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REPORT ON EVALUATION OF THE COMPETITIVENESS SUPPORT FUND, PAKISTAN

MAY 2008

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REPORT ON EVALUATION OF THE COMPETITIVENESS SUPPORT FUND, PAKISTAN



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Pakistan Economic Growth Evaluation and Design

DISCLAIMER

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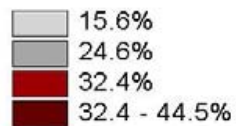
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PROJECT SUMMARY

Project Name	Competitiveness Support Fund
Life of the Project (LOP)	March 2006 to December 2008
Project Location	Nationwide
Implementing Partner	Ministry of Finance
Activity Number	391-G-00-06-01073
Type of Activity	Limited Scope Grant Agreement (LSGA)
Budget	USAID Share: US\$ 11.8m (for 3 years) GoP Share: US\$ 25.0m (for 5 years) Total: US\$ 36.8m



Incidence of Poverty



Data from "Poverty in Pakistan: Vulnerabilities, Social Gaps, and Rural Dynamics"
A World Bank Poverty Assessment -2002

ACRONYMS

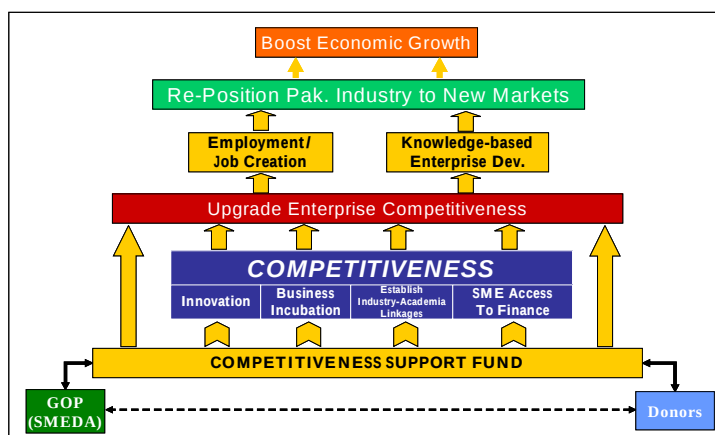
ADB	Asian Development Bank
BOI	Board of Investment
CEO	Chief Executive Officer
CSF	Competitiveness Support Fund
EG	Economic Growth
GoP	Government of Pakistan
GTA	Getting to Answers (matrix)
HEC	Higher Education Council
KFH	Karachi Fisheries Harbor
LSGA	Limited Scope Grant Agreement
LUMS	Lahore University of Management Sciences
M&E	Monitoring and Evaluation
MOF	Ministry of Finance
MOI	Ministry of Industries, Production, and Special Initiatives
NAVTEC	National Vocational and Technical Education Commission
ODC	Other direct cost
PEGED	Pakistan Economic Growth Evaluation and Design (Project)
PARC	Pakistan Agricultural Research Council
PBC	Pakistan Business Council
PISDAC	Pakistan Initiative for Strategic Development and Competitiveness (Project)
PM	Prime Minister
SEZ	Special Economic Zone
R&D	Research and Development
SME	Small and Medium Enterprise
SMEDA	Small and Medium Enterprise Development Authority
SWOG	Strategy Working Group
TCI	The Competitiveness Institute
USAID	United States Agency for International Development
WEF	World Economic Forum

EXECUTIVE SUMMARY

Pakistan's economy has featured boom and bust episodes, with a significant downturn occurring during the period of the 1990s. This slowdown in economic growth was the key factor in increasing poverty during this period. In fiscal year 2001, the growth rate was below 2%.¹ A lack of competitiveness in international markets, low technology and labor productivity, and protected and inefficient manufacturing sectors led the list of causes.

Responding to these conditions, the United States Agency for International Development (USAID) signed a Limited Scope Grant Agreement (LSGA) with Pakistan's Ministry of Finance (MOF) in January 2006 to support an organization charged with supporting technology, innovation, and regulatory reform to increase the competitiveness of Pakistan's industries.

In 2007, USAID requested a mid-term evaluation of CSF to determine what it had achieved to date and where improvements could be made.



What did the project accomplish?

CSF has accomplished significant qualitative results and is on track to produce quantitative impact on the industries with which it is working. First and foremost, CSF has focused both the private sector and the Government of Pakistan (GOP) on the importance of competitiveness to achieving economic growth. CSF's policy studies have resulted in the GoP embracing competitiveness as a means to economic growth and poverty reduction.

CSF has been highly responsive in providing a range of technical assistance to GoP. As a result, the GoP allocated funds to implement recommendations from CSF's Action Plan for Karachi Fisheries Harbor (KFH), Action Plan for the Horticulture Industry, and Action Plan for the Motorcycle Industry as follows:

- ❖ \$10 million for KFH (\$8 million from the national government and \$2 million from the Government of Sindh). CSF is currently preparing a tender for overall management of KFH, a key Action Plan recommendation. The government approved \$2 million to fund CSF's technical assistance for the KFH restructuring.
- ❖ \$250,000 to develop a task force for horticulture, finance, and competitiveness.
- ❖ Reduction of the custom duty on completely built units (motorcycles) from 90% to 80% and the duty on completely knockdown units from 30% to 20-25%. The government also approved the provision of research and development funds of \$50 per motorcycle exported.

CSF's significant qualitative achievements include the following:

- ❖ Added competitiveness to Pakistan's Poverty Reduction Strategy II;
- ❖ Restructured and prepared an investment strategy for the Board of Investment; and
- ❖ Developed a Horticulture Task Force comprised of government, private sector, and academic representatives, which developed and financed a project to build a cold storage unit at Lahore airport.

¹ Jesus Felipe, "A Note on Competitiveness and Structural Transformation in Pakistan," ERD Working Paper No. 110, December 2007, pp. 2-3.

Sustainability

CSF's sustainability is highly likely because it is firmly entrenched in the GoP at both national and state levels. CSF's partners, Board, and beneficiaries are diverse, providing it with a firm foundation of support. However, it remains to be seen what will happen when a new government steps in and defines its priorities.

The key conclusions and recommendations emanating from CSF's evaluation are as follows:

Conclusions

1. CSF's design is consistent with the needs of its targeted beneficiaries, the GoP and producers.
2. CSF has contributed to a more competitive economy (Result 1). It has raised awareness of competitiveness, especially within the GoP, and set in motion both public and private initiatives to increase the competitiveness of Pakistan's industries.
3. According to the documentation we have, CSF has begun to support entrepreneur and private sector-led initiatives contributing to a knowledge-driven economy (Result 2) through its technical assistance relationships and approved matching grants.
4. As for CSF's objective, it is supporting the GoP to encourage a more competitive Pakistani economy.
5. CSF should be sustainable, based upon its solid GoP support and diverse Board membership. It lacks a sustainability plan, however.
6. Replication of CSF, either regionally in Pakistan or elsewhere, is certainly possible, and may be appropriate where there is a need for policy assistance, sector support, and enabling environment work to address a recognized economic problem stemming from lack of competitiveness.
7. CSF has not had any substantive impact on women, but gender considerations are neither in its agreement with USAID, nor in its contract with the GoP.
8. CSF's communications strategy has successfully attracted the media's focus on CSF and competitiveness.
9. CSF has been coordinating extensively with government institutions, some private sector organizations, international organizations, and with PISDAC.

Recommendations

1. CSF should create an M&E plan along the lines of USAID standards for Competitiveness projects and use it consistently as a planning and managing instrument. This plan need not be overly complicated or burdensome, but it is vital to effective project management.
2. To strengthen its second result, CSF could explore partnering with a technical, business, or engineering school. It could even think about linking technical/engineering/business students with potential and actual matching grant recipients to bring the latest knowledge to the field. USAID could support these activities by providing funds for a formal fellowship program or for other technical assistance to the matching grant recipients.
3. If cost-benefit analyses are important to USAID, the agency should provide technical and financial help to CSF to track both the quantitative results and impacts of its work, as well as corresponding expenditure data.
4. CSF should create a sustainability plan, with concrete steps and a timeline. USAID could support CSF's independence through funding for staff training, mentoring, and marketing to ensure that the organization is not dependent upon PC-1 funds, which require lengthy approvals and are due to expire in a couple of years.
5. If USAID places strong emphasis on gender equality, it should help CSF to build gender considerations into its selection and implementation of technical assistance projects.

SUMMARY EVALUATION REPORT²

INTRODUCTION

Traditionally, Pakistan's political and macro-economic instability had hindered the development of competitiveness-building initiatives. A weak legal framework led to conditions that included poor dialogue on policy and reform issues, lack of innovative approaches, lack of linkages between the academic community and industry, and slow commercialization of innovation.

Such broad economic constraints lead to unemployment and pay decreases, which contribute to poverty and a vicious downward economic cycle. According to the Asian Development Bank (ADB), in the 1990s, poverty in Pakistan increased significantly from 26.1% in 1991 to 32.1% in 2001. During 1990-2001, economic growth in Pakistan averaged only 3.7 percent and was less than that of most other countries in South Asia.

By 2004, Pakistan ranked in the bottom 15% of countries surveyed for the World Economic Forum's (WEF) Global Competitiveness Report, and placed 91 out of 104 countries measured in the Growth Competitiveness Index. Without the conditions and institutions that support enterprises' response to the challenges and opportunities of a global, knowledge-based economy, Pakistan cannot achieve meaningful job and income creation and sustained poverty alleviation.

The United States Agency for International Development (USAID) had been funding the Pakistan Initiative for Strategic Development and Competitiveness (PISDAC) project, which had been working with a number of Sector Working Groups (SWOGs), composed of leaders from the private and public sectors, as well as academia, whose purpose is to develop strategies for expanding their sectors. These SWOGs determined that they could raise their industries' competitiveness by conducting pilot projects using new technologies and approaches. The Government of Pakistan (GoP) agreed to create a fund especially for these projects and to match a \$10 million USAID investment. Thus, the Competitiveness Support Fund (CSF) was created and funded through a Limited Scope Grant Agreement (LSGA) signed by USAID/Pakistan and Pakistan's Ministry of Finance (MOF).

USAID funded the Competitiveness Support Fund (CSF) to:

- a) Boost enterprise competitiveness based on strategy and innovation;
- b) Finance pilot projects to demonstrate the impact of improved strategy, technology, human resources, and management can have on profits;
- c) Support SME incubation and "knowledge-based enterprise development"; and
- d) Coordinate initiatives to promote competitiveness.

While USAID's primary intent was to provide CSF with funds to provide matching grants to support the sector strategies developed under PISDAC, it also co-funded CSF's establishment and administration, as well as a portion of the design and administration of technical assistance. The LSGA describes the scope of USAID's assistance through the following three activities:

1. Provide technical assistance to establish and administer the CSF;
2. Design and administer technical assistance, including public awareness initiatives; and
3. Establish the financial facilities of CSF and administer the matchmaking grants facility.

In late 2007, the USAID/Pakistan legal officer and contracts officer determined that the Mission cannot support sub-host country grants and, therefore, the matching grants component was not implemented until early in 2008, when the MOF agreed to fund the grants. At the time of writing this report, CSF had begun implementing 3 of the 10 selected projects.³

² The full evaluation report is included as Annex 1, included information on data sources and additional annexes.

³ According to CSF staff.

Evaluation

In 2007, USAID/Pakistan asked the Pakistan Economic Growth Evaluation and Design (PEGED) team to evaluate all eight projects in the Mission's Economic Growth (EG) portfolio. Because projects were at different stages, some evaluations were final and some were mid-term. The evaluation exercise had several purposes, including:

- Identifying opportunities for improving performance of ongoing projects,
- Extracting lessons learned that can help USAID and the contractor improve performance of future interventions, and
- Providing input to the design of the new EG portfolio.

Since CSF began in March 2006 and ends in December 2008, and PEGED began the evaluation in fall 2007. This is a midterm evaluation. To address the objectives above, USAID asked that the evaluation answer 11 general questions and 5 CSF-specific questions, described in Annex 1. The evaluation topics included relevance, effectiveness, efficiency, impact, sustainability, replication, gender, reporting, coordination, and communications.

The evaluation team developed a comprehensive methodology to conduct the evaluation, using a Getting to Answers (GTA) Matrix, a planning tool that helps one to determine what kind of information is needed to answer each evaluation question, from where and how the data can be obtained, and appropriate analysis techniques. The GTA for CSF is included in Annex 7.

Consistent with the GTA, the evaluation team relied on mainly qualitative methods for its evaluation, including key informant and group interviews with 26 CSF staff and stakeholders recommended by USAID and CSF, document review, and expert assessment. Little quantitative information was available. As CSF is an ongoing project and activities occur everyday, this evaluation is based upon the data the team had during the evaluation. The situation as presented could quite easily have changed by the time this report is disseminated.

FINDINGS AND CONCLUSIONS

Relevance

How well was the project focused on the needs of the beneficiaries?

CSF's design is consistent with the needs of its targeted beneficiaries, as defined in the approved PC-1⁴—the legal document that defines CSF as a government-supported company—and CSF's first workplan. These beneficiaries and needs are a slight departure from those identified in the LSGA. While the latter focuses on the needs of small and medium enterprises (SMEs) and producers, the PC-1 and workplan identify the Government of Pakistan (GoP) and producers as CSF's primary customers.

As the project unfurled, CSF involved the GoP, especially MOF, in designing and executing all of its activities in one way or another, which it would have to do since the MOF is the Executor of CSF's PC-1. Most of CSF's sector studies were initiated from conversations with MOF or provincial governments. In addition, CSF signed memoranda of understanding (MOUs) with the Higher Education Commission (HEC), Pakistan Agricultural Research Council (PARC), the National Vocational Training and Education Commission (NAVTEC), the Board of Investment (BOI), the Government of Sindh, and the FATA Secretariat to conduct joint activities.

⁴ A PC-1 is a GoP-issued document that establishes a publicly-funded, privately-run company. The document typically defines the regulations governing the organization, its scope, the sponsoring government entity, and the organization/individual responsible for leading the company.

CSF and MOF officials have said that they involve private sector stakeholders in developing sector studies, and the Pakistan Automotive Manufacturers Association wrote a letter of appreciation for CSF's motorcycle study. CSF is also working with the Pakistan Business Council.

The GoP has appreciated CSF's efforts, as evidenced by additional requests for assistance from the Government of Balochistan and the Government of Sindh. Mr. Omar Ayub Khan, Minister of State for Finance and CSF's Board Chairman, articulated CSF's benefits to the government as follows:

- With CSF's help, the GoP can present its case more effectively to the World Economic Forum.
- MOF can understand how to analyze data better because of CSF's TA. It understands areas of weakness.
- The public-private dialogue process helps MOF to understand the private sector's direction.
- CSF helps GOP to focus on key competitiveness issues within an industry.

Effectiveness

Has the project accomplished its objectives?

CSF's objectives are defined in its Monitoring and Evaluation (M&E) Plan, which CSF's reporting says USAID approved. The M&E plan is not sufficient to enable ongoing performance monitoring, evaluation, and therefore decision making. Without targets, baseline data, clear indicator definitions, and regular data collection and analysis, the M&E plan does not fulfill its purpose as a management tool. Therefore, it is impossible to determine whether CSF is achieving what it set out to do.

Nonetheless, it is clear from CSF's progress to date that it is contributing towards its first result, as well as to its overall objective. Activities are planned for the second result; nothing has yet been completed.

Result 1: A more competitive economy via input into policy decisions, improvements of regulatory and administrative frameworks, and enhanced public-private partnerships

CSF has contributed to a more competitive economy. It has raised awareness of competitiveness, especially within the GoP, through its State of Pakistan's Competitiveness Report and a series of five papers that GoP is including as Pillar II in its Poverty Reduction Strategy Plan II. The former prompted the Prime Minister (PM) to declare competitiveness the "cornerstone of Pakistan's economic growth strategy." It also restructured and created an investment strategy for the Board of Investment.

CSF has set in motion both public and private initiatives to increase the competitiveness of Pakistan's industries through sector studies and action plans for the motorcycle, automotive, Karachi Fisheries Harbor, food processing, and horticulture sectors. It also submitted a paper to the Economic Coordination Committee on Special Economic Zones Policy, which CSF says is waiting for the Prime Minister's approval.

CSF's motorcycle industry study resulted in reduction of the custom duty on completely built units from 90% to 80% and the duty on completely knockdown units from 30% to 20-25%. The Economic Coordination Committee approved a proposal to provide R&D funds of \$50 per motorcycle exported.

The horticulture study resulted in the formation of a task force, and CSF is securing a PC-1 for \$50 million and a plot of land near Lahore Airport to construct a storage facility to reduce farm to market costs.⁵

The Government of Sindh decided to implement CSF's Action Plan for Karachi Fisheries Harbor (KFH) management and upgrade. In February 2008, the MOF committed \$8 million to implement the action plan, and the Government of Sindh contributed a further \$2 million. MOF provided \$2 million to CSF to oversee the restructuring of KFH, and CSF is currently preparing a scope of work for a consultant to prepare a tender.

⁵ Per discussion with CSF's CEO and Senior Advisor.

CSF has promoted public-private partnerships through involving both government and private sector representatives in the implementation of the motorcycle, Karachi, and horticulture plans. For example, to implement its Action Plan for Horticulture, CSF formed a government-sponsored task force that included the BOI, producers along the value chain, MOF, Habib Bank, the National Bank of Pakistan, Zarai Taraqiati Bank Limited, the Ministry of Agriculture, and the Planning Commission.

Result 2: Entrepreneur and private sector-led initiatives with research institutes and universities that contribute to creating a knowledge-driven economy

CSF has planned activities in this area; none have yet been completed.

- NAVTEC and CSF are planning to develop a “skilled workforce aimed at improving the competitiveness of Pakistan’s industries and economic sectors.”
- HEC and CSF are planning to develop knowledge- and technology-based projects through matching grants to universities. Industry participation is expected to be 20%.
- At the Prime Minister’s (PM) direction, CSF and PARC are working to establish a company to commercialize the outputs of PARC’s research institutes.

Activities are planned with HEC to establish and support business incubators that can provide venture capital to entrepreneurs, but start-up has been delayed. The Executive Committee of the National Economic Council approved Rs 2975 million to CSF on December 19, 2006 as part of a 5-year support plan. The Finance Division granted administrative approval of the funds on January 26, 2007. CSF’s CEO explained that CSF then had to wait until June 2007 (the start of the fiscal year) to propose an annual budget, which was approved at the end of June. The funds then had to be transferred from MOF to the Planning Commission and then on to CSF. The venture capital is supposed to help entrepreneurs and SMEs to develop innovative ideas.

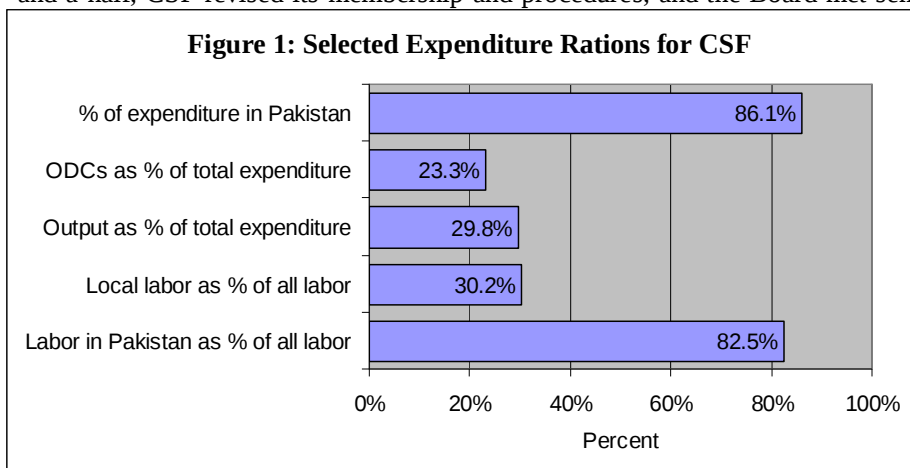
CSF’s Board approved 10 matching grants for private sector-led initiatives and MOF provided funding for at least three of them—Solar Kilns for Leading Clusters of Furniture Sector, Establishment of Common Laboratory for Drug Formulation, and Proposal for Gems Sector Development Gems Processing Center. It is not clear what the university or research institute participation is, though the grants are designed to create common training and sector development facilities.

CSF Objective: Support Pakistan’s goal of a more competitive economy

CSF is certainly making efforts in this direction, as evidenced by the initiatives described above.

Effectiveness of CSF's Board

USAID requested that the evaluation team examine the functioning of CSF's Board. Over its first year and a half, CSF revised its membership and procedures, and the Board met semi-annually. The Board



appears to be functioning normally now. It had met three times from March 2006 through October 2007. It is encouraging that the Board is developing sub-committees to facilitate the matchmaking grant process (with MOF funds) and has agreed to meet on a

quarterly basis, both of which indicate a more active Board role. It is also encouraging to see that the Board now has a private sector majority, as originally proscribed in the LSGA. Judging by the meeting notes, the Board is contributing to decision making, such as approving new members, budgets, audits, matching grants, and other CSF plans.⁶

Efficiency

How efficient has the project been in utilizing its resources to achieve results?

There are insufficient data to calculate monetary efficiency measures at this point, which is not surprising since CSF's activities have not yet produced monetary outcomes.⁷ While they have influenced policymaking and set in motion sector and industry reforms, the implementation of CSF's action plans has only just begun for Karachi fisheries, the motorcycle and horticulture industries. The approved matchmaking grants are only just beginning with MOF funding, and business incubator activities have not yet begun.

It should be recognized that there are no requirements for establishing or calculating monetary benefits in CSF's contracts with USAID and the GoP.

With no measurable monetary benefits, the usual measures of financial efficiency, i.e., benefit cost ratio, net present value, internal rate of return, are not calculable for this project, though based upon the data we have, CSF's eight technical assistance studies collectively need to generate \$2 million in benefits for benefits to cover costs at this point.

The evaluation team calculated expenditure ratios to determine what percentage of CSF's budget was spent on which items (see Figure 1). As could be expected from a service-oriented project, CSF has spent proportionally more of its budget on labor than on any other expenditure. Most of that labor has been from expatriates, consistent with the fact that the CEO and Senior Advisor are both expats.

Impact

To what extent has the project benefited the people of Pakistan?

Impact is, by definition, a long-term effect that is normally realized after (sometimes well after) a project has been completed. The term refers to a degree of separation between the project and results.

⁶ CSF Board Meeting Notes

⁷ Based upon the documentation we have.

Project outputs (e.g., studies completed) should produce outcomes—the direct result from outputs (e.g., studies implemented)—and outcomes should produce impact (e.g., increased competitiveness of targeted sectors).

Therefore, it is not surprising that CSF has not yet realized any impact, as implementation of its studies and recommendations is just beginning. USAID’s support to CSF is scheduled to end in December 2008, which means that this evaluation took place approximately 2 years into this 3-year project. As described in other chapters of this report, CSF works primarily at the policy level and even the sector and industry action plans depend upon GoP approvals, indicating that straits of bureaucracy need to be navigated before change can happen.

Nonetheless, because of CSF’s Karachi Fisheries Harbor Action Plan, the Government of Balochistan requested that GoP and CSF write a similar plan for Pasni and Gwadar Fisheries Harbors, a qualitative impact.

CSF has provided detailed projected monetary impacts in its Annual and Half Year Progress Reports, some of which were echoed by other sources. Without detailed information on how the numbers were calculated, it is impossible to say how accurate they are.

Strategy/study	Expected impact
Motorcycle Industry Study ⁸	• Increase production from 750,000 units per annum to 1.7 million units by 2010-11. • Promote the export of 100,000 units annually. • Create 500,000 jobs by 2010-11. • Increase government revenue by Rs. 40 billion (\$641.5 billion on March 2, 2008).
Karachi Fish Harbor ⁹	• Restore \$60 million in exports to the European Union, which halted all imports of Karachi fish based on noncompliance with sanitation standards. • Annual increase in the value of catch of \$35 million¹⁰
Horticulture ⁵	• Increase exports to between \$800 million and \$1 billion by 2012 (an increase of 371-488% over the current \$170 million).

To obtain an independent, expert assessment of the potential sector growth resulting from CSF’s studies, the evaluation team asked four independent experts for their assessment of seven of CSF’s completed studies, based upon their own experiences and knowledge. The experts thought that if implemented, the Empowerment of Women, Food Processing, Karachi Fisheries, Automotive Industry, Motorcycle Industry, Special Economic Zones, and State of Pakistan’s Competitiveness reports would collectively generate between \$2 and \$6 million over the next five years.

Sustainability

Are the activities and results likely to be sustained after the project is completed?

CSF’s sustainability potential is high. The initiative is firmly entrenched in GoP at both national and state levels, and GoP recognizes the value of CSF’s services. Based upon the evaluation team’s interviews with eight GoP officials, MOF doubled the allocation of funds for CSF’s Business Incubation and Venture Capital activities from \$10 million to \$20 million, which CSF said had been approved in February 2008. According to interviews with both the State Minister of Finance and the Minister of Industries, GoP is committed to improving competitiveness. GoP’s allocation of funds to implement CSF’s recommendations is a further indication of commitment:

- \$10 million for Karachi Fisheries Harbor (\$8 million from the Federal Government¹¹ and \$2 million from the Government of Sindh)
- \$2 million for technical assistance for Karachi Fisheries Harbor through CSF

⁸ Letter from Abdul Waheed Khan to Ambassador Anne Patterson, November 19, 2007. Also reported in CSF’s Half Year Progress Report.

⁹ Letter from Abdul Basit Khan, October 24, 2007

¹⁰ CSF’s Half Year Progress Report

¹¹ This \$8 million has not yet been incorporated in the GoP’s budget planning through a PC-1.

- \$250,000 to develop a task force for horticulture, finance, and competitiveness, which first met on December 7, 2007.

CSF's partners, Board, and beneficiaries are diverse, providing it with a firm foundation of support and a vast array of contacts. Since public sector representatives are members by their position in government (e.g., Secretary Finance), the Board is not dependent upon a particular government administration. In addition, GoP officials and private sector representatives have expressed satisfaction with and support of CSF's work. USAID, the U.S. Embassy, and the evaluation team received letters from the Joint Secretary for Special Programs at MOF; the CEO-Chairman of Pakistan Automotive Manufacturers Association; the Secretary, Fisheries, Government of Balochistan; and the Secretary, BOI, expressing their satisfaction with CSF's performance.

It remains to be seen what will happen when a new government steps in and defines its priorities. However, the sources of requests for CSF assistance (e.g., Government of Balochistan, PBC, Chambers of Commerce) indicate demand for CSF's services outside of the national government. Judging by the prolific media coverage of CSF and competitiveness issues, both topics are popular.

CSF's CEO says he is planning to train his chief operations officer and other staff to succeed him. It is the evaluator's opinion that CSF does not need any assistance to continue to be valuable to the GoP, but it probably could use some support to create and implement a sustainability plan to ensure Pakistani ownership.

Replication

To what extent can the activities and results of the project be replicated?

Replication of CSF is possible, and may be appropriate where there is a need for policy assistance, sector support, and enabling environment work to address a recognized economic problem stemming from lack of competitiveness. CSF's work hinges on strong public sector support, an ample public sector budget, a broad array of contacts, and ready access to qualified technical assistance resources, suggesting that such support would be needed to implement its model elsewhere. Replicating CSF would also require staff who can navigate political systems and push initiatives forward.

Gender

To what extent has the project benefited women?

CSF has not yet had any substantive impact on women, but there are no gender requirements in its agreements with either USAID or the GoP. The matchmaking grants should provide an opportunity, as could the venture capital component, provided that they focus on industries in which women are employed.

More than 40% of CSF's project staff is female; total staff is 13. CSF currently lacks a gender specialist, but is searching for a new one.

CSF's Board, up until the most recent board meeting in October 2007, included one woman. That number has been expanded to 3, out of approximately 15 members, including the Board Chair and the CSF CEO.

One out of eight technical assistance reports is based on gender (Study Economic Empowerment of Women and its Linkages with Competitiveness). CSF created an Action Plan and met with the Ministry of Women Development about implementation, but nothing has yet occurred and therefore, no impact has been produced.

Two of the approved matchmaking grants focus on industries that employ many women, according to CSF reporting: gems and jewelry, and medicinal berries. They have not yet been implemented.

Reporting

Have the prime contractors and grantees reported on time and in a useful manner?

CSF has exceeded its reporting requirements as defined in the LSGA, by providing quarterly and semi-annual reports that extensively cover CSF's activities and progress from one period to the next. However, the reports may not be useful to USAID since they are lengthy, lack consistency in some cases, and do not explain the basis upon which impact estimates are made. The reports do not track indicator measurements, so USAID cannot determine how much progress is being made towards its objectives. Since the reports do not explain how impact estimates were calculated, the reader does not know how realistic they are.

Communications and Outreach

How effective has the project been in getting its story out?

CSF's communications strategy has successfully attracted the media's focus on CSF and competitiveness. Media coverage, in particular, has been prolific. Without a baseline and ongoing M&E, it is impossible to determine how much of the media coverage stems from CSF's efforts, or what effect the hype has on demand for CSF's services. However, judging by the fact that the 445 English news articles on CSF's website mention CSF, it is clear that its efforts have had an effect.

It remains to be seen what will come out of the **Stanford Innovation Journalism Program**. Of the two journalists who participated in 2007, one published 3 articles and 11 videos on CNETNews, in addition to various blogs and photographs, while the other published one article in Fortune Magazine.

CSF has encouraged the publication and communication of 932 stories on 22 competitiveness-related issues between March 15, 2006 and September 2007. 372 stories were covered in English newspapers, 238 in Urdu newspapers, and 322 in the electronic media. These news items discuss competitiveness issues, cover CSF conferences, focus on the TA studies, and highlight success stories to a broad base of Pakistanis, specifically to the business community.

Coordination

How effectively has the project coordinated with other parties?

CSF has been coordinating extensively with government institutions, some private sector organizations, international organizations, and with PISDAC. CSF has evidently networked well, resulting in joint initiatives and projects. According to CSF's Senior Advisor, the organization consults private sector representatives as a regular part of every sector report and action plan process. The evaluation team has found no indication that CSF has ever acted alone.

The evaluators' discussions with PISDAC and CSF management confirmed their interaction. CSF leveraged PISDAC's sector information and processed the initial PISDAC-related grant applications. CSF's CEO said that PISDAC had appointed a representative to work with CSF, and he has been coordinating CSF and the SWOGs. Five of the 10 approved and contracted matching grants are from PISDAC SWOGs.

RECOMMENDATIONS

Effectiveness: CSF should create an M&E plan along the lines of USAID standards and use it consistently as a planning and management instrument. Doing so will become critical in its last year of USAID financing to know whether the systems it is setting in place for sustainability are actually working, or if adjustment needs to be made. Furthermore, the M&E system should allow CSF to see whether it is moving towards its overall objective. USAID should consider providing support in the form of funds for an M&E specialist, technical assistance, and perhaps a MIS. The M&E Plan needn't

be long or complicated, but, as international and USAID experience have shown, having and using one is vital to effective project management.

To strengthen its second result, “entrepreneur and private sector-led initiatives with research institutes and universities that contribute to creating a knowledge-driven economy,” CSF could explore possibilities for partnering with a technical, business, or engineering school. It could even think about linking technical/engineering/business students with potential and actual matching grant recipients to bring the latest knowledge to the field. USAID could support these activities by providing funds for a formal fellowship program or for other technical assistance to the matching grant recipients.

Efficiency and Impact: If cost-benefit analyses are important to USAID, the agency should help CSF to track the quantitative results of its work, as well as corresponding expenditure data. USAID can support this work with funds to train or hire an economist/M&E specialist to perform these functions. Consistent with developing a solid M&E plan and using it, CSF should make a concerted effort to identify and record the results of its activities, both qualitative and quantitative, against established objectives and indicators.

Sustainability: CSF should create a sustainability plan, with concrete steps and a timeline. Above all, given the success it enjoyed through its government relations, CSF should devote some energy to meeting the new government’s relevant officials and talking to them about competitiveness and CSF’s value. An impact assessment or case studies could be useful in presenting what CSF can do with government support.

USAID could support CSF’s independence through funding for staff training, mentoring, and marketing to ensure that the organization is not dependent upon PC-1 funds, which require lengthy approvals and are due to expire in a couple of years.

Other activities to support sustainability include setting up a consultant database; ensuring that all documentation on CSF’s operations and mechanisms is up to date, user friendly, and available; and studying how other, similar, organizations became sustainable.

Replication: USAID could consider compiling information on CSF’s management, operations, model, and techniques into a user-friendly manual that could be used in other countries for similar initiatives. USAID could turn such a manual into a technical tool to use in future design work. CSF should also hold a lessons learned workshop for both CSF’s continuing staff and future potential projects.

Gender: In future, if gender is important to USAID, the agency should write gender considerations and expected results into each agreement or contract it makes. USAID should also hold a meeting with CSF to discuss the agency’s expectations with regards to gender and what CSF can do within the scope of its project to meet those expectations.

CSF should continue its efforts to hire a gender specialist with contacts in industries and ministries that could be potential clients for gender-focused work. CSF might also consider holding a focus group with potential women entrepreneurs and successful businesswomen (such as those on CSF’s Board) to determine needs and potential CSF activities. There is also the potential for combining efforts with some of the organizations that assist women entrepreneurs, such as MEDA. CSF could also consider building gender considerations into its score sheet for rating potential grantees.

Reporting: CSF should provide a concise executive summary to accompany every report, thereby providing USAID with a more management-oriented document. USAID and CSF should also meet to discuss what kind of reporting USAID would find most useful, and in what format. They might consider holding quarterly review meetings, complemented by a 1-2 page monthly status update.

Communications: USAID should consider continuing to support CSF’s PR efforts to get the word out, which should support sustainability. CSF should think about tracking its media exposure against requests for its assistance and perhaps even against policy changes to determine what kind of an effect the media blitz is having and determine where resources are best spent. It would probably need additional staff to do so.

Coordination: CSF should coordinate closely with the new administration when it settles into GoP, as well as with private sector organizations, to ensure that support continues for CSF and competitiveness in Pakistan.

LESSONS LEARNED

1. Projects that are funded whole or in part by host-country government resources require at least a year or two to move towards implementation as funds and activities are approved.
2. All potential legal, financial, contractual, and management angles of a USAID-funded contracting mechanism should be thoroughly analyzed before selection of an appropriate vehicle and finalizing it.
3. In the absence of contract-defined gender considerations, with specific results and targets, implementing partners are unlikely to design their projects around gender goals.
4. Building strong relationships from the onset with host country governments can vastly improve the acceptance and implementation of policy recommendations.

NEXT STEPS

This evaluation produced a number of specific recommendations for improving the performance of CSF. The evaluation will be useful only if USAID and its project partners learn from the recommendations and implement them. This chapter sets forth procedures for evaluating the recommendations and deciding how to address project and program deficiencies. We present below a method for processing the evaluation results for improved performance:

Activity	Timeframe	Responsible person/office
Assign a person to review the recommendations of all eight evaluations and separate the recommendations into: (1) those that need to be handled internally within USAID, (2) those that need to be handled internally within EG, and (3) those that are project specific.	Immediately	USAID EG
Recommendations internal to USAID		
Convene a meeting within USAID to review the recommendations that need to be handled internally within USAID. Use the meeting to: - Decide which recommendations to address and which to ignore. - Discuss how to address the recommendations deemed important. - Identify an individual or office responsible for implementing each recommendation. - Establish a timeframe for implementation. - Determine a process for tracking progress on implementation of each recommendation.	Third priority after initial meeting	USAID
Reconvene every six months (in whatever groups are appropriate) to review progress on implementation.	Six month intervals	USAID
Recommendations specific to EG		
Convene a meeting within EG to review the recommendations that need to be handled within EG. Follow the procedures outlines above.	Second priority after initial meeting	EG
Reconvene every six months (in whatever groups are appropriate) to review progress on implementation.	Six month intervals	EG
Recommendations specific to CSF		
Convene a meeting between USAID, CSF, and possibly MOF to determine which recommendations should be addressed and how. In the meeting: - Decide which recommendations to address and which to ignore. Consider which can contribute to project performance in the project's remaining year. - Determine how to implement the recommendations deemed important to address, and who will be responsible for implementation. - Establish a timeframe for implementation. - Define a process for tracking progress on implementation.	First priority after initial meeting	EG CSF MOF?
Reconvene every month (in whatever groups are appropriate) to review progress on implementation.	One month intervals	EG CSF

ANNEX 1:

**EVALUATION OF
THE COMPETITIVENESS SUPPORT FUND
FULL EVALUATION REPORT**

I. INTRODUCTION

Beginning in 2000, USAID became a major influence to promote competitiveness within the development sector. USAID launched its first major cluster-based competitiveness initiative in Lebanon in early 1998 and by 2003, its portfolio of competitiveness initiatives grew to nearly \$60 million in 26 countries, including Lebanon, Sri Lanka, Mongolia, the Dominican Republic, Uganda, Croatia, and Macedonia. This strategic focus at USAID coincided with the Government of Pakistan's interest to develop its understanding of the role competitiveness could play in economic policy.

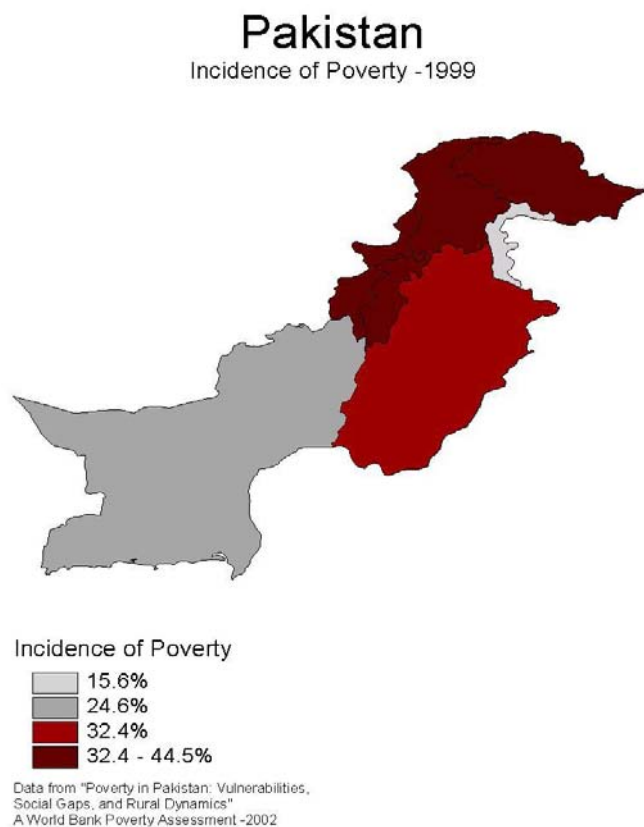
Traditionally, Pakistan's political and macro-economic instability had hindered the development of competitiveness-building initiatives in Pakistan. A weak legal framework for a viable economic environment led to conditions that included poor dialogue on policy and reform issues, lack of innovative approaches, lack of linkages between the academic community and industry, and slow commercialization of innovation.

Figure 2: Incidence of Poverty

Such broad economic constraints lead to unemployment and pay decrease, which contributes to poverty and a vicious downward economic cycle. According to ADB, in the 1990s, poverty in Pakistan increased significantly from 26.1% in 1991 to 30.6% in 1999, and has increased further to 32.1% in 2001.¹² During 1990-2001, economic growth in Pakistan averaged only 3.7 percent and was less than most other countries in South Asia.¹³

Against this backdrop, the Government of Pakistan began comprehensive policy reforms in 2001 to target economic growth and poverty reduction. Some key policy interventions, including deregulation of the banking sector and telecommunication sector, triggered a steady increase in GDP (see Figure 2 below).

The Pakistan Government identified that the issues of the SME sector in Pakistan were a major structural constraint in developing private sector competitiveness. It wanted to leverage the stable economic growth it had achieved in 2002 and 2003 to address shortcomings in enterprise competitiveness. One of the first issues the government recognized was that, to date, Pakistan had no existing platform to address competitiveness, promote innovation and develop private-sector initiatives. In 2004, Pakistan's Minister for Finance Dr. Salman Shah said:



¹² Defined on the basis of the national poverty line

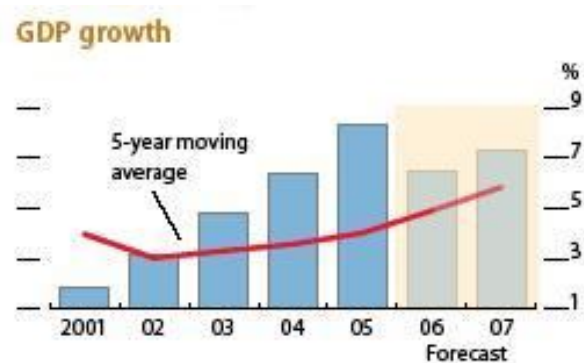
¹³ Literature Resources: World Bank Poverty Assessment, 2002 <http://www.worldbank.org>; Federal Bureau of Statistics, Pakistan <http://www.statpak.gov.pk/>; Pro-Poor Economic Growth, ADB-Pakistan <http://www.adb.org/Pakistan/povertyred.asp#poor>

‘Pakistan faces the economic challenge of achieving outward competitive advantage to enter global markets or to maintain and expand its markets that are becoming every day more competitive. Competitiveness is the key to the future of Pakistan and its ability to thrive in the new economic conditions. Competitiveness has become the economic imperative for both business leaders and government leaders alike.’

The Pakistani government understood that developing small and medium enterprises (SMEs) was key to building competitiveness and was aware that in Pakistan, most SMEs remained involved in traditional activities with low productivity. These SMEs typically offer products and services of inferior quality with little technological dynamism and which only target the domestic markets. These factors reduce most SMEs ability to compete with the import business, which use the latest technology and produce higher quality products.

Based on a trajectory of upward economic growth, the Pakistani government wanted to ensure a sound competitive policy as part of its broader economic agenda. This was recognized as crucial to address Pakistan’s urgent need to upgrade the competitiveness of its private sector, create conditions for enterprises to thrive and develop the SME sector’s ability to compete and survive at both a national and global level.

Figure 3: Pakistan GDP Growth



Sources: Federal Bureau of Statistics, available: http://www.statpak.gov.pk/depts/fbs/statistics/national_accounts/national_accounts.html, downloaded 27 January 2006; staff estimates.

II. THE DEVELOPMENT PROBLEM AND USAID’S RESPONSE

The Limited Scope Grant Agreement (LSGA) signed between USAID and Pakistan’s MOF (MOF) in January 2006 highlights Pakistan’s low ranking in the World Economic Forum’s Global Competitiveness Report (December 2004) as an indicator of the troubles Pakistan’s industries face. Pakistan ranked in the bottom 15% of countries surveyed for the report, and placed 91 out of 104 countries measured in the Growth Competitiveness Index. This rank is a decrease from 73rd place in 2003. Without the conditions and institutions that support enterprises’ response to the challenges and opportunities of a global, knowledge-based economy, Pakistan cannot achieve “meaningful job and income creation” and sustained poverty alleviation.

The LSGA also references the USAID-funded Pakistan Initiative for Strategic Development and Competitiveness (PISDAC) program, which benchmarked SMEDA in 2004 to determine what factors may have prevented SMEDA from increasing SME competitiveness. The results determined that the best way to address SMEDA’s shortcomings would be to establish a competitiveness support fund¹⁴ (CSF). Mr. Arthur Bayhan, working at the time for GoP’s SMEDA, designed the CSF concept through PISDAC¹⁵, and later became the CEO of CSF.

In addition, PISDAC had been working with a number of Sector Working Groups (SWOGs), composed of leaders from the private and public sectors, as well as academia. Their purpose is to develop strategies for expanding their sectors. PISDAC is working with six SWOGs in the dairy, gems and jewelry, marble and granite, furniture, surgical instruments, and horticulture sectors.¹⁶ These SWOGs determined that they could raise their industries’ competitiveness by conducting pilot projects using

¹⁴ PC-1, p.12

¹⁵ CSF and USAID staff

¹⁶ USAID staff

new technologies and approaches. For example, the Marble and Granite SWOG wanted a model marble quarry that uses new technology to preserve the marble's quality. The question then became how to fund such initiatives. GoP agreed to create a fund especially for these projects and to match a \$10 million USAID investment. The fund was launched by April 2006.¹⁷

A key PISDAC partner is SMEDA, which works very closely with the SWOGs. The switch between ministries took responsibility for implementing CSF away from SMEDA and gave it to MOF. There is, therefore, a separation between PISDAC, which is working with the SWOGs whose projects CSF is supposed to fund, and CSF itself, as implemented by CEO Arthur Bayhan, his board, and the MOF. Coordination between CSF and PISDAC is discussed in the Coordination chapter of this report. The switch, as captured in the approved PC-1, also resulted in greater emphasis on assisting the MOF with policy and regulatory decisions that affect competitiveness overall (see Relevance and Effectiveness).

A. USAID's Response¹⁸

USAID funded the Competitiveness Support Fund (CSF) to:

- e) Boost enterprise competitiveness based on strategy and innovation;
- f) Finance pilot projects to demonstrate the impact of improved strategy, technology, human resources, and management can have on profits;
- g) Support SME incubation and “knowledge-based enterprise development”; and
- h) Coordinate initiatives to promote competitiveness.

CSF's design contributes to the USAID/Pakistan Strategic Objective 6, Increased Economic Opportunities for the Poor. The Fund was intended to manage pooled resources, support the private sector, support flexible interventions, and facilitate access to finance for SMEs. It was expected to contribute to poverty alleviation through helping producers increase their incomes and boosting economic growth. To some extent, CSF's design contributes to all three of SO6's intermediate results (IRs) as follows:

- *IR 6.1 Increased Access to Micro-Credit and Microfinance Services in the Rural Economy:* CSF's design includes a Venture Capital/Business Incubator component for helping SMEs to develop, though it is not focused specifically on rural areas.
- *IR 6.2 Expanded Access to Quality Education in Business and Agriculture for the Poor:* CSF's design includes a matching grant component that could be used for creating sector-specific training institutions.
- *IR 6.3 Increased Market-Based Opportunities in the Rural Economy:* Through helping SMEs to compete, CSF intends to increase employment and income generation opportunities, though CSF is not specifically focused on rural areas.

Details of CSF's design are discussed in the Relevance and Effectiveness chapters. It must be remembered, however, that the LSGA under which USAID provided support to CSF does not reference USAID/Pakistan's Strategic Plan, Objectives, or IRs in any way.

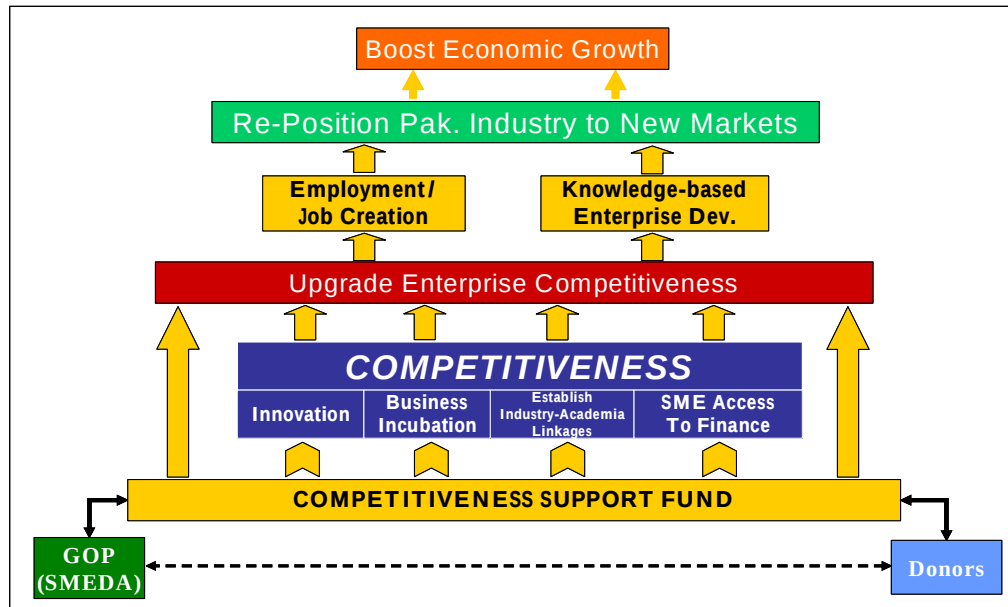
According to the LSGA, by helping start-ups and SMEs to compete in the global market, the CSF should help attain the following:

- Increase employment in SMEs;
- Increase the performance of SMEs and their contribution to Pakistan's GDP;
- Develop SME subcontractors for large manufacturers;
- Expand enterprises' use of R&D results, patents, and knowledge;
- Through increasing the quality of industrial services, increase industrial production, create better jobs, and develop the manufacturing sector in Pakistan.

¹⁷ Lisa Chiles, USAID.

¹⁸ LSGA, p. 3

CSF's expected role in Pakistan's economic growth is depicted in the figure below, taken from the LSGA:



While USAID's primary intent was to provide CSF with funds to provide matching grants to support the sector strategies developed under PISDAC¹⁹, it also co-funded CSF's establishment and administration, as well as a portion of the design and administration of technical assistance. The LSGA describes the scope of USAID's assistance through the following three activities:

1. Provide technical assistance to establish and administer the CSF;
2. Design and administer technical assistance, including public awareness initiatives; and
3. Establish the financial facilities of CSF and administer the matchmaking grants facility.

B. The Origins of CSF

A PC-1²⁰ was originally drafted by SMEDA and approved by the Ministry of Industries, Production, and Special Initiatives (MOI) in fall 2005. Prior to all final approvals, the sponsoring agency was changed from the MOI to the Ministry of Finance (MOF), which was approved by the Prime Minister (PM) on November 24, 2005. In January 2006, USAID signed a Limited Scope Grant Agreement (LSGA) to support CSF, with the Pakistan Mission Director at the time, Lisa Chiles, and Mr. Omar Ayub Khan, Minister of State for Finance, as signatories. The PC-1 was attached as an annex. According to CSF's first year workplan, the original PC-1 then went to the Executive Committee of the National Economic Council for approval, which was received on November 30, 2006.

The PC-1 by which CSF operates, a copy of which CSF provided to the evaluation team, is different from the 2005 version included in the LSGA. The original PC-1 was prepared by Imran Chaudhry, the Manager of Donor Coordination at the Small and Medium Enterprise Development Authority (SMEDA), and approved (on the government side) by the Secretary of MOI. The Sponsor was MOI and the Executor was SMEDA. The second PC-1 was prepared by Arthur Bayhan, formerly of SMEDA, who had been nominated by MOF and approved by the PM to be the Chief Executive Officer (CEO). This document was approved by the Secretary of the MOF, and MOF was named as both Sponsor and

¹⁹ Interview with USAID

²⁰ A PC-1 is the document that established CSF as a legal, commercial entity funded in part by the Government of Pakistan.

Executor. The second PC-1 also defines CSF's Board, which is chaired by the Minister of State for Finance.

The Switch

The details of how and why CSF was moved from MOI to MOF are different according to the different stakeholders consulted for this evaluation.

Ms. Lisa Chiles, who was the USAID/Pakistan Mission Director at the time that CSF was created, explained that: "There was considerable debate within the GoP about where the fund would be housed, in part because of competition between the Minister of Commerce and the Minister of Industry, each of whom wanted to have the fund. It was my impression that housing the fund in the MOF was a way to solve the dispute."

Geoff Quartermaine Bastin, Senior Advisor to CSF, also mentioned a dispute within GoP over who should sponsor CSF. The matter, he said, went to the previous Prime Minister, Shaukat Aziz, who decided to place CSF under MOF.

CSF CEO Arthur Bayhan explained to the evaluation team that the Pakistani Prime Minister at the time did not want competitiveness, a cross-cutting issue, to be under a line ministry like the MOI. The Prime Minister asked Arthur Bayhan for advice and he suggested placing CSF under the MOF. Mr. Bayhan explained to the evaluators that being under MOF makes an organization "very strong." For example, permanent secretaries come to him to ask for help accessing the Prime Minister and MOF funding. The PM agreed to Mr. Bayhan's suggestion and appointed the Minister of State for Finance as the chairman of CSF's board.

C. Evaluation Purpose

In 2007, USAID/Pakistan asked the Pakistan Economic Growth Evaluation and Design (PEGED) team to evaluate all eight projects in the Mission's Economic Growth (EG) portfolio. Because projects were at different stages, some evaluations were final and some were mid-term. The evaluation exercise had several purposes including:

- Identifying opportunities for improving performance of ongoing projects,
- Extracting lessons learned that can help USAID and the contractor improve performance of future interventions
- Providing input to the design of the new EG portfolio

Since CSF began in March 2006 and ends in December 2008, and PEGED began the evaluation in fall 2007, this is a midterm evaluation.

To address these objectives, USAID asked that the evaluation address 11 general questions and 5 CSF-specific questions, described below.

Overarching Issues

1. Relevance: How well was the project focused on the needs of the beneficiaries?
 - a. Was the project well designed to address the needs of the beneficiaries?
 - b. How well was the project adjusted to address the needs of the beneficiaries?
 - c. To what extent did the design of the activity utilize participatory techniques?
 - d. Was the activity designed to meet a felt need of a specific community, target audience, or influential stakeholder?
 - e. Were stakeholders involved in a substantive way throughout the project life cycle?
 - f. Was the targeting appropriate in hindsight?
 2. Effectiveness: Has the project accomplished its objectives?
 - a. How were the initial targets established for each activity?
 - b. Were the targets realistic and appropriate?
 - c. To what extent were the targets achieved?
 - d. What are the lessons learned for setting targets in future activities in accordance with the requirements of USAID's Performance Monitoring Plan (PMP)?
 3. Impact: To what extent has the project benefited the people of Pakistan?
 - a. How has the program benefited the intended beneficiaries?
 - b. What were the primary and secondary positive and negative impacts of the projects?
 - c. How large have the impacts been or are likely to be?
 - d. To what extent can the impacts be attributable to the project?
 - e. How were the impacts distributed by region, sector and gender of the beneficiaries?
 - f. Were any of these benefits or losses unexpected?
 4. Efficiency: How efficient has the project been in utilizing its resources to achieve results?
 - a. To the extent possible, what is the internal rate of return for this project, as calculated in a cost benefit analysis?
 - b. How cost-effective has the project been?
 - c. How do overhead and administrative costs for this activity compare to others across differing types of implementation mechanisms (e.g. Contract, Limited Scope Grant Agreement, Grant, Cooperative Agreement) and for the different types of implementing entities (e.g. local vs. international firms, non-profits vs. for-profits, etc)?
 5. Sustainability: Are the activities and results likely to be sustained after the project is completed?
 - a. Were the activities designed in a manner which focuses on their sustainability after project completion?
 - b. Were the activities implemented in a manner which focuses on their sustainability after project completion?
 - c. Was the initial timeframe for the activity realistic to achieve sustainable results?
 - d. Were any of the activities fundamentally designed and implemented in a way which creates donor dependence?
 - e. Is it reasonable to expect the project to achieve sustainability in the project life given internal and external factors?
 6. Replication: To what extent can the activities and results of the project be replicated?
 - a. Were the activities designed in a manner which focuses on their replication?
 - b. Were the activities implemented in a manner which focuses on their replication?
 - c. Can the activities be replicated in other areas with similar socio-economic features?
 - d. Can the activities be replicated in dissimilar areas?
- To what quantified extent can the project be replicated?

Cross-Cutting Issues

7. Gender: To what extent has the project benefited women?
 - a. To what extent has the project included women in its staff, partners, agents, etc.?
 - b. To what extent has the project systemically targeted women in its activities?
 - c. To what extent have project resources been used to benefit women?
 - d. How effective has the project been in reaching women?
 - e. What are the direct quantified benefits of the project for women?
8. Reporting: Have the prime contractors and grantees reported on time and in a useful manner?
 - a. Have the partners fulfilled all of their reporting requirements?
 - b. Were the reports useful to USAID staff?
 - c. Were all branding guidelines followed?
 - d. Were the reported results accurate and verifiable?
 - e. How can the reporting requirements and formats be improved?
9. Public Relations/Media Coverage: How effective has the project been in getting its story out?
 - a. Have the project's work plans contained public relations and media activities?
 - b. Was the branding strategy clear?
 - c. Has the project highlighted success stories?
 - d. How active has the project been in public relations efforts in terms of events/activities – frequency, nature, profile, content and design, branding and participation?
 - e. To what extent have they raised awareness of the activity among intended beneficiaries?
 - f. To what extent has the project followed branding guidance?
 - g. How can the impact of the public relations component of future programming be improved?
10. Coordination: How effectively has the project coordinated with other parties?
 - a. How effectively has the project coordinated with the Government of Pakistan?
 - b. How effectively has the project coordinated with other USG projects?
 - c. How effectively has the project coordinated with other donors?
 - d. How effectively has the project coordinated with other stakeholders?
 - e. To what extent were synergies developed between the project and other individual USAID EG activities, other donor programs, and/or GoP initiatives?
 - f. What concrete steps should be taken to improve coordination and maximize synergies in future activities?

CSF Specific Evaluation Questions

1. What have been the merits and quantitative impact of the Stanford Journalism program?
2. What have been the impacts of the sector-wide studies? Were the correct sectors targeted and were appropriate stakeholders consulted in the formulation of the studies?
3. What has been the effectiveness of the Government-funded windows on Venture Capital and Equity Financing?
4. Is continued USAID support required to make CSF sustainable?
5. Is a technical support activity (such as PISDAC) necessary in order to sustain the pipeline of projects for the matching grant window? Do the sector management companies have the capacity to fill this role on their own?

III. EVALUATION METHODOLOGY

The evaluation team developed a comprehensive methodology using a Getting to Answers (GTA) Matrix, a planning tool that helps one to determine what kind of information is needed to answer each evaluation question, from where and how the data can be obtained, and appropriate analysis techniques. The GTA matrix is included in Annex 7.

The evaluation team relied on mainly qualitative methods for its evaluation, including key informant and group interviews, document review, and expert assessment. The details are as follows:

Qualitative Methodology

- *Interviews.* The team interviewed 26 stakeholders recommended by CSF and USAID: CSF (5) MOF (5), MOI (3), HEC (2), Lahore University of Management Sciences (LUMS) (3) and CNBC (4), USAID (2), CSF Board Members (2). We used unstructured key informant and group interviews, and used the GTA matrix as a guide.
- *Document Review.* The PEGED team analyzed CSF's reports, descriptions of events, correspondence records, and communications, and media material. The team also reviewed the agreements entered into by CSF; cf. the bibliography. We drew upon secondary research for background information on Pakistan and articles about CSF in newspapers and on the Internet.
- *Independent Expert Reviews.* We recruited four academic experts to provide their subjective assessments of the potential impact of seven CSF studies. Details on the qualifications of the experts are presented in Table 1.

TABLE 1: EXPERTS' PROFILES

Reviewers	Position	Institutions	Years of Experience
Dr. Musleh-Ud Din	Chief of Research	Pakistan Institute of Development Economics	35
Professor Rehana Siddique	Dean of Research	Pakistan Institute of Development Economics	15
Dr. Farhan Hameed	Lecturer	Lahore Institute of Management Sciences, IMF	7
Sohail Younas Moughal	Sector Development Consultant	World Bank, USAID, SMEDA	5

For each strategy or study, the questionnaire developed for the review asked the experts for their best judgment, considering relevance and likelihood of implementation, of the potential sector growth over the next five years as a result of each study. For each question, the questionnaire asked for a multiple choice response and a written explanation for the response. The questionnaire asked reviewers to gauge the likely monetary impact on the Pakistan economy of the package of studies (CSF). Responses were broad ranges that corresponded roughly to implied benefit cost ratios ranging from 0.5 to 3.0 based on known project costs. Annex 5 contains a copy of the questionnaire.

Quantitative Methodology

The team tried to find ways of implementing a quantitative approach given the absence of baseline data to track CSF's performance against its stated objectives in a meaningful way. However, this was not possible. Similarly, we did not have sufficient quantifiable impact or results data to conduct meaningful cost-benefit and quantitative impact analyses.

Data Limitations

Interviewees were selected using a purposive method. They are not a representative sample and, therefore, while their information is relevant for illustrating or supporting data obtained elsewhere, their views do not represent their organizations as a whole.

As CSF is an ongoing project and activities occur everyday, this evaluation is based upon the data we had during the evaluation. The situation as we present it could have changed.

IV. FINDINGS AND CONCLUSIONS ON THE OVERARCHING QUESTIONS

A. Relevance

How well was the project focused on the needs of the beneficiaries?

Conclusions: CSF's design is consistent with the needs of its targeted beneficiaries, as defined in the approved PC-1 and CSF's first workplan. These beneficiaries and needs are a slight departure from those identified in the LSGA. As a result, CSF's focus shifted from SMEs to producers in general and GoP policymaking.

CSF involved the GoP, especially MOF, in designing and executing all of its activities in one way or another, which it would have to do since the MOF is the Executor of CSF's PC-1. It has also reached out to other areas of the government that are compatible with its objectives, such as the Higher Education Council, as well as to provincial governments like Sindh when they need particular interventions.

CSF has involved the private sector primarily, though not exclusively, through its government partnerships.

The matchmaking grants activity has not been implemented and therefore cannot be evaluated.

Defining the Beneficiaries

Although the LSGA does not explicitly define the project's intended beneficiaries, extracting from its description of the development problem and the rationale of the CSF, the direct beneficiaries are **SMEs** and, ultimately, all **producers** along the value chain. *Workers* indirectly benefit through increased employment, better jobs, and better wages emanating from the more competitive SMEs. At an additional degree of separation, indirect beneficiaries would be the *GoP* through increased tax revenue from businesses and workers.

Beneficiaries' Needs

Extracting from the LSGA, SMEs and value chain producers need better **competitive strategies**, more **innovation, research and development, science and technology**, and **industry cooperation** in order to become more competitive in the global marketplace.

CSF's Design

The LSGA provided CSF with two main vehicles to accomplish its objectives:

1. Technical Assistance
2. Matchmaking Grants

With these vehicles, the LSGA tasked CSF with:

1. Providing **technical assistance** to industry sectors,²¹ using workshops and seminars to raise interest in participating in CSF, industry groups, journalism training to expand the knowledge

²¹ The LSGA does not define the sectors.

base on competitiveness, making grants for innovative or research initiatives, identifying technical experts to help potential matchmaking grant recipients, and help develop equity finance products and credit guarantee facilities for SME finance²².

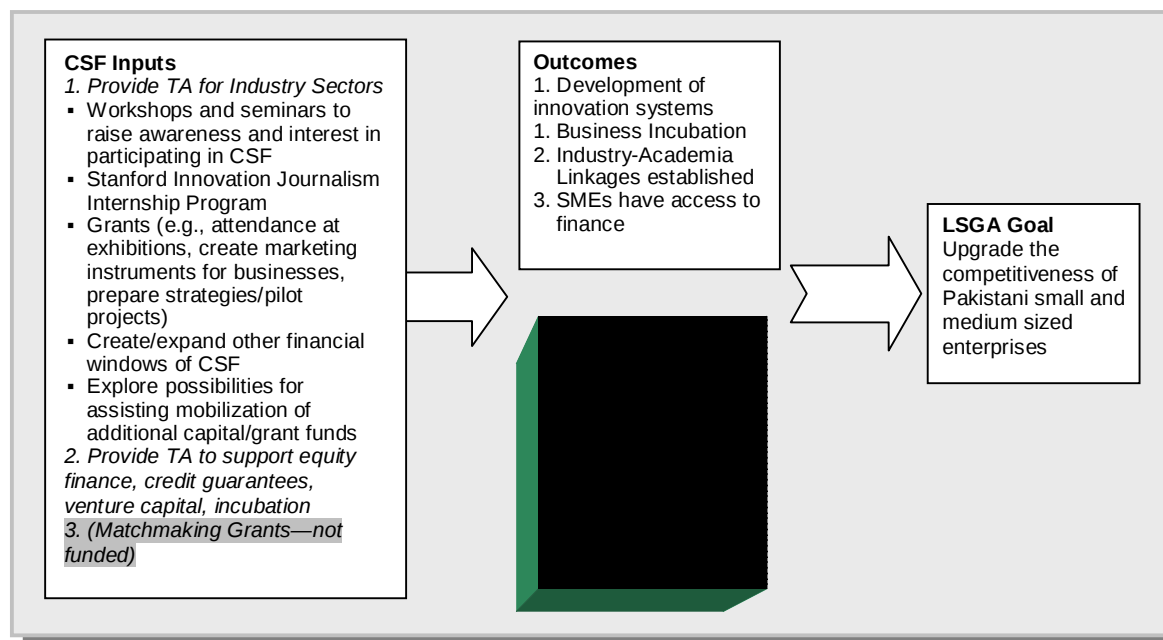
2. Providing **matchmaking grants** for training, industry/university linkages, industry/research institution linkages, management/management information systems, feasibility studies, equipment and other capital expenditures.
3. Exploring **credit guarantees, venture capital and innovation incubation financing** (NOT supported by USAID)

Due to the contractual limitations of the LSGA, the USAID Regional Legal Officer and Contracts Officer determined that sub-host country grants could not be disbursed under this mechanism.²³ Therefore, the matchmaking grants have not been financed.

The workshops, seminars, and industry groups most directly address SMEs' defined need for industry cooperation. Equity finance products, credit guarantee facilities, venture capital, and incubation should help SMEs conduct research and development and purchase technology inputs they need to compete, as well as conduct pilot projects.

The logic of CSF's design and how it addresses beneficiaries' needs is depicted in Figure 1 below. Please note that the objective and results depicted are an abstraction of the LSGA's content. The LSGA itself does not explicitly define objectives or results for CSF.

FIGURE 1: CSF DESIGN



Modifications

CSF's focus changed with the approved PC-1, changes that were captured in CSF's first annual workplan (dated May 17, 2006), which implicitly identifies its direct beneficiaries as all **producers** along the value chain, not SMEs specifically, as well as "the **government economic team**."²⁴ The workplan identifies producers' needs as innovative approaches, linkages between academia and

²² USAID funds are not to be used as a credit guarantee.

²³ USAID

²⁴ First year workplan, p. 4

industry, dialogue on policy and reform issues, faster commercialization of innovation, and a stronger legal framework “for a viable economic environment.” Consistent with the approved PC-1, it also focuses on MOF’s needs for policy research and advice on creating regulatory structures to facilitate competitive growth and thereby improve Pakistan’s rating in the Global Competitiveness Index.

CSF’s first year workplan modified the objectives of the three activity areas identified in the LSGA above as follows²⁵:

1. **Technical assistance** should **promote GoP’s goal of creating a more competitive economy** by focusing on policy decisions, regulatory and administrative frameworks, and public-private partnerships. The workplan also offers the possibility of working with specific sectors that have “high growth potential and a competitive advantage.”
2. Venture Capital and Innovation Incubation financing (funds provided by GoP, NOT USAID) is intended to help entrepreneurs turn their ideas into exportable products and forming business ventures, thereby encouraging knowledge- and innovation-based enterprise development.
3. (Matching grants should support investments or projects that “showcase innovation” and “upgrade” economic competitiveness.)

The technical assistance has therefore shifted from a focus on “industry sectors” and SMEs identified in the LSGA to a focus on the GoP’s policy, regulatory, and administrative frameworks. This shift is consistent with CSF’s tasks as described in the PC-1, which states that CSF will “provide input into policy decisions, working to improve regulatory and administrative frameworks”²⁶. The TA therefore seems to address dialogue on policy and reform issues, a stronger legal framework, and the need for input into policy and regulatory frameworks. CSF’s first year workplan also says that the TA is supposed to provide industry assistance and encourage academia/industry interaction.

Stakeholder and Beneficiary Involvement

CSF’s Annual Progress Report for March 15, 2006-March 15, 2007 states that its technical assistance is designed to respond to areas the MOF identifies as needing assistance,²⁷ as well as requests from the private sector and academia.²⁸ As a funder, USAID is also a stakeholder.

CSF works with the following stakeholders²⁹:

Government. CSF’s assistance has been dispersed within GoP, encompassing research and academic institutions, regional governments, and the Board of Investment.

- **GoP’s Higher Education Commission:** MOU signed, joint workshops held between December 2006 and February 2007³⁰, developed joint application form for Matching Grants
- **Government of Sindh:** MOU signed, CSF prepared a policy analysis and action plan for Karachi Fisheries Harbor; talking about implementation of recommendations
- **Pakistan Agricultural Research Council (PARC):** reviewed development projects and products to help PARC implement PM’s directive to set up a company to commercialize the research outputs of all the research institutes under PARC. CSF prepared a report, “Commercializing Research in Agriculture.”

²⁵ Matching grants should support investments or projects that “showcase innovation” and “upgrade” economic competitiveness.

²⁶ PC-1, p. 2.

²⁷ P. 12. Note that if CSF decides that the GoP’s requests are not relevant to its objectives, it does not respond to them.

²⁸ P. 28.

²⁹ CSF Half Year Progress Report

³⁰ CSF First Year Workplan

- **Board of Investment:** MOU signed, CSF developed strategy paper, “Towards a Structured Reform Process for Improving the Investment Climate and Enhancing Competitiveness of Pakistan’s Economy”; Foreign Investor Council created; other activities planned
- **National Vocational Training and Education Commission (NAVTEC):** planning joint initiatives
- **FATA Secretariat:** CSF agreed to assist FATA with sustainable development of the area’s economy³¹.

Private Sector³²:

- **Pakistan Business Council (PBC):** MOU signed, CSF did analysis of Special Economic Zones
- **Lahore Chamber of Commerce:** CSF made a presentation on competitiveness, which prompted the Chamber to ask for assistance with overcoming difficulties selling produce because of hygienic concerns and spoilage. Result: CSF policy studies and action plans. CSF formed a task force including the Board of Investment, producers along the value chain, MOF, public and private banks, Standard Charter, Ministry of Agriculture, and Planning Commission.
- Under the MOU with the Sindh Government, CSF is working with the **Sindh Small Industry Corporation** to examine the horticulture market, especially mango pulp and chilies.

SMEs: Little activity as of yet.

- **Matchmaking grants:** CSF Board approved 10, MOF provided funding for at least three of them³³, CSF signed contracts with the grantees, and work has begun.³⁴ Mr. Bayhan explained that the \$10 million the MOF has committed to CSF is being used for both the matchmaking grants and the business incubator activities.
- **Business incubator:** The Executive Committee of the National Economic Council approved Rs 2975 million to CSF on December 19, 2006.³⁵ The Finance Division granted administrative approval of the funds on January 26, 2007.³⁶ Mr. Bayhan explained that CSF then had to wait until June 2007 (the start of the fiscal year) to propose an annual budget, which was approved at the end of June. The funds then had to be transferred from MOF to the Planning Commission and then on to CSF. Activities planned.

“At the request of Governor of Punjab Lt. Gen. (r) Khalid Maqbool, Dr. Arthur Bayhan, CEO of the Competitiveness Support Fund (CSF), met on 5 July, 2006 with a small group of policy makers representing the key universities, private industry and the Government of Punjab to discuss how the CSF and the Government of Punjab could cooperate to upgrade the competitiveness of the economy”. (1st year workplan, p. 18)

Involving the Government of Pakistan

³¹ Half Year Progress Report, p. 30

³² CSF reports and interview with Arthur Bayhan

³³ The three projects for which Rs 8,000,000 were used, are: Solar Kilns for Leading Clusters of Furniture Sector, Establishment of Common Laboratory for Drug Formulation, and Proposal for Gems Sector Development Gems Processing Centre. The letter from CSF to MOF confirming receipt and use of the funds specifies that these constitute the “first installment of GoP funding.” A letter from MOF to CSF dated Feb. 20, 2008 references the release of “12 million for 2007-08,” pursuant to CSF’s request dated Jan. 14, 2008

³⁴ Interview with Arthur Bayhan

³⁵ Memo from Planning and Development Division of MOF to Secretary, Finance Division.

³⁶ Letter from the PMSP Wing of the Finance Division to The Accountant General, Pakistan Revenue, dated January 26, 2007.

CSF's work is prescribed in the PC-1 signed by the MOF, indicating the tasks were at least approved by this ministry. In addition to the matchmaking grants, business incubator financing, credit guarantees, and award functions identified in the LSGA, the PC-1 directs CSF to conduct the following activities:

1. Policy relevant analysis to identify the sectors that have competitive advantage to grow. Initiate value chain analysis for the motorcycle industry as a pilot, then the automotive and food processing industries
2. A pilot study for one of the policy areas to identify the policy impact on competitiveness
3. Publication of first Annual Pakistan's Competitiveness Report 2006/2007
4. Dialogue between GoP and private sector, civil society, regional leaders. Pakistan Business Council will be formed.
5. Identify and compile information and research relevant to Pakistan's competitiveness

According to CSF's Half Year Progress Report (March 15-September 15, 2007), it has clearly accomplished activities 1, 3, 4, and 5. It conducted policy analyses of the motorcycle, automotive, food processing, Karachi fisheries, horticulture, and meat industries. It published the Annual Pakistan Competitiveness Report. Responding to the PM's direction, CSF has also been holding meetings with the GoP line organizations to discuss the implications of the report's findings³⁷.

Two HEC officials, two Pakistan Business Council officials, and two Bureau of Investment officials told the evaluation team that CSF is trying to implement the MG activity with its "triple helix approach," which involves public-private interactions. In addition to conducting its own studies, CSF has also formed a competitiveness research library to house information and research relevant to Pakistan's competitiveness.

Five MOF officials and three CSF managers told the evaluation team that MOF requested that CSF adjust the project's technical assistance to cover more sectors and specific issues. Interviews with the MOF official providing oversight of CSF and CSF itself found that CSF based its TA projects on GoP's overall desire to satisfy the needs of the maximum number of potential beneficiaries.

Mr. Omar Ayub Khan, CSF's Board Chairman and Pakistan's Minister of State for Finance, described to the evaluation team the dialogue process behind every policy paper and action plan CSF writes:

- CSF discusses with MOF, MOI, and private sector representatives which industry has a competitive advantage.
- Upon selection of an industry, CSF provides technical assistance to create a policy paper and action plan.
- The results are approved by GoP and CSF's board.
- The papers are taken to the Economic Coordination Committee of the Cabinet, which provides them to the industry.

Mr. Khan clearly articulated CSF's value to the GoP as follows:

- With CSF's help, the GoP can present its case more effectively to the World Economic Forum.
- MOF can understand how to analyze data better because of CSF's TA. It understands areas of weakness. The public-private dialogue process helps MOF to understand the private sector's direction.
- CSF helps GoP to focus on key competitiveness issues within an industry.

Mr. Anjum Ahmed, Senior Private Sector Analyst at the World Bank, told evaluators that Pakistan lacks think tanks and research groups that conduct proper policy studies, and therefore looks to donors to provide these inputs. In addition, MOF itself has little capacity and therefore looks to CSF for help.

³⁷ CSF Interim Progress Report

USAID

CSF's Geoff Bastin emphasized to the evaluators that CSF has been responsive to USAID's needs. For example, at USAID's request, CSF prepared a business plan for Empowering Village Enterprise Networks, even though the subject does not relate to competitiveness. CSF also prepared a quarterly report covering September 15 to December 15, 2007 for USAID, even though no such reports are required under the LSGA. At least one USAID representative has attended every CSF board meeting (see Effectiveness).

B. Effectiveness

Has the project accomplished its objectives?

Conclusions: CSF's M&E plan is not sufficient to enable ongoing performance monitoring, evaluation, and therefore decision making. Without targets, baseline data, clear indicator definitions, and regular data collection and analysis, the M&E plan does not fulfill its purpose. Therefore, it is impossible to determine whether CSF is achieving what it set out to do.

Nonetheless, it is clear from CSF's results to date that it is contributing towards its first result, as well as to its overall objective. The fund has not yet contributed to its second result.

1. Result 1: CSF has contributed to a more competitive economy. It has raised awareness of competitiveness, especially within the GoP, and set in motion both public and private initiatives to increase the competitiveness of Pakistan's industries. Its work has resulted in reductions in customs duties, public funds reserved for R&D, decision to reorganize a major fisheries harbor in Karachi to address international import/export standards, and began work on a storage facility to reduce farm to market costs in Sindh.
2. Result 2: CSF has not yet supported entrepreneur and private sector-led initiatives contributing to a knowledge-driven economy, though it appears to be setting the groundwork for it.

As for CSF's objective, it is certainly making efforts towards a more competitive Pakistani economy, but since its activities are just starting to produce some outcomes, it is unlikely that CSF has impacted the Pakistani economy.

Although it took a year and a half to organize its membership and procedures, CSF's Board appears to be functioning normally now. It is encouraging that the Board is developing sub-committees to facilitate the grant process (with MOF funds) and has agreed to meet on a quarterly basis, both of which indicate a more active Board role. It is also encouraging to see that the Board now has a private sector majority, as originally intended. Judging by the meeting notes, the Board is contributing to important decision making.

CSF created an M&E plan for itself, which USAID approved in the last quarter of 2006.³⁸ Its objectives and results are as follows:³⁹

Objective: Support Pakistan's goal of a more competitive economy

1. A more competitive economy via input into policy decisions, improvements of regulatory and administrative frameworks and enhanced public-private partnerships.

³⁸ Annual Progress Report March 15, 2006-March 15, 2007.

³⁹ From Monitoring and Evaluation of CSF Activities, p. 1. There is also a goal for the matching grants activity.

2. Entrepreneur and private sector-led initiatives with research institutes and universities that contribute to creating a knowledge-driven economy.

CSF's M&E plan includes 17 indicators designed to measure the effectiveness; efficiency; economic impact; and social, environmental, and poverty impact of CSF's two main USAID-funded activities,⁴⁰ policy and sector studies, and public awareness activities. Seven of the indicators measure outputs, six appear to be outcome-oriented, two are impact indicators, one indicator includes both an output and an income component, and one indicator could be either an output or an outcome. None of the indicators is defined, none has targets, and most do not meet USAID indicator standards. It is therefore difficult to determine what exactly should be measured and how, and therefore what CSF considers as progress towards its objective.

For example, an indicator for the effectiveness of CSF's policy and sector studies is: "Number of policy recommendations developed and transferred to government agencies (listed recommendations, agencies, specific policies adopted). For example, inclusion of competitiveness by the Prime Minister as a cornerstone of policy." What counts as a policy recommendation? A single recommendation in a report? An entire report? A verbal recommendation? Are we measuring the number of recommendations given to the government, number of recommendations implemented, or the number of references to a recommendation in the context of a larger framework?

To take another example, an effectiveness indicator for the policy and sector studies is "new initiatives and follow-thru studies undertaken (e.g., Horticulture Task Force established following Food Industry Report)." What counts as an initiative or follow-through study? A task force only? Are we measuring the number of initiatives and studies, the number of CSF studies that result in initiatives or follow through studies, or using a binary coding system? Is this an output indicator that measures CSF activities or is it an outcome measure?

Furthermore, there are no data collection instruments or instructions for data collection timing, methodology, responsibility, analysis, or reporting.

None of CSF's three progress reports uses the M&E plan to track progress. The workplans do not include an M&E section.

CSF produced an Internal Monitoring and Evaluation Report in August 2007 that provides a well constructed narrative of the outcomes from CSF's activities to date. Although the report includes the M&E Plan as an annex, it does not track its progress using the PMP, although it seems to include at least some of the indicators from it. The indicator measurements reported are not aggregated, nor is there an assessment of how much progress the project has made because there were never any targets set. It is therefore impossible to determine whether the project is on the course it set for itself.

In the absence of targets, the evaluation team has assessed CSF's effectiveness based upon contribution to its overall objectives. It is not possible to determine whether CSF has achieved its objectives; only whether it has contributed to them.

Result 1: A more competitive economy via input into policy decisions, improvements of regulatory and administrative frameworks, and enhanced public-private partnerships

Policy Studies

As of CSF's Internal Monitoring and Evaluation Report (August 2007), the fund had completed three major policy studies. Others were ongoing. The completed studies are as follows:

1. State of Pakistan's Competitiveness Report (2006-07 and 2007-08)

⁴⁰ There are also indicators for matchmaking grants, but as stated under Relevance, USAID has not funded this component.

2. Five Policy Papers for the Poverty Reduction Strategy Paper (PRSP) Pillar II
3. Study of Special Economic Zones (SEZs), which CSF's M&E report says evolved from one of the papers presented under PRSP

Effectiveness of Policy Studies

1. The **State of Pakistan's Competitiveness Report** prompted the PM to announce competitiveness as the Cornerstone of Pakistan's Growth Strategy during the World Economic Forum held on March 12, 2007.⁴¹ CSF also held brainstorming meetings with the Federal Secretaries about what needed to be done to improve Pakistan's competitiveness indicators.⁴² The report resulted in an agreement to engage in private-public dialogue workshops between senior government officials and private, public, and civil leaders in Pakistan's provinces on the topic of competitiveness and economic reforms.⁴³
2. The **poverty reduction strategy papers** were included in Pakistan's PRSP Pillar II.⁴⁴
3. The GoP accepted the **SEZs study**⁴⁵ and approved creation of a task force and a budget of \$500,000 for three additional studies. In addition, the ECC approved a package to provide incentives for Chinese investment.⁴⁶ The Board of Investment (BOI) and CSF are working on reorganizing the GoP's approach to SEZs.⁴⁷

In addition, CSF helped to restructure the Board of Investment (BOI) to make its operations more effective⁴⁸, and the Prime Minister approved CSF's and BOI's proposal to create a Foreign Investor Council that includes the top 16 private sector companies in Pakistan.⁴⁹ CSF also assisted BOI's Investment Division to design a 5-year investment strategy. PM approval was pending as of November 27, 2007.⁵⁰

Industry and Sector Studies

CSF also completed six industry and sector studies as follows:

1. Policy Analysis of and Action Plan for the Motorcycle Industry in Pakistan
2. Policy Analysis on the Competitive Advantage of Automotive Industry in Pakistan
3. Policy Analysis of and Action Plan for Fish Quality and Value Adding at Karachi Fisheries Harbor
4. Policy Analysis of the Competitive Advantage of the Food Processing Industry
5. Policy Analysis of and Action Plan for the Horticulture Industry—from the Food Processing Study
6. Economic Empowerment of Women and its Linkages with Competitiveness

⁴¹ CSF website; Summary Note on the Impact of CSF Achievements written by Abdul Basit Khan, the Joint Secretary of the Prime Minister's Special Program Wing, on October 24, 2007; and PR-inside.com: <http://www.pr-inside.com/pakistan-must-achieve-competitiveness-in-r113698.htm>.

⁴² CSF reporting and Summary Note on the Impact of CSF Achievements, Abdul Basit Khan, October 24, 2007.

⁴³ CSF Annual Progress Report, p. 38

⁴⁴ Ibid; "Pro-poor spending to reach 6.4% by 2010-2011: draft," Daily Times article, April 26, 2007.

⁴⁵ Summary Note on the Impact of CSF Achievements, Abdul Basit Khan, October 24, 2007.

⁴⁶ CSF Internal Monitoring and Evaluation Report, August 2007, p. 4

⁴⁷ Ibid, p. 16; and letter from Mushtaq Malik of BOI to USAID Mission Director Anne Arnes, November 27, 2007.

⁴⁸ CSF reporting and Summary Note on the Impact of CSF Achievements, Abdul Basit Khan, October 24, 2007.

⁴⁹ CSF's Half Year Progress Report March 15, 2007-September 15, 2007; Summary Note on the Impact of CSF Achievements, Abdul Basit Khan, October 24, 2007; and letter from Mushtaq Malik of BOI to USAID Mission Director Anne Arnes, November 27, 2007

⁵⁰ Letter from Mushtaq Malik of BOI to USAID Mission Director Anne Arnes, November 27, 2007

Effectiveness of the Industry and Sector Studies

1. CSF's **motorcycle study** resulted in changes in motorcycle duties, leading to increased domestic sales and exports. The custom duty on completely built units (CBU) was reduced from 90% to 80% and the duty on completely knockdown units (CKD) was reduced from 30% to 20-25%.⁵¹ Pakistan's Central Board of Revenue agreed to reimburse indirect duties, taxes, and levies through support for research and development. The weighted average of the reimbursed amounts is estimated at 10-15% of the Free on Board value of exported motorcycles.⁵² The Economic Coordination Committee approved the proposal to provide R&D funds of \$50 per motorcycle exported, which the Director General of Pakistan Automotive Manufacturers Association appreciated.⁵³
2. The recommendations from the **Automotive Industry policy analysis** are being reviewed.⁵⁴
3. The Government of Sindh decided to implement the **CSF Action Plan for Karachi Fisheries Harbor (KFH)** management and upgrade,⁵⁵ which the Joint Secretary of the Prime Minister's Special Program Wing said will restore exports of \$60 million. In February 2008, the MOF provided \$8 million to implement the action plan.⁵⁶ The Government of Sindh contributed a further \$2 million.⁵⁷ MOF provided \$2 million to CSF to oversee the restructuring of KFH, and CSF is currently preparing the SOW and tender for management of KFH (CSF).
4. The **food processing industry analysis** led to the Action Plan for the Horticulture Industry (requested by the Lahore Chamber of Commerce, Mr. Bayan said) and an Action Plan for the Meat Industry (requested by the Livestock Development Board—a public-private partnership established by ADB).⁵⁸ The latter had not yet been completed as of March 4, 2008.
5. A task force for the **horticulture industry action plan**, chaired by the MOF, was convened on July 12, 2007 and agreed to form an Implementation Committee chaired by the Secretary of the Ministry of Agriculture, Livestock and Fisheries (MinFAL). This committee recommended establishing sub-committees to develop specific actions and coordinate the existing work of the government line agencies and the private sector. The subcommittees met in August and September 2007, when the Implementation Committee prepared a report and recommendations. They met again in February 2008 to review the actions taken since the Sub-Committee for Horti-Business Finance met on January 5, 2008.⁵⁹ During the sub-committees' work, CSF secured a PC-1 for \$50 million and a plot of land near Lahore Airport to construct a storage facility. Work has begun.⁶⁰
6. CSF developed an **action plan for the economic empowerment of women** and held meetings with the Ministry of Women Development, in which it was decided that the program would be a collaborative effort. No results yet.⁶¹

⁵¹ Abdul Basit Khan said 20%, while Abdul Waheed Khan, Director General of Pakistan Automotive Manufacturers Association put the number at 25%.

⁵² Note on the Impact of CSF Achievements, Abdul Basit Khan, October 24, 2007. CSF's Internal Monitoring and Evaluation Report puts the percentage at 15%.

⁵³ Letter from Abdul Waheed Khan, Director General of Pakistan Automotive Manufacturers Association, November 19, 2007.

⁵⁴ CSF Half Year Progress Report, p. 19

⁵⁵ Notes of Meeting Regarding CSF Action Plan for Karachi Fisheries Harbor Authority held under the Chairmanship of Chief Secretary, Sindh on 22.1.2008.

⁵⁶ Arthur Bayhan

⁵⁷ Minutes of the Meeting Regarding Competitiveness Support Fund—Action Plan for Karachi Fisheries Harbor Authority Held under the Chairmanship of Chief Secretary, Sindh on 22.1.2008.

⁵⁸ CSF reporting and interview with Arthur Bayhan.

⁵⁹ CSF Half Year Progress Report, pp. 21-23.

⁶⁰ Interview with Arthur Bayhan, March 4, 2008.

⁶¹ CSF Half Year Progress Report March 15, 2007-September 15, 2007, p. 24.

Result 2: Entrepreneur and private sector-led initiatives with research institutes and universities that contribute to creating a knowledge-driven economy.

As mentioned under Relevance, CSF signed MOUs with the Higher Education Commission of Pakistan, PARC, and the Pakistan Business Council (PBC). It is also working on joint activities with the National Vocational Training and Education Commission. None of these organizations is a university, though NAVTEC and HEC focus on education. The activities with PARC focus on its research institutes. HEC also said in an interview with evaluators that its applied research activities with CSF involve universities as executing partners.

None of the partnerships appears to be focused on entrepreneurship- or private sector-led initiatives explicitly, though Pakistan Business Council is in the private sector,⁶² and planned activities are designed to benefit the private sector.

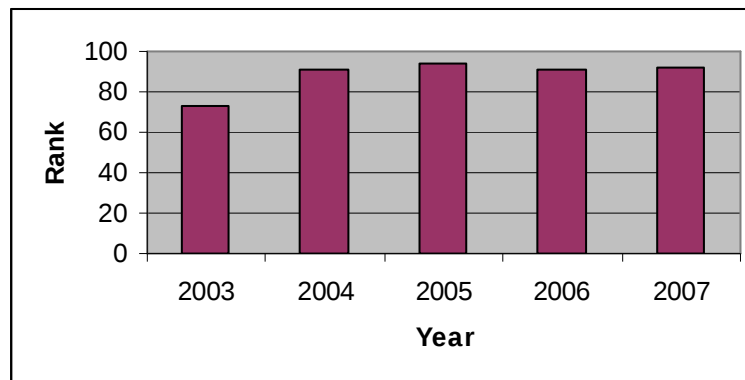
- NAVTEC and CSF are planning to develop a “skilled workforce aimed at improving the competitiveness of Pakistan’s industries and economic sectors.”
- CSF and PBC are working on public policy initiatives that could improve Pakistan’s competitiveness, but do not appear to be knowledge-driven per se.
- HEC and CSF are planning to develop knowledge- and technology-based projects through matching grants. Industry participation is expected to be 20%.
- At the PM’s direction, CSF and PARC are working to establish a company to commercialize the research outputs of PARC’s research institutes.

As discussed above, the horticulture study responded to a private sector need, but it is not related to a knowledge-driven economy.

CSF Objective: Support Pakistan’s goal of a more competitive economy

All of the activities described above are geared towards this objective and therefore could be considered to support it, but the evaluation team has no evidence that Pakistan has become more competitive during CSF’s lifetime. Pakistan’s rank in the Global Competitiveness Index has changed, but not in a consistent direction or by much, as depicted in Figure 2 below.

FIGURE 2: PAKISTAN'S GCI RANK



CSF Board

USAID requested that the evaluation team examine the functioning of CSF’s board. According to the LSGA, the board should be composed of “overwhelmingly private sector representatives” and include representatives from academic and research institutes. The private sector should have a Board majority (p. 7).

⁶² CSF reporting.

CSF's first year workplan states that the MOF nominated Arthur Bayhan as CEO, USAID approved him, and then the Prime Minister appointed him. USAID's Sandra Stajka reportedly confirmed USAID's approval of Mr. Bayhan.⁶³ The PC-1 defines 7 of the intended 10 board members⁶⁴, all of whom are public sector leaders. According to the first year workplan, the Prime Minister approved the Board in April 2006, after the Board's first meeting in March 2006. The Board's chair is the Minister of State for Finance. CSF planned to select three private sector representatives and submit them to USAID for approval, after which they would be submitted to the Board Chair to recommend their approval to the board.

Mr. Bayhan told the evaluation team that public sector spaces on the board are decided by position in the government, not by individual. So, for example, if the incoming administration changes the individual occupying the position of Secretary of the MOI, the incoming secretary would take his place on CSF's board. Mr. Bayhan explained that USAID asked CSF for suggestions for appropriate board members. He provided suggestions and USAID approved the list. The private sector individuals were approved first by USAID, then by the CSF Board, and then by the Prime Minister.

Until recently, public sector representatives dominated CSF's board (see Effectiveness for details), which could be one reason why CSF has worked mostly with GoP so far.

The board has held three meetings so far, the minutes of which CSF provided to the evaluation team. The first was held on March 31, 2006, just over two months after the LSGA was signed. Details on participants and subjects discussed at each meeting are included in Annex 3. Highlights include:

- At least one USAID representative was at every meeting.
- Board structure changed some and is now private sector-dominated:
 - o Naeem Suria, Executive Director, **Cyma Enterprises**; Khawar Anwar Khawaja, CEO **Grays of Cambridge Sialkot**; and Samina Rizwan, Country Director, **Oracle** were approved as private sector representatives in the April 2007 meeting.
 - o The Secretary, Ministry of IT and Telecommunications, was not mentioned at the most recently board meeting in October 2007.
 - o Five new, private sector board members were approved in the October 2007 meeting: Ali Noormahomed Rattansey, Finance Manager, **Aga Khan Hospital**; Sania Nishtar, Founder President and Executive Director **Heartfile**; S. Salim Raza, CEO, **PBC**; Khurram Iftikhar, CEO, **Amtex Limited**; Lubna Farooq, CEO, **SABAOON Enterprises**.
- CSF reported during the April meeting that it had signed an MOU with the Sindh Government for an action plan at KFH and to mobilize horticulture clusters with the Sindh Small Industry Corporation.
- CSF reported during the April meeting that the incubators activity would be initiated after GoP funding was issued, by September 2007. During the October 2007 meeting, CSF said that an action plan for the Venture Capital Task force was being prepared and would be ready in the next few days.
- The Board Chairman asked CSF during the April meeting to develop revised scoring criteria and M&E criteria for the matching grants. He also requested a project appraisal form, project process flow, and cost break-up for new projects proposed for funding.
- During the October meeting, the Secretary Finance proposed creating sub-committees for project evaluation/appraisal, and finance. The Chairman agreed and members were named.
- During the same meeting, the Board agreed to hold meetings on a quarterly basis rather than half yearly.

The meeting notes indicate that Board members asked questions throughout the meetings, though the notes do not specify who asked what. The Board was asked to approve new members, budgets, audits, matching grants, and other CSF plans.

⁶³ Record Note of the First Meeting of Board of Director of CSF (March 31, 2006)

⁶⁴ The PC-1 lists one individual—the Secretary General Finance—as board member, but he does not appear on CSF's website. In his place is Arthur Bayhan, CSF's CEO.

The evaluation team spoke with the only female board member, Samina Rizwan, Regional Director of SAGE West, Oracle Corporation. Ms. Rizwan said that while she had only participated in one Board meeting thus far, she did not like the process. The public sector representatives were unprepared, though CSF was well prepared. She also said that CSF does not ask for her input; it just presents information. She believed that CSF could make good use of her experience, but they have never asked for her input or utilized her experience.

Mr. Shahab Khawaja, who is the Secretary of MOI in addition to being a CSF Board Member, said that CSF is not supporting SMEs and the Board shoots down some relevant projects. CSF has “lost a major scope,” he said. It must be remembered, however, that his ministry lost control of CSF when it was moved to the MOF and the PC-1 focused CSF’s efforts on policy assistance.

C. Efficiency

How efficient has the project been in utilizing its resources to achieve results?

Conclusions: There are insufficient data to calculate monetary efficiency measures at this point, which is not surprising since as described in earlier chapters, CSF’s activities have not yet produced monetary outcomes.

As could be expected from a service-oriented project, CSF has spent proportionally more of its budget on labor than on any other expenditure. Most of that labor has been from expatriates, consistent with the fact that the CEO and Senior Advisor are both expats.

CSF’s eight TA studies collectively need to generate \$2 million in benefits for the organization to break-even at this point.

The project has not yet generated any measurable monetary benefit for the beneficiaries. With no measurable monetary benefits, the usual measures of financial efficiency, i.e., benefit cost ratio, net present value, internal rate of return, are not calculable for this project. The PC-1 states that calculating an IRR or cost-benefit ratio for CSF would not be possible because, “CSF operations will not be subject to cash inflows and outflows over a certain period of time.”

Table 2 summarizes efficiency measures as of December, 2007. Many of these measures are not applicable to this project. Nevertheless, the table is included here for compatibility with information provided in the other evaluations.

TABLE 2: CSF EFFICIENCY MEASURES

MEASURE	VALUE
Present value of project costs	\$2.0 million
Present value of benefits	No measurable monetary benefits to date
Net present value	n.a.
Internal rate of return	n.a.
Benefit cost ratio	n.a.
Annual cost per beneficiary household	No measurable household level benefits
Number of direct beneficiaries	Not measurable
Average annual benefit/beneficiary	n.a.
Benefits as % of average annual income	n.a.

CSF provided evaluators with a summary of expenditures in six requested categories. The data cover all of 2006 and 2007 through September. Although the accuracy of the data is not directly verifiable, they seem reasonable in light of verifiable data from two financial statements.⁶⁵ Figure 3 summarizes the disposition of expenditures (through September, 2007) across six categories.

FIGURE 3: DISPOSITION OF CURRENT EXPENDITURE

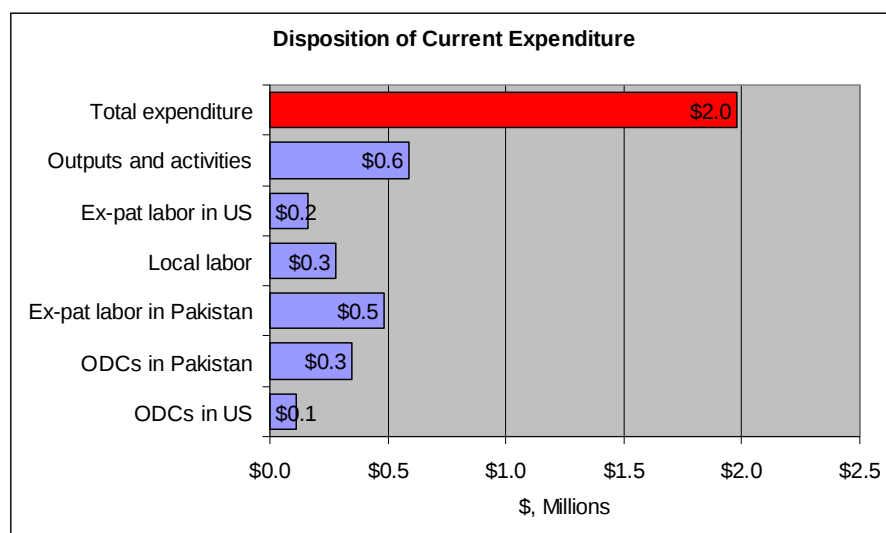
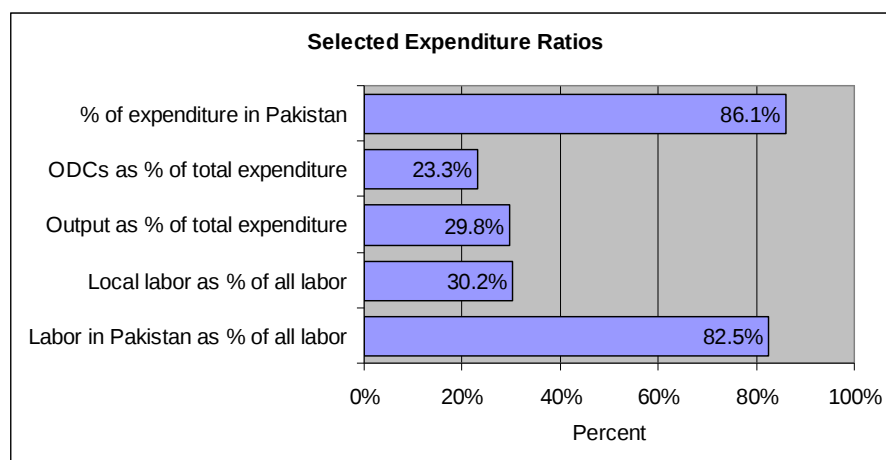


FIGURE 4: SELECTED EXPENDITURE RATIOS



Based on these data, other direct costs (ODCs) accounted for 23% of total expenditure, outputs and activities for 30%, and labor for 47%.

Figure 4 summarizes selected expenditure ratios based on the same data as Figure 3. Of the 47% of total expenses that went to labor, 82% was incurred in Pakistan, although only 30% has gone to local labor.

⁶⁵ The two financial statements, CSF Financial Statements for the Year Ended June 30, 2007 and CSF Financial Statements for the Period January 26, 2006 to June 30, 2006, are not directly comparable to the summary provided by the project. They report data by fiscal year, run only through June, 2007, and do not report expenses in the desired categories. Nevertheless, the data provided by the project seem generally consistent with the verifiable financial statements.

D. Impact

To what extent has the project benefited the people of Pakistan?

Conclusions: CSF has not yet realized any impact because implementation of its studies and recommendations is just beginning. Based upon the information we have, if implemented, CSF's work should contribute to a significant growth in the sectors it has targeted, which would impact salaries and job growth.

USAID's support to CSF is scheduled to end in December 2008, which means that this evaluation took place approximately 2 years into this 3-year project. Since impact is by definition long-term in nature and impacts are not normally expected until after (sometimes well after) a project has been completed, it is not expected that there would be any impact from CSF at this stage. As described in other chapters of this report, CSF works primarily at the policy level and even the sector and industry action plans depend upon GoP action.

Governments the world over are notoriously slow, and the MOF official responsible for oversight of the CSF project expressed dissatisfaction to the evaluation team with GoP's input so far regarding CSF projects.⁶⁶ He also observed that the projects CSF and MOF have been working on are "mega-projects" that require time to be implemented and demonstrate impact. He characterized CSF's role as identification and analysis of problems and solutions; "implementation is the government's problem." Mr. Omar Ayub Khan, Minister of State for Finance and CSF's Board Chairman, told the evaluation team that GoP would select projects for implementation after Pakistan's elections, which happened on February 18, 2008.

CSF's activities "can only have results in 3 to 5 years."
—Professor Faheem ul Islam,
LUMS

The only impact to date is qualitative since none of the studies, plans, matching grants, or business incubators have been implemented yet, though some are in progress. Nonetheless, because of CSF's Karachi Fisheries Harbor Action Plan, the Government of Balochistan requested that GoP and CSF write a similar plan for Pasni and Gwadar Fisheries Harbors.⁶⁷

The rest of this chapter attempts to assess the potential impact of CSF, assuming the studies are implemented.

Potential Future Quantitative Impacts

CSF has provided detailed projected monetary impacts in its Annual and Half Year Progress Reports. Without detailed information on how the numbers were calculated, it is impossible to say how accurate they are.

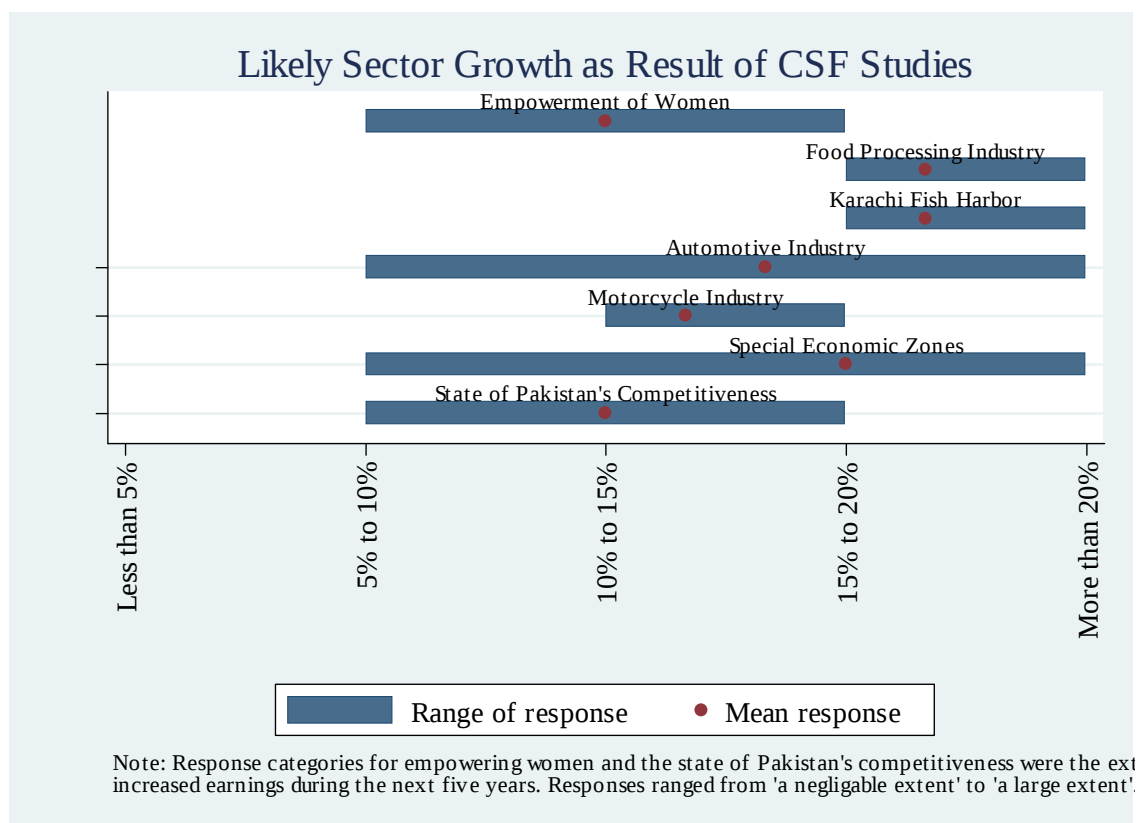
⁶⁶ Interview conducted on October 19, 2007.

⁶⁷ Letter from Abdul Salam Baloch, Secretary Fisheries to Javed Malik, Additional Secretary to MOF, dated 11.1.2008.

Strategy/study	Expected impact
Motorcycle Industry Study ⁶⁸	• Increase production from 750,000 units per annum to 1.7 million units by 2010-11. • Promote the export of 100,000 units annually. • Create 500,000 jobs by 2010-11. • Increase government revenue by Rs. 40 billion (\$641.5 billion on March 2, 2008).
Karachi Fish Harbor ⁶⁹	• Restore \$60 million in exports to the European Union, which halted all imports of Karachi fish based on noncompliance with sanitation standards. • Annual increase in the value of catch of \$35 million⁷⁰
Horticulture ⁵	• increase exports to between \$800 million and \$1 billion by 2012 (an increase of 371-488% over the current \$170 million).

None of these impacts has yet been realized. To obtain an independent, expert assessment of the potential sector growth resulting from CSF's studies, the evaluation team asked the four experts introduced in the methodology section for their assessment of seven of CSF's completed studies, based upon their own experiences and knowledge. Their assessments are summarized in Figure 5 below. The figure illustrates both the range of responses for each study and the mean value across all responses.

FIGURE 5: INDEPENDENT EXPERT ESTIMATES OF CSF IMPACT



⁶⁸ Letter from Abdul Waheed Khan to Ambassador Anne Patterson, November 19, 2007. Also reported in CSF's Half Year Progress Report.

⁶⁹ Letter from Abdul Basit Khan, October 24, 2007

⁷⁰ CSF's Half Year Progress Report

Overall, reviewers judged the Karachi Fish Harbor and Food Processing Industry studies as having the greatest potential impact on growth and the Empowerment of Women and State of Pakistan's Competitiveness studies as having the least. They largely agreed on the likely magnitude of the impact of the Karachi Fish Harbor, the Food Processing, and the Motorcycle Industry studies and disagreed greatly on the potential impact of the Automotive Industry and Special Economic Zones studies.

In addition to assessing potential growth attributable to the recommendations of each study, reviewers also provided their estimations of the total economic impact attributable to the seven CSF studies over the next five years. The questionnaire asked them to consider both the likelihood that the study recommendations would be implemented and the likelihood that implementation would generate an impact when forming these judgments.

Reviewers' estimates of the potential impacts over the next five years ranged from \$2 million to \$6 million or more. Two of the three reviewers believed that, together, the studies would generate at least \$6 million in economic impact. One believed they would generate about \$3 million and one \$2 million. The present value of CSF costs as of 2007 is about \$2.0 million (see Efficiency section). On average, reviewers believed the CSF studies are likely to generate impact in excess of costs over the next five years.

E. Sustainability

Are the activities and results likely to be sustained after the project is completed?

Conclusions: CSF's sustainability potential is high.

- CSF is fairly firmly entrenched in GoP at both national and state levels, and GoP recognizes the value of CSF's services. CSF's partners, Board, and beneficiaries are diverse, providing it with a firm foundation of support and a vast array of contacts.
- It remains to be seen what will happen when a new government steps in and defines its priorities. However, the sources of requests for CSF assistance (e.g., Government of Balochistan, NAVTEC, PBC, Chambers of Commerce) indicate demand for CSF's services outside of the national government. Judging by the prolific media coverage of CSF and competitiveness issues, both topics are popular.
- CSF's CEO seems committed to making CSF a Pakistani institution that will survive long after USAID and he leave.

The LSGA envisioned that the Government of Pakistan would assume responsibility for CSF at the end of USAID's 3 years of funding⁷¹, and the PC-1 states that the GoP fully expects to do so, with support for at least two years following the end of USAID's funding. In the long term, however, the PC-1 does not expect CSF to stand on its own: "There is no desire by the sponsors to turn this project into a commercial venture. Hence, the project has not been designed on a self-sustaining basis." The PC-1 goes on to say that funds will be sought from other donors to support CSF beyond USAID and GoP funding. However, Mr. Abdul Basit Khan, in a letter to the evaluation team dated October 24, 2007, requests that USAID "include CSF in its economic growth strategy for the next 5 years."

Mr. Bayhan told the evaluation team that he expects USAID funding to continue until the MOF's funding to CSF ends, based upon a letter from USAID to Dr. Salman Shah, Minister for Finance, a copy of which CSF provided to the evaluators. The letter states that while USAID has determined it cannot support grants through a host country government, it "hopes to maintain its original \$10 million commitment in support to CSF and maintain a possibility of extending the support period beyond three years."⁷² Mr. Bayhan explained that since CSF has only spent \$3 million of USAID's money to date, it will use the remaining \$7 million to continue to market itself and build local capacity so that the fund

⁷¹ LSGA, p. 6

⁷² Letter from USAID to Dr. Salman Shah, dated December 4, 2007.

stays after USAID's funding ends. He added that CSF has an excellent accounting system because of USAID and that will remain with CSF.

Mr. Bayhan explained that CSF wants to be a Pakistani institution and is looking for support from other donors like ADB. He also said CSF could generate revenue by providing consultancy services and economic forecasting to the government and international institutions. He said that CSF has already begun to do so, as the GoP asked CSF to manage the reorganization of the Karachi Fisheries Harbor, and the Government of Balochistan asked CSF to provide a similar fisheries study for them.

Based upon the evaluation team's interviews with eight GoP officials, MOF doubled the allocation of funds for CSF's Business Incubation and Venture Capital activities from \$10 million to \$20 million, which CSF said had been approved in February 2008. According to interviews with both the State Minister of Finance and the Minister of Industries, GoP is very much committed to improving competitiveness. Mr. Omar Ayub Khan said that the GoP allocated \$22 million to CSF. MOF and MOI officials agreed that this level of investment is unprecedented for Pakistan.

GoP has approved the following investments to implement CSF's sector action plans⁷³:

- \$10 million for Karachi Fisheries Harbor (\$8 million from the Federal Government⁷⁴ and \$2 million from the Government of Sindh)
- \$2 million for technical assistance for Karachi Fisheries Harbor through CSF
- \$250,000 to develop a task force for horticulture, finance, and competitiveness, which first met on December 7, 2007.

Asked about how the change in government might affect CSF, Mr. Bayhan replied that it will be better for CSF. He explained that CSF has good relations with the federal secretaries, who may move around within the government, "but it's always the same people." He is, however, letting major decisions pend until after the new administration takes over, as the new government is not likely to support anything the interim government approves. Supporting his position is the structure of CSF's Board, which, as explained under Effectiveness, is private-sector dominated and the public sector positions are based upon position in the GoP rather than on individuals.

Mr. Bayhan also explained that the government "will need CSF" and provided an example of the Ministry of Health, which asked CSF to develop a questionnaire to determine whether companies in Pakistan have problems with tuberculosis. Although not directly relevant to competitiveness, Mr. Bayhan explained that the illness impacts workforce development and industry's functioning.

As covered elsewhere in this report, CSF has been working with and for some private sector organizations, such as the Pakistan Business Council and Chambers of Commerce.

The business incubator portion of CSF is expected to be sustainable, as CSF intends to provide funding to an incubator consortium, which provides venture capital to SMEs. The incubator consortium receives money back from the SMEs as return on the capital invested, which is expected to be sufficient to pay back the money received from CSF. CSF then lends those same funds to another incubator, thereby becoming a revolving fund.⁷⁵

Asked what will happen when he leaves CSF, Mr. Bayhan replied that he is building the capacity of his Pakistani staff, including the recently hired COO and more than 100 team leaders, to prepare them to take over. CSF's board requested during its first meeting that Mr. Bayhan train a Pakistani to replace him after three years.⁷⁶

⁷³ Interviews with GoP and CSF officials, as well as CSF documents and documents from GoP.

⁷⁴ This \$8 million has not yet been incorporated in the GoP's budget planning through a PC-1.

⁷⁵ PC-1, interview with Arthur Bayhan.

⁷⁶ CSF Board meeting notes.

GoP officials and private sector representatives have expressed satisfaction with and support of CSF's work. USAID, the U.S. Embassy, and the evaluation team received letters from Mr. Abdul Basit Khan, Abdul Waheed Khan (CEO-Chairman of Pakistan Automotive Manufacturers Association), Abdul Salam Baloch (Secretary, Fisheries, Government of Balochistan), and Mushtaq Malik (Secretary, BOI), expressing their satisfaction with CSF's performance.

Mr. Abdul Basit Khan told the evaluators that CSF became one of the Prime Minister's Special Programs⁷⁷. Of those programs, he said that CSF has performed best. Samina Rizwan of Oracle Corporation and a CSF Board member told the evaluators she thought Omar Ayub Khan, Minister of State for Finance and the CSF Board Chairman, is committed to the fund.

Mr. Khan himself told the evaluators that the government's thinking process is changing through CSF, and that competitiveness as a long-term strategy "must be incorporated." He articulated CSF's value to GoP as the following:

- It focuses government attention and energies, and helps the government to present its case more effectively to the WEF.
- MOF has a better understanding of how to analyze data.
- The public-private dialogue process helps GoP understand where the private sector is heading.
- CSF focuses on key competitiveness issues within an industry.

He added that the regular meetings held with USAID have led to a good working relationship with USAID.

According to CSF and supported by the Balochistan Government's request and the horticulture and meat studies evolving from the food processing study, CSF has created some government and private sector demand for its studies.

It should be remembered, however, that new political parties came into power in the February 18, 2008 election and it remains to be seen whether and to what extent their priorities will continue to support CSF.

The Stanford Innovation Journalism Program is designed to be sustainable in that the journalists trained are expected to report accurately on innovation, create enthusiasm for the innovation program, and interact with other media professionals to give feedback on the innovation program. The ultimate goal is to create a similar program in Pakistan.⁷⁸ Since two journalists have been recently trained so far, it is not yet possible to assess the sustainability of the program at this time.

F. Replication

To what extent can the activities and results of the project be replicated?

Conclusions: Replication of CSF is certainly possible, and may be appropriate where there is a need for policy assistance, sector support, and enabling environment work to address a recognized economic problem stemming from lack of competitiveness. CSF's work hinges on strong public sector support, a broad array of contacts, and ready access to qualified TA resources, suggesting that such support would be needed to implement its model elsewhere. Replicating CSF would also require a strong leader (like Arthur Bayhan) who can navigate political systems.

⁷⁷ The other three are the Infrastructure Project Development Facility, the Project Development Fund, and the Khushaal Pakistan Fund

⁷⁸ Interview with Geoff Quartermaine Bastin (Senior Advisor) and Amir Jehangir (PR Manager) of CSF.

A replication analysis should answer three questions:

1. Is the project model replicable?
2. Under what conditions could the project be replicated?
3. Is there a need for replication?

This report addresses primarily the TA component of CSF, since PR activities can always be replicated, given sufficient funding. Please also see the PR chapter of this report for more information on the results of CSF's activities in this area.

Project Structure

The concept of CSF was drawn from the experience of other countries with similar funds⁷⁹, so CSF was in itself a replication that was adjusted to fit Pakistan's identified needs.

Based upon our interview with three CSF managers and our interview with the Joint Secretary for PMSP, the evaluation team found that CSF conducted its technical assistance activities without a systematic process or methodology for selecting subjects to study, which makes its approach difficult to replicate. Rather, CSF answered GoP and private sector requests for studies. Based upon the information we have, CSF did not conduct any assessments to determine, for example, how many people the study's implementation would likely impact or relative importance against other potential study subjects, prior to conducting a study.

CSF does have copious documentation of its operations, activities, outputs, and outcomes, as the evaluation team experienced first hand.

Conditions for Replication

Based upon evidence presented in the other chapters of this report, the primary factors that contributed to CSF's success thus far seem to be a strong relationship between CSF's leadership and GoP officials, especially MOF and the Prime Minister; an ample supply of public funds, and access to a wide range of technical expertise.

CSF's management was responsive to GoP which, as described in the Effectiveness, Impact, and Sustainability chapters, built demand for and appreciation of CSF's services. CSF's management met frequently with MOF to review the implementation status of recommendations it had made, thereby increasing the likelihood that their studies would be implemented.

Arthur Bayhan is CSF's creator, manager, and marketer. Perusing through the news articles about CSF on its website, Arthur is mentioned as the driver of many activities, whether it be as lecturer, commenter, or organizer.

Need for Replication

CSF was designed to address Pakistan's need for a more competitive economy for economic growth. As discussed elsewhere in this report, GoP needs high quality policy analysis, which existing organizations were not able to provide. In addition, the need to fund SWOG strategies provided CSF with an instant supply of potential grant recipients.

An important issue to consider in replication is whether the intervention would duplicate the work of other organizations. For example, the Joint Secretary of PMSP said that CSF may be a duplication of Pakistan's Infrastructure Project Development Facility (another Special Program), as both focus on private-public partnerships. A detailed study would be needed to determine if and where the two organizations' initiatives overlap.

⁷⁹ Background information from LSGA and PC-1.

V. FINDINGS ON THE CROSS-CUTTING QUESTIONS

A. Gender

To what extent has the project benefited women?

Conclusions: CSF has not had any substantive impact on women. The matchmaking grants could provide an opportunity, as could the venture capital component, provided that they focus on industries in which women are employed.

The LSGA does not list objectives related to gender, and the PC-1 states simply, “The CSF will encourage the female professional staff applications to increase the number of the female professionals in Pakistan.”⁸⁰

More than 40% of CSF’s project staff is female (total staff is 13.) The women employed at CSF include two consultants, a receptionist, a secretary, and a cleaner. The professional women are young, and the two consultants are undergraduates. CSF currently lacks a gender specialist.

CSF’s Board, up until the most recent board meeting in October 2007, included one woman. That number has been expanded to 3, out of approximately 15 members, including the Board Chair and the CSF CEO.

One out of eight technical assistance reports is based on gender (Study Economic Empowerment of Women and its Linkages with Competitiveness). CSF created an Action Plan and met with the Ministry of Women Development about implementation.⁸¹ However, implementation has not yet occurred and therefore, no impact has been produced.

In response to a request from USAID, CSF conducted a Pakistan Business Environment Assessment that included a gender analysis.⁸²

Although gender considerations are a part of CSF’s assessment of potential matching grants, these grants have not happened and therefore have generated no impact. Two of the approved grants, however, do focus on industries that employ many women, according to CSF reporting: gems and jewelry, and medicinal berries.

A woman was one of the two journalists sent to the Stanford Innovation Journalism program.

In discussions with the evaluation team, CSF’s management emphasized competitiveness and economic development, and where competitive, it would likely benefit women. According to interviews with CSF management, the gender focus has been incidental to the improvement of competitiveness, and is not a core objective for CSF. CSF did say, however, that it is trying to engage more women in workshops and exploring options for training women. Their approach will be to identify areas where women can be employed for training purposes and to engage the assistant director of Dawn and other female journalists.

⁸⁰ PC-1, p. 20.

⁸¹ CSF Half Year Report, p. 24.

⁸² CSF reporting

B. Reporting

Have the prime contractors and grantees reported on time and in a useful manner?

Conclusions: CSF has exceeded its reporting requirements as defined in the LSGA, but the reports may not be useful to USAID since they are lengthy, lack consistency in some cases, and do not explain the basis on which impact estimates are made. The reports do not track indicator measurements, so USAID cannot determine how much progress is being made towards its objectives. Since the reports do not explain how impact estimates were calculated, the reader does not know how realistic they are.

The LSGA required two types of reports from CSF:

1. Financial: accounting records, audit reports within 9 months of completion of a fiscal year in which CSF has spent \$300,000 or more
2. Annual workplans, due within 90 days of the start of each year, that describe progress made on Task 1 (management and admin support) and activities planned for the upcoming year under Tasks 2 and 3 (matching grants and TA).

CSF did commission audits for its first two years, and it did submit annual workplans, with the first dated May 17, 2006, approximately 4 months after the LSGA was signed. The LSGA does not define a start date for CSF activities, though CSF's work plans define the start of its year as March 15. A review of the reports determined that they include information on both actual and planned activities. The reports are well organized, though very lengthy. The first is 37 pages, excluding annexes, while the second is 67. The writing is acceptable, though the reports could have used a grammar and spelling check.

CSF also produced an Annual Progress Report and a Half Year Progress Report, which are also well organized and lengthy, though they do not use the same format. As mentioned under Effectiveness, neither explicitly tracks monitoring indicators, though they attempt to quantify outcomes and assess potential quantitative impact. CSF does not explain where its quantitative estimates come from, on what they are based, or how they were calculated.

USAID stated that CSF fulfilled its reporting requirements. However, a former USAID employee who worked with the CSF project told the evaluators that the TA reports lack consistency and standardized quality. USAID has not provided any feedback on CSF's reporting structure, usefulness or timeliness. Officials did say that they had difficulty reading the prodigious amount of materials CSF generated.

When asked, CSF's top three management officers did not have comments on whether the reports created a burden on the project.

C. Communications and Outreach

How effective has the project been in getting its story out?

Conclusions: CSF's communications strategy has successfully attracted the media's focus on CSF and competitiveness. Media coverage, in particular, has been prolific. Without a baseline and ongoing M&E, it is impossible to determine how much of the hype stems from CSF's efforts, or what effect the hype has on demand for CSF's services. However, judging by the fact that the 445 English news articles on CSF's website mention CSF, it is clear that its efforts have had an effect. It remains to be seen what will come out of the Stanford Innovation Journalism Program, as one of the two 2007 participants published and one apparently did not.

The CSF work plan states: 'The CSF branding strategy will create value for its sponsors. It will clearly mention the contributions of USAID and MOF in the development of CSF and its activities to address competitiveness issues in Pakistan.' It is evident from our visits to CSF's office that CSF structured its

own public relations department, which is constantly engaged in disseminating information on CSF's competitiveness-related activities. During the period from September 2007 to January 2008, the team received notices about CSF's activities and competitiveness in the press, in newspapers, and posted on CSF's website an average of four times a month. All CSF-produced press releases and its website clearly display the USAID logo, as do the PowerPoint presentations the evaluators have seen.

In the evaluators' interview with CSF's media manager, Amir Jehangir, he confirmed that CSF has planned to create brand value through electronic media, online portals, and print media for CSF, USAID, and the Government of Pakistan. In the team's review of approximately 30 of CSF's public relations materials, including brochures, presentations, newspaper articles, and its website, USAID is mentioned as the principal sponsor and joint partner of the GoP for CSF's creation.

Conferences and Workshops

CSF held workshops in Lahore, Karachi, Islamabad, and Peshawar with academia, industry, and government representatives on private sector involvement in commercialization of research projects in Pakistani universities and research institutions, and gender's contribution to economic growth. The fund brought competitiveness expert Professor Michael J. Enright to Pakistan in March 2006 to brief stakeholders on CSF during the Regional TCI Conference on Competitiveness and Economic Growth of Asia and sent him to address business groups in Lahore, Karachi, and Islamabad on competitiveness. He also briefed the PM and Minister of State for Finance and met with representatives from international donor organizations and consultants.⁸³

The fund also participated in international conferences. CSF participated in the European Federation of Biotechnology 13th Conference and the Inaugural meeting of the New Champions 2007—Dalian China, World Economic Forum.

CSF sent six journalists (three and three) to The Competitiveness Institute Conferences in Lyon, France in 2006 and Portland in 2007⁸⁴. They were as follows:

- *Lyon*: Zamir Haider, Senior Producer at AAJ TV (now with GEO TV); Saida Fazal, Resident Editor of the Business Recorder; and Adnan Mehmood, Sub-Editor/Tech. Contributor of The News.
- *Portland*: Ihtesham-ul-Haq, Chief Reporter, DAWN; Hamza Habib, Head Business Desk at GEO English; and Arif Rana, Chief Reporter at the Business Recorder.

Zamir Haider and Saida Fazal also participated in the Stanford Innovation Journalism Program (see below).

Stanford Innovation Journalism Program

CSF sent two journalists to the 6-month program—Zamir Haider and Saida Fazal—in 2007. CSF plans to send an additional four journalists, for 6 months each, to the Stanford program in 2008.

Effectiveness of Conferences and Workshops

CSF's Annual Report asserts that the three journalists who went to Lyon subsequently wrote 12 articles and editorials on competitiveness. The evaluation team inspected the 445 English news articles mentioning CSF posted on CSF's website between February 15, 2006 and March 4, 2008 and found that the CSF-supported journalists collectively wrote 13% the articles from their media affiliation, as summarized in Table 3 below.

⁸³ CSF reporting—Half Year Progress Report, Annual Report, and Internal M&E Report

⁸⁴ CSF Half Year Progress Report, pp. 27-28.

TABLE 3: WRITTEN PRODUCTS OF CSF-SUPPORTED JOURNALISTS

Author	Number of Articles		
	Business Recorder	The News	Dawn
other writers	55	41	28
Saida Fazal	0		
Arif Rana	3		
Adnan		0	
Ihtesham-ul-Haq			16
Total	58	41	44

While the Stanford participants were in California, they wrote articles and shot videos, some of which were published, for CNETNews.net and Fortune Magazine. Mr. Haider published 3 articles and 11 videos on CNETNews, in addition to various blogs and photographs. Ms. Fazal published one article in Fortune Magazine.⁸⁵

Media Coverage

The evaluators' review of CSF's collection of newspaper articles reveals that CSF published articles in both the Urdu and English language media. CSF has encouraged the publication and communication of 932 stories on 22 competitiveness-related issues between March 15, 2006 and September 2007⁸⁶. 372 stories were covered in English newspapers, 238 in Urdu newspapers, and 322 in the electronic media.⁸⁷ These news items discuss competitiveness issues, cover CSF conferences, focus on the TA studies, and highlight success stories to a broad base of Pakistanis, specifically to the business community. In addition, the three heads of bureaus at CNBC Pakistan were aware of CSF and its activities. In interviews with USAID, officials stated that CSF is one of the most professional PR teams among the USAID projects in Pakistan.

According to CSF's Half Year Progress Report, Pakistan Television Network agreed to assign 10 minutes daily for 52 weeks to innovation-based content.⁸⁸

Four MOF officials we interviewed had 'extremely' positive views of CSF's public relations activities, in particular, the content provided on competitiveness-related technical issues. In 18 interviews with other stakeholders, including the Pakistan Business Council, the Board of Investment, and PISDAC, all commented on CSF's good relationship management capabilities, such as good coordination with ministries relevant to its projects and knowing key people across the print-media and television.

D. Coordination

How effectively has the project coordinated with other parties?

Conclusions: CSF has been coordinating extensively with government institutions, a couple of private sector organizations, international organizations, and PISDAC. CSF has evidently networked well, resulting in many joint initiatives and projects. The evaluation team has found no indication that CSF has ever acted alone.

⁸⁵ All are posted on the Internet.

⁸⁶ See Annex 4 for a list. Based upon CSF's Half Year Progress Report, p. 36.

⁸⁷ CSF Internal Monitoring and Evaluation Report, p. 11.

⁸⁸ CSF Half Year Progress Report, p. 35.

As discussed throughout this report, CSF has consistently coordinated with GoP officials, particularly MOF, the Executor of CSF's PC-1. As described under relevance, CSF is working with six government organizations and two private sector organizations.

The evaluators' review of CSF's TA studies finds that several government bodies are involved in the implementation of the studies, including the Central Board of Revenue; the Ministry of Food, Agriculture, and Livestock; and the Ministry of Commerce. CSF also coordinated across Pakistan's ministries and agencies for the Horticulture Task Force, as evident through discussions with the MOF and the Ministry of Agriculture. Two HEC senior officials, two PBC officials, and one BOI official spoke positively about their interactions with CSF, as did all of the MOF officials with whom we spoke (details are included throughout this report).

Details on CSF's coordination with additional, nongovernmental organizations, is as follows:⁸⁹

- The Competitiveness Institute: CSF hosted the Asia-Pacific regional competitiveness forum in Islamabad.
- World Economic Forum (WEF): CSF conducts the Executive Opinion Surveys for Pakistan's portion of the Global Competitiveness Report. WEF also donated the first holdings in CSF's Competitiveness Library.
- VINNOVA (Swedish Governmental Agency for Innovation Systems)
- The University of Hong Kong School of Business and Economics
- The Centre for the Development of Industrial Technology (Spanish Government organization)
- Stanford University's Center for Innovation Learning (SCIL): CSF sends 2-4⁹⁰ journalists per year to participate in the Stanford Innovation Journalism Program
- The Innovation Journalism journal.
- National Vocational Training and Education Commission (NAVTEC): planning joint initiatives
- Pakistan Business Council: MOU signed, activities planned

Coordination with PISDAC

CSF has reportedly coordinated well with PISDAC's SWOGs, one of the bases upon which CSF was created. CSF's first year work plan and Annual Progress Report list the following coordination with these industry working groups⁹¹:

- Coordination meetings on a weekly basis, where various interventions proposed by the SWOGs are discussed in detail
- CSF staff attendance at SWOG meetings
- Presentations to PISDAC staff and SWOG members
- Cooperation on raising policy strategies at high-levels in the Government of Pakistan
- Joint capacity building and study tours

⁸⁹ Information from CSF's reports and website

⁹⁰ Two were sent during 2007, and four are planned for 2008.

⁹¹ CSF First Year Workplan, p. 25.

- Collaboration with SWOG members in developing projects
- CSF and PISDAC conduct joint capacity building and study tours

The evaluators' discussions with PISDAC and CSF management confirmed their interaction. CSF leveraged PISDAC's sector information and processed the initial PISDAC-related grant applications. Mr. Bayhan said that PISDAC had appointed a representative to work with CSF, and he has been coordinating CSF and the SWOGs. Five of the 10 approved and contracted matching grants are from PISDAC SWOGs.

VI. RECOMMENDATIONS

Relevance: CSF should make conscious efforts to include private sector representatives in decision making and market analyses for CSF services. With a more thorough understanding of the private sector's needs, CSF will be better positioned to address them.

Effectiveness: CSF should create an M&E plan along the lines of USAID standards and use it consistently as a planning and managing instrument. Doing so will become critical in its last year of USAID financing to know whether the systems it is setting in place for sustainability are actually working, or if adjustment needs to be made. Furthermore, the M&E system should also allow CSF to see whether it is moving towards its overall objective. USAID should consider providing support in the form of an M&E specialist and perhaps a MIS.

CSF should intensify its interactions with HEC, PARC, and NAVTEC to accomplish its second result, "Entrepreneur and private sector-led initiatives with research institutes and universities that contribute to creating a knowledge-driven economy." It could also explore possibilities for partnering with a technical, engineering, or business school. It could even think about linking technical/engineering students with potential and actual matching grant recipients to bring the latest knowledge to the field. USAID could support these activities by providing funds for a formal fellowship program or for other technical assistance to the matching grant recipients.

CSF should also devote efforts to implementation of its remaining studies and the matching grants it has approved.

Efficiency and Impact: If cost-benefit analyses are important to USAID, CSF should carefully track both the quantitative results and impacts of its work, as well as corresponding expenditure data. USAID can support this work with funds to train or hire an economist/M&E specialist to perform these functions. Consistent with developing a solid M&E plan and using it, CSF should make a concerted effort to the impact of its activities, both qualitative and quantitative.

Sustainability: CSF should create a sustainability plan, with concrete steps and a timeline. It might consider creating something akin to a business plan that includes a study of market demand, sources of funding, and management considerations. Above all, given the success it enjoyed through its government relations, CSF should devote some energy to meeting the new government's relevant officials and talking to them about competitiveness and CSF's value.

USAID could support CSF's independence through funding for staff training, mentoring, and marketing to ensure that the organization is not dependent upon PC-1 funds, which require lengthy approvals and are due to expire in a couple of years.

Other activities to support sustainability include setting up a consultant database; ensuring that all documentation on CSF's operations and mechanisms is up to date, user friendly, and available; and studying how other, similar, organizations became sustainable.

Replication: CSF should compile information on its management, operations, model, and techniques into a user-friendly manual that could be used in other countries for similar initiatives. USAID could turn such a manual into a technical tool to use in future design work. CSF should also hold a lessons learned workshop for both CSF's continuing staff and future potential projects.

Gender: CSF should hire a gender specialist with contacts in industries and ministries that could be potential clients for gender-focused work. CSF might also consider holding a focus group with potential women entrepreneurs and successful businesswomen (such as those on CSF's Board) to determine needs and potential CSF activities. There is also the potential for combining efforts with some of the organizations that assist women entrepreneurs, such as MEDA. CSF should also consider building gender considerations into its score sheet for rating potential grantees.

Reporting: CSF should provide a concise executive summary to accompany every report, thereby providing USAID with a more management-oriented document. USAID and CSF should also meet to discuss what kind of reporting USAID would find most useful, and in what format. They might consider holding quarterly reviews, complemented by a 1-2 page monthly status update.

Communications: USAID should consider continuing to support CSF's PR efforts to get the word out, which should support sustainability. CSF should think about tracking its media exposure against requests for its assistance and perhaps even policy changes to determine what kind of an effect the media blitz is having.

Coordination: CSF should coordinate closely with the new administration when it settles into GoP to ensure that support continues for CSF and competitiveness in Pakistan.

VII. LESSONS LEARNED

1. Projects that are funded whole or in part by government resources require at least a year or two to move towards implementation.
2. All potential legal, financial, and contractual angles of a USAID-funded contracting mechanism should be thoroughly analyzed before selection of an appropriate vehicle and finalizing it.
3. In the absence of contract-defined gender considerations, with specific results and targets, implementing partners are unlikely to design their projects around gender goals.
4. Building strong relationships from the onset with host country governments can vastly improve the acceptance and implementation of policy recommendations.

VIII. NEXT STEPS

This evaluation produced a number of specific recommendations for improving the performance of CSF. The evaluation will be useful only if USAID and its project partners learn from the recommendations and implement them. This chapter sets forth procedures for evaluating the recommendations and deciding how to address project and program deficiencies. A possible course of action for methodically processing the evaluation results for improved performance is:

Activity	Timeframe	Responsible person/office
Assign a person to review the recommendations of all eight evaluations and separate the recommendations into: (1) those that need to be handled internally within USAID, (2) those that need to be handled internally within EG, and (3) those that are project specific.	Immediately	USAID EG
Recommendations internal to USAID		
Convene a meeting within USAID to review the recommendations that need to be handled internally within USAID. Use the meeting to: - Decide which recommendations to address and which to ignore. - Discuss how to address the recommendations deemed important. - Identify an individual or office responsible for implementing each recommendation. - Establish a timeframe for implementation. - Determine a process for tracking progress on implementation of each recommendation.	Third priority after initial meeting	USAID
Reconvene every six months (in whatever groups are appropriate) to review progress on implementation.	Six month intervals	USAID
Recommendations specific to EG		
Convene a meeting within EG to review the recommendations that need to be handled within EG. Follow the procedures outlines above.	Second priority after initial meeting	EG
Reconvene every six months (in whatever groups are appropriate) to review progress on implementation.	Six month intervals	EG
Recommendations specific to the project		
Convene a meeting between USAID, CSF, and possibly MOF to determine how to address the project specific recommendations. In the meeting: - Decide which recommendations to address and which to ignore. Consider which can contribute to project performance in the project's remaining year. - Determine how to implement the recommendations deemed important to address. - Establish a timeframe for implementation. - Define a process for tracking progress on implementation.	First priority after initial meeting	EG CSF MOF?
Reconvene every month (in whatever groups are appropriate) to review progress on implementation.	One month intervals	EG CSF

ANNEX 2: BIBLIOGRAPHY

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- Miscellaneous correspondence between GoP, CSF, and USAID

ANNEX 3: CSF BOARD MEETING DETAILS

Participants	Subjects Discussed
March 31, 2006	
1. Omar Ayub Khan, CSF Board Chairman & Minister of State for Finance	1. Approval of Arthur Bayhan as CEO
2. Tanwir Ali Agha, Finance Secretary	2. Approval of Ghulam Qadir Khan as Company Secretary of CSF
3. Kamran Rasool, MOI	3. Approval of members of Executive Committee
4. Farrukh Qayyum, Secretary, Min. of IT and Telecommunications	4. Approval to open CSF account for USAID funds in Citibank and account for MOF funds in National Bank of Pakistan
5. Asif Bajwa, Additional Finance Secretary	5. Approval of budget
6. Mansoor Khan, President, SME Bank	6. Approval of TCI's Regional Conference in Islamabad May 14-16, 2006
7. Syed Sohail Hussain Naqvi, Executive Director, HEC	7. Adoption of LSGA
8. Arthur Bayhan, CSF CEO	8. Requested A. Bayhan to train a Pakistani to replace him after three years.
9. Ghulam Qadir Khan, Company Secretary	
10. Sandra Stajka, EG Advisor, USAID/Pakistan	
April 12, 2007	
1. Omar Ayub Khan, CSF Board Chairman & Minister of State for Finance	1. Granted leave of absence to directors Naveed Ahsan, Samina Rizwan (nominated), Tanvir Ali Agha, Khawar Anwar Khawaja
2. Arthur Bayhan, CSF CEO	2. Approved nomination of private sector directors, Samina Rizwan, Naeem Suria, Khwar Anwar Khawaja
3. Shahab Khawaja, Secretary MOI	3. PPT presentation by A. Bayhan on progress of CSF over last year —Sohail Nagvi said HEC investigating the patenting of research activities per international standards and will ask CSF for support. —CSF signed MOU w/Sindh Govt. for action plan at KFH and mobilize horticulture clusters w/Sindh Small Industry Corporation —incubators activity will be initiated after GOP funding issued by Sept. 2007. —targets for 2007-2008, and business plan would be submitted to USAID and MOF
4. Farrukh Qayyum, Secretary, Min. of IT and Telecommunications	4. Presentation on matching grants financial procedure and 9 short-listed projects; Board approved 6 —Chairman asked management to develop revised scoring criteria, M&E criteria for MGs, project appraisal form, project process flow, cost break-up
5. R. A. Chughtai, President, SME Bank	5. Review and approval of financial statements
6. Syed Sohail Hussain Naqvi, Executive Director, HEC	6. Approved proposal for continuing with current auditors (A.F. Ferguson & Co.)
7. Naeem Suria, Executive Director, Cyma Enterprises	
8. Khawar Anwar Khawaja, CEO Grays of Cambridge Sialkot	

Participants	Subjects Discussed
9. Muhammad Uzair, Company Secretary	
<i>Observers</i>	
Jeffrey Haeni, Acting Director, EG Office, USAID/Pakistan	
Azar Bhandara, EG Specialist, USAID/Pakistan	
Abdul Basit, Joint Secretary, MOF	
Usman Ahmed Khan, Manager Matching Grants Facility, CSF	
Amir Jahangir, Comms. And PR consultant, CSF	
October 29, 2007	
1. Omar Ayub Khan, CSF Board Chairman & Minister of State for Finance	1. Leave of absence granted to Naeem Suria and Khawar Anwar Khawaja
2. Arthur Bayhan, CSF CEO	2. Admission of new board members ⁹² : —Ali Noormahomed Rattansey, Finance Manager, Aga Khan Hospital —Sania Nishtar, Founder President and Executive Director Heartfile —S. Salim Raza, CEO, PBC —Khurram Iftikhar, CEP, Amtex Limited —Lubna Farooq, CEO, SABAOON Enterprises
3. Shahab Khawaja, Secretary MOI	3. Secretary Finance and Secretary General Finance assigned a different portfolio and could not continue as board members. CEO suggested replacing them with one Board member (Secretary Finance)
4. Ahmed Waqar, Secretary MOF	4. Approval of Minutes of 2 nd board meeting
5. Syed Sohail Hussain Naqvi, Executive Director, HEC	5. Briefing of CSF's current activities and future plans by CEO, among them: —action plan for Venture Capital Task force being prepared, would be ready in next few days. —Board approved of all
6. Samina Rizwan, Country Director, Oracle	6. Presentation on short-listed MG projects by CSF Matching Grants Manager and board approval
7. R. A. Chughtai, President, SME Bank	7. Review and approval of addition of fixed assets in balance sheet for year ended June 30, 2007.
8. Usman Hassan, Company Secretary	8. Specific approvals of addition of fixed assets in balance sheet
<i>Special Invitation</i>	9. Recommend name of auditors for approval of members of company—approved same as previous year.
Javed Malik, Additional Secretary, MOF	10. Secretary finance proposed sub-committees for project evaluation/appraisal and finance. Chairman agreed and members named.
Abdul Basit, Joint Secretary, MOF	11. Agreement to hold Board meetings on quarterly basis rather than half yearly.
Usman Ahmed Khan, Manager Matching Grants Facility, CSF	
Amir Jahangir, Comms. And PR consultant, CSF	
Malik Sheharyar Khan, JTA, Ministry of Science and Technology, in place of Secretary	
Zachary Orend, USAID	

⁹² Note: these new board members do not appear on the list of board members on CSF's website.

ANNEX 4: CSF ARTICLES PUBLISHED ON VARIOUS COMPETITIVENESS ISSUES

S. No.	CSF Activity	Articles/ News English Papers	Articles/ News Urdu Papers	Electronic Media	TOTAL
1	Corporate Governance	11	7	11	29
2	Industry Academia Linkages; R&D for a Knowledge-Based Economy	41	31	34	106
3	Importance of Infrastructure for Competitiveness	11	5	8	24
4	Investment and Competitiveness	44	18	22	84
5	Innovation for Competitiveness	13	9	12	34
6	Innovation Journalism	15	7	14	36
7	Food Processing Competitiveness	8	6	12	26
8	Agri-Business Competitiveness	61	38	42	141
9	Fisheries Industry Competitiveness	11	6	12	29
10	Gender and Competitiveness	2	1	3	6
11	Health & Primary Education, Pillar of Competitiveness	5	4	6	15
12	Privatization and Competitiveness	5	4	6	15
13	HRD and Productivity	12	9	14	35
14	Cluster Development and Management for Competitiveness	19	15	18	52
15	Global Competitiveness Index	12	10	11	33
16	Matching Grants	6	5	7	18
17	Policy Issues in Competitiveness	26	21	22	69
18	Motorcycle Industry's Competitiveness	6	5	8	19
19	Public - Private Partnership for Competitiveness	7	4	12	23
20	State of Pakistan's Competitiveness Report	28	17	18	63
21	World Economic Forum and Pakistan	18	9	17	44
22	Business Incubators	11	7	13	31
	TOTAL	372	238	322	932

Source: CSF Half Year Progress Report

ANNEX 5: INSTRUCTIONS TO EXPERT REVIEWERS

Pakistan Economic Growth Evaluation and Design (PEGED) Instructions for the Assessment of PISDAC and CSF Outputs

I. Background and Objectives

PEGED (Pakistan Economic Growth Evaluation and Design) is a USAID funded project tasked with evaluating two competitiveness projects and with designing a new competitiveness project. The two projects to be evaluated are the Pakistan Initiative for Strategic Development and Competitiveness (PISDAC) and the Competitiveness Support Fund (CSF), both of which engage in activities to make Pakistan more competitive. USAID is particularly interested in assessing the benefits or impacts of PISDAC and CSF and in seeking inputs into the design of the next competitiveness project.

A number of program elements of PISDAC and CSF are either in the early stage of implementation or in a pre implementation stage. Because many of the potential benefits will occur in the future, it is very difficult to estimate their magnitude. Accordingly, PEGED seeks your qualitative assessment of the potential impact of the project by asking you to assess the program outputs as well as provide inputs into the next design. It will not be possible for you to provide exact answers, but you are expected to make informed judgments based on your experience and an in-depth review of the documents.

II. Tasks

Your tasks are: to grade and comment on each PISDAC strategy and CSF study, to judge and comment on the economic impacts of the strategies or studies as a whole, and to provide suggestions for sector or topic studies under CSF and for the next five year competitiveness project.

You should assess each PISDAC strategy and CSF study on three criteria – relevance, the likelihood of implementation, and the likely impact if implemented. In each case, the grade will be on a five point scale where “5” is the highest and “1” is the lowest grade.

The three general assessment criteria are:

1. **Relevance** – How relevant is the study to key issues and constraints to improving Pakistan’s competitiveness? Key issues may include: Does the report address all the critical political and economic issues? Does it present the issues in a manner that is easy for policy makers to understand? Does the report address issues of importance to policy makers or to the economy of Pakistan?
2. **Likelihood of implementation** – How likely is it that the recommendations of the report will be implemented? Key issues may include: Are the recommendations phrased so as to be able to be implemented? Are they aimed at the right institutions? Do they address all the relevant and critical aspects? Are the solutions proposed technically feasible? Are they politically feasible? Are there barriers to implementation that are not addressed?
3. **Impact if implemented** – What is the likely impact on the growth of the sector, if the recommendations are implemented? For three of the CSF studies the target for the impact is different. For the State of Pakistan’s Competitiveness report the target is competitiveness itself. For the Special Economic Zones study it is production in such zones and for the study on the economic empowerment of women the target is women’s earnings.

You should judge and comment on the likely economic impacts overall of implementing the recommendations of all the PISDAC strategies taken together and of all the CSF studies taken together. Finally, you should make suggestions for sector and topic studies under CSF and for the next five year competitiveness project.

The Attachment presents the questions on PISDAC first, then the questions on CSF, and finally the questions on future directions. PLEASE FILL IN THE ATTACHED ELECTRONIC QUESTIONNAIRE.

III. Deliverables

You should complete the tables in the electronic version and emailed to Steve Dimon at sdimon@msi-inc.com and to Paul Deuster at prdeuster@yahoo.com.

IV. Timing

You should complete the task as soon as reasonably possible. You should complete and send the tables by December 20, 2007. Earlier that you can submit them, the better it is for the evaluation and design endeavors.

Part A: Qualitative Assessment of PISDAC Sector Strategies and Overall Economic Impact

A1. The White Revolution – Strategy for the Dairy Sector	
	Comments
A1a In your opinion, how relevant is the report to improving the competitiveness of Pakistan in this sector? <i>(Mark a number below and provide comments to the right)</i> ___ 5. Very relevant. ___ 4. Quite relevant. ___ 3. Somewhat relevant ___ 2. Slightly relevant. ___ 1. Not very relevant.	
A1b In your opinion, what is the chance that most of the recommendations of the report will be implemented? <i>(Mark a number below and provide comments to the right)</i> ___ 5. High (80 – 100%) ___ 4. Somewhat high (60-79%) ___ 3. About half (40-59%) ___ 2. Somewhat low (20-39%) ___ 1. Low (0-19%)	
A1c In your best judgment, how much larger is the sector likely to be five years from now if the recommendations are implemented? <i>(Mark a number below and provide comments to the right.)</i> ___ 5. More than 20 percent larger. ___ 4. 15 to 19.99 percent larger. ___ 3. 10 to 14.99 percent larger. ___ 2. 5 to 9.99 percent larger. ___ 1. Less than 5 percent larger.	

A2. Strategic Plan for the Gems and Jewelry Industry	
	Comments
A2a In your opinion, how relevant is the report to improving the competitiveness of Pakistan in this sector? <i>(Mark a number below and provide comments to the right)</i> ___ 5. Very relevant. ___ 4. Quite relevant. ___ 3. Somewhat relevant ___ 2. Slightly relevant. ___ 1. Not very relevant.	
A2b In your opinion, what is the chance that most of the recommendations of the report will be implemented? <i>(Mark a number below and provide comments to the right)</i> ___ 5. High (80 – 100%) ___ 4. Somewhat high (60-79%) ___ 3. About half (40-59%) ___ 2. Somewhat low (20-39%) ___ 1. Low (0-19%)	
A2c In your best judgment, how much larger is the sector likely to be five years from now if the recommendations are implemented? <i>(Mark a number below and provide comments to the right.)</i> ___ 5. More than 20 percent larger. ___ 4. 15 to 19.99 percent larger. ___ 3. 10 to 14.99 percent larger. ___ 2. 5 to 9.99 percent larger. ___ 1. Less than 5 percent larger.	

A3. Pakistan Dimensional Stone Strategy: Square Blocks	
	Comments
A3a In your opinion, how relevant is the report to improving the competitiveness of Pakistan in this sector? <i>(Mark a number below and provide comments to the right)</i> ___ 5. Very relevant. ___ 4. Quite relevant. ___ 3. Somewhat relevant ___ 2. Slightly relevant. ___ 1. Not very relevant.	
A3b In your opinion, what is the chance that most of the recommendations of the report will be implemented? <i>(Mark a number below and provide comments to the right)</i> ___ 5. High (80 – 100%) ___ 4. Somewhat high (60-79%) ___ 3. About half (40-59%) ___ 2. Somewhat low (20-39%) ___ 1. Low (0-19%)	
A3c In your best judgment, how much larger is the sector likely to be five years from now if the recommendations are implemented? <i>(Mark a number below and provide comments to the right.)</i> ___ 5. More than 20 percent larger. ___ 4. 15 to 19.99 percent larger. ___ 3. 10 to 14.99 percent larger. ___ 2. 5 to 9.99 percent larger. ___ 1. Less than 5 percent larger.	

A4. Pakistan Furniture Industry Strategy: The Way Forward 2006 to 2015	
	Comments
A4a In your opinion, how relevant is the report to improving the competitiveness of Pakistan in this sector? <i>(Mark a number below and provide comments to the right)</i> ___ 5. Very relevant. ___ 4. Quite relevant. ___ 3. Somewhat relevant ___ 2. Slightly relevant. ___ 1. Not very relevant.	
A4b In your opinion, what is the chance that most of the recommendations of the report will be implemented? <i>(Mark a number below and provide comments to the right)</i> ___ 5. High (80 – 100%) ___ 4. Somewhat high (60-79%) ___ 3. About half (40-59%) ___ 2. Somewhat low (20-39%) ___ 1. Low (0-19%)	
A4c In your best judgment, how much larger is the sector likely to be five years from now if the recommendations are implemented? <i>(Mark a number below and provide comments to the right.)</i> ___ 5. More than 20 percent larger. ___ 4. 15 to 19.99 percent larger. ___ 3. 10 to 14.99 percent larger. ___ 2. 5 to 9.99 percent larger. ___ 1. Less than 5 percent larger.	

A5. PISDAC Total Economic Impact	
	Comments
A5a In your best judgment, how large is the total economic impact of all PISDAC strategies reviewed likely to be over the next five years? Consider both the likelihood of implementation and the likelihood of economic impacts if implemented. This question asks about the likely benefits of <u>all</u> of the strategies taken together, not individually. <i>(Mark a number below and provide comments to the right)</i>	
☐ 5 \$36 million or more ☐ 4. Around \$27 million ☐ 3. Around \$18 million ☐ 2. Around \$12 million ☐ 1. \$6 million or less	

Part B: Qualitative Assessment of CSF Outputs and Overall Economic Impact

B1. State of Pakistan's Competitiveness Report (2006-07)	
	Comments
B1a In your opinion, how relevant are the report's conclusions and recommendations to improving Pakistan's competitiveness? <i>(Mark a number below and provide comments to the right)</i> ___ 5. Very relevant. ___ 4. Quite relevant. ___ 3. Somewhat relevant ___ 2. Slightly relevant. ___ 1. Not very relevant.	
B1b In your opinion, how useful has the report been in bringing attention to and mobilizing efforts to improve competitiveness. <i>(Mark a number below and provide comments to the right)</i> ___ 5. Very useful. ___ 4. Quite useful. ___ 3. Somewhat useful ___ 2. Slightly useful. ___ 1. Not very useful.	
B1c In your opinion, to what extent has the report contributed or is likely to contribute to improving Pakistan's competitiveness? <i>(Mark a number below and provide comments to the right)</i> ___ 5. To a very large extent. ___ 4. To a large extent. ___ 3. To a somewhat extent. ___ 2. To a slight extent. ___ 1. To a negligible extent.	

B2. Study of Special Economic Zones	
	Comments
B2a In your opinion, how relevant are the report's conclusions and recommendations to implementing special economic zones? <i>(Mark a number below and provide comments to the right)</i> ___ 5. Very relevant ___ 4. Quite relevant. ___ 3. Somewhat relevant ___ 2. Slightly relevant. ___ 1. Not very relevant.	
B2b In your opinion, what is the chance that most of the recommendations of the report will be implemented? <i>(Mark a number below and provide comments to the right)</i> ___ 5. High (80 – 100%) ___ 4. Somewhat high (60-79%) ___ 3. Around half (40-59%) ___ 2. Somewhat low (20-39%) ___ 1. Low (0-19%)	
B2c In your best judgment, how much larger is production in special economic zones likely to be five years from now if the recommendations are implemented? <i>(Mark a number below and provide comments to the right.)</i> ___ 5. More than 20 percent larger. ___ 4. 15 to 19.99 percent larger. ___ 3. 10 to 14.99 percent larger. ___ 2. 5 to 9.99 percent larger. ___ 1. Less than 5 percent larger.	

B3. Policy Analysis of the Motorcycle Industry in Pakistan	
	Comments
B3a In your opinion, how relevant are the report's conclusions and recommendations to improving the competitiveness of Pakistan in this sector? <i>(Mark a number below and provide comments to the right)</i> ___ 5. Very relevant. ___ 4. Quite relevant. ___ 3. Somewhat relevant ___ 2. Slightly relevant. ___ 1. Not very relevant.	
B3b In your opinion, what is the chance that most of the recommendations of the report will be implemented? <i>(Mark a number below and provide comments to the right)</i> ___ 5. High (80 – 100%) ___ 4. Somewhat high (60-79%) ___ 3. Around half (40-59%) ___ 2. Somewhat low (20-39%) ___ 1. Low (0-19%)	
B3c In your best judgment, how much larger is the sector likely to be five years from now if the recommendations are implemented? <i>(Mark a number below and provide comments to the right.)</i> ___ 5. More than 20 percent larger. ___ 4. 15 to 19.99 percent larger. ___ 3. 10 to 14.99 percent larger. ___ 2. 5 to 9.99 percent larger. ___ 1. Less than 5 percent larger.	

B4. Policy Analysis on the Competitive Advantage of Automotive Industry	
	Comments
B4a In your opinion, how relevant are the report's conclusions and recommendations to improving the competitiveness of Pakistan in this sector? <i>(Mark a number below and provide comments to the right)</i> ☐ 5. Very relevant. ☐ 4. Quite relevant. ☐ 3. Somewhat relevant ☐ 2. Slightly relevant. ☐ 1. Not very relevant.	
B4b In your opinion, what is the chance that most of the recommendations of the report will be implemented? <i>(Mark a number below and provide comments to the right)</i> ☐ 5. High (80 – 100%) ☐ 4. Somewhat high (60-79%) ☐ 3. Around half (40-59%) ☐ 2. Somewhat low (20-39%) ☐ 1. Low (0-19%)	
B4c In your best judgment, how much larger is the sector likely to be five years from now if the recommendations are implemented? <i>(Mark a number below and provide comments to the right.)</i> ☐ 5. More than 20 percent larger. ☐ 4. 15 to 19.99 percent larger. ☐ 3. 10 to 14.99 percent larger. ☐ 2. 5 to 9.99 percent larger. ☐ 1. Less than 5 percent larger	

B5. Action Plan for Fish Quality and Value Adding at Karachi Fisheries Harbor	
	Comments
B5a In your opinion, how relevant are the report's conclusions and recommendations to improving the competitiveness of Pakistan in this sector? <i>(Mark a number below and provide comments to the right)</i> ___ 5. Very relevant. ___ 4. Quite relevant. ___ 3. Somewhat relevant ___ 2. Slightly relevant. ___ 1. Not very relevant.	
B5b In your opinion, what is the chance that most of the recommendations of the report will be implemented? <i>(Mark a number below and provide comments to the right)</i> ___ 5. High (80 – 100%) ___ 4. Somewhat high (60-79%) ___ 3. Around half (40-59%) ___ 2. Somewhat low (20-39%) ___ 1. Low (0-19%)	
B5c In your best judgment, how much larger is the sector likely to be five years from now if the recommendations are implemented? <i>(Mark a number below and provide comments to the right.)</i> ___ 5. More than 20 percent larger. ___ 4. 15 to 19.99 percent larger. ___ 3. 10 to 14.99 percent larger. ___ 2. 5 to 9.99 percent larger. ___ 1. Less than 5 percent larger	

B6. Policy Analysis on the Competitive Advantage of the Food Processing Industry	
	Comments
B6a In your opinion, how relevant are the report's conclusions and recommendations to improving the competitiveness of Pakistan in this sector? <i>(Mark a number below and provide comments to the right)</i> ___ 5. Very relevant. ___ 4. Quite relevant. ___ 3. Somewhat relevant ___ 2. Slightly relevant. ___ 1. Not very relevant.	
B6b In your opinion, what is the chance that most of the recommendations of the report will be implemented? <i>(Mark a number below and provide comments to the right)</i> ___ 5. High (80 – 100%) ___ 4. Somewhat high (60-79%) ___ 3. Around half (40-59%) ___ 2. Somewhat low (20-39%) ___ 1. Low (0-19%)	
B6c In your best judgment, how much larger is the sector likely to be five years from now if the recommendations are implemented? <i>(Mark a number below and provide comments to the right.)</i> ___ 5. More than 20 percent larger. ___ 4. 15 to 19.99 percent larger. ___ 3. 10 to 14.99 percent larger. ___ 2. 5 to 9.99 percent larger. ___ 1. Less than 5 percent larger	

B7. Economic Empowerment of Women and its Linkages with Competitiveness	
	Comments
B7a In your opinion, how relevant are the report's conclusions and recommendations to improving Pakistan's competitiveness? <i>(Mark a number below and provide comments to the right)</i> ___ 5. Very relevant. ___ 4. Quite relevant. ___ 3. Somewhat relevant ___ 2. Slightly relevant. ___ 1. Not very relevant.	
B7b In your opinion, what is the chance that most of the recommendations of the report will be implemented? <i>(Mark a number below and provide comments to the right)</i> ___ 5. High (80 – 100%) ___ 4. Somewhat high (60-79%) ___ 3. Around half (40-59%) ___ 2. Somewhat low (20-39%) ___ 1. Low (0-19%)	
B7c In your opinion, to what extent will the report contribute to an increase in the earnings of women during the next five years? <i>(Mark a number below and provide comments to the right)</i> ___ 5. To a very large extent. ___ 4. To a large extent. ___ 3. To a somewhat extent. ___ 2. To slight extent. ___ 1. To a negligible extent.	

B8. CSF Total Economic Impact	
	Comments
B1 In your best judgment, how large is the total economic impact of all CSF studies reviewed likely to be over the next five years? Consider both the likelihood of implementation and the likelihood of economic impacts if implemented. This question asks about the likely benefits of <u>all</u> of the studies reviewed taken together, not individually. (Mark a number below and provide comments to the right) ☐ 5 \$6 million or more ☐ 4. Around \$4.5 million ☐ 3. Around \$3 million ☐ 2. Around \$2 million ☐ 1. \$1 million or less	

Part C: Suggestions for the Future

C1. Suggestions for Studies under the Competitiveness Support Fund (CSF)	
	Comments
C1a In your opinion, on what sectors or on what topics should CSF undertake studies in the future? <i>(Please list below in order of priority and sketch out in the Comments Section what you think are the main issues in each sector or topic area to be studied.)</i> 1. 2. 3. 4. 5.	

C2. Suggestions for Next USAID five year competitiveness project	
	Comments
C2a In your opinion, what are the most critical or primary constraints to improved competitiveness of Pakistan? <i>(List below in priority order the constraints and discuss them under Comments.)</i> 1. 2. 3.	
C2b In your opinion, what activities should USAID undertake to have the greatest impact on Pakistan's competitiveness over the course of the next five years? <i>(List below in priority order the activities and discuss under Comments.)</i> 1. 2. 3. 4. 5.	

C2.(Con't) Suggestions for Next five year competitiveness project	
	Comments
C2c In your opinion, in what sectors, if any, should the next competitiveness project work? (List in priority order the sectors and explain why under Comments.) 1. 2. 3. 4.	
C2d In your opinion, should the next competitiveness project provide assistance to or for the following? (Mark yes or no below and explain under Comments.) Yes/No ____ a. Sector Strategic Working Groups Yes/No ____ b. Sector Companies Yes/No ____ c. Improving the business environment Yes/No ____ d. SMEs Yes/No ____ e. Women entrepreneurs Yes/No ____ f. FATA area	

ANNEX 6: LIST OF INDIVIDUALS INTERVIEWED

<i>Name</i>	<i>Affiliation</i>
Shahab Khawaja	Secretary Ministry of Industries and CSF Board Member
Samina Rizwan	Regional Director SAGE West, Oracle Corporation and CSF Board Member
Geoff Quartermaine Bastin	Senior Advisor, CSF
Arthur Bayhan	CEO, CSF
Amir Jehangir	Manager Communications, CSF
Adil Usman	Grants Manager, CSF
Abdul Basit Khan	Joint Secretary for Special Programs, Ministry of Finance
Prof. Nazir Anwar	Geneticist, attended Cluster Meeting in Lyon
Anjum Ahmed	Senior Private Sector Analyst, World Bank
Moazzam Ahmed	International Finance Corporation
Azhar Bandar	USAID/Pakistan
Amy Meyer	USAID/Pakistan
Lisa Chiles	USAID/Washington (via email)
Fahan	USAID/Pakistan
Professor Faheem ul Islam	LUMS
<i>Omar Ayub Khan</i>	Minister of State for Finance

The evaluation team also interviewed a number of PISDAC staff (see PISDAC evaluation report), 3 additional MOF officials, 2 additional MOI officials, 2 HEC officials, 3 LUMS representatives, and 4 CNBC representatives.

ANNEX 7: GETTING TO ANSWERS MATRIX

Evaluation Questions	Type of Answer or Evidence Needed	Method of Data Collection	Data Source	Selection Criteria	Data Analysis Methods
Relevance: How well was the project focused on the needs of the beneficiaries?	Comparative of targets related to beneficiaries with results, comparative of what was targeted versus felt needs, Strategic or cause and effect	Review of project documents, interviews, direct observations, surveys, effectiveness and impact findings	Project data, USAID and project personnel, key informants, beneficiaries, evaluation findings	Knowledgeable persons, random selection beneficiaries, stratified as appropriate for the project in PEGED surveys	Comparisons, strategic analysis
Effective: Has the project accomplished its objectives?	Quantitative comparison of targets to baseline data, if available, strategic cause and effect	Review of project documents, interviews, focus groups, direct observations, surveys	USAID and project personnel, partners, participants, beneficiaries, observers, outside groups	Knowledgeable persons, random selection beneficiaries, stratified as appropriate for the project in PEGED surveys	Comparison, quantified number of beneficiaries (disaggregated) and quantified benefits as possible
Efficiency: How efficient has the project been in utilizing its resources to achieve results?	Quantitatively comparative of benefits to cost	Breakdown of budget/expenditures, interviews, impact findings	Project data, USAID and project personnel, partners, participants, beneficiaries, observers, outside groups	Knowledgeable persons, targeted PEGED surveys	Synthesis, cost, effectiveness and CBA as possible.
Impact: To what extent has the project benefited the people of Pakistan?	Descriptive, quantitative	Review of project documents, interviews, focus groups, direct observations, surveys	Project data, PEGED surveys, USAID and project personnel, partners, participants, beneficiaries, observers, outside groups	Knowledgeable persons, random for PEGED surveys, stratified as appropriate	Quantified number of beneficiaries (disaggregated) and quantified benefits as possible
Sustainability: Are the activities and results likely to be sustained after the project is completed?	Descriptive, quantitative comparative	Review of project documents, interviews, environmental scan, direct observations, analyses of similar activities or experiences	Project data, other similar projects, USAID and project personnel, partners, participants, beneficiaries, observers, outside groups	Knowledgeable persons, PEGED surveys	Quantitative synthesis of opinions, comparison of this project with other experiences

Evaluation Questions	Type of Answer or Evidence Needed	Method of Data Collection	Data Source	Selection Criteria	Data Analysis Methods
What has been or is likely to be the impact of the State of Competitiveness Study?	Descriptive and quantitative comparison of the present to what is likely to happen	Structured interviews	Competitiveness and industry experts	Expertise	Simple tabulations and estimation of the range of potential economic benefits
What have been or are likely to be the impacts of the sector-wide studies?	Descriptive and quantitative comparison of the present to what is likely to happen	Structured interviews	Competitiveness and sector experts	Expertise	Simple tabulations and estimation of the range of potential economic benefits
What have been the effectiveness of the Government-funded windows?	Descriptive	Structured interviews	Project staff, outside observers	Knowledge	Synthesis
Is a technical support activity necessary in order to sustain the pipeline of projects for the matching?	Descriptive	Structured interviews	Project staff, outside observers	Knowledge	Synthesis
How sustainable is the project?	Descriptive	Structured interviews	Project staff, government officials, outside observers	Knowledge	Synthesis
How can the project be improved for its remaining life?	Descriptive, judgment	Structured interviews	Project staff, government officials, outside observers	Knowledge	Synthesis