



Project summary

Policy and Institutional Reforms to Improve Horticultural Markets in Pakistan (ADP/2014/043)

1. The Issues

Pakistan's horticulture industry, one of the largest in the world, has huge growth potential in both domestic and export markets (noting that the China-Pakistan Economic Corridor will provide preferential access to the world's fastest growing horticulture market). It is dominated by smallholders with strong participation of women and has a key role in the government's development strategy.

But its present performance is well below potential, characterised by low productivity, poor quality, high wastage, and low exports. The marketing system is widely considered to be one of the main factors constraining the industry's modernisation and development.

This project, developed in response to Pakistan government and industry requests, will investigate existing marketing arrangements, assess domestic and foreign market potential, identify main problems and, drawing on both Pakistani and international reform experiences, formulate an appropriate marketing policy reforms programme.

2. Research questions and approach

Research questions

- 1) What are the existing agricultural marketing arrangements and regulations that contribute to prevailing marketing chain inefficiencies and hinder investment and upgrading of production, processing and marketing technologies?
- 2) What are the medium-term domestic and global market opportunities, and what are the costs of not removing marketing system related constraints to utilizing that potential?
- 3) What feasible marketing reforms (and complementary policies) would enhance marketing performance?
- 4) What will be the impact on various groups such as producers, consumers, women and the poor, and what measures can ensure that reforms enhance the welfare of affected groups, particularly women and the poor?

Aims and Objectives

The overall aim of the project is to design practicable marketing policy reforms to improve producers' and consumers' welfare with particular attention to gender and poverty dimensions.

There are four research objectives:

- 1) Investigate main features of existing marketing systems including role of policy, regulatory and institutional factors.
- 2) Assess domestic and global (including China) market potential.
- 3) Identify and assess extent of, and main factors contributing to, market inefficiency and low exports, and evaluate costs of inefficiency.
- 4) Identify reform options, analyse their efficiency and distributional impacts, and formulate and disseminate a set of concrete, practical recommendations for policy action.

Approach

The research approach will incorporate both qualitative and quantitative market research methods and be cross-disciplinary, involving methods and techniques from economics, business, private sector and other social sciences. It will integrate literature reviews, structured surveys and interviews of producers, traders, processors and exporters, market structure case studies, qualitative and econometric modelling, and impact evaluations on various groups.

Outputs

- 1) Report on existing marketing arrangements and the extent and sources of inefficiency.
- 2) An assessment of local and global marketing opportunities, including opportunities in China.
- 3) Reform recommendations for improving markets to foster industry growth, welfare, gender equity and poverty reduction.
- 4) Enhanced policy analysis capacity in Pakistan
- 5) A detailed final report, a series of policy briefs, one book and 5 scientific/academic papers

3. Impacts and adoption pathways

Key project impacts will be:

- Improved market efficiency leading to smaller marketing margins, higher producer prices, lower consumer prices, better quality, lower wastage and higher exports.
- Stronger incentives for private and public investments to upgrade productivity, processing and storage, and improve quality.
- A more resilient horticultural marketing system that can underpin and complement other strategies to improve overall horticultural sector performance to provide higher producer incomes, reduced supply and price volatility, and better nutrition outcomes.

The adoption pathway will be through two main channels, the government (policy and regulatory reforms) and private industry (new industry-driven market systems).

To maximise probability of government and industry adoption of recommendations, they must be realistic and responsive to market realities and opportunities, politically acceptable and administratively feasible.

This is achieved by: (a) guidance of research process by a high level Project Advisory Committee with industry, government and NGO representation; (b) regular presentations, dialogue and interaction with main stakeholders including at annual National Agricultural Marketing Forums; (c) where feasible, field testing and demonstration of alternative marketing arrangements done in association with project partner Pakistan Agriculture Coalition (PAC); (d) wide public dissemination of findings and recommendations through policy briefs, scientific publications and seminars/workshops.

4. Capacity building and partnerships

Monash University is the Commissioning organisation. Pakistan Agricultural Research Council (Pakistan's apex agricultural research body) is the lead agency in Pakistan. Other key collaborators are Pakistan Agricultural Coalition (PAC) – an active NGO with strong market links and expertise in innovating horticulture marketing systems, University of Queensland, La Trobe University, leading Pakistani universities and the Centre for Chinese Agricultural Policy (China). Several younger Pakistani researchers, including two female academics and a (female) PhD student at Macquarie University, will participate intensively and gain research, technical and policy analysis skills from the international collaboration.