

# ENGAGEMENT OF CONSULTANT TO STUDY THE SCOPE OF “ICT CPES MANUFACTURING IN PAKISTAN”

## Terms of Reference

### 1. Introduction

The Pakistan Telecommunication Authority (PTA) is seeking a consultant to developing a comprehensive study & strategy for development of ICT (Information & Communication Technologies) CPEs (Consumer Premises Equipment).

### 2. Background

The deregulation of telecommunication sector has made a marked difference in socio economic behaviour of people/industry. The operational ICT/telecomm industry has benefited from FDI resulting in improved overall teledensity, online connectivity and electronic business graphs. The study is aimed multiple benefits for ICT and telecommunication industry in Pakistan. The broader goals are to cater local demand effectively and improve exports in this important area.

### 3. Objectives

- a. The aim of engaging the services of a consultant is to carry out in-depth analysis of existing situation in relation to of demand of ICT CPEs.
- b. To suggest viable solutions for establishing manufacturing industry in accordance with International practices.

### 4. Scope of Work

In the light of the above objectives, a suitable comprehensive road may be prepared along with its feasibility. While developing such roadmap the consultant is expected to evaluate the current scenario and the future implications of his suggestions. Moreover the scope of also work includes, but not limited to, the following:

- a. Define the current status of the CPE manufacturing in Pakistan

- b.** How much revenue is being lost by Pakistan due to import of ICT CPEs. Moreover detail the benefit of taking this step to public and government revenues.
- c.** Provide proofs that current demand enough to build a dedicated CPE manufacturing industry locally.
- d.** Provide guidelines/procedures to be adopted on government/regulator level in order to promote local ICT CPE manufacturing concept. For example
  - Consultant may detail special incentive that can be given to a foreign company which does transfer of technology.
  - Lessening of duties on various accounts in case a local manufacturer achieves a benchmark export value.
  - Liberalized credit and FX policy
  - Reduction/No tax collection from manufacturers setting up industry in Special Economic Zones (SEZs) till some specific period.
- e.** Study the possibility of writing off debts of sick industries and marking them for new telecom manufacturers (if feasible). In preparing the recommendations, consultant must consider (& provide) data on the total liabilities due and the GoP's position on the matter.
- f.** Define a minimum amount of capital required in order to start such manufacturing facility profitably.
- g.** List out the CPEs that can be manufactured. In this regard consultant must also specify the areas of ICT/telecom to be focussed in the first step. This should be done by predicting the success rate of investment in proposed area of manufacturing and in accordance with their demand in the industry/market.
- h.** Suggest steps to counter the threat to such local manufacturing due to low priced Chinese versions of ICT CPEs.
- i.** Identify the locations where this industry should be developed geographically. While identifying such sites preference should be given to rural and relatively low developed/populated cities/towns.

- j.** Provide a framework through which a quality of product could be assured. Moreover a procedure for certification of locally developed CPE should be defined.
- k.** Describe the benefits to private (foreign/local) investors, vendors, operators and general public due to this development.
- l.** Highlight the hindrances on all levels public or private that any stakeholder may face during start-up. These may include:
  - Taxation on import of Raw material and machinery
  - Income tax rates
  - Tax Incentives for local production within Special Economic Zones (SEZs)

Furthermore recommendations/suggestions for removing such overheads may be detailed in comparison to procedures being adopted in neighbouring and similar economies.

- m.** Scope of ICT CPE manufacturing market in Pakistan in present scenario and in future. Do we have the required manpower especially skilled needed to run the industry. In case we don't, what steps must be taken on government and private sector level to develop such skilled persons. Consultant must suggest the role of educational institutes in this context i.e. how should they revise their curriculum to cater the needs of this specific manufacturing industry etc
- n.** State the role of PTA as a regulator in developing this manufacturing culture in Pakistan
- o.** Give any other relevant detail that may be helpful in devising future telecom policy.

## **5. Deliverables**

The process to be followed by the consultant shall include:

- (i) The 1<sup>st</sup> draft report, covering the above scope of services and methodology. Report will be circulated for, comments, inputs of all relevant stakeholder.

- (ii) The consultant, based on these inputs, shall submit the 2<sup>nd</sup> draft report, which would be verified to be in accordance TOR.
- (iii) Final draft report, along with presentation on the conducted study.
- (iv) All the work must be completed according to the timeline devised in section 6.

## 6. Timings

It is envisaged that the study and preparation of reports may take 90 working days after the signing of contract.

Delivery	Time Period
Day of signing the contract	t-day
Submission of 1st draft report by the Consultant	t+45 working days
Circulation of draft to PTA Divisions and gathering of comments/input and forwarding these to Consultant	t+65 working days
Submission of 2 <sup>nd</sup> draft report.	t+75 working days
Presentation to Authority and feedback for PTA.	t+85 working days
Submission of final report and presentation by consultant	t+90 working days