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INVESTMENT REGIME IN KHYBER PAKHTUNKHWA

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Abstract

For a country’s sustainable growth and development, efficient investment policies are pre-requisite in sustainable businesses to achieve the Sustainable Development Goals (SDGs). The methodology of this study is based on a detailed literature review to identify the investment-related opportunities, challenges and policies that exist in Khyber Pakhtunkhwa province. It further highlights the investment opportunities that exist in multiple sectors, including marble industry, tourism, agriculture & livestock, and power sector. Furthermore, CPEC and Special Economic Zones (SEZ) are vital areas that could enhance investment opportunities and will prove helpful for the growth and development of Pakistan in general and Khyber Pakhtunkhwa in particular. The study recommends that formulation and implementation of an efficient investment policy framework is essential to ensure investments that promote economic growth, technology transfer, and domestic employment in the province.
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1. Introduction

Investment is vital for economic growth, as it creates job opportunities, and enhance the overall productive capability of a country. Foreign investment, in particular, is more beneficial, as it brings with it capital, resources, and expertise. Though the net inflow of Pakistan's Foreign Direct Investment have fallen during the last 10 years, investment in the ongoing China-Pakistan Economic Corridor (CPEC) initiative was being anticipated. (Rafi, Khan & Aslam 2016). However, the situation is altogether different now.

In Khyber Pakhtunkhwa (KP), a holistic environment is being created for industries to flourish, which would ultimately enhance the employment and investment prospects. The business ecosystem is secured through effective banking, access to financial assistance (incentivized by not imposing income or import duty on selective machinery & equipment), abundant mineral resource accessibility, and greater reach to the biggest domestic markets as well as central Asian markets (Nasim 2015).

With regard to exports, the provincial government of KP is offering investment prospects for substantial mineral resources, which consist of the world's famous Swat emerald, sapphire from Kaghan & Naran Valleys, Peridot Ruby, and other resources, including silica sand, soapstone, coal, magnesite, rock salt, barite, cement grade limestone, and other industrial minerals. The locals want to increase the export of these raw materials to more countries, including China. Furthermore, agricultural products containing fruits, dry fruits, vegetables, medicinal herbs, and dairy products are also of a high standard and competitive for export. Some of these products have already made their way to the Chinese market (Khyber Pakhtunkhwa Board of Investment & Trade Investment Pitch Book 2021).

In addition, the merger of Federally Administered Tribal Areas (FATA) in Khyber Pakhtunkhwa province could be additionally beneficial for this purpose. The newly-merged districts are blessed with enormous natural resources and could provide infrastructure, investment resources for human development, and possible industrial base in a strategic and planned manner.

Sustainable industrial growth and development is the foremost priority of the KP government. In this respect, the Khyber Pakhtunkhwa Industrial Policy 2020 is in place to extend help and promote new industrial units. The emphasis is on the establishment of Special Economic Zones (SEZs) and Small Industrial Estates (SIEs) across the province. One of the most crucial mechanisms for enticing investment from all over the
world has been SEZs (Khyber Pakhtunkhwa Board of Investment & Trade Investment Pitch Book 2021).

The KP government is taking all legal actions to make the province an essential trans-regional centre of trade and investment. Moreover, the CPEC capacity has been enhanced to make it an attractive destination for both local and foreign corporations. The major ongoing CPEC projects in Khyber Pakhtunkhwa are Rashakai Special Economic Zone, Havelian Thakot Highway, Chashma Right Bank Canal, Swat Expressway, Suki Kinari Hydel project, Peshawar to D.I. Khan roads and Havelian dry port (included in ML-1 Project). The completion of all these projects would bring new prospects and fortune to Khyber Pakhtunkhwa (Abid & Ashfaq 2015). Among the projects, the Suki Kinari Hydropower Project will assist in abating Pakistan’s energy crisis and the formation of Rashakai SEZ will entice a new and persistent flow of industrial activities in the territory, which will enhance the economic growth.

For the interventions to be essentially organized and modernized, the Industrial Policy 2016 was re-evaluated, and a more cohesive process is being suggested in the adjusted policy of 2020. The function of Khyber Pakhtunkhwa Board of Investment & Trade (KP-BOIT) is to assist, encourage, and aid Investors. In addition, the Board are also involved in framing investment-friendly policy reforms and taking steps for sustainable economic growth. Recently, KP-BOIT has been made an epicenter for ease of doing business (EODB) and Regulatory Development initiatives, as doing business reforms agenda is one of the imperative interventions of Khyber Pakhtunkhwa Government (Khyber Pakhtunkhwa Board of Investment & Trade Investment Pitch Book 2021).

Along with these opportunities and investment measures, some challenges and issues also persist in Khyber Pakhtunkhwa’s investment regulations. Hence, a sector-wise in-depth analysis of investment opportunities is required. This study was undertaken for a detailed analysis of the investment opportunities in the province. Some specific objectives of the study were:

- To assess the investment opportunities that exist in various sectors of the Province
- To analyze EODB as well as government initiatives that ensure effective regulations and identify regulatory imbalances in investment opportunities
- To evaluate the investment avenues in Khyber Pakhtunkhwa for CPEC and SEZs
2. Methodology

During a detailed literature review, newspaper articles, peer-reviewed journal papers, official reports, and webpages have been studied. Documents published during the last five years have been focused to ensure that the most recent information and sources are incorporated. An in-depth information about the key investment sectors has been extracted. Furthermore, policy recommendations have been made based on the facts and information gathered from these sources.

3. Literature Review & Findings

3.1. Assessment of investment opportunities in various sectors of KP

The province is blessed with enormous natural reserves, and it has the following sector-specific investment opportunities.

3.1.1. Agriculture and livestock

Khyber Pakhtunkhwa province is blessed with five agro-climatic zones, which are ideal for cultivation of a wide variety of crops. The land is immensely productive, and is suitable for growing various fruits, vegetables and crops. The assortment of crops, comprising maize, sugarcane, wheat, rice and barley are produced here. Pakistan harvests the world’s best fruit diversities that are exported to approximately 40 countries. In the horticulture sector, the fruit products of Kohat are famous all over Pakistan. In particular, guava and citrus fruits are found to be of exceptional quality and taste (Khyber Pakhtunkhwa Board of Investment & Trade Investment Pitch Book 2021).

In addition, honey production via bee farming is also very common in the district. The annual output of the horticulture sector of Kohat is relatively higher than many other districts of the province. Kohat has a high development potential in this sector. Vegetables are utilized for both local consumption as well as export earnings. With the arrival of CPEC in KP, it is the right time that the horticulture of Nowshera district is given boost so that it can be made a main “Fruit Supply Centre” to China, Afghanistan, and Central Asia. North and South Waziristan are both top producers of pine nuts (Chalghoza). After China, Pakistan is considered to be the second main exporter of pine nuts. However, due to improper training in roasting, harvesting, cutting and processing, a high proportion is wasted. Value addition in pine nut management is highly desirable (Khyber Pakhtunkhwa Economic Zones Development & Management Company n.d).
Moreover, livestock sector consists of an enormous export potential as the International Halal Food market creates a huge demand. The province has an additional benefit of having Afghanistan and Central Asian States in the region, which enormously impacts the marketplace for Halal Food items based on livestock. These countries incorporate Malaysia, Iran, Indonesia, and Gulf region. Also, there are sustainable business prospects in dairy farming, and poultry, as there is a high-level demand for these products, so it can provide huge revenues to the investors.Charsadda has an unexploited growth potential in dairy and livestock business. Owing to the close connectivity with Afghanistan, the Central Asian States and possibly China, where there is a shortage of livestock and high demand for dairy items, Charsadda is perfectly located to become a small regional hub of livestock. It could fulfill the demands of numerous regions. There is enormous consumer market potential and it is growing with the increasing population of the province. Hence, businesses can gain advantages from local markets as well as boost export potential (Khyber Pakhtunkhwa Economic Zones Development & Management Company n.d).

Additionally, the province has huge fishery resources, comprising cold, semi-cold, and warm water fish. Chitral district has the capability to generate considerable revenue for the entire region in this sector. Presently, the district has one of the largest productions of fresh fish that is 1362 million tons (601 million tons of which is trout). Owing to the quality and popularity of fish produced by these small-scale farms, the provincial government and the district administration can transform the fish farming into a big industry, with the opportunity of exporting these items. Pakistan’s main buyers of fish are China, Malaysia, Middle East, Thailand, Japan and Sri Lanka, etc. (Khyber Pakhtunkhwa Board of Investment & Trade Investment Pitch Book 2021).

### 3.1.2. Handicrafts

In Khyber Pakhtunkhwa, Lower Dir district is famous for handicrafts, especially the embroidery items such as traditional caps, garments, hair accessories, ‘Azarband’, ‘Pranda’ (female hair band) and purses. In this sector, female employment is 100 per cent. Most of these items are traded locally but some are also sold internationally in Afghanistan and Middle East. This sector in Lower Dir also has the relative advantage of skilled and cheap labour availability. If given appropriate consideration, embroidery items from this region can bring substantial revenue for the district and the whole country. This could produce more employment opportunities for the natives as well (Khyber Pakhtunkhwa Economic Zones Development & Management Company n.d).
3.1.3 Tourism

Each year, a huge number of tourists from across the world and all over the country visit the beautiful KP destinations such as Naran, Kaghan, Galliyat, Chitral, and Swat. These beautiful zones are reachable to both local and international investors to gain benefits through the construction of recreational and adventure sport facilities. They could also provide cultural, archaeological and religious tourism. Some of these places have the potential of being developed into tourist spots with chairlifts, cable cars, water sports, and other recreational activities at scenic places along the river Indus, M1 Motorway, and Swat Expressway, taking into consideration the improved stream of international tourists in the perspective of CPEC (Khyber Pakhtunkhwa Board of Investment & Trade Investment Pitch Book 2021).

3.1.4 Mining & minerals

The province has huge reserves of superior quality of marble and granite. Classical Carbonate marble, majorly in gray, white, and other shades is found in Chitral, Buner, and Swabi. Other colours of existing marble include black, pink and green. The reserves of marble in the province are estimated to be around 03 billion tons. Major reserves lie in Chitral (approximately 1,000 million tons), Buner belt (about 1,400 million tons), Swat (more than 200 million tons), Swabi (around 200 million tons), and Nowshera (100 million tons). In addition to marble, the province also has significant reserves of granite having magnificent blend of blue and green shades. It is also blessed with various types of gemstones. The known geological belt worthy of exploration comprises of Chitral, Shangla Timergarah, Mardan, Swat, Naran and Kohistan (Khyber Pakhtunkhwa Board of Investment & Trade Investment Pitch Book 2021).

Marble reserves in Pakistan are about 300 billion tons, out of which 85% fall in KP. They are multi-coloured, textured, and of high-standard marble. The number of quarries that exist in KP is around 500 and the number of processing units is about 2,000. The estimated number of skilled workers in marble quarries is about 25,000 whereas the estimated number of skilled workers in processing units is almost 30,000 (Khyber Pakhtunkhwa Board of Investment & Trade Investment Pitch Book 2021).

3.1.5 Oil & gas

The sedimentary basin of the province, particularly in the southern part has the oil and gas reserves. New findings are expected to strengthen and boost the petroleum landscape of KP in a broad manner. Owing to the high success rate of drilling, the
province provides a less risky and more profitable opportunities for the oil exploring firms. Vast deposits of oil and gas have been discovered in the districts of Karak and Kohat and there is a high potential for petroleum occurrence. The province's promising future potential is indicated by a high success ratio and upward trajectory in hydrocarbon production. The presence of national and international companies shows successful ventures and further possibilities of oil and gas mining in the region, with a decent cumulative influence of oil and natural gas on the national grid (Khyber Pakhtunkhwa Board of Investment & Trade Investment Pitch Book 2021).

3.1.6. Hydel power

Considerable growth in electricity demand in the country has caused substantial energy shortage. This poses enormous prospects for high profit on investment for hydelpower projects in Khyber Pakhtunkhwa, as it is naturally bestowed with large hydel power generation capability. The sharp slope in Indus, Swat, Panjkora, Kunhar & Chitral rivers their streams offer good prospects to expand storage leading to hydel power projects. Hundreds of prospective sites exist in KP where head and mini or micro hydel projects can be built(KP-BOIT Investment Pitch Book 2021). The Chitral district has several small running rivers and streams, which may be utilized for producing hydroelectricity. According to reports from Pakhtunkhwa Energy Development Organization (PEDO), the total potential investment in hydroelectricity is approximately 1376.43 MW, with specific capacities allocated to various sites, i.e. Ayun Gol at 15.17 MW, Istaru-Booni at 72 MW, Gahrit Swir Lasht at 370 MW, Torcamp Guddubar at 409 MW, Mujigram Shogor at 64.26 MW, and Kari Muskhur at 446 MW. While there may be other locations with potential for hydropower generation, they are yet to be recognized for investment purpose.

3.1.7. Digital transformation

KP is experiencing a digital transformation, with increasing access to mobile and internet services. This transformation has the potential to accelerate growth, provide employment opportunities, and increase service provision. The provincial government is leading the change towards digital transformation by utilizing information and communication technologies to foster connectivity, create jobs, empower citizens, and promote inclusive economic growth. This presents a diverse range of investment opportunities for both local and foreign financiers, with multiple investable projects vacant in this sector (Khyber Pakhtunkhwa Board of Investment & Trade Investment Pitch Book 2021).
3.1.8. Pharmaceuticals

Shangla district in KP provides a natural habitat for several essential plants and herbs, which are utilized in the pharmaceutical industry. Some of these are Unab (Jujube), White Rose, Tarkha, Mint, Banafsha (sweet violet), etc. The availability of natural herbs in Khyber Pakhtunkhwa is a boon with potential to be used in the pharmaceutical industry as a raw material and as a source of natural bioactive compounds. However, due to the lack of awareness, local population doesn’t have much idea about the medicinal benefits and commercial potential of several native plants. There is no proper governmental or private setup in the entire Shangla district to gain the full benefit of medicinal plants. There is a big opportunity for the Shangla district to shape into a regional supply hub of pharmaceutical ingredients. Furthermore, in the long run, Shangla district may also serve as a pharmaceutical hub, where all the top pharmaceutical companies could set up their operational plants.

3.2. Ensuring effective regulations and identifying regulatory imbalances in investment opportunities

Pakistan has shown notable progress in the regulation of its business environment. According to the World Bank’s EODB Report 2020, Pakistan is placed at 136 out of 190 nations. Doing business assessment takes into account various critical aspects of the regulatory landscape that impacts local enterprises. This metric evaluates factors such as the ease of starting a business, accessing credit, obtaining construction permits and electricity connections, registering property, safeguarding the interests of minority investors, resolving insolvency issues, engaging in cross-border trade, enforcing contracts, and complying with tax obligations (Security and Exchange Commission of Pakistan 2021). Improvement from previous 147th position due to reforms in starting businesses and reorganizing the procedure of resolving insolvency is a positive news (The World Bank Group 2019).

These reforms for EODB primarily comprise of SECP registration of the company in a single day and online tax payment due to efficient customs software by the Federal Board of Revenue (Security and Exchange Commission of Pakistan 2022). The indicator of solving insolvency has deteriorated from 53 to 58 (Invest n.d.). The insolvency legal framework, i.e. the 2018 Rehabilitation Act has provided a strong foundation for Pakistani EODB ranking (Invest Pakistan n.d.). However, the legal framework’s cost and processing time for reorganization and liquidation have been affecting its reliability and effectiveness for the ongoing businesses.
Furthermore, subsidized credit financing for new businesses through commercial, Islamic, and SME banks under the supervision of the State Bank of Pakistan also makes the EODB better, but not as per expectations. Moreover, the indicator of getting credit has gone down from 112 to 119 (Invest Pakistan n.d.) due to the deteriorating strength of the reporting system of credit by the credit bureau and registry coverage. Additionally, the effectiveness of banking and collateral laws in lending protect the rights of lenders and borrowers. If these are not supportive to businesses, positive growth will not occur.

To facilitate the ongoing businesses through solving the insolvency and credit financing, the KP government and its Board of Investment and Trade are functioning to identify the sector-wise (industries, agriculture, tourism, hydro, and Mines & minerals) new potential projects and engage national and international investors. However, the procedural time associated, cost and recovery rate have been disappointing. The Khyber Pakhtunkhwa Industrial Policy 2020 has provided substantial financial and non-financial incentives to develop the industrial sector (Khyber Pakhtunkhwa Board of Investment & Trade Investment Pitch Book 2021).

Key financial incentives include tax relief for sick units transfer. Furthermore, for the expansion of industry, an exemption from provincial electricity duty has been introduced. There are some incentives for the development of the agriculture sector, where the rate of land registration tax has been reduced to 2% by Khyber Pakhtunkhwa Registration Authority (KPRA) for the construction sector, which is the lowest among all provinces of Pakistan (Khyber Pakhtunkhwa Board of Investment & Trade Investment Pitch Book 2021).

This step opens the door for new investors and will stimulate more financing. To promote the agriculture sector, the minimum slab for income tax has been increased from 400K to 600K (Khyber Pakhtunkhwa Board of Investment & Trade Investment Pitch Book 2021). It will be a driving factor for the small landowners to increase their production capacity and yield. COVID-19 has galvanized the process of digitalization, which has been enhanced by computerizing land data. Zero tax on agricultural land has been a boon. The construction sector was exempted from local council tax on transfers with a 35% rebate for urban immovable property tax. This boosts real estate that further stabilizes the economy, generates employment opportunities and contributes to income acceleration. While these measures may have initially helped enhance the performance of the agriculture and construction sectors, the problem has exacerbated due to floods and requires land restoration, reconstruction, and insurance schemes. However, there are some problems with the development of regulations as
well. The prime concerns are laws that are not fully operational. Further, the rollout and amendment in the former regulations for the current natural disasters are also challenging.

Along with the fiscal incentives, the government is developing the regulatory structure for enhancing opportunities for entrepreneurs. To facilitate large enterprises, the “Sole Enterprise Special Economic Zones “Regulations” were formulated in December 2020. This gives them the privilege to develop SEZs for themselves. To eliminate the risk of real estate speculation, zone enterprise admission & sale, lease & sub-lease of plots regulations were formulated in January 2021. This development also includes digitization of government approval of zones and plots allocation. The ‘Online Building Plan Approval System’ has been launched that shortened the processing time.

Moreover, due to digitization, the online system of tax collection is available. This facility is to encourage small & medium enterprises. Digitization has also played a crucial role as a strengthening element. These online services encompass registration and payment of sales tax on services by the Khyber Revenue Authority (KPRA) and registration of the firm by the ‘Directorate of Industries’. Computerizing the process facilitates and motivates current and new investors. Digitization has scaled down the chances of errors. In this new era of digitization, the employment of advanced technology by the government and private sector is necessary. However, when it comes to the mass population of KP where the literacy rate is just 55.1% (Pakistan Bureau of Statistics 2020-2021), it is challenging for this online system to work.

While non-financial measures comprise government support in technical training, research & development. These endeavors have not shown any significant results. For the development of manpower, Technical Education & Vocational Training Authority (TEVTA) has been established by the government. Capacity building through education and training is the aim but structural issues persist which deteriorate the EODB.

3.3. Evaluation of investment avenues in KP through CPEC and SEZs

CPEC comprises numerous projects that pertain to the infrastructure and energy sectors. These projects have received a substantial investment of approximately $46 billion with $35 billion allocated for the energy sector and the remaining $11 billion for infrastructure development (Sheikh et al. 2019). China has made significant investments in Pakistan to attract foreign direct investments to the region. The development of three routes, including Khunjerab to Gwadar and the establishment of railways, airport, and seaport at Gwadar will create growth opportunities in Khyber
Pakhtunkhwa and Balochistan province. The most significant aspect of CPEC projects pertains to power generation as Pakistan faces a shortage of energy supply. CPEC's energy investments are expected to overcome this shortfall with an anticipated increase in production capacity by the project's completion in 2030. This investment is expected to contribute to a total of 16,400 MW to the national grid (Rafi, Khan & Aslam 2016). Other projects include the launch of coal power plants, wind farms, hydropower stations, and solar power parks. The projects are focused on producing power at affordable rates with coal-generated power given high priority in the project.

Under the CPEC, Khyber Pakhtunkhwa province would play a dynamic role in the productive growth of Pakistan. Sukai Kinari Hydropower Station at Naraan is a joint venture of Chinese, Saudi, and Malaysian companies. It will be built and executed on BOT (Build–Operate and Transfer) basis. It is the largest private-sector hydropower (run-of-the-river) project located on the Kunhar river in Kaghan Valley. Currently, it is in the phase of completion. On completion, it will generate 870 Megawatts. On transfer to the KP government, it will provide a revenue of almost Rs 1.5 billion for the province every year (Islam 2021).

3.3.1 Special Economic Zones (SEZs)

The provincial government primarily focuses on promoting sustainable industrial growth and development. To achieve this objective, the Khyber Pakhtunkhwa industrial policy 2020 was formulated to encourage the launch of new industrial units and the revitalization of struggling ones. The policy places a strong emphasis on the development of economic zones across various locations within the province, which will be established on modern infrastructure and offer opportunities for both local and foreign businesses to set up industries. The ultimate goal is to foster public-private partnerships and joint ventures that benefit stakeholders in both the public and private sectors (Khyber Pakhtunkhwa Board of Investment & Trade Investment Pitch Book 2021).

The KP government has supported the establishment of 18 economic zones across the territory tied to various markets and export hubs, all fitted out with the most modern infrastructure. The Rashkai Special Economic Zone is the flagship project of the KP Government being developed under the industrial cooperation of CPEC. More than $800 million of investment has already been arranged for Rashakai with the economic zone offering to steel, electronics, food & beverages, mineral processing and pharmaceutical sectors (CPEC an Impetus for KP 2020). In addition to SEZs in Hattar and Rasakai, nine industrial estates in Nowshera extension, Jalozai, Chitral, Mohmand, Daraband
DI Khan, Ghazi, Swat, Shakas & Buner, and Small Industries Estates (SIEs) in different cities have been established. It is expected to generate 200,000 employments with an expected investment of $1.124 billion (Khyber Pakhtunkhwa Board of Investment & Trade Investment Pitch Book 2021).

Along with the issue of unemployment, there exists a gap between industry and academia. Allocation of fully skilled and appropriate workforce is necessary for the success of SEZs and trade enhancement. SEZs can provide support to enhance human capital both by upscaling the workers’ skills with the help of on-the-job training and by encouraging enhancements in the education system to fulfil the requirements of the industrial units (Ahmad & Taidong 2020).

In order to leverage the benefits of the SEZs in enticing foreign investment, the KP government has been devoted to enhancing EODB in the province, initiating several pursuits and governing transformation programmes. For instance, an EODB cell, digitally related to federal and provincial departments, has been formed to achieve this target. It is essential to create the SEZs that are competitive and offer compelling reasons to invest (Ali & Faisal 2016). This will allow investors to give preference to SEZs that are positioned in Pakistan, particularly in Khyber Pakhtunkhwa, for investment purpose. Additionally, equal opportunities should be provided to deter inequality across the various districts within the KP Province. Subsequently, growth of SEZs, bringing betterment in industrial policies, promoting tourism sector, boosting energy and agriculture sector can perform a vital role in the growth of Pakistan in general and Khyber Pakhtunkhwa in particular.

The KP government needs to develop a strong emphasis on developing a suitable and united policy for EODB to ease the potential investors. Substantial enhancements in infrastructure after investments made through CPEC would also contribute to EODB. However, in order to further improve the qualifying ecosystem for investment and attract local as well as foreign investment, Khyber Pakhtunkhwa government needs to formulate policies that offer incentives for international investors to establish joint ventures with local investors, finance natural resource exploration, transfer new technology, spend on export-oriented industries, and add value to local products.
4. Policy Recommendations

The KP government can act upon the following recommendations to enhance the investment and growth of the province:

i) Educating farmers for agri enhancement

As the education level is low among the farming community of Khyber Pakhtunkhwa, so the agriculture department should collaborate with the agriculture universities of the province where they could evaluate the capacity of local farmers and their knowledge about for various crops. Farmers should be advocated to cultivate specific crops in which they have a comparative advantage. Financial aid should be given to them in the transition period. There is a need to organize regular workshops and seminars to make farmers capable of utilizing innovative farming procedures. In this respect, support from the provincial Agriculture Department, USAID, and Food and Agriculture Organization (FAO) can be sought.

ii) Provision of credit access to farmers

Farmers, manufacturers of different minerals and other sector business communities face various financial challenges. Since limited loan schemes are available and farmers and business people avoid getting loans from banks due to religious and cultural restraints, there is a need to encourage banks to offer credit schemes to local firm owners. Holding of seminars on the lending system of banks is required, and how they are useful in expanding businesses across the world. In this regard, the State Bank of Pakistan, Zarai Taraqiati Bank Ltd (ZTBL), and Khyber Bank should launch credit schemes. Furthermore, awareness on credit schemes should be provided to the farmers, manufacturers, and businessmen so that they could easily expand their work.

iii) Promoting tourism as industry

To promote tourism industry the Khyber Pakhtunkhwa Culture and Tourism Authority needs to launch a strong media campaign at the national and international level. Furthermore, documentaries and print and electronic advertising material could be utilized for promoting tourism on special occasions. The local governments should take the rights of all the historical sites and earn profit through it. For maintenance purpose, technical and financial support might be taken from UNESCO, World Bank, and the Aga Khan Foundation. Furthermore, the capacity of hosting tourists needs to be improved. There is a need to recognize areas for the construction of family theme parks
and adventure clubs. The engagement of private sector in developing and bringing investment would be a great help.

iv) Focusing on SEZs, and developing new linkages with foreign buyers

In the presence of the Hattar industrial estate and Rashakai economic zone, the investment policy should also include other industrial estates in the province. Khyber Pakhtunkhwa Economic Zones Development and Management Company, for instance, mentions industrial estates in Nowshera, Hayatabad (Peshawar), Swabi (Gadoon), and export processing zone at Risalpur. Some of these were traditionally managed by SDA, but the list excluded the Jalozai and Ghazi industrial estates managed by SDA as well. In addition, there are also 10 or more small industrial estates managed by Small Industrial Development Board (SIDB). The KP Board of Investment and Trade (KP-BOIT) and the KP government should consider and take measures for the excluded industrial estates.

In addition, the Ministry of Commerce should assist local farmers in expanding their market to neighbouring countries like Afghanistan, China, and Central Asian States by leveraging the newly-developed CPEC road infrastructure. The commerce Ministry can facilitate the establishment of new trade linkages for apple farmers with foreign buyers in regions such as the Middle East, Central Asia, China, and Eastern Europe, which are now easily accessible through CPEC and the associated OBOR trade network.

v) Support to boost handicrafts

To boost the handicraft sector the provincial government needs to enhance the quality of handicrafts for export. The region requires the establishment of a Quality Enhancement Center (QEC) that can educate local owners about the standard quality required for exports. The Small Medium and Development Authority (SMEDA) could be engaged in this scheme, and collaboration with the EU and USAID could also be beneficial. Additionally, there is a need to set up a high-quality ‘Skill Enhancement Institute’ in every district and city to facilitate workers and cottage owners. Launching a specifically designed website featuring handicrafts, product pictures, and contact information of all cottage owners in the area would be helpful. Finally, expos and short documentaries could also be organized to boost the handicraft industry in Khyber Pakhtunkhwa.
vi) Strengthening backup projects in power sector

Chitral and Swat can become ‘Electricity Farms’, as they have electricity generation potential. It is also necessary to initiate backup projects to meet the current electricity demand. For the winter season when electricity supply is low, alternative supply sources need to be planned in advance. Bridging the supply gap with solar power should also be explored. Furthermore, execution plans for the construction of hydro power stations should be developed to utilize excessive electricity in the future.

vii) Providing support in terms of modern mining techniques

Pakistan Stone Development Company and Khyber Pakhtunkhwa Mineral Development Department should provide continuous support to the industry, familiarize them with the modern mining techniques, encompassing environmental safety and equipment handling. The Mineral Department should formulate an investor's brief that identifies and analyzes the potential of mining minerals and provide information about the total availability of mineral reserves in the region. For this particular purpose, support could be acquired from ‘Aga Khan Foundation and Network’ for financing and local participation. They could also provide support in accessing the international markets for the export of local products.
5. Conclusion

The KP province is gifted with abundant natural resources, but they are not fully utilized for the growth and development of the province. The major and beneficial sectors that can further boost the growth of the province include, but are not limited to agriculture, tourism, livestock, manufacturing industry, hydel power, oil & gas, and minerals. Proper efforts and more focus on the utilization of these resources is required which is only possible with the help of all the stakeholders. The right policies and investment in the above-mentioned sectors could help bring a balanced growth and prosperity across the province. The proper evaluation of opportunities and overcoming the weaknesses in every sector could lead to a speculative growth.

Focused and strategic planning from the authorities concerned towards further improvement in every sector would enable increased revenue collection, generate employment opportunities and uplift the living standards of the masses. Based on this review, it is concluded that CPEC represents a significant multilateral opportunity for Pakistan, with broad economic and social implications.
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