

Integrated Marketing Services as an Approach to Sustainable Horticultural development in NWFP, Pakistan

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Pakistan, a country in South Asia, lies on the equator at latitude 24° to 37° N and longitude 60° to 75° E. Its climate is semi-arid. Agriculture continues to be the single most pre-dominant sector of the economy and it accounts for nearly one-fourth of GDP. It absorbs about 46% of the labor force of the country and it, along with small-scale rural enterprises directly or indirectly depending upon agriculture, is a major source of earning for about two-thirds of the rural population. Likewise, its contribution to the foreign exchange earning is substantial. Approximately 80% of the exports are agro-based.

The agricultural policy of Pakistan calls for A DIVERSIFICATION OF PRODUCTION SYSTEMS INTO HIGH VALUE CROPS. Fruits and Vegetables are to play a significant role in this strategy specifically in the North West Frontier Province where this sub-sector represent, along with hydro-power and minerals, the main potential for economic growth and development. Major thrust of the national development policy is to emphasise on promoting efficiency and fostering growth through privatisation, decontrols, market liberalization and private sector involvement. In horticulture, the overall development is, to a large extent, due to private sector initiatives. This consideration was in 1988 the starting point for the Pak/Swiss Partnership for joint horticultural development in the name of Pak-Swiss Malakand Fruit and Vegetable Development Project (MFVDP) later renamed as Pak-Swiss Project for Horticultural Promotion in NWFP (PHP). Apart from its main goal of promoting profitability and sustainability of the horticultural sector in NWFP, the common initiative also aimed at fostering ecologically sound and sustainable production practices, at meeting the requirements of resource poor actors in horticulture, and at increasing the women's share in development. It further envisaged to strengthen partner institutions and to promote the role of the private sector. The project promotes the economic potential of horticultural production, post-production and marketing, which are functions of the private sector.

The two major aspects of agriculture viz. production and marketing, by their very nature, are inextricably intertwined with each other and in the process they yield a synergistic impact on the overall agricultural sector of the economy. A marketing oriented approach in symbiosis with a production propelled marketing strategy can go a long way towards making the farming sector both farmer-friendly and consumer responsive. Marketing as a link between the farmer and the consumer, brings value-addition to a product through a proper market-mix (product, price, place and promotion-a realistic enterprise development strategy). Thus horticultural marketing and the spectrum of activities under its canopy (post harvest management, economic analysis, marketing systems analysis, marketing development, credit facilitation and group development) can never be left aside. As the economy moves from a static and regulated focus to that of a free play of market forces, the whole system of agricultural marketing has to necessarily undergo a paradigm shift in its priorities, approaches and focus. This necessitates redefining marketing in the new contexts and the role and functions of the agencies dealing with marketing in the new context.

During the planning process of the Pak-Swiss Project for Horticultural Promotion (PHP), different implementation strategies for the marketing wing of the project were carefully investigated. Preference

was given to link the marketing specialists either with a mandated institution for horticultural promotion or a private marketing services provider. However, no adequate parent organization could be identified.

IMS was therefore to be given the necessary degree of operational independence as a subprogram of PHP and later to be established as a self-sustaining private entity.

At a project level emphasis is placed on the promotion of decentralisation and the development of small farmers, small entrepreneurs, and the population of marginal areas. The guiding principles of the donor organisation (SDC), economic viability, poverty alleviation, gender equity, strengthening civil society and sustainability are the main cross cutting themes, which are followed

The production of horticultural crops has assumed great significance in the North West Frontier Province (NWFP), Pakistan due to the diversified topography, agro-climatic conditions, good quality irrigation water and soil type. The profitability from horticultural enterprise is not substantially good due to numerous factors major among which are invariably marketing related.

To address the major problems an integrated approach was developed which has proved to be highly successful in terms of providing specialized services and increasing profitability of the horticultural related communities.

Integrated Marketing Services:

The approach towards, as the name indicates, is integrated and composed of a set of pre-requisites for effective development of marketing oriented system for horticultural production. The integration is having the following set of inter-related activities:

- Credit and Group Development
- Post Harvest Management
- Marketing Development and Support
- Market Systems Analysis
- Economic Analysis
- Enterprise Development

1. Group Development and Credit Facilitation:

The producers have limited withholding capacity due to both perishability aspect of the produce and need of cash. In certain cases the produce is sold out even before harvest on extremely low prices. Producers are very often not aware of the financial institution and the prevailing procedures. For small farmers, credit availability has been identified as an essential pre-condition of production, post-production and marketing. The credit problem is still more aggravated for women folk, who do not even have access to informal sources. Likewise, the isolated small farmers and women do not have a marketable surplus from their limited resources, and remain marginalized from the

Farmer Development Society

A marginalized group was organized in Tangi Mansoorabad area mostly producing off-season tomatoes, having no access to market. Land holding in the area is extremely small with an average farm size of 2.5 acres. Growers were found to be unaware of the proper post harvest management practices. Produce was to be directly put into used tin containers (ghee/cooking oil) and sold in the local area through middlemen. To adopt any packaging and directly marketing in the wholesale market was not affordable for the growers community due to poor financial status. Individual surpluses are too little to market. The group was organized and needs assessment was done. Training was provided in production and linkages were developed with both input and output market. Credit facilitation was provided to the growers from local bank.

mainstream of economy unless they are instituted into collective groups. The necessary focus in this regard has to be placed on formation and strengthening of Interest Groups, needs assessment of groups, development of linkages, credit facilitation, and capacity building in credit and group management.

2. Integrated Gender Enterprise Development:

The small-scale enterprise sector carries a tremendous potential. The first step is to develop a cadre of entrepreneur in the rural areas whose know how are enhanced in the first instance. A two-pronged approach has to be adopted to enhance the skills, so that maximum benefit is provided to the communities. On the one hand skills development of the communities has to be undertaken whereas on the other hand service providers have to be trained. Training to communities included communities level organization, groups, CBOs, VO. Through training to other service providers and Training of Trainers (ToT) a multiplier effect can be achieved.

DEWA-Women Enterprises

Fruit and vegetable losses reach upto 35-40% in the post harvest. Similarly commercial on-farm food preservation is uncommon. Women have been traditionally involved in the processing of fruit and vegetable but mostly for household consumption in the off-season. However, this area has never been given an enterprise outlook.

IMS initiated enterprise development programme with a segregated group of organized community in Haripur, the eastern region of NWFP. Five groups were trained to run their own enterprises at five different locations. Training input included entrepreneurship development, marketing, food preservation and business management.

The enterprise was given a strong footing as emphasis was place on technical and technological feasibilities, cultural acceptability and

Similarly the role of women in the overall development of the horticultural sector is very important as they are actively involved in a range of activities and can play a decisive role in the development of the sector. In food preservation women have a traditional stake. Therefore, specialized skills are crucial for the rural women in order to integrate them into the income generating focus. The integrated enterprise development programme must be highly participatory, identifying enterprises by matching entrepreneurial competencies, entrepreneurship development, enhancing particular technical skills needed and linkages development with markets.

3. Post Harvest Management:

The horticultural crops are characterized by peculiar problems being of highly seasonal, perishable and bulky in nature. This necessitates efficient means of transportation and protective packaging. Most of the growers of fruit and specially vegetables are small producers whose surpluses are not marketable (smaller quantities) and hence cannot afford the costs of transportation. Due to perishability, horticultural produce needs high degree of care during its post harvest. Losses in post harvest of vegetables are estimated at about 35-45% as the product moves from farm to ultimate consumers. Activities like sorting, grading and standardization, packing is not taken care of by the growers resulting in decreased profitability. Most of the

Polyethylene Net Bags-Improved Packaging

Citrus is one of the major fruit crop of NWFP, Pakistan. Important varieties cultivated are Blood Red and Sakri. Grading and sorting were not common practices. Wooden crates and polypropylene bags (fertilizer and sugar bags re-used) has been the packing material used which neither protect nor promote the produce. Net bags were imported and introduced in 1995 as improved packing for citrus fruit. The initial results were encouraging and fetched 40% premiums over the traditional packaging. Its use has tremendously increased. In the year 2001, its use increased to 40000 bags from a mere 2000 in 1995. Besides being beneficial these bags are protective and grasp attention being attractive. IMS promoted these bags initially be demonstrating to the farmers, conducting marketing trials (farmers observing the actual benefit) and facilitating provision. The success of the activity can be gauged from the fact that a manufacturing company is

traditional/conventional packing is developed on the basis of easy availability. Growers are not familiar with Maturity Indexes and produce of differing maturities, grades and conditions are packed together. Post harvest handling is one of the weakest areas, which invariably results in losses to farmers especially in the perishables. Critically important, in this respect, are the mismanagement during the post harvest like untimely picking/harvesting, no grading/sorting, faulty packaging etc. Necessary guidance to the grower communities in improved handling and developing appropriate packaging for reducing losses are crucial.

Produce harvested at the correct maturity stage, sufficiently pre-cooled, well graded and packed according to its requirements, can guarantee a profitable return.

Growers' capacity building in post-harvest management of horticultural crops, development and use of improved techniques pertaining to harvesting, pre-cooling, grading and packing, and ultimately linking the communities with the input supply system is extremely important.

4. Market Development and Exploration:

The Marketing Support function is crucial for the successful commercialization of horticultural crops. For the inculcation of enhanced operational efficiency, familiarity with marketing operations, new market explorations, human resource development and linkage development with market institutions are of utmost significance. New products are to be trailed for consumer response and market acceptance.

5. Economic Analysis Support:

The awareness of producers needs to be raised regarding the economics of production and marketing, and the selection of suitable, viable products through the process of economic analysis. It is widely agreed that the adoption of an activity (new practice, package or enterprise) largely depends upon the extent of the actual or potential benefit to be gained and the costs to be incurred. However, to achieve this, much analytical work is necessary regarding interventions like crop management, test marketing, value addition and enterprise identification. It is here that the role and utility of economic analysis comes to the forefront. Product profile development, business plan development and economic analysis under varying market scenarios have to be given weightage when deciding about commercial enterprise development.

6. Marketing System Analysis:

An understanding of the market system is vital for the overall development of any sector. Regularly updating all the relevant information for guidance in the development of marketing strategies and tactical planning are again critical. Moreover, the operational planning is adapted to the specific conditions of the various markets. Farmers usually make future decision on current year prices. The prices therefore have been exhibiting a cyclic behavior i.e. one year the prices are very high whereas in the following year the prices are too low. To reverse this trend farmers and support organization must be well informed to make appropriate strategic, operational and tactical decisions.

Regularly updating studies on dynamics of markets, consumer behavior, price information and other market information are indispensable for developing strategies for sustainable crop planning and enterprise selection.