

Semiannual Report
July - December, 2000

ASSISTANCE TO ALBANIAN AGRICULTURAL TRADE ASSOCIATIONS

AAATA

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by

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**ASSISTANCE TO ALBANIAN AGRICULTURAL TRADE
ASSOCIATIONS**

AAATA

Semi-Annual Report, July 1 – December 31, 2000

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I. EXECUTIVE SUMMARY

General

AAATA during this period progressed in achieving the goals established in RFA M/OP-98-1224. The second half of 2000 was important to phase one of the project, in that it established the association organizations that will provide sustainability beyond 2001. These organizations, to be described below, are expected to provide a strong foundation for the targeted agribusiness development planned for phase two of the project.

Activities during this period have focused on: 1) developing a sustainable democratic association basis for sectoral development partnerships with project, government, and other donors; and 2) determining production comparative advantage for Albanian crops. Project SWOT analysis has shown strong agricultural potential for Albania. This analysis has been confirmed by in-house competitive analysis for several crops. Based on this analysis AAATA has begun to focus on those crops that will provide rural based employment and income, and agribusiness ventures that have a future.

As the project completes its second year, it is to be expected that shifts in project focus and organizational changes will need to be made. Changes have occurred in three areas:

1. Reorganization of project units supporting agricultural trade associations.
2. Shift from a predominantly demand driven agribusiness TA to a more focused approach based on systematic competitiveness analysis.
3. Development of four core strategies, which IFDC believes to have the greatest potential, for improving agricultural production and generating increased employment and income over the long term.

Association Development

The Trade Association Unit (TAU) was disbanded in order to establish the two organizations that will sustain trade associations over time:

1. The Albanian Agribusiness Council (KASH) consisting of sixteen agricultural related associations was legally registered September 15, 2000. Regular meetings have been established at the national and regional levels. Local KASH councils in the five regions have also been established to ensure regional issues are included in national advocacy efforts. All organizational matters and decisions are democratic as established by law and procedure.

The Association and Business Management Center (ABMC) was established in early January based on an MOU with those associations wanting to capitalize an association management center (similar to those functioning in the US). After 2001 ABMC will

coordinate association organizational activities and through development in project phase two (2002-2003) will provide commercial and technical TA. The ABMC is expected to be legally registered in the first quarter of 2001. Initial capitalization from participating associations is also expected during this period. Full capitalization is expected by year end. Project association specialists presently manage the ABMC according to procedures to be followed subsequent to its independence at the end of 2001.

A new group, the Association and Sector Program Unit (ASPU) comprised of agricultural specialists (primarily former association executive directors) has been created as a project unit to support associations and their sectors with TA. In the future, ASPU will be the project interface with independent KASH and ABMC.

Crop Competitiveness Analyses

Based on supportive discussions with USAID advisors, IFDC undertook a major competitiveness analysis of Albanian greenhouse and field vegetables. Utilizing the Policy Matrix (PAM) approach, more than 20 fruits and vegetables were analyzed as to 'comparative advantage.' The PAM approach measures profitability from the point of view of growers in actual market prices and the point of view of the country in efficiency (social) prices. The principal strength of the PAM is that it not only gives quantitative measures of economic efficiency of existing production systems, which is the Domestic Resource Cost (DRC) ratio, it also measures the effect of government policies and market failures on those system's efficiency and competitiveness.

Based on the intense study of these crops, a crop evaluation unit has been established in the project. With guidance from IFDC economists similar analyses in poultry and olive oil will be undertaken. IFDC because of its close connection with the MOAF's Directorate of Statistics is in a unique position to undertake these analyses.

Project Sector Focus

Based on the experience of the demand driven approach of the early period of the project, which was useful in identifying potential clusters and the competitiveness analyses; mid-project, IFDC identified four core strategies to ensure long term impact on production and rural employment/income. These four focus clusters, which have become the AAATA agribusiness strategy are:

1. Greenhouse vegetables
2. Intensive field vegetable production as led by fruit and vegetable agro-processing
3. Olive oil
4. Poultry production

Peripheral strategies were also developed given the context of the public-private partnership.

Project Achievements in 2000

While there are many detailed achievements within the body of this report, some are notable for their uniqueness and likely impact on Albanian agriculture. The impact of KASH will only grow in importance, giving Albanian agriculture a voice to both the GOA and donors. The early establishment/capitalization of ABMC, which has a year to learn to serve its owners, reflects the seriousness of associations to commit their hard won capital, earned through dues and fees for services, to a joint organization which is more likely to be sustainable because of the principle of shared costs. Importantly, Albanian agricultural trade associations are, because of the AAATA project, not duplicating functions, unlike in the US where duplicating associations create extra cost and redundancy.

On the agribusiness side, demand driven ideas continue to result in new products and new technologies. However, strategic intervention based on competitiveness analyses is beginning to have impact. Two major hi-tech greenhouses producing tomatoes in winter at a profit will have historical impact. Others are likely to follow. The J. E. Austin¹ approach to enabling competitiveness is reflected in project activities to date.

Critical agribusiness clients continue to grow and agro-entrepreneurs are becoming stronger users of credit as evidenced by the success of the AFADA Credit Savings Association, and individual entrepreneurs' ability to secure supplier credit.

If there are any cautionary lessons learned from this period, they are:

1. Demand driven support works.
2. Strategic interventions, if fail, discredit not only the project but the supporting donor. (J. E. Austin)
3. Institutional memory counts. Donors are wise as has recently been implemented by USAID to develop local expert working groups to avoid individual bias.

Summation of Project Shared Contributions

During this period, shared contributions totaled \$ 4,758,329. Details by component are given below. As per the original plan, the project is well above the expected goal of \$2,535,900 for the year 2000.

¹ K. Murphy, T.E. Austin Associates, Inc. The Country Competitiveness Initiative, RAISE Consortium Agribusiness Workshop, Washington, D.C. 2000.

Table 1

Component	Contribution
Trade Association Unit (TAU)	\$ 114,059
Agribusiness Development Unit (ADU)	\$ 3,550,400
Finance and Credit Unit (FCU)	\$ 992,600
Institution Support Unit (ISU)	\$ 35,800
Media Unit (MU)	\$ 4,800
Credit Unions Unit (CUU)	\$ 60,670
Total Contribution for July-December 2000:	\$ 4,758,329

Additionally a table is presented showing cumulative contribution by period against total expected contribution as fixed in both RFA Proposal and early project Needs Assessment.

Table 2

Period (phase)	Budget	Actual
1999	\$ 1.1m	
1999-1		\$ 2.6m
1999-2		\$ 3.8m
2000	\$ 2.5m	
2000-1		\$ 1.3m
2000-2		\$ 4.7m
Cumulative	\$ 3.6m	\$ 12.4m

II. LIST OF ACRONYMS

LIST OF ACRONYMS AND EXPLANATION

1. AAATA COMPONENTS:

- AAATA – Assistance to Albanian Agricultural Trade Associations, the USAID Cooperative Agreement with IFDC
- ADU – Agribusiness Development Unit
- CUU – Credit Union Unit
- FCU – Finance and Credit Unit
- ISU – Institution Support Unit
- MU – Media Unit
- TAU – Trade Association Unit

2. AAATA SUB-CONTRACTORS AND DIRECT COLLABORATORS:

- AATDA – American-Albanian Trade and Development Association
- CASP – Collaborative Agribusiness Support Program
- DSCAMF – Development of Savings - Credit Associations Movement Foundation (Albanian NGO specializing in credit union formation and support)
- LOL – Land of Lakes

3. AGRICULTURAL TRADE ASSOCIATIONS:

- AFADA – Albanian Fertilizer and Ag-input Dealer Association
- AFPA – Albanian Fishery Professional Association
- Alb-Flor – Medicinal Herbs Association
- ABMC – Association and Business Management Center
- AMPA – Albanian Meat Processors Association
- ANSPA – Potato Seed Association
- AOA – Alimentary Oil Association
- APEX – Association of Associations. Transitioning to KASH
- APFA – Albanian Poultry Farmers Association
- AVALB – Albanian Agricultural Mechanization Association
- BKFSH – National Farmers Union
- DENA – Dairy Processing Association
- HABA – Horticultural Albanian Businessmen’s Association
- KASH – Counsel of Agricultural Trade Associations
- LEEA – Dairy Production Association
- UPM – Wheat Millers Association

4. GOVERNMENT OF ALBANIA:

- DSI – Directorate of Statistics and Information
- FRI – Food Research Institute
- GOA – Government of Albania

- LRI – Livestock Research Institute
- MOAF – Ministry of Agriculture and Food
- MOEC – Ministry of Economic Cooperation
- MOF – Ministry of Finance
- PCEF – Parliamentary Commission on Economy and Finance
- PCOA-Parliamentary Commission on Agriculture
- VRI – Veterinary Research Institute

5. DONOR COLLABORATORS:

- FAO – Food and Agriculture Organization (UN)
- GTZ – Deutsche Gesellschaft für Technische Zusammenarbeit (German Aid)
- PSOPA – Promotion of Self-help Organization in Private Agriculture
- SRFSA – Sustaining the Restructured Fertilizer Subsector in Albania
- TSU – Technical Support Unit (IBRD Agribusiness Project)
- UON – University of Nebraska Business Education Project

6. OTHER:

- AAEF – Albanian American Enterprise Fund
- ABA – American Bank of Albania
- BOT – Bank of Tirana
- FEFAD- Bank
- GIS – Geographic Information Systems
- KONKO – Mechanization Cooperatives
- PSES – Private Sector Extension Services
- QABI – Information and Agribusiness Center
- SME – Small and Medium Enterprises
- STC – Short-term Consultant
- TTC – Technology Transfer Center

III. PROGRAM COMPONENTS

Within each component, a format is utilized that relates specifically to the operative work plan for the project. The original needs assessment and work plan for 1999 established the baselines for the project. In this report the Workplan 2000 serves as the basis for reporting project activities, result indicators, and contribution calculations. The component reporting by units relate to the work plan in the following format:

- General Status
- Activities Performed in Support of Component Objectives
- Achievements Contributing to Meeting 2000 Result Indicators
- Contribution Calculations for July-December 2000

Note that there are activities that are mentioned in more than one component section, because they were collaborative activities. However, contributions for shared activities have not been counted twice. The following sections have been written in large part by Albanian staff in order to improve their communication skills.

A. AGRICULTURAL TRADE ASSOCIATION STRENGTHENING

General Status

During the initial two years of the AAATA Project (1999 - 2000), the Trade Association Unit (TAU) was responsible for project related association development. However, in the fourth quarter of 2000, the TAU was disbanded as the nascent trade associations began to mature, requiring a more complex level of collaboration, and plan for sustainable growth beyond project assistance.

Three entities will build in the activities implemented by the TAU. They are as follows:

- Association Support Program Unit (ASPU) was established in the 4th Qtr. 2000 and is comprised of eight (8) association program specialists. These professionals will continue to guide the targeted ag-trade associations in program development, and provide technical assistance to agricultural association small and medium enterprise (SME) members. ASPU focuses its activities in alimentary oil, flour milling, meat processing, horticulture and greenhouse / food processing, agricultural machinery, potato seed / potato production, poultry / egg production and fisheries sub-sections. After 2001, it is envisioned that these professionals will become service providers (consultants) to the Association and Business Management Center (ABMC).

- The Association and Business Management Center (ABMC) commenced formation in December, 2000. The most progressive and financially healthy trade associations came together to share costs and provide their members with an enhanced range of quality services that would not be possible as single associations. The ABMC will be initially capitalized by these eight trade associations and be registered as an independent organization by 2nd Quarter 2001. It will provide administrative support to member associations (via annual dues) as well as technical assistance to association member SME (through ASPU and other local service providers) on a fee basis.

The founding members of the ABMC are:

AFADA – Albanian Fertilizer and Ag-input Dealer Association

AFPA – Fishery Professional Association

AMPA – Meat Processors Association

ANSPA – Potato Growers Association

AOA – Edible Oil Association

APFA – Poultry Farmers Association

AVALB – Ag-Mechanization Association

HABA – Horticultural Businessmen’s Association

Other associations and foundations are expected to participate in the ABMC. In addition, professional consultants will participate in a different capitalization and fee basis.

- The Council of Agricultural Trade Associations (KASH) was established in the first half of 2000 by sixteen (16) agricultural trade associations to unite as a single voice for advocacy. Through its quarterly regional and national meetings, KASH members come together to raise advocacy issues, plan strategies and resolve issues with governmental authorities. KASH has established good relations with the MOAF, the Parliamentary Commission for Agriculture and Food (PCAF) as well as the Parliamentary Commission for Economy and Finance (PCEF). Regular meetings with these two parliamentary commissions took place during the second half of 2000.

During the July - December period a major training program for association development, including staff and association leadership training, was implemented. These seminars and conferences focused on association management and financial self-sustainability. By year-end 2000, one ag-trade association — UPM (Flour Millers Association) graduated to limited project support.

Also during the last half of the year, collaboration with donor projects, specifically the Japanese 2KR Fund and the World Bank resulted in greater leverage project resources to support ag-mechanization and the sea-fishing subsector.

Summary of Objectives

- 1. Develop association's capacity to provide services to members**
- 2. Improve association financial well-being**

3. **Boost membership, leadership, and strength**
4. **Solidify the organizational base of agricultural trade associations**
5. **Encourage effective advocacy**
6. **Promote consumer quality awareness and build group image**
7. **Stimulate association's member's new investments**

Activities in Support of Objectives

1. **Develop association's capacity to provide services to members**
 - a) Quarterly production and distribution of the “Agribusiness Newsletter” with paid advertisements, market, business and technical information. One additional newsletter was devoted to the Japanese (2KR) Grant outlining the auctioning procedures of ag-machinery.
 - b) Agriculture sub-sector studies prepared:
 - UPM “Wheat and Flour Prices in Albania”
 - APFA “The Actual Situation of Poultry in Albania”
 - AFPA “The Actual Situation of Fish Farming”
 - AOA “The Situation of Olive Oil Industry”
 - AMPA “Meat Production in Albania”
 - HABA “The Actual Situation of Vegetables and Greenhouses”
 - AVALB “Need Assessment for Farm Equipment's and Spare Parts”
 - c) Technical assistance was provided for individual businesses by the following associations:
 - 19 HABA members: Application of new technology in vegetable production in greenhouses.
 - 23 AMPA members: Meat processors technical assistance.
 - 6 AOA members: Olive oil production according to international standards and quality.
 - 11 AFPA members: New methods of growing fingerlings in a fish farm;
 - 4 APFA members: New technology in egg and broiler production.
 - 7 UPM members: New technology for wheat processing and storage.
 - d) Publications:
 - “Aggressive Poultry Diseases” (APFA).
 - e) Collaboration with donors and foreign companies
 - HABA collaboration with NOVARTIS (seed company) as a source of supply for good quality seed and varieties with production potential for export.
 - AOA collaboration with Israeli broker company for possible export. World Learning (USAID Project) sponsored a study tour in Italy.
 - AFPA collaboration with World Bank Project in building sea fish infrastructure and study tour in Japan.

- UPM collaboration with "Buhler", "Arex", "Orkimsen", "Petren" and "Puratos".
 - APFA collaboration with two Italian companies "FACCO" and "FARMER", for new poultry equipment and animal health products. Collaboration with the Hungarian company for feed mill packaging and marketing.
 - AVALB collaboration with Y2KR Project "Increasing food production in Albania".
- f) Provide support for Trade Missions and Visas
 AMPA Trade Mission to USA for “New Technology and Contacts for Sources of Supply”.
- g) Access to the Internet

Internet access provided to 224 association members in finding international market prices, sources of equipment, and new technology as well as training materials.

- h) Internal and External Training
- Project Staff Training at Mississippi State University in agribusiness management and trade association management and operations.
 - Association Management approach for self-sufficiency and self-financing.
 - Training for staff and association leaders in association development and strengthening.

2. Improve Associations Financial Well-Being

- a) Implemented new efforts to increase dues level for associations lower than \$100 per year.
- b) Established of service package and referral service procedures of ABMC (schedule for fees and services attached)

Association's budget by the end of the year 2000

APFA	\$ 6,250 (Poultry)
AMPA	\$ 5,400 (Meat)
AVALB	\$ 5,000 (Ag-Mech)
HABA	\$ 3,600 (Horticulture)
AOA	\$ 2,442 (Edible oil)
UPM	\$ 2,200 (Flour Ind.)
AFPA	\$ 1,300 (Fish)

- c) Self sufficiency plan for each association within ABMC (cost sharing)

3. Boost Membership, Leadership and Strength

- a) KASH, National Agribusiness Council, Meeting (September)
Topic: Legal Registration and Policy Issues Concerning Agribusiness Sub-Sectors.
(25 participants)

KASH National Agribusiness Council, Meeting (December)
Topic: Policy position paper preparation for advocacy

Result: Tax reduction for customs and VAT reimbursement for new investments

- b) Association Board Meetings

Topics:

- Identifying industry issues
- Building communication and training programs
- Generating revenues for association's budget
- Membership drive

Participation

Month	Association	Participants
September	UPM	4
November	UPM	3
October	APFA	6
December	APFA	7
September	AOA	5
October	AFPA	8
September	HABA	6
September	AVALB	11
November	AVALB	13
October	AMPA	3
December	AMPA	4

Total 70

- c) KASH Regional Meetings (September)

Topics:

- KASH and local elections
- Cross-sector activities and networking, integrated businesses
- Regional and comparative advantages
- Provided members with market and association information

Regions	Participants
Shkodra	12
Tirana	52
Fier	40
Korca	55
Sarande	45

Total 204

d) KASH Regional Meetings (December)

Topics:

- KASH, unified voice for advocacy
- Develop KASH regional structure
- Membership drive
- ABMC - Association and Business Management Center, the road map for association's self sustainability

Regions	Participants
Shkoder	35
Tirane	65
Fier	54
Korce	61
Sarande	57

Total 272

4. Encourage Effective Advocacy

- Preparation of bylaws and legal registration of KASH. 16 agribusiness associations signed the registration document on 15 September 2000.
- KASH meeting to prepare its positions for fiscal reform.
- Meeting with PCOA, PCEF, and MOAF
- Media campaign on KASH positions

5. Solidify the Organizational Base of Agricultural Trade Associations

- Conducted APEX membership regional meetings: in October and December and five APEX regional meetings (around 500 entrepreneurs participated).

- b) Organized 11 association board meetings.
- c) Organized APEX council meetings.
- d) APEX council is legally registered as KASH in September.
- e) Commence the development of an association management center

Goal: Training on association management sustainability, leadership, trade shows event management. Prepare ABMC Mission statement, goals and objectives, products and services, (self-sufficiency plan).

Association	Participants
AVALB mini board	3
AOA mini board	2
AMPA mini board	2
APFA mini board	2
AFPA mini board	3
UPM mini board	2
HABA mini board	4
AFADA mini board	3
ANSPA mini board	2
<u>BKFSH mini board</u>	<u>3</u>
	Total 27

6. Promote Consumer Quality Awareness and Build Group Image

- a) Provided media coverage (see media report).
- b) Trained producers in food safety and quality in cooperation with the Food Research Institute (FRI) and Veterinary Research Institute (VRI) and conducted seminars on olive oil technology and on poultry technology.
- c) Provided technical assistance to individual businesses: 38 entrepreneurs in meat processing, horticulture production and food processing, olive oil industry.

7. Stimulate Association's Members New Investments

<u>Association</u>	<u>New Investments (Jul.-Dec.2000)</u>
AOA	\$ 1,360,000
AFPA	\$ 135,000
APFA	\$ 2,660,000
AMPA	\$ 1,200,000
HABA	\$ 230,000
<u>UPM</u>	<u>\$ 2,770,000</u>
Total	\$ 8,355,000

Achievements Contributing to Meeting Results Indicators

- 1) Services provided to the members consist of: individual technical assistance (local and international experts), site visits, trade missions, visas arrangements, proposal development for other donor support, communications, marketing advice, introductions and facilitation support with foreign companies, financial services support, training and technical publications, specific topic training for common groups, business diversification, export promotion, networking, general office services, English interpretation, agribusiness newsletter, new technology and machinery demonstrations and sector assessments.
- 2) A fee schedule and procedures for ABMC services based on actual cost was established and direct payment for services provided is being remitted to respective associations.
- 3) KASH, the Agri-business National Council of Albania, was legally registered as a federation of 16 agricultural associations.
- 4) An outcome of the KASH national and quarterly meetings policy was issue position papers from the main agricultural sub-sectors. These papers were submitted to Parliament and subsequently accepted.
- 5) KASH conducted 2 regional meetings in which there were more than 500 attendees in five regions (Shkodra, Tirana, Fier, Korca, Saranda).
- 6) Association membership has increased in sub-sectors with more potential growth in the olive oil and horticulture industries. Membership increased on average at about 15%.

Membership growth for each association during 2000:

Association	Paid Members	
	First half 2000	Second half 2000
AVALB	60	60
AOA	55	59
AMPA	32	37
APFA	35	36
AFPA	96	102
UPM	20	25
HABA	65	75
ANSPA	55	60
Total	418	454

7)

7) Association revenues increased as below:

Association	First half 2000	Second half 2000	Budget Increase
APFA	\$ 6,121	\$ 6,250	+ \$ 129
AMPA	\$ 4,620	\$ 5,400	+ \$ 780
AVALB	\$ 2,850	\$ 5,000	+ \$ 2150
HABA	\$ 3,100	\$ 3,600	+ \$ 500
AOA	\$ 2,442	\$ 2,442	0
UPM	\$ 2,200	\$ 2,200	0
AFPA	\$ 500	\$ 1,300	+ \$ 800

8) Collaboration with foreign companies and donors present in the country for training and new investments.

- Japanese grant 2KR supported olive oil industry with 12 additional Pieralysi processing lines and agricultural mechanization.
- World Bank support for fishing infrastructure
- New investments in poultry, flour milling, food processing, and greenhouse industry.

9) Commitment by 8 – 10 agricultural associations to establish ABMC Association and Business Management Center by signing the memorandum of understanding (self-sufficiency plan, using the principle of cost sharing to achieve self-sustainability beyond project assistance).

10) Stimulate new investments:

Greenhouse	\$ 230,000
Fishing	\$ 115,000
Meat processing	\$ 1,200,000
Flour milling industry	\$ 2,770,000
Olive oil production	\$ 1,360,000
Poultry	\$ 2,660,000
Grand Total	\$ 8, 355,000

11) Achievements in advocacy

- Preparation of bylaws and legal registration of KASH. 16 agribusiness associations signed the registration document on 15 September 2000.
- KASH meeting to prepare its positions for fiscal reform.
- Meeting with Parliamentary Commission for Agriculture and Food, Parliamentary Commission for Economy and Financing and the Minister of Agriculture and Food.
- Media campaign on KASH advocacy positions.

KASH positions and the final results are shown in the following table.

	Issues for Discussion	<u>Agribusiness Association's Position</u>	Result
1.	Custom duties. Draft law on some changes in the law no. 8474, date 14.4.1999	<ul style="list-style-type: none"> • Sunflower seeds for industry have the same tariff as for agriculture. 	Approved
2.	VAT. Draft law on some changes in the law no. 7928.	<ul style="list-style-type: none"> • Clear definition for what kind of machinery, late payment of VAT will be applied. • No VAT should be applied for raw materials for agriprocessing industry when it comes from Albanian farmers. 	<ul style="list-style-type: none"> • Late payment of VAT will be applied for all machinery for production, including agriculture and agriprocessing. • Not approved.
3.	Tax system. Draft law on some changes in the law no. 8435.	Tax on fishery navy should reflect better their size.	Proposal of AFPA approved.
4.	Payment for fertilizer control.	The payment is unreasonably high and should be decreased.	Starting from January the payment is decreased from about 400 000lek per navy to 30 000 per navy.

Contribution Calculation for July December 2000

What	Contribution
1. Produce Agribusiness Newsletter	\$ 1,450
2. Technical assistance 60 entrepreneurs x 5days x \$ 100	\$ 30,000
3. Trade Missions	\$ 10,000
4. Regular KASH meetings and training and APEX council	\$ 7,800
5. Meeting with MOAF and Parliament Commission of Agriculture	\$ 5,300
6. Collaboration with research institutes	\$ 4,650
7. Collaboration with foreign companies	\$ 5,000
8. Meeting with Italian farm equipment's entrepreneurs	\$ 7,000
9. Regional meeting and individuals visits	\$ 32,000
10. Board meetings	\$ 6,500
11. Actual associations budget increase	\$ 4,359
Direct contribution	TOTAL: \$ 114,059
Affiliated Contribution (as Association Members Self Investments)	\$ 8,355,000

B. AGRIBUSINESS DEVELOPMENT UNIT

General Status

Albania's history of long isolation from the rest of Europe and the world is a major obstacle to the growth of agro-industries. The country requires outside support for input supplies, equipment, improved technology, and modern management practices for all aspects of agri-industry. Because of scared domestic food production, population needs are balanced by imports. Geographical position and climate conditions of Albania, create different natural resources and possibilities for export. Access to foreign markets is a crucial for agri-business SME's.

Overall the Albanian economy is growing, but major constraints to conducting business remain: illegal competitors; insufficient inspection and regulatory enforcement; an extremely cautious financial sector that offers only limited support; and a poor infrastructure especially in the energy sector (resulting in reduce electricity availability in the third and fourth quarters of 2000).

During the second half of 2000, the Agribusiness Development Unit (ADU) continued to follow AAATA Project activities according to the Work Plan. In addition, some activities identified as being needed by the trade associations leaders (considered as critical clients) were addressed.

Providing services when businesses are suffering from aforementioned constraints is a challenge. The ADU continued to work hard to establish trust with critical clients who are considering new ventures, expanding and modernize existing businesses, and/or catalyzing their respective sectors. The team has undertaken other industry analysis and comparative advantage studies together with other units to identify areas of growth within the agriculture sector. Activities to expand local production and substitute imports were channeled through the introduction of hi-tech technologies and through the provision extension services to existing technologies. Utilizing the results of the comparative advantage studies, major efforts continue to identify promising product exports, which in a top priority of the project.

An important element to the technical consultant team continues to be the partnership of the AAATA Project with AGRIDEV. This Israeli ag-business consulting company, represented in Albania by Mr. Amir Assaf continued to provide an array of business and technical advice to the project's clients. In addition to CASP and local consultants, collaboration with other USAID projects and other international donors has allowed the project to provide effective, high quality expertise for Albanian trade associations and individual agri-business SME owners.

The ADU also utilized local short-term consultants from various Albanian institutions such as the Livestock Research Institute (LRI), the Food Research Institute (FRI) and Veterinary Research Institute (VRI) to provide appropriate technical assistance to targeted agri-business SME's.

Substantial assistance by project consultants was provided to clients in marketing management. Specifically, issues relating to product lines, brands, packaging and labeling were targeted.

The client performance table clearly demonstrates the success and development of AAATA assisted enterprises during the last six months. Such successes have generated dozens of requests for assistance from other agribusiness SME's recognizing their need for enhancing and enlarging businesses.

Summary of Objectives

- 1. Improve entrepreneurial skills and business planning**
- 2. Increase access to market information**
- 3. Upgrade technical abilities**
- 4. Promote diversification into new products/business**

Activities in Support of Objectives

1. Improve Entrepreneurial Skills and Business Planning

Focus: Provide counseling, training and technical support in key business activities such as improving business skills, facilitating technology procurement, conducting feasibility assessments and planning, and preparing financial proposals in collaboration with the FCU.

- a) ADU, supported by local and foreign experts, and in collaboration with the FCU conducted individual counseling for 39 targeted SME's in improving business management, marketing management and assisting in the preparation of financial proposals for submission to identified financial entities. ADU continuously provided training and technical assistance support in key business activities such as skills enhancement, introducing new business opportunities, facilitating equipment procurement, and conducting feasibility assessments for individual firms and agri-industry sector. Six (6) clients were introduced to the banks (ABA, Tirana Bank and FEFAD) for future financing.
- b) Ten (10) new agri-business ventures were referred to the ADU by the banks, seeking technical assistance. All agreed to join the associations assisted by AAATA project.
- c) Eighty-eight (88) site visits were made to agri-business SME's in collaboration with other AAATA units, AGRIDEV specialists and local STCs as well as researchers from public institutions, and bankers. These visits focused mainly on reviewing firms' operations, and providing general management advice on efficient management, technical know-how in specific operations, and financial advice on better cash-flow management, asset allocation, and future investment opportunities.

- d) The ADU also provided training through seminars or workshops, together with STC and specialists from Albanian Agriculture Research Institutes, to associations' members. Training programs were focused on: marketing; new product development; new technologies and know-how; high-tech and developed packaging materials; comparative advantages of open field and greenhouse crop production; how to develop targeted industries as olive oil, poultry and farm fish and mussels especially for export possibilities, etc.
- e) Three (3) major industry assessments were completed, specifically on greenhouses, olive oil and poultry egg and broiler production development. Current action plans are to share the findings and recommendations of these assessments with HABA, AOA and APFA association members and ADU clients via regional seminars, workshops and individual meetings.
- f) Thirty-five (35) field crops budgets were prepared together with their respective technology, to compare and analyze the advantages of growing in different regions in Albania. The same methodology was applied for high-tech Israeli greenhouses and five (5) crops of existing ones. For the future, ADU is considering similar analysis and comparison for other industries.
- g) In collaboration with the FCU and STC, four (4) Business Plans and six (6) feasibility studies were prepared for individual clients.

2. Increase Access to Market Information on Domestic and Overseas Opportunities

Focus: Provide market information on equipment prices and commodities, arrange for trade mission opportunities, organize local surveys and provide market and export information through trade fairs and direct contacts.

- a) The Internet was used to find world market prices for various agricultural commodities and inputs such as crude sunflower oil, red peppers, potatoes seed, poultry broiler chicks, table olives, frozen meat and chicken leg quarters, quality seed and agricultural vehicles for project clients etc.
- b) Five clients received intensive training on Internet usage, while general Internet access has enabled ag-business owners to procure a variety of products and equipment, technology and know-how.
- c) Equipment, raw materials and input suppliers were identified for 28 clients and association members through visits and trade fairs in different countries and over \$600,000 in trade credits was facilitated during the second half of 2000 by the ADU.

- d) Marketing management techniques in product promotion, price changes and better communication between producers and wholesalers/brokers resulted in improved cash-flow for 12 companies mainly in the processed vegetable and fruit industry as well as poultry.
- e) ADU in collaboration with an STC has developed a strategy for the production and export of extra-virgin olive oil. In conjunction with the FRI, forty analyses of olive oil samples were made during the second half of 2000. The results indicate that the general low quality of Albanian olive oil is due to harvesting techniques, handling and storage problems. The project is developing a strategy to effectively manage these problems.
- f) Several clients were assisted in developing package lines and installing equipment to improve their product shelf life. The "MIRELI" firm and "DELTADON" two dairy processing firms received assistance in installing the packaging lines for milk and yogurt and training employees in equipment operation. A shrink machine for packaging was bought by En & Zy Company. Lines for producing and filling plastic bottles for sunflower, olive oil and tomato ketchup were identified and contracted. The slaughterhouse and packaging line for the broiler firm, "DRIZA" has been identified, procured and installed.
- g) Three trade missions were organized to visit Italy, Bulgaria and Israel and contact quality suppliers. Training support in equipment usage was also provided. ADU, in collaboration with Consorzio Artigianale di Regio Emilia, a major Italian equipment supplier, organized a trade mission to Italy, for ten (10) entrepreneurs.

3. Upgrade Technical Abilities through Training and Advising, including Publications and Short Term Consultants

Focus: Provide technical assistance and training to individual firms to increase their technical efficiency.

- a) Eight clients were supported with technical assistance, specifically in equipment identification, procurement and installation; new plant construction; enhanced operations; and product diversification. Total client investment in equipment, building construction and new operations for the period totaled \$ 2,930,000.
- b) Several training workshops were organized in new product development, high-tech Israeli greenhouses and quality food/safety standards. Two additional training seminars were conducted focused on olive oil quality and product monitoring in fruit and vegetable processed products. Specific technical support was provided for twelve clients on a one-to-one basis concerned with developing know-how in ways to improve yield and quality processing output.
- c) In collaboration with the ISU and other units, two Agricultural Experts Council are organized. Thirteen (13) agricultural specialists participated in each.

4. Promote Diversification into New Products/Businesses and into Foreign Markets

Focus: To facilitate processing firms in developing new product lines and new markets.

- a) Project efforts to establish contacts with agricultural sector enterprises in the Balkans, EU and non-EU countries were very successful during the July-December period. Contacts were made through attendance at trade fairs, commercial attaches based in Tirana, collaboration with development agencies, (GTZ etc.). Dried figs, fresh herbs, fresh tomatoes and cucumbers, fruit compotes, tomatoes paste and ketchup, canned and pickles vegetables are the main products made in Albania and promoted for export by ADU activities. (See the attached table of exports).
- b) In cooperation with AZROM and AGRIDEV the Project continued to support the establishment of two high-tech Israeli greenhouses, (0.5 Ha in Durres area - ALFA-ROMEO and 0.3 Ha in Lushnja - 23 Korriku Firm). The Israeli Company named AZROM provided both Albanian companies with \$150,000 in trade credits without interest, for one year.
- c) ADU has assisted in facilitating and exploring foreign markets for export development various agricultural products. Together with the Project's food technology expert, the unit has prepared several strategies for ketchup, fresh vegetables, olive oil, jams fruits, dried and processed figs, pickled pepper, cultivated fish (trout and mussels), various frozen vegetables and fruits.
- d) In collaboration with the ISU, several meetings with government representatives were conducted, focusing on custom codes and import tariffs reform connected with the importation of raw materials and other processing-related commodities.

Achievements Contributing to Meeting 2000 Result Indicators

1. Thirty-nine priority clients have been provided with intensive business services, and all association members have been offered general business training and services. The ADU has facilitated \$2,930,000 in client self-investment and \$600,000 in trade credit to clients.
2. The unit has conducted site visits (average 15 visits/month instead of 10 visits/month as planned) and three workshops.
3. In conjunction with the Institution Support Unit (ISU) and the Trade Association Unit (TAU), the ADU team has conducted ten training seminars, three industry sub-sector analyses, and three trade missions to Italy, Bulgaria and Kosovo.
4. ADU assisted nine (9) AAATA clients in diversifying into new product lines; two (2) clients in enhancing and enlarging their existing businesses, (two in hi-tech greenhouses,

and two (2) in fruit and grape producing of 160,000 commercial samplings); and five (5) clients in exporting to a new market.

5. ADU helped entrepreneurs to export nine (9) items made in Albania with a quantity of 526 Tons, and generating \$700,000 (see attached table on Export Status).
6. The team analyzed the business and production performance of 39 targeted companies, of which 17 doubled their production and turnover. Two (2) in dairy industry; five (5) in meat processing; two (2) in edible oil; three (3) in poultry; four (4) in fruit and vegetable processing industry; one (1) in seed and sampling.

Contribution Calculation for January-June 2000

What	Contribution
1. Site visits to clients 88 X \$ 100	\$ 8,800
2. Trade mission, 16 people x 7days	\$ 11,200
4. New capital investment by Clients	\$ 2,930,000
5. Supplying Trade Credits	\$ 600,000
TOTAL	\$ 3,550,400

ADU/AAATA LIST OF CLIENTS

Nr	Firm Name	Owner Name	Location	Activity	Telephone Number
DAIRY PROCESSING					
1	Mireli	Aqif Caca	Kavaje	Dairy Processing	382025870
2	Deltadon	Edmond Gjata	Lushnje	Dairy Processing	382027195
3	Soal	Sotir Velo	Lushnje	Dairy Processing	
MEAT PROCESSING					
4	Meat Master	Çesk Kimça	Shkoder	Meat Processing	2242438
5	Sagi	Gligor Lengo	Tirane	Meat Processing	382020917
6	Armet	Arben Thomai	Tirane	Meat Processing	
7	Apollo	Sokol Meqemeja	Tirane	Meat Processing	h.37720,off.33806
8	Arlita	Arben & Ilir Tafaj	Tirane	Meat Processing	
9	Kennedy	Sadete Tola	Tirane	Meat Processing	
10	Tona	Nikolla Tona	Korçe	Meat Processing	
OLIVE & EDIBLE OIL					
11	Leka SH.P.K.	Mark Leka	Lezhe	Edible Oil	382021585
12	Piku	Petrit Piku	Elbasan	Olive oil	
13	Aliraj	Pellumb Aliraj	Vlore	Olive oil	
14	Vajra Bimore	Bajram Dine	Fier	Edible Oil	382022668
POULTRY/ EGG PRODUCERS					
15	Cengo	Sefedin Cengo	Peshkopi	Poultry/egg Producers	3422079
16	AIBA	Igli Çela	Durres	Poultry/egg Producers	
17	Driza	Hiqmet Driza	Fier	Poultry/egg Producers	382024664
18	Sezairi	Besnik Kadia	Lezhe	Poultry/egg Producers	
FLOUR MILLING					
19	Ekonomi	Kurt Ekonomi	Durres	Flour Milling	off.05223474,h.23424
20	Leonidgent	Guri Zaçellari	Korçe	Flour Milling	
21	Onir	Pellumb Rrasa	Elbasan	Flour Milling	5457132
22	Habin Shop	Albert Shopi	Elbasan	Flour Milling	5453161
23	Ferizaj	Safet Ferizaj	Kavaje	Flour Milling	5742158
24	Agroinvest	Fuat Haxhiymeri	Tirane	Flour Milling	

FRUIT AND VEGETABLES PROCESSING					
25	Shpiragu	Kristaq Gallani	Berat	Fruit and vegetables processing	6234451
26	Albkonserva	Xhovani Gallani	Lushnje	Fruit and vegetables processing	off.06522305,h.22451
27	EN & ZY	Enver Ferizaj	Kavaje	Fruit and vegetables processing	382024365
28	Redi	Qani Gjylsheni	Kavaje	Fruit and vegetables processing	Off.05743114, h.2813
29	Backa	Petrit Backa	Fier	Tomato processing	
30	Koçi	Agron koçi	Elbasan	Fruit and vegetables processing	5452294
GREENHOUSE					
31	Alfa Romeo	Fatmir Kallbaqi	Durres	Greenhouse	h. 5224936
32	23 Korriku	Irakli Kola	Lushnje	Greenhouse	
33	Goxhaj	Liljana Goxhaj	Tirane	Greenhouse	
34	Bajkaj	Ismail Sinani & Agim Roboçi	Sarande	Greenhouse	
FISHING					
35	Mani	Hysen Mani	Sarande		
36	Arjan Palluqi	Arjan Palluqi	Tirane	Fishing	h. 50622
MACHINERY					
37	"Auto Trak 93"	Xhoxhi Marku	Tirane	Machinery	35609
38	Muho SH.P.K.	Shkelqim Muho	Cerrik	Machinery	5458949
SEED AND SAPLING / FRUIT AND VITICULTURE					
39	Luigj Frangaj	Luigj Frangaj	Lezhe	Seed&Sapling/Fruit&Viticulture	

**NEW INVESTMENTS MADE BY AAATA CLIENTS FROM
JULY – DECEMBER 2000**

A. DAIRY PROCESING SECTOR.

Company Name	Owner's Name	Location	Investment Value	Purpose
MIRELI	Aqif Çaça	Kavaja	\$50,000	Refrigerator room & Construction
DELTATON	Edmond Gjata	Gorre	\$30,000	Packaging equipment For yogurt
Total			\$80,000	

B. MEAT PROCESSING

Company Name	Owner's Name	Location	Investment Value	Purpose
MEAT MASTER	Sokol Meqemeja	Tirane	\$30,000 \$50,000	Increasing storage capacity Baking equipment
KENNEDY	Sadete Tola	Tirane	\$40,000	New equipment
Total			\$120,000	

C. FLOUR & WHEAT SECTOR

Company Name	Owner's Name	Location	Investment Value	Purpose
HABIN SHOP	Albert Shopi	Elbasan	\$30,000	New oven for bread
Total			\$30,000	

D. POULTRY FARMERS

Company Name	Owner's Name	Location	Investment Value	Purpose
AIBA	Igli Çela	Durres	\$200,000 \$130,000 \$300,000 \$200,000	Land Value New equipment & building For poultry operation New feed Mill Hatchery equipment for layer
DRIZA	Hiqmet Driza	Fier	\$120,000 \$30,000	Slaughter house Building
Total			\$2,150,000	

E. HORTICULTURE & FRUIT AND VEGETABLES PROCESSING SECTOR

Company Name	Owner's Name	Location	Investment Value	Purpose
EN & ZY	Enver Ferizaj	Kavaje	\$20,000	Packaging Equipment
REDI	Qani Gjylsheni	Kavaje	\$30,000	New Equipment
SHPIRAGU	Kristaq Gallani	Berat	\$50,000	Building Equipment
Total			\$100,000	

F. OLIVE & EDIBLE OIL

Company Name	Owner's Name	Location	Investment Value	Purpose
VAJRA BIMORE	Bajram Dine	Fier	\$150,000	Filling Machine
Total			\$150,000	

G. GREENHOUSE

Company Name	Owner's Name	Location	Investment Value	Purpose
ALFA ROMEO	Fatmir Kallbaqi	Durres	\$180,000	New Hi-Tech Greenhouse
23 KORRIKU	Irakli Kola	Lushnje	\$120,000	New Hi-Tech Greenhouse
Total			\$300,000	

SUBTOTAL OF INVESTMENTS:(July –December 2000) = \$2,930,000

TRADE CREDITS FOR THE PERIOD July – December 2000

A. GREENHOUSE

Company Name	Owner's Name	Location	Trade Value	Purpose
ALFA ROMEO	Fatmir Kallbaqi	Durres	\$90,000	New Hi-Tech Greenhouse
23 KORRIKU	Irakli Kola	Lushnje	\$60,000	New Hi-Tech Greenhouse
Total			\$150,000	

B. MEAT PROCESSING

Company Name	Owner's Name	Location	Trade Value	Purpose
ARMET	Arben Thomai	Tirane	\$300,000	Importing Chicken leg quarters from US
Total			\$300,000	

C. POULTRY FARMERS

Company Name	Owner's Name	Location	Trade Value	Purpose
DRIZA	Hiqmet Driza	Fier	\$150,000	Chicken feed and chicks
Total			\$150,000	

Total trade credits from July – December 2000 = \$ 600,000

EXPORT STATUS FOR YEAR 2000

List of goods exported for year 2000 supported by AAATA project technical assistance:

N R	ITEM	QUANTITY IN TONS	TOTAL VALUE IN 000 USD	COUNTRY
1.	Fresh herbs and spices	96	144	Switzerland
2.	Fresh tomatoes	30	30	Switzerland
3.	Cucumbers	50	50	Germany
4.	Dried figs	100	125	Bulgaria
5.	Fruits jam in cans and jars	30	48	Kosovo
6.	Processed fruits as compotes in jars	50	60	Kosovo
7.	Processed vegetables as peppers, cucumbers, cabbage, carrots as mixed pickles etc, in jars.	100	111	Kosovo
8.	Tomato paste in cans and jars	40	20	Kosovo
9.	Ketchup in plastic bottles	30	90	Kosovo

Project continues its efforts to export olive oil, dried and semi processed medicinal herbs and spices, goat cheese etc.

C. FINANCE AND CREDIT UNIT

General Status

Recently, credit for the economy in general has shown some positive growth compared with the same period last year. However, banks continue to remain cautious in lending to SME's. This coupled with concerns of instability, weak government, and an unfavorable business and legal climate, makes it hugely unlikely that foreign investors actually play a significant role in agribusiness development.

In order to encourage more lending by second-tiered banks, the Bank of Albania began in the third quarter 2000 to remove all direct controls and adopted indirect policies aiming to reduce the interest rates on time deposits and government bonds. Therefore the second half of 2000 saw some increase in the amounts of new credit and reductions in interest rate.

Average annual interest rate in leks (in %)

Indicators	Dec. 1999	July 2000	Sept. 2000	Nov. 2000
1. Deposits	9.5	7.8	8.1	7.9
2. Gov. bonds	15.8	13.5	12.9	12.4
3. Lending	26.8	28.3	27.1	24.5

Some indicators of credit performance for Albanian economy (in bln leks)

Indicators	Dec. 1999	Year 2000			
		1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.
Credit outstanding of banking system	19.9	21.4	22.7	25.2	27
Credit outstanding of public sector	1.7	1.6	1.6	1.6	1.6
Credit outstanding of private sector	18.2	19.8	21.1	23.5	25.4
From which:					
In leks	10.6	10.6	10.6	10.6	9.6
In hard currency	9.3	10.8	12.1	14.5	17.4
Weight (%) of hard currency	48	52	55	57	64
Fresh credit	8.0	3.4	6.9	6.8	5.4
In leks		0.6	1.1	1.0	1.0
In hard currency		2.8	5.9	5.8	4.4
Weight (%) of hard currency		82	85	85	81

¹ For December the data are estimated.

Source: Bank of Albania.

The commercial banks continued to invest their liquid assets mainly in government bonds and in current accounts and deposits with overseas financial institutions. At the end of the

third quarter 2000, 47 % of total assets were invested in government bonds, 31 % in overseas banks and only 11% in lending activities. Credit to economy is dominated almost totally by hard currency (mainly US\$ and EUR), thus leaving local currency exposed to potential risks. Sources from Bank of Albania indicates that the construction and trade sectors dominates the lending activities of the commercial banks (by more than 60%), followed by processing industries (16%), hotels and restaurants (5%), and real estate (5%).

Price stability has been successfully achieved and inflation in 2000 remained insignificant at 3 to 4%. The Leke continued to be stable and followed closely world exchange rate fluctuations by being evaluated against EURO for about 8% and devaluated against US\$ for about 9%.

From a total of 12 commercial banks operating in country, only 5 of them (Italian-Albanian Bank, Tirana Bank, FEFAD Bank, American Bank of Albania (ABA) and Alpha Credit Bank) are active in lending and are expanding their operations in cities like Durres, Elbasan, Fier, Gjirokastra and Korca. Among this group, ABA and FEFAD are showing greater interest for lending to AAATA target clients involved in agri-processing.

Notwithstanding these efforts for progress, the banking sector in Albania remains either unable or unwilling to respond to the financing needs of small and medium private enterprises and especially to those involved in agri-processing industry. There are a variety of reasons for this:

- Lack of experience, particularly in business operations assessment, means that finance for SME-s is seen as too risky;
- Lack of loan monitoring system means that only very secured short-term lending is made. It also excludes the normal banking practice of securing working capital with current assets, which requires a sophisticated information/monitoring system;
- Lack of secondary market precludes valuation of collateral and collateral is difficult to seize when loans are in default;
- Several newly created private and joint banks are undercapitalized, making it difficult to provide long-term credit from their own resources. However, even when they are able to lend up to a certain limit, they are unwilling to invest in areas where the payback is not short-term. This problem is compounded by the readily availability of better investment opportunities, in particular, government bonds;
- Lack of other financial institutions, such as venture capital institutions due to the environment and the lack of appropriate laws and precedents as well as resources;
- Lack of incentives by the government to encourage banks to lend in general and in particular to SME-s.

The problems encountered by entrepreneurs include:

- Lack of personal security for loans, particular noting that banks use high levels of collateral as a way of mitigating risk;
- Lack of any track record or information in a turbulent market makes it difficult to put together a reasonable business plan;
- Despite rapid changes, the ownership situation is in many cases is not clear, particularly for land, notably when SME-s result from small-scale privatization;

- The fast changing environment means that normal “commercial” interest rates are relatively high and make long term investment risky;
- While it is difficult to evaluate the creditworthiness of the borrowers without any collateral or track record, small business owners are independently-minded and are reluctant to disclose their business secrets because they see this as a threat to their autonomy. As a result, equity financing for them comes predominantly from the resources of the proprietors, family and friends, including profits reinvested in the business.

During the second half of 2000, the FCU continued establishing contacts with targeted entrepreneurs, providing financial-related services, and enhancing our relations with private banks. Because of this collaboration, 8 other loans have been approved and disbursed totaling \$990,000. To date AAATA/FCU has been able to help mobilize over \$2.5 million from private banks, primarily the American Bank of Albania.

Summary of Objectives

- 1. Identify sources of capital and commercial credit and ways to gain access to them**
- 2. Provide critical services that help satisfy both institutional and informal lenders**
- 3. Improve the terms and conditions for commercial borrowing by agribusiness clients**

Activities Performed In Support Of Objectives

- 1. Identify sources of capital and commercial credit and ways to gain access to them**
 - a) Conducted several meetings with key staff members of 3 private banks (Alpha Credit, Inter-Commercial Bank and Tirana Bank) operating in Albania to investigate changes in their credit policy and examine the possibilities of interventions in agri-processing industry based on target client of AAATA seeking banking finance for growth. Recent studies for possible interventions in developing the greenhouse sector and olive oil industry has been sent to them for further consideration.
 - b) Possible interventions from FEFAD Bank are foreseen in assisting greenhouse growers with seasonal term loans (Max. \$10,000) for working capital. We are providing them updated information, financial assumptions and potential clients for collaboration.
 - c) Supplier credit as a substitution of institutional loan for fixed assets is successfully achieved for the construction of two high-tech Israeli greenhouses. The foreign supplier (Azrom Metal Industries ltd from Israel) granted a one-year trade credit worth \$150,000 or 1/3 of investment cost.

2. Provide critical services that help satisfy both institutional lenders and entrepreneurs

- a) Together with ADU 22 site visits to target clients continued by providing a one on one basis financial advice, management expertise, business diversification, assistance in business plans and preparations of credit request when needed. Four additional business plans have been prepared for clients in various agri-processing areas seeking bank financing or partnership relations.
- b) In collaboration with other AAATA units, a major feasibility study was prepared for the comparative advantages of vegetable production aiming to support the growth of intensive crops produced locally. A SWOT analysis for Albanian agriculture sector is being drafted as a discussion paper with GOA and related donors that can support economic policies which enable rural growth.
- c) Monitoring of credits given to entrepreneurs through FCU intermediation continued on regular basis and information/reports for use of loan premises, current business performance and cash-flow situations were submitted to ABA.

3. Improve the terms and conditions for commercial borrowing by agribusiness clients

- a) We continued participation in association meetings informing clients about current bank situations and likely forecasts. The unit continued to refer AAATA/clients to the ABA, which presently is the only available source for financing our target needs.
- b) We continued intermediations between ABA and AAATA clients on terms and conditions for medium term loans needed to support agribusiness. Bank line of credits has been successfully introduced for our clients enabling them to overpass seasonal cash-flow problems.

Achievements Contributing To Results Indicators

During the second half of 2000, 8 loans were approved and disbursed from ABA to AAATA clients involved in fruit & vegetable processing, milling industry, broiler producer and meat processing.

Business Loans July-December 2000

Activities	District	Banks	When	Amount	Purpose
1. Fruit&veget. Proces.	Kavaja	ABA	July	\$200,000	Working capital
2. Milling plant	Kavaja	ABA	July	\$100,000	Equipment
3. Poultry farm	Diber	ABA	July	\$100,000	Working capital
4. Fruit&veget. Proces.	Kavaja	ABA	July	\$100,000	Working capital
5. Meat processing	Shkoder	ABA	November	\$200,000	Working capital
6. Milling & bakery	Elbasan	ABA	November	\$40,000	Working capital
7. Milling plant	Elbasan	ABA	November	\$50,000	Equipment
8. Broiler poultry	Fier	ABA	December	\$200,000	Working capital

TOTAL: \$ 990,000

More than 1 year: \$ 150,000

Contributions Calculations for July – December 2000

What	Contribution
Site visits to clients (22)	\$ 2,200
Business plans (4)	\$ 400
ABA approved loan (8)	\$ 990,000
TOTAL:	\$ 992,600

D. INSTITUTION SUPPORT UNIT

General Status

During the July - December 2000 period, the Food Research Institute (FRI) and the Veterinary Research Institute have been working on analyses of the quality of foodstuffs produced and imported in Albania. Compared to the same period of last year both institutes have performed fewer analyses, because some regional laboratories are conducting their own analysis with support from various donors.

However, the Institutes, in collaboration with the AAATA Project, have conducted more analysis for members trade associations, primarily AMPA and AOA.

Summary of Objectives

- 1. Improve output and service to agribusiness growth**
- 2. Upgrade capability in terms of equipment, testing and their qualification.**
- 3. Program liaison with government agricultural agencies and donors**

Activities Performed in Support of Objectives

1. Improve output and service to agribusiness growth

Focus: AAATA systematically works to introduce its clients to FRI's and VRI's analytical capabilities and regulatory responsibilities, as well their role as reference centers for food control and analysis. AAATA will also work, through media, to increase the awareness of the Albanian agribusiness community regarding the two research institutes. Associations' clients will be assisted through various seminars and publications concerning food quality control and safety.

- a) During September, a workshop on the "Quality of the Olive Oil Produced and Marketed in Albania", was conducted from the AOA in collaboration with four researchers from FRI. There were 52 participants including members of the association (AOA), FRI researchers, AAATA agribusiness specialists, representatives of the Agriprocessing Directory of the Ministry of Food and Agriculture, foodstuffs inspectors of the agricultural directorates of Durres and Tirana, pedagogues from the Agricultural University of Tirana, members of expert's council, 2KR Japanese Project representatives, Consumers Association representatives and the mass-media. Eleven samples were taken from Albanian olive oil producers / members of AOA and 10 samples olive oil imported from Italy and Greece and marketed in Albania. These samples were analyzed by the FRI.

Another seminar conducted was entitled “Monitoring the Quality of Olive Oil Marketed in Albania by Albanian and Foreign Producers”. The seminar focused on factors affecting the quality of the olive oil and high levels of acidity found in the Albanian olive oil. The AAATA Project's Israeli agroprocessing expert shared his experience with the participants and facilitated workshop discussions. Sensory analysis of the virgin olive oil drew special attention among the participants especially the panel test.

- b) Short-term technical assistance was provided to AMPA and APFA members. VRI, FRI, and the Livestock Research Institute (LRI) experts assisted the members of these associations for 11 days.

APFA members were assisted in broiler selection, feed recipes, vaccination schemes, quarantines, and optimal chick breeding facilities.

AMPA members were assisted with issues involving product standardization, equipment enhancement, improved production technology for salami variations.

- c) Television spots on FRI and VRI activities were broadcast on two private TV stations during September. The continuous broadcasting of these spots helped increase the number of analysis conducted by the research institutes.

- d) Three books are published during the second half of 2000:

Identification of Problems, Setting the Objectives and Communication, written by a STC and AAATA experts of the Agricultural Extension Service, was published during July. The book focuses on training for adult learning, enhancing communication skills and general marketing strategies, with emphasis on value added product.

Zoonoses I, written by the director of VRI, was published in December. The book focuses on the transmittable diseases passed from animals and their by-products to humans.

Main Poultry Diseases written by an expert of VRI, was also published during December.

- e) Specialists from VRI, FRI and Experts' Council of the project attended some associations boards and KASH regional meetings. It is expected that this interaction will promote better understanding of the problems the agroindustry sector is facing and help the research Institutes to better orient their work towards addressing these problems.
- f) Three leaflets on “Main Poultry Diseases”, “Potato Varieties” and “In Order to Produce Qualitative Olive Oil” were published and made available to the APFA, ANSPA and AOA members.

- g) Two regional seminars were conducted during October and November; the first was designed for HABA members, the second for APFA members. Israeli experts and various agri-business owners were present in these seminars. The seminars focused on new technologies applied for greenhouses and poultry.

2. Upgrade capability in terms of equipment, testing and their qualification

Focus: Integration of institutional analytical capabilities with the production activities of AAATA agribusiness clients. Assistance to FRI and VRI through CASP STC's for strategic plan preparation.

- a) Two CASP experts, professors of the College of Veterinary Medicine of the Mississippi State University assisted FRI for 10 days during November. The consultants assisted the FRI in the installation, calibration, and testing of laboratory analyses equipment purchased for the Research Center by the IFDC/AAATA project. Training programs were conducted for FRI staff to demonstrate the use and capabilities of the purchased laboratory equipment. In addition, the consultants discussed with staff members and food processors, issues related to toxicology and the laboratory procedures and tests used to evaluate selected toxins and other agents relevant to food safety/quality.

CASP experts conducted a round table discussion with experts from FRI and VRI on the implementation of the HACCP system (Hazard Analysis Critical Control Point) for selected businesses of association members.

Another meeting on HACCP system was organized in December with the participation of VRI and FRI experts and Land O'Lakes/Albania and GTZ representatives. The participants agreed to implement the HACCP system in the dairy and meat processing industries.

- b) Various audiovisual supplies were brought from CASP for the two research institutes during November. These supplies will upgrade the level of the seminars the Institutes can organize in collaboration with association members regarding quality control and safety issues.
- c) VRI, in collaboration with the Institute of Public Health, organized international symposium "Zoonoses in Albania" on December 4 - 5. IFDC/AAATA was one of the main sponsors of the activity. Special attention was paid to the most problematic diseases in Albania, (brucellosis, TBC, anthrax). Symposium participants came from VRI, Institute of Public Health, Agricultural University of Tirana, Ministry of Food and Agriculture, Ministry of Health, Food and Agriculture Organization, World Health Organization, Italy, Greece, Croatia, Kosovo.

3. Program liaison with Government Agricultural Agencies and Donors

Focus: To foster better coordination among projects and international donors working with agricultural associations. The AAATA Project facilitates donor coordination meetings as well as stimulating local expert participation in program planning.

- a) Council members received AAATA activities and accomplishments to date. Suggestions were made for future program activities. Journalists from three private TV stations, two newspapers and the Albanian Telegraphic Agency participated in the meeting and featured the proceedings in their respective mediums.

During December, an Experts Council was held to review the Project's proposed activities for 2001. Discussions centered on regional laboratory cooperation, export training, the HACCP system, and cat fish production in Albania. In addition to the usual attendees, participants included the Deputy minister of MOAF, the Director of Agriculture Program Office at MOAF, and the KASH President.

- b) GTZ/(Promotion of Self-help Organization in Private Agriculture—PSOPA) in collaboration with IFDC/AAATA organized two informal meetings (July and August) comprised of donors working with agricultural associations. Representatives from Land O'Lakes, Irish League, National Extension Service Program, GTZ (2 projects), Project Coordination Office MOAF and PSOPA participated in these meeting. During the meetings, an expert from ORT discussed the work being done for the preparation of the "NGO Law", which includes the work carried out by foundations, associations, and cooperatives.
- d) During October, a meeting between the PCOA and Mr. J.Polo and I.Gregory from IFDC/HQ was arranged. The Chief of Commission stressed the good working relations that exist between AAATA/IFDC Project and the Commission. He also emphasized that the Commission has been greatly assisted by reduction of custom taxes resulting from the surveys conducted by the Project.

Achievements Contributing to Results Indicators

Activities performed in support of FRI and VRI.

1. One workshop on food safety, quality control and adulteration was conducted.
2. Experts of FRI and VRI served as local STCs and provided technical assistance to 11 enterprises.
3. Two meetings of Agricultural Experts Advisory Council were organized.
4. Three books titled Zoonoses I, Identification of Problems, Setting the Objectives and Communication, Main Poultry Diseases were published.

5. Two regional seminars were conducted with HABA and APFA members. Israeli experts and various agri-business owners were present in these seminars, which focused on new technologies in poultry production and greenhouses.

Contribution

What	Contribution
Workshop with AOA	\$ 2600
<u>Zoonoses</u> publication	\$ 2500
<u>Main Poultry Diseases</u> Publication	\$ 700
International Symposium on Zoonoses in Albania	\$ 5000
Two Expert Council Meeting	\$ 1600
TOTAL:	\$ 12,400

D.1 PRIVATE SECTOR EXTENSION SERVICE (PSES)

General Status

During the second half of 2000 program implementation and training continued to focused on:

1. Introducing the new concept of private extension service to trade association members through seminars.
2. Using field demonstrations at TTC as basic tools in private sector extension services.
3. Publishing of special publications such as brochures, books, and leaflets.

Consolidation of the existing seven agricultural trade associations and recent involvement with the potato seed and medical herbs association established a basic environment for developing the concept of private sector extension services. This evolution builds on the elements of private extension that had begun with AFADA members. In developing the idea of private extension, the new associations' members realize they need to go beyond public extension. Public extension in Albania is presently not able to respond to requirements for technical assistance at either production or processing levels. As the AAATA project has shifted to new clientele, the PSES is developing new concepts of private sector extension services. These new concepts are however grounded in the AFADA experience.

In collaboration with AVALB, HABA, AOA and ANSPA, the Private Sector Extension Unit developed demonstrations and on-farm research connected with several different aspects of agricultural practices. These demonstrations are based at the existing TTC established two years before.

Different publications support the activities of private extension. Appropriate and timely printed material has been a PSES priority given the lack of messages provided by public extension. Not only do these materials differ from public sector extension conceptually but also in terms of delivery mechanisms. These publications reach the producers through association membership which is active and self financed.

Summary of Objectives

- 1. Development of PSES concept and supporting ideas.**
- 2. Organize demonstrations and farm level trials focussing on critical agricultural practices.**
- 3. Develop association members capacity to advise farmers.**
- 4. Support associations by providing a package of practices in appropriate publications.**

Activities Performed in Support of Component Objectives

1. Development of PSES concept and supporting ideas.

a) **Goal:** Consolidation of PSES Unit.

The PSES Manager hired four professional specialists in extension services during the last half of 2000. Training of the staff included a six week course in Israel on high-tech greenhouse management for two senior staff members. In addition, three specialists received on-the-job training on various extension service topics such as fertilization, pest and disease management and climatic regimes in greenhouses.

2. Organize demonstrations and farm level trials focussing on critical agricultural practices.

a) **Goal:** Introduced new potato varieties in Albania, provided by Dutch suppliers. Focus of the demonstration was to:

- Demonstrate the performance of the new potato hybrid with respect to the climatic and agroecological regional conditions.
- Compare new imported potato varieties with potato varieties using locally produced seed, provided by local suppliers from Kukesi and Peshkopia.

Location: Fier.

Implemented by: PSES and ANSPA members (farmers and dealers).

b) **Goal:** Demonstration of potato and vegetable varieties in Divjaka. Introduced nine new potato varieties to Albania (via Dutch suppliers). Conducted field demonstrations of the different variety performance of outdoor cultivated vegetables — carrots, cabbage, cauliflower and broccoli. Introduced the cultivation of broccoli to the Divjaka region.

Location: Divjaka, Lushnje.

Implemented by: PSES, Adriatic, ANSPA.

c) **Goal:** Demonstration of potato, alfalfa and wheat varieties in Korca. Introduced and tested six new potato varieties; six new wheat varieties and three new alfalfa varieties.

Location: Korca.

Implemented by: PSES, farmer/AFADA dealer.

d) **Goal:** Introduced new crops (broccoli, green beans and melons) for cultivation in protected environments. Demonstrated the impact of upgrading old greenhouses using improved structural elements to improve the overall effectiveness of greenhouses.

Location: Marikaj and Tirana

Implemented by: PSES, farmer/HABA member.

3. Develop association members capacity to advise farmers.

Goal: Training of association members in extension methodology, focusing on innovation and adopted techniques, in communication and extension, and defining needs for training through analysis.

- a) **Seminar Topic:** Methodology of Extension Service Focused on Increasing Vegetable Production and Processing.

Date: July 13-14, 2000.

Location: Durres/Golem.

Trainers: Stavros Androulidakis/PSES Staff.

Participants: 46 — HABA (12), ANSPA (15), ALBFLOR (2), BKFSH (3), AAATA Staff (8), VPI-Tirana (3), others (3).

- b) **Seminar Topic:** Increasing Olive and Olive Oil Production

Date: October 3-4, 2000.

Location: Vlora.

Trainers: Stavros Androulidakis, A. Kiritsakis, PSES Staff.

Participants: 110 — AOA (16), farmers and olive growers (45), ARI (12), AAATA Staff (22), MOAF (6), others (9).

- c) **Seminar Topics:** New Techniques on Intensive Production in Indoor/Outdoor Conditions.

Date: November 4, 2000.

Location: Divjaka/Lushnja.

Trainers: I. Posalski, A. Paraskevopoulos, PSES Staff.

Participants: 62 — ANSPA/ADRIATIK (38), HABA (2), MOAF + DBU (8), AAATA Staff (9), others (5).

- d) **Seminar Topic:** New Techniques on Potato Cultivation, and Marketing to Meet the Needs of Producers, Processors and Consumers.

Date: November 14, 2000.

Location: Korca.

Trainers: M. Smotzog, I. Van Hee, A. Saleeni, ANSPA/AAATA Staff.

Participants: 50 — ANSPA/AFADA (9), GTZ/Europlant (7), AAATA/Staff (4), DBU (3), Farmers (27).

4. Support associations by providing a package of practices in appropriate publications.

Publications produced during the period included:

2 manuals for "Training in Extension Service Methodology".

"Technologies of Cultivation in High-Tech Greenhouses for 3 Crops". (Translated and Adopted).

Leaflets produced:

Technology of greenbeans cultivation.

Introduction of new potato varieties in Albania.

Best melon varieties for greenhouses in Albania.

Technology of mechanized olives harvesting.

Technology of mechanized potato harvesting.

CPC use for olive disease control.

Technology for strawberry cultivation.

Technology for broccoli cultivation.

Modern technology for watermelons grafted seedlings production.

PSES Major Contributions

The major contribution of PSES during the last six months of 2000 has been the demonstration of new vegetable varieties and providing on-site technical support in greenhouse cultivation for three entrepreneurs.

Contribution Calculations for July – December 2000

What	Contribution
Demonstration of new potato varieties	\$ 2,500
Demonstration of vegetable/potato varieties	\$ 2,500
Demonstration of wheat, alfalfa and potato varieties	\$ 2,500
Demonstration of new crops in protected environments	\$ 2,500
Seminar on Vegetable production/processing	\$ 2,300
Seminar on Olive/Olive Oil production	\$ 5,500
Seminar on Intensive Production	\$ 3,100
Seminar on new techniques on Potato Cultivation	\$ 2,500
TOTAL:	\$ 23,400

E. MEDIA UNIT

General Status

The Media Unit continues to support and report on project activities and provide information to all levels of Albanian society about developments in Albanian agriculture, both in the private sector and at public ag-institutions. More importantly, AAATA Media serves as a conduit between Albanian producers and consumers.

During the second half of 2000 Media Unit helped further the development of agribusiness associations and the two Research Institutes. A wide range of media efforts publicized and supported their activities.

By using the most important mass media the project team addressed audience attention on agribusiness clients, consumers, decision makers, and researchers. It also provided valuable information about food quality and standards in an effort to educate the Albanian population about food safety.

Summary of Objectives

- 1. Establish positive image of Albania Agribusiness and its products.**
- 2. Communicate to consumers and clients information on food quality and safety.**
- 3. Promote image of agribusiness associations as symbols of quality and their memberships as progressive.**
- 4. Inform decision-makers and the public on agribusiness policy and regulatory issues.**
- 5. Communicate to potential agribusiness clients and association members the project services and activities.**
- 6. Develop Regional Media's agribusiness awareness and stimulate agribusiness-related programs.**

Actions in Support of Objectives

- 1. Establish positive image of quality of Albania client businesses and products.**
 - a) Arranged a Public Hearing with the Council of Experts and Media representation in October. Participation of journalists from 3 Private TV's, 2 newspapers and Albanian Telegraphic Agency.
 - b) Prepared and printed 2 quarterly "Agrobiznesi" Newsletters.
 - c) Provided media coverage for the workshop organized by ANSPA in Fier during November, with videotape.

2. Communicate to consumers and clients information on food quality and safety.

- a) Media coverage for the workshop organized by AOA and Food Research Institute with print media and TV Norba (private) participation. September 2000.
- b) Submitted articles in various newspapers related to food quality and safety issues.
- c) Arranged media coverage for the AFPA and Food Research Institute workshop, with print media and TV Arberia (public) participation. October 2000.

3. Promote the image of agribusiness associations as symbols of quality and their members as progressive.

- a) Arranged media coverage for the BKFSH Annual Meeting, with the participation of print media- Albanian Telegraphic Agency, “Shekulli” Newspaper and Klan TV/BBF TV (private television station). September 2000.
- b) Provided media coverage for the AFADA General Annual Meeting, with media participation from five private TV stations, 2 newspapers and the Albanian Telegraphic Agency. November 2000.
- c) Prepared BKFSH Logo. November 2000.
- d) Prepared and produced TV Spot for BKFSH. November 2000.
- e) Prepared KASH Logo. November 2000.

4. Inform decision-makers and the public on agribusiness policy and regulatory issues

- a) Prepared and submitted advertisements in the Albanian Observer monthly Magazine NR 7/8/9/10.
- b) Prepared a media campaign for Albanian Council of Agribusiness (KASH). September 2000.
 - Provided media coverage for the meeting of KASH legalization. September 2000.
 - Provided media coverage of the Tirana Regional Meeting of KASH, with participation from the Albanian Telegraphic Agency and Klan TV (public). September 2000.
 - Revamped the existing TV Spot of KASH. September 2000.
 - Prepared 25 broadcasts on Klan TV (public) for the KASH. September 2000.
 - Contributed articles about KASH in “Ekonomia” Newspaper and the Albanian Telegraphic Agency Newsletter. September 2000.

- Placed notifications on Klan TV (private) for KASH regional meetings. September 2000.
- c) Provided media coverage for the KASH Public Hearing with the Parliamentary Council of Economy/Finance and Agriculture and Food. Media representation included journalists from 3 Private television stations, 2 newspapers and the Albanian Telegraphic Agency.
- d) Established a media campaign for the Albanian Council of Agribusiness. December 2000.
 - Provided media coverage for the KASH Meeting for AABC/AMC. Media representation included journalists from 3 Private television stations, 2 newspapers and the Albanian Telegraphic Agency.
 - Broadcast from December 6 to December 10, 2000 in Klan TV (public) the TV Spot of KASH. Est. cost \$250.
 - Arranged broadcasts (December 11 to December 30) on TV Arberia (public) spots for KASH.
 - Submitted articles in several newspapers for KASH.
 - Prepared notifications on Klan TV (public) for KASH regional meetings.
 - Prepared notifications on TVSH (public) for KASH regional meetings.
 - Arranged for announcements in 3 main daily newspapers “Shekulli”, Gazeta Shqiptare”, “Koha Jone” about regional meetings.
- e) Provided media coverage for KASH December Regional Meeting on 3 Private television stations, one public station, Tirana Radio and the Albanian Telegraphic Agency.

5. Communicate to potential agribusiness clients and association members the project services and activities

- a) Provided media campaign for the Japanese Grant for fertilizer and machinery. September 2000.
 - Produced a generic TV spot for NPK.
 - Broadcasts on national TV a spot for NPK.
 - Prepared and printed a special edition of “Agrobiznesi” Newsletter with 550 copies devoted to the Japanese grant for agriculture machinery.
 - Provided media coverage and articles about the fertilizer auction of the Japanese Grant for fertilizer and machinery.
- b) Arranged broadcasts on national TV a spot for NPK for AFADA Dealers. December 2000.
- c) Provided media services for association members. Prepared a logo for a HABA Association business member. December 2000.

6. Develop regional media's agribusiness awareness and stimulate agribusiness-related programs

- a) Regional media activities in September included broadcasts of AOA spots on local Vlora television and notifications of local field demonstrations.
- b) Regional media campaign for October included preparation and production of olive oil TV spots on local Vlora television as well as local media coverage for the KASH December regional meetings in Korça, Saranda, Shkodra, etc.

Results and achievements

- 1. Published quarterly "Agrobiznesi" newsletter with special editions for AVALB and AFADA highlighting the Japanese Grant for fertilizer and mechanical machinery.
- 2. Reported Project activities and related associations programs in the mass media
- 3. Prepared and produced 2 generic TV spots on NPK fertilizer and olive oil as well as one image TV spot for BKFSH.
- 4. Promoted agribusiness associations and KASH through broadcasting TV spots for a total 296 times, of which 217 broadcasts were local and 79 were done at the national level.
- 5. Advertised in the Albanian Observer.
- 6. Conducted media campaigns for important issues related to project goals.
- 7. Provided media coverage for important activities related to project goals.
- 8. Concentrated on bettering the regional media network.
- 9. Developed public and client awareness of FRI and VRI through media sources via promotion of consumer quality and safety.

Contribution Calculations for July - December 2000

What	Contribution
Media coverage for AOA Workshop	\$ 200
Media coverage for AFPA Workshop	\$ 200
Media coverage for AFADA Gen.Meet.	\$ 400
Media coverage for BKFSH Gen. Meet	\$ 400
Media coverage Field Day Demonstration	\$ 200
Media coverage ANSPA Workshop	\$ 100
Media coverage for Reg. Meetings	\$ 800
Media coverage for KASH Meetings	\$ 1,400
Logo production (KASH)	\$ 150
Logo production (BKFSH)	\$ 150
Logo production (service for assoc)	\$ 150
Articles for Japanese Grant	\$ 200
Articles for food quality	\$ 220
Articles for KASH campaign	\$ 180
Articles for associations	\$ 50
TOTAL:	\$ 4,800

F. CREDIT UNION UNIT

General Status

During the July - December, 2000 period, the Development of Credit Savings Associations Movement Foundation (DCSAMF) continued to support the Credit Union Unit (CUU) of the AAATA Project in its effort to provide ag-trade association members with access to low-cost credit. DCSAMF's role is critical to the success of the credit union movement in Albania, and it continues to provide the Project with full time technical assistance provided by the Irish League of Credit Unions (ILCU). DCSAMF and IFDC/AAATA are partners working towards the goal of providing credit at the farm level. The AFADA CU remains as the largest credit union in Albania.

Additionally, IFDC/AAATA has entered into a contractual relationship with Land O' Lakes (LOL) in supporting that organization's efforts in establishing credit unions at village collection points for its women's dairy groups. The LOL goal is to establish a minimum of six credit unions – one at each of its major collection/processing regions.

Summary of Objectives

- 1. Assist in the development of safe, sustainable, quality credit unions serving agribusiness trade association communities.**

Activities in Support of Objectives

- 1. Develop Safe, Sustainable, Quality Credit Unions Serving Agribusiness Trade Associations and their Communities. Help Identify and Mobilize Groups, Establish Procedures and Framework.**

Focus: Participate in AFADA meetings to meet members and build a better understanding of credit unions

- a) The CUU, in collaboration with DCSAMF, participated in all the AFADA Regional meetings held during the 2-nd half of 2000. A total of 180 AFADA members attended these meetings and was informed about the AFADA Credit Savings Associations (ACSA) activities, as well as general credit union concepts.
- b) The CUU assisted in organizing the AFADA Credit Union General Extraordinary Assembly on November 17, 2000, which was attended by 85 AFADA Members (included members of AFADA Association). This meeting was held to make 2 changes to the statute.

- c) Six ACSA Executive Council meetings were held during the reported period. These meetings focused on:
 - Reviewing routine activities.
 - Examining the financial records of the AFADA Credit Union.
 - Presenting a new strategy to increase membership and savings.
 - Present approved loans.
- d) One meeting of the National Credit Union monitoring body was held during this period. Participants: 3 representatives of the AFADA Credit Union.

Focus : Develop the loan procedures and training programs for the AFADA Credit Savings Association (ACSA)

- a) Procedures for accounting, budget and internal auditing were refined.
- b) Financial Performance Reporting Report was approved.
- c) AFADA Credit Committee training (advanced training).
Participants: Credit Committee (3 members).
- d) AFADA Supervisory Committee (advanced training).
Participants: Supervisory Committee (3 members).
- e) AFADA Credit Union Chairman training.
- f) All loans are constantly monitored to make sure that agreements are adhered to. When arrears occur members are notified immediately advising them to bring their accounts up to date.

Focus: Establish a new credit union for the ANSPA association; development of training programs and establishment of a study group to initiate CU development for ANSPA.

- a) The ANSPA study group has been formed. This group is founded in the Fier region has the largest concentration of ANSPA members. The ANSPA CU was registered with the district court in October 2000.
- b) The study group received weekly sessions of the 12 steps training program.
- c) In addition to the training, the ANSPA study group attended the AFADA General Extraordinary Assembly, to observe an established CU.
- d) The CU team made presentations to ANSPA members in Divjaka, Korca, and Pogradeci regions about CU development.
- e) ANSPA Credit Committee training (Beginner training).
Participants : Credit Committee (3 members)

- f) ANSPA Supervisory Committee (Beginner training)
Participants: Supervisory Committee (3 members)
- g) ANSPA Credit Union Chairman training (Beginner training)

Achievements Contributing to Meeting Results Indicators

1. One hundred eighty AFADA Members received in-depth information about the ACSA as well as general information about credit union concepts, membership, member participation, loan request etc.
2. Membership in ACSA rose 35% during the 2-nd half of 2000, from 58 members on June 2000 to a total of 78 by year-end 2000.
3. Membership savings increased by approximately 60% during July - December 2000 from 3,354,000 Leks to 5,300,000 Leks.
4. Six loans were issued for the ACSA Members during the 2nd-half of 2000 bringing total loans issued in 2000 to 10.
 - Value of loans issued: Leks 3,350,000.
 - Value Loan Repayment: Leks 1,550,000.
 - Credit outstanding: Leks 1,800,000 (not due).
5. A new credit union has been formed based in ANSPA Association.
6. ANSPA membership savings is 10,000 leks.

Contributions

What	Contribution
Presentation to AFADA Regional Meetings (180 members)	\$ 9,000
ACSA Executive Council Mtgs. (6 x 7 members)	\$ 2,100
AFADA AGM 87 members	\$ 1,200
ACSA Members savings	\$ 14,200
Loans Approved	\$ 23,900
Establish ANSPA Credit Union	\$ 2,400
ANSPA Study Group Training program (12 weeks * 13 People)	\$ 7,800
ANSPA Members savings	\$ 70
TOTAL:	\$ 60,670

G. AAATA/MOAF STATISTICAL SUPPORT UNIT

Sustainability of Agricultural Statistical Services in Albania

General Status

Since 1992, USAID/Albania assisted the Government of Albania (GOA) in the reorganization of agricultural statistics and the development of capacity building in information services. Due to severe budgetary constraints of the MOAF, the sustainability of the current system has been extremely questionable.

For the years 2000 and 2001, USAID through IFDC/AAATA project provided limited financial and technical support to the Directorate of Statistics (DSI) of the Ministry of Agriculture of Albania (MOAF).

Under the direction of the Senior Biometrician/Statistician from IFDC HQ, activities during July-December of year 2000 were directed to evaluate the services provided by DSI, support agricultural surveys activities, and develop field expertise in the collection, analysis, and organization of survey data. Other activities were directed to improve cost efficiency and rationalization of information services and seek MOAF commitment to a budgetary allocation for DSI to carry on a sustainable level of collecting and disseminating agricultural and information services.

Summary of Objectives

- 1. Assist in the development of a sustainable Statistics Unit within the MOAF, that can provide reliable agricultural statistics.**

Activities in Support of Objectives

Establish a prioritized level of sustainable activity in agricultural statistical services that is expected to allow, after the year 2001, continued development of agricultural survey activities, data management, and report production under MOAF responsibilities.

Focus: Evaluation of the current service organization and MOAF commitment with DSI sustainability of statistical services.

- a) In collaboration with the Director and the staff of DSI, services and responsibilities of staff at central office were revised. Changes in some activities were proposed and are being implemented by the Director of DSI. Staffing patterns, survey activities, and budgetary situations were evaluated at the central office in Tirana and at the prefecture

and district level. Implementation of proposed changes in specific activities will be done during year 2001.

- b) Meetings were maintained with the Director of DSI, and the Vice-Minister of Agriculture to discuss the objective of the support project. Although the Minister expressed concerns about MOAF budgetary situation, a memorandum of understanding was signed where MOAF will compromise in securing budget for supporting DSI statistical services after year 2001.
- c) The Albanian technical assistant appointed by the project provided assistance to the service in areas of staff organization, management information systems, and report production. The technical assistant also provided support in data management and service organization, at the district level, and in training personnel at the central office.

Focus: Development of field expertise in agricultural surveys.

- a) Agricultural Survey assistance was provided to the DSI in the processing of data and reporting of the national agricultural survey performed during March of year 2000. Data was collected using a total sample of 2872 farm operators. Information of the survey focused on household demographic characteristics, crop areas, crop production/sales/prices received, livestock production and milk/product sales/price received, gross income, and farm practices.

Additional assistance was provided in the planning, selection of sampling and implementation of an agricultural survey on large farms - the Outliers survey. This survey was conducted during November to estimate production levels and input use of large-scale farm enterprises. The sample selection was done from a prepared list- frame and the questionnaire and data collection system used the same format and manuals as the ones used for agricultural surveys.

About 400 technicians from MOAF received training in the use of instructions for questionnaire completeness of the agricultural survey II on agricultural production conducted during November of 2000. The interviewer training was simplified and procedures and standard manuals were produced to reduce costs and facilitate training of prefecture and district personnel. Personnel of central office were the instructors. The quality control and the execution of field activities were evaluated and built into the agricultural data collection process to ensure efficiency, completeness, and consistency of surveys.

Table structures, data analysis, and report of the surveys were evaluated. Simplified forms of reporting were discussed and agreement was reached on an appropriate timeframe for conducting and reporting activities. These activities were executed in close collaboration with DSI director, the Albanian technical assistant, and the head of surveys and statistics at the central office.

A database system was started to maintain time series and cross-section information from agricultural surveys. The system will use ACCESS as the database management system. Personnel from the central office at DSI are attending a short training course in the use of ACCESS as database manager.

- b) **Agro-Industry Surveys.** Assistance was provided in the planning and execution of survey. Data was collected from an updated list frame of all agro-businesses in the country. Sampling at prefecture level, on major production activity, was conducted on all firms with less than 20 employees. A 100 percent sample was taken of firms with 20 or more employees.

The surveys are done quarterly and the data summarization and reports produced as separate data sets according to timelines. Analysis was performed of the management and use of information generated from the quarterly surveys.

Since problems were detected in the data processing system that summarizes the survey data and the maintenance of the database, a new computer program was developed for data editing, and summarization. This program was documented in a manual, and training was provided in the use and management of the system to the Albanian technical assistant and the agro-business specialist in charge of the surveys.

- c) **Greenhouse Survey.** This national survey was conducted in July-September. The sample was based on an updated list frame with stratification by size of the area under greenhouse. Information was collected on vegetable production, sales and price received, labor, costs, and investments.

Questionnaires, manuals, survey procedures, and reports were reviewed. Evaluation was done of the sampling procedure and the calculation of coefficient of variations and expansion factors. The manual for data collection was standardized and the reporting system was simplified. A new computer program and data management was implemented to develop a more efficient information system.

- d) **Price Surveys.** DSI collected monthly and weekly prices in agricultural products - both fresh and processed - in all 36 districts of Albania. The monthly prices were collected using purposive sampling. Prices were averaged across outlets by commodity in each district and forwarded to DSI in central office for reporting and compilation in a database. Assistance was provided in the analysis of this information. A more adequate processing and database system is being developed and strategies for developing food price indexes are being discussed in order to increase the scope of this survey.

Weekly price surveys were done on a purposive sample of local informal markets of approximately 60 agricultural commodities - produced locally and imported - in 12 districts. Data was collected at the district level, summarized, and reported at DSI central office.

Focus: Develop and conduct training for increasing efficiency in survey processing and reporting.

- a) On job training activities were performed in combination with the evaluation of data entry and editing of the agricultural surveys and in the preparation of sampling for the greenhouse surveys. Additional training was done in the evaluation of the data entry, editing the computer program and in the planning and design of the agribusiness surveys. A more detailed training in survey development was done during the sampling and development of the agricultural survey II carried out in November-December. Personnel of the central office, prefecture and districts were involved in these activities.
- b) Another on the job training activity was the development of skills in the use of computer software packages for analysis and reporting. This activity started during October – November, 2000 when the organization of agricultural survey data was completed. The Albanian technical assistant provided continuous on job training in data management and management information systems. This activity was developed primarily at central office.
- c) A training course on the use and management of SPSS statistical package was provided. The system was installed at the central DSI office to upgrade the actual data analysis procedures in the central office. This activity will increase the scope of services provided by DSI and will permit better interaction between DSI and other offices of MOAF.
- d) Since misconceptions still prevailed with respect to sampling schemes, the use of sampling frames, and the analysis of information and management information systems, training materials were prepared in some of these subjects. Specifically, training materials were prepared in sampling systems, analysis of data series, and the use of index numbers to monitor and summarize agricultural production. Training materials were also prepared on basic concepts on data evaluation and analysis for crop production projections and agricultural price analysis among regional areas. These training materials are being translated to Albanian and will be compiled as guides for continuing training.
- e) Short-term training in computer use and data processing software was provided to ten staff members of the central office using the facilities provided by the Harry T. Fultz Technical Institution in Tirana.

Focus: Evaluation of equipment and software resources for increasing efficiency of surveys.

- a) Characteristics of equipment (computers-printers) in use and the kind of software required for the survey activities of DSI were identified. The present support project provided a capacity computer to be used as a server in a proposed local network system and a lower capacity computer for data analysis and database management. Based on

results of the assessment of equipment in use, MOAF will provide additional equipment to support services in Tirana and at regional levels.

- b) Software capabilities of DSI central office were supplemented with a statistical package for data analysis. Major revisions and upgrades of the software were completed and two computer programs were developed and documented to support the basic surveys of the service. The computer resources will be primarily used to organize survey data management and support database organization.

Focus: Evaluation and upgrading of the actual sampling scheme and evaluating cost of surveys.

- a) Work was required in the evaluation and upgrading of the sampling frame used in the agricultural surveys, since the sample segments were the ones selected in 1995. For this process, primary sampling units (PSU) and segment location were recovered from the geographic information system (GIS) work done previously in 1994 and a new GIS system was created with updated primary sampling units (PSU) and segment coverage for the Country. This work was done with the collaboration of a GIS specialist from IFDC HQ. The director of the service was provided with hardcopy and explanation of the database system produced. The head of the sample and survey section was instructed on the use and management of this information. The GIS database will improve the efficiency of surveys at national and prefecture levels and the reliability of survey estimates.
- b) Additional work was done in developing a multiple-frame sampling strategy for obtaining estimations at district level and for facilitating the execution of other required statistical surveys in the future.
- c) Assessment was made of the total costs of the surveys activities performed by DSI during the year 2000. The estimates indicated that the cost of surveys could be reduced by approximately 40% of the actual costs. Details of this evaluation were discussed with the DSI Director. The main objective was to find ways to reduce costs, increase efficiency, and ensure complete responsibility of the Ministry for the associated survey costs beyond the year 2001.

Achievements Contributing to Meeting Results Indicators

1. With collaboration of the Director and staff of DSI, present and future services to be offered by DSI were identified and prioritized.
2. A MOU was signed with the MOAF committing the MOAF to secure funding for the DSI unit after the year 2001.
3. Surveys and questionnaires (4) were redesigned/developed so that statistical results will provide information needed by the MOAF for decision-making.

4. Training on data base management and processing, along with equipment and software provided to DSI staff (10+) should allow for maintenance of all activities beyond the life of the project.
5. Assessment of necessary DSI activities was made to determine means of increasing efficiency and reducing cost.

Contributions

Through improvements made in data collection and database management and processing, the efficiency of the DSI operations should increase significantly. This increased efficiency should translate into a savings of approximately 30,000 USD/annum for operations costs associated with the DSI unit.