Terms of Reference (ToR)

For

Engagement of 1 (one) international company to conduct the Annual Startup Ecosystem Report for Albania

under

Challenge Fund, EU4Innovation 2023-2026

Project

Tirana, Albania
December 2024

TERMS OF REFERENCE AND SCOPE OF SERVICE

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1. Background

Partners Albania for Change and Development (PA) is an Albanian NGO, established in 2001. PA's mission consists in the support of civil society and the facilitation of inter-sector cooperation to strengthen democratic institutions and advance economic development in Albania. PA is a member of Partners Global, a network of 20 independent organizations in Europe, the Americas, Africa, and the Middle East, working for peaceful and democratic change.

PA has built its operations in four key programmatic areas, namely:

1. Enabling Environment and Sustainable Development of CSOs, contributing to the empowerment of civil society actors and civic engagement through *capacity building* programs, *monitoring and advocacy* for an enabling legal and practical environment for CSOs operation, and *financial support* for the sector.

2. Entrepreneurship and Social Innovation, developing and supporting the ecosystem of entrepreneurship and social enterprises (SEs) through research, advocacy, financial support mechanisms, expertise, and networking opportunities.

3. Philanthropic Activity and Support Infrastructure, developing and promoting philanthropic activity in the country through research, advocacy actions for an enabling environment, awareness raising, and promotion activities on the economic and social value of philanthropy.

4. Transparent and Accountable Participatory Governance contributing to the development and growth of civil society practitioners and public administration officials in their efforts to building strong institutions, manage open and transparent processes and overcome corruption.

PA has vast experience in designing and managing EU-funded projects and sub-granting schemes in the frame of EU projects. Since 2012, PA has implemented **more than 20 projects funded by the EU**. The organization also works for the *development of Social Enterprises* (SEs) and start-ups, generating social impact through a) research; b) advocacy; c) education and public awareness; d) financial support to 3-rd parties.

Since June 2023, Partners Albania is the Cooperation Partner of SIDA for the implementation of the Challenge Fund, under the framework of the EU4Innovation Phase II, 2023-2026.

The Multi Donor Action EU4Innovation Phase II, 2023-2026 is jointly co-financed by the EU, the German Federal Ministry of Economic Cooperation and Development (BMZ), and Sida and implemented by GIZ and Embassy of Sweden in Tirana.

The 'EU for Innovation' project, funded by the European Union, the German Federal Ministry for Economic Cooperation and Development (BMZ) and the Swedish International Development Cooperation Agency (Sida) is implemented by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH and Embassy of Sweden Tirana.

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The aim of the Challenge Fund is to improve and diversify finance opportunities for Albanian start-ups and MSMEs, with innovative solutions (e.g., products, services, business models, processes) and (ii) start-ups with prominent tech content with the potential for global expansion and rapid growth.

One of the key objectives of the Challenge Fund is to provide targeted support to both the Minister of State for Entrepreneurship and Business Climate and the Startup Albania State Agency. This includes offering in-depth studies and analyses of Albania's startup and innovation ecosystem to help address gaps and foster growth. By supporting these strategic efforts, the Challenge Fund aims to enhance the effectiveness of the Startup Albania State Agency's initiatives and create a more supportive environment for entrepreneurs.

Albania's startup ecosystem is one of the most vibrant and rapidly growing sectors, with particular strength in the ICT sector. Despite recent improvements in supporting young companies and fostering innovation, challenges remain, especially in the aftermath of the pandemic, which exposed vulnerabilities in many sectors. Strengthening innovation across industries and helping startups access international markets is a top priority for the Albanian government, especially given the country's potential advantages, such as a favorable tax climate, an educated young population, and the prospect of EU membership. However, significant efforts are still required to overcome limitations in innovation capacity and technological infrastructure.

In 2024, the Albanian government established the **Startup Albania State Agency**, tasked with overseeing the development of the country's startup ecosystem. According to Albanian law[1] "Startups" are individuals and natural or legal persons registered in the commercial register of the Republic of Albania, who, with reference to the object of their activity, have been conceived, created and operate with the aim of initiating the implementation and development of a unique innovative and/or technological business model, product and service, with rapid growth potential, applicable in practice, for the significant improvement of existing business models, products and services.

As part of its efforts, the agency launched its first grant funding call, allocating a total of 3 million euros to support emerging startups. Additionally, the government developed the **National Strategy for the Development of Innovative Entrepreneurship 2024-2030.** This strategy outlines a clear vision for Albania to become a regional leader in fostering innovative entrepreneurship, focusing on strengthening key sectors, encouraging innovation, and creating a supportive environment for startups to thrive. As part of this vision, the Agency will undertake the yearly preparation and publication of the Annual Startup Ecosystem Report for Albania.

The Startup Ecosystem report is a yearly activity that Startup Albania will deliver to the ecosystem, aiming to inform, track, and direct resources, legislative changes, and objective metrics and reporting that will trigger the implementation of subsequent initiatives at the right point in time.

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[1] https://qbz.gov.al/eli/ligj/2022/03/10/25/74eb31e2-d325-4e12-adc6-e9b7485134be;q=startup

2. Objective of the ToR

The main objective of this call is to identify 1 (one) experienced international company to conduct the first Annual Startup Ecosystem Report 2024 for Albania, which will support Startup Albania Agency in fulfilling the vision of the National Strategy for the Development of Innovative Entrepreneurship 2024-2030.

This report aims to provide a comprehensive, data-driven analysis of the country's startup landscape. It will assess the ecosystem's health, growth, and challenges, offering actionable insights for policymakers, investors, donors, and stakeholders to support and strengthen Albania's startup environment.

To ensure the report is accurate and insightful, specific metrics will be gathered from key actors within the Albanian startup ecosystem. These actors will include startups, incubators, accelerators, venture capital firms, donors, angel investors, government agencies, and relevant educational institutions. The collected data will form the basis for identifying trends, opportunities, and areas for improvement.

The data collection for the Annual Startup Ecosystem Report 2024 will be conducted through structured surveys, interviews, and public data sources, focusing on five key areas. These areas will include startup metrics such as the number of startups, industry segmentation, founder demographics, employment statistics, funding status, and revenue growth. It will also analyze the investment landscape, encompassing the number and activities of investors, investment volumes, the extent of donor initiatives and grant allocations, and exit trends. Additionally, the report will assess ecosystem support organizations, such as incubators, accelerators, and coworking spaces, as well as government-backed programs. Innovation and technology trends, including R&D and intellectual property, will be analyzed, alongside challenges and barriers startups face, such as funding issues and regulatory bottlenecks.

The expertise is expected to be conducted both online and onsite, as needed for data collection. In case of travel required in/within Albania, all costs related to travel, accommodation and meals should be covered in the financial offer.

At the start of the assignment, the company will conduct a kick-off meeting with the Agency staff to understand needs and objectives, clarify expectations, and any specific requirements for the assignment. Coordination meetings will be organized with the Agency' staff during the implementation of the contract.

The company will be committed to provide the service required during the period February – April 2025.

The assignment will be accomplished within **3 months** (from the date of award of the contract).

The expertise will be provided in the **English language**.

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Under the supervision of the Contracting Authority, the company will coordinate closely with the Startup Albania Agency to manage the progress of the work, address any related issues, and facilitate data collection or communication with ecosystem actors in Albania.

3. Duties and Responsibilities

The company is expected to fulfill the following duties and responsibilities related to the above-mentioned areas:

- Collect data on the key metrics below on startups (around 540 startups identified by the Albanian Start-up Agency), investors, donors, and ecosystem support organizations (around 150 startup facilitators identified by the Albanian Start-up Agency).
  Data collection will be done in close collaboration with the Agency that will provide the company with: i) a list of Albanian ecosystem actors that have already been mapped and, ii) access to all available data gathered through their daily operations and the survey with the ecosystem actors on main key metrics below.

1. Startup Metrics:
- **Number of Startups:**
  - Total number of startups established in the reporting year, as registered in National Business Center and listed in the Startup Passport.
  - Active vs. inactive startups.
- **Industry Segmentation:**
  - Industry sectors and startups in those sectors
  - Industry verticals (e.g., fintech, health tech, edtech, agritech, etc.)
  - Focus areas such as green tech, digital transformation, or deep tech.
- **Founders' Demographics:**
  - Age, gender, educational background, and nationality of founders.
  - Experience level and serial entrepreneurs.
- **Employment Statistics:**
  - Number of employees per startup.
  - Full-time vs. part-time employees.
  - Employee demographic data (gender, age, skills).
- **Funding Status:**
  - Sources of funding (angel, VC, donors, government grants, crowdfunding, etc.)
  - Amount of capital raised per startup.
  - Stage of fundraising (pre-seed, seed, Series A, etc.)
- **Revenue & Growth Metrics:**
  - Annual revenue growth.
  - Customer acquisition metrics (local and international market focus).
  - Business expansion activities (new markets, partnerships, etc.)
- **Support Participation:**
  - Participation in incubator/accelerator programs.

- o Mentorship and business development support received.

2. Investment Landscape:
- **Number of Investors:**
  - o Number of active venture capitalists, angel investors, and corporate VCs.
  - o Local vs. international investors.
- **Investment Volumes:**
  - o Total venture capital invested in the ecosystem.
  - o Average investment ticket sizes.
- **Investment Focus Areas:**
  - o Industry verticals attracting the most capital.
  - o Number of investments made in early-stage vs. late-stage startups.
- **Number of Donors:**
  - o Number of active donors.
  - o Local vs. international donors.
- **Grant Volumes:**
  - o Total grant allocated in the ecosystem.
  - o Average grant sizes.
- **Grants Focus Areas:**
  - o Industry verticals attracting the most grant financing.
  - o Number of grants allocated in early-stage vs. late-stage startups.
- **Exit Activity:**
  - o Number and value of startup exits (acquisitions, mergers, IPOs).

3. Ecosystem Support Organizations:
- **Incubators and Accelerators:**
  - o Number of incubators and accelerators.
  - o Programs offered and participant statistics.
  - o Success stories and graduation rates.
- **Coworking Spaces:**
  - o Number of active coworking spaces.
  - o Occupancy rates and startups using these spaces.
- **Government and Institutional Support:**
  - o Policies or grants introduced to support startups.
  - o Number of startups benefiting from government-backed programs.
  - o Collaborations with international bodies or institutions.

4. Innovation & Technology Trends:
- **R&D Activities:**
  - o Percentage of startups involved in research and development.
  - o Collaboration with universities or research institutes.
- **Intellectual Property:**
  - o Number of patents filed by startups.

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o Number of trademark or IP licenses secured.

5. Challenges and Barriers:

- **Primary Obstacles Faced:**
  o Common challenges faced by startups (funding, market access, talent acquisition, etc.).
  o Regulatory or policy bottlenecks.
- **Failure Rate and Reasons:**
  o Number of startups that closed or pivoted.
  o Major reasons for failure (financial, market, operational).

- Conduct structured surveys, and interviews, with key actors in the Albanian startup ecosystem, including startups, investors, donors, accelerators, government bodies, and educational institutions, to enrich data gathering and insights on key metrics.
- Analyze and present data on startup metrics, investment landscape, ecosystem support, innovation trends, and challenges in a clear, actionable format.
- Conduct comparative analysis of Albania's startup ecosystem with regional and global counterparts to highlight strengths, weaknesses, and areas for improvement.
- Provide actionable insights and recommendations based on the findings to help policymakers, investors, donor, and other stakeholders strengthen the startup environment in Albania.
- Prepare the draft report and share it with the Startup Albania Agency to gather feedback and comments.
- Incorporate the necessary changes based on feedback from the Startup Albania Agency and finalize the report accordingly.
- Prepare and submit the final report with annexes, incorporating visual data representations, charts, and case studies where applicable, and the publication-ready version of the report.
- Attend the study's launch event, where one team member from the company will present key insights from the published report. The event will be organized by the Startup Albania Agency and stakeholders, and it is expected to take place between April - May 2025.

4. Main deliverables

The company is expected to submit the following deliverables related to the above-mentioned duties and responsibilities:

- <u>Survey Tools:</u> Development and provision of tools for conducting surveys, and interviews, including questionnaires and data collection templates.
- <u>Draft Report:</u> A preliminary version of the study, presenting initial findings and analysis for review and feedback from the Startup Albania Agency.
- <u>Final Report:</u> the finalized report, incorporating feedback and presenting actionable insights and recommendations for a complete and polished document.

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- Annexes: Comprehensive annexes containing detailed data, methodologies, and supplementary information. Any additional materials, such as visual data representations, summaries, or appendices, to enhance the report's clarity and impact.
- Published Report Version: A professionally formatted version of the final report, prepared for public dissemination.
- Presentation at Launch Event: A concise and visually engaging presentation summarizing the report's key findings and insights for use during the launch event.

5. Experience and qualification of the Experts

The desired qualifications of the company for this assignment are the following:

- At least 7 years of proven experience in conducting research specifically focused on startup and innovation ecosystems, with a portfolio of similar projects completed at both local, regional and/or international levels.
- A multidisciplinary team of experts, including researchers, analysts, and industry specialists, each with relevant experience and educational backgrounds in entrepreneurship, economics, and business development.
- Proven and well-defined methodology for qualitative and quantitative data collection, analysis, and reporting that is tailored to the complexities of startup ecosystems.
- Fluent in English language, both oral and written;
- Strong analytical capabilities to interpret complex data sets and identify trends, challenges, and opportunities within the startup ecosystem.
- Strong communication skills, both written and verbal, to effectively present findings, insights, and recommendations to diverse stakeholders, including policymakers, investors, and startup founders.

6. Contracting Authority

The company will work under the supervision of Partners Albania for Change and Development, to which the company will directly report with regard to the implementation of the task.

7. Contractual Arrangements

The assignment is expected to be conducted between February – April 2025. The company must be available during the time frame foreseen. The company must be independent and free from conflicts of interest in the responsibilities they take on.

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8. Submission of the documents

The deadline for submitting the application is January 24th, 2025, no later than 12:00 PM Albanian time.

Application documents must be in English and sent via e-mail to the following address: partners@partnersalbania.org

Partners Albania for Change and Development embraces diversity in its hiring, welcoming individuals of all religions, ethnicities, genders, and orientations to apply.

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