



**DEVELOPING COMMODITIES
KNOWLEDGE TOOLS
(CABI Development Fund)**



Contents

1.0 - Background:.....	2
1.1 - Significance of agricultural commodities in the economy.	2
2.0 - Objectives:	3
3.0 - Why knowledge tools for commodities.....	3
3.1 - Knowledge Gaps in Pakistan.	3
4.0 Knowledge tools.	4
4.1 Participatory training; farm schools on commodity value management.	4
4.2 Open discussion forums.....	4
4.3 Develop video version of the entire commodity value management for delivery on T.V.....	5
4.4 ICT based information delivery system.	5
5.0 - References:	6



Developing commodities knowledge tools.

1.0 - Background:

Pakistan has a rich natural resource base, covering various ecological and climatic zones; hence the country has great potential for producing all types of agricultural commodities. Agriculture has an important direct and indirect role in generating economic growth. The importance of agriculture to the economy is seen in three ways: first, it provides food to the consumer and fibres for domestic industry; second, it is a source of scarce foreign exchange earnings through the exportable agricultural commodities; and third, it provides a market for industrial goods.

1.1 - Significance of agricultural commodities in the economy.

Agriculture is an important sector, providing food to the fast-growing population of the country. According to the 1998 census, the total population of Pakistan is 130 million. With a population growth rate of 2.6 percent there is a net addition of 3.4 million people each year. In 1947 the population of Pakistan was 32.5 million; in 50 years it has increased fourfold. During this period, tremendous efforts have been made to narrow the gap between population growth and food production. Agriculture contributes about 24 percent of the gross domestic product (GDP) and employs 47 percent of the national employed labour force. The contribution of the agricultural sector to the GDP has declined gradually since Pakistan came into existence, from over 50 percent in 1949-50 to about 24 percent in 1996-97. Agriculture still remains the major sector of the GDP composition. A major part of the economy depends on farming through production, processing and distribution of major agricultural commodities. In foreign trade agriculture again dominates, through exports of raw products such as rice and cotton and semi-processed and processed products such as cotton yarn, cloth, carpets and leather production. Of the total export earnings, the share of primary commodities and processed and semi-processed products constituted almost 60 percent of the total exports. There have been some structural changes over time, but the contribution of agro-based products has more or less sustained its position. More specifically; the agricultural sector plays an important part in Pakistan's economy by:

- contributing 24 percent towards GDP
- providing food to about 140 million people
- earning about 60 percent of the country's total export earnings



- providing employment to 47 percent of the total work force
- providing the main source of livelihood for the rural population of Pakistan
- providing raw materials for many industries and a market for many locally produced industrial products

2.0 - Objectives:

1. Consultative meetings/workshops with the stakeholders to build a common understanding of commodities value management.
2. Develop commodities knowledge tools.

3.0 - Why knowledge tools for commodities.

Commodities value management concept is getting momentum among the farming communities since last couple of years in Pakistan and farming has now become more business-oriented, the farmer along with fulfilling domestic needs of agriculture commodities also follows the market signals. The production trend of an agriculture based economy depends on many factors. Besides the market signals, sometimes it is also affected by the weather, seed of a particular variety, incidence of insect

pests and diseases, sowing time and planting techniques, harvesting method and the post-harvest management of the agricultural commodities.

Decision making in the past was easy but now the stakeholders involved in the production of agriculture commodities, particularly farmers have to be more market-oriented about what, when and how to market their produce because of the government interventions, consumer demand, improved cultivation techniques, increased opportunities of trade in local and international market. Keeping in view the complexity of the regime, there is dire need to equip the farming communities and all other stakeholders with the knowledge tools for value management in agriculture commodities.

It was excellent. I thank you for sharing information on commodities value management.

*Ch. Irsbad Ahmad,
Deputy Director Agriculture
Extension, Rawalpindi*

3.1 - Knowledge Gaps in Pakistan.

The available knowledge and skills for commodities value management among the stakeholders, particularly the farming community is limited. It is essential in the competitive world, the farmers and other stakeholders require a much broader range of knowledge and practical skills of commodities value management. According to some estimates, the Pakistan has been losing some 10-15 per cent of true value of its cotton produce. The major problem facing cotton industry has been the absence of any authentic, recognized and scientifically devised grading and standardisation system. Cotton varieties and weight were considered as a base for the marketing and pricing of cotton. This practice, continuing for a long period, has resulted in the mixture of various grades and staples. The government of Pakistan had started a



standardization system back there in 1983-84. Though this system was in place for years, it could not succeed in bringing any notable positive change in the cotton scenario.

It is an ironic fact that despite notable increase in the production of cotton over the years, the quality of cotton has been declining. Certain factors like improper picking methods, adulteration of cotton with water and other materials, mixed grades and seed varieties have all played their part. Coupled with improper packaging, storage and transportation (farm to market) means, the situation has resulted in an estimated loss of \$350 million annually for the country. No doubt that contamination free cotton may fetch a better price from the domestic and international markets, leading to more profits for the farmers and ginners.

It was a good experience to learn about the beneficial insects in the cotton ecosystem and manage my cotton field with minimal use of insecticides.

*Mr. Muhammad Ramzan,
a cotton farmer.*

4.0 Knowledge tools.

The agricultural commodities value management implies an intensified information exchange between the value chain management stakeholders and the need to acquire new knowledge. Therefore, providing and fostering the learning process of all commodities value chain stakeholders are important to promote commodities value management.

Yet, learning needs are not restricted to the agro-chain stakeholders. Development agencies active in the field of agro-enterprise promotion also need to acquire new know-how: which commodities are worth supporting – and under which conditions do small producers benefit the most? The proposed knowledge and skills development tools are;

4.1 Participatory training; farm schools on commodity value management.

Knowledge leads to development when it is expressed in skilled actions. The participatory training provides an opportunity for the farmers to participate physically in the commodity value management training program.

4.2 Open discussion forums.

The knowledge flows horizontally in the open discussions. It gives the confidence to every participant to contribute his indigenous knowledge regarding the subject. The open discussion and brainstorming yield the actual information.



4.3 Develop video version of the entire commodity value management for delivery on T.V.

For mass contact TV and radio still remain a very viable mode of communication. Video programs can be used to awaken the interest of the community in various areas of commodity management. Once there is an awareness of the 'possibilities' other methods involving direct contact with the community (e.g. Farmer field school) can be used to address particular issues.

4.4 ICT based information delivery system.

With the de-regulation of the telecommunication sector in Pakistan, the possibilities of using ICT support on a mass scale have increased manifold. The Tele-density which was a mere 2.8% in 2000 had increased to 47.8% in 2007⁽¹⁾. The de-regulation provided an opportunity to private operators to enter the market; this has increased the competition and at the same time improved the level of the service provided. Now practically the entire country is covered by at least one operator.

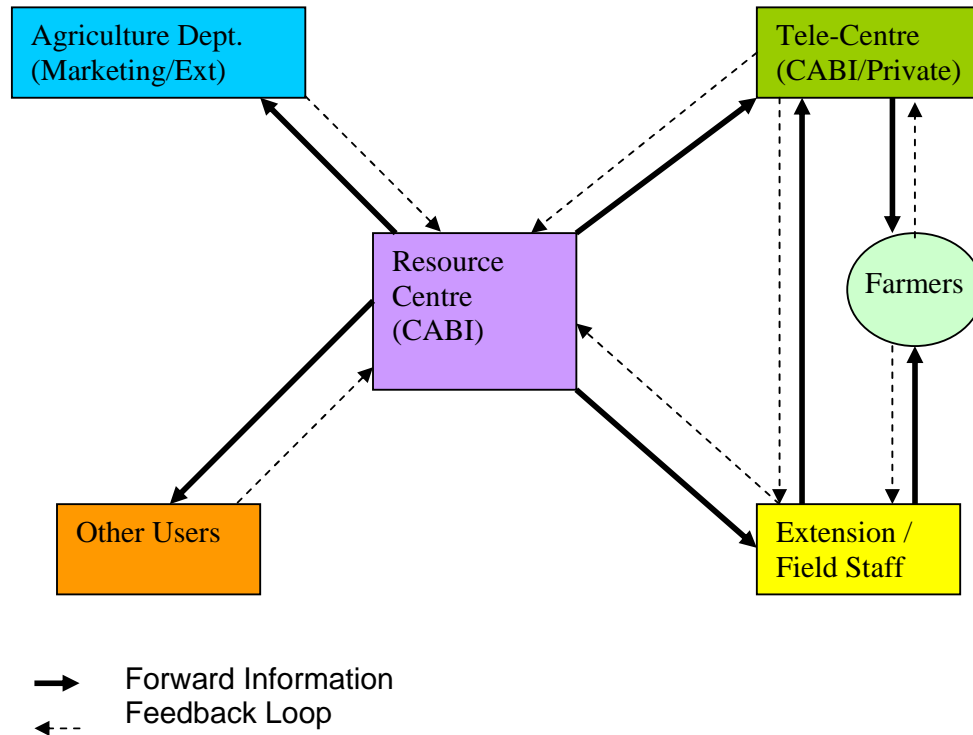
Another positive factor in this direction is the availability of cheap hardware in the form of compatible PCs. Used PCs imported from the developed countries (mainly US and UK) is another source of cheap branded hardware.

Tele-centres are therefore attracting attention as tools for development. PTCL (Pakistan Telecommunications Corporation LTD) had announced a scheme in 2007, whereby 400 Tele-centres were to be established via funding from USF (Universal Access Fund). USF is a fund created from contributions of all the telecom operators in the country. The money in the fund is to be used to provide communication facilities in the un-served and under-served areas.

Various models of Tele-centres have been proposed in the literature. The key here is to develop content for use in the Tele-centre that can benefit the rural user. Therefore, in this case the approach would involve an IT based high tech Rural Resource Centre.



Fig 1. A model using Tele-Centre as an information dissemination tool.



The Rural resource centre is basically a high tech agriculture information system. With the use of ICT, it is possible to send localized information to the farmers via the local Tele-centre.

Farmers receiving information on their cell phones, accessing information via Tele-centres, extension agents using PDAs with pre-loaded information on the area and its current issues, mobile vans using wireless connectivity, are only but a few ways in which the power of ICT can be harnessed to provide up-to-date and valid information to various players in the value chain.

5.0 - References:

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