Thoughts on Economic Planning in the 21st century

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By

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Initial Comments

- Background on development of the session
  - PSSP and Planning Commission; Changes in the PC; sense of reinvention; focus on development and reforms; India dissolved its

- John Hickenlooper, Governor of Colorado, USA, noted “You can disagree on the size of government but all agree that it should work”

- History shows the great experiments on economy wide planning Soviet style hurt overall economic growth while at the same limiting freedom and creativity
  - Exception may be China

- Planning still needs to be done for public expenditures
Initial Comments

- Era of government spending growth is over, so efficiency in investment and projects to make government work are a priority.
- Trade offs across sectors and impacts need to be assessed.
- Planning more indicative, focus equally on software and institutions as well as hardware; focus in Framework for Economic Growth and Vision 2025.
- Account for externalities and encourage the private sector.
- Targeting is essential and so data is needed.
- Data is political.
  - Last Census in Lebanon was 1932.
  - US re-districting occurs around time of each Census.
Reform in the Seed Industry: Potential Roles for Economic Planning

Pakistan’s seed industry: A stylized history

Early Phases: Development of elaborate network of public-sector organizations designed to develop and deliver improved cultivars

- Pakistan’s first seed SOE: West Pakistan Agricultural Development Corporation, 1961
- Pakistan’s first seed law: The West Pakistan Seeds and Fruit Plants Ordinance, 1965

Mid 1970s - mid 1990s: Legal and institutional development

- Seed production assigned to provinces (Punjab, Sindh)
- **Seed Act, 1976** specifies procedures for varietal registration, seed certification; creates Federal Seed Certification and Registration Dept (FSC&RD); did not think of private sector

Phase IV (mid 1990s to date): Rapid private sector growth

- Estimated seed market value in 2008-09: US$845 million (Hussain 2011)

Reforms to archaic regulations is a conflict between government and entrepreneurs

- Draft bill from FSC&RD (2009); Draft Punjab Seed Act (2011); Plant Breeders Rights Act (under development)

THE RESULT: A vibrant, unregulated, informal seed market serviced by the formal sector
Seed provision in the formal and informal sectors

International Sources

Exotic germplasm

Research Institutes

R&D

New cultivars

Seed Council

FSC&RD

New cultivars

Seed Company

R&D

Seed production

Registered growers

Seed Corporation

Seed production

Registered growers

Agri-input Dealer

Sale Point

Farmer

Own Seed

Other Farmers

“Informal sector”

“The informal market”
## Source of seed, by crop, 2012

| Source                     | Wheat (%)\n| n= 414 | Cotton (%)\n| n= 266 | Maize (%)\n| n= 54 | Rice (%)\n| n= 261 |
|----------------------------|---------|---------|---------|---------|---------|---------|---------|
| Punjab Seed Corporation    | 2       | 3       | 0       | 0       |
| Agriculture extension      | 2       | 0       | 7       | 0       |
| department                 |         |         |         |         |
| Research institute         | 1       | 1       | 3       | 0       |
| Private seed company       | 33      | 28      | 46      | 24      |
| Input dealer               | 38      | 55      | 27      | 32      |
| Landlord                   | 12      | 7       | 0       | 35      |
| NGO/ Relief agency         | 2       | 0       | 11      | 0       |
| Cooperative society        | 0       | 0       | 0       | 1       |
| Friend/relative/neighbor   | 11      | 6       | 6       | 7       |

Source: Authors, based on data from IFPRI/IDS (2012).

Note: Figures may not to 100 percent due to rounding.

The statistics are fairly constant across landholding sizes – *see annex slides for details*
Constraints for private seed industry development

- Mistrust between FSC&RD and private companies leads to growing dissonance between the law and market
- Inadequate legislative and institutional framework (technical and resource capacity issues with FSC&RD and NBC)
- Limited access to breeder seed from public research institutes for companies that multiply and market public varieties
- Relatively small domestic market size disincentivizes investment, esp. given barriers to seed trade with India
- Absence of Intellectual Property Rights (IPR) protection; reluctance of private companies to handover germplasm for testing at competitor institutes
Formalizing the informal

Four pronged approach to reform the legal and institutional regime

- Redesign the regulatory framework
- Simplify variety release procedures
- Encourage competition on genetics, quality of service and other dimensions
- Re-evaluate the role of seed certification and replacing with a truth-in-labeling regime
- Position farmers at the center of policy debates
Role of Economic Planning?

- Understand the trends; know that the seed industry has transformed
  - The sectoral approach used now is important; more of a focus on data?
- Get all stakeholders meaningfully at the table;
  - Farmers need to be included
  - Others include Multinationals and the FSC&RD
  - A prime role of government can be facilitation
- Counter lobbying with information
- Evaluate the benefits and costs of different approaches
  - Better and stricter regulation; voluntary labeling and certification
THANK YOU!