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Agritourism Sector in Albania: Development Potentials and Financial Needs

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Abbreviations

AASF	Albanian Agribusiness Support Facility
ALCDF	Albanian Local Capacity Development Foundation
ALL	Albanian Lek
ARDA	Agriculture and Rural Development Agency
ATA	Albanian Telegraphic Agency
BoA	Bank of Albania
D2T	Diber Trails & Tradition
DCM	Decision of Council of Ministers
EBRD	European Bank for Reconstruction and Development
EU	European Union
FAO	Food and Agriculture Organization (United Nations)
FIs	Financial Institutions
GDP	Gross Domestic Product
GIZ	German Agency for International Cooperation
Global GAP	Global "Good Agriculture Practices
GoA	Government of Albania
HACCP	Hazard Analysis Critical Control Point
INSTAT	Albanian Institute of Statistics
IPARD	Instrument for Pre-Accession Assistance for Rural Development
ISARD	Inter-sectorial Strategy for Agriculture and Rural Development
ISO	International Organization for Standardization
LGUs	Local Government Units
MFIs	Microfinance Institutions
MoARD	Ministry of Agriculture and Rural Development
MoTE	Ministry of Tourism and Environment
NPL	Non-Performing loans
NSSTD	National Strategy for Sustainable Tourism Development
PFIs	Partner Financial Institutions
PPP	Public-Private Partnership
SWOT	Strengths, Weaknesses, Opportunities, Threats
TIFF	Tourism Investment and Finance Fund
UNESCO	United Nations Educational, Scientific and Cultural Organization
USAID	United States Agency for International Development

EXECUTIVE SUMMARY

Albania is an agriculture-based country with exceptional geographic location, outstanding landscapes, rich in culinary and gastronomy offerings. Combined with a great tradition for hospitality, Albania has great potential for agritourism development. Whilst the sector has only *emerged over the last few years*, fast growth is expected in the near to medium future. Untapped potential for agritourism development exists almost countrywide. The regions that offer the most promise in combining agriculture with touristic attractions are Korça, Berat, Gjirokastër, Vlora, Shkodër, Kukës and Dibër. The most common agritourism models are farm to table restaurants with some limited accommodation capacities.

Agritourism is defined as a **high priority** sector on the government agenda. Most central and local level strategies have considered agritourism important for agriculture and rural diversification. Regarding public sector efforts to support agritourism, there seems to be no conflict in roles only in coordination. Establishing better information sharing among public institutions would bring about vital benefits and more cohesive development results. Synergies between public institutions and donor projects with a focus in agritourism are also important in generating greater combined effects. A better formal definition of agritourism - as per best international practices - would speed up policy reforms and better integrate grant financing with sustainable development.

The sector is benefiting from some **fiscal incentives** that include reduced VAT to 6 %, corporate income tax to 5% and exemption from the infrastructure tax on investment. These fiscal stimuli are expected to *incentivize investments* and expand the base of certified agritourism units. However, existing and new agritourism units must meet the criteria for certification in order to benefit from support schemes. There are several ongoing donor projects aiming to promote agritourism, including financial support. These projects are designed to promote sustainable rural development as a whole, by creating additional revenues and employment for agritourism. Most national donor schemes however, are focused on promoting the supply side, whilst little is done to create demand.

In the last two years 10 million Euro of investment were implemented in the agritourism sector, incentivized by different grant schemes such as the ARDA national schemes and the SARED program. Another 7 Million Euro is estimated to have been invested from client's own investments based on client testimonies. Given that specific investments in agritourism didn't exist before, these contributions, though small in size, are not insignificant and represent a growing trend. Based on data collected, access to capital opportunities from IPARD, ARDA national grants, 100 Villages program, and other supporting programs, an estimated value of **50-70 million Euro** of investment is expected in the following 5-7 years.

IPARD funds for agritourism development will be available until 2023, while ARDA grants are expected to continue each year with increasing support for the agritourism sector. Financing support programs is a great *market window* for banks and FIs, since their involvement in pre-financing agritourism projects would play a crucial role in the increase of the funds absorption rate. The "100 villages" program is expected to increase the supply with 27 new agritourism units and about 150 guesthouses.

Despite the potential, the sector faces several weaknesses and **constraints** to growth. There is a lack of experience and a low level of *management skills* among farmers and agribusinesses

aiming to add agritourism to their activities. A lower education standard in rural areas might result in a lack of *qualified* staff for the provision of agritourism services. The sector suffers from *weak marketing* and insufficient promotion. Poor road *infrastructure* and inadequate public transport is also a constraint, which requires immediate intervention to boost demand. Access to finance is one of the main constraints while also represents an opportunity for FIs. Some FIs are taking note by investing in specialized products. Agritourism lending, however, is not treated separately. Instead, it is included in the agriculture portfolio, which is a limitation.

In each district there are around 500 farms registered that fit agritourism characteristics and about 20% of them are willing to start an agritourism business. Having 12 districts would mean a potential of 1200 new agritourism waiting for investment opportunities to become established in the next 5 to 7 years.

Some of the financing needs relate to the reconstruction of old dwellings, on-farm processing lines and marketing/certification activities. **Healthy demand for investments combined with grant opportunities and loans to match pre-investments**, is a prevailing recipe for growth. While this trend is expected to hold, only smart agribusinesses and bankers – who understand or are able to navigate the relatively complex system – will be successful in the short term to medium term. An opportunity exists for ASSF to *accelerate access to knowledge and technical advisory for both supply and demand* and facilitate both investments and financing growth for the sector.

THE PURPOSE OF THE STUDY

Agriculture and Tourism are amongst the most rapidly expanding industries in Albania (INSTAT). The potential for Agritourism to create synergistic relationships between these two important sectors has been widely recognized by planners and policymakers. The Government of Albania (GoA) is paying special attention to Agritourism by providing fiscal and financial incentives and developing National Programs to promote the sector.

The aim of the document is to encourage PFIs to include or put more focus on Agritourism in their business portfolio by developing dedicated financing strategies with tailored lending products to accommodate financing needs for the sector.

This study provides information on Agritourism development potentials in Albania and its financial needs to support investments. More specifically, the document sheds light on existing potentials for the Agritourism sector, focusing on different public strategies, recent developments, fiscal and financial incentives, SWOT analysis of the sector and an elaboration on features of demand and supply for capital in the Agritourism industry in order to provide some useful recommendations for AASF and PFIs.

Technical approach – Data Sources and Methodology

The study used a combination of primary and secondary data sources. Primary data were collected from banks and microfinance institution representatives, agritourism experts and agritourism entrepreneurs. Consultations with banks and microfinance institution representatives were key to understanding their current lending strategies, financing products and risk appetite toward the agritourism sector. Discussions with agritourism entrepreneurs were important to better understand their perception of the business environment, what they perceive their main challenges to be and gauge future plans for potential investments. Discussions with agritourism experts helped in getting insights and understanding of the sector's untapped potential.

The study benefited from an extensive use of secondary data and information sources such as research articles, diverse technical reports and working documents, sector specific strategies at national and local level as well as useful databases and online sources. For a detailed list of data sources please see pages 36 and 37 at the end of the document.

The technical reports and documents were used to collect data about available grant funds, lending and other trends. Sector specific development strategies were used to understand the importance given to the agritourism sector by the Central Government and its vision for sector development. Development strategies for Local Government Units (LGUs) were useful in understanding the focus given to agritourism by municipalities and their approach to sector development. The INSTAT databases were used to gather data on the number of farms, their size, geographical distribution and other relevant data. Feedback from experts and stakeholders was used to confirm the conclusions and/or provide insights into existing data trends.

1. AGRITOURISM IN ALBANIA – AN EMERGING SECTOR

1.1. AGRITOURISM SECTOR OVERVIEW

Agritourism is a hybrid type of agricultural system that merges elements of farming and tourism to create markets for farm products and services and provide travel experiences for tourists.

The accelerating pace of life in cities and increasing pollution of the environment are pushing urban residents into rural areas. Residents of big cities are looking for environments where they can spend precious time in the presence of family and friends and enjoy the uniqueness of nature. Tourists are getting bored by standardized experiences and tour programs, standardized environments in hotels and the same old attractions and excursions¹. This trend represents a great opportunity for the emerging agritourism sector in Albania.

GDP Growth Rate in Albania averaged 0.90 percent from 2005 until 2019 and both the agriculture and tourism sector are enjoying a steady growth above the economy. Based on INSTAT data for annual real growth of GDP by sectors, Agriculture has been growing at an average annual rate of 2 percent since 2012, while for the same period the tourism sector has been growing at an average annual rate of 4.4 percent (14.23 percent in 2017). However, there is significant space for the acceleration of growth and job creation at the intersection of these two sectors: *agritourism*.

Agritourism in Albania is an emerging sector with great potential. Geographic location, outstanding landscapes, the long-standing tradition of hospitality, rich cuisine with many traditional cooking techniques and traditional products make Albania the perfect place for an agritourism experience. International experts have confirmed that Albania fulfills the necessary criteria to become a center of European ecological tourism (Qirici and Theodhori, 213). So far, the agritourism sector in Albania has primarily taken place outside of farms. New farm-to-table enterprises are currently more common than on-farm businesses. These enterprises are in most cases not owned by traditional agricultural producers, however, they have substantial positive effects on farm incomes.

Agritourism was initially concentrated in a limited number of regions, mainly in the (i) Southern part of the country (Vlora, Saranda and Gjirokastra); (ii) Northern Alps (Vermosh, Theth and Valbona in Shkodra and Kukës regions); and (iii) Korça region (Dardhë, Voskopojë and Vithkuq). However, in the last few years, agritourism businesses have emerged all over Albania with some of the largest agritourism hotspots located around Tirana, Durrës, and Lezha. There is an overall lack of official data when it comes to Albania, and no public institution including INSTAT, nor the Ministry of Tourism and Environment (MoTE) is producing agritourism-related data. However, based on practical experience and consultations with stakeholders, there is an estimated number of more than 300 guesthouses and 100 agritourism units in Albania. Currently, based on information from the MoTE there are about 14 certified agritourism units, and all of them got the certification in the last two years. Most of the guesthouses are located in the North of the country (Theth, Valbonë); as well as Korça region (Dardhë, Voskopojë, and Vithkuq); Berat and Gjirokastër. While the agritourism units have a more even distribution, some of the largest agritourism businesses are located in Tiranë, Durrës, and Lezhë. Most

1 John Swarbrooke, Manchester Metropolitan University, Department of Food and Tourism Management

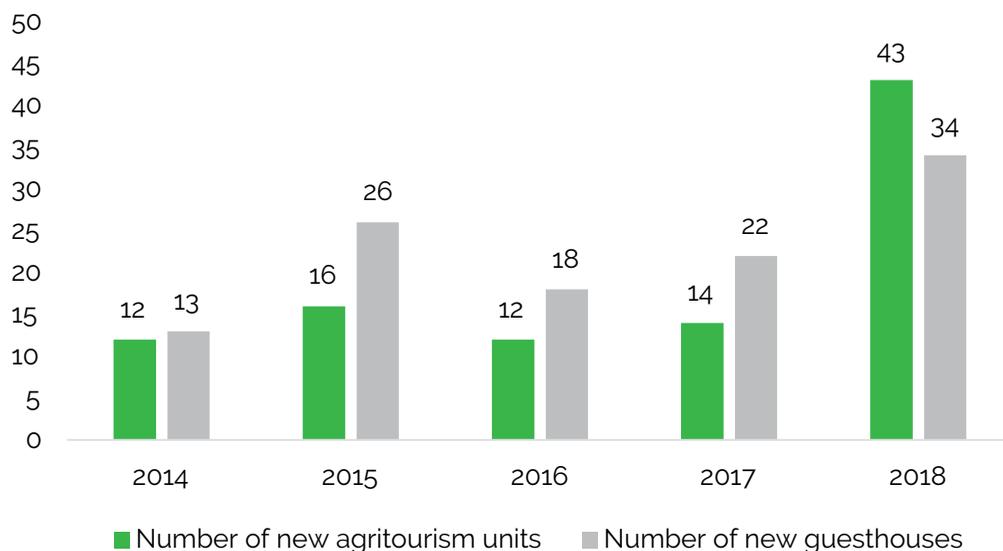
agritourism units are farm-to-table restaurants with limited accommodation capacities available on site.

Based on interviews with experts of MoARD and LGUs representatives, in each region there are around 500 farms registered that fit agritourism characteristics and 20% of them are willing to start an agritourism business. Having 12 districts/regions mean a potential of 1,200 new agritourism units waiting for investment opportunities to become established in the next 5 to 7 years.

Moreover, according to INSTAT there are 2,754 farms that have separate buildings for gainful activities that can be turned into accommodation that supports the above claim.

The fiscal incentives provided by the government combined with grant programs supporting the sector are expected to increase on-farm agritourism investments and turn agritourism into an important economic sector for the Albanian economy. During 2018, about 43 new agritourism business and 34 guesthouses emerged and registered in Albania (ATA, 2018), which is a sign of the growing interest for investments in this sector. During 2014-2018, a number of 97 new agritourism units and 113 guesthouses have emerged, providing a considerable impact on increasing the agritourism and rural tourism offer in Albania.

Figure 1: The trend of new agritourism units and guesthouses 2014-2018



Source: Albanian Telegraphic Agency - ATA

The growing interest to invest in the agritourism sector in Albania is coming from national and international investors alike. Consolidated businesses in other sectors of the economy and young entrepreneurs are considering investing in the Agritourism sector. There is also a growing trend amongst existing wineries to consider the opportunity of expanding their businesses by investing in agritourism, resulting in a greater business offering.

The Government of Albania considers agritourism as one of the top priorities for the coming years and to support this aim, it has launched the “100 villages” program. The scope of this ambitious program is to support local communities in their efforts to build new economies by diversifying their income streams and generating employment opportunities.

The number of tourists visiting Albania is growing rapidly. In 2018, the number of tourists who visited Albania was around 5.9 million indicating a growth of 15.8 percent compared to 2017². Europe is the main source of tourists visiting Albania, accounting for 92.4% of all tourists. In 2018, around 2 million visits were registered in museums, castles and national parks. There is no data on the number of tourists entering Albania specifically for agritourism or rural tourism experiences, however based on US Travel Agency about 8-10% of tourists prefer outdoor activities, which puts the potential market for agritourism at around 500,000 tourists in the case of Albania. Experts and agritourism entrepreneurs admit that the number of tourists visiting rural areas is increasing. Apart from international visitors, the demand from domestic tourism is increasing significantly. One day or two-day trips with families in rural areas is becoming very popular in Albania. Based on interviews with guesthouses in rural areas, around 70% of the visitors to agritourist facilities are locals. Despite the growing flow of national and international tourists to rural areas in Albania, the agritourism offer is far from meeting the demand both in terms of quantity and quality. Tourists visiting natural attractions in the north of Albania such as Lura National Park (trekking, hiking, outdoor recreational activities) are often sleeping in tents due to the insufficient accommodation options available (Interview - Llesh Doçi, "Oxhaku i Doçit" Agritourism).

Access to finance is considered one of the main constraints to growth for the agritourism sector. The sustainable development of the agritourism sector requires greater efforts from all the players along the agriculture and tourism value chains and more focus from banks and FIs in financing the sector with customized lending products. The most common investments expected in the future are those focusing on the construction of accommodation premises, the renovation of old traditional houses, turning them into guesthouses, and restaurants serving traditional dishes and typical authentic products. Also, expected investments are related to marketing and promotional activities, on-farm processing and packing lines, developing quality assurance programs and obtaining certifications, as well as investment to develop on-site agritourism services.

Most of the public and private initiatives in the sector are focused on promoting supply, while little is done to create demand. The coordination between demand and supply promotion initiatives in agritourism is important to ensure sustainable development of the sector. In table 1 below is presented a general profile of the agritourism sector in Albania.

Table 1: Common profile of agritourism sector in Albania

Model	Vast majority are small Farms isolated family-run enterprises. Many have on-site restaurants that sell products grown and processed on site.
Owner	Businessmen & Chefs with hotel management experience. However, the number of farmer-run agritourism enterprises is increasing.
Core Business	Farm to Table restaurant. Farm Produce Processing.
Setting	Location with a picturesque view with no tourist attractions nearby. Year-round farming.
Average Investment amounts	Small Investments 5,000 – 25,000 Euro
	Medium investments 100,000-300,000 Euro
	Large Investments → 300,000 Euro +
Revenue	Most have farm stay accommodation options but major part of revenue does not arise from that.
	Small agritourism 20,000 – 50,000 Euro
Average revenues	Medium agritourism 50,000 – 150,000 Euro
	Large agritourism 150,000 Euro +
	Mostly small scale and consumed in restaurants. Most products not branded & sold, except wine.
Farm Produce	
Costumers	Mostly local food enthusiasts. Few foreign tourists through personal travel agency networks.
Season	Mostly March to September, however not well defined.
Marketing	Strong Word of Mouth. Good use of social media & news medium. No “agritourism” brand yet
Branding	Agritourism lacks a common theme and marketing across countries that could serve as markets.
Online Visibility	Lack of presence in social media; lack of websites; lack of visibility on booking and travel sites
Human Resources	Lack of trained or certified chefs in some farmhouses. Lack of specialized local guides to cooperate with and Agriculturists, lack of management capabilities. Based on interviews with a sample of agritourism clients only a small fraction of 5-10% have received a formal training.

Source: Author elaboration based on the initial work of Besra, 20183

1.2. UNDERSTANDING OF AGRITOURISM VS. RURAL TOURISM

There is confusion between the concepts of rural tourism and agritourism among farms and agribusinesses, sometimes even at an institutional level. Now that agritourism is becoming a trend many misconceptions exist, especially since this business is seen as lucrative.

Agritourism is a hosting activity that takes place on-farm or in other agricultural units with the aim of attracting visitors, often enabling them to participate in agricultural activities or other auxiliary activities that take place in an agricultural environment. (DCM No. 22, Date 12.1.2018).

Any form of tourism that showcases rural life, art, culture, and heritage in rural locations, thereby benefiting the local community economically and socially as well as enabling interaction between the tourists and the locals for a more enriching tourism experience can be termed as rural tourism (OECD).

To summarize, agritourism is a subset of rural tourism with a broader concept that can encompass pretty much any tourism activities that take place in rural locations.

The DCM No. 22 sets out the minimum criteria to be met in order to be classified as an agritourism unit. The criteria are related to minimal agriculture land area, accommodation and food serving capacities, product sourcing, etc. More specifically the criteria are:

- Land – 1 ha in open field or 0.5 ha in protected areas;
- Services – Agritourism units must offer one of the following services: food, accommodation, recreational services;
- Accommodation capacities: – 6 to 30 accommodating rooms.
- Buildings architecture: In respect with DCMs No. 711 and 730 for "Conditions, Criteria, and Procedures for the Classification of Accommodation Structures".
- Restaurants – 6 to 60 food serving tables;
- Product sourcing – at least 30% of food and drinks offered in the agritourism units must be on-farm produce, the remaining 70% can be procured from other surrounding farms. So, agritourism cannot be seen as separated from farming activities.

Understanding of the agritourism concept is important for farmers and business owners for two important reasons: (1) to be eligible for grant funds; (2) to benefit from fiscal stimulus provided by GoA. A good understanding of agritourism is also important for efficient policymaking institutions that can design better policies for sector development.

2. GOVERNMENT INITIATIVES TO SUPPORT SECTOR DEVELOPMENT

2.1. STRATEGIES

The emerging agritourism sector in Albania is drawing attention from both central and local government level.

The most important public initiative undertaken by the Government of Albania towards agritourism development is the '100 Villages' program, an initiative that aims to establish the first successful model of integrated rural development in Albania. The goal of this program is to have at least two villages per municipality that meet all the infrastructural standards while providing a satisfying level of well-being for local farmers, thereby unlocking the untapped potentials of agritourism.

The majority of Local Government Units (LGUs) in Albania have paid attention to agritourism while developing their territorial planning and development strategies. The continuously increasing mechanization process in agriculture will soon result in less of a need for a human workforce and LGUs strongly believe in agritourism as an opportunity for rural diversification which can provide sustainable incomes and create employment by offsetting the effect of agriculture mechanization.

The Inter-sectorial Strategy for Agriculture and Rural Development (ISARD) 2014-2020 considers agritourism as a potential emerging sector for diversifying incomes and creating employment in rural areas.

The National Strategy for Development and Integration 2014-2020 puts its focus on the importance of diversifying the current tourism offer in order to ensure integrated tourism development. Rural and agritourism are considered potential sectors for ensuring tourism diversification and expand the tourist season.

In the National Strategy for Sustainable Tourism Development (NSSTD) 2018-2022, agritourism is considered not only a sector which can help touristic promotion and economic development, but also as a sector which will contribute to sustainable tourism development and preserving and promoting cultural and local identity. The NSSTD emphasizes the importance of combining cultural tourism with agritourism in an effort to restore and promote the historical centers of villages.

This government's approach is centered on boosting the supply side of agritourism. There is currently no policy focus on generating demand for agritourism. It is appropriate for the Government to support the supply side as a critical mass of tourist opportunities are needed to sustain demand. Government action to coordinate clusters and promote these to potential tourists is also necessary for industry takeoff.

Despite the importance attributed to the agritourism sector in different strategies of the central Government and LGUs, Albania is still missing a National Strategy for Agritourism Development, and no agritourism value chain study has been conducted to date.

2.2. FISCAL AND LEGISLATION INCENTIVES

2.2.1. Fiscal incentives

In its mission to promote agritourism development, the Government of Albania last year approved a new fiscal package for an agritourism sector. In the fiscal package that the Albanian government adopted, the agritourism sector is set to benefit from several tax incentives, including a 5 percent corporate income tax, a reduced 6 percent VAT and exemption from the infrastructure tax on investment.

The standard for the certification of agritourism businesses has also been decided upon and adopted in the DCM No. 22, dated from 12.1.2018. The standard defines the conditions a subject operating in the agritourism sector should meet in order to get certified. Fulfilling these pre-conditions make the agribusinesses set to become agritourism businesses eligible for fiscal stimulus.

This fiscal package is expected to attract internal and foreign investments in the agritourism sector and also to foster the development of the tourism industry as a whole. Recently, there is a growing interest from other sectors to invest in agritourism, and foreign investors are exploring the opportunities to invest in the Albanian agritourism sector with some very innovative ideas.

At the local level, these fiscal incentives are expected to motivate farms and agribusinesses to turn into agritourism units, thus benefiting from the reduced taxes and diversifying their incomes. The exemption from the infrastructure tax on investment is expected to have a huge impact on expanding accommodation capacities of the agritourism sector in Albania. As has been noted recently, many agriculture-focused businesses across Albania have invested in adding accommodation premises (guesthouses) to their offering.

2.2.2. National and International Grant programs

Agriculture is one of the sectors which has been boosted by National and Donor support through grant programs. However, in recent years, agritourism has attracted the attention of both donors and the Albanian Government alike as a potential sector for creating employment and diversification of rural areas.

Currently, the Agritourism sector is being supported with grants from EU IPARD funds and National Grant Program of Agriculture and Rural Development Agency (ARDA). Both programs are managed by ARDA amongst others, providing grant support for investment projects in agri- and rural tourism.

These programs have a direct impact on incentivizing new investments. The increasing availability of grant funds is expected to attract more investments, and the demand for investment capital by the agritourism sector is expected to become even higher.

ARDA was accredited as the IPARD Agency and is responsible for the implementation of the program. IPARD II Grant Program provides the largest support the agritourism sector in Albania has ever been provided. The program reimburses 65% of investments in the agritourism sector under the measure 7: Farm Diversification and Business Development, and there is an increasing interest from potential investors to apply for these grant calls. Presented in table 2 below, are the eligible investments for the agritourism sector supported by the IPARD program.

Table 2: IPARD II support for agritourism sector

Program	IPARD II
Donors	EU (75%); Government of Albania (25%)
Measure 7:	Farm Diversification and Business Development
Investment range	Sub measure: Agro & Rural Tourism (Nature Tourism)
Intensity of support	€ 10,000 - € 400,000
Who can apply	65% of the total eligible costs
	Farmers as physical or legal entities, agriculture cooperatives (SHBBs); micro and small non-agro enterprises;
	Construction or reconstruction of houses or traditional style buildings for tourism purposes
	<ul style="list-style-type: none"> • Facilities and premises for service provision (information and assistance for visiting natural areas; outdoor recreation activities); • On-farm accommodation rooms, including all relevant facilities and equipment for provision of B&B services (bed and breakfast); • Infrastructure and equipment for on-farm provision of tourism services, including internal roads for access to accommodation facilities, children's playgrounds, swimming pools, sports sites; parking areas; • Furniture, TV equipment, satellite receivers, internet supply equipment, radio and audio devices for communication, washing and ironing equipment, IT equipment, including software for agricultural holding administration for the needs of rural tourism;
Eligible investments	<ul style="list-style-type: none"> • Renovation and adaptation for use of old/existing traditional buildings on an agricultural holding, including basements and mills according to the traditional/rural architecture style of the area; • Equipment for maintenance of the touristic place and landscape, including for recycling and increase of energy efficiency; • Sales facilities within the premises of winery, wine tasting rooms, wine cellars; • Storage rooms, including for leisure equipment; • Construction of stables for horses; • Instalment of hobby gardens and other on-farm amenities; • Setting up of catering facilities (restaurants, bakeries, breakfast rooms, dining tents), including the necessary equipment);

Source: IPARD II Guidelines for Applicants, First Call

IPARD II program provides grants for on-farm processing machineries to promote production of traditional products such as gliko, jams, pickles, etc. Furthermore, support is given to the handicraft industry in rural areas. All these activities combined empower the development of a unique agritourism offer for national and international tourists. Currently, ARDA is evaluating the applications of the 1st call, where many agritourism investments are expected to be implemented.

In the last 2-3 years, the National Grant Schemes have considered the agritourism sector a priority. Several awareness campaigns are organized each year by ARDA to encourage applications for the establishment and development of agritourism businesses.

For rural tourism the program supports investments in re/construction of old dwellings, turning them into guesthouses which include all necessary furniture up to 5 million ALL per investment. Regarding agritourism, the program provides 50% of total investments in the form of a grant but not more than 20 million ALL.

In the last two years ARDA schemes for agritourism have supported about 40 new agritourism investments with an approximate total grant value of 4 million euro. From these schemes, around 4-6 million Euro has been equated to the cost sharing of applicants, totaling a value of about 8-10 million Euro.

The eligible investments supported by the ARDA Grant scheme are similar to the one supported by IPARD, however, to avoid overlapping, these funds are available only to the applicants not eligible for IPARD funds.

Since this grant scheme was introduced, a considerable number of new agritourism businesses have emerged. Many farms have turned into agritourism units by combining their agricultural activity with food and accommodation for tourists. A study conducted by Demirović **et al.** 2014, found that public financial support is one of the main factors for the vitality of small tourism businesses and agritourism in rural areas. It is therefore essential to ensure consistency in the future.

However, financial institutions are important players in regards to the absorption rate of these funds. In both the IPARD II and ARDA grant schemes, applicants should implement the investments with private funds, being reimbursed after finishing the investment cycle. In most cases, applicants require loans from the banking system to implement the investments.

Financial support for the agritourism sector is expected to intensify in the coming years and this provides a great market opportunity for banks and financial institutions since the demand for capital will increase steadily. In order to be ready for the growing demand for capital, banks and FIs should develop strategies for the agritourism sector and prepare tailored lending products to fulfill the sector's financial needs.

2.2.3. The 100 Villages Program

The program of '100 Villages' is an initiative undertaken by the Government of Albania that aims to establish the first successful model of integrated rural development in Albania. The ministries of Agriculture, Infrastructure and Energy, Culture, Tourism, and Environment in cooperation with municipal authorities and agencies for regional development created a map of 100 villages throughout Albania that will be the first 100 models for rural development. They will provide a basis for both improved public services and economic well-being.

The scope of this ambitious program is to support local communities in building new economies. Culture and natural heritage will be restored and integrated with other elements in order to transform them into economic values, increasing touristic potential for given areas.

Moreover, the Ministry of Infrastructure will provide infrastructure investments in public services such as roads, water, and power supply. Meanwhile, the MoTE will be responsible for environmental issues and provide support to accommodation facilities.

The goal of the program is to identify at least two villages per municipality that meet all the infrastructure standards and provide a satisfying level of well-being for local farmers.

The village selection is done based on their potential and experience in attracting tourists and producing local products that have are highly demanded on the international market.

The program's objectives are:

1. Improvement of public infrastructure (Support for road infrastructure, community infrastructure, public services, environmental and touristic infrastructure, monuments of cultural heritage, landscape, implementation of multifunctional community centers);
2. Economic development through diversification of economic activities (amelioration of the touristic potential in rural areas, agritourism, rural tourism, investments in the improvement of commercial services, investments in the production of traditional products, and other economic services. Support for incubators of traditional local products, promotion, and marketing of rural areas, transport, fairs);
3. Development of social and human capital (support for the creation of rural networks, local action groups as well as civil society in rural areas, vocational training for women and youth, support for cultural heritage, support for the promotion of traditions and lifestyle in villages).

Three strategic projects are part of the "100 villages" program

I) Establishment of the Albanian agritourism network

The program will provide targeted support for around 27 new agritourism ventures and 150 guesthouses. Support will also be given to farms and livestock housing for the purposes of agritourism and rural tourism.

II) Traditional Products Incubator Network

The program will aim to create a network of "Traditional Product Incubators", which will provide premises in the form of ready-made infrastructure for the entire product value chain, ranging from manufacturing/storage facilities, packaging and marketing lines, support for standardization and certification as well as product sale premises.

III) The network of brands/shops selling Albanian traditional products

It is difficult for traditional Albanian products to penetrate markets and retail stores. The program will aim to create a network of brands/shops that will be specialized in selling authentic Albanian products, in particular, traditional products. Financial support for the establishment of this network will be provided under the program of "100 villages".

Under this program, many agritourism investments are expected to be released in the following years for the 100 villages selected. This program represents a market window for banks and

FIs that should come prepared with tailored loan products. GoA has made continuous calls for financial institutions to support agritourism initiatives in the 100 villages with loans in order to contribute to the successful implementation of the program.

3. POTENTIAL AREAS FOR AGRITOURISM DEVELOPMENT

3.1. POTENTIAL DEVELOPMENT AREAS

Agriculture and tourism are among the most important economic sectors in Albania in terms of income generation and employment. The combination of these two sectors offers a great opportunity for agritourism development in Albania.

Agriculture constitutes 19% of GDP and about 40% of total employment in Albania, providing the basis for agritourism development. Moreover, tourism is one of the fastest growing sectors. Agriculture is geographically well spread out in Albania and from this point of view has great potential for agritourism development across the country.

Since agritourism combines agriculture and tourism activities, it is worth exploring the areas with the most potential when it comes to a comprehensive agritourism experience including farm stays, engagement in farming activities and opportunity to explore natural and cultural attractions, as well as archeological sites in the areas nearby the farm. Also, the MoTE is prioritizing the combination of cultural tourism with agritourism.

Keeping the combination of agriculture and tourism in mind, **the region of Korça** has great potential for agritourism development. Based on INSTAT data on agriculture, there are more than 30,000 farms and agribusinesses operating in the Korça region. Most of these farms have natural and cultural attractions nearby. In addition, according to the MoTE, 121 accommodation structures are registered and operational in the region of Korça which constitute agritourism units and rural guesthouses. Based on MoARD data there are about 25 operational agritourism units in the region of Korça. The region is well-known for its rich cuisine with many traditional dishes and traditional agriculture products.

The region of Korça is rich in cultural and natural attractions, as well as archaeological sites. The majority of them are spread across rural areas. Korça has exceptional natural assets, including lakes and mountains. In 2018, based on MoTE data, around 530,000 tourists visited museums, archeological sites and national parks in the Korça region. Some of the most notable villages for agro and rural tourism are: Voskopoja, Boboshtica, Dardha and Vithkuqi. Lin, Tushemisht, Pustec, Gorice e Vogel and Zaroshkë are also well known for their tourist attractions. Thousands of tourists visit these villages each year, but there is no official data on the approximate number of tourists. All these villages are part of the 100 villages program.

Berat is another region with great potential for agritourism development. In the Berat region around 26,000 farms and agribusinesses reside, most of them offering good opportunities for agritourism development. In the region of Berat there are about 60 registered and operational accommodation units, part of which are agritourism units and guesthouses in rural areas. Based on data provided by MoARD there are 12 agritourism units in Berat. The **region of Berat** is known for its rich historical, cultural, ethnographic, architectural and natural heritage values. The region of Berat is also rich in natural resources, including two unique and nationally renowned ones - the mountain of Tomorri and the Osuni Canyons. In 2018, around 380,000 tourists visited the museums, castles and protected areas in the region of Berat. Berat Castle and the Onufri National Iconographic Museum are amongst the most visited attractions. To better combine the tourist experience (farm stay + visits in natural/cultural attractions), the

newly emerging agritourism units should collaborate with tour operators. Agritourism has good potential for development in the villages of Bogova, Roshnik and Vertop. Other villages with good opportunities for agritourism development are: Qafë Dardhë, Malas Breg, Kozarë, Blezenckë and Kapinovë. These villages are also included in the 100 villages program and will benefit from infrastructure investments and technical assistance in developing agritourism businesses. However, despite their excellent potential, rural tourism and agritourism appear to be less developed in these areas.

Vlora and Saranda are the most renowned areas for tourism in Albania. In 2018, around 950,000 tourists visited the museums, national parks, castles and other attractions. In the region of Vlora there are 698 registered and operational accommodation units. Rural tourism and agritourism appears to be less developed despite having great potential. Villages in the Albanian Riviera such as Palase, Dhermi, Vuno, Himare, Qeparo, Borsh and Lukova represent promising opportunities for agritourism development. However, since most visitors come to enjoy the sun and the sea, the accommodation units are usually hotels that are only active during the summer season. The emergence of agritourism units combining farm-stay with the enjoyment of beautiful beaches and providing a unique experience for tourists visiting the region, would make it possible for tourism in these areas to be a year-round occurrence.

The valley of Shushica also offers a good opportunity for agritourism development. The geographic position, the beautiful landscape and the quality of local products constitute a good start for this type of tourism. Twelve villages in the Vlora region are included in the 100 villages program, identified as villages with great potential for agritourism development.

Gjirokastra was included in the UNESCO World Heritage List in 2005, and is one of the most visited regions in Albania for tourism purposes. Gjirokastra hosts a series of outstanding two-story houses developed in the 17th century. The town also retains a bazaar, an 18th-century mosque and two churches from the same period. About 150,000 tourists visited museums, national parks, castles and other attractions in the region of Gjirokastër during 2018. The region is well developed in agriculture and livestock, with more than 10,000 mixed farms involved in crop production and livestock. The region has an ancient culinary tradition with many traditional dishes. The region of Gjirokastra registers 62 operational accommodation units, part of which are guesthouses and agritourism units.

Gjirokastra is also known for the variety of traditional products on offer (gliko and jams, prevede, small ruminants' meat, etc.). The first incubator for traditional products supported by ARDA grant schemes is located in Gjirokastra. The region has been identified as having the highest number of villages included in the "100 villages" program. The combination of agriculture and tourism in this region would generate additional income for farms and new jobs by making rural areas more attractive for young people.

In the **Northern region of Albania**, there are some benchmarks for rural and agritourism development potentially scalable in other regions of Albania. The villages of Theth in Shkodra region, Valbone in Kukes region and Lura in Dibra region are among the most renowned rural and agritourism attractions in Albania. Farms in these villages are set in outstanding landscapes and located close to natural heritage sites (Theth National Park, Shala River, Valbona Valley, Lura National Park and seven lakes, etc.). There are 690 accommodation units (hotels, guesthouses, farm-stays etc.), most of which are located in the regions of Shkodra and Lezha. Based on MoARD data there are more than 40 agritourism units in the northern region. In the last 10 years, these touristic attrac-

tions experienced a rise in guesthouses. The region has benefited from donor-funded projects to develop its rural and agritourism offer. An estimated 1.2 million tourists visited museums, castles and national parks in protected areas of north Albania in 2018 where the main destination, with 70 percent of total visits, was Shkodra.

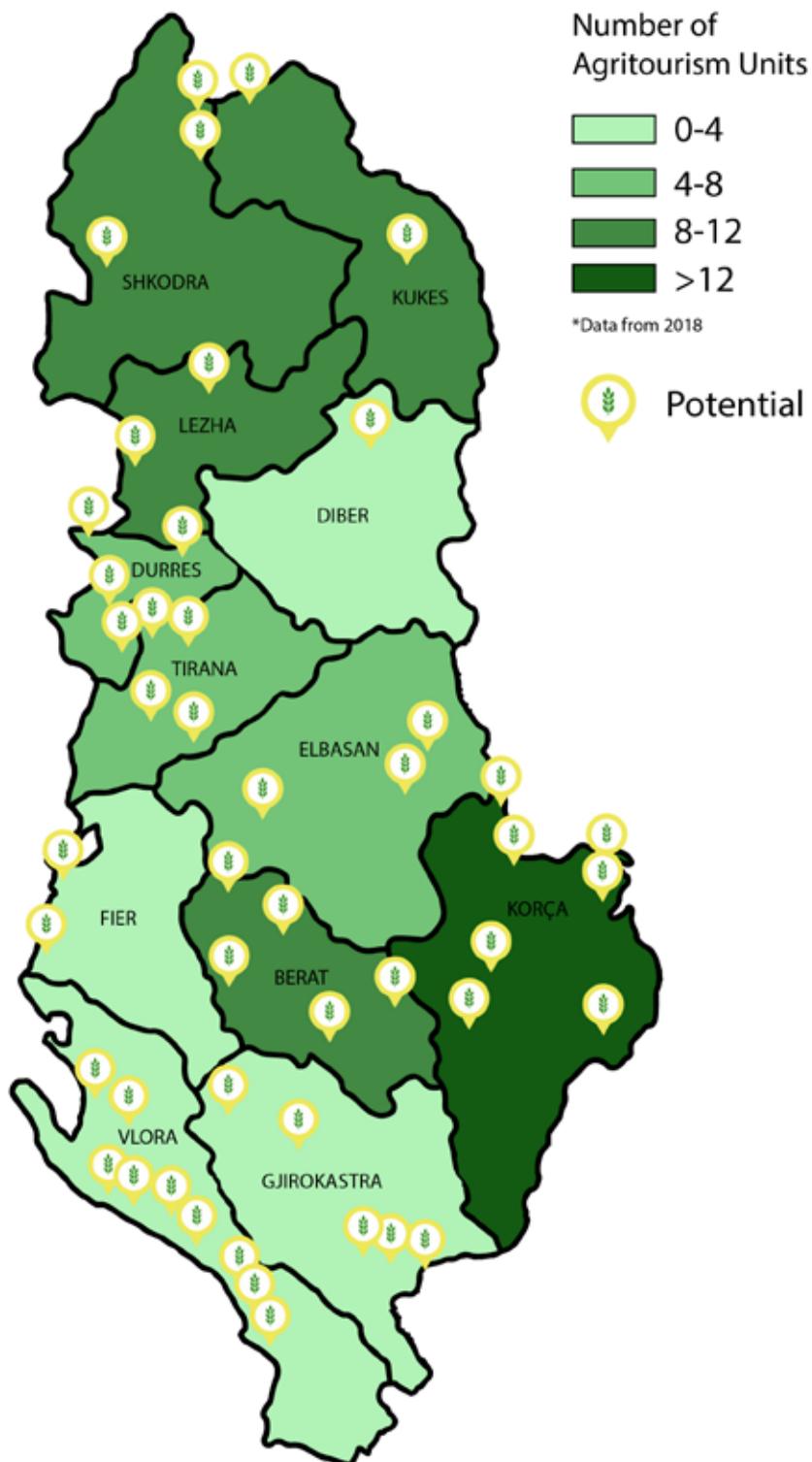
According to a GIZ study on rural tourism, there are more than 35 families in Theth which have transformed their old dwellings into guesthouses with a total accommodation capacity of around 400 beds. Valbona has followed the same development path, while Lura offers a much lower accommodation capacity. In these areas (as well as in other villages included in the 100 villages program), there exists a great potential to combine agritourism with farm-stays that will further enrich the touristic experience. The biggest potential for these villages is the high flow of international tourists (around 16,000 in 2015), and rapidly growing demand for agritourism services.

Central Albania offers good opportunities for agritourism development. Twenty-five villages from the region are included in the "100 villages" program, amounting to 25% of the total program coverage. Some of the biggest and most known agritourism enterprises located in Central Albania are Agritourism Huqi, UKA Farm, Nano Resort, Agritourism Gjepalaj, etc.

There is a growing interest for agritourism investments in the region from national and international investors. Recently, there has been a noticeable growing trend of farm-to-table restaurants, which is currently the most common model of agritourism in the region. The region contributes to about 50% of the country's GDP, and high concentration of capital increases the likelihood of new investments in agritourism.

Touristic attractions such as Museums, castles, archeological sites and protected areas in central Albania were visited by about 660,000 tourists during 2018. There are more than 700 accommodation structures, including guesthouses in rural areas and agritourism businesses (15-20 according to MoARD data).

In the figure 2 below are visually presented the potential areas for agritourism development. While the categorization by number of agritourism units operational is based on data of 2018 provided by the Ministry of Agriculture and can be found in the annex 1 at the end of the document. It is important to reemphasize that untapped potentials for agritourism development exist across Albania, and the highlighted areas in the map represent those areas where there is a great potential to combine agriculture and tourism. Based on data for 2018, Korça is the region with the highest number of operational agritourism units, followed by Shkodra, Kukës and Lezha.

Figure 2: MAP of agritourism potentials and distribution of agritourism in 2018

Source: MoARD for 2018, desk research and expert opinions for potentials

3.2. BEST PRACTICES – CASES

Best practices or cases are useful in setting baseline standards for skills, competencies and efficiency. Sharing of best practices is useful for identifying and filling the knowledge gap, generating creative and innovative ideas and improving the decision-making process. Best practices are useful in setting benchmarks and developing a roadmap to follow in order to ensure success. Below are presented two agritourism enterprises which are considered to be successful models: Mrizi i Zanave the largest in scale and operations and the most renowned agritourism unit in Albania; and Agritourism Huqi - an innovative and successful agritourism business established by the Huqi Family.

Mrizi i Zanave – Think Globally, Eat Locally

"Mrizi i Zanave" is an agritourism center in Fishtë, near Lezha. It is a place where tourists coming from all over Albania and foreign visitors get to spend their time while escaping from urban noise and chaos. Mrizi is especially known for its rich cuisine boasting some of the best traditional dishes from the region. In "Mrizi i Zanave", which is named after the poetical work of Gjergj Fishta, Albanians and foreign tourists go to Mrizi to enjoy traditional cuisine prepared using authentic local products. "Mrizi i Zanave" lies in a green hillock and has the motto "rejecting the daily routine, reflection, a path in nature, where the verses of poet Gjergj Fishta are sculpted in wood.



Mrizi i Zanave Guesthouse

"Mrizi i Zanave" has developed a wide range of agritourism services and activities. Tourists can enjoy the traditional dishes at the restaurant, spend the night at the guesthouse in a unique architectural setting constructed in harmony with its surroundings and get involved in farming activities

such as harvesting, feeding the animals, learning about different agricultural processes, etc. The company has invested in several in-house processing units for wine, cheese, fruit and meat where tourists can observe daily processing activities. Guests can also hop aboard the Banana Bus, a rolling string of different color barrels pulled by a farm tractor.

The idea for launching "Mrizi i Zanave" first came from Altin Prenga. Mr. Prenga came back from Italy where he lived for 11 years and decided to start the business. The tradition of a chef's family was one of its advantages. "Mrizi i Zanave" as an agritourism unit might serve as a benchmark agritourism model which can be replicated in other regions of Albania.

Nowadays, "Mrizi i Zanave" is the largest agritourism business of scale and operation and collaborates with over 300 rural families to procure agricultural products. Their consultancy role for farmers has initiated remarkable changes in nearby farmer behavior and practices.

Strengths

- Certified Agritourism unit
- Slow Food Movement: Eat Locally
- Vision with complete ownership
- Experience: Taste, Service, View
- Signature Cuisine
- Large farm land, own farm market
- In-house (Wine, Cheese, Fruit, Meat) Processing.
- Association with 300+ farmers, gives farmer consultation apart from money
- Set in Fishte: History and Nature
- Trained workforce

Financial data

Investments	The company has done a lot of investments over the years. About 300,000 Euro have been invested in the last 2-3 years.
Turnover	650,000 Euro (fiscal)
Profit margin	Current profit margin about 9% (calculation based on balance sheet data)
Grant schemes	Mrizi has benefited grant fund from SARED grant schemes funded by Danish Government and GIZ for establishing a dairy plant including construction and necessary equipment. Also, the businesses received support from ARDA Grants to reconstruct the guesthouse (the one showed above).
Other financing	Mrizi has been supported by business loans over the years to support the investments.

Agritourism Huqi



Wooden houses at Agritourism Huqi

Agritourism Huqi is one of the most renowned and innovative agritourism businesses in Albania with a comprehensive agritourism offer. The business is located in the village of Rade, Durrës. The idea for the business dates back to 2008, when Mr. Huqi started cultivating the land and made hard infrastructure investments (roads, electricity etc.), while setting up his farm.

The second phase of investment included the construction of a restaurant where many traditional dishes and organic products are offered to an expanded base of national and international

tourists; dining tents close to the lake which provide a unique experience; seven wooden traditional houses (cottages) for accommodation with a picturesque view of the lake; different

areas for fishing and boat riding on the lake; recreational areas and a children's playground, etc.

Agritourism Huqi lies in an area of 7 hectares, of which 3,5 hectares is comprised of the lake, and 3,5 ha of land in a hilly terrain. Diverse fruit and vegetables are cultivated on the farm, and Mr. Huqi is planning to invest in processing lines for olive oil and wine production.

Tourists visiting Agritourism Huqi can enjoy a wide range of products and services:

- Accommodation in wooden houses (cottages) with a picturesque view of the lake.
- Food service at the restaurant with traditional dishes. Visitors are also offered the opportunity to access the barbeque premises and equipment where they are free to cook and enjoy different dishes on their own.
- Hands-on experience with farm activities (animal feeding; watching and feeding ducks and geese on the lake; harvesting fruit and vegetables; assist in the processing of fruit and other products)
- Direct sales of fresh and processed products. Fresh products can be picked by visitors themselves. Part of the products are procured from surrounding farms.
- Recreation activities (fishing; boat ride; horse riding; running in nature);
- Video production. Beautiful scenery and settings with lake and hills offer a great opportunity for video production.

Strengths:

- Certified Agritourism Unit
- Location: between Tirana and Durrës (largest urban areas in Albania);
- Setting: Lake, Hills, Farms, Design
- Wide range of services
- Local events and celebrations
- Signature Cuisine: Open Oven Baked Village Chicken/Meat
- Strong Social Media Presence

Financial data

Investments	Over the years the company has invested hundreds and thousands of Euro, and there are plans for other investments
Turnover	About 160,000 Euro (declared)
Profit margin	Current profit margin is about 10% (calculation based on balance sheet data)
Grant schemes	Has received a grant of about 15,000 Euro from ARDA for some of the wooden houses
Other financing	Bank Loan about 350,000 Euro (balance sheet) The company has other investment plans to enrich the agritourism offer, and is open to bank loans and other types of financing

3.3. MAPPING OF PROJECTS/ INITIATIVES IN THE FIELD OF AGRITOURISM

There are several donor-funded projects involved in the agritourism sector in Albania. The projects are focused on promoting both supply and demand in the agritourism sector, and are expected to have an important impact in transforming the sector.

Tourism Investment and Finance Fund (TIFF), USAID, the Embassy of Sweden in Tirana, and the Center for Economic and Business Education (CEBE Albania) are implementing a \$1.435 million, 32-month project, which establishes a Tourism Investment and Finance Fund in Albania. The Fund will be a multi-partner, member-owned, nonprofit financial association that will provide capital and technical assistance to MSMEs operating in Albania's tourism sector.

TIFF contributes to improvements in the tourism sector, including Albania's business enabling environment and workforce capacities, and to serve as catalysts for job creation and economic growth. The Fund will concentrate efforts to develop agritourism and eco-tourism communities in rural, natural and protected areas. TIFF provides co-investment opportunities followed by expert advisory support to strengthen investment and increase its probability of success. More than 70 MSMEs will be supported through equity and business advisory services.

FAO Rural Development Initiative for Albania. The new Country Programming Framework of FAO and Albania, between the Ministry of Agriculture and Rural Development (MoARD) and FAO, will be a key contribution to the development efforts of Albania, covering the period through 2021. A strong focus of this new agreement is on supporting increases in rural income by promoting agritourism and improving the support provided to smallholders, particularly for rural women and youth. Support for Albania's legal and institutional frameworks for agri-food production and climate change resilience is aimed at increasing competitiveness and sustainability in the country.

D2T Project. USAID and the Government of Sweden are funding a three-year, US\$1 million project of D2T - that will advance a sustainable integrated tourism sector in the Municipality of Diber by developing eco-friendly, natural, cultural agritourism. The innovative D2T project is being implemented by the Albanian Local Capacity Development Foundation (ALCDF) in close partnership with the Municipality of Diber, CNVP and the local action group, Dibra Turistike.

D2T aims to increase the number of tourists to Diber and improve the quality of their tourism experiences. Through partnerships with businesses and local government, the project will: develop and market eco-friendly, natural, cultural agritourism attractions, such as hiking and biking trails; improve traditional guesthouses and villages. D2T project has invested on average 10,000 – 15,000 Euro per guesthouse, all of which have a potential to become full blown agritourism units. The project is expected to have a huge impact in transforming the agritourism sector in the region of Dibra.

Into Albania. IntoAlbania (Innovative Tourism in Albania) is a tourism development project funded by USAID (United States Agency for International Development) and Sweden (The Embassy of Sweden in Albania) and implemented by Creative Business Solutions CBS. IntoAlbania.com is a destination marketing platform for Albanian tourism. The mission of IntoAlbania is to promote Albania to the world, preserve its heritage, reflect its living identity, and enhance the local economy through e-commerce opportunities. IntoAlbania is an important initiative in terms of generating demand for agritourism holidays in Albania.

USAID CEED – Agro Tourism Albania Project. The AgroTourism Albania project funded by USAID and the Government of Sweden aims to improve the living conditions of inhabitants in rural areas of Shkodra, Malësi e Madhë and Puka through employment in a sustainable and vibrant agritourism sector. The project supports the creation of replicable agritourism models and provides technical assistance to six fully operational agritourism farms in the region. The project has supported agritourism farms with investments to create fully operational guesthouses. Each of the six farms has received 25,000-30,000 Euro from the project to transform their old houses into bed and breakfast guesthouses. The project incentivized private investments which were around 20% of the total investments. It is implemented by an Albanian NGO, CEED Albania, which provides entrepreneurs with business know-how through its accelerator programs and connects participants to mentors and to a community of entrepreneurs that can help take their small businesses to the next level.

Brand Albania. CBS is implementing the Brand Albania project, a USAID-funded project to develop a national brand for authentic Albanian food products. The project aims to provide direct technical assistance to the private sector, while encouraging support, collaboration and a PPP with institutions of the Government of Albania (GoA) to establish "Brand Albania", a brand umbrella organization that promotes local quality products and related tourism initiatives.

The Brand Albania project, in cooperation with other implementing partners in Albania have organized awareness and information activities in order to promote local quality products and related tourism initiatives, including agritourism capacity-building. A collective trademark for Brand Albania has been developed and registered under the name OriginAL aiming to increase the quality of products and improve opportunities for local SMEs.

RISI Albania, Swiss-Albanian Twinning in Agritourism. Risi Albania is piloting a twinning and expertise exchange between businesses from Switzerland and Albania in alignment with the country's 100 Villages Strategy. The aim of this initiative is to provide knowledge to Albanian entrepreneurs involved in agritourism on how to make tourists stay longer in Albania, travel deeper into rural areas, and visit all-year around as they do when they visit Switzerland.

A number of agritourism businesses from the "100 Villages" initiative have visited Swiss businesses to observe best practices and establish business linkages. This twinning initiative started with an exchange visit of eight Swiss agritourism business owners who came to Albania and met over forty agritourism businesses with high potential for exchange with Swiss counterparts.

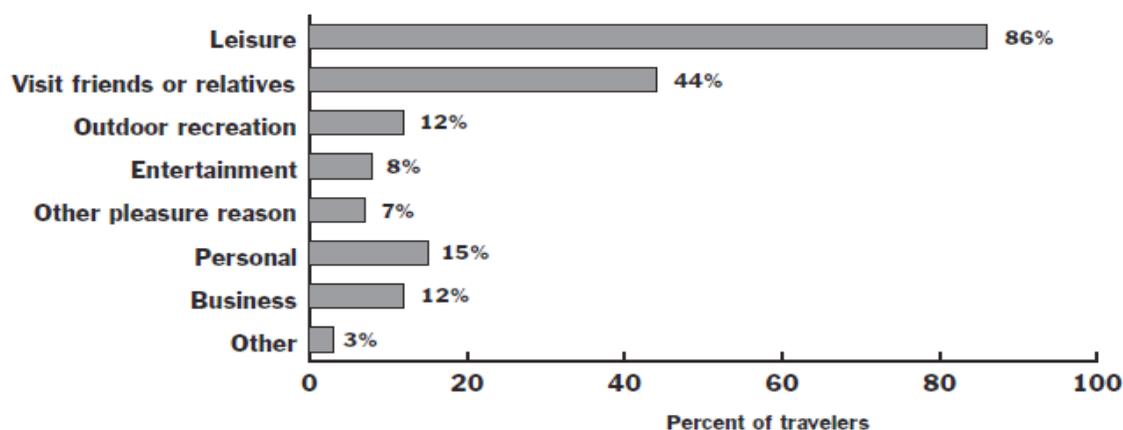
Awareness Campaign – Rural development through the support of Agritourism. The Ministry of Agriculture and Rural Development in collaboration with the Agriculture University of Tirana, University of Firenze and Credins Bank are organizing awareness seminars across Albania. Seminars are aimed at informing farmers and agribusiness about the potentials of agritourism for rural development and for diversifying their current activities. Farmers are presented with best cases from the Tuscany region in Italy, and the financing opportunities offered by Credins Banks.

3.4. EXPERIENCE DESIGN

One of the most important characteristics of agritourism business is that they are dependent on their own resources and are responsible for all customer services. The agritourism sector stands a greater chance of success if farmers and agribusinesses understand that 'vacations'

are compressed into weekends to fit into busy work and school lives; travelers are taking shorter trips by car from their urban/suburban homes to the countryside; people are looking for new experiences and the opportunity to share those as a family.

Figure 1: Primary purpose of a trip to rural areas.



Source: Lattanzi, 2005

The primary purpose of travel to rural areas is for leisure⁴. Farmers would do well to note this trend. Creating leisure activities on farms has the potential to attract and retain visitors to rural areas. Agritourism enterprises should offer more than just what's grown on the farm. Specialty foods like jams and jellies, country crafts, feeding animals, taking part in workshops and presentations, all make many agritourism farms a destination for activities and experiences as much as a place to buy fresh locally-grown food. It is important to allow guests to have a hands-on experience of traditional life in a village or farm. Agricultural activities where tourists can be involved in hands-on experiences which may include:

- Harvesting, mushroom-, herb-, fruit-, olive and grape picking, reaping and hay-making;
- Planting, ploughing, greenhouse and nursery tasks
- Animal Husbandry, milking, herding, shearing, dipping, beekeeping;
- Food processing, grape crushing, olive press, winnowing, milling;
- Tours and excursions, guided farm and crop tours, horse and cart, hayrides, local market;

Agritourism season in Albania is not well-defined, however, the period from March/April to September/October is most common for agritourism activities. Opportunities exist all year-round in agritourism, however, more efforts are required to move in this direction.

3.5. INCOME SOURCES IN AGRITOURISM

Agritourism is being promoted as a way to generate additional income for farms and there are many ways to generate sales. Adding touristic services would serve as a diversifying strategy for farms

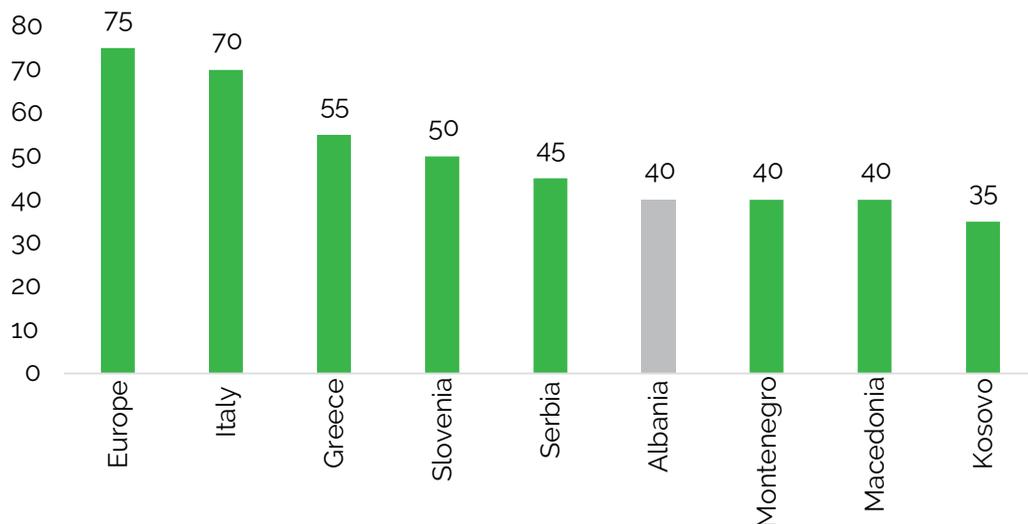
4 Lattanzi, 2005

contributing to a more sustainable income flow. This section describes possible income sources for agritourism destinations. The information presented refers partially to a study conducted by Ochterski and Roth (2008) and is adapted to the Albanian context.

- **Accommodation fee**

Accommodation is an important service for a comprehensive agritourism experience. Newly established agritourism units have accommodation facilities on site and most farms are investing in the reconstruction of their old dwellings for touristic purposes. Accommodation fees represent a good income source for these farms. The average price in Europe for a double room (bed and breakfast) is around 75.0 Euro, while in Albania the price on average is 40 Euro. The much lower prices in Albania make the agritourism sector economically attractive to foreign tourists. Throughout the region prices are almost equal everywhere. See the figure 2 below for more information.

Figure 2: Average bad and breakfast prices for farm stays (Euro)



Source: Booking.com, TripAdvisor, IntoAlbania, etc.

- **Food Service and Tasting fee**

Food services and tasting fees provide additional revenue streams for agritourism units. Most of the agritourism units in Albania have invested in restaurants and serve a wide range of traditional dishes, which are highly preferred by national and foreign tourists. Incomes from food serving are steadily increasing and there are cases where restaurant incomes dominate the structure of agritourism incomes (farm-to-table business model). Farms that grow or produce a wide variety of edible products might consider having a fee-based tasting experience as part of their agritourism income stream. Since these experiences are uncommon, the visitor is often willing to pay extra for the offer.

- **Tour fee**

A tour fee provides the visitor access to the services of a knowledgeable guide or at least a guidebook for self-directed tours. Average tour fees are around 10-15 Euro per person. A tourist paying this fee desires information about and access to farm areas restricted to other visitors. In

return for their fee, the farm would provide a ticket or a badge indicating their status as a paying participant of the tour. Other than on farm tours, agritourism units can provide tour programs to the areas nearby, visits to natural attractions and other points of interest. Self-guided tours are generally free; however, group tours often involve significant staff time to prepare and host the tours.

- ***Sales of fresh farm product to an expanded customer base***

Through direct sales, farms secure the market for a part of their fresh products. These products are sold to an expanded customer base at retail prices. This results in higher incomes from agricultural activity as well as better profit margins.

- ***Sales of processed farm products***

Many farms have expanded into production and sale of value-added items. Processed products such as jams, pickled products, and dried fruit are often a better retail item for visitors since they can be transported with fewer issues when it comes to spillage or breakage. Sales of these products are enhanced when visitors can experience the farm first-hand.

- ***Craft /souvenir sales***

In addition to farm product sales, farm owners can capitalize on the sale of souvenirs such as ornaments, handmade items, and rural antiques. Many agritourism operators worldwide have expanded into gift shops but this requires a lot of inventory and even more management. It could be a justified investment, though only once the farm is attracting a good number of visitors. Buying these products from other rural businesses to sell at a profit margin would provide incomes not only for the farm but also for rural communities nearby.

- ***Activity fee***

Tourists visiting farms are often very interested in participating in the farm's daily activities. Often there is a willingness for tourists to pay to experience a day in a life of a farmer. This provides an opportunity for additional income generation. Some examples of activity fee farms can include charges for: animal feeding activities; hay wagon ride; horse riding sessions; trips through the corn maze, working the land, etc. A farm can charge 10-20 Euro per person to provide this type of activity on a farm.

- ***Educational and Skill –Building Fee***

Educational tourism opportunities are on the rise because many tourists prefer to stay active and mentally engaged, even while on vacation. Many nearby residents and neighbors will also take advantage of classes a farm might host. There are no practical restrictions on the classes a farm might offer. Some examples include: grain farms organizing bread-baking classes; fruit farms can show visitors how to make jam, jelly or fruit syrups; grape farms can host wine-making and wine-blending classes, etc. Agritourism farms should consider this activity as a good source of income while developing their agritourism offer.

- ***Events Admission Fee***

An admission fee is charged to participate in events and activities, or tour special areas of a farm operation. Farms should not charge admission to a retail area (like a farm product shop) but to a more restricted part of the farm, such as entry to a milk parlor viewing deck. A general admission fee is usually used in place of other fees like tour or activity fees.

3.6. DEVELOPMENT CONSIDERATIONS TO ENSURE THE SUSTAINABLE GROWTH OF THE AGRITOURISM

Any product development initiative in the rural and agritourism sector should set goals to attract an increasing number of tourists from new markets, generate longer stays and increase the expenditures of each visitor.

A diversified offer increases the opportunities to attract tourists with special interests. Agritourism development should provide benefits to the rural population and preserve traditional rural landscapes and biodiversity.

There are several development considerations on the private and public level that would transform the sector if applied accordingly.

On the private level, agritourism enterprises should develop a unique mix of accommodation and experiences, in collaboration with local rural tourism providers. Networking and inter-farm cooperation are vital for success: product design, marketing, service standards, learning, logistical support, mutual services – insurance and booking engine. The private sector should encourage rural communities to take ownership for the development, management, protection, and conservation of rural assets and locations.

On the public level, the respective planning and policy-making agencies should identify underutilized or redundant rural assets and develop strategies to make use of them. It is very important to encourage self-employment and motivate young people to stay in rural areas. There is a need to encourage the production of organic food and their sale through the tourism infrastructure. Attention should be given to the traditional appearance of family households, support in reconstruction and restoration of old traditional estates i.e. villages and hamlets, and to make the existing ones as traditional-looking as possible. Introduction of licensing could raise the quality levels of accommodation, catering and tourism. In terms of creating demand, it is very important to build awareness, understanding and enjoyment for the products and experiences available in agritourism units and rural areas.

4. SWOT ANALYSIS OF AGRITOURISM SECTOR

As agritourism in Albania is still an emerging sector albeit with great potential for the future, a SWOT analysis would be a useful framework to analyze the sector's strengths and weaknesses as well as opportunities and threats. It helps the sector focus on strengths, work on its weaknesses, minimize threats, and take advantage of opportunities available.

Table 3: SWOT Analysis of the Agritourism sector in Albania

Strengths	Weaknesses
<ul style="list-style-type: none"> • Exceptional geographical location • Beautiful and diverse nature (seaside, lakes, rivers, lagoons, mountains, hills, waterfalls) • Rich in cultural attractions and archaeological sites (most of them located in agriculture rural areas). • Agriculture-based country (more than 300,000 farms); • Old tradition of hospitality; • Rich culinary and gastronomy offer with many traditional dishes (each region has its own traditional dishes); • Wide range of traditional products (traditional product incubators are emerging); • Low cost services; 	<ul style="list-style-type: none"> • Lack of experience and business management skills in agritourism; • Low level of education of the rural population and the poor quality of education in rural areas • Low focus of banks and FIs in financing the sector; • Lack of a national strategy for agritourism development; • Lack of a value chain study for the sector; • Poor road infrastructure and poor public transport in rural areas; • Lack of adequate training programs for agritourism management. • High informality of agriculture sector; • Marketing is not on a high level, especially promotion;
Opportunities	Threats
<ul style="list-style-type: none"> • High priority in the Government Agenda (100 village program; important focus in different development strategies); • Availability of funds for investments offered by different grant programs (AZHBR, IPARD, other) • Increased focus of donor agencies (USAID, GIZ, EU, Swiss Cooperation, Swedish Government); • Growing demand for agritourism experience from both national and foreign tourists; (about 50% of the Albanian population live in urban areas; 54% of the world population live in urban areas); • Suitability for year-round agritourism; 	<ul style="list-style-type: none"> • Property rights problems might hamper investments (land document important criteria to benefit from grant program or getting a commercial loan); • Mismanagement of waste in rural areas. • Political instability could damage the country's image and result in low number of tourists. • The growing trend of young people leaving rural areas for a better life in large cities.

Source: Desk research and consultations

It is very important for all the players in the agritourism value chain to work towards reducing sector **weaknesses** and minimizing potential negative effects of existing or future **threats**. There is a general lack of experience and lack of business management skills in the sector. The Government should increase its efforts to lower the level of informality needed to make the sector eligible for different grant programs and to qualify for commercial loans. There is a narrow focus by financial institutions on the agritourism sector and incentives should be introduced to motivate them to consider agritourism in their portfolio.

Several developments can negatively affect the sector performance. Currently, the political instability represents a great threat not only for agritourism but for the whole tourism sector in Albania. Other threats to the sector include the growing trend of young people leaving rural areas, mismanagement of waste, and property rights problems which can hamper investments in the sector.

Presented in table 3 below, is a detailed SWOT analysis which is based on thorough desk research and consultation with agritourism entrepreneurs and tourism experts.

Agritourism development in Albania benefits from a number of **strengths** and is expected to experience fast growth by taking advantage of numerous **opportunities**. Albania is an agriculture-based country, well positioned geographically, with outstanding picturesque nature, rich in touristic attractions and an ancient tradition of hospitality. The agritourism sector is a high priority on the Government agenda and has attracted the interest of donor agencies.

5. AGRITOURISM FINANCING NEEDS

As in many other sectors, access to finance is crucial for agritourism development. Among other reasons, low access to finance is considered a binding constraint on the growth of the agritourism sector. Despite the growing interest in investing in agritourism, there are still problems in matching the demand and supply of capital in the sector. To develop the agritourism sector more comprehensively, grant opportunities and fiscal incentives should be combined with the willingness of financial institutions to fund the sector with lending products tailored to their needs.

Based on recent investment trends and growth forecasts, agritourism in the near future represents a great market window for banks and FIs. In recent years, about 10 million Euro worth of investments were implemented in the agritourism sector, incentivized by different grant schemes such as the ARDA national schemes, SARED etc. The investment value is higher if we include private investment initiatives which is more difficult to measure. Based on these trends and considering potential opportunities in the sector (IPARD and ARDA grants, 100 Village program, other supporting program and projects), an estimated value of about 50 – 70 million Euros worth of investments are expected in the following 5 years.

Based on projects such as the CEED Albania project for agritourism, turning an old farm house into a guesthouse would require around 10,000-25,000 Euro. Small investments are typical in remote mountainous areas in Dibra, Kukës, Shkodër etc. where rural families transform their old dwellings into guesthouses in order to create additional incomes and add value to their agriculture products.

A medium-sized investment can be considered an investment of around 100,000 – 300,000 Euro. These investments are usually conducted by Businessmen & Chefs with hotel management experience who have a certain attachment to the area in which they are investing. Medium sized investments are expected in areas where agritourism adds to the current tourism offer. Here we include Gjirokastra, Berat, Korça, Vlora etc.

Large-scale investments can start from 300,000 Euro + and amount to millions of Euros. These types of investments are usually undertaken by recognized entrepreneurs from other industries who want to diversify their portfolio by investing in Agritourism. Recently, there has been a noticeable interest in making larger investments in agritourism by foreign investors (mainly Italian and Greek investors). Large investments are more likely to occur in central Albania due to high concentration of capital and large urban population seeking rural experiences.

5.1. EXISTING AGRITOURISM FINANCIAL PRODUCTS FROM BANKS AND FIS IN ALBANIA

The sector is currently benefiting from nonrefundable grants provided by the IPARD and ARDA National Schemes and is set to benefit from the "100 villages" program that will provide funding and technical assistance. However, little focus is given to the agritourism sector by banks and financial institutions. The demand for investment loans is expected to rapidly increase in agritourism and banks & FIs should be prepared with tailored products to accommodate this growing demand.

Intesa San Paolo is one of the most important PFIs that has expressed its willingness to support the agritourism sector in Albania and has taken some concrete action in this regard. The bank has

developed four agritourism specific lending products: 1) Investment loan for construction and/or reconstruction of agritourism accommodation facilities and purchasing machineries; 2) loans for investments in machinery and equipment to increase the quality and range of typical traditional products in support of agritourism; 3) investment loan for construction of agritourism restaurants or reconstruction of existing facilities to offer catering services; and 4) circulating capital to cover temporary shortages of liquidity. In order to ensure sound performance management and support new business, the bank has included agritourism lending activities in the Key Performance Indicators of its sale force in branches.

Credins Bank have developed a tailored loan product for agritourism called "Agritourism 100". The Bank is also a partner in an awareness campaign for "agritourism as a potential for rural development" together with the MoARD, University of Firenze and Agricultural University of Tirana. In these awareness seminars, representatives of Credins present the "Agritourism 100" products and express their willingness to finance the agritourism sector. However, they still include agritourism in their agriculture segment.

Fondi Besa is currently providing small loans for rural tourist businesses, a product financed by CESVI Albania in the framework of the project "Zana e Maleve". The target includes young people aged 18-35 years old with an idea to invest in rural and agritourism.

In 2018, **NOA**, an important microfinance institution in Albania, launched a loan product dedicated to tourism, more specifically for coastal, rural/agri and cultural tourism. For rural and agritourism, the product is dedicated to the reconstruction of old farm dwellings including all necessary furniture, as well as increasing and improving agritourism services. NOA also provides some incentives to potential clients of agritourism by charging lower interest rates compared to other sectors.

Generally speaking, there are as yet only a handful of initiatives in Banking and FIs for the financing of agritourism. With the exception of the above-mentioned initiatives, banks and FIs do not treat agritourism as a separate sector but include it in the agriculture portfolio. In general, despite the increased awareness for the potential of agritourism, financial institutions are not considering it as a new market window which deserves the development of sector-specific lending strategy.

5.2. FINANCIAL NEEDS OF THE AGRITOURISM SECTOR

Based on recent trends and expected developments, the emerging agritourism units (will) need capital for the following investments/interventions:

Reconstruction of old dwellings. Most farms and agribusiness are family-run businesses that have been in the agriculture business for years. The increased awareness across the country about agritourism as an opportunity for additional incomes has incentivized many agricultural units to make use of their old traditional houses for bed and breakfast purposes. There is an expected increase in the demand of investment loans related to the reconstruction and furnishing of old houses to turn them into on-farm guesthouse facilities.

Construction of traditional style accommodation facilities and restaurants with traditional dishes and food products. A growing trend in the agritourism sector are investments in completely new agritourism businesses. Businessmen & Chefs with hotel management experience are investing in the agritourism sector by establishing farm and agritourism facilities at the same time. Investors

from other sectors are also showing interest in investing in such completely new agritourism businesses. Demand for investment loans for the construction of accommodation facilities and restaurants for agritourism purposes are expected to see rapid growth in the following years.

On-farm processing and packaging/labeling lines. Many farms adapting their agricultural activity into agritourism will need to invest in on-farm processing lines. Potential tourists seeking an agritourism experience expect to enjoy the traditional food and dishes that the farm has to offer and not the standard menus found in urban restaurants. Having said this, farms will need to invest in on-farm processing facilities and machinery. Some of the investments include small dairy plants, small-scale wineries, and wine tasting rooms, olive processing lines, etc. Traditional processed products are highly preferred by foreign tourists seeking agritourism experiences (gliko, jams, juices, dried fruits, etc.). Processed products can be served in a restaurant as well as sold directly to the visitors.

On-farm selling points offer a great opportunity to promote farm products to tourists and make direct sales at a premium price. In order to make direct sales in processed products, farms will need to invest in packaging and labeling technology in order to sell branded olive oil and wine, packaged dairy products, gliko or jams in jars, etc.

Agritourism businesses will need to invest in purchasing sports and recreational equipment. For a comprehensive touristic experience, agritourism units should invest in infrastructure and equipment for the on-farm provision of tourism services, including internal roads for access to accommodation facilities, children's playgrounds, swimming pools, sport sites, etc. Sometimes these types of investment are part of the entire agritourism project. There are also cases with established agritourism businesses that want to invest in expanding the offer of services.

Investments to develop agritourism activities on-site. Tourists may want to participate in several activities within a single day. Accessibility and availability of nearby activities are important features of agritourism businesses (Williams et al. 2011). Agritourism businesses therefore in order to adapt to consumer expectations may need to invest in developing on-site agritourism activities such as horse riding, bee-keeping, petting zoo, etc.

Certifications and quality standards. Tourists worldwide are becoming increasingly sensitive to the application of good agricultural practices, quality, and safety of products, and preservation of nature and biodiversity. About 64% of Europeans want a more 'eco-friendly' holiday. It is recommended that agritourism should spend money on acquiring licenses and certifications.

The standard for the certification of agritourism businesses has been decided upon and adopted in the DCM No. 22, Date 12.1.2018. This certification enables agritourism businesses to benefit from fiscal stimuli and the right to use the term "Agritourism" in their business name. There are also many product-related certifications such as HACCP manual, Organic, Global GAP, ISO, etc.

Agritourism businesses will need to invest in developing quality standards in agritourism – adopting ISO for environmental and quality assurance, hygiene, and other standards as well as the development of a quality assurance program. Developing quality assurance programs and obtaining quality standards certification, requires professional expertise, time and money which many small farms don't have. Banks and FIs are recommended to develop tailored loan products to address this vital need for the sector.

Promotion and marketing investments. Once an agritourism business is established, there is a vital need for marketing and promotion in order to succeed. Tourists don't just show up. Agritourism

entrepreneurs must let customers know where the farm is and how visiting it benefits them. If the agritourism business is marketed well, the chances of the business succeeding will improve. Agritourism businesses should develop a marketing plan and spend money on availability and a visible online presence (website, social media), advertising, producing brochures and leaflets and other marketing investments. Most of the small farms that have turned to agritourism don't have enough liquidity to afford a marketing and promotion campaign. Dedicated loans for marketing and promotion activities of agritourism businesses represent a good market opportunity for banks and financial institutions.

In general, a high need for investments exist, but according to the banks and FIs there is a surprisingly low demand for agritourism loans. Low demand can be a result of low access to information about the bank products, perception of high interest rates etc. Banks, FIs and other relevant actors should support and develop demand creation initiatives in order to capture the market opportunity offered by the agritourism sector.

5.3. MAIN RISKS ASSOCIATED WITH AN AGRITOURISM BUSINESS

Agritourism is considered a great opportunity for income diversification and job creation. However, like any other business, agritourism businesses face several risks. There are six main categories of risk that may be relevant to agritourism enterprises. Legal risk is perhaps the most commonly recognized risk, but agritourism businesses also face human resources risk, business interruption risk, production risk, marketing risk, and financial risk⁵.

Legal risk. State laws and regulations concerning public health & safety; land use & development; licenses & taxes, the environment. Limited information about the laws regulating the sector might result in breaking certain standards related to public health and safety, environment protection, proper use of land, licenses and taxes, etc. Also, this limited information can prevent the agritourism units from receiving grant funds and benefit from fiscal stimulus offered by GoA.

Human resources risk. In Albania, most of the agritourism enterprises are family-run businesses. HR risk is related to the changes to a family that might impact business management (death, divorce, disability, disagreement). HR risk is also associated with hired employees. If employees have not clearly understood what has to be done to be successful, this might bring management problems and can reduce the quality of the farm touristic offer.

Business interruption risk. Loss of income due to hazardous weather, natural disasters.

Production risk. Agritourism enterprises that incorporate or rely on the production of agricultural commodities, specialty crops, or livestock often face production risks. Weather conditions, disease or pests may decrease or eliminate yields altogether. Food safety and quality may be compromised by mismanagement of waste in the areas where the business operates, which increases the potential for disease or pathogens to spread among crops, livestock or products.

5 Megan L. Bruch – Department of Profitable Agriculture – University of Tennessee

Marketing risk. May include not being able to attract enough customers, attracting more customers than you can accommodate for a quality experience or negative impact from a new source of competition.

Financial risk. This risk is related to the inability of meeting cash flow needs, obtaining affordable debt capital, maintaining or growing equity in the agritourism enterprise, risk of having property damaged or stolen (which would require new unexpected investments).

5.3.1. Risk mitigation strategy

In order to eliminate or mitigate the above-mentioned risks, agritourism entrepreneurs should develop comprehensive risk management systems and define concrete steps to be followed on a regular basis.

Regarding the legal risk, agritourism managers should ensure a good knowledge of state laws and regulations concerning the sector, understand the licensing and taxation system, and strictly apply food safety and quality procedures. It is very important for agritourism owners to have a full understanding of the agritourism concept, and carefully read the DCM No. 22, Date 12.1.2018 on "Approval of criteria for certification of Agritourism Units" and DCMs No. 711 and 730 for "Conditions, Criteria and Procedures for the Classification of Accommodation Structures".

Human resources risk can be mitigated by regularly training the staff about agritourism services provision, good agricultural practices to follow, customer management skills, etc. It is very important for the staff to understand the business strategy meant to bring success for the particular agritourism unit.

Business interruption and production risks are directly related to agricultural production in the agritourism business. Fortunately, insurance companies are finally considering agriculture in their portfolio for insurance products. So, an option might be to insure agricultural products, which would mean additional costs for farms, but would help avoid the potential financial losses in the future. However, it should be clearly stated that agritourism itself is considered the best diversification and risk mitigation strategy for any farm and agribusiness.

Dealing with marketing risk requires good planning of marketing efforts. Agritourism businesses have a vital need for marketing and promotion. Agritourism businesses should develop a marketing plan and spend money on being available online (website, social media), advertising, producing brochures and leaflets and other marketing investments.

Mitigating the financial risk requires sound financial management of the agritourism activity. Adding tourism activity to the farms increases the sources of income but at the same time increases the complexity of financial management. With the increased number of income sources, agritourism units should carefully plan and forecast incomes in order to avoid shortages in cash flow needs.

It is very important to emphasize that agritourism is widely accepted by policy-makers and academia among the best diversification strategies for agriculture and rural development. Agritourism should be considered also as a mitigation strategy for marketing and financial risks for farms and agribusinesses.

The analyses of the financial needs and main risks associated with agritourism businesses should help banks and financial institutions in developing their lending strategies for the sector. Different financial needs of the sector should orient banks and FIs when developing tailored lending prod-

ucts to address any needs. This information might be important for risk departments of financial institutions in developing scoring models for the agritourism sector.

5.4. POTENTIALS FOR LENDING AND PROPOSED LOAN PRODUCTS FOR AGRITOURISM SECTOR

In Albania, there are approx. 350,000 farms and based on INSTAT official data, there are around 142,000 farms with more than 1 ha of land and around 49,000 farms with more than 2 ha which can potentially add agritourism in their activity by representing a great market opportunity for Banks and FIs. Most of them are located in the regions of Vlora, Fier, Korça, Elbasan, Berat, Durrës and Tirana.

Based on interviews with experts of MoARD and LGUs representatives, in each region there are around 500 farms registered that fit agritourism characteristics and about 20% of them are willing to start an agritourism business. Having 12 district/regions would mean a potential of 1,200 new agritourism waiting for investment opportunities to become established in the next 5 to 7 years, representing a great market opportunity for Banks and FIs.

High fragmentation remains the big problem, preventing farms and agribusinesses from benefiting from economies of scale. Farms not being able to benefit from economies of scale due to a fragmented land area can diversify the activity by adding agritourism offer. While the average farm size is considered low for agriculture purposes it opens the opportunity for agritourism development.

Agriculture loans have had a positive trend until the 3rd quarter of 2018. While in the 4th quarter of 2018 and 1st quarter of 2019 agriculture loans reached the lowest level of the last 3-4 years. The agriculture sector remains underfinanced. In 2018, Agriculture loans were only 1.5% of the total loans (BoA, 2018). While non-bank financial institutions are paying higher focus on agriculture. About 12% of the total loan amount of MFIs are dedicated to the agriculture sector (BoA, 2018). Banks and FIs considers the sector risky, while farmers and agribusinesses list the access to finance and high cost of financial products among the three main constraints to growth (BoA, 2017). The development of the agritourism sector has the potential to bring a positive trend to lending to the agriculture sector. Farms turning into agritourism units become less risky for banks and financial institutions.

There is no official data about the destination of agriculture loans, however, loans and grant funds have been used for plantings and yield increasing technologies, construction of warehouses, processing, packing and labeling machinery and equipment, agriculture tractors and aggregates, processing factories, etc. Movable (machinery, processing lines, tractors, and other vehicles) and immovable assets (land, warehouses, and private houses) have been used as collateral for a loan from the agriculture businesses. All these investments have transformed the agriculture sector in the last ten years, providing a good foundation for agritourism development.

Agritourism as a diversification and risk mitigation strategy is expected to strengthen the relationships between agribusinesses and financial institutions, which should be prepared with tailored lending products for the agritourism sector. Listed below are some proposed loan products to be considered by banks and FIs.

Table 4: Proposed lending product for agritourism sector

Product type	Agritourism Development Loan
Target Customers	<ul style="list-style-type: none"> • New & Existing agritourism enterprises; • Farms & agribusinesses turning into agritourism units; • Construction of accommodation facilities including all necessary furniture equipment; • Reconstruction and furnishing of on farm old traditional houses for tourism purposes; • Construction of catering facilities (restaurants, bakeries, dining tents etc.)
Loan Destination/ Purpose	<ul style="list-style-type: none"> • Purchase of sports and recreational equipment; • Internal road and parking places etc. • On farm processing and packaging lines; • Developing on site agritourism activities; • Product related certifications; • Quality assurance standards; • Marketing and promotion activities; <p>Up to 400,000 Euro or equivalent in other currencies</p>
Loan Amount	The loan amount should be flexible based on customer needs and types of investments
Currency	ALL/EUR
Grace Period	Yes
Repayment Method	Irregular (seasonality of the sector should be considered)
Payback period	Up to 15 years for large investments
Loan Security Type	Negotiable for other customer needs. Un/Secured Loan (Land, Buildings, Equipment, Guarantee Funds, etc.) Unsecured for loans up to 15,000 Euro

*Based on our research study the sector does not present working capital need due to the nature of the activity without inventory stock and no receivables. Investment Loan is the only product offered from PFI that accommodate investment needs of the sector.

6. RECOMMENDATIONS TO PROMOTE AGRITOURISM POTENTIALS FOR FINANCING

This section provides some useful recommendations for PFI's on potential initiatives and activities that should be considered in order to take advantage by agritourism potentials for development. Agritourism is an emerging sector but an action plan to promote its potentials would be helpful to convert the need for new investments into request for financing.

- Develop awareness campaigns combined with capacity building activities with relevant actors about the sector potentials for investments and financing opportunities.
- Matchmaking events in the agritourism sector by bringing together different stakeholders would be useful for potential agritourism entrepreneurs to understand the financing criteria, while banks and FIs can better understand the sector needs for capital.
- Facilitate public and private dialog with focus on demand creation initiatives such as awareness campaigns about what constitute rural areas attractive and national promoting strategies for agritourism etc.
- Create synergies with current projects and initiatives in the agritourism sector would be important in producing a better combined effect in the mission of improving access to finance for the agritourism sector.

Although a great need for investment is revealed, there is a low demand for loans from the agritourism sector. PFI's should be more active and cooperative to develop and implement activities that would boost the demand for investment loans from the agritourism sector. PFIs are already financing Agritourism under agriculture loans. However, developing dedicated lending products would create better chances to capture the market demand and grant new loans. Tailor-made lending products combined with dedicated lending strategies will exploit sector potentials for financing and new investments. Banks and FIs should consider the rise of agritourism as a new market window, by treating it as a new segment and develop a sector specific risk approach.

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Interviews

Nr.	Full Name	Role	Institutions/company
1	Kamber Kasollari	Agribusiness Coordinator	Credins Banks
2	Komola Sako	Head of CX and Strategic Marketing	OTP Bank
3	Blerita Selmanaj	SME Product Development Manager	NOA
4	Elena Balliu	Head of Small Business Department	Intesa San Paolo
5	Irene Çela	SME Department	FED Invest
6	Blerina Ago	Advisor	Ministry of Tourism and Environment
7	Rogert Huqi	Manager	Agritourism Huqi
8	Llesh Doçi	Owner	"Oxhaku i Doçi" Agritourism

ANNEXES

Annex 1: List of operating agritourism units in Albania, 2018

No.	Company name	Contact person	Mobile	Location	Address	Accommodation capacities
1	Bujtina Pepushaj	Besnik Pepushaj	697890149	Shkoder	Lepushe Kelmend	10
2	Bujtina e Fratit	Gjovalin Pellumbaj	692250681	Shkoder	Vermosh Kelmend	9
3	Agro ferma	Ahmet Sulejmani	673702456	Shkoder	Nj.Ad Ana Malit	6
4	"Kulla e Arte"	Fred Sterkaj	682071580	Shkoder	Razem	15
5	Bujtina Gezimit	Gëzim Olaj	673036160	Shkoder	M.Madhe , Boge	10
6	Bujtina Tilaj	Vuk Tilaj	692064407	Shkoder	M.Madhe, Vermosh	10
7	Kunora	Nikoll Uka	682313943	Shkoder	Qebik-Puke	6
8	Bujtina Zues	Jetmir Matlia	698504581	Shkoder	Zues Rrethina	10
9	Hani- Perparimit	Perparim Laçi	682313943	Shkoder	Puke	20
10	Bujtina Lumaj	Leonard Lumaj	693030733	Shkoder	M.Madhe, Vermosh	12
11	Dioniz Marku	Dioniz Marku	692908808	Shkoder	Guri I Zi	3
12	Bujtina Reç	Mirash Markaj	693198026	Shkoder	M.Madhe	3
13	Mrizi i Zanave	Altin Prenga	069 21 08 032	Lezhë	Fishte	3
14	Hylli Drites	Fatmir Ndoj	069 86 57 614	Lezhë	Troshan	2
15	Hani Lekes	Petrit Leka	067 43 01 029	Lezhë	Troshan	3
16	Agostin Luli	Agostin Luli	069 69 05 322	Lezhë	Tale	10
17	Oazi	Angjelin Koleci	067 46 56 556	Lezhë	Fishte	2
18	Syni Zi	Luc Lari	067 38 89 387	Lezhë	Shengjin	5
19	Brillanti	Rakip Haxhia	068 40 10 702	Lezhë	Patog	6
20	Natyra	Gjergj Marku		Lezhë	Skuraj	4
21	Marubi	Gjovalin Prenga	068 20 77 420	Lezhë	Rubik	6
22	Bujtinat e kroit te bardhe	Zef Lleshi	068 84 01 194	Lezhë	Kroi Bardhe	3
23	"Haxhia"	Sejran Haxhia	682938357	Kukës	Fshati Shishtavec	8
24	"Selimaj"	Adem Selimaj	673380014	Kukës	Valbon- Tropoje	10
25	"Rilindja"	Alfred Selimaj	673014637	Kukës	Valbon- Tropoje	12
26	"Natyra"	Avdi Selimaj	673093202	Kukës	Valbon- Tropoje	8
27	Bujtina Gjana	Diloman Gjana	682595300	Kukës	Kukës	16
28	Bujtina Shtini	Jeton Shtini	682597727	Kukës	Kukës	8
29	Stani I Hoxhes	Gezim Basha	674488884	Kukës	Kukës	16
30	Jezerca		673093406	Kukës	Valbon- Tropoje	14
31	"Selimaj"		686815704	Kukës	Valbon- Tropoje	16
32	Relax		683502088	Kukës	Valbon- Tropoje	14

33	Floresha Zëre	Floresha Zëre		Korce	Voskopoje	
34	Prashqevi Çobani	Prashqevi Çobani	692699375	Korce	Tushemisht	
35	Nazif Jolldashi	Nazif Jolldashi		Korce	Tushemisht	
36	Anton Falo	Anton Falo	683369436	Korce	Voskopoje	
37	Elza Tili	Elza Tili	694795333	Korce	Tushemisht	
38	Ilo Todor	Ilo Todor	682604383	Korce	Zaroshke	
39	Anila Llakmani	Anila Llakmani	692264127	Korce	Tushemisht	
40	Thoma Lena	Thoma Lena		Korce	Boboshtice	
41	Astrit Musli	Astrit Musli	692494670	Korce	Lin	
42	Kristaq Roça	Kristaq Roça		Korce	Drenove	
43	Dafina Beqiraj	Dafina Beqiraj	697625035	Korce	Pirg	
44	Nikoleta Kita	Nikoleta Kita		Korce	Vithkuq	
45	Alketa Melko	Alketa Melko	692316832	Korce	Boboshtice	
46	Agim Bulka	Agim Bulka		Korce	Voskopoje	
47	Klodiana Deda	Klodiana Deda	692593192	Korce	Boboshtice	
48	Spiro Shkodrani	Spiro Shkodrani	682094104	Korce	Voskopoje	
49	Marie Pleqi	Marie Pleqi		Korce	Voskopoje	
50	Miranda Seferi	Miranda Seferi		Korce	Dardhe	
51	Ilo Todor	Ilo Todor		Korce	Liqenas	
52	Krenar Bregu	Krenar Bregu		Korce	Leminot	
53	Oliver Pleqi	Oliver Pleqi		Korce	Voskopoje	
54	Mimoza Rënxa	Mimoza Rënxa	682912026	Korce	Vithkuq	
55	Llazar Lera	Llazar Lera		Korce	Voskopoje	
56	Qamil Avdulla	Qamil Avdulla	692828338	Korce	Lin	
57	Gerald Grabocka	Gerald Grabocka	692989345	Korce	Vithkuq	
58	Tre Bujtinat		699205805	Elbasan	Gjinar	22
59	Alvaro Kadiu	Alvaro Kadiu		Berat	Mangalem	
60	Ferdinand Vruhu	Ferdinand Vruhu		Berat	Mangalem	
61	Redian Baci	Redian Baci		Berat	Mangalem	
62	Niko Droboniku	Niko Droboniku		Berat	30 Vjetori	
63	Silvja Meçaj	Silvja Meçaj		Berat	Mangalem	
64	Edmir Hidersha	Edmir Hidersha		Berat	Goric	
65	Diamanta Bajrami	Diamanta Bajrami		Berat	Kala	
66	Remi Berberi	Remi Berberi		Berat	Iliria	
67	Enis Haxhijaj	Enis Haxhijaj		Berat	Muzakaj	
68	Ela Dingo	Ela Dingo		Berat	Clirim.Berat	
69	Alfred Fiska	Alfred Fiska		Berat	Roshnik	
70	Vasilika Gogu	Vasilika Gogu		Berat	Mangalem	
71	Qemal Alushi	Qemal Alushi	682036634	Tirane	Preze	4

72	Hajdar Kuci	Hajdar Kuci	682026856	Durrres	Marikaj	3
73	Zeqir Mustafaj	Zeqir Mustafaj	672084777	Tirane	Mucaj	0
74	Rahman Harizaj	Rahman Harizaj	682273916	Tirane	Fushas	0
75	Resort "Nano"	Kliti Nano	672030193	Tirane	Petrelle	
76	Adrian Tufa	Adrian Tufa	692036722	Tirane	Lunder	0
77	Enver Sheshi	Enver Sheshi	686021828	Tirane	Farke	0
78	Uka Farm	Flori Uka	672039909	Tirane	Laknas	0
79	Blerina Farm	Blerina Bombaj	42248981	Tirane	Domje	0
80	Agroturizem "Huqi"	Gezim Huqi	675099909	Durrres	Rade	6
81	Agroturizem "Pema e jetes"	Gentiana Sinjari	692095398	Durrres	Shkallnur	0
82	Agroturizem "Popi"	Shpetim Dama	682021295	Durrres	Kuraten	0

Source: Ministry of Agriculture and Rural Development

Annex 2: List of certified agritourism businesses in Albania

No.	Name of the Company	Mobile	E-mail	Address	Accommodation capacities
1	Alfred Fiska P.F.	0682091617	alpetwinery@gmail.com	Rroshnik-Berat	8
2	Albina Çuko P.F.	0692105543	albinacuko1@gmail.com	Shën Gjergj-Tiranë	6
3	Qafshatamë sh.p.k.	0696060000	info@shkreliresort.al	Qafshatamë-Krujë	25
4	Kol Marku P.F.	0684652952	ari_al_85@hotmail.com	Katund i Vjetër-Mirditë	6
5	Qemal Alushi P.F.	0682036634	alushiolsi87@gmail.com	Prezë-Tiranë	6
6	Shqipe Huqi P.F.	0684099909	agritourism.huqi@gmail.com	Radë-Durrës	6
7	Libonike Nurellari P.F.	0695262940	fatosnurellari@yahoo.com	Peshtan-Poliçan	6
8	Agro Gjepali sh.p.k.	0684370437	fundimgjepali@gmail.com	Gjepalaj-Shijak	6
9	Altin Prenga P.F.	0696555252	altinprenga@hotmail.it	Fishtë-Lezhë	9
10	Kodra e Kuajve sh.p.k.	0696090081	kodra_kuajve@yahoo.com	Kodra e Dedejve-Durrës	18
11	Gramozi BR sh.p.k.	0682297081	gramozibr@gmail.com	Poshnje-Berat	7
12	Our Own Expeditions sh.p.k.	0676096010	nancytare@ourownexpeditions.com	Nivicë-Tepelenë	6
13	Jeton Hida P.F.	0693054121	farmasotira@gmail.com	Ersekë-Korçë	7

Source: MoTE

