

Dr. Atiur Rahman, Governor of Bangladesh Bank

Inaugural address

During the Grand opening Ceremony of 19th General Assembly
Radisson Blu Hotel, 19th May 2014
Dhaka, Bangladesh

Distinguished APRACA Chairman, Vice Chairman, Executive Committee members, Secretary General; other distinguished speakers and invitees, my warmest welcome and a very good morning to you all.

I am impressed to note that the APRACA remains active since 1977 as the forum upholding promotion of rural and agricultural credit in the Asia Pacific region, playing role as a knowledge depository and a mutual learning and experience sharing platform for member central banks and lending institutions in upholding and promoting flows of agricultural and rural credit. Financing of agricultural and other rural farm and off farm economic activities is crucially important for food security, livelihood security and poverty eradication in large swathes of population in our region and elsewhere; and as a founder member of the APRACA Bangladesh Bank (BB) has remains proactively engaged in addressing the challenges in maintaining adequate financing flows to these sectors of the real economy.

Substantial expansion of Asia Pacific region's share in global agricultural output and trade indicates substantial success of APRACA's in its well over four decades of existence; but much also remains to be attained in drawing agricultural and rural financing fully into the mainstream activities of financial institutions and markets in our region. Disruptive events like the last global financial crisis bring up new challenges to contend with, like credit crunch or financial exclusion for farm and non-farm small businesses. Civil society awareness on these issues have heightened significantly over the recent past decades; and a number of global initiatives have emerged to promote socially and environmentally responsible ethos in financial and non financial business, inter alia including the AFI and the UN Global Compact. Aims and objectives of these initiatives have much in common with those of APRACA, and I presume the APRACA Ex Com has been or will be contemplating liaising with such other ongoing global or regional initiatives.

In Bangladesh our ongoing campaign of mainstreaming socially responsible financing has succeeded in enthusing all our banks into engagement in agricultural and MSME financing; they are now spontaneous in innovating and launching cost efficient off branch service delivery modes reaching out to small farm and non-farm MSMEs in remote rural areas. BB has been providing necessary enabling environment, inter alia with massive upgrading of the financial sector IT infrastructure enabling advent of mobile phone/smart card based banking, and with modest refinance lines. Sustained attention towards adequacy of agricultural and MSME lending flows during and after the global crisis helped Bangladesh uphold growth momentum by underpinning domestic demand driven output growth.

Some difficulties impeding spontaneity of banks in agricultural financing remain still largely unresolved however, like absence of crop insurance schemes to protect growers from output risks in adverse climatic conditions, and from price collapse risk in events of bumper output. Farmers' cooperatives for collective warehousing and marketing of agricultural output to secure better prices have not flourished in Bangladesh. I see much for Bangladesh to learn in the APRACA forum from experiences and developments elsewhere in other APRACA member jurisdictions; just as there may be lessons for others from our initiatives and experience with inclusive, socially responsible financing of agricultural and rural SMEs. I wish the best of success and fruitfulness for each of the successive sessions of APRACA EXCOM meeting, General Assembly and the smallholder financing risk management forum. On this upbeat note of optimism let me now exercise the privilege of declaring the chain of sessions open. Thank you all for your patient attention.