INVESTMENT PROMOTION STRATEGY: FY 2020-2024

PAKISTAN BOARD OF INVESTMENT

Investment Policy and Promotion Team

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WORLD BANK GROUP
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BOI
Prime Minister's Office
Board of Investment

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Executive Summary

BOI is committed to a reorientation of its activities toward maximum development impact, in furtherance of the government's national development objectives. BOI will hold itself accountable for fulfillment of its commitment and establish a culture of continuous improvement, by transparently measuring and reporting the agency's performance against publicly stated goals. BOI will judge its performance on more than just its delivery of requested services. It will also judge itself on its ability to proactively attract and facilitate investors who may have not otherwise chosen to locate in Pakistan and whose projects align with the government's development objectives.

BOI has historically focused heavily on policy and on reacting to investor requests for project facilitation. With this strategy, the emphasis is on strengthening BOI to be more persistent and proactive in converting its pipeline of investment leads into actual investments with measurable development impact. To fully realize this more proactive approach, BOI requires a strategic roadmap for investment promotion, which is centered on investor-targeting, generating reinvestment, and linking FDI to the domestic private sector. This document presents that strategy, the spirit of which is captured in the following new statement of BOI vision and mission.

Box 1. BOI vision and mission

Vision

To measurably accelerate Pakistan's economic diversification, global integration, and improvement in human welfare.

Mission

To successfully undertake activities with a high marginal impact on the attraction and sustainability of private, productive investments, in a set of sectors which collectively promise Pakistan massive employment, much greater industrialization, greater export potential, diversification into knowledge-based sectors, and a new level of global economic connectivity.

Many of the world's best-regarded IPAs have portfolios limited to investor-facing services, but BOI's legal mandate and the expectations of its stakeholders give BOI additional, non-promotional functions related to investment policy-making, regulation, and administration. This mixed promotional/non-promotional portfolio presents formidable challenges to promotional effectiveness. Understanding this, BOI's strategy emphasizes its promotional core and leverages non-promotional functions to the benefit of promotional objectives. This approach is reflected in the strategy, in BOI's vision, objectives, and activities, as well as in the strategy's implications for internal practices, structure, systems, and tools.

The strategy depends on BOI generating project-specific investor interest and taking ownership of project concepts, announced projects, and operational projects to move them proactively toward each subsequent milestone. No IPA has the capacity to do this indiscriminately for all projects and potential investors, and so BOI will focus its proactive efforts on five priority sectors, selected in consultation with stakeholders for Pakistan's demonstrated international competitiveness and for the development benefits typically associated with FDI projects in those sectors. These sectors are "auto and auto part manufacturing," "food and beverage manufacturing," "information technology," "logistics," and "textiles."

The internationally competitive opportunities represented by BOI's five priority sectors are diverse. They include FDI projects in newly emerging sectors (e.g., logistics), well-established sectors (e.g., automotive), production of domestic-oriented goods (e.g., processed food), production of export-oriented goods (e.g., garments), domestic- and export-oriented services (e.g., logistics, software development), and sectors which give new life to domestic suppliers (e.g., agricultural output for food, cotton and fabrics for garments). Collectively, these sectors offer opportunities for BOI to intervene productively in investor-targeting, promotion of reinvestment, and the establishment of linkages between FDI and domestic suppliers, service providers, and joint venture (JV) partners. BOI will measure its success or failure in its pursuit of FDI and linkages against the indicators and year-by-year targets in the following table.

Table 1. Targets and indicators for BOI's strategic objectives

Impact indicator	FY2020 target	Cumulative FY2020-24
Value of new capital investment announced and implemented from foreign companies[1] of which either (1) only began seriously considering Pakistan as an investment location after being contacted by BOI, or (2) explicitly credits, in writing, BOI's facilitation work with selecting Pakistan	**$1.5 billion**	**$10 billion** FY21: $1.75 FY22: $2 FY23: $2.25 FY24: $2.5
Number of jobs announced and created by foreign companies which either (1) only began seriously considering Pakistan as an investment location after being contacted by BOI, or (2) explicitly credits, in writing, BOI's facilitation work with selecting Pakistan	**2,000**	**13,000** FY21: 2,300 FY22: 2,600 FY23: 2,900 FY24: 3,200
Improvement in national *Doing Business* index	**Score of 58.56** (Equivalent in 2019 ranking to 120th-ranked Egypt)	**Score of 65.89** (Equivalent in 2019 ranking to 83rd-ranked Qatar)
Value of domestic firms' sales revenue to foreign companies which have invested in Pakistan with BOI's attraction and/or facilitation or which have been introduced to their domestic suppliers and service providers through a BOI linkage initiative	**$0**	**$100 million**
Value of exports by-foreign companies attracted and/or facilitated by BOI	**$0**	**$130 million** FY21: $20 million FY22: $28 million FY23: $36 million FY24: $46 million

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

Impact indicator	FY2020 target	Cumulative FY2020-24
Number of new, sector-stimulating investment climate reforms with critical leadership or support from BOI	**2**	**14**
Percent of jobs going to women in foreign companies attracted and/or facilitated by BOI	**33.44** 10% higher than 2018 national rate of 30.4%	**12% higher than national average 2018-22** FY21: 11% higher than 2019 national rate FY22: 12% FY23: 13% FY24: 14%
Passage of a new, national investment law	**Enacted**	

BOI's orientation toward promotion will require the development a sales-minded organizational culture and corresponding skills.

BOI will realign its organization, as outlined in Figure 1, into two Directorates, one focused on overseeing all of BOI's promotional work and one to oversee all other work. All investor-facing promotional work will be concentrated under the Foreign Investment & Marketing Wing (FIM). Whereas this work had previously been organized by geographic region, it will now be organized by sector, with sector-specialized staff making up each unit within the wing. Only China, because of BOI's high-priority work on the China-Pakistan Economic Corridor (CPEC), will remain as a country focus.

The Project Inquiries Unit will act as BOI's intake and evaluation desk for new investor inquiries, whether received directly or by referral, forwarding inquiries in priority sectors and directing non-priority inquiries to self-service options or providing them with stock information.

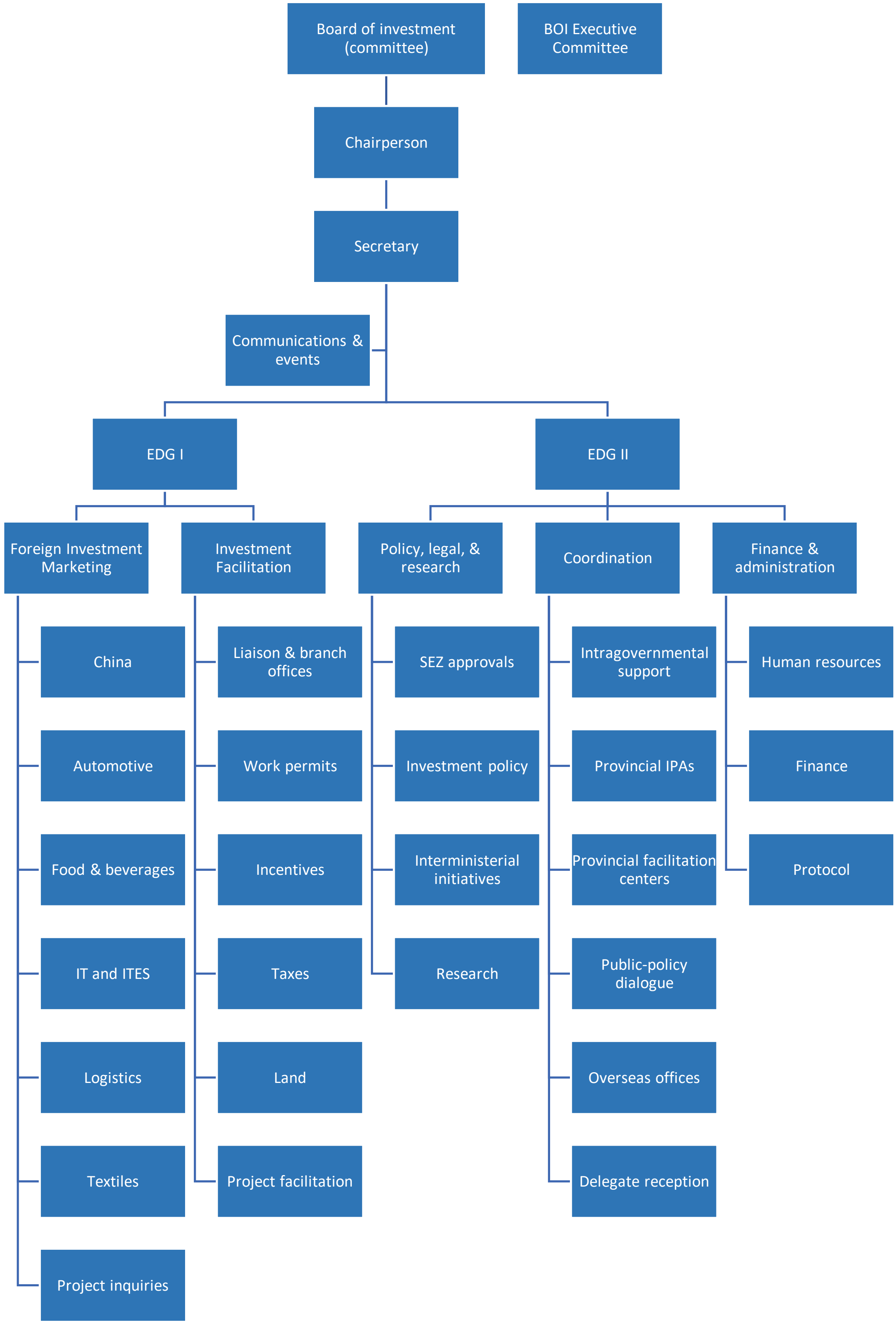
The Domestic Investment Facilitation Wing will retain the same structure, except for the addition of a Project Facilitation Unit. This unit will support FIM staff in moving client investors through all government procedures not otherwise covered by another unit.

FIM and Investment Facilitation will report to the promotional EDG. All other wings will report to the nonpromotional EDG, including Policy, Legal, and Research; Finance and Administration; and one Coordination Wing newly constituted from past units with elements of external coordination.

A new Communications and Events Unit, reporting directly to the Secretary, will develop agency-wide communication protocols, standards of style, and an agency-encompassing communication strategy to ensure that all BOI communications are harmonized in terms of style, branding, and level of professionalism yet tailored to each audience for maximum effectiveness.

Implementation of the strategy will require that BOI develop certain standard operating procedures, internal systems, research, and partner agreements. Although strategy implementation can begin immediately, some of these foundational steps will take several months, with the latest occurring about 10 months into implementation.

Figure 1. Organizational structure for BOI



BOI is mandated to perform a range of functions, beyond the core promotional function described above. BOI will integrate these with its new promotional thrust, according to the orientations and activities outlined in Table 2. A step-by-step roadmap to the crucial first year of strategy implementation is provided in Section 13.

Table 2. Other highlights of the new BOI strategy

Practice area	Key orientations and activities
1. Image-building	BOI will undertake image-building among priority sector-specific audiences, business media, and organizations providing country risk assessments.
2. Information and assistance services	BOI will expand its reactive project facilitation work to include proactive provision of tailored information and assistance for the persistent conversion of BOI's pipeline of received and IPA-generated leads into actual (re)investments and measurable economic impact.
3. Regulatory and administrative functions	BOI will retain its regulatory and administrative functions, issuing work visas, permits for branch and liaison offices, auto industry incentives, airport entry passes, and security clearances. However, as BOI reorients itself for optimal promotional effectiveness, it will remain open to transferring these non-promotional responsibilities to other public offices.
4. Responding to delegations and special requests from offices of the Pakistani government	Work done in response to ad hoc intragovernmental requests for support should take no more than 10-15% of BOI's manpower and will be handled full-time by a dedicated Intragovernmental Support Unit. When fulfilling a request requires intervention by other BOI units, the Intragovernmental Support unit will coordinate with those to secure the needed support with minimal burden on the other units.
5. Research	BOI's Research Unit will provide the information which BOI's sector specialists need to reach and persuade investors, including: i) information about investor needs and circumstances, ii) market conditions and trends, iii) production processes and costs, iv) value chain characteristics, and v) government procedures and services, in particular as they all relate to BOI's priority sectors.
6. Policy advocacy	BOI's capacity to realize its vision is a function of its leadership in identifying major impediments to investment, formulating sound solutions, and marshalling the needed support for reform. BOI's Investment Policy Unit will lead a revision of the investment law and establish a dedicated unit for policy advocacy.
7. Communica-tions	Dedicated staff, agency-wide communication protocols, standards of style, and an agency-encompassing communication strategy are needed to ensure that all BOI communications are harmonized in terms of style, branding, and level of professionalism while also tailored to each audience for maximum effectiveness. A new Communications and Events unit, reporting to the Secretary, will lend communications expertise to other units, for example, in constructing sector pitches, framing advocacy initiatives, designing informational packets, and presenting web content.
8. Internal and external coordination	BOI's new Coordination Wing will leverage its growing contact and relationships with partner institutions to act as BOI's focal point for sustained engagement and coordination with partners. This will not be a series of ad hoc measures, but rather a new vein of work to establish shared strategies for the achievement of shared goals, with ongoing management of strategy implementation from BOI.
9. Internal systems	BOI will adopt three internal systems: an investor relationship management system (IRMS), an investor information system (IIS), and a system for monitoring and evaluation (M&E). Good information on sector characteristics, government procedures, suppliers and service providers, etc. is at the core of BOI's ability to persuade investors to come to Pakistan. Investor relationship management converts investment leads into actual investments. M&E will keep everyone focused on impactful activities and acknowledge success.

Introduction and background

The present document aims to lay out an investment promotion strategy to guide BOI's operations through the next five years.

While BOI has historically performed many policy-making and administrative functions, this strategy emphasizes BOI's promotional objectives to strive for maximum FDI attraction and linkages for development impact. This means reorienting BOI toward promotion (i.e., marketing, information, assistance, and advocacy) as its primary function and creating the internal conditions by which BOI's non-promotional functions are performed in a manner supportive of promotional objectives.

This strategy will, therefore outline:

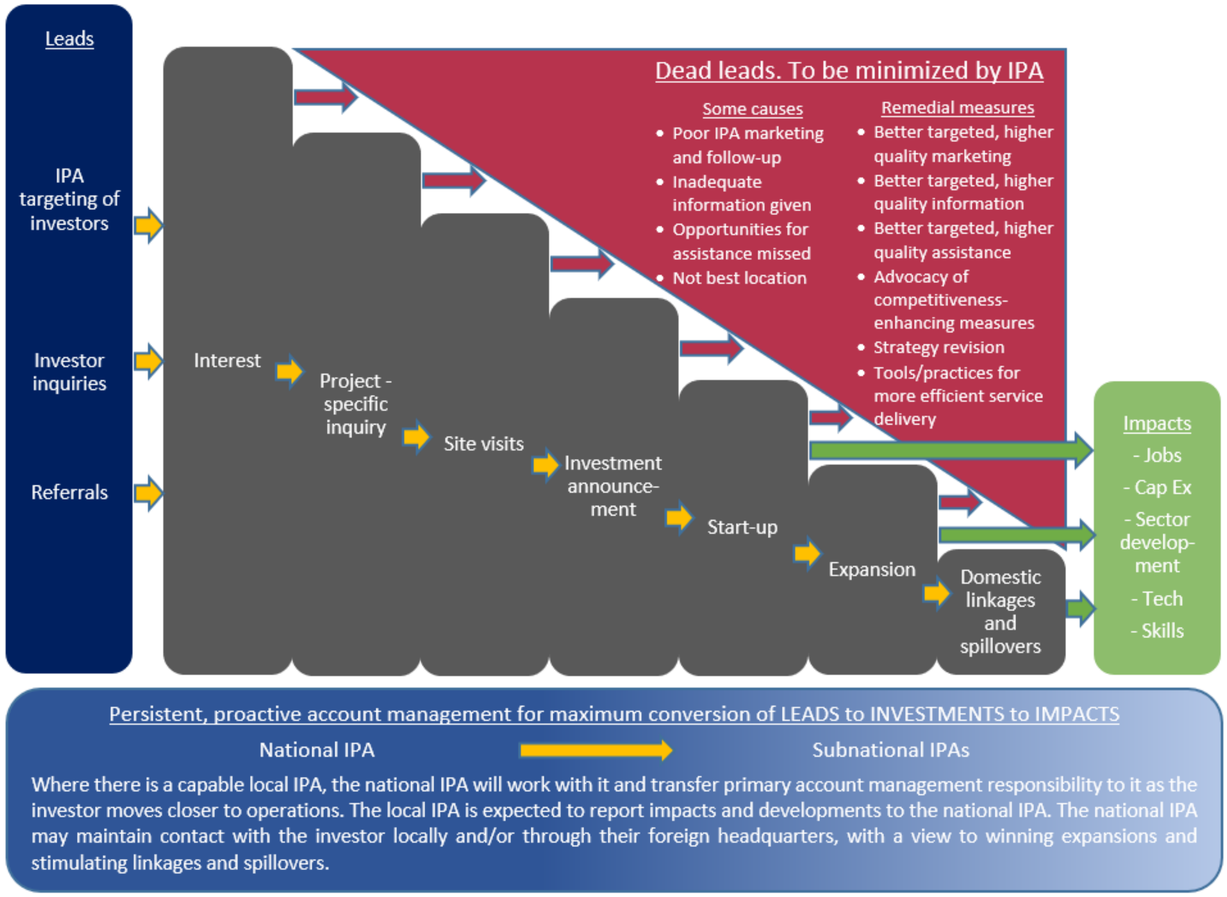
1. BOI's new strategic focus and explicit, quantifiable impact objectives.
2. The sectors in which BOI will pursue these concrete results and sector-specific strategies for their realization.
3. The place of BOI's current "investment facilitation" work in the new strategy.
4. The place of BOI's non-promotion functions in the new strategy.
5. Steps and timeline for strategy implementation, including implications for BOI's organizational structure and internal systems.

This strategy is founded on the principle that BOI's leadership intends to reorient the organization toward maximizing concrete investment results for development impact and is willing to hold itself accountable by transparently measuring and reporting the agency's performance against publicly stated goals.

The rationale for an investment promotion strategy

Without a sound strategy for investment promotion, BOI may over-focus on short-term goals and be vulnerable to mission creep, resulting in inefficient allocation of its resources. The rationale for this strategy is to establish the framework for BOI to systematically achieve of **the greatest possible marginal impact on its highest priority development objectives**. To realize this potential for development impact through proactive investment promotion, BOI requires an investment promotion strategy centered on investor-targeting, generating reinvestment, and linking FDI to the domestic private sector. The strategy is designed to enable the persistent and proactive conversion of a pipeline of investment leads into actual (re)investments and measurable economic impact. BOI will measure success in terms of impact and will develop management systems which motivate its personnel to generate more leads and maximize conversion for impact. This approach is adapted from the model outlined in Figure 2.

Figure 2. The Impact Pipeline: A paradigm for IPA best practices



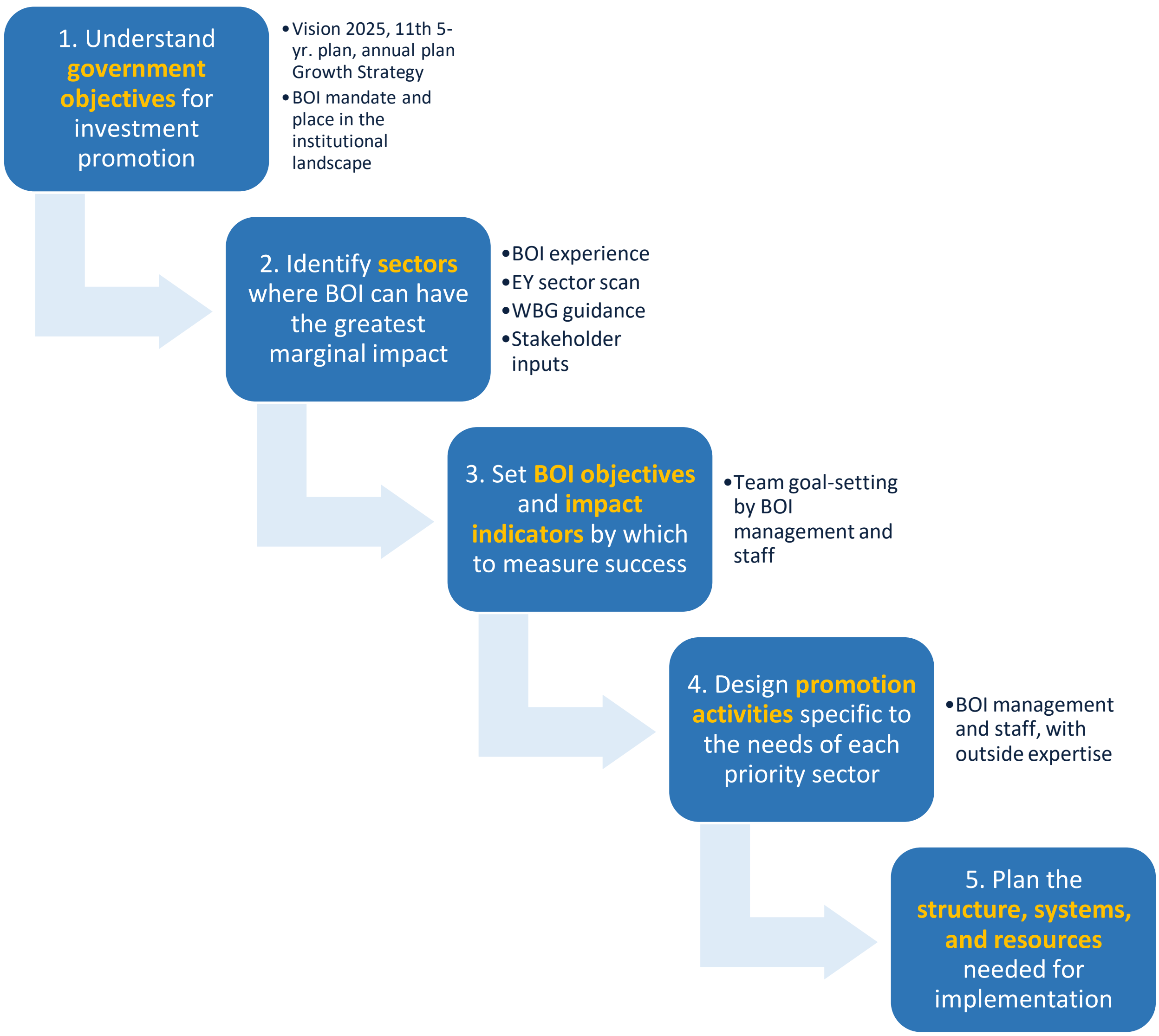
The strategy development process

Investment promotion should plug into a government strategy for attracting, nurturing, and benefiting from FDI. The relationship of BOI's work to national development goals is set out in its mandate, in each administration's vision for the role of FDI in economic development, and by the expectations of BOI's stakeholders. Within these parameters, strategy development begins with an understanding of what Pakistan can offer companies and how that compares to competing locations. In other words, what can Pakistan "supply" to potential investors? Which sectors are the most internationally competitive? This is where the process of a "sector scan" comes into the picture, yielding a ranking of sectors by competitiveness and desirability, and why it was the natural start to BOI's strategy development process, yielding a number of objectively selected priority sectors. From here, BOI, in consultation with stakeholders, formulated BOI's vision, mission, target impacts, and scope for stakeholder involvement.

With these high-level strategic directions set, this strategy outlines necessary changes in BOI's structure, staffing, and tools. With these elements of the strategy in place, the final step is the design of an implementation plan. Which types of investors is BOI targeting? What type of promotional activities will be most effective in implementing the strategy? What resources (budget, staff, technology, etc.) should be dedicated to particular tasks? How much time will it take to implement the strategy? With whom will BOI need to collaborate and coordinate at different levels of government and in the private sector?

BOI's success depends greatly on buy-in for the strategy from supervising authorities and on information and assistance from sector stakeholders. Therefore, it is important to keep them involved in the development and implementation of the strategy and to share credit for positive results. BOI's process for the development of this strategy is illustrated in Figure 3.

Figure 3. Steps in BOI's strategy development process



PART I. PROACTIVE INVESTMENT PROMOTION

1. BOI's strategic focus and impact objectives

BOI's vision and mission and their links to national development objectives

As the country's longest-term expression of development aspirations, Pakistan Vision 2025 sets the foundation of BOI's own long-term vision. Pakistan Vision 2025 comprises seven pillars, each of which may be advanced by BOI's work in one way or another, as highlighted in Table 3.

Table 3. How BOI can contribute to each of the seven pillars of Pakistan Vision 2025

Pillars of Pakistan Vision 2025	Relevance to BOI
1. Developing human and social capital	Considerations under this pillar include education, health, gender equality, and women's development. Global FDI volumes in health and education projects are low, and such projects are often promoted by health and education ministries rather than IPAs. Although BOI would not proactively promote such projects, it may be called upon to facilitate them and will track the impact of its work in getting such projects operational. Similarly, its tracking of job creation will be designed to allow analysis by gender for number of jobs and wage levels.
2. Achieving sustained, indigenous and inclusive growth	This pillar calls explicitly for the attraction of more FDI (BOI's clear mandate) and for greater participation of Pakistan's less developed regions in the country's economy. This demands greater BOI support for the investment promotion bodies of regional governments.
3. Democratic governance, institutional reform and modernization of the public sector	By implementing this strategy, BOI will be implementing a modernizing reform for investment promotion. By working with the government and other public stakeholders in investment to gradually move toward a best-practice institutional division of labor for policy-making, regulation, administration, and promotion, BOI aims to advance broader improvements in governance.
4. Energy, water and food security	Food manufacturing, particularly that employing domestic agricultural inputs, will be one of this strategy's five priority sectors. BOI's sector scan also identified energy as a high-priority sector, but one which is promoted by a number of public institutions. While energy will not be a BOI priority sector for investor-targeting, it will be a priority for information, assistance, and advocacy.

5. Private sector and entrepreneurship led growth	Investment promotion is a central element of private sector development. By attracting FDI and linking it to domestic firms, BOI's work is at the heart of this pillar. This pillar also involves the Small and Medium Enterprises Development Agency (SMEDA) and the Pakistan Business Council (PBC), with whom BOI will coordinate as part of this strategy.
6. Developing a competitive knowledge economy through value addition	Information technology and the increasingly knowledge-intensive sectors of automotive and logistics are among this strategy's five priority sectors. Pharmaceuticals, chemicals, and finance, which are also knowledge-intensive will not be priorities for investor-targeting, but they will be for information and assistance. Workforce education and goods market efficiency are constituent objectives of this pillar which will be supported by a BOI that is (i) engaged in dialogue on workforce skill development with investors and academia, and (ii) working actively to link FDI to domestic suppliers, service providers, and strategic partners.
7. Modernizing transportation infrastructure & greater regional connectivity	BOI's strong mandate to promote and facilitate projects related to the China-Pakistan Economic Corridor (CPEC) is BOI's strongest link to this pillar.

Synthesizing the role for BOI's investment promotion in national development, BOI's particular mandates and resources, and the sectors in which BOI has determined the country to be competitive for attracting desirable investment, BOI has articulated a vision and mission which it believes represents the fullest realization of its potential to be a transformative force for the country. These are presented in Box 2.

Box 2. BOI vision and mission

Vision

To measurably accelerate Pakistan's economic diversification, global integration, and improvement in human welfare.

Mission

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

BOI's quantitative impact objectives

Through its various stakeholder-consultations, BOI identified eight major, institution-level impacts which it will aim to have on the realization of national development goals. These were selected both for their concrete development benefits and for the feasibility of accurately tracking relevant indicators. These indicators are presented along with annual and cumulative targets in Table 4.

Table 4. Targets and indicators for BOI's strategic objectives

Impact indicator	FY2020 target	Cumulative FY2020-24
Value of new capital investment announced and implemented from foreign companies[2]f which either (1) only began seriously considering Pakistan as an investment location after being contacted by BOI, or (2) explicitly credits, in writing, BOI's facilitation work with selecting Pakistan	**$1.5 billion**	**$10 billion** FY21: $1.75 FY22: $2 FY23: $2.25 FY24: $2.5
Number of jobs announced and created by foreign companies which either (1) only began seriously considering Pakistan as an investment location after being contacted by BOI, or (2) explicitly credits, in writing, BOI's facilitation work with selecting Pakistan	**2,000**	**13,000** FY21: 2,300 FY22: 2,600 FY23: 2,900 FY24: 3,200
Improvement in national *Doing Business* ranking	**Score of 58.56** (Equivalent in 2019 ranking to 120th-ranked Egypt)	**Score of 65.89** (Equivalent in 2019 ranking to 83rd-ranked Qatar)
Value of domestic firms' sales revenue to foreign companies which have invested in Pakistan with BOI's attraction and/or facilitation or which have been introduced to their domestic suppliers and service providers through a BOI linkage initiative	**$0**	**$100 million**
Value of exports by-foreign companies attracted and/or facilitated by BOI	**$0**	**$130 million** FY21: $20 million FY22: $28 million FY23: $36 million FY24: $46 million
Number of new, sector-stimulating investment climate reforms with critical leadership or support from BOI	**2**	**14**

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

Impact indicator	FY2020 target	Cumulative FY2020-24
Ratio of female to male labor force participation rate in foreign companies attracted and/or facilitated by BOI	**33.44** 10% higher than 2018 national rate of 30.4%	**12% higher than national average 2018-22** FY21: 11% higher than 2019 national rate FY22: 12% FY23: 13% FY24: 14%
Passage of a new, national investment law	**Enacted**	

Prioritizing sectors for likely impact on realization of BOI's mission and vision

IPAs contribute most to economic development, when they focus on sectors where they have the biggest marginal development impact. This means effectively promoting sectors that are not otherwise being effectively promoted and fostering spillovers that would not otherwise occur. In practice, this means focusing on attracting and nurturing private, productive investment projects that:

- Can operate more competitively and profitably in the location than in alternative locations
- Introduce new skills, technologies, and international markets to the local economy (i.e., projects of foreign origin)
- Strengthen local markets and value chains
- Are not already promoted effectively by other bodies

More often than not, such projects are investor-conceived and market-driven, rather than conceived by the government. Infrastructure development projects and resource extraction projects, for example, are likely to be developed and effectively marketed by other government departments, leaving less room for value addition by IPAs, relative to competitive sectors that are not otherwise being promoted.

Vesting these responsibilities in an IPA demands different performance metrics, organizational culture, strategies, and staff skills, which are almost certain to undermine the IPA's effectiveness in its traditional promotion of market-driven, investor-conceived projects.

A "sector scan" as the analytical starting point for a new BOI strategy

Under its 2013-2017 investment promotion strategy, BOI arrived at the following 11 "focal sectors:"

1. Agriculture, livestock, and fisheries
2. Power generation
3. Mining and quarrying
4. PPP-model infrastructure construction
5. Telecom, IT, and IT-enabled services
6. Textile and garment manufacturing
7. Retail
8. Auto and auto part manufacturing

9. Financial services
10. Tourism
11. Pharmaceutical manufacturing

In 2018, as BOI set out to develop a new five-year strategic plan, it reviewed the appropriateness of these focal sectors and considered others anew, in light of current economic circumstances, trends, and opportunities, such as those arising from the China-Pakistan Economic Corridor (CPEC). This “sector scan” assessed Pakistan’s current competitiveness for FDI in these 11 sectors and the desirability of that FDI from a development perspective. Of these sectors a prioritization took place taking into account the following criteria:

- Emerging strength in Pakistan
- High levels of FDI globally
- Higher value addition, skills, technologies, and exports
- Good results as a priority sector for promotion by high-performing IPAs

Following a thorough process involving desk research and sector stakeholder interviews, a score was given for each sector against 32 indicators of competitiveness for FDI attraction and of likelihood for FDI in the given sector to produce the desirable development impacts (see Annex 1 for detailed results of the sector scan). On this basis, BOI selected five priority sectors for its investment promotion. The sectors selected by BOI as priorities are “auto and auto part manufacturing,” “food and beverage manufacturing,” “information technology,” “logistics,” and “textiles.”

All sector priorities will be reviewed annually to ensure continued alignment to the circumstances of the day, but BOI’s results in textiles and logistics, in particular, will be more closely monitored.

2. Sector-specific strategies

This section presents a high-level summary of each priority sector's competitiveness and anticipated development impact, and then moves into a description of the promotion activities best designed to accomplish impacts relevant to BOI's overall impact objectives. The section wraps up with suggested indicators for measuring those impacts and a description of the staff and resources needed to implement the sector-specific strategies.

Sector characteristics and corresponding approach to promotion

Auto and auto part manufacturing

Competitiveness

Between 2014 and 2018, production and sales grew by 171 percent and 172.5 percent, respectively, contributing 2.8 percent to the country's GDP and Rs. 30 billion in taxes and duties. Much of this growth has been fueled by the government's Automotive Development Policy 2016-21, which has stimulated interest among various car manufacturers and assemblers in entering the market. These include Renault, Nissan, Kia, SsangYong, Volkswagen, and Hyundai, among others. Renault and Hyundai have started setting up plants in Faisalabad, and KIA has selected Karachi for its facility. Nissan is also planning a newer vehicle range.

The average annual FDI received in the automotive sector between 2008 and 2018 has been $50m, and today there are 13 foreign and domestic companies listed on the Pakistan Stock Exchange (PSX). The automobile industry comprises assembly and manufacturing units for the production of:

- Cars (3 units; 1 in Lahore, 2 in Karachi).
    - 1300 cc and above (52 percent), 800 cc (36 percent) and 1000 cc cars (10 percent)
- Tractors (8 units)
- Trucks and buses (10 units)
- Jeeps (2 units)
- LCVs, pickups, and vans (8 units)
- 2- and 3-wheelers (113 units)

The downstream supplier industry comprises around 2,200 auto part manufacturers, out of which 400-500 are in the organized sector. There are two segments in the auto parts sector: (i) the replacement market, and (ii) sales to OEMs for the assembly of new cars, with OEMs providing local suppliers a blueprint with the exact specifications they are required to manufacture to.

There are several instances of technical collaboration between local parts manufacturers and foreign firms. These collaborations result in knowledge spill-overs in the production process and the certainty of orders that allows the part manufacturers to undertake investments. There is immense potential to invest in spare parts for the automotive industry to serve the growing production need of locally assembled automobiles.

The auto part industry in Pakistan today comprises 83 spare part assemblers and 2,200 manufacturers. According to the Pakistan Association of Auto Parts and Accessories Manufacturers (PAAPAM), 450 of the manufacturers are Tier 1, 425 are Tier 2, and 1,325 are suppliers to the replacement market.

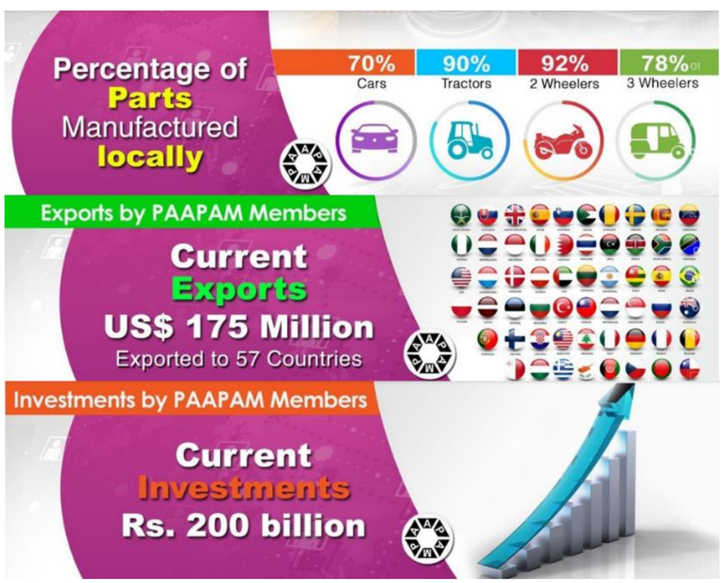
The auto part industry supports the supply chain of the rapidly growing automobile assembly industry in Pakistan. There is a significant diversity in the type of auto parts demanded and hence immense opportunity and incentive to produce such parts in Pakistan. This is especially true because of heavy tariffs on the import of spare parts.

Due to the lower cost of production, Pakistan has a competitive advantage in the manufacturing or assembly of auto parts. There is a significant incentive to invest in the ancillary services for the automotive industry, to localize parts, and to develop an end-to-end supply chain. As the influx of new automotive companies to Pakistan grows, it will lead to a higher demand for auto parts. Honda, Toyota, and Suzuki are already localizing a number of spare parts used in the assembly of their vehicles.

The auto policy provides tax and duty incentives for five years to new entrants. During these five years, these new entrants will need to establish their supply chains to compete with existing players in the market. Therefore, there are significant opportunities for domestic auto part manufacturers to partner with these new entrants to establish their supply chains.

The strength of the domestic auto part manufacturing sector is demonstrated by its high share of parts going into domestically manufactured vehicles, by the high value of its annual exports to a diverse set of markets, and by its stock of direct investment. These are summarized in Figure 4.

Figure 4: Highlights of the Pakistani automotive sector



Source: EY

Furthermore, only four percent of the auto parts manufactured in Pakistan are currently exported, leaving considerable room for global export growth as Pakistan's new market entrants expand the sector's capacities.

During recent years, the technology in this sector has developed significantly, contributing to the increased growth rate. In a survey of auto part manufacturers in Pakistan, 81 percent of the metal part manufacturers cited industrial automation as being the most significant technological innovation in the sector. Other emerging technologies cited were pressure die-casting, CO^2 and spot welding, the use of power hydraulic presses, and iron-casting.

Anticipated development impact

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

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

Investment promotion approach

Investments in Pakistan's auto assembly plants have happened with almost no proactive promotional (as opposed to facilitative) involvement from BOI. This does not mean that BOI could not have a significant marginal impact on the sector's retention, expansion, and linkage to the domestic auto part manufacturing industry. In fact, that the sector is of high national priority demands that the sector be looked after and proactively nurtured. BOI aftercare can help anticipate and respond market dynamics shifting investor priorities, other locations becoming more competitive, and changes in domestic policy making it harder to do business. BOI initiatives may also better link established domestic auto parts manufacturers to OEM supply chains (as opposed to the aftermarkets for which much of their output is currently destined) and export markets.

For the longer-term, BOI should seek to understand and proactively address gaps in the Pakistani value chain and investment climate constraints faced by investors in Pakistan. BOI is the government institution in the best position to understand these issues and do something about them.

Food and beverage manufacturing

Competitiveness

The food and beverage processing sector is Pakistan's second largest sector, after textiles, accounting for 27 percent of the country's value-added production and 16 percent of all employment in the manufacturing sector. Food processing accounted for an annual average of $223.5 million in FDI from 2012 to2018.

Major players in the sector include Pepsi, Coca Cola, Unilever, Nestle, Mitchells, Engro Foods, K&N's, Shezan, Shan Foods, Dawn Foods. The sector is concentrated in Punjab (60 percent) followed by Sindh (30 percent), Khyber Pakhtunkhwa (6 percent), Baluchistan (2 percent) and Islamabad Capital Territory (2 percent). In total, there are more than 2,500 food processing units in Pakistan.

In 2014, the European Union awarded Pakistan GSP (Generalized Scheme of Preferences) Plus status, applying little to no tariff on the large majority of Pakistani goods exported to the EU. This has the potential to greatly uplift the exports of processed food products.

The food processing sector of Pakistan has the potential to create spillover effects in multiple other industries, such as food packaging, bottling, and retail chains (e.g., hypermarts, supermarkets). However, the subsectors demonstrating the greatest potential for FDI attraction and linkage and, therefore, the subsectors deserving most attention for proactive investment promotion are:

1. Dairy
2. Value addition in fruits
3. Frozen fruits, vegetables, and meat
4. Olive oil extraction units
5. Potato powder and flake manufacturing units

Anticipated development impact

In 8 of the last 10 years, Pakistan has run a trade deficit in foods and beverages. In 2017, it exported $3.8 billion worth, with 15 percent going to Afghanistan, as Pakistan's largest export market. In the same year, Pakistan imported $6.5 billion worth of food and beverages. Indonesia was the largest source of those imports, accounting for 28 percent of the total and almost as much as the next four source countries combined. By product, nearly one-third of all food and beverage imports were of one product, palm oil and its fractions (Harmonized System tariff code 151190).

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

Investment promotion approach

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

IT and IT-enabled services

Competitiveness

Pakistan's IT industry generates approximately $2 billion annually for the country. With an average annual growth rate of 30%, Pakistan's IT industry has enough potential to contribute more to the overall economy. With appropriate support and facilitation from government, the sector can generate up to an estimated $10 billion in the next 2-3 years. The sector employs 120,000 employees and is spread throughout the country.

Rapid investment is fueled by the growth of exports from software development and deliberate government support and policies. In particular, the following sub-sectors are most widely seen as having the potential to contribute substantially to overall growth of the IT sector in Pakistan:

- IT parks
- Software houses
- Incubation centers
- E-commerce
- M-commerce

Pakistan, which has about 60% of its 210 million population in the 15-29 age group, represents major human and knowledge capital. Pakistan has more than 2,000 IT companies and call centers and the number is growing every year. Pakistan has more than 300,000 English-speaking IT professionals with expertise in current and emerging IT products and technologies, 13 software technology parks, more than 20,000 IT graduates and engineers being produced each year, and a growing start-up culture.

IT has assumed a central enabling role in the emerging dynamics of a knowledge society and knowledge economy. It is a key lever of economic development. Pakistan's IT sector is carving a differentiated position as the preferred source for software development, BPO, and freelancing. Pakistan was ranked fourth in the world for freelance development, and IT exports have increased 70% during the last three years.

Digital growth in Pakistan is going through a rapid evolution. IT and IT-enabled services (ITES) is one of the fastest growing sectors of Pakistan contributing about 1% of GDP at about $3.5 billion. It doubled in the past four years and experts expect it to grow a further 100% in the next two to four years to $7 billion.

IT exports were recorded to be the highest in history at $1.1 billion in the fiscal year 2017-18 compared to $939 million registered in the previous fiscal year. Pakistan's software exports are currently worth $700 million, according to the State Bank of Pakistan (SBP). However, the country's freelancers also earn another estimated $1.2 billion in exports, an amount not recorded by the central bank as they are not registered. Moreover, another $600 million in exports are from those companies that do not bring their revenues to Pakistan.

In accordance with Pakistan Vision 2025 and the Digital Policy of Pakistan 2018, the ICT industry size is targeted to reach $20 billion by 2025.

Start-ups like careem, daraz, zameen.com, rozee.pk and their success is bringing investment into Pakistan as evident from the recent acquisition of daraz and easypaisa by AliBaba. Traditional investors from other Pakistani sectors like textiles and fertilizers are also taking special interest in the start-up ecosystem. For traditional IT outsourcing, other south Asian nations are becoming increasingly expensive, and these countries are finding it hard to compete in technology areas, such as artificial intelligence, internet of things, cyber security, and automation.

<u>Anticipated development impact</u>

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

Logistics

Competitiveness

Located at the crossroads of Afghanistan, Central Asia, China, India, and Iran, Pakistan has major potential to become a hub for regional transport and trade. As a member of the Central Asian Regional Economic Cooperation (CAREC) program, and in accordance with the priorities of the CAREC Transport and Trade Facilitation Strategy 2020, Pakistan is attempting to increase transit traffic with its neighboring countries.

Increased availability of locomotives and implementation of the necessary reforms for the railways. With continued strong domestic economic growth and the ongoing reforms in Pakistan Railways, there exists great potential for the rail sector to grow from its current position and play a key role in the transport sector in the future.

The strategic, tactical and operational levels of supply chain management hold the utmost importance in todays' competitive environment. It is vital to maximize the value generated by the organization, satisfying customer demands while also minimizing cost and maximizing profitability. The alignment of purchasing, manufacturing and distribution roles need to be determined and fully understood by companies in order to be able to achieve competitive advantage and other business benefits. Also, cost control plays an important part therefore more companies look towards logistics companies for outsourcing their business at the same time freeing their assets as well as human resources.

Multinational as well as local companies fall under the clientele of freight forwarding companies. A variety of needs are catered to from various industries including: Cotton, textiles, leather products, sports goods, surgical goods, handicrafts, rice, etc. fall under the main exports. Plant and machinery, pharmaceuticals, and electrical components are the main imports. Small and medium-sized businesses as well as corporate clients fall under the category of the customer base of this industry.

Warehousing. The warehousing sector had not developed previously because the ports were giving long free times to the trade. Today the containerized vessels take no more than 18 or 20 hours to discharge and reload and so the government reduced it from a 10-day period to 5 days.

Modern warehousing structures are now coming up in Pakistan to meet the requirement of efficient storage solutions and increasing throughput requirements, and thus there are great opportunities in this area with the most important factor for companies in today's market is to ensure they are close to their end consumer markets and therefore are ready to take advantage of efficient solutions.

Cold-chain logistics

Pakistan presents the greatest opportunities for cold chain logistics and the report on Global Cold Chain Logistics 2012-13, had found that supply chains in the countries like Pakistan, India, China, Vietnam, etc. are extremely under developed, particularly those for refrigerated food stuffs.

50% of dairy produce, fruits and vegetables are lost or spoilt because of poor storage, handling or transportation. Similarly- the lack of cold storage or cool chain and temperature control warehousing is hampering the development of this sector. There is also lack of refrigerated vehicles, limiting the volume of temperature sensitive goods that can be transported throughout the country.

Cold Chain Logistics not only serves the agro-based industries (primary agricultural food accounts for 21% of Pakistan's GDP) but is also a vital factor for dairy (Pakistan is the 4th largest milk producing country), pharmaceutical, FMCG, confectionery and food-related industries.

Freight Forwarding and Logistics players play a key role in this sector by offering integrated solutions for these cold chain products. More and more cold storage warehouses are coming up to meet international standards and provide cost effective solutions to the trade. However, there is plenty of potential demand to be fulfilled and thus plenty of opportunities. Railways are barely being utilized for the transportation of perishable goods. This gap highlights a great opportunity for freight companies looking to enter the market

Air freight and transportation. Currently there is a dependence on land-based transport but with 139 airfields and 32 airports of which 6 are major international airports, there is potential for a company to quickly stake out a major market presence in air freight and transportation, especially considering the rise in freight demand that is projected.

The January 2018 Global Airline Business Confidence Index reveals a positive outlook for air travel supported by healthy growth in demand on both freight and passenger traffic. The International Air Transport Association (IATA) forecasts global air passengers to register a 20-yr compound annual growth rate (CAGR) of 3.8% per annum, and intra Pakistan air traffic to grow at a CAGR of 9.9% over the next 20 years.

Notable airlines include:

- Airblue, operating on both national and international routes., include UAE, Saudi Arabia.
- Shaheen Air, a private airline in Pakistan that operates in the main cities of Pakistan and the Gulf.
- Serene Air, another private airline in Pakistan that just started its operations in January 2017. It is the fourth airline in Pakistan to fly domestically.

Trucking. It should be noted that currently agricultural goods (primary agricultural food accounts for 21% of Pakistan's GDP), such as fruits and vegetables are transported from rural harvesting areas only via trucks. The truck loads account for 206,404 million tons-km of goods per year, which is about 93% of the country's total.

There are ample opportunities for companies willing to operate modern truck fleets in this sector. Moreover, the international experiences of foreign companies could play a key role in introducing cost effective and efficient concepts. An example being the international experiences of German companies' introduction of cost-effective and efficient concepts, such as the long body 50-ft. trailers and road trains.

<u>Anticipated development impact</u>

Good logistics infrastructure has a major cross-sectoral impact, increasing the efficiency of goods markets, enabling supply chain development. As it extends within Pakistan–not just near ports and airports–freight/distribution services and transportation enable the development of domestic supply chains. The success of the BOI priority sectors of food and beverages (i.e., agribusiness) and textiles depends greatly on the success of the logistics sector.

The increased availability and decreased costs of passenger transport would be another important social and economic impact, enabling greater individual mobility and more efficient labor markets.

Textiles

Competitiveness

In Asia, Pakistan is the 4th largest producer and 3rd largest consumer of cotton, and it is the 8th largest exporter of textile products. Pakistan's textile sector comprises 46% of the total manufacturing sector and provides employment to 40% of the total labor force.

There are 423 textile industries working in the country, 5 percent of which are listed on the stock exchange. The industry consists of 11.3 million spindles, 3 million rotors, 350,000 power looms, 18,000 knitting machines and processing capacity of 5.2 billion square meters. The industry has about 700,000 industrial and domestic stitching machines, and there are 21 filament yarn units having capacity of 100,000 tons.

A complete textile value chain exists in the country, unlike many other countries that possess only the primary base or the finished base. Pakistan has supply base for almost all man-made and natural yarns and fabrics, including cotton, rayon, and others. This abundance of raw material is a big advantage for Pakistan due to its beneficial impact on cost and operational lead time.

The demand for textiles apparel in the world was around $1.2 trillion at the end of FY18 and it is projected to increase at a CAGR of 2% during the next 4 years. At the same time, the global apparel and textile sector appears to be at the beginning of a major reorganization and some key competitors are losing their relative attractiveness.

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

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

Pakistan can produce goods at a cheaper cost as compared to western countries and hence is a good location for outsourcing production. Many international brands currently operate in Pakistan and work with the local textile mills, including H&M, Levi's, Target, Nike, Adidas, and Puma. Given the positive demand outlook, Pakistan has significant opportunity to earn foreign exchange through textile exports.

Anticipated development impact

The large scale of the sector would make it one of the most impactful for Pakistan's development, in terms of jobs, industrialization, and balance of trade. A booming apparel sector may come with hundreds of thousands of low-skill jobs, including a high proportion of women. Many of these workers would be taking their first manufacturing jobs.

Converting much more of Pakistan's large cotton output to threads, yarns, fabrics, and apparel would effectively transfer billions of dollars' worth of value addition every year from overseas apparel manufacturers to Pakistan. And, by attracting many more foreign manufacturers, Pakistan would be starting down a well-established path of sector development, whereby foreign-invested cut-make-trim factories, eventually give way to FOB production, local garment design, brand manufacturing, and other forms of garment production associated with higher skills, technologies, and profits.

Investment promotion activities

World-class growth in this sector can only be driven by foreign apparel manufacturers, with or without linking to domestic textile and cotton producers. The promotability of this sector is contingent on a competitively priced and reliable electricity supply. For reference, manufacturers in Bangladesh, Vietnam, and Myanmar typically enjoy rates in the range of 4-8 cents per kilowatt hour, while in Pakistan rates can varied in recent years from a very competitive 2 cents to a possibly deal-breaking 15 cents.

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

Investment promotion activities

The investment promotion activities needed to deliver on all the sector-specific approaches detailed above are as follows:

- **Market research** about (a) how the Pakistani market, Pakistani inputs, and/or Pakistani efficiencies provide a competitive advantage to existing and potential investors, in relation to other attractive markets, (b) the structure, capacities, and international connectivity of the domestic value chain, (c) what growth in the Pakistani and regional markets means for investment opportunities, and (d) what investment climate reforms could further unleash growth (e.g. added support to the promotion of silo construction in the food and beverage sector)
- A **program of support to domestic suppliers and service providers**, designed to introduce these firms to foreign food manufacturers in Pakistan; catalogue deficiencies of the local supply and services in terms of volume, quality, reliability, etc.; and coordinate with all parties to find ways of bridging that gap
- An **aftercare program for foreign investors**, including elements such as a regular schedule of company visits, operational trouble-shooting, policy forums, supplier match-making events, and workforce development working groups
- Periodic **investor-targeting campaigns** to draw foreign food manufacturers to Pakistan

- **Advocacy** for sector-supporting policies to be implemented by government (e.g., an "innovation fund" to support the growth of the IT sector's start-ups)

The research team's location benchmarking will give BOI a more detailed understanding of what products and services offer Pakistan the best prospects for FDI. In turn, that will allow BOI to understand where in the world that subsector's FDI is coming from and who Pakistan is competing with to attract it. Table 5 shows the world's top source countries for FDI projects in BOI's priority sectors.

Table 5. Top FDI sources for BOI's priority sectors
(share of last 500 FDI projects globally as of January 2017)

Auto & auto parts	Food	Logistics (warehousing & storage)	Software & IT	Textiles & apparel
Germany (26%)	U.S. (17%)	Germany (17%)	U.S. (17%)	Italy (9%)
Japan (17%)	Japan (8%)	Japan (10%)	UK (11%)	Japan (9%)
U.S. (13%)	China (6%)	U.S. (8%)	Germany (5%)	U.S. (8%)
France (6%)	Germany (5%)	Denmark (7%)	France (4%)	South Korea (7%)
Canada (6%)	Switzerland (5%)	UK (6%)	Ireland (4%)	Taiwan (7%)
South Korea (5%)	UK (5%)	Netherlands (6%)	Israel (4%)	Germany (7%)
UK (4%)	France (4%)	France (5%)	Canada (3%)	China (6%)
China (4%)	Netherlands (4%)	UAE (5%)	Australia (3%)	Hong Kong (6%)
Austria (3%)	Thailand (3%)	Singapore (4%)	India (2%)	Turkey (4%)
Spain (3%)	Italy (3%)	Hong Kong (4%)	Belgium (2%)	Canada (3%)

Source: fDi Markets

Overall, Japan, the U.S., and Germany are most prominent, but this varies by sector, with 10 other countries among the top five sources for all sectors. However, BOI's upcoming location benchmarking will show that Pakistan is not equally competitive in all subsectors, and so BOI's target markets will be further refined. For example, Pakistan's production of textile and leather might prove to be an advantage in the attraction of seating and interior trim manufacturers, in which case Canada rivals Japan and the U.S. as a source, and China is not far behind. And when excluding all larger, electronic, or complex parts (e.g., engines, bodies, systems of electronics, braking, and steering), Japan becomes the clear leader, and Spain becomes comparable to Canada and South Korea.

As another example, software and IT services involve a diverse set of activities of varying development impact. For example, 54 percent of the projects represented by the Software & IT column in Table 5 are in sales, marketing, and support. This is market-seeking FDI, with relatively low employment numbers and concentrated in the lower value activities of retail sales and customer service. Leading source countries for non-sales projects in software and IT services are presented in Table 6.

Table 6. Leading source countries for non-sales projects in software and IT services

Non-sales business activities	Share of projects in the sector	Share of projects in each business activity from leading source countries
Design, development, and testing	16%	56% from **U.S.**; 4% each from **Canada, Germany, Japan**, and **Sweden**
Headquarters	10%	37% from **U.S.**; 10% from **Australia**; 6% each from **China, Israel, and Japan**
Business services (mostly custom computer programming)	10%	18% from **Ireland**; 12% each from **India** and **U.S.**; 8% from **France**; 6% each from **Canada, Germany, and Italy**
ICT and internet infrastructure	4%	89% from **U.S.**
Technical support office	3%	38% from **U.S.**; 19% from **UK**

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

Impact indicators

BOI's success or failure in promoting this sector should be evaluated regularly, transparently, according to rigorous and objective standards, and based on impact rather than outputs or intermediate outcomes. The following indicators capture the impacts for which the sector is valued, and which relate directly to national development goals. The details of how these impacts are tracked and how impacts are attributed to BOI's interventions are very important and will be elaborated as part of the strategy implementation plan.

- **Value of new capital investment announced and implemented**: Value of capital investment planned and implemented by new investors, who only began seriously considering Pakistan as an investment location after being contacted by BOI
- **Number of jobs announced and created**: Number of employees planned and hired by new investors in Pakistan, which only began seriously considering Pakistan as an investment location after being contacted by BOI
- **Value of domestic firms' sales revenue from foreign firms**: Value of sales, in the most recently ended fiscal year, by Pakistani suppliers and service providers, to foreign-invested enterprises[3] which have invested in Pakistan with BOI's attraction and/or facilitation
- **Number of domestic firms certified as suppliers to foreign-invested enterprises**: The number of domestic firms which (a) were newly certified, in the most recently ended fiscal year, as suppliers to foreign-invested enterprises in Pakistan and (b) give credit to BOI for introducing

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

them to the certifying food manufacturer, connecting them to technical assistance, driving sector-unlocking reforms, or providing critical assistance in some other way

- **Value of exports:** Value of all exports by BOI-attracted firms and the increase in export value which domestic firms attribute to improvements coming out of BOI's supplier linkage programs
- **Number of new, sector-stimulating investment climate reforms**: Number of new government measures adopted in support of priority sectors (as evidenced by published statements of at least one relevant trade association) with critical leadership or support from BOI (as attested to by a relevant public office, investor, or trade association in published remarks)

Staff and resource needs

All high-performing IPAs are sector-focused, and a sector-focused strategy requires sector-dedicated staff and adequate budget to proactively and continuously engage investors, namely:

- 1 sector-specialized account manager[4] for each priority sector to act as BOI's single point of contact to investors during investor-targeting, investment facilitation, and aftercare. This staff member would be dedicated exclusively to activities for this sector.
- 1 junior sector specialist to support for each priority sector and, as needed, step in for the account manager, together forming a two-person sector team. This staff member would be dedicated exclusively to activities for this sector.
- Access for the sector team to an internal research team, heavily focused on developing business intelligence, articulating business propositions, and designing promotional materials for BOI's priority sectors
- Annual travel budget for:
    - 1-2 investor-targeting missions abroad per sector, each lasting about two weeks
    - For automotive, logistics, and IT, 40-60 company visits within Pakistan
    - For food and beverages, meetings of the account manager with agribusiness suppliers, food processors, public officials, and international donors 120-150 days of the year
    - For textiles, company and stakeholder visits within Pakistan. In year one of the strategy, these would be 3-4 days per week, as sector constraints are being assessed and remedied. As FDI begins to flow more, the focus of these visits would shift to aftercare and take only 1-2 days per week

[4] The term "specialist" does not mean "expert," simply a staff member who is focused on the sector and can build knowledge and relationships of the sector, in Pakistan and abroad, by acting as the sector's focal point at BOI.

3. Image-building

National image-building is a key role for BOI. Rather than running expensive advertising campaigns to build the image of Pakistan, the type of image-building to be undertaken as part of this strategy will be designed more narrowly, to complement BOI's investor-targeting in its priority sectors. It will be designed to capture and convey the reality of Pakistan's business community, which many foreigners might find surprisingly advanced, dynamic, and large-scale. What are non-extractive, non-consumer goods companies on the Fortune 500 list doing in Pakistan? GSK, BASF, Siemens, Samsung, Hitachi, Honda, and Toyota are all there because of markets and efficiencies that offer opportunities which far outweigh any security risks. This is in part because of a good security situation in the areas where industry is concentrated and in part because of big markets and efficiencies to be had. Ads in priority sector trade media focused on these business factors could bring attention to some under-appreciated business realities and credibly run on international news media, even when juxtaposed with grimmer, unexpected news out of other corners of the country.

However, BOI's image-building will not start and end with ad campaigns. It will be a larger communications campaign, including systematic engagement of international business media, the biggest international trade events for Pakistan's priority sectors, and dialogue with the US State Dept and other widely watched country risk assessors.

BOI's image-building campaign will not simply be about catch phrases as branding–along the lines of "Incredible India," "Malaysia, truly Asia," etc.–which may have been overdone globally and which alone will not allow Pakistan to distinguish itself from competing FDI destinations. BOI's image-building will be tailored to narrow groups of target investors and address specific issues of concern A catch phrase can be a part of that, but it will not be at the core.

PART II. INVESTMENT FACILITATION

4. Information and assistance services

Under BOI's new strategy, "investment facilitation" will be redefined. In the previous strategy period, it included policy advocacy and only the most reactive elements of best-practice investment facilitation (i.e., transactional processing of applications but not project management-style ownership of promotional outcomes). BOI was very much concerned with improving the investment climate under the label of investment facilitation. This work will continue–for example, through policy proposals and the coordination of *Doing Business*-related reforms–and expand–through new BOI initiatives for supply chain and workforce development–but it will be relabeled and reassigned to a dedicated advocacy unit in the Policy, Legal, and Research Wing.

Investment facilitation will be more narrowly defined to more fully meet best practices. It will comprise the provision of tailored information and assistance for the persistent, proactive conversion of BOI's pipeline of received and IPA-generated leads into actual (re)investments and measurable economic impact. Excellence in investment facilitation will demand that BOI develop the following:

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

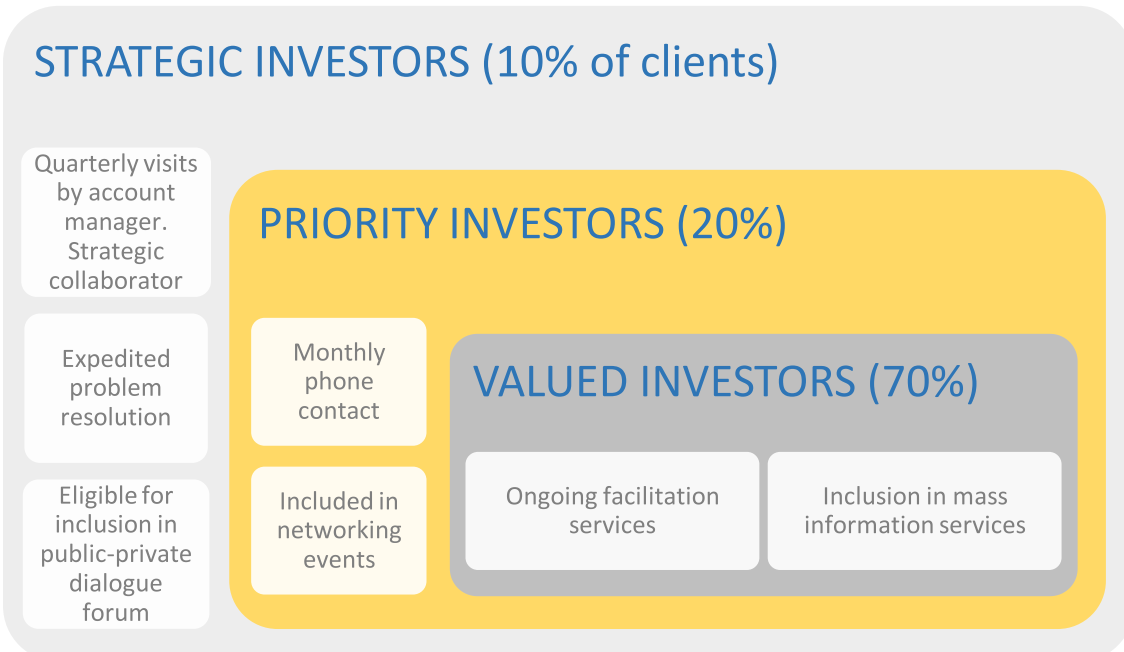
BOI's Domestic Investment and Facilitation (DIF) Wing, which is currently focused on reactive processing of requests, will be reconstituted as a sort of back-office support for the sector-specialized account managers. Staff in the DIF Wing will receive requests for procedural assistance, not directly from investors but through their BOI account managers. Individuals in this department would each specialize in certain government procedures either housed at BOI (e.g., branch/liaison office licensing, auto incentive administration) or located within one or two partner government bodies. These operational level staff would have well-established relationships and regular contact with similarly ranked counterparts in their assigned government bodies. The department's professional staff would be in the range of 3-5, depending on the number of procedures each was responsible for facilitating and the anticipated volume of requests for help.

The spirit of BOI's investment facilitation work will be to proactively support BOI's investor-facing account managers in the conversion of investor interest into a decision to invest, then, in the conversion of that decision into an operational project, and perpetually in the retention and expansion of priority projects.

Differentiated service levels

Not all services are equally demanded by all investors, and not all services demanded by a given investor are of equal importance to the investor's location decision. Similarly, not all investment projects will offer the same returns on BOI's use of its time and resources. As such, BOI will choose deliberately and strategically how best to focus its service offering. Whom shall BOI serve? What services shall it offer? How can those services be tailored for maximum effectiveness? BOI will differentiate investors by level of service along the lines outlined in Figure 5.

Figure 5. BOI investor priority levels and differentiated service in the stage of retention and expansion



Answering these questions, depends in large part on an understanding of the characteristics of an investment project. Investor prioritization criteria, applied at project intake, will be a function of BOI's strategic objectives. Criteria will include the project's sector, proposed capital investment, proposed job creation, level of value-added and innovation, and likeliness to trigger additional investment.

BOI will design and regularly improve its information and assistance services for maximum effectiveness, using investor survey responses and internal data on what services were delivered to whom at what project stage analyzed against conversion rates from one stage to the next. This data will be broken down by sector, source country, IPA account manager, and so on, to paint a picture of which services and staff members have the highest correlation to lead conversion.

Service principles

Information services

BOI's information services will be designed to maximize BOI's impact on investor decisions, reflecting the following principles:

- The right information proactively tailored and delivered at the right times can move investors to choose Pakistan, by reducing costs, time, and the perception of risks. Reliable information on sector-specific business conditions is scarce. Large companies may have their own research departments, which are able to get the information they need at a sector- or country-level. However, beyond the initial stages of site selection, companies reach a level of specificity (e.g., subnational regions, sites, firms) which is too costly and/or time-consuming for even large companies to research exhaustively.
- International perceptions of a region may not reflect business realities. Information coming from BOI allows for promotional value-added, which third parties will not provide.
- The business sector rarely has sufficient knowledge of the public sector to find its way around. Especially for foreigners, BOI providing a "road map" and introductions can be very useful.
- There is a role for BOI as a "trusted intermediary" to introduce foreign investors to domestic private sector networks.

BOI web site

BOI will launch a new web site that will:

- Offer succinct value propositions for priority sectors, supported by credible, objective data needed for well-informed site selection.
- Be immediately recognizable as offering services for companies in its priority sectors, with a clear statement and evidence of BOI's value to investors.
- Be prominently located on common global search engines (such as Google and Yahoo) and be fast to download.
- Be easy to read, and written in a web-friendly format.
- Have IPA contact details prominently located, which include specialist contact telephone numbers and email addresses by sector.
- Present investor testimonials on Pakistan's advantages and BOI's service excellence
- Provide current news stories, with the aim of demonstrating the ease of doing business or the benefits of Pakistan as an investment location.

Assistance services

BOI's assistance services will aim to bring as much predictability and transparency as possible to the project of each priority investor. BOI will also target coordination problems, aware of the potential to lose projects when inconsistent messages are given by multiple government bodies to individual investors. BOI will take primary responsibility for a coordinated approach in dealing with priority investors navigating establishment, start-up, operations, and expansion, when dealing with problems such as red tape, utility connection delays, receiving incentives, misunderstanding of needed requirements for a permit before a governmental entity, etc.

5. Regulatory and administrative functions (e.g., auto incentives, work visas, branch/liaison office)

BOI will retain its regulatory and administrative functions, issuing work visas, permits for branch and liaison offices, auto industry incentives, airport entry passes, and security clearances. However, as BOI reorients itself for optimal promotional effectiveness, it will remain open to transferring these non-promotional responsibilities to other public offices. As a promotion agency dedicated to generating public goods through economic development, BOI should be fully funded by the government, but with the understanding that BOI will produce more in development impact than what is spent on its budget.

6. Supporting incoming and outgoing delegations and responding to special requests from the Government of Pakistan

A substantial percentage of BOI's manpower, is directed at handling ad hoc requests for support from various corners of the government. Collaboration with institutional partners on shared goals is a good practice for IPAs, but it should be consistent with BOI's strategy and not be so time- and resource-consuming that it prevents BOI from implementing its own plans and meeting its strategic targets.

In implementing the present strategy with BOI's current resources, the scope of BOI support will be clearly defined and its execution given to dedicated staff. Work done in response to intragovernmental requests for support should take no more than 10-15% of BOI's manpower and will be handled full-time by a dedicated Intragovernmental Support unit within BOI's Policy, Legal, and Research Wing. BOI would do its best to fulfill appropriate requests with existing information and the Intragovernmental Support unit's own staff. These requests might involve, for example, receiving foreign delegations, representing BOI at a meeting, or providing investment-related data. When fulfilling a request requires intervention by other BOI units, the Intragovernmental Support unit will coordinate with those to secure the needed support with minimal burden on the other units. This might involve duties such as booking the CEO's participation in an event, getting an account manager to make an introduction between a client investor and a government official, or requesting new research from BOI's research unit.

This aspect of BOI's work is currently spread among the Protocol unit and multiple units in the Policy, Legal, and Research Wing. Concentrating it in a dedicated unit and capping the resource level allocated are essential measures for developing specialized expertise and the strongest intragovernmental relationships and for maintaining BOI's larger operational focus.

PART III. CROSS-CUTTING FUNCTIONS FOR INVESTMENT PROMOTION

7. Research

The support function most fundamental to BOI's successful investment promotion is research, as it will provide the information which BOI's sector specialists need to reach and persuade investors, including: i) information about investor needs and circumstances, ii) market conditions and trends, iii) production processes and costs, iv) value chain characteristics, and v) government procedures and services, in particular as they all relate to BOI's priority sectors. Much of this information is available from free, public sources, but must be identified and systematically collected and updated. BOI's research team, in collaboration with sector-specialized account managers, will set out to:

1. Understand what information is needed to attract and facilitate target investments in priority sectors
2. Collect most of the information they need in a raw form
3. Fill crucial gaps through in-house or outsourced research
4. Distill all information into the most concise and powerful case for doing business in Pakistan
5. Add promotional value in the presentation of that information through various persuasive tools (PPTs, brochures, sector profiles, etc.).
6. Assign staff to online presentation of this information, its maintenance, and its further tailoring to the need of individual investors with specific inquiries

Excellence in information generation will demand that BOI develop the following:

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

8. Policy advocacy

BOI's priority sectors already receive some FDI, but each one faces significant obstacles to transformational growth and development. These include infrastructure deficiencies, skill shortages, low quality of raw materials, poor access to finance, and other factors which may only be resolved by government intervention and/or strong private sector coordination. As such, BOI's capacity to realize its vision is constrained by the effectiveness of its leadership in identifying major impediments, formulating sound solutions, and marshalling the needed support.

BOI's Investment Policy Unit will lead a revision of the investment law and recognizing that policy advocacy entails very different audiences, different skills, and different measures of success than the marketing side of investment promotion, BOI will establish:

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

9. Communications

Within BOI there are many departments and activities involving communications with external parties, such as existing and potential investors, public officials, various public and private sector partners, international partners, and the public at large. Each of these parties will need to be reached through multiple channels. In the case of investors, communication channels will include inquiry responses, web sites, one-on-one meetings, business events, and advertising, as well as numerous emerging forms of social media. Dedicated staff, agency-wide communication protocols, standards of style, and an agency-encompassing communication strategy are needed to ensure that all BOI communications are harmonized in terms of style, branding, and level of professionalism while also tailored to each audience for maximum effectiveness.

A new Communications and Events unit, reporting to the Secretary, will lend communications expertise to other units, for example, in constructing sector pitches, framing advocacy initiatives, designing informational packets, and presenting web content.

Publicity will be a strategic outcome for the Communications unit and is crucial to BOI's success. BOI and the value it offers investors through its services are not adequately known, impeding BOI's ability to gain the attention of target investors and to take a stronger leadership role in government-wide initiatives for branding, advocacy, etc. Publicizing BOI's services and successes is indispensable to winning deeper engagement from companies and extracting greater benefits for the local economy. Similarly, consistent and long-term success in policy advocacy will be affected by the level of stakeholder awareness of BOI's effectiveness as an advocate. Being perceived as successful in advocacy, in turn, promotes stakeholder cooperation and more success.

Therefore, the Communications unit will have at least two dedicated officers, report directly to the Secretary, and be led by an officer with the seniority to elicit collaboration from BOI's managers and key staff. The Communications unit will work to:

- Oversee the BOI's brand and its application by all BOI staff
- Communicate externally on behalf of internal clients or provide advice to internal clients on how to effectively communicate on their own
- Advertise the BOI's events and services
- Publicize success stories
- Continuously develop an environment that is receptive to BOI's advocacy agenda, including through direct persuasion of public officials and the public on target issues
- Track public perceptions and partner engagement against objectives in BOI's strategy

10. Coordination: Internal and external

While there are numerous public and private institutions in Pakistan working to attract or support investment, BOI is recognized as the country's premier IPA and the natural focal point for public-private coordination on investment. Other agencies with related promotional mandates include national-level institutions, such as sector-focused ministries and divisions (e.g., Textile, Information Technology and Telecommunication), private-sector focused ministries (e.g., Commerce, Industries and Production), development banks (e.g., Industrial Development Bank), the Ministry of Foreign Affairs, provincial IPAs, subnational offices of industry, development, and commerce, division- and district-level economic development offices, special economic zones, and industrial parks. Investors must also deal with a range of public institutions at every level of government tasked with regulating their businesses in one way or another.

This crowded landscape can lead to wasteful overlap, stakeholder conflicts, investor confusion and frustration, and service gaps, if it is not based on clear strategies at both the national and subnational levels and well-coordinated within and across those two levels. BOI's new Coordination Wing will leverage its growing contact and relationships with partner institutions to act as BOI's focal point for sustained engagement and coordination with partners. This will not be a series of ad hoc measures, but rather a new vein of work to establish shared strategies for the achievement of shared goals, with ongoing management of strategy implementation from BOI.

Provincial IPAs

BOI and provincial IPAs play the roles of central coordinators at their respective levels of government. BOI will strive to work closely together with provincial IPAs to present investors with coordinated services and project management as the investment project moves through its phases. Most often, this will happen between the attraction phase, where the relationship is handled by BOI, and the establishment phase, where the lead is passed to a provincial IPA, where a capable one stands ready to act as an effective account manager.

The details of Pakistan's national-subnational coordination network will be designed through a process of collaboration, but its basis will include three best-practice principles:

1. BOI will treat all provincial regions and IPAs equally and impartially.
2. The needs and preferences of the investor will dictate the best locations for the investor's project. Impartiality toward subnational regions does not mean withholding objectively justifiable recommendations of locations suitable to a project. Investment promotion should follow a policy of "country first." That is, first and foremost, make sure the investment lands within Pakistan's borders. This is done by putting forward the country's most attractive characteristics of relevance to a given project/investor, including indicating objective regional strengths, and not withholding sound advice to investors even when one region features more prominently than others in that advice.
3. Where a provincial IPA is conversion-minded and well-equipped to take a leading role in the servicing of high-priority investors, BOI will hand over the lead's management at the appropriate time. Where the provincial IPA is not so minded and equipped, BOI will remain the sole lead. However, even when provincial IPAs are good, effective partners; if the investor is a high priority

for BOI, BOI will not completely cut ties with the investor. During project start-up, the provincial IPA may be more deeply engaged than BOI, but BOI will check in with both the investor and the provincial IPA periodically, providing national-level services as needed, and remaining the lead point of contact with the investor's headquarters.

BOI offices in the provinces and abroad

BOI's plan to attract impactful investment hinges on its ability to identify and reach likely investors in their home countries. This ability would be strengthened by a permanent BOI presence in target markets. By the same token, BOI's ability to facilitate projects at the site level around the country would be strengthened by a fuller use of its four provincial offices. BOI's biggest long-term marginal impact on inward FDI flows will come as a result of targeting individual companies in its priority sectors. These companies are likely to be most concentrated in the countries named in Section 2's sector-specific strategies, where BOI plans a stronger presence for lead generation and investor-targeting. Once targeted investors are persuaded to invest in Pakistan, BOI will aim to develop strong, collaborative relationships with them in the country, by way of promoting investment retention, expansion, and linkage.

As such, under the present strategy, BOI will:

- Open four BOI offices in the target FDI markets of North America, Europe, China, and Japan
- Expand the focus of provincial BOI offices from local processing of applications to a strong role as liaison to the province for development and implementation of shared agendas and strategies

National stakeholders

BOI will further develop partnerships with members of the public and private sectors. BOI's public sector partners are mostly ministries and departments regulating investment, providing services to companies, possessing information of value to investors, and promoting specific sectors. They are at all levels of government, from national immigration authorities to municipal water suppliers. BOI generally needs two things from other government departments: good information and the prompt and transparent facilitation of investor procedures. For BOI, the need to partner effectively with the provincial IPAs is also inescapable, as BOI strives to create a seamless experience for investors in site selection, start-up, and aftercare.

On the private sector side, trade associations, chambers of commerce, private service providers (e.g., lawyers, accountants), BOI clients, and other individual companies in priority sectors can give testimonials about the benefits of doing business in Pakistan, help identify investment climate constraints to growth, and inform public policies to build clusters and better extract positive FDI spillovers.

BOI cannot achieve all this information, authority, and credibility on its own. Recognizing this dependence on others, BOI will systematically include partners at every stage of strategy implementation. Apart from making investment promotion easier, BOI will use strong partnerships to create allies and champions among critical stakeholders and to clarify boundaries and responsibilities among stakeholders who might otherwise feel they are in competition with each other. Partnerships will be strengthened by ensuring that they are mutually beneficial and formalized. BOI will use its new Communications unit to share with partners publicity and credit for positive results.

PART IV. STRATEGY IMPLEMENTATION

11. Organizational structure

BOI's reorientation toward promotion will require the development a sales-minded organizational culture and corresponding skills. To mitigate the impeding effect of BOI's regulatory and administrative work on its promotional work, BOI will restructure its teams as represented in Figure 6.

Taking advantage of the fact that BOI has two Executive Director-Generals, BOI will assign one to oversee all of BOI's promotional work and one to oversee all other work. All investor-facing promotional work will be concentrated under the Foreign Investment & Marketing Wing (FIM). Whereas this work had previously been organized by geographic region, it will now be organized by sector, with sector-specialized staff making up each unit within the wing. Only China, because of BOI's high-priority work on the China-Pakistan Economic Corridor (CPEC), will remain as a country focus.

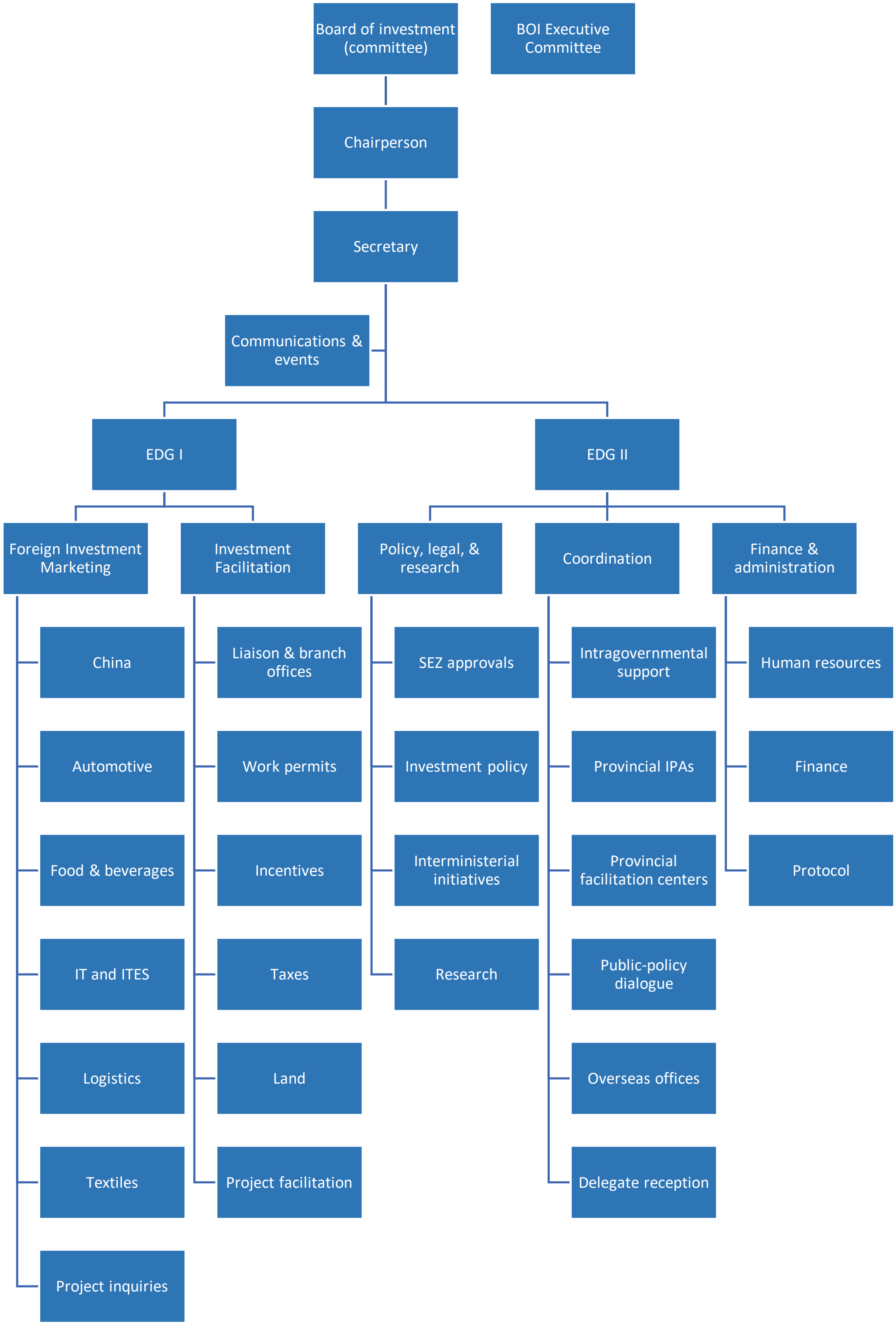
The Project Inquiries Unit will act as BOI's intake and evaluation desk for new investor inquiries, whether received directly or by referral, forwarding inquiries in priority sectors and directing non-priority inquiries to self-service options or providing them with stock information.

The Investment Facilitation Wing will retain the same structure, except for the addition of a Project Facilitation Unit. This unit will support FIM staff in moving client investors through all government procedures not otherwise covered by another unit.

FIM and Investment Facilitation will report to the promotional EDG. All other wings will report to the nonpromotional EDG, including Policy, Legal, and Research; Finance and Administration; and one Coordination Wing newly constituted from past units with elements of external coordination.

A new Communications and Events Unit, reporting directly to the Secretary, will develop agency-wide communication protocols, standards of style, and an agency-encompassing communication strategy to ensure that all BOI communications are harmonized in terms of style, branding, and level of professionalism yet tailored to each audience for maximum effectiveness.

Figure 6. Modified organizational structure for BOI



12. Internal systems

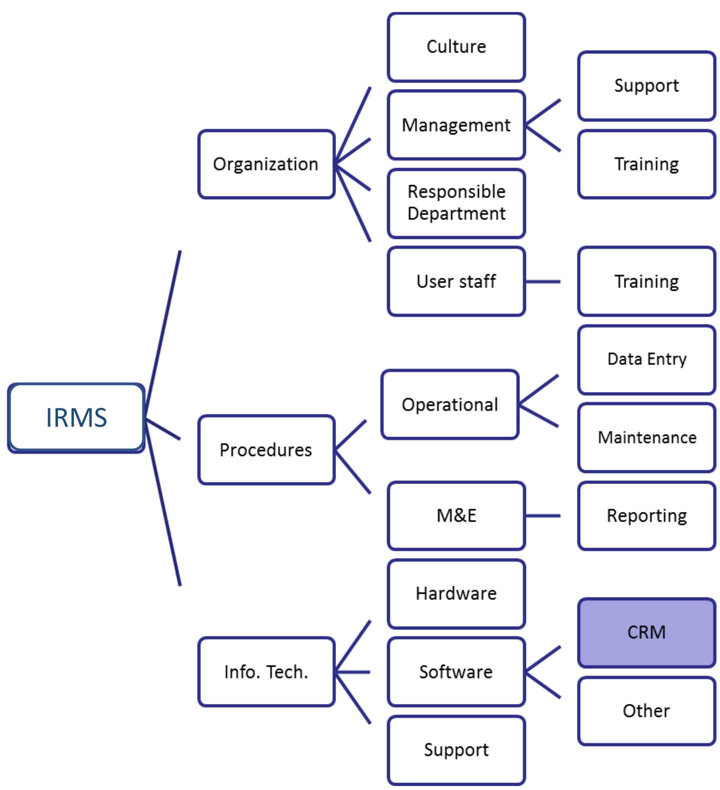
To implement the present strategy effectively, BOI will adopt three internal systems: an investor relationship management system (IRMS), an investor information system (IIS), and a system for monitoring and evaluation (M&E). Good information on sector characteristics, government procedures, suppliers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

Investor relationship management system

BOI has begun designing the customer relationship management (CRM) software which will serve as the internal database of investor contact details, project details, project status, anticipated development impact, and other vital information. Together with the necessary hardware, user protocols, and management oversight, the CRM will constitute BOI's investor relationship management system (IRMS). An IRMS is essential to maximizing realization of investment potential from every lead and monitoring and evaluating the performance of individual staff and BOI overall against performance indicators.

BOI's investor relationship management will involve assigning each investor a single point of contact, an "account manager," to promote personalization, good customer service, and deeper institutional memory. Implementing a CRM software, alone, does not guarantee that BOI will do what is needed to track investors, provide better service, get better impact data, or maximize FDI and its benefits from each investor. The complementary information technology, staff, and procedures are illustrated in Figure 7.

Figure 7. Elements of an investor relationship management system



Investor information system

Instead of working with BOI, an investor could go it alone or hire a firm to do its site selection homework and facilitate start-up. But, in working with a well-informed and well-connected BOI, an investor can enjoy good, free information and assistance, which has the effect of reducing the investor's costs, time spent, and perception of risk in Pakistan. In order to provide that kind of value to an investor, BOI will prepare much of the information needed before any investor asks for it. BOI will seek to be an expert resource on what it means to do business in its priority sectors at home and in competing locations, including by being familiar with the value chain and having relationships with existing companies. These are companies that have already faced the information and decisions that now confront potential investors. Understanding why they made the decisions they made and how things have turned out is invaluable to making persuasive arguments for Pakistan as an investment location.

An IIS is an internal collection of electronic files containing information an investor would need to make a well-informed decision about whether to invest in a location or not. The information should be up to date, concise, and presented in a standard, branded format. For consistency, mutual validation, and coordination, IIS files would ideally be shared between BOI, provincial IPAs, economic zone and industrial park authorities, provincial economic development authorities, and any other partners in investment promotion, with each contributing information in its area of responsibility. Anticipating common investor questions in this way and having information prepared before-hand, will allow BOI staff to respond to investor inquiries more quickly and completely, and to make useful information available more readily to investors through the BOI web site.

As soon as information is collected, it begins to get old. Maintaining the most current and relevant information demands a formal process for BOI's Research unit to maintain informational currency at predetermined intervals from public sources and predetermined contacts at institutional partners.

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

- Individual inquiry responses and investor-targeting campaigns
- Web sites: downloads, databases, interactive graphics
- Internal digital library with index
- Accessibility of information to investors and partners, especially other IPAs (A provincial IPA that feeds good information to BOI is likely to get more attention and investor referrals.)

Monitoring and evaluation

Monitoring and evaluation (M&E) of the performance of individual staff and of BOI as a whole is essential to keeping BOI on track toward achievement of its strategic impact objectives. When done objectively and transparently, publicized annual results help to justify public funding and build credibility, confidence, and cooperation among partners.

Demonstrating results is itself a complex activity which demands careful planning and dedicated resources. Many organizations neglect to account specifically for the monitoring and evaluation of results, risking misdirection and inefficiency. Even if an agency has performed well and had a big impact, poor M&E may mean that its good work goes unnoticed or misunderstood. Public IPAs operate in political environments, and M&E reporting provides them with the ammunition of facts needed to secure funding and autonomy of decision-making.

BOI will avoid these pitfalls by implementing an M&E program including three core elements:

1. A result framework linking BOI's goals, activities, outcomes, and impacts, where possible, through rigorous measurement.
2. Plans, staff, and tools for collecting evidence of results.
3. Reporting plans that convincingly inform critical stakeholders of the facts that BOI wants them to have.

A simple cost-benefit analysis of investment promotion efforts will report the costs of investment promotion against the amount of investment implemented and jobs created, in terms of "FDI attracted per dollar of BOI budget" and the "promotional cost per job created."

13. Implementation plan for Year 1 of the strategy

Implementation of the strategy will require that BOI develop certain standard operating procedures, internal systems, research, and partner agreements. Although strategy implementation can begin immediately, some of these foundational steps will take several months, with the latest occurring about 10 months into implementation.

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

Annex 1. Sector scan results

The results of the sector scan are plotted on Figure 8. BOI's five priorities for investor-targeting are among the 10 most desirable sectors. Of those not selected, two are promoted by other public bodies (infrastructure PPP and energy). For the other three not selected (pharmaceutical manufacturing, chemical manufacturing, and financial services) BOI will seek to provide effective information, assistance, and advocacy on demand.

Three of the five sectors selected by BOI for investor-targeting are net competitive (i.e., scoring above the middle value of "3"), however two sectors, "logistics" and "textiles," are not. With a competitiveness score of 2.74, textiles is slightly net uncompetitive. However, due to the sector's very large employment and export potential and Pakistan's strong history in the sector, textiles remains a BOI priority nonetheless. With a competitiveness score of 2.25 out of 5, logistics is the least competitive of the sectors assessed. Its selection as one of BOI's priority sectors for investor-targeting is due to the sector's centrality to the high-profile CPEC initiative and importance to many value chains in the country.

Figure 8. Relative competitiveness and desirability of sectors assessed