

Government of Pakistan's Action Plan to Improve Business Environment in Selected Areas Measured by the *Doing Business*¹ Report

**The Action Plan Prepared Jointly by the World Bank Group
(WBG), Board of Investment (BOI), and Economic Reforms
Unit (ERU) of Pakistan's Ministry of Finance**

October 2014

Islamabad – Pakistan

¹ The Action Plan was developed using the available Doing Business 2014 data (valid as of June 2013), since the updated Doing Business 2015 data will only be available on October 28, 2014. It is important to note that in the upcoming DB2015 report a number of changes will be reflected to the methodology. To the extent possible, these changes are reflected in the recommendations.

Abbreviations

GoP	Government of Pakistan
SECP	Securities and Exchange Commission of Pakistan
FBR	Federal Board of Revenue
EOBI	Employees Old-Age Benefits Institution
ERU	Economic Reforms Unit (ERU) of Pakistan's Ministry of Finance.
SESSI	Sindh Employees Social Security Institution
LCCI	Lahore Chamber of Commerce & Industry
OSS	One Stop Shop
VOSS	Virtual One Stop Shop
LLC	Limited Liability Company
KDA	Karachi Development Authority
KMC	Karachi Municipal Corporation
SBCA	Sindh Building Control Authority
KBCA	Karachi Building Control Authority
SBP	State Bank of Pakistan
MoF	Ministry of Finance
PRAL	Pakistan Revenue Automation (pvt) Ltd.
KPT	Karachi Port Trust
MOU	Memorandum of Understanding
ETO	Electronic Transitions ordinance
OECD	Organization for Economic Co-operation and Development
GDP	Gross domestic product
e-CIB	Electronic Credit Information Bureau
SME	Small and medium-sized enterprises
WeBOC	Web Based One Customs
ADR	Alternative Dispute Resolution
PTCL	Pakistan Telecommunication Company Limited
KWSB	Karachi Water and Sewerage Board
ETD	Excise and Taxation department
TA	Tax Authority
SCP	Supreme Court of Pakistan

Reform Action		Type		Timeline	Responsibility
1. Starting a Business indicator					
Launch Virtual OSS for LLCs	1.1 Develop and sign an MOU between SECP, FBR and EOBI to clarify ownership of OSS, develop funding mechanism, and identify long term software development commitment to ensure sustainability.	Administrative	Federal	November 30 th 2014	1. SECP 2. FBR 3. EOBI 4. ERU
	1.2 Initiate testing and complete the Integration of the data systems of the SECP, FBR and EOBI into a single OSS collaborative platform.	Infrastructure	Federal	November 30 th 2014	
	1.3 Finalize testing and deployment of databases, applications, web services and other ICT components of the VOSS.	Infrastructure	Federal	December 31 st 2014	
	1.4 Conduct training of VOSS staff.	Capacity Building	Federal	December 31 st 2014	
	1.5 Launch awareness campaign for the VOSS.	Capacity Building	Federal	December 31 st 2014	
	1.6 Integrate the provincial Employees Social Security Institutions registration procedure into the VOSS.	Administrative	Federal	December 31 st 2015	
	1.7 Allow payments of related taxes for company registration to be made online using the VOSS.	Infrastructure	Federal	June 30 th 2015	
Launch Physical OSS for LLCs at Lahore and Karachi Chamber of Commerces	1.8 Equip Lahore Chamber of Commerce with infrastructure required to launch the physical OSS.	Administrative Capacity Building	Provincial	December 31 st 2014	1. SECP 2. FBR 3. EOBI 4. LCCI
	1.9 Develop a thorough information security management system for Lahore OSS for		Provincial		

Reform Action		Type		Timeline	Responsibility
	registering LLCs.				
	1.10 Launch awareness campaign for Lahore OSS.		Provencal		
	1.11 Equip Karachi Chamber of Commerce with infrastructure required to launch the physical OSS.	Administrative Capacity Building	Provencal	December 30 th 2015	1. SECP 2. FBR 3. EOBI 4. KCCI
	1.12 Develop a thorough information security management system for Karachi OSS for registering LLCs.		Provencal		
	1.13 Launch awareness campaign for Karachi OSS.		Provencal		
Simplification of Registration Procedures	1.14 Eliminate the requirement to register under the Pakistan Shops and Establishment Ordinance of 1969.	Legislative	Provencal	December 31 st 2015	1. SECP 2. FBR 3. EOBI
	1.15 Introduce digital signature system at FBR to remove paper requirement after the electronic tax registration is completed online.	Infrastructure	Provencal	December 31 st 2015	
	1.16 Review current fee structure for the registration of companies, with the aim of improving the fees	Administrative	Provencal	June 30 th 2015	
2. Dealing with Construction Permits					
	2.1 Introduce modern land management practices at the Land Owning Authority in Karachi .	Administrative Legislative Infrastructure	Provencal	December 31 st 2016	1. KDA 2. KMC
	2.2 Map out building permit procedure and implement streamlining and simplification of	Administrative	Provencal	June 30 th 2015	1. SBCA 2. KBCA

Reform Action		Type		Timeline	Responsibility
	processes in Karachi and Lahore				
	2.3 Improve the current risk-based construction permitting system.	Administrative Regulatory	Provencal	June 30 th 2015	
	2.4 Rationalize inspections and issue the completion certificate on the spot, at the time of final inspection and re-examine its cost.	Administrative	Provencal	June 30 th 2015	
	2.5 Introduce third-party review of construction plans.	Regulatory	Provencal	June 30 th 2016	
	2.6 Consolidate and facilitate approvals from the related regulatory agencies such as the Karachi Water and Sewerage board, the Karachi Development Authority, Karachi Municipal Corporation, etc.	Administrative	Provencal	June 30 th 2015	1. TA 2. ETD 3. KDA 4. KMC 5. PTCL 6. KWSB
	2.7 Develop professional standards and best practices for the construction industry.	Legislative + Administrative	Provencal	June 30 th 2015	1. SBCA 2. KBCA
	2.8 Provide on-the-job training to staff of regulatory bodies and municipal administration	Capacity Building	Provencal	December 31 st 2015	1. SBCA 2. KBCA
3. Getting Credit					
Credit Information	3.1 Enact the Credit Bureaus Act of 2014 (currently in Parliament)	Legislative	Federal	June 30 th 2015	1. SBP 2. MoF
	3.2 e-CIB system should collect and distribute credit information from retailers and/or utility companies.	Infrastructure	Federal	June 30 th 2016	

Reform Action		Type		Timeline	Responsibility
	3.3 Submit a plan for the development of a credit-scoring system.	Administrative	Federal	June 30 th 2015	
Legal Rights of Creditors and Borrowers in Secured Transactions	3.4 Submit the draft of the Secured Transactions Law to the National Assembly (currently being drafted by SBP).	Legislative	Federal	June 30 th 2015	1. SBP 2. MoF
	3.5 Establish an electronic secured transactions registry for the purpose of administering the Secured Transactions Act, 2015, including creation, perfection, registration, and enforcement of security interests.	Administrative Infrastructure	Federal	June 30 th 2016	1. SBP 2. SECP 3. MoF 4. Provinces
4. Paying Taxes					
Modernize Tax Administration	4.1 Complete risk criteria and create risk profiles to guide the scope and focus of taxpayer audits.	Administrative	Federal	December 31 st 2014	- FBR
	4.2 Modernize the tax administration along results oriented, including performance reporting and monitoring tools with Key Performance Indicators (KPIs).	Legislative Regulatory	Federal	December 31 st 2015	- FBR
Improve taxpayer compliance- Broadening the Base	4.3 Train, certify and regulate qualified tax accountants to help small enterprises with tax compliance	Capacity building	Federal	March 31 st 2015	1. FBR 2. Provincial tax authorities
	4.4 Provide updated online guides (in English & Urdu) on preparation, filing and payment of tax processes and requirements.	Capacity building	Federal	March 2015	1. FBR 2. Provincial tax authorities
	4.5 Conduct a taxpayer perception and	Analysis Capacity	Federal	June 30 st	1. FBR

Reform Action		Type		Timeline	Responsibility
	compliance survey to assess improvement from previous survey. The survey should help identify gaps in existing business processes and estimate the compliance cost for taxpayers across income ranges (small, medium and large firms).	building		2015	2. Provincial tax authorities
	4.6 Enhance human capacity (by providing training in the areas of Tax and IT and recruiting more staff) at the facilitation centers and PRAL (hotline and e-support), enabling them to provide direct, personalized and timely guidance to taxpayers on compliance.	Capacity building	Federal	June 30 st 2015	1. FBR 2. PRAL 3. Provincial tax authorities
	4.7 Complete training for LTO, RTO (and PRAL) staff to improve taxpayers' knowledge, and effectively use available data to monitor compliance, and take informed actions (e.g. issuing specific notices to noncompliant).	Capacity building	Federal	June 2015 & March 2016 (on completion of data warehouse)	1. FBR 2. Provincial tax authorities 3. PRAL
	4.8 Introduce formal / legal mechanism to better coordinate tax (GST) filing deadlines.	Legal Administrative	Federal	December 30 th , 2015	1. FBR 2. Provincial tax authorities
	4.9 Review and simplify tax legal texts to improve clarity, transparency and reduce discretion.	Legal	Federal	June 30 th 2016	1. FBR 2. Provincial tax authorities
Process streamlining and system	4.10 Enhance tax portal capacity (ability to take maximum load on due dates), and extend network connectivity across the country (99 office locations, in addition to existing 199) to	Infrastructure	Federal	December 31 st 2014	1. FBR 2. PRAL

Reform Action		Type		Timeline	Responsibility
automation to reduce discretion, make it simpler, easier and quicker for both taxpayer and administrator	help increase usage of WeBOC and IRIS systems.				
	4.11 Put in place WeBOC (for customs) across the country.	Infrastructure	Federal	December 31 st 2014	1. FBR 2. PRAL
	4.12 Review, simplify and streamline existing processes and forms (for both Income tax and Sales tax) to encourage tax compliance. (Note: for optimal automation results, review should be done prior to streamlining or in parallel)	Regulatory Capacity building	Federal	March 31 st 2015	1. FBR 2. PRAL
	4.13 Complete the integration of end-to-end IT solution: IRS, which covers all business processes (registration, declaration, audit, recovery, refunds, appeals) for inland revenue -- income and sales tax. The system should be ready for timely launch every year for filing.	Infrastructure	Federal	December 31 st 2015	1. FBR 2. PRAL
	4.14 Put in place a Data Warehouse and business intelligence system to better inform policy decisions.	Infrastructure	Federal	December 31 st 2015	1. FBR 2. PRAL
	4.15 Develop protocols, roles and responsibilities for data sharing and process coordination between federal and provincial tax authorities.	Regulatory	Federal	December 30 th 2015	1. FBR 2. PRAL 3. Provincial tax authorities
	4.16 Widen data collection to include 3rd party data sources.	Administrative	Federal	December 30 th 2015	1. FBR 2. PRAL 3. Provincial tax authorities
	4.17 Re-construct a state of the art Data Centre, as existing centers will be out of warranty by	Infrastructure	Federal	June 30 th 2016	1. FBR 2. PRAL

Reform Action		Type		Timeline	Responsibility
	June 30, 2016.				
5. Trading Across Borders					
	5.1 Integrate and connect the WeBOC system to additional regulatory bodies such as the State Bank of Pakistan, National Tariff Commission, Drug Regulatory Authority, Ministry of Commerce, Ministry of Interior, and the Plant and Animal Quarantine Department.	Infrastructure Administrative Legislative	Federal	December 31 st , 2015	1. FBR 2. KPT
	5.2 Introduce coordinated and non-intrusive cargo inspection techniques.	Infrastructure Administrative	Federal	December 31 st , 2015	- FBR
	5.3 Implement a robust risk management system at the new Directorate set up for this purpose.	Administrative	Federal	December 31 st , 2015	- FBR
	5.4 Submit a plan for Implement a Single Window for customs clearance where shipping lines, transporters, and regulatory agencies are interconnected.	Administrative	Federal	June 30 th , 2015	1. GoP 2. FBR
	5.5 Implement a Single Window for customs clearance where shipping lines, transporters, and regulatory agencies are interconnected.	Administrative Regulatory	Federal	December 31 st , 2015	1. GoP 2. FBR
	5.6 Submit a plan for improving the port	Administrative	Federal	June 30 th ,	1. KPT

Reform Action		Type		Timeline	Responsibility
	infrastructure in Karachi			2015	2. FBR
	5.7 Improve the port infrastructure in Karachi.	Administrative	Federal	December 31 st , 2019	1. KPT 2. FBR
	5.8 Improve the capacity of KPT staff.	Capacity Building	Federal	December 31 st , 2015	1. KPT 2. FBR
	5.9 Develop a WeBOC module for commercial banks to issue Form 'E' (Foreign Exchange)	Administrative	Federal	June 15 th , 2015	- FBR
6. Enforcing Contracts					
	6.1 Implement commercial benches at district and superior courts.	Administrative	Provincial	December 31 st , 2015	SCP MOF
	6.2 Enact amendments in the Contract Act of 1872, Specific Relief Act of 1877, Civil Procedure Code of 1908, the Court Rules of all the respective courts, and the Arbitration Act of 1940.	Legislative	Provincial	June 30 th , 2016	Ministry of Law + all Provincial Ministries of Law + Judiciary + Bar Association
	6.3 Develop a case Management system at the district courts	Administrative	Provincial	December 31 st , 2015	SCP
	6.4 Ongoing capacity building and training of court staff through an access to justice program.	Administrative	Provincial	Ongoing	SCP
	6.5 Enact administrative and legal rules to institute discipline and discourage dilatory tactics	Administrative Legislative	Provincial	June 30 th , 2016	SCP

1. Starting a Business

Why does it matter? The legal registration of businesses is beneficial for various reasons. Legal entities can outlive their founders. At the time of incorporation, resources are pulled together as shareholders join forces to establish a company's capital. Formally registered companies have access to services and institutions from courts to banks as well as to new markets—benefits that are not available to unregistered firms. In addition where firms are formally registered, their employees can also benefit from legal protection provided by applicable laws.

What does the indicator measure? The *Doing Business* report measures the number of procedures, time, and cost and paid-in minimum capital required for small and medium-size limited liability companies to formally operate. To make the data comparable across 189 economies, Doing Business uses a standardized business that is 100% domestically owned, has start-up capital equivalent to 10 times income per capita, engages in general industrial or commercial activities and employs between 10 and 50 people.

Starting a Business	Pakistan	South Asia	OECD
Procedures (number)	10	7	5
Time (days)	21	16.2	11.1
Cost (% of income per capita)	10.4	19.8	3.6
Paid-in Min. Capital (% of income per capita)	0.0	15.8	10.4

Source: *Doing Business* database

Starting Business Action Plan

Launch of the Virtual One-Stop Shop (VOSS)

Putting in place virtual and physical one-stop shops for LLCs with the support of the Economic Reforms Unit (ERU) of Pakistan's Ministry of Finance will be possible in the short/medium terms, following the signed agreement between the SECP, FBR and EOBI which took place in December of 2013 by the support ERU. The agreement included many of the specifics on running the virtual OSS, both on the technical and the practical side. However, the current agreement leaves out some important points with significant repercussions.

1.1 Coordinated by Economic Reforms Unit (ERU) of Pakistan's Ministry of Finance, SECP, FBR, EOBI should improve the signed MOU by developing the second phase of the MOU to clarify ownership for the OSS as the decision currently rests with the JMC (Joint Management Committee) and remains unclear. Uncertainty in the MOU will not allow for a long-term sustainable strategy to be developed for the VOSS.

1.2 Initiate testing and complete the Integration of the data systems of the SECP, FBR and EOBI into a single OSS collaborative platform. While significant progress has been made, full integration must be completed before deployment of the solution.

1.3 Finalize testing and deployment of databases, applications, web services and other ICT components of the VOSS, Only once the systems have been integrated and beta tested can the system be fully deployed.

1.4 Conduct training of VOSS staff. To ensure the full implementation of the new system, training the VOSS staff will key to the success of the new portal

1.5 Launch awareness campaign for the VOSS. Experience in other countries implementing one-stop shops has highlighted the importance of public awareness campaigns. New Zealand, the highest ranked economy in the Doing Business ease of starting a business put resources into informing the public of the improvements to the online registration systems in order to ensure uptake of the new system. In addition, it had to incentivize users by making the old physical registration process more expensive and slower. After a couple of years, online registration became mandatory

1.6 Integrate the provincial Employees Social Security Institutions post-registration procedure into the VOSS. Globally, modern one-stop shops typically include elements that go beyond business registration. For example, Malaysia's one-stop shop allows entrepreneurs to register with: company registry, tax authority, social security agency, and employment funds.

1.7 Ensure that payments of related taxes for registering LLC can be made online using the VOSS. While most fees have already been integrated into the online payment system of the VOSS, to ensure a fully automated portal it is recommended to allow all payments (fees and taxes) to be made online.

Launch Physical OSS for LLCs at Lahore Chamber of Commerce

1.8 Equip Lahore Chamber of Commerce with infrastructure required to launch the physical OSS. The first step in establishing the physical one-stop shop at the Chambers of Commerce in Lahore will be to equip its center with the required infrastructure. The physical one-stop shop will serve as a customer service center to assist entrepreneurs to register their new LLCs. While

the venue will be at the Chambers of Commerce, the registration will happen using the VOSS platform.

1.9 Develop a thorough information security management system for LLCs registration. Given the confidential and sensitive information contained in business registration documents (names, ID numbers, bank account information, etc.), it is essential to develop a thorough information security management protocol, in line with modern practices.

1.10 Launch awareness building campaign for the OSS with private and public sector representatives. Just like the VOSS, a public awareness campaign should be launched to inform the users of the benefits and services offered by the of the new OSS.

1.11 Equip Karachi Chamber of Commerce with infrastructure required to launch the physical OSS. After piloting the launch of the physical OSS in Lahore, it is recommended to implement the OSS in Karachi as well. Karachi is the largest business city in Pakistan, and therefore the main city being measured by the Doing Business indicators. Lessons learned from the implementation of the Lahore OSS should be incorporated into the plan to launch the physical OSS in Karachi.

1.12 Develop a thorough information security management system for Karachi OSS. LLCs registration

1.13 Launch awareness campaign for Karachi OSS.

Simplification of Registration Procedures

1.14 Eliminate the requirement to register under the Pakistan Shops and Establishment Ordinance of 1969. This step continues to be a burden on the entrepreneur's time (7 days) yet costs very little at PKR 10 (about 10 US cents). This registration does not provide value or significant revenue (given its low fee). The Deputy Chief Inspector should instead have access to the register of business through the SECP register for this information.

1.15 Implement digital signature acceptance at FBR to remove paper requirement after the electronic tax registration is completed online.

While the FBR has an electronic system for tax payer registration, it is still required to submit a physical form after the electronic registration is completed. The Electronic Transactions Ordinance (ETO) allows for electronic registration even if other legislation requires paper forms. Implementing a digital signature system at the FBR (similar to SECP) would allow the process to become paperless.

1.16 Review current fee structure for the registration of companies, with the aim of improving the fees strucher.

While the current fees charged in Pakistan remain below the average for the South Asian region, it is still approximately 3 times more costly to start a business in Pakistan than the OECD average. The Government of Pakistan could undertake a study of current fees associated with company registration to decide whether reducing costs borne by the entrepreneur would be feasible.

Beyond the OSS: Consider centralizing business registration

In the long term, centralizing the registration of all businesses in Pakistan is recommended. A centralized register would mean one public authority for all business registration, regardless if a business is organized as an LLC, a partnership or a sole proprietorship (all of which currently sit in separate registers). With a centralized register all basic information on businesses would be available from one source, for both public and private parties. Centralizing business registration can also create a larger professional and academic environment for the process of business registration as a specific discipline. A centralized business register is also an important piece of the puzzle that must be solved to implement a unique and universal registration number.

To implement a centralized business register in Pakistan, several actions will be required. First, the procedures for registration are spread out over several Acts. At the same time the procedure is different depending on the type of legal entity. Standardizing the registration regulations is recommended.

Second, the matter of federal institutions and provincial departments for business registration must be solved. Currently registration of partnerships is exclusively regulated by the provincial governments, while registration of LLCs is a federal domain. To implement a centralized register the power to register partnerships would have to be transferred to the federal government, or at a minimum the provincial governments would have to allow the federal government to run a register on their behalf.

An interim option would be to computerize the provincial registers and establish a database-sharing scheme in which provincial registers could be centralized. This would allow for the cross-validation of the databases and improve the consistency and validity of the data.

2. Dealing with Construction Permits

What is the Regulatory Purpose of a Building Permit? The main objective of building permits is to ensure health and safety standards for the overall community. Natural disasters, such as the massive earthquakes in China and Turkey in recent years, are a stark reminder of the importance of having structurally sound buildings. Engineering flaws, inappropriate materials, and lack of sound building practices can have deadly consequences.

The building permit process also plays a gate-keeper role in protecting a range of other public goods related to the use of specific areas of land. Pre-approvals from relevant regulatory authorities are needed before a building permit can be granted. For example, preventing constructions close to airports would be typically monitored by the authorities in charge of civil aviation. Protecting the environment or preventing potentially harmful industries to locate near rivers, streams, or residential areas, might be subject to preapprovals from the Ministry of Industry or specialized environmental agencies. National or world heritage agencies may impose pre-approvals in certain designated areas. Utility companies (or national utility authorities) may impose pre-authorizations to developers prior to the granting of the building permit, etc.

Lastly, new reformist countries have added new policy objectives, and are increasingly using building permits as another regulatory tool to enforce broader national strategies such as, energy conservation targets or to promote environmental sustainability.

Why does it matter? Construction accounts for a large share of GDP in most economies. In 2005, during a period of high growth, it was the source of at least 7% of GDP in Bangladesh, India and the United Arab Emirates. Governments often use construction to stimulate economic activity because of its benefits for people across socioeconomic strata.

Reforms that make building regulations more efficient and transparent can help reduce corruption and informality in the construction sector while encouraging construction companies to go through formal channels and ensuring compliance with important standards such as those impacting safety or mitigating climate change. Good regulations combined with sound enforcement mechanisms ensure safety standards that protect the public while making the permitting process efficient, transparent and affordable for both building authorities and the private professionals who use it.

What does the Dealing with Construction Permits indicator measure? Doing Business records the procedures, time and cost required for a small or medium-size business to obtain the

approvals needed to build a simple commercial warehouse and connect it to water, sewerage and a fixed telephone line. That includes all the inspections and certificates needed before, during and after construction of the warehouse. To make the data comparable across 189 economies, it is assumed that the warehouse is in the urban area of the largest business city, is not in a special economic or industrial zone and will be used for general storage.

Dealing with Construction Permits	Pakistan	South Asia	OECD
Procedures (number)	11	16	13
Time (days)	222	193.3	147.1
Cost (% of income per capita)	190.4	850.7	84.1

Source: *Doing Business* database

Dealing with Construction Permits Action Plan:

2.1 Introduce modern land management practices at the Land Owning Authority, Per the Doing Business 2013 report, a company waits 30 days to obtain proof of ownership (land record or record fard) from the Land Owning Authority before applying for the building permit. The company must obtain a letter from the concerned authority confirming the title or land use, the dimensions of the plot, and the possible existence of any road widening, cut line, or reservation. In Karachi, the lands are owned by various authorities, such as the Karachi Development Authority and the Karachi Municipal Corporation. If the land belongs to the Karachi Municipal Corporation, for example, then the required letter or certificate must be obtained from that same authority.

To solve this issue, the related authorities such as Karachi Development Authority and the Karachi Municipal Corporation could consider re-thinking the role of the Patwari and introduce a modern land administration processes which involves structured agencies design to manage and regulate this area. Well trained technical staff should be in charge of handling zoning, registration and ownership matters.

In Hong Kong (China) in 2007, a city with a modern land administration office, a Working Group (WG) was established by the local Government comprising the Economic Analysis and Business Facilitation Unit, the Development Bureau and six departments (namely, the Buildings Department, Lands Department, Fire Services Department, Drainage Services Department, Highways Department and Water Supplies Department) to re-engineer and streamline the

building permitting process. As a result, 8 procedures were eliminated. Other economies such as Morocco and Macedonia FYR have also implemented coordination systems among agencies to streamline approval processes.

2.2 Map out building permit procedure and implement streamlining and simplification of processes. Conduct a detailed assessment and mapping of the current operations at KBCA to identify and be able to address areas for improvement. Mapping the internal process flows will clearly identify the agencies and departments involved and their responsibilities. This will also help to identify the bottlenecks and possible synergies among agencies / departments to find solutions to reduce delays.

Best practice reform experience consistently shows that new policy objectives, including those going beyond the improvement of public safety, can be combined with effective red tape reduction programs, and more efficient and streamlined processes. In fact, building permit reforms, as observed in good practice countries, have all generated positive impacts on processes, although streamlining procedures might not have been the original or main focus. Experts have generally identified five major procedures to obtain a permit in good practice countries. Namely:

1. Submitting an application for a permit to the local authority
2. Review of the application carried out by the municipality
3. Issuance of the building permit
4. Site inspections once the construction has started
5. Issuance of the occupancy license or completion certificate

These are the very minimum procedures that need to be in place to ensure a sound and effective protection of key public goods. Many countries do not necessarily show a radically different model, but over time, numerous complexities and inadequate practices develop around these five core processes.

The first procedure usually consists of submitting an application for a permit to the local authority. At this point the developer would typically fill out an application to provide the municipality (or the competent local authority) with information about who will perform the work, what work will be done, where the work will be done, and how it will be done. Sketches, drawings, engineering plans, and any other relevant documentation of the proposed work will have to be submitted for review.

The second procedure is a review process carried out by the municipality, the official (or an accredited private sector engineer) will determine if the project is in compliance with the

construction codes, the local zoning requirements, and whether it meets other “pre-approval” requirements set by other public agencies.

The third procedure is the issuance of the building permit in the assumption that compliance with code, zoning requirements, and other applicable regulations is confirmed, the application is approved, and the permit issued. If compliance is not determined, the application as originally submitted is denied, and the developer can either correct the code violations or appeal the decision. The building permit is the document granting legal permission to start construction. A fee from the investor/developer is usually collected at this point to cover municipal costs associated with the building official’s time spent in the application process, the technical review of plans, and the various on-site inspections.

The fourth procedure consists of standard on-site inspections; each major phase of construction will be inspected by the municipality engineers to make certain the work conforms to the code, the building permit, and the approval plan. Typically in good practice countries, the process requires a 24 to 48 hours advance notice, and the inspection is usually carried out within 48 hours maximum. If an inspector finds that some work do not comply with approved plans, the inspector will demand that the situation be remedied. If the violation is important, the inspector is entitled to post a stop order until the problem is resolved, in which case another inspection may be necessary before work can start again.

The fifth procedure is the issuance of the occupancy license or completion certificate; after a final inspection, municipalities usually issue a certificate of occupancy (or “occupancy license”). This license is the formal document which marks the completion of the construction project and gives the developer or contractor permission to occupy the new (or the renovated) building with the confirmation that it has met all technical requirements.

The “standard model” of a building permit shows that the building permit process is complex by nature and not always as straightforward as it is shown here. One single procedure as shown above can turn into multiple steps for investors if there are compliance issues that need to be discussed between the municipality and the investor or developer.

In addition, the enforcement of building regulatory processes tends to become increasingly complex, with a parallel deterioration of the public good for which these permitting systems were originally established. Not all countries necessarily shift drastically away from the model shown above. But over time, many inadequate practices can develop around the “core processes.” In short, things can go wrong, which reinforces the rationale for new reforms.

2.3 Improve the current risk-based construction permitting system. Pakistan is one of the 87 economies listed by Doing Business as having a risk-based construction permitting system. Nevertheless, there is room for improvement. Not all building projects are associated with the

same social, economic or environmental risks. The construction of a hospital or skyscraper cannot be compared with the construction of a 2-story commercial warehouse. Efficient governments have implemented rigorous yet differentiated construction permitting processes to treat buildings according to their risk level and location.

Simple or low-risk buildings require less documentation than more complex structures and can be approved faster. This saves time for both entrepreneurs and authorities and allows them to direct their efforts and resources more efficiently. Worldwide, the main criteria used to classify a construction project by its potential risk are based on the building's use, location and size.

Examples from other countries:

The United Kingdom started modifying its building control system in 2007 to add a risk-based component. The goal was to develop a risk assessment tool for building inspectors and move from strict public enforcement toward a combination of public and private practices. In 2009 the Department for Communities and Local Government partnered with the private sector to develop a risk assessment tool. High-risk projects such as hotels and movie theaters would have at least as many inspections as low-risk projects at key stages of construction—and in most cases would require additional inspections to comply with safety regulations. The use of risk assessment has improved the inspection system. Since 2008 it has eliminated 8 procedures and 49 days from the process of obtaining a construction permit and connecting to utilities, as measured by Doing Business.

The Republic of Korea introduced risk-based approvals in 2005/06. In May 2006 small construction projects were allowed to choose a fast-track option. This allowed regulators to focus their time and resources on more complex projects. The reform was timely because it coincided with higher demand for construction:

2.4 Rationalize inspections and issue the completion certificate on the spot, at the time of final inspection and re-examine its cost, When city regulations envisage the same inspections for all types of buildings or contain vague inspection requirements, public agencies run the risk of not being able to supervise complex projects effectively. Smart regulations should ensure public safety and administrative efficiency. Complicated and risky projects, such as skyscrapers and industrial plants, require high security and control standards. On the other hand, simpler projects require a limited number of inspections at clearly identified stages of construction. In order to obtain a completion certificate, entrepreneurs must interact with the Karachi Building Control Authority three times: first to apply for it, then to receive an inspection, and then to receive the certificate almost three weeks later.

In several other countries, including Australia and Canada, the authority issues the certificate of completion on the spot along with the final inspection. Canada is one such example: If all

required inspections have been carried out and the building or structure is deemed substantially complete and fit for occupancy, the completion certificate is issued—avoiding any additional interactions for the builder. Singapore has an integrated online system through which builders can request the final inspection and the occupancy permit without delay. In Portugal the municipality of Lisbon has developed a tracking system that is automatically updated once the final inspection takes place, so the occupancy permit can be obtained from the municipality on the same day.

2.5 Introduce third party review of construction plans, This notion refers to building permitting system where the law (usually the building codes) imposes that a different and independent party reviews the design and the construction of the building. By a “different and independent party”, we mean a designated or appointed professional individual or engineering firm different from the designer or the contractor.

The Sindh Building Control Authority and Karachi Building Control Authority should follow the following on the medium term:

- Support introduction of third party review, but focus first on higher risks building applications:
Determine thresholds based on the particular urban and building design characteristics of the country or building applications. Over time, these thresholds may evolve and be adjusted to allow for an extension of third-party review to other lower risk categories of building applications.
- Train inspectors for third party review:
Create or improve capacity by training sufficient numbers of officials with appropriate background (e.g. engineers, architects, building technologists) to provide plans review and/or site inspections during construction, for permitting authority (usually municipal-level authority or sometimes a local office of a central agency).
- Ensure financial capacity and resources to provide services:
Permit fees or other sources of revenue for permitting agencies should be sufficient to provide an adequate level of plans review and inspection based on a risk assessment and use of checklists to give priority to reviewing plans and inspecting key building components where the consequence and probability of failure will have significant consequences for public safety.
- Fees should be based on cost of service if possible:
If possible building permit fees should be sufficient to support the cost of providing building permit enforcement services. Building permit fee revenue should not be diverted to other purposes – in which case permit fees are used as taxes. Smaller or low growth jurisdictions

may depend on general revenues from local or higher level of government to support building services and permitting functions.

2.6 Consolidate and facilitate approvals from the related regulatory agencies such as the Karachi Water and Sewerage board, the Karachi Development Authority, Karachi Municipal Corporation, etc. Such approvals are required to start construction, and would typically include land, planning, zoning requirements, environmental permits, water, sewer, electrical, civil aviation, approvals, etc. Meaningful building permit reforms usually involve a consolidation of these multiple approvals imposed on new developers to minimize delays for investors and developers in obtaining their final authorizations.

Concretely, “applicable laws” include laws, regulations, and bylaws which would prohibit construction unless complied. For example, an applicable law could include provisions that: prohibit high-rise buildings in certain locations near runways and airports; a law that regulates construction in floodplains or agricultural areas; or a law that prevents the construction of commercial buildings, factories, or hotels near national heritage areas. For an investor or developer to meet these requirements, it is usually a pre-condition of applying for a building permit.

2.7 Develop professional standards and best practices for the construction industry, In many countries, there are professional bodies that set standards of practice for traditional professional groups such as professional engineers and architects. These professional standards typically require practitioners to comply with relevant legislation, regulations and standards set by the government.

Qualifications and professional standards for practitioners matter to Pakistan’s business Enabling Environment, because any effective licensing system of practitioners can help to ensure compliance with codes and standards. Better compliance means fewer opportunities for delays and disputes and hence faster turnaround time of building permits as a result of a reduced number of rejections from local building enforcement authorities.

At various degrees, almost all countries in Europe have shifted in the last 10 years from traditional, public enforcement strategies toward practitioner-focused enforcement strategies. This strategic move contributed to a general reduction of the length and complexity of building permits for investors

Improving the licensing or regulation of designers can be achieved in various ways, Some of the possible approaches include: 1) Improving the governance, disciplinary structure for self-regulating professional associations which. This may include changing the composition of the board of directors and increasing representation from lay persons. 2) Improved government oversight of the self-regulating association. A variant of the self-regulation model is a self-

management model where government has greater oversight of the association through administrative agreements, auditing and approving regulations of the association; 3) Another option is regulating and licensing professionals under the guidance of a multi-stakeholder “practitioner board” which would include not only the professionals being regulated but other practitioners who are affected by or have an interest in the regulation of the practitioners. Potential stakeholder members on the practitioner board could include: building contractors, building inspectors, building owners, insurers (of municipalities, practitioners, contractors).

Licensing of building practitioners is often limited to architects and engineers which are long established professions, In some jurisdictions contractors and other practitioners such as technologists or draftspersons who design smaller or less complex buildings, are also required to be licensed (Victoria Australia). In many jurisdictions certain trades persons are required to be licensed as well (electricians, plumbers, in some cases framers and carpenters).

Licensing of practitioners can help to ensure compliance with codes and standards by making this a condition of licensing – which is to say that a practitioners who routinely fails to comply with building codes and standards can lose his or her license to practice or be disciplined in some other way. In this way compliance with building codes and standards becomes a condition of licensing.

2.8 Provide on-the-job training to staff of regulatory bodies and municipal administration, As cities get bigger and building projects become more complex, development authorities and municipal administrations must update the technical skills of their staff. Assessing building applications and carrying out inspections requires a deep understanding of the bylaws and a considerable degree of technical knowhow. Currently, such understanding and know-how are rare across different authorities and cities. Not all officers are confident in implementing the building and development control regulations and performing their duties. This lack of confidence has dire consequences on enforcement of regulations, master plans, and outline development plans and on the overall quality of inspections. In order to overcome such problems, public authorities should provide capacity training for their employees and increase coordination among different agencies to encourage the spillover of best practices.

3. Getting Credit

What does the indicator measure, Doing Business covers two aspects of the regulatory framework and infrastructure that affect the availability of credit: the depth of credit information and the strength of the legal rights of borrowers and lenders. The first aspect, measured by the depth of credit information index, includes the coverage, scope and quality of credit information available through credit registries and credit bureaus. The second, measured by the strength of legal rights index, evaluates the degree to which collateral and bankruptcy laws protect the rights of borrowers and lenders.

A. Credit information:

Why does it matter? A credit reporting system is an integral part of a well-functioning credit market. Credit reporting systems help satisfy lenders' need for accurate, credible information that reduces the risk of lending and the cost of loan losses by providing a reliable indication of whether an applicant will repay a loan. The lack of credit information makes checking borrowers' credit history an onerous and uncertain process. This raises transaction costs for banks and, ultimately, increases the cost of credit to borrowers. Loans are made based on personal connections, not necessarily the likelihood of repayment.

Research suggests that bank risk is lower, while profitability is higher in countries where lenders share borrowers' information through credit bureaus and registries². Well-functioning credit reporting systems can help to reduce adverse selection and moral hazard, and contribute to both an expansion of credit and a reduction in lending costs by facilitating the adoption of lending technologies based on credit scoring models. The development of credit registries and bureaus is particularly important for smaller firms, given the more severe problems of information opacity and asymmetry in these cases.

In the Doing Business 2014 report, Pakistan scores a 4 (out of 6) on the depth of credit information index.

Both a private credit bureau and a public credit registry operate in Pakistan, the public credit registry covering 8% of adults and the private bureau only 2.1% of adults.

² Joel Houston, Chen Lin, Ping Lin, and Yue Ma, 2010. "Creditor rights, information sharing, and bank risk taking," *Journal of Financial Economics*, Volume 96, Issue 3, Pages 485–512, June.

The 2014 index scores are broken down as follows:

Depth of credit information index (0-6)	Private credit bureau	Public credit registry	Score
Are data on both firms and individuals distributed?	No	Yes	1
Are both positive and negative data distributed?	Yes	No	1
Does the registry distribute credit information from retailers or utility companies as well as financial institutions?	No	No	0
Are more than 2 years of historical credit information distributed?	Yes	No	1
Is data on all loans below 1% of income per capita distributed?	Yes	Yes	1
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?	No	No	0
Total score			4

Source: Doing Business database

Action Plan:

3.1 Enact the Credit Bureaus Act of 2014 (currently in Parliament), The main objective of legislation to enable sound credit reporting is to balance the ability of institutions to exchange credit information in the normal course of business while simultaneously protecting individuals' rights to privacy. Enacting the Credit Bureaus Act of 2014 will allow for such protections to be guaranteed and for a clear regulatory framework governing credit information to be put in place. The Credit Bureaus Act of 2014 includes certain good practices that are measured by the *Doing Business* indicators and will improve the credit information framework in Pakistan.

For example, borrowers will be guaranteed the right by law to inspect their data: Borrowers in Pakistan are currently not guaranteed the right to inspect their data by law. Providing such a right is good practice, as borrowers are not only able to rectify inconsistencies, in their own reports, but also act to solve issues (ex: unpaid accounts) listed in their records to improve their credit histories.

The draft Credit Bureaus Act 2014 Part VI Clause 16 allows provision of credit information reports to borrowers on written or electronic request. The Act also provides a chapter on consumer protection, including detailed rights of the borrower and a mechanism for dispute resolution related to the accuracy of credit information.

Other countries have also included such a right in their legislation: In 2012/13, China, Philippines, and Singapore all guaranteed borrowers' rights to their data. China, in its new Credit Information Industry Regulations, even guarantees such a right free of charge twice a year.

3.2 3.2 e-CIB system should collect and distribute credit information from retailers and/or utility companies; One effective way to expand the range of information distributed by credit registries is to include credit information from retailers and utility companies, such as electricity providers and mobile phone companies. Providing information on payment of electricity and phone bills can help establish a good credit history for those without previous bank loans or credit cards. This represents an important opportunity for including people without traditional banking relationships. Economies with 100% coverage include credit information from retailers and utility companies.

The draft Credit Bureaus Act 2014 allows for expansion of the scope of credit information to entities in addition to financial institutions, and the State Bank of Pakistan Consumer Protection Department is developing the mechanism for expansion of this scope.

Some countries have benefited from such an expansion in the scope of credit information being shared. As an example, in the United States DTE Energy, an electricity and natural gas company, began full reporting of customer payment data to credit bureaus. DTE customers with no prior credit history—8.1% of the total, according to a recent study—gained either a credit file or a credit score. And customers began to make payments to DTE a priority. Within 6 months DTE had 80,000 fewer accounts in arrears.

Today credit bureaus or registries in 57 economies around the world include credit information from sources other than banks. In these economies coverage of borrowers tends to be higher than in those where credit bureaus or registries do not include information from retailers or utility companies.

Including this information can be a challenge. Utilities and retailers are regulated by different institutions than financial companies are. They also might have to be convinced that the benefits of reporting bill payment outweigh the costs. While it is unlikely for a public credit registry to start receiving and distributing information from retailers and utilities, it is easier for a private credit bureau to do so. If the market allows it, and there is a benefit to the distribution of such information, it is recommended for the credit bureau in Pakistan to consider collecting and sharing additional sources of borrower information.

3.3 Submit a plan for the development of a credit-scoring system, The draft Credit Bureaus Act 2014 Part V Clause 15 (c) explicitly states that all credit bureaus may undertake credit scoring and sell such credit scoring to users. The clause in principle promotes a market for credit scores, which is an opportunity for private credit bureaus in particular.

Credit scores are considered more effective in predicting risk than credit histories alone and may improve market efficiency and provide borrowers with more opportunities to obtain credit. Their availability enables lenders that would otherwise not be capable of analyzing the raw credit data to extend credit to underserved markets at lower cost. It is important to note that credit scoring systems are often used in private credit bureaus, where their development is contingent on factors outside of a policymaker's authority.

B. Legal Rights of Creditors and Borrowers in Secured Transactions

Why does it matter? This section focuses on secured transactions and creditor's rights. In many developing countries, small and medium enterprises do not have access to land to use as collateral. However, they have moveable assets—such as machinery, inventory, accounts receivables, and equipment. The legal and institutional framework plays an important role in facilitating the use of such movable assets as collateral. Having to give up the possession of the asset to a creditor would disable the debtor from using the asset and depending on the asset, this could hamper the business's productivity and ability to operate. As a result, it is important to develop a legal system that would allow businesses to use all their moveable assets as collateral to secure loans without having to give up possession of those assets. This in turn may increase firms' likelihood of accessing credit and improve the terms of the credit.

Research suggests that an improved legal framework for collateral could contribute to:

- Increasing the level of credit: In countries where security interests over collateral are enforceable against third-parties based on a predictable priority system in cases of loan default, credit to the private sector as a percentage of gross domestic product averages 60 percent compared with only 30 percent to 32 percent on average for countries without these creditor protections³.
- Decreasing the cost of credit: In industrial countries, borrowers with collateral get nine times the level of credit given their cash flow compared to borrowers without collateral. They also benefit from longer repayment periods (11 times longer) and significantly lower interest rates (50 percent lower)⁴.
- Increased access to finance: Research found that in countries with registries for movable collaterals, the number of firms with access to bank finance increased on average by 8 percent and access to bank loans on average by 7 percent. These countries also showed lower interest rates and extension in loan maturity. The increase was even stronger for small firms, which often find it more difficult than bigger firms to access credit due to lack of fixed assets to be used as collateral⁵.

³ Investment Climate Advisory Services, *Secured Transactions Systems and Collateral Registries*, World Bank Group, January 2010.

⁴ Ibidem

⁵ Love, Inessa, Maria Soledad Martínez Peria and Sandeep Singh, 2013. "Collateral Registries for Movable Assets. Does Their Introduction Spur Firms' Access to Bank Finance?" Policy Research Working Paper n. 6477, The World Bank, June.

Pakistan scores a 6 (out of 10) on the Strength of legal rights index in the Doing Business 2014 report:

Strength of legal rights index (0-10)	Pakistan's Score
Can any business use movable assets as collateral while keeping possession of the assets; and any financial institution accept such assets as collateral ?	Yes
Does the law allow businesses to grant a non possessory security right in a single category of movable assets, without requiring a specific description of collateral?	Yes
Does the law allow businesses to grant a non possessory security right in substantially all of its assets, without requiring a specific description of collateral?	Yes
May a security right extend to future or after-acquired assets, and may it extend automatically to the products, proceeds or replacements of the original assets ?	Yes
Is a general description of debts and obligations permitted in collateral agreements; can all types of debts and obligations be secured between parties; and can the collateral agreement include a maximum amount for which the assets are encumbered?	No
Is a collateral registry in operation, that is unified geographically and by asset type, with an electronic database indexed by debtor's names?	No
Are secured creditors paid first (i.e. before tax claims and employee claims) when a debtor defaults outside an insolvency procedure?	No
Are secured creditors paid first (i.e. before tax claims and employee claims) when a business is liquidated?	No
Are secured creditors either not subject to an automatic stay on enforcement when a debtor enters a court-supervised reorganization procedure, or does the law provide secured creditors with grounds for relief from an automatic stay or/and sets a time limit to it?	Yes
Does the law allow parties to agree in a collateral agreement that the lender may enforce its security right out of court, at the time a security interest is created?	Yes
Total Score	6

Source: Doing Business database

Action Plan

3.4 Submit a draft of the Secured Transactions Law to the National Assembly that will address the gaps identified in the current legislation by including the following best practices:

- **Allow general description of collateral and debt in collateral agreements.** Currently, parties to a collateral agreement need to provide a full detailed description of the assets used as collateral both in the agreement and at the registry. The reviewed law should allow more flexibility regarding these types of agreements and in the registration process. For example, parties to a security agreement granting a security interest in the debtor's inventory could be allowed to describe the collateral using the term: "all

inventory”. The reviewed legislation should allow general descriptions of debt and obligations, for example, such that parties can use a particular asset to secure “all debts and obligations” between them.

- **Ensure that the priority scheme ranks secured creditors as high as possible, while respecting other critical national policy objectives.** It is critical that creditors or potential creditors of a business be able to determine, with a high degree of predictability, where their claims against the business will rank. Given the important role that secured creditors often play in providing credit to businesses, their claims should have the highest priority reasonably possible, both within and outside of insolvency procedures, unless other claims were registered before the secured creditor’s claim. Claims that rank ahead of secured creditors are likely to increase the cost, or limit the availability, of credit.

If secured creditors can predict their ranking vis-à-vis other types of creditors (including statutory creditors) with confidence, they will make credit available more easily and at a lower cost to the borrower. But when other types of creditors, such as the tax authority in the case of state income taxes, have priority over secured creditors—especially if they came into existence after the registration of the security interest—secured creditors will be less able to predict their level of risk. Providing secured creditors with the highest level of priority possible based on the “first in time, first in right” principle will encourage more credit to be available to entrepreneurs at a lower rate.

There may be broader or more important policy objectives served by ranking certain claims higher than those of secured creditors. If so, both the nature and the scope of these priority claims should be very clearly defined. Many countries achieve this by narrowly defining the class of claims that rank ahead of secured creditors and limiting the amount of money that can be paid under these prior-ranking claims. Similarly, in bankruptcy, there may be the need to temporarily stay or, in some cases subordinate, the claim of secured creditors to provide the borrower with the potential to restructure and continue as a going concern. Secured creditors should have priority over other creditors when the debtor is the subject of a collective procedure or bankruptcy.

The Secured Transactions Bill 2014 is incorporating these international best practices, subject to policy considerations that are specific to Pakistan. Specifically, regulations pertaining to financial institutions and LLCs are federal jurisdictions currently being managed by State Bank of Pakistan and Securities and Exchange Commission. Legislative actions pertaining to other types of businesses are provincial mandates that may be delegated to the federal level through the Council of Common Interest.

3.5 Establish an electronic secured transactions registry for the purpose of administering the Secured Transactions Act, 2015, including creation, perfection, registration, and enforcement

of security interests. Before accepting collateral, creditors need an effective way to find out whether the potential borrower has already granted a security interest in the collateral and, if so, what priority those rights have. Studies show that the impact of a new collateral registry can be economically significant. In economies with such reforms, the number of firms with access to bank finance increases by about 8% on average, with a 3 percentage point reduction in interest rates and a 6-month extension of the maturity of loans. The positive impact on smaller firms tends to be larger⁶. A central collateral registry following global best practices should have the following characteristics:

- It must cover any type of secured transaction, regardless of the type of debtor, creditor or assets
- It must be a notice-based registry. This type of registry has much lower administrative and archival costs than a document registry, which must register voluminous documentation and have specialists review the documents provided and the assets used as collateral.
- Secured creditors (or their representatives) should be able to register, search, amend and cancel security interests online. Information in the database should be updated immediately or no more than 24 hours after registration documents are submitted. And the registry should have a digital database for storing the information.

Given Pakistan’s constitutional realities, the collateral registry for LLCs is a federal jurisdiction currently being managed by Securities and Exchange Commission. The proposed collateral registry for other types of business is a provincial mandate that may be delegated to the federal level through the Council of Common Interest.

Modern secured transactions systems are aimed at ensuring that a prospective creditor can easily determine not only whether an asset has already been pledged as collateral but also whether there is some other type of right over that asset. Such rights might be established by legal instruments that are functional equivalents to security interests. In an integrated secured transactions system, these instruments are regulated under the same law as traditional security interests. This approach provides the greatest transparency and predictability—because all rights in collateral, whether traditional security interests or their functional equivalents are registered at the same registry, and the law will contemplate how priority rules apply across the different types of contracts.

⁶ Love, Inessa, María Soledad Martínez Pería and Sandeep Singh. 2013. “Collateral Registries for Movable Assets: Does Their Introduction Spur Firms’ Access to Bank Finance?” Policy Research Working Paper 6477, World Bank, Washington, DC.

4. Paying Taxes

Why does it matter? According to World Bank Enterprise Surveys covering 121 economies, in the majority of these economies businesses consider tax rates to be among the top 5 constraints to their business, and tax administration to be among the top 11⁷. Striking the right balance is therefore a great challenge for governments when designing tax policies. One way to encourage compliance and have an effective tax system is to keep rules as clear and simple as possible.

What does the indicator measure? The 'Paying Taxes' indicator records the taxes and mandatory contributions that a medium-size company must pay in a given year as well as measures of the administrative burden of paying taxes and contributions. The 'tax payments' indicator reflects the total number of taxes and contributions paid, the method of payment, the frequency of payment, the frequency of filing and the number of agencies involved for this standardized case study company during the second year of operation. The 'time' indicator is recorded in hours per year. The indicator measures the time taken to prepare, file and pay 3 major types of taxes and contributions: the corporate income tax, value added or sales tax, and labor taxes, including payroll taxes and social contributions. Preparation time includes the time to collect all information necessary to compute the tax payable and to calculate the amount payable. Lastly, the 'total tax rate' indicator measures the amount of taxes and mandatory contributions borne by the business in the second year of operation, expressed as a share of commercial profit.

Why does Pakistan rank low on paying taxes indicator? On paying taxes indicator of Doing Business, Pakistan ranks 166 (out of 189 countries), which is 14 points lower than the country's ranking of 124 (out of 181 countries) in 2009. This is primarily due to high number of payments and increased time it takes to pay taxes in a year. The firms in Pakistan are paying 47 tax payments in a year, which has remained constant since 2006. However, the total time it takes to prepare, file and pay taxes has increased from 560 hours during past five years to 577 hours in 2014, despite introduction of mandatory electronic filing and payment facility and tax payer facilitation services. This administrative burden of paying taxes is higher than in other South Asian and OECD countries. On the other hand, the total tax rate (% of profit) has decreased from 35.3% in 2012 to 34.7% in 2014 (see Tables 1 & 2).

Among different taxes paid by the firm in a year, payment of General Sales Tax (GST) takes most of the time (497 hours), followed by corporate tax and social security contributions (40 hours). The firms reported highest compliance time taken at the preparation stage as more details are required to be filed with GST returns, on monthly basis.

⁷ <http://www.enterprisesurveys.org/>.

Table 1: Pakistan's performance on paying taxes indicator – international comparison, 2014

Indicator	Pakistan	South Asia	OECD
Payments (number per year)	47	33	12
Time (hours per year)	577	328	175
Profit tax (%)	18.0	16.8	16.1
Labor tax and contributions (%)	15.1	9.0	23.1
Other taxes (%)	1.5	14.8	2.0
Total tax rate (% profit)	34.7	40.6	41.3

Source: Doing Business database

Table 2: Pakistan's performance on paying taxes indicator, 2009-2014

Year	Rank	Payments (number per year)	Time (hours per year)	Profit tax (%)	Labor tax and contributions (%)	Other taxes (%)	Total tax rate (% profit)
2009	124	47	560	..	..	..	28.9
2010	143	47	560	..	..	..	31.6
2011	145	47	560	..	..	..	31.6
2012	160	47	560	..	..	..	35.3
2013	166	47	560	17.9	15.1	2.3	35.3
2014	166	47	577	18	15.1	1.5	34.7

Source: Doing Business database

Table 3: Pakistan's performance on paying taxes indicator - by tax type, 2014

Tax or mandatory contribution	Payments (number)	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% profit)	Notes on TTR
Corporate income tax	5	40	35%	taxable profit	18.0	
Social security contributions	12	40	6%	gross salaries	6.8	
Pension contributions	12		5% or PKR 400 per employee per month	gross salaries	5.6	
Education cess	1		PKR 100 per month	per worker	2.7	
Property tax	1		18% (including 10% discount)	annual rental value of property	0.9	
Professional tax	1		PKR 10,000	fixed fee	0.4	

Tax or mandatory contribution	Payments (number)	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% profit)	Notes on TTR
Tax on interest	0		10%	Interest	0.3	Included in other taxes
Vehicle tax	1		Varies	fixed fee depending on type of vehicle	0.2	
Fuel tax	1		25%	included into fuel price	..	Small amount
Stamp duty	1		slab rate based on contract value		..	
Goods and sales tax (VAT)	12	497	17% before 1 July 2012 and 16% as of 1 July 2012	value added	...	Not included
Totals:	47	577			34.7	

Source: Doing Business database

Proposed action plan for Paying Taxes:

Modernize tax administration:

4.1 Complete risk criteria and improve data access, creating risk profiles to guide the scope and focus of taxpayer audits. Develop and refine taxpayer risk criteria for audits, based on data currently available while taking into account future data accessibility as a result of planned data integration. Develop a mechanism to review annually the effectiveness and relevance of risk model, criteria, and parameters. Ensure that taxpayer audit selection function is separate from the audit implementation function to avoid conflict of interest, targeting of taxpayers, and opportunities of corruption.

4.2 Modernize the tax administration along results oriented lines, including performance reporting and monitoring tools with KPIs. Further strengthen performance reporting, monitoring tools and procedures. Prepare an annual action plan including key performance indicators to be regularly assessed. The indicators and results should be reviewed annually with the aim of tracking performance and identifying areas for improvement.

Improve taxpayer compliance

4.3 Train, certify and regulate qualified tax accountants to help small enterprises with tax compliance Accountants can help small businesses prepare and file tax returns, support broadening the tax base, and foster a culture of paying taxes. Strengthening the level of trained and certified accountants and tax experts, can also improve human capital and create job opportunities. Developing and improving this area can have a positive effect on tax compliance and result into a more robust tax system with benefits for the businesses and administration.

4.4 Provide updated online tax compliance guides, and enhance capacity of staff at facilitation centers and PRAL to enable them to provide direct, personalized and timely guidance to taxpayers on how to comply with their obligations. In many cases, taxpayers want to comply but having difficulty doing so due to lack of information, confusion, or inaccessibility. Improving taxpayer services (by training and recruiting more staff) can be an effective method of widening the tax base as it provides support to taxpayers who seek to be compliant but are unable to due to the complexity of the system. Taxpayer service centers are an important channel of communication with the taxpayer, as well can be an opportunity for the tax administration to collect data on the challenges taxpayers are facing. Moreover, the availability of online guides (in English and Urdu) can be used by taxpayers anytime (without the restriction of seeking guidance in office hours).

4.5 Conduct a taxpayer perception and compliance survey to assess improvement from previous survey. By conducting a perception and compliance survey, it will help FBR estimate and analyze impact of already introduced tax reforms, and identify which procedures require immediate attention and have the potential largest impact on the tax payer. Such a survey would also measure the estimated cost of compliance based on private sector input. The survey will be an opportunity for FBR to signal to the private sector its intention to address the challenges taxpayers are currently facing from a private sector perspective.

4.6 Enhance human capacity (by providing training in the areas of Tax and IT and recruiting more staff) at the facilitation centers and PRAL (hotline and e-support), enabling them to provide direct, personalized and timely guidance to taxpayers on compliance.

4.7 Provide training to LTO, RTO (and PRAL) staff to improve taxpayer's knowledge and effectively use available data to monitor compliance and take informed actions.

Different taxpayer offices directly interact with the taxpayers. Providing them proper training at different levels will enable them to properly use available data about taxpayers to monitor compliance, and take informed administrative actions, e.g. issuing specific notices to noncompliant.

4.8 Introduce formal / legal mechanism to better coordinate tax (GST) filing deadlines. Complexity of tax regimes (e.g., lack of clarity of legal texts, diffusion of tax related matters in multiple legal texts, multiple tax rates, bases, filing requirements) appear to drive up tax compliance costs, create opportunities for discretion, and affect the tax base. Tax regulations and processes need to be continuously reviewed, clarified, and simplified, to make them more transparent and predictable to entrepreneurs, and more efficient to administer.

Process streamlining and system automation *(to reduce discretion, make it simpler, easier and quicker for both taxpayer and administrator)*

4.9 Review and streamline existing processes and forms to encourage tax compliance.

4.10 Expand tax portal capacity (to take load on due dates) and extend network connectivity across the country (99 office locations, in addition to existing 199) to help increase usage of WeBOC and IRIS systems.

4.11 Put in place WeBOC (for customs) across the country.

4.12 Review, simplify and streamline existing processes and forms (for both Income tax and Sales tax) to encourage tax compliance. (Note: for optimal automation results, review should be done prior to streamlining or in parallel)

The purpose of process simplification is to improve the efficiency, clarity, and standardization of tax processes in order to reduce compliance costs on the taxpayer and to improve the efficiency of FBR. This provides the administration an opportunity to review current processes, identify streamlining opportunities, and improve overall administration.

Process mapping and reengineering serves both as a diagnostics and implementation tool which provides a snapshot of the existing processes (e.g. filing, refunds, and registration) as they are currently being used and identifies ways to streamline and improve them.

For optimal automation results, streamlining should be done prior or in parallel coordination to planned IT solutions.

4.13 Complete the integration of end-to-end IT solution: IRS, which covers all business processes (registration, declaration, audit, recovery, refunds, appeals) for inland revenue -- income and sales tax. The system should be ready for timely launch every year for filing. IRS, which covers all business processes (registration, declaration, audit, recovery, refunds, appeals) for inland revenue -- income and sales tax, should be ready for timely launch every year for tax filing.

4.14 Establishment of Data Warehouse and business intelligence system to better inform policy decisions

4.15 Develop protocols, roles and responsibilities for data sharing and process coordination between federal and provincial tax authorities.

4.16 Widening data collection to include 3rd party data sources.

System automation and data integration are key elements of any tax administration. However, automation alone cannot be a single solution to underlying legal, procedural, or administrative challenges faced by the administration. The planned roll-out of IT automation is a good opportunity to review and streamline existing procedures, as the tax rules, permissions, and administrative requirements will all be inputs of the new automated systems.

4.17 Re-construction of a state of the art Data Centre, as existing centers will be out of warranty by June 30, 2016.

5. Trading Across Borders

Why does it matter? Outdated and inefficient border procedures, inadequate infrastructure and lack of reliable logistics services often mean high transactions costs and significant impediments to trade. Complicated border processes and bureaucratic bottlenecks hinder economic growth considerably by reducing access to global markets. This is a particular problem in developing economies. The more costly and time consuming it is to export or import, the more difficult it is for local companies to be competitive and to reach international markets. Facilitating trade is therefore a natural concern for policy makers.

What does the indicator measure? The *Doing Business* measures the time and cost (excluding tariffs) associated with exporting and importing a standardized cargo of goods by sea transportation. The time and cost necessary to complete every official procedure for exporting and importing the goods are recorded; however, the time and cost for sea transport are not included. All documents needed by the trader to export or import the goods across the border are also recorded.

Indicator	Pakistan	South Asia	OECD
Documents to export (number)	8	8	4
Time to export (days)	21	33	11
Cost to export (US\$ per container)	660	1,787	1,070
Documents to import (number)	8	10	4
Time to import (days)	18	34	10
Cost to import (US\$ per container)	725	1,968	1,090

Source: Doing Business database

Nature of Procedures	Import		Export	
	Duration (days)	US\$ Cost	Duration (days)	US\$ Cost
Documents preparation	11	110	11	155
Customs clearance and technical control	3	200	2	220
Ports and terminal handling	3	150	3	150
Inland transportation and handling	4	200	2	200
Totals	21	660	18	725

Export documents	Import documents
Bill of lading	Bill of lading
Certificate of Origin	Certificate of Origin
Commercial invoice	Commercial invoice
Customs export declaration	Customs import declaration
E-form (foreign exchange authorization)	Delivery order
Insurance certificate	Gate pass (cargo release order)
Packing List	Insurance certificate
Pre-shipment inspection report	Packing list

Source: Doing Business database

Action Plan for Trading Across Borders

Although, with the implementation and roll out of Web Based One Customs (WeBOC) clearance system at the sea ports, there has been some significant reduction in dwell time for importing/exporting cargo across borders, there are still certain bottlenecks which hamper trade and increase the cost of doing business. The following measures are, therefore, proposed to reduce dwell time of doing business

5.1 Integrate and Connect to the WeBOC system additional regulatory bodies such as State Bank of Pakistan, , National Tarriff Commission, Drug Regulatory Authority, Ministry of Commerce, Ministry of Interior, and the Plant and Animal Quarantine Department.

Regulatory bodies such as State bank of Pakistan, Plant Protection, National Tariff Commission, Drug Regulatory Authority, Animal Quarantine Department, Ministry of Commerce, and Ministry of Interior are currently not integrated into the WeBOC system which increases the number of documents which are required by Customs for clearance of import/export consignments. In fact, this issue has a cross cutting impact on the time as well as costs associated with exporting and importing a standardized cargo transported by sea.

It is therefore, imperative that the regulatory bodies should be integrated with the Customs' automated clearance system obviously aimed at reducing cost, effort and dwell time.

Per the World Bank Group recent report on the international best practices when it comes to trading across borders, the economies with the most efficient trading environments share common features. They allow traders to exchange information with customs and other control agencies electronically.

If implemented effectively, such a system saves precious time and money. It can also reduce interactions with officials, which means fewer opportunities for corruption. But introducing an electronic system often requires governments to enact legislation on electronic signatures and transactions. Otherwise it can lead to redundancy and delays, requiring paper submission of signed documents after they have been filed electronically. For small and low-income economies the infrastructure and training costs of implementing such systems can be onerous—and meaningful effects for local traders may take time to materialize.

Exchange of customs data and harmonization of customs procedures are important pillars of many regional communities, and electronic data interchange systems can support these regional integration initiatives. In Central America the International Goods in Transit (TIM) system harmonizes previously cumbersome procedures in a single document to manage the movement of goods across 9 economies. At some border locations this has reduced clearance times for goods in transit by up to 90%⁸. But linking 2 or more information technology systems through a common interface is not always easy. Integrating Kenya's Simba system with Uganda's ASYCUDA++ through the development of the Revenue Authorities Digital Data Exchange (RADDEX) system has taken several years and does not yet cover all trade between the 2 countries. Expanding this system to the rest of the East African Community also remains an ongoing challenge.

⁸ Sarmiento, Alvaro, Krista Lucenti and Aurelio Garcia. 2010. "Automating the Control of Goods in International Transit in Goods: Implementing the TIM in Central America." IFC Smart Lessons, World Bank Group, Washington, DC

Today 83% of economies around the world allow traders to submit at least some of their export and import declarations, manifests and other trade-related documents to customs authorities electronically—though many of these systems are not linked to the internet and others still require hard copies. Across economies, regardless of income level, allowing electronic submission and processing of customs-related documents has been one of the most common and effective ways to reduce delays in the trading process. Statistics from the Pakistan government show how large the effect can be. Before Pakistan implemented its electronic system in 2006, only 4% of goods were cleared within a day; for a quarter of the goods, clearance took more than 6 days. By 2008, 93% of goods were cleared within a day⁹.

Over the past 9 years, 119 economies have introduced or improved such systems, with 9 doing so in 2012/13. Today traders can submit all trade documents electronically in more than half of OECD high-income economies with no need to provide hard copies. In Sub-Saharan Africa and Eastern Europe and Central Asia, by contrast, most economies that have electronic systems still require traders to submit hard copies.

5.2 Introduce non-intrusive cargo inspection techniques, Around 40% of imports 10% of exports are currently marked for detailed physical inspection. These physical inspections are time consuming as well as enhance the costs incurred by the traders in terms of port's handling charges. In case of export consignments, sometimes the cargo is shut out on account of such examinations. Moreover, the geo graphic location of Pakistan also makes it vulnerable as a conduit point for narcotics smuggling. The Government of Pakistan has established a specialized agency, the ANF which operates independent of Customs. Although it has been given access to Customs automated system for random examinations of import as well as export consignments, it has been observed that ANF uses antiquated methods for examining goods and hardly resorts to modern methods such as cultivation of information, frisking and inspection through scanners. A similar approach is led by the Pakistan Customs. Frequent use of scanners for non-intrusive inspection will reduce cost as well as time. To that end, it is imperative that the scanning is done through risk management system, in case of imported cargo.

5.3 Implement a robust risk management system at the new Directorate set up for this purpose. The risk management system is the most important aspect of any automated cargo clearance system. An up to date and efficient risk based criteria not only reduces the dwell time for cargo clearance but also reduces the number of physical examinations. Any Customs administration can work efficiently by putting in place the mechanism of inspection/examination of goods based on risk management system.

⁹ Ahmad, Manzoor. 2010. "Reforming Customs Clearance in Pakistan." Investment Climate in Practice series, no. 9, Investment Climate Advisory Services, World Bank Group, Washington, DC.

The Government of Pakistan has approved and set up a Directorate dealing with the Risk Management System. Requisite human resource has been placed at the disposal of the Directorate. However, to make it fully operational, development of human resource and provision of necessary infrastructure will be required. The improvement of risk management system will have a significant bearing on reducing the costs and time associated with cargo movement as it would reduce delays.

Over the years customs administrations around the world, working in tandem with other border control agencies, have developed systems for establishing risk profiles that allow them to apply physical inspections in proportion to the potential risk of consignments. Investing in equipment is another way to help expedite the processing of cargo. Many economies have adopted the use of scanners to limit the need to physically open containers. But in some economies the use of scanners has led to further delays because customs agents scan all containers. And mandatory scanning fees have added costs for traders. Efficient use of scanners in conjunction with risk-based profiling can strike the right balance in inspection, contributing to the efficiency of the trade process.

Risk-based inspections are the norm in OECD high-income economies. They are also becoming increasingly common elsewhere. Today 134 economies use risk-based inspections. Among these economies, 49 have introduced or improved a risk-based system since 2006, 32 of them low- or lower-middle-income economies.

Exporters in Mauritania are among those who are seeing a difference. They are benefiting from the country's new risk-based inspection system and scanners introduced through 2012. Inspections have therefore hastened, as has the time required for containers to be delivered at the port prior to shipping. In the end, average export customs clearance time has been reduced by 2 days in 2012/13.

5.4 Submit a plan for Implement a Single Window for customs clearance where shipping lines, transporters, and regulatory agencies are interconnected.

5.5 Implement a Single Window for customs clearance where shipping lines, transporters, regulatory agencies are interconnected. The Single Window for Foreign Trade, in concept stage of development by FBR, is a computer tool for the electronic processing of prior authorizations, permits, certifications or approval required by the various government bodies to carry out import and export operations. Singapore's TRADENET is a brilliant example to be replicated where they have a Cobweb (network) of all stakeholders connected through automated system. The TRADENET is a nation-wide Electronic Data Interchange (EDI) which allows various parties from the public and private sectors to exchange structured trade messages and information electronically. It is a single platform for country's trade and logistics community.

According to Doing Business, today 71 economies around the world have implemented single-window systems of varying complexity. Developing economies are increasingly interested in such systems. Colombia and Senegal have both implemented single-window systems, though achieving complete functionality is an ongoing process. El Salvador set up a single window linking customs, government ministries and tax and social security authorities. This cut the number of documents traders need to submit by 2¹⁰.

The single-window system is being embraced by regional communities. The 10 member nations of the Association of Southeast Asian Nations (ASEAN) have set an ambitious goal of establishing an ASEAN-wide single window. Plans call for integrating members' national single windows so that a single submission of data and information suffices for the entire ASEAN region.

Several economies have reported positive results from the implementation of single-window systems. The Korea Customs Service estimates that the introduction of its single-window system brought some \$18 million in benefits in 2010, part of the overall economic benefits that year of up to \$3.47 billion from the agency's trade facilitation efforts¹¹. Indeed, for Korean-based companies such as Samsung and LG, global leaders in the electronics industry, achieving rapid and predictable turnaround times is an important part of their competitiveness strategies.

In Singapore the implementation of a single window led to big gains in government productivity. The government established the world's first national single window for trade (TradeNet) in 1989, bringing together more than 35 border agencies. Thanks to such initiatives, today TradeNet handles more than 30,000 declarations a day, processes 99% of permits in 10 minutes and receives all collections through interbank deductions¹².

5.6 Submit a plan for improving the port infrastructure in Karachi

5.7 Improve the port infrastructure in Karachi, Currently, the port infrastructures require major improvements in terms of efficient cargo handling after the vessel's berthing. Due to space congestions at the ports, clearance times are long. It is recommended to investment in both physical and human resources.

5.8 Improve the capacity of KPT staff, Currently, Sea ports which are privately owned and operated have established Customer Service Centers where an importer can lodge all documents and pay the port and allied documentation charges and get the delivery of his

¹⁰ World Bank. 2008b. Doing Business 2009: Comparing Regulation in 181 Economies. Washington, DC: World Bank Group.

¹¹ Korea Customs Service. 2011. The Embodiment of Business-Friendly Environment by KCS Challenges. Seoul.

¹² Singapore Customs Service. 2007. Annual Report 2006/07. Singapore. <http://www.customs.gov.sg/>.

cargo, but at Ports which are Government owned, there is huge scope of improvement in terms of physical as well as IT infrastructure.

5.9 Develop a WeBOC module for commercial banks to issue Form 'E' (Foreign Exchange)

Although the WeBOC Automated System has been rolled out to the KPT area, there is scope for improvement in processes and procedures to reduce time and cost to trade for cargo clearance. The KPT authorities have been sensitized about these issues and corrective measures are being taken, albeit, at a very slow pace.

6. Enforcing Contracts

Why does it matter? Effective commercial dispute resolution has many benefits. Courts are essential for entrepreneurs because they interpret the rules of the market and protect economic rights. Efficient and transparent courts encourage new business relationships because businesses know they can rely on the courts if a new customer fails to pay. Speedy trials are essential for small enterprises, which may lack the resources to stay in business while awaiting the outcome of a long court dispute.

What does the indicator measure? Doing Business measures the time, cost and procedural complexity of resolving a commercial lawsuit between 2 domestic businesses (figure 1). The dispute involves the breach of a sales contract worth twice the income per capita of the economy. The case study assumes that the court hears arguments on the merits and that an expert provides an opinion on the quality of the goods in dispute. This distinguishes the case from simple debt enforcement. The time, cost and procedures are measured from the perspective of an entrepreneur (the plaintiff) pursuing the standardized case through local courts.

Indicator	Pakistan	South Asia	OECD
Time (days)	976	1,075	529
Cost (% of claim)	23.8	27.7	21.0
Procedures (number)	46	43	31

Source: Doing Business database

	Time (days)
Filing and service	96
Trial and judgment	580
Enforcement of judgment	300
	Cost (% of claim)
Attorney cost	16.7
Court cost	5.9
Enforcement cost	1.2
	Procedures (number)
Total	46

Source: Doing Business database.

Action Plan

6.1: Implement commercial benches at district and superior courts. According to Doing Business, ninety of the 189 economies covered by the report have a specialized commercial jurisdiction. Commercial courts are a proven factor for facilitating efficient commercial dispute resolution, mainly due to the expert knowledge brought about by specialized judges. While some economies dispose of separate commercial courts, the benefits of a specialized jurisdiction can be obtained without new infrastructure or a separate rules framework. Court organization allowing one or more judges to exclusively deal with commercial-type matters in itself can provide the level of commitment necessary to effectively address the need for swift and expert dispute resolution in particular demand in the private sector. The competency of a specialized jurisdiction typically includes all type of commercial or merchant dispute where the gains from judicial expert knowledge can be expected. Often times its implementation merely requires reorganization at the assignment level for incoming cases, with only low budget implications.

6.2: Enact amendments in the Contract Act of 1872, Specific Relief Act of 1877, Civil Procedure Code of 1908, the Court Rules of all the respective courts, and the Arbitration Act of 1940. The updating of laws is critically overdue (e.g. Contract Act is from 1872, Civil Procedure Code is from 1908, and the Arbitration Act is from 1940), especially for mediation to work effectively and to promote a culture of effective legislation. Since the judiciary is one of the users and interpreters of laws, it would be useful to include representatives of the judiciary and also the Bar Association in the multi-disciplinary teams that will be responsible for proposing and amending laws. Since Action 4 also recommends updating the court rules of all corresponding commercial courts, it is important that judges and court administrators (registrars) are part of this law reform process

6.3: Develop a case Management system. It is important that budget allocation is guaranteed or secured for this policy court to be implemented. International experience indicates that such a reform is cumbersome and resisted by all stakeholders and requires concerted efforts to make even the simple process of case identification sustainable.

Judicial case management involves monitoring and managing cases in the court docket from the filing of the claim until judgment is rendered. It has proved to be an effective tool for reducing procedural delays at court and for monitoring the performance of judges and court officers. By analyzing court workloads, case management systems can help predict trends and allocate resources strategically. Case management can be particularly successful when courts are computerized and when support functions—such as electronic filing, case tracking, document management, deadline reminders and scheduling of hearings—are performed automatically.

6.4 Ongoing capacity building and training of court staff through an access to justice program. International experience indicates that such actions are resource demanding and have to be deployed earlier on in the reform process and continued throughout. It is also important that judges and other professionals (e.g. IT experts) are part of the capacity support as new practices have to be introduced by all actors engaged in the process, not just support staff. In

view of this, it is important to indicate the amount of resources to be allocated from the “access to justice program”, as it is not clear who will be funding and managing this program.

As part of the capacity development effort, there is also a need to organize peer-to-peer learning and knowledge-sharing activities for the judiciary of Pakistan in order to facilitate change. These workshops should enable international good practice countries and Pakistan judiciary leaders to share their experience and learn from their peers about ‘how to do it’ so as to improve the Doing Business climate in their respective countries. Resource persons from the World Bank’s Doing Business, reform experts, and top performers and reformers from countries in the region (as well as from global top-ranked countries) should be invited to share their knowledge. These learning workshops should focus on four areas of business regulation and investment: contract enforcement, access to credit, property registration, and insolvency, as well as general aspects of reform implementation, such as political economy of reform and the role the private sector should play in driving reform agenda.

6.5 Enact administrative and legal rules to institute discipline and discourage dilatory tactics:

The proposal to amend court rules to institute discipline is a critical task and should therefore be assigned a “very high” impact label. However some legislative amendments may be needed whereby ethical standards are made stronger to ensure compliance by judges, lawyers, and parties.