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**Small Business  
Development  
Programming Trip:**

**Peace Corps/Albania  
and the Office of  
Training and  
Program Support,  
Small Business  
Development Sector**

*GEMINI Technical Report No. 48*

# **GEMINI**

**GROWTH and EQUITY through MICROENTERPRISE INVESTMENTS and INSTITUTIONS**  
7250 Woodmont Avenue, Suite 200, Bethesda, Maryland 20814

**DEVELOPMENT ALTERNATIVES, INC. • Michigan State University • ACCION International •  
Management Systems International, Inc. • Opportunity International • Technoserve • World Education**

**Small Business Development Programming Trip  
Peace Corps/Albania  
and  
The Office of Training and Program Support  
Small Business Development Sector**

by

**Lauren B. Spurrier  
Office of Training and Program Support**

**Wesley C. Weidemann  
Development Alternatives, Inc.**

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## **EXECUTIVE SUMMARY**

From October 7 to 24, 1992, Lauren Spurrier, Small Business Development Specialist, and Wesley Weidemann, a Development Alternatives, Inc. employee contracted through GEMINI traveled to Albania to conduct a sector assessment. The outputs of this consultancy included a written report of the findings, a preliminary project plan, and the Volunteer Activity Description.

Albania is going through a radical transformation from an extremely centralized and autocratic political and economic system to a decentralized and more democratic one. One of the prices of this transformation is a dramatic drop in income and productivity because the centralized planning system has collapsed and the ordering of the economy through free market forces has not yet taken place.

In this precarious situation, the need to promote private sector development, privatize industry, and improve economic and physical infrastructure is urgent. The sudden dismantling of agricultural cooperatives, scarcity of inputs, breakdown of public input distribution and marketing channels, economic sabotage, and looting of parts and materials from anything owned by the former government has led to economic chaos and dramatic declines in productivity.

The business environment is characterized by a changing and uncertain legal and regulatory environment, an undeveloped financial sector, a distorted incentive system, an undeveloped marketing and distribution system, and an underdeveloped human resource base with regard to skills and experience in adapting to a free market environment. Until 1991, virtually the entire enterprise sector was employed in the state-run economy. Therefore, other than those individuals who have recently returned to Albania, there is nobody in the country who has had practical free market business experience.

The idea of entrepreneurship is faintly remembered by Albanians. There is an urgent need to develop Albanians' business skills in tangible areas such as accounting, bookkeeping, budgeting, business planning, and marketing as well as in intangible areas such as management, decision making, and leadership. Similarly, there is a pressing need to develop small business support institutions and organizations.

The team recommends the establishment of a small business project that addresses the need to build local capacity of entrepreneurs and small business support institutions. The objectives of the proposed project are threefold: to assist in developing the institutional capacity of seven Regional Business Agencies providing assistance to small businesses; to assist with the staff development of these institutions so that staff members are capable of providing quality services to entrepreneurs; and to provide basic business skills training to entrepreneurs so that businesses are managed more efficiently.

## **SECTION ONE**

### **INTRODUCTION**

In July 1992, the Peace Corps initiated its program in Albania. Teaching English as a Foreign Language (TEFL) was selected as the initial project area. The Peace Corps Albania (PC/A) program started with 21 Peace Corps volunteers (PCVs), who arrived in-country in June 1992 and began work at their sites in August 1992.

In June 1992, PC/A requested programming assistance from the Small Business Development Sector of the Office of Training and Program Support (OTAPS) to conduct a sector assessment of the business sector, with special attention focused on programming opportunities in agribusiness. In response to this request, a Small Business Development Specialist, Lauren Spurrier, and Wes Weidemann, a Development Alternatives, Inc. employee who was contracted through the Gemini PASA, traveled to Albania from October 7 to 24, 1992, to conduct the sector assessment. This report is a compilation of their findings.

The team met with representatives of public sector and private sector institutions, private entrepreneurs, and representatives of nongovernmental organizations (NGOs). The team traveled to the interior of the country to meet with representatives of farmer associations and public and private sector businesses, and farmers. The team also talked with PCVs currently working in the field as education volunteers. Peace Corps Director Matti Thimm actively participated in the majority of the meetings in Tirana and much of the field work outside of Tirana. Appendix A includes a list of the meetings and interviews conducted. Appendix B includes a summary of these meetings and interviews.

In addition to meetings, interviews, and site visits, the team reviewed various documents related to agriculture and small business in Albania. Appendix C includes a list of these sources.

## **SECTION TWO**

### **BACKGROUND**

For 46 years, Albania suffered the most complete economic, political, and social isolation of any country in the world. The poorest country in Eastern Europe, Albania was under Communist rule from 1946 to 1992. Not only was Albania cut off from the West, but beginning as early as the 1940s, Albania's hard-line government began cutting off ties with the East as well. Beginning in 1990, pressure for political change and the worsening internal economic situation pushed Albania out of its isolation and toward a reform effort. However, the movement toward reform has been an uncertain process.

Albania is going through a radical transformation from an extremely centralized and autocratic government to a decentralized and more democratic one. One of the prices of this transformation is a dramatic drop in income and productivity because the centralized planning system has collapsed and the ordering of the economy through free market forces has not yet taken place. Between 1990 and 1992, the World Bank estimates a 55 percent drop in economic output.

In this precarious situation, the need to promote private sector development, privatize industry, and improve economic and physical infrastructure is urgent. Partly because of the poverty of the nation and the isolation of the economy, the status of technology and infrastructure development is lagging far behind the rest of Europe. The sudden dismantling of agricultural cooperatives, scarcity of inputs, breakdown of public input distribution and marketing channels, economic sabotage, and looting of parts and materials from anything owned by the former government has led to economic chaos and dramatic declines in productivity. Large portions of the productive capacity lie idle because of a lack of raw materials, financing, or access to markets.

As a result of the aforementioned forces, Albania cannot focus solely on the redirection of trade and export marketing. Instead, Albania must focus on the creation, from the ground up, of an economy that can and will interact on an international basis. Rather than a transition to a market economy, Albania must undertake the creation of a market economy.

Because of inexperience with a market-driven economy, the state-run enterprises and former government-sponsored cooperatives are floundering helplessly and many are not expected to survive, even in a privatized incarnation. Albania must start from the ground up; this means concentrating on the basic building blocks of the economy: small businesses.

The agricultural sector of the economy is the most important sector in terms of employment and output, employing nearly half the work force and accounting for about 35 percent of GDP. The agricultural and agribusiness sector did not suffer the same magnitude of collapse as the urban manufacturing sector. Albania has good potential for rapidly reaching much higher levels of productivity and income if measures can be implemented to promote a rapid supply response. Most of the increase in productivity will have to come from agriculture.

## SECTION THREE

### FINDINGS

#### BUSINESS ENVIRONMENT

Fundamental political and economic changes are resulting in enormous and rapid changes in the business environment in general and the environment for small enterprise development in particular. The most fundamental is the dramatic change in the legal and regulatory environment, resulting in an extremely high degree of uncertainty and confused and conflicting incentive systems. The command economy that formerly directed producers and gave individual businesses little or no choice has broken down and has not yet been replaced by a rational market-driven incentive system. As a result, many state enterprises are paralyzed while awaiting further developments and eventual privatization. Private entrepreneurs are reluctant to invest in productive enterprises because of continuing uncertainty. Private entrepreneurs focus on trading instead of longer-term investment in fixed assets and equipment.

The paralysis of the state-run companies has created a crack in the monolithic facade of state enterprise. There are some small private firms growing in these cracks -- an example is the construction industry. Only a few of the state-run construction companies have been privatized, and the state-run companies no longer receive subsidies from the government. Because of continuing losses, state-run construction companies are not able to purchase materials and pay workers. As a result, most state-run construction companies are now idle. A small number of private construction companies (estimated at 12 in the Tirana area alone) have sprung up to fill the gap. The private companies are able to successfully bid for materials, supplies, and workers. These new private companies are constantly busy and are growing. Thus, de facto privatization of the construction industry is developing as the small private companies carve out a market niche in the face of inaction in the state sector.

The finance and banking sector is totally inadequate to serve the needs of the national economy, particularly those of the small business community. Because of social entitlements for unemployed workers and continuing losses in state-run enterprises, the government budget deficit spun out of control. The Albanian State Bank resorted to printing money to finance the deficits, and inflation in early 1992 approached an annual rate of almost 300 percent. Such an inflationary environment discourages long-term investment. In April of 1992, the Albanian State Bank was taken out from under the jurisdiction of the Council of Ministers and placed directly under the Parliament. Since then, the inflation rate has subsided somewhat. The Albanian State Bank established a credit policy imposed on the banking system, which is made up of the Commercial Bank, the Bank for Agricultural Development, and the Savings Bank. The legal and regulatory framework for the financial sector has yet to be developed. As a result of the official policy of limiting the extension of credit, and the absence of the operations capabilities to extend loans to small business, there has been virtually no lending to the newly formed small businesses.

Lending in the agricultural sector is no better. The July 1991 land law called for redistribution of agricultural land expropriated by the state and given to cooperatives in 1946. The law grants land ownership rights to former members of cooperatives and their households without payment. This privatization of cooperative-owned land has been partially enacted. Government officials widely proclaim that the former cooperative farms are now all privatized; in fact, the process has only started. It is true that almost all the new owners of the land held by the former cooperatives have been determined, largely

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through the spontaneous privatization that took place in 1991. However, issuance of clear legal title to the land has just begun. The Bank for Agricultural Development (BAD) requires collateral for lending. Because there is no clear title to the land, it cannot be used as collateral, and a significant source of production credit is not available to farmers.

The disorganization and uncertainty in the financial sector has resulted in small start-up companies being forced to rely on non-bank means of finance. A traditional means of financing materials and supplies is trade credits. However, there are no trade credits available from importers or suppliers in Albania because of the lack of established business relationships and the general lack of financing even to more established businesses. Since the private sector is still in its infancy, there is no reservoir of retained earnings that can be used to finance business operations and expansion.

The major sources of finance for small businesses are personal and family savings. Some personal and family savings have come from relatives overseas. Much of the foreign investment that is taking place in the small enterprise sector of Albania is coming from the Albanian expatriate community. There are an estimated 250,000 to 400,000 Albanian emigrants in Greece, Italy, Yugoslavia, and other countries. The *Albanian Economic Tribune* estimates the yearly remittances from these expatriate Albanians to be about \$400 million, which far exceeds the total amount of donor funds flowing to Albania from all other sources combined. Unofficial estimates by the International Monetary Fund corroborate this number. The form of these remittances is usually consumer durables for family use and resale. The appliances, television sets, and luxury goods in the market places are evidence of these remittances. The recent increase in the number of automobiles registered is further evidence of the remittances. Some emigrants are now sending equipment to be used in a business or cash for business ventures. The team found private businesses that were set up by private finance from overseas remittances from the United States, Greece, and Italy.

The laws and regulations covering protection of foreign investment and repatriation of capital have largely been put in place. However, there are still critical gaps. Laws and regulations governing the small enterprise sector are still evolving. The evolving policies toward regulating small businesses in licensing, taxation, required permits, price controls, and competition from state-run enterprises leave small businesses in a very uncertain and vulnerable environment. Even though many of the laws are in place, the interpretation and implementation of these laws is left in the hands of Government officials. Until very recently, government officials were trained to believe that business and profits were bad and that foreigners were the enemy seeking to exploit and enslave Albania.

As a result of the continuing uncertainty in the business environment, some foreign companies, such as Coca-Cola, have withdrawn from Albania. Two Italian firms have brought separate lawsuits against the government and their Albanian joint venture partners for non-performance on joint venture contracts. Other foreign companies are not willing to invest in the Albanian economy until the legal and regulatory environment is more carefully defined. Many of the state-run enterprises are waiting for a foreign firm with plentiful cash to come in and provide direction to set up a joint venture with the state-run enterprise. Apart from a few isolated and unique cases, this white knight scenario is unlikely to happen.

Another major problem in the business environment is the inadequacy of the infrastructure to support business activities. The deteriorated infrastructure results from neglect, willful destruction, and lack of investment. Many infrastructure elements normally taken for granted in developing countries are inadequate or missing altogether. An example is the telecommunications system. The failure rate on telephone calls dialed within the United States is less than 1 percent. In Albania, the success rate on telephone calls is less than seven percent. The transportation infrastructure is inadequate, with few spare

parts and a poorly developed road system. Water systems, irrigation systems, health systems, electricity generation, electricity distribution, and other infrastructure elements are inadequate to support a vibrant small enterprise sector.

Another element in the business environment is the underdeveloped status of human resources with regard to skills and experience in adapting to a free market environment. The basic educational system was set up during Communist rule and taught nothing about free market economic systems. Until 1991, virtually the entire enterprise sector was employed in the state-run economy, so, until recently, almost nobody in the country had practical free market business experience. The concepts of sourcing, distribution, and marketing are foreign concepts that must be learned.

Agriculture and agribusiness present a special opportunity for Albania. Because of its size and the potential for rapid recovery, agriculture will play a key role in the Albanian transition from a command economy to a free market economy. The agricultural sector is the largest single sector in the Albanian economy. In the 1980s, agriculture generated almost 35 percent of Gross Domestic Product (GDP) and accounted for half of employment. Agroprocessing accounted for an additional 11 percent of GDP and an estimated 7 percent of the labor force. While agricultural production has suffered along with the rest of the economy, the drop in agricultural production has not been as catastrophic as the collapse in the industrial sector. The potential for rapid recovery in the agricultural sector is high because privatization of agricultural land is further along than in other productive sectors. The agribusiness and agroprocessing sectors present opportunities for small business-led development.

Albania has a comparative advantage in selected agricultural products and commodities for export. Because of climate, water availability, proximity to markets, and low cost of labor, Albania has the potential to produce off-season and winter vegetables and flowers for the Western European market. In addition, there appears to be a comparative advantage in bulk vegetable production for canning, freezing, and cold packing. However, to capitalize on these advantages, Albania needs to invest in restoration and complete upgrading of the agricultural production and agroprocessing infrastructure.

During the 46 years of Communist rule, the agricultural land base was almost entirely collectivized into state farms and state-run cooperative farms. As a result of political paranoia, the regime adopted a strategy of complete food self-sufficiency. Until 1990, Albania was a net exporter of agricultural commodities. Because of political and economic disruptions, agricultural production has been down in 1991 and 1992, and Albania was forced to rely on foreign donations to feed itself.

There are several reasons for the current decline in agricultural production. The most obvious is the incomplete privatization of state-run cooperative farms. In 1991, major tracts of land were left idle because of ownership disputes. In 1992, the amount of land left idle decreased as privatization moved along. The fate of the state farms has still not been determined. Further contributing to the production declines is the breakdown in the state-run input distribution system. A private fertilizer distribution system is rapidly developing, but distribution systems for seed, pesticides, and other inputs have not developed. The state-run marketing systems for agricultural commodities have also broken down, leaving Albania unable to market traditional export crops such as melons and vegetables.

The patterns of agricultural production have shifted toward satisfying family needs, as farmers seek to ensure the food security of their own families. Production of commodities that can be produced and stored on the farm is increasing. Production of wheat for home consumption increased an estimated 10 percent in 1992. Livestock production is increasing and private farmers are devoting more cropping area to forage crops. Crops that require off-farm processing or marketing systems, such as sunflower, sugar, and cotton, are decreasing.

## **INSTITUTIONS AND ORGANIZATIONS**

Albania's social fabric is in a state of flux and definition. New institutions and organizations, and those that had been suppressed under the former Communist regime, are forming and emerging. Several of these organizations pertaining to the small business sector include chambers of commerce, private business associations, and the Regional Business Agencies supported through the European Community's Small and Medium Enterprise Project (SME). There are also several European donor agencies — for example, the Italians and the Germans — which are developing projects that target the small businesses sector. In addition, USAID is planning on initiating an agribusiness project for FY93. An overview of the aforementioned organizations and the USAID project is provided below.

### **Chamber of Commerce**

The Chamber of Commerce originally was a branch of the Ministry of Trade and established itself as an independent, self-financing operation only in August 1992. The Tirana Chamber, which established branches in other parts of Albania, views itself as the National Chamber representing the business sector. However, it has no real experience in supporting private enterprise or small businesses. It appears to be attempting to define its role in a newly democratized Albania. A number of entrepreneurs stated that the major reason businesses have become members of the Chamber is to receive the Chamber's endorsement in securing a visa to travel abroad to conduct business. Without the endorsement of the Chamber of Commerce it is difficult to secure a visa.

The Chamber has a large bureaucratic structure that includes 26 employees, with 40 additional employees working in the printing house. It is not likely that it will develop into an effective small business support organization. Many of the officers of the Chamber of Commerce are considered supporters of the old Communist regime and are regarded with suspicion by private entrepreneurs. This is one reason why business people are forming Private Business Associations.

It is important to note that parallel private business associations and chambers of commerce are forming. In Shkoder, a private chamber of commerce claims its independence from the Tirana Chamber and also claims legitimate links to the business community.

### **The Association of Private Entrepreneurs**

The Association of Private Entrepreneurs recently split into two main factions. The Vlore-based association which covers the South and Southwest, and the Tirana-based association which covers the rest of Albania. Both of these factions are associated with the Democratic Party of Albania.

The primary role of the Vlore Business Association, formed in August 1991, is to provide the members with information about the legal environment pertaining to business, import-export, and investment and to serve as a voice for the business community. The Vlore Association, a member of the Chamber of Commerce, has 330 members that represent a cross section of the business sector. There are no representatives from the agriculture community in the association.

## **Regional Business Agencies**

The European Community's (EC) Small and Medium Enterprise (SME) Project is the only project now channeling credit to small businesses. The EC attempted to identify viable indigenous organizations or associations through which the EC could work. Because of the uncertain status of the Tirana Chamber of Commerce and the Associations of Private Entrepreneurs, the EC found a need for a new type of organization that could support SMEs (small and medium enterprises). Hence, the EC decided to establish 7 Regional Business Agencies (RBAs), modeled after Western European development agencies which incorporate existing SME organizations into the RBA structures.

A Durres-Tirana RBA was established in April 1992, and the South-Western RBA (based in Vlore) was established in June 1992. The Southern RBA, based in Gjirokaster, was created in September 1992. The remaining four RBAs (the Northern, the North Central, the Eastern, and the Central) are expected to be established by January 1993. Each office will be staffed by an office manager and assistant.

The RBAs will operate as independent private companies, each directed by a board of representatives from the Ministry of Economy and Finance; Districts, Town Hall, and Communes; the Chamber of Commerce; the Association of Private Entrepreneurs; the banks; the Faculty of Economics, University of Tirana; and the Albanian SME support unit.

The activities of the RBAs include:

- Handling inquiries and serving as a liaison between the entrepreneurs, the Chamber of Commerce, government Ministries, Districts, Town hall and Communes, aid agencies, and private associations;
- Assistance in the preparation of business plans for individual entrepreneurs and for documentation supporting credit applications;
- Seminars and training in small business-related topics; and
- The collection of information for SME needs in the region, including a database of businesses, library books, technical literature, information on taxation, and legal and regulatory information.

The SME Support Unit has conducted a series of seminars, which introduced business planning concepts, in Tirana, Kukes, Shkoder, Gjirokaster, and Sarande. This nationwide seminar series enabled the SME Support Unit to assess the level of competence of the entrepreneurs and design the appropriate training materials.

Submission of a business plan is a prerequisite to apply for credit from the SME Support Unit. To date, the EC has provided US \$360,000 (300,000 ECU) of credit to businesses, with an average loan size of US \$6,000. The loan period is for a maximum of three years, at an interest rate of 17 percent. Loan payments are made through an account at the State Bank of Albania in Albanian leks or U.S. dollars.

The RBAs will be the mechanism through which all credit and technical assistance from the EC will be provided to the Albanian small business community. The World Bank and other foreign donors (agencies are also considering) using these RBAs to distribute TA, credit, and inputs.

## **United States Agency for International Development (USAID) Project/Support for Agriculture Restructuring in Albania (SARA)**

AID expects to begin implementing the six-year SARA project in the winter of 1993. The SARA project includes four components: land market development; policy and agricultural research; agribusiness development; and agricultural university strengthening.

The SARA project will be implemented by two teams, the University of Wisconsin Land Tenure Center (LTC) and a contract team to be identified through a competitive process. The LTC will implement Component 1, and Components 2-4 will be implemented by the Government of Albania and a contractor, to be identified by A.I.D.

The Agribusiness Development component includes three subcomponents: privatization assistance, which will provide technical assistance to Albanian policy makers to assist in planning and implementing a comprehensive privatization strategy; agribusiness management training, which will provide skills-training assistance to agribusiness people via one-month courses in Albania taught by short-term U.S. agribusiness management consultants — these U.S. experts will gradually be replaced by Albanian agribusiness specialists, who will be provided with advanced training in the United States; and U.S. agribusiness partnerships that will support the establishment of communications networks and mailing lists and may include short-term travel or internships for Albanians.

### **CONSTRAINTS TO WORKING IN THE BUSINESS SECTOR**

There are numerous constraints to working in the private business sector. These are listed and briefly discussed below.

- **Legal and Regulatory Constraints**
  - The privatization of state-owned enterprise is incomplete and has run into political opposition.
  - Only the retail trade has been fully privatized.
  - Very few manufacturing and construction companies have been privatized.
  - Tax administration is uneven and may discriminate against certain small businesses.
  - The regulations governing contracts and business practices are incomplete.
  - Administration of the current laws and regulations governing business has not developed.
  - Regulations governing financial institutions have not been written.
- **Undeveloped Financial Sector**
  - Banking operations are rudimentary and banks have difficulty keeping track of deposits, checks, and bank transfers.

- Commercial banking is still in its infancy and does not have the capability to originate, appraise, monitor, or collect business loans.
- There are no trade credits or supplier financing for businesses.
- All private businesses are new and have not yet developed retained earnings to finance the business.
- There is no institutional credit program for small enterprise.
- Interest rates are high, though negative in real terms when the inflation rate is taken into account.
- **Distorted Incentive Systems**
  - Price controls and state domination of the economy have distorted price relationships and provide inappropriate incentives to businesses.
  - Inflationary economy discourages long-term investment and promotes a trading mentality.
- **Undeveloped Marketing and Distribution Systems**
  - Command system of distribution and marketing has not yet been replaced by a free market system.
  - Production inputs are not available to businesses.
  - Output is not marketed in a systematic way.
  - Transportation system is inadequate.
  - Communications systems are primitive.
  - Knowledge of market conditions, prices, and technologies is needed.
- **Need for Upgrading of Human Resources**
  - Business cost accounting is little known and is not practiced.
  - Many business owners are not able to do simple bookkeeping.
  - There is little knowledge of components of marketing such as competitor profiles, pricing strategies, channels of distribution, and warehousing.
  - There is no knowledge of sales management techniques.
  - Inventory management techniques are unknown.
  - Entrepreneurs are totally unfamiliar with business systems because of no exposure to operating businesses.

**SECTION FOUR**  
**PRELIMINARY PROJECT PLAN**

**COUNTRY/PROJECT NAME**

**Albania/Small Business Development**

**PROJECT PROBLEM STATEMENT**

Albania is going through a radical transformation from a extremely centralized and autocratic political and economic system to a decentralized and more democratic one. One of the prices of this transformation is a dramatic drop in income and productivity, because the centralized planning system has collapsed and the ordering of the economy through free market forces has not yet taken place. Between 1990 and 1992, the World Bank estimates a 55 percent drop in economic output.

The business environment is characterized by a changing and uncertain legal and regulatory environment, an undeveloped financial sector, a distorted incentive system, an undeveloped marketing and distribution system, and an underdeveloped status of manpower with regard to skills and experience in adapting to a free market environment.

The basic educational system was set up during Communist rule and taught nothing about free-market economic systems. Until 1991, virtually the entire enterprise sector was employed in the state-run economy, so almost nobody in the country has had practical free market business experience. The idea of entrepreneurship is faintly remembered by Albanians. There is an urgent need to develop Albanians' business skills in tangible areas such as accounting, bookkeeping, budgeting, business planning, and marketing, as well as intangible areas such as management, decision making, and leadership. Similarly, there is a pressing need to develop small business support institutions and organizations.

**PROJECT PURPOSE**

The purpose of this project is threefold: to assist in developing the institutional capacity of seven Regional Business Agencies that provide assistance to small businesses; to assist with the staff development of these institutions so that staff members are capable of providing quality services to entrepreneurs; and to provide basic business skills training to entrepreneurs so that businesses are managed more efficiently.

## **PROJECT GOMT**

### **Goal #1**

By June 1997, the organizational development of seven Regional Business Agencies will be strengthened.

#### **Objective #1-1**

By June 1997, the Agencies will have strengthened institutional relationships, via an increase in collaboration and networking, with local organizations and businesses.

#### **Objective #1-2**

By June 1997, the Agencies will have expanded the number of services that are provided to members.

#### **Objective #1-3**

By June 1997, there will be an increase in the number of businesses receiving services from the Agencies.

### **Goal #2**

By June 1997, the staffs of seven Regional Business Agencies will have improved their capacity to provide quality business services to a targeted beneficiary population.

#### **Objective #2-1**

By June 1997, 14 representatives of seven Regional Business Agencies will have received training in conducting marketing and feasibility studies, establishing bookkeeping systems, and preparing a business plan, and will have demonstrated an ability to conduct the aforementioned activities.<sup>1</sup>

#### **Objective #2-2**

By June 1997, 14 representatives of seven Regional Business Agencies will be conducting training or providing technical assistance in one or more of the following areas: conducting marketing studies; conducting feasibility studies; establishing bookkeeping systems; and preparing business plans.

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<sup>1</sup> This assumes that there will be an input of 25 small business development PCVs every two years, and that at least one PCV will be working at each of the seven Regional Business Agency offices. It is expected that the remaining PCVs will be attached to the RBAs but will be placed in the satellite towns.

**Objective #2-3**

By June 1997, the seven Regional Business Agencies will have designed and developed training materials that will be used to train individuals in conducting marketing and feasibility studies, establishing bookkeeping systems, and preparing business plans.

**Goal #3**

By June 1997, 500 entrepreneurs, through training, will be better able to efficiently manage their businesses.<sup>2</sup>

**Objective #3-1**

By June 1997, 500 entrepreneurs will have received technical assistance and demonstration ability to do one or more of the following activities: establish a bookkeeping system; design business plan; conduct a marketing study; and conduct a feasibility study.

**PROJECT CRITERIA STATEMENT**

1. **Project increases local capacities.** This project will increase local capacity at three levels:
  - Through training, the local capacity of professionals working in the SBD sector as representatives of the Regional Business Agencies will be better able to deliver services to entrepreneurs;
  - Through one-on-one assistance with entrepreneurs, entrepreneurs will increase their capacity to manage their businesses more efficiently; and
  - Through staff training, the seven Regional Business Agencies will have an increased capacity to provide quality services to the business community.
2. **Beneficiaries are among the needy.** The principal direct and indirect beneficiaries of this project are entrepreneurs or employees and their families who express a desire to establish a business or strengthen an existing business.
3. **Project seeks a lasting solution.** Through training of the staff members of the Agencies, a pool of skilled Albanians will remain after the Peace Corps/Albania project has terminated, and the institutional capacity of these Agencies will be strengthened. The skills acquired by the entrepreneurs will remain with them so that they are better able to manage their businesses.

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<sup>2</sup> This assumes that there will be an input of 25 PCVs for two generations. Each PCV will work with 10 entrepreneurs over his or her two-year period of service.

4. **Beneficiaries are part of the project development process.** It is expected that the project methodology will be responsive, because the training needs of the targeted beneficiary population will be defined by the beneficiaries themselves.
5. **Project uses locally available resources.** This project will utilize an existing labor force in Albania — the professionals that staff the RBAs. There is no dependence on high-level technology; advanced skills; or imported, scarce materials.
6. **Volunteer assignments are at local levels where needs occur.** PCVs will be assigned to the seven RBAs, working at the grassroots level, and will provide needed training to the staffs of the RBAs and local entrepreneurs.
7. **Volunteers do not displace qualified and available local workers.** One of the biggest constraints to the development of private enterprise is the lack of Albanians who have basic business skills. PCVs will train HCNs and entrepreneurs in basic business skills, including accounting, bookkeeping, budgeting, and business planning.
8. **Project is complementary to other development activities.** The activities of this project will be executed in coordination with assistance channeled to the small business sector, including assistance from the European Economic Community, Italians, Germans, VOCA, USAID, and IESC.
9. **Project has potential for replication.** The Regional Business Agencies will be better able to extend assistance to other newly forming associations in other geographic areas. The staffs of associations that work with PCVs will be better able to transfer their skills to the staffs of new associations.

### **Collaborating Agencies**

Regional Business Agencies  
 Private Farmers Association  
 Private Chambers of Commerce  
 Future Industry Trade Groups  
 Private Business Agencies

### **Critical Resource Needs/Sources**

Currently, there is no staff person in Albania who has the time to manage the project. In order to manage this project responsibly, an APCD must be hired before sending PCVs to the field.

A pre-service training design needs to be developed before the arrival of the PCVs.

### **Volunteer/Trainee Strength**

At this initial stage of the project development, an input of 12 PCVs per year is sufficient.

## Assignment Titles, Areas, and Skill Clusters

### Requirements:

- A. MA/MS, MBA, BA/BS business administration, business education, marketing, finance, economics, agribusiness, agricultural economics, advertising, accounting or related field, plus 2 years experience owning/operating a business, or business advisory experience OR;
  - B. MA/MS, BA/BS any business degree plus 2 years business experience OR;
  - C. MA/MS, BA/BS any discipline plus 3 years business experience.
- Prefer (but not limited to) the following business experience. Also prefer the experience to be at least 2 years consecutive and full-time.
 

<p>finance/accounting cost analysis production management tourism (mgt/ownership) advertising business consulting international trade</p>	<p>business ownership/management market analysis management analysis marketing credit management coop business management</p>
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  - Will consider non-degreed with appropriate work experience and business degreed only with less than one year business experience contingent upon approval of Country Director.
  - Preference for proven success in a foreign language (especially European).
  - A small number of married couples may be possible if spouse qualifies for AA 171, 140, 141, 114, or is a near match. Acceptance is contingent upon approval of Country Director.
  - Two individuals with practical experience in agribusiness are desirable.

## **SECTION FIVE**

### **CONCLUSIONS**

#### **Small Business-Related Conclusions**

- Private farmer associations (PFAs) are primarily agriculture production units at this point. There is a possibility that the PFAs will be vertically integrated at some point in the future.
- The Tirana Chamber of Commerce has no experience in supporting small businesses, and it is not likely that it will develop into an effective small business support organization.
- Very few of the food processing industries have been privatized. Critical inputs (that is, wheat, sugar, and oil) for many of these businesses continue to be subsidized and controlled by the state.
- Most small business activity in Albania revolves around wholesale and retail trade. At some point, manufacturing, construction, and other businesses requiring larger fixed investments will begin to evolve.
- There are a number of short-term, business-related training courses being conducted in Albania by several organizations, including USIA. A.I.D.'s SARA project will also provide short-term business training.
- Business skills training for entrepreneurs is needed. There is no organization providing basic business skills training to entrepreneurs on a systematic basis.
- The Regional Business Agencies appear to be the only viable mechanism through which credit and technical assistance can be channeled.

#### **Project-Related Conclusions**

- PC/A does not have an adequate number of staff to manage a small business project. Should PC/A implement a small business project, Peace Corps Washington needs to allocate an FTE and hire an APCD to manage the project.
- The small business project must be able to respond to Albanians' rapidly changing technical and training needs. Therefore, the project must incorporate a maximum level of flexibility to ensure continued relevance of project activities.
- Two resources that will be available to the SBD PCVs will be the International Executive Service Corps (IESC) and the Volunteers in Overseas Cooperation Assistance (VOCA). Although the assignments of the VOCA volunteers are short-term, for 2-4 weeks, the VOCA volunteers are highly skilled and can provide a needed injection of technical assistance.
- It is not likely that Peace Corps can collaborate with A.I.D.'s agribusiness project (SARA) as expected.

## SECTION SIX

### RECOMMENDATIONS

- PC/Albania should establish a small business project. AA 140s, as cited in the VAD in Appendix D, should be recruited. Volunteers do not need graduate degrees. However, it is important that these individuals have practical experience in working with small businesses.
- The team recommends that PC/Washington allocate an FTE for an APCD to serve as project manager for the small business project. If there is no APCD hired to serve as project manager, the team recommends that this project not be implemented.
- The team recommends that the Regional Business Agencies be considered as counterpart organizations for PCVs. Three of the seven RBAs have already been established. By the end of January 1993, all of the centers will be staffed and functioning. The team recommends the placement of Peace Corps volunteers in the towns where the RBAs are situated and in towns that are linked to specific RBAs. An example would be placing a PCV with the RBA in Vlore, with other PCVs in Fier and Lushnje. The team recommends that clusters of PCVs be placed, taking into consideration skills and level of competence.
- The team does not recommend the placement of volunteers with the Tirana Chamber of Commerce. However, the team recommends that the Private Chamber of Commerce in Shkoder be considered as a possible counterpart organization.
- The team recommends the development of the Private Business Associations be monitored for the potential placement of PCVs with these associations.
- At this point the team does not recommend placement of PCVs with Private Farmer Associations (PFAs). However, once these PFAs become involved with processing activities, collective buying, running of tractor hire units or other non-agricultural business activities, they could be considered as potential counterpart organizations.
- The team recommends that the Ministry of Trade and Foreign Relations or the Ministry of Economy be considered as the sponsoring ministry for this project.
- The team recommends considering the following individuals to conduct sessions during the PST: Claude Freeman (IFDC), Paul Houghton (SME project), Chris Hill (Embassy), Naske Afezolli (Ministry of Trade and Foreign Economic Cooperation), and Gavrosh Sino (IESC).

## **SECTION SEVEN**

### **FOLLOW-UP**

- Several donors (Germans, Italians, and USAID) are considering channeling resources to the SME sector. Peace Corps should continue to monitor the development of these activities for potential collaborative opportunities.
- The World Bank is in the process of establishing a job training and employment creation project. Peace Corps should monitor the progress of this project for potential collaborative opportunities.

**APPENDIX A**  
**ITINERAY OF MEETINGS**

## APPENDIX A

### ITINERAY OF MEETINGS

The team, made up of Lauren Spurrier and Wes Weidemann worked closely with Matty Thimm, Peace Corps Director throughout the assignment period. Daily meetings were held to review progress to date, discuss findings and conclusions, and make plans for additional meetings to fill information gaps. The final report was drafted on a day-by-day basis, which helped to identify information needs. The following outline shows the team meeting schedule. Abstracts of meeting content is presented in Appendix B.

#### Wednesday, October 7

- 14:30 Arrive Tirana
- 16:00 Meeting with PC/Albania staff

#### Thursday, October 8

- 9:00 Meeting with Frederic Andre, Assistant to the Representative of the Commission of the European Communities in Albania
- 10:30 Meeting with Dianne Blane, Representative for USAID Albania
- 11:30 Meeting with Chris Hill, Deputy Chief of Mission, American Embassy
- 13:30 Meeting with Ismet Jaku, Agency for Restructuring and Privatization of State Farms, Ministry of Agriculture

#### Friday, October 9

- 8:00 Meeting with Llazar Korra, Deputy Minister, Ministry of Agriculture and Food
- 9:30 Meeting with Zhaneta Doci, Country Representative for Volunteers in Overseas Cooperative Assistance (VOCA)
- 12:30 Meeting with Besa Kapllani, International Division, Albanian Commercial Bank
- 15:00 Meeting with Paul Craig, European Community, Team Leader for the Programme Implementation and Coordination Unit, Ministry of Agriculture
- 19:00 Dinner with Tom England, Representative of the Albanian American Trade Association; Cynthia Caples, U.S.I.S. Officer responsible for management training courses in Albania; Yannis P. Venieris, San Diego State University; Hugh Belton, Hugh Belton Associates

Saturday, October 10

Travel to Elbasan to inspect private farmers' facilities.

16:30 Reception for the participants of the USIAD's two-week management training course.

Monday, October 12

9:00 Meeting with Claude Freeman, Marketing Specialist, International Fertilizer Development Center

11:00 Meeting with Ligor Dharmo, President, Albanian Chamber of Commerce

12:00 Meeting with John Rufe, Volunteer Executive, International Executive Service Corps (IESC)

19:00 Meeting with Gavrosh Sino, IESC Country Director; Harry Merritt, IESC Volunteer Executive; Emil Martinec, IESC Volunteer Executive; William Luebbert, IESC Volunteer Executive

Tuesday, October 13

7:00 Meeting with Douglas Cowdrey, IESC Volunteer Executive

9:00 Meeting with Lydia Qesku, Director of Artistic Department, Ministry of Industry

10:30 Meeting with Naske Afezolli, Deputy Minister, and Dr. Lulzim Hana, Director of Business Development, Ministry of Trade and Foreign Economic Cooperation

1:00 Meeting with Jeff Houghton, European Community PHARE Programme, Small and Medium Sized Enterprise Development

7:00 Meeting with George Nieden and Mel Brady, representatives of the Mormon Mission Group in Albania

Wednesday, October 14

Travel to xxx with Claude Freeman of IFDC to visit with 5 fertilizer dealers and farmers.

Thursday, October 15

9:00 Depart for Shkoder

11:30 Meet with Anton Lekaj, Chairman, and Floreta Luli, representatives of the Shkoder Chamber of Commerce

2:30 Meet with representatives of Prodhe Orizi, a rice growers Private Farmers Association, located in Barbullush, south of Shkoder

Friday, October 16

- 8:00 Depart for Fier
- 10:30 Meeting with representatives of state-owned food processing plants including a confectionery plant (Turkish Delight), a dried vegetable factory, and milk plant.
- 12:30 Meeting with representatives of a private candy business and a construction business in Shkoder
- 2:30 Meeting with the Director of a PFA in the village of Seman in the Fier Region
- 7:00 Dinner with Dianne Blane, USAID Representative; Duane Swanson, Land O' Lakes; Tom Rysavy, Land O' Lakes

Saturday, October 17

- 9:00 Met with representatives of two private businesses which have received loans from the EC SME project (restaurant and a construction business)
- P.M. Report writing

Sunday, October 18

Report writing

Monday, October 19

- 7:00 Depart for Vlore
- 10:30 Meeting with Edison Sofia, manager of Vlore SME Regional Business Agency, and Esperalda, assistant
- 12:00 Meeting with Shefre Levensh, President of the Vlore Private Business Association and V.P. of the National Private Business Association.
- 2:00 Meeting with Vecir Gjelo, Director of the Commission for Privatization in Vlore

Tuesday, October 20

- 11:00 Meeting with Kutlay Ebiri, World Bank representative
- P.M. Report writing and review

Wednesday, October 21

- 14:00 Meeting with Jeff Houghton, EC PHARE Small and Medium Enterprise program.

**APPENDIX C**  
**RESOURCE DOCUMENTS**

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**APPENDIX C**

**RESOURCE DOCUMENTS**

1. *Report on the Structure of SME Organizations in Albania*, Jeff Houghton, Lancashire Enterprises, Enterprise House, 17 Ribblesdale Place, Winckley Square, Preston, Lancashire, PR2 2XE.
2. *European Community's Aid to Albania*, Commission of the European Communities, Tirana, October 1, 1992.
3. EC Financing Memorandum for Agriculture, signed October 1, 1992.
4. *Romania, Bulgaria, Albania: Recent Developments*, Sergiu, Verona, Francis T. Mitko, Foreign Affairs and National Defense Division, Congressional Research Service, The Library of Congress, March 27, 1992.
5. *Romania, Bulgaria, Albania: Country report*, The Economist Intelligence Unit, 40 Duke Street, London W1 1DW, May 31, 1992.
6. *Albania: G24 Support Program for the Restructuring of Albania's Economy*, July 2, 1992.
7. *U.S. Economic and Political Assistance Strategy for Albania*, July 21, 1991.
8. *Statistical Yearbook of Albania*, 1991.
9. *Business Opportunities in the Republic of Albania*, Albanian Commercial Office, 59 Buchanan Road, Upper Arcott, Bicester, Oxon OX6 OPE, April 1992.
10. *Albanian Economic Tribune*, Str. Qemal Stafa, No. 262/1, Tirana, bi-monthly issues from December 1991 through August 1992.
11. *Agricultural Outlook*, U.S.D.A./ERS, February 1992.
12. "Albania's Islamic Rebirth", *Aramco World*, 9009 West Loop South, Houston, Texas 77096, July/August 1992.
13. "Fertilizers in Albania: Situation, Analysis, and Recommendations" International Fertilizer Development Center, P.O. Box 2040, Muscle Shoals, Alabama, February 1992.
14. *Albania: From Isolation Toward Reform*, Mario I. Blejer, Mauro Mecagni, Ratna Sahay, Richard Hides, Barry Johnston, Pirooska Nagy, Roy Pepper, International Monetary Fund, September 1992.

**APPENDIX D**  
**PEACE CORPS VOLUNTEER ASSIGNMENT DESCRIPTION**



\*Will consider non-degreed with appropriate work experience and business degreed only with less than one year business experience contingent upon approval of Country Director.

\*Preference for proven success in a foreign language (especially European).

\*A small number of married couples may be possible if spouse qualifies for AA 171, 140, 141, 114, or is a near match. Acceptance is contingent upon approval of Country Director.

\*Two individuals with practical experience in agribusiness are desirable.

### **Peace Corps Background**

In July 1992, the Peace Corps initiated its program in Albania. Teaching English as a Foreign Language (TEFL) was selected as the initial project area. The Peace Corps Albania (PC/A) program started with 21 Peace Corps Volunteers who arrived in-country in June 1992, and began work at their sites in August 1992.

If you accept this invitation, you will be part of the second group of Peace Corps Volunteers in Albania, and the first in a business related project. Hence, you will be laying the foundation for generations of Volunteers to come.

### **Background**

For 46 years Albania suffered the most complete economic, political, and social isolation of any country in the world. The poorest country in Eastern Europe, Albania was under Communist rule from 1946 to March of 1992. Not only was Albania cut off from the West, but beginning as early as the 1940's, Albania's hard-line government began cutting off ties with the East as well. Beginning in 1990 pressure for political change and the worsening internal economic situation pushed Albania out of its isolation and toward a reform effort. However, the movement toward reform has been an uncertain process.

Albania is going through a radical transformation from an extremely centralized and autocratic government to a decentralized and more democratic one. One of the prices of this transformation is a dramatic drop in income and productivity as the centralized planning system has collapsed and the ordering of the economy through free market forces has not yet taken place. Between 1990 and 1992, the World Bank estimates a 55 percent drop in economic output.

In this precarious situation, the need to promote private sector development, privatize industry and improve economic and physical infrastructure is urgent. Partly due to the poverty of the nation and partly due to the isolation of the economy the status of technology and infrastructure development is lagging far behind the rest of Europe. The sudden dismantling of agricultural cooperatives, scarcity of inputs, breakdown of public input distribution and marketing channels, economic sabotage, and looting of parts and materials from anything owned by the former government has lead to economic chaos and dramatic declines in productivity. Production in agriculture and other economic sectors has fallen by 20 - 30 percent. Large portions of the productive capacity lie idle because of lack of raw materials, financing, or access to markets.

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As a result of the above forces, Albania cannot focus solely on the redirection of trade and export marketing. Instead, Albania must focus on the creation, from the ground up, of an economy that can and will interact on an international basis. Rather than a transition to a market economy, Albania must undergo the creation of a market economy.

Because of inexperience with a market driven economy, the state-run enterprises and former government sponsored cooperatives are foundering helplessly and many are not expected to survive, even in a privatized incarnation. Albania must start from the ground up and this means concentrating on the basic building blocks of the economy, small businesses.

The formal commercial private sector is only beginning to emerge and small businesses are hampered by a lack of progress on privatization legislation and a range of other problems. These problems include a lack of commercial credit, materials, supplies and equipment, imperfect laws, and lack of information about and expertise in operating a business within a free market economy.

While the Albanian Government is committed to implementing reform policies to transform the economy into a market-based system, it is adopting a gradual pace of adjustment and systemic change. It is not likely that there will be a rapid dissolution of state control over important sectors of the economy in the near future. Despite the conservative pace of economic reform, businesses are beginning to emerge and business associations are beginning to form.

The agricultural sector of the economy is the most important sector in terms of employment and output, employing nearly half of the work force and accounting for about 35 percent of the GDP. The agricultural and agribusiness sector has not suffered the same magnitude of collapse as the urban manufacturing sector. Albania has good potential for rapidly reaching much higher levels of productivity and income if measures can be implemented to promote a rapid supply response. Most of the supply response will have to come from agriculture.

### **Job Description**

You will be a member of a group of approximately 25 Volunteers working toward the goals of this small business project. Your group will be the first in three generations of Volunteers, working over a six-year period. The goals of this project are twofold: 1) to develop the institutional capacity of organizations which provide assistance to small businesses so that these institutions have staff members that are capable of providing quality services to small businesses; and, 2) to provide basic business skills and training to entrepreneurs so that businesses are managed more efficiently.

You will be working in a small business advisory assignment which will offer a variety of opportunities to use your skills and experience depending upon the site. You probably will be assigned to work with a Regional Business Agency or a Private Business Association. A final decision on your placement will not be made until mid-way through pre-service training. That decision will be based on your specific background and skills, and the background and skills of other volunteers in your group.

It is likely that you will be assigned to a town outside of Tirana. As a small business advisor you will provide hands-on technical assistance to local entrepreneurs in such areas as business planning, cash management, accounting, marketing, and according to your technical expertise, production planning in agricultural processing, machine building, irrigation systems, transportation, advertising, tourism, etc. You will organize and conduct training sessions and consultancies in entrepreneurship, business start-up

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and management, and basic business skills. These events might be organized in conjunction with the other local institutions and organizations. You may also be asked to review proposals for foreign investors as requested by private enterprises or local governments.

If assigned to a Private Business Association your work may also focus on helping local business leaders clarify their group's mission, establish goals and objectives, and carry out a program of action. This might include creating an information service, "how to" handbooks on various aspects of business development, training, networking with other business groups, and other business support services.

Some of you may be assigned to a team with another Volunteer with complimentary skills. There probably will be at least one other Volunteer serving in your town or within a 2-hour bus ride. You are also encouraged to use your Volunteer colleagues assigned in other sites as consultants and resources for your community, networking your skills to take advantage of all the business expertise and training available.

You may be asked to organize and conduct workshops for people in your town. Since there are minimal training materials available, you will want to bring business books with you. Throughout your assignment, you should be thinking about developing your counterpart's capacity to continue to perform similar work after your departure.

You should not expect to be handed a specific list of tasks when you start to work. Your tasks will be based on discussions with your Albanian counterparts, an identification of local priorities, and your own professional skills. It is likely that you will be working on more than one project at a time, and over your two-year assignment, the emphasis of your work may change.

You will need to remember that you are not stepping into a well defined situation, and you will need to be highly motivated, self directed, and flexible. It will take time for your counterparts to understand the role you play as a volunteer and the type of assistance you can provide. It will also take some time before you have a sense of structure to your assignment.

You will be frustrated at not being able to communicate easily in Albanian, and you probably will not be assigned to a counterpart who can speak English. Learning Albanian will make a major difference in your work, your ability to adapt to living in Albania, and your appreciation of Albanian society and culture.

### **Training:**

Following a pre-departure orientation in the United States, you will participate in a 10-week intensive training program in Albania. This pre-service training will contain three main components: technical training, cross-cultural training, and language training. It will also include a medical orientation. Only after demonstration of adequate technical competence, cultural sensitivity, motivation, and command of the Albanian language will you be sworn in as a Peace Corps Volunteer.

Pre-Service Training will be divided into two parts. During the first five-six weeks you will concentrate on learning Albanian as well as understanding and adapting to the culture. During this time you will live with an Albanian family, attending language and cross cultural sessions at the training site from approximately 8 a.m. to 4:30 p.m. Monday through Friday, with occasional Saturday sessions.

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The Peace Corps has been very successful at teaching languages to adult learners for more than thirty years, and has developed a competency-based approach to language training which places less emphasis on grammar and more emphasis on communication. Since you cannot expect to find English speakers among private businesses people, farmers, or bank employees, the ability to communicate your ideas in Albanian and understand those with whom you work and live will be of utmost importance to the success of the project and your own level of comfort and satisfaction.

During the second half of Pre-Service Training, you will concentrate on learning to apply your business/management skills within the context of the Albanian business sector, as well as enhancing your knowledge and skills in areas of particular interest to your assignment. Technical training will include sessions on Albania's laws and institutions which are relevant to small business development. For example, you will learn about the procedures for registering a small business, the banking system, the role of local government, and foreign investment guidelines. Training will also address issues related to privatization and economic reform, industrial restructuring and conversion and problems and opportunities in specific sectors such as agriculture. Finally, you will receive an overview of politics and political reform in Albania.

In addition, you will receive training intended to develop skills you will need in your own work. You will participate in exercises aimed at team building, organizational development and conflict resolution; and pre-service training will include a Training of Trainers (TOT) component. The TOT will concentrate on building and reinforcing your skills in organizing and conducting workshops, and developing specific training techniques to build leadership, decision making and management skills.

In cross-cultural training you will compare Albanian and American values, attitudes and beliefs. You will develop skills that will help you to adapt to your new culture as well as learn important facts about Albanian politics, history and society.

The training period is a time for you and Peace Corps to reexamine your commitment to being a Volunteer in Albania. Attending training is not a guarantee of becoming a Peace Corps Volunteer. During the process, you will be asked to examine your progress toward the goals of the training, your development as a small business advisor, your awareness and adaptability to Albanian culture, and your progress in the language. You will be advised, counseled, and evaluated by both American and Albanian members of the training staff regarding your progress. Upon successful completion of the program, you will be sworn in as a Volunteer.

### **Living Conditions**

Although Albania is the poorest country in Europe with an annual per capital income estimated at lower than \$400, every Albanian village has electricity and running water. Unfortunately, however, power and water outages are frequent. Housing is scarce with minimal conveniences and comfort. Not only are houses not centrally heated in the winter, there may not be more than one room heated by a wood or electric stove. Warm water may be a luxury, and your toilet will be Turkish style. Temperatures can range from 100° in the summer to below freezing in the winter, depending upon your site.

You probably will be assigned to a town which will have a telephone and daily bus service. Each community will be asked to identify several families who are willing and able to accommodate a Volunteer in a room of their home. During your technical training you will visit your site and be able to choose the home which suits you best.

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Food is a problem for everyone, especially in villages, and it is often necessary to stand in long lines to purchase a single item. For this reason most Volunteers choose to pay their families for the cost of board and share their simple meals. Vegetables are seasonal and meat so expensive that cheese and yogurt-eaten with coarse bread-are the basic staples. If you live in a town you may find more variety.

You will be provided with funds to purchase a bicycle, if you wish, and a monthly stipend to allow you to live at the level of your Albanian counterparts.

### **Cultural/Economic/Political Environment**

Albania has been isolated politically, economically, and technologically from the outside world for 46 years. You may be the first American that many of your colleagues and neighbors will meet. This will put pressure on you, as your behavior will be taken as an example of the typical American, and you will be, for many, a symbol of American culture.

Albanians are very warm and hospitable, and making friends should not be difficult. They are a proud people with a rich cultural heritage and a tremendous love for their country. Albanians are eager to speak with foreigners, especially Americans. Although the transition from a command economy to a market oriented economy means that many items are not available and physical conditions are difficult, the warmth, hospitality and genuine interest of the Albanian people will overshadow the problems of daily living. Even in rural areas where the formerly Communist Party (now called the socialist party) is still strong, people will welcome you and want to know more about America. You may be hard pressed to establish boundaries for private time and space.

You will be expected to respect Albanian traditions and customs. In rural areas, you will be expected to observe more traditional dress, but Western apparel is universally accepted.

While Albanians are very glad that their country has finally come out of its isolation, many have become somewhat disillusioned with the high rates of inflation and unemployment, the lack of job security, and the lack of goods and organization, which have come in the wake of democracy. Many government officials including school directors are being replaced with people who support the Democratic Party. Politics is, therefore, not only a constant topic of discussion, but it also leads to some instability and causes some local and national institutions to function unevenly.

Americans of Albanian heritage considering this invitation should know that they may not be considered Americans by the Albanians. Americans with Asian, Hispanic, Native American, and especially Afro-American roots will face a special challenge should they accept to serve in Albania, and should prepare to face many frustrating moments. Humor, quiet self confidence, a pleasant personality, and patience, should be enough to win the hearts of most Albanians. Peace Corps Albania welcomes the opportunity to demonstrate the diversity of American culture and is ready to support Volunteers who are facing this special challenge.

Women Volunteers may experience frustration in establishing credibility among rural people where women do not typically command as much respect as men. Women considering this invitation should also be aware of personal safety issues, which make it advisable to dress conservatively and seek accompaniment when going out after dark.

**Medical Facilities**

Medical facilities in Albania are not good. While there are many well-educated health professionals in Albania, there is a desperate lack of medical supplies, equipment, and facilities. The Peace Corps Medical Officer, who is a nurse practitioner, will monitor your health and welfare, provide immunizations, facilitate consultations with local physicians, and disburse all necessary medications. Should any emergency medical situation arise, and if the Medical Officer feels it cannot be handled in Albania, arrangements will be made for an evacuation to a country where modern facilities are available.

**For Additional Information**

Contact the Peace Corps Albania Desk Officer, Margaret Becker, or Albania Desk Assistant, Jenny Sowry, in Washington, D.C. (800) 424-8580, ext 2244 or (202) 606-3547 or 3548.

## GEMINI PUBLICATION SERIES

### GEMINI Working Papers:

1. "Growth and Equity through Microenterprise Investments and Institutions Project (GEMINI): Overview of the Project and Implementation Plan, October 1, 1989-September 30, 1990." GEMINI Working Paper No. 1. December 1989. [not for general circulation]
- \*2. "The Dynamics of Small-Scale Industry in Africa and the Role of Policy." Carl Liedholm. GEMINI Working Paper No. 2. January 1990. \$5.50.
3. "Prospects for Enhancing the Performance of Micro- and Small-Scale Nonfarm Enterprises in Niger." Donald C. Mead, Thomas Dichter, Yacob Fisseha, and Steven Haggblade. GEMINI Working Paper No. 3. February 1990. \$6.00.
4. "Agenda Paper: Seminar on the Private Sector in the Sahel, Abidjan, July 1990." William Grant. GEMINI Working Paper No. 4. August 1990. \$3.00.
- \*5. "Gender and the Growth and Dynamics of Microenterprises." Jeanne Downing. GEMINI Working Paper No. 5. October 1990. \$10.50.
6. "Banking on the Rural Poor in Malaysia: Project Ikhtiar." David Lucock. GEMINI Working Paper No. 6. October 1990. \$3.30.
7. "Options for Updating AskARIES." Larry Reed. GEMINI Working Paper No. 7. October 1990. \$3.50.
- \*8. "Technology — The Key to Increasing the Productivity of Microenterprises." Andy Jeans, Eric Hyman, and Mike O'Donnell. GEMINI Working Paper No. 8. November 1990. \$3.60.
9. "Lesotho Small and Microenterprise Strategy — Phase II: Subsector Analysis." Bill Grant. GEMINI Working Paper No. 9. November 1990. \$15.50.
- \*10. "A Subsector Approach to Small Enterprise Promotion and Research." James J. Boomgard, Stephen P. Davies, Steven J. Haggblade, and Donald C. Mead. GEMINI Working Paper No. 10. January 1991. \$3.10.
11. "Data Collection Strategies for Small-Scale Industry Surveys." Carl Liedholm. GEMINI Working Paper No. 11. January 1991. \$1.30.
12. "Dynamics of Microenterprises: Research Issues and Approaches." Carl Liedholm and Donald C. Mead. GEMINI Working Paper No. 12. January 1991. \$6.50.
13. "Dynamics of Microenterprises: Research Priorities and Research Plan." Carl Liedholm and Donald C. Mead. GEMINI Working Paper No. 13. August 1990. [not for general circulation]

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\*Publications of general interest

14. "Review of Year One Activities (October 1, 1989 to September 30, 1990) and Year Two Work Plan (October 1 to November 30, 1990)." GEMINI Working Paper No. 14. January 1991. [not for general circulation]
- \*15. "The Process of Institutional Development: Assisting Small Enterprise Institutions to Become More Effective." Elaine Edgcomb and James Cawley. GEMINI Working Paper No. 15. February 1991. \$9.70.
16. "Baseline Surveys of Micro and Small Enterprises: An Overview." Donald C. Mead, Yacob Fisseha, and Michael McPherson. GEMINI Working Paper No. 16. March 1991. \$2.60.
17. "Kenya: Kibera's Small Enterprise Sector — Baseline Survey Report." Joan Parker and C. Aleke Dondo. GEMINI Working Paper No. 17. April 1991. \$6.40.
- \*18. "A Financial Systems Approach to Microenterprises." Elisabeth Rhyne and Maria Otero. GEMINI Working Paper No. 18. April 1991. \$3.00.
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