

**LIVESTOCK THROUGH ISLAMIC MICROFINANCE IN PAKISTAN**  
**A BIG OPPORTUNITY**

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Farz Foundation

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BY

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According to the observation, mostly, at Islamic Microfinance Sector level, it is being practiced with the conventional structures. If there is any will to do can feel for Islamic Microfinance, the lack of proper systems and unavailability of skilled staff are the hurdles. In Pakistan a few Islamic banks are studying Islamic Microfinance models to chalk out a proper one. However none of them found the key solution yet. SBP's Institutional development fund is an attraction for the institutions, but the people sitting in the committee are preferring only the institutions already have a visible scale. According to the vision of the committee members the institutional development fund is not for the organizations which are not already developed with a handsome portfolio, while the Islamic Microfinance means no commercial funding, no capacity building no MIS and no product development support. In Pakistan a few development organizations like Islamic Relief, and Muslim Aid are doing Islamic Microfinance by maintaining their other projects. A charity Based Microfinance Institution has a tremendous Qarz e Hasna, portfolio, but being a non commercial organization for donors the experts are not ready to accept it as a sustainable model, while the past proves it more sustainable than many other Microfinance institutes, which demonstrated worst in spite of having all the popular microfinance controls and risk mitigating systems and procedures.

The success of any business depends upon the proper Products fundamentally, while the conventional microfinance products showed only 3% impact according to the CGAP study. It is obvious that the products sold through microfinance were not appropriate to alleviate poverty. The reason I found behind the failure was an incapable human resource and the lack of true visionary leadership.

According to the current poverty alleviation scenario, we would have to appreciate CGAPs efforts for identifying Islamic Microfinance for not only the Muslim poor but to gain noticeable positive impact at a larger market.

During a survey for spotting a Farz SME Village in District Jhang, which is an untapped area of Punjab province, and one cannot find any perceptible engagement from NGOs, because of

(perhaps) being a sectarian violence affected area. However, Farz Foundation has started its operations in two rural areas of the District Jhang. During research work, Farz Foundation found the area very potent to launch their traditional products of livestock after a pretty customization and aligning the products with a formal Islamic Microfinance mechanism (Farz Methodology). At the second stage of the study, the survey and the focus group discussions revealed that the products of goats and sheep are more feasible than buffalos and cows at the first phase.

Study also shows that only the customization of the system is required with a capable human resource having a strong interpersonal relationship ability with the traditional and cultural familiarity to build a strong social and business relationship with the client. And a huge untapped ripe market is awaiting because the 65% economy of Pakistan is based on agriculture and out of it almost 52% economy is based on livestock.

According to a Gilani Research Foundation survey carried out by Gallup Pakistan, meat is the most essential food item in people's daily diet. In a survey in October 2008, respondents were also asked to list what they would like as the main component of their daily diet. Assuming that Financial constraints were removed and price was kept constant the results revealed: 52% would prefer meat.

while the products are needed and marketable at the international level undoubtedly. The markets of UAE and Europe can be quoted as the potential meat markets for Pakistan.

Community is expert in nurturing and nourishing the livestock from centuries to maintain their living. They know every sophisticated detail about the animal and also very fond of having them as their assets. Livestock has been considered here as a social status also and one can measure the economic level of a family or a person by assessing the volume of the livestock he or she has. There is a very common practice among the rural poor community to get the livestock from a well-off land lord on 33% partnership or sometimes at 50% for a breed period or a period of maturity of the animals for meat purpose. The livestock for meat purposes has an extraordinary perspective on Eid e Qurban along with the daily consumption of the meat in the country. According to economic survey of Pakistan 2005 and 2005, 1.9000 metric ton meat being consumed only in Pakistan. Mostly rural poor feed the live stock by getting them to the jungles and green fields. Where the animals get the grass and various other stuff to eat. They give animals also the special food called Wanda.

The poor stock the animals for their hard days and also to fulfill their immediate needs like accidents, weddings or in case of a death in their family. They usually sell the animal and accomplish the necessity.

Studies predict the livestock is not only an ongoing consumable item and a very successful business but a social welfare work and a noble cause also as a poverty alleviating tool. According to the financial analysis of the business by Farz Foundation, it gives 500% profit to the investor during a project of three to five-year period and is 1000% profitable for the poor. The economy of a country could be run and poverty could be eliminated only by the livestock business if done properly. Any how the microfinance or even banking with conventional structures believing in monthly or fortnightly recoveries with interest or profit may not be able to do this kind of business. Primarily, Farz Foundation aims to disseminate the information and to invite the social investors to step in, particularly the people want to do the Halal investments. If Islamic microfinance organizations engage themselves only in livestock business, they can show the tremendous results. Secondly, Farz Foundation offers a partnership opportunity at all investors. Donors and philanthropists level to come and join hands with Farz Foundation in this regard.