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Sustainable Development Policy Institute

**REFORMING BUSINESS
REGULATIONS IN KHYBER
PAKHTUNKHWA:
A PATH TO ECONOMIC GROWTH**

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REFORMING BUSINESS REGULATIONS IN KHYBER PAKHTUNKHWA:

A PATH TO ECONOMIC GROWTH

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The Sustainable Development Policy Institute (SDPI) is a non-profit research institute and one of the oldest think tanks in Pakistan. It produces knowledge on development issues to enhance the capacity of the government, local communities, and private sector in making informed decisions and engaging civil society on issues of public interest.

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Abbreviations

BoR	Board of Revenue
BRE	Business Regulatory Environment
CAREC-RIBS	Central Asia Regional Economic Cooperation - Regional Improving Border Services
CCI	Chambers of Commerce & Industries
CPEC	China-Pakistan Economic Corridor
DGTO	Directorate General of Trade Organizations
ETNCD	Excise, Taxation and Narcotics Control Department
FBR	Federal Board of Revenue
FATA	Federally Administered Tribal Area
FPCCI	Federation of Pakistan Chambers of Commerce and Industry
FATF	Financial Action Task Force
GDP	Gross Domestic Product
KPBoIT	Khyber Pakhtunkhwa Board of Investment and Trade
KPRA	Khyber Pakhtunkhwa Revenue Authority
KPRM	Khyber Pakhtunkhwa Revenue Mobilization
KPEZDMC	Khyber Pakhtunkhwa Special Economic Zones Development and Management Company
NNETT	National Network of Economic Thinktanks
NMDs	Newly Merged Districts
PRMI	Pakistan Regulatory Modernization Initiative
PSW	Pakistan Single Window
SRB	Sindh Revenue Board
SMEDA	Small and Medium Enterprise Development Authority
SEZs	Special Economic Zones
SBP	State Bank of Pakistan
USAID	United States Agency for International Development
WCCI	Women Chamber of Commerce & Industries

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Any comments or suggestions for the improvement of this work can be communicated at ahad@sdpi.org.

Executive Summary

Khyber Pakhtunkhwa Province, located in the northwest of Pakistan, is home to approximately 41 million people. As the third-largest refugee host country in the world, about 58% of Afghan refugees are settled there. The province has a high unemployment rate, particularly among the youth aging between 15 to 29. It holds strong economic importance because of its significant contribution to the country's Gross Domestic Product (GDP). In the fiscal year 2023-24, it contributed Rs 4,160,007 million to the total GDP. The province's geostrategic location also aids in becoming a transit trade hub to Afghanistan and Central Asia. However, the business regulatory environment (BRE) in the province has not been conducive since the Afghan war, as businesses forced to move out due to security reasons.

Policy inconsistency, lack of autonomy, and coordination issues have added to the uncertainty faced by businesses in the conflict-stricken area. Though the government took several initiatives to improve the BRE during the period between 2013-2023, most of the initiatives got stuck.

Meanwhile, the Khyber Pakhtunkhwa Special Economic Zones Development and Management Company (KPEZDMC) identified major economic sectors in the province, however, the business requirements vary by area to area due to different geographies, demographics, and economic reasons. This study identifies challenges in the business ecosystem in Khyber Pakhtunkhwa and formulates policy recommendations suggesting how to improve the business environment. The major hypothesis is that businesses in Khyber Pakhtunkhwa face various issues in the business regulatory environment (BRE), with each Division¹ having unique challenges. Similarly, women also face unique challenges in doing business due to socio-cultural norms of the society. The study also focuses on primary, secondary, and tertiary sectors, which are confronted with different BRE-related challenges.

The methodology includes a review of existing literature on the better business regulatory environment in general and in Khyber Pakhtunkhwa in particular, a firm-level survey of businesses, and additional data collected from key stakeholders in the form of data validation and interviews. The total sample size of the study was 506. The methodology was based on a mixed method approach, with key informant interviews. The sample size depends on determinants like area, population, existing Special Economic Zones (SEZs), prioritized SEZs, Chambers of Commerce & Industries (CCI) registered with Federation of Pakistan Chambers of Commerce and Industry (FPCCI) and Directorate General of Trade Organizations (DGTO), Women Chambers of Commerce & Industries (WCCI) registered with FPCCI and DGTO, SCCI registered with FPCCI and DGTO, SEZ units, and other manufacturing units of all the Divisions.

A survey conducted to assess the BRE of Khyber Pakhtunkhwa focused on factors such as start-up, property registration, financial resources, credit facilities, and day-to-day operations. The survey was conducted face-to-face and facilitated by trained surveyors. Stakeholder interviews were conducted in two stages, with majority of respondents being middle or senior management representatives of private sector businesses in Khyber Pakhtunkhwa.

The majority firms with their head offices located in the province were founders, owners, CEOs or senior management representatives with an average of 15 years of operations. The survey found that most firms had operational coverage throughout Khyber Pakhtunkhwa with majority in Peshawar, Malakand, Mardan, and Hazara whereas less were operational in Bannu, Dera Ismail Khan, and Kohat due to construction, poor road infrastructure, and law and order situation there. The sectoral division identified by the respondents was tertiary, which includes services and trading, processing and manufacturing, and primary, which deal with mines and minerals, agriculture, livestock, fisheries, and other aspects.

The survey analyzed the classification of businesses focusing on various sectors such as textile, leather, construction, furniture, pharmaceuticals, computer and mobile related, services, and more. Majority firms were engaged with business associations, including chambers of commerce and industry, women chambers of commerce and industry, national incubation

¹ In Pakistan, 'Division' is a second-level administrative unit, after provincial set up followed by district.

centers, industrial estate associations, and local or market trade unions. The majority respondents perceived the effectiveness of business associations positively, but some noted that they have not fulfilled their role in the better business regulatory environment.

The survey also revealed that 15.06 per cent of respondents identified their person in charge as women, indicating a positive trend of the youth entrepreneurship. Majority respondents had school-level education and above, which reflects how strong the government's policy of entrepreneurship and education is. The average number of employees in the respondents' organizations was 17, with a positive trend shifting towards 2000.

In Khyber Pakhtunkhwa, BRE is marred by challenges in incorporating businesses, accessing appropriate business locations, and ensuring compliance with regulations.

The procurement of building permits in Khyber Pakhtunkhwa has a moderate impact on the BRE due to harassment unleashed by the personnel of environmental protection agencies against the businesses involved and their lack of awareness about changes in related laws and regulations. An online approval system is in place for building plans under the Pakistan Regulatory Modernization Initiative (PRMI), but this is only applicable in big Divisions. Women-led businesses face higher impact due to policy inconsistency and lack of mobility. The secondary sector has the highest impact on building permits procurement followed by the tertiary sector.

Utility connections procurement has a moderate impact on businesses due to nepotism, bribery, and corruption. Mardan, Malakand, and Kohat Divisions have higher values due to policy inconsistencies and lack of coordination between provincial government departments and federating units. Exporters report a slightly higher level of difficulty in starting and running their businesses due to lack of access to information and networking among the business community.

Accessing appropriate labour is a major challenge for businesses in Khyber Pakhtunkhwa where labour is considered the most productive in the country and a source of international remittance. The banking system has been underdeveloped due to rough terrain and security issues, leading to a high informal sector. Access to credit and finances has a significant impact on business operations, with only 10% of deposits converted into credits for locals.

Export compliance is a complex issue with stringent border rules and high regulatory pressures. The major export destination for Khyber Pakhtunkhwa is Afghanistan, but transactions are often uncertain due to security concerns and incompatibility of banking channels. The initiatives like Pakistan Single Window (PSW) and the Central Asia Regional Economic Cooperation - Regional Improving Border Services (CAREC-RIBS) programme have created ease in logistics and regulatory issuance of certificates, permits, and licenses. Road infrastructure development has also made export compliance easier. However, the impact on business operations is slightly higher than small, with women-led businesses experiencing a 13.5% higher impact than men-led businesses. Current exporters face more stringent impacts than non-exporters, while importers have a higher impact due to their experience. The highest impact is perceived by the tertiary industry, particularly in services exports and small trading businesses.

Import compliance is crucial for business operations in Pakistan, especially during the balance of payment crisis and low foreign reserves. The impact of import compliance is highest in Peshawar, Malakand, Mardan, and Hazara Divisions with women-led businesses experiencing more impact than men-led businesses due to lack of mobility and market access. Khyber Pakhtunkhwa Revenue Authority (KPRA) has initiated several reforms to address commercial disputes, but the impact of these efforts is slightly less than moderate.

The provincial government authorities need to improve coordination and awareness within and among their units. To streamline business registration and incorporation, a one-stop business registration portal should be established in addition to providing incentives for the formalization of businesses, especially for SMEs and women-led enterprises. Special Economic Zones in the underdeveloped Divisions (Bannu, D.I. Khan, and Kohat) should be developed with

streamlined leasing processes.

Streamlining taxation and compliance is another concern for businesses, and KPRA should expand its facilitation centers across all Divisions. Sector-specific tax exemptions should be introduced to encourage investment flow and boost high-yield sectors. Transparent procedures for obtaining utility connections and expansion of power and digital infrastructure are also necessary.

Strengthening commercial dispute resolution mechanisms and enhancing border trade facilitation are crucial. Pakistan Single Window (PSW) and Central Asia Regional Economic Cooperation (CAREC) reforms should be expanded to SMEs, start-ups, and women-led businesses. Support for business-friendly regulatory reforms, including regulatory modernization initiatives, is also needed.

Sections of commerce, business associations, and the private sector should be strengthened to ensure that SME concerns are integrated into policy reforms. Women-led businesses should be supported in regulatory compliance and market access.

Financial institutions and investors should collaborate to develop sector-specific financing schemes and provide incentives for impact investment in industrial zones, SEZs, and high-growth sectors. Academia and industry should be developed to align workforce skills with industry needs, and the National Incubation Center can provide support and training to young women entrepreneurs.

Table of Contents

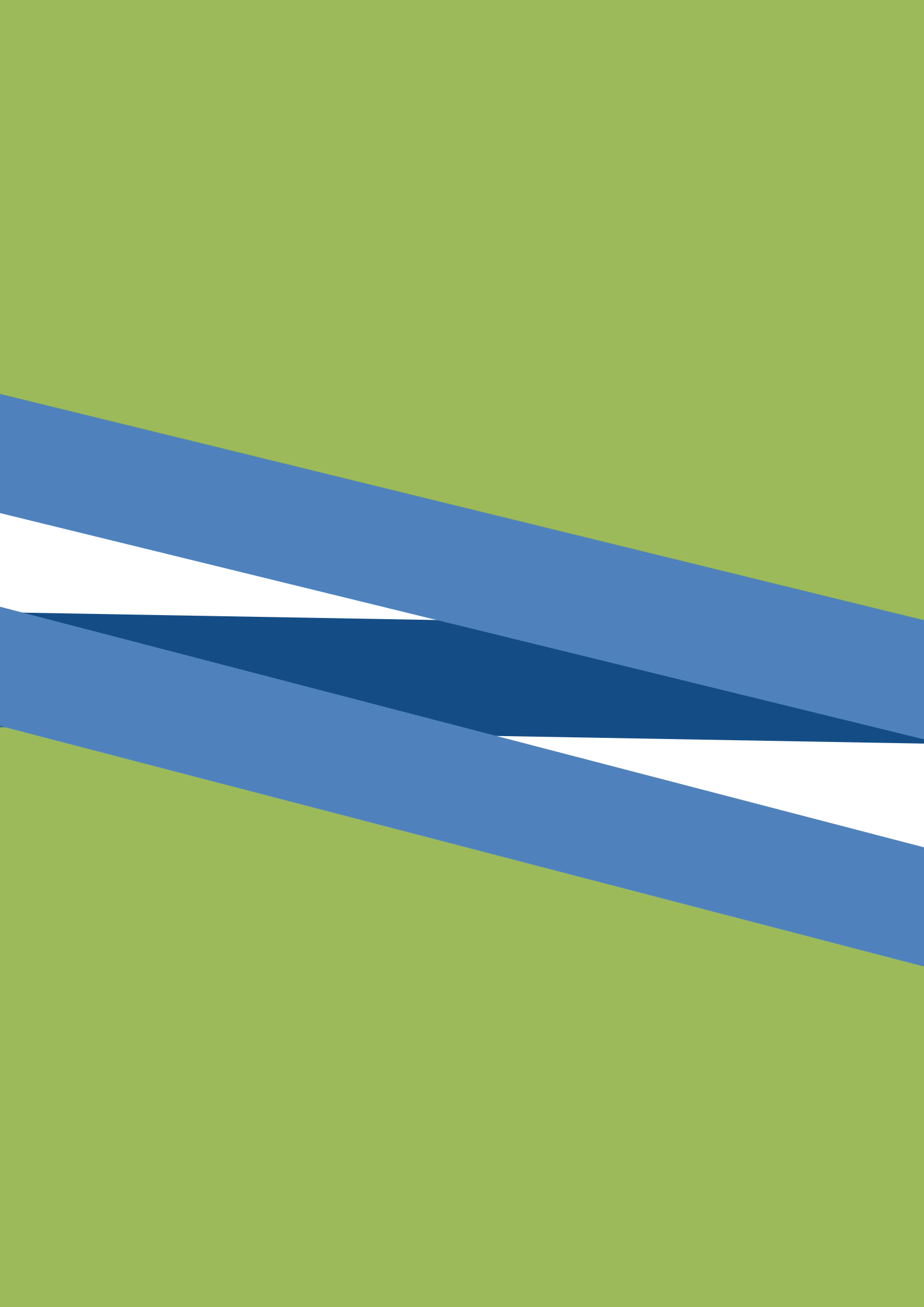
Abbreviations	6
Acknowledgments	7
Executive Summary	8
1. INTRODUCTION	16
2. METHODOLOGY	19
2.1. Methodology Design	19
2.2. Population and Sample	19
2.3. Survey	20
2.4. Stakeholder interviews	20
2.5. Analysis and validation	20
3. KEY FINDINGS	21
3.1. Organizational Overview	21
3.2. Business Regulatory Environment	28
3.2.1. Incorporation of business	28
3.2.2. Accessing appropriate business location (purchasing/leasing of property)	30
3.2.3. Procurement of building permits, including environmental permits	33
3.2.4. Procurement of utility connections (electricity, gas, water, internet, and telecommunications)	36
3.2.5. Hiring skilled labour	39
3.2.6. Opening a bank account	42
3.2.7. Making payments/Transaction	45
3.2.8. Gaining access to credit and finances	48
3.2.9. Export Compliance	51
3.2.10. Import compliance.	54
3.2.11. Clearance of goods at border points	57
3.2.12. Tax compliance	59
3.2.13. Resolution of commercial disputes	62
3.2.14. Award of public contract	64
3.2.15. Summary of the Findings	66
4. POLICY RECOMMENDATIONS	69
i) Role of Federal and Provincial Authorities	69
ii) Special Economic Zones & Industrial Estate Authorities	69
iii) Chambers of Commerce, Business Associations & Private Sector	70
iv) Financial Institutions & Investors	70
v) Academia and Industry	70
vi) National Incubation Centres	70
vii) Pakistan Business Council	70
5. CONCLUSION	73
References	74
ANNEXURES	76
Annex 1 - Survey questions	76
Annex 2 - Analysis, reporting, and caveats.	82

List Of Figures

Figure 1: Divisions and their respective districts	16
Figure 2: Role of participant in the represented firm	21
Figure 3: Ownership structure of representative firms	22
Figure 4: Division-wise division of participants	22
Figure 5: Division-wise operational coverage of businesses in Khyber Pakhtunkhwa	23
Figure 6: National-level operational coverage of businesses in Khyber Pakhtunkhwa	23
Figure 7: Exporters within the sample	23
Figure 8: Importers within the sample	24
Figure 9: Sectoral distribution of sample firms	24
Figure 10: Pareto analysis of sectors	25
Figure 11: Participant organizations engaged with business associations.	26
Figure 12: Effectiveness of business associations	26
Figure 13: Highest level of education of the person in charge	27
Figure 14: Trends in the last three years' employment growth	27
Figure 15: Division-wise impact of the incorporation of business	28
Figure 16: Impact of incorporation of business Viz-a-viz gender of the person in charge	28
Figure 17: Impact of the incorporation of business on various sectors of the economy	29
Figure 18: Impact of incorporation of business on importers	29
Figure 19: Impact of incorporation of business on exporters.	29
Figure 20: Division-wise impact of accessing business location	30
Figure 21: Impact of accessing business location Viz-a-viz gender of person in charge	31
Figure 22: Impact of accessing business location on exporters.	31
Figure 23: Impact of accessing business location on importers	31
Figure 24: Impact of accessing business location on various sectors of economy	32
Figure 25: Division-wise impact of procurement of building permits	33
Figure 26: Impact of procurement of building permits Viz-a-viz gender of person in charge	34
Figure 27: Impact of procurement of building permits on importers	34
Figure 28: Impact of procurement of building permits on exporters	34
Figure 29: Impact of the procurement of building permits on various sectors of the economy	35
Figure 30: Division-wise impact of procurement of utility connections	36
Figure 31: Impact of procurement of utility connections Viz-a-viz gender of person in charge.	37

Figure 32: Impact of procurement of utility connections on importers	37
Figure 33: Impact of procurement of utility connections on exporters	37
Figure 34: Impact of the procurement of utility connections on various sectors of the economy	38
Figure 35: Division-wise impact of hiring appropriate labour	39
Figure 36: Impact of hiring appropriate labour Viz-a-viz gender of person in charge.	40
Figure 37: Impact of hiring appropriate labour on importers'	40
Figure 38: Impact of hiring appropriate labour on exporters.	40
Figure 39: Impact of hiring appropriate labour on various sectors of the economy.	41
Figure 40: Division-wise impact of opening a bank account.	42
Figure 41: Impact of opening a bank account Viz-a-viz gender of person in charge.	43
Figure 42: Impact of Opening a bank account on exporters.	43
Figure 43: Impact of opening a bank account on importers.	43
Figure 44: Impact of the opening of a bank account on various sectors of the economy.	44
Figure 45: Division-wise impact of making payments.	45
Figure 46: Impact of making payments Viz-a-viz gender of person in charge.	46
Figure 47: Impact of making payments on importers.	46
Figure 48: Impact of making payments on exporters.	46
Figure 49: Impact of making payment on various sectors of economy	47
Figure 50: Division-wise impact of gaining access to credit	48
Figure 51: Impact of gaining access to credit Viz-a-viz gender of person in charge	49
Figure 52: Impact of gaining access to credit on exporters.	49
Figure 53: Impact of gaining access to credit on importers.	49
Figure 54: Impact of the gaining access to credit on various sectors of economy	50
Figure 55: Division-wise impact of export compliance	51
Figure 56: Impact of export compliance Viz-a-viz gender of person in charge.	52
Figure 57: Impact of export compliance on exporters	52
Figure 58: Impact of export compliance on importers.	52
Figure 59: Impact of the export compliance on various sectors of economy	53
Figure 60: Division-wise impact of import compliance	54
Figure 61: Impact of import compliance Viz-a-viz gender of person in charge.	55
Figure 62: Impact of import compliance on exporters.	55
Figure 63: Impact of import compliance on importers.	55
Figure 64: Impact of import compliance on various sectors of economy	56

Figure 65: Division-wise impact of clearance of goods at border points	57
Figure 66: Impact of clearance of goods at border points Viz-a-viz gender of the person in charge.	57
Figure 67: Impact of clearance of goods at border points on importers	58
Figure 68: Impact of clearance of goods at border points on exporters	58
Figure 69: Impact of the clearance of goods at border points on various sectors of the economy	58
Figure 70: Division-wise impact of tax compliance	60
Figure 71: Impact of tax compliance Viz-a-viz gender of person in charge.	60
Figure 74: Impact of the tax compliance on various sectors of economy	61
Figure 72: Impact of tax compliance on exporters.	61
Figure 73: Impact of tax compliance on importers.	61
Figure 75: Division-wise impact of resolution of commercial disputes	62
Figure 76: Impact of resolution of commercial disputes Viz-a-viz gender of person in charge.	63
Figure 79: Sector-wise impact on the opening a resolution of commercial disputes.	63
Figure 77: Impact of resolution of commercial disputes on exporters.	63
Figure 78: Impact of resolution of commercial disputes on importers	63
Figure 80: Division-wise impact of accessing public contracts.	64
Figure 81: Impact of accessing public contracts Viz-a-viz gender of person in charge	64
Figure 84: Impact of the accessing public contracts on various sectors of economy	65
Figure 82: Impact of accessing public contracts on exporters	65
Figure 83: Impact of accessing public contracts on importers.	65



1. INTRODUCTION

Khyber Pakhtunkhwa province is situated in the northwest of Pakistan, which shares a border area of 1,230 km with Afghanistan. Pakistan is the third-largest refugee host country in the world. About 58% of Afghan refugees live in Khyber Pakhtunkhwa. In May 2018, the Federally Administered Tribal Area (FATA) was merged into Khyber Pakhtunkhwa in the name of Newly Merged Districts (NMDs). After the merger, the total population of Khyber Pakhtunkhwa exceeded 40 million.

Furthermore, the unemployment rate, particularly among the youth aged between 15 to 29, is higher here compared to other provinces. It is believed that the poor and unemployed youth are easily hired by terrorist organizations. To avoid the situation, it is necessary to strengthen administrative services and the rule of law in the area.

Additionally, people believe that the impact of recent floods will become more serious, especially for the businesses. The socio-economic stability of the province, particularly in the NMDs, is important not only for Pakistan to promote peace in the region, including Afghanistan. To bring about stability in the area, improvement in the business ecosystem is necessary.

Khyber Pakhtunkhwa spreads over an area of around 101,741 square kilometers and is home to around 35,525,047 population². The province comprises seven Divisions, which are further divided into 34 districts as shown in *Figure 1*.

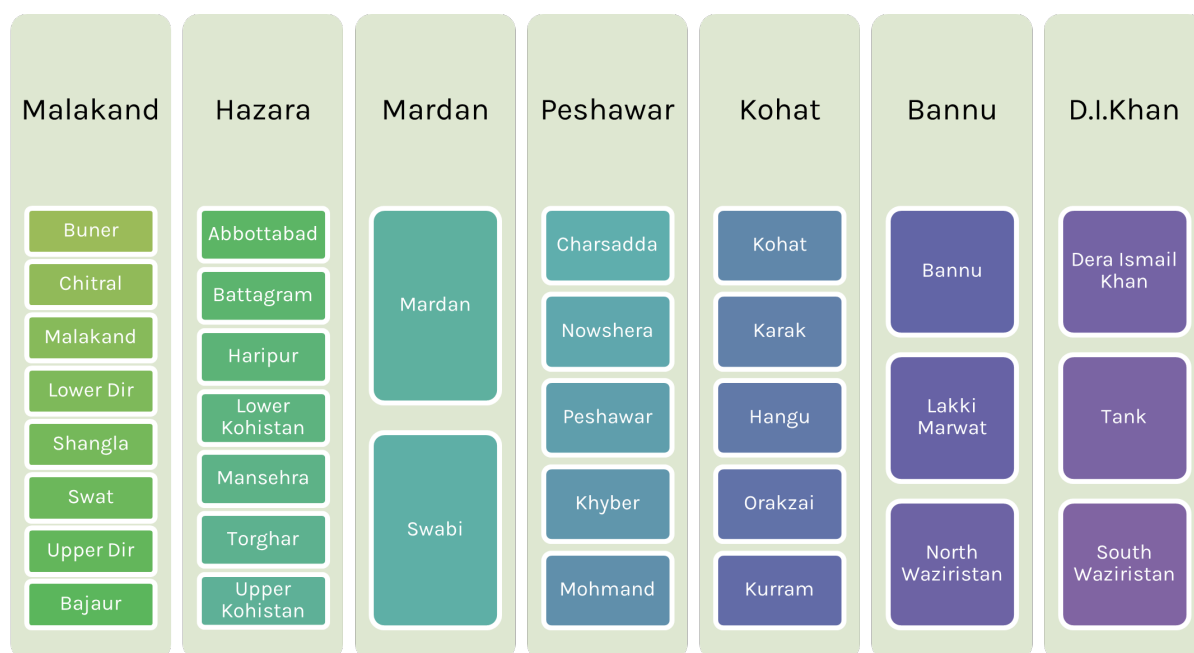


Figure 1: Divisions and their respective districts

With an economically strong base, the province contributes Rs 4,160,007 million³ to the total GDP of the country. In the FY 2023-24, it contributed Rs 39,726,093 million, which is 10.5% of the total GDP. Furthermore, the geostrategic location of the province also serves as a transit trade hub for Afghanistan and Central Asia.

Owing to excessive security issues, the business regulatory environment in Khyber Pakhtunkhwa has been unfavourable since the Afghan war. Several businesses were forced to move out of the province due to security issues. Following the war on terror, the province saw a few years of economic prosperity but that too was short-lived and the return of the Taliban government in

² This figure has been taken from the Population Census 2017 conducted by Pakistan Bureau of Statistics, and may be viewed at <https://www.pbs.gov.pk/content/final-results-census-2017>. The figures are added considering the recent merger of FATA into Khyber Pakhtunkhwa.

³ For details see <https://kpbos.gov.pk/search/publication-detail?id=92>

Afghanistan in 2021 again perpetuated uncertainty and instability in the business environment.

One of the major reasons ahead of security was the policy inconsistency due to frequent changes in political and bureaucratic set-ups, lack of autonomy, and coordination issues. The provincial government took several initiatives from 2022 to 2023 for the betterment of BRE, but most of the initiatives foundered on a lack of inclusive evidence.

The evidence that was available to guide the policy makers was focused on two Divisions, i.e. Mardan and Peshawar, and the same was thought to be generalized. Though this seems appropriate in quantitative terms, the requirements for businesses in other Divisions are different due to different geographies, demographics, and economic outlook. Table 1 depicts the major economic sectors that have been identified by Khyber Pakhtunkhwa Special Economic Zones Development and Management Company (KPSEZDMC).

Table 1: Division-wise major economic sectors and demographics

Divisions	Area (sq.km)	Population	Sectors
Bannu	9,098	2,587,328	Manufacturing, Agriculture & horticulture, Dairy & livestock, Transportation & logistics, Hydrocarbon & petroleum, and Minerals
Dera Ismail Khan	15,625	2,698,202	Agriculture & horticulture, Minerals, Embroidery, and Hydrocarbon & petroleum
Hazara	17,064	5,153,726	Hospitality and tourism, Forestry & carbon credit, Minerals, Hydropower, Agriculture & horticulture, Dairy & livestock, Transportation & logistics, Manufacturing, and Real estate & construction
Kohat	12,215	3,726,138	Hydrocarbon & petroleum, Minerals, Agriculture & horticulture, Manufacturing, Handicrafts & woven products, Forestry & carbon credit, Hydropower, and Hospitality & tourism
Malakand	31,162	8,608,378	Trade services, Skilled & unskilled labour, Minerals, Agriculture & horticulture, Dairy & Livestock, Fisheries, Foreign remittances, Forestry & carbon credit, Hospitality & Tourism, Hydrocarbon & petroleum, Hydropower, International transit, Local transit, Real estate & construction, Embroidery, Handicrafts & woven products, and Manufacturing (furniture)
Mardan	3,175	3,997,677	Agriculture (cereal crops) & horticulture, Minerals (limestone, marble), Manufacturing (leather, textile, light & heavy engineering), Hospitality & Tourism, and Hydrocarbon & petroleum
Peshawar	8,873	8,857,734	Agriculture (olive oil, vegetables) & horticulture, Dairy & Livestock, Fisheries, Minerals (marble, chromite, silica sand, dolomite, manganese, quartz, emerald, nephrite, and feldspar), Manufacturing (pharmaceutical, leather and footwear, sports goods, tobacco, textiles, beverages, ceramic, edible oil/ghee, soaps, and shampoos), Handicrafts & woven products, Hydrocarbon & petroleum, Forestry & carbon credit, Hospitality & Tourism, International transit, Real estate, and construction, Services, and Education

This study aims to draw input from most of the sectors in all the Divisions of Khyber Pakhtunkhwa. To the best of the researchers, this is the first effort to carry out research on the subject covering all the Divisions. The study also aims to collect several inclusive insights regarding the business problems, which remain unaddressed otherwise.

The objectives of the study are:

- To conduct research to identify challenges to be considered for the business ecosystem
- To formulate policy recommendations for the betterment of the business ecosystem

These objectives give rise to the following major hypotheses, which formed the basis for our study.

- Businesses face various issues in several aspects of the business regulatory environment (BRE)
- Each Division is unique in terms of having different challenges in their BRE.
- Owing to socio-cultural barriers, women face marginalization, but their involvement in entrepreneurship is increasing. They also have a unique set of challenges that they face in doing business.
- Import and export of various goods and services are confronted with different BRE-related problems.
- Primary, secondary, and tertiary sectors have different BRE-related challenges.

The hypothesis was based on the BRE conceptualization adapted from various publications done on the subject at national and international levels. The determinants of BRE include: a) Incorporating and starting a business, b) Access to appropriate business location (purchasing/leasing of property), c) Procurement of building permits including the environmental permits, d) Procurement of utility connections (electricity, gas, water, internet, and telecommunication), e) Hiring of appropriate labour, f) Opening a bank account, g) Making payments/transaction, g) Gaining access to credit, h) Export compliance, i) Import compliance, j) Clearance of goods at border points, k) Tax compliance, l) Resolution of commercial disputes and m) Award of public contract.

After this brief introduction, the next chapter discusses the methodology chosen for the research. Afterwards, a discussion on the major findings of the survey is conducted to derive recommendations. Some limitations and future research agenda are provided in the conclusion.

2. METHODOLOGY

A thorough review of existing literature on the better business regulatory environment has been conducted. The study also focused on providing new primary evidence on the subject through a firm-level survey of businesses working in Khyber Pakhtunkhwa. Additional data was collected from key stakeholders in the form of data validation, and interviews. The total sample size for this study was 506 business entities.

2.1. Methodology Design

SDPI along with various members of the National Network of Economic Thinktanks (NNETT) led the design of the overall methodology which was based on a mixed method approach. This design was implemented using key informant interviews which were carried out from January to March 2024.

2.2. Population and Sample

Data was either not available or available in fragments due to various reasons. Securities and Exchange Commission of Pakistan, Registrar of Firms, Federal Board of Revenue, and Provincial tax authorities are the main sources of businesses data.

The number of respondent firms as per geography and sector to be visited depends upon the determinants like area, population, existing Special Economic Zones (SEZs), prioritized SEZs, CCI registered with FPCCI and DGTO, WCCI registered with FPCCI and DGTO, SCCI registered with FPCCI and DGTO, SEZs and other manufacturing units of all the Divisions (Ahmed et al. 2020; Guadagno, 2016; Hulten et al. 2006; Mohsen et al. 2015; Tregenna et al. 2021; Tregenna and Andreoni, 2020; Zegeye 2000). Different weights are assigned to each category by seeking the experts' opinions and following the Delphi Method. Table 1 represents the weights associated with each category:

Table 2: Weights of each Determinant

Determinants	Weights
Area	10%
Population	20%
Existing SEZs	8%
Prioritized SEZs	10%
CCI Registered with FPCCI and DGTO	8%
WCCI registered with FPCCI and DGTO	5%
SCCI registered with FPCCI and DGTO	5%
SEZ units	20%
Other manufacturing units	14%
Total	100%

A survey of around 500 firms from all the Divisions was carried out. Table 2 presents the number of firms to be visited in each Division.

Table 3: Number of survey firms from each Division

Divisions	Number of firms
Banno	22
Dera Ismail Khan	40
Hazara	93
Kohat	39
Malakand	100
Mardan	81
Peshawar	125
Total	500

2.3. Survey

The survey was conducted from April to July 2024 based on the various determinants of the variable as defined in literature. The first dimension covers the start-up of any business followed by registering property, availability of financial resources together with easy access to credit facilities, capacity to deal with day-to-day operations corresponding to paying taxes and resolving insolvency through a secured business regulatory assessment environment. The questionnaire is provided in Annexure 2.

The survey was conducted face-to-face by using snowball sampling. Business associations included in the survey were chambers of commerce, chambers of small traders and small industries, women's business chambers, incubation centers, and local markets or trade unions. On March 20, 2024, SDPI's team conducted a comprehensive online training on the firm-level survey. Earlier, a letter of support was issued by the Khyber Pakhtunkhwa Board of Investment and Trade (KPBoIT) to facilitate the team to access the participants.

2.4. Stakeholder interviews

Unstructured interviews of stakeholders were conducted in two stages. Initially, interviews were conducted to devise the sampling plan. Afterwards, six additional interviews were conducted for the validation of survey findings by representatives of KPBoIT, Khyber Pakhtunkhwa Revenue Authority (KPRA), Small and Medium Enterprise Development Authority (SMEDA), Local Government Department.

2.5. Analysis and validation

Survey responses were validated during the key informant interviews. Only 10 percent of the respondents were contacted by phone randomly to validate the responses. A monitoring and evaluation team also visited and audited some of the survey interviews to check for bias. Furthermore, data findings were shared with members of NNETT and their feedback on anomalies was included. The analysis of the survey data included both descriptive data and cross-tabulation to explore the nuance of the findings, combining this with information from interviews and wider research and data identified throughout the study.

3. KEY FINDINGS

3.1. Organizational Overview

The unit of analysis for the survey questionnaire comprises middle or senior level management representatives of private sector businesses operational in Khyber Pakhtunkhwa. The firm represented by the participants had an average working period of 15 years. The sample shows inclusivity, as those firms were also included that were established a month back from the survey while some were doing business for about 90 years. However, most of the firms were above the average of 15.35 years. The details are provided in Table 4.

Table 4: Analysis of age of firm

Demographics	Time
Mean	15.35 Years
Standard Deviation	13.44 Years
Max	90 years
Min	1 month

The majority (more than 90 per cent) of the participants in the sample identified themselves as either the founder, owner, chief executive officer or senior management representative. The details are provided in Figure 2.

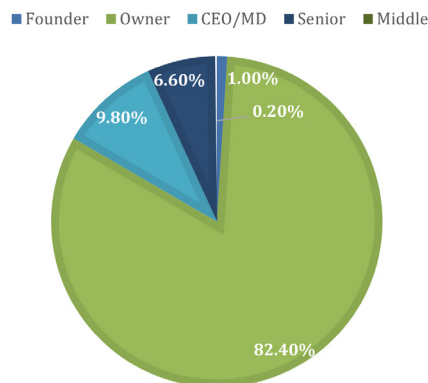


Figure 2: Role of participant in the represented firm

The division of ownership structure of the representative firms is provided in Figure 3. The majority (87 per cent) of survey respondents identified themselves as registered and the remaining belong to the informal sector. Within the registered, most of the respondents presented their firms as sole proprietors. This displays that the benefits of the company registered through the Securities and Exchange Commission of Pakistan are not well recognized by the private sector. Additionally, they find it hard to recognize the importance of their business to have a separate existence (Ireland, 1984).

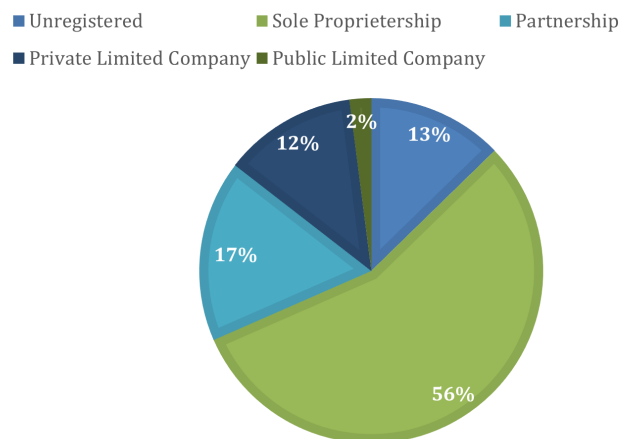


Figure 3: Ownership structure of representative firms

The head offices of 99% surveyed firms were located in Khyber Pakhtunkhwa while the remaining 01 per cent in Balochistan, Punjab, Gilgit-Baltistan, and the federal capital (Islamabad).

The actual sample distribution compiled by experts has been provided in the previous section. The sample's percentage value for each Division of Khyber Pakhtunkhwa is provided in Figure 4.

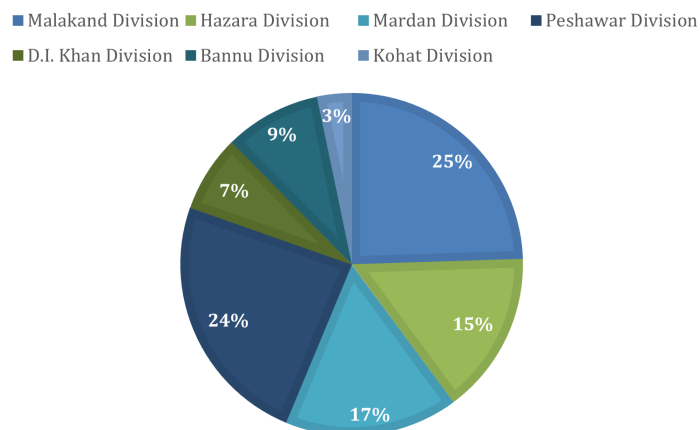


Figure 4: Division-wise division of participants

The firms as identified by the participants had operational coverage throughout the province. Most of the coverage was found in Peshawar, Malakand, Mardan, and Hazara followed by Bannu, Dera Ismail Khan, and Kohat. This is primarily due to construction and poor road infrastructure as well as the law and order situation in the southern districts (Chowdhury, 2007, Parkin, 2011). The details are provided in Figure 5.

Additionally, the operational coverage at the national level is provided in Figure 6. It shows that the participants identified the Punjab province as the most recurring in national coverage while Gilgit-Baltistan is the lowest.

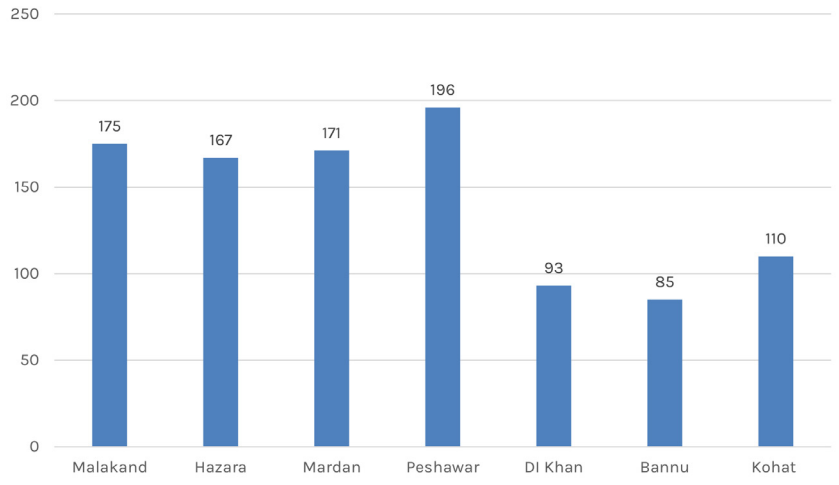


Figure 5: Division-wise operational coverage of businesses in Khyber Pakhtunkhwa

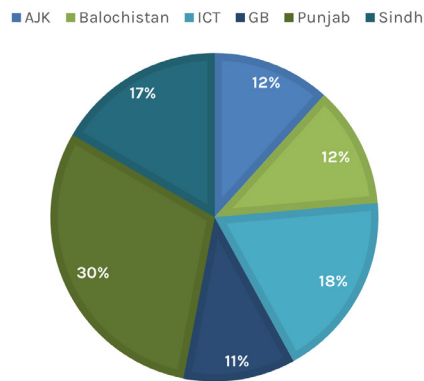


Figure 6: National-level operational coverage of businesses in Khyber Pakhtunkhwa

A very small number of firms identified themselves as exporters (16%) and importers (17%). This is partially due to the security situation as Taliban government was gaining control over Afghanistan just before the survey.

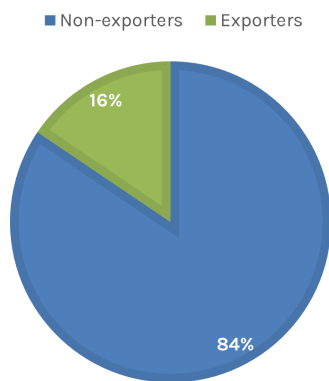


Figure 7: Exporters within the sample

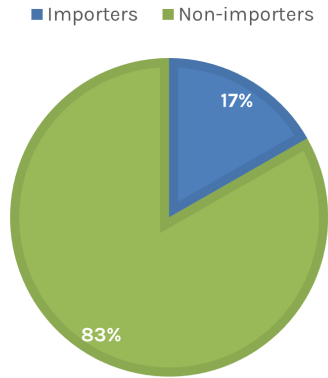


Figure 8: Importers within the sample

The sectoral division identified by the respondents is provided in Figure 9. Most firms belong to the tertiary sector, which includes services and trading of various types. The second type is the processing and manufacturing of various goods, and the last is the primary type which represents mines and minerals, agriculture, livestock, fisheries, and other aspects.

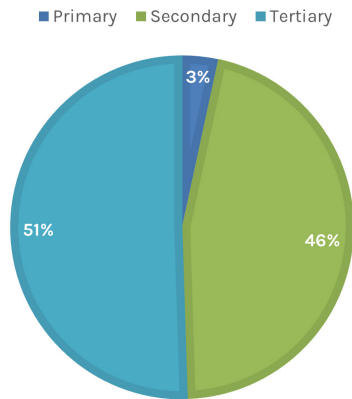


Figure 9: Sectoral distribution of sample firms

Afterwards, the participants were asked to identify how they classified their business. While developing some synergy in the data, a Pareto chart was developed as provided in Figure 10. Eighty per cent of the firms represented the sectors such as Trading (Textile), Manufacturing (Marble), Manufacturing (Textile), Manufacturing (Leather), Trading (Groceries), Trading (Foods), Manufacturing (small Items), Manufacturing (Construction), Manufacturing (Furniture), Trading (Leather), Trading (Pharma and cosmetics), Trading (Computer and mobile related accessories), Services (Construction), Trading (General), Services (Dry Fruits), Manufacturing (Foods), Trading (Crockery), Trading (Bakery Items), Trading (Electric items), Trading (Hardware), Agriculture (Dairy), Manufacturing (Plastics), Services (Textile), Manufacturing (Cutting Equipment), Manufacturing (Tobacco), Trading (Gemstone), and Trading (Retail)

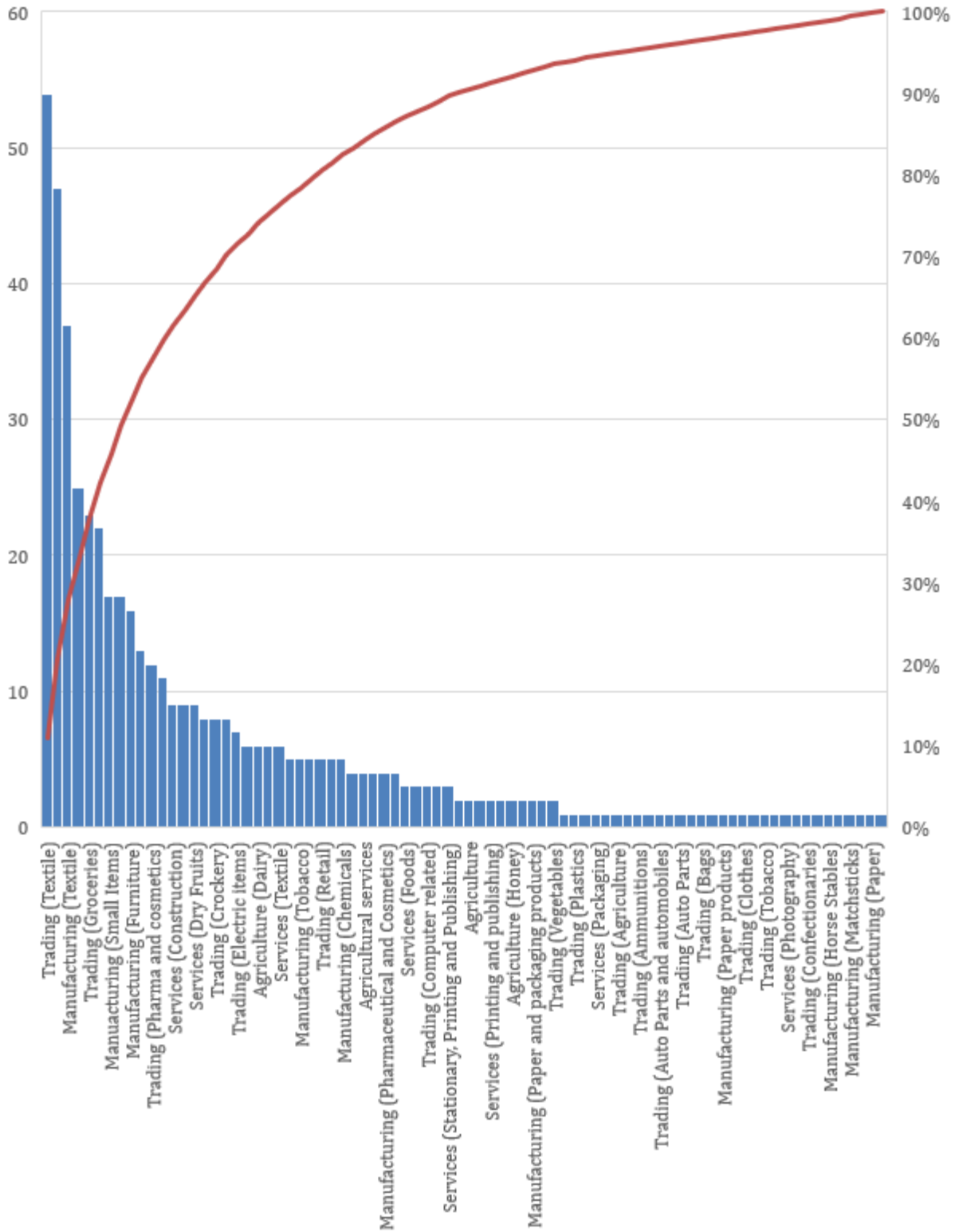


Figure 10: Pareto analysis of sectors

The participating firms were also asked to identify whether they were engaged with any business association or not. The majority (88 per cent) of the representative firms were found engaged with business associations such as chambers of commerce and industry, chambers of small traders and industry, women chambers of commerce and industry, national incubation centers, other incubation centers, industrial estate associations, and local or market trade unions. The details are provided in Figure 11.

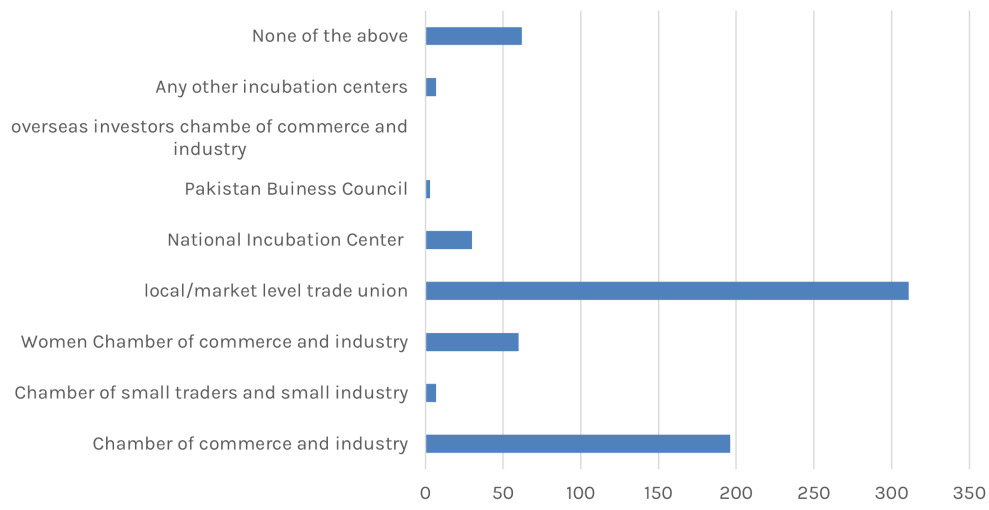


Figure 11: Participant organizations engaged with business associations.

The participants of the survey also identified their satisfaction with the various business associations they are engaged with. The same is provided in Figure 12. A majority of the participants perceived a positive effectiveness of the business associations, but some respondents pointed out that the business associations have not been able to fulfil their truthful role in the better business regulatory environment.

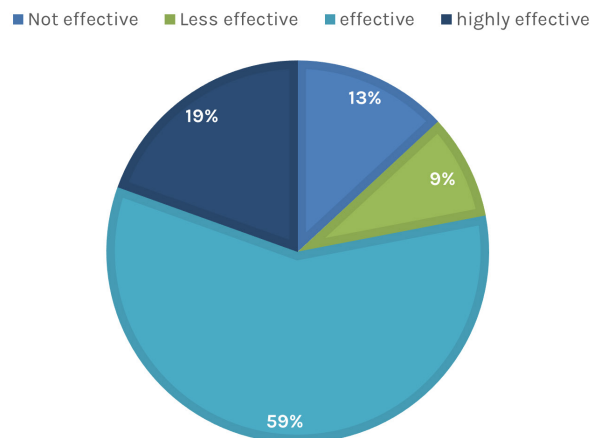


Figure 12: Effectiveness of business associations

Additionally, the participants who identified their person in charge as women amounted to 15.06 per cent. The average age of the person in charge is from 36 to 45 years, which is a positive trend and shows youths' interest in entrepreneurship. The highest level of education depicted by the participants is provided in Figure 13. It is exhibited here that the majority, more than three-fourth of the respondents, were school educated and above. This also depicts the success of the entrepreneurship and education policy of the government, which may have inclined the educated youth to taking part in entrepreneurial activities.

On average, the number of people employed by the respondent organizations was 17. Although some firms had only one employee, the maximum number of employees was 2000. This shows the inclusivity of the sample in terms of representing the labour perspective. The data showed that most firms laid off their workforce during COVID-19, but the recovery was taking place, though it was slow. A varied trend in this regard was that the firms that faced a decline in the

workforce faced a further decline during the next year as well. The probability of decline after growth, growth after growth, and growth after decline was very low. Only 10 per cent of the firms had women employees. The same is depicted in Figure 14.

Figure 13: Highest level of education of the person in charge

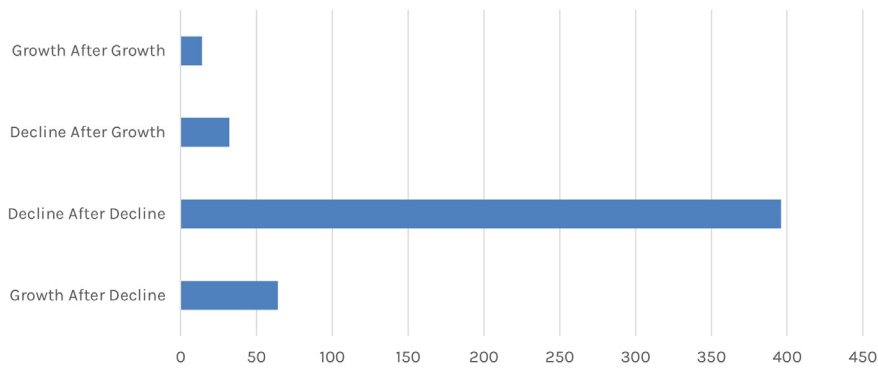
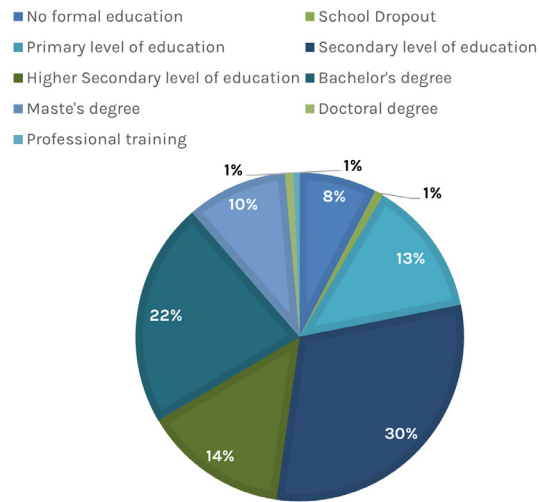


Figure 14: Trends in the last three years' employment growth



3.2. Business Regulatory Environment

3.2.1. Incorporation of business

Incorporation means the formation and registration of a limited company. Once you have the required resources, the effort that you require to get your business registered with various agencies is completed. This entails the requirements for several registration agencies that register businesses at federal, provincial, and local government levels. This is also the reason for the difficulty in assessing the actual population of the business community in a geographical setting.

The participants considered incorporation as the most impactful of the BRE dimensions in Khyber Pakhtunkhwa. The overall average impact of the business incorporation comes out to be 3.47 out of 4, which is high. This relates to the lack of awareness and realization that the government departments are unable to create in the private sector the benefits of being registered. The impact is further associated with regulatory harassment by several departments after registration. This attitude forms the basis for the lack of formalities in the province.

While discussing the Division-wise results for the impact of incorporation, it is worthwhile to note that it has a high impact in all Divisions of Khyber Pakhtunkhwa. However, Kohat and Malakand Divisions, which have tax breaks due to independent status or being part of FATA, consider the incorporation a more impactful dimension in doing business.

Similarly, if we discuss the firms that identified as women-led viz-a-viz the firms that identified as men-led, the difference is demonstrated in Figure 16. The women-led businesses are reported to face a 06 per cent more impact on average than men-led businesses in terms of incorporation. This is also due to the lack of support for women in business associations to get their businesses registered. This also stems from the fact that businesses that are women-led are recent.

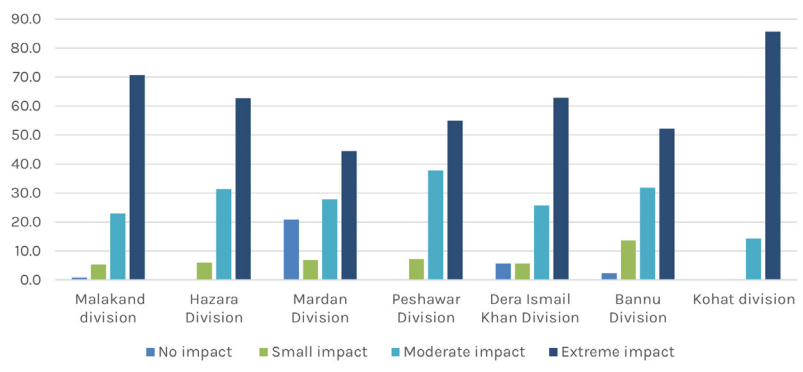


Figure 15: Division-wise impact of the incorporation of business

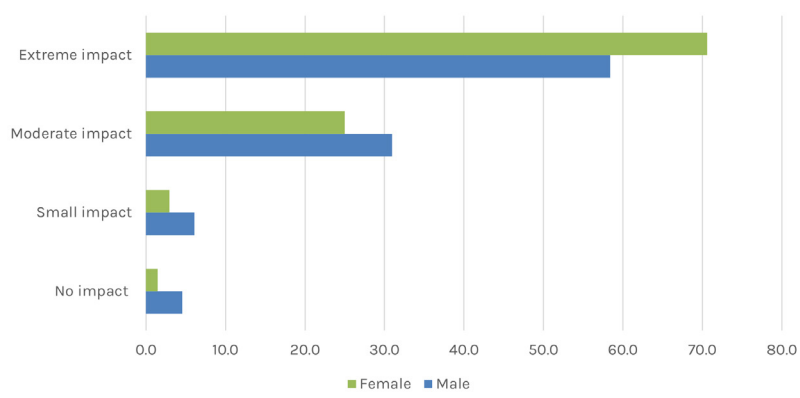


Figure 16: Impact of incorporation of business Viz-a-viz gender of the person in charge

The analysis, in this regard, is also very important in terms of identification of the impact of importing and exporting businesses. Importers find the business incorporation slightly more impactful on their businesses than non-importers. Although this impact is only 05 per cent more than for non-importers, the impact identified by both is equally high. Similarly, in the case of exporters, the impact is 02 per cent more than non-exporters. A possible reason for this is that businesses that try to function in cross-border trade have possibly a more stringent registration requirement. Overall, the impact faced in incorporation for exporters and importers is very high and reaches nearly 90 per cent. Figures 18 and 19 respectively depict the graphic presentation of the impact of identifying as an importer or an exporter on the incorporation of a business.

Regarding the type of sectors, primary sector players usually find incorporation the biggest challenge followed by secondary and tertiary sectors. The ease of doing business initiative of the Khyber Pakhtunkhwa government impacts the tertiary sector the most and that is the reason they find it least impactful to incorporate business. The procedure for registering with the Khyber Pakhtunkhwa Revenue Authority (KPRA) has been revised to include ease in the procedure. Another factor that indicates the lower impact for the tertiary sector is that most of the businesses are sole proprietors and their registration is relatively easy. The secondary industry is usually labour intensive and some of the participants informed the survey team that a lot of informal contractual labour practices are being followed which enable the companies to find difficulty in getting themselves registered formally. The details are depicted in Figure 17.

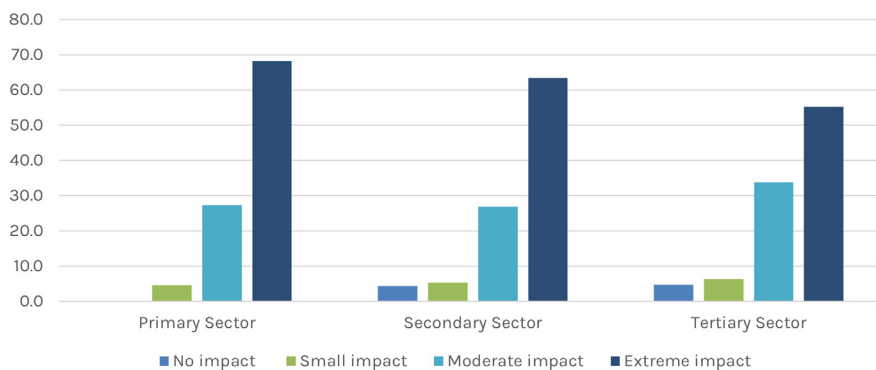


Figure 17: Impact of the incorporation of business on various sectors of the economy

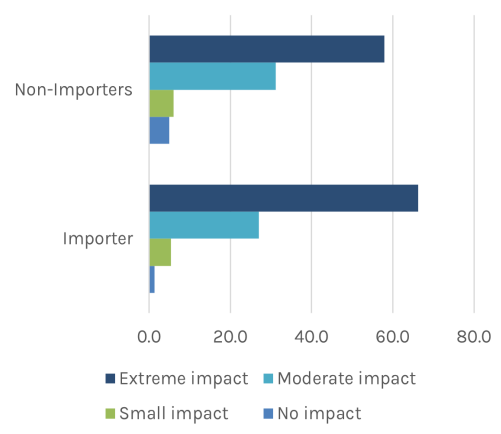


Figure 18: Impact of incorporation of business on importers

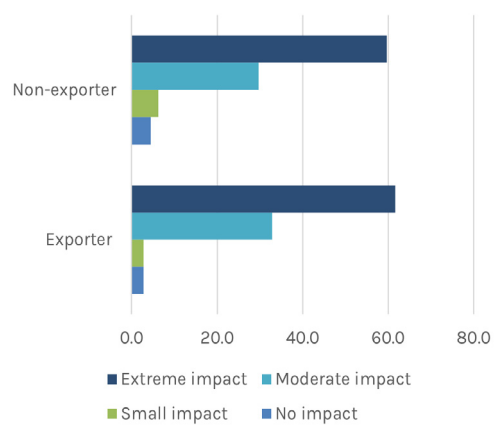


Figure 19: Impact of incorporation of business on exporters.

3.2.2. Accessing appropriate business location (purchasing/leasing of property)

Businesses require a specific location where they can run their operations. This building or location can be procured or leased as appropriate. Access to appropriate business locations is considered to have a relatively small to moderate impact on doing business in Khyber Pakhtunkhwa. It forms the basis for some respondents being sole proprietors who don't have any other team members. This also shows that due to the absence of relevant policies, any type of business can be run within the residential areas.

Looking at access to location from the Division-wise perspective brings to knowledge that access to location has a moderate level impact on doing business. The highest impact is reported in Bannu due to the participants being from the market association and all urban centers are usually crowded and one finds it hard to find a proper location for facilitating operations in such areas. The lowest value is Mardan due to the recently developed Rashakai Special Economic Zone. Further details can be seen in Figure 20.

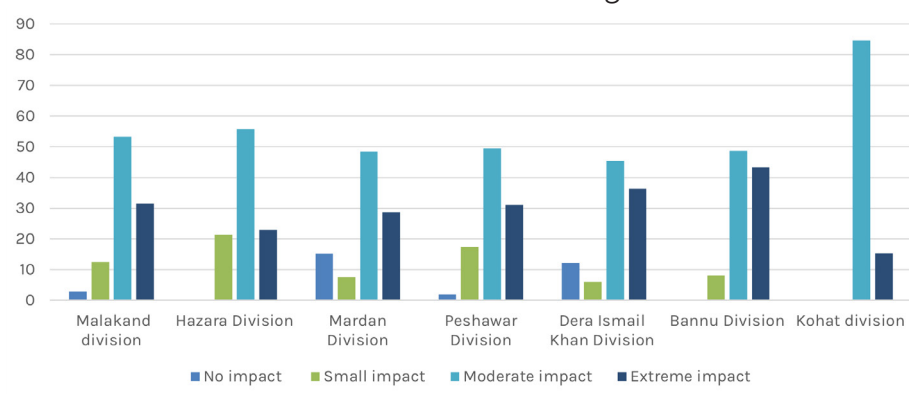


Figure 20: Division-wise impact of accessing business location

The impact in terms of access to location is moderate for both men and women-led businesses but is slightly asymmetric towards the women-led businesses by 02 per cent. Details are provided in Figure 21. This might be related to the lack of mobility and access to the market faced by women-led businesses in Pakistani society. It was also reported by some of the participants that the hiring of rental locations by women is also difficult due to socio-cultural norms that hinder women to come out of house for livelihood.

Furthermore, analyzing the impact regarding accessing location for importers and exporters, it was reported that they face a higher impact in connection with accessing locations for their businesses. The impact was higher by around 04 per cent in the case of importers and 02 per cent in the case of exporters.

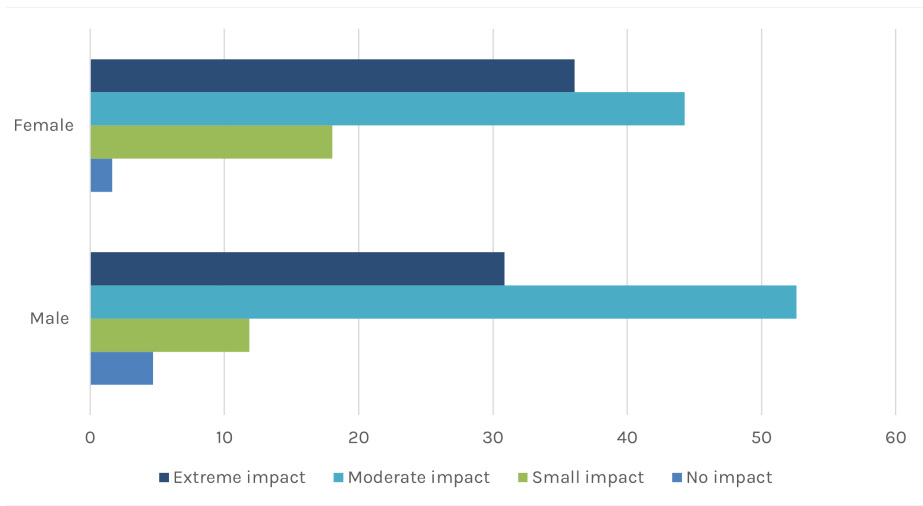


Figure 21: Impact of accessing business location Viz-a-viz gender of person in charge

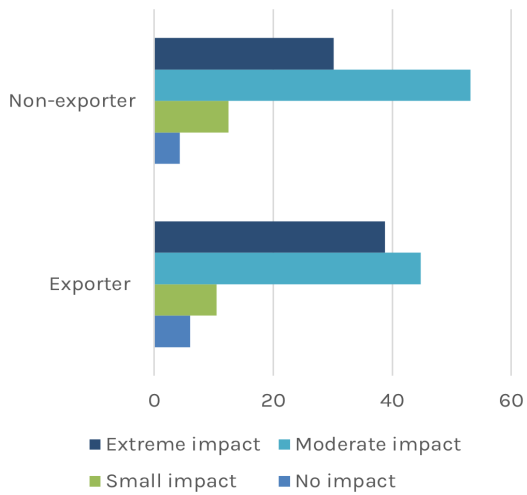


Figure 22: Impact of accessing business location on exporters.

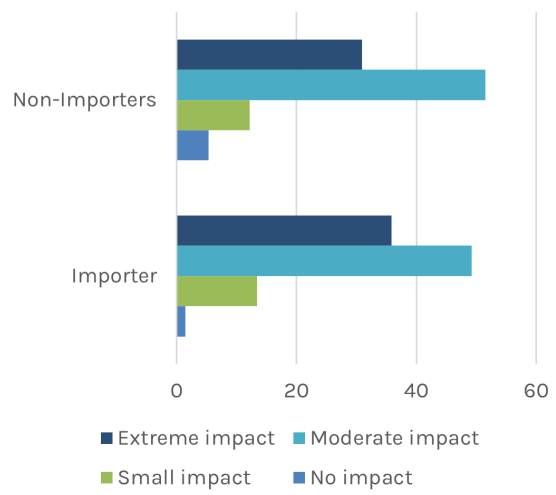


Figure 23: Impact of accessing business location on importers

While considering the types of sectors represented, access to business location was identified as having a higher impact by the primary sector mainly due to depleting mines and mineral reserves, agricultural property being converted into urban housing societies, and legislation not allowing dairy production in urban areas. Although the impact is almost the same for the secondary and tertiary sectors, the secondary sector has issues accessing business locations due to larger locations required for manufacturing or processing. The details are provided in Figure 24.

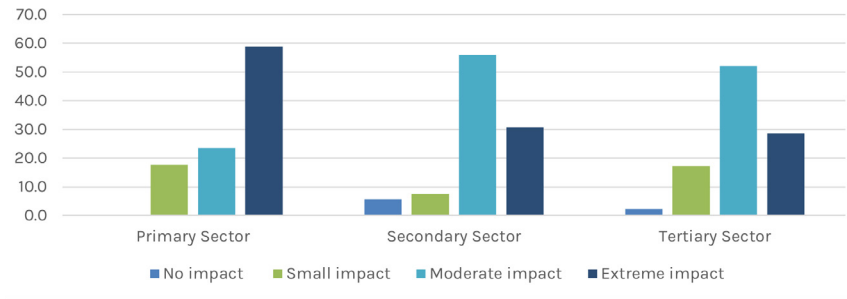


Figure 24: Impact of accessing business location on various sectors of economy

3.2.3. Procurement of building permits, including environmental permits

Several permits are required after accessing the operational location for the business. These include but are not limited to environmental permits and permits required for putting up signboards for businesses. These permits have been identified to have a moderate impact on the BRE. Most of the people referred to the harassment by environmental protection agencies and lack of awareness regarding changes in related laws and regulations as a problem. For instance, in Malakand, some participants said that the industry had to be immediately shifted to industrial estate locations without prior notice that caused unease, and uncertainty. Although they understand that with rapid urbanization, the industry needs to be shifted to peri-urban areas, and it is a better step. The government has brought about this reform under Pakistan Regulatory Modernization Initiative (PRMI)⁴ in the form of the online approval system of building plans. However, this reform is reported to be only applicable to the bigger Divisions of Khyber Pakhtunkhwa.

The Division-wise impact identified by the participants indicates that the impact is least for Peshawar and most for Bannu. The impact is least felt in Peshawar because of a better understanding and awareness of the policies and regulations as well as more proactive business associations. In the case of Bannu, the businesses have informed us that due to the displacement of large number of people from the former FATA and security issues during the last three decades, Bannu Division has become overcrowded. This requires more time and effort in accessing building permits. The same situation prevails in Kohat in southern Khyber Pakhtunkhwa.

In the Malakand and Mardan regions, the participants reported that it is difficult to get access to building permits since the new regulations for the Division are gradually being implemented. This includes tax-free areas and now they are gradually coming under tax zones. This lack of clarity on regulations is also one of the major impacts on businesses. Another aspect is the urbanization in these Divisions over the last few years causing areas to come under more stringent regulations. This is due to the rapid urbanization and development that took place in Mardan in a very short time causing the private sector not to be able to adjust to the permits. Plus, the impact is high in Mardan due to the presence of Marble and Tobacco industry, which identified the mistreatment by environmental protection agency. Further details of this can be seen in Figure 25.

Furthermore, women-led businesses face a higher impact on the procurement of building permits. The building permits have issues pertaining to policy inconsistency, which can only be mitigated through effective knowledge sharing. The women-led businesses usually are faced with a higher impact due to their lack of mobility and access to information. Further details can be seen in Figure 26.

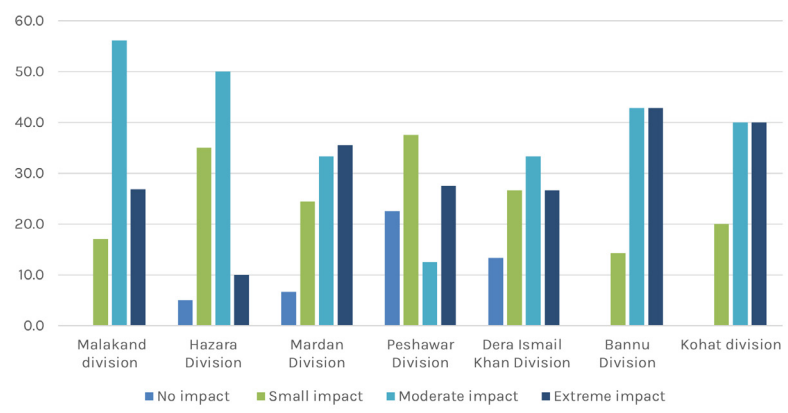


Figure 25: Division-wise impact of procurement of building permits

⁴ For details see <https://business.gov.pk/>

In terms of seeing the impact of building permits for importers and exporters, the impact is slightly higher for non-importers than for importers and almost the same for exporters and non-exporters respectively. This might be due to the importers and exporters housing their facilities in SEZs with better access to permits. The details are depicted in Figure 27 and Figure 28.

A similar trend can be seen in the sector-wise analysis where the secondary sector has the highest impact on the procurement of building permits, followed by the tertiary sector. Similarly, the lowest value, which is more inclined toward small impact, is reported by the primary sector as depicted in Figure 29. This may be due to the long operational age of the primary sector businesses viz-a-viz the other sectors. The secondary industry, especially the stones and gems sub-sector, is reported to be the major focus of the environmental protection agencies.

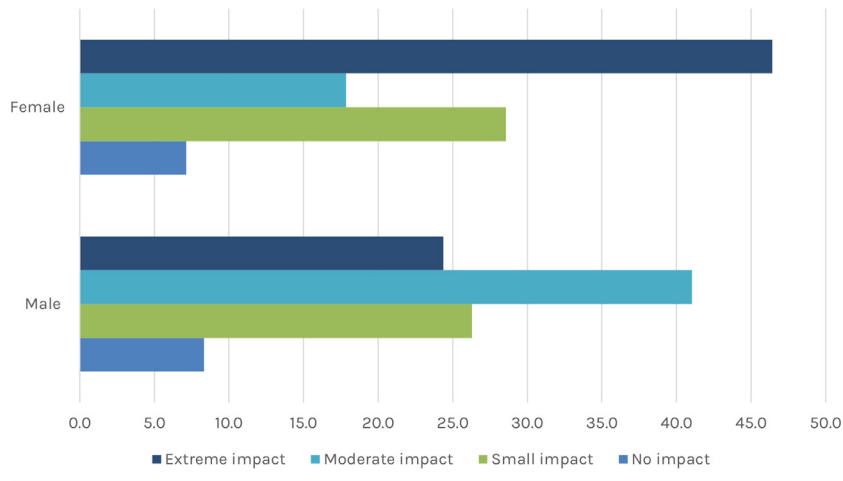


Figure 26: Impact of procurement of building permits Viz-a-viz gender of person in charge

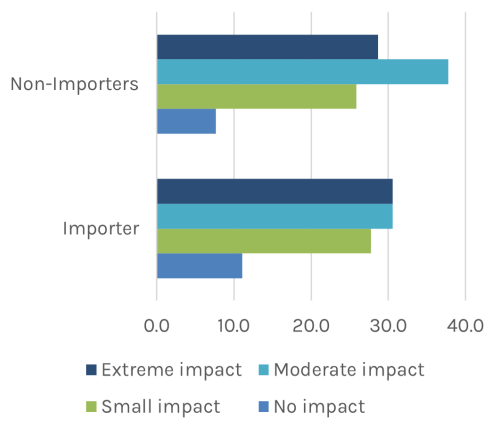


Figure 27: Impact of procurement of building permits on importers

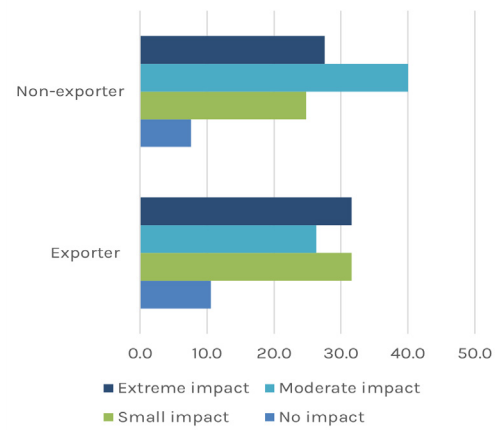


Figure 28: Impact of procurement of building permits on exporters

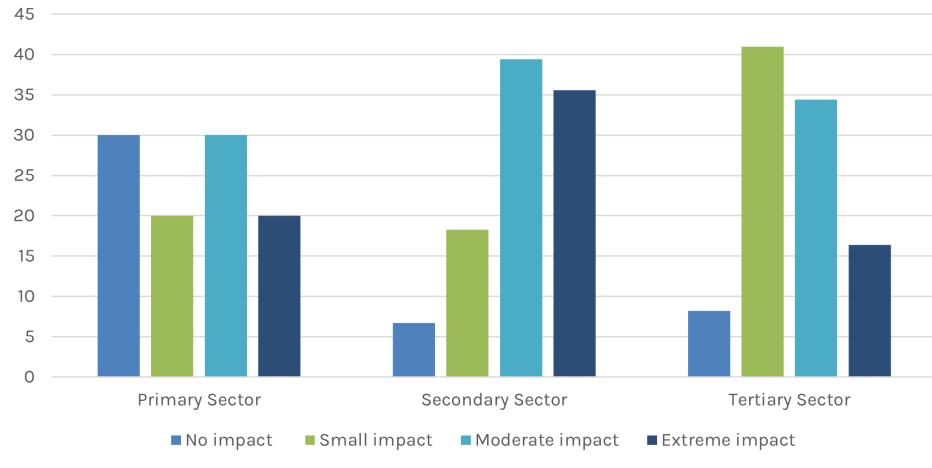


Figure 29: Impact of the procurement of building permits on various sectors of the economy

3.2.4. Procurement of utility connections (electricity, gas, water, internet, and telecommunications)

The procurement of utility connections entails the registration and acquisition of utility facilities (gas and electricity), basic amenities and facilities (water) and allied facilities (telecommunication). This aspect has been reported by the participants to have a more than moderate impact on their business environment.

The participants reported that this aspect of business is most prone to nepotism, bribery, and corruption. The government has carried out reforms in the electricity supply, but they are mostly focused on areas around Peshawar. This may be the reason for Peshawar Division identifying one of the lowest impacts of procurement of utility connections followed by Dera Ismail Khan, which is due to the respondents belonging to an industrial zone established in Dera Ismail Khan where getting access to utilities is considered easier than otherwise.

The higher values are attributed to the participants of the Mardan Division followed by Malakand and Kohat Divisions. For Mardan region, especially Swabi district, this is attributed to the policy inconsistency and lack of coordination between government departments and federating units on the electricity wheeling which was available in Gadoon Amazai Industrial Estate. This is primarily due to rapid urbanization through the conversion of agricultural land into housing societies on the one hand and the extension of the boundaries of urban centers on the other. This rapid urbanization has developed a backlog of utility connections, and it has been reported that incidents of nepotism and corruption have risen due to this backlog. Hazara and Bannu Divisions are reported to moderately impact the business operations primarily due to the lack of transparency in information and regulations. The details are depicted in Figure 30.

The procurement of utility connections is reported to be faced by women-led businesses more by 12 per cent than men-led businesses. This is mainly because of the lack of access to information due to the lack of mobility of women entrepreneurs and the lack of networking amongst the business community. This is the major cause of women-led businesses facing a higher level of difficulty in starting and running businesses. The details are depicted in Figure 31

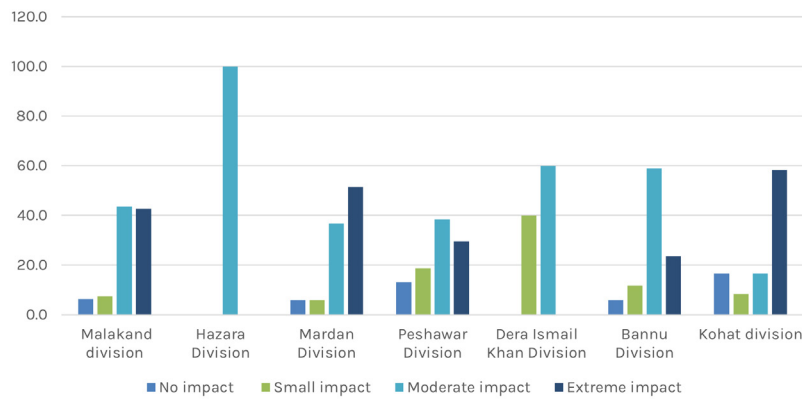


Figure 30: Division-wise impact of procurement of utility connections

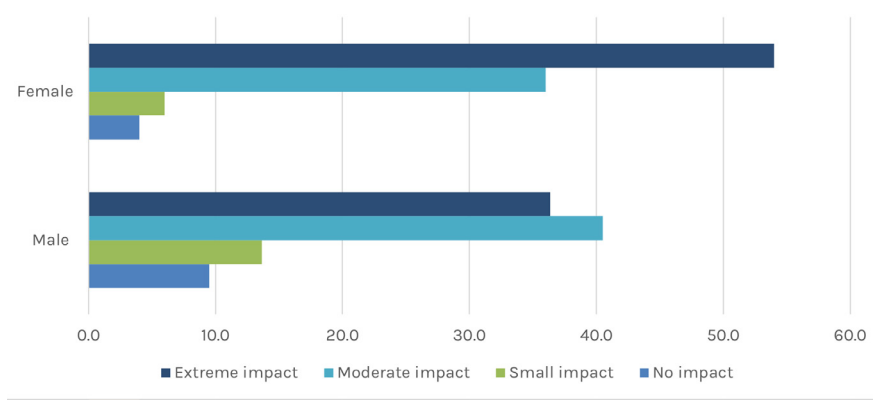


Figure 31: Impact of procurement of utility connections Viz-a-viz gender of person in charge.

In terms of importing businesses and non-importing businesses, the impact of procurement of utility connections is almost the same. However, exporters reported a slightly higher impact than non-exporters toward the extreme impact. This may be because the exporters are facing issues in accessing and getting hold of the incentives that come with the SEZs. The details are depicted in Figure 32 and Figure 33.

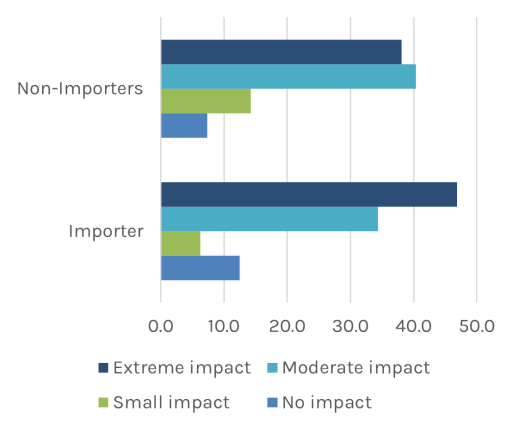


Figure 32: Impact of procurement of utility connections on importers

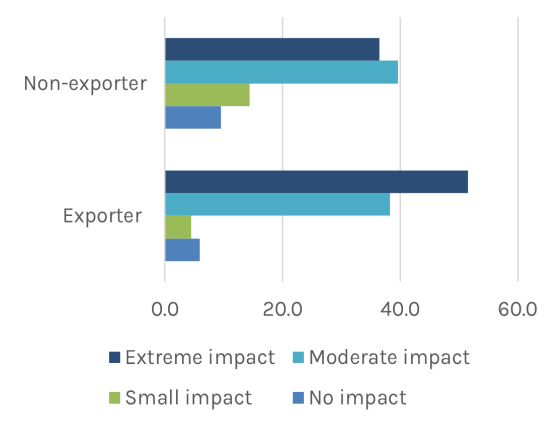


Figure 33: Impact of procurement of utility connections on exporters

The impact faced in business operations due to procurement of utility connections is most faced by the secondary sector firms' participants followed by the primary sector and the tertiary sector. The secondary sector faces more issues due to the lack of access to incentives materialized in the industrial estates of SEZs along with additional electricity and gas load allocations required. Additionally, the wheeling regulations are also the reason for the higher impact on the secondary industry in Gadoon Amazai Industrial Estate. Details are depicted in Figure 34.

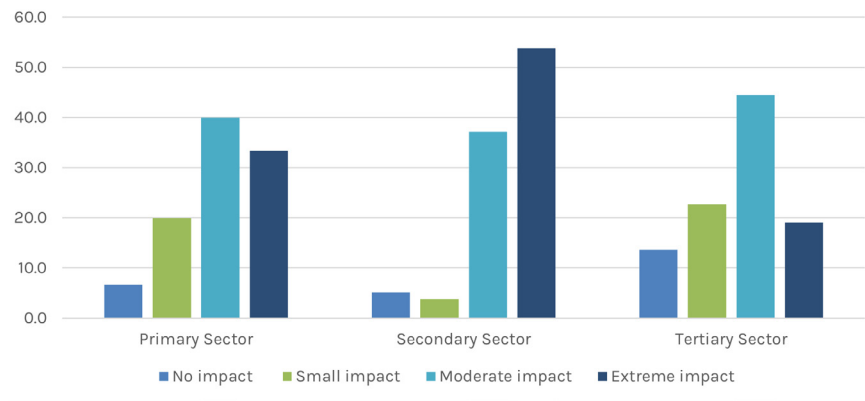


Figure 34: Impact of the procurement of utility connections on various sectors of the economy

3.2.5. Hiring skilled labour

Accessibility of businesses to the labour market to hire skilled labour is a major challenge in doing business. The labour belonging to Khyber Pakhtunkhwa is considered the most productive in the whole of the country. Labour also forms a high source of international remittance from abroad, especially from the Middle East region. The access to appropriate labour due to their demand throughout Pakistan and abroad has a slightly lower than the moderate impact on business operations.

This can also attribute to weak social security for labourers and huge informal businesses in the province. The incidence of labour moving outside Khyber Pakhtunkhwa is attributed to the issues with timely payments and labour rights in the province. Mardan Division displays the lowest values in this regard primarily due to the presence of two big industrial estates in the form of Gadoon Amazai and Rashakai. These have led to better labour rights and housing huge numbers of labourers.

The survey team had a chance to discuss the rights with some labourers, who said that people from across the province come around to these industrial estates to do work and learn skills. Similarly, Mardan is followed by Peshawar and Dera Ismail Khan due to the presence of formal industrial estates. Bannu Divisions were reportedly faced with difficulties in this regard due to displacements from these areas to other parts of the country during military operations in the last decade. This has caused a serious labour shortage.

Similarly, the Malakand and Hazara Divisions have a moderate shortage of labour due to their engagement in petty tourism activities as well as the shifting of labour abroad. Division-wise impact of accessing appropriate labour to business operations has been provided in detail in Figure 35. Women-led businesses face a slightly higher impact of accessing appropriate labour than men-led businesses. This is because women-led businesses are usually more prone to hiring women labourers which are hard to access due to socio-cultural issues. The details are provided in Figure 36.

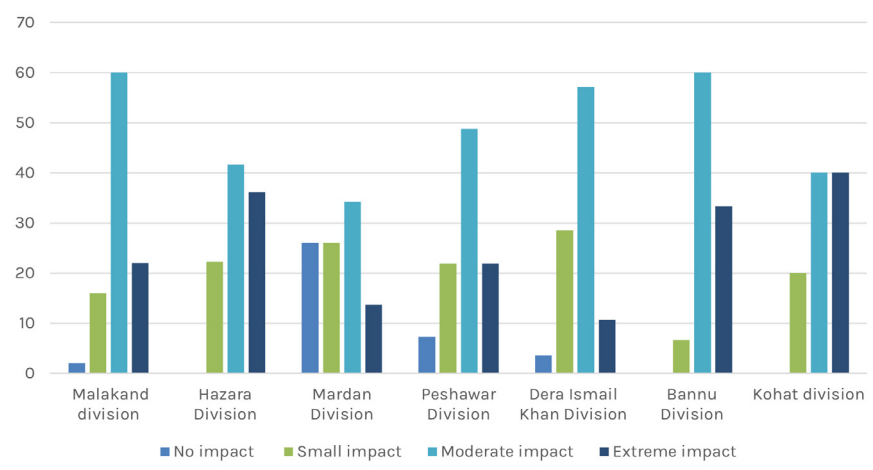


Figure 35: Division-wise impact of hiring appropriate labour

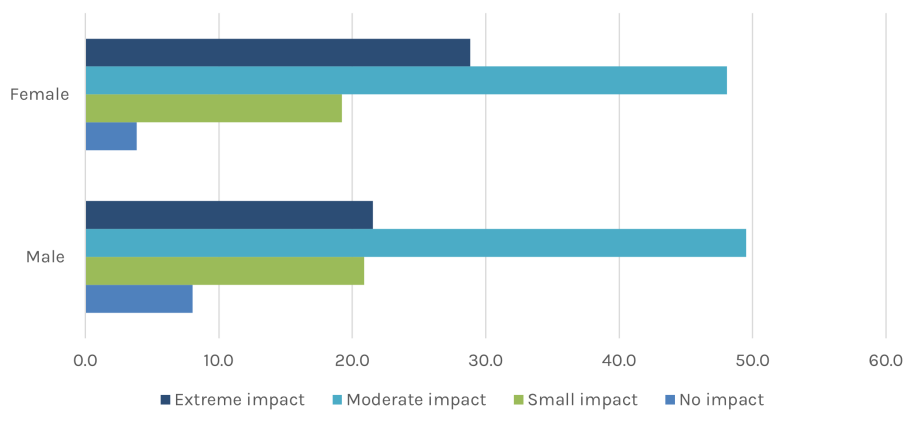


Figure 36: Impact of hiring appropriate labour Viz-a-viz gender of person in charge.

The importers and exporters face the issue of accessing appropriate labour more than non-importers and non-exporters by around 6.8 per cent and 7.1 per cent. This is probably the most important aspect in the case of cross-border trade that focuses skills of the labour instead of their availability. Export items require skills to fulfil the quality requirements and skilled labourers are hard to find. The items which are imported have superior technology which may require skilled labour but are usually found to be absent. Unskilled labour is easy to find. The details are depicted in Figure 37 and Figure 38.

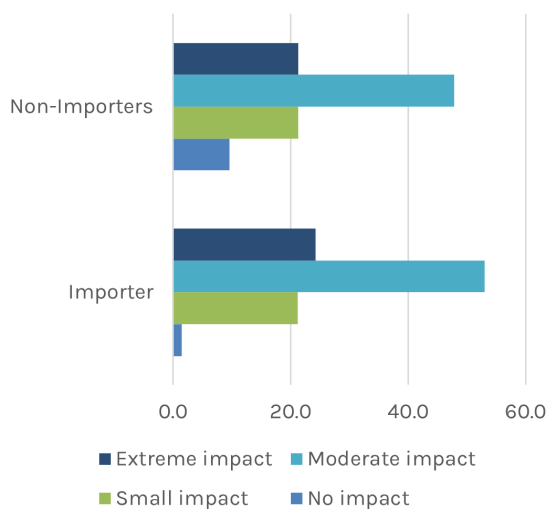


Figure 37: Impact of hiring appropriate labour on importers'

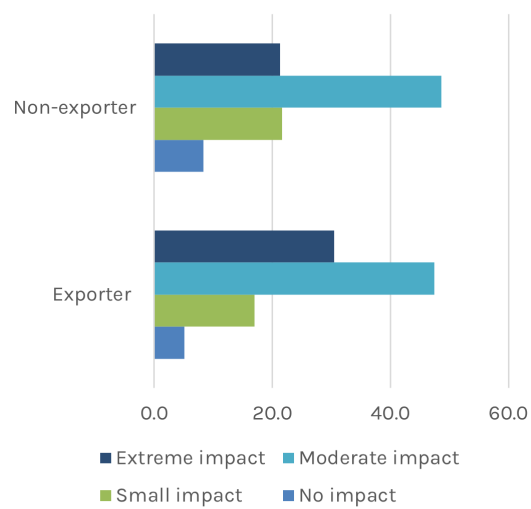


Figure 38: Impact of hiring appropriate labour on exporters.

The impact of accessing labour by various sectors was identified as highest for the primary sector entities followed by the secondary and tertiary sectors. All three sectors are around the moderate impact zone. The high value for the primary industry is due to the high infringement of rights by the marble industry. The primary sector also has a high risk of health and environmental safety. This is the reason for the high value of impact for the primary sector. For the secondary and tertiary sectors, the impact is the same. The main cause is the lack of skilled labour availability. Details are depicted in Figure 39.

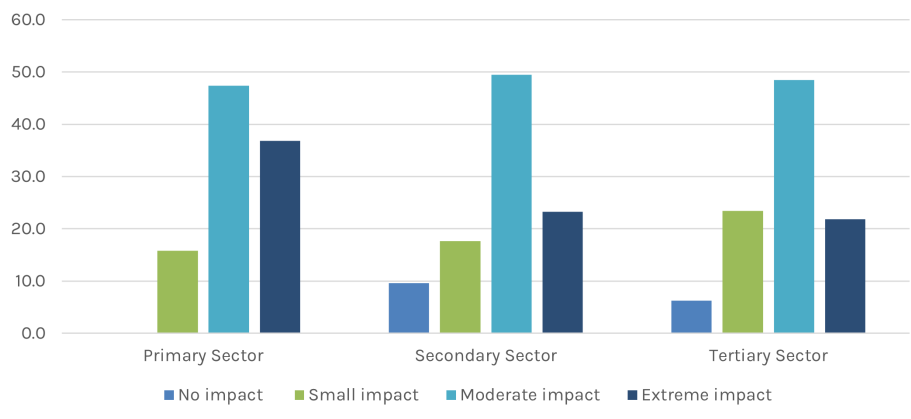


Figure 39: Impact of hiring appropriate labour on various sectors of the economy.



3.2.6. Opening a bank account

In Khyber Pakhtunkhwa, banking is limited due to the rough terrain as well as the security situation prevailing there for the last many decades. In some similar research studies, respondents reported having issues pertaining to the opening of bank accounts due to the reason for them traveling long distances in order to reach a bank and open the account. Another aspect attributed to the opening of bank accounts is the regulations added to access foreign remittances due to the recommendations of the Financial Action Task Force (FATF).

Owing to the overall national uprising of digital wallets and banks, especially the ones associated with cell phone connections, the opening of bank accounts has become very easy. The impact of the opening of accounts on business operations has been reported to be the lowest and is identified as a small impact on average. The division-wise reported impact is depicted in Figure 40.

Participants from Mardan and Peshawar Divisions showed the lowest impact due to better banking and telecommunication accessibility. It was reported that some small shopkeepers were taking payments from mobile wallets in these Divisions followed by Dera Ismail Khan Division, which being close to the Punjab also has a good telecommunication network in most parts of its geography.

The highest impact in terms of opening of bank accounts was reported by Bannu followed by Kohat due to a very weak banking and telecommunication network in the Southern Khyber Pakhtunkhwa. Malakand and Hazara Divisions have very rough terrain in most parts where it is slightly difficult to open bank accounts due to the lack of a banking network. However, telecommunication networks in these tourist areas are improving and that is why the impact reported by these Divisions is slightly higher than the small impact.

The opening of bank accounts was an aspect where the men and women-led businesses reported almost on the same lines with the women-led businesses slightly higher than the men-led businesses. This is again due to lack of mobility for women entrepreneurs, but the values still depict a small impact because the telecommunication-based mobile wallets and bank accounts allow for verification without visiting the bank. The details are provided in Figure 41.

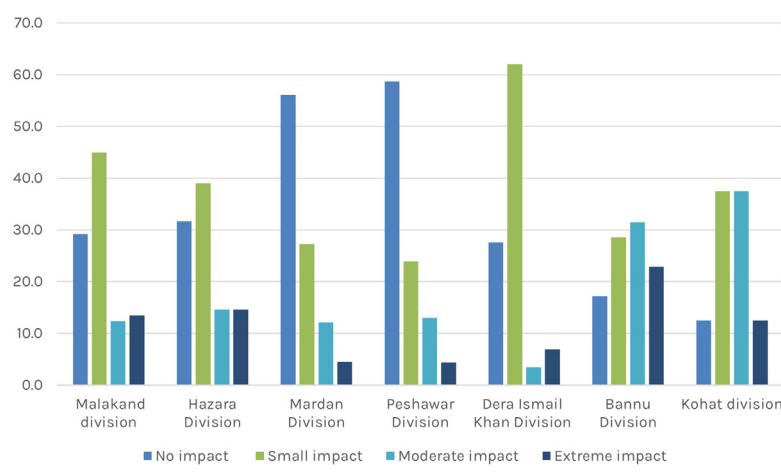


Figure 40: Division-wise impact of opening a bank account.

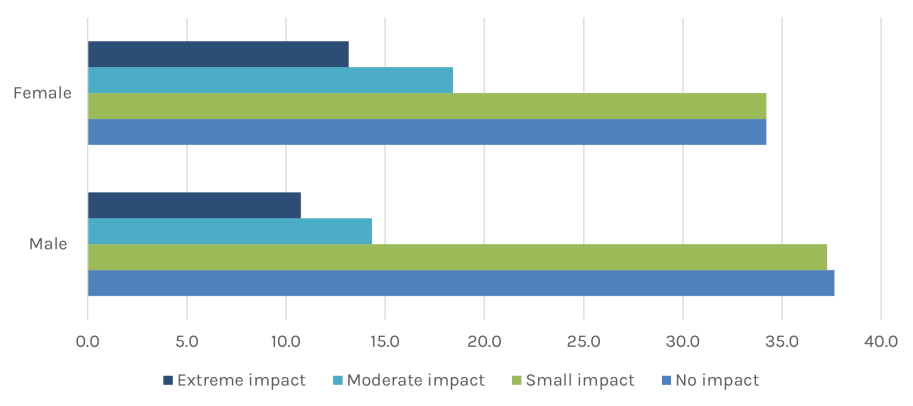


Figure 41: Impact of opening a bank account Viz-a-viz gender of person in charge.

Similarly, the opening of bank accounts is reported to impact exporters and importers viz-a-viz non-exporters and non-importers as slightly higher by 6.6 per cent and 3.5 per cent depicted in Figure 42 and Figure 43 respectively. This is probably due to the settlement of some exporters and importers in areas that have low telecommunication penetration causing them not to access mobile wallets. Another aspect that might be related to the cross-border trade is usually dealt with by more mainstream banks and not by new e-banks operated by telecommunication companies.

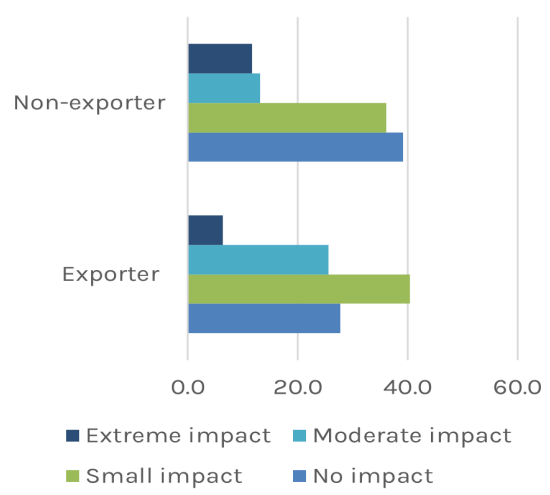


Figure 42: Impact of Opening a bank account on exporters.

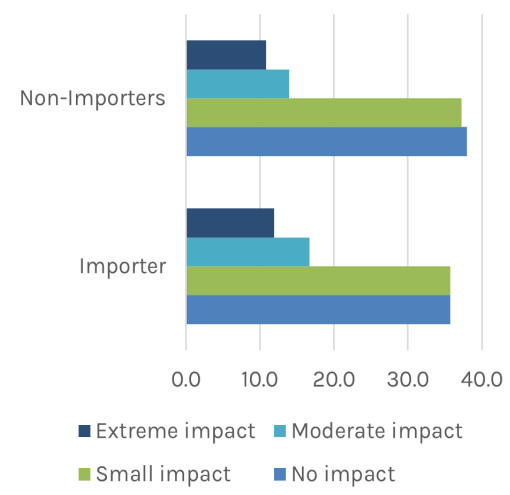


Figure 43: Impact of opening a bank account on importers.

While discussing the sector-wise impact faced due to the opening of bank accounts, the highest value was faced by primary industry due to their remote locations followed by tertiary which will be present in all terrains, and finally, the secondary which is usually housed in proper industrial zones which have proper banking and telecommunication network. The same is depicted in Figure 44.

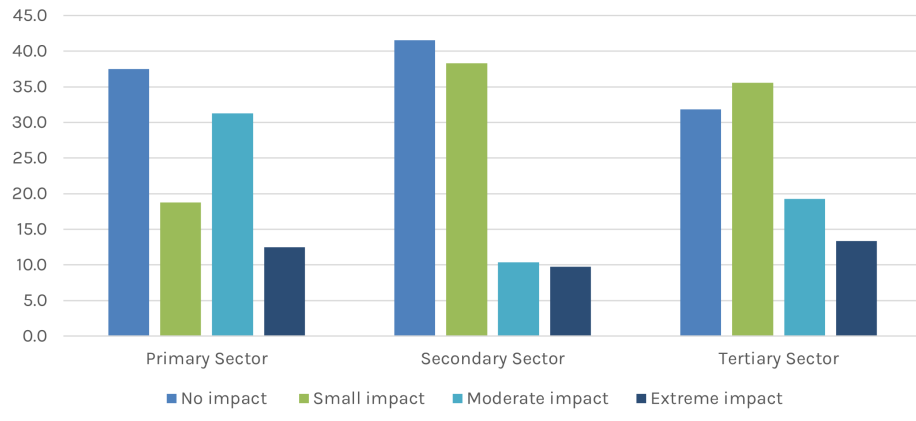


Figure 44: Impact of the opening of a bank account on various sectors of the economy.

3.2.7. Making payments/Transaction

Businesses, during their operations, are required to make financial transactions through banking channels. The ways and methods utilized for making these transactions are an important factor as they relate to payments made by the customer to the business, and by the business to the vendors and employees. As discussed, opening bank accounts has been made easy and the businesses appreciate the same. The next important aspect now is to use that bank account for making financial transactions. This comes as a function of the telecommunication and internet penetration in the various regions of Khyber Pakhtunkhwa as well as the banking network.

The government has taken steps to provide ease in electronic and branchless banking but the impact of these schemes on Khyber Pakhtunkhwa will take time. The impact faced by the Khyber Pakhtunkhwa businesses regarding making payments is slightly below moderate. One of the reasons is that the risk profiles that banks develop for each area have variables that enable the whole of Khyber Pakhtunkhwa to fall into the high-risk zone. This discourages them from expanding their branch network in the province. This is also followed by low internet penetration in several areas of Khyber Pakhtunkhwa making the e-banking options difficult to use.

While considering the Division-wise impact reported in terms of making payments, the highest value is seen in Bannu Division followed by Kohat Division owing to the very weak banking and telecommunication network and internet being available in most parts of the Division only intermittently causing issues in e-payments. The lowest values are reported for Mardan, Dera Ismail Khan, and Malakand Divisions respectively due to rapid development in telecommunication networks, improvement of banking networks due to industrial estates being developed, and good internet penetration. These values are followed by the impact faced in Peshawar and Hazara Division, which is reported to be moderate mainly due to banks being fixated only in the big cities whereas the surrounding areas found it very difficult to make financial transactions due to lack of banking, telecommunication, and internet networks. The details are depicted in Figure 45.

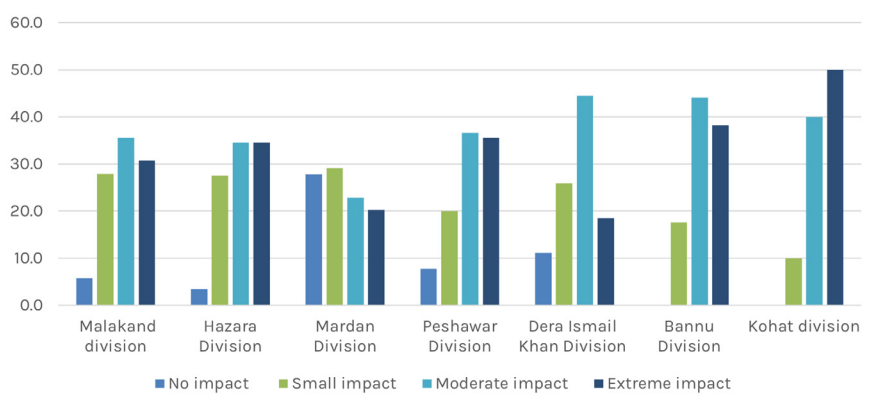


Figure 45: Division-wise impact of making payments.

Both women and men-led businesses found the impact of making financial transactions to be equally impactful with women-led businesses finding it slightly more impactful by a mere 04 per cent. The details are depicted in Figure 46.

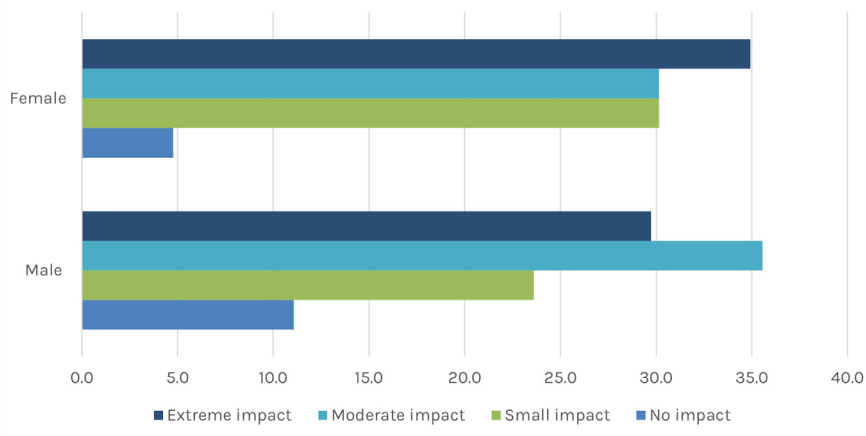


Figure 46: Impact of making payments Viz-a-viz gender of person in charge.

Importers have reported making financial transactions which impact on them 15.1 per cent more than non-importers. This is related to the balance of trade crisis that Pakistan has faced during the last few years causing importers to find it extremely difficult to make payments to their counterparts in addition to the issues faced due to banking, telecommunication, and internet networks. Details are depicted in Figure 47.

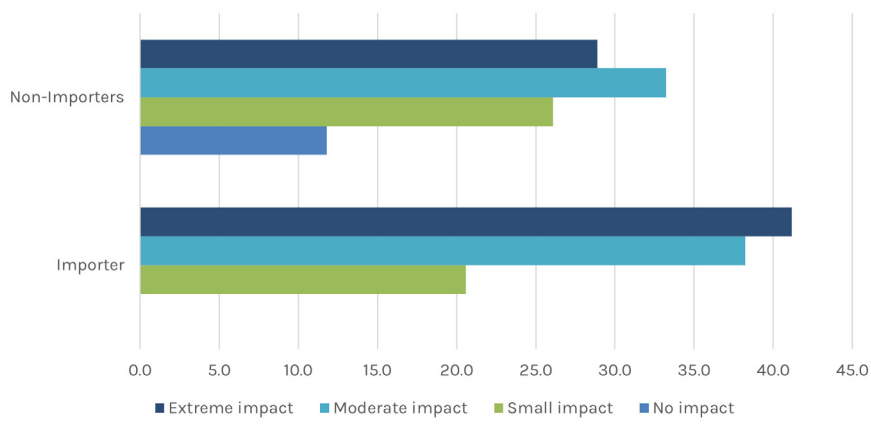


Figure 47: Impact of making payments on importers.

For the exporters, the impact has been reported to be 6.4 per cent higher than for non-exporters. This is mainly due to the stringent regulations from the State Bank of Pakistan (SBP) due to the FATF in addition to other factors discussed above. The details are depicted in Figure 48.

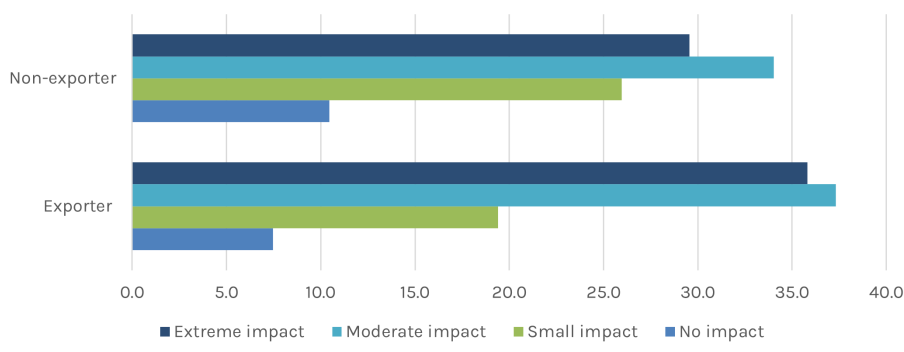


Figure 48: Impact of making payments on exporters.

Sector-wise trends of the reported impact are the same as the ones shown in the opening of bank accounts. The lowest impact is reported by the secondary sector followed by tertiary and the highest is for the primary sector. The primary sector faces more issues due to their remote locations making it difficult to access the banking, telecommunications, and internet networks. For the secondary sector, the industrial zones and estates have made it easier for them to access banks along with better telecommunications and internet connectivity causing ease in making transactions. The tertiary sector is spread in all terrains of Khyber Pakhtunkhwa, therefore, the impact reported by them is in between. Details are depicted in Figure 49.

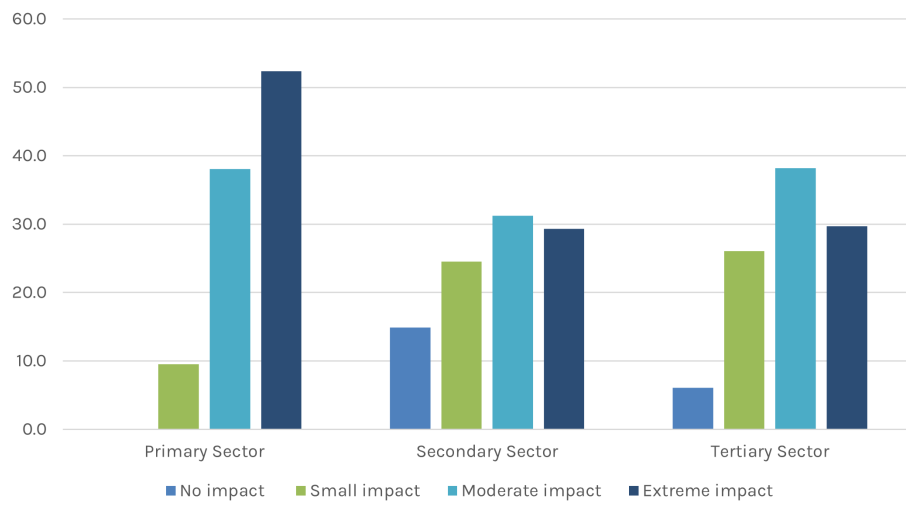


Figure 49: Impact of making payment on various sectors of economy



3.2.8. Gaining access to credit and finances

Gaining access to credit in terms of loans and finances impacts business operations. This relates to the ease of finding investors on the one hand and creating ease in risk profiling for lending on the other. During a conversation while designing this methodology, one of the respondents suggested that only around 10 per cent of the deposits in Khyber Pakhtunkhwa are converted into credits that are available for the local population. This causes a more equity share in starting and operating a business and increases the risk for the business owner. However, through several schemes started by Federal and Provincial governments and the State Bank of Pakistan, access to credit has started to get better in the province.

The overall impact reported by participants on access to credit and finance is found to be slightly less than moderate. This is probably due to the schemes such as World Bank’s economic revitalization project⁵, the Small and Medium Enterprise Development Authority (SMEDA) Prime Minister’s Kamyab Jawan scheme, which was later rebranded as Prime Minister’s Youth Entrepreneurship Scheme⁶, and other economic incentive schemes offered post-COVID, as well as the banking sector growth in Khyber Pakhtunkhwa (Khan et al. 2023, Khan and Khan 2023, Raza et al. 2023).

Furthermore, the collateral risk scoring mechanism is a very important aspect. Most of businesses who participated in the survey don’t have assets to mark as collateral as risk scoring for credit rating. The credit rating of most of the businesses and including the geographical factors turns out to be very low making it very difficult if not impossible to get access to credit. Additionally, since most of the respondents are sole proprietors, the risk rating of these businesses becomes very high since the assets of owner and business are shared and businesses need to exist as a separate entity.

Looking at this determinant from a Division-wise angle, the impact of access to credit is faced more by the larger businesses housed in Peshawar, Hazara, and Mardan due to greater financing needs in terms of new technology-based machinery and equipment. The remaining Divisions are almost at the same level in this regard due to their low financing requirements. The details are depicted in Figure 50.

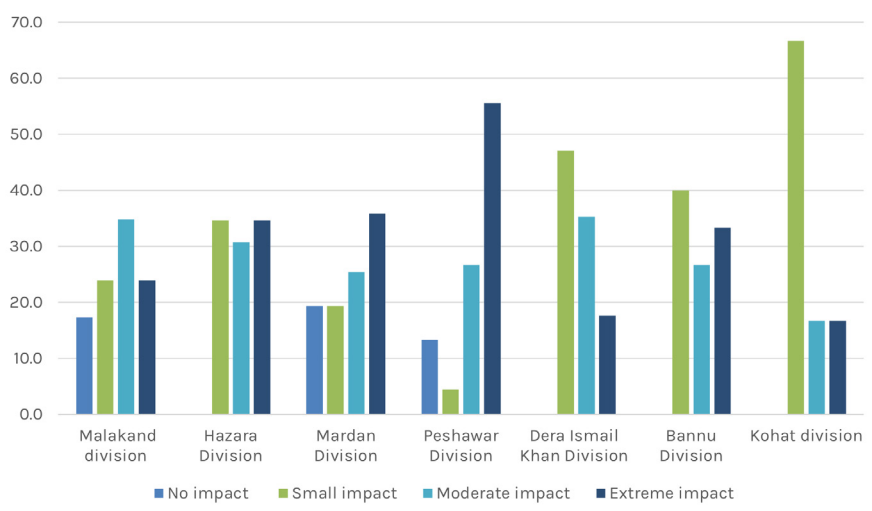


Figure 50: Division-wise impact of gaining access to credit

5 For details see <https://www.worldbank.org/en/results/2021/10/18/economic-revitalization-project-steers-emergency-funds-to-covid-hit-small-businesses-in-pakistan-s-khyber-pakhtunkhwa-kp>

6 For details see <https://tribune.com.pk/story/2330691/k-p-youth-begin-benefiting-from-kamyab-jawan-programme>

The impact of access to credit and finance on business operations is felt slightly less by women-led businesses than men-led businesses. This may be due to some additional financing schemes for women entrepreneurs offered by State Bank of Pakistan (SBP) and SMEDA⁷. The values are still around the average moderate impact for head of businesses belonging to both genders. Details are depicted in Figure 51.

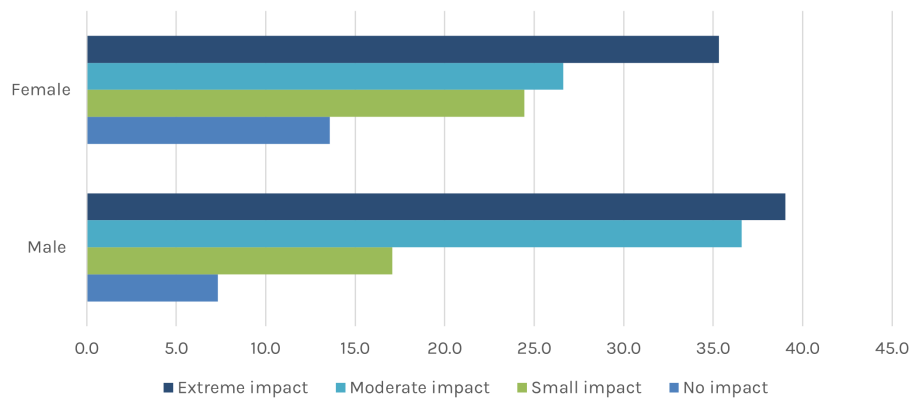


Figure 51: Impact of gaining access to credit Viz-a-viz gender of person in charge

The access to credit and finance is faced more by exporters and importers than non-exporters and non-importers by 10.3 per cent and 14.6 per cent respectively as depicted in Figure 52 and Figure 53 respectively. These high values are probably because of excessive trade financing requirements due to alternative payment methods for both importers and exporters and opening of letters of credit especially for importers. Additionally, exporters are required to improve their manufacturing methods and materials used due to the demand from their customers.

Furthermore, as expected, the tertiary sector finds access to credit and finance to be least impactful due to lack of capital requirements. This along with their ownership structure, which is predominantly sole proprietors, does not provide necessary requirements for them to go beyond their own equity capital. This is followed by the secondary sector, which is due to their better access to financial institutions and the positive role of business associations. The primary sector is facing the most impact of getting access to credit and finances because they don't have access to financing institutions and are not affiliated with effective business associations. The details are provided in Figure 54.

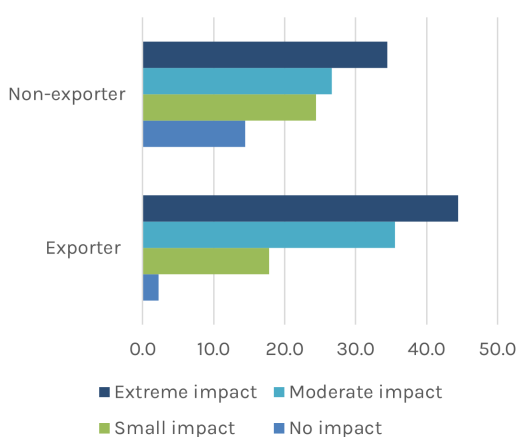


Figure 52: Impact of gaining access to credit on exporters.

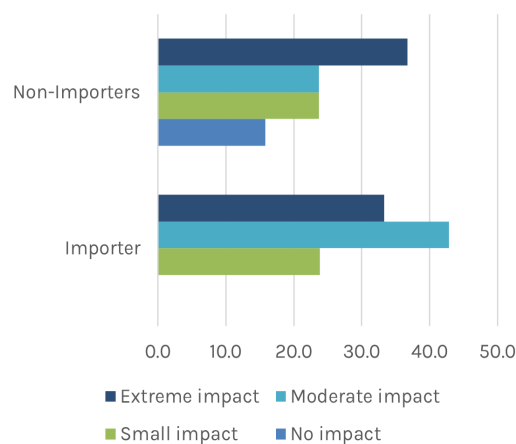


Figure 53: Impact of gaining access to credit on importers.

⁷ For details see <https://www.sbp.org.pk/lncen-others/sme-6.asp>

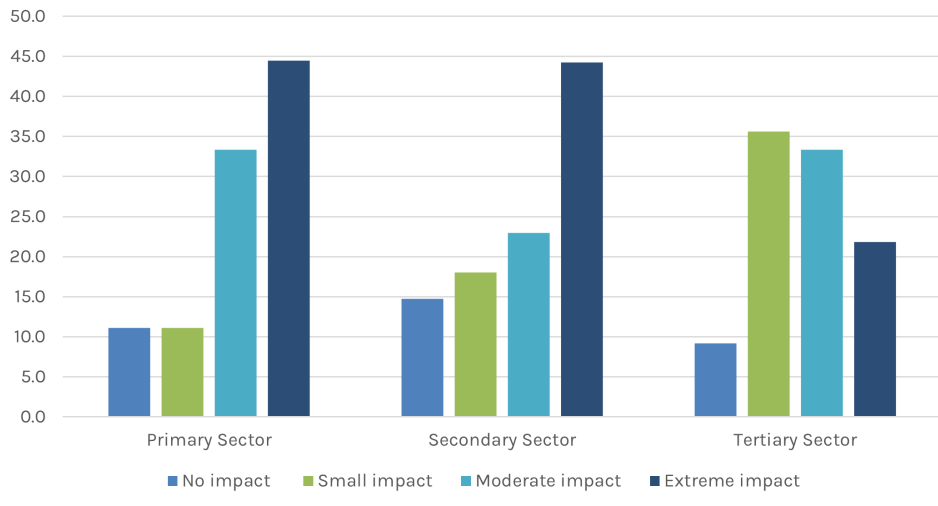


Figure 54: Impact of the gaining access to credit on various sectors of economy

3.2.9. Export Compliance

The exports include the surplus products that are produced for selling across borders and have a stringent set of border rules that one involved in exports have to face. This causes additional cost and effort in terms of doing business. The major export destination for Khyber Pakhtunkhwa has been Afghanistan, but due to security concerns and banking channels incompatibility, the transactions have come with a very high level of uncertainty. That’s why only a few respondents reported to be the exporters themselves.

Yet, the research team was asked to put the question of export compliance and its impact on all respondents as many of the respondent firms were past exporters. This is due to the very high regulatory pressure that exists for exporters. Although some of the respondents did mention the ease that was created through Government of Pakistan’s initiatives like Pakistan Single Window (PSW), which has automated some of the procedures used regulating cross-border trade. Additionally, the border development at Torkham under Central Asia Regional Economic Cooperation - Regional Improving Border Services (CAREC-RIBS) programme⁸, which has created ease in logistics and regulatory issuance of certificates, permits and licenses on the border points. In the past two decade, the road infrastructure development (including the Islamabad-Peshawar Motorway, Swat motorway, Chitral Highway, Hazara Motorway, and Hakla China-Pakistan Economic Corridor (CPEC) Route for Southern Khyber Pakhtunkhwa has created logistic ease for exporters.

Owing to these factors, export compliance was considered to have a slightly higher than small impact on the business operations. In this regard, none of the participants from Kohat and Dera Ismail Khan reported on this determinant. The participants housed in Peshawar, Mardan and Hazara reported a small impact. This is due to the Torkham border development and additional support available in SEZs for export facilitation. The firms from Bannu and Malakand have reported a slightly higher impact. This is due to the security situation in this part of the province during the last decade causing extreme difficulties for businesses. Details can be seen in Figure 55.

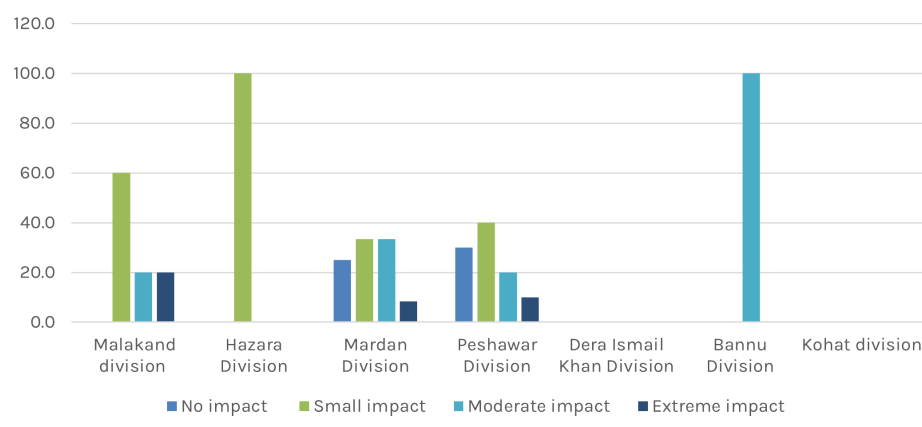


Figure 55: Division-wise impact of export compliance

From a gender of person-in-charge angle, the women-led businesses perceive the impact of export compliance to be 13.5 per cent higher than the men-led businesses. The export regulations in Pakistan require even the businesses with expertise to hire additional resources and it makes the impact more for women-led businesses. Overall, the participants reported that things are improving in this area with the advent of schemes like PSW and CAREC-RIBS. Details can be seen in Figure 56.

⁸ For details see <https://www.carecprogram.org/uploads/RIBS-Pakistan-Module-1.pdf>

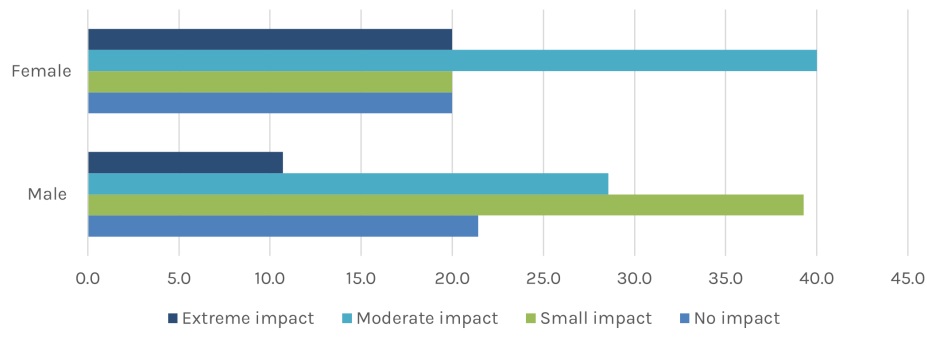


Figure 56: Impact of export compliance Viz-a-viz gender of person in charge.

The current exporters face a more stringent impact of export compliance than non-exporters, which represent potential or past exporters. This is mainly because of the issues faced by current exporters dealing with export compliance daily. In the case of importers, they reported that they know the export compliance from their experience of imports, so they found the impact to be higher than non-importers'. The details are provided in Figure 57 and 58.

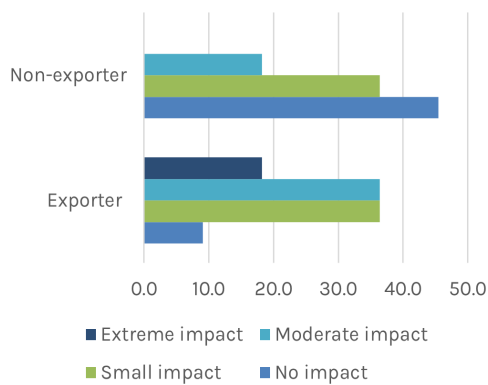


Figure 57: Impact of export compliance on exporters

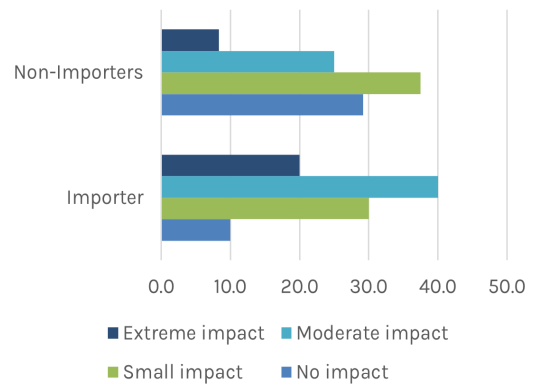


Figure 58: Impact of export compliance on importers.

From an industrial sector point of view, the highest impact is perceived by the tertiary industry. This has two pronged reasons, one being relevant to the export of services and another to the small trading of goods. The regulations regarding export of services, for instance, in the construction sector, are very difficult to comply with due to the mindset of the regulator, which is fixated on quantification of the output. This leads to additional export compliance issues. Additionally, the small trading businesses involved in exporting, including that of red beans and other items, don't have the capacity to involve costly consultants to fully comply with the export compliance. The primary and secondary sectors are facing a small impact from export compliance. Details can be seen in Figure 59.

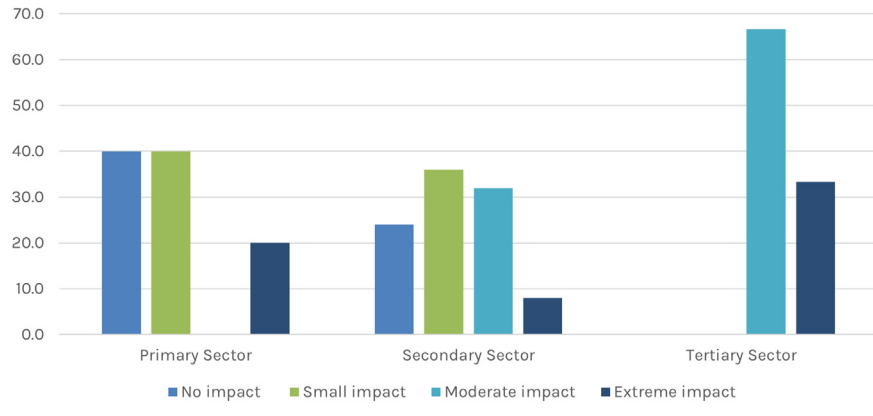


Figure 59: Impact of the export compliance on various sectors of economy

3.2.10. Import compliance.

Import compliance forms the very important aspect of business operations especially since Pakistan has faced a balance of payment crisis and low foreign reserves during the last few years. In order to curb the negative impacts of the balance of payment crisis, imports were discouraged by restricting letters of credit for non-essential imports. This caused serious damage to the import-dependent businesses and many businesses that were involved in imports had to forego their importing business and started dealing with local consumption instead.

This is partially because of the closure of Pak-Afghan border for formal trade causing derailing in the import related businesses. The facilitation in import compliance through schemes such as PSW was not effective due to the letter of credit issues and the overall impact reported by the participants was slightly higher than moderate. Some respondents also reported that they import through other agents to feel the lesser threats of import regulations. COVID-19 also played a major role in delaying imports since majority of imports were coming from China.

The Division-wise results, as shown in Figure 60, shows that the respondents from the South of Khyber Pakhtunkhwa (Bannu, Dera Ismail Khan, and Kohat Divisions) did not respond to the question since they are not working in the import sector or are carrying out their imports through import agents. The highest impact of import compliance is faced by participants from Peshawar Division followed by Malakand, Mardan and Hazara Divisions. This is due to the letter of credit that causes a lot of issues, but the role of business associations and industrial estates has been reported to be most relevant in this regard.

The women-led businesses perceive the impact of import compliance as more by around 4.78 per cent than men-led businesses. This is because the women entrepreneurs find it hard due to their lack of mobility and access to market which are most important in terms of import compliance. The women entrepreneurs' involvement in business associations is also one of the reasons due to which the relevant awareness sessions from cross-border trade are conducted for the women entrepreneurs. The details are provided in Figure 61.

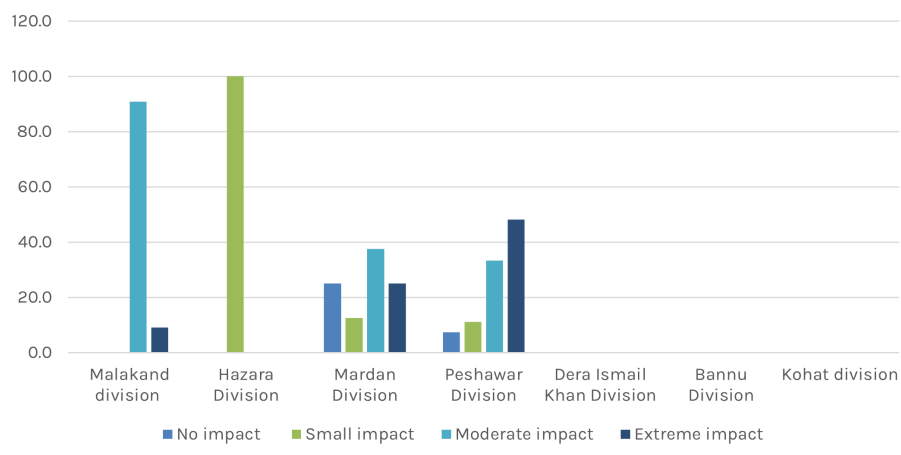


Figure 60: Division-wise impact of import compliance

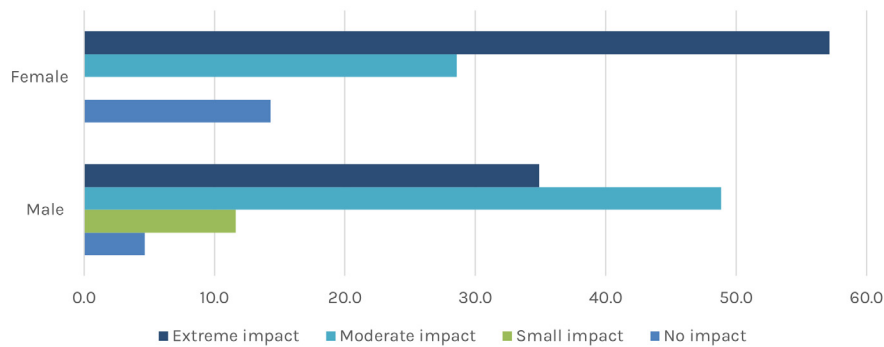


Figure 61: Impact of import compliance Viz-a-viz gender of person in charge.

The current exporters face a more stringent impact of import compliance than non-exporters, which represent potential or past exporters by around 9 per cent. This is mainly because the current exporters are facing issues while dealing with export compliance on a daily basis. In the case of importers, they reported that they know the import compliance from their experience of imports, so they found the impact to be higher than non-importers by 15.44 per cent. The details are provided in Figure 62 and Figure 63.

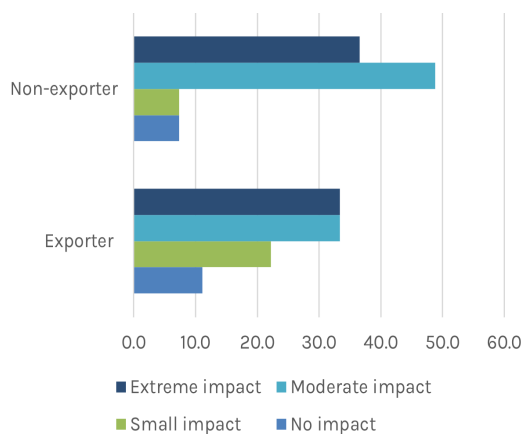


Figure 62: Impact of import compliance on exporters.

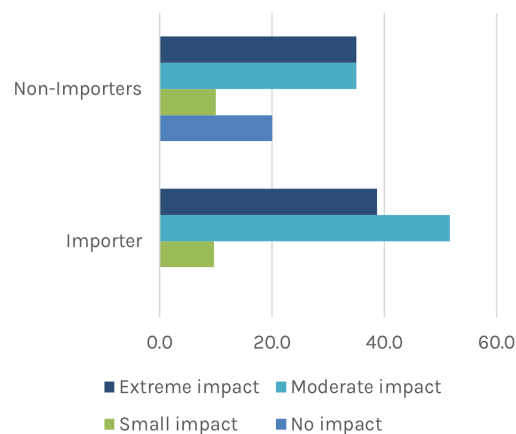


Figure 63: Impact of import compliance on importers.



The import compliance was reported to be most impactful for the participants belonging to the secondary sector of the economy followed by the primary and tertiary sectors as depicted in Figure 64. This is because the secondary sector requires to import both raw material, and machinery, equipment, and spare parts. Their operations are halted since they are unable to complete the orders due to issues in the provisions of raw material. Some participants were reported to be forced to halt operations due to non-provision of machinery spare parts or new units that they have ordered during or post-COVID or during the letter or credit issue as discussed above.

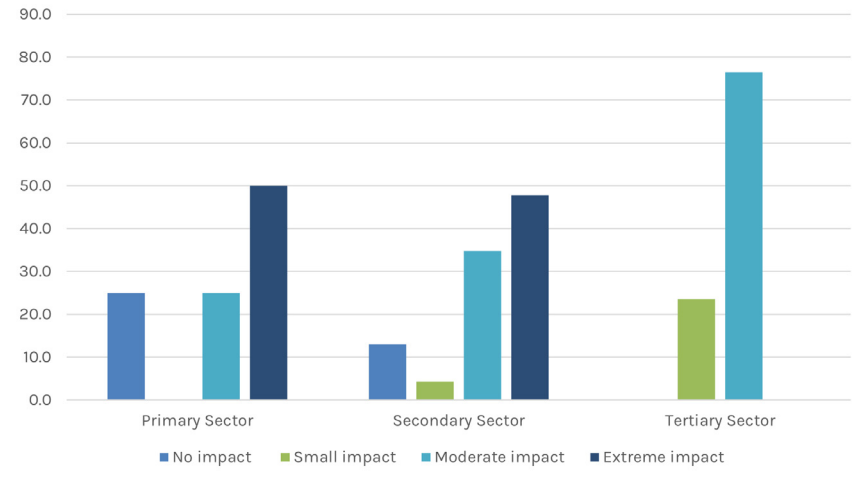


Figure 64: Impact of import compliance on various sectors of economy

3.2.11. Clearance of goods at border points

Both importers and exporters face issues in terms of goods clearance at border points. This aspect has been made easier due to the PSW and CAREC-RIBS programme. The goods clearance also impacts traders, who deal with imported items, and logistic service providers in the region. Although there were certain new border points operational in Kurram district of Kohat Division, they were operational following the survey conducted. However, the major issue is of multi-agency involvement in the clearance of goods on the border. This includes but is not limited to anti-narcotics force, government departments issuing several compliances, licenses, permits and procedural certificates, customs department, and the security agencies concerned.

The overall average impact of the goods clearance at border points is reported to be moderate. The Division-wise level of impact is provided in Figure 65. The impact was not reported by any of the businesses belonging to the southern parts of Khyber Pakhtunkhwa (Bannu, Dera Ismail Khan, and Kohat Divisions). Mardan and Hazara Divisions face the highest impact of goods clearance because the secondary sector industry, which is housed in the industrial zones, is facing issues pertaining to industrial raw materials and equipment. This is followed by Malakand and Peshawar Division due to the same reasons.

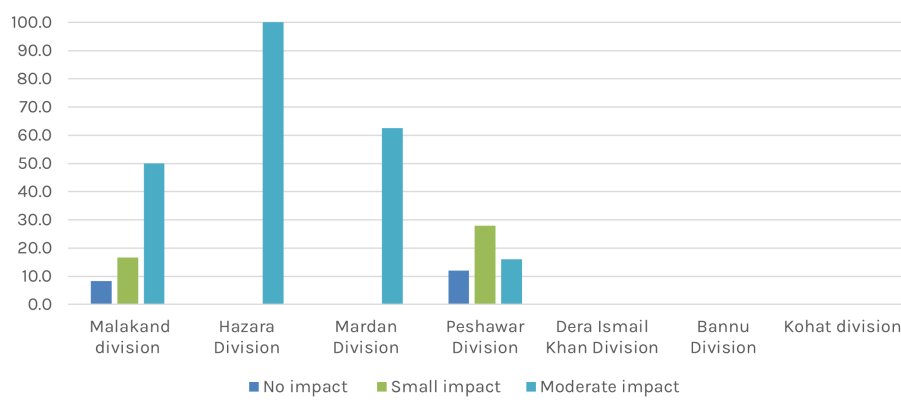


Figure 65: Division-wise impact of clearance of goods at border points

The women-led enterprises reportedly face this impact by 3.62 per cent more than men-led enterprises due to socio-cultural factors causing lack of mobility, networking, and access to market. However, the impact faced by both men and women-led enterprises was reported to be moderate. The details are depicted in Figure 66.

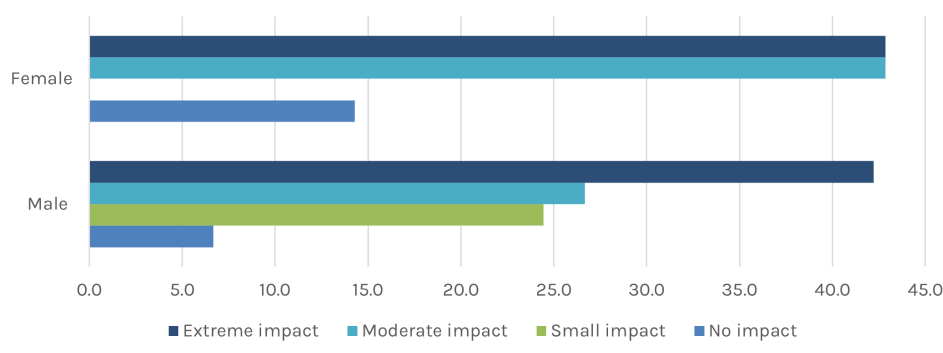
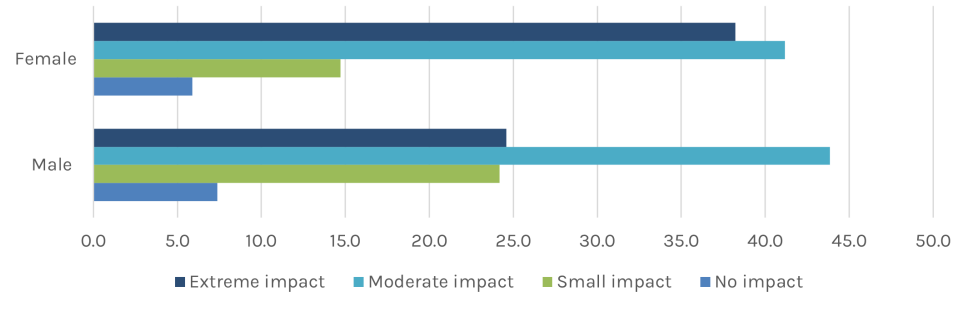


Figure 66: Impact of clearance of goods at border points Viz-a-viz gender of the person in charge. The importers reported to have faced a slightly higher impact of goods clearance on border

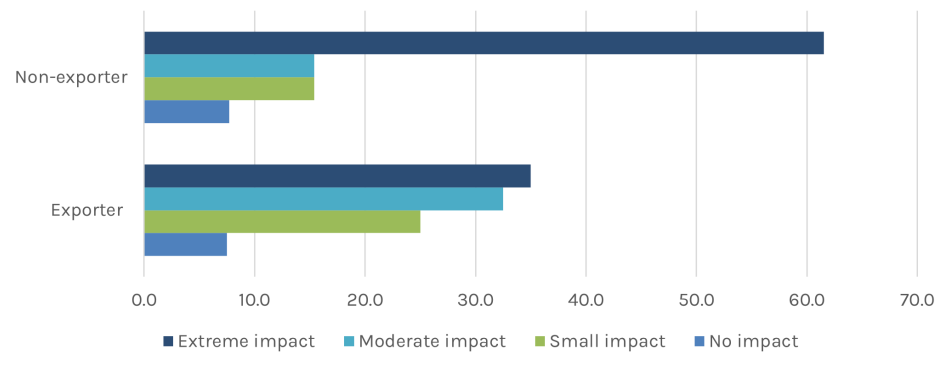
points than non-importers by 3.7 per cent. This is again due to the reasons the number of agencies involved and lack of awareness regarding PSW. The same is depicted in Figure 67

Figure 67: Impact of clearance of goods at border points on importers



Interestingly, exporters have reportedly faced a lower impact by around 12.2 per cent than non-exporters. This is because exporters have been provided with more trade facilitation, and also they are more aware of and engaged with relevant business associations. Details are depicted in Figure 68.

Figure 68: Impact of clearance of goods at border points on exporters



From a sectoral point of view, secondary sector reports to be facing the most impact due to the reasons described above followed by traders and logistic service providers in the tertiary sector. The lowest impact is for primary industry due to the lack of improvement in technologies in mining and agriculture. The details are provided in Figure 69.

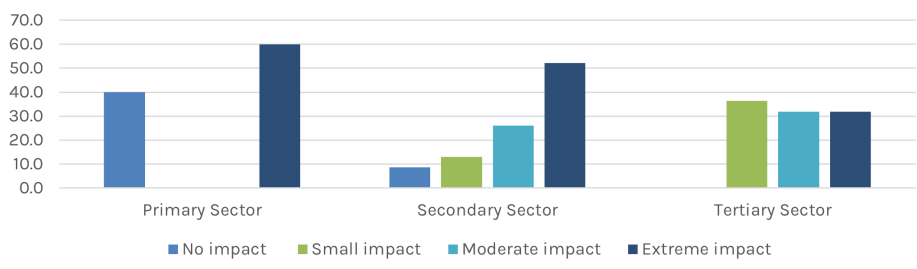


Figure 69: Impact of the clearance of goods at border points on various sectors of the economy

3.2.12. Tax compliance

Tax compliance is the most complex of the issues being faced by the business community. It deals with all levels of the federation including Federal Board of Revenue (FBR) at the federal level, excise and taxation departments, board of revenue, revenue authorities for collecting sales tax on services at the provincial level, and several local government levies and taxes. A study, conducted by SDPI in 2017, noted that tax compliance is the most impactful factor in Khyber Pakhtunkhwa region. However, reforms, especially pertaining to the provincial authorities, have made significant improvement in this perception and now tax compliance is followed by incorporation as the second more impactful challenge in business operations in Khyber Pakhtunkhwa.

Khyber Pakhtunkhwa Revenue Authority (KPRA) through multi-lateral support has initiated several reforms. For instance, the following reforms have been initiated as a result of World Bank's funded Khyber Pakhtunkhwa Revenue Mobilization and Public Resource Management (KPRMP)⁹:

1. Expansion in the tax base without imposition of new types of taxes or raising tax rates.
2. Enhancing the institutional capacity of KPRA and other tax collection agencies at provincial level including Excise, Taxation, and Narcotics Control Department (ETNCD), and provincial Board of Revenue (BoR). This may include but is not limited to analysis of taxpayers' information to avoid or reduce tax evasion. Furthermore, this includes the technical and managerial capacities of taxmen.
3. The facilitation of voluntary compliance for taxpayers with an objective to reduce costs involved in tax compliance. This can be achieved through automation and simplification of process and establishment of taxpayer facilitation centers.
4. Improve tax administration through providing technical and managerial capacity building support to tax authorities.

Another programme supported by the United States Agency for International Development (USAID) is the Khyber Pakhtunkhwa Revenue Mobilization (KPRM) Activity. The programme has resulted in the following reform initiatives¹⁰:

- Better awareness of the general sales tax on services by hiring a media firm.
- Capacity building of KPRA staff was conducted about IT security, data analytics, data visualization, data center management, Communication Reporting, Conflict Management along with certifications in cyber security. Additionally, there were exposure visits to the Sindh Revenue Board (SRB)

Owing to these reforms, some of the risks attributed to tax compliance have been mitigated. From a division-wise approach, the impact faced by all the Divisions except Peshawar has been reported to be in between moderate and extreme whereas for Peshawar, it is reported to be lower than moderate. This is mainly attributed to the awareness campaigns by the tax authorities more focused on the provincial capital rather than other Divisions. The details are provided in Figure 70.

⁹ For details see <https://kprmp.gov.pk/programs/>

¹⁰ For details see https://pdf.usaid.gov/pdf_docs/PA00Z5FJ.pdf

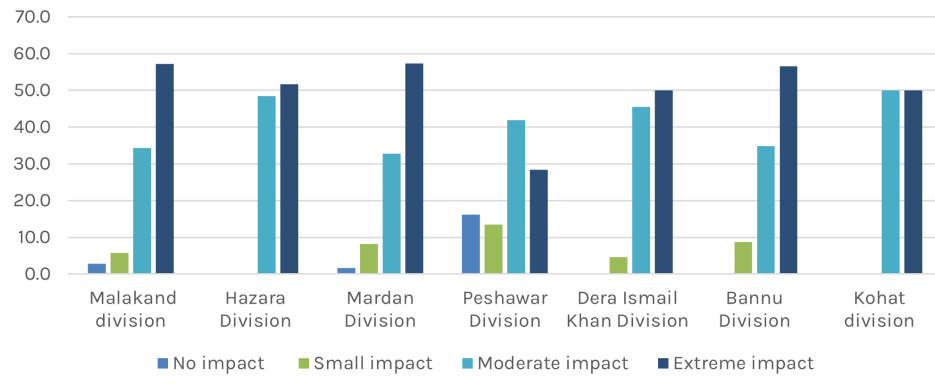


Figure 70: Division-wise impact of tax compliance

For the case of gender of the person in charge of business, women face the impact of tax compliance more than male entrepreneurs because women find it hard to found relevant awareness on tax compliance issues, network properly for facilitation, and engage with relevant business associations. Owing to this, the impact faced by women-led businesses is 10.6 per cent higher than that of men-led businesses. Further details can be seen in Figure 71.

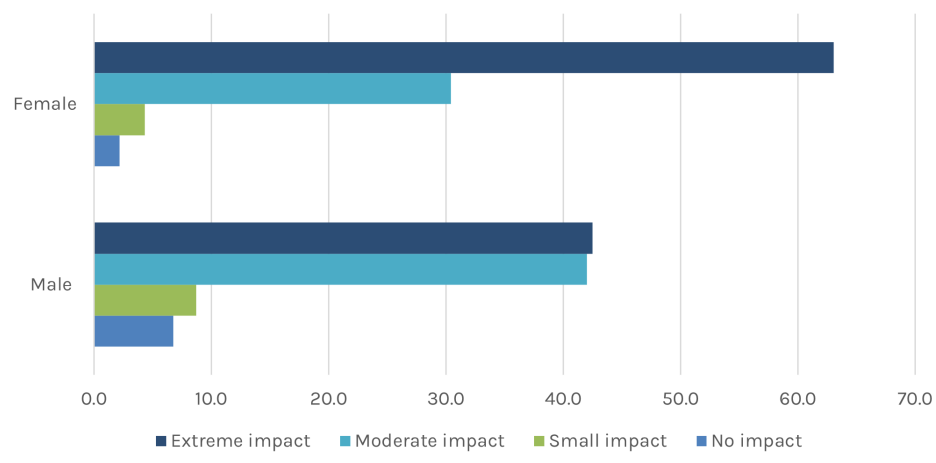


Figure 71: Impact of tax compliance Viz-a-viz gender of person in charge.

The exporters and importers reported to have faced a higher impact of tax compliance by 5.9 per cent and 7.7 per cent respectively than non-exporters and non-importers. This is mainly due to the imposition of nationwide taxation compliance for importers and exporters due to their involvement with national agencies while creating an additional impact on business operations. The details are depicted in Figure 72 and 73 respectively.

For sectors, most of the primary sector firms are established in areas with tax breaks. Agriculture is also one of the incentivized sectors in terms of tax compliance. This entails the lowest impact of tax compliance being faced by participants representing the primary sector. The tax is highest in the secondary sector due to this sector being imposed to all kinds of national, provincial, and local taxes and levies. The respondents reported the major issues in General sales tax on goods to be most problematic in terms of compliance since it requires a monthly return even on items it does not apply to. While, as expected, the tertiary sector which comes under the ambit of KPRA faces a moderate impact of tax compliance. The details are provided in Figure 74

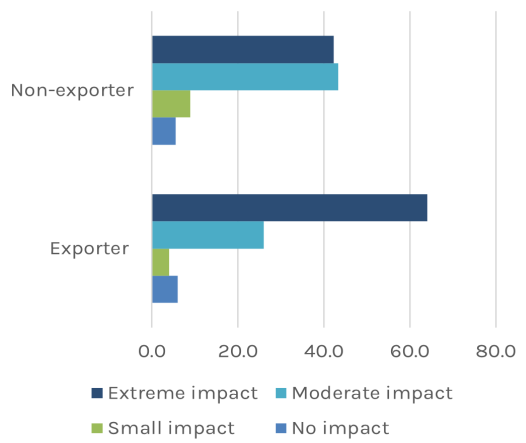


Figure 72: Impact of tax compliance on exporters.

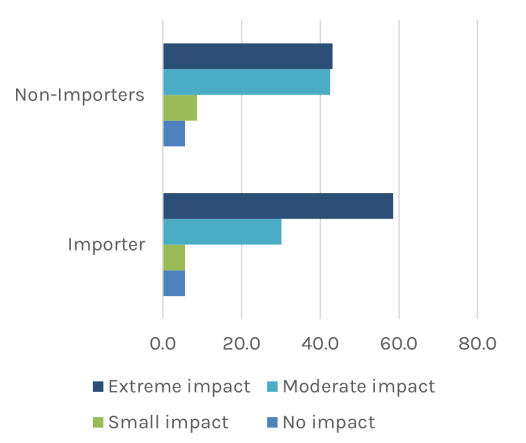


Figure 73: Impact of tax compliance on importers.

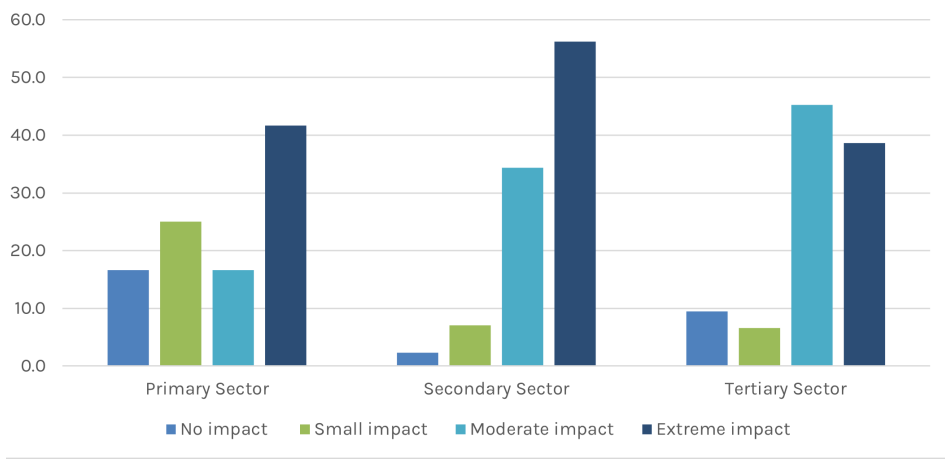


Figure 74: Impact of the tax compliance on various sectors of economy



3.2.13. Resolution of commercial disputes

Commercial disputes used to be one of the major issues in business operations. Petty fights were reported to have become a cause of extreme measures by stronger parties. Under the Pakistan Regulatory Modernization Initiative (PRMI), the reform initiative was taken for timely settlement of commercial dispute through the enactment of the “The Khyber Pakhtunkhwa Resolution of Commercial Disputes Acts, 2022” to establish separate courts/benches for Commercial Case hearings¹¹.

Owing to these efforts on the subject, the impact rating is reportedly slightly less than moderate in the survey conducted. The role of business associations is also very important in this regard. In this regard, from a division-wise angle, we can see that the Divisions located in Southern Khyber Pakhtunkhwa (Kohat, Dera Ismail Khan, and Bannu) reported the highest impact of resolution of commercial disputes in their business operations. This is majorly reported due to Afghan businessmen that have come from across the border and have forged the competition in these Divisions of Khyber Pakhtunkhwa. Since these Afghans are not registered in Pakistan, they usually do not give much heed of the local laws. Similarly alternate dispute resolution through the business association is also very weak.

In the remaining areas, commercial disputes are resolved amicably through the business associations in Mardan, Malakand, Hazara, and Peshawar. Another aspect that is very important in this regard is the role of “*Jirgah*” which is the traditional alternate dispute resolution and is still somewhat effective in these Divisions. The details are provided in Figure 75.

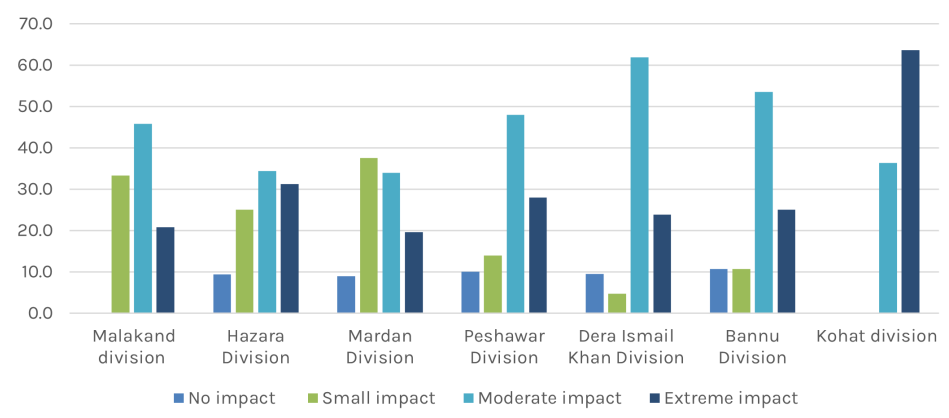


Figure 75: Division-wise impact of resolution of commercial disputes

Women-led businesses are usually found to face the impact of commercial dispute resolution more than men-led businesses by around 9.1 per cent. This is primarily attributed to the lower engagement of women entrepreneurs with the relevant business associations and the use of alternate dispute resolution mechanisms. The details are provided in Figure 76.

Furthermore, the details of how commercial dispute resolution impacts the business operations more for exporters and importers by 7.3 per cent and 11.3 per cent than non-exporters and non-importers as depicted in Figure 77 and Figure 78. This is due to the additional level and scale of disputes involved in cross-border trade. Contract enforcement has a higher impact on business operations.

¹¹ For details see https://business.gov.pk/detail_k151/#:~:text=The%20reform%20will%20help%20in%20speedy%20disposal%20of%20commercial%20cases.&text=Accordingly%2C%20the%20Government%20of%20Khyber,benches%20for%20Commercial%20Case%20hearings.

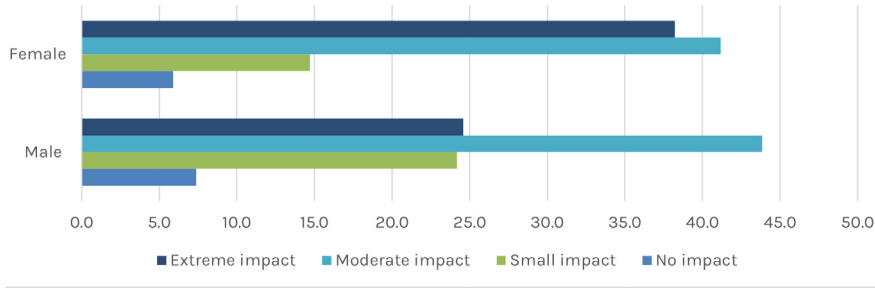


Figure 76: Impact of resolution of commercial disputes Viz-a-viz gender of person in charge.

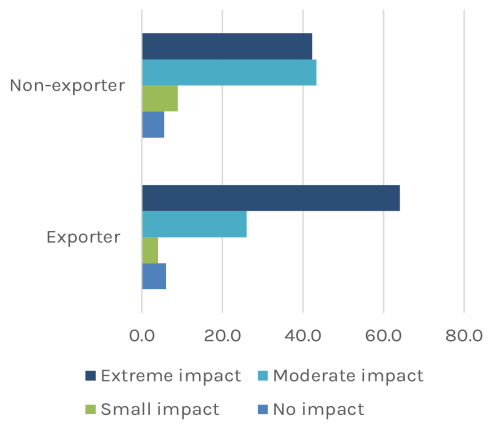


Figure 77: Impact of resolution of commercial disputes on exporters.

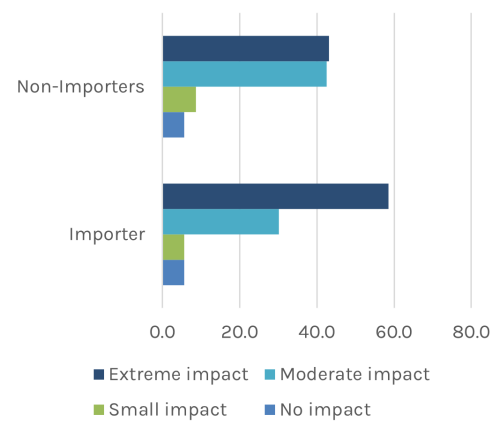


Figure 78: Impact of resolution of commercial disputes on importers

Taking a sectoral angle, the secondary industries reported the lowest impact of commercial dispute resolution due to their placement in the established Special Economic Zones with established rules for commercial dispute resolution and facilitation as well. This is followed by the tertiary sector, which is facilitated by the market and trade union level associations. The most impact is reported by the primary sector due to the absence of these alternate platforms for the resolution of disputes. The details are depicted in Figure 79.

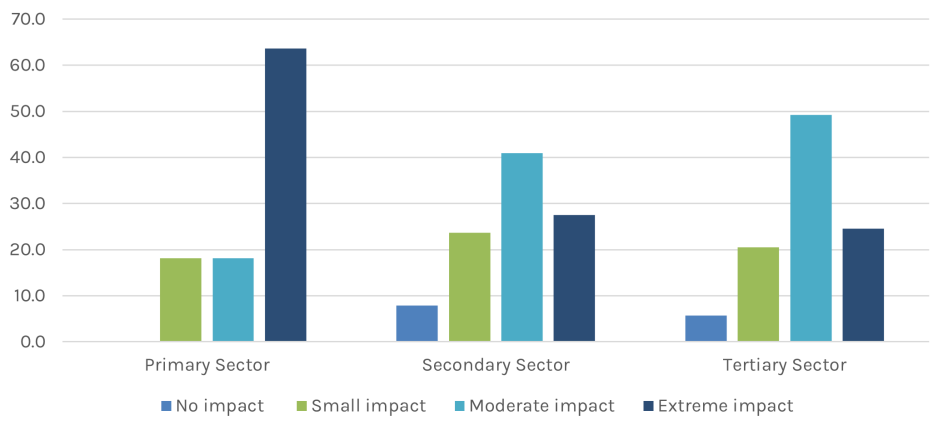


Figure 79: Sector-wise impact on the opening a resolution of commercial disputes.

3.2.14. Award of public contract

Award of public contract entails the requirements for businesses to participate in public procurement. One worthwhile reform is an automated system for Khyber Pakhtunkhwa government that allows government contractors to register with the government for further integration with the e-governance platforms.

Only four per cent participants were found to be involved in public procurement. Based on the assessment, their perception was that participation in public procurement provides room for moderate to low impact on doing business. Furthermore, these participants only included participants from Peshawar, Mardan, and Malakand Divisions and had to be registered with the government.

The participants from Malakand perceived a very high impact since they had issues related to tax registration due to the tax breaks that they enjoy in their Division. The policy inconsistency leads to delays in payments and other issues faced by the participants. The participants from Mardan also face this issue with moderate impact, while participants from Peshawar indicated low to medium impact of access to public contracts. The PRMI has provided some reforms in this regard. The same is depicted in Figure 80.

The impact of women-led businesses is more than the men-led businesses due to access to mobility and market access due to socio-cultural issues. It is interesting to note that the participants informed the team that market access and relationships between various competitors are very important for public contracts since sourcing credit for the government is difficult. The same is depicted in Figure 81.

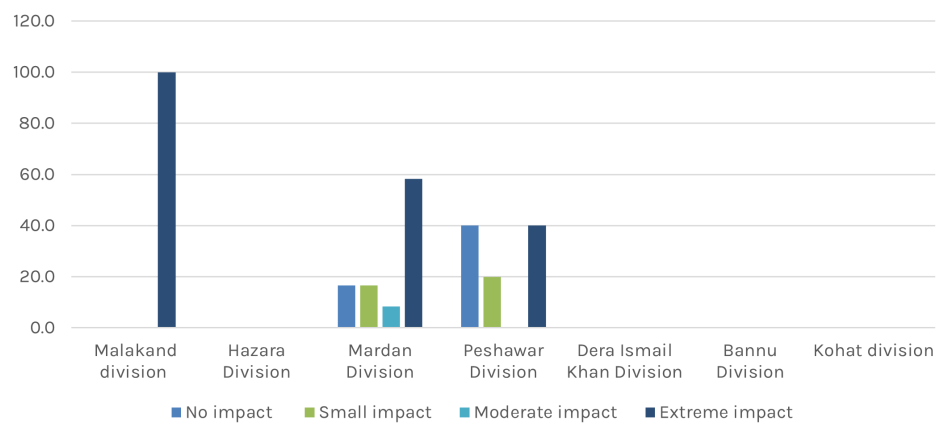


Figure 80: Division-wise impact of accessing public contracts.

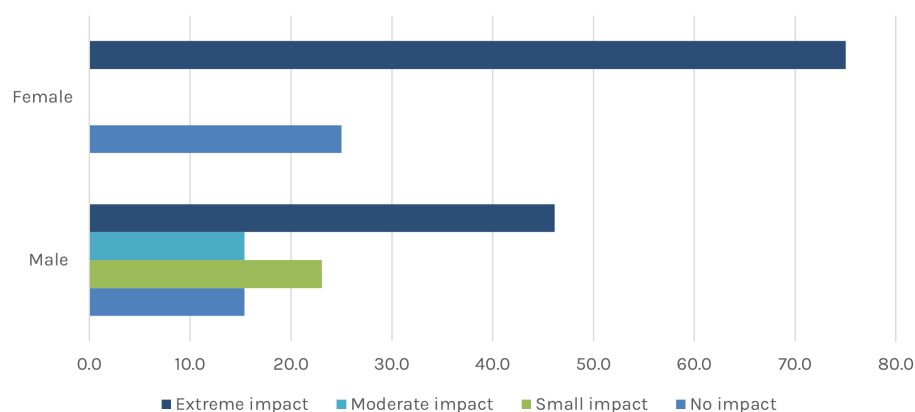


Figure 81: Impact of accessing public contracts Viz-a-viz gender of person in charge

Furthermore, the division between importers and non-importers suggests that public contracts are perceived to be harder to access by importers than non-importers due to the requirement for advance payments for imports and the delayed credit-based payments for public contracts. For exporters, the trend is the same with slightly lesser intensity. The reason for this is that exporters have already been caught up with international client compliance and have very little time and effort to get involved in public contracts. Some participants mentioned the incidences of bribery and corruption, along with a lack of level playing field for all which discourages them from going for public contracts. Details are provided in Figure 82 and Figure 83.

Regarding the sector type, accessing public contracts is deemed most impactful for the tertiary sector. This is due to high competition and a lower number of procurements in the services space. The service level agreements conducted by the government are usually running with the same business for more than a decade and the government departments don't take much risk trying newer businesses in services and due to low competition, the primary sector is usually given government contracts with ease. The details are provided in Figure 84.

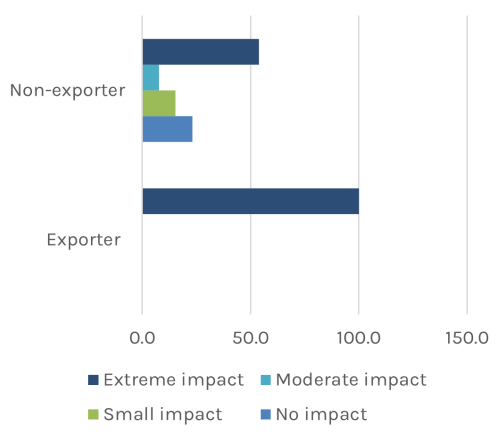


Figure 82: Impact of accessing public contracts on exporters

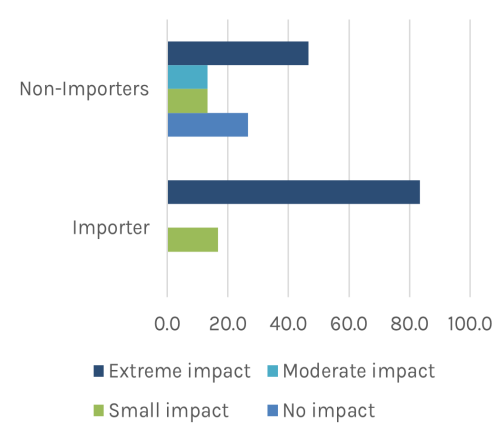


Figure 83: Impact of accessing public contracts on importers.

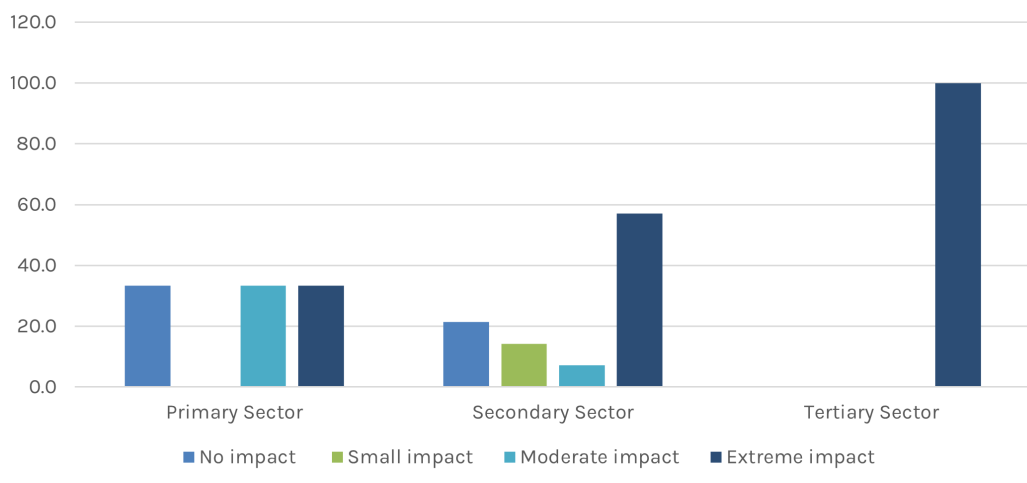


Figure 84: Impact of the accessing public contracts on various sectors of economy

3.2.15. Summary of the Findings

In Khyber Pakhtunkhwa, BRE is faced with challenges in incorporating businesses, accessing appropriate business locations, and ensuring compliance with regulations. Incorporation is considered the most impactful dimension of the BRE, with an average impact of 3.47 out of 4. This is due to the lack of awareness and regulatory harassment by government departments after registration. Women-led businesses are impacted 6% more than men-led businesses, mainly due to lack of support from business associations.

Importers and exporters are slightly more impacted than non-importers, with a 2% impact on exports. Primary sector players find incorporation the biggest challenge, followed by secondary and tertiary sectors. The ease of doing business initiative by the Khyber Pakhtunkhwa government impacts the tertiary sector the most, making it least impactful to incorporate businesses. The secondary industry is labour-intensive, and informal contractual labour practices can make registration difficult.

Access to appropriate business locations has a moderate level impact on doing business in Khyber Pakhtunkhwa, with the highest impact in Bannu and the lowest in Mardan. Access to location is moderate for both women-led and men-led businesses, but slightly asymmetric towards women-led businesses by 2%. Both exporters and importers reported higher impacts concerning accessing locations for their businesses, with the primary sector having a higher impact due to depleting mines and mineral reserves, agricultural property conversion into urban housing societies, and legislation not allowing dairy production in urban areas.

The procurement of building permits, including environmental permits, has a moderate impact on the business regulatory environment in Khyber Pakhtunkhwa. The issue is primarily due to harassment by environmental protection agencies and lack of awareness regarding changes in related laws and regulations. The federal government has implemented an online approval system for building plans under the Pakistan Regulatory Modernization Initiative (PRMI), but this is only applicable to larger Divisions of Khyber Pakhtunkhwa. The Division-wise impact is least felt in Peshawar and most in Bannu due to better understanding and awareness of policies and regulations. In Malakand and Mardan, accessing building permits is difficult due to new regulations and urbanization, leading to more stringent regulations. Women-led businesses face higher impacts due to policy inconsistency and lack of mobility. The impact of building permits is slightly higher for non-importers and almost the same for exporters and non-exporters. The secondary sector has the highest impact on building permits procurement, followed by the tertiary sector.

The procurement of utility connections in Pakistan has a moderate impact on businesses, with issues such as nepotism, bribery, and corruption. Mardan, Malakand, and Kohat Divisions have higher values due to policy inconsistencies and lack of coordination between government departments and federating units. Rapid urbanization has led to a backlog of utility connections, causing incidents of nepotism and corruption. Hazara and Bannu Divisions have moderate impacts due to lack of transparency in information and regulations. Women-led businesses face a higher level of difficulty in starting and running businesses due to lack of access to information and networking among the business community.

The impact of procurement of utility connections is almost the same for both import and non-import businesses, but exporters report a slightly higher impact than non-exporters due to issues in accessing incentives from Special Economic Zones. Secondary sector firms face more issues due to the lack of access to incentives and wheeling regulations.

Accessing appropriate labour is a major challenge for businesses in Khyber Pakhtunkhwa where labour is not only considered the most productive but also a source of international remittance. However, access to appropriate labour is slightly lower than the moderate impact on business operations. Importers and exporters face issues of accessing appropriate labour more than non-importers and non-exporters, with skilled labour being hard to find in export items. Primary sector entities have the highest impact on accessing labour due to high rights' infringement and risk of health safety and environmental issues.

The banking system in the province has been underdeveloped due to rough terrain and security issues. The opening of bank accounts has become easier due to the national uprising of digital wallets and banks, especially those associated with cell phone connections. The impact of opening accounts on business operations is the lowest.

Participants from Mardan and Peshawar Divisions showed the lowest impact due to better banking and telecommunication accessibility. The highest impact was reported by Bannu followed by Kohat due to a very weak banking and telecommunication network in Southern Khyber Pakhtunkhwa. The Malakand and Hazara Divisions have very rough terrains, making it slightly difficult to open bank accounts due to lack of a banking network.

Men and women-led businesses reported almost the same lines, with women-led businesses slightly higher than men-led businesses. The opening of bank accounts impacts exporters and importers viz-a-vis non-exporters and non-importers slightly higher by 6.6% and 3.5% respectively. The government has taken steps to provide ease in electronic and branchless banking but the impact of these schemes on will take time.

The impact of making payments/transactions is slightly below moderate, with women-led businesses finding it slightly more impactful by a mere 04 per cent. Importers have reported making financial transactions as impacting them 15.1% more than non-importers, due to the balance of trade crisis and stringent regulations from the State Bank of Pakistan (SBP) due to the FATF.

Sector-wise trends of the reported impact are the same as the ones shown in the opening of bank accounts. The lowest impact is reported by the secondary sector followed by tertiary, and the highest is for the primary sector.

Access to credit and finances in Khyber Pakhtunkhwa has a significant impact on business operations, with only 10% of deposits converted into credits for locals. This increases the risk for business owners and increases the equity share in starting and operating a business. However, through various schemes (such as the World Bank's economic revitalization project, the SMEDA's Kamyab Jawan scheme, and post-COVID economic incentive schemes), the access to credit has improved in the province.

Credit rating is a key factor, with most businesses lacking assets to mark as collateral for credit scoring. Larger businesses in Peshawar, Hazara, and Mardan face more financing needs due to new technology-based machinery and equipment. Women-led businesses have slightly less impact due to additional financing schemes offered by the State Bank of Pakistan and SMEDA. Exporters and importers face more access to credit and finance due to excessive trade financing requirements and the need to improve manufacturing methods and materials. The tertiary sector has the least impact due to lack of capital requirements and a predominantly sole proprietorship-based ownership structure.

Export compliance in Pakistan is a complex issue, with stringent border rules and high regulatory pressures. The major export destination for Khyber Pakhtunkhwa is Afghanistan, but transactions are often uncertain due to security concerns and incompatibility of banking channels. The government's initiatives like Pakistan Single Window (PSW) and the Central Asia Regional Economic Cooperation-Regional Improving Border Services (CAREC-RIBS) programme have created ease in logistics and regulatory issuance of certificates, permits, and licenses. Road infrastructure development has also made export compliance easier. However, the impact on business operations is slightly higher than small, with women-led businesses experiencing a 13.5% higher impact than men-led businesses. Current exporters face more stringent impacts than non-exporters, while importers have a higher impact due to their experience. The highest impact is perceived by the tertiary industry, particularly in services exports and small trading businesses. Primary and secondary sectors are facing a small impact from export compliance.

Import compliance is crucial for business operations in Pakistan, especially during the balance of payment crisis and low foreign reserves. The restriction of letters of credit for non-essential imports caused damage to import-dependent businesses, leading many to forego their import

business and focus on local consumption. The Afghan border closure also contributed to hurdles in import-related businesses. Facilitation through schemes like PSW was not effective due to letter of credit issues, with some respondents importing through other agents. COVID-19 played a major role in delaying imports post-COVID.

The impact of import compliance is highest in Peshawar, Malakand, Mardan, and Hazara Divisions, with women-led businesses experiencing more impact than men-led businesses due to lack of mobility and market access. Current exporters face a more stringent impact than non-exporters, with women entrepreneurs' involvement in business associations being a key factor.

- Clearance of goods at border points is also a challenge for both importers and exporters. The overall average impact of clearance is moderate, with Mardan and Hazara Divisions experiencing the highest impact due to industrial raw material and equipment issues. Women-led enterprises have a higher impact than men-led enterprises due to socio-cultural factors and lack of mobility. Importers face a slightly higher impact than non-importers due to the number of agencies involved and lack of awareness about PSW. Exporters have a lower impact due to more trade facilitation and engagement with relevant business associations.

Tax compliance is a complex issue faced by businesses in the province. It affects all levels of the federation, including the Federal Board of Revenue, excise and taxation departments, board of revenue, revenue authorities for collecting sales tax on services, and local government levies and taxes. Khyber Pakhtunkhwa Revenue Authority (KPRA) has initiated several reforms, including expansion of tax base without the imposition of new types of taxes or raising tax rates, enhancing the institutional capacity of KPRA and other tax collection agencies at the provincial level, facilitating voluntary compliance for taxpayers, and improving tax administration through technical and managerial capacity building support. Khyber Pakhtunkhwa Revenue Mobilization (KPRM) Activity has resulted in better awareness of general sales tax on services, capacity building of KPRA staff, and exposure visits to the Sindh Revenue Board. Women-led businesses have a higher impact of tax compliance due to difficulties in finding awareness, networking, and engaging with relevant business associations. Exporters and importers face higher impacts due to nation-wide taxation compliance. Primary sector firms are located in areas with tax breaks, while agriculture has the lowest impact. The secondary sector faces the highest tax impact due to imposing national, provincial, and local taxes and levies.

Commercial disputes have been a significant issue in business operations, leading to extreme measures by stronger parties. The Pakistan Regulatory Modernization Initiative (PRMI) has implemented reforms to address these issues, such as the establishment of separate courts for commercial case hearings. However, the impact of these efforts is slightly less than moderate. The role of business associations is crucial, with Divisions in Southern Khyber Pakhtunkhwa reporting the highest impact of commercial dispute resolution. Women-led businesses are impacted more due to lower engagement with relevant associations and the use of alternate dispute resolution mechanisms. Exporters and importers experience higher impacts due to cross-border trade disputes. Secondary industries report the lowest impact due to their placement in special economic zones with established rules for commercial dispute resolution. The primary sector has the most impact due to the absence of alternate platforms for dispute resolution.

Public contract awards provide moderate to the low impact on business operations, with only a few participants involved. Women-led businesses have more impact due to market access and socio-cultural issues. Importers face more challenges due to advance payments and delayed credit-based payments while exporters face less intensity due to international client compliance and lack of level playing field. The tertiary sector is most affected by accessing public contracts due to high competition and a lower number of procurements in the services space.

4. POLICY RECOMMENDATIONS

i) Role of Federal and Provincial Authorities

- To implement amendments in business regulations, several government offices need to work together. For this, there is a need to establish a regular coordination system among government entities especially at provincial level. The authorities should also properly disseminate rules and regulations both in government offices and on the agencies' websites.
- To simplify the registration of a business or incorporation, there is a need to establish a one-stop business registration portal integrating SECP, KPRA, local government, and tax authorities. For the growth and expansion of business, there must be the provision of incentives for the formalization of businesses, especially for small and medium enterprises (SMEs) and women-led enterprises. The procedures for different government services towards business community and fee schedules for public services should be simply available to the private sector and residents.
- A majority operational firms in this region are facing the issue regarding access to suitable business location. The government authorities must facilitate land and property access for businesses. Special Economic Zones should be developed in the underdeveloped Divisions like Bannu, D.I. Khan, and Kohat with streamlined leasing processes. A robust implementation of the digitalization of land record management can reduce fraud and disputes in property procurement.
- Streamlining of Taxation & Compliance is another concern of businesses. There is a need to expand KPRA facilitation centers across all Divisions for taxpayers. Ensuring the digitization of tax payments can reduce corruption and increase compliance with the taxation policies. To encourage the flow of investment and boost the high yield sectors, sector specific tax exemptions must be introduced.
- To improve domestic infrastructure and provision of utility services, there must be a transparent procedure for obtaining utility connections to reduce corruption in the provision of electricity, gas, water, and internet services. Expand power and digital infrastructure through industrial-grade power grids and internet connectivity for the establishment and growth of industrial and Special Economic Zones.
- Strengthening Commercial Dispute Resolution Mechanisms ensure the full implementation and effectively functioning commercial courts under the Khyber Pakhtunkhwa Resolution of Commercial Disputes (Amendment) Act, 2024.¹² These mechanisms can be strengthened by developing an alternative mechanism with chambers.
- As Khyber Pakhtunkhwa shares a long border with Afghanistan, it is crucial to enhance border trade facilitation. There is a need to improve border management systems at Torkham and Ghulam Khan trade corridors to accelerate clearance of goods. Expansion of trade friendly initiatives such as Pakistan Single Window (PSW) and Central Asia Regional Economic Cooperation (CAREC) reforms must be expanded to SMEs, start-ups and women-led businesses.
- Support Business-Friendly Regulatory Reforms, including regulatory modernization initiatives for automating business registration and tax processes.

Invest in the development of infrastructure to support the expansion of logistics and industrial infrastructure in key Divisions.

ii) Special Economic Zones & Industrial Estate Authorities

Priority should be given to the expansion of industrial estates in Malakand, Kohat, and Hazara to boost local industry and attract investment. Transparency of SEZs entry criteria and simplified approval procedures for businesses is crucial for the development and expansion of already established SEZs.

¹² For details see <https://www.pakp.gov.pk/wp-content/uploads/2025/01/The-Khyber-Pakhtunkhwa-Resolutions-of-Commercial-Disputes-Amendment-Act-2024.pdf>

iii) Chambers of Commerce, Business Associations & Private Sector

- For the enhancement of business networking and expansion, there is a need to strengthen the advocacy role of chambers of businesses and commerce to ensure that SME concerns are integrated into policy reforms. To support women-led businesses in regulatory compliance and market access, women chambers should be set up in each Division.
- Incentives encourage businesses to shift towards digital payment solutions for improved financial transactions and reduce discrepancies. Also, there is a need to conduct awareness sessions on e-banking and fintech solutions to enhance financial inclusion.
- Changes undertaken by the government should be communicated more proactively and systematically to the private sector with the help of a public-private dialogue platform, different media channels, and communication campaigns. The chamber of commerce and industry and chamber of small traders and small industry can play an important role in awareness campaigns and even guide government about local issues of businesses. There is a need to conduct export-import compliance workshops and trainings in collaboration with regulatory bodies to create awareness in this regard.

Around 93% businesses in Khyber Pakhtunkhwa doesn't involve women in business. The government along with the women chamber of commerce and industry needs to take steps for women participation in businesses.

iv) Financial Institutions & Investors

- To improve access to credit and investment requires partnerships with banks and microfinance institutions to develop sector-specific financing schemes in accordance with the region and comparative advantage. Moreover, there is a need to ensure accessibility of businesses in secondary and primary sectors to subsidized loans and investment incentives. Furthermore, expansion of SME & women-led business is also hindered by the credit availability. For this purpose, a low-interest SME financing programme should be devised in collaboration with provincial banks and the State Bank.

To strengthen the business ecosystem, incentives for impact investment in industrial zones, SEZs, and high-growth sectors like tourism and IT should be provided. Public-private partnerships must be encouraged to attract foreign direct investment (FDI) in high-potential sectors.

v) Academia and Industry

There is a dire need to develop industry-academia linkages to align workforce skills with industry needs for cost effective and efficient solution for industry. Along with it, vocational training centers should be set up to impart industrial technology skills and training among the youth in different Divisions of Khyber Pakhtunkhwa.

vi) National Incubation Centres

National Incubation Centres should be established across the province to provide support and training to the young women entrepreneurs and enhance the women participation in businesses.

vii) Pakistan Business Council

Consultation with the private sector during the policy-making process needs to be enhanced. There seems to be no consistent public-private dialogue forum either at the federal or the provincial levels. Making this type of consultation more efficient would be beneficial for the Ease of Doing Business and Starting a Business Dealing with Construction Permits Getting Electricity Registering Property Getting Credit, Paying Taxes Trading Across Borders Enforcing Contracts. Pakistan Business Council can provide support to the business community with the help of its advocacy expertise.

Summary of Policy Recommendations

Table 5: Summary of Policy Recommendations

Who (Stakeholders)	Policy Recommendations	What	Why	How	Where
Government Authorities (Federal & Provincial)	Establish a one-stop business registration portal	Integrate SECP, KPRA, local government, and tax authorities into a unified system.	To simplify business registration and incorporation, reducing regulatory burden.	Develop a digital platform, ensure interoperability among agencies, and conduct awareness campaigns.	Across Khyber Pakhtunkhwa (KP), starting with major business hubs.
	Facilitate land & property access for businesses	Develop SEZs in underdeveloped Divisions and streamline leasing processes.	Many firms struggle with obtaining suitable business locations.	Digitalize land records, implement transparent leasing policies, and incentivize SEZ investment.	Bannu, D.I. Khan, Kohat, and other underdeveloped Divisions.
	Streamline taxation & compliance	Expand KPRA facilitation centers and digitize tax payments.	To reduce corruption and increase tax compliance.	Enhance taxpayer services, implement digital payment mechanisms, and introduce sector-specific exemptions.	All Divisions focusing on industrial hubs.
	Improve domestic infrastructure & utilities	Develop transparent procedures for obtaining utility connections.	Reduce corruption and improve industrial growth.	Expand power grids, improve water & gas access, and strengthen digital connectivity.	SEZs, industrial estates, and business centers.
	Strengthening commercial dispute resolution	Ensure effective implementation of commercial courts and develop ADR mechanisms.	Resolve disputes efficiently and support business confidence.	Implement Khyber Pakhtunkhwa Resolution of Commercial Disputes Act and involve chambers for mediation.	Province-wide, with priority in high-business activity zones.
	Enhance border trade facilitation	Improve management systems at Torkham and Ghulam Khan trade corridors.	Streamline customs processes and reduce clearance delays.	Expand Pakistan Single Window (PSW) and CAREC reforms to SMEs, start-ups, and women-led businesses.	Border points (Torkham, Ghulam Khan, and other key crossings).
	Support business-friendly regulatory reforms	Automate business registration and tax processes.	Reduce bureaucratic hurdles and improve ease of doing business.	Introduce digital solutions, streamline processes, and ensure government-wide coordination.	Province-wide with pilot initiatives in major business hubs.
	Invest in logistics & industrial infrastructure	Expand transportation networks and SEZ facilities.	Facilitate trade and industrial growth.	Public-private partnerships, infrastructure investment, and industrial zoning reforms.	Major trade and industrial corridors.
Special Economic Zones (SEZs) & Industrial Estate Authorities	Expand industrial estates in Malakand, Kohat, and Hazara	Increase investment and employment opportunities.	Local industries require better facilities and incentives.	Improve SEZ entry criteria, simplify approval processes, and enhance transparency.	Targeted underdeveloped regions with industrial potential.

Chambers of Commerce, Business Associations & Private Sector	Strengthening business networking & advocacy	Ensure SME concerns are integrated into policy reforms.	Enhance representation and policy influence.	Strengthening chambers' role in public-private dialogues and policy consultations.	Across KP, ensuring regional business representation.
	Encourage digital payment adoption	Incentivize businesses to adopt e-banking and fintech solutions.	Improve transaction efficiency and reduce cash dependency.	Awareness campaigns, financial literacy programmes, and regulatory support for fintech.	Province-wide, focusing on SME clusters.
	Improve communication on regulatory reforms	Use public-private dialogue, media, and chamber-led outreach.	Ensure businesses are informed of policy changes.	Conduct workshops, campaigns, and stakeholder meetings.	Province-wide, leveraging local chambers and business networks.
	Increase women's participation in business	Establish women's chambers in each Division.	Women-owned businesses face regulatory and access challenges.	Provide mentorship, networking, and regulatory support through dedicated chambers.	Each Division of KP.
Financial Institutions & Investors	Improve access to credit & investment	Partner with banks & microfinance to develop sector-specific financing.	Many SMEs lack credit access due to collateral challenges.	Design low-interest SME financing programmes and investment incentives.	Across KP, with a focus on industrial and high-growth sectors.
	Promote impact investment in high-growth sectors	Provide incentives for FDI and local investment in SEZs and key industries.	Drive economic development and job creation.	Public-private partnerships, investment promotion campaigns, and policy incentives.	Industrial estates, tourism hubs, IT sector.
Academia & Industry	Develop industry-academia linkages	Align workforce skills with industry needs.	Address labour skill gaps in industrial and service sectors.	Expand vocational training centers and collaborate on R&D projects.	Across KP, focusing on industrial centers.
National Incubation Center	Support women entrepreneurs	Provide training and mentorship for women-led start-ups.	Increase female participation in business and innovation.	Expand incubation programmes, offer grants, and promote business networking.	Major urban centers with high entrepreneurial potential.
Pakistan Business Council	Enhance public-private policy consultations	Establish consistent dialogue between businesses and policymakers.	Improve the regulatory environment and ease of doing business.	Organize policy forums, advocacy initiatives, and business consultations.	Nationwide, ensuring representation from KP's business community.

5. CONCLUSION

The study provides a detailed overview of the Better Business Regulatory Environment and identifies in detail the regulatory, operational and institutional challenges and barriers faced by the business community in Khyber Pakhtunkhwa.

Despite the regulatory improvements by the provincial government, key barriers included complex business incorporation procedures, inefficiencies in building procurement and environment permits, challenges faced during securing suitable business location, and complexities in obtaining utility connections. Start-ups and SMEs were faced with challenges such as lack of human capital, regulatory and compliance burden, and financial constraints.

Across the different Divisions, a variation in regulatory impacts was observed in the businesses. The developed regions like Peshawar and Mardan had better regulatory facilitations. Moreover, there was a disparity due to security concerns, inefficiencies in administration, and spatial variation in infrastructure in the regions, including Southern and Newly Merged Districts (NMDs). However, situation for women-led entrepreneurs is worsened with the cultural barriers to operate with restricted mobility and networking opportunities, and limited access to financial resources and regulatory barriers.

The study also divides the firms into primary, secondary, and tertiary sectors. The data provides the sectoral perspective of businesses as they vary in accordance with the nature of businesses and markets. Furthermore, primary sector struggles with regulatory burdens, environmental compliance, and taxation, secondary sector have limited access to credit and human capital while tertiary sector which includes services whose major concerns are obsolete regulatory framework for services exports in the global market.

Furthermore, the regulatory challenges faced by importers and exporters in the international trade market include obtaining the letter of credit, compliance with tax regimes, and clearing of goods at borders. Initiatives like CAREC-RIBS improve trade competitiveness by improving the logistics infrastructure, and cross border trade facilitation, which is restricted due to procedural incompetence.

To improve the business ecosystem, the policy makers need to adopt a data-driven approach and suggest regulatory reform tailored to the region-specific approach. Additionally, regulatory risks can be mitigated while improving stakeholder engagement through strengthening the role of business associations in advocacy and dispute resolution. A comprehensive strategy is required for a resilient and conducive business environment that includes simplifying regulations, financial inclusion, digital transformation, labour market reforms, and targeted incentives for firms' formalization and expansion.

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ANNEXURES

Annex 1 – Survey questions

Quantitative Questionnaire Design

مقداری سوالنامہ ڈیزائن

The following survey is being conducted to record and analyze the private sector's perception of the business regulatory environment in Khyber Pakhtunkhwa to rationalize doing business. Your answers to this survey will be kept confidential and only be used for research purposes in a normalized and anonymous fashion.

مندرجہ ذیل سروے خیبر پختونخوا میں کاروباری تنظیمی ماحول کے بارے میں نجی شعبے کے تاثرات کو ریکارڈ کرنے اور تجزیہ کرنے کے لئے کیا جا رہا ہے تاکہ کاروبار کرنے کو معقول بنایا جاسکے۔ اس سروے میں آپ کے جوابات خفیہ رکھے جائیں گے اور صرف معمول اور نام ظاہر کئے بغیر تحقیق کے مقاصد کے لئے استعمال کیے جائیں گے۔

Section A: Demographics

1. Name of respondent's organization جواب دہندہ کے ادارے کا نام

(Kindly ask for the full name of the respondent's organization)

(برائے مہربانی جواب دہندہ کے ادارے کا پورا نام معلوم کریں)

2. How old is your firm/organization? آپ کا فرم/ادارہ کتنے سال سے کام کر رہا ہے؟

(Kindly ask for the nearest year from the date of incorporation. In case of informal organization, write the approximate years of operation)

برائے مہربانی شمولیت کا قریب ترین سال کا پوچھیں۔ غیر رسمی تنظیم ہونے کی صورت میں، کام شروع ہونے کے تقریباً سال لکھیں

3. What is your employment status in your firm? آپ کی فرم میں آپ کی ملازمت کی حیثیت کیا ہے؟

- a. Founder بانی
b. Owner مالک
c. Management head (CEO/Managing Director/Executive Director/Country Representative/Country Director)

- d. Part of senior management انتظامی سربراہ (سی ای او/ منیجنگ ڈائریکٹر/ ایگزیکٹو ڈائریکٹر/ کنٹری ریپریزنٹیٹو/ کنٹری ڈائریکٹر)
e. Part of middle management اعلیٰ انتظامیہ کا حصہ
درمیانی انتظامیہ کا حصہ

(Kindly use your best discretion) (مہربانی فرما کر اپنی بہترین صوابدید استعمال کریں)

4. What is the present ownership structure of your organization? آپ کی تنظیم کا موجودہ ملکیت کا ڈھانچہ کیا ہے؟

- a. Unregistered غیر رجسٹرڈ
b. Sole proprietorship واحد ملکیت
c. Partnership شراکت داری
d. Private limited company نجی محدود کمپنی
e. Public limited company پبلک محدود کمپنی
f. Others (Please specify) دیگر (برائے مہربانی وضاحت کریں)

(Kindly use your best discretion) (مہربانی فرما کر اپنی بہترین صوابدید استعمال کریں)

5. Does the head office of your organization reside in Khyber Pakhtunkhwa?
کیا آپ کے ادارے کا ہیڈ آفس خیبر پختونخوا میں واقع ہے؟
(Yes/No) (ہاں/نہیں)

5.1. If yes, what is the geographical location of your organizations' head office? اگر ہاں، تو آپ کے ادارے کے ہیڈ آفس کا جغرافیائی محل وقوع کیا ہے؟

- Malakand division مالاکنڈ ڈویژن
- Hazara division ہزارہ ڈویژن
- Mardan division مردان ڈویژن
- Peshawar division پشاور ڈویژن
- Dera Ismail Khan division ڈیرہ اسماعیل خان ڈویژن
- Bannu division بنوں ڈویژن
- Kohat division کوہاٹ ڈویژن

5.2. If No, what is the geographical location of your organizations' head office? اگر نہیں، تو آپ کے ادارے کے ہیڈ آفس کا جغرافیائی محل وقوع کیا ہے؟

- Azad Jammu and Kashmir آزاد جموں اور کشمیر
- Balochistan بلوچستان
- Federal Capital فیڈرل کیپیٹل
- Gilgit Baltistan گلگت بلتستان
- Punjab پنجاب
- Sindh سندھ

5.3. Within Pakistan what is the geographical coverage of operations?

پاکستان کے اندر آپریشنز کی جغرافیائی وسعت کہاں تک ہے

- Azad Jammu and Kashmir آزاد جموں اور کشمیر
- Balochistan بلوچستان
- Federal Capital فیڈرل کیپیٹل
- Gilgit Baltistan گلگت بلتستان
- Khyber Pakhtunkhwa خیبر پختونخوا
- Punjab پنجاب
- Sindh سندھ

6. Within Khyber Pakhtunkhwa, what is your organization's geographical coverage of operations? Please select all that applies.

خیبر پختونخوا کے اندر، آپ کے ادارے کے آپریشنز کی جغرافیائی وسعت کہاں تک ہے؟

- Malakand division مالاکنڈ ڈویژن
- Hazara division ہزارہ ڈویژن
- Mardan division مردان ڈویژن
- Peshawar division پشاور ڈویژن
- Dera Ismail Khan division ڈیرہ اسماعیل خان ڈویژن
- Bannu division بنوں ڈویژن
- Kohat division کوہاٹ ڈویژن

7. Does your organization export goods or services to any other country from Pakistan?

کیا آپ کا ادارہ پاکستان سے کسی دوسرے ملک کو اشیا یا خدمات برآمد کرتا ہے؟

(Yes/No) (ہاں/نہیں)

8. Does your organization imports goods or services from any other country to Pakistan? کیا آپ کا ادارہ پاکستان سے کسی دوسرے ملک کو اشیا یا خدمات برآمد کرتا ہے؟

- (ہاں / نہیں) (Yes/No)
9. Which of the following sectors does your organization best represent?
مندرجہ ذیل میں سے کون سا شعبہ آپ کے ادارے کی بہترین نمائندگی کرتا ہے؟
- Primary Sector (Agriculture, Fisheries, Livestock, Mining etc.)
بنیادی شعبہ (زراعت، ماہی گیری، مال مویشی، کان کنی وغیرہ)
 - Secondary sector (Value added industry, manufacturing etc.)
ثانوی شعبہ (قابل قدر صنعت، مصنوعات کی تیاری وغیرہ)
 - Tertiary Sector (Service) (خدمات)
10. How do you categorize your organizations' business sector?
آپ اپنے ادارے کے کاروباری شعبے کی درجہ بندی کیسے کرتے ہیں؟
11. Is your organization registered with/member of/ engaged with of any of the following? Please select all that applies
کیا آپ کا ادارہ مندرجہ ذیل میں سے کسی کے ساتھ رجسٹرڈ/ کا ممبر/ معاہدہ کا پابند ہے؟ براہ کرم وہ تمام منتخب کریں جو لاگو ہوتا ہے
- Chamber of commerce and industry اینڈ انڈسٹری چیمبر آف کامرس اینڈ انڈسٹری
 - Chamber of small traders and small industry اینڈ سمال ٹریڈرز اینڈ سمال انڈسٹری چیمبر آف کامرس اینڈ انڈسٹری
 - Women Chamber of commerce and industry اینڈ وومن چیمبر آف کامرس اینڈ انڈسٹری
 - Local/market level trade unions مقامی/مارکیٹ کی سطح کی ٹریڈ یونینز
 - National Incubation Center نیشنل اینڈسٹریل سنٹر
 - Pakistan Business Council پاکستان بزنس کونسل
 - Overseas investors chamber of commerce and industry اوورسیز انویسٹرز چیمبر آف کامرس اینڈ انڈسٹری
 - Any other incubation centres کوئی اور علاج معالجے کا مرکز
 - None of the above مندرجہ بالا سے کوئی نہیں
 - Other (Please specify) (دیگر (برائے مہربانی وضاحت کریں))
12. How will you rate the effectiveness of the entities your organization is registered with/member of/ engaged with?
آپ کا ادارہ /کمپنی جس ادارے /کمپنی کا رکن ہے یا رجسٹرڈ ہے اس اس کی کارکردگی کو کس طرح دیکھتے ہیں

1) Highly Effective انتہائی مفید	2) Effective مفید	3) Neutral	4) Less Effective کم مفید	5) Not Effective غیر مفید
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Section B: Organizational Leadership: سیکشن بی: تنظیمی قیادت

The below questions may be responded to keeping in view the attributes of the person(s) who leads the organization and/or is part of the governance board

مندرجہ ذیل سوالوں کا جواب اس شخص کی خوبیوں کو مد نظر رکھ کر دیں جو ادارے کا سربراہ ہے یا بورڈ آف گورنرز کا حصہ ہے

ذیل میں دیئے گئے سوالات کا جواب ادارے کے سربراہ یا بورڈ آف گورنرز کا حصہ ہے

13. Will you term your organization as a women-led business? (Yes/No)
کیا آپ اپنے ادارے کو خواتین کی سربراہی میں چلنے والا کاروبار قرار دیں گے؟
(ہاں/نہیں)
14. Does your organization have a formal governance board in place?

- کیا آپ کے ادارے میں ایک باضابطہ بورڈ آف گورنر موجود ہے؟
(Yes/No) (ہاں / نہیں)
15. What is the age of the person in charge of your organization?
آپ کے ادارے کے انچارج کی عمر کیا ہے؟
- 18-29 years سال 29 سے 18
 - 30-45 years سال 45 سے 30
 - 45-60 years سال 60 سے 45
 - Above 60 years 60 سال سے زیادہ
16. What is the highest level of education of the person in charge of your organization?
آپ کے ادارے کے انچارج کی تعلیم کتنی ہے؟
- No formal education کوئی باضابطہ تعلیم نہیں
 - School drop-out سکول ترک کر دیا
 - Primary level of education (up to 5th standard) پرائمری تک تعلیم (پانچویں) (جماعت تک)
 - Secondary level of education (up to 10th standard) ثانوی سطح تک تعلیم (دسویں جماعت تک)
 - Higher Secondary level of education (up to 12th standard) اعلیٰ ثانوی سطح کی تعلیم (بارہویں جماعت تک)
 - Bachelor's degree بیچلر ڈگری
 - Master's degree ماسٹر ڈگری
 - Doctorate degree ڈاکٹریٹ کی ڈگری
 - Professional/Vocational training/certification/diploma پیشہ ورانہ تربیت / پیشہ ورانہ / سرٹیفیکیشن / ڈپلومہ
 - Others (Please specify) دیگر (برائے مہربانی وضاحت کریں)

Section C: Employment سیکشن سی: ملازمت

17. What is the total number of people working in this organization including full-time, part-time, contract, and any other workers?
ادارے میں کل وقتی، جزوقتی، جزوقتی، اور دیگر ملازمین کی تعداد کتنی ہے؟

How many employees did your organization have on its payroll?

2019 میں آپ کے ادارے میں کتنے باقاعدہ ملازمین تھے؟

2019-2020	2020-2021	2021-2022

18. What is the percentage of women employees in your organization?
آپ کے ادارے میں خواتین ملازمین کی تعداد کتنے فیصد ہے؟

Section D: Business Enabling Environment سیکشن ڈی: کاروبار کو فعال کرنے کا ماحول

The table below lists the factors associated with a better business environment in Khyber Pakhtunkhwa. Please mention the average time and cost linked with the accomplishment of each task in your specific sector. Along with this, how would you rate the extensiveness of the barriers to doing business correlated with each factor on the Likert scale from 1 to 4?

ذیل کے جدول میں کاروباری ماحول کو بہتر بنانے کے عوامل دیئے گئے ہیں۔ برائے مہربانی اپنے مخصوص شعبے میں کام کے اوسط وقت اور اخراجات کے بارے میں بتائیں۔ مزید یہ بھی بتائیں کہ کاروباری رکاوٹوں کے حوالے سے دیئے گئے اسباب کی آپ کیسے درجہ بندی کریں گے۔ ایک سے 4 تک میں سے کسی ایک کو منتخب کریں

Factors عوامل	Impact on doing business کاروبار پر اثرات
Incorporating and starting a business کاروبار کو شروع کرنا اور شامل کرنا	<ol style="list-style-type: none"> 1. No impact کوئی اثر نہیں 2. Small impact تھوڑا اثر 3. Moderate impact متوازن اثر 4. Extreme impact انتہائی اثر
Accessing to appropriate Business Location (Purchasing /leasing of property) مناسب کاروباری مقام تک رسائی (جائیداد کی خرید/کرایہ پر دینا)	<ol style="list-style-type: none"> 1. No impact کوئی اثر نہیں 2. Small impact تھوڑا اثر 3. Moderate impact متوازن اثر 4. Extreme impact انتہائی اثر
Procurement of building permits including the environmental permits ماحولیاتی اجازت ناموں سمیت عمارت کے اجازت ناموں کا حصول	<ol style="list-style-type: none"> 1. No impact کوئی اثر نہیں 2. Small impact تھوڑا اثر 3. Moderate impact متوازن اثر 4. Extreme impact انتہائی اثر
Procurement of utility connections (Electricity, gas, water, internet, and telecommunication) یوٹیلیٹی کنیکشنز کا حصول (بجلی، گیس، پانی، انٹرنیٹ اور ٹیلی کمیونیکیشن)	<ol style="list-style-type: none"> 1. No impact کوئی اثر نہیں 2. Small impact تھوڑا اثر 3. Moderate impact متوازن اثر 4. Extreme impact انتہائی اثر
Hiring appropriate labour مزدور کی خدمات حاصل کرنا	<ol style="list-style-type: none"> 1. No impact کوئی اثر نہیں 2. Small impact تھوڑا اثر 3. Moderate impact متوازن اثر 4. Extreme impact انتہائی اثر
Opening a bank account بنک اکاؤنٹ کھولنا	<ol style="list-style-type: none"> 1. No impact کوئی اثر نہیں 2. Small impact تھوڑا اثر 3. Moderate impact متوازن اثر 4. Extreme impact انتہائی اثر

<p>Making payments/Transaction ادائیگیوں/ لین دین کرنا</p>	<ol style="list-style-type: none"> 1. No impact کوئی اثر نہیں 2. Small impact تھوڑا اثر 3. Moderate impact متوازن اثر 4. Extreme impact انتہائی اثر
<p>Gaining access to credit قرض کا حصول</p>	<ol style="list-style-type: none"> 1. No impact کوئی اثر نہیں 2. Small impact تھوڑا اثر 3. Moderate impact متوازن اثر 4. Extreme impact انتہائی اثر
<p>Export compliance سامان کی برآمد</p>	<ol style="list-style-type: none"> 1. No impact کوئی اثر نہیں 2. Small impact تھوڑا اثر 3. Moderate impact متوازن اثر 4. Extreme impact انتہائی اثر
<p>Import compliance سامان کی درآمد</p>	<ol style="list-style-type: none"> 1. No impact کوئی اثر نہیں 2. Small impact تھوڑا اثر 3. Moderate impact متوازن اثر 4. Extreme impact انتہائی اثر
<p>Clearance of goods at border points سرحدی مقامات پر سامان کی کلیئرنس</p>	<ol style="list-style-type: none"> 1. No impact کوئی اثر نہیں 2. Small impact تھوڑا اثر 3. Moderate impact متوازن اثر 4. Extreme impact انتہائی اثر
<p>Tax compliance ٹیکس کی ادائیگی</p>	<ol style="list-style-type: none"> 1. No impact کوئی اثر نہیں 2. Small impact تھوڑا اثر 3. Moderate impact متوازن اثر 4. Extreme impact انتہائی اثر
<p>Resolution of commercial disputes تجارتی تنازعات کا حل</p>	<ol style="list-style-type: none"> 1. No impact کوئی اثر نہیں 2. Small impact تھوڑا اثر 3. Moderate impact متوازن اثر 4. Extreme impact انتہائی اثر

<p>Award of public contract</p> <p>سرکاری ٹھیکے لینا</p>	<ol style="list-style-type: none"> 1. No impact کوئی اثر نہیں 2. Small impact تھوڑا اثر 3. Moderate impact متوازن اثر 4. Extreme impact انتہائی اثر
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Question

19. Any other factor impacting ease of doing business in Khyber Pakhtunkhwa?

Annex 2 – Analysis, reporting, and caveats.

The survey results have been rounded off to zero decimal places, unless otherwise stated, due to which some values might not add up to 100 percent. Some survey questions have multiple answers (such as organizations operating in more than one sector, facing multiple barriers); responses in these cases will add up to more than 100 percent.

The survey responses are self-declared by respondents. Outlying results and gaps, including contradictions in responses, were verified by the research team through direct contact with respondents. A small sample of respondents (10 percent) was also contacted at random to verify results by the Monitoring and Evaluation team of SDPI.

The survey was conducted face-to-face by interpreting the survey questions in Urdu and Pashtu. It is expected that there is a margin of error in terms of translation and understanding of terminology due to this language barrier. The limitations of national data on the subject for benchmark comparisons and total number estimates, especially the firm level data are felt greatly, and the team had to rely on qualitative interviews in order to validate the responses for each hypothesis.



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