



## External Relations Department

---

ERD/M&PRD/PR/01/2022-35

March 11, 2022

### **Governor SBP announces task force to boost agriculture finance**

The first meeting of the Task Force on Electronic Warehouse Receipt Financing (EWRF) was held under the chairmanship of Governor, State Bank of Pakistan (SBP), Dr. Reza Baqir today in Lahore. The Chief Secretary, Government of Punjab, Mr. Kamran Ali Afzal also attended the meeting on special invitation. The EWRF Task Force is a high-level forum headed by the Governor SBP and comprises of senior officials from Federal & Provincial Governments, SBP, CEOs of Banks and Chairmen/MDs of SECP, PMEX, PBA, PASSCO and a Collateral Management Company. The goal of the EWRF is to promote agriculture finance and food security. The Task Force is established as part of a recent initiative by SBP to synergize the efforts of all stakeholders, for the promotion of EWRF in Pakistan.

During the meeting, Governor SBP announced measures to attract investment in the construction of new warehouses/silos through SBP's [Financing Facility for Storage of Agricultural produce \(FFSAP\)](#) in order to boost EWRF. These measures included; i) increase in tenor of FFSAP loans from current 7 years to 10 years to make it more attractive for investors by creating a long payback period; ii) increase in the grace period from 1 year to up to 2 years to provide additional flexibility to investors of such projects and adjust repayment due to time lag involved in construction of new storage facilities; and iii) revision in repayment terms from monthly to quarterly/six monthly to align the facility with the seasonality in agriculture sector.

Financing under FFSAP is available at 6% per annum to end users on long term basis for construction, expansion and balancing, modernization & replacement (BMR) of Steel/Metal/Concrete Silos, Warehouses & Cold Storage facilities for storing agricultural produce.

The Task Force deliberated on the future course of action to enhance the uptake of EWRF in the country. The discussions focused mainly on ways to enhance and modernize the storage capacity in the country, develop a transparent price discovery mechanism for farmers, enhance applicability of EWRF to other agricultural commodities including wheat, develop specialized insurance products, and conduct training and capacity building of banks & farming community.

Governor Dr. Baqir termed EWRF endeavors to be an essential component of formal credit to farmers who do not have acceptable collateral to offer to banks. He emphasized how strengthening of EWR regime in Pakistan will play a key role to bridge the gap between supply and demand of agriculture credit, minimize post-harvest losses, ensure better price discovery for farmers, and ultimately increase farmers' profitability and counter food insecurity challenges.

Dr. Baqir appreciated the collaborative efforts of all stakeholders who transformed the idea of EWRF into a workable solution but insisted on maintaining a steady momentum to achieve its



## External Relations Department

---

desired objectives. He acknowledged the Chief Secretary, Govt. of Punjab for his commitment to provide requisite government support to the Task Force.

Sharing his views, the Chief Secretary Punjab, Mr. Kamran Ali Afzal, appreciated Governor SBP for his timely action in rolling out the economic stimulus package which helped the country in early recovery from COVID pandemic shock. He said that EWRF is a scheme for emancipation of farmers from the clutches of middle men and offered Govt. of Punjab's complete support in implementation of the action plan adopted by the Task Force.

Previously, SBP had rolled-out the action plan for EWRF at the [launch event and roadshow held in Chunian](#), District Kasur on February 22, 2022 where 25 banks signed their Service Usage Agreements with Collateral Management Company to commence EWRF operations.

\*\*\*