

Creating wealth in smallholders farms through efficient credit systems in Pakistan



Key details

Location

Pakistan

Duration

Start Jan 2017

End Nov 2018

Budget

AUD 199,710

Commissioned organisation

The University of Queensland

Partners

Pakistan Agricultural Research Council; Shah Abdul Latif University; University of Agriculture Faisalabad; University of Sindh

Project Leader

John Steen - University of Queensland

Program

Agribusiness

Project code

ADP/2016/028

Pakistani smallholders, especially women. Understanding the barriers and success factors in these two areas has enabled more effective development schemes.

This study explored how giving farmers, particularly women, access to credit and entrepreneurial opportunities can help smallholders to improve agricultural productivity and reduce poverty.

The project examined the efficiency of financial lending practices in the agricultural sector and determined the best lending practices which could improve smallholder farmers productivity and profitability. Institutional factors inhibit smallholders access to credit facilities. Some studies focus on informal sector lending such as commission agents, but no study empirically compares financing schemes in the smallholders horticultural sector. This makes it necessary to estimate the cost effectiveness of financing sources for smallholders.

Examining these financing sources could enable analysis of the financial viability of existing loan schemes at farm level and relate them to farm productivity and profitability. This will help policy makers to design financing schemes for smallholders.

Outcomes

This project investigated two proven levers of smallholders' wealth creation in Pakistan in the form of

Overview

The project aimed to investigate credit markets and schemes that promote entrepreneurial opportunities for

more efficient credit markets and schemes that promote entrepreneurial opportunities for women. Understanding the success factors and barriers to effectiveness in these two areas is important to design more effective financing schemes and policies.

This study aimed to:

- Provide an informed summary of credit access issues of small farmers
- Explore smallholders' credit constraints
- Identify the research and development priorities
- Recommend strategies and actions that can help smallholders

A key finding from the research was that productivity on farms in most rural areas is low. Improving productivity requires modernizing farming methods, but the effectiveness of government development programs to do so depends on farmers accessing finance to make these changes possible.



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