



ProCredit Bank, Rr. Sami Frashëri, Tirana, Albania

Albania

**Greeting Speech  
From Mrs. Flutura Veipi  
Credit Division Manager and Member of ProCredit Bank Management Board**

***Dear Mr. Prime Minister, Honoured Minister, Honoured participants,***

***Ladies and gentlemen, welcome all,***

I would like to thank you on the name of ProCredit Bank for your participation in this international conference, where the main focus and importance is given to a vital sector to our economy and society; agriculture and the development opportunities .

Without wanting to repeat why and how important agriculture is to our country, as the honoured participants emphasised, although it is never enough to get back, and all should and know, let me point out only one aspect of its importance; it provides a living to a considerable number of our population; nearly 50%, so it's vital, although it does not remain in such a familiar and personal level, it affects all of us and our countries economy in consequence.

ProCredit Bank as a commercial bank is a financing partner of the Albanian farmers, and not only Albanian, but in all 22 states where it operates.

Let me introduce you to its background:

As you all might be aware, ProCredit Bank Albania was founded in 1995 from international and public national shareholders aiming the crediting of Albanian micro businesses as the main power of our country's economy and less served at those years with financings.

In the coming years with our customers progress and growth , the bank was developed and many other similar project were founded in the developing countries in Eastern and Southern Europe and those in the Latin America and some in Africa.

Our objective to serve clients which constituted an important force to the economy of these countries led us to different financing areas and services by operating carefully and with more responsibility. In 22 ProCredit Banks spread in the world, a big number of banking service is served nearly to each client financially sound based on a better financial analysis of the client's capacity and its plan of investment and with certitude I say it has been a partner to many client not served before and in difficult financial situation similar to the one many financial systems are experiencing, we are active and more responsible and continue to actively credit small, medium and big businesses , farmers and individuals. Looking at their economic development, we view the affect we have in the country's development.

Based on our mission development, it is understandable our focus during these years on crediting and supporting with banking services the agriculture and farming sector in Albania and in all Southeast Europe.



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ProCredit Bank considers the agricultural sector one of its most important economic sectors, but which unfortunately has attracted less investments and support compared to other sectors.

Listed as one of the first private banks in Albania which has offered a credit product to the agriculture sector, let me introduce you to some of our figures of our activities and achievements in Albania. Agricultural loan was offered for the first time in 2001 in some of our ProCredit Bank branches and since September 2003 this product is offered in all ProCredit Bank branches and agencies, spread all over the Albanian territory.

- Today ProCredit Bank operates in 41 agencies and branches spread all over the country
- From 188 loan officers operating individually in the Albanian territory with clients, 55 loan officers offer business advising and analysis to all Albanian farmers specialized with technical product knowledge.
- We have loan portfolio with 41,000 loans in process or repayment with a volume of nearly 150 mil Euro, disbursed per month in average over 2,000 loans and over 10 mil Euro
- In total, 14 thousand loans with a 35.6 million euro volume have been disbursed in the agricultural sector since 2003.

ProCredit Bank with its goal of being as close as possible to the opportunities and needs of the farmers in a continuance has reviewed and improved the agricultural and farming loan conditions. During years, our exposures for these loans have grown and today we credit amounts of 20,000 ALL (150 Euro) up to 150,000 Euro.

This loan was built in such a way to suit the clients' needs and requirements, offering opportunities and facilitating the payments with monthly and bimonthly instalments, with regular or irregular repayments. That is, the instalments' amounts may vary depending on the incomes or seasons.

The loan terms depend on the plan of investment and there exist no distinction among other business clients. Our request for collateral are flexible; no guarantee is required for amounts up to 750,000 lek (5,500 Eur),, no mortgage is required for amounts up to 4,000,000 lek (30,000 Euro) if the clients has pledges or inventory to offer. There exist no difference among other business clients, although specified as a loan with risk; small interest facilitation is enabled compared to other clients.

We must point out that the faith ProCredit bank has given to agriculturist and farmers by supporting them financially has been rewarded through the most regular and correct bank clients payments. This quality in payment is also a personal feature to appraise them, which is part of their simple character without denying also their close connection to the land and the only opportunity to generate incomes is the land as the needs for financings are high but the options for credited are low.

During the years, many other financing actors have entered in crediting area and farmers have today more access to financing than in the previous years. I would like also to point out the active role of state in supporting financially but not only, because this is not the only thing needs this sector.

In our six year experience through crediting of 14,000 clients, in promotions and visits with our staff we have had the opportunity to contact a wide number of farmers, most of who have not taken financings or have been limited to small amounts leading to no obvious effect in their product growth. Today, I would like to summarize a range of difficulties we have faced while working in this sector, seen on the viewpoint of a financial partner serving not only as a financing but also as their adviser

Among the many difficulties allow me to highlight some:

- 35% of rural population is administered by the elderly age - over 65 years, who make impossible a long-term credit.
- 70% of producers (manufacturer) have farms of a mixed type, not profiled or specialized in a specific direction.
- The cleavage of agricultural land in very small parcels supports also the above mentioned issue and increases the cost of production.
- Other general issues of property limit the opportunities for collateral, and also the exposure to large and long-term loans.
- Agricultural markets are not structured in the proper directions of the Albanian market. Trade is largely spontaneous with personal initiative and not oriented to the market requirements. In most cases, the farmers do not own even means of transport to bring their products to the market.
- Family businesses have limited capital to exercise and start a high-level farm. Agro-industry cannot attract domestic production, especially in the top moments of production, and moreover, cannot organize the appropriate supply in time as a result of spontaneous generation.
- Strong depending on price and quality of imported inputs.
- Competition from neighbourhood countries in the prices the products reach the market.
- Institutional Presentations (association, society, etc.) are very weak and not very active to show an influence on the production and the market.

Yet working in this sector has its positive sides and also opportunities for the future:

- It requires an intensive work to support these clients as long as they constitute 50% of the population and their living is based in arable land.
- If the appropriate opportunities arise, it is possible to create a qualitative work force in agriculture.
- Atmospheric conditions are favourable and we have a lot of water resources.
- Agricultural lands are not far from the national road.

- There exist also internal request for our agricultural products as long as these products are delicious, fresh, natural.
- The variety of products that can be produced is of a high quality due to the land and the climatic conditions offered.
- The arable land is not contaminated by chemicals and the interest in our organic products has increased not only indoor but also outdoor.

During the years, our support has been directed toward different forms of support in rural areas. We have spread important information, often technical, from agriculture specialist and from municipalities to farmers, by organizing more than 100 meetings and open forums with farmers in a yearly basis. Simultaneously, ProCredit Bank has further supported the farmer's community and has enabled the organizing of several exhibitions in various agricultural areas. The goal of these activities was establishing a bridge of communication and the cooperation between all participants, while at the same time exchanging experience and information.

I underline that our staff is present in every village that we cover, to inform on the possibility of credit and the opportunity to view the business performance of our clients.

I guarantee you that ProCredit Bank will continue to play an important role in supporting and developing the agricultural sector, by offering in professional and responsible manner, a wide range of banking products and services. We examine each day and we think of new ways that can facilitate this sector and we will try to always support the farmer and innovative financial options that may benefit.

I invite everyone to participate in the constructive debate and the real solutions to further develop this vital sector and economic, considering the great possibilities of our country and welfare step that provides for all citizens.

I am convinced that everyone can do something more in this direction.

Thank you very much!