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Albania
Investment
Council

Improving Transparency and Investment Climate

DOMESTIC PRODUCTION, IMPORT SUBSTITUTION AND INVESTMENT PROMOTION IN AGRO-PROCESSING

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This working document was prepared in the frame of Meeting XXII of the Investment Council (10 November 2020), by the experts of the Secretariat of the Investment Council, Mr Elvis Zerva, Legal and Regulatory Expert, Ms Elida Fara, Economic Expert, Ms Xaira Shurdha, Monitoring and Liaison Expert, under the direction of the Head of the Secretariat, Ms Diana Leka (Angoni). Contributed to the analysis, the external experts, Mr Shkelzen Marku and Mr Ilir Pilku. Language editing by Ms Elisa Lula, Administrative and Communications Officer of the Secretariat. Special thanks to the private companies, business associations, representatives of the banking sector, representatives of the Ministry of Finance and Economy, the Ministry of Agriculture and Rural Development, the General Customs Directorate, who collaborated during the consultation and analysis preparation. The views expressed herein are those of the authors and do not necessarily reflect those of the Investment Council or the EBRD.



ABBREVIATIONS

AASF	Albania Agribusiness Support Facility
AIC	Albania Investment Council
AIDA	Albanian Investment Development Agency
ALL	Albanian Lek
ARDA	Albanian Rural Development Agency
ASB	Advice for Small Businesses
BoA	Bank of Albania
CAP	Common Agricultural Policy
CoM	Council of Ministers
EBRD	European Bank for Reconstruction and Development
GDC	General Department of Customs
GDP	Gross Domestic Production
GoA	Government of Albania
ICS	Investment Council's Secretariat
IFSV	Institute of Food Safety and Veterinary
INSTAT	Albanian Institute of Statistics
IPARD	Instrument for Pre-accession Assistance for Rural Development
ISARD	Inter-sectorial Strategy for Agriculture and Rural Development
MARD	Ministry of Agriculture and Rural Development
MFE	Ministry of Finance and Economy
NBC	National Business Centre
NBFI	Non-Bank Financial Institution
RCGF	Rural Credit Guarantee Foundation
SCOP	State Commission for Organic Production
SME	Small and Medium Enterprise
TEDA	Free Economic Zones
WB	World Bank

CONTENTS

INTRODUCTION	6
METHODOLOGY	8
ALBANIAN AGRIBUSINESS SECTOR	10
A short sector profile	10
Main findings	13
Potential of Agro-business	13
Challenges in the supply of raw materials	15
Limited cooperation and value chain integration	15
Agro-processing's main challenges	16
Agribusiness's challenges in accessing financing	17
Institutional and legal matters	23
MAIN FINDINGS FOR SELECTED PRODUCTS	27
Tomatoes	27
Nuts	30
Medical and aromatic plants	32
Fruit juices	33
Investment potential – tomato, nuts, fruits	35

RECOMMENDATIONS BIBLIOGRAPHY	37
Cooperation, Value Chain Integration and Supply of Raw Materials	37
Market Information	38
Quality and Competitiveness	39
Business Management, Operations and Education	40
Institutional and Legal Matters	41
Access to Finance	41
IC MEMBERS SUGGESTIONS	42
German Association of Industry and Trade in Albania	42
Union of Chambers of Commerce and Industry of Albania	43
Doni Fruits shpk	43
ANNEXES	44
ANNEX 1 - Strategic Investments in MAPs	44
ANNEX 2 - Strategic Investments in Chestnut Processing	45
ANNEX 3 - Strategic Investments in Tomato Processing	46
ANNEX 4 - Strategic Investments in Fruit Processing	47
ANNEX 5 - Cost for the Establishment of a Plot with Helichrysum	48
ANNEX 6 - Cost for the Establishment of a Chestnut Orchard	49
ANNEX 7 - Cost for the Establishment of a Plot with Lavanda	50
ANNEX 8 - Cost for the Establishment of a Plot with Sage	51
ANNEX 9 - Cost for Establishment of an Orange Orchard	52
ANNEX 10 - Technology Card – Tomatoes for Sauce 1HA	53
ANNEX 11 - Technology Card – Apple Cultivation 1HA	55
ANNEX 12 - Technology Card – Apple Cultivation 1HA	57
ANNEX 13 - Questionnaire "Domestic Production, Import substitution and Investment Promotion in Agroprocessing"	59
ANNEX 14 - Questionnaire "Domestic Production, Import substitution and Investment Promotion in Agroprocessing" – Supermarkets	73
ANNEX 15 - List of Licensees and Permits for Food Industry	84
ANNEX 16 - List of Incentives for Agriculture and Agro-processing	87
ANNEX 17 - Investing Procedures in Agro-processing	89
BIBLIOGRAPHY	93

INTRODUCTION

The exports of the agriculture sector in 2019 represented 11.8 % of the country's total exports, showing a significant increase compared to only 8.7% in 2015 and less than 3% in 2005. The overall production value of the agro-processing sub-sector has increased in the recent five years by about 8.4% cumulative (2019/2015), reaching up to 70,031 million ALL in 2019. Albanian fruits, vegetables and MAPs have been gaining ground in the Western Balkans and are considered well-positioned to make headway in high-value international markets. The sector also had a positive contribution to the country's export during January – June 2020, despite the negative impact in the Albanian economy of the 26 November 2019's earthquake and COVID-19 (since March 2020).

The vision of the Albanian Agriculture policy is detailed through ISARD 2014-2020, which is designed in line with the European Union strategic planning approach for the Common

Agricultural Policy (CAP) 2014–2020. ISARD 2014-2020 prioritises policies that promote the development and growth of agricultural production and targets the improvement of sector's competitiveness, harmonisation of policies and institutional settings with the EU acquis, the sustainable use of natural resources and social inclusion of the rural population.

Referring to the sector competitiveness, a recent World Bank study¹ on the agro-processing sector has noted that *“Albanian producers face many constraints in meeting the rigid and complex demands of the EU market and integration into global value chains, which are mostly related to: (i) excessive land fragmentation and producers' inability to achieve necessary economies of scale; (ii) an unskilled workforce and low-technology production process that leads to gross inefficiencies throughout the production process and practices (iii) lack of ex-*

¹ World Bank (2018). *Competitive Fruit and Vegetable Products in Albania. Finance, Competitiveness and Innovation in Focus*. World Bank Group, Washington DC

port infrastructure, including certification services and knowledge of destination markets; and (iv) lack of access to credit”. European Commission in European Economic Forecast May 2020 mentioned – *“Although the country will experience a contraction of the economy as a result of COVID-19, the large support of the Albanian economy in agriculture can somewhat curb the decline of the economy as this sector will be less affected by the COVID-19 crisis”*.

As of 5 October 2019, agro-processing has been considered as a key priority sector for the economy by Albanian Investment Council. To further review the potentials and challenges of the sector, a working group was set up, led by MoFE and MoARD, aiming to stimulate the policy debate by evidencing key bottlenecks and to prioritise investment (specific) potentials in the sector from a business perspective. In this context, the Secretariat, relying upon partner's support and institutions' commitment, has facilitated the technical work, especially acceler-

ated since March 2020 due to COVID-19 response. Previous activities of the AIC related to the sector include Informality in the Agriculture, VAT Reimbursement, Access to Finance, Business Survey on COVID-19, etc.

This study aims to review the potentials for investment in the selected sub-sectors (nuts, tomatoes, juice fruits, and MAPs) as suggested by the relevant institutions, including main business challenges and support needs related to market and education, standards and certification, and access to finance. The study is designed to serve as a tool to help executives in their decision-making rather than a thorough sectorial or value chain research study per se. The proposed actions relate to analyses of specific products², which could be further benchmarked as cases for optimising the investment potentials. A special focus is also provided on Albanian products.

² In annex there are examples of the technological cards relevant to four strategic products which could be considered as reference for potential investment in the sector

METHODOLOGY

The methodology of the study includes the use of qualitative and quantitative data gathered from secondary and primary sources, and it builds on a series of steps taken by the Secretariat to stimulate the debate on domestic production, food-processing and potential investment in agro-processing, as follows³:

- » Desk research⁴ of national and international analyses and reports, documents, laws and bylaws related to agro-processing.
- » Analysis of official information from secondary sources (MoARD, INSTAT, FAOSTAT, UNCOMTRADE, GDC, etc.) and key information/data related to direct interviews with value chain actors and sector experts.
- » Following the Joint Working Order between

MoFE and MoARD⁵, aimed at assessing the potential for investment in the agro-processing sector, three technical meetings were organised via Zoom platform from June-September 2020. The purpose of these meetings was to propose a coordinated work plan with all parties involved with the ultimate goal of creating favourable conditions for investment in the agro-processing sector.

- » A set of questions on “Domestic Production and Investment” was addressed to all AIC members and partners to receive their perspective on issues related to (1) the main challenges faced by companies in agro-processing (2) access to financing the sector as well as (3) potentials for possible investments in the sector (focus nuts, tomatoes, medicinal plants, fruit juices and teas).
- » AICS developed two questionnaires in col-

³ This study does not take into account donors approach to this topic in the country, as no detailed analyses of their intervention in the sector is performed.

⁴ For more details read the Bibliography

⁵ For more details refer to <https://www.investment.com.al/working-group-on-agro-processing/>

⁶ Annex 1

⁷ Annex 2

laboration with external experts to explore potentials, challenges and investment opportunities. The first questionnaire⁶ was addressed to targeted companies within agriculture production/processing/ trading/ exporting products. A total of 42 companies were interviewed using the designed questionnaire, out of which 26 companies were interviewed face to face, while 16 companies filled themselves the online questionnaire. The companies were selected based on their main activity, mainly companies working in agro-processing with a focus on one of the four potential products carefully chosen in the Technical Working Group on agro-processing. Another questionnaire⁷ was sent online to 6 distribution points/supermarkets to get their opinion on the potentials of trad-

ing processing agriculture products within the country.

- » A dataset was developed and sent to the Bank of Albania, Agency for Rural and Agriculture Development, secondary-level banks and microfinancing companies, and three credit guarantee schemes to explore access to finance of the agro-processing sector. The Bank of Albania, ARDA and 8 second-tier banks sent the data online, and direct interviews were held with 3 agriculture department managers from these banks.

Meetings with the ZOOM platform were held with different actors such as SIPPO, and written feedback was received from AIDA, NRC, GDC, Albanian Diaspora Business Chamber, Italian Embassy, Association of Albanian Municipalities, Albanian Association of Marketing, etc.

ALBANIAN AGRIBUSINESS SECTOR

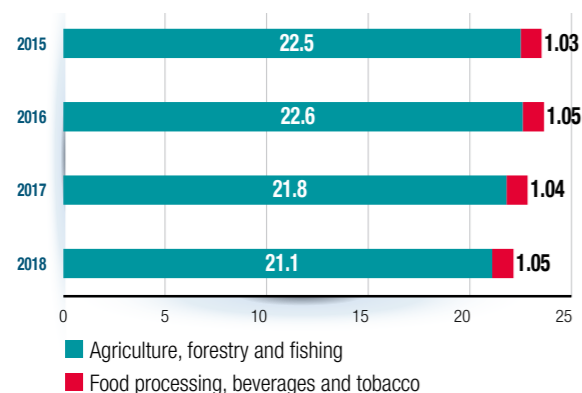
1. A SHORT SECTOR PROFILE

The agriculture sector is of crucial importance with regard to socio-economic development in Albania. It contributes about 18.9% of the country's GDP (in 2019) and accounts for 36.4% of the overall employment.⁸ The overall agricul-

ture production has increased with an average of 5% during 2010-2019, while the relative share of the agriculture sector in the national GDP has dropped in recent years (from about 28% in 2010 to about 20% in 2016 and 18.9% in 2019). The contribution of agriculture to the gross value added of the economy has been stable over the years, with an average of 22% for 2015-2018.

⁸ INSTAT (2019). Labour Market 2019.

Figure 1. Contribution of agriculture and agro-processing to Gross Value Added (in%)



Source: INSTAT (2020)

Figure 2. Real growth of agriculture and agro-processing (in%)

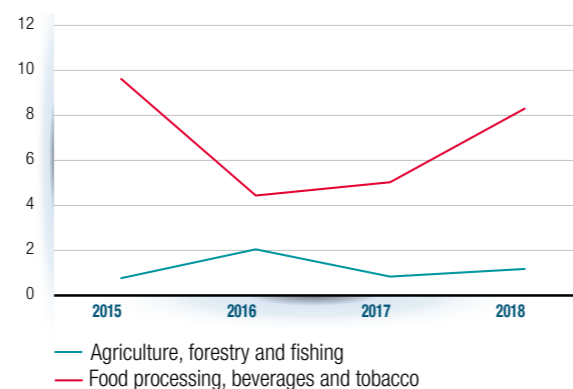
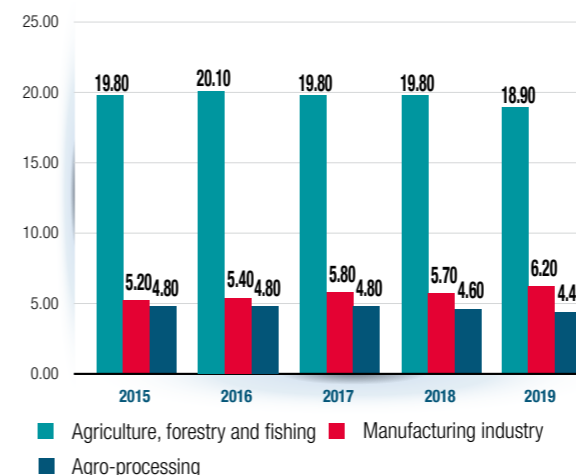


Figure 3. Contribution of agribusiness in the GDP (in%)

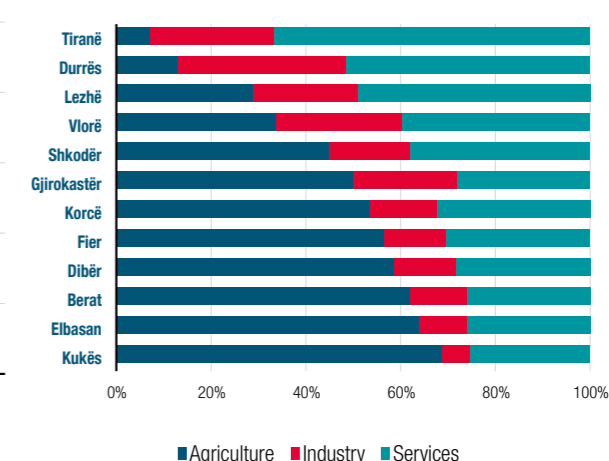


Source: INSTAT (2020)

According to official data farming structures are small, very fragmented and with rather low productivity, excluding vegetables and olives. The total area of productive agricultural land in Albania under arable production is around 700,000 ha, of which 417,000 (or about 60%) is cultivated with field crops, out of which only 179,177 ha (43%) is actually irrigated land⁹. The number of farms in Albania is quite high (approximately 351,600 farms) compared to the size of the country. The farm structures are small and complex with an average farm size of 1.2 ha, fragmented into 3-5 plots of different sizes and land quality. The simple comparison of the sector's contribution to the GDP (18.9%) and the high employment (36.4%) shows that the average earnings in agriculture are very much lower than in the rest of the economy. Although a large number of farms (especially in remote rural areas) are subsistence-based, producing

⁹ INSTAT (2019). Agriculture Statistical Yearbook 2019.

Figure 4. Sectorial employment by region (in %)

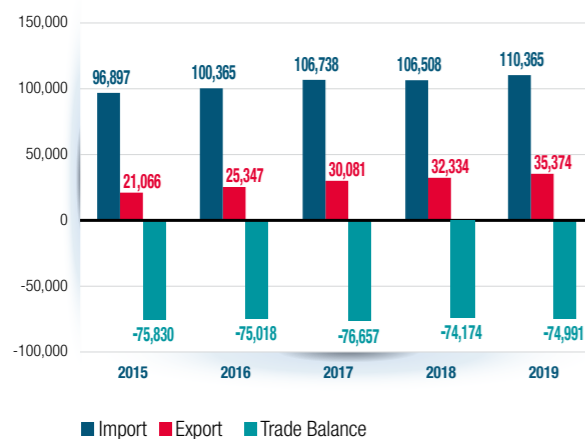


mostly for their own consumption and heavily based on unpaid family labourers or informal workers, they have an important function in the local economy. According to GIZ¹⁰, the productivity of some products (vegetables, olives) is at the same level or even higher compared to neighbouring countries. However, due to various factors (i.e. small farm size, high fragmentation, low level of mechanisation and production technologies, etc.), the overall productivity per hectare remains lower for crops grown in large-scale areas in other countries. **Agribusiness exports have significantly increased in recent years, mainly by fresh vegetables and MAPs.** The exports of the agriculture sector in 2019 represented 11.8% of the country's total exports, showing a significant increase compared to only 8.7% in 2015 and just less than 3% in 2005. The exports of vegetables have increased substantially dur-

¹⁰ 7 GIZ (2019). Programme for "Sustainable Development in Rural Areas in Albania"

ing recent years, especially from greenhouse vegetable products, which constitute about one-fifth of total agro-food exports, with exports of tomatoes, cucumbers, pepper and melons representing altogether about 19% of the total agriculture sector exports. Also, Al-

Figure 5. Total volume of agriculture imports and exports (2015-2019, in million ALL)



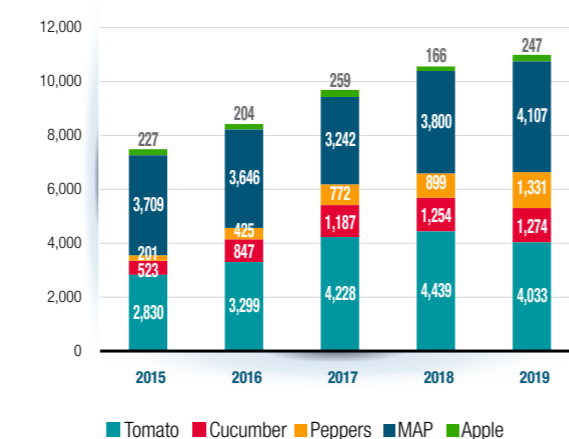
Source: INSTAT and General Customs Directorate (2020)

The agro-processing industry¹¹ is the sub-sector of manufacturing that processes raw materials and intermediate products derived from the agricultural sector. The agro-processing industry thus means transforming products originating from agriculture, forestry and fisheries. The most advanced agro-processing is done by 2,476

¹¹ Agriculture processing economic activity based on Nomenclature of Economic Activities, NACE Rev. 2, INSTAT (2020) "Processing involves the physical and chemical transformations of materials, substances or components into one new product. Food processing includes processing of agricultural, forestry and fishery products into food and beverages for humans or animals, and also involves the production of various intermediate products that are not directly foodstuffs. The activity often produces bundled products at greater or lesser value"

bania has a strong tradition in the production and export of MAPs. More than 95% of the total MAPs collected and cultivated in the country are exported (contributing to about 11.8% of the total agriculture exports), making Albania an important international player in the sector.

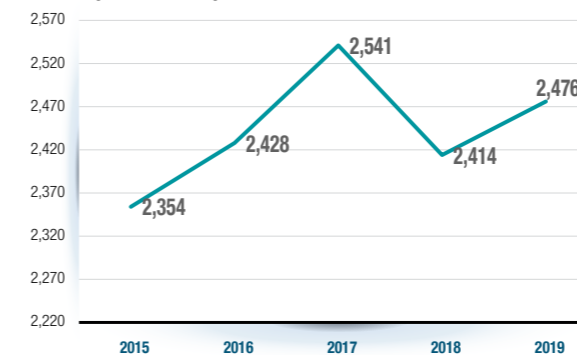
Figure 6. Share of the main products in the total agriculture exports (2015-2019, in million ALL)



companies¹², of which: around 65.4% deal mostly with the production of flour, bakery, pasta, cookies and sweets; 12.8% with dairy products; 5.4% with meat and fish products; 4.2% with the production of wine and alcoholic drinks; only 1.2% of companies deal with the processing of fruit, vegetables and MAPs; and the rest dealing mineral water, soft drinks and other uncategorised products. **The overall production value of the agro-processing sub-sector has increased in the recent five years by about 8.4% cumulative (2019/2015), reaching up to 70,031 million ALL in 2019.**

¹² MoARD (2020). Data provided for this study

Figure 7. Number of agro-processing companies by years (2015-2019)



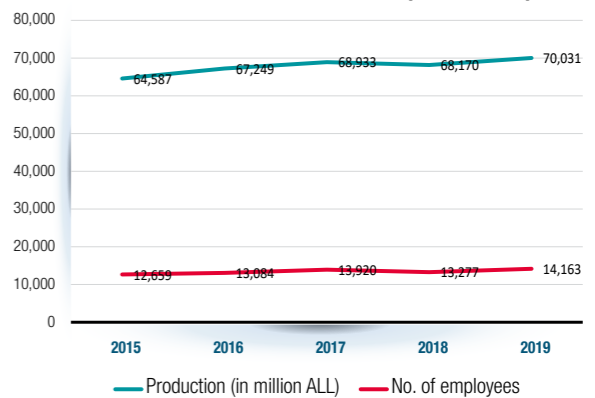
Source: MoARD (2020)

Organic production¹³. Organic production has started to gain some interest among some producers, stimulated by both export potential and increasing local consumer demand. During 2018, support to organic farming has included certified farms and farms transitioning to organic production. The number of beneficiaries and the amount of support under this scheme has increased.¹⁴ According to MoARD, 81 farms in Albania received organic certification in recent years. The total land area certified as organic has reached about 648,292 ha of forest land (of which 346,518 ha is dedicated to collecting wild MAPs and about 3,250 ha of chestnut forests) and 528.5 ha of agriculture cultivated land, and another 94.3 ha is currently in the process of being certified. The large majority of this certified land area (about 82%) is dedicated to the cultivation of MAPs and 9% to permanent crops (mostly olive groves).

¹³ Organic production is a system that integrates "cultural, biological, and mechanical practices that foster cycling of resources, promote ecological balance, and conserve biodiversity." (Source: National Organic Program)

¹⁴ EU Albania Progress Report 2019/2020.

Figure 8. Value of the agro-processing production and number of employees by years (2015-2019)



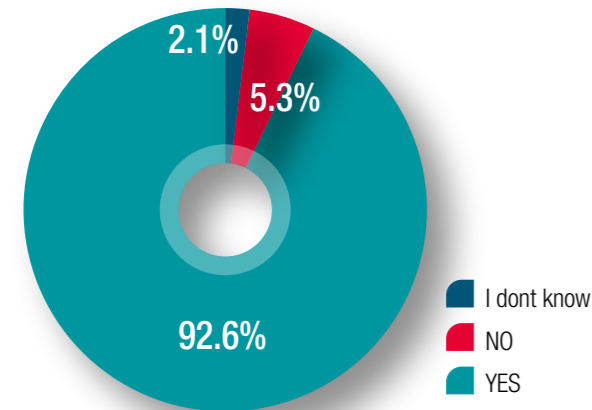
2. MAIN FINDINGS

In line with the objectives of this study, in an attempt to identify the main problems related to the optimisation of the investment potentials in the agro-processing sector (focus tomatoes, nuts, MAPs and fruits juices) and identify necessary recommendations, the AIC Secretariat (based on the review of the various previous report/studies, and the analysis of data collected from government institutions, questionnaires and interviews with key local players) has identified the following main findings.

a. Potential of Agro-business

The vegetables, fruits and MAPs value chains could be considered the most important sub-sectors of Albania's agriculture. The three value chains have grown considerably in the last years, both in terms of areas covered and total production. The high export demand, favourable climatic conditions for the production of primary products, accompanied by different support schemes from the Albanian government, IPARD and other donor agencies, have played an important role in stimulating the expansion of these sub-sectors.

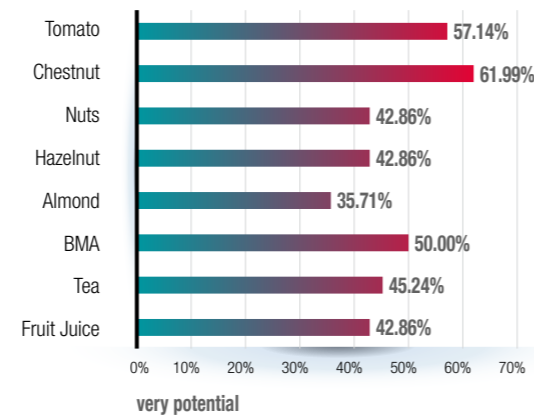
Figure 9. Percentage of interviewed companies considering agro-processing as a potential for investment



Source: AIC Secretariat's questionnaire

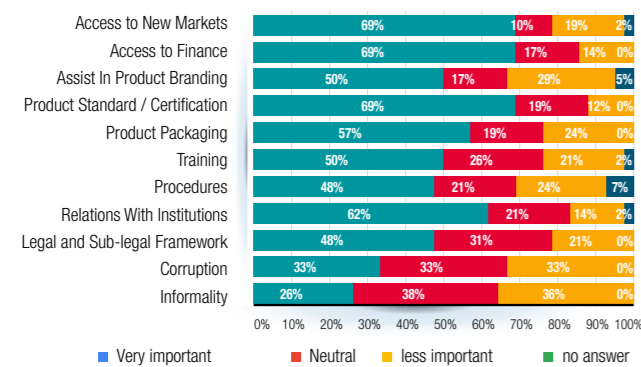
The agro-processing industry is considered as having potentials for investment and increased contribution to the local economy. The majority of interviewed companies (37 out of 42) think that agro-processing has potential and good investment opportunities in Albania. Among the selected products, the interviewed companies considered chestnuts, tomatoes,

Figure 10. Percentage of interviewed companies considering that the following products have export potential



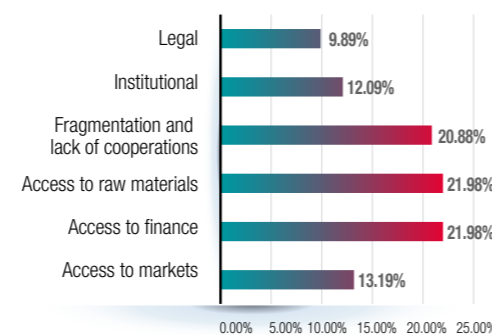
and medicinal/aromatic plants as the three top products having the most potential for agro-processing. Other products considered as potentials include olive oil, honey, blueberry, strawberry and pomegranate. While main key obstacles to new investments are considered access to finance, access to raw materials and fragmentation and lack of cooperation.

Figure 11. List most important needs to expand their agribusiness activities as declared by the interviewed companies



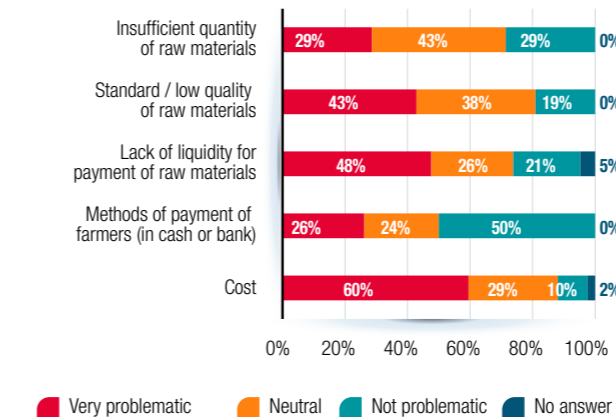
Source: AIC Secretariat's questionnaire

Figure 12. What do you think are the main obstacles for new investments in your field of activity?



b. Challenges in the supply of raw materials
Most of the representatives of exporting companies and supermarkets interviewed declared their willingness to increase domestic procurements if local suppliers could ensure higher quantities at required standards and competitive prices. The supply of domestic raw materials is still considered as very fragmented, of high costs, non-uniform product quality

Figure 13. The main problems encountered in relation to "Supply of raw materials in the country"



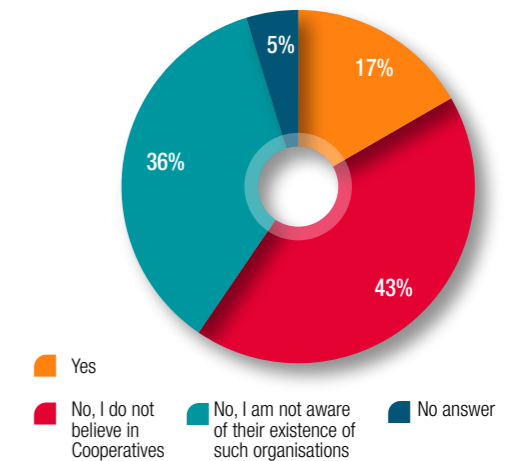
Source: AIC Secretariat's questionnaire

c. Limited cooperation and value chain integration

Agribusiness still suffers from limited cooperation and weak linkages between primary production and processing. While the agribusiness sector is very important for the economy, various studies confirm that the value chains are not well organised, there are weak linkages between producers of the primary products and the processing companies. According to EBRD¹⁵, there are very few formal alliances in the form of producer groups or cooperatives and often,

and often in insufficient quantities. From the analysis, it results that the main challenges for the companies in ensuring the required supply of raw materials from primary production are mostly related to (i) high costs of local raw materials (60%); (ii) lack of liquidity to buy the necessary raw materials (48%); and (iii) insufficient standards, qualities and quantities of available raw materials.

Figure 14. Membership of interviewed companies in cooperatives or similar organisations



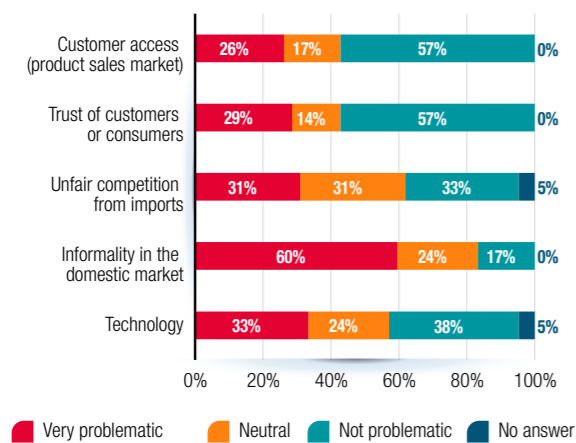
the producers face difficulties and an insecure market access, due to unstable and non-cooperate relationships between farmers, local consolidators and processors or wholesalers. This was also confirmed by the interviewed companies, where most of them do not believe in cooperatives and are not aware of the existence of such organisations (only 7 out of 42 companies declared to believe in organisations). Inefficient cooperation models among farmers would result in inadequate assets, scale, returns and not competitive businesses.

d. Agro-processing's main challenges

The majority of Albanian agro-processing companies are small businesses engaged in a complex set of activities and have modest technologies. The sector is represented with a total of 2,476 companies¹⁶ located in different regions of Albania, mostly in proximity to their respective supply sources. A large majority of companies are involved in several steps throughout the value chain, from production, collection/aggregation to processing and marketing, including in local and export markets. Except for some large companies active in the MAPs, meat and milk sub-sector, the majority of agro-processing companies are small businesses with rather modest technologies, relatively low processing capacities and producing mainly for the local market. About 33%

16 MoARD (2020).

Figure 15. The main problems encountered in relation to "Product Processing & Marketing"



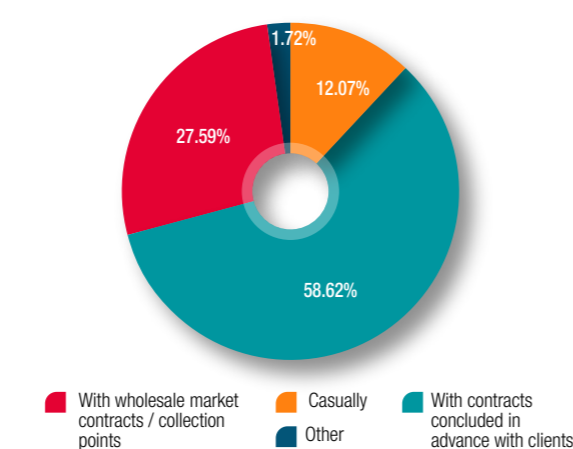
Source: AIC Secretariat questionnaire

of interviewed companies stated to be facing technology-related problems, and about 31% are faced with unfair competition from imports.

The agribusiness sector, in general, is one of the sectors that suffer the most from informality, creating an important challenge for companies to increase procurement of local products. Almost two-thirds of interviewed companies (59%) declared that the high level of informality in the domestic market is an important challenge for them to increase local product procurement further. It also creates additional challenges, such as limited availability of collateral, low levels of financial capability, and limited uptake of modern transactions.¹⁷

17 World Bank (2020). Albania Credit Guarantee Scheme Assessment. The World Bank Group. Finance, Competitiveness and Innovation Global Practice.

Figure 16. How do you secure the market for product sales (distribution network)?



Except for MAPs, most of the Albanian products are exported to the Western Balkan countries and new EU countries with lower purchasing power, thus benefiting from rather low prices. While almost 70% of the interviewed companies declared that access to new/better markets is one of their most important needs, about 26% of the interviewed companies are facing significant difficulties in accessing markets and about 29% in building trust with the buyers/consumers and ensuring the reliability of foreign buyers to the Albanian product. Companies also complain about the limited guidance from public institutions on new markets and limited support for the promotion of Albanian products such as dignified representation and participation in international fairs.

Product quality/standards is an important factor that could increase the competitiveness of Albanian agribusiness in local, regional and international markets. While pre-harvest handling and storage management techniques are important for maintaining and increasing the product quality and easing pressure on forced sales with low prices, post-harvest techniques, as well as information on the requirements of these markets in terms of demanded product volumes and qualities, remains a challenge for all actors of main value chains. Many of the value chain actors lack knowledge on the requirements related to national and international quality standards as well as on good agricultural practices and other agro-environmental con-

siderations.¹⁸

The competitiveness of agro-processing is also damaged due to high packaging costs (i.e. glass packaging, which is an imported taxed product), making packed processed products less competitive in domestic and international markets.

e. Agribusiness's challenges in accessing financing

66% of 42 interviewed companies list the third most important factor influencing their business management – the "Access to Finance." Referring to the EBRD New Agribusiness Strategy: *"There is limited availability of appropriate, affordable and timely credit products to finance improvements along value chains, especially for SMEs and small-scale actors along the agriculture value chains"*.¹⁹ Also, according to international reports, the overall access to finance score in Albania has only marginally improved in recent years – from 3.26 to 3.32 (2019/2016).²⁰ Albania is ranked 102/141 in terms of the Financial System (MKD 83s; SRB 82s BiH 80s MNE 44s).²¹ In 2019, only 1.6 % of the total business loans portfolio went to the companies in the agriculture sector (including agriculture, forestry and fishing), and 15.2% are granted to companies in the overall processing industry in the country.

18 GIZ (2019). Programme for "Sustainable Development in Rural Areas in Albania"

19 EBRD Agribusiness Sector Strategy 2019- 2023

20 OECD (2019). Access to finance for SMEs (Dimension 6) in the Western Balkans and Turkey.

21 WEF (2019). Competitiveness Indicators Report

There is a decreasing trend of lending from the private banking sector for the periods 2017-2020: about a 5% decrease in lending to the companies operating in the agriculture sector; and a 22% decrease in lending for the companies in the processing industry²². In 2019, the total loans portfolio from Non-Bank Financial Institutions (NBFIs) was 35.46 billion ALL. About 5% of that portfolio was issued to agriculture sector companies from savings and credit companies and about 7% from NBFIs²³. Also, the rejection rates are especially high in the agricultural sector and among microenterprises.²⁴ According to the data from the financial statements reported in National Business Center (2019) from 84 companies: from the total 2019 business loans portfolio in the banking sector, only 0.3% of that portfolio is granted to 61 companies in the agricultural production sector, and only 0.7% of that portfolio is granted to 23 companies operating in the agro-processing sector.²⁵

Agricultural insurance schemes are under-developed as a financial tool to minimise the adverse effects of agricultural risks and address agricultural production or yield risks mainly due to adverse climate.²⁶ Farmers are exposed year-round to various risks, both market-related and non-market-related, such as unfavourable weather, pests, and dis-

eases. Such risks make agricultural production unstable from year to year, affecting the income and welfare of agricultural producers, therefore making the sector risky to be financed by banks. While, on the one hand, further development of agriculture insurance schemes is expected to positively impact the access to financing by decreasing banks' perceived risks on agriculture activities, on the other hand, agricultural companies see this tool as adding up to their expenses, unless the government intervenes by covering partially the insurance premium.

In terms of proximity of the banking sector to companies, there is a decreasing trend for geographical presence from the commercial banks in terms of the number of banks, service units and bank employees serving businesses. There is an increasing trend of 19% from NBFIs to expand geographically, but these institutions mainly lend to small farmers and producers. On the other hand, **the number and volume of mobile and internet banking transactions have increased by more than 100%, giving more opportunities to the business operating far from the banks.** There is also an innovative movable branch from Credins Bank travelling near the agribusiness clients.

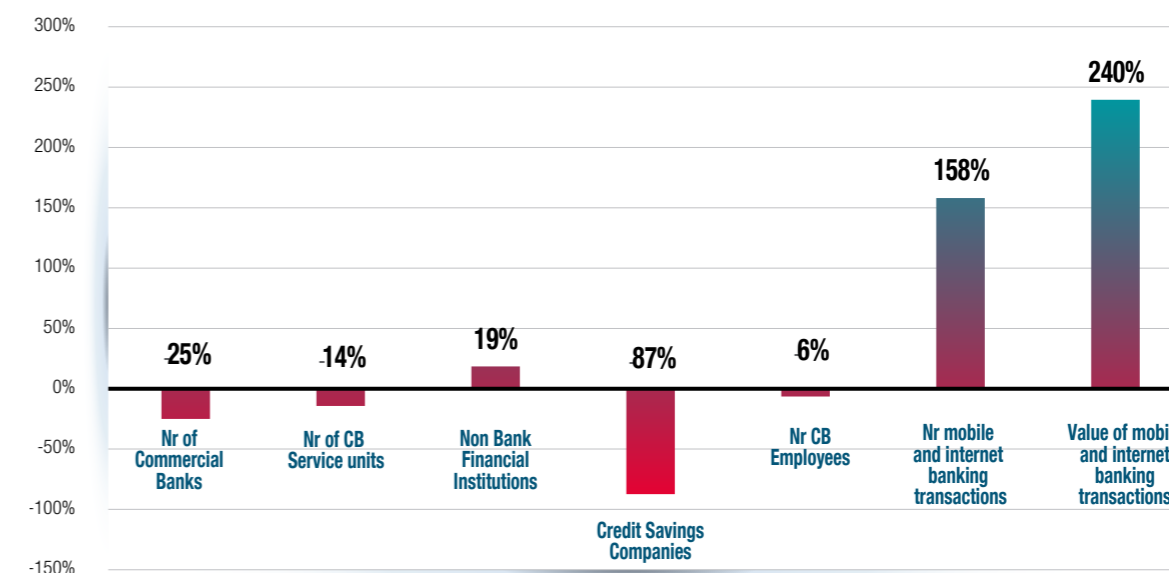
²² Bank of Albania Supervisory Report 2019 (and) INSTAT (2014). Nomenclature of Economic Activities

²³ Bank of Albania Supervisory Report 2019 (and) INSTAT (2014). Nomenclature of Economic Activities

²⁴ Dushku, E.; Ceca, K. (2017). Agricultural Enterprises in Albania and their Financing, Bank of Albania

²⁵ Bank of Albania (2019) Supervisory Report (and) Department of Financial Statistics in October (2020)

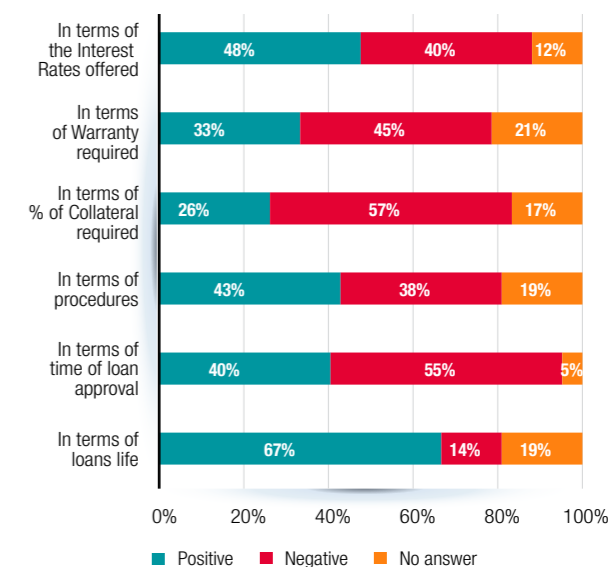
Figure 17. Physical Access to Finance (2015-2019)



Source: AIC Secretariat based on the information gathered by Bank of Albania, Supervisory Report 2019 and Department of Financial Statistics in October 2020

From the companies' perspective, while the appropriateness of loan maturity has improved in recent years, companies continue to be significantly unsatisfied with the warranties/collateral required and the timing of loan processing and approval. About 44% of interviewed companies had received bank financing for investment, 38% received overdrafts, and 18% received credit for liquidity (working capital). Among those who had received a bank loan, about 67% were positive about loan terms, while about 48% were positive about the interest rates, and only about 43% were positive about procedures. **The balance changes as regards to the collateral required, with 57% giving a negative rating, and the loan approval time, with 55% giving a negative rating.**

Figure 18. If you have received a loan, how do you assess the support provided by banks in this regard?



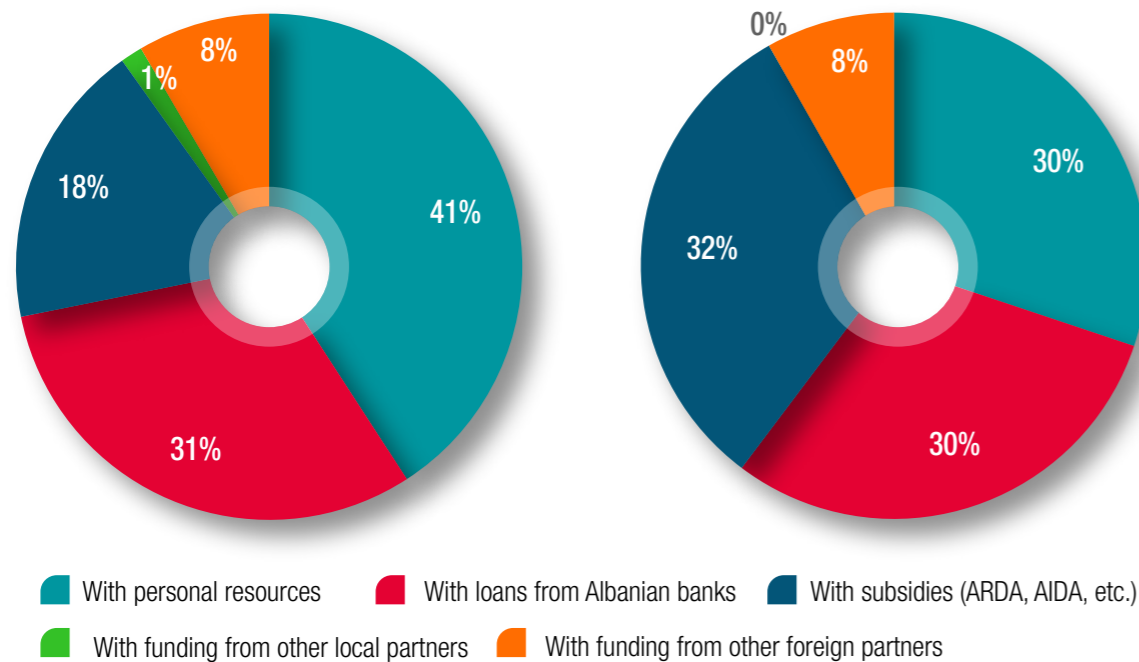
Source: AIC Secretariat questionnaire

Comment from private banks:

A problem that can simplify the crediting is related to the Grant contracts between ARDA and Agriculture businesses benefiting from their schemes. The article 4 point 14 of this contract states: "The Beneficiary is obliged not to alienate, rent or lease the Investment object of this contract for as long as it is valid (5 years). According to this Article, the client cannot place the new investment (which is valid for all parties) as a guarantee in favour of a bank. If this article could be restated by adding: "Allowing the placement as a guarantee only for Banks or Financial Institutions or written permission for placement as collateral", it would facilitate our lending process to these businesses.

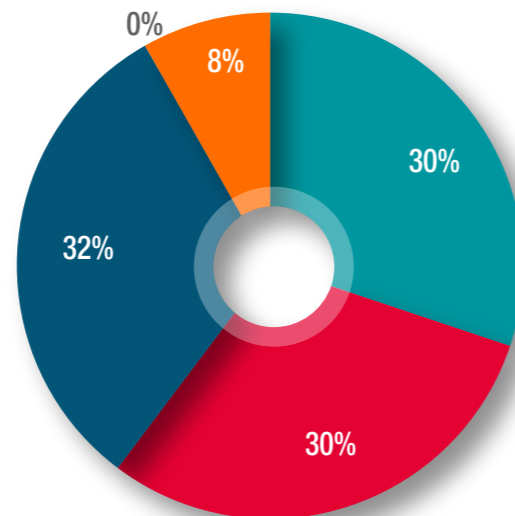
Companies trust in the potential of the agro-processing sector, and they are willing to invest not only with their personal resources but also with banking loans and other support funds. The majority of interviewed companies (36 out of 42) have made significant investments (58% have made investments up to Euro 100,000) in the last 24 months. As regards the main sources of funding, about 41% of these investments were made with personal/internal resources, followed by bank loans (about 31%), development grants (about 8%) and a few of them (about 8%) with funding from international partners.

Figure 19. Main source of Investment Financing during past 24 months



Source: AIC Secretariat questionnaire

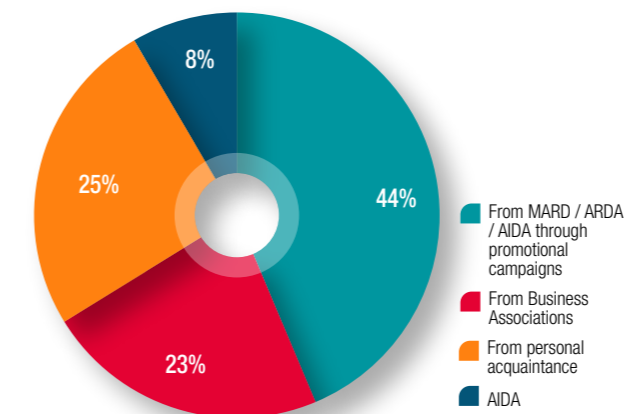
Figure 20. Main sources of Planned Investment Financing in the next 24 months



A total of 33 out of 42 companies declared to have plans to make significant investments in the next 24 months (46% up to Euro 100,000), mainly with subsidies (32%), personal resources (30%) and bank loans (30%). About 30% of them plan to use their personal/internal resources, about 30% bank loans and 32% plan to apply for government grant schemes.

The primary sources of agro-processors information about the various support schemes available seem to be (i) the promotion campaigns organised by the respective institu-

Figure 21. Main sources of information about MARD/ARDA/ AIDA support schemes



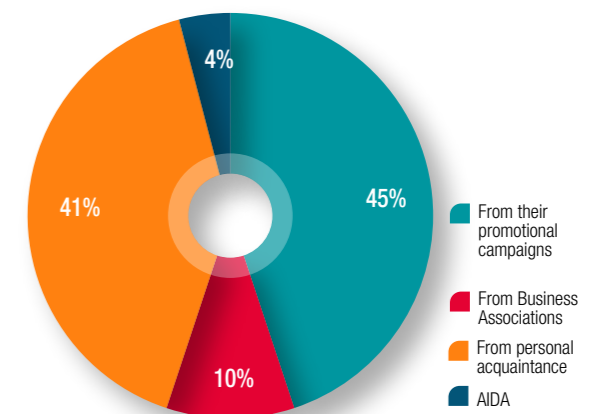
Source: AIC Secretariat questionnaire

From the analysis of the data (up to the end of December 2019) received from ARDA about the IPARD grant schemes, it results that from both IPARD calls²⁷ benefited only 15% of the applicants in the agro-processing sector. From the first IPARD call, was awarded only 30% of the total amount of grants requested from 99 applicants, while from the

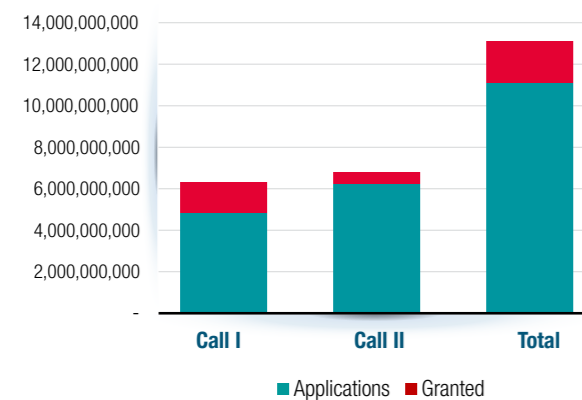
²⁷ November 2018 – January 2020 (Call 1, IPARD II, 30 November 2018-30 January 2020, Call 2, 30 October 2019 -15 January 2020

tions and (ii) personal acquaintances, while business associations are less active in information dissemination. Among 40 (out of 42) companies claimed to be aware of the MARD/ ARDA/AIDA support schemes, and about 70% of them had applied for support. Among those having chosen not to apply, the main declared reasons are (i) land property issues, complicated application procedures, (ii) lack of confidence to be selected/approved, and (iii) difficulties in the completion of required documentation.

Figure 22. Main sources of information about AASF/ ASB/ RCGF/Italian-Albanian SME Development Program

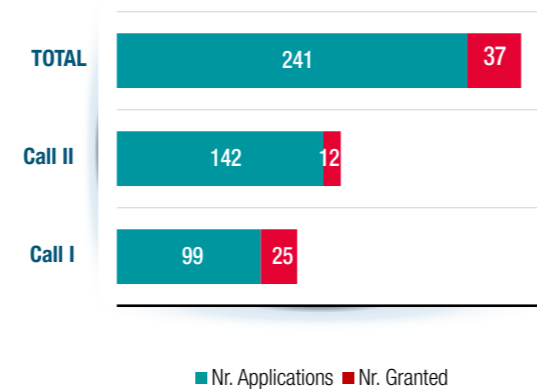


second call, was awarded only 9% of the total amount requested from 142 applicants. The second call had higher interest from applicants than the first one, but only 8% of the applicants benefited. *From both IPARD calls, the fruits and vegetable sector benefited the most, receiving about 45% of the total amount awarded in the first call and 11% in the second one. The sector benefiting the least from both calls is MAPs receiving only about 2% of the total grant amount awarded in the first call.*

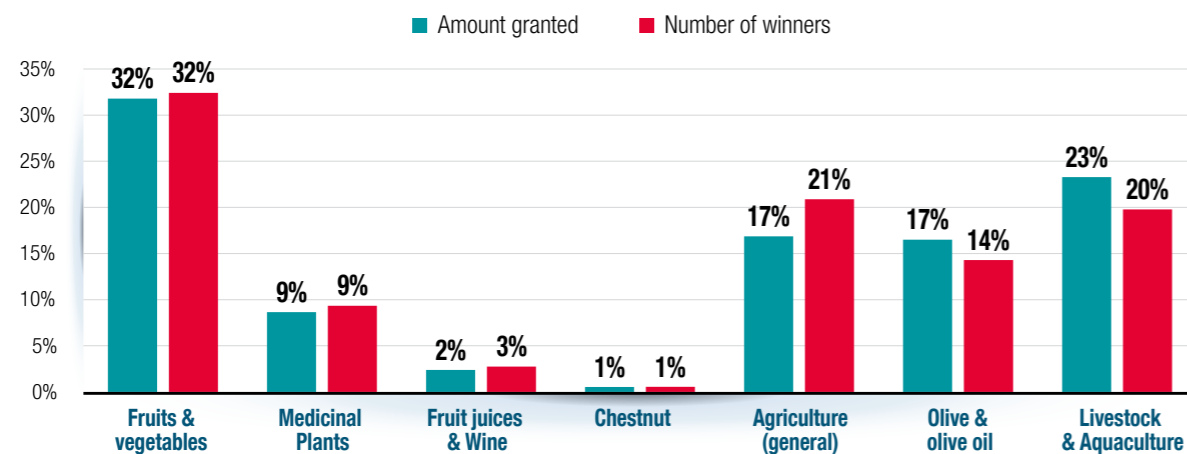
Figure 23. Volume of IPAD financing received by beneficiaries

Source: AIC Secretariat based on data gathered from ARDA, Department of Risk, Fraud Prevention, Analysis and Reporting Sector, October 2020

Regarding the ARDA grant schemes, the biggest number and amount (32%) is accorded to the companies operating in the fruits and vegetable sector (including cold storage centres). Livestock and aquaculture are the second group of beneficiaries receiving about 23% of the total grant amount awarded by

Figure 24. Number of IPAD beneficiaries

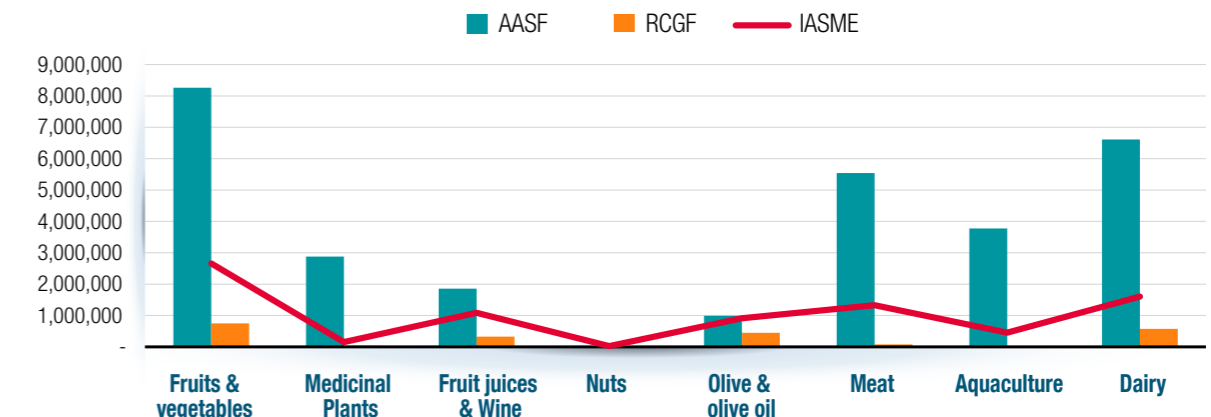
ARDA, followed by about 9% granted to the MAPs sub-sector, about 2% to the fruits juice and wine only about 1% to the nuts sub-sector. The rest of the grants is allocated under "Agriculture in general", including all other agriculture sub-sectors based on the investment codes used from ARDA.

Figure 25. ARDA SCHEMES 2013-2019

Source: AIC Secretariat based on data gathered from ARDA Department of Risk, Fraud Prevention, Analysis and Reporting Sector, October 2020

A similar trend is also noticed in the support from three of the Credit Guarantee Schemes available for Agro-business – AASF, KFW RCGF, Italian Albanian Program for the development of SMEs. A total of 179 agro-processing businesses benefited

from these credit guarantee schemes, and the sector benefiting the most is fruits and vegetables, followed by dairy production. The sub-sectors benefiting the least from all these schemes are nuts followed by olive and olive oil.

Figure 26. Amount of support from Credit Guarantee Schemes by Economic Activity - Agro Sector (Euro)

Source: AIC Secretariat based on data gathered from AASF, RCGF, Italian Albanian Program for the development of SMEs in Albania, October 2020

Property-related issues and the instability of supply and quality of raw materials emerge as the key obstacles to new investments for most interviewed firms. The lack of property certificates and the high uncertainty related to land ownership has prevented companies from investing and expanding. Moreover, it represented an important impediment when applying for EU grants, loans and certificates.²⁸ In addition to the above, according to international studies, challenges in accessing financial sources and services are also augmented by: (i) the lack of understanding of financial products and the potential benefits which various formal financial solutions might have for their businesses; (ii) the

lack of information and knowledge in applying and accessing funds²⁹; as well as (iii) the lack of technical capacities in preparation of business plans from producers and processors alike.³⁰

f. Institutional and legal matters

» **What has been evidenced by the international reports on the sector?**

The following are some common issues that emerged and were raised during the inter-

²⁹ World Bank (2018). Albania MSME Finance for Growth Assessment. The World Bank Group

³⁰ GIZ (2019). Programme for "Sustainable Development in Rural Areas in Albania"

²⁸ World Bank (2019). Working Paper

views conducted in April 2019 by the WB team with Albanian entrepreneurs, firms and business associations.

Time at the border and high fees (e.g. scanning fee) constitute a real problem. Border crossing is worsened by the lack of connection among borders and the scarce adoption of a risk management approach.³¹ Some incentives are in place, but they often are either too narrow or specific. In terms of export promotion and support, companies report the weak presence of the government.³² Non-tariff measures constitute the key constraint to trade.³³ Albania's quality certification processes are insufficient for export to the EU-28 and usually too costly for small-holders.³⁴ Companies report a general lack of awareness about the importance of certification among producers and farmers. There is no mutual recognition of certifications among CEFTA countries, there are no labs in Albania to obtain international certification (there are no accredited laboratories in Albania), and the costs (both in terms of fees and paperwork) to apply for certification are reported to be high.

It is worth mentioning that compared to other pillars, the legal, administrative and institutional, including VAT issues, have not been emphasised by the businesses during our interviews as impediments for the sector. Here below are summarised the provided replies.

Main findings from the Secretariat Survey and face-to-face interviews with 42 companies operating in agro-processing:

31 World Bank (2019). Albania Growth and Jobs: Policy Implementation Support Policy Note on Strengthening Albania's Trade Competitiveness

32 Idem.

33 Idem.

34 World Bank (2018). Competitive Fruit and Vegetable Products in Albania. Finance, Competitiveness and Innovation in Focus. World Bank Group, Washington DC.

Specific concerns presented by interviewed companies:

- » Access to information for obtaining a certificate is very difficult and trainings are needed
- » Scanning at customs has increased costs; there are no accredited laboratories - IFSV analyzes are not suitable for export to many countries (especially in the EU)
- » National Food Authority inspections and Barcodes are not applied to exporters
- » National Food Authority needs improvement in procedures and documentation
- » The banking system operates at high rates for agriculture compared to the region
- » Non-functioning of Agriculture Cooperation Associations
- » Problems with the phytosanitary certificate for exports from Kosovo and Serbia (transit)

Main constraints for making new investments as underlined by interviewed companies

- » Institutions are not supportive and do not incentivise business investments
- » Land, Construction permit on agricultural land, Procedures
- » Stability of supply and quality of raw materials
- » Access to Finance (mainly for farmers) - increase of grant support from state and donors and reduction of interest rates by the banking system
- » Lack of orientations by state institutions on new markets and dignified participation in international fairs

The AIC Secretariat analysed the following business issues, which have been persistent in the past and have a systemic nature:

[1] Obtaining phytosanitary certificates

According to the Albanian legislation, phytosanitary inspection is applied to inbound and outbound consignments of food, plants and plant products, which should be accompanied by the phytosanitary certificate as the main legal requirement national and international level for certification of products³⁵. The phytosanitary certificate is based on the International Plant Protection Convention (IPPC) Model and is issued by the NFA/(as of 2018 by the Regional Agency for Veterinary and Plant Protection" following inspection. The inspection is conducted at the terminal or enterprises' warehouse and should occur no more than 14 days before the dispatch date of the consignment for customs clearance, and the certificate must be signed within 14 days³⁶. The interviewed companies declared to have not experienced any difficulty obtaining phytosanitary certificates at the national level, usually taken within a few hours from notification to the authorities. However, in some cases, the national phytosanitary certificates have not been accepted by the authorities of the importing country while requesting additional certifications and analyses related to the plant products (i.e. level of pesticides used). There have been positive developments related to the cooperation, especially among the countries in the region, for mutual acknowledgment of phytosanitary certificates and removal of non-tariff barriers that impede the free circulation of goods. For example, Albania and North Macedonia have agreed to accept the mutual phytosanitary cer-

tificates for agricultural exports³⁷. Additionally, efforts are made in the frame of regional cooperation by CEFTA countries which by February 2020, have agreed via decision to facilitate and speed trade of vegetables and fruits between CEFTA Parties, including mutual recognition of certificates³⁸. The decision will simplify the system of controls for trade in fruit and vegetables within the CEFTA region and cut down the border control time, which means that producers will be able to deliver their products to end-users much sooner. Every CEFTA party engaged to establish a register of certified traders in fruit and vegetables, and there will also be a joint CEFTA list of those products which need mandatory phytosanitary certificates³⁹.

[2] Adoption of legislation that supports the domestic product "Made in Albania" has brought agriculture to the centre of discussions among the business community and government. However, further efforts are required to boost the promotion of the sector and the implementation of such legislation.

- (1) Further, increase of fiscal incentives and support programs for agriculture and agro-processing, although there has been an increasing trend in introducing such schemes. However, considering the demand for support by business operators and agriculture impact on the country economy, it can be argued for further and significant incremental support. A list of incentives and support programs are listed under Annex 8.

37 <https://bujqesia.gov.al/shengeni-ballkanik-shqiperia-dhe-maqedonia-e-veriut-nenshkruajne-marreveshjen-per-shkembimin-tregtar-te-produkteve-bujqesore/>

38 The CEFTA Joint Committee adopted the Decision on Facilitating Trade for Fruit and Vegetables on 25.02.2020 in Montenegro.

39 <https://cefta.int/news/cefta-to-facilitate-trade-in-fruit-and-vegetables/>

35 There are several laws applicable in this case: Law no. 9362 "On Plant Protection Service", Law no. 9863 "On Food", Law no.10433 "On Inspection".

36 UNECE- "Regulatory and Procedural Barriers to Trade in Albania"- 2016.

- (2) As regards quality policy, the *Law On Quality Schemes For Agricultural Products And Foodstuffs* was adopted in February 2019⁴⁰. It establishes quality schemes and responsible bodies for the recognition and protection of denominations of origin, geographical indications and traditional specialities guaranteed for agricultural products and foodstuffs.
- (3) *Geographic indications and appellations of origin*. A geographical indication (GI) is a sign used on products that have a specific geographical origin and possess qualities or a reputation that are due to that origin. In order to function as a GI, a sign must identify a product as originating in a given place. In addition, the qualities, characteristics or reputation of the product should be essentially due to the place of origin. Since the qualities depend on the geographical place of production, there is a clear link between the product and its original place of production. A geographical indication right enables those who have the right to use the indication to prevent its use by a third party whose product does not conform to the applicable standards. However, a protected geographical indication does not enable the holder to prevent someone from making a product using the same techniques as those set out in the standards for that indication. Protection for a geographical indication is usually obtained by acquiring a right over the sign that constitutes the indication. Geographical indications are typically used for agricultural products, foodstuffs, wine and spirit drinks, handicrafts, and industrial products. Albania as of 2017 has adopted in its current legislation new rules for protection and registration of geographic indications and appellation of origin which enable for registration⁴¹.

40 Law no. 18/2019

41 Amendments to the law no.9947 dated 07.07.2008 "On Industrial Property" were introduced by law no.17/2017 under

According to such rules every person or group of natural or legal persons who produces processes or prepares, in a designated geographical zone, a product for the definition of which a geographical indication is used, has the right to file an application for the registration of this indication. Pursuant to these rules the GoA has approved a new regulation which aims to endorse the best practices⁴². As of September 2020, under the respective register of General Directorate of Industrial Property, it results 24 applications for geographic indications out of which 20 indications such as Uji Glina, Gështenja Tropojës, Jufka Dibrane, etc. have been submitted from Albanian producers.

- (4) *On organic farming*⁴³. Law "For the production, processing, certification and marketing of "Bio products" has been adopted since 2004⁴⁴, creating the legal framework and determining the conditions of production, processing, transport, certification and control of agricultural and food products of plant or animal origin, which are produced, processed and/ or imported and traded as "Bio" products. Subsequently, in order to approximate the legislation with the *acquis communautaire*, was approved law no.106/2016 "On organic production, labelling of biological products and their control" which repealed the law of 2004⁴⁵.

A list of licences and procedures to be followed for licensing are detailed under Annex 7 and 8 while a guide for investment procedures in agro-processing is provided by AIDA and included herein under Annex 9.

its part V.

42 DCM No. 251, dated 24.4.2019

43 <https://bujqesia.gov.al/prodhim-bio/>

44 Law no.9199/2004

45 Law 106/2016 repealed law 9199/2004 and ensured partial alignment with Council Regulation (EC) no. 834/2007, dated 28 June 2007, "On organic production and labelling of organic products and repealing Regulation (EEC) No 2092/91", as amended.

MAIN FINDINGS FOR SELECTED PRODUCTS

1. TOMATOES

Production and processing trends

The production of tomatoes has significantly increased in the last ten years, becoming the most important vegetable product both in terms of cultivated area and share of total

vegetable production. In 2019 tomatoes covered about 24% of total vegetable areas, producing about 36% of the total vegetable production. About 51% of the total tomato production is made in greenhouses, constituting about 56% of the total greenhouse vegetable production.

Table 1. Share of tomato production in total vegetable production in Albania

	Total Area (ha)		Greenhouses Area (ha)		Total Production (Tons)		Greenhouse Production (Tons)	
	2018	2019	2018	2019	2018	2019	2018	2019
Total fresh vegetables	25 854	27 458	3 080	3 239	771 724	832 732	248 816	264 085
Tomatoes	6 587	6 663	1 603	1 670	288 626	299 669	139 857	148 249
Tomatoes/Total vegetables (%)	25%	24%	52%	52%	37%	36%	56%	56%

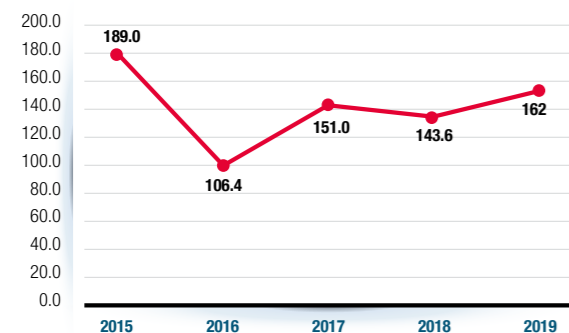
Source: MoARD

According to INSTA (2019), **the greenhouse sector is dominated by unheated greenhouses (solar, mostly plastic greenhouses), with lower investments and operation costs compared to heated greenhouses.** Most greenhouses are simple plastic greenhouses, and only about 5% of the total area of greenhouses is heated. There are two main reasons for the dominance of non-heated greenhouses:

(i) favourable climate conditions; and (ii) the high cost of fuel for heating greenhouses. Most greenhouses are small, operated by smallholder farmers with limited financial resources, who prefer opting for low-cost investments (typically, in this case, unheated plastic greenhouses).⁴⁶

⁴⁶ Skreli, E. & Imami, D. (2019). Greenhouse vegetable sector in Albania. AASF.

Figure 27. Production of processed/canned vegetables during 2015-2019 (million ALL)

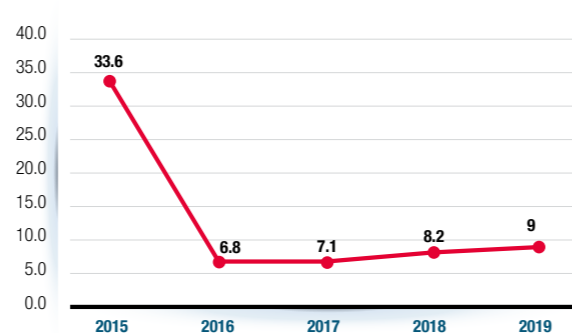


Source: MARD

Tomato processing is limited, and its oscillations reflect the unreliability and inappropriateness of raw material supply for agro-processing. Based on MARD data, the canned vegetables and fruit processing industry are represented by about 29 companies (about 1.2% of the total number of the agro-processing sector). The main products produced include canned vegetables (cucumber, pepper), tomato sauce and dried tomatoes. The production of processed vegetables significantly dropped in 2016 and then showed a slight increase in the coming

years. However, its oscillation reflects the unreliability of supply with appropriate quality and prices of raw materials. The current farm supply of raw materials is unfavourable for agro-processing for two main reasons: (i) unsuitability of cultivated tomato cultivars in terms of meeting processing requirements, and (ii) a small volume of tomatoes available at low enough prices to be competitive for processing. The current tomato production structure (in terms of farm size, tomato varieties, costs, and prices) is oriented towards the fresh tomato market.

Figure 27. Production of tomato sauce during 2015-2019 (million ALL)



Market

The exports of fresh tomatoes have increased substantially during recent years, making Albania an important international/regional player, especially from greenhouse production. Fresh tomatoes constitute about 11.4% of the total agri-food exports. Export of fresh tomatoes has increased significantly (almost 10 times since 2010) and has shown a relatively stable international demand. The backbone of this fast increase is mainly related to the rapid development in greenhouse production areas and private investments.

As for the other vegetable products, most fresh tomato exports happen in countries with low purchasing power; therefore, the export prices of fresh tomatoes remain relatively low. Most tomatoes are sold in West-

ern Balkan countries (e.g. Kosovo, followed by Serbia, Bulgaria and Bosnia and Herzegovina) or new EU countries (such as Romania and Bulgaria) with lower purchasing power than EU-15 area countries. One reason is that the products are not standardised and are rarely certified. Although the Global G.A.P certification has started to increase in the last few years, the total areas of certified production remains very limited. Also, the supply chains are not very well-organised, relying in many cases on the spot market.⁴⁷ On the other hand, there may be under-reporting (in the customs) considering the informality that characterises Albania and several destination countries.⁴⁸

⁴⁷ GIZ (2019). Programme for "Sustainable Development in Rural Areas in Albania".

⁴⁸ Skreli, E. & Imami, D. (2019). Greenhouse vegetable sector in Albania. AASF.

Table 2. Value of export and imports of fresh tomatoes (million ALL)

	2015	2016	2017	2018	2019
Import Value	231	225	182	273	197
Export Value	2 830	3 299	4 228	4 439	4 033
Balance (EXP - IMP)	2 599	3 074	4 045	4 166	3 836

Source: GDC

Table 3. Supply balance of fresh tomatoes

	2015	2016	2017	2018	2019
Production (Tons)	256 540	284 632	286 909	288 626	299 669
Imports (Tons)	2 996	3 002	2 307	3 848	2 743
Exports (Tons)	57 929	65 800	72 641	74 898	78 107
Supply (Tons)	201 608	221 834	216 576	217 575	224 305
Import/Supply (%)	1,5%	1,4%	1,1%	1,8%	1,2%
Export/Production (%)	22,6%	29,7%	33,5%	34,4%	34,8%

Source: MARD, GDC

According to the AASF study, the domestic market is dominated by the local production – the share of import to the domestic supply (which is a proxy to the consumption and is calculated by adding import and subtracting exports to domestic production) is very modest, namely less than 2%. While the domestic market remains the main market for local production, the share of production of fresh tomatoes directed for export

has increased significantly, from 22.6% in 2015 to about 34.8% in 2019.

As regards processed tomatoes, the trade balance is highly negative. As for fresh tomatoes, most of the canned tomatoes are sold in the region Western Balkan countries and new EU countries, while the very little quantities of dried tomatoes produced in Albania are sold almost all in Italy.

Table 4. Value of export and imports of tomato sauce (million ALL)

	2015	2016	2017	2018	2019
Import Value	116	130	137	161	162
Export Value	1	6	5	2	4
Balance (EXP - IMP)	(115)	(124)	(132)	(160)	(158)

Source: GDC

Table 5. Supply balance of tomato sauce

	2015	2016	2017	2018	2019
Production (Tons)	34	7	7	8	9
Imports (Tons)	116	130	137	161	162
Exports (Tons)	1	6	5	2	4
Supply (Tons)	149	131	139	168	167
Import/Supply (%)	78,2%	99,7%	98,8%	96,1%	96,9%
Export/Production (%)	3,5%	4,9%	3,9%	0,9%	2,3%

Source: MARD, GDC

2. NUTS

Production and processing trends

Nuts (especially chestnuts) represent an important source of income for remote mountain communities in Albania, where intensive agriculture is not viable. Chestnut represents the most important nut product in terms of production and international trade. Production of chestnuts is primarily based on existing forest massifs, most of them *de facto* organic, and

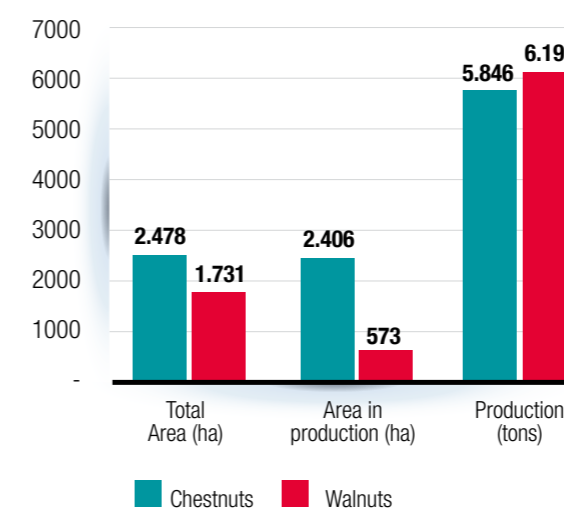
parts of the production sites are also certified as organic, which represents a clear export potential.⁴⁹

The total chestnuts production has slightly reduced from 6,600 tons in 2015 to about 5,846 tons in 2019. The main chestnuts areas are found in Tropoja region (the main area of

49 Skreli, E. Imami, D. 2019. Chestnuts Sector Study. Albania Agribusiness Support Facility (AASF).

chestnut production, with a huge massif of about 2000 ha), followed by Malesi e Madhe, Dibër, Puke, Shkoder Bulqize, Librazhd and Mat. In most of these massifs, the production and productivity of chestnuts are hampered by the large number of old trees and diseases.

Figure 29. Area and production of chestnuts and walnuts in 2019



Source: INSTAT, MARD

The chestnuts processing industry in Albania remains very limited, with only a couple of companies producing very limited quantities, mainly involving: (i) sorting of chestnuts in size; washing; drying; packaging into small bags; and in few cases (ii) removal of the peel by heating the nut and removing the peel manually.

The production of walnuts takes place on state forest land and on a small scale cultivated land. Walnut on public land is in the form of small patches of forest, and on smallholder's land, it is in the form of a few trees planted as part of a small mixed orchard or scattered

trees planted mostly on the boundaries between fields. The total walnuts area in 2019 was approximately 1,730 ha, of which only 573 ha in full production. In 2019, Albania produced a total of 6,199 tons of walnuts⁵⁰.

There are limited statistics available on the production of hazelnuts and almonds in Albania. Limited orchard production of hazelnuts takes place in the districts of Fier, Korce, Gjirokastr and Pogradec, on smallholder's land. Hazelnut plants are also found as part of mixed orchards and as scattered trees on boundaries between fields. There are also hazelnuts growing wild throughout the country. Limited orchard production of almonds takes place in the districts of Mallakaster, Fier, Permet, Tepelenë, Durrës and Vlorë on smallholders' land.

Market

The total export of chestnuts in 2019 was 2,157 tons (representing about 343 Mln ALL, or about 1% of the agriculture sector exports), marking nearly 39% reduction as compared to 3,561 tons in 2015 (representing about 646 Mil ALL, or about 4.2% of the Agriculture sector exports). Chestnuts exports have increased significantly over the last year. Most exports go to Italy as organic raw products for the processing industry, with some small quantities being sold in Kosovo, Serbia and Macedonia. The price obtained for Albanian chestnuts is among the lowest in the world, mostly due to the lack of product standards and poor post-harvest processes. The exports of the other nuts' products (walnuts, hazelnuts and almond) are very small and erratic.

50 INSTAT

Table 6. Value of export and imports of Chestnuts (million ALL)

	2015	2016	2017	2018	2019
Import Volume (Tons)	181	196	234	272	327
Import Value (million ALL)	11	13	14	17	22
Export Volume (Tons)	3 561	5 859	2 712	1 931	2 157
Export Value (million ALL)	658	1 069	480	340	365
Balance in value (EXP - IMP)	646	1 056	466	323	343

Source: GDC

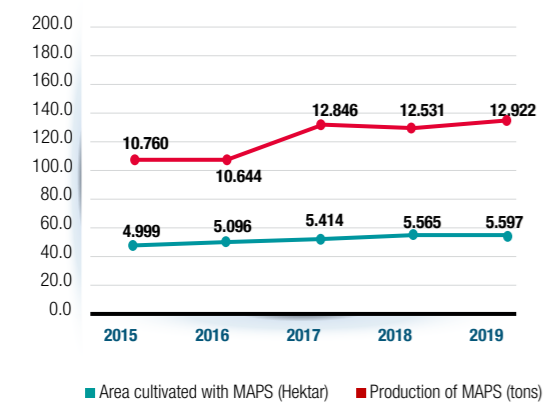
3. MEDICAL AND AROMATIC PLANTS

Production and processing trends

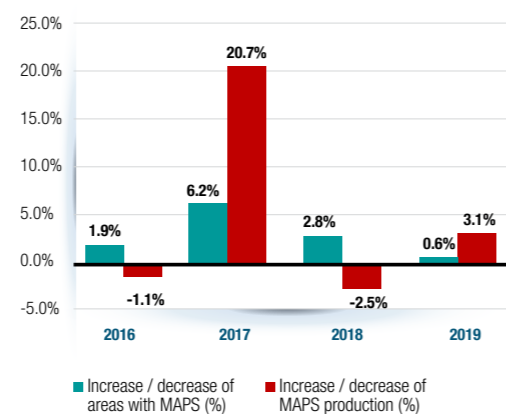
Albania has a strong tradition in the production and export of MAPs. Although significant amounts of wild MAPs are collected from the forests, the cultivation of MAPs has gained importance in the last years. The total production of cultivated MAPs has increased by about 20% in the last five years, reaching nearly 12,922 tons in 2019 (compared to 10,760 tons in 2015). About 90% of farmers cultivating MAPs being located

in Shkodra region (mostly in Malesi e Madhe). The main cultivated MAPs are sage, lavender and thyme. According to AASF study⁵¹, around 20 small processors perform simple processing (with a processing capacity varying between 150 to 500 MT annually) and about 8-20 medium to larger processors/exporters (with a processing capacity varying between 500 MT and 2400 MT annually).

51 Skreli, E. Imami, D. 2019. Medical and Aromatical Plans Sector Study. Albania Agribusiness Support Facility (AASF).

Figure 30. Area and production of cultivated MAPs (in tons)

Source: INSTAT, MARD

Figure 31. Annual increase/decrease of area and production of cultivated MAPs (in %)

Market

More than 95% of the total MAPs that are collected and cultivated in the country are exported, making Albania an important international player in the sector. Albania is an important supplier of raw material or half-finished products for many EU and USA industries in different sectors (food and beverage industry, healthcare, cosmetics and perfumes, additives etc.); almost 34 of sage imported by USA has

come from Albania. The increase in export is triggered by a combination of growing supply (mainly through the growth of cultivates MAPs) and increasing world market demand. On the other hand, the increase in exports and growing supply is associated with several challenges related to organisation and coordination between and among the actors. From the interviews, it is noted an increase of the pharmaceutical market for the essences.

Table 7. Value of export and imports of MAPs (million ALL)

	2015	2016	2017	2018	2019
Import Volume (Tons)	205	102	194	193	204
Import Value (million ALL)	58	41	52	72	59
Export Volume (Tons)	12 457	12 789	11 875	12 261	11 715
Export Value (million ALL)	3 709	3 646	3 242	3 800	4 107
Balance in value (EXP - IMP)	3 650	3 605	3 190	3 728	4 048

Source: GDC

Table 8. Exports of essential oils (million ALL)

	2015	2016	2017	2018	2019
Value of Exports (ALL)	34 477	48 319	53 966	275 812	595 096

Source: Association of Aromatic and Medical Plants

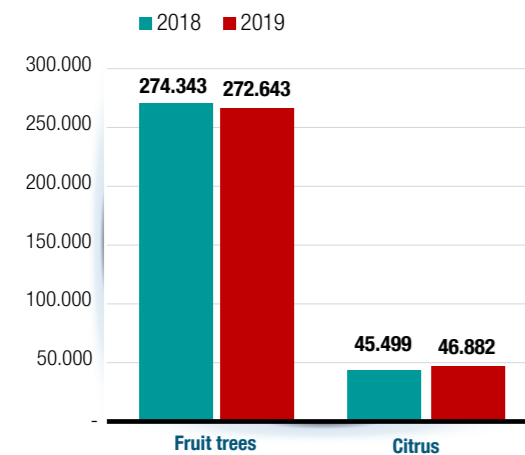
4. FRUIT JUICES

Production and processing trends

The fruits value chain has grown considerably in recent years, accounting for about 22% of the total agricultural output⁵². The fruits production has witnessed a significant increase in yields and surfaces planted with fruit trees during the

past decade. Different support schemes from the Albanian Government, IPARD and other donor agencies have played an essential role in stimulating the expansion of the fruits sub-sector in the planting of new orchards, investment in wells and irrigation systems, plant protection systems, seedlings of indigenous varieties, etc.

52 GIZ (2019). Programme for "Sustainable Development in Rural Areas in Albania"

Figure 32. Production of fruit trees and citrus in 2018 and 2019 (in tons)

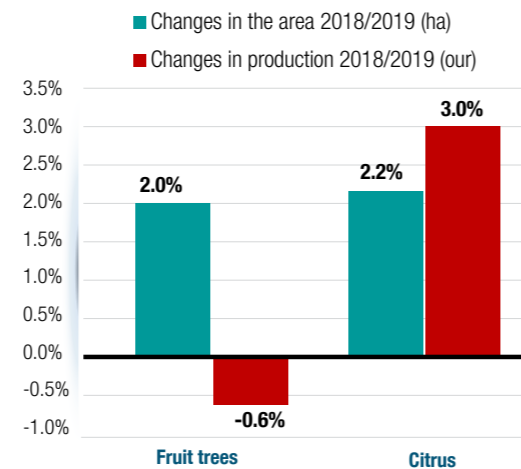
Source: MARD (2020)

The fruit juice production in Albania is relatively underdeveloped, and there are no available statistics on the total fruit juice produced in the country. Only two companies make fruit juice with locally produced fruits, mostly from apples (located one in Korca and one in Dibra), while other companies make fruit juices using mainly imported fruit concentrate. However, there are strong oscillations in fruit juice production from year to year due to oscillations in the availability of raw materials and processing technologies.

Table 9. Value of export and imports of fruit juices (million ALL)

	2015	2016	2017	2018	2019
Import Volume (Tons)	2 569	2 285	2 876	2 721	2 995
Import Value (million ALL)	295	286	364	324	306
Export Volume (Tons)	106	123	18	4	94
Export Value (million ALL)	11	11	2	1	8
Balance in value (EXP - IMP)	(285)	(275)	(363)	(323)	(299)

Source: GDC

Figure 33. Annual increase/decrease of area and production of fruit trees and citrus (2019/2018, in %)

Market

The trade balance of fruit juice is highly negative, with imports being about 38 times higher than exports in 2019. The total fruit juice exports decreased from 123 tons in 2016 to only about 94 tons in 2019. In addition, during the last five years, Albania has imported between 175 to about 260 tons of fruit concentrate annually, which is used by the processing industry for fruit production and can potentially be substituted with local production.

Tabela 10. Value of export and imports of fruit concentrates (million ALL)

	2015	2016	2017	2018	2019
Import Volume (Tons)	256	257	248	176	232
Import Value (million ALL)	69	95	107	80	65
Export Volume (Tons)	1	-	-	-	1
Export Value (million ALL)	0	-	-	-	0
Balance in value (EXP - IMP)	(68)	(95)	(107)	(80)	(64)

Source: GDC

5. INVESTMENT POTENTIAL⁵³ – TOMATO, NUTS, FRUITS

Tomatoes

The processed tomato products that have the highest potential in the export market are dried tomatoes and tomato sauce and tomato juices. However, the main constraint to the development of the tomato processing industry is the limited supply (in quantities and qualities) of raw materials suitable for the processing industry. The development of such suitable supply of would require:

- » introduction of tomato cultivars that are suitable for processing (which could also be cultivated in open fields);
- » production in larger farm sizes and with mechanisation (to produce enough large quantities at low costs).
- » Investments from the glass industry to produce the packaging of the sauce product since the packaging constitutes about 40% of the production cost and at the same time has high opportunities for export.

⁵³ Investment values (cost, raw material value, market demand, etc.) in this section are calculations of the expert that the Secretariat engaged for this study

The domestic demand for tomato sauce is high, but there is a problem in the provision of appropriate raw materials. Approximately 70-80 ha of tomatoes are required to be grown for the sauce to ensure local consumption. Considering that the export demand is 3 times higher than the national consumption, there is a need to cultivate about 200-250 ha of tomato in order to produce the required quantities of tomato sauce. Based on the Tech Chards, the cost for the production of 1 ha of tomato for sauce is about 8000 euros / ha. So, an investment of 560,000 euros is required to provide the raw material to meet the demand of the domestic market, and 1.6 million euros to secure the export market.

Medical and Aromatic Plants

Exports for medicinal plant essences represent investment potentials from the market, but they require harmonising the interactive links in the domestic value chain in MAPs. This fulfilment of market demand would require an investment in a distillery in the amount of about 6 million Euros, supported by investments in farms in an area of about 11,000 ha at a value of approximately 50 million Euros.

Chestnuts

Domestic and international market demand for chestnuts is very high, as this product can be used as a fresh product and in the processing industry. Approximately 3,500 ha of chestnuts are required to be cultivated to ensure domestic consumption and export demand. Based on the Tech Cards, the cost for the production of 1 ha chestnuts is about 8,000 euros/ha. Based on statistical data in Albania, there are about 2500 ha with chestnuts. So, an investment of 8 million euros would be required to increase 1,000 ha with chestnuts to ensure the production of raw materials to potentially

meet the demand of the domestic and export markets.

Fruit Juices

Domestic demand for fresh fruit juices is relatively high (about 3 million litres are imported, excluding concentrate). This investment project requires support in raw material production, i.e. the planting of about 1,000-1,200 ha of fruiter (mainly oranges), at the cost of about 7-8 million Euros. For this manufacturing industry to be competitive in international markets, it requires investments from the glass industry since packaging makes up about 40% of the production cost.

RECOMMENDATIONS

*The following recommendations are a product of the analyses and consultation of the IC Secretariat with stakeholders and several experts both in the private and public sector. Nevertheless, the recommendations provided herein do not anticipate exhausting solutions to the problems and issues that agriculture and agro processing face. Their aim is to bring the sectors under the attention of decision-makers by establishing and strengthening the **focus towards** domestic products and the “made in Albania” brand. The final aim is to (1) attract investors in the sectors by investing in pre-sorting, sizing, curing, brushing, sorting, packaging and labelling lines to achieve strict quality control and compliance with (international) standards (2) support policies based on contemporary methodologies with a focus on **high-value** agricultural products/activities in international markets. To be repetitive, we have not included in this section other recommendations approved in the past IC Meetings, some of which remain still coherent and relevant for the analysed sectors.*

COOPERATION, VALUE CHAIN INTEGRATION AND SUPPLY OF RAW MATERIALS

1. **To incentivise improved farmers’ cooperation within the four above mentioned key sub-sectors, it is recommended to introduce incentives and support schemes targeted to the four sub-sectors, such as:**
 - » Reduce administrative procedures and introduce administrative incentives for land registration and construction permits for

members of cooperative/farmers’ organisations; obviously special respect to private property rights.

- » Introduce fiscal incentives for the farmers’ cooperative (i.e. lower local/property taxes, etc.);
 - » introduce credit support schemes (i.e. guarantee schemes and preferential banking interest rates for loans application by the farmer organisations/cooperatives);
2. **Incentivising/stimulating the increased value chain integration and supply of raw**

materials for Agro-processing in the four selected specific sub-sectors through:

- » **Contract farming and large-scale production:** (i) introduce new support schemes (by ARDA) for stimulation contract farming, especially in MAPs and tomato production destined for processing industry; (ii) increase government insurance schemes on contracted large-scale production of MAPs, fruit trees (especially citrus) and tomatoes destined for the processing industry.
- » **Medicinal plants** sector: Introduce incentives (administrative/procedures, favourable renting tariffs) for renting of public land (from MARD and local government) for the cultivation of medicinal plants destined for the production of essences (especially for products such as laurel, helichrysum, black juniper, etc.). Besides the high demand for exports of essential oils, it should also be an impetus for using these products in the Albanian pharmaceutical sector.
- » **Tomatoes** for the processing industry. Introduce support schemes (by ARDA, i.e. a fixed amount per hectare or per ton delivered at the factory) incentivising the cultivation of open field tomatoes destined for the processing industry, using the right varieties/cultivars suitable for the sauce production. This is also seen as a better orientation for farmers to diversify farm production in the open field and increase land-use efficiency.
- » **Nuts:** (a) Introduction of support schemes (by ARDA) for rehabilitation of the existing chestnut forests as well as in their protection against diseases which cannot be done by individual farmers alone; (b) increase the support for plantation new orchards of chestnuts and walnuts through: (i) introduction

of incentives (administrative/procedures, favourable renting tariffs) for renting of public land (from MARD and local government) for cultivation of chestnuts and walnuts; (ii) investments (support scheme by ARDA) in plantation of intensive chestnuts and walnuts orchards with selected/high quality cultivars (iii) investments (support scheme by ARDA) in upgrading of nurseries to in order to produce high quality planting material for varieties demanded on the export market is an absolute must for Albanian produce entering the export market; (iv) credit support schemes (i.e. guarantee schemes and preferential banking interest rates) for investments in plantation of chestnuts and walnuts, which would enter into production about 4 years after plantation.

- » **Citrus** sector. Increase grant schemes (by ARDA) and credit support schemes (i.e. guarantee schemes and preferential banking interest rates) for investments in the plantation of new orchards, especially with citrus, to meet the demand of the national consumption and the need of the processing industry.

MARKET INFORMATION

3. Create a Market Intelligence Unit (possible within AIDA, ARDA or other institutions, such as Agro University) to secure the updated information on current domestic and external market needs in terms of products in fresh use or in the processing industry.
4. **In collaboration with Local Self Government Units, Business Associations, Export Association, Agricultural University, etc., organise meetings/practical training informing farmers on the prospective situation on:**

- » agricultural and processing trends of investment potentials in light of market demand for export;
- » what products are desired by the international market, for fresh use or in the processing industry aiming to timely update to the current production of the same kind on a large scale.

QUALITY AND COMPETITIVENESS

5. **Support the creation of an enabling environment for the development of Albanian exports to EU and other higher-value markets with the following cross-cutting measures:**

- » Enable the acceptance of the mutual phytosanitary certificates for exports of agriculture products to/from all Western Balkan countries, as it was recently achieved with North Macedonia. Implementation into the practice of regional cooperation new synergies for new unexplored potentials for the region with free circulation of goods, employers and capitals, and removal of most of the non-tariff barriers. To this end, it is required practical implementation and enforcement of engagement and procedures agreed by the CEFTAs countries via decision in February 2020.
- » Speed up the modernisation and accreditation of existing and new testing laboratories (ISUV analyses are not suitable for export to many countries - especially in the EU), enabling these to issue export certification recognisable in the EU markets is also a matter of importance. This is especially important for the vegetable, fruits, and MAPS value chains since they constitute major exports.
- » Sustain integrated promotions policies that

enable a consolidated and transparent calendar of international fairs, which could potentially ensure dignified participation and access to new contracts and markets.

- » Invest in promotion of Albanian products in the international markets, through the organisation of systemic and dignified participation in international fairs, high-quality promotion campaigns as well as increased involvement of our Embassies in the “economic diplomacy” by promoting the “Made in Albania” and facilitation of linkages between Albanian and foreign companies.

6. **Enhance product quality and standards in compliance with the best practices**

- » As for the organic certification, support investments leading to product quality and standardisation through support schemes for Global G.A.P., Organic, Bio certifications for vegetables, fruits and MAPs, Fair Wild for MAPs;
- » Enforcement of the control over the quality and use of agricultural inputs (pesticides, herbicides, and fertilisers) as they directly affect the quality/standards of the final product.

7. **Explore possibilities to incentivise investors in factories for the production of glass packaging within the country.**

8. **Consider prioritising the most important subsectors in the processing industry, focusing on minimising the trade deficit to penetrate the international market. Diversification of supporting grant schemes and the banking products as well, in terms of Agriculture subsectors.**

- » **Fruit processing.** The juice processing industry requires investments in modern lines (juice pasteurisation and Tetra pack packaging).

ing) for fruit processing. This industry must enable the production of fruit concentrates for export. This industry will also include the processing of forest fruits (blueberries, aronia berry, raspberries, etc.) where the demand is increasing.

- » **Tomato processing.** It requires increased investment in up-to-date processing technologies necessary to produce various forms of tomato sauces as required in the world market. Meanwhile, the development of this sub-sector will meet the demand of the domestic market by significantly reducing the large volumes of imports.
- » **Chestnut processing.** Chestnut processing processes are seen as a necessity for increasing the value of this product. Investments in the process of complete processing of chestnuts, i.e. complete drying and stripping, as well as the processing of flour for the confectionery industry, are the immediate needs in this sector.
- » **MAPs processing.** Despite achievements, there is still an opportunity to increase the volume of processed products, i.e. processing of some medicinal plants required by the pharmaceutical industry, i.e. the production of essences. This requires a well-governed sector and investments in the modern distilleries for the production of essences. The production of essences will be a good opportunity for the development of the Albanian pharmaceutical industry.

BUSINESS MANAGEMENT, OPERATIONS AND EDUCATION

9. Development of investment profiles (in Annexes) and technological cards in Agro-processing to facilitate investment

decisions and operations. The annex provides examples of technological cards corresponding to the four identified products that could be used as a benchmark for potential investment in the sector.

- 10. Invest in the reduction of skills mismatch – through agriculture vocational education, professional training, and lifelong learning programs for agribusiness' skilled employees and professional personnel.** This could be part of an integrated approach tailored to the sector supported by the government towards the domestic production, which could then generate more focus from universities in preparing improvement of the standard curricula on agro-processing and introduction of the dual system as a means to prepare ongoing specialists for the whole sector.

INSTITUTIONAL AND LEGAL MATTERS.

- 11. Although the improvements in the legislation have been essential, further improvements are required for the completion of the legal framework for organic products and protected designations of origin, geographical indications, and traditional specialties guaranteed, as well as on vineyards and wine, and ensure the institutional and administrative capacity for its implementation. More concretely, the following milestones are expected to be achieved in the upcoming months that shall provide for more support to domestic products:**

- » Amendment and alignment of the law no. 106/2016 *"On organic production, labelling of biological products and their control"* with the provisions of EU Regulation 2018/848 *"On*

organic production", which enters into force, is expected by 1 January 2021.

- » Approval of the draft-law *"On vineyards and wine"* which has been subjected to notification and public consultation as of June 2020.
- » Increasing the capacities of NFA in the verification of compliance and control of products labelled with Designation of Origin, Geographical Indications, and Traditional Specialty Guaranteed.
- » Harmonisation of data on agro-processing between all reporting institutions, MARD, INSTAT, GDC, NBC, BoA, Secondary-level Banks, etc., for better sector analyses and policy orientation.

ACCESS TO FINANCE

- 12. Credit guarantee schemes usage has increased during the years, but it is still low because they are not attractive in terms of costs even though they offer the risk-shar-**

ing facility with the banks and lower the collateral coverage to a certain level. In addition to the recommendations specific to the four sub-sectors (given above in 1.1.), simplifying procedures and reducing these schemes' administrative costs can increase their attractiveness and facilitate access to finance for a higher number of businesses.

- 13. Creation of Insurance coverage schemes for agriculture business products by introducing the state as an intermediary.** For example, from the region⁵⁴, North Macedonia's Government today pays 60% of the insurance premium, and the farmer pays 40%. To set up the *insurance sector*, the Ministry of Agriculture would consider setting up a database with data, risks for each agricultural sub-sector, table with data on time, rains, temperature fluctuations, etc ex through cooperation with signal prognosis station investments that manage risk in agriculture.

⁵⁴ Insurance Supervision Agency (2015) *"Agriculture Insurance in Macedonia"*

IC MEMBERS SUGGESTIONS

1. GERMAN ASSOCIATION OF INDUSTRY AND TRADE IN ALBANIA

- (1) The financing conditions of the sector are not perfect but are sufficient at the moment (Banks, ARDA, AIDA, etc.). There is a lack of information for the farmers about the opportunities that exist in the market today. Municipalities could play a major role in this regard, perhaps receiving funding from ARDA only for the information process and being controlled by a central structure, e.g. AIDA, regarding these funds' effectiveness. Maybe a special structure, but this would take time also because of the legal framework.
- (2) The problem of costs and production volume by the farmer as a result of economies of scale (fragmented land)- of course, subsidies for machinery, seeds and pesticides, as well as recently fuel, will have a positive impact, but will not bring the final solution,

to increase agricultural exports to a satisfactory level. The problem of economies of scale will continue to remain. The law on co-operatives actually had to solve this problem somehow, but the lack of trust and entering into contractual relations with the neighbour in the absence of courts prevented farmers from entering into partnerships. And if we have some examples today, they are not in fact, genuine cooperatives in the spirit of the 2012 law. They are more of a collector-farmer relationship. And this relationship works according to the rules of the free market, probably with some preliminary contracts for the production of specific products, but in the end, the price and rules are determined by the collector, as the supply is greater than the demand or the bidder (Farmer) does not recognize the demand. This is the Summary domain. Therefore, information on the market, finding the customer is much more important than all the above factors, certainly

meeting the standard required by the buyer - a possible solution would be to set up an agricultural stock exchange, this would bring a great deal of transparency and would involve a large number of farmers. Of course, competitiveness would also increase. On the other hand, the products would no longer be discarded due to the low price as the products would be traded a year before being produced through securities and contracts, which of course, have to be secured in insurance companies and banks. If the farmer has contracts closed one year before production, access to banks also becomes easier. In this case, the farmer has a business plan. The simple market of agricultural products is associated with high storage costs, which certainly cannot meet every farmer in Albania, but large collectors who know the market can buy securities and then store or process the products.

2. UNION OF CHAMBERS OF COMMERCE AND INDUSTRY OF ALBANIA

- Making a decision to allow the import of only 24-hour birds and adopting rules and guide-

lines for managing the situation created;

- Strengthening the work of all institutions and in particular, the veterinary service and the NFA (AKU), where each institution to perform relevant verifications, from licensing to biosafety violations and consumer health;
- Promoting the cultivation of uncultivated lands with fodder crops for livestock, through state incentives;
- Subsidizing poultry meat, like in neighbouring countries such as Northern Macedonia, this subsidy goes up to 30 cents per kg of poultry.

3. DONI FRUITS LTD

TAM- Packaging tax is currently 100 lek kg for raw materials and 350 lek kg for the finished product. We propose to remove TAM for plastic packaging for agro products due to the increasing need for storage of agricultural products - apples, pears, kiwi, pomegranates, grapes, etc. this enables us to store products with favourable conditions in the refrigerator and increases the value of the product when the market needs it, as well as enables the stop of imports of these products.

ANNEX 1

Strategic Investments in MAPs

STRATEGIC INVESTMENTS IN AGRI-BUSINESS		
Sector:	Medicinal and Aromatic Herbs (MAPs)	
Investment in technology:	Production of essences from the MAP sector	
Technology:	Distillation installation for MAP processing	
Number of necessary Distillers:	2 Distillers with capacity 150 tons	
Financing value for distiller	3 million Euros	
Market Demand for Albania:	400 tons of essences (120 mil Euro)	
Essence products	MAPs raw material	Processing volume (%)
	Laurel	30 %
	Lavender	40%
	Juniper Berry	15%
	Helichrysum	10%
	Other	5%
Need for essence	Production Technology	Need for raw material & land (ha)
120 tons essence of laurel	1 ton laurel = 5 kg essence	Cultivated 1200 ha =24,000 tons laurel
160 tons essence of lavender	1 ton lavender = 10 kg essence	Cultivated 800 ha =16,000 tons lavender
60 tons essence of juniper berries	1 ton juniper berries = 14 kg essence	Cultivated 857 ha =4,285 tons juniper berries
40 tons of helichrysum	1 ton helichrysum = 1 kg essence	Cultivated 8000 ha =40,000 tons helichrysum
20 tons of other	mix	n/a
Required quality and safety standard	<input type="checkbox"/> Global G.A.P. <input type="checkbox"/> IFS <input type="checkbox"/> HACCP x Organic x Other standard: NOP (USDA)	
Main selling market: Regional (AL, BH, KS, MK, SRB) International	<input type="checkbox"/> Local and regional market X Request from an international supplier	
Explanatory note	The demand for the essences of medicinal plants in the world market requires a harmonization of the interactive links in the value chain in the MAPs sector. Meeting of the market demand requires an investment in distillery for the value of 6 mil Euros, supported by investments in farms in an area of about 11,000 ha for an approximate value of about 50 million Euros.	

ANNEX 2

Strategic Investments in Chestnut Processing

STRATEGIC INVESTMENTS IN AGRI-BUSINESS		
Sector:	Chestnut processing	
Investment in technology:	Processing of chestnuts for skinless fruit and flour	
Technology:	Chestnut processing line (including refrigeration facilities and freezing tunnel)	
Number of necessary factories:	1 factory with a capacity of 8-10 tons/hour	
Financing value per line	1.5 million Euros	
Market Demand for Albania:	4000 tons of chestnuts	
Production of skinless chestnut and flour for industry	Raw material	Processing volume (%)
	Chestnut	100 %
Need for product	Production Technology	Need for raw material & cultivated land (ha)
Skinless chestnut 3000 tons	1 ton of chestnut = 500 kg skinless chestnut (1/2 roasted)	Cultivated 2400 ha =6,000 tons of chestnuts
Chestnut flour 1000 tons	1 ton of chestnut = 400 kg chestnut flour (processed after roasting)	Cultivated 1000 ha =2,500 tons of chestnuts
Required quality and safety standard	<input checked="" type="checkbox"/> Global G.A.P. <input checked="" type="checkbox"/> IFS x HACCP x Organic x Other standard: ISO 22000	
Main selling market: Regional (AL, BH, KS, MK, SRB) International	x Local and regional market X Request from an international supplier	
Explanatory note	The domestic and international market demand for chestnuts is very high, as it is used for direct consumption and for the confectionery industry. Approximately 3500 ha of chestnuts are required to meet the domestic consumption and the export demand. Based on production technology, the cost for the production of 1 ha of chestnuts is around 8,000 euros/ha. Based on statistical data, in Albania, there are around circa 2500 ha with chestnuts. Hence, an investment of 8 million euros is required to increase 1000 ha with chestnuts to secure the production of raw material to meet the demand of the domestic and export markets.	

ANNEX 3

Strategic Investments in Tomato Processing

STRATEGIC INVESTMENTS IN AGRI-BUSINESS

Sector:	Tomato processing	
Investment in Technology:	Tomato sauce production	
Technology:	Sauce processing line (aseptic puree)	
Number of necessary factories:	1 factory with a capacity 5-7 tons/hour	
Financing value per line	1.2 million Euros	
Market Demand for Albania:	2000 tons of tomato sauce	
Sauce production	Raw material	Processing volume (%)
	Tomato (variety Roma, Giuleta, San Marzano etc.)	100 %
Need for tomato sauce in Albania	Production Technology	Need for raw material and cultivates land (ha)
2000 tons of tomato sauce	1 ton of tomato = 600 kg sauce	Cultivated 70-80 ha =4,000 tons of tomato
Required quality and safety standard	☑ Global G.A.P. ☑ IFS x HACCP ☑ Organic x Other standard: ISO 22000	
Main selling market: Regional (AL, BH, KS, MK, SRB) International	x Local and regional market X Request from an international supplier	
Explanatory note	The demand of the Albanian market for tomato sauce is high, but the problem lies in the provision of raw materials. Circa 70-80 ha of tomatoes for sauce are required to be cultivated to meet the local consumption. Meanwhile, the demand for export is 3 times higher than the national consumption; therefore, circa 200-250 ha of tomatoes for sauce is required for cultivation. Based on the Production Technology, the production cost for 1 ha of tomato for sauce is circa 8000 euro/ha. Therefore, an investment of 560,000 euros is required to secure the raw material to meet the demand of the local market, and 1.6 mil euros to meet the demand of the export market.	

ANNEX 4

Strategic Investments in Fruit Processing

STRATEGIC INVESTMENTS IN AGRI-BUSINESS

Sector:	Fruit processing (fruit juices and concentrates)	
Investment in technology:	Production of fruit juices and concentrate	
Technology:	Line installation for the production of juices and juice concentrate	
Necessary number of production lines for the production of juices and concentrate:	1 Factory for the production of juices and concentrate with the capacity 8-10 tons/hour	
Financing value for a line:	1.8 million Euros	
Local Market Demand:	20-24 million litres of juice	
National production:	Circa 18 mil litres/year	
Import of juices and concentrate	Circa 5-6 mil litres/year (including concentrate converted in juice)	
Products by type	Raw material	Processing volume (%)
	Apple	25 %
	Orange	50%
	Cherry	10%
	Pear	5%
	Other (forest fruits)	10%
Need for Juices	Production Technology	Need for raw material & cultivated land (ha)
6 mil litres of apple juice	1 ton apples = 500 litres of apple juice	6 mil litres of apple juice
12 mil litres of orange juice	1 ton oranges = 600 litres of orange juice	12 mil litres of orange juice
2.4 mil litres of cherry juice	1 ton cherries = 400 kg of cherry juice	2.4 mil litres of cherry juice
1.2 mil litres of pear juice	1 ton pear = 500 litres of pear juice	1.2 mil litres of pear juice
2.4 mil litres for mix juice	mix	2.4 mil litres mix juice
Required quality and safety standard	☑ Global G.A.P. ☑ IFS x HACCP ☑ Organic x Other standard: ISO 22000	
Main selling market: Regional (AL, BH, KS, MK, SRB) International	x Local and regional market X Request from an international supplier	
Explanatory note	The demand for fresh fruit juices is relatively high, with circa 3 mil litres imported (excluding concentrate). The realization of this investment project requires support for the production of raw materials, i.e. the planting of circa 1000-1200 ha orchards (mainly oranges), with a cost of around 7-8 million Euros. For this production industry to be competitive in the international markets, it requires investments from the glass industry since packaging makes up around 40% of production costs. High export potential.	

ANNEX 5

Cost for the Establishment of a Plot with Helichrysum						
	Description	Unit	Unit/ha	ALL/unit	ALL/ha	Weight of investment items
A	Mechanized works for soil preparation and orchard planting					
1	Ploughing up to 70 cm	ha	1	12.000	12.000	2,18%
2	Ploughing II	ha	1	12.000	12.000	2,18%
3	Milling	ha	1	10.000	10.000	1,82%
4	Cultivation	ha	1	12.000	12.000	2,18%
	Total mechanized works				46.000	8,4%
B	Handwork for soil preparation and orchard planting					
1	Dotting holes	work norms	2	1,500	3,000	0.5%
2	Distribution of manure in the holes	work norms	4	1,500	6,000	1.1%
3	Seedling preparation	work norms	0.5	1,500	750	0.1%
4	Planting	work norms	10	1,500	15,000	2.7%
5	Hoe process	work norms	13	1,500	19,500	3.6%
6	Harvesting	work norms	20	1,500	30,000	5.5%
7	Drying	work norms	8	1,500	12,000	2.2%
	Total handwork				86,250	15.7%
C	Materials and inputs for the orchard					
1	Seedling preparation	roots	5,000	8	40,000	7.3%
3	Irrigation system	lekë			280,000	51.0%
4	Irrigation system	kv	300	250	75,000	13.7%
5	Manure	kv	3	5,000	15,000	2.7%
6	Nitrogen fertilizers	kv	2	3,500	7,000	1.3%
	Total materials				417,000	75.9%
	TOTAL PLOT WITH HELYCHRYSUM				549,250	100%

ANNEX 6

Cost for the Establishment of a Chestnut Orchard						
	Description	Unit	Unit/ha	ALL/unit	ALL/ha	Weight of investment items
A	Mechanized works for soil preparation and orchard planting					
1	Terrace	ha	1	14,000	14,000	1.40%
2	Drainage	ha	1	28,000	28,000	2.80%
3	Ploughing up to 70 cm	ha	1	12,000	12,000	1.20%
	Total mechanized works				54,000	5.4%
B	Handwork for soil preparation and orchard planting					
1	Dotting holes	work norm	4	1,000	4,000	0.4%
2	Digging holes	nr	600	100	60,000	6.0%
3	Distribution of manure in the holes	nr	600	30	18,000	1.8%
4	Planting	nr	600	100	60,000	6.0%
	Total handwork				142,000	14.2%
C	Materials and inputs for the orchard					
1	Two year old orange seedlings	tree	600	650	390,000	39.0%
2	Sticks for supporting small trees	pcs	600	25	15,000	1.5%
3	Irrigation system	ALL			280,000	28.0%
4	Manure	kw	200	250	50,000	5.0%
5	Phosphoric chemical fertilizer	kw	5	8,400	42,000	4.2%
6	Potassium chemical fertilizer	kw	4	7,000	28,000	2.8%
	Total materials				805,000	80.4%
	TOTAL ORCHARD WITH CHESTNUT				1,001,000	100%

ANNEX 7

Cost for the Establishment of a Plot with Lavanda						
	Description	Unit	Unit/ha	ALL/unit	ALL/ha	Weight of investment items
A	Mechanized works for soil preparation and orchard planting					
1	Ploughing up to 70 cm	ha	1	12,000	12,000	2.12%
2	Ploughing II	ha	1	12,000	12,000	2.12%
3	Milling	ha	1	10,000	10,000	1.77%
4	Cultivation	ha	1	12,000	12,000	2.12%
	Total mechanized works				46,000	8.1%
B	Handwork for soil preparation and orchard planting					
1	Dotting holes	work norm	2	1,500	3,000	0.5%
2	Distribution of manure in the holes	work norm	4	1,500	6,000	1.1%
3	Seedling preparation	work norm	0.5	1,500	750	0.1%
4	Planting	work norm	10	1,500	15,000	2.7%
5	Hoe process	work norm	7	1,500	10,500	1.9%
6	Harvesting	work norm	14	1,500	21,000	3.7%
7	Drying	work norm	4	1,500	6,000	1.1%
	Total handwork				62,250	11.0%
C	Materials and inputs for the orchard					
1	Seedling preparation	tree	10,000	8	80,000	14.2%
3	Irrigation system	ALL			280,000	49.5%
4	Manure	kw	300	250	75,000	13.3%
5	DAP	kw	3	5,000	15,000	2.7%
6	Nitrogen fertilizers	kw	2	3,500	7,000	1.2%
	Total materials				457,000	80.8%
TOTAL PLOT WITH LAVANDA					565,250	100%

ANNEX 8

COST FOR THE ESTABLISHMENT OF A PLOT WITH SAGE						
	Description	Unit	Unit/ha	ALL/unit	ALL/ha	Weight of investment items
A	Mechanized works for soil preparation and orchard planting					
1	Ploughing up to 70 cm	ha	1	12,000	12,000	1.24%
2	Ploughing II	ha	1	12,000	12,000	1.24%
3	Milling	ha	1	10,000	10,000	1.04%
4	Cultivation	ha	1	12,000	12,000	1.24%
	Total mechanized works				46,000	4.8%
B	Handwork for soil preparation and orchard planting					
1	Dotting holes	work norm	2	1,500	3,000	0.3%
2	Distribution of manure in the holes	work norm	4	1,500	6,000	0.6%
3	Seedling preparation	work norm	1	1,500	1,500	0.2%
4	Planting	work norm	20	1,500	30,000	3.1%
5	Hoe process	work norm	13	1,500	19,500	2.0%
6	Harvesting	work norm	20	1,500	30,000	3.1%
7	Drying	work norm	8	1,500	12,000	1.2%
	Total handwork				102,000	10.6%
C	Materials and inputs for the orchard					
1	Seedling preparation	tree	55,000	8	440,000	45.6%
3	Irrigation system	ALL			280,000	29.0%
4	Manure	kw	300	250	75,000	7.8%
5	DAP	kw	3	5,000	15,000	1.6%
6	Nitrogen fertilizers	kw	2	3,500	7,000	0.7%
	Total materials				817,000	84.7%
TOTAL PLOT WITH SAGE					965,000	100%

ANNEX 9

COST FOR ESTABLISHING AN ORANGE ORCHARD							
Nr.	Planting area (ha)	1	Planting distances 4 m x 5 m				
	Description	Unit	Unit/ha	ALL/ unit	ALL/ha	ALL/ Total	Weight of investment items
A	Mechanized works for soil preparation and orchard planting						
1	Ploughing up to 70 cm	ha	1	12,000	12,000	12,000	1.42%
2	Milling	ha	1	10,000	10,000	10,000	1.19%
3	Grejderim	ha	1	20,000	20,000	20,000	2.37%
	Total mechanized works				42,000	42,000	5.0%
B	Handwork for soil preparation and orchard planting						
1	Drainage line opening every 10 m wide (30cm)	m3	12	250	3,000	3,000	0.4%
2	Cleaning the drainage channel	m3	4	250	1,000	1,000	0.1%
3	Dotting holes	ha	1	4,000	4,000	4,000	0.5%
4	Digging holes	work norm	500	100	50,000	50,000	5.9%
5	Distribution of manure in the holes	work norm	500	30	15,000	15,000	1.8%
6	Planting	work norm	500	100	50,000	50,000	5.9%
	Total handwork				119,000	119,000	14.1%
C	Materials and inputs for the orchard						
1	Two year old orange seedlings	tree	500	500	250,000	250,000	29.6%
2	Sticks for supporting small trees	pcs	500	25	12,500	12,500	1.5%
3	Irrigation system	ALL			300,000	300,000	35.6%
4	Manure	kw	200	250	50,000	50,000	5.9%
5	Phosphoric chemical fertilizer	kw	5	8,400	42,000	42,000	5.0%
6	Potassium chemical fertilizer	kw	4	7,000	28,000	28,000	3.3%
	Total materials				682,500	682,500	80.9%
TOTAL ORCHARD WITH ORANGES					843,500	843,500	100%

ANNEX 10

Technology Card - Tomatoes for sauce
in the field on the surface of 1ha

Yield 800 kw / ha tomato for sauce cultivated in the open field. Planting scheme 60 x 40 cm (24 thousand plants / ha)																	
A. Expenses for labour work in ALL																	
Nr.	Work process	Man/Day	J	F	M	A	M	J	J	A	S	O	N	D			
1	Soil preparation + Basic fertilization	6		6													
2	Planting	30			30												
3	Agro technical cultivation expenses	50				10	10	10	10	10							
4	Harvesting and preparing the product for market	100							40	60							
5	Unforeseen	25				5	5	5	5	5							
6	Total Man/day	211		6	30	15	15	15	55	75							
7	Payment for Man/Day and Social Security Contribution	1500		1500	1500	1500	1500	1500	1500	1500							
TOTAL (A). Expenses for labor work in ALL		316,500		9,000	45,000	22,500	22,500	22,500	82,500	112,500							
B. Expenses for mechanization																	
Nr.	Work process	Unit	Volume	Value per unit	Total	J	F	M	A	M	J	J	A	S	O	N	D
1	Ploughing 35-40cm deep	dyn	10	1200	12,000			12,000									
2	Transport and distribution of organic fertilizer on the plot	ton	50	100	5,000		5,000										
3	Milling	dyn	10	800	8,000			8,000									
4	Spraying	nr	10	5200	52,000				5,200	10,400	15,600	15,600	5,200				
5	Transportation of production from the parcel to the warehouse	ton	100	1200	120,000							48,000	72,000				
6	Unforeseen				4,000					1,000	1,000	1,000	1,000				
TOTAL (B)					201,000		5,000	20,000	5,200	11,400	16,600	64,600	78,200	0	0	0	0

ANNEX 11

Technology Card – Apple Cultivation 1HA

C. Expenses for materials																	
Nr.	Description	Unit	Volume	Value per unit	Total	J	F	M	A	M	J	J	A	S	O	N	D
1	Seedlings (+ 10% reserve)	seedling	24000	10	240,000				240,000								
2	Organic manure	kv	100	200	20,000			20,000									
3	NPK base fertilizer	kg	400	70	28,000				28,000								
4	Phosphorus	kg	300	60	18,000					9,000		9,000					
5	NPK for growing and maturing	kg	250	50	12,500						2,500	5,000	5,000				
11	Water for irrigation	m3	4000	5	20,000				2,000	3,000	5,000	6,000	4,000				
12	Unforeseen				8,000					2,000	2,000	2,000	2,000				
Total (C)					346,500		0	20,000	270,000	14,000	9,500	22,000	11,000	0	0	0	0
TOTAL (sum A + B + C)					864,000		14,000	85,000	297,700	47,900	48,600	169,100	201,700	0	0	0	0
D. Other expenses																	
Nr.	Description				Total	J	F	M	A	M	J	J	A	S	O	N	D
1	Agro technical assistance				25000				5000	5000	5000	5000	5000				
2	Land tax				8000		8000										
SHUMA (D)					33,000		8,000	0	5,000	5,000	5,000	5,000	5,000	0			
TOTAL (sum A + B + C + D)					897,000		22,000	85,000	302,700	52,900	53,600	174,100	206,700	0	0	0	0
Production cost (ALL/kg)					13												
Selling price					18												
Income from sales					1,260,000												
TOTAL income (ALL)					1,260,000												
PROFIT (ALL)					363,000												

1 ha APPLE Orchard on substrate M 106, 10 years old, to receive 500kv / ha, with planting scheme 4x2.5m (1000 tree/ha)																	
A. Expenses for labour work in ALL																	
Nr.	Work process	Man/day	J	F	M	A	M	J	J	A	S	O	N	D			
1	Agro technical cultivation expenses	182	21	48	19	2	29	18	19	10		16					
2	Harvesting and preparing the product for market	100									70	30					
3	Unforeseen	12												6	6		
4	Total Man/day	294	21	48	19	2	29	18	19	10	70	46	6	6			
5	Payment for Man/Day and Social Security Contribution	1500	1500	1500	1500	0	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500
TOTAL (A). Expenses for labor work in ALL		438,000	31,500	72,000	28,500	0	43,500	27,000	28,500	15,000	105,000	69,000	9,000	9,000			
B. Expenses for mechanization																	
Nr.	Work process	Unit	Volume	Value per unit	Total	J	F	M	A	M	J	J	A	S	O	N	D
1	Transport of pesticide, chemicals and production	ton	78	500	39000		7800	3900		3900	3900		7800	11700			
2	Ploughing between rows 3 times	dyn	30	1200	36000		12000				12000			12000			
3	Milling between rows 5 times	dyn	50	1200	60000		12000		12000		12000		12000		12000		
4	Drainage line opening with plough 50 cm deep	dyn	10	1200	12000										12000		
5	Winter spraying 3 times	dyn	30	1200	36000	12000	12000	12000									
6	Spraying with tractor-pumps 9 times	dyn	90	1200	108000				18000	18000	18000	18000	18000	18000			
7	Unforeseen				24000							12000		12000			
TOTAL (B)					315,000	12,000	43,800	15,900	30,000	21,900	45,900	30,000	37,800	53,700	24,000	0	0

C. Expenses for materials																	
Nr.	Description	Unit	Volume	Value per unit	Total	J	F	M	A	M	J	J	A	S	O	N	D
1	Composted manure	ton	50	2,200	110,000	110,000											
2	Inorganic fertilizer NPK based	kg	800	115	92,000	92,000											
3	Crystalline fertilizers	kg	150	270	40,500				8,100	8,100	10,125	10,125	4,050				
4	Fungicides for winter spraying	kg	10	410	4,100	4,100											
5	Fungicide	kg	10	4,000	40,000	4,000	4,000	4,000	4,000	4,000	8,000	4,000	4,000	4,000			
6	Insekticide	kg	1.5	12,000	18,000			3,600	5,400	3,600			5,400				
7	20 kg reversible crates	crates	200	150	30000									30000			
8	Irrigation water (500 m3 / ha) for 5 times	m3	6000	5	30000				6000	6000	6000	6000	6000				
9	Unforeseen				12000			2000	2000	2000	2000	2000	2000				
TOTAL (C)					376600	210,100	4000	4000	9600	25500	27700	22125	27525	46050	0	0	0
TOTAL (sum A + B + C)					1,129,600	253,600	119,800	48,400	39,600	90,900	100,600	80,625	80,325	204,750	93,000	9,000	9,000
D. Other expenses																	
Nr.	Description				Total	J	F	M	A	M	J	J	A	S	O	N	D
1	Agrotechnical assistance				25000		5000		5000		5000		5000			5000	
2	Deprecation of apple orchard 4%				32000	32000											
3	Land tax				8000		8000										
TOTAL (D)					65,000	32,000	13,000	0	5,000	0	5,000		5,000			5000	
TOTAL (sum A + B + C + D)					1,194,600	285,600	132,800	48,400	44,600	90,900	105,600	80,625	85,325	204,750	93,000	14,000	9,000
Production cost (ALL/kg)					24												
Selling price for quality 1-st					50												
Selling price for quality 2-nd					35												
Selling price for quality 3-rd					10												
Income from sales of the 1-st apple's quality					1,750,000												
Income from sales of the 3-rd apple's quality					350,000												
Income from sales of the 2-nd apple's quality					50,000												
TOTAL income (ALL)					2,150,000												
PROFIT (ALL)					955,400												

ANNEX 12

TECHNOLOGY CARD - Orange cultivation 1Ha

1 ha with ORANGES in full production, to get 400 kw / ha production, with planting scheme 5x3 m (660 tree/ha). Mechanizations such as ploughing and soil preparation, spraying, transporting and planting are mechanized.																	
A. Expenses for labour work in ALL																	
Nr.	Work process	Man/Day	J	F	M	A	M	J	J	A	S	O	N	D			
1	Agro technical cultivation expenses	152	12	40	16		17	13	13	11	10	20					
2	Harvesting and preparing the product for market	120											60	60			
3	Unforeseen	22	1	1	1					1	1	1	7	9			
4	Total Man/day	294	13	41	17	0	17	13	13	12	11	21	67	69			
5	Payment for Man/Day and Soc.Sec. Contribution	1500	1500	1500	1500	0	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	
TOTAL (A). Expenses for labor work in ALL		441,000	19,500	61,500	25,500	0	25,500	19,500	19,500	18,000	16,500	31,500	100,500	103,500			
B. Expenses for mechanization																	
Nr.	Work process	Njësia	Unit	Value per unit	Total	J	F	M	A	M	J	J	A	S	O	N	D
1	Transport of pesti-cide, chemicals and production	ton	64	500	32000		8000	3750		100	150					10000	10000
2	Ploughing between rows 3 times	dyn	30	1200	36000		12000				12000				12000		
3	Milling between rows 5 times	dyn	50	1200	60000			8000	4000	4000	8000	8000			8000		
4	Drainage line open-ing with plough	dyn	10	1200	12000										1200		
5	Irrigation line opening	dyn	10	300	3000						3000						
6	Spraying with trac-tor-pumps 7 times	dyn	70	1200	84000			12000		12000			12000	24000	24000		
7	Unforeseen				9000	3000										3000	3000
Total (B)					205,200	3,000	20,000	23,750	4,000	16,100	23,150	8,000	12,000	24,000	45,200	13,000	13,000

C. Expenses for materials																	
Nr.	Description	Unit	Volume	Value per unit	Total	J	F	M	A	M	J	J	A	S	O	N	D
1	Fungicides for 4 sprays	kg	3	4000	12000			3000						3000	6000		
2	Insecticides for 3 sprays	kg	2	6000	12000					4000			4000	4000			
3	Lines	kg	100	15	1500		1500										
4	Organic manure	kv	220	250	55000		55000										
5	Superphosphate	kv	5	3600	18000		18000										
6	Urea	kv	1	7000	7000		7000										
7	Potassic	kv	3	14000	42000		42000										
8	Nitrate	kv	3	6000	18000					18000							
9	20 kg reversible crates	crates	200	150	30000										30000		
10	Work tools	x	x	x	9000											4000	5000
11	Irrigation water (600 m3 / ha) for 5 times	m3	3000	5	15000						3000	6000	6000				
12	Unforeseen				10000				6000		2000	2000					
Total (C)					229500		123500	3000	6000	22000	5000	8000	10000	7000	36000	4000	5000
TOTAL (sum A + B + C)					875,700	22,500	205,000	52,250	10,000	63,600	47,650	35,500	40,000	47,500	112,700	117,500	121,500
D. Other expenses																	
Nr.	Description				Total	J	F	M	A	M	J	J	A	S	O	N	D
1	Agro technical assistance				15000		3000		3000		3000		3000			3000	
2	Deprecation of orange orchard 4%				66000	66000											
3	Land tax				8000		8000										
Total (D)					89,000	66,000	11,000	0	3,000	0	3,000		3,000			3000	
TOTAL (sum A + B + C + D)					964,700	88,500	216,000	52,250	13,000	63,600	50,650	35,500	43,000	47,500	112,700	120,500	121,500
Production cost (ALL/kg)					24												
Selling price					50												
Income from sales					2,000,000												
TOTAL income (ALL)					2,000,000												
PROFIT (ALL)					1,035,300												

ANNEX 13

Questionnaire "Domestic Production, Import substitution and Investment Promotion in Agroprocessing

DOMESTIC PRODUCTION, IMPORT SUBSTITUTION AND INVESTMENT PROMOTION IN AGROPROCESSING

1. Place of Activity

2. Type of Activity

- ☐ Farmer / Producer
- ☐ Collection Points
- ☐ Processors
- ☐ Trader
- ☐ Exporter

Other ☐

3. Main activity product):

- ☐ Aromatic/Medical Plant
- ☐ Vegetable
- ☐ Fruits
- ☐ Nuts
- ☐ Fruits/Vege processing

Other ☐

4. Are your products certified?

5. If Yes, what product and what certification?

.....

.....

.....

.....

- ☐ Up to 5 million ALL
- ☐ 5-8 million ALL
- ☐ 8-14 million ALL
- ☐ Over 14 million

- ☐ 1-4 employees
- ☐ 5-9 employees
- ☐ 10-49 employees
- ☐ Over 50 employees

8. Average salary in your business (in ALL)

.....

9. Do you consider agro-processing as a potential and good investment opportunity in Albania?

.....

.....

.....

10. The main problems encountered in relation to “Supply of raw materials in the country” - rate it on a scale from 1 to 5 (where 5 = little / not at all problematic and 1 = very problematic)	1	2	3	4	5
Insufficient amount of raw materials	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Standard / low quality of raw materials	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lack of liquidity for buying raw materials	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Methods of payment of farmers (in cash or bank)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Costs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

11. The main problems encountered in relation to “Product Processing & Marketing” - rate them on a scale from 1 to 5 (where 5 = little/not at all problematic and 1 = very problematic)	1	2	3	4	5
Customer access (product sales market)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Trust of customers or consumers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Unfair competition from imports	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Informality in the domestic market	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Technology	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

12. Main problems encountered related to “Business Management” – rate them on a scale from 1 to 5 (where 5 = little/not at all problematic and 1 = very problematic)					
	1	2	3	4	5
Finding/hiring specialized employees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Finding non-specialized employees/workers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Access to Finance for liquidity (working capital)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Access to Finance for investments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Preparation of technical and financial investment plans	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Land ownership	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Energy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

13. Rate the procedures on a scale of 1 to 5 (where 5 = Very Positive and 1 = Very Problematic) in relation to:

	1	2	3	4	5
Licenses and authorizations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Product certification (trademarks and registration)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Quality certification of products (GlobalGAP etc.):	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Customs Procedures / Green Channel/Certificates of Origin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Border inspections by AKU	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Barcode	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Laboratory tests and phytosanitary certificates	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

14. Specify and detail below concrete issues related to the procedures / institutions:

.....

.....

.....

.....

15. Are you part of Cooperatives / Collaborations / Organizations?

- ☐ Yes
- ☐ No, I do not believe in cooperatives
- ☐ No, I am not aware of the existence of such organizations

16. If you are part of Cooperatives, please specify which ...

.....

.....

.....

.....

17. Do you secure raw materials from the domestic market?

- ☐ Yes
- ☐ No

18. If you secure raw materials within the country, please rate what % of it?

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.....

19. List 3 main reasons that prevent you from using mainly raw material from within the country:

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.....

20. How do you secure the market for product sales (distribution network)?

- ☐ Randomly
- ☐ With contracts concluded in advance with clients
- ☐ With contracts concluded with wholesale market/collection centres
- Other ☐

21. Have you considered exporting?

- ☐ Yes, I export
- ☐ Yes, but I do not have the opportunity
- ☐ No, I only sell in the domestic market
- Other ☐

22. If you do not export, please state the reasons:

.....

.....

.....

.....

23. If you export to which countries do you export and which countries can be considered potential?

.....

.....

.....

.....

24. What are the 3 main barriers to exporting your products?

.....

.....

.....

.....

25. Have you participated in trainings related to your activity?

- ☐ Yes
- ☐ No

26. If you are trained, please specify the area of training

.....

.....

.....

.....

27. Is your staff trained?

- ☐ Yes - Staff is trained only once at the beginning
- ☐ Yes - Staff train regularly
- ☐ No - Staff do not need training

28. Are you informed about market demands, prices, markets, etc.?

- ☐ Yes - regularly
- ☐ No - I do not need

29. If you are informed about market demands, please specify the source

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.....

30. List the following items in order of importance to your business (“1 = less important” and “5 = very important”)

	1	2	3	4	5
Access to new markets	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Access to finance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Assistance in the marketing of products	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Product standard/certification	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Product packaging	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Training	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Procedures	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Relations with institutions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Inadequate legal and sub-legal framework	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Corruption	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Informality	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

31. How do you judge your activity’s situation, in these times of pandemics?

- ☐ It does not affect me
- ☐ It especially affects me in securing the raw material
- ☐ It affects me in finding clients
- ☐ It affects me in the processes of transport/trading of products within the country
- ☐ It affects the processes of transport/trading of products in export

32. What do you think are the main obstacles for new investments in your field of activity?

- ☐ Legal
- ☐ Institutional
- ☐ Fragmentation and lack of cooperation
- ☐ Access to raw materials
- ☐ Access to credit
- ☐ Access to markets

Other ☐

33. Comment on the above

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34. Do you think that free economic zones are a good opportunity for the development of agro-processing in the country?

- ☐ Yes, they are good opportunities
- ☐ No, I do not think they are a good opportunity
- ☐ I do not know

35. Do you think that the following products are potentials for the development of the agro-processing sector in the country (rate 1 to 5, where: “1 = little /no potential” and “5 = very potential”)

	1	2	3	4	5
Tomatoes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chestnut	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Nuts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hazelnut	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Almonds	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Medicinal plants	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Teas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fruit juices	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

36. Please comment if you think there are other potential products for processing

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37. Have you made significant investments in the last 24 months?

- ☐ Yes
- ☐ No

38. If yes, what was the total value of the investment?

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39. If yes, with what sources did you make the investment?

- ☐ With personal or business resources
- ☐ With loans from banks in Albania
- ☐ With subsidies (e.g. ARDA, AIDA, etc.)
- ☐ With funding from other local partners
- ☐ With funding from other foreign partners
- Other ☐

40. Do you have plan to make significant investments in the next 24 months?

- ☐ Yes
- ☐ No

41. If so, how much do you think the total value of the investment will be?

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42. If so, with what resources will you make the investment?

- ☐ With personal or business resources
- ☐ With loans from banks in Albania
- ☐ With subsidies (e.g. ARDA, AIDA, etc.)
- ☐ With funding from other local partners
- ☐ With funding from other foreign partners
- Other ☐

43. Are you aware of the agro-processing support programs offered by MARD/ARDA/AIDA?

- ☐ Yes
- ☐ No

44. If you are aware, where did you get the information?

- ☐ From MARD/ARDA/AIDA through promotion campaigns
- ☐ From business associations
- ☐ From personal acquaintances
- ☐ AIDA
- Other ☐

45. If you know or have applied to the agro-processing support programs offered by MARD/ARDA/AIDA?

- ☐ Yes
- ☐ NO

46. If not, please specify why

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.....

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.....

47. If you have applied, are you a beneficiary of these support programs?

- ☐ Yes
- ☐ No

48. If you are a beneficiary, how would you rate this support? Give your opinion.

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49. Do you think that there is a need for more support from the state in this regard and in what aspects/ areas?

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50. Are you aware of the schemes/guarantee funds/technical assistance programs for agro-proces- sors offered by AASF/ASB/RCGF /Italian-Albanian SME Development Program, etc.?

☐ Yes

☐ No

51. If you are aware of, where did you get the information?

☐ Through their promotion campaigns

☐ Business associations

☐ From personal acquaintances

☐ AIDA

Other ☐

52. Are you a beneficiary of funds or technical assistance from these support programs?

☐ Yes

☐ No

53. If you are a beneficiary, how would you rate this support? Give your opinion.

	1	2	3	4	5
In terms of the interest rate offered	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
In terms of % of collateral required	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
In terms of loan term	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
In terms of procedures	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
In terms of training provided	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

54. Do you think there is a need for more support in this regard and in what aspects/areas?

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55. Have you taken out a loan from the banking system to support your business?

☐ Yes

☐ No

56. If yes, what did you use the loan amount for?

☐ Overdraft (coverage of short-term liquidity needs)

☐ Inventory/Working Capital Loan

☐ Investment Loans/Projects (Long Term)

Other ☐

57. If you have received a loan, how do you assess the support provided by banks in this regard?

	Positive	Negative
Interest rates	<input type="checkbox"/>	<input type="checkbox"/>
Guarantee required	<input type="checkbox"/>	<input type="checkbox"/>
Collateral	<input type="checkbox"/>	<input type="checkbox"/>
Application procedure	<input type="checkbox"/>	<input type="checkbox"/>
Speed of loan approval	<input type="checkbox"/>	<input type="checkbox"/>
Credit term	<input type="checkbox"/>	<input type="checkbox"/>

58. If you have not received a loan, what are the reasons:

- ☐ I do not need credit
- ☐ Lack of information
- ☐ Complicated administrative procedures
- ☐ High interest rate
- ☐ Difficulty in preparing business plans
- ☐ Lack of collateral
- ☐ Short time duration
- ☐ Request for additional co-borrowers
- ☐ No credit was offered for my specific need
- Other ☐

59. Do you have anything else you want to add or re-emphasize?

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ANNEX 14

Questionnaire "Domestic Production, Import
substitution and Investment Promotion in
Agroprocessing" – Supermarkets

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1. Place of Activity

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2. Type of Activity

☐ Distributor point

☐ Supermarket

Other ☐

3. Main products of the activity – Local unprocessed products (list of main groups))

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4. Main products of the activity – Local processed products (list of main groups)

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5. Main products of the activity – Imported processed products (list of main groups)

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6. Main products of the activity – Imported processed products (list of main groups)

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7. How do you secure the local products you trade, please list the ways (contracts with farmers, processors, etc.)?

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.....

8. Are local products certified?

☐ Yes 100%

☐ Yes, in most of cases

☐ No

Other ☐

9. A janë të çertifikuara produktet vendase që tregtoni?

☐ Yes in 100% of them

☐ Yes, more than 50% of them

☐ Less than 50% of them

☐ No, they are not certified

Other ☐

10. If yes, please state certifications:

.....

.....

.....

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11.) Do you consider agroprocessing as a potential and good investment opportunity in Albania, from which you would also benefit as a distributor / trader? Please comment

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12. The main problems encountered in relation to “Supply of raw materials in the country” - rate it on a scale from 1 to 5 (where 5 = little / not at all problematic and 1 = very problematic)	1	2	3	4	5
Insufficient amount of raw materials	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Standard / low quality of raw materials	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Contract enforcement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Methods of payment of farmers (in cash or bank)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Costs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Informality	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

13. The main problems encountered in relation to “Product Processing & Marketing” - rate it on a scale from 1 to 5 (where 5 = little / not at all problematic and 1 = very problematic)

	1	2	3	4	5
Customer access (product sales market)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Trust of customers or consumers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Unfair competition from imports	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Informality in the domestic market	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Technology	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

14. What% of the products you trade and provide locally? Please comment

15. List 3 main reasons that prevent you from replacing imports with trading in local products

16. Do you do market research regarding consumer preferences for domestic production?

- ☐ Yes, regularly
- ☐ No, never
- Other ☐

17. Do you think that Free Economic Zones are a good opportunity for the development of agro-processing in the country? Please comment

18. Do you think that the following products are potential for the development of the agroprocessing sector in the country (evaluate with 1 to 5, where: “1 = little / no potential” and “5 = very potential”)?

	1	2	3	4	5
Tomatoes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
chestnut	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
nuts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
hazelnut	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
almonds	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
medical/aromatic plants	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
tea	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
fruit juices	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

19. 18) Please comment if you think there are other potential products for processing

20. After the COVID19 pandemic, did you replace imported products with domestic products? Please comment

21. If so, do you have specific products that you want to remove from imports in the future to replace them with local products?

22. Do you have anything else you want to add or re-emphasize?

23. The place where you exercise the main activity

24. Activity type

- ☐ Less than 50% of them
- ☐ No, they are not certified
- Other ☐

25. Main products of the activity - Raw country production (list of main groups)

26. Main products of the activity - Processed domestic production (list of main groups)

27. Main products of the activity - Raw import production (list of main groups)

28. Main products of the activity - Processed imported production (list of main groups)

29. How do you provide the Albanian products you trade, Please list the ways (contracts with farmers, processors, etc.)

30. Are the imported products you trade certified?

- ☐ Yes 100%
- ☐ Yes, to a large extent
- ☐ No
- Other ☐

31. Are the local products that you trade certified?

- ☐ Yes in 100% of them
- ☐ Yes, more than 50% of them
- ☐ Less than 50% of them
- ☐ No, they are not certified
- Other ☐

32. If the local products you trade are certified, please list the certifications

.....

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.....

33. Do you think of agro-processing as a potential and good investment opportunity in Albania, from which you would also benefit as a distributor / trader? Please comment

.....

.....

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.....

34. The main problems encountered in relation to “Provision of products in the country” - rate them on a scale from 1 to 5 (where 5 = little / not at all problematic and 1 = very problematic)

	1	2	3	4	5
Insufficient amount of raw materials	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Standard / low quality of raw materials	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Non-compliance with contracts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Methods of payment of farmers (in cash or bank)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cost	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Informality	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

35. The main problems encountered in relation to the “Trade of Albanian products” - evaluate them on a scale from 1 to 5 (where 5 = little / not at all problematic and 1 = very problematic)

	1	2	3	4	5
Customer access (product sales market)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Trust of customers or consumers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Unfair competition from imports	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Informality in the domestic market	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Technology	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

36. What% of the products do you trade and provide in the country? Please comment

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37. List 3 main reasons that prevent you from replacing imports with trading in local products:

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38. Do you do market research on consumer preferences for domestic production?

- ☐ Yes regularly
- ☐ No it is not necessary
- Other ☐

39. Do you think that Free Economic Zones are a good opportunity to increase new investments in the country in different sectors? Please comment

40. From your experience do you think that the following products are potential for the development of the agro-processing sector in the country (rate with 1 to 5, where: “1 = little / no potential” and “5 = very potential”)

	1	2	3	4	5
Tomatoes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chestnut	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Nuts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Nut	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Almonds	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Medicinal Plants	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Teas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fruit Juices	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

41. Lutem komentoni nese mendoni se ka produkte te tjera potenciale per perpunim ne vend

42. Please comment if you think there are other potential products for processing in the country

43. If so, do you have specific products that you want to remove from imports in the future to replace them with local products?

44. Please comment if you have something to add or re-emphasize

ANNEX 15

List of Incentives for Agriculture and Agro-processing

The following list of licenses and permits is determined after having reviewed the current legislation into force in Albania and on the basis of official information provided by the National Business Centre (NBC) as the main institution administering the list of licenses and permits provided to businesses at the central level.

Applicable legislation:

A. *Law no. 10081/2009 "On Licensees, Authorizations and Permits in the Republic of Albania" (as amended)* provides for general categories of licenses issued to the business. Under the category of *food and health*, the following licenses are listed:

1. License Production of and/or trade in food-stuff
2. License Reproduction, breeding or veterinary services
3. License Raising of or trade in animals
4. License Production of and/or trade in seeds and/or seedlings
5. License Production of and/or trade in Plant Protection Products, chemical fertilizers, and/or tobacco
6. products
7. License Primary medical, hospital or dentistry services
8. License Manufacturing of and/or trade in

medicines for human or animal use

9. License Other medical services and/or sanitary services
- B. *CoM decision no. 538/2009 "On licenses and permits handled by or through NBC and several other common sub-legal regulations" (as amended)*, provides for the subcategories of licenses and permits which either are issued by or through NBC, or by other institutions without the involvement of NBC and pursuant to the relevant sectoral legislation. The following, as provided herein, is the list of licenses and permits for the food industry that is issued by or through NBC:
 1. "Production, processing and wholesale distribution of food:
 - o **"Production, processing and wholesale distribution of food for humans"**
 - o **"Production, processing and wholesale distribution of animal feed used for food"**
 - o "Production, processing and wholesale distribution of animal feed not used for food"
 2. "Wholesale of food of animal origin (for humans)"
 3. "Wholesale primary production", with code II.1.C.

4. "Natural rearing and artificial insemination": "Artificial insemination (artificial insemination stations / inseminators)"
5. "Production and/or trade of racial material"
6. "Veterinary Clinic", with code II.2.C.
7. "Livestock breeding on large agro livestock farms (with over 50 "cattle units")
8. "Cultivation of aquatic animals on aquaculture farms"
9. "Wholesale trade of live animals"
10. "Production and trade of plant protection products (dangerous and high-risk products)"
 - o "Production"
 - o "Wholesale trade"
 - o "Retail trade (agricultural pharmacy)"
11. "Production and trade of hazardous chemical fertilizers"
 - o "Production"
 - o "Wholesale trade"
 - o "Retail trade"
12. "Industrial processing and/or production of tobacco products"

Additionally, herein are included the main relevant rules and modalities for application and obtaining the respective license/permits, for which a case by case, it is required the compliance with sectorial legislation. In the food industry, the counterpart of businesses is the National Food Authority (NFA), the main institution at the central level that approves or rejects the application for license/permits through NBC.

The application, review and decision-making procedure for approving or rejecting the following applications made by the food business operators in NBC is under the competence of NFA. More concretely:

- » "Production, processing and wholesale distribution of food for humans"
- » "Production, processing and wholesale distribution of animal feed used for food"
- » "Wholesale of food of animal origin (for hu-

mans)"

NFA is the responsible authority for the verification of compliance with the licensing criteria. The NFA decision should be based on the evaluation of the submitted documents and the on-site inspection to evaluate compliance with mandatory technical-technological rules and standards and the hygienic-sanitary conditions. NFA responsible units have direct access to the NBC system while reviewing applications made by the business operators for the licenses mentioned above. The steps for application review are as following:

Step 1: The application for licensing by business operators is submitted in three ways in the NBC (electronically, by mail or by submitting the applicant directly at the NBC premises). NBC makes a preliminary review of the application.

Step 2: Publication in the electronic register of the application by the NBC for matters within the competence of the NFA.

Step 3: Download the complete documents supporting the application from the electronic register and send them electronically to NFA regional directorate office, where the receipt of documents is immediately confirmed.

Step 4: The procedure of review, inspection and decision-making for the approval or rejection of the application is done by the respective NFA regional directorate office. In cases when the review and decision-making procedure for the approval or not of the license application is carried out in cooperation with the General Directorate, this is determined only by the Order of the General Director of NFA.

Step 5: In cases of approval, the license is retrieved by the business in NBC premises. The licenses mentioned above are valid for an undetermined period, while the overall service cost is 100 ALL payable in NBC.

ANNEX 16

List of Incentives for Agriculture and Agro-processing

In this Annex are listed the main direct incentives and support measures with regard to agriculture/agro-processing sectors:

- (1) *Exempted VAT for agricultural inputs and machinery*

This incentive part of fiscal package 2019 was implemented via amendment of law 92/2015 “On VAT”⁵⁵, provided that supply of agricultural machinery and supply of agricultural inputs such as chemical fertilizers, pesticides, seeds and seedlings, except hormones, listed and defined via DCMs are exempted from VAT.

- (2) *The introduction of the above-mentioned incentive with the 2019 fiscal package was followed by reducing the VAT rate to farmers registered with VAT from 20% to 6%. Such reduction created a lot of complaints and discussions, mainly from the collectors, which evidently benefited more from the implementation of a 20% VAT compensation rate.*

It is worthy of mentioning that in 2014, the Government introduced via a specific instruction⁵⁶ the VAT acknowledgement for compensation purposes of the agricultural products by 20% compared to the previous 6% for agricultural producers and collectors, by defining in detail the way of functioning of the respective scheme and by creating uniformity in the application of VAT. Government, farmers and collectors considered the new instruction by that time as an opportunity to create new, formal and safe markets for the farmers by providing them with NUIS and a compensation of 20%. The previous schemes aimed at providing support to the farmers by providing only 6% of reimbursement, but on the other hand that incurred additional costs for the collectors, for whom it was impossible to charge (except to the final cus-

⁵⁶ Instruction of MFE No. 19 dated 03.11.2014 “For the Implementation of the Special Regime for the Compensation Scheme of the Agricultural Producers for Value Added Tax Purposes”.

⁵⁵ Amended with Law no. 96/2018, dated 03.12.2018

tomers) with the difference of 14% between the VAT in the purchase and the sale of the product. This incentive and its expectations were subject to analysis by the Secretariat and discussions in the IC Meeting No.6.

According to collectors, the scheme is not any more attractive following the 2019 amendment, while according to the government, 2014th measure benefits were not transferred as such to farmers, but were mainly the collectors that benefited from 20% VAT compensated rate.

- (3) Starting from 2021, the GoA will remove the excise, carbon and road tax from the final fuel price needed for farmers to cultivate the farmland. Such a measure is thought to boost further the formalization of farmers registered with NUIS, reducing the costs of the primary products, which would potentially be more competitive in the region. The scheme of support will be introduced via an electronic solution

which would potentially avoid any fraud with the scheme.

- (4) *National AZHBR and IPARD schemes with grants with several measures:*

A. **National Schemes of Support:**

Measure 1: Matriculated base bunch

Measure 2: Apiculture

Measure 3: Funding for thermal plastic replacement

Measure 4: Planting of medicinal and aromatic plants

Measure 5: Support for organic farms

Measure 6: Global Gap certification

Measure 7: Investments in agro-tourism

B. **IPARD Program:**

The IPARD program is financial support for agriculture and rural development from EU funds (75%) and the Albanian government (25%).

ANNEX 17

Investing Procedures in Agro-processing

PROCEDURE	RESPONSIBLE AUTHORITY	TIME FRAME	COST
Regjistrimi fillestar i biznesit	QKB/online	1 ditë	100 ALL / pa kosto
PRIMARY PRODUCTION			
Registration in the Regional Directorate of Agriculture			
Obtaining a license for primary production	NBC	2 days	100 ALL
Registration for primary production activities	MARD	-	-
Obtaining the internal phytosanitary certificate	Regional Directorate of Agriculture	2 days	1000 ALL – 3000 ALL
Obtaining the authorization of the primary producer for the issuance of the Plant Passport	MARD	-	-
Obtaining certificates for professional use of plant protection products (poisoning and/ or high poisoning)	Regional Directorate of Agriculture	-	-
Special regime – fruit trees	Obtaining permission to cut sporadic fruit trees, fruit tree plantations and land use changes from orchard to arable land	MARD	-
	Declaration of vineyard conditions	MARD	-
Special regime – primary production of grapes and viticulture	Declaration of grape harvest		
Regjim i veçantë – prodhim primar organik	Special regime - primary organic production	MARD	-

PROCESSING OF FRUITS AND VEGETABLES

Special regime - wine and processing of grape products Regjim i veçantë – përpunimi organik	Obtaining a license for the production, processing and distribution of food - including plant origin (L- II.1.A.1)	NBC	26 working days	100 ALL
	Notice on “Production, processing and distribution of food for human consumption – retail”	NFA	-	-
	Registration of food enterprises and assignment of unique identification number	MARD	-	-
	Notification / approval of the label	NFA	30 days	Pa kosto
	Obtaining environmental permits A, B & C	NBC	Type A: within 66 working days from the date of application. Type B: within 46 working days from the date of application. Type C: within 31 working days from the date of application. Annual tax: Type A: 10 000 ALL Type B: 5 000 ALL Type C: 2 000 ALL	100 ALL application + Type A: 50000 ALL Type B: 30000 ALL Type C: 10 000 ALL
	Declaration of processing conditions and capacity and declaration of quantity of wine produced and other grape products	MARD	-	-
	Obtaining authorization for the use of oenological products			
	Notification about the change in biological / organic processing	MARD	-	-
	Obtaining origin and geographical designation protection	General Directorate of Industrial Property	3 months	500 – 8 000 ALL per application
	Obtaining the label "Traditional food product"	MARD	-	-

EXPORT			
Obtaining the phytosanitary certificate for export	Regional Directorate of Agriculture	2 days	1 000 – 2 000 ALL (Depending on the quantity)
Obtaining the certificate of origin	GDC	-	-
Phytosanitary inspection of exports at the border	NFA	1 hour	- for the inspection of documents 500 ALL for each ship-ping; - for identity inspec-tion 500 ALL for a normal container or shipment / 1000 ALL for a large trail-er or shipment; - for phytosanitary inspection the fee varies from 1000 to 3000 ALL per load depending on the type of plant product
Registration as an economic operator in the Asycuda World system	GDC	-	No cost
OTHER PROCEDURES			
Authorization for exemption from VAT on import of machinery / equipment	GDC	15 days	-

STRATEGIC INVESTMENT

Based on law no. 55/2015 ‘On strategic investments in the Republic of Albania’, the sector ‘Agriculture (Large agricultural farm) and fisheries’ is considered a strategic sector. The criteria for obtaining the status and the relevant procedures are as follows:

STATUS	STRATEGIC INVESTMENT/ INVESTOR, ASSISTED PROCEDURE	STRATEGIC INVESTMENT / INVESTOR, SPECIAL PROCEDURE
Investment value	≥ 3 000 000 €	≥ 50 000 000 €
Jobs created	Minimum 50 new jobs	-

PROCEDURE	RESPONSIBLE BODY	TIME FRAME	COST
Preliminary assessment of the strategic potential of the project and assistance from AIDA	One stop shop - AIDA		No cost
Application to AIDA	AIDA		Fee for administrative costs and services – 70 000 ALL
Technical, financial and legal evaluation of the file	Operational group	30 days (+ 10 days in case of reviewing additional documen-tation)	Fee for managing strategic investment procedures – 15 000 ALL
Evaluation and decision making by the Strategic Investment Committee (SIC)	SIC	30 days (+ 10 days)	No cost
			No cost

*The application for strategic status is made after the registration of the subject in the NBC.

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ABOUT INVESTMENT COUNCIL IN ALBANIA

The Investment Council facilitates the development of mutual trust between the business community and the government in Albania and contributes to an incremental institutionalization of effective policy dialogue. It contributes to the national reform and economic transition process by enhancing institutions, laws and policies that promote market functioning and efficiency.

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