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POLICY BRIEFING
ALBANIA

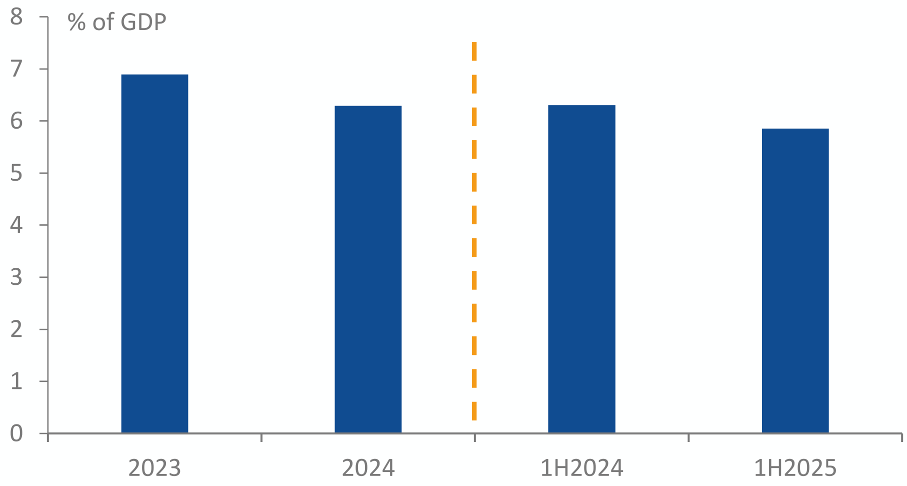
Defining target groups and promotional measures to attract FDI to Albania

by Björn Vogler and Felix Schwickert

- Presentation of key findings and recommendations -

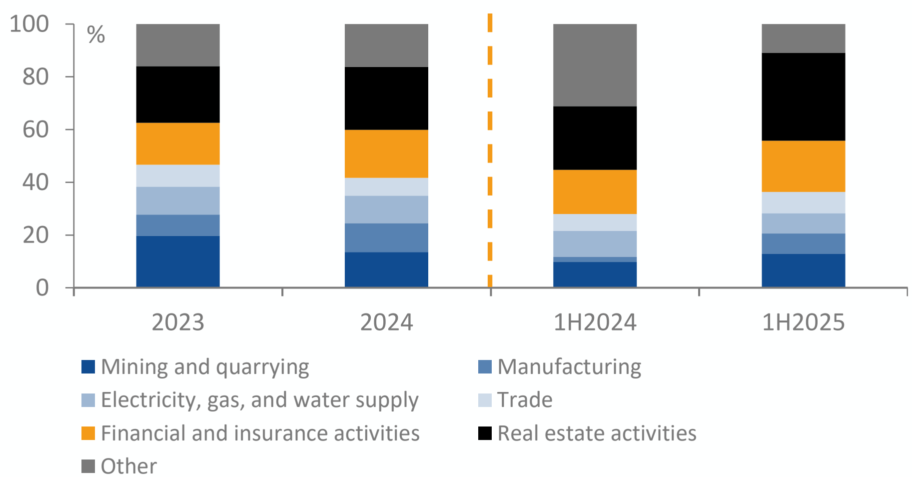
1. Background: FDI inflows

FDI inflows



Source: Bank of Albania (for FDI), Albanian Institute of Statistics (for GDP)

Sectoral composition of FDI inflows



Source: Bank of Albania (for FDI), Albanian Institute of Statistics (for GDP)

FDI: recent inflows

» ALB is able to attract sizeable FDI inflows
  - 2024: 6.3% of GDP, one of the highest inflows in the region

» 1H2025: FDI inflows of 5.9%
  - Comparable to 1H2024

FDI by sectors

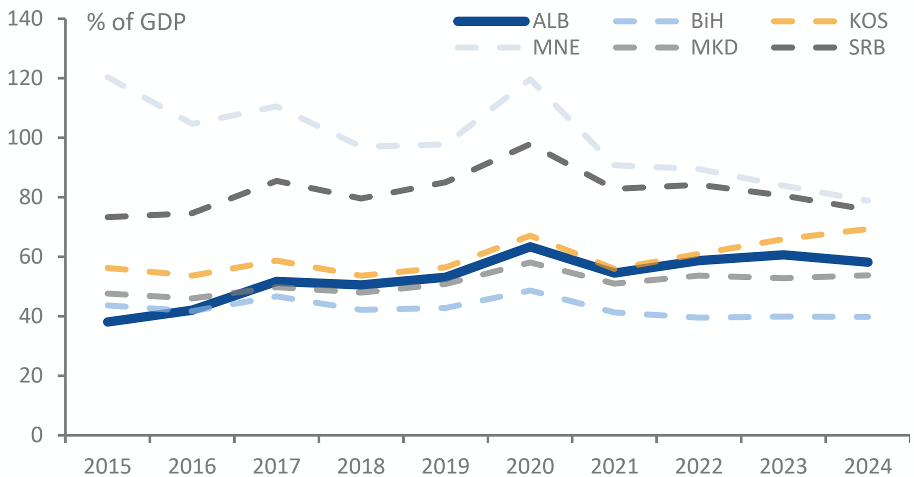
» FDI inflows benefit a wide range of sectors; well diversified

» 1H2025: real estate activities gain importance
  - Composition otherwise largely stable

➢ **Strong FDI inflows, well diversified**

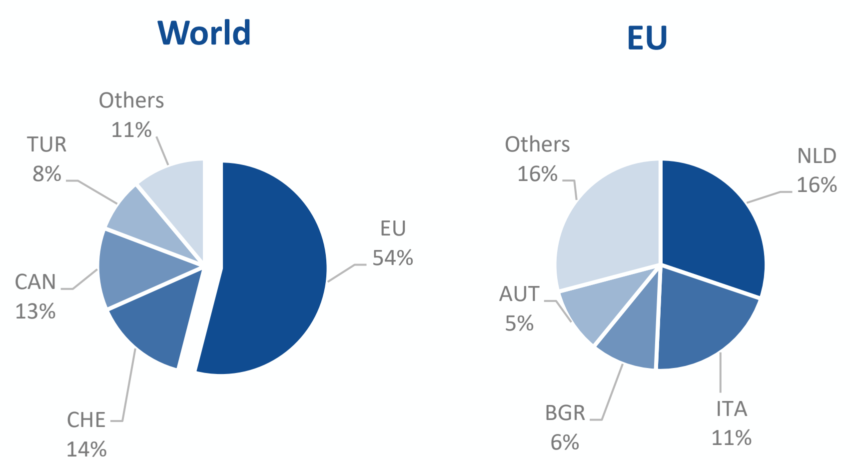
1. Background: FDI stock

FDI inward stock



Source: UN Trade & Development

Geographical composition of FDI stock



Source: Bank of Albania; Note: end of 1H2025

Regional comparison

- 2024: 58.2% of GDP
  - In midfield of WB6
- Strong improvement over last 10 years
  - 2015: ALB had lowest FDI stock in region (38.1% of GDP)

Geographical composition

- Most FDI comes from EU countries (54% of current stock)
- NLD (16%) and ITA (11%) most important FDI origin countries from within the EU
- High shares of FDI from NLD & CHE reflect routing of FDI to benefit from tax and legal incentives
- FDI stock from CAN: mostly Patos Marinza oilfield

➢ **FDI stock increased markedly over last decade**

➢ **Most FDI came from EU**

2. Introduction

This policy study analyses, prioritises and specifies promising target groups to support a structured and impact-driven approach towards FDI attraction

» Focus on three dimensions:

- Investment potential
- Competitive position of Albania
- Development impact of investment projects

» Recommendations comprising:

- Promising segments for promotional measures
- Outreach activities (incl. potential platforms such as trade fairs and strategic partners)
- Complementary measures (e.g. economic diplomacy, monitoring and related policy tools such as TEDAs and incentive schemes)

Stages of the target group analysis

1. Shortlisting potential target groups
2. Assessment of investment potential
3. Assessment of competitive position of Albania
4. Assessment of development impact
5. Prioritisation of shortlisted target groups
6. Segmentation
7. Recommendations on promotional and complementary measures

2. Introduction

As a starting point, six potential target groups were shortlisted for the in-depth analysis

- Drawing on a review of:
  - Existing legal / strategic framework
  - Focus of recent investment promotion measures, FDI projects and trends
  - Results from a kick-off workshop with MEI and AIDA
- Focusing on target groups that:
  - Can generate substantial effects in terms of permanent employment and value addition
  - Are suitable for typical outreach activities considering the specifics of investment projects

Shortlisted target groups

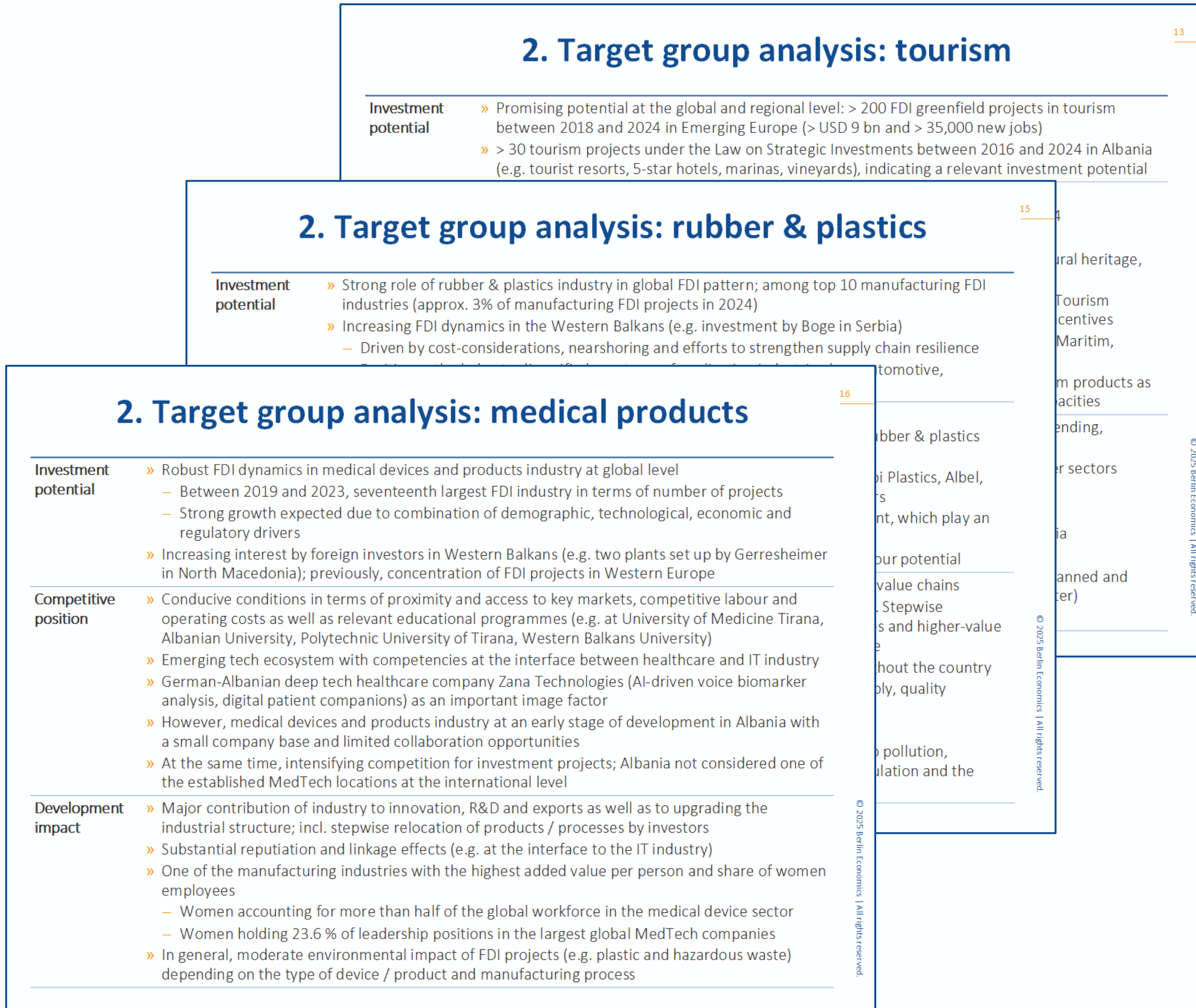
- (1) Tourism
- (2) IT & BPO
- (3) Rubber & plastics
- (4) Medical products
- (5) Agro-processing
- (6) Defence

Note: In most countries, the target groups for investment promotion do not fully correspond with strategic sectors in the overarching policy framework

2. Introduction

The analysis of the shortlisted target groups included 20 face-to-face and online interviews (approx. 60 min each) in Albania and at the international level with:

- Existing investors
- Associations
- TEDAs / Tech Parks
- Ministries
- Agencies
- Embassies
- Industry & investment experts



3. Priorisation of target groups & segmentation

The initial focus should be on the target groups tourism, IT & BPO, rubber & plastics and medical products (Priority 1)

Target group	Target segments
	Priority 1
Tourism	» High-end hotels and (mixed-use) resorts » MICE (e.g. conference hotels) » Health & wellness, mountain & adventure tourism » Priority areas to be defined based on the new National Tourism Strategy
IT & BPO	» ITO / delivery centres and small-scale nearshore development centres » KPO and Shared Service Centres » Foreign startups participating in accelerator programmes in Albania ➢ Across segments, focus on AI and verticals at the interface to other target groups (e.g. MedTech)
Rubber & plastics	» Plastic components for automotive, electronics and electrical appliances » Packaging (e.g. for cosmetics) » Technical rubber parts, construction-related plastic & rubber products
Medical products	» Single-use and disposable medical products » Medical aids » Components for medical devices, electromechanical assemblies
	Priority 2
Agro-processing	» Processing of medicinal and aromatic plants (e.g. for food, cosmetics and pharma industry)
Defence	» MRO Maintenance, Repair & Overhaul (e.g. maintenance hubs) » Ammunition, small arms and light weapons » Component manufacturing (e.g. for UAVs, electronics and communication systems)

3. Priorisation of target groups & segmentation

In terms of target countries/regions, the segmentation places emphasis on EU member states, Türkiye and the US considering recent investment patterns

- Integrating further target markets depending on initial results
- Mobilising diaspora-related potentials
- Targeting also medium-sized enterprises (next to large companies)
- Suppliers of existing investors as a cross-cutting target group (based on systematic aftercare)

Target group	Target countries / regions
Priority 1	
Tourism	» EU: Austria, France, Germany, Italy, Spain » UK » Türkiye » UAE
IT & BPO	» EU: France, Germany, Greece, Italy, Ireland » UK » US » Investors with BPO sites or shared service centres in Poland
Rubber & plastics	» EU: Austria, France, Germany, Italy » Türkiye
Medical products	» EU: France, Germany, Italy » Switzerland » US
Priority 2	
Agro-processing	» EU: France, Germany, Italy » Switzerland » US
Defence	» Italy » Türkiye

4. Recommendations – investment promotion

The main focus of investment promotion should be on measures that allow a direct communication with potential investors such as outreach campaigns, virtual investment seminars and trade fair visits

Priority 1				Priority 2	
Tourism	IT & BPO	Rubber & plastics	Medical products	Agro-processing	Defence
Targeted investor outreach campaigns				Individual investor outreach	
Follow-up activities at relevant trade fairs / conferences (e.g. MIPIM, IMEX, Web Summit, Gitex, Medica, K, Plast)				Complementary market intelligence	Complementary G2G measures
Online investment seminars					
Strengthening collaborations with intermediaries (e.g. existing investors, consultants, accelerators, ministries, agencies, associations, cluster organisations)					
Aligning AIDA‘s website and social media engagement with target group definition					

4. Recommendations – complementary measures

The target group focus should also be reflected by the monitoring and economic diplomacy model as well as related policy tools such as incentives and TEDAs

Monitoring

- Disaggregating KPIs to the target group and segment level
- Tying indicators to the different processes
- Capturing qualitative aspects and impact

Economic diplomacy

- Developing a coherent strategic plan
- Allocating adequate resources, ensuring target group related support services
- Streamlining planning & reporting processes

Target group focus

Incentive schemes

- Shifting focus towards labour cost competitiveness and skills development
- Complementing schemes with instruments for capital-intensive projects (e.g. soft loans)

Zones & parks

- Fast-tracking roll-out of TEDAs to tap FDI potential in manufacturing target groups
- Ensuring a needs-oriented offer of production buildings for rent

About the German Economic Team

Financed by the Federal Ministry for Economic Affairs and Energy, the German Economic Team (GET) advises the governments of Ukraine, Belarus*, Moldova, Kosovo, Armenia, Georgia* and Uzbekistan on economic policy matters. Berlin Economics has been commissioned with the implementation of the consultancy.

**Within the framework of project activities in Georgia, we are in contact solely with reform-oriented partners for the time being; in Belarus advisory activities are suspended*

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