

## Note for Record

**By: - Shoaib Sultan Khan**

**March 21, 2018**

Subject: - **Agri Processing Company**

NRSP (National Rural Support Programme) is the only RSP, which has ventured in setting up for profit entities, despite being a not for profit section 42 company. The Board of NRSP was initially very hesitant in going in the for profit direction. However, the CEO NRSP Dr Rashid Bajwa, was able to satisfy the Directors on the plea that for financial sustainability of NRSP it was essential to generate income otherwise dependency on outside funding for the development activities may not augur well for the future of the organization.

Reluctantly, the Board agreed to the setting up of the NRSP Micro Finance Bank by agreeing to buy 52 % of the shares whereas the balance was equally subscribed by IFC, KFW and Acumen Bank. Unlike other micro finance banks NRSP bank showed profit from the very first year of its inception in 2011. The Bank continues to provide credit to 97 % landless or under 5 ac clients.

This encouraged Rashid to venture in new for profit enterprise and he came up with a proposal to the Board to set up an Agri Processing Company with the objective to help small farmers in getting reasonable price for their produce instead of being shortchanged by the middlemen (Arthis). In addition help the farmers to increase their yields which currently are at half of what the adjoining Punjab farmers' harvest. The third objective is to create a one window operation for the needs of the farmers such as credit, storage, extension services etc. Ultimately when the farmers become financially strong and solvent, offer them storage services for their produce and share profits with them when prices are much higher than at the time of harvest.

Everyone in the Board agreed with the pro-poor objectives of the venture but no one had the foggiest idea how it will be done and at what cost but they all

had great trust and confidence in Rashid's business acumen. So the idea was given go ahead in principle and Fazlullah Qureshi and I were nominated as the Directors beside the CEO Rashid Bajwa of the new company. Soon we started hearing the progress of the venture. Rashid was able to get a sizeable grant from the State Bank to whom a substantial fund was entrusted by DFID, to be used as grant money for agri entrepreneurial ventures. Rashid convinced them that NRSP Agri Processing Company qualified for the grant and got it. We heard progress of the company but none of us either company Directors or NRSP Board Directors had seen it. We believed and trusted Rashid. Actually, we had no option he had already increased NRSP endowment of Rs. 500 million given by govt. in 1992 to Rs. 4 billion.

One day while on my way to Lahore I decided to take a diversion from the Motorway and turned on to Hafizabad route. My daughter and her French spouse were also in the car. The village road was not too bad and the fields all around were soothing to the eyes, suddenly we saw the monstrous silos and entered a campus, which seemed to have set up by a multinational. It was an incredible scene, out in the wilderness something so modern. The Frenchman exclaimed this is France.

At the entrance the huge trucks fully loaded were getting the produce tested for moisture content, where a fully equipped laboratory was doing the testing and thereafter allowing the truck to enter the premises to be weighed at a platform capable of weighing tons of paddy or wheat.

We proceeded further and saw the two giant storage silos connected with an equally impressive attachment for sacking the produce for sale. In addition there was a huge godown to store the sacks for transporting it to the markets.

Adjoining was the administrative bloc comprising farmers training center and other offices alongside was a four bed guest house for night stay. The workmanship of the structures and buildings was as good as in any big city.

As to one window operation we found ZTBL, Jaffer Brothers, Engro and Pakistan Agriculture Coalition present on the premises.

I persuaded Rashid to hold the next meeting of the NRSP Board of Directors at the Agri Processing Company site. Fortunately, six Directors including two ladies, braved the six hours round trip to the company premises on March 7, 2018.

In the presentation by Rashid and Rao, incharge of the site, it was explained to the Directors that there is paddy storage capacity of 3300 tons to be procured from 28,000 acres @ 30 mds/acre from 20,000 farmers being in 3-4 union councils at an investment of Rs 350 million.

APC is based on Social Mobilization model and to date 152 community organizations have been formed with 1684 farmers comprising 19 villages. 43 workshops on production technologies attending 2,183 farmers have been held.

Loans have been disbursed to 5,688 farmers amounting 319 million. Soil and water test conducted over 3200 acres. Engro has distributed fertilizer through their outlet.

In 2017-18 Rs 141 million worth of paddy will be purchased and Super Basmati worth Rs 68 million. Some parts of the presentations are attached.

The Directors also met a sizeable group of farmers which included women also. They all strongly commended APC and said that even simply by selling paddy to APC, they have got 25% more value than what the Arthi used to give them. Amongst the women, when probing questions were asked by Director Kishwar Naheed, they gave answers to her satisfaction. On their insistence, Kishwar also recited one of her poems.