



**fondiBESA**

**BESA FUND j.s.c.**





Montenegro

Kosova

FYROM

Greece

Adriatic Sea

Ionian Sea



Shkodër  
Shëngjin  
Durrës  
TIRANA  
Elbasan  
Vlorë  
Sarandë  
Korçë  
*Maja e Korabit*



# BESA Fund j.s.c

- **1994:** Beginning of activity as a Urban Microcredit Department in the framework of the Albanian Development Fund.
- **1999:** Establishment of BESA Fund as a non-government and non-political organization with SOROS Foundation as Founder.
- **2008:** Lincensed by the Bank of Albania as NBFI.
- **2009:** BESA Fund assets and staff were transferred to BESA Fund j.s.c

# MISSION OF BESA Fund j.s.c

- Promoting micro & small enterprises sector in Albanian through the creation of a private self-sustaining Albanian Micro-finance Fund that finances micro and small entrepreneurs on a sustainable basis.
- Clients of BESA Fund include people from all socio-economic status, *including unemployed and start-up businesses.*
- BESA Fund also provides technical assistance for entrepreneurs including training and studies.

# PRODUCTS

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- **All kinds of lending, including consumer loans and mortgage loans, etc.**
- **Providing guaranties and taking commitments.**
- **Providing advisory and brokerage services and other assistance services for all abovementioned activities.**
- **Technical assistance to entrepreneurs including trainings and studies.**

# Types of business

**Besa Fund j.s.c finances every kind of micro businesses, which generates incomes such as:**

- **Trade and Services**
- **Productive or Processing Activities**
- **Handicraft**
- **Family Tourism**
- **Construction (especially repairing)**
- **Transport**
- **Custom Tax Payment, etc**

# LENDING METHODOLOGY

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- **Individual Loans guaranteed by:**
  - **Mortgage**
  - **Pledge**
  - **Endorsement**

# TYPES OF LOANS

- **“Business Loan”** - aims to finance every kind of micro-businesses that generates income.
- **“Youth Loans for Start-up Businesses”** - a youth-specific product aiming at giving young people a chance for their integration in society through their possibility of employing themselves
- **Consumer Loan** – aims at financing consumption purposes

# LEGAL AND REGULATORY FRAMEWORK

**Besa Fund activity is based on:**

- **Law for the Bank of Albania**
- **Law for Commercial Companies**
- **Regulation of the Bank of Albania “For Licensing and exercising of the activity of NFBI-s”**
- **Regulation on the supervisory norms for the NFBI-s**

# BESA FUND J.S.C

- **Besa Fund j.s.c. - one of the leading institutions in microfinance sector in Albania.**
- **It operates with 46 offices all over the country, providing financial services to the population in about 90% of Albanian territory.**
- **Besa Fund j.s.c products include small and micro business loans, consumption loans and youth loans.**

# BESA FUND J.S.C

- Besa Fund j.s.c clientele accounts for 28% of total clientele served by Albanian MFIs.

<b>Indicators</b>	<b>Dec. 2009</b>
<b>Cumulative Clients</b>	<b>56,000</b>
<b>Cumulative Outstanding (in million USD)</b>	<b>240</b>
<b>Active Clients</b>	<b>15,000</b>
<b>Outstanding (in million USD)</b>	<b>43</b>
<b>Average Loan Amount (in USD)</b>	<b>3,300</b>

# ALBANIAN FINANCIAL SECTOR

- **The Albanian financial sector, supervised by BoA, consists of:**
  - **commercial banks (16)**
  - **microfinance institutions (5)**

**The Albanian Banking sector dominates the formal financial sector, with assets and loan portfolio as of December 2009 amounting to respectively 78% and 37% of GDP.**

# COMPOSITION OF BANKING SECTOR IN ALBANIA

Table 15: Banks in Albania as of end Q1 / 2009

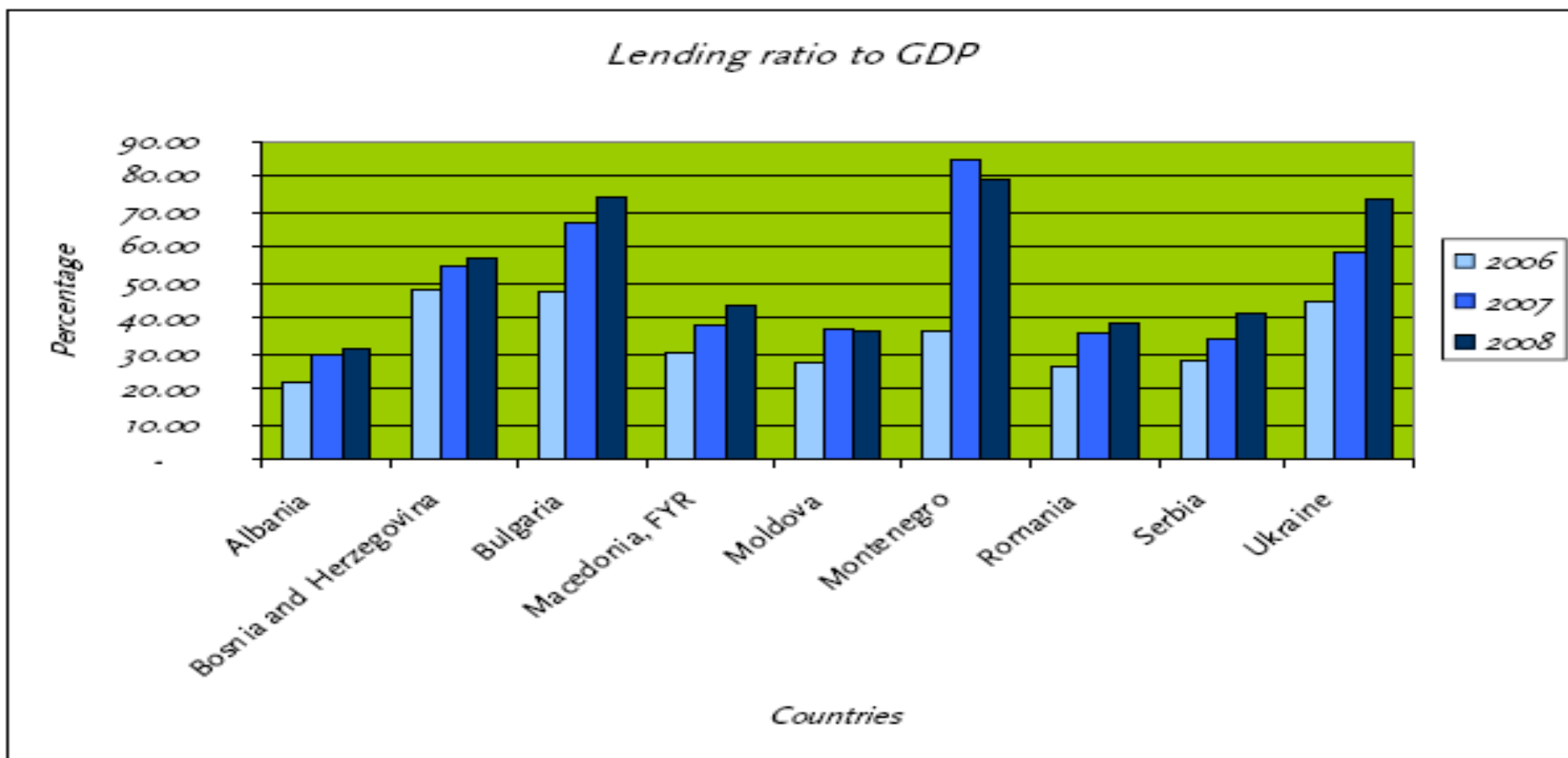
Bank		Market share in %	Cumulative market share %	Total assets mill EUR	Origin of equity
Banks with more than 10% market share (4)	1 Raiffeisen Bank	31.6	31.6	1,873.7	foreign
	2 Intesa Sanpaolo Bank	14.8	46.4	875.9	foreign
	3 National Commercial Bank	13.6	60.0	805.1	foreign
	4 Tirana Bank	10.2	70.2	605.1	
Banks with 1-10% market share (6)	5 Alpha Bank (branch of Alpha Bank Greece)	8.5	78.7	503.5	foreign
	6 Credins Bank	5.3	83.8	311.1	local
	7 Societe Generale - Banka Popullore	4.6	88.6	275.3	foreign
	8 ProCredit Bank	4.3	92.8	252.5	foreign
	9 Emporiki Bank	3.4	96.3	204	foreign
	10 Union Bank	1.7	98.0	101.5	local
Banks with less than 1% market share (6)	11 Italian Bank of Development	0.6	98.6	37.1	foreign
	12 United Bank of Albania	0.6	99.2	34.9	foreign
	13 First Investment Bank	0.6	99.8	34.1	local
	14 Credit Bank of Albania	0.2	100	14.3	foreign
	15 International Commercial Bank	n.a.	n.a	n.a	foreign
	16 National Bank of Greece	n.a	n.a	n.a	foreign
<b>TOTAL</b>		<b>100,0</b>		<b>5,928.1</b>	


Source: Albanian Association of Banks and own calculations

# LENDING RATIO TO GDP

The depth of financial intermediation remains relatively low in Albania, with domestic credit to the private sector of 31% of GDP at the **end of 2008**

Chart 39: Ratio of lending to GDP





# Some information concerning the Microfinance Industry and Legal Framework

# ***Who is micro lending market in Albania***

- Need to be underlined that the pioneer actors in microfinance sectors in Albanian are two projects financed by World Bank, respectively the Urban Microcredit Program in YR 1994 (transferred in 1998 to fondiBESA) and Rural Microcredit Program (transferred to Rural Finance Fund-now ASCU - Albanian savings and Credit Union).
- The micro lending Market in Albania in this period can be categorized as very weak and undeveloped
- The microfinance sector is relatively new sector in Albanian economy. But if will compare with the development of financial sector in Albania it is relatively developed.
- The micro-lending market is development more or less in the similar cycle with development and changes in Banking system

# **This undeveloped micro-lending market before 1996 can be explain by this main factors such as:**

- Weak banking system
- Existence of informal lending sector
- The life cycle business in start up phase that in their starting activities were based on mostly by internal financial resources
- The lack of private operators in banking system
- The lacks of foreign investment in Albania

# The present situation of micro lending market in Albania

- Increasing the number of operators
- An improving the quality of services provide to the clientele
- A small of diversification of products offered (mainly in applying the scale interest rate) and a kind of specialization of the operators in Rural and Urban Areas.
- Legal transformation that some microfinance institution are passing through
- An competition increase as result of rising microlending of some Banks which led to the improvement of the quality of services .

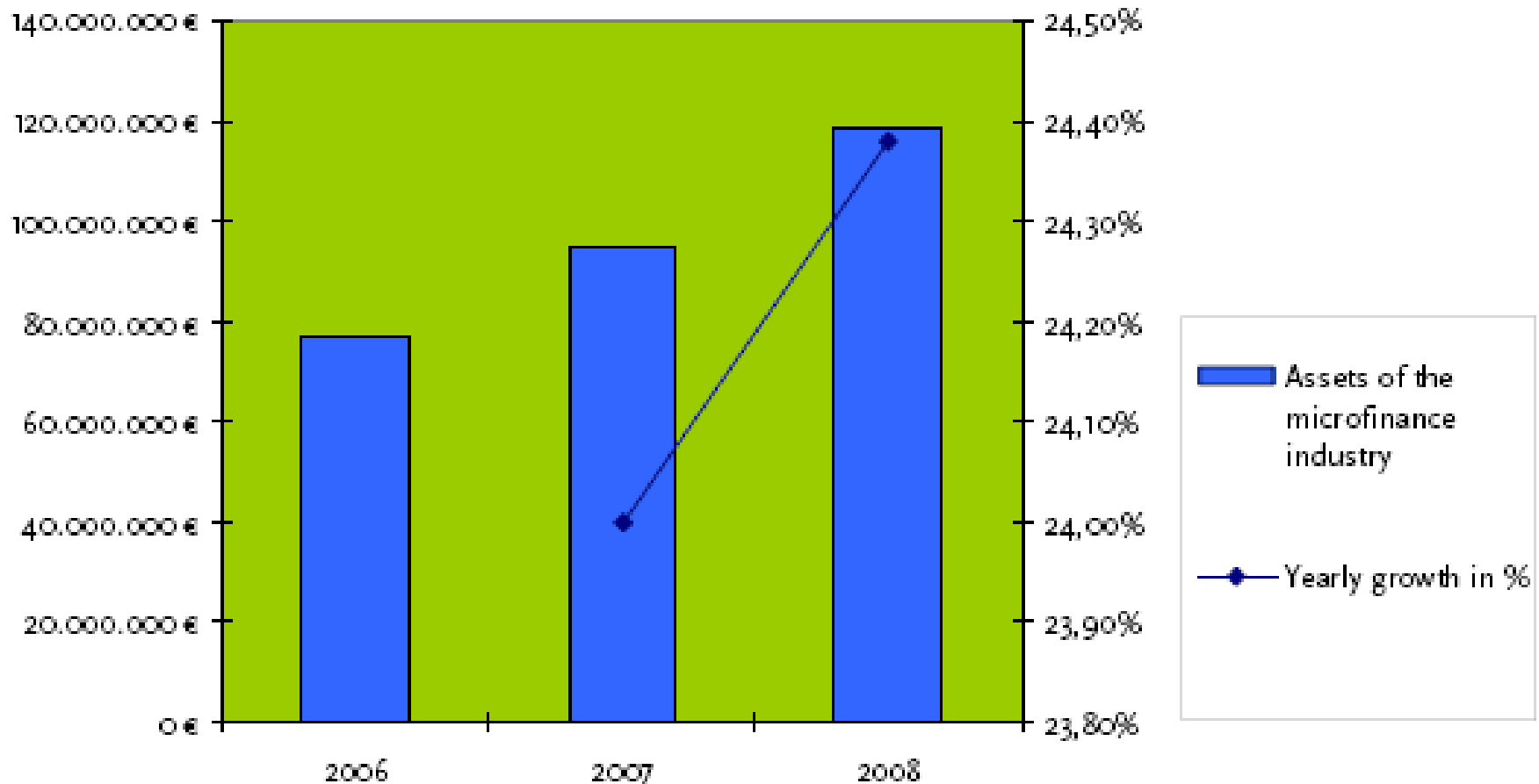
- An kind of stability in the weight of the micro-finance in the banking system
- More attention that entrepreneurs pay to the micro finance institutions

# ALBANIAN MICROFINANCE SECTOR BY NUMBERS

Name	Assets 2009 (in mill US\$)	In %	Loan Portfolio 2009 (in mill US\$Euro)
<b>NON BANK FINANCIAL INSTITUTIONS</b>			
FONDI BESA	44	30%	43
Opportunity Albania	43	29%	41
FAF-DC former (MAFF)	17	11%	16
<b>Unions of SCAs</b>			
ASCU	41	27%	40
USLA Jehona	3.5	3%	3

# ASSETS OF THE MICROFINANCE INDUSTRY IN ALBANIA

Chart 35: Assets of the microfinance industry in Albania<sup>13</sup>



# BESA FUND CLIENTS AND LOAN PORTFOLIO

Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Exchange rate: USD = lek	141.2	134	131	102.8	89.2	103.58	94.14	82.89	87.91	95.81
Cumulative Loan Number	6,198	8,939	12,796	16,802	20,979	25,115	30,344	37,098	45,780	56,042
Cumulative Amount (in mill USD)	14.60	22.80	35.80	53.30	95.90	105.90	142.50	194.30	220.00	236.10
Active Clients	2,637	3,417	4,488	5,061	5,442	6,068	7,291	9,161	11,340	14,909
Outstanding Balance (in mill USD)	4.97	6.93	10.41	15.14	19.19	22.98	29.43	36.96	40.73	42.64
Average Loan Amount	2,664	3,008	3,359	4,382	5,218	5,217	4,973	4,821	4,231	3,314

# FINANCIAL INDICATORS

	Dec 2005	Dec 2006	Dec 2007	Dec 2008
PAR (in %)	0.56	0.51	0.64	0.58
ROA (in %)	5.46	10.94	10.81	7.82
ROE (in %)	11.51	22.23	19.52	14.98
Operating self sufficiency (in %)	129.00	175.10	166.70	147.5
Financing self sufficiency (in %)	106.10	135.00	132.10	122.9
Yield on portfolio (in %)	24.36	24.47	24.35	24.65
Capital/Portfolio (in %)	44.12	48.99	53.68	52.48
Capital/Liabilities (in %)	85.55	103.92	115.90	105.00

Financial Indicators	2009	2008
Operational Efficiency ratio	11.84%	12.75%
Productivity of Loan Officers (Value)	37,584,082	41,223,276
Productivity of Regional Offices (Value)	329,583,489	412,232,763
Average Loan Amount	317,511	371,980

# Relations with the Clients

- **One of the main focus of Besa Fund: Maintaining strong relations with the existing clients and establish good contacts with the potential ones.**
- **Repeated Clients: critical for enhancing efficiency and productivity because of lower costs, lower risk, less customers acquisition costs,etc. At the end of YR 2009 about 53% of active clients related to repeated clients. Furthermore 75-80% of new disbursement loans are repeated ones.**
- **Customer loyalty:**
  - **an important dominant for long term financial performance.**
  - **the "core" for new products or services that might be offered in the future.**

# COMMUNICATION

- **Communication is considered essential to:**
  - Understand the market
  - Launch new products according to the market needs
  - Improve the existing products
- **This communication is done by :**
  - Visiting clients in their workplace,
  - Caring about their activity health,
  - Checking to ensure that the customers satisfaction
  - Seeking out customers' complaints and try to resolve them,
  - using their suggestions for necessary improvements
  - listening to them and be there when they are in need of our products
- **Most of visits to clients business might be informal, but our credit officers do never forget to maintain the sense of PROFESSIONALISM and Correctness**

# Responding to clients demand promptly

In order to respond to customers' need promptly, Besa fund pays attention to the mechanisms used to serve the customers:

- delivery systems
- product range
- delivery environment
- Technology
- Knowledge

A client of Besa Fund may receive a loan within in a few days after the submission of the loan application.

- Regarding the new entry clients, the whole process, from the application to the final disbursement lasts no more than 10 days.
- Regarding the repeated clients, the whole process may last from 3 – 5 days.

# Market share and geographical extension

- **Besa Fund j.s.c has gradually increased the volume of its activity based to principle that “microfinance should pay for itself, and must do so if it is to reach ... large numbers of poor people”.**
- **Financial sustainability - a necessary condition to scale up to a level that allows Besa Fund provide microfinance to a large client base, independent of external subsidies over the long-term.**
- **In this framework, volume, qualities, efficiency, productivity, are considered the most important aspect of our activity.**

# DUAL STRATEGY

To extend its activity, Besa Fund implements the dual strategy:

- **First:** by growing the client base, mainly by attracting new clients.

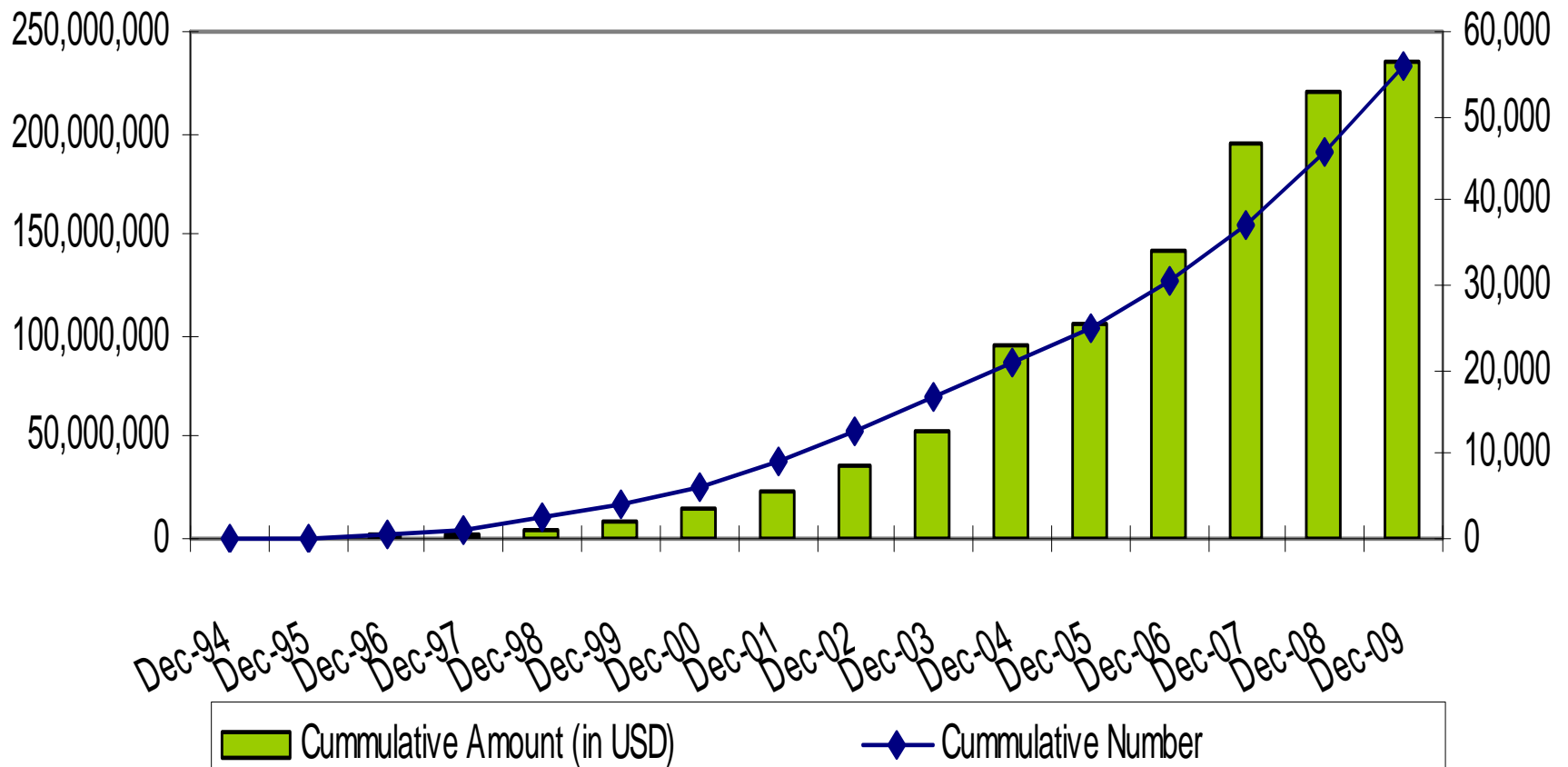
In YR 2009, about 6,207 new clients were attracted into the system (about 41.6% of the active clients)

New Clients: guarantee the long term growth and sustainability of the institution.

- **Second:** by extending into new geographical areas: new branches and offices aiming to be near our clients' needs and respond them in due time.

Compared to year 2000, the cumulative loan portfolio has grown from USD 14.5 million to USD 240 Million, with a <sup>30</sup> cumulative number of clients from 6,198 to 56,000.

# EVOLUTION OF PORTFOLIO AND CUMULATIVE NUMBER OF LOANS IN YEARS



# PORTFOLIO QUALITY

**PAR over 30 days has been below 2% in years.**

**The institution priority is to grow gradually and steadily maintaining a high quality of portfolio.**

**We try to:**

- identify the potential risks in time,**
  - analyze the risks,**
  - keep them under control and**
  - undertake the level of risk that we are able to manage.**
- Besides that, we try to diversify the loan portfolio by following the principle of “not putting all the eggs in the same basket”.**

# MID-TERM OBJECTIVES

**By the end of year 2012, Besa Fund will:**

- reach an outstanding of 8.2 billion ALL (about 82 million US\$) and**
- reach 19,000 active clients**
- disburse about 6.5 billion ALL (about 65 million US\$) in YR 2012; and disbursing about 17 billion leks (about 170 million US\$ for three years 2010-2011-2012)**

# RIGHT INFORMATION – IN RIGHT TIME AND PLACE

## Contributes to:

- **better decision making**
- **transparency of the operation because more reports can be generated more frequently and timely**
- **reduction in the number of errors**
- **improved reliability of the information and reports**
- **reduction in time of loan screening and disbursement process, which at the end, contribute to better customers' service**
  
- **The Fund document repository website is available for access to all staff, regardless of their seniority and management authority.**

# **SIMPLE AND EASY PROCEDURES**

**The key words regarding procedures:**

- Well-defined**
- Transparent**
- Simple**
- Easy to comprehend**
- Easy to implement**

**Besa Fund is aware that procedures evolve and constantly come under review due to change in knowledge, expertise, technology, and culture.**

# **Compliance between employees' values and overall objectives**

- **Our Employees – factor to achieve the institution's strategic objective and the institution's overall success.**
- **Dedicated and motivated employees, equipped with the most up-to-date knowledge, and best personal values like Integrity, Respect, Communication, Enthusiasm, and Professionalism drive the institution's development.**
- **Use of personal values to ensure close, flexible and result-oriented employees, who will be able to achieve personal goals and development, in line with achieving the institution's business objectives.**
- **Building on personal values to make the employees:**
  - **identify themselves with our MFI mission,**
  - **feel part of a successful team,**
  - **know and fully understand specifically what is expected of them and what is their role in fulfilling the institution mission and objectives.**

# PRODUCTIVITY INCREASE THROUGH TEAM WORK

- **Team Work promotes efficiency and productive.**
- **Team spirit - matching the functions of teamwork with specific targets.**
- **Every team member is encouraged to understand:**
  - where the institution wants to go,
  - what it wants to achieve
  - what is expected from him/her,
  - understand how his/her role fits in the entire context of the company's vision, goals and values.
- **Creation of an environment where:**
  - everyone is committed to accomplishing the mission and anticipated outcomes and
  - perceive their efforts as valuable to the organization.

# Strategy to attract and keep qualified staff

- **Besa Fund attributes its success to the people – both past and present.**
- **Quality of staff - critical to the future success.**
- **Hiring the right person for the right job**
- **Keeping the right balance between the expertise within the institution and the new flow of staff.**
  - **Expertise: a valuable asset, a strong basis for building upon**
  - **New staff: its quality is determinant in fulfilling the institution objectives and ensuring continuity**

# On-going Training of Staff

- **Capital and People - two major resources to operate successfully.**
- **Success depends on a highly trained, adaptable and effective staff, able to meet challenges and fulfill objectives.**
- **Annual staff training plan includes:**
  - **Well-designed orientation of newly hired staff**
  - **Training of credit officers (new and experienced)**
  - **Training of managers**
  - **Seminars and Workshops**

# On-going Training of Staff

- **Training aims at:**
  - **Improving our staff performance in the current job:**
  - **Improving staff effectiveness, productivity and strengthening the basis for the long-term achievement.**
  - **Improving job-satisfaction**
- **Besides trainings, our staff is provided with specific materials on topics related to microfinance, on monthly basis.**

# Development of IT Systems

- **Improved IT system enhances the operational and financial management.**
- **Being a microfinance institution means transaction volumes larger (which related crediting) than those of commercial banks.**
- **That is why, the need for automation and computerization of our operations is very important.**
- **In this context, Besa Fund has invested into:**
  - **establishing an online system for all the regional offices and branches,**
  - **automation and standardization of almost all the operations and transactions, etc.**
- **Besa Fund intends to implement new services on accounting and reporting systems, which will improve the performance.**

# **Staff promotion & evaluation through bonus system**

- **Staff promotion & evaluation through the bonus system - an effective approach that links staff with company interests and increase productivity**
- **Design of a compensation systems to continuously motivate and promote the staff.**
- **The written promotion and evaluation policy that includes financial and non-financial benefits for an employee's work, and the evaluation criteria.**
- **The promotion policy is transparent and is openly communicated to our employees.**

# What can be key system (mechanism) that MFI-s, have to established to guaranty success

- In order to guaranty success an MFI have to establish, improve and pay attention to the system (mechanisms) used to serve the customers:
  - **delivery systems**: that should operate efficiently and effectively and be responsive to both external and internal customers (employees)
  - **product range**: that should be designed to respond impropriety the needs, desires, preferences and expectations of the customers
  - **delivery environment**: with the aim to be closer to the clientele and its needs, by expanded the activity by creating a network all over the country.
  - **Technology**: that allows the institution to increase the speed, efficiency and accuracy of the disbursement process.
  - **Knowledge**: of the environment/market segment where it operates (activities, people mentality...)

To get more information click:

[www.fondibesa.com](http://www.fondibesa.com)

Thank you  
For your attention!!

For any question send E-mail to:

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