



Muhammad Azfar Ahsan
Minister of State & Chairman
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Exclusive Interview



“ BOI has appointed 20 Honorary Investment Counsellors (HICs) in different countries to encourage investors to pour investment into Pakistan. These HICs are foreign citizens associated with the foreign business community of their respective countries ”

ICMA: Please share your vision for turning around BOI and what challenges you foresee in achieving this vision?

Azfar Ahsan: BOI is the lead agency to facilitate both foreign and local investment in the country and endeavoring for enabling investment and business environment policy interventions, regulatory improvement, and establishing of Special Economic Zones across the country.

Under my chairmanship, BOI's vision is to create an enabling environment for businesses to flourish and contribute to national economic growth. Due to the concerted efforts of BOI, Federal and Provincial stakeholders, Pakistan has improved 39 points in the last two years on the Ease of Doing Business Ranking of the World Bank Doing Business Index. To further expand the scope of reforms to all regions of the country, BOI has initiated regulatory reforms under Pakistan Regulatory Reforms Initiative (PRMI).

Challenges

- Pakistan inherited most of its business regulations from the British era which have not been updated to cater to modern-day business requirements and there is a huge regulatory compliance burden on businesses.
- The current regulatory environment for businesses in Pakistan consists of 3 tiers of Government (Federal,

Provincial and Local Governments), and a large number of Government organizations/ Departments have prescribed multiple Registrations, Licenses, Certificates, and Other permits (RLCO) for establishing and operating such businesses. Many of these RLCOs envisage cumbersome processing through manual application procedures.

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- Regulatory cleaning has not been undertaken in Pakistan since its inception, putting an unnecessary burden on businesses in terms of extra cost, time, and compliance.
- No regulatory mapping has been undertaken and there are thousands of RLCOs, many of which are duplicated and regulated by multiple departments.

Measures to address these challenges

- A dedicated unit has been established within BOI for reforms. This unit interacts with the private sector to identify regulatory issues and challenges, which are then converted into reform proposals. Such reforms are implemented through rigorous follow-up. So far, more than 100 reforms relating to 67 federal and provincial departments have been implemented.
- A comprehensive Pakistan Regulatory Modernization Initiative (PRMI) strategy has been formulated in consultation with all provincial and regional governments for the implementation of the reforms initiative. Working groups have been formulated in all regions.
- Capacity building workshops are being conducted in regions for focal persons on modern regulatory regimes and practices.
- E-Registry is being developed for cataloging the federal regulatory landscape in the first phase and then it will be expanded to the whole of the country.
- A single portal for all G2B services including RLCOs is envisaged to be launched after mapping and modernization of the regulatory landscape.
- A National Regulatory Delivery Office (NRDO) will be developed to act as a regulatory sandbox before the promulgation of new regulations or changes in existing regulations.

ICMA: Foreign Direct Investment (FDI) plays a key role in the economic growth of any country. Please briefly share a few key initiatives of BOI to attract investments into the country.

Azfar Ahsan: Pakistan's Investment Policy has been formulated to create an investor's friendly environment with a focus on further opening up the economy to attract foreign direct investment and provide equal treatment to foreign and local investors. Foreign equity up to 100% is allowed, with no restriction on remittances of royalty, technical & franchise fees, dividends, capital & profits gains. A conducive investment climate is instrumental in attracting both domestic and foreign investment by providing a more facilitative institutional, policy and regulatory environment for businesses to operate. Some of the key initiatives taken by BOI to attract investments are:

1) Pakistan Regulatory Modernization Initiative (PRMI)

To reduce the compliance burden on businesses, the Prime Minister of Pakistan approved the launch of the “Pakistan Regulatory Modernization Initiative (PRMI)”, established a Steering Committee for implementing PRMI activities, and designated the BOI as the lead agency. This initiative will also improve the effectiveness of regulatory regime.

2) Investment incentive database

An incentive database has been developed where investors can see the complete set of incentives being offered to a specific sector and is available on BOI's Website <https://invest.gov.pk/incentives-database>.

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To keep the momentum of business-to-business (B2B) contacts and to translate the interests into tangible investments, BOI aims to hold a one-day Overseas Investment Conference in Islamabad soon. The conference will bring together the overseas Pakistanis, especially in the UK, USA, Germany, France, KSA, UAE, Bahrain, and Qatar

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SEZ Incentive Package	
Developers	<ul style="list-style-type: none"> • Customs Duty exemption on import of capital goods • Income Tax exemption, including minimum turnover tax for 10 years from the date of signing of Development Agreement
Co-developers	<ul style="list-style-type: none"> • Concession and exemptions available to the developers of SEZs may be extended to co-developers, subject to relinquishment of the same by the Developer and endorsement by respective SEZA
Zone enterprises	<ul style="list-style-type: none"> • Customs Duty exemption on import of capital goods. • Income Tax exemption, including minimum turnover for 10 years from the date the Developer certifies that the Zone enterprise has commenced commercial operation

Furthermore, BOI has developed a repository of over 120 Projects worth USD 60 billion which is available on BOI's website and can be accessed by prospective investors at <https://project.gov.pk/pmis/#/>. 'Sector Profiles' where Pakistan enjoys competitive advantage have also been developed by Ernest & Young and provide insight into the priority sectors for investment. These profiles can also be accessed at <https://invest.gov.pk/sectors>.

3) Special Economic Zones (SEZs)

The SEZ Act 2012 provides the creation, development, and efficient operation of Special Economic Zones through the provision of a legal and regulatory framework to encourage domestic and international investors. SEZs can be set up by the Federal or Provincial Governments themselves or in collaboration with the private sector under different modes of public-private partnership or exclusively through the private sector. It provides the establishment of SEZ anywhere in the country with a minimum of 50 acres of land and any existing Zone can also apply to the SEZ Authority in which they are located to become eligible for SEZ.

4) Honorary Investment Counsellors (HICs)

BOI has appointed 20 Honorary Investment Counsellors (HICs) in different countries to encourage investors to pour investment into Pakistan. These HICs are foreign citizens associated with the foreign business community of their respective countries. The newly appointed honorary investment counselors will make efforts for the image building of Pakistan in their respective areas.

5) Projects Portal

About 120+ public sector projects data, involving an estimated cost of \$ 60 billion have been collected by the BOI from various federal and provincial stakeholders. These projects have been made available on a Projects portal linked with BOI's website to encourage local and international public as well as private investors to invest in the projects through various modes of collaboration.

6) Seminars / Conferences / Promotional Events

BOI also organizes local and foreign investment events, conferences, seminars, webinars, and promotional events to highlight, underscore, promote and market Pakistan's investment opportunities. In this regard, upcoming events of BOI include the Global Investment Summit (GIS)

ICMA: The overseas Pakistanis can play a catalytical role in bringing foreign capital into the country. What initiatives BOI is taking or intends to take soon to attract investments from them?

Azfar Ahsan: Yes, I agree, overseas Pakistanis are about 4 percent of the total population. But the number becomes more significant when considering that many overseas Pakistanis hail from very specific districts of the country. For example, at least 700,000 come from Lahore, 470,000 from Sialkot, 450,000 from Rawalpindi, 568,272 from Karachi, and about 225,764 from Swat. More significantly, for Islamabad over 200,000 people are living outside the country.

To keep the momentum of business-to-business (B2B) contacts and to translate the interests into tangible investments, BOI aims to hold a one-day Overseas Investment Conference in Islamabad soon. The conference will bring together the overseas Pakistanis, especially in the UK, USA, Germany, France, KSA, UAE, Bahrain, and Qatar, with the objectives; (1) to highlight Pakistan's investment potential to the world; (2) to apprise on Pakistan's economic and investment policies; (3) to market priority public projects for foreign investment; (4) to provide a platform for B2B/ G2B contacts; and (5) to promote the initiatives and reforms undertaken by the current Government.

The conference will be designed to foster interaction, learning, and 'projecting' concrete investment opportunities. With a view of achieving its objectives, the Conference will be structured to include plenary context setting and sessions around priority sectors and SEZs with high-level speakers. It will also feature B2B/G2B meetings for the effective collaboration of sectoral interests in Pakistan.

ICMA: The Government has recently announced that it would offer a permanent residency scheme for wealthy foreign nationals. How far this initiative would help boost foreign investments into the country?

Azfar Ahsan: To attract high-value investments and quality human resources, several countries around the world have introduced schemes for the grant of Long-Term Visa (LTV), Long Term Residency (LTR), Permanent Residency (PR), and Citizenship based on a certain amount of investment by foreigners with certain conditions. However, currently, Pakistan does not have any policy of grant of Long-Term Residency, Permanent Residency or Citizenship in lieu of investment. On the analogy of the global and regional practices, BOI has proposed to introduce the policy for the grant of 10 years Long Term Residency (LTR) based on investment for the foreign investors placed on Business Visa List (BVL) Countries. A Committee, under the Chairmanship of Secretary BOI and comprising senior officers from relevant federal and provincial ministries and Departments will be constituted to finalize the mechanism / SOPs and to examine and decide the grant of LTR to applicants.

The consultation process with the relevant federal and provincial stakeholders is in the process to finalize the policy. We hope that this policy will boost foreign investment in Pakistan, especially from the Afghan investors who are investing in UAE, Turkey, Malaysia, and some European countries, due to their very liberal investment policies and framework. Further, the proposed policy will not only boost foreign investment but will also create employment, bring new technologies and enhance the export.

ICMA: BOI has approved 22 Special Economic Zones (SEZs) across the country. What incentives does BOI intend to provide to the local entrepreneurs for establishing industries in these economic zones?

Azfar Ahsan: Article 25 of the constitution as well as section 9 of the Foreign Private Investment (Promotion & Protection) Act 1976 ensures that equal treatment will be given to both local & foreign investors. The SEZ Act 2012 provides the creation, development, and efficient operation of Special Economic Zones through the provision of a legal and regulatory framework to encourage domestic and international investors. SEZs can be set up by the Federal or Provincial Governments themselves or in collaboration with the private sector under different modes of public-private partnership or exclusively through the private sector. It provides the establishment of SEZ anywhere in the country with a minimum of 50 acres of land and any existing Zone can also apply to the SEZ Authority in

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which they are located to become eligible for SEZ. The local investors/entrepreneurs can get SEZ's incentives by establishing their businesses in the SEZs.

ICMA: BOI and ICMA can sign an MoU to undertake joint initiatives such as research publications on sector-wise or industry-wise investment potential for the benefit of foreign investors. What is your viewpoint on this?

Azfar Ahsan: It is noteworthy to mention that, besides investment promotion, BOI is mandated to perform certain cross-cutting functions that encourage FDI, including Market research to identify specific sectors and countries for investment lead generation, provision of tailored information and assistance for the persistent, proactive conversion of generated leads into actual (re) investments, and consistent, long-term policy advocacy. Therefore, BOI and ICMA can definitely collaborate in this area, as targeted research needs to be undertaken to identify target companies, countries, and sectors for attracting meaningful FDI. This would involve the company, country, and sector-specific research with the aim to attract FDI within Pakistan that complements the investment regime and exploit the sectoral potential for investment. The research would lead to the identification of companies, countries, and sectors and then organizing of a series of G2B, G2G as well as B2B meetings to convert potential investment prospects to tangible investment projects, which could, in turn, be converted into traceable transactions and can be converted into lead generation.

The Editorial Board thanks Muhammad Azfar Ahsan, Minister of State & Chairman, Board of Investment (BOI) for giving his exclusive interview for Management Accountant Journal.