



**PRIME MINISTER'S OFFICE
BOARD OF INVESTMENT**

Working Group of Govt. of AJ&K

Pakistan Regulatory Modernization Initiative (PRMI)

April 28, 2021



PRMI Objectives

To reduce the **compliance burden & cost** on businesses due to **regulatory requirements** of government departments such as Registrations, Licenses, Certificates and Others permits (RLCOs).



Pakistan's case for Regulatory Reform

- High burden (time and cost) for business to comply with regulation.
- Three-tiered compliance structure (Federal / Provincial / Municipal)
- Primitive laws & rules, mostly paper based system
- Overlapping regulations and competing regulatory mandates.
- Non-availability of information & requirements
- Uncertain outcomes for businesses of interaction with regulators.



Benefits – International Experiences

Country	Number of regulations before cleanup	% of regulations eliminated	% of regulations simplified	Economic gains
Vietnam (3 years)	5,421	8.8%	77%	Cost-savings estimated at \$1.4 billion/year when fully implemented
South Korea (11 months)	11,125	48.8%	21.7%	1,066,200 new jobs Business cost savings: +4.4% of GDP/10 years \$36.5 billion extra FDI over 5 years
Kenya (18 months)	1,315	24%	29%	Savings to businesses estimated at US\$ 146 million/year, or .06% of GDP
Croatia (9 months)	1,451	15%	10%	Savings of US\$ 65.6 million/year. or 0.13% of GDP 4 (actually implemented)

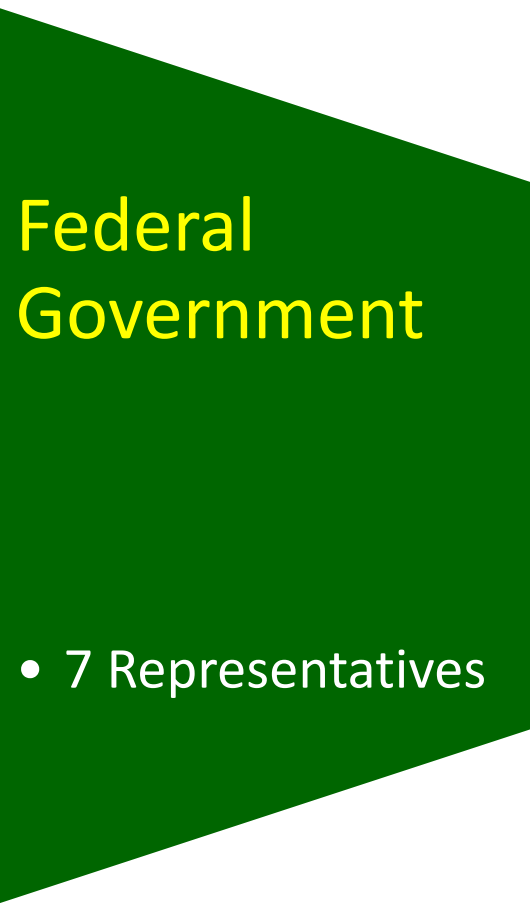
(Source: World Bank Group)



Background

- The PM chaired a meeting on PRMI on 24th June 2019
- Steering Committee constituted & directives for implementation of PRMI issued
- BoI designated as lead agency for PRMI by PMO on August 02, 2019

Composition of PRMI Steering Committee



Federal Government

- 7 Representatives



Provincial & Regional Governments

- 7 representatives



Private Sector

- 7 Representatives

Federal Government Representatives

Advisor to Prime Minister on Commerce and Investment (Chairman)

Advisor to Prime Minister on Institutional Reforms (**Member**)

MoS/ Chairman, Board of Investment (**Member**)

Chairman Federal Board of Revenue (**Member**)

Secretary, Ministry of Commerce (**Member**)

Secretary, Ministry of Industries & Production (**Member**)

Secretary, Board of Investment (**Member / Secretary**)

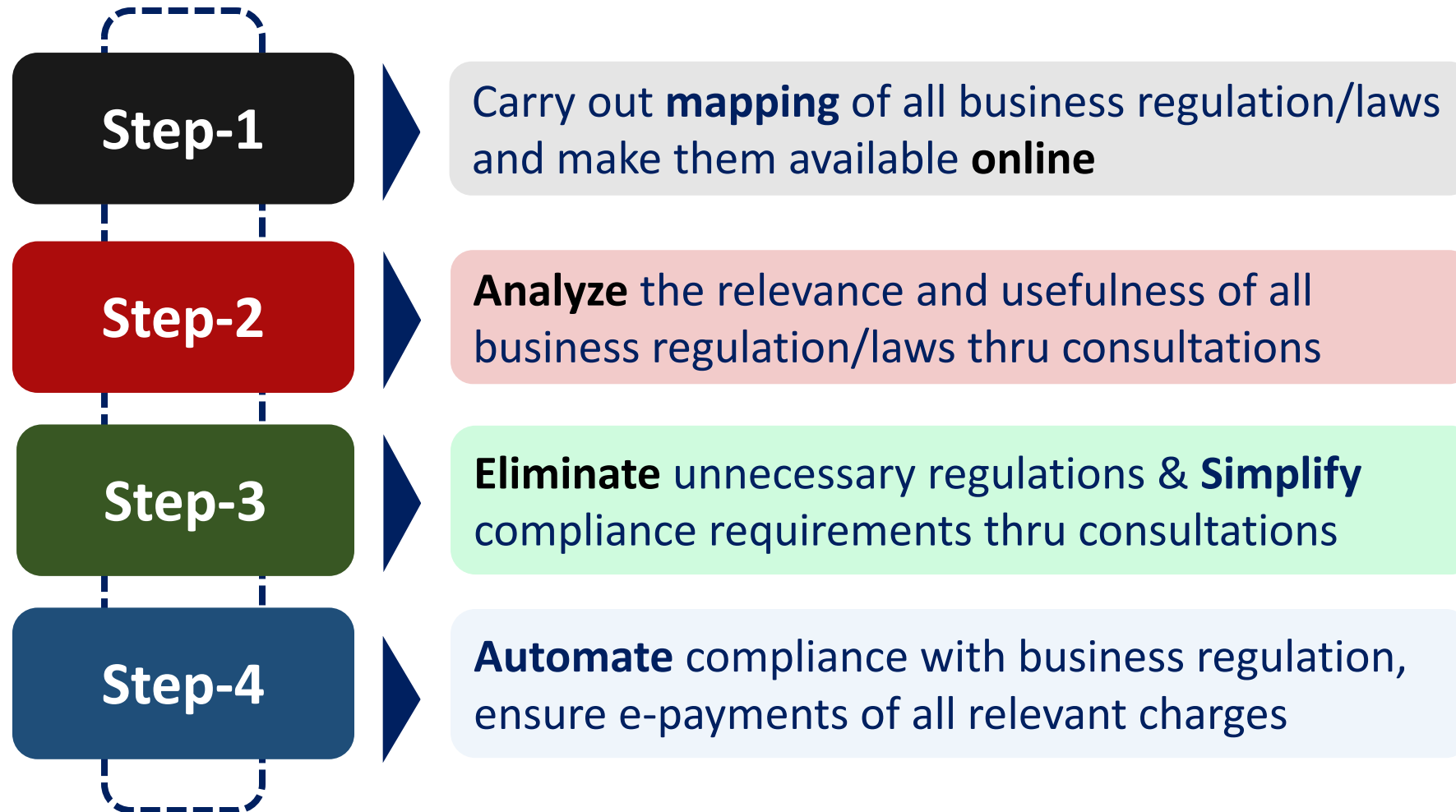
Provincial Government Representatives

- Chief Secretary, Government of Punjab
- Chief Secretary, Government of Sindh
- Chief Secretary, Government of Khyber Pakhtunkhwa
- Chief Secretary, Government of Balochistan
- Chief Secretary, Government of Azad Kashmir
- Chief Secretary, Government of Gilgit Baltistan
- Chief Commissioner, Islamabad Capital Territory

Private Sector Representatives

- President of Federation of Pakistan C C & I (Member)
- President of Karachi C C & I (Member)
- President of Lahore C C & I (Member)
- President of Faisalabad C C & I (Member)
- CEO of Pakistan Business Council (Member)
- CE/SG of Overseas Investors C C & I (Member)
- Mr. Almas Hyder, Former President LCCI (Member)

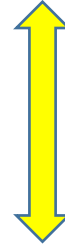
PRMI Activities





Final outcome – Pakistan Business Portal

- One-stop shop for business licensing, registration and no-objection certificates through an online system linked to all government departments.
- Will also provide the facility of e-payment for registration and licensing fees.
- Core PRMI activities of Mapping, Analysis, Simplification/Elimination would precede automation.



- Information Availability
- Simplified Regulations
- Online registration / license
- Online payments



Banks



Provincial Revenue Authority



Environment Deptt.



Food Deptt



Labour Deptt

PRMI Goes Digital

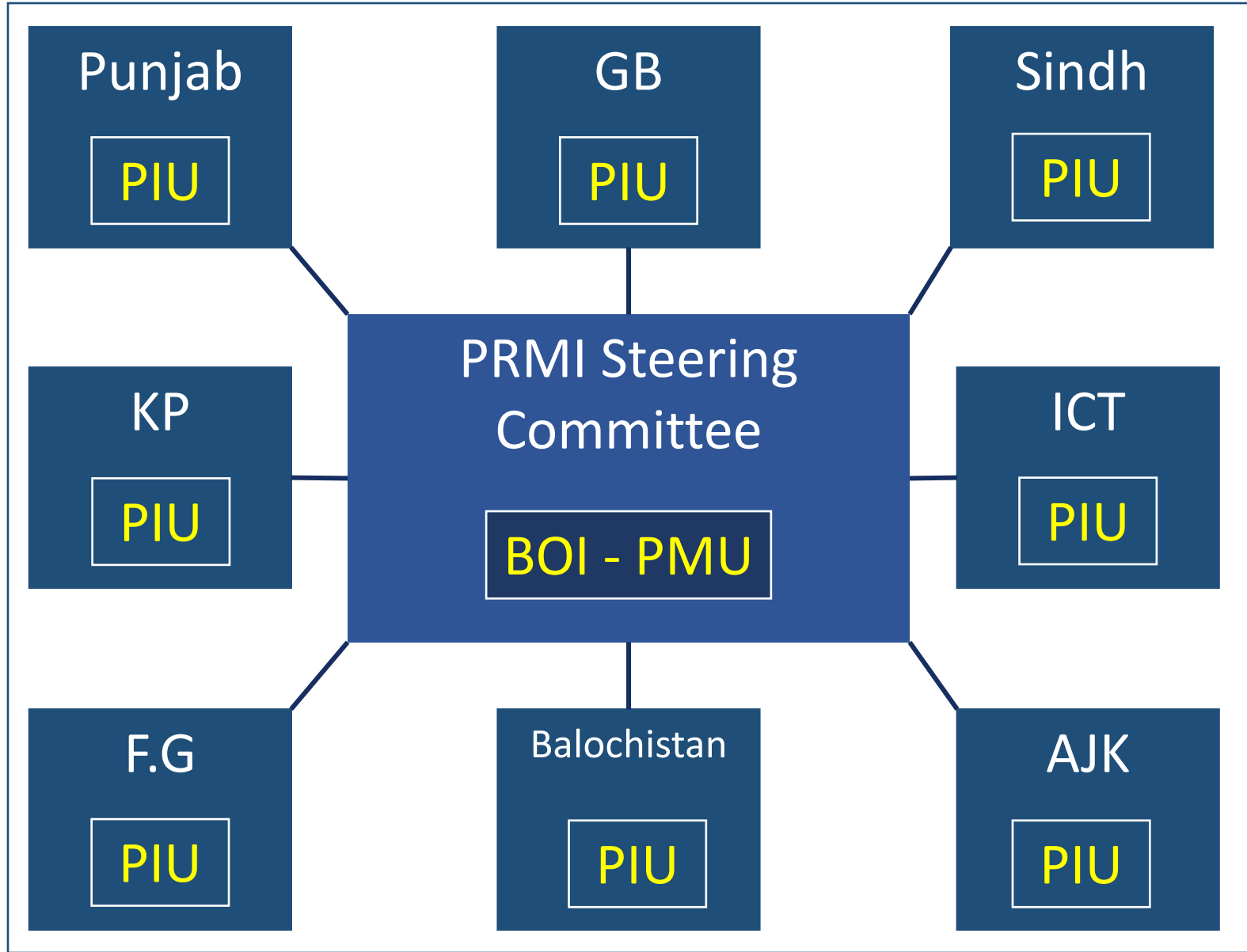


<https://business.gov.pk/>

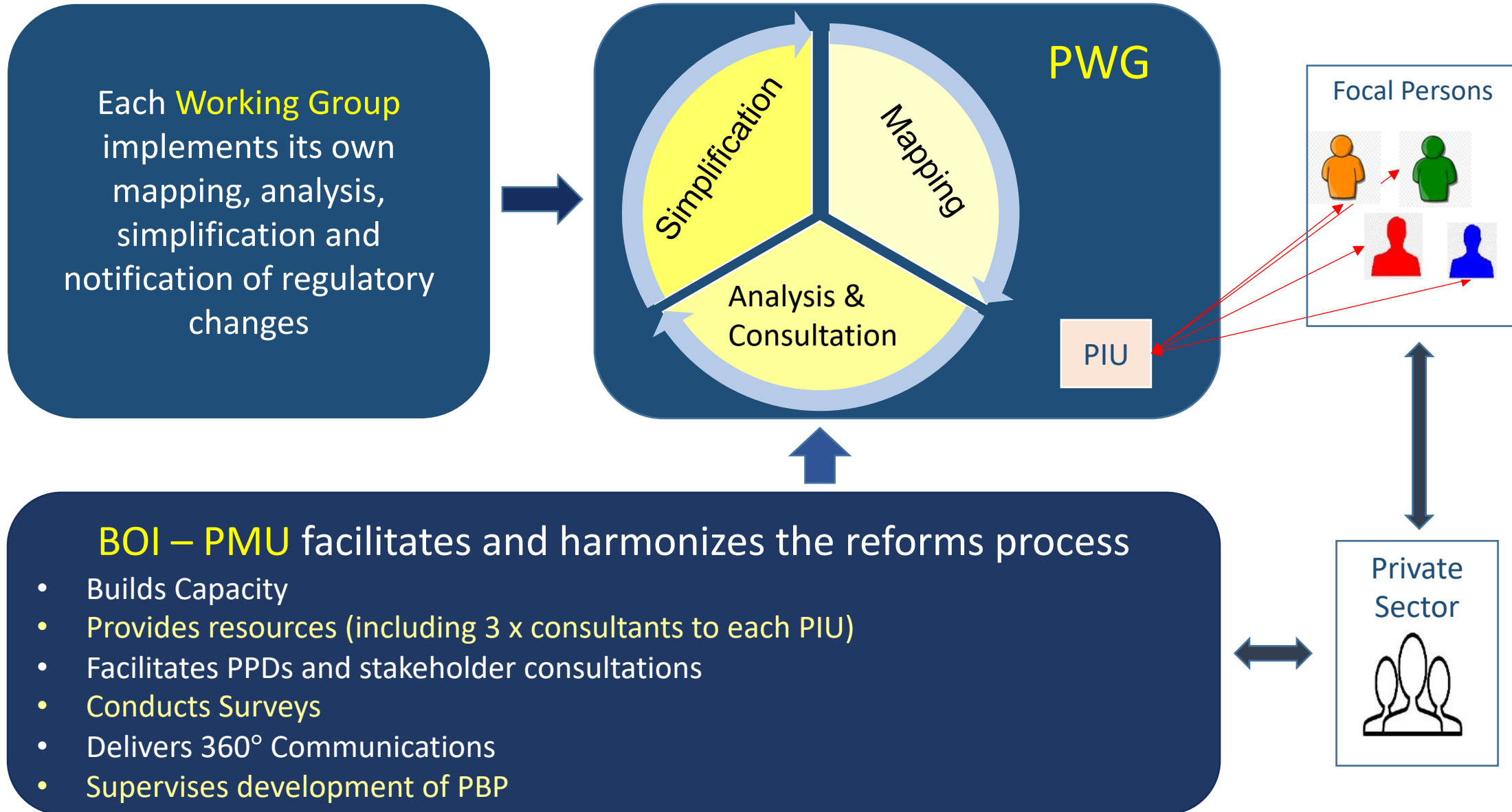
The Road Ahead



Functional Structure of PRMI

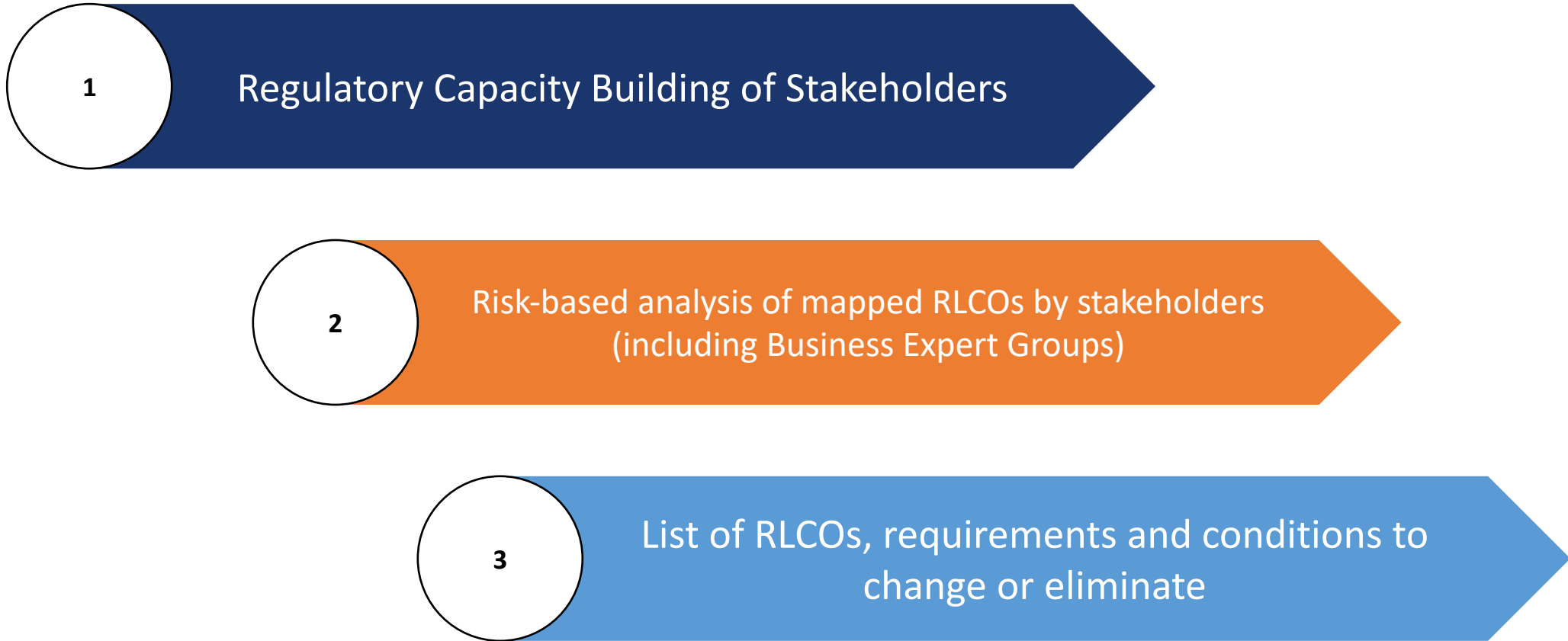


Operational Structure of PRMI – Working Group Level





Review & Analysis





High Level Timelines For PRMI Project

2019		2020				2021				2022				2023				2024		
Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	
	MAPPING OF REGULATIONS																			
	ANALYSIS – NON-ESSENTIAL REGULATIONS																			
		GUILLOTINE/ SIMPLIFICATION DECISIONS																		
				LEGAL/ REGULATORY CHANGES																
								ONLINE PLATFORM (PBP)												



TORs of the Working Group

- To establish Regulatory Footprint of each Provincial Organization **relating to Business**
 - Laws
 - Rules
 - Regulations/SROs
 - Administrative requirements/ O.M.s
- To obtain feedback from Private sector regarding regulatory difficulties
- To determine validity, necessity & business friendliness of Regulatory Requirements
- To recommend elimination of unnecessary regulations
- To recommend simplification of complex/cumbersome regulations
- To review implementation of decisions of the GoAJK Working Group on PRMI

FG Working Group – Illustrative Proposals for Regulatory Reforms



Permitting IT companies to make legitimate payments

Organization	State Bank of Pakistan
Relevant Sector	IT/ Software export companies
Difficulty	Exporters of software are not allowed to utilize their own export earnings in Foreign Currency accounts for certain purposes including payment of expenses incurred by employees travelling abroad to provide business related services.
Legal Reference	SBP Foreign Exchange Manual, Chapter 12, Clause 12 (ii)
Proposal	Payment for legitimate expenses on employee travelling abroad to provide business related services should be allowed.
Recommendation of WG	WG approved the proposal
Outcome	SBP has implemented the changes by amending the Regulations



Elimination of Sales Tax Registration Number

Organization	Inland Revenue (FBR)
Relevant Sector	All businesses liable to Federal Sales Tax
Difficulty	Taxpayers have to obtain & use multiple user identification numbers NTN/STRN for different activities
Legal Reference	No Legal Requirement for separate STRN
Proposal	STRN should be discontinued & a single number should be used for all activities/ transactions
Recommendation of WG	WG approved this proposal
Outcome	FBR (IRS) has conveyed timelines of April 2021 for implementation



Modernizing Temporary Import Scheme

Organization	Customs (FBR)
Relevant Sector	Export Houses – manufacture of products (all kinds)
Difficulty	To obtain clearance of materials, accessories, components etc. for use in production of exportable goods, all importers (incl reliable ones) have to get each consignment examined, assessed and security deposited, causing delay & additional expense.
Legal Reference	SRO 492(I)/2009 dated 13 June 2009
Proposal	For reliable export houses, usage of Risk Management System for green channel clearances backed by revolving guarantee should be provided.
Recommendation of WG	WG has approved the proposal
Outcome	FBR (Customs) has implemented the reform using Risk Management



Elimination of PPRO for Import of Samples

Organization	Department of Plant Protection/MoC/Customs
Relevant Sector	Food Sector – plant material
Difficulty	Manufacturers of Tea receive samples (non-commercial quantity) to participate in tea garden auction abroad. DPP regulations require Release Order for Customs Clearance , which takes time. Sometimes samples are cleared after auction has been held.
Legal Reference	Import Policy Order Appendix-B, S. Nos. 286 to 291
Proposal	Eliminate PPRO for samples imported by Registered manufacturers.
Recommendation of WG	Procedure may be simplified in line with International Best Practices
Outcome	✓ After 4-way consultations, reform has been implemented



Regulatory Reforms: Progress

- BOI has **contacted 134** Business Associations/ Chambers to identify issues & difficulties; **feedback received from 23** Associations so far.
- Meetings with relevant Federal & Provincial Departments (April 01 & 09, 2021)
- Exclusive Session with FBR to discuss Customs, Income Tax & Sales Tax proposals (April 05, 2021)
- Continuous Progress being achieved against reform proposals

Status of Reform Proposal	Number of reform Proposals
Implemented/ Partly implemented	12
Agreed by Deptt for implementation	19
In second stage Consultations	40
Shared with concerned departments and under discussion/ scrutiny/ validation	173



SME Reforms by Provinces/ Regions

- More than **80% of SME** regulations relate to provincial/ L.G departments
- On request of BOI, **07 Working Groups** have been notified at provincial/ regional level [**Punjab, Sindh, KP, Balochistan, AJK, GB & ICT**]
- Each working group contains all **key departments** as well as representation of **private sector**, Operating under supervision of Chief Secretaries
- BOI has shared Regulatory Reform strategy and province-related proposals of Regulatory Reforms **with provinces**
- PM would schedule **Special Session with Chief Secretaries** to review progress



Next Steps

- AJK PRMI Working Group is to lead and guide their Focal Persons to review all business related Regulatory Laws / Regulations being implemented in AJK
- Prepare inventory of RLCOs, and regulatory requirements
- In consultation with private sector, scrutinize regulations for simplification, elimination, and plan for automation leading to Pakistan Business Portal (PBP)
- Regularly visit business.gov.pk for updating and urging Private Sector to give feedback and upload their issues/challenges on PRMI Digital Platform



Q & A
THANK YOU