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ALBANIAN ENTERPRISE DEVELOPMENT & EXPORT MARKET SERVICES

DAI

SURVEY OF LENDERS IN ALBANIA

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EXECUTIVE SUMMARY

During the transition period (1990-2000) Albania faced major challenges in the development of the SME sector, partly due to the lack of the financial instruments needed to support this sector. Although new financial instruments were being created, the business environment was generally unprepared to absorb them. At that point, the SME sector in Albania was poorly organized, development was limited and somewhat regional in focus, and there was insufficient support from financial institutions and banks.

During this period, the banking system attempted to develop the types of services required by businesses operating in a market economy. Even though there was a demand for loans, businesses were not developed enough to make full use of many of the new services banks had to offer. Meanwhile, important financial instruments were still not adequately developed.

Now, however, there are three levels of SME financing available in Albania consisting of: Micro-Credit, with seven major institutions; the formal banking loan sector, with 15 fully licensed Commercial Banks; and three Equity Funds.

Most micro-lending institutions have been funded by and operate with donor funds. The Savings and Credit Association network credit unions are the exception, operating with member funding only.

Several commercial banks have their own capital available for limited SME lending and do not rely on external sources for lending capital. Most banks prefer to lend to big companies or larger SMEs, although long-term SME investment credits are an exception. Some banks were established with co-funding by international finance institutions and/or government sources. Now the banks are trying to shift their focus towards SMEs. At this point, only one bank (Procredit) actively lends to SMEs; a second (Raiffeissen) is expected to enter the market soon.

The three equity funds presently operating in Albania generally target big companies or somewhat larger SMEs, but have little impact on small enterprise development at this time.

For several reasons, the majority of SMEs have problems obtaining normal banking loans. A key reason is insufficient collateral, which most banks which most banks require to offset risk. Several banks have expressed an interest in increasing SME lending using their own funds if effective loan guarantee systems were put into place. However several other constraints – both internal and external - must be addressed at the same time if SMEs hope to regularly access commercial loans. Micro-credit institutions have started to fill the SME credit gap, but require additional funding in order to meet demand.

A large number of the lenders felt that there is a need for more co-ordination and better communications regarding SME finance. This was especially true of the micro-credit institutions, which could benefit from better use of the Micro-credit Association.

Some of the banks suggested the creation of a “Centre of Coordination” to be used by any bank wishing to check a client’s activity and loan history.

EDEM would like to thank the directors and representatives of all the micro-credit institutions, commercial banks, equity funds and specialists from the Bank of Albania for their input, ideas and cooperation in completing this study.

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1. INTRODUCTION AND USED METHODOLOGY

The objective of this study is to help the entrepreneurs with complete and updated information regarding the funding sources and the funding conditions.

This study comprising all key players in SME financing on three levels i.e. micro-credit institutions; commercial banks and equity funds, was intended to present an overview of the SME finance situation at this moment.

This information will be updated and reviewed and Banks, Micro credit Institutions and equity funds will take part in this process *(it is good to be published on the website, so it can be used from SME sector, from SME service providers and other support institutions, to have at any moment, with a simple click, the most updated information on what SME finance for different levels and types of activity, is available in Albania, where and at what conditions).*

Some banks spontaneously came up with own suggestions to improve the situation.
One stated that for economic development in Albania it was vital to obtain a good working stock exchange system.

Another bank specifically mentioned the need for adequate *enforcement of collateral* in case of default.

Methodology used:

A questioner was designed to collect information from the banks and micro-credit institutions. (A copy of this questioner you'll find in *Annex 7*).
The questioner was delivered to all the financial institutions by e-mail or by direct contacts with them. After that, in order to get the right information a second meeting was scheduled with the interested institutions.
Most of the financial institution were opened and ready to provide the right and needed information, even that in few cases it was difficult.

So the questioner was delivered to 15 commercial banks and to 7 micro-credit institutions. From 15 commercial banks – 13 of them were very interested to cooperate with our project, 2 of them were not very much interested to fill out the questioner, and they gave us only the basic information.
About the micro-credit institutions, in general they were more flexible with information and they provided what was needed.

2. OVERVIEW OF THE SME-FINANCE LANDSCAPE

SME financing – apart from own/family funds – in Albania derives from three sources:

- Micro-Credits for family businesses, mostly via Foundations
- SME loans via the formal banking system, but also partly via Micro-Credit bodies
- SME Equity Funds.

2.1 MICRO-CREDITS

This could also be considered as a kind of SME pre-financing. The family businesses concerned have no access to formal banking credit.

At present there are 7 micro lending institutions operational in Albania.
These are:

1) Albanian Saving and Credit Union
2) Besa Foundation
3) Mountain Areas Financing Foundation ((MAFF), linked to IFAD/FAO Rome
4) Albania Partner in Micro-Credit (PSHM), linked to Opportunity International
5) National Union of Albanian Savings-Credit associations (SCA) 'JEHONA', supported by 'Development of savings and credit associations' Foundation (DSCAMF), linked to Federation of Irish Credit Unions.
6) For the Future Foundation (FFF), linked to NOVIB Holland
7) World Vision Lezhe, linked to World Vision International

Micro-credit in Albania is mainly provided by a group of non-banking institutions that are governed by a special central bank regulation, as well as by a growing network of savings and credit associations (SCAs), established on the village level in several rural areas but based on the SCA law. However it should be noted that ProCredit Bank also provides micro-loans.

At present most of Albania seems to be well covered with various micro-credit institutions as well as with SCAs, at least regarding the institutional framework.

However their actual lending resources may not be adequate to cover all the needs of their intended target groups. Some of them are now also extending credits to the SME sector, involving higher amounts and duration than for simple micro-lending.

Most of these micro-lenders have been established as "foundations". They operate as non-profit organisations which re-invest possible profits into the global

capital funds they have for lending to micro businesses or use them to become self-sustainable to cover all operating costs in the long run, once their original source of funding and assistance is scheduled to be terminated.

The SCA network is quite different in scope and operations. They completely depend for their lending on their own accumulated group savings and members' contribution. Their lending base therefore is very limited. They themselves take all credit decisions via village credit committees. They have no foreign staff to manage their operations, are often staffed on a voluntary basis, and must be trained to fulfil all functions themselves, which takes much time and effort. However this should also ensure their long-term sustainability.

There are many *similarities* between them with regard to objectives, operations, interest rates and coverage of lending risks.

They all started with the objective to provide private individuals or micro-businesses with small loans, for the purpose of financing simple income generation activities or to start and develop a small business – loans which these persons were unable to obtain via formal commercial banking credit.

These institutions operate via well known micro-lending best practices, which are based on regional or even worldwide experiences.
They often start providing very small loans and, once this short-term loan has been repaid, the client can obtain a new loan that is somewhat bigger and sometimes for a longer period of time, if required (graduation principle).
Most loans are intended as a kind of working capital, or to purchase some simple equipment, and cover rather short periods.

Repayment is done by small monthly or quarterly instalments, interest rates are still high, but in general the clients seem to be quite happy with the system, especially since at present there is no other alternative for obtaining banking loans anyway!

There are clear *differences* in some other fields.
They include specific target groups as well as geographical areas, activities in rural or urban centres, or for specific economic activities.

They have a ***separate technical assistance department*** that is able to provide advice and technical support, as required. For example, LOL, in Dairy (they have specialists in this field), For the Future Foundation, they have specialists in vine production etc.

New trends and potentials for micro-credit funds

Micro-credits have been playing an important role in both income generation and in economic development. They have been providing small loans to people that

were excluded from the formal banking credit. They have given a chance to establish and to strengthen micro-business development especially in rural and semi-urban areas that, partly for lack of banking network capacity, have been de facto neglected by the commercial banking system up to now.

A recent trend however shows that some micro-credit institutions, within their area of interest (specific sub-sector or limited geographical area), has been moving most of their loan-portfolio to SME credit. They have thus been filling de facto still another gap, namely the lack of formal banking credit for SME development in certain regions or activities.

Some of these foundations do realise that they need commercial banking facilities or expertise to disburse or manage their somewhat larger development loans. Therefore they have established a practical working relationship with the banking system, which is being used in some cases to channel their larger loans to more important entrepreneurial activities in certain areas. In other cases they just use a nearby bank to provide cash to their small clients, based on checks-on-name, and to help them to collect the loan repayment in their bank too, like PSHM with Bank of Albania.
This practical co-operation system could be further developed and be profitable mutually.

Micro-credit funds' network has a potential to do more than just lending. The Micro-Credit providers are in almost daily contact with their clients in rural areas and semi-urban areas. They therefore would be able to analyse quite well the potentials, needs and preferences of poor sections of the population.
(*For more information on Equity Funds in Albania, refer to annex 1.)*

2.2 SME LOANS

SME loans are disbursed via the commercial banking system, however some Micro-Credit have been providing SME loans as well.

Credits are based on banks' own funds and on soft loans from International Finance Institutions (IFIs) or donors.

At present there are 15 commercial banks operating in Albania.
These are:

1) Credins Bank, Albanian shareholders with banking expertise and completely based on domestic capital.
2) United Bank of Albania, the main shareholders are the government of Albania and three international Islamic banks.
3) Dardania Bank, the government of Kosovo is sole shareholder via Funds Union of Kosovo
4) Savings Bank of Albania privatized last year.

5) PROCREDIT Bank, established by Ministry of Finance (MoF) and KfW, plus IFC, EBRD, IMI as shareholders
6) American Bank of Albania, established and fully owned by Albanian-American Enterprise Fund
7) Italo-Albania Bank, established by Banco di Roma and MoF, with EBRD as partner.
8) Tirana Bank, linked to Pireus Bank in Greece
9) Alpha Bank, linked to Alpha Bank in Athens-Greece
10) National Bank of Greece, linked to National Bank of Greece in Athens
11) Commercial Bank of Greece, linked to Commercial Bank of Greece in Athens
12) International Commercial Bank, established and fully owned by IBC Malaysia
13) First Investment Bank (FIB), linked to First Investment Bank in Sofia Bulgaria
14) Banka Kombetare Tregtare (National Commercial Bank), a privatised bank with shareholders: Turkish government fund, EBRD and IFC
15) Credit Bank of Albania,

(*For more information on Equity Funds in Albania, refer to annex 2.)*

2.3 SME EQUITY FUNDS

At present there are three equity funds already established and operating in Albania. These are the 'Albanian-American Enterprise Fund' (AAEF), established with funds from the US government; 'Albania Reconstruction Enterprise Fund' (AREF), established with funds from EBRD and assistance from the Italian Government and 'Small Enterprise Assistance Fund' (SEAF), but still operating via Zagreb office.
(*For more information on Equity Funds in Albania, refer to annex 3.)*

The Impact of these three equity funds on small enterprise development seems to be quite low. The main problem encountered by equity funds is the poor quality of applications, as well as guarantees for loan.

All three equity funds, with few exceptions, because of minimum-size requirements, seem to aim de facto at medium and larger enterprises.

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3. CONCLUSIONS AND RECOMMENDATIONS

GENERAL

It appears that commercial banks in Albania have sufficient own funds to provide credit to SMEs, but for several reasons most of them are quite reluctant to go into significant SME lending at present. Most of them complain about the fact that small business entrepreneurs applying for support often submit loan requests with poorly formulated or unrealistic project proposals. The entrepreneurs often provide insufficient or inaccurate documentations, or weak business plans.
An important obstacle seems to be inadequate SME collateral.

The SME sector complains about the fact that it is very difficult to get loans from the bank because of many constraints. These include insufficient collateral, high interest rates and lengthy procedures amongst others.

A. Users' constraints related to SME loans

The SME finance end-users complain that the actual SME credit system, as it is operated by the commercial banks in Albania, does not cover the needs for SME financing adequately and they mention the following constraints:

1) Lack of SME-development loans i.e. long-term investment capital;
2) Interest rates for both Leke and hard currencies are too high;
3) Collateral requirements by the banks (150% or more) are too high;
4) Pay back period is too short, grace period of 6 months minimum is needed;
5) Some loan officers are not customer friendly and may need training for that purpose;
6) Lengthy procedures from banks as well as from public institutions that are to deliver the required documentation in support of the loan request e.g. property titles etc.
7) Banking activities mostly concentrate on Tirana and Durres, not nation wide. They have to travel many hours to fill out the application forms;
8) A small number of existing SMEs did get a loan up to now, the others have to rely on their own resources;
9) Newly established enterprises have no access to banking credit at all;

B. Bankers' problems with SME lending

Constraints mentioned by the banking sector with regard to SME loans are:

1) High risk factor for SME lending;
2) High overhead costs for small loans;
3) Many SMEs have no banking history;

4) Many small entrepreneurs lack business culture and do not understand how banks work;
5) Many SMEs provide inadequate financial figures;
6) Business plans in support of SME loan requests are not always clear and complete, cash flow statement is still far from the habits of the enterprises;
7) Inadequate collateral by many SMEs
8) No efficient collateral enforcement of the law by the Courts' system, in case of default.

An important thing for the lenders is how the entrepreneur presents the business idea. Here an important role can play the consulting firms or institutions.

4. IMPROVE SME-FINANCE CO-ORDINATION

Albania has a “Banking Association” that represents the entire commercial banking sector. This association exchanges information and ideas between members. A second purpose is to play an important role in providing government, via ministries and special institutions, with comments and feedback on proposed legislation and offer suggestions to enhance financing of private sector development in Albania.

This type of organised representation and structural collaboration already exists for the micro-credit institutions and the savings and credit associations, even though it is not functioning fully. Several contacts expressed an interest in finding a way to improve the situation.

Some of the banks expressed the need to establish a co-ordinating body to exchange SME finance information between the micro-credit and bank institutions. Ideally, this would involve all three levels of SME financing institutions operating in Albania: micro-credit institutions and SCAs, commercial banks involved in SME lending and SME equity funds. The main purpose would be to improve the SME finance structure from within. Formulate suggestions to government on how to improve the operational environment for SME financing (e.g. legislative framework, implementation of laws and regulations and so on). It should also be prepared to provide professional assistance to government on request, regarding all matters relating to the financing of the SME sector.

GLOSSARY

AAEF	American-Albanian Enterprise Fund
ABA	American Bank of Albania
ADAMA	Albanian Dairy and Meat Association
AREF	Albanian Reconstruction and Equity Fund
BF	Building the Future
BIA	Italian Albanian Bank
BKT	National Commercial Bank
CBG	Commercial Bank of Greece
DSCAMF	Development of Savings and Credit Associations Movement Foundation
EBRD	European Bank for Reconstruction and Development
EPIC	European Corporation for Investment and Privatization
EU	European Union
FFF	For the Future Foundation
ICB	International Commercial Bank
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation (World Bank Group)
IFI	International Finance Institute
LEAA	Livestock Entrepreneurs Albanian Association
LOL	Land O' Lakes
MAFF	Mountain Areas Financing Fund
MED	Micro-enterprise development
NBG	National Bank of Greece
NOVIB	Netherlands Organization for International Development Cooperation
PSHM	Albania Partner in Micro-credit (Opportunity International)
SBA	Saving Bank of Albania
SCA	Savings and Credit Associations
SEAF	Small Enterprise Assistance Fund
SEED	Southeast Europe Enterprise Development
SME	Small and Medium Enterprises
UBA	United Bank of Albania
VCF	Village Credit Fund

Annex 1: Information on Micro-Credit Institutions in Albania

1. Rural Finance Fund / Albanian Savings and Credit Union

Background
The Rural Finance Fund (RFF) was administered by the Albanian Development Fund (ADF) from 1992-1999. ADF is the oldest micro-crediting institution with the largest network in the country. In 1999, RFF separated from ADF in order to administer the Savings Credit Associations component of the Micro Credit Project financed by the World Bank and Albanian Government. RFF aims to:

- Create a network of Savings Credit Associations and to support the progressive development of their Union, according to the law on SCAs; and
- Increase the reach of the savings credit system, expanding into new zones and increasing the range of the financial services offered to farmers.

The overall purpose is to lower the poverty level in Albania.

Structure and Organisation
The SCAs are non-banking financial institutions that collect fees from their members in the villages and use them for lending within the same community. SCAs are administered by a General Assembly, the highest decision-making body, composed of their own village members. The General Assembly then elects the Board of Directors, and the Supervisory Board. Account membership costs around 700 leke (approximately US $7). Following the initiative of the first 59 SCAs, the Albanian Union for Savings and Credit, which represents the SCAs in relations with third parties such as government, donors and other financial institutions, was established.

The SCA network is spread over eight municipalities, covering around 248 villages, and serves the needs of about 40% of each village's population.

The growth of the SCA individual funds has been satisfactory. This is due to the improved effort to position the SCAs as genuine Savings and Credit Financial Institutions. The proportion of individual funds within the loan portfolio is 8%, which is in compliance with Bank of Albania rules. Around 20 SCAs have already been created on the basis of groups of villages, in which an average of 3-4 villages included in each SCA. Elbasan district has had a good experience with SCAs created on the basis of groups of villages. In this district, seven SCAs have been created, with an average of four villages each. Other areas are following this example.

Lending operations
Rural Financing Fund (RFF) provides three types of credit:

(i) Institutional credit for the interested Savings & Credit Associations (SCA)
(ii) Individual credit for SCA members; and
(iii) Individual credit for members of the Rural Credit Funds (RCF).

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2. BESA FOUNDATION

Background
The Urban Micro-credit Project began its activities in February 1994 as a department of the Albanian Development Fund. In May 1999 the department was transferred from ADF to Besa Foundation with the SOROS Foundation as the main founder. The institutions contributing to the establishment of BESA were: World Bank, SOROS Foundation, and the Albanian Government. Currently the World Bank is the main contributor to BESA.

The Foundation BESA aims to:

(i) promote private micro and small enterprises, including self-employed people operating small-scale activities in Albania,
(ii) increase job creation opportunities, and
(iii) stimulate self-employment.

BESA branches finance any kind of micro-business that generates income in any sector such as: *commercial, productive or processing activities, service, handicrafts, tourism, construction (especially repairing), transportation, custom tax payment, etc.*

Structure and Organisation
The main governing body of BESA is the Board, led by the Executive Director, who is responsible for the overall institutional trends and the general administration. Reporting to the Executive Director are three directors: the Credit Director; the Finance, Accounting and Personnel Director; and the Marketing, Development, and Training Director. Based on the regional structure there is a Chief/Inspector and Credit Officers.

BESA Foundation is present in about 80% of Albanian Urban Areas. It operates in eight regional offices: Tirane, Shkoder, Korce, Gjirokaster, Berat, Elbasan, Durres, and Vlore. These eight cover about 50 small towns surrounding the cities. BESA also operates through offices in Lezhe, Kavaje, Pogradec, Gramsh, Sarande, Shijak, and Lushnje.

Lending Activity
Typical loan size ranges from $300 to $10,000. There seems to be a slightly higher number of loans in Tirana, Gjirokastra, and Vlora branches, compared to the others.

Total collateral should cover 150% of the loan value. On average, property should equal about 86% of the loan amount, but coverage may also include movable collateral, such as cars or equipment, as well as bank accounts, pledges, solidarity guarantors and so on. Loan repayment is done in monthly instalments.

The BESA Foundation has stated explicitly that, when all formalities are completed and properly documented by the client, disbursement of the loan can follow within 10 days after the formal loan request.

Main indicators for 2003 are: Total number of loans - 15,000; Number of active loans - 5,000; Total loan portfolio – US $44 million; Active loan portfolio – US $9.3 million.

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3. MOUNTAIN AREAS FINANCING FUND (MAFF)

Background
The Mountain Areas Financing Fund (MAFF) was established by the Government of Albania (GoA) in December 1999 and registered for operations in April 2000. Funding source include International Food and Agriculture Development (IFAD), UK Department for International Development (DFID), and Albanian Government. Loan and operating funds of MAFF are provided by IFAD under the Mountain Area Development Project (MADP). There has also been bilateral technical assistance support from the British Government since 2002.

MAFF has been the only financial institution involved in retail lending in the mountain districts of Albania. MAFF aims to remain the leading financial institution for the mountain areas of Albania, providing a balanced range of appropriate financial products and services on a sustainable basis to the inhabitants of all the mountain areas, including those involved in agricultural, on-farm non-agriculture and off-farm enterprises, poor and non-poor household, and employers. MAFF objectives include poverty alleviation in the mountain areas, increasing welfare by promoting employment (either directly or indirectly), and providing income-earning opportunities.

Structure and Organisation
MAFF has headquarters in Tirana and branches in 16 districts, four of which opened in 2003. MAFF operates in Has, Kukes, Tropoje, Diber, Puke, Miredite, Mat, Bulqize, Librazhd, Pogradec, Korce, Berat, Permet, Skrapar, Erseke, Tepelene. There are plans to open new branches in Kucova and Devoll.

Each branch has 2-3 Credit Officers, with more established branches also having a Finance Manager. The professional experience of staff members covers such areas as banking and finance, business, and agronomy. The ratio of Credit Officers to active clients is 1:156.

Lending operations
Lending operations were started in mid-2000 using the remaining resources from two IFAD grants. MAFF is now lending from a third channel of IFAD funding, provided through a loan to GoA.

The only product is lending. MAFF lends to groups (Village Credit Funds), individuals and SMEs. The average loan size is about US $1,100. Larger borrowers are charged interest rates that are comparable to market rates, but small borrower rates are substantially lower. MAFF offers three type of credit:

- Village Credit Fund (VCF)
- Individual Loans
- Small and Medium Size Enterprises (SME loan)

Approximately 94% of MAFF clients are small borrowers in mountain villages, whose loans constitute 87% of the outstanding loan portfolio. The remaining 13% is comprised of SME loans in the mountain towns and villages. More and more SME

loans are being directed to villages. MAFF also aims to ensure maximum participation of women in borrowing. A number of SME owners who are female have received loans of up to US $80,000.

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4. ALBANIAN PARTNER IN MICRO-CREDIT (PSHM)

Background

Albanian Partners in Micro-credit (PSHM) is a member of the Opportunity International network, which includes more than 60 lending institutions in 30 countries around the world. Opportunity International has been developing micro-lending institutions for over 32 years and began activity in Albania in 1999 through a grant from USAID. PSHM's goal is to provide credit and basic business consulting to entrepreneurs that cannot access credit from traditional lending sources. The institution has already reached operational and financial self-sustainability.

Structure and Organisation

PSHM has a board of directors composed of 2 Albanian members, 3 American members, and 1 British member. Partnerships have been formed with other local organizations to leverage its outreach. A key partner is SBCA (Small Business Credit and Assistance), operated by Chemonics International.

PSHM began its activity in Tirana with offices in Shkodra, Elbasan, Durres, Fushe-Kruje, Fier, Vlore, Korce and Lushnje. Loans have been made throughout the country, including Shkodra, Lezhe, Kruje, Fushe-Kruje, Lac, Mamurras, Durres, Elbasan, Cerrik, Peqin, Fier, Vlore and Lushnje.

Lending operations

PSHM started lending operations in August 1999, covering both urban and rural areas. Loans are given to individuals and mutually guaranteed groups. The primary target sectors are: trade, manufacturing, transport, agro-processing, livestock and horticulture (green houses). Tourism is another target market.

Loan decision-making is done via an internal Credit Committee. PSHM uses the 'graduation principle', where after repayment of a first loan, the client may ask for a higher credit. Loans are available in Leke and US$ and also may consider loans in €.

PSHM uses various means of guaranteeing loans: personal guarantors, group co-guarantees, pledges of movable property, and mortgages on immovable property.

The agreement with SBCA (Chemonics) established an SME Loan Fund at PSHM, which enables the project to make loans in the $3,000 to $25,000 range. Over a three-year project period, more than 350 loans will be disbursed.

PSHM has a repayment rate of over 99%

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5. Union of Savings and Credit Associations (SCA-Jehona); Development of Savings and Credit Associations Movement Foundation (DSCAMF); and National Union of SCAs

Background
The Development of Savings and Credit Association Movement Foundation (DSCAMF) was founded in 1999 to help set up a movement of SCAs in Albania. DSCAMF is funded by the Irish League of Credit Unions International Development Foundation. DSCAMFs was designed to build on the work of the Irish League of Credit Unions International Development Foundation in Albania which had been operating since 1996. DSCAMF's headquarters are in Tirana, while support is given to SCAs in Tirana, Elbasan, Librazhd, Korca, Durres, Kavaja, Lushnja, Fier, Vlora, Berat, and Kruja.

DSCAMF is a technical support foundation only and does not give or lend money to SCAs. DSCAMF does provides:

- an introduction to the principles and the structure of SCAs to groups interested in the idea;
- training for study groups considering creation of an SCA in their region, workplace, or association;
- ongoing technical support for registered SCAs; and
- support for the National Union of Albanian SCAs, "Jehona".

Activities
DSCAMF meets with groups that are interested in the idea of common savings and credit. DSCAMF seeks to ensure that the people in a group share a common characteristic, which it defines as the Common Bond. This is normally defined as a common workplace (e.g. Vlora Hospital), association (e.g. The Beekeepers Association of Korca) or area of habitation (e.g. Bulgarec village). If the group responds positively to the presentation of the principles and structure of SCAs, a study group will be formed. The study group is then trained in the essential modules of establishing and running an SCA. This process normally involves weekly sessions over a 3-6 month period. The group will then have its organizational meeting in which it elects the key committees.

The SCA will register in court, and apply for a license from the Bank of Albania. It can then begin operations, enroll members and collect savings. The SCA makes the key policy decisions on membership, savings, and credit. Normally, the SCA will collect savings for the first year to build up its common fund, after which time loans can be

issued. After one or two years it should be in a position to divide profits and pay interest on savings to its members.

SCAs may legally receive donations or borrow money from other agencies or SCAs in order to increase its credit fund. Currently, a small number of SCAs have received donations from other agencies to augment their credit funds.

DSCAMF adopts a positive but cautious approach to the idea of SCAs borrowing money from other sources, especially in the early stages of development. In the first year SCAs are advised to operate only with the savings that their members make. There are three reasons for this:

(i) The setting up and functioning of SCAs is a process of education; members and elected officers need time to learn about savings and credit in order to be able to manage their own SCA.

(ii) In working solely with their own savings, members have a stronger sense of ownership of the SCA and feel a greater obligation to repay loans. This is very important in the Albanian situation, where there is a history of poor credit repayment.

(iii) When the SCA is consolidated, it may be in a position to borrow extra funds from other sources. DSCAMF's view is that the extra funds should never be greater than the savings of the SCA.

Collaboration

DSCAM is working with the following NGOs to establish a savings and credit association movement in Albania. Theses NGOs have organized groups who are capable of developing the SCA concept with assistance from DSCAMF:

- Land O'Lakes – US-funded agricultural development
- Association of Albanian Agricultural Trade Associations – US-funded agricultural development.
- CIES – Centro Internazionale per educacione sociale

JEHONA Saving & Credit Association[1] (SCA)

SCA "Jehona" was formed in November 2000 as an initiative of DSCAMF. It was re-registered according to a new SCA law in September 2001. JEHONA is the second SCA operating in Albania, after Rural Finance Fund (mentioned earlier).

At first, there were only 6 local credit associations, which were based in Korca (3), Vlora (2), and Kavaja (1). However, the network increased at a steady rate. At the moment, DSCAMF supports 43 registered SCAs in Tirana, Elbasan, Librazhd, Korca, Durres, Kavaja, Lushnja, Fier, Vlora, Berat, and Kruja.

The above-mentioned SCAs have 5,000 members, 600 of which have outstanding loans. The total savings are $550,000, total assets $650,000, while total loans outstanding are $450,000. Each SCA member paid a membership fee of 500 Leke.

The goal and objectives of JEHONA are to:

- Represent SCAs in reporting to Bank of Albania (active since December 2002)
- Collect deposits from SCAs (active since December 2002)
- Lend to SCAs (to be active in 2003).

JEHONA is currently being funding by DSCAMF in the amount of US $10,000 per year. Lending activity and fees will partially finance operations in the future.

[1] Savings & Credit Association is the name for Credit Unions in Albania.

Structure and Organization
The SCA's main body is the General Assembly. Other bodies are the Supervisory Committee (3 people) elected at Assembly, the Board of Directors (9 people) elected at Assembly, and the Credit Committee. The Assembly meets annually or at special meetings, while the Board meets once every 2-3 months.

Lending Activity
At present, the maximum JEHONA may lend to one SCA is 400,000 Leke. This amount varies depending on the individual SCA. At present, the maximum loan from a SCA is 2 million Leke, given to AFADA SCA in Tirana, which is the largest SCA in terms of assets. There is no minimum. Typical lending amounts in Tirana, Korca, Vlora, and Durres are 100,000 leke each. The typical lending amount in Elbasan, Librazhd, Kavaja, Lushnja, Fier Berat, and Kruja is 50,000 leke. The lending terms are as follows:

- Duration: 12 months
- Interest rate: 15 – 17% APR, depending on the individual SCA. Within the SCA there is one rate for all members
- Grace period – none

Guarantee of members' savings (cash collateral) is used. The SCA requires a total of 50,000 Leke in collateral against the loan. Occasionally, movable and immovable property is also used as a guarantee.

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6. FOR THE FUTURE FOUNDATION (FFF)

Background
FFF was founded in July of 1997 and is financed by NOVIB (Netherlands Organization for International Development Cooperation). FFF's mission is to promote socio-economic development in rural areas through:

(i) increased access to financial services,
(ii) increased access to contemporary technological techniques, and
(iii) support of the creation and development of civil society structures.

FFF offers an effective combination of financial support, capacity building, and agro-technical assistance, focusing on vine growing. FFF's main clients are small farmers (men and women), who have little or no access to credit through other financial or micro-financial institutions and who are interested both in securing financial support for

their investments as well as receiving technical assistance on up-to-date vineyard cultivation technologies. The configuration of clients is as follows: poor clients 66%, small clients 20.5%, and medium clients 13.5%. In addition, among the beneficiaries of services offered by the FFF also is the category of farmers interested only in receiving technical assistance.

Structure and Organization
FFF is managed by a Board, which is a governing structure with decision-making powers that monitors project progress. At the top of FFF's management structure is the Executive Director.

FFF operates in 6 districts (Tirana, Durres, Kruje, Kavaje, Lushnje, Lezhe), in 19 communities and 42 villages, with headquarters in Tirana. Each area has a tradition of vine growing.

Lending operations
Loan entitlement is based on clear-cut and comprehensive criteria such as: the capability of the borrower to repay the loan, investment capacities, skills, and scale of reliability towards the client. The project adopts loan-lending schemes based on the farmers' demand for loans, corresponding with their economic level.

The borrower's contribution to the project should be between 10% and 30%. A grace period up to 2 years is possible and determined on a case by case basis. Collateral should cover 150% of the loan amount. Often there is a combination of mortgage, group solidarity via the Grape Producers' Association and/or guarantor signatures.

The achieved results by end 2003 are:

- 448 disbursed loans, totalling approximately 178.9 million Leke
- 303 active loans, with an outstanding portfolio of 107.9 million Leke
- Around 100 ha of newly created or rehabilitated vineyards
- 24 Grape Producers' Associations (GPAs) created
- 385 GPAs members, of which 73 members are women
- 1,805 farmers (424 women) trained in vineyard and environmental aspects
- 606 farmers (136 women) are trained in association formation and operations, input supply, and marketing issues
- 469 women and 40 men trained in gender issues
- 320 farmers (165 women) in micro-finance issues

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7. World Vision Micro-credit Programme

Background
Building Futures (BF) is the name of the World Vision Micro Enterprise Development (MED) program in Albania. The program was legally registered as a credit activity of WV Albania in January 2001 and began lending in May 2001. The program contributes

to poverty alleviation by providing loans, as well as access to training and technical assistance for micro and small businesses in order to create employment and offer a sustainable source of income for the business owner, employees, and their families. The goal of BF is to provide credit to micro and small businesses that improve the lives of poor people, create employment opportunities and stimulate the local economy.

Start-up funds were provided by World Vision Support Offices in Canada and the United States, and were donated for both operations and loan capital. The first loans were disbursed in May 2001.

Structure and Organisation

The program is managed by the Business Credit Manager. The project coordinates regionally by the World Vision Middle Eastern and European Regional Office (MEERO), with support from World Vision Albania.

BF has one existing branch in Lezhe and a start-up branch in Korce. BF lends to micro and small businesses in the urban, semi-urban, and rural communities where it has branch offices. Clients are individuals or groups of entrepreneurs who wish to invest in an existing or new business activity. They include local market vendors, small-scale farmers, agricultural producers and processors, local service providers, construction companies, small manufactures, fishermen, and wholesale and retail traders.

BF has received two grants. One is from Canadian International Development Agency (CIDA), covering the period March 2002 through March 2004. The second is from Swedish International Development Agency (SIDA), which covers October 2002 until March 2004, with a possible 6 month extension due to late start up. These two grants fund operational costs in Lezhe (CIDA) and Korce (SIDA) as well as institutional development systems development and staff development. In Korce, funding is also provided for business development services.

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Other Institutions working in the Credit Market, but not providing direct loans

8. LAND O'LAKES (LOL)

Background
This institution was established in Albania by USAID in 1993 and has been funded on a continuous basis up to 2005. LOL provides technical and business assistance to the diary sector (producers, collectors and processors). Initially assistance was only intended for women micro-farmers involved in milk production and processing with a limit of 1-3 cows (sheep and goats were added later).

Land O'Lakes Albania has an experienced and well-trained staff of veterinarians, nutritionists, and dairy specialists committed to the development of the dairy sector. Project objectives and goals evolved over time to include the following:

- Increase rural family income
- Increase milk quantity by improving nutrition and genetics
- Improve milk quality
- Increase the number of commercial dairy farms
- Improve milk collection system/milk collection status
- Upgrade technology and equipment in dairy industry
- Promote business development and management
- Improve marketing
- Improve quality and safety of dairy products, promote Seal of Quality
- Promote Credit Union movement and help rural population mobilize their savings
- Assist in the development and strengthening of associations

LOL project activities cover 19 districts of the country: Shkoder, Lezhe, Kruje, Fushe-Kruje, Tirane, Durres, Kavaje, Lushnje, Fier, Berat, Vlore, Elbasan, Pogradec, Korce (five southern districts covered by the local office), Gjirokaster, Sarande, Delvine, Permet, and Tepelene.

LOL's main clients are dairy farmers, milk collectors and dairy processors, feed mill owners, and dairy-related operators. LOL also works closely with district infrastructure of MoAF and several institutions (e.g. Livestock Research Institute, Veterinary Research Institute, Food Research Institute).

Supporting Credit Institutions
LOL has been supporting the creation of associations in the dairy industry. In addition, it has served as a guarantor for associations seeking to borrow funds from commercial banks. Funding provided by USAID has allowed LOL to act as guarantor for two associations: ADAMA (Albanian Dairy and Meat Association) and LEAA (Livestock Entrepreneurs Albanian Association). The financial institutions serving as intermediaries are the American Bank of Albania (for both institutions) and PSHM (for LEAA).

Lending operations
LOL does not provide direct lending, only indirect lending via bank guarantees and funding via micro-credit institution. Potential clients are recommended by LOL field officers. Loan proposal decisions are taken by a Credit Committee comprised of both Land O'Lakes' staff and representatives of the two associations. The bank however takes the final decision.

Both individual and groups of farmers (e.g. 5 persons) are eligible for loans for working capital or fixed assets. These may include the purchase of cows, tractors or agro-equipment.

Loan applications kits are available from ADAMA or LEAA, although documents have been prepared by LOL. The application is then submitted to the Credit Committee, and, if approved, is passed on to American Bank of Albania or PSHM.

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Annex 2: Information on Commercial Banks in Albania

1. "CREDINS" Bank

Background
CREDINS was established in April 2001 as a non-bank financial institution and joint-stock company. The initiators and owners are a group of experienced former Albanian bankers who provided all the equity. It is the first fully-private Albanian institution offering a broad range of services in the domestic market. This includes the extension of credit to corporate businesses.In March 2003, CREDINS was licenced to operate as a bank.

Organisation
CREDINS has a Supervisory Board and an Executive Director. A Credit Committee is responsible for the review and approval of loan facilities and bank guarantees based on the risk levels specified by internal CREDINS policies. The core team is drawn from experienced Albanian bankers with high professional qualifications, substantial previous experience and contacts in various fields of banking and financial operations.

Shareholders
CREDINS is a joint stock company whose main shareholders are some of the most powerful and successful private Albanian businessmen.

Products and lending activities
At present, the main products and services offered by CREDINS are:

- Deposits
- Current accounts
- Bank guarantees
- Payment services (AMC and Vodafone, Albtelekom, custom payments, different payments for the Tax Offices in Tirana, VAT payments)
- Foreign exchange operations
- Financial consulting
- Letters of Credit
- Lending facilities:
    - Housing loans (reconstruction, equipment)
    - Loans for new cars
    - Loans for businesses
- Other services:
    - Client Confirmation Letter
    - Notary services for custom duties documents
    - Notary services for contracts

CREDINS focuses on medium-sized, working-capital-intensive Albanian businesses with high profit margins. Lending activities focus on short-term loans and overdrafts, in order to provide enterprises with working capital and to cover other short-term needs. The credit ceiling is US$ 100,000 with a tenor of 3-6 months.

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2. United Bank (Arab Albanian Islamic Bank)

Background
The Arab Albanian Islamic Bank was established in 1994. The main shareholder is the government of Albania, with 40%, while the other 60% is held by three Arab Islamic banks (45%) and one individual shareholders from the Middle East (15%).

Organisation
At present this bank has two branches in Albania: one in Tirana and one in Shkodra. There are plans to open a third branch in the South of Albania.

Products and lending operations
The bank offers all types of banking services to its clients, who are both businesses and consumers. Business clients are concentrated in the energy (fuel), building construction and import-export sectors.

The duration of business credit is up to 3 months for working capital and up to 5 years for investment purposes. For consumer credit (housing) it is up to 5 years maximum.

The collateral requirement is between 100% - 150% of total loan value, generally in the form of property (real estate). In exceptional cases movable property may be considered as well.

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3. DARDANIA BANK

Background
Dardania Bank received a licensed from the Bank of Albania in 1993, as the first bank with non-government capital. The Bank started with an initial capital investment of approximately US$1.0 million in 1994. The Bank's capital increased to US$5 million in 2002, using the funds provided by Albanians working abroad and by foreign capital. Funds of Kosova remains the only shareholder.

The bank's main goals are: 1) promotion of investments in Albania and in Albanian-speaking areas to support investments in small business, providing employment and supporting the return home of Albanians working abroad; and 2) promotion of new economic activity.

Organisation
This bank has only one location in Tirana, Albania.

Products and lending operations
Dardania Bank has a large range of banking services for its clients. One of its major activities is the rapid transfer of earnings from workers abroad to their families in Albania and Kosovo. The bank makes maximum efforts to help transform workers' savings into lucrative investments and thus provide employment for the families and support the overseas worker's efforts to return home.

Loans are provided only to the business sector, mainly to SMEs. Currently, there are 50 SME credit clients. Most loans are small, typically from US$ 7,000 upwards. At present, the majority of these loans are for short-term working capital, with a credit ceiling of US$250,000. The current interest rate for short-term working capital is 12% for US dollar loans. The bank is not yet involved in long-term SME lending.

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4. SAVINGS BANK OF ALBANIA

Background
Until the end of 2003, the Savings Bank of Albania was formerly a state-owned bank, which has been privatized and, as of April 2004, is owned by Raiffeissen Bank. Extensive coverage throughout Albania means large capacity for domestic deposits and an important source for potential SME lending. In the past it was quite active in SME lending, including management of an EU-SME credit line. However, in 1998 it was ordered by the Bank of Albania to halt credit operations because its bad loans portfolio exceeded the 20% limit. The situation has now improved, with the bad loans portfolio transferred to the Agency for the Treatment of Loans. Bank of Albania has ordered that resumption of credit operations wait until the privatisation process has been completed.

Organization
The Savings Bank of Albania has 40 branches and covers all 36 districts of Albania. With the change in ownership to Raiffeissen Bank, organizational changes are expected. At the time of this document, it is unclear what those changes may be.

Products and lending activities
The Savings Bank of Albania attracted 58 per cent of total deposits in Albanian banks, but its loan share dropped to 1.4 per cent as a result of the restrictions on lending. The bank's main function at present is to accept domestic deposits. Once Raiffeissen Bank has taken over, it is expected to extend its product-mix and banking services in order to bring it in line with other private commercial banks in Albania.

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5. PROCREDIT BANK

Background
The "Foundation for Enterprise Finance and Development" (FEFAD), now PROCREDIT Bank, was established in 1995 jointly by the German "Kreditanstalt fuer Wiederaufbau" (KfW) and the Albanian Ministry of Finance with the purpose of targeting micro and SME sector clients. In order to respond to the needs of its SME clientele and be able to offer full banking services, the foundation applied for a banking licence, which was obtained in March 1999.

The new bank's equity base was increased by obtaining new shareholders (IFC, EBRD and IMI (Internationale Micro Investitionen). In 2002 a privately-owned German bank "Commerzbank" took over 20% of FEFAD Foundation shares.
The current shareholders are as follows:

1. KfW 25%
2. Commerzbank 20%
3. EBRD 20%
4. IFC 20%
5. IMI 15%

Organisation
Initially the new bank started operating with 3 branches: Tirana, Durres and Fier. The network has been developed gradually and now there are a total of 13 branches around the country.

Products and lending operations
a) Credits
- Business Loans (amounts and corresponding interest rates)
  - up to 10.000 Euro: 20-23 % Lek, 17-20 % Euro, 16-19 % USD
  - 10.000 – 50.000 Euro: 16–19 % Lek, 13-16 % Euro, 12-15 % USD
  - more than 50.000 Euro: 14-16 % Lek, 8-12 % Euro, 8-11 % USD
  - Borrower's contributions are negotiable on a case-by-case
  - Grace period of up to 6 months

- Housing loans: Maximum of 200,000 Euro (or equivalent in US$ or Leke) for up to 10 years (also for US$ and Leke loans) at an interest rate of 8-9% for Euro or USD loans

b) Other services:

- Deposits (term, savings)
  - Savings accounts in Lek, USD, Euro
  - Flexible deposits and withdrawals
  - Time deposits in Lek, USD, Euro
  - Wide range of terms, 1-3-6-12 months
  - Deposits and earnings available on maturity date
- Current accounts
  - For individual and companies in Lek, USD, Euro
  - Opening free of charge
  - Money transfers in Albania and abroad
- Payment services
  - Domestic money transfers in Lek, USD, Euro
  - International money transfers in all currencies
  - Payment of AMC bills, Custom taxes and Profit taxes
  - Issuance of personal and bank cheques
  - Collection of bank cheques, international cheques
  - Collection of bank cheques, international cheques
  - Sale and purchase of Traveller Cheques (American Express) in USD, Euro
- International trade finance
  - Guarantees
  - Letters of Credit
  - Incasso
  - Overdraft

This bank uses a flexible form of collateral, namely a combination of pledges, mortgages and personal guarantees.

In 2003, Procredit Bank had 8,911 client accounts, with a total volume 53.91 million Euro. The total number of loans for 2003 was 6,459 with a total volume 18.93 million Euro. The number of total loans outstanding in 2003 was 8,416, with a total volume 46,644 million Euro.

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6. AMERICAN BANK OF ALBANIA (ABA)

Background
American Bank of Albania was established in Tirana in September 1998 and is fully owned by the American-Albanian Enterprise Fund.

Organisation
ABA started banking operations in 1999. At present the bank has 5 locations: headquarters in Tirana, with branches in Durres, Vlora, Rinas, Fier and Elbasan. ABA has good working relations with supra-national and multinational organisations.

Products and lending operations
ABA provides financial assistance to a variety of commercial and individual customers throughout Albania. This includes business and housing loans.

a) Business loans are provided to almost all sectors, but exclude firms with activities in hard alcohol, explosives and primary agriculture. The credit ceiling for this type of loans is US$ 3 Million for up to 5 years duration, with the possibility of up to a 2-year grace period, depending on the loan.) Interest rates equal Euribor rates plus 5%. The required borrower's contribution is 30% - 40%.
b) Housing loans are available in either Leke or USD up to US$100,000. The loan tenor ranges from 10 to 15 years, with a potential grace period of up to 6 months. Interest rates are calculated as Libor plus 5.5%, 5.75%, or 6% depending on tenor. The mandatory borrower's contribution required is 30% - 40%.

At present, ABA emphasizes credit to medium and large industries rather than SME activities. At one time (1999), the bank received a small enterprise credit line of US$120,000 from the World Bank's Agricultural Development project; however, only one loan was disbursed and used the entire amount. A second type of small agribusiness loan currently in place is based upon a loan guarantee facility that is managed by a Land O' Lakes credit committee. These loans target Land O' Lakes, LEAA and ADAMA clients in the dairy and meat processing sector who are receiving technical support from these organizations.

At the end of 2001 ABA signed an SME loan-guarantee facility agreement with IFC for a total of US$5 million. The guarantee is based on risk coverage of 50%. In order to expedite the process, he agreement calls for SEED (Southeast Europe Enterprise Development – a program funded by IFC) to become instrumental in identifying good projects and assisting the firms in preparing well documented loan requests and business plans. However it should be noted that SEED will only consider loan requests above US$150,000 due to the high technical assistance costs involved. Unfortunately, this puts these guaranteed loans out of the range of most small enterprises.

In general this bank is not very motivated to lend to small entrepreneurs. ABA complains that SME lending is difficult for several reasons, including insufficient collateral, lack of banking history, accurate financial figures, no clear business plans, and weakness of the legal environment.

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7. BANCO ITALO ALBANESE (BIA)

Background
Banco Italo Albanese (BIA) was established jointly by the Banco di Roma and the Albanian Ministry of Finance in 1993. In 1994 EBRD also became a shareholder, with 20% of the shares; the two founders have 40% each.

It appears that BIA now ranks as one of Albania's best capitalised banks, which enables it to play an important role in the country's privatisation programme by providing financial assistance and management advice to the companies concerned.

Organisation
At present, the bank has only three branches: Tirana, Durres and Vlore. There are plans to open another branch in Shkodra during the course of 2004.

Products and lending activities
BIA offers a full range of banking services to its clients. It has introduced two products, namely Diners Club and ATM cash cards.

At this point, the bank's focus is on increasing client quality and, in particular, risk management. BIA's deposits are diversified among individual, institutional and SME customers and have been increasing steadily. Its loan portfolio has been increasing as well and consists of a variety of economic activities around the country. A key objective is to continue the bank's development policy in keeping with the overall growth of the country's economy, while providing financial assistance to large companies.

Present lending covers all economic sectors, with stronger focus on industry and processing, such as wood processing, building construction/construction materials and import-export.

BIA regards SME lending as difficult, mainly due to insufficient collateral, which is seen as the most important constraint. The bank's collateral requirements are based on the Bank of Albania regulation. On average, the bank requires 130-150% of the loan value and is willing to consider property and movable collateral. The interest rate is 7-9% for USD and Euro, 11-15% for Lek. The borrower is required to cover a minimum of 30-40% of the total amount of investment.

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8. TIRANA BANK

Background
Tirana Bank was established in September 1996 in the center of Tirana. Over the course of seven, sometimes difficult years, Tirana Bank expanded from one location to a network of 13 branches. It is linked to the Bank of Piraeus in Greece.

Organisation
The Tirana Bank covers the following districts: Tirana, Fier, Durres, Gjirokastra, Korça, Vlora, Elbasan and Shkodra.

Major Shareholders
Piraeus Bank S.A. with 61.93% of the share capital was originally established in 1916 and listed on the Athens Stock Exchange in 1918. As of December 2002, Piraeus Bank Group had a network of 241 branches with 335 ATMs and total assets in excess of EUR 15 billion. Datamedia S.A., an investment company listed on the Athens Stock Exchange, owns 15% of the share capital and Piraeus Finance S.A., a consulting company, has 5%.

Products and lending activities
The Tirana Bank provides a full range of banking services to its clients. It currently offers a credit card system (Visa Card) and plans to introduce other credit products soon.

The bank provides credit to trading firms, processing and manufacturing industries, construction and services, but not to farming. Along with other Greek-owned banks in the region, Tirana Bank manages a special fund from the Government of Greece to support business reconstruction in Albania resulting from the events of 1997. Tirana Bank appears to be interested in managing a donor SME credit line, but does not have any immediate plans to do so.

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9. ALPHA BANK

Background
Alpha Bank was established in Tirana in January 1998 as a subsidiary of Alpha Bank Athens in Greece. This bank has been gradually expanding its network in Albania and has opened new branches in seven other districts.

Organisation
At present. Alpha Bank covers the following districts: Tirana, Durres, Elbasan, Gjirokastra, Berat, Vlore, and Fier. In 2004 – 2005 new branches are planned in Korca and Shkodra.

Products and lending activities
Alpha Bank provides the full range of banking services to its clients. Lending operations cover all sectors. The bank provides loans for working capital and investment on fixed assets, and will extend loans to start-up companies. SMEs comprise 90-95% of the bank's loan portfolio.

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10. NATIONAL BANK OF GREECE (NBG)

Background
National Bank of Greece was established in Albania in 1996 as a branch of National Bank of Greece Athens. It has sub-branches operating in 3 districts of Albania.

Organisation
The NBG has 2 branches in Tirana itself and covers the districts of Tirana, Durres and Korça.

Products and lending activities
The NBG offers all types of banking services to its clients.

- Corporate Banking Services
  - Deposit accounts
  - Credit facilities
  - Letters of guarantee
  - 24 hour depository facilities
  - Domestic payments

- International Banking Services
  - Foreign and domestic payments
  - Documentary collections
  - Documentary letters of credit
  - Banking services
  - International transactions

- Retail Banking Services
  - Accounts
  - International transactions
  - 24 hours depository facilities

- Safe deposit boxes
- Housing Loans with repayment period up to 15 years

- **Treasury Services**
  - Foreign currency services
  - Money market instruments

National Bank of Greece provides credit to all economic sectors in Albania without limits or credit ceilings, and in various currencies. Interest rates are: Euro at10 %, USD at 9.5%, other currencies at 16%, depending on the conditions of the loan. The borrower's contribution is a minimum of 30% (which is also flexible). Repayment of loan is in 3-month instalments, with a potential grace period of 3-12 months.

Lending focuses on building and roads construction, construction materials, food processing and general trade (mostly wholesale/import-export). Criteria used for extending a loan include: a sound business plan, a number of official financial data that have to be presented to the Tax Office, as well as an evaluation of the balance sheet, and profit and loss account. The bank has qualified staff to evaluate business plans.

In 2003 the bank made several changes in its strategy. Now the bank is focusing not only on large and medium businesses, but small firms as well.

The bank is interested in cooperating with EDEM and has expressed the desire to assist in round tables organized with SMEs.

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11. COMMERCIAL BANK OF GREECE (CBG) ALBANIA

Background
Commercial Bank of Greece Albania was established in Tirana in November 1999 by Commercial Bank of Greece Athens. Previously, it was known as Intercommercial Bank, which commenced operations the same year.

Organisation
At present this bank has only one location, Tirana, but it has plans to open new branches in other districts of Albania.

Products and lending activities
CBG provides a full range of banking services to its clients, including personal and corporate banking services. Personal banking services include consumer and housing loans. Corporate banking services include short- and medium-term credits for working capital and investment projects. Corporate lending activities cover the

following sectors or sub-sectors: agri-business and processing industries; construction materials; trade and related activities (mainly import-export).

The borrower's contribution required is 20-30%, while grace period can range from 1-12 months.

This bank is eager to cooperate with businesses and to participate in meetings where discussions take place regarding problems with banking services, particularly with loans.

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12. INTERNATIONAL COMMERCIAL BANK (ICB)

Background
The International Commercial Bank Group comprises a network that spans three continents – Asia, Europe and Africa. Formed with the financial backing and industry expertise from Malaysia, the Group currently has banks in 7 countries in Europe and Africa. International Commercial Bank commenced operations in Europe in the Czech Republic in April 1994, followed by the opening of its bank in Hungary in July 1994. Within a span of four years, the Group set up banks in five more countries, including Albania in February 1997.

Services provided by the International Commercial Bank Group are supported by a network of correspondent banks in the major capitals of the world.

Organisation
The ICB has only 2 locations, both in Tirana.

Products and lending activities
The ICB provides a variety of banking services. Lending activities cover all sectors, with a credit ceiling of up to US$500,000 equivalent. The bank provides both housing loans and business loans. Business loans are provided only to existing enterprises with good collateral, mostly real estate and valued at 150% of the loan. Occasionally, pledges or fixed deposits are accepted as collateral. An important sector for this bank is building construction. Construction activities in Tirana, especially housing projects, have been very active. One of the Bank's main objectives is to enhance trade ties between Albanian businessmen and foreign entrepreneurs.

While striving to continuously improve its market share, the Bank's management emphasizes quality services to its clients. Among the services offered by the Bank are:
- Counter Operations
- Forex and Treasury

- Bills and Remittances
- Loans and Advance
- Trade Financing

Below there is the summary of the interest rates for LEK, USD and EURO (deposits).

Period	LEK	USD	EUR
Savings Account	1%	0.75%	0.75%
1 Month	5.35%	1.25%	1.50%
3 Months	6.5%	1.50%	1.75%
6 Months	7.5%	1.60%	1.80%
9 Months	7.8%	1.70%	1.85%
12 Months	8.1%	1.75%	1.90%

For incoming and outgoing transfers in LEK the commission applied is 0.12% of the transferred amount with a minimum level of 750 lek and maximum 3,000 lek.

The bank is ready and open for cooperation (even for Managing Grants or Projects).

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13. FIRST INVESTMENT BANK

Background
The First Investment Bank is a branch of the First Investment Bank in Sofia, Bulgaria. The Tirana Branch was established in April 1999 and became operational in early 2000. Shareholders of the parent bank in Bulgaria are: EPIC (European Corporation for Investment and Privatisation) 39%; EBRD - 20%; the remainder is held in small amounts by Bulgarian private companies and individuals.

Organisation
The bank has only one branch (Tirana) in Albania, but it is considering opening more branches in other districts around the country. The bank offers a full range of banking services to its clients.

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14. NATIONAL COMMERCIAL BANK (BKT)

Background
The National Commercial Bank of Albania, was privatized in 1997. It is now a fully private commercial bank with three shareholders: Turkish Government Fund - 60%; EBRD - 20% and IFC - 20%.

Organisation
The present BKT has 15 branches, four of which are in Tirana and 11 in other districts of Albania, namely: Durres, Elbasan, Lushnje, Fier, Berat, Gjirokaster, Sarande, Korce, Pogradec, Shkoder, Vlore.

Operations
BKT provides a full range of banking services to its clients, including corporate credit and retail lending (loans to individuals) in the form of both short-term and long-term loans. Corporate loans are available for all sectors. Currently, the dominant economic sectors are construction and trade. Business loans are provided only to existing enterprises with good financial records and good cash-flow prospects. BKT has a special interest in the SME sector, because it concerns the big majority of enterprises in Albania.

In November 2002, a Loan Fund Agreement between BKT and the USAID-funded SBCA (Small Business Credit Assistance) project was signed. Loans range from USD 15,000 to USD 50,000. Annual interest rates depend on the enterprise, type of project, projected cash-flow, among other requirements. The borrower's contribution and grace period are negotiable, being based on the projected cash-flow. Strong cash flow projections are the first form of "collateral" sought by BKT. Therefore, a good business plan is very important. In addition, the Bank requires mortgage collateral of 120-150%.

BKT's concerns regarding SME lending include: SMEs often lack adequate financial records, many have no habit of working with banks, and weak marketing information. The Bank is eager to work with potential borrowers who can meet these requirements and is receptive to clients working with donor-funded organizations.

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15. Credit Bank of Albania

This is a new bank, opened last year (2003). More information will be available later.

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ANNEX 3: EQUITY FUNDS IN ALBANIA

3.1. ALBANIAN-AMERICAN ENTERPRISE FUND (AAEF)

Background

The Albanian-American Enterprise Fund (AAEF) was incorporated in March 1995, with the initial capital provided by the US Government via a grant from USAID under the SEED (Support for East European Democracy) act of 1989. Total capital provided was US$ 30 million over a life span of 15 years. It is managed by an independent management staff with oversight by a Board of Directors whose members are appointed by the President of the United States.

AAEF's primary purpose is to promote private sector development in Albania. More specifically, the Fund is charged with developing entrepreneurial opportunities that promote best practices in corporate governing, management operations and human resource development.

The Fund offers finance and management assistance to private Albanian companies and to former state companies that are in the process of being privatized, as well as to joint ventures involving western firms and foreign investments in Albania. The Fund also strives to be a catalyst for additional private investment in Albania.

AAEF maintains its main offices in Tirana, Albania and operates a small US office in New York City.

Organisation

AAEF is managed as a private investment fund to maximise risk-adjusted returns. Its office in Tirana is staffed by skilled local investment officers and support personnel under the direction of a president and CEO with over 30 years of experience in private equity investments in emerging markets.

Management's role is to identify and analyse opportunities, to complete the due diligence process and to prepare investment proposals for financing by the Fund. This also includes monitoring and management assistance to the existing portfolio companies, as well as guidance in liquidation of the individual portfolio investment, when appropriate. Management presents all investment opportunities to a formal sub-committee of the Board. The actual investment requires the approval of the Board of Directors.

Operations

AAEF endeavours to identify and invest in enterprises that have excellent prospects of being commercially viable and that are capable of meeting international quality standards. In addition, the Fund seeks to invest in opportunities that promote adherence to best reporting standards, enhancement of local manufacturing, job creation and exports that are environmentally safe.

The Fund's investments include equity, medium-term loans, leases and guarantees. It has funds that can be used for training and technical assistance, though these funds are normally used to assist firms receiving financing from the AAEF.

The AAEF generally prefers to make equity investments. However, if a loan is granted, the term is typically for a maximum of 5 years. The interest rate for the loan will be

comparable with the market rate, adjusted to take into consideration the risk level of the project. Typical financing ranges from $300,000 to $1,000,000.

AAEF is interested in financing projects in all regions of Albania and in all sectors of the Albanian economy. It is particularly interested in providing financing where there is an existing firm in full production with plans to expand its operations and has at least one Albanian or American equity holder. In addition, firms receiving technical assistance from small business development programs in Albania are encouraged to apply for financing.

Project proposals should exhibit potential for growth and profit generation. They should have a committed, professional management team, a coherent business plan or thoughtful vision for development, and include a person who will manage or implement the project in Albania. AAEF does not provide substantial assistance in developing the initial business plan of firms or to extensively redesign such business plans.

Financing Decision

AAEF has a four-step process for making financing decisions:

1. The applicant must prepare a three-page summary of the proposal. First, the summary must include a description of the business. Second, the summary should include the amount of financing desired from the AAEF and whether the financing should be a loan or equity, how the money will be used, how the investment will help the business in the operations and market, and the future expenses, revenues, and profits resulting from the investment.
2. If AAEF believes the proposal appears feasible, a full business plan relating to the investment will be requested. In addition, this phase will include discussions regarding terms of the financing, as shown below.
    - If the financing is a loan, the parties must decide in what currency the loan will be based, the interest rate, and what collateral will support the loan;
    - If the financing is equity, the parties must determine the current value of the firm, the percentage of the firm to be purchased by AAEF for a particular amount of financing, and the rules for AAEF to sell its shares after a specific period of time, among other issues;
    - In both types of financing, a clear agreement must be reached about AAEF's review of the firm's financial and management information, and to take part in the firm's major decisions regarding future investment and financing plans.
3. If the business plan and its assumptions appear reasonable, AAEF staff will work extensively with the applicants to further analyze the proposal. The result of the analysis will be a decision whether or not to seek Board approval. If the decision is positive, AAEF staff will complete the necessary paperwork for submission to the Board.
4. All AAEF investments must be approved by the Board of Directors, which meets approximately once every two months. If the Board of Directors approves the financing proposal, legal documents must be prepared. All documents relating to ownership of assets, such as deeds, must be reviewed by the AAEF lawyer. Following this review, financing agreements can be signed and funds are generally available immediately.

The applicant must assume the process to obtain financing will take four months, although the process often takes less time.

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3.2 ALBANIA RECONSTRUCTION AND EQUITY FUND (AREF)

Background
The Albanian Restructuring Enterprise Fund (AREF) is an investment fund established by the European Bank for Reconstruction and Development (EBRD) with financial support from the Italian Government. The fund's initial capital, USD 14 million, was contributed on 50-50 basis by the EBRD and the Italian Government. An additional investment was provided by Banca Popolare di Bari (Bari, Italy). AREF's main shareholders are:

- European Bank for Reconstruction and Development (USD 7 million),
- Italian Government (USD 7 million), and
- Banca Popolare di Bari (USD 500,000).

AREF is contributing to Albania's economy recovery through the provision of equity and quasi-equity financing to small and medium enterprises. SMEs active in manufacturing and services are eligible under the scheme, irrespective of the nationality of the owners. Established in December 1998, the Fund had an expected life of 10 years. AREF operates on a strictly commercial basis, seeking returns commensurate to risks.

Organization and Location
AREF is managed by Economisti Associati, an Italian consulting firm based in Bologna with operational offices in Tirana, Prishtina and Milano. The firm was selected by EBRD to manage this venture capital fund. AREF opened its branch in Tirana with a staff of four: one Italian (residential representative) and three Albanians investment officers.

Investment Activity
The minimum amount that can be invested is USD 100,000, the maximum USD 1,400,000. AREF operates on market interest rates. There are no geographic restrictions and cover all of Albania. Individuals and/or companies contemplating an investment in an activity located in Albania are eligible to receive AREF financing, provided the activity generates 75% of its income from Albania.

To date, AREF has invested in 14 deals, of which two are Italian-owned companies, one is an Albanian-Italian joint-venture (20% Albanian) and 11 are wholly Albanian-owned companies. Investments include retail, food processing, the furniture industry, and paint production.

Thus far, AREF has committed approximately USD 5.5 million in total. The duration of the investment is determined by the nature of the activity and is analyzed on a case-by-case basis. To date, the maximum duration has been 5 years.

Financing Decisions
AREF actively seeks out investments by conducting research, identifying potential candidates, preparing financing proposals and negotiating the deals. Final decisions are made by EBRD. The monitoring process is reported regularly to EBRD.

Collateral Requirements
In most cases, AREF asks for securities in the form of standard collateral (immovable or movable assets), technology or other assets. The amount of security required varies.

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3.3 SMALL ENTERPRISE ASSISTANCE FUND (SEAF)

Background
The Small Enterprise Assistance Fund (SEAF) is a not-for-profit, private equity fund with headquarters in Washington DC and is financed in part by USAID. SEAF is the manager or owner/manager of investment funds operating in 13 countries in the amount of more than US$150 million.

Some of these activities take place in Southeastern Europe (Bulgaria, FYR-Macedonia, Romania and Croatia). There are close contacts and regular exchanges of information between these funds in order to promote effective cross-fertilization and practical collaboration. Each is a member of the "Trans-Balkan Fund", which functions as an umbrella organisation for the region.

Organisation
SEAF has now decided to start operations in Albania, initially operating from the SEAF-Office in Croatia.

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ANNEX 4: DEVELOPMENT BANKS

1. European Bank for Reconstruction & Development

Background
The EBRD's country strategy for Albania focuses on supporting private sector investments (SMEs in particular), on promoting and supporting strategic privatizations, specifically in the financial and telecommunications sectors, and on developing key infrastructure projects in the energy and transportation sectors.

The EBRD is closely collaborating with other multilateral institutions and bilateral donors in the framework of the Stability Pact for Southeastern Europe. It has an important role to play as a direct investor and as a catalyst for other multilateral and bilateral donor support.

Promotion of private sector investment and SME development
The Bank will continue to play a major role in promoting private sector development through its involvement in privatized and greenfield enterprises. A strong priority will be given to SME development through the continued implementation of the Albania Reconstruction Equity Fund, co-financed by the Italian Treasury. In parallel, the Bank will support the strengthening of the banking sector and enhance the availability of credit and trade facilities for enterprises.

Strategic Privatizations
The EBRD will support large-scale privatization by helping to mobilize essential flows of foreign direct investment as well as new managerial capacity, thereby increasing the visibility and reputation of the country.

Critical infrastructure development
The EBRD will continue to concentrate on key infrastructure requirements to support private sector development. Targeted sectors are transportation and energy.

In the power sector, the EBRD's priority has been and will be to address the country's persistant energy crises. Following the first power sector project, the Bank focused on providing additional loan financing for rehabilitation of the power transmission and distribution systems, as well as improving efficiency in these areas.

Some of the private sector projects approved include:

- Coca Cola Tirana s.r.l.
- Hotel Rogner Europapark.
- Tirana International Hotel
- Banca Italo-Albanese (BIA)
- Albania Reconstruction Equity Fund
- Pro-Credit Bank
- National Commercial Bank
- Trade Facilitation Program – In 2000 the American Bank of Albania (ABA) joined the EBRD's Trade Facilitation Program, a guarantee facility set up to help local banks increase access to international banks' trade credit lines for the benefit of local businesses. Under this facility, EBRD committed to guarantee letters of credit issued by the ABA and the BIA up to an overall limit of USD 2.5 million and USD 2 million respectively.
- Seament – Elbasan Cement Factory

Some approved infrastructure projects considered to be critical:

- Albanian Telecom
- Power Sector Reconstruction
- Emergency Road Rehabilitation
- Power Distribution Rehabilitation Project

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2. INTERNATIONAL FINANCE CORPORATION (IFC)

IFC is stepping up its involvement in Albania to:

(i) Increase support of the financial sector;
(ii) Seek opportunities to finance private sector investments in infrastructure and undertake selective financing of critical infrastructure investments;
(iii) Provide financial and technical assistance to SMEs in the post-privatization stage;
(iv) Rehabilitate key industrial sectors such as oil and gas, mining and related industries, and construction materials;
(v) Support the development of sectors in which Albania has comparative advantages, such as light manufacturing, fishing and tourism.

IFC portfolio for the country so far is $130.5 million.

TABLE OF ONGOING IFC PROJECTS
(As of March 2003)

	PROJECTS	APPROVAL FISCAL YEAR	TOTAL PROJECT COST (million US$)	CREDIT AMOUNT (million US$)
1.	National Commercial Bank (NCB) privatization	June 2000	10	2.2
2	FEFAD	June 1999	5.0	1.1
3.	Eurotech	December 1998	3.5	1.2
4.	INSIG	July 2002	5.0	5.0
5.	Anglo- Albanian Petroleum Ltd. (Patos Marinza)	March 1998	275.2	68.5
6.	Vodafon Albania	May 2003	243.6	52.5
	TOTAL		**542.3**	**130.5**

PROJECTS UNDER IMPLEMENTATION

(I) Anglo-Albanian Petroleum l.t.f. (Patos Marinza)
Total project costs are US$250 million of which US$58.5 million is from IFC. The project involves the rehabilitation of the parts of Patos Marinza oilfields using enhanced oil recovery, and building of a new export pipeline. In addition to increased oil output and foreign exchange earnings, clean up of past environment damage is among the expected benefits.

(ii) National Commercial Bank Privatization

IFC participated in privatization of National Commercial Bank of Albania (NCB) in an effort to support the recovery of Albania's financial sector, which is needed to facilitate productivity, economic growth and domestic savings. Total project cost is $10 million; IFC's share is $2,250 million. This is the first privatization in the banking sector in the country. As of March 2003, NCB reports US$ 262 million in total assets, US$ 243 million in total deposits, US$ 137 million in treasury bills, US$ 12,5 million in loans and a capital adequacy ratio of 33%.

Following the Turkish financial market crises, the Turkish Government Savings Deposit Insurance Fund (SDIF) has assumed the control of Kent Bank's shares in NCB. IFC is negotiating with potential strategic partners who have expressed interest to buy the NCB shares.

(iii) ProCredit Bank

Total project cost is US$5 million of which US$1.1 million is from IFC. The project involves an IFC and EBRD equity investment of up to US$ 1 million (up to 20%) each, the rest shared between KFW and IPC, the technical partner.

The bank strengthened its institutional capacity in the following ways:

- by staff coaching, training, recruitment, delegation;
- developed market segments through core business lending – housing and consumer loans, followed by careful expansion into SME segment;
- increase branch network density – gradual and flexible expansion to high potential areas.

As of March 2003 the bank reported Euro 82 million in total assets, Euro 60.7 million in total deposits and Euro 34 million in lending. The Bank's SME loan portfolio has been growing steadily. ProCredit remains the leading bank in micro-lending in the country.

(iv) Eurotech

Total project cost is US$ 3.5 million with US$ 1.2 from IFC. The sponsors have built a cement-bagging terminal near the port of Durres to supply the Tirana-Durres region. The company has increased its sales volume significantly and, although relatively small operation, it has managed to capture 13% of the total cement market in Albania (1.2 million tons annual consumption).

(v) Vodafon Albania

This project is a loan of up to EUR 50 million to Vodafone Albania, Sh.A. The IFC financing is to support a EUR 221.5 million project to enhance development of the second nationwide digital GSM cellular network in Albania, which is owned and operated by Vodafone Albania. The project should increase competition and lower costs in the sector. Moreover, it will provide approximately 95% of the population with the ability to access Vodafone Albania's mobile telecommunications network by 2005. Vodafone Albania is expected to serve approximately 780,000 subscribers by 2012.

Finally, IFC will also mobilize external commercial financing for the project through IFC's syndications program.

ADVISORY SERVICE

STUDY OF THE ADMINISTRATIVE BARRIERS TO INVESTMENT

At the request of the Government of Albania (GOA), the Foreign Investment Advisory Service (FIAS), a joint facility of the IFC and World Bank, launched a study of the Administrative Barriers to Investment in late 2002. This effort is the continuation of the FIAS diagnostic study of the investment climate in Albania (2000), in which bureaucratic bottlenecks, compounded by weak law enforcement and strong corruption, were highlighted as major impediments to the growth of private investment. The study is also an integrated part of the IFC/World Bank efforts to assist the GOA in improving the business environment and public administration. It contributes special inputs to the PSD component of the Bank's PRSC-II currently being discussed by the Bank and the GOA.

The administrative barriers study emphasizes the involvement and ownership of local parties from both the private and public sectors. In November 2002, work included a

500-company survey of the regulatory costs to businesses and a series of interviews with over 30 government authorities responsible for business regulation, both executed by selected local professionals under FIAS guidance. Key issues identified in the survey and government interviews included customs procedures, tax administration, land property rights, construction permit and manufacturing licensing. Based on the findings of the mission, FIAS delivered the main report to the GOA. A workshop was held for the public and private sector stakeholders in March 2003, focusing on development of a prioritized action plan for implementing reforms.

The GOA took leadership of this effort and is discussing with FIAS and other donors best practices for implementation of the agreed Action Plan, with specified targets and timetables, as well as developing a monitoring system to help ensure implementation.

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ANNEX 5. COVERAGE AREA FROM THE COMMERCIAL BANKS AND FROM MICRO-CREDIT INSTITUTIONS

Cities	ProCredit	ABA	BIA	Tirana B	Alpha B	NBG	CBG	ICB	FIB	BKT	UBA	Dardania	Credins	CBA	FFR	DSCAMF	MAFF	PSHM	FFF	Besa	LOL	WV
TIRANE	Headquarter	Headquarter	Headquarter	Headquarter	Headquarter	Headquarter	Headquarter	Headquarter	Headquarter	Headquarter	Headquarter	Headquarter	Headquarter	Headquarter	Headquarter	Headquarter	Headquarter	Headquarter	Headquarter	Headquarter	Headquarter	
DURRES	Branch	Branch	Branch	Branch	Branch	Branch				Branch			Agency		Branch	Branch		Branch	Branch	Branch	Branch	
KORÇE	Branch			Branch		Branch				Branch						Branch	Branch	Branch		Branch	Branch	Branch
FIER	Branch	Branch		Branch	Branch					Branch	Branch				Branch	Branch		Branch			Branch	
VLORE	Branch	Branch	Branch	Branch	Branch					Branch					Branch	Branch		Branch		Branch	Branch	
ELBASAN	Branch	Branch		Branch	Branch					Branch					Branch	Branch		Branch		Branch	Branch	
SHKODER	Branch			Branch						Branch	Branch							Branch		Branch	Branch	
LUSHNJE	Branch									Branch					Branch	Branch		Branch	Branch	Office	Branch	
BERAT	Branch				Branch					Branch						Branch	Branch			Branch	Branch	
GJIROKASTER				Branch	Branch					Branch										Branch	Branch	
BULQIZE																	Branch					
DELVINE																					Branch	
DEVOLL																						
DIBER																	Branch					
GRAMSH															Branch					Office		
HAS																	Branch					
KAVAJE															Branch	Branch			Branch	Office	Branch	
ERSEKE																	Branch					
KOLONJE																						
KRUJE																Branch		Branch	Branch		Branch	
KUÇOVE																						
KUKES																	Branch					
KURBIN																						
LEZHE	Branch																		Branch	Office	Branch	Headquarter
LIBRAZHD																Branch	Branch					
M. E MADHE																						
MALLAKASTER																						
MAT																	Branch					
MIRDITE																	Branch					
PEQIN															Branch							
PERMET																	Branch				Branch	
POGRADEC	Branch									Branch							Branch			Office	Branch	
PUKE																	Branch					
SARANDE										Branch										Office	Branch	
SKRAPAR																	Branch					
TEPELENE																	Branch				Branch	
SHIJAK																				Office		
TROPOJE																	Branch					

Covered by *COMMERCIAL BANKS* *MICRO-CREDIT INSTITUTIONS*

ANNEX 6: SUMMARY - LENDER'S SURVEY - BANKS

Bank Name	Nr. of branches	Years in operation	Nr. Of Credit lines	Credit lines	Max amount in mln Lek/000 USD, Eur	Loan term	Collateral required	Specific conditions	Interest rates in % (annually)		
									Lek	USD	Euro
Alpha Bank	7	6	3	Mortgage, Working capital, Fixed Assets	Max 100Eur, Max 1000Eur, No limit	Max 12 yrs Max 1 yr Max 7 yrs	1.4 x credit limit	Bank client; existing business; and borrower contribution 30-45%	Libor/Euribor + 400 basis points		
American Bank of Albania	5	5	2	Business, Individuals	$3,000	1-5 yrs 10-15 yrs	150%	Borrower contribution (preferable 50%). Does not finance alcoholic drinks or construction	Libor-Euribor + 5% Libor + 5.5%, 5.75% or 6% depending on tenor		
BIA	3	11	1	Business	2,000		150%	Bank client; existing business; borrower contribution (preferable 40%)	11-15%	7-9%	7-9%
BKT	15	3	6	All types	$1,500	10 yrs (Lek) 5 yrs (USD)	150%	Existing business; borrower contribution negotiable			
CBG	1	4	3	Mortgage, Working Capital, Fixed Assets	$1000 $500 $2,300	15 yrs 18 months 5 yrs	150%	Borrower contribution 30%; grace period for investment loan up to 1 year	Base rate + 6% p.a; 6.5 to 7.0%;	B.R.+ B.R.+ 6 to 7%	
Credins Bank	2	1	3	Business, Mortgage, Auto	$1,000 $30 $20	10 yrs 10 yrs 5 yrs	140%	Bank client; existing business	15-15.5% 15-15.5% ------	8-8.5% 8-8.5% 8.5%	9-9.5% 9-9.5% ------
Credit Bank of Albania	1	1									
Dardania Bank	1	10	1	Business	$250		150%	Borrower contribution - 50%		10-12%	10-12%
First Investment Bank	1	4	1	Business	no limit		200%				
ICB	1	8	3	Business, Mortgage, Auto	$500 $40 $20	5 yrs 10 yrs 10 yrs	140%	Borrower contribution 40%	14% ------ ------	9.5% 9.5% 9.5%	9.5% 9.5% 9.5%
NBG	4	8	3	Business, Individuals, Consumer	1400 Eur 110 Eur 3000 All	7 yrs 17 yrs 7 yrs	150%		16% ------ ------	9.5% 7-8% -----	10% 8-9% 11-16%
Pro-Credit	13	8	3	Business, Mortgages, Consumer	Eur 10 - 1,500	Max 5 Max 10 2-5 yrs	150%	Contribution, case by case	14-19% --- 16-23%	8-15% 8-9% 12-19%	8-16% 8-9% 13-20%
Savings Bank of Albania											
Tirana Bank	13	8	3	Business, Mortgage, Consumer	$2,500 $100 $10	Max. 7 yrs Max 7 yrs Max 7 yrs	130%	Existing business; borrower contribution minimum 40%	14%	8-9%	8-9%
United Bank											