**Business gaps**

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Pakistan has been gradually reducing the regulatory requirements for businesses operating in various geographical jurisdictions. Still there is plenty of room for improvement in this regard.

Anecdotally, the lack of coordination between federating units and departments and policy inconsistencies have led to a difficult business regulatory environment in Pakistan and creation of negative competition in various geographies.

Khyber Pakhtunkhwa has huge economic potential, particularly in sectors including Afghanistan-Pakistan transit trade, mining, hydroelectric power, and tourism. The province contributes 10 percent to the national GDP of Pakistan. In addition to the prolonged conflict-stricken nature, some of the reasons for not fully tapping on the economic potential include a weak positioning of the provincial government on the district level and federal issues in the economy of Khyber Pakhtunkhwa causing a decline in the confidence of both local and foreign investors.

In a recent development, on the directives and guidelines of the KP chief minister, a highly business-friendly policy has been formulated which is converting all estate offices to industrial facilitation offices, with emphasis on development agreements. The KP-Economic Zones Development and Management Company (KP-EZDMC) has successfully launched five economic zones recently including Jalozai EZ, Nowshera EZ (extension), D I Khan EZ, Rashakai EZ and Chitral EZ while fast-track development and provision of utilities to 11 more such schemes are in full swing. The company has also mobilised investment to the tune of Rs165 billion via new and existing EZs and since March 2020 has allocated 357.61 acres of land to investors.

The provincial government is focusing on creating EZs which indeed will pivot the way forward for business development. The investment-friendly policies of the incumbent KP government and efforts of the KP–EZDMC the province is acting as a beacon of hope for the business community as they are attracting foreign and local investments across the country and focusing on growth of the province as land of opportunities. Still the government has to focus on certain barriers that can be addressed by legislative, regulatory and policy actions.

The comparative advantages of various districts in KP are very vast and different as CPEC and Afghan transit trade have opened new avenues of business and investment for the business community. A gap still persists in the current economic policy framework as there is a need to focus on district-level or city-level business reform strategies.

In this context, think tanks can play a crucial role in bridging the policy research gaps in the existing business regulatory environment. The Sustainable Development Policy Institute (SDPI) has launched a national network of economic think tanks in its KP chapter with a single objective of discussing and brainstorming on regulatory ease of doing business. Such platforms are creating immense support to the business community by shedding light on sub-provincial business reforms.

The recommendations are floored to the government to create a passage for ease of doing business. Think tanks are of the opinion that KP-EZDMC should focus on provision of facilities in already developed industrial areas instead of giving more attention to new industrial zones where no facilities are available. Also, the business community capacity should be increased inline to new taxes, banking channels and new policies from time to time.

For an effective and everlasting impact, research-based economic policy should be implemented in the country and for this purpose universities and the youth should be mobilised to do research from time to time and suggest the missing facilities and loopholes for policymakers to play a role in the decision-making process leading to ease of doing business. Public-private coordination is where the solution lies.

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