



Pakistan: PAK: RURAL FINANCIAL INCLUSION AND DAIRY GROWTH FACILITY

Project Name	PAK: RURAL FINANCIAL INCLUSION AND DAIRY GROWTH FACILITY			
Project Number	46923-014			
Borrower/Company				
Country	Pakistan			
Location				
Approval Number	7393/7393			
Type or Modality of Assistance	7393/7393	Partial Credit Guarantee without Govt Guarantee	US\$ 3,699.50 million	Approved
Strategic Agendas	Inclusive economic growth			
Drivers of Change	Private sector development			
Sector / Subsector	Agriculture, natural resources and rural development - Agricultural production			
Gender Equity and Mainstreaming				
Responsible ADB Department	Private Sector Operations Department			
Responsible ADB Division	Private Sector Financial Institutions Division			
Responsible ADB Officer	Hartel, Rainer			
Project Sponsor(s)				
Description	A partial credit guarantee (PCG) facility of up to \$35,000,000 (or PKR equivalent) in support of investment loans made to small dairy farmers. PCGs may be issued by ADB within four years after the Board approval. PCGs may cover loans with a tenor of up to 5 years. The first PCG for up to \$3 million (or PKR equivalent) will partially guarantee a portfolio of loans to be made by a local bank to dairy farmers.			
Objectives and Scope	The proposed facility will contribute to (i) improving small dairy farmers supply of high value added dairy products, (ii) scaling up viable banking services for small dairy farmers, and (iii) improving dairy farmers' access to investment capital.			
Linkage to Country/Regional Strategy	The Facility supports the development objectives of the government, which include finance for development. The country partnership strategy (CPS) for Pakistan (2009-2013) emphasizes the need for reforms, including measures to improve productivity in agriculture and promoting the private sector. CPS consultations with stakeholders highlight the importance of the private and financial sector, and the need for improving financial inclusion, especially in rural areas. More commercial financial services will capture essential qualitative growth opportunities in neglected regions, and encourage sound risk management. Recent IMF and World Bank reports highlight the farmers inadequate access to finance. Capital support via the partnership of banks and agribusiness present a good opportunity for ADB's private sector operations. The Facility would be the first private sector transaction in Pakistan's agriculture sector. The Facility is consistent with ADB's financial sector operational plan and the 2007 report of the Working Group on Rural Poverty, which underscores the importance of rural finance and promotes financial inclusion of underserved poor households, and farmers.			

Safeguard Categories

Environment	C
Involuntary Resettlement	C
Indigenous Peoples	C

Summary of Environmental and Social Aspects

Environmental Aspects
Involuntary Resettlement
Indigenous Peoples

Timetable for assistance design, processing and implementation

Concept Clearance	20 Aug 2012
Due Diligence	
Credit Committee Meeting	02 Sep 2013
Approval	29 Oct 2013
PDS Creation Date	23 Sep 2013
Last PDS Update	30 Sep 2014

Project Page	https://www.adb.org/projects/46923-014/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=46923-014
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