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# INVEST IN Khyber Pakhtunkhwa

The Land of Growing Opportunities

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## Khyber Pakhtunkhwa

The proud land of Khyber Pakhtunkhwa, popularly known as the Land of Hospitality, has witnessed the mightiest of civilizations, namely Gandahara and Hindushahi and has served as a corridor for countless invaders and conquerors. For centuries sufi poets, scholars and intellectuals spread the message of love and peace in this area.

Notwithstanding rich history and traditions at its back, the Province has remained unexplored in many ways, and its enormous potential remains untapped. We believe, the time has come to share its unrevealed story of rich culture, tradition, history, values, business & trade by reaching out through an open and transparent policy. The KP-BOIT is all set to take the lead by playing a dynamic role in opening up Khyber Pakhtunkhwa and by welcoming investors from within Pakistan and from the outer world, in order to benefit from the hidden treasures & potentials of Khyber Pakhtunkhwa.

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# Messages



## Mahmood Khan

Chief Minister Khyber Pakhtunkhwa  
Chairman KP-BOIT

We are fast creating the enabling environment to Shape Eco tourism, environmentally friendly Industrialization for bringing employment opportunities and growth. KP of today is open for investment and I also want to assure all my friends present here that KP is working on improving the overall structure through ease of doing business to create pull factor for the investment coming from China in the sector of renewable , IT sector , small/ medium hydel energy projects , mines and minerals, tourism , agriculture and livestock and the light manufacturing sectors. I am sure through development of Rashakai and other SEZs we will be able to create a suitable environment where more B2B interactions and JVs will take place.

I will urge you and the Pakistani business community to explore the opportunities in KP. We are also in the process of improving our Industrial policy as well as the Incentive policy and I have asked my team to keep them attractive for the investors so that we can encourage industrialization for sustainable development of this naturally gifted province

(CM KP Message on the occasion of Chinese Delegation Visit to CM House on 25th November, 2019)



## Javed Marwat

Secretary Industries, Commerce &  
TE Department

I having full confidence in the capabilities & responsibilities of the KP-BOIT would like to invite the Investors to come forward in order to benefit from the huge potential of the Province for which a friendly, hardworking and honest work force to assist the Investors at every juncture has been put in place. I assure the Investors that my doors will always be open to them for facilitation not only in terms of security of their Investment but also extending all possible support in the smooth implementation of their project on ground. The Department of Industries, Commerce & TE will provide all support and handholding in the process of Industrialization in KP.

Together we will bring the desired change through economic revolution in Khyber Pakhtunkhwa.



## Abdul Karim Khan

Special Assistant to Chief  
Minister for Industries

Khyber Pakhtunkhwa is one of the strategically located Provinces blessed with natural resources in shape of mineral wealth, fresh waters possessed with huge Hydro generation capacity, Proven Oil & Gas reserves, rich forests and high mountains for tourism, fertile and canal fed agriculture lands producing variety of agriculture products. All these together make KP the most suited destination for investors.

The most important pre-requisite to attract foreign direct investment is to provide a conducive and secure environment with the right resources and incentives. I am extremely happy that due to the efforts of the KP Government, we have been able to significantly improve the law and order situation. Khyber Pakhtunkhwa has never been so rightly positioned for the local and foreign investors to benefit from its hardworking and skilled labor, as well as its natural resources.



## Hassan Daud Butt

Chief Executive Officer KP-BOIT /  
KP-SEZA

In working towards our goal we would be working to facilitate the investor by providing them with almost all the pre project requirements and formalities, Including (but not limited to) land procurement, prefeasibility, insurance, banking, legal help etc thereby providing the investor with one window operation which had remained only Rhetorical till date. Our aim in attracting investment is to be project specific and to provide investors with do-able identified projects.

The KPBOIT office and staff would be available to the investor for hassle free and fast track facilitation. We have the Moto to serve the investor to the best of our ability knowledge and experience, and in due course achieving our mission which is to make KP an investment destination of choice. We will be one window for Investment and Business facilitation. Come invest in KP the land of growing opportunities.





Opening  
a business



Getting a  
location



Accessing  
finance



Dealing with  
day-to-day  
operations



Operating in a  
secure business  
environment



Starting a  
business



Dealing with  
construction  
permits



Getting  
electricity



Registering  
property



Getting  
credit



Protecting  
minority  
investors



Paying  
taxes



Trading  
across  
borders



Contracting  
with the  
government  
(coming soon)



Enforcing  
contracts



Resolving  
insolvency

## Ease of Doing Business (EoDB)

KP-BOIT has been made focal point for Ease of Doing Business and Regulatory Modernization Initiative. For the first time in the Province, KP-BOIT in consultation with concerned Provincial Departments has completed detail mapping of 68 various regulations (Licenses, Permits, Registrations, Taxes etc.) across 16 different Provincial Departments.

In order to improve the process towards doing business in the Province, KP-BOIT has established Ease of Doing Business Cell and with the help of KP Information Technology Board it has been digitally connected with concerned Federal and Provincial Departments through Official KP Business Platform on the website of KP-BOIT. The purpose is to provide a multiple digital business platform for facilitation of business community.

For the purpose of improving interaction/communication, KP-BOIT has prepared a facilitation form, which is incorporated in the digital Business Platform on KP-BOIT's Official Website. It will help improve the communication between the Departments and users accessing the online doing business facilitation system.



Focal point for Ease of Doing Business  
(For any query write to KP-BOIT)

Name\*

CNIC #\*

Nature of Business\*

Concerned Department\*

Contact #\*

Nature of Query\*

Write your Query\*

Submit your Query

View your all Queries







## Industrial Policy 2020

The Khyber Pakhtunkhwa Industrial policy 2020 is based on three pillars of revival & rehabilitation, growth and competitiveness. The priority areas include revival of sick units, rehabilitation of infrastructure and allied facilities in existing Industrial estates, establishment of sector specific Economic Zones, Special Economic Zones, encouragement of Small & Medium Sized Enterprises / Cottage industry and development of technically skilled human capital as per requirement of the Industry in the Province. The objective is to transform the Khyber Pakhtunkhwa into an attractive industrial and business destination in the region through its "Open Door" policy. Supporting relocation of industries and embracing the new modern technologies in the Province will make the KP's industrial sector to compete at National and Global level.

### Proposed Incentives of Industrial Policy 2020

#### Fiscal Incentives:

1. Exemption from Provincial Electricity duty for new and expansion projects / industries.
2. Initial installation and BMR (balancing, modernization and replacement) facility for one time duty and tax free import of capital goods (plant and machinery).
3. Exemption of tax on the transfer of the sick unit property (only for Industrial purpose).
4. Repatriation of profit for foreign investors subject to prevailing laws and commitments.



#### Financial Incentives:

1. 25% Concessions on land lease charges till break even or for a period of three years whichever is earlier.
2. In case of Government land, acquisition of land in installments over a period of 10 years with 25% down payment. (Instead of upfront payment).
3. GoKP shall subsidize 15% of the transport cost (one time, based on import document, enroute weighing document, toll receipts applicable for 20ft container and above) from Karachi / Gwadar Ports to industrial site against import of plant and machinery for setting up new units. This subsidy shall be available for all new capital goods/plant and machinery reaching to industrial sites for installation.
4. For women entrepreneurs, GoKP shall finance 25% of the equity investments subject to maximum of PKR 3.0 million per investor.

#### Non-Financial Incentives:

1. One stop shop one window facility jointly operated by KP-BOIT & KPEZDMC (for SEZ) (facilitation for licensing, registration, regulatory awareness & compliance).
2. Simplification of documentation procedures for different purposes.
3. Encouragement to SMEs for branding of their products.
4. Innovation-based diversification by SMEs through Govt supported R&D.







## Industrial Policy 2020

### Credit Incentives for SMEs:

#### SBP Refinance Schemes for SMEs (Shariah Compliant)

- a. Refinance Facility for Modernization of SMEs
  - i. For modernization of existing units or setting up of new SME units
  - ii. Against local purchase/ import of new machinery
  - iii. Maximum financing tenure is 10 years including grace period of 6 months
- b. Refinance Scheme for Working Capital Financing of Small Enterprises & Low-End Medium Enterprises
  - i. Short term financing facility for selected SME sectors including IT, Furniture, Surgical goods, Dates processing, Gems and Jewellery, Leather industry, Fruits, Vegetables, Food processing, Packaging, Printing
  - ii. For maximum tenure of 1 year

### Features:

- i. Mark up 6% per annum (2% share of SBP and 4% share of Commercial Bank).
- ii. Maximum financing up to Rs20 million.
- iii. Minimum Debt Equity ratio 70:30.
- iv. Funds will be provided by SBP.
- v. Financing will be through Bank of Khyber.
- vi. Under SBP Prudential Regulations for SME financing.



### Provincial Gov't Role:

- i. Financing will be available to SME on 2% mark up, rest of 4% will be borne by the Provincial Government.
- ii. MoU between Provincial Gov't and SBP.
- iii. Agreement between Provincial Gov't and BoK.

For additional financial Incentives / Subsidies / Tax credits / Exemptions and Industries wise best Industrial sector Service Award, the following can be considered by the Implementation & Oversight Committee on case-to-case basis:

- i. Carbon Credit.
- ii. Usage of local raw materials.
- iii. Number of Jobs created including jobs for disabled persons.
- iv. Export Oriented Industries.
- v. Number of Paid Internship Offered (6 Months and above).
- vi. Operational Linkages with Local Universities and KP-TEVTA.
- vii. Volume of Capital Investment.
- viii. CSR Activities.







## Trade & Commerce Strategy 2020

KP-BOIT in collaboration with Directorate of Industries & Commerce has formulated the first ever trade and commerce strategy 2020 of the Province. The objective is to promote and facilitate Commerce & Trade activities through facilitation, targeted market interventions, improving business climate, encouraging e-commerce and integrating the domestic commerce with regional and international supply chain. The strategy is supporting cross border trade and establishment of trade bazars at different points of Pak-Afghan border. The same strategy has been approved by the Cabinet.



## CPEC Provincial Projects in JWG / PRMI

KP-BOIT as member of the Joint Working Group on Industrial Cooperation is engaged with Federal BoI and concerned stakeholders for inclusion of Mohmand Marble City and is also engaged with Chinese counterparts for inclusion of relevant Infrastructure and Agriculture projects of KP. KP-BOIT is also representing Provincial Government as a focal point on Prime Minister's Initiative on Pakistan Regulatory Modernization Initiative (PRMI).

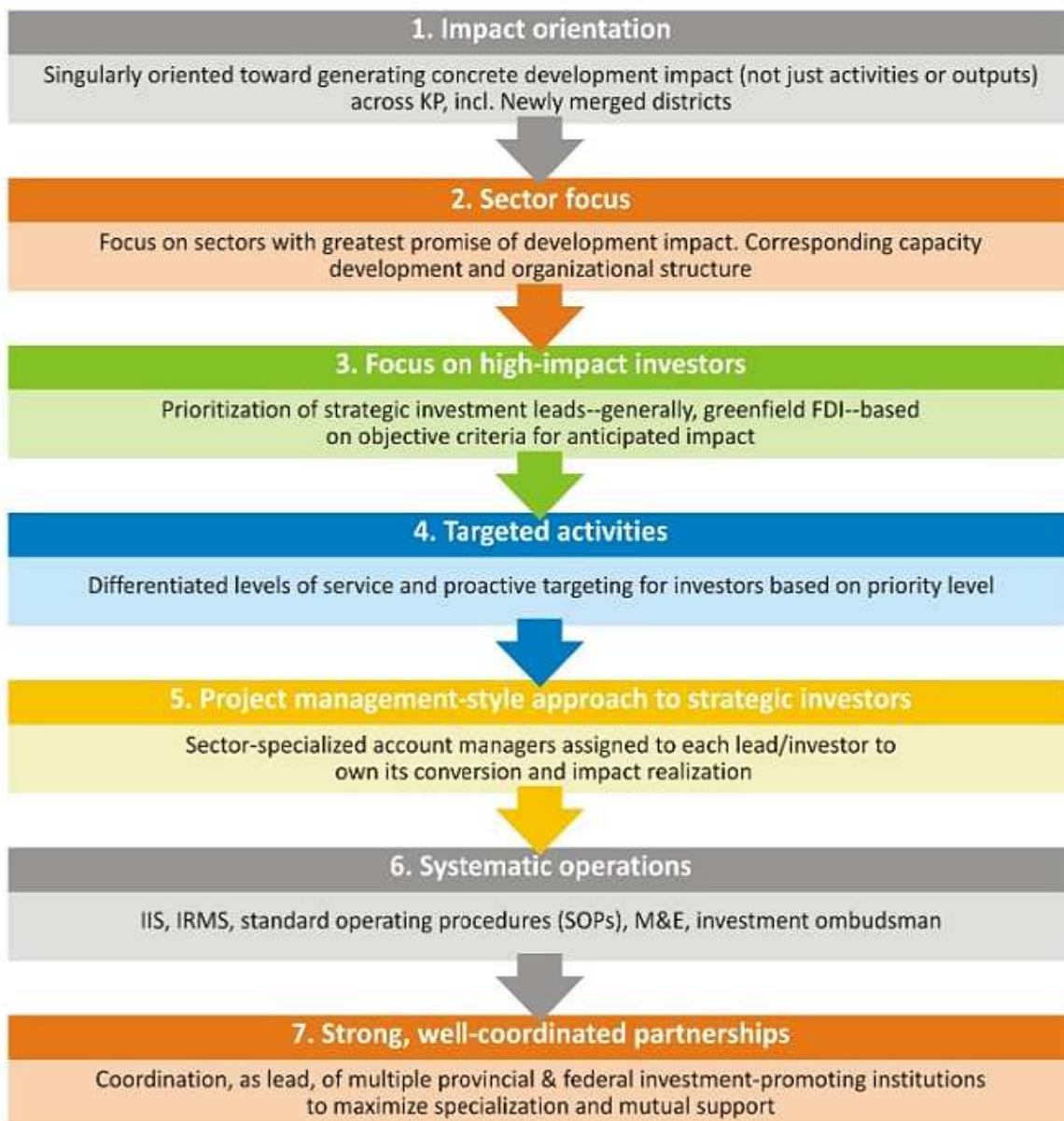






## Investment Promotion Strategy 2020 - 2025

In order to streamline the efforts and move in right direction KP-BOIT has prepared five (5) years strategy (2020-2025) focused on image building and transformation of Khyber Pakhtunkhwa into preferred destination for investor with revised vision and action plan.







# RASHAKAI

Prioritized Special Economic Zone  
Under  
China Pakistan Economic Corridor  
(CPEC)



Area: 1000 Acres



Project Cost:  
USD 128 Million



Expected  
Investment: USD  
1.124 Billion



Employment  
Generation:  
200,000

## KEY FEATURES



Exclusive  
One



Duty Free  
Import



Tax  
Holiday



24/7  
Security



Telecom & IT  
Infrastructure



Emergency  
Services



Uninterrupted Supply of  
Electricity & Gas



# Special Economic Zone

Foreign  
Investment

Employment

Economic  
Reform

Policy  
Testing

## Rashakai Special Economic Zone (RSEZ)

In 2017 KP-BOIT brought CRBC for the Rashakai SEZV. During the last one year signing of Development Agreement and Zone Regulations, their approvals and inclusion in finance bill 2020 is the significant milestone achieved. Beside the initiative of Rashakai SEZ, the efforts are on the way towards development of SEZs / EZs and SIEs in the Province. In the revised Industrial policy 2020 development of Economic Zones at Jaloza, Nowshera, Chitral, Mohmand, Ghazi and Swat etc. are included. Similarly development of SIEs in Abbottabad, Mardan and across Newly Merged Districts are also in the Roadmap.



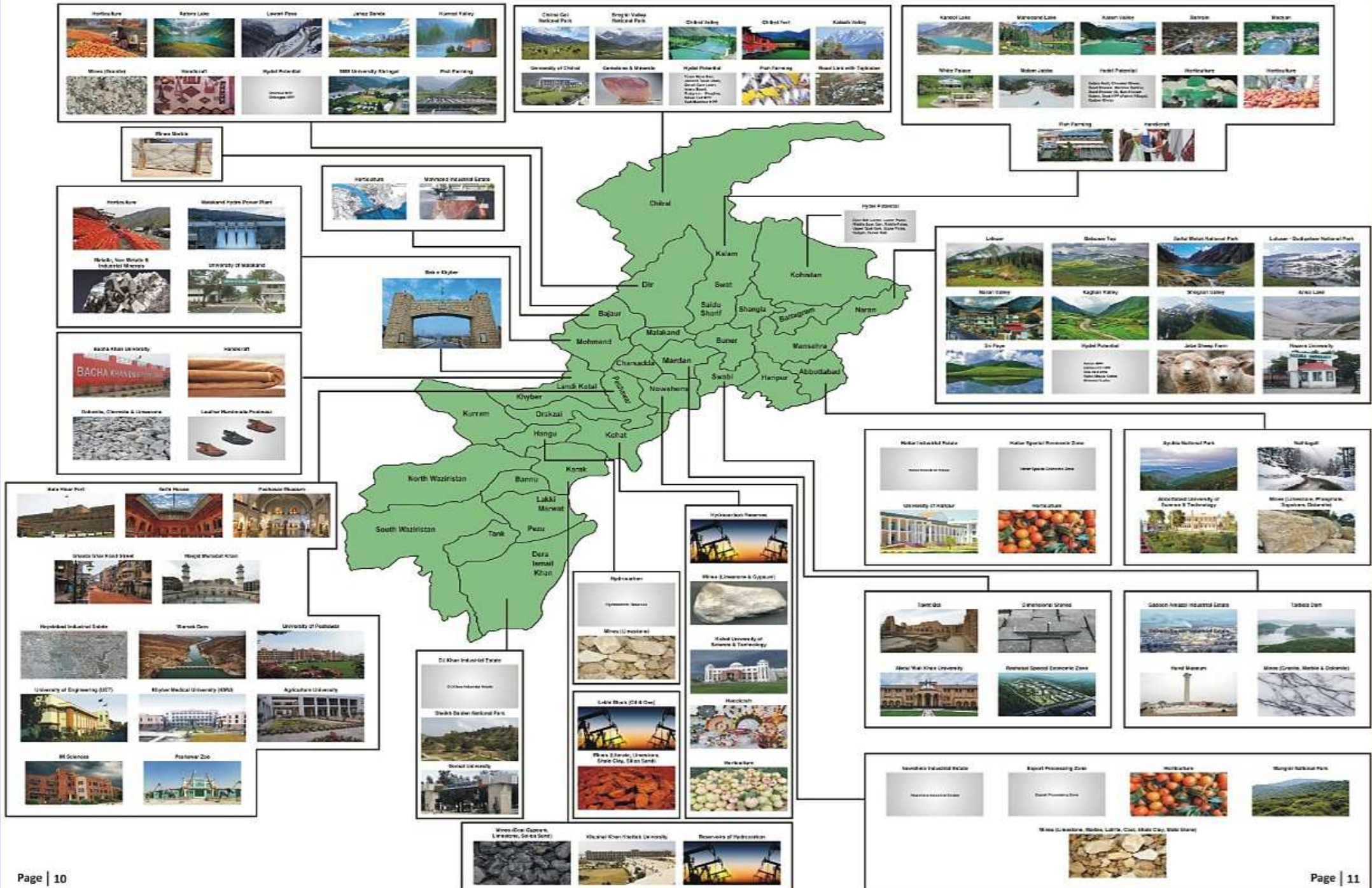
Prime Minister Imran Khan witnesses the signing of "Development Agreement of Rashakai Special Economic Zone" at Islamabad on 14th September, 2020.



In efforts towards industrial promotion and development in the Province, KP-BOIT from its platform of KP-SEZA is interacting with Board of Investment, Islamabad and Saif Group for processing / fulfilling of the essential requirements and documentation for first ever Private SEZ in the Province, approved from the KPSEZA Board and submitted to Federal Board of Investment by KP-SEZA for approval from Board of Approvals. Total estimated investment involved in the project is Rs64.400 Billion.











## Cross Border Trade

Efforts are on the way towards promotion of economic cooperation with China and Afghanistan with objective to capitalize on regional initiatives of China Pakistan Economic Corridor (CPEC), Central Asia Regional Economic Co-operation (CAREC) and Khyber Pass Economic Corridor (KPEC). The priority is to achieve maximum integration/connectivity, market outreach and economic benefits.

For promotion of cross border trade, stakeholders are encouraging PakAfghan co-operation in establishment of joint Border Markets at different locations of the Pak-Afghan border such as Sheedano Dand Kharlachi, Kurram District, Angoor Adda South Waziristan, Ghulam Khan North Waziristan, Arandu Lower Chitral District and Gursal in Mohmand District.

Torkham Border which is a strategic point for Pak-Afghan trade through which majority of trade is taking place, further development and modernization of this border crossing is also in progress. All these efforts will promote international trade, generation of economic and business activities and employment opportunities.







## Interaction with Foreign Embassies/Trade



To develop foreign linkages, KP-BOIT is actively interacting with foreign Embassies and Trade offices. In this connection, Chinese Ambassador H.E Mr. Yao Jing and Chinese Commercial counselor also visited KP-BOIT. KP-BOIT is also interacting with foreign investors (Chinese, Ukrainians, Turkish, Omani, Saudi) and encouraging them to invest in Khyber Pakhtunkhwa. The foreign delegates also visited KP-BOIT and were briefed on the available Investment potential and business opportunities in the key sectors of the province.



## Mutual Co-operation between KP and Shanxi Province

KP-BOIT is also making efforts for establishing international linkages for encouraging mutual economic co-operation and promoting business and trade. Mrs. Liang Shujan, Director General Foreign Affairs Office of the People Government of Shanxi Province in China is showing interest to develop friendly economic relations and mutual co-operation across different sectors of the economy. KP-BOIT is focusing to develop cooperation in industrial development, healthcare and technology.





# REFORMS

## Key Reforms

- No new taxes and no increase in taxation rates in 2020-21 Provincial Budget.
- Zero professional tax on 19 categories subject to their registration with KPRA.



**Abdul Razak Dawood** @r... · 26m ✓  
Happy to note that KP Government has introduced business friendly Local Government regime for SME sector. The registration system has been simplified & fee has been abolished. Over 200 categories of SME business would benefit from this intervention. @pid\_gov @Emergingpk

2 20 70

**Land Registration Tax**  
- Reduced to 2% from 6%



**Capital Value Tax**  
- Abolished



**Registration Fee**  
- Abolished



**Exemption of Local Council Tax on Transfer of Immovable Property till 30<sup>th</sup> June, 2021**



**Exemption of Registration fee on Registration of Deeds and Mutation till 30<sup>th</sup> June, 2021**



**Reduction of Sales Tax on Services for 25**



**Tax Rate of 8% is Reduced to 5% for Restaurants when using POS Systems**



**Upto 35% Discount on Urban Immovable**



**Elimination of Entertainment Tax and Bed Tax for Hotels**



**Free Re-registration of Vehicles**







## Investment Mobilization During 2020

### Fauji Fertilizer Company Limited



KP-BOIT is interacting with Fauji Fertilizer Company Limited (FFC), the largest urea manufacturing company of Pakistan. Resultantly FFC is showing interest to undertake investments in different sectors and in particularly the establishment of Fertilizer Plant and Phosphate reserves exploitation in the Province. Total estimated investment involved in the project is Rs120 Billion.

### Housing & Infrastructure

Coordinating and facilitating for Naya Pakistan Housing Authority, and interacting with Private investors, In this regard KP-BOIT organized several meetings and interactive sessions with Developers and Builders.



### Establishment of Tourism Resorts

For promotion of tourism in the Province, KP-BOIT in collaboration with Tourism Department has initiated efforts towards development of modern International standard tourism resorts in different areas of the Province including:

- Tourism Resort at Takhtbhai Archaeological Remains
- Tourist Recreation, Sports Facilities, Theme Park at Hund, Districts Swabi (Indus River on M-1 Motorway)
- Tourist Recreation and Hill Resort at Bahrain, Swat
- Integrated Tourism Zone (ITZ) (Ghanool, Madaklasht, Thandiani, Mankyal)
- Kumrat Cable Cara



### Steel Manufacturing Industry in Rashakai

Century Steel Private Ltd is keen to establish steel manufacturing industry in Rashakai Special Economic Zone and also looking for 40 Acres land in Rashakai SEZ. They have established their office in Islamabad and waiting for Ground breaking.







## KP Regional Dialogue

A Regional Dialogue titled "The Role of Parliament in Enhancing Investment, Trade and People to People Exchange under CPEC" was organized by KPBOIT on 13th Nov, 2020 in collaboration with CPEC Parliamentary Committee that focused on;

- Investment
- Trade
- Tourism and People to People Exchange under CPEC









# EVENTS









# INVEST IN Khyber Pakhtunkhwa


The Land of Growing Opportunities



KHYBER PAKHTUNKHWA  
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Khyber Pakhtunkhwa Board of Investment & Trade