



Business Environment Reform Facility

Scoping Visit for an Online Feedback Mechanism, Punjab, Pakistan

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**BE
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List of Acronyms

APTMA	All Pakistan Textile Mills Association
BER	Business Environment Reform
BERF	Business Environment Reform Facility
BMO	Business Membership Organisation
CM	Chief Minister
CSO	Civil Society Organisation
DCO	District Coordination Officer
DFID	Department for International Development
FMCG	Fast Moving Consumer Goods
FPCCI	Federation of Pakistan Chambers of Commerce and Industry
GoPJ	Government of Punjab
ICRU	Investment Climate Reform Unit
IFC	International Finance Corporation
LCCI	Lahore Chamber of Commerce and Industry
MDA	Ministry, Department, and Agencies
MNC	Multinational Corporation
OFM	Online Feedback Mechanism
OICCI	Overseas Investment Chamber of Commerce and Industry
OPIC	Overseas Pakistan Investment Council
P&D	Planning and Development Department Punjab
PBC	Pakistan Business Council
PBIT	Punjab Board of Investment & Trade
PITB	Punjab Information Technology Board
PPD	Public Private Dialogue
PPDU	Public Private Dialogue Unit
PPP	Public Private Partnership
PSC	Programme Steering Committee
RoI	Return on Investment
SME	Small and Medium Enterprises
SMEDA	Small and Medium Enterprises Development Authority
SAP	Special Advisory Panel
ToR	Terms of Reference
WBG	World Bank Group
WCCI	Women's Chamber of Commerce and Industry



1. Executive Summary

This report is prepared under the Business Environment Reform Facility which is funded by the UK Department for International Development. It focuses on Stakeholder Engagement for business environment reform (BER) in Pakistan. The analysis and recommendations result from desk-based research and a mission in Lahore conducted from 8-12 August 2016. The report was undertaken by a team of consultants commissioned by DFID through BERF, managed by KPMG in the UK. The views expressed are those of the authors and do not necessarily reflect the views of either DFID or KPMG UK.

The State Government of Punjab (GoPJ) in Lahore prioritises promoting sustained growth in Punjab, Pakistan's most populous province, which is vital for them to deliver on their development targets. The time is ripe to institutionalise public private dialogue in Punjab and to put the tools necessary for this in place. There is a shared vision of government in Pakistan for private sector-led growth, and a palpable interest among business leaders in contributing their views on the policy and regulatory conditions needed to deliver this. Consensus can be formed around reforms to improve the climate for business in Punjab.

Internet access and smart phone penetration is growing rapidly across Punjab. We recommend establishing an online feedback mechanism (OFM) for gathering the views of large and small businesses across the province, including those owned by women, and using these to inform decision-makers in Lahore in user-friendly ways. The mechanism can thus also improve access by marginalised groups to the policy-making process in Punjab.

The report looks first at the context for business environment reforms in Punjab. It then analyses the current state of public-private dialogue (PPD), identifies and assesses the primary risks to an online PPD platform and recommends actions to mitigate these risks. It details a phased approach that integrates the online feedback mechanism into the PPD structures now in place in Punjab and concludes by providing the technological solution needed to bring the OFM in Punjab to life.

1.1 Online Feedback Mechanism Objectives

The OFM is intended to provide the GoPJ and the private sector with a user-friendly, technology-based tool to:

- Enable stakeholders to provide information, opinions and recommendations to government in Punjab and at the federal level about:
 - the impact of the policy and regulatory environment on business in the province
 - their priorities and ideas for potential reforms to improve business conditions.
- Put in place a feedback loop system whereby the GoPJ can respond to issues raised through the online facility.



This report explains specific OFM features in detail whilst outlining implementation aspects of the proposed technological solution in Section 10. The high-level recommendations and summary of key features follow below.

1.2 Key Drivers of the Business Environment in Punjab

Key drivers influencing the business environment in Punjab, and Pakistan, were raised repeatedly by both public and private sector representatives during the mission, including the process of decentralisation in the public sector and the quality of government/business relationships. Additional details can be found in Section 3.

1.2.1 Decentralisation

The 18th Constitutional Amendment, passed unanimously by Parliament in 2010, set in motion the transformation of Pakistan as a historically centralised state – with most important decisions made in Islamabad – to a relatively decentralised federation where most policymaking is done at the provincial level. Many jurisdictional questions have been resolved between the federal and provincial governments, yet some grey areas and/or issues for which they have joint authority remain. Such cases require improved, systematic dialogue and coordination between these two levels of government.

1.2.2 Government/Business Relationships

Trust between policymakers and the business community has waned. Both sides seek economic growth, but differ on policies and priorities. The private sector seems to engage willingly in PPD when asked, but there is a perception that such consultation is mere tokenism because the relevant decisions have already been made and it is felt that private sector concerns will not be acted upon. Business people complain that government officials promise that business issues can or will be resolved, yet often no action is taken. This leads some to conclude that civil servants are either unable or unwilling to take serious action on reforms out of fear of making the wrong decision. There is a suspicion that it is safer for civil servants to do nothing rather than risk making a mistake.

For the OFM to succeed private sector feedback must be acted upon and GoPJ actions must be communicated openly and promptly.

1.3 Main Recommendations

Below is a summary of our main recommendations. Full details are found in Sections 5-8.

Co-ownership of the OFM process with BMOs

BMO co-ownership of the OFM outcomes with the GOPJ must be secured- structurally, procedurally and via concrete actions¹ -from the outset and maintained throughout the lifetime of the initiative - from design through to communicating the results of individual PPD

¹ A public launch and media event for signing of a joint MoU between P&D Chairman and BMOs might be held to raise the OFM profile and underscore private sector buy-in from the outset. New public/media events should be held for each reform decision resulting from the OFM.



engagements. Trust and buy-in are crucial. Even with strong buy-in from both GoPJ and business, there is a considerable risk that the initiative could fail. Pent up demand on both sides for more meaningful PPD along with targeted Technical Assistance (TA) and communications should reduce that risk considerably.

Private sector feedback must be acted upon and GoPJ actions communicated openly and promptly both inside government, among the business community in Punjab and nationally. To ensure the private sector receives a timely, credible response from GoPJ/P&D, it is imperative that GoPJ/P&D leadership takes a number of actions before consulting with the wider private sector via the OFM.

GoPJ and BMOs must work together to:²

- identify the BER areas where the GoPJ at both the provincial and sub-provincial levels is empowered to take decisions;³
- prioritise four-five areas in which the GoPJ is committed to taking action that improves the business climate in the Punjab.

Gradual, phased approach

A successful and effective OFM engages the private sector meaningfully and sustainably, is inclusive, and leads to policy reform conducive to growth and development in Punjab. Given the chequered and disjointed nature of PPD in Punjab, a phased approach over the first year is recommended. This creates the opportunity for incremental success which builds the capacity of government to handle and process feedback while signalling to the private sector the government's commitment to their input. A phased approach is crucial, carefully matching the demands on GoPJ staff for running the OFM with its capacity to do so.

- Pilot phase: approximately 3-4 months

Technological development of the OFM is expected to take approximately two months once procurement is concluded. Institutional arrangements and capacity-building of the ICRU, etc. can take place concurrently.

- Scale-up Phase: timeframe depends on whether post-Pilot scope of OFM is expanded

If the pilot is successful, the ICRU/GoPJ demonstrate the necessary capacity and BMOs express an interest in expanding the scope, OFM could be scaled up based on the feedback and lessons learnt from the first phase. The timeframe and scope of issues, functions, responsibilities, etc. covered in the scale up phase must reflect ICRU/GoPJ and BMO capacities and budgets in order to ensure sustainability.

² As noted in "Making OFM work", Section 9.

³ In the wake of the 18th Amendment devolving greater decision-making authority to the provinces, it may be that DCOs are the place where most tangible BE improvements can be achieved. That may not require 'reforms' per se, but rather more effective communications and awareness-raising so that district-level officials are aware of the reforms and attendant regulations, understand their role and can thus implement them more effectively/correctly.

Fit the OFM into the existing structures for PPD in Punjab

There are numerous overlaps vis à vis the issues and reform objectives in Punjab. BER issues and other overlaps might suggest some re-structuring or consolidation of the respective supervisory functions/bodies. At this point, it is important to fit the OFM into existing structures for PPD and build in flexibility to adapt.

As the apex body for PPD and reform decision-makers in Punjab, the PPD Council has a valuable role to play. However, it does not presently include adequate representation of the private sector and there is no functional secretariat (PPD Unit). It is vital that the PPD Council meets regularly to advise on key policy and regulatory issues resulting from the PPD process in Punjab.

Regardless of the current or eventual division of responsibilities and capacities between the PPD Unit, the PPD Council and the ICRU, the OFM should be designed to serve both.

Put OFM operations under the ICRU

A PPD Unit or Secretariat would be the logical home for operating the OFM. In the absence of either of these, and because OFM focuses only on BER issues whereas PPD covers a much broader range of policies and reforms, we suggest that the Planning and Development Department in Punjab (P&D) place operation of the OFM under the responsibility of the ICRU, which also operates under P&D. “Housing” the OFM within the ICRU also ensures that the initiative is able to take advantage of the P&D Department’s convening authority.

The ICRU has been established as the lead focal point for spearheading investment climate reforms in Punjab. The approved PC-1 for the ICRU states that it reports, in the first instance, to the Secretary P&D. An OFM cell attached to the ICRU would seem to fit most logically into the Research and Analysis (R&A) Section of the ICRU, given that it will be providing inputs on private sector views on a range of reform issues. OFM inputs could be taken into account in R&A analysis of the policy and regulatory environment which are or should be targets reform.

A high-level “Program Steering Committee (PSC)” chaired by the Chairman P&D and including private sector representatives is to “supervise and support” the ICRU. A senior, eminent, well-respected “Special Advisor” – “preferably from the private sector” - will advise the ICRU leadership.⁴ In order to make it more inclusive (and avoid perceptions of ‘box-ticking’ or preferential treatment), the currently envisaged Special Advisor position might be expanded to a three- to five-member⁵ Special Advisory Panel (SPA), representing key sectors of the Punjab economy, including women business people.

During the pilot phase of the OFM, the PPD Council or Special Advisor/Special Advisory Panel should meet monthly or bi-monthly to take action on proposals resulting from the OFM in order for it to gain traction as a reliable, worthwhile tool for PPD. The ICRU must communicate its

⁴ Annex II, PC-1 *Establishment of ICRU in P&D Department*

⁵ An odd number of members is needed to prevent deadlocks in decision-making



OFM-related work/decisions well to the business community and to MDAs that are responsible for implementing the reforms.

The Chairman and Secretary of P&D as well as the PPP Unit head have indicated initial support for housing the online mechanism under the IRCU. At present, the IRCU lacks the capacity to undertake this responsibility, however the Secretary P&D has requested that BERF provide additional support to assist them to develop that capacity.

Since the field mission in August, we have learned that the GoPJ may be planning to create a new Authority for investment climate issues. We view this as a positive development. The recommendation in this Report to set up a Special Advisory Panel (SAP) is therefore timely as such a body could be built into the prospective new Authority from the outset. Because details of the prospective Authority are not yet known, we suggest that the issue is best addressed in the context of the follow-on support requested by the GoPJ.

Plan for Sustainability

Integration of the OFM into existing GoPJ structures and functions is critical, not only to its effectiveness but also to its sustainability. From the outset, the OFM should be owned and administered by P&D with co-ownership from BMOs, starting from design of the pilot phase through to taking a decision on scaling up the OFM and beyond. Housing the OFM at IRCU helps ensure its sustainability: the Unit has been approved by the GoPJ and some funding allocated for its operations.

Promoting the OFM through BMOs is the most effective approach

BMOs offer well-established networks that engage and communicate with tens of thousands of business people, large and small, influential and marginalised. By logging individual members' submissions, the online mechanism could be designed to improve participatory decision-making by BMO members, thereby increasing BMOs' accountability to their members.

The best entry points for involving foreign investors in the OFM would either be through the Overseas Investors Chamber of Commerce and Industry (OICCI),⁶ Overseas Pakistan Investors Council (OPIC), the Lahore Chamber (LCCI) or the Federation of Pakistani Chambers (FPCCI).⁷ In the pilot phase, offering OFM access to the IRCU and/or PBIT network of foreign investors would enable the GoPJ to build on investor confidence in PBIT and gauge demand via known players.

Strong, strategic communication is critical

Experience shows that a BER initiative like this cannot succeed without a strong communication strategy and a sequenced awareness-raising/outreach campaign. For the OFM to deliver on expectations, it is imperative that key players outside and inside the GoPJ

⁶ Headquartered in Karachi, 195 members representing 35 different countries and 14 different sectors of trade and industry.

⁷ The Team was not able to meet with the OICCI during the field mission.



understand why government supports it and why it is a useful, promising initiative. They must be made aware of the problems it aims to solve as well as those it will not solve. Above all, users must see results.

In communicating about the OFM, one must be careful not to portray it as a panacea for BER. It is not. It is simply a **tool** for informing the PPD process in Punjab, i.e. a user-friendly online platform that helps the GoPJ to obtain the views of business people across the province on the most pressing reform issues affecting their ability to compete and drive growth.

A distinct communication and outreach strategy is needed to ensure a successful launch, as well as continuing targeted communication with priority stakeholders throughout the course of the OFM. The specific objectives of the proposed communications and marketing component, along with resourcing and operational issues, overall approach, benchmarking, etc. are found in Section 8.

Operationalising the non-tech parts of the OFM

In Section 5, the Report provides step-by-step recommendations for how the OFM process should work.

A synthesis of the key steps:

- 1) GoPJ and BMOs each develop a short-list of 3-4 priority reforms on which the pilot phase should focus.
- 2) P&D/ICRU form small working teams drawn equally from the ICRU, relevant MDAs, BMOs, plus one member each from SMEDA or an SME-focussed BMO and a women's BMO to ensure that the feedback includes concerns of such groups.
- 3) P&D in consultation with the Special Advisor/Special Advisory Panel approves shortlist of 4-5 very specific issues relevant to reforms on which the GoPJ is willing to (a) solicit feedback; (b) take action within an agreed timeframe.
- 4) Public announcements by the Chief Minister (CM) or Chairman of P&D confirming that the ICRU and BMOs have jointly developed questions to seek feedback on key policy issues to improve the business environment in Punjab. Before this, CM or P&D Chairman announce, *without* reference to DFID, WB/IFC support, that the PPD portal is being developed to provide an online tool for BMOs and others to provide feedback that will help improve the business environment in Punjab.
- 5) Questions are sent to members of relevant BMOs for feedback. The period for comment is limited to 30 days to allow time for responses.
- 6) OFM/R&A compiles feedback reports.



- 7) Working groups summarise the feedback, prepare 'the case' for action that they recommend the Secretary P&D/PPD Council should approve at its next meeting.⁸
- 8) Secretary P&D in consultation with the Special Advisory Panel (SAP) takes a decision on each BER proposal. The Chairman P&D or Chief Minister communicates the decisions both to the relevant MDAs and/or DCOs and publicly. MDAs are further instructed to develop implementation plans for each action/PPD Council decision. BMOs communicate the decisions to their members as well.

1.4 Technological solution

Pakistan has experienced rapid ICT growth in recent years and this trend is set to continue. There are 114 million mobile phones in the country as a whole but 78 percent of the population still do not have 3G/4G access.⁹ Considering that Punjab alone accounts for roughly 60 percent of mobile and internet users in Pakistan, it is fertile ground for developing an OFM.

1.4.1 Key features of the proposed OFM

- User-friendly, accessible, simple-to-use web-based interface for 2-way interaction between the stakeholders, ICRU members and working groups, and (initially) select MDAs and BMOs via multiple channels/devices;
- An online repository where the ICRU and other authorised users can place relevant reform/policy documents to inform dialogue on the forums and questionnaires to be circulated among select participants; and
- Dashboards to continuously moderate usage and feedback before allowing qualified users access to updates and feedback of peers.

1.4.2 Main recommendations for the OFM

Phased implementation:

A phased implementation is strongly recommended due to existing GoPJ capacity constraints and other reasons detailed in this Report. This would allow OFM to evolve along with higher user demand, greater ICRU capacity to manage it and greater GoPJ ability to provide satisfactory responses within the promised timeframe.

- Pilot phase: approximately 3-4 months

Technological development of the OFM is expected to take approximately two months after procurement is concluded. Institutional arrangements and capacity-building of the ICRU, etc. can take place concurrently. Following development and testing, OFM would be accessible to

⁸ A schedule of bi-monthly meetings should be agreed and communicated in advance so that all members of the PPD Council, working groups and other stakeholders are aware and can plan accordingly. This will also assure the private sector that their feedback will be considered and addressed in a timely manner.

⁹ <https://propakistani.pk/2015/07/31/mobile-phone-users-in-pakistan-slashed-to-114-million/>

members of ICRU, OFM working groups and BMOs relevant to the sectors/issues that are prioritised in the pilot phase.

- **Scale-up Phase:** timeframe depends on whether post-Pilot scope of OFM is expanded

If the pilot is successful, the ICRU/GoPJ demonstrate the necessary capacity and BMOs express an interest in expanding the scope, OFM could be scaled up based on the feedback and lessons learnt from the first phase. The timeframe and scope of issues, functions, responsibilities, etc. covered in the scale up phase must reflect ICRU/GoPJ and BMO capacities and budgets in order to ensure sustainability.

- **Host in the cloud:** Given the technical requirements of the proposed solution, OFM would be best hosted in a cloud-based, 'platform as a service' (PaaS) that allows users to control security policies and preferences.

1.5 Risks

The Report identifies several risks that the GoPJ and other stakeholders should consider when designing and implementing the proposed OFM. It also suggests ways in which these risks might be mitigated.¹⁰ Risks include:

- **Lack of a credible response** from GoPJ to the input provided from their private sector "clients" (the single biggest risk).
- **GoPJ's mandate to address the most significant BER concerns** remains limited despite the recent 18th Amendment devolving more powers to the provincial authorities.
- **Capacity constraints** need to be addressed before structured, institutionalised PPD can take off, although a nascent PPD structure is in place.
- **Opening the platform/mechanism too widely**, too quickly risks overwhelming P&D with more feedback than it can manage. That in turn threatens the mechanism's credibility as an effective tool for PPD.
- **Lack of continuity and capacity.** It is common for key players in the reform process to change positions/portfolios relatively frequently. This risks adversely affecting support for PPD and the OFM specifically, institutional memory, continuity and familiarity with the process.
- Additional risks and recommendations on how to mitigate them can be found in Section 6.

¹⁰ The list does not reflect any intentional prioritisation

1.6 Next Steps

Finally the Report details a list of next steps to be taken in order to implement the Report's recommendations. It divides them into 'Non-tech' and 'Tech' categories for ease of reference and planning. The full details are in Section 9.

1.7 Conclusion

GoPJ has taken the first steps toward formalising and institutionalising PPD in the province. Both P&D and the private sector, however, acknowledge that they would benefit from some additional thinking to align it more closely with good international practice. The OFM could be a tool to help that process whilst broadening participation in PPD in Punjab.

2. Introduction

With an estimated population of over 100 million people, Punjab province is home to approximately 60 percent of all Pakistanis. Sustained growth in Punjab is vital for the reform-minded governments at both state and national levels to deliver on their development targets. The time is ripe to improve and institutionalise public private dialogue for meaningful business environment reform. There is a shared vision of economic growth driven by the private sector, underpinned by a willingness among business leaders to contribute their views on the conditions this growth requires.

It was against that background that a team of consultants, contracted by KPMG, carried out a scoping mission for the DFID-funded Business Environment Reform Facility (BERF) programme to assess setting up an online feedback mechanism to support the public private dialogue (PPD) initiative in Punjab province. The Government of Punjab (GoPJ) has recently developed a Punjab Growth Strategy and is in the process of enhancing and institutionalising its engagement with the private sector as it undertakes relevant policy reforms oriented towards the new strategy.

This report presents the findings of the mission along with an analysis of existing PPD structures in Punjab and key public and private sector stakeholders. It also provides recommendations on the form the proposed online feedback mechanism should take as part of a wider PPD regime in the province.

2.1 Objectives of Assignment

The objective of the assignment was to carry out a scoping mission to assess the feasibility and utility of an online feedback mechanism for policymakers to enhance public private dialogue (PPD) in Punjab as part of broader efforts in business environment reform in the province. The feedback received through the mechanism will enable policymakers to understand which issues, bottlenecks and concerns businesses face in the regulatory environment and how reform efforts are perceived by stakeholders.

As such, the team aimed to:

- analyse the existing PPD structures in Punjab, particularly as related to business environment reform
- identify main stakeholder groups who would be the primary users of the mechanism
- identify the most appropriate technology for the mechanism, considering the most widely used technologies among the main stakeholder groups, with an emphasis on making it inclusive for small and medium enterprises and women
- identify the best ways to ensure awareness and effective use of the mechanism (by both policymakers and stakeholders)
- develop a TOR for creating an online feedback mechanism.



2.2 Approach to Study

The team was composed of the BERF Stakeholder Engagement Coordinator (KPMG UK), an international consultant experienced in public private dialogue (Team Leader), a local technology consultant with expertise in the ICT sector in Pakistan, and a local consultant with experience in the development sector in Pakistan, particularly with policymakers in Punjab.

The scoping mission was carried out in two phases, namely initial desk research followed by a field visit. During the desk research, the team reviewed documents related to the government's economic vision and the technological landscape. From 8th to 12th August 2016 the team visited Lahore for meetings with key Government of Punjab (GoPJ) departments involved in business environment reform, representatives of BMOs, other businesspersons, and technology companies. Most of the meetings were with senior-level officials with significant decision making power in their respective institutions (see Appendix 1). The team was joined during the meetings by a member of the World Bank Group's International Finance Corporation (IFC) working on the broader *Punjab Jobs and Competitiveness Program*.

The research and the field visits focussed on the following issues:

- current PPD structures and practices in Punjab
- understanding the stakeholders - key Ministries/Departments and Agencies (MDAs), Business Membership Organisations (BMOs), CSOs and lobby groups that would be best placed to use the online feedback mechanism (OFM)
- the technology landscape in Punjab with particular reference to use and accessibility of the Internet by various groups of stakeholders in the region
- working relations between public and private sector players on BER issues
- accountability of policymakers in Punjab to the private sector
- potentially marginalised groups, access of women and SMEs to policymakers, PPD processes
- political economy factors influencing BER and PPD in Punjab, particularly the evolving relationship between the federal and provincial governments as they adjust to decentralisation.¹¹

¹¹ See section on the Constitutional Amendment 2010

3. Context – Business Environment Reform (BER) in Punjab

A number of key drivers influence the overall governance, economic, and business environment in Punjab and Pakistan. These issues were raised repeatedly by both public and private sector representatives during the mission.

3.1 Decentralisation

The 18th Constitutional Amendment, passed unanimously by Parliament in 2010, set in motion the transformation of Pakistan as a historically centralised state – with most important decisions made in Islamabad – to a relatively decentralised federation where most

Business environment

"A complex of policy, legal, institutional, and regulatory conditions that govern business activities. It is a sub-set of the investment climate and includes the administration and enforcement mechanisms established to implement government policy, as well as the institutional arrangements that influence the way key actors operate, (e.g. government agencies, regulatory authorities and business membership organisations including businesswomen associations, civil society organisations, trade unions, etc.)." Donor Committee on Enterprise Development (DCED)

policymaking is done at the provincial level. Most social departments (such as education and health), as well as key economic ones were devolved to the jurisdiction of the provinces. Many of the implications from the Amendment are still being worked out as provinces build the capacity to take on these added functions. Importantly, provincial governments gained the authority for the first time to raise revenue, allowing them to pursue and finance independent economic policies.

In this context, the *Punjab Growth Strategy 2018* was developed and launched in early 2015. It is the blueprint that now guides all economic and social policymaking in Punjab. Whilst many jurisdictional questions have been resolved between the federal and provincial governments, there remain some grey areas and/or issues for which they have joint authority. Such cases require improved, systematic communication and coordination between the two. This can create difficulty for businesses which must discern the appropriate tier of government to which they should address their concerns. Exporters for example are still largely regulated by the federal government which sets tariff and customs policies. Any provincial PPD structure or dialogue mechanism like the proposed OFM must therefore ensure that it addresses issues on which the Punjab government has sole authority to set policy. The GoPJ must in turn delineate clearly for the private sector those issues which are federal responsibilities.

3.2 GoPJ/Business Relations

For reasons noted above, relations between the public and private sector are often cordial, but fraught. Levels of trust between policy makers and the business community have waned. An oft-cited challenge in Pakistan is the extremely low number of people and businesses that pay taxes. As governments try to

Budget consultation

There is an established GoPJ practice of consulting the private sector on the annual budget. However, as many business people who have attended those sessions attested, the GoPJ is usually represented by junior staff or others not centrally involved in budget making. Furthermore, consultations are held shortly before the budget is finalised, giving very little scope for private sector feedback to be meaningfully incorporated.

increase tax revenues to improve service delivery and pursue their reforms, many businesses fear state predation. This is relevant to the proposed OFM: private sector actors consulted during the mission suggested that information or suggestions provided by businesses to government could be used to compel them to pay taxes. Secondly, there is a widespread feeling among the business community that GoPJ attempts at dialogue are not meaningful. They feel that when policymakers do engage them it amounts to mere tokenism because the relevant decisions have already been made and business fears their concerns will not be acted upon. Many complain that senior government officials promise in meetings that their issues can or will be resolved, yet no action is taken. This leads some to conclude that civil servants are either unable or unwilling to take serious action on reforms: unwilling due to a fear that taking the wrong decision could lead to negative personal consequences. To protect their jobs, it has become easier for civil servants to instead do nothing. As a result, a lot of well-intentioned work never gets implemented. An implication of this for the OFM is that feedback from the private sector must be acted upon in order to build the trust necessary for PPD in Punjab to thrive.

In cases where public officials are willing to take key decisions, they are often unable to act due to powerful business lobbies which sometimes force the government to back down on proposed reforms. When launching any new BER initiative, the GoPJ must therefore navigate trust issues and follow through on its promises. Otherwise, it risks being seen as yet another tokenistic move that is likely to fail or lead nowhere.

3.3 Importance of GoPJ champions

Global experience shows that business environment reforms and PPD mechanisms like the OFM must be actively, consistently and publicly championed by top leadership in government and have private sector buy-in. For meaningful participation of the private sector, feedback must reach and be acted upon by the top tiers of the GoPJ. This is especially important for a pilot initiative like OFM in Punjab where private sector scepticism runs high. For OFM to get off on the right foot, it is critical that the civil servants across the GoPJ who are responsible for implementing OFM-related reforms understand that the CM and Chairman P&D back the OFM unequivocally. Civil servants' performance might even be measured by the degree to which OFM-related reforms are implemented and the private sector is satisfied with the results.



3.4 Governance in Punjab

Importantly for BER in Punjab, the Chief Minister (CM) has previously worked in the private sector. Governance is highly centralised around him and his office. He is supported by a cast of key civil servants and political appointees, directly appointed by and reporting to the CM, housed in bodies outside the traditional government structure. It is widely acknowledged that the central department in the GoPJ is the Planning and Development Department (P&D). Its Chairman is seen as the most powerful provincial official after the CM. One critical stakeholder met during the mission called these “kingdoms within the government”, referring to entities and/or individual appointees perceived as having disproportional influence with the CM, and therefore on policymaking in Punjab. Ministers, who are elected MPs, have little involvement in running their respective departments – staff here acknowledge that their work is driven by the priorities of the Chief Minister. Tellingly, no one the Team met, from either the public or private sector, mentioned a cabinet Minister other than the CM during discussions. For meaningful participation of the private sector in a revamped PPD structure, feedback must therefore reach and be acted upon by the top tiers of the GoPJ.

3.5 Punjab Growth Strategy

Recent economic and institutional reforms in Punjab focus on implementing the *Punjab Growth Strategy 2018*. It takes a distinctly pro-BER position, emphasising that annual growth of eight percent must be led by the private sector and be export-oriented. Government intends

Punjab	Growth	Strategy	2018
			<p>“Punjab’s growth has to be private sector-led, employment-intensive and export-oriented while being regionally balanced and environmentally sound. A private sector-led growth strategy will ensure that the relatively modest public investment program will leverage, via public-private partnerships in a number of sectors such as the provision of infrastructure, a much larger private investment in downstream production activity (the “crowding-in effect”)”</p>

to provide the enabling policy environment this growth requires. All issues addressed via the OFM should focus on the Strategy’s priorities. Ensuring its relevance to the Strategy should increase the likelihood that the GoPJ will take action on constructive feedback and proposals raised via the OFM.

The *Strategy* covers the following key BER issues:

- putting in place regulations that improve Punjab’s investment climate
- promoting productivity-led growth
- engaging with the federal government to enact pro-growth policies via:
 - sound macro-economic management,
 - conducive trade policy,
 - adequate, consistent energy supplies,
 - efficient logistics



- broader, deeper, more inclusive access to communication networks.

The GoPJ's policy actions on BER should be underpinned by effective PPD to achieve the *Strategy's* targets. The OFM can be a key stepping stone toward delivering the *Strategy* by allowing GoPJ to hear from a regionally and sectorally diverse range of businesses and providing a tool for elevating their issues with the federal government as needed.

The Punjab Growth Strategy identifies the following as key areas to achieve the growth targets:

- manufacturing and industrial development – the government aims to establish a number of industrial estates across the province. More strategically, the Punjab Industries Department is beginning the process of developing a Punjab Industrial Policy over the next 6-12 months, which should involve significant consultations with the private sector.
- improving energy supplies – shortages have long crippled industrial production in the province. Many energy policy-related issues however fall under federal jurisdiction and the ability of the province to affect the situation is unclear.
- investing in human capital – heavy emphasis on skills development and training for the largely young population and the importance of creating quality jobs for this bulging youth population
- managing rapid urbanisation – the distinction between rural and urban in the province is increasingly irrelevant, as most of the population lives within an hour of an urban centre.
- improving agricultural and livestock productivity – this sector still employs the largest number of people in Punjab and is the focus of increased attention at the moment. Its lagging performance is seen as the reason the government missed its growth target in the last fiscal year. The strategy recommends investment to increase crop yields, move to higher value added crops and improve livestock breeds.

4. PPD in Punjab

4.1 Definition of 'PPD'

'PPD' is a structured, often facilitated exchange between public sector officials and other stakeholders. PPD aims to promote the right policy and regulatory mix to enable sustainable growth and equitable development. It is most effective when anchored at and championed by the highest levels of government. Done well, PPD increases the likelihood of a particular reform succeeding by facilitating a balanced, representative group of public and private sector players to identify, fine-tune, reach consensus on, implement and then measure the effectiveness of key reforms. By obtaining the best available feedback, PPD can result in improved policies and regulations that benefit government, the private sector and other stakeholders.

4.2 Current PPD Status in Punjab

As in many countries, public-private dialogue in Punjab is active, but largely unstructured and *ad hoc*. Consulting the private sector early in the policy and decision-making process is relatively uncommon. Both the GoPJ and BMOs acknowledge that the government has generally tended to solicit feedback after key decisions have been made or when reforms/policies move to implementation. The Chairman P&D Board acknowledges that *"PPD generally happens when there's a crisis or a problem."*

"PPD in Punjab"

"Government of the Punjab with all its emphasis on economic development, is yet to establish an institutional framework to effectively steer and oversee PPD in the realm of strategic policy formulation and calibration. The present structure lacks cohesion not only between the public and private sector but also amongst the various government departments. No mechanism exists to obtain feedback from relevant stakeholders and suggest necessary amendments/adjustments in government policies which points toward an inherent systemic weakness that needs to be removed."

Annex III, excerpted from P&D Department document

Players on both sides of the PPD process in Punjab agree that the private sector should be brought into the BER process earlier on. The recent budget process in Punjab is cited by some as an example of how earlier engagement of the private sector could have prevented a humbling policy walk-back by the GoPJ.

The online feedback mechanism presents a tool for doing this. However, there is general consensus that in order for the online mechanism to succeed, it needs to fit into effective, accountable PPD processes and structures. These recommendations detail how that can be done.¹²

¹² NOTE: Detailed mapping and analysis of the overall PPD framework and the business/investment climate reform infrastructure is beyond the Team's remit, though the Secretary of P&D expressed interest in additional support to optimise the GoPJ's work in those areas.

4.3 GoPJ role

The Planning and Development Department (P&D) leads on both PPD and BER from the Government side. Individual MDAs engage separately with the private sector on BER issues specific to their authority. P&D also coordinates implementation of the *Punjab Growth Strategy 2018*, the GoPJ's blueprint for economic and social development.

“The primary focus of the Punjab Growth Strategy are (sic) the drivers of inclusive growth that are within the provincial domain and affect productivity of firms and farms and their investment decisions.”

4.3.1 PPD Council

Recognizing the need to formalise and integrate PPD into the policymaking processes in Punjab, the Chief Minister (CM) established a **PPD Council** (“the Council”) on 11 August 2015. Headed by the Chairman of the P&D Board, the Council is the apex body for PPD in the Punjab.

Membership

Among its nine members, the Council currently includes no representatives from the organised private sector.¹³ Indeed, very few of the BMOs and business leaders consulted by the team during its field mission seemed to be aware of the PPD Council's existence. Some key MDAs involved in BER issues are not represented on the Council either. That may reduce the effectiveness of the PPD process going forward, but it need not necessarily affect the potential success of the online mechanism.

4.3.2 Council Secretariat: PPD Unit

A **PPD Unit** that is presently subordinate to the “**PPP Cell**” in the P&D Department is envisaged to serve as secretariat for the Council. The P&D Department has submitted a PC-1 outlining the staffing, functions and other details. That proposal reportedly awaits approval. At present, the PPP Cell acts as the PPD

PPD Unit

As noted in a recent report: “... functions of PPD Unit has (sic) been assigned to PPP Cell as per the decision of Pre-PDWP meeting held on 29-6-2016 under the chairmanship of Secretary P&D Department. The total budget of PPD Unit Rs. 310.307 million has been withdrawn. As per the revised scope PPP Cell staff will also work on PPD in addition to their original mandate/TORs.”

Council Secretariat. The Cell is part of a broader PPP Framework comprised of the PPP Steering Committee, PPP Cell, Risk Management Unit and PPP Nodes.¹⁴

¹³ Members include: Chairman of P&D Board, Secretaries of Law, Finance, Industries, CEO of PBIT, Head of PPP Unit (P&D) and three “private members”—an MP and ‘businessman’, Chairman of PBIT, Professor of Economics and former ADB economist.

¹⁴ Information received from the Head of the PPP Cell and PPD Unit, Agha Waqar Javed. He is also a PPD Council member.

As part of the PPD process, the PPD Unit is to constitute thematic working groups corresponding to the four central pillars of the *Punjab Growth Strategy*:

1. Industry and Trade
2. Health and Education
3. Agriculture and Livestock
4. Infrastructure

P&D have also envisaged a web portal to serve the Council, which would complement the online mechanism recommended here.

4.3.3 The PPD Council's work to date

The Council convened for the first time in February 2016. No meetings have taken place since then. Results of the inaugural meeting were not made known to the BERF Team. We were unable to confirm if minutes were circulated to members or any information made public about the Council or its first meeting.

Recommendations

As a leading body in Punjab for PPD and reform decision-making, the PPD Council has a valuable role to play. It is vital that the PPD Council meets regularly to decide key policy and regulatory issues resulting from the PPD process in Punjab.

Preferred option: Special Advisory Panel (SAP)

However, for reasons detailed below, we suggest that a Special Advisory Panel (SAP) for the ICRU -- comprised of three-five BMO representatives -- be established as the most suitable apex body for OFM-related reforms in Punjab. *If* it could be established in due time, as an expansion of the Special Advisor role already provided for under the ICRU, the SAP would provide an inclusive, OFM-specific decision-making authority, thereby facilitating concrete action on reforms and strengthening private sector ownership of the OFM results. Agreed actions could be forwarded as needed to the PPD Council, but such should be avoided to ensure timely action on OFM issues. Whether referred to the PPD Council or resolved at the ICRU level, the decision-making authority should meet monthly or bi-monthly to take action on proposals resulting from the online feedback mechanism in order for the OFM to gain traction as a reliable, worthwhile tool for PPD.¹⁵ Decisions must be communicated promptly and effectively to both the business community and to MDAs responsible for implementing the decisions.

Secondary option:

Alternatively, OFM-related decisions could be taken jointly by the Secretary P&D and the Special Advisor from the private sector (also forwarded to the PPD Council as needed) but

¹⁵ See "Risks" section herein for more detailed analysis of this issue.

that is less inclusive and thus risks negative perceptions, continued skepticism among business sector players.

4.3.4 Investment Climate Reform Unit (ICRU)

Separate from the PPD Unit and PPP Cell, P&D recently set up the ICRU under the World Bank's "Jobs & Competitiveness Program for Results". The ICRU is charged with coordinating "development, implementation and monitoring of the process of legislative, regulatory, procedural and institutional reform." It is also expected to collect data, conduct research and do analysis to allow it to recommend promising regulatory and legislative reforms to the investment climate in Punjab. Consequently, it should work closely with PBIT in its role as private sector liaison and reform advocate.

A Program Steering Committee (PSC) has been established specific to the World Bank *Jobs and Competitiveness Program*. It is headed by the Chairman P&D Board. Membership of the PSC closely mirrors that of the PPD Council, but includes more private sector representatives.

The relationship between ICRU and the PPD Unit

The PC-1 for the ICRU explains:

Whereas PPD considers a wide swath of regulatory and policy areas/issues, "ICRU focusses solely on needed reforms to the investment climate and business operations, undertaking comprehensive reviews and eliminating, wherever possible, all the unnecessary or burdensome requirements. While slower in creating change, the more fundamental approach has significant longer term benefits for the private sector and has a greater potential for creating business environments which are consistent with good international practice.

With these two different approaches to regulatory reform operating simultaneously, it is clear that there needs to be an established and understood hierarchy and operational arrangements; two separate units undertaking reforms to the same business environment independently of each other will be a recipe for wasted resources and confusion within both the private and public sectors."

Recommendation

Regardless of the current or eventual division of responsibilities and capacities between the PPD Unit and the ICRU, the OFM should be designed to serve both. There are numerous overlaps vis à vis the issues and reform objectives in Punjab. P&D leadership have requested additional support to examine the PPD architecture/functions and recommend streamlining as needed.

Because the OFM focusses only on BER issues whereas PPD covers a much broader range of issues, we suggest that the P&D leadership place operation of the OFM under the responsibility of the ICRU. "Housing" the online feedback tool within the ICRU ensures that the initiative takes advantage of P&D's convening authority. The Chairman and Secretary P&D indicated support for this approach as did the head of the PPP Unit.

4.3.5 Punjab Board of Investment & Trade (PBIT)

Established in 2009, PBIT operates under the Industries, Commerce and Investment Department as the GoPJ's primary agency for promoting trade and investment in the province. The agency's main objectives are to (1) facilitate business, (2) attract foreign and domestic investors, and (3) advocate for a conducive business environment nationally and locally. PBIT is staffed by both public and private sector professionals and is governed by a Board that combines expertise from both business and government officials.

Looking ahead

With a highly competent staff of sector experts who are experienced in interfacing directly with businesses to solve policy and regulatory issues, PBIT offers some natural advantages for hosting the online feedback mechanism. Indeed, PBIT is keen to do so. However, whilst PBIT has convening authority, which is an important complement to any such PPD platform, it lacks the decision-making authority that is crucial to the initiative's ultimate success.

In addition, PBIT does not represent SMEs and we feel that its advocacy function may not be appropriate for hosting the OFM.

4.4 Private sector role

4.4.1 Punjab players

The breadth of private sector players in Punjab is immense, from large multi-nationals with thousands of employees to micro-enterprises struggling to make a profit.¹⁶ The organised private sector reflects that diversity, with dozens of BMOs representing tens of thousands of members. For example, some 27 BMOs are members of the Federation of Pakistan Chambers of Commerce and Industry (FPCCI) in the province, with the Lahore Chamber alone having 18,000 member companies.

The private sector's role in PPD in Punjab is similarly varied. Some players seek to initiate dialogue and advocate their BER positions to their GoPJ counterparts via BMOs, whilst others use their influence as large taxpayers and employers to gain access to key decision-makers on their own. Smaller enterprises, women business owners and others may take up issues directly with local-level officials, relying on the more influential BMOs to advocate for their interests at higher levels. All are concerned that structured, institutionalised PPD is not sufficiently prioritised and resourced.

4.4.2 Limited BER remit in Punjab

More power has been devolved to provincial governments across Pakistan. However, many of the most pressing, consequential BER issues are still decided in Islamabad.¹⁷ This serves as a powerful disincentive to more vibrant engagement by the private sector in policy-making

¹⁶ Due to time constraints, the team was unable to engage directly with players outside Lahore.

¹⁷ Mapping of the issues under national vs. provincial mandates is underway now.

with the GoPJ.¹⁸ Moving ahead, the GoPJ must ensure that BMOs and business leaders who engage in PPD locally see an appreciable, bottom-line return on their time and effort. This is an important consideration when designing the online feedback mechanism and planning how it can feed into more qualitative platforms for PPD. (see Section 9)

4.4.3 Private sector engagement with GoPJ/PPD in Punjab

Mirroring common global practice, BMOs are the main representatives of the private sector in much of the PPD currently taking place in Punjab.¹⁹ With no regular, structured PPD platform in place for ongoing engagement, government tends to solicit BMOs views on an *ad hoc* basis. Personal relationships and access to key GoPJ players often determine the priority issues and results of BMO-led dialogue. Deep skepticism prevails among the most prominent BMOs as a result. At the same time, BMO decision-making appears to be coloured by internal politics. For example, it is not clear the degree to which BMOs actively and systematically solicit their members' views on BER priorities, e.g. through surveys and other tools. Marginalisation seems evident in some cases (see Section 6.5).

Recommendation

We recommend centring the online feedback mechanism on relevant, representative BMOs in Punjab and elsewhere in Pakistan. They offer well-established networks that reach tens of thousands of businesses, in addition to well-established means of engaging and communicating with scores of business people both large and small, influential and marginalised.

By logging individual members' submissions, the online mechanism will be designed to improve participatory decision-making by BMO members, thereby increasing the BMO's accountability to its members. If supported by the leadership, this should be piloted on a limited scale with a carefully selected BMO whilst focusing the bulk of time and effort on the approach proposed above.²⁰ Otherwise it seems prudent to steer clear of the internal politics at BMOs as doing so could potentially kill the initiative in its initial stages. As noted elsewhere, opening a direct, online feedback mechanism for BMO members risks getting an overwhelming amount of feedback that exceeds P&D's capacity to manage and respond to the feedback. That too could damage the mechanism's credibility.

Pakistan Business Council (PBC)

Indicative of the desire among major businesses for more qualitative engagement with the GoPJ, a new initiative (PBC) was launched in 2005. PBC is a business-led, policy advocacy platform. Its members comprise 53 of the country's largest private-sector businesses and conglomerates, including multinationals. It includes no SMEs.

¹⁸ The mission's scope did not allow us to examine the degree to which the main private sector groups have systematically examined/identified the most pressing reform issues falling under the GoPJ remit and centered their engagement on those.

¹⁹ The Team was only able to meet with Lahore-based BMOs.

²⁰ See Section 3 for details.



In short, when building the online feedback system, BMO co-ownership of the outcomes - from design all the way through to communicating the results of individual PPD engagements - must be secured from the outset and maintained throughout the lifetime of the initiative.

Ensuring women's access to PPD via the online feedback mechanism

Designing an OFM which is accessible to women requires an understanding of the fundamental differences in both employment and phone usage of women and men in Pakistan. Statistics on women entrepreneurs in Punjab are scarce but it has been suggested that in Pakistan as a whole, close to 100,000 enterprises in the MSE sector are owned and managed by women entrepreneurs in urban areas alone, with 65% of these likely to be in Punjab.²¹

Entrepreneurial activity in Pakistan displays a clear gender gap, with 21.3% of the male working age population indicating that they have started a business within the past 3.5 years, or are about to, vs 1.2% for women.²² In Punjab province, 95.8% of small scale industry entrepreneurs were male, compared to just 4.2% women.²³

This gender gap is also evident when looking at access to mobile phones. Only 6% of women own a smartphone vs. 15% of men,²⁴ with 50% of women owning a mobile phone vs. 86% of men.²⁵

One representative of the Women's Chamber of Commerce and Industry in Lahore (WCCI-L) noted that women entrepreneurs are generally tech literate. This is relevant for the OFM, as disenfranchisement/marginalisation at some BMOs pose risks to engaging women in dialogue around BER issues, just as there are issues with gender neutral BMOs. In addition, as fewer women are entrepreneurs, and fewer women use smartphones, a smartphone only solution risks further marginalisation of women.

To ensure that women have access to the OFM and that the views of businesswomen reach decision-makers in the GoPJ, we recommend a number of measures:

- WCCI (Lahore) and other BMOs representing women should be members of each OFM sector working group and the Special Advisory Panel to the ICRC if established.
- Individual women-led businesses will have access to the OFM and be able to send their feedback directly to the ICRU without filtering by BMO leadership.
- Offering access to the OFM via Internet-accessible devices; SMS and/or IVR applications will be added in scale-up as needed and will be designed to particularly ensure women's views are adequately captured.

²¹ Interview with SMEDA

²² <http://www.gemconsortium.org/country-profile/95>

²³ <http://dailytimes.com.pk/punjab/31-Jul-16/rural-areas-witness-surge-in-number-of-women-entrepreneurs>

²⁴ <http://www.pewglobal.org/2016/02/22/smartphone-ownership-rates-skyrocket-in-many-emerging-economies-but-digital-divide-remains/>

²⁵ <http://www.fao.org/3/a-i5477e.pdf>

- Women's BMOs are effective in Punjab.²⁶ Among the strongest are Lahore, Bhawalpur and Multan. Working through them will ensure that OFM includes the views of women business owners outside Lahore.

4.4.4 Private sector stakeholders outside Punjab

As Pakistan's largest province, Punjab is a major market for national companies or those from other provinces. Indeed, many businesses are reportedly registered in Karachi but conduct the bulk of their business in Lahore.²⁷ An online mechanism would offer such businesses, particularly SMEs located outside Punjab/Lahore, a unique opportunity to influence the BER agenda in Punjab. This seems particularly important for businesses that are not members of Punjab-based chambers or trade associations.²⁸

4.4.5 Foreign Investors and Multinationals

The interests, concerns and priorities of foreign investors can differ in significant ways from those of domestic investors. During our consultations, the Team was told that many foreign-owned companies and multinational companies (MNCs) tend to comply with regulations and pay taxes while many smaller, local companies may not. MNCs are willing to engage in PPD to help the GoPJ close loopholes and enforce laws to reduce the competitiveness gap with local players. It was suggested that relevant sectors may include beverages and bottling, footwear, services, hotels and FMCG companies. Agribusinesses, e.g. farmers, dairies, livestock producers could also be included in this list. They are typically less included in prominent PSD platforms, despite having significant political clout as major revenue producers and employers. Medium-sized foreign companies, especially those located far from decision-makers in Lahore or Islamabad, might be a relevant constituency for the online mechanism because it may open a channel for reaching policy makers that complements PBIT's advocacy, for example. Larger multinationals, on the other hand, are such major employers, exporters and taxpayers that they often have direct access to top leaders in Punjab and elsewhere. For them, the online tool offers only limited added value.

Recommendation

The best entry points for involving foreign investors in the online feedback mechanism would be through one or all of the following BMOs: Overseas Investors Chamber of Commerce and Industry (OICCI)²⁹, Overseas Pakistan Investors Council (OPIC), the Lahore Chamber of Commerce and Industry (LCCI) and the Federation of Pakistan Chamber of Commerce and Industry (FPCCI).³⁰ In Phase One, offering access to the OFM to the LCCI, FPCCI and the PBIT network of foreign investors access to the online mechanism would enable GoPJ to build

²⁶ <http://www.tbl.com.pk/transformation-of-women-owned-businesses-a-policy-shift/>

²⁷ The team was told that this is due to differences in tax regime and other regulations

²⁸ Other than the FCCI chapter in Lahore, the Team did not meet representatives of any BMOs based outside Punjab.

²⁹ Headquartered in Karachi, 195 members representing 35 different countries and 14 different sectors of trade and industry.

³⁰ The Team was not able to meet with the OICCI during the field mission.

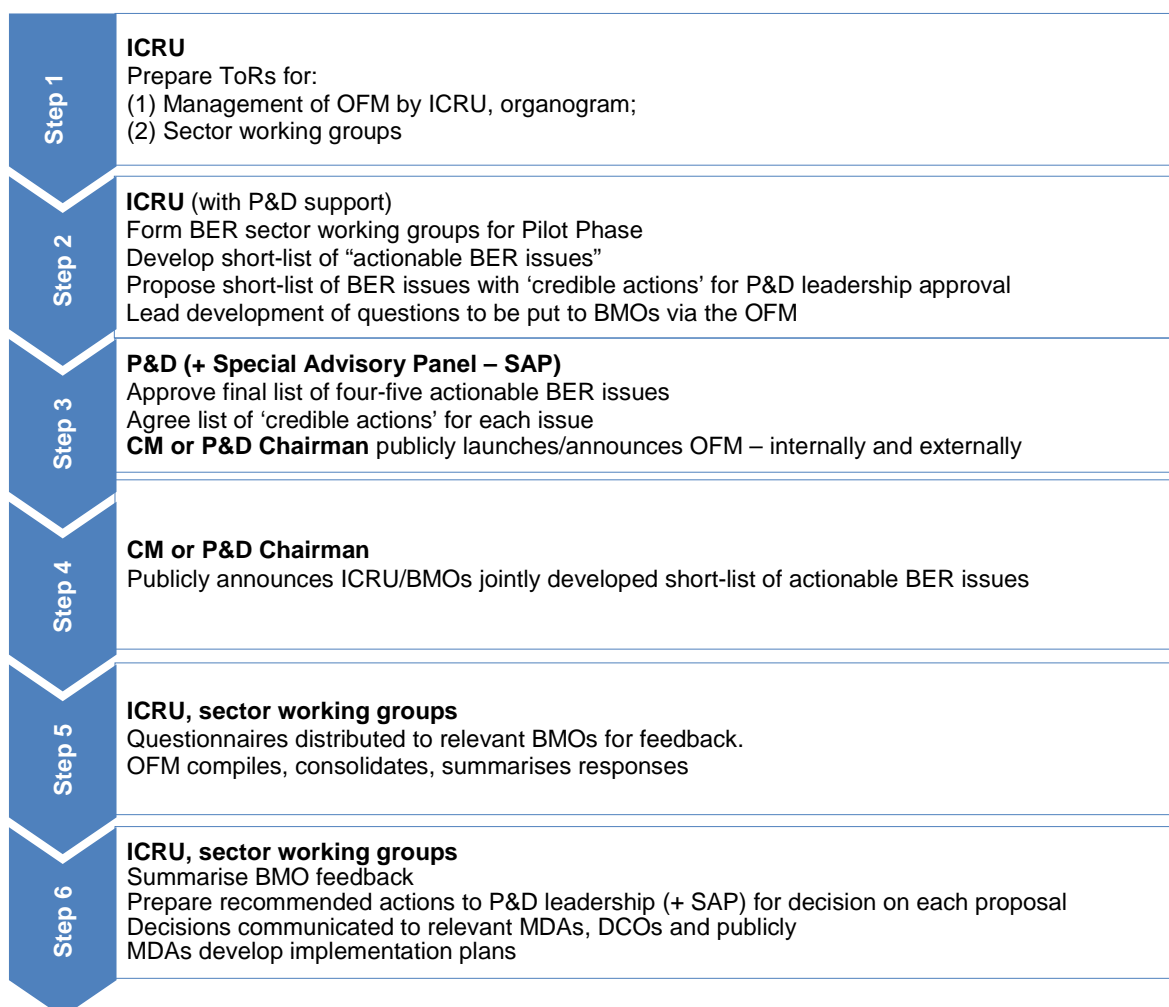


on existing confidence among Punjab investors. It would also allow them to gauge demand via known players.

5. Making the OFM work

A successful and effective online feedback mechanism meaningfully and sustainably engages the private sector, is inclusive and leads to implementation of reforms that are conducive to growth and development in Punjab. Given the chequered results of past efforts and the unstructured nature of PPD in Punjab, a gradual approach is recommended. This should increase the likelihood that the OFM becomes a successful example for PPD in Punjab by building the capacity of government to handle and process feedback while signalling to the private sector government's commitment to using their input.

The primary target of the OFM would be the business community whose feedback policymakers would solicit in designing and implementing BERs. The GoPJ/P&D should support BMOs to raise awareness of and promote participation in the OFM via their member networks across the province and in key sectors. Individual BMO members would have direct access to the system, allowing them to feed their views to the system and provide feedback. Importantly, government must ensure that members of BMOs outside Lahore are engaged in the process. Currently Lahore-based BMOs and members are seen as the most active and connected with policymakers. Active, engaged and effective BMOs outside Lahore - such as Sialkot – also have much to offer.



Step 1:

The P&D/ICRU should agree on the organisational/operational structure for the OFM programme. This could involve expanding the Special Advisor role to become a Special Advisory Panel and will certainly involve establishing working groups/teams - comprised of GoPJ and BMO specialists - which correspond to the main sectors of the *Punjab Growth Strategy 2018*. ToRs should be developed to detail the teams’ composition, responsibilities, etc.

Sector working groups should each develop a short-list of 3-4 priority reforms on which the pilot should focus. Being mindful of the GoPJ’s previous tendency to engage the broader business community only *after* reforms are decided and moving to implementation, one of the issues selected for the pilot phase would ideally be a policy or regulation that is in *draft* stage,



i.e. not yet being implemented. This will evidence the GoPJ's commitment to conducting PPD differently and thereby help build confidence among private sector players from the outset.³¹

All priority reforms to be addressed in the pilot should be issues that fall clearly under the mandate of the provincial, Punjab government, i.e. not Islamabad. This is crucial so as to identify and get feedback on issues on which the Punjab government can take action. Without action on the issues, business will see the online tool as a diversion rather than a tool for informing a serious PPD process.

Step 2:

P&D/ICRU would lead the formation of small working teams of 5-6 people from the ICRU, relevant MDAs and BMOs. Each team should include one member from (1) SMEDA or an SME-focused BMO and (2) WCCI or a women's BMO to ensure that the feedback captures the concerns of such groups.

The working groups would:

- 1) develop a short-list of priority reforms/issues to be addresses in the pilot phase;
- 2) propose the short-list to the P&D leadership/SAP for approval of "actionable issues";
- 3) lead development of the questions to be put to BMO members via the portal.

Issues to consider include:

- Using a neutral, third party to:
 - follow up once questionnaires are out during the Pilot Phase. In subsequent phases, train BMOs to do it themselves;
 - advise on formulating questions to get clearly understood, actionable responses in quantitative format for easy compilations.
- Inviting responses only from BMOs whose members (businesses) are registered in Pakistan in order to:
 - avoid fears of the OFM being used for tax netting
 - avoid objections from GoPJ about including views of "illegal" businesses

Registration options

Anonymity is not considered a pre-requisite, however users should be offered two registration options: (1) fully self-identify, provide contact information for follow up to their input; (2) identify all BMO(s) for which they hold membership; where their business is located, or identify which

³¹ In the relatively rare cases when the GoPJ/P&D do consult BMOs, they have come to expect it only after the reforms, policies, etc. are decided and implementation starts. By asking during the design phase, BMOs will come to see key evidence of 'behavioural change' on the part of the GoPJ/P&D which will build confidence among BMOs that the GoPJ/P&D truly 'mean business' with PPD.

MDA they work for, location, title/function, and years in current position. This information would allow P&D/ICRU to qualify and classify feedback, compile detailed reports, etc.

Step 3:

Agreeing actionable issues upfront is *crucial* to the credibility of PPD and the OFM itself. GoPJ should next consider the list of working groups and approve a final list of 4-5 very specific issues related to those reforms on which the GoPJ is willing to both solicit feedback and take action within an agreed timeframe. The short-list of specific ‘credible actions’ could be developed jointly by the working groups. Developing a short-list with BMOs is itself a form of dialogue that builds trust and mutual ownership in the outcomes before consultation via the OFM is launched.

Examples of credible actions might include:

- Accepting proposal and promising to proceed to implementation within a given timeframe
- Forwarding to relevant MDA(s) for analysis and recommendation within a given timeframe
- Rejecting proposal with plausible, adequately detailed explanation for rejection

Step 4:

The Chief Minister (CM) or Chairman of P&D announces publicly that ICRU, BMOs have jointly developed questions to seek feedback on key policy issues to improve the business environment in the Punjab.

Before this, CM or P&D Chairman announce, without reference to DFID, WB/IFC support, that the OFM is being developed to provide an online tool for BMOs and others to provide feedback that will help improve the business environment in Punjab.

Step 5:

Questions are sent to the individual members/member groups of relevant BMOs for feedback. The period for comment is limited: 30 days should allow BMOs adequate time to raise awareness, follow up, deliberate, etc. The members’ responses should route directly to the ICRU-BMO working group rather than going to the BMO first. This is done to ensure inclusiveness, maximise input and reduce risks of disenfranchisement. The system will compile, consolidate and summarise the member responses for ready analysis by the ICRU working groups.³²

³² In the scale up phase, a representative sampling of civil servants (provincial and district level) might also be included since they are not often well-informed about new policies/regulations in a timely manner. This is important as they are the ‘foot soldiers’ of reform implementation and the ‘face’ or ‘ambassadors’ of reforms to the businesses and citizens affected by them.

Step 6:

The working groups summarise the feedback compiled by the platform and prepare the 'case' for the action that they recommend the P&D leadership/SAP or other body should approve at its next bi-monthly meeting.³³ The SAP or other agreed body then meets and takes a decision on each BER proposal. The Chairman P&D then communicates decisions both publicly and to the relevant MDAs and/or DCO. MDAs are further instructed to develop implementation plans for each action/OFM-related reform.

³³ A schedule of bi-monthly meetings should be agreed and communicated in advance so that all members of the PSCI, working groups and other stakeholders are aware and can plan accordingly. This will also assure the private sector that their feedback will be considered and addressed in a timely manner.



6. Risks

Below we outline a number of key risks that need to be considered by the GoPJ and other stakeholders with regard to the design and implementation of the proposed OFM. We also suggest ways in which these risks might be mitigated.³⁴

6.1 Responses from Government to BMOs

Perhaps the single biggest risk to the initiative's success is the lack of a credible response from GoPJ to the input provided from their private sector "clients." By pledging to participate in the pilot, or, indeed in any PPD effort, BMOs are "investing" time and effort to work with GoPJ counterparts. That investment must yield a reasonable 'return on investment' (RoI). Otherwise BMOs will pull out, choosing instead to invest their time and effort in activities that return greater benefits to them, their businesses and/or their shareholders. In that event, they will have no option but to return to *ad hoc* engagement with the authorities. Some businesses may also be reluctant to register for the OFM in the expectation that they may suffer adverse consequences. The online mechanism will be obsolete if BMOs lose confidence in Government as a committed, responsive PPD partner.

Risk Mitigation

- 1) Ensuring that public-private working groups prepare a shortlist of just four-five GoPJ-agreed, 'actionable' issues;
- 2) Only putting such issues to businesses and investors via the OFM
- 3) Announcing all decisions inside and outside the GoPJ increases accountability for results
- 4) ICRU and P&D staff will be assigned to track progress implementing the OFM results and report same to P&D leadership

To offer users anonymity, the mechanism might offer two registration options:

- 1) Fully self-identify, provide contact information allowing them to receive follow up to their input;
- 2) Identify all BMO(s) for which they hold membership; where their business is located, (or the MDA they work for), location, title/function, and years in current position.

Such information will allow the administrators to qualify and classify feedback, compile detailed reports, etc.

6.2 GoPJ authority to decide BER issues

Many of the country's most important industries operate from Punjab, e.g. textiles, footwear, agribusiness, etc. Manufacturing industries in Punjab represent almost 58 percent of national

³⁴ The list does not reflect any intentional prioritisation

industrial production and account for about 60 percent of value-added in Pakistan's manufacturing sector.³⁵ Despite the recent 18th Amendment devolving more powers to the provincial authorities, the GoPJ's mandate to address the most significant BER concerns remains limited. Whilst there are lingering debates about some jurisdictional questions, e.g. tax, it is clear that for most of the key business sectors in Punjab, Islamabad retains the power to decide many of the most consequential BER issues. This could discourage private sector support for the OFM if BMOs see it as a tool with only marginal potential to deliver significant improvements to their bottom-line.

Risk Mitigation

To ensure that the private sector receives a timely, credible response from GoPJ/P&D, it is imperative that GoPJ/P&D leadership takes a number of actions before consulting with the wider private sector via the portal.

GoPJ and BMOs must work together to:³⁶

- identify the BER areas where the GoPJ at both the provincial and sub-provincial levels is empowered to take decisions;³⁷
- prioritise four-five areas in which the GoPJ is committed to taking action that improves the business climate in the Punjab.

At the same time, GoPJ leadership (including the CM) and the BMOs must create strategies and jointly advocate in Islamabad for addressing the most consequential BER issues where the Federal Government bears decision-making authority. This can help strengthen BMOs' confidence in the GoPJ, thereby improving their willingness to invest time in the OFM and in working to change the BER issues that fall under the GoPJ's remit.

6.3 PPD structure and capacity

A central objective of the online mechanism is to provide more inclusive, quantitative input to the qualitative PPD process in the Punjab. The feedback mechanism should therefore feed into the existing structures and provide a practical tool to complement live dialogue platforms around BER issues. A nascent PPD structure is in place, but capacity constraints need to be addressed before structured, institutionalised PPD can take off. The P&D Chairman³⁸ and GoPJ leadership acknowledge this and have requested support to ensure/improve the PPD framework and effectiveness.

³⁵ <http://www.theigc.org/wp-content/uploads/2012/01/Hussain-Et-Al-2012-Working-Paper.pdf>

³⁶ As noted in "Making OFM work", Section 9.

³⁷ In the wake of the 18th Amendment devolving greater decision-making authority to the provinces, it may be that DCOs are the place where most tangible BE improvements can be achieved. That may not require 'reforms' per se, but rather more effective communications and awareness-raising so that district-level officials are aware of the reforms and attendant regulations, understand their role and can thus implement them more effectively/correctly.

³⁸ also Chairman of the PPD Council



It is our strong recommendation that the OFM should not be rolled out until there is adequate capacity and the roles of key entities are clarified.

6.4 Capacity to process feedback

Trust is crucial and the private sector is sceptical of GoPJ's commitment to structured, continuous PPD. At present, the ICRU has little capacity to manage the mechanism from the GoPJ side. Opening the platform/mechanism too widely, too quickly risks overwhelming P&D with more feedback than it can manage. That in turn threatens the mechanism's credibility as an effective tool for PPD, thereby putting at risk the overall GoPJ move to formalise regular/structured PPD in Punjab.

Compounding the human resourcing issue is risk aversion. Over the past few years, some civil servants reportedly perceive a risk that they could be held responsible for shortcomings and are thus sceptical of new initiatives. To protect their jobs, it has thus become easier for some to do very little.³⁹ One implication of that is that feedback received from the private sector via the OFM may not get acted upon.

Risk Mitigation

The online mechanism, along with the "back office" work of the PPD Unit and working groups to keep it viable, must be very carefully scoped. It should start small to match both the capacity of P&D to respond and the ability of the GoPJ/PPD Council to follow through on pledges to act on private sector feedback in a timely manner. The mechanism should be scaled to grow as private sector inputs are matched with appropriate GoPJ outputs and mutual trust is built accordingly.

6.5 Shifting responsibilities of reform players

Government

It is common for key players in the reform process to change positions/portfolios relatively frequently. This risks adversely affecting support for PPD, institutional memory, continuity and familiarity with the process. It also means that relationships and trust on which effective PPD rests must be re-built with every shift of players. New players may also have to be trained to use the OFM. For example, several people noted that PBIT has suffered as a result of multiple people serving as Chairman in the recent past. Whilst some changes are inevitable over time, the GoPJ should see continuity as 'trust capital' when making new appointments.

BMOs

Similarly, Federal regulations reportedly require that BMOs elect new leadership every year. This is ostensibly intended to reduce the threat of 'elite capture' by influential business leaders. However, in reality this means that campaigning is a virtually continual process that can divert

³⁹ "Safest is to do nothing," as one person put it.

focus from substantive issues in the PPD process. It also means that BMOs must work to re-earn the trust of GoPJ officials if the PPD process is to succeed.

6.6 Culture and practice of tax payers

People and businesses in Pakistan have a low incidence of paying tax⁴⁰ which leads to a circular problem and means that they may not receive adequate services. If asked to provide feedback on GoPJ policies, some businesses may suspect that officials are really using the OFM to collect information on them, using it as a tool to bring them into the tax net. Initially, they might be sceptical of the mechanism.

A complicating factor is that hundreds of companies are registered in Sindh/Karachi, without having operations there. In that way Punjab serves as an internal 'tax haven'. Registration in Sindh allows them to avoid tax on operations in Punjab. Such businesses might resist the mechanism.⁴¹

Risk Mitigation

To offer users anonymity, the mechanism might offer two registration options:

- 1) Fully self-identify, provide contact information allowing them to receive follow up to their input;
- 2) Identify all BMO(s) for which they hold membership; where their business is located, (or the MDA they work for), location, title/function, and years in current position.

Such information will allow the administrators to qualify and classify feedback, compile detailed reports, etc.

6.7 Marginalisation

As advocacy organisations, BMOs rely on their collective power as employers and sources of government revenue to influence policy-making around BER. However, BMOs globally often lack sound governance procedures and transparency to ensure that larger, more influential companies do not dominate the BMO's agenda, thus marginalising the views and interests of smaller players. SMEs and women-owned businesses are common victims of such. BMO decision-making in Punjab appears in some cases to be similarly problematic.

Risk Mitigation

The OFM can help level the playing field among BMO members and reduce the risk/threat of marginalisation by opening up a channel for BMO members to provide direct feedback to policy-makers and regulators. Whilst an online mechanism that makes BMOs more accountable to their members would be an ideal outcome, the OFM should steer clear of the

⁴⁰ "Only 0.3pc of the population pays income tax and files a tax return — one of the lowest ratios in the world. Around 7 million Pakistanis are estimated to be eligible to pay income tax, but only less than 0.5 million do," <http://www.dawn.com/news/1198899>

⁴¹ It should be noted that some stakeholders consulted as part of this assignment dismissed this threat

internal politics of BMOs by requiring the platform to record individual members' submissions to BMO leadership, etc. Such 'meddling' could potentially kill the mechanism in its initial stages.

6.8 Communication strategy

It is not enough to put in place the online mechanism, strengthen the institutional capacity for PPD and carefully hone the processes supporting PPD in the Punjab. Active, targeted communications, both internally across the GoPJ, externally across the private sector and among other key players is crucial. Communication is crucial for getting off on the right foot. This will involve engaging a broad swath of BER stakeholders, explaining the PPD process, introducing the players, managing expectations, ensuring credible promises and evidence of how OFM will have an impact, encouraging feedback, tracking progress, holding the players accountable and building trust. Strategic, well-planned communication need not be overly burdensome if the load is shared by GoPJ and BMOs alike.

Risk Mitigation

Effective communications cannot be introduced after the mechanism is ready. As soon as the initiative is approved, a communication strategy must be developed by a professional communicator who is experienced in dealing with both the government and the private sector. Professional communications are also key to earning and maintaining the trust of both sides. Resources for developing and implementing the communication strategy should be earmarked from the outset.

7. Technological Solution

7.1 Technology Context

Pakistan has experienced rapid ICT growth in recent years. Pakistan Telecommunication Authority's (PTA) annual indicators for 2015-2016 put broadband subscribers at 32.4 million (approximately 17 percent of the total population), with an average annual growth rate of 44 percent in the last five years. 29 per cent of all broadband subscribers in Pakistan are women.⁴² Similarly, mobile penetration has reached 133 million subscribers based on seven percent average annual growth in the last five years. Presently just 22 percent of mobile subscribers are utilising 3G/4G service but that is expected to grow significantly. According to one large mobile operator in Pakistan, approximately 40 percent of mobile subscribers are female. The situation is similarly promising in Punjab, which alone accounts for roughly 60 percent of mobile and internet users in Pakistan. Moreover, during consultations in Lahore the team affirmed that all key OFM stakeholders (GoPJ, MDAs and BMOs) have access to basic mobile phones, smart phones and/or Internet technologies though accessibility can vary outside the main cities and between socio-economic groups.

7.2 OFM Objectives

The overall objective of the OFM is to provide GoPJ and the private sector with a user-friendly tool to:

- Enable stakeholders to provide information, opinions and recommendations to government in Punjab and Islamabad about:
 - the impact of the policy and regulatory environment on business
 - their priorities and ideas for potential reforms to improve business conditions.
- Put in place a feedback loop system whereby the GoPJ can respond to issues raised through the online facility

The key features of the proposed OFM include:

- 1) A user-friendly, accessible, **simple-to-use web-based interface** for 2-way interaction between the stakeholders, ICRU members and working groups, select MDAs and BMOs initially; via multiple channels/devices
- 2) An **online repository** where the ICRU and other authorised users can place relevant reform/policy documents as reference to inform dialogue on the forums and questionnaires to be floated among select participants;

⁴² <http://umairqureshi.com/pakistan-deepens-facebook-user-base-with-over-11-million-users>

- 3) **A tool to tracking all relevant updates**, e.g. meeting schedules, selection of relevant participants from BMOs and MDAs for the planned working groups, logging meeting minutes and its publication to selected audience;
- 4) Tracking issues/concerns raised by BMOs and individuals through time-bound, unique tickets and targeted prompts/reminders to submit feedback. ICRU moderators would be able to direct issues to relevant players for their feedback and response within an agreed timeline;
- 5) Executive and operational level **dashboards for moderators** who must continuously moderate usage and feedback before allowing qualified users to access updates relating to the issues/suggestions received, and feedback provided.

It is envisaged that the OFM would be available in both Urdu and English as the main languages of government and business.

7.3 Implementation Recommendations

Based on the existing capacity constraints of GoPJ/P&D and other factors as detailed above, it is strongly recommended that OFM is implemented in distinct phases. This approach will allow the application to evolve along with greater demand among users and greater ICRU capacity, especially in dealing with a high volume of responses and user concerns. It will also provide the flexibility to expand along with the ability of ICRU/P&D to provide satisfactory responses within the promised timeframe.

Implementation should happen in two stages: Pilot and Scale-Up. It is highly recommended that a prototype system is set up to ensure that the pilot phase features are in-line with the PPDU envisioned processes for tracking issues and providing timely feedback. The system would be developed using a rapid-prototyping approach (iterative model) where each module/feature is shared in advance for the client's on-spot feedback and quick changes.

Overview of the proposed solution

The graphic below illustrates the different features⁴³ to be developed in each phase:

⁴³ Please refer to Appendix 3 for details regarding the proposed features suggested for both phases

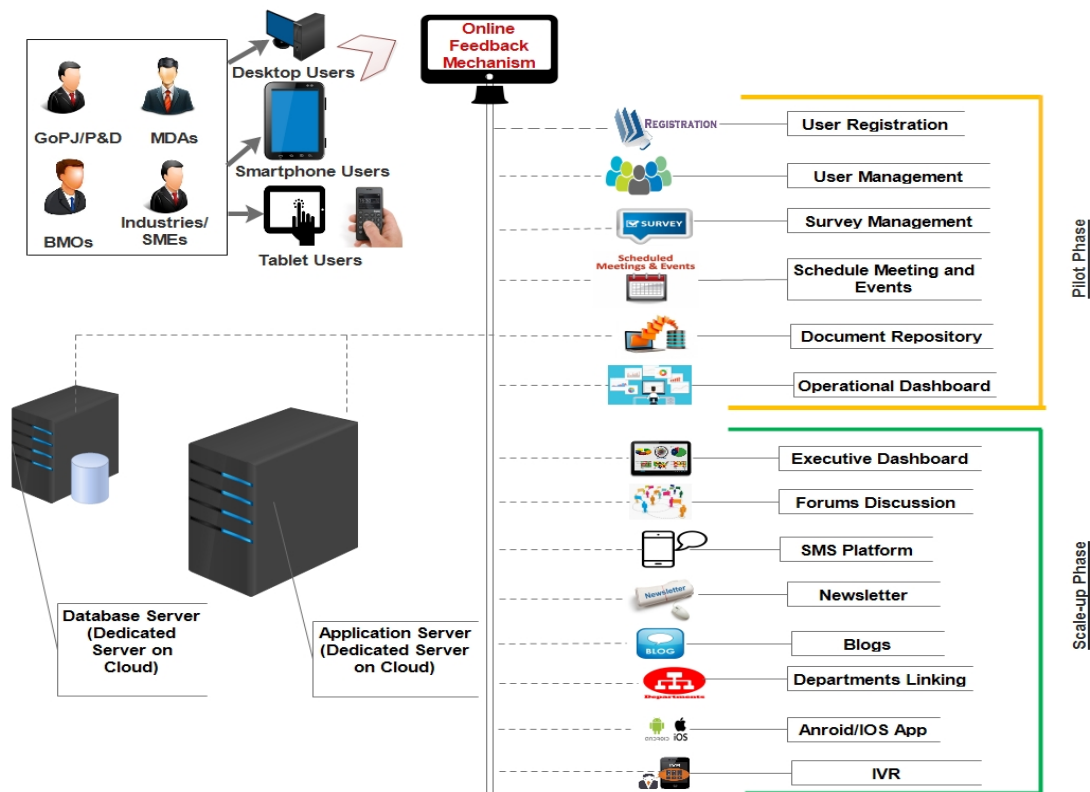


Figure 1: OFM Solution High-Level Design

7.3.1 Timing

Pilot Phase ⁴⁴ (three months)

After the contract award, the pilot phase is expected to take three months due to the diversity of stakeholders involved and the software development lifecycle. The proposed timeline includes 1.5-2 months of core development work and a month for meeting with government and BMOs to secure their buy-in to the platform. Experience shows that arranging meetings and obtaining necessary system design feedback from core OFM users will require extensive effort. Turning that input into viable software solutions, testing them, modifying them and then training users takes time. The three months' foreseen for developing and launching the OFM takes these factors into account.

Scale-up Phase (four months)

As this phase is dependent upon the pilot phase outcomes and a decision regarding the level of scale-up, the following timeline is tentative and is based on the features (outlined above) which might be developed during the scale-up phase. It is recommended that the scale-up

⁴⁴ Actual design, programming and testing work is expected to require 1.5 to 2 months, but experience shows that it is prudent for planning purposes to expect that additional time will be needed due to user/stakeholder accessibility issues that often arise. Projections do not include time for tendering and procurement processes.

contract is concluded separately from the pilot phase, to allow more flexibility in terms of scope change for the next phase. Nevertheless, based on features envisioned for the scale-up phase noted above, four months would be required for scale-up, including extended trainings and workshops for all the BMOs and individuals from different areas of Punjab as well as Sindh province and Islamabad as needed.

If the pilot is successful and there is proven demand for the service among BMOs and GoPJ, the OFM would aim in the scale-up phase to reach not only large, tech-savvy, urban private sector players but also small or micro-level businesses and a broader, more geographically diverse group of women business people for whom the SMS functionality may be most appropriate. The proposed OFM would provide the most pragmatic technology solution for both advanced and basic technology users, allowing them to choose the channel most convenient to them. In this way, the proposed technology solution would provide a comprehensive, user-friendly feedback mechanism to complement 'live' PPD underway in Punjab.

8. Communication, Marketing and Outreach

Experience shows that a BER initiative like this cannot succeed without a strong communication strategy and a sequenced awareness-raising/outreach campaign. For the OFM to deliver on expectations, it is imperative that key players inside and outside the GoPJ understand why government supports it and why it is a useful, promising initiative.

First, users must be made aware of the OFM, understand how it works, how it fits into the larger PPD framework and GoPJ reform agenda and appreciate the benefits of investing time and effort to provide feedback. Above all, users must see results.

Users will also need very practical information, such as where to find the OFM site, how to access and use it, what issues are acceptable to comment on, how the feedback they submit will be used and by whom, who will see/have access to their feedback, how and when they will receive responses to their suggestions, how to track actions taken on the issues, etc.

A distinct communication and outreach strategy is needed to ensure a successful launch as well as continuing targeted communication with priority stakeholders throughout the course of the Pilot Phase.

8.1 Communication Objectives

The proposed communications and marketing component would aim to:

- promote the OFM as a valuable, user-friendly tool for raising attention to BER issues, securing action that improves the climate for business in Punjab
- engage “supply” and “demand” sides of BER
- facilitate informed dialogue around the policies and regulations constraining the efficient functioning of business in Punjab, aligned with Punjab Growth Strategy aims/priorities
- achieve/ensure a critical mass of stakeholder knowledge about OFM objectives, processes, timelines, progress, benefits and opportunities
- build trust between GoPJ, BMOs and investors
- promote actions promised and actions taken to tangibly improve the business environment in Punjab
- seed awareness and maintain interest in OFM among users
- ensure users receive clear, timely and compelling information about the OFM and its results for BER in Punjab
- help BMOs engage and secure feedback from their members on BER priorities
- attract and facilitate submission of high quality feedback from all sectors of business community active in Punjab
- manage expectations as to the scope of BER issues that can be handled by the GoPJ

- collect user feedback to improve the system's functions, utility

8.2 Resourcing and Operational issues

Overall capacity is limited at both the PPD Unit and ICRU. Neither unit has a dedicated communications officer at present, but three positions are foreseen in the ICRU organogram for the "Outreach and Communication" division.⁴⁵ For that reason, as well as those noted earlier, ICRU should lead on communications and outreach for the OFM. Responsibilities for creating and implementing the OFM communications and outreach strategy should be incorporated into the ToR for ICRU communicators.

In the pilot phase, additional work will be needed at the outset to launch the OFM and reach a critical mass of aware and skilled users. Depending on the scope of work foreseen for ToRs for the three currently planned positions at ICRU, one or two consultants might be brought in part-time to cover the launch and initial communications/outreach for OFM.

ICRU and P&D will need to determine the resources needed for communications/outreach in the eventual Scale-up Phase once the Pilot Phase is concluded and the scale, timing, results and lessons from communications and outreach activities in the first phase are known.

Communicating about business environment reforms themselves must not be confused with raising awareness about and encouraging participation in the OFM pilot, which requires a somewhat different approach. Policy advocacy is different to communication used as a tool for PPD.

A phased approach that aligns with the Pilot Phase's scale, ambition and timeframe is advisable. Communication work should raise awareness among the broader business community in Punjab, whilst explaining why the pilot phase is intentionally limited.

Communications and outreach planners must think strategically. The first step is to prioritise the players and decision-makers whose participation is a critical success factor, something without which the OFM is likely to fail. Once that is known, messaging should target their specific needs and concerns in the first instance. Other stakeholders should have a secondary focus.

As work to develop the OFM progresses and milestones are reached, stakeholders should be kept informed throughout the process. This builds credibility and a sense of commitment on the part of the GoPJ. Other key developments should be communicated as well, e.g. working groups formed, meetings held, results/decisions taken, etc. The GoPJ, by simply making the effort to communicate pro-actively, will demonstrate its commitment to not only the OFM, but the PPD process at large.

It is vital that OFM information reaches the most important players directly not only via the media. Relying on the media is risky. Not only is it likely that messages will be politicised and key details misrepresented or reported inaccurately, but more importantly, directly

⁴⁵ PC-1 document "Establishment of Investment Climate Reform Unit in P&D Department"

communicating the OFM updates/messages shows that for the GoPJ, the OFM (and by association BER) is a priority and an initiative that it fully stands behind. Media reports can also seem self-promotional. OFM messages should be matter of fact, business-like, straightforward and not overstate the case.

8.2.1 Benchmarking

Global best practice in reform communications⁴⁶ has demonstrated that a benchmarking survey at the outset would be useful to establish baseline indicators for measuring impact, as well as trust and other attitudinal issues around PPD in Lahore. The results would

Indicative sampling of PPD issues to benchmark

1. Perceptions of trust, GoPJ, BMOs/private sector
2. Attitudes about PPD functioning now—satisfactory/not?
3. Weaknesses/strengths
4. Qualities of good PPD
5. Time willing to dedicate to PPD on BER
6. Preferred channels for input
7. Defining expectations — KPIs for success from GoPJ, BMOs

meaningfully inform OFM messaging and engagement. Line managers and other staff at MDAs might be included among respondents since they are the ‘foot soldiers’ in BER implementation. Operationally, they are most directly affected by reforms and are also the ‘faces’ of GoPJ that private sector players see. Experience from other countries shows that MDA staff are often not informed about key reforms before they are to implement them and that obstructs a reform’s success.⁴⁷

8.2.2 Media

The fact that the OFM may not proceed past the Pilot Phase should not be seen as justification for only limited public communication. The OFM team will want to mainly communicate directly with the BMOs and individual users and should thus see the media not as a core stakeholder, but as a “multiplier.” The media in Pakistan is quite politicised so caution is needed. That said, the media can help bring an atmosphere of transparency and accountability to both sides, thereby strengthening trust.

8.3 Key Communication Messages

In communicating about the OFM, one must be careful not to portray it as a panacea for BER. It is not. It is simply a **tool** for informing the PPD process in Punjab, i.e. a user-friendly online platform that helps the GoPJ to obtain the views of business people across the province on the most pressing//consequential reform issues affecting their bottom line// ability to compete and drive economic growth. It provides business people with a direct channel to government and assurance that they will be informed about actions taken on private sector commentary.

It will be important to create a credible, yet forward looking/progressive narrative around the OFM, for example as the first in a number of GoPJ moves to “reform how it does business” (i.e. conduct serious PPD with the private sector). OFM results from the realisation that engaging with BMOs only after key decisions are taken leads to disappointment on the parts of GoPJ, businesses and lower confidence in government.

⁴⁶ *Governance Reform under Real World Conditions: Citizens, Stakeholders and Voice,* S. Odugbemi, T. Jacobson; 2008

⁴⁷ Benchmarking might be built into the upcoming Investment Climate Survey to be done by Gallup, 2016



Messages should emphasise the fact that the OFM is a pilot project with an intentionally limited initial scope, which if successful will be expanded. A vital message at the outset is to make clear that OFM will only address BER issues that fall under the jurisdiction of the GoPJ, not issues for Islamabad to decide. Otherwise, expectations may not be realistic.

OFM messages and information should be integrated strategically into the communications of other BER- and PPD related entities, e.g. Investment Climate PSC, PPD Council, PBIT, PITB, SMEDA, etc. This ensures that OFM messages reach a larger audience and thereby attract more interest in OFM inside and outside government.

8.4 Expected results of OFM Communications/outreach

- critical mass of awareness about OFM
- alignment of OFM results with *Punjab Growth Strategy 2018*
- better coordination on key BER issues across GoPJ
- strengthened understanding of, support for PPD as a means to improve the business environment in Punjab
- a consistent 'pipeline' of feedback and resolution of priority BER issues
- improvement to Pakistan's image (and EoDB ranking) as a pro-business, secure, dynamic market for trade and investment.

9. Next Steps

Below, we outline the actions needed for taking the above recommendations forward.

9.1 Non-Tech issues

- Finalise recommendations, incorporating DFID, WBG input
- Present the recommendations to P&D leadership
- Decision from DFID on whether to go forward with OFM
- Settle any internal approvals/modifications to ICRU, PPD Unit re: placement of OFM, reporting, ToRs, procurement/recruitment, etc.
- Agree staffing requirements for OFM vis a vis existing ToRs, recruitment
- Develop overall Workplan (incl. M&E)
- Draft ToRs
- Provide TA support to P&D, ICRU (Pilot Phase only)
- Establish Working groups
- Establish Communications/Outreach department at ICRU
- Recruit ICRU staff for OFM
- Review/supplement Investment Climate Survey for BER/OFM issues (as needed)
- Conduct survey and review results
- Develop communications/outreach strategy
- Stage internal and external launches of OFM
- Conduct monitoring and evaluation
- Compile and analyse results of Pilot Stage
- Present findings and recommendations to P&D, PSC, DFID/WBG
- Take decision on Scale-up Phase

9.2 Technology issues

The following are envisaged step-wise approach for the development of envisioned OFM application:

Pilot Phase (3 months)

- Finalise ToRs for pilot and scale-up phases
- Prepare and disseminate RFP for shortlisted IT firms;
- Select IT contractor; negotiate budget;



- Award contract, pilot phase only;
- OFM requirement gathering, design, prototyping and development;
- Test prototype, bug fixing and deployment of application;
- Train key users;
- Provide after-launch support (1-2 months);
- Monitoring and evaluation of performance

Scale-up Phase (four months)

- Finalise scope for the scale-up phase;
- Budget request for the current IT provider (or new procurement process if needed);
- Contract the IT firm;
- Design upgrades, development of new features and integration with the pilot OFM;
- Testing, bug fixing and deployment of application;
- Extended trainings and workshops for all the BMOs and individuals from different areas of Punjab as well as other provinces as needed;
- After-launch system support by the IT firm;
- Monitoring and evaluation of performance.

10. Budget

10.1 Non-tech support

Operationalising the OFM will take considerable effort. These recommendations acknowledge the many risks involved and specifically seek to scale the level of effort required of the GoPJ and BMOs in the Pilot Phase to current capacities. Presently, P&D/ICRU lack the resources needed to launch and operationalise the OFM, but there is scope for strengthening it, e.g. staffing for the ICRU has been approved, but recruiting has been slow. BMOs expected to participate in OFM working groups and the PSC may also need TA support.⁴⁸

TA support	Estimated days (Pilot phase) ⁴⁹
Support to P&D Department	
<ul style="list-style-type: none"> developing overall workplan for operationalising OFM 	2 days
Support to ICRU	
PSC secretariat functions, OFM operations	
<ul style="list-style-type: none"> advising on PSC meeting preparation, member communications, liaison role between CM's office, PSC members, PPD Unit, PPD Council; reviewing/supplementing Investment Climate Survey to ensure BER/OFM issues are covered analysing results of feedback, packaging proposals to PSC, communicating results; training workshop(s) 	10 days
Resourcing OFM	
<ul style="list-style-type: none"> drafting ToRs for: <ul style="list-style-type: none"> staff positions specific to OFM sector/issue working teams & contact persons 	3 days
OFM questionnaires	
<ul style="list-style-type: none"> drafting, following up on questionnaires training on same supporting analysis of results 	5-6 days
OFM communication & outreach strategy	
<ul style="list-style-type: none"> preparing draft strategy and implementation plan (10 days) advising on strategy implementation, preparation of communications/outreach materials, staging internal & external launches (5-10 days) advising on preparation/analysis of OFM benchmarking survey (1-2 days) 	20 days

⁴⁸ Full mapping and capacity assessment was beyond the scope of the assignment.

⁴⁹ Actual total will depend on final scope of work



TA support	Estimated days (Pilot phase) ⁴⁹
Preparation for scale-up	
<ul style="list-style-type: none"> ■ supporting ICRU, PITB(?), working teams to compile/analyse results of Pilot Stage; training workshop(s) ■ preparing findings/recommendations to PSC, P&D, DFID/WBG 	
Support to BMOs	
<ul style="list-style-type: none"> ■ member outreach, consultation, communication; analysing results of feedback, packaging proposals to GoPJ/PSC communicating results; training workshops 	6-8 days

10.2 Indicative technology budget - pilot phase (1.5 - 2 months)

Labour Cost			
Role	Estimated # of days (Pilot phase)	Daily Rate (incl. margin)	Total cost
Project Team Lead/Project Manager x 1	15 for 2 months	£ 122	£ 3 657
Business Analyst x 1	15	£ 60	£ 893
System Architect x 1	22	£ 84	£ 1 844
GUI Developer x 1	15	£ 38	£ 572
Application Developers x 2	22 ea. for 2 months	£ 50	£ 2 179
Database Administrator x 1	30	£ 76	£ 2 286
QA Engineer x 1	22	£ 34	£ 754
Master Trainer	15	£ 57	£ 857
Total Labour Cost			£ 13 043
Non-Labour Cost			
Lump Sum maintenance cost for three @ £800 per month			£ 2 400
Traveling & Lodging Cost @ £100 per day			£ 1 500
Training workshops approximate @ 5 on-site trainings (£150 per training workshop)			£ 750
Hosting on Cloud and User licenses for one year up to 30 key users with collaboration portal access			£ 2 068
Total Non-Labour Cost			£ 6 718
Total Cost (Excluding Taxes)			£ 19 761



Appendix 1 List of Persons Met

Name	Affiliation
Saima Zuberi	Operations Officer, International Finance Corporation, World Bank Group
Dr. Amjad Bashir ⁵⁰	Senior Economist, International Finance Corporation, World Bank Group
Syed A Mahmood ⁵¹	Lead Investment Policy Officer, International Finance Corporation, World Bank Group
Iftikhar Ali Sahoo	Secretary, Planning & Development Department Punjab
Agha Waqar Javed	Member/Head PPP Cell, Planning & Development Department Punjab
Nadeem Babar	CEO Orient Energy, Ex-Adviser to CM Punjab
Syed Aasim Shahe	Vice President, Federation of Pakistan Chambers of Commerce and Industry (FPCCI)
Rehmatullah Javed	Chairman, Grand Group – Pakistan Technology Promotion Center , FPCCI
Raja Hassan Akhtar	Chairman, Regional Standing Committee (Mines and Minerals), FPCCI
Syed Saquib Mohyuddin	Chairman, Pakistan Enterprise Development Facility
Amena Cheema	CEO Punjab Board of Investment and Trade
Khurram Afzal Malik	Director Policy Research Punjab Board of Investment and Trade
Dr. Suhail Saleem	Director Projects Punjab Board of Investment and Trade
Dr. Umar Saif and members	Chairman Punjab Information Technology Board
Dr. Zafar Iqbal Qureshi	Academic, Ex-Adviser to CM Punjab
S.M. Naveed	Director Din Textiles Group, Senior Vice President Pakistan-China Joint Chamber of Commerce and Industry
Javed Kayani	CEO Chanar Sugar, Chairman Pakistan Sugar Mills Association
Shahid Husain	CEO Servis Sales Corporation (Footwear)
Quratulain Shahid	Manager Corporate Communications Servis Sales Cooperation
Khalid Sherdil	Secretary, Industries, Commerce and Investment Punjab
John Galvin	General Manager Coca Cola Pakistan
Meher Nigar Khawaja	Director Professional Services, Techlogix

⁵⁰ teleconference ahead of the mission

⁵¹ Ibid



Name	Affiliation
Naseer Akhtar	CEO InfoTech
Nadia Jahangir Seth	Deputy General Manager Policy & Planning, Small and Medium Enterprises Development Authority (SMEDA)
Sheharyar Tahir	Deputy General Manager External Relation Directorate, SMEDA
Tania Buttar	Deputy General Manager Women Entrepreneurship Development, SMEDA
Mohsin Muslim	CEO Field & Tab
Bilal Khan	Senior Research Executive, Gallup Pakistan
Dr. Shehla Akram	Founder President, Women's Chamber of Commerce and Industry
Almas Hyder	Senior Vice President, Lahore Chamber of Commerce and Industry
Jahanzeb Khan	Chairman, Planning and Development Department Punjab
Ali Jalal	Deputy Program Director, Punjab Resource Management Program, Planning and Development Department Punjab
Aamir Fayyaz Sheikh	Chairman Punjab Region, All Pakistan Textile Mills Association (APTMA)
Ali Pervaiz Malik	Treasurer Punjab Region, APTMA
Anis Ul Haq	Secretary General Punjab Region, APTMA
Haroon Sharif	Vice President Research & Development LMKT, Islamabad
Syed Ahmed	Chairman Pakistan Software Houses Association (P@SHA) and CEO DPL, Islamabad

Appendix 2 Indicative Implementation Timeframe

The project would be executed in two phases – pilot and scale-up. The initial contract would be awarded for the pilot phase with continuation to scale-up contingent upon successful delivery of the pilot and evaluation of the contractor’s performance.

Deliverable (D)	Description	Month (M)								
		M1	M2	M3	M4-6	M-7	M-8	M-9	M-10	
Pilot phase										
D-1	Requirement gathering and analysis									
D-2	Design of application considering the OFM scalability									
D-3	Application development/testing/stakeholder feedback and deployment									
D-4	Development of training manuals and key stakeholder trainings									
D-5	Pilot application maintenance									
Scale-up phase										
D-6	Requirement gathering and analysis for scale-up phase									
D-7	Design Updates									
D-8	Application development/testing/stakeholder feedback and deployment									
D-9	Revision of training manuals/training workshops for scale-up phase									

Appendix 3 OFM Technological Details

Pilot Phase

During the pilot phase, OFM would be accessible to members of ICRU working groups and BMOs relevant to the sectors/issues that are prioritised in the pilot activity. The following modules will be designed and implemented during this phase:

1. Module A – User registration and administration panel

- **User Registration, self-identification** - Anonymity is not required generally, but users would be offered two registrations options:
 - Fully self-identify: providing contact information for follow up to their input
 - Partial identification: naming all BMO(s) for which they hold membership; where their business is located. Alternatively identify which MDA they work for, location, title/function, years in current position.
 - This information would allow us to qualify and classify feedback, compile detailed reports, etc.
- An administration panel would also be created for the moderator to manage the application. Responsibilities of the moderator would be:
 - Verification and approval of registrations
 - Selection of privileges and access levels for different categories of users
 - Selection of participants for ICRU working group
 - Publishing meeting schedules
 - Publishing minutes of meeting of ICRU working groups to the selected members
 - Keeping track of issues and concern raised by the stakeholders and routing these concerns to the relevant department,
 - Sending reminders via automated emails/SMS for feedback
 - Forum administration
 - Content management

2. Module B – Collaboration portal and document repository

- A collaborative portal for the ICRU working group and select members GoPJ/P&D to communicate on working group schedules and sharing of relevant documents for comments/feedback;
- A document repository would be created to allow any user to upload document files as reference for comments, suggestions and feedback. It would also allow users to edit/comment on documents online.

3. Module C – Survey Management



- This module would allow ICRU working groups to create short, quantitative questionnaires or surveys (including dropdown menus, radio buttons, multiple selection etc.). The module should compile results and generate reports or graphics using agreed templates. It should also include fields for very brief qualitative responses of approximately 250 characters each as needed;
- It should be able to select target audiences corresponding to the nature of the survey being carried out. Users would be able to access details of all surveys underway along with real-time updates;
- The module could also send automated/forced reminders to the intended target audience to complete the questionnaire before the given deadline. While designing the module, however, it should be kept in mind that during the scale-up phase users could choose either the web-interface or SMS to fill out the questionnaire depending upon the preference selected by the registered users;
- The languages of the questionnaire should be English and Urdu, depending upon user preference. It should also allow Romanised Urdu input for the qualitative responses. The website, dashboards and other source information should be offered in English only for purposes of the pilot.

4. Module D – Operational dashboard

- A simple dashboard would be created for users at the operational level to track the real-time updates on survey status, feedback report and status of ICRU working group along with the key action items.

If the pilot is successful and there is proven demand for the service, the OFM would aim to reach not only large, tech-savvy, urban private sector players but also small or micro-level businesses, especially those owned by women. Therefore, the most pragmatic technology solution would include channels accessible both to advanced as well as basic users. The proposed technology solution would provide a comprehensive feedback mechanism to complement 'live' PPD underway in Punjab. A cost-effective, cloud based system should be deployed unless there is any opposition to this from GoPJ/P&D. Penetration testing of the system might relieve any nervousness about cloud hosting. An alternative option would be to host the application and database on Punjab Information Technology Board (PITB) servers, subject to GoPJ approval. Regardless of the hosting option selected, the OFM will be accessible via all major devices – desktop/laptop, smartphone and tablet - as well as via short message service (SMS) and Interactive voice response (IVR) integration.

Scale-up Phase

After implementation and successful launch of the pilot, proper functioning of ICRU on the defined processes, and a decision by GoPJ/P&D to move ahead and increase the scope, the next round would be scale up based on the feedback and lessons learnt from the first phase. Proposed key modules to be implemented during this phase are explained below:



5. Module F – Discussion forums

- Primarily managed by the moderator who might also be responsible for initiating discussions among selected participants for any existing or planned reforms;
- There could also be an option to upload reference files/documents. Furthermore, the moderator should ensure that the comments/suggestions received are in line with the subject and it must be reviewed and approved to be published on the Forum.

6. Module F – Suggestion/Queries

- Suggestion/queries module integration in the portal. It should allow all BMO members and individual participants to raise concerns and queries relating to any pertinent issues under the umbrella of business environment.
- The form must be designed in a way that permits the user to select the sector, concerned MDA and related reform/policy. This would support a first layer of filtration on the query and would be automatically routed to the concerned department.
- If required, the user should be able to attach reference documents while submitting the query.

7. Module G – Linking of all key MDAs with the OFM

- Assuming agreement from GOPJ/P&D and MDAs, the system should be capable of integrating with all the relevant MDAs. The interface should provide MDAs an outlook of all time bound queries relevant to their department
- It would also maintain the history of responses made by their department with the details of authorities engaged in the process

8. Module H – Executive dashboards

- Customisable dashboards would be created for strategic level executives and policy makers on the real-time data. The dashboard would be able to show graphical and tabulated results for the surveys conducted in the past and would also show the updated progress on the current surveys. Furthermore, it would showcase overall performance in terms of queries generated and responded to by the authorities broken down by selected reforms and sectors

9. Module I – Android/IOS mobile applications (optional)

- Once the processes are finalised, an Android and IOS application could be designed (if required). It should be developed in such a way that all web services can be managed over the smartphones. Moreover, the application must have the functionality necessary so that relevant departments can make their suggestions and feedback remotely using the data services available.

10. Module J – Blogs/e-newsletter (optional)



- Can be integrated once a decision is taken to disseminate updates more broadly and proactively, depending on the success of dialogues between the stakeholders. It should include the publication of articles and quarterly/monthly newsletters for the registered users across Punjab and other provinces as needed.

11. Module K – IVR/SMS integration (optional)

- According to the Bureau of Statistics (BoS) Punjab, 26 percent of young women in Punjab have used a computer while just 13.7 percent have used the Internet. Considering these statistics, a IVR/SMS module would be integrated for individuals and small business owners, especially women-owned businesses who do not have access to the Internet. This will allow them to record their concerns over the phone using IVR services. By calling a toll-free number, respondents could listen to survey questions and provide their feedback by selecting options from their handset. SMS integration would be utilised for users who can read SMS (preferably in Urdu language) and can respond to the question by selecting options using their mobile phone keypad. Language of correspondence should be Urdu, dependent on ICRU's capacity and the cost factors/budget issues.

Hosting

Given the technical requirements of the proposed solution, the OFM should be hosted in the cloud (preferably on Microsoft Azure) as this 'platform as a service' (PaaS) allows user control of the security policies and preferences. It also provides data encryption and multi-factor authentication to ensure maximum safekeeping. In addition, an open source application and database platform is preferable from the perspective of scalability and cost.

Appendix 4 Draft ToR: OFM Technical Solution

Overview

The proposed OFM is intended to provide a comprehensive feedback mechanism to complement 'live' Public Private Dialogue (PPD) underway in Punjab. Not only would it allow receipt of real time feedback which highlights issues, bottlenecks and concerns regarding the policy and regulatory environments, but it will also showcase how reform efforts are perceived by stakeholders. A cost-effective cloud based environment is recommended to ensure value for money. The OFM should be designed to be accessible via all major devices used in Punjab – desktop/laptop, smartphone and tablet -- as well as via short message service (SMS) and Interactive voice response (IVR) integration in the later stage of the project.

Objectives

The overall objective of the OFM is to provide the GoPJ and the private sector operating in the province with a user-friendly tool to:

- Enable stakeholders to provide information, opinions and recommendations to government about:
 - the impact of the policy and regulatory environment on business in the province;
 - their priorities and ideas for potential reforms to improve business conditions.
- Put in place a feedback loop system whereby the GoPJ can respond to issues raised through the online facility

Beneficiaries

The chief beneficiaries will be the GoPJ, private sector stakeholders in Punjab and policy-makers in the various MDAs, in addition to the World Bank (WB) funded *Investment Climate Reform Unit (ICRU)*. Private sector stakeholders include but are not limited to business owners, Business Membership Organizations (BMOs) members and Individuals and Small Medium Enterprises (SMEs).

Scope of Work

The contractor will be responsible for development and implementation from start to finish - analysing the technology requirements, system planning, design, prototyping, testing, and implementation along with training of OFM users. Implementation of each stage and module will require approvals before moving on to the next step. It is envisaged that the OFM will be available in both Urdu and English as the main languages of government and business.

The project will be implemented in two stages: Pilot and Scale-Up. The contractor must provide an application prototype to ensure that the pilot phase features are in-line with the envisioned processes for tracking issues and providing timely feedback. The system should be developed using iterative models where each module/feature will be shared in advance for review by the technical team and key stakeholders.



Requirements

The contractor shall provide a complete solution for the OFM application. The initial contract award will cover only the pilot phase, with the assumption that if it is successful, the scale-up phase would follow without re-tendering.

Below are the requirements for the OFM envisaged for both phases:

Pilot Phase⁵²

To start, the contractor will conduct analysis needed to determine the OFM's scope for the pilot phase. Work on this phase would conclude in no more than **three months** (budget should be calculated for the resources billable days only) and an additional three months spent for application maintenance and support.

Key features envisaged

- User registration administration panels for the management of system users and processes for tracking and reporting;
- CMS integration for content management;
- Collaboration portal and document repository (with the provision of tracking of changes in the documents);
- Survey management from on-line survey creation, administration (online) and generating survey results;
- Simple dashboards to support the operations team to track the real-time updates on the survey status, feedback report and status of ICRU working group along with the key action items.

Scale-up Phase

Scale-up will be initiated based on clear value to users, lessons learned and an evaluation of potential impact from greater scale. It should not take more than four months (including user training workshops) to complete, as most of the work will build on work done in the pilot phase. Proposed key modules to be implemented during this phase are explained below:

- Forums with the provision to upload reference documents;
- Suggestions/Query forms with the provision to upload reference documents. Tracking and routing of queries to the relevant departments;
- Customised executive dashboards with the provision for graphical and tabulated data presentation
- Linking of all key MDAs with the OFM;

⁵² Actual design, programming and testing work is expected to require 1.5-2 months, but experience shows that it is prudent for planning purposes to expect that additional time will be needed due to user/stakeholder accessibility issues that often arise

- Android/IOS mobile applications (optional);
- Blogs/e-newsletter (optional);
- SMS/IVR integration (optional) - for individuals/small business owners who do not have access to the Internet, allowing them to record their concerns over the phone using IVR services in the local language preferably Urdu.

Additional Requirements

- Recommend cost-effective hosting services and platform for the application and database. Selection of services will be made by technical team;
- All OFM web-pages should be responsive and accessible via handheld devices including tablets and smartphones;
- Pages should be light-weight and simple so that they can be loaded within five seconds;
- Search engine optimisation incorporated
- Project documentation including SRS document, high-level and low-level design documents, implementation plan, system architecture, source code, training manuals and test documents;
- Training workshops for users of the OFM during both phases

10.3 Place and Period of Performance

Initial information gathering, consultation and analysis will be conducted in Punjab. The contractor should have a technical team lead and analyst on hand during the initial phase. All presentations referred to in Section 5 will also be conducted in Punjab. Design and development of the application can be managed from anywhere, at the discretion of the selected IT firm.

The contract will be awarded in two phases: during the pilot phase period of performance is from November 2016 through February 2017. The award of a second phase will depend on successful delivery of the pilot phase application and a decision by the GoPJ to scale-up.

The timeframe is tentative and it is expected that the contractor will propose a detailed work plan specifying the utilisation of resources at each step.

Deliverables

Pilot Phase (three months)

- Deliverable No. 1: Requirement gathering and analysis
 - System requirement specification document and detailed implementation plan along with the schedule;
 - Presentation to the key stakeholders and technical team for their buy-in on the project scope and implementation plan for the pilot phase only.

- **Deliverable No. 2: Design of application**
 - Creation of high-level and low-level design documents based on the understanding developed in the first phase;
 - Creation of Graphic User Interfaces (GUI) and prototypes and get feedback from the key stakeholders;
 - Finalisation of development and database platforms;
 - Finalisation of OFM portal content in coordination with key actors of the OFM application;
 - Presentation on finalised processes and data flow diagrams.
- **Deliverable No. 3: Application development/testing/stakeholder feedback and deployment**
 - Application coding as per international best practices;
 - Conduct testing on servers and release module wise beta versions for stakeholder feedback;
 - Resolution of bugs and issues identified by the stakeholders;
 - Final testing report detailing testing, beta, and any corrective actions taken;
 - Launch of OFM portal on the selected hosting platform;
 - Presentation for key stakeholders and upgrades based on the feedback.
- **Deliverable No. 4: Key stakeholder trainings**
 - Development of training manual for all envisioned system users;
 - Conduct training in Punjab for ICRU nominated key stakeholders.

Scale-up Phase (four months)

- **Deliverable No. 5: Re-analysis for scale-up phase**
 - Scale-up phase system requirement specification document and detailed implementation plan along with the schedule for integration of new modules;
 - Presentation to the key stakeholders and DFID technical team and receipt of their buy-in on the scale-up phase modules and implementation plan.
- **Deliverable No. 6: Design Updates**
 - Revision in design documents;
 - Creation of Graphic User Interfaces (GUI) and prototypes for new modules and get feedback from the key stakeholders;

- Finalisation of OFM portal scale-up phase modules content in coordination with key stakeholders of the OFM application;
- Presentation on the finalised processes and data flow diagrams for the scale-up selected modules.
- Deliverable No. 7: Application development/testing/stakeholder feedback and deployment
 - Application coding for new modules integration;
 - Conduct testing on test servers and release module wise beta versions for stakeholder feedback;
 - Resolution of bugs and issues identified by the stakeholders;
 - Final testing report detailing testing, beta, and any corrective actions taken;
 - Launch of new modules on the OFM portal;
 - Module wise presentation with the key stakeholders of the OFM and upgrades based on the feedback.
- Deliverable No. 8: Key stakeholder trainings
 - Development of comprehensive training manual for the stakeholders and beneficiaries of the system;
 - Conduct training in different areas of Punjab as well as other provinces and Islamabad as needed.

Qualification Criteria

Only registered IT firms (not individuals) who possess relevant experience as indicated in these ToRs, are eligible to apply. The firm must include their profile, past relevant qualifications, references from the past engagements, last three financial audit reports, registration certificates and tax registration certificates.

The eligibility criteria for shortlisting include:

- Technical team lead of this assignment must possess at least 10-12 years' experience in leading similar applications from design, development, testing and deployment. Preference will be given to individuals who have worked with government on similar IT initiatives;
- At least 5 years of experience (after firm's registration) in designing and developing similar applications;
- The firm should have sufficient qualified and experienced staff on board with full-time availability during the contract period;
- The firm should be able to provide support services after the deployment of application;
- Firm must possess experience in developing training manuals and conducting user level trainings;



- Firm must be registered under Pakistani Laws and should be registered with national and provincial (Punjab) tax authorities;
- Preference will be given to firm/s who have presence in Punjab. The firm must prove its financial stability by submitting the last three audited annual reports and financial statements.

Appendix 5 Shortlist of Suppliers

Following is a pre-screened shortlist of firms that appear to have the requisite expertise for designing and developing the OFM.

Supplier name	Solutions & services	Specialties	Client Sectors	Recent projects
<p>LMKT</p> <p>Website: http://www.lmkt.com</p> <p>Address: 7th Floor, Plot No. 55-C, Ufone Tower, Jinnah Avenue, Blue Area</p> <p>Contact No: +92 5 1111 1156-58</p> <p>51-200 employees</p>	<p>Application development;</p> <p>Telecom Oss integration;</p> <p>ICT infrastructure;</p> <p>Integrated security management;</p> <p>Collaboration solutions;</p> <p>Customer relationship management;</p> <p>Geographic information system;</p> <p>Smart grid solutions;</p>	<p>Geographic information system</p> <p>System integration</p> <p>Integrated security management</p> <p>Process automation</p> <p>ICT infrastructure management</p> <p>Enterprise collaboration</p> <p>Application development</p> <p>Consultancy services</p> <p>Customer relationship management (CRM)</p> <p>Help desk services</p>	<p>Energy & utilities</p> <p>Development</p> <p>Government</p> <p>Telecom</p>	<p>Automatic Vehicle Classification (AVC) Based ETTM System for National High Way Authority</p> <p>Go-smart mobile app for NTC (Natl Telecomm Corp.)</p> <p>Smart access control for ENI (Ente Nazionale Idrocarburi) Pakistan</p> <p>Access control & vehicle management for UFONE</p>
<p>DPL</p> <p>Website: http://www.dplit.com</p> <p>Address: 14th Floor, ISE Towers, Jinnah Avenue, Islamabad.</p> <p>Contact No: (+92 5 1289 5321-22</p> <p>50-employees</p>	<p>High value mobile apps leads management</p> <p>Application development</p> <p>High end branding and UI</p> <p>Ecommerce solutions</p> <p>Content management</p>	<p>Corporate businesses</p> <p>SME businesses,</p> <p>Non-profit organizations</p> <p>Online companies</p> <p>Mobile and Telecom operators</p> <p>Legal firms</p> <p>Retail brands</p> <p>Real estate</p>	<p>Government</p> <p>International companies from countries like UK, US</p>	<p>Vasaloppet (Mobile app for the world's largest cross-country ski-race)</p> <p>Autobytel (Provided complete end to end services from User Interface to Business Intelligence)</p> <p>IKEA, Sweden (its high-end design services utilized towards their global website)</p>

Supplier name	Solutions & services	Specialties	Client Sectors	Recent projects
<p>TECHLOGIX</p> <p>Website: http://www.techlogix.com</p> <p>Address: Islamabad</p> <p>Software Technology Park-1, 2nd Floor 5-A Constitution Ave, F-5/1 Islamabad 44000, Pakistan</p> <p>Contact No: +92 5 1111 859 859</p> <p>Lahore</p> <p>39 Empress Road, Lahore, Pakistan</p> <p>Contact No: +92 4 2111 8598 59</p> <p>201-500 employees</p>	<p>Application integration</p> <p>Software product engineering</p> <p>Enterprise mobility</p> <p>Application services</p> <p>Business process management</p> <p>Analytics</p> <p>Financial industry solutions</p> <p>Higher education solutions</p>	<p>Analytics application</p> <p>Integration application</p> <p>Services software product</p> <p>Engineering business</p> <p>Process management</p> <p>Enterprise mobility</p> <p>Financial services</p> <p>Higher education solutions</p>	<p>Government</p> <p>Telecom</p> <p>Financial Industry</p> <p>Education</p>	<p>Enterprise case flow management Solution is Lahore High Court (LHC)</p> <p>E-services for SECP (Security Exchange Commission Pakistan)</p> <p>Improved revenue collection at EOBI (Employees old-age benefits institution)</p> <p>FLEXCUBE support at Askari Bank</p> <p>MCB rolls out FLEXCUBE in UAE</p> <p>Deploying market risk at Barwa Bank</p> <p>Web portal for Qatar exchange, mobile banking for United Bank</p> <p>Transforming analytics at Gulf International Bank</p> <p>Ufone standardizes enterprise architecture</p> <p>High volume transaction processing for Ufone</p>
<p>INFO TECH</p> <p>Website: http://www.infotechgroup.com</p> <p>Address: 12-N, Guru Mangat Road, Gulberg II, Lahore 54660, Pakistan.</p> <p>Contact No: +92 4 2111 4274 27</p> <p>200-500 Employees</p>	<p>Customer care and billing</p> <p>Customer relationship management solution (CRM)</p> <p>Human resources solution</p> <p>Managed services solution</p> <p>Governance</p> <p>Risk and compliance</p> <p>Supply chain</p> <p>Cloud</p> <p>Infotech consulting services</p> <p>Security</p> <p>Databases</p> <p>Master data management solution</p>	<p>Business & information management consulting</p> <p>Technology solutions provisioning</p> <p>Systems integration and outsourcing services</p>	<p>Government</p> <p>Banking</p> <p>Capital markets</p> <p>Engineering and Construction</p> <p>Oil and Gas</p> <p>Public Sector</p> <p>Retail</p> <p>Telecom</p> <p>Utilities</p>	<p>Capizar (Derived from word 'Capital' and the Persian of word market, "Bazaar", Capizar is a broker trading system)</p> <p>GeReg is a government e-registration application allowing its citizens to register and manage their businesses online</p> <p>Tax 360 signifies a 360-degree view of the tax authority functions</p>

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