

Policy Symposium on Social Enterprises in Pakistan: Challenges and Way Forward

Sustainable Development Policy Institute (SDPI)

10-11th February 2016, Marriott Hotel, Islamabad

Event Report

Background

Pakistan is currently facing a demographic youth bulge with a majority population under the age of 30. The rising underemployment and unemployment levels in the country portray a dreary picture of socio-economic engagement of the youth. It is imperative that the opportunity of capitalizing on the potential of a large young population is not lost and that spaces are created for young people to develop their talents and ideas into something impactful. Social enterprise and related concepts of social entrepreneurship and social innovation present an ideal opportunity for young people in Pakistan to transform innovative ideas into businesses and at the same time, contribute positively to the society by addressing some of the critical development challenges being faced by the country.

The concept of social enterprises is gaining popularity around the world, and indeed South Asia has been a pioneer in developing the social enterprise movement. In many parts of the world including the UK, the social enterprise sector is an integral part of economy. Developing a robust and vibrant social enterprise sector can contribute to addressing some of the most pressing development challenges whilst contributing to inclusive economic growth.

The role of government in developing an effective enabling environment for social enterprises to thrive is critical in accelerating the development of the sector. Creating an enabling environment for the development of a social enterprise sector requires policy and regulatory support. In view of the above-mentioned, SDPI and British Council hosted a dialogue which brought out key challenges faced by social enterprises in Pakistan. This dialogue was initiated on the research undertaken by SDPI.

British Council's Social Enterprise Programme

Launched in 2009 in China and Indonesia, the British Council's Global Social Enterprise programme is at present being implemented in 24 countries across the globe. Drawing on the UK expertise and best practices, the programme supports the development of social enterprise sector through capacity building, education systems, policy and government dialogue and international development. Positive social change, sustainable

development and inclusive growth are at the core of British Council's social enterprise programme.

SDPI Women Social Enterprise Initiative

SDPI is a policy research institute and the oldest civil society think tank in Pakistan, which produces knowledge on sustainable development to enhance the capacity of public and private sectors in making informed policy decisions and to engage civil society on issues of public interest. SDPI is regularly making efforts to bring together the civil society organizations, business community, and practitioners of economic policy to discuss and form a consensus around future demands of Pakistan's socio-economic challenges.

SDPI has conducted extensive research on women social entrepreneurship and conducted primary level research in all provinces of Pakistan. The institute is also part of a regional consortium that produced the first regional baseline study on women entrepreneurs.

Policy Dialogue: Social Enterprise

Despite a nascent sector in Pakistan, given the enabling environment, social enterprise has the potential to contribute to key development priorities in the country. One of the challenges to the development and advancement of the social enterprise sector in Pakistan is the lack of policy, legal and regulatory support. In order to address this challenge, it is imperative to bring together key stakeholders from the government policy and non-government circles (e.g. private sector and civil society organizations) to discuss and deliberate on the development of the social enterprise sector in Pakistan.

In order to facilitate this dialogue, SDPI and British Council, Pakistan held a two-day policy event on social enterprise at the national level. The event brought together senior policy influencers, academics, representatives from civil society and international organizations and social entrepreneurs from Pakistan as well as sector experts from the UK and South Asia.

The event spanned over the course of two days with one day dedicated to social enterprise and higher education. Day two focused on the current policy context for social enterprise, key government priorities (inclusive economic growth, job creation, and social justice etc.) and UK best practice.

Day I

Theme: Social Enterprise: Policy and Practice

Inaugural Session

Dr. Abid Suleri, Executive Director, SDPI welcomed the participants and honourable Federal Minister for Planning, Development and Reforms Prof. Ahsan Iqbal. He said that social enterprises bring a social change as well as generate profits for themselves, which is a measure of their sustainability. He added that cooperatives can be quoted as examples of social enterprises, but the word 'cooperative' has become a big taboo in Pakistan due to some of the scams in the 80s and 90s. He further said that we have to give greater support and autonomy to startups. Quoting SDPI's example, he maintained that the Center for Capacity Building at SDPI is an excellent example of a social enterprise as it provides trainings to policy makers, policy practitioners and communities of practice to expand upon the agenda of sustainable development. These are paid services by the Center which ensures its sustained operations.

Mr. Jim Booth, Deputy Country Director, British Council said that this symposium is an opportunity for us to address the challenges and the way forward for social enterprises. He said that social enterprise is a relatively new concept in Pakistan, nonetheless gaining popularity across the country. Talking about the UK experience, he said that around 40% of the social enterprises are working in the deprived communities. He further said that in the UK, social enterprises are working in the housing, renewable energy, health and education sectors. He added that social enterprises can flourish in Pakistan, as there is already ample evidence of an informal economy working in the sector.

Mr. Tristan Ace, Global Manager, Social Enterprise, British Council said that the British Council launched its Social Enterprise Program in East Asia in 2009. The UK itself hosts 24,000 social enterprises and they contribute GBP 24 billion to the economy. Around 59% of the social enterprises in the UK employ people who are disadvantaged from the labor market and they are growing faster than the mainstream SMEs in the UK. Social enterprises are also filling the gaps in the mainstream education system of the country. He said that we (British Council) are engaged with policy makers in East and South Asia for the development of social enterprises. The British Council, which is itself a social enterprise, is aware of the challenges social entrepreneurs face while starting up and sustaining their businesses, he said, adding that only by coming together these challenges can be overcome. (Presentation by Mr. Ace is placed at Appendix-I.)

Prof. Ahsan Iqbal, the Federal Minister, Planning, Development and Reforms, presented his vision for social enterprises in Pakistan. His speech is placed at Appendix-II.

Session-1 Social Enterprise in Pakistan: Legal, Policy & Regulatory Issues

Mr. Saqib Siddiqui, General Manager, Sector Development, PPAF said that we have spent billions of rupees in developing human resources and skills development. Through microfinancing, we are also focusing on adding value to our clients (physical) business primarily focusing on how farmers can develop links with the public and private sector institutions. Highlighting the role of his organization, he said that we along with our partner institutions created platforms to nurture social entrepreneurs. Regarding microfinance institutions, he said that they only focus on existing businesses and do not support startups. PPAF is ready to work with various institutions and provide the platform for the support of startups.

Mr. Shehryar Tahir, Head, External Relations, SMEDA said that SMEDA was established in 1999 as an autonomous body under the Ministry of Industries to support small and medium enterprises. He said that SMEDA is well-positioned to promote social enterprises and entrepreneurs as its clients. He further said that there are various services and online products available at SMEDA for potential entrepreneurs to take help from. He added that there is a gap in the social enterprise market, which organizations like SMEDA, PPAF and SDPI can fill particularly related with finding right kind of human resource to train these social enterprises.

Ms. Sadaf Mehmood, Enterprise Development Strategist, Seed Ventures said that the youth bulge is increasing and social entrepreneurship has the solution to fill the gap of employment created by this ever-increasing but youthful population. She further said that in the absence of a legal framework there is no clarity of vision regarding social enterprises. She said that social enterprises are registered as a private limited company, because there is no separate legal framework for them. She explained that we always devise solutions, but there is no concrete work done for the implementation of those solutions. She concluded that there is absolutely no way with which we can determine the history of social enterprises in Pakistan as there is no database.

Mr. Ahmed Qadir, Director-General, Competition Commission of Pakistan presented his remarks from the viewpoint of a regulator. An unedited version of his speech may be seen at Appendix-III.

Session-2: Social Enterprises - Key Lessons from India, Malaysia, Pakistan and UK

Dr. Shehryar Khan Toru, Research Fellow, SDPI highlighted the sectoral focus of social enterprises in Pakistan across education, health, and social welfare sectors. He said that the funding sources of social enterprises are banks, self-financing, donor

support, donations (Zakat), and allocation of funds by government. He said that there are policy challenges encountered by social enterprises such as how to define SEs? He said that many SEs are not registered and there is an absence of social enterprise policy and legal framework for developing linkages with the government. He said that some sustainability issues of SEs include legal and policy framework of registration, mainstreaming SEs in the education sector of Pakistan, and possibility of core-funding through a revolving fund. SEs also required subsidized training for their staff working in HR, Finance and Administration for internal organizational strengthening. Dr Khan's presentation is placed at Appendix-IV.

Ms Mohini Bhatia, Development Finance Specialist, World Bank, India said: "social enterprise may be an organization that has been setup to create a social impact, irrespective of the fact whether it is for profit or non-profit". She said that specific interventions as compared to continuous funding have proved better for the development of social enterprises. She said that we have done analysis of 6,000 models globally. We need to find an enabling environment for the social enterprises to thrive and everyone has to think that how can we in the capacity of our institutions play a role through advocacy and research for the promotion of the social enterprises, she concluded.

Ehon Chan, Executive Director, Social Entrepreneurship, Malaysian Global Innovation & Creativity Centre said that the findings of social enterprises in Malaysia are quite similar to that of Pakistan, the only difference being that Pakistan is 10 times bigger than Malaysia. He said that with new innovation, new challenges emerge. Stressing the need to build a movement for the development of social enterprises in Malaysia, he said that raising awareness, and providing grants are some of the works we have done so far.

Mr Dan Gregory, Head of Policy, Social Enterprise, United Kingdom said that the UK is not the only policy expert on social enterprises. "We have tax breaks that benefit the rich, he said, adding that besides adopting a focused approach, we need to think which areas do we want to target, i.e. money, regulation, and possible benefits. And then, he said, we need to put on our energies to those areas for policy development.

Mr Faheem-ul-Islam, Member Private Sector Development, Ministry of Planning, Development and Reforms said that social enterprises in Pakistan are registered under the century old laws. He added that the major problem in Pakistan regarding social enterprises is the development of the sector itself; it is too fragmented whereas defining social enterprises is another challenging task. Mr Islam's presentation is placed at Appendix-V.

Malik Uzair Khan, MNA and Coordinator PM's Youth Program estimated that over 60% of our population comprises the youth that can benefit from social enterprises. He said that it is difficult to sort out a social enterprise from a normal enterprise. He called for making laws at federal level to facilitate the social enterprises.

Ms Marvi Memon, Chairperson, Benazir Income Support Programme (BISP) said that it is the responsibility of the government to give the poor employment, dignity and empowerment. She added that if there is no database of social enterprises then there is no point of demand from the government. She stressed that she was willing to promote the cause of social enterprises as many were her clients under BISP. She further said that she will encourage the youth especially in universities to come up with innovative business ideas that can be tested on the BISP beneficiaries. She said that we can provide you with workers and customers as well and that if you really want to implement something at a large-scale, we are the perfect people for it. She added that a research should be conducted if BISP itself falls under social entrepreneurship? She concluded that the poor people targeted by BISP are the perfect customers for the social enterprises in Pakistan. BISP will be willing to share any possible information in this regard.

Day-2

Integration of Social Enterprise in Higher Education

Mr. Kamran Shams, Member Board of Directors, Akhuwat Foundation said that the definition of a social enterprise is not clear and there exists no governance model for social enterprises. He said that governments are more demand-driven than supply-driven. He stressed that governments generally do not conduct large-scale experiments rather it is the work of educational institutions to create awareness in connection with social enterprises in Pakistan and come up with new experiments.

Mian Waqas Masud, Director, Fazal Industries said that enterprise means making money and profit but when you add the word social it means you are working for the society, which creates a contradiction. He said that he hasn't heard a single word regarding youth policy ever since the youth ministry has been devolved. He said there is a lack of continuity of government policies. . Citing his own example from the apex skill training body – NAVTEC- he said that during the last four years, as many as eight department heads had been changed in NAVTEC. He said that money and profit-making have taken over the concept of social change, as we see in the case of Grameen Foundation in Bangladesh.

Ms Maryam Mohiuddin Ahmed, Director, Social Innovations Lab said that Pakistan has more social enterprises than the UK and if NGOs and NPOs are taken as social enterprises, then there is no need for policy, as policies already exist for these organizations. She said both sustainability and social impact are important. "Money-

making is also important, as otherwise you won't be able to sustain and will depend on outside funding." She said that there is no rush to make policies, as time is required for them. She further stated that LUMS has been doing a great job for social enterprises by engaging faculty and academics and the first ever incubator for social enterprises was established at LUMS.

Prof. Dr Nadia Tahir, Department of Management Sciences, Bahria University said that while devising a policy we must take into account the simultaneous interaction of profit-making and the social impact. She stressed that students need to take more interest in generating innovative ideas than the mere achievement of grades. This however will require a change of mindset across our education system (Presentation Attached as Appendix – VI)

Roundtable Discussion on Social Enterprises Policy in Pakistan

Mr Mansoor Malik, CEO, Kamyab Pakistan said that there has been no government help to our cause of promoting social enterprises. He said that promotion of innovative practices itself isn't supported by any ministry. We have to come up with concrete areas where the government can help us. He added that the Planning Commission should be free from bureaucracy, rather it should be filled with volunteers directly reporting to the Deputy Chairman. He stressed that one must look at Vision 2020 of Malaysia. It can be a source of inspiration for future social entrepreneurs.

Mr. Azhar Qureshi, CEO, Eco-Conservation Initiatives said corruption is a key issue hindering social enterprises. He said that government officers have permanent jobs, therefore, they have no mechanism of accountability. He said that effective mechanisms should be developed to save nascent entities from red tape.

Ms. Maria Omer, CEO, Women Digital League said that educated Pakistani women don't receive funding which deters them from starting innovative enterprise. She added that you have to be a leader to lead a social enterprise; a leader is always ready to take challenges. She further said that expecting something from the government is useless. She said that a social enterprise should make profits in line with making a social change in the society. She maintained that segregating men and women entrepreneur doesn't make sense; an entrepreneur is an entrepreneur irrespective of gender. Regarding her own experience, she said that she doesn't want to register her company as an NGO, as it's for profit, therefore by registering it she loses her right to a salary. At the end she said that, we are not working in the typical private sector, but as a social enterprise

Ms Maryam Mohiuddin Ahmed, Director, Social Innovations Lab said that we have to put ourselves in government's shoes. She said that people in the government are smart enough a fact she realized after having a rational and serious conversation with

them. She said that there are certain public institutions willing to work with us and now we need to strengthen these institutions.

Mr Hamid Mehmood, Economic Advisor, Planning Commission, said that the government looks after the social enterprises through the social welfare sector. He said that people are usually not aware of the policies devised by the government. He stressed that there are many technocrats in the government, not all of them are bureaucrats. He offered that Planning Commission is willing to receive advice from this forum and built it as part of operationalization of Vision 2025.

Mr Umer Farooq, CEO, Tech Valley said that there is lack of engagement of social enterprises in Pakistan and there is lack of communication between social enterprises. He added that entrepreneurs should teach entrepreneurship methodologies and business experiences in universities. He stressed that institutions like SDPI should formalize such platforms so that we can meet on regular basis to share our learnings.

Mr Musstanser Tinauli, CEO, Fori Mazdoori said that there is no dissemination from both the social enterprises and the government regarding their work. "We have to be registered as a private limited company, because of which we don't get funding from various grant bodies." He said that we don't accept failures and in a society like Pakistan, government's mega projects can't sustain with such mindset. He further said that a society cannot progress if we wait for the government to do something. He added that there should be a bottom up approach rather than vice-versa. He added that there is no feedback mechanism of policies devised by the government. He concluded that as long as there is social innovation, we don't need a policy; we will stay connected and move forward; and the government should just not disturb us and interfere.

Ms. Sadaf Mehmood, CEO, SEED Ventures said that these conferences are brilliant, as we get something out of it but outside these conferences we are not well-connected. She added that taxes should be subsidized for us, the least we require.

Mr Dan Gregory, Head of Policy, Social Enterprise, United Kingdom said that regulation is required when there are people or organizations causing havoc, otherwise regulation isn't required. We should be careful as to what we should regulate and how should we regulate.

Mr Tristan Ace, Global Manager, Social Enterprise, British Council said that social enterprises have a particular definition in the UK government. Defining social enterprises is of utmost importance and may be unique to each country.

Mr Faisal Khan, Founder, Peshawar 2.0 said that we don't need any regulations as for now, but we need solutions to problems like, registration. He said that we (social

enterprises) should act like a strong pressure group and innovation within the development sector is also required.

Mr. Atif Raees Khan, Chairman and CEO, LMKT said that there is no representative of FBR over here, whereas their representation is of the utmost importance.

Mr. Ahmed Qadir, Director-General, Competition Commission of Pakistan said that we can lobby with FBR and SECP and what you people are doing has implications on consumer welfare, and this is what we do.

Mr Awais Naseer, CEO, Softoven said that we need a helping hand from the government in the form of tax exemptions. .

Mian Waqas Masood, CEO Fazal Industries said that we now need to focus our efforts in approaching various government departments regarding the right kind of policies required for social enterprises.

Presentation by Mr. Triston Ace



EDUCATION AND SOCIETY
Towards our 2020 vision

Social Enterprise in Pakistan: Challenges and the Way Forward

Tristan Ace, Global Partnerships and Development Manager, Social Enterprise

www.britishcouncil.org

UK experience



- 70,000 social enterprises
- contributing £24bn to economy
- generating 1m jobs

What is a social enterprise in the UK?




Businesses driven by a social purpose. They:

- Have a **social mission** core to their purpose
- Generate the majority of their income through **trade** (revenues mainly from goods and services provided, not grants or donations)
- **Reinvest** the majority of their **profits** (towards the social mission)

The UK has a very diverse Social Enterprise sector:

- They operate in a diverse range of sectors that have a direct impact on young people
- 18% Education
- 14% Employment and Skills
- 10% Social Care
- 25% supporting vulnerable people

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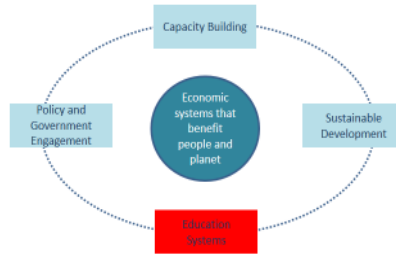
UK experience



- 31% based in **deprived areas**
- 59% developed a **new product or service** in 2014 (vs 38% of SMEs)
- 52% **grew** compared to 40% of SMEs
- 41% **created new jobs** (vs 22% of SMEs)
- 59% **employ people** who are disadvantaged from the labour market

Source: SEUK State of Social Enterprise Survey 2015
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Four strands of work



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A GREAT UK success story



'The social economy is a great UK success story [...] We are committed to creating the right environment for these innovative and life-changing organisations to grow so they can support communities in the UK and across the globe.'

-- former Cabinet Office Minister Francis Maude

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- In order to attract students, universities need to be responsive to what people want to study.
- for a growing number of them, that includes social enterprise and doing something that has a social purpose.
- Universities are also reacting to the growth of social enterprise globally which is creating opportunities for research and knowledge partnerships looking at the factors that influence how social enterprises can bring economic benefits and improve people's lives

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Address by Prof. Ahsan Iqbal, Federal Minister and Member, Board of Governors, Sustainable Development Policy Institute

Excellencies, Ladies and Gentlemen

Assalam-o-Alaikum

It gives me immense pleasure to be with you today at the Opening Session of Policy Symposium on Social Enterprise in Pakistan, jointly organized by SDPI and British Council Pakistan. Being a Board Member of SDPI, it makes me very proud that our local institutions are taking a lead and initiative to highlight areas where key policy reform is urgently required.

Let me begin by discussing the theme of this policy symposium ‘Social Enterprise in Pakistan: Challenges and Way Forward’. Pakistan is faced with an increased working age (youth population) that is facing underemployment and unemployment. Social entrepreneurship presents an ideal opportunity to young people in Pakistan to build innovative ideas into businesses and at the same time, contribute positively to society. Social enterprise, a relatively new concept in Pakistan, is fast gaining acceptance in several spheres of policy making and non-governmental work.

There are some exceptional social entrepreneurs in Pakistan who have created positive social impact. An increase in the number of young entrepreneurs in fields such as health, education, consumer-oriented technology and environment is encouraging. Young people from far-flung areas of Pakistan emanating with innovative ideas and social business ventures add significant social value to not only their own region but also to the overall economy.

The rise of women entrepreneurs in the country is also an encouraging development. A recent SDPI survey on women entrepreneurship recently exhibited that despite constraints related to shortages of working capital and infrastructure, Pakistani women, particularly those who are educated, have an increasing trend to start social enterprises.

Pakistani youth are also passionate and have tremendous capacity to contribute to the progress and development of economy. There is however insufficient career counseling regarding the future possibilities. Many of those who can, choose to migrate to other countries for better opportunities. Meetings like these and support from partners such as British Council, that we can help find our youth new avenues locally, so that well trained human resource can be retained.

Ladies and Gentlemen,

Pakistan is a country with enormous potential for social entrepreneurs and innovators. There are sectoral studies available with Board of Investment and Trade Development Authority of Pakistan, which suggest that new opportunities exist in social enterprise sector, particularly in areas of:

- Sustainable resource management including recycling, and alternative energy
- Accessibility to low-cost education and health

- Creative industries e.g. design, arts, media
- Cultural industries e.g. heritage, tourism, sport
- Business support e.g. incubation, mentoring
- Food production, agricultural support and extension services
- Infrastructure development for water and sanitation

Ladies and Gentlemen,

Pakistan will need 36 million more jobs in the next 10 years. Our population will increase by 44% over the next 20 years. We will need to come up with innovative strategies strongly grounded in evidence based research, in order to bring out out-of-box solutions to improve investment climate. A failure to do so will imply increase in cost of doing business for social entrepreneurs, many of whom are here with us today.

The federal and provincial governments will need to work together, for creating avenues and platforms for the promotion and encouragement of social entrepreneurship in the country. We cannot do this without the support of a vibrant civil society and private sector.

A mindset change is also required, where our children and future generation should be encouraged to become entrepreneurs. Instead of a subsidy-led model of private sector, we wish to move to an ideas-led private sector. A wage-based assignment should not be the priority of our graduates. Our business schools should uplift the standards so that graduates become entrepreneurs by choice.

We as policy makers should also stand ready to assist such initiatives by our youth. Without opportunities for skills development, mentoring and financing, their potential is left uncultivated. Ignoring this issue may leave Pakistan with a skills shortage and one of the biggest human resource concerns for the country. This in turn can threaten the narrow window of demographic dividend which the country currently enjoys.

It is heartening to see the rise of incubators led by dynamic individuals and organizations in Pakistan. This is a step in the right direction. The private sector will need to invest in Pakistan's future human resource for their own and society's benefit. The mentoring provided to the prospective entrepreneurs through such incubation services can go a long way in expanding the horizon of our youth.

Our ministry remains ready to work with any such incubators who are providing a helping hand to Pakistan's future entrepreneurs.

We must understand there that while businesses exist to make profit, they are also expected to give back. The process of giving-back has to go beyond the concept of corporate social responsibility. An entrepreneur's engagement with society has to be long term with clear social impact. This is also what distinguishes usual business persons from social entrepreneurs who are striving to bring sustainable change and improve communities' welfare.

Ladies and Gentlemen:

The said challenges and their timely remedies are extremely important for our government. The government is taking serious measures to tackle the issue and to engage the youth for the

development of the country. The Prime Minister's 'Youth Business Loan', for young entrepreneurs between the age group of 21 - 45 years, is designed to provide subsidised financing at 8.0% mark-up per annum for one hundred thousand (100,000) beneficiaries, through designated financial institutions, initially through National Bank of Pakistan (NBP) and First Women Bank Ltd. (FWBL).

Small business loan will be disbursed to SME beneficiaries across Pakistan, covering; Punjab, Sindh, Khyber Pakhtunkhwa, Balochistan, Gilgit Baltistan, Azad Jammu & Kashmir and Federally Administered Tribal Areas (FATA). It has a 50% quota for women and 5% quota for families of Shaheeds, Widows and Disabled persons.

Another programme "Prime Minister's Small Business Loans Scheme" focuses on unemployed youth, especially educated young men/women age not more than 35 having the entrepreneurial potential and looking for establishing new enterprises has been designed. 50% of loans are allocated to women borrowers.

Furthermore, another step of this government for youth is Prime Minister's Youth Skills Development Scheme aimed at training unemployed youth of Pakistan for acquiring productive skills for gainful employment. This scheme is for all young men and women aged up to 25 years with middle level education. PKR 800 million is allocated for this scheme and around 25,000 young professionals are being trained, the government is providing PKR 2000 per month stipend for 6 months and also supporting the fee amount to PKR 3000 for six months.

Another programme is of Prime Minister's Qarz-e-Hasana Scheme without any mark up. 50% of loans will go to women borrowers.

Ladies and Gentlemen:

The Vision 2025 aims that Pakistan will become one of the 25 largest economies in the world, thus, gaining the upper middle income country status, reducing the poverty level and increasing domestic resource mobilization.

Based upon the seven pillars, Vision 2025 states that the government will focus on key areas including developing social and human capital, achieving sustained, indigenous and inclusive growth, governance, institutional reforms and modernisation of public sector, energy, water and food security, private sector-led growth, developing a competitive knowledge economy and modernizing transportation infrastructure and greater regional connectivity.

We target that by 2025 at least half of the businesses in the informal economy will have entered the formal economy. Governance, institutional reform and modernisation of the public sector will serve as a catalyst to development.

Ladies and Gentlemen,

Any explanation on our agenda towards socio-economic revival of Pakistan will remain incomplete without the mention of our transparent and widespread consultations with stakeholders regarding the reform of law and order apparatus and civil service in Pakistan. We want a broad based debate on these issues. However facts be told – Pakistan is a victim of one of the longest war against terror. This has had its toll on the public sector machinery. This deficit of skilled human resources in several parts of Pakistan is in turn adding pressure on local communities to access social services and economic gains. It is therefore imperative to introduce results based management across the civil service with clear key performance indicators that can be monitored effectively.

Ladies and Gentlemen,

Finally let me end by congratulating SDPI and British Council for this very successful endeavour to generate debate and bring around the table all partners who wish to expedite the development process in Pakistan. Dr. Abid Suleri and his team's efforts in organizing this mega event are commendable.

Thank you

Key Points by Mr Ahmed Qadir, Director General, Competition Commission of Pakistan

Objectives

- To learn about the current policy landscape and challenges to social enterprises in Pakistan
- To suggest measures give and recommendations for the sustenance of social enterprises in Pakistan
- To highlight the potential of social enterprise to contribute to sectors such as health, education, energy, technology, agriculture, etc.

Preamble

Hon'ble Minister for Planning and Development, Mr. Ahsan Iqbal, distinguished panellists, ladies and gentlemen, I would like to thank the **Sustainable Development Policy Institute** for inviting me on behalf of the Competition Commission of Pakistan. It is indeed a privilege for me to be here to listen, understand, and perhaps make a humble contribution to the discussion.

Other acknowledgements as appropriate.

Key Points

Now some of you may be wondering as to why a representative of the country's competition regulator is talking about social enterprises. What's the link, if any? I would like to approach this topic from the perspective of the **Competition Commission** and the **Competition Act of 2010** which governs what those we regulate can, cannot, and should not do.

Economists say that competition comes in two forms: **static** and **dynamic**. Static is the common form everyone will recognize because it is seen so often in skirmishes between rivals based on price and product, bringing incremental benefits to consumers.

Dynamic competition, on the other hand, is the kind of development that can turn an entire market on its head and completely upend the existing systems and structures. How do competition and innovation relate to each other, and why do they matter? In general parlance, dynamic competition is also known as **disruptive innovation**, which, in the recent past has completely changed the fabric and existence of market leaders. As an example, I can mention Blackberry, a market leader in its early years but suffered a remarkable tumble when the iPhone was launched in 2007 and has yet to recover its position in the market. Suffice it to say, every industry is ripe for disruptive innovation regardless of their private sector or public sector nature. Our smart phones and apps mean that there are no sacred cows anymore.

Frankly speaking, the challenges Pakistan faces require from us to adopt an innovative approach and any successful "innovation policy" nowadays requires effective co-ordination of public policies in the related fields.

Competition policy is one of the foremost branches of public policy to consider in this context. However, the official recognition of the importance of competition and markets, and thereby competition policy, does not by itself imply that the co-ordination between various branches of public policy and the regulatory framework is realised. Obviously, the competition regulator is not the only one nascent social enterprises have to contend with.

Nobody has a monopoly on Innovation. It can be from start-ups, or existing enterprises developing business models to harness new technology and meet new demand. It is occurring even in mature industries with established market powers finding new ways to improve efficiency and sustain margins.

Innovation spurs major changes in markets. The book industry has changed with Amazon and both products as well as their distribution have seen transformation. You may have heard of Amazon using drones to deliver people's order. Similarly, the music industry (based on sales of CDs) was upturned with the introduction of iTunes which allowed consumers to only purchase what they needed, and more recently Spotify's streaming service.

The financial sector is changing with the impact of mobile banking and branchless financial services. Energy is being transformed by smart meters and affordable renewable energy.

Is there anything more established than taxi services? Nonetheless, 'Smarts' of a different kind are bringing big changes to the private hire transport market. Uber has become a household name and a similar service – Careem – has launched operations in Pakistan.

Whatever the form may be, **competition** and **innovation** can lead to big gains in productivity and tangible benefits to consumers and to Pakistan's economy. From the perspective of consumer welfare and how to increase or improve it, we welcome such innovations that, simply put, have a positive impact on people's welfare.

The challenge in all this is to ensure an economic and regulatory environment in which new business models and consumer-friendly innovations can emerge and thrive. Competition enforcement plays a part in this.


Innovation is a fragile process that can be suppressed in many ways. From a competition regulator's perspective, it can be the behaviour of cartels, colluding to keep consumers for themselves, or larger companies abusing their size and dominant position to force out smaller challengers. We stand ready to punish such behaviour and since 2007, have many cases that bear testimony to our intent. Simply put, **we will react when we see anti-competitive behaviour that harms consumer welfare.**

We recognise that consumers need the protection of appropriate regulation. But consumers also benefit from effective competition exerting downward pressure on prices and upward pressure on service quality and standards. Clearly, there is a balance to be struck, but the general principle is usually that, in the interest of consumers, competition should only be compromised or restricted by regulatory rules to the extent that doing so is absolutely necessary for consumer protection.

In conclusion, social enterprises are a new phenomenon to Pakistan and there will be a period of time before they can reach their potential. The Competition Commission will use its good offices to ensure a level playing field in which this potential can be reached. Despite our different perspective, we find a common ground in consumer welfare. And that in itself, is a reason enough.

Thank you.

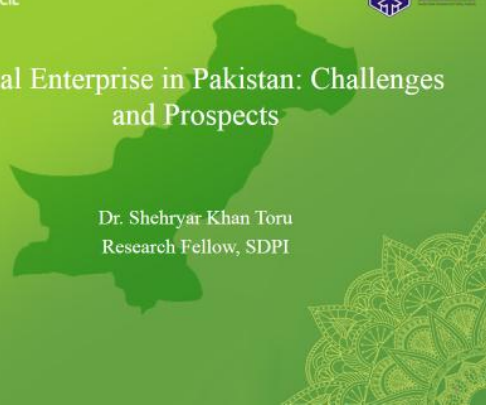
Presentation by Dr. Shehryar Toru



BRITISH COUNCIL SDPI

Social Enterprise in Pakistan: Challenges and Prospects

Dr. Shehryar Khan Toru
Research Fellow, SDPI



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- Structural and policy challenges encountered by SE's
- Reforms for ensuring sustainability of SEs.



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Objectives

- An understanding of the landscape of SEs in Pakistan
- Identifying and analysing legislative, regulatory and policy barriers to promotion of SEs
- Exploring prospects for improved sustainability of SEs.



Methodology

- For gathering preliminary data, quantitative and qualitative methods were used
- The study was implemented across four provinces
- Responses from SE's were gathered and following cities were covered:
 - Peshawar
 - Quetta
 - Faisalabad
 - Karachi
 - Lahore
 - Rawalpindi

Preliminary Findings

Landscape of Social Enterprises: An initial assessment of SEs in Pakistan suggest different typologies and business models.

- For-profit, self created organisations established by young entrepreneurs involved in mentoring, incubating and developing innovative social development ideas such as, enhancing the return on investment of young women involved in craftsmanship (e.g. Peshawar 2.0)
- Non-profit organisations, some also having association with government (e.g. PPHI and SEO in Baluchistan)
- Semi-government organisations affiliated with educational department (e.g. BEF)
- For-profit organisations established by social entrepreneurs. Incubated and nurtured at private institutions (e.g. "Social Innovation Lab" at LUMS and "Thrill seekers at IMS Peshawar).

Social Enterprises- Key Sectors

Social Enterprises are found in the following sectors:

- Education
- Health
- Human rights
- Water and energy
- Skill development
- Social welfare

Sources of Funding

Following are key sources of SEs Financing:

1. Bank and non-bank financial institutions
2. Self-financing
3. Externally supported by donors
4. Donations (e.g. Zakat)
5. Allocation of funds by government
6. HEC fund for setting up of social enterprises

Definitional and Policy Challenges

There are definitional as well as policy challenges encountered by social enterprises

- How to define SEs?
- What are entrepreneurial characteristics of SE?
- Many SE's are still not registered as there are gaps in law
- Access to financing is limited and there is over dependence on donors
- Absence of legal framework for developing linkages with government
- Absence of social enterprise policy.

Sustainability of SEs

- Searching for a clear and acceptable definition
- Defining boundaries, sphere of work and classification of entrepreneurship in local social and policy context
- Legal and policy framework of registration, accessing grants, tax and subsidy benefits
- Mainstreaming SEs in the education sector of Pakistan
Defining the role and the nature of support of HEC and Universities
- Possibility of core-funding through a revolving fund
- Research and evaluating the impact of existing SEs.

Institutional Support

- Securities and Exchange Commission: May resolve issues related to definition, registration and legal cover to SEs
- State Bank of Pakistan & Ministry of Finance: Through Finance Act, SEs may have own prudential regulations for accessing funds by banking sector
- Planning Commission & Competition Commission of Pakistan: Devising a policy and regulatory framework respectively that ensures a level playing field for SEs. Should also encourage fiscal incentives for longer term social engagement through Public Sector Development Programme.
- Federal Board of Revenue: Devising a mechanism of tax breaks for social enterprises that also create jobs.

Thank you

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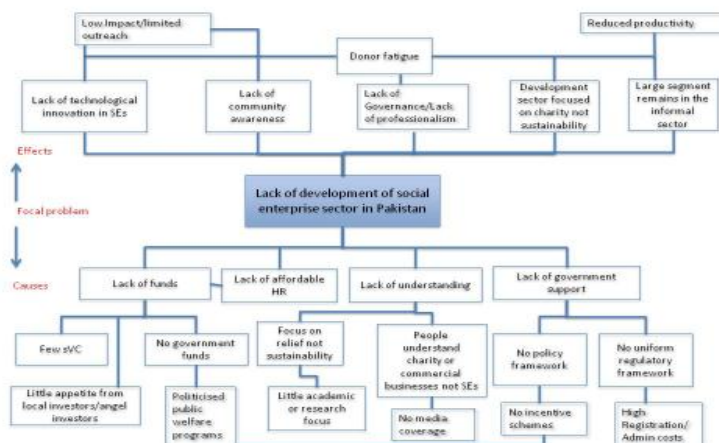
Presentation by Dr.Faheem Ul Islam

Social Enterprise Policy and Practice in Pakistan

Dr. Faheem Ul Islam
Member, Planning Commission

SE Landscape in Pakistan

Sector	Current level of Participation	Future Potential for Social Enterprises
Microfinance/ Microinsurance	Medium	Very high
Clean Renewable Energy	Low	High
Dairy & Livestock	Low	High
Irrigation	Low	Medium
Low-Cost Housing	Low	High
Livelihood	Low	High
Water & Sanitation	Low	High
Education & Human Dev	Low	High



Enabling Ecosystem for Social Enterprises



Presentation by Dr. Nadia Tahir

Social Enterprise integration in Higher Education and Universities

Prof Dr NadiaTahir
Head
Department of Management Sciences
Bahria University, Islamabad

Capitalism

- Competition
- Protestant work ethic
- Private property
- Freedom of Enterprise and choice
- Competitive market
- Individualism
- Government with regulatory measures

3

Major constraints

- Role of business in society
- The neo-classical economic theory believes in market
- The creation of value that is shared among shareholders
- Profit is reinvested for the welfare enhancing activities
- Tax is a mean for enhance welfare
- Inclusive business models
- Co-creation and distribution of wealth to reduce poverty

worldly work as a duty
which benefits both the
individual and society as a
whole. (Martin Luther)

Marx

- Capitalism generates recurrent crises of increasing severity.
- The working class is progressively impoverished, radicalized and regimented in factory work.
- Capitalist society, weakened by the crises, is overcome by a workers' rebellion.

Schumpeter

- Capitalism is destroyed by its success,
- Rising standards of living make people less willing to accept the risks inherent in capitalism.
- The cultural basis of capitalism is eroded.
- Democratic governments, dominated by social-democratic parties, abolish capitalism.

Freedom

- People always act non-cooperatively. (self Interest)
- Only efficiency matters.
- perfectly competitive model.
- rules out any monopoly,
- business are big enough to have an influence on price

Moral Codes.....

- "When plunder becomes a way of life for a group of men living together in society, they create for themselves in the course of time a legal system that authorizes it and a moral code that glorifies it."

Frederic Bastiat 1801-1850

Social enterprise

- Shift from maximizing share holder's wealth to creating shared values in a society (Porter)
- Create a business with a social mission.
- The purpose is not profit but strengthening relationship with society.
- Society is more important than market.
- From competition to collaboration
- From consumption to passion
- From efficiency to development

Role of universities

- need to be responsive to what people want to study
- entrepreneurial skills + theory of change and business models
- Responsible buying behavior
- *working with a bakery that employs ex-offenders.*

Social + Enterprise

- talented individuals are finding entrepreneurial solutions to social problems.
- prepares our graduates for the new world of work, a world in which social enterprise is an increasingly important part
- active part in the improvement of our local community

University, Business Society

- Need to change the order
- social enterprise strategy has three main elements:
- a new curriculum:
 - the integration of social enterprise into teaching, learning and research throughout the University;
- New long-term strategic project with local authorities, businesses, the third sector,
- individual citizens



Role of HEC

- Grants can be associated with social enterprise initiative
- Weightage in ranking
- Effective regulatory role
- Rigors revision of curriculum
- Impact of research on society
- Localization and advancement of local knowledge

Agenda

<p style="text-align: center;">POLICY SYMPOSIUM ON SOCIAL ENTERPRISE IN PAKISTAN: CHALLENGES AND WAY FORWARD 10 & 11th February, 2016, Marquee Hall, Marriott Hotel, Islamabad</p>
10th February (Day -1)
(09:15am – 10:00am)
<p>(09:15am – 09:30am): Registration</p> <p>(09:30am – 09:35am): Welcome Address: Abid Q. Suleri, Executive Director, Sustainable Development Policy Institute</p> <p>(09:35am –09:40am): Welcome Address: Jim Booth, Deputy Country Director, British Council Pakistan</p> <p>(09:40am –09:45am): Presentation: Tristan Ace, British Council</p> <p>(09:45am –10:00am): Special Remarks by Chief Guest and Chair: Ahsan Iqbal, Federal Minister, Ministry of Planning, Development and Reforms</p>
(10:00am – 12:00am)
<p>Session-I: Social Enterprises in Pakistan: Legal, Policy and Regulatory Issues</p> <p>Moderator: Vaqar Ahmed, Deputy Executive Director, Sustainable Development Policy Institute</p> <p>Distinguished Panellists:</p> <ul style="list-style-type: none">• Ahmed Qadir, Director General, Competition Commission of Pakistan• Saqib Siddiqui , General Manager Sector Development , Pakistan Poverty Alleviation Fund• Sheharyar Tahir, Head, External Relations, Small and Medium Enterprises Development Authority• Sadaf Mahmood, Enterprise Development Strategist, Seed Ventures
Refreshments (12:00pm – 12:15pm)
(12:15pm – 02:15pm)
<p>Session-II: Social Enterprises - Key Lessons from India, Malaysia, Pakistan, and United Kingdom</p> <p>Chair: Marvi Memon, Chairperson, Benazir Income Support Programme</p> <p>Presentation: Sheharyar Khan Toru, Research Fellow, Sustainable Development Policy Institute</p> <p>Moderator: Tristan Ace, British Council</p> <p>Distinguished Panellists:</p> <ul style="list-style-type: none">• Shaza Fatima Khawaja , Member National Assembly /Coordinator, Prime Minister’s Youth Programme• Dan Gregory, Head of Policy, Social Enterprise, United Kingdom• Mohini Bhatia, Development Finance Specialist, World Bank, India• Ehon Chan, Executive Director, Social Entrepreneurship, Malaysian Global Innovation & Creativity Centre• Faheem-ul-Islam, Member Private Sector Development, Ministry of Planning, Development and Reforms
Lunch

**POLICY SYMPOSIUM ON
SOCIAL ENTERPRISES IN PAKISTAN: CHALLENGES AND WAY FORWARD**

**10 & 11th February, 2016,
Marquee Hall, Marriott Hotel, Islamabad**

11th February (Day -2)

(10:00am – 10:30am): Registration

(10:30am – 12:30pm)

Higher Education Commission-SDPI-British Council Session: Integration of Social Enterprise in Higher Education

Chair: Mukhtar Ahmed, Chairman, Higher Education Commission, Pakistan

Moderator: Sadia Rahman, Director Society, South Asia (British Council)

Distinguished Panellists:

- Maryam Mohiuddin Ahmed, Director, Social Innovations Lab
- Kamran Shams, Member Board of Directors, Akhuwat Foundation
- Mian Waqas Masud, Director, Fazal Industries, Islamabad
- Nadia Tahir, Professor, Department of Management Sciences, Bahria University

Lunch

ROUNDTABLE SESSION ON SOCIAL ENTERPRISE POLICY IN PAKISTAN

11 February, 2016

Marquee Hall, Marriott Hotel, Islamabad

02:00 to 04:00pm

Moderator: Vaqar Ahmed, Deputy Executive Director, SDPI

Co-Moderator: Shazia Khawar, Regional Director Society, South Asia (British Council)

Distinguished Participants

- Asif Ali, Vice Chancellor, Muhammad Nawaz Sharif University of Agriculture
- Huzaifa Shabbir Hussain, Assistant Programme Manager, CIPE Pakistan
- Umar Farooq, Founder, Tech Valley
- Mansoor Malik, Chairman, Kamyab Pakistan
- Mian Waqas Masud, Director, Fazal Industries
- Faisal Khan, Founder, Peshawar2.0
- Maria Umer, Chief Executive Officer, Women's Digital League
- Sadaf Mahmood, Seed Ventures
- Meenah Tariq, Acceleator Lead, Invest2Innovate
- Maryam Mohiuddin, Director, Social Innovations Lab
- Azhar Qureshi, Chief Executive Officer, Eco-Conservation Initiatives
- Babar Zahoor, Founder, Open Source Foundation of Pakistan
- Awais Naseer, CEO, Softoven
- Atif Raees Khan, Chairman and CEO, LMKT
- Wasim Hashmi Syed, GM Monitoring, National ICT, R&D Funds
- Sanna Choudhary, Technology Incubation Center, NUST
- Musstanser Tinauli, CEO of Fori Mazdoori (Skill Bazaar)
- Hamid Mehmood, Economic Advisor, Ministry of Planning Development and Reforms
- Mavra Bari, Manager, WECREATE

Refreshments

(04:00 – 04:30pm)