

Smallholder Families' Financial Inclusion Project in Albania

Project Completion Report

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Japan International Cooperation Agency (JICA)

SCA FED invest

Kaihatsu Management Consulting, Inc.

GP
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22-069

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Abbreviations

Abbreviation	English
ABA	Agri Business Assistance (Centre)
AKC	Agri Knowledge Centre
CBS	Core Banking System
CGAP	Consultative Group to Assist the Poor
CIF	Customer Information File
COVID19	Coronavirus disease of 2019
CRM	Customer Relations Management
C/P	Counterpart
DIA	Deposit Insurance Agency
EFSE	European Fund for Southeast Europe
EU	European Union
FAO	Food and Agriculture Organization
IPARD	Instrument for Pre-Accession Assistance
IT	Information Technology
JCC	Joint Coordination Committee
JICA	Japan International Cooperation Agency
KASH	Albanian Agro-Business Council
KPI	Key Performance Indicators
MIS	Management Information System
NPL	Non-performing loan
PDM	Project Design Matrix
PDT	Product Development Team
PWT	Product Walk Through
ROA	Return on Asset
ROE	Return on Equity
SNS	Social Network Service
UAT	User Acceptance Test
TOT	Training of Trainers

Currency ALL (Albanian Lek) Exchange rate (OANDA rate as of 30 June 2022) 1ALL = 1.2191JPY

Map of Albania and FED invest branch network

DISTRICT		BRANCH	
1	TIRANË	1	UNAZA E RE
		2	PAZARI I RI
		3	PETRELË
		4	BARZEZË
		5	KASHAR
		6	VORË
		7	KAMËZ
		8	MARIKAJ
		9	ZALLHERR
		10	SAUK
		11	TIRANA E RE
		12	21 DHJETORI
		13	Ali Dem
		14	Don Bosco
2	POGRADEC	15	POGRADEC
		16	ÇERRAVE
3	KORÇË	17	KORÇË
		18	BILISHT
4	LIBRAZHID	19	LIBRAZHID
		20	PRRENJAS
5	GRAMSH	21	GRAMSH
6	ELBASAN	22	ELBASAN
		23	MOLLAS
		24	GJINAR
		25	BELSH
		26	ÇËRRIK
		27	KUQAN
7	PEQIN	28	PEQIN
8	VLORË	29	RRUGA E RE
		30	HIMARË
		31	SKELË
		32	ORIKUM
		33	NOVOSELË
9	SARANDË	34	SARANDË
10	FIER	35	VAJKAN
		36	LEVAN
		37	FIER
		38	SVA
		39	FIER 2
		40	DAULLAS
11	LUSHNJË	41	KËMISHTAJ
		42	LUSHNJË
		43	REMAS
		44	KRUTJE
		45	ÇERMË
		46	DIVJAKË
		47	BUBULLIMË
12	SHKODËR	48	SHKODËR
		49	BUSHAT
13	KOPLIK	50	KOPLIK
14	LEZHË	51	LEZHË
15	GJIROKASTËR	52	PËRMET
		53	Tepelene
		54	GJIROKASTËR
16	DURRËS	55	DYRRRAH
		56	SHIJAK
		57	MANZË
17	BERAT	58	BERAT
		59	URA VAJGURORË
		60	KUÇOVË
18	KAVAJË	61	KAVAJË
19	KUKËS	62	KUKËS
20	LAÇ	63	LAÇ
	Informative Office	64	TIRANË
		65	LUSHNJË
		66	VLORË



Project Photos



Interview with farmers for the Needs Assessment Survey conducted in the Phase I



Instruction by JICA expert for CBS introduction and implementation



Staff Training on Customer Centricity



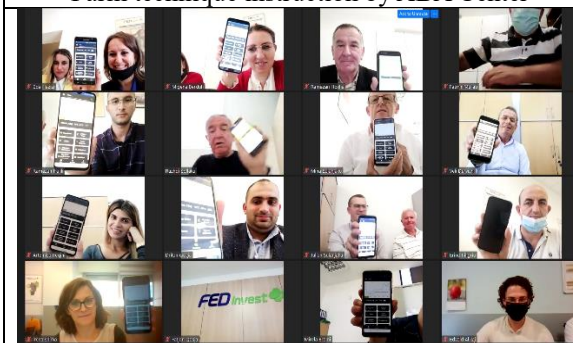
FED invest member's greenhouse farm



Farm technique instruction by ABA Center



Discussion seminar at ABA Center



Online training for FED invest staff on ABA Online operation



ABA Center Opening ceremony conducted hybrid- Online and Face to Face

	
Farmers who purchased agricultural inputs by getting support of the Input Support Scheme	
	
Materials developed by the Project distributed at FED invest branches	Digital Advisor instructing products/services and financial education to customer
	
Mr. Gjoni, Output 2 manager, FED invest making presentation on the project outcome at the Final Seminar	H. E. Ms. Ibrahimaj, Minister of Finance and Economy, H. E. Mr. Takada, Japanese Ambassador, and Ms. Konini, Project Director, FED invest at the Final Seminar

Chapter 1: Overview of Projects and Operations

1.1 Project Background and Issues

The main issues related to the financial inclusion of small farmers in Albania addressed by this Project can be summarized as follows: (1) Issues related to financial inclusion in rural areas; (2) Issues related to agriculture and farmers; and (3) Issues related to FED invest. The situation of each issue is described below based on what has been identified through the needs assessment conducted during the first phase of this Project and through Project activities.

1.1.1 Issues related to financial inclusion in rural areas

The financial system including microfinance in Albania has been steadily developing since the transition to a free market economy system in 1992. In its National Strategic Plan for Economic and Rural Development (2013-2017)¹, the Government of Albania emphasized the importance of financial inclusion in rural areas and has made progress in this area by setting a goal to "support the development and establishment of financial institutions and non-banks providing loans for rural development." However, the pace of progress has been slow due to the high cost of financial services in rural areas and recent economic stagnation, among other reasons. According to Global FINDEX 2021 data², the percentage of Albanian adults³ with accounts in financial institutions is 44%, up slightly from 38% in 2014 and 39.3% in 2017. The percentage of the same in rural areas is only 30.6% (2017). This level is significantly lower than that of the global middle-income countries (73.1%) as well as among countries in the region (Europe and Central Asia, 65.3%). In addition, the percentage of people who received some form of loan in Albania (in 2021) is 43%, while the percentage of people who received loans from financial institutions is only 13%. Agriculture is an important industry, accounting for more than 20% of Albania's GDP, but the amount of credit granted to agriculture and fisheries is only 2% of the total⁴. These data indicate that many people in rural Albania rely on loans from relatives, friends, and informal lenders, rather than formal financial institutions to meet their financial needs. The results of the needs assessment survey conducted by the Project confirm that access to financial services is the most important need for farmers (Figure 1-1). It shows the importance of the presence of FED invest, one of a few financial institutions providing financial services in the rural Albania.

¹ Currently "National Economy and Rural Development Plan 2014-2022" is under implementation.

² The Global Findex Database, World Bank, 2021.

³ Over 15 years old

⁴ Albania Research Project on Microfinance Sector Development: the Final Report, JICA, Dec 2016

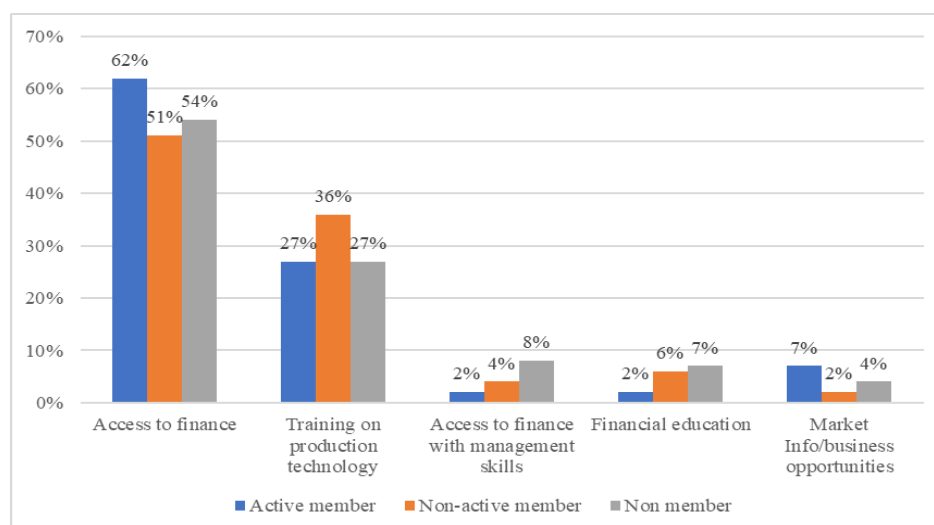


Figure. 2 -1 Farmers' most important needs for continued farming

Source: Needs assessment conducted for this project, JICA 2019

While the COVID 19 pandemic has resulted in increased digital inclusion globally, the level of progress in the use of digital finance in Albania is also well below the respective averages for the Western Balkan region. The percentage of the population that has used digital money transfer is about 35%, and the percentage of the population that has accessed an internet banking account is 13%. Therefore, this is an attractive new market for FED invest when it comes to digital banking services.

Table 1-1 Progress in Digital Financial Inclusion in Albania (%)

Adult over 15 years old	Albania	West Balkan ⁵
Access to internet	78	87
Sent or received digital money transfer	35	62
Used mobile phone or internet for accessing financial account	2	7.8
Used mobile phone or internet for checking account balance	13	25.6
Used mobile phone or internet for on-line shopping	17	25.6

Source: Global FINDEX data 2021

1.1.2 Issues related to agriculture and rural areas

As mentioned above, agriculture is one of the largest industries in Albania, accounting for 20% of GDP in 2022. In particular, in terms of employment, it employs nearly 50% of the total labor force, although the number has been declining since 2000. With the stagnant demand for migrant

⁵ Albania, North Macedonia, Kosovo, Serbia, Bosnia-Herzegovina, Montenegro

workers from European countries, there is an urgent need to establish a domestic economic base, especially in the agricultural sector, and to increase employment opportunities⁶.

In Albania, most rural areas are occupied by small-scale farmers⁷ as shown in Table 1-2, influenced by the land reforms implemented during the transition to a market economy in the early 1990s. Although agricultural productivity has been increasing in recent years⁸, overall agricultural income and productivity are at low levels due to various factors such as extremely small land holdings per farmer, fragmentation of farmland, lack of mechanization, and inadequate access to finance and other services.

Table 1-2: Agricultural Land Tenure in Albania

Agricultural land area (ha)	Number of farmland	Percentage (%)	feature
0.1-1.0	159,856	45.5	Smallholder farmer. Subsistence farming.
1.1-2.0	142,084	40.49	Small scale. Limited economic self-sustainability potential through agriculture.
2.1+	48,976	13.96	Medium or large scale. High potential for economic independence through agriculture.
total amount	350,916	100	

Source: Developed based on FAO, 2018

The size of the domestic market is limited, and the price level of agriculture products in the neighboring Balkan countries is not high. To seize the opportunity to export to the EU market in preparation for EU membership, it is necessary to form farmers' organizations and achieve economy of scale, but agricultural cooperatives are often perceived as a symbol of the communist era and people are generally skeptical. In addition, the formal registration of agricultural cooperatives makes them subject to taxation, and this has resulted in little progress in organizing and registering farmers. The establishment of safety and quality standards and the acquisition of various certifications by farmers, which are important for exports to the EU market is not progressing well due to lack of extension service and insufficient technical knowledge among farmers. Since becoming a candidate country for EU membership, various subsidies have been established to encourage farmers to meet EU standards, such as the Instrument for Pre-Accession

⁶ Bureau of Statistics Albanian government 2021

⁷ Although there is no formal definition of "smallholders" in Albania, a recently published related research report proposes to define "smallholders" as farmers who own less than 2 ha of farmland (Country Report: Smallholders and Family Farms in Albania, FAO, 2018). Based on the definition in the same study report, 86% of Albanian farmers are reported to belong to "smallholders" and 98% of their farmland is in family ownership.

⁸ Agricultural productivity, indexed by the value of production per capita (in 1,000€), which is the gross value added divided by the number of people employed, increased from 2.2 in 2005 to 4.5 in 2015 (Albanian National Institute of Statistics INSTAT, 2017).

Assistance in Rural Development (IPARD), but farmers lack the know-how to prepare application documents to access these subsidies, hence the supports are under-utilized. In the needs assessment survey conducted for this Project, only 6% of respondents had applied for subsidies, and only 2% had actually received them.

Table 1-3 Access to grants

Percentage of households that have applied for government subsidies (n=977)

Major farming activity	% of households who applied	% of households who obtained the support
Cereal	8%	6%
Green house vegetable	2% (of the total)	0
Open field vegetable	6%	6%
Fruits	12%	6%
Livestock	7%	1
On-farm processing	5% (of the total)	2% (of the total)
Overall	6%	2% (of the total)

Source: Needs assessment conducted for the project, JICA 2019

One of the characteristics of rural society in Albania is known to be low trust in public organizations (e.g., concerns about corruption) and high trust in relatives and familiar organizational relationships such as communities. In addition, although literacy rates are very high, close to 100% for both men and women, financial literacy among farmers is low and they do not manage their household finances or agribusinesses in a pro-active manner. The low level of financial and digital literacy was confirmed through the above-mentioned needs assessment survey and activities conducted under the Project. Examples include the low percentage of people who save, unclear response status regarding financial services, etc.

Albania relies heavily on imports of agricultural inputs including seeds and fertilizers, resulting in high production costs. In the results of the needs assessment survey, 44% of respondents indicated that the quality of agricultural inputs is low, and the highest percentage of respondents (34% of the total) indicated that the high price of important agricultural inputs is the biggest challenge in agriculture.

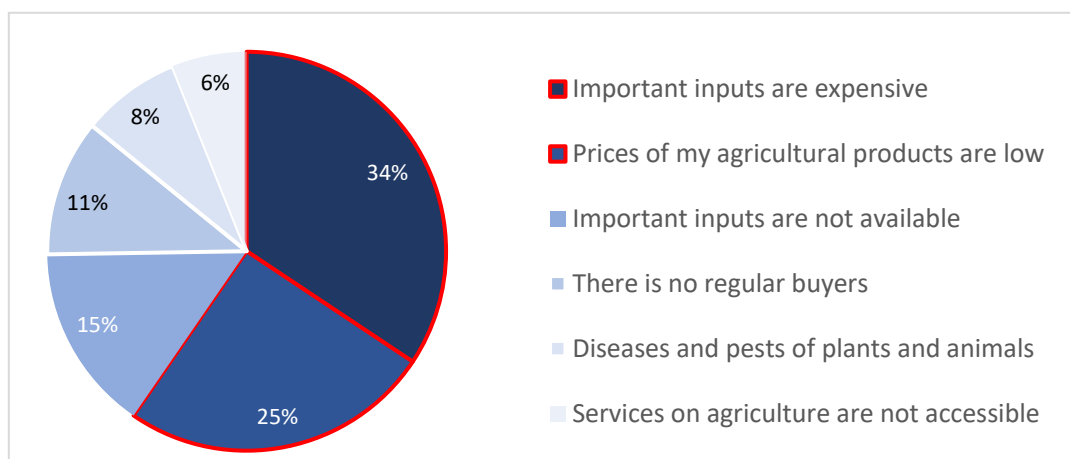


Figure 1-2: Agricultural Challenges

Source: Needs assessment conducted for the project, JICA 2019

Moreover, one of the serious challenges facing Albania is population decline and the situation is particularly serious in the rural areas. The outflow of population, particularly in the rural areas, to foreign countries and urban areas has been particularly pronounced, leading to a lack of agricultural labor and stagnation in rural economic development.

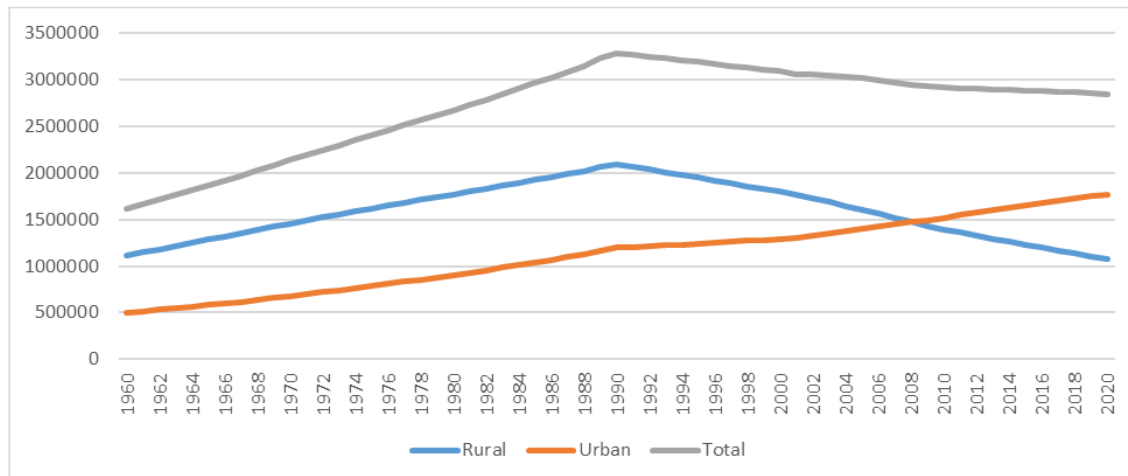


Figure 1-3: Population trend of urban and rural area

Source : Developed by the Project team based on World Bank data

Remittances from migrant workers and expatriate relatives in European countries are important to rural households⁹, and farmers have financial needs for remittance receipts, but

⁹ Due to the large Albanian population abroad, among other factors, overseas remittances have a significant impact on the economy, accounting for about 30% of foreign currency revenues; in 2014, the total amount of overseas remittances received by the rural population of Albania was about 530 million euros (JICA, 2016).

until the New Payment Law (2021) non-bank financial institutions in Albania are required to obtain a special license from the regulator to provide such financial services¹⁰. It is expected that the implementation of the law “On Payment Services” will create an appropriate level playing field for non-bank financial institutions to offer innovative electronic payment services through allowing them to open payment accounts and offering electronic payments (which in the old legislation was not permitted, the creation and usage of Open Banking infrastructure, etc.

The declining rural population and investment opportunities, as well as the potential of remittances¹¹ from migrant workers, are the important factors to take into account in considering the future of rural development of Albania.

1.1.3 Overview of FED invest

With 30 years of history in rural finance, FED invest is the oldest and the largest credit and savings association in Albania built upon financial cooperative principles. Since its inception as pilot World Bank Project in 1992, the organization has gone through several stages of transformations, with the most recent one the merger through absorption of 70 savings and credit unions from different regions into a single, consolidated "savings and credit association" under the new name FED-invest.

The institution is licensed by Bank of Albania in February 2016 to offer loans, deposits and all types of payments, which is a much larger offering compared to other product restricted MFIs (no savings, no payments). The institution has deep roots in rural communities with a membership base consisting of circa 25% of Albania's rural populations. The mission and status of the organization were the right fit for the project scope. By its legal status, FED invest is a not-for-profit, non-governmental, member-owned financial cooperative, governed by democratic and customer centricity principles. It represents neither a public, nor a privately held organization, with a mission fully aligned with the goals of FiAS Project: providing a wide array of financial and non-financial services to its members in rural and semi-urban areas to alleviate poverty and enhance financial inclusion.

In the context of the current situation of rural financial inclusion described above, FED invest is one of a few major financial institutions providing financial services to small farmers in rural Albania and, as such, plays an important role in expansion of financial inclusion among this

¹⁰ Non-banks wishing to offer services other than savings and loans must submit an application to the Bank of Albania for each individual financial product they wish to offer, which must be approved. The National Working Group on Microfinance was formed in June 2018 with the support of the Microfinance Center and has started discussions on the microfinance environment in Albania, including the legal aspects. During the second JCC meeting, it was agreed that the JCC would share information on the progress of this project.

¹¹ The remittances have been increasing during the past several years after some years of decline.

population group. While commercial banks have no presence in rural areas and shy away from agriculture lending and other MFIs are more focused in urban areas, consumer finance and higher ticket SMEs that generate more profits, FED invest is a social finance organization, specialized in agricultural lending (50% of its loan portfolio) that has been catering its services to generations of farmers from smallholders to micro and small SMEs, agri tourism.

FED invest membership is diverse, with agriculture lending being the area where FED invest expertise is unique among other Albanian financial institutions. FED invest defines its main target clientele as "farmers, small and medium enterprises (SMEs), and people in rural and urban areas without access to financial services," based on its Strategic Business Plan developed as part of its modernization and transformation process, post consolidation from ASC Union into FED invest in 2016. Since November 2016, FED invest, The Dutch Government, The Development Facility of the European Fund for Southeast Europe (EFSE DF) and Rabo Partnership of Rabobank initiated a joint capacity building project aiming at providing Technical Assistance to support FED invest in its transition from a Savings and Credit Association Network into a bank-like financial service provider, offering mature solutions in rural Albania and especially in Agri. The vision of FED invest based on this business plan (3-5 years) is the following three points.

Vision of FED invest

- Transform from a traditional savings and credit union organization to a full-fledged financial institution founded on customer-centricity.
- Become a leader in agricultural finance in Albania and an important actor in the Albanian agricultural sector.
- It will play a role in promoting economic growth in Albania, especially in rural areas.

Source: FED invest presentation, September 2018

The key pillars of the business plan approved by FED invest's General Assembly, included:

- strengthening the risk framework, further centralization of processes;
- formalization of the governing structure, consolidation of the balance sheet, consolidated management of assets and liabilities;
- increased executive management capacities; and
- enhancing knowledge for an agriculture department, improve sales strategy (branches, agents, virtual channels), etc.

Following its vision, mission and strategic goals, in the post-consolidation period FED invest experienced significant growth of 40% in total loans, 57% in total deposits, and 80% in membership in the three years between January 2016 and December 2018, before the actual

interventions/activities of FiAS Project took off¹². In addition, in December 2018, the organization received the EU Code of Good Conduct in Microcredit Provision certification and reached an agreement with the European Commission on the European Investment Fund (EaSI) on the Financial Guarantee Instrument. The objective was a guarantee fund to cover the risk for the volume of loans that FED invest expected to disburse during the years 2017-2020 to marginalized, financially underserved individuals with no collaterals to be qualified as bankable.

Providing financial services that contribute to improving the livelihoods of the rural poor is the social mission of FED invest, and this value has been at the core of its corporate identity since the days of its predecessor, the Savings and Credit Union. To achieve this objective, it was realized that it is necessary to strengthen its capacity to develop new financial products and non-financial services based on a customer-centric approach, and in the establishment of processes for their delivery. In addition, since the vision of its business plan included "transforming itself into a full-fledged financial institution" as a top priority, FED invest aimed to achieve the "triple bottom line,"¹³ which was exactly how it would simultaneously achieve its growth strategy and its social mission in a sustainable manner. In summary, this is the vision the Project has supported.

1.2 Project Overview and Underlying Principles

1.2.1 Purpose of work and overview

The Project aims to improve the livelihoods of the rural population through financial inclusion by strengthening the capacity of FED invest, which provides financial services in rural areas of Albania, to develop new financial products and non-financial services that flexibly meet the needs of the rural population. By presenting a model for financial inclusion of the rural population in Albania, this Project will foster a common understanding of financial inclusion among the institutions involved (Bank of Albania, microfinance institutions, commercial banks, etc.) in the future and strengthen the capacity of each institution, leading to crowding-in of the rural financial market¹⁴ and financial inclusion is expected to expand in a sustainable manner. The framework for this project is shown below in the Project Design Matrix (PDM ver. 2).

Table 1-4 Project Design Matrix ver. 2

Project Summary	Indicators
Overall Target Livelihoods of small farmers in Albania are improved	1. Average monthly expenditures of small farmers and FED invest members will increase over baseline data. 2. Percentage of households/FED invest member loans and

¹³ When evaluating the performance of an organization's activities, the evaluation should be based on three axes: economic, environmental, and social aspects.

¹⁴ Influencing the market system so that supply-side actors are encouraged to enter the market.

through financial inclusion.	<p>savings. (11% saves and 10.5% loans in Albania overall; 3,800 FED invest member saves and 15,200 FED invest member loans)</p> <p>3. Percentage of households holding accounts. (44% for all of Albania)</p> <p>4. Percentage increase in FED invest membership. (102,300 members)</p> <p>5. Percentage of FED invest female members. (35,800)</p> <p>6. Percentage of FED invest rural members. (76,600 members)</p>
<p><u>Project Purpose</u></p> <p>Financial inclusion of small farmers in Albania will progress through the use of FED invest financial products and non-financial services.</p>	<p>1. The number of existing and new FED invest members who utilize financial products will increase by 50% compared to the baseline survey.</p> <p>2. Number of existing and new FED invest members utilizing non-financial services. (16,700)</p>
<p><u>Expected Outputs</u></p> <p>Output 1: Financial products developed and improved by FED invest through customer centricity begin to be used by members.</p>	<p>1-1 At least 5 new financial products developed or improved by FED invest, including utility payments and current accounts.</p> <p>1-2 A customer centricity implementation and process manual will be developed and approved by the FED invest.</p> <p>1-3 A Customer Relationship Management (CRM) matrix will be defined and operated by FED invest's MIS.</p> <p>1-4 More than 10 topics of financial education materials by FED invest through a sustainable staff capacity building system.</p>
Output 2: An operational structure for an agri-knowledge center providing non-financial services will be established.	<p>2-1 At least 5 non-financial services provided by the agri-knowledge center.</p> <p>2-2 Development of an interactive platform and App to provide agricultural information and data.</p> <p>2-3 Agri Knowledge Center facilities established and equipment in place</p> <p>2-4 Agreement on the organizational positioning of the Agri Knowledge Center.</p>
Output 3: FED invest expands financial and non-financial services through the introduction and implementation of CBS, related hardware, and digital technology.	<p>3-1 FED invest serves all regions of the country.</p> <p>3-2 CBS including a mobile internet module is introduced.</p> <p>3-3 MIS is introduced to enable third-party reporting and customer data management.</p> <p>3-4 Number of members who use digital financial services offered by FED invest. (1000)</p>

1.2.2 Underlying principles of the Project

The Project aims to present a "responsible financial inclusion model" (Figure 1-4) with FED invest, a key actor in smallholder financial inclusion, as the implementing agency, and to positively influence other financial institutions and others. The model is a financial inclusion model that achieves the "double bottom line" which includes 1) operational sustainability (or financial sustainability) and 2) social mission¹⁵. FED invest's organizational efforts to achieve

¹⁵ Contribute to society by promoting financial inclusion of vulnerable groups.

the "double bottom line" include: 1) development and delivery of products and services based on "customer centricity" (Outputs 1 and 2), and 2) expansion of capacity to enable greater outreach of those products and services (Output 3). These activities increase the financial capacity and access to finance among existing members and expand new members, thereby improving the operational sustainability of FED invest and the financial inclusion of smallholder farmers. The overall policy of the project can be summarized as "presenting a responsible financial inclusion model through the pursuit of achieving the double bottom line".

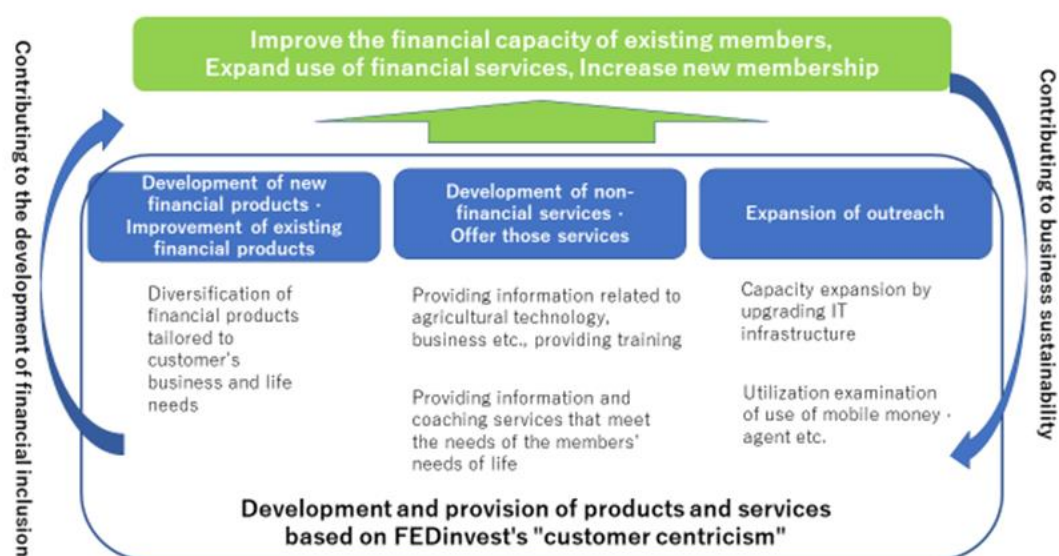


Figure 1-4 The "Responsible Financial Inclusion Model" that this project aims to demonstrate

1.2.3 Project Activities and Expected Results

The activities of this Project are classified into the three outputs described in the PDM, but from the perspective of actual implementation of activities, they were divided into the six activity groups shown in Figure 1-5 below, and these activities were implemented in a cumulative manner. In the first phase of the Project, activities were implemented focusing on the activities in green, which form the basis of the entire Project. In the second phase of the Project, activities that directly lead to the achievement of the three "Outputs" indicators shown in orange in the figure below were implemented. However, project activities were severely constrained by the impact of the new coronavirus outbreak (COVID-19) from February 2020. The JICA consultant team was unable to visit Albania for about 1.5 years, and FED invest was forced to suspend development of new financial products due to shifting priorities. Hence, from the baseline (June 2019), only 6 months allowed for conduct of activities under the project normal implementation course and JICA consultant team's expertise on site. The remaining implementation was restricted due to Covid and remote assistance, while FED invest put tremendous efforts to maintain smooth

functioning of operations, ensure safety of staff and uninterrupted quality service to its members. As a result, while the Project was able to maintain the framework of activities, the implementation of individual activities had to be drastically changed or postponed. The Project carried out its work by taking all possible measures under the COVID 19 pandemic, essentially shifting all possible activities into digital, distance/non-contact-based communications (e.g. online meetings, ABA online, online training using tablets, etc.).

Due to the above situation, the Project's Work Plan was adjusted to reflect the environment changes under the COVID 19 pandemic, by prioritizing activities that could be implemented on remote online communications and usage of digital channels. The modified Work Plan was presented and discussed at the JCC and Quarterly Monitoring Meeting convened in July 2020.

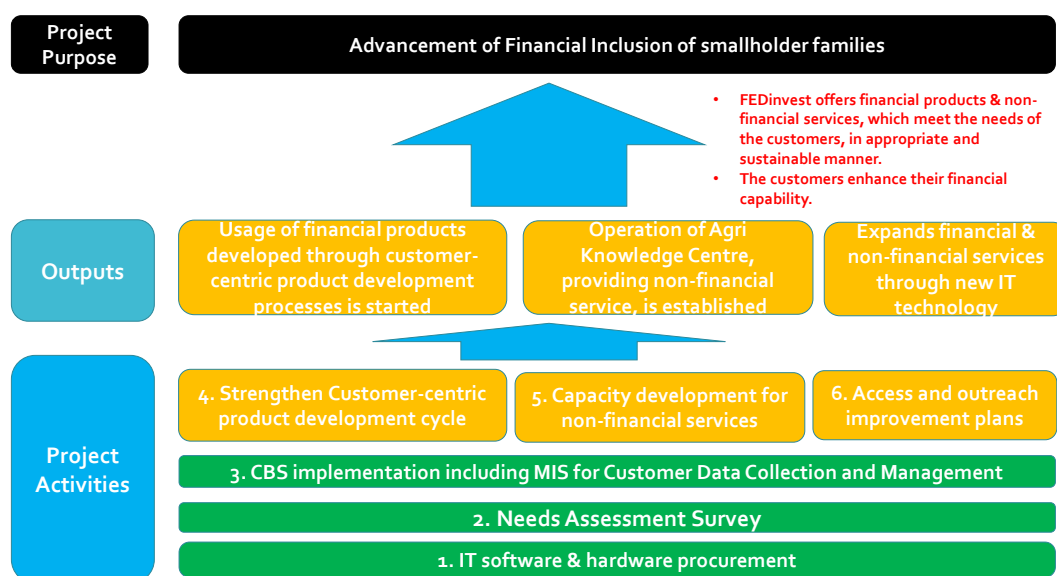


Figure 1-5 Project Activities and Expected Outputs

1.3 Implementation structure, overall process, and inputs

1.3.1 Project Implementation Structure

FED invest staff and JICA project experts formed the Project Team with the following structure for implementation of the Project.

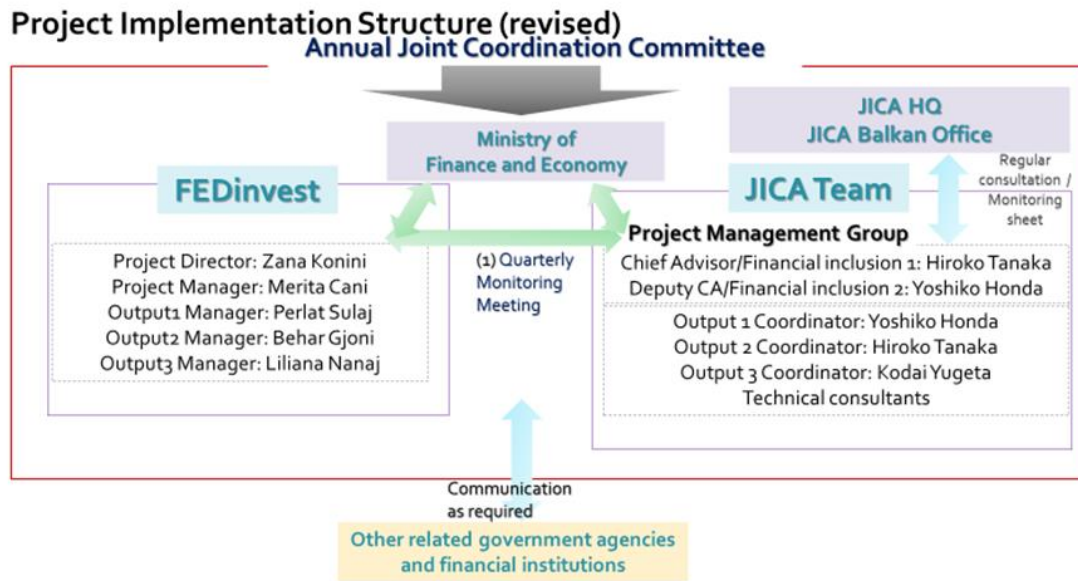


Figure 1-6 Project Implementation Structure

1.3.2 Overall Project Process

The overall project process is summarized in the figure below.

1 st p h a s e	Step 1 IT environment development Developing and providing plans for product and non-financial service development and delivery based on a customer-centric approach based on needs assessments and the results of those needs assessments	November 2017 - July 2019	<ul style="list-style-type: none"> ● Work plan preparation and discussion. ● Verification of CBS and related hardware selection criteria and selection process, implementation of selection, agreement of selection results among all parties involved, and procurement. ● CBS Implementation begins. ● Prepare, conduct, and analyze the results of a needs assessment (questionnaire survey). ● Discussion of the results of the needs assessment analysis and third country training by C/P stakeholders and clients, and the development of a plan for the provision of products and non-financial services reflecting client needs based on the results of this analysis. ● Began implementing required human resource development and training.
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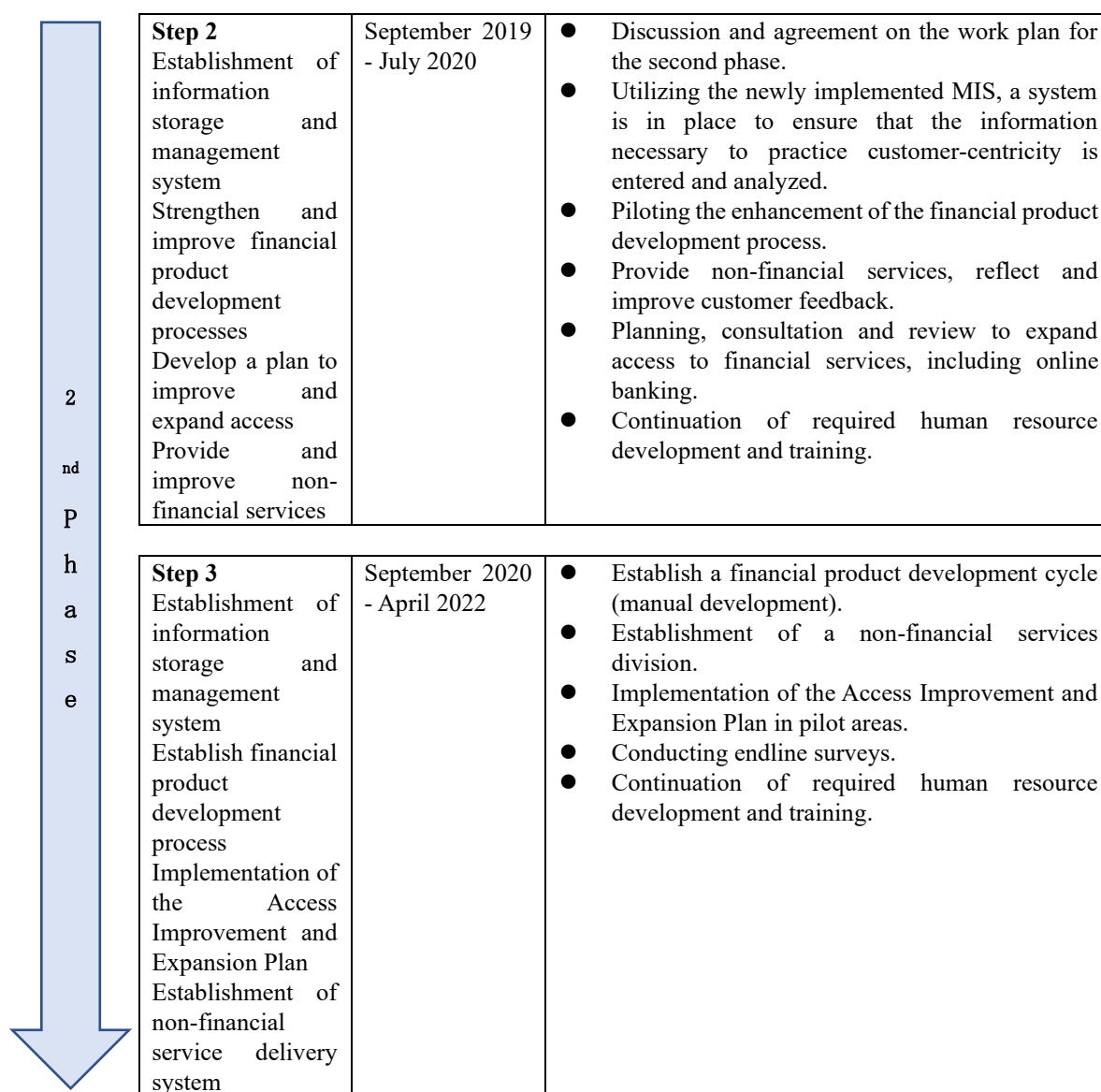


Figure 1-7 Work performed during the four-year project implementation period

1.3.3 Project Inputs

(1) Project experts and staff

Experts and project staff input results are as follows

Table 1-5 Consultant Team Composition¹⁶

	Areas of Responsibility	Name	Affiliation	Responsibility areas
1	Summary/Financial Inclusion 1	Hiroko Tanaka	Kaihatsu Management Consulting (KMC)	Project Management,

¹⁶ This list includes all members of the Team, both those who served during Phase I and/or Phase II.

				Output 2
2	Sub-General/Financial Inclusion 1(2)	Yoshiko Honda	Kaihatsu Management Consulting (KMC)	Project Management, Output 1
3	Financial Inclusion 2	Connie Hina	Access Advisory	Output 1
4	Non-financial services1	Drini Imami	DSA	Output 2
5	Non-financial Services2	Rene Verberk*	Rabo Advisory Service	Output 2
6	IT System Survey	Kazuhisa * Fujimura	Positive Planet	Output 3
7	Financial inclusion training/work coordination	Kodai Yugeta	Kaihatsu Management Consulting (KMC)	Output 3, Project Coordination
8	Needs survey and Monitoring	Yukio Ikeda*	Kaihatsu Management Consulting (KMC)	Output1-3
9	Customer centricity, digital banking	Jayshree Venkatesan	-	Output 1, 3
10	Marketing Communication	Tamaki Tanaka	Kaihatsu Management Consulting (KMC)	Output 2
11	Non-financial services3	Remzi Keco	-	Output 2
12	Digital Platforms	Albert Tolkuci	Pragmatic	Output 2 and 3

*Project Team member in the Phase1

Table 1-6 Project Staff

	Title	Details
1	Project Coordinator	Project management and logistical support. English/Albanian interpretation and translation. Public relations photography.
2	Agricultural Sector Data Analyst	Collection of Albanian agricultural sector data. Coordination of various activities related to Output 2.
3	Needs Survey Advisor	Support development of questionnaire for the Needs Assessment Survey
4	Financial Education, SPM/MIS Advisor	Advise on the preparation of financial education materials and develop a plan for the development and management of a new MIS for FED invest.
5	Training Assistant	Management of staff training, support for collection and provision of various ABA Center information
6	Digital Marketing Specialist	ABA Center to support FED invest's digital marketing efforts. Search engine optimization of both websites.
7	Graphic designer	Design of various marketing materials
8	Payment Service Specialist	Establishment and operation of remittance and utility bill payment operation by new CBS
9	IT Application Specialist	Operational support for new CBS
10	Video and Media Production	Creation of various video content
11	CRM Specialist	Customer data management, customer service, CRM

		operations
12	CRM Assistant	Mainly call center support related to digital banking services and CRM related operations
13	7 Opinion Team Members	Feedback to ABA service contents, ABA online usability, support to promotion etc.
14	6 Agricultural Specialist Name	Prepare contents for ABA service, conduct training to members in the field of livestock, greenhouse vegetables, olive and citrus, orchard and grapes, bee keeping etc.
15	7 Digital Advisors	Customer service in the digital window
16	Media coordinator	Publicize project-related information to media outlets
17	Event coordinator	Organization support of various events including ABA launch event

(2) Equipment

For smooth implementation of the project activities, the following equipment (Phase 2) was procured within the consultant contract and delivered to the C/P after completion of the activities.

Table 1-7 Procurement Equipment

	Equipment	Amount	Details
1	Laptop PC	2	For use by the project staff (Project coordinator and Agriculture data analyst)
2	Projector	1	For the Project office
3	Copy machine	1	For the Project office to print out necessary materials
4	Printer for branch	42	For supporting FED invest branch office operation improvement
5	Laptop for training	5	For use of CBS user training
6	Tablet PC*	120	For staff training and customer service at branches
7	LCD monitor*	7	To provide financial education and information dissemination to customers in the digital window

*Procured as consumable as it is below 50,000JPY. Handed over to C/P after completion of the Project

In addition to the equipment listed in the table above, equipment related to the CBS was procured directly by the JICA Balkan office. See Section 3.2.1 for details on the procurement process of these equipment.

(3) Sub-Contract

In the first phase of the Project, interviews and data collection for the needs assessment survey were subcontracted to a local vendor. In the second phase, development of a platform for ABA Online and conducting a case study survey on agricultural information service platforms in Ghana were subcontracted as below.

Table 1-8 Subcontract under the Consultancy Contract

Item for subcontract	Vendor	Period	Amount
Needs Assessment Survey	INOVASTATS	May-Aug 2018	€28,500
Development of ABA Online Platform (Phase I)	Pragmatic Software	Oct 2019-Feb 2020	€18,400
Development of ABA Online Platform (Phase II)	Pragmatic Software	Mar 2020- April 2021	€37,820
Conduct case study of agriculture information system for smallholders in other countries	Stratosphere*	April 2021-June 2021	\$ 5,000

* Vendor in Ghana

(4) Local activity expense

The expenses for local activities for Phase I were 15,569,000 Japanese JPY, equipment expenses were 4,212,000 JPY, and subcontracting expenses were 3,731,000 JPY.

In the second phase, it was approximately total 127.7 million JPY (including approximately 55 million JPY spent in the first two rounds of the input support scheme), subcontracting expenses were approximately 7.5 million JPY, the expenses for the Japan study tour were approximately 3 million JPY, and quarantine-related expenses were approximately 50,000 JPY (the amounts may increase or decrease after the finalization of the settlement, respectively). There was no expenditure for equipment.

FED invest covered the cost of providing project office space and office furniture, office maintenance, ABA physical center, support and VAT of CBS investments and other operational expenses related to staff activities.

Inputs Albanian Side (FED invest)

Inputs	Plan (PDM Ver. 2)	Actual
(1) Assignment of Counterpart officers	<ul style="list-style-type: none"> Allocation of responsible Departments and personnel. 	<ul style="list-style-type: none"> Responsible Departments and personnel have been assigned. A dedicated Project manager (January 2021) to execute and coordinate efforts of Digital Window Project. ABA manager and ABA Center Coordinator allocated from FED's budget. A pool of 12 regional trainers set up within FED conducting organization-wide trainings

Inputs	Plan (PDM Ver. 2)	Actual
		after the completion of ToT training.
(2) Project Office	<ul style="list-style-type: none"> Office space at FED invest HQ and other branches as required. 	<ul style="list-style-type: none"> Office space at FED invest HQ has been made available for the JICA consultant team. Server room has been completely upgraded and new security protocols have been adopted to meet the standards for new servers. A second (DR) data center has been set up and is collocated with Albtelecom in early June 2020. The ABA Centre investment has been carried out from FED invest's budget (renovation, technology, branding, furniture, etc.) to accommodate training and face-to-face activities. FED invest fully upgraded 7 branches where Digital Window Project was piloted, created a modern-looking and fully branded corner with WiFi connectivity to accommodate the new service. Branches with Digital Window are equipped with All-in one devices and tablets provided by FED invest resources.
(3) Other	<ul style="list-style-type: none"> Operational costs. In-country training participation costs (e.g. travel costs, etc.) 	<ul style="list-style-type: none"> Necessary operational costs have been paid. Cost of in-country training has been paid and all users' training costs and logistics across the branches are borne by FED invest. VAT payments of the procured hardware and software was made by FED invest according to the Master Agreement. The same applies to annual support under the contract. ➤ Support fee for software application and technology licenses and VAT for all hardware and software services (Lot 1, 2 and 3) have been fully paid by FED invest. ➤ Two full-time system coordinators were hired in January 2019 to help with the new CBS implementation.

Chapter 2: Achievement of Project purpose and respective performance indicators Status

2.1 Achievement of Project purpose

The Project implemented activities to achieve the Project purpose, stated as follows: "Financial inclusion of small farmers in Albania is increased through the use of FED invest financial products and non-financial services". The indicators and achievement of the Project purpose are as follows.

Table 2-1 Indicators of Project Goals and Status of Achievement

Project Objectives	Indicator	Status of achievement
Financial Inclusion of Small Farmers in Albania is increased through the use of FED invest Financial Instruments and Non-Financial Services	Indicator 1: The number of FED invest members utilizing financial instruments increases by 50% from the baseline value (64,982)	Number of FED invest members 84,010 persons Number of active members 17,746 persons
	Indicator 2: The total number of FED invest members and non-members using non-financial services will be 16,700	ABA Online Registrations 11,517 persons

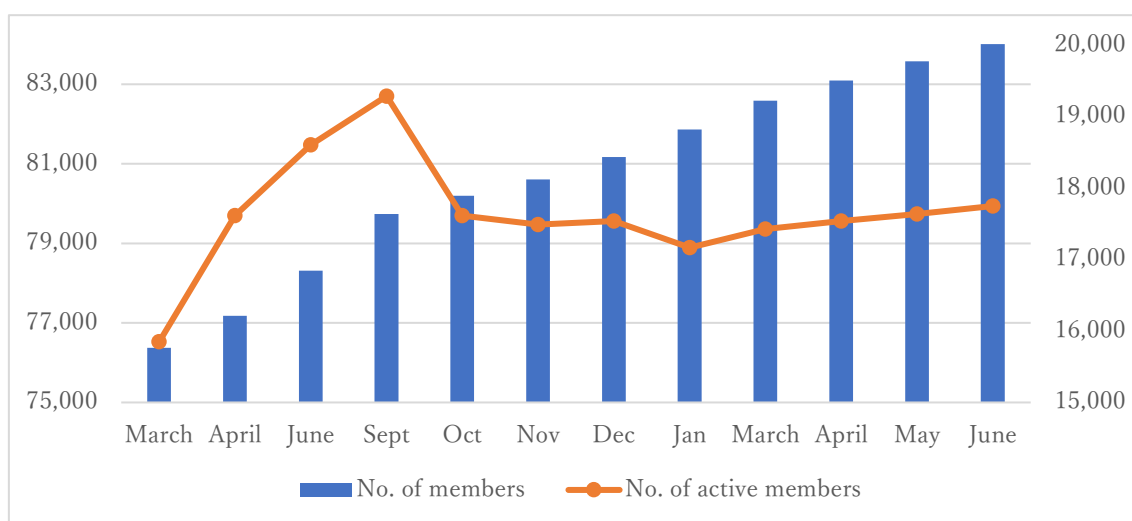
- Indicator 1: Number of FED invest members utilizing financial products.

FED invest had 84,010 members at the end of June 2022. This was only a 28.7% increase from the baseline of 64,982 members as of June 2019, well below the target of a 50% increase (97,473 members). However, although the target was not achieved, the increase of 18,636 members or 29.3% in about three years is considered a big leap taking into account the total population of Albania, which is 2.84 million¹⁷. In fact, "self-assessments" of the Project's numerical achievement based on statements made by the Ministry of Finance and Economy, FED invest, and other Albanian Project stakeholders at the Project's final seminar in May 2022 were uniformly high.

The number of active members increased by only 6.2% from the baseline. Performance in 2020 and 2021 was below normal business plan projections, significantly affected by COVID19, with a steady increase until August, but stagnated after September. Adverse effects of COVID-19 to Albanian economy were evidenced for the most part of 2020 well until April 2021, causing a sharp contraction of GDP from 5-9%, with tourism, remittances, retail, trade and all related

¹⁷ Statistics Albania, 2021.

sectors significantly affected. Disruption of value chains within transport and agriculture and decreased demand especially from tourism and accommodation industry and export markets seriously impacted the livelihood of smallholders, who are the major clientele of FED invest, thus FED invest's business operation. High infection rates among the staff and restrictions on movement and other activities slowed the distribution of crops and materials, hampered farmers' investments, increased uncertainty for the future, slackened domestic and external demand, especially that driven by lower tourism activity. This is believed to have affected the overall agriculture industry as well, as demand for new capital investment fell sharply. Very small farmers shied away from investing in order to contain any risk exposure to adversities, while only medium size and consolidated smallholders continued to show interest for financing. Since FED invest defines active members as those with a current outstanding loan or deposit balance in the system, only those who meet these criteria at the time of data review are counted. Therefore, the reported number of active members does not include those who are using services such as current accounts or payments, or those who have completed repayment for e.g. a week/a day prior to counting and are in the process of reviewing their next loan or are in an off-season period. FED invest will consider establishing an appropriate definition of active membership that would better capture the status of customer usage of financial services, for example, by referring to a period of time such as 6-month, rather than a single point in time, or by defining service usage more broadly (e.g., using all types of new financial services such as current account services, utility payment, online banking, overdrafts etc. in addition to standard ones).

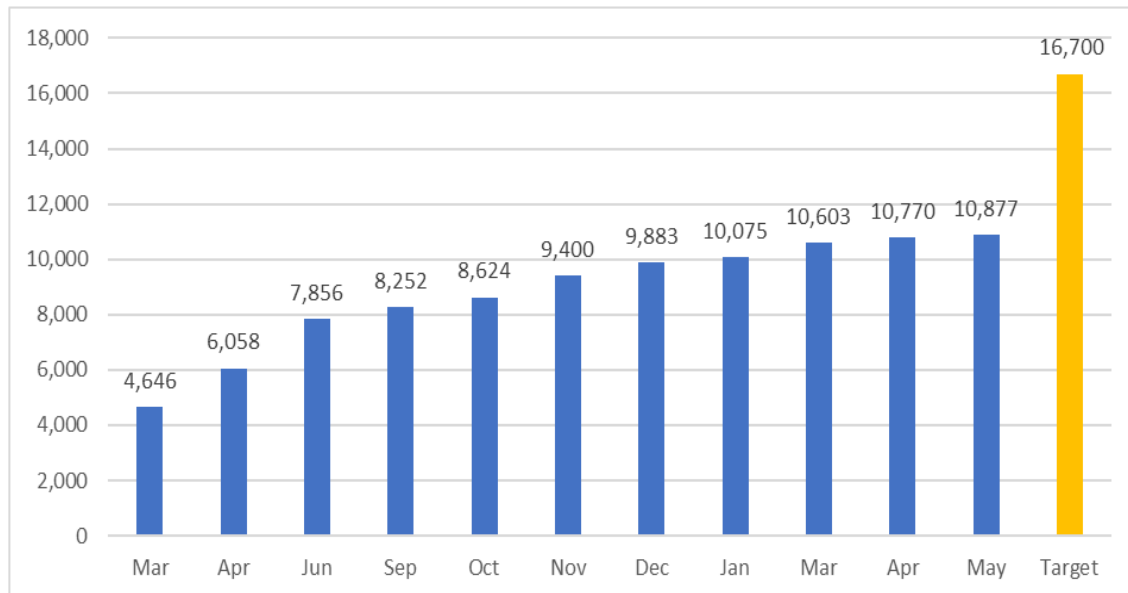


Source: FED invest MIS

Figure 2-1 Indicator 1: Number of FED invest members (March 2021-May 2022)

- Indicator 2: Number of FED invest members and non-members using non-financial services

Another indicator of achievement of the Project goal, non-financial services, was measured by the number of registered members of ABA Online, an interactive platform providing agricultural information developed with Project support. The target indicator was set at 16,700 members as approximately 20% of the number of members¹⁸ originally estimated by FED invest as of June 2021, but only 11,517, or 69% of the target has been achieved. On the other hand, the number of registered members of ABA Online at June-end 2022 stood at 11,517, or 2.6% of the 451,000¹⁹ total working population in the agricultural sector in Albania, in just 18 months from the official service launch date of January 2021. This is considered to be an indication of the high level of needs and expectations of farmers for the services provided by ABA, taking into account that each registered member represents a family-run business, composed of at least 2-4 working age family members self-employed at the farm. Nonetheless, the current indicator demonstrates strong performance of the center, given its delay in service launch from the original timetable, the emphasis placed on the ABA platform and lack of physical activities/events, including those of direct marketing of ABA center and as a result of Covid restrictions. Besides, many non-members have registered in the ABA platform, and many of them are from Kosovo and Northern Macedonia, who are not eligible for membership.



Source: Extracted from ABA online system

Figure 2-2 Indicator 2: Number of ABA Online Registrants (March 2021-May 2022)

¹⁸ Because of the extension of the Project period due to the expansion of COVID19 pandemic, the target figures for membership have been revised several times.

¹⁹ INSTAT2022 web

2.2 Status of achievement of Output indicators

Indicators for each Output and the status of achievement are shown in the table below. Almost all targets at the Output level have been achieved.²⁰

Table 2-2 Indicators of each Output and status of achievement

Results	Indicator	Achievement
Output 1 Financial products developed and improved by FED invest through client-centricity begin to be utilized by members.	1-1 At least 5 new financial products developed or improved by FED invest, including utility payments and current accounts	8 developed (summer deposits, current accounts, utility bills/member-to-member transfers, Kredi24, (loan 24 h) loans for young adults, agro-tourism loan (March 22), overdraft (launched in June 22)
	1-2 Customer centricity implementation and process manual created and approved by FED invest	<u>Client-centered Committee (Member at the Center) established</u> and active <u>Customer centric process and service standards manuals created</u> and staff training completed Marketing Department established to develop and execute strategic marketing plan. Digital channels deployed successfully, including Kredi 24 product.
	1-3 Customer Relationship Management (CRM) matrix defined and operationalized by FED invest's MIS	A CRM manager has been hired, a simple <u>CRM matrix has been developed</u>, and campaigns and other activities are being conducted according to the definitions and measured for results. Member Care Unit established and running.
	1-4 Financial education modules on more than 10 topics are offered to existing and new clients by FED invest staff who have undergone capacity building training	<u>14 financial education topics</u> developed on deposits, debt management, digital banking, agricultural accounting (apps), current accounts, etc. and made available to members via direct and online channels.

²⁰The only Output level indicator missed by only 2 is 3-4 (998 (as of May 31, 2022) against the FED online enrollment target of 1,000). This indicator was fully achieved in June 2022.

Output 2 An operational structure for the AgriKnowledge Center ²¹ will be established to provide non-financial services	2-1 At least 5 non-financial services provided by the ABA Center	8 types of services within the 4 pillars according to the ABA Business Plan
	2-2 Development of an interactive platform and App to provide agricultural information and data	ABA Online was developed and officially launched in January 2021.
	2-3 ABA Center facility established and equipment in place.	ABA center was established at the FED invest Lushnje branch and the necessary facilities and equipment were installed.
	2-4 Agreement on the organizational positioning of the ABA Center	ABA Business Plan (Stage one), covering the objectives, management, marketing and operational aspects, was finalized and endorsed by ABA Management Committee in June 2020. ABA Business Plan (Stage 2) was developed independently by FED invest in May 2022. ABA's organizational positioning at the end of the Project has been kept unchanged since the launch of the ABA Centre in January 2021.
Output 3 FED invest expands financial and non-financial services by introducing and implementing CBS, related hardware, and digital technology	3-1 FED invest serves all regions of the country	FED invest provides services through its 62 branches and digitally in all 61 provinces nationwide.
	3-2 CBS including mobile internet module is introduced	The new Core Banking System (CBS) was introduced in January 2020, and FED Online began pilot operations in March of the same year, with official operations starting in November 2021. FED Online is supported by a Member Care Center and Digital Advisors
	3-3 Implementation of MIS that enables	Customer information file, part of the CBS, enables customer information management

²¹The non-financial service delivery unit was named the Agri Business Assistance (ABA) Center in December 2019. Therefore, all references to "Agri Knowledge Center" on the PDM are synonymous with "ABA Center".

	comprehensive third-party reporting, business analysis, and customer data management and analysis	and reporting Data manager hired and KPIs tracked for marketing campaigns, etc.
	3-4 More than 1,000 customers using FED invest's digital financial services	<u>FED Online</u> now has <u>1,019 registered users.</u> Digital banking marketing in line with strategic marketing plan

Chapter 3: Project Activities and Outcomes

3.1 Activity details and outcomes of Project management

3.1.1 Organization of Joint Coordinating Committee (JCC)

As the highest decision-making body for the Project, JCC meetings were held based on necessity. Important decisions regarding project implementation were made, including the draft annual project plan, direction, confirmation of policies, and decisions regarding the necessary budget and personnel. The members and a summary of the meetings are listed below. (See Appendix 4 for a detailed agenda).

Table 3-1 Overview of JCC

		Member
Chair		Ministry of Finance and Economy, Head of Directory of Projects and Programs Management in the Economic Development and Vocational Education Field
Member	FED invest	Project Director, Project Manager, Each Output Manager
	JICA	JICA Headquarters, JICA Balkan Office, JICA Consultant team
Observer		Embassy of Japan
Date		Main Agenda
February 2018		<ul style="list-style-type: none"> • Discussion and approval of workplan (Phase I)
April 2019		<ul style="list-style-type: none"> • Share progress of project activities and explanation of workplan (remaining period of Phase I) • Discussion of PDM revision • Approval of workplan (remaining period of Phase I) and PDM
September 2019		<ul style="list-style-type: none"> • Approval of workplan for Phase II • Set PDM indicators
October 2020		<ul style="list-style-type: none"> • Approval of workplan including project period extension
June 2021		<ul style="list-style-type: none"> • Approval of revision of R/D for project period extension and workplan till September
January 2022		<ul style="list-style-type: none"> • Approval of activity plan • Discussion on ABA Center sustainability
May 2022		<ul style="list-style-type: none"> • Share the project result and lessons learn, Discussion of project outputs sustainability • Handover of equipment

3.1.2 Organization of Quarterly Monitoring Meetings (QMM)

Quarterly monitoring meetings were organized by the Project Team (FED invest management and JICA consultant team) for the purpose of monitoring the progress of project activities, with the participation of the Ministry of Finance and Economy and JICA Headquarters and Balkan Office officials as observers. The meetings were held a total of seven times during the Second Phase of the Project and played an important role in smooth and timely decision making of the project.

3.1.3 Switching Priorities and Implementation Methods of Project Activities in Response to the COVID 19 Outbreak

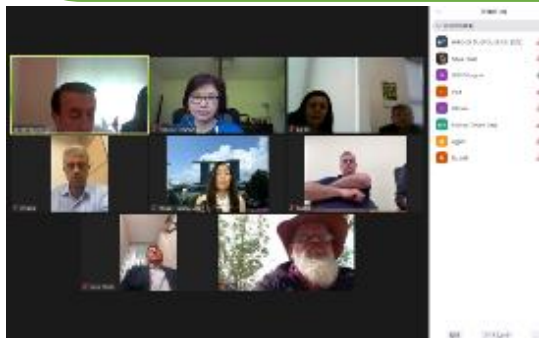
In order to respond to the impact of the outbreak of COVID 19 pandemic in early 2020 and to make progress in Project activities, the Project swiftly took measures to switch the activity to remote (online) mode. These measures included the following: making changes to the prioritization of activities (e.g., prioritizing the preparation of ABA center Business Plan (stage 1), development of ABA online platform usage of online channels of communication for training and product promotions; making changes in the method of implementation of activities (e.g., FED invest staff training activities which were planned to be conducted face-to-face had been switched to online using the 120 tablets procured by the Project), etc. In addition, new activities to support small-scale farmers as emergency relief were implemented as described under 3.8 of the present Report. To implement these activities, FED invest and the JICA consultant team members held numerous online meetings on a daily basis to ensure that Project activities progressed based on close and detailed discussions. Despite shouldering a heavy burden on managing emergency Covid situation, FED management was highly praised by JICA HQ and JICA Balkan office for its persistence and ability to keep project activities alive during these extreme circumstances, all thanks to its strong commitment and staff dedication and motivation. It is to be noted that JICA consultant team could not travel to Albania before July 2021. The Project team's responsiveness was made possible with the prompt and flexible support of JICA headquarters.

FED invest is the largest financial cooperative in the country, with 30 years of experience in financing small and medium-sized enterprises, mainly in the rural area and always guided by the "Customer Centricity" philosophy.

In its successful journey, this institution has carried out important transformations and continuously improved financial and non-financial services in accordance with the growing needs of the membership. Since 2018, the FiAS project, an excellent collaboration of the Albanian Government-JICA-FED invest has given an important contribution to the further development of these services for small and medium enterprises and has a significant impact in rural areas.



- Ms. Zana Konini Chairman of the Management Board



Online meeting for ABA Center discussion



JCC meeting was also organized online

3.2 Activities and Outcomes of IT Infrastructure and Software Development

Development of IT infrastructure and software was one of the two foundational activities undertaken during the first phase of the Project. The PDM ver 1. of the Project described the expected outcome from the IT infrastructure development (Outcome 3) as expansion of branchless banking. However, the Project's IT system environment survey and IT Development Strategy confirmed the need for FED invest to implement CBS, which is the foundation of the financial institution's operations. IT is of crucial importance to FED invest (data, reporting, product & service offering, as well as security). The set-up of the old IT environment was limitedly scalable, and proved not to be suitable for a more broad-based bank-like institution, allowing to expand its financial service provision qualitatively and quantitatively and to make a sustainable contribution to the financial inclusion in rural Albania. Installment of CBS and related hardware is essential not only for the "expansion of branchless banking" as described in PDM ver. 1, but also for the achievement of the Project Purpose and the Overall Goal of the Project, and is the foundation for the sustainable growth of the entire organization. As the results will be considerably larger than initially expected, installment of IT infrastructure and software

was treated as a separate group of activities and worked on during the first phase of the project. These details were reflected in PDM ver. 2, which was approved by JCC at its meeting held in April 2019.

All aspects of the Project Outputs had to rely on the readiness of the function of new CBS. At the completion of the implementation stage, staff have only received "how to operate" training, so medium- and long-term human resource development and organizational strengthening of FED invest are considered essential to ensure that they are able to use the CBS functions and truly achieve the results of CBS implementation.

Expected outcomes from installment of infrastructure and software

- Accumulation and management (analysis and utilization) of customer information will be enhanced.
- The risk management system will be upgraded.
- The IT environment necessary for qualitative enhancement and quantitative expansion of financial service provision will be developed.
- Data security is significantly strengthened
- New bank-like products are made available to members.

3.2.1 Activities

In the first phase of the project, the procurement of the CBS and related hardware equipment required for the CBS to be operational was conducted, and the installation of hardware equipment (servers for data center, PCs, etc.) and delivery of the hardware were completed by March 2019. This procurement process involved not only FED invest management and IT department staff, but also almost all headquarters staff from business, operations, finance, legal, human resources, and other departments.

Additional equipment was then procured during May-July 2019, including 42 printers for branch offices and 5 laptops for training, which are essential for improving FED invest operations.

The table below summarizes the procurement process in the first phase.

Table 3-2 Procurement process for IT infrastructure (hardware) and software (CBS)

time	contents
November 2017	The current hardware and software development environment of FED invest, proposals for IT department improvement prepared by Rabobank, vendor RFIs, and RFP proposals were reviewed.
December 2017	Listed vendors to which RFIs should be sent, and sent RFI submission requests to vendors.

January 2018	Reviewed the contents of vendor responses to the RFI and received responses to the RFI from nine companies. Selected three companies to send RFPs to. Sent additional questionnaires to two more companies.
February 2018	Responses to additional RFI questionnaires were received from five companies. Draft RFP prepared and input received from JICA.
March 2018	The RFI was reviewed with IT experts from FED invest, JICA and Rabobank to confirm the contents of the answers to the additional questions in the RFI. As a result, three companies (Fern Software, Oracle, and Singular Logic) were shortlisted and the RFP was sent with content reflecting JICA's opinion.
April 2018	... and answers to questions to the RFP. Draft evaluation criteria and coordinate with Rabobank's team of experts.
May 2018	Demonstration sessions by three shortlisted companies (one day for each company) with FED invest management and project stakeholders, JICA project team, and Rabobank expert team Exchange of opinions on the results.
June 2018	FED invest management, key stakeholders, JICA project team and Rabobank expert team participated in the RFP evaluation consultative meeting of the three shortlisted companies. As a result, Oracle was selected as the first negotiation partner.
July 2018	JICA wrote to FED invest regarding the outline of the procurement policy based on the Cloud-type CBS. Organized and reviewed a series of procurement support operations related to the CBS procurement, including matters related to the "Competition for Proposal", contract and contract negotiation, and discussions and coordination with FED invest and Rabobank in relation to the above. As a part of this process, started supporting the preparation of JICA's RFP format for the Competition for Proposal.
August 2018	The JICA project team and Rabobank representatives held a telephone conference to discuss the cost burden, risk, personnel requirements, and investment of necessary management resources if an on-premise CBS is introduced. The JICA project team and Rabobank agreed to re-confirm with the FED invest on the cost burden, risk, manpower, and investment of necessary management resources, etc. The response will be discussed within JICA.
September 2018	The mission from JICA HQ visited FED invest on 19-20 September and finally agreed on the procurement of on-premise CBS, confirmed the scope of JICA's responsibility for equipment procurement and FED invest's share, clarified the contract and procurement schedule, and signed the minute on the same. The contract and procurement schedule were clarified, and a minute was signed for the same. Assisted in obtaining company information and quotations from three vendors in a "competitive bidding" process for the procurement of hardware and related equipment.
October 2018	FED invest finalized the specifications and quantities of relevant hardware equipment and reacquired the necessary information for procurement. JICA Headquarters gave its approval to procure both the software and the related hardware under a special negotiated contract with Facilization. Negotiations for the contract between JICA, FED invest and Facilization started immediately.
November 2018	Assist in contract negotiations. Review of the acceptance inspection system for procured equipment.
December 2018	JICA, FED invest, and Facilization agreed on the details of the contract and concluded a tripartite agreement.

	Agreement with JICA and FED invest on equipment acceptance and inspection system. Delivery of the first lot of equipment (CBS software license) and training.
March 2019	Delivery of Lot 2 equipment (remaining software and hardware) and Lot 3 services (Product Walk Through); acceptance by JICA, consultant team and FED invest.
April 2019	CBS Transfer Ceremony
May 2019	Competitive bidding for additional equipment began.
June 2019	Selected vendor. Signed procurement contract.
July 2019	Delivery and acceptance of additional equipment.
February 2020	Completion of the go-live process

The key activities in the above process are described in detail below.



(1) IT environment and system survey

In considering the specifications and quantities of equipment to procure (CBS and related hardware), a survey of the current IT environment and IT systems at FED invest was conducted by interviewing the IT team at FED invest. The survey referred to the risk report on the IT environment prepared by Rabobank prior to the start of this Project. As a result, the following current situation and issues were identified.

Table 3-3 Current status and issues of IT environment and systems in FED invest

	Items	Current Status and Issues
1	Insufficient data backup	Backups of business user data, etc. have not yet been created.
2	Insufficient protection of critical data	Inadequate management and protection of information files such as customer information, payroll information, etc.
3	Increased transparency of IT department work	Need to clarify policies for internal support work, system administration work, etc.
4	Poor software license management	Many deficiencies were found in the licensing and renewal procedures for PC software, etc.
5	Access rights management for IT departments	IT department needs to manage all-mighty access rights
6	Individual concentration of IT department authority	Concentration of knowledge capability and risk on specific individuals in the IT department
7	Absence of planning for IT department work	A great deal of workload is concentrated on the IT department, and management decisions are required regarding prioritization, etc.
8	Standalone data center risk	Risk of having no backup site and only a single data center
9	Strengthen IT strategy and operational policies	Need to review IT operating policies such as data management and align them with the business plan

10	Lack of end-user knowledge	Dependence on IT department for PC operation support due to lack of end-user knowledge
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FED invest as of November 2017 Server room equipment	IT equipment in branches as of November 2017 (PC for Loan Officers)

Based on the results of the above survey, a Request for Information (RFI) and a Request for Proposal (RFP) were prepared to review and finalize the specifications of the CBS and related hardware equipment to be procured under the Project and were sent to vendors. FED invest agreed to send RFIs and RFPs to vendors and to receive their solution proposals.

(2) Prepare and send RFIs and RFPs

In selecting a CBS vendor, an RFI to be sent to each of the 28 potential vendors to obtain basic information on the company was prepared. After comparing the responses from these nine vendors, three vendors, Fern Software (UK), Oracle (Ireland/US), and Singular Logic (Greece) were shortlisted, as vendors to be requested to submit proposals for their CBS products.

The RFP was prepared to request the three shortlisted vendors to submit technical and pricing proposals for their CBS products. The RFP largely consists of Functional Requirements for customer and transaction management and Non-Functional Requirements for pricing, system operation, and support structure. The RFP was divided into two main categories: Functional Requirements for customer and transaction management, etc., and Non-Functional Requirements for pricing structure, system operation and support structure, etc.

(3) Vendor evaluation and selection

Vendor companies finalized their respective proposals and submitted the final version of their RFP responses by the final submission deadline of May 24, 2018. The Project team, Rabobank, and FED invest then independently evaluated each company's RFP responses and scored them based on agreed upon evaluation criteria.

Subsequently, after a demonstration session (oral presentation and Q&A session, held in May 2018) by the vendors, a final evaluation meeting for vendor selection was held on June 4-6, 2018, in the presence of the project team, Rabobank and FED invest officials. The meeting was attended not only by FED invest's IT team, but also by senior management and staff from various departments in the HQ (Business, Finance, Operations, HR, Risk, etc.) to discuss FED invest's current daily operational needs and which CBS would best serve its future growth strategy. During the meeting, the stakeholders agreed that the following were the key evaluation criteria for the selection of the CBS

- Provide future "banking" enabling solutions: possibility of diversifying product lineups through customization and use of third-party solutions
- Providing solutions to enable fintech and mobile banking offerings
- Provision of support during and after the implementation period: availability of support in Albania, availability of Albanian language support for the system, and in particular assessment of responsiveness to Albanian authorities reporting (Central Bank, Deposit Insurance Authority, etc.)

As a result of discussions based on the above evaluation items, the vendor with the highest evaluation score was selected as the first priority for contract negotiation.

In mid-August, based on the internal review by FED invest, the Project Director expressed the Project's intention to JICA HQ that "based on the results of the response evaluation meeting, we would like to introduce the product of the vendor with the highest contract negotiation ranking". There are two types of CBS: on-premise and cloud-based. The project proposed the following points for comparison. After discussion, it was decided to install on-premise type CBS.

Table 3-4 Advantages and disadvantages of on-premise and cloud-based CBS

	On-premise type	Cloud-based
Advantage	The data can be managed on your own without having to entrust the management of the data to a third party. Facilization has extensive experience in stationary CBS installations in Albania.	No need for backup maintenance management (personnel and equipment), which is required for stationary systems. It is safe to store data on the cloud as a disaster prevention risk countermeasure.

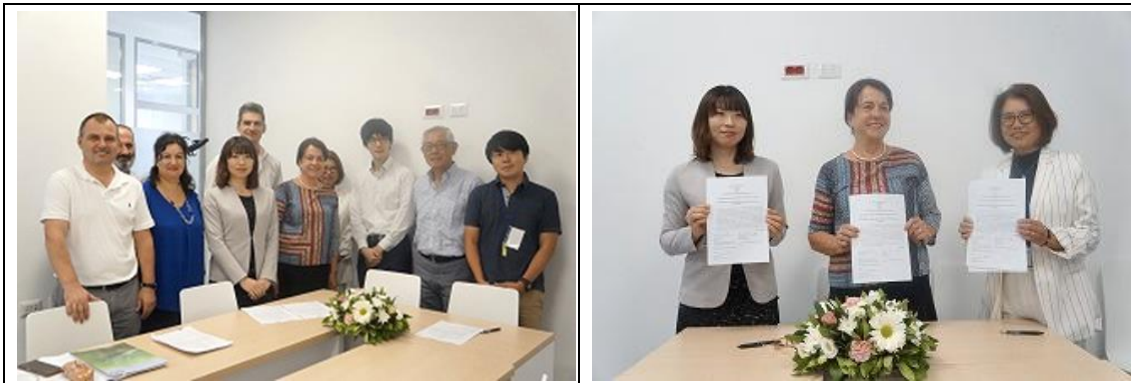
Disadvantage	The CBS is a system for the maintenance, management, and operation of the CBS on its own. The disaster risk countermeasures are not complete. A backup disaster prevention server is necessary.	There are no financial institutions in Albania that have implemented the system. The telecommunications infrastructure system in Albania is unstable. The company is unable to manage its own data.
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(4) Assistance in concluding contracts for CBS procurement

A draft procurement policy was decided in early September, a joint JICA/ FED invest consultation was held on 19-20 September 2018 with the attendance of officials from JICA Headquarters and the Balkan Office to clarify the specific items of equipment to be procured, the amount, the form of contract, and the scope of responsibility of both parties. During the consultations, the following main points were agreed upon.

- Preparations are underway to procure Oracle's on-premise CBS (Oracle Flexcube) and related hardware under a special-order negotiated contract.
- FED invest will provide the additional staffing and infrastructure necessary to implement the on-premise CBS.
- JICA will procure software license fees and various hardware equipment required at the time of introduction as the initial investment for the introduction of CBS.
- FED invest will otherwise pay its own annual support fees for CBS and the equipment required for branchless banking.
- If price negotiations result in a surplus in the budget, the surplus may be used to procure additional equipment, etc.
- The license agreement for the CBS will be concluded between FED invest and Oracle, and JICA will not be involved, while the Master Agreement for the delivery of the CBS, services and related hardware equipment will be concluded between FED invest, the contracting party and JICA.
- Proposed timelines for future procurement and implementation preparations.

In October 2018, JICA's internal approval was provided on the procurement of the CBS and related hardware equipment under a special-order contract. Following this, contract negotiations between JICA, FED invest and Facilitation (Oracle's local distributor in Albania), which was identified as the counterparty for the special-order contract, were initiated and the three parties signed the procurement contract on December 7, 2018.



The joint consultation meeting

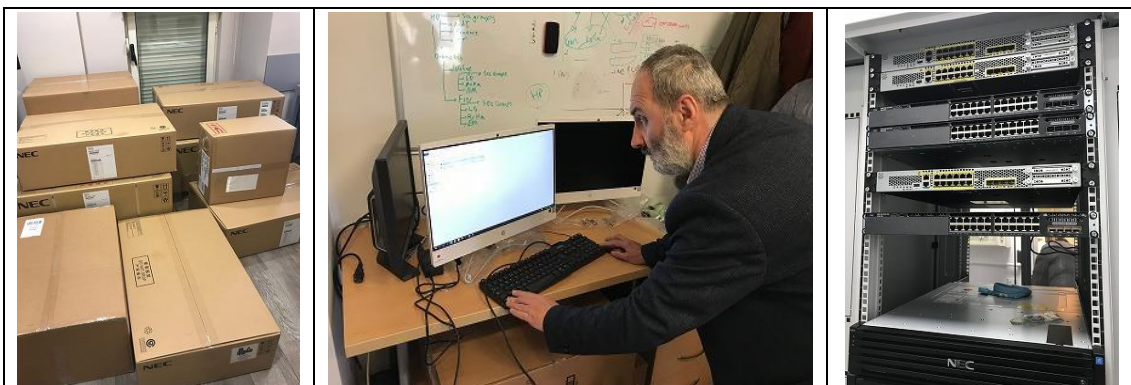
(5) Support for CBS and related hardware inspection

The aforementioned tripartite contract stipulates that the procured equipment and technical support services for the CBS implementation will be delivered by Faclization in five lots. Following the signing of the contract, the first lot of CBS licenses (Oracle Flexcube Application License) was delivered on December 14, 2018 and was jointly inspected by JICA Balkan office, FED invest and the JICA consultant team.

The second lot of remaining CBS licenses (Oracle Technology License, FaciliConnect) and related hardware (servers, firewalls, PCs, etc.) were delivered from March 5 to 15, 2019, and the same acceptance inspection was conducted.

The third lot was a technical service, Product Walk Through (PWT) (CBS implementation planning), which was also confirmed as complete by the consultant team's IT specialist on March 19.

Acceptance of Lot 4 (establishment of the User Acceptance Test (UAT) environment) and Lot 5 (completion of CBS implementation) took place during Phase 2. This is described in detail in Section 3.4.1(1).



Inspection work

(6) CBS Handover Ceremony

The CBS handover ceremony was held on April 24, 2019, following the signing of the equipment procurement contract and the completion of equipment delivery excluding technical services. The ceremony was attended by then Ambassador HE. Ito and then Director of JICA Balkan Office Mr. Kobayashi from the Japanese side, and from the Albanian side by then Minister of Finance and Economy Mr. Anila Denaj, as well as officials from the Ministry of Finance and Economy, Ministry of Agriculture and the Bank of Albania. The ceremony was reported in various media and had a great effect as a publicity campaign for the Project activities. The slideshow prepared by the Project team for the transfer ceremony explains in an easy-to-understand manner the significance of the introduction of CBS in FED invest from the perspective of expanding financial inclusion in rural areas in Albania. The slideshow was also prepared in Albanian and shown at the beginning of the training of CBS users at all branches and during other Project activities, and was well received.



3.2.2 Outcomes of the activities

(1) Strengthen organizational capacity of FED invest through the procurement process

The "IT infrastructure and software development" activity was completed with the physical delivery of the CBS (software) and related hardware to the FED invest. As mentioned above, by its nature, the CBS will only be effective once it has been implemented within the financial institution, the system is operational, and staff are able to use the new functions. Therefore, this activity was succeeded to "Implementation of CBS including accumulation and management of customer information through MIS" described in section 3.4, and related activities such as implementation of CBS were developed in the second phase of the Project. The final outcomes of these activities are described in detail in Section 3.4.2.

The procurement process for the development of IT infrastructure and software involved not

only FED invest management and IT staff, but also almost all headquarters staff from business, operations, finance, legal, human resources, and other departments, and provided an opportunity to examine in detail what was needed to achieve FED invest's medium and long-term vision. It is worth mentioning that this led to capacity building of individual staff and team building of the FED invest organization as a whole.

3.3 Activities and outcomes of the CBS implementation, including the storage and management of customer information through the development of MIS

As described in Section 3.2, in the first phase of the Project, CBS and related hardware were procured as part of the "IT infrastructure and software development" activity. In the second phase of the project, the CBS was introduced in the organization to enable the provision of various new products (including digital banking) on the system, and to enable FED invest to appropriately store and manage customer information through the CBS's Management Information System (MIS) in order to practice customer-centric management. The expected outcomes by this activity are as follows.

<p>Expected outcomes from the implementation of CBS, including the accumulation and management of customer information through the development of MIS</p> <ul style="list-style-type: none"> ● Enable to offer a diverse range of financial products. ● Information necessary for practicing customer-centricity is accumulated, managed, and utilized.

3.3.1 Activities

(1) Monitoring of CBS implementation

Following the signing of the CBS procurement tripartite agreement between JICA Balkan office, FED invest and Facilitation in December 2018 during the first phase of the project, the CBS implementation project by JICA Balkan office and FED invest started in January 2019. FED invest set up an implementation team led by the head of the Operations Department, and the work proceeded according to the schedule plan shown in Figure 3-1.

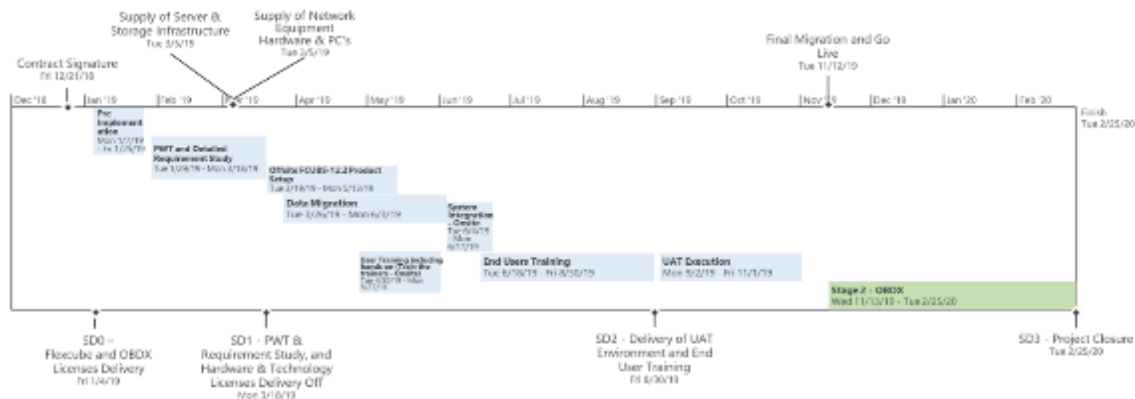


Figure 3-1 CBS Implementation Schedule (Initial Plan)

Steering committee meetings were held between Facilitation and FED invest once a month to discuss key issues related to implementation. The JICA consultant team shared the minutes of the meetings and other related documents, and managed the progress of the implementation remotely when they were not on site. The Project team also conducted interviews and monitoring meetings with the relevant parties (FED invest personnel, Facilitation employees, Rabobank experts providing technical support for implementation, etc.), mainly IT experts, to manage progress and provide necessary advice. As described in section 3.2.1, the results of the monitoring were reported to JICA Balkan Office and HQ, the contracting entity for the CBS procurement, through monthly reports. As described in Section 3.2.1, out of the five lots of the implementation, the third lot, which corresponds to the physical delivery of the software and hardware, was completed inspection during the first phase of the project. Therefore, the table below summarizes the implementation process after August 2019, which corresponds to Lots 4-5.

- ① Data migration, additional data entry
- ② Network-related risks, data center installation specifications
- ③ Staff training, operational risks, and response to new services
- ④ System Customization
- ⑤ capacity risk
- ⑥ Setup of main data such as account ledger, etc.
- ⑦ User Acceptance Test (UAT)
- ⑧ Reporting

Table 3-5 CBS Implementation Process

time	contents
August 2019	Convert data from the old system to use the new system. Performed 1st and 2nd mock test of data migration. Identified and fixed problems. User training for FED invest headquarters staff was completed by Facilitation.

	The system environment construction of the 1st UAT was completed.
September 2019	User training for branch staff was held from July to September at 12 major branch offices nationwide. A total of 250 employees participated for 160 days. Additional customization work to modify the loan module that was found to have problems in the earlier mock test.
October 2019	The first UAT to verify the overall business process was completed (4 weeks from September). Problems were identified and addressed. Loan module needs to be modified again. The data network was renewed, and the backup site was prepared for construction.
November 2019	The second UAT was completed (3 weeks). The third data migration mock test has been completed. Final rehearsal plan for the official launch (28th - 2nd December) A 6.4 magnitude earthquake occurred on the 26th. Temporarily suspended the process.
December 2019	SC discussion to resume the process on January 12. Decided to conduct the final rehearsal January 15-19 and the transition to the new CBS January 29-February 2. Verification of the final MOCK4 data migration process is complete.
January 2020	The second UAT was completed. The final rehearsal of the transition work was conducted without any problems from March 15 to 19. The transition to the new CBS was conducted from February 28 to February 2.
February 2020	The migration work was completed on March 2, and the new CBS officially went into operation.

As shown in the above table, the CBS implementation started in January 2019 and the system was officially launched on February 2, 2020, although the process was temporarily disrupted and progress delayed due to the earthquake in November 2019. The Project team completed the final validation work on the official launch of CBS and delivery of the digital banking module prototype described below in March 2020, reported to the JICA Balkan office, and completed the monitoring work. This completed the procurement and implementation work of the new CBS that had been undertaken since the Project's inception in October 2017.

(2) Introduction of CBS Digital Banking Module (FED Online)

Following the completion of the CBS implementation, Phase 2 of the project, the implementation of a prototype version of the Oracle Banking Digital Experience (OBDX) module, began in February 2020. OBDX enables the exchange of information with external parties in a manner that maintains data and processing functionality with Flexcube, CBS's core system.

As mentioned in the previous section, since this is the final deliverable of the work stipulated in the CBS procurement contract, the Project also monitored the progress of this process with IT experts and confirmed its completion in March 2020.

The OBDX module that was implemented as part of the CBS procurement contract, including the JICA Balkan office, was only a prototype and needed to be updated to the official release


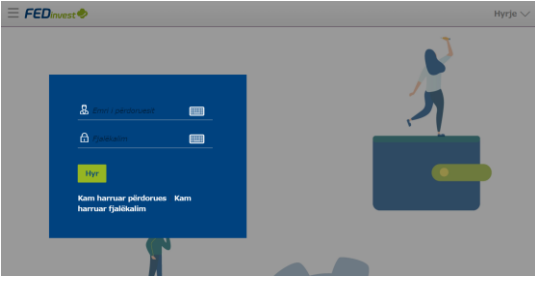
version. In addition, additional work was required to implement digital banking, such as setting up network connectivity and user training for staff, which was not part of the work of the procurement contracts mentioned above, so from March 2020 onwards, FED invest proceeded with the work for the official release of the digital banking service, either on its own initiative or through a bilateral contract with Facilization, as required. However, the work was significantly delayed by the COVID-19 pandemic, the need to respond to government requests for loan restructuring, and the time required to set up the network.

After several steps, which took a year and a half as a result, the digital banking service was officially released in November 2021 in all FED invest branches across the country. The service was also officially named 'FED Online'. It should be noted that as of July 2022, FED Online features services such as current account transaction history, loan repayment schedule inquiry, savings schedule inquiry, and member-to-member transfers. The dedicated mobile application has not developed yet and the service can be accessed through the dedicated webpage by using IT devices such as PCs, tablets and mobile phones. (<https://ebank.fedinvest.al/?module=home>).

See Section 3.7.1 for a description of the FED Online marketing activities supported by the project.

Table 3-6 Process to the official release of FED Online (CBS-OBDX module)

Date	Details	JICA Contract
February 2020	<ul style="list-style-type: none"> Examination of detailed specifications Developed UAT plan, Facilization server modification for UAT User training for FED invest staff by Facilization 	included
March 2020	<ul style="list-style-type: none"> UAT conducted on 5th. Acceptance inspection completed. 	
April 2020 - September 2020	<ul style="list-style-type: none"> Prepare manuals, procedures, and training materials for staff Implementation of staff training Preparation for the establishment of a customer response center Limited functionality available for select loan officers, branch managers and regional managers 	not included
October 2020	<ul style="list-style-type: none"> pilot area Limited availability of the service for some members of the 	
April 2021	<ul style="list-style-type: none"> Launch of services for all members in pilot regions (Tirana, Lushnje, Elbasan, Fier, Vlore) 	
June 2021	<ul style="list-style-type: none"> Two more regions (Divjake, Gjirokaster) to be served 	
November 2021	<ul style="list-style-type: none"> Establishment of KPI, monitoring and auditing system Opening of registration application form Completion of the last staff training Service launched in all regions of Albania (i.e., official release) 	

	
Image of the OBDX operation screen	FED Online login page ²²

(3) Accumulation and management of customer information through the maintenance of MIS

The PDM of this Project includes the introduction of the latest IT equipment and a system for storing, managing, and reporting customer information, including Social Performance Management (SPM) data, as project activities and indicators.

As mentioned earlier, following the completion of the CBS implementation, it became technically feasible to register customer data in the Customer Information File (CIF) of the CBS and store and manage information with MIS. In response to this, the Project, led by a Financial Education and MIS Specialist, conducted questionnaire survey to investigate the organizational MIS development status and utilization capacity of FED invest from December 2019 to February 2020. The Specialist also held a series of discussions with FED invest. Based on the results of this survey, the following actions were taken:

- The latest IT equipment such as CBS and PCs were installed by February 2020, and the CIF function of CBS enabled the accumulation, analysis, and external reporting of customer information with support of the Project;
- Based on the recommendations compiled by the Specialist, social data such as urban-rural classification of clients, livelihood information (income, expenditure and assets), gender, age, education, marital status and occupation (farmer or not) were added to the client information stored in the CIF of the CBS.
- FED invest recruited a Data Manager in April 2019, who is responsible for Customer Relationship Management (CRM), data analysis and reporting to donors. This has led to improvement in the organizational capacity and structure, which enabled regular reporting of financial and social data to donors and other external agencies.

²² <https://ebank.fedinvest.al/index.html?module=login>

- d) FED invest was awarded the Certificate of the European Code of Good Conduct for Microcredit Provision²³ in December 2018. The certification is awarded to MFIs in the European region that operate in accordance with the principles of social performance management, and has enabled them to receive funding and technical support from the EU Programme for Employment and Social Innovation (EaSI). See the link in the footnote for details.
- e) The technical assistance from EaSI is supporting the FSP to obtain a Financial and Social Rating from MFR²⁴, a private agency that rates FSPs, and once the rating is obtained from MFR, the chances for further support from donors and investors enhance.



For the above reasons, both parties agreed that the related Project activities had been completed, since the system of accumulation, management and reporting of client information had been introduced with sufficient technical and financial support by the Project and self-help efforts by FED invest.

3.3.2 Outcomes of the activities

In the Endline Survey, interviews were conducted with FED invest management, headquarters staff, and branch staff to ascertain the business and operational changes in FED invest as described above due to the implementation of the new CBS. The results confirmed the following four main positive changes resulting from the introduction of the new CBS.

²³ <https://ec.europa.eu/social/main.jsp?catId=1482&langId=en>

²⁴ <https://www.mf-rating.com/global-rating-agency/professionals/>

(1) Upgrading IT Infrastructure as a Financial Institution

Until the new CBS was implemented, FED invest had continued to use an old IT system that had been in use since before the organizational merger in 2016, which had undergone a series of modifications and had reached its limits. However, the old system presented many challenges in terms of system management and administration, reporting and auditing, and security functions. It was also pointed out the necessity of capacity building of IT Department to tackle this kind of issues.

The Project confirmed with FED invest that the following issues were resolved with the implementation of the new CBS. The upgrade of the IT infrastructure has provided FED invest with the capacity to continue providing financial services to the rural Albanian population as a financial institution, and in the short term, as described below, has led to the acquisition of new service licenses for all types of payments from the Central Bank of Albania and the provision of new financial services through the Project activities.

- ① Increased data storage and backup capacity
- ② A data protection system has been established.
- ③ The capacity of IT department personnel was improved during the process of CBS implementation.
- ④ Various software expiration dates that had expired have been renewed.
- ⑤ System privileges were distributed from certain staff members to multiple staff members.
- ⑥ Pandemic recovery plan in place and data backup center established
- ⑦ Enhanced IT governance functions and digital strategies are now possible.
- ⑧ IT literacy of branch staff enhanced through staff training and manuals
- ⑨ Infrastructure for Internet banking has been installed.
- ⑩ Connection to the network has improved greatly.

(Source: Details of discussions with FED invest management)

(2) Achieved appropriate member marketing

The newly introduced CBS has been able to accumulate a variety of member information in the MIS and analyze it in combination with service usage and other information to improve existing services, develop new services, and conduct marketing activities for members. MIS data is also referred to in the Project activities for "product development, CRM, and organizational strengthening based on customer-centricity," which will be discussed later, and is also used in other management decisions by FED invest.

With the introduction of the new CBS, we were able to achieve the organization's ambitious growth goals and enable scaling up. Thanks for this new modern ICT, we succeeded to improved members segmentation, targeting and customer relations.

- Ms. Meri Cani, Director of Strategic Projects Department



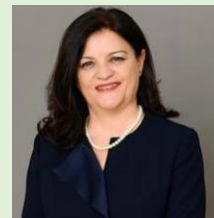
(3) Strengthening Reporting Capabilities

It was confirmed from the statements of management and managerial staff that the new CBS has enabled them to easily report information in the system and share it for the operations of divisions and branches within the organization, as well as to submit it as regular reporting material to regulatory authorities and other parties outside the organization. This seems to have had a significant effect in terms of improving the operational efficiency of the organization and the level of trust from the regulators.

With the introduction of the new CBS, FED invest headquarters Departments and the branches are able to produce reports necessary for the daily operations.

Thanks to the new CBS, FED invest is now able to produce Reports required by Central banks and the Deposit Insurance Corporation (Deposit Insurance Authority: DIA) and offer a wider range of products for its members, particularly in rural areas while adapting to their needs.

- Ms. Liliana Nanaj Director of Operations



(4) Diversified financial services

The implementation of the CBS has not only improved the organization's IT environment and strengthened its systems, as mentioned above, but also enabled FED invest to offer a variety of financial services to its members through the financial services module contained in the CBS. This is a point that was pointed out by several branch staff (branch managers and loan officers) during the interview survey, as it represents a direct value creation for members. Specifically, the ability to offer current accounts and utility bill payment services is significant. In addition, the ability to provide money transfer services to external financial institutions is a point that differentiates FED invest from other savings and credit associations²⁵ in the country and meet the needs of the rural population given the existing shortage of access to such services.

After intensive work to prepare the Payment Business Plan and ensure compliance with regulatory requirements (infrastructure and governance set up, product parametrization and testing, operational procedure preparation, staff training, etc.), FED invest received in January 2020 an unrestricted payment license by Bank of Albania allowing the institution to perform a variety of payment services. FED invest is not part of the Albanian interbank payment system, as it is registered as a non-bank financial company (NBFC). However, the new Law on Payments passed in 2021 allows FED invest to conduct any kind of electronic payments or connect to Fintechs to offer low-cost transactions to its members.

Thus, the license for offering such service is granted specifically as a result of the introduction of the new CBS, whereas other savings and credit associations are not granted a license to operate by the regulator. However, at the time of writing this report, the technical and financial challenges, as well as some remaining regulatory issues of the Albanian Authority, to connect to external financial institution networks have not yet been resolved, and external money transfer services (i.e. outside of FED invest membership) are not yet available to the members. Right now FED invest performs member to member payments, utility payments, current account transactions, simple digital banking operations. It is working intensively to introduce soon QR payments via digital wallets and in the next coming years even remittances. Each service requires extra money, efforts and more skill building from the IT, business and HR perspective. This is an approach that FED invest is adopting while maintaining a balance with its profitability.

²⁵ There are 16 Savings and Loan Associations in Albania. (From the Central Bank of Albania website, as of June 2022)

Introducing CBS enabled us to provide members with a variety of financial services. We are now able to enter membership information to MIS. This enables us to process credit appraisal much faster than before, which is good for the customer and for our business. Everyone has benefitted from the new CBS.

- Ms. Suela Bilali, Shkoder Branch Operations Specialist

(Photo: Ms. Keti Ceko, Gjirokaster Branch Manager)



With regard to creating value for customers, many other interviewees pointed out that the accumulation of customer data on the MIS has greatly sped up the loan approval processes (especially from the second loan onwards).

3.4 Strengthen and improve the product development process based on customer centric principles

This activity aims to establish an organizational product development cycle based on customer centricity in the FED invest. The expected outcomes from this activity are as follows.

Expected outcomes from strengthening and improving the product development process based on customer centricity

- A cycle of improvement and development of products and services based on customer centricity will be established within the organization.
- Financial products and services improved or newly developed as a result of the above will begin to be utilized by members.

Under the first phase of the Project, a needs assessment survey targeting approximately 1,000 farm households was conducted, aiming at identifying the needs of existing and potential customers. Information obtained from the survey served as the foundation for all activities of the Project. As a result of the survey, FED invest staff became aware of the importance of understanding the customer needs, and recognized the need to establish a customer-centered product development process within the organization. Moreover, in the second half of the first phase, two new products were based on a series of customer-centric approaches and tools, including development of customer personas, customer journey maps, and product prototypes, and pilot activities were conducted using these tools. As a result, FED invest staff realized the effectiveness of the project and established a basic understanding that customer-centricity should be promoted within the organization.

Based on the above results, the second phase of the project focused on developing a customer-centric strategy and strengthening the capacity of branch staff, with the goal of establishing customer-centricity in the organization on a sustained basis. In 2020, FED invest faced difficulties due to COVID 19 pandemic, which forced suspension of development of new financial products and services. Instead, FED invest focused on improving existing products and services during this period. In the second half of 2020, FED invest resumed trial and marketing of new products and services such as current account and utility payment.

The "customer-centric" philosophy has been shared as a core value of the FED invest since its establishment, but clear approach and tools had not been widely shared within the organization. The Project helped clarify means to promote customer centricity as a core policy of the organization through activities and outputs such as: various related manuals, staff capacity development using the manuals, and establishment of the Customer Centricity Committee.

3.4.1 Activity Details

(1) Development of financial products and services

Two prototypes (current account and promotion of summer deposit) were developed and tested, using the customer centric process under the first phase of the Project. In the second phase, pilot sales and official rollout of the products, utility payment service, and online service were conducted as follows.

1) Summer Deposit

During the first phase, the Project piloted and promoted new financial products, collected customer feedback and improved promotional materials (posters and leaflets) based on the feedback. Customer feedback was also used to improve the content of short messages and distributed them to all members, and promoted through digital media (Google Ad, YouTube, Facebook) The results were analyzed in October 2019 and the total amount achieved in deposit accounts for the summer vacations was approximately 144 million ALL, achieving the organization's target. In particular, the percentage of new account openings among all deposit customers was higher for summer deposit than for other accounts, inferring that the promotional activities had achieved some success. Facebook ad clicks reached to 7,754, which is much higher than for other media, indicated that Facebook found to be the most cost-effective for directing target customers to the website. These results were used as a reference for marketing strategy development.

2) Current Account

A pilot sale of the prototype was conducted in two branches (Tirana Pazari and Elbasan) starting

mid-September 2019. The terms and conditions and application format for the product were developed and sales were conducted only to existing members. Only 80 accounts were opened for existing customers to use for repayment of loans, etc., and feedback was collected. Official rollout began in July 2020, but active promotion was not initiated because current accounts did not offer significant advantages to users unless new services such as utility payments are introduced. Therefore, active promotion did not begin until mid-2021, when these services were launched. Since then, the number of accounts opened has increased steadily, reaching 11,968 as of June 30, 2022.

3) Utility Payment Service

The utility (electricity) payment service was launched in May 2021 at 10 pilot branches. Thanks to one of the CBS modules, Faciliconnect, FED invest was able to parametrize utility payments in the system and was able to sign the official contract in December 2021 with FSHU, the National Energy Operator. More utility payment providers will be added, with Water Company being second. Utility Payments can be made in person in cash at the branch or through a current account. Non-members have to first register as Members before having access to the above services. Commission fees were set at free during the pilot phase, so even if they pay the membership registration fee, it will be less expensive over the course of a year than paying through other channels. In the pilot activities, the following activities were conducted based on the strategic marketing plan.

- 1) Development of leaflet: The leaflet was designed to fully emphasize the sales points of the products: "fast," "cheap," and "convenient".
- 2) Conduct staff training: Training was provided to loan officers at pilot branches and the digital advisors of the digital window project in order to ensure their understanding of the service to provide accurate explanations to the customers.

Based on the results of the pilot activities, the service was officially launched in all branches in October 2021; the cumulative number of service users as of the end of June 2022 has reached to 10,457.

4) Youth Loan

To expand its services to younger consumers, including non-members, a new loan product targeting young customers was launched in March 2021. The product is designed for consumption of young people and it contained the following features:

- Loan limits are relatively small (10,000 to a maximum of 200,000 ALL);
- The product is targeted at young people between the ages of 18 and 30, who are the children of the existing members of FED invest, and who are unmarried (though married couples are eligible);

- No collateral, no fees, speedy payment (screening and payment on the same day of application), only ID required; and
- Short maximum term of 24 months and low installment payment amount.

Sales promotion by call center staff and branch staff was conducted, but the product has not taken off properly and was not very successful due to pandemic and feedback retrieved during piloting the product was further improved and successful gave birth to another product Loan 24h offered through digital channels exclusively to young segments of customers.

5) Loan 24, On-line loan application

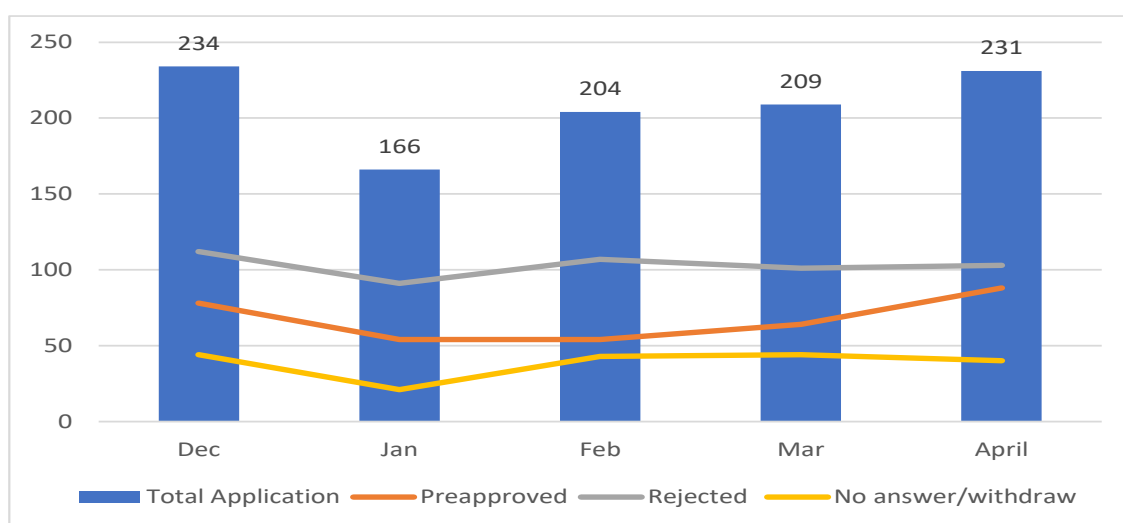
According to the Endline survey, many staff members pointed out the difficulties in expanding clientele due to the rapid population decline in rural areas and the constant saturation of financial needs. In this sense, reaching out to new customer segments that are not traditional clientele of FED invest, such as young people and women, is crucial for the survival of FED invest in long term perspective. Digitalization of services is important for this purpose, and FED invest has high expectations for the new service Kredi24 (a loan service for consumption that allows simple online loan applications). The Project supported the implementation of a pilot sale of Kredi24 starting in November 2021, led by the CRM manager hired by the Project. A summary of the results of the 5-month pilot period (end-November 2021 to end-April 2022) is as follows:

- The number of applicants totaled 604. FED invest felt that the turnout was very fast as a new product, with a higher number of applications than expected. However, only approx. 35% of applications were approved due to incomplete documentation and low creditworthiness among the applicants;
- 89% of the applicants were non-members and 11% were members. This is a significant contribution to the acquisition of new members;
- 60% of the applicants lived in Tirana, followed by 10% in Durres, 6% in Vlore, and 5% in Elbasan. The average amount of applications is 110,000 ALL. Due to the nature of the loans (small and fast), most of the loans are for consumption purposes;
- 90% of applicants were directed through SNS and websites (the remaining 10% through word of mouth and loan officers). The number of applications increased by about 70% on the days it was advertised on SNS, which proved to be very cost-effective since the cost of boosting SNS is about \$5 per day; and
- 30% of applicants were female (higher than the usual percentage of FED invest applications), 7% were under 21 (not eligible), 26% were 22-25, 46% were 26-35, 13% were 36-45, 5% were 46-55, and 2% were 56 or older. About 80% was younger than 35 years old.

Based on the results of the pilot, the following points are under consideration as future sales

strategies.

- Consider approving those who already have debts with other financial institutions but have a high credit rating.
- More emphasis will be placed on promotion with SNS.
- More pro-active use of digital advisors, and strengthen telephone sales.
- Allow customers to complete paperwork on E-Albania.
- Strengthen follow-up with customers who applied digitally but did not come to the branch.



Source : FED invest MIS

Figure 3-2 Application trend for Kredi24

6) Study on 'Agri Tourism' related financial service

Even amidst the COVID-19 crisis, FED invest has been able to outperform the local market and retained a stable position – while at the same time staying loyal and flexible towards its members. It ensured a continuous flow of its operations, working remotely through secure VPN environment and never stopping its branch services, always monitoring social distancing rules. Due to COVID 19 pandemic, FED invest following Bank of Albania's guidelines, restructured only 10% of its loan portfolio, which was minimal compared to other MFIs and financial institutions, which had heavy exposure in trade, services and consumer loans as the priorities due to Covid shifted to maintain healthy operations and ensuring financing and support to customers, FED invest was obliged to take no more new risks. Therefore, the development of new financial products (loan products to promote agritourism, mutual insurance, digital group deposits, agricultural value chain products, etc.), which were identified as candidates for product development, have to be undertaken by FED invest after the completion of the Project period. Among these candidate products, FED invest had a particularly strong interest in developing products related to "agritourism" based on its experience in training in Japan conducted in

November 2019. To scrutinize the possibilities, the Project provided basic information on the agritourism sector and small farmers by preparing a report. In Albania, the number of tourists from European countries is increasing and the tourism industry is expected to grow further in the future, there is a high demand for organic products as domestic consumers are conscious about the origin of the products, and there is demand for the delivery of agricultural and processed products to restaurant facilities and other agritourism operators. Agritourism has the potential to become an important sector for the country's agricultural sector and small farmers, and the financial needs are high. Once the Covid situation abated, FED invest launched in March 2022 the agro-tourism loan product, which is being intensively promoted via direct and digital marketing channels. In June 2022 FED invest introduced also the overdraft product, available for businesses and individuals alike. Implementation of QR payments is also underway with UAT testing expected during Q4 2022.

7) Study on Value Chain Financing product

One of the main challenges in the Albanian agricultural sector is crop safety and quality issues related to the quality of inputs. The input purchase support scheme implemented by the Project suggested that value chain finance could be a solution to this challenge. In Albania, most small-scale farmers are paying later when purchasing inputs (pay after harvesting). However, this kind of long-term "pay on delivery" is a heavy burden for many input traders, and some traders are refusing such practices. For farmers, having access to funds to purchase inputs without asking "later payment" to traders provides an incentive to purchase inputs that are higher in price but of better quality. Higher quality inputs often also come with added value of being sold by input traders with agronomists who provide agronomical advice to their customers. Interviews conducted under the Project revealed that higher quality inputs help generate more sales for the farmers than purchasing lower-priced, lower-quality inputs. The FED invest management also expressed a desire to develop a value chain financing mechanism by involving input traders. Therefore, the Project examined the VCF mechanism and shared it with the FED invest management team.

Two value chain models have been discussed by FED invest in the past three months and progress is underway with harvest finance type of model. ABA center networking connections and Rabo expertise are being deployed to bring these models into fruition.


(2) Financial Education

Aiming to promote financial inclusion by strengthening customers' financial capability to choose appropriate financial products and services, this activity supported the implementation and dissemination of financial education by FED invest.

1) Content development process and development of the delivery system

The Project supported the implementation and dissemination of financial education through FED invest branch staff. An expert of financial education hired by the Project and shared a case study of Opportunity Bank²⁶ for FED invest. The following process was used to develop the content, which was discussed with the FED invest staff.

Table 3-7 Process of financial Education Material Development

1. Identify and decide material topics to develop	
2. Develop draft topics	
3. Review and discuss on draft material by branch staff	
4. Revise the draft based on review results, Develop design pattern	
5. Conduct focus group discussion (Review draft contents by customers)	
6. Revise and finalized based on review result	
7. Develop design, develop each materials (booklet, video animation etc.)	
8. Print materials, Upload to ABA online, website	

Complete

In October 2019, a draft of the first module (Module 1, which focuses on savings based on "household account" management) was prepared and input was obtained from staff in the pilot branches of FED invest (Kukes and Elbasan) on its content. Although Albanian people often associate the concept of savings with surplus funds of a certain size (basically savings of migrant workers abroad), the overall recommendation to use household account books (*'Kakeibo'*) and saving small amounts was strongly supported by the branch staff.



Staff of MoFE took part for material development

Group discussion of staff members at Elbasan branch

²⁶ Opportunity Bank deposit materials <http://www.7koraka.rs/eng/>

Business Development Materials <https://samsvojgazda.rs/> All of these materials are not on the bank's site, but are managed and distributed by a third party.

In December, based on the results of the above feedback session, the content was revised and a layout design for the materials was developed. Feedback sessions were conducted on this content with potential clients (existing members and non-members), including small-scale farmers. A summary is provided below.

Table 3-8 Overview of Feedback Session

	Session 1	Session 2
Date	December 2, 2019	December 3, 2019
Place	Tirana	Lezha
Members	Small farmers (Greenhouse vegetable , strawberry, Olive farm)	Small business owners, Office employees
Findings from feedback	<p>-Although most of the participants were saving in some form, none were keeping an accounting. Many also deposited for future needs, such as their children's education. This indicated that the introduction of Kakeibo book may be effective in managing household finances.</p> <p>-Many respondents wanted the layout to be easy to read with fewer words. Many preferred a leaflet, but several preferred a booklet with all the topics together.</p>	<p>-Many of the participants have some form of deposit, such as an account with a FED invest, but they commented that they do not have the custom of keeping an accounting in Albania.</p> <p>-One participant commented that the content of the module was very interesting and that he would like to share it with his friends and children. On the other hand, they commented that the booklet is too long and they would like it to be more concise, with larger, easier-to-read text and more illustrations.</p>



Feedback session with customers (Focus Group Discussion)

Based on the feedback, the content was reviewed and revised. Regarding the layout, there were different preferences for both the leaflet and booklet versions, and although many people wanted fewer words, the project considered that if the content was too simplified, it might not convey the message that needed to be conveyed. Therefore, it was decided to create a digital version of the booklet type and an easy-to-understand animated video to be uploaded to a digital platform, and a simplified leaflet to be distributed at branches was created separately.

Regarding the delivery system, examples of dissemination of financial education by financial

institutions in other countries were examined. According to the results of many previous studies, the results of conventional classroom-based financial education and training methods are often temporary as it's costly and not sustainable. Studies also shows that knowledge retention effect of repeated messages is high, and that methods that utilize digital tools have been successful. Considering this, FED invest has decided to take advantage of its branch network in rural areas and disseminate financial education content to clients by loan officers through their daily interaction. The online training was used to enhance loan officers' knowledge of financial education content and delivery methods.

2) Contents of Financial Education modules

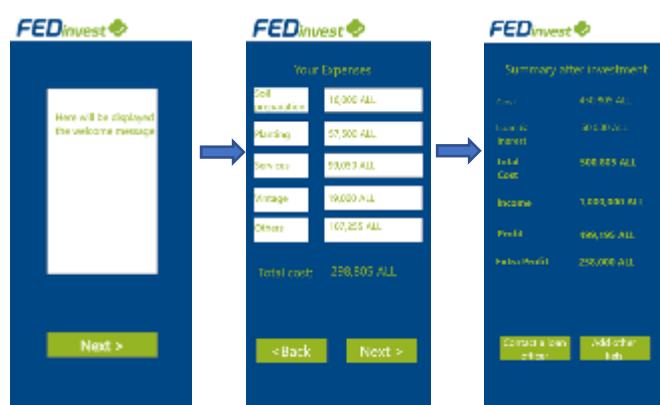
Summary of the developed modules are shown in the below table.

Table 3-9 Overview of Financial Education Modules

Topics	Items	Details
Module 1 : Saving, Household account management	Booklet (Kakeibo) , Video	Importance of saving, target setting, methodology of record keeping (Kakeibo)
Module 2 : Debt management	Booklet, Video	Purpose of loan, Price and terms setting, calculation of interest rate, points to note for taking loan, risk and benefit
Module 3 : Farm Account	Smartphone App	Loan calculation App by input product data, input cost and sales estimation
Module 4 : Financial Product	Leaflet, Video	Explanation, cost and benefit of current account and utility payment service
Module 5 : Digital Banking	Booklet, Leaflet, Video	Benefit of internet banking, how to use FED online, Detail will be described in Chapter 5.



Module 1 : Video and booklet for Saving/Household account management



Module 3 : Farm Account App



Module2 : Debt management

3) Delivery of financial education

Delivery and dissemination of the created content was mainly conducted through (i) face-to-face explanations to customers at branches by staff who went through training, (ii) face-to-face explanations to customers by the digital advisors at digital windows, and (iii) FED invest's SNS and website.

In March-April 2022, an event entitled "Financial Education Week" was held. This event was held as a part of FED invest's 30th anniversary celebrations; a team of financial education and digital window staff from the FED invest headquarters and several digital advisors toured all branches during this period to explain various materials, products, and services. The event was widely publicized through the media, and details of the event including the venues (i.e. various FED invest branch offices), were announced on the FED invest website and through SNS. Many non-members visited the events and listened to the explanations of the staff.



Event at Belsh Branch



Customers received material kit

(3) Staff capacity building for customer centricity

The JICA consultant team was unable to travel to the site due to the COVID 19 pandemic, and

activities such as new product development were restricted during the period. Therefore, the team conducted the training program related to the customer centricity using digital tools. To implement the training program, a training team comprised of staff from the Business and Risk Management Departments at the headquarters and loan officers at the branches was first formed by FED invest. The consultants conducted a training of trainers (TOT) for the members of the Project team and the trainers conducted the training to other staff of FED invest. The training was conducted online via ZOOM using tablet PC provided to the trainers by the Project. Feedback was collected from the training participants during the implementation period, and improvements were discussed with FED invest staff. The most common comment from participants was that the sessions were too short for them to fully understand the content of a single topic, and that they would not be able to reach a level where they would be able to conduct the training as trainers. Therefore, the training schedule was revised, the number of sessions per topic was increased, and the project was flexible until the participants were able to understand the content. In addition, participants were asked to read the lecture material and submit assignments in advance, and the training was conducted mainly through workshops and discussions. A training guide and materials were developed to assist participants with their self-study. A summary of the implementation is as follows.

Table 3-10 Overview of on-line training related to customer centricity

Date	Topic	Detail
June 2020	Basic training for trainers	The exercise was conducted in a workshop format, focusing on points to keep in mind as a trainer, facilitation skills, and presentation skills.
July, 2020	Branding and promotion	The lecture included workshops on such topics as the strengths of FED invest compared to competitors, how to communicate Key Values to customers, and what promotion methods are effective.
	Sales and marketing	Reinforced basic product knowledge and discussed effective customer service and sales methods for current accounts and overdrafts to be sold in the future.
August 2020	Basic for Financial Education	Lectures on topics such as strengthening basic knowledge on financial education, the significance of financial education, recent trends, and case studies in other countries on delivery methods were given, and workshops were held for participants to discuss the best delivery methods for FED invest.
	Financial Education (Saving and household account management)	Lectures on Module 1 (Saving and Household Account Management) of the financial education developed by the project, and instruction and exercises on how to use the Household Budget Booklet. Participants were also tasked to read the draft teaching materials for Module 2 (Debt Management) and submit feedback for revision.
September, 2020	Financial Education (Credit management)	The training was designed to provide financial education to small-scale farmers, including the appropriate time to obtain loans, selection of institutions to obtain loans, considerations in obtaining loans, responsibilities in borrowing, and other topics. The content

		was based on financial education materials (Module 2). The content of Module 2 was modified based on feedback from the training participants, including the use of vocabulary that is easier for farmers to understand.
	Online Mock training	A mock training was conducted by four participants (trainers selected by FED invest) on the content of the training conducted so far. Each trainer carefully prepared presentation materials, and the content of the training itself was very substantial, indicating that each trainer's knowledge level had improved sufficiently. However, the training method was one-way lectures and lacked interactive elements such as encouraging participants to speak and discuss. Since it will take time to improve their skills as trainers, it was decided to repeat the mock training in the future
October, 2020	Digital Finance	Lectures and exercises were given on the benefits and risks of digital banking services and how to effectively communicate and promote them to members. Group work included discussions on how to effectively communicate the appeal of digital banking among branch staff who actually promote the service.
	Customer communication	Lectures on effective interpersonal communication skills, handling difficult situations, and how to handle complaints were given, as well as discussions on how to collect customer satisfaction scores and provide feedback to headquarters.

(4) Manuals development for customer centricity

FED invest approved the establishment of a Customer Centricity Committee at its Annual General Meeting in June 2020, and established a common understanding within the organization to promote customer centricity as a key principle of the organization. The Project supported development of various strategic documents for institutionalization of such principle within FED invest.

1) Call Center Manual

FED invest established a call center at its headquarters in October 2020 to serve as a touch point for consultations and responding to queries on new services and products, such as online services and current accounts.

The new CRM unit has expanded its functions and is currently taking an active role in conducting promotional campaigns, assisting in reactivation of inactive members, increasing cross-selling opportunities, receiving feedback from customers, supporting digital channel communication with customers (SNS) and offering customer standard training to all branch staff.

In the future, this call center could well serve to function not only as a simple window for inquiries, but also as a cell that can absorb feedback from customers and establish a system to improve services, develop new products, and utilize the feedback for management policies. Toward this end, the Project supported hiring of one call center employee, provided training in telephone handling, etc., and assisted in the preparation of a manual as a guideline for call center handling in line with customer-centric principles.

2) Strategic Marketing Plan

The Strategic Marketing Plan was developed jointly between the JICA consultant team with the FED invest marketing team to guide the marketing activities for new products to be implemented under the Project, based on an analysis of FED invest customer data (organizing customer distribution by age, gender, and region). The Plan proposed the following activities to be implemented in a short-run.

- Select key branches where future marketing activities will be conducted, led by FED invest's Business Department, to promote 1) current account opening activities and 2) digital window installations at these branches.
- The results of the data analysis should be strategically used to select branches in remote and rural areas where customer usage of the products is high (high active membership) and customers are highly dependent on FED invest. The marketing will also consider tailoring the marketing to the characteristics of the core target customer segment (26-55 years old), which has high level of business activities and financial needs, the younger segment (19-25 years old), which represent significantly fewer members, and the older segment (55+ years old), which has a high level of reliance on FED invest.
- Encourage existing FED invest members (all members) to open current accounts, as these accounts will be the backbone of FED invest's future product and service offerings.
- Barriers to the use of current accounts (identified in the implementation of the input support scheme, e.g., the need to go to other financial institutions because cash cannot be withdrawn at the branch) will be addressed.
- The data in the MIS should be organized and placed in a manner that allows immediate access to the data by Business and Marketing Department staff.

The processes of planning, implementing activities accordingly, and analyzing the results will continue to be used in FED invest's marketing strategy.

3) Customer Service Standard Manual

Development of manuals and training for branch staff to standardize customer service as promoted by FED invest was supported.

(5) Study Tour in Japan

The training in Japan was conducted from October 28 to November 6, 2019, for a total of 15 participants: 10 FED invest staff, 1 staff from the Ministry of Finance and Economy, 2 from the Bank of Albania, 1 from the Ministry of Agriculture and Rural Development, and 1 professor from Tirana Agricultural University. The main objective of the training was to observe the role of

customer-centered, community-based finance by 'Shinkin' banks (Mutual Trust Bank) and other regional financial institutions in Japan, which operate in the rural areas of Japan, where issues related to declining and aging population are serious. The training aimed to learn from their experience to expand the service areas of FED invest and improve service access in the future. The three main themes of this training program were as follows, which helped achieving all of the Outputs 1-3:

- (1) Shinkin banks' approach to "community-based finance (relationship banking)" as small, community-based financial institutions (in relation to the Project's basic policy of "customer-centricity");
- (2) Efforts by the government and financial institutions to revitalize local economies, including promotion of green tourism; and
- (3) Understanding of the outline of Japanese-style agricultural cooperatives and approaches to mutual aid business and financial business at branches.

The following is a summary of the main learning from this training program. These learning was used in the Project activities in developing new financial products and services that meet customer needs in rural areas (products and services to promote agritourism, mutual aid business, etc.), to develop a menu of non-financial services at ABA Center and to support cooperation among farmers.

Table 3-11 : Overview of the Study tour in Japan

Topics, Place to visit	Details
<u>Community Based Relationship Banking</u> Kameari Shinkin Bank (Urban Model) Abukuma Shinkin Bank (Rural Model)	The participants visited credit unions and their customers to observe examples of building close relationships with customers and providing hand-holding business support. In addition to financial services, they introduced activities such as recreational events and trips with customers, business matching utilizing senior citizens, support for sales channel development, and financial education at schools, and commented that these activities could be adopted immediately. They also introduced cooperation with regional government agencies. The seminar provided an opportunity to see how regional financial institutions are working closely with their customers and playing a major role in the revitalization of the entire region.

		
<p><u>Rural Development • Green Tourism and Financial Institution</u></p> <p>Rural Development Office at Cabinet Secretariat Urban-Rural Communication Organization Green Tourism Facilities (Izunuma Nousan, SanSanKan etc.)</p>	<p>An overview of the government's efforts to promote regional development and successful examples of cooperation with financial institutions were explained. Comments were made that examples such as financial institutions hiring agricultural specialists to identify high value-added products and support venture start-ups could be utilized in the ABA Center's activities in the future. A government official commented that efforts to promote motivation among financial institutions by recognizing successful cases would be helpful.</p> <p>The participants observed agricultural tourism, including processing and harvesting of local products, during their visit to Tohoku's green tourism case study. Since such innovations have not yet been implemented in Albania, the participants commented that it would be a useful reference for revitalizing rural areas through tourism.</p>	
		
<p><u>Farmers Cooperatives and Non-financial Services</u></p> <p>JA Mutual Aid insurance, JA Central Bank IDACA, JAHachioji</p>	<p>The participants learned about Japanese-style agricultural cooperatives. The mutual insurance business attracted a lot of interest, as there is almost no insurance for agriculture in Albania. The participants were also surprised to learn that Japanese agriculture, including agricultural insurance, is heavily supported by the government, but at the same time, it is exposed to reduced competitiveness due to subsidies. In recent years, JA has begun to provide agricultural guidance through mobile apps and websites. IDACA made a proposal on farmer organizing in Albania and the role of the FED invest.</p>	
		

3.4.2 Development and improvement of products and services

The Project followed a customer-centric process and supported the development of the following products and services

- Summer holiday Time Deposit
- Current account
- Payment services (utility bills/membership remittance)
- FED Online
- Kredi24
- Loans for Young Adults



According to the results of the questionnaire survey conducted under the Endline Survey on new products, 99% of the respondents indicated that they had opened current accounts, and 100% of the respondents indicated that they use their accounts to repay loans. This is not surprising since the questionnaire survey respondents were participants in the input purchase support scheme. Otherwise, only 15% of respondents indicated that they use the current accounts for payments. Interviews with branch staff indicated that most customers are small-scale farmers who do not have the immediate service needs to use current account for payments and they do not maintain funds in their accounts. This might be resulting partially from the limited range of services made accessible through current account as well as from low levels of financial literacy among this group. Only a few medium- and large-scale farmers have funds in their current accounts. Some agricultural input suppliers expressed an interest in receiving payments through current accounts if such accounts become widespread among their customers in the future. Currently, the use of current accounts has not expanded much beyond transfer accounts for loans, but the results indicate that there is significant room for the development and marketing of new products such as overdrafts and value chain products through the use of the accounts in the future.

Only 16% of all respondents had used the utility (electric) payment service. Among those who used the service, 79% paid in cash at the branch and a small number paid through their current account or digitally. Interviews revealed that loan customers regularly visit branches to make repayments, so being able to pay their electric bills together is very convenient, according to the interviewees. On the other hand, many said that it would be more convenient if they could make other utility payments together, since they would have to go to other offices to pay their water bills, taxes, etc. In addition, in some northern areas, most citizens' past utility bill payments were in arrears, and in some cases, the FED invest system could not provide any service at all because

there was no system to support payment of the arrears.²⁷ FED invest is currently negotiating a contract with a water company and will soon begin offering water bill payment services. In the future, it will be necessary to expand other payment services, promote the convenience of automatic debits from current accounts, and actively use the service as a tool to attract new customers.

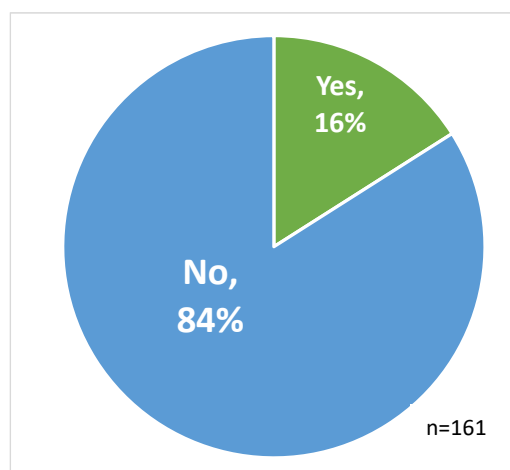


Figure 3-3 FED invest utility bill payment service users

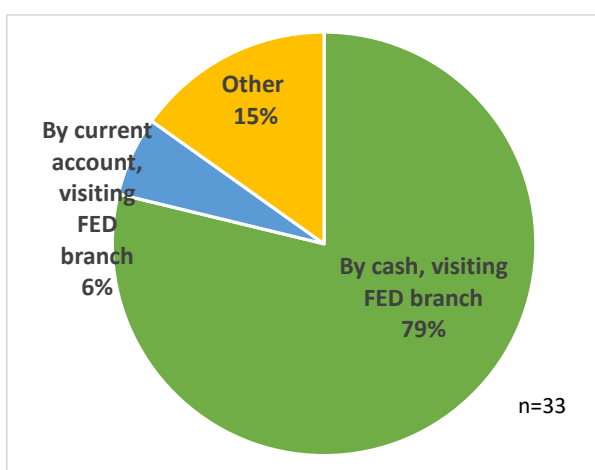


Figure 3-4 How did you make payment?

Source: Questionnaire survey

A breakdown of those who paid utility bills shows a higher percentage of women than men. It is likely that women find the service more convenient²⁸, and future promotion of the service should consider targeting women. In terms of education level, customers with higher educational level appear to use the service more than those with lower education level. Promotion and educational activities targeting the groups with lower level of education would be necessary.

Table 3-12 Percentage of Utility Bill Payment Service Users by Gender

Gender	Indicator	Have you ever paid the electricity bill at FED invest?		Total
		Yes	No	
Male	No.	16	108	124
	% within Gender	12.9% (in %)	87.1% (in %)	100%.
Female	No.	9	28	37

²⁷ According to interviews at the Kukes branch, the former government had offered free electricity, but after the change of government before the 2013 administration, a fee was charged and the obligation to pay retroactively was imposed. For this reason, most citizens are in arrears for past due bills.

²⁸ In rural areas, household finances are often managed by the family as a whole, but it is assumed that this is because a relatively high proportion of women take on the role of going to pay utility bills.

	% within Gender	24.3% (in %)	75.7% (%)	100%.
Total	No.	25	136	161
	% within Gender	15.5% (in million JPY)	84.5% (in %)	100%.

Table 3-13 Education Level of Utility Bill Payment Service Users

Education	Indicator	Have you ever paid the electricity bill at FED invest?		Total
		Yes	No	
Basic	No	9	48	57
	% within Education	15.8	84.2% (%)	100%.
High	No	11	70	81
	% within Education	13.6	86.4% (%)	100%.
University	No	5	15	20
	% within Education	25	75% of	100%.
Total	No	25	133	158
	% within Education	15.8	84.2% (%)	100%.

Note: Pearson Chi-Square Significance: 0,45599

Source: Questionnaire survey

I come to the FED invest branch every month to repay my loan, and being able to pay my electric bill at the same time with my repayment is very convenient because I don't have to go to the payment counter separately. The fact that there is no service charge is also very helpful. Other payment windows are expensive... It also helps me to have confidence in FED invest.

- Ms. Kimete, Olive farmer, Petrele



Since our branch is located in a high-traffic area, we have started a utility bill payment service, which has led to an increase in new members who want to use this service. We also use this service effectively as a promotional tool to attract new customers.

Mr. Bujar, FED invest Berat Branch Manager



FED invest launched a pilot sale of its new Kredi24 service (a simplified online loan application

service) at the end of November 2021 in order to expand its new non-traditional customer base, such as young people and women, through the digitalization of its services. Sales results for the pilot period are shown in the figure below: the total number of applications during the five-month period was 1,044. In the questionnaire survey, 6% of respondents indicated that they had applied for a loan online. In an interview survey of branch staff, many respondents indicated that the company was attracting new customers, especially inquiries from younger customers.

(2) Strengthen organizational capacity for customer-centricity

The Project took a variety of steps to establish customer-centric practices within FED invest (i.e. institutionalization of customer centricity), including staff training, development of the Strategic Marketing Plan, and standardization of customer service and the creation of a manual. The Project also established a customer-centricity committee, with clearly defined, specific processes and methods for implementation.

The cycle of listening to customers, understanding their challenges, prototyping products and services, and making improvements, which was addressed in the FiAS Project, has become embedded in all FED invest activities and ingrained in the organizational culture. Staff capacity in this process has been strengthened through activities such as product development for summer and term deposits, development of financial education materials, and customer service training.

-Mr. Perlat Sulaj, FED invest CEO



As a result of this Output, according to the results of a questionnaire survey of customers, when asked if FED invest's services have changed over the past three years, 89% said they have "improved significantly" and 8% said they have "improved slightly." When asked if they use FED invest's services more often as a result, 25% said they use services more often and 54% said they use the services somewhat more often.

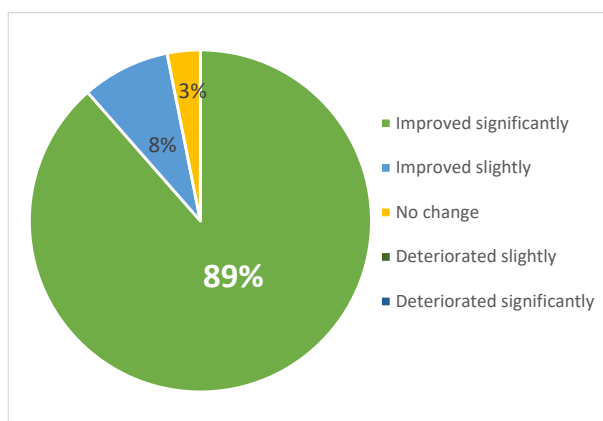


Figure 3-5 Have there been any changes in FED invest services in the past three years?

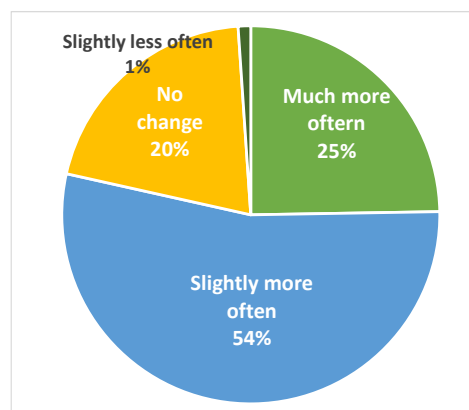


Figure 3-6 Frequency of use of FED invest service

Source: Questionnaire survey

I participated in a training course on customer communication training conducted by the FiAS Project. My thinking on customer communication has changed after participating in the training. Previously, I simply listened to our customers but now, I try to have a better understanding of their problems and concerns before offering services. The relationship of trust with customers has deepened. I am very pleased with the results.

-Ms. Aferdita, Loan Officer, FED invest Petrele branch



(3) Financial Education

To promote the use of financial products and services by improving clients' financial capability, the Project developed financial education materials (household account management, credit management, farm accounting, current account and utility bill services, and Internet banking) and disseminated them through staff training, brochure distribution, and digital materials. The results of the client questionnaire survey on the Outputs of the financial education dissemination are presented below. 76% of respondents indicated that they had read the financial education materials developed by the Project or had been briefed on their content. The most common module they were exposed to was credit management. Most of these sources of information came from brochures received at the branches (82%), conversations with staff during branch visits (96%), and through the branches. Interviews with branch staff revealed that most clients were not interested in financial education, and many said that they had difficulty getting them to listen to the explanations. They seemed to have devised their own ways to implement the program, such as combining it with explanations of products and services, or distributing the pamphlets at nearby

markets, cafes, bus terminals, and other places where people gather. During February - April 2021 FED invest organized with branch staff, digital advisers and corporate governance team financial and digital education days in all its network, where members and non-members were invited to join our staff presentations, educational videos and receive printed educational materials. Over 2000 persons attended these activities.

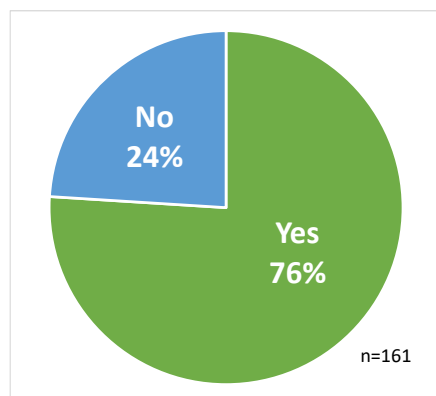


Figure 3-7 Have read or had financial education materials read or explained to them

Source: Questionnaire survey

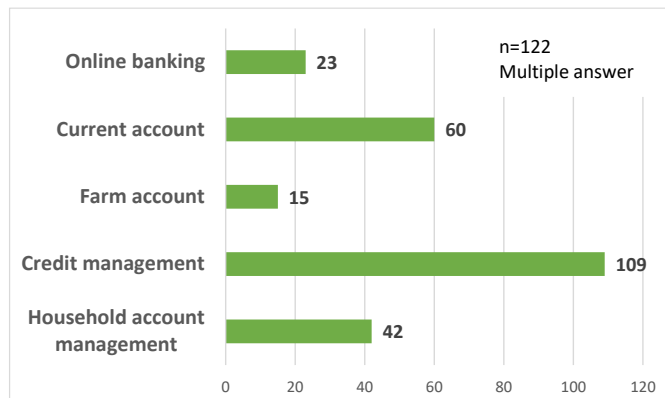


Figure 3-8 Which modules have you read or been briefed on

When asked what FED invest products and services they used as a result of the financial education described above, 92 of the 122 respondents said they used loans. The most common responses were registering with ABA Online, opening a current account, and signing up for FED invest membership; the digital advisers hired by the Project since April 2021 also appear to have had an effect.

When asked what financial actions they have taken as a result of their financial education, about half of the respondents said they had started making deposits. Many respondents also indicated that they had started keeping a ledger book. We found that a fair number of respondents also made use of the household budget management module and the household account booklets distributed at the branches.

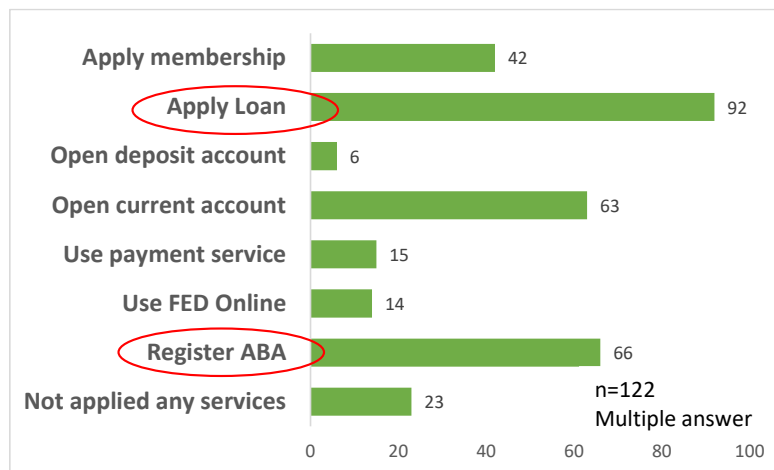


Figure 3-9 What FED invest services were used as a result of financial education



Figure 3-10 What financial actions have you taken as a result of financial education?

After hearing about financial education and household budgeting from a loan officer and cashier at a FED invest branch, my wife and I started keeping a household record book. Once we started keeping records, we noticed that the cost of inputs had doubled compared to last year. The record keeping has improved our operations as we have noticed many things about our business and household finances.

-Mr. Dritan, vegetable farmer and FED invest member, Kukes





The financial education materials were developed by listening to feedback from a number of clients regarding their needs and other issues. As a result, we were able to increase client interest and make the content appealing to non-members as well. We hope to use the materials to improve the financial capability of our clients.

-Ms. Misela, FED invest Corporate Governance Manager, Financial Education

3.5 Build capacity to develop and deliver non-financial services

Output 2 in the PDM of this Project is "An operational structure for an agri-knowledge center providing non-financial services has been established.

Expected Outputs from building capacity to develop and deliver non-financial services include:

- C/P knowledge management and utilization systems and staff capacity related to the agricultural sector will be strengthened.
- Non-financial services are provided to meet the needs of clients.
- Clients' financial capacity and creditworthiness will be strengthened.

3.5.1 Activities

Regarding non-financial services, it was agreed at the end of the first phase of the Project activities that (1) the four main service areas of the four pillars would be served through (2) two media: "face-to-face activities" and "digital platforms." The name of the Center was decided to be Agro Business Assistance (ABA) after an internal FED invest staff competition event; the renovation of the location on the second floor of the Lushnja branch was successfully completed by FED invest. The ABA center soft opening was conducted on 30 January 2020 with FED invest officials (FED invest staff and Lushnja neighbourhood members only. After the soft opening, training and other activities were scheduled to be held, but due to the constraints imposed on face-to-face activities under the impact of COVID 19, it was decided to focus on the digital platform "ABA Online" to precede the Center's service offerings from March 2020 onward.



January 30, 2020: the ABA Center's soft opening meeting

During this period, the ABA Management Committee, consisting of Zana Konini, Perlat Sulaj, and Meri Cani from the FED invest side, as well as Behar Gjoni, who was appointed ABA Center Manager at that time, and the JICA consultant team met online on a bi-weekly basis to review progress and make decisions on important issues. Specific activities are detailed below.

- Digital Platform Construction

The software for a digital platform for the provision of non-financial services was built over two phases.

(1) Development of ABA Online software functionality (Phase 1)

A re-commissioning agreement with Pragmatic Analytics was signed in October 2019 to begin building the software for the digital platform. The initial proposal for the configuration of the digital platform is shown below, with "know-how (information related to agricultural technology)" and "market information" as the core elements that have been solidified.



Figure 3-11 Digital platform drop-off menu (initial draft)

(2) Development of ABA Online software functionality (Phase 2)

The Project decided to support development of software functionality (Phase 2) focusing on customization, which is considered essential to promote the use of the platform. The main contents of the functionality development are as follows:

1. Detailed understanding of member profiles to be registered on the digital platform and creation of a member directory (search function among members).
2. Initial development of a "marketplace function" for listing and trading goods (crops) and services among members.
3. Allow individual communication among registered members.
4. Receive customized informational offers through mobile apps (price information on specific crops, weather information, articles matching your profile).

The platform development process, which began in late March 2020, was conducted through bi-weekly Zoom meetings between the company, FED invest, and the JICA project team to exchange and discuss the progress of the development. The company, FED invest, and the JICA project team exchanged and discussed progress in bi-weekly Zoom meetings to advance development.

ABA Center

The various services of the ABA Center have been provided through two media: face-to-face

activities and digital platforms. Of these, the face-to-face services will include (1) a library to collect and provide agricultural information and materials, (2) agricultural and non-agricultural technical training (including financial education), (3) networking events for the purpose of information sharing and collaboration among agricultural value chain stakeholders, and (4) business matching meetings between farmers and buyers. (4) Business matching meetings between farmers and buyers.

The ABA Center's activities included the following.

(1) Start of ABA Center face-to-face format services

After the soft launch on January 31, 2020, two technical training events were held: 1) Major Diseases of Greenhouse Tomatoes (held on February 26, attended by 10 farmers) and 2) Training Topic Needs Assessment on Livestock (held on February 28, attended by 35 farmers). Diseases and diseases of greenhouse vegetables have been a topic of high demand in the FGDs held so far, and the lecturer was Mr. Breisi Koni, who is himself involved in greenhouse vegetable cultivation and runs a related company. The training was well received by the participants, who engaged in active question and answer sessions. The training topic needs assessment on livestock was conducted by Mr. Ylli, Secretary General of the Albanian Livestock Industry Association. The following five priority training topics were selected as a result of the assessment. (1) disease prevention and control, (2) feeding and forage, (3) reproduction, (4) various agricultural management issues, and (5) on-farm demonstrations.

Although these technical trainings on greenhouse vegetables and livestock were scheduled to continue in series, the ABA Center's overall face-to-face service delivery (training and networking events) has been suspended since March as a response to the new COVID-19 outbreak.

For the technical training events after the resumption of face-to-face services, the training lecturers will be the core experts, who are agricultural experts in various fields hired by the project, and the implementation support on the day of the event will be provided by the project's local mercenary staff. The ABA Center Coordinator (Ms. Ornella Gjika), hired by FED invest, will be in charge of coordinating with the core experts and managing the event as a whole.

(2) ABA Center Business Plan Development

A business plan for the ABA Center was developed, which is necessary to establish a sustainable management strategy for the ABA Center from a medium- to long-term perspective, taking advantage of the period during which the planned "face-to-face" service provision at the ABA Center is not feasible. It was agreed that this business plan would be developed, approved, and implemented in two phases, and the first phase of the business plan was formally approved

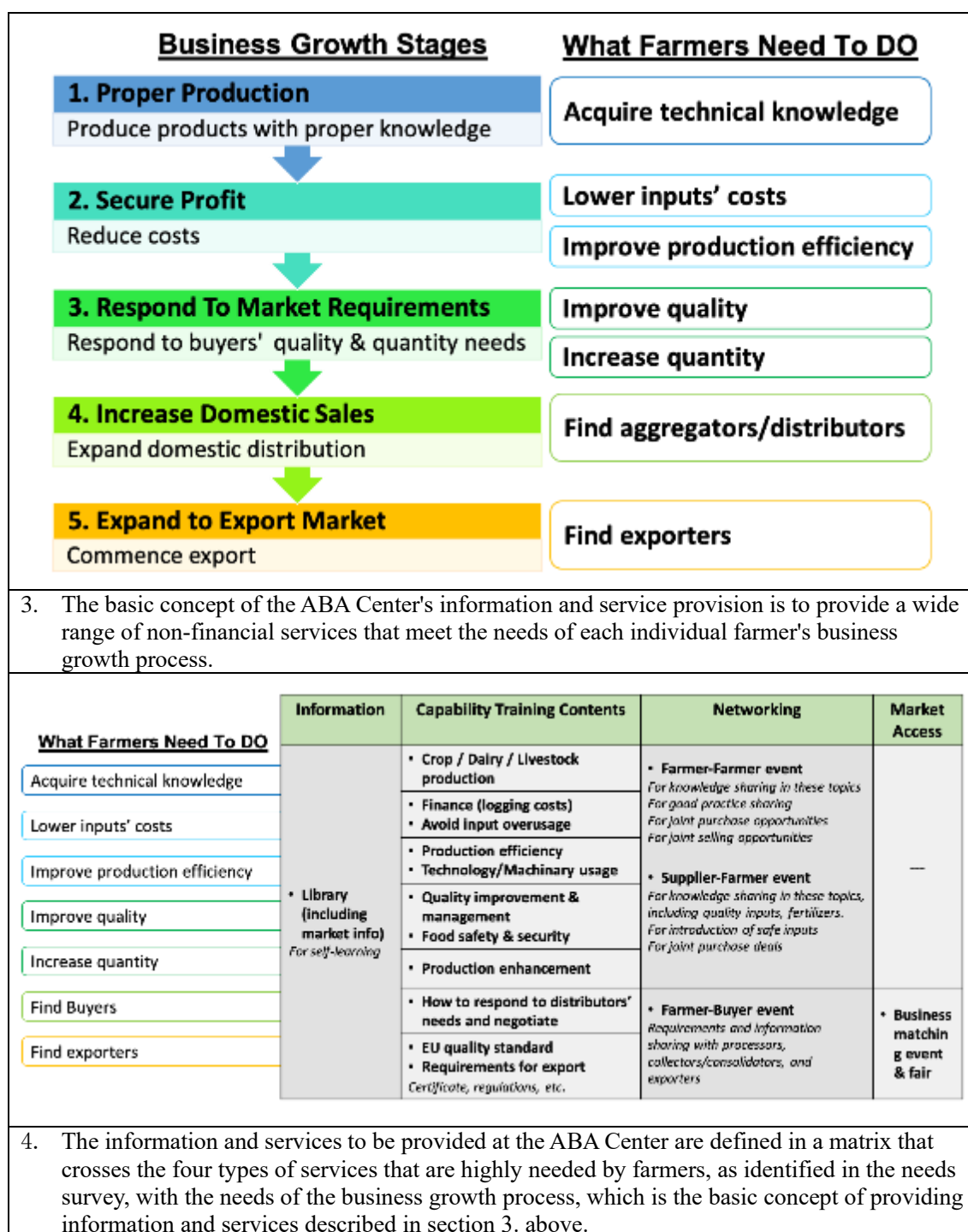
by the ABA Management Committee in June 2020 (Appendix 10-2). The main points of the business plan Stage I are shown in the following slides. ABA Centre activities under the Project were conducted on the basis of the ABA Business Plan Stage I.

ABA Business Plan development in 2 stages	
Stage 1: May 2020-Oct 2021	
Objective	Ensure common understanding on: <ul style="list-style-type: none"> • What ABA aims to achieve • How to achieve them • Why choose that way
Target audience	ABA Team (FED invest staff & JICA Consultants)
Key contents	<ul style="list-style-type: none"> • Vision & mission, principles • Marketing strategy • Operations strategy • Management ('ABA Team') • Activity plan
Milestones	Usage of service by 16,700 users
Stage 2: Nov 2021 onwards	
Objective	Way forward for sustainable operation of ABA Centre
Target audience	ABA Centre stakeholders & potential partners
Key additional contents	<ul style="list-style-type: none"> • Management & institutional set-up • Financing strategy & financial forecast
Milestones	?

- It was agreed with the FED invest officials that the ABA Center Business Plan would be developed, approved, and implemented in two phases: (1) the plan applicable during the project period in question, and (2) the plan after the completion of the project in question. As for (1), the plan was promptly put into action upon approval by the ABA Center Management Committee.

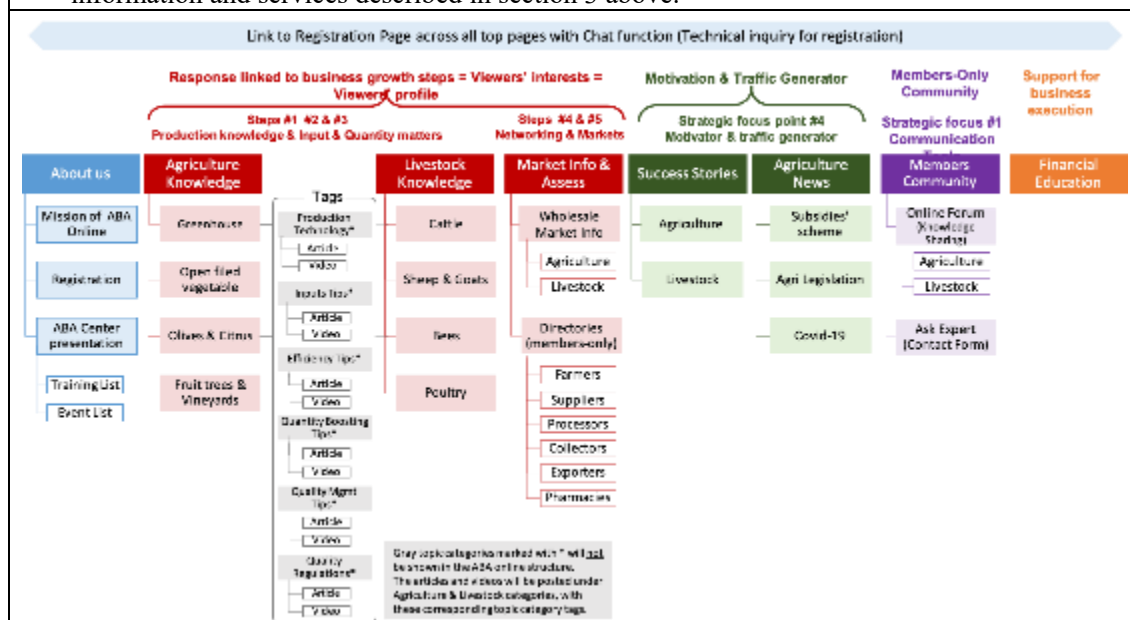
Vision	Non-financial services which meet the needs of Albanian smallholders for their business development, financial inclusion and poverty alleviation.
Mission	Provision of non-financial services which meet their needs in 4 pillars (information, networking, knowledge & capacity development, market access) through 2 media (face-to-face activities and digital platform).
Operating principles	<ul style="list-style-type: none"> • Customer centricity • Cost-effective operation for financial sustainability • High-quality, up-to-date service through partnership • ICT for cost-effective, user-friendly service outreach • Promotion of environmentally sound technology & agricultural practices

- Vision, mission and business development principles were clearly stated and shared within the ABA team and with stakeholders.

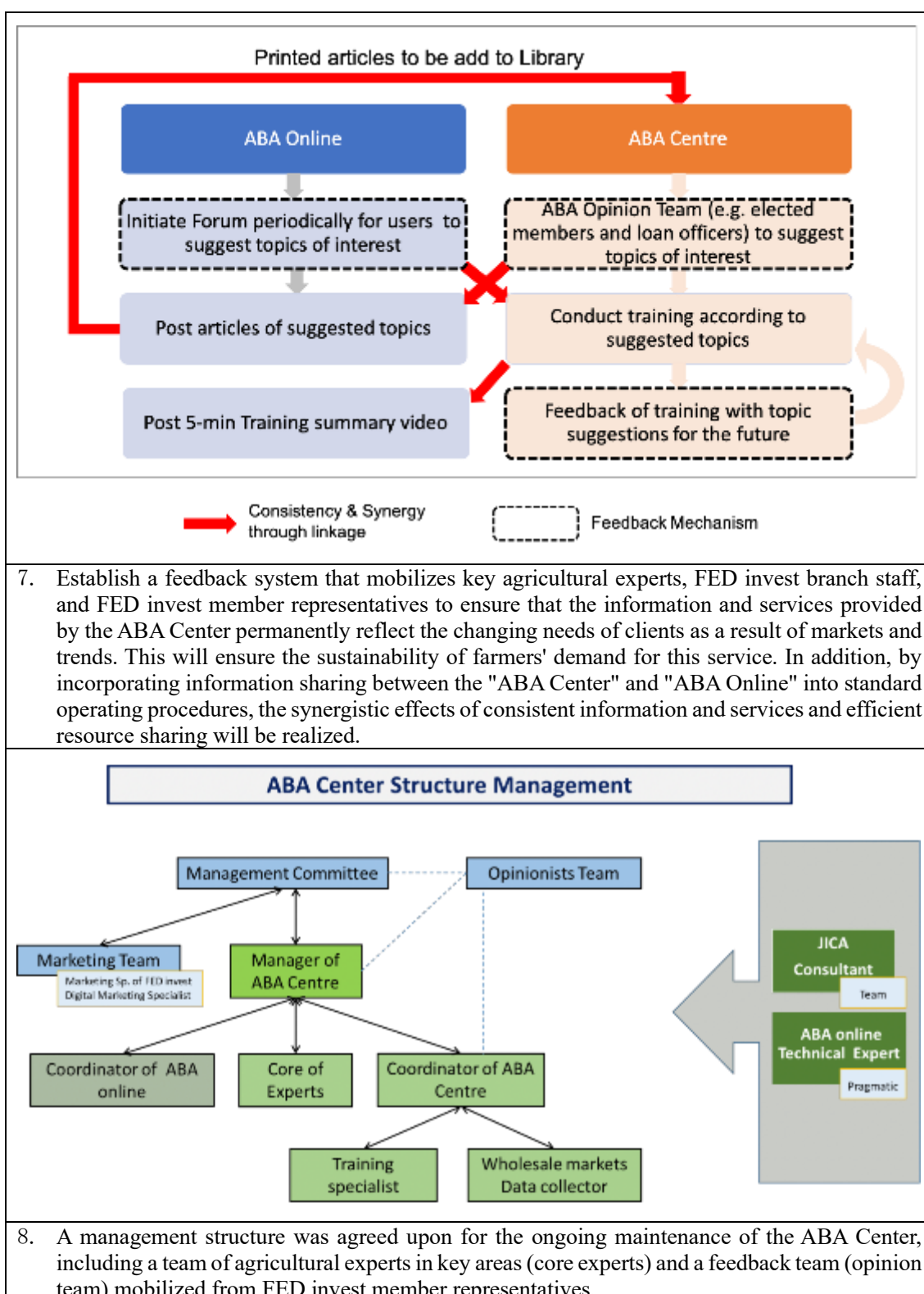


What Farmers Need To DO	Information	Capability Training Contents	Networking	Market Access
Acquire technical knowledge	• Information page (including market info) <i>For self-learning</i>	• Training videos <i>Record training at ABA Centre and past</i>	• Forum <i>For knowledge sharing and networking online.</i>	---
Lower inputs' costs	• Ask Expert (Inquiry form) <i>For questions to experts</i>		• Supplier directory <i>For deals and negotiations with suppliers</i>	
Improve production efficiency	• Supplier directory <i>For questions to suppliers</i>		• Farmer directory <i>For contacts to farm collaboration network (Co-op, or joint purchase)</i>	
Improve quality	• Farmer directory <i>To contacts for collaboration</i>			
Increase quantity	---	---	---	• Buyers directory <i>To approach potential buyers</i>
Find aggregators and distributors	---	---	---	• Exporters directory <i>To approach potential buyers</i>
Find exporters	• Information page <i>For self-learning</i>	• Training videos	---	

5. The information and services provided by ABA Online are defined in a matrix that combines the four types of services identified in the needs assessment survey as highly needed by farmers with the needs of the business growth process, which is the basic concept of providing information and services described in section 3 above.



6. The structure of the Digital Platform ABA Online is organized according to the matrix in 5 above. The three main functions of "Questions to the Experts" (individual technical advice), "Online Forum" (information sharing and networking function), and "Directory of Registered Users" (networking and business matching function) will be limited to registered users to promote user registration and the directory will be enhanced.



(3) ABA Center Management Structure

As mentioned above, in order to build an organization focused on sustainability, the Project

hired technical experts in various agricultural fields (6 core experts in greenhouse vegetables, livestock, etc.). In addition, the first team of farmer members (7 opinion team members consisting of FED invest members) involved in activities to promote the use of the ABA Center and its feedback function was hired by the project. The following innovations have been added for more effective utilization.

The primary roles of the core experts are to write technical articles, conduct technical training, respond to individual technical consultations received through the Ask Expert function, and participate in comments on forum discussions. An introduction of each expert was posted on ABA Online for the following three strategic effects.

- A disclaimer was added to the ABA online to reduce risk by taking the position that the ABA Center and the FiAS project are not responsible for articles, training, or advice provided by core experts.
- In light of the fact that farmers have pointed out that information and advice on production and inputs has traditionally been commercial in nature, making it difficult to obtain objective and reliable information, the ABA Center will enhance its credibility by having experts who are experienced, knowledgeable, and unrelated to commercial activities.
- By appealing to the objective and reliable nature of the information posted, we aim to increase interest and promote usage.

Since the role of the Opinion Team members is to promote ABA online and collect feedback from the field, they joined as promoters from the pilot. To motivate them, as well as the core experts, we have created an introduction for each member, which will be distributed in future newsletters.

Since timely information sharing, work confirmation, and opinion elicitation are essential for these core experts and opinion teams to achieve more effective results, it was decided to hold regular monthly meetings starting in September 2020.

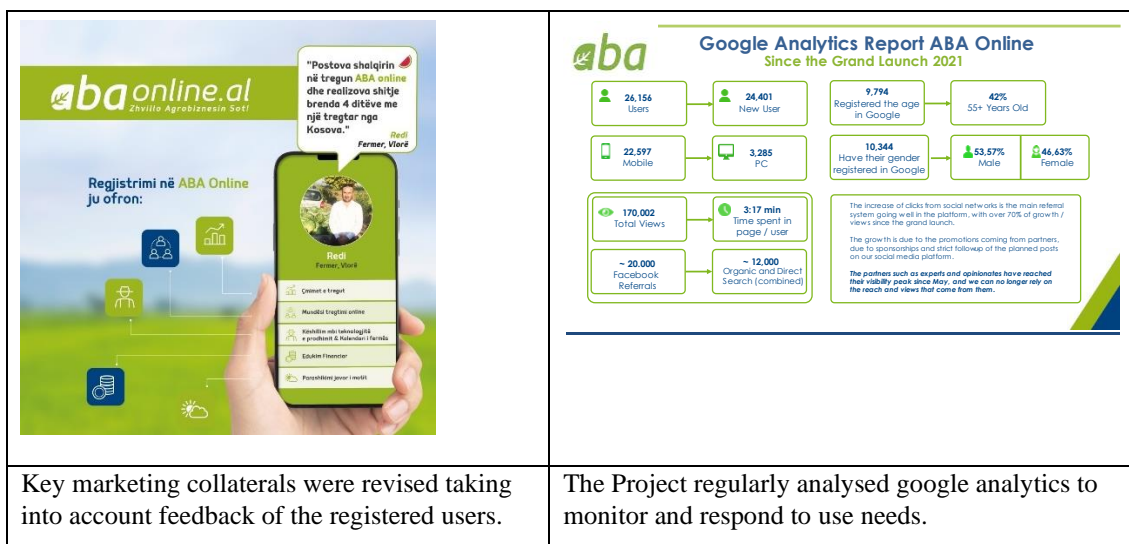
(4) ABA Online Pilot Activities and ABA online usability improvements

As mentioned above, there was little prospect for the resumption of face-to-face service provision (training, networking events) at ABA centers under the COVID 19 pandemic. However, in response to the momentum of growing needs for online services, it was agreed to proceed with the promotion of the use of ABA online, and pilot activities were conducted in some areas starting in July 2020.

The purpose of this pilot activities was to confirm the consistency between the direction of

content development on ABA Online and the needs of users, as well as the usability and online functionality, and to make improvements in preparation for the official launch (grand launch) of the ABA Center service.



The ABA Online pilot trial survey and the Pilot Promoter Survey were prepared in Google Forms format, and the standard process was for farmers who were introduced to ABA Online to trial ABA Online for 3 to 5 days, after which the promoter would follow up with them to have them complete the trialist survey. After the pilot, a Core Expert Meeting and Opinion Team feedback session was held to gather input from each member of the Core Expert Meeting and Opinion Team. The pilot survey was conducted in 2 phases and the feedback results were reflected in ABA online functionality and usability improvements. JICA consultant team expert, together with the ABA Team and Pragmatic Software, continued to work on ABA online functionality and usability improvements throughout the Project period in order to enhance ABA online user experience.



(5) ABA online promotion contests

In an effort to pro-active marketing of ABA online and to spur the number of registered users, 2 rounds of ABA promotion contests were held, the first round in 2020-21, which was participated by the FED invest branch staff, and the second round 2021-22 with participation of all registered users of ABA online. The ABA Online Promotion Contest has ended. The 2 rounds of contest processes helped spur increase of the registered users, though the final result was still short of the PDM Project Purpose indicator: as of the end of the second round (March 2022), the number of ABA online registrants was 10,592.

It is also noteworthy that the extension workers of the Ministry of Agriculture nationwide during the second promotion period and to create an opportunity to promote cooperation in the future. On the other hand, the involvement of other value chain partners in the promotion activities, which was initially positioned as one of the important goals of the second round of the promotion contest, was limited due to delays in ABA design and launch, restrictions of f2f activities and focus on increasing outreach as the first phase of the project. Leveraging activities between ABA and the network of input scheme traders, which took part in the input supply scheme due to Covid-19 outbreak, is a good basis for building future value chain models.

	<p>Geographical distribution of <i>abaonline.al</i> registered users</p> <p>The largest number of ABA online registered users are in the intensive agricultural areas of the country.</p> <p>ABA online, however, reaches out to all corners of Albania.</p> 
<p><i>ABA Top Promoter; First Place (second round)</i> Ms. Suzuka SUGAWARA handing out the certificate and prize to Mrs. Klaudia Panxhi, Digital Window Adviser, FED invest (Elbasani Region)</p>	<p>Geographical distribution of ABA online registered users.</p>

3.5.2 Outcomes

The general needs of the non-financial services to be provided by the Agri-Knowledge Center were identified in a needs assessment conducted in the first year of the Project. However, it then took some time to flesh out the methods and media for service delivery within the Project team, and in 2020, the non-financial services section was named the "Agro Business Assistance (ABA) Center". The ABA Center's services are structured to be provided both face-to-face and online via the ABA online platform, but due to the COVID-19 pandemic, few face-to-face training and networking events were held during the implementation period of this Project.²⁹ (Figure 2-12 below). Therefore, the activities of this Project were mainly limited to the online format through

²⁹However, many (92%) of those who attended the few in-person events indicated that they found the training and networking events useful for their business.

the ABA Online platform, and the Endline Survey described below is also mainly related to the use of ABA Online services.

ABA Online is an interactive digital platform launched in January 2021, and most of its users use it via a smartphone application. The main services include: (1) market price information, (2) online market, (3) expert advice on production technology and agricultural calendar (Ask Expert), (4) financial education materials, and (5) weather forecasts. According to the questionnaire survey, the most utilized functions were (1) market price information (used by 79% of respondents), (2) agricultural news (used by 46% of respondents), and (3) online market (used by 41% of respondents) (Figure 2-13 below).

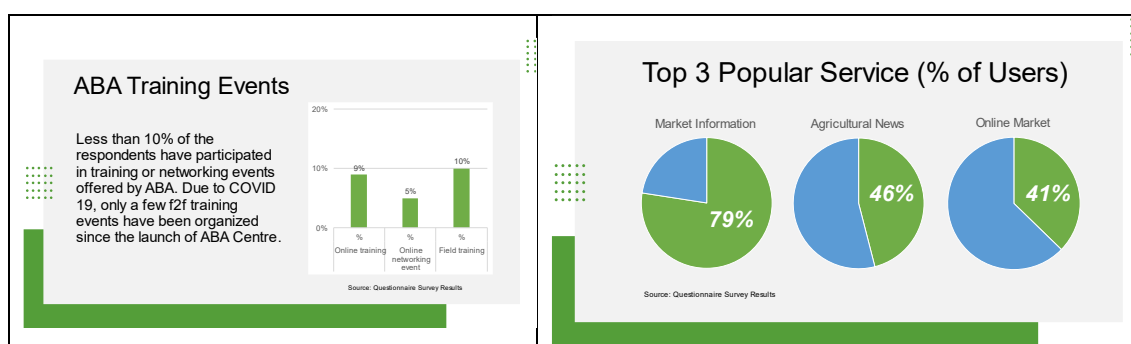


Figure 3-12 ABA Face-to-Face Service Participants Figure 3-13 Functions Utilized by ABA Online

With regard to the frequency of use of ABA Online, more than half (56.4%) of the questionnaire survey respondents who are ABA Online registrants use the ABA Online tool at least twice a month. In addition, 37.4% of the questionnaire respondents who are ABA Online registrants use ABA Online weekly. (Table 2-5 below).

Table 3-14 Frequency of ABA Online Use

frequency of use	Number of Respondents	Proportion (%)
At least once a week	59	37.4
Multiple times per month	30	19.0
Less than once a month	52	33.0
Used only once so far	17	10.6
total amount	158	100.0

Source: Questionnaire survey

Furthermore, 71% of ABA service users stated that they now use FED invest financial services more frequently than before, indicating that ABA services may lead to the use of financial services and suggesting that the provision of non-financial services may promote financial inclusion (Figure 2 below -14).

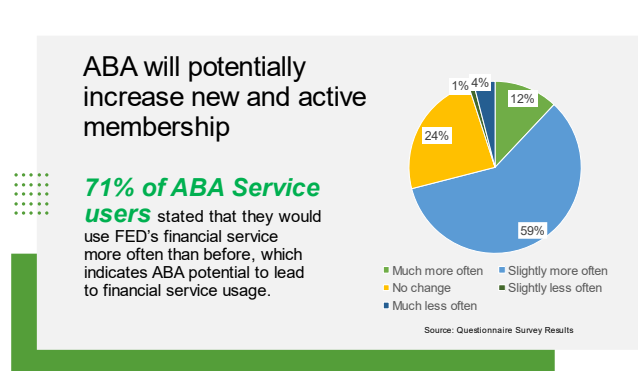


Figure 3-15 Use of ABA Online Could Lead to Greater Use of Financial Services



I was not a member of FED invest, but about a year ago a friend of mine invited me to attend one of the ABA Center's training events to learn about new technologies related to growing my vegetables. After attending the event, I became a member of FED invest and recently received my first 100,000 lek loan. I will use this loan to invest in implementing the new technologies I learned about at the ABA Center training.

- Lushnje Bublime Branch Member

3.6 Activities and Outcomes of Service Access Improvement and Expansion Plan Development

The expected outcomes of this activity are as follows.

Expected outcomes from the development of the Service Access Improvement and Expansion Plan

- Ways and tools to expand access to financial services will be identified and reflected in the FED invest business plan.

3.6.1 Activities

Expected outcome of Output 3 of the Project is "Expansion of FED invest's financial and non-financial services (regionally) through new CBS and related hardware and digital technology", which includes the expansion of FED invest's service delivery area as targeted in Indicator 3-1. In terms of service area expansion, at the beginning of the project, it was assumed that the Project

would mainly focus on opening new physical branches and providing services to customers in mountainous and remote areas that are currently outside of the service areas, where physical outreach is difficult. However, through the Project activities, it became clear that there were significant disparities in the level of activity of FED invest branches across the country, and it was concluded that the first step towards "regional expansion of service provision" would be to activate the already existing branch network, while at the same time digitizing it to be more effective. Furthermore, the COVID-19 Impact Survey conducted in May 2020 also revealed that the demand for digital banking services that do not involve physical visits to branches has grown among FED invest members due to the pandemic in 2020. In this context, various initiatives to promote digital banking services became important in achieving the project objectives. The Project therefore conducted the following three activities in response to the launch of the FED Online digital banking service.

(1) Creation of financial education modules for digital banking services

As described in 3.3.1, one of the activities under Output 1 was the development of financial education materials for members. Module 5 of the five modules of financial education materials was on the subject of FED Online, with the aim of improving digital literacy of FED invest members, showing them the benefits of digital banking and how to use it, and promoting the use of FED Online. These materials, in the form of topic-specific leaflets or a four-part booklet, have been distributed to branches after the launch of FED Online in April 2021 in key regions, and have been made available for members to pick up and take home when they visit branches, or for loan officers and digital advisors to use when explaining FED Online to members in person.

In addition to the paper-based financial education materials (i.e. leaflets and booklets), the same content was made available on ABA online and on the FED invest website³⁰ and video materials were also created and uploaded on YouTube³¹.

Table 3-15 List of topics in Financial Education Module 5 (Digital Banking)

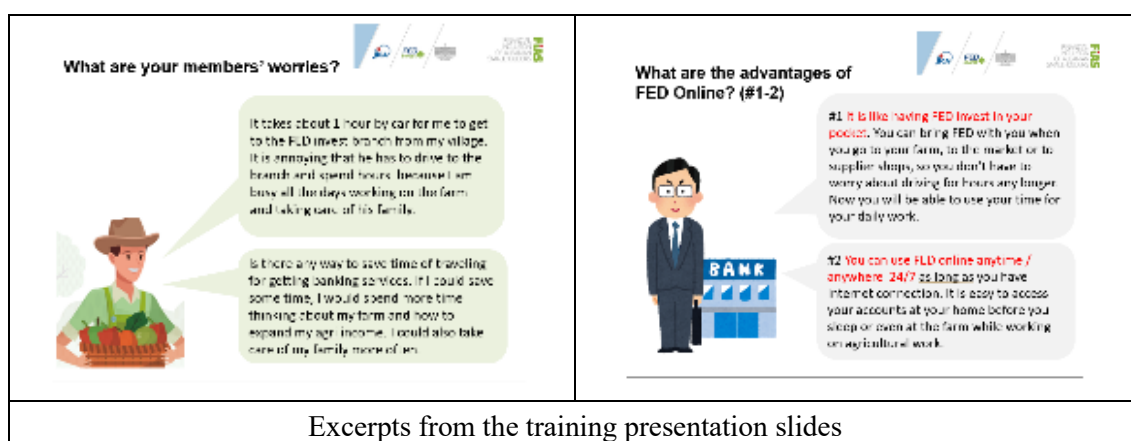
	Topic	Contents
1	Why go Internet banking?	Advantages of Internet Banking Overview of FED online
2	How to access and register FED Online?	How to apply and register for FED online FED online security measures
3	Let's enjoy a variety of FED Online services	Introduction to financial services available on FED online
4	Frequently asked questions	Frequently asked questions and answers

³⁰ <https://www.fedinvest.al/sh%C3%ABrbimet-jo-financiare/edukimi-financiar/fed-online-internet-banking/>

³¹ <https://www.youtube.com/watch?v=5rniQUPJliw>

	
Module 5 booklet cover	Topic 2 How to use FED online page 1
	
A scene from a video teaching material uploaded to YouTube	

The first topic "Why go Internet Banking?" is particularly important for communicating the benefits of digital banking services to members and attracting new users, and therefore, staff training on the topic and effective communication and promotion methods for members was conducted in October 2020 as one of the topics in the Customer-Centric Staff Training. The training included group work and discussions on how to effectively communicate the benefits of digital banking among the branch staff who actually promote the service.



(2) Developing marketing strategy for digital banking services

For digital banking services to be utilized by FED invest members and to contribute to expansion of their service areas, effective marketing activities need to be carried out based on an appropriate marketing strategy. The Project supported development of this strategy. As mentioned earlier in this Report, the Strategic Marketing Plan, which is applicable to FED invest's overall operations was developed and that Strategy also encompassed marketing strategy for digital banking services from the view point of efficiency.

(3) Installation of digital windows

The project aimed to expand the customer base and installed digital windows in seven branches (Tirana/Don Bosco, Lushnje, Elbasan, Fier, Vlore, Gjirokastra and Divjaka) in line with the Strategic Marketing Plan. This activity was not included in the original plan, but was introduced in response to the growing need for digitalization in the context of the COVID 19 pandemic. The digital window is equipped with TV monitors and a digital signage system that automatically distributes information and videos on FED invest products. In addition, one digital advisor was hired at each location (seven in total) to explain products and provide financial education and other customer services, and to support capacity building.



3.6.2 Outcomes of the activities

(1) Internet banking services (FED Online)

Output 3 in the PDM of this Project is "Expansion of (geographic) financial and non-financial services of FED invest through new CBS and related hardware and digital technology". This specifically refers to the expansion of FED invest's service delivery area under Indicator 3-1: the expansion of COVID-19 pandemic in 2020 led to a greater demand among FED invest members for Internet banking since it does not involve physical visits to branches. The COVID-19 pandemic Impact Study conducted by the Project in May 2020 found that the pandemic had a significant impact on the FED invest members. Therefore, the Project worked to promote internet banking services (FED Online) as an activity to improve and expand service access. The two main activities were (1) FED invest's monitoring of progress and provision of advice until the nationwide launch of FED Online, and (2) development and dissemination of financial and digital educational materials to promote FED Online. FED Online was piloted in 2020 in some branches. After the pilot phase, it was launched nationally in November 2021. The Endline Survey questionnaire also contained questions about the use of FED Online. The following are the main findings of the survey.

- ① 25% of the respondents were already registered with FED Online.
- ② There is no difference in registration rates between men and women.
- ③ The more highly educated segment of the population has higher enrollment rates.
- ④ 60% of registrants use the system to inquire about loan repayment schedules, and 30% use it to inquire about current account information.

(Source: Questionnaire survey)

First, with regard to (1), although the national launch was delayed to the end of the Project (5 months before the time of the survey) due to the COVID-19 pandemic and other factors, about 1/4 of the surveyed population has already registered with FED Online, which is a reasonably good registration rate. As Figure 2-10 shows, about 10% (14 of 122) of respondents who read the financial education materials registered for FED Online. The active call for registration by digital advisors has been successful, and the number of registered members quickly increased with the service launch. The majority of FED online registrations was assisted and completed by digital advisers. However, according to the interviews conducted under the Endline Survey, the number of members who have actually conducted some kind of transaction on FED Online is small. (Currently, the service is limited to functions such as account history, loan repayment schedules, and member-to-member transfers.)

As for (2), there was no significant difference in the registration rate of male respondents (24%) and female respondents (27%).

As shown in the table below, the registration rate tends to increase as the educational level of the respondents increases. The educational level of the respondents seems to be related to their digital literacy, suggesting the need to focus on digital education, especially for those who have not graduated from college, in order to improve the registration rate of FED Online.

Table 3-16 FED Online enrollment rates by education level

		register ed	unregis tered	total amo unt
Up to middle school	Number of people	10	46	56
	Percentage within the same education level	17.9% (in %)	82.1% (1)	100. 0
high school	Number of people	20	61	81
	Percentage within the same education level	24.7% (in %)	75.3% (%)	100. 0
post-secondary education institution, incl. university, college, etc.	Number of people	9	11	20
	Percentage within the same education level	45.0% (in %)	55.0% (1)	100. 0
total amount	Number of people	39	118	157
	proportion	24.8	75.2% (%)	100. 0

Source: Questionnaire survey

When asked what they use FED Online for, 60% of the registrants indicated that they use it to access their loan repayment schedule. In addition, 30% of registrants indicated that they use FED Online to check current account information, such as transaction history and balances. On the other hand, only 6% of the registrants were using FED Online to conduct actual financial transactions such as member-to-member transfers. For small farmers, the primary membership segment of FED invest, the use of current accounts to transfer money among small farmer members is extremely limited, as confirmed by these results. Therefore, in order to improve the convenience of FED Online, interbank transfer function is expected to be introduced to FED invest.

Table 3-17 FED Online features in use

	the number of people	Proportion (%)
Member-to-member transfers through current accounts	3	6
Loan Repayment Schedule Inquiry	29	62
Savings account information (savings amount, schedule, etc.)	6	13
Checking account information (history, balance, etc.)	17	36
Other	4	9

(n=47) Source: Questionnaire survey

(2) Activities to expand access through digital windows

The Project installed digital windows in seven branches (Tirana/Don Bosco, Lushnje, Elbasan, Fier, Vlore, Girokastra, and Divjaka) to serve as hubs for digital and financial education for clients, in line with the strategic marketing plan, and supported the training of digital advisors who are responsible for customer service. The table below shows the results in terms of the number of users of new products and services through the digital windows. The digital advisors are digitally-savvy and generally young, enthusiastic staff pro-active mobilization/offering of their technical support for the customers generated some success in promoting FED Online and ABA Online. In interviews with customers, many expressed appreciations for the detailed support provided by the digital advisors (e.g., how to download and use the applications). On the other hand, as it is a new initiative and very challenging in many aspects, the program has not been as successful as expected in attracting new members, and the cost-effectiveness of the 10 months of results needs to be examined.

Table 3-18 Outputs of registrations through the digital window

Branch name	Don Bosco	Lushnje	Elbasan	Fier	Vlore.	Divjaka	Girokastra	total amount
FED Online Number of registrations	120	73	292	139	102	63	51	840
Number of current accounts opened	5	24	59	24	2	21	7	142
ABA Online Number of registrations	16	206	406	228	72	131	171	1,230
utility bill payment Number of services used	16	66	219	133	342	203	128	1,107
Number of other products used	30	10	42	8	5	14	3	112
Number of new member registrations	2	27	46	2	5	20	9	111

Source: FED invest MIS, data through mid-March 2022

Interviews conducted with the digital advisors under the Endline Survey revealed the following opinions:

- Visiting other branches in the vicinity is effective for acquiring new customers (i.e. rather than just staying at the branch the digital advisor is officially assigned).. I would like to actively visit other branches in the future;
- Explaining how to open a current account was very helpful to the clients, although many were skeptical of digital services due to their age group and found it very difficult at first.
- Promotional activities at neighboring universities are a possibility and we would like to consider implementing them in the future;
- Customer satisfaction has increased due to a greater variety of products and services;
- Modern digital equipment has been installed in the branch, which has improved the image of FED invest;
- While digital training is important, we realize that face-to-face customer communication is still the most important. The Project's communication training was helpful. (description in section 2.4.2 of this Report); and
- It would be more effective if digital advisors could also be involved in checking loan application and other procedures.

3.7 Activities undertaken to address the impact of the COVID-19 pandemic on small farmers in Albania

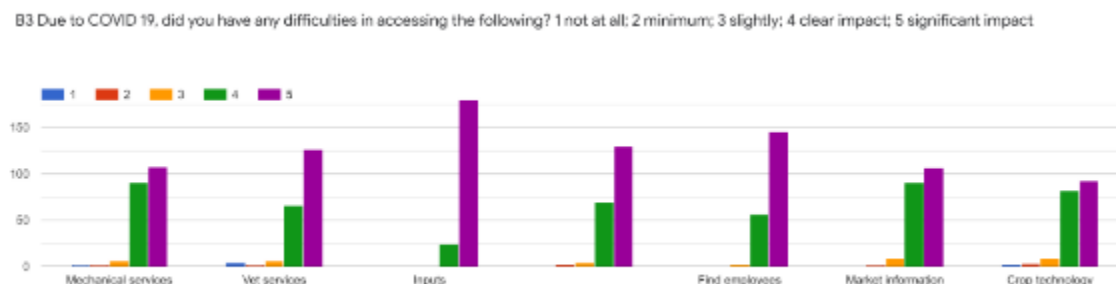
3.7.1 Activities

(1) Conducting a survey on the impact of COVID-19 pandemic on small-scale farmers

In order to investigate the impact of the pandemic on small farmers in Albania, a questionnaire survey was designed and conducted to 205 FED invest members across the country in May 2020. The target population of the questionnaire survey was small and low-income farmers who are usually below a certain annual income threshold (1,000,000 ALL). The survey was conducted through the FED invest branch network and was conducted through telephone survey by the branch staff.

The main findings from the analysis of the responses are as follows. (i) difficulty in accessing agricultural inputs and agriculture-related services as a result of the pandemic; (ii) high willingness to engage in online financial transactions; and (iii) high demand for financial services such as emergency loans and agricultural insurance. It was found that most respondents especially

cited difficulties in accessing input goods³² as a significant impact of the pandemic. (See figure below). (See Appendix 7 for a summary of the survey results).



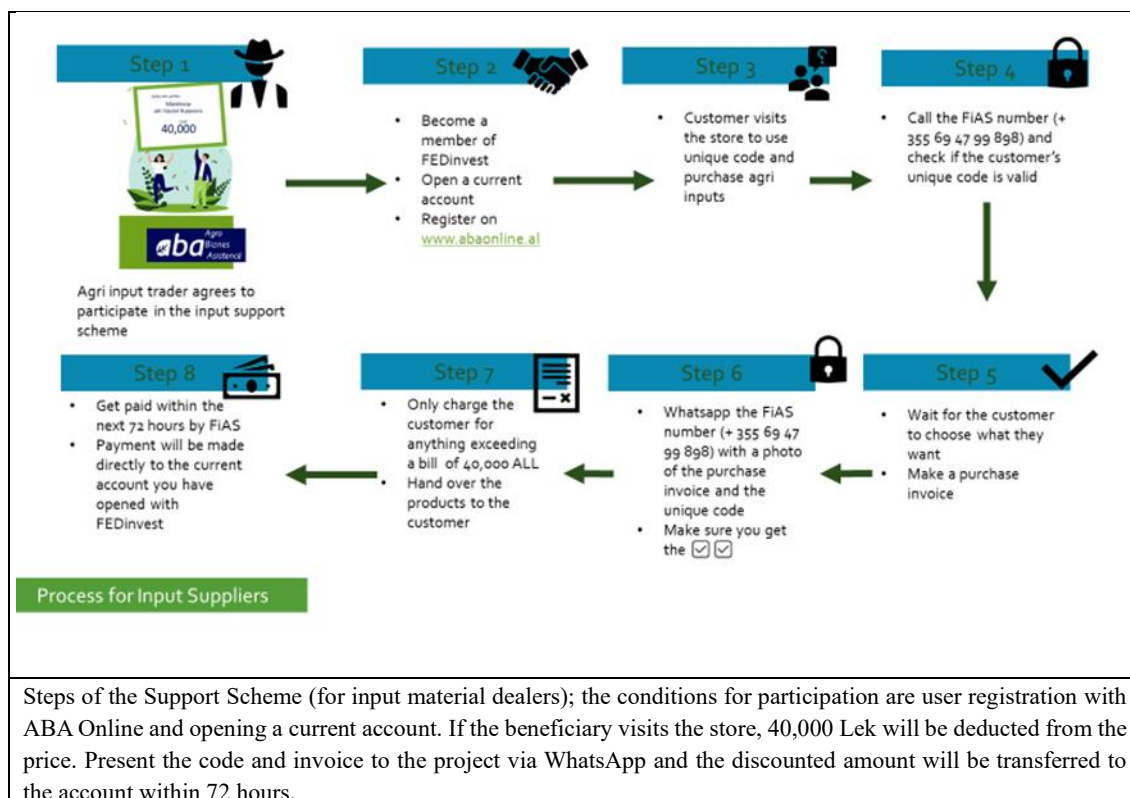
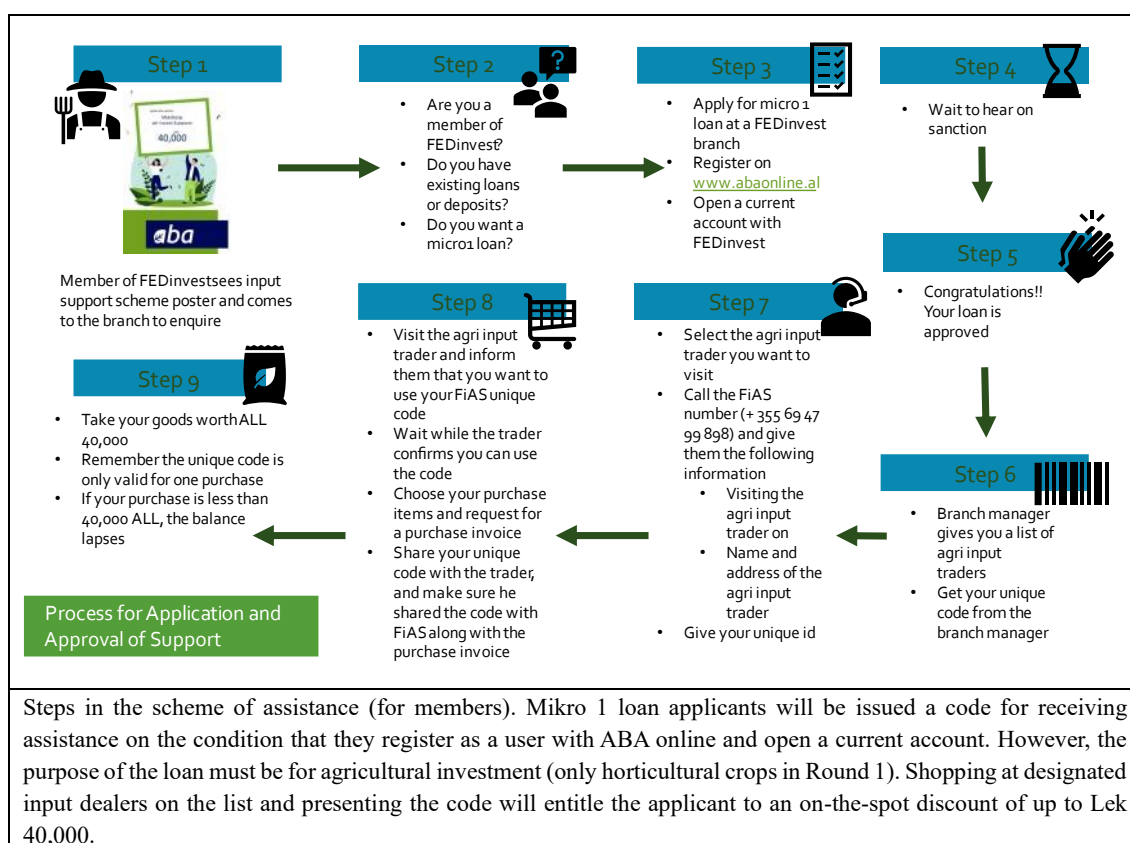
Source: Questionnaire Survey on COVID 19 Impact on Albanian Smallholders, FiAS Project, May 2020

Figure 3-16 Impact of the COVID-19 pandemic survey results

(2) Implementation of the Input Support Scheme

Based on the results of the above survey, the Project provided support to 250 farm households that newly applied for a microloan for agricultural purposes (Mikro 1) to FED invest between August and November 2020, up to 40,000 ALL per household in order to support impoverished small-scale farmers affected by the pandemic to continue farming (investment). The "Support Scheme for the Purchase of Agricultural Inputs" (hereinafter referred to as Round 1) was implemented to support the purchase of agricultural inputs such as seeds, fertilizers, and chemicals up to 40,000 ALL per household. The main objective was to help small-scale farmers continue to invest in agriculture by supporting the purchase of agricultural inputs whose prices had increased due to the pandemic. Another objective was to promote the use of current accounts and ABA Online by requiring members and input dealers to open current accounts and register with ABA Online. The specific flow of the scheme is as follows.

³² Inputs are physically available (i.e. being sold) in villages, but their accessibility is limited for the farmers due to higher prices and lower farm incomes.



The First Round was well received by beneficiaries and input material dealers who cooperated with the scheme, and it was decided to increase the number of beneficiary households to 1,000 and conduct a second round for members nationwide outside FED invest's main business area³³, which was not covered in the first round. Applications for Round 2 began to be received in April 2022 and by September 2022, a total of 1,000 applications had been approved and the scheme completed. (A total of 1,250 applications were approved in Round 1 and Round 2.)

Table 3-19 List of target areas for Round 2 of the Input Timber Purchase Support Scheme

Round 1 Regions (Total 6) and Branches (Total 39)				Round 2 Regions (Total 15) and Branches (Total 21)			
DISTRICT	BRANCH			DISTRICT	BRANCH		
1 TIRANE	1	UNAZA E RE	8 VLORE	27	RRUGA E RE	2	POGRADEC
	2	PAZARI I RI		28	HIMARE	13	POGRADEC
	3	PETRELE		29	SKELE	14	ÇERRAVE
	4	BARZEZE		30	ORIKUM	15	KORÇE
	5	KASHAR	10 FIER	31	NOVOSELE	16	BILISHT
	6	VORE		33	VAJKAN	17	LIBRAZHID
	7	KAMEZ		34	LEVAN	18	PRRENJAS
	8	MARIKAJ		35	FIER	19	GRAMSH
	9	ZALLHERR	11 LUSHNJË	36	SVA	26	PEQIN
	10	SALUK		37	FIER 2	32	SARANDE
	11	TIRANA E RE		38	DAULLAS	46	SHKODER
	12	21 DHJETORI		39	KEMISHTAJ	47	BUSHAT
6 ELBASAN	20	ELBASAN	17 BERAT	40	LUSHNJË	48	KOPLIK
	21	MOLLAS		41	REMAS	49	LEZHE
	22	GJINAR		42	KRUTJE	50	PERMET
	23	BELSH		43	ÇERME	51	DYRRRAH
	24	CERRIK	17 BERAT	44	DIVJAKE	52	SHIJAK
	25	KUQAN		45	BUBULLIME	53	MANZE
				54	BERAT	57	KAVAJE
				55	URA VAJGURORË	58	GJIRKASTER
				56	KUÇOVË	59	KUKES
						60	LAÇ
Agri Loan Year 2020				Total Round1			
Sum of sanctioned loans:				2353			
Percentage:				86%			
Sum of active member:				56176			
Percentage:				76%			
				Total Round 2			
				374			
				14%			
				18027			
				24%			

³³ The six regions are Tirana, Elbasan, Vlore, Fier, Lushnje and Berat.

3.7.2 Outcomes of the activities

(1) Effects on Small Farmers

The questionnaire survey and interviews revealed that Round 2 of the Input Purchase Support Scheme had the following positive effects on FED invest member smallholder farmers

- (1) 27% of beneficiaries used input material dealers they had never used before
- (2) 79% of beneficiaries received new agronomic advice from input dealers visited by the scheme
- (3) 77% of beneficiaries purchased the inputs they normally use, but in larger quantities than usual
- (4) 27% of beneficiaries purchased inputs they had never used before
- (5) Agricultural production in 2021 for 72% of beneficiaries increased compared to previous years (average increase of 16%)
- (6) 77% of beneficiaries increased their agricultural income in 2021 compared to previous years (average increase of 15%)

Source: Questionnaire survey

Regarding (1) and (2), since FED invest selected in advance the shops where beneficiaries could purchase input materials in the scheme and limited them to the stores that have agreed to cooperate in implementing this scheme. The inclusion of new stores that traded agriculture inputs led farmers to obtain new agronomical advice from traders who owned / possessed such stores. In addition, in some cases, the farmers were able to purchase larger quantity of inputs or encouraged to try new products despite the prevailing price-hike ((3), (4) above). It can be said that the purpose of supporting the continuation of agricultural investment by small-scale farmers was achieved because it provided an incentive to try out the input materials. It is noteworthy that as a result of obtaining new information and input materials, more than 70% of beneficiaries were

Visit to a new input material store under the Input Material Purchasing Support Scheme I bought fertilizer and pesticide following the advice of the clerk. Following the clerk's advice, I purchased fertilizer and insecticide. The company made the following changes: 30% increase in production as a result of using purchased inputs. The quality of the peaches has also improved, and the unit sales price has increased by 50 leks per lek. The number of leks/kg increased from 80 to 90 leks/kg, a 60-80% increase from the previous year.

As a result, income from peach production this year increased by more than 30%. I would like to use the same input material in the future.

-Mr. Qemal Terziu, Peach Farmer, Elbasan



able to increase production volume and agricultural income more than usual as in (5) and (6) above. It can be said that it is an achievement that is clearly shown by the respondents.

(2) Effect on FED invest

The findings confirm that Round 2 of the Input Purchase Support Scheme had a positive effect not only on small farmers, but also on FED invest's business, and thus on the financial inclusion of small farmers, in the following four ways:

- (1) New members (15% increase), new loans (20% increase)
- (2) Continued investment in agriculture by existing members and strengthened loyalty to FED invest
- (3) Opportunity to pilot new services (current account and ABA Online)
- (4) Increased collaboration with VC actors, suggesting the possibility of VC financing.

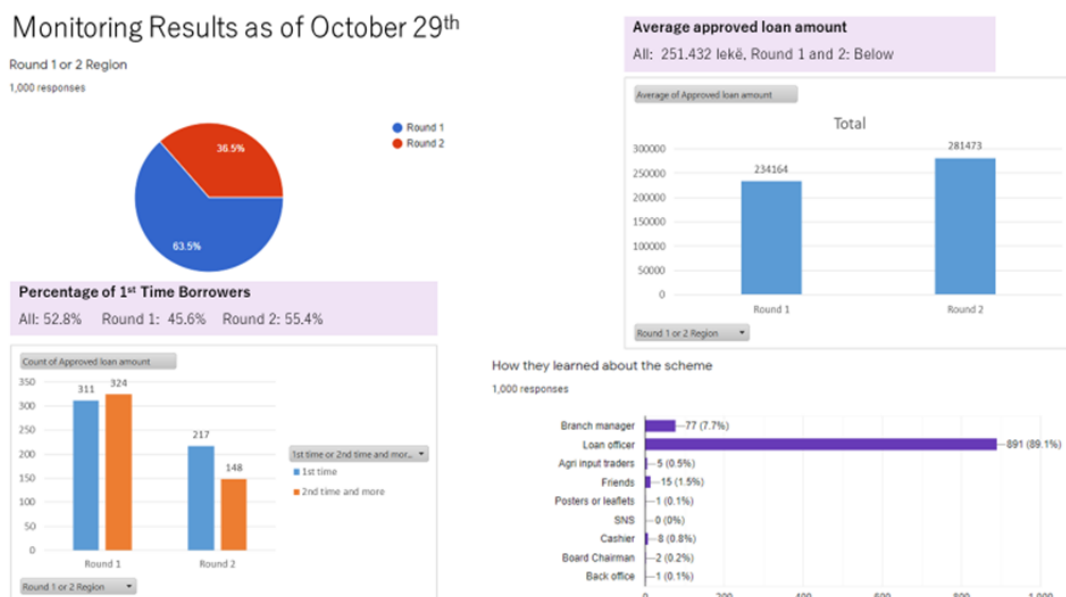
Sources: interview results, FED invest MIS data, etc.

1) Acquisition of new members

As the upper left-hand chart in Figure 3-1 shows, 64% of the 1,000 beneficiaries were in the "Round 1 region" (i.e., the traditional operating areas of FED invest that were also covered in Round 1), and the remaining 36% were in the "Round 2 region" (i.e., the new operating areas of FED invest that were newly covered in Round 2 region) members. As the table at the bottom of Table 3-1 shows, compared to the fact that 86% of loan applications in 2020 before the implementation of the input material purchase Support scheme were in the "Round 1 region" and 14% were in the "Round 2 region," the implementation of this scheme appears to have contributed to new loan development in the "Round 2 region. This result was achieved partly due to the fact that, after repeated discussions within the Project team, applications from the "Round 1 Region" were closed in the mid-way of the Round 2 implementation, and a period of time was set aside to accept applications only from the "Round 2 Region".

As the figure below left shows, 46% of the applicants were first-time loan applicants in Round 1 regions, 55% were first-time loan applicants in Round 2 regions, and the national average was 53%. Therefore, it can be seen that FED invest has gained new members nationally (and a higher percentage in the new operating regions) through the implementation of this input material purchase Support scheme.

Data from FED invest's MIS show that Round 2 of the Input Purchase Support Scheme increased FED invest membership by 15% and the number of loans by 20%.



Source: Results of Round 2 Monitoring of the Input Purchase Support Scheme

Figure 3-17 List of results of the second round of the input material purchase support scheme

2) Strengthen loyalty of existing members

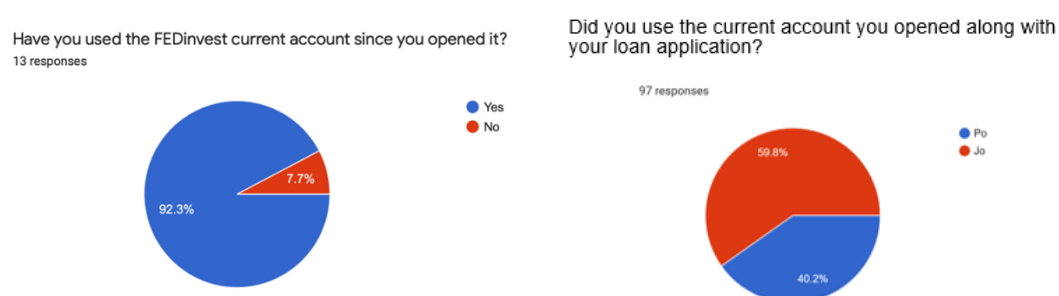
Ninety-nine percent of the questionnaire survey respondents indicated that the Input Purchase Support Scheme helped them. As mentioned earlier, the input purchase support scheme helped FED invest members to continue their agricultural investments and increase their agricultural production and income. Many respondents said throughout the interviews that they had not received similar support from other Albanian organizations. In Albania as a whole, there is a culture of thinking that it is better not to trust a good story, and many commented that they were initially skeptical when they heard the explanation of this Scheme and were surprised when they actually received the support as described. For these reasons, the Scheme has further enhanced the trust in FED invest which has always supported the member farmers at the time of natural disaster, with 87% of respondents saying that they want to use FED invest's financial services more often than before. Thus, it can be said that the Input Purchase Support Scheme contributed not only to FED invest's acquisition of new clients but also to the retention of existing clients.

3) Opportunities to test and offer new services

As mentioned above, both Round 1 and Round 2 of the Input Purchase Support Scheme were implemented with one objective in mind: to promote the use of a new financial service, current accounts, and a non-financial service, ABA Online.

The figure below shows the results of a survey of Round 1 participants conducted in December

2020, in which more than 90% of input dealers and more than 40% of member farmers indicated that they actually used the current accounts opened under the scheme afterwards (input dealers are basically supposed to use the current accounts because the scheme mechanism allows reimbursement of advances through current accounts). Thus, one of the Outputs of the input purchase support scheme is that it has provided an opportunity for agribusiness operators and small farmers in Albania to be exposed to new financial services.



Source: Results of Round 1 questionnaire for the input material purchase support scheme

Figure 3-18 Percentage of current account utilization by participants in the Input Materials Purchase Support Scheme
(Left: input material store, Right: farmer)

4) Strengthening of cooperation with VC actors

In the Survey among input dealers after the completion of the first round, all responding dealers stated that they were proud to have participated in the Scheme and to have been able to help farmers in Albania who were struggling, and many said that they were happy because the farmers were happy. Many of the input dealers interviewed also indicated that they had gained new customers as a result of participating in the input purchase support scheme, and many had gained new connections with FED invest.

One of the reasons for the secondary effects on small farmers described in 3.2.1 (i.e., income enhancement through the use of agronomic advice, which was not initially expected as part of the scheme design) was that many of the input dealers linked to the Scheme were ABA Online users, and many of them were very active in promoting ABA Online. ABA Online contains information on various crops and inputs, and the core experts who provide this information are leading experts in the fields of agriculture and dairy farming in Albania. Therefore, some of the agronomic staff of the input dealers showed the relevant information pages of ABA Online to their customers as information to support their agronomic advice, thus gaining the trust of their customers and encouraging them to use ABA Online. In this way, the input purchase support scheme also contributed to the diffusion of ABA Online.

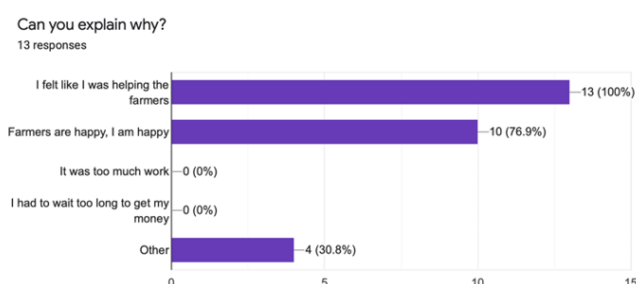


I recommend to my customers to purchase inputs that are 50% more expensive than other stores. Small farmers tend to buy the cheapest and low-quality inputs, but using high-quality fertilizers produce more quantity of higher quality crops, so buying higher-priced inputs should be always good investment for the farmers. I was very happy to see a recent article by an expert on ABA Online recommending inputs from my store. Now I can recommend this fertilizer to my customers with more confidence than before.

-Mr. Valdet, input material dealer, Bubullime, Lushnje

Source: interview transcript of the consultant team's July 2021 visit

Many input dealers indicated that their customers usually purchase inputs at the beginning of the season on an informal agreement with the input dealer to 'make the payment on a later basis' and pay for them after the production is harvested and sold. The fact that many farmers were able to increase their agricultural production and income by purchasing larger quantities or higher quality inputs through the Input Purchase Support scheme suggests the possibility of value chain finance, in which FED invests help farmers purchase inputs in the form of loans rather than assistance. This suggests that FED invest could be a value chain financier that helps farmers purchase inputs in the form of loans rather than support. In this regard, FED invest has also indicated its willingness to do so as a priority action for the future.



Source: Results of Round 1 questionnaire for the input material purchase support scheme

Figure 3-19 Feedback from input material dealers on the input material support scheme

20 customers in my store for the input material purchase support scheme have arrived. Twelve of these were new customers, and some have since become regular customers. with FED invest.

The ties with FED invest are now much stronger than ever. The head of the company (pictured left) and I introduce each other's clients to each other and to the new requesting the introduction of a new financial service (bank to bank transfers). I have been doing this and more.

-Mr. Ilmy Syla, owner of input material dealer, Kukes



Through both the first and second rounds of the input purchase support scheme, a total of 1,250 small farmers were assisted in purchasing agricultural inputs totaling 50 million Albanian leks. Not only did the Scheme achieve its original objectives of sustaining small farmers' investment in agriculture and promoting access to new financial/non-financial services, but it also had a number of secondary effects in advancing financial inclusion in Albania. Although the Input Purchase Support Scheme was an "outside the box" activity, designed and implemented in a response to COVID-19 (i.e. not stipulated in the Project's PDM). It is worth mentioning that the Scheme was able to achieve these results thanks to the wisdom and efforts of all parties involved, including JICA, FED invest, input dealers, and the Japanese consultant team.

Chapter 4: Results of Review of the Project

4.1 Results of Review based on DAC Evaluation Criteria

The Project held Quarterly Monitoring Meetings (QMM) with the participation of the project implementation team every quarter throughout the implementation period to monitor the progress of project activities and the achievement of the indicators indicated in the PDM. The QMM was held every quarter with the participation of the project implementation team. Many of these meetings were attended not only by the direct project implementation team, but also by officials from JICA headquarters and the Balkan office. In addition, based on the results of the QMM review, the project team has written a monitoring sheet every six months and submitted it to JICA Headquarters via the JICA Balkan Office. Furthermore, as a culmination of these results, a final project seminar was held in May 2022 with the attendance of the Albanian Minister of Finance and Economy and the Japanese Ambassador to Albania, bringing together Albanian financial inclusion and rural development stakeholders to share the project results with the relevant parties in Albania. Furthermore, at the 7th JCC, which was held immediately after the above final project seminar, the PDM indicators and the analysis of the reasons for non-achievement of the indicators, as well as lessons learned from the project implementation team through their experience in the activities.

The information and collected through the above-described process of continuous monitoring activities as described above were analyzed and comprehensively reviewed from the perspective of the six evaluation items, and the details of the evaluation items are listed below.

4.1.1 Relevance

The Project is considered to be reasonably highly rated with this evaluation criteria for the following reasons.

Consistency with Albanian government policy

At the inception of this project, the Albanian National Strategic Plan for Economic and Rural Development (2013-2017), with regard to the role of financial inclusion, stated that "the banking sector does not provide sufficient financing," while "other financial institution markets need significant improvement in terms of regulation, supervision, and quality of services provided. The report clearly states that "the banking sector does not provide sufficient financing. Therefore, the Project set the goal of "supporting the development of institutions providing loans and non-banks and other financial institutions, as well as the establishment of banks for rural development," and the Project was consistent with the above-mentioned plans of the Government of Albania and its policies.

Referring to Minister of Finance speech at the Final Seminar, May 2022, Mrs. Ibrahimaj affirmed that “the implementation of this project is in full congruency with the most important reforms that the Albanian Government is committed to, such as the digitalization reform, which has become a necessity”. She emphasized that the successful completion of this project attested the excellent cooperation between the public sector, international partners and the private sector.

The formulation and implementation of a clear “financial inclusion policy” remains a priority of the Government of Albania. A positive attitude of the Albanian government (Ministry of Finance and Economy) toward Financial Education³⁴ is stipulated in the Ministry of Finance and Economy’s Business and Investment Development Strategy and Action Plan 2021-2027, “Measures to improve access to finance are considered critical to strengthening the competitiveness of SMEs and startups” (page 48). This is also confirmed by the speech of the Minister of Finance and Economy at the final seminar of the project. She said that the agriculture sector is one of the sectors that needs the most support in terms of financial education, increasing access to finance and digitalization, as critical elements for the development of the economy. At present, a National Financial Education Policy has not yet been formulated. But the Government pays attention to this matter and is presently working on the consolidation of the financial inclusion policy, including National Financial Education Policy, and is seeking support of international donors for its work in this area.

Needs of the Implementation Agency (FED invest)

The needs assessment and other surveys conducted during the implementation period of the Project pointed out the need to develop financial and non-financial products that meet the needs of rural people, and confirmed the need to strengthen the capacity of financial inclusion-related institutions. The C/P, FED invest, is a major financial institution that provides financial services in rural areas of Albania and aims to expand its business with a focus on rural areas through diversification of financial products and non-financial services, which confirms that it meets the needs of the beneficiary institutions.

Relevance of the approach

³⁴ With regard to financial education, the Central Bank of Albania has adopted the National Retail Payments Strategy, which overarching objective is to promote the intensive use of modern retail payment instruments across the whole country, with the goal of achieving 10 cashless payments per capita by end-2023 and an adult account ownership ratio of 70% by 2023³⁴. As part of this strategy Bank of Albania has re-invigorated its activities for the dissemination of financial education.

The project is structured to develop and improve financial products (Outcome 1) and consider the provision of non-financial services (Outcome 2) based on a survey of client needs (Outcome 1), and to strengthen the infrastructure and software to provide these services (Outcome 3). Overall, this is an appropriate approach to improve and expand services that meet the needs of smallholder farmers, who are FED invest's clients, while trying to ensure financial soundness and strengthening organizational capacity, as evidenced by the fact that almost all Output-level indicators have been achieved as a result of Project activities.

4.1.2 Coherence

Coherence with Japanese Government development assistance policy

Japan's Country Development Cooperation Policy for the Republic of Albania (as of April 2021) continues to state that "the basic policy is to provide support for balanced and sustainable economic development," and the "Balanced Development Program" includes support for private sector development in regions of high poverty prevalence. This is based on the objective of addressing disparities among regions. This Project aims to promote financial inclusion of the rural population by strengthening the capacity of financial inclusion-related institutions, which is consistent with the policy of assistance to Albania.

Synergies and interconnections with other JICA projects

This Project targets small-scale farmers, who are important beneficiaries in the field of financial inclusion, and the knowledge and experience gained through the implementation of this project can be applied to JICA's projects in the same field. From this perspective, there is a beneficial interconnection between the two projects.

In addition, since the implementing agency for this project was FED invest, a private financial institution, the knowledge and experience gained through the implementation of this Project can be utilized in JICA's projects related to private-sector partnerships in future, given the trend of JICA's increasing collaboration with private-sector organizations. From this perspective, there is also a beneficial interconnection.

Complementarity, harmonization, and coordination with the support of other aid agencies, and consistency with international norms and standards

The Project complemented the Technical Assistance support provided to FED invest by other donors such as, the EU, The Development Facility of the European Fund for Southeast Europe (EFSE DF), Rabo Partnership and the Government of the Netherlands and coordinated some of

the Project activities with Rabo experts, particularly during the process of CBS procurement and implementation.

4.1.3 Effectiveness

The effectiveness of this Project has been assessed high for the following reasons.

The Project Purpose was "financial inclusion of small farmers in Albania will progress through the use of FED invest financial products and non-financial services," and the causal relationship between the PDM Outputs and the Project Purpose is clear. (However, a certain gap between the Project Purpose and the Outputs became apparent towards the end of the project, as described in the "Lessons Learned" section of this chapter.)

4.1.4 Efficiency

Under the circumstances where the Consultant team was unable to travel and FED invest was not able to provide face-to-face services due to the impact of COVID 19 for most of the Project implementation period, the Project team was able to quickly revise the Project workplan and actively using digital tools and switching Project activities. The Project was able to achieve almost all of the Output-level indicators. Therefore, the Project as a whole is considered to have been implemented efficiently.

Related to inputs, it was essential for FED invest to improve its core banking system in order to provide its rural members with the financial products and non-financial services developed and improved under Outcomes 1 and 2 of the project, and as part of Outcome 3, support was provided for the cost of implementing this system. This amount represents a relatively large percentage of the project total. It should be noted that the procurement and implementation of the CBS took longer than originally anticipated, which was one of the factors contributing to the delay in the overall project activities, including those activities under Outputs 1 and 2.

4.1.5 Impact

Achievement level of the Overall Goals will become visible after 3-5 years from the end of the project. At the time of writing this report, the political situation in and outside of Albania has been observed to have caused insecurity in the distribution of agricultural products globally and a sharp rise in the prices of inputs, with a significant impact on small-scale farmers, who are the target beneficiaries.

Prospects for achievement of top targets

It is anticipated that there is a certain level of likelihood of achieving the upper targets.

Projected social and economic impact (including political, institutional, social, cultural, and economic)

Compared to the beginning of the project, other financial institutions in Albania have increased their provision of financial services to the agricultural sector, but a small number of MFIs, mainly FED invest, are still serving the small farmers who are the beneficiaries of the project. The new financial products and non-financial services of the ABA Center that have been launched with the support of this project, as well as interbank payment and remittance services and overseas remittance services that are expected to be launched in the future, are expected to further promote financial inclusion.

Identifying Negative Impacts

There are no specific negative impacts. This project contributes to revitalization of the rural economy and benefits the poor.

4.1.6 Sustainability

The sustainability of the Project results as a whole is considered relatively high.

(1) Policy and fiscal aspects³⁵

Regarding Albania's financial inclusion policy, the Minister of Finance and Economy confirmed in her speech at the Project's Final Seminar (May 2022) that financial inclusion and financial education are important goals for the Ministry. (See 4.1.1)

As the implementing agency for this Project, FED invest is a not-for profit, non-governmental, member-owned financial cooperative, governed by democratic and customer centricity principles. The "business plan" or "business strategy" is the over-riding policy that sets the direction of the organization. It is uniquely positioned in the Albanian MFI market as the only MFI offering non-financial services through its ABA center, thanks to its legal status of being neither a public, nor a privately held organization, FED invest is an organization that is widely trusted not only by its

³⁵ In a standard set-up of a JICA-financed Project, it is assumed that the government organization is the C/P, so we understand that "financial aspects" are included in the relevant section from the perspective of "whether the policy is financially backed. However, since we believe that the financial soundness of FED invest as a private financial institution is an element to be considered in the "organization" section, we included the discussion in "(2) Organizational Aspects".

members, but also by Albanian society as a whole for its 30-year dedication and legacy to social finance, and it is highly likely that FED invest will continue to play a role in the financial inclusion of rural Albania in the future. The potential for FED invest to continue to play a role in the financial inclusion of rural Albania is very high.

In order to ensure achievement and sustainability of key project objectives after completion, FED invest has earmarked the following strategic goals for the next 2-3 years:

- FED invest will continue to fulfil its significant role towards financial inclusion of farmers and microentrepreneurs in Albania.
- FED invest will seek to offer a wide range of banking services in a cost-effective manner for these segments, and fill a gap that is still significant in the financial sector.
- FED invest will consistently continue to offer financial education and non-financial services for farmers, micro and small entrepreneurs with the objective of increasing their financial and business knowledge and skills.
- FED invest brand and image as a “social finance” institution will be further strengthened through proactive, diversified marketing campaigns, through face-to-face activities, direct communication and social media engagement.

(2) Organizational aspects

Two elements of organizational sustainability need to be considered: first, the sustainability of the implementing agency, FED invest, as an organization, and second, the sustainability of the Project results, which has been enhanced by the "institutionalization" of the Project activities.

a. Study of sustainability of FED invest and ABA Center as an organization

As previously mentioned, FED invest, like many of its peers globally and domestically, could not have remained immune to Covid 19 effects, which challenged and strained its activity in FY2020. Despite the tribulations thanks to its flexible and far-sighted vision, guidance and management, FED was able to manage skillfully its liquidity, capitalization and profitability situation and even more strengthen its financial position. Currently, FED invest is not recognized as having any challenges in continuing its corporate activities. Of course, as an organization that is transforming itself from a traditional SCA (Savings and Credit Association) to a more modern financial institution with a strong presence, it is true that there are various issues that will naturally need to be addressed in the future, but these are not considered to fall under the scope of this section and are therefore not described in detail.

On the other hand, there are important issues regarding the organizational sustainability (especially financial sustainability) of the ABA Center established with the support of this Project.

Since the Endline Survey basically focused on obtaining feedback from beneficiaries and Project stakeholders on the activities implemented and services provided during the Project period, the issue of the future financial sustainability of the ABA Center was not included in the main survey questions. Therefore, it is difficult to present data based on the results of the Endline Survey on this matter.

There is a consensus among all concerned parties of the Project, both Project Team as well as other stakeholders of the ABA Centre that creation of the ABA Centre is an important achievement of the Project and that the continuation of ABA Centre operation is extremely important. The Deputy Minister of MoFE, at the 7th JCC, May 2022, mentioned that ABA Center is an important tool for educating farmers and that making it financially sustainable would make an important contribution for the agricultural sector. He appreciated FED invest and JICA for making such a platform happen and encouraged not to stop support at the early stage so that ABA Center would be a success case even for other Balkan countries. FED invest management shows a strong commitment towards achieving the goal of making ABA Centre a self-sustaining centre in future. At the time of writing this Report, however, there remains some differences among the concerned parties in the approaches towards achieving such a goal. JICA is of the opinion that the development of a clear long term business plan with cash flow analysis must be laid out as a priority.

Note: Following opinion has been expressed by FED invest on the above section.

The commitment of FED invest's management to continued operation of the ABA Centre is strong and unwavering, since the last discussion on ABA sustainability, held with JICA HQ and Balkan Office in June 2022. FED and ABA's management vision and long-term goal is to make ABA a self-sustaining center. Since the end of FiAS Project's financing (31 March 2022), ABA has maintained its pace of growth, fully utilized its pool of experts, continued farm demonstrations and expanded further its collaboration with other stakeholders, such as National Veterinary Institute and extensionists, taken part in National Agricultural Fairs and increased its registered membership and digital views.

FED and ABA management are making their maximum efforts to run activities of ABA at the same pace and level as before. ABA Project is in its first steps and the results are very encouraging. As a financial cooperative with a social mission FED remains committed to support a very sought-after and efficient service to smallholders.

b. Improvement of sustainability of Project results through institutionalization

Several key points can be made in this regard, as follows. As it is illustrated in this Report with specific example of the "customer-centricity," the Project aimed to strengthen institutionalization of various aspects of Project impact. The "customer-centric" approach has been a value that FED invest has prided itself on as a member organization since before the Project began, but through the Project activities, the practice has taken root among FED invest's organization and staff in a structured and concrete fashion, and as a result, prospects for

sustainability has improved. The main Project activities related to the Project included the following: (1) The main Project activities involved drafting and implementing a Strategic Management Plan (SMP) and developing a standard service standards manual, as well as supporting the establishment of a department responsible for member care functions and staff training. The result was the "institutionalization" of client-centeredness, including the following specific examples; (2) The needs assessment survey and the COVID impact study were widely recognized within FED invest as very good tools for systematic information gathering. Establishment of a process for collecting and utilizing feedback, such as conducting pilot tests prior to the rollout of new products and services, and utilizing the feedback in product design. (3) Establishment of a "Customer-Centric Committee": the customer-centric approach was formally institutionalized in the decision-making structure of FED invest in 2020 with the establishment of a "Customer-Centric Committee," a forum elected by the General Assembly. This forum operates on a regular basis and aims to implement customer-centricity at all levels.

(3) Technical aspects

Regarding the technical aspects, the Project made important contributions to the sustainability of the Project results. The most important elements are (1) the implementation of the new CBS, which provided the basic IT environment for FED invest to function as a financial institution contributing to financial inclusion in rural areas in a sustainable manner (see 2.3 of this Report), and (2) its contribution to the acceleration of digitalization in various areas.

Regarding (2) above, the Project's flexible response by actively adopting digital technology in the face of the COVID 19 pandemic helped turn the crisis of the COVID-19 pandemic into an opportunity, ensured the Project results, and ultimately contributed to the early recovery of FED invest. The flexibility of the Project in adopting digital technology in a proactive manner helped to turn the crisis of the COVID-19 pandemic into an opportunity and ensured the Project results were realized. Examples of digital technologies implemented by the Project in the COVID-19 pandemic include the following: (1) The Project team quickly transitioned communications, including monthly management meetings and quarterly meetings, to online meetings to ensure and maintain close communication within the Project team; (2) With respect to the ABA Center's service offerings, the focus was on developing a service delivery channel that would put ABA online at the center; and (3) The Project provided tablets for FED invest staff and created opportunities to enhance their skills through online training as the best preparation for the launch of new products and services.

(4) Others (social, cultural, environmental aspects)

As evidenced by the many comments made by participants at the Project's final seminar, the Project's results have been well received by Albanian stakeholders, and we believe there is social momentum to support the sustainability of the Project's results.

4.2 Key Factors Affecting Implementation and Outcomes

4.2.1 Analysis of the Factors Contributing to shortage of Meeting the Project Purpose indicators

As described in Chapter 2 of this report, unfortunately, the Project did not achieve the Project Purpose target indicators during the Project implementation period. This was mainly due to the following three factors:

- (1) In the design of the PDM, the "Project Purpose" indicators, "increase in the number of new customers," were set as a (natural) Output resulting from the "Output" level indicators, namely, "provision of new products and services." As a result, overly ambitious numerical values were set for the Project Purpose indicators.
- (2) The Project team missed the timing of the "Project Purpose" target figures, in order to make them more realistic. (One of the reasons is because the team was too preoccupied with coping with COVID 19 influence and ensuring implementation of Project activities rather than meeting the target indicators.)
- (3) Consideration should have been given to adding indicators other than those originally established in the PDM (e.g., the number of financial products used by existing clients of existing FED invests, etc.) as reasonable indicators to represent "Project goals," but there was insufficient time to do this.

Each of the above three points is explained below.

Regarding (1), regarding the "hierarchy of objectives" in PDM, theoretically speaking, the Project Purpose indicators are considered to be achieved when the Outputs are achieved and there are no significant external factors hindering the situations. However, in this PDM, it became clear toward the end of the Project that there was actually more of a gap or distance between the "Outputs" and the "Project Purpose" than was initially assumed when the PDM was constructed. In other words, there is a gap/distance between the "provision of new products and services" and the "increase in the number of new customers," and several steps or processes must be taken in order to move from the achievement of the former to the latter (e.g., new products and services must first be utilized among existing members and feedback spreads by word of mouth, etc., leading to the acquisition of new customers, etc.). For this reason, even though the Project

achieved almost all of the "Output" level indicators, it was not able to move up the hierarchy of objectives naturally to the achievement of the "Project Purpose" indicators.

While the above points should have been taken into account when determining the numerical indicators for the Project Purpose (as of September 2019), the Project team, including the JCC members, did not have a clear recognition of the gap between the above PDM indicators until near the end of the Project. At the 4th JCC meeting (held in October 2020), it was proposed and agreed to review the indicators for the Project Purpose and to consider the possibility of adding not only the number of new members but also the number of active members to the Project Purpose. However, the same problem of a gap between the above-mentioned "Outputs" and the "Project Purpose" existed with regard to the number of active members. As for the trend of the "number of active members," as already mentioned, it can be said that currently it only tracks the number of members with loan or deposit balances on the FED invest system, and was not necessarily an indicator of the utilization of a wide range of new financial products.

At least two factors can explain (2). First, the procurement and implementation of the new CBS for Output 3 took considerably longer than originally expected due to a combination of various factors (it took about two years from the start of the Project, and the new CBS went live only in February 2020, when the pandemic erupted), and as a result, the development and launch of the new financial product was also delayed. As a result, the PDM numerical indicators could not be defined until mid-2019, shortening the time frame in which the effects of the introduction of the new financial instruments could be obtained.

Second, the global outbreak of COVID 19 in early 2020 had a significant impact on the implementation of this Project. In particular, the development and provision of "new financial products and services," which are most relevant to this section, were affected by the following factors: 1) FED invest was forced to postpone the development and rollout of new products for almost a year as their focus was on balancing expansion with financial sustainability. FED invest has enjoyed a strong and solid growth even during the pandemic years, still slower than normal growth. In addition, the moratorium on loans and restructuring requests was still an ongoing. ; 2) Related to 1) above, nearly 70% of FED invest's branch loan officers contracted COVID-19, which directly affected FED invest operations and loan disbursement levels; 3) The inability of ABA centers to provide face-to-face services has forced the development of an ABA business plan Stage 1 for 2020 and the piloting of ABA online; and 4) Farmers and microentrepreneurs were on survival mode rather on investment behavior over the major part of the project course

due to Covid, which has affected the number of smallholders getting a loan. Very small farmers were reluctant to engage in investments, mostly Micro 2 and SME customers continued to expand. That is reflected in the notable increase of average loan size amount from 2019 through 2020, 2021; and 5) New branch expansion was also delayed, as well as f2f marketing was mostly replaced by digital marketing, which took some time to be established.

5) As described in this report, the FED invest's operations in Albania have been affected by a small-scale ABA Project, as described in Section 3.1. of this Report. Many small farmers in Albania were severely affected by the new Corona disease, which affected their access to financial products, as described in Section 3.2.1.

Regarding (3), from the perspective described in (1) above, the introduction of new numerical indicators was considered within the Project team in the preparatory stage of the 6th JCC (January 2022), but from the perspective of appropriateness as PDM indicators, etc., the time required for consideration was insufficient and it was not discussed at the actual JCC. (See the description of these numerical indicators in this report. **4.2.2 Analysis of Achievements not represented by PDM indicators** (For more information on these numerical indicators, please refer to the description in this report).

4.2.2 Analysis of Achievements not represented by PDM indicators

As mentioned above, the indicators on the PDM aim to achieve the "provision of new financial products and services" at the "Output" level, while the indicators on the "Project Purpose" aim to achieve the "acquisition of new customers", and it has become clear that there is a certain gap between the "Output" and "Project Purpose" toward the end of the Project. ‘

On the other hand, in terms of the Project Purpose of "increasing financial inclusion and deepening the use of financial services by small farmers," some more direct indicators of Project activities were observed than the numerical increase in new members in Indicator 1 of PDM.³⁶ These indicators shed more light on another key dimension of financial inclusion: increased usage and adoption level of services by smallholders³⁷. The table below presents such data.

³⁶ These are the indicators described in 4.1 ③ that the Project team considered reflecting in the PDM prior to the 6th JCC meeting.

³⁷ Usage of services is considered a good proxy for measuring financial inclusion, including availability, affordability, quality and usage of the financial services that together form an inclusive financial system (Sarma, 2015). Furthermore, a number of studies have shown that merely having bank accounts may not be sufficient to imply financial inclusion if there are some barriers or limitations preventing people from adequately using the accounts, such as remoteness of bank branches, cost of transactions, psychological barriers (see, for instance, Kempson, 2006; Diniz, Birochi, &

Table 4-1 Non-indicators of results

	Baseline (June 2019)	As of March 31, 2022
Number of members who used at least one type of product or service	103 persons ³⁸	9,562 persons
Cumulative number of users of utility service	0	7,083 persons
Cumulative number of current accounts opened	0	10,814 persons

Source: FED invest MIS

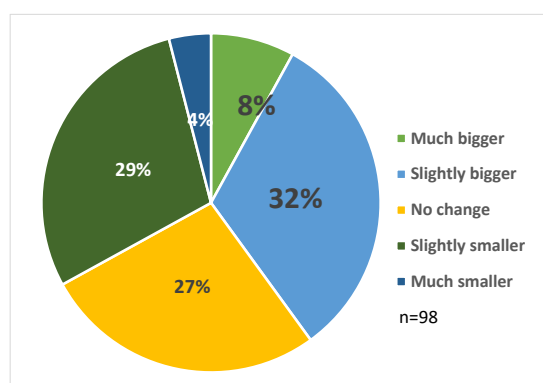


Figure 4-1 Amount of loans received from FED invest
Comparison with 3 years ago

Source: Questionnaire survey

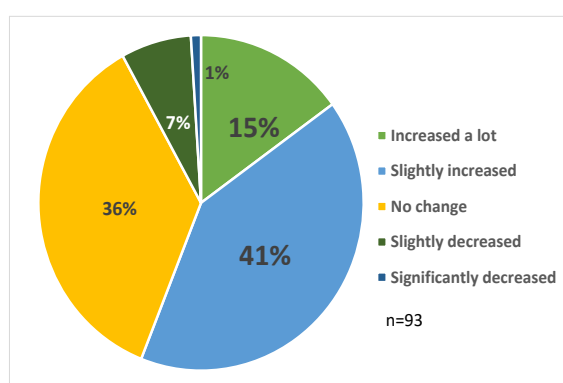


Figure 4-2 Frequency of loans received from FED invest
Comparison with 3 years ago

As shown above, although the growth rate of the number of active members was low, the frequency and number of services used by each existing member and the amount and frequency of loans per member increased, indicating that the degree of use of financial products has deepened.

In addition, the following data on indicators related to "users of non-financial services," if "users of non-financial services" is taken in a broad sense, can also be used as a reference for measuring Outputs. The widespread views of ABA services and financial education materials has reached beyond FED invest membership number, which is reported as a KPI of this project.

Pozzebon, 2012). Kempson et al. (2004) defined the notion of "underbanked" or "marginally banked" people as those who do not adequately utilize their bank accounts, in spite of having a bank account.

³⁸ Previously, the number of members using both time deposit and loan services was very small; over the past three years, the number of members using multiple services, including current account and utility bill service use, has increased significantly.

Table 4-2 Non-PDM Indicators for Outputs Related to Nonfinancial Services

data item	March 2022	May 2022
1. Number of Unique Viewers ³⁹ that have viewed ABA Online content, including expert technical articles, videos, and financial education materials	219,732 views	236,871 views
2. Number of Views on the ABA YouTube Channel ⁴⁰	68,407 views	74,916 views
3. Number of ABA Facebook Viewers	435,291 reach ⁴¹	519,377 reach
4. Number of financial education materials viewed on the FED invest website	3,952 views	4,284 views
5. Number of views of ABA expert technical information, financial education, and digital literacy content on FED invest's Facebook	27,902 reach	36,279 reach
6. Number of viewers on YouTube for FED invest	942 views	1,031 views

Source: FED invest IT team

Thus, while the Project did not achieve the Project Purpose target indicators on the PDM, it did achieve almost all of the Output indicators, and there are several non-PDM indicators that indicate the achievement of Project Purpose.

4.3 Lessons Learnt

The following lessons were learned through implementation of the Project.

Lesson 1: Ambitious Project Purpose target-setting

The Project Team underestimated the challenge of converting ‘new products & services’ (Output-level indicators) into ‘new members’ (Project Purpose indicators) and set itself an over-ambitious numerical targets at the Project Purpose level.

The Project Purpose level numerical targets should have been reviewed earlier to establish more feasible targets.

Other relevant targets (e.g. usage of financial products among existing members of FED invest) could have been introduced to comprise a part of Project Purpose level indicators.

Lesson 2 The Project gave ‘structure’ to customer centricity, leading to sustainability

Systematic information gathering: The Needs Assessment Survey and Covid Impact Survey were very good tools for systematic information gathering. Collecting staff and members feedback as part of the customer centricity approach during each project phase and activity was a great lesson learned, which has been adopted to the “Customer at the center” philosophy and embraced in all

³⁹ Unique viewer is a measure of the number of visits on a browser and is the net number of people who visited a site during a given period of time. It is the total number of visits (visits) minus duplicates.

⁴⁰ Views of those who watched on ABA Online (1) and those who watched directly on YouTube overlap.

⁴¹ Number of users who saw the post. Reach is usually counted so as not to duplicate the same user. However, if accessed by different devices or browsers, they are measured as separate users.

activities. (e.g. first testing and piloting the launch of new services and activities before complete roll-out, thus making sure to take corrective actions or improve product features and business/operational processes in case of detected flaws.)

Customer centric approach has been fully institutionalized during 2020 by setting up the Customer at the Center Committee, a forum elected by General Assembly, which operates regularly and ensures the true implementation of customer centricity at all levels. Inherent parts of this philosophy were the draft and execution of SMP, as well as the preparation, training and endorsement of the Standard of Service and Member Care functions and Manual.

Lesson 3 Flexible approach for project execution (accelerated digitalization) helped turn COVID 19 crisis into an opportunity

The Project Team swiftly shifted to online meetings, which proved effective;

Reset priorities focusing on developing ABA online as our main channel to communicate with farmers;

Project offered FED invest staff tablets, created opportunities to upgrade their skills through online training as the best preparation for the launch of new products and services;

FED invest deployed online channels and CRM as part of its marketing strategy;

Overall accelerated steps toward digitalization.

Lesson 4 Swift response to COVID 19 by Input Support Scheme created an important impact for FED invest

Input support scheme, an intervention designed, financed and implemented completely outside of the PDM, created an important impact for FED invest:

It helped sustain the existing members' businesses and boost their loyalty to FED.

Contributed to FED to an additional 10% new members or 15% of new loans for 2021.

Enabled the piloting of new services, such as current accounts, FED online, member-to-member payments, ABA services.

Created the conditions to set up future collaborations with a network of input suppliers.

Lesson 5 Project proactively experimented alternative communication channels for dissemination with success

14 topics of financial education, which were later uploaded in our alternative channels, printed and distributed to all our branches. Demo videos were produced and shared via online channels and social media.

It was through ABA platform that the first General Assembly was held in an online environment for the first time in 2020 in the course of evolving pandemic. Each financial and educational

product, ABA service and platform function has gone through rigorous testing, piloting, feedback collection based on this philosophy before final launch.

Lesson 6 Regular team communication developed mutual understanding, generated ideas and got things done

The Project Team developed over time, an effective communication protocol to get things done—a combination of monthly MC meetings combined with more frequent Output-level team meetings and diligent production of written records.

Monthly management meetings became important forums to measure and keep track of progress, as well as voice concerns and adjust plans for next period.

An effective combination of communication media has been also developed: online meetings, written medium (meeting minutes, emails and presentations) and F2F meetings as well as WhatsApp.

Chapter 5: Prospects for Achievement of Overall Goals after Project Completion

The following is a discussion on the prospects for achieving the Overall Goals as stated in PDM.

As discussed in Chapter 4, the achievement level of the Overall Goals will become visible after 3-5 years from the end of the project. At the time of writing this report, the political situation in and outside of Albania has been observed to have caused insecurity in the distribution of agricultural products and a sharp rise in the prices of inputs, with a significant impact on small-scale farmers, who are the target beneficiaries. Therefore, while it is anticipated that there is a reasonable level of likelihood of achieving the Overall Goals, overall economic and social situation of the country, particularly the status of rural development, is expected to impact on the achievement of the Overall Goals of the Project.

The Project has taken a number of measures to ensure sustainability of the impact of the Project. The results achieved despite the challenging environment are impressive, tangible and multi-faceted, including but not only: solid foundation through CBS for various banking products, the increased usage of products and services, improved service quality, expansion and digitalization of offerings to members, the set-up of ABA Center and reaching over 11K members until today, financial education, deployment of digital channels and solutions, etc. In particular, institutionalization of customer centricity through various practical tools is noteworthy. Again, the details are provided in Chapter 4 of this Report. These sustainability-enhancement measures should help achieve some of the important Overall Goals of the Project.

On the other hand, significant challenges remain regarding the sustainability of the ABA Center. As stated under 4.1.6 above, while there is a consensus among all concerned parties of the Project, both Project Team as well as other stakeholders of the ABA Centre that creation of the ABA Centre is an important achievement of the Project and that the continuation of ABA Centre operation is extremely important⁴². FED invest management shows a strong commitment towards achieving the goal of making ABA Centre a self-sustaining centre in future. At the time of writing this Report, however, there remains some differences among the concerned parties in the approaches towards achieving such a goal. JICA is of the opinion that the development of a clear long term business plan with cash flow analysis must be laid out as a priority.

With respect to the anticipated 'crowding-in' effect of the Project, it can be said that there was

⁴² See Attachment 4 for the statement made by the Deputy Minister of MoFE at the 7th JCC, May 2022, for example.

some positive impact that this Project has brought about, though its scope is limited. As stated in Chapter 4 of the Report, financial institutions in Albania have increased their provision of financial services to the agricultural sector, but a small number of MFIs, mainly FED invest, are still serving the small farmers who are the beneficiaries of the Project. The new financial products and non-financial services of the ABA Center that have been launched with the support of this project, as well as interbank payment and remittance services and overseas remittance services that are expected to be launched in the future, are expected to further promote financial inclusion. In this connection, at the macro level, a clearer policy and its implementation on financial inclusion by the Albanian Authorities would be helpful.

Attachment1 : Project Design Matrix (PDM)

Project Design Matrix

Version 2.0

Dated 24 April 2019

Project Title: Smallholder Families' Financial Inclusion Project in Albania

Implementing Agency: Savings and Credit Association FED invest ('FED invest')

Target Group: Existing and new members

Period of Project: Nov. 2017- Oct. 2021 (4 years)

Project Site: Existing and new operational areas of FED invest

Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Important Assumption	Achievement	Remarks
Overall Goal					
Livelihood of smallholder families in Albania is improved through financial inclusion.	1. Average monthly expenditures of smallholder families/FED invest members increase compared to the baseline data. 2a. More than 11.0% of Albanian households deposit. 2b. More than 10.5% of Albanian households receive loans. 2c. More than 3,800 FED invest members deposit. 2d. More than 15,200 FED invest members receive loans. 3. More than 44.0% of Albanian households report having an account. 4. FED invest has more than 102,300 membership.	Baseline survey National statistics (Monthly expenditure) FED invest customer survey Global FINDEX data on Albania FED invest MIS from Flexcube			

	<p>5. FED invest has more than 35,800 women members.</p> <p>6. FED invest has more than 76,600 members in rural areas.</p>				
Project Purpose					
Financial inclusion of smallholder families in Albania has been expanded through improved usage of financial products and non-financial services offered by FED invest.	<p>1. Number of FED invest members who use financial products increases by 50% from the baseline data.</p> <p>2. More than 16,700 FED invest members and non-members who use non-financial services.</p>	<p>End line survey</p> <p>Data from FED invest MIS system</p> <p>Agri Knowledge Centre Data/Reports</p> <p>Agri Knowledge Centre Platform subscribers/visitors</p>	Economic situation in rural Albania does not significantly deteriorate.		
Outputs					
1) Financial products developed or enriched through customer centric processes by FED invest start being utilized by its members.	<p>1-1 Number of new and improved financial products including utility payment and current account introduced by FED invest exceeds 5.</p> <p>1-2 A customer centric operations and process manual at FED invest is developed and endorsed.</p> <p>1-3 Customer Relation Management (CRM) Metrics are defined and tracked by FED invest MIS.</p> <p>1-4 At least 10 topics of financial education service are offered to members and non-members by FED invest through a sustainable system of staff capacity development.</p>	<p>Monitoring sheets</p> <p>Record of relevant training</p> <p>Interview with FED invest management and staff</p> <p>Data from FED invest MIS system</p> <p>Customer centric operations and process</p> <p>Dashboard to analyze customer data</p> <p>Customer awareness end-line survey</p>	Activities of FED invest are supported by the Ministry of Finance and Economy and other concerned agencies.		

2) Operation of the Agri Knowledge Centre, which provides non-financial services, is established at FED invest. *2*3	2-1 At least 5 different types of non-financial services being provided by the Agri Knowledge Centre. 2-2 An interactive public platform and related App of agri-sector related information and data is developed. 2-3 A physical location of Agri Knowledge Center is set up and properly equipped. 2-4 An agreed institutional arrangement for the Agri Knowledge Centre.	Monitoring sheets FED invest annual report Activity record and information outlet of Agri Knowledge Centre Traffic measured by Agri Knowledge Centre website			
3) FED invest expands financial and non-financial services through procurement and implementation of a new Core Banking System, related hardware and digital technology.	3-1 FED invest offers its services to all municipalities in Albania. 3-2 CBS including mobile and internet banking modules are in place. 3-3 An MIS system, which enables comprehensive reporting for 3rd parties, management purpose and customer data tracking and analysis, is in place. 3-4 Number of members using FED invest digital financial service exceeds 1,000.	Data from FED invest MIS system End-line survey			

Activities		Inputs ¹		Important Assumption
		The Japanese Side	The Albanian Side	
1	Financial products developed or enriched through customer centric processes by FED invest start being utilized by its members.	- Experts *5 • Chief Advisor • Financial Inclusion • Agriculture-related non-financial services	-Allocation of responsible Departments and personnel. -Office space at FED invest HQ and other branches as required.	
1-1	Prepare and conduct demand survey *4			

¹ 'The Albanian Side' refers to the Implementing Agency of the Project, Savings and Credit Association FED invest ('FED invest').

1-1-1	Develop the demand survey plan.	<ul style="list-style-type: none"> • Needs assessment of smallholder families • Coordinator / Training plans • Other short-term experts if necessary (such as IT expert and financial products experts) <p>- Training in Japan, in third countries, and/or in Albania.</p> <p>- Provision of Equipment</p> <ul style="list-style-type: none"> • Provision of equipment and software for branchless banking. 	<p>-Operational costs.</p> <p>-In-country training participation costs (e.g. travel costs, etc.)</p> <p>- Provision of Equipment</p> <ul style="list-style-type: none"> • Provision of equipment for the Agri Knowledge Centre and others. 	
1-1-2	Undertake preparatory activities for implementation of the survey.			
1-1-3	Implement the demand survey.			
1-1-4	Analyse the results of the survey.			
1-2	Conduct pilot trials of new and improved financial products.			
1-2-1	Develop proto-type financial products and improve existing financial products based on the survey results.			
1-2-2	Conduct consultation among potential customers on the proto-type financial products, refine prototype and re-test with customers.			
1-2-3	Develop a plan of trial sales of the new and improved financial products.			
1-2-4	Implement trial sales of the new and improved financial products.			
1-2-5	Obtain feedback from the customers on the trial sales.			
1-2-6	Analyse the results of the trial sales.			
1-2-7	Make improvements to the proto-type products based on the results of the trial sales. Refine based on customer feedback and design roll-out strategy.			
1-3	Establish a customer centric operations and management process, including product development cycle, at FEDinvest.			

1-3-1	Undertake preparatory activities for marketing of the new and improved financial products, including training of branch staff members, identifying channels for disseminating information, identifying and creating processes for customer insights to be translated into product/marketing ideas on an on-going basis		
1-3-2	Evaluate the newly developed/improved products based on the members' feedback and make necessary improvements on operations, products and services for further utilization of the products.		
1-3-3	Evaluate the product development process undertaken under 1-2 and discuss the customer centric operations and management process at FED invest.		
1-3-4	Determine the customer centric operations and management process ² .		
1-3-5	Conduct financial literacy training and education activities for FED invest staff and members.		

Activities	Inputs	Important Assumption
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² Such process would include the following: 1) Understanding customer experience; 2) Establishing organizational structure and information flow between front line staff and customer insights team/product team; 3) Training of front line staff to recommend products; and 4) Incentive structure and value to business metrics (customer satisfaction, higher customer activity, etc.)

3-1	Plan details of the IT software and hardware upgrades based on the IT Strategy of FED invest, taking technological development in the near future into full account.			
3-2	Procure necessary equipment and software for implementing the IT Strategy.			
3-3	Conduct training for the staff members on the usage of the newly introduced IT software and hardware.			
3-4	Plan and expand branchless banking operation ³ to geographical areas where the branchless banking is newly introduced.			
3-5	Introduce the management mechanism of the social performance data through newly introduced IT software and hardware.			
<Issues and countermeasures>				

*1 A specific numeric indicators shall be decided by September 2019.

*2 The services of Agri Knowledge Centre include knowledge accumulation, information sharing, risk management, business and entrepreneurship development services, pilot-agri-coop formation and related training. Such services may be provided to the members and potential members through digital platform and face-to-face interactions, including training programs.

*3 The function of agri-pilot coop includes inputs procurement, product packaging and marketing, contracting with processing companies, and other value chain developments measures.

*4 For indication purpose of the survey sample size, the survey might target approximately 1000 households including 500 each from the existing and potential (non-existing) FEDinvest operational geographical areas.

*5 Contracting local research companies in Albania might be considered for conducting demand survey among FEDinvest members and potential members.

*6 Ministry of Finance and Economy and other concerned agencies, including Ministry of Agriculture and Rural Development, may take part in the training activities in Japan and/or in the third countries.

*7 The IT Strategy of FEDinvest aims to introduce a stable, secure, scalable IT environment, which can deliver (or provide full access to) payment, deposit, and credit services to members of FEDinvest at their place of living/business.

³ The objectives of branchless banking operation include the following: 1) improve and deepen financial services for the customers in the existing served areas; and 2) improve and develop financial services to the new and under-served areas.

Attachment2 : Plan of Operation

Attachment3 : List of Hand-Over Equipment

Item	Spec	#	Price			Date
			Price	Currency	JPY	
1st phase						
Laptop PC	Lenovo 310T	1	520	EUR	68,626	2017-11-02
Projector	Acer X115H	1	350	EUR	46,191	2017-11-02
Copy machine	Xerox Versalink B7030	1	1,300	EUR	171,565	2017-11-03
PC		1	74,000	ALL	74,000	2019-02-19
Printer for branch	Xerox Workcentre 3345DNI	42	25,032	EUR	3,069,299	2019-07-31
Laptop PC for training	HP ProBook 440 G6	5	7,085	EUR	868,727	2019-07-31
2nd phase						
Tablet PC	SAMSUNG TAB A T590 10.5″WI-FI	26	753,740	ALL	738,665	2020-07-24
Tablet PC	SAMSUNG TAB A T590 10.5″WI-FI	94	2,669,600	ALL	2,696,296	2020-08-28
TV monitor for digital window	LG-LED-55UN73003LA-AEU-TV4561	7	324,800	ALL	344,288	2021-04-15

Attachment4 : Minutes of Meeting Joint Coordination Committee

Minutes of Meeting

Title	3rd Joint Coordination Committee (JCC) and Quarterly Monitoring Meeting
Date / Time	16 September 2019, 10:00-12:30
Venue	FED invest Meeting Room
Participants	<p>Ministry of Finance and Economy</p> <ul style="list-style-type: none"> Ms. Anxhela Bushati, Head, Economic Development and Projects Sector <p>JICA Balkan Office</p> <ul style="list-style-type: none"> Mr. Sokol Konomi, Technical Coordinator in Albania, Balkan Office <p>FED invest</p> <ul style="list-style-type: none"> Ms. Zana Konini, Project Director (Chairperson) Ms. Merita Cani, Project Manager Mr. Perlat Sulaj, Output 1 Manager Mr. Behar Gjoni, Output 2 Manager Ms. Liliana Nanaj, Output 3 Manager Mr. Ervis Ramadhi, Team member for Output 1 <p>JICA Consultant Team</p> <ul style="list-style-type: none"> Ms. Hiroko Tanaka, Chief Advisor Mr. Yoshiko Honda, Output 1 coordinator Mr. Kodai Yugeta, Output 3 coordinator Mr. Kazuhisa Fujimura, IT system survey
Overall Summary	<ul style="list-style-type: none"> The Work Plan for Phase II was approved. Indicators for PDM version 2 will be continuously discussed among the JCC members and determined later.
Attached Documents	Work Plan for Phase II

<JCC>

1. Opening Remarks

Ms. Zana Konini, Project Director, FED invest, and Chairperson of JCC, welcomed the participants and appreciated their attendance upon opening of the JCC.

2. Presentation on the Work Plan and the PDM indicators

Ms. Hiroko Tanaka, Chief Advisor, JICA Consultant Team, and Ms. Merita Cani, Project Manager, FED invest explained, the contents of the proposed Work Plan for the 2nd phase of the Project.

Mr. Kodai Yugeta, Coordinator of Output 3, JICA Consultant Team presented the proposed numerical figures of the indicators for the PDM version 2.

3. Discussion/Comments of the Work Plan and PDM indicators

Ms. Anxhela Bushati, representative from the Ministry of Finance and Economy, stated that the Ministry would like to be more involved in the entire process of the Project implementation rather than just giving comments on the project progress report at the quarterly monitoring meetings and JCC. She stated that the Ministry can contribute to the Project activities of financial

education and Agri Knowledge Center (AKC) as it has much related information. Ms. Bushati also requested the Project make opportunity to present the Project outputs not only at the international conference but at all venue to share information to the national stakeholders.

Ms. Hiroko Tanaka expressed appreciation for the Ministry's willingness for proactive involvement to the Project activities. She proposed to explore way for collaboration on financial education. She also mentioned that since AKC is not only for members but for general public, inputs of information by the Ministry would be appreciated and helpful.

Ms. Zana Konini stated that the request from the Ministry will be taken into consideration for sure, but practical ways should be sought. She proposed monthly visit by a FED invest project staff to the Ministry.

For indicators of PDM version 2, Ms. Bushati proposed to apply absolute figures for indicators for the overall goal, not the percentage, so that the Ministry can utilize the information for their overall activities. All agreed to her proposal and to discuss via email among the Ministry, FED invest, the Consultant Team and JICA for filling in the appropriate absolute figures for the overall goals.

4. Conclusion of the discussion

The Committee members agreed on the following points;

- A project member of FED invest will make monthly visit to the Ministry.
- National level publicity event will be jointly conducted with the Ministry and it will be included in 2020 activities of the Work Plan.
- The Work Plan for Phase II was approved by the Committee, with the condition of adding the above points.
- The numeric figures of the indicators for the PDM version 2 shall be communicated and determined via E-mail among the concerned parties, including the JICA HQ and Balkan Office members.

<Quarterly Monitoring Meeting>

1. Presentation on Project Progress

Mr. Perlat Sulaj, Output1 manager, Mr. Behar Gjoni, Output2 manager and Ms. Liliana Nanaj, Output3 manager made presentations on the progress of the respective Outputs.

2. Discussion and comments

Ms. Tanaka requested FED invest to inform the concrete timing for recruitment of the AKC manager. FED invest responded that the staff will be on board during the final week of September, and s/he will be able to start working on AKC activities while Ms. Tanaka is in Tirana.

Mr. Sokol Konomi, JICA technical coordinator, asked about the delay of delivery of the Lot 4 of the CBS Implementation Service by the service provider, Facilitation, which was due on August 30. He stated that JICA should have been properly informed of the status as they have a certain procedure for making the payment. FED invest staff explained that the delay was caused because needs for customization of loan origination arose and they needed to take care of

unexpected situations even though they were making their utmost efforts. It was agreed that the delivery of lot 4 shall be made and inspected by a FiAS consultant by the end of September 2019. Mr. Sokol also reminded FED invest that, according to the tripartite agreement, the expected date of delivery of the final lot is late February 2020, which is close to the end of the Japanese fiscal year, March. He stated that it would be more critical if the delivery is delayed because it would be difficult for JICA to re-allocate the budget in the next fiscal year. FED invest assured Mr. Sokol that they would take care of the schedule and inform JICA if such a delay is forecasted.

3. Others

Mr. Ervis Ramadhi made a brief presentation of the process and results of Customer Centric approach applied for FED invest's summer deposit communication under Output 1 activity.

End.

Minutes of Meeting

Title	4th Joint Coordination Committee (JCC) and Quarterly Monitoring Meeting
Date / Time	23 October 2020, 9:30-11:30 CET
Venue	Zoom Meeting Room
Participants	<p>Ministry of Finance and Economy</p> <ul style="list-style-type: none"> • Ms. Anxhela Bushati, Head, Economic Development and Projects Sector <p>JICA Headquarters (Office for Gender Equality and Poverty Reduction)</p> <ul style="list-style-type: none"> • Ms. Haruko Kamei, Senior Director • Mr. Makoto Hatano, Director • Ms. Chieko Yokota, Deputy Director • Ms. Suzuka Sugawara, Senior Advisor <p>JICA Balkan Office</p> <ul style="list-style-type: none"> • Mr. Takashi Hibino, Deputy Resident Representative • Mr. Jun Hirashima, Project Formulation Advisor • Mr. Sokol Konomi, Technical Coordinator in Albania <p>FED invest</p> <ul style="list-style-type: none"> • Ms. Zana Konini, Project Director (Chairperson) • Ms. Merita Cani, Project Manager • Mr. Perlat Sulaj, Output 1 Manager • Mr. Behar Gjoni, Output 2 Manager • Ms. Liliana Nanaj, Output 3 Manager <p>JICA Consultant Team</p> <ul style="list-style-type: none"> • Ms. Hiroko Tanaka, Chief Advisor / Output 2 Coordinator • Mr. Yoshiko Honda, Output 1 Coordinator • Mr. Kodai Yugeta, Output 3 Coordinator • Mr. Kazuhisa Fujimura, IT Consultant • Ms. Jayshree Venkatesen, Customer Centricity Consultant • Ms. Tamaki (Mickey) Tanaka, Marketing Consultant
Overall Summary	The Committee agreed with the proposed project period extension to implement necessary activities with a view to achieving the indicators as set forth in PDM ver. 2. The Committee requested concerned parties to take necessary actions to expedite the process.
Attached Documents	<ol style="list-style-type: none"> 1. FiAS Status of Progress as of Oct 2020_JCCrev.pptx 2. 4th QMM Activity highlights.pptx 3. Proposed revision of Work Plan Phase Ii.pptx 4. RD process.pptx

1. Opening Remarks

Ms. Zana Konini, Project Director, FED invest, welcomed the participants upon opening of the JCC. Ms. Konini appreciated the efforts made so far by all the concerned parties to implement activities despite the limitations imposed by COVID19. Such efforts included proactive usage of online communication methods and implementation of the agriculture input support scheme for small-scale farmers. She emphasized that JICA's financial assistance during the pandemic was instrumental to

our valued farmers and to fulfilling our organizational goals. The response and feedback received from the farmers so far have been great and she expressed their highest appreciation for the valuable support. She hoped that the scheme would be further expanded and scaled up to reach out to more members in need, at a faster pace. Likewise, she was keen on having all activities of the new work plan, at least for 2021, fully executed and on a timely fashion, especially priority activities such as: ABA Business Plan & Marketing Plan, Digital Window Project, Greenhouse Efficiency, agro-tourism product, CC Strategy, etc.

2. Presentation on Status of Phase II Project Implementation (Attachment 1)

Ms. Hiroko Tanaka, Chief Advisor, JICA Consultant Team, and Ms. Merita Cani, Project Manager, FED invest, explained the progress of the Project activities during the Project Phase 2. Their presentation stressed the proactive measures taken by the Project in order to mitigate the negative impact of COVID 19 and also to address the emerging need of Albanian farmers through a conduct of survey on the COVID 19 impact, which was followed by the input support scheme. In her presentation Ms. Tanaka suggested to add a new indicator of measuring the active members increase to the first Project Purpose indicator so that it would complement the original indicator. The proposal was to consider Project Purpose 1 achieved with either 50% increase of the total membership from the baseline data of 65,000 or 50% increase of the number of active members from the baseline data of 16,700 (baseline data are as of June 2019). Ms. Cani explained the levels of achievement of Output-level indicators, most of which were either in progress or completed.

3. Project Activity Highlights (Attachment 2)

Mr. Perlat Sulaj, Output 1 Manager, CEO, FED invest, explained the progress of Output 1 activities together with Ms. Yoshiko Honda, Output 1 Coordinator, JICA Consultant Team. The highlights of Output 1 activities included development of financial education modules, online customer centricity (CC) staff training, and actions taken thus far towards institutionalization of the CC approach.

Mr. Behar Gjoni, Output 2 Manager, FED invest, explained the progress of Output 2. The highlights of Output 2 activities included implementation of the agricultural input support scheme to small-scale farmers and piloting of the ABA Online activities.

Ms. Liliana Nanaj, Output 3 Manager, FED invest, explained the progress of Output 3. The highlights of Output 3 activities included introduction of the Internet Banking module, development of financial education module for Internet Banking, and preparation of supervisory reports to the Central Bank.

4. Proposed Work Plan Revisions for Phase II (Attachment 3)

Ms. Tanaka proposed to the Committee revisions to the Project Work Plan Phase II and an extension of the Project period until June 2022 for implementation of the remaining activities and some newly proposed activities with a view to achieving the target indicators of PDM ver.2. Ms. Cani explained the main points of the proposed revisions to the Work Plan, which included new activities such as social media marketing, digital monitoring of greenhouse project, and digital window customer journey project. She emphasized that timely onset and execution of activities as

envisaged in the revised workplan is pivotal for project success. The workplan is a joint product of all output teams aiming to fulfil project indicators. Extension of the project is sought with this purpose in mind only.

5. Remarks from JICA

Ms. Haruko Kamei, Senior Director, Office for Gender Equality and Poverty Reduction, JICA Headquarters, expressed her gratitude for the Project achievements made so far despite of the COVID19-imposed restrictions. Responding to the above proposal, Ms. Kamei stated that (1) she has no objection to the proposed extension of the Project; (2) scaling-up of the agricultural input support scheme should be considered only after completion of the Phase 1; and (3) feasibility of other newly suggested initiatives/projects should be examined before confirming JICA's commitment for support.

6. Q&As / Discussions

Ms. Anxhela Bushati, Head of the Economic Development and Projects Sector, the Ministry of Finance and Economy (MoFE), requested information on necessary procedures for the Project period extension.

Ms. Chieko Yokota, Assistant Senior Director, Office for Gender Equality and Poverty Reduction, JICA Headquarters, replied to Ms. Bushati that JICA and the MoFE would need to revise the Record of Discussions (R/D) once the revision to the Work Plan has been finalized. Ms. Yokota agreed to the proposal of adding FED invest's active member increase to the first Project Purpose indicator.

Mr. Konomi suggested that JICA Balkan Office would support publicizing the agricultural input scheme and thus asked the Project to share with him several good photos from the scheme beneficiaries and their businesses. Mr. Konomi pointed out that the amendment of the R/D should be completed before elections as it is very difficult to obtain signatures by respective authorities during political campaigns and promised to coordinate with Ms. Bushati for necessary procedures.

Mr. Jun Hirashima, Project Formulation Advisor, JICA Balkan Office, promised that he would communicate with concerned persons for revision of the R/D.

Mr. Takashi Hibino, Deputy Resident Representative, JICA Balkan Office, commented that the use of tablets for online training purpose would be a good example for other projects. He also inquired about the status of the input support scheme.

Ms. Jayshree Venkatesen, Customer Centricity Consultant, JICA Consultant Team, shared her view on the input support scheme that the feedback from the beneficiaries had been very positive and that agricultural input traders had been benefited from FED invest's member-to-member payment service as well. Mr. Gjoni confirmed that the current round of the input support scheme would be completed by the end of November. Ms. Tanaka informed the meeting that 140th beneficiary had been reached one day before the Committee.

Ms. Zana confirmed that the Project Team shall conduct an evaluation of the results of

the Phase I upon its completion prior to submission of the Phase II proposal to JICA. We shall aim at conducting the 1st scheme evaluation as soon as possible and propose eligibility criteria of new scheme in order to be ready for the new farming season.

Ms. Bushati suggested that promotional events should be held for publicizing the Project achievements in a visible manner. Ms. Tanaka agreed with Ms. Bushati's point and added that the Project already had a plan to organize a publicity and experience-sharing event and/or to highlight the Project achievements with a help of various media (in view of the prevailing difficulties in organizing events/gatherings).

Ms. Yokota explained the expected timeline for the Project period extension as follows:

(1) The concrete contents of the Project extension would be agreed in November to December 2020; (2) The internal approval at JICA Headquarters would be made in January 2021; and (3) The revision of the R/D and signing of the Minutes of Meeting (M/M) would be made in February 2021. Ms. Yokota added that the timeline might be affected by the COVID19 situation. (Attachment 4).

Mr. Konomi suggested to keep the deadline of February 2021 for the revision of the R/D in order to avoid possible delays in the process due to the Albanian general election, which is scheduled to be held in April 2021.

Mr. Sulaj highlighted the importance of moving faster in order to achieve the Project Purpose and agreed to the idea of organizing publicity events to show success of the Project to the entire country.

7. Approval of Work Plan Revision for Phase II

The Committee approved, in principle, the proposed revision to the Work Plan and an extension of the Project period. The Committee noted, however, overall feasibility as well as the details of several newly proposed activities (i.e. Greenhouse Project and Digital Window Project) need to be looked into and agreed upon prior to JICA's commitment for support.

8. Closing Remarks

Ms. Bushati appreciated the active discussions held among the participants and closed the Committee.

End.

Smallholder Families' Financial Inclusion Project in Albania (FiAS)

MINUTES OF MEETINGS
BETWEEN
MINISTRY OF FINANCE AND ECONOMY,
FED INVEST,
AND
JICA PROJECT TEAM
FOR
SMALLHODER FAMILIES' FINANCIAL INCUSION PROJCT IN ALBANIA (FiAS)

The Project Team organized by Japan International Cooperation Agency (hereinafter referred as "JICA"), the Ministry of Finance and Economy (hereinafter referred to as "MoFE") and FED invest held the fifth Joint Coordination Committee (hereinafter referred to as "JCC") meeting to share the progress of the Smallholder Families' Financial Inclusion in Albania (hereinafter referred to as "the FiAS Project") and confirm the following activities of the Project.

As the result of the discussion, the JICA Project Team, MoFE and FED invest reached a common understanding concerning the matters referred to in the document attached hereto.

29th June 2021


For
JICA PROJECT TEAM


Ms. Hiroko Tanaka
Chief Advisor
FiAS Project


For
MoFE


Ms. Anyhela Bushati
Head of Directory of Programs and Projects
Management

For
JICA


Ms. Tomomi Uchikawa
Senior Director
Office of Gender Equality and Poverty Reduction

For
FED invest


Ms. Zana Konini
Project Director/
Chairwoman of the Managing Council

*On behalf
of Zana Konini*

Attachment: Main points discussed and agreed

Main points discussed and agreed

1. Overall Summary

The Committee agreed on urgent actions by MoFE and FED invest (by 2 July 2021) to sign MM for Project period extension until June 2022.

The Committee welcomed involvement of MoFE in the M&E activities of the Project during the final Project implementation period through participation of 2 monitoring experts.

2. Opening Remarks

Ms. Zana Konini, Project Director, FED invest, welcomed the participants upon opening of the JCC.

2. Presentations on the Project framework (PDM), the Status of Phase II Project Implementation and the Project activity highlights (Attachment 4 to 5)

Ms. Hiroko Tanaka, Chief Advisor, JICA Consultant Team, briefed the Committee on the PDM framework. Ms. Tanaka explained that the PDM has the Overall Goal, which is a target to be achieved 3-5 years after the project completion, on the top of its hierarchy of goals and highlighted the importance of efforts towards ensuring Project sustainability during the final year of the project.

Ms. Merita Cani, Project Manager, FED invest, reported to the Committee the status of the PDM indicator achievement. Ms. Cani reported that most of the Project Purpose indicators and Output-level indicators were in progress except for the 2 indicators for Output 2 and Output 3 each.

Ms. Tanaka sought approval of the Committee for the proposed detailed Work Plan for the period July to September 2021 (shared with excel sheet), which had been developed based on the overall Work Plan through June 2022 approved by the Committee at the 4th JCC, Oct 2020.

Following presentations were made, highlighting key Project activities from March – May 2021.

Ms. Hiroko Tanaka shared project publicity activities. Which included: development of the FiAS Project website, the ABA Online Coordinator's interview broadcasted on a national TV program, a CGAP (World Bank) blog and JICA magazine (Mundi) articles, through which the Project had been gaining the public attentions.

Mr. Perlat Sulaj, Output 1 Manager, FED invest, explained the progress of Output 1 activities. The highlights of Output 1 activities included: marketing of new services such as current account; utility payment and youth loan; launch of the Digital Windows; financial education module development; and customer experience-related exercises.

Mr. Behar Gjoni, Output 2 Manager, FED invest, explained the progress of Output 2. The highlights of Output 2 activities included: implementation of the input support scheme round 2; the

The Project on Smallholder Families' Financial Inclusion in Albania

ABA promotion contest; and ABA Center / Online training and networking events.

Ms. Liliانا Nanaj, Output 3 Manager, FED invest, explained the progress of Output 3. The highlights of Output 3 activities included: the official launch of FED Online in pilot regions; and development of financial education materials and videos.

1. Discussions on issues related to further Project implementation.

(1) Proposed extension of the Project

Ms. Tomomi Uchikawa, Senior Director, JICA headquarters, explained that it is necessary to get the approval and signature on the Minutes of the Meetings for the Amendment of the Record of the Discussion from the Ministry of Finance and Economy (MoFE) and FED invest as soon as possible so that JICA would be able to take necessary procedures immediately for Project extension. She pointed out that urgent actions were requested in order to ensure uninterrupted continuation of Project activities until the proposed extension period of June 2022.

Ms. Anxhela Bushati, Head of Directory of Programs and Projects Management, MoFE, agreed with Ms. Uchikawa and indicated that it would be possible for her to sign the MM by 2 July 2021 since she had been already authorized by MoFE to do so.

(2) Proposed monitoring experts by the Ministry of Finance and Economy

Ms. Bushati, MoFE, in her presentation stressed that MoFE recognizes the importance of the Project for Albania. She would thus suggest closer involvement of MoFE in the Project M&E activities during the final months of the Project implementation. For that purpose, she indicated 2 monitoring experts recommended by the MoFE to take part in M&E activities.

The Committee, in principle, welcomed the suggestion of MoFE. Ms. Uchikawa gave a comment that the monitoring experts could contribute towards conducting the End-line survey, which was a planned Project activity. Ms. Konini, Chairperson of the Committee, requested Ms. Bushati and Ms. Tanaka to hold a separate meeting to discuss the details of the arrangement.

4. Other Matters

(1) Proposals to ensure financial sustainability of the ABA Centre

Mr. Sulaj suggested that now it is the right time to plan from the Consultant team prepare a concept note for ABA and then a project proposal to secure donor organizations' funding for continuing activities of the ABA Centre. Ms. Meri commented that the ESOKO, Ghana, case had indicated that it would take at least for 5 years for a similar business to become self-sustainable; therefore, a business plan would be necessary to attract donor organizations.

Ms. Nanaj commented on the importance of conducting the study tour on digital financial service, which had been planned but postponed due to the COVID19 pandemic. Ms. Tanaka expressed her concern with the feasibility of conducting the third-country study tour within the Project period, even with the Project extension. Ms. Konini requested Ms. Nanaj and Ms. Tanaka to hold a follow-up discussion on this matter.

5. Remarks from JICA

Ms. Uchikawa expressed her appreciation to all the project stakeholders for making their efforts to serve smallholder farmers. She encouraged FED Invest and the Project team to make continuous efforts for achieving the Project Purpose, especially addressing to the issue of sustainability of both financial and non-financial services, within the remaining project period.

6. Closing Remarks

Ms. Bushati expressed her appreciation to all the concerned persons' contribution toward the Committee and the project activities upon closing the Committee.

End.

Attachments:

- (1) JCC Program of the fifth JCC meeting
- (2) List of participants of the fifth JCC meeting
- (3) Status of Progress Work Plan as of June 2021 5th JCC
- (4) 5th JCC Activity Highlights
- (5) FiAS Work Plan July-Sep 2021

The Project on Smallholder Families' Financial Inclusion in Albania

Attachment (1)

Program

Time	Title	Speaker	Affiliation
09:30-09:35	Opening remarks	Ms. Zana Konini	Project Director & Chairperson of JCC FED invest
09:35-10:10	Presentations on: 1. The Project framework (PDM) 2. Status of Phase II Project Implementation 3. Project activity highlights	Ms. Merita Cani Ms. Hiroko Tanaka Mr. Perlat Sulaj Mr. Behar Gjoni Ms. Lilitana Nanaj	Project Manager, FED invest Chief Advisor, JICA Consultant Team Output Managers
10:10-10:50	Discussions on issues related to further Project implementation. - Proposed extension of the Project - Proposed monitoring experts by the Ministry of Finance and Economy Q & A		
10:50-10:55	Remarks by JICA	Ms. Tomomi Uchikawa	Senior Director, Office for Gender Equality and Poverty Reduction, JICA HQ
10:55-11:00	Closing Remarks	Ms. Anxhela Bushati	Head of Directory Directory of Programs and Projects Management in the Economic Development and Vocational Education Field Ministry of Finance and Economy

The Project on Smallholder Families' Financial Inclusion in Albania

Attachment (2)

Participants	<p>Ministry of Finance and Economy (MoFE)</p> <ul style="list-style-type: none">• Ms. Anxhela Bushati, Head of Directory of Programs and Projects Management <p>JICA Headquarters (Office for Gender Equality and Poverty Reduction)</p> <ul style="list-style-type: none">• Ms. Tomomi Uchikawa, Senior Director• Mr. Shinichiro Yoshida, Deputy Director• Ms. Suzuka Sugawara, Senior Advisor <p>JICA Balkan Office</p> <ul style="list-style-type: none">• Mr. Jun Hirashima, Project Formulation Advisor• Mr. Sokol Konomi, Technical Coordinator in Albania <p>FED invest</p> <ul style="list-style-type: none">• Ms. Zana Konini, Project Director / Chairwoman of the Managing Council• Ms. Merita Cani, Project Manager / Marketing Dept. Manager• Mr. Perlat Sulaj, Output 1 Manager / CEO• Mr. Behar Gjoni, Output 2 Manager / Deputy CEO• Ms. Liliana Nanaj, Output 3 Manager / Operation Dept. Manager <p>JICA Consultant Team</p> <ul style="list-style-type: none">• Ms. Hiroko Tanaka, Chief Advisor / Output 2 Coordinator• Mr. Yoshiko Honda, Output 1 Coordinator• Mr. Kodai Yugeta, Output 3 Coordinator• Ms. Tamaki (Mickey) Tanaka, Marketing Consultant <p>Embassy of Japan (Observer)</p> <ul style="list-style-type: none">• Ms. Hiroko Morikawa, First Secretary
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Smallholder Families' Financial Inclusion Project in Albania (FIAS)

MINUTES OF MEETINGS
BETWEEN
MINISTRY OF FINANCE AND ECONOMY,
FED INVEST,
AND
JICA PROJECT TEAM
FOR
SMALLHODER FAMILIES' FINANCIAL INCUSION PROJCT IN ALBANIA (FIAS)

The Project Team organized by Japan International Cooperation Agency (hereinafter referred as "JICA"), the Ministry of Finance and Economy (hereinafter referred to as "MoFE") and FED invest held the sixth Joint Coordination Committee (hereinafter referred to as "JCC") meeting to share the progress of the Smallholder Families' Financial Inclusion Project in Albania (hereinafter referred to as "the FIAS Project") and confirmed the following progress of the Project.

As the result of the discussion, the JICA Project Team, MoFE and FED invest reached a common understanding concerning the matters referred to in the document attached hereto.

26 January 2022

For
JICA PROJECT TEAM

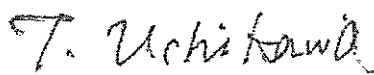

Ms. Hiroko Tanaka
Chief Advisor
FIAS Project

For
MoFE

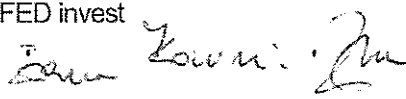
Ms. Anxhela Bushati
Head of Directory of Programs and Projects
Management



For
JICA


Ms. Tomomi Uchikawa
Senior Director
Office of Gender Equality and Poverty Reduction

For
FED invest


Ms. Zana Konini
Project Director/
Chairwoman of the Managing Council

Attachment: Main points discussed and agreed

Main points discussed and agreed

1. Overall Summary

The Committee agreed, in principle, the proposed key activities until the completion of the Project in June 2022.

The Committee agreed that ABA Business Plan Stage II, including revenue strategy, will be finalized by the end of March 2022 and the new ABA Center full-time manager, to be appointed by FED invest by early February 2022, shall be engaged in that finalization process.

2. Opening Remarks

Ms. Zana Konini, Project Director, FED invest, welcomed the participants upon opening of the JCC. She said that we are only 2 months apart from activity project end. Regrettably, 2 project years were affected by the pandemics. Achieving progress during this evolving situation has been challenging.. She showed the gratitude for JICA HQ's contribution to provide relief to 1,250 vulnerable smallholders through Input Support Scheme.

Ms. Konini expressed her belief that through this meeting, in addition to achievements and the work plan, we shall indicate our perspectives on future collaborations, especially on ABA's sustainability. A special agenda item is dedicated to this and she invited FED and JICA to disclose their positions on this issue.

At the end she shared with JCC members the news that 2022 is a year of 30th anniversary of FED with several activities planned during the year.

3. Presentations on the Status of Progress of Phase II Project Implementation, the Project activity highlights & FED invest position on ABA Centre (Attachments 3 - 5)

Ms. Merita Cani, Project Manager, FED invest, reported to the Committee the status of the PDM indicator achievement. She commented on the difficulties in reaching the Project Purpose targets with the established indicators, particularly Indicator 1 due to on-going pandemic situation. She stated the triple impact of input support scheme 2, including the additional increase by 10% in FED invest's new members for 2021. She stated that the Project team shall discuss Project Purpose-related indicators with a wider range of indicators such as 'unique viewers' and redefinition of active members in the End-line survey, which she believes help reflect the achievement level of the Project in a more comprehensive manner. She provided arguments and figures to prove FED's stance.

Ms. Cani reported that most of the Output-level indicators (1, 2, 3) were almost completed, with one or two activities in progress and would be achieved by the end of the Project. The only item crucial for achievement during the remaining period being ABA Business Plan 2.

Ms. Hiroko Tanaka, Chief Advisor, JICA Consultant Team, presented proposed key activities through March 2022 for field-level activities and through June 2022 for management level activities respectively. The Committee approved the plan.

Following presentations were made, highlighting key Project activities from October – December 2022.

The Project on Smallholder Families' Financial Inclusion in Albania

Mr. Perlat Sulaj, Output 1 Manager, FED invest, explained the progress of Output 1 activities. The highlights of Output 1 activities included: marketing of new services such as current account; utility payment and youth loan; continuous work of the Digital Windows.

Mr. Behar Gjoni, Output 2 Manager, FED invest, explained the progress of Output 2. The highlights of Output 2 activities included: the ABA promotion contest; and discussion on ABA Centre sustainability, including Revenue Strategy development. Mr. Gjoni emphasized the significant progress achieved over a short period of time due to huge staff commitment. ABA counting today +10K membership in less than a year is an important milestone. He said that ABA services are highly requested by FED invest rural membership, but ABA center has been serving to all farmers, not only FED members, as registration numbers indicate. Here, a major contribution has been rendered by FED network, opinion leaders and professional experts. Potential of ABA is high for value chain finance and online market. Unfortunately, ABA center launch in early 2020 coincided with Covid 19 outbreak and hindered many planned activities, especially those F2F. He emphasized FED's commitment to ABA continuity as an asset for FED invest, but pointed out that support was needed to make the center financially sufficient.

Ms. Liliana Nanaj, Output 3 Manager, FED invest, explained the progress of Output 3. The highlights of Output 3 activities included: development of financial education materials and videos and expansion of FED online service and utility payments across all FED invest branches. She asked support from the project to finalize printing leaflets for FED online for all the branches.

Mr. Perlat Sulaj, CEO, FED invest, made presentation on ABA sustainability issue. He explained the FED invest's view and current position on ABA Center. He expressed FED invest's commitment for ABA sustainability, while there are some challenges in achieving the goal. He explained that FED invest is of the position that we are at the right time and place to transform the ABA platform into a national platform for all farmers, and new project is needed to catch the opportunity. A winning business plan needs to be prepared for such a project. The business plan will also determine income generating services and financial forecasts, and the organizational structure and management for ABA. FED invest realizes that reaching ABA self-sustainability will be medium to long term goal as other models in different countries have experienced. At any case, FED invest is committed to develop ABA to a new level. The undesired scenario is that FED invest alone covers operational costs of ABA until a new project is in place, because this will create a burden for its financial position and may also cause a lost momentum for keeping the pace for ABA development. Therefore, a bridge scheme to maintain ABA activities as currently are, financed and supported by JICA and FED invest is needed and welcomed. In addition, FED invest has preference to have JICA as donor for the new project because ABA is a success story of JICA and FED invest in Albania and FED invest wants to leverage on the already-built relationship with JICA and Government of Japan. He requested JICA and the Government of Japan to consider further support for ABA Centre.

Ms. Anxhela Bushati, Head of Directory, Directory of Programs and Projects Management in the Economic Development and Vocational Education Field, Ministry of Finance and Economy, acknowledged the great achievements and impacts made by activities of ABA Center thus far, and indicated an intention of the Ministry to support its sustainability by connecting with donors including JICA through the Ministry's network.

4. Discussions on issues related to further Project implementation.

(1) ABA Centre sustainability

Ms. Tomomi Uchikawa, Senior Director, JICA headquarters, requested Mr. Sulaj on clarification of the bridge financing and a plan for addressing the financial issue explained in his presentation.

Mr. Sulaj explained that FED invest has full commitment for ensuring the sustainability and starting a new project, and confirmed that FED invest shall continue all the activities covering the necessary costs after the completion of the Project. He, however, explained that financial support is necessary to keep running the current activities for maintaining its momentum for a certain period.

Ms. Suzuka Sugawara, Senior Advisor, JICA headquarters, requested clarification of the timing for development of the ABA Business Plan by FED invest, including monetization of the services. She also asked if FED invest can produce the document by its own team, and if not what kind of assistance is necessary. She stated that JICA cannot provide any comments for future support without the business plan with monetization strategy.

Mr. Sulaj confirmed readiness of FED invest to complete the business plan by the end of March 2022 with the FIAS Project team, including help of all concerned experts. He explained that ABA Center is a new milestone in the Albanian market and has great value for the small holders to support their access to necessary information, market and market stakeholders. He commented that FED invest already had a clear vision and monetization might not be an issue if they can reach to the critical mass who are using the service. The strategy revenue document is in developing progress and will serve also as basis for the relevant part of the business plan and we will start piloting and testing some of the offers / services that are assumed to be income generating.

Ms. Konini reiterated that ABA Business Plan is part of project activities and should have been prepared within January 2021. She asked confirmation on completing this task from Hiroko san, Perlat and Meri.. She proposed that Business Plan completion within March end should be a decision of this JCC and inquired on JICA's position on this issue.

Ms. Sugawara asked Ms. Bushati if there is any possibility for the Ministry to support FED invest to continue ABA Center financially, since the platform has a potential to serve other industries as well by linking various stakeholders.

Ms. Bushati replied that the Ministry was internally discussing the issue and has constituted an internal working group to analyze effective collaboration mechanism among stakeholders including donors. She stated that she expected a proposal from that working group by late February 2022, which she intends to share with the members of the Committee.

Ms. Tanaka commented that the FIAS Project team is working towards finalizing the business plan by updating the existing document (ABA Business Plan Stage I), including incorporating the revenue strategy and monitoring section by the end of March 2022. She expressed her view against the idea of engaging additional experts in this process since it is not necessary, and it would only complicate the matter. She stated, instead, it is indispensable to engage the new ABA manager in that process.

Ms. Konini confirmed that a full time ABA new manager will be appointed by Feb 1 2022 and this person will be engaged in the finalization process of the ABA Business Plan Stage II.

(2) Project purpose indicators

Ms. Sugawara requested clarifications on the new indicators to be discussed in the end-line survey, suggested by Ms. Cani in her presentation.

Ms. Cani explained that the growth rate of members using more than one financial product (8,763 vs. 103, 85 times higher growth) was a very meaningful indicator to capture the whole effectiveness of the project. In 2019 without the new CBS, FED's offering to members was only deposits and loans. Thanks to project intervention we have launched new products and cross selling, increased product usage is another important dimension that contributes to FED's bottom line, which has not been reflected in the original project scope indicators. She also explained that 56% of the active members opening a transactional current account is another great achievement of the Project, as it indicates potential to increase revenue and expand financial opportunities for customers. Regarding the number of unique viewers of digital contents, she explained that the number is also important KPI, as there are many people who view the contents and actual outreach of the service is far beyond the ABA registration numbers. Since ABA services are free for every person that navigates its website, there is no real incentive to register. Hence, we have now 42K unique users that are 4.2 times higher than the registered ABA members. These indicators need to be considered during the end line survey.

5. Closing Remarks

Ms. Bushati expressed her appreciation to all the concerned persons' contribution toward the Committee and the project activities upon closing the Committee.

End.

Attachments:

- (1) JCC Program of the 6th JCC meeting
- (2) List of participants of the 6th JCC meeting
- (3) Status of Progress Work Plan as of December 2021 6th JCC
- (4) 6th JCC Activity Highlights
- (5) Notes on ABA Center

Attachment (1)

**6th Joint Coordination Committee
& Quarterly Monitoring Meeting**
for
Project on Smallholder Families' Financial Inclusion in Albania

Date : Wed, 26 Jan 2022
Opening Time : 09:30 hrs.
Closing Time : 11:00 hrs.
Venue : Zoom

Program

Time	Title	Speaker	Affiliation
09:30-09:35	Opening remarks	Ms. Zana Konini	Project Director & Chairperson of JCC FED invest
09:35-10:10	Presentations on: 1. Status of Phase II Project Implementation 2. Proposed key activities until completion of the Project 3. Project activity highlights (Oct-Dec 2021) 4. FED invest position on ABA Centre	Ms. Merita Cani Ms. Hiroko Tanaka Mr. Perlat Sulaj Mr. Behar Gjoni Ms. Liliana Nanaj	Project Manager, FED invest Chief Advisor, JICA Consultant Team Output Managers
10:10-10:50	Discussions on further Project implementation. - Key activities until completion of the Project - Q & A		-
10:50-10:55	Remarks by JICA	Ms. Tomomi Uchikawa	Senior Director, Office for Gender Equality and Poverty Reduction, JICA HQ
10:55-11:00	'Closing Remarks'	Ms. Anxhela Bushati	Head of Directory Directory of Programs and Projects Management in the Economic Development and Vocational Education Field Ministry of Finance and Economy

The Project on Smallholder Families' Financial Inclusion in Albania

Attachment (2)

Participants	<p>Ministry of Finance and Economy (MoFE)</p> <ul style="list-style-type: none"> • Ms. Anxhela Bushati, Head of Directory of Programs and Projects Management <p>JICA Headquarters (Office for Gender Equality and Poverty Reduction)</p> <ul style="list-style-type: none"> • Ms. Tomomi Uchikawa, Senior Director • Mr. Takumi Kunitake, Director • Mr. Shinichiro Yoshida, Deputy Director • Ms. Suzuka Sugawara, Senior Advisor • Ms. Natsumi Yamada, Officer in charge <p>JICA Balkan Office</p> <ul style="list-style-type: none"> • Mr. Jiro Takeichi, Chief Representative • Mr. Jun Hirashima, Project Formulation Advisor • Mr. Sokol Konomi, Technical Coordinator in Albania <p>FED invest</p> <ul style="list-style-type: none"> • Ms. Zana Konini, Project Director / Chairwoman of the Managing Council • Ms. Merita Cani, Project Manager / Marketing Dept. Manager • Mr. Perlat Sulaj, Output 1 Manager / CEO • Mr. Behar Gjonj, Output 2 Manager / Deputy CEO • Ms. Lilliana Nanaj, Output 3 Manager / Operation Dept. Manager <p>JICA Consultant Team</p> <ul style="list-style-type: none"> • Ms. Hiroko Tanaka, Chief Advisor / Output 2 Coordinator • Mr. Yoshiko Honda, Output 1 Coordinator • Mr. Kodai Yugeta, Output 3 Coordinator <p>Embassy of Japan (Observer)</p> <ul style="list-style-type: none"> • Ms. Hiroko Morikawa, First Secretary
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Smallholder Families' Financial Inclusion Project in Albania (FIAS)

MINUTES OF MEETINGS
BETWEEN
MINISTRY OF FINANCE AND ECONOMY,
FED INVEST,
AND
JICA PROJECT TEAM
FOR
SMALLHODER FAMILIES' FINANCIAL INCUSION PROJCT IN ALBANIA (FIAS)

The Project Team organized by Japan International Cooperation Agency (hereinafter referred as "JICA"), the Ministry of Finance and Economy (hereinafter referred to as "MoFE") and FED invest held the seventh and final Joint Coordination Committee (hereinafter referred to as "JCC") meeting to share the achievements of the Smallholder Families' Financial Inclusion Project in Albania (hereinafter referred to as "the FIAS Project") and confirmed the following achievements of the Project.

As the result of the discussion, the JICA Project Team, MoFE and FED invest reached a common understanding concerning the matters referred to in the document attached hereto.

19 May 2022


For
JICA PROJECT TEAM


Ms. Hiroko Tanaka
Chief Advisor
FIAS Project

For
MoFE


Mr. Besart Kadia
Deputy Minister

For
JICA


Ms. Suzuka Sugawara
Senior Advisor
Governance and Peacebuilding Department
JICA Headquarters

For
FED invest


Ms. Zana Konini
Project Director/
Chairwoman of the Managing Council

Attachment: Main points discussed and agreed



Main Points Discussed and Agreed

1. Overall Summary

The Committee confirmed the content of the presentations by the Project Team concerning the achievements and lessons learned from four and a half years of Project activities and FED invest's future actions for ensuring the Project impact sustainability. Upon completion of the Project, the equipment which had been used by the Project Team was handed over to FED Invest.

2. Opening Remarks

Ms. Zana Konini, Project Director, FED invest, welcomed the participants upon opening of the JCC. She mentioned tangible and multi-dimensional results achieved by the intensive work of the Project Team members and FED invest staff, which were, such as, improving the quality of products and services, increasing the rate of their use, digitalization, expanding the intervention area, launching of ABA Center, financial education, etc. She also mentioned that a good foundation of infrastructure, experience and human capacity were created through the Project and that the Project made contributions in line with the Government's priorities of financial inclusion and inclusive digitalization. In the end she appreciated the generous support provided by Japanese government and wished for the further cooperation in future. She expressed her conviction that FiAS project achievements, growing needs of farmers and JICA's presence in Albania has paved the way to continue successful collaboration together.

3. Presentations on the Status of Achievements of the Project indicators (Attachment 3)

Ms. Merita Cani, Project Manager, FED invest, reported to the Committee the status of the PDM indicator achievements, mentioning that all Output-level indicators had been achieved except for one as of 31 March 2022. The achievement level of the two Project Purpose indicators, on the other hand, had been 52% and 63% respectively for the first and second Project Purpose indicators. While falling short of attaining the targets, these were nonetheless good results from the perspective of usual banking activities. The reasons for partial achievements of the indicators were explained as follows: (1) it takes normally longer than a project time horizon for a TA intervention and new financial products to be converted into new members to a financial institution; (2) the launch of the new financial products was delayed because of the prolonged CBS implementation period, 2019 earthquake and 2020-2021 COVID19 impacts; and (3) ABA Center's face-to-face activities were restricted because of the COVID19 regulations. She also mentioned that there are several other important indicators that capture the outcome of the project, such as, the increased number of members who have taken up more than two financial products, the significant number of unique viewers of digital educational contents, and enhanced FED invest staff capacity as a result of tremendous training opportunities.

Ms. Hiroko Tanaka, Chief Advisor, FiAS Project Team, gave a supplementary explanation to Ms. Cani's statement, which was, the Project Purpose indicators did not include the other important

aspect of financial inclusion, that is, financial product usage by existing members. In that sense there was certain gap in the Project Design Matrix logic between Output-level and Project Purpose indicators and the conversion from attainment of the Output-level indicators to the Project Purpose level indicators was not automatic. She mentioned that the Project Team could have reviewed the Project Purpose indicators at some stage in 2020/21, but it did not happen because the Project Team had been busy coping with the COVID19 situation. It is one of the lessons learned from FiAS Project for similar types of JICA projects in future.

Ms. Cani mentioned that, although the Project had suffered a lot from the COVID19 situation, the actions that the Project had taken in response to the pandemic, the digital window project and the agricultural input support scheme, were significant success under those difficult days.

Ms. Suzuka Sugawara, Senior Advisor, Governance and Peacebuilding Department, JICA Headquarters, asked FED invest about the definition of active members because JICA's concern was that the number of active members had been decreasing over the past several months.

Ms. Cani answered that FED invest was in a process of refining the definition of active members ever since it had started to launch new financial products such as current account and utility payment. The current definition, which is if the user has an outstanding loan or deposit, does not capture those who pay energy bills by cash and those who use current account and only captures the number of members with outstanding loans at the end of each month.

Mr. Perlat Sulaj, CEO, FED invest, added that the fall of the number of active members was because of the COVID19 pandemic, which resulted in an abnormal but significant drop of loan takers in 2021. People hesitated to invest as compared with before the pandemic. He also mentioned the difficulty of drastically increasing the number of loan takers and depositors, but instead, FED invest's vision of acquiring more members by diversifying its financial product offering through utility payment and digital payment means.

Ms. Sugawara requested FED invest to continue refining the definition of active members so that it would be able to have a better picture of its business performance.

4. Discussions on the Proposed Actions for Project Impact Sustainability (Attachment 4)

Mr. Sulaj shared with the Committee FED invest's strategic vision and proposed actions for project impact sustainability. After having explained FED invest's experiences and competitiveness as the best promoter of financial inclusion in Albania and agricultural and financial contexts of rural areas, he explained several specific objectives for FED invest, which included (1) to maintain a solid growth of loans and deposits, (2) to focus on lending to SMEs, (3) to diversify utility payment services, (4) to enable inter-bank transfer, (5) to introduce new digital payments service such as QR code payment and international remittance, and (6) to expand its geographical coverage by establishing 8 more new branches in future. He also highlighted the importance of ABA Center and ABA Online, which already have more than 10,000 registered members who would demand for more financial services and online commerce and payment options in future, as an instrument to increase financial inclusion. ABA Centre is in the early phase and has great potential to develop and meet farmers' needs. Certainly, FED invest

The Project on Smallholder Families' Financial Inclusion in Albania

will continue to invest in ABA, but the center still has big needs for support and technical assistance.

Ms. Sugawara asked Mr. Sulaj about the possibility of introducing remittance service.

Mr. Sulaj answered that FED invest had already regarded a license for all types of payments by the Bank of Albania except for credit and debit card. He also explained that there was a possibility of FED invest being integrated into the inter-bank payment system with the future execution of the Revised Payment and Settlement Directive (PSD2).

5. Lessons Learned from FiAS Project (Attachment 5)

Ms. Tanaka shared the Committee with the lessons learned from implementing four and a half years of project activities that included: (1) Target-setting of the Project Purpose indicators were over ambitious due to the reasons discussed in the prior sessions; (2) The Project had given structure to customer centricity by practicing systematic information gathering and institutionalizing the philosophy through setting up the Customer at the Center Committee and executing the Strategic Marketing Plan and Member Care Manual; (3) A flexible approach taken under the COVID19 crisis, such as to develop ABA Online, distribute tablets for online staff training and deploy online channels for customer relationship management, had accelerated digitalization at FED invest; (4) Swift response to COVID19 by the input support scheme, an intervention outside of the PDM, had created a quadruple impact for FED invest; (5) The Project had successfully experimented digital communication channels, such as ABA Online and various social networks for disseminating educational materials and holding FED invest's General Assembly and; (6) Regular team communication such as online management meetings and exchange of written medium had developed mutual understanding, generated ideas and got things done.

6. Handing Over of Equipment to FED invest (Attachment 6)

Ms. Yoshiko Honda, Deputy Chief Advisor, FiAS Project Team, handed over the certificate of hand over of equipment to Mr. Sulaj, wishing FED invest to utilize the equipment for future success of its business.

Mr. Sulaj promised that FED invest would show its greatest responsibilities on taking over and utilizing the equipment for its business.

7. Remarks by JICA

Ms. Sugawara, on behalf of JICA, appreciated all the Project stakeholders' dedications towards the aim of improving the life of rural people through provision of both financial and non-financial services. She mentioned that, despite the COVID19 crisis, the Project had taken active steps such as the input support scheme in collaboration with input traders that had helped farmers to continue to access quality agricultural inputs, which was good evidence that the Project had been always listening to the needs of customers. She also remarked various Project achievements such as service provision in all the Albanian municipalities, 7 financial products newly introduced, Kredi24 launch attracting young generation and rapid ABA Online membership growth. She shared with the Committee JICA's requests

to FED invest for coping with the remaining challenges. The first challenge is how to meet the needs of the financially underserved people, which still comprises of two thirds of the national population according to the World Bank statistics. She requested FED invest to reach out this last mile population and at the same time requested the MoFE to look into the financial ecosystem because financial exclusion stems not only from the operation level but also from the financial regulation and infrastructure level. The second challenge is financial sustainability of the ABA Center, which is expected to be the first national agri-platform that provides farmers with one-stop service. She requested FED invest to re-examine ABA Business Plan and integrate a PDCA cycle into its operation, while requesting the MoFE to extend its support to FED invest so that more farmers would be able to benefit from ABA Center. She concluded her remarks by appreciating great contributions, innovative ideas and quick actions of the Project Team and the partnership created between the Project Team and JICA.

8. Closing Remarks

Mr. Besart Kadia, Deputy Minister, MoFE, praised the right actions taken and various success achieved by the Project despite unexpected crisis such as the earthquake and COVID19. He mentioned that financial inclusion is an important topic for the Ministry. He also mentioned that ABA Center is an important tool for educating farmers and that making it financially sustainable would make an important contribution for the agricultural sector. He appreciated FED invest and JICA for making such a platform happen and encouraged not to stop support at the early stage so that ABA Center would be a success case even for other Balkan countries. In the end he thanked the partnership between FED invest and JICA that enabled achieving most of the Project ideas and collecting lessons learned and suggested further collaborative work in future.

End.

Attachments:

- (1) JCC program of the 7th JCC meeting
- (2) List of participants of the 7th JCC meeting
- (3) Presentation slides for the status of achievements of the project indicators
- (4) Presentation slides for proposed actions for project impact sustainability
- (5) Presentation slides for lessons learned from FiAS Project
- (6) Certificate of hand over of equipment

The Project on Smallholder Families' Financial Inclusion in Albania

Attachment (1)

7th Joint Coordination Committee
for
Project on Smallholder Families' Financial Inclusion in Albania

Date : Thurs, 19 May 2022
Opening Time : 09:00 hrs.
Closing Time : 10:30 hrs.
Venue : FED invest HQ Meeting Room

Program

Time	Title	Speaker	Affiliation
09:00-09:05	Opening remarks	Ms. Zana Konini	Project Director & Chairperson of JCC FED invest
09:05-09:40	Presentations on: 1. Status of Achievements of the Project indicators 2. Proposed actions for Project impact sustainability for each Output 3. Lessons learned from FiAS Project	Ms. Merita Cani Mr. Perlat Sulaj Ms. Hiroko Tanaka	Project Manager, FiAS Project & Director, Department of Strategic Projects, FED invest Executive Director, FED invest Chief Advisor, JICA Consultant Team
09:40-10:15	Discussion on the proposed actions for Project impact sustainability	-	
10:15-10:20	Handing over of Equipment to FED invest	Ms. Yoshiko Honda	Deputy Chief Advisor, JICA Consultant Team
10:20-10:25	Remarks by JICA	Ms. Suzuka Sugawara	Senior Advisor, Governance & Peace Building Department, JICA Headquarters
10:25-10:30	Closing Remarks	Mr. Besart Kadia	Deputy Minister Ministry of Finance and Economy

The Project on Smallholder Families' Financial Inclusion in Albania

Attachment (2)

Participants	<p>Ministry of Finance and Economy (MoFE)</p> <ul style="list-style-type: none"> • Mr. Besart Kadia, Deputy Minister • Ms. Anxhela Bushati, Head of Directory of Programs and Projects Management <p>JICA Headquarters (Office for Gender Equality and Poverty Reduction)</p> <ul style="list-style-type: none"> • Ms. UCHIKAWA Tomomi, Senior Director (Participated online) • Mr. KUNITAKE Takumi, Director (Participated online) • Ms. SUGAWARA Suzuka, Senior Advisor • Ms. YAMADA Natsumi, Program Officer <p>JICA Balkan Office</p> <ul style="list-style-type: none"> • Mr. HIRASHIMA Jun, Project Formulation Advisor • Mr. Sokol Konomi, Technical Coordinator in Albania <p>FED invest</p> <ul style="list-style-type: none"> • Ms. Zana Konini, Project Director / Chairwoman of the Managing Council • Ms. Merita Cani, Project Manager / Director of Dept. of Strategic Projects • Mr. Perlat Sulaj, Output 1 Manager / CEO • Mr. Behar Gjoni, Output 2 Manager / Deputy CEO • Ms. Liliana Nanaj, Output 3 Manager / Head of Operation Dept. <p>JICA Consultant Team</p> <ul style="list-style-type: none"> • Ms. TANAKA Hiroko, Chief Advisor / Output 2 Coordinator • Ms. HONDA Yoshiko, Deputy Chief Advisor / Output 1 Coordinator • Mr. YUGETA Kodai, Output 3 Coordinator <p>Embassy of Japan (Observer)</p> <ul style="list-style-type: none"> • Ms. MORIKAWA Hiroko, First Secretary (Participated online)
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Attachment5 : Needs Assessment Survey

Smallholder Families' Financial Inclusion Project in Albania

The Needs Assessment Survey

Final Report

May 2019





FINAL REPORT

Project on Smallholder Families' Financial Inclusion in Albania

Needs Assessment Survey

May 2019

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ALL: Albanian Lek (1 Euro=124 ALL, 1USD=110 ALL as of Feb 2019)



Abbreviations

AFSA	Albanian Financial Supervisory Authority
ALL	Albanian Lek
ATTC	Agricultural Technology Transfer Center
BKT	Banka Kombëtare Tregtare
CBS	Core Banking System
EaSI	(EU Programme for) Employment and Social Innovation
EU	European Union
FIs	Financial Institutions
GAP	Good Agricultural Practice
IPARD	Instrument for Pre-accession Assistance for Rural Development
ICT	Information and communication technology
JICA	Japan International Cooperation Agency
LSMS	Living Standard Measurement Survey
MABS	Microenterprise Access to Banking Services
MFI	Microfinance institution
MIS	Management Information System
PDM	Project Design Matrix
SHBB	Shoqëritë e bashkëpunimit bujqësor (Agriculture cooperative association)
USAID	United States Agency for International Development

Executive Summary

Objectives

A needs survey was conducted under the 'Smallholder Families' Financial Inclusion Project in Albania' implemented jointly by FED invest and Japan International Cooperation Agency (JICA) (the 'Project'). It was aimed at establishing a system of product/service development based on the customer centric approach within FED invest and understanding the current conditions and needs of existing and potential customers of FED invest. For this purpose, the survey aimed to shed light on various dimensions of the lives of FED invest's existing and potential customers, paying attention on the specific needs of different Customer segments, based on income and demographic (gender and age) characteristics. The major research and analytical themes of the survey are as follows:

- Household economy and livelihood;
- Current conditions of economic activities, especially related to agricultural production;
- Behaviours related to financial aspects of their lives, including coping strategies against risks; and
- The Customers' current usage and needs and demands for financial and non-financial services.

The results will be used to improve FED invest's existing products/services and develop new services. Also, the Project team and FED invest will identify which information/data of the (potential) members should be continuously collected and integrated into FED invest's Management Information System (MIS). Furthermore, the survey serves as a baseline of the Project with respect to the potential verifiable indicators of the PDM such as household income, consumption expenditures, and asset holdings.

Methodology

- Household survey:

The needs survey data collection was based on structured questionnaire/interviews with households, conducted by on-site enumerators, who were trained by an Albanian research company subcontracted by the Project. The survey data analysis primarily consisted of descriptive statistical analysis, allowing for comparison with respect to regional differences in outreach of the FED invest services, types of the members (active members, inactive members, and non-members), regional socio-economic conditions, types of major economic activities (such as livestock, horticulture, and tourism), income, and demographic characteristics (age and gender). In total, 977 of the targeted 1000 households took part in the interview.

- Qualitative research

In addition to the above-described household survey, in-depth (semi-structured) interviews (or

qualitative research) with FED invest members were also conducted. The purpose of this research was to gain deeper understanding on the behavior and preferences of FED invest members in order to verify and/or obtain background information to explain the results of household survey:

- To verify some data which are unclear in the household survey
- To obtain qualitative information to explain the data of the household survey, or detailed information, which can be utilized for Project activities (i.e. develop/design financial products and non-financial services).

Interviews with 22 households in 6 locations were conducted for the qualitative research. In order to include various demographic segments in the sample, most interviews included more than one member of the family (e.g. husband and wife and/or whole family members).

- Analysis of the results

The analysis of the results of the household survey were conducted mainly based on the following two approaches.

- Analyse the composition or distribution of the answers among the whole sample (without considering the differences among segments). This type of analysis is typically shown by pie charts and single column tables.
- Compare the answers among various segments of sample household by making cross tabulation tables and/or plot graphs for each segment, and examine the following points:
 - distinctive differences among the segments; and
 - notable characteristics of a specific segment.

Final analysis results of the Survey and their implications for FED invest was discussed thoroughly at several workshops held in January 2019, involving a total of 30 FED invest management, staff and members.

Main findings

Customer segments

[Low-income groups]

With 20% of the survey samples are below the poverty line, it can be concluded that FED invest's existing members / customers include many poor people. The majority (56%) of the respondents fall under the annual income category of between 200,000 ALL and 1,000,000 ALL. Many of the low-income respondents are subsistence farmers and agricultural products are for private consumption. They tend to have no regular agricultural product buyer, and motivation for contract cultivation is low. When they access loans, it is typically for consumption purposes.

There is an opportunity to develop financial products which meet the needs of low-income groups, such as loans for livelihood and consumption purposes, saving products, and low premium insurance products. Implementing credit scoring instrument is also considered useful for facilitating appraisal processes, of small loan applications, which, in turn, help low income loan applicants build up their credit record.

[Inactive members]

The income level of active members is relatively high compared to inactive members. Thus, it is possible that inactive members may be activated through the provision of products and services that respond to the needs of the low-income group. 12% of inactive members responded they do not know FED invest. It is necessary to improve marketing & branding, including the marketing skills of branch-level staff.

65% of FED invest members are inactive and 12% of inactive members replied that they do not know FED invest.

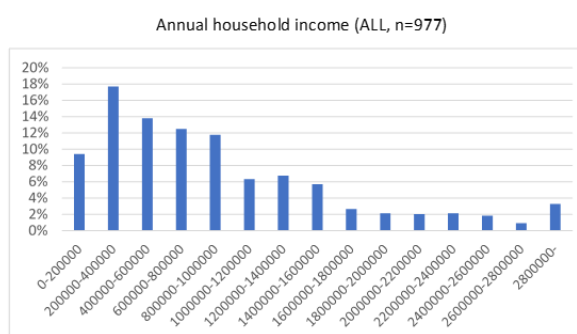
[Women]

Women's account holding rate is low. The ratio of PC and mobile phone ownership is higher for women than men, and the demand rate for online financial services is also high among women. Borrowing money from relatives as a countermeasure of risks appears non-existent. The need for online service is relatively high among women and it might therefore be prudent to consider providing online services specifically targeted at women.

Female headed households' income level is markedly lower than that of male headed households. Thus, financial service needs of women headed households are likely to be consistent with those of low-income groups.

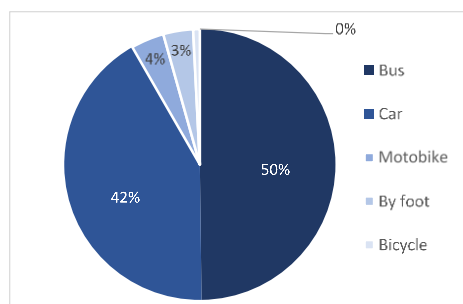
[Young people]

Accessing loans as well as receipt of insurance payments from financial institutions or MF institutions as countermeasures when they encountered sickness or natural calamity is highest amongst people aged 21 or younger. Developing products and services such as insurance, loans, financial education targeted at young people may be considered.



Source: Calculated, based on size of land and livestock

Mode of transportation to commercial banks
(n=255)



Source: Question VII.B.2.x, "What is the mode of transportation to go to the financial institution?"

Young people tend to help obtain information for the parents and family, by conducting on-line search of information.

Finance-related topics

[Access to financial services]

90% of FED invest members do not have a commercial bank account and 40% of non-members do not possess an account at all.

FED invest customers are highly dependent on FED invest in their financial activities. Since the overall commercial bank account holding rate is low, the scope of expansion is extremely large. It is necessary to introduce measures such as agent banking and mobile banking to improve access to financial services.

[Saving]

In general, awareness on saving is extremely low, saving behavior may be promoted through financial education and awareness raising activities. Savings products to serve the purposes of livelihood purposes such as housing improvements, pension (elderly) and education could be introduced. Savings account and current account, linked to a payment system, can help people who currently maintain small savings at home.

The motivation for saving with financial institutions is determined by interest rates and simplicity of withdrawal, and the main reason to save is to prepare for sickness and emergencies.

[Loans]

One third of all respondents received loans in recent years, and the majority of loan objectives is for agriculture followed by entrepreneurship/business. The needs for agriculture investment purpose loans (especially for greenhouse vegetables, export crops) are very high. There is a demand for value chain financing products in cooperation with wholesalers and loan products for emergency response purposes. Livelihood-related objectives (medical, educational, etc.) are limited at present, but could become a major loan purposes in the future.

FED invest customers are highly dependent on FED invest in their financial activities. On average, it takes 41 minutes to get to the nearest bank.

Problems in loan repayment include failure of economic activities related to loans and legal problems (primarily delays of payment by the buyers). The provision of services such as financial education and technical advice improves the financial capability of customers and may improve the default rates. Customer satisfaction with FED invest loans is generally high, but the interest rates is perceived high (i.e. satisfaction level of interest rate is low).

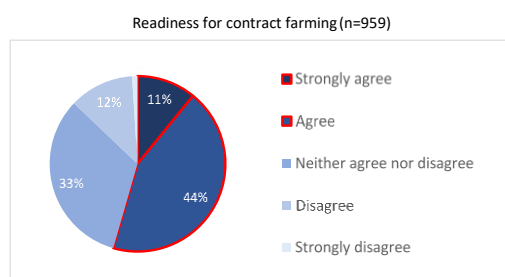
[Life risks and insurances]

The respondents largely deal with finance / life risks by using their savings and curbing expenditure. Few borrow from relatives and financial institutions (borrowing is particularly rare among low-income households). More than 60% do not have insurance knowledge. The main stated reason (by interviewed farmers) for not using insurance is that the premium is too high.

There is a need for micro insurance and mutual insurance, which can respond to needs in case of emergency. Awareness raising activities on insurance are necessary.

[On-line services]

Willingness for using online services appears relatively high for women, higher-income households and higher-educated respondents. More than 80% of members and over 50% of non-members



Source: Question II.D.7, "7. Are you willing to enter in to a contract farming agreement?"

replied that they would like to use FED invest utility payment service. There is a very high demand for utility payment services among the respondents in general. This represents an opportunity of expanding financial inclusion to remote areas through provision of utility payment services.

Agriculture-related topics

[Contract farming/value chain finance]

- While in general, approximately 40% of the farmers have a regular buyer of products, this ratio is especially high among greenhouse vegetable farmers, as they are more likely to be export products. There is a potential for the provision of value chain financing by cooperating with value chain actors such as input suppliers or buyers.

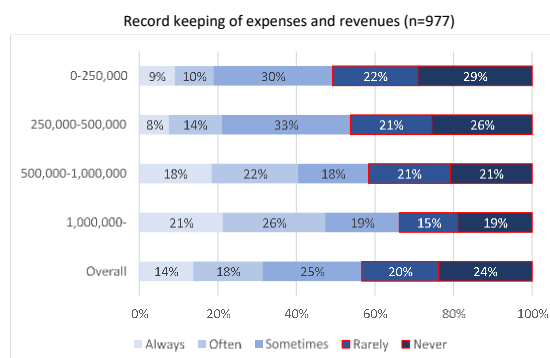
Sales of greenhouse vegetables is likely to continue to be a driver of the agriculture sector of Albania in the future and provide opportunities for small-scale farmers to earn income. Thus, the needs of financial products targeting this subsector are high.

[Collective action, farmer groups]

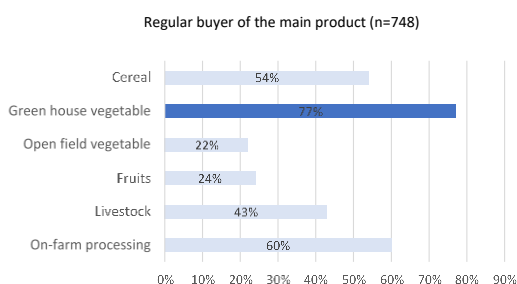
More than half of the respondents are positive about contract farming, and a quarter to half of them would agree to group activities such as joint purchasing of inputs and marketing of products. Farmer group formation support activities through the agriculture knowledge centre would be effective. Examining financial products through group formation (e.g. Group deposits, mutual aid, value chain financing, etc.) may be considered.

[Agriculture sector information]

Many respondents cited "advice for agricultural technology" and "market information" as the most necessary services. Notably, they are also listed as the most inaccessible services / information. Farmers with annual household income ALL of over 2,000,000 are more likely to have received support from government agriculture subsidy scheme than those with a lower income.



There is a high need for "advice on agricultural technology" and "market information". The need for such non-financial services related to agriculture is higher among the middle- income group and above, implying that this need becomes stronger for growing and more market-oriented farms. While the agri-knowledge center can provide some non-financial services (e.g. market information), it can also facilitate the access to other services provided by other service providers or institutions (e.g. government subsidy schemes).



Source: Question II.D.3, "Do you have regular buyer of the main product?"

[Financial literacy and financial awareness]

Many households (about 38% of the total) have no deposits at all and more than half of the households below annual income of ALL 1,000,000 are non-saving households, many of which cite that they

cannot afford to save. The lower the household income level, the lower the practice of book keeping. Respondents' financial knowledge appears to be very low.

Saving behaviour may be promoted through financial education / awareness raising activities. Financial education may be particularly useful for low-income households in developing their financial capabilities. Practical financial education, improvement of financial capability of customers by providing non-financial services can lead to FED invest's opportunities to expand customers.

Implications for FED invest

The following highlights the key implications of the above findings. These findings and implications shall be followed-up under the next steps of Project activities, including development and provision of financial products and non-financial services and other related activities.

[Responding to customer needs]

- **A need to respond to needs of low-income customers:** The Survey confirmed the importance of low-income customers for FED invest. It is necessary to respond to their specific needs (e.g. offer attractive savings products, implement the credit scoring system). Since inactive members tend to fall under lower-income groups, responding to the needs of low-income customers are likely to be effective in converting inactive members into active.
- **A need to recognize specific needs and roles of individual members of households (different segments are represented in a household):** At present, FED invest services are offered based on 'household' as a unit (e.g., only one loan per household is permitted at a time). Partially due to this approach, specific roles played by individual members in the financial behaviours of a household (e.g. parents usually ask the children to look for information via internet, women might have stronger propensity to save) and their needs tend to be hidden.
- **A need for MIS and related mechanisms to update and analyse customer needs:** In order to capture and analyse updated information on customer needs, MIS is indispensable. The new CBS system to be introduced under the Project provides that opportunity.
- **Marketing and communication strategy to target different segments:** The importance of marketing and branding based on customer centric approach are highlighted as the key common thread in undertaking further Project activities. Current communication may reviewed to improve its effectiveness in conveying information on products, services and benefits.

[Building on institutional strength]

- **Build-upon the strength of FED invest brand:** Overall, employees and active members of FED invest have positive feelings about FED invest brand, trust FED invest and are proud of their

association. On the other hand, the Survey identified that, amongst inactive/dormant members, the new brand ('FED invest') does not register. Brand strategy for FED invest should build upon the existing strength. In addition, the above-mentioned communication should be tested before launch and be aligned with brand strategy.

- **Developing potential and capacity of branch-level staff:** An important part of FED invest brand comprises of its staff, particularly branch managers and loan officers who are in contact with the Customers on day-to-day basis. They often represent the reasons why the Customers trust FED invest through their community involvement and personal linkages with the Customers. Their potential and capacity should be explored and developed.

[Potential financial products]

- **Savings and current account linked to payment system:** It is clear that introduction of the new CBS under the Project opens the door for FED invest to offer some of the key financial products and services, which respond to the Customers' needs. CBS-enables FED invest to offer savings and current account linked to payment system.
- **Services to improve accessibility to financial services:** The new CBS enables possibility for on-line and mobile banking services, which are considered effective to expand and improve accessibility of services. These options may be particularly effective in reaching certain customer segments, such as women, higher-income households, inactive members and higher-educated Customers. Other outreach options, such as agent banking, could be also explored.
- **Financial products for selected agriculture sectors:** The need for agriculture investment purpose loans are very high, especially for greenhouse vegetables and other export crops. The likelihood for stable value chain partner-relationship, including contract farming, is also higher for these sectors. Thus, a possible opportunity for value chain finance may be explored for sectors with potential.
- **Financial products to meet livelihood-related needs:** There are possible needs for savings products to serve the purposes of livelihood needs such as housing improvements, pension (elderly) and education.
- **Financial instruments (e.g. mutual insurance) to cope with risks:** There is a clear need for financial products to help prepare for and cope with risks and emergencies. In this regard, options with larger insurance companies could be explored, in addition to exploring possibility of mutual insurance ('solidarity scheme.')

[Potential non-financial services]

- **A need for financial education:** Financial education is considered necessary and effective for a

range of financial awareness-raising and capability-building of Customers, particularly for, though not limited to, those fall under low-income groups.

- **Agriculture related services:** There is a range of agriculture market and other related information needs, which are not presently met. They include: market information, inputs-related information, agriculture technology and subsidy schemes.
- **Farmer groups:** Provision of some of the above non-financial services may be more effective when combined with support to develop and manage farmer groups.

1. Overview of the Needs Survey

1.1 Objectives of the Needs Survey

This Needs Survey was conducted under the ‘Project on Smallholder Families’ Financial Inclusion in Albania’ implemented jointly by FED invest and Japan International Cooperation Agency (JICA) (the ‘Project’). It was aimed at establishing a system for product/service development based on the customer centric approach within FED invest, based on understanding the current conditions and needs of existing and potential customers (‘the Customers’) of FED invest. For this purpose, the survey aimed to shed light on various dimensions of the lives of the Customers, paying attention to the specific needs of different Customer segments, based on income and demographic (gender and age) characteristics. The major research and analytical themes of the survey are as follows:

- Household economy and livelihood;
- Current conditions of economic activities, especially related to agricultural production;
- Behaviours related to financial aspects of their lives, including coping strategies against risks; and
- The Customers’ current usage and needs and demands for financial and non-financial services.

The results of the Survey are intended to be used to improve the existing products/services and development of new services of FED invest, which are expected to be developed through Project activities.

In addition, based on the results and analysis of the Needs Survey, the Project team and FED invest will identify which information/data of the members (and potential members) should be continuously collected and integrated into FED invest’s Management Information System (MIS). These activities will be also undertaken as part of the Project activities.

Furthermore, the Survey is also intended to help establish the baseline data, against which the Project shall measure the indicators of the PDM such as the Customers’ household income, consumption expenditure, and asset holdings.

1.2 Methodology of the household survey

(1) Process

The entire survey process including preparation and implementation was conducted by FED

invest staff and the JICA consultant team in a highly collaborative manner. This involved the following activities:

- Formulation of the sample design
- Selection of the survey areas
- Preparation of the questionnaire
- Pre-test of the questionnaire
- Selection of the sub-contractor



Testing the Questionnaire

(2) Method

The Needs Survey data collection was based on the structured questionnaire interviews with households. These were conducted by on-site enumerators, who were trained by an Albanian research company subcontracted by the Project. Whereas the survey data analysis primarily consisted of descriptive statistical analysis, often deployed crosstabulations using excel, in order to enable comparison between different categories of the sample (e.g. in terms of sector orientation, income levels etc.).

(3) Sample size

977 of the targeted 1000 households took part in the interview.

(4) Sampling

The sampling design was formulated based on the following segmentations of the sample households.

- A) Regional differences in outreach of the FED invest services
- B) Types of the members (active member, inactive member, and non-member)
- C) Regional socio-economic conditions
- D) Types of major economic activities (such as livestock, horticulture, and tourism)
- E) Demographic characteristics (age and gender)

In order to have the segmentation of A) mentioned above, all the municipalities of Albania were divided into existing service provision areas and non-service provision areas. The existing service provision areas were further divided into high penetration areas of FED invest (where the numbers of its branches and members are large) and low penetration areas (where the numbers of its branches and members are small¹). The target municipalities of the survey were decided based on an intensive discussion between the FED invest staff and the consultant team based on the following selection criteria:

¹This classification of municipalities into high and low penetration areas was done by FED invest staff.

- For high penetration areas, the municipalities where the number of its members are especially high were selected
- For low penetration areas, the municipalities that FED invest intends to expand their services were selected

Prospective pilot project areas for the formation of an agriculture cooperative were also included in the sample of the survey. Table 1-2 shows 11 municipalities selected by this process.

For the segmentation of B), it was decided to categorize the sample households of the survey into the following three categories:

Active members:	Samples who are member of FED invest and are currently paying back loans to FED invest and/or have deposit in the account of FED invest
Inactive members:	Samples who are member of FED invest but are not currently paying back loans and do not have any deposits in FED invest
Non-members:	Samples who are not a member of FED invest

After A) and B) were segmented as mentioned above, the target number of sample households in each segment were allocated as described in Table 1-1. In this manner, it was possible to examine:

- the current situation on the usage and satisfaction level of FED invest services;
- the feasibility of service expansion to low penetration areas and non-service provision areas;
- the extensions to inactive members and non-members.

Table 1-1: Target number of sample households for segments A and B

		Active members	Inactive members	Non-members
Existing service provision area	High penetration area	Appr. 180	Appr. 130	Appr. 50
	Low penetration area	Appr. 100	Appr. 130	Appr. 50
Non-service provision area				Appr. 350

For the next step, the target administrative centers (communes)² of the survey were selected among the selected municipalities. This selection was made in order to obtain the segmentations of C) Regional socio-economic conditions and D) Types of major economic activities. In order to obtain the variation of regional socio-economic conditions in the sample, the following two commune-based indicators were used.

² After the recent decentralization reform, communes were renamed and classified as administrative centers. In this report, we use the term commune as a synonym (interchangeably) with the term administrative center.

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- Dependence on economic aid: Proportion of families indicating that they receive social assistance and benefits (Source: Albania, Census 2011, Albanian Institute of Statistics)
- Remittances from abroad: A proportion of families indicating that they receive remittances from abroad (Source: Albania, Census 2011, Albanian Institute of Statistics)

The regional characteristics on the major economic activities were identified by FED invest staff and a member of the consultant team, who is an Albanian agriculture sector expert.

Table 1-2 shows the target communes of the survey, which were selected from the above-mentioned processes and the criteria for the Segmentation C) and D). Figure 1-1 depicts geographical position of the areas of the survey.

Table 1-2: Target municipalities and administrative centers (communes)

Outreach of service	Municipalities	Commune / administrative center	Dependency on economic aid	Dependency on foreign remittances	Major economic activities
High penetration areas	Elbasan	Gjinar	Medium	Medium	Livestock/ Tourism
		Shirgjan	Medium	Medium	Vegetable/ Livestock
	Belsh	Belsh-qender	Medium	High	Tourism
	Fier	Demenas	Low	Medium	Livestock
		Qendër	Low	Low	Livestock/ Various crops
	Lushnje	Kemishtaj	Low	Medium	Greenhouse vegetables
Low penetration areas	Durrës	Katundi i ri	Low	Medium	Vineyard/ Livestock
	Vau i Dejës	Bushat	Low	Medium	Fruits
	Shkodër	Postribë	High	Medium	Vegetables/ Sheep and Goat
	Ura vajguore	Poshnje	Medium	Medium	Greenhouse vegetables
Non-service provision areas	Devoll	Progër	Low	Medium	Fruits
		Qendër Bilisht	Low	Medium	Livestock
	Kukës	Shtiqen	High	Low	Livestock
		Shishtavec	High	Low	Potatoes/ Fruits/ Livestock/ Tourism

	Fier	Cakran	Low	High	Olives/Vine
	Shkodër	Rrethinat	High	Low	Fruits/ Vegetables
	Korçë	Mollaj	Low	Medium	Fruits
		Qëndër Bulgarec	Low	Medium	Vegetables/ Fruits
		Voskopojë	Low	Low	Livestock/ Tourism
	Ura vajguore	Kutalli	Low	Medium	Greenhouse vegetables

In order to obtain the segmentation E) Demographic characteristics (age and gender), the interviewees of the survey were selected in a way which ensures a certain number or representativeness in terms of gender and age groups. The following age groups were distinguished:

- 21 years old or younger
- 22-35 years old
- 36-59 years old
- 60 years old or older

Some of the questions relate to their households as a whole (such as farming activities), whereas others to individuals (such as preference to move to cities and ownership of mobile phone). Thus, diversity of age groups and gender among the respondents was important in order to make comparisons by demographic characteristics for these questions.

1.3 Research questions and themes of the household survey

The major themes and questions for analysis of the household survey results are as follows:

Household economy

- Household income and consumption expenditures
- Productive assets (agricultural land, machinery, and buildings)
- Financial assets and liabilities (amount of savings and loans)

Agriculture:

- Current situation of agriculture production and sales, and related problems
- Willingness for cooperation/willingness to form cooperatives
- Needs for the services and trainings on agriculture

Behaviours that relate to financial aspects of their lives

- Risks and coping strategy
- Investment, saving, and debt management

Usage of and needs for financial services

- Current situation of financial services usage such as deposits, loans, and insurances
- Utilization of collateral
- Client satisfaction of financial services
- Needs for new financial services (including client portal and utility payment)

1.4 Limitations of the survey

The following points are some of the limitations of this survey conducted through the above-mentioned procedures. One has to keep in mind of these limitations and needs to be cautious when interpreting the results of the survey.

(1) Sampling method

In order to compare various segments of the households in terms of regional differences a partly purposive sampling method was used. For example, some of the segments such as FED invest members are overrepresented, thus caution is required when interpreting and generalizing data.

(2) Structure of the questionnaire

Due to the large number of partners the questionnaire became long and complicated. Some enumerators appeared to have difficulties in understanding the question flow, which resulted in some unanswered questions. This in turn meant that some results were less clear and insightful than was hoped for. These issues will be addressed through a qualitative follow-up survey including focus group discussions and individual in-depth interviews, as described in the Chapter 5.

(3) Contents of the questions

Overall, most of the questions appear to have been answered properly. However, some subjects appeared to be unfamiliar for both the enumerators and the respondents (such as insurance, Global GAP, Certificates, bank account etc.). There were some difficulties in acquiring proper data and information for these questions. Also, obtaining information on monetary values such as income, expenditure or amount of saving etc. appeared very difficult. Some of the aspects which required further understanding, such as behaviours and opinions related to livelihood, were addressed through a follow-up qualitative survey as described below.

1.5 Qualitative research

(Objectives)

In addition to the above-described household survey, in-depth (semi-structured) interviews (or qualitative research) with FED invest members were also conducted. The purpose of this research was to gain deeper understanding on the behavior and preferences of FED invest members in order to verify and/or obtain background information to explain the results of household survey:



FED invest Bushat branche

- To verify some data which are unclear in the household survey
- To obtain qualitative information to explain the data of the household survey, or detailed information, which can be utilized for Project activities (i.e. develop/design financial products and non-financial services).

(Method and target interviewees)

The research questions for the qualitative research were selected based on the results of preliminary analysis of the household survey (i.e. those areas which require further inquiry were selected as target of qualitative research.) As mentioned above, semi-structured interviews were conducted, which allows flexible adjustment of conversation with the interviewees based on their answers, while exploring a set of pre-determined set of themes to be explored.

The qualitative survey was designed to include members of household of the following segments:

- Regional differences in outreach of the FED invest services;
- Types of the members (active member, inactive member);
- Types of major economic activities (such as livestock, green house, and other businesses); and
- Demographic characteristics (age and gender).

Interviews with 22 households were conducted for the qualitative research. Table 1-3 shows the number of interviews conducted for each segment. Also, in order to include various demographic segments in the sample, each interview included more than one member of the family (e.g. husband and wife and/or whole family members). Figure 1-1 depicts geographical locations where the interviews were conducted.

Table 1-3 : Number of interviews for each segment

FED invest outreach	Regional centres	Active members (main activity)	Inactive members (main activity)
High penetration areas	Elbasan	1 green house farmer, 1 livestock farmer (and owns restaurant)	1 green house farmer
	Lushnje	1 horticulture farmer (and owns houseware shop)	1 horticulture farmers 2 livestock farmers
	Fier	1 green house farmer 1 livestock farmer	1 green house farmer 1 corn farmer
Low penetration areas	Shkodër	1 livestock farmer	1 green house farmer
	Durrës	2 green house farmers 1 butcher	1 green house (and retail sales)
	Berat	2 green house farmers	1 café owner

(Implementation of interviews)

The interviews were conducted by the two teams, which comprised of the members shown in Table 1-4 and each team conducted interviews in 3 locations (i.e. a total of 6 locations) in Feb 2019.

Table 1-4: Composition of the survey teams and locations of interviews

	Team 1	Team 2
Locations	High-penetration areas (Elbasan, Lushja, Fier)	Low-penetration areas (Shkoder, Berat, Durres)
Team members	2 JICA consultants 1 staff of FED invest headquarter Loan officer of FED invest district branch of each target district	1 JICA consultant 2 staff of FED invest headquarter Loan officer of FED invest district branch of each target district

1.6 Analysis of results

(1) Approaches

The analysis of the results of the household survey were conducted mainly based on the following two approaches:

- Analyse the composition or distribution of the answers among the whole sample (without considering the differences among segments). This type of analysis is typically shown by pie charts and single column tables.
- Compare the answers among various segments of sample household by making cross tabulation tables and/or plot graphs for each segment, and examine the following points:
 - distinctive differences among the segments; and
 - notable characteristics of a specific segment.

The types of segmentation used for this approach include the segments described in Section 1.2. (4) and household farm income and household income levels, which are estimated by the answers of the household survey. Since the analytical viewpoints and the appropriate segment for comparison

differ from one topic to the other, different segmentations were selected depending on the topics for analysis. Table below shows the major segmentations used for each topic.

Table 1-5: Major segmentations

Topic	Major segmentations used for analysis	
Agriculture related topics	• Major farming activity of the household (sector based)	
	• Scale of farming activities (measured by the annual household farm income)	
	• Household income level	
Financial related topics	• Household income level	• Education level
	• Age and gender	• Member status

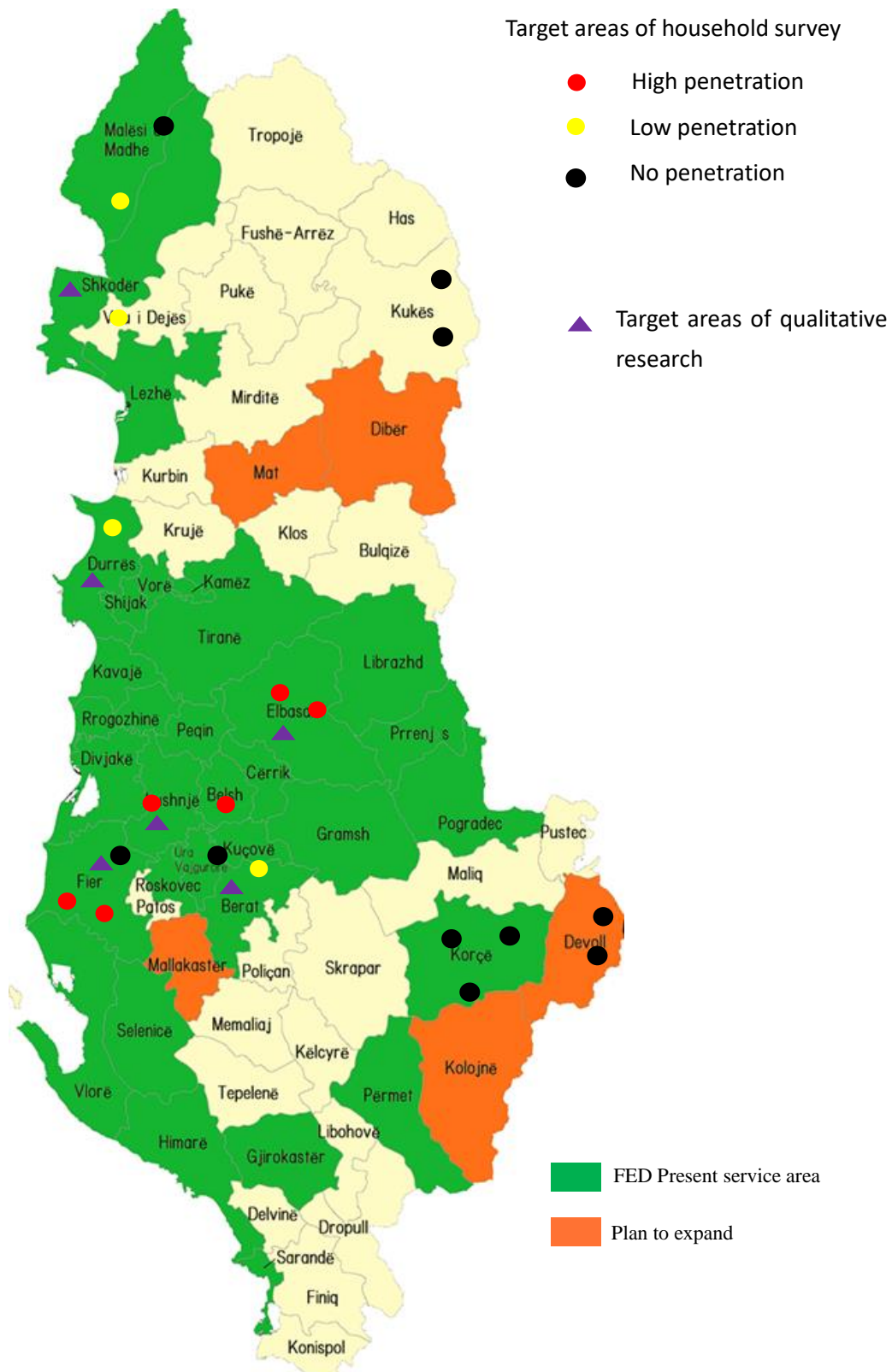
(2) Process

Analysis of the results were implemented in the following process.

August 2018	After the completion of household survey (field survey) at the end of July 2018, JICA consultant team conducted preliminary analysis of the results (raw data) based on the approached described above.
September 2018	The preliminary analysis report, which included the results of preliminary analysis conducted in August 2018, was shared with FED invest. Major results of the preliminary analysis were presented by JICA consultant team and several sessions were held to discuss the preliminary results.
October 2018	FED invest staff provided feedback to the preliminary analysis, which contained their interpretations of the results and suggestion for additional analysis.
November 2018	Additional analysis (comparison among age, gender, and income levels for several topics) were made by JICA consultant team. FED invest management requested that the final analysis results and their implications for FED invest to be thoroughly discussed with wider stakeholders of FED invest, including branch-level staff and FED invest members.
January 2019	Conducted 2 workshops (21 & 22 January 2019) and a wrap-up session (24 January 2019) to discuss the final analysis results and their implications for FED invest, involving a total of 30 FED invest management, staff and members.

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Figure 1-1: Survey areas



2. Profiles of sample households and respondents

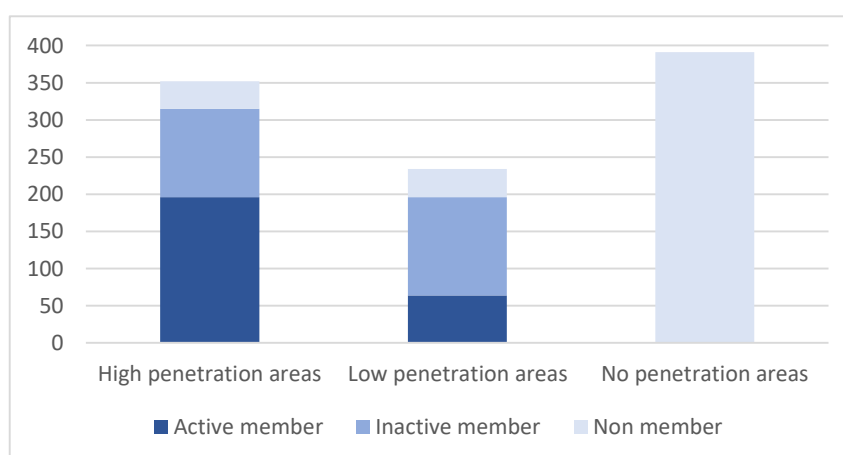
2.1 Outreach of FED invest and the member status

Table 2-1 and Figure 2-1 describes the distribution of sample households for different areas in terms of FED invest's outreach and member status. The number of the sample households for each category is sufficient to compare these areas and member status.

Table 2-1: Number of sample households by level of penetration and member status

	Active member	%	Inactive member	%	Non-member	%	Total	%
High penetration areas	196	20%	119	12%	37	4%	352	36%
Low penetration areas	64	7%	132	14%	38	4%	234	24%
No penetration areas					391	40%	391	40%
Total ³	260	27%	251	26%	466	48%	977	100%

Figure 2-1: Number of sample households by level of penetration and member status



2.2 Age and gender of respondents

Table 2-2 shows the distribution of respondents segregated by age groups and gender. It becomes apparent that on average women are much younger than men. This makes it possible to make comparisons based on demographic characteristics for those questions which relate to

³ In this report, either the term "overall" or "total" is used in most of the tables and graphs. Here, "overall" indicates the average of the overall sample, on the other hand, "total" indicates the sum of the sub-categories.

individuals, such as preference of moving to cities and ownership of mobile phone. However, one can also see that female respondents are under-represented and male elderly people over 60 are over-represented in the sample. This reflects the fact that it was sometimes difficult to find female respondents.

Table 2-2: Respondents by age groups and gender

Age group	Male	%	Female	%	Total	%
0-21	75	55%	62	45%	137	100%
22-35	128	62%	79	38%	207	100%
36-59	293	87%	42	13%	335	100%
60+	283	95%	15	5%	298	100%
Total	779	80%	198	20%	977	100%

2.3 Occupation of household heads

Table 2-3 shows the distribution of sample households by occupation of household heads. Logically, most of the targeted respondents are self-employed at their farms. However, some of the household heads are engaged in other occupations such as employment in the private or public sector.

Table 2-3: Households heads' occupations

Occupation of household head	Number of households	%
Self-employed at his/her farm	751	77%
Retired (old age)	107	11%
Employed in the private sector	41	4%
Unemployed	26	3%
Employed in the public sector	19	2%
Other inactive	33	3%
Total	977	100%

2.4 Education level

Table 2-4 shows that the majority (66%) has only finished elementary education.

Table 2-4: Education level of household head

Education level of household head	Number of sample households	%
No education	5	1%
Basic	642	66%
High school	282	29%
University	48	5%
Total	977	100%

(n=977)

2.5 Male and female headed households

Table 2-5 shows the distribution of male and female headed households in the sample. Although it was not part of the sampling design of the survey, 58 households (5.9%) in the sample appeared to be female headed. This is in line with previous studies which have shown that about 6.5 percent of the farms are headed by women⁴.

Table 2-5: Numbers of households by gender of the household head

	Number of sample households	%
Female headed households	58	6%
Male headed households	919	94%
Total	977	100%

2.6 Major farming activities of households

The sector with the highest income for the household is defined as the 'Major farming activity'. Table 2-6 shows that livestock is the largest sector. Indeed, livestock has been historically the most important agrifood sector - livestock production accounts for the largest part (about half) of the agrifood production in terms of output value and added value⁵.

This categorization is mainly used for analysis of agriculture-related topics for sector-based comparisons. It is, however, important to note that, as expected, most of the sample respondents are engaged in more than one kind of farming activities.

⁴ Imami, D.(2018), Smallholders and Family Farms in Albania, Draft Country Study Report prepared for FAO.

⁵ Ibid

Table 2-6: Number of sample households by major farming activity

Major farming activity	# of sample households	%
Cereal	65	7%
Green house vegetables	165	17%
Open field vegetables	36	4%
Fruits	139	14%
Livestock	457	47%
On-farm processing	97	10%
Unidentified	18	2%
Overall	977	100%

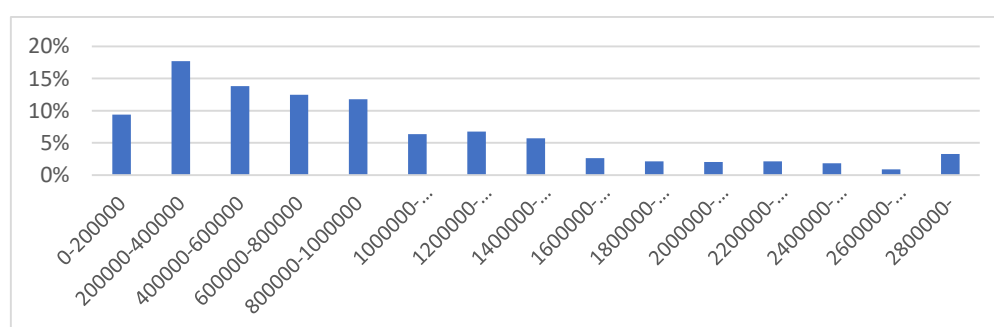
2.7 Income levels of sample households

(1) Annual household income

Since it is extremely challenging to obtain detailed reliable information on household income from respondents through interviews, the survey team estimated income by utilizing the figures of average gross margins from various farming activities which are available at FED invest. First, on-farm household income is estimated by multiplying the areas of farm landholding for each sector and the number of livestock-holding with the average gross margin for the respective sector and livestock. Then, annual household income is estimated by summing the estimated on-farm income and other cash income.

Figure 2-2 shows distribution of sample households by estimated annual household income levels. It is observed that most (56%) of the sample households belong to the annual income level of 200,000-1,000,000 ALL. The average annual household income in the sample is 1,001,443 ALL and the median is 729,647 ALL.

Figure 2-2 : Annual household income



Source: Calculated, based on size of land and livestock (ALL, n=977)

Table 2-7 shows the distribution of sample households by four categories of income levels. This classification of income levels will be used for the analysis of some of the topics in the following sections⁶.

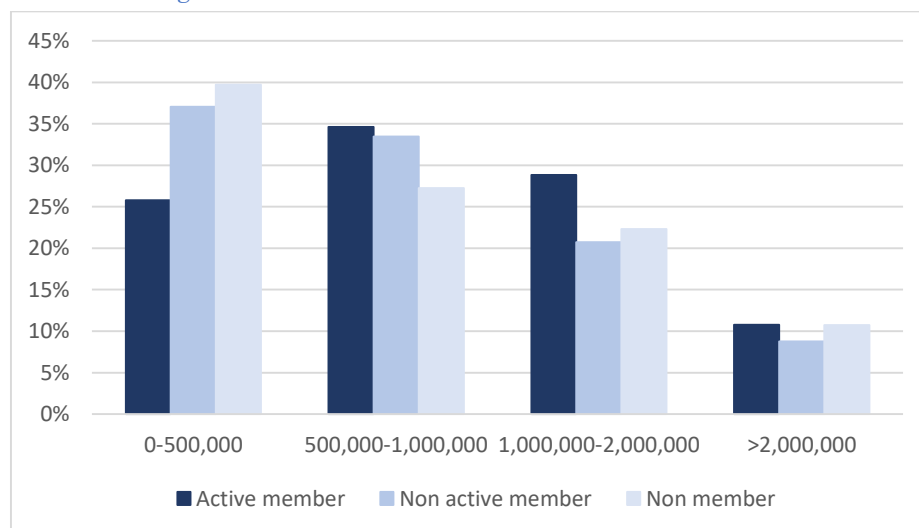
Table 2-7: Annual household income

Income level (in ALL)	Number of households	%
<500,000	345	35%
500,000-1,000,000	301	31%
1,000,000-2,000,000	231	24%
>2,000,000	100	10%
Total	977	100%

Source: Calculated, based on size of land and livestock (n=977)

Figure 2-3 shows the distribution of households among the household income categories for member status. The income level of active members tends to be higher than non-active and non-members.

Figure 2-3: Income levels for different member status



Source: Calculated, based on size of land and livestock

(2) Annual per capita income

As shown in Table 2-8, about 20% of the sample households fall under the national absolute

⁶ This rather crude categorization is used for some of the analysis in this report, as it is often difficult to see the major tendencies if smaller categories of income levels are used.

poverty line - 96,562 ALL per capita per year⁷. According to the Living Standard Measurement Survey (LSMS) of Albania, the percentage of the households that fall under the absolute poverty line is 15% in rural Albania in 2012⁸. Thus, the segment of households under the poverty line is somewhat over-represented in the sample.

Table 2-8: Households under and above the national poverty line

	Number of households	%
Under the poverty line	199	20%
Above the poverty line	778	80%
Total	977	100%

Source: Calculated, based on poverty line of ALL 96,562 per capita

(3) Annual on-farm income

Table 2-9 shows the distribution of sample households by four categories of on-farm income levels. This classification of income levels will be used for the analysis of some of the topics in the following sections. (i.e. annual household income levels are used as an indicator of living standards, the on-farm income is used as a proxy for the scale of agricultural activities.)

Table 2-9: Annual on-farm households income levels

income level (ALL)	Number of households	%
<250,000	244	25%
250,000-500,000	266	27%
500,000-1,000,000	245	25%
>1,000,000	222	23%
Total	977	100%

Source: Calculated, based on size of land and livestock

(4) Sources of income

Table 2-10 shows the sources of annual household income. Most of the household incomes come from agriculture activities, which include crop, livestock, and on-farm processing⁹. Income

⁷ The poverty line is calculated based on the figure of LSLM 2012 which is deflated/adjusted to 2018 price level. See <http://www.instat.gov.al/en/themes/social-condition/living-standard-measurement-survey/#tab4> for the details of the method of calculation.

⁸ INSTAT (statistics). 2017. Statistics databases. <http://www.instat.gov.al>

⁹ On farm processing refers to the agricultural processing activities for products such as yogurt, cheese, raki, wine, pickles, etc., by the farmer

levels for those who engaged in green house vegetables, fruits, and on-farm processing as major activities are relatively higher¹⁰¹¹.



FED invest Elbasan Regional Office

Table 2-10: Average annual household incomes by source¹²

Major farming activity	Crops	Livestock	On-farm processing	Employment	Remittance from abroad	Pension and other	Annual income
Cereal	422,703	53,611	941	114,646	160,446	40,615	792,963
Green house vegetables	987,849	105,605	10,490	77,317	88,396	30,732	1,300,389
Open field vegetables	273,707	69,907	5,531	77,000	158,933	26,667	611,745
Fruits	758,290	59,550	3,440	72,770	343,765	39,712	1,277,529
Livestock	129,734	431,982	1,809	71,884	54,768	53,521	743,697
On-farm processing	506,809	14,695	977,082	82,980	25,493	155,852	1,762,912

Source: Calculated, based on size of land and livestock (ALL, n=959)

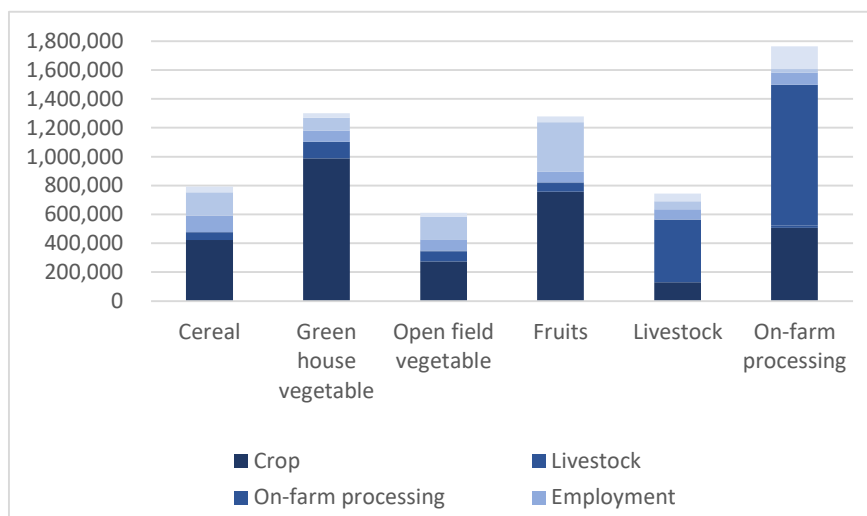
¹⁰ Households are categorized into various sectors (such as crop, fruits, livestock etc.) based on their major farming activity. Farming activities of most of the sample households extend to more than one sector.

¹¹ It is important to note that the values of income from on-farm processing activities here are the sales values of their processed products. The real value-added of the on-farm processing activities should be value of sales minus the value of inputs used for processing activities. Thus, the values of the incomes for on-farm processing activities are overestimated. It is very difficult to obtain the real value-added of on-farm processing activities by this kind of large-scale survey. It would need an in-depth survey with smaller sample to properly analyze the on-farm processing activities.

¹² Those households whose main farming activity is not identified (see section 2.6) are excluded from the analysis here.

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Figure 2-4 : Average annual household incomes by sources



Source: Calculated, based on size of land and livestock (ALL, n=959)

(5) Household income by gender of the household heads

Table 2-11 shows the average annual household income by gender of the household head. The average annual household income for female headed households is significantly lower than that of male headed households.

Table 2-11: Average annual household income by gender of the household heads

	Average annual household income (ALL)
Female headed	544,688
Male headed	1,030,300
Overall	1,001,442

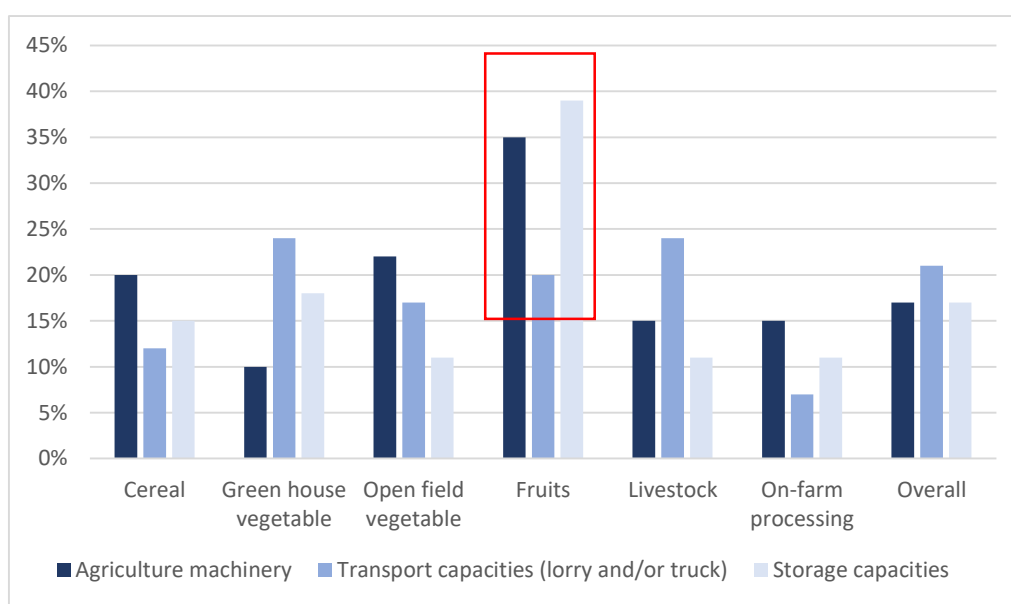
Source: Calculated, based on size of land and livestock (n=977)

3. Major results of the survey: Agriculture

3.1 Agricultural machinery

Figure 3-1 shows the percentages of households who own various agricultural machineries and facilities in the sample by sector. Only small percentages (17-21%) of households own agricultural machineries and facilities. Fruits-oriented farmers tend to have more machineries and/or facilities, possibly reflecting the fact that fruits are more likely to be stored for a longer period than vegetables. For example, apples can be stored for months, whereas vegetables (including field vegetables) are usually not stored or are stored for shorter periods, requiring lower storage capacity.

Figure 3-1: Ownership of agricultural machinery and facilities



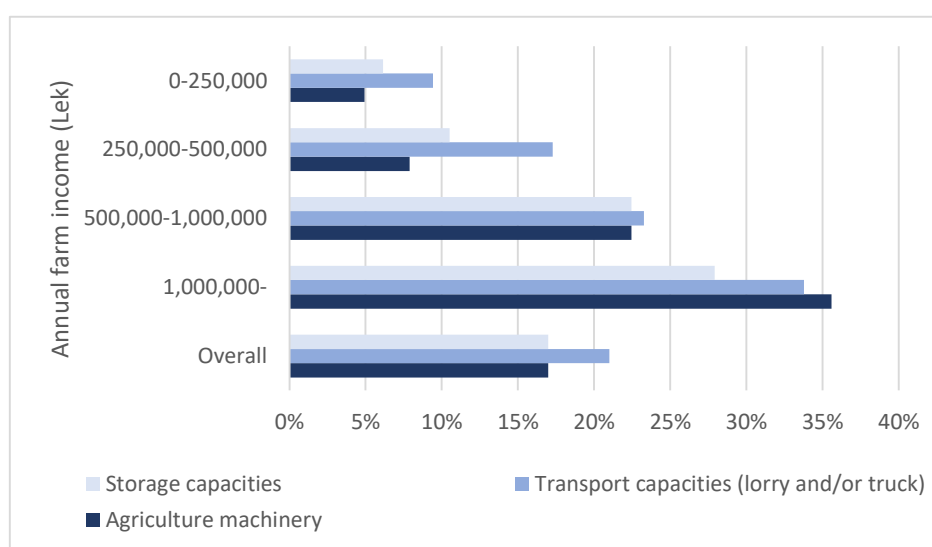
Source: Question II.A.7, "Do you own agriculture machinery, transport capacities, storage capacities?" (n=959)

Figure 3-2 shows that ownership of machineries and facilities increases with the scale of the farming activities increases. That does not only reflect the fact that farmers with higher income can afford to invest more in equipment. Larger farms can also utilize equipment more efficiently as compared to small farms with limited economic activity, for which it would not be economically viable to have their own tractor (rather than rent it).

According to the in-depth interviews, buying machineries is one of the reasons for applying for a loan at FED invest. For example, one of the applicants had received a relatively large loan from FED

invest, to buy a tractor, which was not only used for own farm but also to provide services to other farms. Indeed, considering the small farm size, farmers who own larger agriculture machineries or tractors aim to use them to provide services to the others as well, against a fee.

Figure 3-2: Ownership of various agricultural machinery and facilities by farm income levels



Source: Q II.A.7, "Do you own agriculture machinery, transport capacities, storage capacities?" (n=977)

3.2 Agricultural inputs

The survey finds that almost 90% of the sample households (Table 3-1) buy agricultural inputs regardless of the sector. From Table 3-2 it appears that most of the respondents buy inputs at private sales points (input traders), while a larger percentage of greenhouse vegetables-oriented farmers and fruits-oriented farmers buy them from local collectors and wholesale traders. In some cases, wholesale traders provide quality inputs, especially for the export-products. As the activities of greenhouse vegetable and fruits sectors are more export-oriented, the farmers in these sectors tend to buy inputs from wholesale traders. It is common that wholesalers (or consolidators or exporters) sell seeds or seedlings to farmers or orient them to buy specific varieties which are demanded by the export markets.

More specifically, few larger wholesalers such as Agrokoni, Bruka Seedling, Biti are also input and seedling suppliers (melons and greenhouse vegetables). Integrated consolidators are engaged in more than one level of the value chain. While they are usually not engaged in primary production,

they generally have established relationships with producers and provide them with a relatively wide range of services¹³.

Farmers pay cash on the spot for agricultural inputs (fertilizers, pesticides, greenhouse cover plastic) that they buy from input suppliers who are not involved in any other stage of the value chain. If the input suppliers are involved in consolidation/wholesaling and export, the situation is more complex; although they prefer on the spot cash payment, late payment for seedling and other inputs is rather frequent. A previous study has pointed out that, in some cases, investments carried out in greenhouse farmers have been also pre-financed by local traders. Furthermore, a previous study has shown that there are some cases that payments of such inputs are done later (when farmers deliver the produce) which has implications for the value chain finance potential¹⁴.

Table 3-1: Percentage of households who buy agricultural inputs (n=959)

Major farming activity	% of households
Cereal	92%
Green house vegetable	91%
Open field vegetable	83%
Fruits	93%
Livestock	87%
On-farm processing	79%
Overall	88%

Table 3-2: Places that they buy agricultural inputs (n=870)

Major farming activity	Local collectors and wholesale traders	Input traders (Private sales point)
Cereal	7%	93%
Green house vegetable	17%	83%
Open field vegetable	3%	97%
Fruits	14%	86%
Livestock	10%	90%
On-farm processing	3%	97%
Overall	11%	89%

Source: Q II.C.2, "Where do you get seed, seedlings, fertilizers, pesticide and other inputs for farming?" (n=870)

Table 3-3 shows the perceptions of respondents on the safety standards and quality of the various available inputs. It shows that the percentage of households which are satisfied with the quality of inputs is small (12% - 16%) and 30-45 % of the respondents consider the quality poor or very poor. The perceived low level of quality appears to highlight the need and potential for the farmers to cooperate to buy inputs jointly in order to increase bargaining power for ensuring higher quality (as well as lower price/cost) inputs.

¹³ Skreli, E. and Imami, D. 2018. Greenhouse sector study. Technical report prepared for EBRD.

¹⁴ Ibid.

Table 3-3: Perceptions on safety standard and quality of various inputs

Type of input	Very high quality	High quality	Acceptable quality	Low quality	Very low quality
Seed	5%	7%	44%	31%	13%
Seedling's	4%	8%	46%	33%	9%
Manure	4%	12%	54%	23%	7%
Feed for livestock	4%	9%	55%	26%	6%

Source: Q II.C.3, "What is your perception about quality and safety standards of inputs that you buy?" (n=870)

Almost all farmers that were subject to qualitative inquiry (in-depth interviews) were not happy with the quality of inputs in the horticulture sector, such as in the case of greenhouse sector, particularly for seeds/seedlings and pesticides, while the situation appears better in the case of the livestock sector. There were cases of seedlings which resulted to be different varieties from expected, or with diseases. A few greenhouse farmers who were satisfied with the quality of seeds and seedlings appeared to exercise a degree of bargaining power against the suppliers, based on the relatively large volume of products combined with the relatives cultivating in the neighbouring land (e.g. a total of 2-3 ha of greenhouses). In such cases, the input suppliers also provided 'after care' services (e.g. visiting the farm to check the condition of produce and provide advice, etc.).

One greenhouse farmer from Fier stated that he had uprooted seedlings which were bought from one of the largest seedling producers, because of a disease. He managed to get a compensation



Workshop on preliminary results

for the seedlings from the input supplier, but did not recover the other costs. Furthermore, he lost 12 days (he will be late in producing / harvesting, which could mean lower incomes considering that prices are highest during the first days or weeks of the harvesting, and early production is very important). At least, he managed to get back the value of the seedlings, while there are many cases of other farmers who do not even get the

compensation for the seedling in case of failure due to seedling quality.

Another farmer in Durres stated that he has frequently experienced problems with the quality of seeds/seedlings. During the season the interview was conducted, rucola has had a problem and he would probably have to destroy most of the produce without selling any. He said that since the planting season for tomatoes is approaching, he could not wait for too long. He experienced a similar problem previous year as well. He has also tried changing input providers, without a success. Thus, he would welcome technical assistance / advice to assess the quality of seeds / seedlings prior to

purchasing them. However, he was not sure of the many local so-called ‘agronomists’ offering their services in the neighbourhood and had never considered engaging them.

Since some of the farmers had previous experience working in Greece, their view is that, inputs sold in Albania are of lower quality even in the case of same/identical labelling (farmers’ assumption is that different or lower quality of inputs come to Albania or that falsification/adulteration takes place), although the input prices are comparable to those abroad. During the in-depth interviews, there were reported cases that farmers would buy inputs, such as plant protection materials / pesticides in Greece. One farmer from Lushnja stated:

Inputs that are purchased directly in Greece have demonstrated to be better than those sold here. It can be identical inputs, but those sourced directly from Greece prove to be better, and we are happier with them.

There was a case when a group of farmers organized themselves to buy pesticides directly from Greece (as a group) – they were happy with the quality and with the arrangements.

None of the interviewees stated that they had carried out soil or water analysis – so it is difficult to conclude to what extent some of the problems/failure originate from inputs or from the soil/water. One greenhouse farmer from Fier, stated during the in-depth interview:

Before 5 years the yield was 12 ton, now is 7-8 ton, and the reason for that decrease is the worsening quality of inputs.

Comments of a greenhouse farmer highlighted an interesting aspect of the challenge he faces due to inputs quality. He has stable relation with an exporter. Overall, he is happy with the relation with him. The buyer provides advice and instruction about variety, etc. (he produces mainly tomatoes and cucumbers). But he is not happy with the quality and yield of production, because of the inputs, which in turn affects relation with buyers. This situation seems to be the case also with other farms due to low quality of inputs. Thus, while lack of access to market is seen as a challenge, on the other hand, lack of capacity to produce up to the standards is a challenge too, resulting into the chicken and egg dilemma.

The same farmer responded that he had never carried out soil or irrigation water analysis. Decreasing yields, such as in the case of abovementioned case, could very well result from changes in soil quality (such as salinization, which is quite common) but, in the context of lack of relevant analysis and lack of awareness, farmers could identify the low quality of inputs as the only reason behind lowering performance.

The interviewed farmers perceive unfair input prices as a critical problem. Slightly less than 2 in 3 farmers (62%) “strongly disagreed” or “disagreed” that agricultural inputs were being provided by private traders at a fair price. There were slight differences between the two sectors; more tomato

than watermelon farmers perceived high input prices as a problem. Additionally, more than half of farmers “strongly disagreed” or “disagreed” that private input traders offer price discounts to their loyal clients. Input quality is also a problem for farmers¹⁵.

3.3 Sales of agricultural products

Table 3-4 shows the percentages of households who sell their agricultural products. 78% of overall sample households sell their agricultural products and more than 80% of green-house vegetables, fruits and livestock-oriented farmers sell (part of) their products¹⁶.

In the case of greenhouse farmers, it can be concluded that almost all operators have a (certain) market orientation. It is unlikely or rare to invest in a small greenhouse only for households needs.

Table 3-4: Sales of agricultural products

Major farming activity	Percentage of household
Cereals	58%
Green house vegetables	80%
Open field vegetables	69%
Fruits	82%
Livestock	83%
On-farm processing	60%
Overall	78%

Source: Q II.D.1, “Please provide the sales values of your agricultural products for 2017 (if any).” (n=959)

However, one should distinguish those farms that sell part of the products, and those with a market orientation, highlighting the notion of ‘economically viable farms,’ which is explained below.

Box 1: Economically viable farms

A farm may be considered economically viable if it generates enough income to employ at least two persons on a full-time basis at minimum wage and to save for basic investments needs. According to previous estimations farms below 1 ha are very small and not viable, farms between 1 ha and 2 ha are somewhat viable but still can be considered small, while farms above 2 ha have a certain market potential, can be economically viable and can be considered not being a small

¹⁵ ISETN (2017) National Economic Potentials of Contract Farming and Agriculture Cooperation in Albania, Report prepared for GIZ

¹⁶ Again, considering the mixed orientation of the farms, the greenhouse or fruit-oriented farms may also produce and sell other products (eg. eggs or rakia) – so the classification by activity does not exclude engagement and sales of products that fall under other categories.

farm (of course, this can vary depending on agriculture activity, soil quality, etc.).

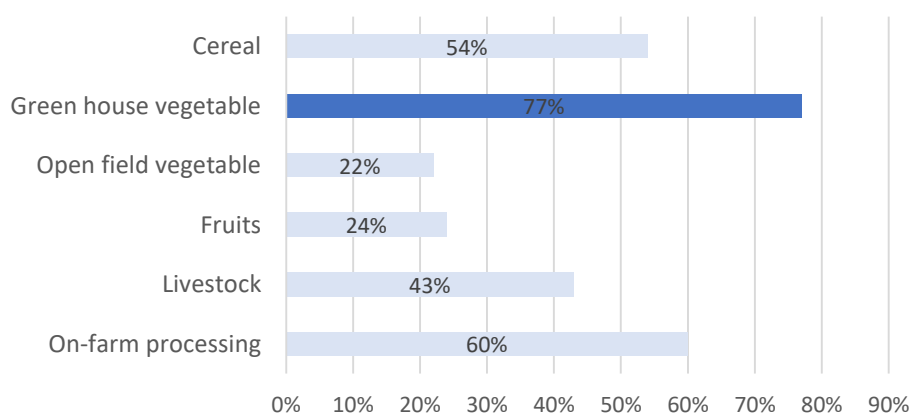
More specifically, below are some estimates by sector:

- A farm with 1 ha of land (in the normal scenario, or 1.5 ha in the conservative scenario) has the potential to be economically viable if it plants any of the main fruits or field vegetables (or a combination of them).
- A farm with 0.2 ha (in the normal scenario, or 0.3 ha in the conservative scenario) of greenhouses has the potential to be viable.
- A dairy cattle farm with 6 (in the normal scenario, or 7 in the conservative scenario) cows, properly managed, has the potential to be viable assuming that the farmer owns land (0.6 ha to 1 ha per cow, depending on level of mechanization and soil quality). A beef cattle farm should be much larger to be viable, although, it appears that those few meat/beef specialized farms have been struggling even those which were rather big).
- A small ruminants farm with 100 sheep and/or goats (in the normal scenario, or 120 in the conservative scenario) has the potential to be viable.

Source: Imami, D. (2018), Smallholders and Family Farms in Albania, Draft Country Study Report prepared for FAO.

Figure 3-3 shows the percentages of households who sell their agricultural products that have a regular buyer (or that have stable relations with their buyers). About half of the households who sell their products have regular buyers of their main products. Greenhouse vegetable-oriented farmers tend to have regular buyers more than the other sector-oriented farmers.

Figure 3-3: Regular buyer of the main product



Source: Q II.D.3, "Do you have regular buyer of the main product?" (n=748)

Table 3-5 shows the percentages of households by type of buyer. Overall, 42% of the respondents answered that the most important regular buyers are local consolidators (local collectors or intermediaries) and wholesalers respectively. Most of those who sell to exporters are greenhouse vegetables- and fruits-oriented farmers. It should be highlighted that there is no strict classification of these categories of buyers. For example, an exporter may also be a wholesaler, and a wholesaler may also export in some cases. However, the table indicates that, in the case of greenhouse vegetables and fruits, which are the export-oriented sectors, many farmers deal with exporters who are more likely to focus on quality. For farmers who intend to export, ensuring quality is important for establishing and maintaining a stable relationship with the exporters. This might have implications for financial needs.

Table 3-5: Type of most important regular buyer

Major farming activity	Local consolidator	Wholesaler	Retailer	Processor	Exporter
Cereal	46%	46%	6%	3%	0%
Green house vegetables	24%	52%	2%	0%	22%
Open field vegetables	38%	25%	38%	0%	0%
Fruits	32%	32%	12%	6%	18%
Livestock	59%	15%	12%	14%	1%
On-farm processing	26%	40%	19%	14%	2%
Overall	42%	32%	10%	8%	8%

Source: Q II.D.4, "Who is the regular buyer of your main agricultural product and where is the final destination of it?" (n=748)

Figure 3-4 depicts the percentages of households who sell their products to foreign markets by major market activity. Although many of the greenhouse vegetable farmers answered that their products are sold in foreign markets, most of the agricultural products are sold in the domestic market. It should be noted that farmers do not always know the final destination markets. In some cases, exporters/wholesalers bring packaging to the farmers that indicate the (potential) export destination, but that is not always the case. Greenhouse vegetable farmers are more likely to know the final markets as compared to fruits farmers since fruits are sometimes stored and sold later and the wholesaler does not always know the final market in advance.

Overall, it can be concluded that greenhouse vegetables and fruits present a major opportunity to increase exports. Despite this export potential of fruit products in Albania, a very small percentage of the respondents appear to be tapping into this opportunity¹⁷.

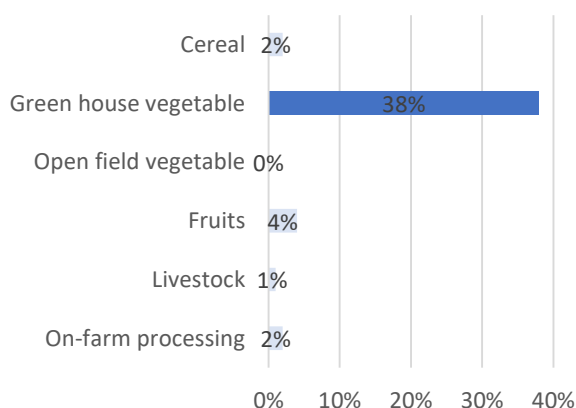
¹⁷ According to the agriculture value chain analysis report prepared by the FiAS consultant Dr. Drini Imami, a trend of substantial growing of export of greenhouse vegetables and fruits in the past decade in Albania is observed and there is significant further growing potential.

As mentioned before, export orientation has implications for financial and investments needs/potentials.

Figure 3-5 shows that more than half of the households are ready to enter into contract with the buyers. Overall, more than half of the respondents “agree” or “strongly agree” to this idea, which is higher than expected among the survey team, including FED invest staff.

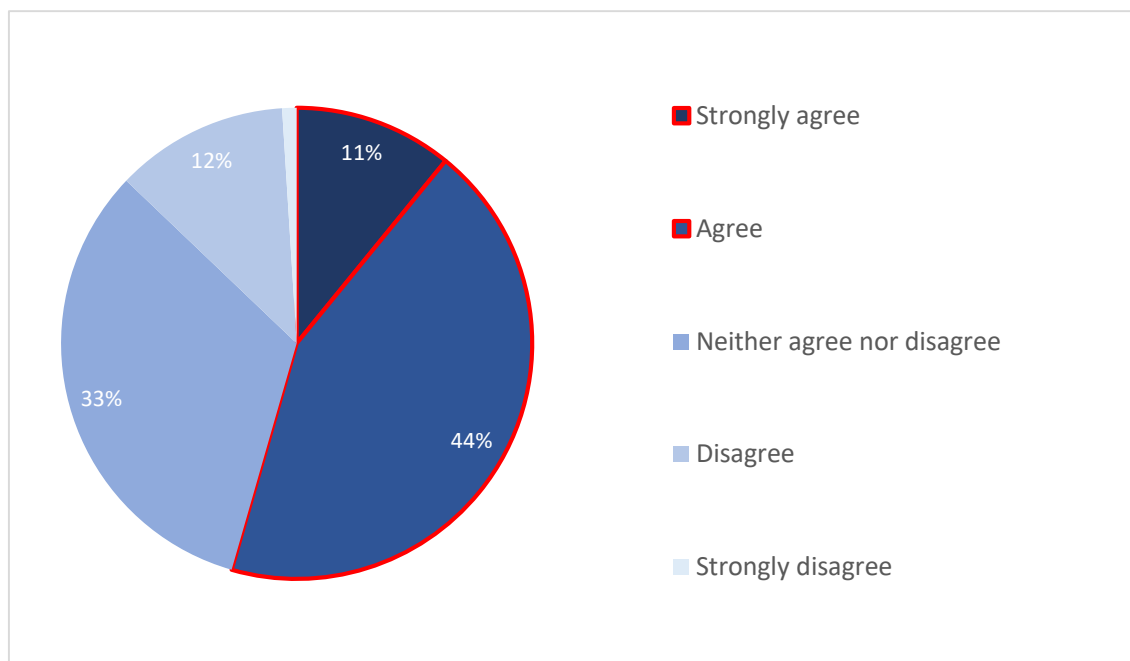
This has implications for possible development of farm contracting, which can provide an entry point to financial services, such as value chain financing. While in recent years, contract farming and contract farmers are becoming more common in Albania, regular and formal contract-based practices are still limited.

Figure 3-4: Sales to foreign markets



Source: Q II.D.4, “Who is the regular buyer of your main agricultural product and where is final destination of it?” (n=748)

Figure 3-5: Readiness for contract farming



Source: Q II.D.7, “7. Are you willing to enter into a contract farming agreement?” (n=959)

Box 2: Farm contracting

In Albania, different forms of vertical coordination are observed, which vary by sector/product and types of farmers. Spot markets still remain an important form of coordination in the horticulture sector. Regarding the types of agreements between farmers and buyers, previous studies conducted in Albania show that informal (verbal) agreements are widely used, while written contracts (formal contracting) are not common.

Contract farming can help farmers (especially small farms) reduce market-access risks, take up innovative technologies, increase productivity, and improve product quality. By facilitating access to crucial services not otherwise available and accessible to smallholders – such as advice and training, credits and inputs and, occasionally, insurance – productivity constraints may be overcome. This may lead to higher income for small farmers and a better livelihood for their families.

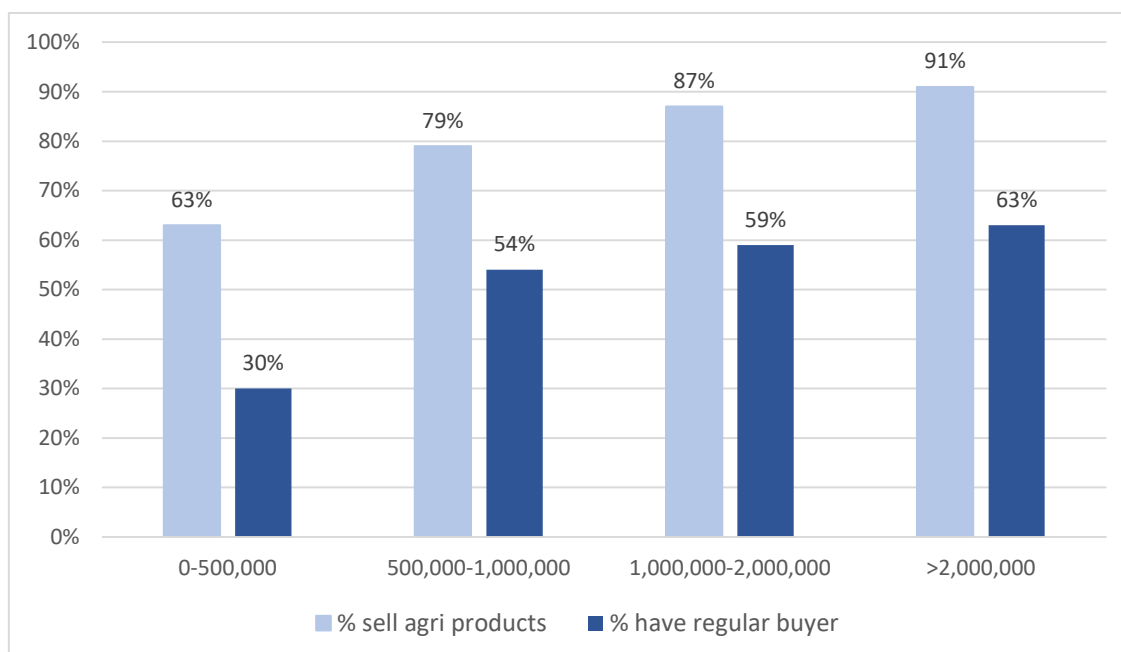
According to recent studies, the main reason for not contracting is that contracting is not their typical way of doing business. The second most important reason appears to be that farmers do not perceive any benefits from contracts.

The farmers' trust in the buyer appears to be a strong predictor of contracting in the greenhouse vegetables value chain. Study results show that the effect of buyers exercising their full power on contracting decisions is positive and significant. There are some models of contract farming that function well in Albania.

Source: Imami (2018), Smallholders and Family Farms in Albania, Draft Country Study Report prepared for FAO. and ISETN (2017) National Economic Potentials of Contract Farming and Agriculture Cooperation in Albania, Report prepared for GIZ

Figure 3-6 shows the percentage of households who sell agricultural products and percentage of those who have a regular buyer for different household income levels. The capacity to sell and the tendency to have regular buyer appears to increase with income.

Figure 3-6: Sales of agri products and regular buyer



Source: Q II.D.1, "Please provide the sales values of your agricultural products for 2017 (if any).", Q II.D.3, "Do you have regular buyer of the main product?" (n=959)

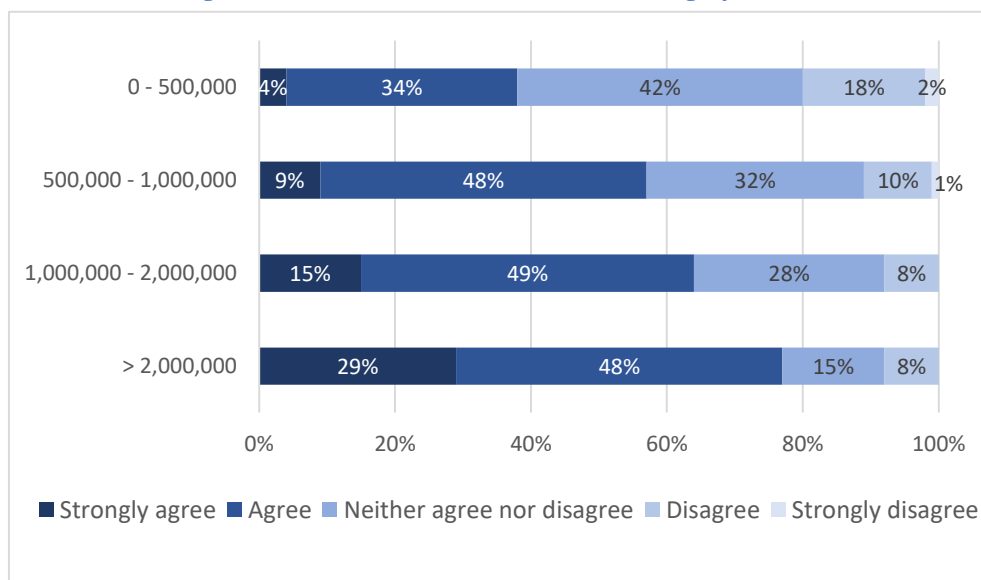
Box 3: Value chain coordination and export orientation – the case of a greenhouse farmer in Elbasan

One interviewed greenhouse farmer in Elbasan had established a long-term stable relation with a collection point, which exports tomatoes and other greenhouse products. This farmer would sell about 90 percent of products to this collection point. The farmer was happy with the payment terms – he would be paid back within a short time after delivering the product. Furthermore, the buyer also provided seedlings which are paid back upon delivering the product – so the buyer practically pre-finances the seedlings for the supplying farmer. In addition to the financial advantage, provision of seedlings also ensures that the farmer plants the varieties in demand in the export market, thus the exporter ensures sales and provides guidance to the farmer. There are also cases, in which the buyer pre-finances farmers for other needs, in addition to seedlings, for example, the buyer provides advance payment to the farmer to facilitate his purchase of other inputs. The wholesaler buys from 70 farmers in the region, although pre-financing is provided to those farmers who demonstrate their reliability. Overall, the relation is based on trust and informal agreement. This example shows there are emerging patterns of farm contracting, which prove to be beneficial to both farmers and traders. This is also an interesting case, which can be further explored in the future in the context of financial products design, such as value chain finance.

Source: In-depth interview conducted as part of qualitative research

Figure 3-7 shows that the readiness to enter into formal relations with buyers varies per income segment: Amongst the highest bracket 77% appears to be ready (the sum of “strongly agree” and “agree”), compared to 38% amongst the lowest income bracket. The level of willingness to have formal relations with buyers appears to increase as income level increases.

Figure 3-7: Readiness for contract farming by income

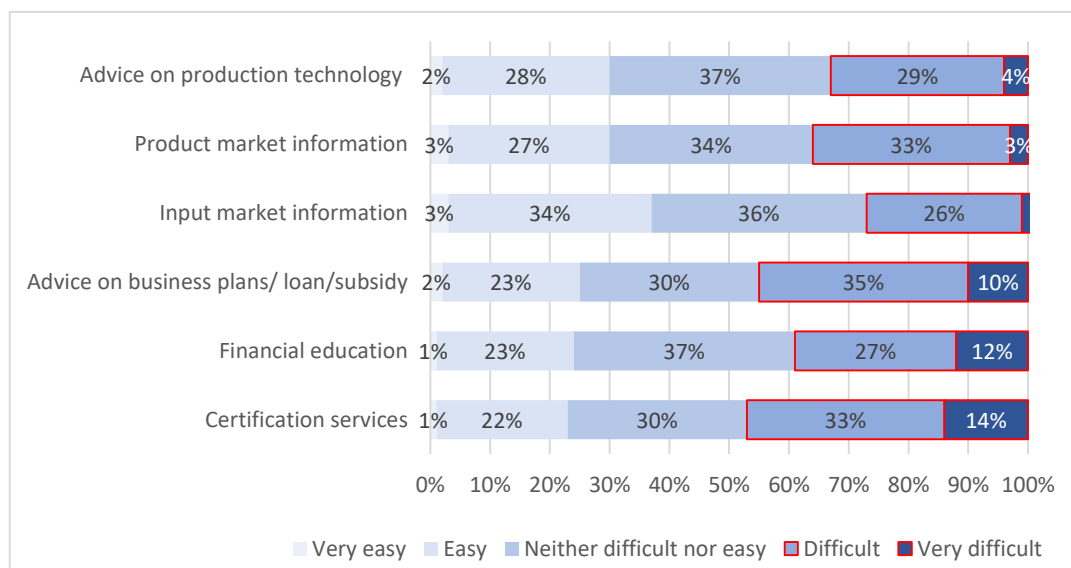


Source: Q II.D.7, “7. Are you willing to enter into a contract farming agreement?” (n=977)

3.4 Advisory, training, and information services

Figure 3-8 shows that approximately 30% - 45% of the respondents feel it is “difficult” or “very difficult” to access various extension services.

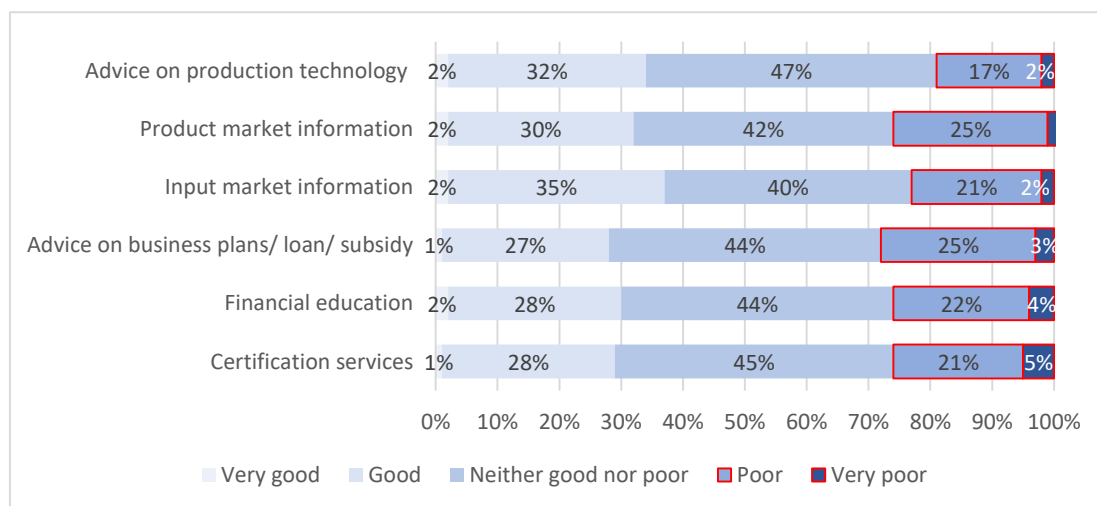
Figure 3-8: Perceptions on the accessibility to various services



Source: Q II.E.1, "Tell us if the following services are accessible. Also, provide us the main provider of each service and its quality of service." (n=977)

As appears from Figure 3-9, approximately 20-30% of the respondents evaluated the quality of available services as "poor" or "very poor".

Figure 3-9 : Perceptions of the quality of the various services



Source: Q II.E.1, "Tell us if the following services are accessible. Also, provide us the main provider of each service and its quality of service." (n=977)

These results indicate that many people perceive difficulties in access to these services and are dissatisfied with the quality. Thus, there is a need to provide a wide range of non-financial services taking into account two aspects: accessibility and quality. Considering the small farm size, (horizontal)

cooperation may also be an option to improve (joint) access to such services. Similar to the case of access to inputs (analysed above), in the qualitative enquiry, we obtained different views regarding quality of technical assistance or advisory services depending on the sector. The interviewed farmers who were engaged in the dairy sector were happy with the veterinarian services that were received.

Box 4: Services in the livestock/cattle sector

Overall, access to services related to the cattle sector is good, at least in productive agriculture areas. Both the presence of private and public advisory services is more consolidated in the livestock sector, when compared to the horticulture sector.

There are 3 different type of services, available in the livestock sector:

- Pure service model: In this chain the pure service model is consolidated and is prevalent in the market. It is used by veterinarians and insemination technicians to deliver their services to livestock farmers. Insemination technicians provide artificial insemination services with a fee that includes the cost of semen. Veterinarians deliver medication, curing and surgery services for livestock, which in most cases includes the cost of medicine. Farmers usually pay in cash upon successful delivery of the service.
- Public extension model: The public extension model includes the provision of matriculation and vaccination services to livestock farmers. These services are delivered by local veterinarians sub-contracted by the Ministry of Agriculture on a short-term basis. They are delivered for free to livestock farmers.
- Long-term contract model: There are few cases of big cattle farms (i.e. more than 100 cows) who subcontract or employ a veterinarian on a long-term basis.

Source: Viaggi, D., Imami, D., Zhllima, E., & Leonetti, L. (2010, October). Current challenges of Albanian extension services in the context of EU integration and global markets. In 116th Seminar, October 27-30, 2010, Parma, Italy (No. 95241). European Association of Agricultural Economists.

In the case of the horticulture sector, the main source of advice is the input supplier – the presence of the public extension services is very low (none of the in-depth interviewed horticulture farmers had received any advice or assistance from public extension specialists). According to an in-depth interviewee, who is a young farmer but also an agronomist by profession, most farmers are advised by input suppliers in order to guarantee the right use of inputs, otherwise, if the farmer gets the inputs from one place, and advice from another, then the responsibility in case of failure cannot be easily identified. Farmers choose input suppliers by looking at the success or failure demonstrated by specific fellow farmers (who bought inputs and were advised by the given input supplier).

In the case of larger greenhouses and stable relations with input suppliers, input suppliers are more likely to visit the greenhouse for advice, but in most cases, the advice is communicated directly

at the shop. For example, when a farmer faces a plant disease problem, he takes the plant/sample and shows to the input supplier who is also an agronomist, to get advice.

Levels of satisfaction with agronomists vary case by case. Some are concerned that when input suppliers provide agronomical advice, their advice tend to lead to sale of inputs (type and quantity) and to increase their profits rather provide the best solution to the farmer. Others question the competence of input suppliers in providing the right advice. One in-depth interviewed farmer stated:

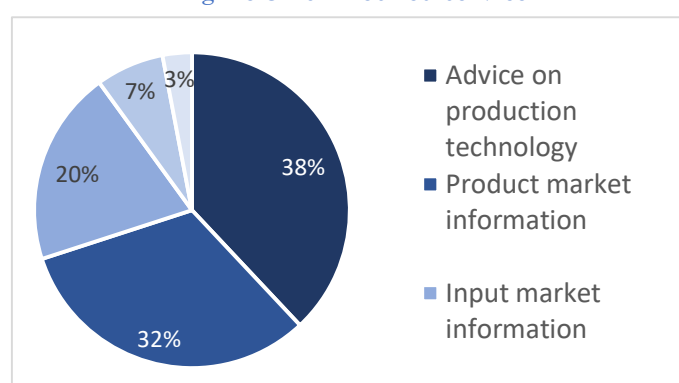
Because of improper advice and pesticide, I lost almost 0.1 ha of spinach, whose value was about 200,000 ALL.

One young farmer stated that he trusted more the advice provided by more experienced fellow farmers than by the input suppliers.

I learn more from other farmers. Input suppliers are interested to sell pesticides so their advice might be more interested to sell their inputs rather than solve the problems. Once I had problem with insects, and I was advised to use various pesticides which were not efficient, so that I would buy more. Therefore, I am interested to get advice from fellow farmers because I get the right advice this way.

In terms of desired services, Figure 3-10 shows that 38% of the respondents prioritize “Advice on production technology”, followed by “Product market information” and “Input market information.”

Figure 3-10 : Desired service



Source: Q II.E.2, “Please tell us the three most important services you would like to newly get.” (n=977)

This section shows that while the highest priority services of the target households include ‘advise on production technology’ and ‘product market information’, accessibility and quality of these services are deemed low. This indicates that there is a great opportunity for service providers to fill this gap.

Box 5: Advisory services in Albania

Advisory/extension services are present in many parts of the country, although the supply of and market for such services are still not very well developed. Public extension services are not very effective, and private extension services are still emerging and have been developing in some subsectors, especially in the most prosperous agricultural regions. Public extension services, aimed at increasing farmers' income, are provided free of charge. These services cooperate closely with other actors, such as NGOs and NPOs and donor projects.

The national/public extension service and the Agricultural Technology Transfer Centres (ATTC) disseminate information to up to 20 percent of farmers and agribusinesses. Despite the potential and the mandate of the public extension services, its effectiveness is limited due to quantitative (e.g. number of staff) and qualitative limitations (e.g. skills, know-how). The large number of small size farms in Albania results in a very low ratio of public extension specialists to farms.

Private operators and donor organizations have played a key role in filling the gaps, and in some areas, these are considered the main source of technical assistance. Farm consolidation and diversification of the channels of product distribution have raised the demand for specific services at the production level, information, accounting, and safety standards services, as well as marketing and other business development services at the market level.

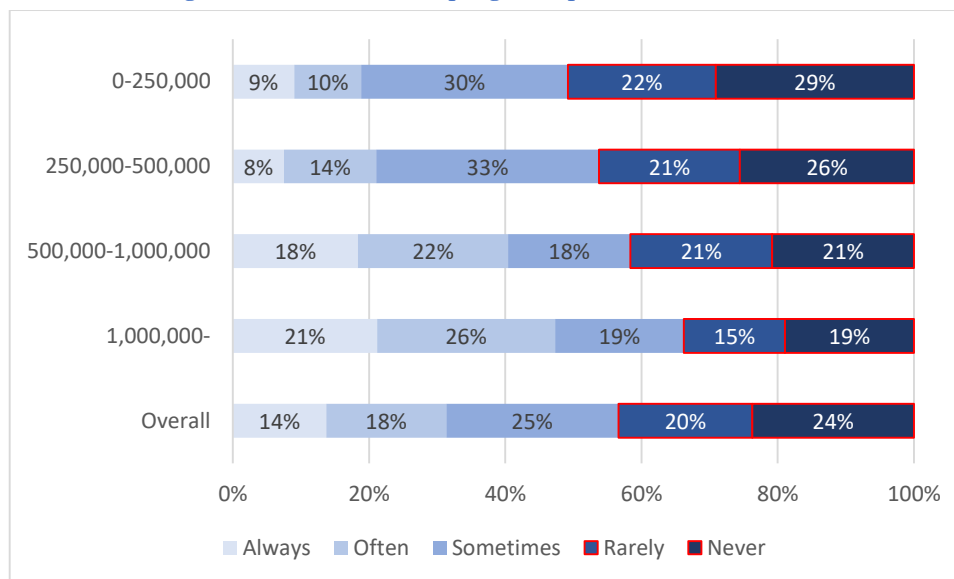
Source: Skreli, E. and Imami, D. (2013) Government Extension Service Impact Assessment, Technical report prepared for FAO.

3.5 Management and financial literacy for agriculture

Most farmers do not regularly keep notes on costs and income, and do not accurately calculate production costs. As a result, many decisions are not based on sound financial or economic analysis but rather on intuition, exposing farmers to higher risk.

Figure 3-11 depicts the percentages of households by frequency of record keeping of their income and expense by segments of annual on-farm income (indicates scale of farming activities). Respondents with higher farm-related income tend to keep records more often than those with smaller farm activities and more than 30% rarely or never keep notes regardless of the scale of the farm income.

Figure 3-11: Record keeping of expenses and revenues



Source: Q II.F.1, "Do you keep notes for expenses and revenues?" (n=977)

Table 3-6 shows that only 9% of the respondents have been trained or advised about calculation of cost and profit. One can also see that those who are trained tend to be the ones with higher education.

Table 3-6: Training/advice on of cost/profit calculation

Education level of respondent	% of respondents
No education	0%
Basic	8%
High school	11%
University	19%
Overall	9%

Source: Q II.F.3, "Have you ever been trained or gotten advices about calculation of cost and profit?" (n=977)

Since nearly half of the sample households rarely or never keep notes and only 9% have received training in these areas, provision of such service may well be a useful step towards improved farm and household account management.

According to the in-depth inquiry, the way farmers keep notes / records and calculate costs and profit varies from farmer to farmer (among those who do keep records and make calculations). It appears that some make calculations only including variable costs, but not taking into account costs of investments and assets, such as greenhouse investment, or own household labour. Loan application processes have proven to be useful exercises and opportunities for financial education for farmers to improve their understanding of financial matters.

Box 6: Financial education vis a vis loan application

One FED invest customer who took a loan, appreciated the fact that FED loan officer sat down with him during the loan application process to make calculations together about best way of preparing basic financial and cash flow plans. The farmer was engaged in the (cattle) dairy sector. He would receive 3 instalment payments per month from the buyer (i.e. every 10 days) and structured the loan in such a way that he could use one instalment payment from the buyer for monthly loan repayment, and the other 2 for the farm and family needs. The interviewed farmer found this arrangement very practical and useful, thereby loan repayment was considered quite easy.

Source: In-depth interview conducted as part of qualitative research

Interestingly, loan serves as educational and discipline function. According to in-depth interviews, some people are more likely to take a loan from a bank, because one has to think /assess very carefully if one is able to pay back or not, *because you deal with the state, whereas if you give a debt to someone, there is no way he/she can force you to pay back*, as stated by one interviewee. Another interviewee stated that loans with FIs lead to better the discipline because of the regular repayments required. In his opinion, borrowing from relatives can end up with need to reciprocate favour at inconvenient times (i.e. when he is not necessarily ready for it):

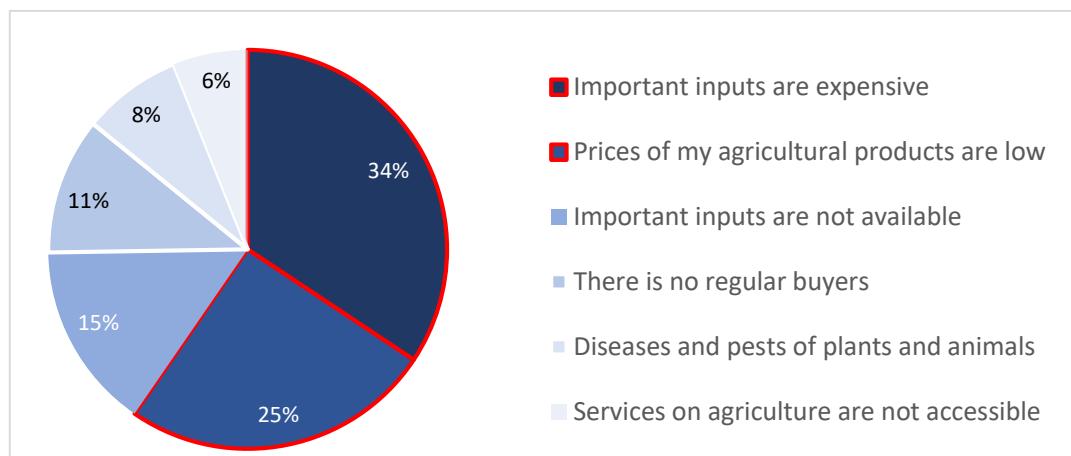
'When you borrow money, they (i.e. his relatives) take you by surprise asking money back, or they expect you to lend them money whenever they need it.'

Nevertheless, even among those who take loans from FIs, there is still observed need for financial education. For example, one young farmer who had got a loan, stated that he did not know the interest rate of the current loan that he has got, although he realized that the interest rate is high and should be lower.

3.6 Challenges of agriculture

Figure 3-12 shows that the "high price of important inputs" is considered the most serious problem in agriculture and the second greatest challenge perceived is the "low prices of the agriculture products." This combination of high input prices and low product prices reflects the weak market positioning of the generally small-size farmers. Efficiency and bargaining power could be strengthened through cooperation and collective activities.

Figure 3-12 : Most serious problem in agriculture



Source: Q II.G.1. "What are the major problems in agriculture?" (n=977)

According to in-depth interviews, not just low quality and high prices of inputs on one hand, and low prices of sold products, but also oscillations are a major challenge. Oscillations can be market driven (e.g. drastic price drops during the peak of production) and production related (e.g. whether conditions such as hail), which can affect the quality and quantity/yield. Thus, it is not just one single concern, but all the above-mentioned limitations, when combined, makes farming very challenging and unattractive especially for younger people.



3.7 Cooperation/collective action

The main form of horizontal cooperation is sharing of information and experience. Other forms of horizontal cooperation are not as common. According to the structured survey results, as shown in Table 3-7, 7% of the sample households are a member of some form of agriculture producer group or cooperative, 14% of them carry out joint production activities with other farmers and 9% of them carry out joint sales activities.

These findings are consistent with findings from other studies in Albania. For example, the study 'National Economic Potentials of Contract Farming and Agriculture Cooperation in Albania' (ISETN,

2017), found that 9.0% of the farmers participate in farmers groups or cooperatives and 8.2% cooperate for input provision and product marketing.

Table 3-7: Membership of cooperatives, joint production, and joint sales activities

% of households who are members of agriculture producer group or cooperative	7%
% of households who carry out joint production activities with other farmers	14%
% of households who carry out joint sales activities with other farmers	9%

Source: Q II.H.1, "Are you a member of any agriculture producer group or cooperative?", II.H.2, "Do you carry out joint production activities with other farmers?", II.H.3, "Do you carry out joint sales activities with other farmers?" (n=977)

Table 3-8 shows the respondents' stated willingness to participate in joint activities. It appears that significant proportions of the respondents are not positive about group activities. Nonetheless, overall, 25 - 50% of the respondents are willing to participate in various joint activities, which is higher than prediction of the survey team. This indicates potential for supporting promotion of cooperatives and joint activities in production and sales.

Table 3-8: Willingness to participate in various joint activities

Answer to the following statement	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree
I am willing to pay a contribution for jointly hiring a technology / plant protection agronomist	5%	29%	31%	30%	6%
I am willing to pay a contribution for jointly buying and using agricultural machinery	4%	22%	32%	36%	7%
I am willing to participate in an input provision product marketing group / cooperative	5%	21%	32%	36%	5%
I am willing to participate in a collective activity, such as joint maintenance of irrigation canals, village road	10%	41%	30%	17%	2%

Source: Q II. H.6, "Mark whether you agree or disagree with the following statements." (n=977)

During the qualitative enquiry there were observed differing views about cooperation. Some consider it as a necessity and see a potential to cooperate with fellow farmers while others don't see it as realistic, due to distrust and the past experience.

For example, one in-depth interviewed farmer stated:

There is a great need for cooperation, such in the greenhouse sector. For example, farmers can cooperate to have the same variety so that they can better / easily to fill in trailers / bigger

volumes. However, there is low willingness to cooperate because of strong individualism but also because there is no experience of free market coops, while there is bad experience with communism coops. But if there will be awareness, the mentality can change.

One farmer stated that: *...the only form of information is the exchange of information. Beyond that, there is 0 cooperation. Farmers are not willing to cooperate, because there is no trust.*

Another farmer stated: *It is difficult to have cooperation with many people because it is difficult to synchronize - for example not all may have money at the same time to buy inputs.*

There have been reported more several cases of cooperation among brothers/relatives and close friends, usually involving a small number of households. Cooperation include joint purchase of inputs, transport of products to the market, exchange of services, etc. One interviewed farmer from Lushnje stated:

The biggest need is to buy jointly seeds and to sell jointly which is the biggest problem. Farmers are willing to cooperate because selling agriculture products is a major issue.

Below box also shows the case of an informal farmer group that cooperate in different domains.

Box 7: Informal cooperation

One of the young interviewed farmers, who was engaged in the greenhouse sector, reported close collaboration with other farmers. For example, he cooperates with four other farmers to buy pesticides jointly in Greece, where prices are similar with those in Albania, but the quality is deemed much better. They travel together to Greece to buy such inputs, thus sharing the travel cost. They also cooperate to transport the product to the wholesale market. In addition, they work together with other farmers to maintain/clean the drainage channels, to avoid flooding, which they faced in the past.

Younger farmers are more willing to cooperate especially with elder farmers to learn from them – stated the interviewed farmer.

There are already farmer groups that cooperate on an informal basis, which, with support, can be transformed into successful cooperatives in the future. Any intervention to support collective action should focus on farmer groups who already have demonstrated that they have collaborated together, which implies some experience and trust which are prerequisites for having succesful collective action initiative.

Source: In-depth interview

Box 8: Trust and collective action – family vs friendship based cooperation

During the qualitative enquiry there have been observed other cases of collective action.

One interviewed farmer from Lushnje (who had got a loan from FED to buy a tractor) cooperated with two fellow farmers who are all operating in the dairy cattle sector – they are close friends and share agriculture mechanics - he provides them the tractor and they provide him transport equipment. So instead of buying joint equipment, they combine their equipment in complementary way. They also buy inputs, such as fertilizers (needed to produce animal feed such as cereals) in a group, achieving a lower/better price. They also borrow from each other animal feed depending on the situation. However they don't sell jointly the milk - because they are far from each other it is difficult (not practical) to sell jointly the milk.

Another interviewed farmer from Fier, operating in the greenhouse vegetable sector, cooperates only with his brother and one of his relatives who have greenhouses nearby – they do everything together. *“Who has greenhouses nearby are more likely to cooperate, but only when they have family relations or when they are friends”*, stated the farmer.

Source: In-depth interview

One interviewed farmer in Lushnje is a member of the producer group/cooperative Myzeqeja Farm, which is one of the few functional cooperatives in Albania. The interviewed farmer supplies the milk and gets animal feed from the cooperative. The farmer stated that he benefited a lot from cooperation, but still farmers have allergy from the word cooperative (because of the past). Below we provide a description of the Myzeqeja Farm cooperatives, which was also visited by the JICA team of consultants during 2018.

Box 9: Successful farmers group – the case of Myzeqeja Farm

Farm group Myzeqeja Farm is registered as an Agricultural Cooperation Association (SHBB). It is located in Kemishtaj, Lushnje. It counts 60 family farm members, represented by the heads of the farms. Its main activities are milk collection and marketing, input provision, and agricultural machinery services. The group has a written agreement with Erzeni milk processing factory. They sell at higher prices than most individual farmers because of a) higher quality related to storing milk in cooling tank and b) bargaining power. Myzeqeja Farm also provides mechanical services for member farms at a lower price than other service producers. Heifer International, a charity organization, has provided support since the early days of transition for the group of farmers, and thanks to their support, the individual farmers grew their production capacities but also managed to establish a sustainable cooperative. They have a cooling tank and agro-mechanic equipment, which they use jointly.

Success determinants include:

- trusted leader (the group's leader is a farmer who is trusted by other farmers);
- clear and simple rules emphasizing transparency and the separation of operational and financial management;
- community cohesion and solidarity (the majority of group members have been village inhabitants for generations, and cooperation among people in the village has always happened, even during the former communist system); and
- professional support – both technical and financial – from Heifer International and other donors, during the start-up phase and at latter phases.

Sources: In-depth interview with Pirro Jongari, representative of Myzeqeja Farm; and Imami, D. (2018), *Smallholders and Family Farms in Albania, Draft Country Study Report prepared for FAO*.

3.8 Access to subsidies

Table 3-9 shows the percentage of households that have applied to government schemes and obtained the support, by sector. Overall, only 6% of the sample households have applied for government support schemes and 2% actually received support. The percentage of fruits farmers who applied is higher than the other sectors, which probably reflects the fact that there are more government schemes for fruits production than for other agriculture activities.

Among those who have applied to the government schemes, only few of them remember what exactly they applied for. This highlights the importance of promoting awareness among farmers for subsidy schemes such as concept, system, procedures etc.

Table 3-9: Percentage of households that have applied to government schemes and obtained the support (n=977)

Major farming activity	% of households who applied	% of households who obtained the support
Cereal	8%	6%
Green house vegetable	2%	0%
Open field vegetable	6%	6%
Fruits	12%	6%
Livestock	7%	1%
On-farm processing	5%	2%
Overall	6%	2%

Table 3-10 shows percentage of households who are willing to form a group of farmers to apply for government schemes. 21% of the sample households are willing to form a group of farmers to

apply for government scheme, which is much higher than the ratio of households who have applied for government schemes thus far.

Table 3-10: Percentages of households who are willing to form a group of farmers to apply for government scheme (n=977)

Major farming activity	% of households
Cereal	34%
Green house vegetable	24%
Open field vegetable	6%
Fruits	25%
Livestock	20%
On farm processing	7%
Overall	21%

From Table 3-11 it appears that farmers see more potential in national schemes than in EU supported schemes, such as IPARD. This may be, because the latter is far more complex and challenging to apply for.

Table 3-11: Potential subsidy schemes

Name of scheme	Number of households
EU support scheme (IPARD like)	10
Government support scheme on agriculture	123
Total	133

Source: Q II.H.11, "If you know what kind of scheme you would like to apply, please provide the name of the scheme."

Box 10: Access to subsidies

The budget available for agriculture subsidy in Albania is the lowest in the region. As a result, only a limited number of farmers (and other agribusiness operators) have access to governmental subsidies.

In addition, the efficiency and professionalism of the administration involved in the process of support scheme implementation affects the absorption capacity. Previous studies show that the transparency of procedures related to subsidies is seen as insufficient. There also are concerns regarding cooperation with the respective authorities.

Source: Imami, D. (2018), *Smallholders and Family Farms in Albania, Draft Country Study Report prepared for FAO.*

During the qualitative enquiry, farmers stated that there was very limited or no support available from the government, while some raised concerns about the transparency how the grants/funds have been allocated. In an in-depth interview, one farmer stated that he had made applications to subsidy schemes (for the purpose of introducing drip irrigation, etc.) many times but never been successful. He had never received support or advice for the application process thus far and that, he would be willing to pay some fee in order to obtain advice, though obviously that depends on the level of the fee.

Another interviewee stated that its not worth to apply for subsidies considering the long (selection) process, bribing and other bureaucratic processes involved:

'It's not worthy getting pennies, if you'd have to pay pounds to get access to these pennies.'

The prevalent perceptions on the subsidy schemes, such as the ones shown above, may not be easily overcome. Nonetheless, it would be still worthwhile to consider ways to facilitate the valuable resources to get where they are intended to.

3.9 Investment

Table 3-12 shows that 18% or the sample households made the investment in the last 3 years. Agricultural related items (such livestock, agricultural equipment, and fruits plantation) are the major purposes of investment. There have also been reported a few cases of investment for other purposes such as non-agricultural private company, purchase of car/truck, and house/building.

Table 3-12: Percentages of households who made investment for various purposes in the last 3 years (n=959)

	Made invest in the last three years	Buy livestock	Buy agricultural equipment	Fruit plantation	Agricultural buildings or	Non-agricultural private company	Buy agricultural land	Buy a car or truck	House, apartment or building	Buy non agricultural land	Buy agro-processing equipment
Cereal	14%	0%	5%	0%	0%	6%	0%	3%	0%	0%	0%
Green house vegetable	14%	0%	0%	0%	8%	1%	1%	1%	2%	0%	0%
Open field vegetable	17%	0%	3%	0%	3%	6%	0%	0%	0%	0%	6%
Fruits	29%	2%	11%	15%	1%	2%	1%	0%	1%	1%	1%
Livestock	16%	7%	4%	1%	1%	2%	0%	3%	0%	0%	0%
Processing	27%	9%	4%	9%	1%	0%	0%	0%	0%	0%	0%
Overall	18%	5%	4%	4%	2%	2%	1%	2%	1%	0%	0%

Source: Q III.1, "Did you invest in the last 3 years?" (multiple answers, n=959)

Table 3-13 and 3-14 show that investing in the business increases with income and that inactive members have hardly invested in the recent years.

Smallholder Families' Financial Inclusion Project in Albania
Needs Assessment Survey: Final Report

Table 3-13: Investment by income

Household annual income level (ALL)	% of households
0-500,000	8%
500,000-1,000,000	18%
1,000,000-2,000,000	23%
>2,000,000	38%
Overall	18%

Source: Q III.1, "Did you invest in the last 3 years?"

Table 3-14: Investments by member status

Member status	% of households
Active member	23%
Inactive member	3%
Non member	23%
Overall	18%

Source: Q III.1, "Did you invest in the last 3 years?"

Table 3-15 depicts the various sources for these investments among those who made an investment in the last 3 years. 66% of them used their own money and 38% of them used bank loans for their investments.

Table 3-15: Sources of funds for the investment (n=173)

	% of households that used own money	% of households that used bank loan	% of households that borrow from others
Cereal	44%	44%	0%
Green house vegetable	35%	65%	9%
Open field vegetable	17%	100%	0%
Fruits	83%	25%	5%
Livestock	72%	44%	8%
Processing	73%	0%	0%
Overall	66%	38%	6%

Source: Q III.1, "Did you invest in the last 3 years?" (n=173)

Table 3-16 shows that agricultural equipment and livestock are the most likely potential investment items. House / building is also in high demand.

Table 3-16: Type of major investment in the next 5 years

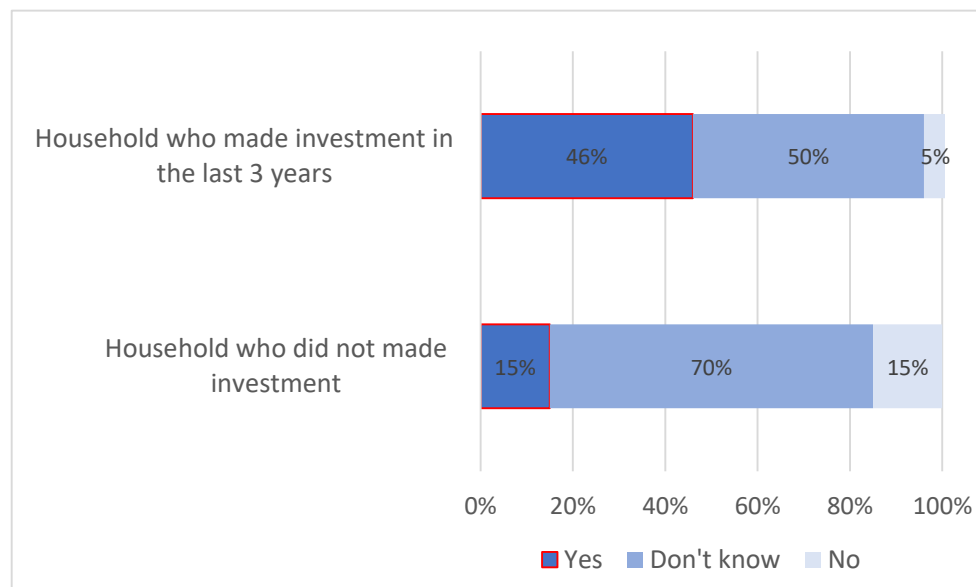
Agricultural equipment	25%
Livestock	22%
Fruit plantation	16%
House/ building	10%
Agricultural buildings/greenhouses	10%
Agricultural land	9%

Car or truck	4%
Agro-processing equipment	1%

Source: Q III.2, "List three main investments that you need for the next 5 years." (n=977)

Figure 3-13 shows that 46% of the sample households who made investment in the last 3 years plan to make further investments, compared to 15% of those who did not make any investments in the last three years. In other words, those who have made investments recently tend to be more inclined to making further investments in the near future.

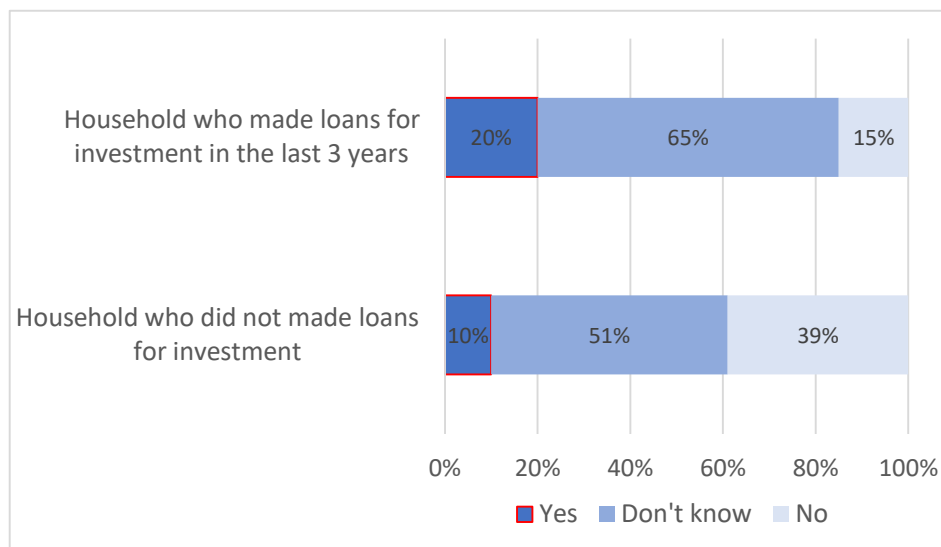
Figure 3-13: Expectations/plans for future investment



Source: Q III.2.ii, "Will you make these investments?" (n=977)

Figure 3-14 shows that 20% of the sample households who made bank loans in the last 3 years plan to borrow money from a bank, compared to only 10% of those who had not made any bank loans. Thus, those who have borrowed money recently are more likely to plan for another loan.

Figure 3-14 : Plans to take out bank loan



Source: Q III.2.iii, "If Yes, do you intend to avail a loan?" (n=977)

During the qualitative enquiry, there were different needs and views regarding investments. However, need for investing in irrigation appeared prevailing. Regarding the way to finance investments, various views were observed. One young farmer stated as follows:

"For long term investment, there are few farmers who take the risk of taking a loan – it is usually those who have a strong market orientation. Whereas those who have alternative employment and income sources, and for whom agriculture is a secondary activity and those who are very mixed, are less likely to take loans (to finance investments)."

So the investments for the latter categories are more driven from savings.

Insecurity is a major reason why some people hesitate to make new investments and finance them with loans, even when there is a potential and need for such an investment. One farmer, who had benefited from the FED pilot insurance program in the past, stated:

"I am not afraid of loans, to take more loan to increase the greenhouse area (to build new greenhouse), if I have a) insurance and b) market."

4. Major results of the survey: Financial services

4.1 Aspiration

This section describes the aspirations of the respondents to continue farming activities in the middle and long term, as well as related needs. Table 4-1 shows that approximately 80% of the respondents will probably be living and working on the farm in 5 years. Those who are not likely to stay on the farm tend to be the members of lower income, small-scale farms. No significant differences between age groups or gender were observed in this respect.

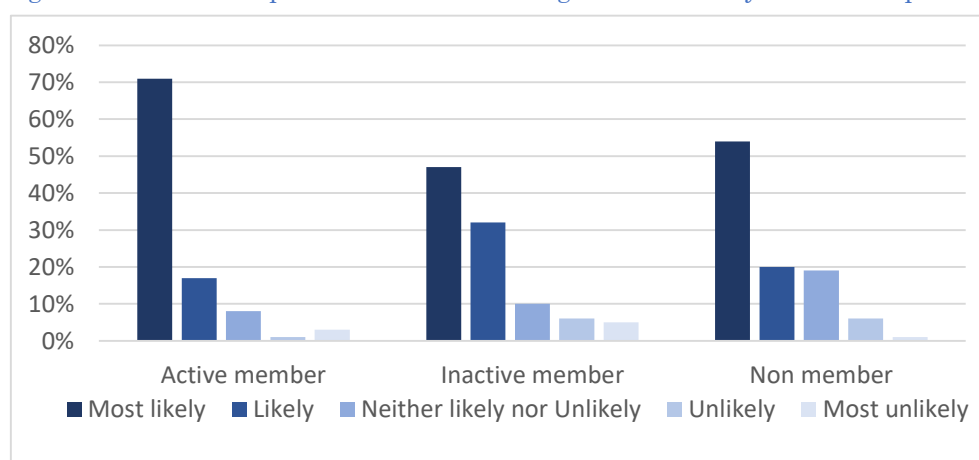
Table 4-1: Mid-term plans to remain working on the farm by farm income level

Farm income level	Most likely	Likely	Neither likely nor unlikely	Unlikely	Most unlikely
0-250,000	49%	18%	19%	7%	6%
250,000-500,000	47%	19%	23%	8%	3%
500,000-1,000,000	62%	29%	7%	2%	0%
1,000,000-	71%	23%	5%	1%	0%
Overall	57%	22%	14%	5%	2%

Source: Q VII.1 "Using the scale 1-5 (below), mark whether you agree or disagree with the following statements. In five years from now will be living and working on my farm." (n=977)

Figure 4-1 looks into mid-term plans to remain working on the farm by FED invest membership status (n=977). It shows that active members have stronger conviction to continue farming activities in the next 5 years than the others.

Figure 4-1: Mid-term plans to remain working on the farm by membership status



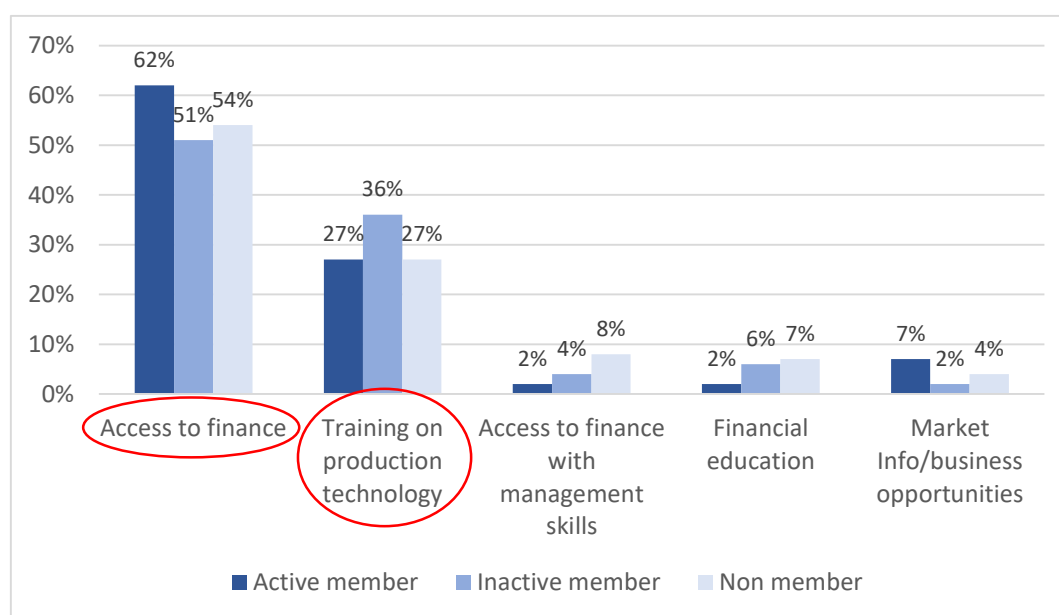
Source: Q VII.1 "Using the scale 1-5 (below), mark whether you agree or disagree with the following statements. In five years from now will be living and working on my farm." (n=977)

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Figure 4-2 represents the needs of the respondents in case they will be living and working on the farm, (regardless their answer to the previous question). More than half of the respondents stated that they need access to finance to live and work on the farm. Training on production technology is also ranked highly. Other topics of management skills, such as financial education, market information etc. were not selected as 'the most needed' by the respondents. This does not necessarily mean that those topics are not considered important.

Figure 4-2: Needs for staying at their farms



Source: QV II.2, "In case you will be living and working on the farm, tell us about what you would need the most." (multiple answers n=977)

Table 4-2 shows the needs for staying at their farm for different income levels while Table 4-3 provides the break down by age and gender. For those who expect to stay in the farm "Access to finance" is more important for the low-income households. "Training on production technology" is the most urgent need amongst the highest income segment.

Table 4-2: Needs for staying on farm by income

Household annual income level (ALL)	Access to finance	Access to finance combined with management skills	Financial education	Information on market / business opportunities	Training on production technology	Other
0-500,000	61%	6%	4%	5%	23%	1%
500,000-1,000,000	52%	6%	7%	3%	33%	0%

1,000,000-2,000,000	55%	5%	7%	4%	28%	1%
>2,000,000	43%	6%	2%	5%	44%	0%
Overall	55%	5%	5%	4%	29%	1%

Source: Q VII.2, "In case you will be living and working on the farm, tell us about what you would need the most." (n=977)

Table 4-3: Needs for staying on farm by gender and age

	Access to finance	Training on production technology	Access to finance combined with management skills	Financial education	Market opportunities/opportunities
Male	55%	28%	6%	6%	5%
Under 21	56%	21%	5%	8%	7%
22-35	58%	34%	3%	2%	3%
36-59	56%	28%	5%	5%	5%
Over 60	52%	27%	8%	7%	4%
Female	55%	36%	3%	5%	3%
Under 21	48%	39%	2%	6%	5%
22-35	59%	33%	1%	6%	0%
36-59	50%	38%	7%	0%	5%
Over 60	67%	33%	0%	0%	0%
Overall	55%	29%	5%	5%	4%

Source: Q VII.2, "In case you will be living and working on the farm, tell us about what you would need the most." (n=977)

In the qualitative enquirey, different views were expressed regarding youth engagment and prospective in the agriculture sector. One interviewee stated:

'Those who are young, in their twenties, are so detached from agriculture/farming, such as some don't even recognize where their own household land parcels are.'

While another one said:

'Youth are not willing to work hard on farm, especially those below 25 years. But when they establish their own families, due to the emerging needs, the motivation can change.'

However, the main challanges is not seen among the youth attitude but rather in the agriculture sector outlook, as one interviewee stated:

'Young people don't see a future in agriculture. Not that they are not interested, but the sector does not offer them a future. Due to quality of inputs, lack of secure market etc it is not profitable.'

Others view the motivation of youth to engage in the agriculture dependent on the sector and farm size. One interview stated that:

'If the farm is big, then it may be more profitable and also more attractive for younger people.'

While another said that.

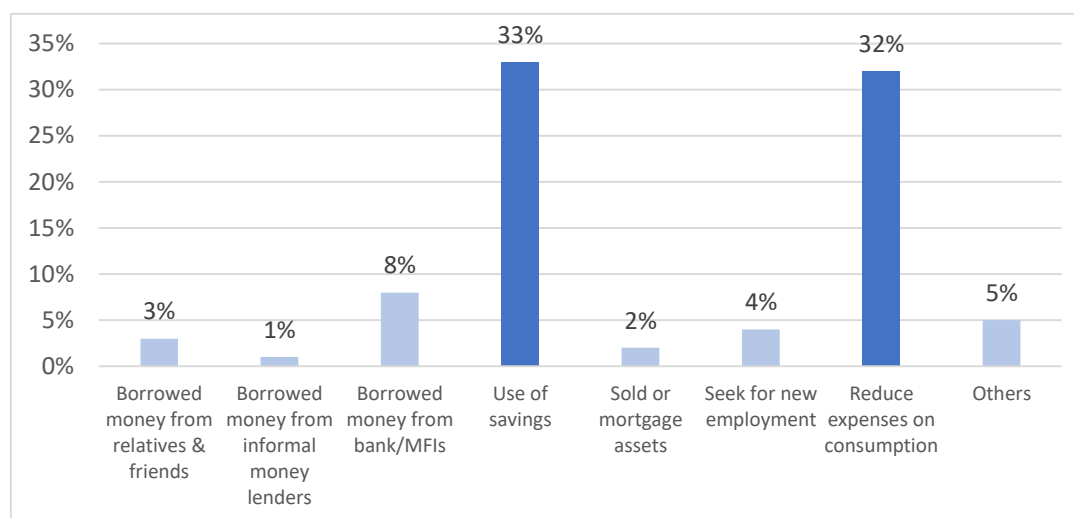
'In the case of greenhouses, incomes are better, therefore the youth see an interest. That is the case for both women and men.'

4.2 Risks

This section illustrates what kinds of life time events require financial activities and how the respondents coped with them. It is important to note that access to financial services in general enables households to use money for productive and consumption purposes, which helps them accumulate assets and smoothen their expenditures. Accumulation of financial assets and expenditures smoothing through financial services assist them to cope with crises and shocks that contribute to their financial vulnerabilities. Understanding the various crises and events resulting from internal and external risk factors that households are facing will provide information on what specific risk-mitigating financial products can be developed to help them cope with those risks, reduce their vulnerabilities and build their resiliency.

Figure 4-3 shows coping strategies when the respondents face these life time events (among those who encountered those events in the last 3 years). The largest number used their savings, and a similar number of households reduced expenses on consumption, implying that most of them did not rely on external resources to cope with these events. Very few people borrowed either from relatives/friends or money lenders including from financial institutions. These results indicate that providing them with financial education would help equip them with proper tools to save and manage their expenses.

Figure 4-3: Coping strategy for life time events



Source: Q IV. 3, "What coping mechanisms did you adopt to mitigate the effects of those events?" (n=298)

Table 4-4 reveals that some 8% of the lowest income strata households borrowed money from relatives and friends to cope with risks, yet hardly ever from formal and informal institutions (including banks/MFIs and informal money lenders). Borrowing from banks/MFIs is found somewhat more common among higher income segments (around 10%). Overall, slightly more than 30% of households used their savings.

Table 4-4: Coping strategy by income

Household annual income level (ALL)	Borrowed money from relatives & friends	Borrowed money from informal money lenders	Borrowed money from bank / MFIs	Use of savings	Sold or mortgage assets	Seek for new employment	Reduce expenses on consumption	Claims from insurance	Others
0-500K	8%	0%	2%	31%	4%	4%	30%	13%	6%
500K-1,000K	0%	2%	9%	35%	2%	7%	40%	5%	0%
1,000K-2,000K	0%	0%	10%	33%	1%	3%	32%	14%	6%
>2,000K	3%	2%	12%	34%	2%	3%	29%	12%	2%
Overall	3%	1%	8%	33%	2%	4%	33%	12%	4%

Source: Q IV. 3, "What coping mechanisms did you adopt to mitigate the effects of those events?" (n=298)

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Table 4-5 shows that, overall, people tend to rely on reducing expenses on their consumption as coping strategies.

Table 4-5: Coping strategies by age group

	Bor- rowed money from relative s & friends	Bor- rowed money from informa l money lenders	Bor- rowed money from bank/ MFIs	Use of savings	Sold or mortgag e assets	Seek for new employ ment	Reduce expen- ses on con- sump tion	Stop schoo- ling of children	Claims from insu- rance	Others
< 21	0%	0%	15%	33%	0%	3%	26%	0%	21%	3%
22-35	5%	0%	6%	34%	2%	5%	35%	0%	6%	8%
36-59	3%	0%	5%	33%	4%	4%	33%	0%	14%	5%
> 60	4%	2%	8%	31%	2%	6%	31%	0%	10%	5%
Overall	3%	1%	8%	33%	2%	4%	32%	0%	12%	5%

Source: Q IV. 3. "What coping mechanisms did you adopt to mitigate the effects of those events?" (n=298)

Table 4-6 shows the risk coping strategies by gender of respondents. While there is no clear difference is identified, one point to notice is that no female respondents chose 'borrowed money from relatives and friends' as an answer.

Table 4-6: Coping strategies by gender

	Bor- rowed money from relatives & friends	Bor- rowed money from informal money lenders	Bor- rowed money from bank / MFIs	Use of savings	Sold or mort- gage assets	Seek for new employ- ment	Reduce expen- ses on consum p tion	Stop schoo- ling of children	Claims from insu- rance	Others
Male	4%	1%	8%	33%	3%	4%	33%	0%	10%	6%
Female	0%	0%	6%	34%	2%	5%	31%	0%	19%	3%
Overall	3%	1%	8%	33%	2%	4%	32%	0%	12%	5%

Source: Q IV. 3. "What coping mechanisms did you adopt to mitigate the effects of those events?" (n=298)

4.3 Household management¹⁸

Simple record keeping can guide the family in financial decision-making and planning if they know the trend of their income and expenses and which budgetary items that are spent on the family's needs. Since FED invest is piloting a credit scoring system in order to determine the risk exposure of existing and potential borrowers, simple record keeping is an important training topic for existing as well as potential customers, especially because it is common to find rural farming households without regular record keeping of household and farm transactions.

¹⁸ The content of this section is closely linked with 3.5 of the present report.

Table 4-7 shows that the majority (62%) of the total sample does not keep records of income and expenses. The absence of household transaction records can be attributed to the low level of education among the respondents - the majority only attained elementary level. Further probing of the reasons behind the low rates of record keeping through a qualitative survey might provide ideas for required services for existing and potential customers.

Table 4-7: Record keeping by member status

Membership status	% of households
Active member	38%
Inactive member	24%
Non-member	46%
Overall	38%

Source: Q V. 1. "Did somebody in your house record household incomes and/or expenditure of households in the last 12 months?"

Table 4-8 shows that record keeping is more prevalent among the higher income segments as compared with the lower income segments households.

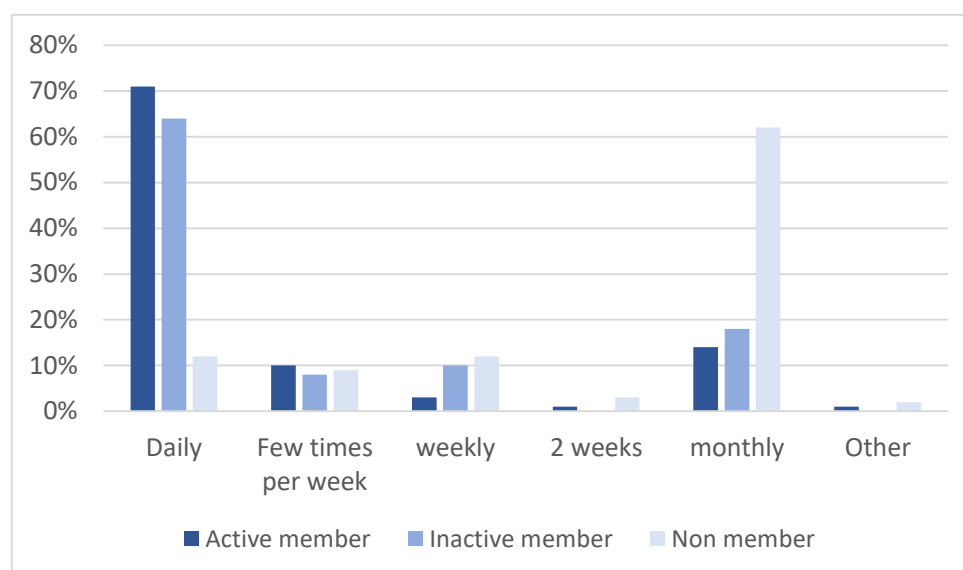
Table 4-8: Record keeping by income

Household annual income level (ALL)	% of households
0-500,000	20%
500,000-1,000,000	40%
1,000,000-2,000,000	55%
>2,000,000	58%
Overall	38%

Source: Q V. 1. "Did somebody in your house record household incomes and/or expenditure of households in the last 12 months?"

Figure 4-4 shows that amongst those who keep records (371 or 38% of the respondents), the majority of active and inactive members kept records on a daily basis while only 10% of non-members do.

Figure 4-4: Frequency of keeping records



Source: Q V.3, "How often does he/she record?" (n=371)

The survey finds that only 1% of the respondents participated in any kind of financial training, and that those who have participated in training tend to be university graduates. This indicates that there is a high potential for the respondents to improve their household and business resource management capacity by being provided with proper instructions, advice and training. The low level of participation in training can be attributed to the lack of available training services or programs in the area and/or lack of awareness. It is important to determine the demand for this service among its existing and potential clients.

Table 4-9: Percentages of respondents who have participated in any program/training/service on financial education (n=977)

	% of households who get financial education program
Active member	2%
Non-active member	2%
Non-member	1%
Overall	1%

Table 4-10 shows the levels of interest in various of training and advisory service topics respondents are interested in. "Starting a Small Business Capital" was top ranked, followed by "Investment Opportunities" and "Sources of income." Inactive members appeared to be significantly more interested in the various topics than the active or non-members. Further insights/analysis can be obtained through a follow up survey.

Table 4-10: Topics of financial education/training interest

Membership status	Ways to save	Budgeting	Investment Opportunities	Planning and setting financial objectives	Debt / Credit Management	Sources of income	Starting a Small Business Capital / Capacity	Improve understanding of different financial situations	Financial Negotiation
Active member	8%	10%	10%	9%	7%	7%	25%	1%	8%
Inactive member	14%	21%	24%	25%	23%	28%	35%	0%	18%
Non member	6%	6%	17%	11%	8%	16%	25%	0%	17%
Overall	9%	11%	17%	14%	12%	17%	28%	0%	15%

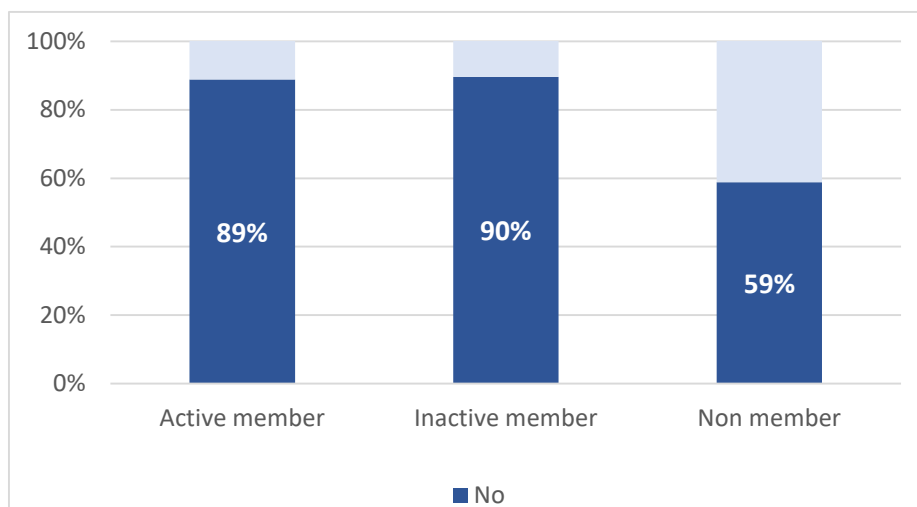
Source: Q V.7, "Which among the following topic/s of financial education would you be interested in attending?" (multiple answers, n=977)

From the qualitative enquiry, it appears that in most cases both husband and wife take joint decisions about household management. However, it is usually the men who carry out the sales of agriculture products (who go to the market) and who buy inputs. Most view that women are more disciplined in terms of managing the household finance and saving, however, some view that women are keener to spend more than men.

4.4 Access to financial institutions

Figure 4-5 shows that approximately 90% of FED invest's members do not hold commercial bank accounts. This may indicate that members are solely reliant on FED invest for access to financial services by formal institutions. FED invest appears to be the favoured choice over its competitors given its direct contact with the community.

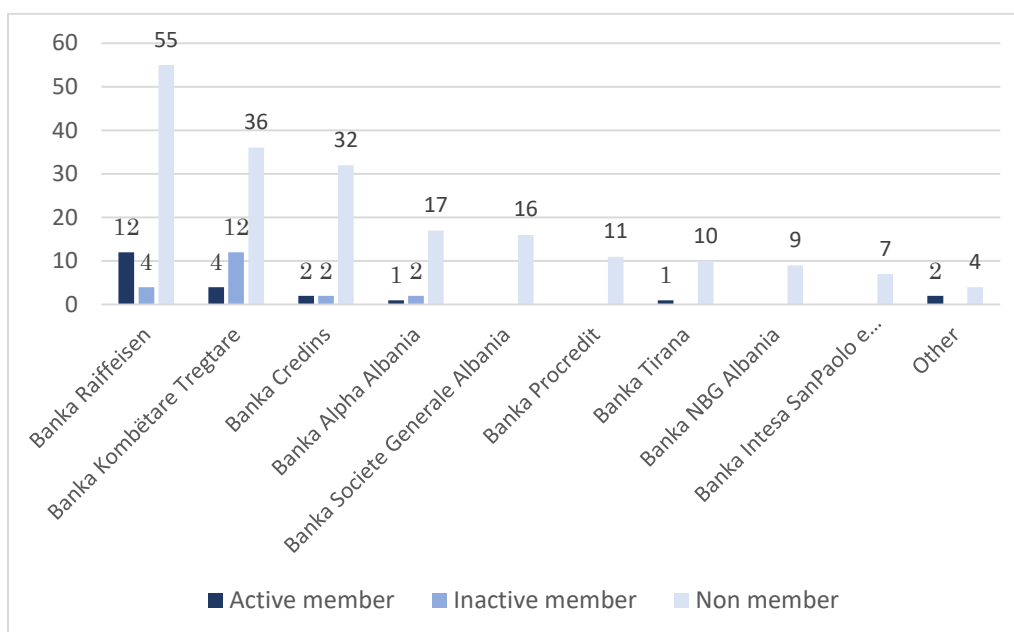
Figure 4-5: Account holding at commercial banks



Source: Q VIII.A.2, "Do you save money at any financial institution?" (n=977)

255 of the 977 respondents hold an account in different commercial banks. Figure 4-6 shows that Banka Raiffeisen is the most common commercial bank for active members while BKT is popular among inactive members. The fact that FED invest is in partnership with Raiffeisen might have influenced this result. While this finding indicates towards a positive contribution of FED invest to financial inclusion in terms of facilitating the members' bank accounts, it also requires awareness on the part of FED invest, considering that Raiffeisen bank is a FED invest's competitor (not just a depository bank) and has information on FED invest's members. There is a potential risk of competition over customers, especially over those with good credit histories. FED invest can mitigate such risks through continuous provision of better customer care services than those offered by other commercial banks.

Figure 4-6: Number of households that have an account in different commercial banks



Source: Q VIII.A.2iii, "Please provide the name of institution that you have account." (n=255)

The survey also finds that about one-third of those who have bank account visit the financial institution on monthly basis.

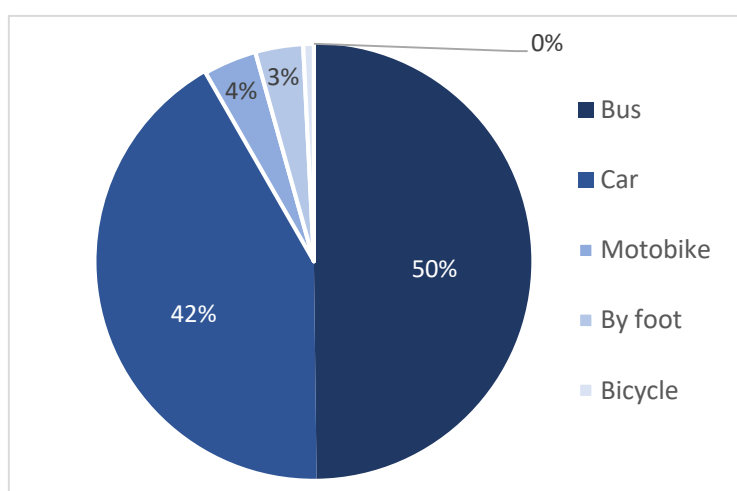
Table 4-11 shows frequency of visits to financial institutions (any financial institution). Roughly 70% of FED invest members who also own accounts at commercial banks or other financial institutions visit these institutions on monthly basis. This frequency is much higher than that of non-members (19%). On the other hand, high percentage of non-members visit financial institutions only yearly or less frequently.

Table 4-11: Frequency of visits to financial institutions

	Monthly		Every 2 months		Quarterly		Yearly		Total
Active member	20	67%	2	7%	2	7%	6	20%	30
Non active member	18	69%	1	4%		0%	6	23%	25
Non member	38	19%	6	3%	48	24%	106	53%	198
Total	76	30%	9	4%	50	20%	118	46%	253

Figure 4-7 shows the percentages of sample households (among those who have commercial bank accounts) that 50% use the bus and 42% drive to the commercial bank(s), and a small percentage of them walk there. The average trip to the banks is 41 minutes.

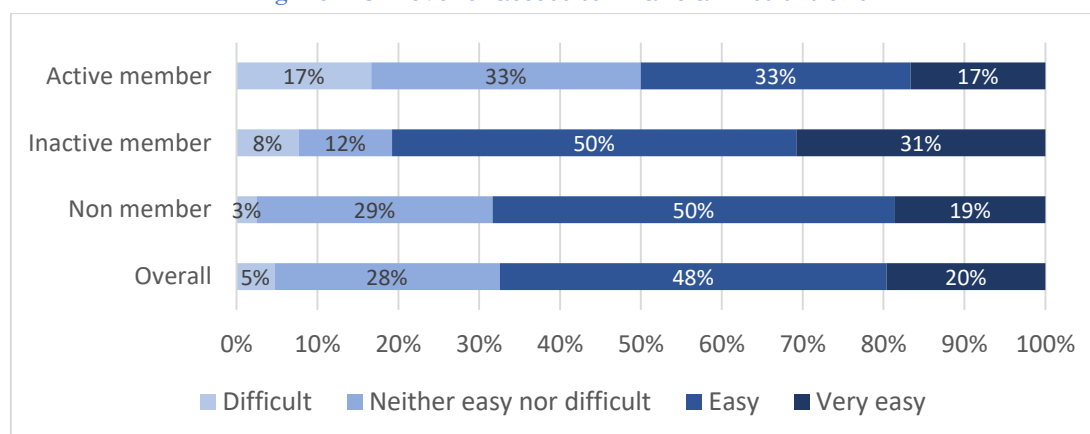
Figure 4-7: Mode of transportation to commercial banks



Source: Q VIII.B.2.x, "What is the mode of transportation to go to the financial institution?" (n=255)

Figure 4-8 shows that most of the respondents do not perceive difficulty in accessing the financial institutions, even though they take on average 41 minutes to get there.

Figure 4-8: Level of access to financial institutions

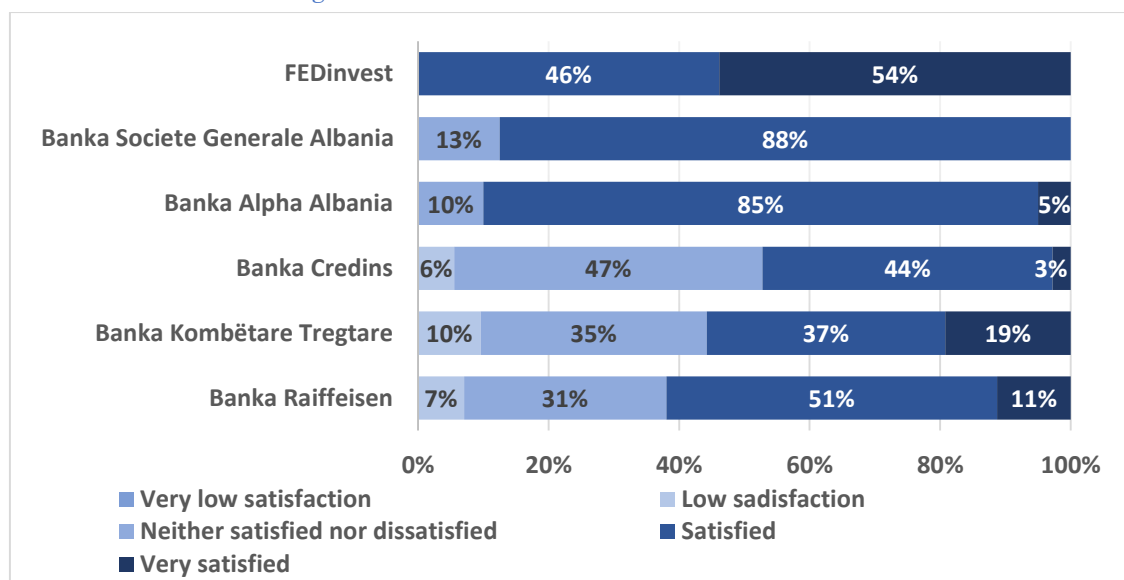


Source: Q VIII.A.2.xii, "Do you feel that the branch is easily accessible?" (n=255)

Figure 4-9 shows that, compared to the commercial banks, the satisfaction level for the service offered by FED invest is relatively high. In terms of different aspects of services, the top three are: 1) Stability 2) Lower interest rate, and 3) Training / technical assistance. In other words, FED invest has

a significantly high level of satisfied clients and occupies a niche in the microfinance market with a competitive edge over its competitors.

Figure 4-9: Satisfaction level for overall service



Source: Q VIII.A.3, "Please rate the level of your satisfaction on the services of each financial institution." (n=254)

Looking at the various features of the loan products provided by FED invest (see Table 4-12) it appears that the interest rate is the only aspect that many clients are dissatisfied with; almost 50%. Although it is better than the other institutions (see Table 4-13 for comparison) further research through the follow up survey will shed light on the clients' perspective.

Table 4-12: Satisfaction levels of various features of loan for FED invest

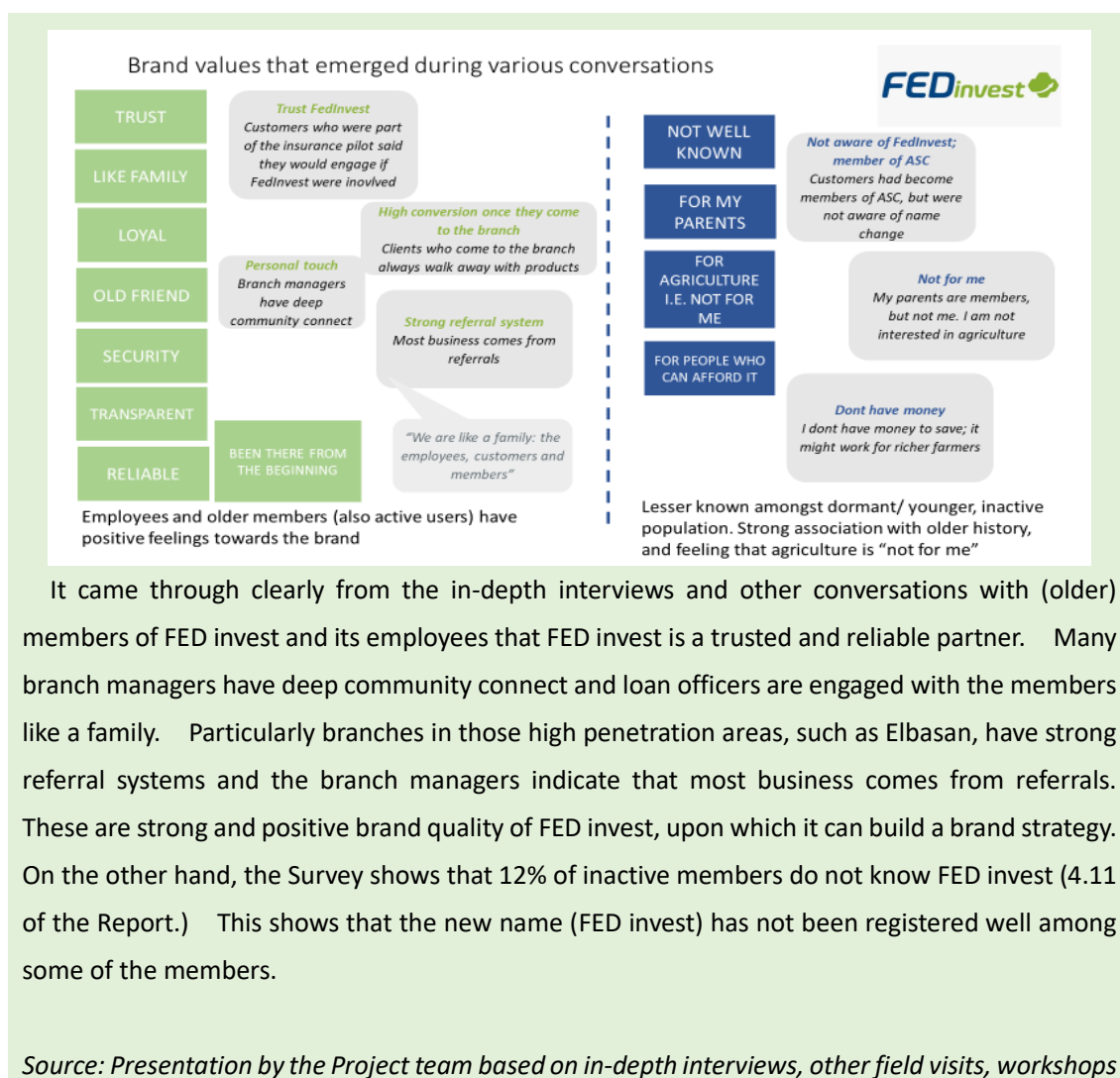
	Very low	Low	Neutral	High	Very high
Interest rate	18%	29%	21%	15%	17%
Processing speed	0%	1%	16%	46%	37%
Repayment	0%	2%	27%	44%	26%
Collateral	0%	3%	22%	52%	23%

Source: Q VIII.A.3, "Please rate the level of your satisfaction on the services of each financial institution." (n=253)

There are some banks which are not transparent, i.e. applying various hidden costs, according to one interviewee (in-depth enquiry) – overall, in-depth interviews showed that there is trust in FED staff and institution, characterised by transparency.

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Box 11: FED invest brand values



It came through clearly from the in-depth interviews and other conversations with (older) members of FED invest and its employees that FED invest is a trusted and reliable partner. Many branch managers have deep community connect and loan officers are engaged with the members like a family. Particularly branches in those high penetration areas, such as Elbasan, have strong referral systems and the branch managers indicate that most business comes from referrals. These are strong and positive brand quality of FED invest, upon which it can build a brand strategy. On the other hand, the Survey shows that 12% of inactive members do not know FED invest (4.11 of the Report.) This shows that the new name (FED invest) has not been registered well among some of the members.

The only concern was the high interest rate (not necessarily compared to other providers, but compared to what farmers think what is their paying capacity and fair). Most farmers view that if the interest rate can be about 5%, it would be ideal to meet their needs.

Table 4-13: Satisfaction levels of various features of loan for NOA

Service item	Very low	Low	Neutral	High	Very high
Interest rate	28%	33%	11%	22%	6%
Processing speed	0%	0%	11%	78%	11%
Repayment	0%	0%	50%	39%	11%
Collateral	0%	0%	22%	61%	17%

Source: Q VIII.A.3, "Please rate the level of your satisfaction on the services of each financial institution." (n=18)

Box 12: Interest rate for loans

Since the issue of interest rate is determined by several factors such as market forces/competition, cost of lending, cost of funds, loan loss provisions and inflation, FED invest needs to clearly explain to its member-clients the reasons behind its level of interest rate. It should be explained that, unlike commercial banks, FED invest's returns are returned back to its operations and not to the shareholders' pockets. Moreover, there could still be a possibility of reducing FED invest interest rates if the cost of lending is reduced through continuous improvement in operational efficiency. Efficiency measures and strategies need to be continuously pursued such as use of information technology, streamlining of key operational processes, etc. ASA in Bangladesh, with 7 million active borrowers and one of the world's largest cost-effective and sustainable MFIs, is a good example of having a highly efficient operation with cost per unit of money lent within the range of 3%-8% between 1995 and 2015. One key factor is the inherent willingness of all staff and management to innovate and simplify its management system.¹⁹

Larger farmers and those who supply exporters regularly or collection points are more likely to have bank account because the buyer may require making payment per bank. That in turn affects farmers attitude toward the use of the bank account. For example, one in-depth interviewed farmer stated as follows:

Those who receive payments in bank account, keep the money in the bank and withdraw when and how much they need.

4.5 Saving behaviour

Table 4-14 shows that 48% of respondents answered that they do not have any savings either with financial institutions or at home. More than half of the households whose income levels are less than 1,000,000 do not have any saving. Cautions should be shown in interpreting the figures below, which do not show the share of savings but rather the share of households that save.

Table 4-14: Saving behavior

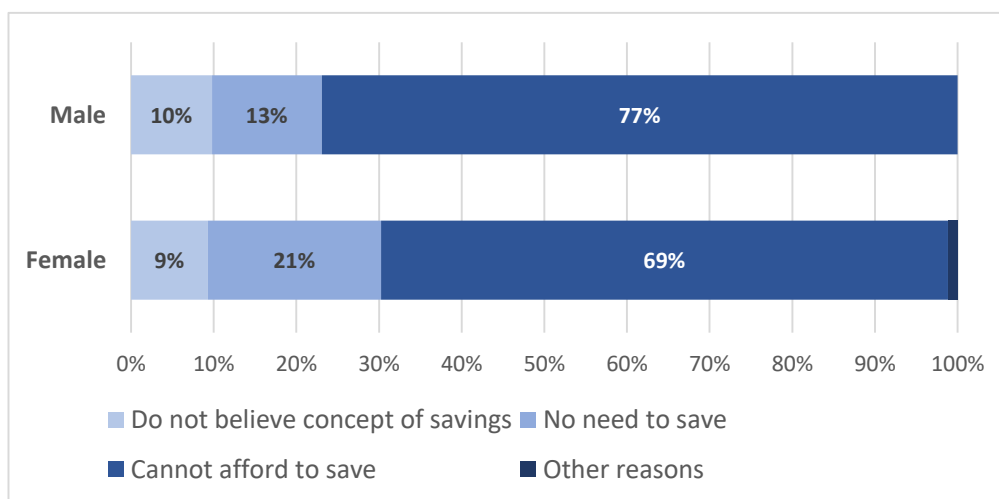
Household annual income level (ALL)	% of households who save
0-500,000	42%
500,000-1,000,000	46%
1,000,000-2,000,000	60%
>2,000,000	50%
Overall	48%

Source: Q VIII.B.1, "Do you have any savings?" (n=977)

¹⁹<http://www.asa.org.bd/efficiency/>

Figure 4-10 shows that the main reasons for not saving are that they cannot afford to save or they do not need to save. This indicates that there is still commonly held limiting beliefs among rural and low-income people that they cannot afford to save. This misconception on the inability to save can be addressed through financial education sessions.

Figure 4-10: Reasons not to save

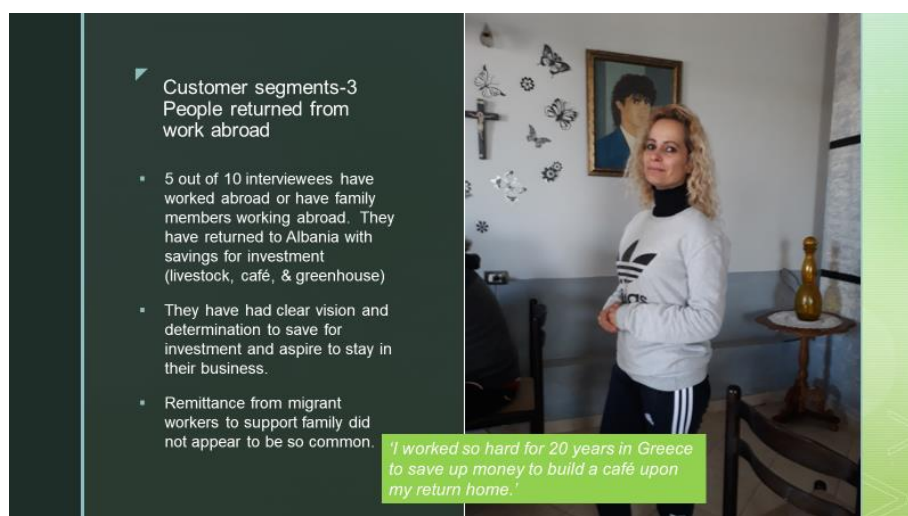


Source: Q VIII. B. 12, "What do you think is the reason for not being able to save?" (n=504)

The absence of savings can be due to the perception among low-income people that savings can only be possible if they have enough income and that could be related to the level of income of the respondents (20% of the respondents fall below the country's poverty line). However, experience shows that low-income households can save if they recognize the value of savings through appropriate financial education and they are provided with appropriate savings products and tools to save.

According to in-depth interviews, small farms have usually low savings which are utilized subsequently for household or farm needs. Only larger farmers make significant income and are more likely to have longer term savings which can be put in bank. People are fine to keep small amount at home, but in case of higher amount are more likely to bring them in the bank.

On the other hand, those interviewees encountered during the qualitative research, who had returned to Albania after working abroad, mostly managed to save a substantial amount during those years of migrant work, to invest in agriculture and other businesses upon returning home (e.g. livestock, cafe and greenhouses). They appeared to have had clear vision and determination to save for investment, such as the cafe owner in the the photo below.



Box 13: Examples of saving practice

One practical example adopted by participating rural banks under the USAID-funded project Microenterprise Access to Banking Services (MABS) in the Philippines is the use of savings boxes (similar to piggy banks), but with a lock. The bank keeps the keys to the boxes. Depositors take home the box and are encouraged to save their extra change. When the boxes are full, depositors return them to the bank, where the savings are transferred to a passbook account. Micro-depositors, including children, learn the value of saving this way, while the bank increases its deposits and develops clients for a lifetime²⁰. This scheme is coupled with financial education training provided to the clients.

Table 4-15 shows that, among the households with savings, most people save at home and not at financial institutions regardless of the income strata. Those who save at financial institutions decrease as income level goes down.

Table 4-15: Ways of saving

Household annual income level (ALL)	Save at financial institution	Save at home
0-500,000	0%	100%
500,000-1,000,000	4%	98%
1,000,000-2,000,000	5%	100%
>2,000,000	14%	100%
Overall	4%	100%

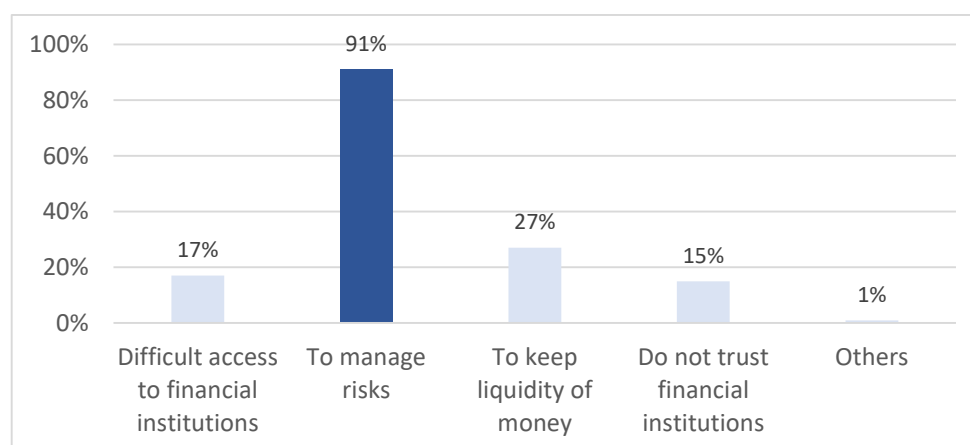
Source: Q VIII. B. 2, "Do you have saving at financial institution?", and VII.B.5, "Do you have saving at home?" (multiple answers, n=473)

²⁰Innovations in Expanding Access to Microfinance, MABS Final Report, June 2012, Chapter 4, USAID

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Figure 4-11 shows the reasons to save at home for those who save at home. Most of them answered that they do it to manage risks.

Figure 4-11: Reasons to save at home



Source: Q VIII. B. 7, "What are the reasons for keeping money under the mattress?" (multiple answers, n=468)

Table 4-16 shows different reasons to save at home by age groups.

Table 4-16: Reasons to save at home (Multiple answers, n=468)

	Difficult access to financial institutions	To diversify risks	To keep liquidity of money	Do not trust financial institutions	Others
Male	17%	91%	27%	14%	1%
0-21 Junior	15%	88%	37%	12%	0%
22-35 Youth	9%	91%	19%	12%	0%
34-59 Middle	21%	91%	23%	16%	3%
60+ Elderly	18%	92%	31%	14%	0%
Female	15%	93%	28%	15%	3%
0-21 Junior	9%	94%	9%	9%	0%
22-35 Youth	12%	96%	40%	16%	8%
34-59 Middle	29%	93%	50%	21%	0%
60+ Elderly	33%	67%	33%	33%	0%
Total	17%	91%	27%	15%	1%

The tables below show reasons for saving and attractiveness of saving products for those who answered they currently save money. Table 4-17 shows that 84% of them do so for sickness and

medical expenses, which implies that they consider saving as a substitute for health/medical insurance. This further suggests that if health insurance were available, they might use back-up savings for investment rather than as a form of insurance. While the use of savings is a less expensive method of coping with risks, the degree of protection associated with savings is often limited and depletes their financial reserves, which will ultimately put them in more vulnerable situations. This finding is useful for FED invest in determining whether to offer micro-insurance products or other insurance facilities (such as cooperative insurance), which could help their clients mitigate medical or health-related risks. Since FED invest is not an insurance company, such services require partnering with reliable insurance companies in the country.

Other cited reasons for savings include retirement, house improvement, purchase of equipment and inheritance for children. While the percentages of the respondents who cited these reasons is not high, these reasons can be investigated further during the follow up survey to elicit additional information that can provide ideas to FED invest on what type of purposive savings products can be offered. This type of savings product depends on the purpose and may have varied terms and conditions. Many respondents recognize medical and emergencies as the reasons to save. A significant percentage of respondents save for retirement, which is probably due to high percentage of elderly people in the samples.

Table 4-17: Main reasons for saving

Reasons	% of respondents
Sickness/Emergencies/Medical	84%
House repair/Home improvement	37%
Retirement (for pension)	37%
Purchase of farm equipment	36%
Inheritance for children	34%

Source: Q VIII. B. 8, "Which of the following reasons or categories, if any, are you saving money for?" (multiple answers, n=473)

Table 4-18 shows that a high interest rate and easy access to withdraw are the most attractive features of saving products, followed by the security of the products.

Table 4-18: Features of attractive saving product

Features	% of respondents
High interest rate	68%
Security or insurance of savings	55%
Easy access to withdraw	63%

Amount of maintaining balance	27%
Less documentation requirements	45%
Others	0%

Source: Q VIII. B. 11, "What are the major characteristics of a savings product / program that would attract you to save?" (multiple answers, n=977)

Box 14: Interest rates for saving

While high interest-bearing savings product are advantageous for the clients, this entails a judicious strategy on the part of the service provider - like FED invest - to manage and reduce transaction costs of small amount savings deposit through effective asset and liability management. The following experience of deposit-taking MFIs and cooperatives shows interest rates higher than those offered by commercial banks, due to their ability to invest in businesses other than lending and efficiency in operation. ASA in Bangladesh, with 7.4 million active borrowers, offers 6% per annum deposit interest rate to its members²¹, which is higher than commercial banks' interest rate of 3%. AMK, a non-bank MFI in Cambodia offers 3% interest rate per annum to its clients²², which is higher than commercial bank rates at 0.25 – 0.50%. Fairchild Community Multi-purpose Cooperative in Philippines, likewise, offers 4% interest rates to savings deposits of its clients for a minimum monthly balance of 15 euros equivalent²³.

Table 4-19 shows the percentages of respondents who answered different characteristics for attractive financial institution for saving. Same as the above, security and access are the important aspects for them to choose financial products and institutions.

Table 4-19: Characteristics of attractive financial institution

Characteristics	% of respondents
Good reputation/name one can trust	53%
Security/Insurance of saving	72%
Endorsed by family members and friends	70%
Proximity to residence/work	73%

Source: Q VIII. B. 12, "What characteristics do you look for in a financial institution for you to entrust your savings?" (multiple answers, n=977)

The results above provide insight in how to attract and retain customers. They can be the basis for the design of savings products, such as purposive savings, as well as loan products or microinsurance.

²¹<http://www.asa.org.bd/savings-products/>

²²<https://www.amkcambodia.com/amk-en-easy-saving-account-194.html>

²³<https://www.fairchildcoop.org/product-services/article/162>

Box 15: Saving products

The earlier-mentioned financial service providers and CARD Bank, the largest microfinance bank in the Philippines, offer experience on offering special deposit accounts, intended for various purposes such as retirement, education, purchase vehicle/equipment, house and lot acquisition. Such deposits for specific purposes earn interest rates ranging between 2-4% per annum, with maturity terms of 35, 65, 95, 185 and 365 days, minimum balance of 150 euros equivalent.²⁴

Box 16: Trust in keeping saving in the financial institutions vs. house

Some people don't mind saving large amount of money at home, while most were concerned that saving money at home would expose them to risks (e.g. thieves). Thus, most farmers viewed that in the case of large savings, they would prefer to place them in the bank. Most interviewees did not show any trust concern related to banks. As one stated:

'Most people trust the banks. No one ever lost money in the bank in this village.'

Another interviewee, who happens to have his meat shop right next to a FED invest branch office, also stated that he does not have any issues with 'trust of FIs' but simply does not have enough money left at the end of the month, thus does not bother to save at FIs.

However, there are some people that don't trust the banks or financial institutions – some suffered from the pyramidal schemes in 1997 and lost their savings. So some of the elder farmers who suffered losses in the infamous pyramidal schemes, show some concern and distrust in financial institutions.

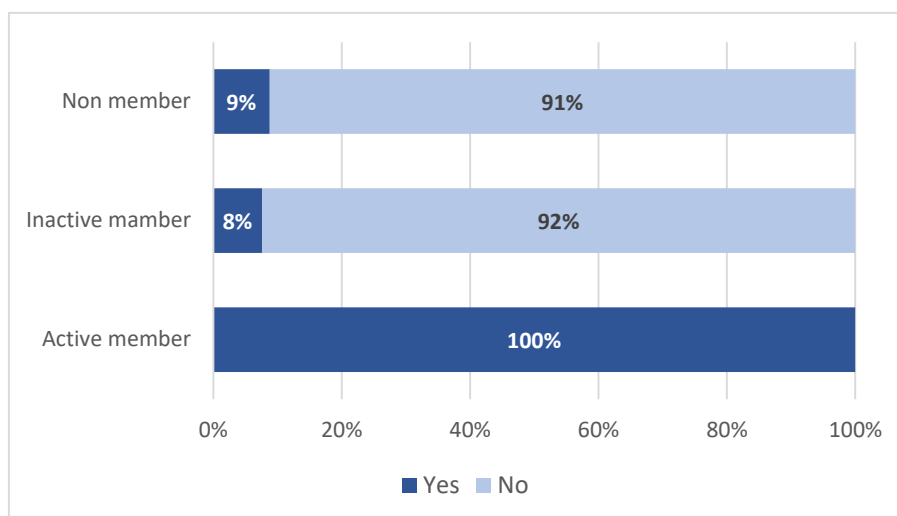
Sources: In-depth interviews

4.6 Loans

Figures 4-12 shows that active members all got loans recently, whereas only 8% of inactive and 9% of non-members did. This indicates possible unmet demands for under-served customers.

²⁴https://cardbankph.com/?page_id=1104

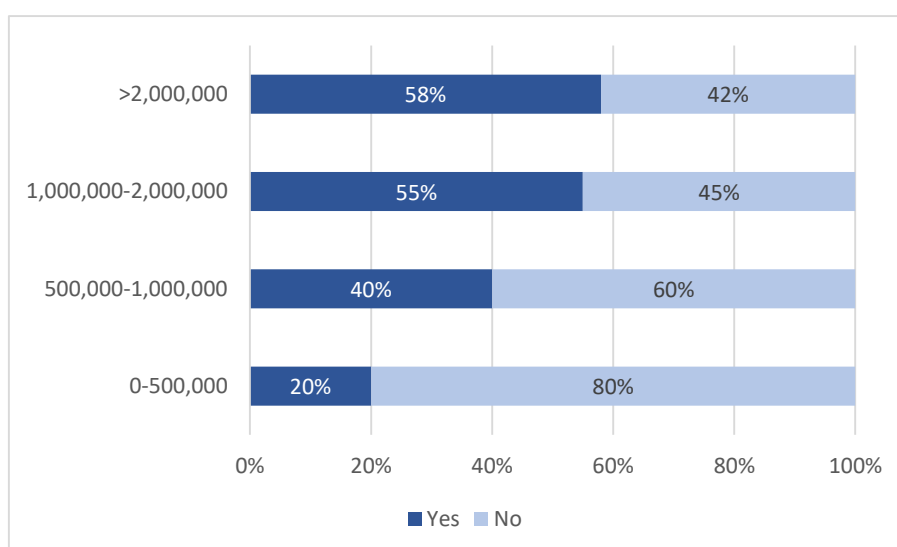
Figure 4-12: Recent loan obtainment by member profile



Source: Q VII. C. 1, "Have you recently availed of any loan?" (n=977)

Figure shows the percentage of households who have recently made loans. One can see that the percentages of households who get loan decreases as income level decreases.

Figure 4-13: Recent loan obtainment by income



Source: Q VIII. C. 1, "Have you recently availed of any loan?" (n=977)

According to in-depth interviews, short term needs are met by pre-finance (eg from input suppliers) and through borrowing from friends/ relatives – that usually when there is trust and a clear business prospective (eg. the calve will grow and will be sold in 2 months and thereby the return of the payment is secure). Longer term needs, such as the case of investments, is preferred to be met by loan. On one hand, some are less willing to give long term borrowing. But also people who can

borrow for long term from friend or relatives still often prefer to take a loan, in order not to cause any difficulty in personal relations. One interviewee stated:

'If I borrow from a friend, then I have to pay back at any time I will be required, but when borrowing from the bank, than I know when I have to pay back and I don't have surprises.'

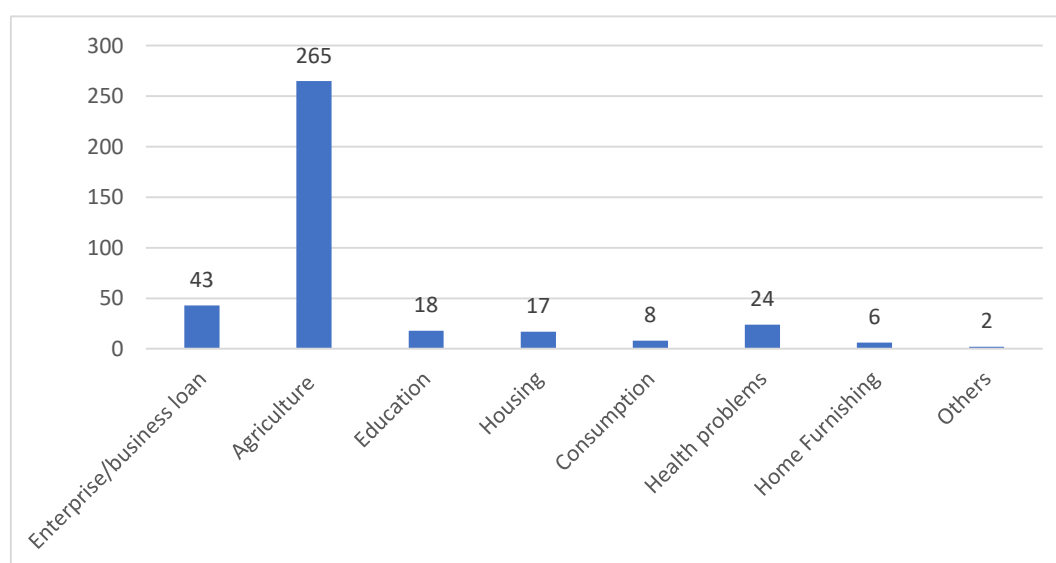
Figure 4-14 shows that the majority of the loans were made for agriculture production purposes and most of them were in the high penetration areas of FED invest. This confirms that there is a high and continuing demand for loan products for agriculture, while other needs such as other businesses, health or education purposes may not have been met with loans in the past. Considering the small scale and fragmented farming operations in the



Interview with FED invest member in Bushat

country, it is important that loan products are designed to address realities and socio-economic situation of small farm households. FED invest has existing standardized loan products based on a range of loan amounts for various purposes. The financial and economic conditions of farmers and their income seasonality are different from those involved in enterprises and they must be reflected in the product design.

Figure 4-14: Purpose of loans



Source: Q VIII. C. 2, "If yes, what types of loan did you avail?" (multiple answers, n=320)

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Table 4-20 shows different purposes for loans by region.

Table 4-20: Purpose of loans (n=320)

	% of respondents who got loan recently	Purpose of loan (Multiplu answers)							
		Enterprise/bu siness loan	Agriculture	Education	Housing	Consum ption	Health problems	Home Furnishing	Others
High penetration	61%	26	186	16	13	4	22	5	1
Belsh	85%	5	46	3	5	0	3	2	0
Elbasan	44%	6	41	1	2	2	1	1	1
Fier	54%	10	57	3	6	2	3	2	0
Lushnje	84%	5	42	9	0	0	15	0	0
Low penetration	32%	12	57	1	2	3	1	1	1
Durrës	NA	NA	NA	NA	NA	NA	NA	NA	NA
Shkoder(Postribe)	25%	5	7	0	0	1	0	0	0
Ura vajgurore(Poshnje)	68%	3	39	0	1	0	0	0	0
Vau i Dejes	32%	4	11	1	1	2	1	1	1
No penetration	8%	5	22	1	2	1	1	0	0
Devoll	5%	1	2	0	1	0	0	0	0
Fier(Cakran)	18%	1	3	0	1	1	1	0	0
Korce	3%	0	3	0	0	0	0	0	0
Ura vajgurore(Kutalli)	56%	3	14	1	0	0	0	0	0
Overall	33%	43	265	18	17	8	24	6	2

Table 4-21 shows the following:

- Incidence of loans for “ Business/enterprise decreases as income increases;
- Incidence of loans for agricultural production increases as income decreases; and
- Incidence of loans for consumption and home furnishing are non-existent among the higher income segments, while they are mentioned occasionally by the lower income segments.

Table 4-21: Purpose of the loan by income

Household annual income level (ALL)	Enter- prise / busine ss loan	Agricul- tural product ion	Educa- tion	Housing	Consum ption	For Health proble ms	Home Furnis- hing Loans	For emer- gency purposes
0-500,000	17%	74%	6%	5%	5%	6%	3%	0%
500K -1,000K	14%	82%	6%	10%	4%	6%	4%	2%
1,000K - 2,000K	13%	86%	3%	2%	0%	11%	0%	0%
>2,000,000	7%	93%	10%	0%	0%	7%	0%	0%
Overall	13%	83%	6%	5%	3%	8%	2%	1%

Source: Q VIII. C. 2, “If yes, what types of loan did you avail?” (multiple answers, n=320)

Table 4-22 shows the percentage of households who have someone who became a guarantor for loans in the past and who are willing to be guarantor in case of loan applications in future. Households in the lowest income strata have lower access to guarantors.

Table 4-22: Availability of guarantor by income

Household annual income level (ALL)	Have someone became a guarantor	There are people who are willing to be guarantor for you
0-500,000	10%	19%
500,000-1,000,000	15%	24%
1,000,000-2,000,000	16%	24%
>2,000,000	11%	30%
Overall	13%	23%

Source: Q VIII. D. 1, "Have you ever sign a (social) guarantee for someone you know? Have other done it for you?", and VII.D.2, "Has anybody signed a (social) guarantee for you in your area when you applied for a loan?" (n=977)

The survey finds that some of those who used loan had difficulties in repayment. In terms of the reasons for repayment problem 'legal problems' (possibly in relation to land ownership) appears to be the most commonly stated cause (Table 4-23; 35%). FED invest

Table 4-23: Reasons that caused repayment problems

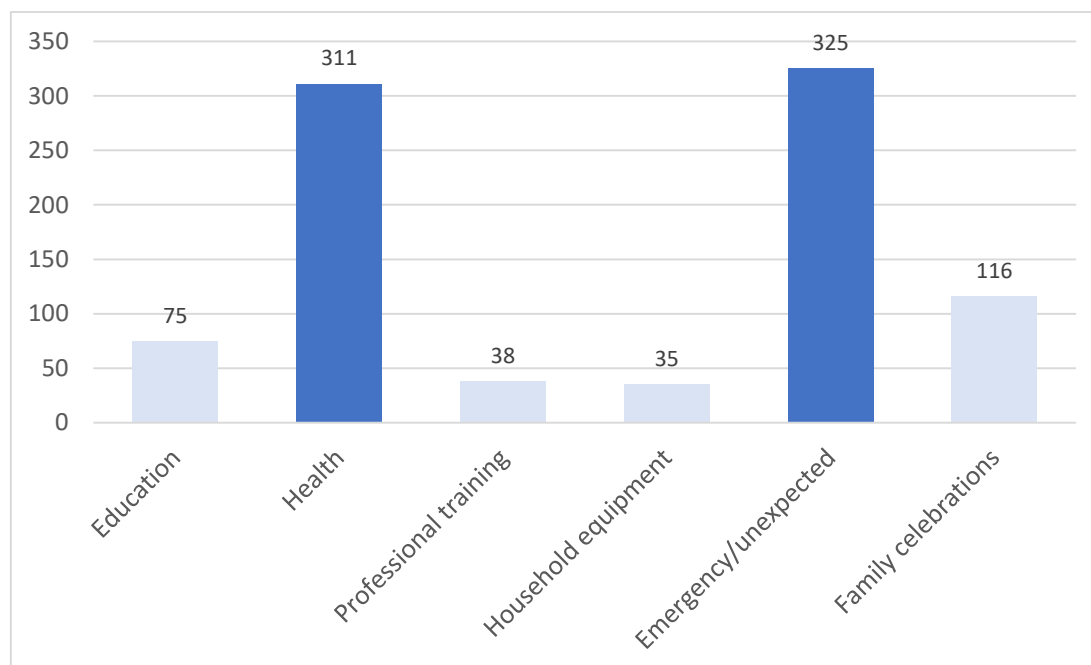
	% of respondents
Loan related activity was not profitable	25%
I or family members are sick	9%
Used for other purpose	12%
Legal problems	35%
Other	19%

Source: Q VIII. C.7, "If yes, what caused your repayment problems?" (n=320)

Figure 4-15 shows different purposes of future loans among those who have not availed loans yet are willing to avail them in the future, based on the structured survey. Common loan purposes cited include health and emergencies. As these reasons were also cited by respondents', there might be a demand for financial products which address these needs. FED invest could consider offering specific financial products such as special loan product for emergencies, health and medical needs,

funeral, wedding, etc. AFK MFI in Kosovo²⁵ which offers family need loans and Opportunity Bank in Serbia²⁶ which offers personal loans for the earlier mentioned purposes may be useful examples in this context.

Figure 4-15: Purpose for future loan



Source: Q VIII. C.9, "If you have not used loans (1-8 as below) yet, are you willing to use it? If yes, for what purpose would you use?" (multiple answers, n=322)

The farmers expect that loans payments should adjust to the period when farmers generate income according to the agriculture production cycles (eg. in the case of horticulture sector, since there are cycles involved, as when compared to dairy cattle when income and expenditure tend to be more flat). As mentioned earlier, interest rates are considered too high and most view that an interest rate of 5% for investments would be ideal. Regarding bad loans, or late loan repayments, there are identified several possible reasons during indepth interviews.

- Bad management. For example if you plant new plants but you have not foreseen financial resources for the needs of the plant, then you may face problems and fail.
- Late payment by the buyer. For example, when the wholesaler has not paid the farmer then the farmer cannot pay back the loan.
- Lack of profitability for loan related investments.
- Improper use of the loan, eg. for private consumption instead of productive purposes.
- Personal reasons, such as use of alcohol or gambling.

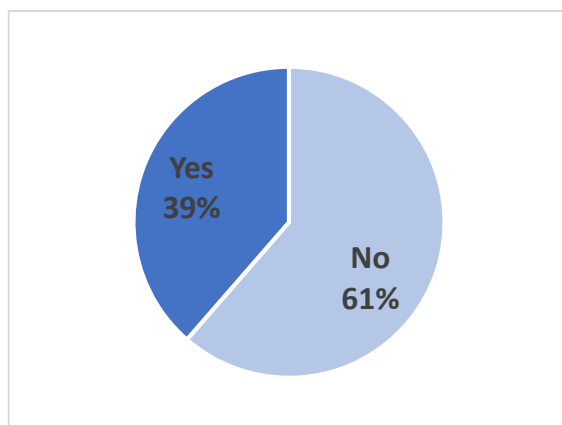
²⁵ <http://www.afkonline.org/kredi-familjare-eng.html>

²⁶ <http://www.obs.rs/eng/personal-clients/micro-personal-loans/>

4.7 Insurance

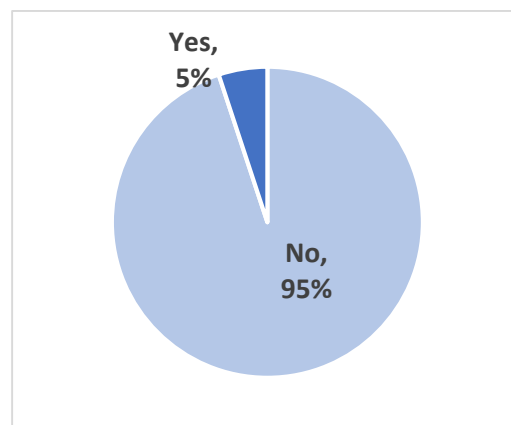
Figure 4-16 shows that more than 60% of all respondents have no idea on insurance. Figure 4-17 shows that very few respondent (5%) had ever benefited from an insurance.

Figure 4-16: Understanding of insurance



Source: Q VIII.E.1, "Do you have any idea what an insurance or microinsurance is?" (n=977)

Figure 4-17: Past record of using insurance



Source: Q IVII.E.2, "Have you availed of any insurance or microinsurance services?" (n=977)

Table 4-24 shows that awareness of insurance is low among the lowest income segment as compared with the other income segments. Benefitting from insurance increases as income increases (Table 4-25).



During qualitative survey in Lushnje



During qualitative survey in Lushnje

Table 4-24: Awareness of insurance

Household annual income level (ALL)	% of households who have idea of insurance
0-500,000	30%
500,000-1,000,000	39%
1,000,000-2,000,000	48%
>2,000,000	41%
Overall	38%

Source: Q VIII.E.1, "Do you have any idea what an insurance or microinsurance is?" (n=977)

Table 4-25: Benefit from insurance by income

Household annual income level (ALL)	% of households who have benefitted from insurance
0-500,000	3%
500,000-1,000,000	4%
1,000,000-2,000,000	6%
>2,000,000	10%
Overall	5%

Source: Q VIII.E.2, "Have you availed of any insurance or microinsurance services?" (n=977)

Table 4-26 shows different reasons for not using insurance. It shows the followings:

- Not being able to afford the insurance premium is the most common reason for not taking out an insurance (52%). This reason gains importance as income increases; from 23% to 66%.
- The above come at the expense of "not believing in the concept": 23% - 9%, not being convinced of the need: 12% - 7%, and "not having access to information": 18% - 12%.
- Remarkable, "unavailability of an insurer in the area" is mentioned by 16% of the highest income bracket, while the other brackets mention this reason only in 4 or 5% of the cases.

Table 4-26: Reasons for not using insurance by income level

Household annual income level (ALL)	Cannot afford the premium	Do not believe in the concept of insurance	Do not think the need for it	No access to information	No available insurer in the area	Other reasons
0-500,000	66%	9%	7%	12%	5%	0%
500,000-1,000,000	51%	20%	9%	14%	4%	1%
1,000,000-2,000,000	45%	20%	8%	19%	5%	0%
>2,000,000	23%	23%	13%	18%	16%	2%
Overall	52%	17%	8%	15%	6%	0%

Source: Q VII.E.6, "If you are not covered by any voluntary insurance, why are you not covered by any insurance or microinsurance services?" (n=977)

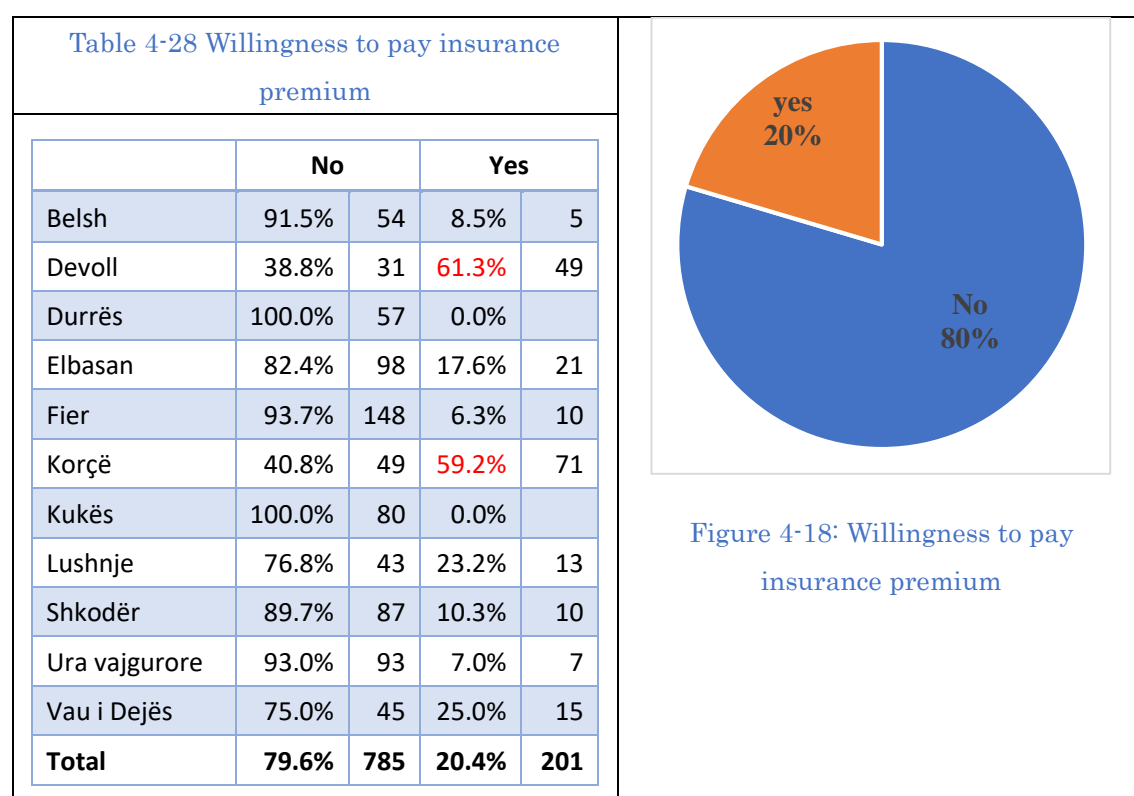
Table 4-27 shows the same information by age group. One can see that those who answered "Cannot afford the premium" are highest for under 21 years old. Those who do not believe in the concept in insurance are higher among over 36 years old.

Table 4-47: Reasons for not using insurance by age group

Age group	Cannot afford the premium	Do not believe in the concept of insurance	Do not think the need for it	No access to information	No available insurer in the area	Other reasons
Under 21	60%	14%	5%	14%	4%	1%
22-35	49%	14%	10%	15%	10%	0%
36-59	51%	16%	8%	15%	5%	1%
Over 60	51%	20%	8%	15%	4%	0%
Overall	52%	17%	8%	15%	6%	0%

Source: Q VIII.E.6, "If you are not covered by any voluntary insurance, why are you not covered by any insurance or microinsurance services?" (n=977)

Figure 4-18 shows that 20% of the respondents appears willing to pay annual premiums if they are eligible for insurance.



Source: Q VIII.E.7, "If you are given the chance to get an insurance, are you willing to pay for yearly contribution (premium) for the following types of insurance?" (n=977)

Overall level of knowledge and awareness of insurance is generally very low and awareness raising efforts might be required in the first place before considering any product development and marketing activities.

Box 17: Insurance in Albania

The general findings on insurance is reflective of the low level of insurance penetration in Albania, considered to be the lowest in the Region, as cited by the Albanian Financial Supervisory Authority (AFSA) in its inclusive voluntary insurance project²⁷. The project will serve as a vehicle in *“discussing and finding solutions to overcoming barriers to product costs and introducing new products suitable for the low-income segment of society, increasing the involvement of the population in various schemes of voluntary microinsurance”*²⁸. FED invest can take advantage of this micro-insurance development and possibly include microinsurance in its planned financial education. There is a need to educate its member clients on the importance of protection and risk mitigation through micro-insurance. FED invest can learn from the experience of overseas institutions such as AMK in Cambodia cooperatives which has a defined micro-insurance product in partnership with an insurer. The member-policy holders have coverage for hospitalization, disability due accident, funeral with affordable premiums.

Indepth interviews confirm that there is a strong interest in insurance. Interviewed farmers' view is that there is lack of insurance at present. FED invest had a pilot project a few years ago and indepth interviews targeted also a few farmers who benefited from that pilot project. They had suffered damages from hail and highly appreciated the support they obtained from the scheme. Some farmers had bad experience with insurance in the past, e.g., related to auto accidents. There were also cases of insurance companies, which offered insurance in the agriculture sector in the past, but failed to pay back. But in the case of the project with FED, it functioned.

4.8 Payment services

Table 4-29 shows that almost all the members pay utility bills at financial institutions (bank, post office, etc.).

Table 4-29: Utility payment at financial institutions

	Active members	Inactive members	Non-members	Overall
High penetration area	100%	98%	97%	99%
Low penetration area	91%	98%	92%	95%
No penetration area			69%	69%
Overall	98%	98%	73%	86%

Source: Q VIII.G.1, “Are you using utility payment service of financial institution? (n=977)”

²⁷ <http://amf.gov.al/news.asp?id=11917&lng=1>

²⁸ Ibid, same page

Table 4-30 shows that more than 40% of those who pay the bill at financial institutions use public operators, but private operators and post office are also used by many.

Table 4-30: Institution used for utility payment

Public operators	Private operators	Albanian Post	Bank	Other
42%	31%	25%	0%	0%

Source: Q VIII.G.2, "If yes, from which financial institution do you use?" (n=840)

Table 4-31 shows that the majority of active and Inactive members of FED invest and about half of non-members are willing to use various utility payment services of FED invest if they are available. The current prioritization in FED invest business plan appears justified.

Table 4-31: Willing to use utility payment service

	Active member	Inactive member	Non- member	Overall
Electricity	87%	88%	57%	73%
Water	86%	88%	56%	72%
Phone	85%	82%	49%	67%
Internet	79%	79%	47%	64%
Car fines	72%	83%	40%	59%
Pension payment	79%	87%	47%	66%

Source: Q VII.G.3, "Are you willing to use utility payment service from FED invest, if it is available?" (n=977)

According to the in-depth interviews, at least several types of Customers would appreciate utility payment, including fixed store and cafe owners, who find it difficult to leave their business very often. A cafe owner made a comment:

Utility payment at FED invest is a very good idea. 'It's impossible for me to leave the coffee shop.' Sometimes, I spend a whole month without leaving the coffee shop. I'd be willing to pay a small fee for utility payment service at FED invest.'

However, the possibility of FED invest to charge service fees to the Customers appear to be limited, given that the other service providers hardly charge any fees to their customers. FED invest may find a way to agree on commission with the utility service providers.

4.9 Money transfer service

Table 4-32 shows that a very small number of respondents receive money transferred by family/relatives. These figures appear to contradict with the generally available data, which indicates that rural economy is very much depending on remittance. The in-depth interviews shed some light on this apparent contradiction. Many of the interviewees of qualitative research have had experience of work abroad on either long-term basis or regular short-term employment basis. Most of them worked in order to save for specific investment purpose, rather than to support their family back home with their day-to-day expenditures. This point is illustrated by the following comment of a café owner in Berati:

"Over 20 years' working in Greece, I managed to save 6 mil ALL. Whenever I came home to Albania, I deposited money and my husband also made deposits 2-3 times a year (he came more often as he'd to see his parents). I had a vision of having a café before I went to work in Greece. My mother-in-law promised giving her the piece of land to build café."

Table 4-32: Receipt of financial support from family/relatives by membership status

Area	Domestic				From overseas			
	Active members	Inactive members	Non members	Overall	Active members	Inactive members	Non members	Overall
High penetration	2%	2%	0%	2%	5%	9%	8%	7%
Low penetration	5%	4%	5%	4%	8%	10%	8%	9%
No penetration			2%	2%			4%	4%
Overall	3%	3%	2%	3%	5%	10%	5%	6%

Source: Q VIII.G. 4, "Do you send or receive money transfer or use bank payment regularly for the following purposes?" (n=977)

Table 4-33 shows that - comparing to actual money transfers – a significant proportion of respondents in the higher penetration areas is willing to use domestic and foreign transfer/payment services from FED invest if it were available. This represents a business opportunity for FED invest.

Table 4-33: Willingness to use money transfer service, if available, by penetration

	From domestic				From overseas			
	Active member	Inactive member	Non member	Overall	Active member	Inactive member	Non member	Overall
High penetration	9%	38%	35%	21%	10%	36%	32%	20%
Low penetration	20%	19%	17%	18%	20%	18%	17%	17%
No penetration			19%	19%			19%	19%
Overall	11%	28%	20%	20%	13%	26%	20%	19%

Source: Q VIII.G. 4, "Are you willing to use the bank transfer/payment service from FED invest, if it is available?" (n=977)

4.10 Digital finance service

From Table 4-34, it appears that PC and smart phone ownership stand at approximately 31 and 53%. These rates are consistent with a secondary data²⁹ and it indicates that mobile infrastructure and internet coverage is penetrated throughout the country. It also shows that PC and smart phones with internet ownership do not change significantly among age groups. However, PC ownership is significantly lower for females who are over 60. Also, smart phones with internet ownership is higher among the age group of 22-35 years old. Table 4-35 shows that access to ITC means increases with income.

Table 4-34: Ownership of PC and smart phone

Age group	PC			Smart phone with internet		
	Male	Female	Overall	Male	Female	Overall
Under 21	29%	37%	33%	48%	48%	48%
22-35	28%	39%	32%	54%	70%	60%
36-59	29%	48%	31%	52%	64%	53%
Over 60	31%	7%	30%	49%	47%	49%
Total	30%	38%	31%	51%	60%	53%

Source: Q VIII.H. 1, "Do you have any computer (desktop, lap top) or smartphone?" (n=977)

Table 4-35: Access to ITC by household income

Household annual income level (ALL)	Personal computer	Smart phone with internet	Access to internet	e-mail address
0-500,000	20%	38%	35%	37%
500,000-1,000,000	32%	59%	57%	56%
1,000,000-2,000,000	37%	56%	52%	50%
>2,000,000	56%	76%	70%	67%
Overall	31%	53%	50%	49%

Source: Q VIII.H. 1, "Do you have any computer (desktop, lap top) or smartphone?", Q VIII.H.2, "Does anybody in your family have access to internet and do you use the internet?", and Q VIII.H. 3, "Does anyone in your family have an e-mail address?" (n=977)

Table 4-36 to 4-40 depict the willingness to use branchless banking for various services by various socio-demographic segments; willingness is scored from 1 through 5³⁰. Overall, 30-50% of the

²⁹ Mobile subscription rate in Albania is 119 per 100 people which is as high as developed economy level. (133 in Japan and 121 in the Netherlands) World Bank data portal 2017 <https://data.worldbank.org/indicator/IT.CEL.SETS.P2>

³⁰The scores are calculated based on the following manner. 1:=Very unwilling, 2:=Unwilling, 3:=Neither willing nor unwilling, 4:=Willing, 5:=Very willing.

respondents are willing to do the suggested activities online. Willingness appears to be relatively high for higher income households, inactive members, females and university graduates.

Table 4-36: Willingness to use branchless banking by income level

Household annual income level (ALL)	Apply for a loan	Get information on product and input prices	Get information on input traders	Get information on buyers of wholesale markets	Get information on farm production technology
0-500,000	2.7	2.9	2.9	2.9	2.9
500,000-1,000,000	2.9	3.5	3.5	3.5	3.5
1,000,000-2,000,000	2.9	3.4	3.4	3.5	3.5
>2,000,000	3.2	3.8	3.8	3.8	3.9
Overall	2.9	3.3	3.3	3.3	3.3

Source: Q VIII.H. 4, "Are you willing to do it online, if this kind of online service is available?" (n=977)

Table below shows that inactive members are more likely to use branchless banking services. While it is not possible to draw a conclusion on the reasons behind the difference between active and non-active members in this regards, one may conclude that, according to the definition of active vs inactive members, active members are more likely to be elder household heads, while inactive members may be wives or younger co-applicant for loan, who are more likely to use internet, at least through smart phones. While other inactive members may be farmers who have already grown and their financial needs may be served from larger banks. However, this interpretation is rather intuitive, and further information may be obtained in the future, through MIS, to achieve a better understanding about such differences.

Table 4-37: Willingness to use branchless banking by member status

Membership status	Apply for a loan	Get information on product and input prices	Get information on input traders	Get information on buyers of wholesale markets	Get information on farm production technology
Active member	2.7	2.9	2.9	3.0	2.9
Inactive member	3.5	3.7	3.6	3.7	3.7
Non member	2.6	3.3	3.3	3.3	3.4
Overall	2.9	3.3	3.3	3.3	3.3

Source: Q VIII.H. 4, "Are you willing to do it on online, if this kind of online service is available?" (n=977)

Table 4-38: Willingness to use branchless banking by gender

Gender	Apply for a loan	Get information on product and input prices	Get information on input traders	Get information on buyers of wholesale markets	Get information on farm production technology
Female	3.1	3.5	3.5	3.5	3.5
Male	2.8	3.2	3.2	3.3	3.3
Overall	2.9	3.3	3.3	3.3	3.3

Source: Q VIII.H. 4, "Are you willing to do it online, if this kind of online service is available?" (n=977)

Table 4-39: Willingness to use branchless banking by education level

Education level	Apply for a loan	Get information on product and input prices	Get information on input traders	Get information on buyers of wholesale markets	Get information on farm production technology
Basic	2.8	3.2	3.2	3.2	3.3
High school	3.2	3.6	3.6	3.6	3.6
University	3.6	3.8	3.9	3.8	3.7
Overall	2.9	3.3	3.3	3.3	3.4

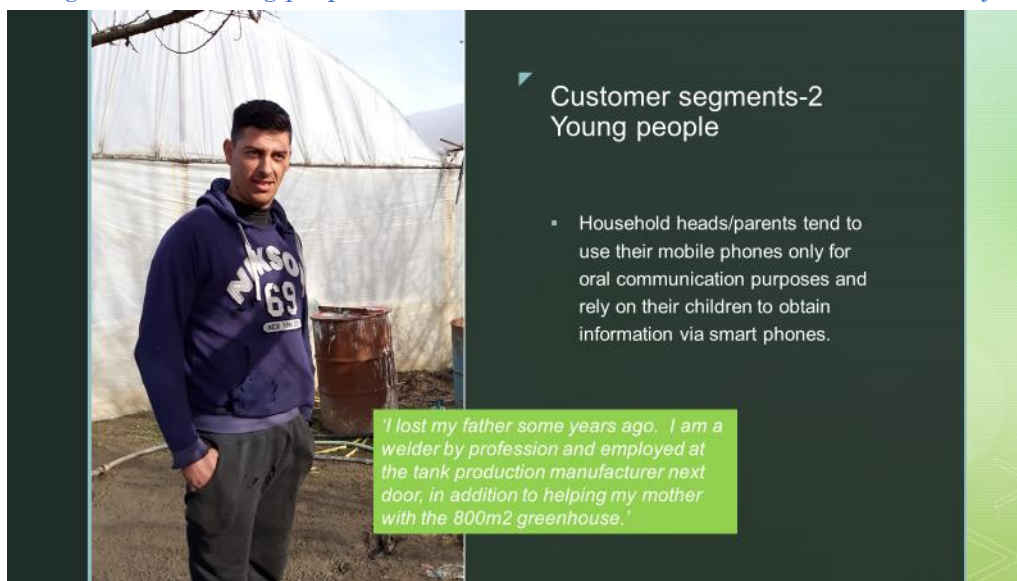
Source: Q VIII.H. 4, "Are you willing to do it online, if this kind of service is available?" (n=977)

Table 4-40: Willingness to use branchless banking by age

Age group	Apply for a loan	Get information on product and input prices	Get information on input traders	Get information on buyers of wholesale markets	Get information on farm production technology
Under 21	3.0	3.4	3.4	3.4	3.5
22-35	3.0	3.4	3.4	3.4	3.4
36-59	2.9	3.2	3.2	3.2	3.3
Over 60	2.7	3.3	3.3	3.3	3.3
Overall	2.9	3.3	3.3	3.3	3.4

Source: Q VIII.H. 4, "Are you willing to do it online, if this kind of service is available?" (n=977)

Figure 4-19: 'Young people are the source of on-line information for the family'



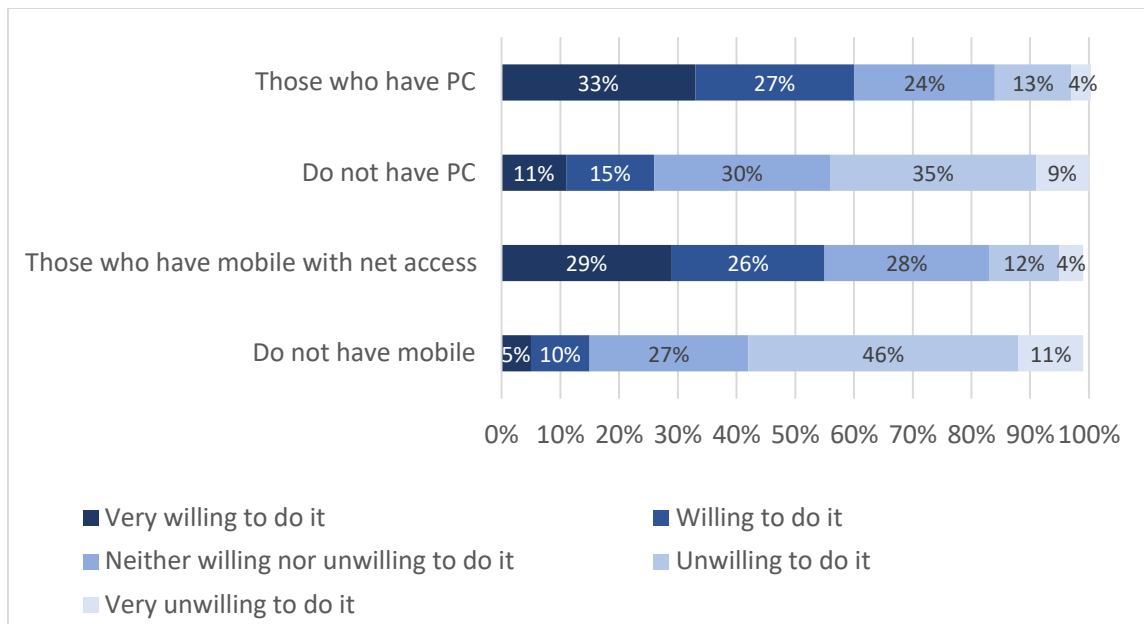
Source: In-depth interview

Figure 4-20 shows that the willingness to apply online for FED invest membership is higher amongst those have PC or smart phone with internet access, compared to those who do not. There is a similar tendency for other online services.

While in-depth interviews did not identify anyone who was engaged in financial activities on-line, several interviewees indicated that they rely on their children to look for various information on-line (see also Figure 4-19 above). One livestock farmer in Shkodër commented as follows:

'I have a smart phone but for searching information (e.g. to look into what type of farming technical tools to purchase), I rely on my 15-year old daughter, who has a smart phone as well as PC. My daughter's English is good, therefore she makes a comparison of prices online, for farming tools.'

Figure 4-20: Willingness to apply for membership online



Source: Q VIII.H. 4, "Are you willing to do it online, if this kind of online service is available?" (n=977)

4.11 Awareness on FED invest

Table 4-41 shows that more than 90% of respondents in high penetration areas and 86% of low penetration areas know FED invest, compared to 8% in no penetration areas, it is only 8%. It should be also noted that 12% of Inactive member do not know FED invest, even though they have member status (!)

Table 4-41: Knowledge on FED invest

	Active members	Inactive member	Non member	Overall
High penetration area	100%	87%	65%	92%
Low penetration area	100%	89%	53%	86%
No penetration area			8%	8%
Overall	100%	88%	16%	57%

Source: Q IVII.F.1, "Have you heard about FED invest ?" (n=977)

Table 4-42 shows that more than 50% of active and Inactive members know that FED invest has a homepage.

Table 4-42: Knowledge of FED invest having a homepage

	Active member	Inactive member	Non member	Overall
High penetration area	77%	32%	32%	57%
Low penetration area	44%	67%	37%	56%
No penetration area			5%	5%
Overall	68%	51%	10%	36%

Source: Q VIII.F,1,2,"Do you know that FED invest has a homepage?" (n=977)

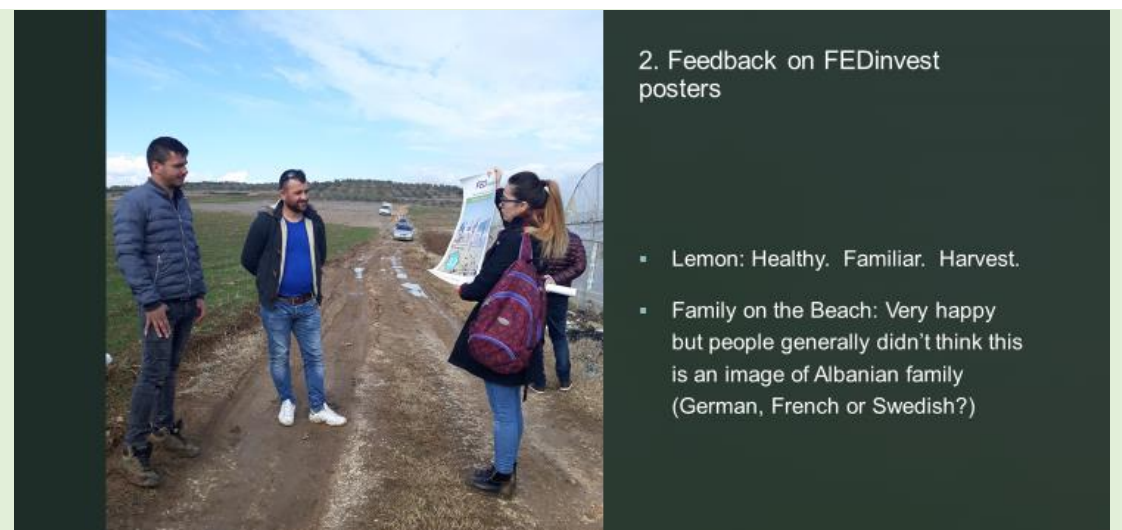
20% of active members have accessed the FED homepage (Table 4-43). Reasons for accessing will be followed up in the qualitative survey.

Table 4-43: Access to FED invest HP

	Active member	Inactive member	Non member	Overall
High penetration area	18%	8%	24%	15%
Low penetration area	31%	49%	26%	41%
No penetration area			2%	2%
Overall	21%	30%	6%	16%

Source: Q VIII.F,1,3,"Have you ever used the FED invest homepage?" (n=977)

Box 18: What do the posters communicate?



During the qualitative research, the team requested feedback for the existing FED invest posters. Looking at a poster of a family on the beach, most interviewees liked the poster, but at the same time, reacted like this:

“This does not look like an Albanian family...maybe German or Swedish”

When discussing why some of the FED invest members said they do not know FED invest in the Survey, a FED invest manager suggested:

“Not everyone realizes that FED invest is the new name, especially if they have not been taking our products for a while”

It is possible that current communication does not effectively convey information on products and services or benefits.

Source: *In-depth interviews and other conversations*

5. Conclusions

5.1 Main findings of the Survey

The main findings of the Survey and their implications for FED invest may be summarised as follows. The main findings primarily represent the results of analysis of the household survey, which was supplemented by information gathered through qualitative research. In particular, the implications for FED invest summarised below reflects the results of discussions held with a wide range of FED invest management, staff and members in January 2019. The key implications are in bold.

1. Needs assessment results/findings	2. Implications for FED invest
a. Different customer segments	
[Low-income groups] <ul style="list-style-type: none"> 20% of the survey samples are below the poverty line, higher than the national data (15%).³¹ A large proportion of existing and potential FED invest customers are either poor or belong to lower income group (66% of respondents' annual household income $\geq 1000,000$ ALL). Many of the low-income respondents are subsistence farmers and agricultural products are for private consumption. Low-income group tend to have no regular agricultural product buyer, and motivation for contract cultivation is low. The low-income group has some record of accessing loans for consumption purposes. (Little investment has been made by this group.) 	<ul style="list-style-type: none"> There is a need to develop financial products which meet the needs of low-income groups (such as loans for livelihood and consumption purposes, saving products and insurance products with low premium). Customized products for this target segment, such as loans without collateral requirements seems to be appropriate. Utilizing EaSI financial instruments³² might facilitate such customization. More promotion of EaSI products to inactive and non-members is necessary. Product competitiveness should not be solely based on interest rate, but also other attributes that could make products and services attractive should be explored (such as combining loan products with non-financial services). Measures to improve financial inclusion policy can be considered with the support of JICA Project. Explore opportunities to cooperate with government or donor agencies to prepare and provide soft loans (subsidized interest rates). There is a need to know more about this

³¹ Per capita income 96,562ALL per annum (Living Standard Measurement Survey: INSTAT)

³² EaSI Guarantee Instrument is supported by European Union and managed by European Investment Fund. It aims to increase availability of and access to finance for vulnerable groups wishing to launch their own enterprises, micro-enterprises and social enterprises, both in their start-up and development phases. (see, Accessed on 17 Feb 2019 http://www.eif.org/what_we_do/microfinance/easi/easi-guarantee-instrument/index.htm)

[Inactive members]

- The income level of active members is relatively high compared to inactive members.
- Willingness for using online services is relatively high among inactive members.
- The proportion of households who made investments in recent years is higher for active members than for inactive members, and non-members have little investment record.

[Women]

- Women's account holding rate is low.
- Female headed households' income level is lower than that of male headed households.
- The ratio of PC and smart phone ownership is higher for women than men, and the demand rate for online financial services is also high among women.
- There was no woman who answered that she borrowed money from her relatives as a countermeasure of risks.

[Young people]

- The proportion of respondents who received loans from financial or MF institutions as countermeasures when they encountered sickness or natural calamity, that they claimed insurance payment is the highest among young people aged 21 or younger.

group, including the area where they live, other socio-demographic aspects, etc.

- **Credit scoring instrument should be implemented.**
- **There is potential for the development of 'solidarity scheme' (mutual insurance product), as a means to help cope with emergencies.**
- Financial needs of inactive members appear likely to be consistent with those of low-income groups. In other words, **there is a possibility to activate inactive members through the provision of products and services that respond to the needs of the low-income group.**
- There is a possibility to activate inactive members through the provision of **on-line services.**
- **It is necessary to improve marketing & branding, including the marketing skills of branch-level staff.**
- **It is possible that the need for online service is high among women.** It is possible to consider how to provide online services for women.
- **Financial service needs of women headed households are likely to be consistent with those of low-income groups.**
- **There is a possibility of developing products and services such as insurance, loans, financial education etc. for young people.**

b. Financial products and services

[Access to FIs]

- 90% of FED invest members do not have commercial bank accounts. On the other hand, 40% of non-members do not possess account at all.
- Women's account holding rate is low.
- For access to financial institutions, 90% or more of respondents use buses or cars, taking an average of 41 minutes
- 12% of inactive members replied that they do not know FED invest. 16% of non-members replied they know FED invest.
- FED invest customers are highly dependent on FED invest in their financial activities. Since the overall commercial bank account holding rate is low, the scope of FED expansion is extremely large in the future.
- It might be useful to consider **introducing measures such as agent banking and mobile banking to improve access to financial services.**
- **It is necessary to improve marketing & branding, including the marketing skills of branch-level staff.**



[Savings]

- The motivation for saving with financial institutions is determined by interest rates and simplicity of withdrawal.
- The main reason to save is to prepare for sickness and emergencies.
- Over 90% of respondents cite risk diversification as reasons to save.
- In general, the awareness on saving is extremely low.
- limited range of saving products/services provided by financial institutions maybe one of the reasons for low awareness on savings.
- Many save (or keep money) at home.

- **Savings account and current account, linked to a payment system³³**, can help people who currently maintain small savings at home because: 1) Minimum deposit amount is ALL 10,000; 2) Liquidity requirements prevent them from breaking a time deposit.
- Savings account and current account, linked to a payment system, can also help with accounting for small businesses since supplier payments can be made through the account
- There is a possibility that **saving behavior may be promoted through financial education and awareness raising activities. Financial education on household finance management** would be effective to attract people to save at financial institutions.
- There are possible **needs for savings products to serve the purposes of livelihood needs such as housing improvements, pension (elderly) and education.**
- **Expand the geographical coverage and the access to these savings products, utilizing the new CBS.**
- There is a need for services that support **accessibility and withdrawal convenience such as agent banking, mobile service by branch office staff, mobile banking, etc.**
- It is necessary to further explore the reasons why they keep saving at home.

[Loans]

- 33% of all respondents received loans in recent years, about 8% for inactive non-members and non-members.
- Majority of loan objectives are for agriculture followed by entrepreneurship / business. Livelihood-related objectives (medical, educational, etc.) are limited at present.
- Many greenhouse farmers and fruit farmers purchase input materials from wholesalers.
- Medical and emergency are expected to become major loan purposes in the future.
- Problems in loan repayment include failure of economic activities related to loans and legal problems.
- Customer satisfaction with FED loans is generally high, but satisfaction with interest rates is low.

- **The needs for agriculture investment purpose loans (especially for greenhouse vegetables, export crops) are very high.**
- **There is a possibility of demand for value chain financing products** in cooperation with wholesalers.
- **There is a need for loan products for emergency response purposes.**
- The provision of services such as **financial education and technical advice improves the financial capability of customers and may improve the default and arear rates.**

³³ Such account will become available when the new CBS is successfully implemented.

[Responses to risks, insurance]

- The respondents largely deal with finance / life risk by using savings and curb expenditure. Few borrows from relatives and financial institutions (borrowing is particularly rare among low-income households).
- More than 60% of the respondents do not have insurance knowledge. The main reason for not using insurance is the premium is too high.

[Online services]

- Willingness for using online services is relatively high for women, higher-income households and higher-educated respondents.

[Utility payment]

- More than 80% of members and over 50% of non-members replied that they would like to use FED invest utility payment service.

[Contract farming/Value-chain finance]

- Approximately 40% of the farmers have a regular buyer of products. The ratio is especially high among greenhouse vegetable farmers. Greenhouse vegetables are more likely to be exporting products.
- Many greenhouse farmers and fruit farmers purchase input materials from wholesalers.

- There is a need for **micro insurance and mutual insurance ('solidarity scheme')**, which can respond to needs in case of emergency.
- Consider pilot with members who create a geographically diverse portfolio.
- There is a potential to **design and develop combination of products ('product bundles' of loans, deposits, insurance and non-financial services)** for customers to cope with life-time risks.
- **Awareness raising activities on insurance and financial education** are necessary.
- There is a **possibility of higher needs for on-line services among women, higher-income households, inactive members and higher-educated respondents.**
- There appears to be a **very high demand for utility payment services** among the respondents in general. There is a possibility of expanding financial inclusion to remote areas through provision of utility payment service.
- It is important to **assess willingness to pay the fee/commission for different types of services** and also practices provided by other service providers³⁴.
- There is a high possibility that sales of greenhouse vegetables will continue to be a driver of the agriculture sector of Albania in the future and provide opportunities for small-scale farmers to earn income. Thus the needs of financial products targeting this subsector are high.
- There is a **potential for the provision of value chain financing by cooperating with value chain actors** such as input suppliers or buyers.
- Pilot initiative should consider specific subsectors, with potential. Identify specific areas, sectors and groups where pilot initiative can be implemented.

c. Non-financial services

[Collective action, farmer groups]

- More than 1/2 of the respondents are positive about contract farming, and 1/4 to 1/2 of them agree on group activities such as joint purchasing of inputs and marketing of products.

- **Farmer group formation support activities** through the agriculture knowledge centre would be effective.
- There is a **possibility of examining financial products through group formation (e.g. Group deposits, mutual aid, value chain financing, etc.)**

³⁴Since the other service providers are hardly charging fee to end-users, the only way for FED invest to charge the fee is from the utility service providers.



[Agriculture sector information]

- Many respondents cited "advice for agricultural technology" and "market information" as the most necessary services. On the other hand, they are also listed as the most inaccessible services / information.
- Many of the low-income respondents are subsistence farmers and agricultural products are mainly for household consumption and not for sale.
- As agricultural knowledge centre service menu, the need for 'advice on **agricultural technology**', "**market information**" is high.
- The needs for **non-financial services related to agriculture sector (such as market information)** is higher among the **middle-income group and above**, implying that this need becomes stronger for growing and more market-oriented farms.

[Financial literacy and financial awareness]

- Many households (about 38% of the total) have no savings at all.
- More than half of the households below annual income of ALL 1,000,000 are non-saving households, many of which cite the reason that they cannot afford to save.
- The lower the household income level, the lower the practice of book keeping.
- Respondents' financial knowledge appears to be very low, considering the general response situation.
- While the knowledge center can provide some nonfinancial services (eg. market information), it can facilitate the access to other services provided by other service providers or institutions (eg. regarding technology).
- Overall, the awareness on saving is extremely low, so there is a possibility that **saving behaviour may be promoted by financial education / awareness raising activities**.
- **Financial education may be particularly useful for low-income households** in developing their financial capabilities.
- Practical financial education, improvement of financial capability of customers by providing non-financial services can lead to FED invest's opportunities to expand customers.

[Access to inputs and services]

- Most respondents consider the quality of various inputs poor.
- Many respondents perceive that it is difficult to access to various types of services such as production technology and production/market/input information.

There is a need and potential to provide the following services involving agri-knowledge center:

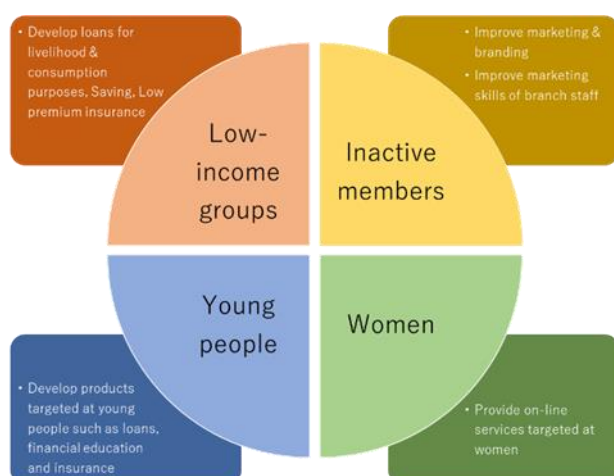
- **Provide information about reliable input suppliers and inputs market.**
- Support farmer group formation (for joint inputs purchase).
- Better understanding about the proper use of inputs.
- There are potentials for the provision of technical assistance related to production technology such through agronomists.
- Provide **inputs market information** for farmers.
- There is a need for **supporting individual farmers and farmer groups to apply for subsidy schemes** as part of non-financial services to be offered by the Agri-knowledge centre.
- **Access to government subsidy schemes]**
- Small number of farmers has ever managed to access subsidies.
- The chances for receiving support from government agriculture subsidy scheme has been the highest among farmers with annual household income ALL of over 2,000,000. Lower income farmers have had lower level of access to subsidies.

5.2 Implications for FED invest

In summary, the following highlights the key points of the above findings as well as related observations and insights gained in the course of conducting the Survey and qualitative research. These findings and implications shall be followed-up under the next steps of Project activities, including development and provision of financial products and non-financial services and other related activities.

[Responding to customer needs]

- **A need to respond to needs of low-income customers:** The Survey confirmed the importance of low-income customers for FED invest. It is necessary to respond to their specific needs (e.g. offer attractive savings products, implement the credit scoring system). Since inactive members tend to fall under lower-income groups, responding to the needs of



low-income customers are likely to be effective in converting inactive members into active.

- **A need to recognize specific needs and roles of individual members of households (different segments are represented in a household):** At present, FED invest services are offered based on 'household' as a unit (e.g., only one loan per household is permitted at a time). Partially due to this approach, specific roles played by individual members in the financial behaviours of a household (e.g. parents usually ask the children to look for information via internet, women might have stronger propensity to save) and their needs tend to be hidden.
- **A need for MIS and related mechanisms to update and analyse customer needs:** In order to capture and analyse updated information on customer needs, MIS is indispensable. The new CBS system to be introduced under the Project provides that opportunity.
- **Marketing and communication strategy to target different segments:** The importance of marketing and branding based on customer centric approach are highlighted as the key common thread in undertaking further Project activities. Current communication may reviewed to improve its effectiveness in conveying information on products, services and benefits.

[Institutional strength]

- **Build-upon the strength of FED invest brand:** Overall, employees and active members of FED invest have positive feelings about FED invest brand, trusts FED invest and proud of their association. On the other hand, the Survey identified that, amongst inactive/dormant members, the new brand ('FED invest') does not register. Brand strategy for FED invest should build upon the existing strength. In addition, the above-mentioned communication should be tested before launch and be aligned with brand strategy.
- **Developing potential and capacity of branch-level staff:** An important part of FED invest brand comprises of its staff, particularly branch managers and loan officers who are in contact with the Customers on day-to-day basis. They often represent the reasons why the Customers trust FED invest through their community involvement and personal linkages with the Customers. Their potential and capacity should be explored and developed.

[Potential financial products]

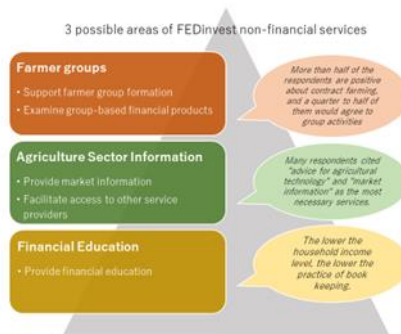
- **Savings and current account linked to payment system:** It is clear that introduction of the new CBS under the Project opens the door for FED invest to offer some of the key financial products and services, which respond to the Customers' needs. CBS-enables FED invest to offer savings and current account linked to payment system³⁵.



- **Services to improve accessibility to financial services:** The new CBS enables possibility for on-line and mobile banking services, which are considered effective in expand and improve accessibility of services. These options may be particularly effective in reaching certain customer segments, such as women, higher-income households, inactive members and higher-educated Customers. Other outreach options, such as agent banking, could be also explored.

³⁵ With respect to utility payment, there are at least several types of customers who are interested in utility payment service: 1) Fixed store owners, café owners, who find it hard to leave their shops and stores very often; and 2) older customers who find it easier to perform multiple services like paying loans, utility bills, etc. at a single point.

- **Financial products for selected agriculture sectors:** The need for agriculture investment purpose loans are very high, especially for greenhouse vegetables and other export crops. The likelihood for stable value chain partner-relationship, including contract farming, is also higher for these sectors. Thus, a possible opportunity for value chain finance may be explored for sectors with potential.
- **Financial products to meet livelihood-related needs:** There are possible needs for savings products to serve the purposes of livelihood needs such as housing improvements, pension (elderly) and education.
- **Financial instruments (e.g. mutual insurance) to cope with risks:** There is a clear need for financial products to help prepare for and cope with risks and emergencies. In this regard, options with larger insurance companies could be explored, in addition to exploring possibility of mutual insurance ('solidarity scheme.')
- **[Potential non-financial services]**
- **A need for financial education:** Financial education is considered necessary and effective for a range of financial awareness-raising and capability-building of Customers, particularly for, though not limited to, those fall under low-income groups.



- **Agriculture related services:** There is a range of agriculture market and other related information needs, which are not presently met. They include: market information, inputs-related information, agriculture technology and subsidy schemes.
- **Farmer groups:** Provision of some of the above non-financial services may be more effective when combined with support to develop and manage farmer groups.

Annexes

Annex 1: Questionnaire of the Household Survey

Questions for Household

I. General information of the household

1. Name of the respondent
2. How many members are currently living in your house?
3. Please provide us the details of family member.

Put 1 for respondent	Name	Gender	Age	Education level (last grade)	Occupation (choose from the list)	Full time =1 Part time=2	If part-time, how many months did you work in the last 1 year.	If part-time, how many hours do you work per day

- 1 = Agriculture at your own farm
 2 = Agricultural laborer outside of your home
 3 = Artisan or service provider (Specify)
 4 = Public sector employee
 5 = Private sector employee
 6 = Run own business (Specify)
 7 = Unemployed
 8 = Student
 9 = Pensioner
 10 = Other (Specify)

II. Agriculture

1. Farming

1. How much is the area of your homestead land?

| ha

2. What are the areas and values of agricultural land you cultivate?

	Area (ha)	Value per ha (lek)
Owned and self-cultivated		
Leased-in from landowner		

3. What are the areas and values of agricultural land you own but leased out?

Area (ha)	Value per ha (lek)

4. Is the crop land irrigated?

| Yes = 1, No = 0

5. Area of agricultural land irrigated

| ha

6. If you cultivate at leased-in land, how much is the annual rent?

| lek

7. Area sown in the last year

	Cereals	Forage	Green house vegetable	Open field vegetable	Apple	Citrus	Olive	Grape	Other fruits	Other crops	Unused land
Area (ha)											
Annual Production (ton)											
Intensive = 1 Not intensive = 0											

8. Do you have the following facilities? If yes, what are the values of them?

	Yes = 1, No = 0	Value (lek)
Agriculture machinery		
Transport capacities (role and/or truck)		
Storage capacities		

9. If you have green house(s), how much is the total areas of it?

| m2

2. Livestock

1. Number of livestock you own

Cow (HF)	Cow (Jersey)	Cow (Breed)	Cow (Breed)	Cow (Other)	Sheep	Goat	Pig	Poultry	Other (Specify)

2. Do you have the following assets for livestock? If yes, what are the values of them?

	Yes = 1, No = 0	Value (lek)
Stable		
Other (specify)		

3. Inputs of agriculture

1. Where do you get seed, seedlings, fertilizers, pesticide and other inputs for farming?

1. Private shops
2. Cooperatives
3. Consolidator
4. Other_____

2. Are there any inputs that you produce at your farm?

If yes put 1

Seed

Seedling

Manure

Feed for livestock

Medicine for livestock

Other (specify)

3. What is your perception about quality and safety standards of inputs that you buy?

Seed

Seedling

Manure

Feed for livestock

Smallholder Families' Financial Inclusion Project in Albania
Needs Assessment Survey: Final Report

Medicine for livestock

Other (specify)

1. Very high
2. High
3. So-so
4. Low
5. Very low
6. Don't know

4. How do you evaluate the prices of main inputs you buy?

Seed

Seedling

Manure

Feed for livestock

Medicine for livestock

Other (specify)

1. Very high
2. High
3. So-so
4. Low
5. Very low
6. Don't know

5. Using the scale 1-5 (below), mark whether you agree or disagree with the following statements

Agricultural inputs (seed/seedlings, fertilisers, plant protection inputs) are available by private suppliers at fair price	
Private input traders make price discount for us (if you buy usually to the same supplier)	
Agricultural inputs (seed/seedlings, fertilisers, plant protection inputs) are available by private suppliers at decent quality	
Agricultural machinery is available by private service providers at fair price	
Agricultural machinery is available by provide service providers at decent quality	

- 1 = Strongly disagree
2 = Disagree
3 = Neither agree nor disagree
4 = Agree
5 = Strongly Agree

4. Sales

1. What is the main agricultural product you produce?

2. Do you have regular buyer(s) of the main product?



Yes = 1, No = 0

3. Who are the regular buyer of your **main** agricultural products and where is the final destination of it?

1st

2nd

3rd

Regular buyer

Other buyer(s)

Final destination

1 = domestic market

2 = foreign market

1. Exporter
2. Wholesaler
3. Local consolidator
4. Processor
5. Retailer

4. At which place do you sell your main product?

1 = Wholesale market

2 = Buyer comes to your farm

3 = Other (specify)

5. What are main reasons for selling your products to these buyers?

1st

2nd

3rd

1. Secure market
2. Fairer product prices
3. Farm input provision
4. Loans or loan guarantee
5. Information and knowledge training
6. Trust
7. Habit
8. Distance
9. Contract
10. Payment

6. Are you willing to cooperate with these buyers? Using the scale 1-5 (below), mark whether you agree or disagree with the following statements

I am willing to strengthen the relationship with my buyer to benefit from technology (information and advice)	
I am willing to strengthen the relationship with my buyer to benefit loan and loan guarantee	
I am willing to strengthen the relationship with my buyer to mitigate my product, marketing and price risk	
I am willing to strengthen the relationships with my buyer but prefer that the agreement to remain informal	
I am willing to enter in a contract farming agreement	

1 = Strongly disagree

4 = Agree

2 = Disagree

5 = Strongly Agree

3 = Neither agree nor disagree

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5. Service

1. Tell us if the following services are accessible. Also, provide us the main provider of each service and the quality of service.

	Accessibility	Main provider	Quality
1. Advice on production technology (cultivars, crop nutrition, plant protection)			
2. Information on technology			
3. Input market information (location, prices, quality)			
4. Product market information			
5. Advice on business plans and application for loan/government subsidy			
6. Financial education			
7. Certification services			
8. Other)			
	1 = Very difficult to access 2 = Difficult to access 3 = Neither difficult nor easy 4 = Easy to access 5 = Very easy to access	1 = Public institution 2 = Private consultant 3 = University 4 = Input provider 5 = Other (specify)	1 = Very good 2 = Good 3 = Neither good nor poor 4 = Poor 5 = Very poor

2. Please tell us the three most important services you would like to newly get.

1. Advice on production technology (cultivars, crop nutrition, plant protection)	
2. Information on technology	
3. Input market information (location, prices, quality)	
4. Product market information	
5. Advice on business plans and application for loan/government subsidy	
6. Financial education	
7. Certification services	
8. Other (specify)	

3. Which is the main source of production technology advice/assistance?

|

1. Agriculture directorate
2. Inputs trader
3. Buyer/client
4. Other (Specify)
5. No one



4. In 2017, have you been advised by an agronomist?

| Yes = 1, No = 0

5. What is the total cost that you pay for advices?

| lek

6. What is the level of satisfaction with services you received?

5 = Very satisfied

4 = Satisfied

3 = Neither satisfied nor unsatisfied

2 = Not satisfied

1 = Very much unsatisfied

7. What are the reasons for satisfaction and dissatisfaction?

|

8. Do you follow any safety standard? If yes, what standard do you follow?

| Yes = 1, No = 0

|

9. If no, are you willingness to apply standard? If so, what standard are you willing to apply?

|

|

10. What is the reason for your willingness and unwillingness to apply for standard?

|

6. Management and financial literacy for agriculture

1. Do you keep notes for expenses and revenues?

|

1. Never

2. Rarely

3. Sometimes

4. Often

5. Always

2. Do you calculate production costs and profit for the main product?

1. Never
2. Rarely
3. Sometimes
4. Often
5. Always

3. Have you ever been trained or advices about calculation of cost and profit?

| Yes = 1, No = 0

7. Problems of agriculture

1. What are the major problems in agriculture?

- 1 = Important inputs are not available
- 2 = Important inputs are expensive
- 3 = Disease
- 4 = Prices of my agricultural products are low
- 5 = There is no regular buyers
- 6 = Services on agriculture are not accessible
- 7 = Other (Specify)

8. Cooperatives

1. Are you (or other HH members) a member of any agriculture producer group or cooperative

| Yes = 1, No = 0

2. Do you carry out joint production activities with other farmers?

| Yes = 1, No = 0

3. Do you carry out joint sales activities with other farmers?

| Yes = 1, No = 0

4. Are you a member of any group or association (producers group, parents committee, religious group, cultural group, etc.)?

| Yes = 1, No = 0



5. If Yes, how active you consider yourself with this group/association?

5 = Very active

4 = Active

3 = Neither active nor passive

2 = Passive

1 = Very passive

6. By using the scale 1-5 (below), mark whether you agree or disagree with the following statements

I am willing to pay my own contribution for jointly (together with my villagers) hiring a technology/plant protection agronomist	
I am willing to pay my own contribution for jointly buying and using agricultural machinery (Tractor, agricultural machines, transportation means)	
I am willing to participate in a input provision product marketing group/cooperative	
I am willing to participate in collective activity, such as joint maintenance of irrigation canals, village road, etc.	
I am not willing to cooperate with other farmers (it is easier to solve your own problems by action individually and using personal links)	

1 = Strongly disagree

2 = Disagree

3 = Neither agree nor disagree

4 = Agree

5 = Strongly Agree

7. In your neighborhood, do you think that there is anyone who you trust and who can lead the group/association?

Yes = 1, No = 0

8. Have you ever applied and obtained any government support scheme on agriculture? If yes, when did you apply, and what is the name of the scheme?

Have you applied?	Did you obtain the support?	Year of application	Name of scheme
Yes = 1	Yes = 1		
No = 0	No = 0		

9. Are you willing to form a group of farmers to apply for government scheme? If you know what kind of scheme you would like to apply, please provide the name of the scheme?

Yes = 1, No = 0

Name of the scheme

III. Investment and other economic activities

1. Did you invest in the last 3 years?

	Did you Invest in the following items? 1. Yes 0. No	Investment value (Lek)	Investment source		
			Bank loan	My own money	Borrow from others
Buy agricultural equipment (tractor, other machinery, etc.)					
Fruit plantation					
Buy livestock					
Buy agricultural land					
Buy non-agricultural land					
Agricultural buildings or greenhouses					
Buy agro-processing equipment					
Non-agricultural private company					
House, apartment or building					
Buy a car or truck					
Other _____					

2. List 3 main investments that you need for the next 5 years?

1. _____
2. _____
3. _____

Will you make these investments?

1. Yes
2. No
3. Don't know

I will not invest because the interest rate is very high?

1. Disagree
2. Neither agree, nor disagree
3. Agree

I will not invest because loan application procedures are very complex

1. Disagree
2. Neither agree, nor disagree
3. Agree

I will not invest because there are no grants that can cover part of the cost

1. Disagree
2. Neither agree, nor disagree
3. Agree

Over last 12 months, the access to capital (credit and grants) has:

1. Worsen
2. Same as before
3. Improved



3. Are you willing to pay loan insurance for your investment? If yes, what do you want to insure?

Yes = 1, No = 0

Yes = 1, No = 0

Livestock

Crop

Other (specify)

4. Do you do on-farm processing? If yes, what are they?

Production in the last 12 months (Kg) Production of in the last 12 months (Kg) Value of sales in the last 12 months (lek)

Cheese

Dried fruits

Oil

Raki

Other (Specify)

5. Do you do your own business, other than agriculture and agri-processing?

Yes = 1, No = 0

6. What kind of business do you run?

1 = Running hotel

2 = Running shop (Specify)

3 = Others (Specify)

7. Do you have any other income in the last one year?

Yes = 1, No = 0

Value in the last 1 year (lek)

Remittances from Albania

Remittances from other countries

Economic aid

Other (Specify)

IV. Aspiration

1. Using the scale 1-5 (below), mark whether you agree or disagree with the following statements

In five years from now will be living and working on my farm	
In five years from now will be living and working in town	
In five years from now will be living and working abroad	

1 = Very unlikely

2 = Unlikely

3 = Neither unlikely nor likely

4 = Likely

5 = Very likely

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2. In case you will be living and working on the farm, tell us about what you would need the most.

Rank the 3 most important needs

1st most important	
2nd most important	
3rd most important	

1. Training on production technology
2. Financial education
3. Access to finance
4. Access to finance combined with management skills
5. Information on market/business opportunities
6. Other, (Specify)

V. Risks

1. What were the major events/crisis encountered by your family or family members in the past three years that had major impact on your household finances?

Please check any of the following events	Number of times it happened	Estimated Cost Incurred (Average Lek)
1 Childbirth		
2 Baptism		
3 Schooling		
4 Wedding		
5 Festival		
6 Illnesses		
7 Accidents		
8 Disability		
9 Funeral		
10 Loss of employment/income		
11 Natural disaster		
12 Other (Specify)		

2. Have you or any of your family members been affected or have been victims of any of the following disasters or calamities in the past 3 years?

Events	Number of times it happened	Estimated Cost of Damage (Lek)
2 Floods		
3 Landslide/mudslide		
4 Drought		
5 Earthquake		

6 Fire		
7 Theft/robbery		
8 Peace & order problems		
9 Others (please specify)		

3. What coping mechanisms did you adopt to mitigate the effects of those events.

Coping Mechanisms (Please check: can be multiple answers)	
1 Borrowed money from relatives & friends	7 Seek for new employment
2 Borrowed money from informal money lenders	8 Reduce expenses on consumption
3 Borrowed money from bank/MFIs	9 Stop schooling of children
4 Use of savings at financial institution	10 Claims from insurance
5 Use of saving on the mattress	
6 Sold or mortgage assets	11 Others _____

VI. Household management

1. Has somebody in your house record household incomes and/or expenditure of households in the last 12 months?

Yes = 1, No = 0

2. Who in your household recorded the household income/expenditure?
(Refer to the question I.3 for the choice)

3. How often does he/she record?

- 1 = Dairy
2 = Few times a week
3 = Weekly
4 = Biweekly
5 = Monthly
6 = Other (Specify)

4. Have you attended any financial education program/session/service in the past?

Yes = 1, No = 0

5. Who/what institution provided the financial education?

Name of institution

6. If yes, what are the topics of the financial education?

1. Ways to save
2. Budgeting
3. Investment Opportunity
4. Financial Goal Setting and Planning
5. Credit / Debt Management
6. Multiple Income Sourcing
7. Starting a Business with Small Capital / Entrepreneurship
8. Translating dreams to financial goals
9. Changing limiting beliefs on money matters
10. Financial Negotiations
11. Understanding the different financial institutions
12. Others (Specify)

7. Which among the following topic/s of financial education would you be interested in attending?

1. Ways to save
2. Budgeting
3. Investment Opportunity
4. Financial Goal Setting and Planning
5. Credit / Debt Management
6. Multiple Income Sourcing
7. Starting a Business with Small Capital / Entrepreneurship
8. Translating dreams to financial goals
9. Changing limiting beliefs on money matters
10. Financial Negotiations
11. Understanding the different financial institutions
12. Others (Specify)

8. Who from among the members of the family manage the household budget? Choose from the table of Question I.3. (Multiple answers are allowed)

|

Questionnaire for individual

VII. General information

1. Give us your personal information

Name	Gender	Age	Education level (last grade)	Occupation (choose from the list)

VIII. Aspiration

1. Using the scale 1-5 (below), mark whether you agree or disagree with the following statements

In five years from now will be living and working on my farm	
In five years from now will be living and working in town	
In five years from now will be living and working abroad	

- 1 = Very unlikely
 2 = Unlikely
 3 = Neither unlikely nor likely
 4 = Likely
 5 = Very likely

2. In case you will be living and working on the farm, tell us about what you would need the most.

Rank the 3 most important needs

1st most important	
2nd most important	
3rd most important	

1. Training on production technology
2. Financial education
3. Access to finance
4. Access to finance combined with management skills
5. Information on market/business opportunities
6. Other, (Specify)

IX. Usages of financial services

A. Bank account

1. Do you (or any of your family member) have a bank account?

1 = Po 2 = Jo | → B savings

↓

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2. Please provide the details of all of the bank accounts that your family members have?

Owner of the account in the household (refer to I.3 for the choice)	Financial Institution 1 = Commercial Bank, 2 = MFI, 3 = Cooperatives, 4 = Other (specify)	Name of institution	Type account	Interest Rate (% per annum)	Current amount of deposit (old lek)	1 = Individually managed 2 = Joint Account (as a couple or as a family)	How often do the owner of account visit? (select from below)	How long has the account been used (years)?	What is the mode of transportation to go to the financial institution	How long does it take to go to the branch? (minutes)	Do you feel that the branch is easily accessible?
			1 = Saving account 2 = Checking account								
							1 = Weekly 2 = Monthly 3 = Bimonthly 4 = Quarterly 5 = Yearly 6 = Other (specify)		1 = Car 2 = Bus 3 = Motor bike 3 = Bicycle 4 = Walk 5 = Other (specify)		5 = Very easy 4 = Easy 3 = Neither easy nor difficult 2 = Difficult 5 = Very difficult

3. Level of satisfaction, things you like the most and least

1. Please rate the level of your satisfaction on the services of each financial institution.	2. Name three things you like most about the services/products of institution.	3. Name three things you like least about the services/products of institution.

5 Very high satisfaction
4 High Satisfaction
3 Average satisfaction
2 Low satisfaction
1 Very low satisfaction

1. Lower interest rate than other informal sources of loan (informal lenders)
2. Steady source of working capital
3. Training or technical assistance
4. Efficiency as compared to banks or other sources
5. Easier guarantees than loan alternatives
6. Professionalism of credit officers or other program staff
7. Other (specify: _____)

1. High interest rates or commission
2. Size of initial or subsequent loans too small
3. Loan cycle too long or too short
4. Repayment policies (frequency, amount)
5. Guarantee policies
6. Transaction costs for client (slow disbursement, have to cash checks, etc.)
7. Dislike behaviour/attitude of loan officer or other program personnel
8. Lack of grace period
9. Other (specify) ____

4. If you could change something about services of the institution to make it better, what would you change - (use numbers from 3.2 and 3.3 above)?

B. Saving

1. Do you save money?

1 = Yes 2 = No | → B9



2. Do you save money at any financial institution?

1 = Yes	2 = No
---------	--------



→ Do you save money under mattress?

1 = Yes 2 = No | → B9



B2.ii Do you do group saving

1 = Yes 2 = No | → B9



B.3

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3. Do you set aside amount for your savings regularly?

1 = Regular/Consistent,
 2 = Irregular/Inconsistent

4. If you save regularly at a financial institution, how often do you save? And how much do you save each time?

Choose only one

(old lek per time)

1 = Weekly

2 = Monthky

3 = Every two months

4 = Quarterly

5 = Yarly

6 = Other (Specify)

5. Do you set aside amount for your mattress savings regularly?

1 = Regular/Consistent,
 2 = Irregular/Inconsistent

6. If you save regularly under mattress, how often do you save? And how much do you save each time?

Choose only one

(old lek per time)

1 = Weekly

2 = Monthky

3 = Every two months

4 = Quarterly

5 = Yarly

6 = Other (Specify)

7. What are the reasons for keeping money under the mattress?

1 = Access to financial institution is not easy.

2 = For diversify the risk

3 = To keep the liquidity

4 = Cannot trust financial institution

5 = Other (Specify)

8. Which of the following reasons or categories, if any, are you saving money for (multiple answers)?

A. Significant Events	B. Asset-Building
1 wedding, giving birth or starting a new family etc.	1 Purchase of Real Estate (house & lot / condo, etc.)
2 Celebrations (feasts, birthdays, anniversaries, Christmas season, graduations, etc.)	2 Acquisition of Farmland / Agriculture land
3 School tuitions & other school needs (immediate)	3 Purchase of farm equipment
4 School tuition and other school needs (future)	4 Capital for Business / Enterprise
5 Family vacation and other recreation	5 Transportation/Vehicle for business purposes
6 Retirement	



C. Necessities and Wants	D. Emergencies
1 Acquisition of family car or service vehicle	1 Sickness/emergencies/future medical needs
2 Purchase of furniture and appliances	2 Death of a loved one / family member
3 Personal Growth & Enhancement (i.e further education, training, special courses, etc)	3 Loss of income (job/business/source of income)
4 Special Clothing	4 Loss of properties (fire, calamities)
5 House repair or home improvement	5 Purchase of insurance policy
6 Gadgets	
E. Other Reasons (not abovementioned)	
1 Pay off Debts	3 Just for the sake of savings (becoming a habit)
2 Inheritance for children	4 Others (please specify)

9. What do you think are the reasons for not being able to save?

1. Do not believe the concept of savings
2. Do not think the need for it
3. Cannot afford to save; income not enough
4. Other reasons (Please specify)

10. Given your current income, what percentage do you think you can and willing to save on a monthly basis?

- 1 < 5%
- 2 6% - 8%
- 3 9% - 10%
- 4 11% - 15%
- 5 16% - 20%
- 6 > 20%

11. What are the major characteristics of a savings product/program that would attract you to save (at least one reason)?

1. High interest rate
2. Security or insurance of savings
3. Easy access to withdraw
4. Amount of maintaining balance
5. Less documentary requirements in opening savings account
6. Others (Please specify)
7. Nothing

12. What characteristics do you look for in a financial institution for you to entrust your savings (at least one reason)?

1. Good reputation/name one can trust
2. Proximity to residence / place of work
3. Endorsed by family members and friends
4. Others (Please specify)
5. Nothing

13. If the interest rate is 4%, how much the bank balance will be one 1 year later, if the current balance is 10,000 Lek?

--

 Lek

C. Loan

1. Have you recently availed of any loan?

1 = Yes 2 = No | → C8



2. If yes, what types of loan did you avail?

1. Enterprise/business loan
2. Agriculture production / agricultural
3. Education
4. Housing
5. Consumption
6. Health
7. Household furniture
8. Emergency (Please specify)
9. Others (Please specify)

3. What is your source of loan/credit? Please check any of the following sources (multiple answer are allowed)?

Source	Name of institution	If collateral is needed (Yes = 1 No = 0)	If guarantor is needed (Yes = 1 No = 0)	Amount of loan (lek)	Interest rate per year (%)	Satisfaction (1-5, as below)				
						On interest rate (select from below)	On processing and other services (form below)	On repayment period	On requirement of collateral	On ease and convenience in paying back the loan
1 Commercial Bank										
2 Cooperative/association										
3 MFI										
4 NGO										
5 Supplier's credit										
6 Friends/relatives										
7 Informal lenders										
8 Others (specify										
						5 = Very satisfied 4 = Satisfied 3 = Neither satisfied nor unsatisfied 2 = Not satisfied 1 = Very much unsatisfied	5 = Very satisfied 4 = Satisfied 3 = Neither satisfied nor unsatisfied 2 = Not satisfied 1 = Very much unsatisfied	5 = Very satisfied 4 = Satisfied 3 = Neither satisfied nor unsatisfied 2 = Not satisfied 1 = Very much unsatisfied	5 = Very satisfied 4 = Satisfied 3 = Neither satisfied nor unsatisfied 2 = Not satisfied 1 = Very much unsatisfied	5 = Very satisfied 4 = Satisfied 3 = Neither satisfied nor unsatisfied 2 = Not satisfied 1 = Very much unsatisfied



4. What are the main reasons why you choose the financial institution to avail of loan (if more than one loan, refer to the most recent loan)?
1. Proximity of location
 2. Offering other financial/non-financial services
 3. Easy access
 4. Speedy delivery of service
 5. Good customer services
 6. Interest
 7. Someone's advice / professional or friend
 8. Product range
 9. Previous dealings
 10. Others (Please specify _____)
5. Have you obtained enough funds you require?
- Yes = 1, No = 0
6. If no, why have you not availed of loans?
1. Do not need a loan
 2. No collateral to give
 3. The interest is high
 4. Strict documentary requirements
 5. Costly processing fees
 6. No available credit source
 7. Loan term is too short
 8. Loan size is too small
 9. Loan size is too large
 10. Others (Please specify _____)
7. Did you face any difficulty repaying your loan to the program in the last loan cycle?
- Yes = 1, No = 0
8. If yes, what caused your repayment problems?
1. Loan activity was not profitable
 2. I or others in my family had been sick
 3. I used some of the loan money for other purposes
 4. Sold on loan and did not get paid back in time

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5. Legal problems

6. Others (Please specify _____)

9. If you have not used loans (for 1-8 below) yet, are you willing to use it? If yes, for what purpose would you use?

1 = Education

2 = Health

3 = Emergency

4 = Legal service

5 = Vocation

6 = Home appliances

7 = Family event

8 = Others (Please specify _____)

D. Collateral and social collateral

1. Have you ever signed a (social) guarantee for someone you know? Have other done it for you?

Yes = 1, No = 0

2. Has anybody sign a (social) guarantee for you in your area when you apply for a loan?

Yes = 1, No = 0

3. Are you willing to sign (social) guarantee for other relatives/non-relatives in your area when they apply for a loan?

Yes = 1, No = 0

4. Has anybody who is willing to sign (social) guarantee for you in your area when you apply for a loan?

Yes = 1, No = 0

E. Insurance

1. Do you have any idea what an insurance or microinsurance is?

Yes = 1, No = 0

2. Have you availed of any voluntary insurance or microinsurance services?

1 = Yes 2 = No | → E6

↓

3. Please provide the details of the insurance you have had

Insurance Coverage	Amount of Coverage (Lek)	Amount of premium annual (Lek)	Provider (select from below)	Name of provider
1 = Life insurance				
2 = Sickness/medical				
3 = Disability				
4 = Accidents				
5 = House				
6 = Livestock				
7 = Crops				
8 = Others (specify)				

- 1 = Private Insurer
 2 = Government Insurer
 3 = Community organizations
 4 = MFI (NGO)
 5 = MFI (Bank)
 6 = MFI (Cooperative)
 7 = Others _____

4. Have you ever gotten insurance compensation?

1 = Yes 2 = No | → E6



5. If yes, were you satisfied with damage assessment and compensation?

- 5 = Very satisfied
 4 = Satisfied
 3 = Neither satisfied nor unsatisfied
 2 = Unsatisfied
 1 = Very unsatisfied

6. If you are not covered by any voluntary insurance, why are you not covered?

	Reason
1 = Life insurance	
2 = Sickness/medical	
3 = Disability	
4 = Accidents	
5 = house	

6 = Livestock	
7 = Crops	
8 = Others (Specify)	

- 1 = No available insurer in the area
 2 = Cannot afford the premium
 3 = Do not believe in the concept of insurance/microinsurance
 4 = Do not think the need for it
 5 = No access to information
 6 = Afraid of using insurance
 7 = Other reasons (Please specify)

7. If you are given the chance to get an insurance, are you willing to pay for yearly contribution (premium) for the following types of insurance?

1 = Yes 2 = No | → F



8. If yes, what do you think is the amount of monthly premium that is affordable to you?

Insurance type	Yes = 1 No = 0	Amount of annual premium (old Lek)
1 = Life insurance		
2 = Sickness/medical		
3 = Disability		
4 = Accidents		
5 = House		
6 = Livestock		
7 = Crops		
8 = Others (specify)		

F. Awareness on FED invest

1. Have you heard about FED invest ?

1 = Yes 2 = No |



2. Do you know that FED invest has a homepage?

1 = Yes 2 = No |



3. Have you ever used the FED invest homepage?

1 = Yes 2 = No |

G. Payments and transfer service

1. Are you using utility payment service of financial institution?

Yes = 1, No = 0

2. If yes, from which financial institution do you use?

3. If no, are willing to use utility payment service from FED invest if it is available.

	Yes = 1, No = 2
Electricity	
Water	
Telephone	
TV	
Fine	
Other (specify)	

4. Do you send or receive money transfer or use bank payment regularly for the following purposes?

If no, are you willing to use the bank transfer/payment service if it is available?

	Regularly do (Yes = 1, No = 0)	If no, are you willing to use the bank transfer/payment service?
Receive money from my family/relatives from within the country		
Receive money from my family/relatives from abroad		
Send money within the country to my family/relatives		
Send money abroad to my family/relatives		

5 = Very willing to do it
4 = Willing to do it
3 = Neither willing nor unwilling
2 = Unwilling to do it
1 = Very unwilling to do it

H. Member's portal and branchless banking

1. Do you have any computer (desktop, laptop) or smartphone?

Yes = 1, No = 2

Computer personal

Smartphone

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2. Do you or anybody in your family have access to internet and do you use the internet?

Yes = 1, No = 0

3. Do you or has any one in your family have an e-mail address?

1 = Yes 2 = No |



4. Are you willing to do it online if this kind of online service is available?

Apply for membership	
Receive information on the services/products of FED invest	
Receive information on deposits and remaining loan	
Bank transfer	
Apply for a loan	
Receive price information of agriculture	
Receive information on input suppliers	
Receive information on wholesale markets buyers	
Receive information on production technology of agriculture	
Transaction among farmers and suppliers	

5 = Very willing to do it

4 = Willing to do it

3 = Neither willing nor unwilling to do it

2 = Unwilling to do it

1 = Very unwilling to do it

I. Farmers formalization

1. Do you have any Farmer's Code?

1 = Yes 2 = No |

2. Do you have a NIPT?

1 = Yes 2 = No |

Could you please provide you mobile number? _____

Thank you for your interview!

Annex 2: Guidelines for Supplementary Qualitative Inquiries

Date of inquiry	
Name of interviewer	
Category of informants	<p>Member status</p> <ul style="list-style-type: none"> a) Non-member b) Active member c) Inactive member <ul style="list-style-type: none"> -Dormant member -Guarantor of family member
Basic info on informants	<ul style="list-style-type: none"> • Profiles of interviewee(s) • Socio-demographic profile of the household. • Farm characteristics
Agriculture-related topics	<p>Group activities</p> <ul style="list-style-type: none"> • Have they engaged in any form of cooperation or collective action in the past, or are currently engaged? If yes, why has it been successfully formed? If not, or why has not been formed? • What are the issues that make it necessary to cooperate? • What are their levels of willingness to cooperate with other farmers? How does it vary by type of farmers (including socio-demographic characteristics).
	<p>Value-chains</p> <ul style="list-style-type: none"> • Current form of relations with buyers (in terms of financial, product, information, and others) What are the issues and challenges in the relations with buyers, if any? • Current form of relations with inputs suppliers (in terms of financial, products, information and others) • What are the issues and challenges in the relations with input suppliers, if any?
	<p>Services and technical assistance</p> <ul style="list-style-type: none"> • Types of advice and technical assistance they receive. From whom and how they receive it?

	<ul style="list-style-type: none"> Is there unfulfilled demand in advisory or technical services? If so, what is it? Contents and preferable delivery mechanisms of technical advice and market information.
	Aspiration to continue agriculture work in the future (pay attention to the differences generation and gender differences)
	<p>Other needs</p> <ul style="list-style-type: none"> Investment Subsidy application Inputs
Financial-related	<p>Saving</p> <ul style="list-style-type: none"> Saving practice and actual cash flow of household and individual. Reasons not to save, if they do not save. What make it attractive for them to save. Reasons for saving at home, if they do so. Reasons why people do not save at financial institutions. What make it attractive for them to save at financial institutions (especially for the poor)? What are the specific conditions/services required for them to save at financial institutions?
	<p>Means to fill financial needs</p> <ul style="list-style-type: none"> How are the short-term needs (such as buying inputs) and long-term needs (such as investments) met? How often and in which situations do they conduct informal financial practices (such as borrowing from relatives, friends or neighbors)? What are the strategies to prepare for and cope with emergencies? (pay attention to the generation and gender differences).
	<p>Insurance</p> <ul style="list-style-type: none"> What are their levels of awareness on and willingness to have insurance? Do they prefer loans to be combined with insurance?
	<p>Online services</p> <ul style="list-style-type: none"> Do they have mobile phone and/or PC? Do they use internet? If yes, what do they use it for?

	<ul style="list-style-type: none"> • Do they practice any online financial transactions? • Are they interested in online financial services?
	<p>Loan</p> <ul style="list-style-type: none"> • If they hesitate to apply for a loan of financial institution, what make them feel so? • Specific aspects of demand for funds (its timing, amount, purpose, conditions, insurance, and so on) • Past and current status of payment arrears (if they have faced the problem, and the reasons for it)
	<p>Communication channels</p> <ul style="list-style-type: none"> • Their preferred communication channels, methods, frequency, content for non-financial services such as financial education and technical advice • What information and channels would appeal to each customer segment?
	<p>Money transfer</p> <ul style="list-style-type: none"> • Do they transfer money? • If so, which form/agent do they use?
	<p>Other</p> <ul style="list-style-type: none"> • What are the factors that result in late payments of loans among farmers? (To understand what they meant by “legal issues”) • How much land they have? • What other major assets do you own? • What type of titles they have for land, house, and other assets?
Other	<p>Show the FED invest posters and get the feedback of it (how does it look? Does it)</p>

Attachment6 : Endline Survey Report

Smallholder Families' Financial Inclusion Project in Albania

Endline Survey Report (2nd Period)

**July 2022
(2022)**

Japan International Cooperation Agency (JICA)

SCA FED invest

Kaihatsu Management Consulting, Inc.

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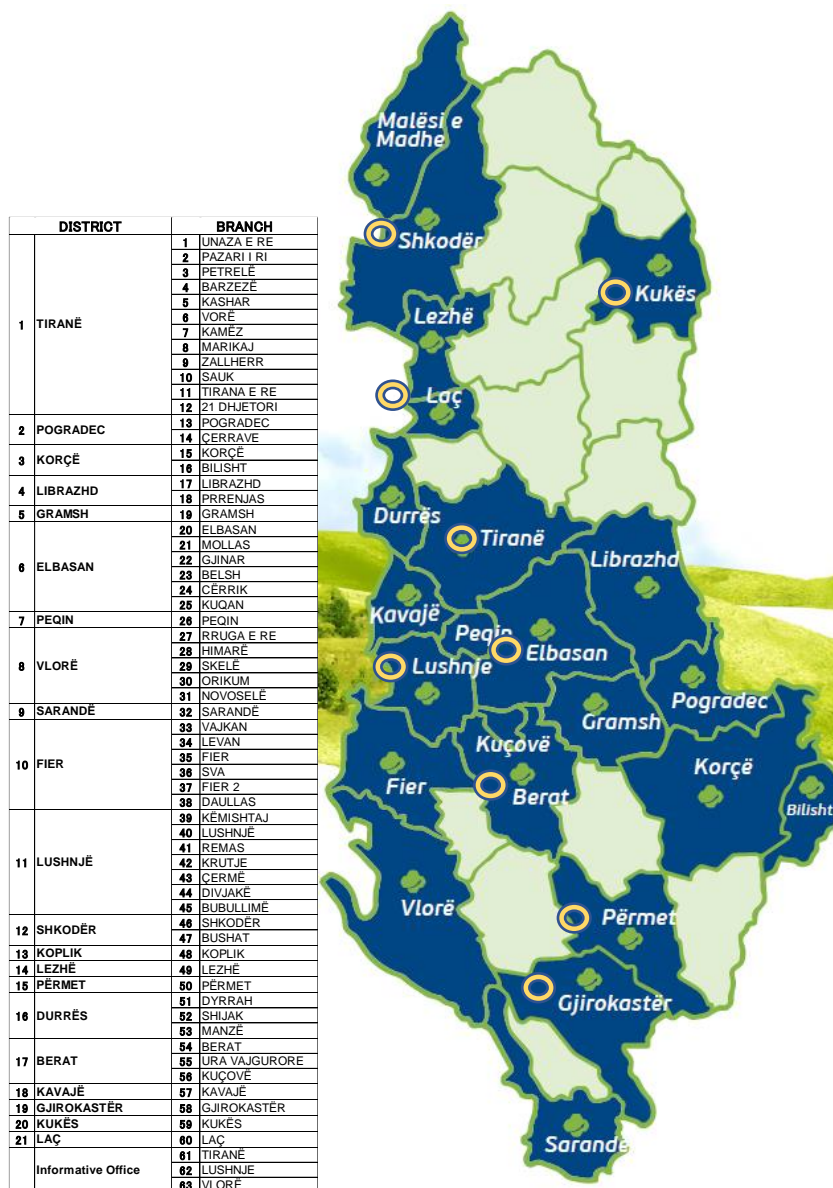
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Abbreviations

abbreviation	English (language)
ABA	Agri Business Assistance (Centre)
AKC	Agri Knowledge Centre
CBS	Core Banking System
CGAP	Consultative Group to Assist the Poor
CIF	Customer Information File
COVID19	Coronavirus disease of 2019
CRM	Customer Relations Management
C/P	Counterpart
DIA	Deposit Insurance Authority
EFSE	European Fund for Southeast Europe
EU	European Union
FAO	Food and Agriculture Organization
IPARD	Instrument for Pre-Accession Assistance
IT	Information Technology
JCC	Joint Coordination Committee
JICA	Japan International Cooperation Agency
KASH	Albania Agro-Business Council
KPI	Key Performance Indicators
MIS	Management Information System
NPL	Non-performing loan
PDM	Project Design Matrix
PDT	Product Development Team
PWT	Product Walk Through
ROA	Return on Asset
ROE	Return on Equity
UAT	User Acceptance Test
TOT	Training of Trainers

Currency ALL (Albanian Lek) Exchange rate (as of June 2022) 1 ALL = 1.18 yen

Map of Albania and FED invest branch network (and areas where interviews were conducted)



 Areas where interviews for Endline Survey have been conducted.

Chapter 1: Purpose and Methodology of the Endline Survey

1.1 Purpose of the Endline Survey

Then Endline Survey was conducted in order to assess the results of the JICA technical cooperation project on "Smallholder Financial Inclusion Project in Albania," ('the Project') whose activities were implemented over a period of four and a half years, from October 2017 to March 2022. Specifically, the survey had the following four objectives

- ① Measure the results of Project activities and the degree to which the PDM has been achieved.
- ② Measure the likelihood of achieving the top goals.
- ③ Measuring the Outputs of Round 2 of the Input Purchase Support Scheme.
- ④ Provide direction for improving the sustainability of Project activities.

The field work of the Project continued until the Final Seminar and the Final Joint Coordinating Committee meeting in May 2022, but the questionnaire survey for the endline survey was conducted by March, so March is considered the endline in the survey for the questionnaire survey data.

1.2 Endline Survey Methodology

The information/data for the Endline Survey has been collected through three methods: (1) a questionnaire survey of approximately 200 members of the Project implementing agency, FED invest; (2) an interview survey of approximately 50 Project stakeholders, including FED invest members, staff, Albanian Ministries, and university professors; and (3) data extraction from FED invest's Management and the Management and Information System (MIS) and data extraction from Google Analytics. Based on the information/data obtained through these three survey methods, we analyzed the Project results, the status of achievement of Project indicators, the achievement levels of the Project purpose and the outputs, as well as the results of the second round of the Input Support Scheme. An overview of the survey is presented in Table 1-1. The survey results are described in Chapters 2 and 3.

1.2.1 Questionnaire survey

A questionnaire survey was conducted to measure the degree of benefit from Project activities to the Project's target population of small farmers. The target population of the survey was FED invest members of the FED. From the 1,000 Round 2 input purchase support scheme beneficiaries, 250 were randomly selected to participate in the survey, which was conducted in person or by

telephone using a questionnaire developed by the consultant team, with FED invest branch staff acting as questioners. The survey period was one month, from late February to mid-March 2022, and 173 of the 250 respondents responded within the time frame.

The questionnaire was structured to ask about (i) respondents' demographics, (ii) use of financial services, (iii) financial education (including the Digital Window Project), (iv) use of non-financial services (ABA), (v) experience with input support schemes, and (vi) future aspirations. Of these, the indicators for the items related to those Project activities within the PDM framework, especially from (ii) to (iv), were compared to the point in 2019 (three years ago) when the substantial Project activity targeting FED invest members of offering new financial products started. Questions to enable quantitative measurement of how the Project has influenced financial behavior change among the target population of smallholder farmers were asked including such aspects as: financial services, their FED invest, their level of liking and trust in FED invest, and their household financial management practices.

The English and Albanian versions of the questionnaire are attached in Appendices 1 and 2. In addition, the demographic information of the respondents to the questionnaire survey is presented in Tables 1-2 through 1-5.

1.2.2 In-depth Interviews

In order to obtain qualitative information that could not be collected through the questionnaire survey, i.e., the real voices of small-scale farmers and Project stakeholders, in-depth interviews were conducted in addition to the questionnaire survey. A total of 52 people were interviewed. In addition to FED invest members (i.e. small farmers) who gave answers to the questionnaire survey, which appeared to worth further investigation, the following categories of stakeholders were interviewed: FED invest management, FED invest headquarters staff, and ABA Center staff who have been working with the Project, FED invest branch staff, Project officers from the Ministry of Finance and Economy, university professors, and input material store owners.

Interviews with the FED invest management, headquarters staff, and ABA Center staff were conducted by the two monitoring and evaluation experts, Ms. Olta Manjani and Ms. Irida Peci, from late February to mid-March 2022 hired by the Project as special contractors at the request of the Ministry of Finance and Economy. For the other FED invest members, branch staff, and input material dealers were conducted by the Japanese consultant team members, who visited and conducted interviews across Albania from late March to early April 2022. The locations for interviews were selected in order to ensure inclusion of both FED invest's main (or traditional) business areas and the new business areas.

In the interviews, three main questions were asked: (1) the experience of participating in and learning from the Project activities, (2) how the Project activities led to behavioral change and

capacity building for themselves and their organizations, and (3) actions taken after the Project has been completed, with a view to evaluating the Outputs and prospects for sustainability of the Project activities.

1.2.3 MIS / Google Analytics data extraction

Corresponding numerical data were extracted from FED invest's MIS to assess the degree of achievement of the PDM indicators. In addition, since the Project activities related to non-financial services were implemented through online channels such as the FED invest website and ABA Online, we used Google Analytics to extract data to assess additional Output measures such as the degree of user access to such online content.

Table 1-1 An Overview of Endline Survey

	questionnaire survey	interview survey	data extraction
Objective.	Measuring the results of Project activities Measuring the Outputs of Round 2 of the Input Purchasing Support Scheme	Measuring the results of Project activities Measuring the Outputs of Round 2 of the Input Purchasing Support Scheme Examination of the direction of sustainability improvement	Measuring the degree of achievement of PDM Measuring the likelihood of achieving high-level goals
respondent (Number of persons)	FED invest members (173)	Ministry of Finance and Economy (1) FED invest management and headquarters staff (16) FED invest branch staff (13) FED invest members (12) Agricultural input dealers (4) ABA Core Expert (2) ABA Opinion Team (2) Tirana Agricultural University (1) Albanian Agro-Business Council (KASH) (1)	FED invest MIS and Extract and analyze data from ABA Online's Google Analytics results

questioner	FED invest branch staff	Monitoring and Evaluation Specialist Consultant Team	N/A
study period	February - March 2022	March-April 2022	Data as of March 31, 2022
Survey location	All over Albania (FED invest branch network)	Tirana, Elbasan, Berat, Permet, Gjirokaster, Kukes, Laç, Lushnje Shkoder	N/A

Table 1-2: Area of residence, gender, and education level of questionnaire survey respondents

		the number of people	proportion
area of residence	farming area	147	87%
	urban areas	22	13%.
gender	male	131	76%
	female	41	24%
Educational Level	Up to middle school	60	36%.
	high school	88	52%
	post-secondary education institution, incl. university, college, etc.	20	12%.

(Source: Questionnaire survey)

Table 1-3 Age, number of household members, and annual income of questionnaire survey respondents

	mean value	standard deviation
age	46	12
Number of household members	4	1
annual income	1,108,938 ALL	893,129 ALL

(Source: Questionnaire survey)

Table 1-4 Membership Status of Questionnaire Survey Respondents

	the number of people	proportion
active ¹	147	89%.

¹ As of June 2022, active members are defined as those who have a loan balance or hold a deposit balance at the time

inactive	18	11%.
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(Source: Questionnaire survey)

Table 1-5 Major Sources of Agricultural Income for Questionnaire Survey Respondents

	the number of people	proportion
Olive/Citrus	43	27% of
animal husbandry	31	19%
Multiple sources of income	26	16%
Fruit trees/vineyards	22	14%.
outdoor vegetables	15	9%.
hothouse vegetables	9	6%
apiculture	4	3
Other	10	6%

(Source: Questionnaire survey)

of measurement.

Chapter 2: Achievement of Project purpose and respective performance indicators Status

2.1 Achievement of Project purpose

The Project implemented activities to achieve the Project purpose, stated as follows: "Financial inclusion of small farmers in Albania is increased through the use of FED invest financial products and non-financial services". The indicators and achievement of the Project purpose are as follows.

Table 2-1 Indicators of Project Goals and Status of Achievement

Project Objectives	indicator	status of achievement
Financial Inclusion of Small Farmers in Albania Expands through the Use of FED invest Financial Instruments and Non-Financial Services	Indicator 1: The number of FED invest members utilizing financial instruments increases by 50% from the baseline value (64,982)	Number of FED invest members 83,578 persons Number of active members 17,632 persons
	Indicator 2: The total number of FED invest members and non-members using non-financial services will be 16,700	ABA Online Registrations 10,877 persons

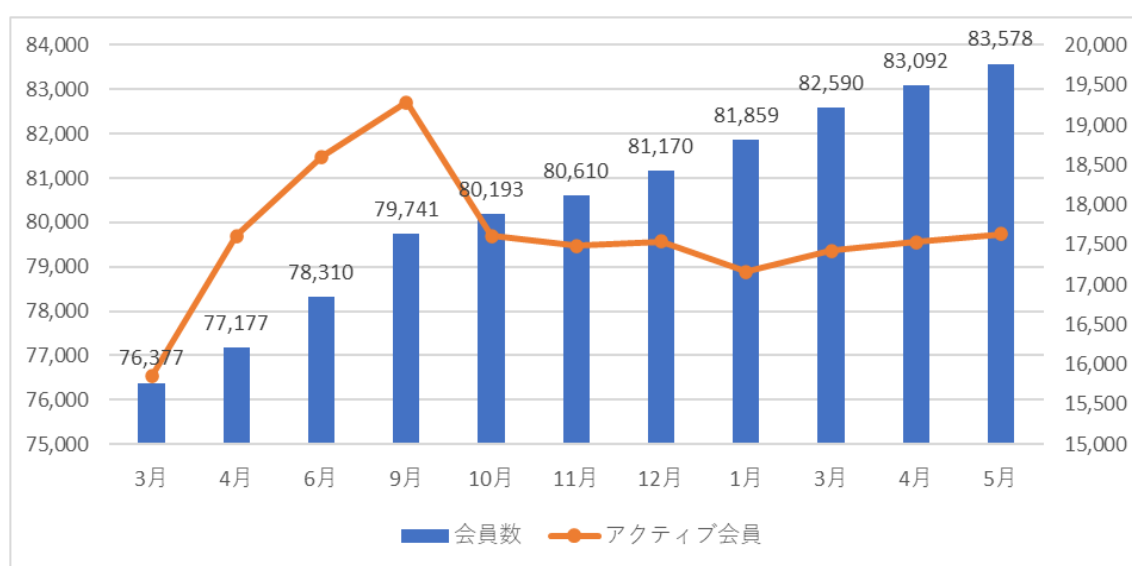
- Indicator 1: Number of FED invest members utilizing financial products.

FED invest had 83,578 members at the end of May 2022. This was only a 28.7% increase from the baseline of 64,942 members as of June 2019, well below the target of a 50% increase (97,473 members). However, although the target was not achieved, the increase of 18,636 members or 28.7% in about three years is considered a big leap taking into account the total population of Albania, which is 2.84 million². In fact, "self-assessments" of the Project's numerical achievement based on statements made by the Ministry of Finance and Economy, FED invest, and other Albanian Project stakeholders at the Project's final seminar in May 2022 were uniformly high.

The number of active members increased by only 6.2% from the baseline. Performance in 2020 was significantly affected by COVID19, with a steady increase until August, but stagnated after September. In Albania, especially from August 2020 to around February 2021, the spread of the disease and restrictions on movement and other activities slowed the distribution of crops and materials. This is believed to have affected the agriculture industry as well, as demand for new

² Statistics Albania, 2021.

capital fell sharply. Since FED invest defines active members as those with outstanding loans or deposits, only those who meet these criteria at the time of data review are counted. Therefore, the number of active members does not include those who are using services such as checking accounts or payments, or those who have completed repayment and are in the process of reviewing their next loan or are in an off-campus period. The FED invest will consider establishing an appropriate definition of active membership that would better capture the status of customer usage of financial services, for example, by referring to a period of time rather than a single point in time, or by defining service usage more broadly (e.g., using checking account services).



(Source: FED invest MIS)

Figure 2-1 Indicator 1: Number of FED invest members (March 2021–May 2022)

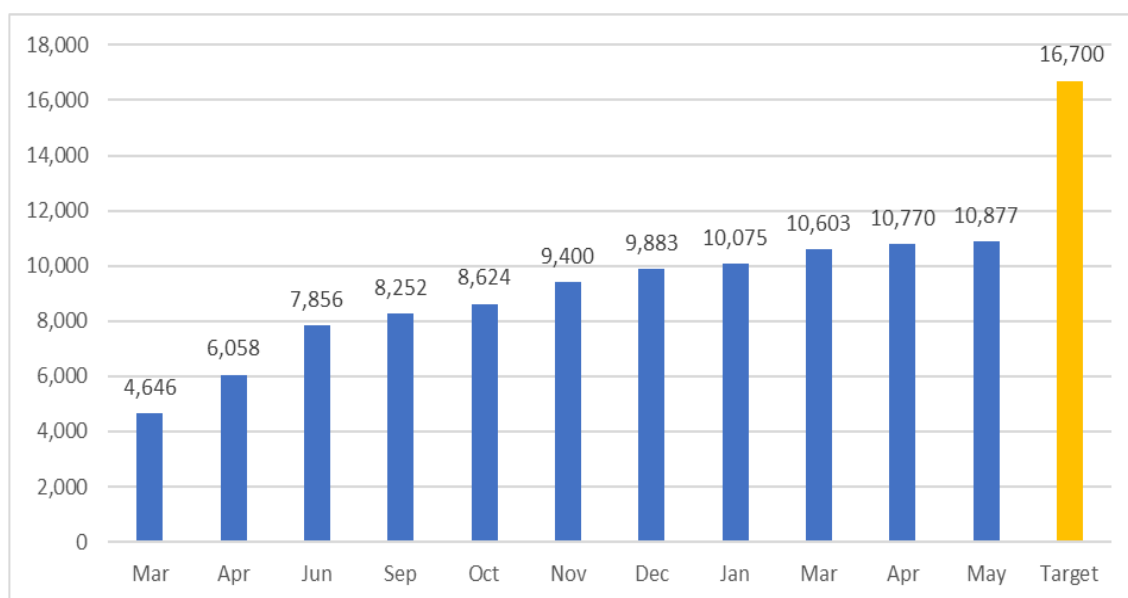
- Indicator 2: Number of FED invest members and non-members using non-financial services

Another indicator of achievement of the Project goal, non-financial services, was measured by the number of registered members of ABA Online, an interactive platform providing agricultural information developed with Project support. The target indicator was set at 16,700 members as approximately 20% of the number of members³ originally estimated by FED invest as of June 2021, but only 10,877, or 63% of the target has been achieved. On the other hand, the number of registered members of ABA Online exceeded 10,000, or 2.2% of the 451,000⁴ total working

³ Because of the extension of the Project period due to the expansion of COVID19 infection, the target figures for membership have been revised several times.

⁴ INSTAT2022 web

population in the agricultural sector in Albania, in just 18 months from the official service launch date of January 2021. This is considered to be an indication of the high level of needs and expectations of farmers for the services provided by ABA.



(Source: Extracted from ABA online system)

Figure 2-2 Indicator 2: Number of ABA Online Registrants (March 2021–May 2022)

2.2 Status of achievement of each performance indicator

Indicators for each Output and the status of achievement are shown in the table below. Almost all targets at the Output level have been achieved.⁵

Table 2-2 Indicators of each Output and status of achievement

results	indicator	status of achievement
Output 1 Financial products developed and improved by FED invest through client-centricity begin to be utilized by	1-1 At least 5 new financial products developed or improved by FED invest, including utility payments and checking accounts	5 developed (summer deposits, checking accounts, payment services (utility bills/member-to-member transfers), Kredi24, loans for young adults) 2 in preparation (overdraft, loan for agritourism)
	1-2 Customer centricity implementation and process manual created and	Client-centered committee established and active Customer centric process and service

⁵The only Output level indicator not yet achieved is 3-4 (998 (as of May 31, 2022) against the FED online enrollment target of 1,000).

members.	approved by FED invest	<u>standards manuals created</u> and staff training completed Marketing Department established to develop strategic marketing plan
	1-3 Customer Relationship Management (CRM) matrix defined and operationalized by FED invest's MIS	A CRM manager has been hired , a simple <u>CRM matrix has been developed</u> , and campaigns and other activities are being conducted according to the definitions and measured for results.
	1-4 Financial education modules on more than 10 topics are offered to existing and new clients by FED invest staff who have undergone capacity building training	<u>14 financial education topics</u> developed on deposits, debt management, digital banking, agricultural accounting (apps), checking accounts, etc.
Output 2 An operational structure for the AgriKnowledge Center ⁶ will be established to provide non-financial services	2-1 At least 5 non-financial services provided by the ABA Center	<u>8 types of services</u> within the 4 pillars according to the ABA Business Plan
	2-2 Development of an interactive platform and App to provide agricultural information and data	<u>ABA Online</u> was <u>developed</u> and officially launched in January 2021
	2-3 ABA Center facility established and equipment in place.	<u>ABA center</u> was <u>established at</u> the FED invest Lushnje branch <u>and the necessary facilities and equipment were installed</u>
	2-4 Agreement on the organizational positioning of the ABA Center	<u>ABA Business Plan (Stage 2) was developed</u> and organizational positioning was defined.
Output 3 FED invest expands	3-1 FED invest serves all regions of the country	FED invest provides services through branches and digital in <u>all 61 provinces nationwide.</u>

⁶The non-financial service delivery unit was named the Agri Business Assistance (ABA) Center in December 2019. Therefore, all references to "Agri Knowledge Center" on the PDM are synonymous with "ABA Center".

financial and non-financial services by introducing and implementing CBS, related hardware, and digital technology	3-2 CBS including mobile internet module is introduced	<u>The new Core Banking System (CBS)</u> was <u>introduced in</u> January 2020, and FED Online began pilot operations in March of the same year, with official operations starting in November 2021. FED Online is supported by a Customer Care Center and Digital Advisors
	3-3 Implementation of MIS that enables comprehensive third-party reporting, business analysis, and customer data management and analysis	Customer information <u>file</u> , part of the CBS, enables customer information management and reporting Data manager hired and KPIs tracked for marketing campaigns, etc.
	3-4 More than 1,000 customers using FED invest's digital financial services	<u>FED Online</u> now has <u>998 registered users</u> . Digital banking marketing in line with strategic marketing plan

2.3 Implementation of CBS, including accumulation and management of customer information through maintenance of MIS

The Project supported FED invest in procuring a new Core Banking System (CBS), which will form the basis of the institution's operations, to enable it to expand its service delivery capacity qualitatively and quantitatively as a financial institution and to contribute to financial inclusion in rural Albania in the future. FED invest supported the implementation of this system. In addition, in order for FED invest to practice customer-centric management, it needs to be able to properly accumulate, manage, and analyze customer information through the Management Information System (MIS) of the new CBS. Therefore, the expected Outputs from this activity are as follows.

Expected results from the implementation of CBS, including the accumulation and management of customer information through the development of MIS:

- A wide variety of financial products can be offered.
- Information necessary to practice customer-centricity is accumulated, managed, and utilized.

In the Endline Survey, interviews were conducted with FED invest management, headquarters staff, and branch staff to ascertain the business and operational changes in FED invest as described above due to the implementation of the new CBS. The results confirmed the following four main positive changes resulting from the introduction of the new CBS.

2.3.1 Upgrading IT Infrastructure as a Financial Institution

Until the new CBS was implemented, FED invest had continued to use an old IT system that had been in use since before the organizational merger in 2016, which had undergone a series of modifications and had reached its limits. However, the old system presented many challenges in terms of system management and administration, reporting and auditing, and security functions. The Project confirmed with FED invest that the following issues were resolved with the implementation of the new CBS. The upgrade of the IT infrastructure has provided FED invest with the capacity to continue providing financial services to the rural Albanian population as a financial institution, and in the short term, as described below, has led to the acquisition of new service licenses from the Central Bank of Albania and the provision of new financial services through the Project activities. led to the provision of new financial services.

- ① Increased data storage and backup capacity
- ② A data protection system has been established.
- ③ The capacity of IT department personnel was improved during the process of CBS implementation.
- ④ Various software expiration dates that had expired have been renewed.
- ⑤ System privileges were distributed from certain staff members to multiple staff members.
- ⑥ Pandemic recovery plan in place and data backup center established
- ⑦ Enhanced IT governance functions and digital strategies are now possible.
- ⑧ IT literacy of branch staff enhanced through staff training and manuals
- ⑨ Infrastructure for Internet banking has been installed.
- ⑩ Connection to the network has improved greatly.

(Source: Details of discussions with FED invest management)

2.3.2 Achieve appropriate member marketing

The newly introduced CBS has been able to accumulate a variety of member information in the MIS and analyze it in combination with service usage and other information to improve existing services, develop new services, and conduct marketing activities for members. MIS data is also referred to in the Project activities for "product development, CRM, and organizational strengthening based on customer-centricity," which will be discussed later, and is also used in other management decisions by FED invest.

With the introduction of the new CBS, we were able to achieve the organization's ambitious growth goals and able to scale up. We were also able to improved members Ssegmentation, targeting and customer relations.

- Ms. Meri Cani Head of Strategic Projects Department



2.3.3 Strengthening Reporting Capabilities

It was confirmed from the statements of management and managerial staff that the new CBS has enabled them to easily report information in the system and share it for the operations of divisions and branches within the organization, as well as to submit it as regular reporting material to regulatory authorities and other parties outside the organization. This seems to have had a significant effect in terms of improving the operational efficiency of the organization and the level of trust from the regulators.

With the introduction of the new CBS, FED invest headquarters Departments and the branches are able to produce reports necessary for the daily operations.

- Ms. Liliana Nanaj Director of Operations

Thanks to the new CBS, FED invest is now able to produce Reports required by Central banks and the Deposit Insurance Corporation (Deposit Insurance Authority: DIA).

- Ms. Zana Konini Chairman of the Management Board



2.3.4 Diversified financial services

The implementation of the CBS has not only improved the organization's IT environment and strengthened its systems, as mentioned above, but also enabled it to offer a variety of financial services to its members through the financial services module contained in the CBS. This is a point that was pointed out by several branch staff (branch managers and loan officers) during the interview survey, as it represents a direct value creation for members. Specifically, the ability to

offer checking accounts and utility bill payment services is significant. In addition, the ability to provide money transfer services to outside financial institutions is a point that differentiates FED invest from other savings and credit associations⁷ in the country. The license for offering such service is granted specifically as a result of the introduction of the new CBS, whereas other savings and credit associations are not granted a license to operate by the regulator. However, at the time of writing this report, the technical and financial challenges to connect to external financial institution networks have not been resolved, and external money transfer services (i.e. outside of FED invest membership) are not yet available to the members.

Introducing CBS enabled us to provide members with a variety of financial services. We are now able to enter membership information to MIS. This enables us to process credit appraisal much faster than before, which is good for the customer and for our business. Everyone has benefitted from the new CBS.

- Ms. Suela Bilali, Kukes Branch Loan Officer
(Photo: Ms. Ketj Ceko, Gjirrokaster Branch Manager)



With regard to creating value for customers, many other interviewees pointed out that the accumulation of customer data on the MIS has greatly sped up the loan approval processes (especially from the second loan onwards).

2.4 Strengthen and improve the product development process based on customer centric principles

This activity was conducted with the aim of establishing and institutionalizing a customer centric product development cycle at FED invest. The expected Outputs from this activity are as follows

Expected results from strengthening and improving the product development process based on customer centricity

- A cycle of improvement and development of products and services based on customer centricity will be established within the organization.
- Financial products and services improved or newly developed as a result of the above will begin to be utilized by members.

⁷ There are 16 Savings and Loan Associations in Albania. (From the Central Bank of Albania website, as of June 2022)

2.4.1 Development and improvement of products and services

The Project followed a customer-centric process and supported the development of the following products and services

- Summer holiday Time Deposit
- Checking account
- Payment services (utility bills/membership remittance)
- FED Online
- Kredi24
- Loans for Young Adults



According to the results of the questionnaire survey on new products, 99% of the respondents indicated that they had opened checking accounts, and 100% of the respondents indicated that they use their accounts to repay loans. This is not surprising since the questionnaire survey respondents were participants in the input purchase support scheme. Otherwise, only 15% of respondents indicated that they use the current accounts for payments. Interviews with branch staff indicated that most customers are small-scale farmers who do not have the service needs to use checking account for payments and they do not maintain funds in their accounts. Only a few medium- and large-scale farmers have funds in their checking accounts. Some agricultural input suppliers expressed an interest in receiving payments through checking accounts if such accounts become widespread among their customers in the future. Currently, the use of checking accounts has not expanded much beyond transfer accounts for loans, but the results indicate that there is significant room for the development and marketing of new products such as overdrafts and value chain products through the use of the accounts in the future.

Only 16% of all respondents had used the utility (electric) payment service, and only 16% of all respondents had used the service. Among those who used the service, 79% paid in cash at the branch and a small number paid through their checking account or digitally. Interviews revealed that loan customers regularly visit branches to make repayments, so being able to pay their electric bills together is very convenient, according to the interviewees. On the other hand, many said that it would be more convenient if they could make other utility payments together, since they would have to go to other branches to pay their water bills, taxes, etc. In addition, in some northern areas, most citizens' past utility bill payments were in arrears, and in some cases, the FED invest system could not provide any service at all because there was no system to support payment of the

arrears.⁸ FED invest is currently negotiating a contract with a water company and will soon begin offering water bill payment services. In the future, it will be necessary to expand other payment services, promote the convenience of automatic debits from checking accounts, and actively use the service as a tool to attract new customers.

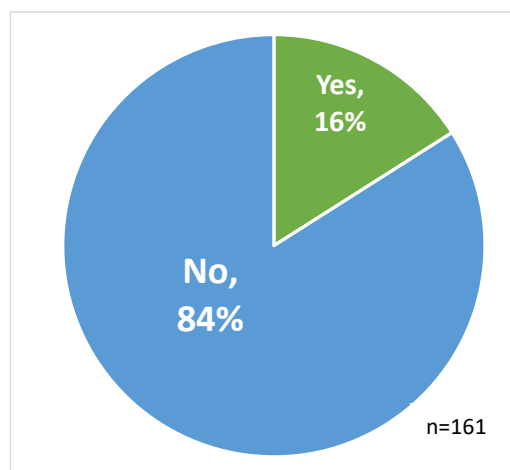


Figure 2-3: FED invest utility bill payment service users

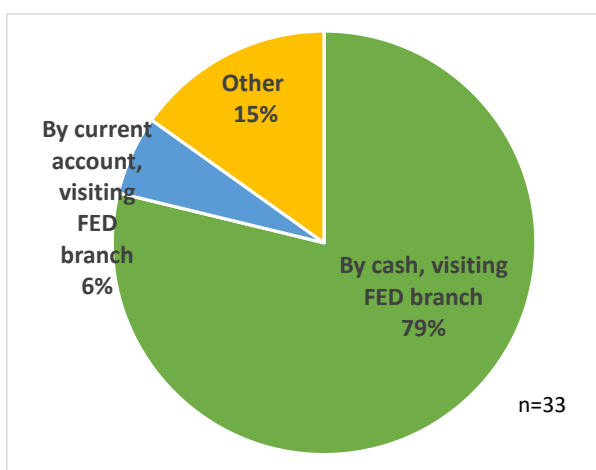


Figure 2-4: How paid.

(Source: Questionnaire survey)

A breakdown of those who paid utility bills shows a higher percentage of women than men. It is likely that women find the service more convenient, and future promotion of the service should consider targeting women. In terms of education level, customers with higher educational level appear to use the service more than those with lower education level. Promotion and educational activities targeting the groups with lower level of education would be necessary.

Table 2-3: Percentage of Utility Bill Payment Service Users by Gender

Gender	Indicator	Have you ever paid the electricity bill at FED invest?		Total
		Yes	No	
Male	No.	16	108	124
	% within Gender	12.9% (in %)	87.1% (in %)	100%.
Female	No.	9	28	37
	% within Gender	24.3% (in %)	75.7% (%)	100%.
Total	No.	25	136	161

⁸ According to interviews at the Kukes branch, the former government had offered free electricity, but after the change of government before the 2013 administration, a fee was charged and the obligation to pay retroactively was imposed. For this reason, most citizens are in arrears for past due bills.

	% within Gender	15.5% (in million yen)	84.5% (in %)	100%.
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Table 2-4 Education Level of Utility Bill Payment Service Users

Education	Indicator	Have you ever paid the electricity bill at FED invest?		Total
		Yes	No	
Basic	No	9	48	57
	% within Education	15.8	84.2% (%)	100%.
High	No	11	70	81
	% within Education	13.6	86.4% (%)	100%.
University	No	5	15	20
	% within Education	25	75% of	100%.
Total	No	25	133	158
	% within Education	15.8	84.2% (%)	100%.

Note: Pearson Chi-Square Significance: 0,45599

(Source: Questionnaire survey)



I come to the FED invest branch every month to repay my loan, and being able to pay my electric bill at the same time with my repayment is very convenient because I don't have to go to the payment counter separately. The fact that there is no service charge is also very helpful. Other payment windows are expensive... It also helps me to have confidence in FED invest.

- Ms. Kemeti, Olive farmer, Petrele

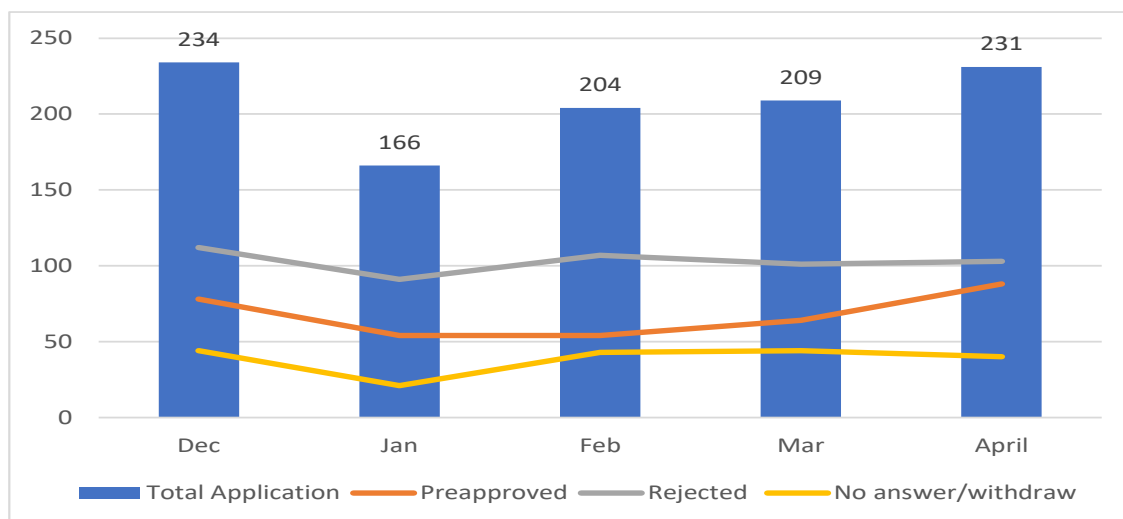
Since our branch is located in a high-traffic area, we have started a utility bill payment service, which has led to an increase in new members who want to use this service. We also use this service effectively as a promotional tool to attract new customers.

Mr. Bujar, FED invest Berat Branch Manager



FED invest launched a pilot sale of its new Kredi24 service (a simplified online loan application

service) at the end of November 2021 in order to expand its new non-traditional customer base, such as young people and women, through the digitalization of its services. Sales results for the pilot period are shown in the figure below: the total number of applications during the five-month period was 1,044. In the questionnaire survey, 6% of respondents indicated that they had applied for a loan online. In an interview survey of branch staff, many respondents indicated that the company was attracting new customers, especially inquiries from younger customers.



(Source: FED invest MIS)

Figure 2-5 Number of applicants for Kredi24

2.4.2 Strengthen organizational capacity for customer-centricity

The Project took a variety of steps to establish customer-centric practices within FED invest (i.e. institutionalization of customer centricity), including staff training, development of the Strategic Marketing Plan, and standardization of customer service and the creation of a manual. The Project also established a customer-centricity committee, with clearly defined, specific processes and methods for implementation.

The cycle of listening to customers, understanding their challenges, prototyping products and services, and making improvements, which was addressed in the FiAS Project, has become embedded in all FED invest activities and ingrained in the organizational culture. Staff capacity in this process has been strengthened through activities such as product development for summer and term deposits, development of financial education materials, and customer service training.

-Mr. Perlat Sulaj, FED invest CEO



As a result of this Output, according to the results of a questionnaire survey of customers, when asked if FED invest's services have changed over the past three years, 89% said they have "gotten much better" and 8% said they have "gotten a little better." When asked if they use FED invest's services more often as a result, 25% said they use services more often and 54% said they use the services somewhat more often.

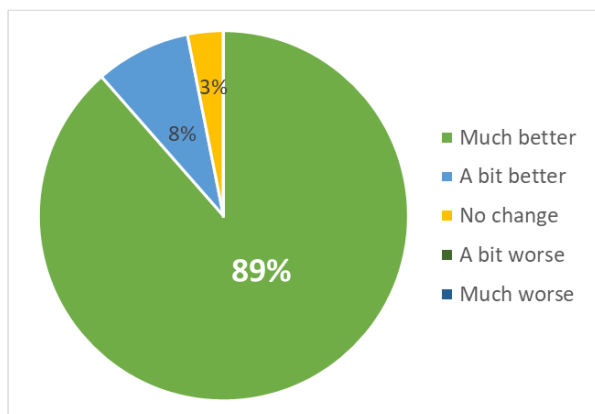


Figure 2-6 Have there been any changes in FED invest services in the past three years?

(Source: Questionnaire survey)

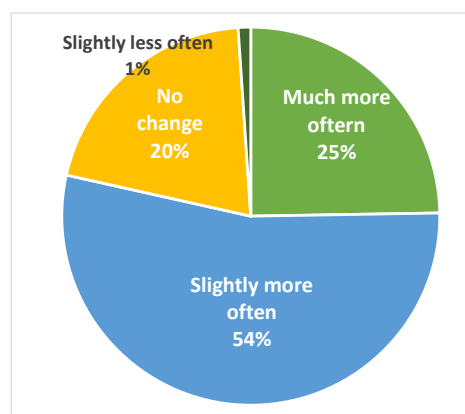


Figure 2-7: FED invest utility bill payment service users

I participated in a training course on customer communication training conducted by the FiAS Project. My thinking on customer communication has changed after participating in the training. Previously, I simply listened to our customers but now, I try to have a better understanding of their problems and concerns before offering services. The relationship of trust with customers has deepened. I am very pleased with the results.

-Ms. Aferdita, Loan Officer, FED invest Petrele branch



2.4.3 Financial Education

To promote the use of financial products and services by improving clients' financial capability, the Project developed financial education materials (household budget management, debt management, agricultural accounting, checking and utility bill services, and Internet banking) and disseminated them through staff training, brochure distribution, and digital materials. The Project also conducted staff training, distribution of brochures, and dissemination of digital materials. The results of the client questionnaire survey on the Outputs of the financial education dissemination are presented below. 76% of respondents indicated that they had read the financial education materials developed by the Project or had been briefed on their content. The most common module they were exposed to was debt management. Most of these sources of information came from brochures received at the branches (82%), conversations with staff during branch visits (96%), and through the branches. Interviews with branch staff revealed that most clients were not interested in financial education, and many said that they had difficulty getting them to listen to the explanations. They seemed to have devised their own ways to implement the program, such as combining it with explanations of products and services, or distributing the pamphlets at nearby markets, cafes, bus terminals, and other places where people gather.

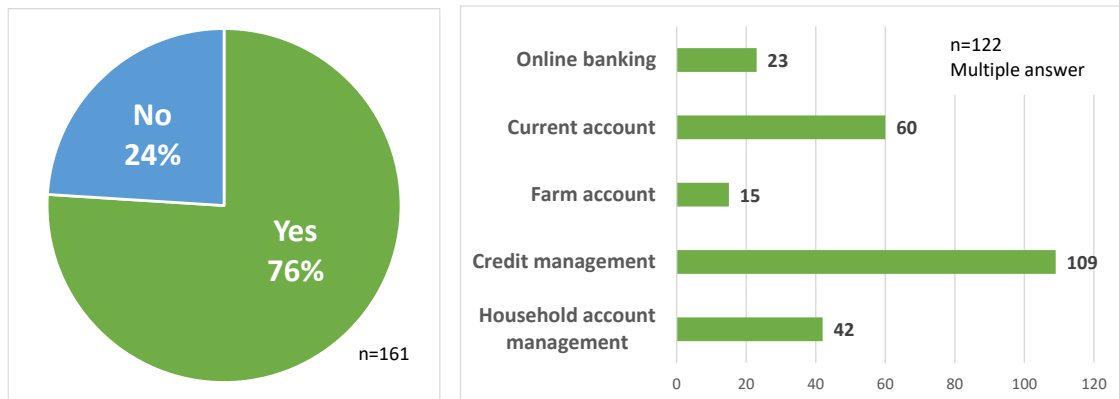


Figure 2-8 Have read or had financial education materials read or explained to them **Figure 2-9 Which modules have you read or been briefed on?**

(Source: Questionnaire survey)

When asked what FED invest products and services they used as a result of the financial education described above, 92 of the 122 respondents said they used loans. The most common responses were registering with ABA Online, opening a checking account, and signing up for FED invest membership; the digital advisors hired by the Project since April 2021 also appear to have had an effect.

When asked what financial actions they have taken as a result of their financial education, about half of the respondents said they had started making deposits. Many respondents also indicated that they had started keeping a ledger book. We found that a fair number of respondents also made use of the household budget management module and the household account booklets distributed at the branches.

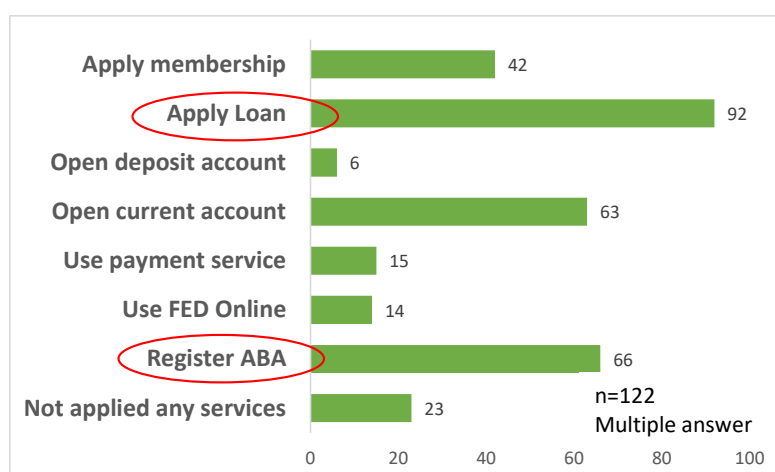


Figure 2-10 What FED invest services were used as a result of financial education



Figure 2-11 What financial actions have you taken as a result of financial education?

After hearing about financial education and household budgeting from a loan officer and cashier at a FED invest branch, my wife and I started keeping a household record book. Once we started keeping records, we noticed that the cost of inputs had doubled compared to last year. The record keeping has improved our operations as we have noticed many things about our business and household finances.

-Mr. Dritan, vegetable farmer and FED invest member, Kukes



The financial education materials were developed by listening to feedback from a number of clients regarding their needs and other issues. As a result, we were able to increase client interest and make the content appealing to non-members as well. We hope to use the materials to improve the financial capability of our clients.

-Ms. Misela, FED invest Corporate Governance Manager, Financial Education

2.5 Build capacity to develop and deliver non-financial services

Output 2 in the PDM of this Project is "An operational structure for an agri-knowledge center providing non-financial services has been established.

Expected Outputs from building capacity to develop and deliver non-financial services include:

- C/P knowledge management and utilization systems and staff capacity related to the agricultural sector will be strengthened.
- Non-financial services are provided to meet the needs of clients.
- Clients' financial capacity and creditworthiness will be strengthened.

The general needs of the non-financial services to be provided by the Agri-Knowledge Center were identified in a needs assessment conducted in the first year of the Project. However, it then took some time to flesh out the methods and media for service delivery within the Project team, and in 2020, the non-financial services section was named the "Agro Business Assistance (ABA) Center". The ABA Center's services are structured to be provided both face-to-face and online via the ABA online platform, but due to the Corona pandemic, few face-to-face training and networking events were held during the implementation period of this Project.⁹ (Figure 2-12 below). Therefore, the activities of this Project were mainly limited to the online format through the ABA Online platform, and the Endline Survey described below is also mainly related to the use of ABA Online services.

ABA Online is an interactive digital platform launched in January 2021, and most of its users use it via a smartphone application. The main services include: (1) market price information, (2) online market, (3) expert advice on production technology and agricultural calendar (Ask Expert), (4) financial education materials, and (5) weather forecasts. According to the questionnaire survey, the most utilized functions were (1) market price information (used by 79% of respondents), (2) agricultural news (used by 46% of respondents), and (3) online market (used by 41% of respondents) (Figure 2-13 below).

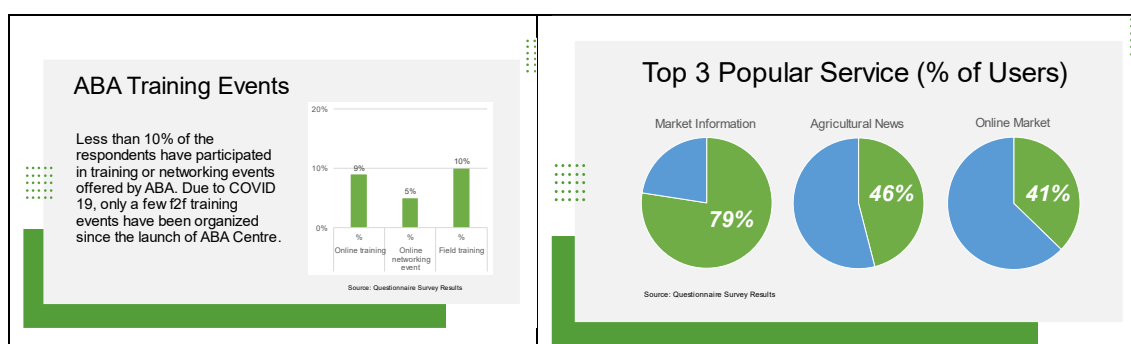


Figure 2-12 ABA Face-to-Face Service Participants

Figure 2-13 Functions Utilized by ABA Online

⁹However, many (92%) of those who attended the few in-person events indicated that they found the training and networking events useful for their business.

With regard to the frequency of use of ABA Online, more than half (56.4%) of the questionnaire survey respondents who are ABA Online registrants use the ABA Online tool at least twice a month. In addition, 37.4% of the questionnaire respondents who are ABA Online registrants use ABA Online weekly. (Table 2-5 below).

Table 2-5 Frequency of ABA Online Use

frequency of use	Number of Respondents	proportion
At least once a week	59	37.4% (%)
Multiple times per month	30	19.0% (%)
Less than once a month	52	33.0% (1.0)
Used only once so far	17	10.8
total amount	158	100.0

(Source: Questionnaire survey)

Furthermore, 71% of ABA service users stated that they now use FED financial services more frequently than before, indicating that ABA services may lead to the use of financial services and suggesting that the provision of non-financial services may promote financial inclusion (Figure 2 below -14).

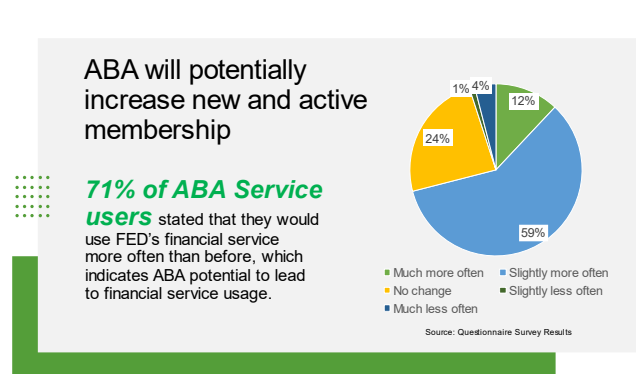


Figure 2-14: Use of ABA Online Could Lead to Greater Use of Financial Services



I was not a member of FED invest, but about a year ago a friend of mine invited me to attend one of the ABA Center's training events to learn about new technologies related to growing my vegetables. After attending the event, I became a member of FED invest and recently received my first 100,000 lek loan. I will use this loan to invest in implementing the new technologies I learned about at the ABA Center training.

-Mr. Enledji, Lushnje Bubllime Branch Member

2.6 Develop a plan to improve and expand service access

2.6.1 Internet banking services (FED Online)

Output 3 in the PDM of this Project is "Expansion of (geographic) financial and non-financial services of FED invest through new CBS and related hardware and digital technology". This specifically refers to the expansion of FED invest's service delivery area under Indicator 3-1: the expansion of COVID-19 infection in 2020 has led to a greater demand among FED invest members for Internet banking that does not involve physical visits to branches. The COVID-19 pandemic Impact Study conducted by the Project in May 2020 found that the COVID-19 pandemic has had a significant impact on the FED invest members. Therefore, the Project worked to promote Internet banking services (FED Online) as an activity to improve and expand service access. The two main activities were (1) FED invest's monitoring of progress and provision of advice until the nationwide launch of FED Online, and (2) development and dissemination of financial and digital educational materials to promote FED Online. FED Online will be launched in 2020 in some branches. After a pilot launch, it was launched nationally in November 2021. The Endline Survey questionnaire also contained questions about the use of FED Online. The following are the main findings of the survey.

- ① 25% of the respondents were already registered with FED Online.
- ② There is no difference in registration rates between men and women.
- ③ The more highly educated segment of the population has higher enrollment rates.
- ④ Sixty percent of registrants use the system to inquire about loan repayment schedules, and 30% use it to inquire about checking account information.

(Source: Questionnaire survey)

First, with regard to (1), although the national launch was delayed to the end of the Project (5 months before the time of the survey) due to the COVID-19 pandemic and other factors, about 1/4 of the surveyed population has already registered with FED Online, which is a reasonably good registration rate. As Figure 2-10 shows, about 10% (14 of 122) of respondents who read the financial education materials registered for FED Online.

2.4.3 Financial Education of this Report, the active call for registration by digital advisors has been successful, and this can be attributed to other factors. However, according to the interviews, the number of members who have actually conducted some kind of transaction on FED Online is small. (Currently, the service is limited to functions such as account history, loan repayment schedules, and member-to-member transfers.)

As for (2), there was no significant difference in the registration rate of male respondents (24%) and female respondents (27%).

As shown in the table below, the registration rate tends to increase as the educational level of the respondents increases. The educational level of the respondents seems to be related to their digital literacy, suggesting the need to focus on digital education, especially for those who have not graduated from college, in order to improve the registration rate of FED Online.

Table 2-6 FED Online enrollment rates by education level

		registered	unregistered	total amount
Up to middle school	the number of people	10	46	56
	Percentage within the same education level	17.9% (in %)	82.1% (1)	100. 0
high school	the number of people	20	61	81
	Percentage within the same education level	24.7% (in %)	75.3% (%)	100. 0
post-secondary education institution, incl. university, college, etc.	the number of people	9	11	20
	Percentage within the same education level	45.0% (in %)	55.0% (1)	100. 0
total amount	the number of people	39	118	157
	proportion	24.8	75.2% (%)	100. 0

(Source: Questionnaire survey)

When asked what they use FED Online for, 60% of the registrants indicated that they use it to access their loan repayment schedule. In addition, 30% of registrants indicated that they use FED Online to check checking account information, such as transaction history and balances. On the other hand, only 6% of the registrants were using FED Online to conduct actual financial transactions such as member-to-member transfers¹⁰. For small farmers, the primary membership segment of FED invest, the use of checking accounts to transfer money among small farmer members is extremely limited, as confirmed by these results. These results confirm this. Therefore, in order to improve the convenience of FED Online, FED invest should obtain an operating license for interbank transfers and allow money transfers outside its membership.¹¹

¹⁰ What is the primary purpose of the remittance (e.g. payment to input material dealer?) If known, check with FED.

¹¹ We understand that the authorities have given permission for interbank transfers, but FED invest has not yet applied for a business license yet.

Table 2-7 FED Online features in use

	the number of people	proportion
Member-to-member transfers through checking accounts	3	6%
Loan Repayment Schedule Inquiry	29	62%
Savings account information (savings amount, schedule, etc.)	6	13%.
Checking account information (history, balance, etc.)	17	36%.
Other	4	9%.

(n=47) (Source: Questionnaire survey)

2.6.2 Activities to expand access through digital windows

The Project installed digital windows in seven branches (Tirana/Don Bosco, Lushnje, Elbasan, Fier, Vlore, Girokastra, and Divjaka) to serve as hubs for digital and financial education for clients, in line with the strategic marketing plan, and Supported the training of digital advisors who are responsible for customer service. The table below shows the results in terms of the number of users of new products and services through the digital windows. Since the digital advisors were hired young, digitally-savvy individuals, some success was achieved in promoting FED Online and ABA Online. In interviews with customers, many expressed appreciation for the detailed support provided by the digital advisors (e.g., how to download and use the applications). On the other hand, the program has not been as successful as expected in attracting new members, and the cost-effectiveness of the 10 months of results needs to be examined.

Table 2-8 Outputs of registrations through the digital window

Branch name	Don Bosco	Lushnje	Elbasan	Fier	Vlore.	Divijaka	Girokastra	total amount
FED Online Number of registrations	120	73	292	139	102	63	51	840
Number of checking accounts opened	5	24	59	24	2	21	7	142
ABA Online Number of registrations	16	206	406	228	72	131	171	1,230
utility bill payment Number of services used	16	66	219	133	342	203	128	1,107
Number of other products used	30	10	42	8	5	14	3	112
Number of new member registrations	2	27	46	2	5	20	9	111

(Source: FED invest MIS, data through mid-March 2022)

Interviews conducted with the digital advisors revealed the following opinions:

- It was effective for acquiring new customers to visit not only the branch to which they were assigned but also other branches in the vicinity. I would like to actively visit other branches in the future;
- Explaining how to open a checking account was very helpful to the clients, although many were skeptical of digital services due to their age group and found it very difficult at first.
- Promotional activities at neighboring universities are a possibility and we would like to consider implementing them in the future;
- Customer satisfaction has increased due to a greater variety of products and services;
- Modern digital equipment has been installed in the branch, which has improved the image of FED invest;
- While digital training is important, we realize that face-to-face customer communication is still the most important. The Project's communication training was helpful. (description in section 2.4.2 of this Report); and
- It would be more effective if digital advisors could also be involved in loan approval and other procedures.

Chapter 3: Outputs of the Support Scheme for the Purchase of Agricultural Inputs

3.1 Overview of Round 2 of the Input Material Purchase Support Scheme

In order to help impoverished small-scale farmers affected by the COVID-19 pandemic to continue farming (investment), the Project implemented the "Support Scheme for the Purchase of Agricultural Inputs" (hereinafter referred to as 'Input Support Scheme Round 1'), under which 250 farm households that newly applied to FED invest for a micro-loan for agricultural purposes (Mikro 1) during the period August - November 2020 would be supported to purchase agricultural inputs such as seeds, fertilizers and chemicals up to 40,000 ALL. The main objective of this scheme was to support the purchase of agricultural inputs whose prices had increased due to the COVID-19 pandemic, so that small farmers could continue to invest in agriculture. Another objective was to promote the use of checking account payments and ABA Online by requiring members and input dealers to open checking accounts and register with ABA Online.

The first round was well received by beneficiaries and input material dealers who cooperated with the scheme, and it was decided to increase the number of beneficiary households to 1,000 and to conduct the second round for members nationwide outside of FED invest's main sales area¹², which was not covered in the first round. Applications for Round 2 began to be accepted in April 2021, and by September 2021, a total of 1,000 applications had been approved, completing the scheme. (i.e., a total of 1,250 applications were approved for Round 1 and Round 2.)

Table 3-1 List of Regions Covered in Round 2 of the Input Materials Purchase Support Scheme

¹² 6 regions: Tirana, Elbasan, Vlore, Fier, Lushnje and Berat.

Round 1 Regions (Total 6) and Branches (Total 39)				Round 2 Regions (Total 15) and Branches (Total 21)							
DISTRICT		BRANCH		DISTRICT		BRANCH		DISTRICT		BRANCH	
1 TIRANE	1	UNAZA E RE	8 VLORE	27	RRUGA E RE	2	POGRADEDEC	13	POGRADEDEC		
	2	PAZARI I RI		28	HIMARE			14	ÇERRAVE		
	3	PETRELE		29	SKELE	3	KORÇE	15	KORÇE		
	4	BARZEZE		30	ORIKUM			16	BILISHT		
	5	KASHAR	10 FIER	31	NOVOSELE	4	LIBRAZHD	17	LIBRAZHD		
	6	VORE		33	VAJKAN			18	PRRENJAS		
	7	KAMEZ		34	LEVAN	5	GRAMSH	19	GRAMSH		
	8	MARIKAJ		35	FIER	7	PEQIN	26	PEQIN		
	9	ZALLHERR	11 LUSHNJË	36	SVA	9	SARANDE	32	SARANDE		
	10	SAUK		37	FIER 2	12	SHKODER	46	SHKODER		
	11	TIRANA E RE		38	DAULLAS			47	BUSHAT		
	12	21 DHJETORI		39	KEMISHTAJ	13	KOPLIK	48	KOPLIK		
6 ELBASAN	20	ELBASAN		40	LUSHNJË	14	LEZHE	49	LEZHE		
	21	MOLLAS		41	REMAS	15	PERMET	50	PERMET		
	22	GJINAR		42	KRUTJE	16 DURRES		51	DYRRRAH		
	23	BELSH		43	ÇERME			52	SHIJAK		
	24	CERRIK		44	DIVJAKE			53	MANZE		
	25	KUQAN		45	BUBULLIME	18	KAVAJE	57	KAVAJE		
				54	BERAT	19	GJIROKASTER	58	GJIROKASTER		
				55	URA VAIGURORE	20	KUKES	59	KUKES		
				56	KUÇOVË	21	LAÇ	60	LAÇ		

Agri Loan Year 2020	Total Round1	Total Round 2
Sum of sanctioned loans:	2353	374
Percentage:	86%	14%
Sum of active member:	56176	18027
Percentage:	76%	24%

3.2 Results of Round 2 of the Input Material Purchase Support Scheme

3.2.1 Effects on Small Farmers

The questionnaire survey and interviews revealed that Round 2 of the Input Purchase Support Scheme had the following positive effects on FED invest member smallholder farmers

- (1) 27% of beneficiaries used input material dealers they had never used before
- (2) 79% of beneficiaries received new agronomic advice from input dealers visited by the scheme
- (3) 77% of beneficiaries purchased the inputs they normally use, but in larger quantities than usual
- (4) 27% of beneficiaries purchased inputs they had never used before
- (5) Agricultural production in 2021 for 72% of beneficiaries increased compared to previous years (average increase of 16%)
- (6) 77% of beneficiaries increased their agricultural income in 2021 compared to previous years (average increase of 15%)

(Source: Questionnaire survey)

Regarding (1) and (2), since FED invest selected in advance the stores where beneficiaries can purchase input materials in the scheme and limited them to the stores that have agreed to cooperate in implementing this scheme, the use of new stores and It led to the acquisition of new advice. In addition, even during the COVID-19 pandemic, when the price of input materials has risen as in (3) and (4) above, it was not possible to purchase a larger amount than before, or the price was too high until now. It can be said that the purpose of supporting the continuation of agricultural investment by small-scale farmers was achieved because it provided an incentive to try out the input materials. It is noteworthy that as a result of obtaining new information and input materials, more than 70% of beneficiaries were able to increase production volume and agricultural income more than usual as in (5) and (6) above. It can be said that it is an achievement that should be done.

Visit to a new input material store under the Input Material Purchasing Support Scheme I bought fertilizer and pesticide following the advice of the clerk. Following the clerk's advice, I purchased fertilizer and insecticide. The company made the following changes: 30% increase in production as a result of using purchased inputs. The quality of the peaches has also improved, and the unit sales price has increased by 50 leks per lek. The number of leks/kg increased from 80 to 90 leks/kg, a 60-80% increase from the previous year.

As a result, income from peach production this year increased by more than 30%. I would like to use the same input material in the future.

-Mr. Qemal Terziu, Peach Farmer, Elbasan



(Source: interview transcript of the consultant team's July 2021 visit)

3.2.2 Effect on FED invest

The findings confirm that Round 2 of the Input Purchase Support Scheme had a positive effect not only on small farmers, but also on FED invest's business, and thus on the financial inclusion of small farmers, in the following four ways:

- (1) New members (15% increase), new loans (20% increase)
- (2) Continued investment in agriculture by existing members and strengthened loyalty to FED invest
- (3) Opportunity to pilot new services (checking account and ABA Online)
- (4) Increased collaboration with VC actors, suggesting the possibility of VC financing.

(Sources: interview results, FED invest MIS data, etc.)

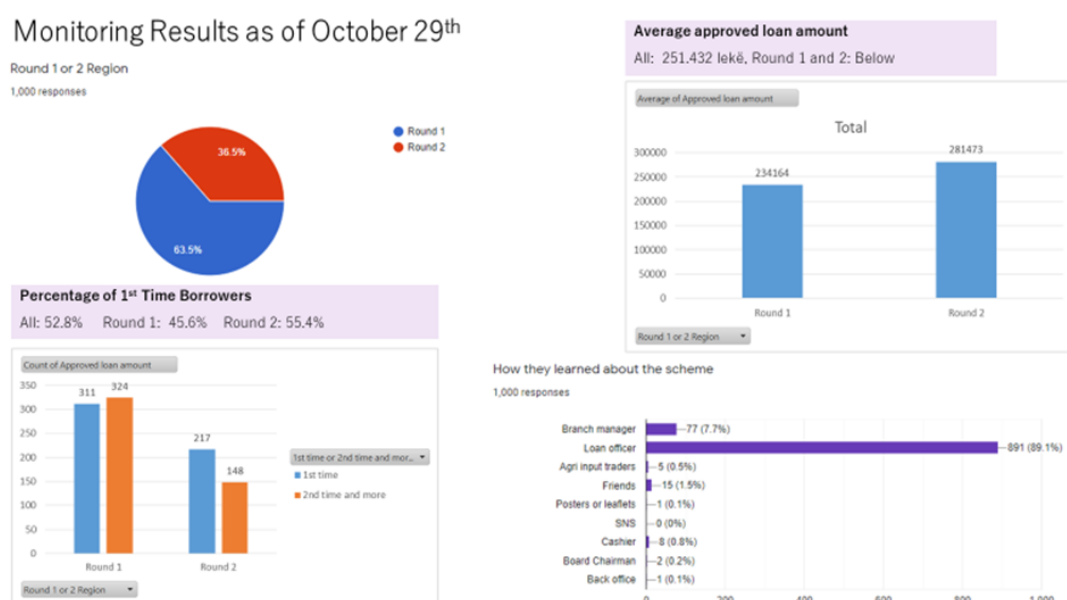
(1) Acquisition of new members

As the upper left-hand chart in Figure 3-1 shows, 64% of the 1,000 beneficiaries were in the "Round

1 region" (i.e., the traditional operating areas of FED invest that were also covered in Round 1), and the remaining 36% were in the "Round 2 region" (i.e., the new operating areas of FED invest that were newly covered in Round 2 region) members. As the table at the bottom of Table 3-1 shows, compared to the fact that 86% of loan applications in 2020 before the implementation of the input material purchase Support scheme were in the "Round 1 region" and 14% were in the "Round 2 region," the implementation of this scheme appears to have contributed to new loan development in the "Round 2 region. This result was achieved partly due to the fact that, after repeated discussions within the Project team, applications from the "Round 1 Region" were closed in the mid-way of the Round 2 implementation, and a period of time was set aside to accept applications only from the "Round 2 Region".

As the figure below left shows, 46% of the applicants were first-time loan applicants in Round 1 regions, 55% were first-time loan applicants in Round 2 regions, and the national average was 53%. Therefore, it can be seen that FED invest has gained new members nationally (and a higher percentage in the new operating regions) through the implementation of this input material purchase Support scheme.

Data from FED invest's MIS show that Round 2 of the Input Purchase Support Scheme increased FED invest membership by 15% and the number of loans by 20%.



(Source: Results of Round 2 Monitoring of the Input Purchase Support Scheme)

Figure 3-1 List of results of the second round of the input material purchase support scheme

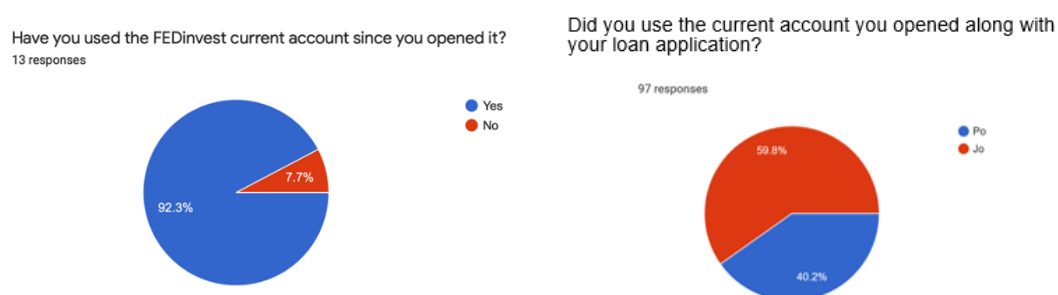
(2) Strengthen loyalty of existing members

Ninety-nine percent of the questionnaire survey respondents indicated that the Input Purchase Support Scheme helped them. As mentioned earlier, the input purchase support scheme helped FED invest members to continue their agricultural investments and increase their agricultural production and income. Many respondents said throughout the interviews that they had not received similar support from other Albanian organizations. In Albania as a whole, there is a culture of thinking that it is better not to trust a good story, and many commented that they were initially skeptical when they heard the explanation of this Scheme and were surprised when they actually received the support as described. For these reasons, the Scheme beneficiaries' liking and trust in FED invest increased, with 87% of respondents saying that they now want to use FED invest's financial services more often than before. Thus, it can be said that the Input Purchase Support Scheme contributed not only to FED invest's acquisition of new clients (Acquisition) but also to the retention of existing clients (retention).

(3) Opportunities to test and offer new services

As mentioned above, both Round 1 and Round 2 of the Input Purchase Support Scheme were implemented with one objective in mind: to promote the use of a new financial service, checking accounts, and a non-financial service, ABA Online.

The figure below shows the results of a survey of Round 1 participants conducted in December 2020, in which more than 90% of input dealers and more than 40% of member farmers indicated that they actually used the checking accounts opened under the scheme afterwards (input dealers are basically supposed to use the checking accounts because the scheme mechanism allows reimbursement of advances through checking accounts). Thus, one of the Outputs of the input purchase support scheme is that it has provided an opportunity for agribusiness operators and small farmers in Albania to be exposed to new financial services.



(Source: Results of Round 1 questionnaire for the input material purchase support scheme)

Figure 3-2 Percentage of checking account utilization by participants in the Input Materials Purchase Support Scheme
(Left: input material store, Right: farmer)

(4) Strengthening of cooperation with VC actors

In the Survey among input dealers after the completion of the first round, all responding dealers stated that they were proud to have participated in the Scheme and to have been able to help farmers in Albania who were struggling, and many said that they were happy because the farmers were happy. Many of the input dealers interviewed also indicated that they had gained new customers as a result of participating in the input purchase support scheme, and many had gained new connections with FED invest.

One of the reasons for the secondary effects on small farmers described in 3.2.1 (i.e., income enhancement through the use of agronomic advice, which was not initially expected as part of the scheme design) was that many of the input dealers linked to the Scheme were ABA Online users, and many of them were very active in promoting ABA Online. ABA Online contains information on various crops and inputs, and the core experts who provide this information are leading experts in the fields of agriculture and dairy farming in Albania. Therefore, some of the agronomic staff of the input dealers showed the relevant information pages of ABA Online to their customers as information to support their agronomic advice, thus gaining the trust of their customers and encouraging them to use ABA Online. In this way, the input purchase support scheme also contributed to the diffusion of ABA Online.



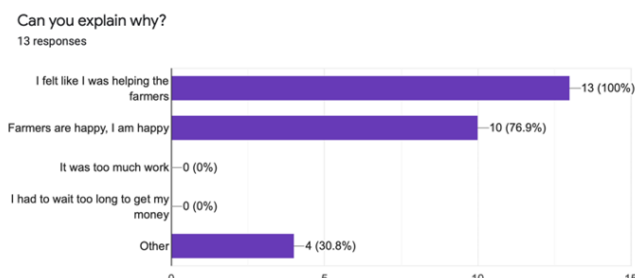
I recommend to my customers fertilizers that are 50% more expensive per kilo than many fertilizers sold in other stores. Small farmers tend to want the cheapest inputs possible, but using high-quality fertilizers produces high-quality crops and higher yields, so it should always pay off for the farmer. I was very happy to see a recent article by an expert on ABA Online recommending fertilizers from my store. Now I can recommend this fertilizer to my customers with more confidence than before.

-Mr. Valder, input material dealer, Bubullime, Lushnje

(Source: interview transcript of the consultant team's July 2021 visit)

Many input dealers indicated that their customers usually purchase inputs at the beginning of the season on an informal agreement with the input dealer to 'make the payment later basis' and pay for them after the produce is harvested and sold. The fact that many farmers were able to increase their agricultural production and income by purchasing larger quantities or higher quality inputs through the Input Purchase Support scheme suggests the possibility of value chain finance, in which FED invests help farmers purchase inputs in the form of loans rather than assistance. This suggests that

FED invest could be a value chain financier that helps farmers purchase inputs in the form of loans rather than support. In this regard, FED invest has also indicated its willingness to do so as a priority action for the future.¹³



(Source: Results of Round 1 questionnaire for the input material purchase support scheme)

Figure 3-3 Feedback from input material dealers on the input material support scheme

20 customers in my store for the input material purchase support scheme have arrived. Twelve of these were new customers, and some have since become regular customers. with FED invest.

The ties with FED invest are now much stronger than ever. The head of the company (pictured left) and I introduce each other's clients to each other and to the new requesting the introduction of a new financial service (bank to bank transfers). I have been doing this and more.

-Mr. Ilmy Sylja, owner of input material dealer, Kukes



3.1.3 Summary of results of the input material purchase support scheme

Through both the first and second rounds of the input purchase support scheme, a total of 1,250 small farmers were assisted in purchasing agricultural inputs totaling 50 million Albanian leks. Not only did the Scheme achieve its original objectives of sustaining small farmers' investment in agriculture and promoting access to new financial/non-financial services, but it also had a number of secondary effects in advancing financial inclusion in Albania. Although the Input Purchase Support Scheme was an "outside the box" activity designed and implemented in a response to COVID-19 (i.e. not stipulated in the Project's PDM), it is worth mentioning that the Scheme was able to achieve these

¹³ As progress on value chain financing to FED invest.

results thanks to the wisdom and efforts of all parties involved, including JICA, FED invest, input dealers, and the Japanese consultant team.

Chapter 4: Analysis of the PDM Indicator Achievement Status

4.1 Analysis of the Factors Contributing to shortage of Meeting the Project Purpose indicators

As described in Chapter 2 of this report, unfortunately, the Project did not achieve the Project Purpose target indicators during the Project implementation period. This was mainly due to the following three factors:

- (1) In the design of the PDM, the "Project Purpose" indicators, "increase in the number of new customers," were set as a (natural) Output resulting from the "Output" level indicators, namely, "provision of new products and services." As a result, overly ambitious numerical values were set for the Project Purpose indicators.
- (2) The Project team missed the timing of the "Project Purpose" target figures, in order to make them more realistic. (One of the reasons is because the team was too preoccupied with coping with COVID 19 influence and ensuring implementation of Project activities rather than meeting the target indicators.)
- (3) Consideration should have been given to adding indicators other than those originally established in the PDM (e.g., the number of financial products used by existing clients of existing FED invests, etc.) as reasonable indicators to represent "Project goals," but there was insufficient time to do this.

Each of the above three points is explained below.

Regarding (1), regarding the "hierarchy of objectives" in PDM, theoretically speaking, the Project Purpose indicators are considered to be achieved when the Outputs are achieved and there are no significant external factors hindering the situations. However, in this PDM, it became clear toward the end of the Project that there was actually more of a gap or distance between the "Outputs" and the "Project Purpose" than was initially assumed when the PDM was constructed. In other words, there is a gap/distance between the "provision of new products and services" and the "increase in the number of new customers," and several steps or processes must be taken in order to move from the achievement of the former to the latter (e.g., new products and services must first be utilized among existing members and feedback spreads by word of mouth, etc., leading to the acquisition of new customers, etc.). For this reason, even though the Project achieved almost all of the "Output" level indicators, it was not able to move up the hierarchy of objectives naturally to the achievement of the "Project Purpose" indicators.

While the above points should have been taken into account when determining the numerical

indicators for the Project Purpose (as of September 2019), the Project team, including the JCC members, did not have a clear recognition of the gap between the above PDM indicators until near the end of the Project. At the 4th JCC meeting (held in October 2020), it was proposed and agreed to review the indicators for the Project Purpose and to consider the possibility of adding not only the number of new members but also the number of active members to the Project Purpose. However, the same problem of a gap between the above-mentioned "Outputs" and the "Project Purpose" existed with regard to the number of active members. As for the trend of the "number of active members," as already mentioned, it can be said that currently it only tracks the number of members with loan or deposit balances on the FED invest system, and was not necessarily an indicator of the utilization of a wide range of new financial products.

At least two factors can explain (2). First, the procurement and implementation of the new CBS for Output 3 took considerably longer than originally expected due to a combination of various factors (it took about two years from the start of the Project, and the new CBS went live in November 2019), and as a result, the development and launch of the new financial product was also delayed. As a result, the PDM numerical indicators could not be defined until mid-2019, shortening the time frame in which the effects of the introduction of the new financial instruments could be obtained.

Second, the global outbreak of COVID 19 in early 2020 had a significant impact on the implementation of this Project. In particular, the development and provision of "new financial products and services," which are most relevant to this section, were affected by the following factors: 1) FED invest was forced to postpone the development and rollout of new products for almost a year due to the moratorium on loans and restructuring requests; 2) Related to 1) above, nearly 60% of FED invest's branch loan officers contracted corona, which directly affected FED operations; 3) The inability of ABA centers to provide face-to-face services has forced the development of an ABA business plan Stage 1 for 2020 and the piloting of ABA online; and 4) FED invest has been forced to delay the development and rollout of new products for almost a year. 5) As described in this report, the FED's operations in Albania have been affected by a small-scale ABA Project, as described in Section 3.1. of this Report. Many small farmers in Albania were severely affected by the new coronary disease, which affected their access to financial products, as described in Section 3.2.1.

Regarding (3), from the perspective described in (1) above, the introduction of new numerical indicators was considered within the Project team in the preparatory stage of the 6th JCC (January 2022), but from the perspective of appropriateness as PDM indicators, etc., the time required for consideration was insufficient and it was not discussed at the actual JCC. (See the description of these numerical indicators in this report.)

4.2 Analysis of Outputs not represented by PDM indicators

(For more information on these numerical indicators, please refer to the description in this report).

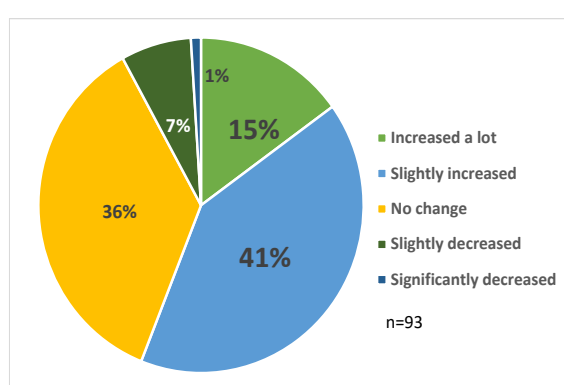
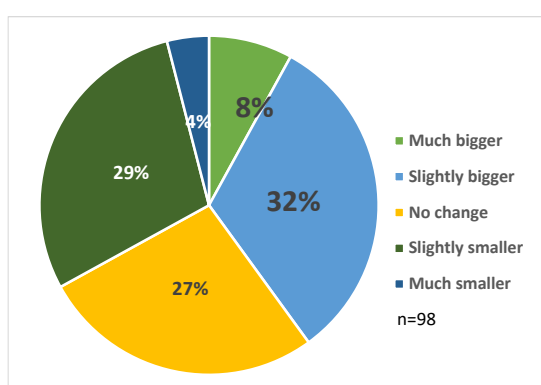
4.2 Analysis of Outputs not represented by PDM indicators

As mentioned above, the indicators on the PDM aim to achieve the "provision of new financial products and services" at the "Output" level, while the indicators on the "Project Purpose" aim to achieve the "acquisition of new customers", and it has become clear that there is a certain gap between the "Output" and "Project Purpose" toward the end of the Project. On the other hand, in terms of the Project Purpose of "increasing financial inclusion and deepening the use of financial services by small farmers," some more direct indicators of Project activities were observed than the numerical increase in new members in Indicator 1 of PDM.¹⁴ The table below presents such data.

Table 4-1 Non-indicators of results

	Baseline (June 2019)	As of March 31, 2022
Number of members who used at least one type of product or service	103 persons ¹⁵	9,562 persons
Cumulative number of users of utility service	0	7,083 persons
Cumulative number of checking accounts opened	0	10,814 persons

(Source: FED invest MIS)



¹⁴ These are the indicators described in 4.1 ③ that the Project team considered reflecting in the PDM prior to the 6th JCC meeting.

¹⁵ Previously, the number of members using both time deposit and loan services was very small; over the past three years, the number of members using multiple services, including checking and utility bill service use, has increased significantly.

**Figure 4-2 Amount of loans received from
FED invest
Comparison with 3 years ago**

(Source: Questionnaire survey)

**Figure 4-3 Frequency of loans received
from FED invest
Comparison with 3 years ago**

As shown above, although the growth rate of the number of active members was low, the frequency and number of services used by each existing member and the amount and frequency of loans per member increased, indicating that the degree of use of financial products has deepened.

In addition, the following data on indicators related to "users of non-financial services," if "users of non-financial services" is taken in a broad sense, can also be used as a reference for measuring Outputs.

Table 4-2 Non-PDM Indicators for Outputs Related to Nonfinancial Services

data item	March 2022	May 2022
1. Number of Unique Viewers ¹⁶ that have viewed ABA Online content, including expert technical articles, videos, and financial education materials	219,732 views	236,871 views
2. Number of Views on the ABA YouTube Channel ¹⁷	68,407 views	74,916 views
3. Number of ABA Facebook Viewers	435,291 reach ¹⁸	519,377 reach
4. Number of financial education materials viewed on the FED invest website	3,952 views	4,284 views
5. Number of views of ABA expert technical information, financial education, and digital literacy content on FED invest's Facebook	27,902 reach	36,279 reach
6. Number of viewers on YouTube for FED invest	942 views	1,031 views

(Source: FED invest IT team)

¹⁶ Unique viewer is a measure of the number of visits on a browser and is the net number of people who visited a site during a given period of time. It is the total number of visits (visits) minus duplicates.

¹⁷ Views of those who watched on ABA Online (1) and those who watched directly on YouTube overlap.

¹⁸ Number of users who saw the post. Reach is usually counted so as not to duplicate the same user. However, if accessed by different devices or browsers, they are measured as separate users.

Thus, while the Project did not achieve the Project Purpose target indicators on the PDM, it did achieve almost all of the Output indicators, and there are several non-PDM indicators that indicate the achievement of Project Purpose.

Chapter 5: Sustainability Considerations for Project Results

The following is a discussion on the medium- and long-term sustainability of the Project results examined thus far in this Report.

5.1 Considerations for each aspect of sustainability

(1) Policy and fiscal aspects¹⁹

Regarding Albania's financial inclusion policy, the Minister of Finance and Economy confirmed in her speech at the Project's Final Seminar (May 2022) that financial inclusion and financial education are important policies for the Ministry. In particular, with regard to financial education, the Central Bank of Albania has recently taken the lead in formulating the National Financial Education Policy and has re-invigorated its activities for the dissemination of financial education.

As the implementing agency for this Project, FED invest is a private organization, the "business plan" or "business strategy" is the over-riding policy that sets the direction of the organization. FED invest is an organization that is widely trusted not only by its clients, but also by Albanian society as a whole, and it is highly likely that FED invest will continue to play a role in the financial inclusion of rural Albania in the future. The potential for FED invest to continue to play a role in the financial inclusion of rural Albania is high.

(2) Organizational aspects

Two elements of organizational sustainability need to be considered: first, the sustainability of the implementing agency, FED invest, as an organization, and second, the sustainability of the Project results, which has been enhanced by the "institutionalization" of the Project activities.

a. Study of sustainability of FED invest and ABA Center as an organization

As previously mentioned, FED invest had a difficult management in FY2020 due to the impact of the COVID 19 pandemic, but in 2021, with support from the EU Guarantee Fund and other sources, the business situation improved in a relatively short period of time. Currently, FED invest is not recognized as having any challenges in continuing its corporate activities. Of course, as an organization that is transforming itself from a traditional SCA (Savings and Credit Association) to a more modern financial institution with a strong presence, it is true that there are various issues that

¹⁹ In a standard set-up of a JICA-financed Project, it is assumed that the government organization is the C/P, so we understand that "financial aspects" are included in the relevant section from the perspective of "whether the policy is financially backed. However, since we believe that the financial soundness of FED invest as a private financial institution is an element to be considered in the "organization" section, we included the discussion in "(2) Organizational Aspects".

will naturally need to be addressed in the future, but these are not considered to fall under the scope of this section and are therefore not described in detail.

On the other hand, there are important issues regarding the organizational sustainability (especially financial sustainability) of the ABA Center established with the support of this Project. Since the Endline Survey basically focused on obtaining feedback from beneficiaries and Project stakeholders on the activities implemented and services provided during the Project period, the issue of the future financial sustainability of the ABA Center was not included in the main survey questions. Therefore, it is difficult to present data based on the results of the Endline Survey on this matter.

The commitment of FED invest's management to the continued operation of the ABA Center is strong. However, there are concerns expressed from various stakeholders, including FED invest itself, that it would be burdensome for FED invest to cover the operating costs of the ABA Center for Output 2 on its own for more than a certain period of time, given that the Center's financial independence is currently yet to be ascertained. However, FED invest management appears to be more concerned about securing short- and medium-term support from JICA and other donors than ensuring the profitability of the ABA Center itself. The ABA Center's Stage 2 Business Plan also reflects this thinking. The sustainability of the ABA Center will be determined by the strategies developed and implemented by FED invest and the new manager of the ABA Center to achieve financial independence.

b. Improvement of sustainability of Project results through institutionalization

Several key points can be made in this regard, as follows. As it is illustrated in this Report with specific example of the "customer-centricity," the Project aimed to strengthen institutionalization of various aspects of Project impact. The "customer-centric" approach has been a value that FED invest has prided itself on as a member organization since before the Project began, but through the Project activities, the practice has taken root among FED invest's organization and staff in a structured and concrete fashion, and as a result, prospects for sustainability has improved. The main Project activities related to the Project included the following: (1) The main Project activities involved drafting and implementing a Strategic Management Plan (SMP) and developing a standard service standards manual, as well as supporting the establishment of a department responsible for member care functions and staff training. The result was the "institutionalization" of client-centeredness, including the following specific examples; (2) The needs assessment survey and the COVID impact study were widely recognized within FED invest as very good tools for systematic information gathering. Establishment of a process for collecting and utilizing feedback, such as conducting pilot tests prior to the rollout of new products and services, and utilizing the feedback in product design. (3) Establishment of a "Customer-Centric Committee": the customer-centric approach was formally institutionalized in the decision-making structure of FED invest in 2020 with the establishment of a

"Customer-Centric Committee," a forum elected by the General Assembly. This forum operates on a regular basis and aims to implement customer-centricity at all levels.

(3) Technical aspects

Regarding the technical aspects, the Project made important contributions to the sustainability of the Project results. The most important elements are (1) the implementation of the new CBS, which provided the basic IT environment for FED invest to function as a financial institution contributing to financial inclusion in rural areas in a sustainable manner (see 2.3 of this Report), and (2) its contribution to the acceleration of digitalization in various areas.

Regarding (2) above, the Project's flexible response by actively adopting digital technology in the face of the COVID 19 pandemic helped turn the crisis of the coronary pandemic into an opportunity, ensured the Project results, and ultimately contributed to the early recovery of FED. The flexibility of the Project in adopting digital technology in a proactive manner helped to turn the crisis of the Corona pandemic into an opportunity and ensured the Project results were realized. Examples of digital technologies implemented by the Project in the Corona Pandemic include the following: (1) The Project team quickly transitioned communications, including monthly management meetings and quarterly meetings, to online meetings to ensure and maintain close communication within the Project team; (2) With respect to the ABA Center's service offerings, the focus was on developing a service delivery channel that would put ABA online at the center; and (3) The Project provided tablets for FED investment staff and created opportunities to enhance their skills through online training as the best preparation for the launch of new products and services.

(4) Others (social, cultural, environmental, etc. aspects)

As evidenced by the many comments made by participants at the Project's final seminar, the Project's results have been well received by Albanian stakeholders, and we believe there is social momentum to support the sustainability of the Project's results.

5.2 Synthesis on sustainability of Project results

Taken all of the above into consideration, the sustainability of the Project results as a whole is considered relatively high.

However, as noted above, significant challenges remain regarding the sustainability of the ABA Center, and while the commitment of FED invest management to the continued operation of the ABA Center is strong, the concrete prospects for the Center's financial self-sustainability is unclear. FED

invest management is more concerned about securing short- and medium-term donor support from JICA and other donors than ensuring the profitability of the ABA Center, and Stage 2 of the ABA Business Plan reflects this thinking. The sustainability of the ABA Center will be determined by the strategies developed and implemented by FED invest and the new manager of the ABA Center to achieve financial independence.

Attachment7 : Endline Survey Interview Record

End-line Survey In-Depth Interview Sheet (Branch Officer)

Name of Interviewer	Honda and Kodai (note taker)
Date & Time of Interview	24/03/2022, 14:00 – 15:00
Place of Interview (including online interviews)	FED invest Përmet Branch
Name of Interviewee	Mr. Hysen Teme, Loan Officer (In his early 50s?) Mr. Klaudio Nebiaj, Cashier (28 y/o)

Q1. Branch Profile (Establishment year, no. of members, member composition (urban-rural, male-female, old-young), typical business of members, loan and deposit portfolio, staff members, etc.)

- The branch was established in 2016 as FED invest, not as a merger of different associations. The branch is directly supervised by the headquarter (Eldi).
- There are two staff members at the branch. Both of them joined FED invest in July 2021 when the branch was somehow "re-opened". Mr. Teme, loan officer, has an experience of working at Raiffeisen Bank as a director (of what??) and NOA as a regional manager of Gjirokastër. Mr. Nebiaj, cashier, joined FED immediately after he finished school.
- Loan portfolio of the branch is 24,000,000 lek as of today, which was doubled since Mr. Teme joined. Deposit portfolio of the branch is 70,000,000 lek.
- The total no. of members at the branch is 394. About 200 are active members. 60-70% are rural members. 50% are female members. Mr. Teme prefers to offer service to female members because he thinks that they are more responsible.
- The most typical business of the members in the area is livestock, and then vineyard.
- Some of the members live very far from the city center (e.g. 40 km away), so those people come to the city only once a month and try to complete all the payments in one day. Mr. Teme usually contacts those members by mobile but sometimes drives to the doors of the members when necessary.

Q2. New Financial Service Introduced by Project (Current account, utility payment, FED online, youth loan, summer deposit, etc.)

- Electricity bill payment service started at this branch in February. 9 members, most of which were loan repayors, paid bills at the branch in February. This month until today (20 to 31 of the month are payment days), there have been 9 members who paid bills at the branch. They expect the number to grow up to 15 for this month.
- People prefer to pay electricity bills directly at the office of the electricity company because people know that collectors from post office sometimes steal collected money. That might be one of the reasons why there are very few members who pay electricity bills at the branch.
- People doesn't use FED Online because of the same reason to ABA Online (See Q6).

Q3. Marketing and Customer Centricity Training (Have you participated the events? How did it change your work and FED invest? etc.)

-

Q4. FED invest Changes during the Project Years (Service conditions, communication with

officers, customer-centric culture, etc.)

- From his experiences of working at NOA, Mr. Teme thinks that FED invest is better because it provides a variety of service, on the contrary to NOA, which provides only loan, and also because FED is more transparent in terms of hidden cost, thereby he receives no complaint from his members.

Q5. Financial Education (Leaflets, digital window, does it help your business? Any improvements required? etc.)

- There are no financial education materials placed at the branch. The two officers joined FED after the first distribution of the education materials, so they did not know about the education materials.

Q6. ABA (ABA Online, ABA training events, ABA promo contests round 1 & 2, does ABA help your business? any improvements required? etc.)

- ABA Online is not used so much because of low digital literacy of the members in the area, and also because of their distrust to digital technologies. They fear losing money, using the Internet Banking.
- Mr. Ermir, Digital Advisor at Gjirrokaster, comes to the branch twice a month (Ermir said in the next day's meeting that he goes to Permet once a month) to promote ABA Online, etc. However, even after his explanation, members refuse to install the app to their phones because of this fear of using the Internet technologies.

Q7. CBS and Hardware Introduction (How did it change your work and FED invest operation? etc.)

- N/A (Because they recently joined FED).

Q8. Input Support Scheme (COVID19 impact in the area, did it help your business? etc.)

- There were nine beneficiaries at the branch. Seven out of those nine were new members. Those beneficiaries said good words about FED invest, after receiving the support, and brought more new members to the branch.
- The beneficiaries were able to purchase inputs at lower prices because immediately after they were benefitted from the support the input price increased sharply.

Q9. Next Actions for the Sustainability of FiAS / FED invest Activities (Financial and ABA service, etc.)

- There are not so many things that can be done in this area with a small population and aged people. Young people go to Greece to earn money. There is a potential for agrotourism in this area. It is still an informal business.

Q10. Other Comments and Feedbacks (if any)

- N/A

Quotations from the interview

- "Input support scheme has spread good words about FED invest and helped our branch to increase its membership."

End-line Survey In-Depth Interview Sheet (Branch Officer)

Name of Interviewer	Honda(note taker) and Kodai
Date & Time of Interview	25/03/2022, 12:00 – 13:00
Place of Interview (including online interviews)	FED invest Girokastra Branch
Name of Interviewee	Ms. Ketu Ceko, Branch Manager

Q1. Branch Profile (Establishment year, no. of members, member composition (urban-rural, male-female, old-young), typical business of members, loan and deposit portfolio, staff members, etc.)

- The branch was established in 2016 as FED invest, not as a merger of different associations.
- There are Four staff members at the branch. (Branch manager, Loan Officer, Cashier, and Digital Advisor)
- Loan portfolio of the branch is about 45,000,000 lek and deposit portfolio is about the same, as of today.
- Girokastra is a small town, but there are many financial institution offices on the main street and competition is very tough.
- The total no. of members at the branch is 592, and about 250 are active. Since members need guarantor members when they get loan, most of them can be said 'Active' members.
- The most typical business of the members in the area is livestock, bee keeping and other agriculture.
- They cover the tasks as back office for Permet and Tepelene branch.

Q2. New Financial Service Introduced by Project (Current account, utility payment, FED online, youth loan, summer deposit, etc.)

- FED Online is still very limited usage as registration process is complicated, and there is very limited functions. It can be used only on Website, so it's preferable to develop App. Payment through current account is basically for business usage, but it is not suitable for farmers as the amount they are dealing is very small.
- Only 3~4 among 100 customers use on-line repayment through current account. But Ms. Kati sees it positively, as she believe F2F interaction is very important for financial service, she would like to talk and check about their business situation when they come to the office for repayment.
- Member to member payment is also not used so much. Because they need to go to Reifeisen Bank for cash out and it's troublesome.
- There are about 50 customers for utility payment. People prefer to pay directly to the OSHEE office as they don't trust as there are always trouble. Because of the reason, she started marketing with her relatives and her personal contacts. It is useful as she use this opportunity for cross selling of other FED services. (loan etc) There is OSHEE office upstairs of the branch office, so she made personal effort to reflect data of payment immediately.

Q3. Marketing and Customer Centricity Training (Have you participated the events? How did it change your work and FED invest? etc.)

- N/A

Q4. FED invest Changes during the Project Years (Service conditions, communication with officers, customer-centric culture, etc.)

- From his

Q5. Financial Education (Leaflets, digital window, does it help your business? Any improvements required? etc.)

- There are many customer who just through away the brochure they distribute, so she selects customer who are most likely to be interested and have intelligent level, in order not to waste the materials.
- She also distributed materials at bus terminal. She put leaflet on vacant sheet with her phone number, but there is no call so far, and found it's not efficient.

Q6. ABA (ABA Online, ABA training events, ABA promo contests round 1 & 2, does ABA help your business? any improvements required? etc.)

- Online service (ABA Online and FED Online) is still too early for their customers in Albania, in her opinion. But she thinks it is necessary for future, and introducing such service is showing a corporate vision and perspective of FED invest to the customers. (even though they are not using so much at this moment.) It will take more time for penetration, it's still just a first stage.
- Digital literacy of the customers is very low, and very few customers are using it even though it's very simple.

Q7. CBS and Hardware Introduction (How did it change your work and FED invest operation? etc.)

-

Q8. Input Support Scheme (COVID19 impact in the area, did it help your business? etc.)

- There were about 30 beneficiaries at the branch. Existing members consist higher proportion, but including dormant members. It is very beneficial scheme to FED invest to differentiate with other organizations as there are no such organizations in Albania including the government providing direct support.
- Since it is very new experience for everyone, they faced difficulty to convince customers in the first place, but information has spread word of month by farmers.
- It's very effective to get new customers and also boost trust of existing customers for FED invest. It has changed the customers' mentality, as they usually think financial institutions are always taking money. It contributed to improve reputation of FED invest. She also feels very proud of organization, as she got many good words from customers.

Q9. Next Actions for the Sustainability of FiAS / FED invest Activities (Financial and ABA service, etc.)

- Digital service with long perspective

Q10. Other Comments and Feedbacks (if any)

- N/A

Photo



End-line Survey In-Depth Interview Sheet (Branch Officer)

Name of Interviewer	Honda(note taker) and Kodai
Date & Time of Interview	25/03/2022, 13:00 – 13:30
Place of Interview (including online interviews)	FED invest Girokastra Branch
Name of Interviewee	Mr. Emir Duga, Digital Advisor

Q1. What kind of project activities were you involved in and what roles did you play? What were your overall experiences and learnings from taking part in the Project activities?

- He talk to walk-in customers in the branch office. There are few customers (around 20?) so he visits other branches (Permet and Tepelene) once a week. Since there are few customers in other branches as well, there is no need to visit other branches more often, in his opinion.
- In rural areas, trust is very important, so it's difficult for a new person like him to be heard. So it's difficult to go around and talk to strangers.
- He also makes marketing phone calls to the exiting members, about 100 calls per month. Since it's a small branch, HQs does not set any target. He calls to members through his and other branch staff's personal connection. He is utilizing training contents (how to communicate with customers).
- He agrees that walking out of the office and reaching out to the new customers might be solution, but in reality, it is very difficult since Girokastra office is functioning as a back office for 3 branches, and it is very busy, and he is supporting tasks other than his TOR as digital advisor. (Off the record...)
- He made some achievements to convince members to take new loan through phone call marketing. He got information of the new customer by his personal contacts.
- He doesn't know if customers are actually using digital service (ABA, FED Online), since they haven't conducted survey, but through casual conversation like he had today with Mr. Jovani, he found out that they are actually using it.

Q2. Please explain how the Project contributed to your own or organization's business or activities. Please also explain how the Project contributed towards capacity development and culture of your organization and staff, especially from the "customer centricity" point of view.

- Training for how to make phone call was very beneficial as there is a manual how to talk step by step and it is very practical.

Q3. What will be the next steps for you and your organization in achieving your own or organization's mission, following-up the outcomes of the Project?

- Digital literacy of the customers is very low.

Other comments and feedbacks (if any)

- He feels it's difficult to carry on marketing activities if there is no new service or products.

- He is a member of farmer family and practicing farming during weekend. He provide advice on agriculture to other branch staff when necessary.
- He himself sometimes uses ABA Online, ask expert function. He asked question what kind of chemical he should use, and got answer, and satisfied.

Photo



End-line Survey In-Depth Interview Sheet (Branch Officer)

Name of Interviewer	Mr. Sabah Guxha
Date & Time of Interview	28/03/2022, 13:50 – 14:50
Place of Interview (including online interviews)	A restaurant near FED invest Kukes Branch
Name of Interviewee	Kokdai (note taker)

Q1. Branch Profile (Establishment year, no. of members, member composition (urban-rural, male-female, old-young), typical business of members, loan and deposit portfolio, staff members, etc.)

- The branch was opened three years ago. It started as FED invest from the beginning.

- They have 350 members. Because the branch was recently opened, they can say that most of the members are active. 80% of them are rural and 20% are urban members.
- They have a loan portfolio of 76,000,000 lek, which is increasing by 20,000,000 lek per year. 60% of the loan portfolio is composed of Mikro 1 loans. Their deposit portfolio is 500,000 lek.
- The main agricultural products of the area are potatoes (no.1 in the country), wheat, corn and orchard such as apple and vineyard.

Q2. New Financial Service Introduced by Project (Current account, utility payment, FED online, youth loan, summer deposit, etc.)

- Current account service started in Kukes in August 2021. Only 5 or 6 out of 175 loan borrowers puts their money in the current account and automatically repay their loan from the current account. Those 5 or 6 members run guesthouse or hair dresser business.
- The branch manager tells his members that live in far areas (such as Has and Tropoje) to open a current account at Raiffeisen Bank from which they send money to FED's Raiffeisen account for repaying a loan from FED invest because it costs less than sending cash every time with a commission of 200-300 lek/time.
- Long ago, in the northern part of Albania, the old government declared that citizens didn't have to pay for electricity, so people haven't paid for electricity for many years. However, in 2013, the new government took a reform and demanded the people to pay for electricity including unpaid fees for the previous years. Therefore, almost 100% of the people in the north area need to pay their monthly fees together with the unpaid fees. Because FED system does not support payment of unpaid fees, no members pay electricity bills at FED invest because it just duplicates their efforts. The same story is applicable in other FED branches in the northern area such as Shkoder.
- There were several Krediz4 applications, and some of them were approved.

Q3. Marketing and Customer Centricity Training (Have you participated the events? How did it change your work and FED invest? etc.)

- N/A

Q4. FED invest Changes during the Project Years (Service conditions, communication with officers, customer-centric culture, etc.)

- N/A

Q5. Financial Education (Leaflets, digital window, does it help your business? Any improvements required? etc.)

- They distributed the materials to members who came to the branch. The cashier explained how to use Kakeibo and FED Online to members.

Q6. ABA (ABA Online, ABA training events, ABA promo contests round 1 & 2, does ABA help your business? any improvements required? etc.)

- The branch staff downloaded ABA Online app for all the members, but there is no such a system to collect feedbacks from users, so the branch staff does not know whether their members actually use ABA Online or not.

- Many of their members are from old generation so not good at using digital tools.

Q7. CBS and Hardware Introduction (How did it change your work and FED invest operation? etc.)

- N/A

Q8. Input Support Scheme (COVID19 impact in the area, did it help your business? etc.)

- There were 25 beneficiaries in Kukes Branch. 20 went to Mr. Ilmy Sylva's shop in Kukes, while 5 went to another trader's shop in Has.
- Out of 25, 15 or 16 were new members.

Q9. Next Actions for the Sustainability of FiAS / FED invest Activities (Financial and ABA service, etc.)

- It is necessary to strengthen collaboration with MARD for promoting ABA. He met with MARD extension officers in Kukes last week together with Ornela and Eldi. He hopes to gain new members from ABA.
- It is their daily task to increase the no. of members. There are not too many things that can be done. They just keep contacting people by phone call. It is also important to extend a reputation on fast procedures from application to disbursement.

Q10. Other Comments and Feedbacks (if any)

- Competition with other financial institutions such as NOA, BESA and Agrocredit is harsh. Agrocredit is a governmental institution that was reformed recently and now starting to do a good business.

Quotations from the interview

- "Input support scheme was a skillful weapon that helped us to gain new members. Echo of the scheme is still there and bring farmers to knock the door of FED invest."

Photo



Mr. Sabah on the left.

End-line Survey In-Depth Interview Sheet (Branch Officer)

Name of Interviewer	Ms. Suela Bilali
Date & Time of Interview	28/03/2022, 15:00 – 15:30
Place of Interview (including online interviews)	FED invest Kukes Branch
Name of Interviewee	Kodai (note taker)

Q1. Branch Profile (Establishment year, no. of members, member composition (urban-rural, male-female, old-young), typical business of members, loan and deposit portfolio, staff members, etc.)

- N/A

Q2. New Financial Service Introduced by Project (Current account, utility payment, FED online, youth loan, summer deposit, etc.)

- N/A

Q3. Marketing and Customer Centricity Training (Have you participated the events? How did it change your work and FED invest? etc.)

- N/A

Q4. FED invest Changes during the Project Years (Service conditions, communication with officers, customer-centric culture, etc.)

- N/A

Q5. Financial Education (Leaflets, digital window, does it help your business? Any improvements required? etc.)

- FED needs to look at the applicant's financial record when s/he applies for a loan of more than 300,000 lek. In this sense, having a financial record on Kakeibo can help FED invest's business.
- She learned how to use Kakeibo from the cashier of the branch, who had participated in one of FED invest's regular staff training sessions that include general topics such as ABA Online, etc.
- She thinks Mr. Driton, who actually uses Kekeibo, is not a typical Albanian farmer because he asks his wife to take care of the household's financial matters.
- More leaflets / booklets are required as they have already run out.

Q6. ABA (ABA Online, ABA training events, ABA promo contests round 1 & 2, does ABA help your business? any improvements required? etc.)

- N/A

Q7. CBS and Hardware Introduction (How did it change your work and FED invest operation? etc.)

- The old system, which was called "Branchless Banking (BB)" had limited functions. With introduction of Flexcube, new services such as current account and payment were made possible.
- Flexcube can also host more customer information (such as monthly income) that requires more efforts for data entry at the first loan application but less efforts at the second loan application and after. By having more information on the system, a loan officer can have a clearer view of their members that helps him/her to collect and foresee repayments.
- The system creates a model repayment schedule. Customer information is sent to an economist at the headquarters. At the same time, the member's credit history is obtained from the credit bureau. After all this, repayment schedule is finalized.
- With Flexcube loan approval process is much faster.

Q8. Input Support Scheme (COVID19 impact in the area, did it help your business? etc.)

- N/A

Q9. Next Actions for the Sustainability of FiAS / FED invest Activities (Financial and ABA service, etc.)

- N/A

End-line Survey In-Depth Interview Sheet (Branch Officer)

Name of Interviewer	Honda(note taker) and Kodai
Date & Time of Interview	30/03/2022, 12:00 – 13:00
Place of Interview (including online interviews)	FED invest Lac Branch
Name of Interviewee	Mr. Kastriot Pirori, Branch Manager Ms. Brisilda Preci, Loan Officer

Q1. Branch Profile (Establishment year, no. of members, member composition (urban-rural, male-female, old-young), typical business of members, loan and deposit portfolio, staff members, etc.)

- The branch was established in March 2019. There are three staff members at the branch. (Branch manager, Loan Officer, Cashier)
- Loan portfolio of the branch is about 100 million lek with about 200 loan, and deposit portfolio is about 60 million lek, as of today. For deposit, there are only 10 members, but one customer deposits 12 million lek who received insurance payout by Greek company as he got accident.
- The total no. of members at the branch is 407, and about 200 are active.
- Members: 70% is rural and 30% is urban.
- The most typical business of the members in the area is livestock, small agriculture (mostly for self-consumption) and orchard .
- 60% of members is below 40 years old.
- Mr. Kastriot has worked at Reiffeisen bank and NOA for long time, and many customers come to the branch due to his personal connection. Other 2 staff also has many personal connection from their previous job (Ms. Brisilda was working as finance at a private company), so customers come through such connections.
- When Mr. Karriot was working with NOA, he was known for reducing PAR 16% to 0.02%.When FED invest was searching staff for opening a new branch as Lac, they head-hunted Mr. Kartiriot as many local people mentioned his name.
- There are many banks in the town, but a main competitor is UniFin, who provide very low interest rate loan. (6% for 1000Euro)

Q2. New Financial Service Introduced by Project (Current account, utility payment, FED online, youth loan, summer deposit, etc.)

- Lac branch is one of the pilot branches for utility payment service since last May, but not good turnout. 10% of population in Albania mainly in northern part don't pay utility and have over-due balance. Unless they complete the over-due payment, they cannot pay other than electricity office. There are many such people in this area, not many people are eligible to pay utility at the branch.

- Total transaction is 68 from Jan to March this year. Most of them are non-members, pay at the branch in cash.
- Only advantage of FED invest utility payment service is low commission comparing to other places. (They only need one-time membership fee).
- Current account is used for loan repayment. Almost all members are put a certain amount in the account and use automatically deduction from the account. (He does not know the reason for higher rate of using the service comparing to other branches.)
- He thinks FED invest should consider to introduce cash in-out function, as he thinks there is enough security at this branch. (As the office was ProCREDIT branch before, security measures are already established.)
- Krediz4 is being sold well. There are 7 loan approved last month. All of them are new customers.
-

Q3. Marketing and Customer Centricity Training (Have you participated the events? How did it change your work and FED invest? etc.)

- N/A
- As most of customers are through their personal connection, it does not much affect relationship with customers.

Q4. FED invest Changes during the Project Years (Service conditions, communication with officers, customer-centric culture, etc.)

- N/A

Q5. Financial Education (Leaflets, digital window, does it help your business? Any improvements required? etc.)

- Ms. Brisilda got some training by HQs, but not in details, due to internet connectivity problem. She used materials for explaining FED Online, as it is practical and understandable for the customers.
- They don't know detail about other materials, but Mr. Kastriot highlighted the importance for book-keeping based on his experience. One of his customers who is running a mid-size business applied 4 million loan but he didn't have any financial record, so Mr. Kastriot instructed him to do book-keeping for 6 months and come back with the record. Only after 2 months, he came back as he found there is 7 million turnover which he never realized until he keeps record. Mr. Kastriot said there is very few people even who run business keep financial record properly, so this kind of practice is really in need and important.
-

Q6. ABA (ABA Online, ABA training events, ABA promo contests round 1 & 2, does ABA help your business? any improvements required? etc.)

- Some customers are using services such as ask expert, and it resulted in new loan. (the story is noted by Sylva for the success story)
- Middle-large size farmers (who are Micro2 – 1.5 million loan customers) are using ABA Online because they have needs, but small farmers are not, as they don't see necessity (their produce is too small and no need to check price etc...). but majority of farmers in the area is small farmers

- Digital literacy of the customers is very low, and very few customers are using it even though it's very simple.
- They don't know any information if customer use it or not, as there is no system to get feedback.

Q7. CBS and Hardware Introduction (How did it change your work and FED invest operation? etc.)

- After new CBS implementation, there are more information and variety of service. Process got faster. Having more customer information made it safer to provide loan. (Default rate has been decreased but it's mainly related to health issues not related to CBS...)
- SMS reminder for loan repayment is sent out from HQs based on the information on the system. Some customers are bothered by frequent message, but some customers appreciate reminder, it depends. Mr. Kastriot believes F2F interaction is most important, so they directly contact customers at least once a month.

Q8. Input Support Scheme (COVID19 impact in the area, did it help your business? etc.)

- There were about 6 beneficiaries. All of them except 1 are new customers.
- The number is low because they started late. It was difficult to convince input traders to participate in the scheme, as most of them prefer cash payment and they don't believe it will be really materialized. Only 1 trader who has long relationship with Mr. Kastriot agreed due to the trust with him.

Q9. Next Actions for the Sustainability of FiAS / FED invest Activities (Financial and ABA service, etc.)

- TV promotion

Photo



End-line Survey In-Depth Interview Sheet (Branch Officer)

Name of Interviewer	Ms. Bujar Chembo
Date & Time of Interview	02/04/2022, 10:00 – 11:00
Place of Interview (including online interviews)	FED invest Berat Branch
Name of Interviewee	Honda (note taker)

Q1. Branch Profile (Establishment year, no. of members, member composition (urban-rural, male-female, old-young), typical business of members, loan and deposit portfolio, staff members, etc.)

- The branch was established in 2009, consists of 3 offices. (Ura Vajgurore and ?? They started in 2016 and 2017) Mr. Bujar is supervising 3 offices. Total staff # of 3 offices is 13. Total # of members is about 3000, 1700 are active. 85% of members is rural and 15% is urban. 65% is male and 35% is female.
- Total loan portfolio is 147 million lek, total deposit portfolio is almost same, 142 million lek.

Q2. New Financial Service Introduced by Project (Current account, utility payment, FED

online, youth loan, summer deposit, etc.)

- The number of users for utility payment service is increasing. It is not a pilot branch, and started service 3-4 months ago. In the first month, # of users is about 40 as it was difficult to promote in the first phase, but it is increasing around 40 every month, and it is 160 this month (March).
- Many users are non-members, who just drop by the office and pay. This is good promotional tools for cross selling and acquiring new customers, as it is commission free. There are many competitors in the areas, so it is good to offer different service.
- They faced difficulty in opening current account in the first stage as there are many documentation were required. It is in high demand by traders, but they requested ATM service. Demand is increasing.

Q3. Marketing and Customer Centricity Training (Have you participated the events? How did it change your work and FED invest? etc.)

- N/A

Q4. FED invest Changes during the Project Years (Service conditions, communication with officers, customer-centric culture, etc.)

- N/A

Q5. Financial Education (Leaflets, digital window, does it help your business? Any improvements required? etc.)

- Mr. Bujar thinks record keeping is necessary and important, and staff members got training and information of the contents. They deliver the contents through daily interaction with customers. Not many customers are interested. He thinks they need to approach to young generation.

Q6. ABA (ABA Online, ABA training events, ABA promo contests round 1 & 2, does ABA help your business? any improvements required? etc.)

- He got feedback from customers that field training and core experts advice are very helpful.
- Many customers are checking price, but they requested to update the data more frequently. There are also many requests to post market price of the wholesale market in this area, as it is the main area for greenhouse vegetable for export, and there is a main wholesale market.

Q7. CBS and Hardware Introduction (How did it change your work and FED invest operation? etc.)

- During 8 years Mr. Bujar's career with FED invest, there were 3 times changes of the system. Flexcube is flexible and it speed up process.
- Old systems had less information of customers, so it was easy to input data, but there is no archive function, so it took long time to search the data. (He used to search old folders) In flexcube, it is easy and fast to find the customer information.
- It enabled them to offer new service such as utility payment which is very helpful for business.

Q8. Input Support Scheme (COVID19 impact in the area, did it help your business? etc.)

- # of beneficiaries first round 38, second round 41. (3 offices total) 80% is existing members and 20% is new customers.
- It is very helpful to support for farmers who were in difficult conditions due to the pandemic. It was simple and easy process. It benefited a lot for small size loan takers.
- It helped to spread good image of FED invest all over the area.

Q9. Next Actions for the Sustainability of FiAS / FED invest Activities (Financial and ABA service, etc.)

- N/A

Q10. Other Comments and Feedbacks (if any)

- The number of staff of this branch has been increased recently, and business (# of loan) is expanding steadily even under the COVID pandemics.

Quotations from the interview

- N/A

Photo



End-line Survey In-Depth Interview Sheet (Branch Officer)

Name of Interviewer	Mr. Hysen Lilaj
Date & Time of Interview	01/04/2022, 12:00 – 13:00
Place of Interview (including online interviews)	FED invest Ura Valgurore Branch
Name of Interviewee	Honda (note taker)

Q1. Branch Profile (Establishment year, no. of members, member composition (urban-rural, male-female, old-young), typical business of members, loan and deposit portfolio, staff members, etc.)

- The branch was opened in 2015. Mr. Hysen has been working with FED invest for 7 years. Before that, he was working for the governmental micro finance agency for 22 years. This office is under supervision of Berat branch. (So they call it 'office' not 'branch')
- They have 907 members. About 600 members are active. 96% of their customers are farmers. Main products are olive, fruits (orchard), and greenhouse vegetables.
- Average loan size is 300-350k, and most of them are Micro1 customers.
- The number of customers is increasing every year, but they are leaving to graduate to commercial banks.

Q2. New Financial Service Introduced by Project (Current account, utility payment, FED online, youth loan, summer deposit, etc.)

- Usage of utility payment service is low, because majority of customers in this branch is small loan takers and repayment timing is varied (not only once a month), so the timing usually doesn't match with the date for utility payment service. About 15-20 per month service users. It is increase though.
- All staff (2 loan officers) and cashier didn't know that non-member can pay by cash. They said they didn't get enough training.

Q3. Marketing and Customer Centricity Training (Have you participated the events? How did it change your work and FED invest? etc.)

- N/A

Q4. FED invest Changes during the Project Years (Service conditions, communication with officers, customer-centric culture, etc.)

- N/A

Q5. Financial Education (Leaflets, digital window, does it help your business? Any improvements required? etc.)

- They didn't know anything, as there is no material distributed to this office.

Q6. ABA (ABA Online, ABA training events, ABA promo contests round 1 & 2, does ABA help your business? any improvements required? etc.)

- Since there is good promoter in this area (Mr. Vizhoti?), there are many good users of ABA online. Mr. Hysen observes that about 100 his customers are using it, especially they see market price.
- Input Support Scheme was good push to further promote usage of ABA online. Members started to learn each other and it helps expansion.

Q7. CBS and Hardware Introduction (How did it change your work and FED invest

operation? etc.)

- Before he was using much simpler and easier system, so it was very difficult for him to operate in the beginning, since he needs to put more information, and there are much more data in the system. Also, main menu is in Albanian language, but many other domains are still in English, thus difficult for him to explore.
- Since it is very small town, and he basically knows about customer data very well already in his head (so no need CBS), but he thinks this kind of system will help organization in long run, as he will not stay forever, and all the information can be handed over to new staff.

Q8. Input Support Scheme (COVID19 impact in the area, did it help your business? etc.)

- There were 30 beneficiaries in this branch. 20 are existing members, and 10 are new members.
- New members were very skeptical in the beginning, but started to believe by seeing the success of existing members. They got information by words spread by mouth.
- It was dealt by 2 traders. All the procedures went smooth in general. Only problem was since there were only 2 traders, customers complained that they wanted to purchase by other traders who sell the products much cheaper. They had problem that the contracted traders put some extra prices.

Q9. Next Actions for the Sustainability of FiAS / FED invest Activities (Financial and ABA service, etc.)

- TV promotion at national television.

Photo



End-line Survey In-Depth Interview Sheet (Branch Officer)

Name of Interviewer	Honda (record)
Date & Time of Interview	04/04/2022, 11:00 – 12:00
Place of Interview (including online interviews)	FED invest Belsh branch
Name of Interviewee	Mr. Beli Dervish, branch manager of Belsh Mr. Dritan Qosja, loan officer of Elbasan

	(They sit together for interview)
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Q1. Branch Profile (Establishment year, no. of members, member composition (urban-rural, male-female, old-young), typical business of members, loan and deposit portfolio, staff members, etc.)

<p><Elbasan></p> <ul style="list-style-type: none"> It is the oldest branch of FED invest. Mr. Dritan has been working for FED invest for 10 years. # of total members is about 2300, active member is about 45%. Total loan portfolio is about 100 million lek, total deposit is about 207 million lek. <p><Belsh></p> <ul style="list-style-type: none"> It was established 2002. Office location has been changed 4 times, and the current office is very new. Mr. Beli has been working for FED invest for 11 years. # of total members is about 1200, and about 500 are active. Most are rural customers. Total loan portfolio is about 130 million lek, and total deposit is 500 million lek. It is one of the best sales branch of FED invest. He doesn't know why deposit amount is so higher than other branches, but he assumes that the area was very productive and rich at the communism time, and after that so many people went migrated to overseas. Those migrants make saving here, as interest rate is high.
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Q2. New Financial Service Introduced by Project (Current account, utility payment, FED online, youth loan, summer deposit, etc.)

<ul style="list-style-type: none"> 90% of active members has current account, but not so much used. He strongly feels that more proactive promotion is necessary to explain them about benefit of the service, as most of customers don't know about it. It should be easier to customers to repay loan automatically (or just telephone call) by the current account, rather than they come to the branch office. About 15% of the total customers are currently using such service. FED invest is new player for utility payment service in the market, and there are lots of other means, so it is difficult to disseminate. In Belsh, it is small town with 33000 population and most people are senior and they get pension, so they pay utility to the post office when they receive pension. There was 44 cases in March, and aiming to 50 next month. In Elbasan, it is located in the city, the number is a bit higher, about 90 cases per month. Most of them are members. (Based on the contract with OSHEE, payment should be accepted only by members. Non members can pay only through member's account. There is no case so far that non-member become member for utility service.

Q3. Marketing and Customer Centricity Training (Have you participated the events? How did it change your work and FED invest? etc.)

<ul style="list-style-type: none"> N/A

Q4. FED invest Changes during the Project Years (Service conditions, communication with officers, customer-centric culture, etc.)

<ul style="list-style-type: none"> FiAS project has started right after the transformation of FED invest from ASC, so there has been so much change, not only because of the project. But the project has helped a lot for the transformation period, especially for the aspect of digital transformation of the

organization. It is very meaningful to appeal to young customer segment. Mr. Dritan values particularly the impact of ABA, since most of the customer of this area are rural and difficult to contact directly so frequently.

Q5. Financial Education (Leaflets, digital window, does it help your business? Any improvements required? etc.)

- They are using the materials as friendly tools to promote service when they communicate with customers and they find it very effective. It is a bit difficult to promote to senior customers, so they put more focus on young generation and those who return from migration.

Q6. ABA (ABA Online, ABA training events, ABA promo contests round 1 & 2, does ABA help your business? any improvements required? etc.)

- There are so many customers who are using it and it is very helpful. Especially experts' advice is very helpful. Also field demonstrations have been conducted and it was very much appreciated by customers. He wishes that kind of activities will continue even after the project finishes. Demonstration videos are also useful and easy to understand with simple message, and showing practical technique. It is adjusted to the understanding level of farmers. Concrete advice for quality input is also appreciated by farmers.
- There are many voices that market price is helpful, as before they were exploited by traders as they didn't know the prices. Now they can check the price, and negotiate with traders.

Q7. CBS and Hardware Introduction (How did it change your work and FED invest operation? etc.)

- They are very proud to have such state of art technology which is usually used by top commercial banks. It made easier and safer their work. (They heard that Oracle has highest security system, so they feel comfort to use the customer data.)
- When they input data and if they make mistake, the system has function to correct it automatically, so it is very helpful.
- Comparing with the previous system, they need to register data twice for security reason, so it takes more time for registration in the first place, but once data is input, it is faster and easier to retrieve as it has archive function.

Q8. Input Support Scheme (COVID19 impact in the area, did it help your business? etc.)

- Elbasan has 60 beneficiaries for the first round. There were much more needs, but it was stopped as it was instructed by HQs that it should be distributed to new branches. Belsh has 9 beneficiaries for the first round and 44 for the 2nd round. About 30% was new customers. Mr. Beli is happy as they will be continuously FED invest customer.
- There was a successful case of peach farmer who use a new trader with good agronomical advice, and increase his produce. He keeps relationship with this trader. (Please refer to the success story)
- It has helped greatly to achieve loan portfolio target of the both branches, as it was very good tool for them to promote new loan. At the time of pandemic, risk for agriculture investment was very high and members were hesitant to take new loan. Thanks for the scheme, risk has been reduced.

Q9. Next Actions for the Sustainability of FiAS / FED invest Activities (Financial and ABA service, etc.)

- ABA online is very good tool for farmers, so it should continue, but focus on the following most used 3 functions; 1. Ask Expert, 2. Market price, 3. Online market.
- For farmers, improvement of product quality is very much needed, and information of newly introduced fertilizer in the market, how to use it, how it's effective, is very required and beneficial.

Q10. Other Comments and Feedbacks (if any)

- # of active members is not increasing in the past 2 years, but it is largely due to COVID, and they think it is great success of FED invest that the number did not decrease despite such difficult circumstance. They have good hope for future expansion.



End-line Survey In-Depth Interview Sheet (Branch Officer)

Name of Interviewer	Honda (record)
Date & Time of Interview	06/04/2022, 12:00 – 13:00
Place of Interview (including online interviews)	FED invest Petrele branch
Name of Interviewee	Mr. Besnik Merko, Regional manager (Tirana Rural) Ms. Aferdita Mulgeci, Branch manager, Petrele

Q1. Branch Profile (Establishment year, no. of members, member composition (urban-rural, male-female, old-young), typical business of members, loan and deposit portfolio, staff members, etc.)

- This is one of the oldest branch of FED invest. It started from the beginning, and in 2002, 5

- small offices of ASC has merged. The branch has 2 staff (manager and cashier)
- Ms. Aferdita has been working with FED invest for 12 years, started as a cashier, transferred to Vlore branch for 4 years. FED invest is like a second family for her.
 - It has 754 members and about 200 are active. 80% of the members are farmers, remaining 20% are also somehow engaging in agriculture even though it's not main income source.
 - Total loan portfolio is 64.619 million, and deposit is 38 million.
 - Mr. Besnik is supervising rural Tirana region which has 8 branch offices.

Q2. New Financial Service Introduced by Project (Current account, utility payment, FED online, youth loan, summer deposit, etc.)

- Usage of utility payment service in this branch is slow, she said it will take time for people to understand and trust to start to use it. It was about 10 cases per month, but they had 25 cases in March, so the number is increasing gradually. There has been only 1 case in this branch to pay utility and loan repayment from their current account.
- Most customers are still using cash. There are about 15 members who put extra amount in their current account.
- There was only 1 application so far for Kredi Express. The applicant was very young, and he was required family members authorization (and they didn't approve), so the application was declined.

Q3. Marketing and Customer Centricity Training (Have you participated the events? How did it change your work and FED invest? etc.)

- She participated in the marketing training in 2019. It was very effective through conducting games and practical exercises. It is beneficial for her daily task, especially she is practicing how to communicate and approach to customers. (behavior, smile etc.) When she communicates with customers, now she tries not only listen to their problem, but she tries to 'feel' their problem together.

Q4. FED invest Changes during the Project Years (Service conditions, communication with officers, customer-centric culture, etc.)

- They appreciate very much there are many good materials are provided.

Q5. Financial Education (Leaflets, digital window, does it help your business? Any improvements required? etc.)

- She is introducing the contents and distributing materials to the customers when they come to the branch. She is also distributing materials at the bars, because there are only a few bars where all senior people get together. They are not very much interested in reading thick brochure with lots of explanation, so simple 2 page leaflets are more acceptable for them.
- It is difficult to promote digital materials because most of the customers in this area are senior people and there is no internet connection in mountain areas. She tries to promote it to young generation.

Q6. ABA (ABA Online, ABA training events, ABA promo contests round 1 & 2, does ABA help your business? any improvements required? etc.)

- In this branch, there are more than 100 registrations. She doesn't check how many members are using and how often they are using, but at least 50 members are using it regularly based on conversation she had with customers.
- Most customers appreciate technical information on agriculture and livestock such as disease control and vaccination information. Less people are interested in market price, since most of them are very small scale and producing mainly for self-consumption, and it is near to Tirana and there are many restaurants in the area, their main buyers are those restaurants in the area and they don't sell it to traders, so not so much in need to check market price.

Q7. CBS and Hardware Introduction (How did it change your work and FED invest operation? etc.)

- They are very happy to have such an advanced software which is used by big commercial banks. They needed to work more to input data in the first stage, but now it gave them convenience as they can check customers' financial history very easy and quick. It made speed up the process. It is also good to enable to introduce new products and services.
-

Q8. Input Support Scheme (COVID19 impact in the area, did it help your business? etc.)

- Mr. Besnik said that at least in his area, negative impact by COVID was not that serious. At the first stage, financial activities have been slow down due to the future uncertainty and people are worried, so there are many request for loan restructuring. There were about 250 cases, and about 30% were approved, but once they can foresee the situation, after May 2020, everything got back normal, and request has stopped.
- # of applicants for the scheme in this area. 5-6 beneficiaries in round 1 and 20 in round 2 in Tirana rural total. They faced lots of difficulties to identify input traders who can collaborate with them, as they didn't accept but immediately cash payment. But after they started to see the result, they started to keen to collaborate, but the scheme has been closed till then.

Q9. Next Actions for the Sustainability of FiAS / FED invest Activities (Financial and ABA service, etc.)

- In order to expand the business, they feel they need to promote it to young people. There is only about 45 members who are under 35. When it started in 1996, most members were young, but now they are aging and no need to get loan. Whenever the old members get loan, co-signer should be their children, and try to pass it over to their children's generation. If members are over 60 years old, they provide the loan to their children.
- Even though the number of active members and new members are not so much increasing, loan portfolio and frequency of service use are increasing.
- Board members in the area are proactively promoting in the area. Personal connection is the most important. They are distributing brochures and leaflet, but real experience stories are most effective. (So ABA center success story is good promotion.)
- Mentality of the people here is not trust new things easily, so it is difficult to acquire new customers, but once they trust, it will continue long time.

Photo



Mr. Besnik, Cashier, Board member, Ms. Afredita, Board member

End-line Survey In-Depth Interview Sheet (Input Trader)

Name of Interviewer	Honda and Kodai (note taker)
Date & Time of Interview	25/03/2022, 9:30 – 10:20
Place of Interview (including online interviews)	FED invest Gjirokaster Branch
Name of Interviewee	Mr. Kristofor Jovani (In his early 50s?)

Q1. Profile (Business, FED invest membership status, etc.)

- He has his shop in Jorgucat, which is a town 20km away from Gjirokaster and close to the boarder with Greece.
- He sells a variety of agricultural inputs such as olive trees, beekeeping materials and animal feed (although his town is a difficult area for livestock business). He thinks that his customer only care about the price not the quality of products.
- Apart from his trader business, he himself also is a beekeeper although he is too busy to take care of bees by himself.
- He has been a member at FED invest since before participating in the support scheme. He had a deposit at FED invest. For payment, he uses Alpha Bank.

Q2. Input Support Scheme Experience (How did they get involved? no. of beneficiaries, products sold, benefits for their business, challenges throughout the process, etc.)

- FED invest contacted him to ask him to participate in the scheme.
- 5 or 6 beneficiaries visited his shop and purchased olive trees or else. All of them were new to his shop but none of them has returned to his shop after that (They might possibly come back when the new season starts).
- He thinks that it was a helpful support for farmers because of its fast procedures (beneficiaries benefited from the scheme immediately in the form of "cash").
- He himself thinks that the payment process (FiAS to his shop) was quick, fast and super.

Q3. ABA (Use of ABA Online, etc.)

- He himself has used ABA Online for promoting his product (beekeeping boxes of a high quality imported from Poland). He posted information of the product on ABA Forum, and actually received several inquiries from ABA Online users (mainly about the price but also from other regions). However, there has never happened an actual deal. One farmer purchased this product, not via ABA Online, and is likely to purchase more in the future.
- Himself being a beekeeper, he sees ABA Online videos useful.
- He has never used ABA Online information when marketing or selling his products. However, after interviewers suggested him to use ABA information for his business, he showed his interest in becoming a promoter of ABA Online and selling all his products.
- He participated in an ABA promotion event held in Fier in October 2021 because he wanted to learn something new from the event.

Q4. Use of Current Account and Other Financial Service

- He right now uses his current account only for payment of electricity bills. He wishes to use it for bigger transactions in future.

- He thinks that he can also receive payment from his customers at his current account but most of his customers are poor farmers that cannot afford to buy his quality but relatively expensive products quite often, so there will not be so many opportunities for such transactions to happen.
- In such cases where his customers purchase high-price products, he accepts late payment without any interests.

Q5. Relationship with FED invest (Did it become stronger? Will you continue to collaborate with them? etc.)

- After participating into the scheme, he now has more trust with FED invest and wishes to develop a win-win relationship between each other.

Photo



End-line Survey In-Depth Interview Sheet (Input Trader)

Name of Interviewer	Mr. Ilmy Sylva
Date & Time of Interview	28/03/2022, 11:40 – 12:10
Place of Interview (including online interviews)	At his shop which is in the city center
Name of Interviewee	Kodai (note taker)

Q1. Profile (Business, FED invest membership status, etc.)

- He sells various products. His monthly turnover is 4,000 euro in a high season while 800-1,000 euro in a low season (It is now a season for potato and then corn). He employs four workers apart from his family members.
- Some of his customers purchase seeds and pay later.

Q2. Input Support Scheme Experience (How did they get involved? no. of beneficiaries, products sold, benefits for their business, challenges throughout the process, etc.)

- There were 20 beneficiaries of the scheme at his shop, 12 among which were new members. Some of them came back to his shop because of a variety and a quality of products he sells.

Q3. ABA (Use of ABA Online, etc.)

- He participated in ABA Promotion Meeting held in Fushe Kruje last October, but he hasn't used ABA until now.
- He doesn't think that online market function benefits his business because he cooperates with other traders from Peshkopi, etc. to jointly purchase products from the Netherland or Germany. It is not wise that he alone tries to be benefited from online market.

Q4. Use of Current Account and Other Financial Service

- He does not use FED invest current account. However, he wishes to use it for tax payment, etc. if the FED account offers a service of payment to other banks. He has actually asked FED invest the possibility for that before.
- Instead, he uses current accounts at BKT or Raiffeisen (mainly BKT because of less charges) when purchasing products. He uses his BKT account for automatic payment of several utility bills.

Q5. Relationship with FED invest (Did it become stronger? Will you continue to collaborate with them? etc.)

- He requested an SME loan at FED invest before but didn't get it because XXXXX.
- He and FED Invest Branch Manager know each other since years ago. They have been introducing customers between each other.

End-line Survey In-Depth Interview Sheet (Input Trader)

Name of Interviewer	Honda and Kodai (note taker)
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Date & Time of Interview	30/03/2022, 10:20 – 11:00
Place of Interview (including online interviews)	His shop which is 3 km away from FED invest Lac Branch
Name of Interviewee	Mr. Artur Gjonaj

Q1. Profile (Business, FED invest membership status, etc.)

- He sells different kinds of animals (cow, mule, horse, etc.) and feed for animals. He deals with 6,000 heads of sheep and 600 cows per year. He also sells meat to shops in Tirana.
- He does his business together with his wife, his son (who is still a student) and (a) driver(s).
- He goes to every part of Albania (Sarande, etc.) to collect baby animals and sells them to his customers. When he is not able to physically go to collect animals, he uses his smartphone to communicate with his driver, who shows him a video of animals.
- He prefers to pay and receive cash and always do so. He has a debt of 15,000,000 lek that is uncollected from his customers. However, he is sure that he will get this amount back when his customers have profits.
- He has been a member at FED invest for four years. He has been a friend of the Lac Branch Manager since many years, so he moved to FED invest when the branch manager moved from NOA to FED. He has once received a loan of 4,000,000 lek.

Q2. Input Support Scheme Experience (How did they get involved? no. of beneficiaries, products sold, benefits for their business, challenges throughout the process, etc.)

- Since he prefers business with cash, he first didn't want to participate into the scheme because he can lose his trust if he chooses to go for bank transfer. However, he was persuaded by the branch manager and decided to join the scheme.
- There were two or three beneficiaries at his shop (Kodai: There were actually five according to the record. He was the only one in Lac). He found no difficulties throughout the scheme.

Q3. ABA (Use of ABA Online, etc.)

- He downloaded ABA app but never used it before because he is too busy with his daily work.
- He is interested in the online market function if that is made available in future.

Q4. Use of Current Account and Other Financial Service

- He has never used his current account at FED invest for other purpose than input support scheme.

Q5. Relationship with FED invest (Did it become stronger? Will you continue to collaborate with them? etc.)

- He will get a new loan from FED invest when needed.
- There is no need for "value chain finance" (FED invest finances farmers for purchasing inputs from his shop) because he is sure he can get back the debt.

End-line Survey In-Depth Interview Sheet (Input Trader)

Name of Interviewer	Honda (note taker)
Date & Time of Interview	01/04/2022, 13:00 – 14:00
Place of Interview (including online interviews)	His shop which is 5 min drive from FED invest Ura Valguore Office
Name of Interviewee	Mr. Sotiraq Vizhoti

Q1. Profile (Business, FED invest membership status, etc.)

- He sells different kinds of inputs (pesticide, fertilizer, seedlings etc), conducting business with his sons. He is also a Opinion Team member.
-

Q2. Input Support Scheme Experience (How did they get involved? no. of beneficiaries, products sold, benefits for their business, challenges throughout the process, etc.)

- 22 beneficiaries purchased inputs from his shop. (2 purchased seeds, and others purchased fertilizers and chemical). Most of them are the clients he already knew.
- All of them usually use cash to payment, but it become good incentive for them to start using formal financial service.
- Information has been spread by mouth by farmers.
- There were several very successful cases. One of his customers sent information of the scheme to his relative who is small farmer living in remote area. He got good quality inputs using this scheme and now he got good produces and income.
- The quality of inputs he is selling is not different from other traders, but it is government certified product, so farmers can buy them safely. There are so many vendors who are selling fabricated inputs, and farmers get loss.

Q3. ABA (Use of ABA Online, etc.)

- He has promoted ABA online and 220 registration has been achieved so far. He contacted each of his customers and explain it by showing video etc.
- It is difficult as most people are not familiar with new technology, and it's new product.
- It is recommended to conduct more F2F activities (training etc) in order to further expand ABA. Also he recommended to more closely collaborate with agriculture extension officers.
- He continue to promote ABA online as far as it exists, even though the project ends.

Q4. Use of Current Account and Other Financial Service

- He put some amount in the current account and use it for loan repayment. No customer use current account payment so far, but he has no problem to receive payment through current account if customer wish to do so.

Q5. Relationship with FED invest (Did it become stronger? Will you continue to collaborate with them? etc.)

- He has been a FED invest member since the beginning. Participating in the scheme further strengthen the relationship with FED invest.
- FED invest should reduce commission for loan, as it is difficult for small farmers.

Q6. Other Comments and Feedbacks (if any)

- In this area, 70% of farmers are growing vegetables for export purpose, so they were severely affected by COVID due to lock down. Price was drastically dropped, and no buyers, so there were exploitation by bad traders. Farmers know the retail price by watching it online, so the government intervention for price regulation is really necessary in such case.

Photo**End-line Survey In-Depth Interview Sheet (Member)**

Name of Interviewer	Honda, Kodai (note taker)
Date & Time of Interview	24/03/2022, 13:30 – 14:00
Place of Interview (including online interviews)	FED invest Përmet Branch
Name of Interviewee	Ms. Fidie Bregu
Questionnaire Sheet No.	007

Q1. Profile (Family, Business, FED invest membership status, etc.)

- There are four members in her family.
- She rears sheep and goats and sells meat, which is her main source of income. She rears her animals for a certain period of months and then sell the animals. She also does a small agriculture business.
- She joined FED in 2019 at Tepelenë Branch (the branch 30 mins away from Përmet Branch)

Q2. Use of Financial Service (Loan with input support scheme, current account, utility payment, FED online, youth loan, summer deposit, etc.)

- She has ever received two loans from FED invest. With the first loan in 2019 she borrowed 200,000 lek to purchase animals. With the second loan in 2021, which was associated with application to input support scheme, she borrowed 600,000 lek to purchase more animals to expand her business. The repayment period is four years. She has paid back an amount of one year until today.
- She does not use any other FED invest service. Her husband downloaded FED Online app but never used it.

Q3. FED invest Changes over the Past Years (Service conditions, communication with officers, do they cater to your needs better? etc.)

- She thinks that FED invest service, such as communication and the way they provide service, has improved between 2019 and today. FED invest is not so strict and tolerant enough accept late payment.
- She used to use FONDI BESA before she joined FED invest, but BESA offered higher interest rate and more penalty fees.

Q4. Financial Education (Leaflets, digital window? did it lead to use of the new service / the change of behaviors? etc.)

- She has never read FiAS financial education material (The branch was not provided with hard copies of the materials).

Q5. ABA (ABA Online, ABA training events, did it lead to the use of financial service? etc.)

- She has downloaded ABA Online app but deleted because of the data capacity of her smartphone.
- Her husband has downloaded ABA Online app but never used it before.

Q6. Input Support Scheme (COVID19 impact, what did you purchase with 40,000 lek? did you change your trader shop? did you purchase new input? did the increase your production / income? etc.)

- COVID19 decreased her sales in 2020 and 2021 because there was less demand from local market as a result of movement restrictions and closure of restaurants. She does not have business relationship with traders from other cities.
- She purchased animal feed with the input support scheme. She went to the same trader she used to buy from (Artan Naque) and purchased the same feed. However, she was able to purchase a larger quantity of nutritious feed (corn) than usual, so she was able to grow her animals heavier, which increased her profit by 8-10%.

- That was the first time for her to receive this kind of support.

Q7. Future Aspirations / Suggestion to FED invest (Financial and ABA service needs, etc.)

- She is interested in paying electricity bills at FED invest branch.

Q8. Other Comments and Feedbacks (if any)

- N/A

Quotations from the interview

- "With the support of 40,000 lek under the COVID19 pandemic, I was able to purchase more nutritious feed for my animals and to grow them bigger, so I gained more profit than usual years.

Photo



End-line Survey In-Depth Interview Sheet (Member)

Name of Interviewer	Honda and Kodai (note taker)
Date & Time of Interview	25/03/2022, 10:20 – 11:10
Place of Interview (including online interviews)	FED invest Gjirokaster Branch
Name of Interviewee	Mr. Dervish Dervishi (53 y/o)
Questionnaire Sheet No.	002

Q1. Profile (Family, Business, FED invest membership status, etc.)

- He has six members in his family (himself, his wife and four children). One of the children works with him; one goes to university; and the other two daughters live with him/his wife.
- He has 800 sheep and sells milk and meat as registered business. He goes up and down in mountains together with his sheep throughout the year. He does not do anything else as a

source of income. other than his sheep business.

- He is now a member at Gjirrokaster Branch but will move to newly-opened Tepelene Branch, which is nearer from his own village (Tepelene is 40km away from Gjirrokaster).

Q2. Use of Financial Service (Loan with input support scheme, current account, utility payment, FED online, youth loan, summer deposit, etc.)

- He became a member at FED invest in 2019 when he needed his first loan in his life to purchase feed for his sheep. The amount was 500,000 lek, which has been already repaid. His second loan was with the input support scheme, the amount of which was 200,000 lek again for purchase of feed. He is now repaying his second loan. He is thinking of borrowing his third loan if there is not enough rain in the coming season.
- His family uses electricity bill payment service instead of him when he is up on a mountain for taking care of his sheep.
- He puts some money in his current account, from which his loan is automatically being repaid on fixed days of each month. He sees benefits in this service because he stays most of his time living up on a mountain, taking care of sheep, which requires a 3-hour drive from his village and even more from the center of Gjirrokaster city.
- There is no electricity on top of the mountain so he does not bring a smartphone with him but uses a transceiver-like phone, the battery of which can last for 8 days. That is why he does not look at FED Online platform.

Q3. FED invest Changes over the Past Years (Service conditions, communication with officers, do they cater to your needs better? etc.)

- He has never tried any other financial institution before. He thinks FED invest as a serious, trustful institution with better rates. He chose FED invest after visiting several institutions.
- Ms. Katie, a loan officer at Gjirrokaster Branch, mentioned that he had benefitted from faster loan approval process in his second application because FED invest had already had his first loan history.

Q4. Financial Education (Leaflets, digital window? did it lead to use of the new service / the change of behaviors? etc.)

- He participated in a financial education event in Fier organized by FiAS (Edvald and Silvja?) in October 2021, in which he learned how to use FED Online and ABA Online. He was not forced to participate in the event but was eager to learn something from this event.
- He has ever looked at and read FiAS financial education materials, but he has never practiced something new after that. He has been keeping note of income and expenditure of his business since before that.
- He has never talked with a digital advisor of the branch.

Q5. ABA (ABA Online, ABA training events, did it lead to the use of financial service? etc.)

- He does not use ABA Online but his wife uses it to see training videos, which is useful for his business. He has never participated a face-to-face ABA event. He or his wife does not use any other function because, for example, there is no market price of milk shown on ABA Online.
- He answered to Honda's question that it would be a good idea if he could receive the same information by SMS or voice message.

Q6. Input Support Scheme (COVID19 impact, what did you purchase with 40,000 lek? did you change your trader shop? did you purchase new input? did the increase your production / income? etc.)

- He usually sells his milk to a small factory in his village and his meat to traders in Tirana. However, during the COVID19 pandemic, his sales decreases because of closure of restaurants and other business activities.
- With the input support scheme, he went to the same input trader in Tepelene and purchased the same feed that he usually purchases. The price of the feed increased during the pandemic, but with the support he was able to procure the same quantity of feed as that of usual years.

Q7. Future Aspirations / Suggestion to FED invest (Financial and ABA service needs, etc.)

- He will appreciate it if interest rates go down.

Q8. Other Comments and Feedbacks (if any)

- N/A

Quotations from the interview

- Input support scheme helped my business because it was a donation from a financial institution.

Photo



End-line Survey In-Depth Interview Sheet (Member)

Name of Interviewer	Mr. Dritan Muja
Date & Time of Interview	28/03/2022, 10:50 – 11:30
Place of Interview (including online interviews)	FED invest Kukes Branch
Name of Interviewee	Kodai (note taker)
Questionnaire Sheet No.	040

Q1. Profile (Family, Business, FED invest membership status, etc.)

- He has five members in his family (himself, wife and three children).
- He grows corn, wheat and some vegetables. Corn brings him the most of his income. He also does livestock, vehicle, and processing business.

Q2. Use of Financial Service (Loan with input support scheme, current account, utility

payment, FED online, youth loan, summer deposit, etc.)

- With the loan for the input support scheme, he purchased a cow but unfortunately the cow died.
- He does not use any other service at FED. He is exempted from paying electricity bills by the government because he had to move from his old house due to construction of the dam.

Q3. FED invest Changes over the Past Years (Service conditions, communication with officers, do they cater to your needs better? etc.)

- He likes FED because of low interest rate.

Q4. Financial Education (Leaflets, digital window? did it lead to use of the new service / the change of behaviors? etc.)

- He uses a Kakeibo booklet to record his expenditures. It was a new thing for him, so it was difficult at the beginning but now he finds it easy. He keeps a record of monthly expenditures of both his household and business. He and his wife together use the Kakeibo.
- There is no expenditure that can be reduced. However, after using the Kakeibo, he newly learned that the input price had been doubled compared to the previous year.

Q5. ABA (ABA Online, ABA training events, did it lead to the use of financial service? etc.)

- He downloaded the app but never used it before. His child looks at the app but doesn't share the information with him.
- He has participated in an ABA demonstration event that was arranged by Edvald and Silvja, and learned how to use it.

Q6. Input Support Scheme (COVID19 impact, what did you purchase with 40,000 lek? did you change your trader shop? did you purchase new input? did the increase your production / income? etc.)

- The support brought him more productivity because he was able to purchase all the necessary quantity of inputs thanks to the support. There was no governmental support.

Q7. Future Aspirations / Suggestion to FED invest (Financial and ABA service needs, etc.)

- N/A.

Q8. Other Comments and Feedbacks (if any)

- N/A.

Quotations from the interview

- "After I started to record my expenditures on Kakeibo, I realized that agricultural input price has been doubled compared to last year."

Photo



End-line Survey In-Depth Interview Sheet (Member)

Name of Interviewer	Mr. Hilmi Elezi
Date & Time of Interview	28/03/2022, 12:50 – 13:20
Place of Interview (including online interviews)	At his own bar
Name of Interviewee	Kodai (note taker)
Questionnaire Sheet No.	041

Q1. Profile (Family, Business, FED invest membership status, etc.)

- He is 64 y/o and has six family members in his family, but two daughters live in London and Tirana, so he lives with his wife and two other children.
- He owns a bar, a construction material shop and a tailor shop. The bar is his main source of income. Apart from these activities, he also does agriculture and livestock activities to support his life. He grows 40 to 80 chicken, 2 cows and bees.
- He has been a member (urban member) at FED invest since the start of Kukes Branch, which was 3 years ago. He is one of the first members in Kukes Branch. He knew the branch manager since the time when he worked for NOA.

Q2. Use of Financial Service (Loan with input support scheme, current account, utility payment, FED online, youth loan, summer deposit, etc.)

- He borrowed two times of loan from FED invest. The first one was 400,000 lek in 2019 for repairing his tailor shop. The second one was 150,000 lek in 2021 with the input support scheme for purchasing chicken, cows and two beehives.
- He uses no other service at FED invest.

Q3. FED invest Changes over the Past Years (Service conditions, communication with officers, do they cater to your needs better? etc.)

- For his second loan application, the procedures were faster, and he got the loan on the same day with lower interest rates because FED invest had his previous loan record.
- FED can offer a 1% less interest rate, less application fees, and less insurance fees for good customers.

Q4. Financial Education (Leaflets, digital window? did it lead to use of the new service / the change of behaviors? etc.)

- He has seen but never read the leaflets.

Q5. ABA (ABA Online, ABA training events, did it lead to the use of financial service? etc.)

- He downloaded the ABA Online app. He checks the prices just only for fun when he has time because agriculture/livestock is not his main business.
- He is planning to plant wheat, so he might "Ask Experts" to seek for advice.
- He has participated an ABA session in May 2021 which was arranged by Edvald and Silvja.

Q6. Input Support Scheme (COVID19 impact, what did you purchase with 40,000 lek? did you change your trader shop? did you purchase new input? did the increase your production / income? etc.)

- With the support he went to Mr. Ilmy Sylva's shop and purchased feed for chicken and cows (approximately 800kg). It was his first time to use Mr. Sylva's shop.
- He found the support useful because even after five or six months there still remain feed that he purchased with the support.

Q7. Future Aspirations / Suggestion to FED invest (Financial and ABA service needs, etc.)

- He wishes to have the same support in future.

Q8. Other Comments and Feedbacks (if any)

- N/A

Quotations from the interview

- "The support was very good for feeding my animals and adding chicken. The support diversified my economic activities because I would not have purchased new animals without

the support.”

End-line Survey In-Depth Interview Sheet (Member)

Name of Interviewer	Mr. Dionis Sokoli
Date & Time of Interview	30/03/2022, 11:10 – 11:40
Place of Interview (including online interviews)	FED invest Lac Branch
Name of Interviewee	Honda and Kodai (note taker)
Questionnaire Sheet No.	102

Q1. Profile (Family, Business, FED invest membership status, etc.)

- He is 30 y/o and has three members at his family (himself and his parents).
- He works as a full-time employee at a water supply company, but he also does livestock activities to support his life. He has two cows and sheep and sells milk and meat.
- He joined FED invest in 2021 to get his first-in-his-life loan for purchasing the second cow to increase his milk production. He was then recommended to apply for the input support scheme by the branch manager.
- He receives his water company salary in his account at Raiffeisen Bank, but he doesn't use the account for other purpose.

Q2. Use of Financial Service (Loan with input support scheme, current account, utility payment, FED online, youth loan, summer deposit, etc.)

- His loan amount was 200,000 lek. He compared the service between Raiffeisen and FED, and then chose FED. He thinks that FED invest is an institution of good behavior because they offer better conditions, their approval process is quick, and their staff members are friendly.
- He does not use any other service at FED. He wanted to register himself with FED Online but because of a technical issue, he was not able to do that.

Q3. FED invest Changes over the Past Years (Service conditions, communication with officers, do they cater to your needs better? etc.)

- N/A

Q4. Financial Education (Leaflets, digital window? did it lead to use of the new service / the change of behaviors? etc.)

- He has seen the leaflets, especially Kakeibo, but didn't bring them to his house.

Q5. ABA (ABA Online, ABA training events, did it lead to the use of financial service? etc.)

- He doesn't use ABA Online because he personally doesn't like digital devices. He thinks it a waste of time to use SNS.
- His major problem about his livestock activity is lower milk price compared to the prices of the same quality milk. However, milk price is well known by farmers so there is no need to look for the information on ABA Online.

Q6. Input Support Scheme (COVID19 impact, what did you purchase with 40,000 lek? did you change your trader shop? did you purchase new input? did the increase your production / income? etc.)

- He purchased feed and hired (or purchased?) land processing machineries with the support. He usually produces feed by himself, so it was the first time for him to visit the input trader (Mr. Artur Gjonaj).
- He benefited from the scheme because he was able to purchase his second cow with the loan and to increase milk production.

Q7. Future Aspirations / Suggestion to FED invest (Financial and ABA service needs, etc.)

- N/A

End-line Survey In-Depth Interview Sheet (Member)

Name of Interviewer	Honda (record)
Date & Time of Interview	01/04/2022, 14:00 – 15:00
Place of Interview (including online interviews)	Mr. Rika's farm near FED invest Ura Velgore office
Name of Interviewee	Mr. Altin Rika
Questionnaire Sheet No.	085

Q1. Profile (Family, Business, FED invest membership status, etc.)

- He is 55 years old, 5 members family. His children are university students, and basically he and his wife taking care of the farm. In high season, he hires some labors. He cultivates pear orchard with 10-15 dunam.
- He migrated to Greece long time ago, and started the current farming business with the saving he made. He gradually expanded it with saving he made. Last year he expanded the café space (in his house) as income from farming was decreased due to COVID.
- His produces are manly for export to Kosovo and Serbia.
- He has been a FED invest member for 4-5 years. He became member as he knows the loan officer (Mr. Hysen).

Q2. Use of Financial Service (Loan with input support scheme, current account, utility payment, FED online, youth loan, summer deposit, etc.)

- He does not use utility payment service, as there is a post office very close to his house, and since it is located in remote village, there is no que and very easy.
- He takes small loan from FED invest. It is very flexible, easy and quick, so he is very satisfied with the service. He has also used overdraft service. He uses current account for loan repayment. He puts certain amount in the account, when he has extra fund, but usually he invests immediately for expansion of the business if he has extra money.

Q3. FED invest Changes over the Past Years (Service conditions, communication with officers, do they cater to your needs better? etc.)

- He has good trust in FED invest, as he is using the service based on the personal trust with the loan officer. He is going to use FED invest continuously. There are many FED invest members in this area, as there are many greenhouse farmers. Generally, reputation of FED invest is good.
- Before, it takes long time for loan approval process (about 1 month) and required lots of documentation, but these days, processing speed is much improved and become to take only a few days, it is very good.

Q4. Financial Education (Leaflets, digital window? did it lead to use of the new service / the change of behaviors? etc.)

- He has seen the contents on ABA online, but not so much in detail. He wants to get more practical information useful for his business operation.

Q5. ABA (ABA Online, ABA training events, did it lead to the use of financial service? etc.)

- He frequently accesses to ABA online, and get technical related information, especially disease information for this pear orchard. He has also used 'ask expert' function, and reply comes immediately, but it was rather general answer and thus he was not so much satisfied. Before he was focusing on increasing production volume, but nowadays, he is concentrating to upgrade quality of the products because there is high demand in quality fruits. If quality is good, there is no problem to find good buyers. He has searched information for such information for quality improvement, but it is difficult, and he assumes there might not be such good expertise in the country. He wishes to acquire good technical information.

Q6. Input Support Scheme (COVID19 impact, what did you purchase with 40,000 lek? did you change your trader shop? did you purchase new input? did the increase your production / income? etc.)

- He purchased pesticide for pear orchard. It was small but quick and flexible support so it was very much helpful. He got the information of the scheme through ABA online, and got explanation at the branch office.
- He uses the trader he often use for the scheme. (Mr. Vizholi) He is dealing with many other traders, and he is just one of them. He sometimes buy imported inputs from Germany.

Q7. Future Aspirations / Suggestion to FED invest (Financial and ABA service needs, etc.)

- More technical information and update of ABA online.
- He is going to continue to use small loan.

Q8. Other Comments and Feedbacks (if any)

- He is a beneficiary of IPARD scheme. He has invested in purchase a tractor, branch shredder, and plastic cover net for preventing hail damage, He needed to invest all amount by his own account first, and if it is approved, 65% of the investment was reimbursed by the scheme. It is a bit risky as there is a possibility that the application is not approved. He failed when he

purchased a refrigerator at his first trial, and then he learnt how to prepare proper documentation. For this scheme, he is dealing with BKT bank and ProCredit Bank.

Quotations from the interview

- N/A

Photo





End-line Survey In-Depth Interview Sheet (Member)

Name of Interviewer	Mr. Flamur Agaj
Date & Time of Interview	02/04/2022, 11:10 – 11:40
Place of Interview (including online interviews)	FED invest Berat Branch
Name of Interviewee	Honda (note taker)
Questionnaire Sheet No.	008

Q1. Profile (Family, Business, FED invest membership status, etc.)

- He is 52 y/o and has four members at his family (himself, father and 2 sons, wife has passed. 2 sons are univ students and not farmer).
- He is cultivating olive and vineyard.
- He is long time FED invest members. He likes it as it does not require collateral and fill his financial needs.

Q2. Use of Financial Service (Loan with input support scheme, current account, utility payment, FED online, youth loan, summer deposit, etc.)

- He uses utility payment service. Before he used to pay at the post office when he receive

father's pension, but there was long que. Now he put some amount in the current account and it is deducted automatically. It is useful as there is no charge and fast.

Q3. FED invest Changes over the Past Years (Service conditions, communication with officers, do they cater to your needs better? etc.)

- No, it is always helpful.

Q4. Financial Education (Leaflets, digital window? did it lead to use of the new service / the change of behaviors? etc.)

- He has seen the leaflets, introduced by loan officers, but didn't look in details.

Q5. ABA (ABA Online, ABA training events, did it lead to the use of financial service? etc.)

- He doesn't use ABA Online as he is not familiar with technology. (not use smartphone)
-

Q6. Input Support Scheme (COVID19 impact, what did you purchase with 40,000 lek? did you change your trader shop? did you purchase new input? did the increase your production / income? etc.)

- He got 500,000lek loan before, but he got another 100,000 lek loan for getting this scheme support. He purchased fertilizer (Uria) for his vineyard from the same trader, same quality. The procedure was very simple and easy, and helpful.

Q7. Future Aspirations / Suggestion to FED invest (Financial and ABA service needs, etc.)

- Low interest rate, expect more input support scheme

End-line Survey In-Depth Interview Sheet (Member)

Name of Interviewer	Honda (record)
Date & Time of Interview	04/04/2022, 10:00 – 10:40
Place of Interview (including online interviews)	FED invest Belsh Branch
Name of Interviewee	Mr. Luftar Ghoshi
Questionnaire Sheet No.	020

Q1. Profile (Family, Business, FED invest membership status, etc.)

- His family has 8 members. He has 2 sons who are also engaging in the farming activity. His elder son (Mr. Luftar Ghoshi) is long-term FED invest member and got loan 4 times. He and his younger son together applied to the loan first time for the input support scheme.

- He is growing olive and vineyard. Also producing corn for livestock feed.
- He does not use any other financial institution.

Q2. Use of Financial Service (Loan with input support scheme, current account, utility payment, FED online, youth loan, summer deposit, etc.)

- He took 500,000 lek loan for the input support scheme. It was the first loan. His elder son also is taking 500,000 lek loan, but not applied to the scheme.
- He does not use any new service at FED invest. (only loan) Because he is getting pension, and post office staff come to his door step, he pays utility at the same time, so no need to use FED service.
- He himself is not tech person, and even don't have smartphone, so no use ABA and FED Online.

Q3. FED invest Changes over the Past Years (Service conditions, communication with officers, do they cater to your needs better? etc.)

- He doesn't know as he is relatively new member.

Q4. Financial Education (Leaflets, digital window? did it lead to use of the new service / the change of behaviors? etc.)

- He hasn't seen any financial education materials.

Q5. ABA (ABA Online, ABA training events, did it lead to the use of financial service? etc.)

- He doesn't use ABA Online as he is not familiar with technology. (not use smartphone)

Q6. Input Support Scheme (COVID19 impact, what did you purchase with 40,000 lek? did you change your trader shop? did you purchase new input? did the increase your production / income? etc.)

- He came to know about the scheme when he visited the branch office to inquire about loan, and loan officer explained about it. He purchased fertilizer for olive orchard. He uses same trader.
- If there is no pandemic, he didn't need loan. At the time of pandemic, the government banned to operate service for those who don't have tax registration. Due to this restriction, he couldn't operate service to rent tractor and income has decreased.
- It was very helpful as the input price has drastically raised after the pandemic broke out.

Q7. Future Aspirations / Suggestion to FED invest (Financial and ABA service needs, etc.)

- He would like to apply to larger size (800,000lek) loan.

End-line Survey In-Depth Interview Sheet (Member)

Name of Interviewer	Honda (record)
Date & Time of Interview	04/04/2022, 12:00 – 12:40
Place of Interview (including online interviews)	His farm near FED invest Belsh Branch
Name of Interviewee	Mr. Ndricim Tafani
Questionnaire Sheet No.	022

Q1. Profile (Family, Business, FED invest membership status, etc.)

- His family has 5 members, 3 small children at school. He and his wife are farming. He is cultivating greenhouse vegetables, cucumber, tomato, green leaf etc. Greenhouse is 1.5 dunam.
- He usually sells products to traders by himself or brings it to the collection point nearby. Trader will sell it domestically or for export. Last month, he started to sell green leaf to Ukraine buyers, but the war started right after, and stopped...
- He got 2 loans from FED invest. First one was 200,000 lek for investing green house facility, and second one was 100,000 lek for fertilizer. He gets loan only from FED invest, but uses Raiffeisen bank and BKT for receiving payment from traders. If FED invest start the payment service through the current account, he is willing to use it.
-

Q2. Use of Financial Service (Loan with input support scheme, current account, utility payment, FED online, youth loan, summer deposit, etc.)

- He does not use utility payment service as he pays it at post office which is very nearby.
- He opened current account for getting loan, but not using it. He does not use FED online, no need.

Q3. FED invest Changes over the Past Years (Service conditions, communication with officers, do they cater to your needs better? etc.)

- He likes FED invest as it is transparent, and the staff have proper behavior. He uses the service because he has good trust in the people working there.

Q4. Financial Education (Leaflets, digital window? did it lead to use of the new service / the change of behaviors? etc.)

- He got some brochure and instruction of the materials at the branch office, but not so much interested. He find Kakeibo is most useful, but he has already his own traditional methodology for book keeping, so didn't use the material.

Q5. ABA (ABA Online, ABA training events, did it lead to the use of financial service? etc.)

- He regularly checks market price, especially during harvest season. Belsh is in the middle of production area, and accessible to Lushnje and Elbasan, so it is very helpful to check the Tirana price and compare it to the local price.
- He has used 'Ask Expert' once when he had a disease problem of flower. It was very helpful, even though they are farmer and know about farming very well, they need some expert help

time to time.

Q6. Input Support Scheme (COVID19 impact, what did you purchase with 40,000 lek? did you change your trader shop? did you purchase new input? did the increase your production / income? etc.)

- He didn't have any negative impact by COVID. In the first stage, due to lock-down he worried a lot, but everything went normal after that.
- He applied 2nd loan of 100,000lek, when he applied to the scheme. He purchased fertilizer. He always use same trader as he trust him and quality is ensured.
- It was helpful though it's small amount, as he needs to use big volume of fertilizer. He has good impression of FED invest, but it became even better due to the scheme.

Q7. Future Aspirations / Suggestion to FED invest (Financial and ABA service needs, etc.)

- Lower interest rate. Very much satisfied, please just keep on what they are doing by now.

Photo



End-line Survey In-Depth Interview Sheet (Member)

Name of Interviewer

Honda (record)

Date & Time of Interview	04/04/2022, 13:30 – 14:30
Place of Interview (including online interviews)	His farm near FED invest Belsh Branch
Name of Interviewee	Mr. Viktor Bodurri
Questionnaire Sheet No.	073

Q1. Profile (Family, Business, FED invest membership status, etc.)

- His family has 4 members. He has 2 daughters, but only he and his wife are farming. His wife is managing beauty parlor. He is cultivating olive, and planted 100 trees last year. Farm size is 6.6 dunam.
- He has been a FED invest members for 7 years.

Q2. Use of Financial Service (Loan with input support scheme, current account, utility payment, FED online, youth loan, summer deposit, etc.)

- He has been expanding his farm in the last several years as business is doing good. So his usage of FED invest financial service has been growing in the past several years.
- He pays utility at the post office nearby, as he needs to pay tax, social welfare or other payment together. If all these payment can be done at FED invest, it is very helpful. (no commission)
- He doesn't use current account. Payment to traders is always made by cash, as all of his buyers are small scale so cash payment is more convenient. He understands that safety of wire transaction, so if he can find good scale buyers, he will use payment through current account. Now he is searching middle scale buyers.
- He doesn't use other financial service, and other financial institution, as he doesn't have any needs for it.

Q3. FED invest Changes over the Past Years (Service conditions, communication with officers, do they cater to your needs better? etc.)

- He feels that the loan process has been improved in past several years. When he got loan first time 7 years ago, it was much difficult and took more time comparing to the current process.
- Staff behavior has been changed a lot, they are very welcoming with smile when he walks into the office. He has built strong trust with loan officer of FED invest.

Q4. Financial Education (Leaflets, digital window? did it lead to use of the new service / the change of behaviors? etc.)

- He has seen financial education material at the branch (digital window), but not so much interested. He keeps record by himself.
- He is more interested in having agriculture technique information to improve quality at branch office. Also he would like to apply for government subsidy, but it is very difficult to fill many documents and no information, so if branch office will distribute such information and instruction, it will be very helpful.

Q5. ABA (ABA Online, ABA training events, did it lead to the use of financial service? etc.)

- He doesn't use ABA online very often, as he is not good at new technology. Market price is not very useful for olive farmers because price of olive is varied depending on quality, volume, variety etc.. and he needs to check the price by himself at the market and negotiation is necessary. It is not single price.
- (As he said he is searching buyers, we recommended to use market place) He is interested, but not very familiar with using smartphone. He will get instruction by FED invest staff.
-

Q6. Input Support Scheme (COVID19 impact, what did you purchase with 40,000 lek? did you change your trader shop? did you purchase new input? did the increase your production / income? etc.)

- He came to know about the input support scheme when he visited the branch office to apply loan, and then saw a brochure.
- He took 130,000 loan at that time, it was smaller loan then before as he faced difficulty due to COVID.
- He had severe impact by COVID, since transportation has stopped he couldn't travel to sell the products, and the market also has been shrunk especially for olive oil.
- He has purchased various kinds of inputs to treat his olive trees (chemical, fertilizers, spray etc.)
- He uses a same trader as usual as he has trust in this trader.
- The scheme was very helpful and strengthen his trust with FED invest.

Q7. Future Aspirations / Suggestion to FED invest (Financial and ABA service needs, etc.)

- He would like to further expand his farm business. FED invest is good partner of his business and he will continue to use FED invest service. He wishes FED invest keeps to be trustful organization as it has been so.

Photo



End-line Survey In-Depth Interview Sheet (Member)

Name of Interviewer	Honda (record)
Date & Time of Interview	06/04/2022, 11:15 – 12:00
Place of Interview (including online interviews)	FED invest Petrele Branch
Name of Interviewee	Mr. Dritan Kukuli
Questionnaire Sheet No.	104

Q1. Profile (Family, Business, FED invest membership status, etc.)

- His family has 4 members, he and his wife are engaging in farming and there are 2 children in school. They have livestock and selling chickens.
- He gets loan and also has deposit. He has been a FED invest member for about 3 years.
- He has selected FED invest as its' interest rate is low and it has good reputation and less bureaucracy. Process is smooth.

Q2. Use of Financial Service (Loan with input support scheme, current account, utility payment, FED online, youth loan, summer deposit, etc.)

- About utility payment, he has a contract with a company for automatic payment to OSHEE, so once the contract will be finished next year, he wants to use FED invest service. He thinks it might be more convenient as he uses FED invest service regularly.
- He is working for a company and receives salary (besides his farming business) and for receiving salary he has an account at Credins Bank. He uses current account at Credins Bank for the utility payment above with the contract. When he made the contract with the company, FED invest didn't have current account service, so there was no such choice. He gets loan only from FED invest though.
- He does not use FED online, but he sometimes uses internet banking of Credins Bank.

Q3. FED invest Changes over the Past Years (Service conditions, communication with officers, do they cater to your needs better? etc.)

- He feels that it has been improving day by day. Facility got new (the branch office is newly built), and staff has been refreshed with younger staff.
-

Q4. Financial Education (Leaflets, digital window? did it lead to use of the new service / the change of behaviors? etc.)

- He has received many materials by loan officer and read it. All of the information in the material is very helpful as it's all related to his actual business. He particularly likes ABA online brochures as it is very practical. He download and use it based on the instruction on the leaflet.
-

Q5. ABA (ABA Online, ABA training events, did it lead to the use of financial service? etc.)

- He regularly uses ABA online, watching technical information for livestock (disease for chicken, which vaccination is good etc.) and also watching demonstration video. It is very helpful and he assumes it is effective because there is no disease so far, by following the advice.

Q6. Input Support Scheme (COVID19 impact, what did you purchase with 40,000 lek? did you change your trader shop? did you purchase new input? did the increase your production / income? etc.)

- His livestock business got severe impact by COVID, as his main buyers are restaurants, and all of them closed business, his sales went down to zero.
- He had on-going loan at that time, but he added some amount up to 150,000 lek to get input support scheme. (It is 2 year loan). He purchased feed for chicken from the same trader. Quality and quantity he purchased were same as usual, but it helped a lot for his financial situation.

Q7. Future Aspirations / Suggestion to FED invest (Financial and ABA service needs, etc.)

- He would like to continue good relationship with FED invest. As far as they will provide good

service comparing to other financial organizations, he is going to use FED invest.

Photo



End-line Survey In-Depth Interview Sheet (Member)

Name of Interviewer	Honda (record)
Date & Time of Interview	06/04/2022, 10:30 – 11:10
Place of Interview (including online interviews)	FED invest Petrele Branch
Name of Interviewee	Ms. Kimete Holldani
Questionnaire Sheet No.	105

Q1. Profile (Family, Business, FED invest membership status, etc.)

- Her family is 4 members, she and husband and 2 sons in school. She and husband are working on olive farming. They have 250 trees.
- She is a new member registered to FED invest last year. She is expanding her farm and need to buy some more trees, so visited FED invest for getting loan.
- She is not using any other financial institution. She visited FED invest because her sister is a member and she recommended. She likes FED invest as interest rate is lower than other organizations and staff members are friendly with smiles.

Q2. Use of Financial Service (Loan with input support scheme, current account, utility payment, FED online, youth loan, summer deposit, etc.)

- She opened current account when she got loan, but not using it, as not so much necessary.
- She is using utility payment service (She is the first user of the service with the Petrele branch), she found it very convenient, as she comes to repay loan every month and she can pay at same time without commission.

Q3. FED invest Changes over the Past Years (Service conditions, communication with officers, do they cater to your needs better? etc.)

- N/A she is a new member
-

Q4. Financial Education (Leaflets, digital window? did it lead to use of the new service / the change of behaviors? etc.)

- She didn't have chance to see it. She is more interested to see about agriculture technique information for olive tree, to improve quality and quantity.
-

Q5. ABA (ABA Online, ABA training events, did it lead to the use of financial service? etc.)

- She sometimes uses 'market price' function of ABA online. She doesn't need to check regularly as price information is needed only at the harvest timing. (When I asked about technical information) She is interested to see the contents, but she does not know about it.
- She got instruction how to download and how to use ABA by the loan officer.
-

Q6. Input Support Scheme (COVID19 impact, what did you purchase with 40,000 lek? did you change your trader shop? did you purchase new input? did the increase your production / income? etc.)

- Her business has not been affected by COVID so much. She got 100,000 lek loan for the scheme and purchased pesticides for olive tree.
- Even though COVID has not impacted too much, the support was a great help as she didn't have fund to buy enough inputs and couldn't keep the same quality.
- She uses the same input trader as usual.

Q7. Future Aspirations / Suggestion to FED invest (Financial and ABA service needs, etc.)

- She feels FED invest is very helpful and wants to continue to use their service. She would like to continue to expand her orchard, and use loan for that purpose. She also would like to recommend FED invest to her friends.

Photo

