

March 17, 2010

Syed Salim Raza to launch Credit Guarantee Scheme
for Small and Rural Enterprises & Refinance Scheme for SMEs

Syed Salim Raza, Governor, State Bank of Pakistan will launch a Credit Guarantee Scheme for Small and Rural Enterprises, under the Financial Inclusion Program (FIP) at a ceremony being held at SBP Learning Resource Centre Auditorium on March 19 at 10.00 A.M.

He will also announce a Refinance Scheme for Small and Medium Enterprises (SMEs) in North West Frontier Province (NWFP), Federally Administered Tribal Area (FATA) and Gilgit-Baltistan (GB).

These schemes are aimed at enhancing the flow of credit to the SME and Agriculture sectors with greater emphasis on revitalization of business activities in the troubled areas of NWFP, FATA & Gilgit-Baltistan.

The ceremony will be attended by all stakeholders including representative from banking industry, donors and consultative groups of SMEs, agriculture and microfinance.

It may be pointed out that Agriculture and SME sectors contribute significantly in GDP and export earnings of the country and also employ a large share of labor force and thus greatly contribute in poverty reduction.

Keeping in view economic importance of these two sectors, the State Bank has initiated many important steps to improve the flow of credit in these sectors. It may be recalled that the State Bank of Pakistan had launched a large Financial Inclusion Program (FIP) with British Pound 50 million grant from the UK's Department for International Development (DFID) to promote inclusive economic growth through provision of sustainable financial services to the poor, small entrepreneurs, women and marginalized communities. It had already launched the Microfinance Credit Guarantee Facility (MCGF) and the Institutional strengthening Fund (ISF). The MCGF witnessed a steady increase in interest from potential takers. So far four microfinance providers have secured term sheets from commercial banks. These transactions will mobilize the funds of Rs.1.5 billion for the microfinance banks/institutions.

A total of Rs.300 million grants were approved by the Institutional Strengthening Fund (ISF) Committee in the first phase. These include Rs 82 million to National Rural Support Program's transformation into microfinance bank (MFB); Rs. 82 million to Tameer Microfinance Bank to launch its Branchless Banking through easyPaisa and Rs. 133 million for Pakistan Microfinance Network (PMN) for operational support. Three new grant applications have been approved worth Rs. 58 million for support to First Microfinance Bank, Kashf Microfinance Bank, and Centre for Women Cooperative Development, recently.

In addition, FIP is supporting Remittance and Anti-money laundering and Counter Terrorism Financing for which the support is being provided to Pakistan Remittance Initiative (PRI) and Financial Monitoring Unit (FMU). In the next phase, FIP will launch Financial Innovation Challenge Fund worth GBP 10 million and a technology fund worth GBP2 million to promote financial innovation and support alternative delivery channels.
