

Better business

Since the World Bank's inaugural Doing Business (DB) report came out in 2003, this is the first time that Pakistan's reforms across six out of a total of 10 indicators have been recognized in DB 2020 Report. This has enabled Pakistan to secure the 108th position among 190 economies in the world and has also been acknowledged as the sixth top reformer. This feat was last achieved by Pakistan earlier in 2006 as well, but it was across four indicators only at that time.

A matter of great pride and encouragement is that Pakistan's progress in three indicators is even better than some of the top 12 countries in the overall DB index. For instance, Pakistan stands at the 28th position globally under the 'Protecting Minority Investors' indicator. Pakistan's performance under this indicator is as good as Denmark which ranks fourth in the overall DB index, and better than Korea which ranks fifth in overall DB index but stands at 36th position under the same indicator. Under the 'Resolving Insolvency' indicator, Pakistan stands at the 58th position, beating Georgia which ranks seventh overall in the DB index but is at 64th position under the same indicator.

Pakistan's reforms under the 'Starting a Business' indicator have been recognized for the third consecutive year in the DB report, and its performance is better than that of Malaysia which ranks 12th overall in DB index but at 126th position under the same indicator. This progress is a great positive step, but also indicates that further improvement will be challenging as the current performance is already at its peak.

The foremost credit of this stellar performance on the global stage goes to the collective and coordinated efforts between the federal government and the provincial governments of Punjab and Sindh – spearheaded by the Prime Minister Office, Board of Investment. The Securities and Exchange Commission of Pakistan has also played a key role for driving reforms under the three aforementioned indicators where Pakistan has demonstrated an exemplary performance. A critical aspect of the success is the formation of a clear but ambitious reform strategy, coupled with diligent follow-ups. Forming working groups at all required levels, setting time-bound KPIs against short, medium, and long-term recommendations has enabled Pakistan to shine.

Although reforms under 'Paying Taxes' and 'Registering Property' were recognized in the recent DB report, these are among the weakest indicators for Pakistan currently with 161st and 151st position respectively. Pakistan's reforms in 'Enforcing Contracts' have not been recognized during the last 10 reports and it is also among the lowest ranked indicators at the 156th position. Under 'Dealing with Construction Permits', 'Getting Electricity' and 'Trading across Borders', Pakistan has shown remarkable progress and climbed 54, 44, 31 notches up respectively to secure the 112th, 123rd and 111th position respectively. However, there is still much room for improvement.

The DB study provides an impetus for governments around the world to work towards efficient business regulations and improving the regulatory environment for businesses and investors. The single ranking provides an objective basis for understanding the financial landscape of the country in question. The evaluation is made against a rigorous methodology, where the country identifies reforms in consultation with World Bank's experts across all indicators, and sets its own priorities before committing to effective implementation of reforms. In the next stage, reform agencies are encouraged to communicate their efforts to beneficiaries for their endorsement and recognition. Claimed reforms are then cross-verified by DB report teams, who conduct interviews of contributors to confirm if their experience of the reforms is as the governments and agencies are intending.

Moreover, the DB report goes beyond being a framework for local policymakers to improve their regulatory environment and subsequently enhance delivery of services to the citizens. It also provides comprehensive information about an economy to businesses to plan investments in a new market, or expand operations in an existing one based on prevailing business regulations. This encourages greater competition among all 190 economies who participate in the study.

As Pakistan gears up to present reforms for the DB 2021 report, some more groundbreaking initiatives across several indicators are being implemented. To name a few: under 'Registering Property', online issuance of Fard (record of rights) is being introduced, and digitization of registered deeds is also taking place, along with the availability of template for registered deeds. In 'Construction Permits' timelines and approval procedures for building plans are reduced, and a one-window customer facilitation center has been launched. Building permits and completion certificates are being issued online with an e-payment facility, and an e-permit system is also in place via mobile app.

In 'Paying Taxes' an online payment facility has been introduced for social security and pension payments, and a mobile app for payment of 13 taxes has also been launched. For 'Starting a Business', company registration processes have been streamlined, and fee payment for partnership firm registrations has been digitized. In 'Getting Electricity', applications and payments for New Connections can be made online, a mobile app is has been launched and new connections processing timelines are being made more efficient as well.

The DB study takes into account Karachi and Lahore in Pakistan with 65 percent and 35 percent weight respectively. The aim is to replicate the reforms already implemented in the two cities, which highlights the government's priority towards an improved business environment across the country. This is exactly what Pakistan needs to continue to make sustainable progress.

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