



## SUCCESS STORY

# Farmers get Warehouse Receipt Loans

**Within months of passing the Warehouse Receipts Law, the first loan based on stored grain was issued**



Photo: Ana Martinovic

High ranking officials from the Ministry of Agriculture, the EBRD, and USAID participated in the Warehouse Receipts conference in Belgrade held in January 2009.

*The WHR system allows warehouse receipts, issued to farmers by public warehouses for commodities stored in their premises, to be used as collateral for commercial loans. It also enables the creation of a uniform and well regulated system of storing commodities, the protection of depositors, and ensures the quality and quantity of stored commodities.*

One important aspect of developing a market-oriented agricultural sector is the introduction of a new agricultural commodities market infrastructure. Serbia has been working on the introduction of a Warehouse Receipts (WHR) system since 2005 as an alternative solution for commodity producers, processors and traders to access short-term financing for their operations. With technical assistance from the USAID Agribusiness Project, Serbia has a pilot Warehouse Receipts system in operation.

The Serbian Parliament adopted the Warehouse Receipts (WHR) Law in May 2009 and only three months later, in August 2009, the first short-term loan using stored goods as collateral was issued by the "Komercijalna Banka" under the WHR pilot project. Loans provided by commercial banks using stored cereals as collateral are being issued with an interest rate of 3%, with the Ministry of Agriculture subsidizing the interest rate based on the reference interest rate of the National Bank of Serbia. The maximum amount of a WHR loan is 1,000,000 RSD (\$15K) for individual producers, and 3,000,000 RSD (\$45K) for agricultural cooperatives.

During 2009, the USAID Agribusiness Project brought in a recognized international expert to assist the Ministry of Agriculture in the process of developing the Law on Public Warehouses for Agricultural Products, the regulations on licensing and control, developing a sample warehouse receipt, as well as an annual work plan for implementation of the system and the WHR pilot project. The Agribusiness Project organized a conference on the System of Warehouse Receipts for Agricultural Products to educate warehouse operators, financial and governmental institutions, traders, cooperatives and producers regarding the requirements and advantages of the WHR system.

In June 2009, with assistance from the Agribusiness Project, the Ministry of Agriculture initiated the WHR pilot project with two commercial banks and seven warehouses. This resulted in the first loan for an individual agricultural producer being approved in August 2009. The Agribusiness project will continue support to the Ministry of Agriculture in 2010 and beyond.