Harnessing Pakistan’s Agri-food Potential

For over 50 years, the agri-food sector has benefited from large and generous public spending and support in various forms.

Agriculture in Pakistan is a key driver of economic growth

- Makes up 40 percent of the labour force
- Employs two out of three employed women
- Contributes 23 percent of the country GDP
- Generates a quarter of total export earnings

However, the sector underperforms, even when assessed against its own potential, with yields of major crops 1.5 to 4.2 times below field potential.

So what is going wrong?

1. Public incentives are skewed towards four crops that use 85 percent of the cultivated land.
   - Wheat 48%
   - Rice 15%
   - Cotton 15%
   - Sugarcane 7%

2. This practice of monocropping prevents diversification toward higher value, more nutritious, and less resource intensive crops.

3. The livestock sector represents 60 percent of the agricultural GDP, but receives less than one percent of public investments.

4. There is mismanagement and inefficient use of water in agriculture and a deterioration of its quality that affects everyone dependent on the resource.

How can these challenges be addressed?

1. Adjust the agri-food policy framework to today’s market and climate realities. Provide efficient and targeted support to smallholder and medium-size farmers.

2. Provide incentives to stimulate diversification and adoption of climate-smart agriculture practices.

3. Repurpose public spending from inefficient and inequitable subsidies towards investment in neglected sectors (livestock, horticulture) and public goods (research, rural roads, etc.)

4. Improve water governance and stimulate a more sustainable and productive use of water in agriculture.

To learn more, read the World Bank Pakistan Discussion Note, Unleashing the Agri-food Sector, 2023