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**State Bank of Pakistan approves grants for agri finance innovations**

The State Bank of Pakistan announced the results of Financial Innovation Challenge Fund (FICF) Round 2 on Promoting Innovative Rural & Agricultural Finance in Pakistan under the UK's Department for International Development (DFID) funded Financial Inclusion Program. The FICF was launched by Finance Minister Mr. Ishaq Dar on March 06, 2014, as a strategic intervention for adopting innovations for development of agricultural finance in the country. Governor SBP Mr. Ashraf Mahmood Wathra had also addressed the event which was attended by British High Commissioner H.E. Philip Barton among others.

The FICF Advisory Committee, which is chaired by Deputy Governor Mr. Saeed Ahmad draws its representation from SBP officials, Mr. Waqas ul Hasan from DFID Pakistan and private sector including Mr. Shamim Ahmad Khan, Ex-Chairman SECP, and Mr. Mahmood Nawaz Shah, a progressive farmer. The Committee held a series of meetings to evaluate 18 proposals received under the FICF Challenge Round 2. While evaluating these proposals based on well-defined criteria such as uniqueness of the proposed innovations, sustainability of the ideas and potential for financial inclusion to establish value for money, the Chairman appreciated response of the market and richness of innovations.

The Committee approved 10 proposals for grant assistance under FICF, committing a total of PKR 240 million. The list of successful institutions includes HBL, Faysal Bank, Ace Global Depository Pakistan (Pvt.) Ltd, First Microfinance Bank, Agrow Ltd, FINCA Microfinance Bank, NRSP Bank, Global Financial System (Pvt) Ltd, NRSP-MFI and the Bank of Khyber. These successful institutions will implement their projects over the next 6 months testing innovations such as Agriculture Value Chain Financing, Warehouse Receipt Financing against agricultural commodities, use of third party service providers by the banks' agri staff, green agricultural financing, Islamic microfinance, use of ICT solutions for agricultural finance and price information.

FICF is a component of larger Financial Inclusion Program (FIP) being implemented by SBP under the funding assistance of UK Aid to spur innovative financial inclusion in Pakistan. The 1<sup>st</sup> round of the fund was held on Financially Inclusive Government to Person (G2P) Payments. Under the first round, SBP has been supporting a number of innovative pilots for adoption of financially inclusive G2P payments, covering the entire spectrum of G2P payments including salaries, pensions and welfare payments.

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