



External Communications Department

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Governor SBP advises banks to promote climate resilient & technology based Agri-financing

The State Bank of Pakistan (SBP) convened the Agricultural Credit Advisory Committee (ACAC) meeting today in Multan, reaffirming its commitment to boosting agriculture financing and driving sustainable growth in Pakistan's agriculture sector.

In his keynote address, Governor SBP, Mr. Jameel Ahmad, underscored the vital role of agriculture in Pakistan's economy, highlighting its contributions to food security, rural livelihoods, and its integration with the industrial and services sectors. While acknowledging the sector's persistent challenges—low productivity, climate change impacts, and limited financial inclusion—he urged banks to prioritize agricultural finance as a core and viable business line.

The Governor noted that the agriculture sector achieved remarkable growth during FY24. In Q1-FY25, however, agricultural growth slowed down to 1.2% from 8.1% last year and has resulted in a relatively slower GDP growth of 0.9% against 2.3% recorded in Q1-FY24. There are signs of a modest wheat crop, highlighting the need for resilience and innovation in agriculture for sustained growth. During FY24, due to collaborative efforts by SBP and the banks, a record credit disbursement of Rs. 2,216 billion was witnessed, marking a 25% annual increase. Building on this momentum, the first half of FY25 recorded disbursements of Rs. 1,266 billion whereas the number of borrowers rose modestly to 2.86 million. To increase the number of small borrowers particularly in underserved and unserved areas, the Governor emphasized the banks to expand their rural presence by designating more branches for agri-lending and deploying additional agricultural credit officers.

Looking ahead, the Governor urged the banks to fully implement their Agricultural Credit Expansion Plans and invest in human resources, infrastructure, and digital technologies to better serve the farmers. He encouraged financial institutions to collaborate with relevant Government departments, fintechs, microfinance institutions, and Agri-Tech companies to deliver end-to-end digital loan solutions and advisory services tailored for small farmers.

He highlighted that there are three key areas for stakeholders to focus to uplift the agriculture sector. **First**, addressing the climate change challenges calls for targeted strategies to mitigate risks and enhance resilience by adopting climate-smart agriculture, green financing, and farmer training to ensure food security and sustainable growth. **Second**, leveraging modern technology is crucial for transforming Pakistan's agriculture. Globally, Geo-spatial technologies are transforming agriculture by enabling precise crop monitoring, enhancing resource management, and minimizing production risks. Pilot projects in Pakistan can adopt these tools to enhance productivity and reduce resource waste. **Third**, enhancing focus on livestock sector, which contributes 14% of GDP and 2.1% of the country's total exports, offers massive opportunity for diversifying income streams and reducing dependency on traditional crop cycles by creating exportable surplus. Adopting advanced technologies like efficient breeding, improved dietary regimes, and manure management systems, can increase productivity and also align with Pakistan's climate goals to reduce greenhouse gases by 50% till 2030.

While listening to the issues faced by farmers from Baluchistan, the Governor shared that SBP will take a lead and convene all the stakeholders including relevant Government departments, Banks and farmers' associations and service providers in Quetta to take a holistic approach in addressing



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agriculture credit bottlenecks faced by farmers in Baluchistan. This should be followed by other provinces as well.

A key highlight of the meeting was a session on climate-smart agriculture, which provided actionable insights on leveraging geo-spatial technologies for precision crop monitoring, optimizing resource allocation, and mitigating climate risks. The session also showcased the Climate Resilience Fund, a World Bank initiative, as a vital financing opportunity for microfinance banks to support climate adaptation strategies in agriculture.

Concluding the meeting with a call to action, the Governor stated, Pakistan's agricultural sector holds immense untapped potential. By expanding financial access, fostering innovation, and addressing climate challenges, we can transform agriculture into a resilient, sustainable, and globally competitive driver of economic growth. This transformation demands the collective effort of all stakeholders—banks, policymakers, and technology providers.

The Agricultural Credit Advisory Committee (ACAC) meeting remains a strategic platform under SBP's leadership to address the evolving needs of the agricultural sector. The meeting was attended by key stakeholders, including presidents of commercial and microfinance banks, federal and provincial government officials, and representatives from Chambers of Agriculture and Farmers' Associations.
