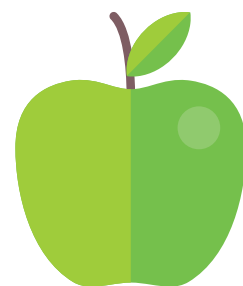


RISK MITIGATION FOR ALBANIA'S APPLE SECTOR



PRODUCTION RISK

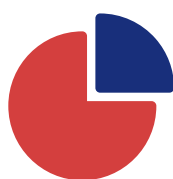
Significant production risk mainly due to climate changes. Frequent hail precipitations

RISK MITIGATION MECHANISMS

Support hail nets

Apple production (ton)

2010 / 2016
12,000 / 101,532



MARKETING AND PRICE RISK

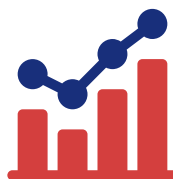
High marketing and price risk due to saturated domestic demand and low export demand for Albanian apple

RISK MITIGATION MECHANISMS

Improve cultivar mix and support standard enhancement investment

Apple imports

2010 / 2016
29,600 / 12,145



FINANCIAL RISK

Production risk and marketing risk have led to high financial risk



RISK MITIGATION MECHANISMS

Educate potential clients on financial aspects

Apple imports

2010 / 2016
0 / 6,288



LEGAL RISK

High legal risk because of safety standards in compliance and land titles insecurity

RISK MITIGATION MECHANISMS

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

Apple consumption

25 Kg
capita



HUMAN RESOURCE AND MANAGEMENT SKILLS

High risk mainly due to insufficient knowledge and skills on technology and particularly financial issues (cost analysis)

RISK MITIGATION MECHANISMS

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

EU Apple consumption

19 Kg
capita



POLITICAL/POLICY RISK

High political risk due inconsistency/discontinuation of the government support for the apple sector

RISK MITIGATION MECHANISMS

Familiarize with policy development and implications

MARKET FACTS IN ALBANIA



APPLE
SECTOR

PRODUCTION RISK

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

RISK MITIGATION MECHANISMS

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

MARKETING AND PRICE RISKS

- Difficult market access
- Price decreases/strong oscillations

RISK MITIGATION MECHANISMS

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

FINANCIAL RISKS

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

RISK MITIGATION MECHANISMS

- Educate potential clients on financial aspects
- Ask clients to share their accounts with banks

LEGAL RISKS

- Insecure land titles
- Low quality, safety & environmental standards

RISK MITIGATION MECHANISMS

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

HUMAN RESOURCE AND MANAGEMENT SKILLS

- Financial illiteracy
- Insufficient technology knowledge
- Lack of skilled labor force

RISK MITIGATION MECHANISMS

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

POLITICAL/POLICY RISKS

- Frequently changing/unstable support schemes

RISK MITIGATION MECHANISMS

- Familiarize with government support policy