

SERVICING MICROENTREPRENEURS IN ALBANIA

ALBANIA GRANT REPORT NINETEEN

Period from December 11, 2002 to March 10, 2002

To the United States Agency for International Development

In fulfillment of the 1998-2004
USAID/Opportunity International Cooperative Agreement
NIS-A-00-98-00019-00

*Submitted by Opportunity International
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PRINCIPLE OBJECTIVES

1. Review and revision of PSHM job descriptions
2. Identification and hiring of Human Resource and Training Coordinator
3. Time Management Training and Sales Training
4. Agricultural Lending Training
5. Continued development of American Bank Loan and Deutsche-Bank guarantee
6. Opportunity International Annual CEO conference
7. Roll out of Core product under 150,000 Leke
8. Development of operations in Korce Region

1. Review and revision of PSHM job descriptions

Jenna Eduarte of Opportunity International Technical Services Division worked with PSHM staff and management to review and revise all PSHM job descriptions. The process included individual interviews with staff in each position, identification of key roles and tasks, required competencies and capacities. The job descriptions become part of PSHM's Human Resource management strategy and will be used in hiring, appraising, training and developing PSHM's staff and management.

2. Identification and hiring of Human Resource and Training Officer

Artan Malo was hired as PSHM's Human Resource and Training Officer. The new role is in response to PSHM's growth in staff and its desire to ensure a well developed Human Resource development and appraisal process. The new position will allow management to identify key training needs, monitor appraisals, improve selection processes and offer improved staff development efforts.

The new HR Training Officer received training from OI consultants in areas including coaching, job descriptions, and time management.

3. Time Management and Sales Trainings

Opportunity International specialists Jenna Eduarte and Mary Pennington developed and delivered a Time Management training session to all PSHM staff. The training focused on Time Management based on focusing on the "Important" to achieve professional and personal goals. Staff developed a list of "Time Thieves" and discussed possible ways to control and reduce these areas to increase the amount of time available for the important.

Opportunity International CEO of Russia Chris Reedy provided sales training to all Loan Officers and Operational managers. The training focused on helping sales staff to understand new sales strategies as well as improve existing efforts. During the training, efforts were focused on discussing and breaking the attitude of "can't" and helping staff evaluate what they might need to do to increase sales efforts.

4. Agricultural Training Session

Inge Garke an agroeconomist working with Opportunity Bank in Montenegro provided a session on agricultural training to seven PSHM staff and managers. The training provided increased awareness of agricultural needs and the issues facing farmers. It introduced new loan analysis techniques including the use of margin analysis and improved techniques for negotiating the terms and conditions of agricultural loans. The training will improve PSHM's lending staff capacity in selecting and servicing rural loan clients.

5. Continued development of American Bank Loan and DeutscheBank Microenterprise Development Fund (DB-MDF) guarantee

PSHM's application for a \$100,000 guarantee was accepted by the DB-MDF. The guarantee is to be used by PSHM to secure a local bank loan of the equivalent of 3:1. The partner bank identified is the American Bank of Albania and the loan is in credit committee for review. The loan will have a three-year term at the standard ABA lending rates. Disbursement is expected in April 2003. The loan and guarantee are designed to increase PSHM's capacity to access local sources of commercial funding and thus allow the organization to grow using local resources and thus decreasing its dependency on only international sources of funds. PSHM hopes this will be the first step in accessing increased amounts of local capital as it continues to develop and expand its operations.

6. Opportunity International Annual CEO Conference

PSHM's CEO attended the annual Opportunity International CEO conference in Washington DC. The conference included keynote speakers from CGAP and USAID and provided the organization to present its global vision and mission for the next year and beyond. Key objectives were outlined as well as strategies for achieving increase client levels, sustainability and access to additional commercial funding sources.

7. Roll out of the new "CORE" loan product

PSHM officially began providing its "Core" loan product at all branches in January 2003. The "Core" product is expected to fill the need for loans of up to 150,000 Leke (about 1,100 USD) to clients including small traders, working professionals, laborers and others requiring additional funding for existing business activity.

Since its development 192 clients have taken the Core loan through March 2003. The loan allows PSHM to meet client needs with an individual product that offers more flexibility in collateral and increased speed. The loan has seen very strong success in Durres where two years ago the market conditions seemed to resist a tradition group loan. Ease of the process and speed of loan delivery are seen as the key advantages to the loan.

8. Development of Operations in Korce Area

PSHM investigations of the Korce area continued and identified key opportunities in the Core product level and rural areas. Discussions with local professionals indicated a concern about the availability of lending to farms and rural activity. PSHM will focus its staff selection to include an agricultural expert to meet this need. A local bank was identified to provide banking services to PSHM clients.

Other Activities:

1. PSHM Quarterly Council of Supervisors meeting
2. Completion of Staff Appraisals and contract Renewals
3. Continued staff development in conjunction with SME lending activities
4. Improved collection efforts in Kruje district as courts seen to have legitimacy shows an increasing awareness of the population regarding an improved credit culture

DIFFICULTIES AND CONSTRAINTS

While PSHM maintained its operational sustainability in the first quarter of 2003, the fluctuation in the value of the USD reduced its financial sustainability (costs accounting for inflation, exchange rate, and cost of funds).

State offices continue to process paperwork slowly causing delays in mortgages.

FUTURE ACTIVITIES

1. IRIS Training on Human Resource development and management
2. Annual Audit and assignment of Internal Auditor
3. Installation of Branch Module for Management Information System
4. Hiring and initial production in Korce Region
5. Management Information System Update and Review
6. Management Development Plan implemented

PROGRAM INDICATORS

As of December 31, 2002

Number of Active Micro-Clients: 1,725

Number of Micro-Loans Made This Period: 509

Cumulative Number of Micro-Loans Made: 6,763

Amount Lent This Period (Micro): US\$1,185,216

Cumulative Amount Lent (Micro): US\$11,300,312

Current Loan Portfolio: US\$ 2,469,451

On-Time Repayment Rate (based on Portfolio At Risk over 30 days): 99%

Note: (1 USD = 129.19 Leke)