



# **Crimson Finance Fund Albania**

Impact Report 2025



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Dear partners,

It is my pleasure to present the third Impact Report of Crimson Finance Fund Albania (CFFA), reflecting our continued commitment to delivering measurable, meaningful, and sustainable impact across the communities we serve.

At CFFA, impact is not an add-on to our operations it is embedded in our DNA. As we grow, we remain equally committed to strengthening the way we define, measure, and manage our impact. During 2025, we took a significant step forward in this direction by engaging specialized consultants to enhance our impact framework. This process led to the development of our Theory of Change and a comprehensive system of 65 indicators, allowing us to better capture, monitor, and communicate the real effects of our work.

The year 2025 has been one of strong and responsible growth. Our portfolio expanded by approximately 40%, reflecting both increased demand for our services and the trust placed in us by our clients. We also extended our geographic reach through the opening of a new branch in Lushnje, with a particular focus on supporting the agricultural sector one of the most vital yet underserved segments of the Albanian economy. Today, our team has grown to 20 dedicated professionals, all driven by a shared mission to create lasting value.

CFFA continues to strengthen its position within the Albanian financial market by offering a differentiated approach to access to finance. Positioned between traditional banks and microfinance institutions, we serve micro and small enterprises that are often overlooked, providing not only tailored financial products but also continuous support throughout their growth journey. Our model goes beyond lending: we aim to build long-term partnerships with our clients, combining finance with guidance, flexibility, and a deep understanding of their realities.

Financial inclusion remains at the core of our mission. We are committed to supporting entrepreneurs, start-ups, and underserved communities by removing barriers to finance. At the same time, we continue to promote gender equality, support women-led businesses, and ensure that environmental and social considerations are integrated into every financing decision we make.

As this report demonstrates, our institutional growth goes hand in hand with our impact ambitions. We believe that transparency, accountability, and continuous improvement are essential to building a resilient and responsible financial institution.

Looking ahead, we remain dedicated to deepening our impact, refining our methodologies, and contributing to a more inclusive and sustainable financial ecosystem in Albania.

Dorin RAMA  
Chief Executive Officer




# CFFA's Theory of Change

**U**nderstanding and measuring impact has always been central to CFFA's mission. Since the publication of our first impact reports, we have progressively strengthened our approach to translating our activities into measurable outcomes for entrepreneurs, communities, and the broader Albanian economy.

In 2025, CFFA has undertaken a new step in this journey by developing a formal Theory of Change. Building on years of operational experience and insights gathered from our clients and ecosystem partners, this framework was co-developed through a collaborative process involving the CFFA team and IMPACTips, a boutique consultancy with international expertise on these processes. The objective was to articulate more clearly how CFFA's financial and non-financial support contribute to addressing the structural challenges faced by micro, small, and medium enterprises (MSMEs) in Albania.

The Theory of Change presented in this report illustrates the **logical pathway** linking CFFA's main outcomes to the intended long-term impact, the ultimate vision and the higher problem tackled. It reflects our belief that **access to appropriate financing**, combined with knowledge transfer and responsible business practices can **empower entrepreneurs to grow their businesses**, create quality jobs, and contribute to a **more inclusive and sustainable economy**.

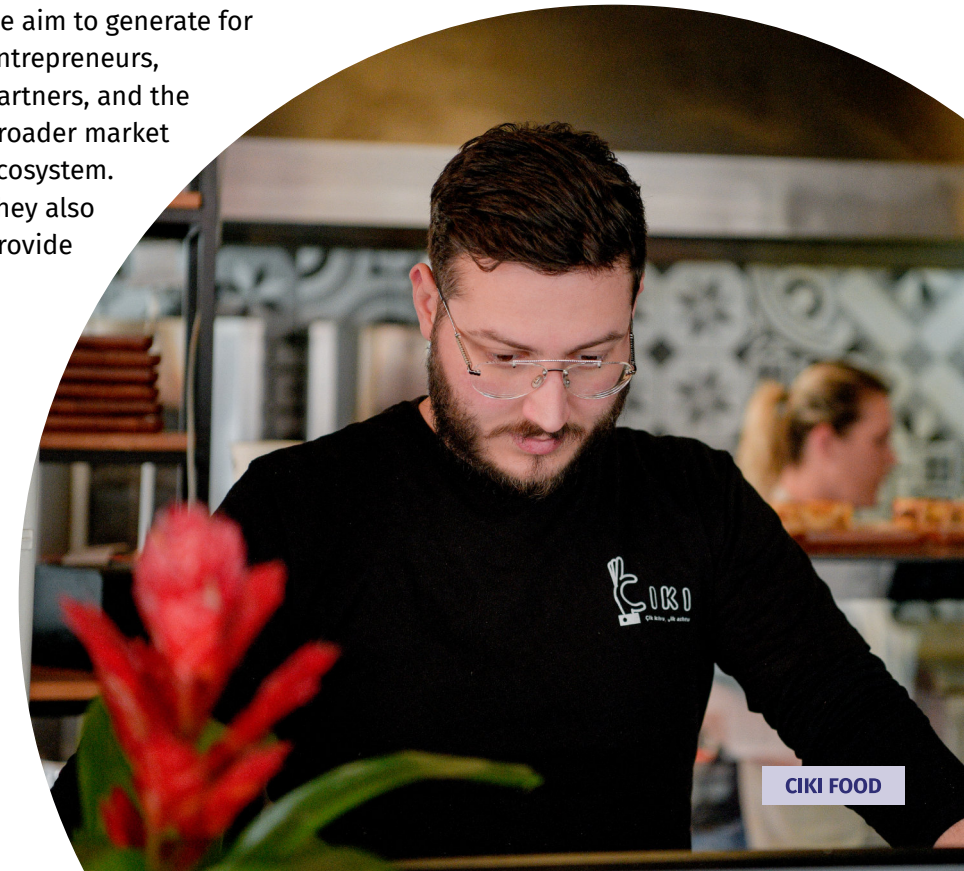
By formalizing this framework, CFFA aims to strengthen the way impact is measured, monitored, and continuously improved over time.

Building on this framework, CFFA has worked over the past year to translate the Theory of Change into a set of **practical outcome indicators**. These indicators were co-developed with the team to ensure they remain closely connected to our operational reality and provide meaningful insights into how our activities contribute to the outcomes we seek to achieve.

Rather than measuring activity alone, these indicators allow us to **track progress** toward the changes we aim to generate for entrepreneurs, partners, and the broader market ecosystem. They also provide

an **evidence base** to inform internal learning and decision-making, helping CFFA continuously refine its approach and strengthen its impact over time.

The following section presents our progress across the key outcomes identified in the Theory of Change, combining **quantitative results** with **qualitative insights** and examples from the field to illustrate how these changes are taking shape in practice.



## Problem

Capital is distributed unequally in Albania, gap between big and MSMEs is growing due to unequal access to finance (as shown by low landing-to-GDP ratio), and concentrated market power limits fair opportunities for growth and success.

## Vision

Albania becomes a country with equal opportunities in doing business and accessing both financial and non-financial capital, leading to a more equitable distribution of resources across society.

## Long-term impact

- 1 Reduced barriers for MSMEs to access capital they need to grow their business and expand their impact on Albanian society.
- 2 A stronger culture of entrepreneurship in Albania, fostering a more inclusive economy and creating opportunities that encourage citizens to build their future within their country.

## Outcomes

### Outcome #1

Funding gap between microfinance (<5k) and banks (>100k) is bridged through tailored financial and non-financial support to new (also potential) and existing businesses, with a focus on underserved sectors and segments of the population.

### Outcome #1a

MSMEs break out of the vicious cycle of remaining small by gaining access to capital otherwise unavailable in the market.

### Outcome #1b

Aspiring entrepreneurs manage to turn their business ideas into reality.

### Outcome #1c

The formalisation of businesses is encouraged, helping them become bankable and more transparent.

### Outcome #2

Collaboration and synergies among partners, financial institutions and clients are strengthened to build a more inclusive and efficient market ecosystem.

### Outcome #3

Entrepreneurs are empowered to improve their positive social and environmental impact while actively mitigating their negative one.

# Delivering impact

## Progress on our Outcomes

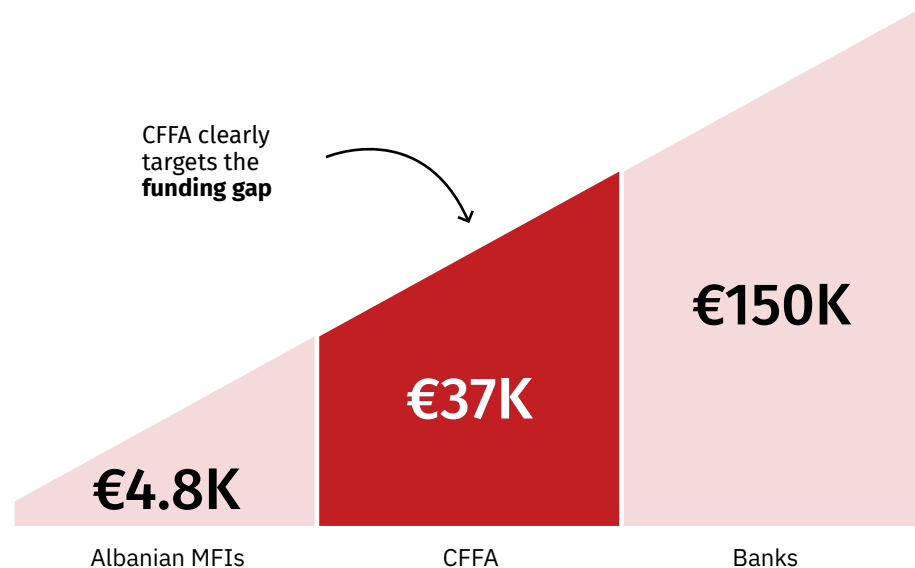
This section presents CFFA's progress across the key outcomes defined in our Theory of Change. By combining quantitative indicators with insights from our portfolio, we illustrate how our financing and advisory support contribute to strengthening entrepreneurs, market ecosystems, and sustainable business practices in Albania.



# Outcome 1: Bridging the funding gap for growing businesses

Despite representing the backbone of Albania's economy, many micro and small enterprises struggle to access financing adapted to their growth needs. While microfinance institutions typically provide loans below €5,000 and banks tend to focus on loans above €100,000, a significant **funding gap persists for businesses requiring intermediate financing.**

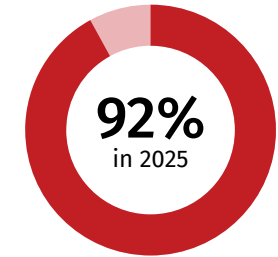
## Average Loan Size



CFFA is specifically positioned to address this gap. With an **average loan size of €37K**, compared to approximately **€4.8K for MFIs and €150K for banks**<sup>1</sup>, CFFA provides financing tailored to businesses seeking to expand but not yet fully served by traditional banking institutions. In 2025 alone, **92% of loans were disbursed within this €5K–€100K range**, confirming CFFA's strategic focus on this underserved segment.

Beyond providing financing, CFFA aims to **support businesses in becoming progressively bankable**. Through tailored financial and non-financial support, many entrepreneurs improve their financial management, structure their activities, and build a track record that enables them to access additional sources of finance. As a result, **79% of businesses with no previous access to any form of financing became financeable within two years**, while **59% of businesses previously excluded from bank financing reached bankability within the same timeframe**.

## Loans disbursed between €5K-100K



94% historically

## Businesses becoming financeable within 2 years

Businesses with no previous access to **any form of finance**

79%  
in 2025



4 out of 5 historically

Businesses with no previous access to **bank**

59%  
in 2025



2 out of 3 historically

<sup>1</sup> Average loan size estimates are based on publicly available data from the International Monetary Fund (IMF), the Bank of Albania, and the Albanian Microfinance Association (AMA).

CFFA also places particular emphasis on segments and sectors that remain **underserved by the financial market**. In 2025, 21% of total disbursements supported **women-led** businesses and 21% targeted **youth** entrepreneurs, contributing to greater inclusiveness in the entrepreneurial ecosystem.

Similarly, CFFA actively prioritizes sectors that remain **structurally underserved** by the financial market. For the purpose of this analysis, sectors are considered underserved when they attract no more than 5% of total lending in the Albanian market.

### Focus on underserved population segments

% of CFFA's total disbursements



Within this category, CFFA particularly supports businesses operating in transportation and storage, human health and social work activities, administrative and support service activities, and agriculture. For example, **transportation and storage**

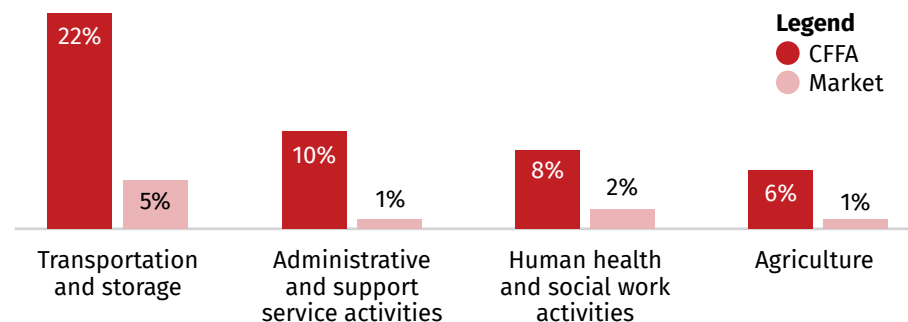
represent **22% of CFFA's portfolio** compared to approximately **5% in the broader market**, with **agriculture and health-related activities** also receiving **significantly higher levels of financing relative to their share in national lending**<sup>2</sup>.

<sup>2</sup> CFFA internal data (2025). Market data based on Bank of Albania (Loans to the Private Sector by Economic Activity, NACE Rev.2; Trends in Lending reports). Context on financial inclusion and underserved segments derived from World Bank, European Bank for Reconstruction and Development, International Labour Organization

By directing capital toward these sectors, CFFA helps address financing imbalances and supports industries with strong potential for employment generation and economic development. Through

this targeted approach, CFFA **stimulates economic activity and entrepreneurship at scale**, with **€6.9M disbursed within the €5K–€100K segment in 2025** and over **€20.4M** historically.

### Focus on underserved sectors



CFFA supports a **diverse range of entrepreneurs and businesses at different stages of development**, combining tailored financial solutions with targeted advisory support. The following sections explore in greater depth how this support translates into concrete changes for entrepreneurs. In particular, they focus on three specific outcomes:

#### Outcome 1a

enabling MSMEs to access capital otherwise unavailable in the market

#### Outcome 1b

supporting start-ups in their early growth phase

#### Outcome 1c

encouraging the progressive formalisation of businesses

Together, these outcomes illustrate how CFFA contributes to **unlocking entrepreneurial potential** and **strengthening the foundations** of Albania's **MSME ecosystem**.

# Outcome 1a:

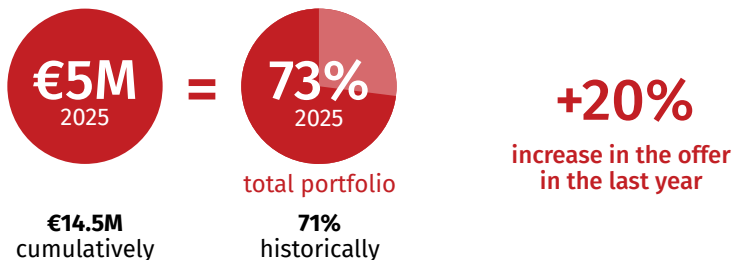
## MSMEs break out of the vicious cycle of remaining small

One of the most significant barriers preventing MSMEs from growing is the lack of access to appropriate financing. Many businesses remain trapped in a cycle of limited investment capacity, relying on informal sources of funding or small short-term loans that are insufficient to support expansion.

CFFA plays a key role in addressing this challenge by providing financing to businesses that **previously had no access to formal sources of capital**, helping them unlock investment opportunities and accelerate their growth.

In 2025, **€5M was disbursed to businesses without previous access to finance**, representing **73% of CFFA's portfolio**, and confirming the institution's strong focus on first-time borrowers.

### Support for MSMEs with no previous access to finance

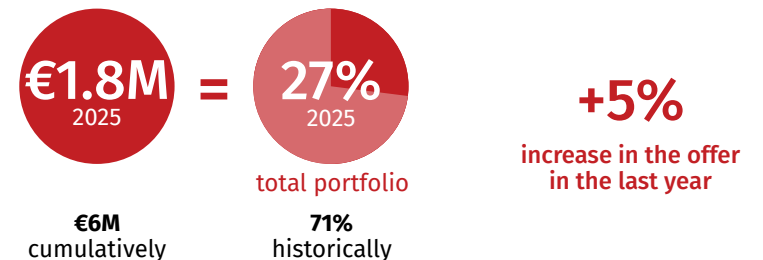


SAN LUCA

At the same time, CFFA also supports **MSMEs that have previously accessed finance but still face constraints in securing adequate funding for their growth plans**. In 2025, **€1.8M was disbursed to this segment**, representing **27% of the portfolio**.

Importantly, financing volumes **increased in absolute terms for both segments during the past year**, highlighting CFFA's expanding role in supporting MSMEs across different stages of their development journey.

### Support for MSMEs with previous access to finance



Endriu Cara, founder of **Wise Taxi Shpk**, represents a clear example of how access to finance combined with guidance can transform small, underdeveloped business activity into a structured and scalable business.

Coming from a family of taxi drivers, Endriu and his father operated for years with a single shared vehicle, working day by day with limited exposure to financial planning, projections, or business structuring. While the activity provided a steady income, growth remained constrained due to low financial literacy and lack of access to structured financing.

Through CFFA's support, Endriu was able not only to finance his first vehicle, but also to develop a better understanding of cash flow management, investment planning, and business formalization. This guidance was key in helping him move from an underdeveloped business activity to a structured and financeable business.

Today, Wise Taxi Shpk operates a fleet of 8 vehicles and has created 16 additional jobs through the employment of drivers. The company is now fully formalized, financially well-organized, and positioned as a credible client not only for CFFA, but also for other financial institutions.

*“Together with my father, we used to work long hours with just one car, operating in two shifts. Despite all the effort, it was not sustainable and did not justify the work we were putting in. We knew something had to change.*

*With CFFA's support, experience, and guidance, we were able to rethink our approach. Today, we operate a fleet of 8 vehicles and have created 16 jobs, turning our hard work into a structured and growing business.”*

— Endriu Cara

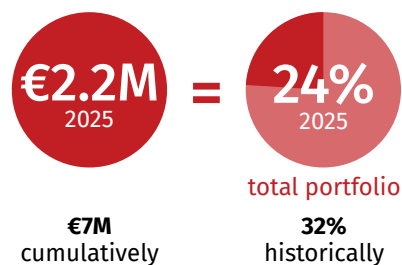


# Outcome 1b: Start-ups successfully launch and grow their businesses

**A**ccess to finance during the early stages of a business remains one of the most significant barriers for entrepreneurs. Start-ups often lack collateral, financial track records, or credit history, making them particularly difficult to finance through traditional institutions. CFFA actively addresses this gap by providing tailored financial and advisory support to entrepreneurs during the critical start-up phase.

In 2025, CFFA disbursed **€2.2M to start-ups**, representing **24% of the total portfolio**, with **€7M invested cumulatively** in supporting early-stage businesses. The institution has continued to expand this activity, with financing for start-ups **increasing by 37% over the past year**, demonstrating a growing commitment to fostering entrepreneurship and innovation.

## Supporting aspiring entrepreneurs in their start-up phase

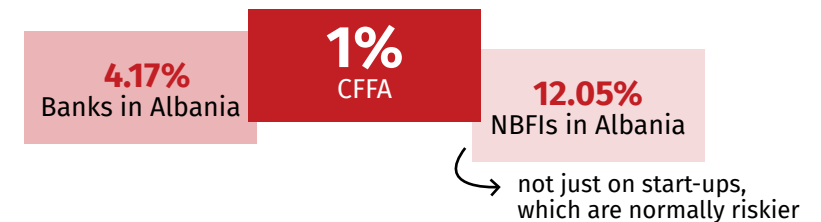


**+37%**  
increase in the offer  
in the last year

Despite the inherent risks typically associated with early-stage ventures, CFFA's start-up portfolio has shown **remarkably strong performance**. The **non-performing loan (NPL) ratio stands at just 1%**, significantly lower than the 4.17% average NPL ratio in Albanian banks

and 12.05% among non-bank financial institutions<sup>3</sup>. This result highlights the effectiveness of CFFA's approach, which combines financing with close engagement and advisory support to entrepreneurs.

## Non Performing Loan Ratio



Beyond financial sustainability, the supported start-ups also demonstrate strong economic progress. On average, **their revenues increased by approximately one third during the past year**, reflecting improved business performance and the ability to scale operations after receiving financing.

Finally, this support also contributes to strengthening entrepreneurs' financial track records and credibility. Within two years, 22% of the supported start-ups become financeable, demonstrating their improved capacity to access additional capital and continue their growth trajectory.

## Startups increasing their revenue



## Startups increasing their chances for second loan

**22%** of supported startups becomes financeable within 2 years

<sup>3</sup>Source: Bank of Albania

**Oris Dental Clinic Shpk** is a strong example of how entrepreneurial vision, combined with the right financial support, can transform a start-up into a leading business.

Founded in May 2024 by four young professionals two experienced dentists and two entrepreneurs with strong client acquisition capabilities the clinic started with an ambitious vision: to build a modern, large-scale dental centre targeting both local and international patients. At the outset, the project carried risk, requiring substantial upfront investment, full commitment from all shareholders, and a clear belief in long-term growth.

Despite these challenges, the founders invested heavily in infrastructure, equipment, and human capital, supported by a well-structured business plan and a strong focus on dental tourism. CFFA played a key role in this early stage by financing critical equipment and supporting the clinic's development when the project was still in its initial phase.

Within a short period, Oris Dental Clinic has scaled rapidly expanding its operations, building a team of over 100 employees, and positioning itself as a recognized player in the dental tourism industry. The clinic now serves international clients and continues to grow, demonstrating the impact of combining professional expertise with structured financing and strategic planning.

*"We were a group of friends, two of us working as dentists in other clinics, and two focused on business, marketing, and sales. While we shared the ambition to build something of our own, turning that idea into reality was challenging due to limited financial resources.*

*With CFFA's support and trust through financing, we were able to materialize our vision by investing in the necessary equipment, transforming our idea into a tangible and growing business."*

— Representative of Oris Dental Clinic



# Outcome 1c: Encouraging business formalisation and strengthening bankability

**B**eyond access to finance, one of the structural barriers affecting micro, small, and medium enterprises in Albania is the **high level of economic informality**. Informal practices limit businesses' ability to grow, restrict their access to formal financial services, and reduce their capacity to participate fully in the formal economy. Estimates suggest that the **informal economy represents around 27% of Albania's GDP**, with informal employment particularly prevalent among SMEs and micro-enterprises<sup>4</sup>.

Several factors contribute to this phenomenon. Many small businesses operate with **limited administrative structure and financial planning**, while entrepreneurs often lack familiarity with fiscal obligations such as taxation, accounting requirements, and revenue declaration procedures. In this context, informality is not always a

deliberate choice but frequently reflects **limited financial literacy and insufficient access to advisory support**.

CFFA actively addresses this challenge by combining financing with **practical non-financial support aimed at strengthening financial and fiscal management practices**.

Through close engagement with

entrepreneurs, CFFA advisors support clients in improving their financial projections, structuring their cash flow management, understanding tax obligations, and progressively adopting more transparent accounting and reporting practices.

By promoting better financial discipline and clearer business records, this support helps entrepreneurs **transition toward more formal and transparent operations**. Over time, improved financial transparency strengthens

the credibility of businesses, enabling them to build a financial track record and **increase their chances of accessing financing from formal financial institutions**, including banks.

In this way, CFFA contributes not only to expanding access to capital but also to **fostering a more structured, transparent, and resilient entrepreneurial ecosystem in Albania**.



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<sup>4</sup>Source: International Monetary Fund – [Shadow Economies Around the World: What Did We Learn Over the Last 20 Years?](#) (Medina & Schneider, IMF Working Paper, 2018; dataset updated in later IMF analyses).

# Outcome 2: Strengthening collaboration within the SME ecosystem

**B**eyond financing individual businesses, CFFA contributes to building a **stronger and more interconnected entrepreneurial ecosystem**. By fostering collaboration between entrepreneurs, equipment providers, service companies, and financial actors, CFFA helps create a market environment where businesses can access the resources, expertise, and partnerships needed to grow.

A key element of this approach is the **development of a partner network** supporting entrepreneurs across multiple sectors. In 2025, CFFA collaborated with 43 active partners, with 98 partners historically engaged, operating across almost every sector of activity. These partnerships enable CFFA to expand its outreach, identify promising entrepreneurs, and provide clients with access to specialized suppliers and service providers.

This ecosystem approach also creates **mutually beneficial relationships** between CFFA and its partners. Active engagement

generates a steady flow of opportunities, with partners referring potential clients and entrepreneurs to CFFA. In 2025, this collaboration resulted in doubling the historical average of referrals per partners, thus strengthening the pipeline of entrepreneurs accessing financing.

## Building a network of partner ecosystem for SMEs



98  
cumulatively



8  
cumulatively

At the same time, these partnerships generate tangible economic value for the broader ecosystem. Through the financing provided by CFFA, clients are able to **purchase equipment and services from partner companies**, often investments that would otherwise remain out of reach. As a result, CFFA-supported businesses generated **€5.4M in revenues for partner companies in 2025**, reaching **€9.4M cumulatively**.

## Generating economic value for the broader ecosystem



revenues generated for partners by CFFA clients

€9.4M  
cumulatively

Finally, CFFA also contributes to **improving market efficiency** by **stimulating secondary market activity**. By financing the acquisition of **used equipment and productive assets**, the institution enables entrepreneurs to access more affordable solutions while extending the economic life of existing resources. In 2025, financing of used equipment and supplies reached **€4.6M**, contributing to a more dynamic and circular market for productive assets.

## Stimulating secondary market activity



spent on acquisition of used equipment and supplies

€7.7M  
cumulatively

Through this ecosystem-based approach, CFFA helps strengthen **market linkages between entrepreneurs, suppliers, and financial institutions**, fostering a more inclusive and efficient environment for SME development.

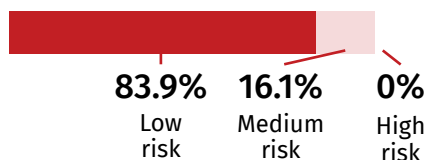
# Outcome 3: Empowering entrepreneurs to generate positive social and environmental impact

CFFA integrates environmental and social considerations into its financing decisions through a structured Environmental and Social (E&S) risk management framework. Every financed business undergoes an E&S risk assessment to identify potential environmental and social risks associated with its activities.

In 2025, **83.9% of financed businesses** were classified as **low risk** and **16.1%** as **medium risk**, while **no high-risk cases** were identified. For businesses with medium risk, CFFA develops **tailored mitigation plans** aimed at improving operational practices and ensuring compliance with responsible business standards.

Beyond risk mitigation, CFFA also promotes more sustainable business practices through **green financing**. By supporting investments that improve resource efficiency or reduce environmental impact, CFFA contributes to the gradual transition toward greener economic activities. In 2025, **€524K in green loans** were disbursed, bringing the **cumulative total to €1.25M**.

## E&S Risk assessment of all financed businesses

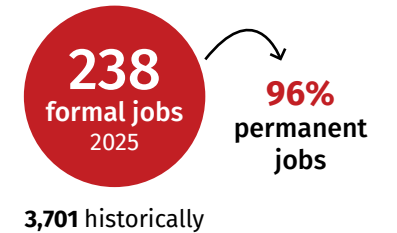


## Green loans disbursed



Access to financing also plays an important role in **supporting job creation and improving employment quality**. Businesses supported by CFFA created **238 formal jobs in 2025** and 3,701 jobs historically, with **96% of these jobs being permanent**, contributing to greater employment stability and security for workers.

## Stable and formal employment created



► Strengthening employment quality and stability

Finally, financing enables businesses to expand their operations and workforce. In fact, **87% of financed businesses increased their number of formal employees**, hiring on average **more than three additional workers** over time. This growth contributes to inclusive economic development, including the creation of employment opportunities for women and within women-led enterprises.

## Employment growth within the supported businesses



► Contributing to inclusive economic development, including jobs created for women and by women-led enterprises

\* historically

Through this approach, CFFA helps ensure that the growth of supported businesses translates into **tangible social benefits and more responsible environmental practices**, reinforcing the long-term sustainability of the MSME ecosystem.

# Conclusions



# Conclusions:

## Taking stock and looking ahead

The results presented in this report demonstrate the tangible contribution CFFA continues to make toward **strengthening Albania's entrepreneurial ecosystem**. By addressing **structural barriers** such as limited access to finance, informality, and insufficient support for underserved sectors and entrepreneurs, CFFA is helping micro and small enterprises **unlock their growth potential** while contributing to broader economic and social development.

Beyond the encouraging results observed across the different outcomes, an equally important achievement of the past year has been the progress made in **strengthening CFFA's approach to impact measurement and management**.

Through the development of a structured Theory of Change and the co-creation of outcome-level indicators, CFFA has taken an important step toward better understanding how its financial and

non-financial interventions translate into **meaningful changes** for entrepreneurs, partners, and the wider market ecosystem.

This process represents an important milestone in CFFA's impact journey. By systematically monitoring progress toward the outcomes identified, the institution can generate **deeper insights** into what works well, where additional support may be needed, and how its approach can continue to evolve to **maximize positive impact**.



Looking ahead, CFFA remains committed to further strengthening this framework in the coming years. Future efforts will focus on:

- 1 **deepening the analysis of the outcomes** identified in this report,
- 2 **refining the indicators** used to track progress, and
- 3 **expanding the understanding** of the impact generated by **non-financial services** such as advisory support, financial education, and ecosystem partnerships.

By continuously improving how impact is measured and managed, CFFA aims not only to demonstrate the **value of its work**, but also to ensure that its activities remain **relevant, effective, and responsive** to the evolving needs of entrepreneurs and the Albanian economy.

# Our Shareholders

## Helenos

**HELENOS** – the first private equity fund for inclusive finance in Europe. Its mission is to strengthen the capital base of financial intermediaries targeting micro, small and social enterprises by providing equity, subordinated and senior loans. Helenos is managed by Inpulse Investment Manager, a Belgian asset manager owned by SIDI and Crédit Coopératif.



Albanian-American  
Development Foundation

**The Albanian - American Development Foundation (AADF)** – is a legacy organization of the Albanian - American Enterprise Fund (AAEF), which was created by the SEED Act of US Congress in 1995. The AADF was established in 2009 and is a non for profit US entity operating in Albania as a promoter of development and sustainable growth of the private sector. So far it has committed over 150M USD in more than 85 development projects, with the majority of the Albanian people directly benefiting from their impact.



**Municipality of Tirana (MoT)** – with more than 1/3 of the Albania's population moving towards its capital, through CFFA, the MoT aims to support the growth of SMEs in the region of Tirana as the key employment engine towards integration and sustainable growth.



**Crimson Capital Corp.** – has been supporting SMEs in developing and emerging countries in five continents by achieving \$ 8.5 billion in equity, FDIs and loans for thousands of companies, resulting in over 50,000 new jobs. Crimson Capital is present in the Balkans since 1995.



This impact report is the result of a structured impact journey funded by **Norfund**.



The impact journey was implemented by **IMPACTips**.

This impact report was designed by **Caroline Cornil**.



CRIMSON FINANCE  
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