

The Improving Business Environment for Prosperity (IBEP) Program implemented by the World Bank Group aims to strengthen the design and implementation of business environment reforms in middle-income countries. IBEP is supported by the UK Prosperity Fund, whose mission is to support the inclusive economic growth needed to reduce poverty in partner countries, contributing to the UN Sustainable Development Goals.



COUNTRY FACTSHEET

MARCH 2020



IBEP Pakistan

PROJECT OVERVIEW

The IBEP Pakistan project seeks to strengthen the country's ability to attract investment by supporting facilitation and retention arrangements, removing barriers to entry and establishment, addressing weaknesses in the investment promotion capacity, improving the business environment in key priority sectors and enhancing the federal and provincial coordination on investor services. The project also aims to strengthen the linkages between foreign investment and the domestic economy, including for women-owned businesses.

COMPONENTS

Strengthening the Investment Policy Framework and Supporting Investment Flows

This component is supporting the Board of Investment (BOI) to develop a strategic roadmap for investment focused on improving the legal and regulatory framework, strengthening the institutional framework for investment promotion activities, building capacity of government counterparts and improving service delivery for investors. It also aims to strengthen the coordination between federal and provincial BOIs to ensure that investors needs are addressed and that investment attraction strategies are implemented effectively.

Strengthening Investment Attraction and Investment Assistance Framework

This component is supporting the federal and provincial BOIs, with a focus on the Khyber Pakhtunkhwa (KP) province, to strengthen their ability to provide investor services and to enhance the country's external image as well as counter perceptions of conflict and insecurity. Activities will include the development and implementation of an effective client management system, investment portal/website and improved investment promotion materials.

REFORMS TARGETED

- 1 Enactment and implementation of a new Investment Policy
- 2 Enactment of a new investment law
- 3 Institutional reforms implemented to strengthen the investment promotion function at federal level
- 5 Implementation of investor relationship management system at Board of Investment
- 6 Implementation of proactive investor services and facilitation function
- 7 Approval of Investment Promotion Strategy for KP Province

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Supporting Investments in Priority Sectors

This component supports investments in priority sectors by conducting several in-depth sector-specific diagnostics aimed at identifying opportunities for creating markets through FDI attraction. This exercise seeks to evaluate the competitiveness for investment attraction of different economic sectors leveraging private and public sector inputs and existing data and studies and also to identify regulatory constraints that hamper sectoral competitiveness and FDI. This component also aims to strengthen women's economic empowerment in selected priority sectors identified for investment promotion efforts, and to design interventions that strengthen employment of women in these sectors.

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| 9 | Simplification and mainstreaming recommendations on entry and operations regulations in two sectors adopted | I, III |
| 10 | Guidelines on gender equality disclosure requirements adopted and implemented | III |

RESULTS AS OF MARCH 2020

- The project supported a series of drafting and consultation workshops to develop the new investment law, which resulted in the establishment of an Investment Law Drafting Task Force within the government.
- The project supported the launching of the new BOI investment promotion portal (<https://invest.gov.pk>) in October 2019, which includes both investment promotion information, as well as web-based services such as registration of (special economic zones) SEZs and SEZ enterprises.
- The project is developing gender diversity indicators and collaborating with the Board of Investment and the PBC to promote adoption of voluntary disclosure practices by companies. Regular reporting will aim to promote continuous progress, demonstration of good practices and invoke a healthy competition among firms on gender diversity.
- **COVID-19:** In response to the pandemic, the project is supporting BOI to strengthen information provision related to the government's COVID-19 policy and response measures to investors utilizing BOI's website. The project is also supporting the revision of BOI's Investment Promotion Strategy to include measures BOI can take to support investor retention, including outreach and other support. To further support investment retention, the development of the Investor Relationship Management System prototype is being fast-tracked. Finally, the Investment Law work continued during the lockdown period with the hopes that it will contribute to the recovery phase by establishing a clear policy framework for investors.

PROJECT COUNTERPARTS

Federal Board of Investment, provincial BOIs and IPAs (Khyber Pakhtunkhwa and Balochistan), and provincial line ministries

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