



# ALBANIA – DIGITIZING AGRICULTURAL CLIENT ASSESSMENTS



## DIGITIZING AGRI-CLIENT PROFITABILITY AND RISK ASSESSMENT IN RURAL ALBANIA

GFA is supporting Albanian Microfinance Institutions and Banks to increase efficiency and accuracy in assessing agricultural clients in rural areas through mobile solutions.

In the framework of the “Albania Agribusiness Support Facility”, GFA developed and introduced the mobile application “Agro Finanza”, which allows loan officers to rapidly analyse the profitability of agribusiness loan applicants against representative benchmarks and calculate preliminary loan conditions directly in the field. Based on comprehensive databases for the most important agricultural commodities, the app represents a modular approach towards effective validation of information and, ultimately, quicker credit decisions.

## OBJECTIVES

Assessing the validity of client information, can be a challenging and time consuming step of the loan cycle for financial institutions. Especially for agricultural clients, assessing the productivity, profitability and potential default risk is demanding, in particular for loan officers without much exposure to agriculture. Often, a lack of expertise about agricultural production and missing benchmark data, can lead to inadequate estimation of a client and, eventually, to loan default. Furthermore, the tedious process of validating information given by the client delays the credit decision, hence keeping the client in limbo with regard to the outcome.

ALBANIA	
FINANCING INSTITUTION	EBRD
PROJECT DURATION	03/2017 – 08/2020

The objective of the “AgroFinanza” app, is therefore to provide peer-benchmark data for automated information crosschecking and validation. Based on this, loan officers can present clients with preliminary loan conditions.













## AGRO FINANZA APPLICATION

The Agro Finanza app provides loan officers with a two-step tool to assess potential agribusiness clients. Depending on production-relevant variables to be entered by the loan officers via smartphone or tablet (e.g. production area size, first and second cycle crops, number of livestock etc.), the app allows for a preliminary categorization of the client according to its production intensity and level of technology use. Benchmarking the information against peer production data and input/output market prices, firstly, allows for validation of information provided by the client, while, secondly, establishing a client profitability model. Matching the recorded and validated data with information regarding the client’s outstanding loans and the planned investment, provides a comprehensive picture of the client’s free cash-flow and debt service ratio, and calculates the preliminary loan conditions.

Applicant name   
 NIPT/Farmer code

**Select the investment category**

Agricultural activities have different intensities of development based on the geographical position of the farm, used agro services, the method of cultivation (intensive or traditional), climate factors, etc. This platform enables you to select the farm operating level.

 <small>ASSAF MILKED SHEEP</small>	 <small>GRAZING REGIME SHEEP</small>	 <small>GOATS ALPINE MILK</small>	 <small>GRAZING REGIME GOATS</small>
 <small>OPEN FIELD</small>	 <small>HAZELNUT</small>	 <small>COW</small>	 <small>CORN AND SUNFLOWER</small>
 <small>APPLE</small>	 <small>CHERRY</small>	 <small>TABLE GRAPES</small>	 <small>GREENHOUSE</small>