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**USAID/Albania
EG PORTFOLIO
17 May 2011**





Albania — Country economic environment

Agriculture –

- responsible for approximately 54% of employment, but only 21% of GDP.
- Low yields, outdated methodologies, small farm sizes.
- Limited cooperation among farmers; skepticism towards farmers unions, associations, etc.
- Limited understanding of economic realities and concepts.



Albania — Country economic environment

Private Enterprise –

- Most private enterprises (80%) are SMEs.
- Migration from rural to urban areas creates a need for non-agricultural jobs in the cities.
- Existing SMEs are marginally competitive, lacking production technology, ICT, and innovation.
- Lack of skilled workers, poor management practice
- Insufficient financial resources, low FDI.



Albania — Country economic environment

Financial Sector –

- Memories of 1997 Ponzi Scheme Crisis
- Low trust in banks and financial institutions
- No equities market
- Bank aversion to risky loans, especially among SMEs
- Insurance sector still in its infancy
- Mostly a cash-based society; usage of credit cards, personal checks, etc. rare outside Tirana.



Albania — Mission priorities in EG

- **Private Enterprise / Agriculture**
- Improvement of competitiveness and productivity of SMEs and farms.
- Strengthening of business associations and farmers' unions.
- Create favorable business environment for growth in both ag and non-ag sectors.
- **ICT**
- Creation of IT Center for public use.
- Promote use of ICT in business.
- **Financial Sector —**
- Encourage extension of credit to SMEs.
- Promotion of insurance industry.
- Build banking supervision capacity.



Albania — Active Program Portfolio

Project Name	Program Area	Budget	Years	Expected Results
Albanian Agricultural Competitiveness (AAC)	Economic Growth	\$9.9 million	2007 - 2012	Increased productivity; expansion of domestic and foreign sales; access to pricing information
Financial Sector Reform Project	Economic Growth	TBD	2011-2015	Trained financial examiners; successful bank examinations; strengthening of actuarial field
Competitive Enterprise Development	Economic Growth	\$9.7 million	2009 – 2014	Improved technology; increased quality of products; reduction of costs.



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Albania — Innovations / Success Stories

- MCC Threshold Program:
 - Tax Administration/ Business registration “one-stop shop” office
- Financial Sector Reform
 - FSVC program – highly effective



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