

**SWOT ANALYSIS FOR THE  
SUSTAINABLE ECONOMIC  
DEVELOPMENT OF THE CITY OF  
BERAT**

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## SWOT Analysis for the Sustainable Economic Development of the City of Berat

### I. General overview of Berati community

The Municipality of Berat (40.43N, 19.46E) is situated in south-central Albania, in the Berat district, which has a surface area of 939 km<sup>2</sup> and is surrounded by the districts of Skrapar (to the East), Përmet (South-East), Tepelena (South), Mallakstra and Fier (West), Lushnja, Kuçova and Elbasan (north) and Gramsh (North-East).

Berat is the County and Prefecture centre, and has a total surface area of 22.8 km<sup>2</sup>. It lies between 58 and 240 metres above sea level and is situated among hilly and mountainous terrain with an average altitude above sea level of 455 metres. Berat lies by the River Osum, the only river near to the city. The source of the river is in the Vithkuqi Mountains at about 1,050m above sea level. The average annual water flow varies between 5.11 m<sup>3</sup>/sec to 74.1 m<sup>3</sup>/sec. There are two mountains that lie close to the city, Tomorri, 2,416 m high, and Shpiragu, 1,218 m high.

#### ▪ Climate

The region around the city typically has a Mediterranean climate, though given the topographic variation there are diverse microclimates as well, including alpine. The driest month is July and the wettest months are November and December. The micro-climates immediately around the city are very favourable for farming, and thus development of local agribusinesses is seen as very important for the city's economic development.

#### ▪ Historical background

Berat is one of the oldest cities in Albania and has a unique cultural heritage. In the XVII<sup>th</sup> century the city was already established as a developed commercial centre. It has developed commercial connections with different centres of the time: Trieste, Corfu, Malta, Istanbul, Belgrade, etc.

At that time, Berat was one of the most developed economic and cultural cities in the country. It is renowned for its beautiful architectural buildings. At the end of the 1830s the city had 8,000 inhabitants. It preserved its character of having a small artisan economy, and manufacture workshops began to be established.

In the second half of the 19<sup>th</sup> century, Berat was second after Shkodra in the economic power of big merchants, for commercial and monetary capital owners that had agents in

Durres and Vlora, and abroad in Trieste, Corfu and Malta. Their workshops had between five and ten workers.

By the time that Albanian state was formed in 1912, Independence was proclaimed, a major part of the feudal land, around 140,000 ha, was owned by private landlords. Approximately 72,000 ha belonged to families and around 68,000 ha belonged to small proprietors. From 1912 to the middle of the 20<sup>th</sup> century, there were still three big markets in Berat: the Corn Market, the Dairy Market and the Cattle Market. In 1961, Berat was declared a Museum City.

- **Demography**

Large demographic changes have taken place in Berat in recent years (see table below). Between 1830 and 1945 the population size grew by slightly more than 10 per cent, but by 1980 it had gone up by more than four-fold, since when it has nearly doubled again. Since 1989, the population size has grown by 50 per cent, with most of the change taking place in the first three years following the fall of communism.

**Table 1: Population of Berat Municipality in years**

Year	1945	1980	1985	1989	1994	1997	2000	2002	2003	2004	2005	2006
<b>Population</b>	9000	34517	38500	42900	61075	62749	63242	64771	64833	64473	64193	63710

The average age of the population is 32.8 years. Life expectancy is 69 years for males and 73.2 for females. Unemployment rate is 12.3 %, with a decreasing tendency, due to the increasing employment in private sector.

- **Economic profile of Berat**

Just like the economy of the nation as a whole, the economy of Berat is in transition. As such, it bears all the consequent difficulties as well as the benefits of that transition. The biggest challenge is making the shift from feelings of aspiration and trust to implementation and results.

**Table 2: Number and types of businesses in years**

Year	2002	2003	2004	2005	2006	2007	2008
Type of Business							*
Grocery shops	126	149	144	138	159	174	174
Non grocery shops	371	351	306	317	336	389	377
Bars	100	129	144	129	141	162	165
Services	210	231	248	253	243	233	233
Transport	131	137	135	118	137	151	173
Small Production Businesses	27	51	57	65	85	94	94
Ambulatory service	0	19	19	16	73	78	78
<b>Total I</b>	<b>965</b>	<b>1067</b>	<b>1053</b>	<b>1036</b>	<b>1174</b>	<b>1281</b>	<b>1294</b>
Construction	33	32	28	36	35	47	47
Large production business	14	20	21	25	26	18	18
Imp-exp	32	39	45	53	67	118	118
<b>Total II</b>	<b>79</b>	<b>91</b>	<b>94</b>	<b>114</b>	<b>128</b>	<b>183</b>	<b>183</b>
<b>Total I+II</b>	<b>1044</b>	<b>1158</b>	<b>1147</b>	<b>1150</b>	<b>1302</b>	<b>1464</b>	<b>1477</b>
Institutions	32	32	34	36	27	32	32
<b>Overall Total</b>	<b>1076</b>	<b>1190</b>	<b>1181</b>	<b>1186</b>	<b>1329</b>	<b>1496</b>	<b>1509</b>

\*-The figures for 2007 are forecast

Source: Municipality of Berat

Local businesses, especially producers, want to develop and expand by using the region's natural resources and geographical advantages with great effectiveness and efficiency. Tourism-based businesses exploit the city's historical and architectural heritage. Artisan businesses, though small and based around the family, want to keep traditions alive and even expand into the national level and possibly into international markets.

Berati municipality has quite the largest number (comparatively to other urban centres of the Region) of agribusinesses. The specific feature of such businesses is that it is mainly based on local agriculture products, thus supporting also local economy (agriculture) to develop. These businesses represent the largest part of employees out the total number for Berati municipality.

Handcraft production is another important sector of economy with high potential of development in future. This sector enjoys an old and well-known tradition, positive reputation in national market, thus having a good basis for expanding and development.

Other type of business activities are presented in Berat, providing a variety of businesses and covering of local needs, as well as strengthening the competition profile of the city. A strong base for these businesses was the former state-owned enterprises and production line, which are revived, re-constructed, and made operational through privatization process and private entrepreneurship.

- **Communication and accessibility**

The existing national road network provides ease access of Berati area to national highways, airport(s) and seaports. The distances are as such that allow easy access for goods or passenger transports. On the other hand, the distances with neighbouring cities and regions are within the average of 60 km, supporting the easy exchange of goods, basically raw materials, agricultural products, processed goods, etc.

**Table 3: Berati distance from national access points**

Access destination	Distance
“Mother Teresa” airport	125 km
Durrës seaport	92 km
Vlora seaport	85 km
Saranda seaport	250 km.

- **Education**

Education indicators are important on setting the conditions of labour market, and relatively to that, the conditions of community development. In this prospective, the data in this field and the related analyses are important for drawing conclusion and setting priorities for development policies for the region.

The Municipality of Berat has a relatively high percentage of population with a certain level of education. This makes a valuable asset for the labour market, offering qualified labour power to employers.

**Table 4: Distribution of education level on Berat population**

Level of Education	% of population
General and professional high level education	33%
Secondary level education	44%
Graduate studies level	6%

*Data source: Population census, 2001*

- **Quality of life**

***Public Services***

The *city cleaning service* covers 100% of population and is contracted out by the Municipality. The quality of the service is satisfactory and Berati city is considered as a clean city. The quality of this service is a strong supporting factor for internal marketing and opportunity for development of a good tourstic product of the city.

There is a *public transport* company operating the bus lines in the city. The Public Services Directorate of the Municipality is the responsible authority for this service. Although the positive trend on the quality of this service, the challenge of improving the service is actual. There is an increasing trend on the use of individual vehicles, constituting the largest part of the city vehicles’ fleet (more than 70% of the total number of vehicles).

*Drinking water supply* is covering 100 % of population. However the supply is limited during the 24 hours. The quality of tap water is depending very much on the process of chlorification, which has problems. Therefore there are reports of drinking water pollution level in different cases.

The *urban green areas* in Berati have a long tradition, starting with the construction of the first public green area in 1926. There are 72,542 m<sup>2</sup> green areas in the city with a rate of 1.2 m<sup>2</sup>/capita. If we add to this figure the surrounding green areas, this rate is 20-25 m<sup>2</sup>/capita. The public enterprise of the Municipality is working on improvement of these indicators, supported by the allocation of resources, and favourable conditions (clearing areas from illegal buildings, unused areas, etc.).

*Health care* and *health service* are improving based on improvement of health infrastructure, as well as the level of service quality.

The *living costs* have an increasing trend over the years, as it's shown by the Index of Consumption Price. The increase of the living costs is decoupled of the income generation trend, contributing to the decrease of living minimum per capita

*Social life* - The offer of cultural events is limited. There are active a humour theatre, a puppet theatre, which are organizing a very limited number of shows and spectacles. There is an art gallery offering different exhibitions. The city has also a public library with a big number of publications and books. There is no movies theatre in the city. The number of visitors, spectators, and readers shows quite a high interest of the population for art and culture, as well as the difference between the high demand and low offer for such services. Berat has a large number of museums and cultural monuments with unique values. The number of visitors is increasing, in total, as well as the number of foreign visitors.

The civil society is underdeveloped in the city. This is shown by the low number of active local NGO. There are only 8 of Non-governmental organisations.

*Urban Environment quality* - During the period of transition, Berat city faced environmental and infrastructural problems as other urban areas in Albania.

Air quality is not a problem in Berat (although the regular monitoring and statistical data are not available). The sources of air pollution are limited (reduction of emissions due to the closing of industrial activities). The main air pollution sources could be considered traffic and construction activities. Stone and marble production activities are situated outside the urban area and do not contribute to the air quality of the city.

There are some more polluting activities and pollution resources which negatively impact the environment quality. Here can be listed the following: lead metallurgy, stone and marble quarries, metals processing workshops and a leather processing workshop. On the other hand there are some inherited pollution sources from the previous industrial activities (batteries factory, etc.)

## II. SWOT ANALYSIS

### ▪ Overview

The starting point for a development strategy is a comprehensive analysis of the region. The team assembled different reports and information to analyze and to process. Direct contacts with local institutions are made, resulting in useful information for the analysis itself.

The screening and analyses of these materials resulted in identification of different aspects and factors for development, such as the existing development strategies, marketing efforts, target businesses, and quality-of-life. We also analyzed external aspects like economic base, infrastructure, and business climate. However, other exercises (the perception of the residents and businesses in Berat have) are necessary to be carried out in order to relate directly to how well the community conveys its strengths, or tells its economic story and prospective.

Understanding Berat strengths and weaknesses will provide with a strong basis for developing strategies to improve working and living in the city.

Major findings and recommendations are summarized throughout this report.

Berat strengths and challenges are examined within five factors, which are important economic development topics:

- 1) Business Climate and Entrepreneurship
- 2) Workforce and Education
- 3) Infrastructure
- 4) Quality of Life
- 5) Economic Development Efforts

It is important for Berat to be aware of its strengths and opportunities to be able to expand upon them.

Vision of Berat

“Berati will be a sustainably developed city, a unique centre of historic, cultural and familiar tourism, with consolidated agro-business and handcraft products



### III. KEY SWOT FINDINGS

In this exercise we did try to identify specific and new key findings, which differ from those listed in other strategic documents and reports, prepared by other stakeholders. Below are listed four key ingredients that are vital to growing Berat's economy and attaining its vision:

- 1) Internal marketing
- 2) Entrepreneurial development
- 3) Entertainment and recreation
- 4) Community image improvements

#### 1) Internal marketing

There is a lack of awareness when it comes to what Berat has to offer and how the city should grow. Berat needs to improve awareness. Internal marketing is building awareness and “buy-in” of Berat's economic development efforts within the community. Berat residents should be more interested in learning more and participating in this process. The developers of the city (i.e. Municipality, civil society, other institutions, etc.) should implement an internal marketing campaign, including: communicating and aligning each sector of the community, creating meeting forums to discuss key topics, assigning task force committees to implement strategies, and activating the media to have stories pertaining to the economy, business, and recreational opportunities and achievements. Berat will be more effective in improving its economy once the residents are behind development efforts and act as marketing representatives helping the community accomplish its vision. The City first needs to strengthen its public and private sector relationships. Public and private collaboration is defined as economic development organizations, government, schools, and community organizations having a strong alliance with local businesses. When these groups have a common vision and leaders to execute a plan, a city is able to be competitive and reap prosperity for its citizens.

#### 2) Entrepreneurial development

Berat has opportunities to develop entrepreneurs. The City is fortunate to have valuable resources, consolidated tradition on specific activities, ample potential of labour market offer. The City can benefit even more by fostering an entrepreneurial environment. There are different opportunities which should be explored and exploited: strengthening of Chamber of Commerce, different agencies supporting development programmes (USAID, GTZ, etc.) Once Berat strengthens its public and private collaboration, it will

be ready to support and grow entrepreneurs. According to the World Economic Forum, “Social entrepreneurship is recognized as an effective business initiative benefiting society and significantly improving people's lives.” Entrepreneurship is responsible for about one third of economic growth.

### **3) Entertainment and recreation**

It is more and more important to have a high quality of life, which includes having several entertainment and recreational options for citizens of all ages. Attracting entertainment for the 25 – 44 age group is particularly important, as these individuals make up a large portion of Berat’s workforce and potential entrepreneurs. Berat has several beautiful natural sites, which are unused at their potential for such purposes. Definitely it needs bigger efforts and consistency on improvement and creation more venues, facilities and sites for recreational and entertainment purposes if it wants to retain and attract its ideal target businesses and workforce.

### **4) Community image improvements**

How residents feel about the community they live in is one of the most important factors in succeeding and improving an economy. At least 42% of residents, subject of a survey, have stated they feel unsafe (in a certain way) in the city. On the other hand it’s obvious that the residents would like a city where is easy to live in, with effective public services, effective local government institutions. In this prospective, local government has the task and responsibility to work on improvement of the city image to the community, local business and potential investors and visitors. Growth in Berat is inevitable, no matter how long will take, but managing that growth so that the community retains its heritage and unique qualities are essential for Berat to address now – before the growth manages Berat.

#### IV. SWOT Summary Table

<b>Business Climate and Entrepreneurship</b>	<b>Strength</b>	<b>Opportunities</b>
	<p><i>Easy access to national road network, Near the airports and seaports Pro-business environment Positive central and local political will to build local and regional strategic plans Natural above ground and underground resources Existing buildings favouring setting up of new businesses (in industrial zone) Cultural, historical inheritance supporting development of tourism Mild Mediterranean climate Sustainable and optimal potential for development of agribusiness (production and processing) City is centre of Region Good public order</i></p>	<p><i>Targeted marketing strategy Build upon recreational activities success Resources and ideas to use the natural beauty of River Osum valley for ecological tourism, public spaces, recreation centres, etc. Loan possibilities through local banks (branches) Improving permitting processes Optimal use of the existing former industrial zones</i></p>
	<b>Weaknesses</b>	<b>Threats</b>
	<p><i>A low interest of businesses to expand and invest Disconnect between local government and business community Lack of local funding for entrepreneurs</i></p>	<p><i>Aggressive incentives by competitors Land ownership issues No urban development plan Uncontrolled development could lead to many new problems and concerns related to incompatible land uses, loss of values (historical, environmental)</i></p>
<b>Workforce and Education</b>	<b>Strength</b>	<b>Opportunities</b>
	<p><i>Large part of the residents within the 15-60 years age A strong positive tradition in specific activities which are also potential development directions for the city and the area Low cost of labour force Good level of qualification of workforce Young population with good level of general education, particularly strong in foreign languages and strong desire to learn</i></p>	<p><i>Start of Berat University Improve educational attainment Retain and attract a larger segment of young diverse labour force professionals Strong linkage of education programs and economic development Expand training opportunities Bringing in residents with high skills and education that can be utilized to attract business to Berat</i></p>

	<b>Weaknesses</b>	<b>Threats</b>
	<p><i>Shortage of skilled workers</i>  <i>Lack of high paying jobs</i>  <i>Limited higher education courses</i>  <i>Few vocational training programs</i>  <i>Lack of knowledge of existing business workforce training needs</i></p>	<p><i>Loss of workforce due to lack of entertainment and housing options</i>  <i>Migration of skilled workers</i></p>
<b>Infrastructure</b>	<b>Strength</b>	<b>Opportunities</b>
	<p><i>Natural resources – Recreational and touristic attractions: Tomori Mountain, Osumi river, other natural and cultural monuments;</i>  <ul style="list-style-type: none"> <li>• <i>Low and decreasing level of crime</i></li> </ul> <i>Active City Library, Art gallery, Theatre and puppet theatre</i></p>	<p><i>Entertainment and recreational activities</i>  <i>More proactive government leadership possibilities for local government on receiving loans</i>  <i>Tourism Marketing Plan</i>  <i>Create an enhancement programme on preservation of cultural and historical values within the city</i>  <i>Enhancement of cultural life in the city</i></p>
	<b>Weaknesses</b>	<b>Threats</b>
	<p><i>More proactive government</i>  <i>limited drinking water supply</i>  <i>Lack of shopping and entertainment options</i>  <i>Irregular electricity supply</i></p>	<p><i>Low paying jobs</i>  <i>Deterioration of historical, cultural, architectural values of the city</i>  <i>Housing issue for poor families</i></p>
<b>Quality of Life</b>	<b>Strength</b>	<b>Opportunities</b>
	<p><i>City is tidy and clean</i>  <i>Good level of green areas per capita</i>  <i>Effective response to urban environmental concerns (waste, transport)</i>  <i>Health service in good shape</i></p>	<p><i>Develop a urban development plan for the city.</i>  <i>Establishment of the University of Berat</i>  <i>Improve the city transport management,</i>  <i>Improve the quality of education system and infrastructure</i></p>

	<b>Weaknesses</b>	<b>Threats</b>
	<p><i>Out of date land use plan</i>  <i>Isolation of the city</i>  <i>Traffic regulation and management</i>  <i>Ineffective measures to reduce or mitigate the negative impact of some business on environment</i></p>	<p><i>Increasing living costs for the population</i>  <i>More aggressive incentives elsewhere</i></p>
<b>Economic Development</b>	<b>Strength</b>	<b>Opportunities</b>
	<p><i>Community support</i>  <i>Pro-growth local government and local institutions</i>  <i>Natural and human resources are at optimal level</i>  <i>Urgency for improvements</i></p>	<p><i>Active programming and Development Department within the municipality</i>  <i>Potential for Engagement of the entire community</i>  <i>Develop Internal marketing plan and activities</i>  <i>More private / public alliances</i>  <i>Connection with education</i></p>
	<b>Weaknesses</b>	<b>Threats</b>
	<p><i>Lack of marketing strategy</i>  <i>Lack of occasional Business development programmes</i>  <i>Competition capabilities in national and more on in international level</i>  <i>Non-inventoried assets, which are thus unable to access the market</i></p>	<p><i>Fail to implement</i>  <i>No clear vision</i>  <i>Competition environment in national and international level</i></p>

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- Making the process of policy-making less politicized, by offering to the policy-makers key information based in researches.

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- Media
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- Good Governance
- European Integration and Neighborhood Integration Policies
- Policies for Social and Economic Development

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