



ALBANIA

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The startup ecosystem is still nascent in Albania with a low startup density value: 14 startups/1 million inhabitants (avg. value of EU is 190). The most advanced ecosystem can be found in Tirana. At the same time, there is a potential for Albania to develop as an ICT startup hub, due to a young, multilingual population that is looking for self-employment and low capital requirements to set-up ICT businesses (Hach – Trenkmann, 2019).

According to our extensive literature review the top 3 challenges of the ecosystem are the following:

1. Capital and resources (including available information, flow of special knowledge/technology transfer and ecosystem support)
2. Policy and regulations & Infrastructure, education, universities, local/available knowledge and programmes
3. Talents, ideas and champions (human resources)

The following table (*Table 6.*) summarizes the frequencies of mentions on challenges and the relevance of these challenges according to their appearance regarding the pillars of ecosystem assessment canvas.

Table 6. Relevance and distribution of startup ecosystem challenges in Albania

Startup ecosystem assessment canvas	Frequency of mentions	Relevance of the challenge according to frequencies
Vision and strategy	3	4th
Policy and regulation	7	2nd
Capital and resources (including available information, flow of special knowledge/technology transfer and ecosystem support)	19	1st
Talents, ideas and champions (human resources)	5	3rd
Infrastructure, education, universities, local/available knowledge and programmes	7	2nd
Market and networks	3	4th
Culture and communities	3	4th

Source: Hach – Trenkmann (2019); Ligaci (2018); Kruja – Kadiasi (2020); Yovchev (2021a)

1. Capital and resources (including available information, flow of special knowledge/technology transfer and ecosystem support)

Some notable detailed challenges mentioned by experts:

- *Lack of business angels and venture capitalists funds;*
- *There is little support for startups post ideation guiding them in a continuous incubation process and almost no support for aspiring entrepreneurs in the regions;*
- *Most of the startups feel that access to early-stage finance (e.g. equity, convertible debt, crowdfunding, etc.) is one of the biggest challenges;*
- *There are several elements missing from the ecosystem – there are currently no local VCs or developed business angel activity, media coverage for business and tech topics is scarce. Entrepreneurial education is also limited.*

2. Policy and regulations & Infrastructure, education, universities, local/available knowledge and programmes

Some notable detailed challenges mentioned by experts:

- *No real integrated and focused approach from the government;*
- *Outdated educational system regarding entrepreneurship and innovation; lack of enough university incubators or research centers, which can be a source of spin-off business ideas and initiatives;*
- *There is little budget for and focus on entrepreneurship and innovation promotion by the government and little trust in the government capacities to support the ecosystem.*
- *A few municipalities and regional governments have started to shift their focus from infrastructure development to innovation and knowledge-based economic development, however, these initiatives mostly lack strategies, funds and sector diversification, in proportionally focusing on the tourism sector.*
- *Entrepreneurship promotion is gaining traction in universities in Tirana, however, it remains an alien concept to most universities located in regional cities due to lacking funds and knowledge and if at all, is only pursued as part of European funded projects.*
- *Furthermore, there is plenty of work to be done in educational institutions when it comes to training students to start their own innovative companies.*

- *Almost all of the developers found no financial support from the government, and only a few of them found incubation support. Government view of Startups is still weak in Albania.*

3. Talents, ideas and champions (human resources)

Some notable detailed challenges mentioned by experts:

- *Only a few success cases to be promoted;*
- *Brain drain situations, where good professional individuals choose to move abroad their ideas and possible startup initiatives;*
- *One of the problems with this young population is that the job market still doesn't offer enough opportunities for realization for them, so many smart professionals leave the country and go to work abroad.*

Other relevant challenges:

- *Low level of mature enough ideas to make a real impact in the economy;*
- *Lack of involvement from established business representatives in the ecosystem;*
- *The need to become part of bigger regional and international initiatives that can bring a part of their business and expertise in the country (Ligaci, 2018);*
- *There is no evidence-based and coordinated strategy of donor organizations and the government in the area of entrepreneurship promotion, however, recent efforts by the government are directed towards developing a "Start-up Law" in a joint collaborative approach;*
- *There is little cooperation among actors of the triple helix and capacities of the actors of the triple helix are weak. Especially in the regions, universities, businesses, and the government operate in silos;*
- *There is little entrepreneurship activity happening in the regions, with most efforts focusing on livelihood creation and small-scale traditional entrepreneurship in sectors such as tourism, agriculture, handicraft, etc. Furthermore, most businesses in the regions operating under the "startup label" cannot be classified as startups, given their limited growth perspectives;*

- *Lack of systematic and frequent update of current and future trends of youth skills towards market needs.*

Sources of the above listed challenges and opinions: Hach – Trenkmann (2019); Ligaci (2018); Kruja – Kadiasi (2020); Yovchev (2021a).

