



Participatory Development Initiative (PDI) Terms of Reference for Research Consultancy

Title: Issues and Challenges of small farmers in accessing Agriculture Credit in Pakistan

1. INTRODUCTION

In Pakistan, more than 45% people generate their income from agriculture sector and 85% of them are small farmers. The number of small farms has increased over time from 82% in the year 1990 to 86% in the year 2000. In Pakistan, small farms are not only becoming smaller, but land distribution is also skewed and concentrated more among larger farms. Nearly 14% of the large farms own 54% of the area and 86% cultivates 46% of the farm area. Small farmer is operating less than 12.5 acres of irrigated land or less than 25 acres of un-irrigated land. The predominance of small -farms (over 90%) is a critical factor in agricultural development of South Asian countries. Small farms contribute 30-35% to total agricultural output. Thus small farms are a significant and vital segment of farming community. Sustainable intensification of smallholder agricultural production should be a key component of national anti-poverty strategies. Sustainable intensification means that smallholders are able to raise crop yields or livestock production without depleting the natural resource base on which their production depends (Peacock & Jowett, 2004)

Small farmers are the largest body of the farming community. They are more unproductive due to scarcity of land and capital resources. They also lack skills for creating more marketable surpluses. They lack access to financial resources to adopt the modern agricultural techniques required for increasing agriculture production. They also face problems in getting credit economically from the private sources.

The fact is that the capital required for adopting innovative farm technologies relied on appropriate technology either comes from farmers own savings or through borrowing and agriculture credit thus comes to be regarded as an essential input in the modern technology.

The above mentioned research is designed under the project "Enhancing Food Security and Resilience of Small Farmers in Sindh and Baluchistan provinces of Pakistan" with the support European Commission and Oxfam GB

2. RATIONALE FOR THE RESEARCH

The research findings will not only highlight the strength and weakness of existing agricultural credit system in Pakistan, but will also determine the most effective course of action. Research

will also help in policy advocacy on Agricultural credit and increased access to the small farmers.

It is expected that the use of research findings will help to improve access of small farmers to agricultural credit, resulting in sustainable livelihood and improved gender balanced relations at household and community level. The validated research results will not only guide PDI and OGB about the effective course of future action but also help to undertake well-informed policy advocacy to reform policies impacting small farmers in Pakistan.

3. AUDIENCE AND USE

The government policy makers would be the key audience of the study as the study would review the existing policies and practices and suggest improvements in those policies and practices. On the same time, the study would be a living document for the civil society and the community representatives especially those engaged in advocacy and lobbying on the issues credit issues of small growers of Pakistan suggesting issues for advocacy coupled with advocacy strategy and tools.

4. STUDY OBJECTIVES

The overall objective of the study is to analyze the current situation of the small farmers and difficulties they have faced in accessing credit; particularly women headed and managed households in project areas of district Dadu, Sanghar and Musakheal.

Based on the researched ground realities the consultant will recommend improved strategies for practice and policy level. The study will provide an overview of agricultural credit systems in Pakistan, summarize findings and policy recommendations, and outline the implications for future analyses.

The specific objectives are to:

- To review the existing agriculture credit in Pakistan and its importance in the growth of agriculture sector (Credit Policy review and Role of Agriculture Credit Advisory committee etc)
- To review and analyze the agricultural credit policies in Pakistan and its impact on small farmers
- State bank role in agricultural credit and how has been done so far in Pakistan
- To review and asses agriculture credit schemes of different banks /Institutes in Sindh and Baluchistan
 - estimated production function using institutional credit
 - disbursement of institutional credit per cropped hectare
 - The share of production loans in total loan advanced
- To study problems/issues related to agriculture credit schemes in Pakistan and specifically in Sindh and Baluchistan
- To suggest solutions /reforms for improving the agriculture credit system and mechanism in Pakistan

5. RESEARCH QUESTIONS

- What is the present definition of small growers in Pakistan?
- What is the contribution of growers in the overall agriculture production and food security in Pakistan?
- What are the key benefits being availed by the small farmers in Pakistan?
- What are the key issues being faced by the small farmers in Pakistan?
- What are the key salient features of agriculture credit in Pakistan?
- What are the key policies in agriculture credit in Pakistan?
- What are the key positive and negative aspects of those policies?
- What are key issues at practice level while implementing those policies in Pakistan?
- What is the role of State Bank in Agriculture credit and what are the key positive and negative aspects of State Bank role?
- Which are the key banks and lending agencies providing agriculture credit in Pakistan?
- What are the important agriculture schemes of those banks and lending agencies in Pakistan?
- What are the positive and negative aspects of those schemes of different banks and lending agencies in Pakistan?
- What are the key issues being faced by the small famers with reference to agriculture credit in Pakistan?
- What are the policy aspects of those issues?
- What are the practice aspects of those issues?
- What are the key suggestions to improve the policy framework?
- What are the key aspects to improve the legal framework?
- What are the key aspects of practice in the agriculture credit in Pakistan?
- What should be the advocacy aspects strategies and tools for improving the agriculture?

6. SUGGESTED RESEARCH METHODS

Following qualitative study tools are suggested to be used for the data collection for the study:

- Secondary data Review
- Informant Interviews
- Focus Group Discussions
- Field Observation

7. KEY SOURCES AND PEOPLE TO BE CONSULTED

Key Documents

- Agriculture Policy
- Agriculture credit policy and procedures

- Performance Reports of different banks about their agriculture credit activities
- Studies so far undertaken on the issue

Key people to be consulted

- Credit Advisory Committee
- State Bank Officials
- National Bank Officials
- Private Lending Agencies
- RSPNs
- Sindh Chamber of Agriculture
- Balochistan Zamindar Action Committee
- Local Communities of Sanghar, Dadu in Sindh and Musakhel District in Balochistan

8. STYLE AND LENGTH OF REPORT

The study should consist on at least 60 pages with the following key contents:

- Executive Summery
- Status of Small Growers in Dadu, Sanghar and Musakhel
- Overview of Agriculture Credit system in Pakistan
- Review of the policies
- Review of the practices
- State Bank Role in Agriculture credit
- Review of Agriculture credit schemes of selected banks / lending agencies
- Conclusion: Key challenges and issues in agriculture credit for small growers
- Recommendations for policy and practices
- Recommendations for advocacy strategy on the issue by PDI/OGB
- Annexure
- References

9. TIMETABLE

| Activity | Timeline |
|--|-----------------|
| Development of final study proposal with the identification of study tools and presentation to PDI | One Week |
| Review of secondary data | One Week |
| Preparation of questionnaire and other study tools | One Week |
| Field Work in the selected sample area | Two weeks |
| Data analysis and report writing and preparation of the first draft | Two weeks |
| Review of the first draft , incorporating the comments from PDI /Oxfam on the first draft and submission of the final report | Two weeks |

10. DOCUMENTATION OF RESEARCH

The Consultant will provide full information and documentation of the sources used to substantiate the research findings in PDI and OGB publications and campaigns including endnote references for all specific facts and statistics used. The report must also include a bibliography of the major references used. Primary sources must be used wherever possible over secondary sources.

11. TECHNICAL AND FINANCIAL PROPOSALS

Technical Proposal

In order to achieve the objectives of the assignment, the consultant will be expected to take complete responsibility for all the activities identified in the attached TOR. The Technical Proposal should contain inter alia; a complete description and explanation of the proposed methodology for the Assignment (work plan), time-line, staffing, names and qualifications of allocated personnel and any other resources that the consultant will make available to execute the assignment and achieve the objective.

Financial Proposal

The Financial Proposal should stipulate the fees for the assignment. All fee and costs are to be expressed in Pakistan Rupees only. The Technical and Financial Proposals shall be evaluated by a technical committee in PDI.

12. SELECTION CRITERIA

Research proposals will be selected on the basis of:

- Evidence of the researcher's in-depth knowledge of the sector / issue
- Previous studies and written publications in this or relevant fields;
- Clarity of analysis and written expression;
- Fluency in English.
- Skills in research methodology in particular access to data and information sources, including contacts within government and industry;

13. TAXES

All the taxes will be deducted as per laws of Pakistan

14. CONTACT

All proposals should be sent to Participatory Development Initiatives [PDI] no later than April 8, 2010 at the following email: pdi@pdi.org.pk