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**Follow-up to the World Summit for Social Development
and the twenty-fourth special session of the General Assembly:
priority theme: strategies for the eradication of poverty to
achieve sustainable development for all**

Statement submitted by Pakistan Lions Youth Council Khanewal, a non-governmental organization in consultative status with the Economic and Social Council*

The Secretary-General has received the following statement, which is being circulated in accordance with paragraphs 36 and 37 of Economic and Social Council resolution 1996/31.

* The present statement is issued without formal editing.



Statement

Economic Importance of Agriculture for Sustainable Development and Poverty Reduction in Pakistan

Pakistan is an agriculture-based country with 70% of the community depending upon agricultural products. It focuses on the alliance in between poverty and the income generation, dependent on the three runs of national representative household surveys, to understand the role of agriculture in the past poverty reduction. By linking the economy wide CGE model with a micro simulation model, we simulate the poverty outcome of accelerated agricultural growth in the future.

Agriculture in Pakistan will continue to be a major sector in terms of its size in the economy. Rapid growth in the manufacturing and export services can only occur when these sectors significantly improve their international competitiveness. However, with high dependency on imports for manufacturing, such growth also implies to lower prices for manufacturing goods produced domestically, which leads to a lowered rate of share to this sector.

Domestically oriented industry (e.g., construction) and services can only grow with income growth for a majority of households and rapid urbanization. Hence, rapid growth in non-traded industry and services is rather an outcome of broad-based growth, including growth in agriculture, and it will be unlikely to become a main driver to lead the economy wide growth. Agriculture will continue to be an important and big economic sector.

Broad-based agricultural development is a key for transformation in Pakistan. Due to the agricultural sector's important role in the economy and for people's incomes it is primarily necessary for us today to cope with the drawbacks and the gaps to stand equally among the world in this sphere. Imports have been increasingly raising with domestic production for cereals and livestock products. To be able to compete with imports, productivity-led growth must lower domestic prices for these products.

Exploring agricultural potential is a key for agricultural growth. Land expansion, which is the dominant source of recent growth, should not be seen as a main engine of further agricultural growth. Continuous expansion of land implies a growing risk of environmental degradation when land quality has been deteriorated by over-farming and the low application rates of fertilizer. It is possible for Pakistan's agriculture to grow through productivity increase. Simulation results show that by closing the existing yield gaps in crops, together with comparable productivity growth in the livestock sector.

Contribution of agricultural growth to the overall economic growth is often invisible, which leads to underestimation of the role of agriculture. By taking into account both visible and invisible transfers from agriculture to the non-agricultural economy the major analysis shows that agricultural growth will provide huge benefits to the economy. It provides further evidence on the important role that agriculture can play in economic development and the urgent need to support agricultural growth through raising investment.

Agricultural development requires a comprehensive long-term strategy and such a strategy needs to be supported by long-term commitment both from the government and international development partners. While opportunities for agricultural growth are there, challenges to realize them are huge.

While productivity of crop production is associated with the intensive use of input, yield can be increased through better land management and farming practices as well as weed and pest control. A number of poor practices have been identified, from the regards poor land husbandry is common within the farmers throughout the country. Misinformation on tool us and modern inputs combined with lack knowledge on chemical inputs and knowledge of market product price constrain farmers for profitability.

Increasing crop yields often requires additional labour inputs for certain farm practices. At the same time, a significant increase in yields often requires additional labour for harvesting. Labour supply side factors are related to rural-urban migration that is expected to further speed up in the process of transformation. To address both seasonal and permanent labour constraints, mechanisation has a long history in Pakistan.

As in the case of manufacturing, it is important to enhance the linkages between foreign investment in agriculture and the rest of the sector and the rural economy in order to foster spill over effects.

Supporting rural producer groups is another field where the government can play an important role, this can occur through capacity-building for leaders to manage and participate in high-level negotiations and for the weaker members of the groups to achieve a voice within the groups. Promoting modern information and communication systems helps enable producer groups to access market information and acquire professional advice necessary for modern supply chain management and effective participation in the policy dialogue.

Opportunities for structural change within the agricultural sector and hence increasing agricultural productivity through diversification also exist. With rising rural and urban incomes and rapid urbanization, many agricultural products move from subsistence to marketed crops. An important policy question is what supportive role the state can play in this process and how to attract foreign investment and private enterprises to develop these products along the value chains both in manufacturing and in agriculture.
