



FOOD FORTIFICATION PROGRAMME
FORTIFYING PAKISTAN'S FUTURE



SHARE OF INFORMAL SECTOR AND LOOSE OIL IN THE EDIBLE OIL/GHEE MARKET OF PAKISTAN

BACKGROUND

Food Fortification Pakistan (FFP) is a five year programme funded by the UK Government's Foreign Commonwealth and Development Office (FCDO). The FFP is being implemented by Mott MacDonald (MM), in partnership with Nutrition International (NI) to address micronutrients deficiencies among people of Pakistan particularly among women and children.

FFP started to support edible oil/ghee fortification with vitamin A and D in May 2017. The vitamin A fortification of oil is mandatory since 1965 however, its implementation by food regulatory bodies has remained weak. FFP worked with Pakistan Standards and Quality Control Authority (PSQCA) and the Provincial Food Authorities (PFAs) in all the four provinces to amend standards for oil fortification to set up a uniform standard for edible oil fortification with 33,000 to 45,000 IUs/kg of vitamin A and 3,000 to 4,500 IUs/Kg of vitamin D. FFP also established a premix supply chain system to ensure constant supply of high quality premix to the mills. The programme trained staff from all 121 functional oil mills on fortification processes and internal quality with a regular on the job coaching and provided testing kits to ascertain levels of fortification.

Currently, oil fortification standards appear to apply to packaged oil and not to 'loose oil' which can be bought in smaller quantities and is cheaper. This has potential equity implications as lower-income groups, which have higher rates of micronutrient deficiency are likely to consume cheaper "loose" oil that likely remains unfortified.

THE MARKET ASSESSMENT FOR LOOSE OIL

A rapid market assessment of the availability of edible oil in different regions of Pakistan was conducted to support regulatory authorities and government institutions in Pakistan, in assessing the market availability of loose and

unrefined oil and propose policy recommendations. The findings are expected to support implementation of the existing ban on sale of loose oil effectively, and to recommend ways to increase the coverage of fortification of vitamin A and D in edible oil and ghee to reach all segments of the population.

METHODOLOGY

The methodology for this rapid assessment included primary and secondary data collection. Primary data collection consisted of in-depth interviews with different stakeholders, including regulatory authorities, edible oil processors, wholesale dealers and sale persons of leading edible oil brands, across the provinces. Secondary data sources included key documents and literature review. A predesigned set of questions was used to obtain information for the quantification of edible oil being sold under different categories of price and quality. The data was collected around five categories of edible oil sorted primarily by quality including; premium brands, popular/regional brands, partially refined and packed brands (referred to as the formal sector) and unrefined but packed brands and loose oil (referred to as the informal sector).

FINDINGS

- The total available raw edible oil from local and imported sources in Pakistan was estimated to be around 4.319 million MT for the year 2018
- After accounting for the exports of edible oil to Afghanistan and the usage by the soap and the paint industries, the net available edible oil and ghee in Pakistan during the year 2018 was 4.090 million MT/year for the consumption, with the total share of the formal and the informal sector estimated at 71.8% and 28.2% respectively.

- Furthermore, the net share of premium brands was 26%, popular/regional brands 30.4%, partially refined and packed brands 15.4%, unrefined but packed oil 16.2%, and loose oil 12%.
- The findings further suggest that KP province is contributing maximum volume of loose oil (29.6%) followed by the interior areas of Sindh (22.7%), Karachi (14.2%), South Punjab (13.5%) and Baluchistan (13.3%). North and Central Punjab are contributing least towards loose oil, even with the higher volume of sale among all other regions.

The qualitative findings identified some of the key factors influencing the informal market sector for oil and ghee and encouraging the sale of loose oil.

- In North and Central Punjab, the informal sector poses less of a problem as a result of stricter implementation of the government regulations.
- In contrast, the regulatory authorities in other provinces being new have not able to effectively implement the ban on the sale of loose edible oil which encourages the suppliers to continue sales.
- Moreover, the dynamics of the oil market combine to encourage an informal sector in which oil is sold to low-income consumers with no refining or value addition.
- The presence of low quality/informal sector edible oil then has a knock-on effect on the formal sector, forcing it to produce cheap quality brands alongside their premium and popular segment to match the prices and compete posing a threat to consumers health.
- The lack of awareness about the health implications of loose oil is also one of the major reasons for its

presence in the markets, particularly in the regions of low literacy.

WAY FORWARD

- Government has a major role to play in regulating the sale of loose oil.
- The regulatory bodies in Sindh, KP, and Baluchistan need to implement the same strict monitoring and control measures as employed in Punjab to control the sales of loose oil in their provinces.
- The imports of raw material to the country need to be regulated through a need-based mechanism for imports by processors and manufactures to create greater transparency and accountability.
- The major processing facilities for oil and ghee are in Port Qasim region of Karachi, and these facilities supply edible oil to the rest of the country. Efforts can be focused on this region for regulating the imports of raw material and the sale of loose oil to other non-manufacturing sector and wholesale markets.

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¹OPM Mid-Term Evaluation Report of Food Fortification Programme, 2019