RISK MITIGATION FOR ALBANIA’S APPLE SECTOR

PRODUCTION RISK
Significant production risk mainly due to climate changes. Frequent hail precipitations.

RISK MITIGATION MECHANISMS
Support hail nets

Apple production (ton)
2010 12,000 / 2016 101,532

MARKETING AND PRICE RISK
High marketing and price risk due to saturated domestic demand and low export demand for Albanian apple.

RISK MITIGATION MECHANISMS
Improve cultivar mix and support standard enhancement investment

Apple imports
2010 29,600 / 2016 12,145

FINANCIAL RISK
Production risk and marketing risk have led to high financial risk.

RISK MITIGATION MECHANISMS
Educate potential clients on financial aspects

Apple imports
2010 0 / 2016 6,288

LEGAL RISK
High legal risk because of safety standards incompliance and land titles insecurity.

RISK MITIGATION MECHANISMS
Familiarize with EU safety/quality standards; support standard enhancement investments

Apple consumption
2010 25 Kg capita / 2016 25 Kg capita

HUMAN RESOURCE AND MANAGEMENT SKILLS
High risk mainly due to insufficient knowledge and skills on technology and particularly financial issues (cost analysis).

RISK MITIGATION MECHANISMS
Conduct carefully cost/financial analysis also using Technology Cards (prepared by the project)

EU Apple consumption
19 Kg capita

POLITICAL/POLICY RISK
High political risk due inconsistency/discontinuation of the government support for the apple sector.

RISK MITIGATION MECHANISMS
Familiarize with policy development and implications

Apple consumption
2010 25 Kg capita / 2016 25 Kg capita
### MARKET FACTS IN ALBANIA

#### PRODUCTION RISK
- Apple diseases
- Low quality seedlings quality
- Unsuitability of crop with soil
- Frequent hail precipitation
- Prolonged droughts
- Spring frosts
- Extreme low temperatures during winter

#### RISK MITIGATION MECHANISMS
- Working capital for fighting apple diseases
- Finance certified seedlings
- Finance suitable rootstocks and ask for soil analysis
- Finance net hails
- Finance modern irrigation systems
- Finance working capital for crop protection from frosts
- Finance cultivars resistant to extreme weather conditions.

#### MARKETING AND PRICE RISKS
- Difficult market access
- Price decreases/strong oscillations

#### RISK MITIGATION MECHANISMS
- Support cultivar demanded in the market
- Support larger farmers: able to produce volumes & quality
- Support cold storage
- Consider farmers who cooperate with the buyers
- Finance GlobalGAP (or other similar certifications)

#### FINANCIAL RISKS
- Inability to pay back debt due to marketing, production and (financial) management risk

#### RISK MITIGATION MECHANISMS
- Educate potential clients on financial aspects
- Ask clients to share their accounts with banks

#### LEGAL RISKS
- Insecure land titles
- Low quality, safety & environmental standards

#### RISK MITIGATION MECHANISMS
- Consider formal and informal land titles security
- Familiarize with EU approximation implications
- Cooperation farmer-buyer may lead lower risk

#### HUMAN RESOURCE AND MANAGEMENT SKILLS
- Financial illiteracy
- Insufficient technology knowledge
- Lack of skilled labor force

#### RISK MITIGATION MECHANISMS
- Conduct carefully cost/financial analysis: use Tech Cards
- Consider availability of reliable technology service
- Clients should demonstrate availability of labor force

#### POLITICAL/POLICY RISKS
- Frequently changing/unstable support schemes

#### RISK MITIGATION MECHANISMS
- Familiarize with government support policy

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AASF
Albania Agribusiness Support Facility

European Bank for Reconstruction and Development

Ministry of Agriculture, Forestry and Rural Development

Ministry of Trade, Industry and Energy