

**DRAFT Report for Comment**

## **Investment Promotion Strategy**

### **Punjab Board of Investment and Trade**

***2018-2022***

Investment Policy and Promotion Department  
Trade and Competitiveness Global Practice  
World Bank Group

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Punjab Board of Investment & Trade



**WORLD BANK GROUP**  
Trade & Competitiveness

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# 1 Background to this strategy

**PBIT resolves to realize its full potential and become a transformative force for the Punjab economy.**

Investment promotion is a highly competitive business worldwide, particularly for lesser-known locations or ones perceived to be difficult for investors, including Pakistan and Punjab Province. A feature of the world's best performing IPAs is that many projects attracted to their locations come from the IPAs' own direct marketing efforts. While good IPAs do facilitate investments by investors that come to them, IPAs that exist only to facilitate such low-hanging fruit are "leaving money on the table." They do little to generate maximum development benefits or foster sectors of the future.

Today, eight years after our creation, the Punjab Board of Investment and Trade (PBIT) enjoys a reputation as a capable representative of the Government of Punjab (GoPunjab) among foreign investors and as a helpful resource to foreign and domestic investors when they seek information and assistance investing in Punjab. However, PBIT has never fully adopted international best practices for investment promotion and does not have a widely recognized, objectively verifiable track record of concrete development impacts for Punjab.

PBIT acknowledges this historical shortcoming. We acknowledge and embrace our unique position within GoPunjab to help the province win its share of the \$1.7 trillion global market for FDI, and have resolved to reform PBIT, so that we might become a transformative force for the Punjab economy. For the five-year strategic period 2018-2022, PBIT adopts the following vision and mission:

**Vision:** To measurably move the Punjab economy toward unprecedented growth, diversification, and global integration

**Mission:** To successfully undertake activities with a high marginal impact on the attraction and sustainability of private investments, in a set of sectors which collectively promise Punjab massive employment, much greater industrialization, massive exports, diversification into knowledge-based sectors, and a new level of global economic connectivity

**PBIT will dedicate itself to the realization of quantifiable and objectively verifiable impacts that concretely advance the Punjab Growth Strategy.**

GoPunjab has laid out clear development objectives in its near-term Punjab Growth Strategy and its longer-term Punjab Vision 2025. The Punjab Growth Strategy envisions the province as a "secure, economically vibrant, industrialized and knowledge-based province, which is prosperous and where every citizen can expect to lead a fulfilling life." PBIT was established with a mandate to advance these objectives through the direct promotion and facilitation of domestic and foreign investment, as well as through collaboration with public officials and private sector associations on improving the investment climate and developing specific sectors. The Punjab Growth Strategy's economic targets of most direct relevance to PBIT are as follows:

1. Achieving 8% economic growth (real GRP growth rate) in Punjab by 2018
2. Increasing annual private sector investment in Punjab to USD 17.5 billion by 2018
3. Creating 1 million quality jobs every year in Punjab
4. Training 2 million skills graduates in Punjab by 2018

5. Increasing Punjab's exports by 15% every year till 2018

**This strategy marks the start of a major institutional reorientation for PBIT.**

For most organizations a new strategy represents an adjustment, a modest change in focus and activities from the previous strategic period to accommodate changing circumstances. However, for PBIT, this strategy—its first—marks something more. It represents a new vision, which will markedly move PBIT away from past, ineffective practices and toward a new set of focuses and activities that are strongly impact-oriented and based on well-established international best practices for investment promotion.

To date, PBIT's day-to-day activities have been driven less by results-oriented deliberation and more by outside influences. Even when PBIT's work may have been a decisive factor in an investor's location decision, that fact would likely have gone unnoticed because of PBIT's lack of quantitative goal-setting, customer follow-up, and impact evaluation. These same deficiencies mean that PBIT's focus has historically been drawn away from the most potentially transformative sectors by the short-term demands of investors coming to Punjab on their own initiative, sectors where other departments of GoPunjab are most active, and even to non-investors (e.g., foreign traders) looking simply for an access point to the Punjab public and private sectors.

Where PBIT has been most proactive has been in the organization of business events with partner governments abroad or in Punjab. These events have been used primarily to make pitches to foreign investors in "saleable investment projects" designed by GoPunjab departments, for example in energy generation and transportation infrastructure. PBIT's contributions to these events are valued both by investors and the GoPunjab technical departments which drive them, but the marginal impact that PBIT can have on actual investment through such events is low. GoPunjab's technical departments are capable of publicizing their own investment "opportunities," and the companies that end up investing in them would not normally point to PBIT services as a decisive factor in their decisions to invest. Moving forward, PBIT will systematically undertake the activities which will give PBIT the greatest possible **marginal impact** on Punjab's highest priority development objectives.

**This strategy is and must be firmly anchored in a sector-based approach.**

Persuading an investor likely to invest elsewhere to instead locate in Punjab is a major feat and the most fundamental outcome objective of investment promotion. It demands a deep knowledge of the needs of each investor and each project. Much of this knowledge can only be acquired after a particular investor has been identified as a lead, but it requires, as a starting point, that PBIT have a strong, pre-existing knowledge of the individual investor's sector. PBIT will cultivate a core promotional staff of individuals with specializations in particular sectors. These PBIT staff will have and be able convey solid knowledge of their assigned sectors' markets, value chains, production processes, cost drivers, industry players, relevant public policy, innovations, trends, and how all these factors interact with the particular advantages and disadvantages of Punjab and its leading competitors for investment. Based on these factors, each sector has its own sub-strategy, with tailored impact objectives, target investors, and promotional activities, as detailed in Chapter 2.

**Based on a competitiveness assessment and stakeholder consultation, PBIT has selected six sectors where it can make the biggest difference in generating investment and desired development benefits.**

In consultation with GoPunjab and the Punjab private sector and with support from the World Bank Group and EY, PBIT analyzed nearly 100 subsector-specific business activities for sector competitiveness, anticipated growth, FDI volumes, attendant development impacts, and constraints to investment, among other factors. The six primary sectors selected for near-term prioritization are:

1. Auto, truck, and auto part manufacturing
2. Food manufacturing, especially value addition to local fruits, vegetables, crops, meat, & seafood
3. Surgical and medical instrument manufacturing
4. Warehousing and storage services
5. Software and IT services
6. Apparel and textile manufacturing

**PBIT’s target geographic markets**

PBIT’s biggest long-term marginal impact on inward investment flows will come as a result of targeting individual companies in its priority sectors. By analyzing global FDI flows for these sectors, PBIT has determined that its largest concentration of target investors are likely to be found in the countries shown in Figure 1. Four countries, in particular, host the major players in all or nearly all of PBIT’s six priority sectors. These are the U.S., Germany, Japan, and the UK.

**Table 1. Summary of likely target markets among PBIT’s six priority sectors**

Target market	Among the top targets in __ of 6 priority sectors	Target market	Among the top targets in __ of 6 priority sectors
U.S.	6	Canada	1
Germany	6	Switzerland	1
Japan	5	Ireland	1
UK	4	Italy	1
France	2	Taiwan	1
South Korea	2	Israel	1
Denmark	2	Sweden	1
Netherlands	1		

Source: WBG calculations based on fDi Markets data

PBIT’s sector-based strategy will be augmented with country-specialized resources. These will include external resources, such as partnerships with business associations and Pakistani government representation in target countries, as well as internal resources, such as subscriptions to country-specific databases for lead generation and staff with specialized language skills.

Other countries will be given special attention for fixed periods, when special opportunities arise, as part of a new Special Initiatives Unit. In the initial phase of this strategy, this will apply only to China and Turkey. A high influx of Chinese investor inquiries, spurred by the planned infrastructure investment of \$54 billion in the China-Pakistan Economic Corridor, has created special demand for facilitation services and the conversion of quick wins for investments from China. In the case of Turkey, the strong

connections of PBIT’s Turkey Cell has yielded some recent success in connecting Turkish investors with large projects and created high GoPunjab demand for promotional follow-up.

**PBIT will continue to be a resource for other GoPunjab departments looking for investors in government-developed infrastructure projects, but this will not drive its day-to-day operations**

PBIT will continue to lend its marketing expertise and promotional materials to other GoPunjab departments looking for investors in government-developed infrastructure projects, as well as support project start-up and relevant policy reforms. However, this work will be handled by a dedicated department, allowing PBIT to dedicate most of its staff to its sector promotion, project facilitation, market research, and policy advocacy, without the risk of having resources diverted from these high priorities by short-term, ad hoc demands from departments with overlapping interests but different mandates of their own.

**PBIT aims to quantifiably generate investment, jobs, exports, development of domestic firms, and investment climate reform, rigorously and transparently measuring its results.**

*“That which gets measured, gets done.”*

– Anonymous

In consultation with public and private sector stakeholders, PBIT has resolved to contribute to the realization of the Punjab Growth Strategy through six major institution-level impacts. These were selected both for their concrete development benefits and for the feasibility of accurately tracking the relevant indicators. PBIT’s six impact indicators are:

**Table 1. PBIT’s impact objectives for 2018 and beyond**

<b>Impact indicator</b>	<b>2018 target</b>	<b>Cumulative 2018-2022</b>
<b>Value of new capital investment announced and implemented</b> from companies which only began seriously considering Punjab as an investment location after being contacted by PBIT	TBD decided with PBIT management	TBD decided with PBIT mgmt.
<b>Number of jobs announced and created</b> by companies which only began seriously considering Punjab as an investment location after being contacted by PBIT		
<b>Value of domestic firms’ sales revenue to foreign firms</b> which have invested in Punjab with PBIT’s attraction and/or facilitation		
<b>Value of exports</b> by PBIT-attracted firms		
<b>Increase in export value by domestic firms</b> which the firms attribute to improvements coming out of PBIT’s supplier linkage programs		
<b>Number of new, sector-stimulating investment climate reforms</b> with critical leadership or support from PBIT		
<b>Impact of new, sector-stimulating investment climate reforms:</b> The subset of the capital and job impacts, which can be attributed to new government measures with critical leadership or support from PBIT		
<b>Gender ratio of jobs created</b> as compared to the Punjabi workforce overall		

## 2 Sector-specific strategies

For PBIT's newly assigned, sector-specialized account managers, this chapter presents an overview of each priority sector's competitiveness and anticipated development impact, and then lays out the high-level promotion activities best suited to accomplishing the impacts relevant to PBIT's overall impact objectives. Each section wraps up with PBIT's indicators for measuring those impacts and a description of the staff and resources to be developed for implementation of the sector-specific strategy.

A study benchmarking Punjab's strengths and weaknesses relative to other leading FDI destinations is underway and will further refine PBIT's focus on specific products and geographic markets.

### 2.1 Auto and auto part manufacturing

#### Competitiveness

The car and truck assembly sector has proven itself to be internationally competitive, attracting market-seeking assembly plants from three, now long-established, Japanese car manufacturers and several others, which have announced plans for numerous expansion projects. Suzuki and Frontier Auto Works (a local joint venture with a Chinese firm) expect to add second production lines in the near future, and Dewan Motors, an auto distributor in Punjab, is said to be planning a manufacturing facility. South Korean Kia is also said to be considering its first assembly plant in Pakistan. With only three cars being locally produced, many cars are still imported, and Pakistan as a whole had a \$1.7 billion trade deficit in the automotive sector in 2015.<sup>1</sup>

Nearly all of this sector's activity is geared toward the domestic market. In 2015 Pakistan, as a whole, exported only \$45 million worth of autos and auto parts, with nearly a quarter of that going to Afghanistan. That international firms are willing to assemble autos in Punjab, instead of importing finished autos, indicates that the province has at least minimum levels of skill, productivity, industrial capacity, and logistic services. World Bank Group analysis<sup>2</sup> suggests that South Asia as a whole could triple its share in global auto exports by 2030. However, the province has a considerable way to go before it can attract significant volumes of efficiency-seeking FDI and become a major exporter of autos and auto parts.

Domestic auto part manufacturers are well-established in lower-technology parts, such as filters and spark plugs, but are still not well-connected as suppliers to foreign auto manufacturers in Pakistan, let alone to foreign plants abroad. However, in a sign of the growing strength of the sector's larger value chain, Suzuki is said to have plans to start its own auto glass manufacturing in Punjab. Domestic auto part manufacturing is an area where substantial growth is anticipated but not only just beginning.

Prominent existing investors in this sector include Toyota, Honda, Suzuki, Yamaha, Daihatsu, Milat Group, Ghani Automobile, Hino Pak, and Yousuf Dewan Companies.

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<sup>1</sup> Source: International Trade Centre calculations based on UN COMTRADE statistics. [www.trademap.org](http://www.trademap.org) database accessed February 15 2017.

<sup>2</sup> Lopez-Acevedo, Gladys, Denis Medvedev, and Vincent Palmade, 2017. "South Asia's Turn: Policies to Boost Competitiveness and Create the Next Export Powerhouse." World Bank Group, Washington D.C.

### **Anticipated development impact**

The sector is conducive to GoPunjab's development goals. Auto manufacturers typically provide considerable on-the-job training, and employ many people at substantial skill and wage levels. The sector's expansion would represent a meaningful development of Punjab's industrial base and, with its highly diffuse global value chain, a deepening of the province's global economic integration.

Increased production, especially of new models, would have an immediate import-substituting effect, and increased productivity might eventually enable Punjab-based manufacturers to serve regional markets through exports. Both of these developments would have a positive effect on the country's balance of trade.

### **Investment promotion activities needed**

Investments in Punjab's auto assembly plants have happened with almost no involvement from PBIT and only slightly more from the federal Board of Investment (BOI). This does not mean that new involvement by PBIT could not have a significant marginal impact on the sector's retention and expansion. In fact, the fact that the sector is a high priority for GoPunjab's development plans demands that the sector be looked after and proactively nurtured. Market dynamics may shift investor priorities. Other locations may become more competitive. Changes in domestic policy may make it harder to do business.

For the longer-term, PBIT will seek to understand and proactively manage the risks faced by investors in Punjab, constraints on growth, Punjab's standing relative to other possible locations, and new investors considering joining the competition or filling some gap in the Punjabi value chain. PBIT is the GoPunjab institution in the best position to understand these issues and do something about them.

The investment promotion activities PBIT will undertake include:

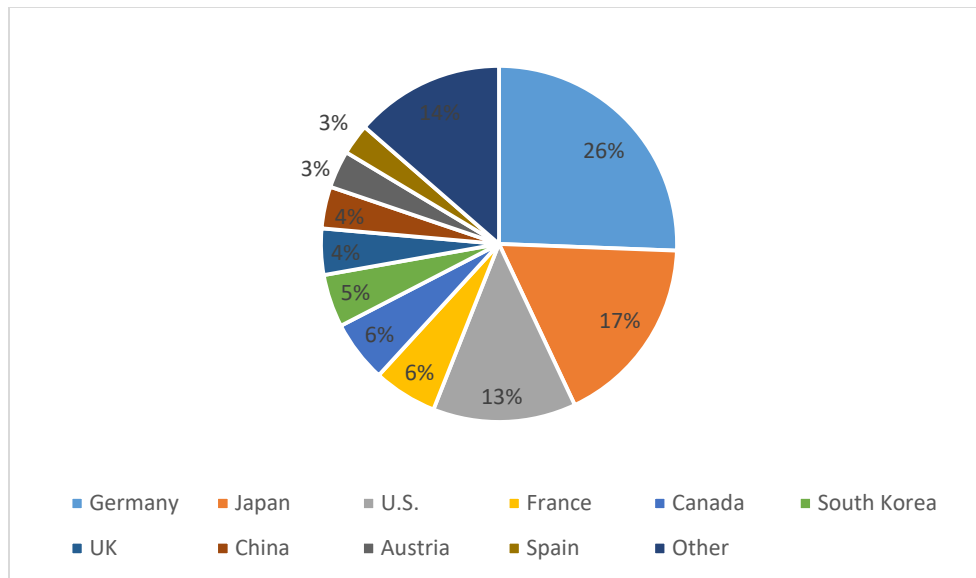
- **Market research** about (a) how auto parts manufactured in Punjab compare to those of other countries, in terms of price, production capacity, quality, and supply consistency, (b) what growth in the Pakistani and regional auto markets means for investment opportunities, and (c) what investment climate reforms could further unleash growth
- An **aftercare program**, including a regular schedule of company visits, operational trouble-shooting, policy forums, and supplier match-making events
- A **domestic supplier support program**, designed to introduce local suppliers to foreign auto manufacturers in Punjab; catalogue deficiencies of the local supply in terms of volume, quality, reliability, etc.; and coordinate with all parties to find ways of bridging that gap
- Periodic **investor-targeting campaigns** to draw foreign investors to Punjab, in both auto assembly and auto parts manufacturing
- **Advocacy** for sector-supporting policies to be implemented by government

The market research team's location benchmarking will give PBIT a better understanding of what auto parts Punjab is most competitive in. In turn, that will allow PBIT to understand where in the world that subsector's FDI is coming from and who Punjab is competing with to attract it. Figure 2 shows the world's top 10 source countries for FDI projects in auto manufacturing.



## Target markets for investment promotion

**Figure 2. Top 10 sources of auto part manufacturing FDI, by share of last 500 projects (%)**



Source: Financial Times Intelligence, fDi Markets database, as of January 2017

However, the pending location benchmarking will show that Punjab is not equally competitive in all sectors, and so PBIT's target markets will be further refined. For example, Pakistan's production of textile and leather might prove to be an advantage in the attraction of seating and interior trim manufacturers, in which case Canada rivals Japan and the U.S. as a source, and China is not far behind, according to Financial Times data. And when excluding all larger, electronic, or complex parts (e.g., engines, bodies, systems of electronics, braking, and steering), Japan becomes the clear leader, and Spain becomes comparable to Canada and South Korea.

### Impact indicators

PBIT's success or failure in promoting this sector will be evaluated regularly, transparently, according to rigorous and objective standards, and based on impact rather than outputs or intermediate outcomes. The following indicators capture the impacts for which the sector is valued and which relate directly to the objectives of GoPunjab's development goals.

- **Value of new capital investment announced and implemented:** Value of capital investment planned and implemented by new auto and auto part manufacturing companies in Punjab, which only began seriously considering Punjab as an investment location after being contacted by PBIT
- **Number of jobs announced and created:** Number of employees planned and hired by new auto and auto part manufacturing companies in Punjab, which only began seriously considering Punjab as an investment location after being contacted by PBIT

- **Value of domestic firms' sales revenue from foreign firms:** Value of sales, in the most recently ended fiscal year, by Pakistani auto part suppliers and industry service providers, to foreign-invested enterprises<sup>3</sup> which have invested in Punjab with PBIT's attraction and/or facilitation
- **Value of exports:** Value of all exports by PBIT-attracted firms and the increase in export value which domestic firms attribute to improvements coming out of PBIT's supplier support program
- **Number of new, sector-stimulating investment climate reforms:** Number of new government measures adopted in support of the auto and auto part sector (as evidenced by published statements of at least one relevant trade association) with critical leadership or support from PBIT (as attested to by a relevant public office, investor, or trade association in published remarks)

### Staff and resource needs

PBIT will operationalize its sector focus with exclusive staff and budget to proactively and continuously engage investors, namely:

- 1 sector-focused account manager<sup>4</sup> to act as PBIT's single point of contact to investors during investor-targeting, investment facilitation, and aftercare. This staff member would be dedicated exclusively to activities for this sector.
- Access to an internal research team, heavily focused on developing business intelligence, articulating business propositions, and designing promotional materials for PBIT's priority sectors
- Travel budget for:
  - Company visits within Punjab one or two days per week
  - 2-3 investor-targeting missions abroad, each lasting about two weeks

## 2.2 Food manufacturing, especially adding value to locally produced fruits, vegetables, crops, meat, and seafood

### Competitiveness

Food manufacturing represents a highly mobile sector for investment with more than 300 FDI projects in the world recorded last year.<sup>5</sup> Food manufacturers are drawn to markets with large, increasingly middle-class populations. A market's attractiveness to food sector investors is further enhanced by significant local supplies of raw materials and well-established light industry, both of which exist in Punjab.

Prominent domestic and foreign companies in this sector include K&N's, Menu, Big Bird, PK, Mono Salwa, National Foods, Shan Foods, Nestle Foods, Knorr, Continental Biscuits, English Biscuit, Engro, Shakargong Foods, Haleeb Foods, Dawn Foods, Seasons Foods, Gourmet Foods, Coke, Pepsico, Danpack, Reckitt and Benckiser, Fauji Foods, Shezan, Mitchell's, Shan Foods, National Foods, Anhaar, Prema, and Unilever. These are mostly market-seeking investors, but more efficiency-seeking firms may be attracted

<sup>3</sup> In keeping with the definitions used by the United Nations and the World Bank Group, a firm shall be deemed "foreign-invested," if 10 percent or more of its equity is held by non-Pakistanis.

<sup>4</sup> The term "specialist" does not mean "expert," simply a staff member who is focused on the sector and can build knowledge and relationships of the sector, in Punjab and outside, by acting as the sector's focal point at PBIT.

<sup>5</sup> For the 12 months from December 2015 to November 2016. According to the Financial Times' fDi Markets database, which records project announcements captured in a wide range of print media.

to Punjab as an export platform, as more of the existing firms are beginning to export a significant percent of their production. These include, K&N, which produces frozen chicken products and Engro, which was recently purchased by a Dutch company for use as an export platform. Several others export, but mostly to serve expatriate Pakistani markets, such as Shezan, Shan Foods, and National Foods.

Punjab's supply strength for foods is in fruits, vegetables, dairy, and oil sources, but the extent of food processing remains on the unsophisticated end of the spectrum, with jams, spreads, pickles, yoghurts, cheeses, and canned and frozen vegetables. Punjab produces significant quantities of edible oils—sunflower, soya, corn, olives, etc.—but with imported raw materials. Few foods of greater complexity are being produced, and retail sales of meat and poultry are still predominantly raw, directly from butchers.

It is expected that significant growth in food production will have to be paralleled in increased production capacity and, perhaps more critically, the quality of raw agricultural materials. This will likely require support from government and donor partners to improve adoption of good agricultural practices (“GAP”) and the development of upstream industries. The government has forecast an end to electricity shortages by the summer of 2017, which is expected to unlock the energy-intensive domestic production of fertilizers, pesticides, and other agrochemicals, making them cheaper and more widely used.

### **Anticipated development impact**

In 7 of the last 10 years, Pakistan as a whole has run a trade deficit in foods and beverages. In 2015, it exported \$4.3 billion worth, with 20 percent going to Afghanistan, as Pakistan's largest export market. In the same year, Pakistan imported \$4.9 billion worth of food and beverages. Indonesia was the largest source of those imports, accounting for nearly a third of the total and as much as the next five source countries combined. By product, fully one-third of all food and beverage imports were of one product, palm oil and its fractions (Harmonized System tariff code 151190).<sup>6</sup>

It is expected that any major increase in the sector's investment would be in domestic value addition, bringing more varied and nutritious food options to the populace, improving the balance of trade through import substitution, and eventually creating an export-oriented industry that could become another engine for industrial development, job creation, and global economic integration.

### **Investment promotion activities needed**

Momentum for growth in the food sector is less than, say, the auto and auto part sector. Fast-moving consumer good companies (“FMCG”), such as Coke, Pepsico, Danpack, and Reckitt and Benckiser can only drive growth in value so much. Domestic value chain development will be essential to the growth of Pakistan's food sector. For PBIT, this means an early focus on aftercare and supplier development, with investor-targeting coming afterwards. More than in PBIT's other priority sectors, investment promotion in the food sector will entail significant time spent with domestic investors all along the agribusiness value chain and mobilizing a wide range of stakeholders on sector-building initiatives.

- **Market research** about (a) which local raw materials provide a competitive asset to existing and potential investors, in relation to other attractive markets, (b) the structure, capacities, and

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<sup>6</sup> *Source:* International Trade Centre, based on UN Comtrade statistics. Trade Map database, [www.trademap.org](http://www.trademap.org). Accessed March 2017.

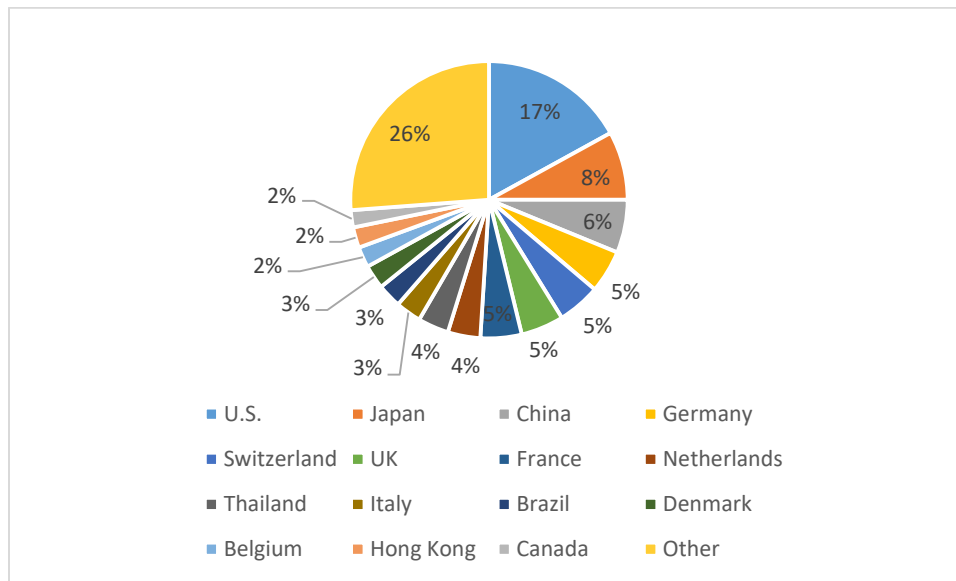
international connectivity of the domestic food value chain, (c) what growth in the Pakistani and regional food markets means for investment opportunities, and (d) what investment climate reforms could further unleash growth (e.g. added support to the promotion of silo construction, establishment of a legal framework for a warehouse receipt system)

- A **program of support to domestic suppliers and service providers**, designed to introduce these firms to foreign food manufacturers in Punjab; catalogue deficiencies of the local supply and services in terms of volume, quality, reliability, etc.; and coordinate with all parties to find ways of bridging that gap
- An **aftercare program for foreign investors**, including a regular schedule of company visits, operational trouble-shooting, policy forums, and supplier match-making events
- Periodic **investor-targeting campaigns** to draw foreign food manufacturers to Punjab
- **Advocacy** for sector-supporting policies to be implemented by government

### Target markets

The market research team’s location benchmarking will give PBIT a better understanding of what food products offer Punjab the best prospects for FDI, based on markets and raw material supplies. In turn, that will allow PBIT to understand where in the world that subsector’s FDI is coming from and who Punjab is competing with to attract it. Figure 3 shows the world’s top 15 source countries for FDI projects in food manufacturing.

**Figure 3. Top 15 sources of food manufacturing FDI, by share of last 500 projects (%)**



Source: Financial Times Intelligence, fDi Markets database, as of January 2017

### Impact indicators

PBIT’s success or failure in promoting this sector should be evaluated regularly, transparently, according to rigorous and objective standards, and based on impact rather than outputs or intermediate

outcomes. The following indicators capture the impacts for which the sector is valued and which relate directly to the objectives of GoPunjab’s development goals.

- **Number of domestic firms certified as suppliers to foreign-invested food manufacturers:** The number of domestic firms which (a) were newly certified, in the most recently ended fiscal year, as suppliers to foreign-invested food manufacturers in Pakistan and (b) give credit to PBIT for introducing them to the certifying food manufacturer, connecting them to technical assistance, driving sector-unlocking reforms, or providing critical assistance in some other way.
- **Value of domestic firms’ sales revenue from foreign firms:** Value of sales, in the most recently ended fiscal year, by Pakistani agribusiness suppliers and industry service providers, to foreign-invested enterprises<sup>7</sup> which have invested in Punjab with PBIT’s attraction and/or facilitation:
- **Value of new capital investment announced and implemented:** Value of capital investment planned and implemented anywhere along the food and agribusiness value chain by new foreign firms, which only began seriously considering Punjab as an investment location after being contacted by PBIT
- **Number of jobs announced and created:** Number of employees planned and hired by new foreign firms, which only began seriously considering Punjab as an investment location after being contacted by PBIT
- **Value of exports:** Value of all exports by PBIT-attracted firms and the increase in export value which domestic firms attribute to improvements coming out of PBIT’s supplier linkage programs
- **Number of new, sector-stimulating investment climate reforms:** Number of new government measures adopted in support of the agribusiness and food sectors (as evidenced by published statements of at least one relevant trade association) with critical leadership or support from PBIT (as attested to by a relevant public office, investor, or trade association in published remarks)

### Staff and resource needs

PBIT will operationalize its sector focus with exclusive staff and budget to proactively and continuously engage investors, namely:

- 1 sector-focused account manager<sup>8</sup> to act as PBIT’s single point of contact to investors during investor-targeting, investment facilitation, and aftercare. This staff member would be dedicated exclusively to activities for this sector.
- Access to an internal research team, heavily focused on developing business intelligence, articulating business propositions, and designing promotional materials for PBIT’s priority sectors
- Travel budget for:
  - Meetings with agribusiness suppliers, food processors, public officials, and international donors three or four days per week

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<sup>7</sup> In keeping with the definitions used by the United Nations and the World Bank Group, a firm shall be deemed “foreign-invested,” if 10 percent or more of its equity is held by non-Pakistanis.

<sup>8</sup> The term “specialist” does not mean “expert,” simply a staff member who is focused on the sector and can build knowledge and relationships of the sector, in Punjab and outside, by acting as the sector’s focal point at PBIT.

- In the medium-term, 2 investor-targeting missions abroad, each lasting about two weeks

## 2.3 Surgical and medical instruments

### Competitiveness

Centered on Sialkot, Punjab, the Pakistani surgical and medical instrument sector produces mainly stainless steel products, such as forceps, clamps, retractors, scalpels, specula, calipers, needles, and surgical staplers. It makes a few electrical devices, such as drills and dermatomes, but has not moved significantly into medical electronics or other high-value apparatuses.<sup>9</sup> Demonstrating global competitiveness with \$351 million in exports in 2015, Pakistan ranks as the world's 33<sup>rd</sup> largest exporter of surgical and medical instruments (HS tariff code 9018).

Powered by domestic investors, the sector has yet to attract significant amounts of FDI and, according to the Trade Development Authority of Pakistan, has been constrained by technology and skill weaknesses in the areas of high-tech coatings, corrosion prevention, and manufacturing techniques, such as plastic injection molding, computer-aided design, CNC machine operation, and material testing and evaluation.

The export market for these products was worth \$108 billion in 2015, and its growth from 2011 to 2015 outpaced the average global growth rate for all exports by 6 percent. Punjab's exports are largely unfinished products sold to traders in the U.S., Germany, and other European countries, where the products are repackaged and then sold internationally. Many of the sector's 30 or so large firms represent potential joint venture (JV) partners to foreign firms. Domestic firms would get access to higher technologies, training in deficient skills, and more direct access to final customers, while foreign JV partners would gain proven, low-cost production capacity.

Prominent existing investors in this sector include Hilbro, Dr. Frigz International, Elmed Instruments, Towne Brothers, Tino Pal Surgical, Technimen Agha, QSA Surgical, Medical Devices Ltd., Buraq Surgical, Medisporex, and M.A. Arain

### Anticipated development impact

Although substantial in size, the sector is growing slowly without a clear path to higher value addition. FDI from investors with the technologies, skills, and distribution channels that Punjabi firms collectively lack, could produce a step change for the sector on a relatively short time frame. This would have a substantial impact on domestic value addition, export volumes, and perhaps diversification into more sophisticated products, such as medical devices with embedded electronics. In the short-term, most of the jobs created would be for semi-skilled metal-workers, machine operators, quality assurance personnel, and the like. In the longer-term, the sector could see an increase in higher wage jobs in design, development, and testing.

### Investment promotion activities needed

The top 13 sources of FDI in this sector are shown in Figure 4, but PBIT's clearest near-term target will be the subset of these countries which currently import Punjab's unfinished surgical instruments in bulk, finish and/or repackage them, and reselling (sometimes re-exporting) them. The companies engaged in

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<sup>9</sup> Trade Development Authority of Pakistan, 2012. "Surgical and Medical Instruments of Pakistan."

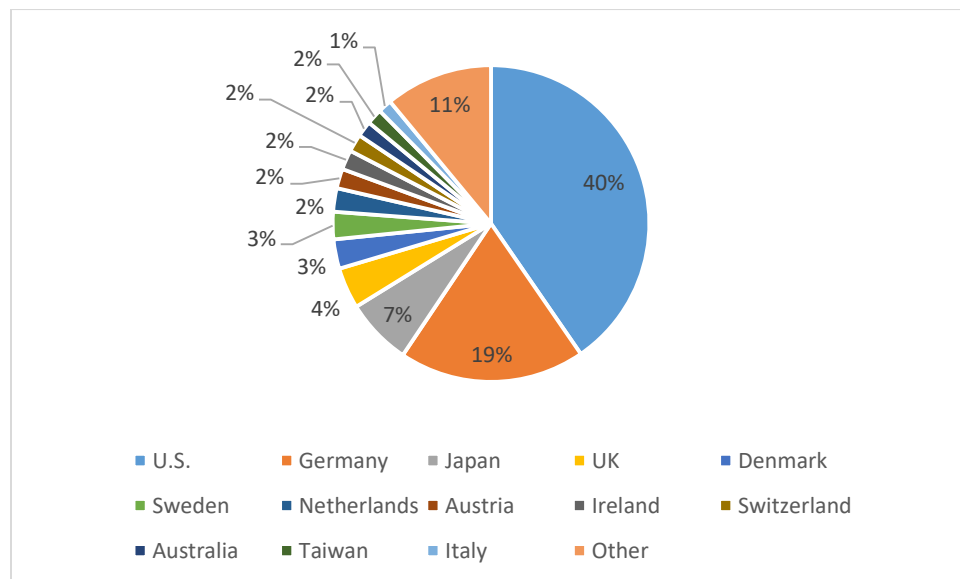
this trade will have a greater familiarity with Punjab’s capacities and stand to save substantially by finishing and packaging the products in Punjab and exporting them directly to their customers.

Pakistan’s top export destinations for surgical and medical instruments (HS tariff code 9018) are shown in Figure 5. The clear overlap here is in the U.S. and Germany, with Japan occupying a distant second tier alone. These were also the world’s 1<sup>st</sup>, 2<sup>nd</sup>, and 8<sup>th</sup> largest exporters, respectively, by value in 2015.

The investment promotion activities PBIT will undertake include:

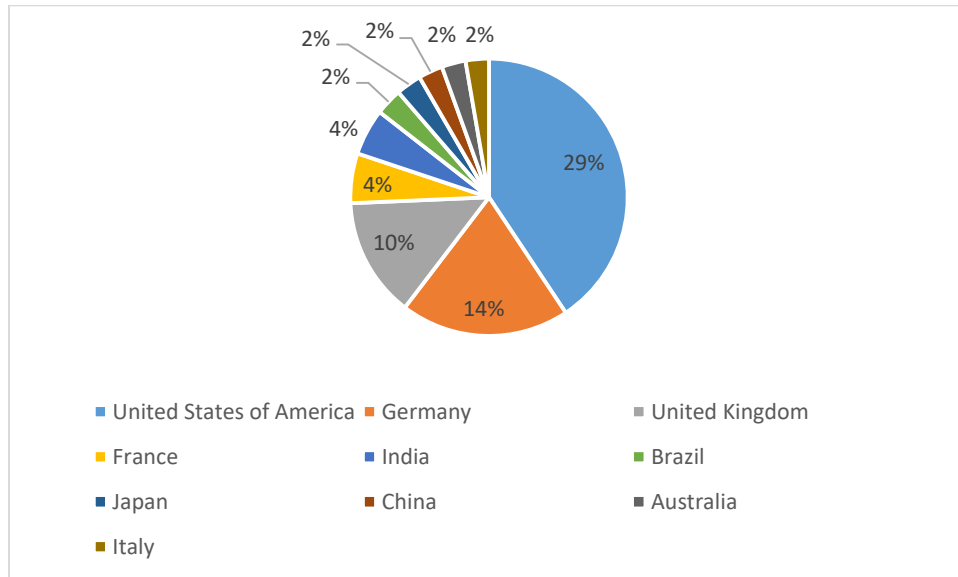
- **Market research** about (a) how surgical and medical instruments manufactured in Punjab compare to those of other countries, in terms of price, production capacity, quality, and supply consistency, (b) what growth in the global market means for investment opportunities, (c) the specific products in which Punjab is currently most competitive, (d) what investment climate reforms could further unleash growth in surgical and medical instrument manufacturing, and (e) what public policies would best support joint ventures between existing manufacturers and foreign investors
- Periodic **investor-targeting campaigns** to draw foreign investors to Punjab
- **Advocacy** for sector-supporting policies to be implemented by government, particularly those related to the sector’s skill development and quality certification
- Once more companies start investing or at least making visits to potential project sites in Punjab, a **joint venture and domestic supplier support program**, designed to introduce local firms to foreign firms; catalogue deficiencies of the local supply; and coordinate with all parties to find ways of bridging that gap

**Figure 4. Top 13 sources of medical device FDI, by share of last 500 projects (%)**



Source: Financial Times Intelligence, fDi Markets database, as of January 2017

**Figure 5. Top 10 export markets for Punjabi surgical and medical instruments, 2015 (%)**



Source: International Trade Center, Trade Map database, as of January 2017

### Impact indicators

PBIT's success or failure in promoting this sector should be evaluated regularly, transparently, according to rigorous and objective standards, and based on impact rather than outputs or intermediate outcomes. The following indicators capture the impacts for which the sector is valued and which relate directly to the objectives of GoPunjab's development goals.

- **Value of new capital investment announced and implemented:** Value of capital investment planned and implemented by new surgical and medical instrument manufacturing companies in Punjab, which only began seriously considering Punjab as an investment location after being contacted by PBIT
- **Number of jobs announced and created:** Number of employees planned and hired by new surgical and medical instrument manufacturing companies in Punjab, which only began seriously considering Punjab as an investment location after being contacted by PBIT
- **Value of exports:** Value of all exports by PBIT-attracted firms and the increase in export value which domestic firms attribute to improvements coming out of PBIT's JV/supplier linkage programs
- **Impact of new, sector-stimulating investment climate reforms:** The subset of the above-mentioned capital and job impacts, which can be attributed to new government measures adopted in support of the surgical and medical instrument sector (as evidenced by published statements of at least one relevant trade association) with critical leadership or support from PBIT (as attested to by a relevant public office, investor, or trade association in published remarks)
- **Value of domestic firms' sales revenue from foreign firms:** Value of sales, in the most recently ended fiscal year, by Pakistani suppliers and service providers to the surgical and medical



equipment sector, to foreign-invested enterprises<sup>10</sup> which have invested in Punjab with PBIT's attraction and/or facilitation.

### **Staff and resource needs**

PBIT will operationalize its sector focus with exclusive staff and budget to proactively and continuously engage investors, namely:

- 1 sector-focused account manager<sup>11</sup> to act as PBIT's single point of contact to investors during investor-targeting, investment facilitation, and JV/supplier program execution. This staff member would be dedicated exclusively to activities for this sector.
- Access to an internal research team, heavily focused on developing business intelligence, articulating business propositions, and designing promotional materials for PBIT's priority sectors
- Travel budget for:
  - Company and stakeholder visits within Punjab. In year one of the strategy, these would be 2-3 days per week, as sector constraints are being assessed and remedied. As FDI begins to flow more, this would shift toward aftercare and take 1-2 days per week
  - 2-3 investor-targeting missions abroad, each lasting about two weeks

## **2.4 Warehousing and storage services**

### **Anticipated development impact**

Warehousing and storage services are a cross-cutting sector, particularly important to stimulate the use of domestic inputs in the manufacturing of food, garments, and automobiles. It is one of only two service sectors among PBIT's six priorities, generating knowledge-based jobs with higher wages, as well as a fair number of low- and medium-skilled jobs.

If the established services include things such as grading and sorting, quality certification, and a warehouse receipt system, then this sector has the potential to upgrade the product quality, supply consistency, and access to finance of the agricultural sector.

### **Investment promotion activities needed**

The investment promotion activities PBIT will undertake include:

- **Market research** about (a) local market demand, (b) what growth in the Pakistani and regional markets for food, garments, and auto parts means for investment opportunities in this sector, and (c) what investment climate reforms could further unleash growth (e.g. added support to the promotion of silo construction, establishment of a legal framework for a warehouse receipt system)
- An **aftercare program for foreign investors**, including a regular schedule of company visits, operational trouble-shooting, policy forums, and supplier match-making events

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<sup>10</sup> In keeping with the definitions used by the United Nations and the World Bank Group, a firm shall be deemed "foreign-invested," if 10 percent or more of its equity is held by non-Pakistanis.

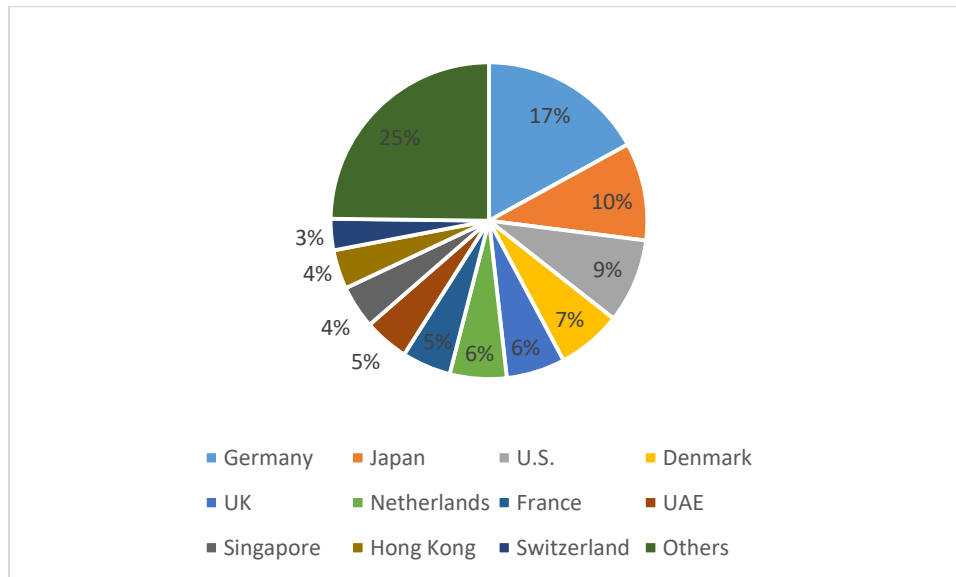
<sup>11</sup> The term "specialist" does not mean "expert," simply a staff member who is focused on the sector and can build knowledge and relationships of the sector, in Punjab and outside, by acting as the sector's focal point at PBIT.

- Periodic **investor-targeting campaigns** to draw foreign investors to Punjab
- **Advocacy** for sector-supporting policies to be implemented by government

### Target markets

The market research team’s location benchmarking will give PBIT a better understanding of what warehousing and storage services offer Punjab the best prospects for FDI. In turn, that will allow PBIT to understand where in the world that subsector’s FDI is coming from and who Punjab is competing with to attract it. Figure 6 shows the world’s top 11 source countries for FDI projects in warehousing and storage services.

**Figure 6. Top 11 sources of warehousing and storage service FDI, by share of last 500 projects (%)**



Source: Financial Times Intelligence, fDi Markets database, as of January 2017

### Impact indicators

PBIT’s success or failure in promoting this sector should be evaluated regularly, transparently, according to rigorous and objective standards, and based on impact rather than outputs or intermediate outcomes. The following indicators capture the impacts for which the sector is valued and which relate directly to the objectives of GoPunjab’s development goals.

- **Value of new capital investment announced and implemented:** Value of capital investment planned and implemented anywhere along the food and agribusiness value chain by new foreign firms, which only began seriously considering Punjab as an investment location after being contacted by PBIT
- **Number of jobs announced and created:** Number of employees planned and hired by new foreign firms, which only began seriously considering Punjab as an investment location after being contacted by PBIT
- **Number of new, sector-stimulating investment climate reforms:** Number of new government measures adopted in support of the agribusiness and food sectors (as evidenced by published statements of at least one relevant trade association) with critical leadership or support from

PBIT (as attested to by a relevant public office, investor, or trade association in published remarks)

### **Staff and resource needs**

PBIT will operationalize its sector focus with exclusive staff and budget to proactively and continuously engage investors, namely:

- 1 sector-focused account manager<sup>12</sup> to act as PBIT’s single point of contact to investors during investor-targeting, investment facilitation, and aftercare. This staff member would be dedicated exclusively to activities for this sector.
- Access to an internal research team, heavily focused on developing business intelligence, articulating business propositions, and designing promotional materials for PBIT’s priority sectors
- Travel budget for:
  - Company and stakeholder visits within Punjab to build market information and support for government policies and programs to stimulate the sector. These would be 2-3 days per week, as sector constraints are being assessed and remedied. As FDI begins to flow more, this would shift toward aftercare and take 1-2 days per week
  - Two investor-targeting missions abroad, each lasting about two weeks

## **2.5 Software development and IT services**

### **Competitiveness**

The business activities<sup>13</sup> in which sector stakeholders see Punjab as being strong are:

- Computer programming, IT consultancy, and computer facilities management
- Software publishing
- Other IT and computer service activities
- Data processing, hosting, and related activities
- Web portals

This is a sector which sees very high numbers of FDI projects around the world, more than any of the 21 sectors on PBIT’s short list for sector prioritization. However, in the last decade, the only inward FDI activity in this sector in Punjab has been the establishment of sales, marketing, and support offices of software companies in Lahore. The only recent productive project registered by the Financial Times’ fDi Markets database in this sector was an estimated \$16 million investment by Swiss U-blox in an LTE software design center that employs approximately 210 people.

Positive opinions held by the Punjabi private and public sectors about the potential of software and IT services to attract FDI appear to be based primarily on three factors: (1) a strong sense that IT-enabled services for consumer markets in Pakistan are at the start of a big boom, with mobile-based applications and e-commerce rapidly changing the commercial landscape, (2) a surplus of skilled workers, who make a good living by exporting their services as individual contractors or very small firms, and (3) well-

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<sup>12</sup> The term “specialist” does not mean “expert,” simply a staff member who is focused on the sector and can build knowledge and relationships of the sector, in Punjab and outside, by acting as the sector’s focal point at PBIT.

<sup>13</sup> Using Revision 4 of the ISIC industry classifications

regarded public support infrastructure for the sector, in particular the Punjab Information and Technology Board's IT infrastructure and services, such as a data center and IT incubator, to both the public and private sector.

The expectation is that FDI projects in this sector would find a superior labor pool, and possibly joint venture partners, waiting for them in a first phase of the sector's development. Building on the positive national image from that success, a second phase of export-oriented, efficiency-seeking FDI in this sector would be facilitated by marketing efforts from PBIT, public-private initiatives to ramp up the workforce, and sustained attention to telecommunication infrastructure.

Considering the relatively low capital-intensity in this sector, there are high hopes for domestic investors to play a more significant role. A major obstacle to that, as in the IT sectors of many countries around the world, is difficulty finding financing for a company beyond start-up, through the seed and growth stages.

Prominent existing investors in the sector include Zepto Systems, NetSol Technologies, Ovex Technologies, TRG Tech, System Pvt Ltd, Kalsoft, Elixir Technologies, Microsoft, and Xavor.

### **Anticipated development impact**

More and more, IT solutions are at the center of efficient production, marketing, and distribution across all sectors. The growth of Punjab's software and IT service sector could have a multiplier effect on growth in all of the province's other priority sectors.

Average wages and opportunities for career development may be greater in the software and IT service sector than most of the jobs associated with PBIT's other priority sectors. Although creating fewer jobs than, say, apparel or auto manufacturing, this sector would represent a desirable diversification of the economy into knowledge-based sectors. It is also a cross-cutting sector that enables others, from the retail markets now beginning to boom to internal business solutions that raise efficiency and business intelligence. Driven more by novel ideas and quickly proliferating niche markets than many other sectors, this sector also has more room for relatively small national players to compete with and eventually become international players.

### **Investment promotion activities needed**

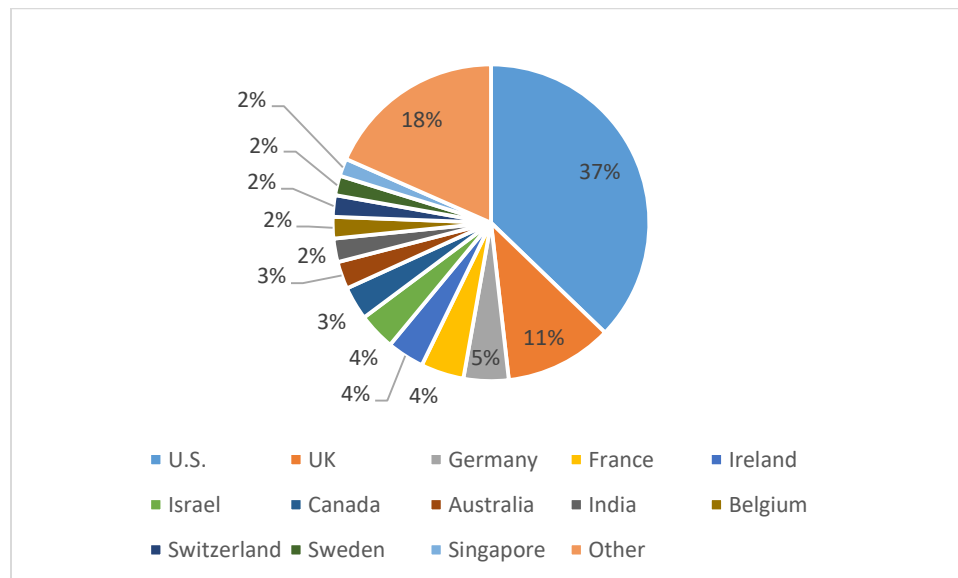
- **Market research** about (a) how Punjab's software and IT service market opportunities compare to other major destinations for FDI, (b) how Punjab's production factors for software and IT services compare to other major destinations for FDI, in particular skills, support services, and IT infrastructure (e.g., penetration of high-speed internet and mobile telephony, data centers), (c) what public policies would best support growth among small, domestic exporters of services, (d) the potential suitability of domestic entrepreneurs as joint venture partners for foreign firms, and (e) what investment climate reforms could further unleash growth in the sector
- Periodic **investor-targeting campaigns** aimed at foreign software and IT service companies
- **Advocacy** for sector-supporting policies to be implemented by government, such as an "innovation fund" to support the growth of the sector's start-ups
- **Aftercare**, in the form of company visits, networking events, multi-stakeholder skill planning working groups, and innovation forums. At innovation forums domestic and foreign firms would

discuss visions and trends for the sector, collaborate on solutions to the sector’s needs, and articulate desired policy support

- Once more companies start investing or at least making visits to potential project sites in Punjab, a **domestic service provider support program**, designed to introduce local software development and IT service providers to foreign firms; catalogue deficiencies of the local supply; and coordinate with all parties to find ways of bridging that gap

Figure 7 shows the world’s top 13 source countries for FDI projects in software and IT services. The market research team’s location benchmarking will give PBIT a better understanding of what software and IT services offer Punjab the best prospects for FDI, based on markets and skill supply. In turn, that will allow PBIT to understand where in the world that subsector’s FDI is coming from and who Punjab is competing with to attract it.

**Figure 7. Top 13 sources software and IT service FDI, by share of last 500 projects (%)**



Source: Financial Times Intelligence, fDi Markets database, as of January 2017

However, software and IT services involve a diverse set of activities of varying development impact. For example, 54 percent of the projects represented by Figure 7 are in sales, marketing, and support. This is market-seeking FDI, with relatively low employment numbers and concentrated in the lower value activities of retail sales and customer service. Excluding

**Table 2. Leading source countries for non-sales projects in software and IT services**

Non-sales business activities	Share of projects in the sector	Share of projects in each business activity from leading source countries
Design, development, and testing	16%	56% from U.S.; 4% each from Canada, Germany, Japan, and Sweden
Headquarters	10%	37% from U.S.; 10% from Australia; 6% each from China, Israel, and Japan
Business services (mostly custom computer programming)	10%	18% from Ireland; 12% each from India and U.S.; 8% from France; 6% each from Canada, Germany, and Italy

ICT and internet infrastructure	4%	89% from <b>U.S.</b>
Technical support office	3%	38% from <b>U.S.</b> ; 19% from <b>UK</b>

Source: Financial Times Intelligence, fDi Markets database, as of January 2017

### Impact indicators

PBIT's success or failure in promoting this sector should be evaluated regularly, transparently, according to rigorous and objective standards, and based on impact rather than outputs or intermediate outcomes. The following indicators capture the impacts for which the sector is valued and which relate directly to the objectives of GoPunjab's development goals.

- **Value of new capital investment announced and implemented:** Value of capital investment planned and implemented by new software and IT service companies in Punjab, which only began seriously considering Punjab as an investment location after being contacted by PBIT
- **Number of jobs announced and created:** Number of employees planned and hired by new software and IT service companies in Punjab, which only began seriously considering Punjab as an investment location after being contacted by PBIT
- **Value of domestic firms' sales revenue from foreign firms:** Value of sales, in the most recently ended fiscal year, by software and IT service providers in Punjab, to foreign-invested enterprises<sup>14</sup> which have invested in Punjab with PBIT's attraction and/or facilitation
- **Value of exports:** Value of all exports by PBIT-attracted firms and the increase in export value which domestic firms attribute to improvements coming out of PBIT's supplier linkage programs
- **Number of new, sector-stimulating investment climate reforms:** Number of new government measures adopted in support of the software and IT service sector (as evidenced by published statements of at least one relevant trade association) with critical leadership or support from PBIT (as attested to by a relevant public office, investor, or trade association in published remarks)

### Staff and resource needs

PBIT will operationalize its sector focus with exclusive staff and budget to proactively and continuously engage investors, namely:

- 1 sector-focused account manager<sup>15</sup> to act as PBIT's single point of contact to investors during investor-targeting, investment facilitation, and aftercare. This staff member would be dedicated exclusively to activities for this sector.
- Access to an internal research team, heavily focused on developing business intelligence, articulating business propositions, and designing promotional materials for PBIT's priority sectors
- Travel budget for:
  - Company and stakeholder visits within Punjab, 2-3 days per week
  - 2 investor-targeting missions abroad, each lasting about two weeks

<sup>14</sup> In keeping with the definitions used by the United Nations and the World Bank Group, a firm shall be deemed "foreign-invested," if 10 percent or more of its equity is held by non-Pakistanis.

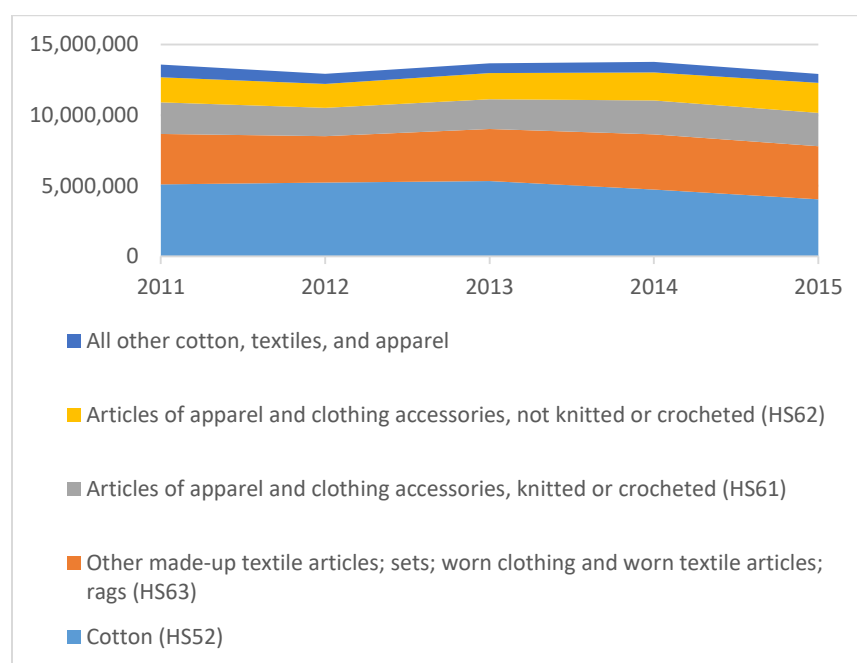
<sup>15</sup> The term "specialist" does not mean "expert," simply a staff member who is focused on the sector and can build knowledge and relationships of the sector, in Punjab and outside, by acting as the sector's focal point at PBIT.

## 2.6 Apparel and textile manufacturing

### Competitiveness

The cotton, textile, and apparel (CTA) sector in Pakistan has long been looked to with great hope for growth and development. This hope is supported by the historical role of the sector in kick-starting much of Asia's export-oriented industrialization and development, Pakistan's position as the world's fourth largest cotton producer,<sup>16</sup> Pakistan's ranking among the top 20 exporting countries for apparel,<sup>17</sup> and the fact that more than half of Pakistan's export earnings came from this sector (HS tariff codes 50-63). However, in recent years there has been little, sometimes negative, growth in this sector, as shown in Figure 8.

**Figure 8. Value of Pakistan's cotton, textile, and apparel exports, 2011-2015 (in thousands of USD)**



*Source:* International Trade Centre, based on UN Comtrade statistics. Trade Map database, [www.trademap.org](http://www.trademap.org). Accessed March 2017.

By value, Pakistan exports more cotton (HS tariff code 52) than any other CTA product, accounting for 37 of the sector's export earnings from 2011 to 2015. By contrast, this share is 24 percent in India and a very low 6 percent in China, the world's #1 and #2 cotton producers, respectively. Pakistan has natural strengths in the CTA sector, but it has failed to convert them into proportional international competitiveness at the high end of the value chain, apparel. This is evidenced by the very low level of FDI to Pakistan in this sector. Of the last 500 textile and garment FDI projects in the world, as registered by the Financial Times' fDi Markets database, only one has gone to Pakistan.<sup>18</sup>

<sup>16</sup> United States Department of Agriculture, 2016.

<sup>17</sup> According to UN Comtrade statistics for HS2 tariff codes 61 and 62 in 2015.

<sup>18</sup> Shanghai Challenge Textiles

So, why make apparel and textile manufacturing a priority for investment promotion in Punjab? The global apparel and textile sector appears to be at the beginning of a major reorganization, just when GoPunjab is forecasting an end to sector-critical power disruptions, and some key competitors are losing their relative attractiveness.

As both wages and consumer demand rise in China, more and more of its production is expected to be outsourced abroad. Wazir Advisors, an Indian management consulting firm with expertise in the textile and apparel sector, sees five sector-defining trends in the global market between 2012 and 2025:

1. The size of the global market will double from \$1 trillion to \$2 trillion.
2. The combined apparel markets of China and India will overtake that of the U.S. and EU.
3. A \$100 billion vacuum in global supply will be created by 2025, representing a major opportunity for non-China exporters, as China's production simultaneously lags behind the world in growth and turns away from exports in favor of domestic markets.
4. Intra-Asia trade will double to \$350 billion.
5. The global textile and clothing manufacturing value chain will attract investment worth \$350 billion.

At the same time, the government-promised end to electricity shortages by the summer of 2017 would relieve one of the most powerful constraints on this energy-intensive sector, where power disruptions can ruin a textile production run and operating for very long on expensive diesel generators can erase profit margins.

Even so, significant obstacles will remain in this sector, and PBIT and sector stakeholders will work with GoPunjab and the Government of Pakistan to achieve the workforce and cotton quality needed to take advantage of the sector's major emerging opportunities. For example, in major garment-producing countries such as China, India, and Bangladesh, workforce development is largely government-led and can be managed to produce large numbers of work-ready trainees. Similar training infrastructure would greatly enhance Punjab's competitiveness in this very labor-intensive sector. Other critical obstacles raised by sector stakeholders include competition issues, such as obstacles to importing inputs and artificial price-setting on local cotton.

Prominent existing investors in the sector include Nishat, Fateh Textile Mills, Chenab, Gul Ahmed Textile Mills, Husein Industries, Kohinoor Mills, Fazal Cloth Mills, National Silk and Rayon Mills, Safa Textile, and The Crescent Textile Mills.

### **Anticipated development impact**

The large scale of the sector, with its long value chain from farms to retailers and all the input and service providers along the way—would make it one of the most impactful for Punjab's development, in terms of jobs, industrialization, and balance of trade. A booming apparel sector may come with hundreds of thousands of low-skill jobs, including a high proportion of women. Many of these workers would be taking their first manufacturing jobs.

Converting much more of Pakistan's large cotton output to threads, yarns, fabrics, and apparel would effectively transfer billions of dollars' worth of value addition every year from overseas apparel manufacturers to Punjab. And, by attracting many more foreign manufacturers, Punjab would be starting down a well-established path of sector development, whereby foreign-invested cut-make-trim



factories, eventually give way to FOB production, local garment design, brand manufacturing, and other forms of garment production associated with higher skills, technologies, and profits.

### **Investment promotion activities needed**

World-class growth in this sector can only be driven by foreign apparel manufacturers, with or without linking to domestic textile and cotton producers. The promotability of this sector is contingent on the end of load-shedding, internationally comparable frequency and duration of power outages, and a competitive industrial tariff for electricity. For reference, manufacturers in Bangladesh, Vietnam, and Myanmar typically enjoy rates in the range of 4-8 cents per kilowatt hour, while in Pakistan rates can vary from a very competitive 2 cents to a possibly deal-breaking 15 cents.

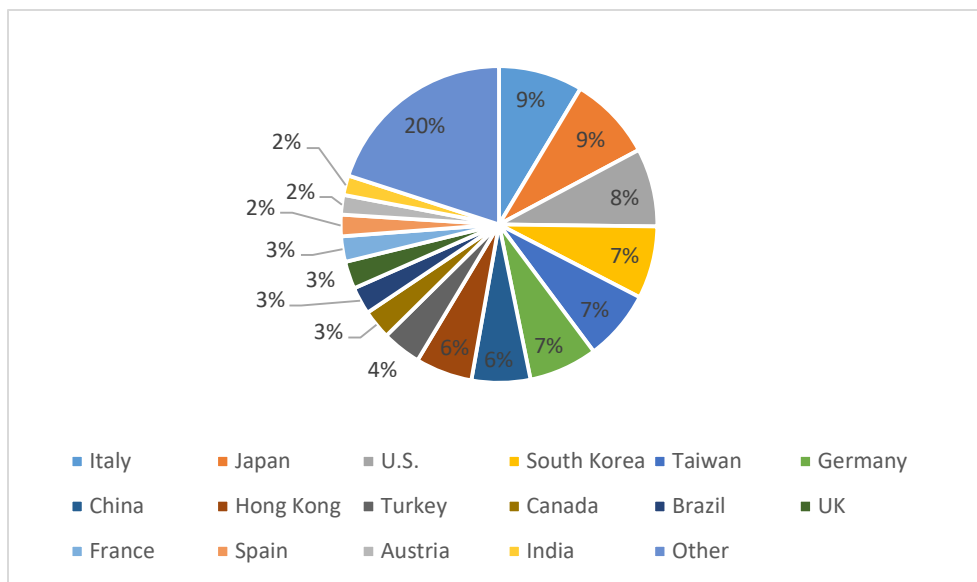
Ensuring that local textile and cotton producers do link to foreign apparel manufacturers will require additional government support for raising cotton and textile quality. Public investment, technical assistance, and financial support is needed for the development and implementation of better seeds; access to finance; good agricultural practices; better, more accessible storage and transportation; upgrading of machinery for ginning, spinning, weaving, etc.; and a national system of quality certification.

Achieving sector growth and promoting the dissemination of its benefits throughout the domestic value chain will require the following investment promotion activities by PBIT:

- **Market research** about (a) how Punjab's production factors for apparel compare to other major attractors of FDI, (b) what growth in the global market means for investment opportunities, (c) the specific apparel products in which Punjab is currently most competitive, (d) what investment climate reforms could further unleash growth in apparel manufacturing, and (e) what public policies would best support the linkage of domestic cotton and textile producers with Punjab-based, foreign manufacturers of apparel
- Periodic **investor-targeting campaigns** aimed at foreign apparel manufacturers
- **Economic research** projecting the capital investments and numbers of jobs which could likely be generated by being able to offer a range of factory-ready workers, electricity tariffs, and volumes of quality textiles
- **Advocacy** for the removal of investment climate obstacles and other sector-supporting policies to be implemented by government, including worker training, quality certification, and water management
- Once more companies start investing or at least making visits to potential project sites in Punjab, a **domestic supplier support program**, designed to introduce local textile suppliers to foreign apparel manufacturers; catalogue deficiencies of the local supply in terms of volume, quality, reliability, etc.; and coordinate with all parties to find ways of bridging that gap

Figure 9 shows the world's top 16 source countries for FDI projects in apparel and textile manufacturing. The market research team's location benchmarking will give PBIT a better understanding of what specific products Punjab is most competitive in based on factors, such as lead times and skill supply (e.g., T-shirts, uniforms, men's suits, women's fashion). In turn, that will allow PBIT to understand where in the world that type of FDI is coming from and whom Punjab is competing with to attract it. FDI sources in the apparel and textile sector are more diverse than in many sectors and are highly sensitive to the details of a location's characteristics of production.

**Figure 9. Top 16 sources of apparel and textile manufacturing FDI, by share of last 500 projects (%)**



Source: Financial Times Intelligence, fDi Markets database, as of January 2017

### Impact indicators

PBIT's success or failure in promoting this sector should be evaluated regularly, transparently, according to rigorous and objective standards, and based on impact rather than outputs or intermediate outcomes. The following indicators capture the impacts for which the sector is valued and which relate directly to the objectives of GoPunjab's development goals.

- **Value of new capital investment announced and implemented:** Value of capital investment planned and implemented by new apparel manufacturing companies in Punjab, which only began seriously considering Punjab as an investment location after being contacted by PBIT
- **Number of jobs announced and created:** Number of employees planned and hired by new apparel manufacturing companies in Punjab, which only began seriously considering Punjab as an investment location after being contacted by PBIT
- **Value of domestic firms' sales revenue from foreign firms:** Value of sales, in the most recently ended fiscal year, by Pakistani textile suppliers and industry service providers, to foreign-invested enterprises<sup>19</sup> which have invested in Punjab with PBIT's attraction and/or facilitation.
- **Impact of new, sector-stimulating investment climate reforms:** The subset of the above-mentioned capital and job impacts, which can be attributed to new government measures adopted in support of the apparel sector (as evidenced by published statements of at least one relevant trade association) with critical leadership or support from PBIT (as attested to by a relevant public office, investor, or trade association in published remarks)

<sup>19</sup> In keeping with the definitions used by the United Nations and the World Bank Group, a firm shall be deemed "foreign-invested," if 10 percent or more of its equity is held by non-Pakistanis.

## Staff and resource needs

PBIT will operationalize its sector focus with exclusive staff and budget to proactively and continuously engage investors, namely:

- 1 sector-focused account manager<sup>20</sup> to act as PBIT's single point of contact to investors during investor-targeting, investment facilitation, and aftercare. This staff member would be dedicated exclusively to activities for this sector.
- Access to an internal research team, heavily focused on developing business intelligence, articulating business propositions, and designing promotional materials for PBIT's priority sectors
- Travel budget for:
  - Company and stakeholder visits within Punjab. In year one of the strategy, these would be 3-4 days per week, as sector constraints are being assessed and remedied. As FDI begins to flow more, the focus of these visits would shift to aftercare and take only 1-2 days per week
  - Investor-targeting missions abroad, each lasting about two weeks. In year one of the strategy, investor-targeting campaigns would start only after the power supply issue had been adequately addressed and the sector's international competitiveness reaffirmed. At that point, 2-3 investor-targeting campaigns would be conducted per year.

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<sup>20</sup> The term "specialist" does not mean "expert," simply a staff member who is focused on the sector and can build knowledge and relationships of the sector, in Punjab and outside, by acting as the sector's focal point at PBIT.

## 3 Non-sector priorities

### 3.1 Investment facilitation

Having successfully persuaded a company to make its next investment in Punjab, PBIT will be prepared to take ownership of the project's start-up and long-term success. This involves the provision of information and assistance to priority investors in navigating the official procedures needed to start and conduct operations. PBIT will achieve excellence in investment facilitation by developing the following:

- An organizational culture that places a premium on the achievement of impact objectives and on continual, customer-oriented, investor engagement as the primary method for achieving them
- A strong research team
- Good institutional relationships with relevant public offices
- Individual-level contacts and operating procedures for cooperation with relevant public offices
- A system for managing investor relationships that fosters trust and continual engagement
- A division of labor within PBIT that fosters expertise in sectors, expertise in navigating government procedures, and a seamless interface between promotion staff and facilitation staff, as it relates to strategic objectives, record-keeping, ownership, and customer service

### 3.2 Information generation

Recognizing that nothing is more central to successful investment promotion than good information—about investor needs and circumstances, market conditions and trends, production processes and costs, value chain characteristics, and government procedures and services—PBIT will create a Research Unit dedicated to the collection of the information needed by investors to select Punjab over competing locations. The unit will also fill crucial gaps through in-house or outsourced research, distill all information into the most concise and powerful case for doing business in their location, and add promotional value in the presentation of that information in various persuasive tools (PPTs, brochures, sector profiles, etc.). This information will be made available to PBIT's promotional, facilitative, and policy staff as well as presented directly to investors through the PBIT web site.

PBIT will achieve excellence in information generation by developing the following:

- A strong research team
- Standard operating procedures for the development and maintenance of stock information and for investor-inquiry-handling
- Style, branding, and quality guidelines for the preparation and deployment of investor information
- Good institutional relationships with relevant public offices
- Budget for commissioning sector studies or otherwise filling vital information gaps

### 3.3 Policy advocacy and coalition-building

As a whole, PBIT's priority sectors already receive some FDI, but each one faces substantial obstacles to transformational growth and development. These include infrastructure deficiencies, skill shortages, low quality of raw materials, poor access to finance, and other factors which may only be resolved by government intervention and/or strong private sector coordination. As such, PBIT's capacity to realize its

vision is constrained by the effectiveness of its leadership in identifying major impediments, formulating sound solutions, and marshalling the needed support.

Recognizing that policy advocacy entails very different audiences, skills, and measures of success than the marketing side of investment promotion, PBIT intends to achieve excellence in policy advocacy by developing the following:

- A dedicated unit for policy advocacy, with specialized skills, relationships, and long-term focus
- Systematic collection of investor opinions on the most persistent and impactful investment climate constraints, particularly in priority sectors and impeding impact objectives
- Permanent channels for cooperative policy formulation and consensus-building, including a public-private dialogue platform and standing working groups on key issues
- Dedicated, professional public relations staff

### 3.4 Geographic targets and business delegations arranged between GoPunjab and foreign governments

Recent success by the Turkey Cell in connecting Turkish investors with large projects planned by GoPunjab is likely to sustain demand for the Turkey Cell’s work, and \$54 billion of infrastructure investment in the China-Pakistan Economic Corridor will continue to make China a focus for GoPunjab overall. However, a review of the likely target markets highlighted in Chapter 3 for PBIT’s six priority sectors does not show Turkey or China among the top six markets for any of them.

A PBIT staff member actively targeting investors might conduct two or three campaigns per year. Assuming each campaign is in a different target market, the staff would have visited six countries after two or three years. At that point, they may be prepared to revisit the larger target markets previously visited, as opposed to venturing into increasingly small markets. Therefore, in the foreseeable future, one might not expect to target markets ranking less than 6<sup>th</sup> or so. Table 3 shows

**Table 3. Summary of likely target markets among PBIT’s six priority sectors**

Target market	Among the top targets in __ of 6 priority sectors	Target market	Among the top targets in __ of 6 priority sectors
U.S.	6	Canada	1
Germany	6	Switzerland	1
Japan	5	Ireland	1
UK	4	Italy	1
France	2	Taiwan	1
South Korea	2	Israel	1
Denmark	2	Sweden	1
Netherlands	1		

Source: WBG calculations based on fDi Markets data

This demonstrates that PBIT’s long-term success in promoting the province’s priority sectors lies in countries beyond Turkey and China. Other interests and expectations within GoPunjab lead PBIT to reserve some staff for Turkey and China cells, but these will be handled as special initiatives and sectors will remain as the primary organizing principle for PBIT’s investment promotion.

Even with the U.S. and Germany being target markets for each one of the priority sectors, PBIT will not adopt a geographic focus in its work. In fact, the presence of a country on multiple target lists argues for exactly the opposite. An auto sector specialist can much more easily promote auto part manufacturing projects in six countries than a country specialist can promote auto parts, apparel, medical equipment, warehousing, software development, and food manufacturing.

### **3.5 Support to GoPunjab departments**

In the past, a substantial amount of PBIT's daily activities, and an estimated 25-50% of its manpower, has been directed at handling ad hoc requests for support from various public offices dealing with large, foreign investments in infrastructure and extractive projects. Collaboration with institutional partners on shared goals is a good practice for IPAs, but it should be consistent with PBIT's strategy and not be so time- and resource-consuming that it prevents PBIT from implementing its own plans and meeting its strategic targets. To date, PBIT's strategy has been absent or insufficiently detailed to give PBIT departments and individual staff the tasks and objectives to keep them fully occupied, creating the space for partners within GoPunjab to enlist PBIT in other work.

In implementing the present strategy with PBIT's current resources, the scope of PBIT support will be narrowed and its execution given to dedicated staff. Work done in response to intragovernmental requests for support should take 10-15% of PBIT's manpower, instead of the current 25-50%, and be handled full-time by a new Government Relations Department (GRD). Initially consisting of a Director, an Additional Director, and an administrative assistant, this department would be the focal point for all GoPunjab requests for support. It would screen requests to ensure that they fell within the scope of the relevant MoU and do its best to fulfill appropriate requests with existing information and GRD's own staff. These requests might involve representing PBIT at a meeting or providing investment-related data, for example. When fulfilling a request requires intervention by other PBIT departments, GRD will coordinate with those departments to secure the needed support with minimal burden on those departments. This might involve booking the CEO's participation in an event, getting an account manager to make an introduction between a client investor and a GoPunjab official, or requesting new research from PBIT's Research Team, for example.

Sequestering this aspect of PBIT's work, which is currently distributed among all staff, and capping the resource level allocated to it are essential measures for developing specialized expertise and maintaining operational focus.

### **3.6 Trade promotion**

The word "trade" appears nowhere in PBIT's memorandum of association, except in PBIT's name. Export promotion appears to be an afterthought, with little consideration given to how or why it should be carried out. If GoPunjab hopes to actively promote exports, there are reasons to combine that work in one institution with investment promotion (primarily, cost savings) and reasons to keep them separate (different audiences and skills sets possibly leading to underperformance, especially in investment promotion). If GoPunjab decides to pursue export promotion deliberately and reaffirms PBIT as the institution to do it, PBIT's export promotion work should be properly mandated, resourced, and structured.

Until such time, PBIT will not implement an export promotion program. However, foreign and domestic investors facilitated by PBIT may be exporters, and increased exports are a common and legitimate

impact objective for investment promotion. However, the lack of a clear export promotion mandate precludes a targeted strategy, which in turn precludes efficient work. Illustrating this point is the fact that today PBIT regularly accepts meetings with and provides advice to foreign companies wanting to sell goods in Pakistan. Interpreting “trade promotion” to include import promotion in this way is of questionable, possibly even negative, value to the Punjab economy.

### 3.7 Special initiatives

From time to time, GoPunjab may develop special economic or business initiatives and look for an agency to implement it from among the government’s departments and agencies. PBIT should only be enlisted for such work, under clearly defined circumstances. Because of their strict promotional orientation, best-practice IPAs are very different from other government bodies, rarely administering technical assistance programs and not implementing government regulations.

Any special initiatives to be added to PBIT’s workload should be scrutinized and tailored to conform to the following principles. The initiative should:

- Have a clear benefit to the attraction, start-up, retention, and/or expansion of priority investment types (e.g., in a priority sector, high-impact, high-profile)
- Be consistent with PBIT’s core function as a promotional body tasked with fostering economic development. In this sense, well-designed initiatives on export promotion or SME development could conceivably be added to PBIT’s workload. Issuing licenses or administering incentive regimes, for example, would not be appropriate.
- Have impact indicators that are the same as, a subset of, or otherwise highly complementary to, PBIT’s existing impact indicators.
- Get dedicated staff, hired according to the new initiative’s needs and organized as a distinct unit.
- Be reviewed annually for continued relevance and contribution to PBIT objectives, and be closed when those two criteria are no longer met.

If these principles cannot be met in the initiative’s design, the work should be hosted by another institution. However, this is not to say that PBIT cannot tailor its activities to better support specific government-wide objectives.

#### **The Women Entrepreneur’s Desk**

The concept of a Women Entrepreneur’s Desk at PBIT is an example of this. Greater employment of women is understood to be not only a policy objective of GoPunjab, but also an important means of achieving the overall, high-level, economic development objectives laid out in the Punjab Growth Strategy. As such, establishing a Women Entrepreneurs’ Desk at PBIT is one special initiative which has been considered off and on, during the last couple of years.

In one recent iteration of this concept, the desk would have provided business counseling services to women in accessing public resources for the establishment and operation of micro- and small enterprises. This work would have been very different from the rest of PBIT’s work. It would be aimed at the smallest investors, individuals with very different needs and potential for direct contribution to Punjab Growth Strategy objectives. While the goals of such a desk are laudable, housing it within PBIT both severely limits the scale of that effort—an effort that needs high volume for high impact—and

threatens PBIT's overall effectiveness, by demanding two different sets of skills, knowledge, and strategic orientation.

However, PBIT could potentially have a much greater impact on mainstreaming gender considerations. As a subset of PBIT's existing objectives, it could specifically target the creation of jobs more likely to employ women, for example by targeting companies that have a commitment to female employment or making anticipated female employment and wages a factor in prioritizing sectors. This first PBIT strategy for investment promotion takes the following steps to promote female employment:

1. Tracking the "percentage of jobs created, which were filled by women" as a year-one impact indicator, to create a baseline understanding of how PBIT's activities may disproportionately benefit men or women relative to their ratio in the province's overall workforce
2. Giving added weight to women investors in screening investor inquiries and prioritizing them for different levels of service
3. Selecting apparel and textiles and food manufacturing as two of PBIT's six priority sectors. Apparel and textiles employs very large numbers, who tend to be disproportionately women, and the development of the food manufacturing sector in Punjab, as currently envisioned by GoPunjab, would have the effect of employing and raising living standards among small-holder farmers, the workforce of which includes a higher proportion of women than in many other sectors

### **Large business conferences**

Periodic, large business conferences, such as the International Seminars on Business Opportunities in Punjab (ISBOP) held in November 2015 and May 2017, are most useful in general image-building and in promoting large government-developed projects or concessions in extractive industries, infrastructure, and public services. They are, however, typically less fruitful in landing investor-conceived, market-driven projects of the sort common to this strategy's priority sectors. Such events can be costly and time-consuming to host, and typically take a low-return "shotgun approach" to inviting investors.

If there is continued demand within government for such events, PBIT should assign their organization to its new Government Affairs Department, as this is the department designed to handle a variety of irregular, short-term requests for support, and so that the other departments may remain focused on activities consistent with PBIT's strategy, their job descriptions, and their individual performance indicators.

### **GSP+ compliance**

PBIT has been tasked with the monitoring of national compliance with 27 international conventions needed for the country to qualify for the EU's GSP+ tariff regime. This activity violates all five principles laid out above for screening additional assignments for PBIT and will be dropped.



## 4 Implementing the strategy

Implementing the present strategy starts with organizing staff and establishing internal systems for the efficient and effective delivery of all the promotion activities laid out in Chapters 2 and 3. These are detailed in 4.1 and 4.2. Additional implementing steps will include:

- **Setting explicit, quantitative impact targets** (value of capital investment, number of jobs, etc.)
- **Setting investor prioritization criteria:** Not all investors can be given equal attention and service, and PBIT will ensure that high-priority investors do not fall between the cracks. When receiving PBIT services, all investors should be made to feel valued, but PBIT will internally apply explicit scoring criteria to evaluate investor priority levels. Criteria include size of investment; number of jobs created, being within a priority sector, positive impact on balance of trade, high anticipated procurement from domestic sources; impact on sector development (e.g., 1<sup>st</sup> in the sector, brings new technologies); and impact on other development objectives, such as female employment, environmental sustainability, development of rural communities
- **Internal process mapping and design:** To ensure that all incoming investor leads are handled in a way that ensures that no opportunities fall between the cracks, that each lead is given the appropriate priority level, recorded, and channeled to responsible staff for all due follow-up
- **Adopting effective human resource policies:** This is of particular importance to PBIT, where average staff tenure is somewhere between 12 and 18 months, keeping the organization in constant flux, and making it difficult to sustain capacities and implement a strategy even on a year-to-year basis. These HR policies would relate to compensation, promotion, succession, and recognition, with the aim of doubling the average staff tenure to 24-36 months.
- **Formulating job descriptions and reassigning staff/staffing up**
- **Setting key performance indicators and the M&E system** including indicator definitions, acceptable evidence, and timing and method of measurement
- **Formulating detailed plans for each program of investment promotion activities**—investor-targeting campaigns, aftercare, domestic sector mobilization, policy advocacy
- **Budgeting:** Working with staff to project the need for special budgets related to travel and events, which should be agreed in advance with the CEO and earmarked within PBIT’s budget

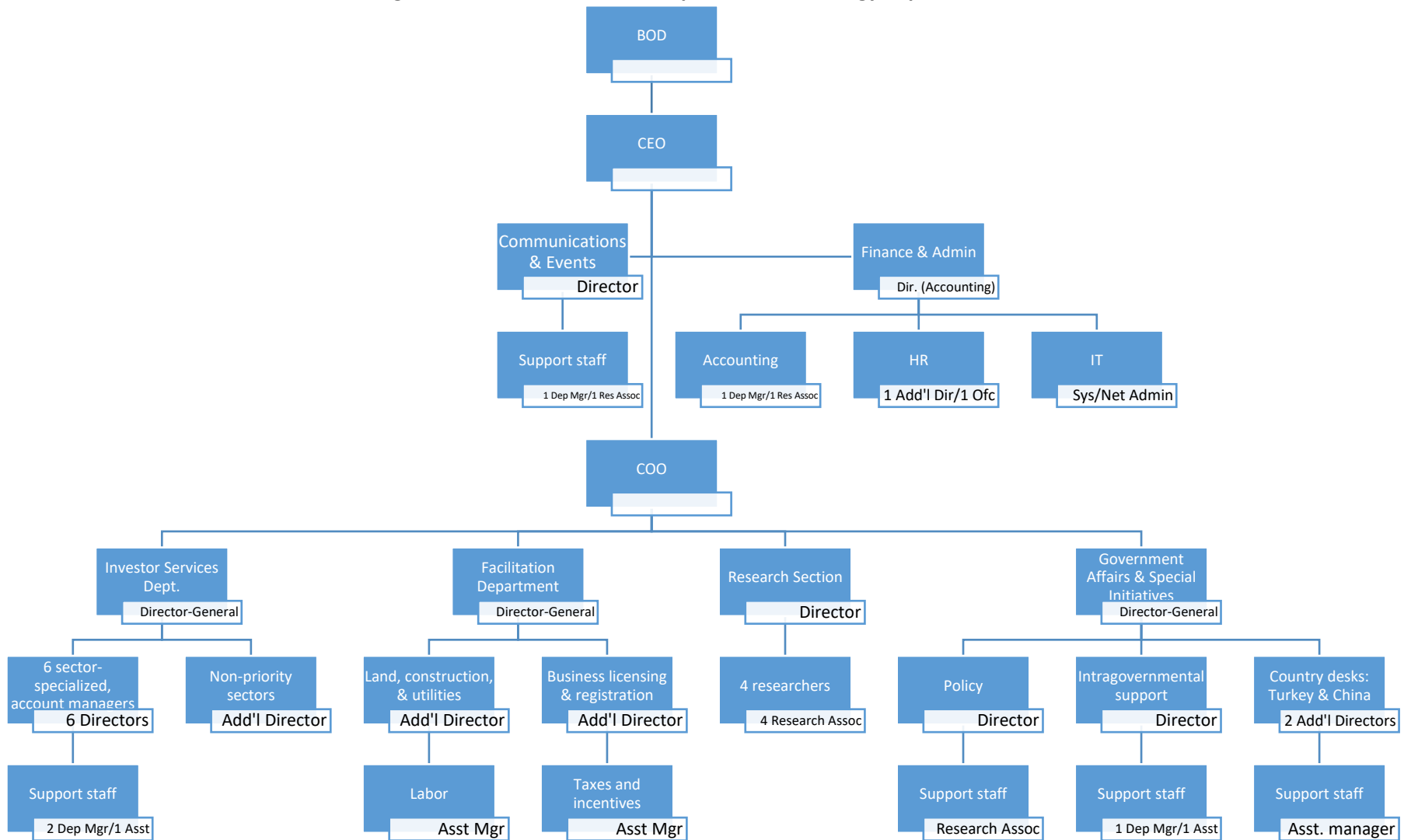
Section 4.3 presents an implementation road map for all of these steps, including an effective sequence, the responsible parties, and an appropriate timeline. The implementation road map foresees PBIT’s full institutional transformation—restructuring, full staffing, program design, standard operating procedures, internal system implementation, etc.—occurring over a period of seven months, and all programs of investment promotion activities being fully underway between months 8 and 10. In many cases, implementation steps are sequenced to take advantage of results from other steps, for example the first annual investor survey informing the design of aftercare-related events for investors.

Starting implementation by June 1, 2017 will allow a fully reformed PBIT to be in place by January 1, 2018 and to monitor and evaluate performance against first-year impact targets at the end of 2018.

## 4.1 Organizational structure

Operationalizing the present strategy requires a structure similar to that in Figure 10.

**Figure 10. New PBIT structure, optimized for strategy implementation**



## **Investor Services Department**

The Investor Services Department will have the largest number of professional staff. It will be organized according to sector and would consist of account managers responsible for all investor-facing activities with their assigned investors. For a given investor, a sector-focused account manager will be the investor's single point of contact, during all phases of the project life. The account manager will be the primary actor in implementing the sector-specific investment promotion activities outlined for each priority sector in Chapter 2.

In matters requiring PBIT to intervene with other government offices on the investor's behalf, the account manager will report the issue to the relevant specialists within the Facilitation Department, who will then use their topical expertise and pre-existing contacts in government to pursue the issue.

As PBIT restructures to implement a sector-focused approach, each account manager will start by mapping his or her assigned sector and providing aftercare to any existing investors who qualify as priorities. Through sustained interaction with all of a sector's major players, the account manager will quickly become a specialist, fostering strong relationships and accumulating deep sector knowledge.

## **Facilitation Department**

The Facilitation Department will act as a sort of back-office support for the Investor Services team, with individuals receiving requests for procedural assistance, not directly from investors but through their PBIT account managers. Individuals in this department will also specialize in particular government procedures. These operational level staff will have well-established relationships and regular contact with similarly ranked counterparts in their assigned government bodies.

## **Research Section**

The Research Section will be staffed by researchers that proactively build and maintain an investor information system, including taking raw data, adding promotional value to it, and putting it into a useful format for dissemination among investors. Information priorities and useful formats will be suggested by sector specialists (and, to a lesser degree, other departments), which will also give guidance on promotional language to be used. The Communications and Events Unit (C&E) will advise the Research Section on uniformity of branding, style, and tone across all publicly disseminated materials.

C&E will manage the web site, but Research will collaborate with it to make investor information available online. Any new, valuable data uncovered by other departments in the course of their duties will be forwarded to the Research Section for cataloguing and, possibly, further development.

## **Government Affairs and Special Initiatives Department**

This department includes three sections: the Policy Section, the Intragovernmental Support Section, and the Country Desks.

### *Policy Section*

The Policy Section will consult regularly with Investor Services to gather intelligence on policy options for unlocking sector potential. It will also consult with Facilitation to collect information on recurring problems, their effects, and possible solutions. The Policy Section will lead on PBIT-driven policy

advocacy and represent PBIT in public-private fora. It will be responsible for publishing an annual report on the state of the Punjab investment climate, which would set PBIT's public agenda for investment-related reforms for the year.

#### *Intragovernmental Support Section*

As detailed in Section 4.5 of this document, 25-50% of PBIT's manpower is spent responding to ad hoc requests for support from other offices in GoPunjab. PBIT should target a reduction of this to 10-15% and sequester that work among a dedicated team. This section would be that team.

With the Director-General of the Government Affairs Department overseeing both the Policy Section and the Intragovernmental Support Section, he or she will have a clear overarching view of the support that PBIT is giving to other GoPunjab offices and the support that PBIT is getting from the same offices, perhaps putting him or her in the best position to leverage partnerships on a day-to-day basis in pursuit of effective policy advocacy.

#### *Country Desks*

PBIT's biggest long-term marginal impact on inward FDI flows will come as a result of targeting individual companies in its priority sectors. These companies are likely to be most concentrated in the countries named in Section 3.4., among them the U.S., Germany, Japan, and the UK. However, PBIT and GoPunjab may see special opportunities to leverage particular assets, such as its team's strong connections in Turkey or the recent, high influx of CPEC-inspired inquiries to pursue quick wins with near-term targeting of Turkey and China. These will be handled as special initiatives and undertaken according to the five principles laid out in Section 3.7.

Sequestering this aspect of PBIT's work, which is currently distributed among all staff, and capping the resource level allocated to it are essential measures for developing specialized expertise and maintaining operational focus.

#### **Communication and Events Unit**

The Communications and Events Unit will support sector teams in organizing events, framing policy advocacy, branding informational packets for dissemination, and oversee the messaging of the web site.

#### **Finance and Administration Unit**

Human resources (including an M&E officer), accounting, and IT will all report directly to the CEO. Legal services could be outsourced, particularly when the task of monitoring GSP+ compliance is removed from PBIT's work.

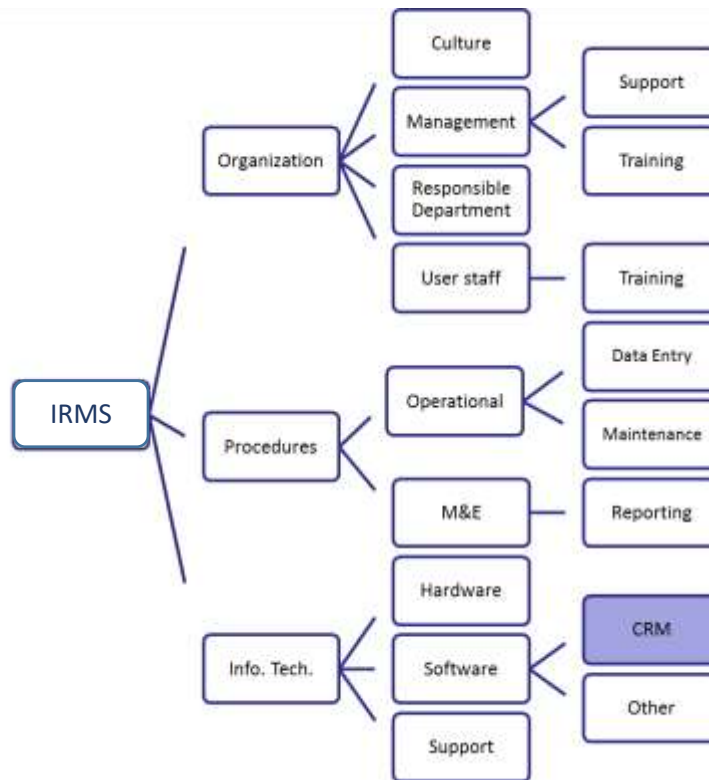
## **4.2 Internal systems**

To implement the present strategy effectively, PBIT requires three internal systems: an investor relationship management system (IRMS), an investor information system (IIS), and a system for monitoring and evaluation (M&E). Good information on sector characteristics, government procedures, suppliers and service providers, etc. is at the core of PBIT's ability to persuade investors to come to Punjab. Investor relationship management converts investment leads into actual investments. And, M&E will keep everyone focused on impactful activities and acknowledge success.

*Investor relationship management system*

In the first months of 2017, PBIT compiled its first partial investor database, consisting of nearly 300 active investor leads with growing information on contact details, project details, project status, anticipated development impact, and other vital information. As of April 2017, the database is Excel-based, and plans are being made to transition it to a Customer Relationship Management (CRM) software. Together with the necessary hardware, user protocols, and management oversight, the CRM will constitute PBIT’s investor relationship management system (IRMS). This will allow PBIT to maximize realization of investment potential from every lead and monitoring and evaluating the performance of individual staff and the overall organization against performance indicators. The complementary information technology, staff, and procedures planned to implement this aspect of the strategy are illustrated in Figure 11.

**Figure 11. Elements of an investor relationship management system**



*Investor information system (IIS)*

PBIT aims to reduce investor costs, time spent, and perception of risk in Punjab by providing sound and detailed business information. In order to provide that kind of value to an investor, PBIT will have to have much of the information needed before any investor asks for it. PBIT will seek to be an expert resource on what it means to do business in its priority sectors at home and in competing locations, including by being familiar with the value chain and having relationships with existing companies. These are companies that have already faced the information and decisions that now confront potential investors. Understanding why they made the decisions they made and how things have turned out is invaluable to making persuasive arguments for PBIT as an investment location.

The “system” in IIS refers to content, a storage-sharing platform, and procedures for their use. The content of an IIS is a set of documents containing all the information an investor would need to make a well-informed decision about whether to invest in a location or not. PBIT will keep this information up-to-date, concise, and presented in a standard, branded format. For consistency, mutual validation, and coordination, IIS documents will be shared by PBIT with Pakistan’s Board of Investment, industrial zone authorities, subprovincial economic development authorities, and any other partners in investment promotion, with each being asked to contribute information in its area of responsibility. The IIS platform will be easily accessed electronically so that all PBIT staff responding to investor inquiries may provide quick and complete responses, and so that investors may access much of the information themselves, for example through the PBIT web site.

The Research Unit will maintain the most current and relevant information with a formal process for updating information at predetermined intervals from public sources and predetermined contacts at institutional partners.

When well-organized and augmented with promotional features, IIS documents will be made widely available, including in/on/through:

- Individual inquiry responses and investor-targeting campaigns
- Web sites: downloads, databases, interactive graphics
- Internal digital library with index
- Accessibility of information to investors and government partners

#### *Monitoring and evaluation (M&E)*

PBIT will ensure that PBIT and its individual staff members stay on track toward achievement of its strategic impact objectives, through objective and transparent monitoring and evaluation (M&E) of performance. Annual results will be publicized to help justify PBIT’s public funding and build credibility, confidence, and cooperation among partners. PBIT’s M&E will have three core elements:

1. A result framework linking PBIT’s goals, activities, outcomes, and impacts, where possible, through rigorous measurement
2. Plans, staff, and tools for collecting evidence of results, and
3. Reporting plans that convincingly inform critical stakeholders of the facts that PBIT wants them to have. These will include the cost of promotion for each job created by PBIT and the return on investment (investment generated divided by PBIT budget).

### 4.3 Implementation plan

Task	Responsible Party	Month of implementation											
		1	2	3	4	5	6	7	8	9	10	11	12
1. Finalize draft strategy, including setting of specific number targets for impact	Management team, WBG	■											
2. CEO and board approval of strategy, including priority sectors, target impacts, and corresponding organizational structure	CEO, board	■	■										
3. Articulate and adopt an HR policy with improved compensation, promotion, succession, and recognition plans	HR, CEO, board	■	■										
4. Develop detailed job descriptions for each staff member, including performance indicators	WBG, management	■	■	■									
5. Assign new/revised roles to existing staff	CEO, HR			■									
6. Advertise unfilled positions	HR, CEO			■	■	■							
7. Devise one-month transition plan from current roles and organization to the new	Management, HR, WBG			■	■	■							
8. Sign MoUs with GoPunjab partners, detailing scope of bilateral cooperation, setting shared objectives and targets, designating focal points, and setting service standards for cooperation	Intragovernmental Support Department			■	■	■							
9. Design standard operating procedures for implementation of planned investment promotion activities and reactive services (incl investor prioritization criteria), and for performance of monitoring and evaluation	WBG, management, HR			■	■	■							
10. Implement one-month transition plan for reorganization	Management, CEO, board							■					
11. Each dept submits budget requests for strategy implementation, such as funds to cover local and international travel, intelligence outsourcing, investor events, and special comms. resources	Management, CEO							■					
12. Set performance indicators and targets for individuals, departments, and PBIT as a whole	CEO, management, board							■					
13. Conduct first annual investor survey	Research Section								■	■	■		
14. Complete a roadmap to investment start-up, covering steps, contacts, times, costs, and resources for all government approvals and services, including incentives (WBG mapping)	Facilitation Department, Research								■	■	■		
15. Establish an investor information system	Research, IT								■	■	■		
16. Conduct subsector competitiveness analysis within six priority sectors, incl. value chain mapping, competitiveness assessment, international benchmarking, and value proposition articulation	Investor Services Department, consultants	■	■	■	■	■							
17. Establish a 6-month research plan to fill critical gaps among the Investor Services and Investment Facilitation Departments	Research, Investor Services, Facilitation										■		
18. Have account managers undertake a regular program of company visits to existing investors	Investor Services								■	■	■	■	→
19. Develop sector-specific marketing materials	Research, Investor Services, Comms & Events								■	■	■	■	
20. For each priority sector, plan and roll out a schedule of semiannual investor-targeting campaigns (6 sectors x 2 annual events=a PBIT-wide average of 1 targeting mission every month)	Investor Services										■	■	→
21. For each priority sector, design and roll out a schedule of small, quarterly events, meant to provide priority existing investors with aftercare services that tie together needs raised by investors and PBIT's sector development objectives. Event designs should be finalized after the company visit program is well underway, but likely events include networking with suppliers and potential JV partners, information sessions on policy developments, and market outlook seminars. (6 sectors x 4 annual events= a PBIT-wide average of 1 event every two weeks)	Investor Services, Communications and Events										■	■	→
22. Articulate a policy advocacy agenda for each sector	Investor Services, Policy Section										■	■	
23. In collaboration with the sector specialists, design and roll out a unified, PBIT-wide policy advocacy strategy	Policy, Investor Services												→