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## EVALUATION

### Pakistan Trade Project

# Midterm Performance Evaluation Report

**June 24, 2014**

This publication was produced at the request of the United States Agency for International Development. It was prepared by Management Systems International (MSI) under the Monitoring and Evaluation Program (MEP) by Tariq Husain and Shahid Scheik.

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- The Information Technology Manager and Network Administrator of the Board of Investment
- Officials of Pakistan Railways
- Officials of the Women Chambers of Commerce, Karachi Chambers of Commerce, Lahore Chambers of Commerce, and the Federation of Pakistan Chambers of Commerce and Industry
- Officials of the Karachi Customs Clearing Agents Association and Pakistan Customs Bonded Carriers Association
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- USAID officials responsible for the Pakistan Trade Project

# PAKISTAN TRADE PROJECT

## MIDTERM PERFORMANCE EVALUATION REPORT

June 24, 2014

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# ACRONYMS

ACGR	Annual Compound Growth Rate
ADS	Automated Directives System
AISA	Afghanistan Investment Support Agency
APTT	Afghanistan–Pakistan Transit Trade
APTTA	Afghanistan–Pakistan Transit Trade Agreement
B2B	Business to Business
BNU	Beaconhouse National University
BOI	Board of Investment, Prime Minister’s Secretariat
CARs	Central Asian Republics
CAREC	Central Asian Regional Economic Cooperation
CCI	Chamber of Commerce and Industry
CNP-WCCI	Central and Northern Punjab Women Chamber of Commerce and Industry
CO	Commercial Officer
COR	Contracting Officer’s Representative
EDI	Electronic Data Interchange
EU	European Union
FATA	Federally Administered Tribal Areas
FBR	Federal Board of Revenue, Government of Pakistan
FGS	Financial Guarantee Scheme
FPCCI	Federation of Pakistan Chambers of Commerce and Industry
FTA	Free Trade Agreement
GDP	Gross Domestic Product
GITA	Goods in Transit to Afghanistan Plan (of Pakistan Railways)
GAPs	Good Agriculture Practices
GMPs	Good Manufacturing Practices
GOP	Government of Pakistan
HACCP	Hazard Analysis and Critical Control Points
HR	Human Resources
HS	Harmonized Standards
ICT	Information and Communications Technology
IR	Intermediate Result
IT	Information Technology
IED	Improvised Explosive Device
IPP	Institute of Public Policy
IWCC	Islamabad Women Chamber of Commerce
KCCI	Karachi Chamber of Commerce and Industry
KP	Khyber Pakhtunkhwa
LCCI	Lahore Chamber of Commerce and Industry
LPI	Logistics Performance Index
MEP	Monitoring and Evaluation Program
MOC	Ministry of Commerce (Government of Pakistan)
MSI	Management Systems International
NLC	National Logistics Cell
NTB	Non-tariff Barrier
NTC	National Tariff Commission, Ministry of Commerce
NTCIP	National Trade Corridor Improvement Program
NTTFC	National Trade and Transport Facilitation Committee, Ministry of Commerce
PAJCC	Pakistan–Afghanistan Joint Chamber of Commerce
PKR	Pakistan Rupee
PRAL	Pakistan Revenue Automation Limited
PMP	Performance Management Plan
PTP	Pakistan Trade Project
RCCI	Rawalpindi Chamber of Commerce and Industry
RKC	Revised Kyoto Convention
RMS	Risk Management System (of Pakistan Customs)

ROZ	Reconstruction Opportunity Zone
SAARC CCI	South Asian Association for Regional Cooperation Chamber of Commerce and Industry
SAFTA	South Asia Free Trade Agreement
SATIS	SAARC Agreement on Trade in Services
SECP	Securities and Exchange Commission of Pakistan
SEZ	Special Economic Zone
SOW	Statement of Work
SPSS	Statistical Package for the Social Sciences
TDAP	Trade Development Authority of Pakistan
TIR	Transports Internationaux Routiers (International Road Transports) <sup>1</sup>
USA	United States of America
USAID	United States Agency for International Development
USD	United States Dollar
USTR	United States Trade Representation
WEBOC	Web-Based One Customs
WIT	Women in Trade (a Pakistan Trade Project activity)
WTO	World Trade Organization

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<sup>1</sup> The complete name is the Convention on International Transport of Goods Under Cover of TIR Carnets (TIR Convention).

# PROJECT SUMMARY

The United States Agency for International Development’s (USAID’s) Pakistan Trade Project (PTP) is a countrywide project designed to promote initiatives that help businesses trade across borders and improve the trading environment in the country. PTP works with the Ministry of Commerce (MOC), including the Trade Development Authority of Pakistan (TDAP) and the National Tariff Commission (NTC) and with Pakistan Customs, an entity of the Ministry of Finance Federal Board of Revenue (FBR). PTP also supports activities that facilitate trade such as building web-based information tools, modifying logistics procedures, and developing rules and processes for the private sector through the Chambers of Commerce and Industry, insurance companies, the Customs Clearing Agents Association, freight forwarders, export houses, and bonded carrier organizations. The PTP’s “Women in Trade” Management Training and Mentorship Program is implemented with the cooperation of Pakistani universities and private sector companies.

The table below summarizes key facts about PTP.

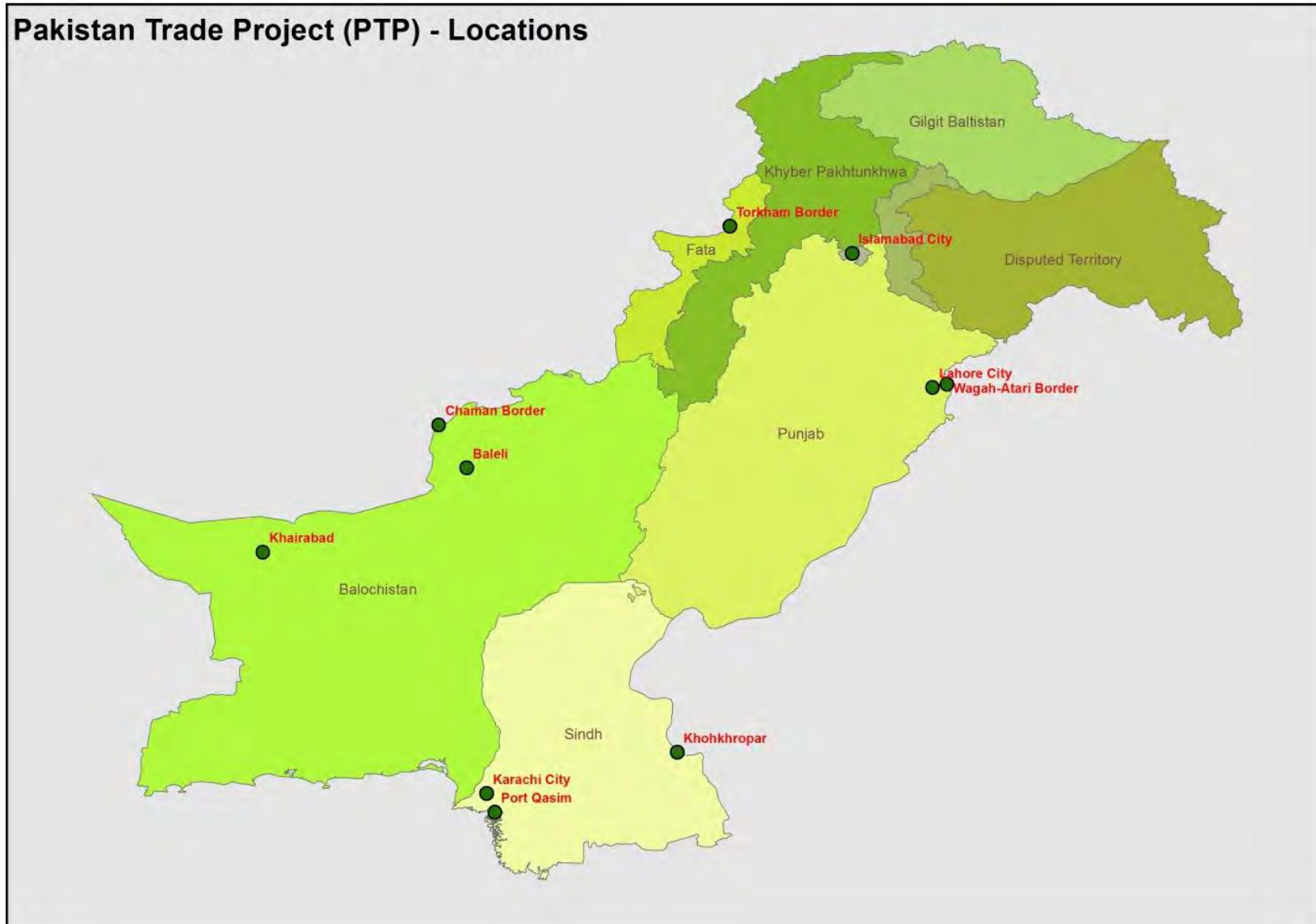
## PROJECT SUMMARY

Project Name/Title	Pakistan Trade Project
Contract Information	Contract No. EEM-I-00-07-00005, Order No. 11
Contracting Officer’s Representative (COR)	Maryam Riaz, Project Management Specialist
Project Start Date	June 22, 2009
Project Completion Date	August 31, 2014
Project Location	Nationwide
USAID Objective Addressed	Development Objective 2. Improved Economic Status of Target Populations
Name of Implementing Organization	Deloitte Consulting, LLP
Budget	USD 37 million

The figure on the following page illustrates the locations of cities—namely Karachi, Lahore, and Islamabad—where public and private sector stakeholders are concentrated, and identifies custom border posts that are or will be the beneficiaries of PTP trade facilitation activities.



## PAKISTAN TRADE PROJECT, LOCATION OF ACTIVITIES





# **PART I: MIDTERM PERFORMANCE EVALUATION OF THE PAKISTAN TRADE PROJECT**

# EXECUTIVE SUMMARY

## PROGRAM BACKGROUND

In June 2009 the United States Agency for International Development (USAID) awarded the four-year, USD 22.12 million Pakistan Trade Project (PTP) to Deloitte Consulting, LLP. The project supports United States–Pakistan regional priorities, particularly trade with Afghanistan and India. Following a one-year extension in February 2013, PTP became a five-year initiative (2009-2014) with a budget of USD 37 million. The project design includes three components, described in project documents as “Improved Pakistan Trade Environment” (Component 1), “Increased Trade at Pakistani Borders” (Component 2), and “Support to Reconstruction Opportunity Zones” (Component 3). Component 3 remained inactive and USAID re-aligned program activities away from this component in Project Year 3.

Most of the PTP interventions under Components 1 and 2 (described in the report’s Project Background chapter) are aimed at improving the trade environment (including transit trade with Afghanistan) by streamlining flows of information, capital and goods, and processes that affect Pakistan’s logistics performance. Related to this, the project supports:

- a. Developing capacity, particularly for Government of Pakistan (GOP) institutions engaged in trade policy and regulation, such as the Ministry of Commerce (MOC), which includes the Trade Development Authority of Pakistan (TDAP) and the National Tariff Commission (NTC), and Pakistan Customs.
- b. Engaging the private sector to influence reform on policy issues and innovations in selected aspects of regulation, infrastructure, and financing, particularly those that influence logistics performance.
- c. Increasing women’s participation in export trade by engaging with women’s trade bodies through training, suitable internships, and access to information.

## EVALUATION PURPOSE

The purpose of this evaluation is twofold: a) to present the results of a midterm performance evaluation of PTP and b) to inform USAID’s decision about whether to procure a follow-on trade project and, if so, how to design it. The key evaluation questions, outlined later in this summary, focus on assessing and improving the relevance and effectiveness of PTP activities, including those aimed at engaging women in trade, and enhancing buy-in from the GOP. Issues related to a follow-on project focus on stakeholder views on opportunities and challenges and perceived priorities for USAID assistance.

Part I of the report is a standard performance evaluation, based on the evaluation standards required by USAID. It answers five evaluation questions grounded in evaluative evidence. Part II focuses on forward-looking questions addressed by other means, and is not based on evidence from the project. Parts I and II are essentially distinct, but are related parts of the evaluation assignment.

## EVALUATION METHODS AND LIMITATIONS

To conduct the evaluation, the evaluation team reviewed project documents provided by PTP management and conducted individual interviews with a diverse set of 30 public and private sector stakeholders located in Islamabad (11 individuals), Lahore (9 individuals), and Karachi (10 individuals). The project documents helped the evaluation team understand project activities, while the interviews helped the team develop a nuanced understanding of how the project worked with stakeholders and why it did or did not achieve intended results.

PTP’s Performance Management Plan (PMP) consists of project components and indicators, but does not include Intermediate Results statements. The evaluation uses quantitative indicators of progress reported by PTP on the

basis of its PMP. This information is inadequate for arriving at a quantitative assessment of results at the outcome level and attributing changes in the overall national trade environment or regional trade to PTP.<sup>2</sup>

PTP recommended the interview subjects. Further, when the evaluation team contacted the individuals to arrange interviews, some declined—either because they were not available or were unwilling to participate. Both of these factors introduce the potential for selection bias; PTP may be more likely to recommend individuals who have had positive experiences with the program and those who decline to participate in an interview may not have strong views about PTP (positive or negative) or may be substantively different from those who did participate in unobservable ways. Finally, the evidence for some questions is based on the views of a small number of individuals (sometimes merely one individual), which compromises the external validity of the findings. Moreover, the single individual was usually the principal person responsible for dealing with the Pakistan Trade Project. This is not expected to lead to bias if it is assumed, as is generally the case in Pakistan, that the principal person represents the official rather than personal position when interacting with donor agencies.

## CONCLUSIONS

### **Evaluation Question 1. To what extent has the Pakistan Trade Project met its targets for the Performance Management Plan indicators, what are the reasons for shortfalls, and what has the project done to address shortfalls?**<sup>3</sup>

The PTP PMP contains 13 indicators and had targets for most of them for each of the three completed years (2010-2012) of the project. PTP documents report that the project met or exceeded its cumulative targets for the three years for six of the 13 indicators. There are two main reasons for the shortfalls: (a) three targets depended on the implementation of the Afghanistan Pakistan Transit Trade Agreement (APTTA), which was due to begin in 2010, but was delayed until June 2011; and (b) the three targets for Reconstruction Opportunity Zones (ROZs) under Component 3 could not be realized as this component remained inactive due to the fact that the United States legislation required to establish the ROZs did not materialize.

### **Evaluation Question 2. Are Pakistan Trade Project activities relevant to current identified needs/concerns of stakeholders with respect to increasing trade?**

A detailed review of the background material generated by PTP before activities initiated as well as minutes of meetings with stakeholders during implementation clearly establishes the relevance of PTP activities to improving the trade environment in the country (Component 1) and increasing cross-border trade (Component 2). Interviews with stakeholders also supported the relevance of many of PTP's completed and ongoing activities under Component 1 and all activities under Component 2.

In Component 1, TDAP did not consider PTP's contribution to the Trade Portal during 2010–2012 relevant, although it was initiated at the behest of the MOC, its parent ministry. The Ministry of Commerce accepted the Pakistan Trade Project's report on the Commercial Officers Program, but has not implemented its recommendations following a change in the Ministry's leadership. MOC officials also considered the research studies, supported by PTP, on Pakistan–India Trade for the MOC as not meeting their expectations. Interviews with stakeholders supported the relevance of almost all of the completed and ongoing PTP activities under Component 2.

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<sup>2</sup> The PTP has long-term policy and process reform objectives, and the results of interventions (e.g., for Pakistan-India trade normalization and compliance with the World Customs Organization's Revised Kyoto Convention) will not be realized for several years.

<sup>3</sup> In line with the evaluation Statement of Work, Component 3 (for ROZs) is included only in this question.

### **Evaluation Question 3. How effective are the Pakistan Trade Project's activities in contributing to its two main components/results?**

According to the stakeholders interviewed by the evaluation team, the three completed activities under Component 1, namely, Self-Assessment of TDAP, Strengthening the Board of Investment (BOI), and the Workshop on Agricultural Exports, will assist in increasing exports, improving trade facilitation, and enhancing foreign investors' information about the country. Among the seven ongoing activities of Component 1, stakeholders expect the Trade Portal (Phase 2) will improve connectivity among importers and exporters once it is launched, the strengthening of the NTC will help bring the tariff and import regime into conformity with international practices, and the five research studies on India–Pakistan Trade, if better oriented toward policymakers' requirements, will effectively increase the relevant knowledge base for policymakers and businesses.

The completed activity under Component 2—Study of Pakistan–India Border Assessment—fills the knowledge gap regarding infrastructure requirements for efficient management of border trade with India. Stakeholders believed that all five sub-activities of the APTTA Implementation Plan—Electronic Data Interchange, Financial Guarantee Scheme, Risk Management System, Border Improvement, and Single Window—once operational, will be effective in contributing to Component 2.

### **Evaluation Question 4. To what extent have the project's activities aimed at enhancing the Government of Pakistan's buy-in fostered a sense of ownership of reforms among GOP counterparts?**

Relevant Government of Pakistan stakeholders have a strong sense of ownership of many of the completed and ongoing activities under Component 1 (viz., Trade Portal Phase 2, Self-Assessment of TDAP, Research Studies on India–Pakistan, Strengthening of NTC, and BOI). In the case of commercial officers' activities, the GOP decided not to implement one of the recommendations of the PTP report. In Component 2, the four subcomponents of the APTTA Implementation Plan—namely Electronic Data Interchange, Financial Guarantee Scheme, Risk Management System, and Single Window—are in the process of being integrated into the Pakistan Customs Web-Based One Customs online system.<sup>4</sup> Stakeholders also see the value of completed PTP activities—namely, the Pakistan–India Border Assessment and Pakistan Customs Training, and one ongoing activity, the APTTA Border Assessment. The eventual level of GOP buy-in into the Revised Kyoto Convention activity can be determined only after the completion of this activity; the process of analysis, however, has entailed close cooperation between PTP and FBR (through Customs officials).

### **Evaluation Question 5. How have women been engaged in the Pakistan Trade Project, and how has the project influenced women's engagement in trade activities?**

There is evidence that PTP has made small, but significant progress in supporting internships and employment for women under the Management and Mentorship Program. In other ways, however, PTP's activities have had limited engagement with women and limited influence on the participation of women in trade activities. One reason for this is that the Women in Trade (WIT) Portal is not operational. Secondly, there is, as yet, no evidence (except for two case studies by PTP) that training women exporters in export processes, rules, and regulations has influenced their engagement in trade activities. However, this training is reported to be a useful tool for knowledge sharing.

## **RECOMMENDATIONS**

USAID should ensure that PTP continues to make all efforts possible to institutionalize a sustainable and workable trade portal within an indigenous Pakistani public or private sector entity such as TDAP or an appropriate alternative. USAID should ask PTP to consult with the Ministry of Commerce to redesign or refocus the research studies on Pakistan–India trade to respond more directly and more comprehensively to the Ministry's interest and needs.

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<sup>4</sup> The PTP, however, is assisting the FBR to implement these elements as discrete activities and is not working on integration, as agreed with the FBR. This clarification was offered by the PTP in its comments on the draft evaluation report.

To improve overall effectiveness, USAID could encourage PTP to enhance the usefulness of the Pakistan–India research studies (under Component 1) by commissioning additional research to address the needs identified by the MOC. Under Component 2, USAID, through PTP and its successor project, could consult relevant stakeholders to identify any assistance USAID can provide, including activities already planned by PTP, to facilitate realization of the Single Window and Risk Management System in the next two to three years.

PTP's pursuit of the recommendations provided in connection with relevance and effectiveness, both of which influence buy-in, can be expected to further strengthen buy-in from GOP counterparts. USAID needs to remain engaged with PTP to facilitate progress in this direction.

The WIT Portal is challenging and requires greater attention. Specifically, USAID should ensure that the WIT Portal and the trade body that is expected to host it are prioritized, so that the portal can be established and sustainably managed as planned.

# PROJECT BACKGROUND

## THE PROBLEM STATEMENT

### Process of Reforms

To promote economic growth, the Government of Pakistan (GOP) initiated widespread reforms in 1988 in deregulation, privatization, and trade liberalization. The GOP streamlined taxes, duties, and tariffs. It reduced the number of licenses and permits required for running businesses and decentralized regulatory authority. Since 2001 the GOP's economic growth strategy has concentrated on strengthening local institutions, upgrading infrastructure, and improving governance. In trade environment and trade facilitation, the previously established Export Promotion Bureau was upgraded to the Trade Development Authority of Pakistan (TDAP) in 2006, with a more comprehensive mandate to promote trade (specifically exports).<sup>5</sup>

The World Bank and GOP are implementing the National Trade Corridor Improvement Program (NTCIP), consisting of key policy reforms along with a comprehensive investment program for linking Pakistan's major ports in the south of the country (on the Arabian Sea) with its major cities (Lahore, Rawalpindi, and Peshawar) and trade corridors (for Afghanistan and the Central Asian Republics [CARs]) to the north. The objective is to promote an integrated approach to planning, investing in, and managing the national trade corridors and transport logistics system.<sup>6</sup>

The GOP faces a number of challenges in the process of reform and export promotion that relate to Pakistan Trade Program (PTP) activities. The remainder of this section outlines relevant challenges.

## TRENDS IN EXPORTS

For several years Pakistan was able to expand its trade volumes, both with the rest of the world and its neighbors India and Afghanistan. During 2001-2006, Pakistan's total global exports, expressed in U.S. dollars (USD), increased at an Annual Compound Growth Rate (ACGR) of 12.3 percent, partly because of an expansion in world trade. The ACGR for exports decreased to 5.2 percent during 2007-2009 partly because of recessionary conditions around the world, and rose to 7.2 percent for 2007-2012, still well below that of 2001-2006.<sup>7</sup>

In regional trade, exports to India increased steadily from USD 84 million in 2003-04 to USD 315 million in 2006-07, an ACGR of 39 percent. In the 2008-12 period, annual exports to India fluctuated between USD 260 and USD 333 million, with an ACGR of only 4.8 percent (see Table 1 and Figure 1). Exports to Afghanistan increased from USD 403 million in 2003-04 to USD 1 billion in 2007-08 (ACGR of 21 percent) and reached a peak of USD 1.86 billion in 2010-11 before declining to USD 1.38 billion in 2011-12 (Figure 2).<sup>8</sup>

Decreases in export growth rates to the world and India since 2007-08 and fluctuations in exports to Afghanistan have concerned the GOP.

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<sup>5</sup> PTP. 2009. "Trade Portal: Organizational Self-Assessment of TDAP." Document No. 1.18, November.

<sup>6</sup> [http://www.ntcip.gov.pk/index.php?option=com\\_content&view=article&id=47&Itemid=53](http://www.ntcip.gov.pk/index.php?option=com_content&view=article&id=47&Itemid=53)

<sup>7</sup> Team Leader's assessment and calculations of ACGR are based on export data from *Annual Report of the State Bank of Pakistan, 2011-12, Statistical Annex*.

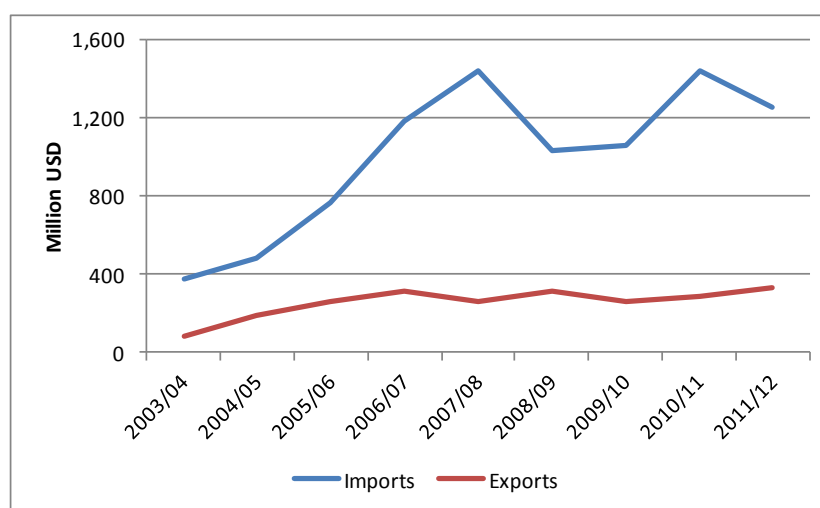
<sup>8</sup> Author's calculations of ACGR from the export trends appear in Table 2.

**TABLE I: TRENDS IN PAKISTAN'S TRADE WITH INDIA AND AFGHANISTAN**

	Year								
	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Trade with India (million USD)									
Imports	377	486	770	1,181	1,442	1,032	1,061	1,445	1,253
Exports	84	190	264	315	263	313	259	287	333
Trade with Afghanistan (million USD)									
Imports	3	1	2	2	2	0	3	10	13
Exports	403	732	831	680	1,032	975	1,204	1,865	1,380

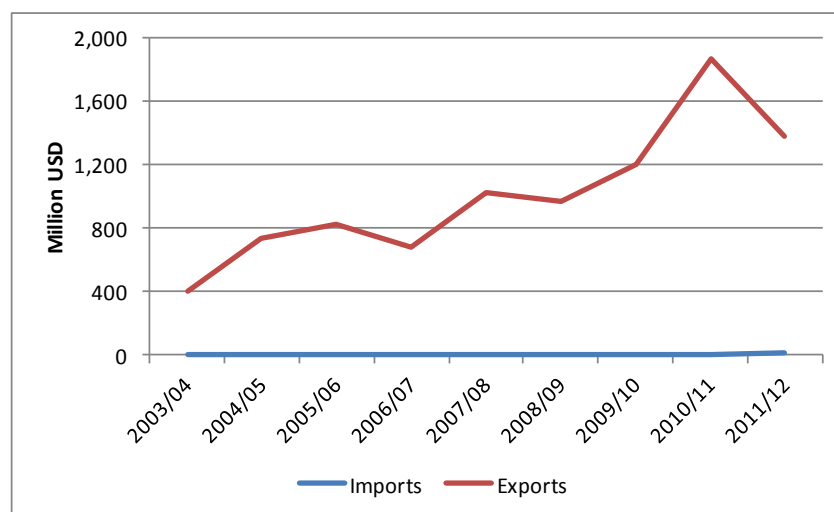
Source: Statistical Annex, Annual Report of State Bank of Pakistan 2011-12.

**FIGURE 1: PAKISTAN'S TRADE WITH INDIA, 2003-12**



Source: Statistical Annex, Annual Report of State Bank of Pakistan 2011-12.

**FIGURE 2: PAKISTAN'S TRADE WITH AFGHANISTAN**



Source: Statistical Annex, Annual Report of State Bank of Pakistan 2011-12.



## LOGISTICS PERFORMANCE

High logistics costs and low levels of logistics service impede trade and foreign direct investment and thus economic growth. Countries with higher logistics costs are more likely to face deteriorating competitiveness.<sup>9</sup> Pakistan's performance on the Logistics Performance Index (LPI), a broad measure of logistics performance, deteriorated sharply between 2007 and 2010, but improved significantly in 2012.<sup>10</sup> Its world ranking on the LPI slipped from no. 68 in 2007 to 110 in 2010, lower than India (47) and Bangladesh (49), but better than Sri Lanka (137). Its ranking improved to 71 in 2012, which was still below India (46) and only marginally better than Sri Lanka (81).

Pakistan's relatively low LPI ranking suggests there is considerable room for improving logistics performance to enhance export competitiveness. The six subcomponents of the LPI indicate areas for improvement. These include efficiency of the clearance process, quality of trade- and transport-related infrastructure, ease of arranging competitively priced shipments, competence and quality of logistics services, ability to track and trace consignments, and timeliness of shipments in reaching their destination within the scheduled or expected delivery time.

## THE THEORY OF THE INTERVENTION

PTP was conceived primarily as both a trade environment/policy and trade facilitation project supporting United States–Pakistan regional priorities, particularly trade with Afghanistan and India. Most of its interventions under project Components 1 and 2 aim to facilitate trade (including transit trade with Afghanistan) by streamlining flows of information, capital, goods, and processes that affect Pakistan's logistics performance. Related to this, the project supports:

- a) Capacity development, particularly for GOP institutions engaged in trade policy and regulation such as the Ministry of Commerce (MOC), which includes TDAP and the NTC, and Pakistan Customs.
- b) Consultations with the private sector on policy reform in selected aspects of regulation, infrastructure, and financing—particularly those that influence logistics performance.
- c) Engaging women's trade bodies through trainings, suitable internships, and access to information to increase the participation of women in the export trade.

Reducing impediments to trade through these means is expected to create a more conducive environment for regional trade, including transit trade with Afghanistan. This, in turn, is expected to result in larger volumes of trade, contribute to the economies of Afghanistan, India, and Pakistan, and lead to greater integration among the three economies.

The third component of PTP, intended to support increased trade with the United States, focuses exclusively on establishing ROZs in selected districts of the country.<sup>11</sup> The project was expected to undertake a broad range of activities addressing GOP strategy, product, process, and service quality standards in the ROZs as well as other impediments to trade, with the expectation that these measures would contribute to the economy and stability of FATA and, consequently, mitigate the factors thought to be contributing to militancy. However, the U.S. legislation authorizing ROZs did not materialize and, consequently, Component 3 remained inactive.

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<sup>9</sup> J. Luis Guasch, "Logistics as a Driver for Competitiveness in Latin America and the Caribbean" 2011.

<sup>10</sup> <http://lpiurvey.worldbank.org/international/scorecard/radar/254/C/SGP/2012#chartarea>

<sup>11</sup> The ROZs would accept goods from but not be located within FATA.

## THE DESIGN OF THE PROGRAM

USAID initiated the four-year PTP in June 2009 with initial funding of USD 22.12 million. In February 2013, USAID extended PTP through August 2014 and increased the total funding level to USD 37 million. PTP is meant to provide technical assistance for developing the capacity of trade-related institutions and support for trade facilitation measures to improve the trade environment and increase cross-border trade. Project design includes two components for these purposes, described in project documents as “Improved Pakistan Trade Environment” and “Increased Trade at Pakistani Borders.”

PTP is a countrywide project, with stakeholders concentrated in Islamabad, Lahore, and Karachi. The main official counterparts of the project are the MOC, the NTC, and Pakistan Customs (a division of FBR). The project supports two working groups in the MOC and four in the FBR, each with three to five members. Both institutions (MOC and FBR) are based in Islamabad, as is a third partner organization, the National Trade and Transport Facilitation Committee (NTTFC), which is part of the Planning Commission, while the TDAP is based in Karachi. The project also works with Pakistan Customs offices in Lahore and Karachi, and some of its activities extend to the border crossings at Torkham (near Peshawar) and Chaman (near Quetta) for trade with Afghanistan, and at Wagah (near Lahore) for trade with India. It has also worked with the BOI and the Agricultural Policy Institute.<sup>12</sup> The project has diverse private sector stakeholders, including

- Traders in various parts of the country who trade with neighboring countries and can be accessed through the Chambers of Commerce and Industry (CCIs) based mainly in Lahore and Karachi. The Lahore CCI (LCCI) is a particularly important platform for India–Pakistan trade, and the Karachi CCI (KCCI) for Afghanistan–Pakistan trade.
- Insurance companies based in Karachi.
- Bonded carriers based in Karachi and organized as an association—that is, the National Custom Bonded Carrier Association.
- Clearing agents based in Karachi organized as an association.
- Three associations of women entrepreneurs with whom the project works on a Web-based portal providing access to information on export opportunities to women exporters; training for women exporters; and a Management and Mentorship Program for young women graduates.

Component 3, Support to Reconstruction Opportunity Zones, was designed to complement anticipated U.S. legislation allowing creation of ROZs along Pakistan’s western border, the Afghanistan and Pakistan Reconstruction Opportunity Zones Act. The legislation, which was expected in June 2012, sought to stimulate economic activity and development in the border region of Pakistan, and to “support the three-pronged U.S. strategy in Afghanistan and the border region of Pakistan that leverages political, military, and economic tools, with ROZs as a critical part of the economic component of the strategy.”<sup>13</sup> The ROZs, if developed, would have allowed a broad range of goods to be exported duty free to the United States. In 2012, however, USAID informed PTP that the legislation was not forthcoming.

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<sup>12</sup> The complete list of public and private stakeholders (provided by PTP) supported by the project is attached as Annex 3 in the evaluation Statement of Work (SOW).

<sup>13</sup> U.S. Department of State Press Statement, Sean McCormack, Spokesman, Washington, D.C., March 14, 2008.

## DESCRIPTION OF ACTIVITIES

PTP started with an ambitious agenda of activities to improve the trade environment and cross-border trade. This report evaluates the following activities mentioned in PTP's documents:<sup>14</sup>

- **Activities completed during 2010-2012.** Activities under Component 1 include the Assessment of the Commercial Officers Program, Self-Assessment of TDAP, Trade Portal Phase I, Strengthening Board of Investment (BOI), Workshop on Agricultural Exports, and Pakistan–India Border Assessment. Completed activities under Component 2 include the Financial Guarantee Scheme, Implementation of Electronic Data Interchange, Border Assessments at Torkham, Chaman, Angoor Adda, Ghulam Khan, and Wagah, and Border Infrastructure Improvements at Chaman.
- **Ongoing activities.** These are activities started during 2010–13 on which PTP continues to report progress. Ongoing activities under Component 1 include those related to the Revised Kyoto Convention, Trade Portal Phase 2, Strengthening the NTC, and research studies on Pakistan–India. Component 2 ongoing activities are Electronic Data Interchange (EDI), Risk Management System (RMS), Single Window, and APTTA Border Improvement.

The remainder of this section describes these components in greater detail.

### Component 1<sup>15</sup>

#### *Commercial Officers Program*

The PTP report “Evaluation of Commercial Officers Program at the MOC, Document No. 1.20” describes the Commercial Officers Program in the following terms:

In order to do business abroad, Pakistani exporters need market information, real-time data, access to worldwide markets, relationships with importers, and more. Commercial Officers (COs) can facilitate this for exporters because they are living and working in countries abroad and act as liaisons between the host country market and Pakistani exporters. At the same time, the effectiveness of the Commercial Officers Program is a result of not only the actual performance of the individual COs, but also depends on multiple variables that constitute the Commercial Officers Program system. These additional variables include the CO selection system, CO preparation, resources available to the COs, CO performance evaluation system and most importantly the feedback and information dissemination system to ensure that the COs' input meets the needs of the end user.

#### *Self-assessment Study of TDAP*

The PTP report “Trade Portal: Organizational Self-Assessment of TDAP, Document No. 1.18” describes the self-assessment study of TDAP as follows:

The TDAP was established in November 2006 as the successor to the Export Promotion Bureau and is a key PTP partner in improving the trade environment and facilitating trade promotion and development. According to the TDAP's mandate, as specified in the TDAP Ordinance, it is a “dedicated, effective and empowered organization responsible and accountable for maximizing of exports.” TDAP's mandate is to create direct linkages with stakeholders, local and abroad, to increase exports. An organizational self-assessment was conducted with TDAP to identify areas for potential partnership between TDAP and PTP through capacity development programs.

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<sup>14</sup> A list of documents is attached in annexes of SOW.

<sup>15</sup> Women-in-Trade activities and interventions under Component 1 are described and assessed in evaluation question 5.

Since there was no online facility capable of storing COs' queries, they remained unavailable to a large number of stakeholders. Based on the results of the above-mentioned TDAP Self-Assessment Study, PTP proposed to assist the Ministry of Commerce in developing a robust Web portal wherein MOC, TDAP, and COs will be able to exchange information they generate daily and correspond quickly with one another. The purpose of developing this online trade portal is to strengthen Pakistan's competitiveness and better facilitate its businesses' access to wider world markets. This is seen as the first step to enhancing both import and export links and to providing an important communication platform between Pakistani stakeholders and the worldwide business community.

#### *Strengthening the Board of Investment*

The PTP report, "A High-Level Assessment of the Board of Investment's IT Needs, Document No. 1.33," describes the BOI as follows:

The BOI is a state-governed investor facilitation agency. The mandate of the BOI includes: (a) promotion of investment in all sectors of economy; (b) facilitation of local and foreign investors for speedy materialization of their projects; and (c) enhancing Pakistan's international competitiveness. BOI's Information Technology (IT) specialists informed the evaluation team that PTP's assistance addressed the gaps identified in the Needs Assessment for: (i) obtaining licenses for operating systems already in use; (ii) adding the necessary hardware (networking switches, increased server capacity for handling current and future data volume, gateway proxy server and continuous power supply); (iii) installing a file-share repository; (iv) developing a domain-based system; and (v) training BOI's IT staff in operating and maintaining the system.

#### *Workshop on Agricultural Exports*

The Workshop on Agricultural Exports was intended to discuss numerous constraints that prevent Pakistan from benefiting from growth in international trade in agricultural commodities. These include suboptimal agricultural practices; lack of awareness and limited investment in new seeds, farming technology, and techniques; inability to comply with international quality standards such as Good Agriculture Practices, Good Manufacturing Practices, Sanitary and Phytosanitary requirements, Hazard Analysis, and Critical Control Points requirements and food-quality requirements under the World Trade Organization (WTO) for exporting agricultural and food products; and inadequate up-to-date information, at individual farmers and producers' levels, on domestic and international prices and demand for agricultural products.<sup>19</sup>

#### *Pakistan–India Border Assessments Study*

The GOP, while approving in 2012 the Negative List<sup>20</sup> associated with trade agreements with India, also announced allowing increased trade through Pakistan–India land borders, subject to the availability of adequate infrastructure at the Pakistan Customs border posts at Wagah–Attari and possibly at Khokhrapar–Munnabao.

Increasing the amount of products or tariff lines imported through the land border will intensify pressure on the existing customs border infrastructure. The study assessed current infrastructure and processes at the Pakistan Customs border post at Wagah–Attari. The objectives of the assessment were to identify customs administrative processes involved in trade through Wagah–Attari; estimate the time taken to complete each process, along with authorized and undocumented costs; collate feedback regarding issues faced by clearing agents, traders, freight

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<sup>16</sup> PTP. 2010. "Trade Portal: Ministry of Commerce Brief." Document No. 1.19, November. 2) Minutes of the PTP–MOC meetings.

<sup>17</sup> PTP. 2012. "Trade Portal: Write-Up for Trade Portal" Document No.1. 31 July.

<sup>18</sup> Minutes of the PTP–MOC meetings.

<sup>19</sup> PTP, Agriculture Workshop: Presentation on Enhancing Agricultural Exports, "Trade Opportunities, Market Requirements and Good Agricultural Practices" Document 1.53, April 2012.

<sup>20</sup> In an international agreement, a list of those items, entities, products, and so forth to which the agreement will not apply, the commitment being to apply the agreement to everything else.

forwarders, and customs; and determine the Information and Communications Technology (ICT) infrastructure at the Wagah–Attari Customs station in close consultation with the Pakistan Revenue Automation Limited (PRAL).<sup>21</sup> The study included an assessment of the availability and quality of internet connectivity and the infrastructure capacity in view of the current customs processes and procedures.<sup>22</sup>

#### *Pakistan-India Trade Normalization Research*

PTP commissioned the following research studies, which were undertaken by the Institute of Policy Studies of the Beaconhouse National University (Lahore, Pakistan), in support of Pakistan-India trade normalization:

- A Primer: Trade Relations between Pakistan and India (1947-2012);
- Pakistan-India Trade Relations: The Impact of Non-Tariff Barriers;
- Sectoral Analysis of Pak-India Trade;
- Managing Trade with India through Tariff Rationalization; and,
- Study on the Macroeconomic Impact of Trade with India.

#### *Revised Kyoto Convention*

PTP is supporting the GOP's efforts to become compliant with provisions of the Revised Kyoto Convention (RKC) by conducting an analysis of gaps between the current customs regime and the RKC and by developing a reform roadmap to address the gaps.<sup>23</sup> The gap analysis process has seven phases and deliverables and is expected to be completed in September 2013,<sup>24</sup> whereas the associated implementation roadmap will be an initiative through 2014.

## **Component 2**

#### *Electronic Data Interchange*

At the request of the FBR, the Pakistan Trade Project initiated activities to provide ICT infrastructure to eight customs' stations<sup>25</sup> along the Afghan transit supply route. The objective of this initiative was to improve the ICT infrastructure to support the GOP in meeting provisions of the 2010 APTTA that requires implementing an Electronic Data Interchange (EDI) between the customs administrations of Afghanistan and Pakistan.

#### *Financial Guarantee Scheme<sup>26</sup>*

In conformity with international best practice standards, the new transit law (i.e., the APTTA of 2010) for Afghan importers requires a financial guarantee equivalent to duties and taxes due to Pakistan in the event that the goods are not ultimately exported from Pakistan. PTP promoted insurance guarantees in lieu of bank guarantees, as the latter are costlier for traders, and offered technical support to Pakistan Customs to implement the idea with the cooperation of insurance companies, customs agents, and bonded carriers.

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<sup>21</sup> PRAL was established in 1994 as a small IT setup. It provides consultancy services for government tax and revenue agencies. It is now one of the largest information solution providers in Pakistan, with nearly 1,300 employees and presence in all major cities. For Pakistan Customs, it created and is currently managing the Web-Based One Custom (WEBOC system). Under the APTTA Implementation Plan, it has developed the Electronic Data Interchange (EDI) and is developing IT solutions for the Risk Management System and the Single Window operation.

<sup>22</sup> PTP. N.d. Border Assessment Studies, "Initial Assessment of Wagah–Attari Border Station Assessment Infrastructure," Document No.2.22.

<sup>23</sup> PTP. N.d. "Revised Kyoto Convention Brief," Document No. 1.64.

<sup>24</sup> Information provided by PTP in an email dated August 20, 2013.

<sup>25</sup> The eight locations are 1) the Afghan Transit Group [in Karachi Custom House], 2 and 3) Karachi Port [East and West Wharfs], 4) Port Qasim near Karachi, 5) Baleli, 6) Khairabad, and 7 and 8) Chaman in Balochistan and Torkham in FATA.

<sup>26</sup> PTP. 2011. "Financial Guarantees: Implementation of a Financial Guarantee System for Afghan Transit Good Under APTTA," Document No. 2.42, February.

### *Risk-Management System*

This PTP activity provides advisory support to Pakistan Customs to implement efficient risk-management practices to better target higher-risk goods for specific custom interdiction.

### *Single Window System*

The Single Window System enables traders to receive multiple government services through a single interface. This can be done in a manual or automated electronic environment, dependent on the Single Window model selected. Typically the lead agency is customs, although in some jurisdictions the role may be taken on by commerce, trade, or another similar entity.

### *APTTA Border Improvement*

The APTTA of November 2010 includes among its provisions requirements for improving the infrastructure at border posts, including the Torkham border post between Pakistan and Afghanistan in the Khyber–Pakhtunkhwa Province of Pakistan. A critical component of these infrastructure improvements is the installation of weighbridges to facilitate cross-border trade.<sup>27</sup> PTP also installed lights and a generator at the Chaman station to increase the hours customs officials could work to process vehicles and cargo, and conducted assessments of the border infrastructure of Torkham, Chaman, Angoor Adda, and Ghulam Khan.

### **Intended Results**

The PTP's technical assistance for facilitating trade in Pakistan is consistent with *Development Objective 2, Improved Economic Status of Target Populations*. As part of its November 1, 2012 Performance Management Plan (PMP), updated on December 5, 2012, PTP has developed a set of 13 indicators to measure its performance. These are organized according to the following themes:

- Component 1 (4 indicators): Improved Pakistan Trade Environment;
- Component 2 (5 indicators): Increased Trade at Pakistan Borders; and,
- Component 3 (1 indicator): Support to Sustainable and Competitive Special Economic Zones, including the ROZs, and Enhanced Diversity and Stability of Exports (3 indicators).

PMP indicators relevant to each component are reproduced in Table 2.<sup>28</sup>

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<sup>27</sup> PTP. 2012. "Infrastructure Improvement at Chaman and Torkham: Environmental Study Installation of Export and Import Weighbridges." Document No. 2.39, May.

<sup>28</sup> The IRs in the PMP have corresponding indicators but do not have titles.

**TABLE 2: PTP COMPONENTS AND INDICATORS**

Component	Indicators
Component 1: Improved Pakistan trade environment	<ul style="list-style-type: none"> <li>• 1.1. Number of consultative processes formalized between public and private parties;</li> <li>• 1.2. Number of public sector participants in trade/investment capacity building;</li> <li>• 1.3. Number of legal/regulatory/institutional actions taken by the GOP addressing compliance with international trade and investment agreements; and,</li> <li>• 1.4. Number of policy constraints identified and modified to improve the trade policy environment.</li> </ul>
Component 2: Increased trade at Pakistani borders	<ul style="list-style-type: none"> <li>• 2.1. The number of customs harmonization procedures implemented;</li> <li>• 2.2. The average dwell time for inbound/outbound goods from Karachi to the Pakistan border (Chaman and Torkham);</li> <li>• 2.3. The number of “single windows” at border crossings implemented by the GOP;</li> <li>• 2.4. The number of provisions under APTTA implemented by the GOP; and,</li> <li>• 2.5. The number of infrastructure/security upgrades at the Pakistan border posts (Chaman and Torkham) in support of APTTA.</li> </ul>
Component 3: Support to Reconstruction Opportunity Zones	<ul style="list-style-type: none"> <li>• 3.1. Assist the GOP to draft a strategy for implementing the ROZs;</li> <li>• 3.2. Assist firms located in the ROZs to comply with U.S. labor requirements as specified in the ROZ legislation;</li> <li>• 3.3. Identify potential opportunities to develop/support trade facilitation strategies, such as special economic zones, in other locations within Pakistan, in particular within the 20 districts to be supported by Empower Pakistan: Firms (EP:F);</li> <li>• 3.4. Assist firms located in the ROZs to achieve product, process and service quality standards since EP:F will not be working in the ROZs. This will require the contractor to work with the national system of standards, metrology and certification, identifying a variety of service providers that can assist enterprises to achieve standards and certification. Contractor will develop a comprehensive plan for supporting firms achieving international certification. USAID and the companies will undertake this on a cost-sharing basis;</li> <li>• 3.5. Reduce the risk of illegal transshipments through ROZs and assist firms in complying with ROZ rules of origin and other requirements;</li> <li>• 3.6. Promote ROZ benefits beyond duty-free access to United States including such factors as expedited processing for exports and duty drawbacks, low cost financing, advanced infrastructure, streamlined processes, income tax preferential status, and access to streamlined specialty commercial courts or rights to use international courts to settle contract disputes. Alternatives to duty drawbacks that can be done internally and through customs measures that would benefit enterprises and ROZs without the complexities and costs of pre-paying and recovering duties can also be considered; and,</li> <li>• 3.7. Ensure that gender considerations are embedded into ROZ implementation plans, which should include incentives for firms that provide support facilities for female employees and/or incentives for women-owned businesses to operate in ROZs.</li> </ul>



## PROGRAM IMPLEMENTATION

Over the course of the first year, PTP completed numerous tasks, including working with the TDAP on a self-assessment; conducting an evaluation of the Commercial Officers Program at the request of the MOC; finalizing and disseminating the Quarterly Trade Performance Reports; completing the Pakistan side of the Joint Pakistan–Afghanistan Study on Stemming Unauthorized Trade at Borders; and completing the data collection phase of the Afghan Transit Trade Dwell Time assessment to identify average delays in transit and the costs involved.

In Year 2, PTP's attention has remained mainly on improving the overall trade environment and increasing cross-border trade with Pakistan's neighbors, especially with Afghanistan through the implementation of the APTTA, which was signed in October 2010 and implementation started in June 2011. One result of this effort was the inclusion of "financial guarantees" for transit cargo. At the request of the MOC, the Pakistan Trade Project devised a communication strategy for developing a consensus and the acceptance of the APTTA by the various public and private sector stakeholders. Other PTP activities in Year 2 included a commitment to collaborate on installing and sustainably operating four electronic weighbridges (two each at the Torkham and Chaman border stations); submitting a briefing paper on APTTA outlining the main features and legal status of the APTTA, the impact of the APTTA in Pakistan, related PTP activities, and implementation needs; performing a gap analysis of the Pakistan legal framework related to the APTTA; conducting a training needs assessment for Pakistan Customs; conducting a baseline assessment of Pakistan customs procedures, processes, and infrastructure with respect to Afghan transit trade through Pakistan in partnership with Pakistan Customs, and performing a gap analysis of Pakistan's transit regime in relation to international standards; and producing four Quarterly Trade Reports.

In Year 3, PTP initiated efforts to support regional trade liberalization by commissioning a comprehensive set of studies on Pakistan–India trade relations. The first of these studies on the history of trade relations between India and Pakistan was completed in May of 2012. In addition, in Year 3, PTP initiated a gap analysis of the policy, legal, and procedural reforms with respect to transit and international trade obligations under the RKC; developed software and initiated data capture related to a trade portal; conducted a training needs assessment of the NTC; initiated activities to support the FBR's efforts to implement the EDI required by APTTA; facilitated negotiations between the GOP and Pakistani insurance companies that developed a mechanism for issuing insurance guarantees; and conducted initial assessments of the customs stations at Wagah and Khokrapar border posts.

In Year 4, the following three studies on Pakistan-India trade were completed: study on non-tariff barriers (August 2012), a sectoral analysis of Pakistan-India (December 2012) and a study on the macroeconomic impact of Pakistan-India trade (January 2013). PTP expects to complete the Kyoto Convention gap analysis, strengthen the capacity of the NTC to administer trade defense laws, strengthen the capacity of the MOC to conduct trade negotiations, operationalize the EDI, initiate the risk-management and Single Window systems, and begin work on facilitating trade flows with Central Asia.

# EVALUATION PURPOSE AND EVALUATION QUESTIONS

## EVALUATION PURPOSE

The purpose of this evaluation is two-fold – to present the results of a midterm performance evaluation of PTP, and to inform USAID’s decision about whether to procure a follow-on trade project and, if so, how to design it. The key evaluation questions, outlined below, are intended to assess and improve the relevance and effectiveness of PTP activities, including those aimed at engaging women in trade, and enhance buy-in from the GOP. Issues related to a follow-on project focus on stakeholder views on opportunities and challenges and perceived priorities for USAID assistance.

Part I of the report is a standard performance evaluation, based on the evaluation standards required by USAID. It answers five evaluation questions grounded in evaluative evidence. Part II focuses on forward-looking questions addressed by other means, not based on evidence from the project. Parts I and II are essentially distinct, but are related parts of the evaluation assignment.

## EVALUATION QUESTIONS

Part I of this report answers five questions based on evaluative evidence from primary and secondary sources relating to PTP. As stipulated in the evaluation Statement of Work (SOW) reproduced in Annex I, only evaluation question one addresses all three PTP components. The remaining questions focus only on Components 1 and 2. Component 3, which was designed to establish Reconstruction Opportunity Zones, was removed from the PTP’s Work Plan once it became clear that the required U.S. legislation would not be forthcoming.

The five evaluation questions addressed in Part I are as follows:

1. To what extent has the Pakistan Trade Project met its targets for Performance Management Plan (PMP) indicators, what are the reasons for shortfalls, and what has the project done to address shortfalls?  
**Explanation:** The question addresses project performance with respect to the indicators documented in the PMP. The evaluation will compare reported achievement with respect to targets (sex-disaggregated to the extent that data are available), identify the reasons for any delays, and identify the steps taken to address shortfalls. Following the lead of the project’s PMP, the evaluation will report on achievements against targets, and not baselines.
2. Are PTP activities relevant to current identified needs/concerns of stakeholders with respect to increasing trade?  
**Explanation:** The evaluation will assess the project’s relevance to current needs and the concerns of stakeholders (as identified in the Work Plans and during roundtables) with respect to government policy, the trade environment, and the needs of businesses, customs officials, and other stakeholders. Inquiry and recommendations will focus on ensuring the relevance of future USAID trade programming.
3. How effective are PTP’s activities in contributing to its two main components/results?  
**Explanation:** The evaluation will assess the activities, their quality, frequency, levels of participation, and other aspects to draw conclusions about their contributions to the main components. It will also develop recommendations for improving effectiveness.
4. To what extent have the project’s activities aimed at enhancing GOP buy-in fostered a sense of ownership of reforms among GOP counterparts?

**Explanation:** The project undertook activities with a diverse range of counterparts in the GOP, including the MOC, FBR, and other government agencies. The evaluation will seek out and analyze the views of these counterparts to identify the extent of counterpart ownership of reforms. The evaluation will also develop recommendations for how to improve ownership.

Suggested buy-in indicators are a) initiating new areas within an existing project, b) commitment beyond the PTP project, and c) sign-up for concept and deliverables. Possible “ownership” indicators are a) willingness to be the face of the project and b) initiating steps to assume financial responsibility for the operational expenses of the project.

5. How have women been engaged in PTP, and how has the project influenced women’s engagement in trade activities?

**Explanation:** This question will explore the project’s intended gender-specific objectives through the launch of the “Women in Trade” initiative, the project’s planned activities to achieve these objectives, and the results the project has achieved with respect to its gender-specific outcomes. It will also develop recommendations for improving women’s engagement.

# EVALUATION METHODS AND LIMITATIONS

## DATA COLLECTION METHODS

The evaluation used only qualitative data obtained from primary and secondary sources. Secondary sources consisted of documents provided by PTP. The basic project documents the evaluation team reviewed included:

- Work Plans and Implementation Plans for Years 1, 2, 3, and 4 and Work Plan (Extension, March 2013)
- Annual Performance Reports, Years 1, 2, and 3
- Public–Private Consolidated Roundtable Report
- Various background documents (concept notes, business case, assessment reports, and minutes of important meetings) on activities in Components 1, 2, and 3

Annex 2 contains a detailed list of documents the evaluation team reviewed.

The evaluation team collected primary data through individual interviews with 30 individuals representing the following public and private sector stakeholders: the Ministry of Commerce, Pakistan Customs, the National Tariff Commission, customs clearing agents, custom bonded carriers, the Board of Investment, Pakistan Revenue Association Limited, the Trade Development Authority of Pakistan, the South Asian Association for Regional Cooperation Chamber of Commerce and Industry, Women in Trade participants, and the Institute of Public Policy of Beaconhouse National University. Before conducting the interviews, the evaluation team<sup>29</sup> developed 12 field instruments (Annex 3) that included questions related to the five evaluation and three forward-looking questions. The team selected individual interviewees purposively based on the recommendation of PTP and the availability of the selected individuals. Annex 7 lists the PTP counterparts and stakeholders who participated in the interviews. The evaluation team conducted a total of 30 interviews in Islamabad (11 individuals), Lahore (9 individuals), and Karachi (10 individuals).

## DATA ANALYSIS METHODS

The evaluation team relied largely on secondary information provided by PTP to understand and describe project activities subject to the limitations mentioned below. The team also used all relevant data from the interviews in answering the questions, emphasizing triangulation wherever it was possible and identifying the sources in the report. Data from the interviews with PTP stakeholders were analyzed using a content analysis guided by the five evaluation questions.

## METHODOLOGICAL STRENGTHS AND LIMITATIONS

The purposive sampling of government officials for interviews, implemented largely through PTP's recommendations, and the selected individuals' willingness to participate potentially biases the interview results. Several individuals identified for the interviews could not meet the evaluation team during the time available. For example, PTP identified five Ministry of Commerce officers for interviews, but only three were available (one of them for only 10 minutes). PTP also identified five individuals from Pakistan Customs, but the evaluation team could meet only three. Thus, the individuals the team ultimately interviewed were not necessarily representative of

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<sup>29</sup> The evaluation team is introduced in Annex 5. Disclosures of conflict of interest signed by the team members are provided in Annex 6.

project stakeholders. The fact that PTP selected interview participants is more troubling and raises the potential of a bias toward positive views of PTP.

Information from some of PTP's official counterpart agencies consists of an interview with a single individual identified by PTP, usually the person responsible for dealing with the project. If, as is generally the case in the Government of Pakistan, the person represents the official rather than the personal or actual contact person with PTP, this selection does not necessarily bias the results.

PTP's Performance Management Plan (PMP) consists of project components and indicators but does not include Intermediate Results Statements. The indicators are listed under component names rather than any results the project is expected to achieve. The evaluation uses quantitative indicators of progress reported by PTP on the basis of its PMP, but this information is inadequate for arriving at a quantitative assessment of results at the outcome level and attributing changes in the overall national trade environment or regional trade to PTP. As statements of results are not available, the assessment of effectiveness was undertaken by considering the contribution of project activities to components, as outlined in the elaboration of evaluation question 3 in the evaluation Statement of Work.

# FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

## FINDINGS, CONCLUSIONS AND RECOMMENDATIONS FOR QUESTION I

**Question 1. To what extent has the Pakistan Trade Project met its targets for Performance Management Plan indicators, what are the reasons for shortfalls, and what has the project done to address shortfalls?**

### Findings

The findings for this question are based on three years of data reported in Table 3.

**Indicator 1.1.** *Number of consultative processes formalized between the public and private sector, Project Year 1:* Most of the consultative processes that PTP anticipated formalizing to implement APTTA in Year 1 were not formalized until Year 2.

**Indicator 1.2.** *Number of public sector participants in trade/investment capacity building training, Project Year 2:* FBR's priorities shifted because of the delay in implementing APTTA. Consequently, PTP reprogrammed the planned training for Pakistan Customs on APTTA implementation from Year 2 to Years 4 and 5. Further, because the United States did not pass the ROZs legislation, USAID directed PTP to remove planned training activities for the ROZ administrative officials from the Work Plan.

**Indicator 2.1.** *Number of customs harmonization procedures implemented, Project Year 1:* This activity was contingent on APTTA, which Pakistan and Afghanistan did not agree to until Year 2, thus delaying the implementation of customs harmonization procedures.

**Indicator 2.2.** *Average dwell time with customs for inbound/outbound goods at Pakistani borders, Project Year 3:* PTP did not conduct a dwell time study in Project Year 3 because Pakistan was still implementing the provisions of APTTA. The project shifted the 10 percent target for reduction in dwell time to Project Year 4.

**Indicator 2.3.** *Number of Single Windows at border crossings implemented by the GOP, Project Year 2:* Work on Single Window could not be initiated until APTTA took effect. Moreover, the GOP has only just begun the preparatory work associated with implementing Single Windows. These efforts are complex, resource intensive, and outside of PTP's scope. At this time, PTP does not foresee a Single Window being implemented before August 2014.<sup>30</sup>

**Indicator 2.5.** *Number of infrastructure/security upgrades at Pakistani border posts (Chaman and Torkham), Project Year 3:* Concerns expressed by military authorities have made it impossible to perform infrastructure upgrades at the border. Activities are still on hold as the GOP works to resolve these issues.

**Indicator 3.1.** *Support to sustainable and competitive Special Economic Zones (SEZs), including ROZs, Project Year 2 and Project Year 3:* Component 3 activities, concentrating on SEZs and ROZs, were contingent on U.S. legislation that failed to materialize. Consequently, USAID directed PTP to focus its efforts on the other two components.

**Indicator 4.2.** *Number of firms receiving trade facilitation assistance to increase exports, Project Year 2:* This indicator refers to activities under Component 3, which USAID removed from the PTP Work Plan after the U.S. failed to approve required legislation.

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<sup>30</sup> PTP has clarified that it will only be providing technical expertise in the development of an implementation roadmap which the FBR can utilize to coordinate its efforts toward the implementation of Single Windows.

**TABLE 3: PMP INDICATORS, TARGETS, AND ACTUALS 2010–12**

		Project Year 1		Project Year 2		Project Year 3	
		Target	Actual	Target	Actual	Target	Actual
<b>Component 1. IMPROVED PAKISTAN TRADE ENVIRONMENT</b>							
1.1	Number of consultative processes formalized between public and private sectors	8	6	3	9	2	2
1.2	Number of public sector participants in trade/investment capacity building trainings	TBD	0	20	0	20	19
1.3	Number of legal/regulatory/institutional actions taken to improve compliance with international trade/investment agreements	TBD	1	2	4	3	4
1.4	Number of policy constraints identified and modified to improve the trade environment	TBD	4	2	8	2	4
<b>Component 2. INCREASED TRADE AT PAKISTANI BORDERS</b>							
2.1	Number of customs harmonization procedures implemented	1	0	2	1	2	2
2.2	Average Dwell time with customs for inbound/outbound goods at Pakistani border(s)	0	0	10%	n/a	10%	0
2.3	Number of “Single Windows” at border crossings implemented by GOP	0	0	1	0	0	0
2.4	Number of provisions of the APTTA implemented by GOP	–	–	–	–	2	4
2.5	Number of infrastructure/security upgrades at the Pakistani border posts (Chaman and Torkham) in support of the APTTA	–	–	–	2	4	0
<b>Component 3. SUPPORT TO SUSTAINABLE AND COMPETITIVE SPECIAL ZONES INCLUDING THE RECONSTRUCTION OF OPPORTUNITY ZONES (ROZs)</b>							
3.1	Support in sustainable and competitive SEZs including ROZs	TBD	N/A	TBD	N/A	TBD	N/A
<b>ENHANCED DIVERSITY AND STABILITY OF EXPORTS</b>							
4.1	Number of private sector participants in trade/investment capacity building trainings	20	278	30	34	30	50
4.2	Number of firms receiving trade facilitation assistance to increase exports	TBD	2	1	0	TBD	0
4.3	Number of organizations that have adopted internationally accepted guidelines due to PTP assistance	–	–	TBD	15	0	0



## Conclusions

The Pakistan Trade Project Performance Management Plan contains 13 indicators, with targets for most of them for each of the three completed years (2010–12) of the project (please refer to Table 3). PTP documents report that the project met or exceeded its cumulative targets for 6 of the 13 indicators. There were two main reasons for the shortfalls: 1) three targets depended on the implementation of the APTTA, which was due to begin in 2010, but was delayed until June 2011; and 2) the U.S. legislation required to establish Reconstruction Opportunity Zone (ROZs) did not materialize and Component 3 remained inactive. PTP personnel provided explanations for the project's inability to meet targets for specific indicators that are summarized in the findings above.

## FINDINGS, CONCLUSIONS AND RECOMMENDATIONS FOR QUESTION 2

### **Question 2. Are Pakistan Trade Project activities relevant to current identified needs/concerns of stakeholders with respect to increasing trade?**

To answer this question, the evaluation team triangulated information from three sources and two data collection methods. These included: (i) PTP reports, e.g., background studies, business plans, presentations made to stakeholders and concept notes developed prior to the start of the activity; (ii) recorded minutes of meetings between PTP and stakeholders; and (iii) interviews conducted with stakeholders.

### **Findings for Component 1. Improved Pakistan Trade Environment**

#### *Commercial Officers Program*

The Ministry of Commerce was interested in improving the Commercial Officers Program. In September 2009, the MOC sent a letter to all Commercial Officers asking for their input regarding their roles and responsibilities and how they would like to be evaluated. Thirty-seven of 55 commercial officers responded to this information request. PTP reviewed the responses, tabulated the results, spoke with a few former commercial officers, reviewed the Operations Manual for Trade Officers Posted Abroad (known as the Trade Manual) prepared in 1982, and identified recommendations for the Commercial Officers Program. The leadership of the MOC changed soon after PTP submitted its report and the proposals were not taken forward in any significant way by the new leadership.

#### *Commercial Officers Program and the Trade Portal, Phases 1 and 2*

BearingPoint Pakistan, a member firm of the Swiss Association BearingPoint LLC, developed the Trade Portal and PTP shared the business case<sup>31</sup> with TDAP in May 2012. However, in a September 2012 PTP–MOC meeting, a senior official of the MOC informed participants that “there seems to be a difference of perceptions about the Trade Portal between PTP and TDAP.” In a PTP–MOC meeting held in October 2012, USAID acknowledged that TDAP had expressed apprehensions about the sustainability of the portal that was being developed with PTP funding.

According to a senior official of the WTO Cell of TDAP, PTP activities for the Trade Portal during 2010–12 were not relevant as TDAP's own portal had been operating effectively since 2010. S/he stated that USAID “did not take TDAP on board” when it began to develop the portal, which “was unfortunate because TDAP had already launched its own portal in 2010” and did not “see the need” for another one.

The TDAP official expressed the opinion that the cost to PTP for the Business Requirements Document was “exorbitant.” Moreover, s/he believed the operating cost for the portal was too high, being many times the cost at which TDAP was maintaining its own portal. The TDAP official stated categorically that “under no circumstances” would TDAP adopt the portal.

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<sup>31</sup> Business case includes relevance, scope of the activity, personnel requirements, and financial outlays.

According to the official, technical and financial support from PTP in Phase 2 of TDAP portal development will modify and enhance the capacity of TDAP's Web portal. The portal will also be cost-effective in terms of operations and maintenance.

#### *Self-Assessment Study of TDAP*

PTP conducted a rapid organizational assessment of TDAP in eight competencies to identify and prioritize its critical capacity building needs. Using these results, PTP conducted exploratory sessions with Directors General, Directors, and consultants to identify and prioritize challenges and areas of growth. The findings of the assessment provided the basis for identifying areas for PTP's support to strengthen TDAP's capacity to fulfill its mandate.

#### *Strengthening Board of Investment*

The BOI's mandate is consistent with PTP activities under Component I that aim to improve Pakistan's trade environment. To be better able to fulfill its mandate, the BOI requested PTP assistance to upgrade its Information Technology (IT) based infrastructure. PTP conducted a needs assessment of BOI's IT infrastructure and identified gaps between its current capabilities and its functional requirements. PTP intervened to provide support to BOI to upgrade its IT infrastructure.

BOI officials informed the evaluation team that PTP assistance addressed the gaps identified in the needs assessment for: (i) obtaining licenses for operating systems already in use; (ii) adding the necessary hardware (networking switches, increased server capacity for handling current and future data volume, gateway proxy server, and Uninterrupted Power Supply); (iii) installing a file-share repository; (iv) developing a domain-based system; and (v) training BOI's technical IT staff to operate the system.

#### *Workshop on Agricultural Exports*

The workshop taught current and potential agricultural and food product exporters to strategically and effectively target international markets by complying with internationally recognized market requirements in terms of farming, harvesting, treatments, quality control, certifications, processing, labeling, packaging, and transportation.

According to a workshop participant who was also a member of the Lahore Chamber of Commerce and Industry (LCCI), the workshop benefited large farmers by disseminating knowledge of international and national trends in agriculture exports and international rules, regulations, and practices.

#### *Strengthening the National Tariff Commission*

In a meeting in March 2012, the MOC requested PTP's assistance in enhancing the institutional capacity of the NTC to effectively administer trade defense laws. The MOC made the request in response to local industries' apprehensions regarding an anticipated surge in imports from India (once trade relations with India are normalized) and consequent injury to domestic industries.

In another meeting in September 2012, PTP and the NTC jointly reviewed the following areas for PTP support: a) creating an analytical framework, methodology, database, and software for an econometric simulation model; b) training NTC staff; and c) reviewing and updating the trade defense laws and the NTC Act of 1990. The NTC also mentioned the need for additional staff and IT infrastructure to enhance NTC's analytical capacity.

In an interview in March 2013, a member of the NTC informed the evaluation team that PTP had conducted an assessment of capacity building needs at the NTC, which identified human resource training as a priority. PTP has also conducted a needs assessment of ICT. PTP expects to sign a Memorandum of Understanding for technical and financial support with the NTC soon.

#### *Research Studies on Pak-India*

PTP awarded a contract to the Institute of Public Policy of Beaconhouse National University (IPP-BNU) to conduct five research studies on Pakistan-India trade in December 2011. As of February 2013, IPP-BNU had completed four studies.

In August 2012, PTP and MOC established a working group “to steer research and obtain best possible value on the subject and also to identify areas of possible collaboration on outreach for improved awareness of relevant stakeholders.”<sup>32</sup>

In a meeting between PTP and the MOC in September 2012, a high-ranking official from the MOC said that since a lot of work had already been done on the NTBs, the MOC might not need another study on them. Nonetheless, the official stated that the MOC was interested in obtaining information on specific products and subsectors that may have strong potential to increase exports to India and disseminate the findings of this exercise amongst domestic stakeholders. The official informed meeting participants that another researcher had already conducted studies on Pakistan–India trade relations, which may be sufficient for the purpose. S/he said that PTP could assist the MOC in raising awareness of Pakistan–India trade issues.

In a meeting between PTP and the Ministry of Commerce in November 2012, the same official from MOC stated that although draft studies covered many issues the MOC had requested, some aspects (e.g., the agriculture sector) needed more work. The official said that before sharing the studies with stakeholders, the GOP would decide what could be disseminated and when.

#### *Pakistan–India Border Assessment Study*

This study examined the infrastructure and processes at Pakistan’s Customs border post at Wagah–Attari. According to an MOC official, PTP’s gap analysis of infrastructure at the Wagah border was a “good” study as it will help Pakistan Customs to identify the infrastructure needs required to increase cross-border trade with India.

#### *Revised Kyoto Convention*

To assist the FBR in conforming its laws to the Revised Kyoto Convention (RKC) and to introduce best international practices at Pakistan/Afghan borders, PTP decided to conduct: a preliminary gap analysis of the Pakistan Customs regime with respect to the General Annex and Annex E of the RKC and develop a legal gap analysis and reform roadmap. According to a member of Customs the evaluation team interviewed in March, 2013, Pakistan Customs is still waiting for the gap analysis. PTP’s presentation to the evaluation team in February 2013 confirmed that the gap analysis by the consultants is still in progress.<sup>33</sup>

## **Conclusions for Component 1. Improved Pakistan Trade Environment**

Secondary data sources generated by PTP before initiating activities clearly establish the relevance of most of PTP’s activities under Component 1. Interviews with stakeholders also supported the relevance of many of the completed and ongoing PTP activities. However, TDAP did not consider PTP’s Trade Portal activity during 2010–12 relevant, even though it was initiated at the behest of the MOC, its parent ministry. The MOC accepted PTP’s report on the Commercial Officers program but did not implement its recommendations due to lack of interest following a change in the Ministry’s leadership. Also, MOC officials question the relevance of research studies on Pakistan–India trade, stating that much of the research already existed.

## **Findings for Component 2. Increased Trade at Pakistani Borders**

To answer this question for Component 2, the evaluation team used evidence from PTP documents, meeting notes, and interviews with stakeholders to examine the effectiveness of the five sub-activities under the APTTA Implementation Plan.

#### *Electronic Data Interchange*

According to a senior official from the Customs Automation section of PRAL, the EDI is a highly relevant program and the IT infrastructure support provided by PTP will strengthen the Web-Based One Customs

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<sup>32</sup> Minutes of PTP–MOC meeting, August 2012.

<sup>33</sup> PTP Presentation. 2013. “USAID Trade Project: Overview and Status,” February.

(WEBOC) system that Customs is already using. S/he believed that this would smooth the functioning of EDI in the eight border posts: Karachi Custom House (in Afghan Transit Group), Karachi Port (in East and West Wharfs), Port Qasim, Baleli, Khairabad, Chaman, and Torkham.

#### *Financial Guarantee Scheme*

A decline in transit trade through Pakistan would directly reduce the income generated from cargo handling and adversely affect employment for those who depend on this trade.<sup>34</sup> PTP, therefore, considered the option of insurance guarantees, which are a more financially feasible and cost-effective option for traders than bank guarantees, and offered technical support to Pakistan Customs to implement the idea with the cooperation of insurance companies, Customs agents, and bonded carriers. The revenue earned by Pakistan from duties and taxes will remain fully protected as it is generated within the existing guarantee system. According to a senior official responsible for Customs Automation at PRAL, the insurance guarantees to reduce the cost of transiting goods through Pakistan and create a financial incentive for Afghan importers to transit goods through Pakistan.

#### *Risk Management System*

According to APTTA 2010, only five percent of containers are to be inspected. To meet this stipulation of the agreement, an effective and efficient RMS is needed to enable uninspected containers to transit while also stemming the flow of illegal and high-risk goods through borders. PTP has developed a concept note on compliance risk management that determines the scope of assistance for compliance and risk management. PTP has established a working group consisting of FBR and PTP staff.

#### *Single Window System*

Under this sub-activity within the APTTA Implementation Plan, PTP agreed to provide FBR with a detailed Single Window implementation guidance roadmap. PTP planned to research and assemble this roadmap in line with World Customs Organization principles and adapt them to the Pakistani and regional trade environment. Also, PTP believes Pakistan has the opportunity to consider a strategic bilateral Single Window with India given the current improvements in the trade environment between the two countries.

According to a senior PRAL official, the Single Window system will help TDAP and the MOC improve the management of export quotas.

#### *APTTA Border Improvement*

PTP proposed to help Pakistan Customs purchase and install two weighbridges, each with 120 tons of capacity at the Torkham border post. Torkham is the busiest border post between Afghanistan and Pakistan and a major transporting, shipping, and receiving site between the two countries.

PTP started the activity in 2011. After a year of negotiations, Pakistan Customs and the landowner of the proposed site have come to an agreement on land-use and fee-sharing once the weighbridges are installed. This activity is on hold until Pakistan Customs is able to obtain clearance from the appropriate GOP authorities.<sup>35</sup>

According to a senior PRAL official, the weighbridges will enhance Pakistan Custom's ability to process passenger traffic and commercial cargo.

## **Conclusions for Component 2. Increased Trade at Pakistani Borders**

A detailed review of background materials generated by PTP before activities initiated as well as meeting minutes with stakeholders during implementation clearly establishes the relevance of PTP activities under Component 2. In interviews, stakeholders also supported the relevance of most of the completed and ongoing activities undertaken by PTP under Component 2.

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<sup>34</sup> PTP. N.d. "Implementation of Financial Guarantee System for Afghan Transit Goods under APTTA," Document No. 2.42.

<sup>35</sup> PTP. 2013. "Presentation USAID Trade Project: Overview and Status," February.

## Recommendations

- USAID should ensure that PTP continues to make all efforts possible to institutionalize a sustainable and workable trade portal within an indigenous Pakistani public or private sector entity such as TDAP or an appropriate alternative.
- USAID should ask PTP to consult with the MOC to redesign or refocus research studies on Pakistan–India trade to respond more directly and comprehensively to the MOC’s interests and needs.

## FINDINGS, CONCLUSIONS AND RECOMMENDATIONS FOR QUESTION 3

### Question 3. How effective are PTP’s activities in contributing to its two main components/results?

#### Findings for Component I. Improved Pakistan Trade Environment

Findings related to the three completed activities are as follows:

##### *Self-assessment Study of Trade Development Authority of Pakistan*

A senior official from TDAP reported that the findings of the study provided effective technical input into the draft of the proposed TDAP Ordinance. The ordinance will strengthen TDAP’s mandate and internal functioning and is awaiting formal approval by the GOP.

##### *Strengthening the Board of Investment*

According to PTP documents, 16 of 18 sub-activities planned for this activity were completed by December 2011.<sup>36</sup> Interviews with BOI’s IT specialists indicated that PTP activities to strengthen BOI’s IT infrastructure will enable the organization to meet its mandate in addressing (in a timely manner) foreign investors’ queries about investment opportunities in Pakistan. According to these specialists, the project resulted in a “changed mindset” among managers and staff, who have “realized the importance of IT.” They reported that managers and staff at all levels are using email through intranet for internal communication and the IT department no longer accepts queries submitted on paper.

##### *Workshop on Agricultural Exports*

A workshop participant from the Lahore Chamber of Commerce and Industry interviewed by the evaluation team was not aware of any participants entering the field of agricultural exports as a consequence of the workshop. S/he was of the view that the workshop benefited farmers by disseminating information on international and national trends in agricultural exports and international rules, regulations, and practices.

##### *Trade Portal (Phase II)*

A senior official from TDAP reported that PTP’s technical and financial support in developing Phase II of TDAP’s portal will redress the shortcomings and limited capabilities of earlier versions. According to him/her, it will enhance the portal’s capabilities and functions and serve as an effective IT tool for Pakistani importers and exporters.

##### *Strengthening the National Tariff Commission*

A MOC-designated member of the NTC stated that PTP activities designed to strengthen NTC technical capacities and the reviewing of the NTC Act will help improve management of Pakistan’s tariff and import regimes, thereby improving the Pakistan–India trade environment.

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<sup>36</sup> 1) PTP. 2011. *Annual Performance Report, FY 2011*. 2) PTP. 2012. *Annual Performance Report, FY 2012*. In 2012, no activities under this component were completed.

A MOC high-ranking official was ambivalent about the effectiveness of the four completed studies, but s/he expressed satisfaction with the consultative process PTP employed in the studies and with PTP's support. His/her assessment of the usefulness of three of the four studies is given below.

- S/he regarded the study *Pakistan–India Trade Relations: The Impact of Non-tariff Barriers* as “very preliminary and very basic.”
- S/he believed the study *Sectoral Analysis of Pakistan–India Trade* required further analysis of the agriculture sector.
- With regard to the study *Managing Trade with India through Tariff Rationalization*, s/he believed the study's analysis at the two-digit Harmonized Standards (HS) level may serve the objectives of the MOC, but the FBR would need analysis at the eight-digit level to use it as an input to fine-tune tariff policies. A PTP document states that the study is being revised.<sup>37</sup>

#### *Compliance with Revised Kyoto Convention Framework*

According to a high-ranking official of the FBR, Pakistan acceded to the mandatory general annex and non-mandatory Specific Annexes A, B, C, and J in 2004, but has not acceded to other non-mandatory annexes. Pakistan's accession to the entire RKC without Afghanistan's total accession (intentions unknown at present) would not facilitate Pakistan's cross-border trade with CARs. If both countries accede to the entire RKC and redesign their processes accordingly, it would remove weaknesses in Customs' procedures.

## **Conclusions for Component 1. Improved Pakistan Trade Environment**

According to stakeholders interviewed by the evaluation team, the three completed activities under Component 1—Self-Assessment of TDAP, Strengthening the BOI, and the Workshop on Agricultural Exports—will assist in increasing exports, improving trade facilitation, and enhancing foreign investors' information about the country. Among the four ongoing activities of Component 1, stakeholders expect the Trade Portal (Phase 2) to improve connectivity among importers and exporters once it is launched. The strengthening of the NTC will help bring tariff and import regimes into conformity with international practices, and the five research studies on Pakistan–India trade, if better oriented toward policymakers' requirements, will effectively increase the relevant knowledge base for policymakers and businesses.

## **Findings for Component 2. Increased Trade at Pakistani Borders**

### *Electronic Data Interchange*

According to senior officials of the PRAL and the FBR, the EDI will reduce the under-invoicing of import cargoes and inaccurate declaration of export cargoes. An efficient messaging system will reduce the logistic costs of transit trade from Karachi port to the Chaman border, while the costs of the unauthorized rerouting of transit goods from Afghanistan to Pakistan will remain the same. Overall, the costs (transit plus rerouting) are lower. Therefore, it is uncertain whether EDI will reduce the unauthorized rerouting of transit goods from Afghanistan to Pakistan, as EDI will be operational at only two border posts.<sup>38</sup> Reduced under-invoicing will raise Afghan custom revenues. However, the limited capacity of Afghan Customs officials to operate the EDI efficiently will reduce its effectiveness for Pakistan. Lower transit costs will encourage a higher volume of goods through Pakistan borders.

### *Financial Guarantee Scheme*

The Financial Guarantee Scheme has not been running smoothly. According to officials from the PRAL and the FBR, this is because Pakistani insurance companies are not releasing insurance guarantees in a timely manner.

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<sup>37</sup> PTP. N.D. “Draft Component 1 Work Plan Project Year 4 and Project Year 5.”

<sup>38</sup> PTP estimated that the implementation of EDI with Afghanistan will bring about an annual gain of USD 1.265 billion to Pakistan by reducing unauthorized trade, insurance requirements, and demurrage charges, representing an overall gain to Pakistani transporters.

According to PTP, however, it is Pakistan Customs that has not released insurance guarantees due, largely because of documentation coordination issues with Afghan Customs that have now been resolved, and insurance guarantees are now in the process of being released.<sup>39</sup> The lower cost of an insurance guarantee compared with a bank guarantee for the entire amount of presumptive custom duties lowers the transit cost of Afghan importers, encouraging them to adopt Pakistan as the preferred route for trade.

#### *Risk Management System*

An official from the PRAL stated that Pakistan Customs currently checks 80 percent of all goods that have no declaration issues. Once the RMS is in operation, Pakistan Customs will save time and money by checking only goods identified by the system. S/he informed the evaluation team that the database acquired under the RMS will facilitate targeted checking of five percent of consignments, which is the percentage stipulated in the APTTA. This will reduce the dwell time for clearance of goods and improve Pakistan's standing in the LPI.

#### *Single Window System*

The official from the PRAL informed the evaluation team that the current "Form E" paper-based system managed by the State Bank of Pakistan will no longer be required if the Single Window System is implemented. The Single Window System will also help the TDAP and the MOC improve the management of export quotas, and improve the trade environment by reducing the processing time for documents required by multiple agencies.

#### *APTTA Border Improvement*

According to customs members and the FBR, infrastructure improvement at the western border is crucial for increasing transit trade. However, PTP has been slow to develop infrastructure at the Torkham and Chaman border stations. Project documents describe 16 planned sub-activities during 2010-2012 to implement this activity. However, PTP started or completed only seven of these sub-activities during this period.<sup>40</sup> The installation of weighbridges at the Torkham border was delayed because the FBR and landowner were unable to obtain a no objection certificate from the Pakistan Army, and this led to a shortfall in achieving the target of IR 2.5.<sup>41</sup>

#### *Pakistan–India Border Assessment*

A high-ranking Ministry of Commerce official described PTP's gap analysis of infrastructure at the Wagah border as a "good" study since it helped the FBR to identify the infrastructure needed at the border to perform more efficiently.

## **Conclusions for Component 2. Increased Trade at Pakistani Borders**

The completed activity under Component 2—Study of Pakistan–India Border Assessment—fills the knowledge gap regarding infrastructure requirements for the efficient management of border trade with India. Stakeholders believed that all five sub-activities of the APTTA Implementation Plan—EDI, Financial Guarantee Scheme, RMS, Border Improvement, and Single Window—will be effective in contributing to Component 2 once they are operational.

## **Recommendations**

To improve overall effectiveness:

- USAID could encourage PTP to enhance the effectiveness of Pakistan–India research studies (under Component 1) by asking the researchers to address shortcomings identified by the MOC.

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<sup>39</sup> Comments provided by PTP on the draft evaluation report.

<sup>40</sup> PTP, "Work Plan Project Year 1, Project Year 2, and Project Year 3."

<sup>41</sup> According to comments provided by PTP on the draft evaluation report, sites that do not require a no objection certificate from the Pakistan Army have been identified and are being assessed for their feasibility.



- Under Component 2, USAID (through PTP and its successor project) could consult relevant stakeholders to identify any assistance USAID can provide to facilitate the realization of the Single Window System and the RMS in the next two to three years.

## FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS FOR QUESTION 4

**Question 4. To what extent have the project’s activities aimed at enhancing GOP buy-in fostered a sense of ownership of reforms among GOP counterparts?**

### Findings for Component I. Improved Pakistan Trade Environment

The five completed and ongoing activities involving GOP stakeholders under Component I are: Trade Portal (Phase II), Self-assessment of TDAP, Research Studies on India-Pakistan, Strengthening NTC, and Strengthening BOI. Relevant findings are:<sup>42</sup>

#### *Research Studies on Pakistan–India Trade*

A high-ranking MOC official reported that MOC will own the studies under its own name and logo. Upon completion of all five studies (three are already complete), it will disseminate study findings to public and private sector stakeholders.

#### *Trade Portal (Phase 2)*

A TDAP official assured the evaluation team<sup>43</sup> that his organization will allocate resources for operating and maintaining the improved version of TDAP’s portal.<sup>44</sup> PTP reports that TDAP has not provided this assurance to them and that discussions are still underway on this matter.

#### *Self-assessment of the Trade Development Authority of Pakistan*

A senior TDAP official confirmed that the TDAP Ordinance/Act incorporated results of the self-assessment study in the areas of TDAP’s autonomy, future directions, performance indicators, and human resource issues.

#### *Strengthening the Board of Investment*

BOI IT specialists informed the evaluation team that BOI purchased additional equipment to supplement PTP’s IT infrastructure support. They also stated that the BOI plans to roll out its own initiative to upgrade its IT department following the completion of the PTP activity.

#### *Strengthening the National Tariff Commission*

A senior NTC official stated that the NTC approached its parent ministry (MOC) for solutions to its financial and operational issues. The MOC requested PTP assistance. After a review of the NTC, PTP responded with a concept note and a business plan, which NTC management and PTP agreed to in FY 2012-13.

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<sup>42</sup> In consultation and at the request of MOC, PTP initiated the trade reform process with a larger set of activities under component 1 in FY 2009–10. However International Trade Regulatory and Procedural Reforms, Revisions of Custom Act 1969, Evaluation of Import and Export Policy, Trade Policy Implementation Unit, Impact Assessment of free trade agreements, PNC–ICC, and Capacity on Trade Negotiations were put on hold during 2010–12.

<sup>43</sup> Comments provided by PTP on the draft evaluation report.

<sup>44</sup> The activity “Developing a dynamic Trade Portal, including Commercial Officer’s Portal and Exporter’s Database” in partnership with TDAP did not find support from TDAP during 2009–12. According to the Chief, WTO Cell, “TDAP had launched its own portal in 2010. Further, the proposed operating cost was not cost effective for TDAP as it was many times the cost of operating TDAP’s own Portal.” This activity has recently been modified in the PTP’s Work plan for Year 4 and 5. The modified activity termed by TDAP management as “Phase 2 Development of TDAP’s Trade Portal” will consist of provision of technical and financial support from PTP to extend the functionalities of TDAP’s Portal.



### *Commercial Officers Program*

The activity called “Strengthening the MOC’s Commercial Officers Abroad Program” started at the request of the MOC. However, it was cancelled by PTP in FY 2011. According to PTP documents, “the recommendations for improving the COs program could not be implemented.”<sup>45</sup>

## **Conclusions for Component 1. Improved Pakistan Trade Environment**

Relevant GOP stakeholders have a strong sense of ownership of many of the completed and ongoing activities under Component 1 (viz., Trade Portal Phase II, Self-Assessment of TDAP, Research Studies on Pakistan–India, and the Strengthening of the NTC and the BOI). In the case of commercial officers’ activities, the GOP decided not to implement one of the recommendations of the PTP report.

## **Findings for Component 2. Increased Trade at Pakistani Borders**

Component 2 consisted of eight activities. The findings under each activity are given below.

### *Electronic Data Interchange*

During an interview, a senior official from the PRAL reported that PTP’s IT infrastructure support to Pakistan Customs will sustain and expand the EDI system. S/he reported that PRAL plans to extend EDI to the CARs and has allocated PRAL funds to do so in Afghanistan. The Afghanistan Pakistan Cooperation Process has proven to be a viable forum for program implementation. According to PTP, to facilitate transit trade, Pakistan Customs agreed to substitute the Afghan Customs Single Administrative Document with a Cross Border Certificate supported by a T-I and a copy of Pakistan’s Goods Declaration that is endorsed by Afghan Customs to signify that the transit goods have crossed over into Afghanistan.

### *Financial Guarantee Scheme*

An interview with a high-ranking customs official suggested that the GOP is willing to accept insurance guarantees in place of bank guarantees to improve transit trade. However, an official of Eastern Federal Union, a private insurance company, informed the evaluation team that because his company has limited knowledge of Afghan importers, it considers insurance guarantees risky and unprofitable. The GOP convinced the company to engage in this reform by issuing insurance guarantees.

### *Risk Management System*

The PRAL has already developed a system, managed by a director general, which enables 86 percent of export cargo to be cleared through a green channel, a facility that allows the passage of goods without customs interdiction. The software for post-clearance audits developed by PRAL is ready for installation.

### *Single Window System*

The PRAL is already working with the MOC and TDAP to extend WEBOC into a Single Window framework. Transit management software, developed by the PRAL, is ready for implementation. The FBR has assigned a focal person to be in charge of implementing the Single Window System.

### *APTTA Border Improvement*

Senior PRAL and Customs officials appreciated PTP’s infrastructure support since cross-border trade cannot improve or be diverted from Iran unless border infrastructure improvements are implemented.

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<sup>45</sup> PTP. 2011. *Annual Performance Report FY 2010–11*. In its comments on the draft evaluation report, PTP clarified that “The MOC requested an analysis of the MOC’s program. They did not commit to the reform prior to the request or after receiving the analysis and recommendations. The report findings were accepted by MOC. The idea of incorporating a Commercial Officers’ trade portal in the TDAP Trade Portal was supported by the MOC. The development of the Commercial Officers’ portal within the Trade Portal is still under discussion but is subject to the agreement between TDAP and MOC.”

### *Pakistan–India Border Assessment*

A high-ranking MOC official observed that PTP’s gap analysis of infrastructure at the Wagah border was a “good study” since it helped the FBR to identify the infrastructure needs required to operate the border crossing more efficiently.

### *Pakistan Customs Training*

Interviews with five customs officials (including those at the Directorate of Training) demonstrated an appreciation of PTP’s training program, and the individuals expressed a desire for additional programs to strengthen the reform process.

### *Compliance with Revised Kyoto Convention Framework*

This is an ongoing activity in cooperation with FBR (through Pakistan Customs). A high-ranking Customs official interviewed by the evaluation team could not assess or comment on the GOP’s commitment to signing the full Revised Kyoto Convention because Pakistan Customs is still waiting for PTP to complete the gap analysis. FBR has appointed two Customs officials to work with PTP to review the seven deliverables planned under this activity,<sup>46</sup> and PTP is reviewing and revising each deliverable in cooperation with these officials.<sup>47</sup>

## **Conclusions for Component 2. Increased Trade at Pakistani Borders**

In Component 2, the four subcomponents of the APTTA Implementation Plan (EDI, Financial Guarantee Scheme, RMS, and Single Window System) are in the process of being integrated into the Pakistan Customs WEBOC online system.<sup>48</sup> Stakeholders see the value of completed PTP activities—Pakistan–India Border Assessment and Pakistan Customs Training—and one ongoing activity, the APTTA Border Assessment. The eventual level of GOP buy-in into the RKC activity can be determined only after the completion of this activity; the process of analysis, however, has entailed close cooperation between PTP and FBR (through Customs officials).

## **Recommendations**

PTP’s pursuit of the recommendations provided in connection with relevance and effectiveness, both of which influence buy-in, can be expected to further strengthen buy-in from GOP counterparts. USAID needs to remain engaged with PTP to facilitate progress in this direction.

## **FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS FOR QUESTION 5**

### **Question 5. How have women been engaged in PTP and how has the project influenced women’s engagement in trade activities?**

According to the relevant PTP concept note,<sup>49</sup> PTP’s Women in Trade (WIT) initiative focuses on:

- a. “Integrating more women entrepreneurs [into the export sector]<sup>48</sup> to contribute to overall exports from Pakistan”
- b. “Increasing the participation of women in the provision of services facilitating or furthering trade as an important aspect in expanding economic opportunities for women in the trade sector”

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<sup>46</sup> Letter dated February 21, 2013, from FBR to PTP.

<sup>47</sup> Information provided by PTP in an email dated August 20, 2013.

<sup>48</sup> The PTP, however, is assisting the FBR to implement these elements as discrete activities and is not working on integration, as agreed with the FBR. This clarification was offered by the PTP in its comments on the draft evaluation report.

<sup>49</sup> USAID PTP. 2011. “Concept Note: Women-in-Trade Portal,” December.

<sup>48</sup> PTP. 2011. “Concept Note: Women-in-Trade Portal,” December.

To achieve these objectives, PTP aims to provide technical assistance under Component I for three main activities related to the WIT Portal. These activities are the WIT Trade Portal, training in export processes for women exporters, and the Management and Mentorship Program for women in the trade sector.

#### *Women in Trade Portal*

The PTP concept note, *Women in Trade Portal* (December 2011) describes the WIT Portal in the following terms:

The WIT Portal will be used as a platform for women entrepreneurs to interact with exporters, importers, manufacturers, service providers from the regional countries (SAARC members initially) and with each other; explore trading opportunities; exhibit their products; access market entry requirements; network effectively; know about training opportunities; and access mentors for guidance, etc. The WIT Portal will be a tool to alleviate the resource constraints hampering women's ability to take advantage of global opportunities. PTP expects that the WIT Portal will result in increased opportunities for networking and increased trade among SAARC countries, benefiting local industry in general and female entrepreneurs in particular, thus fulfilling a crosscutting objective of the PTP.

#### *Training in Export Processes for Women Exporters*

The training in export processes for women exporters was based on qualitative research with 52 women exporters across Pakistan to identify factors affecting their participation, a training needs analysis through semi-structured interviews, and focus group discussions with a sample of potential trainees; final feedback from relevant private and public organizations; and assigning priorities to several training areas by the PTP team.<sup>50</sup> According to a PTP document,<sup>51</sup> 278 current and potential women exporters were trained in the major cities of Pakistan from March to July 2010.

#### *Management and Mentorship Program for Women in the Trade Sector*<sup>52</sup>

The purpose of this intervention is to open up opportunities for young women to explore careers in the trade sector, specifically in the sourcing and marketing of products, redesigning and developing products for international customers, and implementing and managing market and product diversification and supply chain management. PTP believes the program will also give employers in the trade sector access to a larger pool of qualified and efficient employees.

## **Findings**

#### *Women in Trade Portal*

The WIT Portal is not yet operational. BearingPoint Pakistan, a member firm of the Swiss Association, BearingPoint LLC, completed software development and user acceptance testing in August 2012. The process of identifying a private sector partner (to develop, deploy, and maintain the WIT Portal) began in April 2012 and was completed recently.<sup>53</sup> Meetings with PTP and the South Asian Association for Regional Cooperation Chamber of Commerce and Industry (SAARC CCI) confirmed this finding.

The portal's operation and maintenance has yet to be transferred to the SAARC CCI, which is awaiting a presentation and demonstration of the portal by TradeKey (the selected private sector partner) and a plan from PTP regarding the portal's viability and sustainability.

Except for an office-bearer from the Regional Committee Women Entrepreneurs Development of the FPCCI (CWED-FPCCI), individuals with other women's chambers, namely, the Islamabad Women Chambers of Commerce (IWCC) and Central and Northern Punjab Women Chambers of Commerce and Industry (CNP-WCCI), were not aware of the current status of portal development.

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<sup>50</sup> PTP. 2010. "Training Report: Processes and Benefits of Formal Exports," April.

<sup>51</sup> PTP. 2010. "Gender Training—Final Draft," July 19.

<sup>52</sup> PTP. 2011. Concept Note on "Women In Trade: An Internship and Mentoring Program in Trade Sector," December.

<sup>53</sup> PTP. N.d. "Women in Trade (WIT) Portal—Development Tasks."

### *Training of Women Exporters*

Fifty-two of the 250 members of IWCC attended the training workshop organized by PTP. IWCC and CWED–FPCCI reported that the training was useful as a tool for knowledge sharing.<sup>54</sup>

Interviews with the two key stakeholders (IWCC and CNP–IWCC) revealed that they were not aware of any significant change in the number of women exporters or a significant transition of women from informal to formal export activity as a result of the training. However, PTP has reported the success stories of one woman beneficiary who switched to formal exports after the training and another woman who replicated the training among her staff.<sup>55</sup>

### *Management and Mentorship Program*

According to a project document,<sup>56</sup> PTP has conducted two rounds of internships in the Management and Mentorship Program. The first round started in August 2011 and placed 17 women graduates in export houses, all of whom subsequently received job offers in the trade sector. The second round started in August 2012 and placed 48 women graduates in 15 export houses, 23 of whom received employment offers by January 2013.

Interviews with four interns of the Management and Mentorship Program and their employers indicated that PTP sent 36 prospective interns to two export houses, eight of whom received three-month internships. At the conclusion of the internships, four interns received permanent job offers. Two of them left the export houses for personal reasons (one to pursue an export business) and two are working in the export houses as assistant managers for business development.

### *Project Interaction with Women’s Trade Bodies*

Interviews with representatives of four stakeholders (SAARC CCI, IWCC, CNP–WCCI, and CWED–FPCCI) reported that PTP does not regularly update these bodies on the current status of PTP activities. Except for SAARC CCI, the other three perceived that PTP used them only as resource centers for data on women exporters. SAARC CCI, an active partner in the WIT Portal initiative, reported a lack of communication on the current status of the WIT Portal between itself, PTP, and TradeKey.<sup>57</sup> SAARC CCI stated that their experience with WIT activities to date has revealed no concrete evidence of enhanced trade activities by the targeted women.

## **Conclusions**

As suggested by the findings noted above, PTP has made small, but significant progress in supporting internships and employment for women under the Management and Mentorship Program. In other ways, however, PTP’s activities have had limited engagement with women and limited influence on the participation of women in trade activities. One reason for this is that the Women in Trade (WIT) Portal is not yet operational. Secondly, there is little evidence (except for two case studies by PTP) that training women exporters in export processes, rules, and regulations has influenced their engagement in trade activities. However, this training is reported to be a useful tool for knowledge sharing.

## **Recommendations**

The WIT Portal is challenging and requires greater attention. Specifically, USAID should ensure that SAARC CCI and the WIT Portal are prioritized status so the portal can be established and sustainably managed as planned.

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<sup>54</sup> This assessment is also supported by the survey of training participants as reported in the April 2010 PTP presentation “Training Report: Processes and Benefits of Formal Exports.”

<sup>55</sup> PTP. 2010 “Success Stories,” June–July.

<sup>56</sup> PTP. 2013. “USAID Trade Project: Overview and Status,” February.

<sup>57</sup> TradeKey did not receive favorable mention from any of the stakeholders interviewed and did not make itself available for a meeting with the evaluation team.

# **PART II: FORWARD-LOOKING QUESTIONS**

This part of the report was prepared by Shahid Scheik (Trade Specialist) with Sajjad Akhtar (Team Leader) and Zaheeruddin Dar (Customs Specialist), Zubair Faisal Abbasi (Senior Evaluation Specialist) and Aftab Ismail Khan (Evaluation Specialist).

# PURPOSE AND QUESTIONS

This part of the report, referred to as Part II in the evaluation Statement of Work (SOW), analyzes information MEP and USAID collected from interviews and a series of roundtable discussions designed to assess stakeholder views of a follow-on trade project. The report draws on this information to answer three forward-looking questions that are not strictly evaluative in nature (i.e., compile opinions rather than answering questions with evidence).

These questions are:

## **Question 1: What in your opinion are opportunities and challenges to increasing bilateral regional trade?**

**Explanation:** This question explores participants' views and opinions on challenges and opportunities associated with increasing trade with Afghanistan, India, other South Asia Free Trade Agreement (SAFTA) countries, the Central Asian Republics (CARs), China, and the United States of America (USA). Challenges may include policy and regulatory constraints, Non-Tariff Barriers (NTBs), infrastructure, limited access to information on business opportunities, and the like. Opportunities may include markets that offer the potential for growth in trade, markets newly opened to Pakistan, an improved trade policy environment, and improved customs procedures.

## **Question 2: How can USAID provide assistance to the government that will allow the private sector to better meet the challenges and exploit opportunities discussed above? How can USAID and the private sector work together to become better partners to promote bilateral and regional trade?**

**Explanation:** The question elaborates the forms of assistance USAID might be able to provide to the government, e.g. analysis to inform policy decisions of the GOP, helping customs and other government agencies tasked with facilitating trade (TDAP, NTC, MOC) to better comply with international best practices, etc. For the private sector, USAID assistance can include sponsoring dialog on trade issues within the business community, helping the private sector present their views to the GOP, helping businesses connect with other businesses in the region, etc.

In the roundtables, USAID presented the two parts of the question separately with some additional information noted below. This report, accordingly, addresses the two sub-questions separately.

- a. How can USAID provide assistance to the government that will allow the private sector to better meet the challenges and exploit opportunities discussed above? For example, analysis to inform GOP policy decisions and helping customs and other government agencies tasked with facilitating trade (TDAP, NTC, MOC) to be more compliant with international best practices.
- b. How can USAID and the private sector work together to become better partners to promote bilateral and regional trade? For example, sponsor dialog on trade issues within the business community, assist the private sector to present their views to the GOP and helping businesses connect with other businesses in the region.

## **Question 3. What role can USAID play to promote trade of Pakistani goods?**

**Explanation:** The discussion centered on some of the activities that USAID could support to increase demand for products/sectors in neighboring and regional markets—for example, by facilitating Business-to-Business (B2B) linkages, seminars, workshops, or facilitating trade delegations.

# METHODOLOGY AND LIMITATIONS

The evaluation team collected data to answer the forward-looking questions through USAID facilitated roundtable discussions and interviews. The Monitoring and Evaluation Program (MEP) organized and took notes for three roundtables in Islamabad (March 15, 2013; 13 participants), Lahore (March 21, 2013; 13 participants), and Karachi (March 29, 2013; 15 participants). USAID/Pakistan selected roundtable participants from among private sector actors engaged in cross-border trade. This included members of business associations, bonded carriers, freight forwarders, clearing agents, and insurance company personnel.

The evaluation team also interviewed individuals in each of these cities: 11 in Islamabad, 9 in Lahore, and 10 in Karachi. PTP recommended government officials and private sector stakeholders for the interviews. Several individuals identified for the interviews were not able to meet with the evaluation team; thus, the selection of individuals was not random and is subject to potential bias owing to the interviewees being recommended by PTP and participants' self-selection. Annex 7 lists the PTP counterparts and stakeholders who participated in the roundtables and interviews.

MEP collaborated with USAID to conduct the roundtables. MEP coordinated and provided administrative support and USAID moderated the discussions. The MEP team also took notes and recorded roundtable proceedings. The team summarized the notes thematically for each of the three forward-looking questions. Annex 4 contains the summary notes.

The findings, conclusions, and recommendations based on the roundtables have several limitations. In particular:

- a. The roundtables were not designed to produce quantitative data from a representative sample.
- b. USAID identified invitees for the roundtables and directly moderated the discussion at these events. This may have limited the independence of data collection, potentially leading to experimenter bias. USAID believes its direct involvement in the roundtables did not influence responses to such a degree as to substantially bias the data.
- c. Private sector stakeholders engaged in documented exports to Afghanistan did not participate in the roundtables (one individual from Quetta may have been invited, but could not participate).
- d. Roundtable participants highlighted the absence of banking channels in dealings with Afghanistan and the Central Asian Republics (CARs), but no representative of the financial sector was available to comment on the constraints.
- e. The findings for Part A of Question 2 are drawn exclusively from interviews as the roundtables did not elicit any relevant findings from participants, presumably because the question pertains to future USAID–GOP cooperation.
- f. In terms of conclusions, the analysis draws exclusively on the opinions of the team's subject matter experts on findings from the roundtables.
- g. As agreed with USAID, recommendations include three main considerations: rationale, impact, and sustainability.
- h. To the extent possible, the analysis connected findings from the forward-looking questions to those of the evaluation. However, the evidence base for Part II recommendations is limited at best.

# FINDINGS AND CONCLUSIONS FOR QUESTION I

**Question I. What in your opinion are the opportunities and challenges to increasing bilateral regional trade?**

## FINDINGS

**Roundtable participants identified the following opportunities for Component I. Improving the Trade Environment**

### *Trade and Transit Trade with Central Asia in Light of Existing Agreements*

Participants in all three cities identified the implementation of existing bilateral and multilateral transit trade agreements as an opportunity for increasing bilateral and transit trade. The relevant agreements and opportunities include:

- a. Utilizing the quadrilateral agreement signed in 1994 among Pakistan, China, Kyrgyzstan, and Kazakhstan would open up an alternate route to Kazakhstan.
- b. Implementing an agreement signed in 1995 that allows The National Bank of Pakistan to open 20 branches in Afghanistan.
- c. Strong pursuit by Pakistan of the trilateral trade agreement being discussed among Kyrgyzstan, Afghanistan, and Tajikistan to allow Pakistani goods to transit through Afghanistan to the CARs.

#### **Sources**

Roundtables: Customs Syndicate (Lahore),<sup>58</sup> Federation of Pakistan Chambers of Commerce and Industry (FPCCI) (Islamabad), National Transport and Trade Facilitation Committee NTTFC (Karachi)

**Roundtables and interviews suggested the following challenges for Component I. Improving the Trade Environment**

### *Pakistan–India Trade*

- a. **Knowledge gaps.** The main concerns participants raised were 1) an expectation that India would file extensive trade disputes at the bilateral level, regional forums, and the WTO; 2) the need to address knowledge gaps on regional trade matters in the public and private sector; and 3) little awareness on either side about each other’s trade laws and regulations.

#### **Sources**

Interviews: National Tariff Commission (NTC) (Islamabad) and Institute of Public Policy (IPP-BNU) (Lahore)

Roundtables: Vohra Sons (Pvt.) Ltd. (Lahore)

- b. **Energy crisis.** Interviewees stressed that because of constricted production created by energy shortages, Pakistan’s domestic industry could not compete on a level playing field against imports from India. Under these circumstances, it is feared that free trade with India would “destroy” Pakistan’s manufacturing sector.

#### **Sources**

Roundtables: FPCCI (Islamabad) and Khushal Feed and Farms (Islamabad)

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<sup>58</sup> Customs Syndicate is a private firm based in Lahore.



- c. **Cargo clearance problems at the Wagah–Attari border.** Only Lahore roundtable participants who are directly involved in cross border trade and logistics raised these issues. They identified the main issues as:

- Additional entry/exit points between the two countries are needed.
- Working hours at the Wagah Border should be extended to increase cargo handling capacity.
- The dry ports in Lahore and nearby should have customs clearance capacity.
- A containerized warehouse/dry port is needed.
- Efforts should be made to move cross-border cargo by rail.

**Sources**

Roundtables: Logistics Businesses (Lahore), Vohra Sons (Pvt.) Ltd. (Lahore), Customs Syndicate (Lahore)

**Inland Transport, Afghanistan Pakistan Transit Trade Agreement and Transit Trade to the Central Asian Republics**

- a. The challenges identified by interview participants for inland transport by rail are:

- Pakistan Railway’s lack of experience in handling containerized cargo
- Pakistan Railway’s chronic financial problems that prevent deployment of locomotives for cargo haulage
- Cartels formed by some transporters to limit the availability of rail cargo space

**Sources**

Interviews: Pakistan Customs Bonded Carriers Association (Karachi), Pakistan Railways (Lahore), Cooper & Co. Ltd. (multimodal logistics operator, Karachi)

- b. Participants identified the following additional challenges facing transit trade with Central Asia:

- Little to no enforcement of loads carried by trucks (trucks cannot operate in Central Asia without control of axle loads), and the training/capacity building of truck drivers.
- Although the government is in the process of negotiating bilateral and multilateral trade and transport agreements with CAR states, the essential issue is the Transports Internationaux Routiers (TIR) Convention that would guarantee transit rights among Afghanistan, Pakistan, and India. Unless Pakistan ratifies the TIR convention, goods cannot flow freely from South Asia to the CARs through Pakistan.
- The Road Carriage Waybill, an international document, should be introduced in Pakistan through legislation to make it a legal and negotiable document with the same protections and liability exposure as an air waybill or bill of lading for goods transported by sea.
- Pakistan’s trucking business is dominated by a cartel of independent operators who do not follow the rules on overloading and age of vehicles, resulting in unfair competition. This practice of independent operators prevents corporate investors from entering the sector.
- The cost of road transport is a significant issue. It costs USD 10,000 to transport a 40-foot-long container from Karachi to Dushanbe, which makes Pakistani goods uncompetitive in the CARs.

**Sources**

Interviews: Pakistan Customs Bonded Carriers Association (Karachi), Karachi Customs Clearing Agents Association (Karachi)

Roundtables: National Transport and Trade Facilitation Committee (Karachi), Security Packers (Karachi), MHG Group (Karachi), Baig Group (Karachi), Federation of Pakistan Chambers of Commerce and Industry (Islamabad), Logistics Businesses (Lahore)

## Individuals and Roundtable participants identified the following opportunities for Component 2. Increasing Cross-Border Trade

### *Pakistan–India Trade*

- a. Stakeholders in all three cities believed the Pakistani economy and the manufacturing sector, in general, and the country’s trade balance, in particular, are likely to benefit from Pakistan–India cross-border trade. They highlighted the following specific opportunities:
  - Increased trade prospects from implementation of SAFTA
  - Benefits through intra-industry trade
  - Reduction in the freight bill of Pakistani industries for many key imported industrial raw materials
  - Improved efficiency and competitiveness of Pakistan’s manufacturing sector
  - Savings of USD 1.5–2.0 billion annually by importing goods from India that Pakistan currently imports from other sources
  - A substantial price advantage for Pakistani tractors and auto parts in the Indian market if these items are removed from India’s “negative” list

#### **Sources**

Interviews:	Institute of Public Policy at Beaconhouse National University (Lahore) and Karachi Chamber of Commerce and Industry (Karachi)
Roundtables:	Rawalpindi Chamber of Commerce and Industry (Islamabad), Quaid–e–Azam Industrial Estate (Lahore)

### *APTTA and Exports to Afghanistan*

- a. An increase in transit trade capacity and reduction in transport cost is possible by:
  - Improving Pakistan Railway’s cargo carrying capacity and capability
  - Implementing the Railways’ Goods in Transit to Afghanistan Plan, which envisages an agreement for Afghan trucks to enter Pakistan and pick up APTTA cargo from the proposed dry port at Azakhel in Khyber–Pakhtunkhwa Province
- b. Controlling smuggling and improving infrastructure could increase the access of Pakistani goods to Afghan markets and double the volume of bilateral trade from its present level of USD 3 billion to USD 6 billion in a short period.

#### **Sources**

Interviews:	Pakistan Railways (Lahore), Pakistan Customs Bonded Carriers Association (Karachi), Cooper & Co. Ltd. (Logistics, Karachi)
Roundtables:	RCCI (Islamabad)

### *Exports and Transit Trade with Central Asia*

- a. The Electronic Data Interchange (EDI), for which PTP provided assistance has “high value for trade with Central Asia” if extended to Afghanistan’s border posts of Heratan with Azerbaijan and Sherkhan with Tajikistan. Building efficient border controls with Afghanistan would open access to CARs for Pakistani goods.

#### **Sources**

Interviews:	Pakistan Revenue Automation Limited (PRAL) (Islamabad), KCCI (Karachi)
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## Roundtables and interviews suggested the following challenges for Component 2. Increasing Cross Border Trade

### *Pakistan–India Trade*

- a. India’s NTBs and technical barriers to trade emerged as the challenges cited by the largest number of respondents in all three cities where interviews and roundtables were conducted. However, only one participant (at the Karachi roundtable) was able to identify a Pakistan-specific NTB encountered by exporters.

#### **Sources**

Interviews: MOC (Islamabad), IPP-BNU (Lahore), KCCI (Karachi)  
Roundtables: Logistics Businesses (Lahore) for textile-specific TBTs, RCCI (Islamabad)

- b. Stakeholders also highlighted India-specific NTBs applied in Pakistan, in particular, goods imported for use in re-export are not cleared by Pakistan customs.

#### **Sources**

Interviews: IPP-BNU (Lahore)  
Roundtables: Logistics Businesses (Lahore)

- c. Stakeholders emphasized that an antagonistic “mindset” presented a challenge to Pakistan–India trade. They provided the following examples:
  - Pakistani officials delay the smooth operation of APTTA insurance guarantees.
  - Security agencies in India and Pakistan limit land border trade by denying the construction of basic infrastructure and communications facilities at the border zones.
  - The MOC has been reluctant to make public the IPP–BNU studies it commissioned through PTP.
  - There are problems at the Wagah, Torkham, and Chaman border posts, where security concerns present challenges that appear to be beyond the control of PTP stakeholders and counterparts.

#### **Sources:**

Interviews: MOC (Islamabad), IPP-BNU (Lahore), Agility Logistics (Karachi)  
Roundtables: Lahore Chamber of Commerce and Industry (LCCI) (Lahore)

- d. There are infrastructure problems at the Wagah–Attari border. Participants identified the following main challenges:
  - Compulsory scanning of each vehicle with only one scanner available limits cargo clearance to not more than 300 trucks per day
  - Unavailability of infrastructure to facilitate containerized shipments by truck or rail

#### **Sources**

Interviews: KCCI (Karachi)  
Roundtables: Vohra Sons Pvt. Ltd. (Lahore) and Logistics Businesses (Lahore)

### *APTTA and Transit Cargo through Afghanistan to Central Asia*

- a. **Afghan transit cargo through Iran.** Private sector stakeholders involved in the logistics sector cited the comparatively higher efficiency of Iranian Customs, stability of customs clearing policies and certainty of transit time as the main reasons why Afghan private sector commercial importers preferred transit through Iran, despite higher freight costs as compared with Pakistan.

#### **Sources**

Interviews: Karachi Customs Clearing Agents Association (KCCAA), Cooper & Co. Ltd. (multi-modal logistics operator, Karachi)

Roundtables: Logistics Businesses (Lahore)

- b. **Export of Pakistani merchandise to Afghanistan.** Afghan Customs requires a cash guarantee equal to 110 percent of the value of merchandise in transit and an additional guarantee against the value of the cargo carrier vehicle, which stakeholders identified as major impediments to increasing documented exports to Afghanistan. Since the traders and manufacturers in Pakistan cannot tie up this amount of working capital for cash guarantees they prefer to receive export payments in PKR.

**Sources**

Interviews: KCCI (Karachi)  
Roundtables: FPCCI (Islamabad), Logistics Businesses (Lahore)

- c. **Trade with CARs—documentation and financial transaction problems.** Roundtable participants noted the absence of banking channels to finance trade between Pakistan and the CARs, which compel Pakistani exporters to export goods on cash against delivery terms. Exporters of perishable goods face the risk of litigation from importers if delays in transit increase the spoilage rate. In addition, these participants as well as others individuals from Lahore and Karachi mentioned above (for point “b”) identified Afghan Transit Guarantees as an impediment to transit trade with the CARs.

**Sources**

Roundtables: FPCCI (Islamabad) and Customs Syndicate (Lahore)

- d. **EDI challenges.** Interviews identified the main EDI challenges as:
- Technology limitations on the Afghan side (e.g., development and operationalization of EDI on the Afghan side)
  - Information and communication gaps between Pakistan and Afghan Customs
  - Differences in required documentation between Pakistan and Afghan Customs

**Sources**

Interviews: PRAL (Islamabad), Agility Logistics (Karachi)

- e. **Financial (Insurance) Guarantees.** Stakeholders from the insurance industry highlighted that:
- Delayed implementation of the Financial Guarantee System has resulted in a backlog of over 3,000 containers between December 2012 and February 2013.
  - Since the EDI is dysfunctional, most insurance companies stopped issuing insurance guarantees within one month of the start of the system in December 2012.

**Sources:**

Interviews: Eastern Federal Union General Insurance Company Ltd. (Karachi)  
Roundtables: Pakistan Afghanistan Joint Chamber of Commerce (PAJCC) (Karachi)

- f. Participants stated that the lack of harmonization of Pakistan’s and Afghanistan’s import tariffs on some items (e.g., tea, tires, electronic consumer goods, motor vehicles, and tobacco products) contributed to the “smuggling,” (i.e., reentry into Pakistan without payment of customs duties) of goods in transit to Afghanistan. One participant stated that smuggling was an “ancient profession” in Afghanistan and those involved should be offered alternative livelihoods, otherwise the problem will not go away.

**Sources**

Interviews: KCCI (Karachi) and MOC (Islamabad)  
Roundtables: FPCCI (Islamabad), South Asian Association for Regional Cooperation Chamber of Commerce and Industry (SAARC CCI) (Islamabad), LCCI (Lahore), Logistics Businesses (Lahore)

## CONCLUSIONS

### ***Pakistan–India Trade***

- a. NTBs and technical barriers to trade in India represent substantial obstacles to increased Pakistan–India trade.
- b. The “mindset” alluded to by several stakeholders, while intangible, represents real barriers to achieving PTP outputs and outcomes. The reluctance of the MOC to make public the IPP–BNU studies is one aspect of this phenomenon, as are the problems at the Wagah, Torkham, and Chaman border posts, where security concerns present challenges that are beyond the control of PTP stakeholders and counterparts.
- c. The absence of containerized cargo movement at the Wagah border is also a serious constraint, but this facility is also reportedly not available on the Indian side. Consequently, addressing these infrastructure problems does not appear to be a realistic prospect for PTP stakeholders and counterparts.
- d. Private sector stakeholders and PTP public sector counterparts agree that the absence of an operational EDI remains a hurdle.

### ***Pakistan–Afghanistan Trade and Afghanistan Pakistan Transit Trade Agreement***

- a. There are conflicting views on the effect of APTTA implementation on smuggling. One view is that the efficient operation of EDI will minimize misuse of the transit arrangement. The opposing view is that the more efficiently EDI and transit trade operate, the greater will be the increase in informal trade.
- b. There is, however, consensus among stakeholders that the greater part of Afghanistan’s commercial (private sector) transit cargo is imported through Iran, despite this route being more costly, leading to the conclusion that PTP intervention in APTTA should look beyond EDI and insurance guarantees for solutions to enhance transit trade.

### ***Trade with the Central Asian Republics***

- a. The major problems in transit cargo destined for the CARs and Afghanistan appear to be:
  - The Afghan Customs’ requirement of a cash guarantee equal to 110 percent of the value of goods in transit. The obligation of capital makes it difficult for exporters to sell their goods at competitive prices in the CARs.
  - Afghan requirements for bonded carriers to provide a cash guarantee that is refundable on the return exit of the vehicle from Afghanistan.
- b. The absence of financial sector representatives from the roundtables resulted in a lack of information that could have been used to reach appropriate conclusions and recommendations regarding payment problems and the absence of banking channels between Pakistan and Afghanistan and Pakistan and the CARs.

### ***Transport Sector***

- a. PTP and private sector objectives aimed at increasing the volume of transit trade and exports to Afghanistan and the CARs are hindered by the advanced average age of Pakistan’s long-distance cargo fleet, whose high operating costs diminish profitability despite freight rates that are double those charged by the railways. Unless the state of domestic transportation is attended to, any gains made at the border will be short-term and unsustainable.
- b. Logistics companies in Karachi believe that the revival of rail cargo is an idea whose time has come.

# FINDINGS AND CONCLUSIONS FOR QUESTION 2

**Question 2.A. How can USAID provide assistance to the government that will allow the private sector to better meet the challenges and exploit opportunities discussed above?**

**Question 2.B. How can USAID and the private sector work together to become better partners to promote bilateral and regional trade?**

## FINDINGS FOR QUESTION 2.A

**Interviews with PTP public sector counterparts provided all the information to answer question 2.A. The individuals did not request any research studies, but identified the following areas for USAID assistance under PTP Component 1. Improving the Trade Environment**

### *Suggestions for Developing Regulatory Capacity*

- a. The MOC identified the following areas it considers suitable for USAID assistance:
  - Know-how on forming a Services Trade Development Council
  - Assistance improving research capacity among private sector representative bodies so they can provide more effective inputs for policy formulation
- b. The NTC identified the following priorities:
  - Deploying ICT infrastructure (as per the PTP concept note)
  - An interviewee from the NTC reported that his/her organization was short-staffed in terms of technical expertise and that NTC's parent body (the MOC) wants to create a separate analysis cell at the NTC.
  - The NTC also requested financial support to "attend biannual technical meetings on trade defense at the WTO" and to augment the NTC library.
- c. The BOI, Prime Minister's Secretariat, looks forward to the implementing of Phase 2 of the ICT infrastructure intervention by PTP. In addition, the BOI interviewee suggested cooperation with USAID to develop or improve the following:
  - A computerized document management system
  - Human Resources Management and Management Information System software
  - Creating interactivity in the BOI Web site and converting it to a portal
  - A statistical data base of investment flows by industry and by country
  - International Functional Requirements Documents card-based visitor management system
  - Replacing earlier-generation personal computers
  - Capacity building for Green Fields Investments
  - Capacity building for designing Special Economic Zone Investment Policies

### *Other Requests for Training and Capacity Building*

- a. TDAP (Karachi) informed the MEP team that it had delivered a proposal to USAID to create a department that would sift through and analyze intelligence received from commercial officers for

dissemination to businesses. TDAP also observed that it had asked PTP to advise them of requirements for Phase 2 of TDAP's portal, with a request that PTP review shortcomings and merge elements from PTP's earlier portal that was not deployed. TDAP has formed a working group with PTP to take both proposals forward.

- b. The MOC proposed the creation of a Resource Management Cell to oversee donor-funded programs, an area in which it lacked expertise. It identified the need to support training and capacity building in the following areas:
- Capacity building of the MOC's India–Pakistan Unit
  - A series of seminars/workshops based on the IPP–BNU reports on Pakistan–India trade, facilitating the promotion of investment and trade with India under the SAARC Agreement on Trade in Services (SATIS)
  - Training for personnel on the proposed Resource Management Cell in the MOC
  - Training on “TradeSift,” a software developed by Sussex University
  - Training in Trade Defense laws, WTO compliance (linked to an NTC activity)
  - Training related to e-commerce laws and best practices
  - Assistance to develop regulatory policies for and promote trade in the category of arts and entertainment with due regard to intellectual property treaties and SATIS, which is already in force<sup>59</sup>
- c. Pakistan Railways (Karachi) would like to be involved in hauling cross-border cargo and developing the capacity for Pakistan–Turkey rail cargo (trial runs have already been undertaken) and is seeking:
- Capacity-building in international trade procedures
  - Building knowledge on how to integrate its system with international multimodal logistics chains
  - Funding to repair locomotives for deployment in APTT cargo hauling
- d. The PRAL's key interviewee noted his/her organization's requirements in the following areas:
- How best to incorporate international best practices in risk management
  - Developing an organizational structure and management system for the office of the Director General, Risk Management
  - Risk Management System (RMS) security and checks
  - Establishing and training personnel for an RMS command and control center
  - Training in post-clearance audit
- e. Pakistan Customs' Directorate General of Training and Research (Karachi) mentioned that the Training Directorate “did not have sufficient funds” to properly operate its training centers in Lahore and Islamabad. The interviewee identified the following areas in which the Training Directorate wished to develop capacity and need training:
- The role of Customs in disaster relief
  - Digitizing the Customs library and hardware
  - Observing that Pakistan Customs has no affiliations with regional customs training academies; the interviewee said that the organization would benefit from such interaction and identified

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<sup>59</sup> There are serious problems with royalty issues concerning movies, television programs, and music that are affecting artists and the larger entertainment industry in both India and Pakistan.

the Singapore Customs Academy as an institution from which Pakistan Customs could learn much. The Director of Training (Pakistan Customs) also expressed admiration for the customs model deployed in Turkey and inquired about the possibility of USAID financing a Training of Trainers in Turkey.

- Training to deal with trans-national crime, import tracking of improvised explosive devices, an integrated container cargo program, intellectual property rights, money laundering, people and goods, border points, inland posts and dry ports, chemical waste, and the EDI, for which skills in information technology are needed.
- f. The NTC requested:
- Technical assistance to revise the NTC Act and update three trade defense laws
  - Training and interaction with other countries on WTO-related issues
  - Technical training on legal and investigative aspects of trade defense measures
- g. The BOI and the Prime Minister's Secretariat requested training in the Statistical Package for the Social Sciences (SPSS).

**Public sector counterparts also identified the following areas for USAID assistance under PTP Component 2. Cross-Border Trade**

***Pakistan-India Trade***

- a. The MOC identified the following research, capacity building, and dissemination activities:
- Request for research studies. The MOC expressed interest in a study to determine Pakistan's interest in proactively providing support to increase agriculture exports in light of the high levels of subsidies extended to the agricultural sector in India.
  - Request for capacity building. The MOC highlighted the urgent need to build capacity in its India-Pakistan Unit, which is currently staffed by only two officials, a Joint Secretary and a Section Officer. These two roles are insufficient to handle the myriad of trade and tariff issues expected to rise in tandem with trade between the two countries.
  - MOC also indicated that a) a "series of seminars and workshops based on the IPP-BNU reports on India-Pakistan trade" would create awareness among private sector stakeholders of the issues involved; and b) knowledge-based activities for promoting investment and trade with India under SATIS would build capacity to reciprocate India's recent unilateral investment concessions for Pakistan.

***Pakistan-Afghanistan Border, Afghanistan Pakistan Transit Trade Agreement and Central Asian Republics***

- a. The FBR's priorities indicated the need for capacity building assistance and training, as outlined below:
- There is a need to build the FBR's and Pakistan Customs' capacity for the internal border management system.
  - An interviewee mentioned the need for USAID assistance to foster collaboration between the FBR and the National Database Registration Authority to install a biometric system that would properly record the movement of an "average of the 40,000 persons who use the Torkham crossing point daily, of whom less than 300 have valid visas."
  - The FBR also invited USAID support for the joint training of Pakistan and Afghanistan customs officers on the EDI and transit trade documents.
- b. The PRAL requested USAID assistance to develop:
- An EDI Operations Manual for Pakistan Customs



- Standard Operating Procedures for customs controls under EDI
- c. Pakistan Railways (Lahore) had an interest in developing a public-private partnership to operate the Railway's dry port at Azakhel (near Peshawar in KP) and looked for assistance in developing the internal capacity to effectively manage its share of partnership responsibilities.

## FINDINGS FOR QUESTION 2.B

**Individuals and roundtable participants suggested several ways of exploring how USAID and the private sector can work together to become better partners to promote bilateral and regional trade. The findings in terms of Component I. Improving the Trade Environment are as follows:**

- a. The Institute of Public Policy, Beaconhouse National University (Lahore), which has been involved with PTP in research on India-Pakistan trade and produced numerous studies for the MOC, suggested the following areas to improve the trade environment:
- Develop trade in services
  - Increase research capacity among private sector associations
  - Conduct a study to identify a “negative list” of sectors and products in Pakistan that need safeguards
  - Strengthen the NTC
  - Build capacity in the MOC and Pakistan Customs in tariff-related quota management
  - Disseminate information on the effects of trade with India
  - Initiate tariff rationalization measures
  - Harmonize HS codes
- b. The KCCI requested USAID assistance to:
- Increase the Chamber's research capability
  - Obtain preferential treatment for services and products exported by women entrepreneurs
- c. The Karachi Customs Clearing Agents Association<sup>60</sup> expressed its interest in USAID assistance to:
- Arrange for the training of customs brokers/officers in using one interface for any automated system
  - Support Pakistan Customs in purchasing the necessary hardware and software to expedite automation and digitization at all levels
- d. Agility Logistics (Karachi) suggested that USAID should commission a study to replicate successful models such as CAREC in Mongolia and others in the Commonwealth of Independent States as a first step toward capturing transit cargo to Central Asia.
- e. The Baig Group (at the Karachi roundtable) proposed that USAID work with the government to re-introduce a scheme to subsidize exporters for opening and operating sales and marketing offices in major and prospective export markets.

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<sup>60</sup> This Association's individual provided the startling information that there had been no new hiring of field staff in Pakistan Customs since 1994, resulting in a shortage of appraisers, examiners, and preventive officers. He also put forward the view that the Plant Quarantine Department and the Pakistan Standards and Quality Control Authority were major bottlenecks in efficient clearance of import cargoes.

- f. Several suggestions pertained to the transport sector:
- The Pakistan Customs Bonded Carriers Association (Karachi) suggested that the government focus on reviving railways as the major transporter of goods in view of the freight advantage (approximately 70 percent lower costs than current road transport) and the damage on highway roads because of overloaded trucks.
  - An interviewee believed that shipping companies' "unreasonable" charges for terminal handling and movement of containers needed to be controlled as they were adding to the cost of doing business and preventing an increase of cargo handling in APTTA.
  - Agility Logistics (Karachi) suggested a) the corporatization of the trucking industry; b) replacement of the ageing fleet in the industry; c) updating the "Carriage of Goods by Sea Act" and the "Carriage of Goods by Road Act," both of which are outdated; d) implementation of the 2006 National Transport Corridor Improvement Program (NTCIP); and e) restoring the 20 percent sales tax exemption on truck purchases allowed in the Trucking Policy of 2003–04.
  - The KCCI suggested assistance to elicit private sector input on the bill prepared by the MOC (not yet passed by Parliament) to regulate shipping company terminal charges.

#### **Some Individuals also provide suggestions for Component 2. Cross Border Trade.**

- a. The Eastern Federal Union Insurance Company Ltd. (Karachi) noted that insurance companies were assured that EDI would be operational as part of the guarantee scheme, but "this has not happened and the absence of real-time information has resulted in blockage of guarantees." The interviewee believed that insurance companies should also have access to the EDI terminal for the system to be effective. S/he reported that assurances extended by customs that all transit trade containers and carrier vehicles would be equipped with tracking devices remain unfulfilled, which was not helpful from the standpoint of issuing guarantees given the apprehensions regarding smuggling.
- b. Agility Logistics (Karachi) stated that connectivity and integration of information technology systems between Pakistan and Afghanistan were important issues for making EDI effective. S/he observed that there had been sufficient experience of APTTA and that it was time to have a roundtable of all stakeholders "to review the drawbacks and draw up a line of corrective steps."

## **CONCLUSIONS**

- a. The extensive list of training subjects proposed by public sector entities reflect their confidence not only in PTP's ability to design and deliver focused capacity building programs, but to also stay the course (as evidenced in some of the more challenging activities that remain on hold, but have not been abandoned).
- b. Public sector individuals' proposals are focused on building capacity and training within their organizations—two areas for which it is difficult to secure funding. Consequently, PTP already seems to have "buy-in" from these entities, whose senior managers responded to the evaluation with focused requests for organizational capacity building.
- c. The list of trainings and capacity building initiatives requested by PTP's counterparts has been considered both for PTP to assess whether the officials currently in charge are on the same page as the needs assessments conducted earlier by PTP and also to present USAID with a menu from which to design future interventions.
- d. Findings from private sector interviewees indicate that their main concerns are the poor service capacity of public sector entities (in particular, the lack of IT infrastructure and skills) and a gap in private sector stakeholders' knowledge of the initiatives being undertaken by FBR and Customs in this area relative to APTTA.
- e. The evaluation team's Customs Specialist confirmed the findings with respect to an impending human resources vacuum in Pakistan Customs, noting that customs has not recruited preventive officers or appraisers and examiners since 1994 and that the gap created by retirement and normal attrition has

resulted in unskilled persons performing highly technical jobs. PTP initiatives in EDI, APTTA, land border post efficiencies, and RMS are likely to lose momentum in the absence of skilled persons to carry out routine field tasks.

- f. Both the FBR and the PRAL have requested training of officials (including Afghan officials by the FBR) on EDI, indicating that the system is still “raw” and human skills are lagging behind the technology input. Insurers, bonded carriers, customs agents, and PAJCC confirmed that the EDI “system” is not producing the desired results.
- g. While the private transport sector has serious concerns with respect to outdated laws governing the carriage of goods, there is no evidence to show that the government is addressing this problem. This could be due to the absence of a NTCIP, Ministry of Communications, National Highways Authority, and National Trade and Transport Facilitation Committee (the key regulators and official actors in the transport sectors) from among the list of PTP counterparts.

# FINDINGS AND CONCLUSIONS FOR QUESTION 3

**Question 3. What role can USAID play to promote trade of Pakistani goods? (e.g., effective trade promotion aimed at increasing demand for specific products/sectors in neighboring and/or regional markets through facilitating B2B linkages, seminars, workshops, and trade delegations)?**

## FINDINGS

**Individuals provided the following findings for Component I. Improving the Trade Environment:**

- a. The IPP–BNU requested USAID support for its proposed Regional Integration Center (to be located in Lahore), which will focus on studying and promoting transit trade. The Government of Punjab has assured a matching grant for any institutional support the center receives. The IPP also suggested commissioning an intra-industry study for Pakistan–India trade.
- b. Pakistan Railways (Lahore) requested support in enhancing its management capacity to engage in international trade.
- c. The President of the KCCI made a special one-time request for USAID intervention to arrange for the participation of one or two U.S. companies in the chamber’s tenth anniversary “My Karachi” trade exhibition (July 3-5, 2013). KCCI officials expect that such visible participation by USAID would “make a big difference” to the business environment. KCCI offered complimentary space to USAID for its presence at the exhibition and will also allocate complimentary space to Afghan exhibitors.
- d. Agility Logistics (Karachi) suggested that PTP align its projects with the NTCIP in the next stage.
- e. An interviewee from the TDAP (Karachi) indicated that the import side of trade is “badly neglected” at TDAP because of a lack of capacity and the TDAP is presently unable to address this aspect of its charter.
- f. The Eastern Federal Union Insurance Co. Ltd. (Karachi) observed that USAID could intervene with the Securities and Exchange Commission of Pakistan (SECP) to introduce “Catastrophe Insurance Pools”.
- g. The Pakistan Customs Bonded Carriers Association (Karachi) noted that the Afghan government should enforce the rules for Temporary Administration Document. In addition, Afghan authorities should accept a bonded carrier’s undertaking instead of guarantees for Pakistan origin vehicles entering under APTTA or in transit to Central Asia.

**The roundtables identified the following additional findings for Component I. Improving the Trade Environment:**

- a. The Customs Syndicate suggested that USAID could facilitate sector specific (e.g., finance, economy, engineering, agriculture) exchanges of technology and expertise between India and Pakistan.
- b. Baig Group (Karachi) noted that as China moved toward higher value technology production, it created space for Pakistan in the global USD 200 billion apparel market. Pakistan’s garment industry needs to achieve economies of scale to become competitive in this market and USAID could assist Pakistan by arranging management advice in this area.
- c. Baig Group also mentioned that the United States Trade Representative had arranged a successful B2B meeting between leading U.S. textile buyers and Pakistani textile exporters. USAID could replicate this for other sectors by arranging similar meetings between American buyers and Pakistani exporters.
- d. The Chairperson of Fairs and Exhibitions of RCCI requested USAID technical assistance to identify niche markets for Pakistani goods.

## **Roundtable participants provided the following suggestions for Component 2. Improving Cross Border Trade:**

- a. Baig Group (Karachi) proposed forming an India-Pakistan Focus Group on Trade, under the ambit of USAID, which would work independently on research papers.
- b. Pakistan-Afghanistan Joint Chamber of Commerce (PAJCC) stated that Tajikistan's Ambassador to Pakistan has shown great interest in improving contacts at the chambers' level and has suggested a trilateral arrangement among Afghanistan, Pakistan, and Tajikistan to take this forward. PAJCC requested that USAID facilitate the process of establishing this trilateral agreement.
- c. USAID may facilitate financing for a portal where businesses from Afghanistan and Pakistan can trade. USAID may facilitate Pakistani entrepreneurs in doing business in Afghanistan by providing information on who to contact in Afghanistan as the Afghanistan Investment Support Agency is not helpful in this regard.
- d. The National Trade and Transport Facilitation Committee suggested commissioning an Economic Impact Assessment study on allowing Indian goods to pass through Pakistan to the CARs to determine the effects on the economies of both India and Pakistan.
- e. Security packers observed that Pakistan needed trucks to enhance trade, and USAID (through EXIMP Bank in the U.S.) may assist in arranging funding for public-private partnership for importing trucks and facilitating investments in this sector.
- f. The MHG Group of Companies observed that Pakistan is in need of 75,000-100,000 trucks and USAID can facilitate private investment in this sector. It stated that Pakistan's transport sector also offers investment opportunities in railways and locomotives and suggested that USAID could facilitate investment/financing from the Export-Import Bank in the textile and transportation sectors.

## **CONCLUSIONS**

- a. Stakeholder consultations in Lahore and Karachi identified key areas of weakness in the transport industry and sector that need to be addressed to sustain cross-border and transit trade. However, the private sector's requirements are not well enough articulated for the MEP team to offer an initial analysis of the gap between users' requirements and government planning for the transport sector.
- b. Private sector interviewees expressed concerns and divergent opinions on the impact of increased trade with India. While there was healthy debate in Islamabad and Lahore on whether the industry should suffer for the benefit of the consumer, participants were unable to strengthen their arguments with facts and figures, indicating a gap in knowledge about the effects of trade with India.
- c. None of the interviewees in Karachi, either in interviews or roundtables, expressed reservations regarding expanding trade with India. Similarly, while Lahore roundtable participants mentioned the need to open additional land border posts with India, none of the study participants in Karachi made any comment on the early opening of the Khokhrapar-Munabao border crossing. The divergent views suggest that businesses in Karachi and Lahore may have different priorities for India-Pakistan trade and different views of their likely impact on the domestic economy.

# RECOMMENDATIONS

As indicated in the evaluation Statement of Work, the recommendations in this part of the document are intended to inform USAID planning for a potential follow-on project. They are based on the opinions of stakeholders and the expertise of the evaluation team. It is understood that USAID will adopt only those recommendations (or parts of a recommendation) that it considers appropriate for a follow-on project.

## RECOMMENDATIONS FOR IMPROVING THE TRADE ENVIRONMENT

### 1. Conduct a human resources audit of customs officials (field formations)

#### *Rationale*

An interviewee reported (and the Customs Specialist for this evaluation confirmed) that Customs has not recruited examiners, appraisers, or preventive officers since 1994. This has led to non-technical persons filling these positions, and there is a potential for a skills vacuum in the near future.

#### *Sustainability*

Addressing the problem requires two actions. First, USAID can intervene by working with the Directorate General of Training in Pakistan Customs to a) identify the numbers required, b) establish the eligibility criteria for recruitment, and c) fast-track training of inductees. However, the cost in salaries and contingent liabilities (benefits, pensions, etc.) will also need to be addressed and will require discussion and resolution with the FBR.

#### *Impact*

Field staff is critical to the timely and correct valuation/identification of cargo and the skills/manpower gap and unless bridged, will doubtless have a negative effect on the implementation of the EDI and planned improvements in cross-border trade. Government recruitments, especially in agencies such as Customs, are not free of political considerations (PTP has experienced this with commercial officers); therefore, this issue may linger even if pursued at higher levels.

### 2. Fund ICT infrastructure for the BOI (Phase 2) and the NTC

#### *Rationale*

Both organizations are in contact with and welcome USAID intervention. BOI stated during interviews that Phase I of the IT capacity building had resulted in a change in the organization's internal communications culture. An interviewee at NTC shared his concern about the absence of IT hardware and resultant problems, especially in research activities.

#### *Sustainability*

Counterpart organizations will cover the operating costs of the new technology, including those related to any new staff. USAID financial intervention is seen as limited to the cost of hardware, licensed software, and personnel training.

#### *Impact*

BOI individuals reported that Phase I of IT capacity building had resulted in a positive change in the organization's internal communications culture and expect a greater positive outcome from the intervention in Phase 2.

**3. Utilize TDAPs' proposed economic intelligence cell as a vehicle for carrying forward PTP's Trade Bulletin beyond the life of its current finance cycle. PAJCC's suggestion for providing information on Afghan businesses may be linked with TDAP's Web site.**

*Rationale*

PTP has not provided details on the circulation of the Quarterly Trade Bulletin nor does the evaluation team have an indication of who will pay for this bulletin and take it forward when PTP ends. An interview with a high-ranking official of TDAP indicated the organization "needed to move forward with the import side of its trade facilitation mandate.

*Sustainability*

Interviewees noted that PTP has agreed to TDAP's proposal to create an analytical cell staffed by economists that would sift and analyze information received from commercial officers. This cell may be tasked to take over the Quarterly Trade Bulletin and increase its circulation to a wider readership. PAJCC can reach an agreement to include updated information from Kabul and other Chambers of Commerce in Afghanistan in TDAP's Web site and perhaps create a window for Afghanistan trade (to include Afghan import and export regulations, etc.).

*Impact*

The Quarterly Trade Bulletin is a well-prepared document that requires wider circulation. Its association with TDAP's Web site and eventual take over by the TDAP analytical cell will perpetuate a good initiative. The availability of information on Afghan businesses and regulations will address knowledge gaps identified by PAJCC.

**4. Encourage participation by USAID and companies from the U.S., Afghanistan and Central Asian Republics in KCCI's annual exhibition.**

*Rationale*

The 2013 version of this festival attracted several participants from the region. KCCI believes that the presence of Afghan and Central Asian companies will boost trade prospects. A high-ranking official of KCCI has made a special request to USAID to arrange the presence of "one or two U.S. companies" at the exhibition, observing that "such visible participation would make a big difference" to the business environment.

*Sustainability*

KCCI reports that it is offering free space to USAID for a stall at the exhibition and will also extend free space to Afghan exhibitors.

*Impact*

The recommended participation will contribute to the objectives of improving the trade environment, promoting cross-border and regional trade, and encouraging ties between Pakistani businesses and companies from the U.S., Afghanistan and the Central Asian Republics.

**5. Support the rail cargo system through concept papers and upgrading locomotives**

Develop concept papers for Pakistan Railways to advance its plans to develop rail cargo services operating on a public-private partnership basis. Assist Pakistan Railways to meet the cost of refurbishing/reconditioning locomotives to use for hauling cargo.

*Rationale*

Pakistan Railways reports that it is considering offers from private sector investors (including road transport companies) for public-private partnerships because it lacks funds to refurbish and deploy available locomotives and cover operating costs. The success of its Business Train partnership, which has provided a positive cash

flow of almost one billion rupees in the first year of operations, kindled Pakistan Railway's interest in pursuing similar partnerships for cargo services.

#### *Sustainability*

Information from the roundtables suggests that the corporate sector is not ready to invest in road transport, indicating there will be no shortage of cargo to meet existing and future rail carriage capacity and the operation of which will likely be more profitable than that of the passenger train partnership. The GOP Infrastructure Project development facility is in the process of finalizing its selection of a private sector partner to refurbish Pakistan Railways' locomotive factory in Risalpur.

#### *Impact*

Logistics sector stakeholders unanimously believe that reviving rail cargo transportation will transform the domestic, cross-border, and transit trade landscapes. Businesses engaged in cross-border and transit trade will benefit from substantially reduced transportation costs (freight by rail on the Karachi-Peshawar sector is 70 percent less expensive per ton than the lowest charges by road). Diverse segments of Pakistan's society are likely to appreciate USAID's association with reviving the country's main public sector transportation system.

### **6. Support collaboration and development of a plan for updating existing road and sea carriage laws**

#### *Rationale*

Logistics sector stakeholders identified the need to update these laws, which have not been updated since their introduction in the 1880s and do not provide remedies for containerized cargoes. Updating these laws is necessary as a preparatory step for transit trade to Central Asia, adhering to Transports Internationaux Routiers (TIR Carnet) and the RKC.

#### *Sustainability*

USAID will need to induct the relevant trade associations (bonded carriers, insurance companies, and transport and logistics operators) and arrange roundtables with the government and legal fraternity to forge a common document that can be approved for legislative enactment.

#### *Impact*

The cost of business will be reduced as a result of having the necessary legal framework for insuring and carrying cargo. A careful drafting of the law will encourage the corporatization of the transport sector.

### **7. Develop concept papers for upgrading the road transport sector**

#### *Rationale*

Participants unanimously believed that all aspects of the road transport chain are in need of attention and that existing conditions, if left unattended, will seriously stifle the efficiency of domestic and cross border trade.

#### *Sustainability*

Regulatory and planning oversight already exists through the NTCIP and National Trade and Transport Facilitation Committee. USAID could intervene through a transport focus group that includes the National Highways Authority, Ministry of Communication, and private sector associations to develop short- and medium-term action plans that add value to the cross-border and transit trade transportation chains.

#### *Impact*

Any change in the existing situation can only be an improvement, whether it is in the area of driver training, load control, vehicle age, compulsory checks at weigh stations, construction of lay-bys, or sign-posting.



## RECOMMENDATIONS ON CROSS-BORDER TRADE

- 8. Coordinate among GOP line ministries and provide research-based evidence to justify the economic benefits (e.g., customs revenue and increased exports) of developing additional scanning facilities at Wagah under a public-private partnership arrangement.**

### *Rationale*

The National Logistics Cell (NLC), which is based in the Pakistan Army General Head Quarters in Rawalpindi, currently operates cargo scanning at the Wagah border.

### *Sustainability*

Noting further that GOP's budgetary constraints will restrict funds allocated for this purpose, a public-private partnership, in which a private sector entity invests in the costs of additional scanners under a profit-sharing arrangement appears to be a viable compromise. Such a method would merge security concerns with identified needs (additional capacity) and keep operating costs under control.

### *Impact*

In the opinion of stakeholders, additional scanning facilities at Wagah will greatly facilitate the movement of goods. At present, the scanning capacity is limited to 300 trucks per day. An additional scanner will be able to double the number of trucks that can be scanned per day.

- 9. Assist with the movement of containerized cargo through the Wagah–Attari border by conducting an economic justification study, and coordinating line agencies and private sector stakeholders to develop and implement an action plan.**

### *Rationale*

Anticipating further increases in cargo movement through the Wagah–Attari border, Indian Customs authorities have reportedly requested (in January 2013) that their Central Board of Revenue allocate funds to develop a dry port and inland container terminal at Ferozepur. The GOP may not wish to be seen as lagging behind in providing facilities to its own exporters and revenue-providing importers.

Pakistan Railways has recently invited private sector collaboration to operate its dry ports at Prem Nagar Station (near Lahore), including customs clearance facilities and doorstep deliveries to traders.

### *Sustainability*

Dry ports already exist in the Lahore area owned by, among others, Pakistan Railways and the NLC. As Pakistan Railways is known to lack infrastructure and the know-how to move containers by rail, USAID may concentrate on promoting containerized cargo by road. The GOP will earn revenue without incurring expenditure. Existing operations by shipping companies of container terminals in the area indicate there is no need for capacity building among service providers.

### *Impact*

Containerized cargo capacity will speed cross-border movement and increase the volume of trade. Exporters will benefit from reduced labor costs (currently cargo is unloaded and reloaded manually onto trucks on either side of the border), reduced breakage, and lower freight costs.

## **10. Engage with the FBR, the NTTFC, the NTCIP, and the private sector to construct a truck terminal at Torkham.**

### *Rationale*

The problem with congestion in Torkham is well known to PTP and its counterparts. Private sector stakeholders also believe that a proper terminal where cargo vehicles can park and queue for customs and border control is necessary.

### *Sustainability*

Such a terminal can be a purely private sector venture, with bonded carriers and cargo agents involved to ensure that all truck operators come within its ambit. Container movement under APTTA is reported to have declined from 68,338 containers from July 2011 through March 2012 to 21,125 containers from July 2012 through March 2013.<sup>61</sup> The reduced business volume will make operators more amenable to new initiatives that differentiate them from the competition.

### *Impact*

A well-managed terminal will organize the present chaos leading up to the border post; it will inculcate discipline among drivers. In a second stage, the terminal may be expanded to include a facility for training drivers (as suggested by the Bonded Carriers Association) in the effective management of their vehicles and road etiquette for operating transit cargo to Central Asia.

## **11. Engage with Pakistan Railways to study the possibilities of rail cargo movement to and across the Wagah border (already being done in a limited way through passenger trains).**

### *Rationale*

Movement of cargo by rail between Pakistan and India boils down to a question of when it will begin. Trade across the Wagah land border (of a restricted list of 147 permissible items) has already exceeded USD 350 million during the period April–December 2012.

### *Sustainability*

The required infrastructure and operational expertise exists on both sides. Passenger trains (with some cargo carriages) already move between the two countries. Pakistan Railways will require capacity building on the technicalities and legalities of international cargo movement, and USAID can deliver this training cost effectively. The private sector could also contribute toward the costs. Freight income will justify continuity for the operation along free market lines.

### *Impact*

Increased Pakistan–India trade across land can only be sustainable with the use of railways. Road infrastructure and vehicle conditions in both countries remain well below international standards with no signs of the investment necessary to upgrade highways or the corporatization of the trucking industry in either country.

## **12. Engage with Afghan officials to replace the 110 percent cash guarantee on the value of goods with an insurance guarantee or cash guarantee equal to the value of Afghan customs duty and taxes on cargo transiting through Afghanistan.**

### *Rationale*

Stakeholders say that as Pakistan has already extended favorable guarantee terms to Afghan transit cargo, it is time for the Afghan side to reciprocate. There is no justification to demand a guarantee for the value of the

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<sup>61</sup> As quoted by a customs member of the Federal Board of Revenue in *News International* (newspaper), April 21, 2013.

cargo when the liability is limited to the value of Afghan duty and taxes. The Afghan demand for a cash guarantee for the carrier vehicle is also seen as unjustified. Stakeholders report that the international practice is for the transit country to accept bonded carriers.

#### *Sustainability*

Both proposals are regulatory measures that require official sanction and will, if enforced, acquire permanence. There will, of course, be hard or soft interpretations of the rules as is occurring on the Pakistani side of the border.

#### *Impact*

An agreement with the Afghan government will result in substantially lower costs to APTTA business to the benefit of Afghan public and private sector importers. Pakistani exporters and logistics companies could see increased business with Central Asia because the proposed measures will free their business capital for deployment in trade.

### **13. Support the development of an EDI operations manual for Pakistan Customs, standard operating procedures for EDI, training in post-clearance audit; joint training of Pakistan/Afghanistan customs officials in EDI; and training of private sector stakeholders (insurance companies, bonded carriers, and customs agents) in EDI.**

#### *Rationale*

The first recommendation is based on a request from The Pakistan Revenue Automation Ltd., the second recommendation is based on a request from the Federal Board of Revenue, and the third recommendation was made by various stakeholders during interviews. The recommendations are self-explanatory, arising from knowledge gaps identified by users and stakeholders of the EDI system.

#### *Sustainability*

It is a high priority for an EDI operations manual and standard operating procedures for Pakistan Customs (perhaps also for Afghan Customs) to be developed. The identified trainings would be effective only when the manuals and standard operating procedures are in place and understood by customs on both sides.

#### *Impact*

Effective operation of the EDI will contribute to curbing “informal trade,” which PTP and its counterparts have identified as a primary concern. However, if the EDI is to effectively address revenue leakage, identified gaps in capacities and skills must be bridged. The recommendations relate to identified gaps in capacity and skills, which must be bridged if EDI is to effectively address revenue leakage.

### **14. India-Pakistan Trade: Commission studies on the impact of trade with India in specific sectors such as auto parts, iron and steel, pharmaceutical grade chemicals, and industrial chemicals.**

#### *Rationale*

A recent study on Pakistan–India trade by the Woodrow Wilson Center<sup>62</sup> notes that in Pakistan’s “negative” list of 1,209 items currently not importable from India, “the largest number of items isn’t agriculture (with 16 items)—it’s the car industry (with 385 items).” The IPP–BNU studies also produced findings that counter this conventional wisdom among business leaders and policymakers. The sectors above reflect items that constitute Pakistan’s major non-petroleum imports from global sources that could be imported from India.

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<sup>62</sup> Michael Kugelman and Robert M. Hathaway. 2013. “Pakistan–India Trade: What Needs to Be Done? What Does It Matter?” Washington, D.C.: Woodrow Wilson International Center for Scholars. Quoted in *Dawn* (newspaper), April 7.

### *Sustainability*

USAID should commission these studies on behalf of private sector stakeholders (such as the Chambers of Commerce or the FPCCI) so that the findings can be widely disseminated.

### *Impact*

Effective public discourse will encourage rational policies for India-Pakistan trade, especially if the findings confirm that trade with India will increase imports of commodities that are already being imported from other countries (trade diversion) rather than increase overall imports (trade creation).

### **15. Disseminate information on Indian import regulations (tariffs, NTBs, technical barriers to trade) to the private sector through trade associations, and the capacity building of the NTC, Chambers of Commerce, and trade associations on trade defense measures and WTO rules and regulations.**

### *Rationale*

Both PTP public sector counterparts and private sector stakeholders have identified NTBs in India as a barrier to increased bilateral trade, but there is little evidence-based research to validate their concerns. The Woodrow Wilson Center study, cited above, notes that “some measures described by Pakistan as discriminatory are, in fact, permitted by the WTO on health and safety grounds.” Pakistan textile exports have come under “safeguard” actions in Turkey, and ethanol and pet exports have come under safeguard action in the EU. Currently, no knowledge bank exists with which to defend the country’s interests at the WTO.

### *Sustainability*

Import-relevant information can be posted regularly to the chambers’ web sites and be included in TDAP’s portal. The costs of maintaining and upgrading information are anticipated to be within the available resources of TDAP and Chambers of Commerce. Capacity-building of the NTC in the area of trade defense is already a budgeted item in PTP project planning—the priority only needs to be brought forward.

### *Impact*

Counterparts and stakeholders will become aware of which, if any, NTBs and technical barriers to trade in India are Pakistan-specific. Private sector ownership of the research will prevent relevant and actionable knowledge from being shelved. Similarly, capacity building of the NTC will create a knowledge pool within that organization that can guide businesses and the government on whether their complaints have a basis for corrective action according to the rules.

### **16. Commission a study (suggested by the National Trade and Transport Facilitation Center) on the impact of transiting Indian goods through Pakistan.**

### *Rationale*

Such a study has merit because its findings will encompass Afghan transit trade and issues in transit trade to Central Asia.

### *Sustainability*

Discussions with stakeholders and press reports indicate concerns about political factors delaying increases in cargo trade among Afghanistan, Pakistan and India. This is a matter that will have greater political rather than economic considerations and it is anticipated that Pakistani officials will have concerns about the “informal” fallout from such transit cargo.

### *Impact*

There appears to be a knowledge gap with regard to the economic impact of transit concessions to India and the proposed study, if it addresses the “informal” aspect, will guide political considerations in the right direction.

# ANNEXES

## ANNEX I: EVALUATION STATEMENT OF WORK



**USAID**  
FROM THE AMERICAN PEOPLE



# PAKISTAN TRADE PROJECT

## EVALUATION STATEMENT OF WORK

**JANUARY 15, 2013**

This publication was produced for review by the United States Agency for International Development. It was prepared by Management Systems International under the Monitoring and Evaluation Project.

# **Pakistan Trade Project**

## EVALUATION STATEMENT OF WORK



## I. BACKGROUND INFORMATION

### A. Identifying Information about the Project

The United States Agency for International Development (USAID)'s Pakistan Trade Project (PTP) works with public organizations such as the Federal Bureau of Revenue (FBR) and the Ministry of Commerce (MOC) of the Government of Pakistan (GoP) to enact reforms that help businesses trade across borders, and other activities defined as trade facilitation. Table 1 summarizes key facts about the PTP.

TABLE 1: PROJECT SUMMARY

Project Name/ Title	Pakistan Trade Project
Contract information	Contract No. EEM-I-00-07-00005 Order No. 11
Contracting Officer's Representative (COR)	Maryam Riaz (Ms.), Project Management Specialist
Project start date	June 22, 2009
Project completion date	August 31, 2014
Project location	Nationwide
USAID objective addressed	Development Objective 2 - Improved Economic Status of Target Populations
Name of Implementing Organization	Deloitte Consulting, LLP
Budget	USD 37 Million

### B. Development Context

#### I. Problem or Opportunity Addressed

For several years Pakistan was able to expand its trade volumes both between its South Asian neighbors and with the rest of the world. However, the five years of export growth took a significant slump in 2007 and continued into 2008. Pakistan undertook a number of economic reforms to promote economic reform and growth. It streamlined taxes, duties, and tariffs, reduced the number of licenses and permits for running businesses, and decentralized regulatory authority. Many laws were rewritten and modernized, and generally the private sector landscape can now be characterized as open and unconstrained.

The reduction in cross border trade with Afghanistan was another area for concern, as the decrease in exports in 2007 was particularly evident in trade with Afghanistan and can be attributed largely to the border closures. Other factors included difficulties to claim duty drawback<sup>63</sup>, packaging requirements, and Afghanistan's imposition of a new tariff. According to the Trade Development Authority of Pakistan (TDAP), exports to Afghanistan dropped by 30 percent during 2006-07. Legal commercial exports dropped to USD 745 million during the last fiscal year 2006-07 compared to USD 1.06 billion registered during 2005- 06. Pakistan exports to Afghanistan includes construction material, iron and steel products, basic food items, pharmaceuticals, hardware items, electronics, furniture, agricultural machinery and leather manufactures.

To support export development, U.S. legislation is pending that would allow the creation of Reconstruction Opportunity Zones (ROZs) in Pakistan along the western border<sup>64</sup>, from which a broad range of goods could be exported duty-free to the United States. The objective of this legislation is to stimulate economic activity

<sup>63</sup> The Government of Pakistan under SRO 735(1)/2005 date July 21, 2005 requires exporters to verify exports to Afghanistan on the basis of copy of import clearance documents by Afghan Customs Authorities across the border.

<sup>64</sup> The ROZs would accept goods from, but not be located within the Federally Administered Tribal Areas.

and development in the border region of Pakistan, and to “support the three-pronged United States strategy in Afghanistan and the border region of Pakistan that leverages political, military, and economic tools, with ROZs as a critical part of the economic component of the strategy.”<sup>65</sup>

The Government of Pakistan's first-generation reforms since 2001 included changing macroeconomic policies and building local institutions. Among these institutions include the TDAP, which is responsible for the development of international trade in Pakistan with a primary focus on exports. Under the control of the Ministry of Commerce (MOC), TDAP also manages the Export Development Fund (EDF). Some of the major activities for the export promotion are: a) carrying out market research for export products; b) sponsoring participation of Pakistani exporters in international exhibitions and arranging exhibitions in Pakistan; c) facilitating trade delegations and establishing display centers in Pakistan and abroad; d) disseminating information on export opportunities through its website; and e) assisting the government in formulation of export policies and in the implementation of trade policy. The World Bank and the GoP are implementing The National Trade Corridor Improvement Program (NTCIP), consisting of key policy reforms along with a comprehensive investment program for linking Pakistan's major ports in the South with its major cities and trade corridors to the North. The objective is to promote an integrated approach to planning, investing and managing the National Trade Corridor transport logistics system.

## 2. Target Areas and Groups

The PTP is a countrywide project, with stakeholders concentrated in a number of locations including Peshawar, Islamabad, Lahore, Quetta and Karachi. The main official counterparts of the project are the MOC (including the National Tariff Commission, NTC) and Pakistan Customs, an entity of the FBR. The project supports two working groups in the MOC and four in the FBR, each with three-to-five members. Both institutions (MOC and FBR) are based in Islamabad, as is a third partner organization, the NTCIP, which is part of the Planning Commission, while the TDAP is based in Karachi. The project also works with Customs offices in Lahore and Karachi and some of its activities extend to the border crossings at Torkham (near Peshawar) and Chaman (near Quetta) for trade with Afghanistan and Wagah (near Lahore) for trade with India. It also works with the Board of Investment (BOI), the Agriculture Policy Institute (API), and Pakistan Railways (PR)<sup>66</sup>.

The project has diverse private sector stakeholders including the following:

- Traders in various parts of the country who trade with neighboring countries and can be reached through the Chambers of Commerce and Industry (CCIs) based in Peshawar, Lahore and Karachi. The Lahore CCI (LCCI) is a platform, in particular, for India-Pakistan trade, and the Karachi CCI (KCCI) for Afghanistan-Pakistan trade;
- five insurance companies based in Karachi;
- bonded carriers based in Karachi and organized as an association, i.e., National Custom Bonded Carrier Association;
- clearing agents based in Karachi organized as an association; and,
- three associations of women entrepreneurs for whom the project supports a number of activities.

## C. Intended Results

PTP is designed to help the Pakistani economy achieve its export potential by creating an environment that is more conducive to transit for international and regional trade, specifically for enhancing trade ties with Afghanistan. The focus of PTP is to remove the impediments to trade through policy reform and capacity building activities that facilitate increasing exports from industry, services, and agriculture enterprises. PTP's aim is to resolve trade challenges and support “second generation” trade reforms, including improving Customs and trade facilitation, eliminating anti-export bias in trade policy and enabling increased bilateral and regional trade with Pakistan's neighbors through trade and transit agreements and border improvements. PTP has three main components under which all its activities are organized: (1) improved Pakistan trade environment – through improved regulations, policies, systems and capacity; (2) increased trade at Pakistani borders – especially with Afghanistan through implementation of Afghan Pakistan Transit Trade Agreement (APTTA); and (3) support to Reconstruction Opportunity Zones.

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<sup>65</sup> Sean McCormack (U.S. Department of State spokesperson). 2008. Washington, D.C., March 14.

<sup>66</sup> The complete list of public and private stakeholders (provided by Deloitte) supported by this project is attached as Annex 3.

PTP's Performance Management Plan (PMP) of November 1, 2012, updated on December 5, 2012, describes the indicators relevant to each component (Table 2).

**TABLE 2: PTP COMPONENTS AND INDICATORS**

Component	Indicators
Improved Pakistan trade environment	<ul style="list-style-type: none"> <li>• 1.1. number of consultative processes formalized between public and private parties;</li> <li>• 1.2. number of public sector participants in trade/investment capacity building;</li> <li>• 1.3. number of legal/regulatory/institutional actions taken by the GoP addressing compliance with international trade and investment agreements; and,</li> <li>• 1.4. number of policy constraints identified and modified to improve the trade policy environment.</li> </ul>
Increased trade at Pakistani borders	<ul style="list-style-type: none"> <li>• 2.1. the number of Customs harmonization procedures implemented;</li> <li>• 2.2. the average dwell time for inbound/outbound goods from Karachi to the Pakistan border (Chaman and Torkham);</li> <li>• 2.3. the number of “single windows” at border crossings implemented by the GoP;</li> <li>• 2.4. the number of provisions under APTTA implemented by the GoP; and,</li> <li>• 2.5. the number of infrastructure/security upgrades at the Pakistan border posts (Chaman and Torkham) in support of APTTA.</li> </ul>
Support to Reconstruction Opportunity Zones	<ul style="list-style-type: none"> <li>• 3.1. assist the GoP to draft a strategy for implementing the ROZs;</li> <li>• 3.2. assist firms located in the ROZs to comply with U.S. labor requirements as specified in the ROZ legislation;</li> <li>• 3.3. identify potential opportunities to develop/support trade facilitation strategies, such as special economic zones, in other locations within Pakistan, in particular within the 20 districts to be supported by Empower Pakistan: Firms (EP:F);</li> <li>• 3.4. assist firms located in the ROZs to achieve product, process and service quality standards since EP:F will not be working in the ROZs. This will require the contractor to work with the national system of standards, metrology and certification, identifying a variety of service providers that can assist enterprises to achieve standards and certification. Contractor will develop a comprehensive plan for supporting firms achieving international certification. USAID and the companies will undertake this on a cost-sharing basis;</li> <li>• 3.5. reduce the risk of illegal transshipments through ROZs and assist firms in complying with ROZ rules of origin and other requirements;</li> <li>• 3.6. promote ROZ benefits beyond duty-free access to United States including such factors as expedited processing for exports and duty drawbacks, low cost financing, advanced infrastructure, streamlined processes, income tax preferential status, and access to streamlined specialty commercial courts or rights to use international courts to settle contract disputes. Alternatives to duty drawbacks that can be done internally and through Customs measures that would benefit enterprises and ROZs without the complexities and costs of pre-paying and recovering duties can also be considered; and,</li> <li>• 3.7. ensure that gender considerations are embedded into ROZ implementation plans, which should include incentives for firms that provide support facilities for female employees and/or incentives for women-owned businesses to operate in ROZ.</li> </ul>

## D. Approach and Implementation

Over the course of the first year, PTP completed a number of tasks including: working with the TDAP on a self-assessment, conducting an evaluation of the Commercial Officer’s (CO) program at the request of the MOC, finalizing and disseminating the Quarterly Trade Performance Reports, completing the Pakistan side of

the Joint Pakistan Afghanistan Study on Stemming Un-Authorized Trade at Borders, completing the data collection phase of the Afghan Transit Trade (ATT) Dwell Time assessment to identify average delays in transit and the costs involved, conducting a baseline assessment of Pakistan Customs procedures, processes and infrastructure with respect to Afghan transit through Pakistan in partnership with Pakistan Customs, and a gap analysis of Pakistan's transit regime in relation to international standards.

In Year 2, the focus of PTP remained mainly on improving the overall trade environment and increasing cross-border trade with Pakistan's neighbors especially with Afghanistan through the implementation of the Afghan Pakistan Transit Trade Agreement (APTTA) which was approved with PTP assistance on June 12, 2011. One result of this effort was the inclusion of "Financial Guarantees" for transit cargo. PTP at the request of the MOC devised a communication strategy for developing a consensus and the acceptance of the APTTA by the various public-private sector stakeholders. Other activities of PTP in Year 2 include: the commitment to collaborate on the installation and sustainable operation of four electronic weighbridges, two each at the Torkham and Chaman border stations; submission of a briefing paper on APTTA outlining the main features and legal status of APTTA, the impact of the APTTA in Pakistan, related PTP activities, and implementation needs; a gap analysis of the Pakistan legal framework related to APTTA; a training needs assessment for Pakistan Customs; and four Quarterly Trade Reports.

In Year 3, PTP initiated efforts to support the liberalization of regional trade by commissioning the development of a comprehensive set of studies on Pakistan-India trade relations. The first of these studies on the history of trade relations between India and Pakistan was completed in May of 2012. In addition, in Year 3, PTP initiated a gap analysis of the policy, legal and procedural reforms with respect to transit and international trade obligations under the Revised Kyoto Convention; developed software and initiated data capture related to a trade portal; conducted a training needs assessment of the National Tariff Commission (NTC); PTP initiated activities to support the FBR's efforts to implement the Electronic Data Interchange (EDI) required by APTTA; facilitated negotiations between the Government of Pakistan (GoP) and Pakistani insurance companies that developed a mechanism for the issuance of insurance guarantees; and conducted initial assessments of the Customs stations at Wagah and Khokrapar.

In Year 4 PTP will complete the Kyoto Convention gap analysis, complete the remaining studies on Pakistan - India trade, strengthen the capacity of the NTC to administer trade defense laws, strengthen the capacity of the MOC to conduct trade negotiations, operationalize the EDI, initiate the Risk Management and Single Window systems, and begin work on facilitating trade flows with Central Asia.

## **E. Existing Data**

A detailed list of documents on Components 0, 1, 2, and 3 of the project will be made available to the project conducting the evaluation (Monitoring and Evaluation Program – MEP) by USAID is given in Annex 4.

# **II. RATIONALE FOR EVALUATION**

## **A. Purpose of Evaluation**

The purpose of this evaluation is to conduct a performance evaluation of the PTP. In addition, to determining the level of performance of the project, the evaluation is timed to inform USAID/Pakistan's decision on whether to procure a follow-on trade project and, if so, how to design the follow-on project. To contribute to this objective, the evaluation team will focus its recommendations on those factors that can inform future project design. The evaluation also includes a separate section that collects data from key stakeholders on forward-looking, design-oriented questions.

## **B. Audience and Intended Use**

The results of this evaluation will be shared with USAID and the implementing partners. USAID will develop a dissemination plan in accordance with the Evaluation Policy as specified in Automated Directives System (ADS) Chapter 203.

## C. Evaluation Questions

This evaluation will answer five questions based on evaluative evidence from primary and secondary sources, for which the draft Getting to Answers (G2A) table in Annex I summarizes the approach to collecting and analyzing data. It will also present stakeholder views that help USAID plan a follow-on project.

Only evaluation Question 1 will include an assessment of all three Components. The remaining questions will focus only on Components 1 and 2, referred to as the “main components.”

1. To what extent has PTP met its targets for PMP indicators, what are the reasons for shortfalls, and what has the project done to address shortfalls?

**Explanation:** The question addresses project performance with respect to the indicators documented in the PMP. The evaluation will compare reported achievement with respect to targets (sex-disaggregated to the extent that data are available), identify the reasons for any delays, and the steps taken to address shortfalls. The evaluation will report on achievements against targets and not baselines as the Performance Management Plan tracked performance relative to targets not baselines.

2. Are PTP activities relevant to current identified needs/concerns of stakeholders with respect to increasing trade?

**Explanation:** The evaluation will assess the project’s relevance to current needs and concerns of stakeholders (as identified in the Work Plans and during Round Tables) with respect to government policy, the trade environment, the needs of businesses, Customs officials and other stakeholders. Inquiry and recommendations will focus on ensuring the relevance of future USAID trade programming.

3. How effective are PTP’s activities in contributing to its two main components/results?

**Explanation:** The evaluation will assess the activities, their quality, frequency, participation and other aspects in drawing conclusions about their contributions to the main components and developing recommendations for improving effectiveness.

4. To what extent have the project’s activities aimed at enhancing GoP buy-in fostered a sense of ownership of reforms among GoP counterparts?

**Explanation:** The project undertook activities with a diverse range of counterparts in the GoP, including MOC, FBR and other government agencies. The evaluation will seek out and analyze the views of these counterparts in order to identify the extent of counterpart ownership of reforms. The evaluation will also develop recommendations for how to improve ownership.

Suggested “buy-in” indicators are: (i) initiating new areas within an existing project, (ii) commitment beyond the PTP project and (iii) sign-up for concept and deliverables. Possible “ownership” indicators are: (i) willingness to be the face of the project and (ii) initiating steps to assume financial responsibility for the operational expenses of the project.

5. How have women been engaged in PTP and how has the project influenced women’s engagement in trade activities?

**Explanation:** This question will explore the project’s intended gender-specific objectives through the launch of the “Women In Trade” initiative, the project’s planned activities to achieve these objectives, the results the project has achieved with respect to its gender-specific outcomes, and develop recommendations for improving women’s engagement.

## D. Forward Looking Questions

The evaluation report will also include a separate section that will address the following forward-looking questions, which are intended to inform USAID planning for a potential follow-on project. It should be noted that the evidence for answering these questions is limited and not related to project performance:

1. What in your opinion are opportunities and challenges to increasing bilateral regional trade?

**Explanation:** This question will explore participants' views and opinions on challenges and opportunities in increasing trade with Afghanistan, India, other SAFTA countries, the Central Asian Republics, China and the USA. Views on challenges such as: policy and regulatory constraints, NTBs, infrastructure, lack of access to information on business opportunities etc. Opportunities – e.g., markets that offer potential for growth in trade, greater market opening, improved policy environment; improved Customs procedures etc.

2. How can USAID provide assistance to the government that will allow the private sector to better meet the challenges and exploit opportunities discussed above? How can USAID and the private sector work together to become better partners to promote bilateral and regional trade?

**Explanation:** The question will elaborate on the forms of assistance that USAID might be able to provide to the government, e.g. Analysis to inform policy decisions of the GOP, helping Customs and other government agencies tasked with facilitating trade (TDAP, NTC, MOC) to be more compliant with international best practices, etc. For private sector, USAID assistance can be in the form of: Sponsor dialog on trade issues within the business community, assist private sector to present their views to the GOP, help businesses connect with other businesses in the region, etc.

3. What role can USAID play to promote trade of Pakistani goods?

**Explanation:** The discussion will center on some of the activities that USAID can support to increase the demand for products/sectors in neighboring and/or regional markets - e.g. through facilitating B2B linkages, seminars, workshops, facilitating trade delegations.

USAID will provide further guidance to the evaluation team on these forward-looking questions when the team assembles in Islamabad.

## III. DESIGN AND METHODOLOGY

### A. Evaluation Process

In the first stage of this assignment, the evaluation team will review project-related documents, including the project's deliverables, as well as relevant literature on Pakistan's trade environment. The main output of the first stage will be a table summarizing information that is available from secondary sources to answer each evaluation question and identify the corresponding information gaps.

The second stage is a process called the Team Plan Meeting (TPM), during which the evaluation team will complete a number of tasks, including the following:

- meet representatives of USAID, including staff of the Office of Economic Growth and Agriculture (EGA), to review all aspects of the SOW;
- review available information to identify information gaps and refine data collection tasks accordingly, particularly in view of the G2A table, which the team will revise if needed;
- design data collection instruments for individual interviews;
- design discussion guides for stakeholder roundtables;
- develop outlines for the deliverables mentioned in the SOW and assign responsibilities among team members, including for report writing;
- finalize the SOW, including the evaluation questions and the team's level of effort and detailed work plan, for USAID approval; and
- plan the logistics of the evaluation field work.

In the third stage, two sets of activities (on which additional information is provided below in the sections on data collection and analysis) will be undertaken concurrently after the TPM:

- The team will conduct individual interviews with stakeholders in the Pakistan Trade Project who are identified in the Target Areas and Groups section of this SOW.



- The team will organize and take notes for roundtable discussions focusing on the forward-looking questions, which will be moderated by USAID. Following the roundtable discussions, MEP will conduct individual interviews with select participants.

The team will focus on report writing in stage four and submit a complete first draft for submission to MEP. This draft will go through an internal review process, including consultation with team members and revision, and a thorough technical review followed by branding and editing. The edited and branded draft report will be submitted to USAID for review and comments. After USAID has reviewed the draft report, the team will address comments received from USAID and prepare the final report.

## **B. Data Collection Methods**

Evaluation questions will be answered using both primary and secondary data. Secondary data includes:

- all project-related information, including its deliverables, which the PTP will provide; and,
- relevant databases and literature, which the team will access itself with the help of MEP.

Primary data will be collected by the team through the following methods:

- The team will hold the following individual interviews in three major cities in Pakistan:
  - Islamabad: representatives of the GoP
  - Lahore and Karachi: relevant Customs and TDAP officials, representatives of traders, insurance companies, bonded carriers and clearing agents, and experts from relevant research organizations such as the Institute of Public Policy of the Beaconhouse National University in Lahore.

The interviewees will be selected based on recommendations of PTP and availability. It is estimated that 35-50 individual interviews will be conducted across all stakeholders. The individual interview guides will include items related to the five evaluation and three forward-looking questions.

- MEP will coordinate and provide administrative support for roundtable discussions on the forward-looking questions, and USAID will moderate the discussions among stakeholders from Peshawar, Quetta, Islamabad, Lahore and Karachi. MEP will also take notes of and record the roundtable proceedings. From these MEP will produce notes that summarize the discussion organized thematically for each of the three forward looking questions. Participants for the roundtables will be chosen by USAID/Pakistan from private sector actors that are engaged in cross-border trade. This will include members of business associations, bonded carriers, freight forwarders, clearing agents, insurance company personnel. The questions will be designed to elicit informed opinions on what the participants think are the major priorities that follow-on to the PTP could address. There will be three roundtables for private sector stakeholders (one each in Islamabad, Lahore and Karachi) consisting of 20-30 participants in each roundtable. Private sector stakeholders from Peshawar and Quetta will also be invited to roundtables.
- After each roundtable, the team will hold 4-8 individual interviews with participants that USAID and MEP perceive to be the most well-informed, who are also willing to provide the time required for an interview.

## **C. Data Analysis Methods**

Data from the individual interviews with both PTP stakeholders and roundtable participants will be analyzed using a content analysis driven by the evaluation and forward looking questions. Roundtable discussions will be summarized separately and will be organized according to the major themes relevant to each of three forward-looking questions.

## **D. Methodological Strengths and Limitations**

The evaluation's reliability and validity will be ensured through triangulation of diverse information sources, including the large number of deliverables produced by the project and the diverse stakeholders located in different parts of the country. The evaluation will not, however, be able to arrive at quantitative indicators of progress, except those that are based on and reported in the PMP, or attribute changes in the overall national

trade environment to the PTP. Selection of government officials for individual interviews and participants in roundtables will be based on recommendations from PTP and individual's willingness to participate. This selection method is not random and is subject to potential bias in the individuals recommended by the PTP and participants' self-selection.

Findings, conclusions and recommendations for the roundtables will also be limited in a number of ways. First, these are to be moderated directly by USAID, limiting the independence of the forward-looking question data collection and potentially leading to experimenter bias that results in different responses from participants. The roundtables are not intended to yield statistically validated data, and USAID believes their direct involvement in the roundtables will not influence the responses to such a degree to make the data invalid. In addition, analysis of the roundtable findings will draw exclusively on the opinions of the team's subject matter experts. To the extent possible, connections will be drawn with the evaluation question findings; however, the evidentiary base will be limited at best.

## IV. EVALUATION PRODUCTS

### A. Deliverables

The deliverables for this evaluation are:

1. final SOW, including final evaluation questions, clear methodology and approach for each component of the evaluation linked with the evaluation questions, list of sites for field visits, approved by USAID following the Team Planning Meeting (TPM);
2. audio recordings from each of the three roundtable discussions
3. an initial findings debriefing presentation to USAID;
4. a two-part draft evaluation report, in which Part 1 will include findings and conclusions on the above five evaluation questions and recommendations; and Part 2 will include findings (summary notes) and limited conclusions and recommendations. While the analysis will be structured around findings, conclusions and recommendations, conclusions and recommendations will be based on the evaluation team's especially the sector specialist's opinion, and to the extent there is any connection, the evaluation findings, conclusions and recommendations and,
5. a final evaluation report.

Note that field work will not commence until the SOW is approved by USAID.

The MEP will provide all data and records from the evaluation to USAID through the COR for MEP. All quantitative data collected by the evaluation team will be provided in electronic format.

### B. Reporting Guidelines

The evaluation report will follow standard guidelines as laid out in Appendix I of USAID'S Evaluation Policy and operationalized in ADS 203.3.2.8 (Documenting Evaluations), reproduced here in Annex 2<sup>67</sup>. The evaluation report will follow the structure given below:

- Title page
- Table of Contents
- List of any acronyms, tables, or charts (if any)
- Acknowledgements or preface (optional)
- Executive summary (not to exceed 3-5 pages)
- Introductory chapter (not to exceed 3 pages). This section will include:
  - a description of the activities evaluated, including goals and objectives.
  - brief statement of why the project was evaluated, including a list of the main evaluation questions.
  - brief statement on the methods used in the evaluation such as desk/document review, interviews, site visits, surveys, etc.
- Evaluation Questions
  - Findings and Conclusions – This section will include findings and conclusions for each evaluation question.

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<sup>67</sup> <http://transition.usaid.gov/policy/ads/200/203.pdf>



- Evaluation Recommendations – This section will include actionable statements of what remains to be done, consistent with the evaluation’s purpose, and based on the evaluation’s findings and conclusions. It will provide judgments on what changes need to be made for future USAID financial and cooperative development programming. This section will also recommend ways to improve the performance of future USAID programming and project implementation; ways to solve problems this project has faced; identify adjustments/corrections that need to be made; and recommend actions and/or decisions to be taken by management.
- Forward Looking Questions
  - Findings – This section will provide summary notes organized thematically for each of the three forward looking questions.
  - Conclusions and Recommendations – This section will provide limited conclusions based on subject matter experts opinions and will only in a very limited way to an evidentiary base. To the extent possible, if any, conclusions will also be linked to findings on the evaluation questions. Based on this limited analysis the team’s subject matter experts will also offer recommendations.
- Annexes
  - Statement of Work
  - List of documents consulted
  - List of individuals and agencies contacted
  - Copies of all survey instruments, questionnaires, and data
  - Statement of Differences (if applicable)
  - Evaluation Team Bios

## V. TEAM COMPOSITION

The evaluation team will consist of a team leader/evaluator, a Customs Specialist and A Trade Policy Economist/Specialist. All team members will be external to USAID.

It is expected that the team leader/evaluator will be responsible for the overall evaluation and technical management of the evaluation team, as well as for overseeing the development of methodological tools and instruments such as interview sheets or questionnaires, data processing sheets, etc.

The team will be led by Dr. Sajjad Akhtar, Senior Evaluation Specialist at MEP since December 2011. Dr. Akhtar is an economist with international qualifications (PhD, Southern Methodist University, and MA, Boston University) and 25 years of evidence based policy research experience. During 2009-2010 s/he was the Director (Policy and Research) of the Pakistan Institute of Trade and Development (PITAD), MoC, where s/he worked on post-ATC threats to Pakistan’s textile and clothing exports, the impact of regulatory duty on the import of luxury goods and revenue generation, and the impact of terrorist attacks on Pakistan’s exports. At MEP, Dr. Akhtar has evaluated the USAID-assisted Merit and Need Based Scholarship Program and the DELIVER project. S/he will also be the Evaluation Manager/team leader for this evaluation.

The trade policy economist/specialist is expected to possess at least 15 years of experience in international development, in-depth experience of international treaties and trade and regulatory issues in Pakistan, short-term consulting experience in Pakistan or neighboring countries, master’s degree in economics and demonstrated report writing abilities.

The Customs Specialist is expected to have at least 10 years of relevant short-term and long-term experience, in-depth experience of Pakistan’s customs rules and practices, preferably as they relate to trade with neighboring countries, master’s degree in a relevant field and demonstrated performance as a team member.

Mr. Zubair Faisal Abbasi, Senior Evaluation Specialist, MEP, will work closely with the team as the Evaluation Co-Manager. Mr. Abbasi obtained a master’s degree specializing in industry, trade and development from the University of Manchester in the United Kingdom as a Chevening Scholar (2007-08). S/he has worked in the field of development for 15 years with national and international agencies and written extensively on trade and economic matters. S/he was the National Project Manager of a national capacity building program of the United Nations Development Program (UNDP) and the MoC, and played a key role helping develop trade policy with inputs from various stakeholders including civil society organizations, the academia and the chambers of commerce and industries.

**Disclosure of conflict of interest:** All evaluation team members will provide a signed statement attesting to a lack of conflict of interest, or describing an existing conflict of interest relative to the project being evaluated.

## VI. EVALUATION MANAGEMENT

### A. Logistics

In terms of logistics, this assignment requires:

- travel to the locations mentioned above – Islamabad, Lahore and Karachi – by the three team members and the MEP staff responsible for the evaluation;
- access to project-related information and individuals representing various stakeholders, for which the good offices of the PTP will be required; and,
- organizing the roundtables in Islamabad, Lahore and Karachi, which will need MEP staff to work closely with the PTP for facilitating of individual interviews and ensuring the presence of relevant individuals.

### B. Scheduling

The evaluation is expected to start<sup>68</sup> in the end of February 2013 and the draft report is expected to be submitted by mid-May 2013. A tentative schedule for the evaluation is shown in the form of a Gantt chart in Table 3. The schedule can be affected by circumstances beyond the control of USAID and MEP, such as unforeseen loss of time due to security factors, general elections and public holidays.

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<sup>68</sup> Expected start date of the evaluation corresponds to the start date of document review.

**TABLE 3: EVALUATION SCHEDULE**

	February	March				April				May		
	wk4	wk1	wk2	wk3	wk4	wk1	wk2	wk3	wk4	wk1	wk2	wk3
Review documents	■											
Team Planning Meeting including USAID and IP		■										
Individual interviews and roundtables, initiate report writing			■	■	■	■						
Report writing – completion of draft report, internal version							■	■				
Internal review, revision, branding, and editing									■	■	■	
Submission of draft report to USAID, mid-May												■

## C. Budgeting

The following table reports estimates of the Level of Effort (LOE) of the team:

**TABLE 4: LEVEL OF EFFORT OF TEAM MEMBERS**

Tasks	Level of Effort (days)			
	Team Leader/ Evaluator/ Manager (LTTA)	Trade Policy Specialist (STTA)	Customs Specialist (STTA)	Evaluation Co-Manager (LTTA)
Review of Documents	7	7	5	3
Team Planning Meeting	7	7	7	3
individual interviews and roundtables; initiate report writing	17	17	17	6
Complete Report Writing	12	12	12	
Internal Review and Revision				2
Finalize Report	2	1		
Travel	2	1	1	
<b>Total</b>	<b>47</b>	<b>45</b>	<b>42</b>	<b>14</b>

## SOW ANNEX I: Getting to Answers (G2A)

### Performance Evaluation of the Pakistan Trade Project:

Evaluation Question	Type of Answer/ Evidence	Data Collection		Sampling/ Selection	Data Analysis Methods
		Source	Method		
1. To what extent has PTP met its targets for PMP indicators, what are the reasons for shortfalls, and what has the project done to address shortfalls?	Comparative and descriptive	Task Order Work plans Progress reports Project staff	Document review  Individual interviews	Not relevant	Comparison of targets and achievements
2. Are PTP activities relevant to current identified needs/concerns of stakeholders with respect to increasing trade?	Comparative and descriptive	Government policy documents Key GoP counterparts Traders and other stakeholders	Document review  Individual interviews	Purposive by location and stakeholder group	Content analysis
3. How effective are the PTP's activities in contributing to its two main components?	Comparative and descriptive	Progress reports Project staff Key GoP counterparts Traders and other stakeholders	Document review  Individual interviews	Purposive by location and stakeholder group	Content analysis
4. To what extent have the project's activities aimed at enhancing GoP buy-in fostered a sense of ownership of reforms among GoP counterparts?	Comparative and descriptive	Project staff Key GoP counterparts	Individual interviews	Purposive by location and stakeholder group	Content analysis
5. How have women been engaged in PTP and how has the project influenced women's engagement in trade activities?	Comparative and descriptive	Task Order Work plans Progress reports Project staff Women stakeholders	Document review  Individual interviews	Purposive by location	Content analysis

**Forward Looking Questions:**

Questions	Type of Answer/ Evidence	Data Collection		Sampling/ Selection	Data Analysis Methods
		Source	Method		
1. What types of engagement (i.e., actors and roles) with the private sector might strengthen a follow-on project?	Descriptive	Round Table	Group discussion  Individual interviews	Purposive by EGA/USAID	Report on the proceedings
2. What can a follow-on trade project do to meet Pakistani demand for Trade not Aid?	Descriptive	Round Table	Group discussion  Individual interviews	Purposive by EGA/USAID	Report on the proceedings
3. What can a follow-on project do to promote trade regionally?	Descriptive	Round Table	Group discussion  Individual interviews	Purposive by EGA/USAID	Report on the proceedings

## SOW Annex 2: Reporting Guidelines

1. The evaluation report must represent a thoughtful, well-researched, and well organized effort to objectively evaluate what worked in the project, what did not work, and why.
2. Evaluation reports must address all evaluation questions included in the scope of work. The evaluation report should include the evaluation statement of work as an annex. All modifications to the statement of work, whether in technical requirements, evaluation questions, evaluation team composition, methodology or timeline need to be agreed upon in writing by the technical officer.
3. Evaluation methodology must be explained in detail and all tools used in conducting the evaluation such as questionnaires, checklists, and discussion guides will be included in an annex in the final report.
4. When evaluation findings address outcomes and impact, they must be assessed on males and females.
5. Limitations to the evaluation must be disclosed in the report, with particular attention to the limitations associated with the evaluation methodology (selection bias, recall bias, unobservable differences between comparator groups, etc.).
6. Evaluation findings must be presented as analyzed facts, evidence, and data and not based on anecdotes, hearsay, or simply the compilation of people's opinions. Findings should be specific, concise, and supported by strong quantitative or qualitative evidence.
7. Sources of information must be properly identified and listed in an annex.
8. Recommendations must be supported by a specific set of findings and should be action-oriented, practical and specific, with defined responsibility for the action.

### Note:

These guidelines are taken from ADS 203.3.2.8 (Documenting Evaluations) - <http://transition.usaid.gov/policy/ads/200/203.pdf> - which is based on Appendix I of USAID Evaluation Policy: Criteria to Ensure the Quality of the Evaluation Report.

## SOW Annex 3: List of Public and Private Sector Stakeholders

Stakeholders: Components 1 and 2	
Private Sector	Public Sector
<b>Islamabad</b>	
Islamabad Women Chamber of Commerce and Industries (ICCI)	Ministry of Commerce (MoC)
Rawalpindi Chamber of Commerce & Industry (RCCI)	Pakistan Customs/Federal Board of Revenue (FBR)
National Tariff Commission (NTC)	Agriculture Policy Institute
Pakistan Stone Development Company (PASDEC)	Government of Pakistan's Economic Affairs Division
Pakistan Revenue Automation Limited (PRAL)	Board of Investment
<b>Rawalpindi</b>	
Rawalpindi Chamber of Commerce and Industry (RCCI)	
<b>Lahore</b>	
Punjab Women Chambers of Commerce and Industries (PWCCI)	Pakistan Railways
Punjab Agricultural Research Board	Pakistan Customs/Federal Board of Revenue (FBR)
Lahore Chamber of Commerce & Industry (LCCI)	
<b>Karachi</b>	
Sindh Women Chamber of Commerce & Industry Federation of Pakistan Chambers of Commerce & Industries (FPCCI)	Trade Development Authority of Pakistan (TDAP)
Karachi Chamber of Commerce & Industry (KCCI)	
Karachi Customs Clearing Agents Association (KCCA)	
Pakistan Customs Bonded Carriers Association	
National Trade and Transport Facilitation Committee (NTTFC) [public and private sector participation]	
PICIC Insurance Limited	
UBL Insurers	
Jubilee Insurance	
EFU Insurance	
Adamjee Insurance	
Pakistan National Committee of the International Chamber of Commerce (PNC-ICC)	
South Asian Association for Regional Cooperation (SAARC)	
South Asian Association for Regional Cooperation - Chamber of Commerce & Industry (SAARC-CCI)	
TradeKey (Pvt)	
<b>Peshawar</b>	
Landowner of Weighbridge installation site, Torkham	Additional Collector Customs, Torkham Additional Collector Customs, Peshawar
<b>Quetta</b>	
Agriculture Welfare Society	
<b>Faisalabad</b>	
Faisalabad Chamber of Commerce & Industry (FCCI)	
<b>Sialkot</b>	
Sialkot Chamber of Commerce & Industry (SCCI)	

Stakeholders: Component 3	
Private Sector	Public Sector
Peshawar Industrial Estate	



Gadoon Amazai Industrial Estate	
Risalpur Industrial Estate	
Risalpur Export Processing Zone	
Hattar Industrial Estate	
Quetta Industrial and Trading Estate	
Peshawar Industrial Estate	
Quetta Industrial and Trading Estate	

## SOW Annex 4: List of Documents received by MEP

### Component 0: PMO & Cross Cutting

Ref	Title	Date
0.1	Success Story: "Turning on the Lights" Key infrastructure from USAID increases trade at a crucial border	May 2010
0.2	Success Story: "A Woman Entrepreneur Taps The Export Market Using Formal Export Channels As A Result of USAID Training"	Jun 2010
0.3	Success Story: "Empowering Women Exporters "	Jul 2010
0.4	Success Story: "A Female Exporter from Lahore Replicates USAID Training, Improving Employee Knowledge"	Nov 2010
0.5	Success Story: "Strengthening the Marble Sector"	Nov 2010
0.6	Success Story: "A USAID Facilitated Export Consignment from Pakistan to Australia"	Dec 2010
0.7	Success Story: "Pakistan Insurance Companies Issues Insurance Bonds to Protect Pakistan Customs Revenue Under Afghan Pakistan Transit Trade"	June 2012
0.8	Presentation: "Pakistan Trade Project Progress"	Aug 2011
0.9	Presentation: "Trade Project Overview" v1	Nov 2011
0.10	Presentation: "Trade Project Overview" v2	May 2012
0.11	Trade Project Annual Performance Report: PY 1 Jul 2009- Jun 2010	Jul 2010
0.12	Trade Project Annual Performance Report: PY 2 Jul 2010- Jun 2011	Jul 2011
0.13	Trade Project Annual Performance Report: PY 3 Jun 2011- Jun 2012	Jul 2012
0.14	Trade Project Quarterly Performance Reports PY1 Q1 (Jul-Sep 2009)	Oct 2009
0.15	Trade Project Quarterly Performance Reports PY1 Q2 (Oct-Dec 2009)	Jan 2010
0.16	Trade Project Quarterly Performance Reports PY1 Q3 (Jan-Mar 2010)	Apr 2010
0.17	Trade Project Quarterly Performance Reports PY1 Q4 (Apr-Jun 2010)	Jul 2010
0.18	Trade Project Quarterly Performance Reports PY2 Q1 (Jul-Sep 2010)	Oct 2010
0.19	Trade Project Quarterly Performance Reports PY2 Q2 (Oct-Dec 2010)	Jan 2011
0.20	Trade Project Quarterly Performance Reports PY2 Q3 (Jan-Mar 2011)	Apr 2011
0.21	Trade Project Quarterly Performance Reports PY2 Q4 (Apr-Jun 2011)	Jul 2011
0.22	Trade Project Quarterly Performance Reports PY3 Q1 (Jul-Sep 2011)	Oct 2011
0.23	Trade Project Quarterly Performance Reports PY3 Q2 (Oct-Dec 2011)	Jan 2012
0.24	Trade Project Quarterly Performance Reports PY3 Q3 (Jan-Mar 2012)	Apr 2012
0.25	Trade Project Quarterly Performance Reports PY3 Q4 (Apr-Jun 2012)	Jul 2012
0.26	Trade Project Quarterly Performance Reports PY4 Q1 (Jul-Sep 2012)	Oct 2012
0.27	Trade Project Branding Implementation and Marketing Plan	May 2012
0.28	Trade Project Indicators	Jun 2012
0.29	Trade Project Work Plan: PY3	May 2012
0.30	Trade Project Work Plan: PY4	June 2012
0.31	Trade Project Monthly Performance Reports PY1 (Jul 2009)	Jul 2009
0.32	Trade Project Monthly Performance Reports PY1 (Aug 2009)	Aug 2009
0.33	Trade Project Monthly Performance Reports PY1 (Sep 2009)	Sep 2009
0.34	Trade Project Monthly Performance Reports PY1 (Oct 2009)	Oct 2009

### Component I: Trade Environment

Ref	Title	Date
1.1	Pakistan-India Trade: Estimating the Potential of India-Pakistan Trade	Dec 2011
1.2	Pakistan-India Trade: Communications Plan for dissemination of Institute of Public Policy studies on Pakistan- India trade relations	Apr 2012
1.3	Pakistan-India Trade: Questionnaire on the Identification of Non-Tariff Barriers to Trade between India and Pakistan for Deliverable 2 of Institute of Public Policy Report	Apr 2012
1.4	Pakistan-India Trade: Deliverable 1 of IPP study entitled, "A Primer: Pakistan-India Trade Relations (1947-2012)"	May 2012
1.5	Pakistan-India Trade: One Pager on Deliverable 1, "A Primer: Trade Relations between Pakistan & India (1947-2012)"	June 2012

1.6	Pakistan-India Trade: One Pager Overview on the Institute of Public Policy	June 2012
1.7	Pakistan-India Trade: Note on Indian Investment Policy	Jul 2012
1.8	Pakistan-India Trade: Deliverable 2 entitled, "Pakistan-India Trade Relations: the Impact of Non-Tariff Barriers"	Aug 2012
1.9	Pakistan-India Trade: Questionnaire on Pakistan-India Trade Stakeholder Perception Survey	Aug 2012
1.10	Pakistan-India Trade: Analysis of Pakistan-India Trade Stakeholder Perception Survey	Aug 2012
1.11	Pakistan-India Trade: Concept Note on the Investment Policy of India	Sep 2012
1.12	Pakistan-India Trade: Concept Note on Intra industry Trade with India	Sep 2012
1.13	Pakistan-India Trade: Concept Note on Trade of Services with India	Sep 2012
1.14	Pakistan-India Trade: A Brief on Progress and Improvements in Pakistan-India Trade Relations	Sep 2012
1.15	Pakistan-India Trade: Deliverable 3 entitled "Sectoral Analysis of Pak-India Trade"	Dec 2012
1.16	Pakistan-India Trade: Deliverable 4 entitled "Managing Trade with India through Tariff Rationalization"	Dec 2012
1.17	Trade Portal: TDAP Capacity Self-Assessment Exploratory Results	Oct 2009
1.18	Trade Portal: Organizational Self-Assessment of the Trade Development Authority of Pakistan	Nov 2009
1.19	Trade Portal: Ministry of Commerce Brief	Nov 2010
1.20	Trade Portal: Evaluation of Commercial Officers' Program at the Ministry of Commerce	Dec 2010
1.21	Trade Portal: Inception Report	Dec 2010
1.22	Trade Portal: Business Requirements Document	Jan 2011
1.23	Trade Portal: Functional Requirements Document	Feb 2011
1.24	Trade Portal: Phase II Strategy Plan	Feb 2011
1.25	Trade Portal: List of Commercial Officers' Data Sources	Apr 2012
1.26	Trade Portal: List of Countries for Commercial Officers Portal	Apr 2012
1.27	Trade Portal: User Acceptance Plan	May 2012
1.28	Trade Portal: Concept Note on Trade Portal's Institutional Mechanism for Data Collection	May 2012
1.29	Trade Portal: Functional Specifications Document	June 2012
1.30	Trade Portal: Second User Acceptance Test results	Jul 2012
1.31	Trade Portal: Write up for Trade Portal	Jul 2012
1.32	Trade Portal: Third User Acceptance Test results	Jul 2012
1.33	Board of Investment: High Level Assessment of the Board of Investment's IT Needs	Dec 2010
1.34	Board of Investment: Human Resource Plan for the Investment Portal	Feb 2011
1.35	Women in Trade: Documents Used in Formal Exports from Pakistan	Mar 2010
1.36	Women in Trade: Training Brochure on Processes and Benefits of Formal Exports	Mar 2010
1.37	Women in Trade: Report on Processes and Benefits of Formal Exports	Mar 2010
1.38	Women in Trade: Trainees Manual on Processes and Benefits of Formal Exports	Mar 2010
1.39	Women in Trade: Trainers Manual on Processes and Benefits of Formal Exports	Mar 2010
1.40	Women in Trade: Presentation on Processes and Benefits of Formal Exports	Mar 2010
1.41	Women in Trade: Concept Note for Internship and Mentorship Program	Dec 2011
1.42	Women in Trade: Portal Concept Note	Dec 2011
1.43	Women in Trade: Outreach Strategy	Dec 2011
1.44	Women in Trade: Portal Processes	Apr 2012
1.45	Women in Trade: Business Case for the "Women In Trade" Portal	April 2012
1.46	Women In Trade: First User Acceptance Test results for Portal	Jul 2012
1.47	Women In Trade: Second User Acceptance Test results for Portal	Aug 2012
1.48	Women in Trade: Non-Disclosure Agreement for the 'Women In Trade' Portal	Aug 2012
1.49	Women In Trade: Draft Work plan for transition of 'Women In Trade' Portal to operating partner	Sep 2012
1.50	Women in Trade: Trade Portal's Technical Environment and Human Resource document	Sep 2012
1.51	Women in Trade: Draft Letter of Agreement & Standard Operating Procedures for the Women In Trade Portal	Sep 2012
1.52	Women in Trade: Geographical Map of Internees for the 'Women In Trade' Management Training & Mentorship Program	Sep 2012
1.53	Agriculture Workshop: Presentation on Enhancing Agricultural Exports, "Trade Opportunities, Market Requirements and Good Agricultural Practices"	Apr 2012

1.54	Agriculture Workshop: Concept Note for Design and Delivery of Workshop	May 2012
1.55	Agriculture Workshop: Event Briefing for Islamabad	May 2012
1.56	Agriculture Workshop: Event Briefing for Karachi	May 2012
1.57	Agriculture Workshop: Event Briefing for Quetta	May 2012
1.58	Agriculture Workshop: Final Report on “Enhancing Agricultural Exports: Trade Opportunities, Market Requirements and Good Agricultural Practices”	May 2012
1.59	Chambers of Commerce and Industry: Effective business Communication Skills for Data Collection	Oct 2010
1.60	Chambers of Commerce and Industry: Trainees Manual for Effective Business Communication Skills for Data Collection	Oct 2010
1.61	Chambers of Commerce and Industry: Trainers Manual for Effective Business Communication Skills for Data Collection	Oct 2010
1.62	Ministry of Commerce: Action Plan for the Trade Policy Office of the Ministry of Commerce	Jan 2011
1.63	Ministry of Commerce: Trade’s assistance to the Ministry of Commerce to improve its trade negotiating capabilities through staff augmentation	Apr 2012
1.64	Revised Kyoto Convention: Brief	Apr 2012
1.65	Revised Kyoto Convention: Statement of Work for the Legal Gap Analysis of the Revised Kyoto Convention	Jul 2012
1.66	PNC-ICC: Letter of Cooperation between Trade Project and PNC-ICC	Jan 2012
1.67	PNC-ICC: Report on Support to PNC-ICC	Jul 2012
1.68	Trade Bulletin: FY 2010 Q4	Aug 2010
1.69	Trade Bulletin: FY 2010 Q2 and Q3	Mar 2010
1.70	Trade Bulletin: FY 2011 Q1	Nov 2011
1.71	Trade Bulletin: FY 2011 Q2	Jan 2011
1.72	Trade Bulletin: FY 2011 Q3	May 2011
1.73	Trade Bulletin: FY 2011 Q4	Jul 2011
1.74	Trade Bulletin: FY 2012 Q1	Oct 2011
1.75	Trade Bulletin: FY 2012 Q2	Jan 2012
1.76	Trade Bulletin: FY 2012 Q3	May 2012
1.77	Trade Bulletin: FY 2012 Q4	Sep 2012

## Component 2: Increased Trade at Pakistani Borders

Ref	Title	Date
2.1	Pak Afghan Transit Trade: Report on The Economic Impact of APTTA on Pakistan	Sep 2009
2.2	Pak Afghan Transit Trade: Brief Note for Steering Committee Meeting with FBR	May 2010
2.3	Pak Afghan Transit Trade: Brief on APTTCA	2010
2.4	Pak Afghan Transit Trade: Baseline Assessment of Afghan Transit Trade	Jun 2010
2.5	Pak Afghan Transit Trade: Private Sector Consultative Process	Jul 2010
2.6	Pak Afghan Transit Trade: Consultative Mechanism between Public and Private Sectors	Jul 2010
2.7	Pak Afghan Transit Trade: Consultative Roundtable Meetings with Private Sector	Jul 2010
2.8	Pak Afghan Transit Trade: Public- Private Partnership - Facilitation in Logistics	Aug 2010
2.9	Pak Afghan Transit Trade: Brief on Pakistan Customs	Nov 2010
2.10	Pak Afghan Transit Trade: Cable on US-Pakistan Free Trade Agreement Potential Benefits	Nov 2010
2.11	Pak Afghan Transit Trade: Cable related to Free US Market Access for Pakistani Textile Exports	Nov 2010
2.12	Pak Afghan Transit Trade: Training Needs Assessment of Pakistan Customs	Nov 2010
2.13	Pak Afghan Transit Trade: Trade Capacity Building	Nov 2010
2.14	Pak Afghan Transit Trade: Report on Public-Private Consolidated Roundtable	Feb 2011
2.15	Pak Afghan Transit Trade: Report on Bilateral/Regional /Multilateral Agreements And International Conventions On Trade, Transit, Transport And Investment: Pakistan’s Status On Ratification	Apr 2012
2.16	Pak Afghan Transit Trade: Flow Chart for Afghan Transit Commercial Cargo (Karachi to Chaman)	Nov 2010
2.17	Pak Afghan Transit Trade: Presentation on Afghan Transit Trade Dwell Time Study	Nov 2010

2.18	Pak Afghan Transit Trade: Trade Process	Nov2010
2.19	Pak Afghan Transit Trade: Dwell Time Study	Dec 2010
2.20	Pak Afghan Transit Trade: Final Report on Dwell Time Study	Dec 2010
2.21	Pak Afghan Transit Trade: Report on Unauthorized Trade between Pakistan and Afghanistan	May 2010
2.22	Border Assessment Studies: Initial Assessment of Wagah-Attari border station infrastructure	May 2012
2.23	Electronic Data Interchange: Report APTTA Implementation	Mar 2011
2.24	Electronic Data Interchange: Determining National Requirements for EDI Implementation under APTTA 2010	Apr 2011
2.25	Electronic Data Interchange: Report on Facilitation Measures For Pakistan And Afghanistan Joint Study Visit To Slovenia And Croatia	Mar 2012
2.26	Electronic Data Interchange: ADS 548 Information Resource Management Pack: Information and Communications Technology (ICT) Support for Electronic Data Interchange (EDI)	Sep 2012
2.27	Electronic Data Interchange: Business Case for Support to FBR for EDI Implementation	Sep 2012
2.28	Electronic Data Interchange: Information Resource Management Pack and Bill of Materials for ICT Support for EDI Implementation	Sep 2012
2.29	Electronic Data Interchange: Expression of Interest to Procure ICT equipment for EDI	Sep 2012
2.30	Infrastructure Improvements at Chaman & Torkham: Presentation on Improving Trade at the Border Infrastructure Development at Torkham & Chaman Border Stations	Jan 2010
2.31	Infrastructure Improvements at Chaman & Torkham: Conceptual Plan of Border Terminal at Torkham	May 2010
2.32	Infrastructure Improvements at Chaman & Torkham: Concept Paper on Border Complex at Chaman and Torkham	Jun 2010
2.33	Infrastructure Improvements at Chaman & Torkham: Conceptual Plan of Border Terminal at Chaman	Jul 2010
2.34	Infrastructure Improvements at Chaman & Torkham: Location Plan of Export-Import Weighbridges at Chaman Border	Oct 2010
2.35	Infrastructure Improvements at Chaman & Torkham: Chaman Border Terminal Presentation	Nov 2010
2.36	Infrastructure Improvements at Chaman & Torkham: Torkham Border Terminal Presentation	Dec 2010
2.37	Infrastructure Improvements at Chaman & Torkham: Concept Paper on Building a Business Case for Infrastructure Improvements at the Chaman Border	Dec 2011
2.38	Infrastructure Improvements at Chaman & Torkham: Concept Paper-Building a Business Case for Infrastructure Improvements at the Torkham border	Dec 2011
2.39	Infrastructure Improvements at Chaman & Torkham: Environmental Study: Installation of Export and Import Weighbridges in Torkham	May 2012
2.40	Infrastructure Improvements at Chaman & Torkham: EDF-EMMP for Procurement & Installation of Two Weighbridges at the Torkham Border with Afghanistan	Jun 2012
2.41	Financial Guarantees: Presentation on the Implementation of Financial Guarantee System under the APTTA	Nov 2010
2.42	Financial Guarantees: Implementation Of A Financial Guarantee System For Afghan Transit Goods Under APTTA	Feb 2011
2.43	Single Window System: Concept Note on Single Business Window System	Sep 2012
2.44	Risk Management System: Concept Note on Customs Risk Management System	Sep 2012

### Component 3: Support to Reconstruction Opportunity Zones

Ref	Title	Date
3.0	ROZs/SEZs: Report on ROZ Legal and Regulatory Framework	Oct 2009
3.1	ROZs/SEZs: Report on Trade Project Rules of Origin	Jan 2010
3.2	ROZs/SEZs: Report on ROZ Implementation Roadmap	Jan 2010
3.3	ROZs/SEZs: Briefing Paper on Gems And Jewelry Sector In NWFP/Fata	Jan 2010
3.4	ROZs/SEZs: Briefing Paper on Industrial Estate Selection For Business Plan Assistance	Feb 2010
3.5	ROZs/SEZs: Report on Potential Market Access Opportunities for Textile Products under ROZs in Pakistan	Apr 2010
3.6	ROZs/SEZs: Presentation on ROZ Program; An Opportunity Analysis	May 2010

<b>3.7</b>	ROZs/SEZs: Report on Monitoring ROZ Labor Conditions: Comparison of International Labor Monitoring Conditions	May 2010
<b>3.8</b>	ROZs/SEZs: Briefing Note on ROZs for first Steering Committee Meeting of the Ministry of Commerce	May 2010
<b>3.9</b>	ROZs/SEZs: Briefing Note on ROZs for second Steering Committee Meeting of the Ministry of Commerce	May 2010
<b>3.10</b>	ROZs/SEZs: Presentation on ROZs in Pakistan	May 2010
<b>3.11</b>	ROZs/SEZs: Business Plan for Marble City Risalpur (2010-2013)	Jun 2010
<b>3.12</b>	ROZs/SEZs: Economic Impact if APTA for Pakistan (Submission Email)	Nov 2010
<b>3.13</b>	ROZs/SEZs: Benchmarking Gap Analysis of Pakistan's Representation in International Trade Fair	Nov 2010
<b>3.14</b>	ROZs/SEZs: Matrix on ROZ Location Selection	Nov 2010
<b>3.15</b>	ROZs/SEZs: SWOT Analysis of Export Processing Zone Risalpur	Nov 2010
<b>3.16</b>	ROZs/SEZs: SWOT Analysis of Gadoon Amazai Industrial Estate	Nov 2010
<b>3.17</b>	ROZs/SEZs: SWOT Analysis of Hattar Industrial Estate	Nov 2010
<b>3.18</b>	ROZs/SEZs: SWOT Analysis of Marble City Risalpur	Nov 2010
<b>3.19</b>	ROZs/SEZs: SWOT Analysis of Quetta Industrial and Trading Estate	
<b>3.20</b>	ROZs/SEZs: Presentation on ROZs for the third Steering Committee of the Ministry of Commerce	Nov 2010
<b>3.21</b>	ROZs/SEZs: Presentation on ROZ Establishment	Dec 2010
<b>3.22</b>	ROZs/SEZs: Prefeasibility Assessment of Gwadar Special Economic Zone	Mar 2011
<b>3.23</b>	Stone / Cobblestones: Concept Note on Participation of PASDEC in MARMOMACC Trade Fair	Jun 2010
<b>3.24</b>	Stone / Cobblestones: Documents for export of Cobblestones from Pakistan to Australia	Feb 2011
<b>3.25</b>	Marble/Granite: Briefing Paper on Marble and Granite Sector in NWFP/FATA	Feb 2010

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PTP, “Annual Performance Reports, FY 2011–12, July 2012.

PTP, “Training Report: Processes and Benefits of Formal Exports” April 2010.

PTP Presentation: “Processes and Benefits of Formal Exports,” April 2010.

PTP, “Success Stories” June–July 2010.

PTP, “Gender Training—Final Draft Report” July 19, 2010.

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PTP, “Work Plan PY4” June 2012.

PTP, “Work Plan PY5” March 2013.

PTP, “Work Plan PY1” July 2010.

PTP, “Work Plan PY2” July 2011.

PTP, “Work Plan PY3” May 2012.

PTP, Concept Note on “Women in Trade Portal” Document No. 1.42, December 2011.

PTP, Concept Note on “Women In Trade: An Internship and Mentoring Program in Trade Sector” Document No.1.41, December 2011.

PTP, Brief “Women in Trade (WIT) Portal—Development Tasks.”

PTP, “Evaluation of Commercial Officer Program of the Ministry of Commerce” Document No.1.20, February 2010.

PTP, “Trade Portal: Organizational Self-Assessment of TDAP” Document No.1.18, November 2009.

PTP, “Trade Portal: Ministry of Commerce Brief” Document No. 1.19, November 2010.

PTP, “Trade Portal: Write-Up for Trade Portal” Document No. 1.31, July 2012.

PTP, “High-Level Assessment of the Board of Investment IT Needs” Document No. 1.33, December 2010.

PTP, “Agriculture Workshop Concept Note for Design and Delivery of Workshop” Document No.1.54, May 2012.

- PTP, "Border Assessment Studies—Initial Assessment of Wagah–Attari Border Station Assessment Infrastructure" Document No.2.22, May 2012.
- PTP, "Revised Kyoto Convention Brief" Document No.1.64, April 2012.
- PTP, "Electronic Data Interchange" Document No.2.26, September 2012.
- PTP, "Financial Guarantees: Implementation of a Financial Guarantee System for Afghan Transit Good under APTTA" Document No.2.42, Feb 2011.
- PTP, "Infrastructure Improvement at Chaman and Torkham: Environmental Study Installation of Export and Import Weighbridges" Document No.2.39, June 2012.
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- United Nations Children's Fund (UNICEF) and World Food Program, *Multiple Indicator Cluster Survey Federally Administered Tribal Area (FATA) Pakistan*, Planning and Development Department (FATA Secretariat), Peshawar, 2009.



## ANNEX 3: DATA COLLECTION INSTRUMENTS

### Discussion Guide

#### Freight Forwarders, Clearing Agents, Custom Bonded Carriers, Insurance Companies

**Date and Day of Interview:** \_\_\_\_\_

**City and Place of Interview:** \_\_\_\_\_

**Position in the Organization:** \_\_\_\_\_

#### *Effectiveness*

1. In your opinion, how has timely release of financial guarantees by Pakistan Customs facilitated transit trade under APPTA?
2. In what ways has efficient data exchange between Pakistan and Afghanistan Customs facilitated by PTP contributed to increasing the profitability of your transit trade operations?
3. To what extent would you attribute PTP support as the catalyst for building consensus among Afghanistan traders, their brokers in Pakistan, FBR, insurance companies, and transport sector stakeholders (Freight Forwarders, Clearing Agents, Custom Bonded Carriers) for acceptance of APPTA insurance guarantees by the Pakistan Customs?
4. In what ways increase in the number of eligible insurance companies, played a role in facilitating Afghan transit trade?
5. How and in what ways, will installation of modern weigh bridges at Torkham and Chaman improve cross-border trade?
6. In what ways, will the installation of weigh bridges and construction of approach roads at Torkham and Chaman contribute to reduced dwell time?

#### *Forward-looking questions*

7. What are the additional ways in which USAID can assist the private transport sector in addressing the challenges faced in Afghanistan transit trade?
8. What are the ways you suggest for identifying these challenges?

## Guidelines for Individual Interviews

### Punjab Agricultural Board (Lahore)/Agriculture Policy Institute (ISD)

Date and Day of Interview: \_\_\_\_\_

City and Place of Interview: \_\_\_\_\_

Position in the Organization: \_\_\_\_\_

### Component I: Improved Pakistan Trade Environment

#### Enhancing Agricultural Exports

#### Evaluating the Relevance and Effectiveness of the Workshop

##### *Relevance*

1. How relevant and in what ways did the workshop created awareness among participants about increasing Pakistan's agriculture exports to the USA?

##### *Effectiveness*

2. In areas related to agriculture exports which of the recommendations of the workshop inform the Agriculture Policy Institute/ Punjab Agriculture Board for policymaking?
3. In your opinion, how did the workshop facilitate in strengthening networking among the U.S.–Pakistan exporters and importers.
4. In which areas the workshop created awareness about the constraints facing the Pakistani exporters of agriculture goods?

##### *Buy-In*

5. Are any steps if any and what is their nature being taken by the Agriculture Policy Institute/Punjab Agriculture Board to hold and allocate funds for similar workshops independent of USAID for the benefit of agriculture exports?

##### *Forward-looking questions*

6. What needs to be done to increase Pakistan agriculture exports to USA?
7. In what ways can USAID best assist the Agriculture Policy Institute/Punjab Agriculture Board to facilitate Pakistan agriculture exports to USA in the future?
8. In what ways can USAID best assist the Pakistani agriculture exporters in increasing exports to USA?

## Guidelines for Individual Interviews

### Board of Investment

**Date and Day of Interview:** \_\_\_\_\_

**City and Place of Interview:** \_\_\_\_\_

**Name of Persons and his/her position:** \_\_\_\_\_

### Component I: Improved Pakistan Trade Environment Relevance (Completed Activity)

#### *Effectiveness*

1. Please let us know in what ways the Pakistan Trade Project's ICT assistance has improved the operational efficiencies in BOI?
2. What, if any, challenges are being faced in maintenance and operations of the ICT infrastructure?
3. In what ways has improved the ICT contributed to improved dissemination of information for attracting investment in Pakistan?
4. Please share any tangible achievements resulting from computerization at BOI.

#### *Buy-In*

5. Based on this experience of PTP funded computerization please brief us on BOI plans for further induction of ICT in managing the its mandate?

#### *Forward-looking questions*

6. In what additional ways can USAID assist the BOI in investment–promotion activities, with particular reference to the region (e.g. Central Asia)?
7. In what ways can USAID assistance be utilized by BOI for increased access by the private sector to investment opportunities?

## Discussion Guide

### The Ministry of Commerce Working Group on Pakistan–India Trade

**Research Studies:** \_\_\_\_\_

#### *Relevance*

1. How and in what ways did the findings from the studies on Pakistan–India trade inform government’s decision-making?
2. In which areas are the findings useful for informed policymaking and creating stakeholder awareness by the government?
3. What are the shortcomings of the studies in terms of information or analysis?

#### *Effectiveness*

4. To what extent were the findings in the studies found actionable?

### Wagah Border Crossing Capacity Gap Analysis

#### *Relevance*

1. In what ways are the capacity gaps identified in the assessment report on the Wagah border crossing relevant to the project’s objective of facilitating cross-border trade in the current situation?

#### *Forward-looking questions*

2. What are the major tasks that the Ministry of Commerce and Government of Pakistan need to do to promote fair and increased trade between Pakistan and India?
3. What needs to be done to increase infrastructure capacity at Wagah for handling increased India–Pakistan trade?
4. In what ways can USAID best assist the Ministry of Commerce and Government of Pakistan to facilitate Pakistan–India trade in the future?
5. In what ways can USAID best assist the private sector of Pakistan to facilitate Pakistan–India trade in the future?

### Working Group on Strengthening of National Tariff Commission

#### *Relevance*

1. How relevant and in what ways the PTP Training Needs Assessment informs NTC’s capacity to fulfill its mandate?
2. How relevant and in what ways was the Information Communication Technology (ICT) infrastructure and content needs assessment useful in meeting the objectives of the working group?

#### *Buy-In*

3. Can you please elaborate on how PTP’s assistance has developed buy-in or ownership with MOC to support NTC in fulfilling its mandate on a self-sustained basis?

*Forward-looking question*

4. Can you please elaborate on additional needs for technical assistance beyond that to be provided by the PTP that is needed to enhance NTC's capacity to enforce International Trade Defense Laws?

**Working Group on Trade Portal**

*Relevance*

1. How and in what ways is the Trade Portal relevant to MOC and TDAP's objectives of promoting trade and business activities?

*Effectiveness*

2. What are the challenges in fully operationalizing the Trade Portal?
3. What are your recommendations to overcome challenges and fully operationalize the Trade Portal?

*Buy-In*

4. In what ways will the Trade Portal, being developed with the assistance of USAID, be more useful than the portal currently in use by Trade Development Authority of Pakistan?

*Forward-looking questions*

5. In what additional ways can USAID assist the TDAP in trade promotion and diversification in the future?
6. In what ways can USAID assist the private sector in Pakistan to access increased market opportunities?

**Working Group on Revised Kyoto Convention (RKC)**

*Relevance*

1. How and in what ways is the gap analysis of the RKC for the Pakistan Customs relevant to improvement in trade environment?

*Buy-In*

2. Once the RKC is ratified and implemented, and in what ways will the improved Customs procedures facilitate transit trade?

*Forward-looking questions*

3. In what additional ways can USAID assist the MOC to formulate trade policies based on RKC compliance?
4. In what ways can compliance with RKC best practices promote regional trade?

*Effectiveness of Completed Activities*

5. In what ways has implementation of APTTA facilitated increased volumes of Afghan transit trade

6. To what extent have the PTP efforts in support of APTTA enhanced Pakistan's exports to Afghanistan?
7. In what ways Afghanistan Pakistan Cooperation Process forum produced tangible results in resolving any procedural problems associated with APPTA?

*Commercial Officers*

8. What are the changes that have been introduced/implemented as per PTP recommendation regarding selection process of commercial officers?
9. What are the changes that have been introduced/implemented as per PTP recommendation on commercial officers manual?
10. In what ways has the PTP analysis of self-assessment study lead to changes in the organizational structure of TDAP?

## Discussion Guide

### The Federal Board of Revenue (FBR)

#### Relevance

1. How and in what ways is the Electronic Data Interchange (EDI) relevant to the needs of the Government of Pakistan in facilitating Pakistan–Afghanistan trade?
2. How and in what ways is the Electronic Data Interchange (EDI) relevant to the needs of the Government of Pakistan in facilitating the implementation of APTTA?
3. How and in what ways did the study titled ‘National Requirements to Determine Messages for EDI’ help the Working Group on EDI define protocols and requirements to reach consensus for implementation of EDI?

#### Effectiveness

4. What are the challenges in fully operationalizing EDI that would be relevant to PRAL?
5. What are your recommendations to overcome challenges and develop a fully operationalized EDI?
6. In what ways will an EDI benefit PRAL in collation and dissemination of data on Pakistan–Afghanistan trade and on Afghanistan’s transit trade through Pakistan?

#### Buy-In

7. Have there been any developments in respect of budgetary allocations for meeting the operational cost of EDI on a sustained basis?

#### Forward-looking questions

8. In what additional ways can USAID assist the Working Group on EDI in developing a computerized Customs procedure in the future?
9. In what additional ways would any USAID assistance to the private sector of Pakistan to promote and use computerized Customs procedures in future be of benefit to PRAL?

### Custom Risk Management System

#### Relevance

1. How and in what ways was the Compliance (Risk) Management concept note found relevant to the needs of the working group?

#### Effectiveness

2. How and in what ways can an efficient Custom Risk Management system improve the trade environment in Pakistan?
3. What challenges are being currently faced in establishing an efficient Compliance (Risk) Management system in Pakistan?

## **Single Window**

### *Relevance*

1. How and in what ways will a roadmap delivered by PTP assist Customs in developing a Single Window System?

### *Effectiveness*

2. What challenges will be faced in establishing the Single Window?
3. What are the expected benefits of the Single Window for the private sector?
4. What are the expected benefits of the Single Window for the public sector?

### *Buy-In*

5. How and in what ways was the Single Window concept note relevant for Customs to obtain FBR buy-in?
6. How and in what ways will the Single Window implementation roadmap be relevant for GOP buy-in for this system?

### *Forward-looking questions*

7. In what additional ways can USAID assist Government of Pakistan to develop a Single Window System?
8. In what additional ways can USAID assist Government of Pakistan to develop a Risk Management System?

## **Financial Guarantee System**

1. In what ways the timely release of guarantees by Pakistan Customs facilitated transit trade under APPTA?
2. In what ways has the agreement on data exchange with Government of Afghanistan as facilitated by PTP contributed to timely release financial guarantees by Pakistan Customs?
3. In what ways PTP support in building consensus among Afghanistan traders, their brokers in Pakistan, FBR, insurance companies and bonded carriers been effective in strengthening acceptance of insurance guarantees?
4. How and in what ways has reduction in the eligibility requirements of insurance companies, that can issue guarantees, played a role in facilitating transit trade?

## **Effectiveness of Completed Activities**

1. In what ways have the custom officials applied the specialized skills learnt in the PTP training workshop for improvement of work efficiencies?
2. In what ways PTP can assist in acquiring skills identified in training needs assessment?
3. What are the actions that have been taken in response to PTP's onsite assessments Custom's border infrastructure, processes and current capabilities at the Pakistan–India Border Stations of Khokarpar–Munabao (Sindh) and Wagah–Atari (Punjab) border?
4. In what ways have the installation of power generators and lights changed the dwell time at Chaman Border custom post?



5. How much has the overall infrastructure improvement increased the volume of transit cargo by weight and number of cargo vehicles passing through Chaman Border?

## **Working Group on Strengthening of National Tariff Commission**

**Date and Day of Interview:** \_\_\_\_\_

**City and Place of Interview:** \_\_\_\_\_

**Position in the Organization:** \_\_\_\_\_

### *Relevance*

1. How relevant and in what ways the PTP Training Needs Assessment informs NTC's capacity to fulfill its mandate?
2. How relevant and in what ways was the Information Communication Technology (ICT) infrastructure and content needs assessment useful in meeting the objectives of the working group?

### *Buy-In*

3. Can you please elaborate on how PTP's assistance has developed buy-in or ownership with MOC to support NTC in fulfilling its mandate on a self-sustained basis?

### *Forward-looking question*

4. Can you please elaborate on additional needs for technical assistance beyond that to be provided by the PTP that is needed to enhance NTC's capacity to enforce International Trade Defense Laws?

## Working Group on Electronic Data Interchange (EDI)

### Pakistan Revenue Automation Limited

Date and Day of Interview: \_\_\_\_\_

City and Place of Interview: \_\_\_\_\_

Position in the Organization: \_\_\_\_\_

#### Relevance

1. How and in what ways is the Electronic Data Interchange (EDI) relevant to the needs of the Government of Pakistan in facilitating Pakistan–Afghanistan trade?
2. How and in what ways is the Electronic Data Interchange (EDI) relevant to the needs of the Government of Pakistan in facilitating the implementation of APTTA?
3. How and in what ways did the study titled ‘National Requirements to Determine Messages for EDI’ help the Working Group on EDI define protocols and requirements to reach consensus for implementation of EDI?

#### Effectiveness

4. What are the challenges in fully operationalizing EDI that would be relevant to PRAL?
5. What are your recommendations to overcome challenges and develop a fully operationalized EDI?
6. In what ways will an EDI benefit PRAL in collation and dissemination of data on Pakistan–Afghanistan trade and on Afghanistan’s transit trade through Pakistan?

#### Buy-In

7. Have there been any developments in respect of budgetary allocations for meeting the operational cost of EDI on a sustained basis?

#### Forward-looking questions

8. In what additional ways can USAID assist the Working Group on EDI in developing a computerized Customs procedure in the future?
9. In what additional ways would any USAID assistance to the private sector of Pakistan to promote and use computerized Customs procedures in future be of benefit to PRAL?

### Custom Risk Management System

#### Relevance

1. How and in what ways was the Compliance (Risk) Management concept note found relevant to the needs of the working group?

#### Effectiveness

2. How and in what ways can an efficient Custom Risk Management system improve the trade environment in Pakistan?

3. What challenges are being currently faced in establishing an efficient Compliance (Risk) Management system in Pakistan?

## **Single Window**

### *Relevance*

1. How and in what ways will a roadmap delivered by PTP assist Customs in developing a Single Window System?

### *Effectiveness*

2. What challenges will be faced in establishing the Single Window?
3. What are the expected benefits of the Single Window for the private sector?
4. What are the expected benefits of the Single Window for the public sector?

### *Buy-In*

5. How and in what ways was the Single Window concept note relevant for Customs to obtain FBR buy-in?
6. How and in what ways will the Single Window implementation roadmap be relevant for GOP buy-in for this system?

### *Forward-looking questions*

7. In what additional ways can USAID assist Government of Pakistan to develop a Single Window System?
8. In what additional ways can USAID assist Government of Pakistan to develop a Risk Management System?

## Individual Interviews

### SAARC/Trade Keys (ISD, Karachi)

**Date and Day of Interview:** \_\_\_\_\_

**City and Place of Interview:** \_\_\_\_\_

**Name and Position in the Organization:** \_\_\_\_\_

#### *Relevance*

1. How and in what ways is the WIT Portal relevant to SAARC Chamber of Commerce's objectives of promoting trade and business activities among women entrepreneurs in South Asia?
2. In what ways will the WIT Portal, being developed with the assistance of USAID, be more useful than any Web-based information site or portal currently in use by the SAARC Chamber of Commerce?

#### *Effectiveness*

3. What are the challenges faced by SAARC/Trade Key in fully operationalizes the WIT Portal?
4. Once the Trade Portal is operationalized, in what ways will it facilitate SAARC Chamber of Commerce to deploy it as a medium for women entrepreneurs to establish contacts in new markets and for promoting new products?

#### *Buy-In*

5. Can you share your plans for financial sustainability of WIT Portal with the private sector partner

#### *Forward-looking questions*

6. What are your recommendations to overcome challenges and fully operationalize the WIT Portal?
7. In what additional ways can USAID assist the SAARC Chamber of Commerce in promotion and diversification of regional trade?
8. In what additional ways can USAID assist SAARC Chambers of Commerce to provide women entrepreneurs to access to increased export opportunities?

## Guidelines for Individual Interviews

### Trade Development Authority of Pakistan Working Group on Trade Portal

**Date and Day of Interview:** \_\_\_\_\_

**City and Place of Interview:** \_\_\_\_\_

**Name of Persons and his/her Position:** \_\_\_\_\_

#### Component I: Improved Pakistan Trade Environment

##### *Relevance*

1. How and in what ways is the Trade Portal relevant to MOC and TDAP's objectives of promoting trade and business activities?

##### *Effectiveness*

2. What are the challenges in fully operationalizing the Trade Portal?
3. What are your recommendations to overcome challenges and fully operationalize the Trade Portal?

##### *Buy-In*

4. In what ways will the Trade Portal, being developed with the assistance of USAID, be more useful than the portal currently in use by Trade Development Authority of Pakistan?

#### Effectiveness of Completed Activities

##### Commercial Officer's

1. What are the changes that have been introduced/implemented as per PTP recommendations regarding selection process of commercial officers?
2. What are the changes that have been introduced/implemented as per PTP recommendations on commercial officers manual?
3. In what ways has the PTP analysis of self-assessment study lead to changes in the organizational structure of TDAP?

## Individual Interviews

### Women Chambers of Commerce and Industry (Karachi, Lahore, ISD/RWP)

**Date and Day of Interview:** \_\_\_\_\_

**City and Place of Interview:** \_\_\_\_\_

**Position in the organization:** \_\_\_\_\_

#### *Relevance*

1. In what ways has the consultative process with USAID Trade Project assisted your Chamber in developing more focused activities for women exporters?
2. In which areas did you find the workshops for women exporters most useful and how relevant were they in raising awareness about the basic requirements of the export process?

#### *Effectiveness*

3. Please share any tangible outcomes in capacity building of women exporters resulting from workshops arranged by the USAID?
4. In what ways did the workshops help women exporters build linkages with counterparties in the USA, SAARC or Central Asian countries?
5. To what extent do you think the WIT Portal will assist your Chamber's members in accessing new opportunities for promotion of exports to USA?
6. To what extent do you think the WIT Portal will assist your Chamber's members in accessing new opportunities for promotion of exports to SAARC and Central Asia?

#### Forward-looking questions

7. Which business sectors are considered as priorities for women exporters by your Chamber?
8. In which capacity building areas for women entrepreneurs in particular would your Chamber welcome assistance from USAID?
9. In what ways could USAID contribute toward the increased use of information technology among women exporters?
10. In what ways can USAID best partner with your Chamber for the promotion of women-owned businesses?
11. In what ways can USAID best partner with your Chamber for increased participation of women as managers in export related businesses?

## Discussion Guide

### Beacon House National University (BNU–IPP) Research on Pakistan–India Trade

**Date and Day of Interview:** \_\_\_\_\_

**City and Place of Interview:** \_\_\_\_\_

**Position in the Organization:** \_\_\_\_\_

**Research Studies:** \_\_\_\_\_

#### *Relevance*

1. In your opinion which of the findings of your studies will be most relevant for informed policymaking and creating stakeholder awareness by the government?
2. What challenges did you face in obtaining and processing relevant data and information to develop evidence-based policy inputs for the Government of Pakistan?
3. During the course of your research what major gaps did you observe in private sector knowledge of tariff and intra-industry issues in India–Pakistan trade?

#### *Forward-looking questions*

4. What are the other areas in Pakistan–India that IPP would recommend USAID as subjects for policy focused research?
5. What, if any, are the capacity gaps that could be addressed through USAID to strengthen BNU–IPP’s policy research capacity on regional trade related issues?
6. Based on your research studies on India–Pakistan trade, what recommendation would you make for timely collection and publication of trade data to better inform the private sector?



## ANNEX 4: SUMMARY NOTES FOR FORWARD-LOOKING QUESTIONS

### Individual interviews and Roundtables

**Disclaimer:** The content of this section reflects the opinions of the stakeholders who participated in the Individual interviews and roundtables, rather than facts obtained from research.

#### Question 1. What in your opinion are opportunities for and challenges to increasing bilateral regional trade?

#### Challenges to Improving the Trade Environment—Responses obtained during Individual Interviews

National Tariff Commission:

- Extensive trade disputes are expected to be raised by India at the bilateral level, regional forums and WTO level in response to increased Pakistan–India need for defensive actions in light of known NTBs in India

Pakistan Customs Bonded Carriers Association, Karachi:

- Enforcement of loads carried by the trucks (without control of axel loads, trucks could not operate in Central Asia)
- Training and capacity building of truck drivers

#### Challenges to Improving the Trade Environment—Notes from the Roundtable Discussions

##### *Islamabad Roundtable*

Federation of Pakistan Chamber of Commerce and Industry:

- Energy crisis in Pakistan needs to be overcome before pursuing expanded trade with India
- Policy shift toward supporting the manufacturing sector and creation of jobs
- Free trade with India will destroy Pakistan’s manufacturing sector

Khushal Feed and Farms (Pvt.) Limited:

- Energy to the private sector needs to be resolved before tackling trade with India

Islamabad Women Chamber of Commerce and Industry:

- The security situation hinders access to the Afghan markets

##### *Lahore Roundtable*

Vohra Sons (Pvt.) Ltd.:

- Direct courier service is not available, and documents typically arrive three days after goods cross the border
- Little awareness on both sides about each other’s trade laws and regulations

Customs Syndicate:

- A quadrilateral agreement was signed among Pakistan, China, Kyrgyzstan and Kazakhstan in 1994 that opened up an alternate route to Kazakhstan, but there has been no headway.
- In 1995, Pakistan signed an agreement to open 20 branches of the National Bank of Pakistan in Afghanistan but none of them have been established.

## **Karachi Roundtable**

National Trade and Transport Facilitation Committee:

- Although the government is in the process of negotiating bilateral and multilateral trade and transport agreements with CARs states, the essential issue is the TIR Convention that would guarantee transit rights among Afghanistan, Pakistan, and India.

Security Packers:

- Unless Pakistan ratifies the TIR Convention, goods cannot move from South Asia to CARs through Pakistan

MHG Group of Companies:

- Pakistan's trucking business is dominated by a cartel of independent operators who do not follow the rules on overloading and age of the vehicles. This has created unfair competition and prevented corporate investors from entering this sector.

Baig Group of Companies:

- The cost of road transport is a major challenge. The transporting costs of a 40 foot container from Karachi to Dushanbe costs USD 10,000.

## **Challenges to Improving Cross Border Trade—Responses received during Individual Interviews**

Ministry of Commerce:

- Tariff harmonization with Afghanistan to control misuse of APTTA
- Removal of NTBs in India
- "Mindset" in all three countries

Pakistan Revenue Automation Ltd. Islamabad:

- Technology limitations on the Afghan side
- Information and communication gaps between Pakistan and Afghanistan Customs

Institute of Public Policy, Beacon house National University, Lahore:

- Technical barriers to Trade and NTBs in India
- Infrastructure deficiencies in India and Pakistan
- Visa problems
- "Mindset" in Pakistan
- NTBs in Pakistan
- Knowledge gaps on regional trade matters in the public and private sector

Pakistan Railways, Lahore:

- Pakistan Railways lacks experience in carriage of containerized cargo
- Chronic financial problems prevent deployment of locomotives for cargo haulage
- Pakistan Railways has very little knowledge of international cargo carriage
- Public has little confidence in the railway system

Karachi Chambers of Commerce and Industry, Karachi:

- Bringing tariffs in Pakistan in line with Afghanistan tariffs
- The problem of NTBs in India
- Cost of telecommunications and lack of direct courier services

- Border infrastructure
- Development of national trade corridor
- Removing NTBs on transit cargo in Afghanistan

Cooper & Co. Ltd., Multi-Modal Logistics Company, Karachi:

- Matching the efficiency level of Iranian Customs in handling Afghan transit cargo
- Shortage of rail space adds to the cost of transiting cargo through Pakistan

Agility Logistics, Karachi:

- Customs' approach/mindset is the biggest hurdle to smooth operations
- Document disharmony between Pakistan and Afghanistan Customs
- Non-availability of sealable trucks for non-containerized cargo such as cement and wheat
- Karachi Customs Clearing Agents Association, Karachi
- Retaining Afghan commercial transit business from competition from Iran

Pakistan Customs Bonded Carriers Association, Karachi:

- The cost of doing business is a major challenge to the carriage of Afghan transit cargo, involving three types of guarantees totaling PKR 20 million (plus a personal undertaking from company owners)
- In addition, shipping companies require bonded carriers to purchase a container insurance policy and furnish a PKR 0.6 million security deposit per container (some companies charge more, there is no standardized rate)

## **Challenges to Improving Cross Border Trade—Notes from the Roundtable Discussions**

### ***Islamabad Roundtable***

Federation of Pakistan Chamber of Commerce and Industry:

- Curbing smuggling arising from the misuse of APTTA
- The cash on delivery payment system in CARs poses problems for exporters of perishable goods
- The Afghan government's requirement for a 110 percent cash guarantee of the value of the merchandise in transit hinders Pakistan's exports to CAR states

SAARC Chambers of Commerce of Industry:

- Converting the informal (non-Customs revenue paying) trade between Pakistan and Afghanistan into revenue generating trade

### ***Lahore Roundtable***

Logistics Businesses:

- Nonavailability of container terminals at the border adds to the cost of shipping goods
- NTB issues such as funds transfers, dealings with financial institutions, security issues, and poor infrastructure at the borders
- NTBs in India such as the necessary testing imported textiles must undergo from a Textile Committee in New Delhi where the normal time for certification is one month, during which goods are detained
- NTBs in Pakistan such as the importing of industrial raw materials from India for manufacture under bond of exportable goods, Duty and Tax Remission on Exports Schemes, or temporary import scheme are not cleared at the border post, but only at the dry port
- Retaining commercial transit trade business against more efficient and policy-stable transit options available to Afghan importers by way of Iran

Central Punjab Women Chamber of Commerce:

- Registration of pharmaceutical products in Afghanistan is time consuming and costly

Pakistan Hosiery Manufacturers Association:

- Communications costs are extremely high.

Vohra Sons (Pvt.) Ltd.:

- There is only one scanner at the Wagah border and compulsory scanning of each vehicle limits the capacity to 300 trucks per day
- Containerized shipment facility (by truck or rail) is not available
- Neither government allows construction of warehouses and offices in the border area
- Mobile telephone signals are jammed at the border

Lahore Chamber of Commerce and Industry:

- “Mindset” in the two countries has been adversarial and confrontational for almost 60 years
- Pakistan will find it difficult to compete in the CARs market against exports from Iran, Russia, and Turkey to Central Asia as they are facilitated by their strong cultural and language ties and well-established logistic routes

Customs Syndicate:

- Financial mechanisms to facilitate trade between Pakistan and Afghanistan and the CARs do not exist. Pakistan traders have to get letter of credit from European countries/banks to export to CARs.

### ***Karachi Roundtable***

Baig Group of Companies:

- Trade with India is a sensitive issue with peaks and troughs generated by the state of relations between the two governments.

Pakistan Afghan Joint Chamber of Commerce and Industry:

- FBR’s decision-making process causes losses to trade. The Financial Guarantee system agreed to in an Afghanistan/Pakistan Transit Coordination Authority meeting in December 2012 was not notified until February 2013, resulting in the backlog of more than 3,000 APTT containers and the loss of perishable goods.
- Lack of information and communications are hurdles in trade between Pakistan and Afghanistan
- Informal (undocumented) trade is far greater than reported and the APTTA document is not facilitating the growth of documented Pakistan–Afghanistan trade

### **Opportunities arising from Improvement in Cross Border Trade—Responses received during Individual Interviews**

Pakistan Revenue Automation Ltd. Islamabad:

- EDI holds high value for trade with Central Asia if extended to Afghanistan’s border posts of Heratan with Azerbaijan and Sherkhan with Tajikistan

Institute of Public Policy, Beaconhouse National University, Lahore:

- South Asian Free Trade Agreement Implementation opens up additional trade prospects
- Intra-industry trade can benefit
- Reduction in freight bill for many key imported industrial raw materials

Pakistan Railways, Lahore:

- Freight cost by rail from Karachi to Peshawar is 50 percent lower than haulage by road
- Increasing cargo movement by rail will reduce pressures on existing road infrastructure
- Transit time by rail from Islamabad to Istanbul is half that for goods sent by sea
- Owning several dry ports in the country, Pakistan Railways is well-positioned to handle and store bonded cargo
- Pakistan Railways' Goods in Transit to Afghanistan plan envisages an agreement for Afghan trucks to enter Pakistan and pick up APTT cargo from Azakhel.

Karachi Chamber of Commerce and Industry, Karachi:

- Capture a greater share of the Afghan market for Pakistani-made goods
- Increase in Pakistan–India trade
- Access to the Central Asian markets

### **Opportunities arising from Improvement in Cross Border Trade—Notes from the Roundtable discussions**

#### ***Islamabad Roundtable***

Federation of Pakistan Chamber of Commerce and Industry:

- Improved access to Afghan markets for Pakistani goods through control of smuggling and better infrastructure can raise the volume of bilateral trade from USD 5 billion to USD 10 billion

Rawalpindi Chambers of Commerce and Industry:

- Trade with India will improve the efficiency of Pakistan's manufacturing sector and improve the country's competitiveness
- Consumers in Pakistan will benefit from lower prices
- Pakistani industry will improve its efficiency by opening its markets to India in the same way that India benefited from opening its market to China
- Pakistan can save USD 1.5–2.0 billion annually by importing the same goods from India as it currently does from other sources

#### ***Lahore Roundtable***

Logistics Businesses:

- No availability of road terminals from Karachi to Torkham and Chaman
- Containers return empty, adding to costs
- Processes involved in trade with Afghanistan are time consuming (25 days on average)
- Lack of coordination between the Customs departments of the two countries causes long delays and increases costs
- Customs tariff publications are not uniform. Items mentioned in the "positive" list turn out to be in the "negative" list at the Indian border
- Truck receipts for cargo are not covered under limited liability insurance, leaving the transporter liable for cargo losses

Private Company:

- Pakistan tractors can enjoy a huge price advantage in the Indian market
- Vehicle parts manufactured in Pakistan and exported to numerous international brands can be sold competitively in India, if allowed, especially on a complementary arrangement according to differing levels of technology

## **Karachi Roundtable**

Baig Group:

- The private sector is willing to financially support the building of a road through the 36 kilometer strip of Afghanistan that separates Tajikistan and Pakistan's borders in Gilgit-Baltistan, the concept of which has been approved at the highest levels of government in both countries.

**Question 2, Part A. How can USAID provide assistance to the government that will allow the private sector to better meet the challenges and exploit opportunities discussed above?**

**Question 2, Part B. How can USAID and the private sector work together to become better partners to promote bilateral and regional trade?**

### **Responses to Part A of Question 2 received during the Individual Interviews**

Ministry of Commerce:

- Research study to determine Pakistan's interests in agriculture exports
- Capacity building of the Pakistan-India Unit
- "A series of seminars/workshops based on IPP reports on India-Pakistan trade" and promotion of investments and trade with India under SATIS, the SAARC Agreement on Trade in Services
- Improve the research capacity in private sector representative bodies to improve their input for policy formulation
- "TradeSift" software developed by Sussex University
- Trade defense laws, WTO compliance (linked to NTC activity)
- E-commerce laws and best practices (linked to WIT and Trade Portals)
- Assistance to develop regulatory policies for trade in the category of arts and entertainment with due regard to intellectual property treaties and SATIS, which are already in force
- Training for proposed Resource Management Cell personnel in the MOC

Federal Board of Revenue:

- Capacity building in Internal Border Management System
- Collaboration with National Database Registration Authority (NADRA) for installation of a biometric system to properly record the average 40,000 people using the Torkhan crossing point daily without visas
- Joint training of Pakistan and Afghanistan Customs officers on EDI and transit trade documents

Institute of Public Policy, Beaconhouse National University, Lahore:

- Customs facilitation, e-filing of documents for imports through land borders
- Identify a "negative list" of goods that need safeguards
- Strengthening NTC
- Initiate tariff rationalization measures
- Harmonization of HS codes
- Negotiating strategy with India needs improvement
- Disseminate information on the effects of trade with India
- Build capacity in MOC and Customs in Tariff-Related Quota Management
- Increase the number of items that can be imported from Wagah through reciprocity with India

Pakistan Railways, Lahore:

- Capacity building in international trade matters
- Public-private partnership to operate railway Dry Port at Azakhel (near Peshawar)
- Knowledge on how to integrate into international multi-modal logistics chains
- Funding for repair of locomotive fleet

Pakistan Revenue Automation Ltd. (PRAL), Islamabad:

- Development of EDI Operations Manuals for Pakistan Customs
- Standard operating procedures for Customs control procedures under EDI
- Training in post-clearance audit
- How to best incorporate international best practices
- Development of an organizational structure and management system for the office of the Director General Risk Management
- RMS security and checks
- Establishment of and training for an RMS command and control center

National Tariff Commission (NTC), Islamabad:

- Increased knowledge of “defensive actions” to respond to known NTBs in India
- Building capacity on tariff modeling database with focus on Pakistan–India trade
- Parent Body (MOC) wants the creation of a separate analysis cell at NTC
- Deployment of ICT infrastructure (as per PTP concept note)
- Trainings and interaction with other countries on WTO
- Financial support to attend biannual technical meetings on trade defense at WTO
- Augment the NTC library
- Technical training on legal and investigative aspects of trade defense measures
- Technical assistance for the revision of the NTC Act and updating three trade defense laws

Board of Investment, Prime Minister’s Secretariat, Islamabad:

- A computerized documents management system
- Human Resources Management and Management Information System software
- Creating interactivity in the BOI Web site and its conversion into a portal
- Establishing a statistical data base
- International Functional Requirements Documents card-based visitor management system
- Replacement of earlier-generation PCs
- Training in SPSS Analytics
- Capacity building in Green Fields Investments
- Capacity building in designing Special Economic Zone Investment Policies

Trade Development Authority of Pakistan, Karachi:

- TDAP has developed and put forth a proposal to USAID for the creation of a department that would sift and analyze the intelligence received from commercial officers
- TDAP has also sent a request to PTP mentioning the requirements of Phase 2 of TDAP’s Portal project with a request for PTP to review shortcomings as well as merge elements from the portal developed by PTP
- TDAP has developed a working group with PTP

Directorate General of Training and Research Pakistan Customs, Karachi, identified the following areas for training:

- Prevention of smuggling
- WEBOC
- Transnational crime
- Import tracking of improvised explosive devices
- Integrated container cargo program
- Intellectual property rights
- Money laundering
- People and goods
- Border points, inland posts, dry ports
- Money laundering

- Chemical waste
- IT skills for EDI

It also identified the following areas for capacity building:

- Role of Customs in disaster relief
- Digitization of Customs' library and hardware
- Pakistan Customs have no affiliations with regional Customs training academies and would benefit from interacting with them and observing how they work
- The director of training identified the Singapore Customs Academy as an institution from which Pakistan Customs could learn much from
- In particular, the director of training mentioned the Customs model being deployed in Turkey and inquired about the possibility of the Training of Trainers in Turkey

Agility Logistics, Karachi:

- Development of IT infrastructure within Customs and connectivity, and integration of IT systems between Pakistan and Afghanistan
- Operation of border crossing points and terminals with active participation of the private sector
- Study to replicate successful models such as CAREC in Mongolia and those deployed internally in the Commonwealth of Independent States countries for capture of transit cargo to Central Asia
- Restore the waiver for a 20 percent sales tax allowed in the Trucking Policy of 2003–04
- Update the Carriage of Goods by Sea and Carriage of Goods by Road Acts, both of which are outdated
- Begin implementing the 2006 NTCIP

Pakistan Customs Bonded Carriers Association, Karachi:

- Government should focus on reviving the railways as the major transporter of goods, not only in view of the freight advantage (approximately 70 percent lower than current road transport rates) but also to save carriers' informal costs (estimated at between PKR 80,000 and PKR 100,000 for a Karachi-Peshawar return trip) and the damage being done to highways by overloaded trucks
- Transit trade rules relating to transportation are enforced by the FBR, whereas they should be the purview of the MOC or Ministry of Communications (parent body of the National Highways Authority)

Karachi Chamber of Commerce and Industry, Karachi:

- Customs' WEBOC system is not fully automated and import document processes are back to being done manually
- Institutionalize a process of consultation between Federal Board of Revenue (FBR) and Karachi Chamber of Commerce and Industry (KCCI)
- Involve private sector input in the bill prepared by MOC (not yet passed by Parliament) for regulation of shipping company terminal charges

Karachi Customs Clearing Agents Association, Karachi:

- Support Pakistan Customs in purchasing the necessary hardware and software to expedite automation and digitization at all levels
- Study HR requirements in Customs
- Inefficiency at the Plant Quarantine department and Pakistan Standards Quality Control Authority

Participant of Workshop on Agricultural Good Practices, Lahore:

- Tax reforms
- Remove the trust deficit between government and business



## **Responses to Part A of the Question 2. Notes from the Roundtable Discussions**

### ***Islamabad Roundtable***

Rawalpindi Chambers of Commerce and Industry:

- The GOP is not consistent in its policies, and policies shift with changes in the government, which is extremely counterproductive for the private sector
- Government drafts policies without involving private sector stakeholders resulting in policies that do not address actual problems

Rice Partners (Pvt.) Limited:

- The concept of Statutory Regulatory Orders (an administrative order by the Finance Division and not by the Parliament) hinders fair competition in the private sector and encourages corruption in the private sector

### ***Lahore Roundtable***

Customs Syndicate:

- The industrial sectors, not the governments of India and Pakistan, are the main hurdles to the development of cross-border trade and this is the reason for the negative lists

Lahore Chamber of Commerce and Industry:

- Leakage of revenue due to abuse of the Duty and Tax Remission on Exports regime needs to be checked

Logistics Businesses:

- Civil servants require professional expertise to make realistic policies
- Too many ministries and departments dealing with a sector complicates and negatively affects the efficiency of the ministry

### ***Karachi Roundtable***

Baig Group:

- Because buyers are unwilling to visit Pakistan due to the security situation, Pakistani exporters may be encouraged to open offices in the EU, U.S., and other potential markets to enhance exports
- Government may introduce a scheme to provide a subsidy equal to 50 percent of the cost of rent and staff salaries for the first three years

## **Responses to Part B of the Question 2. Received during Individual Interviews**

Institute of Public Policy, Beaconhouse National University, Lahore:

- Develop trade in services
- Increase research capacity in private sector associations

Eastern Federal Union Insurance Co. Ltd, Karachi:

- Insurance companies were given assurance that EDI would be operative as part of the Guarantee scheme but this has not happened and absence of real-time information has blocked guarantees
- Insurance companies should also have access to the EDI terminal
- Assurances extended by Customs that all transit trade containers and carrier vehicles would be equipped with tracking devices remain unfulfilled

Agility Logistics, Karachi:

- Corporatization of the trucking industry
- Replacement of the ageing fleet
- Sealable trucks for non-containerized cargo such as cement and wheat
- There has been sufficient experience of APTTA and it is time to have a roundtable of all stakeholders to review the drawbacks and draw up a line of corrective steps
- Involvement of the private sector in constructing new physical infrastructure

Karachi Customs Clearing Agents Association, Karachi:

- Harmonize the methodology used by three different collectorates (Appraisal, WEBOC and Port Qasim) to decide appeals against assessments
- Data collection on field officers' performance to identify those making arbitrary appraisals Training of Customs brokers and Customs officers to use one interface for any automated system

Karachi Chamber of Commerce and Industry, Karachi:

- Increase the chamber's research capability
- Assist in obtaining preferential treatment for services and products exported by women entrepreneurs
- Support the private sector in the establishment of cool chains in the dairy sector

**Question 3. What role can USAID play to promote the trade of Pakistani goods? For example, effective trade promotion aimed at increasing demand for specific products/sectors in neighboring and/or regional markets through facilitating B2B linkages, seminars, workshops, and trade delegations.**

### **Responses received for Question 3 during Individual Interviews on Improving the Trade Environment**

Institute of Public Policy, Beacon house National University (BNU) Lahore:

- Support for a "Regional Integration Center," planned for the study and promotion of transit trade to be located in Lahore and for which the Government of Punjab has assured a grant to match any institutional support received
- Commissioning an "intra-industry" study for Pakistan–India trade

Pakistan Railways, Lahore:

- Enhance Pakistan Railways' capacity for international trade

Karachi Chamber of Commerce and Industry, Karachi (special request):

- The president of KCCI made a special request for USAID to arrange the participation of one or two U.S. companies in the chamber's tenth anniversary "My Karachi" trade exhibition (July 3–5, 2013), saying that such visible participation would "make a big difference" in the business environment
- KCCI offers complimentary space to USAID for its presence at the exhibition and will also extend complimentary space to Afghan exhibitors.

Agility Logistics, Karachi:

- PTP should align its projects with the NTCIP for the next stage

Trade Development Authority of Pakistan, Karachi:

- The import side of trade is “badly neglected” at TDAP due to a “lack of capacity” and currently, TDAP is unable to address this aspect of its charter

Eastern Federal Union Insurance Co. Ltd. Karachi:

- Intervention through Securities and Exchange Commission of Pakistan (SECP) to introduce “catastrophe insurance pools”
- Initiate dialog with SECP and State Bank of Pakistan for capacity building in agricultural insurance to determine the specific types of agricultural insurance that would be relevant to Pakistan

Pakistan Customs Bonded Carriers Association, Karachi:

- Rules for Temporary Administration Document should be enforced and bonded carrier’s undertaking should be accepted in place of guarantees by Afghan authorities

## **Notes from the Roundtable Discussions**

### ***Islamabad Roundtable***

Chairperson Fairs and Exhibitions, Rawalpindi Chamber of Commerce and Industry:

- Direct access to U.S. markets for women’s products is required
- USAID technical assistance is required in identifying niche markets for Pakistani goods

### ***Lahore Roundtable***

Customs Syndicate:

- Facilitation of sector specific (finance, economy, engineering, and agriculture) exchanges of technology transfer and expertise between India and Pakistan

### ***Karachi Roundtable***

Improving the Trade Environment:

Baig Group:

- China, which used to be Pakistan’s major competitor in textiles, has become its biggest customer as rising wages make its domestic industry increasingly uncompetitive, As China moves toward higher value technology production, space is created for Pakistan in the annual USD 200 billion apparel market. Pakistan’s garment industry needs to enhance its economies of scale to become competitive in this market and USAID can assist Pakistan with management advice in this area.
- The United States Trade Representative arranged a successful B2B meeting between leading U.S. textile buyers and Pakistani textile exporters. USAID could replicate by arranging such meetings between American buyers and Pakistani exporters.
- USAID can assist in establishing a permanent display center of Pakistani goods in the U.S.

Improving Cross Border Trade:

Baig Group:

- It is important to form an India-Pakistan Focus Group on Trade under the ambit of USAID, which should work independently on the research papers

Pakistan–Afghanistan Joint Chambers of Commerce:

- USAID may facilitate funding of a portal where businesses from Afghanistan and Pakistan can trade
- The Tajikistan ambassador has shown great interest in improving contacts at the chambers level and has suggested a trilateral arrangement among Afghanistan, Pakistan, and Tajikistan to take this forward. USAID is requested to facilitate the process
- USAID may facilitate Pakistani entrepreneurs in doing business in Afghanistan by providing information on who to contact in Afghanistan as the Afghanistan Investment Support Agency is not helpful in this regard
- USAID may facilitate the funding of a portal where businesses from Afghanistan and Pakistan can trade

National Trade and Transport Facilitation Committee:

- USAID needs to facilitate/conduct an economic impact study on the effects of allowing Indian goods through Pakistan to CARs; the study should determine the effects on the economies of both India and Pakistan to resolve the issue

Security Packers:

- Pakistan needs trucks to enhance trade and USAID needs to facilitate investments in this sector

MHG Group of Companies:

- Pakistan has a shortage of 75,000-100,000 trucks and USAID can facilitate private investment in this sector. The transport sector also offers investment opportunities in railways and locomotives
- USAID can facilitate investment/financing from EXIM Bank in the textile and transport sectors

## Sources of Information for Forward-Looking Questions—Individual Interviews and Roundtables

Sector or PTP Stakeholder	Number of Persons	Location
Trade Association	10	Karachi
Trade Association	1	Lahore
Trade Association	8	Islamabad
Women's Chamber	4	Lahore
FPCCI Women's Entrepreneurs	1	Lahore
Research Organizations	3	Lahore
Research and Policy Advice Organization	1	Karachi
Policy Research	1	Islamabad
Textiles	1	Lahore
Textiles	1	Karachi
Logistics	3	Lahore
Logistics	6	Karachi
Logistics	2	Islamabad
Financial Guarantees	2	Karachi
Customs Training	4	Karachi
Exports to India	2	Lahore
Exports to India	1	Karachi
WIT—Mentorship and Training	5	Karachi
WIT—Mentorship and Training	4	Lahore
Regional Trade Association	1	Islamabad
Stone Industry	1	Islamabad
Agriculture	1	Lahore
Commodities, Import from Afghanistan	1	Karachi
Counterpart—IT infrastructure	4	Islamabad
Counterpart—EDI	2	Islamabad
Counterpart—Customs	2	Islamabad
Counterpart—India-Pakistan Trade	2	Islamabad
Counterpart—Trade Policy	1	Islamabad
Counterpart—Trade Portal	1	Karachi

## ANNEX 5: BIOGRAPHICAL SKETCHES OF TEAM MEMBERS

**Sajjad Akhtar** holds a PhD in Economics from Southern Methodist University and a MA in Economics from Boston University with a specialization in quantitative techniques as well as international and education economics. He brings 25 years of evidence-based policy research experience with him to the team. In 2009–10, he was the Director of Policy and Research at the Pakistan Institute of Trade and Development in the Ministry of Commerce with the Government of Pakistan. During his tenure, he guided its research agenda and worked on a) Post-ATC threats to Pakistan's Textile and Clothing Exports, b) Impact of Regulatory Duty on Import of Luxury Goods and Revenue Generation and c) Impact of Terrorist's attack on Pakistan Exports. He has managed Research and Policy analysis in all stages from research conceptualization, data collection and analysis to final report writing. During 2008–09 and 2010–11 he was a consultant for WB, DFID, the British Council and GIZ, and conducted numerous evaluations in the area of education, employment and poverty. Research and policy areas include macroeconomic modeling, international and monetary economics, poverty and income distribution, education economics, agriculture, employment and labor markets, public finance, regional economics, and household survey-based studies. He has evaluated three USAID-assisted projects while working with MSI.

**Shahid Scheik** holds a Master's degree in Economics and specializes in international trade. He has more than 35 years of executive management experience in consulting, research, international trade and development economics. As a UNCTAD-ITC consultant, he provided advice and guidance to the government on trade policy. As a consultant, he produced numerous research reports and presentations. He has the ability to approach economic issues from a business perspective, and possesses keys skills in designing instruments, conducting research interviews, and arranging stakeholder consultations.

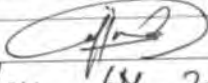
**Zaheeruddin Dar** served in Customs for 17 years and resigned in 2000 to start his own consulting firm. During his tenure in Customs he rose from the position of assistant collector to chief of Customs. He has a Master's in Pakistan Studies and cleared the Central Superior Services Examination before joining Pakistan Customs. He attended several specialized short- and long-term trainings in Pakistan and abroad in the areas of Customs, tax policy and system design, and analysis. As a chief executive of his own consulting group, he has conducted assignments for local agencies and foreign donors in the areas of tariff rationalization, tariff-based regulatory systems for the automotive industry in Pakistan, and developing strategies for the engineering sector. His has extensive work experience in the areas of taxation, Customs automation, and Customs regulatory procedures.

## ANNEX 6: DISCLOSURE OF CONFLICTS OF INTEREST

The Evaluation Policy requires that evaluation reports include a signed statement by each evaluation team member regarding any conflicts of interest.

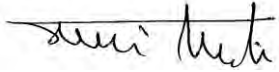
Name	SAJJAD AKHTAR.
Title	SENIOR EVALUATION SPECIALIST
Organization	MANAGEMENT SYSTEMS SPECIALIST
Evaluation Position?	<input checked="" type="checkbox"/> Team Leader <input type="checkbox"/> Team Member
Evaluation Award Number <i>(contract or other instrument)</i>	
USAID Project(s) Evaluated <i>(Include project name(s), implementer name(s) and award number(s), if applicable)</i>	
I have real or potential conflicts of interest to disclose.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<p><b>If yes answered above, I disclose the following facts:</b></p> <p><i>Real or potential conflicts of interest may include, but are not limited to:</i></p> <ol style="list-style-type: none"> <li><i>1. Close family member who is an employee of the USAID operating unit managing the project(s) being evaluated or the implementing organization(s) whose project(s) are being evaluated.</i></li> <li><i>2. Financial interest that is direct, or is significant though indirect, in the implementing organization(s) whose projects are being evaluated or in the outcome of the evaluation.</i></li> <li><i>3. Current or previous direct or significant though indirect experience with the project(s) being evaluated, including involvement in the project design or previous iterations of the project.</i></li> <li><i>4. Current or previous work experience or seeking employment with the USAID operating unit managing the evaluation or the implementing organization(s) whose project(s) are being evaluated.</i></li> <li><i>5. Current or previous work experience with an organization that may be seen as an industry competitor with the implementing organization(s) whose project(s) are being evaluated.</i></li> <li><i>6. Preconceived ideas toward individuals, groups, organizations, or objectives of the particular projects and organizations being evaluated that could bias the evaluation.</i></li> </ol>	

I certify (1) that I have completed this disclosure form fully and to the best of my ability and (2) that I will update this disclosure form promptly if relevant circumstances change. If I gain access to proprietary information of other companies, then I agree to protect their information from unauthorized use or disclosure for as long as it remains proprietary and refrain from using the information for any purpose other than that for which it was furnished.

Signature	
Date	May 6th, 2013

<b>Name</b>	Shahid Scheik
<b>Title</b>	Trade Specialist
<b>Organization</b>	Management Systems International
<b>Evaluation Position?</b>	<input type="checkbox"/> Team Leader <input checked="" type="checkbox"/> Team Member
<b>Evaluation Award Number</b> (contract or other instrument)	
<b>USAID Project(s) Evaluated</b> (Include project name(s), implementer name(s) and award number(s), if applicable)	Pakistan Trade Project
<b>I have real or potential conflicts of interest to disclose</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>If yes answered above, I disclose the following facts:</b> <i>Real or potential conflicts of interest may include, but are not limited to</i> <ol style="list-style-type: none"> <li>1. Close family member who is an employee of the USAID operating unit managing the project(s) being evaluated or the implementing organization(s) whose project(s) are being evaluated.</li> <li>2. Financial interest that is direct, or is significant though indirect, in the implementing organization(s) whose projects are being evaluated or in the outcome of the evaluation.</li> <li>3. Current or previous direct or significant though indirect experience with the project(s) being evaluated, including involvement in the project design or previous iterations of the project.</li> <li>4. Current or previous work experience or seeking employment with the USAID operating unit managing the evaluation or the implementing organization(s) whose project(s) are being evaluated.</li> <li>5. Current or previous work experience with an organization that may be seen as an industry competitor with the implementing organization(s) whose project(s) are being evaluated.</li> <li>6. Preconceived ideas toward individuals, groups, organizations, or objectives of the particular projects and organizations being evaluated that could bias the evaluation.</li> </ol>	


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<b>Signature</b>	
<b>Date</b>	May 06, 2013



<b>Name</b>	Tariq Husain
<b>Title</b>	Director, Evaluation
<b>Organization</b>	Management Systems International
<b>Evaluation Position?</b>	<input type="checkbox"/> Team Leader <input checked="" type="checkbox"/> X Team Member/Lead author
<b>Evaluation Award Number</b> <i>(contract or other instrument)</i>	
<b>USAID Project(s) Evaluated</b> <i>(Include project name(s), implementer name(s) and award number(s), if applicable)</i>	Pakistan Trade Project
<b>I have real or potential conflicts of interest to disclose.</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> X No
<b>If yes answered above, I disclose the following facts:</b> <i>Real or potential conflicts of interest may include, but are not limited to:</i> 7. Close family member who is an employee of the USAID operating unit managing the project(s) being evaluated or the implementing organization(s) whose project(s) are being evaluated. 8. Financial interest that is direct, or is significant though indirect, in the implementing organization(s) whose projects are being evaluated or in the outcome of the evaluation. 9. Current or previous direct or significant though indirect experience with the project(s) being evaluated, including involvement in the project design or previous iterations of the project. 10. Current or previous work experience or seeking employment with the USAID operating unit managing the evaluation or the implementing organization(s) whose project(s) are being evaluated. 11. Current or previous work experience with an organization that may be seen as an industry competitor with the implementing organization(s) whose project(s) are being evaluated. 12. Preconceived ideas toward individuals, groups, organizations, or objectives of the particular projects and organizations being evaluated that could bias the evaluation.	

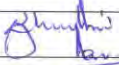
I certify (1) that I have completed this disclosure form fully and to the best of my ability and (2) that I will update this disclosure form promptly if relevant circumstances change. If I gain access to proprietary information of other companies, then I agree to protect their information from unauthorized use or disclosure for as long as it remains proprietary and refrain from using the information for any purpose other than that for which it was furnished.

<b>Signature</b>	
<b>Date</b>	May 6, 2013

The Evaluation Policy requires that evaluation reports include a signed statement by each evaluation team member regarding any conflicts of interest.

<b>Name</b>	ZAHHEERUDDIN DAR
<b>Title</b>	CUSTOMS SPECIALIST
<b>Organization</b>	
<b>Evaluation Position?</b>	<input type="checkbox"/> Team Leader <input checked="" type="checkbox"/> Team Member
<b>Evaluation Award Number</b> <i>(contract or other instrument)</i>	
<b>USAID Project(s) Evaluated</b> <i>(Include project name(s), implementer name(s) and award number(s), if applicable)</i>	PAKISTAN TRADE PROJECT
<b>I have real or potential conflicts of interest to disclose.</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>If yes answered above, I disclose the following facts:</b> <i>Real or potential conflicts of interest may include, but are not limited to:</i>	
<ol style="list-style-type: none"> <li>1. Close family member who is an employee of the USAID operating unit managing the project(s) being evaluated or the implementing organization(s) whose project(s) are being evaluated.</li> <li>2. Financial interest that is direct, or is significant though indirect, in the implementing organization(s) whose projects are being evaluated or in the outcome of the evaluation.</li> <li>3. Current or previous direct or significant though indirect experience with the project(s) being evaluated, including involvement in the project design or previous iterations of the project.</li> <li>4. Current or previous work experience or seeking employment with the USAID operating unit managing the evaluation or the implementing organization(s) whose project(s) are being evaluated.</li> <li>5. Current or previous work experience with an organization that may be seen as an industry competitor with the implementing organization(s) whose project(s) are being evaluated.</li> <li>6. Preconceived ideas toward individuals, groups, organizations, or objectives of the particular projects and organizations being evaluated that could bias the evaluation.</li> </ol>	

I certify (1) that I have completed this disclosure form fully and to the best of my ability and (2) that I will update this disclosure form promptly if relevant circumstances change. If I gain access to proprietary information of other companies, then I agree to protect their information from unauthorized use or disclosure for as long as it remains proprietary and refrain from using the information for any purpose other than that for which it was furnished.

<b>Signature</b>	
<b>Date</b>	06-05-2013

## ANNEX 7: LIST OF PERSONS INTERVIEWED

S.No	Position	Organization	City
1	Director, Automation Customs	Pakistan Revenue Automation Ltd.	Islamabad
2	IT Manager	Board of Investment	Islamabad
3	Network Administrator	Board of Investment	Islamabad
4	Secretary General	SAARC Chamber of Commerce and Industry	Islamabad
5	Director General, Trade Policy Office,	Ministry of Commerce	Islamabad
6	Joint Secretary, India–Pakistan Unit	Ministry of Commerce	Islamabad
7	Member	National Tariff Commission	Islamabad
8	President	Islamabad Women Chamber of Commerce and Industry	Islamabad
9	Ex-Additional Secretary	Ministry of Commerce	Islamabad
10	Member Customs	Ministry of Commerce	Islamabad
11	Chief, International Customs,	Federal Board of Revenue	Islamabad
12	Intern	Reckitt Benckiser	Lahore
13	Member	Lahore Chamber of Commerce and Industry	Lahore
14	President	Central and North Punjab Women Chamber of Commerce and Industry	Lahore
15	General Manager, Marketing	Pakistan Railways	Lahore
16	GM Operations	TEXLYNX	Lahore
17	Chairperson, Regional Committee	Women Entrepreneurs Development FPCI	Lahore
18	Dean	Beacon house National University	Lahore
	Director	Institute of Public Policy	Lahore
19	Placement Manager	Lahore School of Economics	Lahore

<b>S.No</b>	<b>Position</b>	<b>Organization</b>	<b>City</b>
20	Assistant Manager	Elixir Securities	Karachi
21	Vice President	Karachi Customs Clearing Agents Association	Karachi
22	Director, Training	Pakistan Customs	Karachi
23	President	Karachi Chamber of Commerce and Industry	Karachi
24	Chief Executive Officer	Agility Logistics (Bonded Carrier)	Karachi
25	Head, World Trade Organization Cell	Trade Development Authority of Pakistan	Karachi
26	Country General Manager	EuroCentra	Karachi
27	Assistant Manager	EuroCentra	Karachi
28	Assistant Manager	EuroCentra	Karachi
29	Deputy Executive Director	Eastern Federal Union Insurance	Karachi
30	President	Pakistan Customs Bonded Carriers Association	Karachi

U.S. Agency for International Development/Pakistan  
American Embassy  
RAMNA 5, Diplomatic Enclave  
Islamabad