

BOOKLET on Shkodra and its Industrial zone

The following elaboration is supposed to function as an update of the brochure „SHKODRA – THE BUSINESS LOCATION IN NORTHERN ALBANIA“, published in 2006.

As far as possible parts of the original brochure were adopted for this document

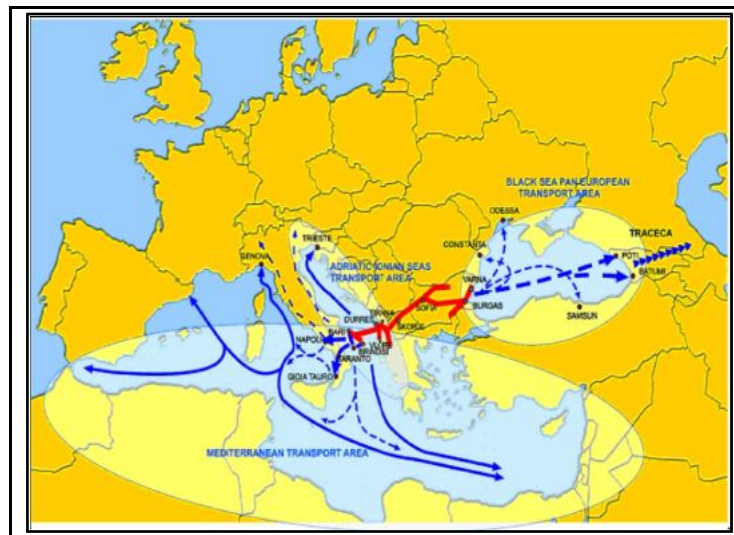
SHKODRA, the center of Northern Albania

Shkodra (with approx. 110,000 citizens) is located on Highway SH1, 90 km north of the capital, Tirana; 80 km north of Rinas International Airport; and about 110 km north of Albania's major seaport of Durres (see figure 1). Shkodra can be reached from Tirana in about 1½ hours. Shkodra is located in the catchment area of the future European Traffic-Corridor VIII (Brindisi – Sofia – Varna), see: figure 2. A railroad connection is in use from the Albanian port city of Durres via Shkodra to Montenegro and from there on to the Western European railway systems as well as those of Southeastern and Eastern Europe.

Figure 1 : Location of Shkodra in Albania



Figure 2: Future Traffic Corridor VIII



In its function as the regional administrative center of North Albania, Shkodra, among other things, is home to the local government, outposts of public authorities, regional jurisdictions and headquarters of the police, as well as the consulates of Italy, Turkey and Austria.

In line with a strategic planning programme developed by the municipality in 2004, the economic growth vision for Shkodra is to further develop the city in the timespan between 2005 to 2015, in tune with the city's history, its culture and the needs of its citizens. Shkodra will gain importance as an economic, educational, and trade center, and become an attractive tourist destination because of the strikingly beautiful, unspoilt nature that the area offers.

An important step towards the implementation of the regional economic development strategy is the decision of the Albanian government to set up the nation's first industrial park in Shkodra's former industrial zone.

INVESTING IN SHKODRA

During the last several years, Albania has worked very diligently to improve the investment climate in Albania. This effort has also benefited greatly from the experience and assistance of various international institutions. Now these efforts are becoming visible to the investors themselves: In the current worldwide investment scoring carried out by the World Bank (as reported in *Doing Business 2009*), Albania advanced in the category "Doing Business" by 49 ranks, from position 135 in 2008 to position 86 for 2009. In comparison with the other 22 Balkan cities included in the scoring exercise, Shkodra scores second runner-up as an attractive investment location.

Just as remarkable is the improvement in the area of "Protecting Investors Interests", where Albania advanced by 154 ranks from position 180 to position 14 for 2009.¹ This progress was particularly possible due to the success of the Government's 'one-stop-shop' Licencing Offices, that allowed those companies considering an investment to proceed with a simplified registration procedure in Albania, and especially in Shkodra.

The safeguarding of secure financing through state guarantees met the investors concerns. For example, the German HERMES Export guarantees for Albania have improved further in comparison to 2006.

As well as offering appropriate plots to potential investing companies, the municipality of Shkodra has simplified the handling of all necessary registration, licensing, and other legal formalities through its "One stop shop" programme.

Further information concerning terms of investment and solutions for acquisition of ownership can be found on the Internet on www.albinvest.gov.al and in the book *Investment in Albania 2008*, published on www.bogalaw.com.

Since the 1990's, more than ten national and international investors have chosen the industrial zone of Shkodra as their location for business and production (see Figure 1). At this point, more than 40 SMEs operate in the Industrial zone. Large production facilities, such as a production facility for a major Italian textile company, are currently under construction (see figure 3).

¹ www.Doingbusiness.org/ExploreEconomies/?economyid=3

Table 1: Important industrial settlements in Shkodra's Industrial Zone since 1996

NR	Name of the company	Country of origin	Start of operation	Actual number of Employees
1	ADELCHI - GREN SHOE	Joint venture	18-DEC-97	840
2	BERTTONI – Shoes	Albanian	30-DEC-99	410
3	ADELCHI – Shoes	Albanian	27-MAR-00	343
4	Felix – M -	Italy	01-JUN-96	117
5	Dupon - Chemical	France	06-JUN-06	113
6	MADISH Cottonella - Textil	Italy	01-JUN-96	110
7	ALB-KONF - Textil	Joint venture	01-JUL-96	90
8	Moda- Teli – S -Textil	Joint venture	01-JUN-96	85
9	"LAURUS" - Textil	Albanian	01-SEP-06	80
10	SHQIPERIA TRIKOT - Textil	Joint venture	01-JUL-96	55
11	Rubin - Textil	Albanian	12-FEB-03	50
12	MEAT MASTER " Kimça"- Food	Albanian	20-JUL-00	48

Figure 3: Building under construction in Shkodra's Industrial Zone, for a major European textile producer



INFRASTRUCTURE AS A FOUNDATION FOR INVESTMENT

The Industrial Zone in Shkodra has been greatly enhanced through various technical infrastructure measures and today offers an excellent road network, a stable and independent power supply, as well as a modernized water supply and sewage system (see Figures 4 and 5).

It is noteworthy that many of these investments were facilitated by partners such as the the Austrian Government and Albanian Government.

Figure 4: Access road to Shkodra’s Industrial Zone



Figure 5: Electric power station of the Industrial Zone



In the area of complementary infrastructure, Shkodra has a wide range of fine hotels meeting high Western European standards, with the possibility to host business travelers, groups, and to provide conference facilities.

INDUSTRIAL TRADITION IN SHKODRA

Trade and especially craftsmanship have a long tradition in Shkodra. Before 1990 Shkodra was one of the major economic and industrial areas in Albania. The workforce was highly skilled and specialized in the processing of local resources. Important branches of the processing industry in the city were tobacco processing, production of tinned food, food processing industry (sugar, pasta and vegetable oil) as well as beverage industry. The textile industry was specialised on the production of clothing and silk products. There were sewing mills and paper manufacturers, as well as metal working (for building, escalators and automotive industry).

Very little is left of these industries since the collapse of the old regime.

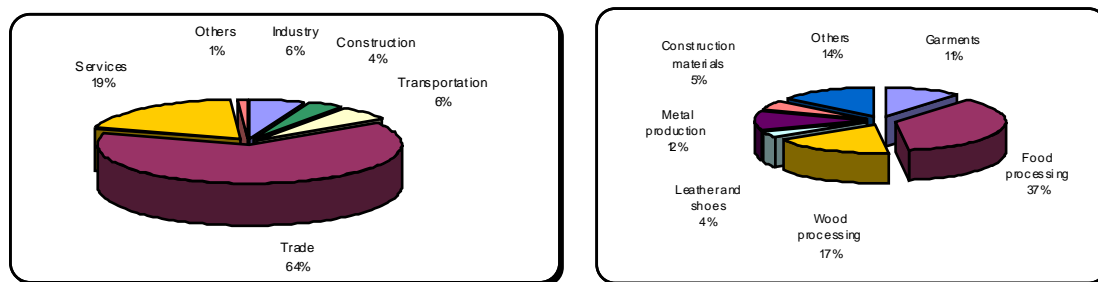
Nevertheless a revitalization of the economy has begun since the end of the 1990's. This has led to the establishment of numerous small businesses. For example a center for traditional handicrafts is currently (with German help) under construction (see figure 6).

Figure 6: New Handicrafts Center (under construction)



An overview of Shkodra's present economic structure is demonstrated in the following graphs and tables.

Table 2: Structure of business sectors and processing industries in Shkodra



Source: Municipality of Shkodra.

Table 3: Structure of private businesses registered in Shkodra (2008)

Denomination.	No. of Companies.	Denomination.	No. of Companies.
Clothes Products	17	Meat Processing	4
Shoes Production	6	Dairy	8
Construction Enterprise	123	Press Publications	8
Wood Processing	33	Constructing materials	10
Bakery	33	Merchants	2087
Refreshing and alcoholic drinks	8		
Handicraft enterprises	2	Metal production	22
Sugar production	5	Hotel services	6

Source: Municipality of Shkodra

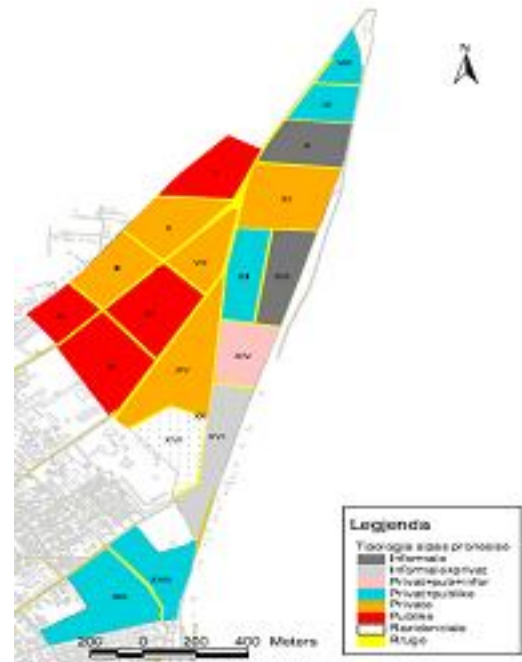
AVAILABLE LAND IN THE INDUSTRIAL ZONE

The Industrial Zone of Shkodra contains about 140 ha (see Figure 7).

Figure 7: Industrial Zone Shkodra



Figure 8: State owned plots in the Industrial Zone (red)



Of these about 30 ha are 100% state-owned and may be made available for investors at short notice (see red plots in Figure. 8). Additional parcels may be available for lease or purchase on the medium term from private owners.

HUMAN CAPITAL AND TRAINING OPPORTUNITIES

With 243.000 inhabitants in the city and region of Shkodra, and an average age of 27, the region has a fairly young population. In recent years, the Albanian education system has undergone considerable improvement, and at present curricula are being modernised and the equipment of educational institutions is being upgraded. In Shkodra there are eight schools providing vocational training in addition to the usual elementary, Middle- and High Schools. Two professional schools of high interest to companies are the “Industrial School” (see Figure 9) and a “Professional school for construction engineers”.

With Austrian support, an Informatics Middle School has recently opened its gates to students (see Figure 10).

On the German side, there is an ongoing professional education project in Northern Albania, based on the German dual system.

Additionally there is a university in Shkodra. In the years 2007/2008 more than 10,000 students were enrolled. Besides languages, social studies, law, natural sciences and tourism it also offers Business and Management classes. The Business faculty has around 1,700 students enrolled.

The Industrial Zone Shkodra is the first Industrial Park approved by the Albanian government. (No residential buildings are permitted, and eco-friendly investments are preferred). The municipality of Shkodra was designated as managing operator of the Industrial Park in 2008. [Ridvan: is this an accurate statement??]

Figure 9: Professional school in Shkodra



Figure 10: Informatics School



NATURAL RESOURCES AND RAW MATERIALS FOR INDUSTRIAL PROCESSING

The region of Shkodra offers various natural resources (see following tables):

- Forests: around 240.000ha
- Surface water (Potential for Hydropower = 400 mW)
 - Shkodra Lake = 369 km² (149 km² in Albania)
 - shoreline = 14.5 km
 - annual harvest = 50 kg/ha
 - Vau i Dejes Lake = 27 km²
 - Installed power = 250 mW
 - Koman Lake = 17 km²
 - Installed power = 600 mW
- Metals and mineral resources
 - Copper mine (45 km from the city)
 - Reserves estimated = 1 million tons
 - 2.5 % Cu
 - Bauxite mine (13 km from the city)
- Non-metal mineral resources
 - Kaolin
 - Domen-Postribe (13 km)
 - Vig (45 km)
 - Silica source (Vilza = 21 km)
 - Dolomite (limestone) stone resources (Rrasek = 11 km)
- Rhyolite stone resources (Gur i Zi = 6 km)

In the city's periphery there are various raw material deposits that could be used for the production of building material, such as cement, chalk, bricks, ceramics and marble.

BUSINESS AND BUSINESS OPPORTUNITIES

Infrastructure projects

The newest projects in Shkodra will change the infrastructure of the city for the better. As of the end of 2007 alone, the city invested 7 Million Euro in new and upgraded infrastructure. The construction of the road from Shkodra to the city of Hani Hoti, close to the border of Montenegro, will be financed by the Italian government with 23 million Euro. The KfW , Austrian and Swiss governments are committed to finance the improvement of the water and wastewater system by investing 15.4 Million Euro.

The lake of Shkodra has been dedared a nature protection area. Several projects of GTZ and World Bank focus on this area of action. The focus of all efforts lies in the preservation of nature, planning of possible development, a sustainable handling of the natural resources and the development of eco-tourism at the lakeshore.

The regional planning document for Shkodra is done and approved, funded by The European Commission. The GTZ advocates the economic development of the region and the municipality has developed a strategy for better economic progress. All these efforts contribute to an improved alignment of the future development strategy and as well bundle the most important interest groups, to realize common goals.

Preferable Location as a logistics center

The development of the neighboring state of Montenegro after its independence has benefitted tourism and traffic connection to the rest of Europe. This offers the opportunity for Shkodra to develop into a regional center of traffic and trade, providing the connection to Montenegro, Kosovo and Macedonia. A possible location for a logistics center has already been pointed out in the regional development plan.

Areas of likely growth

In their concept for regional planning, the European Commission pointed out the following economic sectors as having the greatest growth potential:

- **Agriculture, i.e.** production of agricultural goods and their processing
- **Forestry and wood procesing;** i.e. the production of bulding materials, medical usage of plants and herbs
- **Fishing**
- **Tourism;** ecotourism preferred
- **Light industries**
- **Service sector** (Financial services, Banks , Logistics, Insurances , etc)