

## Data Sheet

<b>USAID Mission:</b>	Albania
<b>Program Title:</b>	Economic Restructuring and Agriculture Development
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	182-0130
<b>Proposed FY 2004 Obligation:</b>	\$6,413,000 AEEB
<b>Prior Year Unobligated:</b>	\$117,000 AEEB
<b>Proposed FY 2005 Obligation:</b>	\$6,438,000 AEEB
<b>Year of Initial Obligation:</b>	FY 1992
<b>Year of Final Obligation:</b>	2006

**Summary:** The USAID program supports economic growth and poverty reduction through integration of capacity building, private enterprise development, improvement of competitiveness, and establishment of a policy and financial environment that supports a market-driven economy and private sector investments. This integrated program provides a combination of training and technical assistance to: strengthen the capacity of producer, agribusiness, and trade associations; develop self-sustaining micro, small- and medium-sized private enterprises; enhance competitiveness of Albanian products on domestic and/or foreign markets; increase availability and accessibility of credit to private entrepreneurs; foster a sound, well-regulated, and efficient banking system; and improve labor force through vocational and business training.

### Inputs, Outputs, Activities:

#### FY 2004 Program:

Strengthen business capacity of agriculture and non-agriculture enterprises (\$2,763,000 AEEB, \$117,000 AEEB carryover). Technical assistance and business counseling will be provided to 2,000 small farmers and agribusinesses to improve productivity and enhance market access. USAID will assist in enhancing the competitiveness of Albanian agricultural products on domestic and/or foreign markets. Appropriate technologies will be extended to small dairy producers and processors to improve productivity and quality. Assistance to private laboratories will continue to strengthen their capacity in providing quality control services to dairy processors. Principal contractors and grantees include Land O' Lakes, Fultz Foundation (prime), and Foundation for Economic Education of Youth (FEEY) (sub).

Enhance growth of micro, small and medium non-agriculture enterprises (\$2,050,000 AEEB). USAID business counseling and technical assistance will enable 2,300 micro, small- and medium-sized enterprises in the non-agriculture sector to break even and achieve positive cash flows. USAID will work with the private enterprises in selected clusters to improve the competitiveness of their products on the domestic and/or foreign markets. Efforts will also focus on identifying foreign niche markets for Albanian products. Principal contractors, grantees and agencies are: Development Alternatives Incorporated (prime), Regional Development Agencies, OTF Group, FFF Associates, TRG, and IDRA (sub).

Increase availability and accessibility of credit to micro, small and medium enterprises (\$1,100,000 AEEB). USAID's micro-lending program will continue to support micro and small agricultural and non-agricultural enterprises. SMEs will benefit from USAID's small business lending activity, which will use its loan guarantee program to leverage a large amount of loans from commercial banks. USAID technical assistance and training will be used to strengthen the operations of the Bank of Albania to develop a sound, well-regulated and efficient banking system that increases the financial sector's responsiveness to the credit needs of the private sector and stimulates growth in private enterprises. It is expected that the value of credit extended to USAID-assisted enterprises will be over \$10 million and the value of deposits in the banking systems will reach about \$3 billion. Principal contractors and grantees are Chemonics International, Opportunity International, and Financial Service Volunteers Corps (prime).

Foster enabling policy environment for improvement of international trade and competitiveness (\$500,000 AEEB). USAID will continue to assist activities that strengthen the capacity of the government to formulate and implement appropriate trade policies and increase participation in policy dialogues with the government. In addition, resources will be used to support anti-corruption efforts that will improve SME development and the competitiveness of Albanian products. Principal contractors and grantees are ISB (prime) and MSI (sub).

**FY 2005 Program:**

Strengthen business capacity of agriculture and non-agriculture enterprises (\$2,002,000 AEEB). USAID plans to continue technical assistance and specialized business counseling to strengthen the capacity of 2,000 small- and medium-sized agricultural enterprises with special focus on improving productivity and competitiveness, and transforming subsistence farming into commercial production. Technical assistance may be utilized to help small farmers and agribusinesses develop business plans and to identify regional and international market opportunities for Albanian agricultural products. Same implementers as above.

Enhance growth of micro, small and medium non-agriculture enterprises (\$2,000,000 AEEB). USAID resources will be used to support the creation of new enterprises and expansion of existing enterprises through technical assistance and training. Emphasis will be placed on improving the productivity and competitiveness of enterprises in order to increase domestic market share and penetrate foreign markets.

Increase availability and accessibility of credit to micro-, small- and medium-sized enterprises (\$2,000,000 AEEB). USAID plans to strengthen and expand microfinance and SME credit programs to support the anticipated growth of private enterprises through provision of technical assistance, training, and loan capital. Efforts will be made to leverage with commercial banks for their greater contributions to the SMEs' credit needs. Principal implementers are Chemonics International and Opportunity International (prime).

Foster enabling policy environment for improvement of international trade and competitiveness (\$436,000 AEEB). Technical assistance and training will be provided to improve the GoA's capacity in trade negotiation, sound policy analysis and formulation, and transparent fiscal management. Assistance will also be provided to empower the business community and civil society to participate in policy dialogue and the fight against corruption. Same implementers as +above.

**Performance and Results:** USAID programs assisted 2,359 agricultural enterprises in 2002 and 1,932 in 2003. In 2002, Albania exported about \$35.4 million of selected agricultural products, 95% of the target set for this year and 94% of the previous year's actual result. A slightly declining trend is observed from the baseline year of 2000 to 2002. Thus, it seems that Albania's agricultural products have not been able to penetrate the foreign markets due to their weak competitiveness. It is expected that the implementation of the new Enterprise Development and Export Market Services project, which began in October 2003, will slow down or reverse that trend.

The number of bank loans to USAID-assisted enterprises increased from eight in 2001 to 106 in 2002 and 203 in 2003. The targets for both years were exceeded by 136% and 126%, respectively. The number of loans made by non-bank credit sources to USAID-assisted enterprises in 2002 was 2,273, about 2% below the target and 7% below the previous year's achievement. On the other hand, the achievement in 2003 exceeded the target of 2,079 by 34%. The results of both years greatly exceeded their respective targets. The micro-lending program served over 2,500 poor clients and achieved operational sustainability in 2003. In addition to disbursing over \$1.9 million to support a national micro-finance institution, the SME loan program used \$750,000 of its own funds to leverage loans of more than \$5 million from a commercial bank for its customers. The repayment rates were very satisfactory, with 99.8% for micro-loans and 100% for SME loans. With USAID's support, other Albanian entrepreneurs invested \$4.86 million of their own funds in agribusinesses and were also able to obtain \$2.88 million in trade credit and \$2.32 million in bank loans.