

ALBA

NIA

ICT

SECTOR ANALYSIS 2024



Companies



Exports



Education



Workforce



Revenues



ICT SOUTH EAST EUROPE ALBA NIA

Location history and international relations	6
Demographics, Language, and Religion	7
Albania Economic Outlook	7
Albania ICT & BPO Sector	9
Digital Strategy in Albania	12
Infrastructure for ICT and Office space	14
Education	16
Labour Market and ICT Workforce Overview for Albania	17
Conclusion	18

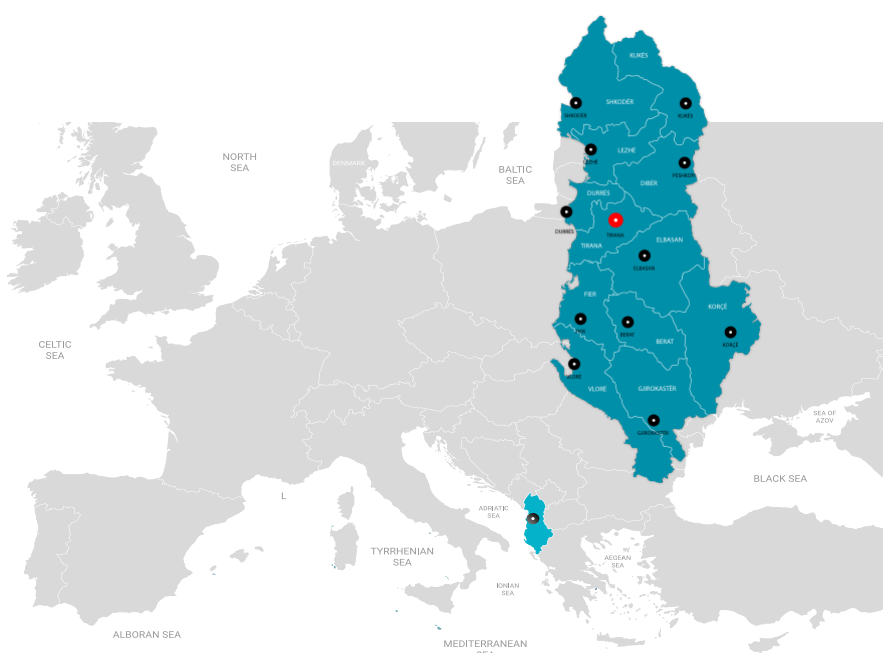
**OFFICE BUILDING SEEN
FROM SKANDERBEG
SQUARE TIRANA,
ALBANIA 2024**

*Photo by Daniel Silva via uns-
plash.com*



Location, History, and International Relations

Albania is home to almost 2.4 million people and covers 28,748 km² in area. The nation is bordered to the north-east by Kosovo, to the northwest by Montenegro, to the east by North Macedonia, to the southeast and south by Greece, and to the west and southwest by the Adriatic and Ionian seas. Three-fourth of Albania is covered with mountains and hills while the remaining landscape consists of coastal and alluvial lowlands. Albania is in the Mediterranean region, which is distinguished by hot, dry summers and moderate winters with lots of precipitation.



Maps via 123rf.com

The history of Albania dates to the Bronze Age. Albanians consider themselves the descendants of the ancient Illyrians, originally from Central Europe and migrated southwards by the beginning of the Bronze Age i.e., around 2000 B.C. Albania wields an advantage of its location in the Balkan region as it is located alongside two seas, i.e., the Adriatic and Ionian seas. Due to this, it has been a bridge for various nations and empires seeking conquest abroad (“Albania - Land”).

Albania gained independence in 1912 however, almost half of its territory and people were assigned to neighbouring states. It was ruled by monarchies during the two World Wars, and joined the group of socialist states afterwards. With the fall of communism in Europe by the late 1980’s, it transitioned in 1992 to a democratic system of government. This transition reflected the people’s inclination towards the West.

As Albania traverses its foreign policy, acquiring a balance between old relationships and new strategic alliances and adjusting to the more expansive regional power distribution, these de-

velopments offer both opportunities and challenges (Benakis, 2023).

Demographics, Language, and Religion

The current population of Albania is 2,402,113 as per Census conducted by the Albanian Institute of Statistics published in 2024.

Albanian is the official language of Albania and almost 98% of the populations speaks this language. Remaining 2% speak minority languages, that include Greek, Romani, Serb and Bulgarian (European Union, 2024).

More than 40% of the population speaks at least one foreign language such as English, Italian, Greek, German. Languages taught in schools are English, Italian, French and German.. The overall language level can be considered good. Especially young people shown a growing interest in the German language in recent years.

Though nearly 50% of the Albanian population is Muslim, it is predominantly a secular country. Overall secular Islam, Agnosticism and Christian-

Population	2,402,113
Yearly % Change	-0.71%
Yearly Change	-19,890
Migrants (net)	-24,472
Median Age	36.7
Fertility Rate	1.34
Density (P/km ²)	102
Urban Population in %	69.00%
Urban Population	1,927,019
Country's Share of World Pop	0.03%
Albania Global Rank	143

Albania Demographics 2024 (Worldometer, and AIS)

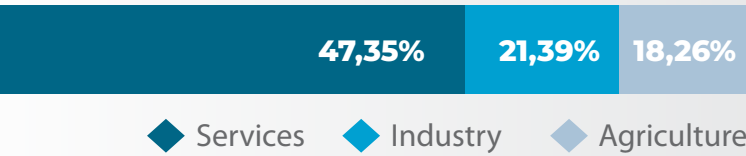
ity are the most common religions in Albania. Nearly 35% of the population practices Christianity, making it the second largest religion in Albania (ICLRS, 2023).

Albania - Economic Outlook

In recent years, Albania has transformed from one of the poorest country in Europe to an upper-middle-income country, thanks to key economic reforms that revitalised growth and job creation. The country

has also advanced the European Union integration agenda (World Bank 2024) and has most recently begun the EU accession talks (Politico 2024), demonstrating the country's commitment and strong cooperation ties to Europe.

As regards the key economic sectors, agriculture contributed around 18.62 per cent to the GDP of Albania, 21.39 percent came from the industry and 47.35 percent from the services sector (Statista, 2024).



Albania: Distribution of gross domestic product (GDP) across economic sectors 2022 (Statista, 2024)

Overall Economic Performance (World Bank Assessment)

Albania is making significant structural changes to support equitable growth, improve productivity and competitiveness in the economy, create more jobs, and enhance governance and public service delivery. En-

hanced regional connectivity and access to regional and global markets, coinciding with export and market diversification, can turn out to be a catalyst for faster growth.

After the COVID-19 pandemic, the new economic outlook of the country emphasizes a complete recovery. The government is focusing on tourism, agriculture, and digitization as well as increased attention to climate change and the environment.

Despite rising energy and food prices in 2023, growth reached 3.3% as private consumption, exports, and investment increased. The subsequent year observed outstanding growth in tourism, however, growth projection for 2024 remains at the same level.

The government foresees a reduction in the poverty and increase in the employment and wages. Nevertheless, how well the country will navigate economically in the medium term, will also depend on the global recovery, structural reforms, and fiscal consolidation.

The country has a solid support from the World Bank and other part-

ners in overcoming these challenges and implementing the country's longer-term vision.

Albania ICT & BPO Sector

The Information & Communication Technology (ICT) and Business Operations Outsourcing (BPO) sector in Albania have been going through transformation.

The revenue in the IT Services market is projected to reach USD 128.90 million in 2024. IT-Outsourcing services lead the market with a projected market volume of US 50.57 million in 2024. The predicted market growth for IT outsourcing services between 2024 and 2029 is 9.24% (Statista)

Albania's IT services export remains comparably low, reaching 0,86 % of GDP in 2022. (EmergingEurope, 2024)

Tirana is the main ICT-BPO hub of Albania, followed by Durrës, Shkodër and Vlorë. The ICT-BPO sector in Albania has seen steady growth since its inception (Aida.gov, 2024).

Market	Imports from (USD Mil)
Italy	1,740
Turkey	936
Greece	807
China	679
Germany	341

Key Trading Partners of Albania (OEC world 2023)

Data entry and call centers are among the top outsourced activities in Albania. They export services mostly to Europe. Nevertheless, there is huge room for improvement by acquiring a two-pronged approach. First, by taking advantage of the multilingual ability of the population and by jumping into higher margin/niche services and diversifying the range of its activities, attracting investments related to more complex processes in finance & accounting, digital processes, software design and development, blockchain technologies, cyber-security, etc.



By leveraging these two segments, Albania can attract more foreign investors for exporting the already present services to a wider market in Western Europe.

Other reasons for Albania becoming an ICT-BPO services hub are its urban culture, availability of resources, infrastructure and attractive Investment Incentives (AIDA, 2024).

ICT & BPO Sector in Albania

There are currently 3,349 active enterprises that operate in the Information and Communication sector in Albania (AIDA, 2024), where 843 were registered in 2020.

Out of these enterprises:

- 440 operate in Telecommunication
- 1,606 operate in Computer programming, consultancy and related activities
- 574 in Information service activities.

Out of 42 IT companies listed in clutch.co, 30 companies employ less than 50 people, 8 companies between 50 and 250, 2 companies between 250 and 999 and one company more than 1,000 people. (clutch.co).

GDPR compliance

Albania is in the process of developing the legal framework for GDPR compliance in the scope of the EU Integration process. Already now, companies serve international clients based on the GDPR standard. A commonly used additional layer of security is the utilization of servers in Europe and the U.S., to ensure data protection of customers.

Noteworthy Companies and International Investments

Due to Albania's tech-readiness and enterprising culture, several companies and foreign investors have found its ICT and BPO sector to be

lucrative. Some of the most important ones are Lufthansa Industry Solutions, Deloitte, Teleperformance, IDS, B810, Innovaway, Alba Contact, Albacall, Ernest & Young, Euroservices and LocalEye.

International clients from many countries look at Albania as an attractive IT hub. Some of the prominent client countries include Italy, the UK, France, Spain, Germany, Austria, and Switzerland.

Outsourced business operations are used by famous international brands like Apple, Vodafone, Adidas, eBay, Barclays, Groupon, Lufthansa Group, Air France, and Alitalia.

INNOVAWAY AIRFRANCE adidas vodafone

Lufthansa Industry Solutions GROUPON Alitalia EY Building a better working world

Deloitte. Teleperformance each interaction matters ebay

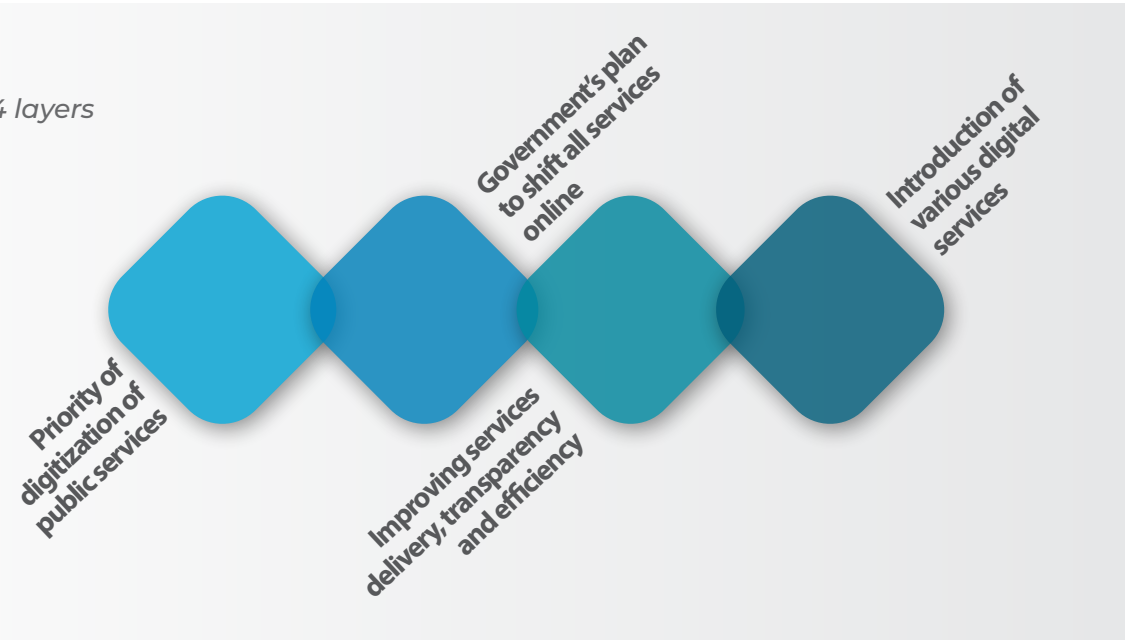
International companies with operations or outsourced services in Albania

Digital Strategy in Albania

An impressive step by the Albanian government was its bold decision to transition 95% of its public administration services to online-only delivery, effective from May 1st, 2022 (ENNHRI, 2023).

As part of the Digital Agenda 2022–2026, this project is a critical move in the right direction toward improving service transparency and quality. The main goal is to do away with direct communication and interaction between citizens and government workers in order to cut down on corruption, long lines, and discontent.

Albania's Digital Transformation - 4 layers (ENNHRI, 2023)



e-Albania portal (Source: ENNHRI, 2023)

The e-Albania portal is a central government interactive platform for providing electronic public services. The digital architecture interacts with about 60 electronic systems of all public administration institutions, that collect all documents and provide the services online via the e-Albania portal.

Citizens and businesses apply with their National Unique ID number through the platform for access to about 1,200 public services online. The portal gained prominence especially during the COVID-19 pandemic.

Examples of Services:

Health Services:

Digital process for medical referrals from the family doctor to the examining doctor. Reimbursable prescriptions and simple daily medical reports are digital.

Education Services:

Digital registration process of pupils of all ages in school. The ongoing relationship of pupils with the respective

school is digital (evaluation process, absences, obtaining diplomas, etc.).

Employment System:

Employers perform the entire cycle online, including announcing vacancies, obtaining information about suitable candidates, and closing the employment process. Job seekers apply for vacancies and create their professional profile.

Cadastral Services:

The systems offer all online cadastral services, enabling citizens to access property documents with legal value.

Business Services:

Businesses perform all necessary cycles in relation to the state online, starting from registration, including applications for permits and licenses, payment of taxes, delivery of balances, and various certifications with electronic seals. Fiscalization process with fiscalized invoices (business-state, business-business, or business-citizen) is another facility for businesses.

Other Services:

Many other services are provided online through the electronic signature, which has made it possible to digitize

complicated processes, such as construction permits, electronic procurements, and the automated data system for customs.

Implications of the e-Albania Portal implementation

(Source: ENNHRI, 2023) The portal will benefit in many ways. The most striking feature envisaged by the government is to include a section “Digital Education” indicator to measure the population’s digital skills.

However, an important critical point is that most of these indicators should have been measured prior to the implementation of the digital-only service policy.

Some of these indicators include:

- Individuals with average or high digital skills
- Percentage of individuals who are frequent users of the Internet
- Percentage of individuals according to technological capabilities and computer
- The width of the band internet service in the territory

Infrastructure for ICT and Office space

(Source: Albanian Investment Corporation, 2024) The Albanian government created a legal framework in 2021–2023, which culminated in the opening of DURANA Tech Park in March 2024, to assist IT firms and digital nomads.

This park, which is situated halfway between Tirana and Durres, aims to promote technical innovation in fields including cloud computing, software development, and system security. With the goal of establishing a center for scientific and technological breakthroughs in Albania, the Albanian Investment Corporation is about to start the selection process for the park's administration and patrons.

- Software and System Development: To provide reliable IT solutions, DURANA Tech Park provides services for software design, development, maintenance, and testing.
- Network and Security Solutions: The park specializes in information security consultancy as well as the design

and development of security and communication solutions.

- Research and Innovation: It promotes creativity and technical breakthroughs by offering research and development opportunities in domains like robots, cloud computing, and big data.

The Office Market in Albania

(Source: Colliers, 2024) Along with the increase of the new modern office stock, the Albanian market is experiencing a rise in demand for green buildings certifications. During 2023 a comprehensive work and consultancy have been conducted for one of the new high-end projects in Tirana (Park Avenue), which in the beginning of 2024 was awarded with the first BREEAM Excellent certification.

Additionally, 2023 has proven to be a standout year for tourism in Albania, with data from the Institute of Statistics (INSTAT) revealing that around 10 million foreign nationals visited the country, marking a 34.6% increase compared to the previous year.

In 2023, Tirana's office space grew significantly, with a 31% increase in total stock, mainly in the Central Business District. However, the vacancy rate surged to 21.56%, driven by new office spaces outpacing demand.

Tirana office market 2023	
Total stock	189,608 sqm
Vacancy	21.56 %
Prime headline rent	27 EUR / sqm

Tirana Office Space Snapshot (Colliers, 2024)

The "Revitalization of the Tirana Pyramid" project now offers technology-focused office and co-working spaces, further shaping the market dynamics. Following is a snapshot of Tirana office space market.

Education

Modernization in the education sector plays the role of a catalyst in providing skilled workforce for the administration as well as the overall economy.

E-administration and e-delivery are fundamental enablers of digital transformation in Albania's e-government services (UNDP, 2022).

In Albania, there are about 3,818 education institutions in both urban and rural areas that enroll nearly 520,759 students from pre-primary to upper-secondary education in the country. (Institute of Statistics - Tirana)

According to UNICEF, the literacy rate for the 15-24 years age group in Albania corresponded to 99.3%, while the completion rate of upper secondary education for the youth of school age is 77.9% (UNDP, 2022).

Education and training institutions: (AIDA, 2024)

In 2020, 20.1% of graduates were STEM students, while 27.3% of the total number of students were enrolled in STEM programs.

This offers a large pool of graduates and skilled resources, which can be immediately absorbed by the Albanian BPO industry. In the same year 5.4% of students were graduated from Information and Communication Technology (ICT) programs.

Of the total number of students 6.7% are currently enrolled in ICT programs.

Albania is ranked 1st in the CEE region (Central and Eastern Europe) in terms of the number of IT graduates per capita, 81 per 100,000 people, and is expected to rise going forward, according to the IT Landscape Report 2021 of Emerging Europe.

Significant reforms towards the school decentralization, introduction of competency-based curriculum, and significant changes in key education indicators, together with other socio-economic reforms, triggered improvements in instruction quality, textbooks, school buildings, and education infrastructure throughout the country (UNDP, 2022).

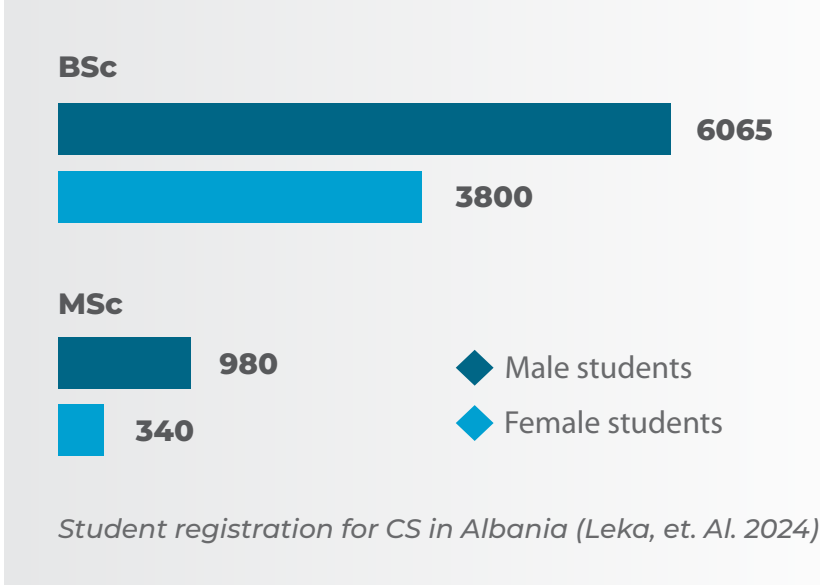
Digital Agenda of Albania 2015-2020 included priorities meant to enhance the education system by its digitalization, providing high-speed Internet to education institutions, integrating ICTs in the teaching and learning process, providing schools with the necessary equipment, and creating opportunities for the use of high-speed Internet in other environments within schools, not only in laboratories.

According to the National Plan for Sustainable Development of Digital Infrastructure, Broadband 2020-2025, the government's goal is to have 100% of schools connected with high-speed broadband connectivity of 1 Gbps and access in every classroom by the end of 2025 (UNDP, 2022).

Women's Access to ICT

In 2020, 71.2% of the female population was using the Internet, which is 2 percentage points lower than the share of men using the Internet. This gap diminished dramatically compared to 2019 when the data showed a difference of 5.2 percentage points between the shares of male and female Internet users.

However, the evaluation of data from university registration records can help draw significant patterns in the gender distribution of students in the Computer Science Department across Albanian academic institutions, revealing gender disparity in the ICT education sector (as demonstrated in the chart).



Labour Market and ICT Workforce Overview for Albania

Albania Monthly Earnings (CEIC Data, 2024)

Albania Monthly Earnings stood at 893 USD in Mar 2024, compared with the previous figure of 911 USD in Dec 2023. Albania Monthly Earnings data is updated quarterly, available from Sep 1996 to Mar 2024, with an average number of 433 USD

The data reached an all-time high of 911 USD in Dec 2023 showing the positive economic development from times of record low of 27 USD in Jun 1997.

ICT Saleries in Albania

The average salaries over all sectors have been increasing from 51,300 ALL in 2017 to 55,000 ALL in 2020
Source: INSTAT, 2020.

The average monthly gross salary in ICT for 2023 is about 108,918 ALL (1,047 EUR). (AIDA 2024)

After the Annual Report of ABSL Albania from 2021 a data analyst earns in employment about 1,000 EUR/month, an IT support function about 700 EUR/month.

In Back-office functions, a call center agent makes about 550 EUR/month, a sales agent about 450 EUR/month.

We recommend checking for updated numbers by the time of your evaluation, as labor market cost can differ greatly, depending on industries, company size and qualification.

Conclusion

Albania's ICT sector has witnessed impressive transformations, making it prominent as an industry hub in

the Balkan region. In recent years, the country has benefited from its strategic geographic location, coupled with its rich historical context, and has established a robust international presence. Though Albania has had a history of communism and insecurity, it has managed the transition towards a stable democracy, NATO member and trusted ally of the EU - making it attractive and secure for foreign investors.

The country's digital transformation strategy and other initiatives like the establishment of DURANA Tech Park, exhibits its commitment to fostering technological innovation and economic growth.

The prospects of growth in ICT and BPO sectors are brightened by demographic spectrum of Albania, with a population of nearly 2.4 million and a high literacy rate.

A young, multilingual workforce is an added advantage that facilitates the expansion of its outsourcing services. There is yet some way to go because all this doesn't come without some challenges. The coun-

try is working on gender disparity in the ICT workforce and upgradation of its population's digital skills. If the government continues to focus its efforts, it will help enhance the country's competitiveness on the global stage.

Albania has come a long way in increasing the living standards. It has now become an upper-middle-income nation. This economic progress is the result of economic reforms program, continuity in policies, boosted regional connectivity, and diversification in exports.

The ICT sector has contributed to this growth in a healthy manner and Albania now exports its IT related services to various countries including major markets in Europe. The e-Albania portal is one of the most noteworthy government's initiatives towards digitalization. It has proven to be a crucial step towards enhancing public service delivery and reducing corruption.

Though an appreciable achievement, there have been some stumbling blocks during Albania's digital



Photo: Tirana, Albania by Denis Ismailaj on Unsplash

transformation journey. The digital-only public services were implemented too abruptly, exposing some gaps in the country's infrastructure and tech-preparedness. Furthermore, the journey goes on for the Albanian administration to ensure that all citizens, particularly those with limited digital skills or resources, can access these services. This is the lifeline of Albania's digital endeavour.

Having said this, there is no doubt that the country's efforts in digital transformation are praiseworthy and are likely to produce long-term benefits.

Finally, emerging from being a historically isolated nation to a promising center for ICT services is evidence of this nation's strength and adaptability. Albania is well positioned to leverage its strategic advantage with continued in-

vestment in technology, infrastructure, and human capital.

Looking ahead, there are bright prospects for ICT in Albania, provided the necessary steps are taken to build on the progress made so far.

market analytics and consulting firm ICT MARKETS. In these functions, he works with leading organisations from buyer, service provider, and consulting side as well as with industry associations and government organisations, focussing on improving market conditions for IT, BPO and GBS services in Germany, Europe and in emerging economies.

He is advising companies on international sourcing, their strategies and on activities on the German and European markets. He has also been working with public economic support organisations on development and growth of ICT and GBS sectors in more than 20 countries. You can connect with Stephan via LinkedIn.com.



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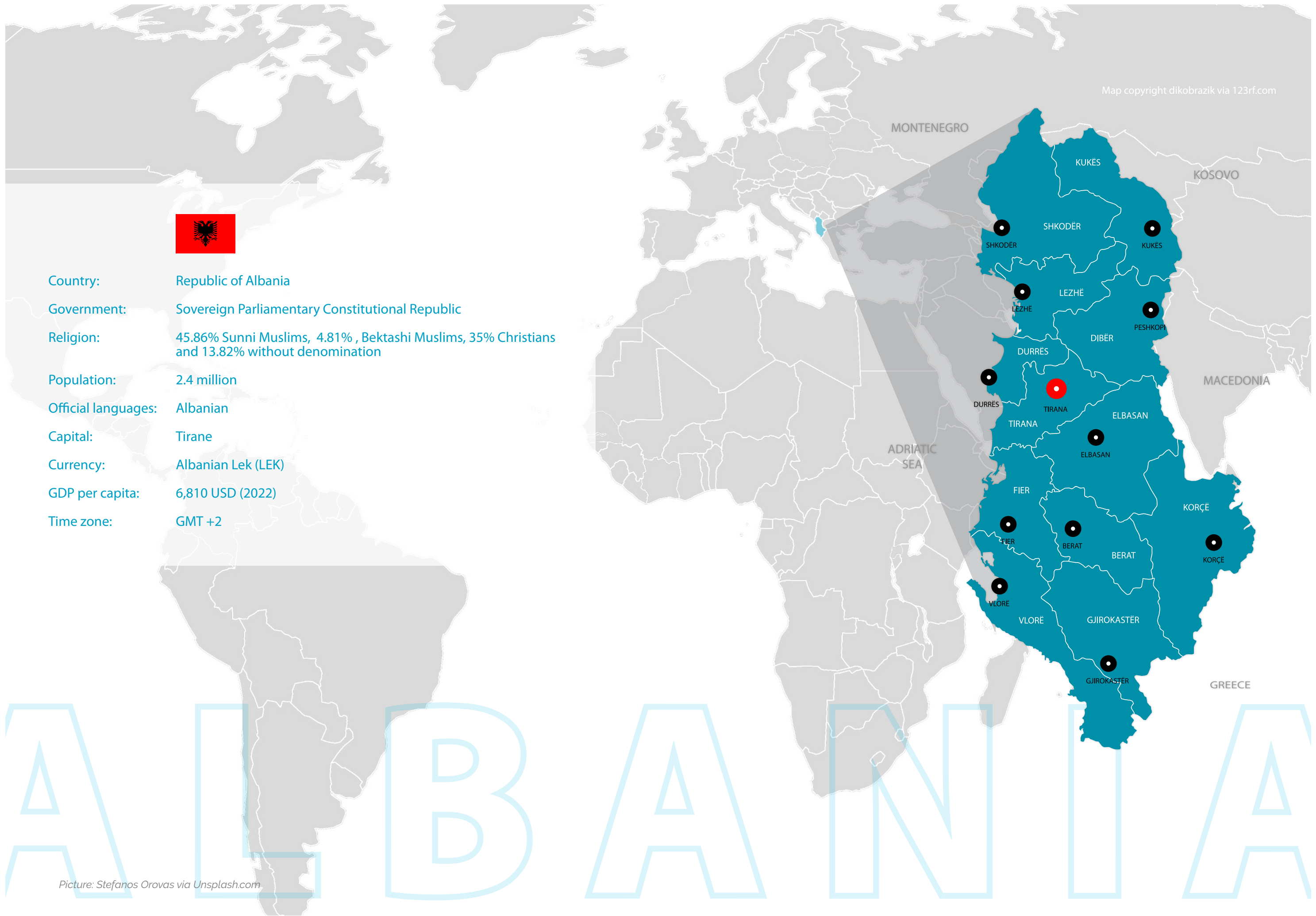
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Photo: Sarande, Albania's popular holiday destination by Abenteuer Albanien on Unsplash





Country: Republic of Albania

Government: Sovereign Parliamentary Constitutional Republic

Religion: 45.86% Sunni Muslims, 4.81% , Bektashi Muslims, 35% Christians and 13.82% without denomination

Population: 2.4 million

Official languages: Albanian

Capital: Tirane

Currency: Albanian Lek (LEK)

GDP per capita: 6,810 USD (2022)

Time zone: GMT +2



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