



RisiAlbania

Partner for Growth

PROMOTING THE BUSINESS PROCESS OUTSOURCING SECTOR

INTERVENTION BRIEF

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ALBANIA



PARTNERSALBANIA
FOR CHANGE AND DEVELOPMENT

INTERVENTION BRIEF: PROMOTING THE BPO SECTOR

1. Understanding the BPO sector in Albania

Since 2006, a large number of foreign and local investors started opening call centers in Albania, primarily providing contact center services (namely, telemarketing, teleselling) for the Italian market. In 2016, the sector comprised more than 800 firms, located in the main cities of Tirana, Durrës, Shkodra and Vlora, had an estimated annual turnover of €200 million, and employed around 28,000 people. Most of the people working in the sector are young Albanians with excellent language skills and a wide range of academic backgrounds.

Despite the sector's strong presence, the sector faces a number of key constraints. Firstly, there is an overdependence on the Italian market, especially on the provision of limited value added services such as outbound customer services. Secondly, Albania lacks a conducive business environment to attract more value-added BPO companies. In its market research, RisiAlbania discovered three root causes explaining these constraints:

- BPO companies have limited market knowledge and have not tried to diversify their services and markets;
- There is a lack of cooperation and coordination among BPO companies in Albania: they do not cooperate to effectively advocate for the sector, which could help create a better business environment for the industry;
- The government lacks awareness of the potential of the sector: the sector is a significant employment motor for Albania, yet there have been no strategies or plans to properly support and promote the sector. The government primarily associates the sector with call centers, not recognizing that BPO is a wide-ranging sector, with value-added services requiring highly skilled employees.

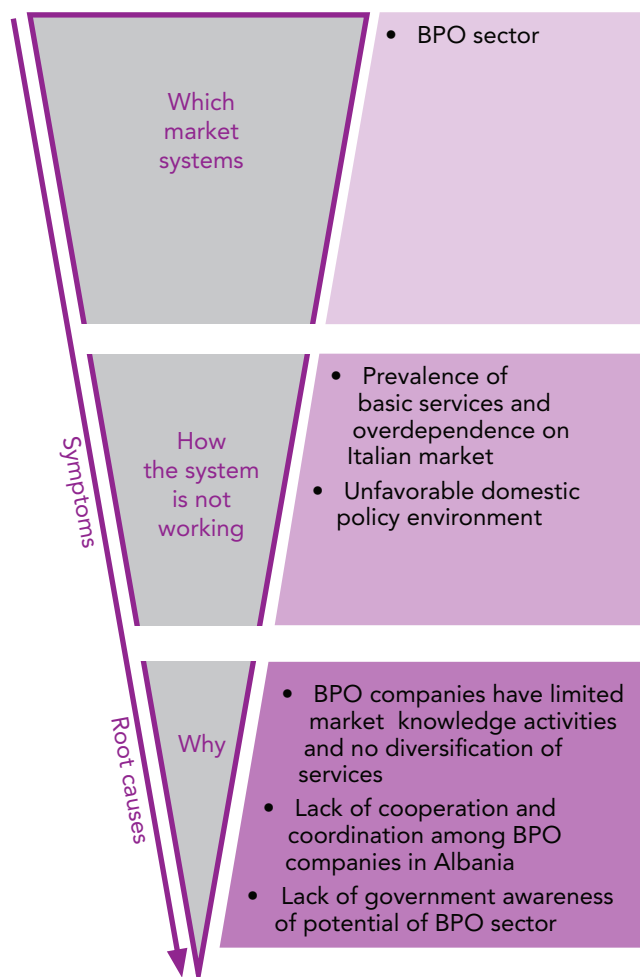


Figure 1: symptoms & root causes

¹ Data compiled from INSTAT.

2. Strategy and Vision

In view of these root causes, RisiAlbania's vision for the BPO sector was to strengthen key functions in the BPO market system including advocacy in the domestic market, promotion of Albania as an investment destination, and access to foreign markets. The Risi strategy was to intervene on the supply side and develop the capacity of service providers to deliver professional services to BPO companies, new investors and promote Albania in foreign markets. This would help the sector address the constraints such as the lack of promotion in domestic and foreign markets, overdependence on a limited market and limited service diversification.

The strategy comprised two core elements:

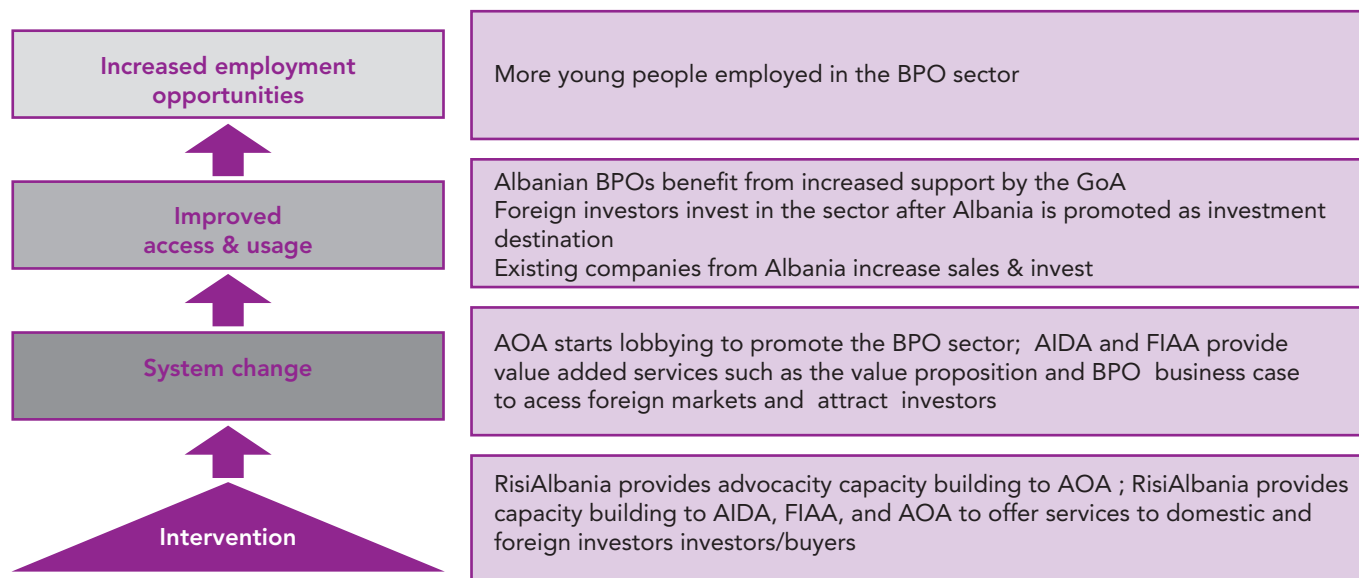


Figure 2: Impact logic

- Identifying a partner: The project identified an existing market player, the newly formed 7-member Albanian Outsourcing Association (AOA), that had the willingness and interest to a) promote the sector abroad and b) work together to effectively advocate on behalf of the sector;
- Fostering awareness among public sector actors: RisiAlbania's strategy included strengthening the capacities of Albanian public and private organizations that facilitate foreign investments, including the Albanian Investment Development Agency (AIDA) and Foreign Investors Association of Albania (FIAA).

3. Implementation

RisiAlbania engaged the international IT/BPO company Avasant to help public and private actors to **enhance services to the BPO sector and improve public-private dialogue coordination**, ultimately helping to diversify investment in the sector and increase employment. Specifically, the implementation of the intervention focused on:

- Strengthening the newly established Albanian Outsourcing Association's (AOA) advocacy capacities to improve the BPO business environment in Albania;
- Developing partnerships between AOA, MEDTE (Ministry of Economic Development, Trade and Enterprise), AIDA, and international BPO associations;
- Facilitating a Memorandum of Understanding between AIDA and AOA to increase co-ordination between them and to ensure that potential foreign investors benefit from local support;
- Facilitating training and coaching to AIDA, FIAA and AOA on investment promotion;
- Facilitating development of professional materials such as value proposition and a business case for promoting the Albanian BPO sector when key actors are attending trade fairs, conferences and networking events to improve the instruments through which AOA, FIAA and AIDA can attract foreign investors.

4. Results

Capacity Building

- AIDA and FIAA have included the BPO sector in their service portfolio, providing investment promotion services to new investors
- AIDA, FIAA and AOA jointly promote Albania as investment destination using professional documents such as the value proposition of and business case for investing in the Albanian BPO sector
- BPO firms increased know-how about foreign markets and value added services.
- The AOA has increased membership from 5 founding companies to 23 member companies.

Dialogue

- The Government of Albania has more awareness of the BPO sector: the Secretariat of Investment Council dedicated one of its quarterly meetings to the BPO sector and AIDA included BPO as one of its target sectors
- AOA has become the voice of BPO sector and co-ordinates in policy-making process with the Ministry of Economy.

Employment

- More than 6 new call centers started operating, resulting in 397 young employed people

5. Lessons Learned

- **Working with public actors bears risks:** While AIDA was an extremely motivated partner, it is nevertheless subject to governmental changes, particularly in the aftermath of elections. It remains uncertain whether AIDA will continue to exist and, if it does, whether the new directorship will be equally cooperative and engaging. This ultimately impacts the sustainability of the project's intervention.
- **Project management must be adaptive to opportunities and include a wide range of partners:** for example, RisiAlbania worked with public (AIDA) as well as private (AOA and FIAA) actors, responding to their respective needs. This helped foster a strong coalition to promote the Albanian BPO sector, and further helps to counteract institutional uncertainties (see lesson learned above).

RisiAlbania was established in 2013 to address the problem of youth unemployment in Albania. The project was established by the Swiss Agency for Development and Cooperation (SDC) and is implemented by a consortium of partners consisting of HELVETASSwiss Intercooperation and Partners Albania. The 4 year project has two main pillars. The first focuses on job creation through growth in specific sectors (tourism, agriculture and ICT) and the second focuses on improved labour market information and intermediation services.

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