



COMPETITIVENESS SUPPORT FUND

Linking Finance to Innovation and Competitiveness

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National Policy Platform for Competitiveness and Economic Growth

First Meeting Report

March 25, 2009





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1. Meeting Objectives

There were several objectives of the inaugural meeting of the National Policy Platform for Competitiveness and Economic Growth (NPPCEG).

- a. The meeting allowed for the members of the Platform to meet each other and begin their interaction
- b. It incorporated a large media presence to ensure awareness of the Platform and its mandate among policymakers and the general public
- c. Chairman Burki's working paper was discussed and the merits of each topic were debated and some additional topics were also proposed
- d. Consensus was reached in terms of the priority areas for the Platform for its next meeting
- e. Research roles were assigned to relevant institutions for preparation in advance of the next meeting

2. Discussions

Minister of State, Finance, Revenue and Economic Affairs, Ms. Hina Rabbani Khar opened the meeting with a few remarks noting the challenges that the Platform will face and the importance of including government in the proceedings. She thanked Chairman Burki for his involvement and expressed her hope that the government would be receptive to the findings of the Platform.

Kevin Murphy, President and CEO of J.E. Austin Associates, spoke regarding his work on the upcoming State of Pakistan's Competiveness Report. The focus of this year's report is innovation and how Pakistan can harness it as a driver of economic growth.

Chairman Shahid Javed Burki explained how Pakistan needs to pursue a somewhat different model of development compared to those followed by other countries in Asia. Pakistan requires a strategy focused on the current situation, not just replication of what was done by other rapidly growing Asian economies. The Platform should identify areas where policies can make a real difference and look at firms as the basis of change. Burki noted that of the 3.3 million enterprises in Pakistan, 93% have less than 5 employees. This illustrates that Pakistani firms are trapped in a system of low-productivity. He asked, what government policy can do to improve efficiency and mentioned that focusing on encouraging large scale industrialization may not necessarily be the right answer. The modern services sector (IT, health services, etc.) have been doing well in India; there is no reason why this can't be replicated in Pakistan. He also pointed to the benefits of multi-national companies entering Pakistan as they can have significant impact on supplier firms in terms of upgrading their capacity to international standards.

Members of the platform brought up additional issues such as energy and transport that are key to Pakistan's competitiveness and deserve the attention of the Platform. Other issues that were brought up repeatedly include decentralization of fiscal governance, enforcement of contracts and transparent property rights. The latter two are key to unlocking latent capital and exponentially increasing the potential for SMEs to access finance. Education was another issue discussed at length, particularly the importance of exploring public-private partnerships and new

mechanisms for service delivery. The member from CIPE mentioned some recent research they had conducted regarding the IT industry and he identified several concrete areas for government policy. These could improve the sector's competitiveness.

There was general consensus that research and policies should be focused to include the entire value chain as this is currently not being done. It was mentioned that this is not happening in part due to the structure of the government where too many stakeholders are involved to reach any form of meaningful consensus and collaboration.

The importance of urban services, including construction, public transportation and availability of low-income housing were also discussed.

Members noted that many reports have already been prepared and presented to the government by various institutions but that these have rarely been read or used. It was felt that the policy work the Platform carries out should focus not so much on what the problem is or why it exists but rather on concrete, actionable ways of fixing the situation. Research into current successful initiatives in Pakistan that have potential to grow to scale would be particularly useful. It is essential that the Platform follow up with the Government to ensure its recommendations are adopted.

Burki identified 5 areas that all research institutions should incorporate in the work assigned by the Platform:

1. What reports have been submitted to the government previously in concerned area?
2. What recommendations did they provide?
3. Why were they not implemented?
4. How can we update these recommendations?
5. What institutional imperatives are required to have a better process for policy action?

The role of the media will be particularly important because public awareness is essential to pushing through important reforms.

3. Steps Forward

The next meeting will take place in early May and will be held in Lahore for a full day to ensure members have sufficient time to present and comment. Three topics were chosen by the members as high priority. Targeted policy analysis will be undertaken on each over the coming weeks and will be shared with the members prior to the next meeting in order to have an informed discussion and consensus on the action plan that will be presented to the Government. The topics along with the responsible research institution are listed below:

1. Innovation: Higher Education Commission (HEC) and Pakistan Institute of Development Economics (PIDE)
2. Finance to Firms: Institute of Public Policy (IPP), Beaconhouse National University (BNU), with Kashf Foundation

3. Skill Development in the Agrobased: Lahore University of Management Sciences (LUMS), Suleman Dawood School of Business (SDSB)

At the next meeting of the NPPCEG, the findings of this research will be discussed and actionable recommendations will be prepared as policy items for presentation to the Government. Also, additional topics will be chosen for discussion at the following meeting and research roles will be assigned. The chairman will also invite some members of the Platform to make presentation on the areas in which they have expertise.

4. List of Attendees

Members:

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| 1. Shahid Javed Burki | Chairman, Institute of Public Policy |
| 2. Arthur Bayhan | CEO, Competitiveness Support Fund (CSF), Co-chair NPPCEG |
| 3. Naved Hamid | Director, Center for Research in Economic and Business (CREB), Lahore School of Economics |
| 4. Dr. Aisha Ghaus-Pasha | Director Research, Institute of Public Policy |
| 5. Sakib Sherani - ABN Amro | Chief Economist, Royal Bank of Scotland |
| 6. Dr. Rehana Siddiqui | Chief of Research, Pakistan Institute of Development Economics |
| 7. Ijaz Nabi | Dean, School of Humanities, Social Sciences and Law |
| 8. Tariq Puri | Secretary, Ministry of Investment |
| 9. Roshana Zafar | President, Kashf Foundaion |
| 10. Qazi Masood Ahmed | Director Research, Institute of Business Administration, Karachi |
| 11. Shahab Khawaja | Federal Secretary Industry |
| 12. Zeba Sattar | Country Head, Population Council, Islamabad |
| 13. Dr. Muhammad Tousif Akhtar | Chairperson, Department of Economics, Balochistan University |
| 14. Sohail Naqvi | Executive Director, HEC |

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| 15. Dr. Shaukat Ali Brah | Dean Dawood Suleman Business School, LUMS |
| 16. Moin M. Fudda | Country Director, Centre for International Private Enterprise, Karachi |
| 17. Muhammad Muslim | Director General (ASEAN / Policy & Planning Wing, Board of Investment |
| 18. Jehanzeb Burki | DEL Private Limited |
| 19. Naheed Shah Durrani (Sindh) | Special Secretary, Finance, Budget and Resource, Sindh |
| 20. Humayun Nabi Jan | Managing Director, Polygon, |

Members represented by deputy:

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| 1. <i>Javed Iqbal</i> Represented by Shakeel Qadir Khan | Chairman Planning and Development, Government of NWFP Chief Economist NWFP |
| 2. <i>Ahmed Bakhsh Lehri</i> Represented by Dostain Khan Jamaldini | Additional Chief Secretary (Development), Planning and Development, Baluchistan Chief Foreign Aid, Planning and Development |

Members unable to attend:

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| 1. Omar Saeed | President, Service Sales Corporation |
| 2. Dr. Bashir Ahmed Khan | Chairman, Department of Business, FCC University |
| 3. Nazar Mahar, ACS | Additional Chief Secretary, Planning and Development, Government of Sindh |
| 4. Haris Gazdar | Executive Director, Collective for Social Sciences Research, Karachi |
| 5. Dr. Hafiz Ahmed Pasha | Vice Chairman, Institute of Public Policy |
| 6. Amin Hashwani | Director, Hashwani Group |
| 7. Tariq Saigol | Chairman, Kohinoor Maple Leaf Group |
| 8. Dr. Nasser Ali Khan | Director, Institute of Management Sciences, Hayatabad, Peshawar |

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| 9. Sohail Ahmed | Chairman, Planning and Development Board, Govt. of the Punjab |
| 10. Suleman Ghani | Federal Secretary Commerce |
| 11. Ashraf Hayat | Federal Secretary Planning |

Observer Members

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| 1. Joseph Ryan | Associate Mission Director for Economic Growth and Education, USAID |
| 2. Amy Meyer | Director, Economic Growth Office, USAID |
| 3. Farzana Noshab | Economic Policy Officer, ADB |
| 4. Haroon Sharif | Senior Adviser, DfID |

Visitors

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|-----------------|---|
| 1. Kevin Murphy | President and CEO, J.E. Austin Associates |
| 2. Stu Callison | USAID, Consultant |

CSF Secretariat

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| 1. Dr. Amjad Bashir | Senior Economist, CSF |
| 2. Jennifer Lynch | Project Manager, CSF |