

**Albania**  
**Research Project on**  
**Microfinance Sector Development**

**The Final Report**

**December 2016**

**Japan International Cooperation Agency**

**Positive Planet Japan**

BK
JR
16-001

The site of the Project



<http://www.lonelyplanet.com/maps/europe/albania/>

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## Abbreviation

AAB	Albanian Association of Banks
AMA	Albanian Microfinance Association
BoA	Bank of Albania
CGAP	Consultative Group to Assist the Poor
CIA	Central Intelligence Agency
JICA	Japan International Cooperation Agency
MFI	Microfinance Institutions
MIX	Microfinance Information Exchange
MSEs	Micro and Small Enterprises
MSMEs	Micro, Small and Medium Enterprises
NGOs	Non-governmental Organizations
PFI	Private Financial Institutions
TOR	Terms of Reference

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## 1. Summary

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Despite signs of recovery and an expected gradual increase, the economic growth of the Republic of Albania (Albania) remains below pre-crisis levels. Over the last decade, Albania's economy shifted from agriculture toward industry and service, still the former contributes significantly to GDP (23%) and also to employment (40%). The sector also occupies the important position in the economic development of Albanian Government Program. On the other hand, the sector remains fragmented and underserved by banks.

Under such circumstances, microfinance institutions in Albania play important roles in this underserved segment. The sector, comprised of non-bank financial institutions and savings and credit associations, provided funding more than a decade. In the meantime, various issues including the needs for enhanced services to the clients, as well as to infrastructure to support the activities are recognized.

Sharing such issues, Japan International Cooperation Agency (JICA) initiated the project, later named "Research Project on Microfinance Sector Development in Albania" (the Project) to provide opportunities for the Albanian financial inclusion actors such as microfinance institutions and regulators to consider and discuss such issues and to find hints to solve them by learning from best practices in other countries.

During February to November 2016, various activities including overseas study tours to Netherlands and France, the Philippines, and Kenya as well as related workshops were conducted. Based on the experiences, the Albanian financial inclusion actors drafted action plans to advance financial inclusion in the country, and in some cases have started them.

The Project also serves to find the possible areas of further cooperation by JICA in the field of financial inclusion in Albania. In consideration of the various lessons learned and best practices gained during the three overseas study tours and exposure visits, as well as action plans drafted by the participants, the recommendations have been formulated and summarized as follows:

- Focus on the MFI that has track record and ability to grow to serve better for the underserved segment, particularly the rural areas.
- Accordingly, suggest to offer technical cooperation with FED invest, the partner organization of the Project in the following areas.
  - Assist setting up of agricultural knowledge center and/or pilot cooperatives so that the recipient institution can enhance service to its clients
  - Provide adequate capacity building of staff and elected people to smoothly conduct the

- service to the clients in the agriculture field.
- Offer capacity building/training for FED invest to increase their range of product and services
  - Assist institutionalization of social performance management.
  - Cooperate FED invest to build their IT infrastructure in capable of diverse product/service range and increase in the number of clients/members.

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## **2. Overview of the Project**

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### **2-1. Overview**

JICA consigned “Research Project on Microfinance Sector Development in Albania” (“the Project”) to Positive Planet Japan (formerly Planet Finance Japan) to provide opportunities for the Albanian financial inclusion actors to consider and discuss the means to promote financial inclusion in Albania, and to support the promotion of financial inclusion in the country. To that end, the various activities were carried out between February to November 2016, to provide opportunities for financial inclusion actors in Albania to discuss and consider the means to advance financial inclusion in the country, including overseas study tours and related workshops.

### **2-2. Background**

In June 2014 Albania became a candidate for EU accession. The country’s GDP in 2015 (at purchasing power parity) is reported at USD 32.44 billion est. (CIA Fact book), or USD 11,900 per capita (CIA Fact book, or just over 8,100 USD according to WB), qualifying as a middle income country.

Albania has a population of 3.0 million. Many Albanians have built their lives abroad for economic reasons. Approximately 45% of its population lives in rural areas and the urban population is mainly concentrated in the bigger cities like Tirana and Durres.

Overall the country has come a long way since the transition towards an open market economy and EU orientation set in early 90s. Nevertheless, despite initial growth and resilience in the light of the recent crisis, the country is still believed to be vulnerable and in the process of building a strong economic basis for growth. Albania is still one of the poorest European countries. Poverty is still prevalent throughout the country and rising again in 2012 with a reported 14.3% living below 60USD income per month. Surprisingly poverty is present

in both rural and urban areas alike.

The rate of financial inclusion in Albania, measured by the percentage of the population aged 15+ having a bank account at formal financial institutions, was 38% in 2014, lower compared to other countries with a similar GDP per capita, even though it rose from 28% in 2011.<sup>1</sup> It means that many households do not have a bank account at formal financial institutions. This also holds for credits in Albania, where only a small percentage of consumer credits (10% of people aged 15+) are provided through a formal financial institution. The majority obtains credit through informal money lenders or family and friends.

An important aspect of the Albanian economy to be highlighted is the large amount of incoming remittances from Albanians that have emigrated abroad. The global crisis that set in since 2008 did affect remittance flows (reduced by more than 15%) and reduced labor opportunities abroad adding to the pressure for local income generating capabilities in sectors such as agriculture and tourism. Remittances represent an important financial input for the Albanian rural economy by absorbing about 30% of the total inflow of the country. Approximately €530 million has been transferred from abroad to the rural inhabitants in 2014.

Increasing importance is recognized about the agriculture sector, especially with the decline of remittances. However, there is much room to develop in the agriculture sector.

- *USD 200 million agro products exports or 8.3% of total exports*
- *Agriculture sectors output stands for 18-20% of Albania's GDP*
- *Employs 40% of the labor force*
- *Still underfinanced (Loans by banks to the agricultural sector accounted for 1.8% of total loan outstanding at the end of 2015.)<sup>2</sup>*
- *It performs under efficiency and productivity potential (In developed countries agriculture sector contributes for 1-4% of GDP, while the labor force is 1-5% of the total)*

The low efficiency and productivity is also indicated by the fragmented nature of the farms in Albania (in 2015)

- *More than 350,000 farms*
- *Average farm size - 1.2-2 ha*
- *Each farm is composed of 5-6 separate plots*
- *Average distance between plots – 4 km*

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<sup>1</sup> The World Bank, Financial Inclusion Data/Global Findex

<sup>2</sup> Bank of Albania "Annual Report 2015" Pg. 191 Statistical Appendix Loans by Economic Activity

The Albanian government recognizes the importance of finance and supporting system for the rural development in its Albanian Government Program 2013-2017<sup>3</sup>:

“While for the banking sector we can say that it is not financing at his potential new loans even though has a satisfactory level of liquidity and equity. For the other financial institutions the market requires a notable improvement in terms of regulations, supervision and as well in quality of services provided. Our commitment to support the development of loan granting financial intuitions, other non-bank financial institutions and the creation of bank for the rural development, will be followed with the restructuring of the financial system reform by creating a supervisory institution for the whole financial system.”

Meanwhile, in 2013, JICA dispatched a specialist to Albania in order to support setting up of agricultural cooperatives and capacity building for the rural development.

As a follow-up cooperation project to this support, ASC Union (ASCU, currently FED invest) requested JICA to help construct branchless banking; therefore, devices such as tablets and software for their operation were provided by JICA.

While ASCU was a major actor of financial inclusion in Albania, the cooperation above was limited, and the necessity for cooperation directly linked to financial inclusion as more comprehensive support was felt. Under such circumstances, there was a JICA mission to Albania in May 2015. During the mission, it was agreed that such areas as 1)branchless banking, 2)agricultural financial products, 3)Social Performance Management, 4)financial education/capacity building, 5)regulatory reform, 6)non-financial support to members, to be focused, JICA and ASCU agreed that JICA would provide the opportunity for ASCU and other financial inclusion actors in Albania to consider the ways to promote financial inclusion in the country by visiting and learning from the third countries that are considered forerunners in that regard. Thus, the Project started in February 2016.

### **2-3. Composition of this Report.**

This report is composed of six chapters. The first chapter is the summary of this report, while the second chapter describes the overview of the Project. The third chapter describes the current status of the financial inclusion in Albania, based on the information on reference materials as well as that obtained via interviews and interactions with financial inclusion actors in Albania. The fourth chapter records the activities carried out under the Project, including workshops, site visit of Albanian microfinance institution, and the overseas study tours to the Netherlands and France, to the Philippines, and to Kenya. The chapter also covers the action plans formulated by the participants of the study tours. In the fifth chapter,

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<sup>3</sup> Albanian Government Program 2013-2017, Chapter on Economic Development, Pg. 30



the solutions or ways to manage the issues identified regarding the financial inclusion in Albania are described referring to the action plans formulated by the study tour participants. In the final chapter, the report concludes by presenting the possible ways of cooperation by JICA in the areas of financial inclusion in Albania, referring also to the recent actions by foreign development agencies.

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### **3. Current Status and Issues of Financial Inclusion in Albania**

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#### **3-1 Current Status of Financial Inclusion/Microfinance Sector in Albania**

##### **3-1-1 Recent Developments**

As mentioned in the previous section, with highly fragmented economy based on family-owned business and 45% of rural population, Albania has a strong demand for microfinance products. Recent developments in the microfinance sector are the followings.<sup>4</sup>

- Continuing to grow with special focus in agriculture sector, rural economy and recently created start-ups;
- Applying a socially responsible approach with user-friendly and transparent procedures so no one is refused access to finance, with no hidden costs and lengthy rules;
- Investing in new technologies, in particular branchless banking solutions enabling a higher coverage of remote areas, and a faster and more reliable service delivery to the clients;
- Updating the legal framework based on the most consolidated worldwide best practices, in direct partnership with State authorities;
- Adopting a high risk management profile with a PAR 30 at 4.8% when banking sector has a ratio of over 17%;
- Directly impacting more than 10% of the jobs in Albania through lending activity of micro and small business activities;
- Playing an active role in promoting and educating customers with financial services to become bankable in a country where penetration of financial services is the lowest in the region;
- Reaching more than 10% of the rural population through lending to micro and small farms in Albania.

##### **3-1-2 Microfinance Service Providers**

The microcredit sector in Albania includes microfinance institutions (MFI) as well as savings

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<sup>4</sup> Albanian Microfinance Association Annual Report 2016, Special Edition

and credit associations (SCAs). These entities specifically cover rural and semi-urban areas by catering to a niche clientele and concentrating their services in locations where commercial banks are mainly absent. MFIs and SCAs are successful institutions that have significantly impacted the social and financial lives of the populations they serve. In particular, in the rural areas, they are recognized for helping farmers overcome the emergency phase and later promoting the products.

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There are 4 non-bank financial institutions and 2 unions of savings and credit associations in Albania, which are licensed and supervised by the Bank of Albania, and are members of AMA.

Table Member Institutions of the Albania Microfinance Association (AMA)

Name	FAF-DC	fondi Besa	NOA	Vision Fund	Union Jehona	FED invest
Type	Non-Bank FI	Non-Bank FI	Non-Bank FI	Non-Bank FI	SCAs	SCAs
Report Date	Dec-15	Dec-15	Dec-15	Dec-15	Dec-15	Dec-15
Loans Outstanding (EUR Million)	12.1	44.8	27.0	2.2	4.7	19.8
No of Active Customers	3,149	30,028	11,633	1,809	n.a.	n.a.
No of Members	n.a.	n.a.	n.a.	n.a.	13,877	33,633
No of Loans Disbursed	721	n.a.	6,985	1,817	3,822	6,297
Average Loan Amount	n.a.	n.a.	EUR2,473	EUR1,592	n.a.	EUR2,150
Deposits	n.a.	n.a.	n.a.	n.a.	4.00	16.80

(Source: Albanian Microfinance Association Annual Report 2016 Special Edition, data for the year ended December 2015)

In aggregate, the above six institutions record;

Number of staff: 1.109

Number of branches: 157

Loan portfolio outstanding: EUR 110.6 million

Number of active customers: 61.570

Albeit they represent a large number of supported individuals, entrepreneurs and farmers (no. total clients 61.570), the weight of the principal micro-crediting institutions compared to the overall Albanian banking total assets is relatively small, estimated roughly at 3%.

Still, micro-crediting represents close to 20% of the number of total loans disbursed yearly for the last two years. Compared to the Albanian national banking system, non-financial institutions represents a better NPL (non-performing loan) ratio, considering that the national average is of 17% (2015) as compared to microfinance institutions of 4.8% (2015). Loans make up the

<sup>5</sup> Final Workshop Report on “Microfinance for SMEs in the Black Sea Economic Cooperation Region” Pg44

highest share in the microfinance institutions assets accounting for 78% of their balance sheets, respectively.

### **3-1-3 Legislative Framework on Microfinance in Albania**

The microcredit sector in Albania comprises microfinance institutions as well as savings and credit associations. Institutions providing microloans are regulated by the relevant laws and supervised by the Bank of Albania, the central bank of Albania.

According to the Bank of Albania regulation, microcredit is a loan that does not exceed ALL 600,000 (approx USD 6,000) or its equivalent in a foreign currency; and a microcredit financial institution is a non-bank financial institution that fulfils all the following criteria:

- Lending and lending advisory services are the sole scope of its activities.
- The average value of a loan extended to a borrower cannot be higher than the value of the microcredit.
- Microcredit makes up at least 50% of the credit portfolio.

Institutions that provide microloans are divided into:

**A. Non-bank financial institutions (NBFIs)** which are further classified into two categories:

A-1. Institutions licensed to conduct lending operations:

Besa Fund jsc.,

NOA jsc. (formerly Opportunity Albania),

First Albanian Financial Development Company (FAF-DC) and LLC.

A-2. Institutions licensed to conduct microcredit operations:

Vision Fund Albania LLC.

*Capital Invest jsc. (non-member of AMA)*

The above microcredit institutions are regulated by the Laws and Regulations for Non-Bank Financial Institutions operating in lending including *Regulation “On licensing and activity of non-bank financial Institutions”, approved by the Supervisory Council Decision No.1 of 17 January 2013.*

**B. Savings & credit associations and their unions** are composed of:

FED invest (former A union of savings and credit associations (ASC Union)

Jehona Union,

Other 2 independent savings and credit associations.

Savings and Credit Associations (SCAs) are legal entities comprising voluntary unions of natural or juridical persons, who deposit their money in the company and whose funds would be later used by the company for issuing loans to members of society. FED invest was created as result of the merger of 70 SCAs into one single SCA. It seeks to promote the organization and development of savings and credit, as well improving its members' internal operations. These institutions are governed by their own internal regulations. The governing bodies of a savings and credit society are: the general assembly, board of directors and supervisory committee. The regulation of credit unions, and savings and credit associations is based on the Law on Savings and Credit Associations (Law No. 8782, 3 May 2001).

SCAs and their unions are required to obtain a license from the Bank of Albania (BoA) and they must follow the strict rules put forth by the BoA supervisory board, including; Regulation "On the licensing of Savings and Credit Associations and their Unions", adopted by Decision No. 11, dated 27 February 2002, later amended by Decision No. 09, dated 12 February 2003, and decision No. 55, dated 12 September 2012 of the BoA Supervisory Council.

Microfinance institutions, especially SCAs and their unions are considered to have sufficient understanding about their members' (clients') needs for financial products and services because not only the staff, but also the elected people who have knowledge and understanding of the community where members belong, work closely together.

### **New Regulations on SCAs**

SCAs' role as finance providers is constrained by their size and the loan amount cap imposed by the regulator. The maximum loan amount that SCAs can provide is 12% of their capital. The cap does not allow attracting many borrowers such as SMEs and keeps SCAs at the very micro level. In order to effectively compete with MFIs and banks, member SCAs of the Albanian Savings and Credit Union decided to merge into one entity. New regulations are being introduced by the Central Bank of Albania in 2015 and 2016 to consolidate the SCAs, and the apex body, ASC Union into one Savings and Credit Cooperative, and its name changed to FED invest. The same is applied to Jehona Union. Based on the increased capital base of the bigger entity, the maximum loan amount raised as well.

The legal framework for SLAs was reviewed, aiming to better regulate the sector. The above two institutions are also put under the new regulatory framework on Albanian Deposit Insurance Agency and deposit insurance.

SLAs are awaiting the new law (going into effect in 2016 onwards) which will allow them to broaden their product portfolio. In addition to deposits and loans, they will be able to issue credit cards and offer payment services.

### **3-1-4 Microfinance Network Organization**

The Albanian Microfinance Association (AMA) was created on 2006. It represents an institutional network of the most consolidated Albanian microfinance institutions (MFIs) which starting activity dates back since the early 90s. AMA is composed by six members, comprised of two types of institutions governed by different laws, that is, non-bank financial institutions (NOA sh.a, Besa sh.a, Vision Fund Albania sh.p.k, and FAF-DC) and, Savings and Credit Associations which are financial cooperatives represented by their respective financial Unions such as FED Invest and Unioni Jehona.

AMA's objectives are three fold;

First, it lobbies when necessary in favor of its members to national or international gatherings, legislative consultations and business events.

Second, it supports the technical and institutional consolidation of its members by exchanging on best-practices, sharing technical know-how, identifying financial and economic trends etc.

Third, AMA promotes access to finance, alternative responsible finance and microfinance as a whole in a country where the banking sector is only recently established<sup>6</sup>.

Recently, AMA partnered with Microfinance Center (MFC) and held the 19<sup>th</sup> MFC Conference in Tirana, Albania in June 2016, and brought over 380 participants from 41 countries. Albanian political figures such as Minister of Economic Development, Tourism, Trade and Entrepreneurship, and Minister of Agriculture, Rural Development and Water of Albania also attended the conference.

However, AMA has had a modest role for the advertising and lobbying for the microfinance sector. Membership to AMA is not compulsory. Its activities, and policies are decided by the members. With no dedicated full time staff for the association, it appears necessary to enhance capacity of the association in order to fully attain its objectives mentioned above, and also to be the contact point of donors to receive various supports.

### **3-2 Issues on the development of financial inclusion in Albania**

The following issues are identified on the development of financial inclusion in Albania.

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<sup>6</sup> Albanian Microfinance Association "Annual Report 2016 Special Edition" Pg6

## Macro Level

- Updating legal framework to create an enabling environment for financial inclusion.  
Further, in order for the MFIs to engage in wider variety of activities, updating of legal framework to make enabling environment is necessary and constructive collaboration with the regulators and the MFIs, such as creation of opportunities to exchange their views are desirable.
- Formulating a national financial inclusion strategy that would set the pace towards the harmonization and synergistic efforts and initiatives of the various public and private microfinance and financial service providers in Albania.

## Mezzo Level

- Investing in new technologies, in particular branchless banking solutions enabling a higher coverage of remote areas, and a faster and more reliable service delivery to the clients.  
In order to support the diversifying activities, and also to extend the outreach of clients, investment in branchless banking will be indispensable,
- Capacity Building of microfinance network(AMA).  
Membership to AMA is not compulsory and the number of members is currently limited to six, and no dedicated full-time staff. It appears necessary to enhance capacity of the association to lobby for the industry and promote financial inclusion.
- Enhancement and institutionalization of social performance standard.  
According to AMA, “Most of Albanian MFIs follow a socially responsible policy targeting financially excluded individuals and disadvantaged areas.” In addition to this, adherence to consumer protection measures and prudent management of customer information are indispensable while the MFIs are aspiring to grow their operation.

## Micro Level

### Supply side

- Improvement and diversification of financial products and services especially for underserved sector (farmers, SMEs).  
While MFIs in Albania have been playing important role in providing financial services to underserved sectors, their activities are limited to lending, (NBFIs) or savings and lending to members (SCAs). Thus the services demanded from clients such as utility payments have not been provided and diversification of service is needed.
- Improvement of product design, creation of products for particular segment (women, youth).  
As to product design, much is needed to cater not only to financing of production purposes, but also other needs such as education or housing. At the same time,

development of instruments that cater to especially underserved group, the women or young customers, are desirable.

- Engagement in non-financial services to back up the activities of clients.

In order to serve better to the clients, it is desirable to provide not only financial but also non-financial services that support the clients' activities. This may include assistance to improve productivity by organizing group of clients, or providing latest information on (agricultural) products such as market condition, and production technology.

- Upgrade the governance structure, especially for the SCAs that are consolidating the operation to scale up their activities.

Demand Side

- Insufficient information/knowledge on financial services.
- Financial education / capacity building for their clients.

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## **4. Activities**

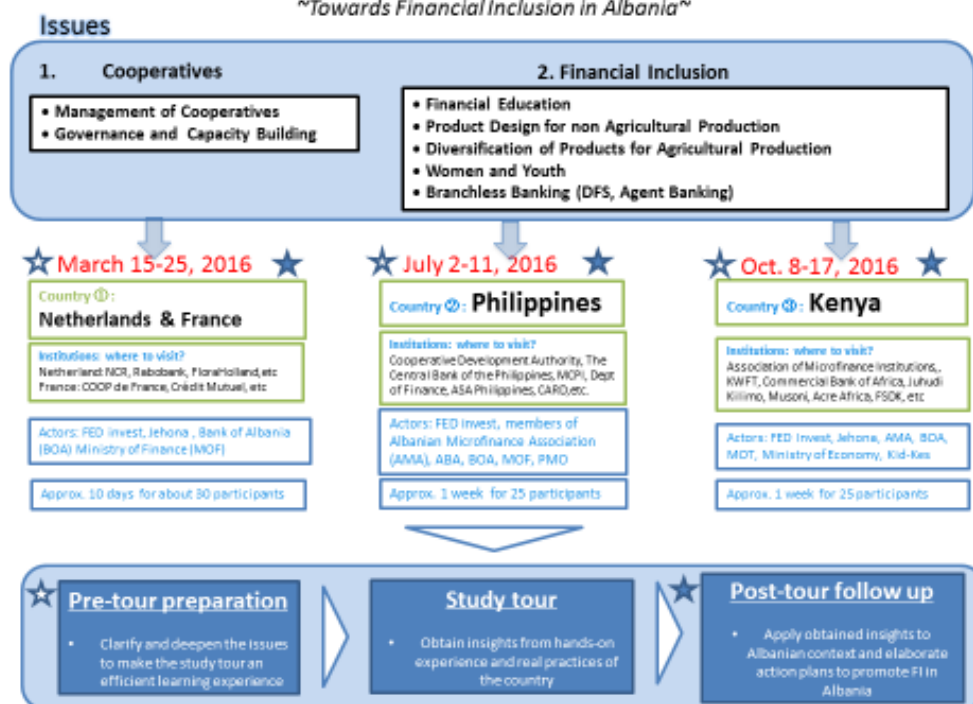
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### **4.1 Overall Structure of the Project**

Based on the discussions with ASCU/FED invest at the time of JICA Mission in Albania in May 2015, JICA would provide the financial inclusion actors in Albania including ASCU/FED invest the opportunity to consider the ways to promote financial inclusion in the country by conducting study tours to the third countries that are considered forerunners of financial inclusion and learn about such topics as branchless banking, diversification of financial products and services, social performance management, financial education, regulatory reform, non-financial activities for supporting members/clients. In response to this, FED invest proposed the destinations of the study tours, and the following structure of the project was formulated and agreed.

## Overall Structure of the Project ~Towards Financial Inclusion in Albania~



### 4.2 Workshops

During February to November, seven workshops (counting separately the post-tour workshop of the study tour to Netherland and France which was conducted in Paris in March and continued session was held in Tirana in April) were conducted as follows.

#### 1) February 2016 Durres, Albania

Date	February 25, 2016
Venue	Hotel Bleart, Durres, Albania
Purpose	Pre-tour Workshop for the Study tour to the Netherlands and France
Participants	Expected participants for the Study tour to the Netherlands and France FED invest Representatives 25 Bank of Albania Representatives 2
Major Activities	<ul style="list-style-type: none"> <li>● Overview of the project and the first study trip</li> <li>● Group discussion about the expectation of the study trip to the Netherlands and France, and information to collect in the visiting countries (necessary information regarding the development of cooperatives).</li> <li>● Presentation of the discussion points by the representative of each group. The discussion points raised are the following.                         <ul style="list-style-type: none"> <li>• Growth strategies of cooperatives</li> </ul> </li> </ul>



	<ul style="list-style-type: none"> <li>• Cooperation between agricultural cooperatives and cooperative financial institutions</li> <li>• Governance of cooperatives</li> <li>• How the cooperatives (cooperative financial institutions) adapted to the changes in market environment</li> <li>• The relationship between branches and head office of a cooperative.</li> <li>• The relationship with regulatory bodies</li> </ul>
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## 2) March 2016 Paris, France

Date	March 24, 2016												
Venue	Novotel Paris-Est, Paris, France												
Purpose	Post-tour Workshop for the Study tour to the Netherlands and France												
Participants	<p>Participants for the Study tour to the Netherlands and France</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 40%;">FED invest</td> <td style="width: 40%;">Representatives</td> <td style="width: 20%; text-align: right;">25</td> </tr> <tr> <td>Jehona Union</td> <td>Representative</td> <td style="text-align: right;">1</td> </tr> <tr> <td>Bank of Albania</td> <td>Representatives</td> <td style="text-align: right;">2</td> </tr> <tr> <td>Ministry of Finance</td> <td>Representatives</td> <td style="text-align: right;">2</td> </tr> </table>	FED invest	Representatives	25	Jehona Union	Representative	1	Bank of Albania	Representatives	2	Ministry of Finance	Representatives	2
FED invest	Representatives	25											
Jehona Union	Representative	1											
Bank of Albania	Representatives	2											
Ministry of Finance	Representatives	2											
Major Activities	<ul style="list-style-type: none"> <li>● Review of the study tour by the representative of each participating institution.</li> <li>● Schedule the continuing session in Albania in April.</li> <li>● Agree to prepare action plans by the session in April.</li> </ul> <p>(The workshop started at 7 PM, since the visit to Crédit Mutuel, was scheduled in the afternoon of the day, and the meeting ended later than expected. Thus, in the workshop, after the review of the tour by the representatives of the participating institutions, participants agreed that they continue the workshop in Tirana on April 28<sup>th</sup> to finalize their action plans, adding the insights from the visit to Crédit Mutuel which was just finished on the day.)</p>												

## 3) April 2016, Tirana, Albania

Date	April 28, 2016
Venue	Capital Hotel Tirana, Tirana, Albania
Purpose	Continued session of the Post-tour Workshop for the Study tour to the Netherlands and France
Participants	Participants for the Study tour to the Netherlands and France

	FED invest	Representatives	24
	Jehona Union	Representative	1
	Bank of Albania	Representatives	2
Major Activities	<ul style="list-style-type: none"> <li>● Sharing of lessons learned from the study tour Each study group announced the lessons learned from the study tour. <ul style="list-style-type: none"> <li>➤ Technology is a necessity.</li> <li>➤ Increase the range of products in order to respond to customer needs</li> <li>➤ Knowledge center and training center are useful for both the clients and staff</li> <li>➤ Organization of agri cooperatives help raise clients' (farmers') productivity</li> </ul> </li> <li>● Continued discussion (started in Paris) by organization (FED invest, Jehona Union, BoA) to finalize action plans</li> <li>● Announcement of the formulated action plans by each institution</li> </ul>		

#### 4) May 2016, Elbasan, Albania

Date	May 4, 2016		
Venue	FED invest Kuqan Office (Elbasan) Albania		
Purpose	Pre-tour Workshop for the Study tour to the Philippines, Kenya		
Participants	Expected participants for the Study tour to the Philippines, Kenya		
	FED invest	Representatives	21
	Jehona Union	Representative	1
	NOA	Representative	1
	Besa	Representative	1
	FAF	Representative	1
	Vision Fund	Representative	1
	Bank of Albania	Representative	1
Major Activities	<ul style="list-style-type: none"> <li>● Briefing of the Study Tour to the Netherlands and France by the representative of the participants for the expected participants to the tours to the Philippines or Kenya. <ul style="list-style-type: none"> <li>- overview</li> <li>- comparison of institutional and legal background of the Netherlands and France</li> <li>- the lessons learned from the study tour</li> </ul> </li> <li>➤ Technology is a necessity.</li> </ul>		

	<ul style="list-style-type: none"> <li>➤ Increase the range of products in order to respond to customer needs</li> <li>➤ Knowledge center and training center are useful for both the clients and staff</li> <li>➤ Organization of agri cooperatives help raise clients' (farmers') productivity</li> <li>● Pre-tour workshop for the study tour to the Philippines, and to Kenya <ul style="list-style-type: none"> <li>- Group discussion on five themes (financial education, financial products for agriculture, financial products for non-business purposes, women and youth (and the products for them), branchless banking) and questions to ask during the study tour.</li> <li>● Presentation of the discussion points by the representative of each group. The discussion points / questions raised are the following. <ul style="list-style-type: none"> <li>➤ Is there a financial education module in place?</li> <li>➤ How does the financial institution ensure that its product products are client-focused?</li> <li>➤ Considering the agricultural sector's risk profile, what are the risk-mitigating measures that the institution incorporates in their agricultural lending products?</li> <li>➤ Are the youth given opportunities to access financial products and are they given ample education to take advantage of such products?</li> <li>➤ What are the success factors in doing branchless banking?</li> </ul> </li> </ul> </li> </ul>
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### 5) July 2016, Manila, the Philippines

Date	July 9, 2016		
Venue	Diamond Hotel, Manila, the Philippines		
Purpose	Post-tour Workshop for the Study tour to the Philippines		
Participants	Participants for the Study tour to the Philippines		
	FED invest	Representatives	14
	Jehona Union	Representative	1
	NOA	Representative	1
	Besa	Representative	1
	FAF	Representative	1
	Vision Fund	Representative	1

	Bank of Albania	Representatives	2
	Ministry of Finance	Representative	1
	Prime Ministers' Office	Representative	1
	Albanian Bankers Association	Representatives	2
Major Activities	<ul style="list-style-type: none"> <li>● Questions and answers session by the project expert regarding the institutions visited such as the following. <ul style="list-style-type: none"> <li>➤ Relationship between different types of microfinance providers (MFIs, coops, banks) and regulators</li> <li>➤ Definition of micro institution in the country</li> <li>➤ Relationship among regulatory agencies, and between financial service providers, and associations.</li> </ul> </li> <li>● Presentation by participants about the institutions visited and their findings such as the following. <ul style="list-style-type: none"> <li>➤ Every type of institution (Banks, MFIs, Coops) is supervised by different authority.</li> <li>➤ Role of the government changed from directly providing fund to indirectly help funding via guaranty fund.</li> <li>➤ Combination of financial services with non- financial services are provided for with a special focus on women and youth</li> </ul> </li> <li>● Announcement of action plans by each institution or groups (FEDinvest, Members of the Albania Microfinance Association, the government (Ministry of Finance and Prime Minister's Office) and the banks and regulator (the Bank of Albania, Albanian Association of Banks).</li> </ul>		

**6) October 2016, Nairobi, Kenya**

Date	October 15,2016		
Venue	Hotel Intercontinental, Nairobi, Kenya		
Purpose	Post-tour Workshop for the Study tour to Kenya		
Participants	Participants for the Study tour to the Philippines		
	FED invest	Representatives	18
	Jehona Union	Representative	1
	Albanian Microfinance Association	Representative	1
	Kid-Kes	Representative	1
	Bank of Albania	Representatives	2
	Ministry of Finance	Representative	1

	Ministry of Economic Development, Tourism, Trade and Entrepreneurship Representative	1
Major Activities	<ul style="list-style-type: none"> <li>● Announcement by each study group about the following lessons learned from the study tour <ul style="list-style-type: none"> <li>➤ A range of diverse acts and regulations have been approved to enable the development of the micro financing sector.</li> <li>➤ Increase of product range and number of customer must be supported by ITC investments(Hardware and software).</li> <li>➤ The use of mobiles increased access to formal financial institutions.</li> <li>➤ Women involvement to loan process can help both financial inclusion and business development.</li> </ul> </li> <li>● Announcement of action plans by organization</li> </ul>	

**7) November 2016, Durres, Albania** (for details please refer to the section 4-5) Final Work Shop and Action Plans

Date	November 9, 2016		
Venue	Hotel Bleart Durres, Albania		
Purpose	Concluding Workshop		
Participants	Participants of the three study tours		
	FED invest	Representatives	39
	Jehona Union	Representative	1
	Vision Fund	Representative	1
	Albanian Microfinance Association	Representative	1
	Albanian Bankers Association	Representative	1
	Bank of Albania	Representatives	7
Major Activities	<ul style="list-style-type: none"> <li>● Sharing of lessons learned from each study tour</li> <li>● Consolidate, refined and finalize Action plans by organization</li> <li>● Announce and share the action plans by each sector</li> <li>● Review and agree on the roles of each sector to serve the underserved people</li> </ul>		

**4.3 Visit to the Albanian Microfinance Institution to Understand the Current Status of the Financial Inclusion and Microfinance Sector in Albania**

In addition to the overseas study tours, site visit of the microfinance institution in Albania was conducted to see the current status of the microfinance sector in the country.

Date	May 4, 2016																				
Venue	FED invest Kuqan Office, (Elbasan) ,Albania																				
Purpose	Site visit																				
Participants	Jehona Union	Representative	1																		
	NOA	Representative	1																		
	Besa	Representative	1																		
	FAF	Representative	1																		
	Vision Fund	Representative	1																		
	Bank of Albania	Representative	1																		
(Guide)	(FED invest staff, elected people, management including those of FED invest Kuqan office)																				
Major Activities	<ul style="list-style-type: none"> <li>● Explanation about FED invest</li> <li>● Explanation about Kuqan office /Elbasan</li> </ul> <p><u>Overview of Elbasan</u></p> <p>Key figures of Elbasan region (As of March 31, 2016)</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 60%;">Number of members</td> <td style="width: 20%;"></td> <td style="width: 20%; text-align: right;">11,808</td> </tr> <tr> <td>Number of clients</td> <td></td> <td style="text-align: right;">4,377</td> </tr> <tr> <td>Loan outstanding</td> <td style="text-align: right;">706 million Leke</td> <td></td> </tr> <tr> <td>Deposits outstanding</td> <td style="text-align: right;">1,200 million Leke</td> <td></td> </tr> <tr> <td>Number of offices</td> <td></td> <td style="text-align: right;">8</td> </tr> <tr> <td>Number of employees</td> <td></td> <td style="text-align: right;">29</td> </tr> </table> <p>Elbasan is the largest among FED invest’s 18 operating regions, accounting for 35% of members, 37% of clients, 27% of loan outstanding, and 50% of deposits. (FED invest engages only in loans and deposits.)</p> <p>Kuqan office of Elbasan, which we visited (FED invest owns both the land and the building.) is one of the model offices, together with Fier and Bashkesia offices, following the organization change, with the new FED invest Logo. Elbasan region is the one of the first to launch, along with Tirana, the branchless banking system built under the pilot project sponsored by JICA. (Regarding branchless banking, please refer to the below section.)</p>			Number of members		11,808	Number of clients		4,377	Loan outstanding	706 million Leke		Deposits outstanding	1,200 million Leke		Number of offices		8	Number of employees		29
Number of members		11,808																			
Number of clients		4,377																			
Loan outstanding	706 million Leke																				
Deposits outstanding	1,200 million Leke																				
Number of offices		8																			
Number of employees		29																			

In each office in the region, elected representatives, and staff (loan officers and other employees) work in their respective work space.

Loans:

Elbasan is an intensive agricultural area, and borrowers are farmers in the region. The borrowers produce various agricultural products, including vegetables, fruits (oranges) and olives, but livestock farming is rare. The purpose of the loan is mainly for production increase and purchase of agricultural machinery for productivity improvement. The average amount of loan is Euro 3,300, and the major lending period is 1.5 to 2 years. (Loans is collateralized, and guaranteed) Repayment types are monthly instalment and/or instalment payment in accordance with the borrower's business, i.e., seasonality of their agricultural products.

Deposits:

Deposits are mainly those from residents in the region, who put their remitted funds from abroad. The high deposit outstanding is achieved due to higher interest rate than banks (3.5% for 36months deposits, compared to maximum 3% of banks), as well as residents' confidence/ trust to the institution.

Branchless Banking:

Branchless Banking of FED invest aims to 1) raise efficiency via speedy data input/ collection using tablets, and 2) gather various data of clients and measure the effects of lending, for risk management and for marketing appropriate financial products to the borrower/customer. It was realized by JICA's support to utilize local software consultant for the period of November 2015 to March 2016.

In Elbasan, together with Tirana, the electric client management system has been adopted first among the operating regions of FED invest. Before the introduction of the system, client information used to be input manually, but they are now input by staff using his/her tablet into the database. The data is managed by the branch offices, and the input data can be seen by head office and other branches.

	<p><u>Future Plan:</u></p> <p>In Elbasan, it plans to increase loans and deposits in 2016 according to the plan of FED invest to increase loan outstanding and deposits outstanding by 14.1% and 13.2% respectively, compared to 2015.</p>
Lessons Learned	<ul style="list-style-type: none"> <li>● Credit and Savings Union has close relationship with its members (clients) and has expanded the business supported by their trust and participation to the activities. The key for its further business growth will be to balance the new and traditional methods of operation, raising efficiency and improving client service with the use of IT, while maintaining good traditional business customs. (For example, elected representatives who have deep knowledge about the region and its people participate in decision making for loan disbursements).</li> </ul>

#### 4-4 Study Tours

Overseas study tours to the Netherlands and France, the Philippines, and Kenya were conducted in March, July, and October 2016, respectively. The study tours were followed by preparation at the pre-tour workshop, and participants obtained hands-on experience and best practices of the countries visited. The tours concluded with the post-tour workshop, in which the participants shared the lessons learned, found items to be adapted in Albania, and drafted the action plans to be implemented in their respective organizations.

##### 4-4-1 The Netherlands and France

Date	March 15 -25, 2016		
Purpose	<ol style="list-style-type: none"> <li>1. Obtain insights from hands-on experience and real practices of the Netherlands and France in the areas of cooperatives and agriculture related financing.</li> <li>2. Learn about management, governance, and capacity building of cooperatives from the countries where cooperative systems have developed and contributed to the development of the country and the improvement of the living standards of the people.</li> <li>3. Start drawing the action plan to promote financial inclusion in Albania by applying obtained insights to Albanian context.</li> </ol>		
Participants by organization	FED invest	Representatives,	25
	Jehona Union	Representative	1
	Bank of Albania	Representatives	2



	Ministry of Finance	Representatives	2
	Total		30

### Schedule

DATE	Time	Program Details
<b>Day 1</b>		
15-Mar-16	9:00	Arrival Tirana Airport
Tuesday	11:40	Leave Tirana (AZ510 Alitalia )
	13:05	Arrive Rome
	17:05	Leave Rome (AZ132 Alitalia)
	19:40	Arrive Amsterdam
		Transfer to Hotel by Shuttle Bus
		Hotel: Hampton by Hilton Amsterdam Airport Schipol
<b>Day 2</b>		
16-Mar-16	10:00-11:00	Meeting with the participants
Wednesday	14:00:-16:00	NCR (the Dutch National Council for cooperatives) Lecture on Cooperatives in the Netherlands by Mr.Arjen van Nuland, Management Director of NCR (the Dutch National Council for cooperatives)
<b>Day3</b>		
17-Mar-16		1 day HollandDoor Program Dutch Agriculture and Agricultural Cooperatives
Thursday	9:00-9:30	Welcome, acquaintance, introduction of HolladDoor & aligning expectations
	9:30-11:00	Lecture; Introduction Holland & Dutch Agricultural Sector Development by Mr. Niek Botden, Founder, HollandDoor
	11:00-12:30	Field visit greenhouse vegetable farm, sweet pepper
	12:30-14:30	Transit and lunch
	14:30-16:00	Field visit greenhouse cut flower or potplant farm
	16:00-17:00	Field visit greenhouse vegetable grading cooperative
	17:00-18:00	Return to hotel
<b>Day 4</b>		
18-Mar-16	9:00 – 10.30	Visit flower auction
Friday	10.30 – 12.00	Transit Aalsmeer > Eindhoven
	12.00 – 13.30	lunch along the road
	14.00 – 18:45	Rabobank Eindhoven
	14.30 – 15.30	Lecture Rabobank/Rabo Development/RIAS and Governance by Mr. Richard Dons. Projectmanager Banking Advisory, Rabo International Advisory Services (RIAS))
	15.30 – 15.45	Mini Break
	15.45 – 17:30	Lecture Banking for Food and Agrifinance by Mr. Rene Verberk Senior Project Manager Agri Business, Rabobank
	17:30 – 18:30	Drinks
	18:45 – 20:30	Return transit to hotel
<b>Day 5</b>		
19-Mar-16	9:00 – 10:00	Meeting with the participants
Saturday		

DATE	Time	Program Details
<b>Day 6</b>		
20-Mar-16	9:00-10:10	Transit to Amsterdam Schipol Airport Station by shuttle
Sunday	10:33	Leave Amsterdam Schipol Airport Station (Thalys 9340 )
	14:35	Arrive Paris Nord Station
	14:50-15:30	Transit to Hotel by Bus (Coach)
		Hotel:Novotel Paris Est
<b>Day 7</b>		
21-Mar-16	10:00-11:00	Meeting with the participants
Monday	14:30	Lecture at Positive Planet
	14:30-15:00	Introduction (Xavier Bertrand, CEO )
	15:00-15:45	Presentation on ResponsAbility (Joséphine Gonzalez)
	15:45-16:45	Presentation on cooperative management and governance of cooperative (Marin de Viry )
<b>Day 8</b>		
22-Mar-16	9:30-16:30	Coop de France
Tuesday	(Lunch Break 12:30-13:30)	Lecture: Agricultural cooperatives in France by Oliver Frey
		Topics covered
		- Presentation of Agricultural Cooperation (history, development, operation)
		- Focus on the governance of agricultural cooperatives
		- Management of agricultural cooperatives
		- Legal operation of agricultural cooperatives
<b>Day 9</b>		
23-Mar-16		Associations pour le maintien d' une agriculture paysanne (AMAP)
Wednesday		EARL LEGUMES DE CRAVENT
	12:45-14:15	Transit to Cravent
	14:45-16:30	Visit Greenhouse and Lecture on AMAP
		Lecturer: Richard Capitane
	16:45	Transit to Hotel
	18:15	Back to Hotel
<b>Day 10</b>		
24-Mar-16	13:20-13:50	Transit to Crédit Mutuel
Thursday	14:00-17:30	Crédit Mutue
		Lecture1 About Crédit Mutuel
		by Fabrice Fasori, CSR Project Manager, Public Affairs Department
		Lecture 2 Crédit Mutuel and Agricultural Finance
		by Sébastien Prin, Responsible Agricultural Market
	17:30-18:00	Transit to Hotel
	18:15-20:15	Workshop
<b>Day 11</b>		
25-Mar-16	6:50	Meet at the hotel lobby
	7:00-8:00	Transit to CHARLES DE GAULLE Airport
	11:55	Leave Paris (TK1822 TURKISH AIRLINES )
	16:35	Arrive Istanbul
	19:00	Leave Istanbul (TK1077 TURKISH AIRLINES )
	19:50	Arrive Tirana

### **The list of Organizations visited**

Category	The Netherlands	France
Association of Cooperatives	NCR (Voor coöperateif ondernemen)	Coop de France

Cooperatives	HollandDoor Coöperatie U.A. FloraHolland	
Cooperative Banks	Coöperatieve Rabobank U.A.	Confédération national de Crédit Mutuel
Advisory for Agri and Social Development	Rabo International Advisory Services (RIAS )	Positive Planet
Social Investment Organization		responsAbility France SAS
Cooperation Movements		Associations pour le Maintien de l'Agriculture Paysanne (AMAP)

### The Netherlands



<http://www.lonelyplanet.com/maps/europe/netherlands/>

In the Netherlands, the participants visited four institutions. In the meantime, field visits were conducted, three places in the HollandDoor program (vegetable farm, cut flower farm, and tomato grading and packaging plant) and one place in FloraHolland flower wholesale market) The contents and results of each visit are the followings. (The details are described in “Record of the Meetings of the Study Tour to the Netherlands and France”)

**The institutions visited in the Netherlands in chronological order**

Date/Place	March 16, 2016 / Amsterdam
Name	<u>NCR</u>
Category	Association of Cooperatives
Activities (lecture)	(Major topics of the lecture) <ul style="list-style-type: none"> <li>● Cooperatives account for 18% of the Dutch GDP.</li> <li>● The Dutch cooperatives are business-driven rather than member-driven.</li> <li>● There are different types of governance models for cooperatives and each cooperative chooses the governance structure that is suitable for it.</li> <li>● In the Netherlands, Supervisory Board + Model (Board comprised of non-member executives and the Supervisory Board comprised of members) is common.</li> </ul>
Points of the participants' impressions, reactions, and raised issues	<ul style="list-style-type: none"> <li>● The major current issues of Dutch cooperatives are that few Dutch cooperatives have retained their interest in the social capital gains of the cooperativism.</li> <li>● The issue of merger of cooperatives is that, it becomes difficult to retain member participation of economic activities as cooperatives become bigger by merger.</li> </ul>
Lessons learned	Cooperative is a method to solve issues / challenges of an individual that are difficult for him/her to solve alone, by coming together with others that have similar problems. Along with the growth, cooperatives' capacity is enhanced. However, it becomes difficult to respond to members' voice. The key to successful management of cooperatives is to find the good balance of the size and the responsiveness to members' needs.

Date/Place	March 17, 2016 / Amsterdam area
Name	<u>HollandDoor</u>
Category	Cooperative
Activities (lecture, field visits)	(Major topics of the lecture) <ul style="list-style-type: none"> <li>● HollandDoor is a primary cooperative run by group of specialists of agriculture and related matters, and offers programs of agricultural education.</li> </ul>

	<ul style="list-style-type: none"> <li>● The Netherlands is the world's second largest agricultural exporter after the USA.</li> <li>● The characteristics of the Dutch agribusiness are, many cooperatives, high amount of foreign workers, and strong in export of own products.</li> <li>● About 50 cooperatives : turnover larger than €10 million</li> <li>● Role of Dutch government shifts from direct operational control &amp; check indirect check and control.</li> </ul> <p>(Field visits)</p> <ul style="list-style-type: none"> <li>● There were field visits to sweet pepper factory, orchid plant, and tomato processing factory.</li> </ul>
Points of the participants' impressions, reactions, and raised issues	<ul style="list-style-type: none"> <li>● The major Dutch agriculture and related business are cooperatives.</li> <li>● The Dutch agriculture is globally competitive and supported by the state of art technology.</li> </ul>
Lessons learned	<ul style="list-style-type: none"> <li>● Dutch agriculture has developed as producers cooperated to solve the issue of land situated under the water. Nowadays, the Dutch government has changed the way to support the industry. For example, the government shoulder a part of funds for the purchase of machinery to improve productivity, but it will ask to return the money if the productivity improvement is not materialized as planned. The government supports companies and cooperatives in such a way that they improve their competitiveness.</li> <li>● It is not possible to copy and paste the success methods taken in the Netherlands to Albania due to different environment. However, it is important to seek for the methods workable in the Albanian context, learning from the different system and think beyond the stereo type.</li> </ul>

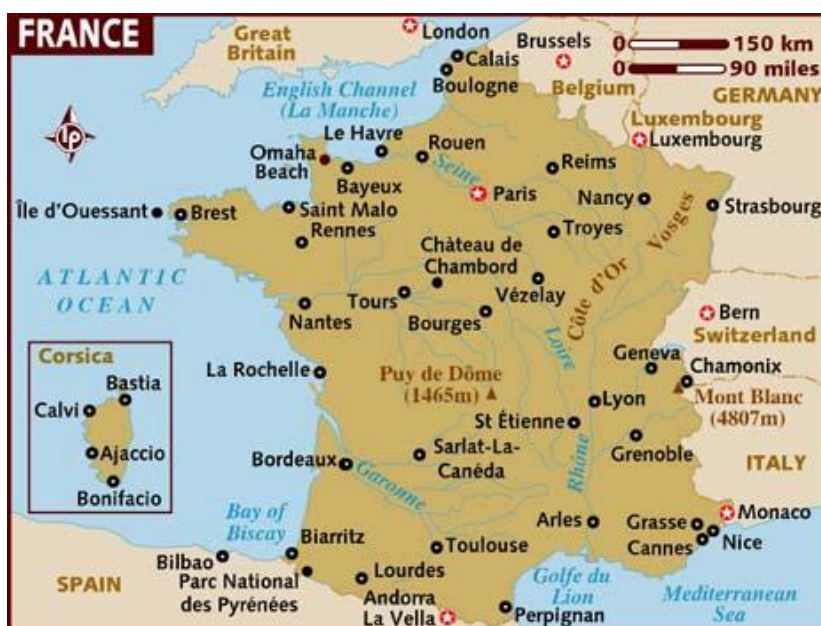
Date/Place	March 18, 2016/Aalsmeer
Name	<u>FloraHolland</u>
Category	Cooperative
Activities (field visit)	<ul style="list-style-type: none"> <li>● The FloraHollad flower market is the world's largest wholesale/ auction flower market, with annual turnover of €44 billion.</li> <li>● FloraHolland is a producers' cooperative.</li> </ul>

	Advantages of the FloraHolland Aalsmeer market are location (close to airport), and fully controlled cold chain from the purchase to packaging and shipment enabling the retention of freshness.
Points of the participants' impressions, reactions, and raised issues	<ul style="list-style-type: none"> <li>● The Dutch flower industry has built up global competitiveness by forming cooperatives, investing and utilizing advanced technology not only in terms of production, but also in terms of distribution.</li> </ul>
Lessons learned	FloraHolland is the cooperative that was established by the growers to sell products at the market place to counter the various demands from buyers. It is the example that the development of a cooperative contribute to development of the industry and economic advancement of the country. The cooperative aims to develop further by investing in the latest technology and facilities. Commitment to invest for efficiency enables the cooperative to attain sustainable growth.

Date/Place	March 18, 2016/ Eindhoven
Name	<u>Rabobank / Rabo International Advisory Services</u>
Category	Cooperative Bank/Advisory for Agri /Social Development
Activities (lectures)	<p>(Major topics of the lecture)</p> <ul style="list-style-type: none"> <li>● Rabobank has its roots in the local credit cooperative founded in 1896 by locals when farmers had no access to financial services.</li> <li>● Its growth strategies are 1) to provide various financial services to individuals and corporations as the socially responsible bank for the Netherlands 2) to be the leading international bank in Food and Agribusiness.</li> <li>● Change in governance structure: By consolidating about 100 regional Rabobank into one united Rabobank and operating under the one license, build a solid efficient financial institution that has closer relationship with clients relevant for the 21<sup>st</sup> century.</li> <li>● Rabo International Advisory Services (RIAS) that involves in agricultural financing and financial inclusion.</li> <li>● It provides technical assistance regarding banking operations, and agricultural development mainly in developing countries.</li> </ul>

Points of the participants' impressions, reactions, and raised issues	<ul style="list-style-type: none"> <li>● Key success factors for rural banks are sufficient scale and market share, servicing all client segment with right mix of products, specialized knowledge on SMEs and agriculture, utilization of IT to achieve efficient out reach.</li> </ul>
Lessons learned	<ul style="list-style-type: none"> <li>● Rabobank has started restructuring (consolidation for increase scale and raising efficiency by headcount reduction) affected by the stricter application of financial rules (BIS rules). Just at the same time, savings and credit unions such as FED invest and Jenona Union in Albania consolidate and grow. The fact that Rabobank, which is the globally known cooperative bank and strong in agri financing, has the similar growth strategy at the same timing, may work as a benchmark for the Albanian savings and credit unions to measure their growth.</li> </ul>

## France



(Source: <http://www.lonelyplanet.com/maps/europe/france/>)

In France, the participants visited four institutions, including one field visit (a farm participated in AMAP, association to protect small size famers.) The contents and results of each visit are the followings. (The details are described in “Record of the Meetings of the Study Tour to the Netherlands and France”). At the end of the visits, post-tour workshop was held. Due to the limited time available for the workshop on the day, continued session was held in Tirana Albania in April, and action plans were drafted.

**The institutions visited in France in chronological order**

Date/Place	March 21, 2016/ Paris
Name	<u>PositivePlanet / responsAbility</u>
Category	Advisory for Agri /Social Development/Social Investment Organization
Activities (lectures)	<p>(Major topics of the lecture)</p> <ul style="list-style-type: none"> <li>● responsAbility is an organization that makes investments for development, focusing on five important sectors for development (finance, agriculture, energy, healthcare, education) using funds from high net worth individuals and institutional investors. As of December 2014, total investment amounted to USD 2.4 billion.</li> <li>● Positive PlaNet / responsAbility currently engages in the project to establish the vine growing cooperatives in rural Armenia, which has faced severe economic situation following the fall of Soviet Union.</li> </ul>
Points of the participants' impressions, reactions, and raised issues	<ul style="list-style-type: none"> <li>● Social investors, such as responsibility can be a new source of funding for MFIs in Albania.</li> <li>● The example of establishment of coop in Armenia will be a model in considering the promotion of rural area of Albania.</li> </ul>
Lessons learned	The presenter institutions engage mainly in microfinance funds. It is not active in investment in the Balkans, reflecting limited land and population compared to Asia. However, there is an interest in diversifying fund source for the savings and credit associations to which many participants belong. Armenian example illustrated well the creation of cooperatives, and develops through technology transfer.

Date/Place	March 22, 2016/ Paris
Name	<u>Coop de France</u>
Category	Association of Cooperatives
Activities (lectures)	<p>Major topics of the lecture</p> <ul style="list-style-type: none"> <li>● Coop de France is a professional organization that represents and defends the interest of agricultural cooperatives.</li> <li>● History of cooperatives in France dates back to 19<sup>th</sup> century cooperative movements.</li> <li>● Relationship between agriculture and related industry and cooperatives.</li> </ul>



	<ul style="list-style-type: none"> <li>● The French agricultural cooperatives have been financially supported by the governments and received preferential treatments regarding taxation.</li> <li>● In French cooperatives, the governance structure is composed of general assembly, board of directors, and legal.</li> <li>● The examples of large successful agri-related French cooperatives include Agrial, European leader of vegetables and Nicolas Feuillatte, which is the 3rd largest brand of champagne in the world.</li> </ul>
Points of the participants' impressions, reactions, and raised issues	<ul style="list-style-type: none"> <li>● The relationship between cooperatives and government differ by country. In France, there are more direct government interventions to the activities of cooperatives. In contrast, Dutch government pursues more liberal policies toward cooperatives.</li> </ul>
Lessons learned	<p>Agricultural cooperatives in France have close relationship with the nation and region, and receive preferential tax treatment. The system reflects the principle that cooperative is for the members. On the other hand, the business is limited by the law (e.g. territory) to the disadvantage in the competition with the non-cooperative institutions. The national regulations influence the cooperatives' business. It reiterates the importance of the relationship between cooperatives and regulatory bodies for the business development.</p>

Date/Place	March 23, 2016/ Cravent
Name	AMAP (Associations pour le Maintien de l'Agriculture Paysanne: Association to protect small size farmers)
Category	Cooperation Movements
Activities (field visit)	<p>Visit to the farm in Cravent '(80 km Southeast of Paris), that is a member of AMAP.</p> <ul style="list-style-type: none"> <li>● Observe that the farm pays close attention to ecology and safety that the AMAP member consumers demand.</li> <li>● Explanation about AMAP <ul style="list-style-type: none"> <li>➢ AMAP that was born in Southern France in 2001 is the system that connects producer and consumers and has its roots in the Japanese Teikei movement.</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>➤ Consumers are connected to the farmer by closing direct contracts. The two purchasing contracts and consumers make advance payments, while producers deliver organic agricultural products to consumers</li> </ul>
Points of the participants' impressions, reactions, and raised issues	<ul style="list-style-type: none"> <li>● AMAP is an example to develop agriculture locally, by being close to the market and considering the environment, in contrast to the Dutch agriculture that develops globally supported by large capital investment to raise efficiency.</li> </ul>
Lessons learned	<p>In contrast to the Dutch producer that expands business to British large supermarket from the automated large greenhouse, AMAP firm maintains stable business by closing direct contract with local consumers by appealing them for the environmental care (no use of chemicals or machinery) and visibility. In terms of organization, while in the Netherlands, cooperative systems are adopted, AMAP is more a voluntary association and their forms are varied. Agri/food business is polarizing into globalization and localization. AMAP is an example of the latter and indicates that achieving the size and efficiency is not the only way to develop the stable business.</p>

Date/Place	March 24, 2016 / Paris
Name	<u>Crédit Mutuel</u>
Category	Cooperative Bank
Activities (lectures)	<p>Major topics of the lectures</p> <ul style="list-style-type: none"> <li>● Crédit Mutuel is a cooperative financial institution that has engaged in agricultural financing.</li> <li>● It keeps nearly the same governance structure since its foundation in the late 19<sup>th</sup> century.</li> <li>● It continues solid management style and offers services close to the members.</li> <li>● In order to provide quality services to members, employees and directors who represent members receive trainings.</li> <li>● In terms of agriculture financing, Crédit Mutuel offers various financial services to its agriculture related customers in France, including housing loans, and insurance.</li> </ul>

Points of the participants' impressions, reactions, and raised issues	<ul style="list-style-type: none"> <li>● The trainings for directors include accounting and legal affairs in order to improve the expertise.</li> <li>● The incentive given to employees is that they have opportunities to work regional level. At the local, credit mutual is relatively small in size, and the employees are hired and administered at the regional level. In a regional group, employees work at different local banks and promoted to the executive directors of the regional level.</li> </ul>
Lessons learned	<p>Crédit Mutuel, just as Rabobank, is a cooperative bank and has historical relationship with agriculture. Meanwhile, the latter consolidates local and regional banks into one bank and aims to grow by improving efficiency, while the former continues solid operation by retaining the three-tier structure, with local and regional institutions holding the share capital of national association. Savings and credit unions in Albania chose the same path as Rabobank and consolidate their operation for growth. Crédit Mutuel shows other path for growth by maintaining the existing structure.</p>

### Summary of the study tour to the Netherlands and France

Purposes	<ol style="list-style-type: none"> <li>1. Obtain insights from hands-on experience and real practices of the Netherlands and France in the areas of cooperatives and agriculture related financing</li> <li>2. Learn about management, governance, and capacity building of cooperatives from the countries where cooperative systems have developed and contributed to the development of the country and the improvement of the living standards of the people.</li> <li>3. Start drawing the action plan to promote financial inclusion in Albania by applying obtained insights to Albanian context.</li> </ol>
Achievements	<ol style="list-style-type: none"> <li>1. In the Netherlands, Rabobank, a major cooperative bank explained their strategies and activities of their agricultural finance division. Participants got hints that can be applied to activities in Albania such as various financial products supplied to the clients, or establishment of the division specialized in agriculture within the organizations.</li> <li>2. Participants gained information on various aspects of cooperatives including the governance systems, and learned that cooperatives select the system from various types of governance systems that suit them, especially in the explanation by the experts of NCR and Coop de France, the association of cooperatives in the Netherlands, and France, respectively.</li> </ol>

	3. Participants drafted the action plans based on the lessons learned from the study tour.
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4-4-2 The Philippines



<http://www.lonelyplanet.com/maps/asia/philippines/>

Date	July 2 -11, 2016		
Purpose	<p>1. Learn about various initiatives for promoting financial inclusion in the Philippines, which is the forerunner of financial inclusion, and obtain insights from the experience of the country’s practitioners.</p> <p>2. Learn especially about the country’s history of progress in financial inclusion, involvement of the government, financial education, products and services related to financial inclusion, financial products for women and the youth, branchless banking, legal systems and supervision associated with financial inclusion.</p> <p>3. Start drawing the action plan to promote financial inclusion in Albania by applying obtained insights to the Albanian context.</p>		
Participants by organization	FED Invest	Representatives	14
	Jehona Union	Representative	1

	Besa Fund	Representative	1
	Vision Fund	Representative	1
	FAF-DC	Representative	1
	NOA	Representative	1
	Bank of Albania	Representatives	2
	Ministry of Finance	Representative	1
	Albanian Association of Banks	Representatives	2
	The Prime Minister's Office	Representative	1
	Total		25

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## Schedule

DATE	Time	Location	Destination
<b>Day 1-2</b>			
2-Jul-16	20:55		Leave Tirana (TK1078 Turkish Airlines )
(Saturday)	23:40		Arrive Istanbul
3-Jul-16	1:55	Manila	Leave Istanbul (TK84 Turkish Airlines)
(Sunday)	18:40		Arrive Manila
<b>Day 3, Monday, July 4</b>			
	6:00		
	7:00		
	8:00 - 9:00	Bay and San Pablo City, Laguna	Center for Agriculture and Rural Development (CARD) - Mutually Reinforcing Institutions (MRI); website: <a href="http://www.cardmri.com">www.cardmri.com</a>
	9:00 - 10:45		Visit to CARD's clients to observe the center meeting and understand how these clients make use of CARD's multi-services services, challenges, improvement in their socio-economic situation.
	10:45 - 11:50		Visit to CARD Bank branch
	12:00		Lunch
	13:15-15:00		Continuation of CARD MRI discussion /orientatiton
	15:30 -16:30		Meet with 1 SME client who is being supported by CARD
<b>Day 4, Tuesday, July 5</b>			
	8:00 - 10:00	Manila City	Land Bank of the Philippines (LBP) - Agricultural Guarantee Fund Pool Program (AGFP); Website: <a href="https://www.landbank.com/">https://www.landbank.com/</a>
	13:00-14:30	Quezon City, 827 Aurora Blvd, Cubao,	Cooperative Development Authority (CDA); Website: <a href="http://www.cda.gov.ph/">http://www.cda.gov.ph/</a>
	14:30 -15:00		
	15:00-17:00	Quezon City, # 227 J.P. Rizal, Project 4	National Confederation of Credit Cooperatives (NATCCO)
<b>Day 5, Wednesday, July 6</b>			
	9:00 - 10:00	Manila	BPI Globe Bangko
	10:00 - 12:00	Manila	Microfinance Council of the Philippines (MCPI); website: <a href="http://www.microfinancecouncil.org/">http://www.microfinancecouncil.org/</a>
	14:00 - 16:00	220 Ortigas Avenue, BankO Center, North	BPI Globe Bangko affiliated stores
<b>Day 6, Thursday, July 7</b>			
	9:00 - 12:00	Manila City, Corner A. Mabini and P. Ocampo Sts. Malate	Bangko Sentral ng Pilipinas (BSP); website: <a href="http://www.bsp.gov.ph/about/advocacies_micro_FIP.asp">http://www.bsp.gov.ph/about/advocacies_micro_FIP.asp</a>
	14:00-16:00	Manila City,	Department of Finance (DOF) /National Credit Council (NCC); website: <a href="http://www.dof.gov.ph">www.dof.gov.ph</a>
<b>Day 7, Friday, July 8</b>			
	8:00-11:00	LKBP Tower and Business Center	Ligas Kooperatiba ng Bayan sa Pagpapaunlad (LKBP); website: <a href="http://www.ligascoop.org/">http://www.ligascoop.org/</a>
	14:00-17:00	Pasig City	ASA Philippines; website: <a href="http://www.asaphil.org">www.asaphil.org</a>
<b>Day 8, Saturday, July 9</b>			
	9:00 AM session start - whole day	Manila	Hotel's Meeting Room
<b>Day 9, Sunday, July 10</b>			
	21:30		Leave Manila (TK85 Turkish Airlines )
<b>Day 10, Monday, July 11</b>			
	4:45		Arrive Istanbul
	7:45		Leave Istanbul (TK1073 Turkish Airlines)
	8:25		Arrive Tirana

In the Philippines, we visited ten institutions and site visits at CARD ad LKBP. At CARD, we

visited Center Meeting of the clients of CARD NGO near the head office, a branch of the CARD Bank, and a machine parts shop who is a client of the CARD Bank. At LKBP, we visited branch office and clinic near the head office, as well as recreation center adjunct to the head office. (The details are described in “Record of the Meetings of the Study tour to the Philippines”). At the end of the visits, post-tour workshop was held and action plans were drafted.

#### The list of organizations visited

Category	Name
Microfinance Institutions	Center for Agriculture and Rural Development (CARD) ASA Philippines
Microfinance Network	Microfinance Council of the Philippines, Inc. (MCPI)
Cooperatives	Ligas Kooperatiba ng Bayan sa Pagpapaunlad (LKBP)
Association of Cooperatives	National Association of Credit Cooperatives (NATCCO)
Private Bank	BPI Globe Banko
Government Financial Institutions	Land Bank of the Philippines (LBP)
Supervisory body	Bangko Sentralng Pilipinas (BSP) Department of Finance (DOF) Cooperative Development Agency (CDA)

#### The institutions visited in the Philippines in chronological order

Date/Place	July 4, 2016 /San Pablo
Name	<u>Center for Agriculture and Rural Development (CARD)</u>
Category	Microfinance Institution
Activities (lectures, field visit to Center Meeting, bank branch and its client)	<p>(Major topics of the lectures)</p> <ul style="list-style-type: none"> <li>● CARD was founded as a social development organization, and has grown into the country’s microfinance leader with about 3.3 million of clients/members.</li> <li>● CARD has grown by providing various financial and non-financial services to the members and their families through MRI (Mutually Reinforcing Institutions).</li> </ul> <p>(Field visits to Center Meeting, and others)</p>

	<ul style="list-style-type: none"> <li>● At CARD NGO, a group of approximately 20 clients forms a “Center”. A Center meeting is held weekly on the same day of the week, at the same time, where loan disbursement and repayment, and collection of money for deposits are taken place.</li> <li>● At the Center meeting, in addition to the above financial arrangements, the loan officer in charge will communicate to members about useful information such as education, medical, and healthcare.</li> <li>● The participants also visited CARD Bank’s branch and its client for individual lending, who own machine parts, and observed the different loan arrangement compared to that of CARD NGO.</li> </ul>
Points of the participants’ impressions, reactions, and raised issues	<ul style="list-style-type: none"> <li>● The key for the growth of CARD group is its holistic approach. MRI member institutions offer various services responding to the needs of members and employees, and they are offered not only members but to their families.</li> </ul>
Lessons learned	For sustainable growth of the institution, it is necessary to provide services that are suitable for clients’ life style, needs and orientation by understanding them.

Date/Place	July 5, 2016 / Manila
Name	<u>Land Bank of the Philippines (LBP)</u>
Category	Government Financial Institutions
Activities (lectures)	<p>(Major topics of the lectures)</p> <ul style="list-style-type: none"> <li>● LBP is the bank wholly owned by the Philippine Government, and supports financial service to agriculture and fishery sectors.</li> <li>● LBP’s priority sectors for lending are five; small farmers; fisherfolk; agri-business; aqua-business; and Agri-aqua Related Projects of local and national governments.</li> <li>● The loans to priority sectors accounted for 88.7% of total loan outstanding while 67% of its deposits comes from the government, and 33% from the private.</li> <li>● It also engages in MSME finance, and offers various products and services.</li> </ul>



	<ul style="list-style-type: none"> <li>● LBP is also responsible for conducting Agricultural Guarantee Fund Pool (AGFP- program for guaranteeing loans to small farmers and fishermen) .</li> </ul>
Points of the participants' impressions, reactions, and raised issues	<ul style="list-style-type: none"> <li>● Financing to the priority sectors such as agriculture is facilitated by AGFP managed by LBP. The rules that require banks to allocate certain percentages of outstanding loans to agriculture and related sectors also support the funding to the sectors.</li> <li>● The banks are more willing to pay fines, rather than allocating their loans to these sectors that are considered risky, and such fines are the source of funds for managing AGFP.</li> </ul>
Lessons learned	There is substantial demand for agriculture microfinance as many of the low income sector engages in agriculture. LBP and AGFP help financial institutions to extend services to the agriculture which is high risk.

Date/Place	July 5, 2016 /Quezon City
Name	<u>Cooperative Development Agency (CDA)</u>
Category	Supervisory Body
Activities (lecture)	<p>(Major topics of the lectures)</p> <ul style="list-style-type: none"> <li>● CDA is a supervisory body for cooperatives which play important role for financial access for low income people in the Philippines.</li> <li>● CDA's major functions are (1)to formulate, adopt and implement plans on cooperative development consistent with the relevant national policies. (2) working as register and supervisory organization for cooperatives, (3) coordination with other government agencies, (4) capacity building of cooperatives, and (5) auditing of cooperatives.</li> </ul>
Points of the participants' impressions, reactions, and raised issues	<ul style="list-style-type: none"> <li>● Licensing and supervision is instituted for every type of institution (CDA is the supervisory body that specializes in coops.)</li> <li>● CDA was under surveillance by the presidential office at the time of its establishment, and then placed under control of the department of finance, and it is expected to be placed under control by the presidential office again as the strengthening of power of CDA under the new president is expected.</li> </ul>
Lessons learned	<p>Cooperatives play important roles for financial access of the low income sectors.</p> <p>Therefore CDA plays important roles for protection of the people engages in financial transactions (receive financial services) at cooperatives.</p>

Date/Place	July 5, 2016 / Quezon City
Name	<u>National Association of Credit Cooperatives (NATCCO)</u>
Category	Association of Cooperatives
Activities (lecture)	(Major topics of the lecture) <ul style="list-style-type: none"> <li>● NATCCO is the biggest federation of coops in the Philippines, in terms of assets, with about 700 coop members.</li> <li>● NATCCO is not a public institution, but engages in capacity building of member cooperatives and thus complements the role of CDA.</li> <li>● It also offers CCT (conditional cash transfer – granting funds for healthcare and education for the poorest people) in 590 cities and regions.</li> <li>● NATCCO also works for financial education of the youth. It encourages deposits of the children by working with school teachers, and plans to increase the number of children that make deposits from present 186,000 by 30% to 243,000.</li> </ul>
Points of the participants' impressions, reactions, and raised issues	<ul style="list-style-type: none"> <li>● The merits for a coop becoming a member of NATCCO are that it becomes eligible for trainings /capacity building and that the credibility of the coop will improve.</li> </ul>
Lessons learned	Cooperatives are one of the successful model to improve financial access of the low income sectors. It is beneficial also for members that cooperatives build their capacity by way of the federation.

Date/Place	July 6, 2016/ Manila
Name	<u>Microfinance Council of the Philippines, Inc. (MCPI)</u>
Category	Microfinance Network
Activities (lecture)	(Major topics of the lecture) <ul style="list-style-type: none"> <li>● MCPI, is a national network of microfinance institutions and engages in their capacity building and advocacy.</li> <li>● There are three types of microfinance institutions in the Philippines.</li> </ul>

	<p>They are NGO, cooperatives, and banks, and which are regulated by different regulatory authority. Microfinance institutions run by NGO do not have strict reporting requirements to regulatory authority, and their rules and regulations are mild.</p> <ul style="list-style-type: none"> <li>● MCPI also adjusts the balance between microfinance institutions that are regulated differently according to the supervisory authority.</li> <li>● MCPI currently plays the roles of collection of information about the microfinance institutions.</li> </ul>
Points of the participants' impressions, reactions, and raised issues	<ul style="list-style-type: none"> <li>● 40% of operating cost of MCPI is funded by annual membership fees, and the rest is financed by the service charge for technical assistance and trainings.</li> <li>● Regarding relationship with donors, MCPI does not receive grants for operation.</li> </ul>
Lessons learned	Network organization plays important roles for capacity building of microfinance institutions, collection of credit information, promoting cooperation among institutions, and complement imbalance among institutions (in terms of size, etc.).

Date/Place	July 6, 2016/ Manila
Name	<u>BPI Globe Banko (BPIGB)</u>
Category	Private Bank
Activities (lecture)	<p>(Major topics of the lectures)</p> <ul style="list-style-type: none"> <li>● BPI Globe Banko is the Philippine's first mobile phone-based, microfinance-focused bank.</li> <li>● The use of mobile is important for the Philippines, where only 4 out of 10 people have access to banks.</li> <li>● Cost for managing banks is high in the Philippines, which is composed of archipelago. On the other hand, mobile phone is penetrated into the Filipinos' lives, and it is effective to broaden financial access to affiliate with Globe, the communication company.</li> <li>● The number of branches of BPIGB is few, but clients can access to the outlets of special agents. There are two type of special agents, the one affiliated only with BPIGB, and those affiliated with Globe Telecom.</li> <li>● The clients of BPIGB is able to transfer or pay to other clients who</li> </ul>

	also have g-cash (mobile money) for free, and also purchase prepaid cards for mobile phones. Some of the BPIGB's clients are also the clients of microfinance institutions, and they are able to do loan payments by mobile phones.
Points of the participants' impressions, reactions, and raised issues	<ul style="list-style-type: none"> <li>● The key success factor for mobile banking in the Philippines is that market penetration improved by forming channel to buy prepaid cards for mobile phone, that is, small shops that are present all over the Philippines.</li> </ul>
Lessons learned	The demand for mobile money is substantial. The issues are that how one can change the action pattern of the Filipino who prefer cash transaction, and how to supply cheaper and easier services.

Date/Place	July 7, 2016/ Manila
Name	<u>Bangko Sentralng Pilipinas (BSP)</u>
Category	Supervisory Body
Activities (lecture)	<p>(Major topics of the lectures)</p> <ul style="list-style-type: none"> <li>● In the Philippines, regulatory framework for microfinance institutions are the following. BSP supervises banks that operate microfinance. Microfinance NGOs are supervised by the Securities and Exchange Commission-SEC. Cooperatives are supervised by Cooperative Development Agency (CDA).</li> </ul> <p>-BSP is a strong advocator of financial inclusion. It has initiated the formulation of the National Strategy for Financial Inclusion (NSFI) that aims to build financial system accessible and responsive to the needs of the entire population.</p> <p>-In the Philippines, 36% of cities and municipalities are unbanked. However, unbanked area is 12% when non-bank financial service providers such as pawn shops are included.</p> <ul style="list-style-type: none"> <li>● BSP, thus, encourages to have account in non-bank financial service providers as the first step to financial inclusion.</li> </ul>
Points of the participants' impressions, reactions, and	<ul style="list-style-type: none"> <li>● The NSFI was just established in July 2015, and BSP and other related organizations are considering how to effectively measure the impact of activities on GDP and other index.</li> </ul>

raised issues	
Lessons learned	<ul style="list-style-type: none"> <li>● In addressing financial access issues, market based solutions are feasible and should be encouraged. It is necessary to establish a supportive regulatory environment for the said market based solutions to work.</li> <li>● All financial service providers should be properly and proportionately regulated to uphold consumer protection and financial system integrity.</li> </ul>

Date/Place	July 7, 2016/ Manila
Name	<u>Department of Finance (DOF) / National Credit Council (NCC)</u>
Category	Supervisory Body
Activities (lectures)	<p>(Major topics of the lectures)</p> <ul style="list-style-type: none"> <li>● DOF initiated the formulation of “National Strategy for Microfinance”, and actively involved in the creation of “National Strategy for Financial Inclusion”, together with BSP.</li> <li>● DOF reformed the failed policies toward financial inclusion such as directed-credit programs (DCPs), by involving various stakeholders including those from the private entities for series of discussions.</li> <li>● The process of reform led to the establishment of “the National Strategy for Microfinance” and setting of the four basic credit policy principles; 1) to increase the roles of private MFIs, 2) to set enabling policy environment to facilitate private sector participation, 3) to adopt market-oriented interest rates on loan and deposits, and 4) not to involve governmental entities for credit and guarantee programs.</li> <li>● As a result of the reform, the Philippines microfinance regulatory environment is now ranked one of the best in the world.</li> <li>● The importance of micro insurance in case of crisis and disasters is emphasized.</li> </ul>
Points of the participants’ impressions, reactions, and raised issues	<ul style="list-style-type: none"> <li>● The keys to the successful reform of microfinance, are to prepare the data that supports decisions, and to involve all the stakeholders, not just the governmental agencies but also private institutions for discussion about the reform.</li> </ul>

Lessons learned	<ul style="list-style-type: none"> <li>● Less direct government intervention in credit delivery enhances competition, lower interest rates and greater access of the poor to micro financial services.</li> <li>● Government' role is to set rules, regulations, and standards, and supervise, to create an enabling policy environment for private institutions to act prudently.</li> </ul>
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Date/Place	July 8, 2016/ Bulacan
Name	<u>Ligas Kooperatiba ng Bayan sa Pagpapaunlad (LKBP)</u>
Category	Cooperatives
Activities (presentation, site visit to branch and its medical service facility, and other service/leisure facilities)	<p>(Major topics of the lecture)</p> <ul style="list-style-type: none"> <li>● Established as a credit cooperative, LKBP has diversified its business and provides variety of programs and services including education and healthcare.</li> <li>● LKBP has grown by diversifying from credit to other services such as health (clinic) and education (schools) to respond to the needs of the low income people and the community.</li> <li>● It also encourages members to have means to earn living (such as hand crafts) and assist the sales of their products.</li> </ul>
Points of the participants' impressions, reactions, and raised issues	<ul style="list-style-type: none"> <li>● To promote the organization in the community, LKBP first diversified activities and improved each operation, and nowadays it set up marketing division to increase members.</li> <li>● Many members of the Albanian delegation agreed that it is important to diversify and provide the services that meet the members' needs.</li> </ul>
Lessons learned	It is important for the growth of organization to provide not only financial services, but also other various services and jobs that meet the needs of the community.

Date/Place	July 8, 2016/Pasig City
Name	<u>ASA Philippines</u>
Category	Microfinance Institutions
Activities	(Major topics of the lecture)

(lecture, presentation of office facility)	<ul style="list-style-type: none"> <li>● ASA Philippines is a non-profit, non-stock corporation, specializing in microfinance.</li> <li>● It focuses on microfinance and has not diversified services.</li> <li>● It achieved fast growth, and is the first NGO to serve 1 million clients within 11 years of establishment.</li> <li>● It is financially sound and conservatively managed as represented by PAR (portfolio at risk) of 0.27% as of June 2016.</li> <li>● The institution shows the diverse development process of the microfinance institutions.</li> </ul>
Points of the participants' impressions, reactions, and raised issues	<ul style="list-style-type: none"> <li>● While there are MFIs that diversify into banking, ASA Philippines does not go into the business, since its mission to serve for the poor people unchanged, and thus keep the status of not for profit organization (NPO).</li> <li>● The key success factor for ASA Philippines are; keeping the mission to serve for the poor people, taking prudent financial policy in view of risk profile of microfinance, and encourage employees to conduct best practices at their work place.</li> </ul>
Lessons learned	<p>ASA Philippines has grown by overcoming various challenges, such as the loss of key member at the time of establishment, or the loss of customer confidence following the misconduct of a few employees. When the fraud of the employees revealed, ASA Philippines liquidated transactions according to the request of customers not only those affected by the fraud, but those who so wished. With such careful response to customers, the institution recovered the customer confidence.</p> <p>The time of hardship is actually the seeds for the growth and strengthening the organizational capability.</p>

### Summary of the Study Tour to the Philippines

Purposes	<ol style="list-style-type: none"> <li>1 Learn about various initiatives for promoting financial inclusion in the Philippines, which is the forerunner of financial inclusion, and obtain insights from the experience of the country's practitioners.</li> <li>2. Learn especially about the country's history of progress in financial inclusion, involvement of the government, financial education, products and services related to financial inclusion, financial products for women</li> </ol>
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	<p>and the youth, branchless banking, legal systems and supervision associated with financial inclusion.</p> <p>3. Start drawing the action plan to promote financial inclusion in Albania by applying obtained insights to the Albanian context.</p>
Achievements	<ol style="list-style-type: none"> <li>1. Participants learned from the Filipino microfinance institutions and cooperative that they have served the poor by providing not only financial but also other services such as health care, education, or small business to earn their living. They re-recognized the need to diversify their activities in Albania to better serve their clients.</li> <li>2. Participants also learned that not only service providers but also the network organizations and regulators cooperate to serve for the poor. Network organizations offer trainings to MFIs to better serve their clients. Regulators such as BSP and DOF endeavour to make enabling environment for MFIs, and encourage dialogue among financial inclusion stake holders both from the public and private entities. The creation of the National Strategy for Financial Inclusion represented the concerted efforts of such stake holders.</li> <li>3. The participants drafted action plans based on the lessons learned from the experience in the Philippines, including the plans to create a forum of various financial inclusion actors in Albania to set the base for creation of a financial inclusion strategy.</li> </ol>

#### 4-4-3 Kenya





(Source:<http://www.lonelyplanet.com/maps/africa/kenya/>)

Date	October 8 -17, 2016		
Purpose	<ol style="list-style-type: none"> <li>1. Learn about various initiatives for promoting financial inclusion in Kenya, which is the forerunner of financial inclusion especially in the field of digital finance, and obtain insights from the experience of the country's practitioners.</li> <li>2. Learn especially about the country's history of progress in digital finance, legal systems and supervision associated with financial inclusion, as well as digital finance related products (mobile banking, branchless bank), financial products for customers such as women and the youth, and services including financial education.</li> <li>3. Start drawing the action plan to promote financial inclusion in Albania by applying obtained insights to the Albanian context.</li> </ol>		
Participants by organization	FED Invest	Representatives	18
	Jehona Union	Representative	1
	Albanian Microfinance Association	Representative	1
	Bank of Albania	Representatives	2
	Ministry of Finance	Representative	1
	Ministry of Economic Development, Tourism Trade & Entrepreneurship	Representative	1
	Kid-Kes, Ltd.	Representative	1
	Total		25

## Schedule

Date	Time	Location	Destination	Schedule
<b>Day 1-2</b>				
8-Oct-16 (Saturday)	18:00 19:25 22:00	Tirana  Rome		Lv. Tirana (EY7071 Ethihad Airways )  Lv. Tirana (EY7071 Ethihad Airways )
9-Oct-16 (Sunday)	6:05 8:45 13:00	Abu Dhabi Nairobi		Lv. Rome (EY084 Ethihad Airways ) Ar. Abu Dhabi
<b>Day 3</b>				
10-Oct-16 (Monday)	10:30-11:00 11:00-12:00 12:00-13:00 15:00	Nairobi Nairobi Nairobi Nairobi	Breifing (venue Intercontiernal Nairobi) Association of Microfinance Institutions (AMFI) (venue Intercontinental Nairobi) Rafiki Microfinance Bank - MFB (venue Intercontinental Nairobi) Juhudi Kilimo	Lecture: About Association of the Microfinance Institutions-Kenya by Ms. Caroline Kabui Karanja, Ms. Nancy Chotero Mr. Shadrack Mithika Program Manager, Mr. Shadrack Mithika Lecture: Microfinance in Kenya: Products and Services Lecturer: Mr. Zakkareus Syengo, Head of Marketing & Corporate Affairs Rafiki Microfinance Bank Lecture : About Juhudi Kilimo Lecturer: Mr. Cleopas Ndaramu, Chief Operations Officer Mr. Samwel Tobiko, Agri-Business Officer
<b>Day 4</b>				
11-Oct-16 (Tuesday)	8:30 All afternoon	Nairobi Kianbu (Client visit)	Kenya Women Microfinance Bank (KWFT)	Lecture : "About KWFT" Lecturer: Mr.Mwanghi Githaiga Managing Director Client visit – Clients of Kiambu Branch
<b>Day 5</b>				
12-Oct-16 (Wednesday)	Leave Hotel at 9:00 All Day	Makuyu, Thika	ACRE Africa	Site visit 1 The farm of Alfred Kamande, customer of product designed by Acre Africa Site Visit 2 Mr. Anthony Mugo, the owner of Hyper Agrovet, the agent of Acre Africa designed products
<b>Day 6</b>				
13-Oct-16 (Thursday)	9:30 11:30	Nairobi Nairobi	Commercial Bank of Africa - CBA Financial Sector Deepening Kenya (FSDK)	Lecture : CBA and its New Business Lecturers: Mr. Jeremy I. Ngunze, Director & Chief Executive Officer of Kenya, Mr. Eric Muriuki Njagi, General Manager, New Business Ventures Lectures on the projects associated with financial inclusion in Kenya that FSDK engages.
<b>Day 7</b>				
14-Oct-16 (Friday)	8:00 15:00	Kitengera (branch visit) Nairobi	Musoni	Visit to Kitengela branch and meeting with the clients of the branch. Lecture: About Musoni Lecturer: Mr. James Onyutta, CEO of Musoni Kenya
<b>Day 8</b>				
15-Oct-16 (Saturday)	All day	Nairobi	Hotel Meeting Room	Post tour Workshop
<b>Day 9</b>				
16-Oct-16 (Sunday)	13:55 20:25	Nairobi		Lv.Nairobi (EY642 Ethihad Airways ) Ar. Abu Dhabi
<b>Day 10</b>				
17-Oct-16 (Monday)	2:25 6:55 9:25 8:25	Abu Dhabi  Rome Tirana		Lv. Abu Dhabi (EY7065 Ethihad Airways ) Ar. Rome Lv. Rome (EY7073 Ethihad Airways ) Ar. Tirana

In Kenya, the participants met eight institutions. With three institutions (KWFT, Acre Africa and Musoni), there were branch/client visits. At KWFT, following the lectures and presentation at the headquarter, participants visited the clients of KWFT Kiambu Branch (12 km North of

Nairobi). At Acre Africa, they visited the farmer who is a user of insurance products, and agent for Acre Africa. At Musoni, they visited Kitengela branch office and their group of clients before meeting with CEO at head office. (The details are described in “The Record of the Meetings of the Study Tour to Kenya”). At the end of the visits, post-tour workshop was held and action plans were drafted.

#### The list of organizations visited

Category	Name
Microfinance Network	Association of Microfinance Institutions
Non-regulated Microfinance Institutions	Juhudi Kilimo Musoni
Microfinance Banks	Rafiki Microfinance Bank Kenya Women Microfinance Bank
Commercial Bank	Commercial Bank of Africa
Insurance Surveyor	Acre Africa
Development Support Organization	Financial Sector Deepening Kenya

\* Non regulated microfinance institutions: Credit only microfinancial institutions

\*\*Microfinance Banks: Microfinance institutions that take deposits from general public and regulated by the Central Bank of Kenya

#### The institutions visited in Kenya in chronological order

Date/Place	October 10, 2016 /Nairobi
Name	<u>Association of Microfinance Institution (AMFI)</u>
Category	Microfinance Network
Activities (lecture)	<p>(Major topics of the lecture)</p> <ul style="list-style-type: none"> <li>● AMFI was established to consolidate the opinions of Kenyan financial institutions that have microfinance unit.</li> <li>● The types of MFIs in Kenya: Regulated microfinance institutions (Commercial banks that focus on microfinance, and Microfinance Banks). Non-regulated MFIs: credit only microfinance institutions.</li> <li>● AMFI members include the above microfinance related organizations, wholesales microfinance lenders, insurance companies (micro-insurance), SACCOS (Savings and Credit Cooperatives), and developmental institutions.</li> </ul>

	<ul style="list-style-type: none"> <li>● AMFI's major activities are 1. Policy advocacy and lobbying; 2. Capacity building for members; 3. Networking and linkages; and 4. Research and knowledge management.</li> </ul>
Points of the participants' impressions, reactions, and raised issues	<ul style="list-style-type: none"> <li>● The relationship with regulators and AMFI is good and AMFI has good recognition from the regulators, and is consulted by the regulators when there are major regulatory issues concerning the microfinance industry.</li> </ul>
Lessons learned	Network organization plays important roles for advocacy, capacity building of microfinance institutions, promoting cooperation among various types of institutions engaged in microfinance.

Date/Place	October 10, 2016 /Nairobi
Name	<u>Rafiki Microfinance Bank</u>
Category	Microfinance Bank
Activities (lecture)	<p>(Major topics of the lecture)</p> <ul style="list-style-type: none"> <li>● Rafiki's targets are the youth and women. Rafiki designs products that suit these customers, and offers trainings.</li> <li>● Rafiki has ambition to serve 1 million youths all over Kenya by 2018.</li> <li>● Rafiki is moving from branch set up to branchless banking, mobile and agency banking, which continue to grow in Kenya.</li> <li>● In the Kenya's mobile market, Safaricom dominance continues with its M-pesa accounting for 74.3% of the market.</li> <li>● Mobile based new financial products have been introduced successively since 2012 onwards and are growing.</li> <li>● Agency banking, first approved by Central Bank of Kenya in 2010, steadily increased, with three key players, Equity Bank, Kenya Commercial Bank (KCB), and Co-op Bank.</li> </ul>
Points of the participants' impressions, reactions, and raised issues	<ul style="list-style-type: none"> <li>● The difference of the products for the Youth and those for others is that the former is more affordable. To attract the youth, Rafiki offers Youth account that has lower pricing in terms of charges and also allows them to borrow at more flexible terms.</li> </ul>

Lessons learned	In Kenya, 60% of population is under age 24. Rafiki's focus of the youth is majority, but it lacks credibility. Rafiki adds various touches to its financial products to attract the young, and at the same time mitigate the risks.
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Date/Place	October 10, 2016 /Nairobi
Name	<u>Juhudi Kilimo (JK)</u>
Category	Microfinance
Activities (lecture)	<p>(Major topics of the lecture)</p> <ul style="list-style-type: none"> <li>● JK focuses on small holder farmers that face multiple problems including no access to financial services (2/3 of famers in Kenya), limited access to markets due to lack of infrastructure (e.g., roads), and low income.</li> <li>● JK offers asset financing for farming, insurance, value chain financing and trainings.</li> <li>● Its business model is to first form the group and train them so as to obtain necessary financial behavior and be ready for dealing with productive assets. Then, JK provides trainings related to assets so as to raise productivity and enhance livelihood.</li> <li>● In asset financing, farming cow is popular. Since cow provides milk, the nutrition to the family, and excess can be sold to enhance income, and cow dung can be used for bio energy for lighting etc.</li> <li>● JK is “the institution grows with the customer” and the example of a farmer that expanded his business with the support of JK was introduced.</li> </ul>
Points of the participants' impressions, reactions, and raised issues	<ul style="list-style-type: none"> <li>● Unlike other lending only MFIs, JK charges declining interest rates depending on the record of the borrower.</li> <li>● Regarding training, various NGOs and the Ministry of Livestock and Agriculture provide training on agricultural assets.</li> </ul>
Lessons learned	JK is changing the way farmers do business by financing productive agricultural assets, that can produce income for farmers, food for the family, and local inputs and employment for the community.

Date/Place	October 11, 2016 /Nairobi, Kiambu
Name	<u>Kenya Women Microfinance Bank (KWFT)</u>
Category	Microfinance Bank
Activities a. lecture, b. observation products for customers, IT facility, c. client visits	<p>(Major topics of the lecture)_</p> <ul style="list-style-type: none"> <li>● KWFT is the only financial institution in Africa that focuses women. More than a half of its customers, staff, management, is women.</li> <li>● It takes the triple bottom line approach, pursuing profit, environment, and transformation of customers' lives.</li> <li>● It cited examples of the triple bottom line approach such as financing of water tank for women to save time and energy for obtaining water from remote area.</li> <li>● KWFT also serves to clients mostly (80%) in rural and remote areas, offering agriculture financing including loans for crop farming, livestock, poultry, bee keeping and aquaculture.</li> </ul> <p><u>Showcasing products dealt by KWFT</u></p> <ul style="list-style-type: none"> <li>● KWFT showed the environment-friendly products (solar panels, cooking stoves) as well as high-quality agriculture instruments that were introduced during the presentation.</li> <li>● It also showed its main data center, with the state of art technology.</li> </ul> <p><u>Client visit</u></p> <p>The client visits were conducted regarding the clients of KWFT Kiambu Branch (12 km North of Nairobi) who engage mainly in farming and daily products and has steadily grown their business with KWFT.</p>
Points of the participants' impressions, reactions, and raised issues	<ul style="list-style-type: none"> <li>● The challenges of the microfinance bank with many clients in remote areas include high operating cost coming, retention of staff, weather condition, political and regulatory constraints, insecurity, cultural issues, limited knowledge and use of technology, low finance literacy, lack of collateral or adequate security, and high cost of funds.</li> <li>● The ways KWFT that overcome the challenges are emphasis on human resources, deposit mobilization, (insurance), expansion of branch network, alternative delivery channel (such as agency banking), investment in real time processing, investment in transportation</li> </ul>

	equipment (motor bikes), social collateral, maintenance of good working relationships with authorities.
Lessons learned	Taking double-bottom line approach is a challenge. KWFT is taking triple-bottom line approach and is now the largest microfinance bank in Kenya. Focus on women, and the view that “Microfinance is not charity but business with a social objective” support KWFT’s success.

Date/Place	October 12, 2016 / Makuyu, Thika
Name	<u>Acre Africa</u>
Category	Insurance Surveyor
Activities (site visit to farmers, client of Acre and an agent of Acre)	<p>(About Acre Africa)</p> <ul style="list-style-type: none"> <li>● Acre Africa is a service provider and designs insurance products working with local insurers and other stakeholders in the agricultural insurance value chain.</li> <li>● Its major product is Replanting Guarantee (RPG) which is a weather index based insurance and covers the risk of poor rainfall during the crops’ germination phase that necessitates replanting. An insurance payment is triggered if the weather index indicates the occurrence of adverse weather conditions at the germination phase.</li> </ul> <p>(Major topics at the site visit)</p> <ul style="list-style-type: none"> <li>● Farm visit in Makuyu, (76Km North East of Nairobi) The owner/farmer is a client of Acre Africa’s products (explained above) and leaned about how the insurance scheme works, and that the client satisfies with the product.</li> <li>● Visit the agent of Acre Africa’s products in Thika (52 Km North East of Nairobi) to learn about his experience, and about other products of Acre Africa by its staff.</li> </ul>
Points of the participants’ impressions, reactions, and raised issues	<ul style="list-style-type: none"> <li>● Important points to design and market insurance products to farmers are; Collaboration between insurance provider and merchandize (seeds) provider, and, reputation of the customer. (If two or more people have negative opinion of a certain product, then it is difficult to market the product in the community.)</li> </ul>

Lessons learned	Microinsurance is difficult to sell, and product development is a key to attain sales volume that enable to realize the economies of scale for insurer. Cooperation by insurer, product supplier and customer acceptance are indispensable to scale up the product sales.
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Date/Place	October 13, 2016 / Nairobi
Name	<u>Commercial Bank of Africa (CBA)</u>
Category	Commercial Bank
Activities (lectures)	<p>(Major topics of the lecture)</p> <ul style="list-style-type: none"> <li>● CBA was founded in 1962 and is one of East Africa’s largest privately owned banks and has operations in Kenya and Tanzania.</li> <li>● The New Business Ventures, is the section that engages in mobile banking including M-Shwari, a bank account offering a combination of savings and loans.</li> <li>● The New Business Unit’s explanation covered various aspects of the mobile banking. <ul style="list-style-type: none"> <li>➢ CBA cooperated with Safaricom which is the telecom company regarded as competitor of banks when the latter started Mpesa pilot in 2005, many years before the collaboration to start M-Shwari.</li> <li>➢ M-Shwari helped to acquire new clients in short period.</li> <li>➢ CBA and Safaricom share the management of the product by taking responsibility in different areas.</li> <li>➢ The enactment of new regulations helped the growth of mobile banking in Kenya.</li> </ul> </li> <li>➢ There are new movements by banks to cooperate in money transfer to compete with Safaricom.</li> </ul>
Points of the participants’ impressions, reactions, and raised issues	<ul style="list-style-type: none"> <li>● Participants were impressed by the impact of M-Shwari. The number of accounts of CBA topped 5 million in 2013 (compared to 35 thousand in 2011), contributing to the improvement in the access to formal financial institutions.</li> </ul>
Lessons learned	The demand for mobile money is substantial. CBK, by cooperating with competitor, Safaricom has acquired new clients in short period of time.



	CBK is expanding in Tanzania and Uganda, cooperating with other telecom companies. It may be necessary to tie-up with competitor(s) to expand new business.
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Date/Place	October 13, 2016 / Nairobi
Name	<u>Financial Sector Deepening Kenya (FSDK)</u>
Category	Development Support Organization
Activities (lectures)	<p>(Major topics of the lectures)</p> <ul style="list-style-type: none"> <li>● FSDK was established to support the development of financial markets in Kenya as a means to reduce poverty.</li> <li>● It aims to expand access to financial services among lower income households and smaller enterprises, working with the finance services industry.</li> <li>● FSDK conducts various projects in five themes, Formal Financial System, Inclusive Growth, Knowledge, Poverty Impact, and Digital Innovations.</li> <li>● FSDK presented the four of such projects by the teams engaging in the project, including Policy Support Facility, Retail Innovations Initiative, Payments platform project of banks, and Poverty impact.</li> </ul>
Points of the participants' impressions, reactions, and raised issues	<ul style="list-style-type: none"> <li>● In Kenya, the establishment of regulations such as those related to e-money, agency banking, and registration of identification supported the development of mobile banking.</li> <li>● Mobile banking substantially increased access to formal banking system (the percentage of the population aged 15+ having a bank account at formal financial institutions rose to 75% in 2016 from 27% in 2006).</li> </ul>
Lessons learned	Kenya has seen remarkable advance in financial inclusion in terms of formal financial access in the last 10 years. Going forward, not just the progress in terms of percentage, but the quality of financial access, will be the vital issue.

Date/Place	October 14, 2016 / Kitengela, Nairobi
Name	<u>Musoni</u>

Category	Microfinance Institution
Activities a.Branch visit and meeting with clients b.lecture	<p>(Major activities from visit to Kitengela branch, (30km Southeast of Nairobi)</p> <ul style="list-style-type: none"> <li>● Learn about the branch operation including Musoni system of client information.</li> <li>● Meet with the clients of the branch and learned about the satisfactory experience with Musoni. (There were 8 client groups comprising 2 to 15 members with various occupation, and who are the clients of the group loans.)</li> </ul> <p>(Major Topic of the lecture)</p> <ul style="list-style-type: none"> <li>● Musoni Kenya is a credit-only MFI providing financial services through mobile payments.</li> <li>● Business model: Cash Free from its foundation in 2009 and use mobile phone and mobile money only to lighten burden of borrowers and to raise staff efficiency.</li> <li>● Products: Musoni offers three kinds of products, group lending (which accounts for 90%), individual lending and agricultural loan.</li> <li>● Information system: Musoni's information system is all managed by Musoni Service in the Netherlands. They make various enhancement to continue and improve mobile based process, and to manage information.</li> </ul>
Points of the participants' impressions, reactions, and raised issues	<ul style="list-style-type: none"> <li>● Musoni makes constant investment to IT to improve its information systems and mobile operation.</li> <li>● In order to reduce interest rate of the borrowers, further improvement in operational efficiency is needed and is the main task of Musoni going forward.</li> </ul>
Lessons learned	Technology reduces costs in operation but it requires continued investment in information system. Thus, the lowering cost to the borrower (interest rate) does not come rapidly. Musoni continues as a lean organization and believe that it can further reduce cost for the benefit of the borrowers.

### Summary of the Study Tour to Kenya

Purposes	1. Learn about various initiatives for promoting financial inclusion in Kenya, which is the forerunner of financial inclusion especially in the
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	<p>field of digital finance, and obtain insights from the experience of the country's practitioners.</p> <ol style="list-style-type: none"> <li>2. Learn especially about the country's history of progress in digital finance, legal systems and supervision associated with financial inclusion, as well as digital finance related products (mobile banking, branchless bank), financial products for customers such as women and the youth, and services including financial education.</li> <li>3. Start drawing the action plan to promote financial inclusion in Albania by applying obtained insights to the Albanian context.</li> </ol>
Achievements	<ol style="list-style-type: none"> <li>1. Participants directly learned about the mobile banking, from the person in New Business Venture section of CBA which implemented and manage M-Shwari. They deepened the understanding about how the products are developed and contributed to increase the peoples' access to formal financial system in Kenya.</li> <li>2. Participants learned about the progress of digital finance, legal systems and supervisions from practitioners such as CBA and FSDK and knew about how regulations helped the progress in mobile banking. They also learned about financial products that are developed for farmers, women, and the youth from the financial service providers. This helped them to grasp the points to pay attention, such as setting lower charges for the youth compared to the standard products.</li> <li>3. Participants formulated action plans in which reflected the willingness to apply what they learned in Kenya such as designing products and services especially for women.</li> </ol>

#### **4-5 Final Work Shop and Action Plans**

On November 9, 2016, the final workshop was held in Durrës, Albania, attended by 50 participants of the three study tours from FED invest and other organizations (Jehona Union, Vision Fund, the Albanian Microfinance Association, Albanian Association of Banks, the Bank of Albania). Besides, from the Bank of Albania, Ms. Jonida Kaçani, Deputy Director of Supervision Department, was also present.

In the workshop, first, “lessons learned” from the three study tours are consolidated and shared by the participants.

In reviewing the three overseas study tours and related activities, the followings are considered major achievements.

1. In aggregate 80 people from 13 institutions participated the three study tours and all scheduled meetings were conducted and all the participants attended these meetings and workshops in order to have discussions all together.
2. The participants from different institutions had the opportunity to consider issues for financial inclusion in Albania together during the study tours and related workshops. They recognized the importance of cooperating with other organizations to make achievements, especially observing the host country's integrated actions of state agencies and private entities to fight poverty.
3. During the three study tours, participants 1) deepened understanding of the governance of cooperatives by learning various types of governance models, 2) confirmed that it is important for MFIs to provide diversified financial products (not just savings and loans, but payments, transfers, and insurance) as well as non-financial services (education, health care) to better respond to the clients' needs, and 3) learned that the existence of relevant laws and regulations, as well as customers' acceptance of new mode of transaction (mobile vs. face to face ) and money (e-money vs, cash) .
4. Although there were varied degrees of concreteness of the formulated action plans, all the participated entities outlined ideas and action plans by applying lessons learned.

It should be noted that there are cases where the formulated action plan has already been implemented during the Project period. As will be described, for example, FED invest, the partner organization of the Project, formulated an action plan to diversify products and launched insurance business in the summer of 2016. Similarly, the BoA, who outlined action plan to create regulatory framework to support and regulate MFIs on introducing payment services and diversified products, implemented the new regulation framework approved in October 2016 so that SCAs are able to conduct new financial products such as payments and money transfers.

After reviewing the three study tours, each participating institution/sector (FED invest, member institutions of AMA and its secretariat, and the Bank of Albania) discussed, modified and presented the consolidated and modified action plans, with some explanations on the actions already started. The selected items of the action plans and the major points raised by the three groups are summarized as follows. (Whole Action Plans are shown in the Appendix)

#### FED invest

##### 1) Action Plans

<b>Lessons Learned</b>	<b>What to apply</b>	<b>How</b>	<b>Timeline</b>	<b>Possible bottlenecks, and ways to manage them.</b>
Technology is a necessity	Branchless Banking (BB) in FED Invest	Ensure connectivity for BB	By the end of 2016 all the Branches will online	Possible Connectivity issues
Microinsurance Products	Introduction of Insurance Products at FED Invest	Legislation knowledge; contacts with the regulators and lawmakers; making of new procedures;	July 2016 (started)	Legal framework; high costs of the farms; absence of agriculture subsidiaries;
Diverse products of MFIs	Introduction of Money Transfers and utility payments	Application development; marketing	2017-18	Getting together the interested stakeholders;
Knowledge Center	Creation of AgriDept. at Fed invest	Studies; logistics, Creation of the center; module, etc.	Planned in 2017	Lack of human resources; Funds; competition ->Solicit external Support

## 2) Comments by FED invest

Learned many lessons from the study tours including diversified products and services responding to clients' needs, importance of technology, management of cooperatives, capacity building, and above all to think beyond the box to serve better for clients. We have already started new products such as insurance this year, and more next year onwards.

### Member institutions of AMA

#### 1) Action Plans

<b>Lessons</b>	<b>What to apply</b>	<b>How</b>	<b>Timeline</b>	<b>Possible</b>
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<b>Learned</b>				<b>bottlenecks, and ways to manage them.</b>
Every MFI has the potential to innovate	Promote best practices by raising institutional awareness (public & private) financial innovations	Implement a project on "Financial Innovation" by 2.Organising interviews, seminars, roundtables involving experts and stakeholders.	short to medium term	Lack of resources > (mitigation) seeking in advance sponsorships - Lack of contacts > (mitigation) ensure AMA's membership in key MFI organizations
Needs for additional instruments to boost socio-economic development.	Introduce microfinance products targeting youth, women & unemployed skilled individuals	First grasp the needs of target group, consult with MFIs for possibility of product design and launch	short to medium term	Lack of interest from MFIs due to high costs > (mitigation) include such initiative in existing projects, targeting the same segment

## 2) Comments by AMA members

From the study tours, we learned that MFI's financial activity needs to be diversified and enriched with additional products to support socio-economic development, and at the same time, recognized that every MFI has the potential to innovate. In order to promote innovation and diversification, we plan to cooperate with various institutions including MFIs, state representatives, and private companies.

### Bank of Albania/Regulator

#### 1) Action Plans

<b>Lessons</b>	<b>What to apply</b>	<b>How</b>	<b>Timeline</b>	<b>Possible</b>
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<b>Learned</b>				<b>bottlenecks, and ways to manage them.</b>
Support of MFI on introducing payment services and diversified product	Creation of regulatory framework to support and regulate such activities	By BOA Decision	Implemented with the new regulation framework approved on October 2016	n.a
Financial inclusion and regulatory support	Money transfer and payment services	Conduct nationally Urban and Rural Areas	New ad-hock group is established. Final output on 2017	n.a

## 2) Comments by BoA

During the study tours, we observed that there is institutional communication and cooperation, and that financial products such as money transfer/payment services play important roles in financial inclusion. In this regard, we create regulatory framework to support and regulate such activities, and already implemented with the new regulation framework approved in October 2016.\*

\* On October 5, 2016, the Bank of Albania (BOA) revised the regulatory framework on the activity of savings and loan associations and their unions, including, Regulation "On licensing the savings and loan associations and their unions (Chapter 2)". Thereby BOA approved SCAs to engage in payment and money transfer, foreign exchange, and leasing. In the Article 5 of the Chapter 2, it is recorded as follows.

Except as provided in paragraph 1 of this Article, with the approval of the Bank of Albania, KCS can exercise one or more of the following financial activities:

- a) All payments and money transfer;
- b) foreign exchange;
- c) leasing.

### Discussion on Financial Inclusion Strategy

In addition to the action plans, the opinions were voiced about the need for 1) collaboration and coordination among the actors involved in financial inclusion, including MFIs, regulators, associations, governments and other stakeholders, and 2) possibility for establishing national financial inclusion strategy. In this regard, concrete actions are recommended as follows.

- The creation of a database that will supply necessary data for drafting the financial inclusion strategy.
- The creation of committee of experts with representatives from main stakeholders (government, central bank, banks, MFIs, and insurance companies).
- The development of an action plan towards integrated action that will provide a baseline for the national strategy.

### **Affirmation of roles of the sector in serving the clients for financial inclusion**

Every participant of the workshop participated the discussion, and listened to each sector's action plans, and agreements were shown.

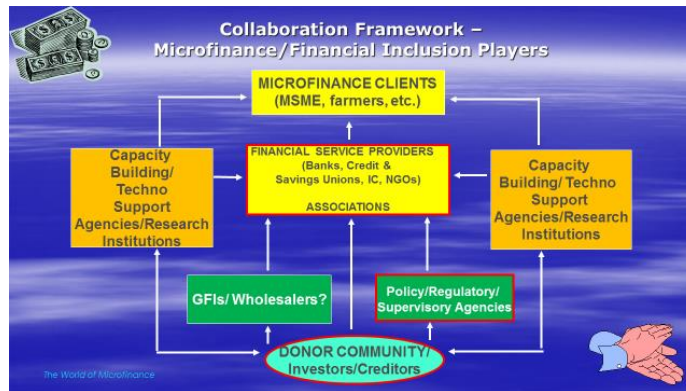
Toward the end of the workshop, participants affirmed their roles in advancement of financial inclusion in collaborating manner as shown in the following image.

This figure below shows the collaboration framework of microfinance/financial inclusion players, including financial service providers, technological support agencies, research institutions, wholesalers, supervisory agencies, and donor community, and how they provide service, ultimately to microfinance clients.

The arrow shows the direction of service provided. For example, the donor community directly provide service to financial service providers, (the arrow at the center) or, indirectly thorough wholesalers (by provide funding), supervisory agencies (by providing technical assistance), or through the institutions that provide technical support (such as information technology) or research institutions. Technological support agencies also provide service directly to financial service providers (such as capacity building regarding product design) or to microfinance clients (such as training on financial products). The arrows all finally reach microfinance clients, showing that all the financial inclusion players are working for the microfinance clients.

The participants expressed their agreement by crapping their hands.





(Source:Positive PlaNet Group)

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## 5. Measures to advance financial inclusion in Albania

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Based on the lessons learned from the three study tours and the action plans formulated by the participants, the following measures are identified to help solving issues and challenges in order to advance financial inclusion in Albania. At the same time, these are the areas that donors could support the MFIs by providing their resources.

### Macro Level

- To build enabling legal framework for MFIs to advance diversified services, by active interaction between the regulators and the MFIs. This also includes establishment of adequate legal framework for new mode of banking such as e-banking, mobile banking and agency banking. Donors may support regulators adjust the legal framework by providing technical assistance.

(Issues: Since MFIs are regulated by the central bank in Albania, adjustment or establishment of legal framework to enhance the product diversification by MFIs.)

- To prepare for the formulation of a national financial inclusion strategy that would set the pace towards the harmonization and synergistic efforts and initiatives of the various public and private microfinance and financial service providers in Albania.

The strategy must contribute to a needs-responsive, development-oriented and inclusive financial system that sustainably provides financial and non-financial products and services to address the continuously evolving needs of a diverse Albania public in general, and in the underserved and marginalized agricultural sector in particular.

The national financial inclusion strategy must be consistent with existing national economic and development framework, Bank of Albania's policies, and national policies supporting microfinance and credit and savings association such as the Law for Savings and Credit Association, Regulation of Licensing of Saving and Credit Association among others.

The national financial inclusion strategy must also be consistent with the global trend and development priorities espoused by CGAP and other advocates for a sustainable and inclusive finance sector that would encompass a wide array of focal areas such as client protection, innovative access through digital finance especially for small hold farmers/families, client-centric service provision, climate-smart finance products, etc.

The development of a national financial inclusion strategy can be started by creating a committee of experts with representatives from main stakeholders (such as government, the central bank, banks, MFI, etc.) to plan the integrated actions that will provide a base for the "National Strategy". In process of formulating strategy, donors may facilitate preparation, and development by encouraging the participation of related actors (utilizing their skills) (Issues: In Albania, the forum or place to exchange views on financial inclusion among different actors is limited.)

### **Mezzo Level**

- To enhance capacity of network (association) of MFI by increasing membership, hiring dedicating staff. Donors can support microfinance associations by providing information, human resources (technical experts), or funds for them to enhance services such as advertising, lobbying, and capacity building of members.

(Issue: The Albanian Microfinance Association needs resources to fulfil its objectives.)

- Build infrastructure (human resources, investment in information technology) to support the above diversification and also to extend the customer base.

In this area, donors can support MFIs by providing necessary equipment, funds so that the latter will be able to make sufficient technological investment enabling them to deal with wider variety of products and services and larger number of clients.

(Issues: In order to offer wider variety of products and cater to higher number of clients, it is necessary for MFIs to invest in information technology to better manage clients' information and also to utilize new means such as mobile. At the same time, capacity building of the staff may become necessary to design and engage in new products.)

## **Micro Level**

### **Supply side**

- Focus financial services to the sectors that are underserved but occupy important part of the country's economy such as agriculture and SMEs, and increase the number of clients to serve. In order to do so, donors can support financial service providers such as savings and credit associations that have historically provided services for the sector by providing trainings for their staff.

(Issues: In Albania, financial inclusion measured by the % of population that have an account in formal financial institution is limited, especially among the residents of rural areas.)

- Encourage product diversification of MFIs to serve the above sectors, and niche group (women, youth) by providing technical support, and / or incentives.

In this regard, donors can provide technical assistance regarding the product development.

(Issues: The MFI's product range is limited, and products desired by clients are not always offered. At the same time women and the youth are often underserved.)

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## **6. Suggestions for Future Cooperation of JICA**

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### **6.1 Possible support of JICA**

Given the needs and challenges confronting the relatively weak financial inclusion sector in Albania and in consideration of the various lessons learned and best practices gained during the three study tours and exposure visits in Netherlands, France, Philippines and Kenya, the following recommendations have been formulated in line with JICA's future technical cooperation with the Albania financial inclusion stakeholders:

#### 1. Areas of focus

The future technical cooperation must be aimed at enhancing and strengthening the institutional capacities of microfinance institution (s) that are primarily providing financial services to the underserved sector such as agriculture, which accounts for 20% of GDP and employs 40% of labour force but is given only 1.8% of bank credit.

The technical assistance should give priorities in the following areas:

- (Micro level – supply side) support the building of infrastructure (such as information systems) that will support product diversification and wider outreach;
- (Micro level – supply side) management and staff capacity building in the area of product diversification, digital finance, client protection among others;
- (Micro level – supply side) support to the non-financial service that the MFI may attempt to provide for the well-being of their clients/members such as financial education, social performance management among others.

## 2. Who to cooperate?

In providing cooperation, the followings are considered for possible implementation agencies.

- **FED invest:** The Counterpart organization and the first financial cooperative in Albania whose activity is extended in 1/3 of all Albanian villages, with vast experience in the field.
- **AMA:** The microfinance network that works for its member MFIs in terms of advocacy, capacity building, and promotion of microfinance.
- **BoA:** The supervisory body of microfinance institutions, plays important roles in setting legal framework for diversifying products engaged by MFIs. Inclusion of BoA in future projects will help extend the effects/benefits also towards MFIs.
- **Ministry of Agriculture, Rural Development and Water:** The Ministry comprehensively undertakes administration related to agricultural products, to rural development and also to water management for the sound development of the agriculture, and upgrading of the welfare of rural inhabitants.
- **Private organizations:** Private organizations such as AMA member institutions offer financial services to underserved field such as MSMEs over the decade.

Among them, we recommend to focus on a specific microfinance institution that has a track record of serving to the underserved sectors and is not just profit only but has social mission, thus, can be eligible for JICA's cooperation. At the same time, the institution can be the trendsetter in advancing financial inclusion, and be the "Champion" for other organizations.

## 3. Why focus on an institution?

We recommend to focus on a model organization for the following reasons.

- In providing cooperation, the counterpart may be an industry association so that all the members will be benefitted simultaneously.

- However, the Albanian Microfinance Association (AMA) has limited number of members. The Secretariat’s mandate is still limited to coordination and major activities are up to the decision of the members who have diverse background / funders. Moreover, the Secretariat is only managed by one staff. Therefore, at this time, it is difficult to expect AMA to perform the roles usually expected for an association such as capacity building of members. This makes us recommend cooperating with a MFI that has a social mission, an ability to improve services, and also to coordinate, negotiate with other stakeholders. If the cooperation is extended to such an organization, it is expected that the benefits/ changes that will be brought to the organization will also be extended for other institutions as well. Inclusion of BoA in future projects in this regard will help extend the effects/benefits also towards other MFI.
4. Based on the above, we recommend to extend cooperation to FED invest, the partner organization of this project, if JICA extends further cooperation relating to advancement of financial inclusion in Albania. With its activity started 1992, nowadays FED invest activity is extended in 1/3 of all Albanian villages, where the need for financial services is greater. FED invest is also the first financial cooperative in Albania with vast experience in the field and also that of non-financial service.
  5. Moreover, we recommend the following suggested project framework as the possible (form of) cooperation between JICA and FED invest, based on the latter’s action plans, and other findings and lessons learned from the three international study tours conducted.

## 6.2 Suggested Project Framework

Type of Cooperation	of	Technical Cooperation (to build capacity of FED invest in order for them to better serve their members sustainably while ensuring the achievement of FED invest’s financial and social goals -i.e., small scale farmers who are underserved financially and economically)
Length of Cooperation	of	2-3 years
Content of Cooperation	of	Overall goal: Services (Financial and non-financial) to underserved group such

	<p>as small size farmers in Albania will be enhanced and so as their living.</p> <p>Purpose: Services (Financial and non-financial) to underserved group such as small size farmers in Albania by FED invest will be enhanced.</p> <p>Outputs:</p> <ul style="list-style-type: none"> <li>● Establishment of Agro Knowledge Center at FED invest.</li> <li>● Setting up of an agricultural coop that will operate based on accepted international best practices.</li> <li>● The capacity of FED invest’s management and <u>staff will be enhanced</u>, especially in the areas of management of agricultural cooperatives and evaluation of lending activities.</li> <li>● The range of products and services by FED invest will increase.</li> <li>● Social performance management will be institutionalized at FED invest.</li> <li>● Infrastructure capable of widening product/service range and wider outreach / increase in the number of clients/members will be built at FED invest.</li> </ul> <p>Activities</p> <ol style="list-style-type: none"> <li>1. Assist setting up the Agro Knowledge Centre at FED invest. The Knowledge Centre, aims to serve members/clients/farmers by providing them with business development services, as well as agriculture and related information. The center will also serve to monitor agriculture related policies, indicators so as to better manage risks. The creation of such center, will be in line with the Albanian government’s objective to make an efficient and sustainable agro-food sector.</li> <li>2. Support setting up an agricultural coop on a pilot basis. The coop will operate based on accepted international best practices, including products traceability, and equipped with functions of product marketing, branding, and packaging.</li> <li>3. Assist in the capacity building of FED invest’s management and staff as well as elected people especially in the areas of setting-up and managing the operation of an agricultural cooperative and trainings on Credit Scoring for the evaluation of lending activities.</li> <li>4. Offer capacity building/training for FED invest to increase their range of product and services including money transfers, utility</li> </ol>
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	<p>payments, insurance products, debit/credit cards as well as client-specific products (women focused products, etc.) for their better service to the clients. .</p> <p>5. Support FED invest in the institutionalization of social performance management. This can be achieved through assisting /funding FED invest to hire consultant/s to provide technical assistance on how to institutionalize social performance management. While the technical assistance will focus on the institutionalization process, it should lead to the integration of indicators under the universal standards on social performance management (USSPM). The USSPM is a set of financial and social performance indicators to help financial service providers in ensuring a balance of financial and social performance/targets. Aside from the technical assistance, FED invest must actively participate in related events and seminars organized by international organizations advocating social performance such as the Social Performance Task Force, etc. FED invest can also organize social performance management focused seminar/workshops/training not only for the staff but also inviting other microfinance organizations in Albania.</p> <p>6. Support FED invest to build their infrastructure capable of widening product/service range and wider outreach / increase in the number of clients/members. This can be achieved by enabling FED invest to make investments in such areas as (a) hardware and software for the online connection of all FED invest branch network, (b) Core Banking System, and (c) other necessary hardware equipment to branches for raising efficiency.</p>
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### 6.3 Possible cooperation with other donors

Albania has been supported by international organizations such as International Monetary Fund (IMF), the World Bank group, European Union (EU) related organizations, receiving funding, various technical cooperation to the finance, microfinance and agribusiness related sectors in Albania.

The recent example is that the European Investment Fund (EIF) and AMA member Fondi Besa signed the first guarantee agreement aimed at supporting micro-enterprises in Albania under the EU Program for Employment and Social Innovation (EaSI) in June 2016,.

Regarding the cooperation between FED invest and other international development related organization, the institution has historically close relationship with Rabobank of the Netherlands. Rabobank, specifically, Rabo Development and Rabobank Foundation, have acquired extensive knowledge and experience about farmer cooperatives and rural finance solutions in developing and emerging economies over the past decades.

Moreover, Rabobank and the Japanese Norinchukin Bank announced their Strategic Alliance on May 27, 2015, focusing on financial services related to the food and agricultural sectors on a global scale. Accordingly, in such areas as setting up of agri-knowledge center or supporting and financing of selected value chains, cooperation with Rabobank Group might be considered.

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## **7. End Note**

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In this report, we recorded background of the Project in Chapter 2 and the status and issues of the microfinance sector in Chapter 3, followed by the activities conducted during the Project in Chapter 4. The issues identified in Chapter 3 are presented again in Chapter 5 with possible hint for solutions that are found by the participants of the three study tours and expressed in their action plans. In Chapter 6, based on the experience throughout the Project, suggestions for JICA for its possible cooperation with the Albanian financial inclusion sector are presented.

In Albania, there is a gap between the need for finance services for economically important but marginalized sectors such as agriculture and SMEs and the actual services that they are able to receive. Microfinance sector of the country, albeit at the modest scale, has filled the gap of the two. However, much has to be done for the industry to serve better, and make the society more financially inclusive to these clients. It is also necessary for the actors including microfinance providers, regulators, international donor community and other stakeholders to cooperate to advance, as the participants to the Project all shared the importance of having a common ground. It is hoped that the Project worked to be a tiny step forward for the long way of advancing financial inclusion in the country with the cooperation of the actors and other stakeholders.



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## **Appendix**

### **Action Plans**

**-FED invest**

**-AMA Members**

**-Bank of Albania**

### Action Plans (FED invest 1)

Lessons learned (Financial Inclusion Needs)	What	Persons Involved	Where	When (s/t, m/t, l/t)	How to measure the progress	How (main activities)	Possible bottlenecks How to manage them?
Organization of firm in Coop	Creation of Production Coops	Elected People and Agri Dept.	At local level and in cooperation with the national Association of Agriculture Societies	To start in 2017, Rabo Project + JICA	By no of cooperatives and volume of production	Study tours, trainings, administrative measures,	Mentality; finding the selling markets; Insurance;
Cooperative financial institution Consolidation of the financial system ; Close relationship with the clintets;	Increased contact with the members; Enlargement of the branches Network	Elected People; Business development Department	At central and local level; all members of FED invest	On-going	By the number of clients and enlargement of services	Trainings, experience exchange; information dissemination; promotion	Uneven economical development; absence of insurance products; govt. policies
Technology is a necessity	Branchlees Banking in FED Invest	FED Invest IT and FED invest experts	At central level	By the end of 2016 all the Branches will online	By the number of branches using it	Ensure connectivity for BB	Possible Connectivity issues
Women involvement to loan process can help both financial inclusion and Business Development	Product for female borrowers	Business Development Department and elected people	At central and local level	Product design for female borrowers - On going	By the number of women and increase their business; continuity of related businesses	Adapted products; better marketing; improving overall ledning conditions for women	Mentality; difference in development between areas; cultural level;
Increase of the range of products	Introduction of Money Transfers and utility payments	FED Invest IT and; Outsource support	At central level	2017-2018	By number of transactions	Application development; Agreement with interested subjects; marketing	Getting together the interested stakeholders;
mobile payment services	Introduction of Current Accounts	FED Invest IT; Internal expertise	At central level	End of 2017	By number of accounts	Application development; marketing	N/A

## Action Plan FED invest 2

Lessons learned (Financial Inclusion Needs)	What	Persons Involved	Where	When (s/t, m/t, l/t)	How to measure the progress	How (main activities)	Possible bottlenecks How to manage them?
Technology is a necessity	Purchase of new hardware equipments New HW and CBS to support new channels for financial products, mobile banking, etc	FED Invest IT; Internal/external expertise	At central level	Upgrade of server room december 2016  Upgrade porcces started. Gap analysis to be conducted in 2017			
Microinsurance Products	Introduction of Insurance Products at FED Invest	Business Development Department and elected people	At local level	Jul-16	By the number of policies and insurance products	Legislation knowledge; contacts with the regulators and lawmakers; making of new procedures;	Legal framework; high costs of the farms; absence of agriculture subsidiaries;
Wide range of non-financial services (Education, Health) provided by MFIs	Non financial services like Education, Health Care, Agro and business knowledge centers	HR Dept. and training center	At central and regional level	Planned for the coming years – Support needed	By number of people benefiting	Studies; logisitics, Creation of the center; module creation; preparation of leaflets	
To Grow together with the customer	Review of actual loan customers' history	Business Development Department and elected people	All the staff and membership base	SME Loans introduced in 2016	Farms Quantitative indicators	Training and financing of the client; economic impact	Funds; human resources
Social Performance Indicators	Improvement of SP standards in FED invest	We need to build a specialized unit for this	At central level	We need support for this	Tracking of the indicators and adaption of procedures and policies	Creating of the indicators; periodical analysis;	Human resources; models;
Knowledge Center and training center (Scientific studies Agri-related )	Creation of AgriDept. at Fed invest	At central Level at FED invest		Planned in 2017 - Support Needed		Studies; logisitics, Creation of the center; module creation; preparation of leaflets; studing price movements	Lack of human resources; Funds; competition
	Financing of whole value chains from A-Z	Agri Department	At central and local level	Support needed	By number of agri businesses financed within the whole value chain	Market study; new procedures; new products	Geographical coverage; absence of contracts;

Action Plan (AMA member institutions) -1

Lessons learned	What? (to apply)	Where ?	Who? (Person /Unit responsible)	When ?	Measurement ?	How? (Main activities, resources)	What are the bottlenecks? How to manage them?
<p><b>1. Every MFI has the potential to innovate as financial innovation can be simultaneously technological organisational and product driven.</b></p>	1.a - Provoke MFIs' internal capacity to innovate	Member HQ	AMA & MFI's senior staff	short term	-nr. of meetings; -nr. of findings identified; -nr. of objects realised.	Hire specialised consultant to : 1.Asses "Financial innovation" capacities in Albania" and draft a case study report; 2.Share findings of the report by organising tailor made brainstorming and/or accelerated decision making sessions with MFIs senior staff and clients (2/3 days sessions) with the objective to provoke alternative thinking and financial innovations such as mobile & branchless banking etc.;	- Fear to share internal strategies to external individuals > (mitigation) invite foreign consultants; - Lack of institutional maturity and of concrete strategies > (mitigation) support drafting of strategies following a step by step logic; - Unmatch between member's expectations and project's output > AMA supervision so every intervention follows a set of clear objectives for all members
	1.b – Promote best practices by raising institutional awareness (public & private) on financial innovations	-Conferences in HQ; -Specialised press; -Social medias.	AMA with support of foreign microfinance associations and potential local / foreign stakeholders	short to medium term	-nr. of articles written; -nr. of interviews realised; -nr. of consultancy missions; -nr. of roundtables and participants;	Implement a follow-up project on "Financial Innovation" by : 1.Writing articles based on internal AMA researches; 2.Organising interviews with foreign experts via email/skype and difuse them nationally; 3.Inviting foreign consultants to dedicated seminars; 4.Organising roundtables with key national and international stakeholders; etc.	- Lack of ressources > (mitigation) draft detailed annual AMA strategy and cost needs, therefore seeking in advance sponsorships and partnerships; - Lack of contacts > (mitigation) ensure AMA's membership in key international MFI organisations
	1.c – Support financial innovations adoption by boosting initial investments & facilitating regulatory improvements	- Pilot local small scale interventions; - National regulatory bodies.	AMA, donors and public authorities depending the targeted sector		medium term	-Nr. of stakeholders joining the initiative; -Nr. of products (studies, meetings, project proposals, strategies etc.) produced by the initiative; -Nr. of funding institutions backing the FIF; -Nr. of supported initiatives from the FIF;	1.Start the "Financial Innovation Initiative (FII)" consisting in a series of workshops among MFIs, state authorities, banks and business representatives with the objective to gather data, propositions, analysis etc. on potential regulatory challenges that impede financial innovation among MFIs, while proposing the necessary remedies and lobbying in favour of their implementation 2.Asses via a feasibility study the creation of a national "Financial Innovation Fund (FIF)" which would support specific pilot small scale testing projects relating to financial innovation based on calls for applications managed by AMA and open to MFIs or social business innovators;

## Action Plan (AMA member institutions) -2

Lessons learned	What? (to apply)	Where ?	Who? (Person /Unit responsible)	When ?	Measurement ?	How? (Main activities, resources)	What are the bottlenecks? How to manage them?
<b>2. MFI's financial activity needs to be enriched with additional instruments to boost socio-economic development.</b>	2.a - Improve MFIs customer service experience based on the logic that access to finance is insufficient without access to knowledge	- Albanian Microfinance National Training Facility; - In field local MFIs' branches;	-AMA & MFIs, involving public authorities depending needs, business associations,VET institutions.	Medium to long term	-Nr. of funds available to support the creation of the training facility; -Nr. of training manuals produced; -Nr. of beneficiaries from the training facility;	1.Offer dedicated TA to AMA's member MFIs on how to improve their customer service after drafting an initial need assesment of microfinance beneficiaires; 2.Based on the need assesment study, produce interactive manuals and exchange platforms (sms, online, printed) with the objective to share technical knowledge for MFIs beneficiaries and clients; 3.Asses via a feasibility study the creation of a national training facility where every MFI could invite its clients or staff with the objective to cut down operational costs on the organisation of specific tailor-made trainings that would be way too expensive if organised separately by each MFI (advantages : cost efficiency, accumulation of knowledge, larger reach, stronger promotion etc.) ;	-Lack of ressources > (mitigation) introduce participatory fees to benefit from the training facility; -Lack of interest from clients and final beneficiaries > (mitigation) invest in preliminary market researches and conceptualisation of adequate modules, followed by in-situ promotions;
	2.b - Introduce specific microfinance products targeting youth, women and unemployed skilled individuals	-MFIs	-AMA & MFIs, local NGOs & associations	short to medium term	-Nr. of meetings organised; -Nr. of stakeholders participating in the initiative; -Nr. of propositions in the working plan; -Nr. of MFIs adopting concrete steps from the identified propositions;	-Follow a three steps approach by engaging a mid-term consultant to: 1.Consult - organise a series of meetings /roundtables with civil society representatives, Ministry of Labour, head-hunters etc. on the needs of the targeted populations; 2.Conceptualise - organise individual meetings with MFIs to understand their strategy into launching or not, dedicated products for the targeted populations; 3.Communicate - draft a working plan with concrete proposals on how MFIs could introduce dedicated products for the targeted populations.	-Lack of interest from MFIs due to high operational costs > (mitigation) include such initiative and MFIs financial action within existing frameworks, projects, initiatives targeting youth, women and unemployed skilled individuals
	2.c - Introduce new partnerships with private companies, distributors, chains, producers and so on...	-Bargaining power at AMAs HQ; -Acceptance and implementation at MFI level.	-AMA & MFIs, business associations, state representatives etc.;	Medium to long term	-Nr. of pre- assesments/studies/reports realised; -Nr. of dissemination meetings organised; -Nr. of "test" projects implemented;	1.Asses MFIs' market situation as of the potential gains of introducing partnerships with private companies (internal survey among MFIs, sector analysis as of insurance, agri, lease, identification of potential contacts etc.) 2.Organise a series of consultations among MFIs and business associations on the impact such partnerships may have; 3.Identify and test one specific product between MFIs and a private company in a pilot area;	-regulatory framework and public authorities no keen to such practice > (mitigation) enhance communication with reluctant actors in advance while promoting the socio-economic impact in the eyes of public authorities;

## Action Plan (AMA member institutions) -3

Lessons learned	What? (to apply)	Where ?	Who? (Person /Unit responsible)	When ?	Measurement ?	How? (Main activities, resources)	What are the bottlenecks? How to manage them?
<b>3. "Financial inclusion" doesn't always fit socio-economic realities and may be updated to the concept of "Financial development"</b>	3.a – Communicate more intensively on the model microfinance promotes, its values and history	-Nation-wide, universities, media broadcasters and specialised publishers.	-AMA, MFIs & final beneficiaries	short term	-Nr. of awareness raising meetings held; -Nr. of applicants in competition; -Nr. of network meetings and participants;	Launch a large awareness raising campaign on microfinance's values, history and long term vision by: 1.Organise seminars in universities and interviews in medias so "negative" communication on microfinance (ex.expensive loans) is handled better; 2.Launch annual competitions on best micro-entrepreneur, best MFI product, best SME micro-investment, best young/women business plan etc. so MFIs impact on development is better communicated; 3.Networking meetings with public authorities & bank representatives to foster the transformation from financial inclusion to financial development;	
	3.b – Strengthen the bond between communities and MFIs by promoting smart financing	-Nation-wide, local branches, MFIs HQ, public conferences etc.	-AMA, MFIs, consumer associations, agri-cooperatives, NGOs	Medium term	-Nr. of issues contained in the MFI manual; -Nr. of case studies produced; -Nr. of beneficiaries applying / approved to new social products;	1.Produce a manual for MFIs on how to boost communication with local communities, how to strengthen ties with key local figures, how to promote inclusive financial strategies etc. so the ownership feeling of targeted populations is strengthened; 2.Produce local or sectorial case studies so MFIs products could be adapted accordingly for a greater socio-economic impact in the long term; 3.Asses, conceptualise and locally test new products with variable low interests for specific loans with very high impact on job creation/socio-economic development with the objective to identify wich loan applications create more new loan demands linked to job-creations.	
	3.c – Integrate MFIs financing into long-term national development strategies, statistical databases and sector policies	-Instat & Ministries HQ	AMA & state authorities	short term	-Nr. of new data included in the annual AMA report; -Nr. of surveys and Nr. of respondents annually; -Nr. of MoU signed between AMA and other parties.	1.AMA starts gathering extra-financial data from member MFIs so a better socio-economic analysis on the microfinance impact can be produced; 2.Launch an bi-annual in depth survey among member MFIs on financial inclusion, employment, development, financial needs etc.; 3.Sign MoU with public authorities allowing the exchange of data, strategies and policy papers...	
	3.d - Governmental support to protect MFI's social dimension from Bank market competition via new regulative frameworks	-Governmental and regulatory level	AMA, Association of Banks & state authorities	short to medium term	-Nr. of issues identified from the consultation process; -Nr. of issues included in a new regulation	1.Organise a hearing with public authorities 2.Negotiation with central bank on drafting a new regulation for MFI's activity;	-Internal strategies of the Central bank may be a challenge, but can be mitigated through more intensive communicative
	3.e - Increase MFI's social market competitiveness compared to Banks by introducing new funds and the range of funding instruments	-Governmental and regulatory level	AMA, Association of Banks & state authorities	medium term	-Nr. of public and donor's institutions involved in the creation of the dedicated fund for MFIs -Nr. of improvements included in a new regulation relating to funding	1.Organise a donor's conference with public and international organisations specialised in the funding of financial institutions, with the objective to create a dedicated fund for MFIs 2.Negotiation with central bank on drafting a new regulation for MFI's funding activity;	

## Plans (the Bank of Albania)

Actors	Lessons learned	What	Persons Involved	Time and measurements	How?/where?	Impediments
BOA (Kenya) Ned/France	Support of MFI on introducing innovated payment services and diversified products Cooperation of actors Regulators Government Support	Creation of regulatory framework to support and regulate such activities	Supervisory Department BoA. MFI	Implemented with the new regulation framework approved on October 2016	How (no comment)	Capacities of MFI to invest on IT and product design Acceptance from the customers Cush handling and cash management issues for MFI (investments on branches agents etc)
BOA (Philippines)	Financial education FD/CB	brochures, meetings, workshops	Bank of Albania/	On going	Conduct nationally Urban and Rural Areas	
BOA (Philippines)	Institutional communication and cooperation. Cooperation of actors Regulators Government Support	Detailed regulations; assistance	Bank of Albania	On going	Conduct nationally	
BOA (Philippines)	Financial Inclusion Regulations Gov support	Money transfer and payment services	Bank of Albania/MFIs	New ad-hock group is established. Final output on 2017	Conduct nationally Urban and Rural Areas	
Ned/France	Corporate Governance	Improve Corporate Governance /Setting up of member council	MFIs	Based on MFI requests.		