

Agricultural Credit Program



Tractor loan sub-borrower with his tractor

Outline of Loan Agreement

Loan Amount / Disbursed Amount	10,000 million yen / 9,993 million yen
Loan Agreement	March 1992
Terms & Conditions	Interest rate 2.6%p.a. Repayment period 30 years (Grace period 10 years)
Final Disbursement Date	March 1995

Project Outline

Funding cooperation was provided for the small-scale farmers' loan scheme of the Agricultural Development Bank of Pakistan (ADBP) in order to contribute to the expansion of agricultural production and improve revenues from farming.

Results and Evaluation

Japan's ODA loan provided under this project was used to finance part of the medium and long-term loans (total: Rs. 6.15 billion, 4,953 transactions) extended to small-scale farmers between 1991-94 via ADBP's General Credit Scheme.

Sub-loans were used to purchase tractors and other types of farm machinery and small-scale irrigation projects, as well as for dairy farms, orchards, and on-farm development. A consultant was hired using loan funds to provide marketing and farm management guidance services to the farmers.

Findings from a sample survey (100 interviews) conducted as part of project evaluation revealed increases in irrigated crop areas from 9.9 acres to 12.6 acres (27%), and in cultivatable areas from 20.8 acres to 25.7 acres (23%). Harvest yields from wheat (11%), rice (10%), and cotton (4%) were also reported to have increased, thus inferring that the project had effectively expanded agricultural production.

Whilst there is a need to promote ADBP-wide efforts to enhance its loan recovery ratio, the Poverty Reduction Strategy Paper (PRSP), which was discussed in a joint meeting between the Pakistani government and the World Bank/IMF, has highlighted the issue of expanding credit to farmers by improving the management of ADBP and reinforcing its functions.