

F.No. 1(1)CS/2024
Prime Minister's Office
Board of Investment
6th Floor, Kohsar Block, Pak -Secretariat, Islamabad

CORRIGENDUM
EXPRESSION OF INTEREST

Reference advertisement published in this Newspaper dated 30th November 2024, captioned “**Hiring of reputable Consultancy Firms to Conduct SEZs & EPZs Assessment**”. The date of submission of application has been extended till **23rd December 2024**.
All other terms and conditions remain the same.

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Expression of Interest (EOI)
Hiring of reputable Consultancy Firm to conduct SEZs & EPZs Assessment

The Board of Investment (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, enhancement of Pakistan's international competitiveness and contribution to economic and social development.

Board of Investment intends to hire the services of reputed consultancy firm registered with the Sales Tax and Income Tax Department during FY-2024-25 to conduct SEZs & EPZs Assessment. The Prime Objective of this assessment is to assess the fiscal costs and effectiveness of SEZs & EPZs established across Pakistan.

Electronic EOI document, containing detailed requirements, terms and conditions is available on e-Pak Acquisition and Disposal System (EPADS) at (<https://eprocure.gov.pk>), PPRA (www.ppra.org.pk) and BOI's (<https://invest.gov.pk/upcoming-tenders>) websites. The Electronic EOI (Proposals) shall only be received through EPADS on or before 16 December, 2024 at 1400 hours PST. Copy of Proposals submitted electronically through EPADS shall be required manually also. The electronic EOI shall be opened on the same day through EPADS at 1430 hours PST. In terms of Rule 48 of Public Procurement Rules, 2004 Grievance Redressal Committee (GRC) is constituted for subject consultancy. Notification of said GRC is available on BOI website (<https://invest.gov.pk/upcoming-tenders>) and on EPADS at (<https://eprocure.gov.pk>).

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Terms of Reference (TORs) for Hiring a Reputable Firm to Conduct SEZ & EPZ Assessment

I. Background

The Board of Investment undertaking an assessment of the fiscal costs and effectiveness of Special Economic Zones (SEZs) and Export Processing Zones (EPZs) that have been established across Pakistan. This assessment will contribute to the development of a phased plan to gradually eliminate all current SEZ incentives by 2035, while aligning with existing legal commitments and obligations.

II. Objectives

The primary objective of this assignment is to assess the fiscal costs and effectiveness of SEZs & EPZs established across Pakistan, and to provide a comprehensive report by May FY25. This assessment will guide the preparation of a plan to phase out all current SEZ incentives by 2035, ensuring that the transition aligns with preexisting contractual obligations.

III. Scope of Work

The selected firm will be responsible for conducting a thorough assessment of EPZs and SEZs in Pakistan, focusing on the following key areas:

A. Fiscal Cost Analysis:

- Evaluate the direct and indirect fiscal costs associated with SEZs & EPZs, including tax breaks, subsidies, and other financial incentives.
- Quantify the financial impact of these incentives on government revenue over the years.
- Assess the sustainability of current fiscal incentives and the potential implications of phasing them out.
- Exports from units operating in EPZ and SEZ to be gauged.
- The duty and taxes collected from units operating in EPZ and SEZs to be taken into account.

B. Effectiveness Analysis:

- Assess the effectiveness of each SEZ & EPZ in achieving their intended economic objectives, including attracting investment, promoting exports, and creating jobs.
- Analyze the contribution of each SEZ & EPZ to overall economic growth and industrial development.
- Evaluate the extent to which SEZs & EPZs have addressed pre-existing constraints in the business environment.
- Assess the potential implications of phasing out EPZs and SEZs by 2035 on economic and industrial growth of Pakistan.

- Assess dynamic gains/benefits of SEZs and EPZs, including but not limited to technology transfer, productivity, and skill development.
- Assess the degree of SEZ and EPZ integration with the local economy (sourcing, forward integration, etc.) as well as economic spill-over effects outside SEZs and EPZs, if any.
- Assess the environmental/ecological/health benefits of positioning the manufacturing units in specified locations away from urban/rural population centers.
- Assess the loss of duty and taxes with reference to units operating in far-flung areas not regulated by the Federal Government (informal undocumented manufacturing) and compare this with a regulated regime in SEZs and EPZs.
- Assess the positive impact of providing a regulated environment in SEZs and EPZs, where issues like child labor, air and river pollution, and standardization of products can be addressed, alongside effective monitoring by regulatory agencies such as FBR, Labour Department, MOCC, PSQCA, and EDB.

C. Comparative Analysis:

- Compare the effectiveness and fiscal costs of EPZs and SEZs with similar initiatives in other countries.
- Identify best practices and lessons learned that can inform the future direction of EPZs and SEZ regime in Pakistan.
- Evaluate the potential impact of phasing out EPZs and SEZ regime on the foreign direct investment outlook vis-à-vis other comparable countries in the region with active EPZs and SEZ regimes.

D. Legal and Contractual Review:

- Review the legal framework governing EPZs and SEZ incentives, including existing contracts and agreements with their investors.
- Assess the potential legal implications of phasing out EPZs and SEZ incentives by 2035.

E. Stakeholder Consultation:

- Engage with key stakeholders, including government agencies, SEZ developers, investors, and industry associations, to gather insights and perspectives on the current EPZs and SEZ framework.
- Incorporate feedback from stakeholders into the assessment to ensure a comprehensive understanding of the impact of EPZs and SEZ incentives.
- Developers' perspective on the modification of the existing incentive regime so that it aligns with the IMF's intended objectives as well as the economic growth of Pakistan.
- Developers' perspective on modifications and reforms of the existing SEZ and EPZ framework to improve their effectiveness and make them regionally competitive.
- Highlight the role of EPZs and SEZs in the economic development of middle-income/developing countries and their correlation with Pakistan.

- Suggest policy measures to make the SEZs and EPZs more effective and result-oriented may also be provided by the consultant, as per international best practices.

F. Reporting and Recommendations:

- Prepare a detailed report presenting the findings of the fiscal cost and effectiveness analysis.
- Provide recommendations for the phased elimination of EPZs and SEZ incentives, including the transition from profit-based to cost-based incentives.
- Outline a roadmap for the government to implement the phase-out plan by 2035, considering legal obligations and the need for a smooth transition.
- The consultant should suggest measures to increase the productivity and efficiency of existing units and the EPZs and SEZ organizations.

IV. Selection Criteria

The firm must have:

- Extensive experience in economic and fiscal analysis, particularly related to SEZs or similar initiatives.
- Proven track record of conducting assessments for governments or international organizations and financial institutions.
- Strong understanding of legal frameworks and contractual obligations in the context of SEZs.
- Ability to engage with a wide range of stakeholders and incorporate diverse perspectives.

V. Deliverables

The consulting firm will be required to deliver the following:

1. Inception Report (within 4 weeks of contract signing)

- Outline the methodology, work plan, and timeline for the assessment.

2. Interim Report (within 2 months of contract signing)

- Present preliminary findings on fiscal costs, effectiveness, and stakeholder consultations.

3. Draft Final Report (by end March FY25)

- Submit a comprehensive draft report including all analysis, findings, and recommendations.

4. Final Report (2 weeks after receiving feedback on the draft report)

- Incorporate feedback and submit the final report for publication.

VI. Duration

The assignment is expected to be completed within [60 days], with the final report submitted by 30th April 2025.

VII. Reporting and Supervision

The firm will report to Board of Investment and will be required to provide regular progress updates as per the agreed timeline.

VIII. Proposal Submission

Interested firms are invited to submit a detailed proposal outlining their approach, methodology, team composition, timeline, and budget. **Proposals must be submitted by on or before 23 December 2024.**
