



**Mr. Zubair Gilani**  
Minister of State and Chairman  
Board of Investment (BOI)

“ Management Accountants can play a vital role in helping the BOI to develop sectoral feasibility and cost studies for attracting foreign investments. The forum of Cost and Management Accountants (CMA) Foundation can facilitate BOI by sharing its existing stock of knowledge and providing professional assistance especially to undertake joint market research studies with respect to priority sectors for the consumption of existing and potential investors ”

**ICMA Pakistan:** At the outset, please share your vision for turning around BOI and what challenges you foresee in achieving this vision?

**ZG:** The primary job of the Board of Investment (BOI) is to promote and facilitate local and foreign investment in Pakistan. My vision for BOI is to transform this organization into a one-window for dealing with local and foreign investors by providing all the required services within the mandated domain of BOI.

However, the initial step in this direction is to ensure that the business climate in the country is conducive and competitive for the investors which are to be achieved through a robust re-organization of the regulatory regime in the country. To these ends, finalization of the new Investment Policy, the promulgation of Investment Strategy and revision of the regulatory regime governing the business climate are some of the challenges at hand.

## Exclusive Interview

**ICMA Pakistan:** As per the World Bank's Index for Ease of Doing Business, Pakistan's global ranking has improved to 136 in 2019 from 147 in 2018. This is a good omen; however, there is still a long way to go. What do you say?

**ZG:** The World Bank's recent Doing Business Report, 2020, revealed that out of 190 economies, Pakistan jumped 28 places and ranked 108th this year from 136th position last year. The enactment of six regulatory reforms has landed Pakistan among the world's top 10 business climate improvers. This has garnered enormous confidence of the business community in the investor-friendly policies of the Government of Pakistan. I am cognizant of the fact that we still have a long way to go. We are introducing reforms in almost all business indicators; however, Pakistan needs substantial efforts to improve specifically in the areas of Getting Credit and Contract Enforcement.

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Facilitating easy access to Credit requires the establishment of an integrated or unified registry to register security interests in moveable assets by incorporated and unincorporated entities. The registry of security interests (charges/mortgages) for incorporated entities is governed by the Securities and Exchange Commission of Pakistan (SECP) under the Companies Act 2017. The federal government has outsourced the functions of Secure Transaction Registry (STR) to SECP under section 34 of the Secure Transaction Act (STA) 2016. Establishment of STR and its integration with the SECP registry for incorporated entities will improve Pakistan's ranking in Getting Credit indicator as well as the overall ranking on Ease of Doing Business Index. Besides, improvement in ranking, the establishment of such a registry would be instrumental to facilitate the private sector, particularly the SMEs, by removing barriers to a wide range of financial services. This will not only unleash private enterprise productivity but would also help in reducing the size of the informal sector.

Similarly, to improve in the area of contract enforcement various reforms are being introduced such as the introduction of specialized courts for commercial disputes, strengthening alternate dispute resolution (ADR) system, case management and automating the entire judicial process.

**ICMA Pakistan:** Excessive regulations are still considered a major hurdle in attracting foreign investments into Pakistan. Do you agree?

**ZG:** Yes. I concur that excessive regulations are still considered a major hurdle in attracting foreign investments into Pakistan.

Therefore, on the instruction of the Prime Minister, this government has introduced a new initiative with the name of Pakistan Better Business Regulatory Initiative (BBRI). The key objective of this initiative is the elimination of unnecessary regulatory requirements and automation of the overall regulatory regime in Pakistan to minimize the interaction of businessmen with the Government.

**ICMA Pakistan:** What major initiatives BOI has taken to create a conducive business environment for promoting SMEs and small businesses?

**ZG:** The following are the major initiatives that BOI has taken to create a conducive business environment to facilitate SMEs;

### 1) Ease of Doing Business (EoDB) Initiative

The key reforms introduced under the EoDB initiative include the following:

- o Registering a company has been automated and it can now be registered in one day with SECP & FBR. Data is transferred to the Labor Department, Punjab Employees Social Security Institution (PESSI), Sindh Employees' Social Security Institution (SESSI) and Employees' Old-Age Benefits Institution (EOBI) in real-time. Only the SECP portal is used ensuring End to End integration of 9 departments.
- o Getting construction permits has been made easier and it now takes 108 days in Lahore and 134 days in Karachi as opposed to the preceding 266 and 261 days, respectively.
- o Registration of commercial property has now been made online. Commercial property can now be registered in 22 days in Lahore and 149 days in Karachi instead of the previous 25 and 208 days, respectively.
- o Online portals of Lahore Electric Supply Company Limited (LESCO) and K-Electric have been launched. Commercial electricity connection can now be obtained in 73 days in Lahore and 134 days in Karachi as opposed to 117 and 185 days in the earlier report.
- o Online payment of Taxes has been introduced. The number of payments is now 34 instead of 47 and the time for paying taxes has been reduced substantially.
- o Automated customs processes have been familiarized. Web-Based One Customs (WeBOC) software has reduced the time to export from 75 hours to 58 hours and time for Imports from 143 hours to 96 hours.

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## 2) Special Economic Zones (SEZs)

### a) Existing 7 notified SEZs

Almost all the notified SEZs are facing issues regarding the provision of basic utilities including power and gas. BOI took the issue to the Economic Coordination Committee (ECC) which directed the Ministry of Energy (Power & Petroleum divisions) to chalk out a workable plan for resolving the aforesaid issues. Whereas, the funding for transmission and distribution infrastructure until the zero points of the public sector SEZs will be provided through the Public Sector Development Program (PSDP). The Ministry of Energy in collaboration with the Ministry of Planning, Development & Special Initiatives (PD&SI) and the Finance Division has recently finalized this plan for SEZs.

### b) Planned SEZs under CPEC

Out of 9 planned SEZs under the Industrial Cooperation (IC) Framework of the CPEC, Rashakai SEZ, Nowshera, Allama Iqbal Industrial City, Faisalabad and Dhabeji SEZ, Thatta are in the advanced stage of development. The other 6 SEZs are either in primary or secondary stages.

Pakistan is rapidly gaining foreign and local investors' attention for a variety of reasons. The country has successfully managed to overcome the security challenges and the infrastructure has significantly improved. The Prime Minister himself is leading the doing business reforms to facilitate investors and to ensure Ease of Doing Business in the country.

Recently, Pakistan has announced its transformational visa reforms by introducing E-Visa facilities to most of the countries.

**ICMA Pakistan: What are the top priority sectors in which BOI is targeting foreign investments? Can you share investment pledges for 2020?**

**ZG:** BOI in consultation with Ernst & Young (E&Y), a multinational professional services firm headquartered in London, has conducted a study based on relevant parameters

to identify Pakistan's priority sectors which have enough potential/comparative advantage to attract investment. These sectors are:

- i. Agriculture - Food and Beverage Manufacturing
- ii. Textile and Garment Manufacturing
- iii. Transport - Logistics and Shipping
- iv. Auto and auto part manufacturing
- v. Technology (IT-enabled services)

Now in the second phase of the consultation process, E&Y has undertaken consultation with all stakeholders for a deep dive interaction to meticulously review pertinent regulations in association with these priority sectors including the incentives being provided to develop these sectors.

Our government is focusing on friendly countries to attract foreign investment, including the Kingdom of Saudi Arabia (KSA), United Arab Emirates (UAE), Turkey, Malaysia, Qatar and China. We are pursuing our agreements and memorandum of understanding (MoUs) with these countries and hope to achieve the intended targets within the stipulated timeframes

**ICMA Pakistan: The Government intends to open ease of doing business (EODB) offices at federal and provincial levels for removing hurdles and facilitating investors. Can you share more details and how members of ICMA Pakistan can play a role in this regard?**

**ZG:** The Prime Minister Imran Khan is pursuing the Ease of Doing Business Reforms and, to expedite the progress, specific teams have been formulated at the federal level in BOI and provincial level by the provincial governments of Punjab and Sindh. These teams are in the process of making strategies in consultation with the private sector.

Keeping in view that the ICMA Pakistan is working for professional interaction with government and private sector organizations for a greater research effort on industrial issues, Management Accountants can play a vital role in helping the BOI to develop sectoral feasibility and cost studies for attracting foreign investments. The forum of Cost and Management Accountants (CMA) Foundation can facilitate BOI by sharing its existing stock of knowledge and providing professional assistance especially to undertake joint market research studies with respect to priority sectors for the consumption of existing and potential investors

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## Exclusive Interview

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**ICMA Pakistan:** How technology adoption can play a role in further improving the ease of doing business in Pakistan?

**ZG:** Improvement in Pakistan's ranking in the EoDB index are the consequence of deliberate government effort to create an enabling environment. The key to sustainable growth and job creation lies in the growth of domestic companies and the attraction of local and foreign investors to invest capital and expertise in the economy. In this regard, a key enabler is the availability of a suitable business environment for businesses to thrive and we have made this a top priority. Moreover, the government is a key enabler of trade and investment, since virtually all of the 10 indicators of ease of doing business (EoDB) can only be improved through policy and use of technology to improve efficiency. Some of these indicators include time taken to obtain a business permit, getting an electricity connection, resolving a commercial dispute and getting the right logistics facilities for import and export. So, the bottom line is promoting transparency and accountability through the use of technology.

**ICMA Pakistan:** What factors are creating a negative impact on business growth in Pakistan? What needs to be done?

**ZG:** Broadly speaking, business growth largely depends on access to opportunities, cost of production, competitiveness, and level of transparency. Unfortunately, Pakistani businesses, particularly, SMEs are confronted with challenges in these areas. The spirit and essence of our EoDB initiative are that it will provide the following three main benefits to businesses particularly SMEs.

- Access to various opportunities to start a business in a transparent environment without facing any hassle in terms of time, process and of going to multiple agencies.
- Reduction in their transactional cost, due to less movement and low administrative burden.
- Less corruption in the system through automation which would promote the elements of transparency and accountability. In short, improvement in the EoDB ranking reduces the time, cost and processes involved in starting and operating a business.

The existence of a large undocumented economy also has a significant negative impact on the growth of the documented business sector. The inability of the documented sector to compete with the undocumented sector becomes more severe for small and medium businesses.

**ICMA Pakistan:** How BOI is taking up the matter of protecting the interests of local investors in the context of concessions offered in the nine special economic zones (SEZs) being established under the CPEC initiative?

**ZG:** All these concerns have been duly addressed in the SEZ Act, particularly clause 34 (Incentives for SEZs) and 35 (Protection of benefits). It is significant to mention that benefits granted to investors (local or otherwise) can neither be withdrawn prematurely nor any subsequent changes can be made in the law at a disadvantageous position. Similarly, SEZs are open for local as well as foreign investors and everyone gets the same benefits as stipulated in the laws.

**ICMA Pakistan:** What role the professional accounting bodies like ICMA Pakistan can play in promoting ease of doing business? Would BOI be interested to sign an MoU with ICMA Pakistan to take joint initiatives to promote investment culture?

**ZG:** Professionals, like yourself, could help in promoting our reform effort among your business clientele. Doing business focuses on the rules and regulations that can help the private sector thrive. Professional accounting bodies like ICMA can facilitate EoDB by providing technical guidance on how effective rules and regulations can be devised to promote a conducive business environment.

“ ICMA can provide swift and free of cost guidance to prospective investors to help them steer through the various compliances involved in establishing a business, as a gesture of service to the state to promote economic activity in the country ”

On the other hand, institutions like ICMA can provide swift and free of cost guidance to prospective investors to help them steer through the various compliances involved in establishing a business, as a gesture of service to the state to promote economic activity in the country.

Additionally, BOI is also compiling a Company Wise Electronic Investment Ledger in an Investor Management System to constantly monitor and resolve investor issues at the earliest possible. If common objectives can be found in this regard, we can definitely think about formalizing the relationship with ICMA Pakistan.

*The Editorial Board thanks Mr. Zubair Gilani, Minister of State and Chairman, Board of Investment for giving his exclusive interview for Management Accountant Journal.*