



USAID/PAKISTAN ECONOMIC GROWTH FACT SHEET

SECTOR OVERVIEW

The United States Agency for International Development (USAID) is partnering with the private sector of Pakistan to sustainably enhance the country's trade competitiveness, promote investment, raise agricultural productivity, and improve economic growth for all.

SECTOR BACKGROUND

USAID economic growth and agriculture investments in Pakistan began more than 60 years ago, with the development of the Indus Basin Project, Faisalabad Agricultural Institute, and support for wheat variety creation. These collaborations continue to this day with an evolving focus on leveraging sustainable private sector resources for inclusive development.

SECTOR PRIORITIES

BOOSTING PRIVATE SECTOR DEVELOPMENT

USAID helps businesses expand by increasing access to new technologies and improving the management practices of high-value agriculture, industry, and service sectors in dairy, electric vehicles, textiles, digital services, and agribusiness. USAID assistance fosters entrepreneurship and job creation by working with small and medium enterprises (SMEs) to improve their business practices, build trade and investment linkages, inform policy reforms, and increase access to capital. USAID is also partnering with local banks and the U.S. Development Finance Corporation to encourage financing to qualified SMEs to expand lending.

ENHANCING AGRICULTURE PRODUCTIVITY

Pakistan's agriculture sector employs more than 40 percent of the nation's workforce and is a key driver of the country's economic growth. USAID has been working with Pakistan to boost agricultural productivity by developing new crop varieties, improving management practices, and increasing farmers' access to improved technologies and irrigation water. To further increase farmers' and agribusinesses' incomes, USAID helps agricultural entrepreneurs access financing, add value to agricultural commodities and produce, and link them to more lucrative markets.

IMPROVING BUSINESS ENABLING ENVIRONMENT

USAID supports economic policy reforms that make doing business easier for Pakistani companies. One reform improves regulatory procedures for the licensing and operations of a warehouse receipts system for selected agricultural goods. This improvement has enabled farmers to access financing and improve post-harvest storage. USAID also helps the Pakistani Government modernize trade systems and adopt global trade norms, including duty rationalization, process streamlining, and trade agreement implementation. The Pakistani Government accesses and reduces compliance costs to conduct international trade by taking these steps. USAID also assists Pakistani federal and provincial policy makers revise investment and SME policy frameworks. Updating these frameworks will increase investment and empower entrepreneurs to start new businesses.

INVESTMENT PROMOTION

USAID builds the capacity of Pakistani institutions focused on investment promotion, improves the ecosystem of foreign direct investment (FDI), and increases United States-Pakistan bilateral trade. USAID also helps to remove barriers to investment and bilateral trade by facilitating Pakistani-led improvements in government regulations and improving the overall investment climate.

KEY RESULTS

- More than one million rural households have benefited from USAID investments in improving agricultural practices and supporting economic growth.
- More than \$563 million in private sector investments have supported agriculture and SMEs
- Farms and firms increased the value of their sales by over \$1.47 billion and over 101,000 new jobs created.
- 391,470 hectares included under improved technologies or management practices.
- Over 101,000 full-time equivalent jobs were created.

CURRENT/ ONGOING ACTIVITIES

PROJECT DESCRIPTION + BRIEF RESULTS

Pakistan Agriculture Programs – II

This USAID funded activity, implemented by the U.S. Department of Agriculture (USDA), is helping improve food safety in Pakistan. Through the Pakistan Agriculture Programs II activity, USDA will directly support the Government of Pakistan's effort to increase agricultural productivity and improve food safety. Specifically, the activity will build institutional capacity by working with public institutions, food regulatory authorities as well as the private sector to modernize the framework for a food regulatory system, reduce aflatoxin levels in selected crops, and reduce the minimum pesticide residue level (MRL) in the soil. In doing so, the Pakistan Agriculture Programs II activity will further U.S.-Pakistani scientific collaboration. A total of 724 individuals have benefited through training on use of biopesticides and 14 farmers have applied new technologies or management practices. The activity has engaged with 27 private sector entities to improve food safety in Pakistan.

Gomal Zam Dam Command and Development Project

The project improves agricultural development in the districts of Dera Ismail Khan and Tank. It promotes the optimal use of irrigation water from the Gomal Zam Dam through an integrated development of the command area. The activity has brought 28,741 hectares under permanent irrigation through construction of 155 tertiary channels benefitting over 5500 households.

Water Management for Enhanced Productivity (WMEP)

The activity aims to improve water governance and management for sustainability of irrigation investments, including those made by USAID, in Khyber Pakhtunkhwa (KP) Province for agricultural production. A total of 1,131 individuals have benefited from improved management practices or technologies, such as solar powered drip irrigation systems, digitized chakbandi/land mapping and warabandi/water distribution schedule, e-inspection of field construction activities, and water flow monitoring to their fields. The program has also provided technical and management training.

Investment Promotion Activity (IPA)

The activity aims to strengthen Pakistan's business enabling environment and build the capacities of Pakistani institutions focused on investment promotion. The program helps improve the ecosystem for foreign direct investment, and, most importantly, increases the bilateral trade and investment between the United States and Pakistan. The activity will use \$25 million dollars of Pakistani private sector investment to leverage \$ 75 million of Foreign Direct Investment and, thereby, increase US-Pakistan trade by \$40 million.

Pakistan Regional Economic Integration Activity (PREIA)

PREIA focuses on trade promotion and facilitation including collaboration between the public and private sector stakeholders to improve trade and transit competitiveness. Achievements with USG assistance include, exported commodities with value in excess of \$1 million, more than 1,100 organizations participating in legislative proceedings or advocacy, nearly 2,500 persons having received USG supported training on policy development, analysis, and implementation. The program also provides support to advance trade reforms including laws, regulations and policies, to improve Pakistan's trade competitiveness.

Commercial Law Development Program in Pakistan (CLDP)

The CLDP activity is helping to improve the legal, regulatory, trade and business environments in Pakistan. It is supporting reform of Pakistan's investment climate agenda that would help foster competitive business practices and open markets by creating a level playing field for foreign investors

including U.S. businesses. CLDP is supporting activities that will encourage flow of private investment by creating business opportunities across markets through technical advisory services and promoting business-to-business interaction.

Pakistan Private Investment Initiative (PPII) – Indus Basin Holding

Pakistan Private Investment Initiative (PPII) is a partnership between USAID and two private equity management partners to create three private equity funds to invest in SMEs with high-growth potential. Indus Basin SME Investments Limited is one of the two partners and has set up the Baltoro Growth Fund in order to capitalize on the high growth potential investment opportunities in Pakistan. The fund invests in businesses with a demonstrated need for growth capital or infrastructure development. The activity has made three investments in pharmaceuticals (AGP), renewable energy (TriconBoston) and an asset management company (NBP Funds), has created more than 780 jobs, reported cumulative sales of approximately \$275.5 million and leveraged \$12.4 million of private sector investment. JS Private Equity Management LLC is the other of the two partners and has set up the Pakistan Catalyst Fund I LLC (PCF) as the investing vehicle. The PCF will make investments over a 5-year period and will have an additional five-years holding and liquidation period. The activity has made five investments in Auto-parts (OJ Engineering), Logistics (SLG), Communications (ACL) and Transportation (VEDA and ITC), created 991 jobs, generated sales of \$725.3 million and leveraged approximately \$5.63 million of private sector investment.