

**Directors Report
2015-16
Pakistan Agricultural Coalition**

Trading platform

The trading platform for red chillies was officially launched in October 2015, where PAC was able to secure the involvement of three specialized partners in this market model: Agility Logistics, SGS, and Pakistan Mercantile Exchange (PMEX). The services which constitute this model—world class testing by SGS, warehousing by Agility, trading platform by PMEX, and facilitation/extension services by PAC—are to be covered by a transaction charge. Even with this transaction charge, the sellers are making a higher profit at the trading platform as compared to traditional markets as they are getting better price, quick payment, and no unfair deductions.

Through the trading platform, buyers and sellers registered with PMEX are using PMEX's electronic trading facilities to trade red chillies quality tested by SGS. The product can be stored in Agility's warehouse in Kunri or at the seller's own location. Once trade is locked, the red chillies become available to the buyer. Agility transports the product at buyer's destination upon buyer's indication. Once the product is dispatched, the payment is made to the seller the next working-day. Red chillies worth US\$ 1.2 million were traded during this pilot. Farmers and traders who used this facility responded very positively and are willing to trade in larger volumes in the coming seasons. PAC is now working on replicating this model for other crops as well. Currently we are looking at Rice, Wheat, Maize and Mango along with Red Chilli as potential commodities where this model can be replicated on a larger scale.

The Government of Punjab has recently approached PAC to lead the initiative of setting up e-Trading Platform for 10 different crops across the province. PAC is also working on introducing the concept of warehouse management and agri-produce collateralization which will allow farmers to avail formal credit easily.

Research and Development

A vibrant seed industry is central to harnessing the growth potential of agriculture. Pakistan's seed industry is in disarray where no serious player is ready to invest on a long-term basis due to poor IPR regime. In early 2014, PAC led a visit to Australia's cotton country and its research station demonstrating how a well functioning seed industry contributes to the transformation of the sector. It was felt that the big players of the industry will have to invest in this sector if the true potential is to be tapped. In order to understand the

implications, PAC was entrusted with the task of having a pre-feasibility explored through international expertise. The pre-feasibility study, conducted by a leading international cotton breeder, concluded that a private sector seed company is the need of the hour so that quality seed can be made available to the farmer.

As a result PAC designed a project with an aim to establish Pakistan's first, world-class cotton seed company that will provide cotton farmers with high germination, high yielding, high purity and high resistance cotton seed. This project is being backed by 3 of Pakistan's leading industrial concerns i.e Sapphire, Fatima and Nishat Group. Dr Don Keim and Dr Albert Santos who are U.S based cotton breeders and are known to be one of the best cotton breeders in the world were engaged to steer the breeding component of this project. Dr Neil Forrester who is based in Australia and is well known in both Pakistan and around the world is advising this project on the business development aspect. Dr Don Keim and Dr Neil Forrester visited Pakistan in September 2015 and toured various cotton research stations in Punjab and also conducted field visits. During this trip promising breeding material was identified along with an analysis of the cotton situation and problems in Pakistan. A 35 acre site was also identified in Sadiqabad where the central breeding station was to be established along with conducting interviews for the local breeding team. Subsequently two breeders were hired who would supervise the breeding activities at the farm. In November 2015, Dr Albert Santos and Dr Neil Forrester visited Pakistan to initiate the breeding program. Visits were made to progressive farmers and breeding stations again to identify more promising material. On 15th November 2015 the breeding program was initiated with a winter nursery of over 1000 plants being planted in a temperature controlled green house in Sadiqabad.

A site office has also been built at the breeding station. In March 2016, Dr Albert Santos visited Pakistan again. During this visit he outlined the future breeding plans and also conducted tests and crossing of the plants at the breeding station. Currently we are in the process of hiring a CEO for this project who will then steer this project further. Over 10 candidates have been interviewed so far. Another aspect of the cotton seed initiative is technology partnership international trait providers. The sponsors with the help of PAC and our international consultants are in talks with Monsanto and Bayer Crop Science for possible trait introgression licensing or joint venture in Pakistan. PAC and the sponsors of this project have conducted many trips to Singapore and United States to conduct meetings with the trait providers. Additionally our consultants have on our request also attended international conferences to meet with the various technology providers.

Currently PAC is working on efforts to address the Pink Bollworm crisis in Pakistan and creation of Cotton Task Forces in the Punjab and Sindh provinces that can analyse various problems and solutions faced by the sector. PAC has recently sensitized the Federal as well as Provincial governments and is spearheading the efforts in resolving the cotton crisis faced by the nation. PAC has also played a significant role in having the Plant Breeders Rights Bill cleared in the standing committee of the National Assembly and in the restoration of a functional Bio-Safety regulatory mechanism in Pakistan.

Networking/Connectivity

Since its inauguration on August 31st 2013, PAC has established an office in Lahore and is now registered as a not-for-profit entity with Securities Exchange Commission Pakistan (SECP). In this ensuing period, PAC has also managed to create good networking with the Embassies of Canada, Australia, France, Holland and USA. PAC has also secured the cooperation of international organizations like World Bank, Food and Agriculture Organization, International Food Policy Research Institute and USAID.

Looking Ahead

PAC in the coming year is looking at expanding its Cotton and Trading Platform Efforts. A number of pilots are being planned for different crops and PAC is in the process of hiring dedicated teams for trading platform efforts in Punjab and a professional for cotton seed initiative advocacy. PAC is also working closely with SECP and leading banks to bring in the concept of Commodity Warehousing and Collateral Management for facilitating the farmers in availing formal credit.



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