

MEMORANDUM OF UNDERSTANDING

The Memorandum of Understanding is made at Islamabad on Thursday, 16th of August, 2007 at Islamabad between the Board of Investment (BOI) and the Competitiveness Support Fund (CSF).

Whereas, Board of Investment was established by the Government of Pakistan as an apex agency to promote, encourage and facilitate both local and foreign investment;

Whereas, the mission of the BOI is to simplify procedures to attract investment, to promote investment for profits, to build linkages amongst provinces, private and public investors and overseas missions;

Whereas, the BOI was established with broad based responsibilities of promotion of investment in all sectors of economy; facilitation of local and foreign investors for speedy materialization of their projects and to enhance Pakistan's international competitiveness and contribute to economic and social development;

Whereas, BOI assists companies and investor who intend to invest in Pakistan as well as facilitates the implementation and operation of their projects,

Whereas, BOI acts as a focal point of contact for the prospective investors, both domestic and foreign to provide them all necessary information and assistance in coordinating with other Government Departments/Agencies;

Whereas, the CSF has been established under Section 42 of the Companies Ordinance, 1984 as a joint initiative of the Ministry of Finance and Revenue (Finance Division), Government of Pakistan and the United States Agency for International Development (USAID) to reposition the Pakistan economy on a more competitive global footing.

Whereas, the CSF has been established to support Government of Pakistan's goal of a more competitive economy by providing input into policy decisions, working to improve regulatory and administrative frameworks and working to enhance public-private partnerships within the country. The CSF will also provide technical assistance and co-financing for initiatives, relating to entrepreneurship and the private sector, with research institutes, universities and business incubators that contribute to creating a knowledge-driven economy;

Whereas, the CSF has a number of windows for funding policy relevant analysis on innovation and competitiveness, providing matching grants for knowledge-based economic development, promoting business-Industry tie-up, promoting business incubator programs, building awareness about competitiveness and promoting knowledge-based economy for sustainable economic growth in Pakistan.

Now, therefore, as many of the fundamental objectives and programs of the BOI and the CSF have significant commonalities, both agree to work together and cooperate with each other for the development of Pakistan's industry on the following terms and conditions:

1. Prepare a Strategy Paper - towards a structured reform process for improving the investment climate and enhancing competitiveness of Pakistan's economy.
2. The CSF will undertake a joint initiative with the Board of Investment (BOI) to create a Foreign Investors Council of Pakistan (FIC) as a forum to facilitate dialogue between the GOP and the foreign investor community with a view to strengthening Pakistan in competing for international investment, promoting Pakistan as a preferred investment location and enhancing Pakistan's competitiveness.
3. The CSF has undertaken a Policy Study/Action Plan on Special Economic Zone and Benchmarking. The study benchmarked Pakistan with India, China, Thailand Malaysia and Vietnam. The CSF will work with the BOI to implement the Action Plan prepared by the CSF to facilitate the proposed Task Forces towards setting up special economic zones in Pakistan.
4. Based on the policy study "Policy Analysis on the Competitive Advantage of the Food Processing Sector in Pakistan: Focus on Quality, Safety and Standards", the CSF has developed a Policy Action Plan to Enhance Finance and Competitiveness in the Horticulture Sector. The BOI will be involved in the proposed Task Force for Horticulture Finance and Competitiveness as a Member of the Task Force with a special focus on international investment in the Sector. A similar Task Force on Fishery will also be formed to enhance investments in both in land and coastal Fishery based on a study conducted by the CSF.
5. The CSF will assist the BOI in its efforts to benchmark BOI with other successful investment promotion bodies in and outside of the region to enhance effectiveness of its operations.
6. Jointly organise a workshop/conference on "Cross-border Co-operation through Trade and Investment" in FATA. The participants of the workshop/conference may include the stakeholders in the region, the interested Pakistani entrepreneurs (especially from FATA), and the interested participants/foreign investors. Subject to clearance by other concerned agencies.
7. Preparation of "Investment Guide" to make information available regarding investment opportunities, cost of doing business and marketing prospects.
8. Any other activities deemed appropriate by mutual agreement to be necessary for increasing investment and enhancing competitiveness in Pakistan and promoting Pakistan as a preferred investment destination in the region.

This Memorandum of Understanding shall enter into force on the date of signatures by the Parties and shall remain valid for a period of three years unless either Party gives the other, six months notice in advance of its intention to terminate this MOU. Termination of this Memorandum shall not affect the

validity of duration of any implementation arrangement/project/reviews etc. executed and commenced there-under, and the activities in progress shall continue until completion through authorized representatives of the Parties which shall continue to be governed by the provisions of this MOU.

This MOU may be modified or amended by mutual consent in writing.

In case of any dispute arising out of this MOU, the matter shall be settled through mutual consent.

IN WITNESS WHEREOF, the Parties hereto have executed this Memorandum of Understanding by signing the same at the place on the day and year first written above, acting through their fully authorized representatives.

For and on behalf of the
Board of Investment



Mr. Zahid Hamid
Minister for Privatisation and
Investment

For and on behalf of
Competitiveness Support Fund



Omar Ayub Khan
Chairman of the Competitiveness
Support Fund

Witnessed by:



Mr. Mushtaq Malik
Secretary
Board of Investment



Ms. Anne Patterson
Ambassador of the United States of
America to the Islamic Republic of
Pakistan