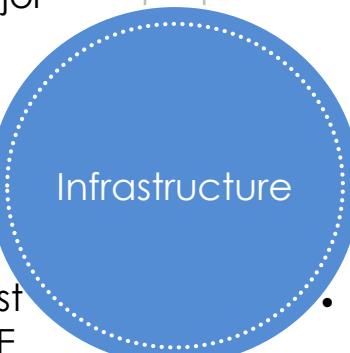
Road Transport



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

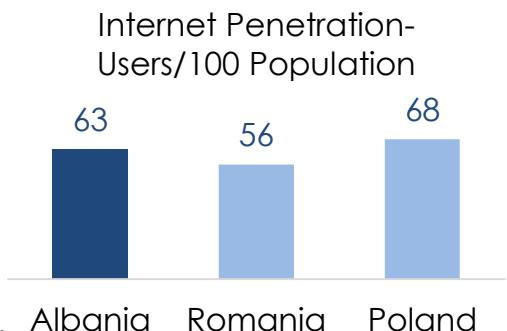


- Among the cheapest utility costs in the CEE region
- Focus on renewable & clean energy- Hydroelectric is the main source for Albania



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

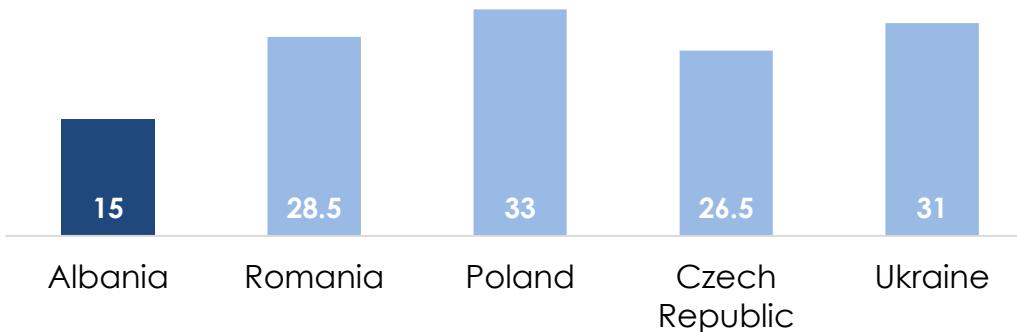
Utilities



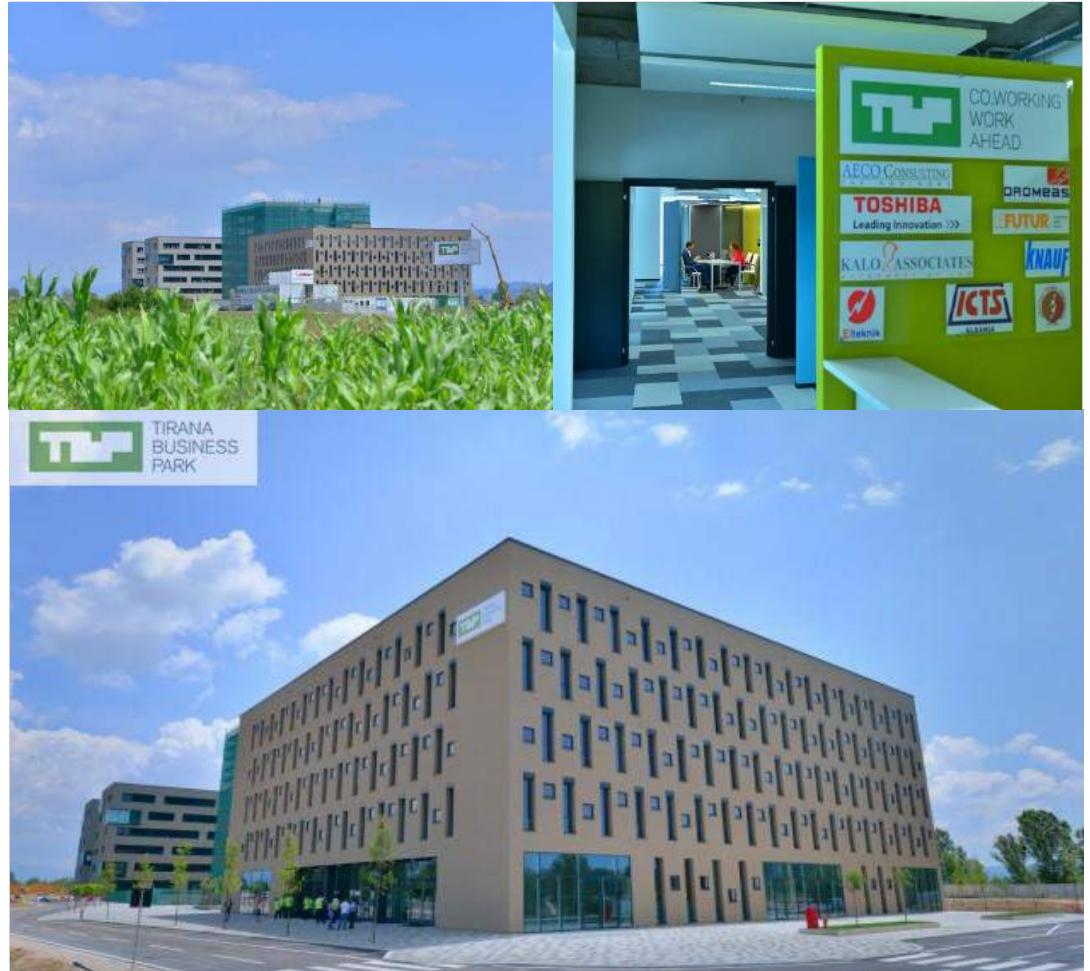
Telecom & Internet

Real Estate Snapshot

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



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



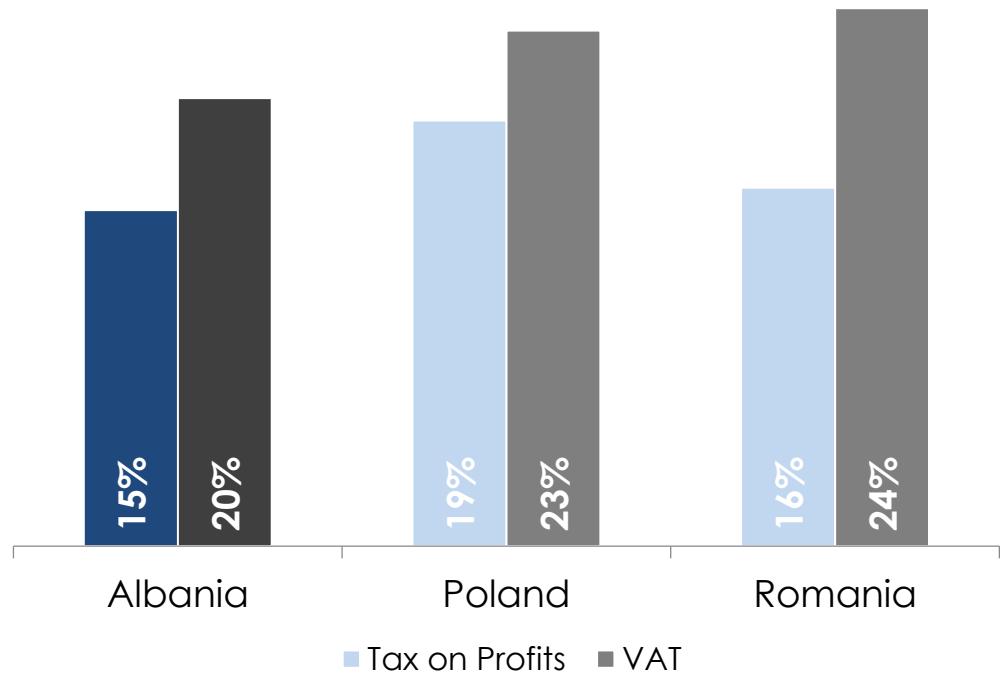
Providing the latest infrastructure, and highest quality commercial real estate- TBP is a 2 minute drive from the airport & 15 minutes from the city center. [Website](#).

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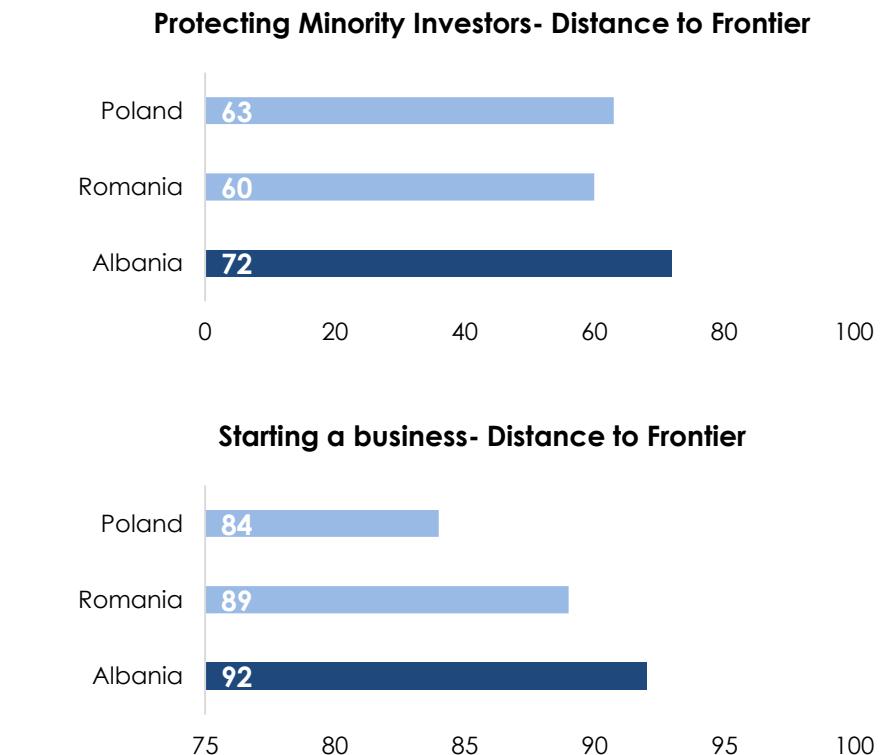
Ease of doing business

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



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

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



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

Government Incentives & Regulations relevant to the BPO industry



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



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



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



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



Government Incentives & Regulations for FDI

Attracting FDI

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



Fiscal Incentives

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



Bankruptcy & Arbitration

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



Transparency

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

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Albania: BPO Industry Profile

Industries served by Albania's Outsourcing Sector

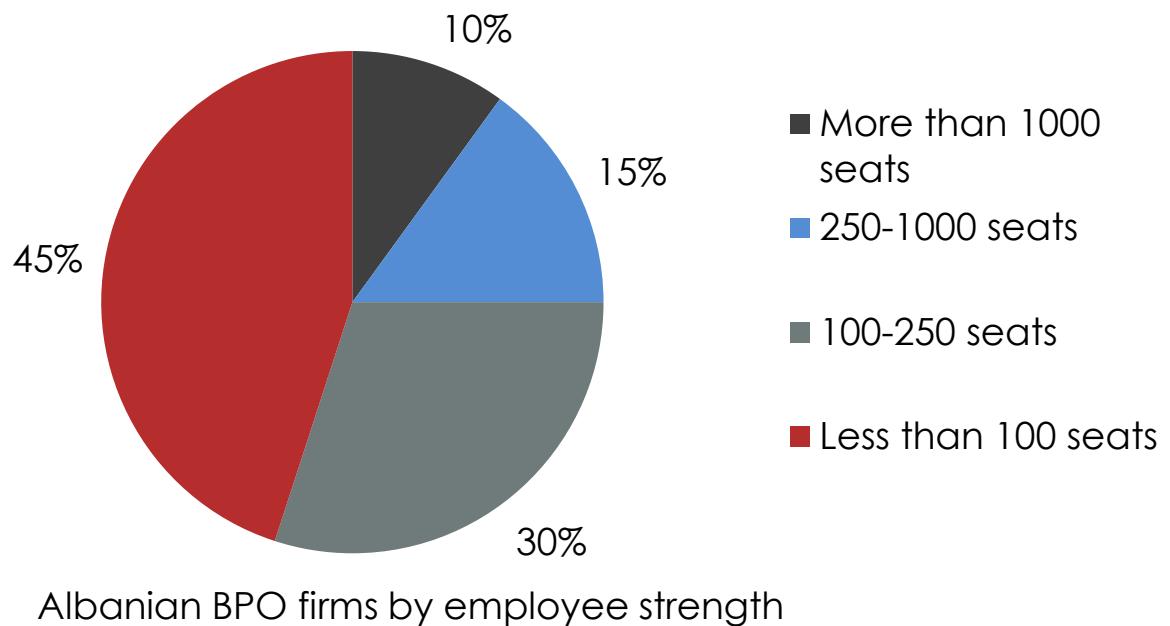


	Service Line - 1	Service Line - 2	Service Line - 3	Service Line - 4
Voice Inbound	Technical Support	Help Desk & Concierge	e-Commerce Customer Care	
Voice Outbound	Telesales	Promotion Campaigns	Loan & Card Collections	Lead Generation
Transaction Based	Data Entry and Analysis	Translation	Document Processing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

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

Albania: BPO Industry Profile

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



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



Supporting Structures & Institutions



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



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

CASE STUDY

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

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

