

Gent Sejko: Bolstering credit to the agriculture sector

Address by Mr Gent Sejko, Governor of the Bank of Albania, at the roundtable on bolstering credit to the agriculture sector, organised by the Bank of Albania and the Ministry of Finance, Tirana, 8 July 2025.

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Dear Minister Minister of Finance,

Dear representatives of the banking sector,

Let me start by conveying my heartfelt thanks for your participation in this important roundtable discussion, co-organized with the Ministry of Finance. This event aims to identify the appropriate pathways and instruments for opening a new chapter regarding credit to the agricultural sector in Albania.

As we have emphasized in many previous discussions and communication platforms, lending to the agricultural sector has been-and continues to be-a structural weakness for both our economy and banking sector.

The comparison of the significant role that agriculture plays in the Albanian economy with the limited level of credit this sector receives from the banking sector, clearly illustrates this weakness. Agriculture accounts for around 20% of GDP of Albania and employs around 1/3 of population, yet it benefits less than 2% of total bank credit. Moreover, recent trends in the agricultural lending have not been encouraging.

The underlying reasons of the low level of credit to the agricultural sector-ranging from property ownership issues and high levels of informality, to the relatively high business risk and low productivity due to the absence of economies of scale-have been consistently discussed. Some of these problems still remain relevant, while others are gradually being addressed.

However, even in this challenging context - credit to the agricultural remains low. This deficiency must be addressed without further delay if we aim at boosting the stable development of this sector that is crucial for the Albanian economy.

Against this backdrop, the Bank of Albania has aligned its Financing Programme to Micro, Small, and Medium-sized Enterprises to emphasize the growth of credit to the agricultural sector.

This program, that involves all stakeholders in the banking sector, offers a reliable and sustainable source of low-cost funding to support lending of development projects in the agricultural sector, including agrotourism and the agro-food industry.

Last, the Government of Albania has undertaken concrete steps in this regard, by making available a sovereign guarantee scheme for loans granted to the agriculture sector. This guarantee significantly mitigates the credit risk related with this sector, in turn considerably reducing one of the fundamental problems we have discussed, and the collateral.

We deem that both development projects provide a solid platform for progressing further as we make a new qualitative step in lending to the agriculture. Nevertheless, the success of this platform considerably depends on the involvement and the commitment to utilising its instruments.

In this context, allow me to draw your attention to three important points.

- First, from the narrower perspective of the business interests you represent, I would like to highlight that the low level of lending to the agricultural sector should be considered equally both as a reflection of existing structural and operational problems, and as a potential indicator for the high returns you may have from investments in this sector. In light of this, I encourage you to give agricultural sector the attention and expertise it rightly deserves.
- Second, from the perspective of the overall economic development, the growth of the agricultural sector-aligned and progressing in parallel with other sectors of the economy-should be regarded as a crucial pillar for the long-term and sustainable development of Albania. From this standpoint, as primary actors in Albania's economic and financial landscape, you are encouraged to view lending to the agricultural sector as a strategic investment that yields positive returns for the country's sustainable and inclusive growth.
- Third, as key actors in the social life of the country, the support to the agriculture sector should also be viewed as a moral obligation toward Albania, the country where you safely carry out your business and in a profitable manner. Supporting the food supply chain industry remains a factor of vital importance for a country and its population.

Dear representatives of the banking sector,

I kindly invite you to consider the issues addressed above more as an appeal to your rational judgement than to your emotions. The Bank of Albania will not, under no circumstances, take measures that would jeopardise the soundness of your financial positions or undermine the financial stability interests of Albania in the long term.

That said, while safeguarding financial stability, I believe it is appropriate to engage in an open and transparent dialogue aimed at rethinking our approach to lending in the agricultural sector, in line with the long-term interests of the social and economic development of Albania.

Thank You!