

Considerations in Designing an Industry Development Strategy

**FAO Workshop – Designing Effective Dairy
Development Strategies
Bangkok**

David Harris

D. N. Harris & Associates

17 November 2008

Some key elements in strategy development

A presentation on:

- considerations in designing development strategies
- experiences with dairy industry plans in Australia
- workshop about policy measures in DDS
- “what will make it happen?”
- focus on that aspect – not a generic blueprint

Experiences suggest key elements in developing a strategy:

- knowledge of current situation
- define a goal/vision for the development strategy
- objectives of strategy
- specific policy measures, regulations
- advice on implementation issues

At the start – know current situation

Several steps in designing a development strategy:

- can't start without knowledge of current situation
- a 'stock-take' evaluation process
- should identify constraints on development
- example – PC Inquiries have industry review as first step

Need to clearly understand:

- structural features of industry
- industry stakeholders
- role/activities of industry institutions
- objectives of existing policies & regulations
- outcomes of those measures
- external factors affecting industry competitiveness

A vision for industry development

First step is develop vision/goal for industry:

- what do stakeholders want to achieve?
- collectively established – all focused on same end-point
- ‘buy-in’ by all stakeholders – have they been identified?
- a time-frame for achieving the vision/goal

What is it?

- simple statement of a measurable outcome.....
- could be one or more descriptive elements
- a ‘credible’ vision – favourable investment sentiment

Facilitate with working group of all relevant stakeholders:

- start of consultations, stakeholder meetings, etc

Example of goal/vision

An example – Australian dairy industry post-deregulation:

- a working group – farmers & associated bodies
- issues in fully commercial environment ?
- strategy for industry to ‘take responsibility for the future’

Described longer term industry vision:

- more competitive, complex supply chain
- can’t replace support & reliability of regulations
- farmers to take responsibility for their future....
 - improve efficiency of farm enterprise
 - services, information to support decision making
 - support marketing investments beyond farm gate
 - cooperation to enhance dairy foods value chain

What objectives to achieve the vision?

Translate goal/vision into set of specific objectives:

- may relate to one or more stakeholders
- provide some direction on policy measures, regulations
- describe expected commercial developments?

Must contribute to achieving goal/vision

- define as clear simple statements
- easy to interpret – ‘buy-in’ of stakeholders

Example – *Kerin Plan* industry development strategy

- industry facing numerous challenges
- focus was policy changes – correct market distortions
- to enhance growth prospects – the future

Objectives need to be clear statements

Plan developed through extensive consultation process:

- some equivalence with a development strategy

Objectives of the plan:

- reform dairy product marketing arrangements
- reduce inefficient, inequitable & unstable aspects of policy
- reduce incentive for over-production
- reduce disincentive for domestic consumption growth
- remove incentive for imports
- eliminate incentive to focus on policy created rents
- encourage development of new markets

Policy measures to achieve objectives

Final step identify specific policy measures & regulations:

- “what will make it happen?”
- explicit direction for public policy actions

What could this involve?

- reforms to existing policies, regulations
- new industry development programs
- new regulatory controls
- priorities in infrastructure development
- establishing new institutional arrangements

Need to consider constraints on policy proposals

Considerations in setting policy actions

In formulating policy measures have to consider:

- Government budgetary constraints
- policy conflicts with other areas of government
- scope of legislative powers of government
- competition for resources – other economic activities
- physical limitations on industry development

Example – Kerin Plan set out specific actions:

- end export pooling of returns
- uniform level of assistance under new arrangements
- progressively reduce domestic price support
- government assistance for R&D, adjustment, underwriting

Concluding comments

Covered some key elements in developing a strategy:

- experiences with industry plans, development strategies
- not a generic blueprint – dairy examples
- a lesson learned – consider effects of policy proposals
- other considerations will emerge in workshop

DDS may be constrained by political economy factors:

- government oversight committees
- independent agencies, local/regional bodies
- lobby groups from related industries
- is consultation in designing the DDS inclusive?