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# Investing in rural people in Pakistan

Following stagnant growth compounded by external shocks (including widespread floods in 2010) rising levels of ethnic and religious strife, and conflict and insecurity, the 4.2 per cent GDP growth experienced in 2014-2015 is signalling an improved economy, and a more conducive environment for investment and gains to be made in poverty reduction in Pakistan.

Pakistan is the world's 26<sup>th</sup> largest economy, and 6<sup>th</sup> most populous country with an estimated population of 191 million. The latest caloric value-based poverty figures estimate that 15 per cent of the rural population is living below the poverty line; if a US\$2 poverty line is applied, more than 45 per cent of the population is living below the poverty line. However, poverty is predominantly a rural problem, with rural people comprising 61 per cent of the population (116 million) and accounting for 80 per cent of the country's poor. Agriculture is at the heart of the rural economy and accounts for roughly 20 per cent of GDP; while the rural population relies on agriculture for its livelihoods, with many depending on non-farm activities for income, the lack of access to rural finance (including microfinance) presents a real challenge.



**Agriculture**  
accounts for  
**20 per cent**  
of Pakistan's GDP

Projects: 26  
Total cost: US\$2,434.7 million  
Total approved IFAD financing:  
US\$604.8 million  
Directly benefiting:  
2,080,400 households

The most vulnerable groups in Pakistan include landless wage labourers, who often lack basic housing and shelter; youth (32 per cent are illiterate, 9.5 per cent are unemployed and only 6 per cent have any technical skills); and women, who, in rural Pakistan especially, are the most socially excluded, with limited access to social services and livelihood opportunities.

Key challenges faced by poor rural people include: (i) lack of productive assets including land, skills, housing and capital; (ii) food insecurity, malnutrition, and poor access to social services (health, education, etc.) and credit; (iii) poor market, extension and research support infrastructure; (iv) poor quality and inadequate availability of inputs; and (v) poorly developed value chains for cash crops and livestock.

## Eradicating rural poverty in Pakistan

The key policy documents that outline the national poverty reduction strategy in Pakistan are the Vision 2025 and the Poverty Reduction Strategy Paper II (PRSP-II). These strategies rely on economic growth, a knowledge economy (with investment in human capital), employment generation, social justice and protection (expansion of social safety nets), and universal access to quality social services as the main instruments for poverty reduction. Furthermore, the importance of the agriculture and rural non-farm sectors are underscored in these documents, recognizing the sector as a source for employment creation.

With the 18<sup>th</sup> amendment to the Constitution of Pakistan in 2010, decentralized political power and authority have become more established, and provincial governments are now leading the rural poverty reduction agenda, with specificity for local conditions. Subsequently, Pakistan's rural development objectives are linked to strengthening the rural economy, improving the quality of life of rural people and enhancing their living conditions; poverty reduction and poverty graduation will be pursued. Correspondingly, provincial governments are committed to increasing agricultural productivity and food security, augmenting the supply of critical water resources, improving rural infrastructure, and delivering social amenities that meet community needs.

## IFAD's strategy in Pakistan

Since IFAD began its operations in Pakistan in 1978, the focus has been on combating rural poverty by promoting integrated participatory rural development.

Building on past experience and lessons learned, and with the aim of expanding and scaling up successful models, IFAD's country programme in Pakistan is evolving, and is aligned with the Government's development and policy agenda. National and other development resources will be leveraged in pursuit of province-wide and programmatic approaches under a strategy of:

- (i) Transitioning the ultrapoor through proven graduation models centred on women and youth; and
- (ii) Promoting value chain-centred smallholder agriculture development in partnership with the private sector.

As a complement to these strategic directions, ongoing and pipeline projects are facilitating and promoting housing security and asset transfers for vulnerable groups, skills development (including vocational training), and enterprise and value chain development; access to financial services and financial inclusion are also being pursued.

The cross-cutting issues of nutrition, gender, youth, and climate change resilience and water resources management are mainstreamed across the entire portfolio through well-defined strategies, interventions and investments.

# Ongoing operations

## Economic Transformation Initiative – Gilgit-Baltistan

The objective of the initiative is to increase agricultural incomes and employment for at least 100,000 rural households in the Gilgit-Baltistan region, where over 90 per cent of the population is engaged in agriculture.

The initiative will focus on:

- Increasing agricultural production, introducing high-value cash crops and linking farmers to local markets
- Developing and improving infrastructure including irrigation schemes and rural roads
- Organizing smallholder farmers into producers' groups and formulating value chain development.

In Pakistan, poverty in remote rural areas is largely due to small per capita landholdings (0.6-0.8 acres); poor access to markets; lack of access to credit, inputs and support services; limited off-farm employment opportunities; and policy and institutional constraints.

## Livestock and Access to Markets Project

The goal of this project is to contribute to rural growth and poverty reduction in rural Punjab, enhancing the livelihoods of poor households in the districts of Bhakkar, Khushab, Layyah and Mianwali. This will be achieved by addressing the key constraints that prevent increases in production and productivity in the livestock sector.

The project aims to increase production and market access for livestock products, facilitating linkages between smallholder producers and private entrepreneurs along the dairy and livestock value chains through:

- Targeted, area-specific interventions to strengthen smallholders' access to livestock services, and to increase the capacity of local private providers and government institutions to deliver such services
- Broader policy support aimed at strengthening the overall regulatory and institutional framework in the livestock sector.

The target group includes smallholder farmers whose incomes, nutrition security and safety nets depend primarily on livestock. Within this category, the project specifically targets the productive poor, the vulnerable poor, and households headed by women. The project will limit its scope to the livestock subsectors that have the highest potential for generating impacts on poor smallholder farmers, including dairy, small ruminant and backyard poultry activities.

## Gwadar-Lasbela Livelihoods Support Project

The Gwadar-Lasbela Livelihoods Support Project will cover the two coastal districts of Gwadar and Lasbela in the province of Balochistan, where over 60 per cent of the population lives in poverty.

The project will primarily target poor rural households in 382 villages in Gwadar and Lasbela, including small-scale landowners or landless tenants, small-scale fishers and women. The project is expected to benefit about 20,000 rural households (116,000 people).

The project aims to increase the incomes and enhance the livelihoods of poor rural and fisher households in the project area. In particular it will support:

- Community development
- Fisheries development
- Rural infrastructure

Since 1978 IFAD has **financed projects** in Pakistan worth a total of **\$2.4 billion**

## Southern Punjab Poverty Alleviation Project

The Southern Punjab Poverty Alleviation Project will be implemented in the districts of Bahawalnagar, Bahawalpur, Muzafargarh and Rajanpur, where the total rural population is estimated to be 8.6 million, or just over 1.2 million households.

The project objective is to increase the incomes of the target population by enhancing their employment potential and boosting agricultural productivity and production. The project will assist the government of Punjab in achieving its economic growth and poverty reduction objectives.

The project will benefit landless casual labourers, smallholder farmers and woman-headed households. It is expected that about 80,000 poor rural households from four districts will benefit directly from the project; an innovation of the project will be the use of the National Poverty Score Card as an effective targeting instrument.

Among the root causes of poverty in the region are the skewed distribution of land, exploitative farming arrangements and the lack of own housing for landless daily wage earners, which compromises their economic choices and freedom of action. The project is designed with these challenges in mind, providing a low-cost housing scheme and a range of income-generating opportunities for the poorest and most vulnerable members of the rural communities in the target area.



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## Building a poverty-free world

IFAD invests in rural people, empowering them to reduce poverty, increase food security, improve nutrition and strengthen resilience. Since 1978, we have provided US\$18 billion in grants and low-interest loans to projects that have reached about 462 million people. IFAD is an international financial institution and a specialized United Nations agency based in Rome – the UN's food and agriculture hub.

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For further information on rural poverty in Pakistan, visit the Rural Poverty Portal:  
<http://www.ruralpovertyportal.org>



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