

100 DAYS TO EXCELLENCE IN DOING BUSINESS REFORMS-TILL FEBRUARY 15,2018

1. Starting a Business
2. Dealing with Construction Permits
3. Registering Property
4. Paying Taxes
5. Getting Credit
6. Trading Across Border
7. Getting Electricity

Summary of Proposed Reforms

Indicator	Summary	Impact*
Starting a business	<p>Scenario 76: further consolidate procedures to 3</p> <p>Scenario 94: Karachi and Lahore: consolidate 12 procedures down to 4, time - from 17.5 to 8 days</p>	<p>Scenario 76: further DTF increase to 94.23, rank – to 21</p> <p>Scenario 94, DTF: increase from 78.61 to 92.76. Rank: improves from 142 to 32</p>
Dealing with construction permits	<p>Scenario 76: further deduce time, to 143 days (Karachi) and 123 days (Lahore), increase Quality index in Lahore by 1.5 by improving inspections and liability regimes</p> <p>Scenario 94: Streamline and cut procedures to reduce time: from 260 to 178 days (Karachi), from 266 days to 168 (Lahore)</p>	<p>Scenario 76: further DTF increase to 69.55, rank – to 76</p> <p>Scenario 94: DTF increase from 59.72 to 66.03 rank – from 141 to 109</p>
Registering property	<p>Scenario 76: further reduce time to 50 days (Karachi). Increase transparency of information index to 6, finalize electronic database for checking for encumbrances, increase transparency of information index to 6</p> <p>Scenario 94: Streamline and cut procedures to reduce days: from 208 to 104 (Karachi), from 56 days to 28 (Lahore), improve Quality of the land administration index by 1.5 points</p>	<p>Scenario 76: further DTF increase to 61.06, rank – to 99</p> <p>Scenario 94: DTF increase from 41.41 to 53.09, rank from 170 to 130</p>

Summary of Proposed Reforms

Indicator	Summary	Impact*
Paying taxes	<p>Scenario 76: additionally decrease time to obtain VAT refund from 79 to 20 weeks</p> <p>Scenario 94: Karachi and Lahore: reduce payments from 47 to 14</p>	<p>Scenario 76: further DTF increase to 65.95, rank - to 121</p> <p>Scenario 94: DTF increase from to 46.43 to 61.73, rank – from 172 to 136</p>
Getting credit	<p>Scenario 76: Karachi and Lahore, increase the Strength of legal rights index from 2 to 12, create and operationalize a unified collateral registry</p> <p>Scenario 94: Karachi and Lahore, increase the Strength of legal rights index from 2 to 8, create and operationalize a unified collateral registry</p>	<p>Scenario 76: further DTF increase from 45 to 95, rank – to 2</p> <p>Scenario 94: DTF increase from 45 to 75, rank – from 105 to 29</p>
Trading across borders	<p>Scenario 76: additionally reduce hours to prepare import/export documents from 55 to 40 (export) from 143 to 90 (import) through expansion of electronic document exchanges</p> <p>Scenario 94: Karachi and Lahore: reduce clearance time at the border by 50%;</p>	<p>Scenario 76: further DTF increase to 51.66, rank – to 160</p> <p>Scenario 94: DTF increase from 41.94 to 47.96, rank – from 171 to 163</p>
Getting Electricity	<p>Scenario 94: Reduce number of days for connection in Lahore (117 to 90 days) and Karachi (215 to 190 days)</p>	<p>Scenario 94: DTF increase from to 60 to 81, rank – from 167 to 118</p>

Reforms Dashboard

Starting a Business

- ✓ Obtain pin for company registration – 0.5 days, online procedure
- ✓ Complete name reservation online and registration for federal and provincial formalities – 7 days, online procedure
- ✓ Pay incorporation fees – 0.5 days, online procedure

Construction Permits Karachi

- ✓ Binding service standards
- ✓ De-notify EPA NOC for warehouse construction
- ✓ Reduce time for water and sewerage connection
- ✓ One Window Operation at SBCA
- ✓ Link SBCA system with Sindh Land Record System
- ✓ Reduce time to obtain building permit and completion certificate

Construction Permits Lahore

- ✓ Harmonized bye-laws and binding service standards
- ✓ Implement EPA NOC de-notification
- ✓ Online construction permits for warehouse availability at e-khidmat centers
- ✓ Reduce time to obtain building permit completion certificate

Property Registration Karachi

- ✓ Binding service standards
- ✓ Online property registration statistics
- ✓ Standardized sale deeds
- ✓ Complete automation of property registration
- ✓ Digitization of records to expedite *execution and registration*
- ✓ Increase transparency of information

Reforms Dashboard

Property Registration Lahore

- ✓ Binding service standards
- ✓ Online property registration statistics
- ✓ Standardized sale deeds
- ✓ De-notify newspapers advertisement requirement
- ✓ Increase transparency of information

Paying Taxes

- ✓ Allow online payments to reduce numbers from 47 to 14
- ✓ Online mandatory pension contributions (reduce 12 to 1)
- ✓ Online social security contributions (reduce 12 to 1)
- ✓ Online GST (reduce 12 to 1)
- ✓ Reduce time to obtain VAT refund from 79 to 20 weeks

Getting Credit

- ✓ Strength of legal rights index (0-12):

Getting Electricity

- ✓ Reduce overall connection time in Karachi and Lahore
- ✓ Reduce number of outages to improve the Quality Index from 0 to 5

Trading Across Borders

- ✓ E-payments of duty, taxes and all other charges using internet, ATM and mobile phones applications
- ✓ Integrate WeBOC with Plant Protection Department and Animal Quarantine Department
- ✓ Reduce time to prepare trade documents and expand electronic document exchanges

INDICATORS LEVEL REFORMS

STARTING A BUSINESS IN PAKISTAN-CURRENT STATUS

	Pakistan	Karachi	Lahore
Time (days)	17.5	17.5	17.5
Cost (% of income per capita)	7.6	7.6	7.6
Procedures (number)	12	12	12
DTF Score DB18*	78.61	78.61	78.61
Ranking DB18*	142	-	-

NB: DB 2018 separately measures business start up for men and women, data for Pakistan shows that conditions for business start up are the same for men and women

Increase in Distance to Frontier score from 77.86 to 78.61 due to reform:



- ✓ *“Pakistan made starting a business easier by replacing the need to obtain a digital signature for company incorporation with a less costly personal identification number. This change applies to both Karachi and Lahore.”*

RECOMMENDATIONS FOR LAHORE AND KARACHI: REDUCE 12 PROCEDURES DOWN TO 3, TIME - FROM 17.5 TO 8 DAYS.

Procedures		Recommendation
1	Reserve a company name online in SECP (e-portal) via the Securities and Exchange Commission of Pakistan (SECP) E-services website	Merge with procedure 4 (online registration) (SECP)
2	Pay the name reservation and company incorporation fees at the MCB Bank	Online procedure
3	Obtain PIN for company registration	Done, electronic procedure, 0.5 day
4	Complete online registration on the Securities & Exchange Commission of Pakistan (SECP) e-portal	Merge with procedure 1 (name reservation)
5	Open a bank account for tax registration	Removing the procedure of from business start up requirements (SECP, Provincial Governments, FBR)
6	Apply for a national tax number (NTN) and register for income tax	Merge procedures 6 and 7 (Launch integrated Provincial Business Registration Portals with Virtual One Stop Shop) ←
7	Apply for a Sales Tax Number (STN) at the tax facilitation center of the Regional Tax Office (RTO) of the Federal Board of Revenue (FBR)	(SECP, Provincial Governments, FBR)
8	Register for Professional Tax with & Taxation Department of the District	Remove procedure from business start up requirements (SECP, Provincial Governments, FBR)
9	Register with the Punjab/Sindh Employees Social Security Institution (SESSI/PESSI)	Remove procedure from business start up requirements (SECP, Provincial Governments, FBR)
10	Register with Employees Old-Age Benefits Institution (EOBI)	Remove procedure from business start up requirements (SECP, Provincial Governments, FBR)
11	Register under the West Pakistan Shops and Establishment Ordinance 1969 with the Labor Department of the District	Remove procedure from business start up requirements (SECP, Provincial Governments, FBR)
12	Register the appointed CEO with SECP	Remove procedure from business start up requirements (SECP, Provincial Governments, FBR)

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STARTING A BUSINESS: INDICATIVE DTF AND RANKING DB 2019-IMPACT

Scenarios	DB 2019 DTF	DB 2019 Ranking
Scenario 76 (Optimal)	94.23	21
Scenario 94 (2 nd best)	92.76	32
Scenario Drop		

Scenario 76

Additional reforms: further consolidation of procedures upon integration of SECP e-registration system and Provincial portals, post-reform procedure list is as follows:

- ✓ Obtain pin for company registration – 0.5 days, online procedure
- ✓ Complete name reservation online and registration for federal and provincial formalities – 7 days, online procedure
- ✓ Pay incorporation fees – 0.5 days, online procedure



**CRITICAL
by December 31**

**Launch Punjab
Business Registration
Portal**

**Launch Sindh Business
Registration Portal**

DEALING WITH CONSTRUCTION PERMITS IN PAKISTAN DB

2018-CURRENT STATUS

	Pakistan	Karachi	Lahore
Time (days)	264.2	260	266
Cost (%) of warehouse value	7	8.5	3.0
Procedures (number) DB17	15	15	15
Building quality control index (0-15)	12	12.5	11.0
DTF Score DB18	59.72	58.30	62.35
Ranking DB18	141	-	-

- ✓ Increase of Distance to Frontier score increase from 59.22 to 59.72 due to positive data correction in Lahore: reduction of days to arrange for the final inspection from 7 to 1.

CONSTRUCTION PERMITTING IN KARACHI: REDUCE TIME FROM 260 TO 178 DAYS

Scenario 94

1. Establish and publicize binding service standards for all relevant authorities in charge of procedures (**Sindh Building Control Authority**)
2. Replace procedure 3 *File an environmental checklist with the Environmental Protection Agency* (30 days) with a notification (1 day) – 29 days time reduction (**SBCA**)
3. Expediting procedure 12 *Request water and sewerage connection* from 60 to 20 days – 40 days time reduction (Karachi Water and Sewerage Board)
4. Establishment of One Window Operation at SBCA, including enabling electronic submission of applications (**SBCA**)
5. Link SBCA system (currently under development) with Sindh LRIMS to expedite procedure 1 *Obtain letter from the relevant land owning authority confirming the land title* from 14 to 1 days Overall reduction of days – 13 days time reduction (**Sindh Board of Revenue and SBCA**)

Scenario 76

6. **Additional reforms:** reduce the time to obtain building permit from 60 to 40 days, reduce time to issue completion certificate from 45 to 30 days (overall time – 143 days) (**SBCA**)

CONSTRUCTION PERMITTING IN LAHORE: REDUCE TIME FROM 266 DAYS TO 168



Scenario 94

1. Complete and publish standardized bye-laws between Lahore Development Authority and Local Government/Metropolitan Corporation Lahore, including time, cost and number of procedures (LDA and MCL)
2. Ensure implementation and dissemination of Environment Protection Agency (EPA) de-notification of the requirement for obtaining NOC (105 days) to construct non-hazardous and non-toxic DB case study type warehouses. Replace with a notification, time reduction from 105 to 7 days. Notification has been issued in May, 2017 (EPA, LDA and MCL)
3. Online construction permits for warehouse availability at e-khidmat centers in Punjab (MCL)

Scenario 76

4. **Additional reforms:** reduce the time to obtain building permit from 60 to 40 days, reduce time to issue completion certificate from 60 to 40 days (overall time 128 days), ensure that final inspections always take place in practice, improve liability and insurance regimes (LDA and MCL)

CONSTRUCTION PERMITTING: INDICATIVE DTF AND RANKING DB 2019-IMPACT

Scenarios	DB 2019 DTF	DB 2019 Ranking
Scenario 76 (Optimal)	69.55	76
Scenario 94 (2 nd best)	66.03	109
Scenario Drop		

REGISTERING PROPERTY IN PAKISTAN DB 2018-CURRENT STAUTS

	Pakistan	Karachi	Lahore
Procedures (number)	7.7	8	7
Time (days)	155	208	56
Cost (% of property value)	4.6	4.2	5.2
Quality of land administration index (0-30)	6.8	6.0	10.5
DTF Score*	41.41	33.59	55.95
Ranking DB18	170	-	-

- ✓ Increase of DTF score from 40.7 to 41.41 due to reforms: Karachi improved the transparency of the land registration process by publishing online the fee schedule and the list of documents necessary to complete any property registration. Lahore also improved the transparency of information

REGISTERING PROPERTY IN KARACHI: REDUCE DAYS FROM 208 TO 104

Scenario 94

1. Adopt binding service standards, independent complains resolution mechanism and feedback loops for ensuring quality of services (Sindh BOR, District Registrar)
2. Make property registration statistics available online (Sindh BOR, District Registrar)
3. Introduce standardized sale deeds and make it available online (Sindh BOR, District Registrar)
4. Complete automation of processes for registering property including online verification of title search and make the information publicly available to increase transparency (Sindh BOR, District Registrar)
5. Digitization of records to expedite procedure *7 Execution and registration of the deed before the registration authority*, per DB it takes 6 months. Completed but DB team has not recognized it. Dissemination (Sindh BOR, District Registrar)

Scenario 76

6. **Additional reforms:** Increase transparency of information index to 6, finalize *electronic database for checking for encumbrances*, further reduce time for *the Execution and registration of the deed before the registration authority* to bring overall time to 50 days (Sindh BOR)

REGISTERING PROPERTY IN LAHORE: REDUCE DAYS FROM 56 TO 28



Scenario 94

1. Notify binding service standards (this measure will improve procedure 6 - *Execution and registration of a deed before the registration authority* - and reduce days from 38 to 18 days) (Punjab Land Records Authority)
2. Develop an independent complains resolution mechanism (PLRA)
3. Publish property registration statistics online (PLRA)
4. Develop standardized sale deeds (PLRA)
5. Removing procedure 2: *Advertisement of a transaction in newspapers and inviting objections* (8 days); by issuing Notification stating that advertisement in newspapers is neither a legal requirement nor will it be accepted for property transfer applications (PLRA)

Scenario 76

1. Additional reforms: increase transparency of information index to 6

REGISTERING PROPERTY: INDICATIVE DTF AND RANKING DB 2019-IMPACT

Scenarios	DB 2019 DTF	DB 2019 Ranking
Scenario 76 (Optimal)	61.06	99
Scenario 94 (2 nd best)	53.09	130
Scenario Drop		

PAYING TAXES – PAKISTAN’S PERFORMANCE DB 2018- CURRENT STATUS

Indicator	Pakistan	Lahore	Karachi
Payments (number per year)	47	47	47
Time (hours per year)	311.5	311.5	311.5
Total tax and contribution rate (% of profit)	33.8	33.8	33.8
Post-filing index (0-100)	10.49	10.49	10.49
DTF score	46.43	46.43	46.43
DB 18 rank	172	-	-

PAYING TAXES: REDUCE PAYMENTS FROM 47 TO 14



Scenario 94

1. Reduce a total number of payments from 47 to 14 by implementing e-payments (per DB methodology e-payments count as 1 per year):
 - a. mandatory pension contributions (reduction from 12 to 1 payments) (EOBI)
 - b. social security contributions (reduction from 12 to 1 payments) (Punjab/Sindh Social Security Institutions)
 - c. general sales tax on services (FBR, PRA, SRB)
- ✓ The reductions would reduce hours from 40 to approximately 20 for social/pension payments and for GST, leading to the overall reduction of time from 311.5 to 272
- ✓ FBR can collect pension and social security payments through their already existing infrastructure tomorrow. It requires inter-agency MOUs and some programming. Russia developed the system in one month

Scenario 76

2. Additional reforms: decrease time to obtain VAT refund from 79 to 20 weeks

PAYING TAXES: INDICATIVE DTF AND RANKING DB 2019-IMPACT

Scenarios	DB 2019 DTF	DB 2019 Ranking
Scenario 76 (Optimal)	65.95	121
Scenario 94 (2 nd best)	61.73	136
Scenario Drop		

GETTING CREDIT IN PAKISTAN – DB 2018-CURRENT STATUS

Indicator	Score
Strength of legal rights index (0-12)	2
Depth of credit information index (0-8)	7
Credit registry coverage (% of adults)	9.9
Credit bureau coverage (% of adults)	6.7
DB 2018 rank	105
DTF	45



Medium-term reforms:

- ✓ Create a modern secured lending regime and revise Secured Transactions Act and Regulations to increase the Strength of legal rights index from 2 to 12 (see next slide)
- ✓ Create and operationalize a unified collateral registry

GETTING CREDIT IN PAKISTAN – DB 2018 (STATE BANK OF PAKISTAN)

Strength of legal rights index (0-12): Change NOs to YES (highlighted in blue)	2
Does an integrated or unified legal framework for secured transactions that extends to the creation, publicity and enforcement of functional equivalents to security interests in movable assets exist in the economy?	No
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 does it extend automatically to the products, proceeds or replacements of the original assets?	No
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 for both incorporated and non-incorporated entities, that is unified geographically and by asset type, with an electronic database indexed by debtor's name?	No
Does a notice-based collateral registry exist in which all functional equivalents can be registered?	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 subject to an automatic stay on enforcement when a debtor enters a court-supervised reorganization procedure? Does the law protect secured creditors' rights by providing clear grounds for relief from the stay and/or sets a time limit for it?	No
Does the law allow parties to agree on out of court enforcement at the time a security interest is created? Does the law allow the secured creditor to sell the collateral through public auction or private tender, as well as, for the secured creditor to keep the asset in satisfaction of the debt?	No
Does the law allow the secured creditor to sell the collateral through public auction or private tender, as well as, for the secured creditor to keep the asset in satisfaction of the debt?	No

CONSTRUCTION PERMITTING: INDICATIVE DTF AND RANKING DB 2019-IMPACT

Scenarios	DB 2019 DTF	DB 2019 Ranking
Scenario 76 (Optimal)	95	2
Scenario 94 (2 nd best)	75	29
Scenario Drop		

TRADING ACROSS BORDERS IN PAKISTAN – DB 2018-CURRENT STATUS

Indicator	Pakistan (Lahore and Karachi)
Time to export: Border compliance (hours)	75
Cost to export: Border compliance (USD)	406
Time to export: Documentary compliance (hours)	55
Cost to export: Documentary compliance (USD)	257
Time to import: Border compliance (hours)	129
Cost to import: Border compliance (USD)	937
Time to import: Documentary compliance (hours)	143
Cost to import: Documentary compliance (USD)	735
DB 2018 DTF	41.94
DB 2018 rank	171

- ✓ Pakistan made importing and exporting easier by developing a new container terminal and enhancing its customs platform for electronic document submission. These changes apply to both Karachi and Lahore.

TRADING ACROSS BORDERS: REDUCE TIME AT THE BORDER BY 50%



Scenario 94

1. Introduce e-Payment system for on-line payment of duty, taxes and all other charges using internet, ATM and mobile phones applications. An MOU has already been signed with the State Bank of Pakistan and 1 Link. The module for the purpose is ready (Pakistan Customs)
2. Integrate WeBOC with Plant Protection Department. Around 600 certificates are issued manually by PPD on daily basis. Electronic processing and submission to Customs will reduce time/cost of compliance by importers and exporters. The module for the purpose is ready (Pakistan Customs)
3. Integrate WeBOC with Animal Quarantine Department. Around 100 certificates are issued manually by PPD daily. Electronic processing and submission to Customs will reduce time/cost of compliance by importers and exporters. The module for the purpose is ready (Pakistan Customs)

Scenario 76

4. Additional reforms for Scenario 1: reduce hours to prepare import/export documents from 55 to 40 (export) from 143 to 90 (import) through expansion of electronic document exchanges

TRADING ACROSS BORDERS: INDICATIVE DTF AND RANKING DB 2019-IMPACT

Scenarios	DB 2019 DTF	DB 2019 Ranking
Scenario 76 (Optimal)	51.66	160
Scenario 94 (2 nd best)	47.96	163
Scenario Drop		

GETTING ELECTRICITY IN PAKISTAN – DB 2018-CURRENT STATUS

Indicator	Pakistan	Lahore	Karachi
Procedures (number per year)	5.4	6	5
Time (hours per year)	180.7	117	215
Cost (% of GNI pc)	1663.7	1660.2	1665.5
Reliability of supply and transparency index (0-100)	0	0	0
DTF score	42.39	46.62	40.11
DB 18 rank	167	-	-

GETTING ELECTRICITY: RECOMMENDATIONS



Scenario 94

1. Reduce overall connection time:
 - ✓ from 215 to 190 days in Karachi
 - ✓ and from 117 to 90 days in Lahore

Beyond 100 Days

2. Reduce a number of outages to increase the Quality Index from 0 to 5.

GETTING ELECTRICITY: INDICATIVE DTF AND RANKING DB 2019-IMPACT

Scenarios	DB 2019 DTF	DB 2019 Ranking
Scenario 94 (2 nd best)	60.81	118
Scenario Drop		

RESULTS

If the implementation of the above mentioned reforms is made by February 15, 2018 it is expected that the DB ranking would improve substantially in the 2019 DB report.