

**INDUSTRIES, COMMERCE & INVESTMENT (IC&I) DEPARTMENT
PC – 1 FORM**

**ESTABLISHMENT OF A BUSINESS INCUBATION CENTER AT WOMEN
CHAMBER OF COMMERCE & INDUSTRY LAHORE
COST OF THE PROJECT Rs. 10.58 Million**



(February, 2018)

**INDUSTRIES, COMMERCE & INVESTMENT DEPARTMENT
2-BANK ROAD, OLD P&D BUILDING, LAHORE.**

PC-I FORM

**GOVERNMENT OF PAKISTAN
PLANNING COMMISSION**

1	<u>Name of the Project</u>	Establishment of Business Incubation Center at Women Chamber of Commerce & Industry Lahore
2	<u>Location</u>	Lahore, Punjab
3	<u>Authorities Responsible for</u> <ul style="list-style-type: none">• Sponsoring• Execution.• Operation & Maintenance.• Concerned Federal Ministry.	Government of the Punjab Industries, Commerce & Investment Department in partnership with Women Chamber of Commerce & Industry Lahore Division (WCCI) Women Chamber of Commerce & Industry Lahore Division (WCCI) N. A
4	<u>Plan Provision:</u>	
(a)	<u>Plan Provision</u> <ul style="list-style-type: none">• If the project is included in the medium term/ five-year plan, specify actual allocation.	The project is included in MTFDF 2016-19 with an estimated cost of Rs.10.58 Million.
(b)	<ul style="list-style-type: none">• If not included in current plan, what warrants its inclusion and how it now proposed to be accommodated? Provision in current year PSDP/ADP.	N.A N.A
5	<u>Project Objectives</u> <ul style="list-style-type: none">• The objectives of the sector/sub-sector as indicated in the medium term/five year plan are reproduced.	Government of the Punjab under its Growth Strategy 2018 is pursuing a vision of a secure, economically vibrant and industrialized province which is prosperous and competitive. The economic development and growth vision of the province is sought through the creation of an enabling environment for productive and private

sectors of the economy to play their role in employment generation, increased income, skill development and high value growth that results in increased competitive exports. The inclusion of women is integral to the successful achievement of this economic development vision. Women have a highly pertinent role in several productive sectors including agriculture, livestock and small industries. It is in this context that gender inclusion in terms of provision and utilization of economic empowerment opportunities forms a cardinal pillar of the economic empowerment roadmap of the provincial government. These objectives are completely in sync with the department's development agenda and the in process new industrial policy which advocates for gender inclusion and support to cottage and small businesses.

Thus, the Project will deliver against the following key objectives:

Global Objective

1. Enhance entrepreneurial activity in the province resulting in higher valued added production, employment and competitive exports

Specific Objective

1. Reducing the cost of entering into a new business
2. Increased number of women entrepreneurs with stable business activity
3. Supporting women entrepreneurs graduating from cottage to small/medium businesses
4. Generating employment opportunities with specific focus on female employment

The project will support a variety of economic and socioeconomic policy needs, such as job creation, fostering a community's entrepreneurial climate, technology commercialization, diversifying local economies, building or accelerating growth of local industry clusters, business creation and retention, encouraging women, identifying potential spin-in or spin-out business opportunities, or community revitalization. Thus, it is likely to contribute towards following direct outputs:

	<ul style="list-style-type: none"> In case of revised Projects, indicate objectives of the project, if different from original PC-I. 	<p>Direct Objectives/Outputs:</p> <ul style="list-style-type: none"> Increase in the membership of the WCCI. Facilitate women entrepreneurship by providing members information technology facilities to access world markets. Provide a physical space for existing members to network with one another. Enhanced use and collection of data to enable the chamber to effectively connect its members with one another and other relevant personnel for instance representatives from the Export Promotion Bureau, the Ministry of Commerce and international buyers. Provide trainings to women entrepreneurs on good practices, trade and duty regulations, marketing and selecting international markets. Facilitate members in expanding their businesses by helping them exhibit at trade fairs and international exhibitions. House innovations and new ideas in businesses and assist women entrepreneurs to develop businesses with help of experts and in cost effective office spaces. <p>N.A.</p>
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6.	<p><u>Description & Justification of Project</u></p> <ul style="list-style-type: none"> Describe the project and indicate existing facilities in the area and justify the establishment of the project. 	<p><u>Background:</u></p> <p>The idea of business incubation has been successfully employed by various developing (Vietnam, Indonesia) and developed (UK) economies, where the government partners with the private sector to provide a shared facility for new businesses. The primary purpose of this activity is to reduce the entry cost of the business and encourage greater entrepreneurship. The incubation centers across the world offer a common shared space where new businesses can register and are able to access basic facilities like internet, fax, secretarial and administrative support, electricity, business address and mentoring at an extremely low cost. This results in creating financial space for new businesses so they can invest their capital in actual business activity rather than the administrative cost. The new businesses when get themselves operational then graduate out of the incubation center and new ones can then utilize the space. The</p>
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incubation center will have an initial sunk cost that is borne by the government but if managed well, the running cost can just be generated by the fees paid by the members/users of the facility. The proposed project intends to establish a similar incubation center at WCCI that will lower the entry to business cost for women entrepreneurs and result in more business activity.

Description:

Woman Chamber of Commerce & Industry Lahore Division (WCCI) has been established to solely promote and develop women entrepreneurship in Pakistan but due to limited human and financial resource, has not been able to institutionalize and strengthen the facilitation for women entrepreneurs in developing and expanding their businesses. Through the proposed project, the chamber will be able to build its capacity to be an effective and efficient resource for women entrepreneurs seeking to expand their businesses. The chamber provides a one-window facility for both potential and established women entrepreneurs, whereby women entrepreneurs belonging to all tiers of society find a forum to voice their business concerns, to seek assistance for purpose of research and further development and to receive opportunities to interact with relevant local and international personnel.

The establishment of an incubation center will facilitate women entrepreneurs in establishing their businesses, accessing foreign markets, strengthening their companies' research and development portfolios, networking with others in the business and receiving trainings in product development, marketing, trade regulations etc. This incubation center will be situated in WCCI's existing office (but with some expansion of the office area) and will be equipped with all required ICT and connectivity facilities etc. The center will also provide access to secretarial staff, IT support, tax lawyers,

accountants and business plan specialists. There will be a trade and product development expert available in the center for helping members connect for exports and trade.

Specific Activities:

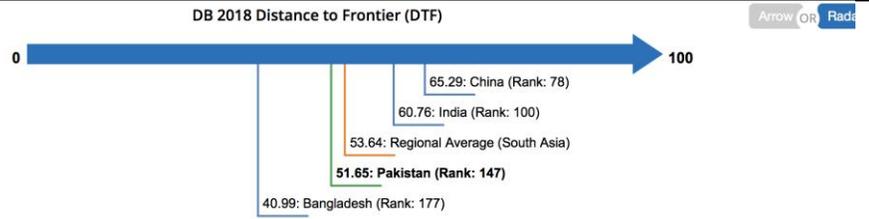
Under the above description, the project will have the following specific activities:

1. Expansion of the existing space of WCCI – additional space to be converted into incubation center
2. Equipping the additional space with appropriate facilities (IT, furniture and fittings)
3. Hiring of secretarial and technical staff (secretaries, IT, Tax lawyers, Accountants, Business & Trade Expert)
4. Awareness sessions to promote the center
5. Enrollment of members and collection of fees (this mechanism is already well defined and transparent at the WCCI)

Justification:

The justification of the project is built on number of factors. The key ones include

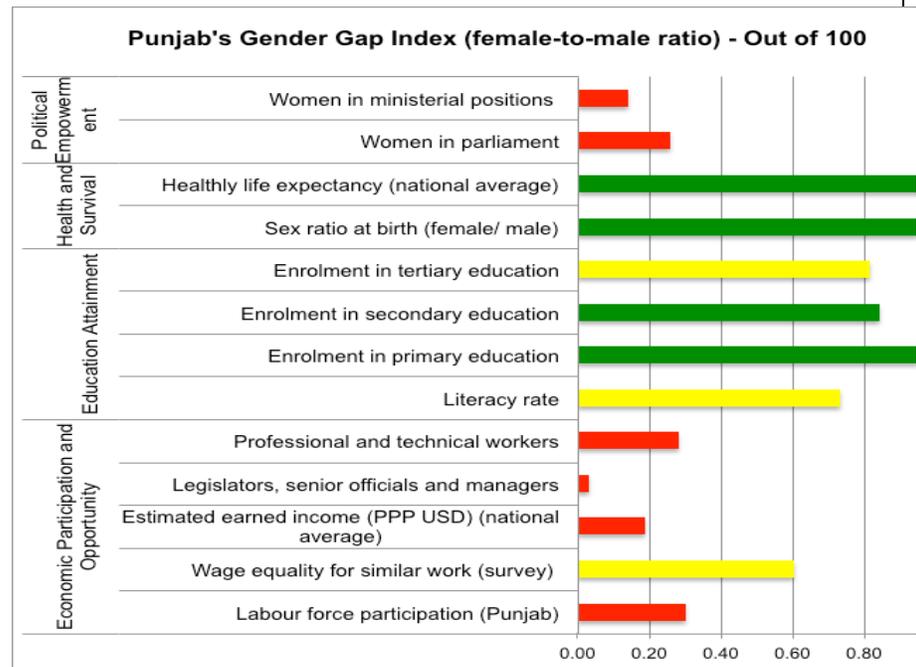
1. Cost of Doing Business in the Punjab
Punjab Government has consciously taken up the agenda to reduce the cost of the doing business in the Punjab. In this regard, they are working in close collaboration with the World Bank under the J&C programme. Pakistan is currently ranked 142 out of 190 countries in terms of cost of starting a new business. WB data suggest that on average it takes 18 days to start a business for women and the on average spend 8% of their capital on this. The incubation center will be a strong initiative to reduce this cost. A comparison of Pakistan with other regional countries is provided below:



Note: The distance to frontier (DTF) measure shows the distance of each economy to the "frontier," which represents the best performance observed on each of the indicators across all economies in the *Doing Business* sample since 2005. An economy's distance to frontier is reflected on a scale from 0 to 100, where 0 represents the lowest performance and 100 represents the frontier. The ease of doing business ranking ranges from 1 to 190.

2. Women Economic Empowerment

Punjab Government has been supporting the development of women and creating a stronger gender balance in the province over the last 5 years. In this regard, it established the Commission on the Status of Women and also took a string sectoral approach to improve the gender balance. The diagram below shows that as a result of these activities gender parity is achieved in social sectors, however, a lot more needs to be done on economic empowerment. The indicators on economic empowerment of women are generally weak in the province. The project is thus required to support economic empowerment of women of the Punjab:



3. Women Development Policy 2018

Government of the Punjab has recently approved the first ever Women Development Policy 2018. The policy calls for ensuring a stronger gender balance and equality of access and opportunities for women across all economic empowerment initiatives of the provincial government as well as in informal sectors. The policy document has approved the following strategies most of which are justifies the need of the project.

- Lobby and seek stakeholder consensus for **gender sensitive economic growth and development in Punjab** (P&D Department, PERI, and WD Department).
- Gender **parity in access to economic and entrepreneurial opportunities in provincial developmental policies and interventions** (Industries Department, TEVTA, and P&D Department).
- Design and implement **affirmative action initiatives for enhancing business skills and competencies in access to finance, land, other productive resources and technologies for women alongside men** (P&D Department).
- Identify and put in **operation interventions for improved performance and nurturing of Small & Medium Scale Enterprises (SMEs) for both men and women. Establish mechanisms to particularly support young women in trade and entrepreneurship across Punjab** (Finance Department, P&D Department, and TEVTA).
- Periodic implementation of a comprehensive framework for **monitoring gender disparities in key**

economic growth sectors through economic empowerment indicators by employing gender

sensitive research and survey tools and systems (P&D Department, PERI)

- Enhancing proportion of **women workers in provincial work force as well as access to more productive and profitable work opportunities** without any sex-based discrimination (Labour Department, WDD, Industries Department, P&D Department)
- Boosting **women's financial inclusion through enhancing their preferential and targeted access** to instruments such as financial services, micro-credit sources including Akhuwat, vulnerability insurance etc. (P&D Department, Finance Department)
- Ensuring adherence to trade union and CBA-based entitlements and **rights of women labour and workers** in formal as well as informal sectors (Labour Department, District Governments)
- Stock take and audit of provincial labour laws and policies for ensuring access of women workers to laid down benefits besides safeguarding against harassment and discrimination at workplace (Labour Department)
- Facilitating women agriculture workers through women-focused extension services covering agriculture, livestock, poultry and sustainable forestry with the objective of enabling women to receive enhanced benefits from their activities (Agriculture Department, Livestock Department)

		<ul style="list-style-type: none"> Providing safety and support to female home-based workers against economic exploitation (Social Welfare Department, Labour Department)
	<p><u>Capital Cost Estimate</u></p> <ul style="list-style-type: none"> Indicate date of estimation of project cost estimates. Basis of determining the capital cost be provided. It includes market survey, schedule rates, estimation on the basis of previous work done etc. Provide year-wise estimation of physical activities as per following:- 	<p>February, 2018</p> <p>Current prevalent market price.</p> <p>The breakup of capital cost is available at Annex-I</p>
8.	<p><u>Annual Operating Cost</u></p> <ul style="list-style-type: none"> Item-wise annual operating cost based on proposed capacity utilization for 5 years. 	As mentioned at Annex-I
9.	<p><u>Demand and supply analysis</u></p> <ul style="list-style-type: none"> Description of product/ services Demand / Supply along with unit price for the last 5 – years. 	<p>Currently there is no supply of such a facility in the Punjab for women entrepreneurs. The center will create opportunities for at least 120 entrepreneurs annual (30 per quarter).</p> <p>The demand for such an activity is huge. WCCI currently has over 1,500 and they experience an annual growth of about 20%, resulting in 300 new business entering. This will be the demand function</p> <p>Thus, the service will be fully utilized in fact over subscribed.</p>

	<ul style="list-style-type: none"> • Imports/Exports for the last five years along with unit price (if applicable). • Projected demand /supply for 10-years. • Proposed year-wise production and unit price of the product. • Existing and proposed arrangements for marketing 	<p>N.A.</p> <p>N.A.</p> <p>N.A.</p>
10	<p><u>Financial plan</u></p> <p><u>Sources of Financing</u></p> <p>(a) <u>Equity:</u> Indicate the amount of equity to be financed from each source</p> <ul style="list-style-type: none"> • Sponsor's own resources. • Federal Government. • Provincial Government. • DFI's / Banks. • General public. • Foreign Equity (indicate partner agency) • NGO's / Beneficiaries. 	<p>N.A.</p>

	<ul style="list-style-type: none"> • Others. <p>(b) <u>Debt</u></p> <p>Indicate the local & foreign debt, interest rate, and grace period and repayment period for each loan separately. The loan repayment schedule is also annexed.</p> <p>(c) <u>Grants along with source.</u></p> <p>(d) <u>Weighted Cost of Capital.</u></p>	<p>N.A.</p> <p>Rs.10.58 Million from ADP.</p> <p>N. A.</p>
11	<p><u>Benefits of the project</u></p> <ul style="list-style-type: none"> • Financial. (Income to the project along with assumptions) • Economic. (benefit to the economy along with assumptions) • Employment generation (direct and indirect). • Social (Benefits with indicators) 	<p>Financial:</p> <p>The project will charge a small fee by the members at the incubator against the provision of services. The fees will start at PKR 5,000 per month but will gradually be increased as members find more utility from the service. It is expected that by end of three years the project will be able to charge a fee of PKR 15,000 per month for use of the incubation center against a variety of services. This will generate an annual income of around PKR 9.6 million that will be sufficient to sustain the project.</p> <p>Economic:</p> <p>The project will have significant economic impacts. During the project life, it is expected to contribute close to PKR 2 billion to value added output. The perpetual value of this value added will be around PKR 36 billion</p> <p>Employment:</p> <p>The project during three years will create an employment of close to 1,800 with an minimum economic value of PKR 28 million. In perpetuity it is likely to create an additional 1,000 jobs a year with an perpetual economic value of PKR 480 million</p> <p>Social:</p>

	<ul style="list-style-type: none"> • Clean Development Mechanism (CDM) Assessment. • Environmental impact • Impact of delays on project cost and viability. 	<p>To increase the membership of the WCCI, providing facilitation to the cause of women entrepreneurship in Punjab by providing them a space to develop and expand businesses. WCCI facilitates women entrepreneurs in expanding their businesses and the proposed project of the Women Resource Center and Incubators, aims at streamlining the services provided by the chamber: To increase the membership of the WCCI, providing facilitation to the cause of women entrepreneurship in Punjab by providing them a space to develop and expand businesses.</p> <ul style="list-style-type: none"> • 15 to 20% increase in WCCI’s membership. • Approximately 30 businesses incubated per quarter. <p>WCCI watches and safeguards the interest of the business community while helping the government formulate trade and economic policies. The project will directly serve SDG 5 : “Achieve gender equality and empower all women and girls”, SDG 9: “Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation,” and SDG 8: “Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all”.</p> <p>Please see Annex A for detailed numbers.</p> <p>N.A</p> <p>No harm to environment.</p> <p>N. A.</p>
12	<p><u>Implementation Schedule.</u></p> <ul style="list-style-type: none"> • Indicate starting & completion date of project. • Item wise / year wise implementation schedule in line chart co related 	<p>01.07.2018 to 30.06.2021(36 Months)</p>

	into phasing of activities.	
13	<p>Management Structure and Manpower Requirements.</p> <ul style="list-style-type: none"> • Administrative arrangements for implementation of project. • The manpower requirements by skill / profession during execution and operation of the project. • The job description qualifications, experience, age and salary of each job may be provided. 	<p>The scheme will be administered by Woman Chamber of Commerce & Industry Lahore Division (WCCI)</p> <p>Details provided at (Annex-II)</p>
14	<p>Additional Projects / Decisions required</p> <ul style="list-style-type: none"> • Indicate additional projects / decisions required to optimize the investment being undertaken on the project. 	N. A
15	Certificate	It is also confirmed / certified that the project proposal has been prepared on the basis of instructions provided by the Planning Commission for the preparation of PC – 1

		<p>Prepared by:</p> <p style="text-align: center;">Section Officer (Research) 042 – 99213947</p> <p>Checked by:</p> <p style="text-align: center;">Senior Economic Advisor 042-99210541</p> <p>Approved by:</p> <p style="text-align: center;">Secretary IC&I Department</p>
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TOTAL COST OF PROJECT /FINANCIAL PHASING**Original****PKR**

Sr. No	Description	2018-2019	2019-2020	2020-2021	Total
1	Office Equipment				
2	furniture and Fixture	651835			
3	WATER DISPENSER	34000			
4	COFFEE MAKER	4700			
5	MICROWAVE OVEN	14200			
6	AIR CONDITIONER	300000			
7	CEILING FANS	30000			
8	Office Restructuring, Designing & Paint	430500			
9	Motor Bike	40000			
10	Printers & Photocopier Machines	198820			
11	Subtotal	1704055			1704055
12					
13	STAFF				
14	TAX LAWYER				
15	ACCOUNTANT				
16	BUSINESS DEVELOPMENT OFFICER				
17	TRADE OFFICER				
18	OFFICE BOYS				
19	RIDER				
20	MARKETING OFFICER				
21	IT OFFICER				
22	SECURITY GUARD				
23	Subtotal				
24					
25	Running Expenses				
26	ELECTRICITY	840000	840000	840000	
27	INTERNET				
28	OFFICE RUNING	120000	120000	120000	
29	STATIONARY	360000	360000	360000	
30	OFFICE MAINTENANCE	156000	171600	188760	
31	PRINTING	144000	144000	144000	
32	REFRESHMENTS	180000	180000	180000	
33	OFFICE RENT	960000	1056000	1161600	
34	Fuel and Mintainace	84000	84000	84000	
35					
36	Sub Total	2844000	2955600	3078360	8877960
37					
38	Total	4548055	2955600	3078360	10582015

Name of Post	Pay package (in Rs.)	Job Description	Qualification & Experience	Min-Max Age (Years)