

**Activity Completion Report
of the JICA Strategy Planning Expert
to Small and Medium Enterprise Development Authority in Pakistan**

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1. Introduction

Small and medium-sized enterprises (SMEs) play a pivotal role in the economy of Pakistan, contributing to over 30% of GDP and employing 80% of the non-agriculture labor force. The Government of Pakistan has identified SMEs as one of the priority areas for economic growth, recognizing SME development as a key policy option for poverty reduction and private sector development in the Poverty Reduction Strategy Paper (PRSP) and the Medium Term Development Framework (MTDF).

The Small and Medium Enterprise Development Authority (SMEDA) has played a central role in the promotion of SMEs in Pakistan by actively developing programs for managerial skill development and

providing technical support to SMEs. SMEDA's operations are also in line with the SME Policy 2007 adopted by the Pakistani Government, which lays out a broad orientation for SME development at the national level.

While SMEDA has increased its profile by disseminating knowledge and facilitating SME businesses while removing their constraints, there remains a significant gap between the demand for and supply of services provided by SMEDA in both terms of quantity as well as quality. Since the BDS market in Pakistan has not yet matured, it is inevitable that SMEDA provide BDS directly to SMEs at this time. That said, SMEDA's outreach is limited due to its current budgetary constraints. In order to overcome the challenges of the current circumstances, SMEDA is expected to put more effort into expanding the BDS market by developing the capacity of BDS providers, instead of continuing to provide direct BDS.

JICA has supported SMEDA's Industry Support Cell (ISC) through the sending of senior volunteers specializing in production management or quality control in several categories of industry. To respond to the request by the Pakistani Government for further assistance for SMEDA, the Japanese Government elected to dispatch an SME expert (the "Expert"), Mr. Shinichi Mori. Mr. Mori had been tasked with reviewing SMEDA's policies and measures for promoting SMEs, analyzing SMEDA's key areas of engagement, assisting SMEDA officials in preparing project proposals to be submitted to JICA, which will lead to an enhancement of SMEDA's competency in defining and fulfilling its responsibilities.

The Expert stayed in Pakistan for a total of 4.5 months over several periods from 22 March to 19 April, from 1 June to 24 July, and from 25 September to 17 November, 2010. During these periods, the Expert interviewed SMEDA departments and other SME development-related organizations in Lahore, Multan, Islamabad, Karachi, Faisalabad, Gujranwala, and other locations. Based on the analysis of the findings, proposals for four technical assistance projects were prepared jointly with SMEDA officials. The results of the Expert's activities are compiled within this report.

2. Activities Completed

(1) Collection of Information related to SME Development

Apart from the departments in SMEDA, the Expert conducted interviews with the following organizations in order to understand their activities, opportunities/constraints in SME development, lessons learned, and interaction with SMEDA.

<Public Organizations and Projects>

- Trade Development Authority of Pakistan (TDAP)
- Technology Up-Gradation and skill Development Company (TUSDEC)
- AIK UNAR AIK NAGAR (AHAN)

- Women Development & Welfare Centre (Lahore, Faisalabad, Multan)
- Gender Reform Action Plan (GRAP) Project
- Women Business Incubation Centre (Lahore)
- Gujranwala Business Centre
- Cutlery Institute of Pakistan
- Furniture Pakistan
- Pakistan Industrial Technical Assistance Centre
- Punjab Vocational Training Institute

<Chamber of Commerce and Industry Associations>

- Islamabad Women's Chamber of Commerce and Industry
- Central & North Punjab Women Chamber of Commerce and Industry
- Lahore Chamber of Commerce and Industry (Women's Wing)
- Association of Women Entrepreneurs & Career Women of Pakistan
- Faisalabad Chamber of Commerce and Industry (Women's Wing)
- Multan Chamber of Commerce and Industry (Women's Wing)
- Sindh Women's Chamber of Commerce & Industry
- South Punjab Women's Chamber of Commerce and Industry
- Karachi Women's Chamber of Commerce and Industry
- Pakistan Association of Automotive Parts and Accessories
- All Pakistan Textile Mills Association
- Pakistan Readymade Garments Manufacturers & Exporters Association (PRGMEA)
- Association of Chartered Certified Accountants

<Banks and private companies>

- Standard Chartered Bank
- SME Bank
- United Bank
- Samin Texti
- GFC Fan Factory
- Superior Textile Mills Ltd.
- Denim & Cloth Industry
- Pakistan Spring
- Infinity Engineering
- Hybrid Technics Factory, etc.

<Universities>

- Quaid-i-Azam University (Centre of Excellence in Gender Studies)

- Bahauddin Zakariya University
- Karachi University (Centre of Excellence for Women's Studies)

Findings based on the above information have been incorporated in the project proposals to JICA and recommendations to SMEDA provided in this report.

(2) Preparation of Project Proposals to JICA

The main output of the Expert's activities is the formulation of new JICA-SMEDA projects. Since SMEDA's ownership has been respected and the capacity development of SMEDA officials through this exercise was also envisaged, SMEDA officials responsible for the respective thematic areas were deeply involved in the entire process. After the initial concept note for each of candidate projects was prepared by SMEDA officials, the Expert and SMEDA officials conducted interviews and focus group discussions together with potential stakeholders with a view to verifying the project needs. After analyzing the collected relevant information, followed by intensive discussions between the Expert and SMEDA officials, the following four project proposals were prepared.

- Energy Efficiency Management Programme (EEMP) for Industrial Sector
- Capacity Development Project for Women Entrepreneurship Promotion (WEP)
- Productivity Improvement Programme (PIP) for Industrial Sector
- Project for the Strengthening of Legal Services to SMEs
- SME Training of Trainers (TOT) in Pakistan

The finalized project proposals attached hereto have been submitted to the Japanese Government by SMEDA through the Ministry of Industry and Production.

(3) Compilation of ISC's Past Achievements

From the initiation of ISC in 2004 up to October 2010, ISC provided productivity and quality improvement consulting services to 272 Pakistani companies (177 in Punjab and 95 in Sindh) under the support of experts sent by JICA (senior volunteers and consultants), GTZ, Senior Expert Services (Germany), and the National Productivity Organization. Although ISC has prepared a final report for each of the services, their achievements have not been compiled as aggregate data. In order for ISC to demonstrate its capability to the industry and expand its outreach, it is imperative that ISC compile its past achievements and make them visible to the public. By using the format prepared by the Expert, ISC has started compiling the contents of its past consulting services as well as their respective achievements, data which will be incorporated into SMEDA's brochures and website.

(4) Preparation for the Mutual Learning Program

According to SMEDA, the major constraint on the growth of most SMEs specializing in information

technology (IT) rests with their lack of capacity for thinking globally and establishing their own corporate strategies. As a result of the unique nature of the IT industry, which requires extensive knowledge of the features of advanced technologies and their possible applications, neither SMEDA nor any national consultant can provide effective advice to these companies. On the other hand, management-level staff of Japanese IT companies in general have such knowledge though they have limited exposure to and knowledge of emerging markets like Pakistan where there remain vast business opportunities to explore. It would be mutually beneficial if these two parties were given an opportunity to learn from each other. With this perspective, the Expert initiated the planning of a “Mutual Learning Program” between Fujitsu Limited and IT companies in Pakistan, in which Pakistani IT companies would host several Fujitsu Limited management staff while the latter provided the former with advice on corporate strategy. A preparatory mission from Fujitsu visited Lahore on 10 and 11 February, and, with the support of SMEDA officials, they conducted interviews with IT companies and identified their needs in the context of the Mutual Learning Program. It is expected that the program will materialize from May to June 2011.

3. Explanatory Note on the Approaches of JICA-SMEDA Projects and Recommendations

(1) International Comparison of the Modes of BDS Provision and JICA’s Support

It is widely recognized that the Government should play the role of BDS “facilitator”, as opposed to being a direct BDS “provider”, with a view to maximizing BDS outreach with minimal budgetary expenditures. However, this objective is not easily attained for those countries where the BDS market is under-developed. Table 1 summarizes the modes of BDS provision by SME promotion agencies in selected developing countries¹. This information will be useful in benchmarking SMEDA’s activities between similar organizations in the developing world. In this table, the mode of BDS provision is referred to as “direct provision” wherein the SME promotion agency provides BDS using its own staff, while “indirect provision” refers to the services being outsourced to private BDS providers; the services are heavily subsidized in both cases. When no subsidies are provided by the government, the mode of provision is referred to as “facilitation” wherein BDS are provided by private companies on a commercial basis.

¹ Due to the availability of information, sample countries were selected from those countries where JICA had implemented SME development projects.

Table 1 International Comparison on the Modes of BDS Provision by SME Promotion Agencies and JICA's Support in Selected Developing Countries

Country	SME Promotion Agency	Mode of BDS provision		Fees	JICA's Support
Vietnam	Small and Medium Enterprise Technical Assistance Center (TAC) under Agency for Small Medium Enterprises Development (ASMED)	TAC directly provides BDS, including training, consulting, business linkage, information service, R&D, and equipment testing services. However, TAC's technical capacity is very limited (only 6 engineers with low technical level).	Direct provision	Free	JICA supported TAC's start-up stage, strengthening its services (entrepreneurship training, short-term advisory service, business linkage, etc.).
Philippines	SME Centers (85 locations) under Department of Trade and Industry	SME "counselors" attached to SME Centers directly provide basic-level BDS (business diagnosis, counseling, training, support to business matching, credit facilitation).	Direct provision	Free	The Project prepared a uniform curriculum and materials and conducted training for the strengthening of the SME counselors' capacity.
Costa Rica	Technical Instructor and Personnel Training Center for Industrial Development for Central America (CEFOF)	CEFOF, a public organization, directly provides productivity and quality improvement consulting services with its 13 technical staff. A shift from direct service provider to TOT is expected in future. A certified consultant system is expected to be introduced.	Direct provision	Subsidized fees	The Project strengthened the capacity of CEFOF's 13 technical staff.
Indonesia	SME Directorate of Ministry of Industry General Office of SME, Direct Service Unit of prefectures / municipalities of all provinces	An SME consultant training course (6 months) was developed under SME Directorate, which have trained regional government officials. (Certification of SME consultants is under consideration. A guideline was adopted in which the Government pays 90% of the consulting services conducted by certified SME consultants.)	Direct provision	Subsidized fees	OJT of consulting services was provided to regional government officials who were trained as SME consultants.
Tunisia	National Quality Programme Unit (UGPQ), Ministry of Industry, Energy and Small and Medium Enterprises	UGPQ directly provides consulting services in production and quality improvement, which is apparently crowding out private consulting services in the same areas.	Direct provision	Subsidized fees	OJT of consulting services was provided to UGPQ staff.
Armenia	Small and Medium Entrepreneurship Development National Center (SMEDNC)	SMEDNC provides training (production management, HRM, marketing, 5 to 80 hours) to the market with subsidized fees, by contracting out to private BDS providers.	Indirect provision	Subsidized fees	The project strengthened BDS providers' capacity to develop and implement training courses.
Mexico	Training and Technological Innovation Bureau, Undersecretariat for Small and Medium Enterprises, Ministry of Economy.	Consultants are certified upon passing the exams after self-learning (3 weeks) and collective field training (8 days). Certified consultants are qualified to join Government-funded consultancy program, in which Government subsidizes 30, 50, 70% of the fees of consulting services, depending on the size of the companies.	Indirect provision	Subsidized fees	Capacity development of SME consultants was carried out on an experimental basis.
Paraguay	Centro Paraguayo de Productividad y Calidad (CEPPROCAL), an organization under Paraguay Industry Union	CEPROCAL is the only company in the country that provides productivity and quality improvement consulting services, having 18 permanent and contractual staff.	Facilitation	Commercial-based fees	The Project trained permanent and contractual staff (18) of CEPROCAL.

In all countries except Paraguay, where the BDS (productivity and quality improvement services) is provided on a commercial basis by a single private company, the modes of BDS provision by SME promotion agencies are either “direct provision” or “indirect provision”. These governments provide BDS with subsidized fees or at no charge, assuming that SMEs are not able to, or not willing to, pay the commercial-based fees.

Although the target clientele for the services of each SME promotion agency varies from low-profile small companies (general advice) to high-profile manufacturing companies (productivity and quality improvement), it can be generally said that the SME promotion agencies’ mode of BDS provision evolves from “direct provision” (Cost Rica, Indonesia, Vietnam, Philippines, Tunisia) to “indirect provision” (Armenia, Mexico) and then further onto “facilitation” (Paraguay) in accordance with the country’s economic development level, which mostly coincides with the BDS market’s maturity level. The mode of BDS provision by SMEDA in Pakistan can be placed between direct provision (productivity and quality improvement, business planning, pre-feasibility studies, etc.) and indirect provision (training, legal services, etc.).

Table 1 also describes recent JICA support programs for SME promotion agencies in the developing world. The modality for most JICA support programs for SME promotion agencies is to send a group of experts who conduct On-the-Job Training (OJT) in consulting and/or support the preparation of curriculum and materials for training. Apart from Paraguay’s case, the given assumption for these projects in ensuring their sustainability is that these SME promotion agencies can continue, directly or indirectly, providing BDS with subsidized fees. Developing a commercial-based BDS market mechanism was not an issue for the projects in Vietnam, Philippines, Cost Rica, Indonesia, and Tunisia where the strengthening of the SME promotion agency’s own capacity to provide BDS was the objective of the projects. Also in Armenia and Mexico, where the SME promotion agency used national consultants to deliver BDS, the availability of subsidies was considered to be a prerequisite for the sustainability of the projects and thus developing a self-sustaining, commercial-based market mechanism was not discussed.

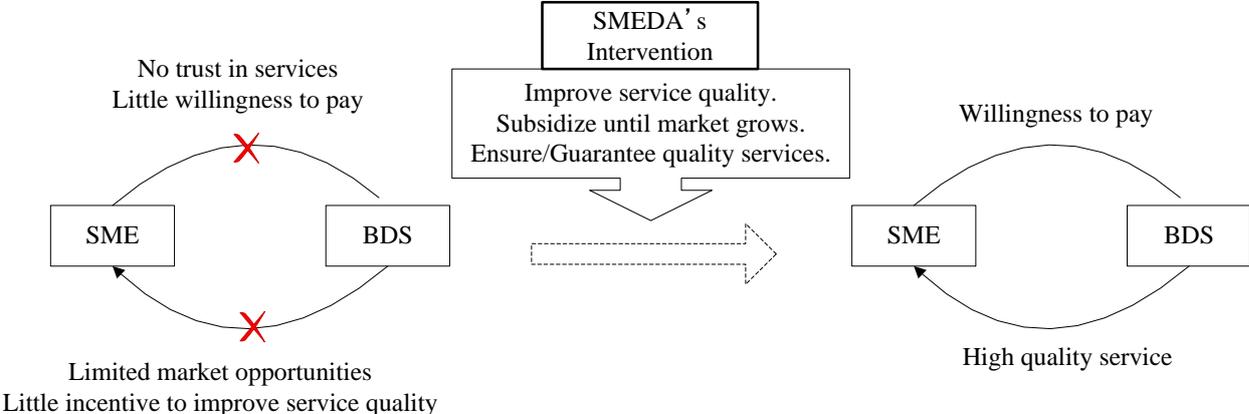
The major constraint on the subsidized program (both for direct provision and indirect provision) is the fact that the outreach potential of services is inevitably limited by the availability of government subsidies. SMEDA’s budget - 140 million PKR in 2009/2010 – is by no means a significant amount of money for catering to 3 million SMEs in the country. In order to expand BDS outreach and increase the number of BDS beneficiaries, it is imperative that SMEDA shift its utilization of resources from direct BDS provision to the development of the BDS market.

(2) Necessary Actions to Achieve Paradigm Shift

SMEDA’s paradigm shift from a “direct provider” to a “market facilitator” of BDS cannot be easily achieved in the Pakistani context due to the immaturity of the market. The quality of the training from

private BDS providers is not sufficiently high, thus, SMEs are not willing to pay for their services if the services are offered on a commercial basis. Although the training currently organized by SMEDA, which is delivered by private BDS providers, attracts a certain number of participants, it is largely due to the fact that the quality level of the training barely justifies the nominal participation fees required from participants. No evidence has been found that SMEDA’s training is contributing to the expansion of the customer base of BDS providers, which SMEDA claims is the primary objective of its own training program.

By shifting its focus from direct/indirect BDS provision to BDS market development, SMEDA will be able to change the paradigm of this vicious circle of “small fees but unattractive services”. By bringing in innovative technologies, methodologies, and tools from foreign countries and modifying them so as to adapt them to the Pakistani context, SMEDA will be able to transform the current BDS into more effective and attractive ones. A sizable number of customers are willing to pay commercial-based fees if the services are shown to be effective, with the current level of subsidies to BDS having to be maintained until the effectiveness of the services is fully recognized by SMEs. SMEs’ lack of trust in the services offered by private BDS providers is also one of the elements of this vicious circle. In order to facilitate BDS providers towards gaining SMEs’ trust, SMEDA may be able to guarantee service quality by certifying and branding only qualified BDS. The following chart shows what SMEDA should do to break the vicious circle and build-up commercial-based BDS.



(3) Formulation of JICA-SMEDA Projects

Four projects have been designed to support SMEDA’s above-mentioned paradigm shift, all of which are intended to attain the expansion of SMEDA’s outreach by improving the services of BDS providers, which will also contribute to the development of training/consultancy markets.

Table 2 Proposed JICA-SMEDA Projects and their Objectives

Project	Objective
Energy Efficiency Management Programme (EEMP) for Industrial Sector	Introduce and disseminate the concept of efficient energy management on sustainable basis in potential industrial sectors, including the introduction of an efficient energy management system in model companies and the technical capacity development of industry professionals within SMEDA, related associations and local energy service companies.
Productivity Improvement Programme (PIP) for Industrial Sector	Develop Pakistani national consultants' capacity in productivity improvement through creating a consultancy market.
Capacity Development Project for Women Entrepreneurship Promotion	Improve the services provided by the organizations (governmental agencies, NGOs, Chamber of Commerce and Industry, universities, national consultants, etc.) that promote women entrepreneurship, through enhancing their capacity and coordination.
Project for the Strengthening of Legal Services to SMEs	The Project is aimed at developing a resource pool of expert business legal advisors who can cater to SMEs' needs in fulfilling legal requirements in conducting businesses, as well as strengthening SMEDA's capacity to facilitate legal support to SMEs.
SME Training of Trainers (TOT) in Pakistan	The project is aimed at developing human resources of business development service (BDS) providers including the trainers and consultants in Pakistan along with improving the capacity of the human resources in SMEDA. This will help in enhancing the competitiveness of SMEs

(4) Recommendations

In order to implement the above projects smoothly and to maximize their impacts, the following actions are recommended to SMEDA:

- (a) More attention should be paid to the capacity building of private BDS providers;

Although the SMEDA's policy of shifting its role from a provider to a facilitator of BDS is clearly stated in its 5-year Business Plan adopted in 2005, SMEDA's management still seems to be keen only on increasing the number of beneficiaries of its direct services. Preoccupied with BDS' direct provision, little attention has been paid to the capacity building of private BDS providers. Although SMEDA claims that it does not have sufficient resources for the capacity building of private BDS providers, the organization is still able to obtain new ideas from foreign practices via Internet, utilizing them to improve the BDS services currently outsourced to private companies.

- (b) The mode and level of subsidies should be re-considered;

Only nominal fees have been charged for most of SMEDA's services / training. ISC once introduced semi-commercial rates for its consulting services; however, faced with the beneficiary companies' strong resistance to fee charges by the Government, SMEDA's services were again made free of charge. In general, quite a few beneficiaries are willing to pay for commercial-based fees on the condition that the services are

attractive enough to justify the payment and delivered by non-governmental BDS providers. In order for subsidized programs to be used to promote, and not to discourage, the development of a BDS market, SMEDA should gradually change its position from that of an organizer to that of a facilitator of BDS, making sure that (1) the primary organizers of BDS should be private service providers with SMEDA supporting their programs financially and technically, and (2) lower subsidies should be applied to relatively large companies and repeat clients.

(c) Not only annual plans at the departmental level, but a business plan for the entire organization as well, should be prepared and implemented.

As is mentioned in (a) above, a 5-year Business Plan was prepared and adopted in 2005. Its formulation was not necessarily undertaken under SMEDA's own initiative, but was rather externally required in order to fulfill a disbursement condition of ADB's Small and Medium Enterprise Sector Development Program. As a result, there is no follow-up mechanism for the business plan. Although each department and division prepares an annual plan with performance indicators and its implementation is reported to SMEDA management, these annual plans are not instrumental in achieving SMEDA's organizational goal without a coherent strategy around which all departmental activities should be aligned. It is recommended that SMEDA prepare and adopt a new business plan on its own initiative, while also establishing an operational implementation and monitoring mechanism.

Annex A: Sample Format for ISC's Achievements

Summary of Activities and Achievements of Productivity/Quality Improvement by SMEDA Industry Support Cell

A. Auto parts

A-1. <company name>

Location	Lahore																						
Business areas	Forging, precision machining and heat treatment of automotive and engineering components																						
SMEDA team members	Mr. Muhammad Salman Butt, Mr. Adil Nazir Malik, Mr. Sadaya HAMASAKI (JICA SV)																						
Implementation period	20 July - 06 October, 2006																						
Primary target of improvement	CNC hub manufacturing department																						
Major activities conducted	<p>(1) Preliminary investigation Identification of major problems, process flow analysis, time study, capacity analysis (frequency of orders, bottleneck identification, line balancing)</p> <p>(2) Lead time reduction Process time reduction, setup time reduction, transportation reduction</p> <p>(3) Improvement of production planning and monitoring systems</p>																						
Major achievements	<p>(1) Quantitative achievements</p> <table border="1"> <thead> <tr> <th>Item</th> <th>Before</th> <th>After</th> <th>Improvement</th> </tr> </thead> <tbody> <tr> <td>Delivery delays</td> <td>89 %</td> <td>50 %</td> <td>43.8 %</td> </tr> <tr> <td>Production per bottleneck machine</td> <td>4105</td> <td>5500</td> <td>34 %</td> </tr> <tr> <td>Setup time</td> <td>4 hrs</td> <td>2 hrs</td> <td>50 %</td> </tr> <tr> <td>No of workers in hub section</td> <td>46</td> <td>44</td> <td>4.34 %</td> </tr> </tbody> </table> <p>(2) Qualitative achievements (a) A team work environment developed. (b) Awareness and motivation at all levels. (c) New ideas and concepts of Japanese Management Systems introduced. (d) Day to day management and troubleshooting techniques enhanced. (e) Production planning, scheduling, and monitoring techniques introduced. (f) Multi-skilled workers increased.</p>			Item	Before	After	Improvement	Delivery delays	89 %	50 %	43.8 %	Production per bottleneck machine	4105	5500	34 %	Setup time	4 hrs	2 hrs	50 %	No of workers in hub section	46	44	4.34 %
Item	Before	After	Improvement																				
Delivery delays	89 %	50 %	43.8 %																				
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No of workers in hub section	46	44	4.34 %																				

Annex B: Project Proposals

B-1 Energy Efficiency Management Programme (EEMP) for Industrial Sector

(as of 30 June, 2010)

1. Project Title: Energy Efficiency Management Programme (EEMP) for Industrial Sector in Pakistan

2. Background of the Project

Pakistan is facing acute energy shortage, which is the greatest challenge of the time. Energy outages are seriously hampering industrial production and economic growth. Among all its energy sources, Pakistan's indigenous natural gas has been the leading source of energy for a long time and presently supplies a major share of country's total primary energy demand. Although Pakistan recorded a sharp growth in natural gas production in recent past, however, the supply and demand gap is expanding rapidly resulting in continuous and long duration of gas outages for household and industry in the country. This is mainly because of a sharp increase in natural gas demand in recent years through record growth in manufacturing sector. Continuous power outages and the high electricity price thus pose significant challenges for the industry and the economic growth of the country.

Power supply is $\frac{3}{4}$ of demand in the country and this gap is widening rapidly with the passage of time forcing the industrial sector to breakdown their manufacturing operations. Gas and electricity tariffs have regularly increased at a rate of 10 to 15% per annum during past few years. Government is trying to cover this gap through power generation projects which is a long process. However, the gap can also be minimized by quick actions of demand side management and eliminating inefficiencies in energy usage.

The industry in Pakistan being an energy intensive sector is vulnerable to a higher rate of energy losses across various production processes resulting in higher energy bills and productivity losses, all of which have significant financial impact. Rising energy prices, increased production costs, lower productivity and consumer demands for environment friendly industrial products are some of the challenges faced by the Pakistani industry.

The competitiveness of the industrial sector in export markets is endangered by the inefficient use of energy and related high production costs. The energy cost as a share of total production cost ranges from 20% to 50% in different industrial sectors. Currently there is a little awareness about this issue and even less expertise about how to address it. This indicates that there is a strong need for skill development at lower and middle management levels in order to achieve best energy management practices.

Against this backdrop, German Technical Cooperation (GTZ) initiated the Renewable Energy & Energy Efficiency (REEE) Programme in collaboration with Small and Medium Enterprises Development Authority (SMEDA) to strengthen the industrial sector of Pakistan in year 2006. The Programme aims to introduce a sustainable system of energy conservation in textile sector of

Pakistan. In the first phase (September 06 – March 07), detailed energy audits were conducted in six textile units (Spinning & Processing sub-sectors). The audit results showed a great potential of energy saving up to 10~15% in Textile Spinning, and 25~30% in Textile Processing units.

As continuity of REEE Programme, in second phase, SMEDA and GTZ have initiated The Energy Management Systems (EnMS) Implementation Programme (2008 to 2010) in collaboration with All Pakistan Textile Mills Association (APTMA) and with the involvement of selected engineering institutions. EnMS is being implemented in 25 textile model units. It is anticipated that this project will be completed in August-September 2010. An energy conservation Cell has also been established at APTMA to ensure the sustainability and to replicate the same initiative to other member mills of the association. The Programme also includes the Energy Manager Training (EMT) for professionals involved in energy management in textile industry.

As the project of GTZ is limited to few companies of one industrial sector only (i.e. textiles), therefore, the impact of the activity is limited. Moreover, SMEDA wants to broaden the scope of Energy Efficiency activities to SMEs of other energy intensive sectors. SMEDA has received a lot of requests from other industrial sectors to broaden the scope of its energy efficiency programme (request letters will be provided, if required). Therefore, SMEDA is requesting JICA to initiate a project on Energy Efficiency Management with SMEDA for the support of industrial sector.

As part of the implementation of the National Energy Conservation Policy (NECP) recently approved by the Government of Pakistan, execution of a programme on energy efficiency enhancement in the industrial sector is envisaged. NECP requires a national programme on energy management to be encouraged and facilitated particularly in Small and Medium sized industrial units, institutional capacity to be strengthened and information on daily energy consumption data to be collected and made available in an integrated information system.

3. Outline of the Project

(1) Overall Goal

The overall goal of the project is to attain Energy Efficiency improvements in industrial sector of Pakistan by achieving higher efficiency in energy consumption using most advanced energy saving techniques & technologies and developing local capabilities to ensure sustainable development in industrial sector of Pakistan.

(2) Project Purpose

The proposed project is aimed at introducing and disseminating the concept of efficient energy management on sustainable basis in potential industrial sectors. It will include introduction of efficient energy management system in model companies as well as technical capacity development of industry professionals within SMEDA, related associations and local Energy Service Companies (ESCOs).

(3) Outputs

- Implementation of Energy Efficiency Management System and optimization in energy

consumption at model companies of Three (3) potential sectors (*Referred as Sector-I, Sector-II & Sector-III*). These sectors will be selected among following potential sectors;

- Edible Oil, Food Processing, Plastics, Glass, Auto parts / light Engineering, Steel Re-rolling, Foundry Sectors etc.

- Establishment and Capacity development of Energy Management Cells (EMC) in three industrial associations of the selected sectors
- Capacity development of local ESCOs through on-the-job training
- Capacity development of energy professionals of potential sectors
- Capacity development of SMEDA Energy team
- Capacity building of academic institutions
- Effective dissemination and awareness of best practices in other industrial sectors
- Development of a sustainable, commercial based mechanism to deliver consultancy in energy efficiency through the Energy Management Cells in associations and local ESCOs (Detailed Project Framework is attached as **Annex-I**)

(4) Project Activities

Year-1:

- (a) Identification and selection of potential sectors under Energy Efficiency Management Programme
- (b) Establishment of an Energy Management Cell in the association in selected Sector-I
- (c) Selection of 15 model companies in Sector-I
- (d) Introduction of energy efficiency management in the model companies
 - Baseline data collection
 - Gap analysis and recommendation of suitable measures
 - Implementation of energy efficiency management, including the development of an energy efficiency information system
- (e) Development of syllabus / training materials for Sector-I (basic concept, energy calculation, case studies etc.)
- (f) Two training sessions (approx. one week each) for rest of the companies in Sector-I (50 participants per session)
- (g) Capacity development of SMEDA Energy team, the association's Energy Management Cell, and targeted number of ESCOs through on-the-job training. Standard skill sets will be determined and certificates will be issued to those professionals who acquire the required skills.
- (h) Compilation of best practices derived from exercises in model companies in Sector-I
- (i) One day awareness / dissemination workshop(s) on energy efficiency in other sectors (which are not included in the programme) (50 participants)
- (j) Development of a sustainable mechanism
 - SMEDA, Energy Management Cell of the sector and developed ESCOs will carry forward the Energy Efficiency Management activity. These activities will be executed by ESCOs in close coordination with Energy Management Cell, whereas, SMEDA will

be involved in monitoring and impact assessment of the activity

Year-2:

- Activities **(b) to (j)** in selected Sector-II (as mentioned in Year-1 for Sector-I)
- Follow-ups and impact analysis of the activities conducted in Year-1
- Development of an energy efficiency management course (syllabus / course materials) for academic institutions

Year-3:

- Activities **(b) to (j)** in Sector-III (as mentioned in Year-1 for Sector-I)
- Follow-ups and impact analysis of activities conducted in Year-2 and Year-3

(5) Input from the Recipient Government

(a) Counterpart personnel:

- Four energy specialists (two each at Lahore & Karachi) as counterparts from SMEDA, who are involved with GTZ project will be assigned to JICA project.
- Additional staff will be assigned from SMEDA, if required.

(b) An appropriate office space for project team at SMEDA (Lahore and Karachi)

(c) Japanese language interpreters upon necessity

(6) Input from the Japanese Government

(a) Dispatch of one Team Leader / Capacity Development Expert

- Must have a degree in business administration or an area related to SME development
- At least 15 years' professional experience in institutional capacity building for SME development and relevant experience of project management

(b) Dispatch of two Energy Management Experts (electrical and mechanical utilities)

- Must have degree in electrical or mechanical engineering
- At least 15 years' professional experience in energy management in the following areas;
 - Power Generation & Distribution
 - Electric Motors
 - Compressors
 - Heating, Ventilation and Air Conditioning
 - Pumps

(c) Dispatch of one Energy Management Expert (thermal utilities i.e. boilers, furnaces, heat transfer, waste heat recovery etc.)

- Must have degree in chemical or mechanical engineering
- At least 15 years' professional experience in energy management of thermal utilities

The (b) and (c) experts should be capable of: developing and implementing an energy data information system; introducing latest techniques for energy saving measures; assisting in the development of an implementation strategy and developing & conducting professional trainings.

(d) Dispatch of one Energy Management Expert (short term) to be engaged in academic

syllabus development for energy management

- (e) Engagement of local ESCOs for Base Line Energy Audits in model companies
- (f) Hiring of one local IT specialist for development of Energy Efficiency Information Systems in each of three sectors
- (g) Equipment:
 - Five (5) sets of energy auditing equipments
 - (i) Two sets of energy auditing equipments for SMEDA (one each for Lahore and Karachi)
 - (ii) Three sets of energy auditing equipment, one for each association involved in the project
 - Office equipment for energy management cells of industrial associations (work stations, computers etc.)
- (h) Overseas (Japan and 3rd countries) trainings to enable SMEDA staff and professionals of energy management cells to be exposed to good practices in foreign countries and to enhance their knowledge on energy efficiency management.

7. Implementation Schedule

From April 2011 to March 2014 (3 years)

8. Implementing Agency

Industry Support Cell, Small and Medium Enterprises Development Authority (SMEDA), Ministry of Industries and Production, Government of Pakistan.

9. Related Activities

GTZ's Renewable Energy and Energy Efficiency (REEE) Programme. Detailed information is attached in Annex-II.

10. Gender Consideration

N/A

11. Environmental and Social Considerations

Refer to attached Screening Format

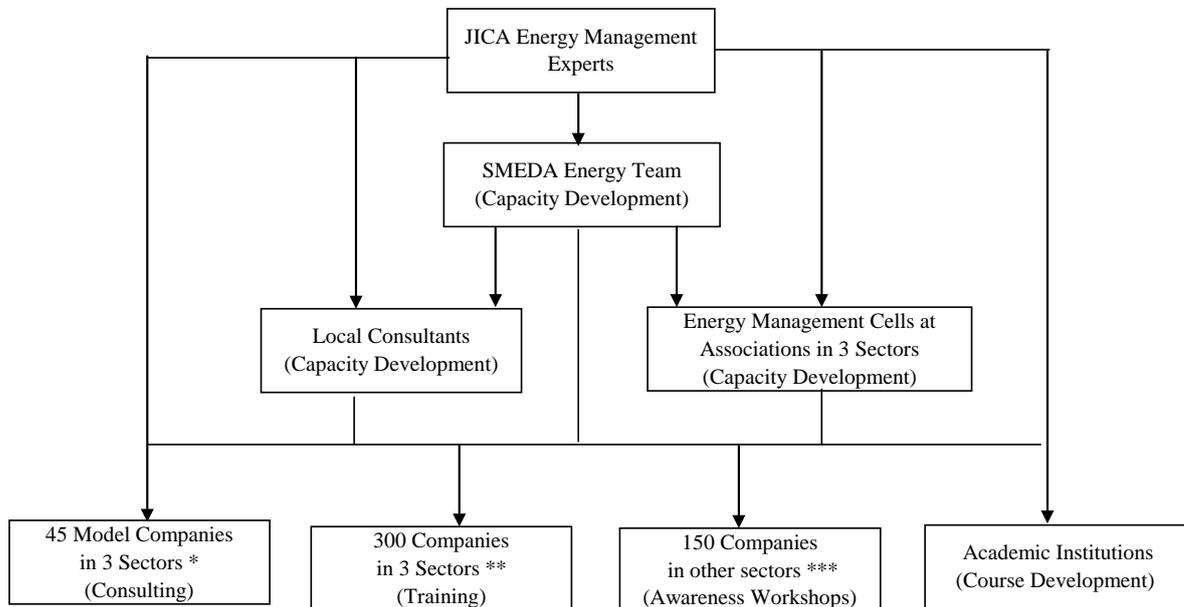
12. Beneficiaries

The project will provide direct benefit to 15 model industrial units having demonstration effect in each of the 3 industrial sectors (total 45 factories) and approximately 450 (300 in 3 potential sectors and 150 in other sectors) industrial professionals in factories, associations, different industrial clusters and ESCOs will be trained.

13. Security Conditions

Japanese experts will be requested to work only in the areas where security clearance is given from JICA Pakistan Office.

Energy Efficiency Management Program for Industrial Sector in Pakistan
Project Framework



* 15 Model Companies x 3 sectors = 45 Model Companies (Refer to section 12)

** 2 Trainings per year x 50 Participant Companies x 3 years = 300 Companies

*** 1 Awareness session per year x 50 Participant Companies x 3 Years = 150 Companies

Total 300 + 150 = 450 trainee companies (Refer to section 12)

A Brief on
Renewable Energy & Energy Efficiency (REEE) Programme

The Deutsche Gesellschaft für Technische Zusammenarbeit (German Technical Cooperation – GTZ) on behalf of Federal Ministry for Economic Cooperation and Development (BMZ), Federal Republic of Germany is implementing the Renewable Energy & Energy Efficiency (REEE) Programme in Pakistan. Initiated in 2005, the programme aims to strengthen the capacities of the public and private sectors to promote renewable energy and improve energy efficiency in the country.

GTZ initiated the Energy Efficiency Programme in collaboration with Small and Medium Enterprises Development Authority (SMEDA) to strengthen the industrial sector of Pakistan and to help better cope with rising energy prices and resource constraints. Textile was the first sector selected under this Programme. In the first phase (December 06 – March 07), six textile units from Spinning and Processing sub-sectors (two each from Karachi, Lahore and Faisalabad) were selected as pilot projects and GTZ engaged two German Energy Experts to demonstrate energy efficiency gains as a result of Detailed Energy Audits and targeted interventions. The audit results showed a great potential of energy saving up to 10~15% in Spinning, and 25~30% in Processing units. The programme is helping industry in the following key areas:

- Optimal capacity utilization of energy resources
- Raise awareness with respect to industrial energy efficiency
- Conduct/ facilitate industrial energy audits
- Energy and cost savings by identifying suitable energy saving measures
- Reduction in utilities bills (electricity, gas, water, diesel etc)
- Recycling or utilization of useable waste resources
- Build capacities of academic institutes through trainings and practical involvement with specific reference to energy efficiency

As continuity to REEE Programme, in second phase, SMEDA and GTZ have initiated The Energy Management Systems (EnMS) Implementation Programme (2008 to 2010) in collaboration with All Pakistan Textile Mills Association (APTMA) and with the involvement of selected engineering institutions. The Programme aims to introduce a sustainable system of energy conservation in textile sector.

Energy Management System (EnMS) is being implemented in 25 selected companies in Textile Industry. Base line audit is the first step, in which energy wastages/losses are highlighted. To make it sustainable, the participant companies are being provided an Energy Data Management System (DMS) which will be an integral part of Management Information System (MIS). This DMS will help monitor different energy management indicators in the selected companies on daily basis.

Under this initiative, an Energy Conservation Cell (ECC) has also been established at APTMA. The Energy Conservation Cell at APTMA aims to develop in-house capacity building on energy efficiency and promoting systematic approach for implementing energy efficiency initiatives through adopting Energy management system in the industry. The ultimate goal of ECC to replicate implementation of Energy Management System in other member mills of APTMA, thus ensuring sustainable energy efficiency initiatives in the industry.

The programme also includes the **Energy Manager Training** for professionals involved in energy management in textile industry. The skills of energy managers will be improved to enable them to manage the energy data analysis and to continuously improve the efficiency of overall industrial systems. Energy Manager Training programme spans over 10 days class room training at selected engineering institutions. Initially, the first batch of energy managers from selected 25 textile companies will be trained under this programme through local/international consultant. After completion of this phase, SMEDA and APTMA will plan to continue the EnMS programme in other member mills of the Association.

In line with the principles of German Technical Cooperation, the GTZ REEE programme adopts a holistic approach to development which encompasses development activities within public as well as the private sectors. GTZ REEE programme supports the development of appropriate capacities in partner institutions to achieve the objectives of promotion of renewable energy and an increase in the rationale use of energy in Pakistani industry. Under capacity development programme, GTZ offered a training programme at Germany (October 13, 2007 to October 28, 2007) and at Austria (July 19, 2009 to August 01, 2009) for the technical staff of partner organization on Energy Auditing, Profitable Environment Management and Energy Management System Implementation Programme.

B-2 Capacity Development Project for Women Entrepreneurship Promotion (WEP)

(as of 16 July, 2010)

1. **Project Title:** Capacity Development Project for Women Entrepreneurship Promotion
2. **Background of the Project**

The women's participation in the economy is low in Pakistan as income earning has traditionally and culturally been considered as a man's responsibility. Women represent 48.5%² of the population in Pakistan, but the women's share of the adult labor force is merely 16%³ and the share of women-owned enterprises is only 3% of the total enterprises⁴. Although Pakistan's GDP per capita is the third lowest in South Asian countries, followed by Bangladesh and Nepal, its ratio of estimated female earned income in relation to male earned income is the lowest in the region and the second lowest in the world, only slightly above Saudi Arabia (see Table 1)⁵.

Table 1: GDP per Capita, Estimated Earned Income and Ratio of Estimate Female to Male Earned Income in South Asia

Country	GDP per capita US\$	Estimated earned income (PPP US\$)		Ratio of estimated female to male earned income
		Female	Male	
Maldives	3,456	3,597	6,714	0.54
Bhutan	1,688	2,636	6,817	0.39
Sri Lanka	1,616	3,064	5,450	0.56
India	1,046	1,304	4,102	0.32
Pakistan	879	760	4,135	0.18
Bangladesh	431	830	1,633	0.51
Nepal	367	794	1,309	0.61

Source: Human Development Report 2009, UNDP,

Women in Pakistan are socially not expected to work outside their home, but they have a great potential to contribute to the economy. The gross enrollment rate (GER) of Pakistani women in tertiary education is 5% in 2008 against 6% for men, indicating that as many Pakistani women as men are highly educated⁶. In addition, the number of educated women is on the rise; the annual growth rate of female enrollment from 2002/2003 to 2007/2008 was 21.7 %, significantly exceeding that of male (14.4%). As a result, the enrollment of female students at universities more than doubled during the same period (Table 2).

2 The World's Women 2005: Progress in Statistics, United Nations Publication

3 ibid

4 Economic Census of Pakistan, National Report, Federal Bureau of Statistics, 2005

5 Human Development Report 2009, UNDP

6 Education in Pakistan, UIS Statistics in Brief , 2010, UNESCO

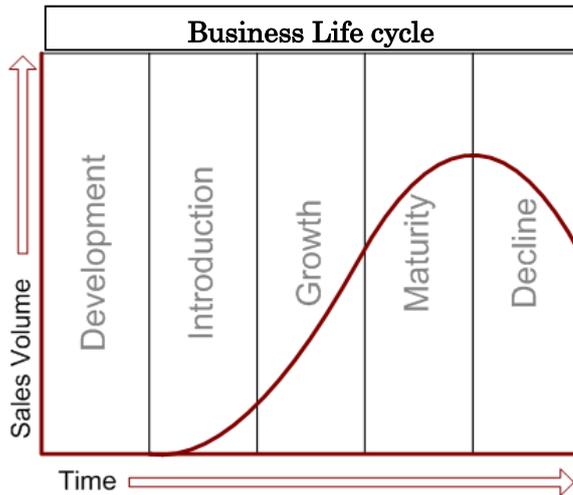
At the tertiary education level, the gender gap in enrollment is minimal, but it is not the case for the primary and secondary education levels. The GER is 93 % for boys and 77% for girls in primary schools, and 37% and 28% for girls in the secondary school system. The gender gap in these levels are still narrower compared to the gender gap in the labor force.

Table 2: Annual Growth in University Enrollment by Sex

No. of Students Enrolled in Universities				Annual Growth in Enrollment (2002/2003-2007/2008)	
2002/2003		2007/2008		Male	Female
Male	Female	Male	Female		
203,679	128,066	398,966	342,125	14.4%	21.7%

Source: Higher Education Commission, Pakistan

Despite the potential benefit to the Pakistani economy through fully utilizing skills and capacities of



these highly educated women, the supports provided by the organizations working for women entrepreneurship promotion are insufficient. One of the major deterrents to women's involvement in economic activities is that they lack the confidence and knowledge to start businesses or to find employments as per their skills. In other words, the organizations are failing to provide sufficient information and guidance fitting to women's entrepreneurial needs at various stages of their business life cycle. For example, few

universities offer a female entrepreneurship course that would prepare female students to become entrepreneurs by inspiring them and providing practical information. Due to the absence of such a course, female students miss out on an opportunity to consider becoming an entrepreneur. Entrepreneurship presents women with unique opportunities to succeed in businesses with a great flexibility in choosing the timing to work and the people they interact with.

Against this backdrop, this project has been proposed to improve the services provided by the organizations that promote women entrepreneurship at different stages of business life cycle, while strengthening the capacity of SMEDA, a leading agency for SME development, to deliver tangible results in the area of women entrepreneurship promotion and fulfill the obligatory commitment signed by Pakistan under "Convention for Elimination of Discrimination against Women (CEDAW)". Moreover, through this project the following articles of CEDAW will be addressed;

Article 2: Provides for policy measures enshrining gender equality in legislation and programmes, backed by institutional mechanisms that give legal and practical effect to women's rights.

Article 4: Introduces temporary special measures to achieve de facto equality between men and women.

Article 11: Equal rights in employment relating to the right to work, employment opportunities, choice of profession, the right to promotion, equal remuneration, job security and other benefits and conditions of service.

Article 13: Equal rights to economic and social benefits such as family benefits, bank loans, mortgages and other forms of financial credit, participation in recreational activities, sports and all forms of cultural life.

It aims to improve the organizations' capacities to cater to the needs of their target beneficiaries and enhance the coordination of their activities, thus creating synergy. The project will target a fairly educated segment of the female population and create an environment conducive for their businesses to succeed. Their successes will have both multiplying effect of inspiring more women to become economically active and trickle-down effect of creating more opportunities for employment of the lower socio-economic segment of the female population.

3. Outline of the Project

(See Attachment 2: Project Design Matrix and Attachment 3: Project Organizational Structure)

(1) Overall Goals

- The number of women-owned businesses is increased.
- Capacities of business management of women entrepreneurs are improved.
- Business environment becomes more friendly to women.

(2) Project Purpose

Services provided by the organizations that promote women entrepreneurship are improved and delivered through enhancement of their capacity and coordination.

(3) Outputs and Background on Outputs

Output 1: Coordination among various organizations that promote women entrepreneurship is strengthened.

- The engagement of Pakistani government, donors and non government organizations (NGOs) in the field of women empowerment has mostly been limited to women's social empowerment. Some initiatives have been taken for women entrepreneurship promotion by the government and organizations such as Chambers of Commerce and Industry (CCIs); however, their efforts lack in coordination. This has often caused duplication of the activities leading to a loss of valuable time on part of the recipient and resources on the part of the delivering bodies.
- In isolation these programs may have little value but their effectiveness can be enhanced by increased coordination amongst various agencies. Programs should be designed in such a way that the services provided by one organization complement those offered by another. In order to achieve the coordination of programs and share the information among agencies, a women entrepreneurship promotion committee should be formed (See Attachment 4 for the List of Women Entrepreneurship Promotion (WEP) Committee Members), under which SMEDA's women entrepreneurship development cell should function as Secretariat.

- Through the process of preparing action plans, all the members of the WEP committee will identify how each agency's programs inter-relate each other, what areas the respective agencies should focus on and what resources they should mobilize. The WEP committee will consolidate efforts in women entrepreneurship promotion and lead to effective implementation of programs.

Output 2: Policy makers' awareness on the importance of women entrepreneurship is increased.

- The Constitution of Pakistan guarantees equal rights to all citizens irrespective of sex, race and class and also empowers the government to take action to protect and promote women's rights. But since the capacity and knowledge of gender focal points in ministries has been limited to women's social and political aspects, they are unable to acknowledge and remove barriers against women's economic activities, to effectively promote the mainstreaming of women entrepreneurship activities and to coordinate with national planning process.
- Constitutional structures and policy documents do not generally discriminate against women, but even well-intended provisions can sometimes result in negative discrimination. An example would be the highly skewed labor structure of the apparel industry in Pakistan. Employment figures show that about 90 per cent of workers in this industry are male, which is the exact opposite to the situation in other South Asian countries where 90 per cent of workers are women⁷. The difference is partially explained by a labor regulation in Pakistan that restricts the employment of women after 7 p.m.⁸ Hence this regulation restrains companies from letting female workers work long hours or applying an evening shift to women, both of which are often required in this industry, providing a disincentive to employ women. The reason for such unintended negative impact is mostly a lack of entrepreneurial experience and capabilities to foresee the responses from the labor market. Sensitization to the real issues faced by women entrepreneurs is the key to devising policies that would help rather than hinder women participation in economic activities.

Output 3: SMEDA's service delivery and outreach for women entrepreneurship promotion are improved through development of tools.

- Most women in Pakistani society live in protected environments largely dependent upon the male members of the household to deal with legal procedures and economic issues outside their houses. This lack of exposure usually results in a lack of basic knowledge about setting up business and an accompanied lack of motivation. Even when a woman has a desire to start her own business there is little guidance available to her. There is an acute need in developing training materials to provide women who intend to start a business with basic business knowledge, and compiling and delivering the stories of successful businesswomen which would greatly motivate women to look at their own possibilities.

7 Nabeel A. Goheer. "Women Entrepreneurs in Pakistan: How to Improve Their Bargaining Power" International Labour Organization 2003, p.2

8 ibid

- Those women who intend to start or expand their businesses require support, in the form of training, in strategic business development, access to credit funds, marketing skills, product design and development, etc. These basic training programs should be tailored to women's needs. Pre-feasibility studies and technical training for cottage industries would also need to be conducted to provide women with proper guidance on opportunities and risks about specific products and services.
- When doing businesses, Pakistani women are always obliged to deal with men since most economic activities in Pakistan are dominated by men. This is a prominent discouraging factor for Pakistani women from starting businesses (they also have to face objections from their family and relatives who do not want to accommodate this idea). A nation-wide directory on women entrepreneurs will be helpful in exploring women to women business potential. A list of technical experts who are willing to provide women with advice in their respective fields should also be created and utilized to improve women's access to technical advice.

Output 4: Universities' capacity on delivering information and guidance to female students on their career choices is improved.

- Although the gross enrollment rate (GER) of Pakistani women in tertiary education is 5% in 2008, which is almost equivalent to that of men, most of female students do not seek for professional careers after graduation but simply become housewives. Some women prefer to stay home, some are forced to so under their family's pressure, and some did not just look at any possibilities but staying home. Utilizing skills and capacities of these highly educated women would highly benefit the Pakistani economy. Presenting success stories in seminars and conducting a women entrepreneurship course at universities/colleges will be effective in raising their awareness and nurture entrepreneurship.
- Helping the students choose a career in accordance with their aptitude and abilities can be one of the most important jobs of a university/college. Very few colleges cater to this important need. Placement centers usually have no effective linkages with entrepreneurs and Chambers of Commerce and Industry. Thus students focus mostly on getting employed by the government or large companies rather than joining women-owned enterprises or setting up their own businesses.

Output 5: Technical/vocational training schools' capacity in preparing female students to join the workforce is improved.

- Vocational training schools for females have been set up in many parts of the country with the aim of women economic empowerment and entrepreneurship development. These schools provide women with an opportunity to learn a certain variety of skills but their effectiveness is limited by two main factors. Firstly vocational schools mostly focus on teaching skills that prepare them for feminine jobs such as stitching and pottery making, that are often low paid and mostly home-based. Little attention is paid to developing skills that expand their career options which include non-feminine professions, such as electronics, etc.

Women have the potential to excel in these areas but there are few opportunities to learn. Secondly the vocational schools have yet to offer services that could motivate their students to utilize the acquired skills in setting up their own businesses. For most of the students learning is either “for fun” or “for becoming low paid workers.”

Output 6: WCCI/CCI's support for women entrepreneurs is improved.

- Registration with CCIs usually provides members with some support such as distributing information about exhibitions, issuing certificates of origin (a document often required when exporting goods) and providing an informal platform to meet other entrepreneurs and acquire updates. Knowledge of the market, legal procedures and feasibilities is most critical for aspiring business women. In spite of a large potential demand, such formal guidance to upcoming entrepreneurs is not available at any of the WCCI/CCIs across Pakistan which limits their role to administrative support for existing members. Once help desks are set up within WCCI/CCIs and well-defined quality services start to be provided, it is expected that the demand will increase to the level that the help desks can be operated on self-sufficient basis.
- Established business entrepreneurs usually require training in non-traditional fields to expand businesses. Such training can be expensive for individual entrepreneurs but the cost can be reduced if the training is collectively conducted. If a sufficient number of entrepreneurs are identified who want to receive the same training in a specific area, local consultants can be trained so that they can conduct training for WCCI/CCIs members.

(4) Project Activities

Output 1: Coordination among various organizations that promote women entrepreneurship is strengthened.

- 1.1. The Secretariat (SMEDA) collects information about the status of women entrepreneurship promotion projects from respective organizations.
- 1.2. The Secretariat compiles and analyzes collected information and drafts action plans.
- 1.3. The WEP Committee discusses draft action plans prepared by the Secretariat (See Attachment 4 for the list of committee members).
- 1.4. The WEP Committee prepares and submits recommendations towards respective organizations to be reflected into their own policies/actions.

Output 2: Policy makers' awareness on the importance of women entrepreneurship is increased.

- 2.1. Identify the key policy makers to be sensitized.
- 2.2. Prepare a sensitization package for policy makers.
- 2.3. Hold sensitization seminars for policy makers in Karachi, Islamabad, and Lahore.

- 2.4. Hold quarterly meetings to discuss the recommendations/action plans prepared by the WEP Committee.
- Output 3: SMEDA's service delivery and outreach for women entrepreneurship promotion are improved through development of tools (See Attachment 5).
- 3.1. Conduct a baseline sample survey of 250 female entrepreneurs.
 - 3.2. Develop training materials that provide basic knowledge for setting up and running businesses (a)⁹.
 - 3.3. Develop success stories on business women (written and digital materials) (b).
 - 3.4. Conduct pre-feasibility studies and seminars on gender specific industries and services (c).
 - 3.5. Develop training materials for upgrading women's technical skills in non-traditional areas (d).
 - 3.6. Develop a nation-wide directory of women entrepreneurs (e).
 - 3.7. Develop a list of experts who provide advice in their respective fields <initially 25 experts> (f).
 - 3.8. Prepare Terms of References (TORs) and develop management manuals for help desks and career development desks (g).
 - 3.9. Train SMEDA staff members, including regional business coordinators, on how to conduct and monitor above-mentioned activities.
- Output 4: Universities' capacity on delivering information and guidance to female students on their career choices is improved.
- 4.1. Map different services needed at each university.
 - 4.2. Conduct training for staff members of career development desks <10 universities> (c, e, g).
 - 4.3. Support universities in organizing job fairs by establishing linkages between CDDs and WCCIs/CCIs.
 - 4.4. Support universities in developing course modules and materials for women entrepreneurship.
 - 4.5. Support universities in conducting women entrepreneurship seminars (a, b).
- Output 5: Technical/vocational training Schools 'capacity in preparing female students to join the workforce is improved.
- 5.1. Identify the areas of improvement in the courses of technical/vocational training schools in promoting women entrepreneurship and make recommendations.
 - 5.2. Train trainers on how to teach women entrepreneurship using Tool (a).
- Output 6: WCCI/CCI's support for women entrepreneurs is improved (12 help desks).

⁹ The alphabetical letters in the brackets indicate Tool types developed by SMEDA. For example, Tool (b) is developed under Output 3, but it will be utilized under Outputs 4 and 6.

- 6.1. Conduct training for staff members of help desks (c, e, f, g).
- 6.2. Train local consultants to conduct training/seminars for members of WCCIs and CCIs using Tools (a), (b) and (d).

(5) Inputs from the Recipient Government

(a) SMEDA

- At least four (4) staff will be allocated to the Women Entrepreneurship Development Cell at SMEDA for the project.
- Additional staff will be assigned from SMEDA, if required.
- Office space will be provided for the project in SMEDA

(b) Universities

- Space and staff for the career development desks will be provided.
- Salaries of the staff assigned to the career development desks will be covered. (Part of their salaries in the first three years will be covered by JICA.)

(c) Chambers of Commerce and Industry / Women Chambers of Commerce and Industry

- Space and staff for the help desks will be provided.
- Salaries of the staff assigned to the help desks will be covered. (Part of their salaries in the first three years will be covered by JICA.)

(6) Inputs from the Japanese Government

(a) Dispatch of one Chief Adviser / strategic planning (long-term)

- Must have a degree in business, public administration, or relevant field.
- At least 15 years' professional experience in institutional building for SME development

(b) Dispatch of one enterprise development expert (long-term)

- Must have a degree in business, public administration, marketing, or relevant field
- At least 10 years' professional experience in SME promotion.

(c) Dispatch of one Human Resource Development Expert (long-term)

- Must have a degree in business, public administration, or relevant field
- At least 10 years' professional experience in developing training courses

(d) Dispatch of one expert for management of pre-feasibility studies (short-term)

(e) Dispatch of one expert for compilation of success stories (short-term)

(f) Dispatch of one expert in developing a video documentary (short-term)

(g) Dispatch of experts in specific fields upon necessity (e.g. product development, quality control, and marketing) (short-term)

(h) Equipment:

- Office equipment for the career development desks at the universities, the help desks at

the WCCIs and CCIs and the gender project team (e.g., computers, printers etc)

(i) Overseas training

- Overseas training in Japan or the third countries will be conducted to expose SMEDA staff to good practices of women economic empowerment in foreign countries and to enhance their knowledge on the field.

(j) Project support staff and local consultants

- Salaries of project support staff and local consultants will be covered.

4. Implementation Schedule

From April 2011 to March 2016

5. Implementing Agency

Women Entrepreneurship Development Cell (Outreach Division)
Small and Medium Enterprises Development Authority
Ministry of Industries and Production

6. Related Activities

None

7. Gender Consideration

This project is a gender-oriented project.

8. Environmental and Social Considerations

See attachment 1, Screening Format.

9. Beneficiaries

The end-beneficiaries during the project period are approximately 50,000 women.

- Approximately 3,000 women will benefit from technical trainings and feasibility study materials.
- Each year approximately 1,200 entrepreneurs will benefit from the help desks established at CCIs/WCCIs in various cities (1,200 x 3 years = 3,600 entrepreneurs).
- Each year approximately 3,000 university students and about 10,000 students at vocational and technical training schools will benefit directly ((3,000 + 10,000) x 3 years = 39,000 students).
- It is estimated that due to intervention through this project 600 new women entrepreneurs will be created each year (600 x 3 years = 1,800 women).
- The beneficiaries of the directory of women entrepreneurs are innumerable.

10. Security Conditions

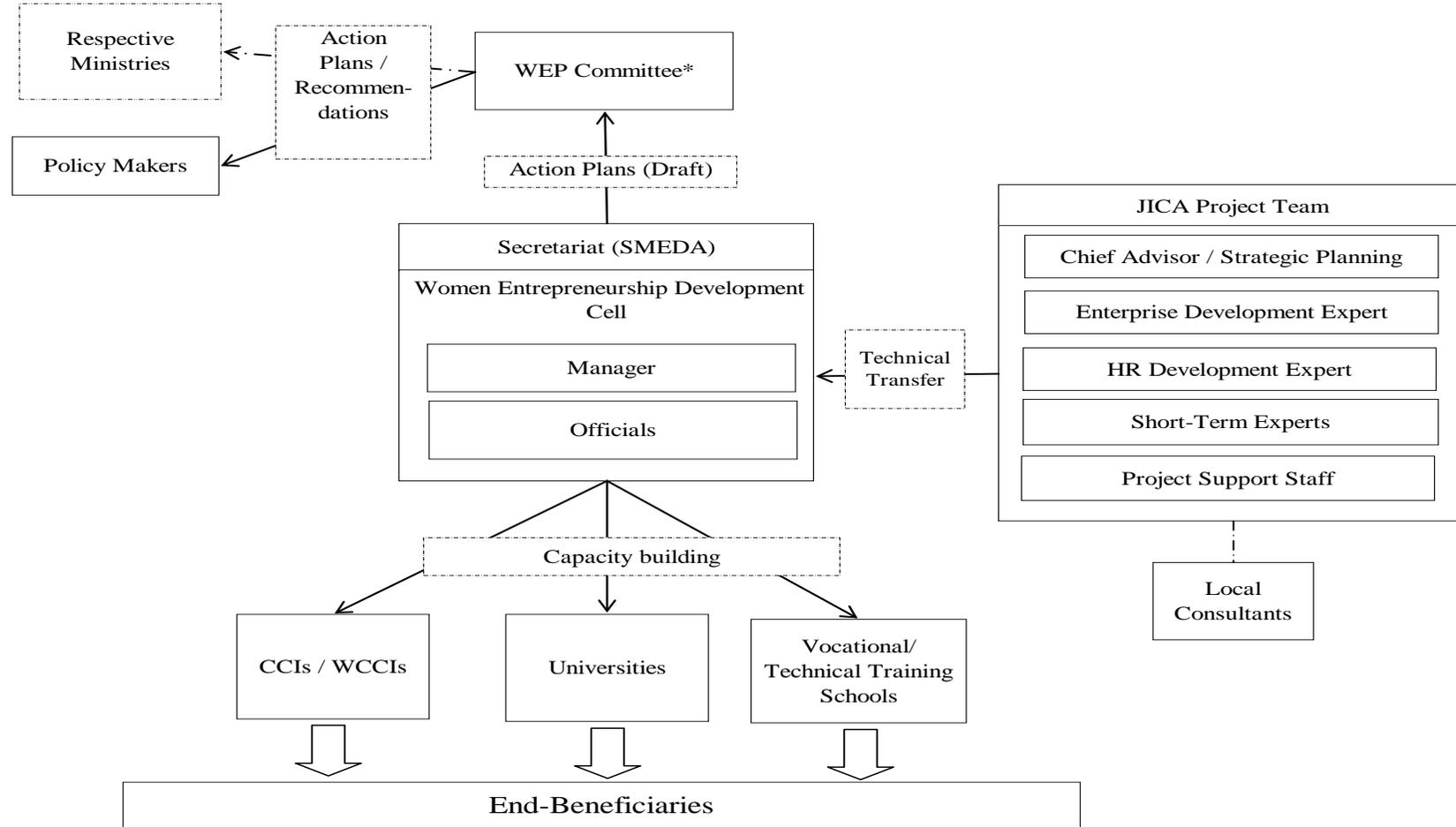
Japanese experts will be requested to work only in the areas where security clearance is given from JICA Pakistan Office.

Attachment 2: PDM (Draft)

Project Design Matrix (Draft)			
Project Name: Capacity Development Project for Women Entrepreneurship Promotion			Version No. Draft 1 Prepared: 5 July 2010
Project area: Pakistan (nation-wide) Target organizations/groups: (1) SMEDA, (2) women sections of Chambers of Commerce and Industry, (3) Women Chambers of Commerce and Industry, (4) universities, (5) technical and vocational training institutions, and (6) policy makers End-beneficiaries: Women entrepreneurs and female students at universities and technical / vocational training institutions. Project duration: 5 years (April 2011-March 2016)			
Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Important Assumption
Overall Goal			
1. The number of women-owned businesses is increased.	1-1. Number of female members of CCI and WCCI 1-2. Number of women employers	1-1 Members lists in CCI and WCCI 1-2 Labor Force Survey of Federal	
2. Capacities of business management of women entrepreneurs are improved.	2. Sales records of women businesses	2. Sample interviews	
3. Business environment becomes more friendly to women.	3-1. Government budget allocated for women economic empowerment 3-2. Actions taken by government organizations to promote women economic empowerment	3-1. Federal and provincial budget 3-2. Meeting records of the Women Entrepreneurship Promotion (WEP) Committee	
Project Objective			
Services provided by the organizations that promote women entrepreneurship development are improved and delivered through enhancement of their capacity and coordination.	1-1. Number of users of services 1-2. Satisfaction level of users	1-1 Help Desk Log Books Monitoring Report for Universities Interviews with relevant organizations	
Outputs			
1. Coordination among various organizations that promote women entrepreneurship is strengthened.	1-1. The Secretariat becomes able to update information about the status of women entrepreneurship promotion projects and to draft action plans. 1-2. The Women Entrepreneurship Promotion (WEP) Committee is regularly convened to prepare recommendations.	1-1-1. Action plans 1-2-1 Meeting records	
2. Policy makers' awareness on the importance of women entrepreneurship is increased.	2-1. Number of participants in the sensitization seminar. 2-2. Number of participants in the bi-annual meetings.	2-1-1. Seminar report 2-2-1. Meeting minutes	
3. SMEDA's service delivery and outreach for women entrepreneurship promotion are improved through development of tools.	3-1. A baseline survey of 250 female entrepreneurs is conducted. 3-2. Training materials on basic knowledge of setting up and running businesses are developed. 3-3. Written and digital materials on success stories about business women are developed. 3-4. At least 25 pre-feasibility reports on gender specific industries and services are prepared 3-5. Training materials for upgrading women's technical skills are developed. 3-6. A nation-wide directory of women entrepreneurs is developed. 3-7. A list of experts who provide advice in their respective fields is developed. 3-8. The TORs for staff members at help desks and career development desks are prepared. 3-9. Management manuals for help desks and career development desks are prepared. 3-10. Training of SMEDA staff is conducted.	3-1-1. Survey report 3-2-1. Training materials 3-3-1. Written and digital materials on success stories 3-4-1. Pre-feasibility reports 3-5-1. Training materials 3-6-1. Directory 3-7-1. List of experts 3-8-1. TORs 3-9-1. Management manuals 3-10-1. Capacity Development Progress Report	
4. Universities' capacity on delivering information and guidance to female students on their career choices is improved.	4-1. Career development desk staff become able to conduct required tasks. 4-2. Job fairs are incorporated into annual activities of universities. 4-3. Women entrepreneurship Courses are offered in participating universities. 4-4. Women entrepreneurship seminars are regularly conducted at participating universities.	4-1-1. Capacity Development Progress Report 4-2-1. Monitoring Report for Universities 4-3-1. Monitoring Report for Universities 4-4-1. Monitoring Report for Universities	
5. Technical/vocational training schools' capacity in preparing female students to join the workforce is improved.	5-1. Technical/vocational training schools take actions based on the recommendations given by the project. 5-2. Women entrepreneurship sessions are offered at technical/vocational training schools.	5-1-1. Interviews with technical/vocational training schools 5-2-1. Annual report of technical/vocational training schools	
6. WCCI/CCI's support for women entrepreneurs is improved.	6-1. Help desk staff become able to conduct required tasks. 6-2. Local consultants become able to conduct training/seminars for members of WCCIs and CCIs.	6-1-1. Capacity Development Progress Report 6-2-1. Capacity Development Progress Report	

Activities	Inputs	Pre-conditions
<p>1. Coordination among various organizations that promote women entrepreneurship is strengthened.</p> <p>1-1 The Secretariat (SMEDA) collects information about the status of women entrepreneurship promotion projects from respective organizations.</p> <p>1-2 The Secretariat compiles and analyzes collected information and drafts action plans.</p> <p>1-3 The WEP Committee discusses draft action plans prepared by the Secretariat.</p> <p>1-4 The WEP Committee prepares and submits recommendations towards respective organizations to be reflected into their own policies/actions.</p> <p>2. Policy makers' awareness on the importance of women entrepreneurship is increased.</p> <p>2-1 Identify the key policy makers to be sensitized.</p> <p>2-2 Prepare a sensitization package for policy makers.</p> <p>2-3 Hold sensitization seminars for policy makers in Karachi, Islamabad, and Lahore.</p> <p>2-4 Hold quarterly meetings to discuss the recommendations/action plans prepared by the WEP Committee.</p> <p>3. SMEDA's service delivery and outreach for women entrepreneurship promotion are improved through development of tools.</p> <p>3-1 Conduct a baseline sample survey of 250 female entrepreneurs.</p> <p>3-2 Develop training materials that provide basic knowledge for setting up and running businesses (a).</p> <p>3-3 Develop success stories on business women (written and digital materials) (b).</p> <p>3-4 Conduct pre-feasibility studies and seminars on gender specific industries and services (c).</p> <p>3-5 Develop training materials for upgrading women's technical skills (d).</p> <p>3-6 Develop a nation-wide directory of women entrepreneurs (e).</p> <p>3-7 Develop a list of experts who provide advice in their respective fields <initially 25 experts> (f).</p> <p>3-8 Prepare Terms of References (TOR) and develop management manuals for help desks and career development desks (g).</p> <p>3-9 Train SMEDA staff members, including regional business coordinators, on how to conduct and monitor above-mentioned activities.</p> <p>4. Universities' capacity on delivering information and guidance to female students on their career choices is improved.</p> <p>4-1 Map different services needed at each university.</p> <p>4-2 Conduct training for staff members of career development desks <10 universities>. (c, e, g) .</p> <p>4-3 Support universities in organizing job fairs by establishing linkages between CDDs and WCCIs/CCIs.</p> <p>4-4 Support universities in developing course modules and materials for women entrepreneurship.</p> <p>4-5 Support universities in conducting women entrepreneurship seminars (a, b).</p> <p>5. Technical/vocational training schools 'capacity in preparing female students to join the workforce is improved.</p> <p>5-1 Identify the areas of improvement in the courses of technical/vocational training schools in promoting women entrepreneurship and make recommendations.</p> <p>5-2 Train trainers on how to teach women entrepreneurship using Tool (a).</p> <p>6. WCCI/CCI's support for women entrepreneurs is improved <12 help desks>.</p> <p>6-1 Conduct training for staff members of help desks (c, e, f, g).</p> <p>6-2 Train local consultants to conduct training/seminars for members of WCCIs and CCIs using Tools (a), (b) and (d) .</p>	<p>Pakistan side</p> <p>1. SMEDA</p> <ul style="list-style-type: none"> - Counterpart personnel, office space 2. Universities/CCIs/WCCIs - Space and personnel for career development desks/help desks 3. Budget allocation - Salaries of Pakistani side staff <p>Japanese side</p> <p>1. Long-term experts</p> <ul style="list-style-type: none"> - Chief Adviser/ strategic planning -Enterprise development - Human resource development <p>2. Short-term experts</p> <ul style="list-style-type: none"> - Management of pre-feasibility studies - Compilation of success stories - Developing a video documentary - Specific fields (e.g. product development, quality control, and marketing): upon necessity <p>3. Equipment</p> <ul style="list-style-type: none"> - Personal computers - Printers - Other office supplies <p>4. Training in Japan or in the third countries</p> <p>5. Salaries of project support staff and local consultants</p>	<p>1. At least four (4) staff will be allocated to the Women Entrepreneurship Development Cell at SMEDA for the project .</p> <p>2. The relevant organizations agreed to join the WEP Committee.</p>

Attachment 3: Project Structure

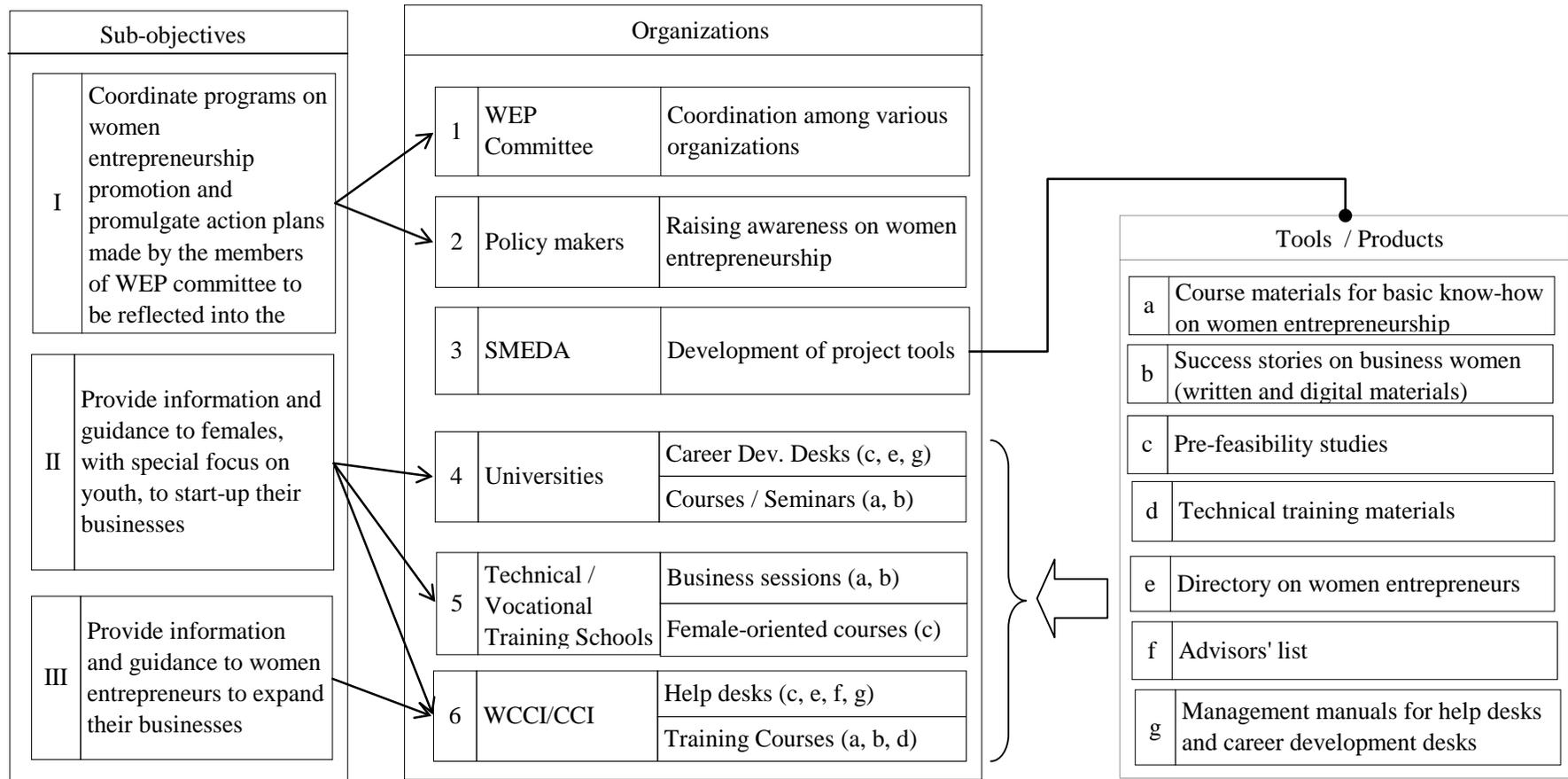


* See Attachment 4 for the list of WEP Committee's members.

Attachment 4: Women Entrepreneurship Promotion (WEP) Committee Member List

1. Ministry of Industry and Production (Chair)
2. Ministry of Women Development
3. Ministry of Commerce
4. Ministry of Labour and Manpower
5. Ministry of Youth Affairs
6. Planning Commission
7. Higher Education Commission
8. Federal Board of Revenues
9. Pakistan Customs
10. Trade Development Authority of Pakistan (TDAP)
11. Technical Education & Vocational Training Authority (TEVTA)
12. National Vocational & Technical Education Commission (NAVTEC)
13. Social Welfare and Women Development Department (Balochistan)
14. Social Welfare and Women Development Department (Khyber-Pakhtunkhwa)
15. Social Welfare and Women Development Department (Punjab)
16. Social Welfare and Women Development Department (Sindh)
17. Federation of Pakistan Chambers of Commerce & Industry
18. Women Chambers of Commerce and Industry
19. Interagency Gender & Development Group (INGAD)
20. KASHF Foundation
21. First Women Bank Limited

Attachment 5: Project Concept



B-3 Productivity Improvement Programme (PIP) for Industrial Sector

(as of 11 November, 2010)

1. Project Title: Energy Efficiency Management Programme (EEMP) for Industrial Sector in Pakistan

2. Background of the Project

The manufacturing industry in Pakistan is mostly labor intensive with a low level of automation having high defect rates and low efficiency levels. As a result, it is facing serious problems to sustain its share in the global market causing unemployment in different major industrial sectors. The situation is worsening due to current energy shortfall. The increasing input costs and decreasing profit margins is causing threats to manufacturing concerns; especially the survival of Small and Medium Enterprises (SMEs) is becoming difficult day by day.

The manufacturing sector of Pakistan has been recognized as a main engine of economic growth. In order to achieve the GDP growth rate of 4.5 % targeted by Planning Commission of Pakistan, the manufacturing sector must grow at a rate of about 6 %. An increase in competitiveness of the industrial sector especially good performance in export markets is therefore crucial for the national economy. Presently, the manufacturing sector is in dire need of productivity improvement at mass level along with capacity building of all stakeholders in order to improve the existing production systems of all major industrial sectors.

Keeping in view the importance of productivity, SMEDA and JICA (Japan International Cooperation Agency) initiated an Industry Support Programme in Pakistan in 2004 to provide technical guidance to various industrial sectors through Japanese Experts. Textiles and Auto parts sectors being the major contributor to economy have been targeted under the project. Approximately 260 factories in these sectors have received the direct benefit of this programme across country (Annex. I). Feedback from stakeholders testifies achievement of significant improvements in the areas of productivity, skill up-gradation at middle management level, decreasing rejections, material handling and space utilization. As a result, a cultural change of “Continuous Improvement” has been observed in the beneficiary units.

In order to promote the Industry Support Programme, an Industry Support Cell (ISC) has been established at SMEDA. ISC comprises of professionals, who have worked closely with Japanese Experts and acquired a first hand knowledge and technical expertise. In the absence of Japanese Experts, ISC team perform follow-up activities, provides technical guidance / consultancy services to different industrial units, but on a limited scale.

Since SMEDA–JICA Industry Support Programme has provided direct services to two major sectors so far, its outreach has been limited and thus impact of the activity has also been limited. Keeping in view the current challenges being faced by all major manufacturing sectors in Pakistan, SMEDA wants to broaden the scope of productivity improvement activities to SMEs of other labor intensive sectors and to increase the outreach by developing a pool of qualified consultants within country. Therefore, SMEDA is requesting

support from JICA for initiating a Productivity Improvement & Consultants' Development (PI&CD) Programme. The programme will aim at development of national consultants on Productivity Improvement and to develop a commercial market for these consultants in manufacturing sector(s).

3. **Outline of the Project**

(1) Overall Goal

The overall goal of the project is to enhance the manufacturing competitiveness of SMEs of major industrial sectors in Pakistan through application of Lean Manufacturing Techniques and make industry self sustaining by development of local capacities.

(2) Project Purpose

The proposed project is aimed at developing Pakistani national consultants' capacities on productivity improvement through trainings and creating a commercial consultancy market mechanism.

(3) Outputs

- Capacity development of a pool of national consultants to effectively drive productivity improvement initiatives in the major industrial sectors
- Enhanced awareness about the productivity improvement among local consultants and enterprises
- Creation of commercial consultancy mechanism on productivity improvement
- Implementation of Lean Manufacturing Techniques and reduction of manufacturing costs in model companies of at least four (4) industrial sectors. These sectors will be selected among the following potential sectors: food processing, light engineering, electrical fans, foundry, sports goods, sports wear, leather footwear, furniture, marble & granite, home appliances, utensils, plastics, steel re-rolling, chemicals etc.
- Capacity development of factory staff to improve the production systems
- Capacity develop of SMEDA team at Industry Support Cell
- Incorporation of productivity improvement content in their syllabus in selected academic institutions
- Compilation of best practices in the selected manufacturing sectors and preparation of standardized training modules / manuals

(Detailed Project Framework is attached as **Annex-I**)

(4) Project Activities

Year-1:

- (a) Field Survey for identification of four potential sectors both in Punjab and Sindh regions (at least 2 each from each region)
- (b) Awareness Seminars for key stakeholders (companies and national consultants) of two (Sector

I & Sector II) selected potential sectors in each region

- (c) Selection of national consultants in both regions (at least 16 consultants will be trained in one year)
- (d) Training of national consultants
 - Theoretical/class room Training (two weeks)
 - On the Job Training under JICA Experts' guidance (two cycles of three-months training/implementation at selected industrial units)
 - Consultancy exercise at selected industrial units under monitoring and guidance of JICA Experts and SMEDA team (three months)
- (e) Performance Evaluation of national consultants
- (f) Certification to national consultants on the basis of performance evaluation

Year-2:

- Activities (b) to (f) in Sector I & Sector II (as mentioned in Year-1) in each region
- Developments of course/modules for selected academic institutes
- Follow ups and impact analysis of activities conducted in year 1
- Compilation and dissemination of best practices derived from exercise in selected companies of each sector and development of training modules

Year -3:

- Activities (b) to (f) in Sector III & Sector IV(as mentioned in Year-1 for Sector I & Sector II) in each region
- Follow ups and impact analysis of activities conducted in year 1 – 2

Year -4:

- Activities (b) to (f) in Sector III & Sector IV (as mentioned in Year-1 for Sector I & Sector II)
- Follow ups and impact analysis of activities conducted in year 1 – 3
- Compilation and dissemination of best practices derived from exercise in selected companies of each sector and development of training modules

(Detailed Project Framework and Process Flow are attached as **Annex-II & Annex-III**)

(5) Input from the Recipient Government

- (a) Counterpart Personnel
 - Four Professional Engineers (two each at Lahore and Karachi) as counterparts from

SMEDA, who will be assigned to JICA project

- Additional staff will be assigned by SMEDA, if required

(b) An appropriate office space for project team at SMEDA (Lahore and Karachi)

(c) Japanese language interpreters (upon necessity)

(6) Input from the Japanese Government

(a) Dispatch of one Team Leader / Capacity Development Expert

- Must have a degree in production management / business administration or an area related to SME development
- At least 15 years' professional experience in institutional capacity building for SME development and relevant experience of project management

(b) Dispatch of four Productivity Experts (Hands on Knowledge on Lean Manufacturing)

- Must have degree in industrial or mechanical engineering
- At least 15 years' professional experience in Japanese Production Management Systems in the following areas:
 - Implementation of lean principles and concepts like continuous flow, pull systems, SMED, mistake proofing and Visual Controls throughout the value chain and across labor intensive and complex manufacturing environments
 - Use value stream maps to identify waste and complexity in processes
 - Coach people from the shop floor to management on Lean / Best Practices enabling them to deploy and sustain productivity improvement techniques
 - Improve the financial key performance indicators and the quality performance of a plant and reduces process variable and reduction in lead times

(c) Dispatch of one productivity Expert (short term) to be engaged in academic syllabus development for modules of production management and preparing best practices reports manuals/publications etc.

(d) Overseas (Japan and 3rd countries) trainings to enable SMEDA staff of Industry Support Cell to be exposed to good practices in foreign countries and to enhance their knowledge on productivity improvement

(e) Equipment:

- Four (4) sets of Video Cameras (Two sets each for Lahore and Karachi)
- Four (4) sets of Digital Cameras (Two sets each for Lahore and Karachi)
- Twenty Four (24) sets of Stop Watches (Twelve sets each for Lahore and Karachi)

(f) Logistic support in terms of traveling, field activities etc.

Remarks:

- Salaries of national consultants will be covered from the consultancy fees collected by

SMEDA from beneficiary companies

4. Implementation Schedule

From April 2011 to March 2015 (4 years)

5. Implementing Agency

Industry Support Cell, Small and Medium Enterprises Development Authority (SMEDA), Ministry of Industries and Production, Government of Pakistan.

6. Related Activities

SMEDA – JICA Industry Support Programme through JICA Senior Volunteers / Experts. Detailed information is attached in Annex-I.

7. Gender Consideration

N/A

8. Environmental and Social Considerations

Refer to attached Screening Format

9. Beneficiaries

The project will provide direct benefit to 128 factories of four major industrial sectors and capacity building of 64 national consultants along with training of about 400 industrial professionals in factories, associations and different industrial clusters.

10. Security Conditions

Japanese experts will be requested to work only in the areas where security clearance is given from JICA Pakistan Office.

Annex-I

Assisted Units by ISC (for Productivity/Quality Improvement)

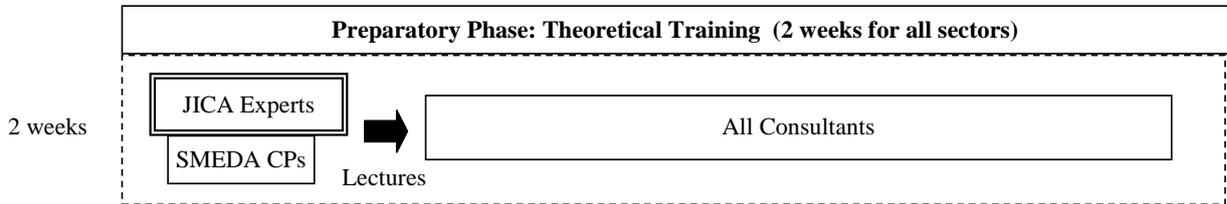
Sector	By JICA Experts and ISC Team		By Other Foreign Experts (SES,APO,GTZ etc) and ISC Team		By Local Experts and ISC Team		By ISC Team Only		Total	Remarks
	Punjab	Sindh	Punjab	Sindh	Punjab	Sindh	Punjab	Sindh		
Spinning	23	10	3		6				42	
Weaving	26	15							41	
Knitting	20	10					6		36	
Garments	34	23	1		6		2		66	
Auto Parts	34	24		6			4	4	72	
Furniture	1		4						5	
Food		2							2	
Fan	1								1	
Forging	1								1	
Foundry	3				2				5	
Chemical		1							1	QC only
Total	143	85	8	6	14	0	12	4	272	
Grand Total	228		14		14		16		272	

Punjab	177
Sindh	95

Note: Local experts were attached to ISC Team when their specific process improvement skills were required.

Annex-II

Productivity Improvement Program for Industrial Sector in Pakistan
Framework for Capacity Building of National Consultants



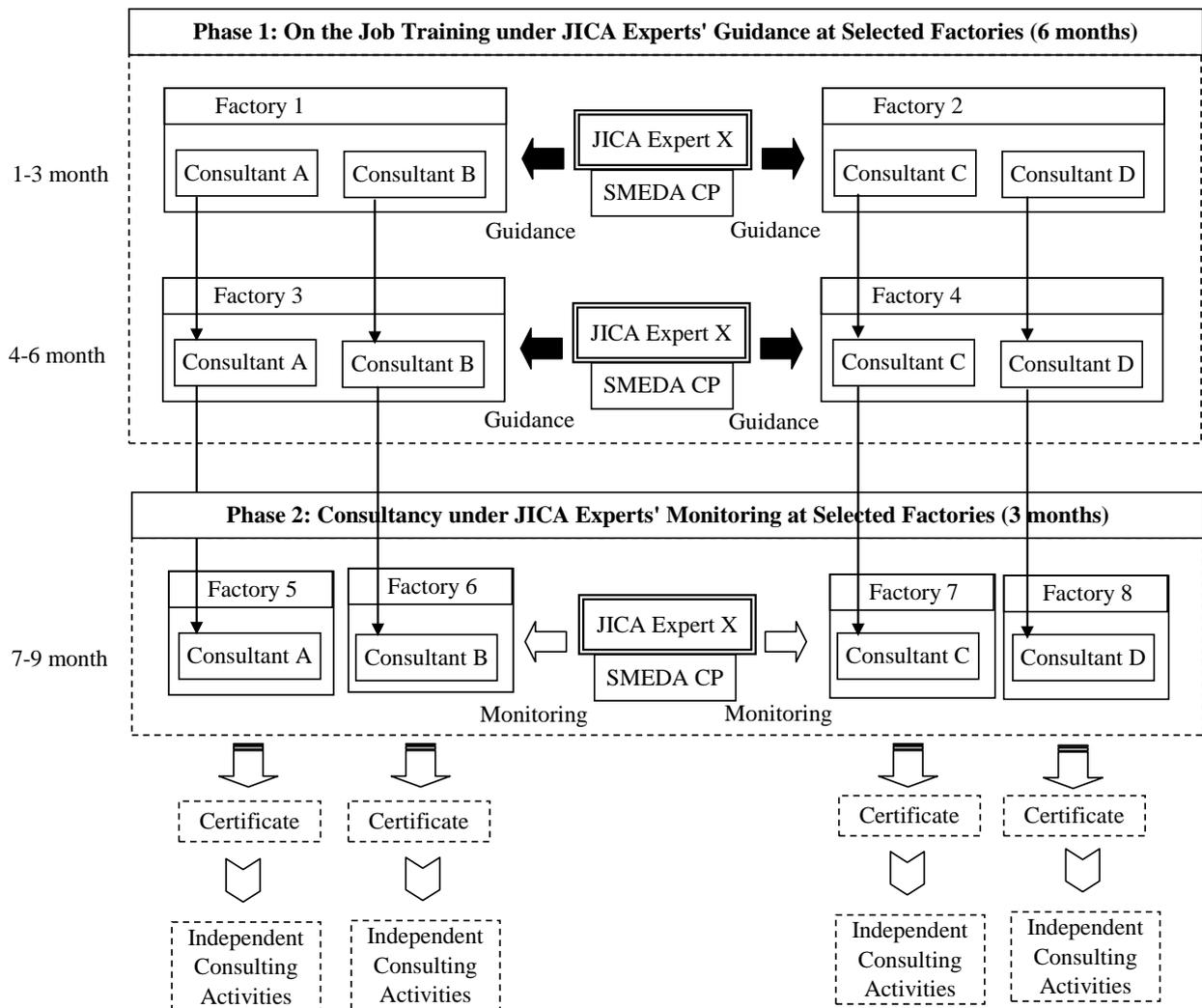
Phase 1 & 2 for "Sector X" (9 months in total):

Instruction and monitoring by 1 JICA expert

Capacity building of 4 national consultants and 1 to 2 SMEDA counterpart personnel

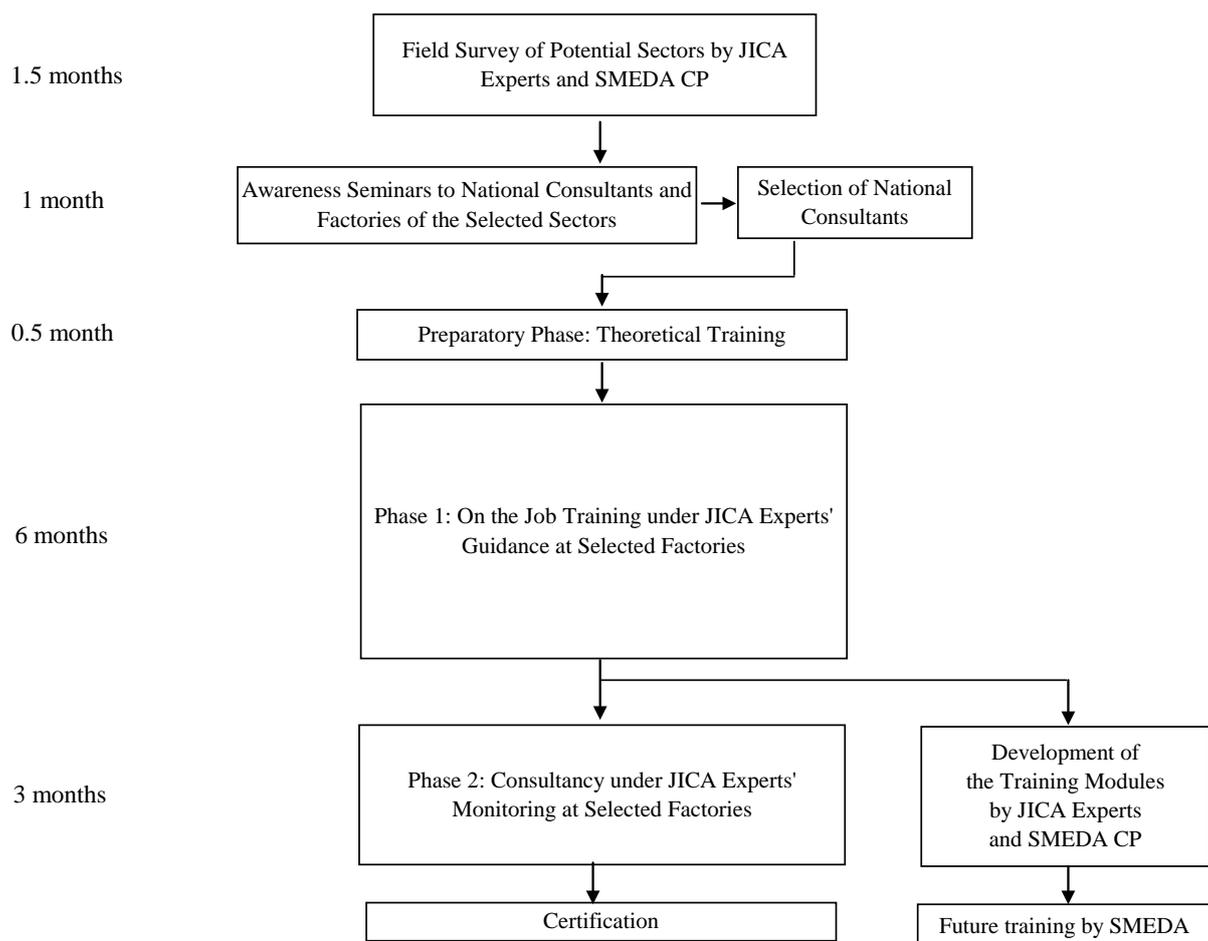
Productivity improvement for 8 factories

(4 factories under the guidance of JICA Expert and 4 companies by national consultants in one sector in one year)



Annex-III

Productivity Improvement Program for Industrial Sector in Pakistan
Overall Process Flow



B-4 Project for the Strengthening of Legal Services to SMEs

(as of 11 November, 2010)

1. **Project Title:** Project for the Strengthening of Legal Services to SMEs in Pakistan

2. Background of the Project

Starting or managing a business in Pakistan requires compliance to various legal requirements. Whether it is formation of a business entity i.e. company, partnership or sole proprietorship, licensing to start a particular business, entering into business deals with clients/partners, hiring, firing or managing the employees or of selling or acquiring a particular business, an entrepreneur has to go through the requisite legal formalities. An effective compliance of legal obligations will indeed be instrumental in business development of entrepreneurs. Yet, due to the Federal / Provincial / local governments' inaptitude and limited capacity to publicize and deliver information about legal requirements, only a business with awareness and or understanding of legal requirements and having appropriate access to expert legal advice/assistance can aptly follow the legal obligations.

Keeping in mind the importance and need to facilitate and encourage SMEs to utilize legal support services, Legal Services Cell (LSC) was set up within SMEDA in 2004. LSC is mandated to initiate programs for improving access to legal services to SMEs, apart from creating awareness about different legal procedures & processes affecting businesses.

For improving access to expert legal services/advice to SMEs, LSC has set up panels of Legal Service Providers (LSPs) at various locations at all four provinces throughout the country (Please refer to list at annexure for details). These panels comprise of private law firms and individual legal service providers who apply and are selected on the basis of an established criteria. A service provision agreement is executed between SMEDA and the selected LSP. Panel member LSPs are entitled to receive referrals of walk in SMEs visiting SMEDA offices. In addition, their services are also utilized for raising awareness about different legal and regulatory matters, amongst SMEs.

To take this process further niche markets are being developed for these LSPs for not only creating better business development opportunities for them, but also ensuring availability of legal support to SMEs at the grass root level. Accordingly, Third Party Facilitation Centers (TPFCs), in partnership with Trade Associations, are established at the offices of Trade Bodies/Associations to facilitate access to legal services to the members of such associations. A panel LSP weekly visits the center to advise the association members on legal matters. The Center is also used for organizing awareness programs for SMEs by the panel LSPs. Pilot TPFCs were set up in Peshawar and Quetta, which had to shut down due to worsening law and order situation there. Two such centers are, however, at present functioning at Karachi in collaboration with two different associations namely Korangi Association of Trade & Industry (established since June 2009) & Federal B Area Association of Trade & industry (established since July 2010). Each of these centers is heavily utilized by association members, significantly contributing to smooth operation of businesses. Thematic diagram at annexure B will explain the functioning of a TPFC.

Following encouraging response in TPFC operations at the mentioned locations, SMEDA intends to replicate the facility at other locations as well, in particular the smaller cities. However, notwithstanding the TPFC successes, a dire need has been felt to improve the LSPs' professional understanding and skills about business related laws and regulations, increase products and services diversity and their ability to market their products & services as well as client relationship management techniques.

With this background, this project is being proposed to improve the professional and marketing capacities of legal service providers and to strengthen SMEDA's capacity to better utilize and manage these LSP panels for effective and consistent service delivery to SMEs.

3. Outline of the Project

(1) Overall Goal

The overall goal of the project is to provide conducive environment for SMEs to grow by improving their accessibility to quality legal services.

(2) Project Purpose

The Project aims at developing a resource pool of expert business legal advisors who can cater to SMEs' needs in fulfilling legal requirements in conducting businesses, as well as strengthening SMEDA's capacity to facilitate legal support to SMEs. The Project shall be effective in enhancing the capacity of the legal service providers to deliver and expand their quality services, besides improving their selling capacities

(3) Project Outputs and Activities

Output 1: LSPs' professional capacity/skills increased:

Activities:

(a) Need assessment

Annexure A will explain capacity building requirements of LSPs identified via periodic interactions with the LSPs on SMEDA panels and information requirements of walk in SMEs at SMEDA Helpdesks & Regional Business Coordinators (RBCs). (An RBC is a SMEDA employee sitting at Chamber of Commerce & industry and works as liaison officer between chamber, business in that region and SMEDA offices. At present SMEDA has RBCs at 20 locations) In addition a survey conducted on panel LSPs to assess the training needs regarding legal requirements for registration & enforcement processes for intellectual property right protection may also be helpful to begin with. Survey report is annexure C. However, in order to document the training needs a structured demand estimation exercise shall be carried out to identify the areas of expertise and associated practice behaviors with reference to which the LSPs are deficient and therefore require capacity building. The survey shall also be valuable in determining newer subjects which the LSPs need to be acquainted with reference to the provision of

services to SMEs.

(b) Development of training modules

In accordance with the feedback received pursuant to the survey, training modules including computer based training for enhancing/strengthening the capacities of the LSPs in the identified fields shall be developed.

(c) Implementation of TOT

Training of trainers shall be held at each region/province to produce local certified resources that could be utilized to build capacities of legal service providers.

(d) Training replication programs

Following TOT a series of replication programs shall be designed and implemented across the regions in line with the demand estimation.

(e) Information facilitation

Professional skills enhancement programs shall be supplemented with provision and facilitation of latest information on national as well as international laws and regulations affecting businesses such as tax notifications, import export procedures, standardization requirements, international conventions/protocols, business licensing/franchising procedures etc. For this purpose, an e-information repository shall be constituted within SMEDA and made accessible to SMEDA LSPs.

(f) Product development support

As an additional measure to enhance the professional capacity of the LSPs, ready to use products such as commercial contract templates shall be prepared and disseminated amongst the LSPs. Although SMEDA has developed several business contract templates and made to available through SMEDA website, the number is insufficient, over a period of more than two years, the variety is insufficient in view of the numerous b2b transactional natures. Under the project, apart from quality assurance of existing templates, new templates will be developed by expert consultants and disseminated amongst service providers.

Output 2: SMEDA's capacity to manage & utilize LSP panels strengthened.

Activities:

(a) Review of existing LSP panel formation & utilization process

Existing LSP panel formation and utilization process shall be reviewed recommendations for improvements therein in line with the international best practices shall be documented and implemented.

(b) Capacity building of SMEDA staff

Capacities of SMEDA Legal Services Cell staff shall be enhanced through national and international trainings in project design and management, planning & facilitation of service delivery as well as networking & coordination between SMEDA, business & LSP for better utilization of LSP panels in provision of legal services to SMEs.

(c) System Development

A performance management system along with certification/rating system for Panel LSPs shall be developed to oversee the service delivery standards. Apart from that walk insns referral and monitoring system shall be studies and strengthened.

Output 3: LSP's capacity to market/sell service enhanced

Activities:

(a) Need Assessment

A structured survey to assess LSPs' marketing needs, client relationship management techniques and networking requirements with other services shall be identified. This study will be helpful in identifying and improving LSPs' business development technique which can supplement their professional/technical skills.

(b) Training Module & implementation of TOT

Based on assessed requirement training module shall be developed and TOT implemented at the regional locations.

(c) Training replication

Training programs shall be replicated across the regions through local resources trained through TOTs.

(d) Website

With the growth of information technology the internet has become a vital tool for advertising especially for target audience. Therefore a website shall be developed to direct the LSPs towards this end, with the website elaborating on region wise LSPs profiles and relevant information. The website shall also be utilized in creating synergies among LSPs with varying service profiles.

Output 4: Business development opportunities created for LSPs

Activities:

(a) Replication of TPFCs

TPFCs shall be replicated at other locations across the board and LSPs trained under this project shall

be utilized for service delivery at these centers. This will result in their wider representation and market presence and effective outreach to target beneficiaries.

(b) Awareness Seminars

Awareness seminars on different legal matters shall be organized for SMEs. Trained LSPs shall be utilized as resource persons for these seminars thus giving them an exposure before the business community.

(c) Business to LSP Matchmaking

SME walk-ins visiting SMEDA offices and interested in practical legal help shall be referred to the relevant panel LSPs. Business to LSP matchmaking facility shall also be made available via the online.

(5) Input from the Recipient Government

(a) Counterpart Personnel

- SMEDA Legal services teams at regions and head office, who will be assigned to JICA project
- Additional staff will be assigned by SMEDA, if required

(b) An appropriate office space for project team at SMEDA

(6) Input from the Japanese Government

(a) Dispatch of one Team Leader / Capacity Development Expert

(b) Dispatch of one Project management Specialist

(c) Overseas (Japan and 3rd countries) trainings to enable SMEDA staff of Legal Services Cell to be exposed to good practices in foreign countries and to enhance their knowledge on project management and capacity building programs

(d) Equipment:

Sr. No.	Item	Quantity
1	Laptop	7
2	Multimedia	1
3	Screen for Multimedia	1
4	Printer	1
5	Public Address System	1

(e) Logistic support in terms of traveling, field activities etc

(f) National Consultants

4. Implementation Schedule

Following the approval of the Project Proposal, the duration of the Project shall be a period of three years i.e. from Dec 2010-Dec 2013.

5. Beneficiaries

The project will directly benefit approximately 250 legal service providers who are on SMEDA panels at present.

Annexure A

Scope of Legal BDS requirements viz-a-viz businesses & Training needs of SMEs

Phase	Service requirements	BDS Capacity requirements for LSP
Preparatory	<p>Advice on:</p> <ol style="list-style-type: none"> i. Available business structures / forms i.e. company, partnership, sole proprietorship ii. Registration requirements, fees and procedures to form company, partnership, sole proprietorship iii. Taxation/exemptions iv. Difference between company, partnership & sole proprietorship & suitability to adopt a particular model 	<p>1 Knowledge & understanding about:</p> <ul style="list-style-type: none"> • Limited liability • Private & public limited companies • Partnerships • Sole proprietorship • Incorporation /registration Procedures • Applicable taxation on all three modes
Startup	<p>Legal help on:</p> <ol style="list-style-type: none"> i. Company registration with SECP ii. Partnership registration with registrar of firms iii. Licensing to operate from local/provincial & federal authorities iv. Registration with labor, income & sales tax departments v. Registration with chambers 	<p>Knowledge and understanding about:</p> <ul style="list-style-type: none"> • authorities applicable procedures, requisite documents and fees for registration • Licensing requirements, authorities, procedures, documents & fees • Processes for registration & de-registration with income & sales tax, central excise & customs departments • Procedure for membership of chamber
Operation	<p>Legal assistance for:</p> <ol style="list-style-type: none"> a) Documentation including: <ol style="list-style-type: none"> i. B2b contracting ii. Employee service rules, regulations & policies iii. Employee relationship management iv. Employee benefit investment scheme/institutions v. Import/export vi. Website terms of use & privacy policy vii. Business acquisitions & transfers viii. Procurement SOPs b) Compliance under: 	<p>Knowledge & understanding about:</p> <ul style="list-style-type: none"> • Contracting • Labor laws & regulations • Gratuity & provident fund requirements & processes • Import export documentation • Mergers rules and procedures • Company law compliance requirements • Compliance requirements under labor laws • Compliance requirements under taxation laws • Experience to sue and defend

	<ul style="list-style-type: none"> i. Companies Ordinance, 1984 for companies ii. Partnership Act, 1932 for firms iii. Labor laws for all businesses having more than 5 workers iv. Income/sales tax/excise/customs laws v. Renewal of licenses <p>c) Litigation by and against:</p> <ul style="list-style-type: none"> i. Business partners/clients ii. Business regulators iii. Creditors iv. Employees v. Contractors 	<p>commercial, banking and labor laws</p> <ul style="list-style-type: none"> • Alternate dispute resolution process e.g. arbitration & mediation
<p>Winding UP</p>	<p>Advice & assistance on:</p> <ul style="list-style-type: none"> i. Sale of business/shares ii. Mergers & acquisitions iii. Legal auditing iv. Court petitions v. Liability assessment/transfer 	<p>2 Knowledge & understanding about:</p> <ul style="list-style-type: none"> • Contract negotiation • Auditing of mortgages and other securities • Winding up procedures under company and partnership law

Annexure B

**Need Assessment Survey For
WIPO – SMEDA Training of
Trainers Program On IPRs**

Final Report

Date: 21-12-2009

Prepared By: Legal Services (B&SDS) SMEDA

Table of Contents

- 1- Background**
- 2- Development of Survey Instrument**
- 3- Administration / Circulation of Survey Instrument**
- 4- Data Collection And Compilation**
- 5- Data Analysis**
- 6- Conclusion**

1-Background

Intellectual Property (IP) is critical for competitive economy in the back drop of ongoing globalization. Sustainable economic growth now depends largely on Hi-tech R&D base and efficient knowledge input. The new concept of IP based nation is gaining ground because it is Intellectual Property which enables technology creation and technology transfer by providing the necessary enabling environment.

In any strategy to encourage and facilitate IP protection, amongst other mechanisms, strengthening of service providers will invariably be indispensable to ensure access to expert services for IP protection. In Pakistan, however there appears a dearth of trained Service experts in the field of IPRs. This shortage of experts can be attributed mainly to the meek demand due to the low level of awareness about IP among SMEs. A process to produce certified trainers who can impart training to potential legal service providers / IP practitioners, conduct awareness programs for SMEs, may prove as a catalyst in improving the situation concerning IP promotion and protection in Pakistan.

With this background, World Intellectual Property Organization (WIPO) showed its desire to conduct five days Training of Trainers programs for legal service providers in Pakistan, in collaboration with SMEDA. However, before conducting the training program, it was deemed appropriate that a demand estimation survey should be conducted to assess the need as well as availability of Service Providers / IP practitioners for the proposed duration of the training.

2-Development of Survey Instrument

A survey instrument, containing all the basic questions concerning need, duration, fee structure and specific areas of interest in IP, in which potential Service Providers / IP Practitioners will be interested in getting training, was prepared by Legal Services.

The survey instrument was then circulated amongst the stakeholders, within SMEDA i.e., SMEDA Regional Offices, Policy & Planning and Training Departments at SMEDA Head Office for their valuable inputs and comments. The input received from these stakeholders was incorporated in the final draft of survey instrument.

3-Survey Instrument Administration

The administration / circulation of survey instrument was made through SMEDA Regional Offices i.e., Punjab, Sindh, Baluchistan and NWFP. SMEDA has developed the Panels of Legal Service Providers in all the four regions to facilitate access to legal services to SMEs. Being the primary target audience, survey instrument was distributed amongst the Panel of Legal Service Providers, through SMEDA Legal Services Officers in all the four regions.

4-Data Collection and Compilation

The survey instrument was sent to Panels of Legal Service Providers existing in all major cities e.g. Karachi, Hyderabad, Lahore, Peshawar and Quetta. Total 165 survey forms were distributed. A total of 69 respondents (42%) returned the

completely filled survey instrument. The data received was collected and collated region wise by the Legal Services department at SMEDA Head Office. The response is shown in the following tabulated form.

Total Forms Distributed	Total Response
165	69

5-Data Analysis

Following is the compiled regional statistics of the need assessment survey:

Questions	Options	Baluchistan	Sindh	NWFP	Punjab	Total	%
Q2*	Yes	6	3	5	14	28	42%
	No	6	8	13	14	41	68%
Q3*	Yes	12	10	18	27	67	97%
	No	0	1	0	1	2	3%
Q4*	Yes						
	500	12	2	10	9	33	48%
	1500	0	1	0	1	2	3%
	2000	0	0	0	3	3	4%
	No	0	8	8	15	31	45%
Q5*	3 Days	0	8	10	12	30	43%
	5 Days	12	2	6	2	22	31%
	Others	0	1	2	14	17	26%
Q6*	Trade Marks	12	6	16	26	60	86%
	Copy Rights	12	8	15	24	59	85%
	Patent	12	4	12	23	51	74%
	Geographical Indications	12	1	11	6	30	44%
	Industrial Designs	12	2	8	9	31	45%
	Others	0	0	6	1	7	10%

Q2*: Have you ever served SMEs for any IPR?

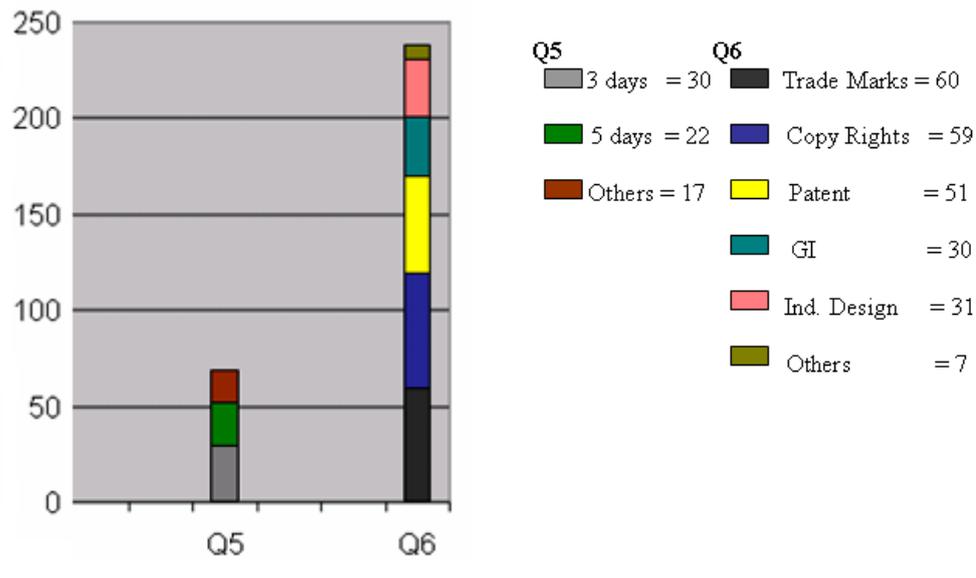
Q3*: Would you be interested in getting training on IPRs?

Q4*: Would you pay the participation fee for training program/workshop/seminar? If yes how much?

Q5*: For which duration you would be able to attend the training program/workshop/seminar?

Q6*: In which IPR law you would be interested to get the training?

The graph below shows that more service providers are interested in getting three days training program instead of five days. The IPR areas in which the service providers are mostly interested in getting training are Copy Rights, Patents and Trade Marks.



6-Conclusion

The conclusion is based upon the results of Survey instrument, from all four regions:

- Three days program(s) for the training of trainers would be most suitable and convenient for the service providers to attend.
- Trademarks, Copy Rights and Patents are the areas where the legal service providers are more interested for the training purposes.
- The Fee should not cross the 500 rupees as the most legal service providers are ready to pay this amount for the training program.

B-5 SME Training of Trainers (TOT) in Pakistan

(as of 15 November, 2010)

1. Project Title: SME Training of Trainers (TOT) in Pakistan

2. Background of the Project

Pakistan's economy, particularly the SME sector is facing a number of challenges. The Government of Pakistan is considering the development and promotion of SME sphere as one of priorities for economic development. SMEDA on behalf of the Government of Pakistan worked out the SME development policy and sector strategies and prepared the framework related to developing the SMEs. However, the human resources engaged in providing BDS to SMEs are not of required competency level, and require to be provided with opportunities of the training.

At present SMEDA aims at direct provision of training services to SMEs as well as building capacity of trainers & consultants through TOT Programs. By putting more focus on such TOT Programs, SMEDA will be able to change the paradigm of the vicious circle of training services offering small fee programs but low quality. Through the proposed TOT, SMEDA will be able to transform the current BDS to more attractive and more effective ones.

In view of the recommendations of various sector strategy groups, the need for Human Resource Development (HRD) has been highlighted as is one of the most important steps required. Although SMEDA being apex agency responsible for development and promotion of SMEs is taking various measures, particularly for training human resources of SMEs in Pakistan, its outreach is limited due to its budget constraints. On the other hand, a number of trainers and consultants offer training services and other Business Development Services (BDS) to the SMEs; however their service quality is not high enough to attract many customers and thus, their impact on the society is insignificant. Therefore in order to enable SMEs to have access to good quality training and other BDS, it is imperative that the capacity of trainers & consultants be developed to cope with the ever increasing demand of SMEs.

3. Outline of the Project

(1) Overall Goal

The overall goal of the project is to provide conducive environment for SMEs to grow by improving their accessibility to quality training services.

(2) Project Purpose

This project is aimed at developing human resources of business development service (BDS) providers including the trainers and consultants in Pakistan along with improving the capacity of the human resources in SMEDA. This will help in enhancing the competitiveness of SMEs

(3) Outputs

- Development of training curriculum (SMEs and TOT) according to the needs
- Development of capacity of BDS providers including trainers and consultants
- Development of capacity of relevant SMEDA Officials

(4) Project Activities

- Review existing teaching materials and practices of SMEDA’s training courses (marketing, small business management, accounting and financial management, human resource management, etc.) to identify the improvement needs
- Discuss with SMEs and BDS providers to understand the specific needs for training
- Collect information on best practices in other countries and obtain training materials to be referred to in formulating new curriculum
- Develop training curriculum, including teaching materials, for SMEs and trainers
- Conduct TOT
- Monitor training activities conducted by the trained trainers

(5) Input from the Recipient Government

(a) Counterpart Personnel

- Manager Training Services along with two other SMEDA officials will be counterparts from SMEDA.
- Additional staff will be assigned from SMEDA, if required.

(b) An appropriate office space for project team at SMEDA (Lahore and Karachi)

(6) Input from the Japanese Government

(a) Dispatch of one Experts

- One Expert for overall project coordination and other experts in the following areas.
 - Marketing
 - Small Business Management in Global Environment
 - Accounting & Financial Management
 - Human Resource Management
 - Others, upon the agreement between both parties/ sides.

(b) Provision of Equipment:

Sr. No.	Item	Quantity
1	Laptop	3
2	Multimedia	1
3	Screen for Multimedia	1
4	Printer	1
5	Public Address System	1

(c) **Training of Pakistani Personnel in Japan**

Overseas (Japan and 3rd countries) trainings to enable SMEDA staff and BDS providers of relevant fields to be exposed to good practices in foreign countries and to enhance their knowledge.

4. Implementation Schedule

From April 2012 to May 2015

5. Implementing Agency

Small and Medium Enterprises Development Authority (SMEDA), Ministry of Industries and Production, Government of Pakistan.

6. Related Activities

None

7. Gender Consideration

N/A

8. Environmental and Social Considerations

The implementation will have no negative impacts from environmental and social considerations.

9. Beneficiaries

It is envisaged that the project will provide direct benefit to 240 persons for improving their capacity through TOT. SMEs in turn will be indirect beneficiaries on getting better services from the trained persons.

10. Security Conditions

Japanese experts will be requested to work only in the areas where security clearance is given from JICA Pakistan Office.