

# Sunrise sector facilitation: the Kunri story

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**T**he quaint little town of Kunri, deep in the heartland of Sindh has been the source of some of the best chillies to be grown in all of Asia. The region which provides up to 85 percent of the country's total chilli produce has been dubbed as the Chilli Capital of Asia. Yet its farmers have remained disconnected from the markets and the lucrative returns from the trade of their produce have been bagged by middlemen for as long as they have tilled the land.

However, thanks to the collaborative efforts of a number of different government, multi-lateral and private sector participants; fate and profits, have taken a turn for the better for farmers in one of the most desolate regions of the country.

According to experts that have worked closely on the project, export prospects for the country's chilli production have remained marred by lack of compliance with international standards and the lack of supporting infrastructure and supply chain. Traditionally, chilli is dried in open fields for about a week after harvest. During this process, the crop is exposed to aflatoxins (a type of fungi that affects plants and is harmful for humans) and to the elements that deplete its quality. Lack of a deep market and storage facilities has also historically forced agriculturists to sell on steep terms offered by a handful of buyers.

The twist of fate has been delivered by Sindh Enterprise Development Fund and Pakistan Agriculture Coalition (which is itself a collective effort of 20 of the country's leading businesses). Together they have provided financial assistance along with technical support to the area's growers in order to improve farming, storage and processing techniques.

Among the initiatives taken, chilli cultivators in this region have been provided with adequate equipment for post-harvest processing (drying the chillies) which minimizes the risk of pests, aflatoxins and other threats to the produce. Regular trainings have been introduced to ensure that farmers are cognizant of the risks and adopt at the use of necessary precautions. But this is just the tip of the iceberg. The real game changer is

direct access to markets, and this is where the private sector comes in.

SGS, the world's leading inspection, verification, testing and certification company has been enlisted to the project and it has put up a state-of-the-art testing facility at the Kunri chilli market which is the logistical hub for the region's agricultural output. The logistics company Agility, has set up an adjoining warehouse while it has also laid down a logistics network from farm to warehouse as well as onwards to the cities and towns of the country.

Resultantly, farmers now have the equipment to enhance and protect the quality of their crop; and they can now verify this through the attainment of quality grading and certification by a reputed and independent laboratory.

The Pakistan Mercantile Exchange is the next link in the chain. It facilitates the trade of red chilli contracts through its automated platform. The lots are made available for sale as soon as farmers have obtained the necessary certification for each batch of output (certification is same-day). Talking to BR Research, a market participant commented that "without proper lab certification, investors would be uneasy about buying remotely" while stressing that the sequence of developments has together opened the market up for new buyers.

Such initiatives play a catalyst role to unleash trapped agricultural wealth and generate growth. Talking to BR Research, Chairman Sindh Board of Investment, Naheed Memon said; "The resource base is robust and much-needed value can be added through technical, financial and market access assistance. These additions will increase margins for growers and downstream businesses. SEDF is a revolutionary tool to trigger business development in rural Sindh."

In earlier articles (see: Grapes in Monsoon!), BR Research has continued to showcase efforts that prove that with a little help, sunrise sectors including agriculture, possess immense potential to generate jobs, income and even foreign exchange for the country. The importance of a vibrant agri-base for a country with a burgeoning working population, low literacy and rising food demand cannot be over emphasized.