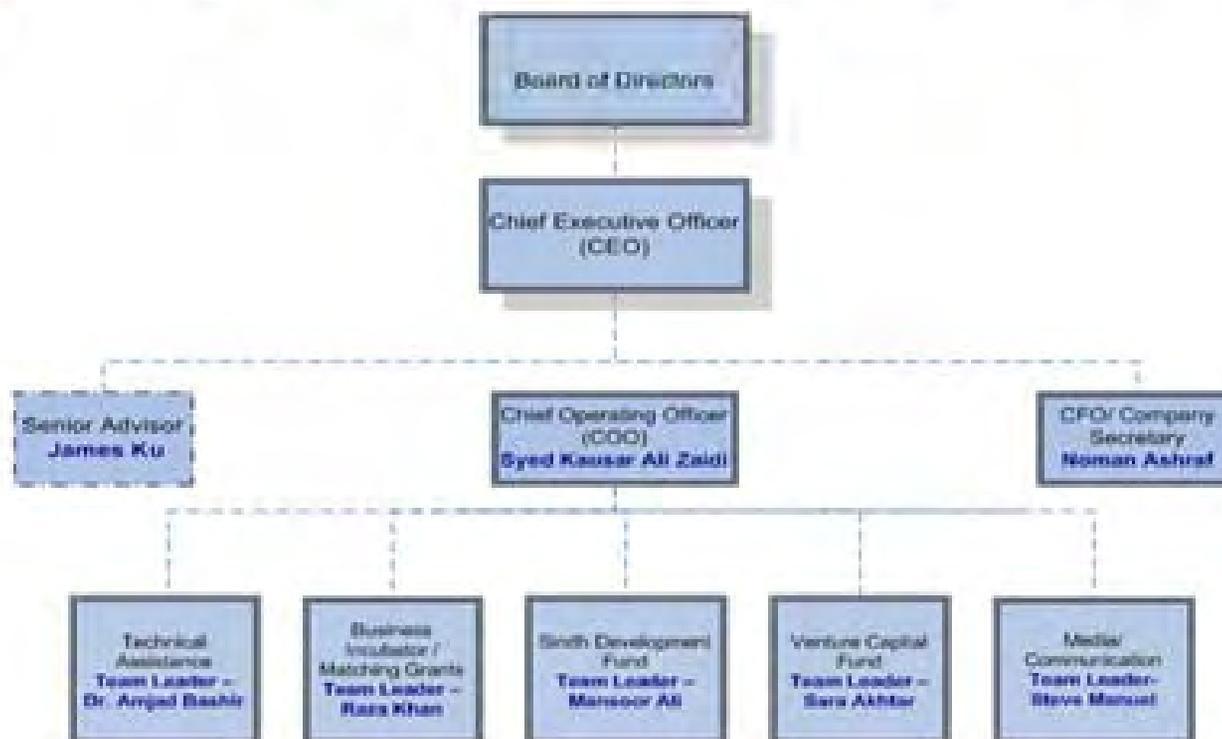




# Competitiveness Support Fund



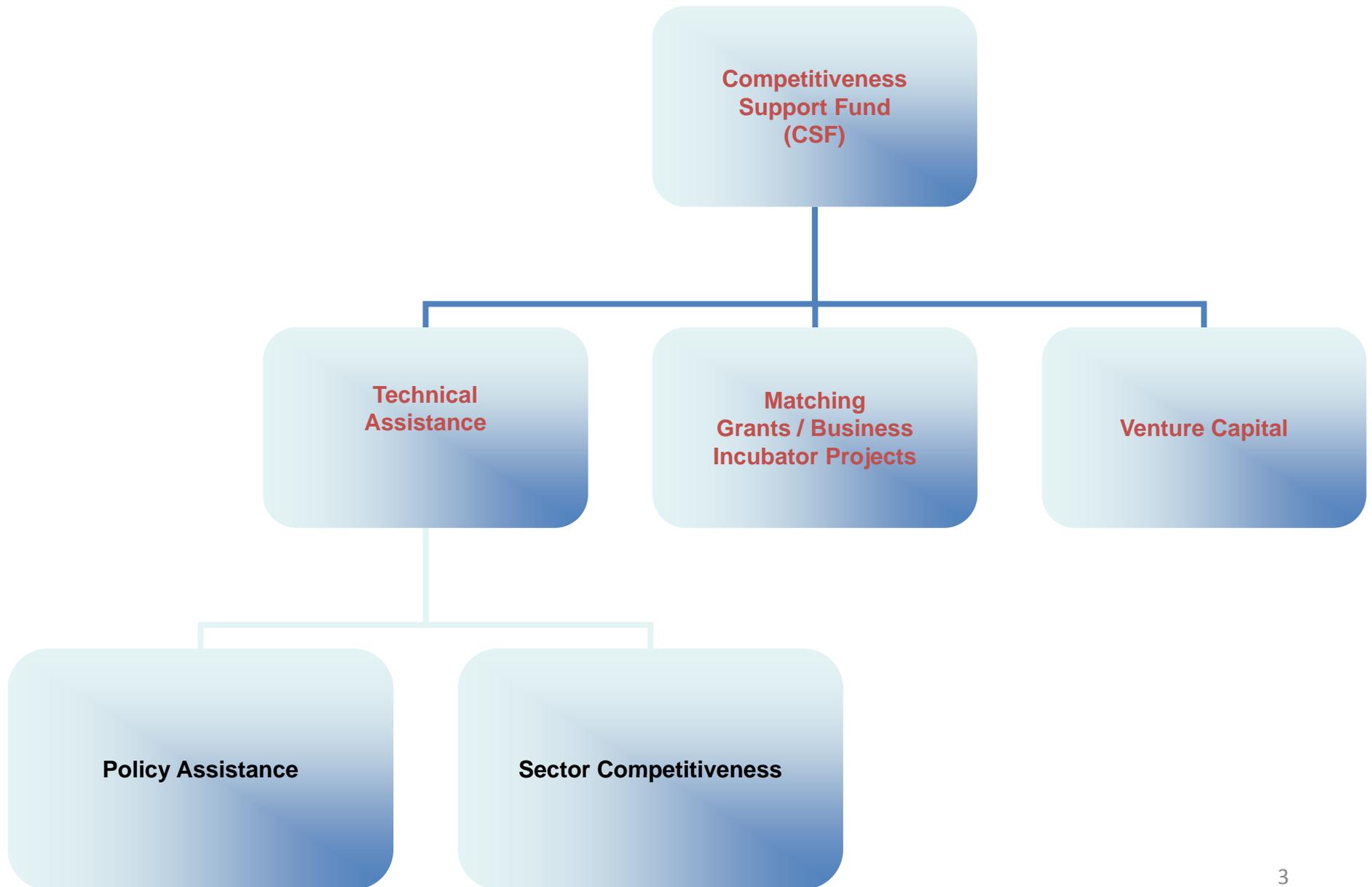


# Competitiveness Support Fund (CSF)

## Presentation on Three Year Work Program for Competitive Pakistan 2010 - 2013



# Operational Approach and Methodology



# 3 Year Work Programme -At a Glance

The 3 year Work Programme will include:

1. [Benchmarking exercise](#): Pakistan, Brazil and Thailand linked to analysis of the 12 main pillars of competitiveness
2. Focusing on development of the appropriate [innovation](#) systems for knowledge-based enterprise
3. Improving [investment regime](#) and attracting investment in infrastructure
4. Changing mind-set towards innovation and competitiveness through [media outreach](#)
5. Generic economic instruments and re\_ulator , reform to support long-term growth
  - [Venture Capital \(Infrastructure Venture Fund\)](#)
  - [Special Economic Zones Act /Pilot Zones](#) Proposed by Mr. Tarin
  - [Airport –based Food Processing Centres](#)
  - [Commercial Arbitration Act](#)
  - [Corporate Rehabilitation Act and Resolution Trust Corporation \(RTC\)](#)
  - [Export Credit Guarantee Agency \(ECGA\)](#)

# 3 Year Work Programme -At a glance

6. Interventions in the selected strategic industries to make them the champions in domestic and international market:

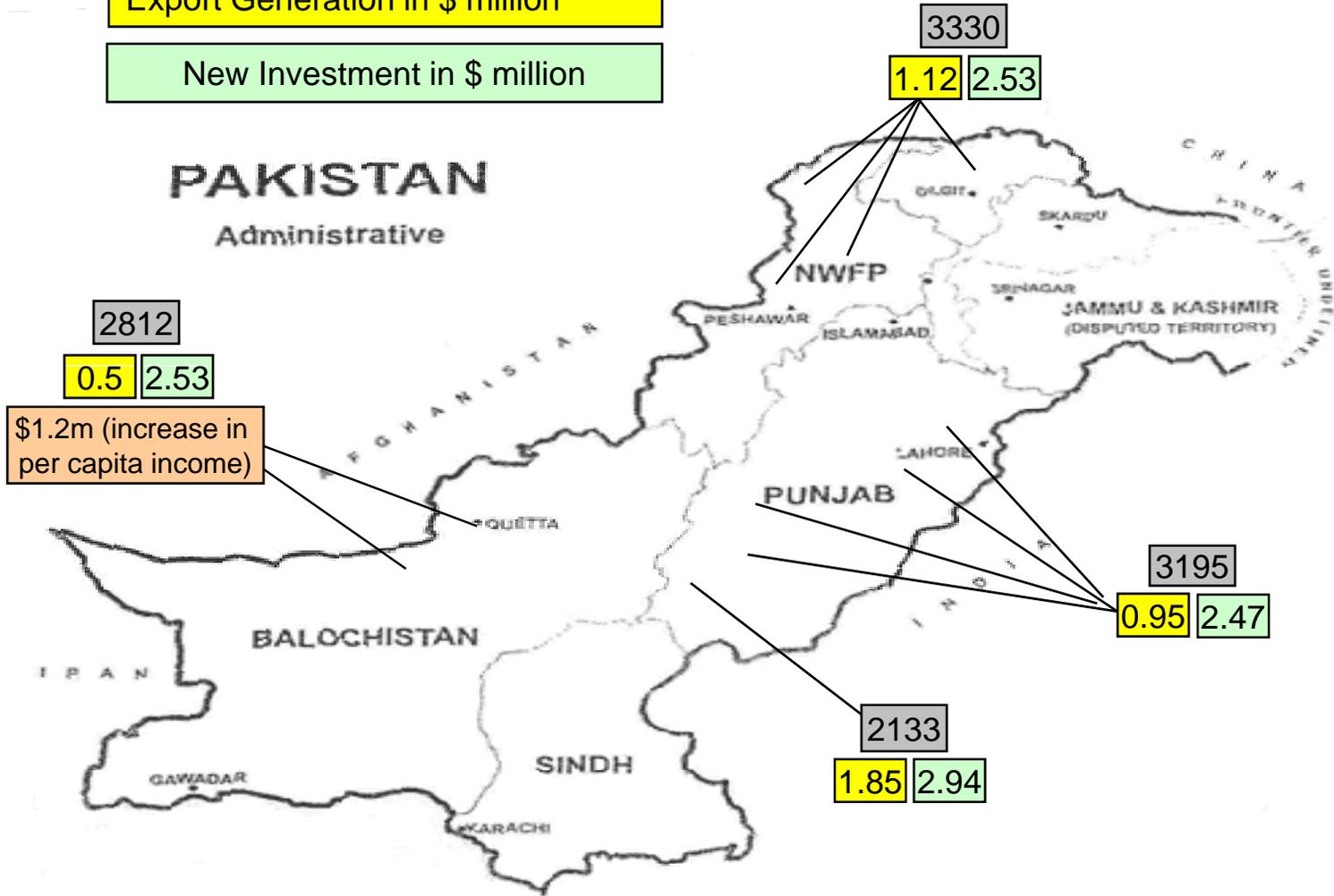
- [Agriculture \(including horticulture and fishery\),](#)
- leather,
- pharmaceutical,
- energy (oil and gas)
- textiles

7. [Matching Grants and Business Incubation](#)

8. [Sindh Programme](#)

Thank you

- New Employment Generation**
- Export Generation in \$ million**
- New Investment in \$ million**



## Matching Grants – 10 Approved Projects

N O.	TITLE	LOCATION	PARTNER(S)	CSF FUNDING COMMITTED (US\$)	SPONSOR FUNDING (US\$)
1	Gems Sector Development/Gems Processing Centre	Northern Areas, Chitral	<b>World Gold &amp; Diamond, Inc.</b> , Aga Khan Rural Support Program, Karakoram Area Development Org.	125,000	135,283
2	Establishment of Common Laboratory for Drug Formulation	Nowshehra	<b>Nowshehra Industrial Estate Committee</b> , University of Peshawar, Sarhad Development Authority	125,000	176,947
3	Value Addition in Milk Supply Chain for Baluchistan	Quetta, Pishin, Kuchlak	<b>Dairy Cooperative Quetta</b> , Livestock SMEDA, Centre for Advanced Vaccinology & Biotech Research, Dairy Farmers Association Quetta	98,166	500,000
4	Common Facility Centre for Marble Processing & Training Centre	Mohmand Agency, FATA	<b>Peshawar Marble Association</b> , Tribal Chamber of Commerce, Pakistan Stone Development Corporation	47,667	66,308
5	CFC for Cutlery Polishing/Finishing	Wazirabad	<b>Pakistan Cutlery Consortium</b> , TDAP, UNIDO	62,593	62,604

## Matching Grants – 10 Approved Projects

N O.	TITLE	LOCATION	PARTNER(S)	CSF FUNDING COMMITTED (US\$)	SPONSOR FUNDING (US\$)
6	Solar Kilns for Leading Clusters of Furniture Sector	Islamabad, Karachi, Chiniot, Gujrat, Lahore	<b>HRH Heritage</b> , All Pakistan Furniture Exporters Association, AEDB, NUST	92,883	115,250
7	Medicinal Berries & Fruit Processing Unit	Ghizer, Northern Areas	<b>Rural Development Initiative, Vita Pakistan Limited, EM5 Nutraceutical Limited</b> , National Institute of Food Science & Technology, PHDEB	125,000	244,000
8	Automotive Simulation Design Training & Service Centre*	Lahore	<b>Ravi Autos, Equiptech Pakistan</b> , Faculty of Material Sciences – UET, TEVTA	125,000	204,230
9	Meat Farm – Abattoir & Meat Slaughter House**	Pattoki	<b>Meat Farm</b> ®, University of Animal Health Sciences (Pattoki), Punjab Rural Support Program, Export Promotion Bureau	125,000	873,494
10	Mango Pack House & Blast Chiller**	Multan	<b>Progressive Mango Growers</b> , University College of Agriculture,- BZU, Institute of Horticultural Sciences-UAF, PHDEB	125,000	148,795
	<i>*Yet to be funded. **Approved by Appraisal Comm.</i>	<b>TOTAL</b>		<b>1,051,259</b>	<b>2,526,911</b>

## Business Incubation Projects

NO.	TITLE	LOCATION	PARTNER(S)	CSF FUNDING COMMITTED (PKR)	SPONSOR FUNDING (PKR)
01	<b>Business Incubation Centre at UAF, Faisalabad</b>	Faisalabad	Higher Education Commission, University of Agriculture - Faisalabad	16.9	8.96

### Matching Grants/Business Incubator Projections for Next Three Years

	No. of Projects	Average CSF Funding per Project (US\$)	Total Funding Required (US\$)
Matching Grants	8*3=24	125,000	3.0 Million
Business Incubation	2*3=6	250,000	1.5 Million
		<b>TOTAL</b>	<b>4.5 Million</b>

#### Assumptions:

8 MG projects will be funded each year.

2 business incubation centers will be started each year.



# Special Economic Zones Legislation – SEZ

Action Plan for Special Economic Zones has been carried out in 2007/08. This was done via a benchmarking exercise with China, India, Thailand, Malaysia and Vietnam.

1. Based on the action plan, policy has been drafted and that was approved by the ECC in October 2008.
2. Based on the approved Policy an SEZ ACT has been drafted and circulated to stakeholders via BOI in March 2009.
3. Stakeholder comments were analysed and incorporated in the Draft which was then finalised and is now awaiting to be sent to the cabinet approval to be then forwarded to the Parliament for approval.



# Pilot SEZs

CSF will be responsible for delivering SEZ projects of high standards under the new SEZ framework

1. CSF will begin by selecting pilot SEZs including new, green field projects and the repositioning of existing, non-performing industrial estates
2. Initially, CSF proposes to start the planning process for the following SEZ projects:
  - Bin Qasim, Khairpur Agroprocessing Zone, Gadoon Industrial Estate, Multan, Risalpur EPZ, Punjab
3. CSF will cooperate with private and public sector stakeholders to implement the projects. National Industrial Parks will act as the developer



# Airport-based Food Processing Centers

CSF will set up facilities close to airports in close collaboration with TDAP,

1. Services will include washing, cleaning, packing, cold-storage, and shipping to international destinations
2. In cooperation with TDAP, CSF will set up a company to handle international air cargo
3. CSF proposes to begin moving forward with planning for initial FPCs by assessing the feasibility of projects including:
  - Karachi, Multan, Sukkur, Lahore, Peshawar, Quetta, and Gwadar
4. CSF will lead the planning for the projects in cooperation with experts from the private sector and with the consultation of the Board of Advisors consisting of local stakeholders



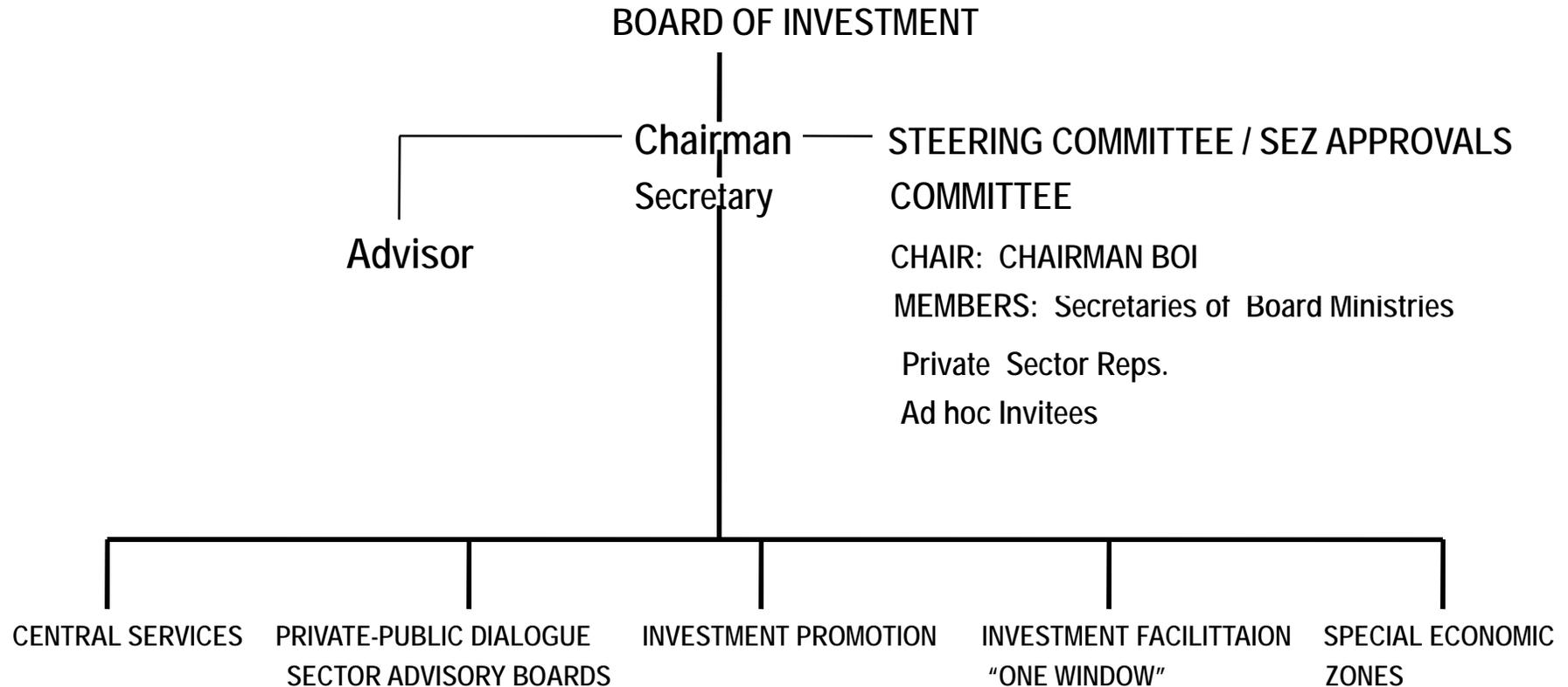
# Commercial Arbitration Act

In collaboration with the Law Division, CSF has undertaken an assessment of the effectiveness of Arbitration Laws in Pakistan (Commercial Arbitration Act 1940), with the aim of drafting a new arbitration regime for the country – one that is modern in its outlook and in accord with prevalent international models of arbitration.

1. The Draft Act will be resubmitted to the standing committee in October.
2. Once the Act is approved by the Parliament, CSF will support the creation of Arbitration Centers in Karachi and Lahore.
3. Training sessions will be held with lawyers and judges for proper implementation of the Act and Commercial Arbitration.



# Revitalization of the BOI



# Improving Investment Regime

CSF prepared all the documentation for the meeting scheduled with the PM for the 22<sup>nd</sup> of November to attach the BOI to the PM as well as the following agenda items:

1. Investment Strategy for Pakistan 2009-2015
2. Structure of New BOI
3. Capacity building and funding of BOI
  - One line budget for BOI
  - BOI service rules and regulations under BOI Ordinance 2001 and authority of Chairman to retain and dismiss staff



# Export Credit Guarantee Facility

Meetings were held with SBP and TDAP:

1. Pakistan seems to need an export credit guarantee agency in order to enhance or even defend its export competitiveness in view of the fact that virtually all competitor countries run export credit guarantee agencies.
2. The Pak Export Finance Guarantee Agency (PEFGA) established in 2001 by some of the ADB financing and 13 Pakistani commercial banks with a paid-up capital of US\$ 2 million failed to provide export credit guarantees to SMEs.
3. It is inoperative since 2007; and on May 27 2009, a Board meeting was anticipated to decide on its liquidation.
4. CSF will look into the question of the need of an Export Credit Guarantee Agency (ECGA) based on the OECD module for Pakistan, the available basic options and then report back to you on whether and, if so, how a viable ECA might be conceptualized.
5. CSF will undertake a feasibility study towards the creation of the ECGA.



# Corporate Rehabilitation Act & Resolution Trust Corporation

1. After finalizing the Corporate Rehabilitation Act (CRA) by the Security Exchange Commission of Pakistan, CSF will support in the creation of the RTC in Pakistan to assist the distressed enterprises to be viable.
2. There are currently billions of dollars of bad loans of the corporate sector. RTC will help these enterprises to be restructured and be viable for profit.



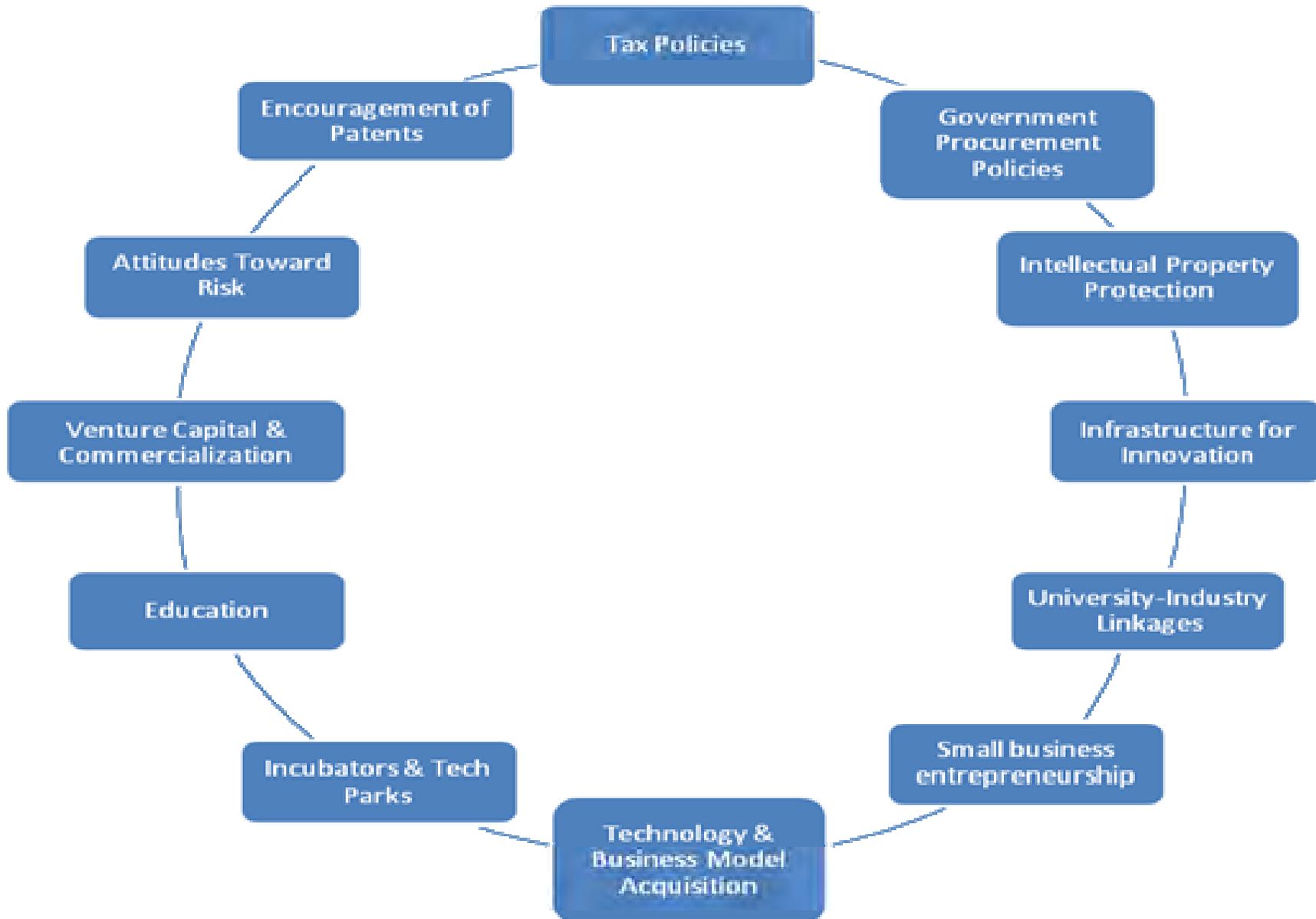
# CSFs Future Strategy - Building the National Innovation Ecosystem

In order to build a [National Innovation Ecosystem for Pakistan](#), CSF is undertaking the following:

1. In close collaboration with HEC, CSF has recently established **Pakistan Innovation Board** to help the creation of the innovation systems in **federal, regional** and **local** level.
2. The PIB will also support **drafting an innovation policy** for the GOP including **setting up an innovation agency** to support the innovation activities in Pakistan.



# Innovation Ecosystem – 12 Pillars



# Innovation Ecosystem – 12 Pillars

## Members of the Innovation Board:

**Chairman** - Dr. Sohail Naqvi

Dr. Zahir Ali Syed

Syed Azhar Afaq Rizvi

Dr. Qasim Sheikh

Dr. Farrukh Kamran

Mr. Salman Malik

Dr. Iqrar Khan

Dr. Sheikh Riazuddin

Salman Akhtar

Prof. Dr. Ghulam Sarwar Markhand

Zafar Siddiqui

Dr. Masoom Yasinzai

Joseph Ryan

Arthur Bayhan

Dr. John Shumaker

Executive Director, HEC

CEO & Director, Cambridge Advisors Network

... Chairman, MIT Enterprise Forum Pakistan

CEO, ICT R&D Fund

Senior Faculty, SS-CARE School of Engineering, Center for Advanced Studies in Engineering (CASE)

Entrepreneur

Vice Chancellor, Agriculture University of Faisalabad

Director, Center of Excellence in Molecular Biology, Lahore

Co-CEO, Techlogix

Director, Date Palm Research Institute (DPRI), Shah Abdul Latif University, Khairpur

Director, Center for Entrepreneurial Development IBA Karachi

Vice Chancellor, Balochistan University

Associate Mission Director for Education and Economic Growth

CEO, Competitiveness Support Fund (CSF)

COP, HEC-FAD Project



# 12 Pillars of Competitiveness

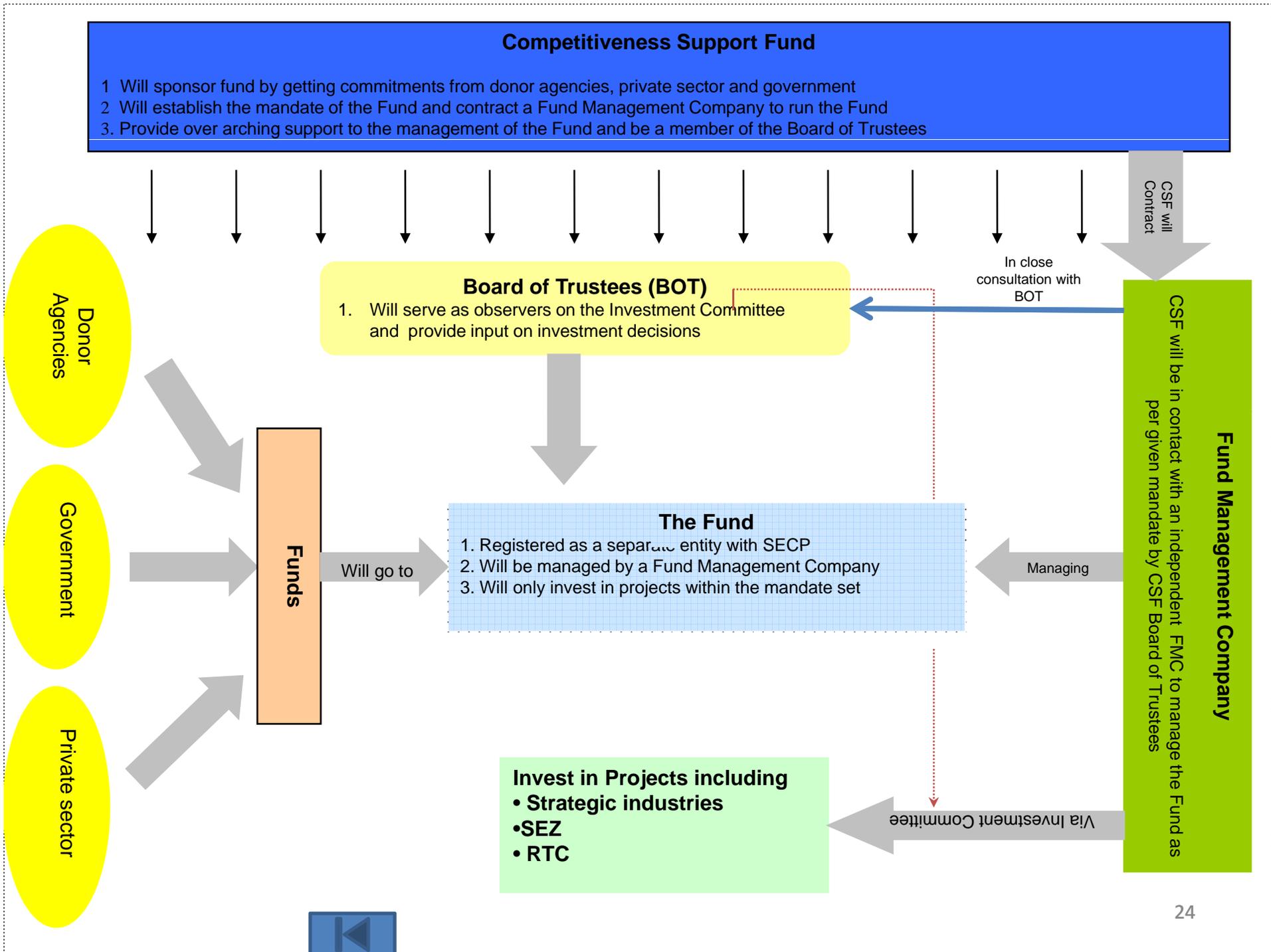
		Pak	Brazil	Thailand
<b>Overall Ranking (134 countries)</b>		<b>101</b>	<b>56</b>	<b>36</b>
<b><u>Basic Requirements (50%)</u></b>	<b>Weight</b>			
1. <a href="#">Institutions</a>	25%	104	93	60
2. <a href="#">Infrastructure</a>	25%	89	74	40
3. <a href="#">Macroeconomic Stability</a>	25%	114	109	22
4. Health and Primary Education	25%	113	79	61
<b><u>Efficiency Enhancers (40%)</u></b>				
5. Higher Education and Training	17%	118	58	54
6. Goods Market Efficiency	17%	83	99	44
7. Labor Market Efficiency	17%	124	80	25
8. Financial Market Sophistication	17%	64	51	49
9. Technological Readiness	17%	104	46	63
10. Market Size	17%	30	10	21
<b><u>Innovation and Sophistication (10%)</u></b>				
11. Business Sophistication	50%	81	32	43
12. Innovation	50%	79	43	57



# Venture Capital Fund

CSF with its mandate to promote competitiveness in the economy and in this regard desire to take further step by developing a Venture Capital Fund to facilitate high potential businesses in Pakistan.

1. Purpose/Objective: The Fund will ensure that market work efficiently and that any gaps or weaknesses in the market are addressed.
2. Goals of the Fund: This fund will invest in strategic sectors - 1) Agriculture and Agri-businesses 2) Energy 3) Steel/Engineering 4) Pharmaceutical, and 5) Textiles. Furthermore the Fund will invest in SEZs and RTCs.
3. Fund Raising: The Fund will initially be constituted of USD 500 Million of which 25% will come from GoP and USAID. Additional funds will come from private sector both locally and internationally.



## Sector Competitiveness- Output to date and future

### **Stanford Innovation Journalism Fellowship Program (long term):**

- 10 economic journalists/reporters have attended the program since 2007 and another 16 are expected to be trained during 2010- 2013

### **Stanford Innovation Journalism Conference (short term)**

- 7 journalists have attended the conference so far and another 16 will be expected to attend during 2010-2013

### **The Competitiveness Institute (TCI):**

- 6 journalists have attended the conference so far and another 9 are expected to attend during 2010-2013:

### **Local Capacity Building Workshops for Journalists:**

- So far 1 workshop has been organized by CSF which was attended by 80 journalists. 6 workshops are in the pipeline for 2010-2013
- [Trained Journalists](#)



## Sindh Development Fund – Managed by CSF

A \$30 Million fund aimed at improving the agriculture sector in Sindh.

### Project Areas:

1. [Financial instruments](#)
2. Horticulture including - Mango, Banana, Dates, Vegetables
3. Dairy and Livestock – Establishment of Sindh Dairy and Meat Development Company with a special emphasis on empowerment of rural women
4. Fisheries – [Karachi Fisheries Harbor](#) & [Korangi](#)
5. Study: Unblocking the Economic Potential of Sindh: A framework for Enhanced Competitiveness to be launched 11<sup>th</sup> of November in Karachi



## SDF – Financial Instruments

### 1) Credit Assistance:

- Selected individuals capable of facilitating local industry can apply for a loan from any financial institution.
- Subsidize the annual loan interest rate by 10%
- Loan amount should not exceed US \$ 2 million. Special cases exceeding limit can be brought to SC for approval.
- Projects will be supported for up to five years, starting from the day loan is granted.
- KPIs and milestones will be clearly defined and CSF in addition to financial institution will also do monitoring and evaluation

### 2) Matching Grants:

- Individuals / clusters with their own money and not interested in availing loan facility can apply for grants.
- Grants of up to 50% of project cost or \$250,000 (whichever is less)
- Applicant have to come up with 50% (can be in kind) 

## Prime Minister's Agriculture Committee - PMCA

The **Prime Ministerial Committee on Agriculture** covers the entire spectrum of activity in the area of agriculture.

### **Sub Committees:**

The Committee has appointed 4 **Sub Committees** that are undertaking the cross-cutting activities and interventions. These include

1. Marketing and Infrastructure
2. Finance
3. Research
4. Organic Certifications and Cooperatives.

# Prime Minister's Agriculture Committee - PMCA

These are the outcomes of the last PMCA meeting:

1. Marketing and storage
  - CSF is assisting the Planning Commission to set up a holding company
2. Agriculture Policy Institute
  - The work is carried out with Afaq Tiwana
3. Certifications and Cooperatives
  - PARC is supposed to establish an institute for international standards
  - PARC to establish three new sites for milk cooperatives
4. Research and Development Budget Allocation
  - HEC is working with the provincial agriculture research institutions

# Members of PMCA

PMCA Chair of Committee- Minister of State for Finance & Economic Affairs

## Govt. Members

1. Secretary, Ministry of Food and Agriculture
2. Secretary, ministry of Planning and Development
3. Secretary, Ministry of Industries and Production
4. CEO, Pakistan Horticulture Development and Export Board PHDEB
5. PARC Chairman
6. Director, State Bank of Pakistan
7. CEO, Zarai Taraqati Bank Limited ZTBL

## Academia Members

1. Dr Said Khan Khalil – Vice Chancellor, NWFP Agriculture University Peshawar
2. Dr. Iqrar Ahmed- Vice Chancellor Faisalabad Agriculture University
3. Dr. Shahid Manzoor - Head of Plant Biotechnology, Director and Principal Scientist, National Institute of Biotechnology and Genetic Engineering (NIBGE) Faisalabad
4. Dr. Shiekh Riazzudin – Director, Center of Excellence in Molecular Biology (CEMB)
5. Dr. Kausar Abdullah Malik – Free lance consultant/ Forman Christian College/ Professor Biology

# Members of PMCA

## Private sector Members

1. Syed Yawar Ali C.E.O, Nestle Pakistan
2. Asad Umer C.E.O, Engro Chemicals
3. Mr. Afaq Tiwana CEO & Chairman, PARC Agrotech Company (Pvt) Ltd. (PATCO)  
& Agrimall
4. Tanwir Hassan C.E.O, Habib Oils Limited
5. Tariq Mehmood Chairman, All Pakistan Textile Mills Association (APTMA)
6. Mansoor Saeed Project Manager Exports, Metro Cash & Carry
7. Jamal Mustafa Siddiqui M.D, Macro Cash & Carry
8. Iqbal Ahmad Qarshi C.E.O, Qarshi industries
9. Saifi Chaudhry C.E.O, Shezan



# Karachi Fisheries Harbour

## Recommendations

1. Reorganisation of the Management Structure of KFH – key issue to resolve the positions of the Fishermen’s Cooperative Society and the auctioneers (“moles”); proposal is to contract out the management via a company structure
2. Physical infrastructure rehabilitation – better water supply, more ice-making, rationalise the number of boats in the harbour, improving the sewage system, up-grading auction halls

## Outcomes

1. Annual increase in value of catch of US\$ 35 million – resulting from improved quality and better market prices, also reduction of trash fish used for animal feed at loss-making prices
2. Restore loss of US\$ 60 million (30% of value of exports) exports to Europe annually by restoring EU listings for fish processors



# Korangi Fisheries Harbor

CSF findings and recommendations on the Korangi Fishery Harbor include:

1. Declare the Korangi harbor as a special economic zone for the sea food processing industry
2. Contract out the management of the fishing part of the harbor to a specialized international company
3. Use one of the main buildings that we have identified as a warehouse for the seafood items to be connected to the warehouse planned to be set up in Bishkek/Kyrgyz republic
4. Transfer the ownership of the Korangi from the Federal government to the Provincial Sindh Government.



# Trained Journalists

## Economic journalists sent for training to Stanford

1. **Aamir Jahangir (CEO Samaa TV)**
2. **Fatima Akhtar (Manager/Producer Innovation Samaa TV)**
3. **Khaleeq Kiyani (Dawn, Currently Chief Reporter Samaa TV)**
4. **Ihtesham-ul-Haq (Chief Reporter Dawn, Currently Director News North Samaa TV)**
5. **Asad Kaleem (Assignment Editor, Aaj TV)**
6. **Afzal Bajwa (Senior Reporter, The Nation, Islamabad)**
7. **Hamza Habib (Business News Editor Geo TV, Karachi)**
8. **Karim Maddad (Economic Editor APP, Islamabad)**
9. **Khalid Mustafa (Special Correspondent, The News, Islamabad)**
10. **Zameer Haider (Senior Producer Aaj TV, currently Senior Reporter Dunya TV)**
11. **Sadia Fazal (Resident Editor Business Recorder)**
12. **Phyza Jameel (Acting Bureau Chief CNBC)**
13. **Faisal Rehman (Director News North News One)**
14. **Sara Hassan (Reporter Aaj TV)**
15. **Osama Hashmi (Director Green and White)**
16. **Arif Rana (Senior Reporter Business Recorder, currently with Samaa TV)**
17. **Nadia Zafar (Producer, Anchor DawnNews)**
18. **Mubarak Zeb Khan (Senior Reporter Dawn, Islamabad)**
19. **Shahzada Irfan (Assistant Editor The News, Lahore)**



# Institutions

- **Property Rights**
- **Intellectual Property Protection**
- **Diversion of Public Funds**
- **Public Trust of Politicians**
- **Judicial Independence**
- **Favoritism in Decisions of Government Officials**
- **Wastefulness of Government Spending**
- **Burden of Government Regulation**
- **Efficiency of Legal framework in settling disputes**
- **Transparency of Government Policy Making**
- **Business Cost of Terrorism**
- **Business Cost of Crime & Violence**
- **Organized Crime**
- **Reliability of Police Services**
- **Ethical behavior of firms**
- **Strength of Auditing and reporting standards**
- **Efficacy of corporate boards**
- **Protection of Minority stakeholders' interests**



# Infrastructure

1. Quality of Overall Infrastructure
2. Quality of Roads
3. Quality of Railroads infrastructure
4. Quality of Port infrastructure
5. Quality of air transport infrastructure
6. Available Seat Kilometres
7. Quality of electricity supply
8. Telephone lines



# Macroeconomic Stability

1. Government surplus/deficit
2. National Savings rate
3. Inflation
4. Interest rates spread
5. Government debt

