Policy brief
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International Growth Centre

Punjab Economic Opportuinties Programme

Livestock Component

In brief

- The Punjab Economic Opportunities Program is a poverty alleviation program undertaken by the Government of Punjab to address poverty in four Southern Punjab districts.
- In rural areas, livelihoods are mainly dependent upon agriculture and livestock, with the main source of income for more than 60% of households coming from crops and livestock output. However, 43% of households do not own any livestock.
- This research attempts to identify constraints to raising household incomes in the livestock sector, as well as to identify gaps in public and private provision.
- Surveys were conducted with veterinary institutes, private vets, informal vets, informal milk collection agents, milk collection enters and cattle markets.
- Most businesses surveyed are vulnerable to exogenous shocks due to the the relative age of the businesses and their sole dependency on one activity for income generation. This suggests a need for an asset transfer program which can have a direct and positive impact on income and may help increase capacity to cater for a larger customer basis.
- 70% of dodhis, 72% of informal vets and 80% of private vets want to expand their businesses. Thus, incorporating informal entities into the formal sphere as this will help them to augment their capacity, as well as regulate the quality of their services.
- The asset transfer intervention is now being implemented through either simple asset transfers with intensive training on livestock management, or a choice between a simple asset transfer or equivalent cash. An impact study will measure the relative impact of these interventions.

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Introduction and Overview

The Punjab Economic Opportunities Program (PEOP) is the flagship poverty alleviation initiative taken by the Government of Punjab to address the very high incidence of poverty in the districts of Bahawalpur, Bahawalnagar, Lodhran and Muzaffargarh in Southern Punjab. Surveys conducted in a representative sample of 709 rural and urban PSUs by the Center for Economic Research in Pakistan (CERP) between 2011-2012 show that 85% of the households fall in the poor and vulnerable category. Through its key components the Program aims to provide the population of the region an effective and sustainable route out of poverty.

"Lack of livestock ownership, poor yields and absence of market linkages are some of the key areas that need to be addressed"

In the rural areas, the livelihood of most of the households in this region is dependent upon agriculture and livestock related activities. While the main source of income for more than 60% of the households comes in the form of crops and livestock output (milk and meat etc.), 43% of the households do not own any livestock. Lack of livestock ownership, poor yields and absence of market linkages are some of the key areas that need to be addressed to create sustained growth in income and less vulnerability to external shocks. The erstwhile livestock research team of PEOP has worked for two years on generating evidence through household and community surveys and surveys of supply side providers to identify constraints to raising household incomes in livestock sector, identify gaps in public and private provision and to design and test interventions, like an asset transfer program, which carry significant potential to impact household income levels.

Findings of Supply Side Surveys and Policy Implications

The supply side surveys, completed in collaboration with International Growth Centre (IGC), complement the information captured during the Households and Community surveys. These surveys were carried out with six supply side providers in the PEOP districts of Bahawalnagar, Bahawalpur, Lodhran, and Muzzaffargarh:

1. Veterinary Institutes
2. Private Vets
3. Informal Vets
4. Informal Milk Collection Agents *(dodhis)*
5. Milk Collection Centers (MCCs)
6. Cattle Markets.

The entities surveyed are all relatively young with almost 50% operating for less than 10 years except for cattle markets. Amongst these, a vast majority is either sole proprietorship or is government owned and the former are mostly unregistered. For approximately 80% of these entities their stated business is their only business and those involved in any other activity are primarily engaged in farming or livestock related activities. These entities serve a large number of customers who are livestock owning farmers. Private vets and informal vets serve 76 and 103 livestock owners per month, respectively while information about *dodhis* reveals that more than

89% of their suppliers are farmers. This implies that there exists a dynamic inter relationship between the suppliers in the livestock market and the agricultural rural households in the PEOP region. The relative age of most of the businesses and their sole dependency on one activity for generation of income suggest that they are vulnerable to exogenous shocks. This suggests a need for asset transfer programs which can have a direct and positive impact on the level of income and these entities and give them the capacity to cater to a larger customer base.

"This suggests a need for asset transfer programs"

The surveys also suggest a need for including informal entities into the formal realm to not only help them augment their capacity but also regulate the quality of their services. The formal entities in the case of veterinary providers and milk collector provide services to a higher number of customers than their informal counterparts. This may be because of their greater capacity but also because of the increased reliance of customers on formal institutions as compared to informal ones. Furthermore, these entities show willingness to expand their businesses through hiring workers (skilled and unskilled) and investing in machinery. In particular, 70% of *dodhis*, 72% of informal vets and 80% of private vets want to expand their businesses and this suggests a need to establish market linkages to facilitate them to achieve this.

The Way Forward - Asset Transfer Program

The asset transfer intervention is now being implemented in collaboration with Pakistan Poverty Alleviation Fund (PPAF). This collaborative study based on a Randomized Control Trial Evaluation, aims to measure the causal impact of asset and equivalent cash transfer, along with trainings, on household welfare in terms of income, consumption, productivity and life satisfaction. The interventions planned with PPAF fall into two categories

1. Simple asset transfers accompanied with intensive training on livestock management
2. Choice between the simple asset transfers with training or an equivalent cash grant.

"70% of dodhis, 72% of informal vets and 80% of private vets want to expand their businesses"

This set of interventions is complementary to the skills interventions rolled out by Punjab Skills Development Fund (PSDF) under PEOP and will provide tremendous learning for the design of social safety nets. Earlier research from the PEOP region highlighted the limited capacity in the pool of training providers to supply skills relevant to livestock and agriculture that are high in demand[1]. Training providers in these districts under-serve the rural population; preferring to locate in urban areas and under-supply skills training in the agriculture and livestock sectors—despite the dependence of many households on these sectors. Research also found a considerable level of heterogeneity across livestock farming practices, resulting

1. Skills related to Livestock Rearing are demanded by nearly 13.5% of the male population and are second only to skills related to agriculture. This share would go up significantly if the sample is restricted to rural only.

in varying milk yields and feed usage indicating the importance of livestock skills in rural areas. By carrying out the dedicated livestock interventions in inaccessible rural areas, PPAF is supporting the long term goal of creating sustainable growth in income levels and alleviating poverty in the whole region through skills enhancement of the local populace.

"Research also found a considerable level of heterogeneity across livestock farming practices"

As the impact study will directly measure the relative impact of in-kind assets versus equivalent cash, it will provide evidence on whether eligible households prefer cash transfers to in-kind asset transfers. In the long term the study will then reveal if the eligible households are indeed better off in terms of welfare when they are presented a menu of choices that includes a cash grant. This will reveal if there are other investment opportunities that households prefer to take up. This will also feed into the far wider policy debate in Pakistan, and elsewhere, on the relative advantages and disadvantages of cash transfers versus in-kind asset transfers and offer invaluable evidence for investments in social protection in Pakistan.

About the authors

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