Report on the CSR Expert mission to Albania

November 2015
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1. Introduction

This report is the result of an expert mission executed by CSR Netherlands and commissioned by RVO and the Embassy of the Kingdom of the Netherlands. This mission is a follow up and builds on the relations already established during the previous CSR missions of CSR Netherlands executed for the Dutch Embassy in Albania.

The Albanian textile and leather industry has a poor grasp of innovative, sustainable and CSR business models. On behalf of Albanian institutions and companies the Albanian Investment and Development Agency (AIDA) asked for support, knowledge and expertise in order to develop and to promote the textile and leather sector.

The overall purpose of the project is thus to identify the feasibility of specific, tangible and realistic opportunities for pilot projects and joint ventures between Albanian and Dutch stakeholders in the textile and leather industry in order to contribute to private sector development in a sustainable way in Albania.

In the Netherlands little is heard about Albania’s textile and leather industry and very few Dutch companies are doing business there. But that may soon change. Albania offers medium up to high quality goods, production costs are relatively low and lead times are short. This is well known in the Italian market, but not yet in others. CSR Netherlands examined Albania’s textile and footwear industry in November 2015 to spot the opportunities for sustainable growth so that the label ‘Made in Albania’ will be known as a sustainable, reliable label that stands for quality and craftsmanship.

Based on the observations and recommendations of the expert team a number of pilot projects are identified that could contribute to a more sustainable sector with a ready-made or customized industry and if possible, with less waste of fabrics or leftovers.

This document contains an overall report of the project, including the mission’s program, the expert views and suggested pilot projects.
2. Background

The previous exploration mission by CSR Netherlands in September 2014 has provided useful insights that served as a basis for the expert mission which are described in this section.

2.1 Trajectories

The textile and footwear sectors were identified as promising sectors to further explore for possible pilot projects and joint ventures between Albanian and Dutch parties, in which the following four trajectories were identified:

- Leather sector: Seeking for concrete opportunities to create sustainable tanneries, since the lack of tanneries impedes the sector and causes overstock;
- Textile sector: Elevating the label ‘Made in Albania’ by matching Dutch SME’s and top designers (high segment) who would produce small orders in Albania of high quality goods; by having top designers use the label “Made in Albania” the label can be positioned as something exclusive. Moreover, smaller orders and short lead times to the Netherlands reduce overstock and could reinforce Albania’s position as a producing country for the EU market;
- Elevating the label ‘Made in Albania’ by cooperation between Dutch, Albanian and international fashion associations (Modint, AIDA & IAF) to position this label in the EU/global market.
- Knowledge exchange and cooperation: supporting the knowledge and capacity level of the technical textile/leather academia with Dutch experts including exploration of bilateral cooperation in education & research trajectories.

2.2 Goals

RVO has invited CSR Netherlands to set up a mission program for capacity building and involving further expertise based on the following goals:

1. To identify the economic and technical state of the art of these sectors with experts;
2. To increase knowledge and expertise in the field of sustainable textiles and leather for the local government and industry;
3. To develop a roadmap for the Albanian textile and footwear sectors including a GAP analysis for marketing and branding, for future cooperation and joint ventures between Albania and the Netherlands. The roadmap will be written for buyers and retailers who are interested in sourcing in Albania, and will be officially launched during a stakeholder meeting and featured in a press article;
4. To investigate the feasibility for a pilot of a sustainable tannery in Albania;
5. To investigate the feasibility for a pilot for the design and production of (fast?) fashion in Albania with the support of Dutch designers in order to upgrade the label ‘Made in Albania’;
6. To explore exchange possibilities between textiles and fashion programs in Albania and the Netherlands.
3. Method & activities

3.1 Stakeholders

In order to meet these goals CSR Netherlands brought 7 experts to Albania to assess their feasibility. The experts were selected based on the need assessments from Albanian parties and accordingly on their knowledge, interest and expertise to support this mission. For the full list of experts and their deliverables, see annex 2.

In Albania the following stakeholders were involved:

- Overall stakeholder: the Albanian Investment & Development Agency (AIDA)
- Local agent: Mr. Gojart Smaja
- Governmental bodies: Dutch Embassy in Tirana & Albanian Embassy in The Hague
- Knowledge institution: Polytechnic University of Tirana
- Textile companies
- Leather companies

Local agent Mr. Gojart Smaja facilitated in local network support, needs assessments of Albanian textile and leather sector, statistics and state of art, local stakeholder analysis & map, program, field visits and logistics.

CSR Netherlands was responsible for the project coordination, CSR expertise, selection of participants, assessments on possible support from Dutch parties, feasibility for a pilot for a sustainable tannery and social entrepreneurship, preparation of roundtable/workshop and outreach of project results in The Netherlands.

3.2 Project phases

The expert mission was executed in three phases:
Fase 1: Preparation (1 October 2015 – 20 November 2015)
Fase 3: Finalization and Next steps (30 November 2015 – 30 April 2015)

Fase 1: Preparation

In this phase CSR Netherlands conducted preliminary need assessments of Albanian and Dutch stakeholders in order to select the expert team. In addition, the local consultant, Mr. Gojart Smaja, disclosed key economic data on e.g. the size and turnover of the textile and leather sector (see ‘General findings’ p.9)

Based on this research, the experts were approached for taking part of the mission. Moreover, the expected results from these experts were described in a ‘terms of reference’ (TOR) (see annex. 2 ‘Expert list & deliverables).
For the selected experts a preparatory meeting was held on October 9, 2015 at the CSR Netherlands office in order to get to know each other and to discuss the mission’s programme, goals and deliverables. It was also a moment for the expert team to ask for additional information needed that could help them prepare for the execution of the mission.

Based on this preparatory meeting a final mission program was established in close cooperation with the local consultant, Mr. Gojart Smaja, and in coordination with Ms. Ellen van der Lei from the Dutch Embassy in Tirana and mrs. Brigitta Groenland from RVO. Several data files and reports were shared with the experts to enable a thorough preparation.

**Fase 2: Execution of the mission**

During the mission, consisting of a 4-day programme, the group of Dutch experts (differentiated according to textile experts and leather experts) visited 21 companies in total, had meetings with branch representatives, the Polytechnic University of Tirana and hosted a closing seminar for public and private stakeholders from both sectors. Moreover, the expert group gave a series of lectures and workshops to the Polytecnic University and conducted feasibility studies as described before. Based on these studies they handed in pilot project proposals for bilateral partnerships with sustainable development of the textile and footwear sector as a starting point. Both studies including observations and recommendations as pilot project proposals will be presented later on.

The execution of the mission took place between 22 and 26 November 2015. For the full 4-day program of the mission, see annex.1 Agenda Expert Mission.

**Fase 3: Finalization and Next steps**

After the execution of the mission the reports and deliverables of the experts were collected and served as the basis for this report and for the CSR Roadmap. Moreover, the experts handed in a description of the pilot projects they identified. Summaries of those pilot projects are to be found on p. 25.
3.3 **Companies**

From 23 to 26 November 2015 the experts visited a selected variety of companies in cities as Elbasan, Dhurres, Fier, Skodra and Tirana. The visited companies representing the textile sector are listed below with a brief description.

1. Miri ltd: small company producing work wear and outer wear. M(T) production.
2. Dojofada: small company producing work wear and outer wear. M(T) production.
3. Moda Teli: a rather advanced medium/large company producing work wear and outer wear. CMT+packaging production, 500 employees.
4. A&M Textil: small company with an almost fully integrated vertical supply chain. The company delivers 'full package' including weaving, embroidery and dyeing.
5. Krienko: large jeans producer for the Italian, Turkish and Spanish market. The company also finishes the product and established a brand line for the Albanian market.
7. AMBRA ltd: large company producing high segment garments for luxury brands. Delicate fabrics, flexible orders. CMT production.
9. SAM Wear ltd: small company with customized and on demand printings production for polyester fabrics, mainly sports wear. B2B and B2C. Clients can make their own print designs and orders start at 1 piece.
10. Melgushi: large underwear producer. CMT, 400 employees.
11. Alba Textil: large knitting company with own designs and flexible order sizes. Impressive machinery from Italy.
14. Maison Stella Sallaku: start up run by two young entrepreneurs. Focus on design, tailoring and social business models.
The visited companies representing the leather sector were:

1. MR International ltd: tannery (run by Mrs Lulieta Kucuqi, President of the Albanian Leather Processing Association)
2. Euro’s Conceria: tannery
3. W.XH Sh.p.k.: abattoir
4. Artisano: tannery
5. DoniAnna Shoes: footwear company
6. Mali Sh.p.k.: footwear company
7. FG shoes and Alan Gore: footwear company
4 Textile sector

In this section a general overview of observations and recommendations will be given about the visited textile companies.

4.1 Observations

4.1.1 General findings

Most companies in the Albanian textile industry are family owned businesses created in the 90s. Its strategic geographical location allows an easy and rapid reach to European markets. Currently mainly the Italian market is served (80-90%), followed by Germany, France and the Netherlands. The Albanian government has signed numerous free trade agreements such as CEFTA, EFTA, WTO membership and the signature of the Stabilization and Association Agreement gives Albania free access to EU markets. The annual average growth of Albanian exports to the EU is 13.2% passing from 678M€ in 2008 to 1.11Mld€ in 2012.

In total the sector employs roughly 70.000 employees who earn an average gross wage of 22.000 ALL (equalizing €160) for 174 hours work per month. Salaries below 30.000 ALL do not have to pay personal income tax. Social security and health insurance for new employees are covered by the government for three consecutive years in case of a 6-year term contract. The sector consists of over 550 companies and generates 34% of Albanian exports (424M€ of which 208€ in footwear). More than 57% of the population is under the age of 35, which brings a young and dynamic work force.

In total a variety of 14 textile companies were visited. These companies represented different aspects of the Albanian textile sector and most were assessed as the sector's 'best practices'. Together they form about 10% of the total sector since they employ
roughly 7000 employees, while the total sector employs over 70,000 employees. A vast majority of these companies were CMT driven (Cut Make Trim). Besides CMT, 3 visited companies offer ‘full package’ (from weaving/design to a ready made garment) and the first and so far only knitting company in Albania with impressive circular knitting machinery.

Since CMT is currently the sector’s main activity, it is assumed that the other 90% of the sector is represented by (C)M(T). This means that designs, patterns and cut patterns are imported and that most of the finishing is conducted elsewhere. Since the sector is mainly serving the Italian market (over 90%) the Italian contract providers have full control of pricing, margins, timing and sales. Therefore Albanian companies are highly dependent on the Italian market. The major shortcoming that was identified is the low level of added value the sector creates. The graph below shows on which part of the supply chain the majority of textile companies in Albania is currently focusing. Knitting and (jeans) washing facilities are present in Albania, but on a small scale.

Source: CSR Netherlands
4.1.2 **Quality:**

Overall the garments produced were of a medium to a good quality. Relatively simple fabrics are used for active and work wear. Products range from sports wear, parka’s and trousers made of solid, resistant materials. For these product units companies such as Miri ltd en Moda Teli have shown a very good performance. In some companies the machinery to work with rather delicate textiles is missing. Also low segment production was seen which was of a lower quality, for which there is a market as well. However, the overall impression is that the sector offers middle up to high quality products. Some companies, such as AMBRA ltd, Alba Textil, Kler, Omega textile ltd, Liljana Saraci and SAM Wear ltd showed very interesting sourcing possibilities for the Dutch market. These companies produce high end clothing, sometimes even full package and on demand production in flexible orders of high quality with advanced machinery and skilled workers. Also working conditions are examined as ‘very good’.

4.1.3 **Marketing/ Positioning**

Since more than 90% of the garment sector in Albania consists of CMT production, little value is added in the production chain. Albania is an interesting country for Western brands due to its cheap labor, but it cannot compete with the Far East where larger orders can be produced for a lower price. Therefore Albania needs to get out of ‘surviving CMT’ and grow towards more added value in its core business. The following table shows a benchmark of Albania’s key performance indicators (KPI) compared to those of other popular garment producing countries:

<table>
<thead>
<tr>
<th>KPI</th>
<th>Pakistan</th>
<th>China</th>
<th>Bangladesh</th>
<th>Italy</th>
<th>Turkey</th>
<th>Albania</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order size</td>
<td>8</td>
<td>9</td>
<td>9</td>
<td>4</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Low pricing</td>
<td>7</td>
<td>6</td>
<td>8</td>
<td>4</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Delivery reliability</td>
<td>4</td>
<td>8</td>
<td>6</td>
<td>8</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Quality</td>
<td>6</td>
<td>8</td>
<td>6</td>
<td>8</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Innovation</td>
<td>4</td>
<td>7</td>
<td>4</td>
<td>7</td>
<td>6</td>
<td>4</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>5</td>
<td>7</td>
<td>6</td>
<td>9</td>
<td>8</td>
<td>7</td>
</tr>
<tr>
<td>Transport time</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>8</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>CSR standards</td>
<td>4</td>
<td>5</td>
<td>3</td>
<td>8</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Political stability</td>
<td>3</td>
<td>7</td>
<td>4</td>
<td>8</td>
<td>8</td>
<td>7</td>
</tr>
</tbody>
</table>

*Source: IAF (International Apparel Federation – Albania added by CSR Netherlands)*

This table shows that countries such as China and Bangladesh stand out in order size, capacity and price. These are typical CMT countries and they have a stronger reputation
and position in the global market. Therefore it does not offer a durable prospect for the sector if Albania continues to focus on CMT production. CMT also causes that local sourcing is now impossible. That impedes the sector since it relies in fabrics, designs and patterns imported from abroad. Albania strongly depends on Italy when it comes to clients, technology, sourcing and production. Albania’s own textile industry (spinning, weaving, knitting, dyeing, printing, finishing) is in that sense poorly developed. There are only few companies involved in the production of woven and knitted fabrics.

There is a lot to win in terms of branding and positioning. The label 'Made in Albania' is so far relatively unknown and as a result undervalued. Most companies that were visited were very eager to obtain a better commercial position, since the lack of commercialization impedes their business. Most companies are run by one or two owners as family businesses, followed by a large amount of employees. Middle management is missing, and this puts a large pressure on the owners. There is in many cases simply no time, no back up by branch organizations or no money for investments in branding for creating an ‘in house’ brand. Moreover, companies that are ready to hire a skilled and qualified designer or brand developer indicate that Albanian fashion institutes only deliver technically skilled graduates, not creative designers.

As most of the Albanian companies work on a CMT basis for Italian clients their experience with buyers requirements heavily depends on their business relation with the Italian customers. The Italian market hardly asks for compliance standards e.g. BSCI or Oekotex 100, which are well known and required by Dutch companies.

The figure below shows statistical data on trade between Albania and the Netherlands. The data refer to the total import of woven and knitted garments (HS code 61 and 62) to the Netherlands. Dutch imports show an increase in 2013. However, the level of import to the Netherlands is so low that it is hard to base any conclusion on the development of these imports. Hereby could be concluded that imports from Albania to the Netherlands are very limited and that Albanian textile and footwear is not strongly positioned yet in the Netherlands.

![NL import from Albania in €](image)

Source: EUROSTAT publications 2014
4.1.4 Labeling

The label ‘Made in Albania’ does not always appear in ready made garments that are distributed to the Netherlands when the garments are finished in, e.g., Italy. In this case we do not speak of ‘country of origin’ labeling. At present, there is no EU legislation on country of origin labeling for textiles, apparel and footwear products, although some member countries may require the origin to be listed on the label. North West European EU member countries do not require such a label. In case one does mention the country of origin, the non-preferential rules of origin do apply. These rules state the country in which the last substantial transformation of a product took place, is relevant for providing the country of origin.

Although there is no specific Italian law or regulation stating that country of origin has to be mentioned we assume that country of origin is mentioned to comply with regulations outside EU or to highlight that production was done in Europe. Most countries outside EU require such a statement. The Italian companies are in the end responsible for the correct labeling. Albanian companies are not in the position to decide on this due to the CMT business model. Several production units that were seen during the mission did not state ‘made in’ labeling. These products are specifically destined to be sold on the Italian market (mainly corporate identity wear). The Albanian company works in this case on the basis of subcontracting for an EU company.
4.1.5 People

During the mission a rough impression of working conditions was obtained in order to assess social aspects in the Albanian industry since compliance is important for Dutch companies and investors.

The minimum wage in Albania is one of the lowest on the European continent (between 175 – 200 Euros per month). The minimum age for employment in Albania is 16. However, during school breaks, children aged from 14 to 16 may perform minor jobs that are not detrimental to their health or upbringing. The guaranteed minimum wage is the minimum hourly rate paid to an employee. Since 2013, this has been fixed at LEK 22,000 for normal working time (i.e. 174 hours per month), and LEK 127 per working hour, which is below a living wage compared to Albania’s purchasing power.

The garment industry, and especially CMT is highly cost-price driven. Little labor skills or education are required and the industry’s jobs are rather monotonous due to the fractioned implementation of production. Consequently, salaries are not expected to rise. In addition, Albania’s main client, Italy, does not ask for audits or social compliance such as ILO rules, BSCI or SA8000. This has resulted in little attention given to the increase of value in the worker’s labor. However, there is an impression that the administration system is functioning well and that salaries are paid on time and correctly. There were differences noticed in work pressure depending on the company, which gave impressions of a good or on the other hand very stress provoking working atmospheres. Due to the stress on reaching targets for little margins that CMT business comes with, workers are likely to make overtime.

4.1.6 Environment

Sustainability is not yet a priority in the Albanian textile industry. Entrepreneurs are rather preoccupied with surviving in this business. Compared to other countries and industries, the Albanian textile sector does not show severe examples of environmental impediment. This could be promoted as an advantage of sourcing in Albania. There is relatively little waste, since most cut waste is transported back to Italy, or to Turkey to be processed or it is disposed in landfills, regulated by the Albanian customs. This is due to a tax regulation between Albania and the European Union: there will be no tax on temporarily exported materials when the same amount of materials is reimported into the European Union. In order to balance the imports and exports, cutting waste has to be declared at the customs.

A textile waste collection company was visited, which was very small. The collection of waste is exported to Italy (Biella) for recycling. The only capacity the company has is an outdated baling machine. It is not expected that this company becomes the key player in a circular waste recycling chain in Albania’s textile industry due to the lack of capacity and machinery.
4.2 Recommendations

The more facets of the supply chain are integrated in a company’s production, the more independency the company gains and the more added value there is on the product. Hence, it is suggested that Albania could stand out on quality performance elaborating with the integration of design, offering customized or on demand patterns and finishing for the middle and higher segment. This is a segment that values quick delivery of smaller orders which is Albania’s competitive advantage compared to the Far East. The more Albanian companies would focus on offering Full Package, in house designs and branding, the better the Western market could be served that is searching for re-shoring opportunities. This allows the Albanian textile sector to benefit from an ongoing trend while expanding its core production facets creating more value for the domestic market. Since over the past years Albanian companies have been the creators of ‘Made in Italy’ products; products that stand for quality and craftsmanship, it is recommended to finish those products in Albania so that the label ‘Made in Albania’ deserves that same image and appreciation.

Second, if the Albanian textile industry will move from CMT to a further integrated supply chain, more educated work force will be needed which will result in raises in added value and salaries. The minimum income is not enough to sustain a healthy living, it is just enough for ‘surviving’. However, it is the income earned by the majority of the industry workers. Albania should not wish to attract foreign buyers with low production costs (often the result of low incomes for the employees) since other textile countries can offer even lower production costs. This is not Albania’s competitive advantage. It is suggested that Albania’s garment sector should rather focus on added value in the supply chain such as design, dyeing, finishing, reusing cut waste and offering customization on flexible orders. The more Albania’s garment industry will be known with the help of branding and compliance with CSR standards, the more chance there is for the minimum income to rise.

Third, it is highly recommended that Albanian companies become familiar with requirements such as BSCI or OEKOTEX 100 and implement them in order to attract Western and Northern European trade partners. Dutch sector association MODINT, during the mission represented by Antonio Barberi, proposes to set up a learning scheme on such requirements in order to promote CSR trade and cooperation relations between the Albanian and Dutch textile industry. During the mission it was perceived that the production chain is relatively transparent due to the rather small production scale. In regard to the Dutch Plan of Action working group ‘Buyers practices & Due diligence’ and its members, due diligence could be rather easily performed in the Albanian textile industry.

Moreover, the desire to start in house labels and branding is prevalent for many visited companies. Companies wishing to integrate branding will succeed when working with one or more experienced, qualified and talented designers with a good understanding of the nature of the business. It is believed and stated by the companies that these designers are not yet trained in Albania. It would be worthwhile to connect Dutch designers to Albanian companies. Albanian fashion students could assist these designers during applied internships. Such internships would create a great learning environment and simultaneously connect the sector with the university for closer cooperation. For Dutch designers there would be an opportunity to source small production, which is now nearly impossible in the Netherlands. See page 25 for the project proposal Design Lab Albania.
5. Leather sector

In this section a general overview of observations and recommendations will be given about the visited leather (processing) companies.

5.1 Observations

5.1.1 Livestock and tanning

The livestock in Albania consists of cows, sheep and goats. These animals are tanned from fresh skin to wet blue (see figure below). This means that the last stage in order to tan from crust to finished leather, ready for production, is done elsewhere; mainly in Italy or Turkey. Sheep wool is sold to Turkey and India. A maximum of 20,000 sheepskins are available per month in Albania. Lime rests (flesh) are not treated to gelatin for further production or sales, but are discarded.

There are no rules on hygiene or working methods concerning slaughter of the animals. The visited abattoir that offers professional slaughtering with decent facilities suffers from the absence of these rules since animals could be slaughtered anywhere.

In the tanneries the absence of wastewater treatment was noticed. Some tanneries use around 700 cubic meters of water per day which after use is discarded in the river untreated.
One of the visited tanneries executes contract work for an Italian tannery who is also the buyer. Through this system the Albanian tannery pays back the machinery to the Italian tannery in 2-5 years. However, to the expert’s conclusions the machinery was not adequate for the produced volumes. This tannery suffers as well from the small margins on the tanning they perform on their own account: fresh skins are bought for 2€ and sold for €3,75 in wet blue finish. The goal of this tannery is to move to crust leather which will bring added value to their production. It is expected that this is the general situation for more tanneries in Albania. Other visited tanneries also pay back the machinery through contract work. In order to expand to the production of crust leather resulting in moving beyond contract work and dependency on the Italian market, more equipment is needed such as a shaving machine and a semming press. The skins that are imported are weighed at the customs and the same weight of imported skins must be exported. This is considered a miscalculation since hair and cuts are lost during the tanning process.

5.1.2 Footwear producing companies

There are more than 100 shoe producing companies in Albania performing only CMT (contract work). All these companies suffer from the absence of finished leather produced domestically because all tanneries and footwear companies depend on foreign suppliers and customers. Finished and crust leather is mostly imported from Italy, but also from America, Russia, Egypt, Bangladesh or Turkey. The hides have to be imported in large amounts. This causes overstock and production becomes less flexible since the waiting time for imports is around 5 weeks. Due to such delays the Albanian footwear looses European customers. If leather would be finished in Albania the waiting time could be shortened to 1 week. Only the production of footwear was found, not of other leather goods such as clothing or accessories (bags, belts, etc.).

The footwear industry in Albania offers medium up to good quality shoes very suitable for the North and West European market. Orders could be delivered quickly and working conditions are up to western standards. In addition, most factories have the possibility to organize flexible production for small quantities.

3 Footwear producing companies were visited, from which one is the biggest shoe producing company in Albania, with its own brand that is running alone a total turnover of €40.000.000 in 2014. This company, called DoniAnna, is one of the few producers creating ‘Made in Albania’ shoes, with own designs. The shoes are exported to Italy, Germany, France, the Netherlands and Scandinavia. DoniAnna has 5 factories employing...
2400 people. DoniAnna is present at trade fairs (Riva di Garda and Milan) and is ISO 9001 complied but not BSCI. However, the company aspires to become more sustainable. The owner, Mrs Donika Mici, aims to present a completely chrome free edition of shoes for a young target group at Riva di Garda.

Donika Mici of DoniAnna

Mrs Mici has a dream though. She want to minimize the waiting time for finished leather by setting up a (sustainable) tannery in Albania that can finish leather from wet blue to crust. It will reduce her overstock, it is estimated that it will save her roughly €4.000.000 on foreign imports, and she will be able to become a quick and reliable deliverer to the European market. Moreover, Albania could hereby create its own integrated leather supply chain from which the whole sector could benefit. ‘Albanian’ leather could be identified and promoted because of full domestic production. Standardization becomes easier so as the implementation of sustainable industry labels (BSCI) required by the Western market. The finishing plant that Mrs Mici wishes to start could sell to Albania and abroad. Mrs Mici is looking for a strategic sparring partner either from the sector (an existing company with know how) or a financial institution (bank/ private investor). Her proposal is a 50/50 funding for the set up of a joint venture.

An other visited footwear producer, called Mali Sh.p.k, produces redesigned shoes from leftovers and overstock from the Albanian industry. The models the company’s own designs based on international samples. Mali Sh.p.k. employs roughly 200 people, of which also handicapped people and roma. Most of the shoes are sold domestically. The owner is constructing a new factory site for 500 extra workers. He is very optimistic but foresees difficulties for the processing of all the rest materials in such amounts. Currently the company produces 800 pairs a day; 200 of high quality, 600 of lower quality. The products are marketed as artisanal and hand-made.

Finally, FG Shoes & Alan-Gore was a company expressing great interest in cooperating with a (Dutch) designer for an in house shoe or accessory line. This line could be produced sustainably considering their annual overstock of at least one full container. Moreover, 10% of their processed leather each year goes to stock. FG Shoes & Alan-Gore produces a wide range of products including slippers, sandals, walking shoes, boots and safety shoes with combinations of leather, synthetics and fabrics. The company subcontracts for Prada and other medium/high end brands such as Deichman, PrimaDonna, Bata and Polo. Their daily production capacity goes up to 3500 pairs of finished shoes and 3500 pairs of uppers. Sample reproduction from sketches or paper patterns, manually or electronically, are possible. However, FG Shoes & Alan-Gore has no experience yet with producing accessories.
FG Shoes & Alan-Gore depends on finished leather imported from Italy, while doing contract work for Italian shoe factories. There is no trust towards the Italian order suppliers. Different leather is supplied than ordered, and there is no insight in the sustainability aspects of the leather. Moreover, the main Italian supplier recently cancelled the sales of 250,000 shoes which caused major problems for this company as a subcontractor.
5.2 Recommendations

Overall a good first impression of the leather sector was obtained. The footwear producing companies mainly work in CMT production for Italian agents. Mali Sh.p.k. was an interesting exception with the processing of leather overstock and implementing social return in the business model while serving the Albanian market. Footwear producers wish to become more independent from Italian order suppliers. Too many producers depend on 1 or 2 buyers. Therefore supply chain diversification would be an important step towards more independency which could be realized with the implementation of in house brands and own distribution channels through agents on commission basis with own designs. Herewith a strong response to the current and upcoming consumer demands and market situation could be formed. The Western and Northern European market requires more responsible production methods, which means decent payment for workers, good working conditions and the implementation of environmental measures. Secondly, online sales gain popularity and retail chains that are not prepared for that are in a weaker position.

The Albanian footwear industry could stand out with own designs, branding and flexibility in colours and quantities since Asian factories cannot offer that flexibility. Therefore it is recommended that footwear companies develop their marketing strategies by creating their own brand identity through concept creation; a product line varying from belts, bags and shoes (e.g. Timberland). This could ensure better pricing, better marketing and a more independent market position. Moreover, online sales should be considered with the support of a mediator or sales agent per country who sells on different fashion platforms such as Amazon, Zalando, etc. In time delivery will be important here. Concept development for specific footwear producers could be supported with a Dutch marketing developer or designer which could be found in the CSR network as well.

As of the tanning processes in Albania, they could become more sustainable if some easy steps would be applied. First, wastewater could (should) be treated. Now waste is flowing directly into rivers near the tanneries, from which cattle is drinking. This cattle is consumed by people living nearby. The Albanian tanning industry could make big environmental steps forward by introducing pretreating wastewater during sedimentation methods. The investment for this treatment is very low.

Second, the Albanian sheep and goat leather is of sufficient to good quality, also for shoe production. It is highly recommended to tan these hide completely including finishing, with and without wool (double face). An investment for the second stage of goat and sheep tanning is reasonable; it contains a press, shaving machine, dying drum, tallowing frame, hand spray cabin, ironing, and a measuring machine. Preferable this machinery would be reconditioned; it would upgrade the tanning industry tremendously. Both instructions and machinery can be found in the Dutch CSR network and it is estimated that for the investment €100.000 is required in total.

As a whole the sector would greatly benefit from a domestic integrated supply chain. The Albanian shoe industry needs a finishing line for cow leather from crust to finished leather. Also goat leather would be very convenient for the shoe industry. Cow leather finishing takes a bigger investment of about €1.000.000 for knowledge, machinery, training and management. As mentioned before, footwear producer DoniAnna is willing to co-finance an integrating supply chain and a link between DoniAnna and FG Shoes & Alan-Gore would be a possibility. From the Dutch network knowledge, expertise, training and co-funding could be explored as well.
Dutch buyers should be made aware of the good quality of the Albanian footwear producers through the CSR network, the MODINT network, possible collaboration with CBI, shoe fairs and a trade mission. Dutch buyers are very interested in sustainable production with preferably eco-friendly leather.
6 Polytechnik University of Tirana

On November 24, 2015 the Polytechnic University of Tirana was visited by Liesbeth in ’t Hout, David Laport, Rob Heinsbroek, Anton Luiken, Michiel van Yperen en Veerle Luiting. The group was welcomed by Prof. Assoc. Dr. Ermira Shehi (head of the garment section) and Dr. Blerina Kolgjini (lecturer). Prof. Dr. Genti Guxho (Vice Rector of the Polytechnic University of Tirana and Head of the Textile and Fashion Department) officially opened the meeting.

All members present from the CSR Netherlands team delivered a lecture, followed by vivid and fruitful conversations and discussion after each lecture with students and lecturers.

First, Michiel van Yperen and Veerle Luiting presented on CSR as a relevant business case for the textile industry and about CSR Netherlands as an organization while referring to the previous mission and to the goals of the expert mission. Second, Liesbeth in ’t Hout presented the state of art and curriculum content of Dutch fashion universities and academies and her experience as a former Dean and Director of different fashion institutes. During her presentation Dutch and Albanian textile studies were compared with each other. The most significant difference was that Albanian fashion studies mainly focus on the technical side of the curriculum, while the Dutch curriculum focuses on design and concept creation. The students in the audience showed interest, responsiveness, technical know how and curiosity. Some students indicated that fashion design is of their interest, but that this aspect of their profession is mainly practiced as a hobby, since the University suggests that the industry does not demand skilled creative designers, rather technicians. The impression was that the cooperation with the CMT industry is rather on a low level. Mutual support is not quite visible yet.

Subsequently, Dutch fashion designer David Laport held a biographical presentation about his work and his professional journey as a designer in a highly demanding industry. The students showed great interest in his talk and were inspired by his experiences. Thereafter, Anton Luiken held a presentation about the technical aspects of CSR in textiles. His presentation included topics such as design for recycling, global CSR trends in textiles and companies’ reports and how to reuse post consumer fibers for a circular business model in the textile industry. The last topic was inspirational for the students, though a little far fetched in respect to the current characteristics of the Albanian textile sector. Finally, Rob Heinsbroek held a presentation on marketing and branding. He actively involved the students in a discussion asking how the textile sector could be developed in the future. He shared his experiences from a long career in the global textile industry and gave insights in Albania’s strengths compared to other textile countries.
6.1 Observations and recommendations

As mentioned before, the curriculum of the textile department is mainly technical. The department focuses on technology, production and textile science and chemistry. The textile department is a member of AUTEX, the European Association of universities in textiles. The staff is technically very skilled and willing to further study the technical subjects. The laboratories of the department are mainly test facilities for mechanical and chemical tests on fabrics. In the workshop for clothing production there was old or outdated equipment and there was a lack of modern and new technologies. Therefore it was hard to estimate the educational level that the department offers after only one visit. Some students showed initiative and presented their designs illustrations made at home, which were of a beginners level.

Source: Polytechnic University of Tirana, 2014

There is a great interest for a student exchange program on a MA level but further research is necessary since the Dutch and Albanian curriculum differs strongly. Saxion University in the Netherlands is also a rather technically oriented study program in textiles. Cooperation between the Polytechnic University and Saxon University could be further explored. Saxion University has a number of cooperation agreements with foreign textile institutes. Saxion has a textile research group on Smart Functional Materials with 3 research lines: sustainability, digitalization and smart textiles.

In order to set up an exchange program, a cooperation agreement and a mutual inspection will be needed. Students are free to follow a course abroad or to do an apprenticeship at Saxion University as long as courses are offered in English. In cooperation with Anton Luiken (Saxon University) further exchange activities could be explored. For advice on exchange programs with other fashion academies in the Netherlands with a rather conceptual focus, Liesbeth in’t Hout recommends to research the quality of education and student work of more specialized Albanian Universities and Art Colleges, in addition to the Polytechnic University of Tirana.
7 The closing seminar

During the closing seminar on the 26th of November, CSR Netherlands and the expert team presented the findings for an audience of entrepreneurs, the Polytechnic University representatives and local branch organizations and institutions such as AIDA. Presentations of this seminar are to be found in the appendices, see annex 4. The overall impression of this seminar was that the audience recognized and confirmed the findings of the experts.

The audience feedback concluded that Albanian brand awareness is difficult because of the past communistic era as well as because of the current economic situation of the country. More support by the Ministry of Economic Affairs is desired by organizing Albanian pavilions at fashion trade fairs and exhibitions and by the promotion of Albania during ministerial meetings abroad. Moreover, the support in regulations for waste water collection, recycling waste and customs would contribute to the sector’s development. As a respond to the industry’s concerns, and on the basis of the observations and recommendations gathered by the expert team, several pilot projects are identified on the most burning topics that arose during the company visits and the seminar.

Impressions from the seminar
8 Identified pilot projects

In this section a summary of the identified pilot projects is presented.

1. **The Green Apparel Agency**

There are barely agents or institutions thriving towards a (more) sustainable industry in Albania. The Green Apparel Agency would be such an institution, a ‘trust agent’, by creating a production pool, bundling supply chain management while assuring and enabling CSR ways of production. Moreover, other CSR projects and initiatives could be managed or monitored as well through this agency.

Key words:
- CSR industry development
- Matchmaking based on ideology and corporate identity
- Exploring possibilities for Dutch-Albanian joint venture
- Facilitating sourcing
- Vocational training
- Online business platform (website)

By: Ethics Group B.V., Modint

2. **Design Lab Albania**

A vast majority of textile companies that were visited expressed the need for an in house design department in order to grow beyond CMT and reinforce their value proposition by creating their own brand identity. However, since there is a lack of qualified fashion designers graduating in Albania, further integration of design into the Albanian industry did not occur yet. Design Lab Albania would offer Albanian fashion students a chance to learn in an applied way, supervised and accompanied by an experienced Dutch fashion designer, how to set up a brand identity. Moreover, Design Lab Albania will be established in close collaboration with an Albanian university or academy that shares the ambition to integrate fashion design in its curriculum.

Key words:
- Durable business model development
- Developing fashion design in the curriculum of Albanian universities
- Bridging education and the market
- Dutch design expertise and experience
- Establishing Albanian corporate identity and thereby more independency
- Additional: Design for recycling (in collaboration with Anton Luiken)

By: Senior design and education expert Liesbeth in ’t Hout, Designer David Laport

3. **Made in Albania with love – circular bag by David Laport**

David Laport is a young, talented and upcoming Dutch fashion designer. With his label
‘David Laport’ he appeared in VOGUE, ELLE, RTL Boulevard, Holland Doc, NRC, Volkskrant and Elsevier. He recently collaborated with Bijenkorf and Het Nationale Ballet and dresses famous actresses such as Kim van Kooten and Thekla Reuten. As one of the experts of the CSR mission he identified Albania as an interesting, dynamic new trade partner for fellow Dutch designers. In order to promote the label ‘Made in Albania’ in the Netherlands he proposes to make a circular bag out of leather overstock from the Albanian footwear industry, that he can position as a unique Albanian product under his own label. Moreover, this bag could be produced according to the ‘i-did_slow_fashion_movement’ concept: a social and inclusive atelier. Possible social production partners in Albania were identified during the mission.

Key words:
- Albania promotion and positioning
- Circular design / Design for recycling in combination with a social business model
- Tackling leather overstock (identified bottleneck for the industry)
- New (Dutch) market exploration for Albanian industry

By: David Laport

4. An integrated supply chain for the Albanian leather industry

Albania has a sufficient number of bovines, unique hide qualities and low operation costs which enables positioning on the international market at the best possible price. In addition, there is an existing demand of leather goods producers for tanned (finished) domestic leather. However, the last stages of the tanning process (from wet blue to crust) are missing in the domestic supply chain. Footwear producing companies suffer from overstock due to the dependency on large foreign imports of finished hides. Therefore there is a strong demand for having a closed cycle of processing. An integrated Albanian leather industry would be a very interesting sourcing partner for Dutch brands. Albania’s largest footwear producing company is willing to invest 50% in a Dutch-Albanian joint venture, setting up the last two tanning stages. From the Dutch partner knowledge, experience and investment on CSR would be desired.

Key words:
- Industry-wide improvement project
- Closed cycle production
- Creating an interesting trade partner for Western European brands (flexible production, on demand, short lead times)
- Creating a level playing field for standardization on CSR matters

By: Hans Both en Gerard Driesen

5. CSR production: customized, B2C, on demand

The textile industry creates a lot of waste by producing garments that are not sold. Another large amount ends up in the sale. How can we minimize waste and create closer consumer relationships to ensure that garments will be purchased? The key of this pilot concept is “going online, B2C instead of the traditional chain of producer - agent -
whole sale - retail - end consumer”. With a webshop as front desk, direct contact with consumers, different margin steps (enabling fair pricing) and customised products on demand this could be an iconic CSR production chain. During our mission we saw that one company more or less implements this business model, offering prints on demand. We see a match between this company and 2 others; they have the product, the vision and the ambition to innovate.

Key words:
- No waste production (CSR)
- Small series, quick delivery and fair pricing
- Very suitable concept for corporate wear (schools, sport clubs, promotion, Made to Measure)
- CSR fast fashion
- Cooperation with young designers

By: Rob Heinsbroek, ETHCS Group b.v.
Annex 1. AGENDA TEXTILE MISSION 22-26 NOVEMBER 2015

Mission members

<table>
<thead>
<tr>
<th>Name</th>
<th>E-mail</th>
</tr>
</thead>
<tbody>
<tr>
<td>Michiel van Yperen</td>
<td><a href="mailto:m.vanyperen@mvo.nederland.nl">m.vanyperen@mvo.nederland.nl</a></td>
</tr>
<tr>
<td>Anton Luiken</td>
<td><a href="mailto:anton.luiken@alconadvies.nl">anton.luiken@alconadvies.nl</a></td>
</tr>
<tr>
<td>Antonio Barberi</td>
<td><a href="mailto:barberi@modint.nl">barberi@modint.nl</a></td>
</tr>
<tr>
<td>Rob Heinsbroek</td>
<td><a href="mailto:rob@ethicsgroup.nl">rob@ethicsgroup.nl</a></td>
</tr>
<tr>
<td>Liesbeth in 't Hout</td>
<td><a href="mailto:liesint@gmail.com">liesint@gmail.com</a></td>
</tr>
<tr>
<td>Hans Both</td>
<td><a href="mailto:Hans@a-solar.nl">Hans@a-solar.nl</a></td>
</tr>
<tr>
<td>Gerard Driesen</td>
<td><a href="mailto:g.driesen@dutchleathervision.com">g.driesen@dutchleathervision.com</a></td>
</tr>
<tr>
<td>David Laport</td>
<td><a href="mailto:info@davidlaport.com">info@davidlaport.com</a></td>
</tr>
<tr>
<td>Marjolein van Gendt</td>
<td><a href="mailto:M.vanGendt@mvonederland.nl">M.vanGendt@mvonederland.nl</a></td>
</tr>
<tr>
<td>Veerle Luiting</td>
<td><a href="mailto:v.luiting@mvonederland.nl">v.luiting@mvonederland.nl</a></td>
</tr>
</tbody>
</table>

Support

<table>
<thead>
<tr>
<th>Name</th>
<th>E-mail</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gojart Smaja</td>
<td><a href="mailto:g_smaja@yahoo.com">g_smaja@yahoo.com</a> or <a href="mailto:gojart.smaja@gmail.com">gojart.smaja@gmail.com</a></td>
</tr>
<tr>
<td>Ellen van der Lei</td>
<td><a href="mailto:Ellen-vander.lei@minbuza.nl">Ellen-vander.lei@minbuza.nl</a> or <a href="mailto:Ellen@urbanpatterns.eu">Ellen@urbanpatterns.eu</a></td>
</tr>
</tbody>
</table>

SUNDAY, 22 November 2015

Textile mission members arrive according to time tables below at Tirana International Airport. Pick up and drop off service provided by official taxis from Tirana International Hotel where all mission members will get accommodated during visit to Albania.

Arrivals:

<table>
<thead>
<tr>
<th>Time</th>
<th>Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>14:20</td>
<td>Anton Luiken, Antonio Barberi, Rob Heinsbroek, Michiel van Yperen, Marjolein van Gendt, Veerle Luiting.</td>
</tr>
<tr>
<td>16:25</td>
<td>David Laport</td>
</tr>
<tr>
<td>17:05</td>
<td>Liesbeth in 't Hout</td>
</tr>
<tr>
<td>23:45</td>
<td>Hans Both, Gerard Driesen</td>
</tr>
</tbody>
</table>

MONDAY, 23 November 2015

<table>
<thead>
<tr>
<th>Time</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>09:00-10:00</td>
<td>Briefing at Embassy of the Kingdom of the Netherlands - Confirmed.</td>
</tr>
<tr>
<td>10:00</td>
<td>Group splits in two parts - Textile &amp; Leather.</td>
</tr>
</tbody>
</table>

Textile group:  
Anton Luiken, Antonio Barberi, Rob Heinsbroek, Michiel van Yperen, David Laport, Liesbeth in 't Hout, Veerle Luiting, Gojart Smaja.

Leather group:  
Marjolein van Gendt, Hans Both, Gerard Driesen.
**Textile group visits companies in Elbasan, Cerrik, Peqin, Fier & Durres.**

<table>
<thead>
<tr>
<th>Time</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>10:00-10:50</td>
<td>Trip from Tirana to Elbasan city.</td>
</tr>
<tr>
<td>11:20-11:50</td>
<td>Trip from Elbasan to Cerrik.</td>
</tr>
<tr>
<td>11:50-12:20</td>
<td>“A &amp; M Tekstil ltd” - Owner Mr. Ardian Mesha.</td>
</tr>
<tr>
<td>12:20-12:35</td>
<td>Trip from Cerrik to Peqin.</td>
</tr>
<tr>
<td>12:35-12:55</td>
<td>“Dojofada” - Owner Mrs. Merita Bica</td>
</tr>
<tr>
<td>13:00-14:00</td>
<td>Lunch with traditional local food at ERGEN restaurant.</td>
</tr>
<tr>
<td>14:00-14:45</td>
<td>Drive to Fier city.</td>
</tr>
<tr>
<td>14:50-15:30</td>
<td>“KRIENKO” largest jeans producer in Albania – Owner Mr. Krienko Memo.</td>
</tr>
<tr>
<td>15:30-16:40</td>
<td>Drive from Fier to Durres city.</td>
</tr>
<tr>
<td>16:40-17:10</td>
<td>“AMBRA ltd” - Owner, Mr. Julian Berxulli.</td>
</tr>
<tr>
<td>17:10-17:50</td>
<td>“A&amp;B Impex” – Co-owner, Mr. Agron Hyseni.</td>
</tr>
<tr>
<td>18:00-18:45</td>
<td>“Alba Textil” – Owner, Mr. Indrit Mema.</td>
</tr>
<tr>
<td>18:45-19:15</td>
<td>Drive back and expected arrival to Tirana International Hotel.</td>
</tr>
</tbody>
</table>

**Leather group to visit tanneries outside Tirana**

<table>
<thead>
<tr>
<th>Time</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>10:00</td>
<td>Group meets and is picked up by Mrs. Lulieta Kucuqi, President of Albanian Leather Processing Association, to drive and visit in Durres region 2 tanneries (Shijak &amp; Sukth), 1 abattoir in Durres city and 1 tannery in Elbasan city.</td>
</tr>
<tr>
<td>10:00-10:50</td>
<td>Arrival in Shijak.</td>
</tr>
<tr>
<td>10:50-12:30</td>
<td><strong>MR International ltd. tannery</strong> co-owned by Mrs. Kucuqi and another business partner. Have a briefing on general situation of tanneries and leather processing plants in Albania. Questions and answers regarding hides collection in the country, leather processing and opportunities for making the process more sustainable, can all be answered in details by Mrs. Kucuqi and her staff.</td>
</tr>
<tr>
<td>12:30-13:15</td>
<td><strong>Tannery</strong> in Sukth.</td>
</tr>
<tr>
<td>13:15-13:45</td>
<td>Drive to Durres city to visit an <strong>Abattoir</strong>.</td>
</tr>
<tr>
<td>13:50-14:50</td>
<td>Lunch in the city or coastline in a restaurant proposed by Mrs. Kucuqi.</td>
</tr>
<tr>
<td>14:50-16:00</td>
<td>Driving time and expected arrival in Elbasan city for visiting 3rd tannery.</td>
</tr>
</tbody>
</table>
**16:00-16:45**  
*Tannery* in Elbasan.

**16:45-17:45**  
Driving time from Elbasan to Tirana and expected arrival to Tirana International Hotel.

---

**TUESDAY, 24 November 2015**

**Textile group to visit 3 companies in Tirana**

<table>
<thead>
<tr>
<th>Time</th>
<th>Company</th>
<th>Owner</th>
</tr>
</thead>
<tbody>
<tr>
<td>08:30-10:00</td>
<td>“Omega textile ltd”</td>
<td>Mrs. Lindita Legisi</td>
</tr>
<tr>
<td>10:00-10:30</td>
<td>“Liljana Saraci”</td>
<td>Mrs. Liljana Saraci</td>
</tr>
<tr>
<td>10:30-11:45</td>
<td>“SAM Wear ltd”</td>
<td>Mr. Steven &amp; Mimoza Emanuels</td>
</tr>
<tr>
<td>11:45-12:00</td>
<td>Transfer time by taxi to neighborhood of Polytechnic University.</td>
<td></td>
</tr>
<tr>
<td>12:00-13:00</td>
<td>Lunch</td>
<td></td>
</tr>
</tbody>
</table>

**Michiel van Yperen, Veerle Luiting, Anton Luiken, Liesbeth in t Hout, David Laport**

<table>
<thead>
<tr>
<th>Time</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>13:00-16:30</td>
<td>Dutch-Albanian lecture at Polytechnic University of Tirana, Textile Dep.</td>
</tr>
<tr>
<td>16:40-17:00</td>
<td>Walking time Polytechnic University to Tirana International Hotel.</td>
</tr>
</tbody>
</table>

**Antonio Barberi**

<table>
<thead>
<tr>
<th>Time</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>13:00-14:00</td>
<td><em>Mr. Gjergji Gjika, Chairman of the Chamber of Facon of Albania.</em></td>
</tr>
<tr>
<td>15:00-16:00</td>
<td><em>Mr. Arben Peci, Chairman of Garment Chamber of Albania - Confirmed</em></td>
</tr>
<tr>
<td>16:00-17:00</td>
<td>Visit other textile stakeholders - to be decided.</td>
</tr>
</tbody>
</table>

**Leather group visits**

<table>
<thead>
<tr>
<th>Time</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>08.30-12:00</td>
<td>Free morning - probably visit some leather and shoe shops.</td>
</tr>
<tr>
<td>12:00-13:00</td>
<td>Lunch</td>
</tr>
<tr>
<td>13:15-15:15</td>
<td>“Donianna” shoe production factory to discuss on her leather polishing and refining project proposal &quot;I have a dream&quot;.</td>
</tr>
</tbody>
</table>
**WEDNESDAY, 25 November 2015**

<table>
<thead>
<tr>
<th>Time</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>08:30</td>
<td>Departure from Tirana</td>
</tr>
<tr>
<td>08:40-09:30</td>
<td>“Kler” company specialized in shirts production. Owner Mr. Flamur Hoxha.</td>
</tr>
<tr>
<td>09:30-10:15</td>
<td>“Refik” largest textile remaining collection point in Albania who exports them abroad after careful selection and separation process</td>
</tr>
<tr>
<td>10:15-11:15</td>
<td>Driving time from Tirana to Lezha city.</td>
</tr>
<tr>
<td>11:15-11:45</td>
<td>“Mali shpk” an artisan shoe producer who uses the leather collected from stocks, or remains from other bigger shoes production factories, to produce various types of shoes with very economic prices.</td>
</tr>
<tr>
<td>11:45-12:20</td>
<td>Driving time from Lezha to Shkodra city.</td>
</tr>
<tr>
<td>12:20-12:50</td>
<td>Walking time and coffee in the historical city centre. After pause group to split in two parts.</td>
</tr>
</tbody>
</table>

**Textile group to visits**

<table>
<thead>
<tr>
<th>Time</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>13:00-14:00</td>
<td>“Moda Teli” – Owner Mr. Edi Teli.</td>
</tr>
<tr>
<td>14:00-15:00</td>
<td>“Melgushi” - Owner Mr. Ferdinand Melgushi</td>
</tr>
<tr>
<td>15:00-15:30</td>
<td>“Florjan-V” – Owner Mr. Viktor Marku (former state owned knitting)</td>
</tr>
</tbody>
</table>

**Leather group visits**

<table>
<thead>
<tr>
<th>Time</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>13:00-15:30</td>
<td>“FG Shoes &amp; Alan-Gore” companies who expressed great interest, beside their shoe business, to discuss with Dutch experts opportunities to start a leather accessories line considering they have a overstock each year at least one full container, as 10% total amount leather processed each year goes to stock, plus produce designed shoes made by different parts and colors of overstock leather.</td>
</tr>
<tr>
<td>15:30</td>
<td>Both groups come together and leave Shkodra</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Time</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>15:30-16:10</td>
<td>Driving time from Shkodra to a surprise restaurant for lunch.</td>
</tr>
<tr>
<td>16:10-18:30</td>
<td>Eating and drinking time©</td>
</tr>
<tr>
<td>18:30-19:30</td>
<td>Driving time to return to Tirana and arrive at Tirana International Hotel.</td>
</tr>
<tr>
<td>Time</td>
<td>Event</td>
</tr>
<tr>
<td>--------------</td>
<td>----------------------------------------------------------------------</td>
</tr>
<tr>
<td>09:00-12:00</td>
<td><strong>Workshop on textile</strong> at Xheko Imperial Hotel.</td>
</tr>
<tr>
<td>12:00-12:30</td>
<td>Lunch time with snacks.</td>
</tr>
<tr>
<td>12:30-13:00</td>
<td>Transfer to airport Anton Luiken, Antonio Barberi, Rob Heinsbroek,</td>
</tr>
<tr>
<td></td>
<td>Marjolein van Gendt.</td>
</tr>
<tr>
<td>15:30-16:00</td>
<td>Transfer to airport Liesbeth in t Hout, Hans Both, Gerard Driesen,</td>
</tr>
<tr>
<td></td>
<td>David Laport.</td>
</tr>
</tbody>
</table>
## Annex 2. Expert list & terms of references

<table>
<thead>
<tr>
<th>Expert</th>
<th>Deliverables (TOR)</th>
</tr>
</thead>
</table>
| **Anton Luiken**, Alcon Advies  
Technical textile expert | • Exploring the state of the art of knowledge on textiles, spinning, weaving, finishing, dyeing, tailoring and recycle, in the Albanian textile industry (reporting)  
• Giving a lecture and / or workshop at the Polytec University on circular textile and textile recycling, including literature / resources  
• Explore the feasibility of textile recycling in Albania, the possible strategic position of this for the country and provide a roadmap for this (report, roadmap)  
• Explore opportunities for exchanges Polytec and Saxion (reporting, possible exchange) |
| **Antonio Barberi**, Modint (Sector association)  
Senior consultant international trade at MODINT | • Explore the economic situation of the textile sector in Albania, in terms of quality, volumes, logistics and positioning (reporting)  
• Providing a session with local industry associations about positioning of the sector and marketing  
• Co-develop a strategy document for a ‘Made in Albania’ approach  
• Co-develop a roadmap for Dutch buyers and retailers who are interested in sourcing of clothing and / or shoes in Albania, including a GAP analysis for marketing and branding |
| **Rob Heinsbroek**, Ethics group  
Combines circular clothing production in NL with people with a distance to the labor market (social return) | • Explore the economic and social situation of the textile sector in Albania, particularly working conditions, vulnerable groups (reporting)  
• Co-develop a strategy document for a ‘Made in Albania’ approach  
• Co-develop a roadmap for Dutch buyers and retailers who are interested in sourcing of clothing and / or shoes in Albania, including a GAP analysis for marketing and branding  
• Investigate the feasibility of a pilot project for making slow fashion in combination with a social entrepreneurial model |
| **Liesbeth in t Hout**, fashion Council  
Educational expert /represents Dutch designers | • Explore the technical state of the textile sector in Albania, especially the courses in design, fashion and clothing (reporting)  
• Co-develop a roadmap for Dutch designers who are interested in cooperation with the clothing and / or footwear sector in Albania  
• Explore opportunities for exchanges between Dutch and Albanian fashion and textile courses (reporting, possible exchange) |
| **Hans Both**, Leather expert  
Business development expert for the leather sector (supply chain management) | • Explore the economic and technical state of the leather sector in Albania, especially tanneries, overview of local leather chain stakeholders, live stock, CSR risks (reporting)  
• Investigate the feasibility of a pilot project for the development / rehabilitation of sustainable tannery in Albania in cooperation with the footwear sector  
• A presentation for the footwear sector on sustainable tanning, findings, collaboration capabilities, incl. Literature / sources |
| **Gerard Driesen**, Leather expert  
Technical/ chemical expert for tanneries | • Explore the economic and technical state of the leather sector in Albania, especially tanneries, overview of local leather chain stakeholders, live stock, CSR risks (reporting)  
• Investigate the feasibility of a pilot project for the development / rehabilitation of sustainable tannery in Albania in cooperation with the footwear sector  
• A presentation for the footwear sector on sustainable tanning, findings, |
<table>
<thead>
<tr>
<th>Collaboration capabilities, incl. Literature / sources</th>
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</table>
| **David Laport**  
Fashion Designer  
| • Explore the technical expertise of the textile sector in Albania, in particular knowledge of design, materials, techniques and crafts (reporting);  
• Giving a lecture and / or workshop at the Polytec University on sustainable design and design for recycling;  
• Exploring to, and if possible, set up a pilot project for design and production of (fast) fashion in Albania for Dutch designers (in the upper segment) under the label "Made in Albania" (reporting, possible pilot collection) |
Annex 3. Letter of cooperation from AIDA

Dear Mr. Michiel van Yperen,

AIDA has been following the contribution CSR Netherlands provided to support social responsible and sustainable development of textile and leather processing sectors in Albania during its first two missions organized in Albania - a CSR scoping mission on September 2014 and a CSR conference on March 2015 – and would like to thank CSR Netherlands for promoting initiatives of doing business in a CSR oriented way.

AIDA analyzed the findings and recommendations presented on the CSR report which refer to AIDA as possible lead agency for the sector textile and footwear and would like to express its interest for cooperation with CSR Netherlands in promoting the brand “Made in Albania”.

The interest was confirmed in a meeting Mr. Genti Beqiri, Executive Director of AIDA, had with Mr. Gojari Smaja, Local Consultant of CSR Netherlands and Representative in Albania for PUM Netherlands Senior Experts, taking into consideration AIDA’s main objectives which consists in attracting foreign investment, increase of competitiveness of Albanian economy through supporting Small and Medium Enterprises (SME) and innovation, offer to foreign and domestic investors comprehensive support for their investment projects and promote Albania abroad.

Tirana, on date 15/07/2015

MVO Nederland – CSR Netherlands
Utrecht, Netherlands

Expression of interest for cooperation between AIDA and CSR Netherlands to support social responsible and sustainable development of textile and leather processing sectors in Albania.
The textile and footwear industry is among the largest exporting sectors in Albania, mainly to Italian brands, but the country does not have yet a national sector profile serving for its marketing and promotion abroad. Referring also to your CSR mission conclusions and considering that Albania has highly skilled textile industry with potential added value for the Dutch (and EU) market, we believe that a collaborative framework between our organizations would serve as an efficient basis for creating such a promotional tool.

Therefore, while thanking once again CSR Netherlands for its precious contribution provided until now, we look forward to establish an institutional cooperation between AIDA and CSR Netherlands for supporting “Made in Albania” brand and further develop integration of its vertical value chain.

Looking forward to your feedback

With kind regards,

GENTI HEQIRI
EXECUTIVE DIRECTOR
Annex 4. Presentations from the closing seminar

Anton Luiken

Circular Economy in the Albanian textile and clothing industry
First observations based on company visits 12-13 November 2013

Task during visit

- General overview of the environmental issues in the Albanian textile industry
  - State of the art
  - Issues to be solved
- Innovations needed in the Albanian textile and clothing chain towards a circular economy

Background Circular Economy

- Definition: The circular economy is an industrial economy that has no impact on the availability of materials, energy, water and/or the use of space
- Linear economy: take, make, dispose
- Circular Economy: Design for recycling, make, use, re-use / recycle
  - Durable design
  - Use of sustainable materials
  - Environmental friendly processing
  - Durable products
  - After use: reuse the products or the materials (recycling)

Companies visited

- Weaving company
- Circular knitting company
- CMT garment industry
  - Shirting
  - Work wear
  - High end fashion
- Textile waste collection company

Expertise

- 30 years of applied research in the textile industry
  - Optimization of finishing processes
    - Bleaching, dyeing, printing
  - Improving energy efficiency in the textile industry
  - Waste water treatment and water recycling
  - Textile recycling
    - Conference on textile recycling in 1997
    - Automatic textile sorting
    - Jeans for jeans project
    - High end textile recycling – Circular economy in the textile and clothing chain

Observations

- Circular economy is not (yet) an issue in the Albanian T/C industry
  - Most companies are CMT-producers
    - Designs made by clients
    - Fabrics selected and bought by clients
    - Cuttings waste is mostly disposed in landfills (under the control of the customer)
  - Cutting waste that is collected by third parties is exported to Italy and Turkey for further processing
  - Waste water of jeans washing is treated by municipal and/or own sewage treatment plant (according to the companies)
First recommendations

- Find a way to recycle cutting waste
  - Experience is available in many places
    - Cutting waste is most often reused in spinning yarns
  - Solution with custom regulations have to be worked out
    - Special permits exist
    - Can branch-organisation organize collection system?
  - Export and controlled production of yarns or non-wovens in 3rd country as an option
    - In cooperation with the clients
  - On longer term: processing of cutting waste in Albania?
    - Will generate extra employment and income

First recommendations

- Design for Recycling / Recycling in design
  - Companies who have own designs and products (or will start with it) will have to look in design options as a start to a circular economy
  - Will have an effect on the:
    - Choice of materials (use most sustainable materials)
    - Choice of processing technology
  - Also in the case of sourcing the materials
    - Not a giant step: you will have to fulfill Reach regulations
      - Restriction on the use of chemicals, and optionally Oko tex 100
  - Sustainability is an issue in many EU-companies (esp in Nordic Countries, Germany and The Netherlands)
  - Design for recycling will be an important selling item
  - Very interesting topic for upcoming designers and students

Remarks

- I was impressed by the companies we visited
- I appreciated the openness of the persons we spoke to
- Many companies have plans to expand / extend their business
  - This will lead to more influence of the companies on designs and materials used (from CMT to full package)
  - Let sustainability be part of the new business
Albania: Good Quality Flexibility Quick Delivery

Albania: ©M(T)

Albania is unknown by Dutch buyers. What is according you the best way to promote Albanian garment industry?

How can we/you make sure you will get more non-Italian customers?

What should be the profile of your new clients?

Where is the potential for doing business with Dutch clients? CMT or Full package?
Do you see trim suppliers open offices in Albania?

Where do you see innovation and/or new business models come up?

CSR, how can we cooperate in future?