F.No. 2-3(PCCC)/2021-Plan

Government of Pakistan

Ministry of National Food Security & Research

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Subject: **SELF-CONTAINED NOTE FOR RESTRUCTURING OF PAKISTAN CENTRAL COTTON COMMITTEE THROUGH ESTABLISHMENT OF NATIONAL COTTON RESEARCH AND DEVELOPMENT AUTHORITY**

The Pakistan Central Cotton Committee (PCCC) is an organization established under the Cotton Cess Act 1923 with the mandate to develop cotton crop in Pakistan through research. PCCC had earlier played an important role in improving cotton production in Pakistan but now things have been going from bad to worse during the past two decades. The situation of PCCC is no more different from the declining cotton production in the country. To arrest this alarming decline, the government under Agriculture Transformation Plan has decided to revitalize / restructure PCCC so that it can regain its relevance to cotton production in Pakistan. However, it will be pointless and counter-productive to revitalize PCCC without first reimagining its role, institutional structure and business model. M/o NFS&R, during structural analysis of the organization, has identified the following major issues in PCCC.

a. Declining cess collection.
b. Lack of independence to carry out research activities.
c. Employee type.
d. Decreases in area of cotton covered by PCCC varieties from 70% in 2004 to less than 2% in 2020.

2. Before prescribing a particular intervention to improve working of Pakistan Central Cotton Committee it is necessary to understand that the public sector organizations are embedded in an eco-system and agents are embedded in organizations. Both the agents (workers) and organizations make choices. Frontline workers (Agri Scientists in this case) can choose to either act entirely with pure self interest or act with performance orientation. Performance orientation only happens when frontline workers take actions in order to promote the best purposes of the organization. In order to promote best purposes of the organization, such workers will often go beyond mere compliance with formal policies and procedures and come up with innovative solutions that are more suited to the problem at hand.

3. Likewise, leaders of the organizations can choose between organizational perpetuation and public value creation. In case the leadership and agents choose organizational perpetuation and self-interest, they lose the more preferred path of public value creation and performance orientation. In such a case, public sector organizations fail to deliver on the outcomes and resultantly organizations indulge in

- various strategies of legitimation (regular events of various low-value, undertaking non-core activities like opening of bakery outlets by PARC etc. and using terminologies and external features of successful organizations i.e. display of IT equipment's, establish new buildings, buying more lab equipment's). Strategies of legitimation give organizations chance of further perpetuation in terms of budgets and human resources without creating real public value.

4. What choices the leadership and agents would make depends on the eco-system in which the organizations are embedded. Organizational eco-system can be judged on two criteria: degree of openness and premium on novelty. An open eco-system will encourage the nonperforming organizations to die and new organizations will enter the sub sector of economy. Likewise, an open ecosystem would encourage novelty and experimentation within the organization instead of mere compliance with procedures. In the public sector, many organizations actively suppress the emergence of novelty, particularly new evidence about under performance. Research institutions in agri sector, like so many other public sectors organizations, have suffered from low level of autonomy coupled with organizational choices for buying legitimation without public value creation. Pakistan Central Cotton Committee is no exception to it. Today both the leadership (Committee members, higher level managers) and agents (Agri Scientists) are involved in isomorphic mimicry instead of game changing variety development to buy organizational legitimation. Resultantly, we have ended up with scientists becoming ordinary civil servants whose principal purpose is to retain job, obtain promotion and enhance perks and privileges. Outcome of this behavior had to be a disaster and it is evident from the fact that today all verities developed by the PCCC have prevalence rate of only 2% in the cotton zone.

5. If the government wants to meaningfully change the research paradigm for variety development in cotton sector, radical reforms both in terms of organizational autonomy and in term of agent-type are required for this purpose. At present, there are 274 employees of PCCC including 115 ministerial staff. Actual expenditure of PCCC was Rs. 526 million in FY 2020-21 and estimated expenditure in FY 2021-22 is Rs. 1.12 billion including an estimated annual pension liability of Rs. 358 million. Cess collection has declined from Rs. 626 million in FY 2014-15 to Rs. 126 million in FY 2020-21. It was concluded during structural analysis of the organization that following steps are required to revitalize cotton research in the country.

i. Abolishing of PCCC and establishment of National Cotton Research and Development Authority through an act.
ii. Replacing of PCCC employees with contractual employees getting salary equal to market rate.
iii. A more autonomous board of governors to ensure better and collegial ecosystem for decision making.
iv. Cess collection through FBR.

6. In view of foregoing, draft act for establishment of "National Cotton Research and Development Authority" is prepared. The salient features of the act are given below.

a. Establishment of an authority with 09 member Board of Governors, 03 ex-officio and 06 private members
b. Election of Board Chairman amongst private members
c. Board to approve human resource manual, procurement and financial regulations either consistent with government practices or consistent with international best practices
d. Cess collection though FBR and annual budget grants by Finance Division, as major sources of revenue
e. Directory retirement and provision of various retirement packages to existing employees of PCCC
f. Contractual recruitments in the authority with market based salary package
g. Introduction of base salary and performance salary
h. Authority to takeover PCCC within 12 months
i. Transition arrangement for taking over of PCCC by the authority
j. Establishment of one or more centers of excellence