

# Private Sector Development Strategy for NWFP

## Investment Climate in NWFP

The World Bank identifies a strong link between a good investment climate, on the one hand, and higher productivity and firm competitiveness, on the other.

Some of the important factors that have been found to contribute significantly towards the Investment Climate are:

- Improving Tax Administration and Customs Clearance
- Reducing Regulatory Uncertainty
- Access to Power
- Increasing Access to Affordable Finance
- Improving Law and Order

## Vision Statement

- To promote and develop private sector for undertaking market oriented sustainable economic development of NWFP and bring prosperity to the Province in terms of greater employment and poverty reduction

## Objectives

The overall objective of this strategy paper is to improve the investment conditions and to facilitate the private sector to play a major role in the economic and social development of the people of NWFP, however, the more specific objectives are as under:

- To get a deep understanding of the problems, and constraints faced by entrepreneurs, businessmen, traders and industrialists.

## Objectives Contd....

- To get input from relevant stakeholders for improving the developing private concerns, business and industries.
- To encourage private sector to share their problems more proactively with Public Sector, decision makers and to build an environment of trust amongst both sectors.
- To devise a doable and workable strategy in consultation with Private Sector for encouraging investment conditions and broadening the role of private sector in the overall development of the province.

## Methodology

SCCI constituted a Special Committee, with members from Sarhad Chamber of Commerce and Industry, Federal Government, Provincial Government, and Civil Society organizations.

After the focused sessions the special committee members in consultation with the stakeholders finalized the strategy paper.

## Functions of the committee

- Identify potential sectors
- Develop a questionnaire
- Organize sector specific sessions
- Get recommendations from the respective sector stakeholders

## Interventions Identified

Sector	Reg.	FNCL	TECH	MRKT	Fiscal Issues	HR/Trg	Institutional Strengthening	Infrastructure Requirements
Industries	✓	✓	✓	✓		✓	✓	✓
Leather		✓	✓	✓	✓	✓	✓	✓
Furniture		✓	✓	✓		✓	✓	✓
Light Engg.		✓	✓	✓	✓	✓	✓	✓
Textile								
Minerals		✓	✓	✓	✓	✓	✓	✓
Agriculture	✓	✓	✓	✓				
Trade								
Services		✓		✓		✓		
Tourism	✓	✓	✓	✓	✓	✓	✓	✓
Hydel Power	✓		✓	✓		✓		✓
Forest		✓	✓	✓		✓	✓	✓

# Recommendations

- **Institutional Reforms**

- Polycymaking: Effective apex policy making forum for trade, industry & minerals with strong private sector participation (over 50 %) is required. Suggest rejuvenation of COI and MIFA, with over 50% members from the private sector, representing SCCI and other trades bodies or create a new one.
- Regulatory & Support organizations: Restructuring of SDA, SIDB, DGMM, SHYDO, STC and other organizations. To become dynamic and responsive through target based accountability. Chairman and over 75% members of Boards from private. MD and management appointments should only be through open competition.
- Trade bodies strengthening and role determination (like formation of ITAC in SCCI).
- New institutional set ups for improved governance in potential sectors, wherever required. Suggest Agri value addition and marketing authority for horticulture and tobacco etc

## Continued

- **Regulatory:**

- **AOP's given status of a registered firm by industry department as the case is for private limited company by SECP for the convenience of SME and banker as well as for charge creation.**
- **Identification of provincial regulatory instruments creating unevenness in the market: like modification of mining concession rules, enactment of appropriate legislation for TEVTA etc.**

## Continued

### Infrastructure & Development Projects

- Mineral area notification and planning for infrastructure and development projects.
- Cool Chain and Mandian development projects for Farm sector.
- Promote Water Management & Waste Recycling projects for agricultural purposes.
- Trade facilitation infrastructure for Afghan trade including new routes, widening of roads, warehouses etc

## Continued

### ● Human Resource Development

- Market orientated Technical/Skill Enhancement based on Regional SME requirements in TTC network under arrangements like TEVTA. Introduction of technical / vocational stream in schools.
- Introduction of Business courses and programs in all educational institutions and establishment of Entrepreneurship Centers at Business Schools & University Level Institutions.
- Development of Academia linkages with Private Sector.
- Entrepreneurship and business development programs at District, Tehsil and union council level with Donor assisted projects and NCHD assistance.

## Continued

- **Financial Services**

- Encouraging new financial products for SMEs.
- Loan guarantee schemes providing partial cover to banking sector. The instrument proposed is a loan guarantee fund managed by the provincial bank.
- Banking window in Provincial Revenue Department will facilitate charge creation required by law.
- Charge creation on AOPs can be established with appropriate modification enactment of "Provincial Shops and Establishment Act" and expanding scope of regulatory authority in line with federal law and SECP
- Strengthening of Provincial Committee for Banking & Financial Services.

## Continued

- **Market Development and Access**

- Mandian development program and exhibition of fruits & vegetable products.
- Initiation of local fairs & trade exhibitions on regional, seasonal and Sectoral basis.
- Promotion of NWFP products through private sector managed display centers in provincial capitals and in Kabul etc through Industry depts like SDA, SIDB.
- Trade facilitation services at Torkham including warehousing.
- Provision of investor status to Afghan businessmen and temporary residence facilities for skilled workers.

## Continued

- Development of B2B web portals for promoting Exports.
- Commercial Counselors to promote our products.
- Recognition, awards and incentives to local exporters.
- Regional quota in trade delegations from Pakistan, particularly in case of Afghanistan and Gulf, established through SCCI

## Continued

### ● Awareness and Sensitization

- Television shows and media campaigns regarding improvement in comparative stability of order and security in NWFP.
- Conducting Local, National, and International Investment Conferences in Peshawar and other regional centers.
- Promotion of local and Afghan business opportunities in national media.
- Projection of model SMEs and good business practices of NWFP



## Continued

- **Other Action Areas**

- Rule of Law.
  - Local issues in mineral areas.
  - Local / religious issues in Malakand etc.
- Focus on Potential Sectors.
- Sector specific task forces to be constituted in major potentials like Minerals, Horticulture, Hydel, Tourism and SMEs.
- Simplification of Taxes and Levies.
- Federal and multilateral support requirements (consultancy and technical assistance by ADB/WB etc).

Thank You!