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GRASP • PAKISTAN

GROWTH FOR RURAL ADVANCEMENT AND SUSTAINABLE PROGRESS

Competitiveness of Rural MSMEs and their resilience to COVID-19 crisis Evidence from Sindh, Pakistan



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LEAVES

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UMBER

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Agricultural MSMEs are key to advancing rural development in Pakistan

Agricultural micro, small, and medium-sized enterprises (MSMEs) are central to the economy and society of Pakistan. Approximately 68% of the population is engaged in farming directly or indirectly through production, processing, or distribution of major agricultural commodities, and agriculture contributes 21% of the country's GDP.¹

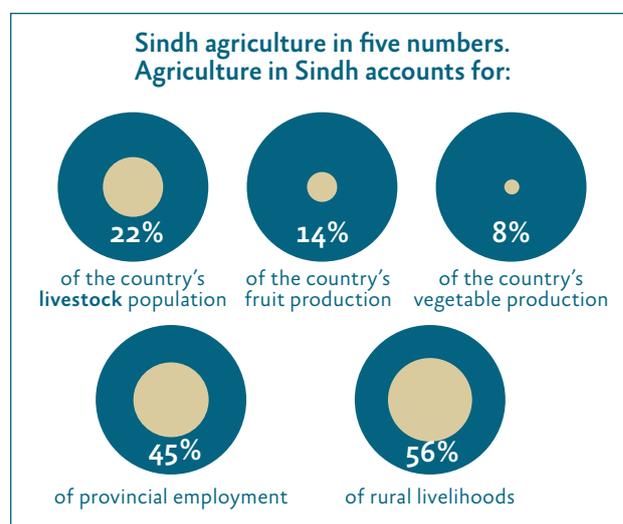
In Pakistan's southeastern province of Sindh, agriculture provides livelihoods to about 56% of the rural inhabitants.² The province contributes about 23% to national agricultural value-added,³ accounts for half of the country's total seafood exports and grows 25% of the country's cotton.

Agricultural MSMEs play a key role in securing access to food, alleviating poverty and growing the economy in Sindh. Small companies are found at each link of value chains as input suppliers, farmers, traders, processors, wholesalers and retailers. Unlike their larger counterparts, agricultural MSMEs have less than 250 employees and an annual revenue under Pakistani Rupees (PKR) 650 million, and they include both registered and informal companies.⁴

Despite a vibrant and prominent rural economy, Sindh has relatively low agricultural productivity and significant annual fluctuations in output. Gender inequality and climate change pose additional challenges, and poverty is persistent, especially in the rural areas.⁵ Given their role in employment, food security and the economy, improving the competitiveness of agricultural

MSMEs has potential to make significant contributions to the achievement of Agenda 2030 on Sustainable Development in Pakistan, notably in terms of goals on poverty (SDG1), hunger (SDG2), gender (SDG5), decent work (SDG8) and climate (SDG13).

In line with this scenario, the Growth for Rural Advancement and Sustainable Progress (GRASP) project takes a holistic approach to reducing poverty through the development of rural MSMEs in the Sindh and Balochistan provinces of Pakistan. With support from the European Union, it is working towards the creation of gender inclusive employment and income opportunities in rural areas through targeted support to public and private sectors. The programme will help MSMEs and agribusinesses in the horticulture and livestock sectors become more competitive by making improvements at all levels of the value chain. GRASP will also improve the institutional and regulatory environment to make it more conducive to the rural MSMEs. Hence, the project aligns with Pakistan Vision 2025, which aims to transform Pakistan into an inclusive upper-middle income country by 2025 including through poverty alleviation, women's empowerment, better governance and sustainability.



1. Business Recorder (2018). Agriculture is backbone of Pakistan accessed at <https://fp.brecorder.com/2018/02/20180225347122/>
2. Husain, I (2014), The Economy of Sindh, Concluding keynote address at the 2nd International Seminar on Sindh through the Centuries; Sindh Agriculture Policy (2018-2020)
3. Sindh Agriculture Policy (2018-2030), 2018, Government of Sindh
4. GRASP definition of MSMEs using criteria established by the State Bank of Pakistan and SME Policy 2019
5. Multidimensional Poverty Index (MPI) in Pakistan, UNDP www.pk.undp.org/content/dam/pakistan/docs/MPI/MPI%204pager.pdf

Gathering data to inform transformative change

The SME competitiveness survey in Sindh, Pakistan

ITC collaborated with IBA Sukkur University in December 2019 to survey agribusinesses and farms in Sindh province to identify the main competitiveness challenges faced in the horticulture and livestock sectors. The surveys served to feed into the needs assessment and project baseline setting, which in turn, was vital to elaborate on key priority actions and strategic directions of selected product lines and districts in the project's Inception Report. 144 agribusinesses and 92 farmers were interviewed in 11 selected districts (Figure 1). Interviewed agribusinesses included 70 traders, 39 input suppliers and 35 processors.

Amongst surveyed agribusinesses, 81% were micro firms (1-9 employees) and 17% were small firms (10-49 employees). As for farms, 64% were micro and 35% were small. 41% of interviewed farmers had small holdings, 38% had medium holdings and 21% had large holdings. The majority of agribusinesses and farmers reported an annual revenue between PKR 200 thousand and 2 million. Despite efforts made to find women-led MSMEs, none of the respondent companies were owned or led by women.

A follow-up survey concerning the COVID-19 situation was carried out in May 2020. It assessed the impact of the crisis on business operations, production capacities and market access of farmers and agribusinesses in Sindh. The survey also identified potential short

and medium-term responses that will inform GRASP activities and strategy-making support. 153 agribusinesses and 99 farmers were interviewed by phone for this COVID-19 survey.

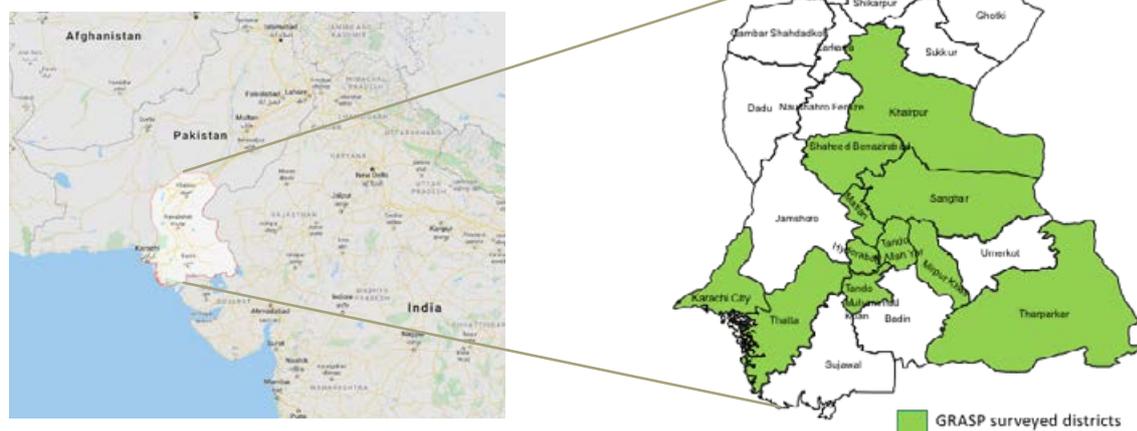
Analysing MSME Competitiveness

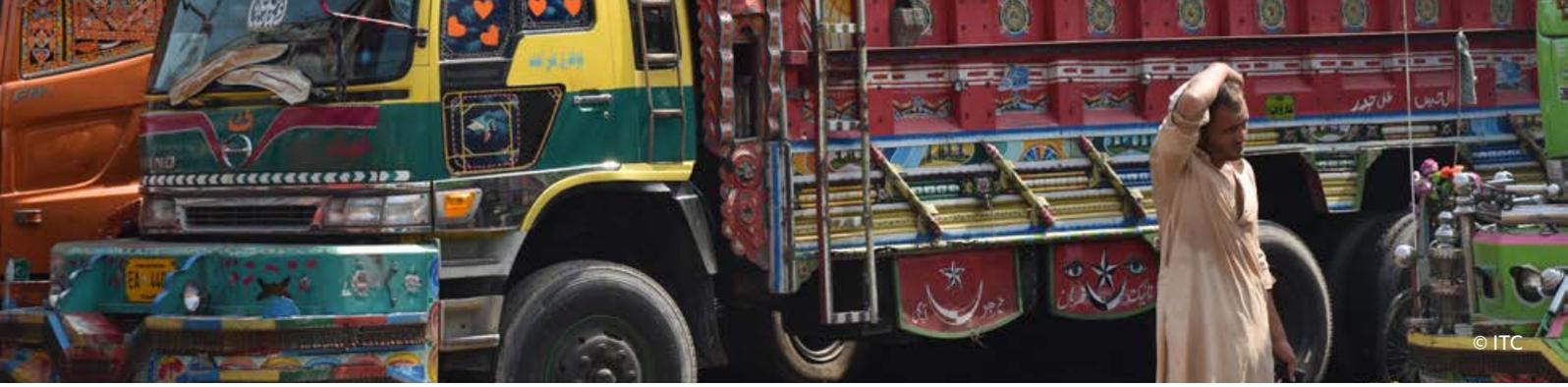
ITC analyses MSME competitiveness using its SME Competitiveness Grid.⁶ The first pillar of the grid focuses on the capacity to compete by meeting current market requirements. The second pillar centres on the capacity to connect to buyers, suppliers, and institutions to obtain information and knowledge. The third pillar zooms in on an MSME's capacity to make changes in response to, or in anticipation of, dynamic market forces, including through investments in skills, financial capital and innovation. Finally, ITC analyses the ability of companies to sustain competitiveness, including through gender inclusiveness and environment sustainability.

These pillars of competitiveness are examined at the firm level, in terms of the firm-level capacities that drive competitiveness, as well as at the business ecosystem level and the national environment. The SME Competitiveness Survey in Sindh gathered data on firm and business ecosystem-level capacity to compete, connect, change and sustain competitiveness. This report presents highlights from the findings.

6. ITC. 2015. SME Competitiveness Outlook 2015. <http://www.intracen.org/publication/SME-Competitiveness-Outlook-2015/>

Figure 1. Sindh & its Surveyed Districts





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Competing on agri-food markets today

Buyers of agricultural produce in Sindh demand safe, nutritious produce that looks fresh and clean and sells at a good price. Although there are niche markets for high quality and packaged produce, including for export, most produce sells at a tight margin on local markets. This makes it especially important that farmers and agribusinesses produce more with what land, labour and machines they have. However, the average yield in the province is very low and harvest-post harvest losses are high – over 35% for many fruits and vegetables. Production and transportation practices also have implications for the ability to meet quality market requirements.

Limited use of modern farming practices to increase agricultural productivity

Farm productivity is essential both to agricultural livelihoods and to the ability to sell an affordable product on agri-food markets. With its agrarian economy dominated by small-scale farmers, Sindh's agricultural output depends on the field-level farming practices they use, many of which could be improved. Fifty-seven percent of interviewed farmers did not apply any fertilizers to their fields, whilst 49% of livestock were fed only through grazing and scavenging. The fact that the majority of interviewed farmers sourced water from multiple sources is testament to widespread challenges accessing essential inputs.

Weak business ecosystem places strains on timely delivery

The business climate is essential for the ability of MS-MEs to function, add value, create jobs and reduce poverty. In Sindh, however, much of the 'connective tissue' of value chains such as logistics and business support services is fragmented and underdeveloped. In fact, 43% of the farmers surveyed said that transport logistics were the most significant infrastructure-related obstacle they faced. Furthermore, cold chain development is an integral element of improving the efficiency of the food system and reducing food losses and waste.

Four out of five farmers reported that they did not store any produce, and the same share said that spoilage or pests caused up to 10% post harvest losses – though they tended not to consider this a significant problem.

Fostering compliance with quality requirements

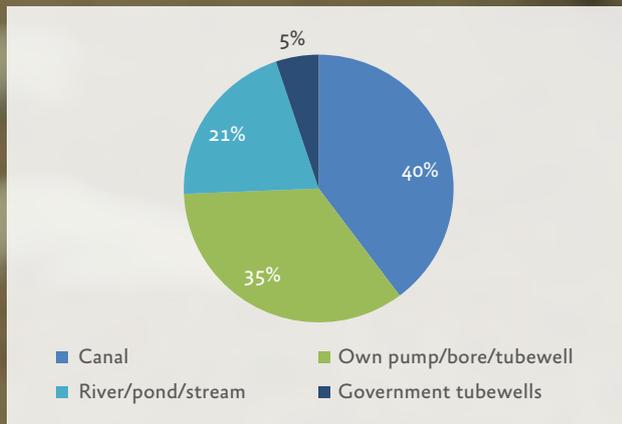
Agribusiness firms in Sindh seem to be well informed about how to maintain quality standards across the value chain. Sixty-nine per cent of the surveyed agribusiness firms felt that there was high availability of domestic information on standards and certification, and nearly half (49%) said that they had taken advantage of product testing, certification, and/or inspection services. However, quality challenges persist upstream in the value chain, with 35% of the farmers saying that the lack of quality inputs into their farming is the biggest challenge they face meeting quality requirements. Furthermore, only 25% of farmers had received any form of training or support from agribusinesses.

Help needed to learn farm quality and productivity techniques

Agribusiness support services providers play a crucial role in boosting agricultural productivity, improving rural livelihoods, and increasing food security. The top priorities for training, according to farmers, are animal health management, planting methods, and knowledge on selecting quality inputs (see figure). However, with just a quarter of farmers having ever received any training – and only two-fifths of agribusinesses reporting that they had ever provided any training to farmers to support their quality requirements – there is limited pre-existing field-level expertise or experience in agricultural extension. This indicates that the development of local expertise in this regard would be high-impact and could yield long-term benefits in terms of train-the-trainers outreach.

Capacity to Compete

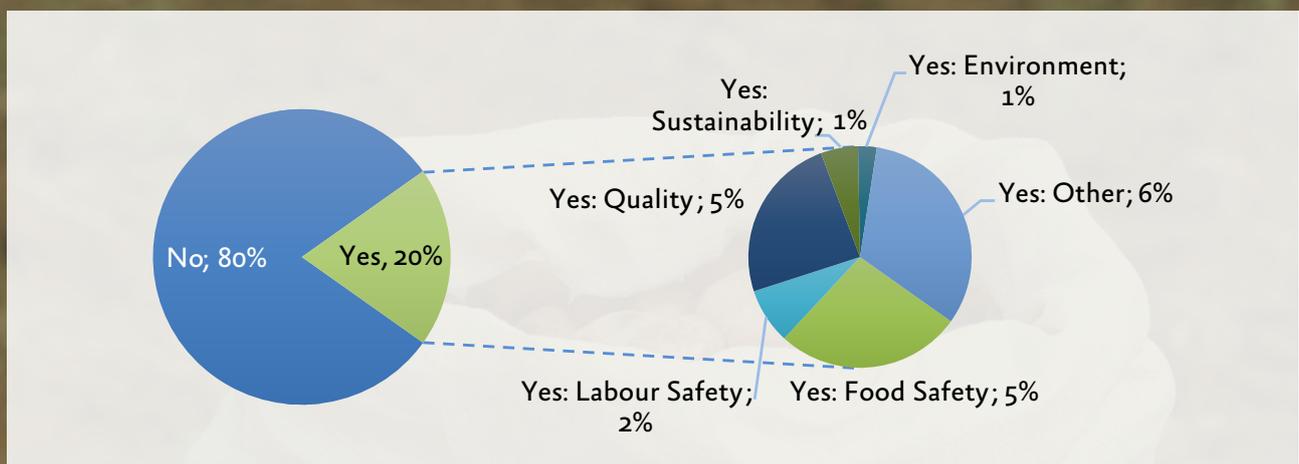
Water use on farms



Source: ITC Farm Survey

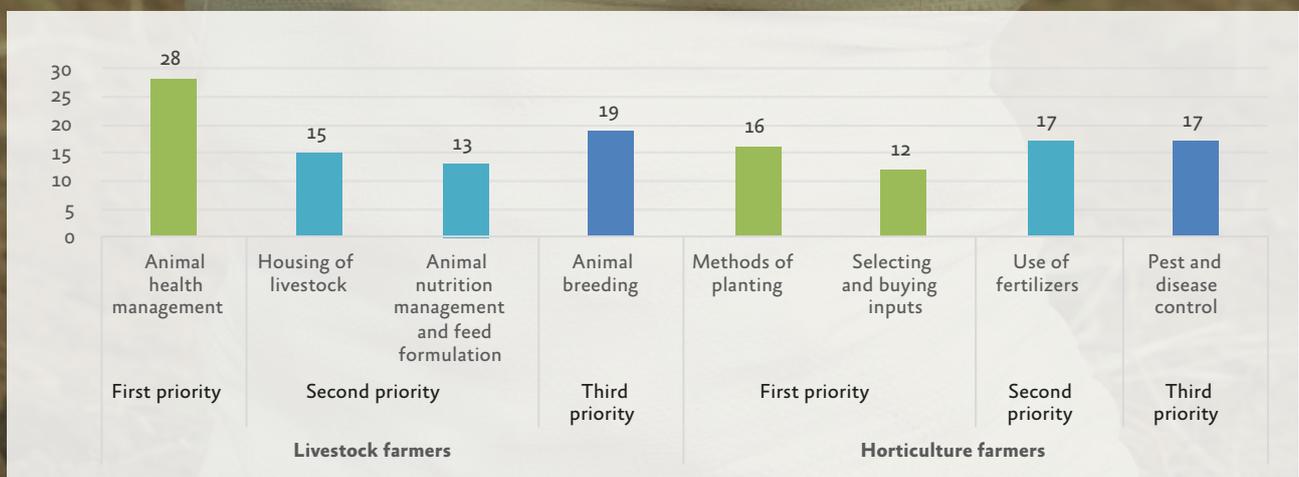
Note: None of the respondents is using rain water only, and one farm could be relying on more than one method of irrigation

Number of certified firms by types of certificates



Source: ITC Agribusiness Survey

Type of training requested by livestock and horticulture farmers



Source: ITC Farm Survey

Note: The following graph represents the most important areas of training required by farmers. The left side shows livestock keepers and the right side shows horticulture farmers.



Connecting with value chain actors

Small firms in Sindh interact through a dense web of connections that enable them to exchange products, information and money. The agricultural economy in the region is relatively well integrated into national markets, thanks in part to the market hub in Karachi city. However, approximately 85% of farmers are illiterate and the agricultural extension system is very thin on the ground. Farmers access support services mainly through seed and fertiliser companies, since field-level public extension is very limited. Marketing is characterized by the presence of a large number of intermediaries, notably the arthi middlemen that buy output from farmers, provide informal lending services, and sell product on to retailers. In addition to connections to arthis and input providers, four out of five farmers in Sindh use their mobile phone to gather information on market pricing – including through calls to neighbours, friends and other farmers, and SMS alerts.

Just half of farmers receive good-quality inputs from suppliers

Although the arthis' main activity is trade in crops, they also provide inputs to farmers on credit. Farmers in Sindh also purchase fertilizer, feed, and labour from other input providers. Yet these inputs often leave something to be desired: approximately half of farmers said that they received good quality inputs, and just half of the surveyed farms reported that they received their inputs on time. In some cases, interactions with suppliers improved farmer expertise: indeed, 37% of the farmers received advice from their input supplier, largely on the use of inputs such as fertilizers and pesticides.

Strengthening connections between farmers and agri-business buyers

Linkages between farmers, agri-businesses and final buyers are crucial in determining the quality and price obtained by market actors. Survey results indicate that fully 85% of farm output is bought by arthis and beopari middlemen. In most cases, there is no written contract between farmers and their buyers: 70% of surveyed agri-businesses operated using an informal verbal agreement with a farmer or farmer group. One in four agribusiness buyers provided services to farmers such as loans,

advance payments or grants, and a few provided advice and trainings. Agri-business middlemen and processors in Sindh tend to sell to the same customers each time, forging strong trade and trust relationships. Although the vast majority of surveyed firms did not have a business website, 85% reported that they gathered and used information from customers and the market to adjust their product offering and development, indicating some transmission of market information from buyer to agri-business firm.

Enhancing the effectiveness of farmers' collectives

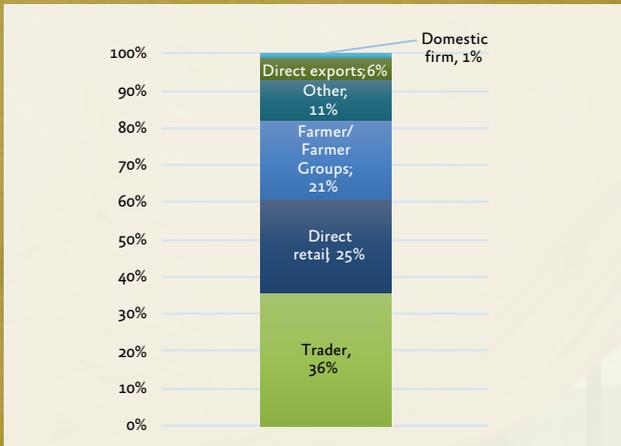
Business associations, public institutions and consultancy services can support agricultural MSMEs through the provision of market information and services. However, four out of five agribusinesses surveyed said that they have no interaction with business associations, and the same figure held for their connections with public institutions. Similarly, 77% of the farmers did not belong to any farmer association, and those that did said its quality was poor. Yet effective and well organized agricultural and livestock farmer organizations – in the form of farmers marketing collectives (FMCs) – are critical to improving farmers' connections to markets. Roughly 15% of the farmers and five per cent of the agribusinesses that had accessed public institution services rated them highly.

Building on strong social capital to strengthen value chain linkages

Agribusiness firms report that the top constraints they face in sourcing local inputs are insufficient supply volumes and unsatisfactory quality. Combined with the fact that farmers say the inputs they receive are often poor and received late, this indicates that there are opportunities to strengthen value chain linkages for better quality and timely exchange of product. Increasing the prevalence of contracting between value chain actors can share information on and incentivize improved operations to this end. Efforts to build value chain connections can build on pre-existing strong social capital, such as peer-to-peer info sharing, for example by encouraging lead farmers to test climate smart technology, demonstrate good practices, and/or conduct train-the-trainer programs to disseminate information.

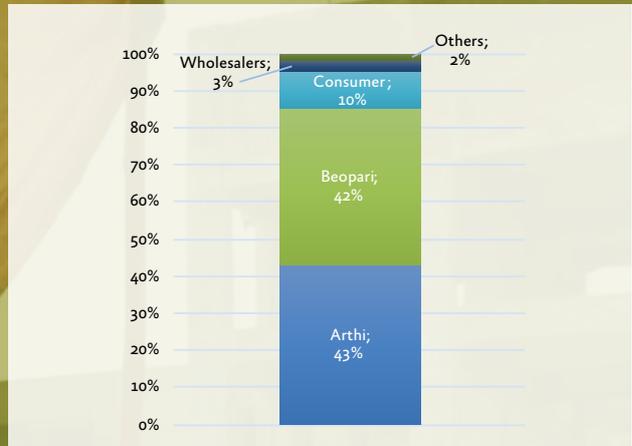
Capacity to Connect

Buyers of agribusiness product(%)



Source: ITC Agribusiness survey

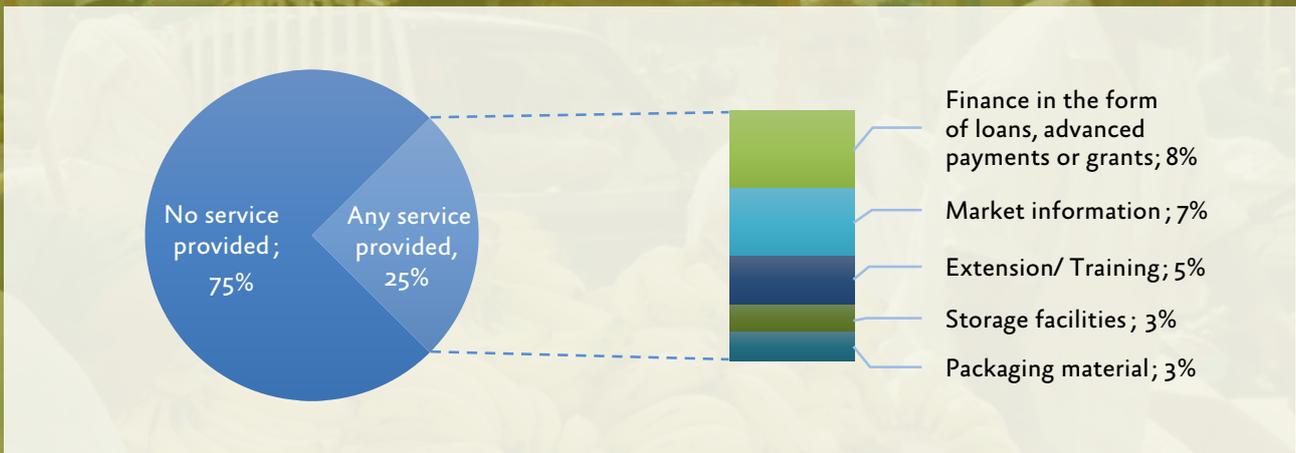
Buyers of the farm product (%)



Source: ITC Farm survey

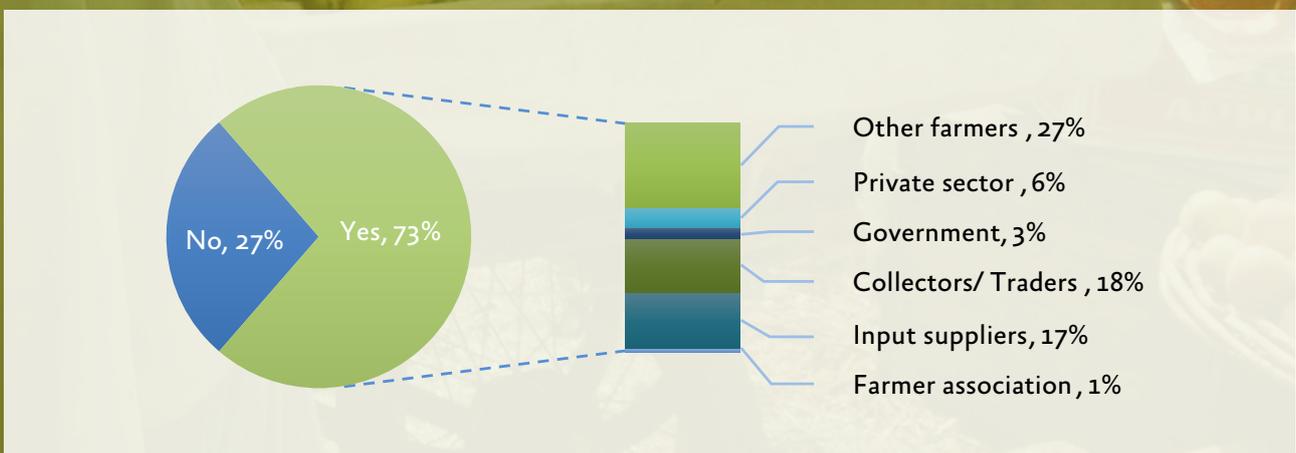
Note: Direct sales to processors is less than 0.3% of the total sales.

Services provided by agribusiness firm to farmers (in %)



Source: ITC Agribusiness Survey

Share of farmers accessing agricultural extension services



Source: ITC Farm Survey



Changing for more competitive value chains

There are opportunities to upgrade the participation of MSMEs in agricultural value chains in Sindh. Small farms and agribusinesses could change their commercial practices to produce for lucrative niche markets or to expand their activities to more rewarding parts of the value chain such as processing or packaging. However, their ability to actually take advantage of their potential is constrained by limited financial infrastructure, weak technical and entrepreneurial skills, and poor access to agro-processing technology. Enhancing the competitiveness of rural MSMEs is also linked to their ability to attract and manage capital for innovations that successfully upgrade their enterprises.

Accessing financial services to maintain and grow agribusiness

Although extra cash is often needed to implement new plans and innovations, it is hard to come by in Sindh. The majority of the surveyed agricultural SMEs said that access to finance was an obstacle to the operation of their business. Although half of farmers had a bank account, just five per cent of them turned to formal financial institutions for loans, preferring to borrow from family and friends or informal money lenders – and 10% of them took credit from agribusiness buyers with whom they were close. The fact is that two-thirds of farmers do not borrow at all, and that when they do they tend to turn to informal sources. A similar situation holds for agribusinesses elsewhere in the value chain, who rely on personal savings or informal sources of credit. This evidence highlights the mismatch between formal commercial financing and primary producers and agri-business enterprises in rural districts of Sindh, and the potential to harness formal registration to help producers gain better access to markets to grow their business.

Enhancing agro-entrepreneurial skills

Access to skilled labour is important to maintain productivity, adapt to change, and diversify livelihoods in rural areas of Sindh. Survey results indicate that most of the agri-food firms in Sindh seem to have little difficulty in finding skilled workers. Three out of

four surveyed farms and agribusinesses reported that their workers have sufficient skills and knowledge to match the needs of their businesses. Moreover, 82% of the firms provided on-the-job training to enhance the skills of their employees. Although surveyed SMEs seem satisfied with the skills of their employees, other data suggest that basic financial literacy and numeracy skills are often limited in rural areas of Sindh.⁷ Experience elsewhere suggests that such foundational skills are critical to entrepreneurial success, indicating that upskilling of farmer and agribusiness skills could help fuel future business expansion.

Value addition and innovation

The ability of agri-food actors to cater to dynamic market changes depends on their ability to adapt and embrace technological changes. Seventy-three per cent of the surveyed farmers had implemented some form of new technique or technology to improve production, such as the 12% of total respondents that had adopted better seed varieties. More than half of the surveyed agribusiness enterprises were involved in some form of value addition, such as through the adoption of quality standards. However only a small percentage of the firms (12%) conducted branding and packaging activities.

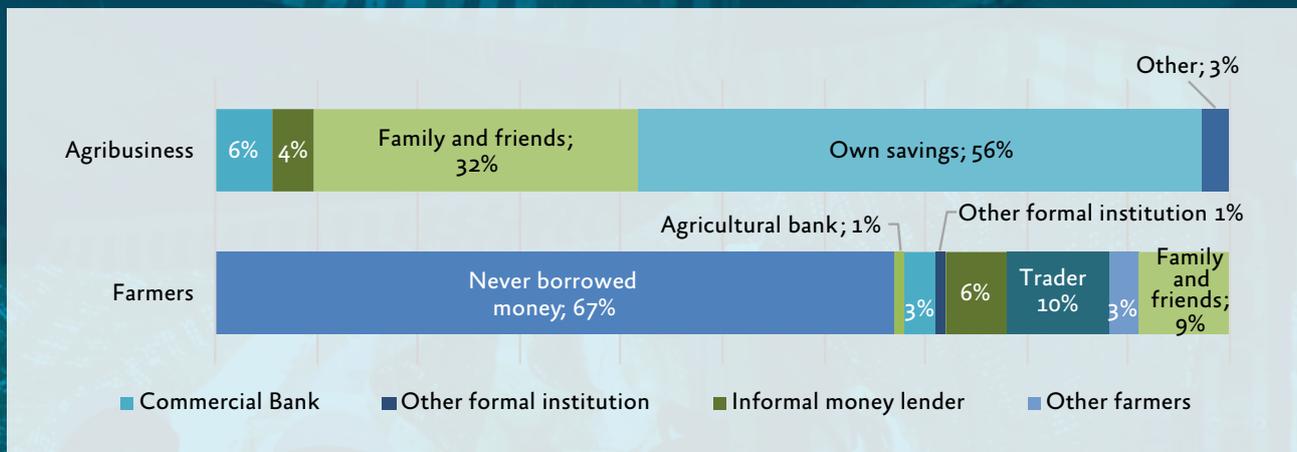
Opportunities to enhance value addition in Sindh agri-food value chains

Although there is rising interest amongst agricultural stakeholders in Sindh in adding value through improved quality and food safety, to date most value addition amounts to processing or adoption of basic quality protocols. In the livestock sector, packaged and branded milk has seen growing interest among consumers, raising the prospect of improved returns on milk products. The GRASP project is working with partners in Sindh to develop products for specific markets, through strategies such as adoption of improved varieties, new marketing/ branding concept, and strengthened market linkages to target customers.

7. World Bank (2018). Sindh Jobs and Competitiveness Program Concept Note.

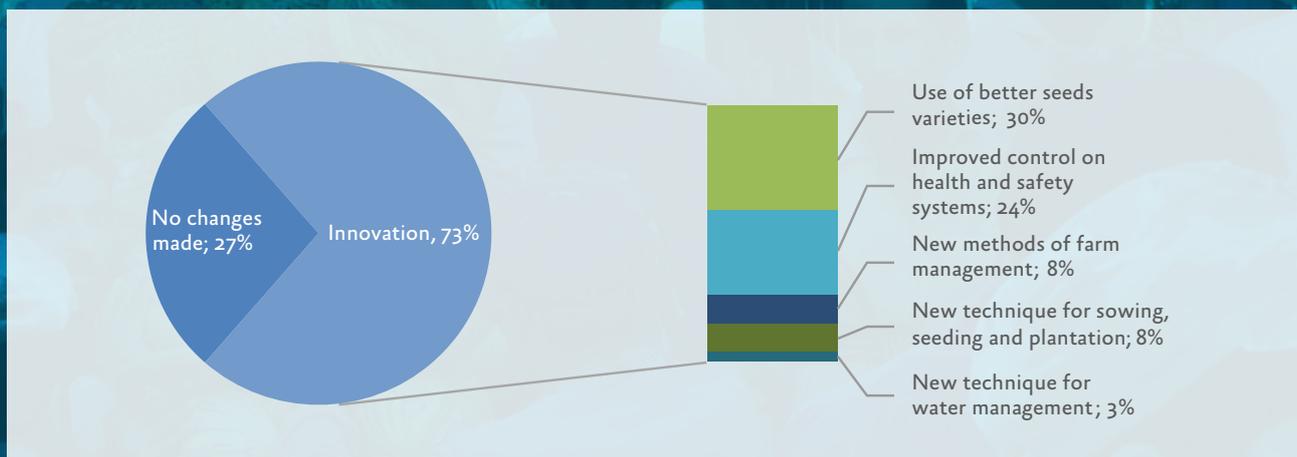
Capacity to Change

Sources for borrowing money in Sindh



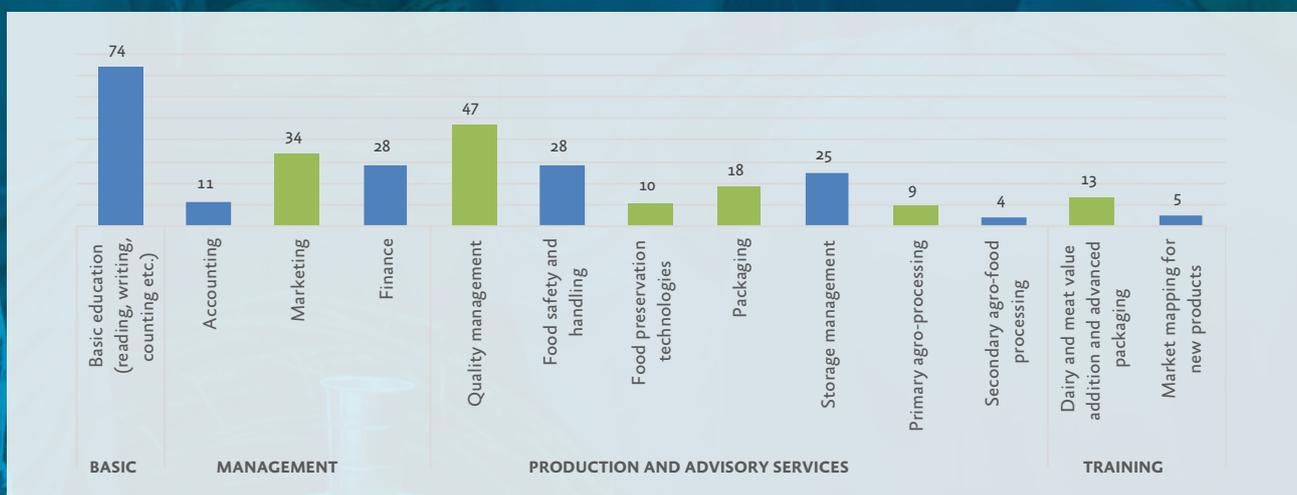
Source: ITC Agribusiness and Farm Survey

Farmer adoption of innovative practices



Source: ITC Farm Survey

Number of respondents saying specified type of training would be useful for them



Source: ITC Agribusiness Survey

Sustaining the rural economy

In 2016, the Government of Sindh committed to making strategic efforts towards meeting the UN's global goals for sustainable development. While this is a step in a positive direction, social and environmental challenges remain in the region. In terms of climate-induced challenges, the worst is yet to come for Sindh with projected rise in temperatures, increased risk of flooding, and increased frequency and intensity of rainfall in the province.⁸ On the gender equality front, Sindh also does not fare well. Its female labour force participation rate is only 13.5%, and the average income of women workers is around one-fifth that of men.⁹ However, challenges also mean opportunities to take advantage of untapped potential.

Protecting the environment for tomorrow's production

Sindh is often affected by extreme weather, from droughts to heavy rains. 74% of the farmers surveyed said they had lost their produce to excessive rains, while 10% lost it to droughts in the previous year. Water shortages and land degradation have been worsened by the use of unsustainable irrigation practices, which lower the water table and induce waterlogging and salinity in the soil.¹⁰

Environmental challenges can be addressed in part through sustainable production processes, but these are not widely taken up amongst agricultural MSMEs in Sindh. Just 5% of interviewed farmers had adopted water and soil conservation measures, 10% of agribusinesses had invested in measures to reduce environmental risks, and only 1% of agribusinesses had a sustainability certificate. Interestingly, 25% of farmers said they used mobile phones to access weather forecasting information, showing a potential for further technological advancement to address climate change challenges.

Promoting gender inclusiveness in value chains

While women in Sindh are highly active in pre and post-harvest activities and livestock rearing, their involvement, often unappreciated and informal, remains

limited within the bounds of farms. Their role in selling of agriculture commodities and value addition is quite low.¹¹ They have constrained access to markets and market-related information. 97% of them get their information regarding market requirements and opportunities only from their husbands or family elders.¹² Women also have limited access to technologies and techniques for crop production, livestock management, poultry husbandry, forestry and fish farming. These circumstances limit the ability of rural women to improve their agricultural productivity and income.

This reality is reflected in the survey results. None of the respondent agribusinesses or farms were led by women. Only 4% of agribusinesses reported that they employ full time female employees. However, firms employing women reported a balanced men-women ratio. 26% of the surveyed farms had full time women employees. Amongst the quarter of farms that employed full-time women employees, on average more than half (52%) of the farms' employees were female.

Needed actions to sustain rural advancement in Sindh

Access to insurance and finance were chief amongst the factors that were, according to agribusinesses respondents, the key to helping them deal with environmental issues. On the environmental front, GRASP is providing training on sustainable water management, drip irrigation and other climate smart technologies. Encouragement of good agricultural practices such as composting, and use of drought resistant crop varieties, can also help. The low level of female leadership amongst agricultural MSMEs in the region speaks to significant untapped potential to rectify gender inequalities and take advantage of female agricultural expertise for rural advancement. To foster the employment and entrepreneurship of women in Sindh agriculture, GRASP will support women extension and animal health workers through training in entrepreneurial skill development and facilitation to access markets, as well as in new trades such as milk management and marketing, livestock and business management and/or starting fruit nurseries. The project will also encourage the empowerment of women through the formation of groups and support for participation in dialogues and common interest groups.

8. Sindh Agriculture Policy 2017.

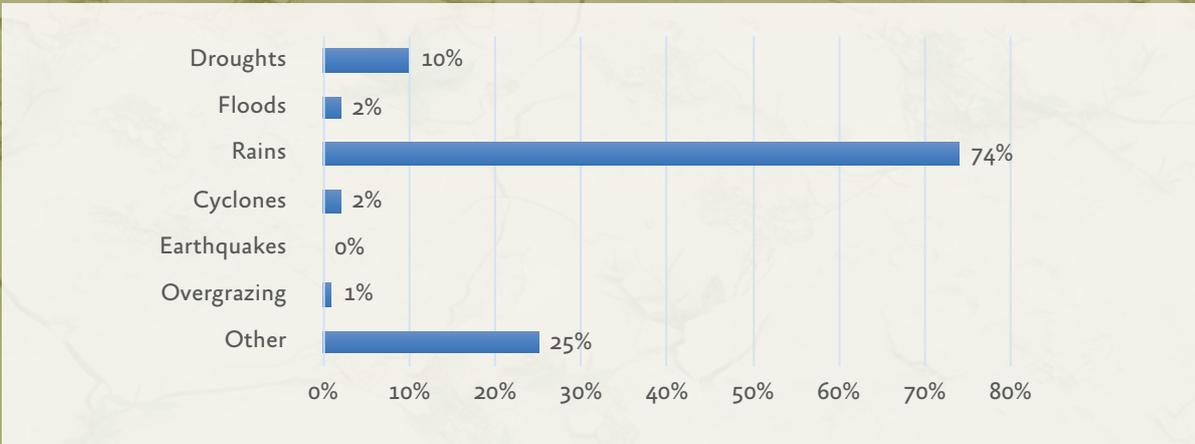
9. World Bank (2018). Sindh Jobs and Competitiveness Program Concept Note.

10. Sindh Agriculture Policy 2019-2020 accessed at [http://www.wsip.com.pk/documents/publications/Sindh%20Agriculture%20Policy%20\(2018%20-%202030\).pdf](http://www.wsip.com.pk/documents/publications/Sindh%20Agriculture%20Policy%20(2018%20-%202030).pdf)

11. FAO (2015). Women in Agriculture in Pakistan

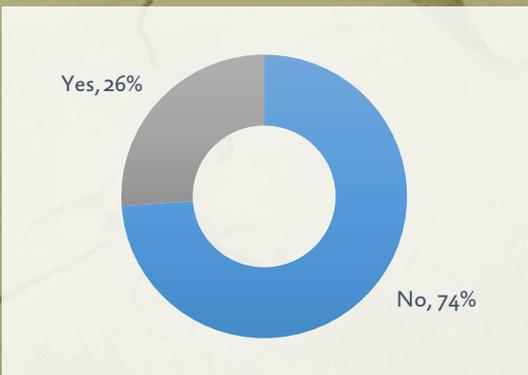
12. European Union (2019). Growth for Rural Advancement and Sustainable Progress Project Document

Proportion of farmers reporting produce lost to hazards

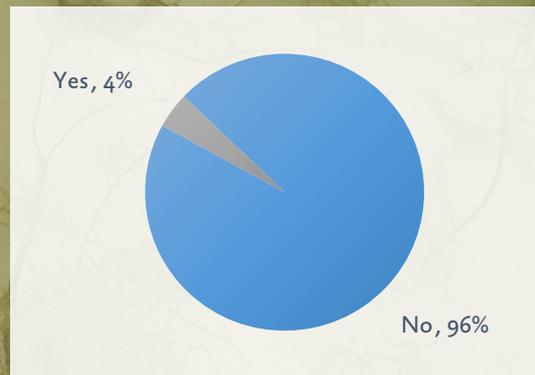


Source: ITC Farm Survey

Proportion of FARMS employing full time female employees



Proportion of AGRIBUSINESSES employing full time female Employees



Source: ITC Agribusiness and Farm Surveys

Number of agribusiness firms saying they need help to deal with specified environmental issues



Source: ITC Agribusiness Survey



Building resilient and agile rural MSMEs to combat the COVID-19 crisis

The COVID-19 outbreak is causing an unprecedented economic slowdown in Pakistan. GDP growth is projected to fall from 3.5% to between 2.5 - 2%, while the International Monetary Fund has even proposed a negative growth rate of -1.5%, with all sectors being negatively affected for at least six months.¹³ As a consequence of the lockdown, around 12.3 - 18.53 million people have been predicted to be laid off - this translates to roughly PKR 22 billion already lost to the economy with the potential to cause a further loss of PKR 448 billion.¹⁴ Across the country, the daily wage workers are the most vulnerable.¹⁵

While all sectors will be severely affected, agriculture will be hit the hardest as most layoffs in all the provinces of Pakistan would be in this sector.¹⁶ Specifically for Sindh, more than four million people are predicted to lose their jobs, while it is expected that 84.6% of those employed in agriculture sector in the province are vulnerable to being laid off during the shutdowns.¹⁷

Keeping this in mind the federal government has developed an emergency stimulus package to the value of PKR 1.134 trillion, with PKR 100 billion dedicated to SMEs and agriculture sector. However, there are still some uncertainties around the roll out of these programs, and the mechanisms adopted to deliver relief as the situation evolves.

COVID-19 crisis has struck agricultural MSMEs hard

98% of the agribusinesses and 94% of farms interviewed in May 2020 said their business operations had been affected by the pandemic, with half of them reporting as being strongly affected. With respect to inputs and sales, MSMEs reported lower domestic sales to consumers and businesses, and difficulties in accessing inputs domestically. Furthermore, the majority of surveyed MSMEs said they had temporarily shut down because of the pandemic.

In addition to lockdown-induced market closures there has been a fall in demand because restaurants have closed, middlemen are not as active, and consumers have lower purchasing power. For fruits and vegetables, the demand has been estimated to have fallen by 40% to 50%.¹⁸

However, more than half of the MSMEs interviewed reported that they do not envisage the closure of their businesses. Of those that do envisage the closure of their businesses, farms were more likely to see it happening within the following three months whilst agribusinesses saw closure coming in six months or more.

Virtually all agribusinesses and farmers interviewed for the survey said they had adopted at least one action in reaction to the pandemic's challenges. With respect to employment, most MSMEs acted in a resilient way by temporarily reducing employment. In terms of finance, the majority of MSMEs retreated by using up their own savings or borrowing from informal sources. Fewer MSMEs exhibited agile characteristics and paid attention to the production and marketing side. However, those doing so increased their marketing efforts, including offering relief to consumers through home delivery, or offering credit.

13. The News (2020). Covid-19 effects. Accessed at <https://www.thenews.com.pk/print/642261-covid-19-effects-pakistan-estimates-0-8-to-1-3pc-loss-to-gdp-growth>

14. The News (2020). Forecast of Covid-19. Accessed at <https://www.thenews.com.pk/print/633712-forecast-of-covid-19-pakistan-may-face-12-3m-to-18-53m-layoffs-says-study>

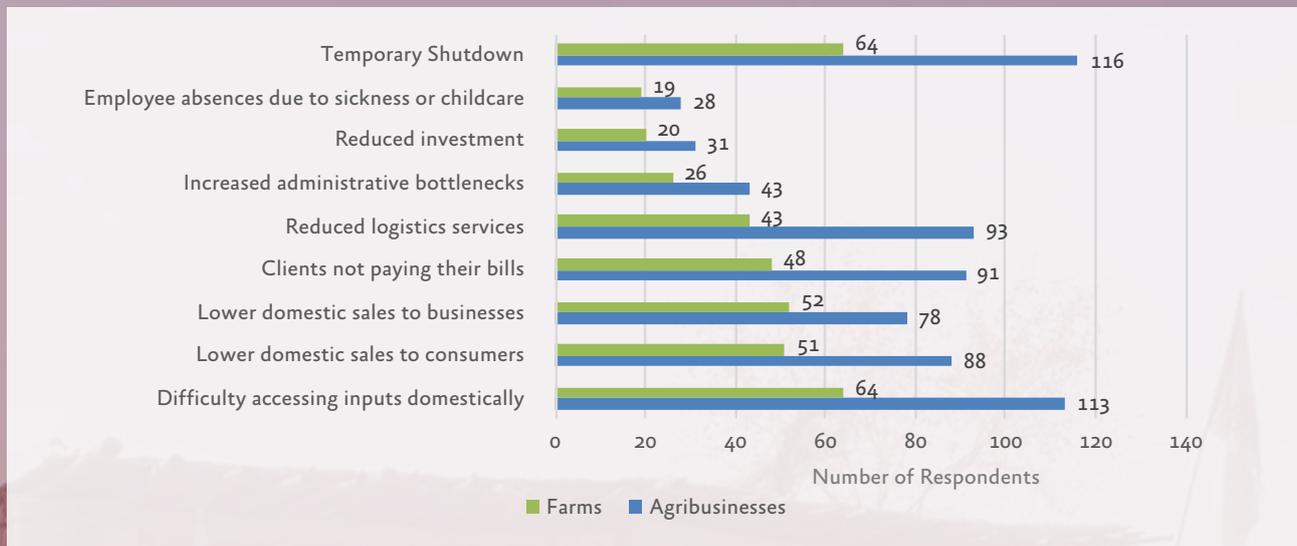
15. PIDE (2020). Covid-19 Bulletin

16. *ibid*

17. *ibid*

18. The News (2020). Vegetable and fruit markets in Sindh to stay shut for 12 hours a day. Accessed at <https://www.thenews.com.pk/print/636142-vegetable-and-fruit-markets-in-sindh-to-stay-shut-for-12-hours-a-day>

Number of MSMEs reporting top effects of COVID-19 pandemic



Proportion of agribusinesses and farms envisaging business closure due to COVID-19



Number of MSMEs employing coping strategies



Source: ITC GRASP COVID Survey

Government policies can help MSMEs thrive amidst the crisis

Pakistan's federal government has implemented a range of measures to help MSMEs cope with the difficulties posed by the COVID-19 situation. Evidence suggests that the level of awareness of and the perceived utility about policies varied greatly.

The federal government's Ehsaas Emergency Cash Programme¹⁹ was the most popular amongst the MSMEs, with almost 90% of the surveyed MSMEs expressing awareness of this measure. Moreover, on average, 51% of the MSMEs found the programme to be between somewhat helpful and helpful. However, awareness was lower on the measures of providing credit extension to SMEs, with nearly 61% of the MSMEs not being aware of it, and only 12% finding it to be between helpful and somewhat helpful. This is not surprising since very few of these businesses receive any form of formal credit normally,²⁰ and so may be unable to derive complete benefits from the government policies in the given situation. Moreover, accelerated tax refunds to exporters – critical to a small segment in the industry – were not known to many, which could be because these respondents operate in domestic markets only.

The overall satisfaction rate for the policy response was low, with only 13% of agribusinesses and one in five farmers completely being satisfied. However, given that the COVID-19 presents unprecedented challenges for everyone including the government, the low satisfaction rate can be taken in stride. In this context, a range of possible improvements can increase the success rate of the measures.

The main areas of improvement, shown by the survey, were better access to information about the programmes and removing procedural obstacles. Access to information about programmes was a challenge, with nearly 70% of the respondents saying it was difficult to access information on COVID-19 government programmes. MSMEs complained that the procedures to apply for any government policy programmes either were lengthy, with cumbersome documentation requirements and poor checks and balances. Inaccessibility of

emergency relief in rural areas adds to the hardships of the rural MSMEs. Tailored outreach activities and dissemination of opportunities to these areas can serve to remedy this issue.

Need based policies can ensure targeted and sustain results

Targeted policies have the potential to address the clear and present needs of small firms in rural Sindh. The ITC survey identified that 28% of agribusinesses and 29% of farmers want the government to provide credit guarantee schemes to help cope with the crisis. Additionally, half of the rural MSMEs in Sindh want the government to defer payments for inputs such as seeds, fertilizers, and feed. Nearly one out of five farmers, and 18% of agribusinesses, want the government to build emergency food reserves or food banks to keep, thus providing a cushion for activities at the production level. More than a quarter of respondents wanted the government to provide a security net in the form of protection against falling commodity prices.

GRASP COVID-19 Response Strategy

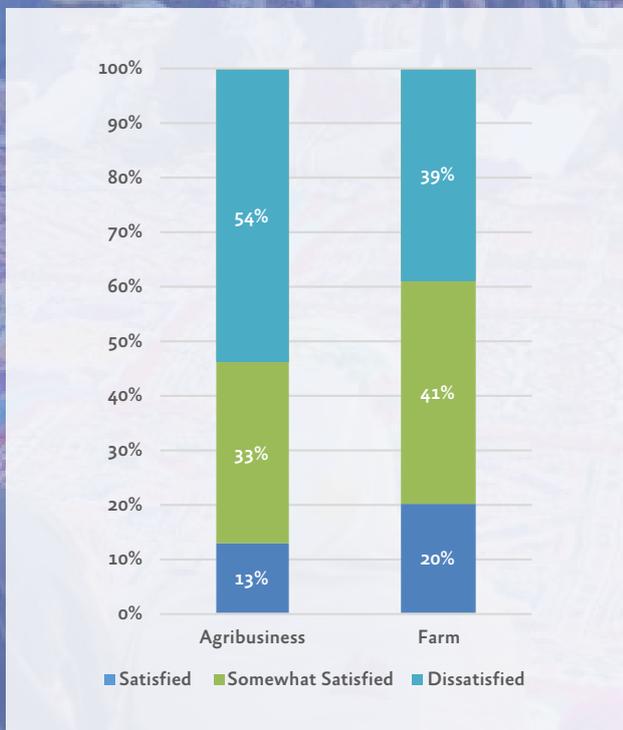
The majority of surveyed agribusinesses (74%) and farmers (72%) said they urgently needed help to form strategies to foster the survival of their enterprises. They also pointed to other immediate needs such as increasing input availability, market information dissemination, and support in accessing existing loans and grants. In the medium-term, respondent MSMSEs noted that many of the tactics highlighted earlier in this report – such as training in business management, new production methods, and financial literacy – would improve their competitiveness and thus their ability to be resilient to pandemic-induced turmoil.

The GRASP project's response to COVID-19 is focused on enabling the most vulnerable stakeholders to continue to earn a good livelihood. Activities include fostering MSMEs applications to available financing schemes, providing critical inputs and support actors to ensure the proper functioning of the value chains, supporting investment in safety and hygiene, and providing emergency support through a matching grant facility. Finally, support will be provided for developing policy measures and recommendations for rural and agriculture development.

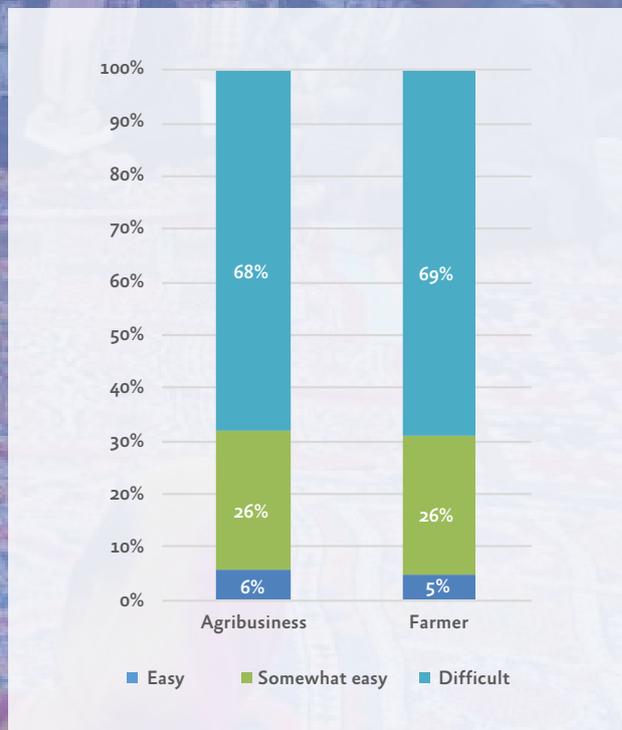
19. The News (2020). Govt to allocate Rs200 bn for Ehsaas programme, BISP next year. Accessed at <https://www.thenews.com.pk/print/658028-govt-to-allocate-rs200-bn-for-ehsaas-programme-bisp-next-year>

20. ITC MSME Competitiveness Survey 2019 – 2020

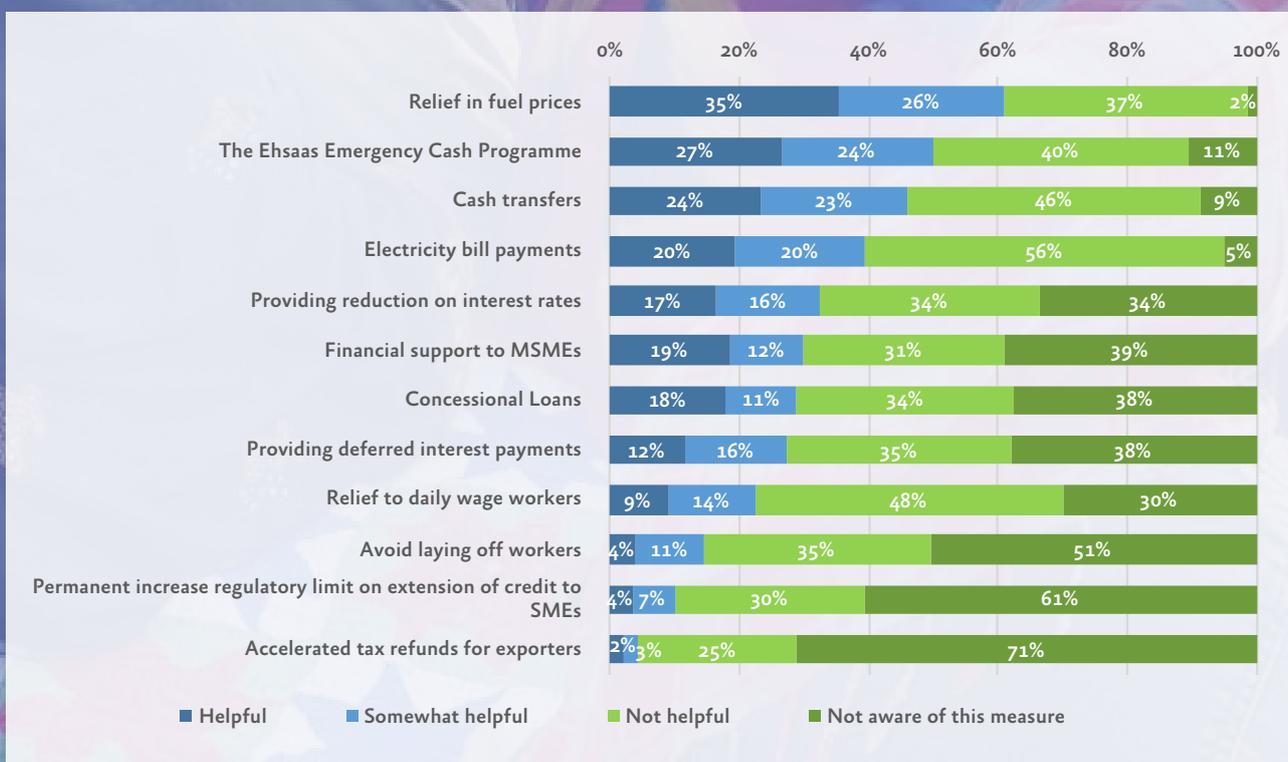
Satisfaction with the policy response of the Government of Pakistan



Ease of access to information and benefits on policy measures



Helpfulness and awareness on the policy initiatives



Note: This graph presents the aggregated data of all respondents i.e. farmers and agribusinesses. Disaggregated data can be found at www.intracen.org/GRASP/ under complementary results.

Source: ITC GRASP COVID-19 Survey



ABOUT THE INTERNATIONAL TRADE CENTRE

ITC is the joint agency of the World Trade Organization (WTO) and the United Nations (UN). It is the only multilateral agency fully dedicated to supporting the internationalization of SMEs. ITC's mission is to foster inclusive and sustainable growth and development through trade and international business development. ITC Headquarters is located in Geneva, Switzerland. ITC projects and programmes contribute to the global efforts to achieve UN Global Goals for Sustainable Development and the Aid for Trade agenda.

ABOUT THE PROJECT: "GROWTH FOR RURAL ADVANCEMENT AND SUSTAINABLE PROGRESS (GRASP)"

ITC is the lead implementing agency for the "Growth for Rural Advancement and Sustainable Progress" project, funded by the European Union (EU). The project objective is to support gender inclusive income and employment generation, enhanced productivity and profitability of SMEs involved in primary production, service provision, and value addition in and around selected clusters of production. GRASP will intervene in two of the agriculture sectors i.e. Livestock and Horticulture sectors in Sindh and Balochistan.

For complementary survey results please visit:
www.intracen.org/GRASP/



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